



# Monex Finance Corporation

*(incorporated with limited liability under the laws of Japan)*

**¥60,000,000,000**

## Guaranteed Euro Medium Term Note Programme

guaranteed by

### Monex Group, Inc.

*(incorporated with limited liability under the laws of Japan)*

Under this Guaranteed Euro Medium Term Note Programme (the “Programme”), Monex Finance Corporation (the “Issuer”), subject to compliance with all relevant laws, regulations and directives, may from time to time issue euro medium term notes (the “Notes”) guaranteed by Monex Group, Inc. (the “Guarantee” and the “Guarantor” or “Monex Group”, respectively). The aggregate nominal amount of Notes outstanding will not exceed ¥60,000,000,000 (or the equivalent in other currencies calculated as described herein at the date of issuance of any Tranche (as defined in “Overview of the Programme”) of Notes). The Notes will be issued on a continuous basis to one or more of the Dealers specified in “Overview of the Programme” and any additional Dealer appointed under the Programme from time to time, which appointment may be for a specific issue or on an ongoing basis (each a “Dealer” and together the “Dealers”). The Dealer or Dealers with whom the Issuer and the Guarantor agree or propose to agree on the issue of any Notes is or are referred to as the “relevant Dealer” in respect of those Notes.

Application has been made to the Singapore Exchange Securities Trading Limited (the “SGX-ST”) for permission to deal in, and for quotation of, any Notes to be issued pursuant to the Programme and which are agreed at or prior to the time of issue thereof to be so listed on the SGX-ST. Such permission will be granted when such Notes have been admitted to the Official List of the SGX-ST. The SGX-ST assumes no responsibility for the correctness of any of the statements made or opinions expressed or reports contained in this Offering Circular. Admission of any Notes to the Official List of the SGX-ST is not to be taken as an indication of the merits of the Issuer, the Guarantor, the Programme or the Notes.

**Prospective investors should refer to and consider carefully the risk factors described under the section headed “Risk Factors” in this Offering Circular and the relevant Final Terms.**

The Programme has been rated BBB by Japan Credit Rating Agency, Ltd. The credit ratings of Japan Credit Rating Agency, Ltd. included or referred to in this Base Prospectus will be treated for the purposes of Regulation (EC) No 1060/2009 on credit rating agencies as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 (the “UK CRA Regulation”) as having been issued by Japan Credit Rating Agency, Ltd. upon certification pursuant to the UK CRA Regulation. Tranches of Notes to be issued under the Programme will be rated or unrated. Where a Tranche of Notes is to be rated, such rating will be specified in the relevant Final Terms and will not necessarily be the same as the rating assigned to the Programme. Whether or not a rating in relation to any Tranche of Notes will be treated as having been issued by a credit rating agency established in the United Kingdom and registered under the UK CRA Regulation will be disclosed in the relevant Final Terms. A security rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, reduction or withdrawal at any time by the assigning rating agency.

*Arranger for the Programme*

**Monex Boom Securities**

*Dealers*

**Citigroup  
Leonteq Securities  
Monex Boom Securities  
Shinkin International Ltd.  
SMBC NIKKO**

**Daiwa Capital Markets Singapore Limited  
Mizuho Securities  
Nomura  
Shinsei International  
UBS Investment Bank**

The date of this Offering Circular is 31 August 2021.

This Offering Circular has been prepared for the purpose of giving information with regard to the Issuer, the Guarantor and the Guarantor's subsidiaries and affiliates taken as a whole (collectively, the "Group") and the Notes which, according to the particular nature of the Issuer, the Guarantor and the Notes, is necessary to enable investors to make an informed assessment of the assets and liabilities, financial position, profit and losses and prospects of the Issuer and the Guarantor.

Each of the Issuer and the Guarantor accepts responsibility for the information contained in this Offering Circular. To the best of the knowledge of the Issuer and the Guarantor (each having taken all reasonable care to ensure that such is the case) the information contained in this Offering Circular is in accordance with the facts and does not omit anything likely to affect the import of such information.

This Offering Circular is to be read in conjunction with all documents which are incorporated herein by reference (see "Documents Incorporated by Reference").

The Issuer and the Guarantor, each having made all reasonable enquiries, confirm that: (i) this Offering Circular contains all information with respect to the Issuer, the Guarantor, the Group and the Notes that is material in the context of the issue and offering of the Notes; (ii) the statements contained in this Offering Circular are in every material particular true and accurate and not misleading; (iii) the opinions and intentions expressed in this Offering Circular are honestly held, have been reached after considering all relevant circumstances and are based on reasonable assumptions; (iv) there are no other facts in relation to the Issuer, the Guarantor, the Group or the Notes the omission of which would, in the context of the issue and offering of the Notes, make any statements in this Offering Circular misleading in any material respect; and (v) all reasonable enquiries have been made by the Issuer and the Guarantor to ascertain such facts and to verify the accuracy of all such information and statements.

No person has been authorised to give any information or to make any representation other than those contained in this Offering Circular in connection with the issue or sale of the Notes and, if given or made, such information or representation must not be relied upon as having been authorised by the Issuer, the Guarantor or any of the Dealers or the Arranger (as defined in "Overview of the Programme"). Neither the delivery of this Offering Circular nor any sale made in connection herewith shall, under any circumstances, create any implication that there has been no change in the affairs of the Issuer or the Guarantor since the date of this Offering Circular or the date upon which this Offering Circular has been most recently amended or supplemented or that there has been no adverse change in the financial position of the Issuer, the Guarantor or the Group since the date of this Offering Circular or the date upon which this Offering Circular has been most recently amended or supplemented or that any other information supplied in connection with the Programme is correct as of any time subsequent to the date on which it is supplied or, if different, the date indicated in the document containing the same.

To the fullest extent permitted by law, none of the Dealers or the Arranger accepts any responsibility for the contents of this Offering Circular or for any other statement, made or purported to be made by the Arranger or a Dealer or on its behalf in connection with the Issuer, the Guarantor or the issue and offering of the Notes. The Arranger and each Dealer accordingly disclaim all and any liability whether arising in tort or contract or otherwise (save as referred to above) which it might otherwise have in respect of this Offering Circular or any such statement. Neither this Offering Circular nor any other financial statements are intended to provide the basis of any credit or other evaluation and should not be considered as a recommendation by any of the Issuer, the Guarantor, the Arranger or the Dealers that any recipient of this Offering Circular or any other financial statements should purchase the Notes. Each prospective purchaser of Notes should determine for itself the relevance of the information contained in this Offering Circular and its purchase of Notes should be based upon such investigation as it deems necessary. None of the Dealers or the Arranger undertakes to review the financial condition or affairs of the Issuer or the Guarantor during the life of the arrangements contemplated by this

Offering Circular nor to advise any investor or prospective investor in the Notes of any information coming to the attention of any of the Dealers or the Arranger.

The distribution of this Offering Circular and the offering or sale of the Notes in certain jurisdictions may be restricted by law. Persons into whose possession this Offering Circular comes are required by the Issuer, the Guarantor, the Dealers and the Arranger to inform themselves about and to observe any such restrictions. In particular, there are restrictions on the distribution of this Offering Circular and the offer or sale of Notes in the United States of America, Japan, the United Kingdom, the European Economic Area and Singapore (see “Subscription and Sale”).

The Notes and the Guarantee have not been and will not be registered under the United States Securities Act of 1933 (the “Securities Act”) and include Notes that are subject to U.S. tax law requirements. Subject to certain exceptions, Notes may not be offered, sold or delivered within the United States or to U.S. persons.

The Notes have not been and will not be registered under the Financial Instruments and Exchange Law of Japan (Law No. 25 of 1948, as amended) (the “FIEL”). The Notes may not be directly or indirectly offered or sold in Japan or to any person resident in Japan, except pursuant to an exemption from the registration requirements of, or otherwise in compliance with, the FIEL. Interest payments on the Notes generally will be subject to Japanese withholding tax in accordance with the Special Taxation Measures Act of Japan (Law No. 26 of 1957, as amended) (the “Special Taxation Measures Act”) unless the holder establishes that such Notes are held by or for the account of a holder that (A) is, for Japanese tax purposes, not an individual resident of Japan, a Japanese corporation, or an individual non-resident of Japan or a non-Japanese corporation that is a specially related party of the Issuer as described in Article 6 of the Special Taxation Measures Act or (B) is a designated Japanese financial institution described in Article 6 of the Special Taxation Measures Act (see “Taxation”).

**Notification under Section 309B of the SFA:** In connection with Section 309B of the Securities and Futures Act (Chapter 289) of Singapore (the “SFA”) and the Securities and Futures (Capital Markets Products) Regulations 2018 of Singapore (the “CMP Regulations 2018”), unless otherwise specified before an offer of Notes, the Company has determined, and hereby notifies all relevant persons (as defined in Section 309A(1) of the SFA), that the Notes are ‘prescribed capital markets products’ (as defined in the CMP Regulations 2018) and Excluded Investment Products (as defined in MAS Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendations on Investment Products).

BY SUBSCRIBING FOR THE NOTES, AN INVESTOR WILL BE DEEMED TO HAVE REPRESENTED IT IS NOT A SPECIALLY RELATED PARTY OF THE ISSUER AS DESCRIBED IN ARTICLE 6 OF THE SPECIAL TAXATION MEASURES ACT.

**PROHIBITION OF SALES TO EEA RETAIL INVESTORS** – The Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the European Economic Area. For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended, “MiFID II”); (ii) a customer within the meaning of Directive (EU) 2016/97 (the “Insurance Distribution Directive”), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or (iii) not a qualified investor as defined in Regulation (EU) 2017/1129 (the “Prospectus Regulation”). Consequently, no key information document required by Regulation (EU) No 1286/2014 (the “EU PRIIPs Regulation”) for offering or selling the Notes or otherwise making them available to retail investors in the European Economic Area has been or will be prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the European Economic Area may be unlawful under the EU PRIIPs Regulation.

**PROHIBITION OF SALES TO UK RETAIL INVESTORS** – The Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor

in the United Kingdom. For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client, as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 (“EUWA”); or (ii) a customer within the meaning of the provisions of the Financial Services and Markets Act 2000 (the “FSMA”) and any rules or regulations made under the FSMA to implement the Insurance Distribution Directive, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the EUWA; or (iii) not a qualified investor as defined in Article 2 of the Prospectus Regulation as it forms part of UK domestic law by virtue of the EUWA (the “UK Prospectus Regulation”). Consequently, no key information document required by Regulation (EU) No 1286/2014 as it forms part of domestic law by virtue of the EUWA (the “UK PRIIPs Regulation”) for offering or selling the Notes or otherwise making them available to retail investors in the United Kingdom has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the United Kingdom may be unlawful under the UK PRIIPs Regulation.

There are further restrictions on the offer and sale of the Notes in the United Kingdom. All applicable provisions of the FSMA with respect to anything done by any person in relation to the Notes in, from or otherwise involving the United Kingdom must be complied with.

For a description of certain restrictions on offers and sales of Notes and on distribution of this Offering Circular, see “Subscription and Sale”.

**EU MIFID II PRODUCT GOVERNANCE / TARGET MARKET** – The Final Terms in respect of any Notes may include a legend entitled “MiFID II Product Governance” which will outline the target market assessment in respect of the Notes and which channels for distribution of the Notes are appropriate. Any person subsequently offering, selling or recommending the Notes (a “distributor”) should take into consideration the target market assessment; however, a distributor subject to MiFID II is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the target market assessment) and determining appropriate distribution channels.

A determination will be made in relation to each issue about whether, for the purpose of the MiFID Product Governance rules under EU Delegated Directive 2017/593 (the “**MiFID Product Governance Rules**”), any Dealer subscribing for any Notes is a manufacturer in respect of such Notes, but otherwise neither the Arranger nor the Dealers nor any of their respective affiliates will be a manufacturer for the purpose of the MIFID Product Governance Rules.

**UK MIFIR PRODUCT GOVERNANCE / TARGET MARKET** – The Final Terms in respect of any Notes may include a legend entitled “UK MiFIR Product Governance” which will outline the target market assessment in respect of the Notes and which channels for distribution of the Notes are appropriate. Any distributor should take into consideration the target market assessment; however, a distributor subject to the FCA Handbook Product Intervention and Product Governance Sourcebook (the “**UK MiFIR Product Governance Rules**”) is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the target market assessment) and determining appropriate distribution channels.

A determination will be made in relation to each issue about whether, for the purpose of the UK MiFIR Product Governance Rules, any Dealer subscribing for any Notes is a manufacturer in respect of such Notes, but otherwise neither the Arranger nor the Dealers nor any of their respective affiliates will be a manufacturer for the purpose of the UK MIFIR Product Governance Rules.

This Offering Circular does not constitute, and may not be used for the purposes of, an offer, invitation or solicitation by anyone in any jurisdiction or in any circumstances in which such offer, invitation or solicitation is not authorised or to any person to whom it is unlawful to make such offer or solicitation.

The Notes of each Series will be represented (as indicated by the relevant Final Terms) on issue by a temporary global note in bearer form (each a “temporary Global Note”) or a permanent global note in bearer form (each a “permanent Global Note”, and together with the temporary Global Notes, the “Global Notes”). Global Notes may be deposited on the issue date with a common depository on behalf of Euroclear Bank SA/NV (“Euroclear”) and Clearstream Banking, S.A. (“Clearstream, Luxembourg”) (the “Common Depository”) or as otherwise agreed among the Issuer, the Guarantor and the relevant Dealer. The provisions governing the exchange of interests in Global Notes for other Global Notes and definitive Notes are described in “Summary of Provisions Relating to the Notes while in Global Form”.

**In connection with the issue of any Tranche of Notes, the Dealer or Dealers (if any) named as the stabilising manager(s) (the “Stabilising Manager(s)”) (or any person acting on behalf of any Stabilising Manager(s)) in the applicable Final Terms may, subject to applicable laws and regulations, over-allot Notes or effect transactions with a view to supporting the market price of the Notes at a level higher than that which might otherwise prevail. However, there is no assurance that the Stabilising Manager(s) (or any person acting on behalf of any Stabilising Manager) will undertake stabilisation action. Any stabilisation action may begin on or after the date on which adequate public disclosure of the terms of the offer of the relevant Tranche is made and, if begun, may be ended at any time and must be brought to an end after a limited period.**

In this Offering Circular, unless otherwise specified or the context otherwise requires, references to “yen” and “¥” are to Japanese yen, to “U.S. dollars”, “USD”, “U.S.\$” and “\$” are to United States dollars, to “euro”, “Euro” and “€” are to the lawful currency of those members of the European Union which are participating in the European Economic and Monetary Union pursuant to the Treaty on European Union, to “GBP”, “sterling” and “£” are to United Kingdom pounds sterling, to “S\$” are to Singapore dollars, to “HKD” are to the lawful currency of the Hong Kong Special Administrative Region, to “AUD” are to Australian dollars, and to “RMB” are to the lawful currency of the People’s Republic of China.

In this Offering Circular, unless otherwise specified, financial information and financial data in respect of the Guarantor (and the Group) is given on a consolidated basis.

In some cases the figures in tables may have been rounded so that the total figures may differ slightly from the aggregate of the individual figures in the relevant table.

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## DOCUMENTS INCORPORATED BY REFERENCE

This Offering Circular should be read and construed in conjunction with each relevant Final Terms as well as the following documents:

- (a) the audited consolidated financial statements of the Guarantor for the years ended 31 March 2020 and 2021, together in each case with the audit report thereon;
- (b) the most recently available audited annual consolidated financial statements of the Guarantor, together with the audit report thereon, and the most recently available unaudited consolidated quarterly financial summary of the Guarantor, which is a partial English translation of the Japanese report of the Guarantor's consolidated financial summary under International Financial Reporting Standards ("IFRS") (*kessan tanshin*); and
- (c) all supplements to this Offering Circular issued by the Issuer and the Guarantor from time to time in accordance with the provisions of the Dealer Agreement (as defined in "Subscription and Sale").

Such documents shall be incorporated in and form part of this Offering Circular, save that any statement contained in a document which is incorporated by reference herein shall be modified or superseded for the purpose of this Offering Circular to the extent that a statement contained herein modifies or supersedes such earlier statement (whether expressly, by implication or otherwise). Any statement so modified or superseded shall not, except as so modified or superseded, constitute a part of this Offering Circular.

The Issuer and/or the Guarantor will provide, without charge, to each person to whom a copy of this Offering Circular has been delivered, upon the written request of such person, a copy of any or all of such documents incorporated herein by reference unless such documents have been modified or superseded as specified above. Written requests for such documents should be directed to the Issuer and the Guarantor at its offices set out at the end of this Offering Circular.

## **SUPPLEMENTAL OFFERING CIRCULAR**

Each of the Issuer and the Guarantor has given an undertaking to the Dealers that if at any time during the duration of the Programme there is a significant new factor, material mistake or inaccuracy relating to information contained in this Offering Circular which is capable of affecting the assessment of any Notes and whose inclusion in or removal from this Offering Circular is necessary for the purpose of allowing an investor to make an informed assessment of the assets and liabilities, financial position, profits and losses and prospects of the Issuer, the Guarantor, and the rights attaching to the Notes, the Issuer and the Guarantor shall prepare an amendment or supplement to this Offering Circular or publish a replacement Offering Circular for use in connection with any subsequent offering of the Notes and shall supply to each Dealer such number of copies of such supplement hereto as such Dealer may reasonably request.



## OVERVIEW OF THE PROGRAMME

The following overview is qualified in its entirety by the remainder of this Offering Circular.

<b>Issuer:</b>	Monex Finance Corporation (Legal Entity Identifier: 3538006L8AMQFKQSMG45)
<b>Guarantor:</b>	Monex Group, Inc. (Legal Entity Identifier: 353800SGXKLYGPUJ4648)
<b>Guarantee:</b>	Notes issued by the Issuer will be unconditionally and irrevocably guaranteed by the Guarantor as to payment of all sums payable by the Issuer under Notes, Receipts and Coupons (each as defined in “Terms and Conditions of the Notes”).
<b>Description:</b>	Guaranteed Euro Medium Term Note Programme
<b>Size:</b>	Up to ¥60,000,000,000 (or the equivalent in other currencies at the date of issue) aggregate nominal amount of Notes outstanding at any time. Under the Dealer Agreement the nominal amount of Notes outstanding under the Programme may be increased, subject to the satisfaction of certain conditions set out therein.
<b>Arranger:</b>	Monex Boom Securities (H.K.) Limited
<b>Dealers:</b>	Citigroup Global Markets Limited Daiwa Capital Markets Singapore Limited Leonteq Securities AG Mizuho International plc Monex Boom Securities (H.K.) Limited Nomura International plc Shinkin International Ltd. Shinsei International Limited SMBC Nikko Capital Markets Limited UBS AG London Branch  The Issuer may from time to time terminate the appointment of any dealer under the Programme or appoint additional dealers either in respect of one or more Tranches or in respect of the whole Programme. References in this Offering Circular to “Permanent Dealers” are to the persons listed above as Dealers and to such additional persons that are appointed as dealers in respect of the whole Programme (and whose appointment has not been terminated) and references to “Dealers” are to all Permanent Dealers and all persons appointed as a dealer in respect of one or more Tranches.
<b>Fiscal Agent, Paying Agent and Calculation Agent:</b>	MUFG Bank, Ltd., London Branch
<b>Method of Issue:</b>	The Notes will be issued on a syndicated or non-syndicated basis. The Notes will be issued in series (each a “Series”) having one or more issue dates and on terms otherwise identical (or identical other than in respect of the first payment of interest), the Notes of each Series being intended to be interchangeable with all other Notes of that Series. Each Series may

be issued in tranches (each a “Tranche”) on the same or different issue dates. The specific terms of each Tranche (which will be completed, where necessary, with the relevant terms and conditions and, save in respect of the issue date, issue price, first payment of interest and nominal amount of the Tranche, will be identical to the terms of other Tranches of the same Series) will be completed in the final terms (the “Final Terms”).

**Issue Price:**

Notes may be issued at their nominal amount or at a discount or premium to their nominal amount. Partly Paid Notes may be issued, the issue price of which will be payable in two or more instalments.

**Form of Notes:**

The Notes may be issued in bearer form only. Each Tranche of Notes will be represented on issue by a temporary Global Note if (i) definitive Notes are to be made available to Noteholders following the expiry of 40 days after their issue date or (ii) such Notes have an initial maturity of more than one year and are being issued in compliance with the D Rules (as defined in “— Selling Restrictions” below), otherwise such Tranche will be represented by a permanent Global Note.

**Clearing System:**

Clearstream, Luxembourg, Euroclear and, in relation to any Tranche, such other clearing system as may be agreed between the Issuer, the Guarantor, the Fiscal Agent and the relevant Dealer.

**Initial Delivery of Notes:**

On or before the issue date for each Tranche, the Global Note representing Notes may be deposited with a common depository for Euroclear and Clearstream, Luxembourg. Global Notes may also be deposited with any other clearing system or may be delivered outside any clearing system provided that the method of such delivery has been agreed in advance by the Issuer, the Guarantor, the Fiscal Agent and the relevant Dealer.

**Currencies:**

Subject to compliance with all relevant laws, regulations and directives, Notes may be issued in any currency agreed between the Issuer, the Guarantor and the relevant Dealers.

**Maturities:**

Subject to compliance with all relevant laws, regulations and directives applicable to the relevant specified currency, any maturity as may be agreed between the Issuer, the Guarantor and the relevant Dealer as indicated in the applicable Final Terms.

**Specified Denomination:**

Definitive Notes will be in such denominations as may be specified in the relevant Final Terms save that unless otherwise permitted by then current laws and regulations, Notes (including Notes denominated in sterling) which have a maturity of less than one year and in respect of which the issue proceeds are to be accepted by the Issuer in the United Kingdom or whose issue otherwise constitute a contravention of section 19 of the FSMA will have a minimum denomination of £100,000 (or its equivalent in other currencies).

It is expected that, unless otherwise agreed with relevant Dealer(s), Notes will have a denomination of at least €100,000 (or its equivalent in any other currency as at the date of issue).

	<p>If in respect of any issue of Notes, more than one Specified Denomination is provided, Specified Denominations in respect of such issue shall only be in integral multiples of the lowest Specified Denomination.</p>
<b>Fixed Rate Notes:</b>	<p>Fixed interest will be payable in arrear on the date or dates in each year specified in the relevant Final Terms.</p>
<b>Floating Rate Notes:</b>	<p>Floating Rate Notes will bear interest determined separately for each Series as follows:</p> <ul style="list-style-type: none"> <li>(i) on the same basis as the floating rate under a notional interest rate swap transaction in the relevant Specified Currency governed by an agreement incorporating the 2006 ISDA Definitions, as published by the International Swaps and Derivatives Association, Inc. or</li> <li>(ii) by reference to a benchmark specified in the relevant Final Terms as adjusted for any applicable margin.</li> </ul> <p>Interest periods will be specified in the relevant Final Terms.</p>
<b>Zero Coupon Notes</b>	<p>Zero Coupon Notes (as defined in “Terms and Conditions of the Notes”) may be issued at their nominal amount or at a discount to it and will not bear interest.</p>
<b>Dual Currency Notes:</b>	<p>Payments (whether in respect of principal or interest and whether at maturity or otherwise) in respect of Dual Currency Notes (as defined in “Terms and Conditions of the Notes”) will be made in such currencies, and based on such rates of exchange as may be specified in the relevant Final Terms.</p>
<b>Index Linked Notes:</b>	<p>Payments of principal in respect of Index Linked Redemption Notes (as defined in “Terms and Conditions of the Notes”) or of interest in respect of Index Linked Interest Notes (as defined in “Terms and Conditions of the Notes”) will be calculated by reference to such index and/or formula as may be specified in the relevant Final Terms.</p>
<b>Interest Periods and Interest Rates:</b>	<p>The length of the interest periods for the Notes and the applicable interest rate or its method of calculation may differ from time to time or be constant for any Series. Notes may have a maximum interest rate, a minimum interest rate, or both. The use of interest accrual periods permits the Notes to bear interest at different rates in the same interest period. All such information will be set out in the relevant Final Terms.</p>
<b>Redemption:</b>	<p>The relevant Final Terms will specify the basis for calculating the redemption amounts payable. Unless permitted by then current laws and regulations, Notes (including Notes denominated in sterling) which have a maturity of less than one year and in respect of which the issue proceeds are to be accepted by the Issuer in the United Kingdom or whose issue otherwise constitutes a contravention of section 19 of the FSMA must have a minimum redemption amount of £100,000 (or its equivalent in other currencies).</p>
<b>Redemption by Instalments:</b>	<p>The Final Terms issued in respect of each issue of Notes that are redeemable in two or more instalments will set out the dates on which, and the amounts in which, such Notes may be redeemed.</p>

<b>Other Notes:</b>	Terms applicable to high interest Notes, low interest Notes, step-up Notes, step-down Notes, reverse dual currency Notes, optional dual currency Notes, Partly Paid Notes and any other type of Note that the Issuer, the Guarantor and any Dealer or Dealers may agree to issue under the Programme will be set out in the relevant Final Terms and the supplementary offering circular.
<b>Optional Redemption:</b>	The Final Terms issued in respect of each issue of Notes will state whether such Notes may be redeemed prior to their stated maturity at the option of the Issuer (either in whole or in part) and/or the holders, and if so the terms applicable to such redemption.
<b>Status of the Notes:</b>	The Notes will constitute unsubordinated and unsecured obligations of the Issuer all as described in “Terms and Conditions of the Notes — Status of Notes and Guarantee”.
<b>Status of the Guarantee:</b>	The Guarantee will constitute a direct, unconditional, unsubordinated and unsecured obligation of the Guarantor and will rank equally with all other unsecured and unsubordinated indebtedness and monetary obligations of the Guarantor, present and future (subject to certain exceptions under Japanese law).
<b>Negative Pledge:</b>	See “Terms and Conditions of the Notes — Negative Pledge”.
<b>Cross Default:</b>	See “Terms and Conditions of the Notes — Events of Default”.
<b>Ratings:</b>	The Programme has been rated BBB by Japan Credit Rating Agency, Ltd. The credit ratings of Japan Credit Rating Agency, Ltd. included or referred to in this Base Prospectus will be treated for the purposes of the UK CRA Regulation as having been issued by Japan Credit Rating Agency, Ltd. upon certification pursuant to the UK CRA Regulation. Tranches of Notes may be rated or unrated. Where a Tranche of Notes is rated, such rating will be specified in the relevant Final Terms and will not necessarily be the same as the rating assigned to the Programme. Whether or not a rating in relation to any Tranche of Notes will be treated as having been issued by a credit rating agency established in the United Kingdom and registered under the UK CRA Regulation will be disclosed in the relevant Final Terms. A rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, reduction or withdrawal at any time by the assigning rating agency.
<b>Early Redemption:</b>	Except as provided in “— Optional Redemption” above, Notes will be redeemable at the option of the Issuer prior to maturity only for tax reasons. See “Terms and Conditions of the Notes — Redemption, Purchase and Options”.
<b>Withholding Tax:</b>	All payments of principal and interest in respect of the Notes, Receipts and Coupons and under the Guarantee will be made free and clear of withholding taxes of Japan, unless the withholding is required by law. In such event, the Issuer or the Guarantor, as the case may be, shall pay such additional amounts as shall result in receipt by the Noteholders or Couponholders of such amounts as would have been received by them had no such withholding been required, subject to customary exceptions

(including the ICMA Standard EU Tax exemption Tax Language), all as described in “Terms and Conditions of the Notes — Taxation”.

**Governing Law:**

English

**Listing:**

Application has been made to the SGX-ST for permission to deal in, and for quotation of, any Notes to be issued pursuant to the Programme and which are agreed at or prior to the time of issue thereof to be so listed on the SGX-ST. Such permission will be granted when such Notes have been admitted to the Official List of the SGX-ST.

As specified in the relevant Final Terms, a Series of Notes may be unlisted. Any application for the listing of Notes on the SGX-ST will be made separately with respect to each such issue of Notes.

For so long as any Notes are listed on the SGX-ST and the rules of the SGX-ST so require, such Notes will be traded on the SGX-ST in a minimum board lot size of S\$200,000 (or the equivalent in other currencies).

**Redenomination,  
Renominalisation and/or  
Consolidation:**

Notes denominated in a currency of a country that subsequently participates in the third stage of European Economic and Monetary Union may be subject to redenomination, renominalisation and/or consolidation with other Notes then denominated in euro. The provisions applicable to any such redenomination, renominalisation and/or consolidation will be as specified in the relevant Final Terms.

**Selling Restrictions:**

The United States, the European Economic Area, the United Kingdom, Singapore and Japan. See “Subscription and Sale”.

The Issuer and the Guarantor are Category 2 for the purposes of Regulation S under the Securities Act.

The Notes will be issued in compliance with U.S. Treas. Reg. §1.163-5(c)(2)(i)(D) (the “D Rules”) unless (i) the relevant Final Terms states that Notes are issued in compliance with U.S. Treas. Reg. §1.163-5(c)(2)(i)(C) (the “C Rules”) or (ii) the Notes are issued other than in compliance with the D Rules or the C Rules but in circumstances in which the Notes will not constitute “registration required obligations” under the United States Tax Equity and Fiscal Responsibility Act of 1982 (“TEFRA”), which circumstances will be referred to in the relevant Final Terms as a transaction to which TEFRA is not applicable.

## RISK FACTORS

*Prospective investors should consider carefully the risks set forth below and the other information contained in this Offering Circular prior to making any investment decision with respect to the Notes. Each of the risks highlighted below could have a material adverse effect on the business, operations, financial condition, results of operations or prospects of the Issuer, the Guarantor or the Group, which, in turn, could have a material adverse effect on the amount of principal and interest which investors will receive in respect of the Notes. In addition, each of the risks highlighted below could adversely affect the trading price of the Notes or the rights of investors under the Notes and, as a result, investors could lose some or all of their investment. Prospective investors should note that the risks described below are not the only risks the Issuer, the Guarantor and the Group face. The Issuer and the Guarantor have described only those risks relating to the Group's operations that they consider to be material. There may be additional risks that they currently consider not to be material or of which they are not currently aware, and any of these risks could have the effects set forth above.*

### **Risks Related to the Group's Business and Operations**

#### ***Transitions in business model/revenue source in the industry may adversely affect the Group's business operation, in particular, in relation to the Group's brokerage business***

Currently, the Group's operating revenue is composed of commissions received (mostly brokerage commission), trading profit, financial income and other operating profit. Commissions received, which exceed the other revenue sources of trading profit, financial income and other operating income, come mostly from stock trading by customers.

For the Japan segment, in which the primary entity is Monex Inc. ("Monex"), commissions received comprised more than 50 per cent. of the total operating revenue of this segment; and this ratio is higher than the average in the online brokerage industry in Japan.

For the U.S. segment, in which the primary entity is TradeStation Securities, Inc. ("TradeStation Securities"), commissions received comprised approximately 70 per cent. of the total operating revenue of this segment. Since September 2019, when Charles Schwab announced the elimination of its online trading commissions for U.S. stocks, ETFs and options, the legacy brokerage commission structure gradually changed and has been replaced by the current fee structure (see "Strategy - The transformation of the Group's business models being sought"). Currently, operating profits in connection with brokerage activities in the U.S. segment come mostly from fee arrangements in the market, Payment for Order Flow ("PFOF"), and financial income earned on customer custodied assets. PFOF is a transaction mechanism where a securities firm placing customer orders with respect to U.S. equities will be compensated by market makers if the orders provide liquidity to the market. Consequently, as described under the sub-caption, "As market pressure forces decreases in brokerage commissions, such commissions are losing their significance as a revenue source", market pressures resulting in the lowering of brokerage commissions may materially adversely affect the results of the Group's profit unless the Group establishes alternative revenue sources taking the place of commissions received.

#### ***As market pressure forces decreases in brokerage commissions, such pressure might have a negative effect on our revenue source***

Since September 2019, a number of brokerage firms in the United States have started offering zero commission online trading services in relation to equities, exchange-traded funds ("ETFs") and options. In response to these market trends, in the U.S segment, TradeStation Securities, has introduced zero commission online trading services, TS GO and TS SELECT, to its customers who use its web platform and mobile applications for equities, options, ETFs and futures (see "Strategy - The transformation of the Group's business models being sought"). Introduction of zero commission online trading services at TradeStation Securities may have a negative effect

on operating income from the U.S. segment independently and/or in conjunction with negative effects resulting from market conditions, such as a decrease in financial income earned on customer custodied assets as a result of lower interest rates.

For the Japan segment, brokerage commissions for online brokerage services have been increasingly susceptible to fee pressures in the industry, as basic, traditional online brokerage services are becoming services commonly available everywhere and commoditized.

In the Group's view, the Group needs to transform its business model in order to maintain the profitability of its business activities. In this respect, for the U.S. segment, the Group has been seeking to diversify revenue sources, such as by introducing investor education services and offering crypto assets trading services (see "Strategy - Global Vision III and the transformation of the Group's business models being sought"). However, failure or delay in introduction or establishment of alternative successful revenue sources may result in a material negative impact on the results of the Group's operations. For the Japan segment, the Group is seeking to transform its business model from a brokerage model to an asset management model where the Group can expect management fees from assets under management (see "Strategy - The transformation of the Group's business models being sought"). Despite that, if the Group's competitors begin to significantly discount brokerage commissions before the Group establishes its new revenue model(s) for the Japan segment, it may have a material negative impact on the results of the Group's profit and operations.

