



Integrated Report **2018**



MONEX GROUP



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

Working to design the future of finance.

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

Oki Matsumoto



Since Monex, Inc. was established in Japan in 1999, the Monex Group has been creating corporate value based around its online brokerage services for retail investors. With the recent appearance of the new blockchain technology, the environment of the finance industry is poised to undergo a dramatic change. Anticipating the future of finance, we devised a “New Beginning” plan in October 2017. As a result, the Group acquired Coincheck, Inc. as the forerunner in the cryptocurrency business in April 2018, marking a concrete step of that beginning. In addition to our global online brokerage services in Japan, the U.S., Hong Kong and Australia, this move has launched our crypto asset business, which provides cryptocurrency services. Going forward, we shall expand our customer base even more in securities as well as cryptocurrency trading, in order to build up a new financial conglomerate. As we look toward the constantly-changing future, we will build a new business that is both progressive and diversified by designing innovative ways of managing money.

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.

We will also continue 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. This will help us continue to build corporate value over the long term.

Monex Group Integrated Report 2018

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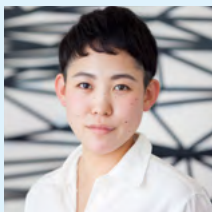
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Cover Artwork

“Please imagine an invisible map” Miya Kaneko

2018 / ink, vinyl tape, gloss polymer medium / 8,700mm×1,690mm



KANEKO MIYA

PROFILE

Miya Kaneko was born in Kanagawa in 1989. After finishing her B.F.A. from Tama Art University, she went on to complete her M.F.A. and doctorate from the Graduate School of Tama Art University.

She creates projects and works that exhibit the “Portraits of cities” created from places people remember. She was selected to exhibit as the “Koganecho Artist in Residence” and received the Tokyo Midtown Award 2017 Grand Prize. Recent exhibitions include “Kaneko Miya Solo Exhibition - In search of the ‘City’ ‘Portrait’” (KOMAGOME1-14cas / Tokyo) in 2016 and the “Street Museum” (Tokyo Midtown Plaza B1, Metro Avenue / Tokyo) in 2018.

Ms. Kaneko spent approximately two weeks, holding multiple workshops for employees in the Monex, Inc. press room to create this work. Participants were asked to imagine a map and pinpoint places on it, based on their experience or memory. These personal maps and places overlapped one another on the wall to create a larger one. Ms. Kaneko then connected each point with lines, creating a massive structure that is raised up like a net of a polyhedron.

This work spans the breadth of the press room, giving visitors a view into a landscape of memories of each person who is working here.

Editing Policy

This report was created based on the Company's policies with due consideration of the IR Framework, released by the International Integrated Reporting Council and the Guidance for Collaborative Value Creation issued by Ministry of Economy, Trade and Industry. The report was made 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 2018.
http://www.monexgroup.jp/en/investor/ir_library/annual_report.html

Reporting Period

Fiscal year under review:
April 1, 2017 to March 31, 2018
(including some activities that started from April 2018)

Organization under review

Monex Group, Inc. and Group Companies

At a Glance

Overview of Business

Office Locations

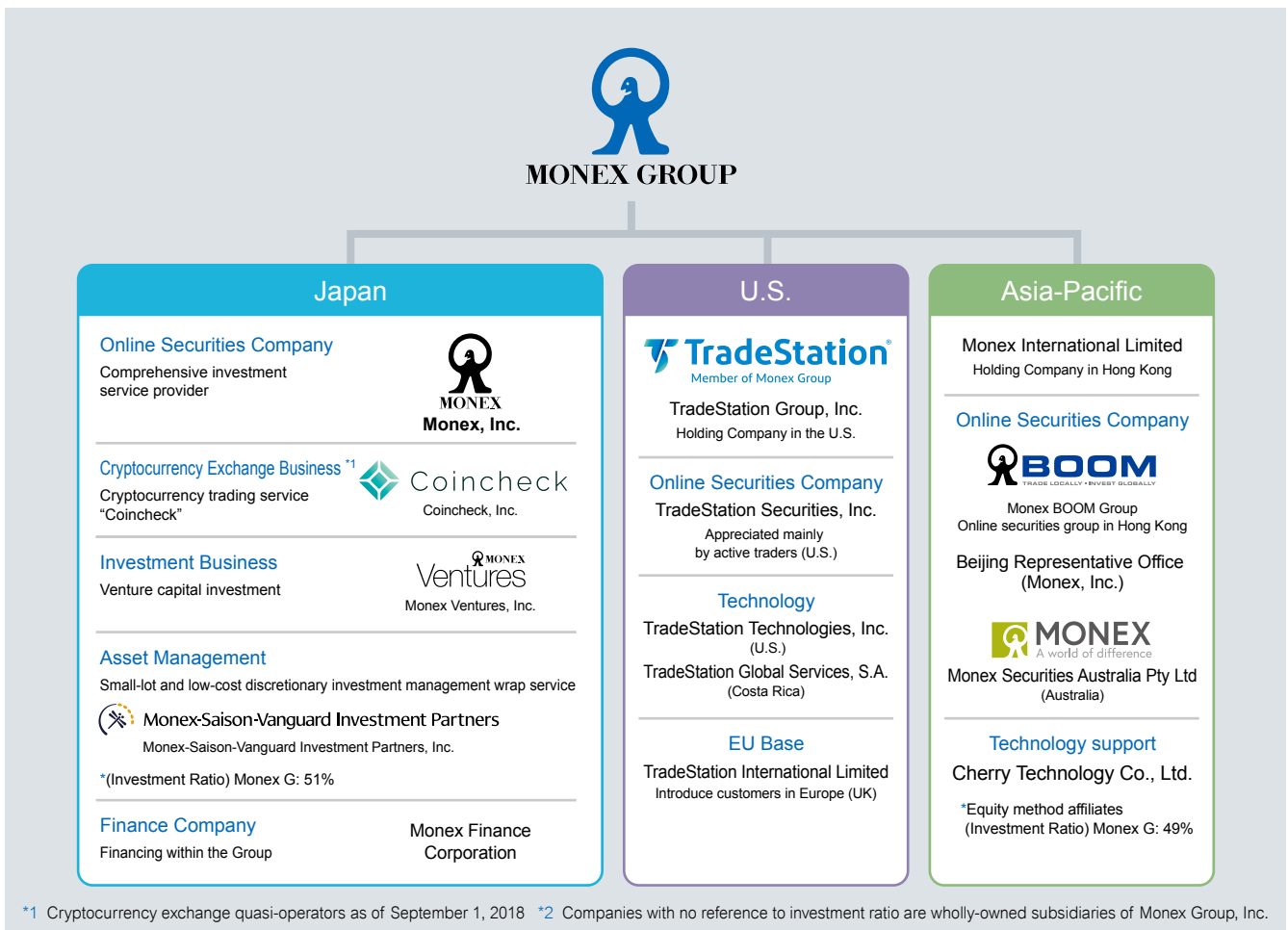
The Monex Group provides retail investors with global financial products online from 13 office locations in Japan, the U.S., and other countries in Asia-Pacific (China, Hong Kong and Australia).



Group Overview

Online securities business is operated in Japan, the U.S., Hong Kong and Australia.

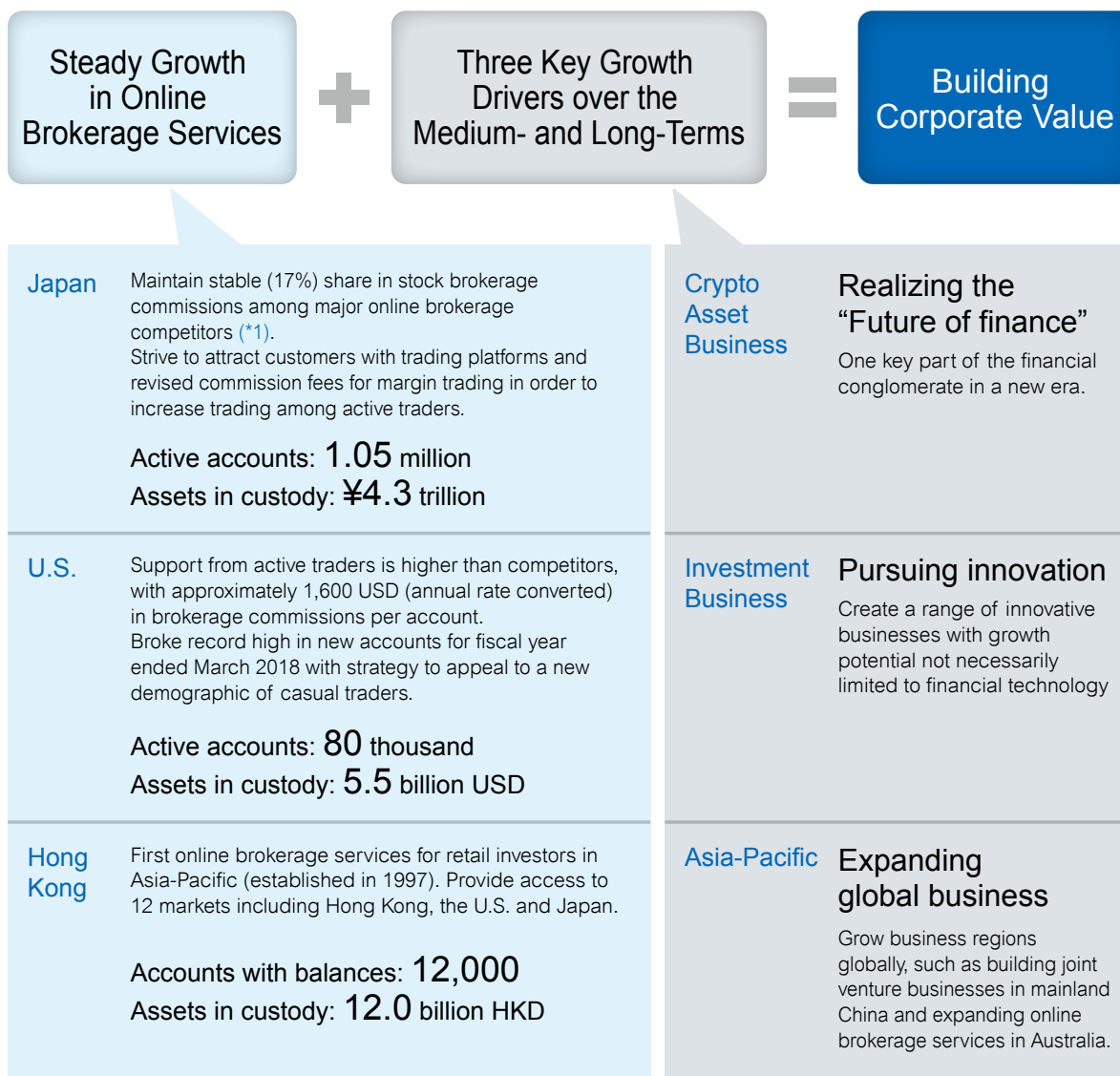
Who we are?
Increase Corporate Value
Corporate Value Resources
Financial Section



^{*1} Cryptocurrency exchange quasi-operators as of September 1, 2018 ^{*2} Companies with no reference to investment ratio are wholly-owned subsidiaries of Monex Group, Inc.

Status of Each Segment

Building up our corporate value from steady growth in our global online brokerage services and from three key growth drivers over the medium- and long-terms







*1 5 major online securities firms: SBI Securities, kabu.com Securities, Matsui Securities, Rakuten Securities and Monex, Inc.
*2 Figures as of June 30, 2018

Reporting segments in Group

Reporting segment	Japan	U.S.	Asia-Pacific	Crypto Asset Business	Investment Business
Main business	Financial instruments business in Japan	Financial instruments business in the U.S.	Financial instruments business in Hong Kong and Australia	Cryptocurrency exchange business	Investment business for securities
Main company	Monex, Inc.	TradeStation Securities, Inc.	Monex Boom Securities(H.K.) Limited Monex Securities Australia Pty Ltd	Coincheck, Inc.	Monex Ventures, Inc.

List of Product Services, Investment Information and Advice

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

	Product / Service	Description of Product / Service	Main Investment Information and Advice	Description	
Japan	Cash trading (Stock, ETF, ETN, REIT) Margin 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.	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.	
	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 names are available, and Japan's first smartphone app for US equities trading as well as a program with virtually free commission fees for U.S.-based ETF trading are also provided.	"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.	
			iBillionaire	Portfolios of renowned investors can be referenced.	
	Initial Public Offering (IPO)	Distribution using an impartial drawing method (computer-based random drawing).			
	Stock lending service	Monex was the first to provide this service in the industry in 2003. Customers lend shares to Monex, Inc. and Monex pays a lending stock interest.			
	FX trading	There are two services available. Monex FX (special FX account) provides the smallest spread in the industry, and FX PLUS (general securities trading account) offers a variety of advanced features and trading tools.	DeepMacro FX Strategies	This column is by Takashi Hiroki, our Chief Strategist.	
			Various reports	Renowned columnist reports and commentary videos are updated each business day.	
	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)	Beginning investors are supported by a lineup of well-screened and high quality products at low cost and portfolio assessment.			
	Foreign-currency-denominated MMF	MMF for six currencies is available: USD, AUD, NZD, CAD, ZAR and TRY.			
	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 Option trading Futures trading Investment trust Bonds	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 have gotten great support from its customer base of active traders.	Spotlight On ... Larry Williams	This online seminar is given by Larry Williams, a market strategist.	
			Spotlight On ... John Bollinger	In this seminar, John Bollinger, a market strategist who invented Bollinger Bands, explains how to use the tool.	
			Spotlight On ... John Carter	Online seminar given by John Carter, a financial educator	
			Morning Market Briefing	Daily online seminar that covers market predictions and analysis by different traders	
Hong Kong Australia	Stock, ETF, ETN Futures Trading American Depository Receipt Bonds * Australia only offers stock, ETF, ETN.	Stocks of 12 countries and regions are available for trading. Up to 6 currencies can be settled in one account.	Daily Technical Newsletter	This newsletter provides investment information, such as technical analysis on global stocks.	
			Dr. Chan Yan Chong	This column is by Dr. Chan Yan Chong covering the stock markets in Japan and the U.S.	
			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?

Increase Corporate Value

Corporate Value Resources

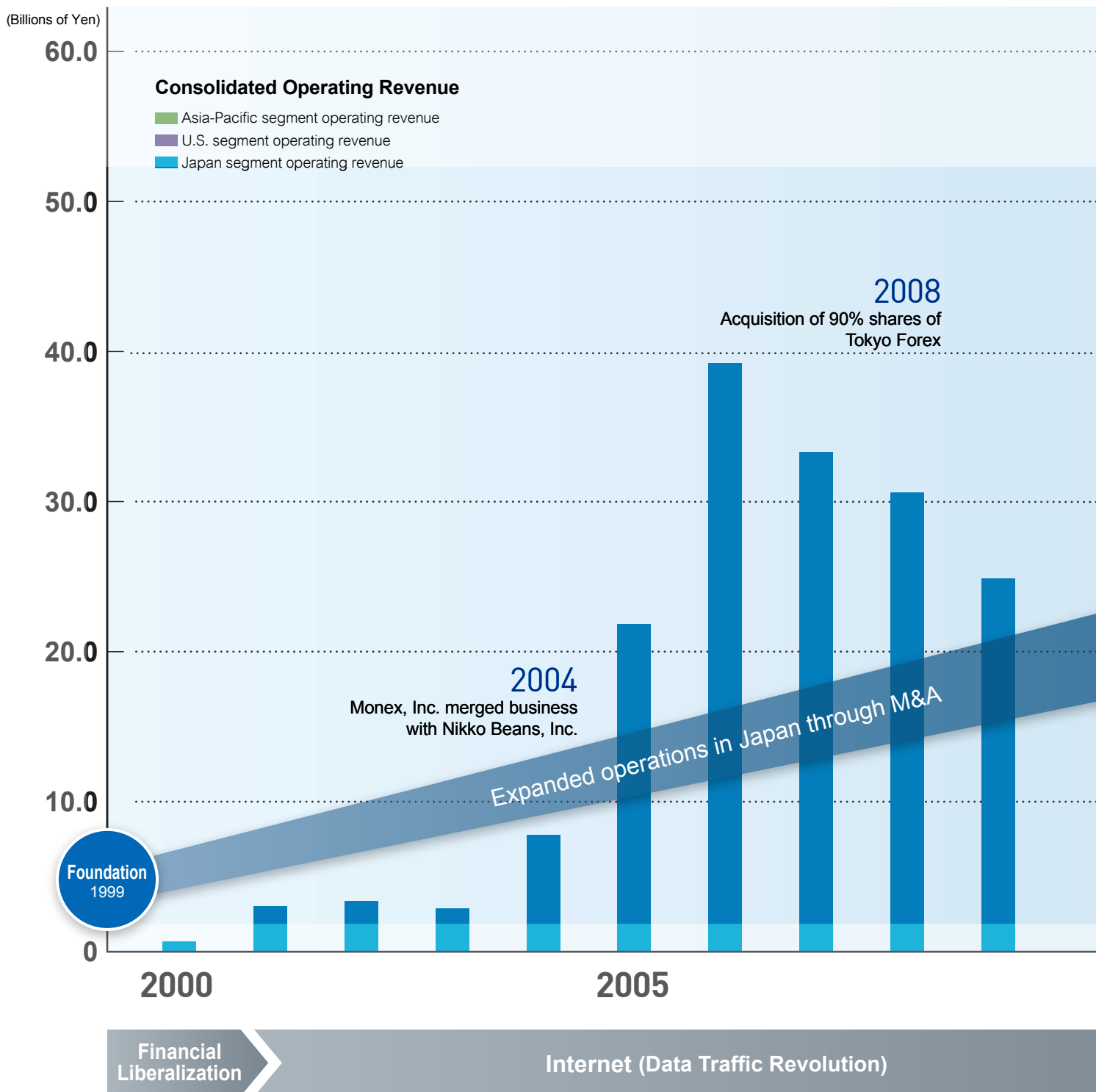
Financial Section

History

The Monex Group has undergone three major phases of growth.

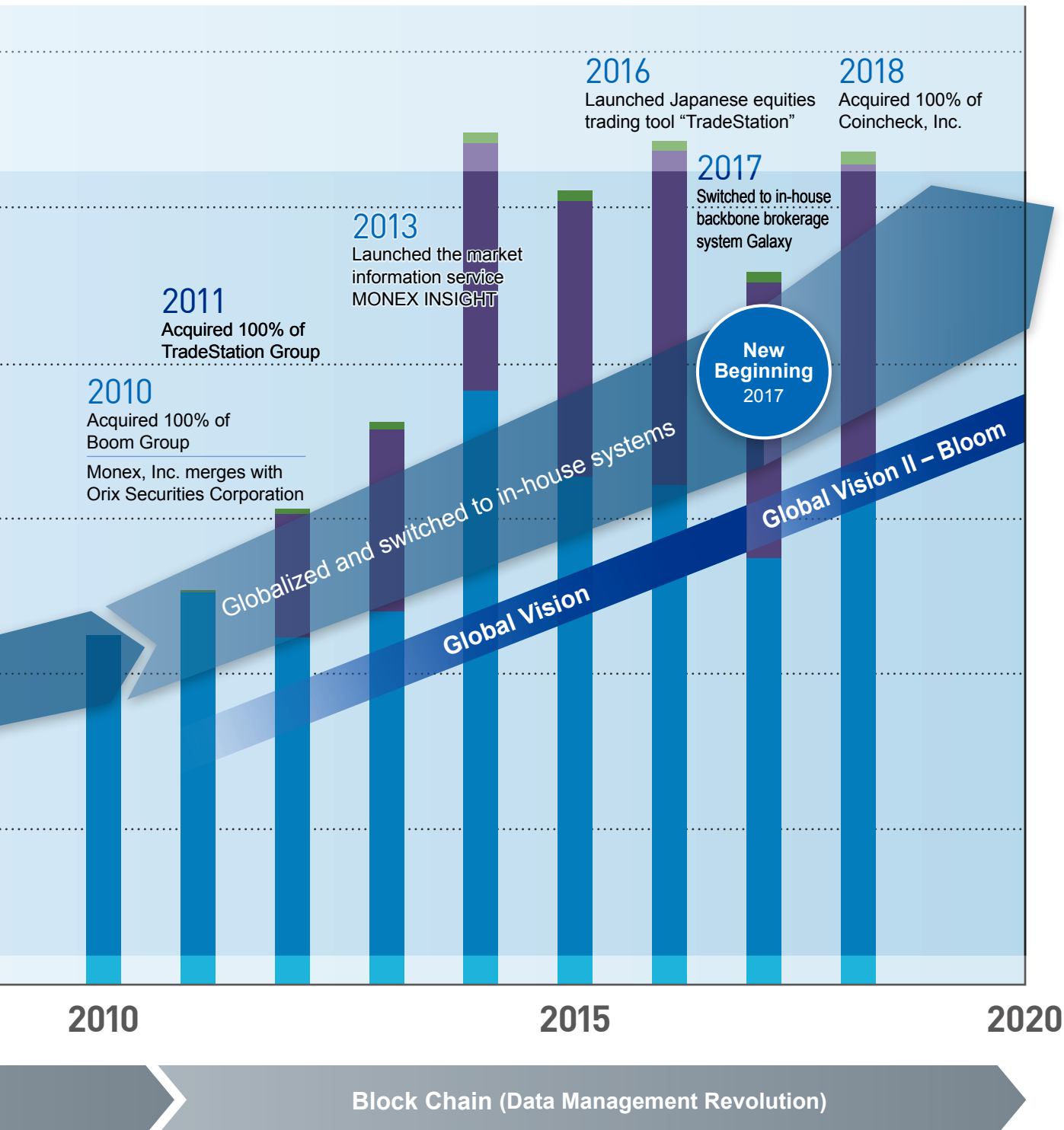
Up until 2010, we have always pushed to expand our business through mergers and acquisitions within Japan. We worked toward being a new type of company, providing comprehensive financial services that help retail investors build asset portfolios in an attempt to democratize the capital markets in Japan. After mergers such as with Nikko Beans, Inc. and the ORIX Securities Corporation, we were able to increase our market share. Tokyo Forex, a firm that specializes in forex trading, became a subsidiary of the Monex Group. This expanded the breadth of the Group's financial services and enabled us to centralize cover deal transactions in the Group and thereby increase revenue.

