



Integrated Report 2017



MONEX GROUP
Monex Group, Inc.



Business Principles

Always a step ahead of the
“Y” in “MONEY,” our name
MONEX symbolizes our position
as a forerunner in finance.

In the face of an ever-changing future, the Monex Group utilizes state-of-the-art IT technologies and world-class financial expertise to design innovative ways of managing money and to redefine finance for a new era. We will strive to support everyone’s investment and economic needs.

Code of Conduct

- Celebrating the diversity of each and every one of our customers and employees
- Driving the future of technology and first class financial professionalism that empowers traders and investors
- Creating new value to contribute to all stakeholders

A Message to All Stakeholders

State-of-the-art IT and world-class financial expertise to lead innovation and create corporate value.



Oki Matsumoto

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

Since Monex, Inc. was established in Japan in 1999, the Monex Group has been developing business based around its online brokerage services for retail investors. The medium- to long-term business strategy Global Vision, which was designed to boost revenue through globalization and IT, came to an end in March of 2017, resulting in our own in-house systems with cutting-edge technology at all global offices. On our own unique system platform, we will continue to offer customer-oriented services that can be fulfilled only because we are the Monex Group. In addition to Japan, the U.S. and China, going forward we will also start online brokerage services in Australia to not only increase our customer base even more but to continue to focus resources on creating new business. As we look toward the constantly-changing future, we will build new business that is both innovative and diversified, based on new business principles that outline an approach toward money for a new age.

Since our founding, the Monex Group has been constructing a governance system that centers on foresight and diversity, and looks to continuously pursue an independent organization like designing our own in-house system. Going forward, we shall use our state-of-the-art IT and world-class financial expertise to strive and develop profitable services, which are conducive to investment and economic activities for various individual customers. We shall ensure sustainable growth for the Group and continue to further increase corporate value.



Cover Artwork

Akiko Hashimoto

There is something I want to talk about.

2017 / Chinese ink, acrylic and pencil on paper / Dimensions variable

The art pieces, which Ms. Hashimoto spent approximately 3 weeks creating in the Monex, Inc. press room, incorporate the people who use the press room and create a unique space. That is, the bird and vegetation that were depicted in the pieces, based on actual pictures and videos, are purposefully spread out one by one, facilitating an interaction with the people visiting the press room and forming a kind of landscape. In addition, the pieces on display include some that integrate the circular shape of the room. This feature goes beyond the relationship between art and person, but alludes to the art and its relationship with the new Monex office space.



Akiko Hashimoto

PROFILE

Born in 1988, Hashimoto obtained an M.A from Musashino Art University. Her work includes pencil drawings on paper and installations. Solo exhibition: "Call if you notice" gallery blanka, Aichi(2016). Group exhibitions: "a.a.t.m. Art Award Tokyo Marunouchi 2015" Marunouchi Bldg., Tokyo(2015), "Opposite side of expression Sao Paulo-Tokyo" Museo Afro Brasil, Brazil(2014). Award: "Shell Art Awards 2014" (2014) Jury Prize.

Editing Policy

This report was created based on the Monex Group's policies with due consideration of The International Integrated Reporting Framework, released by the International Integrated Reporting Council. The report was made to show the Group's unique business model and management strategies and to enable the reader to gain an overall perspective of the Group.

Detailed Information on Financial Results

Refer to the Annual Financial Statements for details on the Annual Financial Statements in March 2017.
http://www.monexgroup.jp/en/investor/ir_library/annual_report.html

Reporting Period

Fiscal year under review:
April 1, 2016 to March 31, 2017
(including some activities that started from April 2017)

Organization under review

Monex Group, Inc. and Group Companies

Contents

Who we are ?

- 01 Business Principles, Code of Conduct
- 02 A Message to All Stakeholders
- 03 Contents / Editing Policy
- 05 At a Glance [Overview of Business / Summary of Products and Services / Investment Information and Advice / History / Process of Creating Corporate Value for the Monex Group / Business KPIs \(IFRS\)](#)

Our Way

- 15 CEO Message
- 21 CFO Message
- 25 Management Supporting the Monex Group
- 27 Special Feature – Growth Strategies that Expand the Customer Base

Our Segment

- 33 Overview of Segments [Japan Segment / U.S. Segment / Asia-Pacific Segment](#)

Our ESG

- 37 ESG Management
- 38 ESG Topics [Customer Education / Monex's Approach toward Personnel / Female Managers and Employees Working While Raising Kids](#)
- 41 Management Foundation (Corporate Governance)
[Profile of Officers / Reasons for Appointing Directors / Message from Outside Directors / Dialogue with Stakeholders](#)
- 51 Management Foundation (Risk Control)

Financial Section

- 53 10 Years Highlight
- 55 Financial Information
- 57 Consolidated Financial Statements
- 63 Stock Information
- 64 Overview of Group Companies

At a Glance

Overview of Business

Office Locations

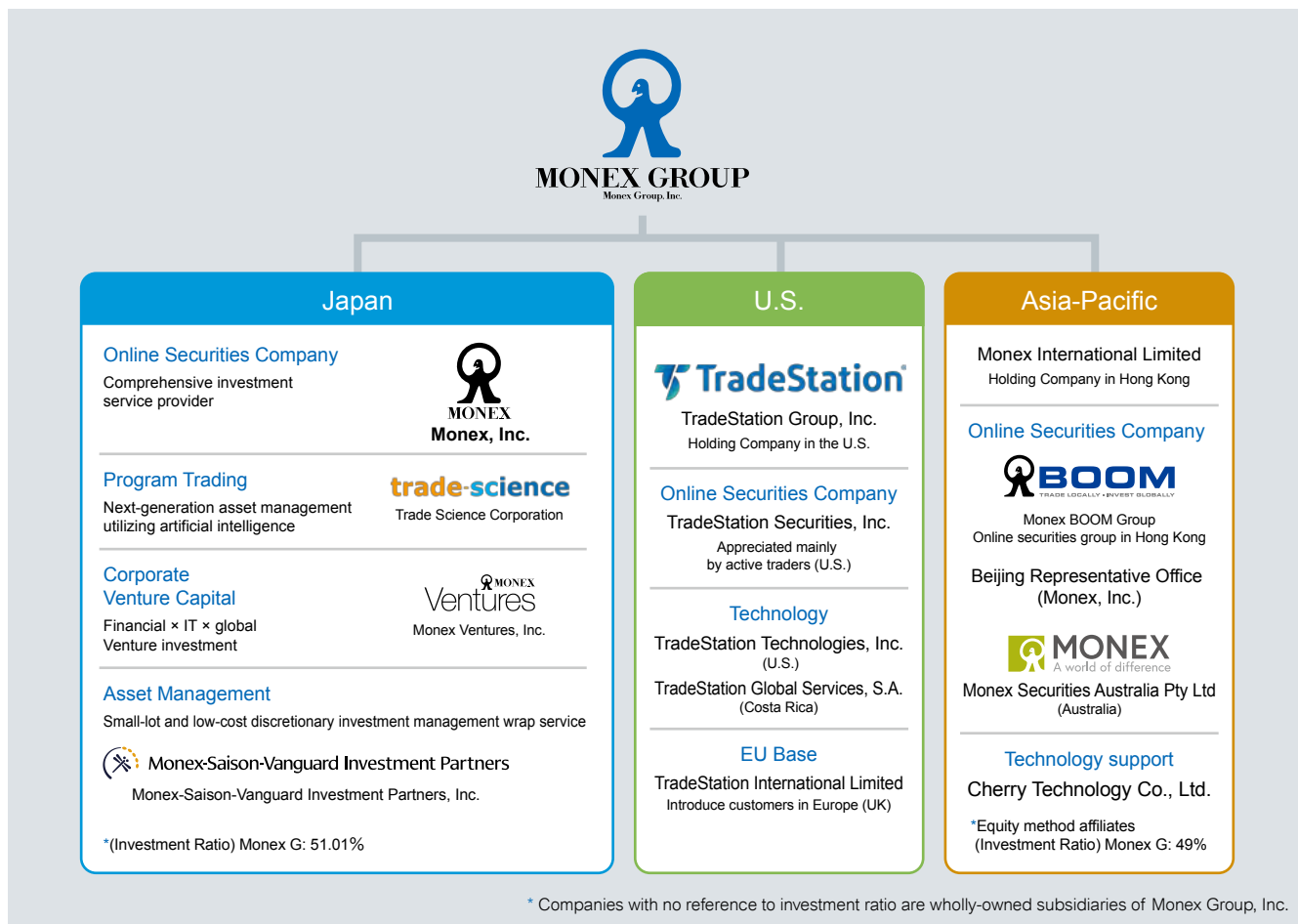
The Monex Group provides retail investors with global financial products online from 12 office locations in Japan, the U.S., and other countries in Asia-Pacific (Hereafter referred to as "AP," i.e. China, Hong Kong and Australia(*)).

* Online securities business is scheduled to be launched in Australia during latter half of fiscal year ended in March 2018 (See page 31 for details).



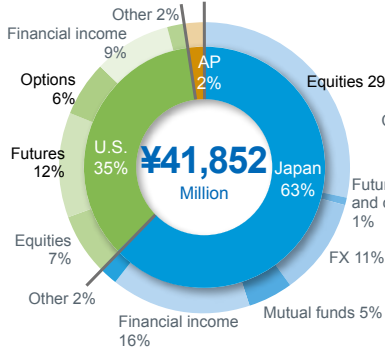
Group Overview

Online securities business is operated in Japan, the U.S. and countries in AP.



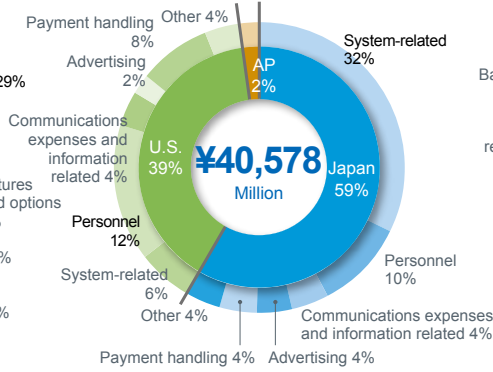
Group Revenue and Expenses and Employee Breakdown (Fiscal Year Ended March 2017)

Total operating revenue after deducting financial expenses by segment and by business



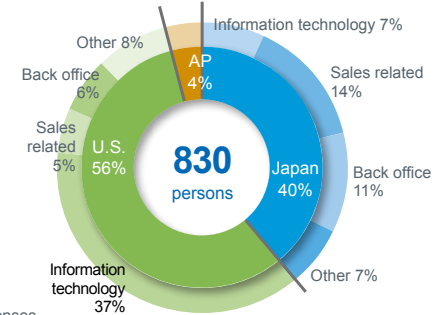
[Main customer base]
Japan: Investors
U.S.: Active traders

SG&A by segment and by cost items



Ratio of system-related expenses in Japan was high due to running the new and old backbone brokerage systems parallelly until March 2017

Employees by segment and by department

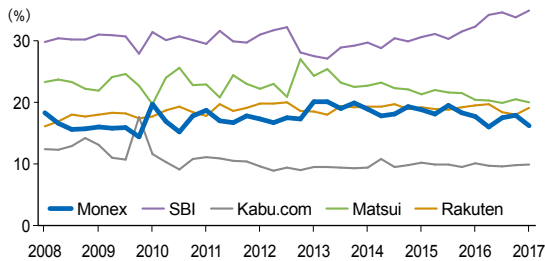


U.S. and AP account for 60%. U.S. has a larger number of technology-related employees as it internally develops its system

Status of Japan

Stock brokerage commission share

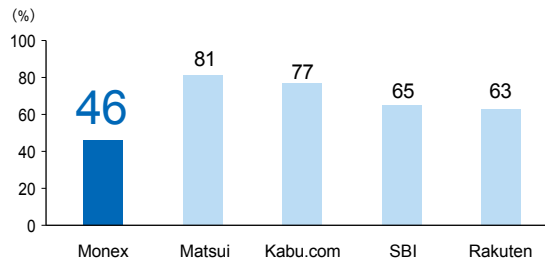
(FYE Mar. 2008 - FYE Mar. 2017)



Stable commission share. Aiming to increase active traders that perform margin trading to expand market share going forward.

Ratio of margin trading to total trading volume

(4Q FYE Mar. 2017)

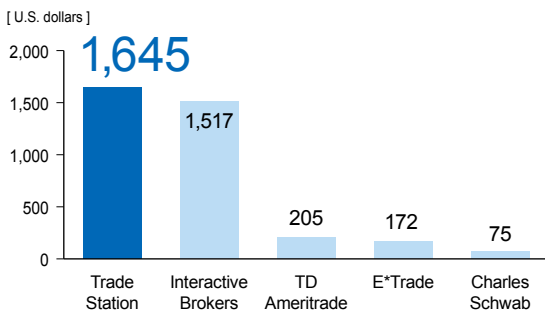


(Source) Released statements from each company and Kinzai Institute for Financial Affairs, Inc.

Status of U.S.

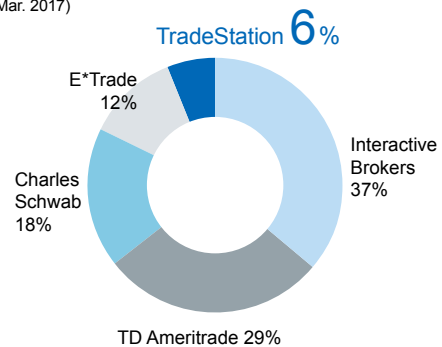
Brokerage commissions per account

(4Q FYE Mar. 2017)



DARTs share for 5 major firms

(4Q FYE Mar. 2017)



Brokerage commissions per account outperform major online securities businesses in U.S. Increase the number of accounts in the future to expand DARTs market share

Who we are ?
 Our Way
 Our Segment
 Our ESG
 Financial Section

Summary of Products and Services

Various products and services are developed and provided to respond to the different needs of traders and investors.

(As of September, 2017)




	Product /Service name	Description
Japan	Cash trading (Stock, ETF, ETN, REIT)	There are various ordering methods available including a stop-order as well as services such as the automatic ordering service for margin trading. These services have an advantage with risk control.
	Margin trading (Stock, ETF, ETN, REIT)	
	Foreign stocks • U.S. stocks (Cash trading, ETF) • Chinese stocks (Cash trading, ETF)	Providing support for specific accounts and services with the lowest fees in the industry. Approximately 3,000 U.S. stock trading companies are available, and Japan's first Zero ETF (program with free commission fees for U.S.-based ETF trading) is also provided.
	Initial Public Offering (IPO)	Distribution using an impartial drawing method (computer-based random drawing).
	Off-floor distributions	
	Stock lending service	This service is the first in the industry. Customers lend shares to Monex, Inc. and Monex pays a lending stock interest.
	FX PLUS (Foreign exchange margin trading)	The "Auto trail (multiple orders) method" with automatic ordering is available.
	Monex FX (FX-only accounts)	Different trading tools with intuitive operation are available and we offer the narrowest spreads in the industry.
	Investment trust	Mutual funds can be purchased starting from ¥100, and a regular investment program for beginners, such as a "Zero fee mutual fund regular investment" is also available.
	iDeCo (Individual-type Defined Contribution pension plan)	A lineup of well-screened and high quality products is available at low cost, and we offer full support for beginning investors with portfolio assessment.
	Foreign-currency-denominated MMF	
	Futures and option trading	Functions such as stop-orders or OCO orders, stop and reverse orders, good-til-date orders are available.
	"Click Stock 365"	Offering Stock index margin trading (exchange CFD) with the lowest commission fees in industry.
	Bonds	Corporate bonds are issued for individuals, enabling small-scale investment starting from ¥10,000. Our corporate bond was awarded "Deal of the Year" hosted by the British company mtn-i, Ltd. in July 2017.
	Robo-advisor	Providing our wrap service for individuals "MSV LIFE" as well as Monex Adviser (*).
Monex Gold	Supporting investment plans for a regular amount or quantity, as well as delivery of purchased gold.	
U.S.	ETF Stocks, ETF	Equities, futures and options can be traded on one platform and programming for automated buying and selling as well as back testing functions are available. The advanced trading and analysis platforms developed in-house have gotten great support from its customer base of active traders.
	Option trading	
	Futures trading	
	Investment trust	
	Bonds	
Hong Kong	Stock, ETF, ETN	Stocks of 12 countries and regions are available for trading. Up to 6 currencies can be settled in one account.
	American Depositary Receipt	
	Bonds	
Australia	Stock, ETF, ETN	Stocks of 12 countries and regions are available for trading. Up to 6 currencies can be settled in one account. (*)

* Service is scheduled to launch in the latter half of the fiscal year ended March 2018.

Investment Information and Advice

Providing high quality information globally to support for investment decisions made by customers.

(As of September, 2017)

	Product /Service name	Main investment information and reports	Content
Japan	All products	Monex Mail	This email magazine has been distributed every business day since 1999.
		Nation-wide Monex investment seminars	These investment seminars are held in lecture halls in cities throughout the country.
	Stock	Strategy Report	 This report is by Takashi Hiroki, our Chief Strategist.
		Explanations on financial topics	 This report is by Nana Otsuki, our Chief Analyst.
		Investment hints	 This report is by Toshiyuki Kanayama, our Senior Market Analyst.
		Japanese stocks - Company focus	This report is by Toshiyuki Kanayama, our Senior Market Analyst, and by Yutaka Masushima, our Market Analyst.
		Analyst report	This business and industry analyst report is provided by J.P. Morgan and Toward the Infinite World, Inc.
		Market outlook	This stock report is by FISCO.
	Foreign stock (U.S. stock)	"U.S. stocks by Takao Hirose," a weekly report on U.S. stocks	This report is by Takao Hirose, the Managing Director of Contextual Investments, LLC.
		U.S. stocks online seminar	
		iBillionaire	This website offers a peek into the latest portfolios of renowned U.S. investors.
	FX PLUS	The Mori Report	This report is by Kojiro Mori, a Foreign Exchange Strategist.
	Monex FX (FX-only accounts)	FX Focus & Prime Action	This column is by Masato Chin, a Technical Analyst.
		Noriyuki Mizukami's weekly column	This column is by Noriyuki Mizukami, a Technical Analyst.
		Shinkichi Takano's weekly column	This column is by Shinkichi Takano, our Foreign Exchange Dealer.
DeepMacro FX Strategies		This column is by Takashi Hiroki, our Chief Strategist.	
U.S.	Equities	Spotlight On ... Larry Williams	This online seminar is given by Larry Williams, a market strategist.
	Equities & Futures	Spotlight On ... John Bollinger	In this seminar, John Bollinger, a market strategist who invented Bollinger Bands, explains how to use the tool.
	All Asset Classes	Spotlight On ... John Carter	This online seminar is given by John Carter, a financial educator.
		Morning Market Briefing	The Morning Market Briefing is an online seminar that covers market predictions and analysis every morning by a different trader.
	A Simple Five-Step Checklist for Profitable Trading	In this online seminar, Barry Burns explains the trading score card that evaluates trades.	
Hong Kong	Technical Analysis	Stock Signals	This tool comprehensively analyzes the market index and recommends promising stocks.
		DOW JONES Daily Market Briefing	This briefing provides investment information, such as the performance in the main market index.
		Daily Technical Newsletter	This newsletter provides investment information, such as technical analysis every day on global stocks.
	Master Views	Dr. Chan Yan Chong	This column is by Dr. Chan Yan Chong covering the stock markets in Japan and the U.S.
		Mr. BOOM	This column is by Mr. Boom covering topics on trends.
	Stock Search Tools	Global ETF Center	This tool screens global ETFs.
		Index composite Stocks	This tool checks the performance of the main indices for 5 markets: Hong Kong, the U.S., Japan, Taiwan and Australia.
		China B-shares and H-shares	The tool is convenient for finding investment opportunities with A shares via Shanghai- and Shenzhen-Hong Kong Stock Connects.

Who we are ?

Our Way

Our Segment

Our ESG

Financial Section

History

Japan



The joint-establishment of Monex, Inc. as an online brokerage firm by Oki Matsumoto, a financial expert, and Sony Corporation was headline news in Japan

1999

- Establishment of Monex, Inc. (Apr)
- Begins offering online brokerage service upon complete liberalization of stock brokerage commissions in Japan

2000

- Monex, Inc. stock is listed on the Tokyo Stock Exchange "Mothers" Market

2000

2000

- TradeStation acquires Online Trading.com, a direct-access securities brokerage firm

1997

- TradeStation stock lists on NASDAQ

1982

- TradeStation Technologies, Inc. is formed as Omega Research, Inc.

2004

- Monex Beans Holdings, Inc. (now Monex Group, Inc.) is established through a business integration of Monex, Inc. and Nikko Beans, Inc.
- Monex Group, Inc. stock is listed on the Tokyo Stock Exchange "Mothers" Market in exchange for the delisting of Monex, Inc. stock

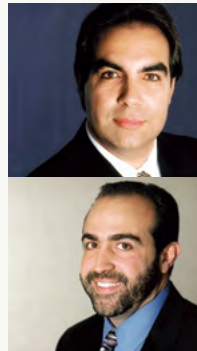
2005

- Monex, Inc. and Nikko Beans, Inc. merge to become Monex, Inc. (former name: Monex Beans, Inc.)
- Monex Group, Inc. stock changes its listing from the "Mothers" Market to the First Section of the Tokyo Stock Exchange

2005

2006

- TradeStation Europe Limited receives approval from the FSA (UK) as an introducing broker

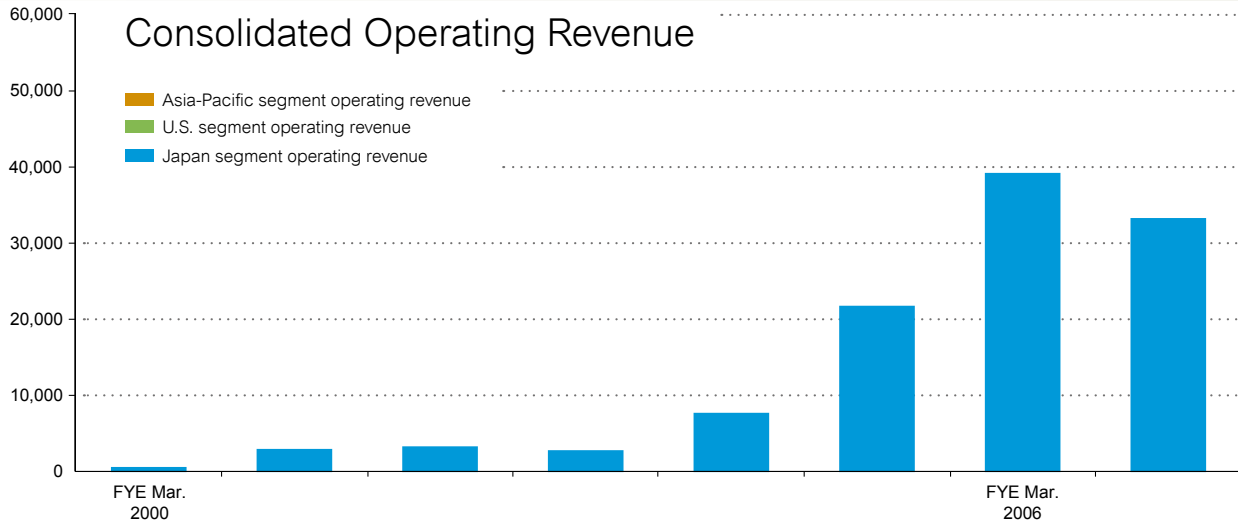


Brothers William and Rafael Cruz are musicians as well as the founders of an investment analysis software development firm

U.S.