***The Group must continue to adapt to rapid technological and other changes in the online retail financial services industry in order to remain competitive***

The online retail financial services industry is characterised by rapid technological developments, changes in customer demands, frequent service and product introductions and evolving industry standards. The Group's future success will depend in part on its ability to enhance its existing services or to develop new services that address investors' increasingly sophisticated and varied needs, meet evolving industry standards and reflect technological developments in a timely and cost-effective manner. Possible future developments to which the Group may need to respond include the widespread acceptance of electronic commerce networks, or other new trading markets that offer PFOF, lower usage costs or other benefits to investors or brokerages. Further, the Group's vision includes utilising blockchain technology in a way that will enable safe, low-cost transactions of a diverse range of financial products and money all over the world. Adapting to these changes may require significant capital or operating expenditures. Failure to adapt to these developments could have a material and adverse effect on the Group's business, growth prospects and operating results.

***Expanding the range of the Group's products and services exposes the Group to various risks***

A major part of the Group's business strategy has been, and continues to be, expanding the range of its products and services, including its business outside Japan. This is increasingly true when transforming the Group's business model. The Group aims to provide high-quality products and services globally; however, the offering of new financial products and services in Japan and overseas exposes the Group to a number of risks and challenges, including the following:

- (i) expansion of its global operations may expose the Group to unknown risks and difficulties, including local statutory and/or regulatory requirements, anti-money laundering and prevention of terrorist financing requirements, taxation laws, accounting treatment, business or investment approval processes, foreign exchange controls and restrictions on repatriation of investment returns;
- (ii) new business activities may require greater marketing and compliance costs than the Group's traditional services;

- (iii) new business activities may have less growth or profit potential than the Group anticipates, and there is no guarantee that they will become profitable at the level the Group desires or at all;
- (iv) the Group may fail to identify and offer appealing new services in a timely manner, putting it at a disadvantage with competitors that offer those services;
- (v) competitors of the Group may have substantially greater experience and resources in relation to the business activities the Group wishes to commence, and the Group may not be able to attract customers to its services from competitors with existing relationships with those customers;
- (vi) the Group may need to hire or retrain personnel who are able to supervise and conduct the relevant new business activities or for its overseas operations;
- (vii) the Group may incur unexpected costs in financial periods, which will impact its overall financial performance; and
- (viii) the Group may need to add to the capability of its information technology systems, including enhanced security measures, to support a broader range of activities.

However, there can be no assurance that the Group will be able to achieve the administrative, systems and logistical improvements necessary to achieve its goals and other aspects of its growth effectively.

In addition, competition for highly skilled business, technical and other personnel is high due to increasing competition in the financial services industry. Accordingly, the Group's personnel expenses may increase or it may have difficulty in recruiting and retaining properly qualified personnel. Furthermore, to the extent its business model and practices are unfamiliar to regulators or related to evolving areas, the Group may encounter the introduction of unexpected restrictions or limitations on its planned activities.

***The Group's business relies heavily on computers and other electronic systems, including internet order placement systems, and failure of these systems could harm its business***

The Group's information technology systems include internet order placement systems, portfolio management tools, information services, crypto hot/cold wallet systems and related back office systems. The Group receives almost all of its trade orders through the internet and executes them through a series of computerised processing systems connected to third parties, including various securities firms, or within the Group's information technology systems by matching orders. Any damage to or interruption in the functioning of the internet or these systems would seriously disrupt the Group's operations. Any delay could create dissatisfaction among its customers, lead to claims for compensation for losses or damage, harm its reputation and result in lost commissions or other business opportunities. The Group's systems are vulnerable to damage or interruption from various causes, including:

- (i) hardware or software defects, including design defects in products or in its network and other systems architecture;
- (ii) unexpectedly high traffic volume;
- (iii) natural disasters;
- (iv) power loss;
- (v) human error, sabotage, hacking or cyber security attacks; and
- (vi) computer viruses.

In addition, because the operations of Monex Group, Monex, Coincheck and the Issuer and the data facilities of their relevant service providers are concentrated in the Tokyo area, an earthquake or other disaster affecting



the Tokyo area could significantly disrupt all or a portion of its entire operations. The Group does not maintain insurance coverage for damage relating to casualty loss in the event of such disasters or for business interruption and there can be no assurance that its third-party service providers would be able to resume service in timely manner in the event of any such disaster.

***Computer system malfunction, disruption, hacking or cyber security attacks may adversely affect the Group's operations***

The Group relies on the functionality of its computer system transmitting customer orders to stock exchanges for execution, where a significant majority of its customers' orders are placed, and more generally for the operation of many of its online services. Also, Coincheck offers a cryptocurrency trading platform for its customers.

Any disruption or malfunction of the Group's computer systems could have a negative impact on the execution of customer trade orders, or result in loss of data or system malfunction. Such disruption or malfunction could be triggered by computer system bugs, insufficient capability to process trading volumes, disruption in internet connections and/or computer system malfunction resulting from, for example, computer viruses or intrusion by hackers.

In addition, whether customer orders, including foreign exchange margin trading and trading in stocks are executed timely or at all, depends on the ability of the Group's computer systems to route orders to application service providers or other brokerage firms for execution or to execute cryptocurrency transactions through the Group's computer system platform. Delays or failures in transmitting orders through the Group's computer system to these third parties or malfunctioning of its cryptocurrency trading platform could prevent the Group from completing customer orders or effecting cryptocurrency trades with customers effectively or at all.

Further, although the Group strives to exercise care to protect the confidentiality of customers' personal information and to take steps to safeguard such information against computer system malfunction or cyber security attacks, were any material unauthorised disclosure of customers' personal information to occur, the Group's business could be adversely affected.

The Group recognises that ensuring proper functioning of its computer systems is critical for its business operation, and it has taken various measures seeking to assure such functionality. The Group continuously assesses and seeks to improve its systems and the protections thereof. In particular, the Group is leveraging its existing expertise in human resources, business administration, system risk management and customer asset protection systems in the online securities industry to support Coincheck's development of a more secure online cryptocurrency exchange. However, the Group may fail to take appropriate measures, or it may be delayed in implementing such measures when seeking to recover from system malfunctions or intrusions, or otherwise. Such events could cause interruptions to the Group's systems, reputational damage, client dissatisfaction, legal liability, enforcement actions or additional costs, any and all of which could adversely affect the Group's financial condition and operations.

***Unauthorised disclosure or misappropriation of its customer information, including personal information, or other breaches of its security may adversely affect the Group's reputation and business***

Any unauthorised disclosure or misappropriation of customer information or other breach of its security would likely have a serious impact on the Group's reputation and could significantly adversely affect its business. The secure transmission of confidential information over the internet and other public telecommunication networks is a critical element of the Group's operations. The Group employs measures to ensure the integrity of data security including provisions of training to its management and employees and execution of confidentiality agreement with third-party service providers dealing with the Group's customer information. Its overseas subsidiaries also have established and implemented internal controls and compliance procedures pursuant to

applicable local laws and regulations regarding personal information protection. However, there can be no assurance that customer information has not been and will not be disclosed or taken without authorisation or that the computer systems of its third-party service providers or business counterparties will not be compromised. If a third party is able to penetrate its or its service providers' network security or otherwise misappropriate its customers' personal trading account information, the Group could be liable for unauthorised trades, impersonation or similar fraud claims, and its reputation could be damaged, all of which could adversely affect operating results of the Group.

Unauthorised disclosure or misappropriation of customer information by its own employees would expose the Group to similar risks. The standards applicable to the Group have become more stringent under the Act on Personal Information Protection of Japan (Act No.57 of 2003, as amended). The heightened standards of care under this law increase the probability of claims from customers in cases of unauthorised disclosure or misappropriation of customer information. Although the Group strives to exercise care to protect the confidentiality of customer information and to take steps designed to protect such information pursuant to applicable laws, if any material unauthorised disclosure of customer information occurs, the Group's business may be adversely affected. For example, the Group may be subject to administrative fines in case there is any violation of applicable personal data protection laws or be subject to complaints and lawsuits for damages from clients if they are adversely affected due to the unauthorised disclosure of their personal information. In addition, the Group may incur additional costs and expenses necessary for enhancing its security systems as mandated by or in response to enforcement actions or otherwise instructed by supervisory authorities.

***Extension of credit to customers, financial institutions and cryptocurrency dealers***

The Group extends credit to its customers when conducting margin trades, futures and option trades, foreign exchange transactions, margin transactions for cryptocurrencies and the like, and credit risks related to customers arising out of such trades or transactions may materialise as a result of fluctuations in stock market conditions, foreign exchange market conditions and/or cryptocurrency market conditions. The credit risks related to customers would be limited since the Group receives advance monies, margin monies or other collateral with respect to securities- and cryptocurrency-related transactions, and monitors the risks, including those that may result from unbalanced positions, on a daily basis with respect to foreign exchange trading. However, if the Group is unable to collect from customers in full any advanced/lent money resulting from any sudden and significant fluctuation in market conditions, the Group's results of operations may be adversely affected.

The Group is also exposed to credit risks against financial institutions and cryptocurrency dealers for transactions covering foreign exchange/cryptocurrency transactions, stock lending transactions and crypto lending. These financial institutions and cryptocurrency dealers are accredited to be good standing either in Japan or overseas, and credit risks concerning the Group's claims against these financial institutions and cryptocurrency dealers are limited. In addition, if the Group obtains any information that may indicate credit uncertainty such as downgrading of credit ratings for such financial institutions and cryptocurrency dealers, the relevant divisions within the Group will collaborate to take measures necessary to seek to mitigate such risks. Regarding crypto lending, the Group intends to limit the credit risks by receiving cryptoasset collateral and monitoring the status of such cryptoasset on a daily basis. Nonetheless, if a rapid fluctuation in market conditions occurs, it may have an adverse effect on the Group's results of operations.

***The Group's cryptoasset businesses are subject to a number of risks and uncertainties***

The Group operates a cryptocurrency exchange and brokerage service through Coincheck which Monex Group acquired in 2018, and TradeStation Crypto, Inc. ("TradeStation Crypto") in the United States which launched its crypto brokerage platform in 2019. Cryptocurrencies and related exchanges have experienced rapid growth in recent years, however, due to the relatively recent development of this area of business, the Group's

cryptocurrency exchange operations subject the Group to a number of risks that have the potential to impact its business, reputation and operations, including those described below.

*Hacking, cyber threats, security weaknesses and theft of cryptocurrencies may give rise to losses*

In January 2018, before the Group's acquisition of Coincheck, Coincheck's cryptocurrency exchange platform was subject to a security breach, which resulted in the unauthorised transfer of NEM cryptocurrency ("NEM") from Coincheck's customers (such unauthorised transfer, the "Unauthorised Transfer"), and which resulted in Coincheck receiving a business improvement order from the Financial Services Agency of Japan (the "JFSA").

After its acquisition of Coincheck, the Group continues to enhance its cyber security to alleviate the risk of malicious cyberattacks by third parties. Also cryptocurrencies transacted through Coincheck are deposited in cold wallets pursuant to the requirements of the Payment Services Act of Japan (Act No. 59 of 2009, as amended) (the "Payment Services Act") since the Payment Services Act requires deposits of 95 per cent. or more of a customer's cryptocurrencies in cold wallets or other measures permissible under that Act. However, despite these cyber security measures, there can be no guarantee that the Group's systems will be sufficient to prevent unauthorised access or any unauthorised transfer or theft of cryptocurrencies deposited in electronic wallets in particular, which may result in an irrecoverable loss of such cryptocurrencies. If further incidents occur, Coincheck may suffer a damage to its reputation as a reliable cryptocurrency exchange operator and may be subject to liability arising out of or in connection with the loss of cryptocurrencies, which in turn may have a material adverse effect on its business and results of operations as well as adversely affect the Group's business reputation. Any further unauthorised transfer, theft or loss of cryptocurrencies may also result in regulatory enforcement actions against Coincheck, each of which could materially impact the Group's business and customer perception of the Group. All of the foregoing could, individually or in aggregate, have a material adverse effect on the Group's results of operations.

*Litigation risks arising from or related to the Unauthorised Transfer of NEM may impact the Group*

Coincheck is subject to claims arising from or related to the Unauthorised Transfer of NEM from Coincheck's customers. While Coincheck completed a compensation process in March 2018 for those affected by the Unauthorised Transfer, as at the date of this Offering Circular, the claims are still pending in court and Monex Group has not recognised any provisions in its financial statements for losses arising from or related to these claims as it considers the amounts currently claimed on the merits of the pending disputes are unlikely to impact its results of operations. Although Coincheck is working towards resolving these legal proceedings, if such legal proceedings are, or are likely to be determined adversely to Coincheck, it may encourage existing claimants to increase the amount of their claims and/or encourage further claims against Coincheck arising from the same circumstances which in turn could have a material adverse effect on the Group's results of operations.

*Coincheck's cryptoasset business operations are regulated and Coincheck is obligated to have an internal control system required for the prevention of money laundering and terrorist financing, and new regulations could adversely affect its business*

The Group's cryptocurrency exchange business is subject to a variety of laws and regulations that involve matters central to its operations. Cryptocurrency exchange operators are required to be registered under the Payment Services Act. As at the date of this Offering Circular, Coincheck is registered as a cryptocurrency exchange operator under the Payment Services Act to conduct full services. Amendments to the Payment Services Act and the FIEL were implemented in May 2020 and thereby introduced regulations for the purpose of ensuring consumer protection, in relation to, in particular, the marketing and advertisement of cryptocurrencies and cryptocurrency exchanges and segregation of customer assets, as well as introducing a prohibition on the market manipulation of cryptocurrencies.

The Group is subject to other regulations, including the Prevention of Transfer of Criminal Proceeds Act of Japan (Act No. 22 of 2007, as amended) (the "APTCP"), which imposes rules on the collection, verification,

organisation, maintenance and reporting information needed for the tracking of terrorist funds and criminal proceeds, thereby preventing money laundering and terrorism financing.

The Japanese regulations concerning cryptocurrencies and/or cryptoassets may be further tightened in the future, which may in turn result in a decrease of the Group's business scale in the cryptoasset business, cause the Group to incur additional costs, and/or have a negative impact on trading activities by the Group's customers, any of which may lead to a decrease in the Group's competitiveness and have a material adverse effect on its business and results of operations.

*Changes in accounting policies in relation to cryptocurrency exchange business may impact the Group's results of operations*

The Group records the financial aspects of its cryptocurrency exchange business in what it considers to be the most appropriate manner in accordance with IFRS (see the notes to the audited consolidated financial statements of Monex Group incorporated by reference in this Offering Circular for more details). However, as IFRS does not stipulate specific requirements and guidelines for the financial reporting of a cryptocurrency exchange business, if new accounting policies are standardised in the future, this may have a material adverse effect on the Group's results of operations.

***Occurrence of impairment of intangible assets including goodwill may affect the Group's results of operations***

The Group has recorded intangible assets including goodwill in its consolidated financial statements relating to its acquisition of ORIX Securities Corporation, TradeStation and other companies. The Group's goodwill as at 31 March 2021 was ¥17,223 million, which amounts to 19 per cent. of the total equity attributable to owners of the parent company. An annual impairment test is applied to goodwill in accordance with IFRS.

The Group may be required in the future to record impairment of intangible assets including goodwill according to the relevant accounting rules due to the Group's business downturn or the like, which may have a material adverse effect on the Group's results of operations.

***Divestment by Monex Group's major shareholder of its shareholdings may adversely affect the Group's business and results of operations***

The Shizuoka Bank, Ltd. ("Shizuoka Bank") and Monex Group passed a resolution to enter into a capital and business alliance at the respective meetings of both boards of directors, held in April 2014. Monex Group and Shizuoka Bank have been collaborating in the online financial space, in particular, in creating a differentiated and improved financial experience for both institutions' retail customers, through actively implementing leading edge technology and ideas. Shizuoka Bank acquired 56,223,300 shares of common stock of Monex Group from ORIX Corporation (a former major shareholder) in April 2014. As a result, Shizuoka Bank's ownership percentage of the total number of issued shares of Monex Group at that time was 19.54 per cent. of its outstanding shares, and ORIX Corporation divested its entire shareholding in Monex Group. Thereafter, in May 2014, Shizuoka Bank acquired additional common stock of Monex Group. Following these two transactions, Shizuoka Bank's holding became 20 per cent. of the total number of issued shares of Monex Group. Shizuoka Bank's holding was 23.88 per cent. as at 31 March 2021. Since the April 2014 transaction with ORIX Corporation, Shizuoka Bank has been the single largest shareholder of Monex Group. If Shizuoka Bank sells or transfers its shareholdings in Monex Group to a third party, such third party's strategic goals may not align with the Group's strategy which may adversely affect the Group's business and results of operations.

Given that Shizuoka Bank holds more than five per cent. of the voting rights of Monex Group, Monex Group is subject to the Banking Act of Japan (Act No. 59 of 1981, as amended) (the "Banking Act") and thus is restricted from holding majority voting rights in companies engaging in certain categories of business, apart from those referenced in the Banking Act. Accordingly, if Monex Group fails to properly adapt to changing

business environment due to such restrictions, the Group's business and results of the operations may be adversely affected.

***The Group faces risks associated with the underwriting of offerings of securities***

The business of securities underwriting exposes the Group to different legal requirements, risks and uncertainties from those of brokerage services. The Group has investment risk on securities it underwrites on a firm commitment basis and may suffer additional losses as a member of an underwriting syndicate if an offering is not successful. The Group may face claims or litigation from disappointed investors or lose the trust of its customers if investors in its underwritten offerings incur losses.

***The Group may suffer losses if its reputation is harmed***

The Group believes that its ability to attract and retain customers is affected by its reputation. Since the Group is reliant on electronic communications to earn the trust of its customers, it may be particularly difficult for the Group to remedy any harm to its reputation. If it fails, or appears to fail, to deal with various issues that may give rise to reputational damage, its business prospects could be harmed. These issues include, but are not limited to, appropriately dealing with legal and regulatory requirements, potential conflicts of interest, ethical issues, money-laundering, customer privacy, record-keeping, sales and trading practices, and the proper identification of the legal, reputational, credit, liquidity and market risks related to its business. Failure to appropriately address these issues could also give rise to additional legal risk to the Group, which could, in turn, increase the size and number of claims and amount of damages asserted against it or subject it to regulatory enforcement actions, fines and penalties. This in turn could result in loss of existing customers, an inability to attract new customers, and otherwise adversely affect the Group's business.

***Employee or customer fraud could subject the Group to losses***

The Group is exposed to potential losses resulting from fraud and other misconduct by its employees and customers. Employees may bind the Group to transactions that exceed authorised limits or present unacceptable risks, hide from it unauthorised or unsuccessful activities or improperly use confidential information. The Group's customers may engage in fraudulent activities, including fraudulent use of customer accounts or the use of a false identity to open an account. Such types of fraud may be difficult to prevent or detect, and the Group may not be able to recover the losses caused by such activities. Its reputation may also be damaged by such activities. In particular, if customers fraudulently use the Group's accounts for money-laundering or other illegal activities, its reputation could be seriously damaged and it could become subject to significant legal liabilities and regulatory sanctions.

***Assets under management with respect to the Group's asset management business may not grow as the Group expects because of, among others, the traditional conservative investment approach of individual investors in Japan***

Individual investors in Japan have traditionally sought highly conservative investments, particularly after the collapse of the "bubble economy" in the early 1990s. Many Japanese invest exclusively or primarily in bank deposits guaranteed for return. Despite government-led efforts to encourage investment in securities products, such as public investment funds, the ratio of assets invested in securities products by individuals is low compared to other developed countries. If the overall investment culture in Japan remains comparatively conservative, the Group's growth opportunities being sought from its business model transformation from that of brokerage to asset management could be more limited than it anticipates.

***The Group operates in a highly regulated industry and new regulations could adversely affect its business***

The business that the Group operates is highly regulated and is subject to local licensing and registration requirements by relevant authorities, including those of the United States for TradeStation Securities, Hong

Kong for Monex Boom Securities, Japan for Monex and Coincheck, and Australia for Monex Securities Australia Pty Ltd (“Monex Securities Australia”). A suspension order or other orders from relevant authorities may have an adverse impact on the Group’s reputation as well as its business and the results of operations. Among others, an order to suspend each regulated entity’s business operations and/or an order to revoke any licence the Group holds can have a material adverse impact on the Group’s results of operations and the relevant regulated entity may face sanctions for any compliance failures. Engagement activities are evolving areas of regulation in Japan, and will depend on the future development of relevant “soft” laws as well. Procedures to amend soft laws are relatively light compared to “hard” laws and therefore can be made quickly by initiatives of the regulators and supervisory bodies. There is no assurance that there will not occur any amendment to regulations that may have an adverse effect of the operations of Monex Activist Fund (“MAF”) or Japan Catalyst, Inc. (“JCI”). For MAF and JCI, see “— Strategy — The transformation of the Group’s business models being sought”.

Also, litigation from customers against the Group may have an adverse impact on the Group’s results of operations as well as have an adverse impact on its reputation.

Further, there can be no assurance that any new regulations would not adversely affect the Group’s business by requiring the downsizing of its business fields, imposing additional costs, exposing the Group to increased liability or otherwise.

Finally, the Group is exposed to risks relating to regulations designed to prevent money laundering and the financing of terrorist activities as well. Monex and Coincheck are required to verify customer identification and keep books and records pursuant to the APTCP. If either Monex or Coincheck fails to perform any of these obligations, the non-compliant entity can be subject to criminal sanction and/or enforcement action from regulatory authorities, which could in turn have a material adverse effect on the results of the operations of the Group.

***The Group is required to comply with stringent minimum capital requirements***

The applicable laws and regulations in Japan and other jurisdictions require the securities firms in Japan and overseas within the Group (the “Group Securities Firms”) to meet strict capital adequacy requirements. If the Group Securities Firms fail to maintain the required levels of capital, it may have an adverse impact on the Group’s results of operations. Increases in the aggregate principal amount of margin loans the Group Securities Firms extend to their customers decrease their capital adequacy ratios. An affected Group Securities Firm may therefore need additional capital in order to keep its capital adequacy ratio above levels mandated by regulations if the value of margin trades executed through such Group Securities Firm continues to increase. Should a Group Securities Firm fail to comply with applicable minimum capital requirements, the Group Securities Firm may be subject to enforcement actions, which could result in revocation of its registration or licence granted to engage in the securities business. Similarly, engaging in foreign exchange margin trading and securities lending businesses also serves to increase the Group Securities Firms’ needs for capital. There can be no assurance that the Group will be able to obtain additional capital on favourable terms or at all. If it fails to obtain additional capital, it may have to limit margin loans to its customers. It may also have to limit the expansion of its foreign exchange margin trading, securities lending and other businesses requiring minimum capital, which could adversely affect its earnings and growth potential.

***Monex’s membership in the Japan Investor Protection Fund may compel the Group to inject substantial sums into the fund should other securities companies become insolvent***

Monex is a member of the Japan Investor Protection Fund, which was established to protect retail investors’ assets in the event that securities companies become insolvent. Securities companies in Japan are required by regulation to segregate client assets from their own assets. Nevertheless, if a major securities company that did not segregate client assets becomes insolvent and the fund has insufficient resources to compensate the firm’s

clients, the fund's members may be required to contribute substantial additional funds to help compensate investors.

***The Group and third parties may infringe on each other's intellectual property, and the Group could suffer litigation or licensing expenses as a result***

The Issuer and the Guarantor believe the software and systems used by the Group do not infringe upon the intellectual property of third parties. However, there can be no assurance that there is no current infringement, including due to actions by its third-party service providers, or that in the future the Group's operations will not violate the intellectual property of others. Any litigation brought against the Group in the future may result in damages being awarded against it, orders to pay for the use of previously unrecognised third-party intellectual property or injunctions against continuing aspects of its business. Conversely, despite any precautions the Group has taken to protect its intellectual property rights, third parties may infringe them. In such cases, the Group may take legal action against the violating parties or take other steps to stop the infringement or seek compensation for any ensuing loss, with no assurance of success.

***Market conditions may adversely affect the Group's business operations***

Trading profit is materially affected by foreign exchange trading and cryptocurrency trading by customers. Financial income comprised 20 per cent. of the Group's operating income for the fiscal year ended 31 March 2021. Interest income from customer custodied assets is primarily affected by short-term interest rates and interest rate income from margin trading profit from securities lending transactions are materially affected by terms of client agreements as well as market conditions. Changes in market conditions may negatively affect the results of operations of the Group.

***Market conditions and volatility in stock trading volumes may adversely affect the Group's brokerage business***

The securities markets are volatile and influenced by various factors such as changes in levels of investor confidence, general economic conditions and political and regulatory developments in Japan, the United States and the other major countries and regions that affect world securities markets. Any sudden downturn in any of the major world economies or securities markets may have an adverse effect on both the Group's revenues and future growth prospects through decreased trading volumes or otherwise. Since the Group is operating mainly in Japan and the United States, a downturn in either or both of the Japanese market and the U.S. market may have an adverse effect on the Group's future results. Furthermore, trading activities by its customers and individual investors have experienced volatility. Trading volumes are sensitive to market performance and general economic conditions, as well as factors such as unexpected news or events including natural disasters, corporate results and regional political tensions. Trading activities by highly active major investors also affect market volatility. Changes in the behaviour of such investors could have a material adverse impact on the Group's results of operations. Volatility in the trading volume of the Group's customers caused by these factors directly results in volatility of the Group's earnings and may have a material effect on the Group's financial condition and results of operations. As a result, the unpredictability of the level of market participation by individual investors may make it difficult to evaluate the Group's performance and assess its future prospects.

***Fluctuations in stock prices of investee companies may adversely affect the Group's investment business***

The Group is exposed to risks resulting from stock price fluctuations because it is making investments in a number of start-up companies, primarily through Monex Ventures, Inc. ("Monex Ventures") and MV I Investment Limited Partnership. The investments are accounted for as financial assets, with respect to which fair value is accounted for based on the amount of net profit/loss. Therefore, both valuation profit/loss and capital gain/loss from these investments are accounted for as net profit/loss of the Group. Accordingly, stock price fluctuation risk can adversely affect the Group's results of operations, although it is sought to be mitigated

by limiting the investment amount in each investee company and by monitoring the fluctuation of each such company's stock price.

***Fluctuations in foreign exchange may adversely affect the Group's business operations***

The Group is exposed to foreign exchange rate fluctuation risks arising out of (i) its foreign exchange transaction positions whose counterparties are financial instruments business operators and (ii) its foreign currency-denominated assets and liabilities, including foreign currency-denominated financial instruments. For foreign exchange transaction positions, the Group has established internal rules regarding transactions to cover such positions so that risks that result from foreign exchange transaction positions are properly mitigated. With respect to foreign currency-denominated assets and liabilities, including foreign currency-denominated financial instruments, the Group enters into forward transaction to hedge foreign exchange risks on the basis of net foreign exchange exposure. Even though these measures have been implemented, the Group may not be able to completely avoid foreign exchange rate fluctuation risks and an unexpected fluctuation in foreign exchange rates may adversely affect the Group's business operations.

***Fluctuations in interest rates may adversely affect the Group's business operations***

The Group is exposed to credit risks in relation to managing customer deposited money, managing client money entrusted with trust banks, borrowing from financial institutions, and raising long-term funds through capital markets, such as through bond issuances. The Group has established an internal control system to seek to monitor interest rate risks arising from the foregoing asset and liability transactions and engages in interest rate swaps transactions in order to seek to effectively hedge net profit or loss fluctuations if necessary. However, such internal control system and swap transactions may not entirely protect the Group against interest rate fluctuations, and interest rate trends may adversely affect the operating results of the Group.

***Fluctuations in prices of securities and cryptocurrencies held by the Group may adversely affect the Group's business operations***

The Group is exposed to risks arising from fluctuations in price of the securities and/or cryptocurrencies held. While the Group has established an internal control system to seek to monitor price fluctuation risks in relation to the securities and/or cryptocurrencies held by the Group, such fluctuations may adversely affect the operating results of the Group.

***The Group is exposed to natural disaster-related risks***

The Group has put in place measures for emergency situations, including a business continuity plan for natural disasters, such as earthquakes and tsunamis, fire, power outage, terrorism and the like, for its major operating locations. However, there can be no assurance that the Group will be able to completely prevent or mitigate the effects of natural disasters or the damage caused by natural disasters, which in turn may have a material adverse effect on the Group's business operations.

***The global COVID-19 pandemic could harm the Group's business, results of operations, and financial condition***

The Group has sought to maintain solid systems and operations amid increased trading activities driven by the rise in stock market volatility during and after the spread of novel coronavirus ("COVID-19") infection. The Group identified its business operations that can be performed by remote working, and took initiatives to promote an organisational transformation designed to secure revenue without compromising the level of service, and many employees, especially in the United States and Hong Kong, are working remotely. However, a decline in productivity or competitiveness caused by the prolonged remote working, the spread of COVID-19 infection from employee to employee, or the occurrence of a currently unexpected disaster risk event may have a significant negative impact on the Group's business performance.



The major effects of the on-going COVID-19 pandemic on the Group's recent financial performance include higher trading revenue from increased online trading activity and lower interest from bank deposits resulting from lower benchmark interest rates in the U.S segment. The Group has not identified any material contingencies or impairments in operations as a result of the COVID-19 pandemic. It is not possible for the Group to predict the duration or overall magnitude of the adverse impact from the COVID-19 pandemic and its effects on the Group's business, results of its operations, or financial condition as at the date of this Offering Circular. A sustained negative growth in the worldwide economy may adversely impact the economies of and the markets in Japan, the United States and Hong Kong, which may, in turn, materially adversely affect the Group's financial condition and results of operations, potentially for a substantial period of time.

### ***Risk Classifications and Descriptions***

The Group classifies the risk categories and defines what the risks are as shown in the table below and performs a regular periodic assessment on the risks along with relevant available preventive measures. While the Group has taken various measures designed to mitigate each such risk, there is no assurance that such preventive measures will prevent these risks from materialising or to be appropriately mitigated.

<b>Risk Category 1</b>	<b>Risk Category 2</b>	<b>Nature of Risk</b>
Business risk	Strategic risk	Risk of decline in competitiveness of existing business and risk of delay in entering new business
	Business management risk	Risk of decline in overall Group profitability that may result from the lack of appropriate firmwide control over business performance or costs
Market-related risk	Market-related risk	Risk of loss that may result from fluctuations in the value of the Group's assets (including off-balance sheet assets) from fluctuation of market risk factors
Credit risk	Credit risk	Credit risk of counterparties and customers
Liquidity risk	Liquidity risk	Risk of difficulty in securing funds that may result from, among others, inappropriate funding management
Information security risk	Information security risk	Risk of loss that may result from compromise of, among others, confidentiality or completeness, of information assets due to occurrences of unauthorised disclosure of or damage to information assets
Systems risk	Cyber security risk	Risk of loss that may result from unauthorised disclosure of material information, unauthorised use of systems, or disruption of services due to, among others, cyberattacks
	Systems development risk	Risk of loss to customers and the Group that may result from computer system failure, malfunction or unauthorised usage.
Operational risk	Operational risk	Operational risks that may result from human error of employees and third parties, such as clearing houses and system vendors
Legal/regulatory risk	Money laundering and terrorist financing risk	Risk of being involved in money laundering or terrorist financing
	Compliance risk	Risk of enforcement actions resulting in imposition of criminal and civil liabilities and consequent loss from violation of

		contractual obligations based on violation of laws and regulations
Reputation risk	Reputation risk	Risk of loss that may result from any damage to the reputation of the Group from media reports, false rumours or malicious slander
Disaster risk	Natural disaster risk	Risk to business continuity that may result from natural disaster
Other risks	Organisational risk	Risk of inability to achieve business goals because of insufficient efforts or other operational failures
	Information disclosure risk	Risk that may arise from false or premature disclosure of accounting or investor relations information
	Other risks	Country risk, political risk

***Transition from LIBORs to alternative rate indices may adversely affect the Group’s business***

The Group transacts in interest rate swaps and other derivatives and underwrites bonds and loans which refer to Interbank Offered Rates (“IBORs”) such as the London Interbank Offered Rate (“LIBOR”). Following the LIBOR manipulation scandal in 2012, Financial Conduct Authority confirmed on March 5, 2021 the cessation effective dates of all LIBOR currencies and tenors. Regulators in each country including Japan have expressed their intention to request that financial transactions that refer to LIBOR be converted to alternative rate indices and that measures be taken in preparation for the permanent cessation of LIBOR. All transaction agreements which refer to LIBOR and remain after LIBOR cessation are expected to be revised or to be amended adding a clause of “fallback” rate that is agreed between the contracting parties in advance of the cessation of LIBOR. However, the details of calculation methodologies of alternative rate indices are under discussion in each country currently, and such transfers will involve the development of new calculation methods for alternative rates, revisions to relevant contracts and modifications to the application of accounting principles to the relevant transactions. These changes could require the Group to incur additional costs and subject the Group to risks associated with systematic reform, operational application and client disclosure, or adversely impact the pricing, volatility and liquidity of financial products including derivatives, bonds and loans which refer IBORs as floating rate. Therefore, the Group’s business, financial condition and results of operations could be impacted materially adversely or the Group could be subject to disputes, litigation or other actions with counterparties or relative participants.

