

**MONEX GROUP**

July 29, 2020

TSE 1<sup>st</sup> Section: 8698

# **Financial Results for 1Q of Fiscal Year Ending March 31, 2021**

Art work by Miya Kaneko

## Our 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.

To achieve this we are committed to:

- 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; and
- Creating new value to contribute to all stakeholders

Our Business Principles	p. 1
Table of Contents	p. 2
I. Highlights	p. 3 - p. 12
II. Consolidated Performance	p. 13 - p. 31
III. Business Update	p. 32 - p. 45
Appendix: Group Overview	p. 46 - p. 56

This is an English translation of Japanese presentation materials prepared in connection with the disclosure of the financial results of Monex Group, Inc. It includes information derived from the consolidated financial statements of Monex Group, Inc. which are prepared in accordance with International Financial Reporting Standards ("IFRSs"). This material is not intended to recommend or conduct solicitation for any product or service, etc.

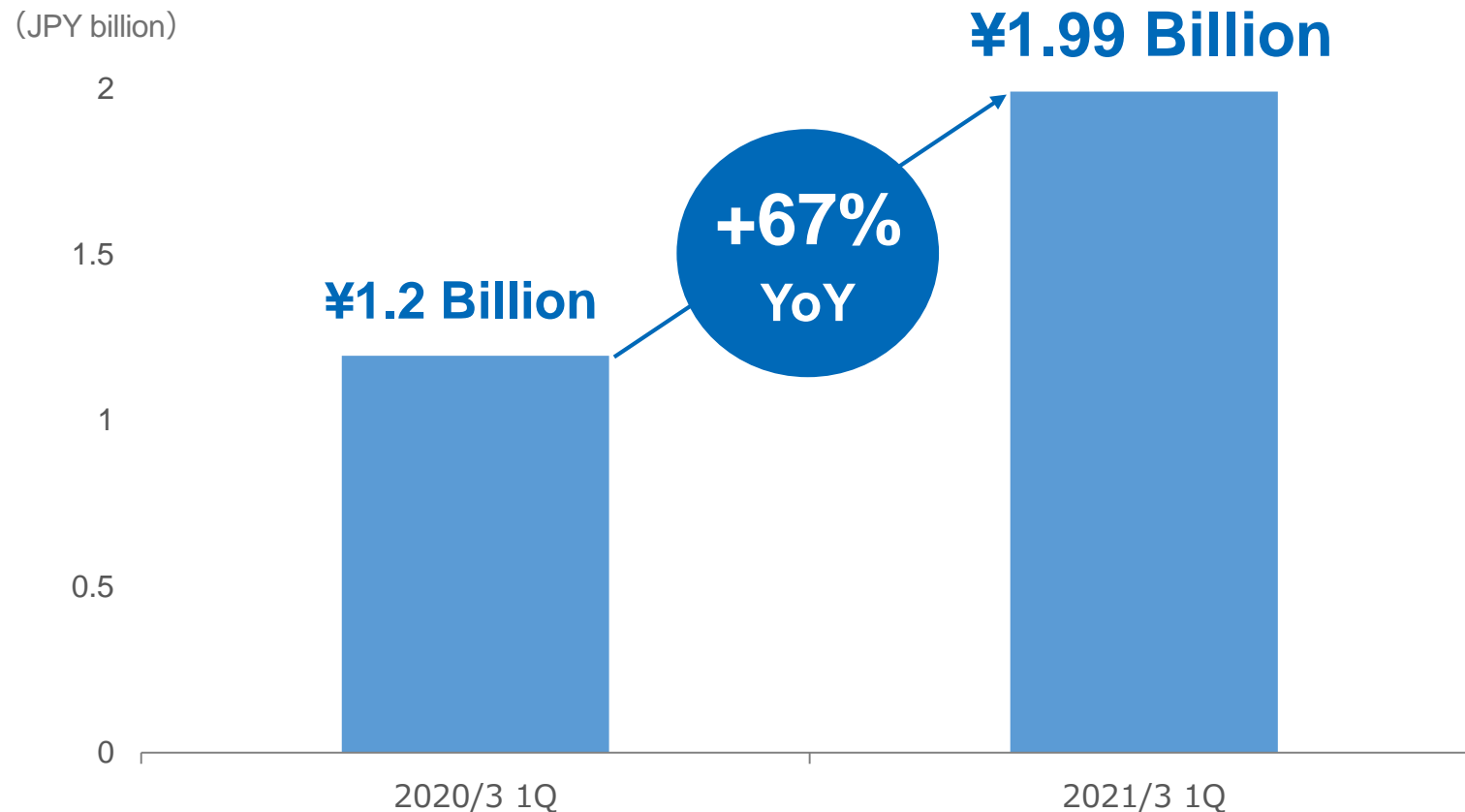
<Forward-looking Statements>

This presentation material contains forward-looking statements that are based on our current expectations, assumptions, estimates and projections about our industry and us. These forward-looking statements are subject to various risks and uncertainties. Generally, these forward-looking statements can be identified by the use of terms such as "may" "will" "expect" "anticipate" "estimate" "plan" and other similar words. These statements discuss future expectations, identify strategies, contain projections of results of operations or of our financial condition and state other "forward-looking" information. Our operations are subject to risks, uncertainties and other factors that could cause our actual results to differ materially from those contained in any forward-looking statement.

- 
- I. **Highlights**
  - II. Consolidated Performance
  - III. Business Update

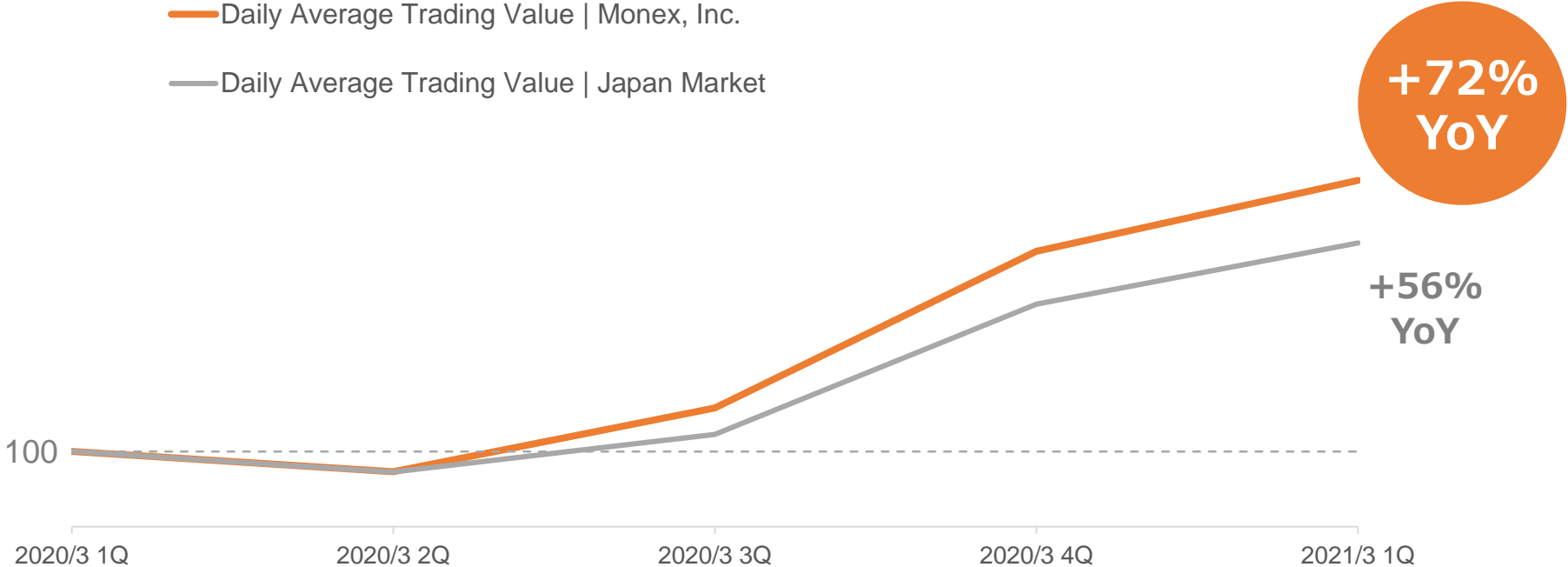
Appendix. Group Overview

Consolidated pre-tax profit **significantly increased** fueled by the business transformation of Monex Group, added to active markets and an increase in demand for online services