Asia-Pacific

(Millions of yen)



Expansion of operations in Japan through M&A

2008

- Acquisition of 90% shares of Tokyo Forex (Apr)
 (It changed its name to "Monex FX" in June.
 Absorbed in absorption-type merger by Monex, Inc. in 2015)

2013

- Monex, Inc. merges with Sony Bank Securities Inc.
- Monex Group, Inc. becomes a Company with Committees
- Monex Group, Inc. implements a stock split (1:100)
- Monex Group, Inc. has introduced IFRS.

2010

- Monex Group, Inc. completes a share exchange to acquire Orix Securities Corporation
- Monex, Inc. merges with Orix Securities Corporation

2012

- Monex Group, Inc. acquires Sony Bank Securities Inc.

2015

- Monex, Inc. merges with Monex FX, Inc.
- Monex-Saison-Vanguard Investment Partners, Inc. is established

2010

2010

2011

- TradeStation becomes a wholly-owned subsidiary of Monex Group, Inc. and its stock delisted from NASDAQ

2012

- TradeStation Global Services, S.A. (Costa Rica) is established

2015



Monex-Saison-Vanguard Investment Partners offer a wrap service that can make investments using small-scale accounts at a low cost with a robo-advisor

2015

- Cherry Technology Co., Ltd, which provides technical support in PRC, is established

2008

- Monex Group, Inc. opens a Beijing Representative Office (closed in 2012 after opening Monex, Inc.'s Beijing Representative Office)

FYE Mar. 2010

FYE Mar. 2012

FYE Mar. 2017

Global Expansion

Combining globalization and internal development of brokerage systems

Who we are ?

Our Way

Our Segment

Our ESG

Financial Section

At a Glance

Process of Creating Corporate Value for the Monex Group



Capital

Online brokerage transaction system

State-of-the-art IT

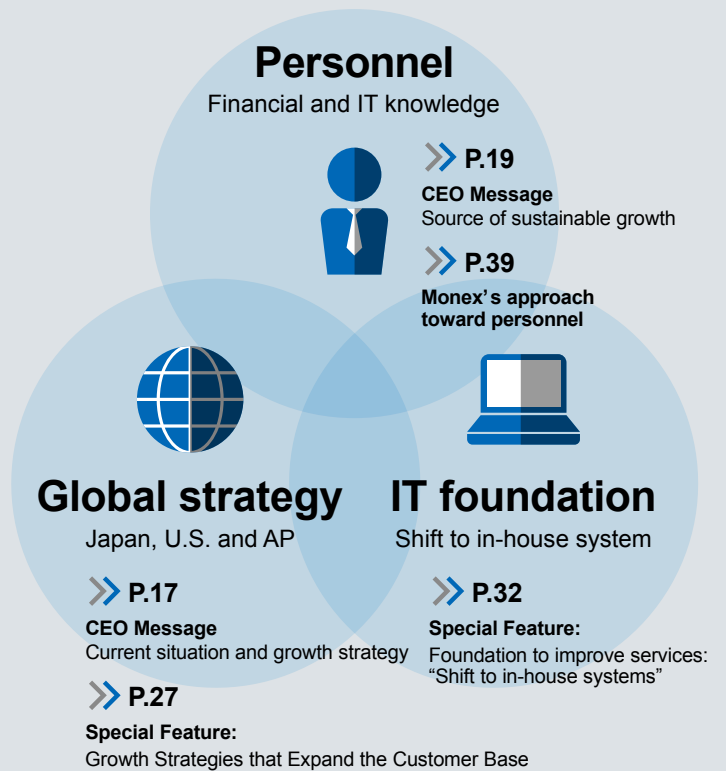
Finance and IT personnel

Monex brand

Distribution of resources

Business Principles

➤ **P.01** Always a step ahead of the “Y” in “MONEY,” our name MONEX symbolizes our position as a forerunner in finance.



Monex Group business model

Online Securities Services
Providing retail investors with world-class financial services driven by state-of-the-art IT

Our management strategy focuses on strong governance and foreseeability when allocating management resources. As experts in finance, our personnel strive to provide support using IT so that retail investors around the world can engage in investment and economic activities in a stress-free manner.

Thanks to our in-house backbone brokerage systems, the Group companies now have more freedom to develop services and improve everyday usability quickly as well as provide support that can foresee and adapt to radical changes in the industry going forward. We will use our IT system and personnel as a distinguishing factor to redefine the future of finance ahead of other companies in order to expand our customer base. Because this will help increase revenue and contribute to the financial system, which is crucial to society, we believe that this path will improve the corporate value of the Company.

Creating value



Improving shareholder value Total shareholder return

➤ **P.20 CEO Message** Source of sustainable growth
Increasing corporate value further



World-class online brokerage transaction system

➤ **P.32 Special Feature:** Foundation to improve services:
"Shift to in-house systems"



Providing new services (Japanese TradeStation and MSV LIFE)

➤ **P.28 Special Feature:** Two cutting-edge trading tools
for Japanese and U.S. equities

➤ **P.29 Special Feature:** "MSV LIFE" with robo-advisor



Global personnel with advanced financial and IT expertise

➤ **P.19 CEO Message** Source of sustainable growth

➤ **P.39 Monex's approach toward personnel**



Establishing a global Monex brand

➤ **P.30 Special Feature:** U.S. marketing strategy

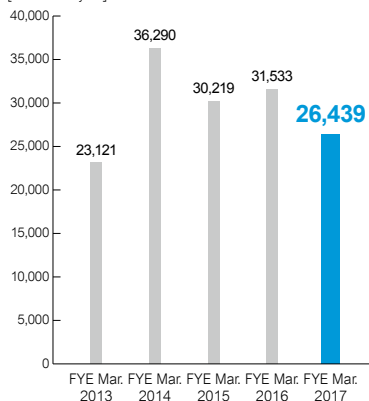
➤ **P.31 Special Feature:** Strategy for growing in Asia-Pacific area

Business KPIs (IFRS)

Total operating revenue after deducting financial expenses and cost of sales / Net operating revenue

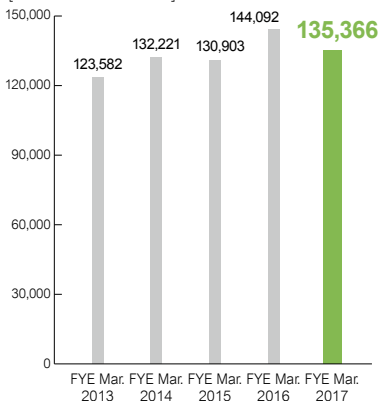
Japan Segment

[Millions of yen]



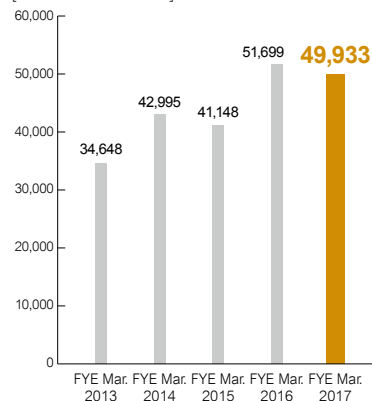
U.S. Segment

[Thousands of U.S. dollars]



Asia-Pacific Segment

[Thousands of HK dollars]

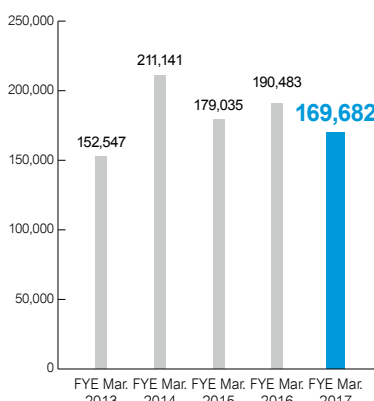


* The figures for Japan, the U.S. and Asia-Pacific are after inside trading was eliminated.

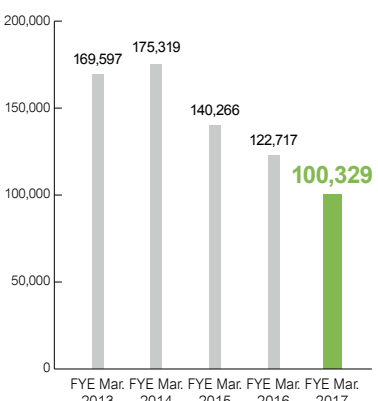
DARTs (*1)

Strong correlation with brokerage commissions

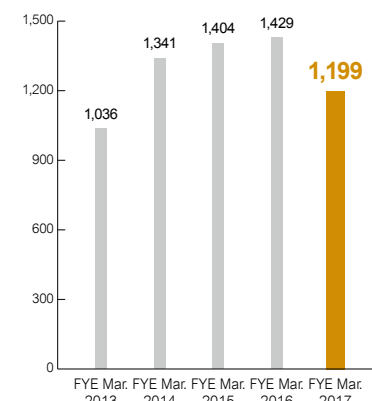
Japan Segment



U.S. Segment (*2)



Asia-Pacific Segment



*1 DARTs: Daily Average Revenue Trades (Definitions to apply throughout this material)

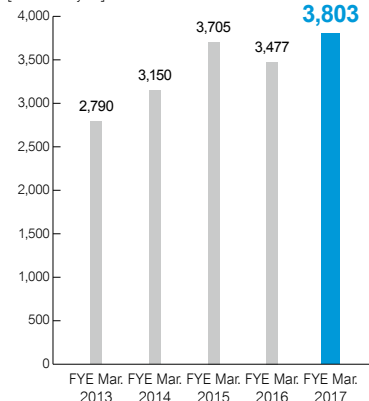
*2 DARTs decreased due to a transfer of some accounts in the foreign exchange business in September 2014.

Assets in custody

The growth of assets in custody can be attributed to one important factor that helps increase revenue in the securities business over the medium to long terms.

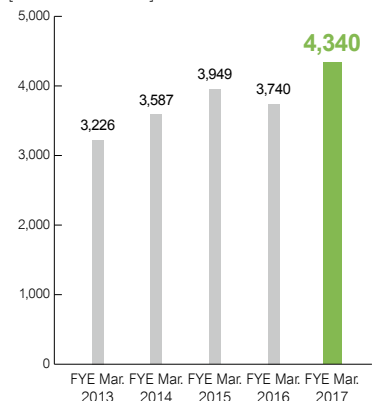
Japan Segment

[Billions of yen]



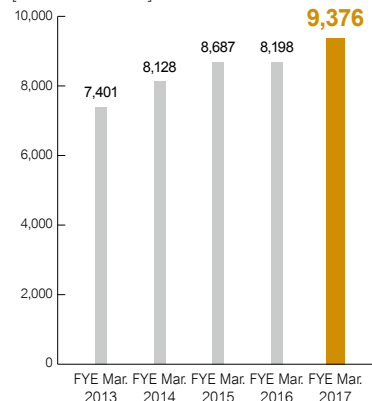
U.S. Segment

[Millions of U.S. dollars]

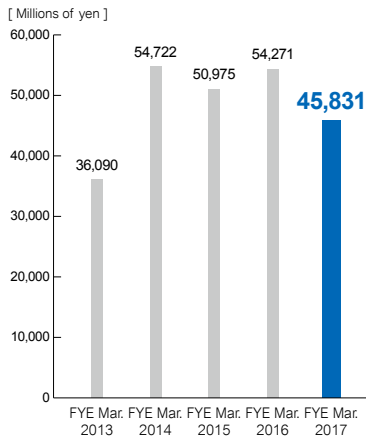


Asia-Pacific Segment

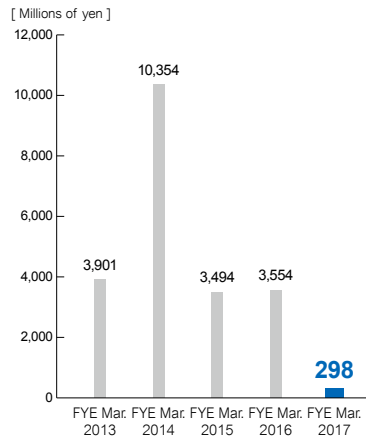
[Millions of HK dollars]



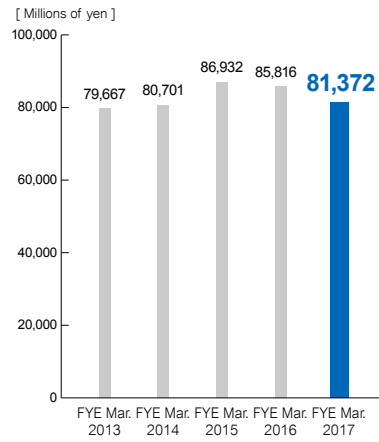
Total operating revenue



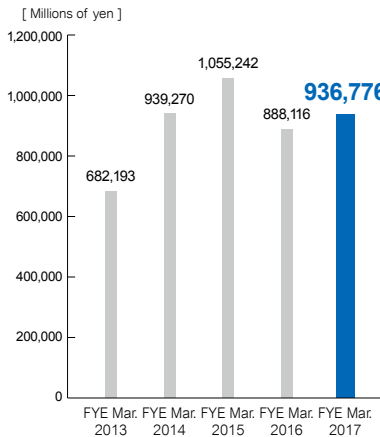
Profit attributable to owners of the company



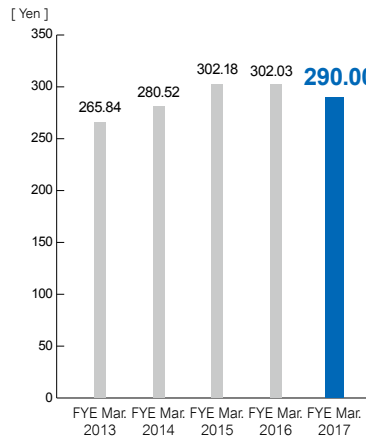
Equity attributable to owners of the company



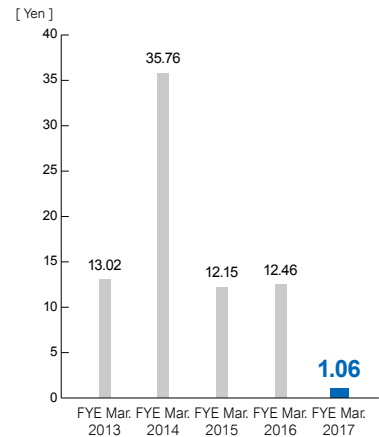
Total assets



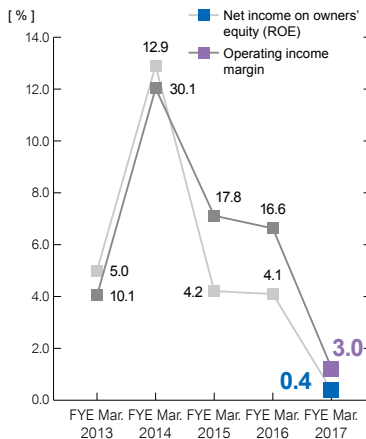
Equity per share attributable to owners of the company (BPS) (*)



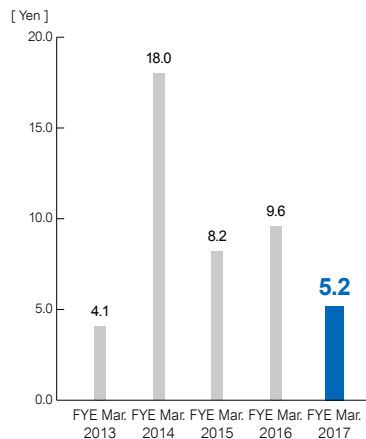
Earnings per share attributable to owners of the company (EPS) (*)



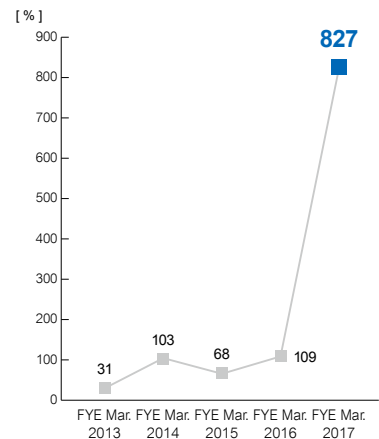
Return on equity (ROE) / Operating income margin



Dividends per share (*)



Total return ratio



* Stock split was carried out. 100 shares are defined as 1 share unit on Oct. 1, 2013 and the above figures were adjusted retroactively for the beginning of FYE Mar. 2013.

Who we are ?
 Our Way
 Our Segment
 Our ESG
 Financial Section

CEO Message



Oki Matsumoto

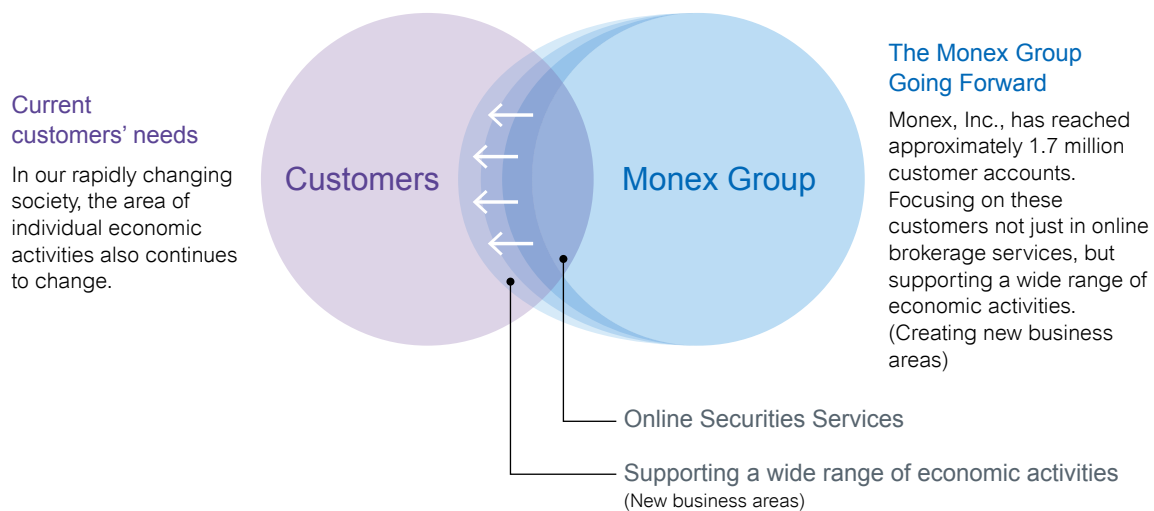
Representative Executive Officer
President & Chief Executive Officer
Monex Group, Inc.

The Monex Group strives to support all individual investment and economic activities.

The Monex Group is now advancing into a new stage of growth. After the medium- to long-term business strategy “Global Vision” was completed in March 2017, effectively shifting to an in-house system and globalizing operations, this formed a base to provide a stable stream of revenue and profits, which should produce a foundation for continuous growth in our online securities business. Going forward, as an online securities firm that caters to retail investors, we need to evolve even more through our products and services, driven by state-of-the-art IT and world-class financial expertise. And, we also need to change to keep up with the future of finance. I believe that some of the retail investors’ needs will no longer be able to be supported with conventional online brokerage services. We at the Monex Group have restructured our business principles to adapt to that new age. We are outlining an approach toward money for a new age and redefining a new age of finance in order to support all individual investment and economic activities. We are not just considering the brokerage business but looking to get involved in new business areas.

Restructuring the Monex Group’s Business Principles

» Refer to Business Principles targets on page 1



Current situation and growth strategy

“Global Vision” completed. Reaping the fruit of our labor.

The biggest topic in the fiscal year ended in March 2017 was the completion of the medium- to long-term business strategy “Global Vision,” which spanned a 5 year period of transitioning to an in-house system and globalized operations. The backbone brokerage system is the lifeline of online brokerage services and is the source of competitiveness. The shift to an in-house system is essential for achieving sustainable growth in online securities, and building a system that does not rely on any external system vendors is a tremendous success.

In addition to the U.S.-based TradeStation Group and the Hong Kong-based Monex Boom Securities who already have in-house systems, now since January 2017, Japan’s Monex, Inc., has its own in-house backbone brokerage system “GALAXY.” With these in-house systems featuring cutting-edge technology, all subsidiaries in the Group can not only develop new products quickly but improve services freely the way we want to.

The 5 year investment phase for Global Vision has ended, and the fiscal year ended in March 2018 is expected to show reductions in fixed costs and an improvement in cash flow. Going forward, we will be transitioning to a new stage, and entering a medium- and long-term management strategy entitled “Global Vision II – Bloom,” from which we finally will be able to reap the benefits.

Medium- to long-term business strategy

The medium- to long-term business strategy “Global Vision” that was started in 2011 is a two-pronged approach of globalizing operations and shifting to in-house systems. Numerous measures have been implemented to achieve the strategy’s two goals: “Boost revenue” and “Cut costs.” All of these measures ended in the fiscal year ended March 2017.

■ Revenue growth

Develop new in-house Japanese equity trading tools	<ul style="list-style-type: none"> Provide Japanese equities trading tool “TradeStation,” a trading platform developed by U.S.-based TradeStation Group.
Provide trading platform for U.S. equities	<ul style="list-style-type: none"> Provide trading platform and upgrade the version of U.S. equities service for Japanese customers
Other	<ul style="list-style-type: none"> Expand B2B service in Japan, the U.S. and China

■ Cost reduction

Integrate Japanese equity trading tools	<ul style="list-style-type: none"> Upgrade trading tool versions and consolidate.
Shift to an in-house investment information service in Japan	<ul style="list-style-type: none"> Provide the Market Information Service MONEX INSIGHT. Consolidate investment information service in Japan.
Develop a backbone brokerage system in Japan and operate it in-house	<ul style="list-style-type: none"> Transition to a new system in stages, as bond as NISA tradings at its first phase, and migrate all customer data by January 2017. Contract for old system expired in March 2017.
Other	<ul style="list-style-type: none"> Shift an agency of U.S. equity trading in Monex Boom Securities to U.S.-based TradeStation Group. Relocate HQ and internalize account control operation in Japan.

Shift to in-house system

The shift to an in-house backbone brokerage system, which was the core of Global Vision, is complete and the system is named “GALAXY.”

» Refer to Special Feature: TOPIC5 Foundation to improve services: “Shift to in-house systems” targets on page 32.

Specific initiatives

Expanding our customer base with a new system and strategic products and services.

We will continue to provide new products and services in order to expand our customer base in each segment and boost revenue and profits. By using our new backbone brokerage system "GALAXY" in Japan, we will take full advantage of our in-house resources and improve customer usability as well as our services, in order to increase the assets in custody from our existing customers and to acquire new ones. In addition, we will continue to expand our customer base by strengthening our approach for all types of traders and investors, from active traders engaging in short-term trades to investors seeking medium- to long-term investments. This multi-faceted approach uses strategic services and products, such as the Japanese equities trading tool "TradeStation" that was fully released in 2016, the first smartphone service application in online securities "TradeStation Mobile" for U.S. stock, and our wrap service "MSV LIFE," which helps customers build asset portfolios over the medium and long terms.

In the U.S. a commission fee system for equities and option trading, which is both simple and competitive, was introduced to secure new customers. In the fourth quarter of the last fiscal year, we experienced a record high in customers opening and funding accounts (excluding number of FX accounts previously opened). In the Asia-Pacific region as well, an online securities business is scheduled to be launched in Australia during the latter half of the fiscal year ended in March 2018. We shall continue to push business strategies that increase our customer base in each segment, and build a system that boosts revenue and profits for our securities brokerage subsidiaries at each location.