Thereafter, the Group looked to globalize more by acquiring the Boom Group (Hong Kong) in 2010 and the TradeStation Group (U.S.) in 2011. We developed online brokerage services in three markets: Japan, the U.S.



and Hong Kong. This allowed us to share platforms, products and services at three locations, leading us to take steps to optimize our management and products on a global scale. In 2011, we formulated a medium- to long-term business strategy “Global Vision,” which globalized the Group by integrating Japan, the U.S. and Hong Kong and switched our backbone brokerage system to an in-house system. Developing in-house systems and processes translated into a competitive advantage and gave us a substantial means to differentiate ourselves from our competitors.

After “Global Vision” was completed in the fiscal year ended March 2017, we announced our plans “Global Vision II – Bloom” and “New Beginning” in 2017. The Group acquired Coincheck, Inc., to get the ball rolling and create a new financial service that would function outside of the framework of online brokerage services.

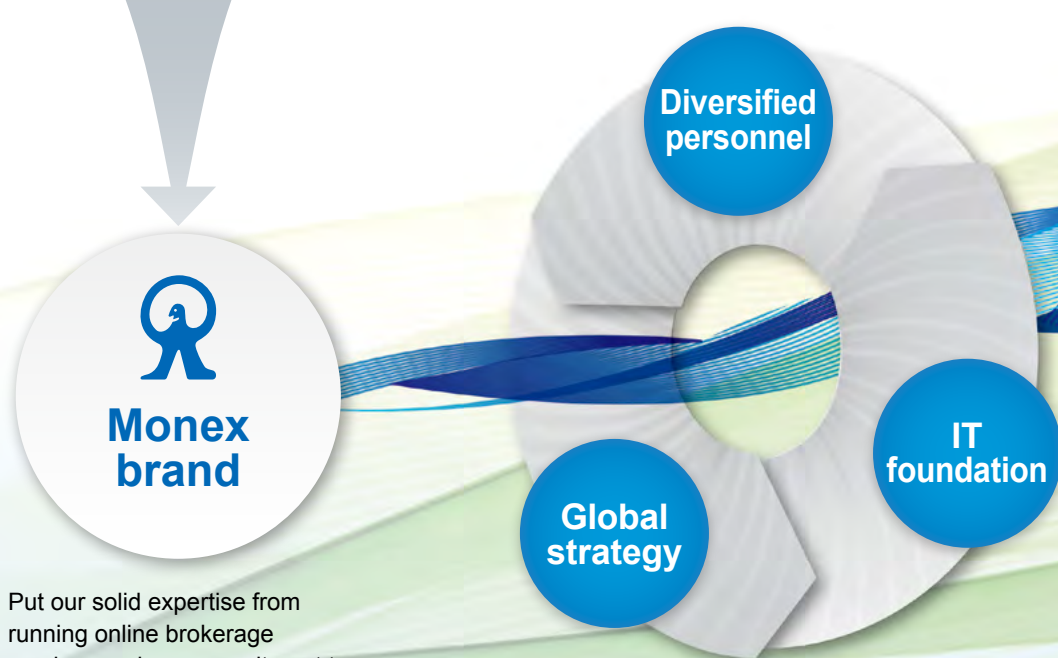
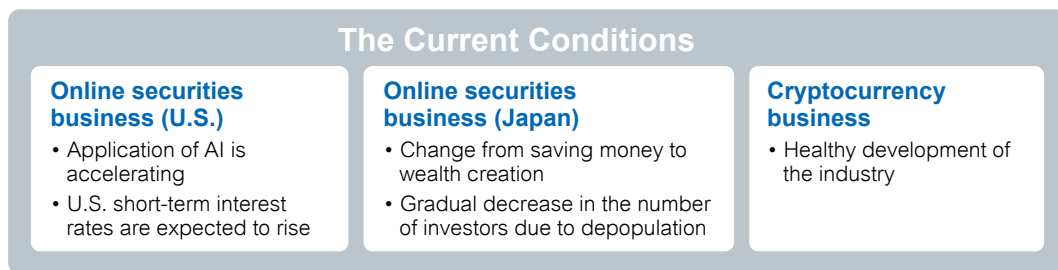


Process of Creating Value for the Monex Group

The management strategy of the Monex Group focuses on highly effective governance and foreseeability when distributing management resources. As financial experts, our personnel strive to provide support using IT so that all can engage in investment and economic activities in a stress-free environment.

The Monex Group's Core

<p>Diversified Personnel with Financial and IT Expertise</p>	<p>As our corporate value continues to rise from mergers, acquisitions and globalization, the Monex Group uses its "diversity" in personnel as a competitive edge. Approximately half of all employees (consolidated figure) are currently involved with technology related work. The number of personnel on board whose expertise includes both finance and IT is one of the Group's strongest advantages.</p>
<p>Global Strategy Connecting Japan, the US and Asia-Pacific</p>	<p>The Monex Group acquired the Boom Group (Hong Kong) in 2010 and the TradeStation Group (U.S.) in 2011, and thereafter, Monex Securities Australia Pty Ltd began operations in 2018 in Australia. We are continuing to build up our customer base of retail investors in three regions: Japan, the U.S. and Asia-Pacific.</p>
<p>Strong IT Resources Based on In-House Systems</p>	<p>IT systems are the lifeline of online brokerage businesses. The Monex Group switched the backbone brokerage system – the core that supports our business activity – to an in-house system. This move strengthened our competitive edge because we are able to develop and run our own system without being reliant on external contractors.</p>



Put our solid expertise from running online brokerage services and our commitment to a new challenge in the crypto asset business into action in an integrated fashion

Corporate Governance

Coincheck, Inc. joined the Group in April 2018, expanding the Group's business interests by adding crypto assets (cryptocurrencies) to the existing global online securities business. Going forward, we will improve our corporate value even more by building up a revenue stream in the crypto asset business segment.



MONEX GROUP

Forerunner in finance

We design innovative ways of managing money for a new era. We will redefine finance and strive to support everyone's investment and economic needs.

Business Principles > P.01

Message from the CEO "Striving to establish a financial conglomerate in a new era" > P.18

Growth strategy and Business portfolio

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ESG Management

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- Corporate Governance > P.39

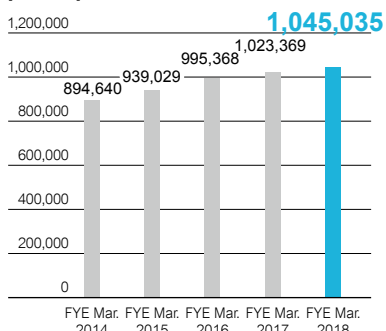
Business KPIs

Number of Active Accounts/ Funded Accounts

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

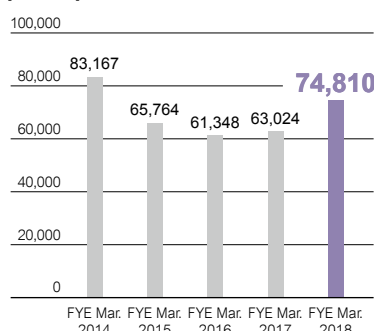
Japan Segment / Number of Active Accounts

[Accounts]



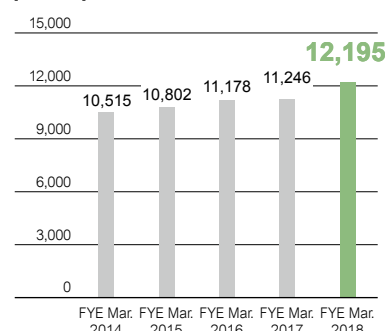
U.S. Segment / Number of Active Accounts

[Accounts]



Asia-Pacific Segment / Funded Accounts

[Accounts]



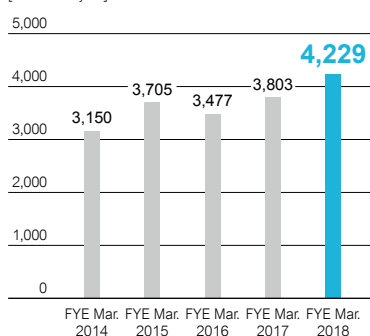
The number of active accounts in the U.S. segment decreased between the fiscal years ended March 2014 and March 2016. This is attributed to the transfer of some FX accounts in September 2014 and in March 2016. The rise in accounts for the fiscal year ended March 2018 is attributed to the "Steps taken to expand our customer base" noted on p.20.

Assets in custody

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

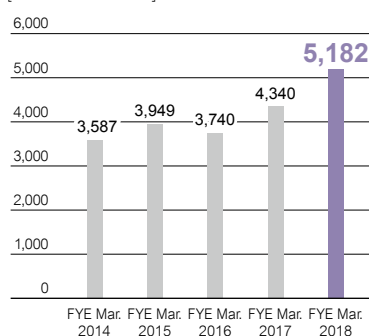
Japan Segment

[Billions of yen]



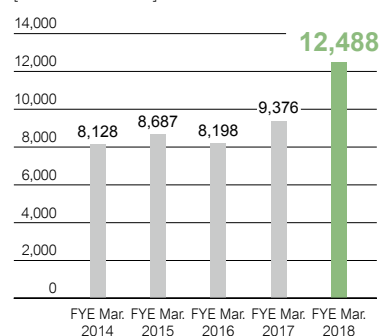
U.S. Segment

[Millions of U.S. dollars]



Asia-Pacific Segment

[Millions of HK dollars]



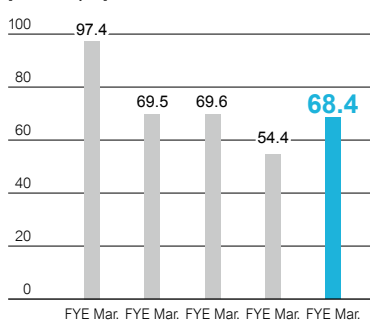
An increase in the customer base, rising stock market prices and more volatility led to an increase of the assets in custody in the fiscal year ended March 2018 in the U.S. segment. Rising stock market prices in Hong Kong and the U.S. led to an increase in the fiscal year ended March 2018 in the Asia/Pacific segment.

Trading value of shares/ DARTs (*)

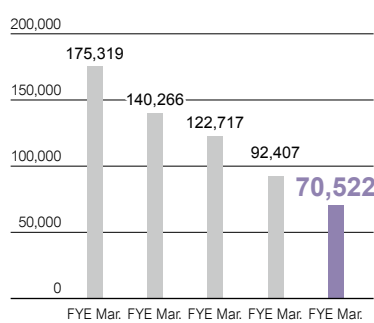
The trading value of shares (Japan) and DARTs (U.S. and Asia-Pacific) have a strong correlation to brokerage commissions in the securities business.

Japan Segment / Trading value of shares (per business day)

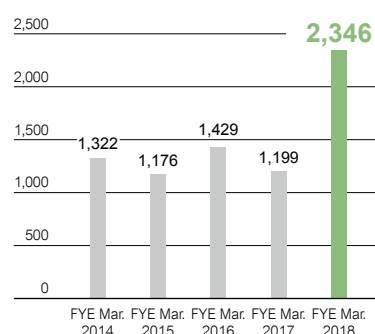
[Billions of yen]



U.S. Segment / DARTs



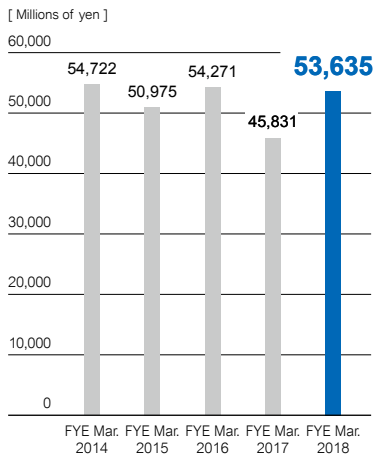
Asia-Pacific Segment / DARTs



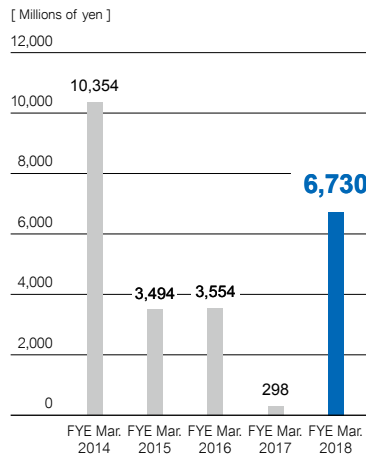
* DARTs: Daily Average Revenue Trades (Definitions to apply throughout this material)

The trading value of shares and DARTs are linked with high stock prices and volatility in the market. Trends in DARTs in the U.S. segment include decreases due to the transfer of some FX accounts in September 2014 and in March 2016 as well as the affects from low volatility in the market (details noted in "Commission received and net financial income alongside the VIX" on p.19). The DARTs increase in the fiscal year ended March 2018 in the Asia/Pacific segment is attributed to the rising stock market prices in Hong Kong.

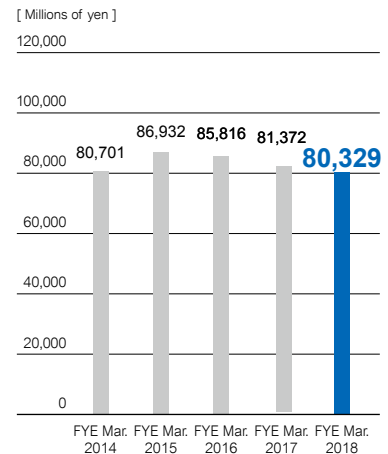
Total operating revenue



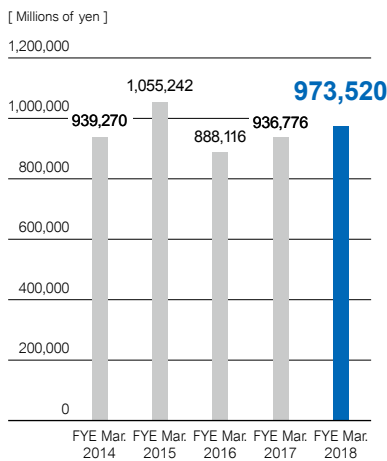
Profit attributable to owners of the company



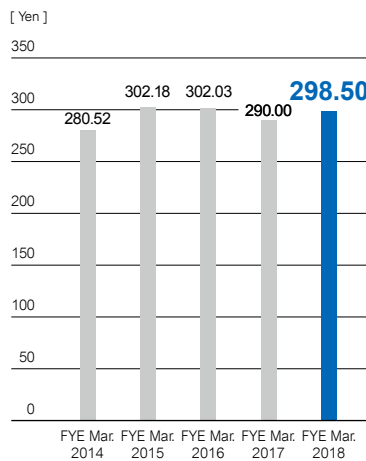
Equity attributable to owners of the company



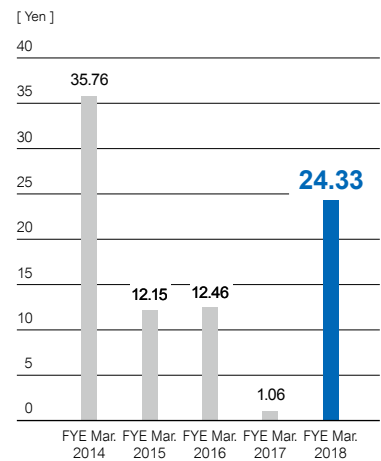
Total assets



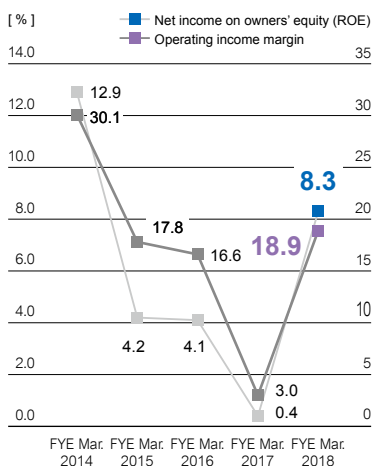
Equity per share attributable to owners of the company (BPS) (*)



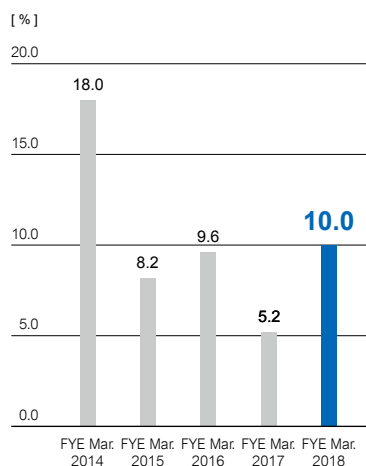
Earnings per share attributable to owners of the company (EPS) (*)



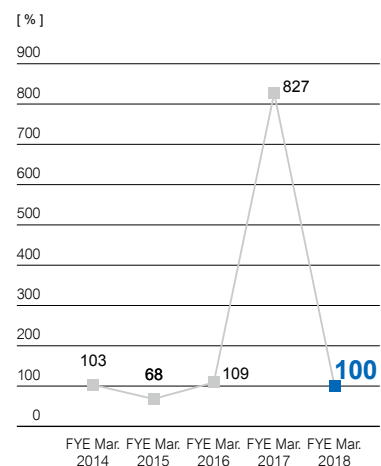
Return on equity (ROE) / Operating income margin



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. 2014.

Message from the CEO



Monex's "New Beginning."
Establishing a financial
conglomerate in a new era
by merging online brokerage
services with crypto assets.

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

Oki Matsumoto

Why did the Group acquire Coincheck, Inc.?

The Monex Group has had to make a number of serious decisions in the last year. The most important being the Group's acquisition of Coincheck and its cryptocurrency exchange business in April 2018. This begs the question: Why did we integrate Coincheck into the Group? Part of the answer to that question involves our "New Beginning" plan that was announced in October 2017.

Our company name symbolizes our business principle of always staying a step ahead. Instead of MONEY, MONEX uses the letter X – one letter ahead of Y, indicating how we design and provide financial services in this new era. The past few years we have revisited this principle and thoroughly researched what financial services and approach will be appropriate in the future. We have explored businesses that will bring new value to society. In the quest for new value, one area that has come to the forefront of the finance industry is new technology like blockchain (*). As we learn more about blockchain technology, we see the potential innovation it holds in its financial application. As a result, we have fully embraced this idea to use it and create a new infrastructure for society.

The market for cryptocurrency based on blockchain technology has recently shown tremendous activity. It is not overstating to say that the cryptocurrency is its own asset class. The market is still undefined and there remain some asset management problems, such as the normal tax rate for financial instruments does not apply. Yet, there is no doubt it will be heavily used in future investment and trading. Cutting edge technologies, such as blockchain technology, combined with the innovative services derived from that technology will dramatically change finance going forward. We are not just looking to align ourselves with trends during this period but are positioning ourselves to establish our own trends. That challenge is exactly what our "New Beginning" plan is.

* ➤ Refer to the "Glossary" on p.21

What is our role in the cryptocurrency market?

Since the announcement of our "New Beginning," we launched a crypto asset business in order to establish asset management based in cryptocurrency and to create a groundbreaking service based on blockchain technology. The Monex Cryptocurrency Laboratory was established in January 2018 specifically to promote this business. This lab investigates how blockchain technology and cryptocurrencies can be applied to financial and capital markets. For example, a topic that is recently gaining attention is an ICO (Initial Coin Offering) (*). While there are risks, an ICO makes it possible to raise funds without negatively affecting the balance sheet and no stock dilution will occur, which provides huge benefits for corporations. The lab conducts this type of analysis and then raises these issues for society to look at.

Right when we thought about setting up our own secure and trusted cryptocurrency exchange business, there was a hacking incident involving Coincheck in January 2018. Actually, I had personally used Coincheck about 3 years earlier and thought it was an extremely easy-to-use service. I remember thinking it would be shame if the business ended under such unfortunate circumstances. We then made contact and asked if we could provide some kind of help or support. Then in the middle of March 2018, we were presented with an offer. This fast-tracked our discussion and consideration. After a couple of weeks, we decided to acquire the company into the Group.

Coincheck had created an excellent user experience and worldview in their service, and we believe that the company has some of the same ideas and features as the Group. However, the company has faced internal control and security problems, and that led to the hacking incident. If we can help solve these issues and restore credibility and trust in society, we believe that Coincheck can potentially lead the cryptocurrency market. Currently, we are re-organizing the internal control system based on our expertise and long

Message from the CEO

experience in the financial industry. We have made substantial investments, including the integration of new technologies, into revamping the company's security to ensure a solid system. The cryptocurrency exchange business is relatively young and still being developed. The rules governing this business in society are not fully established, which also contributed to this hacking incident. I believe that communication with the government agencies in charge is what is needed to set up the governing rules, and we can help out in this respect. We can bridge the gap between the government, who wishes to promote a promising industry, and the young venture capitalists, who wish to create innovative businesses. We can act like a translator who understands the language and culture of each party and become an agent to help introduce this new financial mechanism to society.

Core operations undergo tremendous growth in U.S. segment

Coincheck joining the Monex Group has drawn a lot of attention, but our core online brokerage services have also experienced steady success on a global scale. Based on the new medium- to long-term management strategy "Global Vision II – Bloom," we have tried to improve the independent management and revenue capabilities of each regional segment in the fiscal year ended March 2018. That result included an increase in income and profit in the Japan segment and a significant

jump in income and profit in the U.S. segment. In particular, growth in the U.S. segment was tremendous. Various initiatives were successful and led to a record high in active accounts in the fourth quarter for the fiscal year ended in March 2018. The EBITDA (*) was ¥2.9 billion for the fiscal year ended March 2018. If the EBITDA for the fourth quarter (fiscal year ended in March 2018) was extrapolated for the year, it translates into ¥4.8 billion and shows an extremely strong growth trend. This helped the U.S. segment also become a primary source of revenue alongside the Japan segment. I believe that the current system is set up to improve corporate value further with the Group's overall balance, and that Coincheck joining the Monex Group is a step toward starting a new business.