**Risks Related to the Notes Issued under the Programme**

***Notes may not be a suitable investment for all investors***

Each prospective investor in any Notes must determine the suitability of that investment in light of its own circumstances. In particular, each prospective investor should:

- (i) have sufficient knowledge and experience to make a meaningful evaluation of the relevant Notes, the merits and risks of investing in the relevant Notes and the information contained or incorporated by reference in this Offering Circular or any applicable supplement;
- (ii) have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the relevant Notes and the impact such investment will have on its overall investment portfolio;
- (iii) have sufficient financial resources and liquidity to bear all of the risks of an investment in the relevant Notes, including where principal or interest is payable in one or more currencies, or

where the currency for principal or interest payments is different from the prospective investor's currency;

- (iv) understand thoroughly the terms of the relevant Notes and be familiar with the behaviour of any relevant indices and financial markets; and
- (v) be able to evaluate (either alone or with the help of a financial adviser) possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks.

Some Notes are complex financial instruments and such instruments may be purchased as a way to reduce risk or enhance yield with an understood, measured, appropriate addition of risk to their overall portfolios. A prospective investor should not invest in Notes which are complex financial instruments unless it has the expertise (either alone or with the help of a financial adviser) to evaluate how the Notes will perform under changing conditions, the resulting effects on the value of such Notes and the impact this investment will have on the prospective investor's overall investment portfolio.

#### ***Risks related to the structure of a particular issue of Notes***

A wide range of Notes may be issued under the Programme. A number of these Notes may have features which contain particular risks for prospective investors. Set out below is a description of certain such features:

##### *Notes subject to Optional Redemption by the Issuer*

An optional redemption feature is likely to limit the market value of Notes. During any period when the Issuer may elect to redeem Notes, the market value of those Notes generally will not rise substantially above the price at which they can be redeemed. This also may be true prior to any redemption period.

The Issuer may be expected to redeem Notes when its cost of borrowing is lower than the interest rate on the Notes. At those times, an investor generally would not be able to reinvest the redemption proceeds at an effective interest rate as high as the interest rate on the Notes being redeemed and may only be able to do so at a significantly lower rate. Prospective investors should consider reinvestment risk in light of other investments available at that time.

##### *Index Linked Notes and Dual Currency Notes*

The Issuer may issue Notes with principal or interest determined by reference to an index or formula, to changes in the prices of securities or commodities, to movements in currency exchange rates or other factors (each, a "Relevant Factor"). In addition, the Issuer may issue Notes with principal or interest payable in one or more currencies which may be different from the currency in which the Notes are denominated. Prospective investors should be aware that:

- (i) the market price of such Notes may be volatile;
- (ii) they may receive no interest;
- (iii) payment of principal or interest may occur at a different time or in a different currency than expected;
- (iv) the amount of principal payable at redemption may be less than the nominal amount of such Notes or even zero;
- (v) a Relevant Factor may be subject to significant fluctuations that may not correlate with changes in interest rates, currencies or other indices;

- (vi) if a Relevant Factor is applied to Notes in conjunction with a multiplier greater than one or contains some other leverage factor, the effect of changes in the Relevant Factor on principal or interest payable likely will be magnified; and
- (vii) the timing of changes in a Relevant Factor may affect the actual yield to investors, even if the average level is consistent with their expectations. In general, the earlier the change in the Relevant Factor, the greater the effect on yield.

The historical experience of an index or other Relevant Factor should not be viewed as an indication of the future performance of such Relevant Factor during the term of any Notes. Accordingly, each potential investor should consult its own financial and legal advisers about the risk entailed by an investment in any Notes linked to a Relevant Factor and the suitability of such Notes in light of its particular circumstances.

#### *Partly paid Notes*

The Issuer may issue Notes where the issue price is payable in more than one instalment. Failure to pay any subsequent instalment could result in an investor losing all of its investment.

#### *Variable rate Notes with a multiplier or other leverage factor*

Notes with variable interest rates can be volatile investments. If they are structured to include multipliers or other leverage factors, or caps or floors, or any combination of those features or other similar related features, their market values may be even more volatile than those for securities that do not include those features.

#### *Inverse Floating Rate Notes*

Inverse Floating Rate Notes have an interest rate equal to a fixed rate minus a rate based upon a reference rate. The market values of such Notes typically are more volatile than market values of other conventional floating rate debt securities based on the same reference rate (and with otherwise comparable terms). Inverse Floating Rate Notes are more volatile because an increase in the reference rate not only decreases the interest rate of the Notes, but may also reflect an increase in prevailing interest rates, which further adversely affects the market value of these Notes.

#### *Fixed/Floating Rate Notes*

Fixed/Floating Rate Notes may bear interest at a rate that the Issuer may elect to convert from a fixed rate to a floating rate, or from a floating rate to a fixed rate. The Issuer's ability to convert the interest rate will affect the secondary market and the market value of such Notes since the Issuer may be expected to convert the rate when it is likely to produce a lower overall cost of borrowing. If the Issuer converts from a fixed rate to a floating rate, the spread on the Fixed/Floating Rate Notes may be less favourable than then prevailing spreads on comparable Floating Rate Notes tied to the same reference rate. In addition, the new floating rate at any time may be lower than the rates on other Notes. If the Issuer converts from a floating rate to a fixed rate, the fixed rate may be lower than then prevailing rates on its Notes.

#### *Notes issued at a substantial discount or premium*

The market values of securities issued at a substantial discount or premium to their nominal amount tend to fluctuate more in relation to general changes in interest rates than do prices for conventional interest-bearing securities. Generally, the longer the remaining term of the securities, the greater the price volatility as compared to conventional interest-bearing securities with comparable maturities.

#### ***Risks related to Notes generally***

Set out below is a brief description of certain risks relating to the Notes generally:

### *Modification and waiver*

The Terms and Conditions of the Notes contain provisions for calling meetings of Noteholders to consider matters affecting their interests generally. These provisions permit defined majorities to bind all Noteholders including Noteholders who did not attend and vote at the relevant meeting and Noteholders who voted in a manner contrary to the majority.

### *The Guarantee is structurally subordinated to the liabilities of the Guarantor's subsidiaries*

The Guarantor, is primarily a holding company and an equity holder of common shares that operates through its Group companies. As a result, (i) the Guarantor's obligations under the Guarantee will be effectively subordinated to all existing and future debt (and preferred share) obligations of the existing or future Group companies and (ii) all claims of creditors of the existing or future Group companies, including trade creditors, lenders and all other creditors (and rights of holders of preferred shares) of such entities (if any), will have priority as to the assets of such Group companies over the Guarantor's claims and those of its creditors, including the holders of Notes.

As at 31 March 2021, the Guarantor's consolidated bonds and loans payable amounted to ¥246,220 million, comprised of ¥36,609 million of bonds, ¥155,231 million of total short-term loans payable and other and ¥54,379 million of total long-term loans payable.

### *Change of law*

The Terms and Conditions of the Notes are based on English law in effect as at the date of issue of the relevant Notes. No assurance can be given as to the impact of any possible judicial decision or change to English law or administrative practice after the date of issue of the relevant Notes.

### ***Risks related to market or legal environment generally***

#### *The secondary market generally*

Notes may have no established trading market when issued, and one may never develop. If a market does develop, it may not be liquid. Therefore, investors may not be able to sell their Notes easily or at prices that will provide them with a yield comparable to similar investments that have a developed secondary market. This is particularly the case for Notes that are especially sensitive to interest rate, currency or market risks, are designed for specific investment objectives or strategies or have been structured to meet the investment requirements of limited categories of investors. These types of Notes generally would have a more limited secondary market and more price volatility than conventional debt securities. Illiquidity may have a severely adverse effect on the market value of Notes.

#### *Exchange rate risks and exchange controls*

The Issuer, falling whom the Guarantor, will pay principal of and interest on the Notes in the Specified Currency. This presents certain risks relating to currency conversions if an investor's financial activities are denominated principally in a currency or currency unit (the "Investor's Currency") other than the Specified Currency. These include the risk that exchange rates may significantly change (including changes due to devaluation of the Specified Currency or revaluation of the Investor's Currency) and the risk that authorities with jurisdiction over the Investor's Currency may impose or modify exchange controls. An appreciation in the value of the Investor's Currency relative to the Specified Currency would decrease (1) the Investor's Currency-equivalent yield on the Notes, (2) the Investor's Currency equivalent value of the principal payable on the Notes and (3) the Investor's Currency equivalent market value of the Notes.

Government and monetary authorities may impose (as some have done in the past) exchange controls that could adversely affect an applicable exchange rate. As a result, investors may receive less interest or principal than expected, or no interest or principal.

### *Interest rate risks*

Investment in Fixed Rate Notes involves the risk that subsequent changes in market interest rates may adversely affect the value of Fixed Rate Notes.

### *Credit ratings may not reflect all risks*

One or more independent credit rating agencies may assign credit ratings to an issue of Notes. The ratings may not reflect the potential impact of all risks related to structure, market, additional factors discussed above, and other factors that may affect the value of the Notes. A credit rating is not a recommendation to buy, sell or hold securities and may be suspended, reduced or withdrawn by the assigning rating agency at any time.

### *Taxation*

Prospective investors of Notes should consult their own tax advisers as to which countries' tax laws could be relevant to acquiring, holding and disposing Notes and receiving payments of interest, principal and/or other amounts or delivery of securities under the Notes or amounts under the Guarantee and the consequences of such actions under the tax laws of those countries.

### *Legal investment considerations may restrict certain investments*

The investment activities of certain investors are subject to legal investment laws and regulations, or review or regulation by certain authorities. Each prospective investor should consult its legal advisers to determine whether and to what extent (1) Notes are legal investments for it, (2) Notes can be used as collateral for various types of borrowing and (3) other restrictions apply to its purchase or pledge of any Notes. Financial institutions should consult their legal advisers or the appropriate regulators to determine the appropriate treatment of Notes under any applicable risk-based capital or similar rules.

## TERMS AND CONDITIONS OF THE NOTES

*The following is the text of the terms and conditions (the “Conditions”) that, subject to completion and amendment and as supplemented or varied in accordance with the provisions of Part A of the relevant Final Terms, shall be applicable to the Notes in definitive form (if any) issued in exchange for the Global Note(s) representing each Series. Either (i) the full text of these Conditions together with the relevant provisions of Part A of the Final Terms or (ii) these Conditions as so completed, amended, supplemented or varied (and subject to simplification by the deletion of non-applicable provisions), shall be endorsed on such Notes. All capitalised terms that are not defined in these Conditions will have the meanings given to them in Part A of the relevant Final Terms. Those definitions will be endorsed on the Notes in definitive form (if any). References in the Conditions to “Notes” are to the Notes of one Series only, not to all Notes that may be issued under the Programme.*

The Notes are issued pursuant to the amended and restated fiscal agency agreement dated 31 August 2021 (as amended, restated and/or supplemented from time to time, the “Agency Agreement”) between the Issuer, the Guarantor, MUFG Bank, Ltd., London Branch as fiscal agent and the other agents named therein and with the benefit of the deed of covenant dated 31 August 2021 (as amended, restated and/or supplemented from time to time, the “Deed of Covenant”) executed by the Issuer and the Guarantor in relation to the Notes and the deed of guarantee dated 31 August 2021 (as amended, restated and/or supplemented from time to time, the “Deed of Guarantee”) executed by the Guarantor in relation to the Notes. The fiscal agent, the paying agents and the calculation agent(s) for the time being (if any) are referred to below respectively as the “Fiscal Agent”, the “Paying Agents” (which expression shall include the Fiscal Agent) and the “Calculation Agent(s)”. The Noteholders (as defined below), the holders of the interest coupons (the “Coupons”) relating to interest bearing Notes and, where applicable in the case of such Notes, talons for further Coupons (the “Talons”) (the “Couponholders”) and the holders of the receipts for the payment of instalments of principal (the “Receipts”) relating to Notes of which the principal is payable in instalments are deemed to have notice of all of the provisions of the Agency Agreement applicable to them.

As used in these Conditions, “Tranche” means Notes which are identical in all respects.

Copies of the Agency Agreement, the Deed of Covenant and the Deed of Guarantee are available for inspection at the specified offices of each of the Paying Agents.

### **1. Form, Denomination and Title**

The Notes are issued in bearer form in the Specified Denomination(s) shown hereon.

*So long as the Notes are represented by a temporary Global Note or permanent Global Note and the relevant clearing system(s) so permit(s), the Notes shall be tradeable only in Specified Denominations provided hereon. If in respect of any issue of Notes, more than one Specified Denomination is provided, Specified Denominations in respect of such issue shall only be in integral multiples of the lowest Specified Denomination.*

It is expected that, unless otherwise agreed with the relevant Dealer(s), Notes will have a denomination of at least €100,000 (or its equivalent in other currencies at the date of issue).

This Note is a Fixed Rate Note, a Floating Rate Note, a Zero Coupon Note, an Index Linked Interest Note, an Index Linked Redemption Note, an Instalment Note, a Dual Currency Note or a Partly Paid Note, a combination of any of the foregoing or any other kind of Note, depending upon the Interest and Redemption/Payment Basis shown hereon.

The Notes are serially numbered and are issued with Coupons (and, where appropriate, a Talon) attached, save in the case of Zero Coupon Notes in which case references to interest (other than in relation to interest due after

the Maturity Date), Coupons and Talons in these Conditions are not applicable. Instalment Notes are issued with one or more Receipts attached.

Title to the Notes and the Receipts, Coupons and Talons shall pass by delivery. Except as ordered by a court of competent jurisdiction or as required by law, the holder (as defined below) of any Note, Receipt, Coupon or Talon shall be deemed to be and may be treated as its absolute owner for all purposes, whether or not it is overdue and regardless of any notice of ownership, trust or an interest in it, any writing on it or its theft or loss and no person shall be liable for so treating the holder.

In these Conditions, “Noteholder” means the bearer of any Note and the Receipts relating to it, “holder” (in relation to a Note, Receipt, Coupon or Talon) means the bearer of any Note, Receipt, Coupon or Talon and capitalised terms have the meanings given to them hereon, the absence of any such meaning indicating that such term is not applicable to the Notes.

## **2. Status of Notes and Guarantee**

### **(a) Status of Notes:**

The Notes and the Receipts and Coupons relating to them constitute (subject to Condition 3) unsecured obligations of the Issuer and shall at all times rank *pari passu* and without any preference among themselves. The payment obligations of the Issuer under the Notes and the Receipts and Coupons relating to them shall, save for such exceptions as may be provided by applicable legislation and subject to Condition 3, at all times rank at least equally with all other unsecured and unsubordinated indebtedness and monetary obligations of the Issuer, present and future.

### **(b) Guarantee:**

The Guarantor has unconditionally and irrevocably guaranteed the due payment of all sums expressed to be payable by the Issuer under the Notes, Receipts and Coupons. Its obligations in that respect (the “Guarantee”) are contained in the Deed of Guarantee. The Guarantee is a direct, unconditional, unsubordinated and unsecured obligation of the Guarantor and will rank equally with all other unsecured and unsubordinated indebtedness and monetary obligations provided by the Guarantor, present and future (subject to certain statutory exceptions under Japanese law).

## **3. Negative Pledge**

So long as any Note or Coupon remains outstanding (as defined in the Agency Agreement), neither the Issuer nor the Guarantor will, and will procure that no Principal Subsidiary (as defined below) will, create or permit to be outstanding any mortgage, charge, lien, pledge or other security interest for the benefit of the holders of any Relevant Indebtedness (as defined below) or the guarantees thereof, upon the whole or any part of the property or assets, present or future, of the Issuer, the Guarantor or any Principal Subsidiary to secure:

- (i) payment of any sum due in respect of Relevant Indebtedness; or
- (ii) any payment under any guarantee of any Relevant Indebtedness; or
- (iii) any payment under any indemnity or other like obligation in respect of any Relevant Indebtedness,

without at the same time or prior thereto according to the Notes and the Coupons the same security as is granted or is outstanding in respect of such Relevant Indebtedness, guarantee or indemnity or other like obligation, or such other security as shall be approved by an Extraordinary Resolution (as defined in the Agency Agreement) of the Noteholders.

In these Conditions:



“Consolidated Accounts” means, in relation to any Fiscal Period (as defined below) of the Guarantor, the consolidated accounts of the Guarantor and its Consolidated Subsidiaries (as defined below) prepared in accordance with International Financial Reporting Standards or, if in respect of such Fiscal Period audited consolidated accounts have been prepared, the audited consolidated accounts of the Guarantor and its Consolidated Subsidiaries prepared as aforesaid;

“Consolidated Subsidiary” means, in relation to a Fiscal Period of the Guarantor, consolidated subsidiaries in the Consolidated Accounts for such Fiscal Period;

“Fiscal Period” means, as the context may require, a period (i) commencing on 1 April and ending on the succeeding 31 March, (ii) commencing on 1 April and ending on the succeeding 30 September, or (iii) commencing on 1 October and ending on the succeeding 31 March; provided that if the Guarantor shall change its financial period so as to end on a date other than 31 March, the provisions of items (i), (ii) and (iii) above shall be deemed to be amended mutatis mutandis;

“Principal Subsidiary” means any Consolidated Subsidiary of the Guarantor, (i) whose total operating revenues as shown by the latest audited non-consolidated accounts (or, where the Consolidated Subsidiary in question itself prepares consolidated accounts, whose consolidated operating revenues as shown by its audited consolidated accounts) of such Consolidated Subsidiary used for the purposes of the latest audited Consolidated Accounts which have been prepared, are at least 10 per cent. of the total operating revenues of the Guarantor and its Consolidated Subsidiaries as shown by such audited Consolidated Accounts or (ii) whose total assets as shown by the audited non-consolidated accounts (or, where the Consolidated Subsidiary in question itself prepares consolidated accounts, whose consolidated total assets as shown by its audited consolidated accounts) of such Consolidated Subsidiary used for the purposes of the latest audited Consolidated Accounts which have been prepared, are at least 10 per cent. of the total assets of the Guarantor and its Consolidated Subsidiaries as shown by such audited Consolidated Accounts; and

“Relevant Indebtedness” means any indebtedness which is in the form of, or represented or evidenced by, bonds, notes, debentures, loan stock or other securities of any person with a stated maturity of more than one year from the creation thereof and which:

- (a) either are (A) by their terms payable, or confer a right to receive payment, in any currency other than yen, or (B) denominated in yen and more than 50 per cent. of the aggregate principal amount thereof is initially distributed outside Japan by or with the authorisation of the Issuer, the Guarantor or any Principal Subsidiary; and
- (b) are for the time being are, or are intended to be or capable of being, quoted, listed or dealt in or traded on any stock exchange or over-the-counter or other securities market outside Japan.

#### **4. Interest and other Calculations**

##### **(a) *Interest on Fixed Rate Notes***

Each Fixed Rate Note bears interest on its outstanding nominal amount from the Interest Commencement Date at the rate per annum (expressed as a percentage) equal to the Rate of Interest, such interest being payable in arrear on each Interest Payment Date. The amount of interest payable shall be determined in accordance with Condition 4(h).

##### **(b) *Interest on Floating Rate Notes and Index Linked Interest Notes***

- (i) Interest Payment Dates: Each Floating Rate Note and Index Linked Interest Note bears interest on its outstanding nominal amount from the Interest Commencement Date at the rate per annum (expressed as a percentage) equal to the Rate of Interest, such interest being payable in arrear on each Interest Payment Date. The amount of interest payable shall be determined in accordance

with Condition 4(h). Such Interest Payment Date(s) is/are either shown hereon as Specified Interest Payment Dates or, if no Specified Interest Payment Date(s) is/are shown hereon, Interest Payment Date shall mean each date which falls the number of months or other period shown hereon as the Interest Period after the preceding Interest Payment Date or, in the case of the first Interest Payment Date, after the Interest Commencement Date.

(ii) Business Day Convention: If any date referred to in these Conditions that is specified to be subject to adjustment in accordance with a Business Day Convention would otherwise fall on a day that is not a Business Day, then, if the Business Day Convention specified is:

(A) the Floating Rate Business Day Convention, such date shall be postponed to the next day that is a Business Day unless it would thereby fall into the next calendar month, in which event (x) such date shall be brought forward to the immediately preceding Business Day and (y) each subsequent such date shall be the last Business Day of the month in which such date would have fallen had it not been subject to adjustment;

(B) the Following Business Day Convention, such date shall be postponed to the next day that is a Business Day;

(C) the Modified Following Business Day Convention, such date shall be postponed to the next day that is a Business Day unless it would thereby fall into the next calendar month, in which event such date shall be brought forward to the immediately preceding Business Day; or

(D) the Preceding Business Day Convention, such date shall be brought forward to the immediately preceding Business Day.

(iii) Rate of Interest for Floating Rate Notes: The Rate of Interest in respect of Floating Rate Notes for each Interest Accrual Period shall be determined in the manner specified hereon and the provisions below relating to either ISDA Determination or Screen Rate Determination shall apply, depending upon which is specified hereon.

(A) ISDA Determination for Floating Rate Notes

Where ISDA Determination is specified hereon as the manner in which the Rate of Interest is to be determined, the Rate of Interest for each Interest Accrual Period shall be determined by the Calculation Agent as a rate equal to the relevant ISDA Rate. For the purposes of this sub-paragraph (A), "ISDA Rate" for an Interest Accrual Period means a rate equal to the Floating Rate that would be determined by the Calculation Agent under a Swap Transaction under the terms of an agreement incorporating the ISDA Definitions and under which:

(x) the Floating Rate Option is as specified hereon;

(y) the Designated Maturity is a period specified hereon; and

(z) the relevant Reset Date is the first day of that Interest Accrual Period unless otherwise specified hereon.

For the purposes of this sub-paragraph (A), "Floating Rate", "Calculation Agent", "Floating Rate Option", "Designated Maturity", "Reset Date" and "Swap Transaction" have the meanings given to those terms in the ISDA Definitions.

(B) Screen Rate Determination for Floating Rate Notes

(x) Where Screen Rate Determination is specified hereon as the manner in which the Rate of Interest is to be determined, the Rate of Interest for each Interest Accrual Period will, subject as provided below, be either:

- (1) the offered quotation; or
- (2) the arithmetic mean of the offered quotations,

(expressed as a percentage rate per annum) for the Reference Rate which appears or appear, as the case may be, on the Relevant Screen Page as at either 11.00 a.m. (London time in the case of LIBOR or Brussels time in the case of EURIBOR) on the Interest Determination Date in question as determined by the Calculation Agent. If five or more of such offered quotations are available on the Relevant Screen Page, the highest (or, if there is more than one such highest quotation, one only of such quotations) and the lowest (or, if there is more than one such lowest quotation, one only of such quotations) shall be disregarded by the Calculation Agent for the purpose of determining the arithmetic mean of such offered quotations.

If the Reference Rate from time to time in respect of Floating Rate Notes is specified hereon as being other than LIBOR or EURIBOR, the Rate of Interest in respect of such Notes will be determined as provided hereon;

(y) If the Relevant Screen Page is not available or, if sub-paragraph (x)(1) applies and no such offered quotation appears on the Relevant Screen Page, or, if sub-paragraph (x)(2) applies and fewer than three such offered quotations appear on the Relevant Screen Page, in each case as at the time specified above, subject as provided below, the Calculation Agent shall request, if the Reference Rate is LIBOR, the principal London office of each of the Reference Banks or, if the Reference Rate is EURIBOR, the principal Euro-zone office of each of the Reference Banks, to provide the Calculation Agent with its offered quotation (expressed as a percentage rate per annum) for the Reference Rate if the Reference Rate is LIBOR, at approximately 11.00 a.m. (London time), or if the Reference Rate is EURIBOR, at approximately 11.00 a.m. (Brussels time) on the Interest Determination Date in question. If two or more of the Reference Banks provide the Calculation Agent with such offered quotations, the Rate of Interest for such Interest Accrual Period shall be the arithmetic mean of such offered quotations as determined by the Calculation Agent; and

(z) if paragraph (y) above applies and the Calculation Agent determines that fewer than two Reference Banks are providing offered quotations, subject as provided below, the Rate of Interest shall be the arithmetic mean of the rates per annum (expressed as a percentage) as communicated to (and at the request of) the Calculation Agent by the Reference Banks or any two or more of them, at which such banks were offered, if the Reference Rate is LIBOR, at approximately 11.00 a.m. (London time) or, if the Reference Rate is EURIBOR, at approximately 11.00 a.m. (Brussels time) on the relevant Interest Determination Date, deposits in the Specified Currency for a period equal to that which would have been used for the Reference Rate by leading banks in, if the Reference Rate is LIBOR, the London inter-bank market or, if the Reference Rate is EURIBOR, the Euro-zone inter-bank market, as the case may be, or, if fewer than two of the Reference Banks provide the Calculation Agent with such offered rates, the offered rate for deposits in the

Specified Currency for a period equal to that which would have been used for the Reference Rate, or the arithmetic mean of the offered rates for deposits in the Specified Currency for a period equal to that which would have been used for the Reference Rate, at which, if the Reference Rate is LIBOR, at approximately 11.00 a.m. (London time) or, if the Reference Rate is EURIBOR, at approximately 11.00 a.m. (Brussels time), on the relevant Interest Determination Date, any one or more banks (which bank or banks is or are in the opinion of the Issuer suitable for such purpose) informs the Calculation Agent it is quoting to leading banks in, if the Reference Rate is LIBOR, the London inter-bank market or, if the Reference Rate is EURIBOR, the Euro-zone inter-bank market, as the case may be, provided that, if the Rate of Interest cannot be determined in accordance with the foregoing provisions of this paragraph, the Rate of Interest shall be determined as at the last preceding Interest Determination Date (though substituting, where a different Margin or Maximum or Minimum Rate of Interest is to be applied to the relevant Interest Accrual Period from that which applied to the last preceding Interest Accrual Period, the Margin or Maximum or Minimum Rate of Interest relating to the relevant Interest Accrual Period, in place of the Margin or Maximum or Minimum Rate of Interest relating to that last preceding Interest Accrual Period).

- (iv) Rate of Interest for Index Linked Interest Notes: The Rate of Interest in respect of Index Linked Interest Notes for each Interest Accrual Period shall be determined in the manner specified hereon and interest will accrue by reference to an Index or Formula as specified hereon.

(c) ***Zero Coupon Notes***

Where a Note the Interest Basis of which is specified to be Zero Coupon is repayable prior to the Maturity Date and is not paid when due, the amount due and payable prior to the Maturity Date shall be the Early Redemption Amount of such Note. As from the Maturity Date, the Rate of Interest for any overdue principal of such a Note shall be a rate per annum (expressed as a percentage) equal to the Amortisation Yield (as described in Condition 5(b)(i)).

(d) ***Dual Currency Notes***

In the case of Dual Currency Notes, if the rate or amount of interest falls to be determined by reference to a Rate of Exchange or a method of calculating Rate of Exchange, the rate or amount of interest payable shall be determined in the manner specified hereon.

(e) ***Partly Paid Notes***

In the case of Partly Paid Notes (other than Partly Paid Notes which are Zero Coupon Notes), interest will accrue as aforesaid on the paid-up nominal amount of such Notes and otherwise as specified hereon.

(f) ***Accrual of Interest***

Interest shall cease to accrue on each Note on the due date for redemption unless, upon due presentation, payment is improperly withheld or refused, in which event interest shall continue to accrue (both before and after judgment) at the Rate of Interest in the manner provided in this Condition 4 to the Relevant Date (as defined in Condition 7).

(g) ***Margin, Maximum/Minimum Rates of Interest, Instalment Amounts and Redemption Amounts and Rounding***

- (i) *Margin: If any Margin is specified hereon either*

- (x) generally, or
- (y) in relation to one or more Interest Accrual Periods,

an adjustment shall be made to all Rates of Interest, in the case of (x), or the Rates of Interest for the specified Interest Accrual Periods, in the case of (y), calculated in accordance with Condition 4(b) above by adding (if a positive number) or subtracting the absolute value (if a negative number) of such Margin subject always to the next paragraph.

- (ii) *Maximum/Minimum*: If any Maximum or Minimum Rate of Interest, Instalment Amount or Redemption Amount is specified hereon, then any Rate of Interest, Instalment Amount or Redemption Amount shall be subject to such maximum or minimum, as the case may be.
- (iii) *Rounding*: For the purposes of any calculations required pursuant to these Conditions (unless otherwise specified), (x) all percentages resulting from such calculations shall be rounded, if necessary, to the nearest one hundred-thousandth of a percentage point (with halves being rounded up), (y) all figures shall be rounded to seven significant figures (with halves being rounded up), and (z) all currency amounts that fall due and payable shall be rounded to the nearest unit of such currency (with halves being rounded up), save in the case of yen, which shall be rounded down to the nearest yen. For these purposes “unit” means the lowest amount of such currency that is available as legal tender in the country(ies) of such currency.

**(h) Calculations**

The amount of interest payable per Calculation Amount in respect of any Note for any Interest Accrual Period shall be equal to the product of the Rate of Interest, the Calculation Amount specified hereon, and the Day Count Fraction for such Interest Accrual Period, unless an Interest Amount (or a formula for its calculation) is applicable to such Interest Accrual Period, in which case the amount of interest payable per Calculation Amount in respect of such Note for such Interest Accrual Period shall equal such Interest Amount (or be calculated in accordance with such formula). Where any Interest Period comprises two or more Interest Accrual Periods, the amount of interest payable per Calculation Amount in respect of such Interest Period shall be the sum of the Interest Amounts payable in respect of each of those Interest Accrual Periods. In respect of any other period for which interest is required to be calculated, the provisions above shall apply save that the Day Count Fraction shall be for the period for which interest is required to be calculated.

**(i) Determination and Publication of Rates of Interest, Interest Amounts, Final Redemption Amounts, Early Redemption Amounts, Optional Redemption Amounts and Instalment Amounts**

The Calculation Agent shall, as soon as practicable on such date as the Calculation Agent may be required to calculate any rate or amount, obtain any quotation or make any determination or calculation, determine such rate and calculate the Interest Amounts for the relevant Interest Accrual Period, calculate the Final Redemption Amount, Early Redemption Amount, Optional Redemption Amount or Instalment Amount, obtain such quotation or make such determination or calculation, as the case may be, and cause the Rate of Interest and the Interest Amounts for each Interest Accrual Period and the relevant Interest Payment Date and, if required to be calculated, the Final Redemption Amount, Early Redemption Amount, Optional Redemption Amount or any Instalment Amount to be notified to the Issuer, the Guarantor, the Fiscal Agent, each of the Paying Agents, the Noteholders, any other Calculation Agent appointed in respect of the Notes that is to make a further calculation upon receipt of such information and, if the Notes are listed on a stock exchange and the rules of such exchange or other relevant authority so require, such exchange or other relevant authority as soon as possible after their determination but in no event later than (i) the commencement of the relevant Interest Period, if determined prior to such time,

in the case of notification to such exchange of a Rate of Interest and Interest Amount, or (ii) in all other cases, the fourth Business Day after such determination. Where any Interest Payment Date or Interest Period Date is subject to adjustment pursuant to Condition 4(b)(ii), the Interest Amounts and the Interest Payment Date so published may subsequently be amended (or appropriate alternative arrangements made by way of adjustment) without notice in the event of an extension or shortening of the Interest Period. If the Notes become due and payable under Condition 9, the accrued interest and the Rate of Interest payable in respect of the Notes shall nevertheless continue to be calculated as previously in accordance with this Condition but no publication of the Rate of Interest or the Interest Amount so calculated need be made. The determination of any rate or amount, the obtaining of each quotation and the making of each determination or calculation by the Calculation Agent(s) shall (in the absence of manifest error) be final and binding upon all parties.