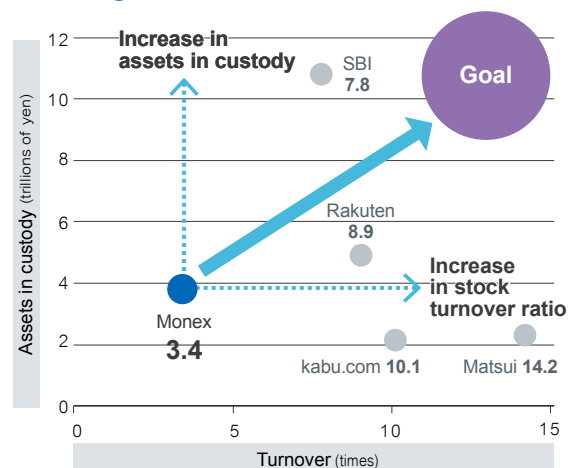
Increasing customer base

Implementing various strategies to increase our customer base in all segments: Japan, the United States and Asia-Pacific.

➤ Refer to Special Feature: Growth Strategies that Expand the Customer Base targets on page 27.

- Cutting-edge trading tools for Japanese and U.S. equities [TOPIC 1]
- "MSV LIFE" with robo-advisor [TOPIC 2]
- U.S. marketing strategy [TOPIC 3]
- Strategy for growing in Asia-Pacific area [TOPIC 4]

Stock turnover ratio for main online brokerage firms (*)



Data source: Released statements from each company and Kinzai Institute for Financial Affairs, Inc.

* Trading value of shares (4Q for fiscal year ended March 2017) ÷ Assets in custody (End of March 2017)

- Maintain our current customer base while continuously increasing assets in custody through improvements in our backbone brokerage system "GALAXY," etc.
- Increase our stock turnover ratio by acquiring active traders using the Japanese equities trading tool "TradeStation"

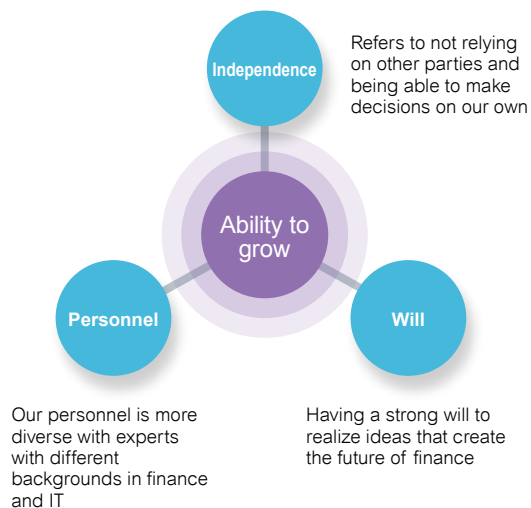
Source of sustainable growth

The source for Monex’s growth is found in its independence, its personnel and its will.

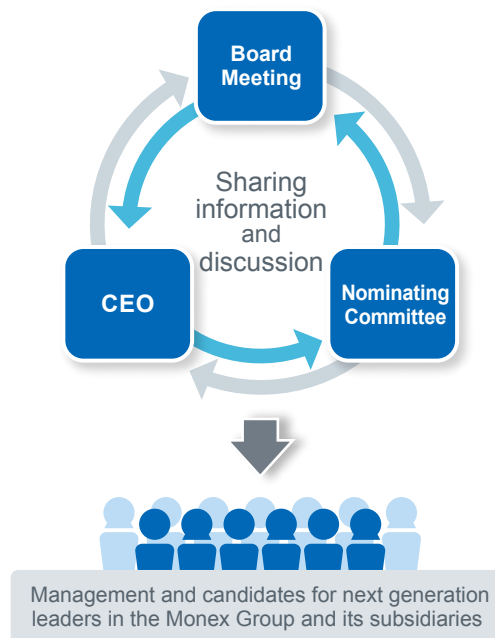
Based on its systems and strategies employed from Global Vision, there are 3 things that the Monex Group needs to continue sustainable growth: “independence,” “personnel” and “will.” “Independence” refers to not relying on other parties and being able to make decisions on our own. Shifting to an in-house backbone brokerage system was a key project in Global Vision and was also needed for establishing the independence of our securities business. Using a backbone brokerage system provided by an external vendor meant that we provided a service to our customers that was susceptible to the circumstances and logic of that vendor, and managing a sustainable securities business could not be guaranteed. Therefore, we decided to try and create a foundation from which we could continue providing products and services more to our customers, and to ensure unfettered growth.

Next, the driving strength that enables an independent business is the “personnel.” The Monex Group is currently developing business at 3 locations, and our personnel have become more diverse with experts from different backgrounds in finance and IT. We believe that personnel, who have a strong “will” and desire to work and “create the future of finance,” are essential for sustainable growth. In addition, being the Monex Group, we offer unique measures to ensure employee development, for example, our Nominating Committee regularly discusses a succession plan to guarantee the effectiveness of our governance.

Source of Monex’s ability to grow



Discussion on our succession plan



Increasing corporate value further

Using resources on developing business areas beyond the scope of brokerage business.

Heading into the next fiscal year ending March 2018, first, we will focus on the steady execution of “Global Vision II – Bloom,” our new medium- to long-term management strategy. We will use resources such as our in-house systems and state-of-the-art technology and provide strategic products and services based on that platform to further refine our unique business model in the Monex Group. We will not only create a global business portfolio that can produce stable revenue and profits but ensure that our revenue opportunities are diversified.

Furthermore, if one looks at the future, finance will undergo major changes given the advances in technology and other factors. For example, as the idea of a sharing economy gains momentum, an awareness toward “money” will also change for people around the world. This idea might even mean a day may come when leading a lifestyle rich with sufficient resources does not necessarily require growing assets. If that time comes, the existence of a brokerage firm for individuals, in the conventional sense, might be called into question. Of course, there is even a risk in that idea for us, but it is also a big chance for us to seize and reap the benefits. Our approach now will be to focus on developing new business areas beyond the scope of the online securities business, and to achieve this, we have already set up special groups and launched activities. To that end, you can expect that the Monex Group will continue to move forward.

“Global Vision II – Bloom” New medium- to long-term management strategy

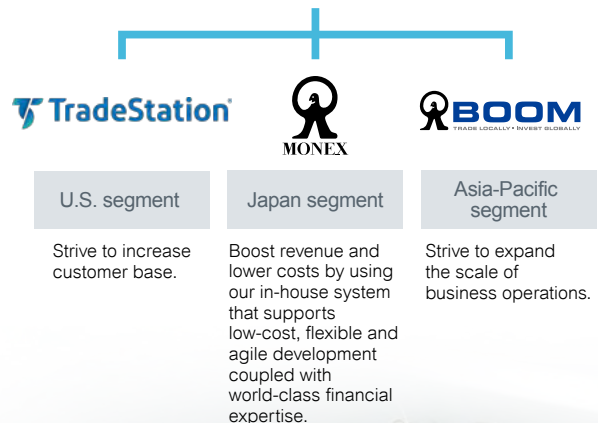
Working toward business growth and to expand and reach a consolidated operating income margin of 30%



MONEX GROUP

Holding company

The Group confirms and plans high level management strategies for each segment, allocates management resources, and works hard to adjust as well as control cooperation among the segments in order to produce and maximize a synergistic effect in global operations.



In-house systems with cutting-edge technology at all global offices.
Increasing revenue and profits to reach an operating income margin of 30%.

After completing our medium- to long-term business strategy Global Vision, the Monex Group's structure is undergoing a major transition in terms of cost and finances. Investing per our revenue stream, to improve capital efficiency and profit levels while controlling costs, in order to maximize shareholder return.

Monex Group, Inc.
Executive officer & Co- CFO
Director of management control

Satoshi Hasuo

Overview of Business Performance for Fiscal Year Ended March 2017

» See page 55 to 56 for details.

The operating revenue for the fiscal year ended March 2017 decreased 16% year on year to ¥45.831 billion. Selling, general and administrative (SG&A) expenses decreased 2% year on year, totaling ¥40.578 billion. In addition, the costs related to migrating to the new system in Japan were ¥1.148 billion, and there was a ¥145 million loss on business restructuring of the foreign exchange business in the U.S., both of which were recorded as temporary costs. These resulted in a profit attributable to the owners of the Company of ¥298 million, down 92% compared to the previous fiscal year.

Logic Tree for Online Securities Business and Initiatives for Fiscal Year Ended March 2017

» Refer to logic tree for operating income margin targets on page 22.

In order to increase the corporate value from a financial side, there are two points that must be addressed: increase profitability and invest in projects while maintaining a sufficient level of equity capital as a securities business.

In order to improve profitability in the online securities business, in which the trading volume is heavily influenced by the boom-and-bust cycle, it is essential to increase the customer base that generates revenue – that is, the number of accounts and assets in custody - and to keep costs at a controlled level.

Revenue can be divided and generated under two general categories: revenue flow and stocks. The Monex Group has a strategy in place to boost growth in both revenue flow and stocks. We are continuing to do well as we aim to boost revenue flow in Japan by using the Japanese equities trading

tool TradeStation to acquire more active traders. We are targeting customers who trade more frequently, which differs from our existing customer base, in order to boost revenue in the medium term.

In the U.S., we also revised our commission fee system for equities and options trading in March 2017, as an incentive to attract more traders and investors. After revising the commission fees, since March the rate of closed accounts experienced a downward trend and we set a new record high in customers opening and funding accounts, which helps build a foundation to boost future revenue. Furthermore, by optimizing the execution of customer orders, we have managed to increase the payment for order flow (revenue gained by routing an order to an exchange or market maker) and are also building a revenue base that is not affected by market volatility.

On the other hand, as part of our strategy to achieve revenue growth in stocks, in Japan our subsidiary Monex-Saison-Vanguard Investment Partners launched our wrap service MSV LIFE in September 2016. As small-scale account investment is available in the MSV LIFE service, which will help increase our assets in custody, we shall look to boost revenue in stocks for the long term.

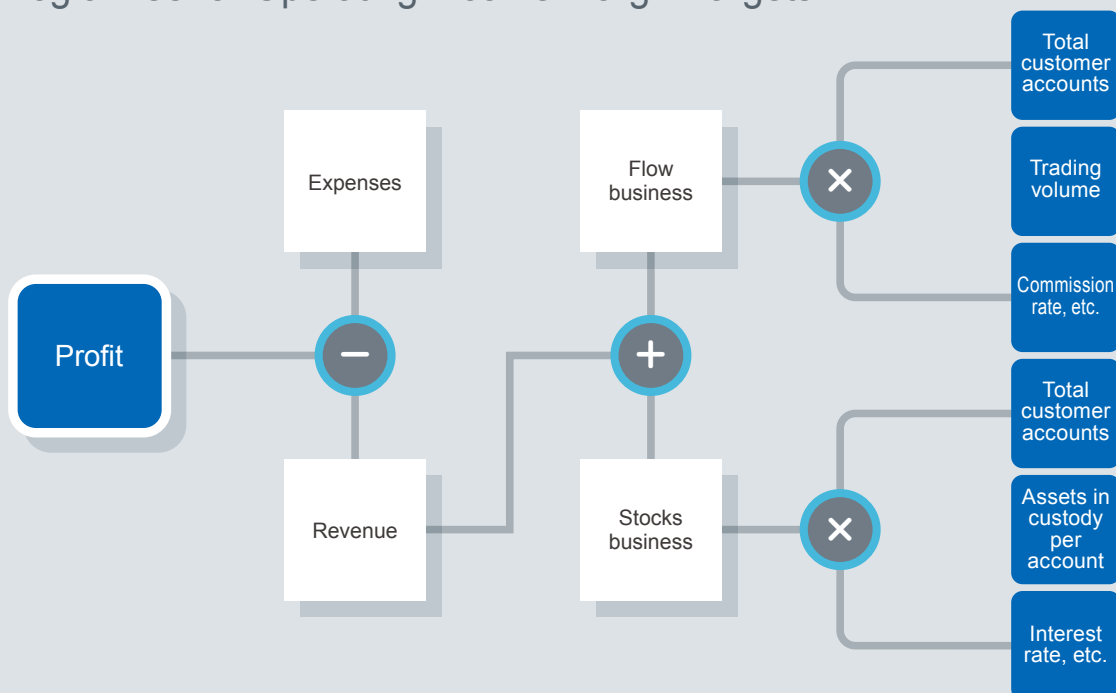
In the U.S., as the aforementioned number of opened accounts increases, the assets in custody also increase. This will enable us to revamp ourselves to ensure that, if the U.S. interest rates

continue to rise, we can record profits even when market conditions show low volatility.

In terms of costs, we were able to reduce our fixed costs, which was a major topic in the fiscal year ended March 2017. System-related expenses make up much of the fixed costs in the online securities business. The breakdown of the system-related expenses changed significantly in Japan after we switched to an in-house backbone brokerage system in January 2017, making the system an asset. After the new and old backbone systems operating side by side ended in March 2017, the annual fixed costs going forward decreased by approximately ¥2.4 billion, which is expected to yield an improvement in cash flow of approximately ¥8.9 billion. Even in the U.S. in order to reduce fixed costs, we also downsized letting go 100 employees in April and July of 2016. By controlling the fixed costs in both segments, we are hoping to boost profits. By switching to in-house systems, we have also increased our ability to control expenses, because now we can distribute the expenses more swiftly to areas that are directly linked to achieving revenue.

The Monex Group is using the operating income margin as an important index for generating revenue and has set a financial target to achieve a 30% margin over the medium to long terms. By maintaining a good balance between investments that boost revenue and controlling expenses, we hope to improve our operating income margin.

Logic Tree for Operating Income Margin Targets



Shareholder Return and Investment

For several fiscal years, we will aim for a total shareholder return ratio of 75%, with 50% used for a dividend payout and 25% used either for additional dividends or the acquisition of treasury stock. Furthermore, the payment of dividend DOE ratio will be limited to 2% (annual ratio) of the DOE ratio.

The amount of equity - recorded in the balance sheet after deducting the fixed-type assets - is earmarked to fund business investments (including internal reserves for future business investments) and shareholder return for the Group. The equity at the end of the fiscal year totaled ¥81.7 billion while fixed-type assets came to ¥58.9 billion. The amount of total equity after deducting fixed-type assets was ¥22.8 billion, which has been allotted to shareholder return, business investments and internal reserves for future business investments. Above all, our main priority is to maintain a level of equity capital that is legally required when operating a securities business.

The dividend payout for the fiscal year is established on our basic policy for shareholder return. The total payout was ¥5.2 (total dividend payout: ¥1.46 billion), with ¥2.6 for interim dividends

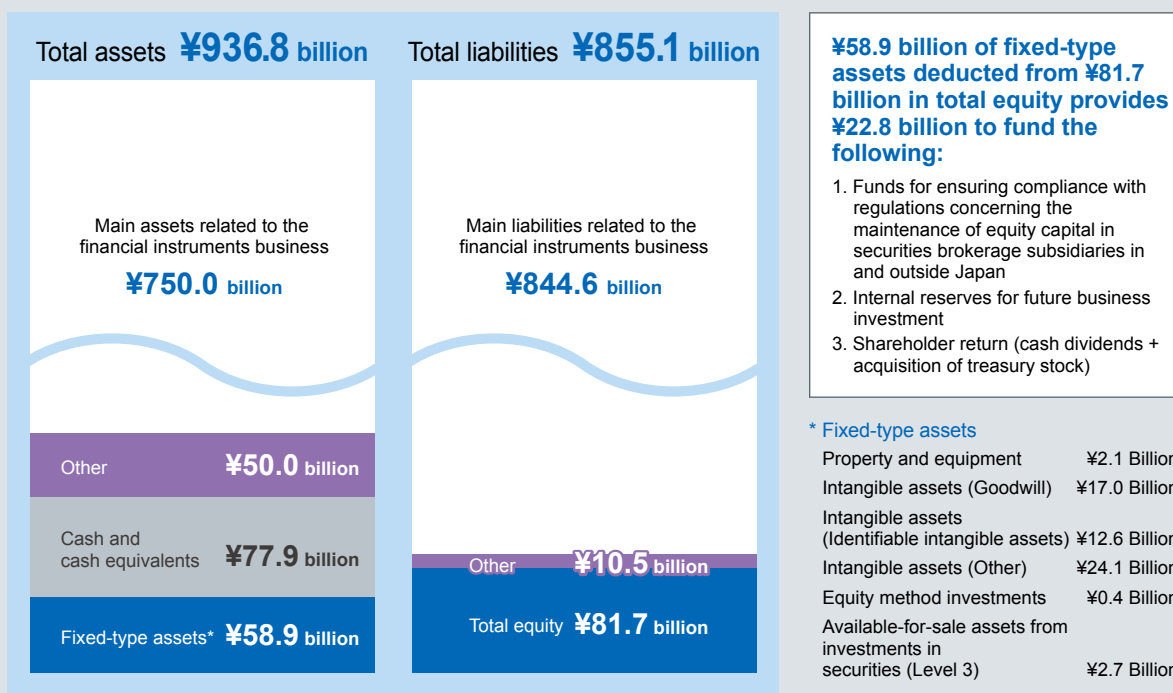
and ¥2.6 for year-end dividends. In addition to our dividend payout, we also acquired treasury stock between May and June of 2016 totaling ¥1 billion, which gave us a total return ratio of 826.5% for the fiscal year.

The progression of total equity minus fixed-type assets is shown in the ten-years highlight on pages 53 to 54. After an increase of total equity recorded in March 2011, that amount has been built up to ¥55.4 billion. Thereafter, the acquisition of overseas subsidiaries in conjunction with system investments based on our medium- to long-term business strategy Global Vision, resulted in an increase in fixed-type assets, which slightly decreased the total equity to ¥22.8 billion in March 2017. The previously mentioned system investments have been completed and we have entered a stage of potential profit and revenue growth. As a result, we expect to be able to bolster funds again in shareholder returns and future projects. For the short term, we will continue to invest into operations and projects using the assets gained from the Global Vision strategy and tie them into ways to generate and boost revenue and profits.

Total Equity Minus Fixed-type Assets

The Company earmarks the amount of total equity after deducting fixed-type assets to fund business investments and shareholder return.

Summary of the consolidated statement of financial position (As of March 31, 2017)



Dialogue with Traders and Investors

The Monex Group makes fair disclosure the highest priority when engaged in discussion with shareholders, traders and investors. The Group ensures that the disclosure policy (*) is followed when engaging in dialogue with traders and investors. We set up a number of IR activities and actively provide opportunities to engage in dialogue with institutional investors and retail investors, by offering traders and investors more than 100 interviews and meetings in a one year span with the CEO, CFO and IR manager as well as webcasts using online video feeds for retail investors. We use these IR activities to field the requests and opinions of our shareholders, traders, and investors, and to provide regular feedback to management.

* http://www.monexgroup.jp/en/investor/disclosure_policy.html

Future Challenges

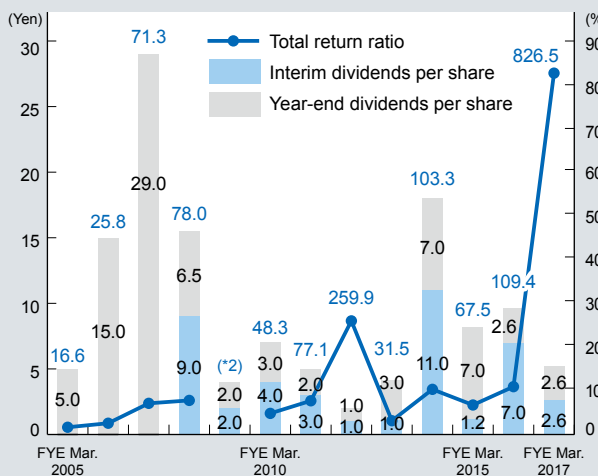
Going forward, the in-house system for the Group will be managed as an asset, and future system development and management costs still must be controlled. We will invest management resources in measures that boost revenue and profits while also maintaining sufficient equity capital to manage a global securities business.

As we address ongoing challenges such as increasing our profits in all segments, we shall continue to invest to stay “a step ahead in the Future of finance” – Monex, Inc.’s mission since its founding – in order to cement our foothold as an online financial business chosen by customers for the future.

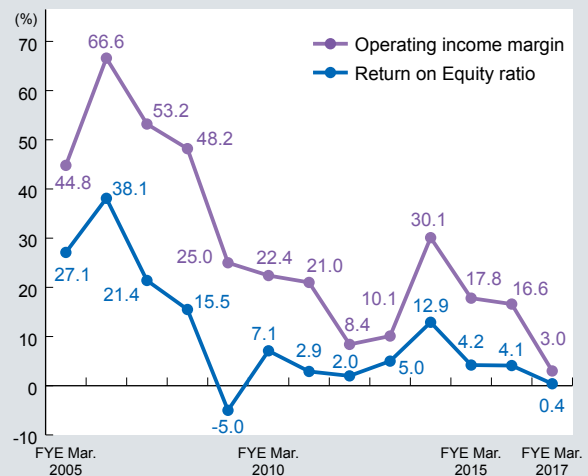
Important Financial Index

Aim to achieve a total return ratio (*1) of 75% on a multi-year basis by dividend and share buyback

Dividend per share and total return ratio



Operating income margin and Return on Equity ratio



*1 Total return ratio = (dividend paid + amount of share buyback) / profit attributable to owners of the Company

*2 FYE Mar. 2009 does not have % since the result was negative

Management Supporting the Monex Group

As of June 30, 2017



Shoji Kuwashima

Managing Director,
Vice Chairman of the Board
Executive Officer & Chief Quality
Officer

Koji Kotaka

Outside & Independent Director,
Member (Chair) of the Audit
Committee

Jun Makihara

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

Oki Matsumoto

Managing Director, Chairman of the
Board, Member of the Nominating
Committee, Member of the
Compensation Committee
Representative Executive Officer,
President & Chief Executive Officer

Nobuyuki Idei

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

Kuwashima Makihara



Kotaka Matsumoto Idei



Billy Wade Wilder

Outside & Independent Director,
Member of the Audit Committee

Koichi Tateno

Managing Director, Executive Officer,
Chief Operating Officer & Co- Chief
Financial Officer

Toshihiko Katsuya

Managing Director,
Executive Officer

Fujiyo Ishiguro

Outside & Independent Director,
Member of the Nominating
Committee

Nobuo Domae

Outside & Independent Director,
Member of the Nominating
Committee, Member of the Audit
Committee

Takashi Oyagi

Managing Director, Executive Officer
& Chief Strategic Officer

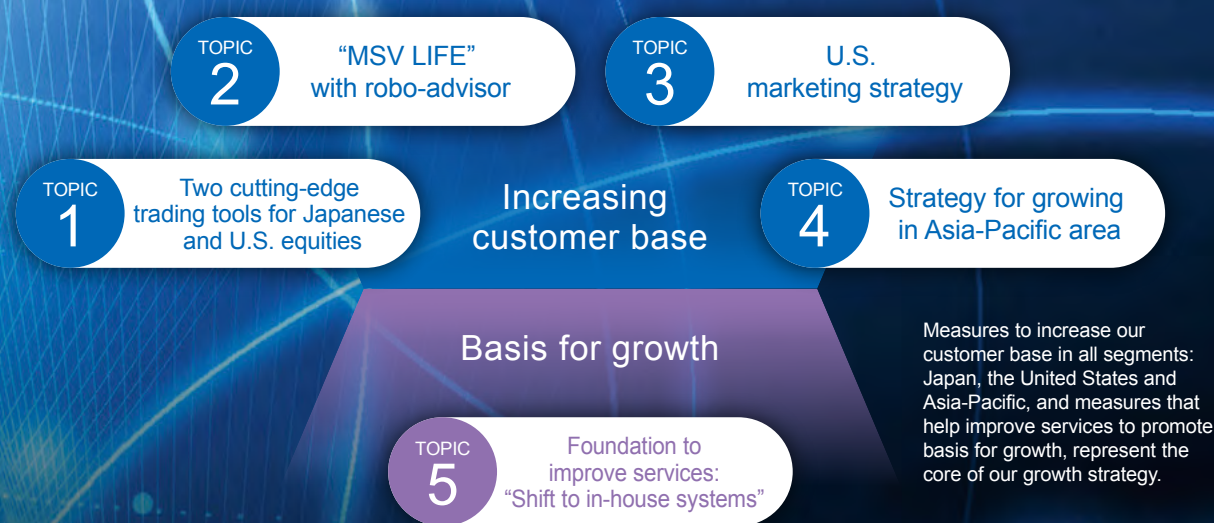


>> Please refer to p.43-44 for more details about our management team.
 >> Please refer to p.45-46 for more details about reasons for appointing directors.