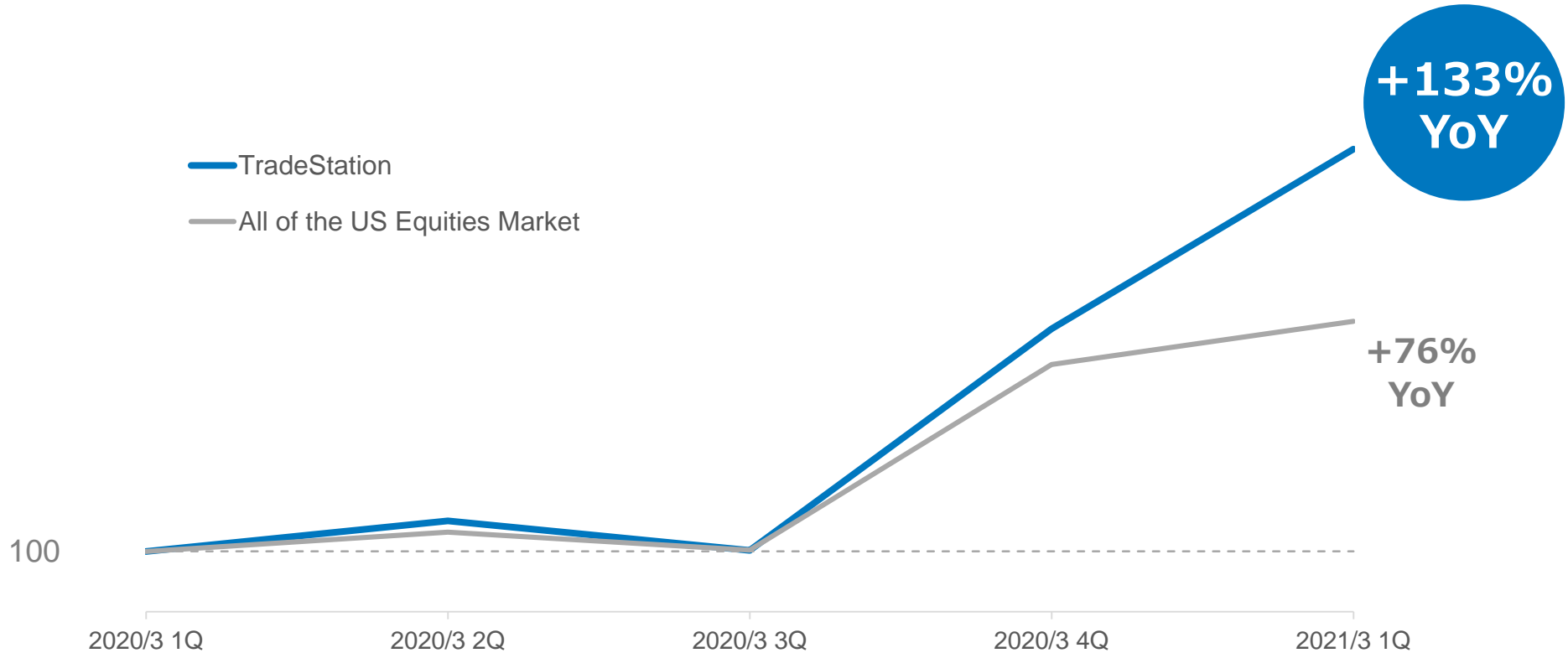
- The financial performance of Monex Group has been strong despite the COVID-19 situation
- Systems and operations remain resilient while our global employees have adapted to working remotely

# Daily average trading value at Monex, Inc. (Japan) increased by **72%**



- Trading volume increased more than market growth because COVID-19 led to higher market activity, as well as a growth in demand for online services with more people working from home
- New account acquisition has accelerated, with an **87%** increase in the number of new accounts YoY

# DARTs at TradeStation Group (US) increased by **133%**



- DARTs increased more than market growth because more people are now working from home, and commission-free plans have led to an increase in active accounts and trading volume per customer
- The number of new accounts in 1Q increased by **223%** YoY

# Promoting new business-model transformation leveraging our stable core businesses

## Core Business

Online Broker Business

Cryptocurrency  
Marketplace

## Business transformation and new businesses

### Online Broker Business



#### **New initiatives for transforming to an asset-management model**

- Launch of Monex Activist Fund
- Expand other revenue streams than Japanese equities brokerage commissions
- Increase a ratio of stock revenue



#### **New initiatives for revenue diversification**

- Enhance new brokerage revenue architecture
- Expand customer target base
- Launch crypto trading business and education platform

### Cryptocurrency Related Business



#### **New services derived from the marketplace business (P40)**

- Business development utilizing core business (IEO, staking services)
- Expand into businesses that have high affinity with core business (Sharely)



With continued active market throughout 1Q,  
promoted business transformation of each business segment

### Japan

Monex Activist Fund, a transformation driver to our new asset-management model, successfully gathered ¥4.2B in managed assets as of June 30. Total assets in custody gradually increased, as did customers' margin balance. Launched new cryptoasset CFD service

### US

Record account growth coupled with an increase in trading driven from commission-free plans and sustained market volatility drove a significant increase in commission related fees. Efforts to diversify revenue streams with crypto trading, crypto lending and YouCanTrade continue

### Crypto Asset

Steadily increased the number of users and the frequency of use despite lower market volatility. No. 1 in Japan in the number of app downloads and currencies offered. Proactively added new cryptocurrency offerings in its marketplace. Creating a virtual shareholder meetings business

Achieved quarterly segment profit in all five segments in two consecutive quarters.  
Consolidated pre-tax profit was **¥ 2.0 B**

**Japan**

Segment profit significantly increased to **¥ 1.15B** driven by high trading volumes due to continued market activity since 4Q FY2019

**US**

Commission revenue increased fueled by sustained high market volatility from COVID-19, increased trading from commission-free plans, and record account growth. Segment profit was **¥0.53B**

**Crypto Asset**

Recorded segment profit of **¥ 0.10B** owing to heavy cost reduction in FY2019, even with the current lower market volatility

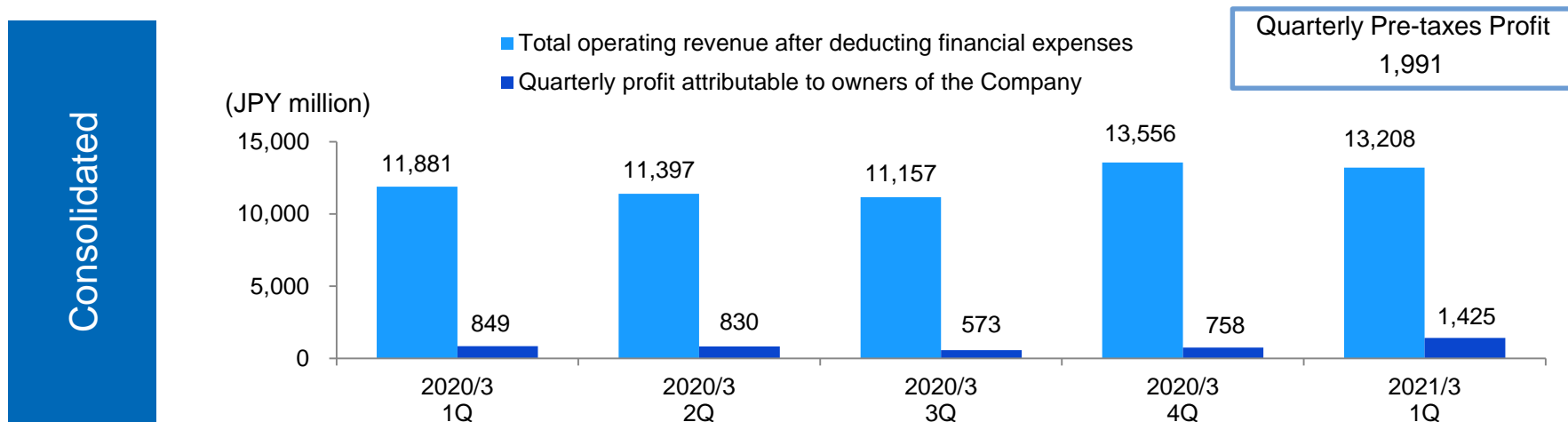
**Asia Pacific**

Segment profit increased to **¥ 66M** driven by high trading volumes due to account growth and active stock markets

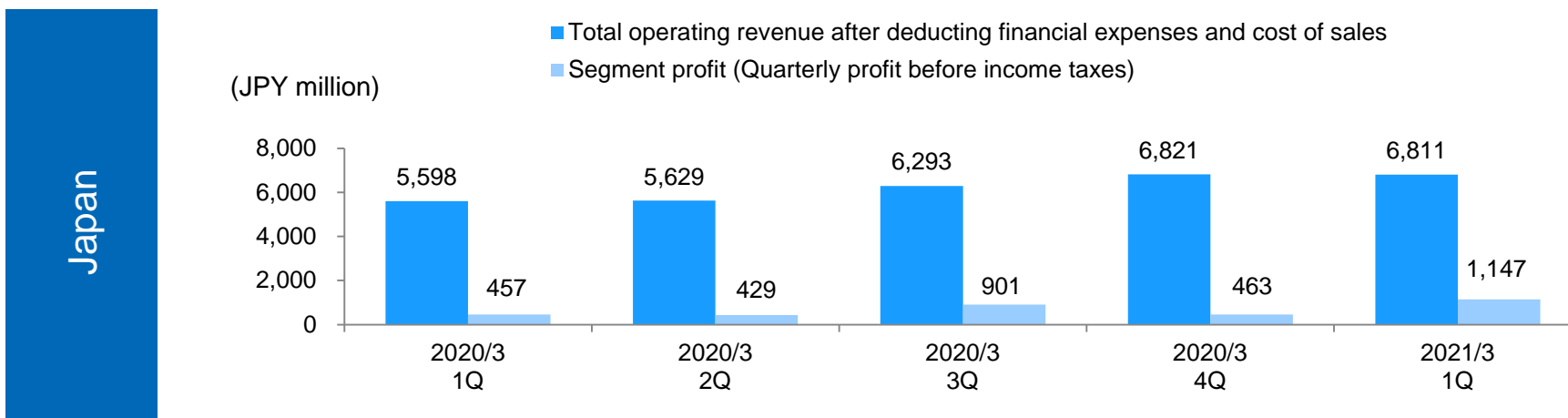
**Investment**

MV I Investment Limited Partnership expanded its portfolio to 47 companies as of June 2020. Segment profit was **¥ 0.15B** due to valuation gains on investment

◆ Total operating revenue after deducting financial expenses and quarterly profit attributable to owners of the Company