(j) **Definitions**

In these Conditions, unless the context otherwise requires, the following defined terms shall have the meanings set out below:

“Business Day” means:

- (i) in the case of a currency other than euro, a day (other than a Saturday or Sunday) on which commercial banks and foreign exchange markets settle payments in the principal financial centre for such currency; and/or
- (ii) in the case of euro, a day on which the TARGET System is operating (a “TARGET Business Day”); and/or
- (iii) in the case of a currency and/or one or more Business Centres specified hereon, a day (other than a Saturday or a Sunday) on which commercial banks and foreign exchange markets settle payments in such currency in the Business Centre(s) or, if no currency is indicated, generally in each of the Business Centres;

“Day Count Fraction” means, in respect of the calculation of an amount of interest on any Note for any period of time (from and including the first day of such period to but excluding the last) (whether or not constituting an Interest Period or Interest Accrual Period, the “Calculation Period”):

- (i) if “Actual/Actual” or “Actual/Actual - ISDA” is specified hereon, the actual number of days in the Calculation Period divided by 365 (or, if any portion of that Calculation Period falls in a leap year, the sum of (A) the actual number of days in that portion of the Calculation Period falling in a leap year divided by 366 and (B) the actual number of days in that portion of the Calculation Period falling in a non-leap year divided by 365);
- (ii) if “Actual/365 (Fixed)” is specified hereon, the actual number of days in the Calculation Period divided by 365;
- (iii) if “Actual/360” is specified hereon, the actual number of days in the Calculation Period divided by 360;
- (iv) if “30/360”, “360/360” or “Bond Basis” is specified hereon, the number of days in the Calculation Period divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360 \times (Y_2 - Y_1)] + [30 \times (M_2 - M_1)] + (D_2 - D_1)}{360}$$

where:

“Y<sub>1</sub>” is the year, expressed as a number, in which the first day of the Calculation Period falls;

“Y<sub>2</sub>” is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

“M<sub>1</sub>” is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

“M<sub>2</sub>” is the calendar month, expressed as number, in which the day immediately following the last day included in the Calculation Period falls;

“D<sub>1</sub>” is the first calendar day, expressed as a number, of the Calculation Period, unless such number would be 31, in which case D<sub>1</sub> will be 30; and

“D<sub>2</sub>” is the calendar day, expressed as a number, immediately following the last day included in the Calculation Period, unless such number would be 31 and D<sub>1</sub> is greater than 29, in which case D<sub>2</sub> will be 30;

- (v) if “30E/360” or “Eurobond Basis” is specified hereon, the number of days in the Calculation Period divided by 360 calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360 \times (Y_2 - Y_1)] + [30 \times (M_2 - M_1)] + (D_2 - D_1)}{360}$$

where:

“Y<sub>1</sub>” is the year, expressed as a number, in which the first day of the Calculation Period falls;

“Y<sub>2</sub>” is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

“M<sub>1</sub>” is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

“M<sub>2</sub>” is the calendar month, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

“D<sub>1</sub>” is the first calendar day, expressed as a number, of the Calculation Period, unless such number would be 31, in which case D<sub>1</sub> will be 30; and

“D<sub>2</sub>” is the calendar day, expressed as a number, immediately following the last day included in the Calculation Period, unless such number would be 31, in which case D<sub>2</sub> will be 30;

- (vi) if “30E/360 (ISDA)” is specified hereon, is specified hereon, the number of days in the Calculation Period divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360 \times (Y_2 - Y_1)] + [30 \times (M_2 - M_1)] + (D_2 - D_1)}{360}$$

where:

“Y<sub>1</sub>” is the year, expressed as a number, in which the first day of the Calculation Period falls;

“Y<sub>2</sub>” is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

“M<sub>1</sub>” is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

“M<sub>2</sub>” is the calendar month, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

“D<sub>1</sub>” is the first calendar day, expressed as a number, of the Calculation Period, unless (i) that day is the last day of February or (ii) such number would be 31, in which case D<sub>1</sub> will be 30; and

“D<sub>2</sub>” is the calendar day, expressed as a number, immediately following the last day included in the Calculation Period, unless (i) that day is the last day of February but not the Maturity Date or (ii) such number would be 31, in which case D<sub>2</sub> will be 30; and

- (vii) if “Actual/Actual - ICMA” is specified hereon,
  - (a) if the Calculation Period is equal to or shorter than the Determination Period during which it falls, the number of days in the Calculation Period divided by the product of (x) the number of days in such Determination Period and (y) the number of Determination Periods normally ending in any year; and
  - (b) if the Calculation Period is longer than one Determination Period, the sum of:
    - (x) the number of days in such Calculation Period falling in the Determination Period in which it begins divided by the product of (1) the number of days in such Determination Period and (2) the number of Determination Periods normally ending in any year; and
    - (y) the number of days in such Calculation Period falling in the next Determination Period divided by the product of (1) the number of days in such Determination Period and (2) the number of Determination Period normally ending in any year,

where:

“Determination Period” means the period from and including a Determination Date in any year to but excluding the next Determination Date; and

“Determination Date” means the date(s) specified as such hereon or, if none is so specified, the Interest Payment Date(s);

“Euro-zone” means the region comprised of member states of the European Union that adopt the single currency in accordance with the Treaty establishing the European Community, as amended;

“Interest Accrual Period” means the period beginning on (and including) the Interest Commencement Date and ending on (but excluding) the first Interest Period Date and each successive period beginning on (and including) an Interest Period Date and ending on (but excluding) the next succeeding Interest Period Date;

“Interest Amount” means:

- (i) in respect of an Interest Accrual Period, the amount of interest payable per Calculation Amount for that Interest Accrual Period and which, in the case of Fixed Rate Notes, and unless otherwise specified hereon, shall mean the Fixed Coupon Amount or Broken Amount specified hereon as being payable on the Interest Payment Date ending the Interest Period of which such Interest Accrual Period forms part; and
- (ii) in respect of any other period, the amount of interest payable per Calculation Amount for that period;



“Interest Commencement Date” means the Issue Date or such other date as may be specified hereon;

“Interest Determination Date” means, with respect to a Rate of Interest and Interest Accrual Period, the date specified as such hereon or, if none is so specified, (i) the first day of such Interest Accrual Period if the Specified Currency is Sterling, or (ii) the day falling two Business Days in London for the Specified Currency prior to the first day of such Interest Accrual Period if the Specified Currency is neither Sterling nor euro, or (iii) the day falling two TARGET Business Days prior to the first day of such Interest Accrual Period if the Specified Currency is euro;

“Interest Period” means the period beginning on (and including) the Interest Commencement Date and ending on (but excluding) the first Interest Payment Date and each successive period beginning on (and including) an Interest Payment Date and ending on (but excluding) the next succeeding Interest Payment Date;

“Interest Period Date” means each Interest Payment Date unless otherwise specified hereon;

“ISDA Definitions” means the 2006 ISDA Definitions, as published by the International Swaps and Derivatives Association, Inc., unless otherwise specified hereon;

“Rate of Interest” means the rate of interest payable from time to time in respect of this Note and that is either specified or calculated in accordance with the provisions hereon;

“Reference Banks” means, in the case of a determination of LIBOR, the principal London office of four major banks in the London inter-bank market and, in the case of a determination of EURIBOR, the principal Euro-zone office of four major banks in the Euro-zone inter-bank market, in each case selected by the Calculation Agent or as specified hereon;

“Reference Rate” means the rate specified as such hereon;

“Relevant Screen Page” means such page, section, caption, column or other part of a particular information service as may be specified hereon;

“Specified Currency” means the currency specified as such hereon or, if none is specified, the currency in which the Notes are denominated; and

“TARGET System” means the Trans-European Automated Real-Time Gross Settlement Express Transfer (known as TARGET2) System which was launched on 19 November 2007 or any successor thereto.

**(k) Calculation Agent**

The Issuer shall procure that there shall at all times be one or more Calculation Agents if provision is made for them hereon and for so long as any Note is outstanding (as defined in the Agency Agreement). Where more than one Calculation Agent is appointed in respect of the Notes, references in these Conditions to the Calculation Agent shall be construed as each Calculation Agent performing its respective duties under the Conditions. If the Calculation Agent is unable or unwilling to act as such or if the Calculation Agent fails duly to establish the Rate of Interest for an Interest Accrual Period or to calculate any Interest Amount, Instalment Amount, Final Redemption Amount, Early Redemption Amount or Optional Redemption Amount, as the case may be, or to comply with any other requirement, the Issuer shall appoint one or more persons that is most closely connected with the calculation or determination to be made by the Calculation Agent (acting through its principal London office or any

other office actively involved in such market) to act as such in its place. The Calculation Agent may not resign its duties without a successor having been appointed as aforesaid.

## **5. Redemption, Purchase and Options**

### **(a) *Redemption by Instalments and Final Redemption:***

- (i) *Redemption on Instalment Date:* Unless previously redeemed, purchased and cancelled as provided in this Condition 5, each Note that provides for Instalment Dates and Instalment Amounts shall be partially redeemed on each Instalment Date at the related Instalment Amount specified hereon. The outstanding nominal amount of each such Note shall be reduced by the Instalment Amount (or, if such Instalment Amount is calculated by reference to a proportion of the nominal amount of such Note, such proportion) for all purposes with effect from the related Instalment Date, unless payment of the Instalment Amount is improperly withheld or refused, in which case, such amount shall remain outstanding until the Relevant Date relating to such Instalment Amount.
- (ii) *Redemption on Maturity Date:* Unless previously redeemed, purchased and cancelled as provided below, each Note shall be finally redeemed on the Maturity Date specified hereon at its Final Redemption Amount (which, unless otherwise provided, is its nominal amount) or, in the case of a Note falling within paragraph (i) above, its final Instalment Amount.

### **(b) *Early Redemption:***

- (i) *Zero Coupon Notes:*
  - (A) The Early Redemption Amount payable in respect of any Zero Coupon Note, the Early Redemption Amount of which is not linked to an index and/or a formula, upon redemption of such Note pursuant to Condition 5(c) or upon it becoming due and payable as provided in Condition 9 shall be the Amortised Face Amount (calculated as provided below) of such Note unless otherwise specified hereon.
  - (B) Subject to the provisions of sub-paragraph (C) below, the Amortised Face Amount of any such Note shall be the scheduled Final Redemption Amount of such Note on the Maturity Date discounted at a rate per annum (expressed as a percentage) equal to the Amortisation Yield (which, if none is shown hereon, shall be such rate as would produce an Amortised Face Amount equal to the issue price of the Notes if they were discounted back to their issue price on the Issue Date) compounded annually.
  - (C) If the Early Redemption Amount payable in respect of any such Note upon its redemption pursuant to Condition 5(c) or upon it becoming due and payable as provided in Condition 9 is not paid when due, the Early Redemption Amount due and payable in respect of such Note shall be the Amortised Face Amount of such Note as defined in sub-paragraph (B) above, except that such sub-paragraph shall have effect as though the date on which the Note becomes due and payable were the Relevant Date. The calculation of the Amortised Face Amount in accordance with this sub-paragraph shall continue to be made (both before and after judgment) until the Relevant Date, unless the Relevant Date falls on or after the Maturity Date, in which case the amount due and payable shall be the scheduled Final Redemption Amount of such Note on the Maturity Date together with any interest that may accrue in accordance with Condition 4(c).

Where such calculation is to be made for a period of less than one year, it shall be made on the basis of the Day Count Fraction shown hereon.

- (ii) *Other Notes*: The Early Redemption Amount payable in respect of any Note (other than Notes described in (i) above), upon redemption of such Note pursuant to Condition 5(c) or upon it becoming due and payable as provided in Condition 9, shall be the Final Redemption Amount unless otherwise specified hereon.

(c) ***Redemption for Taxation Reasons***

The Notes may be redeemed at the option of the Issuer in whole, but not in part, on any Interest Payment Date (if this Note is either a Floating Rate Note or an Index Linked Note) or, at any time (if this Note is neither a Floating Rate Note nor an Index Linked Note), on giving not less than 30 nor more than 60 days' notice to the Noteholders (which notice shall be irrevocable), at their Early Redemption Amount (as described in Condition 5(b) above) (together with interest accrued to the date fixed for redemption), if (i) the Issuer (or the Guarantor) has or will become obliged to pay additional amounts as provided or referred to in Condition 7 as a result of any change in, or amendment to, the laws or regulations of Japan or any political subdivision or any authority thereof or therein having power to tax, or any change in the application or official interpretation of such laws or regulations, which change or amendment becomes effective on or after the date on which agreement is reached to issue the first Tranche of the Notes, and (ii) such obligation cannot be avoided by the Issuer (or the Guarantor, as the case may be) taking reasonable measures available to it, provided that no such notice of redemption shall be given earlier than 90 days prior to the earliest date on which the Issuer (or the Guarantor, as the case may be) would be obliged to pay such additional amounts were a payment in respect of the Notes (or the Guarantee, as the case may be) then due. Before the publication of any notice of redemption pursuant to this paragraph, the Issuer (or the Guarantor, as the case may be) shall deliver to the Fiscal Agent a certificate signed by a Representative Director of the Issuer (and/or the Guarantor, as the case may be) stating that the Issuer is entitled to effect such redemption and setting forth a statement of facts showing that the conditions precedent to the right of the Issuer so to redeem have occurred, and an opinion of independent legal advisers of recognised standing to the effect that the Issuer (and/or the Guarantor, as the case may be) has or will become obliged to pay such additional amounts as a result of such change or amendment.

(d) ***Redemption at the Option of the Issuer***

If Call Option is specified in applicable Final Terms, the Issuer may, on giving not less than 15 nor more than 30 days' irrevocable notice to the Noteholders (or such other notice period as may be specified hereon) redeem, all or, if so provided, some, of the Notes on any Optional Redemption Date. Any such redemption of Notes shall be at their Optional Redemption Amount together with interest accrued to the date fixed for redemption. Any such redemption or exercise must relate to Notes of a nominal amount at least equal to the Minimum Redemption Amount to be redeemed specified hereon and no greater than the Maximum Redemption Amount to be redeemed specified hereon.

All Notes in respect of which any such notice is given shall be redeemed on the date specified in such notice in accordance with this Condition.

In the case of a partial redemption the notice to Noteholders shall also contain the certificate numbers of the Notes to be redeemed, which shall have been drawn in such place and in such manner as may be fair and reasonable in the circumstances, taking account of prevailing market practices, subject to compliance with any applicable laws and stock exchange or other relevant authority requirements.

(e) ***Redemption at the Option of Noteholders***

If Put Option is specified in applicable Final Terms, the Issuer shall, at the option of the holder of any such Note, upon the holder of such Note giving not less than 15 nor more than 30 days' notice to the Issuer (or such other notice period as may be specified hereon) redeem such Note on the Optional

Redemption Date(s) at its Optional Redemption Amount together with interest accrued to the date fixed for redemption.

To exercise such option the holder must deposit such Note (together with all unmatured Receipts and Coupons and unexchanged Talons) with any Paying Agent at its specified office, together with a duly completed option exercise notice ("Exercise Notice") in the form obtainable from any Paying Agent within the notice period. No Note so deposited and option exercised may be withdrawn (except as provided in the Agency Agreement) without the prior consent of the Issuer.

**(f) *Partly Paid Notes***

Partly Paid Notes will be redeemed, whether at maturity, early redemption or otherwise, in accordance with the provisions of this Condition and the provisions specified hereon.

**(g) *Purchases***

The Issuer, the Guarantor and any of the Guarantor's subsidiaries may at any time purchase Notes (provided that all unmatured Receipts and Coupons and unexchanged Talons relating thereto are attached thereto or surrendered therewith) in the open market or otherwise at any price.

**(h) *Cancellation***

All Notes purchased by or on behalf of the Issuer, the Guarantor or any of the Guarantor's subsidiaries may be surrendered for cancellation, by surrendering each such Note together with all unmatured Receipts and Coupons and all unexchanged Talons to the Fiscal Agent and if so surrendered, shall, together with all Notes redeemed by the Issuer, be cancelled forthwith (together with all unmatured Receipts and Coupons and unexchanged Talons attached thereto or surrendered therewith). Any Notes so surrendered for cancellation may not be reissued or resold and the obligations of the Issuer and the Guarantor in respect of any such Notes shall be discharged.

**6. *Payments and Talons***

**(a) *Notes***

Payments of principal and interest in respect of Notes shall, subject as mentioned below, be made against presentation and surrender of the relevant Receipts (in the case of payments of Instalment Amounts other than on the due date for redemption and provided that the Receipt is presented for payment together with its relative Note), Notes (in the case of all other payments of principal and, in the case of interest, as specified in Condition 6(e)(vi)) or Coupons (in the case of interest, save as specified in Condition 6(e)(vi)), as the case may be, at the specified office of any Paying Agent outside the United States by a cheque payable in the relevant currency drawn on, or, at the option of the holder, by transfer to an account denominated in such currency with, a Bank. "Bank" means a bank in the principal financial centre for such currency or, in the case of euro, in a city in which banks have access to the TARGET System.

**(b) *Payments in the United States***

Notwithstanding the foregoing, if any Notes are denominated in U.S. dollars, payments in respect thereof may be made at the specified office of any Paying Agent in New York City in the same manner as aforesaid if (i) the Issuer shall have appointed Paying Agents with specified offices outside the United States with the reasonable expectation that such Paying Agents would be able to make payment of the amounts on the Notes in the manner provided above when due, (ii) payment in full of such amounts at all such offices is illegal or effectively precluded by exchange controls or other similar restrictions on payment or receipt of such amounts, and (iii) such payment is then permitted by United States law,

without involving, in the opinion of the Issuer and the Guarantor, any adverse tax consequence to the Issuer and the Guarantor.

**(c) *Payments Subject to Laws***

Payments will be subject in all cases to (i) any fiscal or other laws and regulations applicable thereto in the place of payment, but without prejudice to the provisions of Condition 7 and (ii) any withholding or deduction required pursuant to an agreement described in Section 1471(b) of the U.S. Internal Revenue Code of 1986 (the “Code”) or otherwise imposed pursuant to Sections 1471 through 1474 of the Code, any regulations or agreements thereunder, any official interpretations thereof, or (without prejudice to the provisions of Condition 7) any law implementing an intergovernmental approach thereto.

**(d) *Appointment of Agents***

The Fiscal Agent, the Paying Agents and the Calculation Agent(s) initially appointed by the Issuer and the Guarantor and their respective specified offices are listed below. The Fiscal Agent, the Paying Agents and the Calculation Agent(s) act solely as agents of the Issuer and the Guarantor and do not assume any obligation or relationship of agency or trust for or with any Noteholder or Couponholder. The Issuer and the Guarantor reserve the right at any time to vary or terminate the appointment of the Fiscal Agent, any other Paying Agent or the Calculation Agent(s) and to appoint additional or other Paying Agents, provided that the Issuer and the Guarantor shall at all times maintain (i) a Fiscal Agent, (ii) one or more Calculation Agent(s) where the Conditions so require, (iii) a Paying Agent having a specified office in Singapore so long as any Notes are listed on the Singapore Exchange Securities Trading Limited and the rules of that exchange so require and (iv) such other agents as may be required by any other stock exchange on which the Notes may be listed.

In addition, the Issuer and the Guarantor shall forthwith appoint a Paying Agent in New York City in respect of any Notes denominated in U.S. dollars in the circumstances described in Condition 6(c).

Notice of any such change or any change of any specified office shall promptly be given to the Noteholders.

**(e) *Unmatured Coupons and Receipts and unexchanged Talons***

- (i) Upon the due date for redemption of the Notes which comprise Fixed Rate Notes (other than Dual Currency Notes or Index Linked Notes), Notes should be surrendered for payment together with all unmaturing Coupons (if any) relating thereto, failing which an amount equal to the face value of each missing unmaturing Coupon (or, in the case of payment not being made in full, that proportion of the amount of such missing unmaturing Coupon that the sum of principal so paid bears to the total principal due) shall be deducted from the Final Redemption Amount, Early Redemption Amount or Optional Redemption Amount, as the case may be, due for payment. Any amount so deducted shall be paid in the manner mentioned above against surrender of such missing Coupon within a period of 10 years from the Relevant Date for the payment of such principal (whether or not such Coupon has become void pursuant to Condition 8).
- (ii) Upon the due date for redemption of any Note comprising a Floating Rate Note, Dual Currency Note or Index Linked Note, unmaturing Coupons relating to such Note (whether or not attached) shall become void and no payment shall be made in respect of them.
- (iii) Upon the due date for redemption of any Note, any unexchanged Talon relating to such Note (whether or not attached) shall become void and no Coupon shall be delivered in respect of such Talon.

- (iv) Upon the due date for redemption of any Note that is redeemable in instalments, all Receipts relating to such Note having an Instalment Date falling on or after such due date (whether or not attached) shall become void and no payment shall be made in respect of them.
- (v) Where any Note that provides that the relative unmatured Coupons are to become void upon the due date for redemption of those Notes is presented for redemption without all unmatured Coupons, and where any Note is presented for redemption without any unexchanged Talon relating to it, redemption shall be made only against the provision of such indemnity as the Issuer and the Guarantor may require.
- (vi) If the due date for redemption of any Note is not a due date for payment of interest, interest accrued from the preceding due date for payment of interest or the Interest Commencement Date, as the case may be, shall only be payable against presentation (and surrender if appropriate) of the relevant Note. Interest accrued on a Note that only bears interest after its Maturity Date shall be payable on redemption of such Note against presentation of the relevant Note.

**(f) Talons**

On or after the Interest Payment Date for the final Coupon forming part of a Coupon sheet issued in respect of any Note, the Talon forming part of such Coupon sheet may be surrendered at the specified office of the Fiscal Agent in exchange for a further Coupon sheet (and if necessary another Talon for a further Coupon sheet) (but excluding any Coupons that may have become void pursuant to Condition 8).

**(g) Non-Business Days**

If any date for payment in respect of any Note, Receipt or Coupon is not a business day, (A) unless otherwise specified hereon pursuant to (B) below, the holder shall not be entitled to payment until the next following business day nor to any interest or other sum in respect of such postponed payment, or (B) if “prior day payment” is specified hereon, payment will be made on the next following business day unless it would thereby fall into the next calendar month, in which event such payment shall be brought forward to the immediately preceding business day (but, in both cases, without any adjustment to the amount due).

In this paragraph, “business day” means a day (other than a Saturday or a Sunday) on which banks and foreign exchange markets are open for business in the relevant place of presentation, in such jurisdictions as shall be specified as “Financial Centres” hereon and:

- (i) (in the case of a payment in a currency other than euro) where payment is to be made by transfer to an account maintained with a bank in the relevant currency, on which foreign exchange transactions may be carried on in the relevant currency in the principal financial centre of the country of such currency; or
- (ii) (in the case of a payment in euro) which is a TARGET Business Day.

**7. Taxation**

All payments of principal and interest payable by or on behalf of the Issuer in respect of the Notes, the Receipts and the Coupons and any payments by or on behalf of the Guarantor under the Guarantee shall be made free and clear of, and without withholding or deduction for, any taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or within Japan or any authority therein or thereof having power to tax (“Taxes”), unless such withholding or deduction is required by law. In that event, the Issuer, or as the case may be, the Guarantor, shall pay such additional amounts as shall result in receipt by the Noteholders and the Couponholders of such amounts as would have been received by them had no such

withholding or deduction been required, except that no such additional amounts shall be payable with respect to any Note, Receipt or Coupon:

- (a) *Other Connection*: to, or to a third party on behalf of, a holder who is liable to such taxes, duties, assessments or governmental charges in respect of such Note, Receipt or Coupon by reason of his having some connection with Japan, other than the mere holding of the Note, Receipt or Coupon; or
- (b) *Related Party*: to, or to a third party on behalf of, a holder who is a non-resident of Japan or non-Japanese corporation controlling, or controlled by, the Issuer or otherwise having a prescribed special relationship with the Issuer as described in Article 6 of the Special Taxation Measures Act of Japan (Act No. 26 of 1957, as amended) (the “Special Taxation Measures Act”) and the Special Taxation Measures Act Enforcement Order (Cabinet Order No.43 of 31 March 1957, as amended)(the “Cabinet Order”) (a “Related Party”); or
- (c) *Related Notes*: to, or to a third party on behalf of, a holder of the Notes on which interest is calculated based on the amount of profit, sales, or revenue, or other similar basis (as provided in the Special Taxation Measures Act and the Cabinet Order) (i) of the Issuer or (ii) of any person which is a Related Party of the Issuer; or
- (d) *Presentation More Than 30 Days After the Relevant Date*: presented for payment more than 30 days after the Relevant Date (as defined below) except to the extent that the holder of it would have been entitled to such additional amounts on presenting it for payment on such thirtieth day; or
- (e) *Exemption Information or Claim for Exemption*: to, or to a third party on behalf of, a holder who would otherwise be exempt from any such withholding or deduction but (i) who fails (x) to comply with any applicable requirement to provide Exemption Information (as defined below) to a Participant (as defined below) or (y) to submit a Claim for Exemption (as defined below) to the Paying Agent to whom the relevant Note, Receipt or Coupon is presented for payment or the Issuer or (ii) whose Exemption Information is not duly communicated through the Participant or the relevant international clearing organisation to such Paying Agent; or
- (f) *Japanese Residents*: to, or to a third party on behalf of, a holder who is for Japanese tax purposes treated as a resident of Japan or a Japanese corporation (except for (i) a Designated Financial Institution (as defined below) who complies with the requirement to provide Exemption Information or to submit a Claim for Exemption, and (ii) a resident of Japan or a Japanese corporation who duly notifies (directly or through the Participant or otherwise) the relevant Paying Agent or the Issuer of its status as exempt from Taxes to be withheld or deducted by the Issuer by reason of such resident of Japan or Japanese corporation receiving interest on the relevant Note through a payment handling agent in Japan appointed by it); or
- (g) *Declaration of Non-residence*: where such withholding or deduction could be (or could have been) avoided by the relevant holder making a declaration of non-residence or other similar claim for exemption to the relevant authority.

As used in these Conditions, “Relevant Date” in respect of any Note, Receipt or Coupon means the date on which payment in respect of it first becomes due or (if any amount of the money payable is improperly withheld or refused) the date on which payment in full of the amount outstanding is made or (if earlier) the date seven days after the date on which notice is duly given to the Noteholders that, upon further presentation of the Note, Receipt or Coupon being made in accordance with the Conditions, such payment will be made, provided that payment is in fact made upon such presentation. References in these Conditions to (i) “principal” shall be

deemed to include any premium payable in respect of the Notes, all Instalment Amounts, Final Redemption Amounts, Early Redemption Amounts, Optional Redemption Amounts, Amortised Face Amounts and all other amounts in the nature of principal payable pursuant to Condition 5 or any amendment or supplement to it, (ii) “interest” shall be deemed to include all Interest Amounts and all other amounts payable pursuant to Condition 4 or any amendment or supplement to it, and (iii) “principal” and/or “interest” shall be deemed to include any additional amounts that may be payable under this Condition.

Where a Note, Receipt or Coupon is held through a certain participant of an international clearing organisation or a certain financial intermediary (each, a “Participant”), in order to receive payments free of withholding or deduction by the Issuer for, or on account of, Taxes, if the relevant holder is (i) a non-resident of Japan or a non-Japanese corporation, which is either case is not a Related Party, or (ii) a Japanese financial institution falling under certain categories prescribed by the Special Taxation Measures Act and the Cabinet Order (together with the ministerial ordinance and other regulation thereunder, the “Act”) (a “Designated Financial Institution”), all in accordance with the Act, such holder shall, at the time of entrusting a Participant with the custody of the relevant Note, Receipt or Coupon, provide certain information prescribed by the Act to enable the Participant to establish that such holder is exempted from the requirement for Taxes to be withheld or deducted (the “Exemption Information”) and advise the Participant if the holder ceases to be so exempted (including the case where the holder who is a non-resident of Japan or a non-Japanese corporation became a Related Party of the Issuer).

Where a Note, Receipt or Coupon is not held by a Participant, in order to receive payments free of withholding or deduction by the Issuer for, or on account of, Taxes, if the relevant holder is (i) a non-resident of Japan or a non-Japanese corporation, which is either case is not a Related Party, or (ii) a Designated Financial Institution, all in accordance with the Act, such holder shall on or prior to each time on which it receives interest, submit to the relevant Paying Agent or the Issuer a claim for exemption from withholding tax (*Hikazei Tekiyo Shinkokusho*) (a “Claim for Exemption”) in the form obtainable from the Paying Agent stating, inter alia, the name and address of the holder, the title of the Notes, the relevant interest payment date, the amount of interest, the individual number or corporate number of the holder (if any) and the fact that the holder is qualified to submit the Claim for Exemption, together with documentary evidence regarding its identity and residence.

## **8. Prescription**

Claims against the Issuer and the Guarantor for payment in respect of the Notes, Receipts and Coupons (which for this purpose shall not include Talons) shall be prescribed and become void unless made within 10 years (in the case of principal) or five years (in the case of interest) from the appropriate Relevant Date in respect of them.

## **9. Events of Default**

If any of the following events (each an “Event of Default”) occurs, the holder of any Note may give written notice to the Fiscal Agent at its specified office that such Note is immediately repayable, whereupon the Early Redemption Amount of such Note together with accrued interest (if applicable) to the date of payment shall become immediately due and payable, unless such Event of Default shall have been remedied prior to the receipt of such notice by the Fiscal Agent:

- (a) *Non-Payment*: default is made (i) in the payment of principal on the due date of principal in respect of any of the Notes, or (ii) for more than seven days in the payment of interest on the due date of interest in respect of any of the Notes; or
- (b) *Breach of Other Obligations*: the Issuer or the Guarantor does not perform or comply with any one or more of its other obligations in the Notes which default is incapable of remedy or is not



remedied within 30 days after notice of such default shall have been given to the Fiscal Agent at its specified office by any Noteholder; or

- (c) *Cross-Default*: (i) any other present or future indebtedness of the Issuer, the Guarantor or any Principal Subsidiary becomes (or becomes capable of being declared) due and payable prior to its stated maturity by reason of any actual or potential default, event of default or the like (howsoever described), or (ii) any such indebtedness is not paid when due or, as the case may be, within any originally applicable grace period, or (iii) the Issuer, the Guarantor or any Principal Subsidiary fails to pay when due any amount payable by it under any present or future guarantee for, or indemnity in respect of, any moneys borrowed or raised, provided that the aggregate amount of the relevant indebtedness, guarantees and indemnities in respect of which one or more of the events mentioned above in this paragraph (c) have occurred equals or exceeds U.S.\$5,000,000 or its equivalent (on the basis of the middle spot rate for the relevant currency against the U.S. dollar as quoted by any leading bank on the day on which this paragraph operates); or
- (d) *Enforcement Proceedings*: a distress, attachment, execution or other legal process is levied, enforced or sued out on or against the whole or any substantial part of the property, assets or revenues of the Issuer, the Guarantor or any Principal Subsidiary and is not discharged or stayed within 30 days; or
- (e) *Winding-up or Dissolution*: a final and non-appealable order of a court of competent jurisdiction shall be made or an effective resolution of the Issuer, the Guarantor or any Principal Subsidiary shall be passed for the winding-up or dissolution of the Issuer, the Guarantor or the relevant Principal Subsidiary except for the purposes of or pursuant to a consolidation, amalgamation, merger or reconstruction under which the continuing corporation or the corporation formed as a result thereof effectively assumes (in the case of the Issuer or the Guarantor) the entire obligations of the Issuer or the Guarantor under the Notes, the Receipts, the Coupons and the Talons or (in the case of a Principal Subsidiary) the undertaking, business and assets of such Principal Subsidiary; or
- (f) *Encumbrancer*: an encumbrancer shall have taken possession of, or a trustee or receiver shall have been appointed over, in bankruptcy or insolvency of the Issuer, the Guarantor or any Principal Subsidiary, all or substantially all of its assets and undertakings and such possession or appointment shall have continued undischarged and unstayed for a period of 30 days; or
- (g) *Stop Payment, Cessation of Business or Inability to Pay Debts*: the Issuer, the Guarantor or any Principal Subsidiary shall stop payment (within the meaning of Japanese bankruptcy law) or (otherwise than for the purposes of such consolidation, amalgamation, merger or reconstruction as is referred to in Condition 9(e)) shall cease to carry on business or shall be unable to pay its debts generally as and when they fall due; or
- (h) *Decree of Insolvency/Dissolution*: a final decree or order is made or issued by a court of competent jurisdiction adjudicating the Issuer, the Guarantor or any Principal Subsidiary to be bankrupt or insolvent, or approving a petition seeking with respect to the Issuer, the Guarantor or any Principal Subsidiary a decree of commencement of bankruptcy or reorganisation procedures or adjustment under the Bankruptcy Law, the Corporate Reorganisation Law, the Civil Rehabilitation Law, the Company Law or any other similar applicable law of Japan or any other jurisdiction and such decree or order has continued undischarged for a period of 30 days, or a final decree or order is made or issued by a court of competent jurisdiction for the appointment of a receiver or liquidator or trustee or assignee in bankruptcy or insolvency of the Issuer, the

Guarantor or any Principal Subsidiary or of all of the property of any of them, or for the winding-up, dissolution or liquidation of the Issuer, the Guarantor or any Principal Subsidiary in its bankruptcy or insolvency and such decree or order has continued undischarged for a period of 30 days; or

- (i) *Initiation/Consent to Proceedings*: the Issuer, the Guarantor or any Principal Subsidiary shall initiate or consent to proceedings relating to itself under bankruptcy, composition, reorganisation or insolvency laws of Japan or shall make a conveyance or assignment for the benefit of, or shall enter into any composition with, its creditors generally; or
- (j) *Guarantee*: if the Guarantee is not (or is claimed by the Guarantor not to be) or ceases to be valid, in full force, effect or enforceable for any reason.

## **10. Meetings of Noteholders and Modifications**

### **(a) Meetings of Noteholders**

The Agency Agreement contains provisions for convening meetings of Noteholders to consider any matter affecting their interests, including the sanctioning by Extraordinary Resolution (as defined in the Agency Agreement) of a modification of any of these Conditions. Such a meeting may be convened by Noteholders holding not less than 10 per cent. in nominal amount of the Notes for the time being outstanding. The quorum for any meeting convened to consider an Extraordinary Resolution shall be two or more persons holding or representing a clear majority in nominal amount of the Notes for the time being outstanding, or at any adjourned meeting two or more persons being or representing Noteholders whatever the nominal amount of the Notes held or represented, unless the business of such meeting includes consideration of proposals, inter alia, (i) to amend the dates of maturity or redemption of the Notes, any Instalment Date or any date for payment of interest or Interest Amounts on the Notes, (ii) to reduce or cancel the nominal amount of, or any Instalment Amount of, or any premium payable on redemption of, the Notes, (iii) to reduce the rate or rates of interest in respect of the Notes or to vary the method or basis of calculating the rate or rates or amount of interest or the basis for calculating any Interest Amount in respect of the Notes, (iv) if a Minimum and/or a Maximum Rate of Interest, Instalment Amount or Redemption Amount is shown hereon, to reduce any such Minimum and/or Maximum, (v) to vary any method of, or basis for, calculating the Final Redemption Amount, the Early Redemption Amount or the Optional Redemption Amount, including the method of calculating the Amortised Face Amount, (vi) to vary the currency or currencies of payment or denomination of the Notes, (vii) to modify or cancel the Guarantee, or (viii) to modify the provisions concerning the quorum required at any meeting of Noteholders or the majority required to pass the Extraordinary Resolution, in which case the necessary quorum shall be two or more persons holding or representing not less than 75 per cent. or at any adjourned meeting not less than 25 per cent. in nominal amount of the Notes for the time being outstanding. Any Extraordinary Resolution duly passed shall be binding on Noteholders (whether or not they were present at the meeting at which such resolution was passed) and on all Couponholders.