* Earnings Before Interest, Taxes, Depreciation and Amortization

**Striving to truly democratize finance.
Bringing the benefits of
new technology to the masses
through the crypto asset business.**

Using blockchain to create innovative services

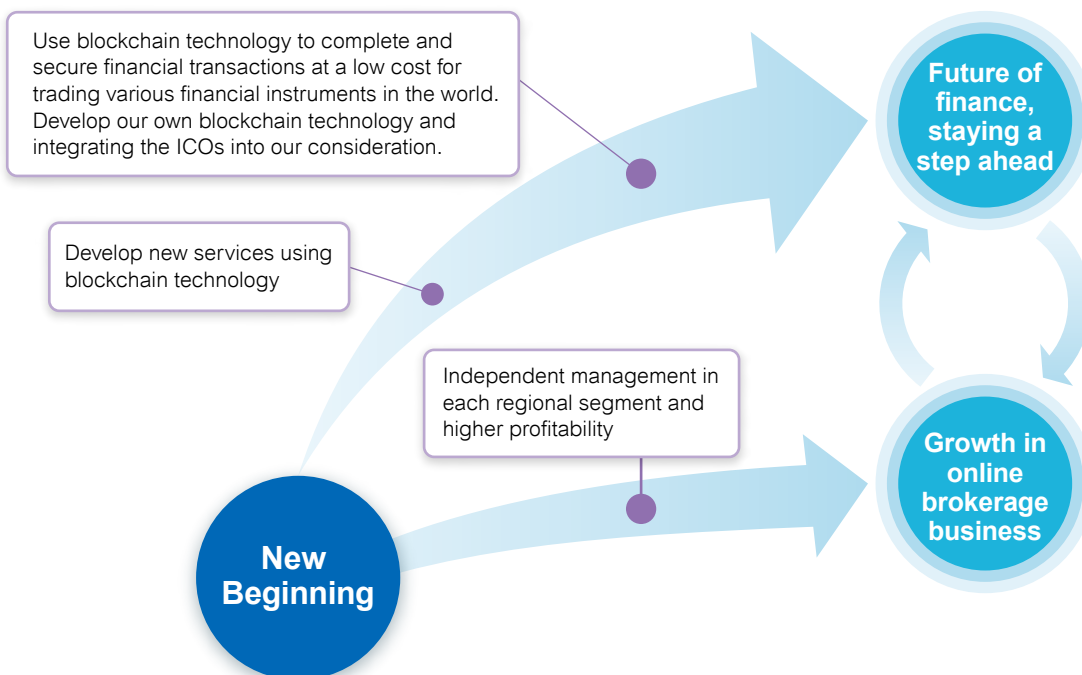
What is the new financial goal of Monex's New Beginning? The Internet caused a revolution in the flow of information, and similarly, blockchain is said to be a revolutionary technology in the transfer of value. Blockchain is the technology that assures the reliance of the data that is exchanged via the Internet. It allows various monetary transactions in the world to be completed safely and at a low cost.

If the platform is constructed using blockchain, we can provide retail investors with financial instruments that were previously unavailable to them (such as a venture capital fund) by breaking down those instruments into smaller funds. We created a system to offer individual investors small-lot investment opportunities for various asset classes. We want to make sure that more investors can reap the benefits of new technology. On the other hand, for companies, we can offer ICOs using blockchain technology and create an

environment where startups can easily secure funding, which would help drive and develop the economy. We are working to design and provide services to facilitate entry and expand participation in capital market issues. We are striving to truly democratize finance, which is grounded in Monex's founding principle.

The circumstances surrounding crypto assets right now are similar to those for derivatives in the 1980s. Derivatives at the time were financial instruments that were only understood by certain specialists who were familiar with computational finance. However, within a few years, derivatives started to be integrated into MBA programs and many people began to recognize their value. Markets that traded derivatives also became more diversified, and then after regulations evolved, derivatives began to bring benefits. We expect that the same will apply to the crypto assets going forward. That is why we are looking to start as quickly as possible, acquire technology and help set the governing rules.

Redefine finance for a new era to support all retail investment and economic activities



Message from the CEO

Changing diversity to a competitive edge

We are developing our own blockchain in order to realize a world that we imagine. The TradeStation Group in the U.S. is constantly exploring cutting edge financial technology, and they have a number of engineers who are well-versed in blockchain technology. In addition, Coincheck who recently joined the Group also has excellent engineers, and we will continue to promote their technology further. The Monex Group has experienced a number of M&As, which includes the TradeStation Group, and the fusion of different cultures has created a new energy. One of the strengths in the Monex Group is our ability to convert the diversity into a competitive edge. I am confident that our alliance with Coincheck will also bear fruit in a big way.

In terms of human resources, society's interest in the Monex Group is increasing after the acquisition of Coincheck, and it is producing

new appeal. Beyond engineers, we are receiving offers from people who want to be involved with new service marketing and business development, which is also emblematic of our personnel or organization functioning on a higher level. The internal atmosphere right now is filled with excitement thanks to the new vision that was announced.



**Risk can be managed.
Fearing risk too much prohibits innovation
that can truly change society.**








We are spearheading the quest to create finance in a new era

The appearance of the Internet has dramatically changed the lives of people, and it has transformed the capital markets and business models of financial institutions. Now, another change that will have a massive impact on society is imminent. Twenty years ago I launched Monex to lead in the transformation of Internet-based finance, and I feel the same excitement now as I did then.

I believe that crypto assets hold the potential to revolutionize the framework of the existing financial industry. At the heart of the current financial industry lie Megabanks, who work with flat currency and incorporate brokerage firms and credit card companies within their groups to form an overall financial institution. However, it will be the financial institutions working with crypto assets, not legal tender, who will become increasingly

important in the future. We want to be the first in the world to create a financial conglomerate in this new era that will play a role in everything. This includes a “Crypto asset bank” that handles crypto assets (virtual currencies), the “online brokerage” that can give access to global capital markets (similar to the online securities business under our Group) and “Crypto payment” as the new service to settle payment using crypto assets. We are spearheading this major transformation of all capital markets, of the investing environment for all retail investors and of how businesses related to capital markets will exist. Of course, there is also potential risk in this idea. However, if we do not take on a certain degree of risk, we cannot generate innovation that can truly change society. On the other hand, if we are determined in our purpose, we can manage that risk. Going forward, we will stay committed and carry out our New Beginning plan.

Striving to establish a financial conglomerate in a new era

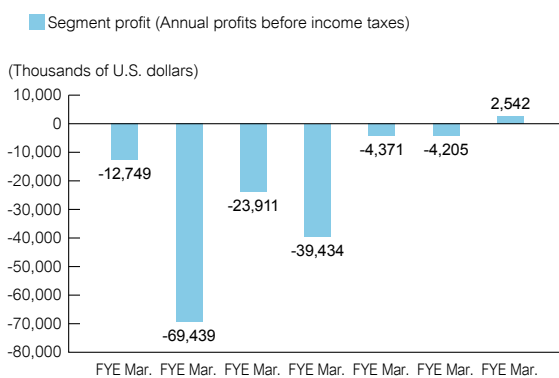
Conventional financial conglomerate	Financial conglomerate in a new era	Monex Group
Bank	Crypto asset bank	 Coincheck
Securities Broker	Global online brokerage services	   
Payment Card Company	Payment service using cryptocurrencies	 Coincheck Other
Other	Investment business Other	 Ventures Other

Growth Trend in U.S. Segment

TradeStation is an online securities group that joined the Monex Group in June 2011. TradeStation is headquartered in Florida (U.S.) with an operations center in Chicago (U.S.) and development centers in Dallas (U.S.) and Costa Rica. They developed the trading tool TradeStation, which focuses on cutting edge trading and analysis tools and has gained an overwhelming following among active traders in the U.S. TradeStation is the proud recipient of numerous accolades and awards, such as “Best for Frequent Traders” (highest rating) for the eighth consecutive year (since 2011) by Barron’s – one of the leading authorities in financial media in the U.S. (*1) The segment’s income is improving thanks in part to a reduction in expenses, but also from recent business measures that have had success expanding the customer base and growing revenues. As a result, TradeStation is expected to become a primary source of revenue alongside the Japan segment in the near future.

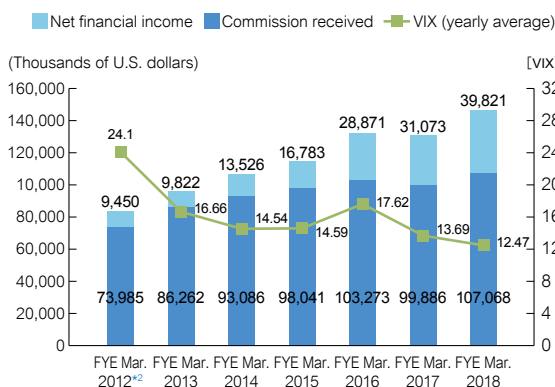
*1 Refer to the following link for more award information: <https://www.tradestation.com/awards/>

Profits in the U.S. Segment



Since joining the Monex Group, the market volatility had declined, generating less in commission, and low interest rates had reduced our financial income. High fixed cost had also been a factor in the segment’s continued losses. However, since joining the Group, this segment reported an annual profit for the first time in the fiscal year ended March 31, 2018 thanks to business measures and cost cuts.

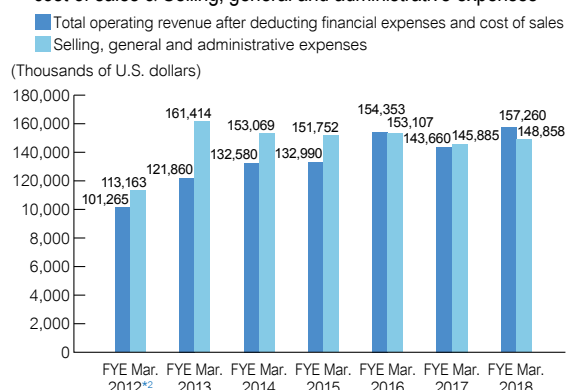
Commission received and net financial income alongside the VIX (*3)



While commission received has been impacted by market volatility, we were able to build a stable level of income. We acquired more assets in custody and implemented measures to build up financial income. This coupled with higher interest rates in the U.S. increased our net financial income. Since TradeStation joined the Monex Group, we experienced a record high for the fiscal year ended March 31, 2018.

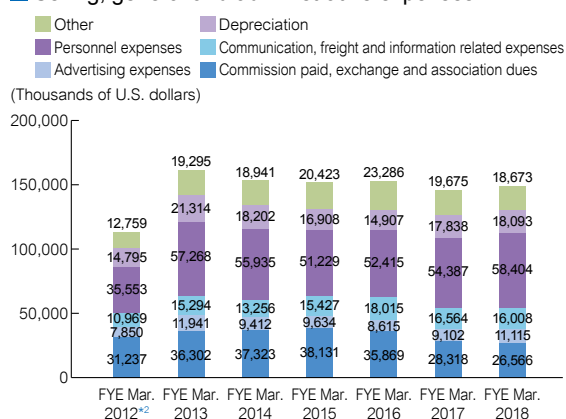
*3 Refer to the “Glossary” on p.21

Total operating revenue after deducting financial expenses and cost of sales & Selling, general and administrative expenses



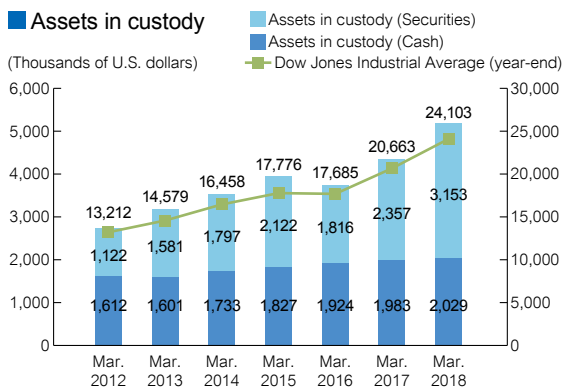
Up until the fiscal year ended March 31, 2015, while revenue had increased so did expenses. However, we were able to improve margins by cutting expenses in the fiscal year ended March 31, 2017.

Selling, general and administrative expenses

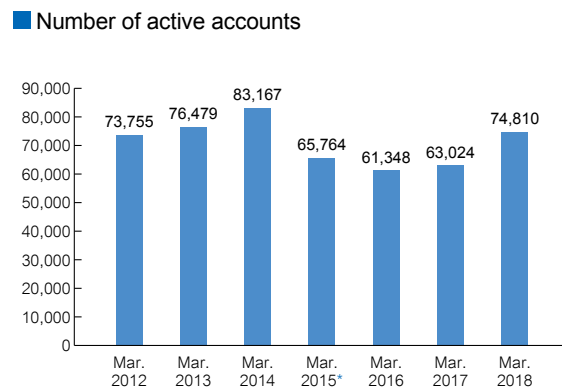


Selling, general and administrative expenses are curbed, as commission received and net financial income continue to grow.

*2 Nine months from July 2011 to March 2012 are reported in the consolidated results for the fiscal year ended March 31, 2012.



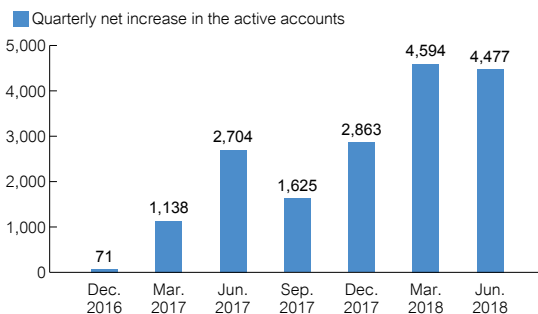
Assets in custody at the end of March 2018 increased by 19% year on year. Supported by a rise in active accounts and favorable market conditions, assets in custody have grown steadily.



The number of active accounts at the end of March 2018 increased by 19% year on year. We have implemented several initiatives to improve client experience, including simplifying our pricing structure and streamlining our onboarding process, which has resonated with new customers and allowed us to accelerate our account growth.

* In September 2014, we transferred the FX trading accounts (approximately 24,000) that were provided under the IBFX service name to FXCM Holdings, LLC. In March 2016, we also transferred the FX trading accounts (approximately 8,000) to the OANDA Corporation and OANDA Australia Pty Ltd.

Expand the customer base and acquire a younger generation of traders and investors



In 2017, we refreshed our brand and made several changes to our offering to expand our target market to include casual traders and millennials (generational demographic who reach adult age in the early 2000s). This has resulted in a net increase in active accounts and has lowered the average age of our new customers by 4 years versus our existing customers.

Steps taken to expand our customer base since March 2017

- Released a more simplified and competitive commission fee structure for equities, options and futures trading
- Used the southern Florida atmosphere to redesign our image into a more casual brand
- Improve the design and usability of the website
- Strengthen marketing focused on millennials
- Streamlined onboarding and cashing process
- Started service that provides interest on money deposits for customers
- Started offering real-time spot data for cryptocurrencies in addition to bitcoin futures offering

COLUMN TradeStation's Initiative to Achieve Sophisticated Expertise

TradeStation's origins are as a Fintech company, developing trading platforms. It has since expanded its expertise beyond trading platforms and has built the technology that created an online securities firm. TradeStation continues to push the technology forward ensuring it has a good technology governance structure.

For instance, we put in place an Architecture Office so that we can constantly develop quality and maintainable systems and applications. Since technology is the backbone of who we are, we strive to incrementally improve. To that end, in 2018, based on external survey reports and cases of other organizations, we succeeded in boosting work efficiency by introducing a "DevOps

Approach" and shoring up the security of our customer's data through security authentication enhancements, "Central Authentication."

Furthermore, we not only develop systems internally but invite external vendors in low value-added areas against cost in a bid to build a rational development system while keeping service quality and safety intact.

On top of these, we organize idea labs, a R&D incubator to pursue global trends and hackathons* to secure highly creative and capable engineers on a regular basis, thereby enhancing our expertise further and promoting our visibility.

* Refer to the "Glossary" on p.21

Tremendous potential in the crypto asset business

Circumstances leading up to launch of crypto asset business

In 2016, the Monex Group launched a project called “Monex Zero” that focused on exploring and creating new value. The project started when our CEO Oki Matsumoto spent roughly 6 months consulting with approximately 100 leading experts from various fields on transforming the initial business model of the Monex Group. The project focused on investigating the direction of the business without any preconditions or as the name indicates starting from zero. This led to discovering the tremendous potential found in crypto assets (cryptocurrencies). Roughly two years were spent getting ready for launching this new business. At the start of the fiscal year ended March 2019, the Monex Group used the new acquisition of Coincheck and launched a new business segment in crypto assets.

October 2016



April 2017



October 2017



January 2018



April 2018

In the Financial Results for 2Q of Fiscal Year Ended March 31, 2017, we highlighted the “Creation of new value,” which stated our pursuit to create new value, leveraging the Group’s business resources, outside of the existing brokerage business.

Business principles were revised. We shall “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.”

“New Beginning” plan and the launch of our cryptocurrency business were announced. We make reference to how blockchain technology is essential to design innovative ways of managing money in this new era.

Monex Cryptocurrency Laboratory (Lab Director: Nana Otsuki – Chief Analyst, and Head of Monex University at Monex, Inc.) was established to provide easy-to-understand and up-to-date information on cryptocurrencies.

News release dated April 6: “About Monex Group Acquiring Shares of Coincheck, Inc.” Coincheck, Inc. joins the Monex Group on April 16 after the Group successfully completed acquisition of Coincheck.

Crypto Asset business segment is launched in the fiscal year ending March 2019 (from April 2018).

Vision of crypto asset business

We see 4 major possibilities with cryptocurrencies. First, the currencies have the possibility of being a trading instrument with high volatility. Our retail investors, in particular, have shown a strong interest, and we expect that the medium- to long-term demand will grow even as the market can swing frequently in the short term. Second, they have appeal as an asset class. Currently, the total market capitalization of all cryptocurrencies has already grown to about 4% of the market capitalization of gold. It can be said that the currencies are approaching the standard that categorize them as a new asset class. Third, the currencies have value as a new method of payment. Up until now, when individuals have sent money internationally, that transaction takes a lot of time and money (fee) to complete. However, if a payment (settlement) service using a cryptocurrency based in blockchain technology was realized, the transaction could be sent at a low cost in almost real-time. Lastly, blockchain has the potential as the core technology of cryptocurrencies to bring major innovations to the financial world. This is the kind of tremendous potential that the crypto asset business holds. The Monex Group is working to make these possibilities a reality and create the future of finance.

Glossary

Blockchain

A form of “distributed ledger technology” that offers high reliability and transparency on open networks such as the Internet, to facilitate financial transactions and the exchange of sensitive information

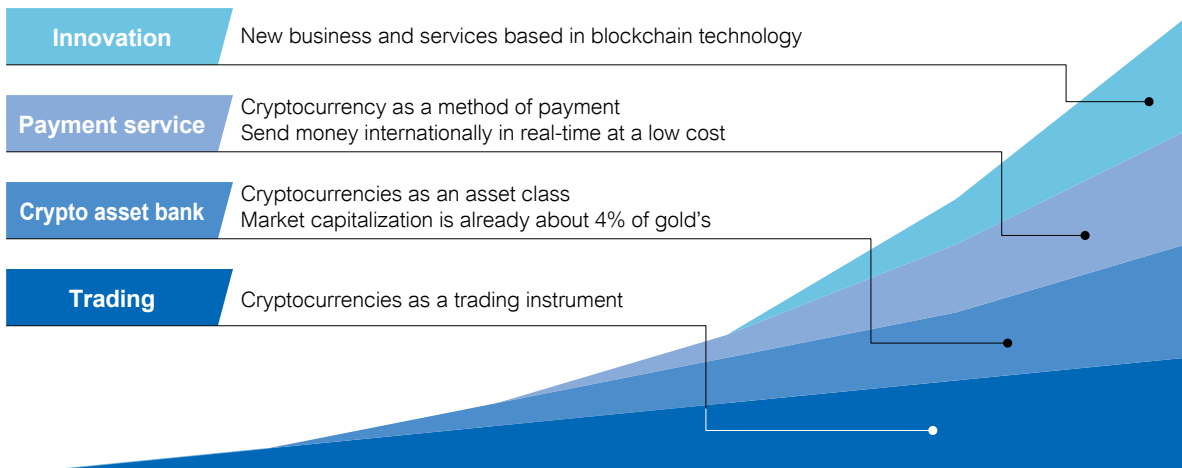
ICO (Initial Coin Offering)

Method where companies and business projects issue or sell a cryptocurrency to secure funding

VIX

Index for investors that is a measure of the stock market’s expectation of volatility implied by S&P 500 index options

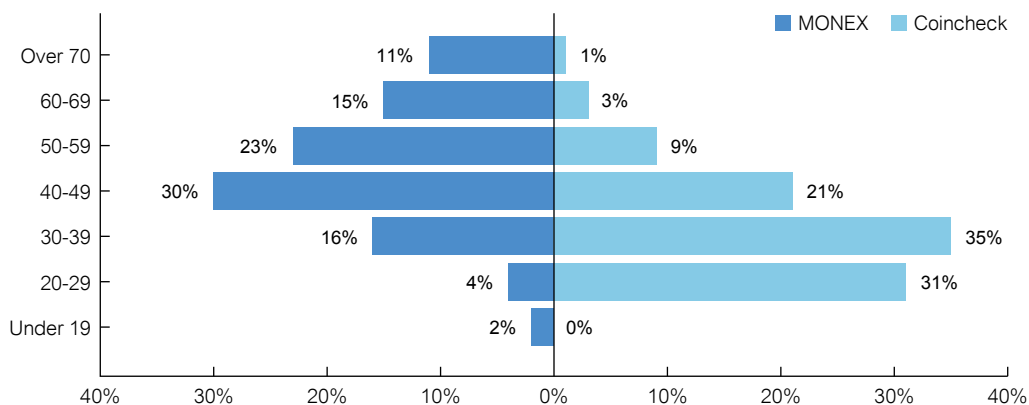
Four possibilities: Integrate them into the main financial business to create a financial conglomerate in a new era



Coincheck business

<Growth potential>

Coincheck's users number approximately 1.7 million and are mainly a younger demographic. It can be said that there is a high probability that the financial assets and trading amount per user will continue to grow in the future. In addition, while Monex customers tend to be an older demographic, we expect the Group's customer base to grow because Coincheck and Monex can redirect customers to each other.