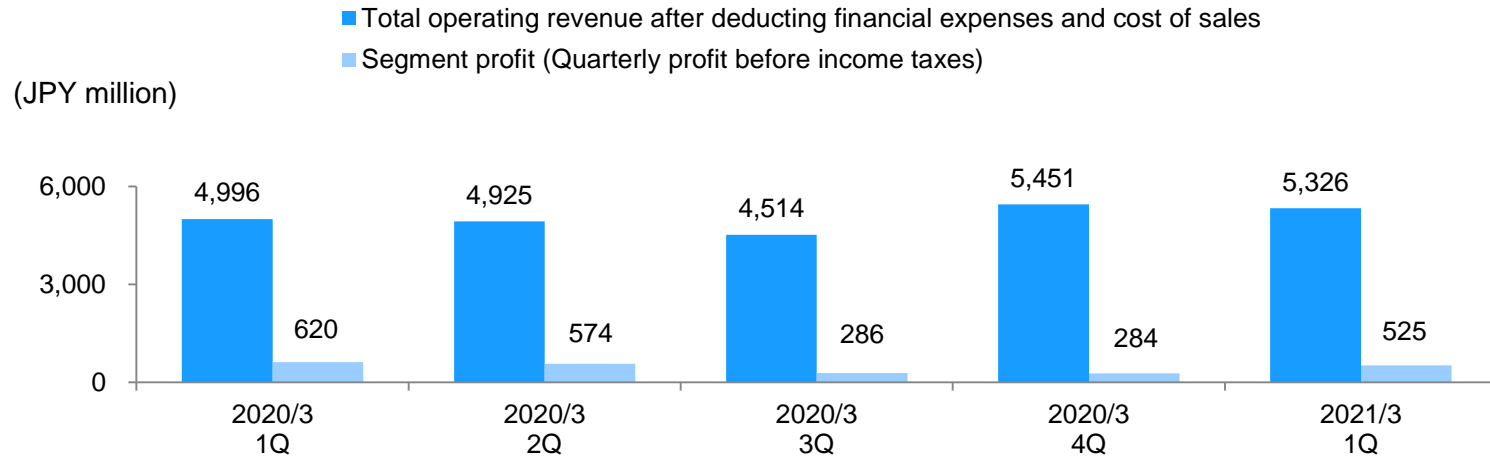


◆ Total operating revenue after deducting financial expenses and cost of sales and Segment profit

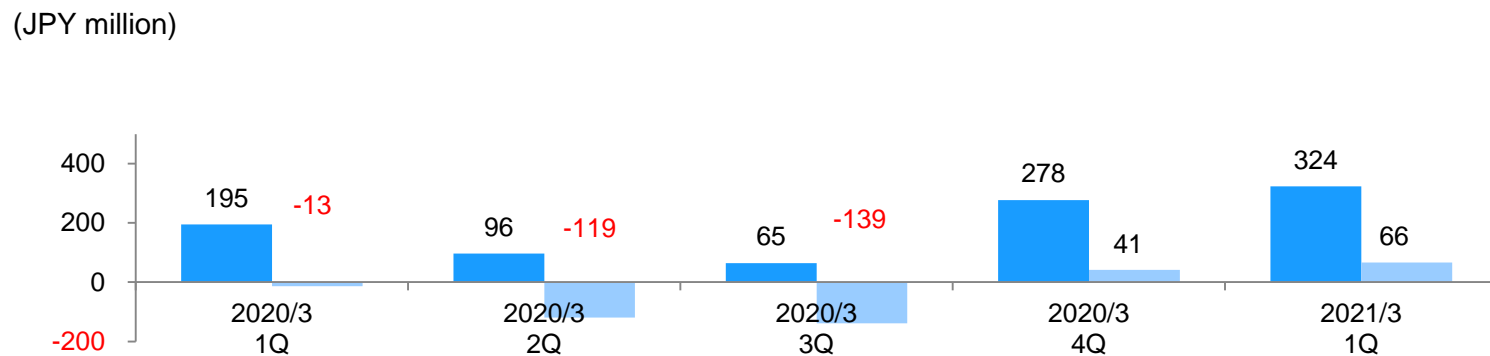


◆ Total operating revenue after deducting financial expenses and cost of sales and Segment profit

US

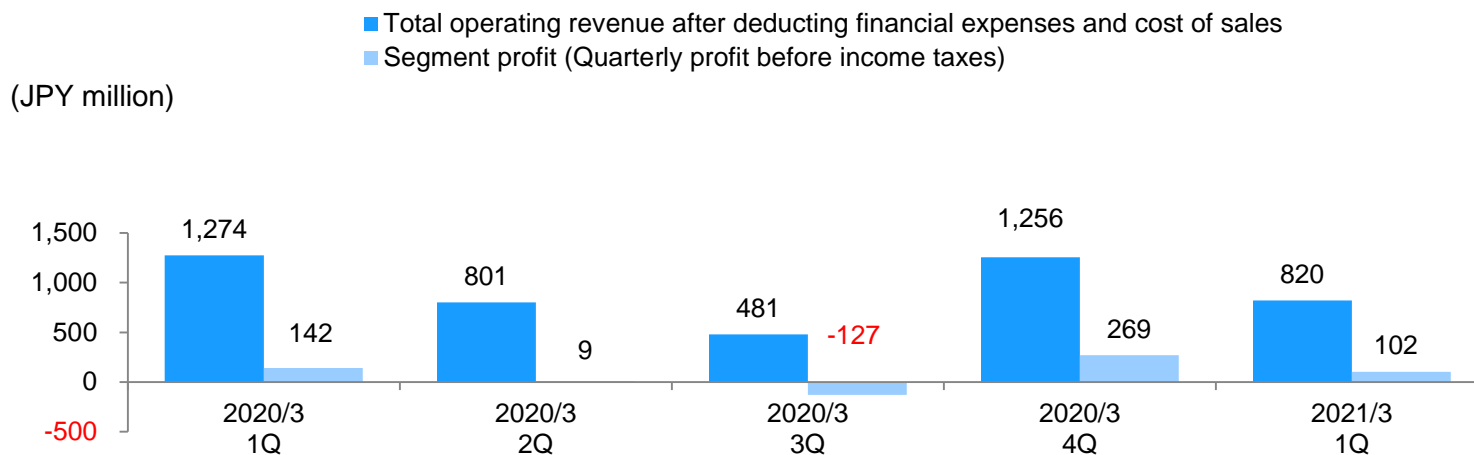


Asia Pacific

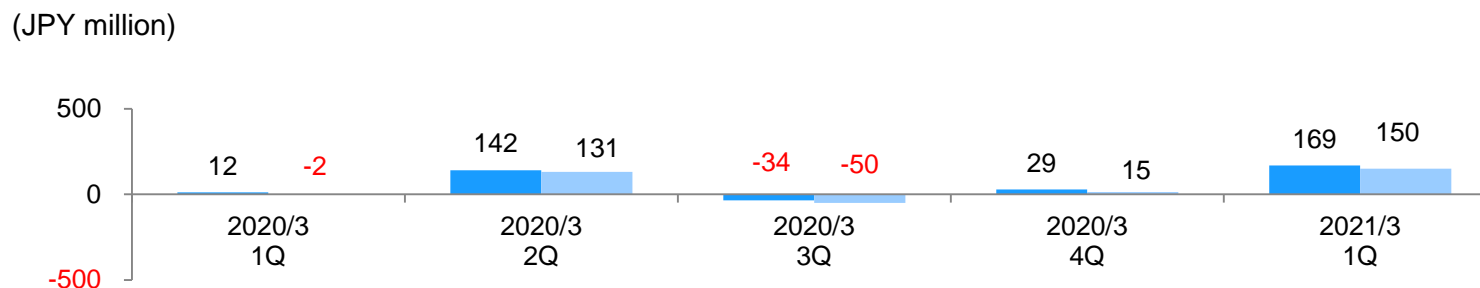


◆ Total operating revenue after deducting financial expenses and cost of sales and Segment profit

Crypto Asset



Investment



- 
- I. Highlights
  - II. Consolidated Performance**
  - III. Business Update

Appendix. Group Overview

## YoY Comparison (3 months) Consolidated Performance

(JPY million)	FYE Mar. 2020 1Q (Apr. 2019– Jun. 2019)	FYE Mar. 2021 1Q (Apr. 2020– Jun. 2020)	Variance	Rate of change	Reference
Total operating revenue after deducting financial expenses	11,881	13,208	+1,328	+11%	P16: Analysis of Japan segment P18: Analysis of US segment (USD) P20: Analysis of Crypto Asset segment
SG&A	10,666	11,264	+598	+6%	P17: Analysis of Japan segment P19: Analysis of US segment (USD) P21: Analysis of Crypto Asset segment
The amount equivalent to operating income	1,215	1,944	+729	+60%	
Other income / expenses (net)	-19	47	+66		Breakdown in DATA BOOK P19: - Consolidated financial results (Other income and other expenses)
Quarterly profit before income Taxes	1,196	1,991	+796	+67%	
Quarterly profit attributable to owners of the Company	849	1,425	+576	+68%	
EBITDA	3,177	3,969	+792	+25%	

\* EBITDA = The amount equivalent to operating income + depreciation and amortization cost + interest expense of US segment (the same hereinafter)

# YoY Comparison (3 months) Segment Performance

(JPY million)	Japan		US		Asia Pacific		Crypto Asset		Investment	
	2020/3 1Q	2021/3 1Q	2020/3 1Q	2021/3 1Q	2020/3 1Q	2021/3 1Q	2020/3 1Q	2021/3 1Q	2020/3 1Q	2021/3 1Q
Total operating revenue after deducting financial expenses and cost of sales	5,598	6,811	4,996	5,326	195	324	1,274	820	12	169
SG&A	5,194	5,777	4,364	4,790	212	264	1,127	717	14	19
The amount equivalent to operating income	404	1,034	633	536	-16	60	147	103	-2	151
Other income / expenses (net)	53	113	-13	-11	3	6	-5	-1	-0	-0
Quarterly profit before income taxes	457	1,147	620	525	-13	66	142	102	-2	150
Quarterly profit attributable to owners of the Company	313	747	464	428	-16	51	99	111	-4	88
EBITDA	1,576	2,327	1,414	1,250	13	90	299	195	-2	151