The Agency Agreement provides that a resolution in writing signed by or on behalf of the holders of not less than 90 per cent. in nominal amount of the Notes outstanding shall for all purposes be as valid and effective as an Extraordinary Resolution passed at a meeting of Noteholders duly convened and held. Such a resolution in writing may be contained in one document or several documents in the same form, each signed by or on behalf of one or more Noteholders.

These Conditions may be amended, modified or varied in relation to any Series of Notes by the terms of the relevant Final Terms in relation to such Series.

**(b) Modification of Agency Agreement**

The Issuer and the Guarantor shall only permit any modification of, or any waiver or authorisation of any breach or proposed breach of or any failure to comply with, the Agency Agreement, if to do so could not reasonably be expected to be prejudicial to the interests of the Noteholders.

**11. Replacement of Notes, Receipts, Coupons and Talons**

If a Note, Receipt, Coupon or Talon is lost, stolen, mutilated, defaced or destroyed, it may be replaced, subject to applicable laws, regulations and stock exchange or other relevant authority regulations, at the specified office of the Fiscal Agent or such other Paying Agent as may from time to time be designated by the Issuer for the purpose and notice of whose designation is given to Noteholders, in each case on payment by the claimant of the fees and costs incurred in connection therewith and on such terms as to evidence, security and indemnity (which may provide, inter alia, that if the allegedly lost, stolen or destroyed Note, Receipt, Coupon or Talon is subsequently presented for payment or, as the case may be, for exchange for further Coupons, there shall be paid to the Issuer on demand the amount payable by the Issuer in respect of such Notes, Receipts, Coupons or further Coupons) and otherwise as the Issuer may require. Mutilated or defaced Notes, Receipts, Coupons or Talons must be surrendered before replacements will be issued.

**12. Further Issues**

The Issuer may from time to time without the consent of the Noteholders or Couponholders create and issue further notes having the same terms and conditions as the Notes (so that, for the avoidance of doubt, references in these Conditions to “Issue Date” shall be to the first issue date of the Notes) and so that the same shall be consolidated and form a single series with such Notes, and references in these Conditions to “Notes” shall be construed accordingly.

**13. Notices**

Notices to the holders of Notes shall be valid if published in a leading daily newspaper having general circulation in Asia (which is expected to be the Asian Wall Street Journal). If any such publication is not practicable, notice shall be validly given if published in another leading daily English language newspaper with general circulation in Asia. Any such notice shall be deemed to have been given on the date of such publication or, if published more than once or on different dates, on the date of the first publication as provided above.

Couponholders shall be deemed for all purposes to have notice of the contents of any notice given to the holders of Notes in accordance with this Condition.

*So long as the Notes are represented by a Global Note and such Global Note is held on behalf of a clearing system, notices to Noteholders may be given by delivery of the relevant notice to the relevant clearing system for communication by it to entitled accountholders in substitution for publication as required by the Conditions.*

**14. Currency Indemnity**

Any amount received or recovered in a currency other than the currency in which payment under the relevant Note, Coupon or Receipt is due (whether as a result of, or of the enforcement of, a judgment or order of a court of any jurisdiction, in the insolvency, winding-up or dissolution of the Issuer or the Guarantor) by any Noteholder or Couponholder in respect of any sum expressed to be due to it from the Issuer, or as the case may be, the Guarantor shall only constitute a discharge to the Issuer, or as the case may be, the Guarantor to the extent of the amount in the currency of payment under the relevant Note, Coupon or Receipt that the recipient is able to purchase with the amount so received or recovered in that other currency on the date of that receipt or recovery (or, if it is not practicable to make that purchase on that date, on the first date on which it is practicable to do so). If the amount received or recovered is less than the amount expressed to be due to the recipient under any Note, Coupon or Receipt, the Issuer, or as the case may be, the Guarantor shall indemnify

it against any loss sustained by it as a result. In any event, the Issuer, or as the case may be, the Guarantor shall indemnify the recipient against the cost of making any such purchase. For the purposes of this Condition, it shall be sufficient for the Noteholder or Couponholder, as the case may be, to demonstrate that it would have suffered a loss had an actual purchase been made. These indemnities constitute a separate and independent obligation from the Issuer's, or as the case may be, the Guarantor's other obligations, shall give rise to a separate and independent cause of action, shall apply irrespective of any indulgence granted by any Noteholder or Couponholder and shall continue in full force and effect despite any other judgment, order, claim or proof for a liquidated amount in respect of any sum due under any Note, Coupon or Receipt or any other judgment or order.

#### **15. Contracts (Rights of Third Parties) Act 1999**

No person shall have any right to enforce any term or condition of the Notes under the Contracts (Rights of Third Parties) Act 1999.

#### **16. Governing Law and Jurisdiction**

##### **(a) Governing Law**

The Notes, the Receipts, the Coupons and the Talons and any non-contractual obligations arising out of or in connection with them are governed by, and shall be construed in accordance with, English law.

##### **(b) Jurisdiction**

The Courts of England are to have jurisdiction to settle any disputes that may arise out of or in connection with any Notes, Receipts, Coupons or Talons and accordingly any legal action or proceedings arising out of or in connection with any Notes, Receipts, Coupons or Talons ("Proceedings") may be brought in such courts. Each of the Issuer and the Guarantor irrevocably submits to the jurisdiction of the courts of England and waives any objection to Proceedings in such courts on the ground of venue or on the ground that the Proceedings have been brought in an inconvenient forum. This submission is made for the benefit of each of the holders of the Notes, Receipts, Coupons and Talons and shall not affect the right of any of them to take Proceedings in any other court of competent jurisdiction nor shall the taking of Proceedings in one or more jurisdictions preclude the taking of Proceedings in any other jurisdiction (whether concurrently or not).

##### **(c) Service of Process**

Each of the Issuer and the Guarantor irrevocably appoints MUFG Bank, Ltd., London Branch of Ropemaker Place, 25 Ropemaker Street, London EC2Y 9AN, England as its agent in England to receive, for it and on its behalf, service of process in any Proceedings in England. Such service shall be deemed completed on delivery to such process agent (whether or not, it is forwarded to and received by the Issuer or the Guarantor). If for any reason such process agent ceases to be able to act as such or no longer has an address in London, each of the Issuer and the Guarantor irrevocably agrees to appoint a substitute process agent and shall immediately notify Noteholders of such appointment in accordance with Condition 13. Nothing shall affect the right to serve process in any manner permitted by law.

## **SUMMARY OF PROVISIONS RELATING TO THE NOTES WHILE IN GLOBAL FORM**

### **Initial Issue of Notes**

Global Notes may be delivered on or prior to the original issue date of the Tranche to a Common Depositary.

Upon the initial deposit of a Global Note with a common depositary for Euroclear and Clearstream, Luxembourg (the “Common Depositary”), Euroclear or Clearstream, Luxembourg will credit each subscriber with a nominal amount of Notes equal to the nominal amount thereof for which it has subscribed and paid.

Notes that are initially deposited with the Common Depositary may also be credited to the accounts of subscribers with (if indicated in the relevant Final Terms) other clearing systems through direct or indirect accounts with Euroclear and Clearstream, Luxembourg held by such other clearing systems. Conversely, Notes that are initially deposited with any other clearing system may similarly be credited to the accounts of subscribers with Euroclear, Clearstream, Luxembourg or other clearing systems.

### **Relationship of Accountholders with Clearing Systems**

Each of the persons shown in the records of Euroclear, Clearstream, Luxembourg or any other clearing system (“Alternative Clearing System”) as the holder of a Note represented by a Global Note must look solely to Euroclear, Clearstream, Luxembourg or any such Alternative Clearing System (as the case may be) for his share of each payment made by the Issuer to the bearer of such Global Note and in relation to all other rights arising under the Global Notes, subject to and in accordance with the respective rules and procedures of Euroclear, Clearstream, Luxembourg, or such Alternative Clearing System (as the case may be). Such persons shall have no claim directly against the Issuer in respect of payments due on the Notes for so long as the Notes are represented by such Global Note and such obligations of the Issuer will be discharged by payment to the bearer of such Global Note in respect of each amount so paid.

### **Exchange**

#### ***Temporary Global Notes***

Each temporary Global Note will be exchangeable, free of charge to the holder, on or after its Exchange Date:

- (i) if the relevant Final Terms indicates that such Global Note is issued in compliance with the C Rules or in a transaction to which TEFRA is not applicable (as to which, see “Overview of the Programme — Selling Restrictions”), in whole, but not in part, for the Definitive Notes defined and described below; and
- (ii) otherwise, in whole or in part upon certification as to non-U.S. beneficial ownership in the form set out in the Agency Agreement for interests in a permanent Global Note or, if so provided in the relevant Final Terms, for Definitive Notes.

#### ***Permanent Global Notes***

Each permanent Global Note will be exchangeable, free of charge to the holder, on or after its Exchange Date in whole but not, except as provided under “— Delivery of Notes” below, in part for Definitive Notes:

- (i) by the Issuer giving notice to the Noteholders and Fiscal Agent of its intention to effect such exchange, unless principal in respect of any Notes is not paid when due;
- (ii) if the relevant Final Terms provide that such Global Note is exchangeable at the request of the holder, by the holder giving notice to the Fiscal Agent of its election for such exchange; or
- (iii) otherwise, (a) if the permanent Global Note is held on behalf of Euroclear or Clearstream, Luxembourg or an Alternative Clearing System and any such clearing system is closed for

business for a continuous period of 14 days (other than by reason of holidays, statutory or otherwise) or announces an intention permanently to cease business or in fact does so; or (b) if principal in respect of any Notes is not paid when due, by the holder giving notice to the Fiscal Agent of its election for such exchange.

In the event that a Global Note is exchanged for Definitive Notes, such Definitive Notes shall be issued in Specified Denomination(s) only.

#### ***Partial Exchange of Permanent Global Notes***

For so long as a permanent Global Note is held on behalf of a clearing system and the rules of that clearing system permit, such permanent Global Note will be exchangeable in part on one or more occasion for Definitive Notes (a) if principal in respect of any Notes is not paid when due or (b) if so provided in, and in accordance with, the Conditions (which will be set out in the relevant Final Terms) relating to Partly Paid Notes.

#### ***Delivery of Notes***

On or after any due date for exchange the holder of a Global Note may surrender such Global Note or, in the case of a partial exchange, present it for endorsement to or to the order of the Fiscal Agent. In exchange for any Global Note, or the part thereof to be exchanged, the Issuer will (i) in the case of a temporary Global Note exchangeable for a permanent Global Note, deliver, or procure the delivery of, a permanent Global Note in an aggregate nominal amount equal to that of the whole or that part of a temporary Global Note that is being exchanged or, in the case of a subsequent exchange, endorse, or procure the endorsement of, a permanent Global Note to reflect such exchange or (ii) in the case of a Global Note exchangeable for Definitive Notes, deliver, or procure the delivery of, an equal aggregate nominal amount of duly executed and authenticated Definitive Notes. In this Offering Circular, “Definitive Notes” means, in relation to any Global Note, the definitive Notes for which such Global Note may be exchanged (if appropriate, having attached to them all Coupons and Receipts in respect of interest or Instalment Amounts that have not already been paid on the Global Note and a Talon). Definitive Notes will be security printed in accordance with any applicable legal and stock exchange requirements in or substantially in the form set out in the Schedules to the Agency Agreement. On exchange in full of each permanent Global Note, the Issuer will, if the holder so requests, procure that it is cancelled and returned to the holder together with the relevant Definitive Notes.

#### ***Exchange Date***

“Exchange Date” means, in relation to a temporary Global Note, the day falling after the expiry of 40 days after its issue date and, in relation to a permanent Global Note, a day falling not less than 60 days, or in the case of failure to pay principal in respect of any Notes when due 30 days, after that on which the notice requiring exchange is given and on which banks are open for business in the city in which the specified office of the Fiscal Agent is located and in the city in which the relevant clearing system is located.

#### ***Amendment to Conditions***

The temporary Global Notes and permanent Global Notes contain provisions that apply to the Notes that they represent, some of which modify the effect of the terms and conditions of the Notes set out in this Offering Circular. The following is a summary of certain of those provisions:

#### ***Payments***

No payment falling due after the Exchange Date will be made on any Global Note unless exchange for an interest in a permanent Global Note or for Definitive Notes is improperly withheld or refused. Payments on any temporary Global Note issued in compliance with the D Rules before the Exchange Date will only be made against presentation of certification as to non-U.S. beneficial ownership in the form set out in the Agency Agreement. All payments in respect of Notes represented by a Global Note will be made against presentation for endorsement and, if no further payment falls to be made in respect of the Notes, surrender of that Global

Note to or to the order of the Fiscal Agent or such other Paying Agent as shall have been notified to the Noteholders for such purpose. A record of each payment so made will be endorsed on each Global Note, which endorsement will be prima facie evidence that such payment has been made in respect of the Notes. For the purpose of any payments made in respect of a Global Note, the relevant place of presentation shall be disregarded in the definition of “business day” set out in Condition 6(g).

### ***Prescription***

Claims against the Issuer and the Guarantor in respect of Notes that are represented by a permanent Global Note will become void unless it is presented for payment within a period of 10 years (in the case of principal) and five years (in the case of interest) from the appropriate Relevant Date (as defined in Condition 8).

### ***Meetings***

The holder of a permanent Global Note shall (unless such permanent Global Note represents only one Note) be treated as being two persons for the purposes of any quorum requirements of a meeting of Noteholders and, at any such meeting, the holder of a permanent Global Note shall be treated as having one vote in respect of each integral currency unit of the Specified Currency of the Notes.

### ***Cancellation***

Cancellation of any Note represented by a permanent Global Note that is required by the Conditions to be cancelled (other than upon its redemption) will be effected by reduction in the nominal amount of the relevant permanent Global Note.

### ***Purchase***

Notes represented by a permanent Global Note may only be purchased by the Issuer, the Guarantor or any of the Guarantor’s subsidiaries if they are purchased together with the rights to receive all future payments of interest and Instalment Amounts (if any) thereon.

### ***Issuer’s Options***

Any option of the Issuer provided for in the Conditions of any Notes while such Notes are represented by a permanent Global Note shall be exercised by the Issuer giving notice to the Noteholders within the time limits set out in and containing the information required by the Conditions, except that the notice shall not be required to contain the serial numbers of Notes drawn in the case of a partial exercise of an option and accordingly no drawing of Notes shall be required. In the event that any option of the Issuer is exercised in respect of some but not all of the Notes of any Series, the rights of accountholders with a clearing system in respect of the Notes will be governed by the standard procedures of Euroclear, Clearstream, Luxembourg or any other clearing system (as the case may be).

### ***Noteholders’ Options***

Any option of the Noteholders provided for in the Conditions of any Notes while such Notes are represented by a permanent Global Note may be exercised by the holder of the permanent Global Note giving notice to the Fiscal Agent within the time limits relating to the deposit of Notes with a Paying Agent set out in the Conditions and otherwise pursuant to the standard rules and procedures of Euroclear, Clearstream, Luxembourg or any such Alternative Clearing System, stating the nominal amount of Notes in respect of which the option is exercised and at the same time presenting the permanent Global Note to the Fiscal Agent, or to a Paying Agent acting on behalf of the Fiscal Agent, for notation.

### ***Events of Default***

Each Global Note provides that the holder may cause such Global Note, or a portion of it, to become due and repayable in the circumstances described in Condition 9 by stating in the notice to the Fiscal Agent the nominal

amount of such Global Note that is becoming due and repayable. If principal in respect of any Note is not paid when due, the holder of a Global Note may elect for direct enforcement rights against the Issuer and the Guarantor under the terms of the Deed of Covenant executed as a deed by the Issuer and the Guarantor on 31 August 2021 (as amended, restated and/or supplemented as at the Issue Date) to come into effect in relation to the whole or a part of such Global Note in favour of the persons entitled to such part of such Global Note as accountholders with a clearing system. Following any such acquisition of direct rights, the Global Note will become void as to the specified portion.

### ***Notices***

So long as any Notes are represented by a Global Note and such Global Note is held on behalf of a clearing system, notices to the holders of Notes of that Series may be given by delivery of the relevant notice to that clearing system for communication by it to entitled accountholders in substitution for publication as required by the Conditions.

### **Partly Paid Notes**

The provisions relating to Partly Paid Notes are not set out in this Offering Circular, but will be contained in the relevant Final Terms and thereby in the Global Notes. While any instalments of the subscription moneys due from the holder of Partly Paid Notes are overdue, no interest in a Global Note representing such Notes may be exchanged for an interest in a permanent Global Note or for Definitive Notes (as the case may be). If any Noteholder fails to pay any instalment due on any Partly Paid Notes within the time specified, the Issuer may forfeit such Notes and shall have no further obligation to their holder in respect of them.

### **Electronic Consent and Written Resolution**

While any Global Note is held on behalf of a clearing system, then:

- (i) approval of a resolution given by way of electronic consents communicated through the electronic communications systems of the relevant clearing system(s) in accordance with their operating rules and procedures by or on behalf of the holders of not less than 90 per cent. in nominal amount of the Notes outstanding (an “Electronic Consent” as defined in the Agency Agreement) shall, for all purposes (including matters that would otherwise require an Extraordinary Resolution to be passed at a meeting for which the quorum was satisfied), take effect as an Extraordinary Resolution passed at a meeting of Noteholders duly convened and held, and shall be binding on all Noteholders and holders Coupons and Talons whether or not they participated in such Electronic Consent; and
- (ii) where Electronic Consent is not being sought, for the purpose of determining whether a resolution in writing has been validly passed for the purposes of Condition 10, the Issuer and the Guarantor shall be entitled to rely on consent or instructions given in writing directly to the Issuer and the Guarantor by accountholders in the clearing system with entitlements to such Global Note or, where the accountholders hold any such entitlement on behalf of another person, on written consent from or written instruction by the person for whom such entitlement is ultimately beneficially held, whether such beneficiary holds directly with the accountholder or via one or more intermediaries and provided that, in each case, the Issuer and the Guarantor obtained commercially reasonable evidence to ascertain the validity of such holding and have taken reasonable steps to ensure that such holding does not alter following the giving of such consent or instruction and prior to the effecting of such amendment. Any resolution passed in such manner shall be binding on all Noteholders and Couponholders, even if the relevant consent or instruction proves to be defective. As used in this paragraph, “commercially reasonable evidence” includes any certificate or other document issued by Euroclear, Clearstream, Luxembourg or any other relevant clearing system, or issued by an accountholder of them or an intermediary in a holding



chain, in relation to the holding of interests in the Notes. Any such certificate or other document shall, in the absence of manifest error, be conclusive and binding for all purposes. Any such certificate or other document may comprise any form of statement or print out of electronic records provided by the relevant clearing system (including Euroclear's EUCLID or Clearstream, Luxembourg's CreationOnline system) in accordance with its usual procedures and in which the accountholder of a particular principal or nominal amount of the Notes is clearly identified together with the amount of such holding. Neither the Issuer nor the Guarantor shall be liable to any person by reason of having accepted as valid or not having rejected any certificate or other document to such effect purporting to be issued by any such person and subsequently found to be forged or not authentic.

## FORM OF FINAL TERMS

The form of Final Terms that will be issued in respect of each Tranche of Notes, subject only to the deletion of non-applicable provisions, is set out below:

Final Terms dated [            ]

### MONEX FINANCE CORPORATION

**Issue of [Aggregate Nominal Amount of Tranche] [Title of Notes] Under the ¥60,000,000,000  
Guaranteed Euro Medium Term Note Programme**

**Guaranteed by**

**MONEX GROUP, INC.**

### PART A — CONTRACTUAL TERMS

Terms used herein shall be deemed to be defined as such for the purposes of the Conditions set forth in the Offering Circular dated [    ] [and the supplemental Offering Circular dated [    ]]. This document constitutes the Final Terms of the Notes described herein and must be read in conjunction with such Offering Circular [as so supplemented]. Full information on the Issuer, the Guarantor and the offer of the Notes is only available on the basis of the combination of these Final Terms and the Offering Circular.

*The following alternative language applies if the first tranche of an issue which is being increased was issued under an Offering Circular with an earlier date.*

Terms used herein shall be deemed to be defined as such for the purposes of the Conditions (the “Conditions”) set forth in the Offering Circular dated [original date] [and the supplemental Offering Circular dated [    ]]. This document constitutes the Final Terms of the Notes described herein and must be read in conjunction with the Offering Circular dated [current date] [and the supplemental Offering Circular dated [    ]], save in respect of the Conditions which are extracted from the Offering Circular dated [original date] [and the supplemental Offering Circular dated [    ]] and are attached hereto. Full information on the Issuer, the Guarantor and the offer of the Notes is only available on the basis of the combination of these Final Terms and the Offering Circulars dated [original date] and [current date] [and the supplemental Offering Circulars dated [    ] and [    ]].

**[Notification under Section 309B(1)(c) of the SFA:** In connection with Section 309B of the Securities and Futures Act (Chapter 289) of Singapore (the “SFA”) and the Securities and Futures (Capital Markets Products) Regulations 2018 of Singapore (the “CMP Regulations 2018”), unless otherwise specified before an offer of Notes, the Company has determined, and hereby notifies all relevant persons (as defined in Section 309A(1) of the SFA), that the Notes are ‘prescribed capital markets products’ (as defined in the CMP Regulations 2018) and Excluded Investment Products (as defined in MAS Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendations on Investment Products).]

**PRIIPS REGULATION/PROHIBITION OF SALES TO EEA RETAIL INVESTORS** – The Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the European Economic Area. For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended, “MiFID II”); or (ii) a customer within the meaning of Directive (EU) 2016/97 (the “Insurance Distribution Directive”), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or (iii) not a qualified investor as defined in Regulation (EU) 2017/1129 (the “Prospectus Regulation”). Consequently, no key information document required by Regulation (EU) No

1286/2014 (the “EU PRIIPs Regulation”) for offering or selling the Notes or otherwise making them available to retail investors in the European Economic Area has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the European Economic Area may be unlawful under the EU PRIIPs Regulation.

**UK PRIIPS REGULATION/PROHIBITION OF SALES TO UK RETAIL INVESTORS** – The Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the United Kingdom. For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client, as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 (“EUWA”); or (ii) a customer within the meaning of the provisions of the Financial Services and Markets Act 2000 (the “FSMA”) and any rules or regulations made under the FSMA to implement the Insurance Distribution Directive, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the EUWA; or (iii) not a qualified investor as defined in Article 2 of the Prospectus Regulation as it forms part of domestic law by virtue of the EUWA. Consequently, no key information document required by Regulation (EU) No 1286/2014 as it forms part of domestic law by virtue of the EUWA (the “UK PRIIPs Regulation”) for offering or selling the Notes or otherwise making them available to retail investors in the United Kingdom has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the United Kingdom may be unlawful under the UK PRIIPs Regulation.

**[EU MIFID II PRODUCT GOVERNANCE / PROFESSIONAL INVESTORS AND ECPS ONLY TARGET MARKET** – Solely for the purposes of [the/each] manufacturer’s product approval process, the target market assessment in respect of the Notes has led to the conclusion that: (i) the target market for the Notes is eligible counterparties and professional clients only, each as defined in MiFID II; and (ii) all channels for distribution of the Notes to eligible counterparties and professional clients are appropriate. Any person subsequently offering, selling or recommending the Notes (a “distributor”) should take into consideration the manufacturer[’s/s’] target market assessment; however, a distributor subject to MiFID II is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the manufacturer[’s/s’] target market assessment) and determining appropriate distribution channels.]

**[UK MIFIR PRODUCT GOVERNANCE / PROFESSIONAL INVESTORS AND ECPS ONLY TARGET MARKET** – Solely for the purposes of [the/each] manufacturer’s product approval process, the target market assessment in respect of the Notes has led to the conclusion that: (i) the target market for the Notes is eligible counterparties, as defined in the FCA Handbook Conduct of Business Sourcebook (“COBS”), and professional clients, as defined in Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the EUWA; and (ii) all channels for distribution of the Notes to eligible counterparties and professional clients are appropriate. Any person subsequently offering, selling or recommending the Notes (a “distributor”) should take into consideration the manufacturer[’s/s’] target market assessment; however, a distributor subject to the FCA Handbook Product Intervention and Product Governance Sourcebook is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the manufacturer[’s/s’] target market assessment) and determining appropriate distribution channels.]

[Include whichever of the following apply or specify as “Not Applicable” (N/A). Note that the numbering should remain as set out below, even if “Not Applicable” is indicated for individual paragraphs or sub-paragraphs. Italics denote guidance for completing the Final Terms.]

- |          |                |                           |
|----------|----------------|---------------------------|
| <b>1</b> | (i) Issuer:    | Monex Finance Corporation |
|          | (ii) Guarantor | Monex Group, Inc.         |

- 2 [(i)] Series Number: [ ]  
 [(ii)] Tranche Number: [ ]  
 (If fungible with an existing Series, details of that Series, including the date on which the Notes become fungible.)]
- 3 Specified Currency or Currencies: [ ]
- 4 Aggregate Nominal Amount of Notes admitted to trading:  
 [(i)] Series Number: [ ]  
 [(ii)] Tranche Number: [ ]
- 5 Issue Price: [ ] per cent. of the Aggregate Nominal Amount [plus accrued interest from [insert date] (if applicable)]
- 6 Specified Denominations: [ ]  
 [ ]  
*(Notes (including Notes denominated in Sterling) in respect of which the issue proceeds are to be accepted by the Issuer in the United Kingdom or whose issue otherwise constitutes a contravention of section 19 of the Financial Services and Markets Act 2000 and which have a minimum redemption value of £100,000 (or its equivalent in other currencies).  
 (It is expected that, unless otherwise agreed with the relevant Dealer(s), Notes will have a denomination of at least €100,000 (or its equivalent in other currencies at the date of issue).  
 (If in respect of any issue of Notes, more than one Specified Denomination is provided, Specified Denominations in respect of such issue shall only be in integral multiples of the lowest Specified Denomination.)*
- 7 [(i)] Issue Date: [ ]  
 [(ii)] Interest Commencement Date: [ ]
- 8 Maturity Date: *[Specify date or (for Floating Rate Notes) Interest Payment Date falling in or nearest to the relevant month and year]*  
*(Subject to compliance with all relevant laws, regulations and directives applicable to the relevant specified currency, any maturity as may be agreed between the Issuer and the relevant Dealer.)*
- 9 Interest Basis: [[ ]% Fixed Rate]  
 [[specify reference rate] +/- [ ]% Floating Rate]  
 [Zero Coupon]  
 [Index Linked Interest]

- [Other (specify)]  
(further particulars specified below)
- 10** Redemption/Payment Basis: [Redemption at par]  
[Index Linked Redemption]  
[Dual Currency]  
[Partly Paid]  
[Instalment]  
[Other (specify)]
- 11** Change of Interest or Redemption/Payment Basis: *[Specify details of any provision for convertibility of Notes into another interest or redemption/ payment basis]*
- 12** Put/Call Options: [Investor Put]  
[Issuer Call]  
[(further particulars specified below)]
- 13** (i) Status of the Notes: Senior  
(ii) Status of the Guarantee: Senior  
(iii) Date [Board] approval for issuance of Notes [and the Guarantee] obtained: [ ] [and [ ]], respectively  
*(N.B. Only relevant where Board (or similar) authorisation is required for the particular tranche of Notes or related Guarantee)*
- 14** Method of distribution: [Syndicated/Non-syndicated]
- PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE**
- 15** Fixed Rate Note Provisions: [Applicable/Not Applicable]  
*(If not applicable, delete the remaining sub-paragraphs of this paragraph)*
- (i) Rate[(s)] of Interest: [ ] per cent. per annum [payable [annually/semi-annually/quarterly/ monthly] in arrear
- (ii) Interest Payment Date(s): [ ] in each year
- (iii) Fixed Coupon Amount[(s)]: [ ] per [ ] in Nominal Amount
- (iv) Broken Amount(s): *[Insert particulars of any initial or final broken interest amounts which do not correspond with the Fixed Coupon Amount[(s)]]*
- (v) Day Count Fraction: [30/360/Actual/Actual (ICMA/ISDA)/other]
- (vi) Determination Dates: [ ] in each year  
*(insert regular interest payment dates, ignoring issue date or maturity date in the case of a long or short first or last coupon.  
N.B. only relevant where Day Count Fraction is Actual/Actual (ICMA))*
- (vii) Other terms relating to the method of calculating interest for Fixed Rate Notes: [Not Applicable/give details]

- 16** Floating Rate Note Provisions: [Applicable/Not Applicable]  
*(If not applicable, delete the remaining sub-paragraphs of this paragraph)*
- (i) Interest Period(s): [ ]
- (ii) Specified Interest Payment Dates: [ ]
- (iii) Interest Period Date: [ ]  
*(Not applicable unless different from Interest Payment Date)*
- (iv) Business Day Convention: [Floating Rate Convention/ Following Business Day Convention/ Modified Following Business Day Convention/ Preceding Business Day Convention/ other *(give details)*]
- (v) Business Centre(s): [ ]
- (vi) Manner in which the Rate(s) of Interest is/are to be determined: [Screen Rate Determination/ISDA Determination/other *(give details)*]
- (vii) Party responsible for calculating the Rate(s) of Interest and Interest Amount(s) (if not the Fiscal Agent): [ ]
- (viii) Screen Rate Determination:
- Reference Rate: [ ]
  - Interest Determination Date(s): [ ]
  - Relevant Screen Page: [ ]
- (ix) ISDA Determination:
- Floating Rate Option: [ ]
  - Designated Maturity: [ ]
  - Reset Date: [ ]
- (x) Margin(s): [+/-][ ] per cent. per annum
- (xi) Minimum Rate of Interest: [ ] per cent per annum
- (xii) Maximum Rate of Interest: [ ] per cent per annum
- (xiii) Day Count Fraction: [ ]
- (xiv) Fall back provisions, rounding provisions, denominator and any other terms relating to the method of calculating interest on Floating Rate Notes, if different from those set out in the Conditions: [ ]
- 17** Zero Coupon Note Provisions: [Applicable/Not Applicable]  
*(If not applicable, delete the remaining sub-paragraphs of this paragraph)*
- (i) Amortisation Yield: [ ] per cent. per annum

- (ii) Any other formula/basis of [ ]  
determining amount payable:
- 18** Index Linked Interest Note/Other [Applicable/Not Applicable]  
Variable-linked Interest Note Provisions: *(If not applicable, delete the remaining sub-paragraphs of this paragraph)*
- (i) Index/Formula/other variable: [give or annex details]
- (ii) Calculation Agent responsible for [ ]  
calculating the interest due:
- (iii) Provisions for determining Coupon [ ]  
where calculated by reference to  
Index and/or Formula and/or other  
variable:
- (iv) Interest Determination Date(s): [ ]
- (v) Provisions for determining Coupon [ ]  
where calculation by reference to  
Index and/or Formula and/or other  
variable is impossible or  
impracticable or otherwise disrupted:
- (vi) Interest Period(s): [ ]
- (vii) Specified Interest Payment Dates: [ ]
- (viii) Business Day Convention: [Floating Rate Convention/Following Business Date  
Convention/Modified Following Business Date  
Convention/Preceding Business Day Convention/other  
*(give details)*]
- (ix) Business Centre(s): [ ]
- (x) Minimum Rate of Interest: [ ] per cent. per annum
- (xi) Maximum Rate of Interest: [ ] per cent. per annum
- (xii) Day Count Fraction: [ ]
- 19** Dual Currency Note Provisions: [Applicable/Not Applicable]  
*(If not applicable, delete the remaining sub-paragraphs of this paragraph)*
- (i) Rate of Exchange/method of [give details]  
calculating Rate of Exchange:
- (ii) Calculation Agent, if any, responsible [ ]  
for calculating the principal and/or  
interest due:
- (iii) Provisions applicable where [ ]  
calculation by reference to Rate of  
Exchange impossible or  
impracticable:
- (iv) Person at whose option Specified [ ]  
Currency(ies) is/are payable:

## PROVISIONS RELATING TO REDEMPTION

- 20** Call Option: [Applicable/Not Applicable]  
*(If not applicable, delete the remaining sub-paragraphs of this paragraph)*
- (i) Optional Redemption Date(s): [ ]
  - (ii) Optional Redemption Amount(s) of each Note and method, if any, of calculation of such amount(s): [ ]
  - (iii) If redeemable in part: [ ]
    - (a) Minimum Redemption Amount: [ ]
    - (b) Maximum Redemption Amount: [ ]
  - (iv) Notice period: [ ]
- 21** Put Option: [Applicable/Not Applicable]  
*(If not applicable, delete the remaining sub-paragraphs of this paragraph)*
- (i) Optional Redemption Date(s): [ ]
  - (ii) Optional Redemption Amount(s) of each Note and method, if any, of calculation of such amount(s): [ ] per Note of [ ] specified denomination
  - (iii) Notice period: [ ]
- 22** Final Redemption Amount of each Note: [[ ] per Note of [ ] specified denomination/other/see Appendix]
- In cases where the Final Redemption Amount is Index Linked or other variable-linked:
- (i) Index/Formula/variable: [give or annex details]
  - (ii) Calculation Agent responsible for calculating the Final Redemption Amount: [ ]
  - (iii) Provisions for determining Final Redemption Amount where calculated by reference to Index and/or Formula and/or other variable: [ ]
  - (iv) Determination Date(s): [ ]
  - (v) Provisions for determining final Redemption Amount where calculation by reference to Index and/or Formula and/or other variable is impossible or impracticable or otherwise disrupted: [ ]



(vi) Payment Date: [ ]

(vii) Minimum Final Redemption [ ]  
Amount:

(viii) Maximum Final Redemption [ ]  
Amount:

**23** Early Redemption Amount:

Early Redemption Amount(s) of each Note [ ]  
payable on redemption for taxation reasons  
or on event of default or other early  
redemption and/or the method of  
calculating the same (if required or if  
different from that set out in the  
Conditions):

**GENERAL PROVISIONS APPLICABLE TO THE NOTES**

**24** Form of Notes

Bearer Notes.