Special Feature

Growth Strategies that Expand the Customer Base

After starting in 2011, “Global Vision” has come to an end, and the new medium- and long-term management strategy “Global Vision II - Bloom” is designed to reap the benefits going forward. We are currently implementing various measures to increase our customer base in all segments: Japan, the United States and Asia-Pacific, in order to achieve business growth.



TOPIC **1** [Increasing customer base]
Two cutting-edge trading tools for Japanese and U.S. equities

Japan

Integrating innovative tools to attract new active traders.

In order to increase our customer base even more, it is important to actively develop our active traders in addition to the investors who have traditionally been our main clients. Thanks to the collaboration the TradeStation Group - Monex Group's U.S.-based securities brokerage subsidiary - and its award-winning history, we continue to introduce cutting-edge trading tools into the market to respond to various needs of traders and investors.

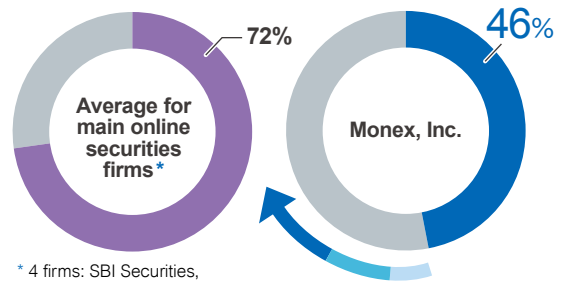
The Japanese equities trading tool "TradeStation" that was fully released in August 2016 has garnered a good reputation from active traders, because it features top class ordering speed in online securities and is equipped with groundbreaking functions, unavailable on other trading tools. In addition, the "TradeStation mobile application for US Equities" was released in March 2017. Monex, Inc. has continued to provide the best service in the industry for U.S. equities trading, featuring the lowest commission fees in the industry, preparation of specific accounts and listing more companies to conduct transactions. However, we now offer a smartphone application that allows users to trade U.S. equities 24 hours a day, a tool that we expect could significantly transform the activities of individual investors.

Expected results

Equities trading steadily increased with the Japanese equities trading tool "TradeStation," reaching a monthly trading value in June 2017 of ¥35 billion, a gain of 67% from the previous month. In addition, the number of contracts also showed an upward trend for U.S. equities overall, and we experienced a record high in the first quarter of the fiscal year ended March 2018. Monex, Inc. has a low ratio of margin trading in the total trading value of shares, and compared to other companies, this could offer large potential growth in the future. Acquiring more active traders that engage in margin trading will boost revenue further.

Ratio of margin trading to total trading value of shares (4Q FYE Mar. 2017)

Large potential growth compared to other companies



* 4 firms: SBI Securities, kabu.com Securities, Matsui Securities and Rakuten Securities
(Source) Kinzai Institute for Financial Affairs, Inc.

Japanese equities trading tool "TradeStation"



The Japanese equities trading tool "TradeStation" offers high performance needed by active traders, featuring a number of groundbreaking functions, such as a company list of 500 companies that can be viewed, a huge data volume that can display charts for up to 25 years of daytime data and system trading using our own original programming.

"TradeStation mobile application for US Equities"



The "TradeStation mobile application for US Equities" is equipped with functions that go beyond the scope of a smartphone application, such as an extremely user-friendly radar screen and chart display, as well as an ordering function featuring smooth and easy operation. As of August 2017, we are the only service for major online securities in Japan.

Who we are ?

Our Way

Our Segment

Our ESG

Financial Section

TOPIC **2** [Increasing customer base]
“MSV LIFE” with robo-advisor

Japan

Our wrap service with a robo-advisor will respond to the needs of our customers seeking to build asset portfolios over the medium to long terms.

In order to attract new customers, it is important to provide good quality wealth-creation services for investors seeking to build asset portfolios over the medium to long terms, which will help broaden our base of the traders and investors. To realize this, we launched MSV LIFE in September 2016, which provides a discretionary investment management service.

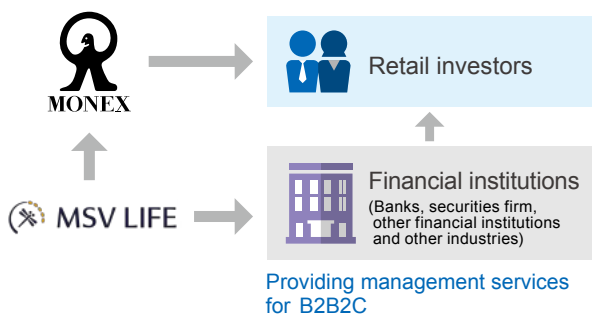
In August 2015, the Monex Group teamed with Credit Saison and The Vanguard Group to form “Monex-Saison-Vanguard Investment Partners.” MSV LIFE was developed from the know-how of 3 companies. This service establishes an asset strategy that is tailored for each customer and provides support to achieve that goal, fulfilling its aim to not just manage assets for customers but help with their life plan. To put that idea into practice, “MSV LIFE” makes investment funding available starting with ¥1000, and also offers an annual running cost of less than 1.0% (tax included). This innovative wrap service uses a robo-advisor that integrates investment theory and management techniques that have been cultivated over a long time by The Vanguard Group –one of the largest investment trust companies in the world - and can diversify investment using a small amount of funds at a low running cost.

MSV LIFE Support from planning to achieving goals
 Asset management available starting from ¥1000

Financial planning	3 types of plans (saving, enjoyment and preparation) are available along with the goal of the customer: Support for management that uses and builds a set monthly fund.
Diversifying investment using a small amount of funds at a low running cost	Investment available starting from ¥1000 and can be managed in ¥1000 increments. Total actual cost for customer is less than 1% tax included.
Using Vanguard expertise and their know-how	Sharing management theory, dispatching personnel for the Investment Management Committee and using their expertise in investment management.
Lifestyle tailored services	Scheduled to launch services linked with local financial institutions that customers use for payment and receiving salary, etc.

Expected results

The balance managed by Monex-Saison-Vanguard Investment Partners totaled ¥18.3 billion as of September 2017 (including management trusts from institutional investors). In MSV LIFE, 87% of contractors use monthly funding. The policy going forward is to provide MSV LIFE to many more retail investment customers by teaming up with banks and brokerage firms, etc.



Monex-Saison-Vanguard Investment Partners, Inc.

Credit Saison Co., Ltd. has a customer base of 35 million and provides highly innovative and unique products and services. In The Vanguard Group Inc., mutual funds and ETF based on sound management theory are supported by institutional investors and retail investors all over the world. “Monex-Saison-Vanguard Investment Partners, Inc.” was established and provides a discretionary investment management service “MSV LIFE” with these two companies.

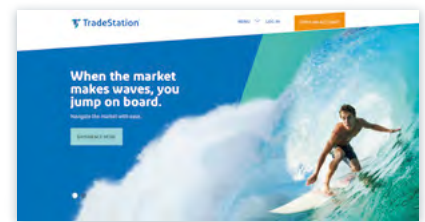


TOPIC **3** [Increasing customer base]
U.S. marketing strategy

U.S.

Drastically simplified the commission fee system.
 Strengthening marketing as well to expand our customer base.

The U.S. segment recorded a profit (before income taxes) in the latter half of the fiscal year ended March 2017 and continues to stay on a path of growth. To build on that momentum even more, we changed the commission fee system in order to expand our customer base. This new commission fee system is simple and easy-to-understand: 5 USD per equity trade, 5 USD per options trade and 0.5 USD per contract. We discontinued the old, tiered system where the cost rose up to 8.99 USD per trade, and we also made the fee for using our software free (from March 2017). In addition, the fee for futures trading, which makes up approximately half of our revenue, is 1.5 USD per trade (one side), and we also made the fee for using our software free (from August 2017).



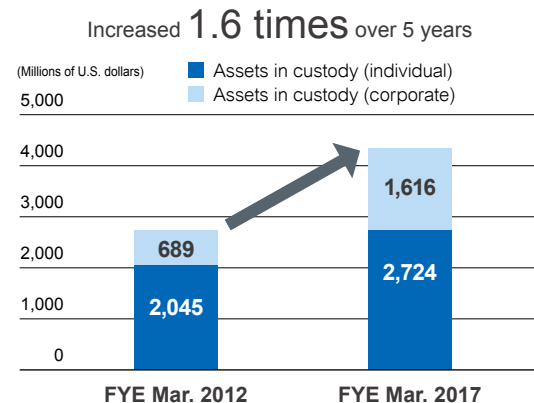
<https://www.tradestation.com>

Furthermore, after revising the fees for equities and options, the TradeStation Group also refurbished the brand's image to mimic the nice, balmy south Florida setting, where its headquarters is located. The logo and website design have both been revamped in order to also strengthen its marketing for millennials.

Expected results

The assets in custody for the TradeStation Group reached 4.34 billion USD as of March 2017, increasing 1.6 times over the last five years. After revising the commission fees in March 2017, which will help attract new customers, we experienced a record high in customers opening and funding accounts for the first quarter of the fiscal year ended March 2018 (22% increase quarter over quarter). Going forward, we also have plans that include the introduction of a new service, which is driven by AI and provides trading ideas based on data analysis. In addition to the active traders, which represent our competitive strength, we will continue to reinforce our appeal to seek a broad range of investors.

Balance of assets in custody for the TradeStation Group



TradeStation Group

TradeStation Group is an online securities group with its headquarters based in Florida (US) and development centers in Dallas and Costa Rica. It has been involved with market analysis techniques and technology for more than 20 years and developed the trading tool "TradeStation," which focuses on cutting edge financial technology and has gained an overwhelming following among active traders in the US. In 2008 and 2011, the US-based financial magazine "Barron's" ranked TradeStation the "Best Online Broker Overall." In addition, TradeStation continues to be at the forefront in the U.S. online securities industry, garnering the highest rating (4½ stars) for "Best for Frequent Traders" for the sixth consecutive year (up to March 2016).

Main awards

- **Technical Analysis of Stocks & Commodities magazine** (as of February 2017)
 Trading System – Stocks and Trading System – Futures categories: Rated best for 13th consecutive year
 Professional Platform category: Rated best for the 15th consecutive year
 Real-Time Data category: Rated best for the 7th consecutive year (8th time)
- **StockBrokers.com** (as of February 2017)
 Platform Technology category: Rated best for the 5th consecutive year

Who we are ?

Our Way

Our Segment

Our ESG

Financial Section

TOPIC **4** [Increasing customer base]
Strategy for growing in Asia-Pacific area

Asia-Pacific

Launched an online securities business in Australia with access to 12 countries and regions, including transactions for Shanghai-listed A shares and Shenzhen-listed A shares through Hong Kong Stock Connect.

Monex Securities Australia Pty Ltd is scheduled to launch online brokerage services in Australia in the latter half of the fiscal year ended March 2018.

Monex Securities Australia Pty Ltd uses the trading system and the settlement function from the Hong Kong-based online securities firm, Monex Boom Securities Group. This online securities business provides services with access not just to the Hong Kong market and Australian Stock Exchange, but to a total of 12 countries and regions (most among online securities businesses in Australia) including the U.S. and Asia. It also offers competitive commission fees for the stock market transactions, which comprise 70% of the global market capitalization.

In addition to targeting investors from the English-speaking world which includes Australia, like the Hong Kong-based Monex Boom Securities, this firm is also scheduled to provide online brokerage services to the Chinese-speaking investors, who show a high interest in investment and who make up 1.5% of the Australian population (approximately 400,000 people).

Expected results

In Australia, we provide low-costs services with access to 12 countries and regions (*1) in order to respond to various investment needs among local investors. In addition, by providing our online trading platform as white label products for local brokers, we will develop B2B business in order to continue to secure revenue and profit. Furthermore, using these measures, we established this business model that can be applied to other regions with Chinese residents, apart from Australia, and we will continue to create new business opportunities in the Asia-Pacific segment.



*1 12 accessible countries and regions
 U.S., Japan, Hong Kong, China (Shanghai-listed A shares and B shares markets, and Shenzhen-listed A shares and B shares markets (*2)), Korea, Australia, Taiwan, Singapore, Malaysia, Indonesia, Thailand, Philippines

*2 Transactions for Shanghai-listed A shares and Shenzhen-listed A shares are available via the Shanghai- and Shenzhen-Hong Kong Stock Connects.

Monex Securities Australia Pty Ltd

The firm was established in February 2010. As IBFX Australia Pty Ltd, it was used to develop business in Australia in order to provide FX trading services for the TradeStation Group in 150 other countries besides the U.S. In March 2016, the TradeStation Group transferred the FX trading accounts to another company and ended the FX trading services, and renamed the business to its current name (Monex Securities Australia Pty Ltd) in June 2016.



For the launch of the online brokerage services in Australia, we developed a tool which centers on the specific value of the service and are actively promoting it.

TOPIC **5** [Basis for growth]

Foundation to improve services: “Shift to in-house systems”

Japan

Taking full advantage of our in-house system to improve our services for better usability.

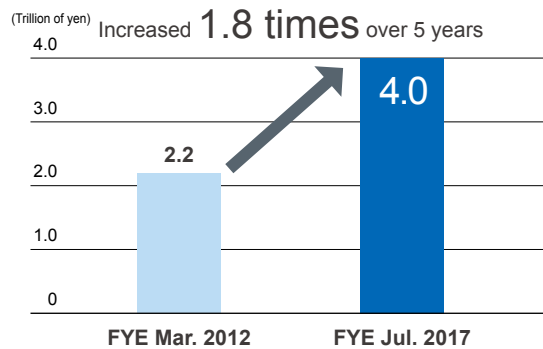
The goal of shifting to an in-house system, a key aspect of “Global Vision,” was to refurbish the backbone system, which is essentially the foundation of our online brokerage services. Building a system that we can develop and manage on our own, without relying on other outsourcers, will enable us to improve our competitive edge. It was a tremendous challenge for the Monex Group to reconstruct a massive backbone system from scratch, an unprecedented feat in the Japanese securities industry. A number of experts in both IT and finance spent 5 years working on this development project. At the beginning of 2017, we finally released the backbone system “GALAXY,” which provides overall support for our online securities business, including equities, mutual funds, bonds, depositing or withdrawing money, point service, special accounts and NISA accounts.

With our new in-house system and resources, we now can be quick and flexible with system changes. For example, we are expanding our services, such as adding new bank of partners for instant deposit, offering withdrawal and deposit services in foreign currencies and real-time synchronizing for sales proceeds in NISA accounts. These changes will help expand our customer base for the medium and long terms.

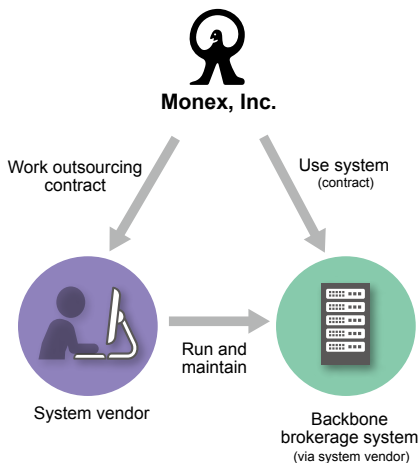
Expected results

The balance of assets in custody for Monex, Inc. is ¥4 trillion as of July 2017, increasing 1.8 times over the last five years. Taking full advantage of our new in-house system and making improvements to our services with better usability will help continue increasing our assets in custody in the future. Over time, we hope to package the backbone system, and sell it externally to other financial institutions to create a new revenue stream.

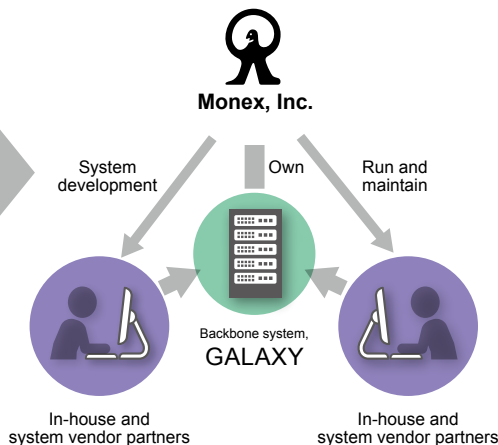
Balance of assets in custody for Monex, Inc.



Before in-house system



With in-house system



Owning an in-house backbone system offers more freedom to develop and significantly improves the speed of development. Currently, we have expanded to a 300 person team including partnering companies who make up part of our system vendors, offering an abundant amount of development resources at our disposal.

Who we are ?

Our Way

Our Segment

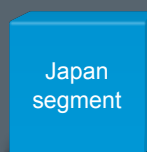
Our ESG

Financial Section

Overview of Segments

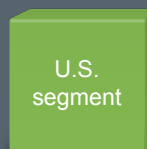


For the fiscal year ended March 2017, an overview of each segment is provided from 4 different angles: Overview of business, SWOT analysis, topics and initiatives targeting medium- and long-term growth.



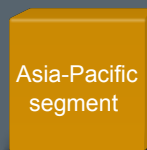
Japan
segment

1 million active accounts with ¥4 trillion for assets in custody.
Continuing investment into new services for various traders and investors.



U.S.
segment

Improving cost structure and focusing on broadening our customer base.
Revising the commission fee system to encourage growth trends again.



Asia-Pacific
segment

Creating business opportunities in Hong Kong and Mainland China.
Starting new services in Australia too.

Japan Segment



1 million active accounts with ¥4 trillion for assets in custody. Continuing investment into new services for various traders and investors.

The development of our new backbone brokerage system and Japanese equities trading tool TradeStation is complete. We will develop further products and services for the future and continue to focus on providing services for various traders and investors.

Who are we ?

Overview of Business

Since its founding in 1999, Monex, Inc. has been a primary source of revenue. Approximately 90% of the personal trading volume in the Japanese stock market passes through 5 main online securities businesses, and one of those firms is Monex. It has a total of one million active accounts and ¥4 trillion for assets in custody. We provide a broad range of leading investment products and services as well as customer education in order to deliver retail investors with a level of products and services on par with institutional investors. Compared to our competitors, we have more clients who seek to build their asset portfolios over the medium and long terms. We also have a track record of introducing many products and services in Japan for the first time (such as, after-hours trading of Japanese equities, stock lending service, first lead manager for an IPO from online securities brokers).

Our Way

SWOT analysis

<p>S STRENGTHS</p>	<ul style="list-style-type: none"> • High-quality customer base focusing on medium- and long-term traders and investors (Rate of account utilization and assets in custody per account rank in the top class of online security brokers) • Developing and improving products and services centered on our in-house backbone system • Unique products and services using technology from U.S.-based TradeStation Group 	<p>W WEAKNESSES</p>	<ul style="list-style-type: none"> • Few active traders consistently trade at an even pace regardless of the market conditions, making revenue vulnerable to fluctuation • High fixed costs due to retaining a broad range of products and services
<p>O OPPORTUNITIES</p>	<ul style="list-style-type: none"> • Policies that promote the flow from savings to asset portfolios • Intergenerational transfer of assets due to an increase in inheritors and a new generation of retail investors • Creating new markets by developing financial technology 	<p>T THREATS</p>	<ul style="list-style-type: none"> • Less profitability due to increased competition in commission fees, etc. • Restrictions that lower the risk tolerance of retail investors and market liquidity • Improved quality of online services in financial institutions with in-person services, and other industries entering the market

Our Segment

Our ESG

Main Topics for Fiscal Year Ended March 2017

The development of our two major systems: the new backbone brokerage system "GALAXY" and the Japanese equities trading tool "TradeStation," was completed during the fiscal year ended in March 2017. Thanks to our new in-house brokerage system, we were able to develop and improve our products and services. In August 2016, we released an enhanced version of TradeStation. This platform offers high performance, such as top class ordering speed in online securities, comes with a reasonable commission fee system and has garnered a good reputation from active traders.

In addition, over the last year, we have launched new services for various traders and investors, such as our wrap service MSV LIFE, which helps customers build asset portfolios over the medium and long terms, as well as starting our smartphone service TradeStation Mobile for U.S. stock, which makes trading U.S. equities more convenient and accessible.

Initiatives Targeting Medium- and Long-Term Growth

TradeStation features countless functions that are excellent. However, in order to increase our customers, it is essential that our users have a good understanding of those functions. To address this, we are focusing our energy on offering various seminars and using SNS so that our users can get instructions on the tool functions and how to use them.

In addition, as a result of changes in the financial climate, such as an intergenerational transfer of assets due to an increase in inheritors, overcoming deflation and a negative interest rate policy introduced by the Bank of Japan, we expect that individuals who focused on savings and are not used to investing in other financial instruments will become interested in investing and building assets in the future. This is a big chance to develop products and services, such as MSV LIFE and iDeCo, for the asset-building age group, and also to continue to attract diverse traders and investors going forward.

Financial Section

Overview of Segments

U.S. Segment



TradeStation Group, Inc.

Improving cost structure and focusing on broadening our customer base. Revising the commission fee system to encourage growth trends again.

Making drastic improvements to our cost structure through downsizing, and revising to a commission fee system that is reasonable and competitive. We will expand our targeted customers and reinforce a revenue structure that does not rely on market volatility.

Overview of Business

Originally founded as a firm that developed systems for trading in 1982, the TradeStation Group, Inc. changed its focus to the online securities business and has earned an excellent reputation for its technical expertise. Its in-house-developed trading and analysis platforms have been endorsed by active traders for many years. The TradeStation Group joined the Monex Group in June 2011 and now have a high-quality customer base with 65,000 active accounts and ¥500 billion for assets in custody (as of June 30, 2017).

SWOT analysis



Main Topics for Fiscal Year Ended March 2017

During the last fiscal year, we downsized approximately 100 employees in April and July of 2016, making drastic improvements in our cost structure. In terms of revenue, higher interest rates and revising our portfolio for operating funds deposited by customers helped increase our financial balance. In addition, we have transitioned to a revenue base that is not affected by market volatility, such as an increase in the payment for order flow (revenue gained by routing an order to an exchange or market maker).

These results produced consecutive segment profits (profit before income taxes) since the third quarter for the fiscal year ended March 2017, and is expected to continue steadily until March 2018.