Note

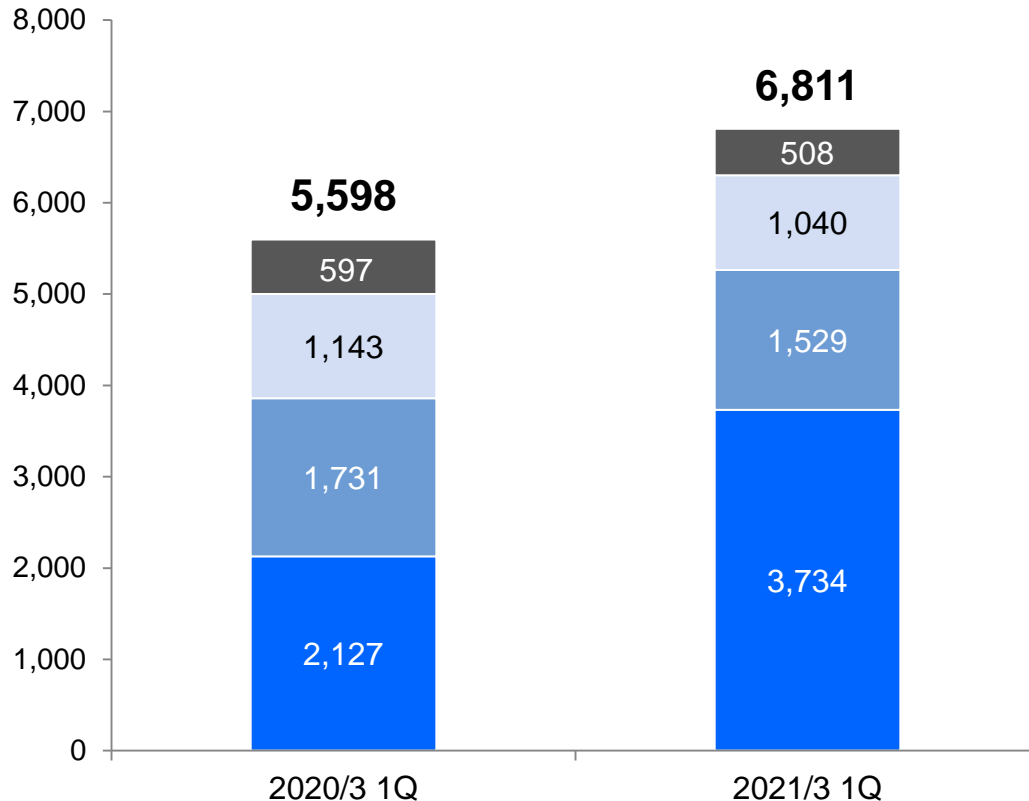
See P16 “total operating revenue after deducting financial expenses and cost of sales” for more details See P17 “SG&A” for more details	See P18 “total operating revenue after deducting financial expenses and cost of sales” for more details See P19 “SG&A” for more details	See P20 “total operating revenue after deducting financial expenses and cost of sales” for more details See P21 “SG&A” for more details
--	--	--



Japan : Monex’s market share of Japan equity has increased. Commissions from US equity also increased, taking 11% of entire brokerage commissions

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

(JPY million)



Total operating revenue after deducting financial expenses and cost of sales  
+21.7% (+1,213)

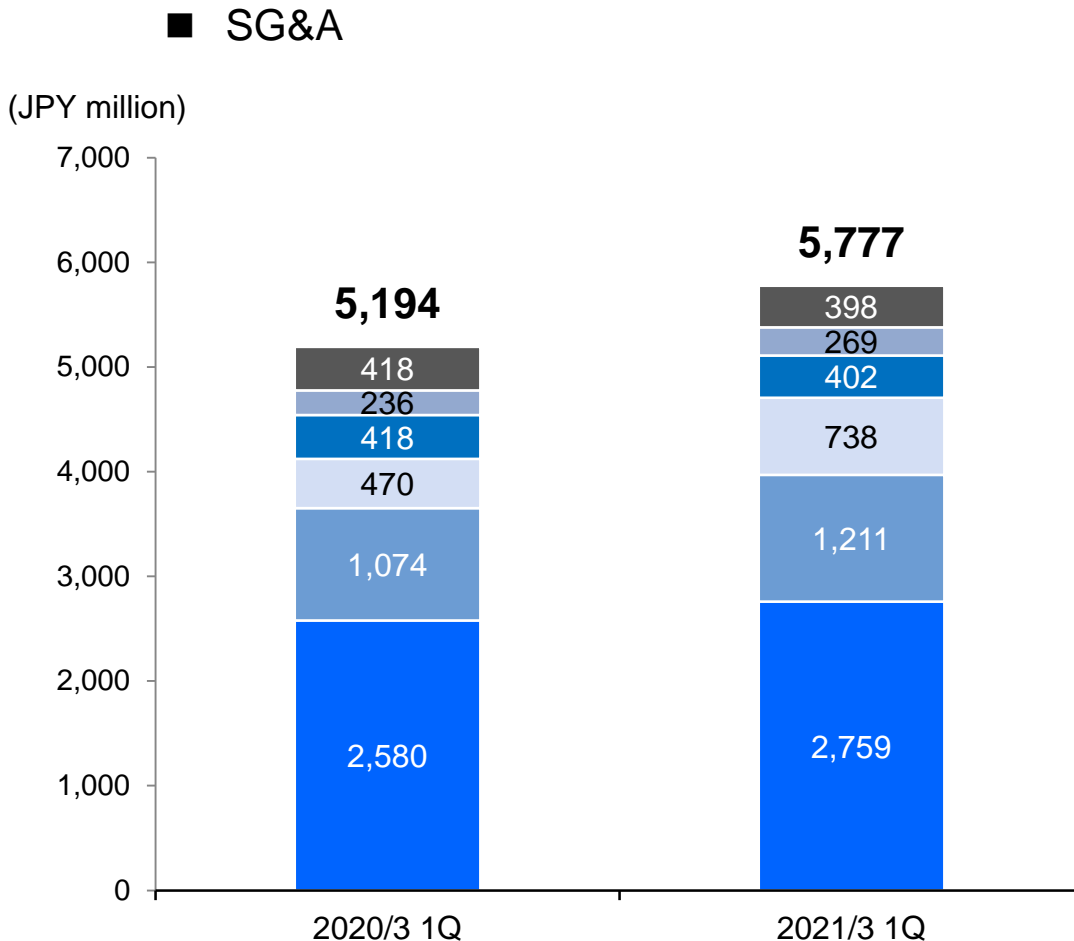
- Others (-89)
- FX & fixed income (-103)
- Net financial income (-203) \*1
- Brokerage commissions (+1,607) \*2, 3

\*1 Net financial income of margin trading -16 (-2%)  
 Monex Securites average margin balance +3%  
 As the ratio of margin selling balance (lower interest rate compared to that of buying balance) increased, the average interest rate has dropped YoY

\*2 Total trading volume of individual investors in two Japanese major equity markets, including ETFs etc. +56%  
 Brokerage commission from Japan equity +64%  
 Market share of Monex trading volume 5.09% → 5.63%

\*3 Brokerage commissions from US equity 152 → 425 (+179%)

Japan : Larger trading volume drove higher variable cost. Depreciation expenses increased due to new system investment in margin trading service



SG&A Total +11.2% (+583)

- Others (-20)
- Advertising expenses (+33)
- Communication, freight and information expenses (-16)
- Commissions paid, exchange and association dues (+268)
- Compensation and benefits (+138)
- System related expenses (+179) \*

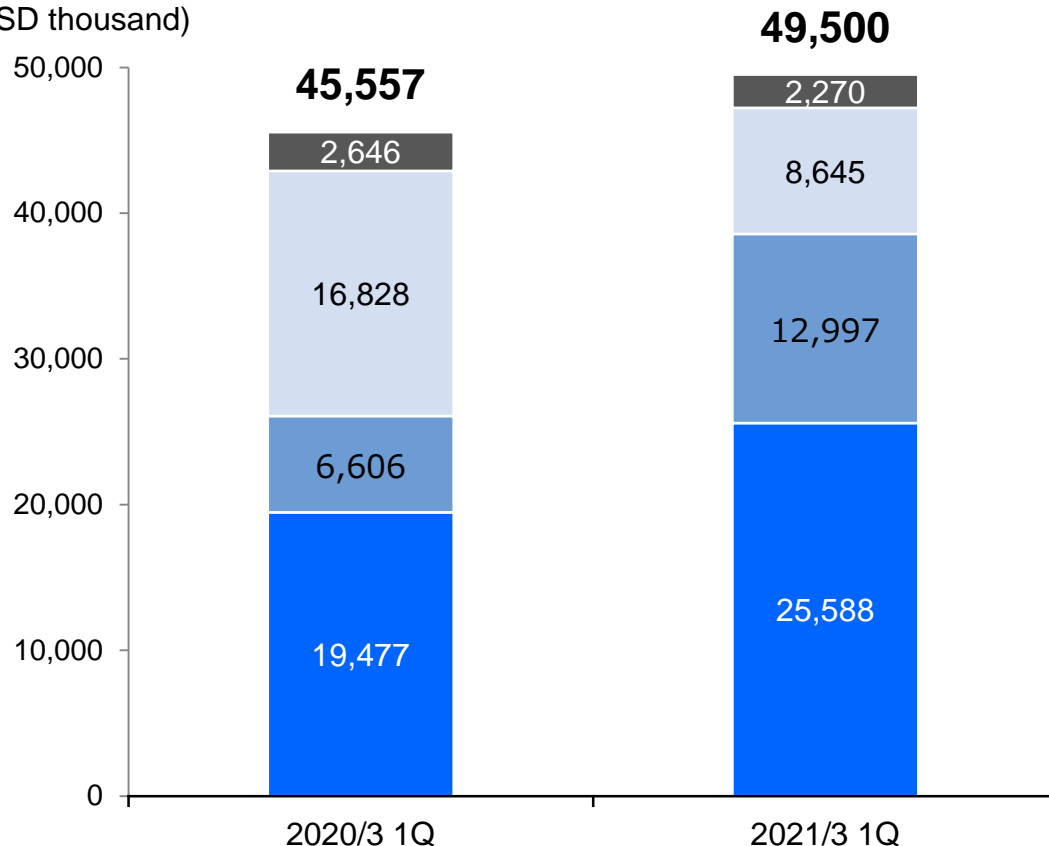
\* Rental expenses +28  
 Data processing +30  
 Depreciation expenses +121  
 (New system investment: Selling of general margin trading, SOR order for PTS margin trading, etc.)