<Profitability>

We recently have constructed an internal control system in Coincheck, which includes the advanced security control that is expected in a cryptocurrency trader. Being part of the "advanced technology industry," we are working to further our security technology and control expertise to ensure our profitability matches the added value that we provide.

DevOps Approach

Practice that closely aligns software development and operations in order to develop systems more quickly and nimbly

Hackathon

Competitive event where programmers and creators collaborate within a limited time frame to produce the best idea or functioning product

Central Authentication

Web authentication process developed by a research institute at Yale University (U.S.)

Message from the CFO

Japan increased profits with an in-house system in place. Improving our net financial income in the U.S. produced a significant jump in revenue and profits. The Group's acquisition of Coincheck marked a major step in our "New Beginning" plan.

Japan's system-related expenses decreased after the backbone brokerage system became in-house. The U.S. improved its net financial income and revised its brokerage commission plan, which generated a major jump in profits. As a whole, the Monex Group completed a major restructuring in both revenue and expenses. We shall continue to build up our corporate value from steady growth in our global online brokerage services and through three key drivers of growth over the medium- and long-terms.

Monex Group, Inc.
Executive Officer
Chief Financial Officer
Financial controls

Satoshi Hasuo

Overview of Business Performance for Fiscal Year Ended March 2018

➤ Refer to the Financial Analysis on pages 59 and 60 for details on each segment.

The operating revenue for the fiscal year ended March 2018 totaled ¥53.635 billion (increase of 17% year on year). This was attributed to an increase in brokerage commissions from more equities trading activity in Japan and the U.S., and to an increase in financial income in Japan thanks to more securities lending and gains from sales of securities held for normal course of business. Selling, general and administrative (SG&A) expenses decreased 2% year on year, totaling ¥39.853 billion, primarily due to a decrease in system-related expenses in Japan. Profit before income taxes came to ¥8.631 billion, a 706% increase year on year, and income tax expense increased 126%, resulting in a relatively lower rate. This is because the maximum federal corporate tax rate in the U.S. was lowered by the "Tax Cuts and Jobs Act" and the tax reform legislation. Therefore, the income tax expense includes a decrease of ¥930 million because some of the deferred tax assets and the deferred tax liabilities were reduced. This produced ¥6.730 billion for the profit attributable to the owners of the Company, up 2,162% year on year.

Logic Tree for Online Securities Business and Initiatives for Fiscal Year Ended March 2018

➤ Refer to the logic tree for the online securities business on page 24.

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 the online securities business, the revenue from stock brokerage commissions is easily affected by the boom-and-bust cycle. Therefore, to improve profitability, 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 analyzed under two general categories: flow and stock. The Monex Group has a strategy in place to boost revenue in terms of both flow and stock. For revenue in terms of flow, we are focused on getting active traders who make up a lower rate in our customer base when compared to our competitors. Therefore, we

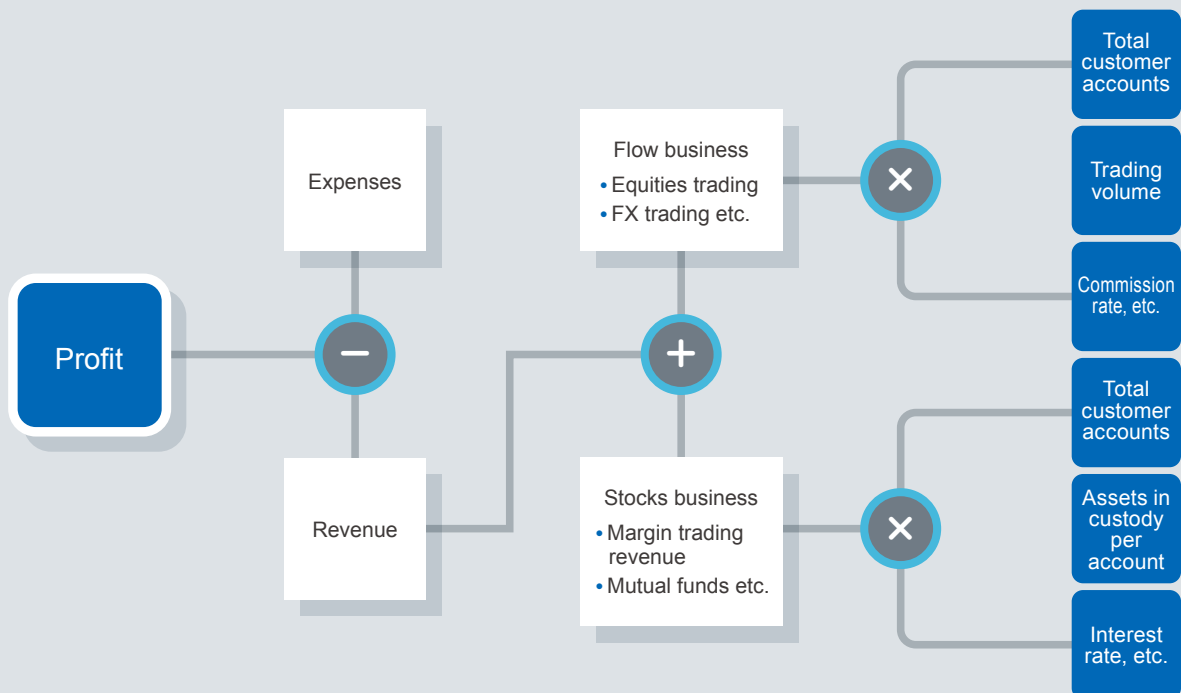
revised our brokerage commission plan for margin trading in November 2017. In addition, we launched the Japanese equities trading tool TradeStation, which offers the high performance that active traders seek. Trading via TradeStation already generates approximately 5% in the overall equities trading value at Monex, Inc. Going forward, we will increase our TradeStation users even more. And, with more active traders, we will continue to extend our market share. In the U.S., we revised the brokerage commission plan for equities, options and futures which target growth in the number of our casual traders. We also initiated some rebranding strategies, like redesigning our TradeStation logo and revising our advertising strategy. This resulted in another consecutive record high in customers opening and funding accounts for the fiscal year ended March 2018. Furthermore, as market volatility went up, the trading volume also increased significantly, producing more in brokerage commissions.

For revenue in terms of stock, the margin trading balance increased in Japan after revising the commission plan for margin trading. Our financial income increased by ¥500 million in margin trading, from ¥166.1 billion in the fiscal year ended March 2017 to ¥205.3 billion in the fiscal year ended March

2018. In addition, after improving our management strategy, the total lending amount and profitability went up, yielding ¥1.2 billion year on year in revenue generated from stock-lending. In the U.S., the net financial income underwent a significant jump due to more assets in custody thanks to a rise in active accounts and higher interest.

Regarding expenses, after the new backbone brokerage system was put in place in Japan during the previous fiscal year, the annual fixed-type costs (Personnel expenses + System-related expenses + Other) decreased significantly by ¥2.1 billion for the fiscal year ended March 2018. System-related expenses also significantly changed because the backbone brokerage system is now handled in-house and is owned as a fixed asset. While the property related expenses rose, such as the depreciation expenses of our proprietary software and server maintenance, the office expenses paid out to contracting system vendors dramatically dropped, thereby improving our cash flow. In the U.S., brokerage commission income went up due to more trading volume. Advertising and SG&A expenses also increased year on year due to our efforts to expand our customer base. However, profitability drastically improved as well.

Logic Tree for Online Securities Business (as of March 31, 2018)



Shareholder Return and Investment

Our basic Shareholder Distribution Policy was announced on April 26, 2018. 75% of the total return ratio will be earmarked for shareholder return on a multi-year basis, starting this fiscal year ended March 2019. The minimum dividend is an annual 2% DOE (dividend on equity). The acquisition of treasury stock will be carried out at the management's discretion. This new approach was decided because Coincheck joined the Group in April 2018, and we expect to make further investment for future growth.

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 ¥80.5 billion while fixed-type assets came to ¥54.5 billion. The total amount of equity after fixed-type assets are deducted was ¥26.0 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

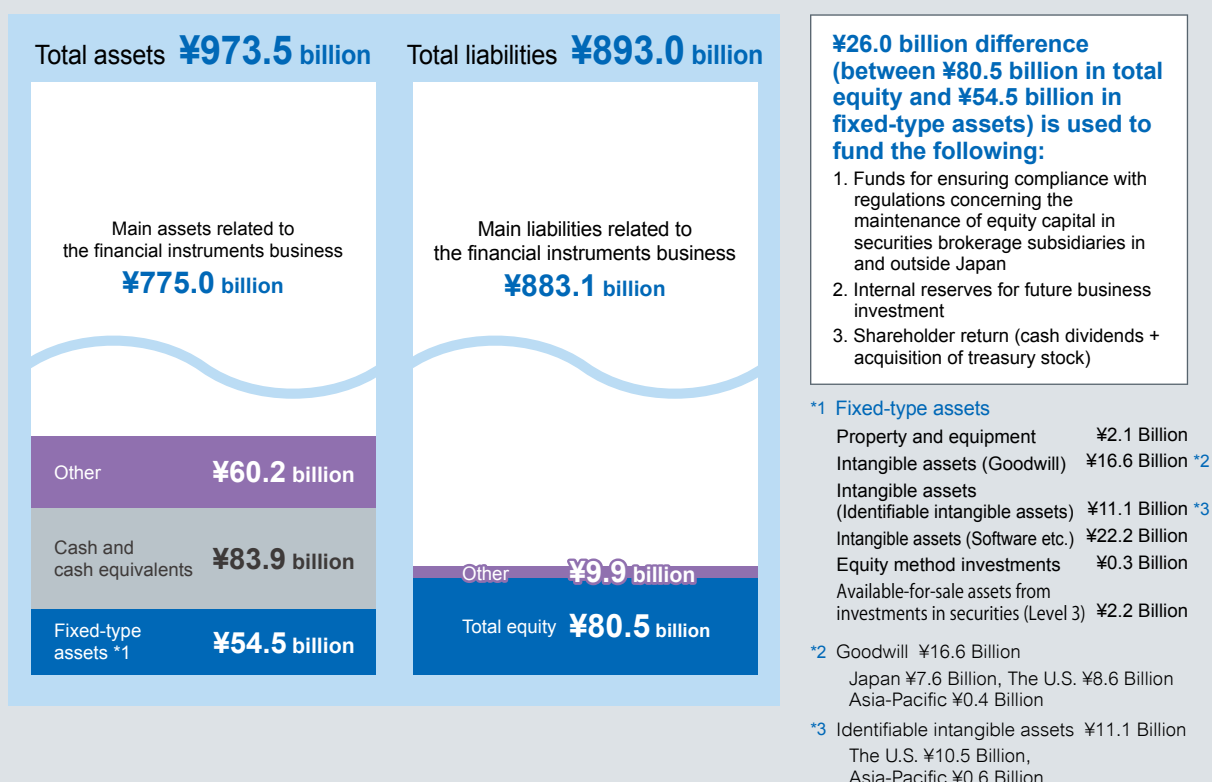
established in our basic policy for shareholder return. The total payout was ¥10.0 (total dividend payout: ¥2.72 billion), with ¥3.7 for interim dividends and ¥6.3 for year-end dividends. In addition to our dividend payout, we also acquired ¥1.0 billion of treasury stock in May 2017 and ¥3.0 billion between February and March 2018, which gave us a total return ratio of 100% for the fiscal year.

The progression of total equity minus fixed-type assets is shown in the highlights from past 11 years on pages 57 and 58. After an increase of total equity recorded in the fiscal year ended 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. While this increase caused the total equity (minus fixed assets) to slightly decrease to ¥22.8 billion in the fiscal year ended March 2017, it has rebounded to ¥26.0 billion for the fiscal year ended March 2018 after investment in the major system was completed.

Total Equity Minus Fixed-type Assets

The Company has earmarked the difference between the total equity and fixed-type assets to fund business investments and shareholder return.

Summary of the consolidated statement of financial position (As of March 31, 2018)



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

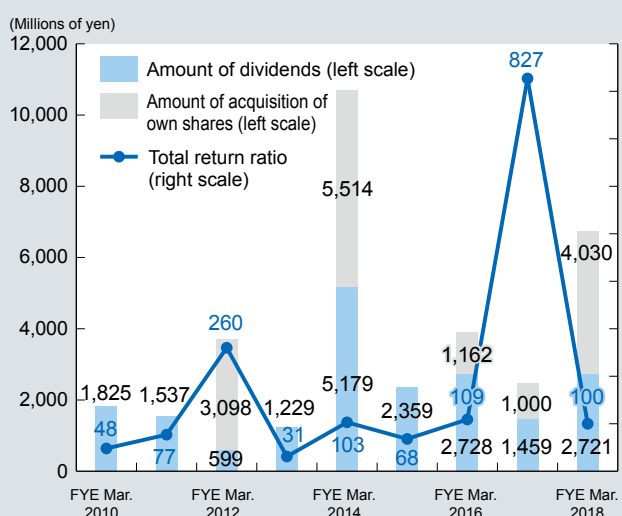
With Coincheck joining the Group, we will continue to make substantial investments in strengthening security for the crypto asset business. We shall not only invest in expanding the crypto asset business but also maintain a good level of investment to run our online brokerage business globally. These investments will help grow our income and profits as a Group.

We shall continue investing to stay “a step ahead in the future of finance” – Monex, Inc.’s mission since its founding – in order to provide products and services chosen by customers for the future. In addition, we will ensure that all segments remain solid in our organization to help raise our corporate value, and will fortify our position as a financial conglomerate in a new era.

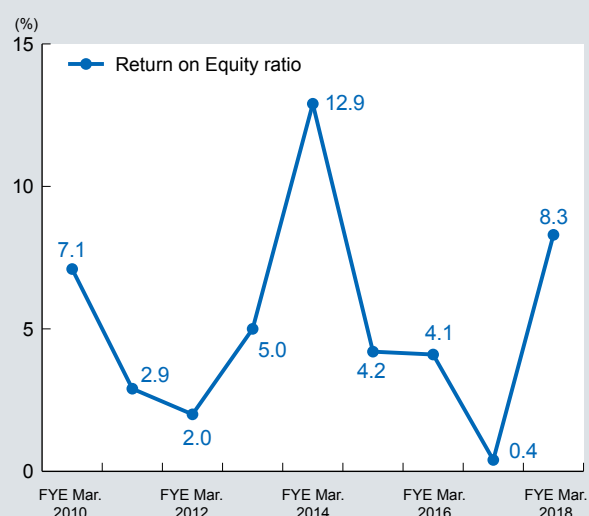
Important Financial Index

Total return ratio (*1) was changed to “75% on a multi-year basis” starting this fiscal year ended March 2019.

Total return amount (*2) and total return ratio



Return on Equity ratio



*1 Total return ratio = (dividend paid (*3) + amount of share buyback (*4) / profit attributable to owners of the Company

*2 Total return amount = dividend paid + amount of share buyback

*3 Further information on dividends per share is noted in “Summary of Dividends” on page 12.

*4 Amount of share buyback : JPY 3.1B in Jun. 2011, 5.5B in May 2013, 1.2B in Jul.-Aug.2015, 1.0B in May-Jun. 2016, 1.0B in May 2017, 3.0B in Feb.-Mar. 2018.

Business Summary by Segment



SWOT analysis (consolidated)

S

STRENGTHS

- Customers that cover different demographics in Japan (High-quality customer base focusing on medium- and long-term traders and investors) and in the U.S. (High-quality customer base focusing on active traders)
- In-house backbone brokerage systems at different global locations, offering more freedom in our product and service development and guaranteeing more independence in management
- Technology development system that produces competitive products and services in the U.S.
- Executing multiple policies to create business opportunities in Mainland China
- Cross-selling our securities trading service to a younger customer demographic from our crypto asset business (redirecting customers to securities trading accounts)

W

WEAKNESSES

- Our revenue structure in Japan is easily swayed by the market because the active traders (who trade consistently and are less dependent on market conditions) make up a low percentage of our customers. High fixed costs due to retaining a broad range of products and services
- Our target customer demographic in the U.S. is too narrow. Less accounts and assets in custody than our competitors

O

OPPORTUNITIES

- Creating new markets by developing financial technology
- Start full operations of crypto asset business (after registering as a Virtual Currency Exchange Service Provider)
- Higher interest rates in the U.S.
- Easing regulations for the entry of foreign companies in the Mainland China brokerage industry
- Undeveloped market with less competition in Asia-Pacific

T

THREATS

- Less profitability due to increased competition, such as a price war with competitors
- Low trading volume and volatility (rate of fluctuation) in the market
- Stronger regulations for financial institutions in each country

Japan Segment



Monex, Inc.

1.05 million active accounts with ¥4.3 trillion for assets in custody. On top of our good customer base of investors, we are looking to acquire more active traders.

Monex, Inc. holds a good-quality customer base, which includes higher averages for the “Rate of account utilization” and “Assets in custody per account” than those of our competitors.

Going forward, we will strive to increase margin trading that holds even more potential for growth, by acquiring more active traders.

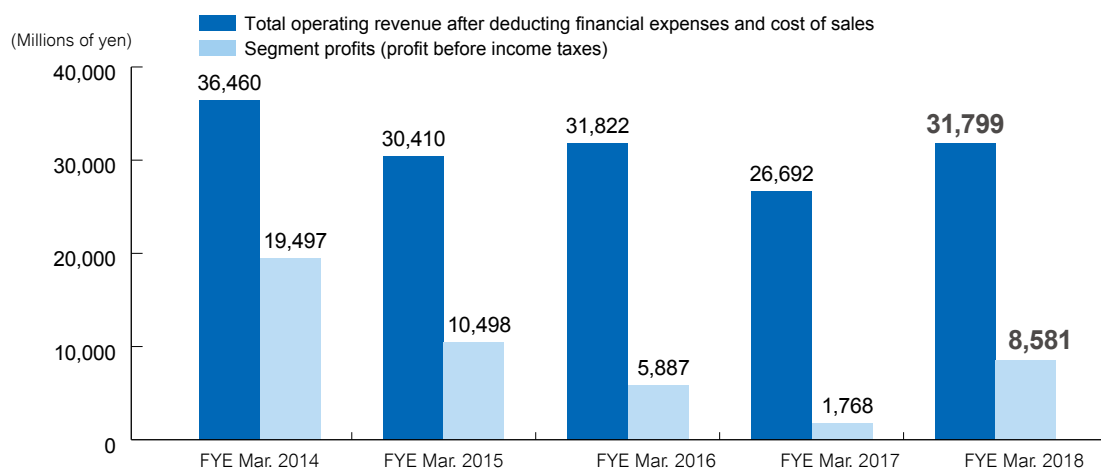
Who we are?

Overview of Business

Since its founding in 1999, Monex, Inc. has been our main revenue stream in this segment and makes up approximately 60% of the consolidated operating revenue in the Group. Approximately 90% of the trading volume for retail investors in the Japanese stock market passes through 5 main online securities businesses, and one of those is Monex. We have a stable share of approximately 20% in online stock brokerage commissions. Our main customer demographics are investors who build asset portfolios over the medium to long terms. Monex has a good-quality customer base with higher averages than other competitors with a 60% rate of account utilization (average of the other 4 main businesses is 54%) and ¥2.5 million in assets in custody per account (other 4 firms average ¥2.3 million). In order to increase margin trading that has even more growth potential, Monex is continuing to advance more services geared toward active traders, such as providing the Japanese equities trading tool TradeStation and making revisions to the margin trading commission fees.

Increase Corporate Value

Business Performance



Corporate Value Resources

Main Topics for Fiscal Year Ended March 2018

TradeStation, a tool for active traders, generates more than 5% in the overall equities trading value at Monex, Inc. and is steadily attracting more users. In addition, by revising the brokerage commission plan for margin trading in November 2017, Monex’s market share in margin trading value jumped from 3.7% to 4.2%. Stock brokerage commissions in margin trading decreased year on year, but the outstanding balance in margin trading increased and Monex was able to record interest income that exceeded the decrease in commission fees.

In services for investors, Monex Nihon Growth Stock Fund (also known as “The Fund @ Monex”) has garnered a good reputation as a useful fund for retail investors, receiving “First Prize” in both the “Investment Trusts Category – Japanese Equity Fund” and in the “NISA Category – Japanese Equity Fund” at the R&I Fund Award 2018.

Initiatives Targeting Medium- and Long-Term Growth

There is much potential for future growth in margin trading. As we develop more margin trading services, our brokerage commission plan will gain even more visibility as one of the lowest in the industry. We will expand the customer base by introducing initiatives to increase customer satisfaction for not just active traders but investors as well.

While Monex’s main customer demographic is in their forties and fifties, the main customer demographic for our cryptocurrency exchange Coincheck is in their twenties and thirties. We believe that there is tremendous growth potential with cross-selling our online brokerage services to the younger demographic (redirecting Coincheck’s customers to securities trading customers). We will increase the future corporate value of the Group by providing online brokerage products and services that are attractive to cryptocurrency traders.

Financial Section

Business Summary by Segment

U.S. Segment



TradeStation Group, Inc.