[Temporary Global Note exchangeable for a Permanent Global Note which is exchangeable for Definitive Notes on [ ] days' notice/at any time/in the limited circumstances specified in the Permanent Global Note [excluding][including] exchange at the request of the holder]

[Temporary Global Note exchangeable for Definitive Notes on [ ] days' notice]

[Permanent Global Note exchangeable for Definitive Notes on [ ] days' notice/at any time/in the limited circumstances specified in the Permanent Global Note [excluding][including] exchange at the request of the holder]

*[Exchange at the option of the Noteholders should always be excluded if the Specified Denomination of the Notes includes language substantially to the following effect: "€100,000 and integral multiples of €1,000 in excess thereof up to and including €199,000"]*

**25** Financial Centre(s) or other special provisions relating to payment dates:

[Not Applicable/give details][Specify Financial Centre(s)]

[For the purposes of Condition 6(g), prior day payment pursuant to Condition 6(g)(B) will apply]

*(Note that this paragraph relates to the date and place of payment, and not interest period end dates, to which sub- paragraphs 16(iv) and 18(ix) relate)*

**26** Talons for future Coupons or Receipts to be attached to Definitive Notes (and dates on which such Talons mature):

[Yes/No. If yes, give details]

- |           |  |  |
|-----------|--|--|
| <b>27</b> | Details relating to Partly Paid Notes:<br>amount of each payment comprising the Issue Price and date on which each payment is to be made and consequences (if any) of failure to pay, including any right of the Issuer to forfeit the Notes and interest due on late payment: | [Not Applicable/ <i>give details</i> ] |
| <b>28</b> | Details relating to Instalment Notes:<br>amount of each instalment, date on which each payment is to be made:  | [Not Applicable/ <i>give details</i> ] |
| <b>29</b> | Redenomination, renominatisation and reconventioning provisions:   | [Not Applicable/ <i>give details</i> ] |
| <b>30</b> | Consolidation provisions:  | [Not Applicable/ <i>give details</i> ] |
| <b>31</b> | Other final terms:   | [Not Applicable/ <i>give details</i> ] |

**DISTRIBUTION**

- |           |                                       |  |
|-----------|---------------------------------------|--|
| <b>32</b> | (i) If syndicated, names of Managers: | [Not Applicable/ <i>give names</i> ]   |
|           | (ii) Stabilising Manager(s) (if any): | [Not Applicable/ <i>give names</i> ]   |
| <b>33</b> | If non-syndicated, name of Dealer:    | [Not Applicable/ <i>give names</i> ]   |
| <b>34</b> | Additional selling restrictions:      | [Not Applicable/ <i>give details</i> ] |

**RESPONSIBILITY**

The Issuer and the Guarantor each accepts responsibility for the information contained in these Final Terms which, when read together with the Offering Circular [and the supplemental Offering Circular] referred to above, contains all information that is material in the context of the issue of the Notes. [The Singapore Exchange Securities Trading Limited (the “SGX-ST”) assumes no responsibility for any of the statements made or opinions expressed in reports contained in these Final Terms. Admission of the Notes to the Official List of the SGX-ST is not to be taken as an indication of the merits of the Issuer, the Guarantor, the Programme or the Notes.]

Signed on behalf of the Issuer:

By: \_\_\_\_\_  
Duly authorised

Signed on behalf of the Guarantor:

By: \_\_\_\_\_  
Duly authorised

## PART B – OTHER INFORMATION

### 1 LISTING

- (i) Listing: [Singapore Exchange Securities Trading Limited (the “SGX-ST”)/other (specify) / None]
- (ii) Admission to trading: [Application has been made for the Notes to be admitted to trading on [the SGX- ST/other (specify)] with effect from [ ]/Not Applicable]

### 2 RATINGS

- Ratings: The Programme is rated BBB by Japan Credit Rating Agency, Ltd.
- Japan Credit Rating Agency, Ltd. is not established in the European Union nor certified under Regulation (EC) No 1060/2009.
- A credit rating is not a recommendation to buy, sell or hold securities and may be revised or withdrawn by the rating agency at any time.

### 3 REASONS FOR THE OFFER AND ESTIMATED NET PROCEEDS

- (i) Reasons for the offer: [ ]  
(See “Use of Proceeds” wording in the Offering Circular — if reasons for offer different consider including those reasons here.)
- (ii) Estimated net proceeds: [ ]

### 4 [INDEX LINKED OR OTHER VARIABLE-LINKED NOTES ONLY—PERFORMANCE OF RATE(S) OF EXCHANGE

*Need to include details of where past and future performance and volatility of the index/formula/other variable can be obtained. Where the underlying is an index need to include the name of the index and a description if composed by the Issuer and if the index is not composed by the Issuer need to include details of where the information about the index can be obtained. Where the underlying is not an index need to include equivalent information.]*

### 5 [DUAL CURRENCY NOTES ONLY—PERFORMANCE OF RATE(S) OF EXCHANGE]

*Need to include details of where past and future performance and volatility of the relevant rate[s] can be obtained.]*

### 6 OPERATIONAL INFORMATION

- (i) ISIN: [ ]
- (ii) Common Code: [ ]
- (iii) [Classification of Financial Instruments (CFI): [●]]
- (iv) [Financial Instruments Short Name (FISN): [●]]
- (v) Legal Entity Identifier: Issuer: 3538006L8AMQFKQSMG45  
Guarantor: 353800SGXKLYGPUJ4648

(vi) Any clearing system(s) other than Euroclear Bank SA/NV and Clearstream Banking, S.A. and the relevant identification number(s): [Not Applicable/give name(s) and number(s) [and address(es)]]

(vii) Delivery: Delivery [against/free of] payment

(viii) Names and addresses of additional Paying Agent(s) (if any): [ ]

**7 GENERAL**

(i) Applicable TEFRA exemption: [C Rules/D Rules/Not Applicable]

(ii) The aggregate nominal amount of Notes issued has been translated into Japanese yen at the rate of ¥[ ] per [ ], producing a sum of (for Notes not denominated in Japanese yen): [Not Applicable/¥[ ]]

**8 [TO BE INSERTED FOR “INDEX-LINKED NOTES” FOR THE PURPOSES OF THE SPECIAL TAXATION MEASURES LAW OF JAPAN ONLY]**

The Notes are securities where the amount of interest is to be calculated by reference to certain indexes (as prescribed by Article 3-2-2, paragraph (8) of the Cabinet Order) relating to the Issuer or a Related Party of the Issuer.

## **USE OF PROCEEDS**

The net proceeds from the issue of each Tranche of Notes will be applied by the Issuer for general corporate purposes. If, in respect of any particular issue, there is a particular identified use of proceeds, this will be stated in the applicable Final Terms.

## CAPITALISATION AND INDEBTEDNESS

### The Guarantor

The following table sets forth the Guarantor's consolidated capitalisation and indebtedness as at 31 March 2021, which has been extracted without material adjustment from the Guarantor's audited consolidated financial statements as at the same date.

	<b>As at 31 March 2021</b>
	<b>(Millions of Yen)</b>
<b>Bonds and Loans Payable:</b>	
Short-term borrowings:	
Short-term loans payable and other .....	155,231
Bonds payable .....	18,687
Total short-term borrowings .....	173,918
Long-term debt:	
Bonds payable .....	17,922
Long-term loans payable .....	54,379
Total long-term debt .....	72,301
Total bonds and loans payable.....	246,220
<b>Equity:</b>	
Common stock:	
Authorised 880,000,000 shares	
Issued: 258,998,600 shares <sup>(1)</sup> .....	10,394
Additional paid-in capital .....	40,253
Treasury stock.....	(446)
Retained earnings .....	30,148
Other components of equity .....	9,225
Equity attributable to owners of the company.....	89,573
Non-controlling interests.....	952
Total equity .....	90,524
Total capitalisation and indebtedness <sup>(2)</sup> .....	336,744

Notes:

- (1) All of the issued shares are fully-paid and non-assessable.
- (2) Total capitalisation and indebtedness is the total of Total bonds and loans payable and Total equity.
- (3) From 1 April 2021 to the date of this Offering Circular, the Issuer issued in aggregate ¥3.5 billion unsecured bonds.
- (4) Save as disclosed above, there has been no material change in the Guarantor's consolidated capitalisation, indebtedness, contingent liabilities and guarantees since 31 March 2021.

For the Issuer's selected financial data as at 31 March 2021, see "MONEX FINANCE CORPORATION".

## MONEX GROUP, INC.

### Introduction

The Guarantor is incorporated under Japanese law with limited liability as a joint stock corporation (*kabushiki kaisha*). The Guarantor is a financial services holding company, and together with its consolidated subsidiaries and affiliates, the Group offers a range of online securities brokerage services including stock brokerage and investment products and information to individual investors in Japan. In addition, the Group offers a range of cryptoasset services through Coincheck. The Group has five business segments comprising Japan (the primary entity is Monex), the U.S. (the primary entity is TradeStation Securities), Asia-Pacific (the primary entities are Monex Boom Securities and Monex Securities Australia), Crypto Asset (the primary entity is Coincheck), and Investment (the primary entities are Monex Ventures, Inc. and MV I Investment Limited Partnership) (see “— Business and Financial Review — Segment Information”). The registered office of the Guarantor is at 12-32, Akasaka 1-chome, Minato-ku, Tokyo 107-6025, Japan.

The Group’s principal activity is the operation of online securities business. The business of the Group is carried out primarily through the subsidiaries of the Group, including Monex, a leading online securities company in Japan, TradeStation, a group of online brokerage firms in the United States, Monex Boom Securities, an online brokerage firm in Hong Kong and Monex Securities Australia, an online brokerage firm registered in Australia under the supervision of the Australian Securities and Investments Commission.

The Group operates almost exclusively through the internet and focuses on providing individual customers with a broad selection of easy-to-use financial services and educational contents to enable them to take greater control of their investment decisions and financial transactions. As the holding company of the Group, the Guarantor is responsible for strategy and management, resource allocation, financial accounting, investor relations, information technology strategy, human resource management, risk management and compliance and compensation schemes for the Group, and more generally, is responsible for harmonising the operations of the Group to achieve efficiency. The Group has adopted its Global Vision III strategy, seeking to utilise cutting-edge technologies, such as AI and blockchain, to be a global leader for individual investors as the financial services sector undergoes rapid change. The Group is also seeking to transform its business model from that of brokerage to an asset management model in order to adapt to the changing business environment (see “— Strategy — *Global Vision III* and *The transformation of the Group’s business models being sought*” below).

### History of major companies in the Group

#### *Monex Group, Inc.*

The Guarantor was founded in 2004 as the holding company of Monex and Nikko Beans through a statutory share exchange reorganisation approved by their respective shareholders under the Commercial Code of Japan. Initially the businesses of Monex and Nikko Beans were operated largely independently from each other, while the Guarantor planned for their further integration. Both Monex and Nikko Beans established their respective businesses in 1999, following a significant liberalisation of brokerage commissions in Japan. A brief history of Monex and Nikko Beans is set out below. In 2005, the Guarantor merged Monex into Nikko Beans (immediately after the merger, Nikko Beans changed its corporate name to Monex, Inc.) and their operations and information technology systems were integrated and unified. In 2004, the Guarantor listed its shares of common stock on the Mothers section of the Tokyo Stock Exchange upon its formation. Since September 2005, the shares of common stock of the Guarantor have been listed on the First Section of the Tokyo Stock Exchange.

In 2008, the Guarantor changed its name from “Monex Beans Holdings, Inc.” to “Monex Group, Inc.” In 2010, the Boom Securities Group became a member of the Group. In 2011, the Boom Securities Group changed its name to “Monex Boom Securities (H.K.) Limited”. Monex Boom Securities is a core entity for the Group’s Asia-Pacific brokerage business and enhances Monex’s Asia-Pacific-related products and service line-up. In



2011, the Group acquired TradeStation. TradeStation is the core group entity for the Group's business in the United States and Europe. As at 31 March 2021, the Guarantor had 28 consolidated subsidiaries and three companies subject to the equity method.

#### ***Monex, Inc.***

Monex was incorporated in 1999 through the equal joint investment of Mr. Oki Matsumoto and Sony Corporation and Monex became a registered securities company under the Securities and Exchange Law of Japan (as amended to the FIEL), became a member of the Japan Investor Protection Fund and joined the Japan Securities Dealers Association and commenced business in 1999. Monex grew rapidly and its customer accounts exceeded 50,000 in March 2000, approximately six months after its start of online and telephone brokerage businesses. In April 2000, Monex became a member broker of the Tokyo Stock Exchange. During 2004, Monex had expanded its services to include underwriting for public offerings, margin trading, stock lending, foreign exchange margin trading and trading in foreign bonds. In 2010, the Guarantor acquired all shares of ORIX Securities Corporation from ORIX Corporation by way of share exchange reorganization, and subsequently Monex merged with ORIX Securities Corporation, in which Monex was the surviving entity, and their operations and information technology systems were integrated and unified. Monex also merged with Monex FX, Inc. with Monex as the surviving company in 2015 with the aim of reinforcing its foreign exchange covering operation, efficient use of capital and cost-cutting in Japan. Monex is the principal entity in the Japan segment.

#### ***TradeStation Group, Inc.***

TradeStation is a Florida corporation with its principal executive offices located in The TradeStation Building, 8050 S.W. 10th Street, Suite 2000, Plantation, Florida 33324, United States.

TradeStation Securities, a licensed securities broker-dealer and a registered futures commission merchant, and TradeStation Technologies, Inc. ("TradeStation Technologies"), a trading technology company, are TradeStation's two established operating subsidiaries. TradeStation Securities is one of the leading online brokerage firms that serves the active trader and certain institutional trader markets and is TradeStation's principal operating subsidiary. TradeStation Securities is a member and subject to the rules and requirements of the New York Stock Exchange ("NYSE"), the Financial Industry Regulatory Authority ("FINRA"), Securities Investor Protection Corporation ("SIPC"), Chicago Mercantile Exchange ("CME"), the Depository Trust & Clearing Corporation ("DTCC"), the National Securities Clearing Corporation ("NSCC"), Options Clearing Corporation ("OCC"), Boston Options Exchange, Chicago Board Options Exchange, Chicago Stock Exchange, International Securities Exchange, NASDAQ OMX, EDGA Exchange, EDGX Exchange, BATS Exchange and Investors Exchange. TradeStation Securities' business is also subject to the rules and requirements of the U.S. Securities and Exchange Commission, the U.S. Commodity Futures Trading Commission and state regulatory authorities (the firm is registered to conduct its brokerage business in all 50 states and the District of Columbia). TradeStation Securities self-clears most of its equities and equity and index options business, and uses an established futures clearing firm to clear its futures business on an omnibus clearance basis. TradeStation has two other subsidiaries. TradeStation Europe Limited, a company organised under the laws of England and Wales, is authorised and regulated by the FCA. TradeStation Forex, Inc., a Florida corporation, was formed to assume, own and conduct all of TradeStation's foreign currency exchange ("forex") brokerage business. TradeStation is the principal entity in the U.S. segment.

#### ***Coincheck, Inc.***

Coincheck was established in 2012 and is a leading cryptocurrency exchange headquartered in Japan. In April 2018, the Guarantor completed its acquisition of 100 per cent. of the shares of Coincheck, for an initial acquisition price of ¥3,600 million, and additional ¥3,788 million payment by the Guarantor (pursuant to the

earn-out clause based on the total of net income of Coincheck for the three consecutive fiscal years from the acquisition).

The acquisition of Coincheck was a part of the Group's strategy, "MONEX's new beginning", launched in 2017, which outlined the Group's intention to enter into the cryptocurrency exchange business. The Group recognises blockchain technology and cryptoassets as next-generation technologies and platforms which may drastically change the way people approach money, having already established Monex Cryptocurrency Lab to grow the Group's business based on these new technologies. The Group aims to grow its business based on these new technologies.

By integrating Coincheck's expertise in relation to blockchain technology and cryptoassets within the Group's expertise in the financial industry generally and the online securities business specifically, which the Group considers to be maximised in implementing its Global Vision III strategy and the Group seeks to contribute to the stable development of the cryptoasset industry.

Coincheck is the principal entity in the Crypto Asset segment.

### **Selected Financial Data**

The following tables provide selected financial data, extracted without material adjustments from the audited consolidated financial statements of the Guarantor as at and for the years ended 31 March 2020 and 31 March 2021, prepared in conformity with IFRS. In this section, the parentheses (save for its use in column headings) express negative figures.

#### ***Consolidated Statement of Income***

	<b>For the year ended 31 March</b>	
	<b>2020</b>	<b>2021</b>
	<b>(Millions of Yen)</b>	
Revenue:		
Commission received .....	25,375	36,864
Net trading income .....	8,550	24,504
Financial income .....	18,579	15,394
Other operating income .....	722	1,144
Total operating revenue .....	53,226	77,905
Other financial income .....	49	431
Other income .....	57	1,270
Equity in profits of equity method investments.....	48	61
Total revenue.....	53,380	79,668
Expense:		
Financial expenses.....	5,236	4,211
Selling, general and administrative expenses .....	42,835	49,861
Other financial expenses.....	448	3,945
Other expenses.....	731	355
Total expenses .....	49,249	58,372

	<b>For the year ended 31 March</b>	
	<b>2020</b>	<b>2021</b>
	<b>(Millions of Yen)</b>	
Profit before income taxes .....	4,131	21,296
Income tax expense .....	1,310	6,911
Profit .....	<u>2,820</u>	<u>14,385</u>
Profit attributable to:		
Owners of the company .....	3,011	14,354
Non-controlling interests .....	(190)	31
Profit .....	<u>2,820</u>	<u>14,385</u>

***Consolidated Statement of Comprehensive Income***

	<b>For the year ended 31 March</b>	
	<b>2020</b>	<b>2021</b>
	<b>(Millions of Yen)</b>	
Profit .....	2,820	14,385
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 .....	162	159
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 .....	(221)	(323)
Foreign currency translation adjustments in foreign operations .....	(826)	983
Share of other comprehensive income of equity method investments .....	(18)	8
Other comprehensive income after income taxes .....	<u>(903)</u>	<u>827</u>
Total comprehensive income .....	<u>1,917</u>	<u>15,212</u>
Total comprehensive income attributable to:		
Owners of the company .....	2,107	15,181
Non-controlling interests .....	(190)	31
Total comprehensive income .....	<u>1,917</u>	<u>15,212</u>

*Consolidated Statement of Financial Position*

	<b>As at 31 March</b>	
	<b>2020</b>	<b>2021</b>
	<b>(Millions of Yen)</b>	
<b>Assets:</b>		
Cash and cash equivalents .....	132,561	163,989
Cash segregated as deposits.....	620,222	774,582
Trading securities and other.....	4,516	4,457
Derivative assets.....	14,380	12,067
Inventories .....	2,932	45,462
Investments in securities.....	5,447	8,515
Margin transaction assets.....	107,207	182,017
Loans secured by securities .....	32,748	42,774
Other financial assets.....	47,943	112,904
Property and equipment.....	4,921	4,961
Intangible assets.....	46,006	44,861
Equity method investments .....	276	345
Deferred tax assets.....	370	1,456
Other assets.....	3,404	2,738
<b>Total assets .....</b>	<b>1,022,934</b>	<b>1,401,130</b>
<b>Liabilities and Equity:</b>		
<b>Liabilities</b>		
Trading securities and other.....	16	—
Derivative liabilities .....	3,256	5,621
Margin transaction liabilities .....	30,044	37,637
Loans payable secured by securities.....	72,349	117,259
Deposits received.....	393,344	492,466
Guarantee deposits received .....	282,006	334,357
Bonds and loans payable .....	147,941	246,220
Other financial liabilities .....	8,068	17,496
Provisions .....	208	208
Income taxes payable .....	556	6,571
Deferred tax liabilities .....	2,188	3,074
Other liabilities .....	5,933	49,695
<b>Total liabilities.....</b>	<b>945,909</b>	<b>1,310,605</b>
<b>Equity:</b>		

	As at 31 March	
	2020	2021
	(Millions of Yen)	
Common stock.....	10,394	10,394
Additional paid-in capital .....	40,291	40,253
Treasury stock.....	(1,032)	(446)
Retained earnings .....	18,011	30,148
Other components of equity .....	8,547	9,225
Equity attributable to owners of the company .....	76,210	89,573
Non-controlling interests .....	815	952
Total equity.....	77,024	90,524
Total liabilities and equity .....	1,022,934	1,401,130

### *Other Operating Data*

	As at/for the year ended 31 March	
	2020	2021
<b>Monex, Inc.</b>		
Active accounts <sup>(1)</sup> .....	1,061,072	1,100,369
Total stock trading value <sup>(2)</sup> .....	13,543	19,246
<b>Monex Group, Inc.</b>		
Total customer account balances <sup>(2)</sup> .....	4,535	6,928

Notes:

(1) Absolute numbers

(2) Figures are presented in billions of yen

### **Business and Financial Review**

For the consolidated fiscal year ended 31 March 2021, total operating revenue was ¥77,905 million, a 46.4 per cent. increase from the previous year. Commissions received were ¥36,864 million (a 45.3 per cent. increase over the previous year) mainly due to increases in brokerage commissions in the Japan segment, the U.S. segment and the Asia-Pacific segment. Net trading income was ¥24,504 million (a 186.6 per cent. increase over the previous year) due to active crypto asset trading activity of the Crypto Asset segment. On the other hand, financial income was ¥15,394 million (a 17.1 per cent. decrease from the previous year) mainly due to a decline in interest income in the U.S. segment.

Other financial income was ¥431 million, other income was ¥1,270 million mainly due to a ¥1,149 million gain on sale of crypto assets (recorded in Japan segment), and equity in profits of equity method investments was ¥61 million.

Consequently, total revenue was ¥79,668 million, a 49.2 per cent. increase from the previous year.

Total expenses increased by 18.5 per cent. from the previous year to ¥58,372 million. Selling, general and administrative expenses was ¥49,861 million, a 16.4 per cent, increase from the previous year reflecting the trade increases mainly in the Japan segment, the U.S. segment and the Crypto Asset segment. Other financial expenses increased to ¥3,945 million from ¥448 million for the previous year reflecting changes in fair value of contingent consideration of ¥3,788 million loss due to Coincheck acquisition's earn-out clause (recorded in Crypto Asset segment).

As a consequence, profit before income taxes for the year ended 31 March 2021 increased more than 5 times from the previous year to ¥21,296 million. Accordingly, income tax expenses was ¥6,911 million.

As a result, profit for the year ended 31 March 2021 increased more than 5 times from the previous year to ¥14,385 million and profit attributable to owners of the company increased more than 4.7 times from the previous year to ¥14,354 million.

### ***Segment Information***

The Group engages in financial instruments business, cryptocurrency exchange business, and securities investment business as its main businesses, comprising of five business segments: (i) the Japan segment, (ii) the U.S. segment, (iii) the Asia-Pacific segment, (iv) the Crypto Asset segment, and (v) the Investment segment.

The following table describes the primary businesses and primary entities of each business segment:

<b>Segment</b>	<b>Primary Business</b>	<b>Primary Entities</b>
Japan .....	Financial instruments businesses in Japan	Monex
U.S. ....	Financial instruments businesses in the United States	TradeStation Securities
Asia-Pacific .....	Financial instruments businesses in Hong Kong and Australia	Monex Boom Securities Monex Securities Australia
Crypto Asset.....	Cryptocurrency exchange services	Coincheck
Investment.....	Securities investments	Monex Ventures MV I Investment Limited Partnership

### ***Japan***

The primary entity in the Japan segment is Monex. The major clients of the Japan segment, are individual investors who tend to focus on mid- and long-term asset building. Therefore, the Japan segment's brokerage business is affected by buy/sell trends of individual investors in the stock markets.

During the fiscal year ended 31 March 2021, the Japanese economy experienced a downturn with the spread of COVID-19 pandemic, however, the Bank of Japan's extraordinary large-scale financial easing measures, a ¥100,000 special cash payment for each citizen, financial support program for companies and other efforts as special measures by Japanese government, the economy has shown a sign of its recovery. During the winter season, the number of people infected with COVID-19 increased significantly and a State of Emergency was declared once again in January 2021. This helped to reduce the number of infections by the end of March 2021, and the State of Emergency was lifted in all prefectures. With optimistic expectations that corporate performances will show a recovery trend starting the next term and as the excess cash from large-scale financial easing flew into the stock markets, the Nikkei Stock Average rose substantially and recovered from the ¥18,000 range at the beginning of the fiscal year to hit the ¥30,000 mark on 15 February 2021, and it closed at ¥29,178 on 31 March 2021.

During the year ended 31 March 2021, the average daily trading volume of individual investors in Tokyo Stock Exchange and the Nagoya Stock Exchange (in markets of equities, ETFs and REITs (real estate investment trusts)) was ¥1,494.9 billion, a 42.7 per cent. increase from the previous year. The average daily brokerage trading value for equities of the Japan segment increased by 39.8 per cent. from the previous year to ¥78.5 billion.

For the fiscal year ended 31 March 2021, total operating revenue of the Japan segment increased by 17.3 per cent. from the previous year to ¥30,962 million. Commissions received increased by 41.2 per cent. from the previous year to ¥17,811 million reflecting an increase of trading volume in the Japanese equity market. On the other hand, net trading income decreased by 9.5 per cent. from the previous year to ¥4,553 million due to lower profit rates in spite of the higher trading volume of foreign exchange transactions. Financial income also slightly decreased by 2.1 per cent. to ¥8,469 million due to a decrease in the average lending interest rate of stock lending, whereas the outstanding balance of margin trading increased.

Financial expense decreased by 9.1 per cent. from the previous year to ¥1,864 million. Selling, general and administrative expenses increased by 11.4 per cent. from the previous year to ¥24,136 million, mainly due to increases in commissions paid as a result of an increase in stock trading and advertising expenses.

Other income and expenses, net was a gain of ¥2,314 million, which included a gain of ¥1,149 million on sale of crypto assets.

As a result, segment profit (profit before income taxes) for the year ended 31 March 2021 increased by more than 3.2 times from the previous year to ¥7,276 million.

	<b>For the year ended 31 March</b>			<b>Change (per cent.)</b>
	<b>2020</b>	<b>2021</b>	<b>Change</b>	
	<b>(Millions of Yen, except percentages)</b>			
Total operating revenues.....	26,393	30,962	4,570	17.3%
Financial expense .....	2,050	1,864	(187)	(9.1)%
Selling, general and administrative expenses....	21,671	24,136	2,465	11.4%
Other income and expenses (net amount) .....	(420)	2,314	2,735	—
Equity in profits or losses of equity method investments .....	—	(1)	(1)	—
Segment profit or loss (profit or loss before income taxes).....	2,251	7,276	5,025	223.3%

### *United States*

The primary entity in the U.S. segment is TradeStation Securities. The main target clients of the U.S. segment are active traders. Therefore, generally high volatility (i.e., price fluctuations) in the markets tends to increase trade volume and segment profits. Also, higher interest rates can contribute for an increase in profits from investment activities using deposits received from customers.

During the year ended 31 March 2021, the US economy fell significantly with the impact of the COVID-19 pandemic. However, large-scale government spending and unlimited quantitative monetary easing resulted in strong recovery. While there was some political turmoil relating to the presidential election procedures, Mr.

Biden and the Democratic Party's large-scale economic measures have created a positive expectation in the market. With infections peaking after progress of effective vaccinations, stock prices remained steady. Though the Dow Jones average had been in the \$21,000 range at the beginning of the fiscal year, it has reached a record high at \$32,981 at the end of March 2021.

During the year ended 31 March 2021, the yen appreciated by 2.1 per cent. from the previous year against the U.S. dollar (yearly average), which affected the business performance figures of the U.S. segment.

Due to an increase in market volatility and increase in number of active accounts, the U.S. segment reported Daily Average Revenue Trades (DARTs; calculated as the average number of revenue-generating trades or transactions per business day) of 229,827 (an increase of 137.5 per cent. from the previous year).

For the fiscal year ended 31 March 2021, total operating revenue of the U.S. segment increased by 7.3 per cent. from the previous year to ¥25,375 million. Commissions received increased by 46.6 per cent. from the previous year to ¥17,988 million (an increase of 49.8 per cent. on a U.S. dollar basis) mainly due to an increase in brokerage commissions by 30.9 per cent. and other commissions by 98.5 per cent. on a U.S. dollar basis, respectively. On the other hand, financial income decreased by 36.7 per cent. from the previous year to ¥6,309 million (a decrease of 35.3 per cent. on a U.S. dollar basis) mainly due to a decrease in interest earned reflecting the very low short-term interest rates in the current monetary easing policy.

Financial expenses decreased by 29.5 per cent. from the previous year to ¥2,394 million. Selling, general and administrative expenses increased by 10.6 per cent. from the previous year to ¥19,771 million (an increase of 13.0 per cent. on a U.S. dollar basis), mainly due to increase in advertising expenses and commissions paid as a result of an increase in stock trading.

As a result, the segment profit (segment profit before income taxes) for the year ended 31 March 2021 increased by 81.5 per cent. from the previous year to ¥3,200 million

	<b>For the year ended 31 March</b>			<b>Change (per cent.)</b>
	<b>2020</b>	<b>2021</b>	<b>Change</b>	
	(Millions of Yen, except percentages)			
Total operating revenue .....	23,645	25,375	1,730	7.3%
Financial expense .....	3,396	2,394	(1,002)	(29.5)%
Cost of sales.....	363	23	(339)	(93.6)%
Selling, general and administrative expenses..	17,877	19,771	1,894	10.6%
Other income and expenses (net amount) .....	(246)	13	259	—
Segment profit or loss (profit or loss before income taxes).....	1,763	3,200	1,436	81.5%

#### *Asia-Pacific*

The primary entities in the Asia-Pacific segment are Monex Boom Securities and Monex Securities Australia.

During the year ended 31 March 2021, the Hong Kong economy was chaotic due to not only COVID-19 pandemic but also China's enactment of a new Hong Kong national security law. However, the Hang Seng Index slowly recovered to 28,378 points by the end of the term.

The yen appreciated by 1.3 per cent. from the previous year against the Hong Kong dollar (yearly average), which affected the business performance figures of the Asia-Pacific segment.



For the fiscal year ended 31 March 2021, total operating revenue of the Asia-Pacific segment increased by 82.0 per cent. from the previous year to ¥1,613 million. Commissions received increased by 137.8 per cent. from the previous year to ¥1,079 million due to increases in the active customer accounts and trading values at Monex Boom Securities and Monex Securities Australia. On the other hand, financial income decreased by 40.7 per cent. from the previous year to ¥166 million due to decreases of margin lending amount and effective interest rates. Other operating income increased by 141.1 per cent. from the previous year to ¥368 million due to an increase in IPO related income and foreign exchange income.

Selling, general and administrative expenses increased by 27.6 per cent. to ¥1,145 million mainly due to an increase in personnel expenses and commissions paid by Monex Boom Securities resulting from an increase of stock trading.

Equity in profits of equity method investments increased by 29.6 per cent. to ¥62 million, which relates to the joint venture operating in mainland China.

As a result, segment profit (profit before income taxes) for the fiscal year ended 31 March 2021 amounted to ¥519 million compared to a segment loss of ¥230 million for the previous year.

	For the year ended 31 March			Change (per cent.)
	2020	2021	Change	
	(Millions of Yen, except percentages)			
Total operating revenue .....	887	1,613	727	82.0%
Financial expense .....	252	9	(243)	(96.4)%
Selling, general and administrative expenses..	898	1,145	247	27.6%
Other income and expenses (net amount) .....	(15)	(3)	12	—
Equity in profits or losses of equity method investments .....	48	62	14	29.6%
Segment profit or loss (profit or loss before income taxes) .....	(230)	519	749	—

### *Crypto Asset*

The Crypto Asset segment reflects the businesses operated by Coincheck.

In the cryptocurrency market during the year ended 31 March 2021, the value of Bitcoin, which was in the ¥600,000 range at the beginning of the year, surpassed the ¥6 million mark in March 2021. By the end of the year, it reached ¥6.5 million. In this market environment, Coincheck's monthly crypto asset "exchange trading income" grew from ¥98,925 million in April 2020 to ¥787,982 million in January 2021 and ¥576,665 million in March 2021. Furthermore, Coincheck's monthly crypto asset "marketplace trading income" rose from ¥8,495 million in April 2020 to ¥103,647 million in February 2021 and ¥95,890 million in March 2021.