**US** : Brokerage commissions and other commissions increased due to increased trading volume from sustained high market volatility and strong account growth from commission-free plans and new marketing website. They offset a decline in net financial income due to lower interest rates

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

Total operating revenue after deducting financial expenses and cost of sales  
+8.7% (+3,943)

(USD thousand)



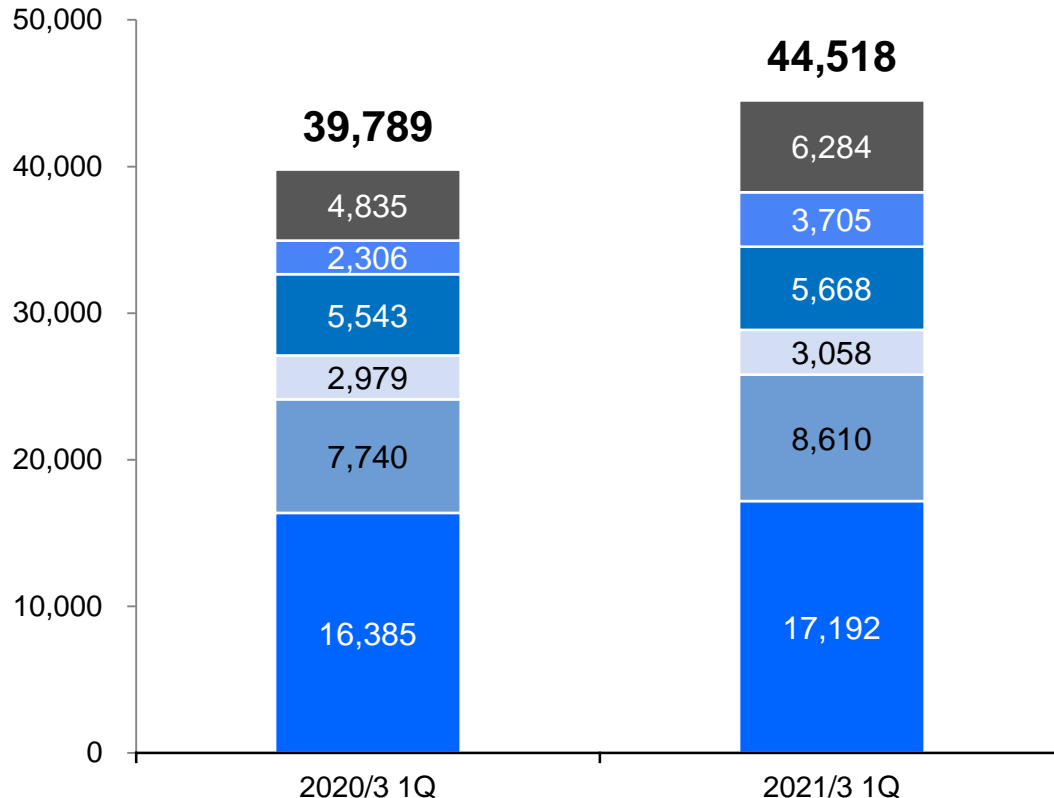
- Others (-376)
- Net financial income (-8,183)
- Other commissions (+6,392) \*
- Brokerage commissions (+6,111) \*

\* VIX Daily Average: 15.2→34.5  
DARTs: +133% YoY

US : Advertising expenses increased to support rollout of new marketing website and new businesses such as TradeStation Crypto and YouCanTrade. Commissions paid increased due to higher trading volume. Compensation and benefits increased temporarily because of severance pay for reduction in force

■ SG&A

(USD thousand)



SG&A Total +11.9% (+4,729)

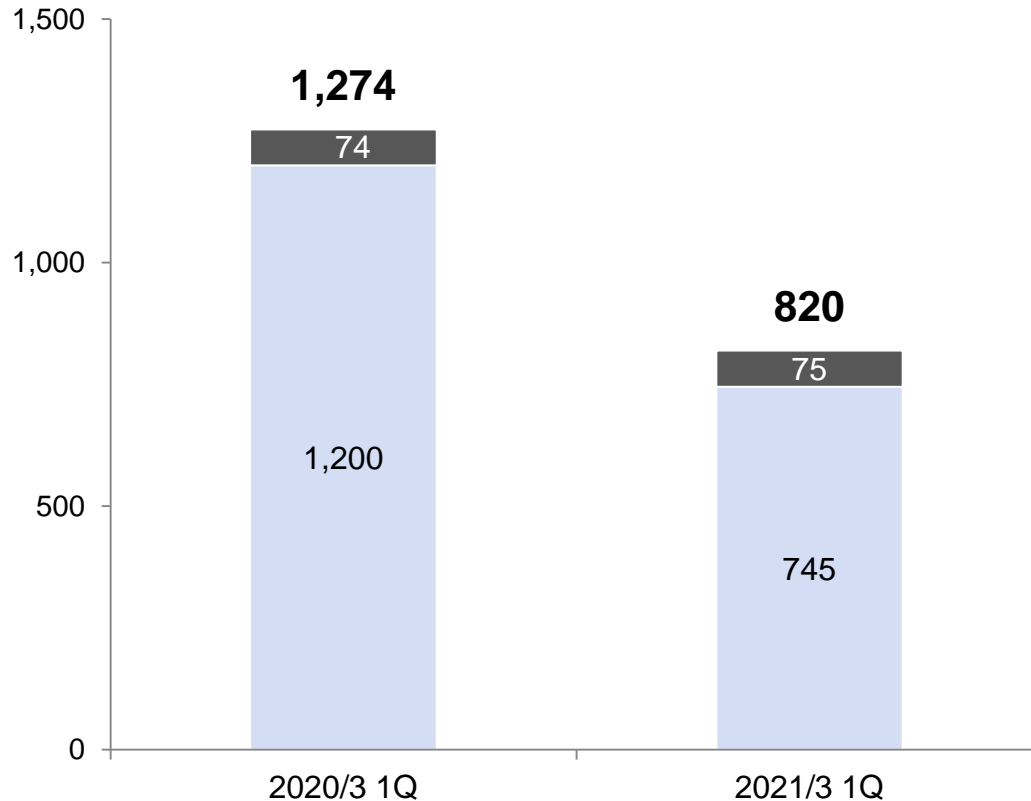
- Others (+1,449)
- Advertising expenses (+1,399)
- Amortization and depreciation (+125)
- Communication, freight and information expenses (+79)
- Commissions paid and association dues (+870)
- Compensation and benefits (+808) \*

\* Included \$1.6M in severance pay for a reduction in force

## Crypto : Net trading income decreased with lower trading volumes and narrowed bid-ask spread of cryptocurrencies

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

(JPY million)



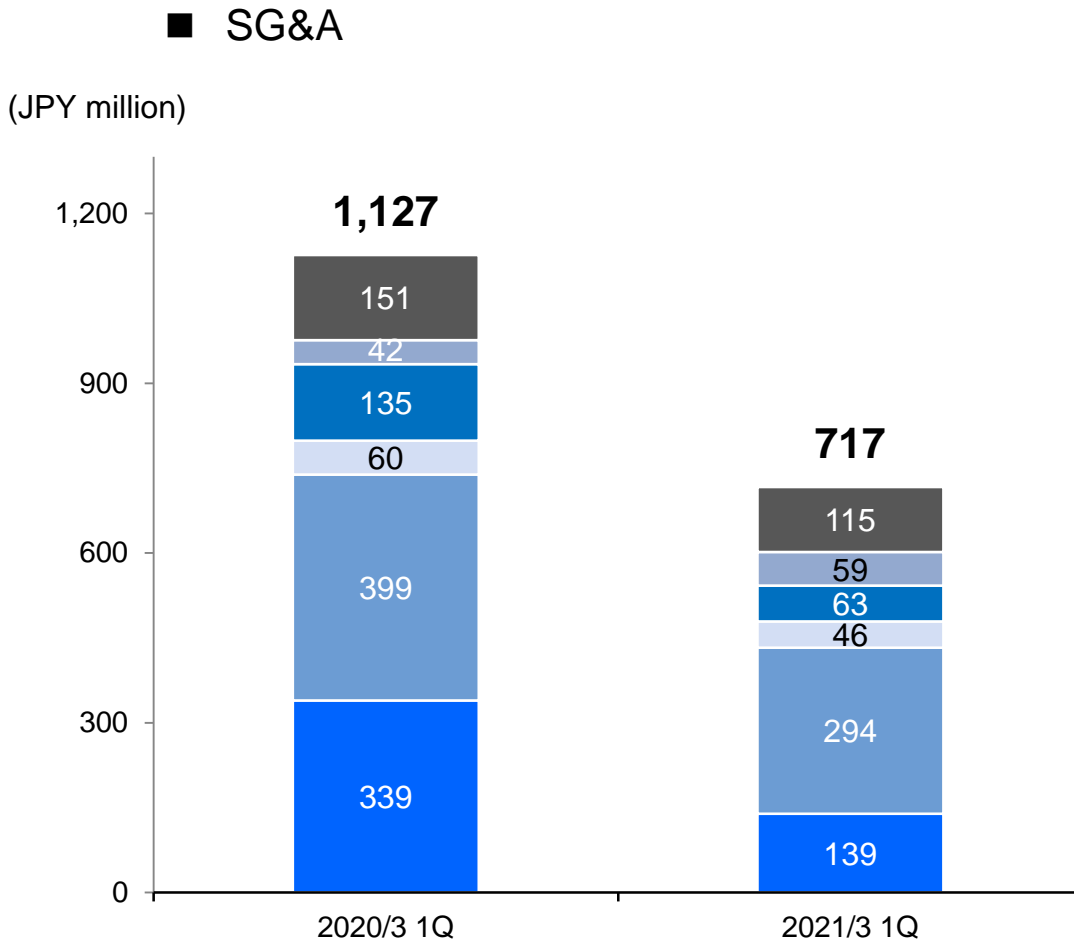
Total operating revenue after deducting financial expenses and cost of sales  
-35.6% (-454)