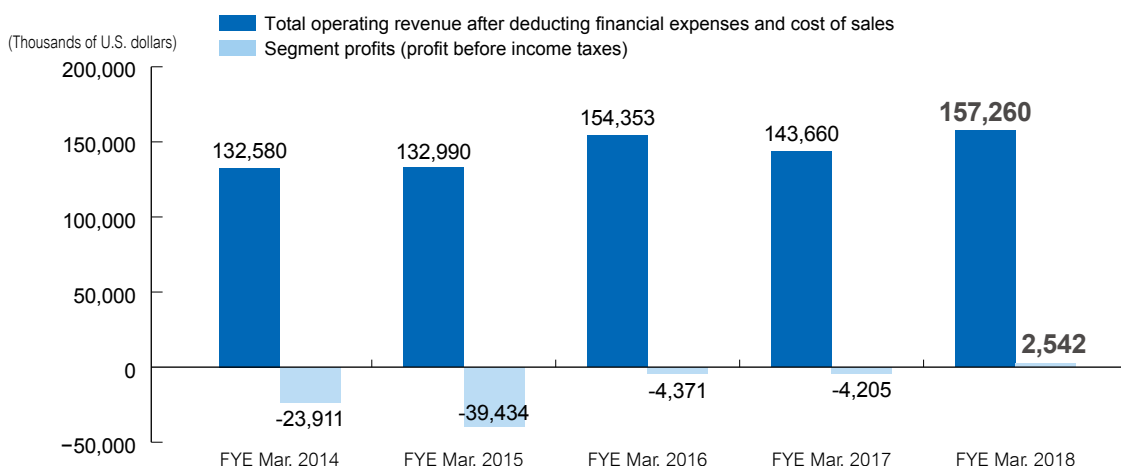
Increase in the number of new accounts through rebranding.
Number of active accounts reached a new record high with even more assets in custody.
Expecting future growth in our customer base by targeting a younger demographic.

We have redesigned our logo and website as part of refreshing our brand. By introducing a simpler and easy-to-understand commission fee structure, we were able to expand our customer base with casual traders and millennials. Our new customers have an average age that is 4 years younger than our existing customers. Going forward, we will strive to expand our customer base further and encourage more activity by adding crypto asset capabilities for consideration within their portfolio.

Overview of Business

Originally founded as a software development firm for trading tools in 1982, the TradeStation Group, Inc. has since expanded its focus to the online securities brokerage business and has earned an excellent reputation for its advanced technology. Its in-house-developed trading and analytics platforms have been endorsed by active traders for many years. TradeStation joined the Monex Group in June 2011, and holds a good-quality customer base with 5.5 billion USD in assets in custody and 80 thousand active accounts, which are owned primarily by active traders. During 2017, TradeStation refreshed its brand and made improvements to its offering to enhance client experience in order to expand its customer base to casual traders and millennials as well as to encourage more trading activity at existing accounts.

Business Performance



Main Topics for Fiscal Year Ended March 2018

We have made tremendous progress expanding and diversifying our revenue streams during the current fiscal year under review. Our account growth has helped stabilize commissions revenue despite still being affected by market volatility. The net financial income has increased by 9 million USD year on year due to more assets in custody and rising short-term interest rates in the U.S. Since TradeStation joined the Monex Group, we achieved a record high in total operating revenue after deducting financial expenses and cost of sales. In addition, we were able to record annual profits in this segment, for the first time since TradeStation joined the Monex Group, by curbing the fixed expenses that were carried over from the fiscal year ended March 31, 2017.

Rebranding, revising our pricing structure and other strategies have brought us success in expanding our customer base, and helped us reach a record high for the net increase in the active accounts each quarter. We have been striving for continued growth and the fruits of our measures are taking effect.

Initiatives Targeting Medium- and Long-Term Growth

As stable growth in our customer base becomes evident, we continue to pursue new revenue sources at the same time. After observing the crypto asset business beginning to bud not only in Japan but in the U.S. as well, the TradeStation Group is evaluating opportunities to enter the space and has established a new company called TradeStation Crypto, which is based in Florida (U.S.). In order to solidify our crypto asset business (in the US), we are now formulating concrete business plans around a product offering, including securing appropriate licenses to start our crypto asset business and working with other partners to establish our business platform.

Asia-Pacific Segment



Monex BOOM Group

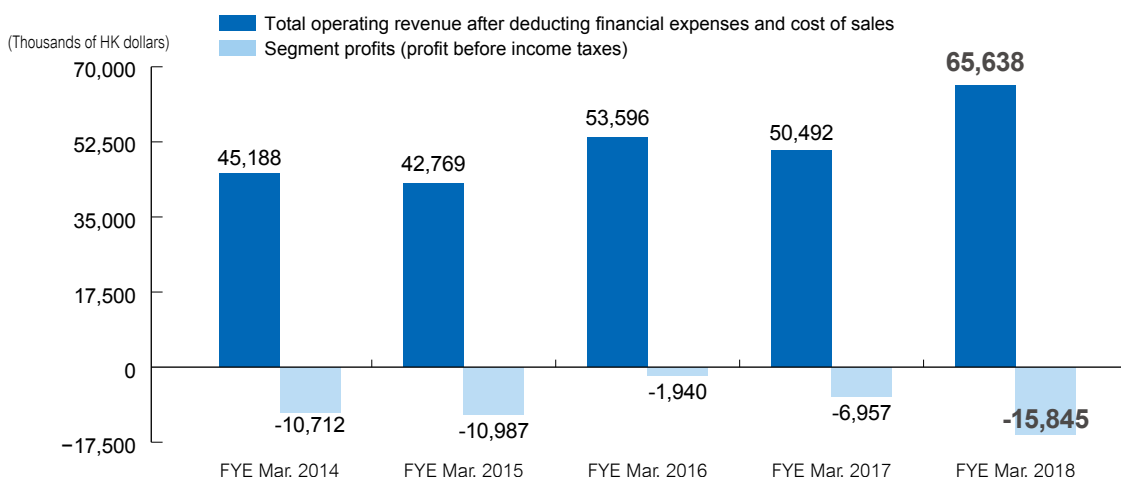
Launched a new online securities brokerage business in Australia.

We used our online securities business in Hong Kong as a model to start the same service with competitive rates in Australia in January 2018. In addition, our joint venture in mainland China continues to grow steadily and is now recording profits.

Overview of Business

The Monex Boom Group is an online securities firm for retail investors based in Hong Kong. Founded as the first online securities brokerage business for retail investors in the Asia-Pacific in 1997, the Boom Group joined the Monex Group in December 2010. It is not just a Hong Kong location but a platform for further business development in Asia and a strategic point to create more business opportunities for the future of the Monex Group. TradeStation Australia, a former subsidiary of TradeStation Group, changed names to Monex Securities Australia Pty Ltd (hereafter referred to as "Monex Securities Australia"), and then launched our online securities brokerage business in Australia. In this segment, we also established a joint venture with a securities brokerage firm in Mainland China to provide technical support services for the local online securities.

Business Performance



Main Topics for Fiscal Year Ended March 2018

In January 2018, Monex Securities Australia launched online brokerage services that can access 12 stock markets. By using the brokerage system of our Hong Kong-based Monex Boom Group, they have a light system infrastructure and conduct minimal operations in order to provide competitive online brokerage services. Expenses currently take priority for Monex Securities Australia because we are still in its beginning stages here. However, Monex Boom Securities and the joint venture in mainland China are turning over a profit this term.

Note that the fiscal year ended March 2018 recorded an allowance for doubtful accounts of 21 million HKD related to loans secured by securities. As a result, the segment recorded a loss this term, but this is a temporary expense and will only have a minor impact on future performance.

Initiatives Targeting Medium- and Long-Term Growth

Monex Boom Securities launched services for Hong Kong futures trading in April 2018. As an online securities firm that can access up to 12 stock markets, Monex Boom Securities has provided financial instruments and services to a wide range of customers up until now. However, a new futures trading service has been added to expand the available financial products. In order for customers to diversify their portfolios and to ensure risk is controlled, we will continue to make preparations for new financial instruments in the future for this segment, such as trading for other futures and commodity derivatives.

We will continue to carry out initiatives targeting medium- and long-term growth. This will translate into increasing the number of accounts to build revenue for Monex Securities Australia and launching competitive securities trading service with minimal operations in other areas of the Asia-Pacific.

Who we are?

Increase Corporate Value

Corporate Value Resources

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Business Summary by Segment

Crypto Asset Segment



Coincheck, Inc.

Committed to becoming an official Cryptocurrency Exchange Service Provider in order to build a financial conglomerate in a new era.

A new crypto asset business segment was established after the Group acquired Coincheck, Inc. in April 2018. After Coincheck receives a full license as an official cryptocurrency exchange in Japan, we will push to build a crypto asset bank as a financial institution for handling crypto assets and will integrate crypto payment as a new service using cryptocurrencies. These steps will help us build a financial conglomerate in a new era.

Overview of Business

Established in 2012, Coincheck, Inc. provides cryptocurrency services and has garnered a reputation for innovating technology to support that. For example, UI/UX of the smartphone apps were developed in-house and have been well-received by users. In addition, the Group now has gained 1.7 million more users who are primarily in their twenties and thirties. Currently, the Financial Services Agency issued a business improvement order on January 29 and March 8, 2018. To support these orders and to re-open all services, we are furthering various initiatives to strengthen security as well as its governance, internal control and internal auditing.

Summary of business performance

After the main services stopped in January 2018, the first quarter reported a loss of ¥300 million, because the profitable services only included selling in cryptocurrencies held by existing customers.

Crypto Asset Business/IFRS

(Billions of Yen)	The first quarter (Apr. – Jun.) of the fiscal year ended March 2019
Total operating revenue after deducting financial expenses and cost of sales	0.9
Selling, general and administrative expenses	1.2
The amount equivalent to operating income	-0.3
Quarter profit before income taxes	-0.3

Reference Coincheck only/JGAAP

(Billions of Yen)	Fiscal year ended March 2018 (12 months)
Total operating revenue	62.6
Selling, general and administrative expenses	8.9
Operating income	53.6
Profit before income taxes	6.2

(Extraordinary loss ¥47.3 billion)

Lawsuit against Coincheck, Inc. currently only has minor impact on current results

Current progress toward become a Cryptocurrency Exchange Service Provider with all services re-opened

	Business Improvement Order	Major Improvements
Governance	Drastically reform management system	Redefined the Board of Directors' functions to focus mainly on supervising executives. Fortified supervision functions by having outside directors as the Board members
	Review business strategy in terms of thorough customer protection	Prioritized resource allocation to enhance internal control and system risk control. Introduced cold wallet custody for all cryptocurrencies offered
	Enhance various controls by Board	Developed various rules for enhancing governance and invited outside experts to committees for compliance and system risk
Internal Control Internal Audit	Assess various risks of each cryptocurrency offering	Changed criteria for offering cryptocurrency. Stopped offering 4 cryptocurrencies with anonymity
	Enhance AML/CFT measures	Made ID confirmation process stricter. Implemented various measures for identifying, evaluating, and lowering risks based on FSA guidelines
	Ensure various controls and Effectiveness before reopening suspended services and AOP	Reinforced controls for system risk and AML/CFT risk, and upgraded risk control across the company. Increased staff for internal audit

Investment Segment



Monex Ventures, Inc.

Expand our investment business by leveraging knowledge and track-record of investments in Fintech companies.

The investment business broke off from the Japan segment in April 2018 and became its own new segment. We have invested in Fintech to make resources in the Monex Group more effective. Going forward, we plan to use that model and focus on investment not just in Fintech but in seed money or startups during their early stages for a broad range of fields.

Who we are?

Overview of Business

The investment business segment is made up of Monex Ventures, Inc., Monex Edison Investment Limited Partnership and Japan Growth Investments Alliance, Inc. The investment area of each firm is different. Monex Ventures invests in startups focused on Fintech. Monex Edison Investment Limited Partnership invests in seed money and startups for a broad range of fields. Japan Growth Investments Alliance creates and manages a fund that invests in small- to medium-sized companies with growth potential.

List of main investments to date

<p>Listed on Mar. 2012 on TSE Mothers</p> <p>Online life insurance</p> <p>Invested in 2006</p>	<p>Listed on Oct. 2016 on TSE Mothers</p> <p>Information platform /Curation</p> <p>Invested in 2009</p>	<p>Listed on Sep. 2017 on TSE Mothers</p> <p>PFM*</p> <p>Invested in 2012</p>	<p>* PFM=Personal Financial Management ** DLT=Distributed Ledger Technology</p>		
<p>registered as Type II Financial Instruments Business</p> <p>P2P lending</p> <p>Invested in 2014</p>	<p>EC</p> <p>Invested in 2014</p>	<p>C2C settlement</p> <p>Invested in 2015</p>	<p>DLT**</p> <p>Invested in 2015</p>	<p>registered as moneylender</p> <p>Loan consulting</p> <p>Invested in 2015</p>	<p>Online reservation App for upper-end</p> <p>Invested in 2016</p>
<p>AI/Big Data</p> <p>Invested in 2016</p>	<p>B2B Robo-advisor</p> <p>Invested in 2016</p>	<p>AI/Big Data</p> <p>Invested in 2017</p>	<p>registered as Type I Financial Instruments Business</p> <p>Custom-designed investment platform</p> <p>Invested in 2017</p>	<p>Type I Small Amount Electronic Public Offering Service Provider</p> <p>Equity crowdfunding Venture debt platform</p> <p>Invested in 2017</p>	<p>Crypto assets related</p> <p>Invested in 2017</p>
<p>Economics media</p> <p>Invested in 2017</p>	<p>Vertical EC</p> <p>Invested in 2018</p>	<p>AI/Big Data</p> <p>Invested in 2018</p>	<p>Insurance Robo-advisor</p> <p>Invested in 2018</p>	<p>Crypto assets related</p> <p>Invested in 2018</p>	<p>EC platform for photographers</p> <p>Invested in 2018</p>

Increase Corporate Value

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Main Topics for Fiscal Year Ended March 2018

Starting in 2009 until June of 2018, investments made by Monex Ventures, Inc. and Monex Edison Investment Limited Partnership have yielded a return* approximately 8 times over.

For the fiscal year ended March 2018, the investment segment generated ¥2.7 billion in operating revenue after deducting financial expenses, leaving the segment with ¥2.8 billion in profits, mainly due to posting gains on securities sold at Monex Ventures, Inc.

* Gains from sales + unrealized capital gains for shares as of the end of June.

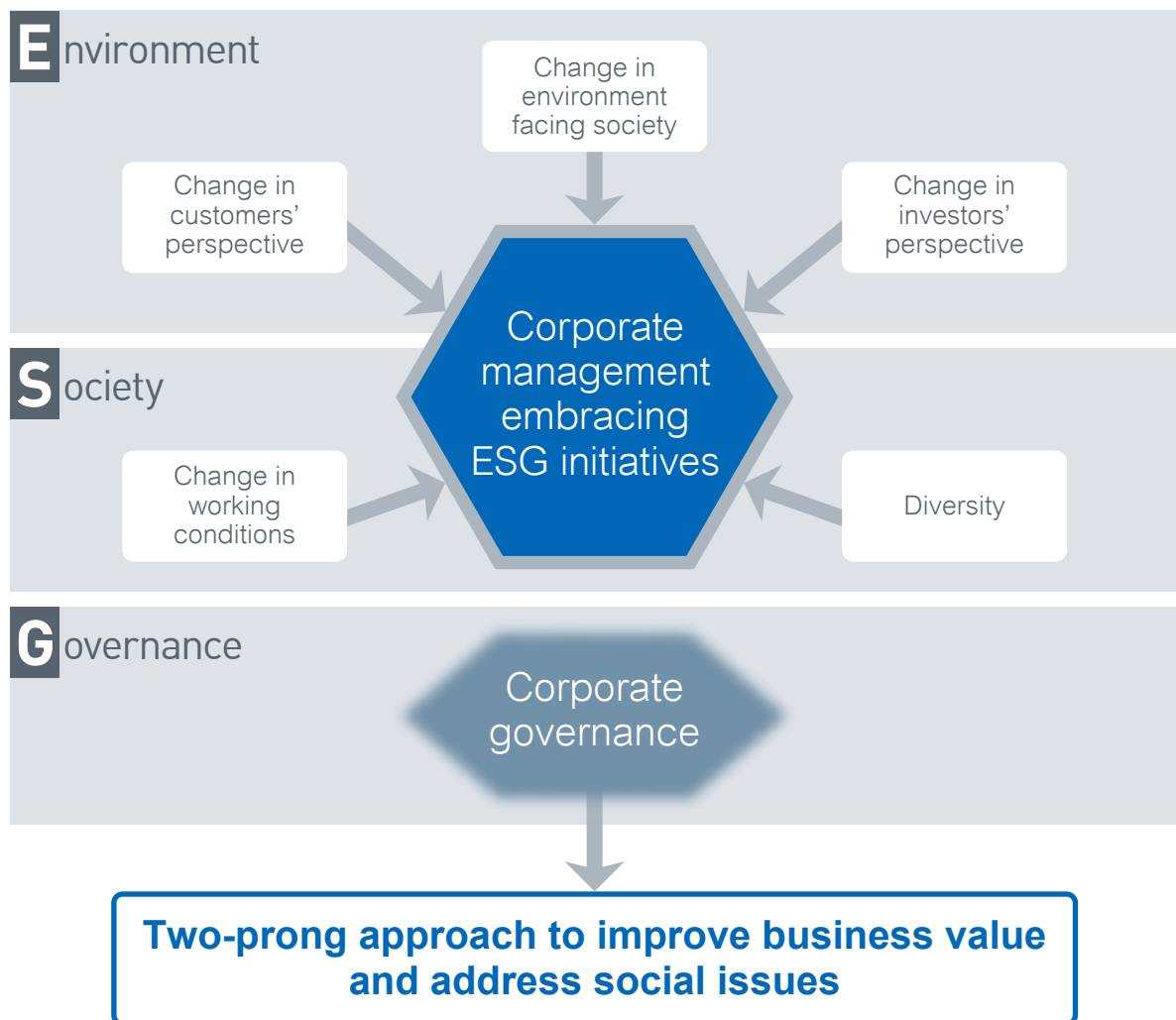
ESG Management

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.

The Group is also working to improve our business value and launched the ESG promotion team to support and address social issues.

Integrating support for addressing social issues into our corporate management to raise our true business value.



ESG Topics

Personnel

Approach to Human Resources

Fostering an environment where employees can pursue self-improvement to apply their skills and talent as well as assigning the right person to the right position, in order to maintain a competitive edge in business.

In the Japan segment, our competitive edge in business is based on our human resources approach, and we have designed an HR system that focuses on self-improvement, employee development and better productivity.

Specifically, our HR system values the career plans of our employees. We support this by offering two types of career tracks for employees: general positions tracked toward corporate management and specialist positions focused on forming more specialized careers.

In addition, we have a subsidy program for self-improvement. One system helps personnel invest in themselves by providing support for employees who wish to develop their skills and talent. Another new system helps employees acquire qualifications by absorbing the costs related to the qualifications that have a direct link to an employee's work and that the company deems valuable for future business development. Employees' qualifications will also be used to appoint personnel to positions that maximize their expertise and experience.

By adopting this type of HR system, we will make our approach to human resources more visible to ensure the right employee is in the right position.



Monex, Inc.
Manager,
Human Resources Department
Yumi Nagai

Employee Training and Evaluation

In order to achieve sustainable growth, employee training and retention is important topic for the next generation of employees. In the Japan segment, we changed the evaluation approach of management by focusing more on training and developing personnel than on performance. This change is designed so that management plays a more significant role in the development of human resources for the next generation. Going forward, we will ensure our system provides that next generation of employees the chance to get career advice from management, and with our mentor system in place, we aim to create a work environment that encourages experienced employees to help develop and guide younger personnel.

Initiatives for Better Productivity

Initiatives to promote health

We believe that employees must be physically and mentally healthy in order to increase our competitive edge in business. Therefore, we have developed different measures to maintain and improve health. In the Japan segment, for example, we provide a "Healthy lunch" with a balanced diet and also offer complimentary cereal to employees who tend to skip or miss breakfast as a supplement, in order to support a healthy lifestyle. Our working environment encourages employees to keep in shape by subsidizing membership fees for specific sports gyms to help them relieve stress and maintain a fit body and also by helping them monitor their body weight, etc., with digital scales. This environment also includes a flexible work schedule (details notes on p.35). These measures lead to higher concentration and energy levels in employees, and help play a role in improving productivity. Since 2017, the Monex Group has been involved in improving the work-life balance as part of the "Tokyo Work-Style Reform Declaration" program that is promoted by the Tokyo Metropolitan Government.



As part of the "Tokyo Work-Style Reform Declaration" program, we are working to promote a work-life balance in the Company and to raise the percentage of employees who use annual paid leave to 70% by 2020.

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Working at Monex

Work-Life Balance

We believe that having a good work-life balance is essential to keeping employee motivation high every day at work. The Monex Group strives to create an environment that enables employees to live a rich, full life in their work and at home, and our HR system, for example, provides both child-care leave as well as family-care leave. As of August 2018, a total of 60 employees have taken child-care leave. We encourage our male employees to also take this leave, and since April 2015, 10 employees have taken it (including those currently on leave).

Male employees taking child-care leave

Experiencing the demands in taking care of children and recognizing the necessity of time management again

I took child-care leave for our first-born (from 4 months to 8 months old) for 4 months from August to November in 2017. After approaching the department manager about taking leave, he consented without hesitation. My colleagues took over my tasks for me and allowed me to spend this precious time at home. I was able to watch our child grow every day and enjoy this wonderful experience. Being able to share this time at home showed me first-hand just how amazing mothers are and how demanding taking care of children can be. Actually, for the first few months after the baby was born, work was quite busy and I was not really around to help out at home, which led to a lot of arguments between me and my wife. But during my leave from work, I made an effort to give her some relief on a physical as well as mental level. This period was very important at home because we were able to communicate better as a couple and build a connection again from sharing this time together with our child. This also helped me focus on work again after my leave.