Initiatives Targeting Medium- and Long-Term Growth

We will increase the number of accounts and assets in custody by expanding our targeted customer base. To obtain a broad customer base, we revised our commission fees for equities and options in March 2017 and for futures trading in August 2017, and transitioned to a more simple and competitive fee system. Furthermore, we are improving the usability of the website and making the administrative procedure more efficient, among other things. By doing this, we are working toward reducing the lead time from the moment a customer applies to open an account until he or she deposits funds and starts trading. The effects from these initiatives are slowly beginning to appear in our performance, for example, we experienced a record high in customers opening and funding accounts in the first quarter (Apr. – Jun.) for the fiscal year ended in March 2018.

Going forward as well, we are implementing initiatives one after another, pursuing more new customers, in order to speed up the expansion of our customer base.

Asia-Pacific Segment



Monex BOOM Group

Creating business opportunities in Hong Kong and Mainland China. Starting new services in Australia too.

From the latter half of the fiscal year ended 2018, online brokerage services with competitive rates are scheduled to launch in Australia. As for Mainland China, the JV businesses continue to grow steadily, and are expected to record profits in the future.

Who we are ?

Overview of Business

The Monex Boom Securities Group is an online securities firm for retail investors based in Hong Kong. The company was founded in 1997 and became a subsidiary of the Monex Group in 2010. It has a strategic role to develop business in Hong Kong for the Group and creates future business opportunities in Asia. In the Asia-Pacific segment, we provide online brokerage services via a joint venture brokerage firm in Mainland China, and conduct brokerage work and provide a brokerage system for securities firms in Asia. We also are currently involved in the preparations to launch the online brokerage service for Monex Securities Australia Pty., Ltd.

Our Way

SWOT analysis

<p>S STRENGTHS</p> <ul style="list-style-type: none"> • Light system infrastructure and operation • Executing multiple policies to create business opportunities in Mainland China (Hong Kong-based online securities firm, Mainland China Representative Office and technology consulting firm) • Beneficial partnership with local securities firm 	<p>W WEAKNESSES</p> <ul style="list-style-type: none"> • Small business scale
<p>O OPPORTUNITIES</p> <ul style="list-style-type: none"> • Expanding securities trading for retail investors and online trading • Easing regulations for the entry of foreign companies in the Mainland China brokerage industry • Undeveloped market with little competition as in Australia 	<p>T THREATS</p> <ul style="list-style-type: none"> • Regulations and policies that are difficult to predict

Our Segment

Our ESG

Main Topics for Fiscal Year Ended March 2017

Our “China” segment was renamed “Asia-Pacific” after we transferred Monex Securities Australia from the U.S. segment to the China segment in November 2016. In Hong Kong-based Monex Boom Securities, DARTs (Daily Average Revenue Trades: average number of trades or transactions generating revenue per business day) decreased year on year by 16%, and as a result, the commission received decreased by 23%.

In addition, due to the equity method losses with the joint venture in Mainland China and the expenses recorded from the business launch preparations for Australia, the China segment ultimately turned into a deficit. At present, the scale of the China segment business is limiting and the impact on the consolidated results of the Group is minimal.

Initiatives Targeting Medium- and Long-Term Growth

Our subsidiary Monex Securities Australia is scheduled to start online brokerage services in the latter half of the fiscal year ended in March 2018. By using the brokerage system of our Hong Kong-based subsidiary Monex Boom Securities, it will manage a light system infrastructure with compact operations in order to provide competitive online brokerage services. After establishing a blueprint for a compact business launch in Australia, we will apply this example as a spring board to develop our business in other regions.

In addition, our joint venture in Mainland China continues to grow and is expected to record a profit (equity method investments) in the future.

Financial Section

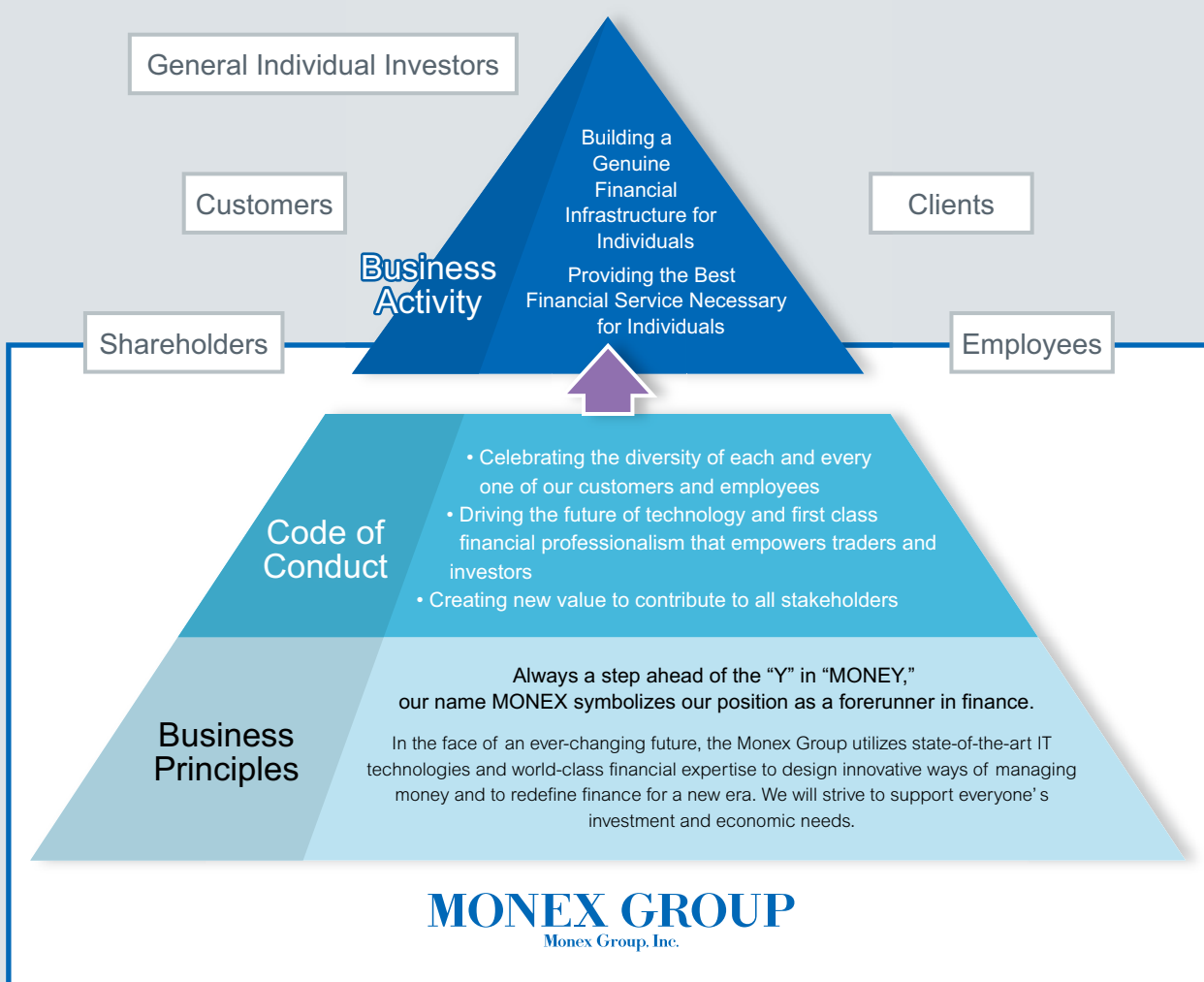
ESG Management

Monex Group seeks to fulfill our responsibilities as a corporate group by contributing to society through our business operations, based on the business principle and code of conduct of the Group.

We believe that, as a member of society, it is an important challenge and responsibility for our Group to establish a trustworthy financial infrastructure for individuals, and to provide the best possible financial services currently being demanded, thereby contributing to the healthy development of the capital market. Monex Group will continue to focus on our operations as a financial group, through which we seek to contribute to the sustainable development of society as a whole.




Bridging Society and Capital Market

The Healthy Development of Capital Market



Since our founding, the Monex Group has focused on investment education. Our approach seeks to improve financial literacy among individual investors. In turn, this helps revitalize the capital markets, leading to economic development and increasing our corporate value. In order to achieve this, “Monex University” was established as a special division within Monex, Inc. in Japan. “TradeStation University” serves in the U.S., as an investment information platform to educate our customers, covering areas such as the purpose and theory behind investment.

Education services

	Menu	Content
Japan	Online Seminar “Dojo Series”	Asset Formation Dojo, Japanese Stock Dojo, FX Dojo
	Financial Lectures and Events	Investment lectures at educational institutions Financial lecture for students at all-female university Trial lesson on investment at an elementary school Conducted a trial lesson at an elementary school on “Whether to invest or save money?” ▶ 
	Aoyama Gakuin University Graduate School of International Management (Aoyama Business School) Sponsored course	1st semester: ROE Management 2nd semester: Overview of Financial Markets Sponsored course at Aoyama Gakuin University, with lectures on market analysis and market prediction techniques. ▶ 
U.S.	TradeStation University	Students learn about trading strategies, the timing of trading opportunities as well as about position and order management techniques. A website dedicated to TradeStation University was launched, providing various information and content. https://www.tradestation.com/university/ ▶ 

Our approach focuses on the inexperienced or those indifferent about investment, in order to improve overall financial literacy in Japan.

The Monex Group, Inc. launched Monex University (set up subsidiary in 2005 and merged with Monex, Inc. in 2012) early on in order to focus resources on investment education. Since then, the Group has continued to offer activities to beginning investors. We collaborate with outside groups and actively hold investment related events. For example, we gave a trial lesson on investment at an elementary school, held a financial lecture for students at an all-female university and partnered with the Japan Exchange Group to hold investment seminars. We discuss economics in easy-to-understand terms for all ages, ranging from young kids to the elderly. We continue to build upon our experience to encourage more understanding about investment. In addition, we also conducted other outreach activities to provide information on the financial markets, by sponsoring a course at Aoyama Gakuin University. Topics include a market view by a Monex strategist as well as the ways to examine corporate value.

There are many in society who are inexperienced or indifferent about investment. Our mission is to continue to provide opportunities to impart the knowledge needed for investment, so that individual traders and investors can make security investments to support economic activity. We hope to increase our contact with inexperienced investors or the indifferent in order to understand them better. This way we can pursue the appropriate avenues for investment education and improve overall investment literacy in Japan, and thus promote stable development in society.

Executive Director
 Chief Analyst
 Monex University
Nana Otsuki



Monex's Approach toward Personnel



“Diversity” is the foundation for competitive strategies, and we strive to create a corporate atmosphere that can maximize the character of the employee.

I not only grew up in an environment which could recognize character from an early age, but was of course based in diversity. I think that power of diversity helps improve the company's performance and control risk. In the investment industry, “Modern portfolio theory” shows an approach to combine various financial instruments which provide excellent effectiveness in the long term. The diversity in an organization has something in common with that idea, that is, gathering personnel with various perspectives and ideas prevents focusing business too much into particular areas and averts management from running recklessly. In essence, diversity is one effective way of achieving sustainable management. In our pursuit of that, the Monex Group strives to create a corporate atmosphere that can maximize the character of the employee. I believe that innovation itself comes from close communication among diverse employees.



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

Oki Matsumoto

ART IN THE OFFICE

The securities business essentially provides a bridge between companies and investors. Inspired by that idea, we wanted to provide a place for artists and business to meet. As part of the employee training and education, the Monex Group launched the “ART IN THE OFFICE” program in 2008, which Monex, Inc. has hosted and planned since 2010. This program targets up-and-coming artists and is open to public entries that are presented on the wall of press room of Monex, Inc. And, we hope that new value can be created by combining the diversity offered from “art and the office.”

>> ART IN THE OFFICE
http://www.monexgroup.jp/en/company/art_in_the_office.html



Female Managers and Employees Working While Raising Kids



Manager,
UX Promotion Office
Marketing Department
Monex, Inc.

Nahoko Uchiyama

Executive Officer
Corporate Secretary
Monex Group, Inc.

Nozomi Takasaki

Manager,
Financial Control Department
Monex Group, Inc.

Haiyue Sun

The Monex Group strives to develop systems and an environment to help women return to work after taking maternity leave. To date, 100% of female employees and directors (managers and executive officers) have returned to their jobs after taking such leave. Hear directly from three women who not only returned to work after marriage and having kids, but who want to stay at the forefront, and continue to work and raise kids.

Who we are ?

Our Way

Our Segment

Our ESG

Financial Section

Here, all workers return after taking leave, and continuing work is the norm.

Takasaki Female employees continuing work after marriage or having kids is the norm at Monex. I gave birth when I was working as the Manager of the Corporate Legal Department. But I was able to take maternity leave and did not worry so much thanks to the company hiring a replacement and making other arrangements.

Uchiyama I also became pregnant about 3 years ago, and up until then, I had worked for a long time building my career at Monex. It never occurred to me that I would stop working and not return. There were also no psychological barriers and I felt free to use my maternity leave. And after returning to work, I continued with website development and operations, the same as before.

Sun I also wanted to continue to work, so after becoming pregnant, I discussed it with my supervisor. He quickly connected me with the Human Resources Department, and I was able to get good advice on how to use maternity leave. At the end of my leave, the company made it easy for me to return to work and made arrangements for me, such as giving me flexible work that allowed me to adjust my schedule.

Offering a flexible work schedule and developing a worker-friendly environment.

Uchiyama As soon as I started up work again, sometimes I had to leave suddenly and go pick up my kid from preschool, due to a fever or other reasons, and I always got so much support from my colleagues. The company also gave me a smartphone so I could check my emails when I was not in the office. There was never a problem at work even when I had to unexpectedly leave early.

Sun I too had to take time off from work sometimes because of my kids. But, many co-workers in the department, including my male supervisor, were working and raising kids too, so they were quite understanding and it was never awkward. After the flexible work schedule became available in 2017, it has been a savior for working parents.

Takasaki Even though Monex has been actively integrating worker-friendly measures, such as the flexible work schedule, essentially, what is important is to improve productivity. I think going forward, measures that are worker-friendly and productive need to be developed throughout the company.

Appreciating each “individual” and treating working parents as the norm is the Monex way.

Sun I am working a reduced schedule because my kids are still young. But I also really want to continue developing in my work and keep a good balance with my career and life at home. The company respects that idea. And, I don't really feel any stress because I can work in the style that I want to.

Uchiyama “Diversity” is gaining popularity in society, but I never really thought about it because it is normal at Monex. I can work comfortably even while raising kids, and I think that is what is appealing about Monex.

Takasaki Working parents are the norm and not really regarded as anything special. That is, if you show a strong interest in doing something, regardless if you have kids, the company provides you with that opportunity. And, I think that their appreciation of each “individual” is the Monex way.



Management Foundation (Corporate Governance)

Basic Thoughts on Corporate Governance

In order to continuously enhance the corporate value of Monex Group, it is important for Monex Group, Inc. and its group companies to realize a viable corporate governance system. In accordance with this view, in order to check execution by management, and to establish a structure that enables balanced management judgments, Monex Group has made efforts so that it can hear various objective opinions, such

as having multiple outside directors and actively promoting disclosure of corporate information.

Monex Group adopted a structure called "company with committees (presently, "company with three committees") in June 2013 and reinforces the corporate governance structure by going further on separation of operation and monitoring.

Initiatives to Strengthen Corporate Governance

Since its founding, Monex, Inc. has employed multiple outside directors and built a management system that makes good use of outside eyes and voices. As our business expanded through M&A and we began to face new issues and risks, we appointed outside directors with the knowledge, experience, and specialization to rein in management decisions and supervise business execution. Monex has also been a leader in institutional design, shortening the term of directorships to one year in 2009 and shifting

to a company with committees in 2013. Currently more than half of Monex's Board of Directors is composed of outside and independent directors, who also head the Nominating, Audit, and Compensation committees. In addition, we continue to implement initiatives to improve the effectiveness of governance, such as appointing a lead independent director in 2015 who makes sure that the opinions of the outside directors are brought to the attention of management.

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

	2000	2012	2013	2014	2015	2016	2017
Institutional design	Structure with board of company auditors		Committee structure		Committee structure with nominating committee, etc.		
Total board members	6	9	10	11	11	11	11
Outside directors	3	5	5	6	6	7	6
Percent of outside directors on board	50%	56%	50%	55%	55%	64%	55%
Advisory committees, etc.	Advisory Board	(1999 to 2013; discontinued after shifting to committee structure)			Adopted Corporate Governance Code		
		Global Management Committee			Appointed lead independent director		
Board diversity (foreign nationals, women)	1	2	1	3	3	2	2
Percent of foreign nationals and women	17%	22%	10%	27%	27%	18%	18%
Total executives	—	—	6	6	6	11	12

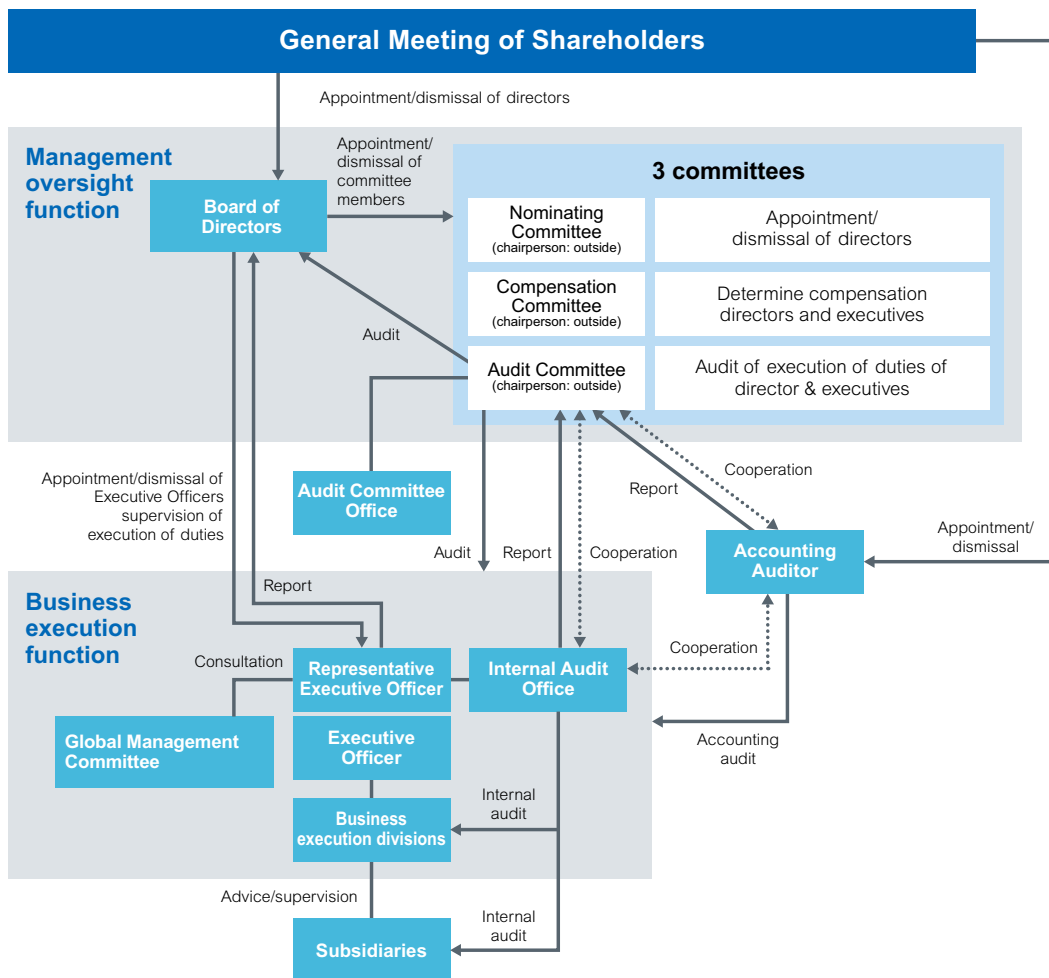
* Shows annual data from the end of June after the General Meeting of Shareholders.

Transition to a Company with Committees

On June 22, 2013, the Company transitioned to a “company with committees.” Through this transition, not only will the separation of executive and supervisory functions become clearer, but by establishing the three Nominating, Audit and Compensation committees, each of which must be comprised of a majority of outside directors, we aim to ensure the transparency and fairness of management and to further

enhance the effectiveness of corporate governance. Furthermore, under the provisions of the Companies Act, given that a considerable transfer of authority from the Board of Directors to executive officers is permitted in a company with committees, it should now be possible to respond quickly to any changes in the business environment.

Company with Committees (As of September 1, 2017)



Who are we ?
 Our Way
 Our Segment
 Our ESG
 Financial Section

Profile of Officers

As of June 24, 2017.
Number of shares held is current as of March 31, 2017.