- Others (+1)
- Net trading income (-455) \*

\* Trading volume in cash trading of Bitcoin in Japan (excluding DMM Bitcoin)  
Total transaction Apr.-Jun., 2019 ¥3439.4B  
Total transaction Apr.-Jun., 2020 ¥2925.7B  
(-15%)

Source: Bitcoin Website in Japanese  
“Monthly market volume in Japan”  
(URL <https://jpbitcoin.com/market/volume>)

## Crypto : Cost restructuring implemented in the first half of last fiscal year contributed to a significant reduction in expenses, mainly fixed costs



SG&A Total -36.4% (-410)

- Others (-36) \*
- Advertising expenses (+17)
- Communication, freight and information expenses (-72)
- Commissions paid, exchange and association dues (-13)
- Compensation and benefits (-106)
- System related expenses (-200)\*

\* Outsourcing expenses and data processing fees decreased because of closing a local office and insourcing operations after the registration as a cryptocurrency exchange agency  
 Real estate expenses -28  
 Office cost -112  
 Depreciation -60

# QoQ Comparison (3 months) Consolidated Performance

(JPY million)

	4Q FYE Mar. 2020 (Jan. 2020 -Mar. 2020)	1Q FYE Mar. 2021 (Apr. 2020- Jun. 2020)	Variance	Rate of change	Reference
Total operating revenue after deducting financial expenses	13,556	13,208	-348	-3%	P24: Analysis of Japan segment P26: Analysis of US segment (USD) P28: Analysis of Crypto Asset segment
SG&A	11,452	11,264	-188	-2%	P25: Analysis of Japan segment P27: Analysis of US segment (USD) P29: Analysis of Crypto Asset segment
The amount equivalent to operating income	2,104	1,944	-160	-8%	
Other income / expenses (net)	-1,037	47	1,085		Breakdown in DATA BOOK P20: - Quarterly consolidated financial results (Other income and other expenses)
Quarterly profit before income taxes	1,066	1,991	925	87%	
Quarterly profit attributable to owners of the Company	758	1,425	667	88%	
EBITDA	4,179	3,969	-211	-5%	

## QoQ Comparison (3 months) Segment Performance

(JPY million)	Japan		US		Asia Pacific		Crypto Asset		Investment	
	2020/3 4Q	2021/3 1Q	2020/3 4Q	2021/3 1Q	2020/3 4Q	2021/3 1Q	2020/3 4Q	2021/3 1Q	2020/3 4Q	2021/3 1Q
Total operating revenue after deducting financial expenses and cost of sales	6,821	6,811	5,451	5,326	278	324	1,256	820	29	169
SG&A	5,863	5,777	4,951	4,790	253	264	987	717	14	19
The amount equivalent to operating income	958	1,034	501	536	25	60	269	103	15	151
Other income / expenses (net)	-495	113	-217	-11	16	6	-0	-1	0	-0
Quarterly profit before income taxes	463	1,147	284	525	41	66	269	102	15	150
Quarterly profit attributable to owners of the Company	322	747	167	428	32	51	242	111	-0	88
EBITDA	2,276	2,327	1,270	1,250	54	90	362	195	15	151

**Note**

See P24 "total operating revenue after deducting financial expenses and cost of sales" for more details. See P25 "SG&A" for more details.

See P26 "total operating revenue after deducting financial expenses and cost of sales" for more details. See P27 "SG&A" for more details.

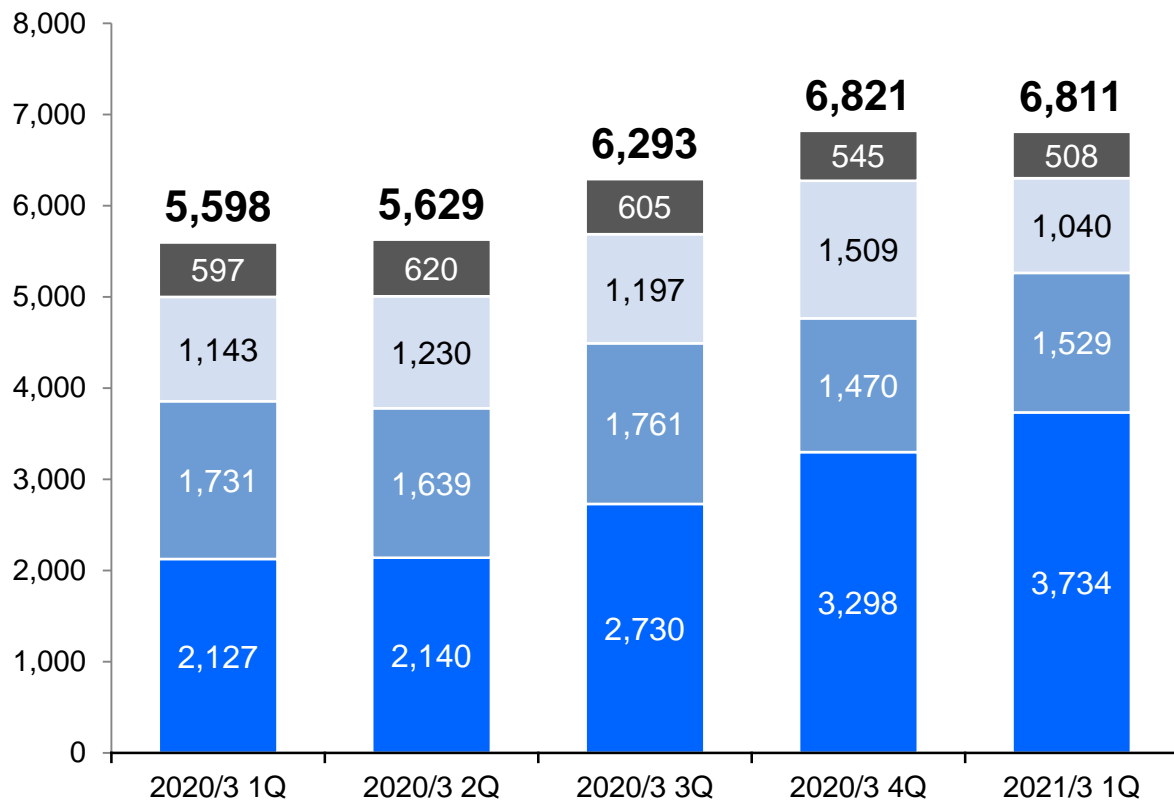
See P28 "total operating revenue after deducting financial expenses and cost of sales" for more details. See P29 "SG&A" for more details.



## Japan : Continued active stock markets throughout 1st quarter drove higher brokerage commissions, so did US equities commissions

■ Quarterly total operating revenue after deducting financial expenses and cost of sales

(JPY million)



Quarterly total operating revenue after deducting financial expenses and cost of sales -0.2% (-11)

\* Figures in parenthesis is the variance from previous quarter (JPY million)

- Others (-37)
- FX & fixed income (-469) \*1
- Net financial income (+59)
- Brokerage commissions (+436) \*2

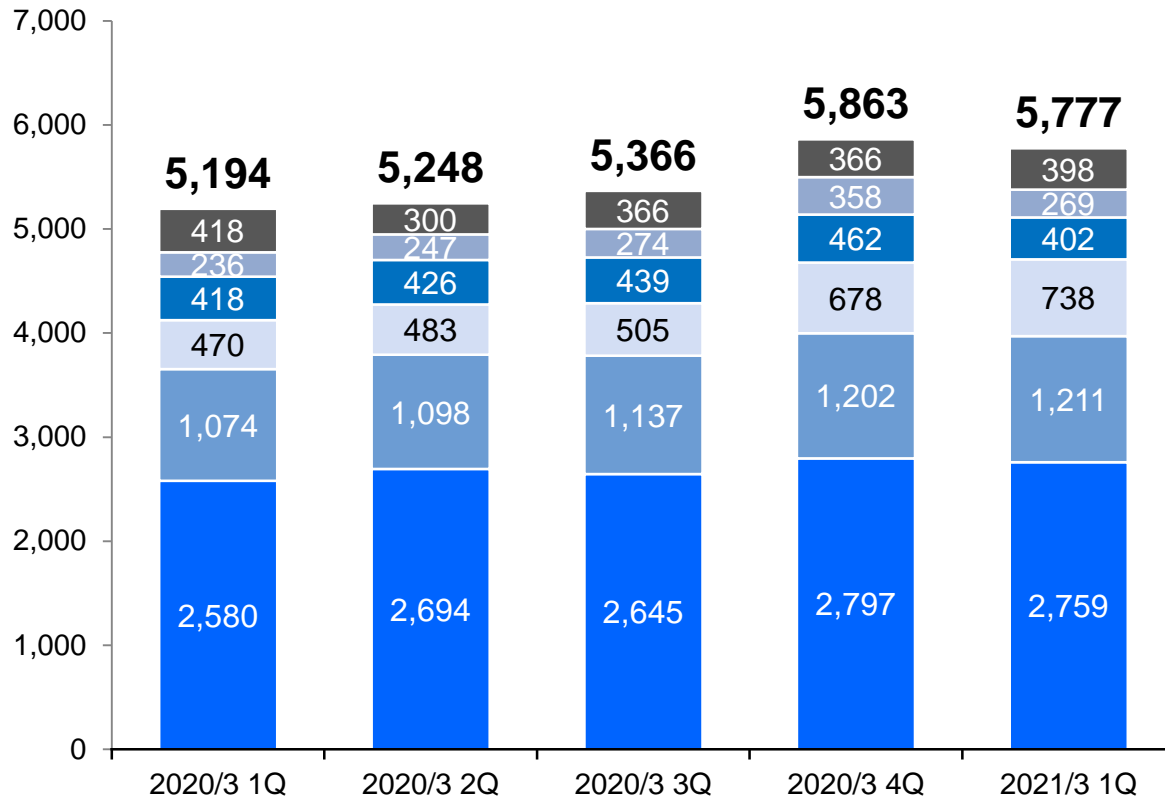
\*1 FX market share increased from 1.7% to 1.9% QoQ, though FX revenue per transaction decreased due to tighter spread