In order to help out at home and get my work done, I also learned how important time management was. I now understood the demanding situation of my colleagues who worked while helping out at home with their children. After coming back to work, this helped me empathize and communicate better with my colleagues. Since my daily routine is based on an hourly schedule, I also became more aware of how to manage time so that I can spend it with my family more peacefully. I think that men taking leave and helping care for children at home also helps strengthen management skills in an organization and for work projects.



Monex, Inc.
Manager,
Operation & Support Group
of IT Management Department
Yuanhao Li

Flexible Work Schedule

In the Japan segment, it became harder for all the employees to follow one designated schedule to be at work, because there were more developers who were working on the transition to an in-house backbone brokerage system for Monex, Inc. We believed that letting employees select a work schedule to match their work load would make it easier to work and improve both work efficiency and labor productivity. As a result, we introduced a flexible work schedule in January 2017. In addition to this new flexibility, we shortened the work day by thirty minutes from 8 hours to 7.5 hours.

The goal of this shortened day was to build awareness among employees to use the limited time more effectively, such as for self-improvement or investing in their own time and spending more time with family, etc. After introducing the flexible work schedule, there was more freedom for employees with children to decide on a schedule that was more accommodating. This gave them leeway during the morning commute, and ultimately, its effect included working more efficiently and increasing labor productivity.

In the U.S. segment, employees in some departments at headquarters in Florida as well as some in the Costa Rica office now work remotely from home due to specific circumstances. A flexible time schedule had already been introduced here and it has shown how this working style favors work efficiency.

Support for Employees with Children and Maternity Leave

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 managers have returned to work after taking such leave. In addition, the Ministry of Health, Labour and Welfare officially recognized the Monex Group in 2017 as a company that supports employees with children.



Diversity

Diversity and Specific Initiatives

The Monex Group focuses on diversity in personnel as a resource to remain competitive in business and as a foundation to achieve sustainable management. We run an online securities brokerage business on a global scale, and we ensure diversity is reflected in our personnel structure as well, with 50% being American and 40% Japanese.

In the Japan segment, we understand that it is very important to have an organization with a diverse staff in terms of nationality, age and experience. We have employees working here from such a diverse range of nationalities including Japanese, Chinese, American, Dutch, Canadian, Indian, Ukrainian, Korean, British and French. In addition, we hold events like Family Day and BBQs once a year to encourage internal communication and to help our employees' families become more familiar with Monex. These events foster a corporate climate that maximizes the individuality of each employee and improves motivation at work.

At TradeStation in the U.S. Segment, our HR system and policy is designed to provide equal opportunities in our hiring practices. For example, we offer equal opportunities to all candidates being recruited and employees seeking transfers, promotions, retirement and/or training regardless of their ethnicity, religious beliefs, sex, birthplace, age, pregnancy, handicaps, military service, or spousal status.



We held an event for employees and their families at the office to introduce our work at Monex to family members.

LGBT

In April 2016, we revised the company regulations and expanded on the concept of "spouse." The system was changed to include common-law marriages so they were eligible to take vacation for their honeymoon or receive a wedding gift bonus. We also are helping realize more diversity in society through our business, including the development of a new service for customers who are LGBT couples.

Initiatives in securities services that help the LGBT community

Promote a diverse society through an internal business competition on LGBT

I rolled out a "Partner Account" service for customers whose marriage was not legally recognized. This is the first Partner Account service provided by a major online securities brokerage company. "Partners" can specify one account to save money together and link the same account to make credit card payments. The idea for this service came from the internal competition "EDISON" that Monex, Inc. started in 2017. At that time, seminars and other internal measures were provided to promote understanding and awareness about LGBT, as it was becoming increasingly important for us to create an LGBT friendly environment. For this reason, LGBT was set as first theme in the aforementioned business competition called EDISON. I felt that LGBT couples suffered from many disadvantages compared to legally married couples. I tried to think about what a financial institution could provide to improve their situation and the result was a Partner Account. This would be a service unavailable at other companies, we could roll it out quickly with our in-house infrastructure and it would be a meaningful initiative in society. For these reasons, we decided to adopt this service. Our hope is that it helps build momentum in society to garner more LGBT allies and support.



Monex, Inc.
Marketing Department
TradeStation Promotion Office
of Marketing Department

Chieko Yo

Social Contributions

Customer Education

Since our founding, the Monex Group has focused on investment education. Our approach seeks to improve people’s financial literacy. In turn, this helps revitalize the capital markets, leading to economic development. To that end, Monex University was set up by Monex, Inc. to play a central role and continues to offer activities primarily targeting beginner investors.

One of the more recent steps taken include the publication of the book “How to make money starting from 1000 yen” (-literal translation of title- by Nana Otsuki, Monex University, Wani Books Co., Ltd., June 2018) which is an introductory book on investment and asset management. In addition, we have strengthened our network with educational organizations, by conducting investment trial lessons at elementary schools, and holding investment classes and finance seminars at high school and universities, respectively. Since 2014, we have continued to sponsor an ongoing course at Aoyama Gakuin University Graduate School of International Management (Aoyama Business School). In August 2018, with the cooperation of the Central Council for Financial Services Information (Secretariat: Public Relations Department, Bank of Japan), we held an investment seminar in a commercial facility. Furthermore, we continue to partner with the Japan Exchange Group and hold investment education seminars.

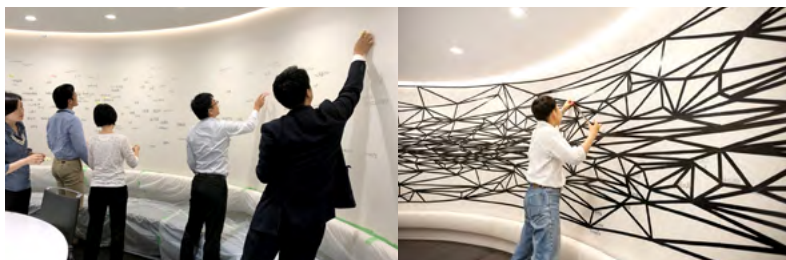
In the U.S., the TradeStation Group offers its TradeStation Academic Program to 27 universities, including Carnegie Mellon University, the University of Pennsylvania and New York University, as well as other educational institutions. Under the program, students are given free access to the TradeStation trading platform, providing a secure environment to learn about trading strategies and risk management by making trades using virtual accounts. Also, TradeStation University provides an investment information platform to educate retail investors on investment theory and principles, including the significance behind investment, formulating strategies and order management techniques.



Kids' Workshop 2018 / Mirai Summer Camp hosted at the Mori Building
Cosponsor: Monex, Inc. (July 2018)

ART IN THE OFFICE

The securities business essentially provides a bridge between companies and investors. To expand on that thread, we wanted to provide a place for artists and business to meet. As part of employee educational, social and cultural refinement, the Monex Group continues to hold the “ART IN THE OFFICE” program. It targets up-and-coming artists and is open to public entries that are presented on the wall of press room of Monex, Inc. We hope that new value can be created from the diversity offered by “ART IN THE OFFICE.”



A workshop was held in which employees imagined an invisible map on the wall and wrote names of places based on their memory or experience. The artist connected the intersecting places on the wall creating a structure that rose up like a net of a polyhedron. This work was completed with the participation of the employees.

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

➤ Refer to p.3 for further details on the “Cover artwork.”

Incentives for American Service Personnel

TradeStation Securities set up “TradeStation Salutes” for those who served as police men and women, firefighters and military personnel. This program offers free online stock brokerage commissions, out of respect for their sacrifice, service and commitment to protecting U.S. citizens.

Environment and Other Activities

Environmental Activities

The Group primarily conducts online brokerage services, and in fact, when employees engage in business activities, they do not have many opportunities that directly relate to environmental issues. To raise awareness about environmental issues, each of our Group locations is engaged in initiatives related to environmental activities.

As an example in Japan, volunteers within the company came together to clean a park near the Tokyo port. In the U.S., we have completely abolished throw-away drinking cups used by customers and employees to reduce the environmental footprint and are also involved in cleanup activities on the beach close to the office.



Cleanup volunteers at Tokyo Port Wild Bird Park (June 2018)

Sales of Funds Based on ESG and SDGs

On its website, Monex, Inc. created a page for curation that summarizes the funds based on ESG and SDGs that is an important investment topic going forward. This page provides information for customers who are retail investors.



▶ Important "SDGs"
https://info.monex.co.jp/fund/feature/theme_5.html

Volunteer Programs

TradeStation has a community program called "TradeStation Cares" for employees to voluntarily participate and run projects in the community. This program involves a wide range of activities. Employees have the opportunity to volunteer in a homeless shelter. They can provide donations and relief to victims in the event of a disaster, such as hurricanes, which occur often in this area. And, they can participate in "The School Supply Drive," which donates school supplies such as writing instruments and bags for children in need who live near the school.

In mid-summer 2018, continuous heavy rains in southwestern Japan resulted in widespread, devastating floods and mudslides. Monex Securities raised customer donations via Monex Point and sent them to Red Cross to support people in the affected areas.

TradeStation Cares Annual Back To School Drive



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Financial Section

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

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

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

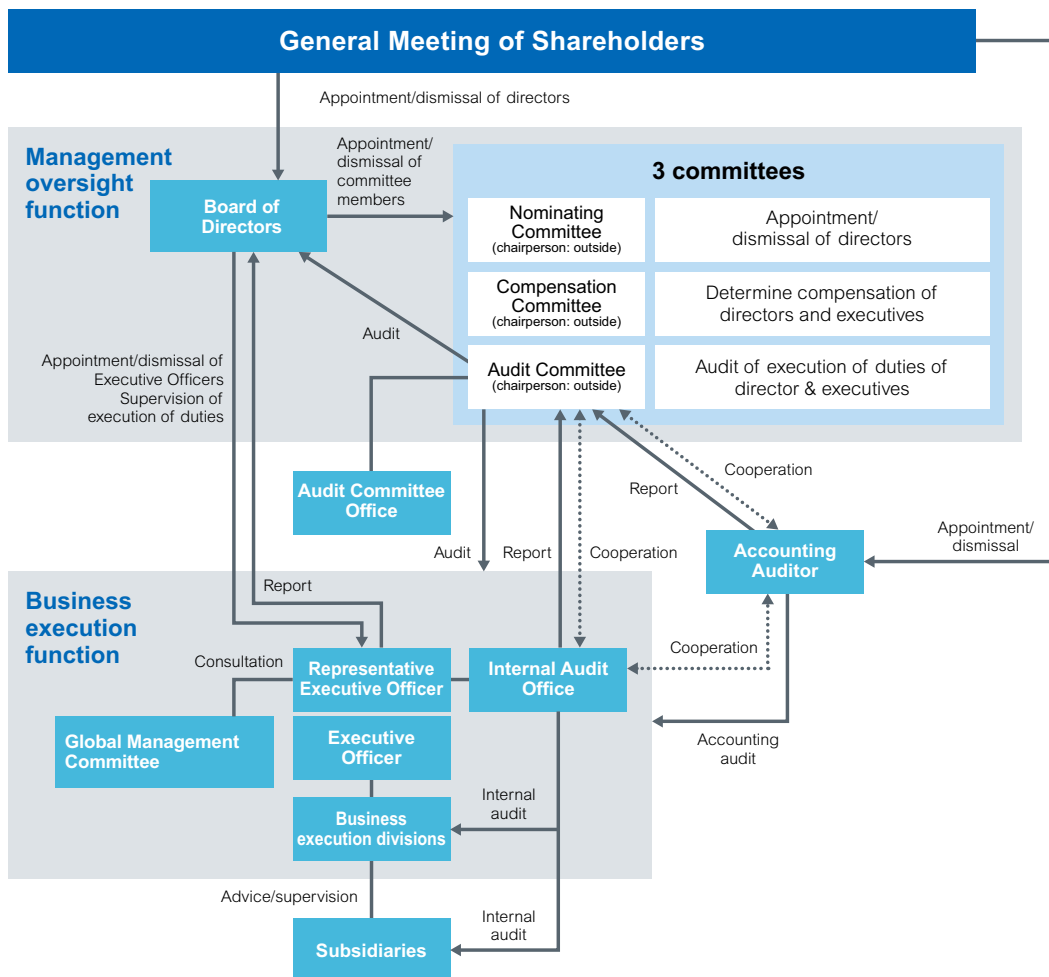
Transition to a Company with Committees

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



➤ Continued on p.46: “Evaluating Effectiveness of Board Meetings” and “Remuneration System of Officers.”

Dialogue between Outside Directors



Nobuo Domae

Outside & Independent Director



Jun Makihara

Outside & Independent Director
Lead Independent Director

The Monex Group Board of Directors is made up of nine members,
of which six are outside directors.

Here, Jun Makihara (outside director since 2006) and Nobuo Domae (outside director since 2016)
share their thoughts in a dialogue, touching on topics such as corporate governance,
getting started in the crypto asset business and future issues facing management.

The Monex Group's board really offers true governance.

Makihara The Monex Group has a governance system that is unique in Japan's corporate landscape. There are more outside, independent directors than directors that have been promoted internally. In addition, our system uses a lead independent director. This might be common in the U.S. or in Europe, but it is still quite unusual for companies in Japan to embrace this type of governance. Our outside directors do not just monitor management from an external perspective. The environment Monex created encourages us to actively give advice on management. Our outside directors also come from really diverse backgrounds. This produces a very lively discussion during board meetings that takes into account various perspectives. The CEO Oki Matsumoto and the management team are open to the ideas and feedback that we offer as board members. In turn, our ideas are reflected in business management, and I feel that practice is what makes Monex Group who we are.

Domae I was appointed an outside, independent director 2 years ago, and before my appointment, I had this impression that our founder Oki Matsumoto decides everything on his own and that the outside directors were less involved and just gave occasional advice. However, the outside directors just actually say whatever is on their minds, which has generated an extremely refreshing and energetic atmosphere. For example, there is a lot of discussion on fundamental ideas, such as whether the Monex Group should continue as we are in light of the coming changes in the financial industry.

Makihara The board is also run differently than the norm. There are no majority decisions made without any discussion first, and Mr. Matsumoto lets things play out and does not stop discussion in the middle of a debate. The Board members bring all ideas to the table and thoroughly discuss the topic, expecting a certain amount of conflict and then the discussion is finally brought together and summarized. I also serve as an outside director for a global company based overseas, and I believe that the atmosphere of the board meetings in the Monex Group is relatively similar.

The word "Governance" is generally used in the monitoring sense in Japan, but in fact, I feel that our governance is closer to the true sense of the role.


Domae All of the outside directors make their cases in the board meetings based on their individual beliefs, but all are able to make a more comprehensive decision without blindly clinging to their own position. I also think that this is one of the Group's strengths.

Creative discussion from "Monex Zero" led to the crypto asset business.

Makihara Even when an enormous decision about Coincheck, Inc. joining the Monex Group had to be made, I think that our decision-making process worked well. Under tremendous time constraints, we were called to an emergency board meeting to arrive at a decision. At the meeting, the outside directors were throwing around questions based on their own field of expertise. We all tried to put ourselves in Monex's shoes and consider "what decision would I make." This approach really helped a very polemic debate unfold. There was no absolute right answer here. The decision-making process required a true managerial decision, so to speak. However, all the outside directors in the Monex Group are accomplished business professionals and scrutinized the issue genuinely from various sides, including an IT and human resources perspective, ultimately clarifying the risk versus the return. I believe this event showed our success at assembling a board with a diverse set of skills and careers.

Domae To add to what Mr. Makihara is describing, I think there was also another contributing factor in deciding whether to enter the crypto asset business by acquiring Coincheck. The board had spent a lot of time and had repeatedly discussed what the Monex Group could do to propel the Group into the next stage of growth.

Makihara Yes. Since before your appointment, the Board had shared their concerns about the future of the Monex Group. It is not too difficult to enter into the existing online securities business, which makes the industry that more competitive. This begs the question of how can we grow in that environment. What value does the Monex Group have to drive that growth? Of course, the answer



Because the board previously discussed the future of Monex at great length, this paved the way in our decision to enter the cryptocurrency business.

lies in Mr. Matsumoto's vision. Reverting back to the founding philosophy, we launched a project called "Monex Zero" and started the discussion on exploring new business areas beyond the existing securities business. During that process, "Cryptocurrency" was one topic that came up, and we even exchanged ideas on the value of blockchain technology and the possibility of an ICO (initial coin offering). As a result, among the board members, we already had a level of understanding about the crypto asset business.

Domae There has been a consistent thread in the discussion leading up to this decision. It would be a little confusing if the topic of Coincheck joining the Group suddenly appeared on our discussion agenda without any forewarning or understanding. However, there were some preconditions already in place based on our business vision, and preparations had been in the making for a few years. Therefore, I do think that this shows the board played its part and functioned effectively even with regard to this topic.

Addressing the topic of a succession plan.
Appointing the next generation to the board.

Makihara Looking at the situation as an outside director, there are still a few management issues that the Monex Group faces. For example, there is an impression that management relies too heavily on Mr. Matsumoto. I think management should speak a little more boldly in the board meetings. The Monex Group board offers an atmosphere where members are free to make points even if

those opinions are different from the others. And, new developments that are started internally represent the next step to drive growth even more. In addition, having a succession plan is an important topic that should be addressed going forward.

Domae Even though we are making headway in our discussion about a succession plan, it is clearly not a simple task. Of course it entails selecting candidates and training them, but the timing when to hand over the reins is also important. This is true in the current financial industry. There are times when only the founders can steer a company, such as when society undergoes radical changes. The topic is extremely complex, but it also cannot be avoided. As outside directors, part of our commitment is to establish a plan to ensure the Monex Group does not stop developing.

Makihara Recently, there is a trend to promote age diversity on the boards of American and European companies. That is to say, perhaps the board should also include members in their twenties and thirties. If the board included someone well-versed in the latest technology who could offer ideas about a new world, that member would add a different dimension to discussions. I think that the financial industry in particular will undergo a major transformation based in technology. As a result, I believe it is critical to have



Going forward, our mission at Monex is to create a new infrastructure in society with our crypto asset business.



the courage to periodically appoint a significantly younger and accomplished member, who could inject a fresh perspective into the board.

Domae I think board members, especially outside directors, should not be homogenous. As we move forward, having a manager like Mr. Matsumoto, who is able to listen to different opinions and at the same time make a decision with conviction, makes all the difference. There will be many types of players involved in the financial industry and the rules will keep changing. I think the ability to be open to ideas is absolutely crucial for a manager in a world beset by this fierce competition.

The Monex Group will work to align our business and social contributions.

Domae With our mission “New Beginning,” how do we build up a new business? I think we recognize that this is our biggest priority in the Monex Group. We have launched our crypto asset business in a time when the industry itself is still not established. If we focus only on our own profits, the industry would fail to earn the trust from society. On the other hand, if we approach it in the right way and in good faith, we can build an infrastructure that could really benefit society. I feel like the Monex Group right now is positioned at what could be a turning point.

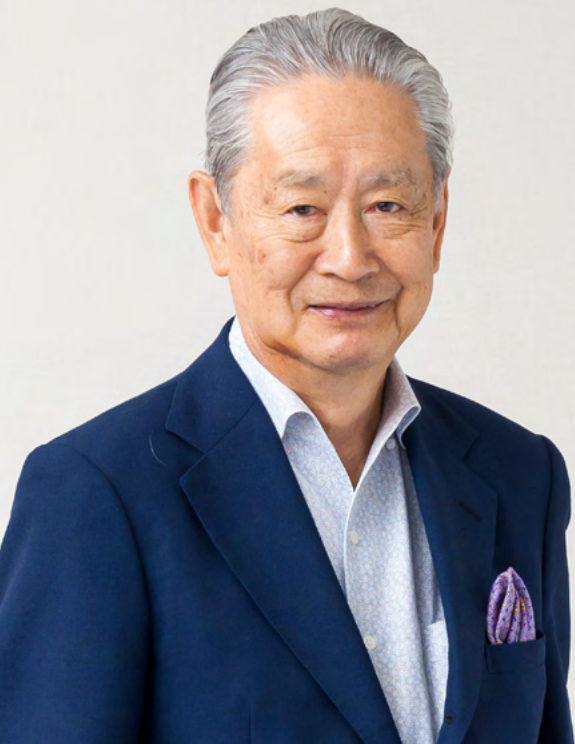
Makihara I think that keeping the crypto asset business on track, which deals with

cryptocurrency, becomes related to the ESG in the Monex Group, that is, shouldering a social responsibility as a business. If anything, the social responsibility of the Monex Group is to enrich the lives of our individual customers by creating finance for the future. This is a principle that has not changed since our founding. Starting an Internet based securities business was also designed to change the way our individual customers handled money and to provide a profitable asset management service. While there is potential risk in the crypto asset business that we are targeting, it is also us trying to provide a new way to handle money. This would become a huge contribution to the Japanese economy if we are able to make this part of the infrastructure in society before the rest of the world.

Domae As you said, this business will be directly related to ESG, and going forward, the Monex Group will look to align our business and social contributions. The potential growth in cryptocurrency is enormous. When the currency becomes tied to the actual lifestyles of people, it will also become an infrastructure that they trust and it will bring in a windfall of profits to society. The cryptocurrency exchange business is not just about increasing revenue for us. The principal challenge for the Monex Group is to transform cryptocurrency’s role and acceptance to a level where the business and social contributions become one. We as outside directors will watch carefully to ensure the Group is heading in the direction it should. This is very challenging, but I personally feel a great comfort and incredibly empowered to be able to contribute to society through the Monex Group business.



Message from Outside Director



Growth-oriented governance will grow Monex globally to lead the next paradigm.

Outside & Independent Director
Nominating Committee Chairman

Nobuyuki Idei

During the latter half of the nineties when the Old Commercial Code applied, I pushed for corporate governance reform at Sony Corporation as its president. This move was to help Sony headquarters (Tokyo) maintain better management control over Sony Pictures (Hollywood) and Sony Music (New York), the two American businesses that Sony bought out. Specifically, I introduced a system to define the authority of its executive officers, giving them control over operations and execution, and the Board of Directors to oversee those executive officers. By using this approach, the system essentially provided a clear separation like between a coach and the players of a baseball team. This type of separation in governance, between the coach and players (executive officers), was later adopted into what is now the Companies Act in Japan.