Managing Director
Oki Matsumoto

7,492,000 shares

- Apr. 1987 Joined Salomon Brothers Asia Limited
- Apr. 1990 Joined Goldman Sachs (Japan) Ltd.
- Nov. 1994 General Partner, The Goldman Sachs Group, L.P.
- Apr. 1999 CEO, (the former) Monex, Inc.
- Aug. 2004 CEO and President of the Company
- May 2005 CEO and President, Monex Beans, Inc. (currently Monex, Inc.)
- Jun. 2008 Director, Tokyo Stock Exchange, Inc.
- Jun. 2008 Director, Shinsei Bank, Limited
- Jun. 2010 Director, Kakaku.com, Inc.
- Jun. 2011 Managing Director and Chairman, TradeStation Group, Inc. (current position)
- Jun. 2013 Managing Director and Chairman, Representative Executive Officer and President of the Company (current position)
- Nov. 2013 Director, JIN CO., LTD.
- Nov. 2015 Representative Director and Chairman, Monex, Inc.
- Jun. 2016 Director, MasterCard Incorporated (current position)
- Aug. 2016 Director, UZABASE, Inc. (current position)
- Apr. 2017 Managing Director and Chairman, Monex, Inc. (current position)



Managing Director, Vice Chairman
Shoji Kuwashima

172,400 shares

- Apr. 1977 Joined The Nikko Securities Co., Ltd.
- May 1999 Director, Nikko Online, Inc. (currently Monex, Inc.)
- Oct. 2001 Director, Nikko Cordial Corporation (currently Citigroup Japan Holdings Corp.)
- Jan. 2006 Director and Chairman, Nikko Systems Solutions, Ltd.
- Jun. 2006 Managing Director of the Company
- Dec. 2006 Director, Representative Executive Officer and President, Nikko Cordial Corporation
- Jan. 2008 Director and Vice Chairman, Nikko Cordial Corporation
- Apr. 2009 Managing Director, Monex, Inc. (current position)
- Jun. 2009 Managing Director of the Company
- Feb. 2011 Managing Director and Vice Chairman of the Company
- Oct. 2012 Director, ASTMAX Co., Ltd.
- Jun. 2013 Managing Director, Vice Chairman and Executive Officer of the Company (current position)



Managing Director
Takashi Oyagi

510,600 shares

- Apr. 1991 Joined Bank of Japan
- Jan. 1998 Joined Goldman Sachs (Japan) Ltd.
- Apr. 1999 Joined (the former) Monex, Inc.
- May 2004 Joined Deutsche Bank Securities, Inc.
- Aug. 2007 CEO and President, MBH America, Inc.
- Jul. 2009 Executive Director of the Company
- Jun. 2011 Managing Director, TradeStation Group, Inc. (current position)
- Jun. 2011 Managing Director of the Company
- Jun. 2013 Managing Director and Executive Officer of the Company (current position)



Managing Director
Toshihiko Katsuya

12,700 shares

- Apr. 1989 Joined The Mitsubishi Bank, Ltd.
- Apr. 2006 Joined the Company
- Apr. 2008 Executive Director of the Company
- Oct. 2010 Representative Director & President, Monex FX, Inc. (currently Monex, Inc.)
- Apr. 2013 Executive Director of the Company
- Jun. 2013 Managing Director, Monex, Inc.
- Jun. 2015 Managing Director and Deputy President, Monex, Inc.
- Nov. 2015 Representative Director and President, Monex, Inc. (current position)
- Apr. 2016 Executive Officer of the Company
- Jun. 2017 Managing Director and Executive Officer of the Company (current position)



Managing Director
Koichi Tateno

30,000 shares

- Apr. 1998 Joined Merrill Lynch Japan Incorporated
- Apr. 1999 Joined McKinsey & Co, Inc.
- Feb. 2005 Joined Goldman Sachs (Japan) Ltd.
- Feb. 2007 Joined Unison Capital, Inc.
- Aug. 2008 Director, Akindo Sushiro Co., Ltd.
- Jun. 2012 Director, Asahi Tec Corporation
- Mar. 2013 Partner, Unison Capital, Inc.
- Apr. 2016 Executive Officer of the Company
- Jun. 2016 Managing Director, TradeStation Group, Inc. (current position)
- Jun. 2016 Representative Director and President, Japan Growth Investments Alliance Inc. (current position)
- Sep. 2016 Senior Executive Director, Monex, Inc. (current position)
- Jun. 2017 Managing Director and Executive Officer of the Company (current position)

Three Committees

Nominating Committee

- Chairman **Nobuyuki Idei** (Outside Director)
- Member **Fujiyo Ishiguro** (Outside Director)
- Member **Nobuo Domae** (Outside Director)
- Member **Jun Makihara** (Outside Director)
- Member **Oki Matsumoto**

Audit Committee

- Chairman **Koji Kotaka** (Outside Director)
- Member **Nobuo Domae** (Outside Director)
- Member **Billy Wade Wilder** (Outside Director)

Compensation Committee

- Chairman **Jun Makihara** (Outside Director)
- Member **Nobuyuki Idei** (Outside Director)
- Member **Oki Matsumoto**



Outside Director
Jun Makihara

20,000 shares

- Sep. 1981 Joined Goldman, Sachs & Co.
- Dec. 1992 General Partner, Goldman, Sachs & Co.
- Jul. 2000 Chairman, Neoteny Co., Ltd.
- Mar. 2005 Director, RHJ International SA
- Jun. 2006 Managing Director of the Company (current position)
- Jun. 2011 Managing Director, TradeStation Group, Inc. (current position)
- Jun. 2011 Director, Shinsei Bank, Limited (current position)
- Sep. 2014 Director, Philip Morris International Inc. (current position)



Outside Director
Koji Kotaka

10,000 shares

- Apr. 1987 Registered as attorney at law
- Apr. 1987 Joined Sato and Tsuda Law Office
- Aug. 1990 Joined Goldman Sachs (Japan) Ltd.
- Nov. 1998 Managing Director, Goldman Sachs (Japan) Ltd.
- Nov. 2006 Partner, Goldman Sachs (Japan) Ltd.
- Nov. 2009 Joined Nishimura & Asahi Law Office
- Jan. 2011 Established Koji Kotaka Law Office
- Jun. 2013 Managing Director of the Company (current position)
- May 2015 Supervisory Director, Japan Senior Living Investment Corporation (current position)
- Feb. 2016 Director, LINE Corporation (current position)
- Sep. 2016 Managing Director, TradeStation Group, Inc. (current position)



Outside Director
Billy Wade Wilder

10,000 shares

- Apr. 1986 Head of Japanese Equity Research, Schroder Securities
- Dec. 1992 Joined FIL Investments (Japan) Limited
- Sep. 1995 Representative Director and President, FIL Investments (Japan) Limited
- Jul. 2004 Representative Director and President, Nikko Asset Management Co., Ltd.
- Jan. 2014 Director, GIC Securities Co., Ltd. (currently GI Capital Management Ltd.) (current position)
- Jun. 2014 Managing Director of the Company (current position)



Outside Director
Nobuo Domae

30,000 shares

- Apr. 1993 Joined McKinsey & Co., Inc. (Japan)
- Sep. 1998 Joined FAST RETAILING CO., LTD.
- Nov. 1998 Director, FAST RETAILING CO., LTD.
- Jul. 1999 Director and Senior Vice President, FAST RETAILING CO., LTD.
- Nov. 2004 Director and Executive Vice President, FAST RETAILING CO., LTD.
- Nov. 2005 Director, FAST RETAILING CO., LTD.
- Nov. 2008 Executive Vice President, FAST RETAILING CO., LTD.
- Dec. 2008 President, FAST RETAILING FRANCE S.A.S.
- Aug. 2010 CEO, FAST RETAILING USA, Inc.
- Jun. 2016 Director, DeNA Co., Ltd. (current position)
- Jun. 2016 Managing Director of the Company (current position)



Outside Director
Nobuyuki Idei

90,000 shares

- Apr. 1960 Joined Sony Corporation
- Apr. 1995 President and CEO, Sony Corporation
- Jun. 2000 Chairman and CEO, Sony Corporation
- Jun. 2003 Chairman and Representative Executive Officer, Sony Corporation
- Feb. 2006 Director, Accenture plc
- Apr. 2006 Representative Director, Quantum Leaps Corporation (current position)
- Jun. 2006 Chairman of the Advisory Board of the Company
- Jun. 2007 Director, Baidu, Inc.
- Jul. 2007 Director, FreeBit Co., Ltd. (current position)
- Sep. 2011 Director, Lenovo Group Limited (current position)
- Jun. 2013 Managing Director of the Company (current position)



Outside Director
Fujiyo Ishiguro

10,000 shares

- Jan. 1981 Joined BROTHER INDUSTRIES, LTD.
- Jan. 1988 Joined Swarovski Japan Ltd.
- Sep. 1994 President, Alphametrix, Inc.
- Jan. 1999 Director, Netyear Group, Inc.
- Jul. 1999 Director, Netyear Group Corporation
- May 2000 Representative Director and President, Netyear Group Corporation (current position)
- Jun. 2013 Corporate Auditor, SOMPO JAPAN INSURANCE INC. (currently Sompo Japan Nipponkoa Insurance Inc.)
- Mar. 2014 Director, Hottolink, Inc. (current position)
- Jun. 2014 Managing Director of the Company (current position)
- Jun. 2015 Director, Sompo Japan Nipponkoa Insurance Inc. (current position)

Executive Officers






As of June 24, 2017.
 Number of shares held is current as of March 31, 2017.

Position	Name	Assignment	No. of shares held (shares)
Representative Executive Officer, President & Chief Executive Officer	Okii Matsumoto	Director of organization	7,492,000
Executive Officer, Chief Operating Officer, Co-Chief Financial Officer	Koichi Tateno	Overall management Asia-Pacific Segment Kaizen	30,000
Executive Officer, Co-Chief Financial Officer	Satoshi Hasuo	Financial controls	9,800
Executive Officer	Toshihiko Katsuya	Japan segment	12,700
Executive Officer	Kiminori Kaneko	Japan segment	13,100
Executive Officer, Chief Strategic Officer	Takashi Oyagi	US segment	510,600
Executive Officer	John Bartleman	US segment	—
Executive Officer, Chief Quality Officer	Shoji Kuwashima	Human resources Quality Corporate communications Information security	172,400
Executive Officer, Chief Administrative Officer	Hisashi Tanaami	Internal controls Relationship management	21,800
Executive Officer	Yuko Seimei	Planning Monex Ventures, Inc. Trade Science Corporation Monex-Saison-Vanguard Investment Partners, Inc. Monex Zero	3,000
Executive Officer	Masaki Ueda	Monex Zero	256,000
Executive Officer, Co-Chief Administrative Officer	Nozomi Takasaki	Internal controls Corporate Secretary	7,400

Reasons for Appointing Directors

Experience and expertise

Based on our nominating policy that assumes high ethical standards and a good understanding of one's duties, each director offers one or multiple fields of experience and expertise that qualify him or her as a director.

		Matsumoto	Kuwashima	Oyagi	Katsuya	Tateno	Makihara	Idel	Kotaka	Ishiguro	Wildner	Domae
	Business experience in a securities company or other financial institution	8 persons	●	●	●	●	●		●		●	
	Business experience in an Internet company or other company serving individuals	10 persons	●	●	●	●	●	●		●	●	●
	Knowledge of IT and marketing	8 persons	●	●	●	●		●		●	●	●
	Management experience in a listed or global company	9 persons	●	●	●		●	●	●	●	●	●
	Specialization in law or accounting	1 person							●			

Reasons for Appointing Internal Directors

Name	Position	Reason for Appointment
Oki Matsumoto	Managing Director, Chairman of the Board, Member of the Nominating Committee, Member of the Compensation Committee Representative Executive Officer, President & Chief Executive Officer	Since Mr. Matsumoto founded the former Monex, Inc. in 1999, he has been dedicated to creating and establishing a new financial business model in Japan, i.e., an online brokerage business for retail investors, and has demonstrated strong leadership in expanding the business of Monex Group, Inc. With his in-depth understanding of the financial services industry, Mr. Matsumoto has actively supported substantive and productive discussion of the Board. As Chief Executive Officer of the Company, he deploys his exceptional leadership and management skills to pursue continuous growth in the group's business.
Shoji Kuwashima	Managing Director, Vice Chairman of the Board Executive Officer & Chief Quality Officer	Mr. Kuwashima has long experience in the Japanese brokerage business and has in-depth knowledge in information technology. He proactively participates in Board discussions with well-balanced perspectives derived from his vast experience in management. Mr. Kuwashima also serves as an Executive Officer of the Company and is responsible for information securities, etc. where his knowledge and experience in information technology can be fully utilized.
Takashi Oyagi	Managing Director, Executive Officer & Chief Strategic Officer	Mr. Oyagi is a founding member of Monex, Inc., which was established in April 1999. With his long experience in financial services in Japan and the U.S., Mr. Oyagi has, while fulfilling his responsibilities as Director, assumed the role of planning and executing strategies to create new enterprise value for the Company as its Executive Officer. Mr. Oyagi actively participates in Board discussions, providing his views reflecting the latest trends in the financial industry.
Toshihiko Katsuya	Managing Director, Executive Officer	Mr. Katsuya has management experience in both the brokerage and banking businesses. He is responsible for the Japan segment business of the Company and leads the brokerage business in Japan as the Representative Director & President of Monex, Inc., the Company's subsidiary. The Nominating Committee determined that Mr. Katsuya's in-depth knowledge of brokerage and financial business in both Japan and the U.S., as well as his experience in managing brokerage business, would contribute to the Board in monitoring the Company's business execution and that he would be capable of taking responsibility as Director of the Company.
Koichi Tateno	Managing Director, Executive Officer, Chief Operating Officer & Co- Chief Financial Officer	Mr. Tateno has dealt with various projects in increasing corporate value and reviving enterprises, throughout his career in management consulting and private equity investment. The Nominating Committee expects that, as the Company enters a phase of aggressively strengthening and expanding its business, Mr. Tateno will contribute to the Board in keeping a balance between value creation and value preservation based on his rich experience in corporate investment and hands-on value creation.

Reasons for Appointing Outside Directors & Attendance Record

Name	Current Positions	Reason for Appointment	Attendance Record for FYE March 2017
Jun Makihara (*)	Independent Director Managing Director, Member (Chair) of the Compensation Committee, Member of the Nominating Committee, Lead Independent Director	Mr. Makihara's years of experience in investment banking and in the incubation of Internet business start-ups in Japan and the U.S. provides him with strong expertise in and profound understanding of the financial services industry as well as Internet-related businesses. He has actively participated in Board discussions since he was elected as Director of the Company in June 2006 and has contributed to the Board from both the growth-oriented and risk-averse perspectives while also taking transitions in the Company's business into consideration. After he was appointed as the Lead Independent Director in April 2015, Mr. Makihara also ensured that views of the outside directors were fully communicated to management, greatly enhancing the effectiveness of the Board's function.	Board of Directors 11/11 times Nominating Committee 3/4 times Compensation Committee 5/5 times
Nobuyuki Idei	Independent Director Managing Director, Member (Chair) of the Nominating Committee, Member of the Compensation Committee	Mr. Idei has extensive management experience in global companies and is aggressively engaged in nurturing nextgeneration businesses and leaders, drawing on his extensive connections around the world as well as his in-depth knowledge of online businesses. Since his appointment as Director of the Company in June 2013, Mr. Idei has contributed to the Board by actively expressing his perspectives derived from broad knowledge and experience.	Board of Directors 11/11 times Nominating Committee 4/4 times Compensation Committee 5/5 times
Koji Kotaka	Independent Director Managing Director, Member (Chair) of the Audit Committee	Mr. Kotaka has significant legal expertise and is licensed as an attorney-at-law. He also has long experience in the M&A and finance business as an investment banker and has an ample knowledge as an expert in finance and accounting. Since he was appointed Director of the Company in June 2013, he has demonstrated his ability to fulfill his responsibilities to shareholders by providing his perspectives to the Board based on his long experience in the financial industry. He further contributes to the enhancement of the Company's corporate governance system through his activities on the Audit Committee, where he verifies the effectiveness of the internal control system of the Company and its group companies.	Board of Directors 11/11 times Nominating Committee 4/4 times
Fujiyo Ishiguro	Independent Director Managing Director, Member of the Nominating Committee	Ms. Ishiguro has profound knowledge of digital marketing and long experience in management as an active CEO of a listed company. Since June 2014, when she was elected as Director of the Company, Ms. Ishiguro has actively participated in Board discussions, including providing her views relating to changes in customer demand for various online services.	Board of Directors 11/11 times Audit Committee 4/4 times
Billy Wade Wilder	Independent Director Managing Director, Member of the Audit Committee	Mr. Wilder not only has extensive experience in the investment management business, but also has long experience in managing companies in Japan. Since he was elected as Director of the Company in June 2014, he has aggressively contributed to the Board with insights derived from his expertise in evaluating and observing enterprises, skills that he acquired from his experience as an institutional investor. Mr. Wilder's strengths have also assisted him in overseeing the internal control system of the Company and its group companies as a member of the Audit Committee.	Board of Directors 11/11 times Audit Committee 14/14 times
Nobuo Domae	Independent Director Managing Director, Member of the Nominating Committee, Member of the Audit Committee	Mr. Domae has long and in-depth experience in consumer services, including e-commerce, digital and marketing services, and also in global business development. Furthermore, he has extensive experience in establishing globally applicable organizational frameworks and business management systems. Since he was elected as Director of the Company in June 2016, Mr. Domae has aggressively participated in Board discussions and provided his insights from wide and various perspectives.	Board of Directors 8/8 times Nominating Committee 4/4 times

* The Company's outside directors and independent directors voted to appoint Makihara as the Lead Independent Director effective from April 2015.

Message from Outside Directors

Our role is not just auditing for corporate governance, but actively help in building business strategies to increase corporate value.



Koji Kotaka

Lawyer
Outside & Independent Director
Audit Committee Chairman

In the Monex Group, I currently work as an outside, independent director and Chairman of the Audit Committee.

The last year the domestic market fluctuated drastically, being impacted by a number of changes in the domestic and international climate, which include Brexit in Europe and the birth of the Trump administration in the U.S. In the Group as well, Monex, Inc., the Group's core company, changed its core system to a new in-house system. We as managing directors do not just oversee the business execution of management, but are actively involved in building domestic and international business strategies for the Group, and we have worked hard to ensure that the Group can continue to develop for all of the shareholders. In addition, as an Audit Committee member, I have performed audits for corporate governance in the Group. This means in addition to overseeing director management, I collect information by conducting interviews with executive officers and receiving reports on internal audits, in order to evaluate the legality of business execution, the effectiveness of business plans and the status of those plans.

The majority of the Board of Directors is comprised of outside directors from different backgrounds. In addition, the Group's unique management features executive meeting sessions held for outside, independent directors, and our observations about the company are relayed to the CEO via a lead independent director.

Due to the rapid development of technology and the rising power of financial technology, recent board meetings have not just focused on the development of existing businesses but more on medium to long term strategies, including launching new businesses. Quickly perceiving trends and continuing to provide new services to our customers are important issues in our company, and I believe that improving the corporate value for all shareholders is a critical duty for us as directors. Furthermore, another important challenge that has produced lengthy and lively discussions is the development of future managers and transitioning to the next generation of management.

As outside directors, we recognize that the shareholders have entrusted us with a key role in the Group's corporate governance, and therefore I really would like to do my part and help the Group improve their corporate value.

Using digital marketing and IT expertise to foster Monex growth for the next generation.

The Monex Group started as a leader in online securities but now the times have changed showing fiercer competition. As “online” securities trading has become popularized, every company is looking for the next breakthrough. I was appointed as an outside director during this time. One of my missions has been to foster growth for the next generation of the Group using available digital marketing and IT information, which can provide a different financial experience based on the interests of each customer. This year, Monex changed its IT infrastructure platform to an in-house system and managed to reduce costs. But Monex’s plans don’t stop there, board meetings now have lively discussions on aggressive IT investment strategies such as in marketing. I believe engaging in new businesses will raise the Group to a higher level. Oki Matsumoto is the one leading new business development. And, management works with him in order to build the next generation Monex.

Monex has corporate governance separating the management oversight function and business execution, and has set up a committee structure with a Nominating Committee. I am also a member of the Nominating Committee that selects potential directors. The role of the outside director is vital in that committee since the chairman and 4 of the 5 members are all outside directors. Compared to other firms, I feel this example shows a system and an attempt to stay more loyal in representing the interests of the shareholders. This is because their representative Oki Matsumoto and his experience and ideas as a manager are based on putting the interests of the shareholders first.

In the Group, we as outside directors are brought together to participate on management retreats where the executive officers or potential candidates are able to share their own ideas on strategies and Monex’s future. We are also invited to visit the TradeStation Group, an American subsidiary, and given the chance to listen to strategies from the local management.

In this way, I feel we as outside directors do not just provide governance but are given resources to help growth in Monex. And in order to fulfill that role, I will try to give my best going forward in order to maximize the value for the shareholders.



Fujiyo Ishiguro

Representative Director & President & CEO, Netyear Group Corporation
Outside & Independent Director
Nominating Committee member

Who we are ?

Our Way

Our Segment

Our ESG

Financial Section

Evaluating Effectiveness of Board Meetings

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

Before presenting a list of director candidates to the General Meeting of Shareholders held in June 2017, a questionnaire was given to each director between December 2016 and January 2017 in order to evaluate the Board of Directors. Based on the questionnaire's results, the Nominating Committee and the Board analyzed and evaluated the effectiveness of the entire Board. A summary of said results is shown below.

■ Analysis and evaluation results

The Board's size, make-up and management of the meetings are generally appropriate, and the overall Board functions well, as the directors actively ask questions or offer opinions during the meetings.

■ Initiatives for improving effectiveness

The Board of Directors and the Nominating Committee confirmed the following initiatives enacted by the company and the Board in order to further improve the effectiveness of the Board.

- For strategic items and other important management issues, we shall strive to foster more in-depth discussion during board meetings by lengthening discussion time as well as by improving the quality of information provided, including refining and distributing documents ahead of time.
- We shall come up with more ways to provide information related to the business and its execution so that the outside directors can have a more in-depth understanding of the Company's and the Group's businesses.

Remuneration System of Officers

Monex has adopted a corporate committee structure, like the Nominating Committee. The Compensation Committee - chaired by an outside and independent director - decides on the policy related to the compensation and also on the specific compensation for each director and executive officer.

For policy that is applied after the fiscal year ended March 2018, directors who do not also fill executive posts are independent from business execution. Since the position focuses on the oversight of management, the remuneration for directors, etc., shall only be basic remuneration on a fixed pay scale that is equivalent to the duties.

On the other hand, remuneration for executives, including those who fulfill dual roles as directors, is composed of basic remuneration plus a short-term incentive and a medium-and-long term incentive.

Basic remuneration consists of a fixed amount plus an amount concomitant to the post. Short-term incentive remuneration shall be an incentive for improving performance during a single fiscal year. The total amount of the incentive shall be determined by the company's performance and then shall be allocated based on merit for the duties and performance of each director. The medium-and-long term incentive remuneration shall be an incentive for improving the corporate value over the medium to long terms, and shall be allocated to each director in shares restricted on transfer (or "restricted stock").(*)

There are two reasons for adopting the medium-and-long term incentive remuneration, which takes effect after the fiscal year ended March 2018. One is to accommodate a request for incentives so that the company's performance over the medium to long term is reflected in the remuneration of management per the Corporate Governance Code. Two, by including remuneration based on stock that is restricted on transfer during a certain time period and by keeping eligible directors on the same page as shareholders with regard to the fluctuation of the share price, this type of incentive system can reinforce an executive's ongoing commitment toward improving the corporate value over the medium to long term.

Remuneration system for executive officers/ directors and executive officers (average)

Basic remuneration	Fixed remuneration	Approx. 70% of total remuneration
Short-Term Incentive Remuneration	Remuneration linked to each year's performance	Approx. 30% of total remuneration
Medium-and-Long Term Incentive Remuneration	Restricted stock linked to the price of the Group's stock	

* In lieu of allocating shares restricted on transfer to directors who reside outside of Japan for medium- and long-term incentive remuneration the fiscal year ended March 2018, phantom shares shall be allocated in accordance with the laws of the country of residence and distributed proportionally over multiple fiscal years in order to have an equivalent effect to shares restricted on transfer. The amount paid shall be calculated from the standard stock price of the Company.

Dialogue with Stakeholders

Monex believes that active disclosure and dialogue with stakeholders helps to build relationships with those stakeholders and the market.

Dialogue with Shareholders and Investors

The Company always holds its General Meeting of Shareholders on a Saturday to make the meeting easier for individual shareholders to attend. To promote the exercise of voting rights, we dispatch notices of convocation three weeks before the meeting day and post the information on the Company's website. We also encourage electronic voting from the Internet or mobile phones, and use a platform operated by ICJ, Inc. (a joint venture instituted by the Tokyo Stock Exchange, etc.) for institutional investors to exercise electronic voting rights. The Company has disclosed the results of exercised voting rights since 2009.

Dialogue with Institutional Investors

On earnings announcement day each quarter, the Monex Group holds a results briefing or teleconference in Japanese and English. In each case the Representative Executive Officer & CEO explains our earnings directly and participates in a Q&A session. About twice annually, a group of Monex's managers take a European and U.S. tour to visit investors and give individual meetings, and managers and our head of investor relations section gives interviews to institutional investors at almost any time. Monex also actively participates in conferences organized by securities companies, where it explains its business results and strategy.

Dialogue with Retail Investors

On earnings announcement day or the next business day each quarter, the Monex Group holds an online results briefing for retail investors. This is an opportunity for our Representative Executive Officer & CEO to engage in a direct dialogue with retail investors.



The 13th Annual General Meeting of Shareholders

Individual shareholders
as of the end of March 2017

43,478 persons

Participants at General Meeting of Shareholders
(held on June 24, 2017)

685 persons

Dialogue with Customers

Ever since Japan's Monex, Inc. was founded, it has held an Orientation Committee meeting once every three months to ask clients their opinion face to face. As of September 2017, the company had held 69 such meetings. Oki Matsumoto, the Chairman of Monex, Inc. has contributed his thoughts and perceptions to every issue of Monex Mail, the Company's e-magazine, which has been distributed every business day since August 1999.