\*2 Total trading volume of individual investors in two Japanese major equity markets, incl ETFs etc. +11%  
Transaction volume of Monex Securities +11%  
Commissions from US equities 343 → 425 (+82)

Japan : Even with an increase in variable cost driven by higher trading volumes, total SG&A remained slightly decreased with an effort of cost control

■ Quarterly SG&A

(JPY million)



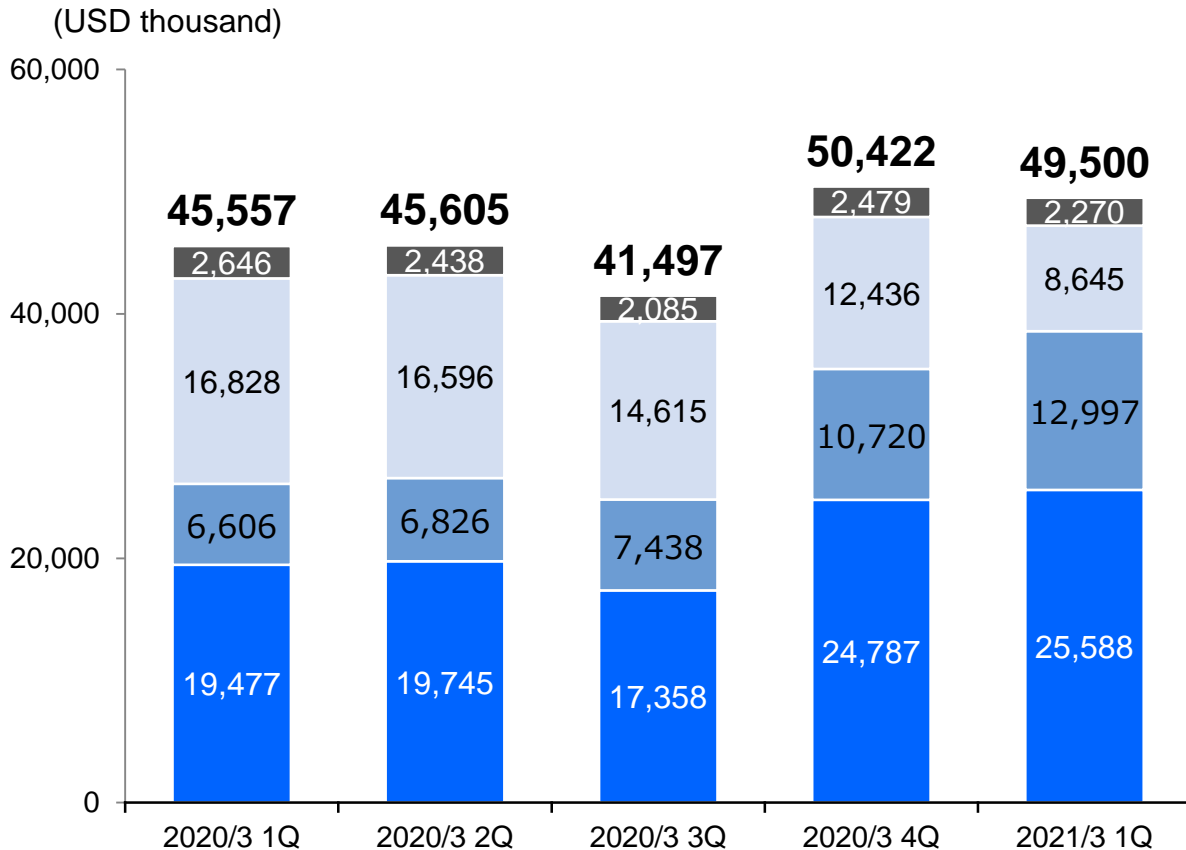
Quarterly SG&A -1.5% (-86)

\* Figures in parenthesis is the variance from previous quarter (JPY million)

- Others (+32)
- Advertising expenses (-89)
- Communication, freight and information expenses (-60)
- Commissions paid, exchange and association dues (+59)
- Compensation and benefits (+9)
- System related expenses (-38)

US : Brokerage commissions remained strong while net financial income decreased due to lower interest rates. In particular, the trading volume of equities and options increased, and so did other commissions

■ Quarterly total operating revenue after deducting financial expenses and cost of sales



Quarterly total operating revenue after deducting financial expenses and cost of sales -1.8% (-922)

\* Figures in parenthesis is the variance from previous quarter (USD thousand)

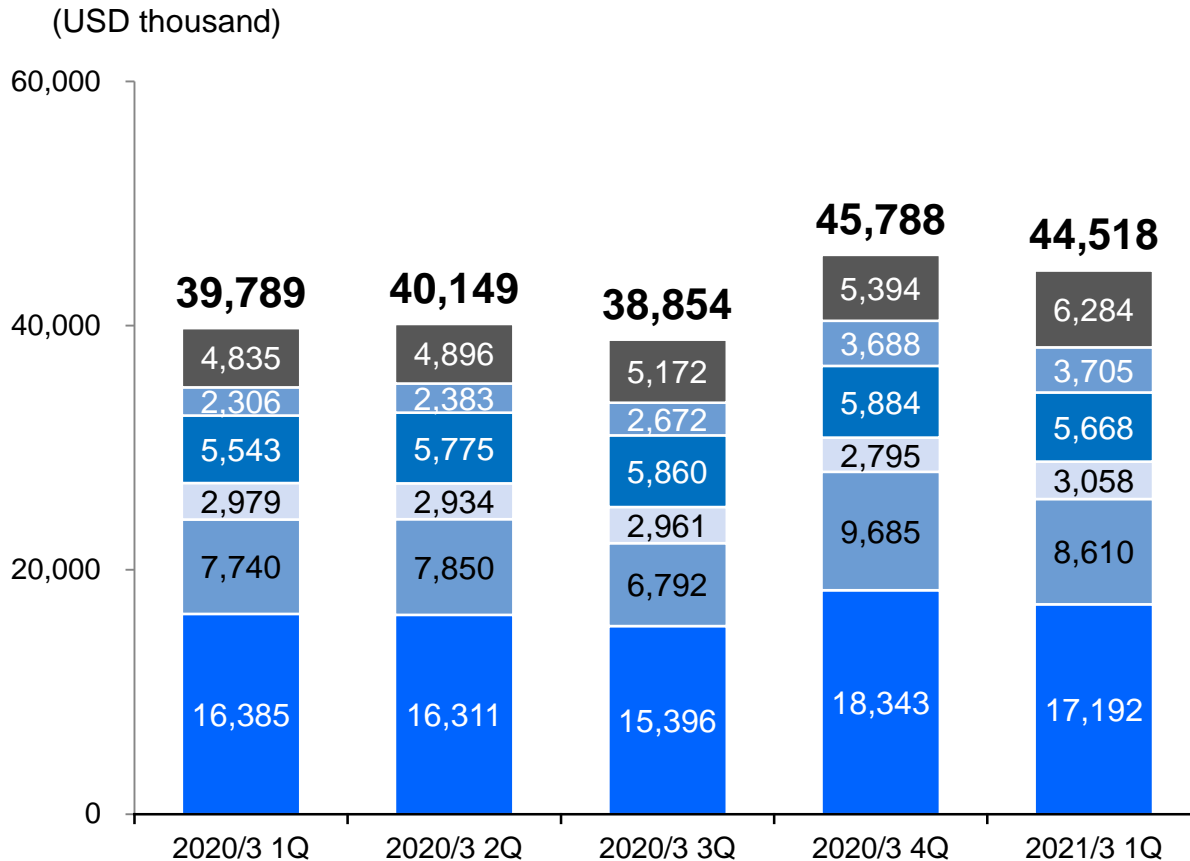
- Others (-209)
- Net financial income (-3,791) \*1
- Other commission (+2,277) \*2
- Brokerage commissions (+801) \*2

\*1 Securities lending: \$0.6M

\*2 VIX Daily Average: 31.2→34.5  
DARTS QoQ: +33%

US : Commissions paid decreased because of an increase in equity and options trading, generating lower commissions paid, as well as volume discounts on higher trading volumes. Compensation and benefits decreased due to reduction in force and lower incentive expenses.