The corporate governance in Japan tends to put too much emphasis on “defensive governance,” which promotes compliance with laws and risk aversion. However, blockchain, AI,

IoT and other technologies continue to advance and as society transitions into a new paradigm, more “growth-oriented governance” will become important in the current climate. Monex grew from a venture firm into a corporation listed in the first section of the Tokyo Stock Exchange. To grow Monex even further, I believe a “growth-oriented” and “defensive” governance system is needed and essential to continue a leading position in the new paradigm as well.

As far as Monex is concerned, I first become involved with Monex during my time with Sony as a joint venture business partner. Thereafter, I became an advisor for the Monex management following my departure from Sony. Now, I have the privilege of working as an outside director and chairing the Nominating Committee. I hope to keep contributing so that the Monex Group can continue developing further.

I would like to express my sincere appreciation to all the shareholders for your continued support.

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 2018, a questionnaire was given to each director between December 2017 and January 2018 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 on the right.

■ Analysis and evaluation results

No issues concerning the size of the Board of Directors (11 directors including 6 outside directors) were identified. No other particular issues were found with respect to the diversity of expertise and experience in the directors. However, in light of the conditions that the Group faces, the directors' evaluation showed that there was a preference to further increase the ratio of outside directors.

■ Initiatives for improving effectiveness

Concerning the appointment of the directors up for discussion at the General Meeting of Shareholders, the Nominating Committee used the aforementioned results and proposed to keep the same number of outside directors but reduce the current number of internal directors (who also hold executive posts) from five to three. This raises the ratio of the outside directors in the Board from a current slim majority to a two-thirds majority.

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 this policy, 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. 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.

* In lieu of allocating shares restricted on transfer to directors who reside outside of Japan for medium- and long-term incentive remuneration, phantom stock 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.

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	

Management Team



Shoji Kuwashima

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

Shiho Konno

Outside &
Independent Director,
Member of the
Audit Committee

Nobuyuki Idei

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

Oki Matsumoto

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



Jun Makihara

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

Masaaki Koizumi

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

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

Management Foundation (Corporate Governance)

Profile of Officers

As of June 24, 2018.

Number of shares held is current as of March 31, 2018.



Managing Director, Chairman of the Board

Oki Matsumoto

Number of shares owned 7,503,300 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.
- Oct. 2017 Representative Director & President, Monex, Inc. (current position)
- Apr. 2018 Managing Director, Coincheck, Inc. (current position)



Managing Director, Vice Chairman of the Board

Shoji Kuwashima

Number of shares owned 206,400 shares

- Apr. 1977 Joined The Nikko Securities Co., Ltd.
- May 1999 Director, Nikko Online, Inc. (currently Monex, Inc.)
- Oct. 2001 Director, Nikko Cordial Corporation
- Jan. 2006 Director and Chairman, Nikko Systems Solutions, Ltd.
- Jan. 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

Number of shares owned 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)



Outside Director

Jun Makihara

Number of shares owned 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

Nobuyuki Idei

Number of shares owned 90,000 shares

- Apr. 1960 Joined Sony Corporation
- Apr. 1995 President and Representative Director, Sony Corporation
- Jun. 2000 Chairman and Representative Director, 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

Number of shares owned 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.
- 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)



Outside Director

Nobuo Domae

Number of shares owned 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

Shiho Konno

Number of shares owned 0 shares

- Apr. 1991 Registered as an attorney-at-law
- Jun. 2005 Audit and Supervisory Board Member, Yahoo Japan Corporation
- Mar. 2008 Corporate Auditor, Advanced Softmaterials Inc.
- Aug. 2014 Auditor, Japan Corporate Governance Network (current position)
- Mar. 2015 Established Shiho Konno Habataki Law Office (current position)
- Jun. 2015 Director, Watami Co., Ltd.
- Jun. 2016 Director, Kakaku.com, Inc. (current position)
- Jun. 2017 Director, Alfresa Holdings Corporation (current position)
- Jun. 2018 Audit & Supervisory Board Member, Shinsei Bank, Limited (current position)
- Jun. 2018 Managing Director of the Company (current position)

Three Committees

Committee	Chairman	Members
Nominating Committee	Nobuyuki Idei (Outside & Independent Director)	Fujiyo Ishiguro (Outside & Independent Director)
	Nobuo Domae (Outside & Independent Director)	Jun Makihara (Outside & Independent Director)
	Jun Makihara (Outside & Independent Director)	Oki Matsumoto
	Oki Matsumoto	
Audit Committee	Masaaki Koizumi (Outside & Independent Director)	Shiho konno (Outside & Independent Director)
	Shiho konno (Outside & Independent Director)	Nobuo Domae (Outside & Independent Director)
	Nobuo Domae (Outside & Independent Director)	
Compensation Committee	Jun Makihara (Outside & Independent Director)	Nobuyuki Idei (Outside & Independent Director)
	Jun Makihara (Outside & Independent Director)	Oki Matsumoto
	Nobuyuki Idei (Outside & Independent Director)	



Outside Director

Masaaki Koizumi

Number of shares owned 0 shares

- Oct. 1987 Joined Eiwa Audit Corporation (currently KPMG AZSA LLC)
- Aug. 1991 Registered as Certified Public Accountant in Japan
- Sep. 2003 Retired from AZSA & Co. (currently KPMG AZSA LLC)
- Oct. 2003 Established KOIZUMI C.PA. OFFICE (current position)
- Jun. 2004 Statutory Auditor, Internet Initiative Japan Inc.
- Aug. 2006 Representative Partner, Futaba Audit Corporation (current position)
- Mar. 2008 Director, LIFENET INSURANCE COMPANY
- Jun. 2010 Statutory Auditor, TSUKUI CORPORATION
- Feb. 2015 Statutory Auditor, K.R.S. Corporation (current position)
- Jun. 2016 Director (Audit and Supervisory Committee Member), TSUKUI CORPORATION (current position)
- Nov. 2016 Statutory Auditor, IKKA Dining Project Co., Ltd. (current position)
- Jun. 2017 Director (Audit and Supervisory Committee Member), ISHIGAKI FOODS, CO., LTD (current position)
- Jun. 2018 Managing Director of the Company (current position)








Executive Officers

Position	Name	Assignment	No. of shares held (shares)
Representative Executive Officer, Chairman & Chief Executive Officer	Oki Matsumoto	Director of organization Monex Zero	7,503,300
Executive Officer	Yuko Seimei	Planning Japan segment	21,800
Executive Officer	Toshihiko Katsuya	Crypto Asset Business	32,700
Executive Officer, Chief Investment Officer	Koichi Tateno	Investment Business	58,300
Executive Officer, Chief Financial Officer	Satoshi Hasuo	Financial controls Asia-Pacific Segment Risk Control Manager	33,200
Executive Officer	Kiminori Kaneko	Japan segment	33,100
Executive Officer, Chief Strategic Officer	Takashi Oyagi	US segment	510,600
Executive Officer	John Bartleman	US segment	0
Executive Officer, Chief Quality Officer	Shoji Kuwashima	Human resources Quality control Corporate communications Information security Risk control	206,400
Executive Officer, Chief Administrative Officer	Hisashi Tanaami	Internal controls	36,000
Executive Officer	Masaki Ueda	Crypto Asset Business	265,400

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	Makinohara	Idai	Ishiguro	Domae	Koizumi	Konno
 Financial industry	4 persons	●	●	●	●					
 Marketing	4 persons	●				●	●	●		
 Technology	3 persons		●			●		●		
 Strategic thinking	7 persons	●	●	●	●	●	●	●		
 Management	7 persons	●	●	●	●	●	●	●		
 Accounting and internal controls	2 persons								●	●
 Diversity	4 persons			●	●		●			●

Reasons for Appointing Internal Directors

Name	Position	Reason for Appointment
Okii Matsumoto	Managing Director, Chairman of the Board, Member of the Nominating Committee, Member of the Compensation Committee Representative Executive Officer, 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 businesses of Monex Group, Inc. and the group companies. 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 drive the "New Beginning" phase, in which the Company aims to achieve new 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 taking information securities measures, etc. where his knowledge and experience in IT security 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 strategies as well as the role of managing the business of the Company's U.S. segment as its Executive Officer. Mr. Oyagi actively participates in Board discussions, providing his views reflecting changes in the U.S. financial industry and new business opportunities.

Reasons for Appointing Outside Directors & Attendance Record

Name	Current Positions	Reason for Appointment	Attendance Record for FYE March 2018
Jun Makihara *1	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 financial services and profound understanding of the financial services industry as well as Internet-related businesses. Mr. Makihara has contributed to the Board since he was elected as Director of the Company in June 2006, expressing perspectives that take the financial services environment within Japan and overseas into consideration. Since being appointed as the Lead Independent Director in April 2015, Mr. Makihara has not only actively participated in Board discussions, but also contributed to facilitating communication between the Outside Directors and management, by such means as holding meetings attended only by the Outside Directors and the CEO.	Board of Directors 9/10 times Nominating Committee 3/3 times Compensation Committee 7/7 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 next-generation 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 of new business within Japan and overseas.	Board of Directors 10/10 times Nominating Committee 3/3 times Compensation Committee 7/7 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 by leveraging her knowledge to express far-sighted views of such matters as approaches to customer service in an increasingly digitized environment.	Board of Directors 10/10 times Nominating Committee 3/3 times
Nobuo Domae	Independent Director Managing Director, Member of the Nominating Committee, Member of the Audit Committee	Mr. Domae has experience of both online and physical consumer retail business development and growth within Japan and overseas. Furthermore, he has long and in-depth extensive experience in establishing globally applicable organizational frameworks and business management systems and internal control 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 the perspectives of both risk management and the pursuit of opportunities for business growth.	Board of Directors 10/10 times Nominating Committee 3/3 times Compensation Committee 8/8 times *2
Masaaki Koizumi	Independent Director Managing Director Member (Chair) of the Audit Committee	Mr. Koizumi is a certified public accountant in Japan and has an ample knowledge as an expert in finance and accounting. The Nominating Committee determined that Mr. Koizumi's extensive experience in conducting external accounting audits of companies, including financial institutions, and the same in engaging in the process of companies going public would enhance the board governance of the Company.	—
Shiho Konno	Independent Director Managing Director Member of the Audit Committee	Ms. Konno is an attorney-at-law licensed in Japan and is an expertise in law. Although she has never assumed executive positions at companies, the Nominating Committee determined that Ms. Konno is eligible for serving as a director of the Company as she has served as outside directors and outside statutory auditors at listed companies and has in-depth knowledge of corporate governance which she acquired through her experience as an attorney-at-law.	—

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

*2 Attendance at meetings of the Audit Committee shows the number of meetings held after Mr. Domae's appointment as a member of the Audit Committee (Date of appointment as a member of the Audit Committee: June 24, 2017)

Dialogue with Stakeholders

Monex believes that active disclosure and dialogue with stakeholders not only helps to build relationships with those stakeholders and the market, but also performs a brake function in practical management and business execution as part of our internal and external corporate governance.

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 Group's website before dispatching the notice. Shareholders also are able to vote via the Internet or by mail. 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 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 give interviews to institutional investors at almost any time.

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 14th Annual General Meeting of Shareholders

Individual shareholders
as of the end of March 2018

37,431 persons

Participants at General Meeting of
Shareholders

(held on June 23, 2018)

468 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 2018, the company had held 73 such meetings. Representative Director and 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."



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

Risk Control in the Japan Segment

Monex, Inc. is the principal company in the Japan segment and has regulations, groups and committees in place to address and control specific risks.

Meeting and committee structure related to risk control at Monex, Inc.		
Name	Participants	Content
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.
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.
Information Security Control Committee	<ul style="list-style-type: none"> Information Security Control Committee chairman (internal control manager and Chief Information Security Officer) 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.
Credit Committee	<ul style="list-style-type: none"> Risk 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 inhouse regulations on certain issues.
System Risk Control Committee	<ul style="list-style-type: none"> Director and general manager responsible for Operations Division Systems control manager Systems operations manager Quality control office manager Risk control manager 	Checks the systems risk status each month on systems currently running.
Commitment Committee	<ul style="list-style-type: none"> Director responsible for Corporate Administration Department 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.).

Risk Control in the U.S. Segment

The principal businesses in the U.S. segment are online securities and technology. We established regulations and have groups and committees in place to address and control specific risks.

Meeting and committee structure related to risk control at the TradeStation Group			
Committee organizer	Committee name	Participants	Description
TSG *1	Information Security Risk Committee	Chief Information Security Officer Chief Risk Officer Chief Compliance Officer (TSS *3) Chief Technology Officer Chief Brokerage Officer etc.	Identify company-level risks in cybersecurity and privacy. Provide direction to mitigate risks to an acceptable level, which may otherwise adversely affect the Company's ability to achieve its goals.
TSG *1	Third Party Vendor Risk Committee	Chief Risk Officer Chief Information Security Officer Chief Brokerage Officer Chief Technology Officer Chief Financial Officer Chief Financial Officer (TSS *3) Chief Growth Officer Chief Compliance Officer (TSS *3)	Responsible for onboarding and monitoring third party vendors at a company-level and providing direction to mitigate risks to an acceptable level, which may otherwise adversely affect the Company's ability to achieve its goals.
TSG *1	Legal and Compliance Risk Committee	Chief Compliance Officer (TSS *3) Chief Risk Officer Chief Information Security Officer Chief Brokerage Officer Chief Technology Officer Chief Financial Officer Chief Growth Officer Chief Compliance Officer (TSS *3) etc.	Oversee legal and compliance issues and emerging risks at a company-level, and provide direction to mitigate risks to an acceptable level, which may otherwise adversely affect the Company's ability to achieve its goals.
TST *2	Risk Management Oversight Committee	Chief Risk Officer (TSG *1) President Chief Information Security Officer (TSG *1) etc.	(1) Identify and prioritize business risks (2) Evaluate the effectiveness of activities to mitigate risk (3) Provide direction to allocate resources and assign responsibilities to address business risks (4) Improve company infrastructure for risk management
TST *2	IT Architecture Risk Committee	President Chief Information Security Officer (TSG *1) Chief Risk Officer (TSG *1) etc.	(1) Manage and maintain principles, standards, policies, guidelines, best practices and reference models for IT infrastructure (2) Decide on exceptions and requests to deviate from the company's architecture strategy (3) Request and review proposals from relevant risk owners for architectural issues that arise (4) Review and, as appropriate, make recommendations to the TST Board regarding significant technology investments
TST *2	Technology Operations Risk Committee	President Information Technology Vice President Chief Information Security Officer (TSG *1) Chief Risk Officer (TSG *1) etc.	(1) Review the company's operations, technology strategy, associated budget and expenditures (2) Oversee the remediation efforts relating to "reasons for outages" (RFOs) (3) Review all major operations and technology risk exposure, including those relating to new projects, products and services (4) Oversee implementation and maintenance of the disaster recovery plan
TSS *3	Margin and Market Risk Committee	Vice President of Risk Management President & Chief Operating Officer (TSS) Product Manager, Margin and Risk Management Chief Risk Officer & Chief Compliance Officer (Equities) Chief Compliance Officer (Futures) etc.	Review, discuss, and devise strategy and credit policy concerning risk exposure to stemming from leveraged trading risks and derivatives trading by clients. The committee facilitates continuous improvement of the Firm's capabilities around managing its market and trading risks.
TSS *3	Settlement, Segregation, Liquidity, Capital & Counterparty Risk Committee	TSS Chief Financial Officer & FINOP & Treasurer President (TSS) Chief Operating Officer Chief Compliance Officer Chief Risk Officer Director of Global Risk Management etc.	Monitor the risk environment for TradeStation Securities, Inc. and provide direction for the activities to mitigate the risks that may adversely affect the company's liquidity, capital and counterparty risk.
TSS *3	Risk Management Oversight Committee	Chief Risk Officer & Chief Compliance Officer Chief Operating Officer TSS Chief Financial Officer & FINOP Director of Global Risk Management etc.	Monitor the risk environment and provide direction for the activities to mitigate the risks that may adversely affect the Firm's ability to achieve its growth and synergy goals. The committee facilitates continuous improvement of the company's capabilities around managing its priority risks.

*1 TSG : TradeStation Group, Inc. *2 TST : TradeStation Technologies, Inc. *3 TSS : TradeStation Securities, Inc.

Risk Control in Crypto Asset Business Segment

Differences in risk control between a financial instruments business and cryptocurrency exchange business

The risk control as a cryptocurrency exchange service provider is similar to the risk control in FX trading in some aspects. For example, a cover transaction (hedging on a position held by a virtual currency exchange service provider to reduce risk with another service provider) for a position that is issued by trading a cryptocurrency with a customer is the same as a cover transaction for a foreign currency pair in FX trading.

However, the cryptocurrency exchange service provider has a higher liquidity risk for the cover transaction than in FX trading. For leverage, the risk (absolute amount of loss) to the trading volume is lower because Coincheck, for example, has a leverage ratio of 5x, which is smaller than

the 25x upper limit in FX trading.

On the other hand, there is a noteworthy difference in managing cryptocurrency trading and FX trading, which is handling the currency in a wallet form and using blockchain to complete the transaction. When compared to a brokerage firm that primarily engages in equities trading, the stock as the primary element in that trading is managed by Japan Securities Depository Center, Inc. using electronic data. In simpler terms, the data is stored at a separate location from the brokerage firm. Whereas with a cryptocurrency exchange service provider, the cryptocurrencies are most often stored by the company itself, requiring the company to control that high risk.

Management required in the cryptocurrency exchange business

In a cryptocurrency exchange business, other aspects need to be managed apart from the aforementioned risk control. Even with regard to money laundering prevention, there are more points that must be monitored in a cryptocurrency exchange business. In a brokerage firm, the deposit and withdrawal from a securities account can only be completed via a bank account. These deposits and withdrawals are not possible if the names on the accounts do not match. Yet

in the cryptocurrency exchange business, more advanced measures to prevent money laundering are needed because a cryptocurrency can be remitted to a cryptocurrency address.

In terms of system security measures, we are making our security system stronger to conduct appropriate monitoring, assuming there will be multiple threats, such as hackers attempting to attack our servers.

Differences between cryptocurrency exchange business and financial instruments business

	Service content	Cover transaction	Liquidity risk	Verification of person depositing or withdrawing	Outflow risk of assets in custody	Comprehensive risk control
Virtual currency exchange service provider	Trade location and exchange location	○	High	Bank account/ address	Low	Low
Financial instruments business	Equities trading	—	—	Bank account	Low	Low
	FX trading	○	Low	Bank account	Low	Medium

Past 11 Years

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
	Operating income margin	%	48.2	25.0
	The difference between "Total equity" and "Fixed-type assets" (*2)	Millions of yen	34,397	32,502
	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	9	9
	Independent director	Persons	3	3
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		12,525.54	8,109.53
TSE, NSE, (OSE) (*10)	Trading value for retail investors on two (three) stock exchanges	Billions of yen	10,009	6,251
Exchange rate	USD-JPY exchange rate (CR)		—	—

*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 25 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	FYE Mar. 2018
JGAAP	JGAAP	JGAAP	IFRS	IFRS	IFRS	IFRS	IFRS	IFRS
22,499	25,227	32,292	36,090	54,722	50,975	54,271	45,831	53,635
13,021	13,158	17,107	20,367	33,542	30,079	32,152	26,349	29,196
3,414	4,724	6,199	6,974	8,011	6,242	6,671	4,498	3,865
6,007	7,155	8,382	8,195	12,583	13,987	14,610	14,313	19,349
55	189	602	554	587	667	839	671	1,225
2,577	2,638	3,238	2,320	4,672	5,766	4,629	3,979	4,480
19,921	22,589	29,054	33,769	50,051	45,209	49,642	41,852	49,155
15,460	17,848	26,605	30,359	34,981	37,143	41,395	40,578	39,853
4,219	5,008	8,865	10,223	12,235	13,236	13,862	11,281	11,963
3,268	3,386	6,051	8,503	9,613	9,538	10,651	10,393	10,854
6,907	7,998	9,074	9,701	10,779	11,659	13,343	15,685	14,742
1,064	1,455	2,614	1,933	2,355	2,710	3,539	3,218	2,294
4,461	4,741	2,448	3,410	15,069	8,066	8,247	1,274	9,302
(601)	(1,466)	204	3,588	1,825	(1,951)	(3,146)	(203)	(671)
3,996	3,268	2,585	6,998	16,895	6,115	5,100	1,071	8,631
3,764	1,995	1,485	3,907	10,356	3,494	3,516	161	6,579
3,776	1,992	1,422	3,901	10,354	3,494	3,554	298	6,730
374,688	365,730	535,663	682,193	939,270	1,055,242	888,116	936,776	973,520
66,310	71,025	72,459	79,667	80,701	86,932	86,022	81,687	80,493
22.4	21.0	8.4	10.1	30.1	17.8	16.6	3.0	18.9
50,300	55,387	33,246	38,847	35,656	32,734	26,660	22,819	26,022
7.1	2.9	2.0	5.0	12.9	4.2	4.1	0.4	8.3
1,527.41	647.82	467.45	1,301.73	35.76	12.15	12.46	1.06	24.33
22,139.55	22,154.32	24,093.09	26,583.96	280.52	302.18	302.03	290.00	298.50
700.00	500.00	200.00	410.00	18.00	8.20	9.60	5.20	10.00
48	77	260	31	103	68	109	827	100
386.0	483.6	396.5	459.3	394.9	422.7	335.3	297.8	310.4
—	—	45,729	44,721	52,163	49,074	62,441	71,782	84,379
390	321	845	917	992	951	971	830	853
10	10	9	10	11	11	11	11	9
4	4	5	5	6	6	7	6	6
—	—	48,035	70,767	120,712	187,133	253,891	173,409	112,627
—	—	105	98	136	187	213	191	175
42	39	45	50	49	47	45	44	40
17	18	23	23	23	22	19	19	20
—	—	—	30	29	31	25	24	22
—	—	—	16	19	24	21	18	27
—	—	42	44	41	50	46	44	42
—	—	11	15	15	14	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	20,960.70
6,195	5,268	4,494	6,219	15,014	11,567	11,234	9,543	11,630
—	—	81.93	94.09	102.88	120.12	112.6	111.394	106.281

*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.