Dialogue with Employees

The Monex Group holds group-wide meetings for all employees to ensure that management's current understanding and thinking are shared. In the Japanese segment, these meetings are called "general meetings" (zentaikai) and "internal financial results briefings," and in the U.S. segment, they are known as "town hall meetings." "Internal financial results briefings" are held once every quarter and designed so that the CFO can brief the employees on the consolidated results and the results per segment, as well as keep the employees abreast on the direction of the Company.



The CEO using a loudspeaker to communicate with all the employees at once has been commonplace since our founding.

Management Foundation (Risk Control)

An appropriate control system is set up for various risks that may affect management.

Regarding risk perception by Monex Group, Inc. and its subsidiaries, the Company follows all legal stipulations and also manages risk according to its own “rules of integrated risk control.” To keep risk that affects Company management within a certain permissible range contributes to the achievement of our business goals. Based on this idea, we discern, analyze, and evaluate risk and devise appropriate control systems for each kind of risk.

In relation to risk control, the CEO appoints a risk control manager, and this person is responsible for providing and managing the risk control system and reporting periodically to the Board of Directors.

Items recognized as risks are classified systematically, and the location and related divisions of each risk are clearly identified. The risk control manager then measures the risk comprehensively, estimates the degree of impact and event probability of the risks, confirms the control situation, and reports to the Board of Directors how much risk the Monex Group as a whole is facing.

The Monex Group's rules of integrated risk management stipulate that the following 10 risks should be managed.

1 Market-related risk	6 Administrative risk
2 Credit risk	7 Legal risk
3 Liquidity risk	8 Reputation risk
4 Information security risk	9 Disaster risk
5 System risk	10 Other risk

In subsidiaries as well, we control risk according to business size and content. For example, at Monex, Inc., the largest company in the Group, we have established rules, an organization, and a meeting and committee structure to control risks unique to this company. The meeting and committee structure related to risk control at Monex, Inc. is as follows.

Meeting and committee structure related to risk control at Monex, Inc.

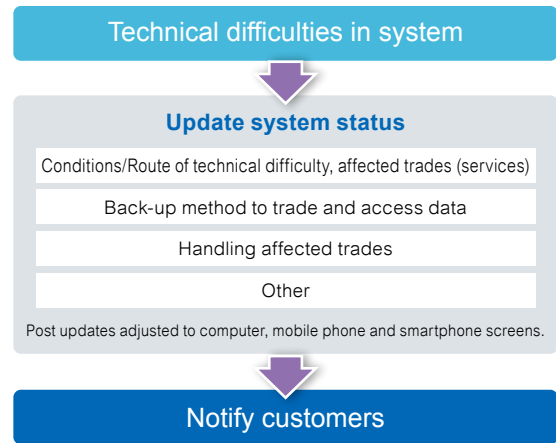
Name	Participants	Content
QMS (*) Confirmation Committee * Quality Management System	<ul style="list-style-type: none"> Internal control manager Director responsible for system development Quality control office manager, etc. 	Reporting and discussion of regulations pertaining to system quality control, the state of outsourcing quality control, incidence of system difficulties and measures taken to prevent a recurrence of those difficulties.
Credit Committee	<ul style="list-style-type: none"> Internal control manager Accounting & Finance Department, Director responsible for Corporate Administration Department, etc. 	Discussion of transactions accompanied by credit risk, such as margin trading and futures and options trading. For example, setting and alteration of credit limits on clients from the viewpoint of credit control and client control and the enforcement or cancellation of in-house regulations on certain issues.
Information Security Control Committee	<ul style="list-style-type: none"> Information Security Control Committee chairman (internal control manager) Director and manager responsible for Human Resources Department Director and manager responsible for system development, etc. 	Prepares and makes decisions related to company-wide information security control.
Compliance Meeting	<ul style="list-style-type: none"> Internal control manager Managing Director Director and manager responsible for Corporate Management Department Director and office head responsible for Quality Control Office Audit Office manager, etc. 	A compliance-related advisory body to the internal control manager. Consults on all aspects of devising and managing systems related to compliance.
Commitment Committee	<ul style="list-style-type: none"> Internal control manager Accounting & Finance Department Manager Corporate Management Department Manager, etc. 	Consults on whether the Company should underwrite or not the suitability of pricing and scope that the Company decides as an IPO lead manager (expected prices and expected provisional conditions, provisional conditions, public price, etc.).

Focusing also on system risk control that is vital to online brokerage services.

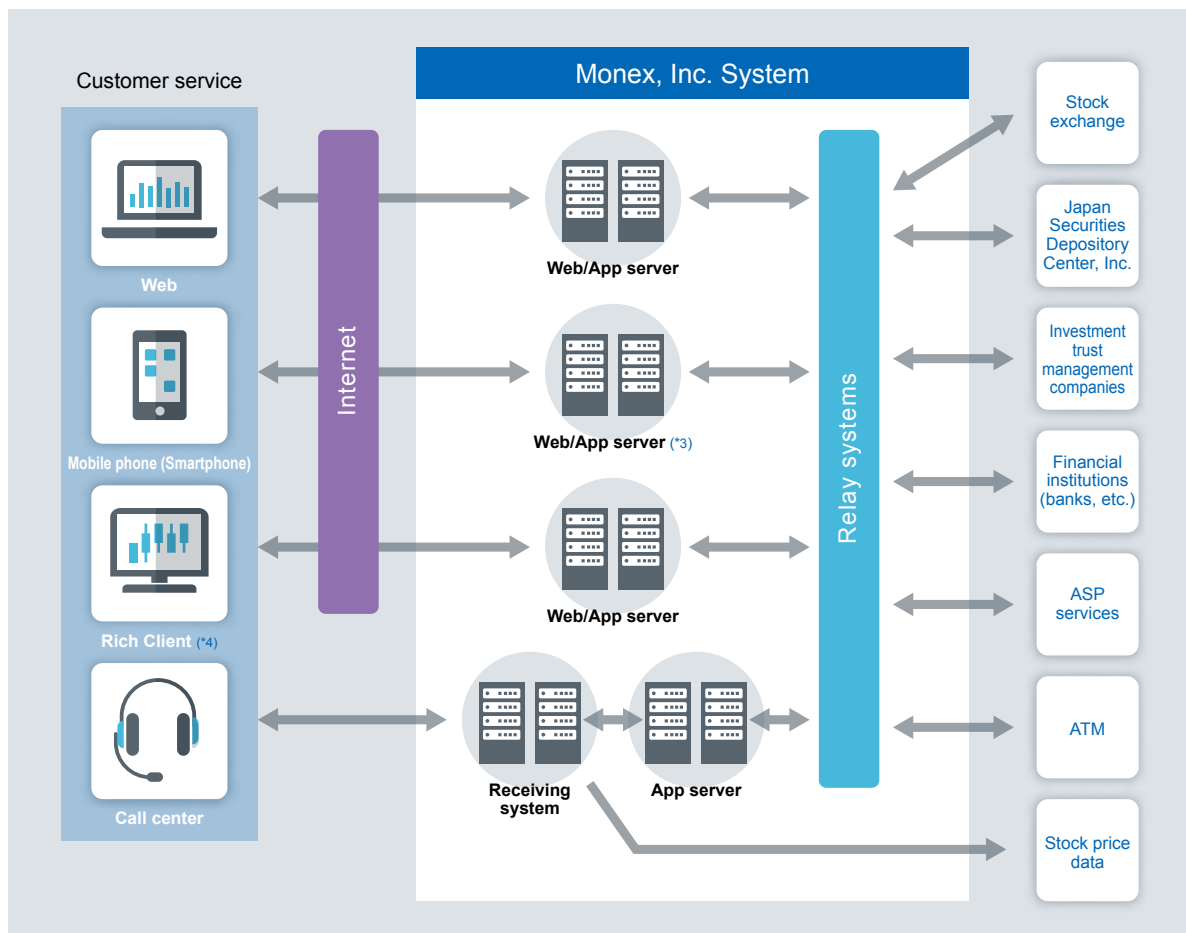
Among the management related risks in our online securities services - the Group's main business - one risk that could potentially have a large impact is a technical difficulty in our system. For example, in our Japan segment, our subsidiary Monex, Inc. notifies the customer on the website (*1) of how it responds against technical difficulties in the system. The flowcharts offer a specific description of how we notify customers and also how orders are processed when we experience technical difficulties in our system.

*1 <https://info.monex.co.jp/policy/correspondence.html>

Response Flowchart to System Difficulties in Monex, Inc.



Monex, Inc. System Structure & Back-up Method for Core Products During Technical Difficulties (*2)



*2 Post back-up method to use in the event of technical difficulties for logging in, trade orders, for depositing or withdrawing monies in our system for products such as Monex, Inc. Japanese equities, U.S. equities, futures and options, OTC FX and Click365. (<https://info.monex.co.jp/policy/correspondence.html>)

*3 App: Abbreviation for application

*4 Rich Client: Specific application for Market Station, etc.

10 Years Highlight

Category	Accounting item, sub-item and title display (IFRS/JGAAP)	Unit	FYE Mar. 2008	FYE Mar. 2009
			JGAAP	JGAAP
Consolidated	Total operating revenue	Millions of yen	30,497	24,812
	Commission received	Millions of yen	21,544	14,900
	Net trading income	Millions of yen	143	1,100
	Financial income	Millions of yen	8,576	8,611
	Other operating income	Millions of yen	232	199
	Financial expenses	Millions of yen	3,509	3,758
	Total operating revenue after deducting financial expenses/ Net operating revenue	Millions of yen	26,988	21,053
	Selling, general and administrative expenses	Millions of yen	13,971	15,784
	Transaction-related expenses	Millions of yen	4,923	4,639
	Compensation and benefits	Millions of yen	2,649	2,907
	System related expenses (*1)	Millions of yen	5,542	6,642
	Other	Millions of yen	856	1,593
	The amount equivalent to operating income/ Operating income	Millions of yen	13,016	5,269
	Other income/ Expenses (net)	Millions of yen	(483)	(5,233)
	Profit before income taxes/ Income before income taxes and minority interests	Millions of yen	12,620	48
	Profit/ Income before minority interests	Millions of yen	7,218	(2,187)
	Profit attributable to owners of the company/ Net income	Millions of yen	7,206	(2,144)
	Total assets	Millions of yen	335,016	235,694
	Total equity	Millions of yen	45,554	40,066
	The difference between "Total equity" and "Fixed-type assets" (*2)	Millions of yen	34,397	32,502
	Operating income margin	%	48.2	25.0
	Return on equity (ROE)	%	15.5	-5.0
	Earnings per share attributable to owners of the company/ Earnings per share (EPS) (*3)	Yen	3,080.54	(928.55)
	Equity per share attributable to owners of the company/ Book-value per share (BPS) (*3)	Yen	19,664.53	17,235.10
	Dividend per share (*3, 4)	Yen	1,550.00	400.00
	Total return ratio	%	78	-
Monex, Inc.	Capital adequacy ratio (*5)	%	429.9	400.9
TradeStation Securities, Inc.	Excess net capital (*6)	Thousands of U.S. Dollars	-	-
Consolidated	Number of employees	Persons	163	252
Monex Group, Inc. (*7)	Number of directors	Persons	13	13
	Independent director	Persons	5	5
Monex, Inc.	Total online seminar participants	Persons	-	-
	Total online seminars held	times	-	-
Japan (*8)	Percentage of women	%	36	38
	Percentage of women in management positions	%	16	18
U.S.	Percentage of women	%	-	-
	Percentage of women in management positions	%	-	-
Asia-Pacific (*9)	Percentage of women	%	-	-
	Percentage of women in management positions	%	-	-
Nikkei 225	Nikkei stock average (year-end)		12,525.54	8,109.53
TSE, NSE, (OSE) (*10)	Trading value for retail investors on two (three) stock exchanges (per business day)	Billions of yen	10,009	6,251
Exchange rate	USD-JPY exchange rate (year-end)		-	-

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

*2 For details, refer to "Shareholder Return and Investment" and "Equity Minus Fixed-type Assets" on page 23 in the section Message from the CFO.

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

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

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

FYE Mar. 2010	FYE Mar. 2011	FYE Mar. 2012	FYE Mar. 2013	FYE Mar. 2014	FYE Mar. 2015	FYE Mar. 2016	FYE Mar. 2017
JGAAP	JGAAP	JGAAP	IFRS	IFRS	IFRS	IFRS	IFRS
22,499	25,227	32,292	36,090	54,722	50,975	54,271	45,831
13,021	13,158	17,107	20,367	33,542	30,079	32,152	26,349
3,414	4,724	6,199	6,974	8,011	6,242	6,671	4,498
6,007	7,155	8,382	8,195	12,583	13,987	14,610	14,313
55	189	602	554	587	667	839	671
2,577	2,638	3,238	2,320	4,672	5,766	4,629	3,979
19,921	22,589	29,054	33,769	50,051	45,209	49,642	41,852
15,460	17,848	26,605	30,359	34,981	37,143	41,395	40,578
4,219	5,008	8,865	10,223	12,235	13,236	13,862	11,281
3,268	3,386	6,051	8,503	9,613	9,538	10,651	10,393
6,907	7,998	9,074	9,701	10,779	11,659	13,343	15,685
1,064	1,455	2,614	1,933	2,355	2,710	3,539	3,218
4,461	4,741	2,448	3,410	15,069	8,066	8,247	1,274
(601)	(1,466)	204	3,588	1,825	(1,951)	(3,146)	(203)
3,996	3,268	2,585	6,998	16,895	6,115	5,100	1,071
3,764	1,995	1,485	3,907	10,356	3,494	3,516	161
3,776	1,992	1,422	3,901	10,354	3,494	3,554	298
374,688	365,730	535,663	682,193	939,270	1,055,242	888,116	936,776
66,310	71,025	72,459	79,667	80,701	86,932	86,022	81,687
50,300	55,387	33,246	38,847	35,656	32,734	26,660	22,819
22.4	21.0	8.4	10.1	30.1	17.8	16.6	3.0
7.1	2.9	2.0	5.0	12.9	4.2	4.1	0.4
1,527.41	647.82	467.45	1,301.73	35.76	12.15	12.46	1.06
22,139.55	22,154.32	24,093.09	26,583.96	280.52	302.18	302.03	290.00
700.00	500.00	200.00	410.00	18.00	8.20	9.60	5.20
48	77	260	31	103	68	109	827
386.0	483.6	396.5	459.3	394.9	422.7	335.3	297.8
-	-	45,729	44,721	52,163	49,074	62,441	71,782
390	321	845	917	992	951	971	830
13	14	14	13	10	11	11	11
5	6	6	7	4	6	6	6
-	-	48,035	70,767	120,712	187,133	253,891	173,409
-	-	105	98	136	187	213	191
42	39	45	50	49	47	45	44
17	18	23	23	23	22	19	19
-	-	-	30	29	31	25	24
-	-	-	16	19	24	21	18
-	-	42	44	41	50	46	44
-	-	11	15	15	14	14	14
11,089.94	9,755.10	10,083.56	12,397.91	14,827.83	19,206.99	16,758.67	17,518.52
6,195	5,268	4,494	6,219	15,014	11,567	11,234	9,543
-	-	81.93	94.09	102.88	120.12	112.6	111.39

^{*6} Based on the laws and regulations established by the U.S. Securities and Exchange Commission (SEC) and self-regulating organizations, U.S. financial companies are required to maintain a minimum net capital (equity capital calculated based on SEC regulations).
 Net capital - Minimum equity capital required = Excess net capital.

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

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

^{*9} Applies to Monex Boom Securities Group

^{*10} Three markets became two markets since the Osaka Securities Exchange (spot market) merged with the Tokyo Stock Exchange on Jul.2013.

Who we are ?

Our Way

Our Segment

Our ESG

Financial Section

Financial Information

Financial Analysis

Revenue Analysis

The Monex Group has been applying IFRS (International Financial Reporting Standards) since March 2013. When disclosing the Consolidated Statement of Income to show the performance of our securities business – the primary online business of the Group, we disclose the “Total operating revenue after deducting financial expenses and cost of sales” as an accounting item (which is equivalent to the “Net operating revenue” in the Japanese accounting standards) for the analysis of our performance, giving due consideration to showing the actual condition of our securities business and compatibility with our competitors.

The factor analysis for the performance by geographical segment is as follows.

Japan segment

The total operating revenue after deducting financial expenses and cost of sales decreased 16.1% year on year (¥5.13 billion) to ¥26.692 billion. The average daily brokerage transaction value for equities, etc., decreased by 21.9% year on year to ¥54.4 billion, and the commission received decreased 21.4% year on year (¥4.163 billion) to ¥15.267 billion. In addition, due to a decrease in FX trading caused by a decline in market volatility, the net trading income decreased 20.7% year on year (¥1.176 billion) to ¥4.499 billion, and the net financial income increased 3.3% year on year (¥216 million) to ¥6.719 billion.

Selling, general and administrative (SG&A) expenses came to ¥25.05 billion, up 7.4% (¥1.73 billion) compared to the previous fiscal year. The SG&A increase was mainly due to a rise in system-related expenses (real estate-related expenses, office expenses and depreciation expenses) of 20.3% year on year (¥2.343 billion), which came as a result of running the new and old backbone brokerage systems parallelly.

Other income and expenses (net amount) (*) came to ¥126 million (loss of ¥2.615 billion in previous fiscal year).

Other main sources of income include: ¥508 million reversal to income from provision of allowance for loss on cancellation of outsourcing contract, which is attributed to a postponement on that cancellation for data system processing related to financial instruments business with existing outsourcers, ¥247 million from the sale of affiliated company shares, and ¥810 million in compensation received due to a scheduling change for the launch of the new backbone brokerage system. Other expenses include ¥1.148 billion in expenses related to transitioning to the new backbone brokerage system.

* Other income and expenses (net amount): Other financial income + Other income + Equity in profits of equity method investments - Other financial expenses - Other expenses - Equity in losses of equity method investments

U.S. segment

The performance of the U.S. segment was affected by the appreciation of the yen (yearly average), which rose 9.5% year on year to the U.S. dollar during the fiscal year under review.

Total operating revenue after deducting financial expenses and cost of sales decreased 15.8% year on year (6.9% decrease based in USD) to ¥15.616 billion (after being converted to JPY). The brokerage commissions decreased 17.8% year on year (9.1% decrease based in USD) to ¥7.371 billion (after being converted to JPY) due to a decline in trading volume because the market volatility (rate of price fluctuation) stayed at a low level. As other received brokerage commissions increased, such as payment for order flow (revenue gained by routing an order to an exchange or market maker), the brokerage commissions decreased only by 12.5% year on year (3.3% decrease based in USD) to ¥10.858 billion (after being converted to JPY). In addition, the net financial income increased 7.6% (based in USD) due to an increase in the interest earned, after products utilizing assets in custody were revised, coming to ¥3.378 billion after being converted to JPY (decrease by 2.6% year on year). However, the net trading income has not been recorded in the current fiscal year because the retail account for FX trading was sold in the previous fiscal year. As a result, a decrease in the brokerage commissions and in the FX trading income that ended last fiscal year was the main cause of decrease in the total operating revenue after deducting financial expenses and cost of sales.

In the SG&A expenses, while the system-related expenses and the personnel expenses increased, the trading related expenses and other expenses decreased after FX trading ended in the last fiscal year. This resulted in a decrease of 13.8% year on year (4.7% decrease based in USD) to ¥15.858 billion (after being converted to JPY). For personnel expenses, we downsized in order to support the challenging conditions in the business environment for the fiscal year under review. As a result, temporary expenses due to those conditions have increased.

The net amount of other income and expenses come at a loss of ¥215 million, compared to a loss of ¥675 million in the previous fiscal year. This includes a ¥145 million loss on business restructuring related to the FX business.

Asia-Pacific segment

The performance of the Asia-Pacific segment was affected by the appreciation of the yen (yearly average), which rose 9.5% year on year to the Hong Kong dollar during the fiscal year under review.

Total operating revenue after deducting financial expenses and cost of sales fell by 14.8% (¥123 million) year on year to ¥707 million, which is attributed to a decrease of 16.2% year on year in DARTs for the Hong Kong-based Monex Boom Securities.

The SG&A expenses decreased by 3.7% year on year (¥28 million) to ¥731 million, and other income and expenses (net amount) came to ¥74 million (loss of ¥101 million in the previous fiscal year).

Consolidated

Based on the aforementioned results, the Monex Group's total consolidated operating revenue after deducting the financial expenses for the fiscal year ended March 2017 decreased 15.7% year on year to ¥41.852 billion. Profit before income taxes was ¥1.071 billion (79% decrease year on year), the income tax expense was ¥910 million (42.6% decrease year on year), and the profit was ¥161 million (95.4% decrease year on year). In addition, this resulted in a profit attributable to the owners of the Company of ¥298 million (decrease of 91.6% year on year).

Securities Business-Specific Explanation of Consolidated Balance Sheet and Cash Flow Statement

The Consolidated Balance Sheet and Cash Flow Statement that cover the Group's entire securities business may not accurately show the figures that are subject to specific standards for fiscal year end, because there are many accounting items, when compared to general business companies, that show the ups and downs affected by market conditions such as margin trading and assets in custody or the trading conditions of customers. The Consolidated Balance Sheet may make the Company's figures appear more inflated. However, a major component of the Consolidated Cash Flow Statement is the up and down figures posted at the beginning and end of the fiscal year for the Consolidated Balance Sheet, which tends to have inflated figures, thereby creating a potential gap from the actual conditions. For this reason, the figures that reflect the business performance in the Consolidated Balance Sheet and Cash Flow Statement are not analyzed.

Consolidated Business Performance & By Segment: Display Figures Reclassified

Main performance results (Millions of yen)	FYE Mar. 2016				FYE Mar. 2017				YoY rate
	Consolidated	JPN	U.S.	AP	Consolidated	JPN	U.S.	AP	Consolidated
Commission received	32,152	19,430	12,405	452	26,349	15,267	10,858	347	-18.0%
Net trading income	6,671	5,675	996	0	4,498	4,499	—	(1)	-32.6%
Net financial income	9,981	6,504	3,468	227	10,334	6,719	3,378	230	3.5%
Net sales	—	—	291	—	—	—	138	—	—
Other operating income	839	213	1,381	151	671	207	1,242	131	-20.0%
Total operating revenue after deducting financial expenses and cost of sales	49,642	31,822	18,541	830	41,852	26,692	15,616	707	-15.7%
Selling, general and administrative expenses	41,395	23,320	18,392	759	40,578	25,050	15,858	731	-2.0%
The amount equivalent to operating income	8,247	8,502	150	71	1,274	1,642	(242)	(24)	-84.6%
Other income and expenses (net amount)	(3,146)	(2,615)	(675)	(101)	(203)	126	(215)	(74)	—
Profit before income taxes	5,100	5,887	(525)	(30)	1,071	1,768	(457)	(97)	-79.0%
Profit	3,516	3,855	(152)	(27)	161	867	(497)	(96)	-95.4%
Profit Attributable to Owners of the Company	3,554	3,893	(152)	(27)	298	1,003	(497)	(96)	-91.6%

Note 1: The disclosed figures for the Japan, U.S. and Asia-Pacific segments are before inside trading was eliminated, and the total figures for Japan, the U.S. and Asia-Pacific do not match the consolidated figures.