For the fiscal year ended 31 March 2021, total operating revenue of the Crypto Asset segment increased by 5.5 times from the previous year to ¥20,826 million, Net trading income increased by 5.7 times from the previous year to ¥19,960 million since the segment promoted customer trading for all available crypto assets, BTC and Altcoins throughout the year in the active market environment. Commissions received increased by 3.0 times from the previous year to ¥853 million.

Selling, general and administrative expenses increased by 103.6 per cent. from the previous year to ¥7,129 million mainly due to increases in advertising expenses and personnel expenses.

Other expense, net was ¥3,825 million loss, which included ¥3,788 million loss related to the contingent consideration paid pursuant to the Coincheck acquisition's earn-out clause.

As a result, segment profit (profit before income taxes) for the year ended 31 March 2021 amounted to ¥9,868 million compared to a segment profit of ¥293 million for the previous year.

	<b>For the year ended 31 March</b>			<b>Change (per cent.)</b>
	<b>2020</b>	<b>2021</b>	<b>Change</b>	
(Millions of Yen, except percentages)				
Total operating revenue .....	3,815	20,826	17,011	445.9%
Financial expense .....	3	5	2	65.3%
Selling, general and administrative expenses..	3,502	7,129	3,627	103.6%
Other income and expenses (net amount) .....	(17)	(3,825)	(3,808)	—
Segment profit or loss (profit or loss before income taxes).....	293	9,868	9,575	3,268.2%

#### *Investment*

The main entities which comprise the Investment segment are Monex Ventures and MV I Investment Limited Partnership.

For the fiscal year ended 31 March 2021, total operating revenue of the Investment segment increased by more than 4.5 times from the previous year to ¥672 million due to the valuation gain of assets under management and realized gain on sales of stocks.

Financial expense was ¥163 million which reflected the interests in gain or loss of MV1 Investment Limited Partnership.

Selling, general and administrative expenses increased by 31.9 per cent. from the previous year to ¥71 million due to the increase of administrative costs.

As a result, profit (profit before income taxes) of the Investment segment for the year ended 31 March 2021 increased by 4.7 times from the previous year to ¥438 million.

	<b>For the year ended 31 March</b>			<b>Change (per cent.)</b>
	<b>2020</b>	<b>2021</b>	<b>Change</b>	
(Millions of Yen, except percentages)				
Total operating revenue .....	148	672	524	353.9%
Financial expense .....	—	163	163	—
Selling, general and administrative expenses....	54	71	17	31.9%
Other income and expenses (net amount) .....	(0)	(0)	0	—
Segment profit or loss (profit or loss before income taxes).....	94	438	344	366.7%

## ***Financial Position***

As at 31 March 2021, consolidated total assets of the Group was ¥1,401,130 million (an increase of ¥378,196 million compared to ¥1,022,934 million as at 31 March 2020) and consolidated total liabilities of the Group was ¥1,310,605 million (an increase of ¥364,696 million compared to ¥945,909 million as at 31 March 2020). Total equity as at 31 March 2021 was ¥90,524 million (an increase of ¥13,500 million compared to ¥77,024 million as at 31 March 2020).

## ***Cash Flow***

For the fiscal year ended 31 March 2021, net cash used in operating activities was ¥57,696 million, compared to ¥34,454 million net cash provided by operating activities for the previous year. Net cash used in investing activities was ¥7,158 million, compared to ¥7,068 million used in investing activities for the previous year. Net cash provided by financing activities was ¥95,483 million compared to ¥48,399 million net cash used in financing activities for the previous year. As a result, cash and cash equivalents as at 31 March 2021 was ¥161,331 million, an increase of ¥33,499 million compared to ¥127,832 million as at 31 March 2020.

## **Strategy**

### ***Global Vision III***

AI (artificial intelligence), blockchain and other new technologies are spreading globally at a rapid pace, with the potential to radically transform societies and economies. At the same time, the way individuals around the world are managing their money is also changing drastically. In response to these developments, the Group has been implementing its Global Vision III strategy announced in October 2018, with the goal of developing and providing products and services that meet individuals' economic needs on a global basis.

The Group conducts its operations to reflect the convergence of financial markets and technology. Monex continues to be one of the leading online securities companies in Japan. TradeStation is experiencing growth and increasing profitability. Coincheck remains an established, leading cryptocurrency platform operator, and the Group has become one of the few publicly listed companies in the world with a significant cryptocurrency platform. With these expansions in capabilities and clients, the Group is one of the few Japanese financial institutions having both significant numbers of individual customers outside of Japan and one of the few financial institutions in the world with a substantial presence in the crypto asset operations.

The Group seeks to develop financial services for this new era with three key concepts in mind, "global", "individual" and "new technology". Looking forward and seeking to build upon these capabilities, the Group's Global Vision III strategy is to further integrate, enhance and expand its products and services in order to support individual investors around the world and their efforts to manage money.

In executing its Global Vision III strategy, the Group intends to incorporate AI and other emerging technologies in the U.S. segment, and then use that as a base for expansion of those enhancements globally in its securities trading platforms. Similarly, in the Crypto Asset segment, the Group plans both on maintaining its leading position in the cryptocurrency exchange operations as well as developing new crypto asset products and services that can be used by investors globally. In creating, developing and improving its products and services, the Group will seek to focus on millennials and other new economic players who are at ease with technology, with the goal of increasing the Group's client base both in Japan and the United States. The Group also intends to increase its operations in the Asia-Pacific region, as this area is expected to remain a source of global growth in the future.

At the same time, the Group is cognizant of changing demographics in the Japan segment and will continue to seek to offer products and services for experienced investors and wealthy individuals designed to respond to the needs of a mature market with super aging society.

Seeking to be a leading company in this new era for financial services, the Group's philosophy underpinning its Global Vision III strategy is to focus on what the needs of investors are and what investors want, and then endeavour to take advantage of new technologies, imaginative and innovative thinking, and existing expertise and strengths, with the goal of creating and offering a diverse range of products and services that assist individuals globally in achieving their financial goals.

***The transformation of the Group's business models being sought***

The Group considers that the transformation of its business model from a brokerage model to an asset management model is the key to adapting to the changing business environment and to maintaining the Group's competitiveness and market position as an innovator. In this respect, the Group is striving to introduce and establish new services, which are not traditional basic online brokerage services, but which are intended to add value to the investment activities of individual investors, and thereby establish new revenue sources.

In the Japan segment, primary customers are individuals in their 40's or 50's. They are generally more interested in long- or mid-term asset building than frequent active tradings. Monex plans to transform from a brokerage-model to an asset-management model to meet these customers' investment needs. The asset management model aims to increase assets under management, thereby obtaining a revenue source more resilient to changes in market conditions and service trends in the industry than online brokerage services. The Group has commenced initiatives to educate retail investors regarding shareholders rights to contribute to enhance the value of Japanese equities and, as a result, the value of their investments.

In May 2020, Monex announced that it will be acting as a sales agent for a public offering of a new fund, MAF (Monex Activist Fund). MAF is a publicly offered investment trust fund managed by Monex Asset Management, Inc. ("MAM") based on investment advice from JCI (Japan Catalyst, Inc.). JCI is a wholly owned subsidiary of Monex Group. MAF will be utilising the Group's existing investment management capabilities provided by MAM. MAM started as a joint-venture arrangement in November 2015 among the Group, Credit Saison Co., Ltd. ("Credit Saison") and Vanguard Group, Inc. ("Vanguard") (MAM's former name was Monex-Saison-Vanguard Investment Partners, Inc. ("MSVIP")). In April 2020, in order to enhance its capabilities in asset management business, the Group acquired Credit Saison's and Vanguard's equity interest in MSVIP, making it a wholly owned subsidiary. Following this acquisition, the Group changed MSVIP's name to Monex Asset Management, Inc. MAF will conduct engagement activities with the investee companies for the purpose of increasing corporate value in the investee companies. Such activities are made based on an expected long-term relationship to align the interests of both investors and investee companies and with the aim to contributing to the long-term performance goals of individual investors in Japan.

MAF has three major characteristics:

- (1) Investments are primarily sought in Japanese companies under transformation;
- (2) Engagement activities will take place in a comprehensive manner through initiatives of a group of professionals based in Japan; and
- (3) Seeking to conduct new types of engagement activities involving individual investors if it is deemed possible and appropriate.

JCI intends to be a seed investor in MAF. The Group is taking the position that the Group is fully committed to the success of MAF and that MAF is integral to transforming the Group's business model from the brokerage model to an asset management model. The Group will strive to make JCI and MAF pioneers in the asset-management business model by aiming to create value both for investors as well as for investee companies.

At the same time, the Group's entities in the U.S. segment are seeking to diversify their revenue sources by introducing new services, including investor education services such as subscription services of "YouCanTrade"

and the cryptocurrency business, following on the commencement of zero commission broker services, “TS GO” and “TS SELECT”. These zero commission services offer active investors new additional services, through the use of TS SELECT, with access to TradeStation’s entire range of its products and services, including its desktop platform. TS GO allows clients to trade equities for no fee, with minimal charges; TS GO users, however, do not have access to the TradeStation downloadable windows platform. In contrast, TS SELECT offers “zero commission” trading services with slightly higher extra-charges for options and futures. TS SELECT also is designed to be a meaningful alternative trading tool, seeking to be responsive to the needs of advanced traders who require broader and more sophisticated trading tools and services through the web, mobile or desktop platforms offered by TradeStation Securities.

In May 2019, TradeStation Group also launched its crypto brokerage platform, operated by “TradeStation Crypto”. TradeStation Crypto offers cryptocurrency brokerage services for self-directed online traders and institutional investors. TradeStation Crypto’s approach is to aggregate multiple pools of liquidity in a consolidated market datafeed combined with an intelligent order-routing system to provide with its customers improved visibility and trade execution. In January 2020, TradeStation Securities announced the launch of “YouCanTrade”, an online investment education service and community designed to help traders, active investors and anyone who wants to learn more about the financial markets. For these services, focus continues on accelerating user growth and expanding products and services.

The Group is dedicating its efforts to build up and expand its overall business portfolios so that the Group’s business will grow steadily.

### ***Business in Japan***

The Group introduced a transaction system that was developed by TradeStation Securities and TradeStation Technologies in 2012 which enabled Monex to lower its commission rates and extend the hours for investors to conduct transactions.

In 2017, Monex improved service and product development flexibility with the new internalised backbone in-house system named “GALAXY”, used as the electronic platform support for Monex’s brokerage system.

In 2018, the Group acquired Coincheck. By integrating Coincheck’s expertise in relation to blockchain technology and cryptoassets with the Group’s expertise in the financial industry generally and the online securities business specifically, which the Group considers to be maximised in implementing its Global Vision III strategy, the Group seeks to contribute to the stable development of the cryptoasset industry.

In 2019, Monex launched a new initiative of “Monex Activist Forum”. This project aims to encourage appropriate dialogues between individual investors and companies, and thereby contribute to increase in corporate value in Japanese companies. Monex will endeavour to educate individual investors to expand their knowledge in shareholders’ rights and encourage them to exercise their shareholders rights properly as activist investors. In April 2020, MSVIP became a wholly owned subsidiary of Monex Group as its core company for transforming itself to an asset-management model. In May 2020, Monex announced that it will be acting as a sales agent for a public offering of MAF, a public investment trust fund managed by MAM based on investment advice from JCI. JCI, a wholly owned subsidiary of Monex Group, consists of professional and diverse members from inside and outside of the Group.

### ***Overseas Business***

Developed by applying the technical capabilities of TradeStation and its engineers, the TradeStation trading platform has been strongly endorsed by active traders in the United States for many years. TradeStation Securities and TradeStation Technologies commenced to provide U.S. equity brokerage services to Monex Boom Securities and Monex in 2012, and TradeStation established a development base in Costa Rica to reduce development costs. TradeStation licensed a trading platform to Chinese brokers to expand their B to B business.

Investors and traders can use TradeStation to create, back-test, optimise and automate their trading strategies and ideas in their local securities and futures markets. TradeStation is seeking to diversify revenue sources by commencing new services including educational contents and cryptocurrency business, as well as the launch of *TSGO* and *TS SELECT*.

In the Asia-Pacific segment, Monex International Limited established a joint technology support company, Cherry Technology Co., Ltd. (“Cherry Technology”), to aim for entry to mainland China in 2015. Cherry Technology offers technology supporting services for full-fledged online brokerage business. Monex Securities Australia commenced online securities business operations in 2018 and launched a new online brokerage firm for individual investors in Australia.

## **Business**

As at 31 March 2021, Monex was one of the largest online securities brokerages in Japan in terms of customer account balances and had customer account balances of approximately ¥5,132 billion and 1,100,369 active customer accounts. Active accounts mean accounts having a positive balance or accounts which have trade activity (including withdrawal) in the past one year. Group’s total customer account balances on a world-wide basis reached approximately ¥6.4 trillion.

Much of the Group’s total operating revenue comes from brokerage commissions; but the Group also generates revenues from commissions on sales of fixed income products, foreign exchange trades, securities underwriting and the distribution of investment trusts. The Group plans to continue to increase the diversity of its product offerings to provide a broader range of financial services to individual investors.

## ***Products and Services***

The Group offers retail brokerage, cryptocurrency exchange services and other financial products and services to customers. Brokerage commissions from customers accounted for 34 per cent. of the Guarantor’s total operating revenue for the fiscal year ended 31 March 2021. The Group also offers, as a distributor, bonds, futures, options and investment trusts to customers and brokers foreign exchange trades.

Virtually all of the Group’s products and services can be purchased or accessed through its internet website and many of its products and services are also available via internet-enabled mobile and smart phones. The Group also operates a customer call centre through which customers are able to place orders as well as receive technical support and answers to questions regarding their accounts and products.

## ***Brokerage Business***

### **Stocks**

The Group enables customers to buy and sell stocks listed on the TSE, NSE, Fukuoka Stock Exchange, Sapporo Stock Exchange and the JASDAQ Securities Exchange. The Group also enables customers to trade in REITs (real estate investment trusts), ETFs, Exchange Traded Notes and venture funds that are listed on stock exchanges in Japan. The Group does not execute trades in preferred stock, Nikkei 300 index funds, stocks which are not traded in the Japan Securities Depository Centre, certain foreign stocks and country funds listed on the TSE, or ETFs managed by ETF Securities. Stock trades can be conducted online, via mobile phone or by telephone.

The Group offers its customers trading in one-kabu, or fractional interests in a number of Japanese stocks that otherwise can only be traded in large lots or “units” of shares. In addition, the Group offers equity brokerage services to stocks and exchange traded funds listed on the Hong Kong Stock Exchange, the NYSE, Euronext and the NASDAQ Stock Market and executes customer orders on a proprietary basis. Orders to be placed with Hong Kong Stock Exchange, the NYSE, Euronext and the NASDAQ Stock Market are executed within the Group under the structure in which orders are placed with Monex Boom Securities and TradeStation Securities,

respectively. Monex Boom Securities offers stock trading at 15 stock markets in 12 jurisdictions, which are Hong Kong, China, Japan, the United States, Indonesia, South Korea, Singapore, Malaysia, Thailand, Australia, Taiwan and the Philippines. TradeStation Securities offers analytical and trading platforms to the active trader and certain institutional trader markets. The TradeStation platform offers electronic order execution and enables clients to design, test, optimise, monitor and automate their own custom equities, options, futures and forex trading strategies. TradeStation Securities (a member of the NYSE, FINRA, SIPC, NSCC, DTC, OCC and CME) is a licensed securities broker-dealer and a registered futures commission merchant, and also a member of the Boston Options Exchange, Chicago Board Options Exchange, Chicago Stock Exchange, International Securities Exchange, NASDAQ OMX and Investors Exchange.

#### Margin Lending

The Group extends margin loans to its customers. Customers who wish to trade on margin must first deposit ¥300,000 in cash or securities in a separate account as collateral. The deemed value of securities deposited as collateral is adjusted in accordance with the Group's internal policies as well as applicable laws and regulations. Once a customer is authorised for margin trading, the Group will extend margin loans so long as the customer maintains the required collateral in the collateral account. The Group requires that customers provide collateral, the deemed value of which, minus any net loss in the value of securities purchased on margin, is at least 30 per cent. of the outstanding principal and accrued interest of the margin loan. In the event that the collateral minus any net valuation loss of the securities bought on margin becomes less than 25 per cent. of the margin loan, the Group requires that customers deposit cash or collateral to bring the total deemed value of the collateral to at least 30 per cent. This 25 per cent. margin call is higher than the rate at which margin calls are required by Japanese regulations, which is currently 20 per cent. If a customer fails to satisfy the margin call within the specified period, the Group liquidates the collateral and the securities purchased on margin and applies the proceeds towards paying off the customer's debts. In order to assist customers in managing their margin risk, the Group offers real-time margin monitoring and calculation tools.

#### Investment Trusts

Mutual fund investments in Japan take the form of interests in investment trusts. Although the legal structure of Japanese mutual funds is different from that of a mutual fund outside Japan, an investment trust's purpose and management are generally similar. As at 31 March 2021, the market value of customers' investment trust account balances totalled ¥1,239,691 million. The Group's customers are able to select from more than 1,200 different investment trusts managed by more than 50 different asset management companies and investment advisors. Customers are also able to set up automatic purchases of funds they select on a monthly basis. The Group's policy is to offer selected funds managed by third parties that permit customers to diversify their investment risk across various financial products and markets. The investment trusts offered by the Group include money market funds, Japanese bond funds, Japanese stock funds, international stock funds, international bond funds and balanced funds. Since December 2019, Monex made initial sales commissions of mutual funds substantially free, but in some cases the Group receives recurring fees from the fund sponsor as a percentage of the aggregate investment in a particular fund by customers.

In this connection, the Group originally engaged in the asset management business through Monex-Saison-Vanguard Investment Partners, Inc. MSVIP, a joint-venture arrangement established in November 2015, among the Group, Credit Saison and Vanguard. By leveraging cutting edge technology and financial expertise, including product related capabilities of Credit Saison and its worldwide client base and Vanguard, one of the largest and well-known firms in the global investment management industry, MSVIP was established to provide Japanese individual investors with a quality, customised investment that will better fit each investor's financial goals through distribution channels not limited to the Group's brokerage business capabilities. In April 2020, MSVIP changed its corporate name to Monex Asset Management, Inc. after acquisition by Monex Group of the shares of MSVIP previously held by Credit Saison and Vanguard.

In May 2020, Monex announced that it will be acting as a sales agent for a public offering of interests in MAF. MAF is a publicly offered investment trust fund managed by MAM based on investment advice provided by JCI, a wholly owned subsidiary of Monex Group.

#### Fixed Income Business

The Group brokers transactions for customers in Japanese Government Bonds for individuals (“JGBs for individuals”), World Bank Notes, and other bonds with high credit ratings. Customers are able to subscribe for new issues of JGBs for individuals (three years and five years fixed-rate bonds and 10-year floating-rate bonds) through the Group. The Group also offers bonds issued by foreign issuers in the secondary market in Japan (“uridashi bonds”) on behalf of issuers with high credit ratings in various currencies and in various maturities. In November 2006, Monex commenced offering various types of structured notes to further meet customers’ investment needs. In addition, in June 2007, Monex began offering in the secondary market Japanese yen dominated short-term notes and structured notes issued by the Guarantor.

#### Underwriting Business

The Group was the first of the major online brokers in Japan to participate in public offerings as an underwriter. Acting as an underwriter, the Group is able to offer customers the ability to subscribe for primary and secondary offerings of stock. In the event that customers oversubscribe for any offering, the Group allots shares to customers in accordance with its computerised allocation system. Customers are not charged any commissions in connection with their subscription for shares purchased in this manner, and the Group receives separate commissions from the company or persons selling shares in the offering. Underwriting commissions for the fiscal year ended 31 March 2021 were ¥63 million (an decrease of 39.8 per cent. compared to ¥105 million for the year ended 31 March 2020).

#### Margin Trading for Foreign Exchange

As at 31 March 2021 the Group had 63,590 active foreign exchange accounts.

Foreign currency trades are structured as two-day forward currency contracts with customers which are automatically extended on a daily basis unless terminated by customers. The Group enters into back-to-back transactions to mirror customers’ foreign currency transactions and hedges its currency exposure on a net basis. Total trading revenue from foreign exchange trading for the fiscal year ended 31 March 2021 were ¥3,988 million, comprising 5.1 per cent. of the Guarantor’s total operating revenue.

#### Options and Futures

The Group offers customers the ability to purchase futures and options. For the fiscal year ended 31 March 2021, total commissions from sales of options and futures were ¥8,015 million.

#### ***Cryptoassets***

After the Group’s acquisition in April 2018, in January 2019, Coincheck registered with the JFSA for the cryptocurrency exchange business, following the Group-wide efforts to establish a more secure and transparent online cryptocurrency platform in response to the JFSA’s business improvement order regarding the Unauthorised Transfer of customers’ NEM assets. The registration provides Coincheck the licensing base for the provision of cryptocurrency exchange business-related services.

The Group aimed to build a secured operating system to protect customers by fully supporting Coincheck’s security enhancement process. The Group is leveraging its existing expertise in system development and operation, human resources, business administration, system risk management and customer asset protection in the online securities business industry to support Coincheck’s progress to establish a more secure and transparent online cryptocurrency platform.



Coincheck has a competitive advantage in the cryptoasset industry based on its customer-base and the types of cryptocurrencies it handles. The cryptoasset industry needs to ensure a more client-protective environment in order to attract and retain investors utilising the products. The introduction of regulations should assist in requiring more transparency to the market.

Coincheck is seeking to expand its business by adding new cryptocurrencies it handles and offering other improvements. This started with the offering of Monacoin services in June 2019. Concurrently, Coincheck seeks to reduce cyber security risks by limiting the maximum amount of cryptocurrencies stored in any one hot wallet managed by Coincheck to less than approximately 5 per cent. of assets in custody (cryptocurrency) as at 31 March 2021. In addition, Coincheck accepts customer payment in the form of the Monex Points for cryptocurrency purchases. The registered issuer of Monex Points is Monex and Monex Points are given to customers when they trade securities through Monex. Also, Monex plans to host cryptoasset seminars targeting its customers with support from Coincheck, as well as explore potential cryptoasset business opportunities in addition to the cryptocurrency exchange business, such as through potential collaborations with business partners and other industry participants.

Coincheck operates sixteen coin marketplaces in Japan, in addition to four coin exchange places, including BTC. Coincheck believes it has an easy-to-use UX for beginners, is able to reach young investors having little investment experience, and periodically reviews its pricing in order to seek to offer competitive prices which differentiates the platform from competitors, which contribute to enhancing its revenue contributions to the Group's results of operations.

### ***Investment Business***

Up to September 2017, the Group only made principal investments. The main target of these investments was fintech start-up enterprises. In October 2017, Monex-Edison Investment Business Limited Partnership was formed to make investments in start-up companies in Japan. In January 2019, the Group established its first principal venture capital vehicle, "MV I Investment Limited Partnership" and its assets under management reached ¥2.65 billion as at 31 March 2021. This entity intends to invest in companies operating in the new financial infrastructure and its applications, including those utilising blockchain or AI technology as well as other cutting-edge technologies. This vehicle seeks to monetise its investments through securities listings, although other possible liquidity events may be used, for example, the Group sold all of its shares of Pocket Concierge to American Express in 2019.

### ***Other, Products and Services***

#### **Investment Information**

The Group provides a broad range of free information to customers in order to give its customers access to the market and financial information that they desire, such as real-time data and third-party market research. In addition to the free information, the Group provides access to third-party reports and market data tools on a monthly subscription basis. As well as providing detailed descriptions of each of its products and services including examples of sample transactions and screen shots of the relevant order systems on its website, the Group offers various investment seminars throughout the year on themes relevant to the market and individual investors at that time.

#### **Stock Lending**

Customers who have stock margin accounts may, at their election, lend the Group their shares in exchange for monthly interest payments. Customers are permitted to buy and sell shares as usual throughout the period during which their shares are lent to the Group and may choose to terminate the stock lending arrangement at any time. The Group lends shares borrowed from customers to financial institutions.

### ***Liquidity and Capital Resources***

The Group's principal funding need is to support margin lending to its customers. In connection with margin transactions, the Group borrows cash from Japan Securities Finance Co., Ltd. and one other securities finance company which lend shares and funds in connection with margin transactions in Japan (collectively, the "Financial Companies"). The Group also finances its liquidity needs through a combination of cash provided from operations and short-term and long-term borrowings available under its loan facilities with Mizuho Bank, Ltd. and a number of other banks and issue of bonds. As at 31 March 2021, the Guarantor had a total of ¥209,611 million of loans payable and other borrowings owing to banks or other financial institutions. These arrangements have customary events of default. From 1 April 2021 to the date of this Offering Circular, the Issuer issued unsecured bonds whose principal amount is ¥35 billion in aggregate. The Group receives collateral in the form of cash deposits from financial institutions to which the Group has lent shares of stock borrowed from its customers, and the Group is able to utilise these cash deposits to satisfy a portion of its working capital needs.

Other than its margin lending operations, the Group's general working capital needs associated with its ongoing business operations consist primarily of payments under leasing and outsourcing service contracts relating to its computer systems, as well as the lease of its office space. The Group finances these general working capital needs through a combination of cash provided from operations and short-term or long-term borrowings under its loan facilities and issue of bonds.

As a licensed securities company, Monex is subject to minimal capital requirements under Japanese securities laws. Although the Guarantor does not currently anticipate a need for long-term debt or equity financing in order to support its working capital needs or to meet minimum capital requirements, the Group may raise additional capital by loans or equity finance or other means in the future if necessary to satisfy these requirements or support its business operations.

### ***Technology and Information Systems***

The Group is drawing on its technical capabilities to create new value and experiences for customers. As an online securities company offering cryptoasset services as well, technology and information systems are not only the key to offering highly automated, efficient and reliable services, but are also important in differentiating its services from those of the Group's competitors. The Group has been utilising cloud services as its platform for the investment information services it originally launched in May 2013. In January 2018, Monex improved its service and product development flexibility with "GALAXY", its internalised backbone system. "GALAXY" is used as the electronic platform support for Monex's brokerage system. Through the development of "GALAXY", the Group is seeking to have internal capabilities and resources in order to provide all of its group companies the ability to continue to develop, maintain and update cutting-edge operational electronic systems. With this foundation, the Group expects that its group companies will have full flexibility and speed in relation to the development of new products and services.

The servers that run its systems are operated by an in-house system, and it monitors network functions 24 hours a day. The Group's systems include features intended to protect its systems from unauthorised access, are designed with redundancy and protections to limit interruptions from breakdowns, earthquakes and flooding and have backup power in the event of a power outage for three days. In addition, the Group uses multiple internet service providers to avoid over-reliance on a single provider. Account holders generally receive almost immediate electronic notification of order executions, which are later followed by printed trade confirmation and detailed monthly statements. The Group uses an in-house system to provide various back-office services and computerised trading/processing systems and other related maintenance services, including account opening services, preparation and delivery of execution reports and customer statements.

Client information transmitted over the internet is encrypted to prevent theft or corruption. The authentication technology the Group uses requires customers to use their password and user identification code to access information on its website, including their accounts.

Coincheck continues to focus on strengthening its cyber security efforts as a registered cryptocurrency exchange business. The Group has invested resources, along with the know-how and experience gained in the management of its online securities business, to enhance and improve Coincheck's cyber security and internal management systems. Continuing to strengthen cyber security will be a focus of the Group, with the goal that such efforts should lead to sustainable growth for Coincheck.

### ***Customers***

The Group aims to assist retail investors build their assets by providing online brokerage services and cryptoasset services through its securities brokerage subsidiaries in Japan, the United States and Hong Kong and its cryptoasset service company in Japan. The Group is working to broaden its customer base of retail investors by offering investment-related information as a form of education through online seminars designed to suit its customers' investment activities. By deploying a strategy of developing systems in-house, the Group is striving to develop and provide leading-edge financial services that can successfully compete in the marketplace and establish a global financing brand in the eyes of retail investors.

Monex's brokerage business customers are individuals and entities that are residents of Japan. As at 31 March 2021, nearly 100 per cent. of Monex's active securities account holders were individuals, of whom 26.98 per cent. were between the ages of 40 to 49, and 25.0 per cent. were between the ages of 50 to 59. Coincheck's customers are individuals and entities that are residents of Japan. As at 31 March 2021, nearly 100 per cent. of Coincheck's active account holders were individuals, mainly consisting of individuals under the age of 40.

The Group plans to continue to target its brokerage/cryptoasset services at individual investors, seeking to provide better services to be developed based on customer input on an on-going basis.

In the United States, TradeStation Group has established a good-quality customer base through its solid reputation among active traders, built up over many years. Established as a systems development company, TradeStation Group has highly advanced technical capabilities, and owns an extensive track record of commendations for its internally developed trading platforms. In the year ended 31 March 2019, TradeStation introduced simplified commission pricing for equities and options trades, charging a fixed U.S.\$5 commission per equities trade and a fixed U.S.\$5 commission plus U.S.\$0.50 per option contract. TradeStation refreshed the brand and ran various campaigns to attract casual traders to expand the customer base during the preceding fiscal year. TradeStation offers real-time spot data for cryptoassets in addition to offering bitcoin futures. In the year ended 31 March 2020, TradeStation Securities introduced new commission structures, in the TSGO and TS SELECT products, to offer zero commission trading to customers who use its web platform and mobile applications for equities, options, ETFs and futures from late 2019. TSGO allows clients to trade for no fee, charging \$0.50 per contract for options transactions, but not access to the TradeStation downloadable platform. While the low-cost commission product TS SELECT offers a valuable alternative designed for the advanced trader who seeks a broader and more sophisticated suite of tools and services on the TradeStation web, mobile and desktop platforms. After implementation of these measures, Tradestation's customer base and revenue have almost doubled in the year ended 31 March 2021.

### ***Marketing***

The Group's marketing strategy is to promote its products and services as user-friendly, economical and effective tools for individual investors to manage their asset planning. The Group promotes itself through its website, media relations, joint activities with its shareholders and through business alliances as well as through

promotional campaigns. The Group also offers account opening services, demonstrations of its internet trading systems and investor education seminars.

Through arrangements with a variety of third parties, the Group advertises its services and brand name through banner ads placed on such third parties' websites.

### ***Competition***

The retail securities brokerage industry in Japan and the United States is extremely competitive as is the cryptoasset industry in Japan. For example, since the complete deregulation of brokerage commissions in 1999 online brokerage firms and online accounts have increased rapidly. The Group's major competitors include other Japanese online brokerage firms as well as full-service brokerage firms in Japan. The highly competitive nature of the Japanese online securities industry has been leading to lower its brokerage commissions.

### **Employees**

As at 31 March 2021, the Group had 1,129 full-time employees.

### **Legal Proceedings**

The Group is routinely involved in litigation and other legal proceedings in connection with the ordinary course of its business. In addition, Coincheck is subject to claims arising from or related to the Unauthorised Transfer. The Guarantor has not recognised any provisions in its financial statements for losses arising from or related to these claims as it considers the amounts currently claimed on the merits of such pending disputes are unlikely to impact its results of operations. See "RISK FACTORS – Risks Relating to the Group and its Business – The Group's cryptoasset businesses are subject to a number of risks and uncertainties".

Except for claims arising from or related to the Unauthorised Transfer identified in the preceding paragraph, the Group is not involved in any litigation or other legal proceeding that would individually or in the aggregate, if determined adversely to the Group, have a material adverse effect on its business, financial condition or operating results.

### **Management**

The Guarantor has adopted the committee system by resolution of the shareholders meeting held in June 2021. The names and titles of the Guarantor's directors as at the date of this Offering Circular are as follows:

<b>Name</b>	<b>Title</b>
Oki Matsumoto .....	Managing Director & Chairman
Yuko Seimei	Managing Director
Shoji Kuwashima .....	Managing Director & Vice Chairman
Takashi Oyagi .....	Managing Director
Jun Makihara.....	Outside & Independent Director (Lead Independent Director)
Nobuyuki Idei.....	Outside & Independent Director
Fujiyo Ishiguro.....	Outside & Independent Director
Nobuo Domae .....	Outside & Independent Director
Masaaki Koizumi .....	Outside & Independent Director
Shiho Konno .....	Outside & Independent Director
Naofumi Yamada	Outside & Independent Director

Jun Makihara, Nobuyuki Idei, Fujiyo Ishiguro, Nobuo Domae, Masaaki Koizumi, Shiho Konno and Naofumi Yamada are outside directors as defined under the Company Law..