Financial Information

Financial 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 increased 19% year on year (¥5.107 billion) to ¥31.799 billion. The average daily brokerage transaction value for equities, etc., increased by 26% year on year to ¥68.4 billion, and the commission received increased 11% (¥1.701 billion) to ¥16.968 billion. In addition, the FX trading value decreased 11% year on year, causing the net trading income to decrease by 14% (¥63.4 billion) to ¥3.865 billion. Furthermore, the net financial income increased 52% (¥3.515 billion) year on year to ¥10.235 billion, due to the increase of the securities lending based income, recording ¥2.772 billion in gains from sales of securities held for the purpose of operations and other factors. Those gains can be attributed to the venture capital firm Monex Ventures, Inc. selling shares after their investment was listed on the market. In addition, ¥610 million was posted from providing licenses to other companies to use the new backbone brokerage system. This generated ¥73.2 billion in other operating income.

For selling, general and administrative expenses, although payment handling fees increased from more activity in equities trading, system-related expenses decreased because the outsourcing contract for the old backbone brokerage system expired at the end of the previous fiscal year. Personnel expenses also decreased because the number of workers was reduced. These factors resulted in a 6.4% (¥1.616 billion) decrease year on year in SG&A expenses, totaling ¥23.435 billion.

Other income and expenses (net amount) (*) came to ¥216 million (¥126 million the previous fiscal year) due to gains from sales of investment securities and equity in profits of equity method investments and due to expenses associated with the relocation of headquarters.

As a result of the factors above, the Japan segment profits (profit before income taxes) came to ¥8.581 billion, up 385% year on year.

U.S. segment

The performance of the U.S. segment was affected by the depreciation of the yen (yearly average), which fell 2% 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 increased 10% year on year (based in USD) to ¥17.417 billion (12% increase after being converted to JPY). In the U.S. segment, we introduced a new commission fee structure for trading equities, options and futures to expand the customer base, which led to record high new accounts and a lower rate of closed accounts. Aided by a high level of market volatility during February and March of 2018, the brokerage commissions based in USD also increased by 8%. This produced an increase of 7% year on year (based in USD) for commission received and came to ¥11.858 billion after being converted (9% increase). In addition, the net financial income increased by 28% year on year (based in USD) due to more interest earned (after revising the management instruments and a rising short-term interest rate) and more securities lending. When converted, this translates into ¥4.410 billion (increase by 31%).

Selling, general and administrative expenses went up 2% (based in USD), due to an increase in payment handling fees from more activity in equities trading and due to more advertising expenses. This came to ¥16.487 billion after being converted (4% increase).

The net amount of other income and expenses come at a loss of ¥649 million, compared to a loss of ¥215 million in the previous fiscal year. This includes bad debt associated with customer losses that resulted from a sharp rise in volatility in February 2018.

As a result of the factors described above, this segment recorded a profit (profit before income taxes) of ¥281 million, compared to a segment loss of ¥457 million in the previous fiscal year.

* 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

Asia-Pacific segment

The performance of the Asia-Pacific segment was affected by the depreciation of the yen (yearly average), which fell 1% year on year to the Hong Kong dollar during the fiscal year under review.

The equity trading value of Hong Kong-based Monex Boom Securities rose, producing ¥557 million in commissions received (up 60% year on year). In addition, loans secured by securities decreased, bringing down the financial income by 5% year on year (¥12 million) to ¥219 million. The total operating revenue after deducting financial expenses and cost of sales came to ¥931 million (up 32% year on year).

The selling, general and administrative expenses came to ¥922 million (up 26% year on year), due to factors such as an increase in trading related expenses attributed to more equities activity and the upfront investment of the online securities business in Australia.

Other income and expenses (net amount) came to a loss of ¥234 million (¥74 million loss the previous fiscal year). This included ¥291 million for the impairment loss related to other financial assets (loan) and ¥44 million of equity in profits of equity method investments (loss of ¥46 million the previous fiscal year). The latter was attributed to a joint venture operating in mainland China.

As a result of the factors described above, this segment recorded a loss of ¥225 million (loss before income taxes), compared to a segment loss of ¥97 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 2018 increased 17% year on year to ¥49.155 billion. Profit before income taxes was ¥8.631 billion (706% increase year on year), the income tax expense was ¥2.052 billion (126% increase), and the profit for the fiscal year under review was ¥6.579 billion (3,988% increase). In addition, this resulted in a profit attributable to the owners of the Company of ¥6.730 billion (increase of 2,162% year on year).

Consolidated Business Performance & By Segment: Display Figures Reclassified

Main performance results (Millions of yen)	FYE Mar. 2017				FYE Mar. 2018				YoY rate
	Consolidated	JPN	U.S.	AP	Consolidated	JPN	U.S.	AP	Consolidated
Commission received	26,349	15,267	10,858	347	29,196	16,968	11,858	557	11%
Net trading income	4,498	4,499	—	(1)	3,865	3,865	—	0	-14%
Net financial income	10,334	6,719	3,378	230	14,869	10,235	4,410	219	44%
Net sales	—	—	138	—	—	—	7	—	—
Other operating income	671	207	1,242	131	1,225	732	1,141	155	83%
Total operating revenue after deducting financial expenses and cost of sales (*)	41,852	26,692	15,616	707	49,155	31,799	17,417	931	17%
Selling, general and administrative expenses	40,578	25,050	15,858	731	39,853	23,435	16,487	922	-2%
The amount equivalent to operating income	1,274	1,642	(242)	(24)	9,302	8,365	931	9	630%
Other income and expenses (net amount)	(203)	126	(215)	(74)	(671)	216	(649)	(234)	—
Profit before income taxes	1,071	1,768	(457)	(97)	8,631	8,581	281	(225)	706%
Profit	161	867	(497)	(96)	6,579	5,559	1,274	(246)	3,988%
Profit Attributable to Owners of the Company	298	1,003	(497)	(96)	6,730	5,709	1,274	(246)	2,162%

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 61 have been reclassified.

* 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 fiscal years ended March 31, 2017 and 2018

	Millions of Yen		Thousands of U.S. Dollars
	2017	2018	2018
Revenue:			
Commission received	¥ 26,349	¥ 29,196	\$ 274,704
Net trading income	4,498	3,865	36,368
Financial income	14,313	19,349	182,054
Other operating income	671	1,225	11,529
Total operating revenue	45,831	53,635	504,655
Other financial income	1,667	298	2,802
Other income	1,606	121	1,139
Equity in profits of equity method investments	—	169	1,588
Total revenue	49,104	54,223	510,184
Expenses:			
Financial expenses	3,979	4,480	42,154
Selling, general and administrative expenses	40,578	39,853	374,979
Other financial expenses	1,655	987	9,289
Other expenses	1,722	271	2,549
Equity in losses of equity method investments	99	—	—
Total expenses	48,033	45,592	428,971
Profit before income taxes	1,071	8,631	81,213
Income tax expense	910	2,052	19,307
Profit	161	6,579	61,906
Profit attributable to:			
Owners of the Company	298	6,730	63,325
Non-controlling interests	(137)	(151)	(1,419)
Profit	¥ 161	¥ 6,579	\$ 61,906
		Yen	U.S. Dollars
Earnings per share attributable to owners of the Company:			
Basic earnings per share	¥ 1.06	¥ 24.33	\$ 0.23
Diluted earnings per share	1.06	24.33	0.23

Consolidated Statement of Comprehensive Income

For the fiscal years ended March 31, 2017 and 2018

	Millions of Yen		Thousands of U.S. Dollars
	2017	2018	2018
Profit	¥ 161	¥ 6,579	\$ 61,906
Other comprehensive income:			
Items that may be reclassified subsequently to profit or loss			
Changes in fair value of available-for-sale financial assets	(980)	(636)	(5,986)
Changes in fair value of hedging instrument	(1,019)	(165)	(1,550)
Foreign currency translation adjustments in foreign operations	(296)	(1,240)	(11,671)
Share of other comprehensive income of equity method investments	(15)	29	275
Other comprehensive income after income taxes	(2,310)	(2,012)	(18,931)
Total comprehensive income	(2,149)	4,567	42,975
Total comprehensive income attributable to:			
Owners of the Company	(2,012)	4,718	44,394
Non-controlling interests	(137)	(151)	(1,419)
Total comprehensive income	¥ (2,149)	¥ 4,567	\$ 42,975

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, 2017 and 2018

	Millions of Yen		Thousands of U.S. Dollars
	2017	2018	2018
Assets:			
Cash and cash equivalents	¥ 77,900	¥ 83,884	\$ 789,266
Cash segregated as deposits	552,028	543,438	5,113,219
Trading securities and other	1,697	1,618	15,222
Derivative assets	13,443	15,424	145,127
Investments in securities	3,611	3,123	29,384
Margin transaction assets	147,653	192,224	1,808,641
Loans secured by securities	34,250	21,389	201,250
Other financial assets	49,049	58,837	553,602
Property and equipment	2,062	2,122	19,968
Intangible assets	53,751	49,851	469,053
Equity method investments	363	295	2,775
Deferred tax assets	2	13	122
Other assets	967	1,301	12,242
Total assets	¥ 936,776	¥ 973,520	\$ 9,159,870
Liabilities and Equity:			
Liabilities:			
Derivative liabilities	¥ 5,828	¥ 5,340	\$ 50,240
Margin transaction liabilities	40,664	29,683	279,289
Loans payable secured by securities	77,504	78,203	735,816
Deposits received	324,672	324,256	3,050,935
Guarantee deposits received	257,753	254,647	2,395,975
Bonds and loans payable	138,133	191,010	1,797,221
Other financial liabilities	6,622	4,545	42,764
Provisions	166	148	1,396
Income taxes payable	389	2,386	22,449
Deferred tax liabilities	2,401	1,524	14,344
Other liabilities	958	1,284	12,078
Total liabilities	855,090	893,027	8,402,507
Equity:			
Common stock	10,394	10,394	97,793
Additional paid-in capital	40,547	40,510	381,162
Treasury stock	—	(206)	(1,938)
Retained earnings	20,209	21,492	202,220
Other components of equity	10,222	8,139	76,580
Equity attributable to owners of the Company	81,372	80,329	755,818
Non-controlling interests	315	164	1,545
Total equity	81,687	80,493	757,363
Total liabilities and equity	¥ 936,776	¥ 973,520	\$ 9,159,870

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.

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Financial Section

Consolidated Statement of Changes in Equity

For the fiscal years ended March 31, 2017 and 2018

Millions of Yen

	Equity attributable to owners of the Company												
	Common stock	Additional paid-in capital	Treasury stock	Retained earnings	Other components of equity						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-based payments	Share of other comprehensive income of equity method investments	Sub-total			
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
Profit	—	—	—	6,730	—	—	—	—	—	—	6,730	(151)	6,579
Other comprehensive income	—	—	—	—	(636)	(165)	(1,240)	—	29	(2,012)	(2,012)	—	(2,012)
Total comprehensive income	—	—	—	6,730	(636)	(165)	(1,240)	—	29	(2,012)	4,718	(151)	4,567
Transactions with owners:													
Dividends paid	—	—	—	(1,755)	—	—	—	—	—	—	(1,755)	—	(1,755)
Acquisition of treasury stock	—	—	(4,030)	—	—	—	—	—	—	—	(4,030)	—	(4,030)
Disposition of treasury stock	—	8	88	—	—	—	—	(96)	—	(96)	—	—	—
Cancellation of treasury stock	—	(3,736)	3,736	—	—	—	—	—	—	—	—	—	—
Transfer to Additional paid-in capital from Retained earnings	—	3,727	—	(3,727)	—	—	—	—	—	—	—	—	—
Recognition of share-based payments	—	—	—	(1)	—	—	—	25	—	25	24	—	24
Lapse of subscription rights to shares	—	(37)	—	37	—	—	—	—	—	—	—	—	—
Total of transactions with owners	—	(37)	(206)	(5,447)	—	—	—	(71)	—	(71)	(5,761)	—	(5,761)
Balance as of March 31, 2018	¥ 10,394	¥ 40,510	¥ (206)	¥ 21,492	¥ 1,753	¥ (584)	¥ 6,939	¥ (71)	¥ 101	¥ 8,139	¥ 80,329	¥ 164	¥ 80,493

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-based payments	Share of other comprehensive income of equity method investments					
Balance as of March 31, 2017	\$ 97,793	\$381,506	\$ —	\$190,149	\$ 22,483	\$ (3,943)	\$ 76,963	\$ —	\$ 676	\$ 96,179	\$765,627	\$ 2,964	\$768,591	
Profit	—	—	—	63,325	—	—	—	—	—	—	63,325	(1,419)	61,906	
Other comprehensive income	—	—	—	—	(5,986)	(1,550)	(11,671)	—	275	(18,931)	(18,931)	—	(18,931)	
Total comprehensive income	—	—	—	63,325	(5,986)	(1,550)	(11,671)	—	275	(18,931)	44,394	(1,419)	42,975	
Transactions with owners:														
Dividends paid	—	—	—	(16,515)	—	—	—	—	—	—	(16,515)	—	(16,515)	
Acquisition of treasury stock	—	—	(37,914)	—	—	—	—	—	—	—	(37,914)	—	(37,914)	
Disposition of treasury stock	—	80	824	—	—	—	—	(904)	—	(904)	—	—	—	
Cancellation of treasury stock	—	(35,152)	35,152	—	—	—	—	—	—	—	—	—	—	
Transfer to Additional paid-in capital from Retained earnings	—	35,072	—	(35,072)	—	—	—	—	—	—	—	—	—	
Recognition of share-based payments	—	—	—	(12)	—	—	—	236	—	236	224	—	224	
Lapse of subscription rights to shares	—	(344)	—	344	—	—	—	—	—	—	—	—	—	
Total of transactions with owners	—	(344)	(1,938)	(51,255)	—	—	—	(668)	—	(668)	(54,205)	—	(54,205)	
Balance as of March 31, 2018	\$ 97,793	\$381,162	\$ (1,938)	\$202,219	\$ 16,497	\$ (5,492)	\$ 65,292	\$ (668)	\$ 951	\$ 76,580	\$755,817	\$ 1,545	\$757,362	

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.

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Consolidated Statement of Cash Flows

For the fiscal years ended March 31, 2017 and 2018

	Millions of Yen		Thousands of U.S. Dollars
	2017	2018	2018
Cash flows from operating activities:			
Profit before income taxes	¥ 1,071	¥ 8,631	\$ 81,213
Depreciation and amortization	7,094	8,117	76,370
Loss on business restructuring	145	—	—
Reversal of allowance for loss on cancellation of outsourcing contract	(508)	—	—
Gain on sales of investments in associates	(247)	—	—
Financial income and financial expenses	(10,346)	(14,179)	(133,413)
Decrease/increase in derivative assets/liabilities	2,792	(2,483)	(23,364)
Decrease/increase in assets/liabilities for margin transaction	9,241	(55,552)	(522,688)
Decrease/increase in loans/loans payable secured by securities	2,873	13,342	125,539
Decrease/increase in cash segregated as deposits	(57,921)	(1,797)	(16,912)
Decrease/increase in deposits received and guarantee deposits received	63,160	7,861	73,965
Decrease/increase in short-term loans receivable	20,141	(2,514)	(23,652)
Other, net	(118)	(11,867)	(111,658)
Sub-total	37,376	(50,441)	(474,601)
Interest and dividend income received	13,365	15,969	150,251
Interest expenses paid	(4,499)	(5,014)	(47,175)
Income taxes refunded/paid	(2,527)	785	7,390
Net cash provided by (used in) operating activities	43,715	(38,701)	(364,134)
Cash flows from investing activities:			
Purchase of investments in securities	(282)	(491)	(4,616)
Proceeds from sales and redemption of securities	1,215	362	3,407
Purchase of property and equipment	(673)	(884)	(8,319)
Purchase of intangible assets	(8,603)	(4,969)	(46,754)
Purchase of investments in joint ventures	(13)	(10)	(94)
Proceeds from sales of investments in joint ventures	—	4	38
Proceeds from sales of investments in associates	295	—	—
Other, net	(240)	116	1,088
Net cash provided by (used in) investing activities	(8,301)	(5,872)	(55,250)
Cash flows from financing activities:			
Net increase/decrease in short-term loans payable	(1,372)	47,800	449,749
Proceeds from issuance of bonds payable	2,996	14,483	136,270
Redemption of bonds payable	(2,000)	(6,000)	(56,454)
Proceeds from long-term loans payable	27,902	9,970	93,808
Repayment of long-term loans payable	(43,800)	(10,600)	(99,736)
Purchase of treasury stock	(1,000)	(4,030)	(37,914)
Cash dividends paid	(1,468)	(1,754)	(16,500)
Proceeds from stock issuance to non-controlling interests	245	—	—
Other, net	37	—	—
Net cash provided by (used in) financing activities	(18,462)	49,870	469,224
Net increase/decrease in cash and cash equivalents	16,952	5,297	49,840
Cash and cash equivalents at the beginning of year	59,756	76,557	720,329
Effect of exchange rate change on cash and cash equivalents	(151)	(398)	(3,748)
Cash and cash equivalents at the end of year	¥ 76,557	¥ 81,456	\$ 766,421

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

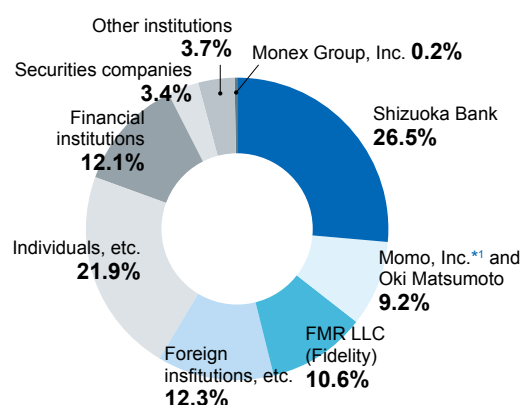
Stock Information

As of March 31, 2018

Investor Information

Stock listing	First section of the Tokyo Stock Exchange
Security code	8698
Name of company	Monex Group, Inc.
Outstanding stock	269,706,000 shares
Trading unit	100
No. of shareholders	38,220
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



*1 Formerly known as Oki Matsumoto, Inc.

*2 The graph made by Monex based on shareholders' list as of Mar. 31, 2018 and the Large shareholding report

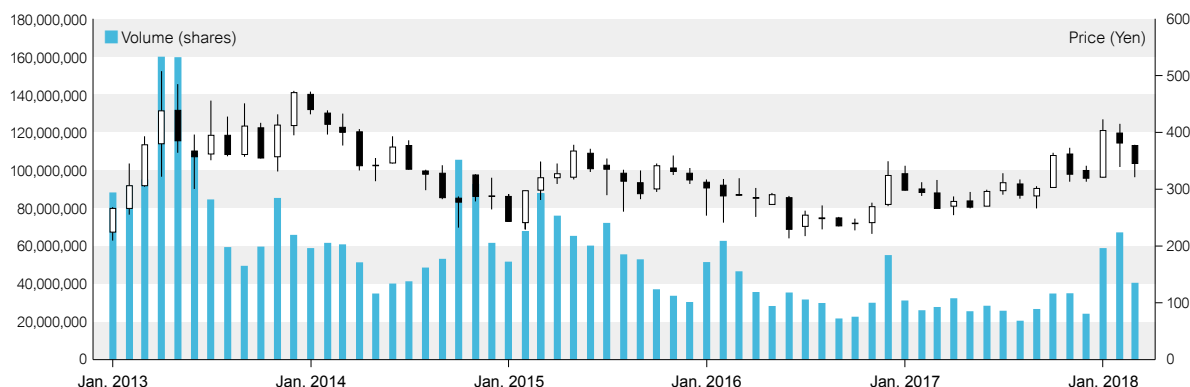
Major Shareholders

Name	No. of shares held (shares)	Percentage of shares held (%)
The Shizuoka Bank, Ltd.	71,536,100	26.58
MOMO & Co. (Formerly known as Oki Matsumoto, Inc.)	17,243,200	6.40
STATE STREET BANK AND TRUST COMPANY	12,315,332	4.57
NORTHERN TRUST CO. (AVFC) RE FIDELITY FUNDS	10,036,149	3.72
Oki Matsumoto	7,503,300	2.78
The Master Trust Bank of Japan ,Ltd.	7,347,500	2.73
Mizuho Securities Co., Ltd.	6,029,800	2.24
Recruit Holdings Co. Ltd.	5,720,000	2.12
Japan Trustee Services Bank, Ltd (trust account)	5,347,900	1.98
Japan Trustee Services Bank, Ltd (trust account 5)	3,995,000	1.48

*1 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, 2018.

*2 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, 2018.

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, 2013.

Overview of Group Companies

As of September 1, 2018

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	Oki Matsumoto
Capital	12,200 million yen
Business Description	Securities business and accompanying businesses
Location	Minato-ku, Tokyo, Japan

Coincheck, Inc.

Established	August 2012
Representative	Toshihiko Katsuya
Capital	100 million yen
Business Description	Cryptocurrency exchange and R&D on New Financial Services
Location	Shibuya-ku, Tokyo, Japan

Monex Ventures, Inc.

Established	November 2005
Representative	Seichiro Wada
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	Ivan Law
Business Description	Financial instruments business
Location	Hong Kong Special Administrative Region of the People's Republic of China

Monex Securities Australia Pty Ltd

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

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

(published in October, 2018)

Monex Group, Inc.

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