Note 2: The figures from the Consolidated Statement of Income on page 57 have been reclassified.

Note 3: The operating revenue minus financial expenses and cost of sales is the operating revenue (Commission received + Net trading income + Financial income + Sales + Other operating income) after deducting the financial expenses and the cost of sales. Please note that sales and costs of sales does not impact the consolidated financial results for trading between segments.

Consolidated Financial Statements

Consolidated Statement of Income

For the consolidated fiscal years ended March 31, 2016 and 2017

	Millions of Yen		Thousands of U.S. Dollars
	2016	2017	2017
Revenue:			
Commission received	¥ 32,152	¥ 26,349	\$ 236,537
Net trading income	6,671	4,498	40,377
Financial income	14,610	14,313	128,493
Other operating income	839	671	6,025
Total operating revenue	54,271	45,831	411,432
Other financial income	639	1,667	14,965
Other income	32	1,606	14,413
Total revenue	54,942	49,104	440,810
Expenses:			
Financial expenses	4,629	3,979	35,720
Selling, general and administrative expenses	41,395	40,578	364,274
Other financial expenses	843	1,655	14,859
Other expenses	2,906	1,722	15,460
Equity in losses of equity method investments	67	99	885
Total expenses	49,842	48,033	431,197
Profit before income taxes	5,100	1,071	9,613
Income tax expense	1,584	910	8,168
Profit	3,516	161	1,445
Profit attributable to:			
Owners of the Company	3,554	298	2,671
Non-controlling interests	(38)	(137)	(1,226)
Profit	¥ 3,516	¥ 161	\$ 1,445
		Yen	U.S. Dollars
Earnings per share attributable to owners of the Company:			
Basic earnings per share	¥ 12.46	¥ 1.06	\$ 0.01
Diluted earnings per share	12.45	1.05	0.01

Consolidated Statement of Comprehensive Income

For the consolidated fiscal years ended March 31, 2016 and 2017

	Millions of Yen		Thousands of U.S. Dollars
	2016	2017	2017
Profit	¥ 3,516	¥ 161	\$ 1,445
Other comprehensive income:			
Items that may be reclassified subsequently to profit or loss			
Changes in fair value of available-for-sale financial assets	1,757	(980)	(8,795)
Changes in fair value of hedging instrument	499	(1,019)	(9,151)
Foreign currency translation adjustments in foreign operations	(1,779)	(296)	(2,659)
Share of other comprehensive income of equity method investments	18	(15)	(131)
Other comprehensive income after income taxes	494	(2,310)	(20,736)
Total comprehensive income	4,010	(2,149)	(19,291)
Total comprehensive income attributable to:			
Owners of the Company	4,048	(2,012)	(18,065)
Non-controlling interests	(38)	(137)	(1,226)
Total comprehensive income	¥ 4,010	¥ (2,149)	\$ (19,291)

Glossary

» Commission received

This refers to the brokerage commissions received from the customers primarily for securities trading. It also includes underwriting and distribution commission fees and flotation and distribution fee, agency fees related to customer traded mutual funds as well as administrative fees related to margin trading.

» Net trading income

This refers primarily to the changes in the fair value for derivative assets and liabilities related to foreign exchange trading, as well as the gain and loss on sale of and /or changes in the fair value of trading securities, etc.

» Financial income and financial expenses

Financial income refers to margin trading based income, securities lending based income, interest earned, dividend earned as well as gains from sales and/or changes in the fair value of security investments. Financial expenses refer to margin trading expenses, securities lending expenses, interest paid, as well as loss from sales and/or changes in the fair value of security investments.

» Other operating income

This refers primarily to trading tool usage fees and information service fees for customers.

Consolidated Statement of Financial Position

As of March 31, 2016 and 2017

	Millions of Yen		Thousands of U.S. Dollars
	2016	2017	2017
Assets:			
Cash and cash equivalents	¥ 61,902	¥ 77,900	\$ 699,323
Cash segregated as deposits	497,442	552,028	4,955,631
Trading securities and other	2,945	1,697	15,231
Derivative assets	19,153	13,443	120,682
Investments in securities	3,707	3,611	32,417
Margin transaction assets	149,236	147,653	1,325,506
Loans secured by securities	31,628	34,250	307,470
Other financial assets	64,272	49,049	440,321
Property and equipment	2,457	2,062	18,510
Intangible assets	53,053	53,751	482,530
Equity method investments	1,125	363	3,257
Deferred tax assets	8	2	22
Other assets	1,187	967	8,677
Total assets	¥ 888,116	¥ 936,776	\$ 8,409,577
Liabilities and Equity:			
Liabilities:			
Derivative liabilities	¥ 7,178	¥ 5,828	\$ 52,314
Margin transaction liabilities	33,006	40,664	365,048
Loans payable secured by securities	71,974	77,504	695,762
Deposits received	350,904	324,672	2,914,623
Guarantee deposits received	170,666	257,753	2,313,887
Bonds and loans payable	154,261	138,133	1,240,040
Other financial liabilities	5,868	6,622	59,450
Provisions	2,556	166	1,486
Income taxes payable	1,505	389	3,495
Deferred tax liabilities	3,161	2,401	21,556
Other liabilities	1,014	958	8,603
Total liabilities	802,094	855,090	7,676,264
Equity:			
Common stock	10,394	10,394	93,304
Additional paid-in capital	40,510	40,547	363,995
Retained earnings	22,380	20,209	181,421
Other components of equity	12,532	10,222	91,765
Equity attributable to owners of the Company	85,816	81,372	730,485
Non-controlling interests	207	315	2,828
Total equity	86,022	81,687	733,313
Total liabilities and equity	¥ 888,116	¥ 936,776	\$ 8,409,577

» Cash segregated as deposits

This refers to the account of trusts consisting of the deposits received and guarantee deposits received from customers. According to the legal stipulations of each country, each securities company and financial company in the Monex Group separately controls and manages the trusts in order to preserve them. Management instruments refer to securities such as Japanese government bonds or U.S. Treasury medium-term securities, bank deposits and call loans.

» Trading securities and other

This refers to securities held by the Monex Group for the purpose of providing financial instruments for the customer.

» Derivative assets and liabilities

This refers to interest rate swaps traded for the purpose to mitigate the risk of fluctuation in future cash flow for foreign exchange related funds, loans, deposits and monies provided by the Monex Group.

» Investments in securities

This refers to investments in securities held by the Monex Group excluding trading securities and other.

» Margin transaction assets and liabilities

This refers to the customer's purchase fund equivalent and sales proceeds equivalent, as well as a securities finance company's cash collateral and loans, which occur in margin trading provided by Monex, Inc.

» Loans payables and loans secured by securities

This refers to receivables and payables to correspondent financial institutions that occur from the transactions for loans secured by securities and loans payables secured by securities provided by the Monex Group.

» Other financial assets

This refers to guarantee money paid on contract or receivables to the customer that occurs from margin transactions in the U.S. and China.

» Intangible assets

This refers to goodwill that occurs from subsidiary acquisitions, items with high-potential profitability that arise from software related development costs and other assets acquired by the Monex Groups that have a finite service life.

Who we are ?

Our Way

Our Segment

Our ESG

Financial Section

Consolidated Financial Statements

Consolidated Statement of Changes in Equity

For the consolidated fiscal years ended March 31, 2016 and 2017

Millions of Yen

	Equity attributable to owners of the Company												
	Common stock	Additional paid-in capital	Treasury stock	Retained earnings	Other components of equity					Sub-total	Total	Non-controlling interests	Total equity
					Changes in fair value of available-for-sale financial assets	Changes in fair value of hedging instrument	Foreign currency translation adjustments in foreign operations	Share of other comprehensive income of equity method investments					
Balance as of March 31, 2015	¥ 10,394	¥ 40,510	¥ —	¥ 23,991	¥ 1,612	¥ 102	¥ 10,255	¥ 69	¥ 12,038	¥ 86,932	¥ —	¥ 86,932	
Profit	—	—	—	3,554	—	—	—	—	—	3,554	(38)	3,516	
Other comprehensive income	—	—	—	—	1,757	499	(1,779)	18	494	494	—	494	
Total comprehensive income	—	—	—	3,554	1,757	499	(1,779)	18	494	4,048	(38)	4,010	
Transactions with owners:													
Dividends paid	—	—	—	(4,003)	—	—	—	—	—	(4,003)	—	(4,003)	
Acquisition of treasury stock	—	—	(1,162)	—	—	—	—	—	—	(1,162)	—	(1,162)	
Cancellation of treasury stock	—	(1,162)	1,162	—	—	—	—	—	—	—	—	—	
Transfer to Additional paid-in capital from Retained earnings	—	1,162	—	(1,162)	—	—	—	—	—	—	—	—	
Changes in ownership interests in subsidiaries that do not result in loss of control	—	—	—	—	—	—	—	—	—	—	245	245	
Total of transactions with owners	—	—	—	(5,165)	—	—	—	—	—	(5,165)	245	(4,920)	
Balance as of March 31, 2016	¥ 10,394	¥ 40,510	¥ —	¥ 22,380	¥ 3,369	¥ 600	¥ 8,476	¥ 86	¥ 12,532	¥ 85,816	¥ 207	¥ 86,022	
Profit	—	—	—	298	—	—	—	—	—	298	(137)	161	
Other comprehensive income	—	—	—	—	(980)	(1,019)	(296)	(15)	(2,310)	(2,310)	—	(2,310)	
Total comprehensive income	—	—	—	298	(980)	(1,019)	(296)	(15)	(2,310)	(2,012)	(137)	(2,149)	
Transactions with owners:													
Dividends paid	—	—	—	(1,468)	—	—	—	—	—	(1,468)	—	(1,468)	
Acquisition of treasury stock	—	—	(1,000)	—	—	—	—	—	—	(1,000)	—	(1,000)	
Cancellation of treasury stock	—	(1,000)	1,000	—	—	—	—	—	—	—	—	—	
Transfer to Additional paid-in capital from Retained earnings	—	1,000	—	(1,000)	—	—	—	—	—	—	—	—	
Issuance of stock acquisition rights	—	37	—	—	—	—	—	—	—	37	—	37	
Changes in ownership interests in subsidiaries that do not result in loss of control	—	—	—	—	—	—	—	—	—	—	245	245	
Total of transactions with owners	—	37	—	(2,468)	—	—	—	—	—	(2,432)	245	(2,187)	
Balance as of March 31, 2017	¥ 10,394	¥ 40,547	¥ —	¥ 20,209	¥ 2,389	¥ (419)	¥ 8,180	¥ 72	¥ 10,222	¥ 81,372	¥ 315	¥ 81,687	

Thousands of U.S. Dollars

	Equity attributable to owners of the Company												
	Common stock	Additional paid-in capital	Treasury stock	Retained earnings	Other components of equity					Sub-total	Total	Non-controlling interests	Total equity
					Changes in fair value of available-for-sale financial assets	Changes in fair value of hedging instrument	Foreign currency translation adjustments in foreign operations	Share of other comprehensive income of equity method investments					
Balance as of March 31, 2016	\$ 93,304	\$ 363,667	\$ —	\$ 200,908	\$ 30,246	\$ 5,390	\$ 76,090	\$ 776	\$ 112,501	\$ 770,380	\$ 1,855	\$ 772,235	
Profit	—	—	—	2,671	—	—	—	—	—	2,671	(1,226)	1,445	
Other comprehensive income	—	—	—	—	(8,795)	(9,151)	(2,659)	(131)	(20,736)	(20,736)	—	(20,736)	
Total comprehensive income	—	—	—	2,671	(8,795)	(9,151)	(2,659)	(131)	(20,736)	(18,065)	(1,226)	(19,291)	
Transactions with owners:													
Dividends paid	—	—	—	(13,181)	—	—	—	—	—	(13,181)	—	(13,181)	
Acquisition of treasury stock	—	—	(8,977)	—	—	—	—	—	—	(8,977)	—	(8,977)	
Cancellation of treasury stock	—	(8,977)	8,977	—	—	—	—	—	—	—	—	—	
Transfer to Additional paid-in capital from Retained earnings	—	8,977	—	(8,977)	—	—	—	—	—	—	—	—	
Issuance of stock acquisition rights	—	328	—	—	—	—	—	—	—	328	—	328	
Changes in ownership interests in subsidiaries that do not result in loss of control	—	—	—	—	—	—	—	—	—	—	2,199	2,199	
Total of transactions with owners	—	328	—	(22,158)	—	—	—	—	—	(21,830)	2,199	(19,631)	
Balance as of March 31, 2017	\$ 93,304	\$ 363,995	\$ —	\$ 181,421	\$ 21,451	\$ (3,762)	\$ 73,430	\$ 645	\$ 91,765	\$ 730,485	\$ 2,828	\$ 733,313	

Who are we ?

Our Way

Our Segment

Our ESG

Financial Section

Consolidated Statement of Cash Flows

For the consolidated fiscal years ended March 31, 2016 and 2017

	Millions of Yen		Thousands of U.S. Dollars
	2016	2017	2017
Cash flows from operating activities:			
Profit before income taxes	¥ 5,100	¥ 1,071	\$ 9,613
Depreciation and amortization	4,911	7,094	63,683
Loss on business restructuring	132	145	1,300
Provision of allowance for loss on cancellation of outsourcing contract	2,400	—	—
Reversal of allowance for loss on cancellation of outsourcing contract	—	(508)	(4,560)
Gain on sales of investments in associates	—	(247)	(2,222)
Financial income and financial expenses	(9,776)	(10,346)	(92,879)
Decrease/increase in derivative assets/liabilities	(10,039)	2,792	25,061
Decrease/increase in assets/liabilities for margin transaction	13,283	9,241	82,954
Decrease/increase in loans/loans payable secured by securities	4,412	2,873	25,794
Decrease/increase in cash segregated as deposits	13,099	(57,921)	(519,963)
Decrease/increase in deposits received and guarantee deposits received	(14,521)	63,160	566,995
Decrease/increase in short-term loans receivable	(17,148)	20,141	180,809
Other, net	1,155	(118)	(1,057)
Sub-total	(6,991)	37,376	335,528
Interest and dividend income received	14,490	13,365	119,979
Interest expenses paid	(4,863)	(4,499)	(40,388)
Income taxes paid	(1,869)	(2,527)	(22,685)
Net cash provided by (used in) operating activities	766	43,715	392,433
Cash flows from investing activities:			
Purchase of investments in securities	(80)	(282)	(2,530)
Proceeds from sales and redemption of securities	5,386	1,215	10,910
Purchase of property and equipment	(706)	(673)	(6,044)
Purchase of intangible assets	(10,051)	(8,603)	(77,226)
Purchase of investments in joint ventures	(288)	(13)	(121)
Purchase of investments in associates	(70)	—	—
Proceeds from sales of investments in associates	—	295	2,644
Other, net	(124)	(240)	(2,154)
Net cash provided by (used in) investing activities	(5,934)	(8,301)	(74,520)
Cash flows from financing activities:			
Net increase/decrease in short-term loans payable	11,741	(1,372)	(12,315)
Proceeds from issuance of bonds payable	—	2,996	26,891
Redemption of bonds payable	—	(2,000)	(17,954)
Proceeds from long-term loans payable	—	27,902	250,477
Repayment of long-term loans payable	(7,500)	(43,800)	(393,199)
Purchase of treasury stock	(1,162)	(1,000)	(8,977)
Cash dividends paid	(3,997)	(1,468)	(13,182)
Proceeds from stock issuance to non-controlling interests	147	245	2,199
Proceeds from sales of investments in subsidiaries to non-controlling interests	98	—	—
Other, net	—	37	328
Net cash provided by (used in) financing activities	(673)	(18,462)	(165,732)
Net increase/decrease in cash and cash equivalents	(5,840)	16,952	152,180
Cash and cash equivalents at the beginning of year	66,337	59,756	536,438
Effect of exchange rate change on cash and cash equivalents	(741)	(151)	(1,352)
Cash and cash equivalents at the end of year	¥ 59,756	¥ 76,557	\$ 687,266

This report does not include notes on the Consolidated Financial Statements.

To view the notes on the Consolidated Financial Statements, refer to the Annual Financial Statements that are disclosed and available on our website.

[Our website > IR Library > Annual Report](http://www.monexgroup.jp/en/investor/ir_library/annual_report.html)
http://www.monexgroup.jp/en/investor/ir_library/annual_report.html

- 10 Years Highlight
- Stock Information

- Financial Information
- Overview of Group Companies

Who we are ?

Our Way

Our Segment

Our ESG

Financial Section

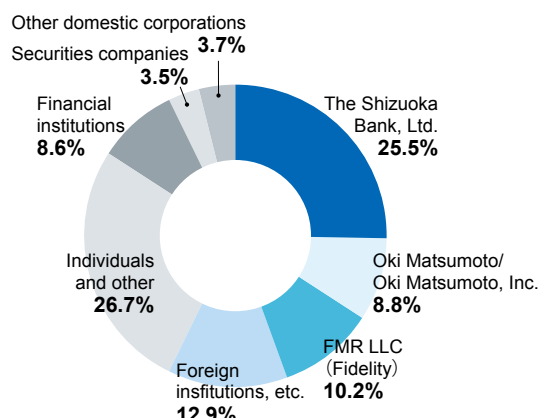
Stock Information

As of March 31, 2017

Investor Information

Stock listing	First section of the Tokyo Stock Exchange
Security code	8698
Name of company	Monex Group, Inc.
Outstanding stock	280,591,700 shares
Trading unit	100
No. of shareholders	44,262
Administrator for shareholders' register	Mizuho Trust & Banking, Co., Ltd.
Fiscal year	From April 1 of each year to March 31 of the following year
Record date for year-end dividends	March 31
Record date for interim dividends	September 30
General Meeting of Shareholders	June each year

Major shareholders and shareholder breakdown



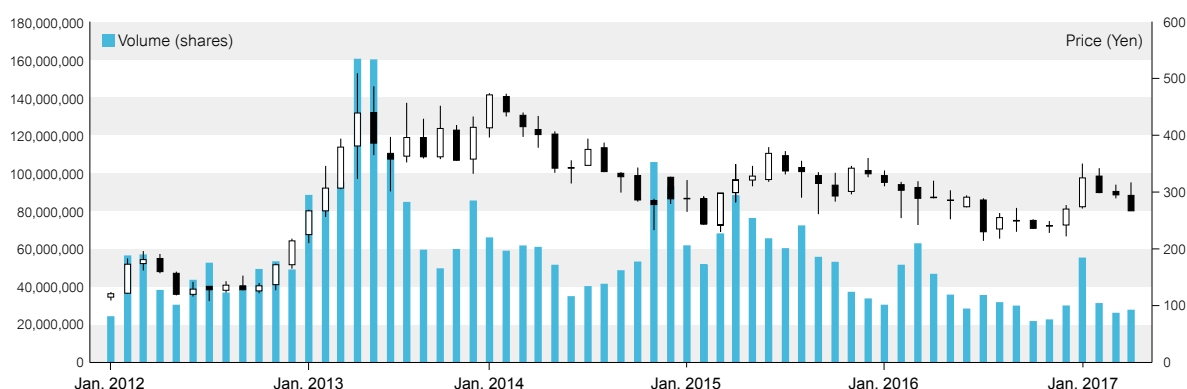
* Created based on Shareholders' Register and Report of Possession of Large Volume on specified date at the end of March 2017

Major Shareholders

Name	No. of shares held (shares)	Percentage of shares held (%)
The Shizuoka Bank, Ltd.	71,536,100	25.49
Oki Matsumoto, Inc.	17,243,200	6.15
NORTHERN TRUST CO. (AVFC) RE FIDELITY FUNDS	12,156,649	4.33
State Street Bank and Trust Company	9,538,132	3.40
Oki Matsumoto	7,492,000	2.67
Mizuho Securities Co., Ltd.	6,192,800	2.21
Recruit Holdings Co. Ltd.	5,720,000	2.04
CHASE MANHATTAN BANK GTS CLIENTS ACCOUNT ESCROW	5,260,569	1.87
BBH For Fidelity Small Cap Stock Fund	4,161,300	1.48
Japan Trustee Services Bank, Ltd (trust account 5)	3,888,100	1.39

- *1 The Change Report for the Report of Possession of Large Volume submitted by Mizuho Securities Co., Ltd. on June 7, 2017 indicates that the two companies Mizuho Securities Co., Ltd. and Asset Management One Co., Ltd. hold 14,272 million shares of the Company (5.09% share in the Company when report was submitted) as of May 31, 2017. However, the number of shares held by the two companies at the end of the fiscal year under review cannot be confirmed, and therefore that data is not included in the shareholder status noted above.
- *2 Mitsubishi UFJ Financial Group, Inc. reported in the Change Report Pertaining to Report of Possession of Large Volume it submitted on May 6, 2016 that, as of April 25, 2016, Mitsubishi UFJ Trust and Banking Corporation, Mitsubishi UFJ Kokusai Asset Management Co., Ltd., kabu.com Securities Co., Ltd. and Mitsubishi UFJ Morgan Stanley Securities Co., Ltd. owned 7,191 thousand shares (2.53% as of April 25, 2016) of Monex Group, Inc. However, we did not include their names in the list above as we could not confirm the reported ownership as of March 31, 2017.
- *3 FMR LLC reported in the Change Report Pertaining to Report of Possession of Large Volume it submitted on June 5, 2015 that, as of May 29, 2015, it owned 28,719 thousand shares of Monex Group, Inc. (9.98% of shares of Monex Group, Inc. as of May 29, 2015). However, we did not include the firm's name in the list above as we could not confirm the reported ownership as of March 31, 2017.

Share Price and Volume



Stock split was carried out. 100 shares are defined as 1 share unit on Oct. 1, 2013 and the above figures were adjusted retroactively for Jan. 1, 2012.

Overview of Group Companies

As of October 1, 2017

10 Years Highlight
 Stock Information

Financial Information
 Overview of Group Companies

Monex Group, Inc.

Established	August 2004	Business Description	Holding Company
Representative	Oki Matsumoto	Headquarters	ARK Mori Building 25F 1-12-32 Akasaka, Minato-ku, Tokyo 107-6025, Japan
Capital	10,393 million yen	URL	www.monexgroup.jp/en/

Monex, Inc.

Established	May 1999
Representative	Toshihiko Katsuya
Capital	12,200 million yen
Business Description	Securities business and accompanying businesses
Location	Minato-ku, Tokyo, Japan

Trade Science Corporation

Established	April 2006
Representative	Kazuhiro Kunisada
Capital	91 million yen
Business Description	Research and development of methods of investment for marketable securities; investment advisory services based on the automatic stock trading algorithm robot "Kabu-Robo"
Location	Minato-ku, Tokyo, Japan

Monex Ventures, Inc.

Established	November 2005
Representative	Yuko Seimei
Capital	100 million yen
Business Description	Venture capital investment business
Location	Minato-ku, Tokyo, Japan

Monex-Saison-Vanguard Investment Partners, Inc.

Established	August 2015
Representative	Tomoshige Nakamura
Capital	500 million yen
Business Description	Small-lot and low-cost discretionary investment management (wrap account) service
Location	Minato-ku, Tokyo, Japan

TradeStation Group, Inc.

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

TradeStation Technologies, Inc.

Established	September 1982
Representative	Michael Fisch
Business Description	Technology development
Location	Florida, United States of America

TradeStation Securities, Inc.

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

Monex International Limited

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

Monex Boom Securities (H.K.) Limited

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

Monex Securities Australia Pty Ltd

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

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

(published in October, 2017)

Monex Group, Inc.

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