The committee members of the Guarantor at the date of this Offering Circular are as follows:

- Nominating Committee: Nobuyuki Idei (chair), Jun Makihara, Fujiyo Ishiguro, Oki Matsumoto, Nobuo Domae, Naofumi Yamada
- Compensation Committee: Jun Makihara (chair), Nobuyuki Idei, Oki Matsumoto, Nobuo Domae
- Audit Committee: Masaaki Koizumi (chair), Shiho Konno, Naofumi Yamada

The executive officers of the Guarantor at the date of this Offering Circular are as follows:

- Representative executive officers: Oki Matsumoto (CEO) and Yuko Seimei (COO & CFO)
- Executive officers: Kiminori Kaneko, Takashi Oyagi, John Bartleman, Shoji Kuwashima, Masayuki Okamoto, Katsuki Mandai and Takuya Yamanaka

### Consolidated Subsidiaries and Companies Subject to Equity Method

The Guarantor conducts its business together with its subsidiaries (being companies over which the Guarantor exerts substantial control through either majority ownership of voting stock or by other means). As at 31 March 2021, the Guarantor had 28 consolidated subsidiaries and three associate companies subject to the equity method accounting. The following table presents information on significant consolidated subsidiaries and companies subject to equity method as at 31 March 2021:

Name	Location	Main business	Issued capital (Millions of Yen or otherwise stated)	Percentage of voting interests directly and indirectly held by the Guarantor  (Per cent.)
<b>Consolidated Subsidiaries:</b>				
Monex, Inc. ....	Japan	Securities business and related services	12,200	100.0
Monex- Asset Management, Inc. ....	Japan	Investment management services and investment advisory services	1,400	100.0
Monex Finance Corporation .....	Japan	Group Finance	50	100.0
Coincheck, Inc. ....	Japan	Cryptocurrency exchange service	101	99.5
Monex Ventures, Inc...	Japan	Discovery and incubation of new businesses which would contribute to the Group's growth	100	100.0
MV I Investment Limited Partnership.....	Japan	Investment Limited Partnership	2,382	39.6
TradeStation Group, Inc. ....	U.S.	Intermediate holding company in U.S.	(USD10)	100.0

Name	Location	Main business	Issued capital (Millions of Yen or otherwise stated)	Percentage of voting interests directly and indirectly held by the Guarantor (Per cent.)
TradeStation Securities, Inc.....	U.S.	Securities business and related services	(USD100)	100.0
TradeStation Technologies, Inc.....	U.S.	Technology development business	(USD100)	100.0
Monex International Limited.....	Hong Kong	Intermediate holding company in Hong Kong	(USD45,862,487)	100.0
Monex Boom Securities (H.K.) Limited.....	Hong Kong	Securities business and related services	(HKD149,402,200)	100.0
Monex Securities Australia Pty Ltd.....	Australia	Securities business and related services	(AUD5,175,748)	100.0
<b>Companies Subject to Equity Method:</b>				
Cherry Technology Co., Ltd. ....	China	Technology support	(RMB30,000,000)	49.0

## MONEX FINANCE CORPORATION

### Overview

The Issuer was incorporated under Japanese law with limited liability as a joint stock corporation (*kabushiki kaisha*) on 17 March 2017. The Issuer is a wholly owned subsidiary of the Guarantor and has authorised 100 thousand shares of common stock, with paid-in capital of ¥50 million and 1,000 shares of common stock issued and outstanding as at the date of this Offering Circular. The registered office of the Issuer is at 12-32, Akasaka 1-chome, Minato-ku, Tokyo 107-6025, Japan.

The Issuer was established to provide financing to all entities in the Group. The Issuer intends to obtain funding through issuance of notes under the Programme as well as from borrowings from banks, and to thereafter lend funds so obtained from the foregoing to Group entities within the Group.

### Selected Non-Consolidated Financial Data

The following table provides selected financial data extracted from the Issuer's annual non-consolidated financial statements in Japanese as at and for the years ended 31 March 2020 and 31 March 2021 prepared in accordance with the FIEL and accounting principles generally accepted in Japan.

#### Income Statement

	For the year ended 31 March	
	2020	2021
	(Millions of Yen)	
Total operating revenue .....	913	916
Profit or loss before income taxes .....	231	317
Profit or loss .....	156	213

#### Balance Sheet

	As at 31 March	
	2020	2021
	(Millions of Yen)	
Total assets.....	47,266	41,975
Total liabilities .....	46,991	41,603
Total net assets.....	275	371

## Capitalisation and Indebtedness

The following table sets forth the Issuer's non-consolidated capitalisation and indebtedness as at 31 March 2021, which has been extracted without material adjustment from the Issuer's annual non-consolidated financial statements in Japanese as at the same date.

	<b>As at 31 March 2021</b>
	<b>(Millions of Yen)</b>
<b>Bonds and Loans Payable:</b>	
Short-term borrowings:	
Short-term loans payable and other .....	2,436
Bonds payable.....	20,800
Total short-term borrowings .....	23,236
Long-term debt:	
Bonds payable.....	18,015
Long-term loans payable .....	—
Total long-term debt .....	18,015
Total bonds and loans payable.....	41,250
<b>Equity:</b>	
Common stock:	
Authorised 100,000 shares	
Issued: 1,000 shares .....	50
Retained earnings .....	321
Total equity .....	371
Total capitalisation and indebtedness <sup>(1)</sup> .....	41,621

### Notes:

- (1) Total capitalisation and indebtedness is the total of Total bonds and loans payable and Total equity.
- (2) From 1 April 2021 to the date of this Offering Circular, the Issuer issued unsecured bonds whose principal amount is ¥3.5 billion.
- (3) Save as disclosed above, there has been no material change in the Issuer's non-consolidated capitalisation and indebtedness since 31 March 2021.

## Management and Employees

The names and titles of the Issuer's directors as at the date of this Offering Circular are as follows:

<b>Name</b>	<b>Title</b>
Akira Inoue.....	Representative Director



Hiroshi Aikawa.....	Director
Tomokazu Furukawa.....	Director
Yasuyuki Kotera.....	Corporate Auditor

Akira Inoue is Executive Officer of the Guarantor. Hiroshi Aikawa is Member of the Board of Monex and Executive Director of Monex Group, Tomokazu Furukawa is General Manager of Finance Department of Monex. Yasuyuki Kotera is Corporate Auditor of Monex Ventures.

None of the persons listed above performs any activities outside the Group which are significant with respect to the Group.

There is no potential conflict of interest between the duties to the Issuer of the persons listed in the above charts and their private interests or other duties.

As at 31 March 2021, the Issuer had two employees.

## TAXATION

### Japan

The following statements are not intended to constitute a complete analysis of all tax consequences (and limited to Japanese national taxes) relating to the purchase, ownership and disposition of the Notes that will be issued by the Issuer outside Japan and will be payable outside Japan. Prospective purchasers should consult their own tax advisers concerning the tax consequences of their particular situation.

Interest payments on the Notes will be subject to Japanese withholding tax unless the holder establishes that the Note is held by or for the account of a holder that is (i) for Japanese tax purposes, neither (x) an individual resident of Japan or a Japanese corporation, nor (y) an individual non-resident of Japan or a non-Japanese corporation for Japanese tax purposes (a “non-resident holder”) that in either case is a person having a special relationship with the Issuer as described in Article 6, paragraph 4 of the Special Taxation Measures Act of Japan (a “Related Party”) or (ii) a Japanese designated financial institution as described in Article 6, paragraph 11 of the Special Taxation Measures Act of Japan which complies with the requirement for tax exemption under that paragraph.

- (a) if interest is paid to an individual resident of Japan, to a Japanese corporation not described in item (ii) above, or to a non-resident holder that in either case is a Related Party (except as provided in paragraph (b) below), the amount of such interest will be subject to deduction in respect of Japanese income tax at a rate of 15 per cent. (for the period to and including 31 December 2037, an additional 0.315 per cent. is added thereto as special income tax for reconstruction), provided that an individual resident of Japan or an individual non-resident of Japan having a permanent establishment in Japan that is a Related Party (except as provided in paragraph (b) below), either of whom meets certain requirements, although initially subject to such deduction, will ultimately be subject to Japanese income tax on income calculated by offsetting certain capital losses against certain incomes, including such interest, at a rate of 15 per cent. (for the period to and including 31 December 2037, an additional 0.315 per cent. is added thereto as special income tax for reconstruction); and
- (b) if interest is paid to a public corporation, a financial institution, a financial instruments business operator or certain other entities through a Japanese payment handling agent as provided in Article 3-3, paragraph 6 of the Special Taxation Measures Act in compliance with the requirement for tax exemption under that paragraph, the amount of such interest will not be subject to deduction in respect of Japanese income tax.

It should be noted that if the recipient of interest on the Notes is a Japanese corporation the amount of such interest will be included in the recipient’s income which is subject to Japanese corporate tax under the Corporate Tax Act of Japan (Law No. 34 of 1965, as amended); provided that the amount of Japanese income tax withheld under the Income Tax Act of Japan will be generally credited against the amount of Japanese corporate tax.

Under the Special Taxation Measures Act, payment of interest on the Notes outside Japan by the Issuer or any Paying Agent to a beneficial owner that is a non-resident holder who is not a Related Party will not be subject to Japanese withholding tax, provided that the beneficial owner complies with procedures for establishing its status in accordance with the requirements of the Special Taxation Measures Act as summarised below:

- (i) If the Notes or Coupons are deposited with an agent which handles the interest payments on the Notes as defined in the Cabinet Order (the “payment handling agent”) in accordance with the Cabinet Order, (A) the recipient of the interest provides such payment handling agent which holds the Notes or Coupons in its custody (the “payment handling custodian”) with information

including, inter alia, its name and address and obtains confirmation from the payment handling custodian of the correctness of such information by presenting certain documentary or other evidence to such payment handling custodian; (B) such payment handling custodian notifies “Interest Recipient Information” (providing, inter alia, (a) that all recipients are non-resident holders who are not Related Parties; (b) the amount of the interest payable to the recipients who are non-resident holders who are not Related Parties) which is prepared by such payment handling custodian based on the information provided by the recipient, to the Issuer or (if the Notes or Coupons are further sub-deposited with another payment handling agent including a clearing organisation (the “sub-depositary”) by such payment handling custodian) through such sub-depositary to the Issuer, at the latest one day prior to the date on which such payment handling custodian receives from the Issuer the amount of the interest for the payment to the recipients; and (C) the Issuer prepares “Interest Recipient Confirmation” based upon Interest Recipient Information and submits it to the competent Japanese tax authority (the “tax authority”); or

- (ii) If the Notes or Coupons are held otherwise than through a payment handling custodian, upon each payment of the interest on the Notes, the recipient files a “Claim for Exemption from Taxation” (providing, inter alia, the name and address of the recipient of the interest) or files by certain electronic method the information to be described in “Claim for Exemption from Taxation” with the tax authority through the Issuer or (if payment of interest is made through the payment handling agent) through the payment handling agent and the Issuer.

If the recipient of interest on the Notes is a non-resident holder who is not a Related Party, failure by such non-resident holder to comply with the above requirements will result in the withholding of Japanese income tax.

The above exemption from the withholding of Japanese income tax on the interest payments of the Notes is also applied to a Japanese financial institution or a Japanese financial instruments business operator, etc. as designated by the Cabinet Order pursuant to Article 6, paragraph 11 of the Special Taxation Measures Act which receives the interest on the Notes outside of Japan (i.e. receives the interest otherwise than through the payment handling agent in Japan).

If the recipient of the interest on the Notes is a non-resident holder who is not a Related Party, the above exemption from the withholding of Japanese income tax on the interest payments of the Notes shall not apply if the amount of interest is determined based on the amount of profit, sales or revenue or other similar basis (as provided in the Cabinet Order) of (a) the Issuer or (b) a Related Party.

If the recipient of interest on the Notes is a non-resident holder who has a permanent establishment in Japan and the receipt of interest is attributable to such permanent establishment and if such non-resident holder is not a Related Party and complies with the above requirements, such interest will be subject to Japanese income tax or corporate tax, as appropriate, payable other than by way of withholding.

If the recipient of the difference between the acquisition price of Notes and the amount which the holder receives upon redemption of such Notes (hereinafter referred to as the “profit from redemption”) is (i) a non-resident holder having no permanent establishment within Japan or having a permanent establishment in Japan but the receipt of such profit from redemption is not attributable to such permanent establishment and (ii) not a Related Party, no income tax or corporate tax is payable with respect to such profit from redemption. Such profit from redemption will be subject to Japanese income tax or corporate tax if (a) the recipient of such profit from redemption is a non-resident holder that is a Related Party, or (b) the receipt of such profit from redemption is attributable to a permanent establishment maintained by a non-resident holder in Japan.

### **U.S. Foreign Account Tax Compliance Withholding (“FATCA”)**

Pursuant to certain provisions of the United States Internal Revenue Code of 1986 (the “Code”), commonly known as FATCA, a “foreign financial institution” may be required to withhold on certain payments it makes (“foreign passthru payments”) to persons that fail to meet certain certification, reporting, or related requirements. The Issuer may be a foreign financial institution for these purposes. A number of jurisdictions (including Japan) have entered into, or have agreed in substance to, intergovernmental agreements with the United States to implement FATCA (“IGAs”), which modify the way in which FATCA applies in their jurisdictions. Certain aspects of the application of the FATCA provisions and IGAs to instruments such as the Notes, including whether withholding would ever be required pursuant to FATCA or an IGA with respect to payments on instruments such as the Notes, are uncertain and may be subject to change. Even if withholding would be required pursuant to FATCA or an IGA with respect to payments on instruments such as the Notes, proposed regulations have been issued that provides that such withholding would not apply prior to the date that is two years after the date on which final regulations defining “foreign passthru payments” are published in the U.S. Federal Register. In the preamble to the proposed regulations, the U.S. Treasury Department indicated that taxpayers may rely on these proposed regulations until the issuance of final regulations. Additionally, Notes that are characterised as debt (or which are not otherwise characterised as equity and have a fixed term) for U.S. federal tax purposes that are issued on or prior to the date that is six months after the date on which final regulations defining “foreign passthru payments” are filed with the U.S. Federal Register generally would be “grandfathered” for purposes of FATCA withholding unless materially modified after such date (including by reason of a substitution of the Issuer). However, if additional Notes that are not distinguishable from previously issued Notes are issued after the expiration of the grandfathering period and are subject to withholding under FATCA, then withholding agents may treat all Notes, including the Notes offered prior to the expiration of the grandfathering period, as subject to withholding under FATCA. Holders should consult their own tax advisors regarding how these rules may apply to their investment in the Notes.

## SUBSCRIPTION AND SALE

### **Summary of Dealer Agreement**

Subject to the terms and on the conditions contained in the amended and restated dealer agreement dated 31 August 2021, as amended, restated and/or supplemented from time to time (the “Dealer Agreement”), and made between the Issuer, the Guarantor, the Permanent Dealers and the Arranger, the Notes will be offered on a continuous basis by the Issuer to the Permanent Dealers. However, the Issuer has reserved the right to sell Notes directly on its own behalf to Dealers that are not Permanent Dealers. The Notes may be resold at prevailing market prices, or at prices related thereto, at the time of such resale, as determined by the relevant Dealer. The Notes may also be sold by the Issuer through the Dealers, acting as agents of the Issuer. The Dealer Agreement also provides for Notes to be issued in syndicated Tranches that are severally underwritten by two or more Dealers.

The Issuer will pay each relevant Dealer a commission as agreed between them in respect of Notes subscribed by it. The Issuer has agreed to reimburse the Arranger for certain of its expenses incurred in connection with the establishment of the Programme and the Dealers for certain of their activities in connection with the Programme. The commissions in respect of an issue of Notes on a syndicated basis will be stated in the relevant Final Terms.

The Issuer has agreed to indemnify the Dealers against certain liabilities in connection with the offer and sale of the Notes. The Dealer Agreement entitles the Dealers to terminate any agreement that they make to subscribe Notes in certain circumstances prior to payment for such Notes being made to the Issuer.

### **Selling Restrictions**

#### *United States*

The Notes and the Guarantee have not been and will not be registered under the Securities Act, as amended and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons except in certain transactions exempt from the registration requirements of the Securities Act. Terms used in this paragraph have the meanings given to them by Regulation S under the Securities Act.

Notes having a maturity of more than one year are subject to U.S. tax law requirements and may not be offered, sold or delivered within the United States or its possessions or to a U.S. person, except in certain transactions permitted by U.S. tax regulations. Terms used in this paragraph have the meanings given to them by the Code and regulations thereunder.

Each Dealer has represented, warranted and agreed, and each further Dealer appointed under the Programme will be required to represent, warrant and agree, that, except as permitted by the Dealer Agreement, it will not offer, sell or deliver the Notes of any identifiable Tranche (i) as part of their distribution at any time or (ii) otherwise until 40 days after completion of the distribution of such Tranche, within the United States or to, or for the account or benefit of, U.S. persons, and it will have sent to each Dealer to which it sells Notes during the distribution compliance period a confirmation or other notice setting forth the restrictions on offers and sales of the Notes within the United States or to, or for the account or benefit of, U.S. persons.

In addition, until 40 days after the commencement of the offering, an offer or sale of Notes within the United States by any dealer (whether or not participating in the offering) may violate the registration requirements of the Securities Act.

#### *Prohibition of Sales to EEA Retail Investors*

Each Dealer has represented and agreed that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Notes which are the subject of the offering contemplated by this

Offering Circular as completed by the final terms in relation thereto to any retail investor in the European Economic Area. For the purposes of this provision:

- (a) the expression “retail investor” means a person who is one (or more) of the following:
  - (i) a retail client as defined in point (11) of Article 4(1) of MiFID II; or
  - (ii) a customer within the meaning of the Insurance Distribution Directive, where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or
  - (iii) not a qualified investor as defined in the Prospectus Regulation; and
- (b) the expression “offer” includes the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe for the Notes.

### **Prohibition of Sales to UK Retail Investors**

Each Dealer has represented and agreed that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Notes which are the subject of the offering contemplated by this Offering Circular as completed by the final terms in relation thereto to any retail investor in the United Kingdom. For the purposes of this provision:

- (a) the expression “retail investor” means a person who is one (or more) of the following:
  - (i) a retail client, as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of domestic law by virtue of the EUWA; or
  - (ii) a customer within the meaning of the provisions of the FSMA and any rules or regulations made under the FSMA to implement the Insurance Distribution Directive, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the EUWA; or
  - (iii) not a qualified investor as defined in Article 2 of the UK Prospectus Regulation, and
- (b) the expression “offer” includes the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe for the Notes.

Each Dealer has further represented, warranted and agreed that:

- (i) in relation to any Notes which have a maturity of less than one year, (a) it is a person whose ordinary activities involve it in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of its business and (b) it has not offered or sold and will not offer or sell any Notes other than to persons whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of their businesses or who it is reasonable to expect will acquire, hold, manage or dispose of investments (as principal or agent) for the purposes of their businesses where the issue of the Notes would otherwise constitute a contravention of section 19 of the FSMA by the Issuer;
- (ii) it has only communicated or caused to be communicated and will only communicate or cause to be communicated any invitation or inducement to engage in investment activity (within the meaning of section 21 of the FSMA) received by it in connection with the issue or sale of any Notes in circumstances in which section 21(1) of the FSMA does not apply to the Issuer or the Guarantor; and

- (iii) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to any Notes in, from or otherwise involving the United Kingdom.

### ***Japan***

The Notes have not been and will not be registered under the FIEL and interest payments on the Notes are generally subject to Japanese withholding tax in accordance with the Special Taxation Measures Act. Accordingly, each Dealer has represented and agreed that (i) it has not, directly or indirectly, offered or sold and will not, directly or indirectly, offer or sell, Notes in Japan or to, or for the benefit of, any resident of Japan (which terms as used in this item (i) means any person resident in Japan, including any corporation or other entity organised under the laws of Japan, the same applies in this paragraph) or to others for re-offering or re-sale, directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan, except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, the FIEL and any other applicable laws, regulations and ministerial guidelines of Japan; and (ii) it has not, directly or indirectly, offered or sold and will not, (a) as part of its distribution at any time directly or indirectly offer or sell Notes in Japan or to, or for the benefit of, any person other than a Gross Recipient or to others for re-offering or re-sale, directly or indirectly, in Japan or to, or for the benefit of, any person other than a Gross Recipient and (b) otherwise until 40 days after the closing date directly or indirectly offer or sell Notes in Japan or to, or for the benefit of, any beneficial owner that is for Japanese tax purposes an individual resident of Japan or Japanese corporation for Japanese tax purposes (except for a Japanese financial institution, designated in Article 3-2-2, paragraph (29) of the Special Taxation Measures Act Enforcement Order (Cabinet Order No.43 of 31 March 1957, as amended), (the “Cabinet Order”), that will hold Notes for its own proprietary account and an individual resident of Japan or a Japanese corporation whose receipt of interest on the Notes will be made through a payment handling agent in Japan as defined in Article 2-2 of the Cabinet Order). A “Gross Recipient” for this purpose is (x) a beneficial owner that is, for Japanese tax purposes, not an individual resident of Japan, a Japanese corporation or an individual non-resident of Japan or a non-Japanese corporation that is a person or entity controlling, or controlled by, the Issuer, or otherwise having a special relationship with the Issuer as provided in Article 6 of the Cabinet Order, (y) a Japanese financial institution, designated in Article 3-2-2, paragraph (29) of the Cabinet Order that will hold Notes for its own proprietary account or (z) an individual resident of Japan or a Japanese corporation whose receipt of interest on the Notes will be made through a payment handling agent in Japan as defined in Article 2-2, paragraph (2) of the Cabinet Order.

### ***Singapore***

Each Dealer has acknowledged that this Offering Circular has not been and will not be registered as a prospectus with the Monetary Authority of Singapore. Accordingly, each Dealer has represented, warranted and agreed that it has not offered or sold any Notes or caused such Notes to be made the subject of an invitation for subscription or purchase and will not offer or sell such Notes or cause such Notes to be made the subject of an invitation for subscription or purchase, and has not circulated or distributed, nor will it circulate or distribute, this Offering Circular or any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of such Notes, whether directly or indirectly, to persons in Singapore other than (i) to an institutional investor (as defined in Section 4A of the SFA) pursuant to Section 274 of the SFA, (ii) to a relevant person (as defined in Section 275(2) of the SFA) pursuant to Section 275(1), or any person pursuant to Section 275(1A), and in accordance with the conditions specified in Section 275, of the SFA and (where applicable) Regulation 3 of the Securities and Futures (Classes of Investors) Regulations 2018, or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

This Offering Circular has not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, this Offering Circular and any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of Notes may not be circulated or distributed, nor may Notes be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to

persons in Singapore other than (i) to an institutional investor (as defined in Section 4A of the SFA) pursuant to Section 274 of the SFA, (ii) to a relevant person (as defined in Section 275(2) of the SFA) pursuant to Section 275(1), or any person pursuant to Section 275(1A), and in accordance with the conditions specified in Section 275, of the SFA and (where applicable) Regulation 3 of the Securities and Futures (Classes of Investors) Regulations 2018, or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

Where the Notes are subscribed or purchased under Section 275 of the SFA by a relevant person which is:

- (a) a corporation (which is not an accredited investor (as defined in Section 4A of the SFA)), the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or
- (b) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary of the trust is an individual who is an accredited investor,

securities or securities-based derivatives contracts (each term as defined in Section 2(1) of the SFA) of that corporation or the beneficiaries' rights and interest (howsoever described) in that trust shall not be transferred within 6 months after that corporation or that trust has acquired the Notes pursuant to an offer made under Section 275 of the SFA except:

- (i) to an institutional investor or to a relevant person, or to any person arising from an offer referred to in Section 275(1A) or Section 276(4)(i)(B) of the SFA;
- (ii) where no consideration is or will be given for the transfer;
- (iii) where the transfer is by operation of law;
- (iv) as specified in Section 276(7) of the SFA; or
- (v) as specified in Regulation 37A of the Securities and Futures (Offers of Investments) (Securities and Securities-based Derivatives Contracts) Regulations 2018 of Singapore.

Any reference to the SFA is a reference to the Securities and Futures Act, Chapter 289 of Singapore and a reference to any term as defined in the SFA or any provision in the SFA is a reference to that term or provision as modified or amended from time to time including by such of its subsidiary legislation as may be applicable at the relevant time.

### **General**

These selling restrictions may be modified by the agreement of the Issuer, the Guarantor and the Dealers following a change in a relevant law, regulation or directive. Any such modification will be set out in the Final Terms issued in respect of the issue of Notes to which it relates or in a supplement to this Offering Circular.

No representation is made that any action has been taken in any jurisdiction that would permit a public offering of any of the Notes, or possession or distribution of this Offering Circular or any other offering material or any Final Terms, in any country or jurisdiction where action for that purpose is required.

Each Dealer has agreed that it shall, to the best of its knowledge, comply with all relevant laws, regulations and directives in each jurisdiction in which it purchases, offers, sells or delivers Notes or has in its possession or distributes this Offering Circular, any other offering material or any Final Terms in all cases at its own expense.

### **Other Relationships**

Some of the Dealers and their affiliates have engaged in, and may in the future engage in, investment banking and other commercial dealings in the ordinary course of business with the Issuer, the Guarantor or the



Guarantor's subsidiaries and affiliates. They have received customary fees and commissions for these transactions.

## GENERAL INFORMATION

1. Application has been made to the SGX-ST for permission to deal in, and for quotation of, any Notes to be issued pursuant to the Programme and which are agreed at or prior to the time of issue thereof to be so listed on the SGX-ST. Such permission will be granted when such Notes have been admitted to the Official List of the SGX-ST. So long as any Notes are listed on the SGX-ST and the rules of SGX-ST so require, the Issuer and the Guarantor shall appoint and maintain a paying agent in Singapore where such Notes may be presented or surrendered for payment or redemption, in the event that any of the Global Notes representing such Notes is exchanged for definitive Notes. In addition, if any of the Global Notes representing such Notes is exchanged for definitive Notes, an announcement of such exchange shall be made by or on behalf of the Issuer through the SGX-ST and such announcement will include all material information with respect to the delivery of the definitive Notes, including details of the paying agent in Singapore. The Notes will be traded on the SGX-ST in a minimum board lot size of S\$200,000 (or its equivalent in foreign currencies) for so long as the Notes are listed and quoted on the SGX-ST and the rules of the SGX-ST so require.
2. Each of the Issuer and the Guarantor has obtained all necessary consents, approvals and authorisations in connection with the Programme. The establishment of the Programme has been duly authorised by a resolution of the Board of Directors of the Issuer dated 11 August 2017. The update of the Programme in 2021 was authorised by a resolution of the Board of Directors of the Issuer dated 26 July 2021. The giving of the Guarantee under the Programme was initially authorised pursuant to a resolution of the Board of Directors of the Guarantor dated 22 August 2017 and the continuation of the Guarantee has been duly authorised pursuant to a resolution of the Board of Directors of the Guarantor dated 26 July 2021.
3. There has been no significant change in the financial or trading position of the Issuer, the Guarantor or of the Group since 31 March 2021 (save as disclosed in the notes to each of the Issuer's and the Guarantor's capitalisation and indebtedness on pages 71 and 96), nor material adverse change in the prospects of the Issuer or of the Group since 31 March 2021.
4. Save as disclosed in "Risks Relating to the Group and its Business – The Group's cryptoasset businesses are subject to a number of risks and uncertainties – Litigation risks arising from or related to the Unauthorised Transfer of NEM may impact the Group", none of the Issuer, the Guarantor or any of the Guarantor's subsidiaries is involved in any governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Issuer or the Guarantor is aware) during the 12 months preceding the date of this Offering Circular which may have or has had in the recent past significant effects on the financial position or profitability of the Issuer, the Guarantor or the Group.
5. Each Note having a maturity of more than one year, Receipt, Coupon and Talon will bear the following legend:

“Any United States person who holds this obligation will be subject to limitations under the United States income tax laws, including the limitations provided in Sections 165(j) and 1287(a) of the Internal Revenue Code”.
6. Each Note, Receipt, Coupon and Talon will bear the following legend:

INTEREST PAYMENTS ON THIS SECURITY WILL BE SUBJECT TO JAPANESE WITHHOLDING TAX UNLESS THE HOLDER ESTABLISHES THAT THE SECURITY IS HELD BY OR FOR THE ACCOUNT OF A HOLDER THAT IS (I) FOR JAPANESE TAX PURPOSES,

NEITHER (X) AN INDIVIDUAL RESIDENT OF JAPAN OR A JAPANESE CORPORATION, NOR (Y) AN INDIVIDUAL NON-RESIDENT OF JAPAN OR A NON-JAPANESE CORPORATION THAT IN EITHER CASE IS A PERSON HAVING A SPECIAL RELATIONSHIP WITH THE ISSUER AS DESCRIBED IN ARTICLE 6, PARAGRAPH 4 OF THE SPECIAL TAXATION MEASURES ACT OF JAPAN (A “SPECIALLY-RELATED PERSON OF THE ISSUER”) OR (II) A JAPANESE DESIGNATED FINANCIAL INSTITUTION AS DESCRIBED IN ARTICLE 6, PARAGRAPH 11 OF THE SPECIAL TAXATION MEASURES ACT OF JAPAN WHICH COMPLIES WITH THE REQUIREMENT FOR TAX EXEMPTION UNDER THAT PARAGRAPH.

- (A) IF INTEREST IS PAID TO AN INDIVIDUAL RESIDENT OF JAPAN, TO A JAPANESE CORPORATION NOT DESCRIBED IN ITEM (II) ABOVE, OR TO AN INDIVIDUAL NON-RESIDENT OF JAPAN OR A NON-JAPANESE CORPORATION THAT IN EITHER CASE IS A SPECIALLY-RELATED PERSON OF THE ISSUER (EXCEPT AS PROVIDED IN PARAGRAPH (B) BELOW), THE AMOUNT OF SUCH INTEREST WILL BE SUBJECT TO DEDUCTION IN RESPECT OF JAPANESE INCOME TAX AT A RATE OF 15 PER CENT. (FOR THE PERIOD TO AND INCLUDING 31 DECEMBER 2037, AN ADDITIONAL 0.315 PER CENT. IS ADDED THERETO AS SPECIAL INCOME TAX FOR RECONSTRUCTION), PROVIDED THAT AN INDIVIDUAL RESIDENT OF JAPAN OR AN INDIVIDUAL NON-RESIDENT OF JAPAN HAVING A PERMANENT ESTABLISHMENT IN JAPAN THAT IS A SPECIALLY-RELATED PERSON OF THE ISSUER (EXCEPT AS PROVIDED IN PARAGRAPH (B) BELOW), EITHER OF WHOM MEETS CERTAIN REQUIREMENTS, ALTHOUGH INITIALLY SUBJECT TO SUCH DEDUCTION, WILL ULTIMATELY BE SUBJECT TO JAPANESE INCOME TAX ON INCOME CALCULATED BY OFFSETTING CERTAIN CAPITAL LOSSES AGAINST CERTAIN INCOMES, INCLUDING SUCH INTEREST, AT A RATE OF 15 PER CENT. (FOR THE PERIOD TO AND INCLUDING 31 DECEMBER 2037, AN ADDITIONAL 0.315 PER CENT. IS ADDED THERETO AS SPECIAL INCOME TAX FOR RECONSTRUCTION); AND
- (B) IF INTEREST IS PAID TO A PUBLIC CORPORATION, A FINANCIAL INSTITUTION, A FINANCIAL INSTRUMENTS BUSINESS OPERATOR OR CERTAIN OTHER ENTITIES THROUGH A JAPANESE PAYMENT HANDLING AGENT AS PROVIDED IN ARTICLE 3-3, PARAGRAPH 6 OF THE SPECIAL TAXATION MEASURES ACT IN COMPLIANCE WITH THE REQUIREMENT FOR TAX EXEMPTION UNDER THAT PARAGRAPH, THE AMOUNT OF SUCH INTEREST WILL NOT BE SUBJECT TO DEDUCTION IN RESPECT OF JAPANESE INCOME TAX.

- 7. Notes have been accepted for clearance through the Euroclear and Clearstream, Luxembourg systems (which are the entities in charge of keeping the records). The Common Code, the International Securities Identification Number (ISIN) and (where applicable) the identification number for any other relevant clearing system for each Series of Notes will be set out in the relevant Final Terms.

The address of Euroclear is 1 Boulevard du Roi Albert II, B-1210 Brussels, Belgium and the address of Clearstream, Luxembourg is 42 Avenue JF Kennedy, L-1855 Luxembourg. The address of any alternative clearing system will be specified in the applicable Final Terms.

- 8. The issue price and the amount of the relevant Notes will be determined, before filing of the relevant Final Terms of each Tranche, based on the prevailing market conditions. The Issuer does not intend to provide any post-issuance information in relation to any issues of Notes.

9. For so long as Notes may be issued pursuant to this Offering Circular, the following documents will be available, during usual business hours on any weekday (Saturdays and public holidays excepted), for inspection at the office of the Fiscal Agent:
  - (i) the Agency Agreement and any amendments and supplements thereto (which includes the forms of the Global Notes, the definitive Notes, the Coupons, the Receipts and the Talons);
  - (ii) the Deed of Covenant and any amendments and supplements thereto;
  - (iii) the Deed of Guarantee and any amendment or supplement thereto;
  - (iv) the English translations of the Articles of Incorporation and Regulations of the Board of Directors of the Issuer and the Guarantor;
  - (v) the audited consolidated financial statements of the Guarantor for the years ended 31 March 2020 and 2021 in English, together in each case with the audit reports thereon, and copies of any subsequent published audited annual consolidated financial statements in English and quarterly financial summaries of the Guarantor, which are partial English translations of the Japanese reports of the Guarantor's consolidated financial summaries under IFRS (*kessan tanshin*);
  - (vi) each Final Terms (save that Final Terms relating to a Note which is not listed will only be available for inspection by a holder of such Note and such holder must produce evidence satisfactory to the Issuer and the Fiscal Agent as to its holding of Notes and identity); and
  - (vii) a copy of this Offering Circular together with any supplement to this Offering Circular or further Offering Circular and any documents incorporated by reference herein.
10. KPMG AZSA LLC of AZSA Center Building, 1-2, Tsukudo-cho, Shinjuku-ku, Tokyo 162-8551, Japan (independent public accountants) have audited the consolidated financial statements of the Guarantor as of and for the years ended 31 March 2021 and 2020.

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