■ Quarterly SG&A



Quarterly SG&A -2.8% (-1,271)

\* Figures in parenthesis is the variance from previous quarter (USD thousand)

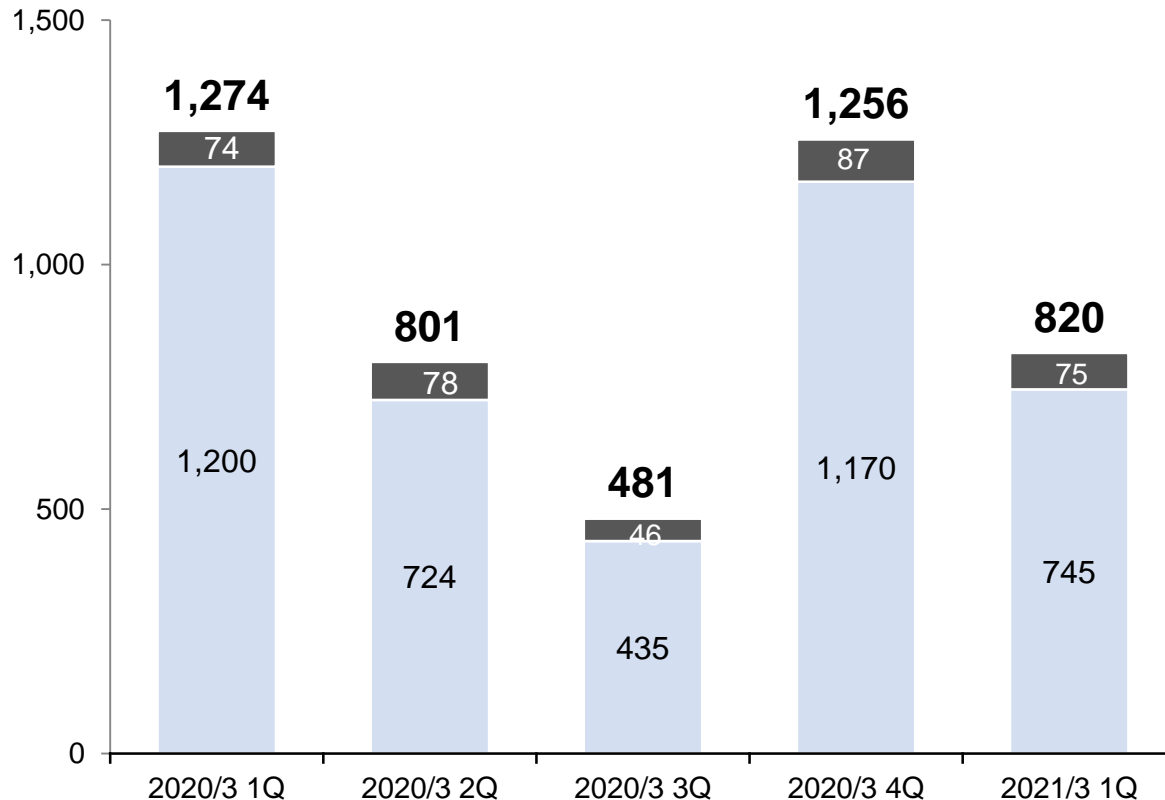
- Others (+890)
- Advertising expenses (+18)
- Amortization and depreciation (-216)
- Communication, freight and information expenses (+263)
- Commissions paid and association dues (-1075)
- Compensation and benefits (-1,150) \*

\* Included \$1.6M in severance pay for a reduction in force

## Crypto : Net trading income decreased because of lower trading volume at Coincheck under a sluggish cryptocurrency markets

■ Quarterly total operating revenue after deducting financial expenses and cost of sales

(JPY million)



Quarterly total operating revenue after deducting financial expenses and cost of sales **-34.7% (-436)**

\* Figures in parenthesis is the variance from previous quarter (JPY million)

- Others (-12)
- Net trading income (-424) \*

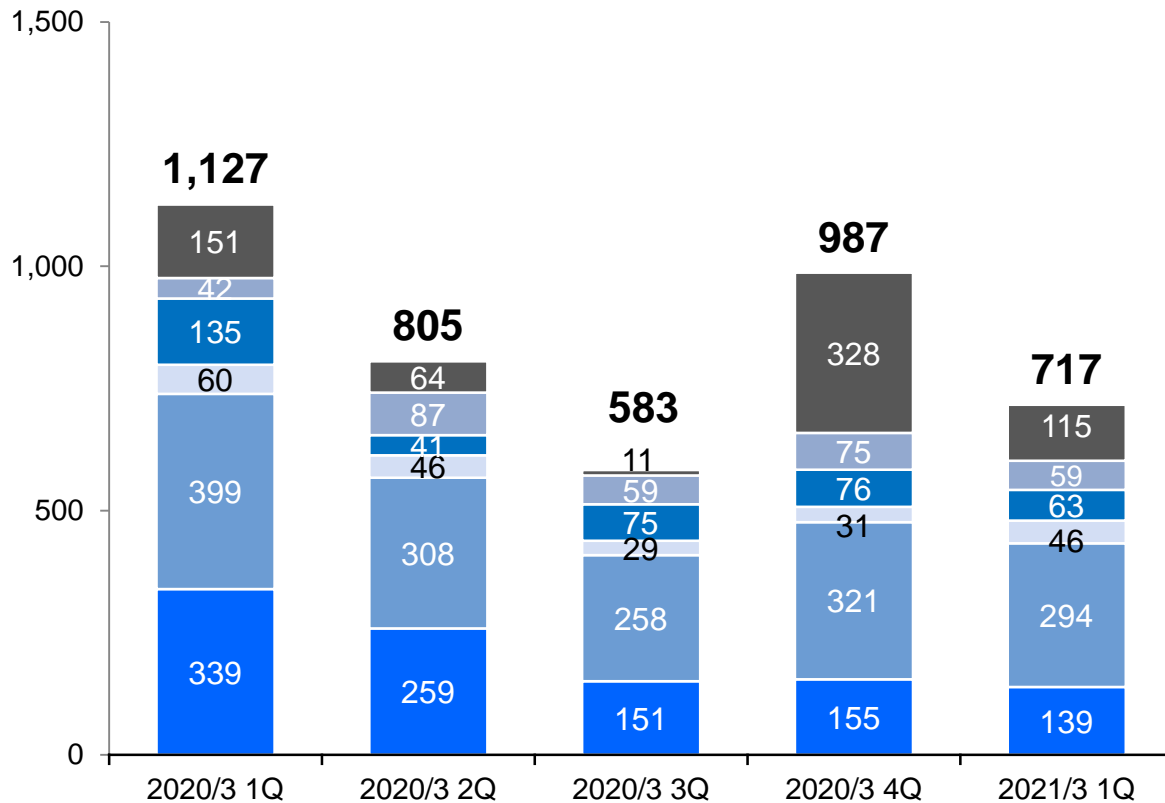
\* Trading volume in cash trading of Bitcoin in Japan (excluding DMM Bitcoin)  
 Total transaction Jan.-Mar., 2020 ¥2651.6B  
 Total transaction Apr.-Jun., 2020 ¥2925.7B (+10%)

Source: Bitcoin Website in Japanese  
 “Monthly market volume in Japan”  
 (URL <https://jpbitcoin.com/market/volume>)

# Crypto : Continued expense control after the cost reduction in FY2019 remained effective and provided a normalized level of quarterly SG&A

## ■ Quarterly SG&A

(JPY million)



## Quarterly SG&A -27.4% (-270)

\* Figures in parenthesis is the variance from previous quarter (JPY million)

- Others (-213)\*
- Advertising expenses (-16)
- Communication, freight and information expenses (-13)
- Commissions paid, exchange and association dues (+15)
- Compensation and benefits (-28)
- System related expenses (-16)

\* Coming off annual settlement of consulting fees to Monex Group, Inc. -202

## The difference between “Net capital” and “Non-current assets” is the source of funds for investments and shareholders distribution

◆ Summary of consolidated statement of financial position as of June 30, 2020

<u>Assets</u> JPY 1,102.6B	<u>Liabilities</u> JPY 1,024.8B
Major assets: Assets related to financial instruments trading business      JPY 862.3B	Major liabilities: Liabilities related to financial instruments trading business      JPY 1,011.0B
Others      JPY 56.8B	Others      JPY 13.8B
Cash and cash equivalents JPY 125.7B	
Non-current assets (*1) JPY 57.8B	Net capital JPY 77.8B

(\*1) Non-current assets

Property and equipment	JPY	4.7B
Intangible assets (Goodwill)	JPY	17.0B (*2)
Intangible assets (Identifiable intangible assets)	JPY	9.1B (*3)
Intangible assets (Software and others)	JPY	19.9B
Equity method investments	JPY	0.3B
Available-for-sale investments in securities (Lv.3)	JPY	6.8B

(\*2) Goodwill: JPY 17.0B

Japan JPY 7.8B, US JPY 8.8B, Asia Pacific JPY 0.4B

(\*3) Identifiable intangible assets: JPY 9.1B

US JPY 8.6B, AP JPY 0.5B

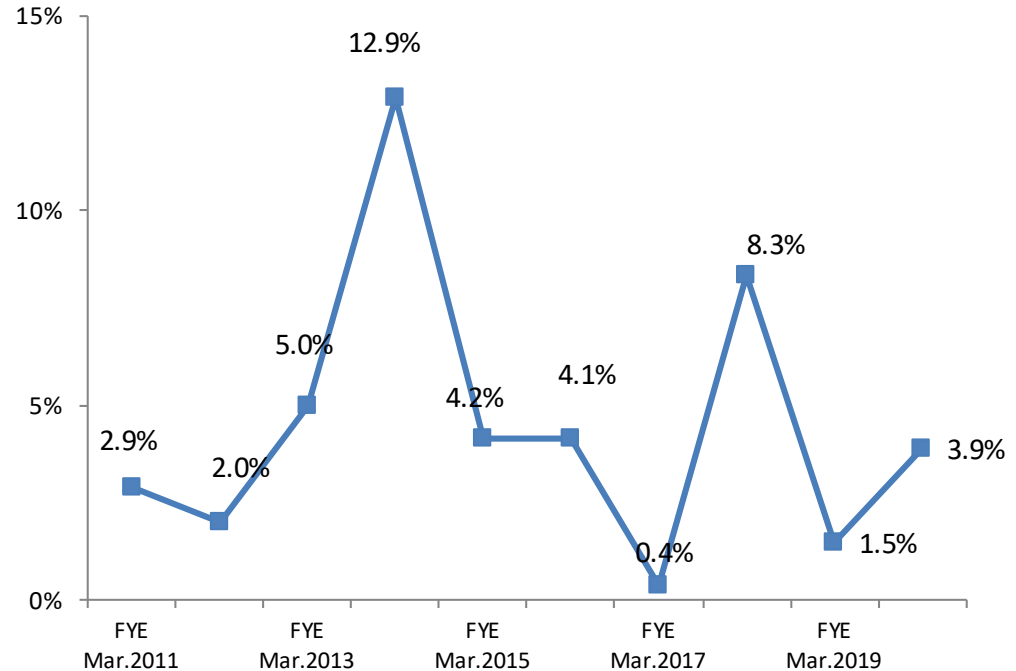
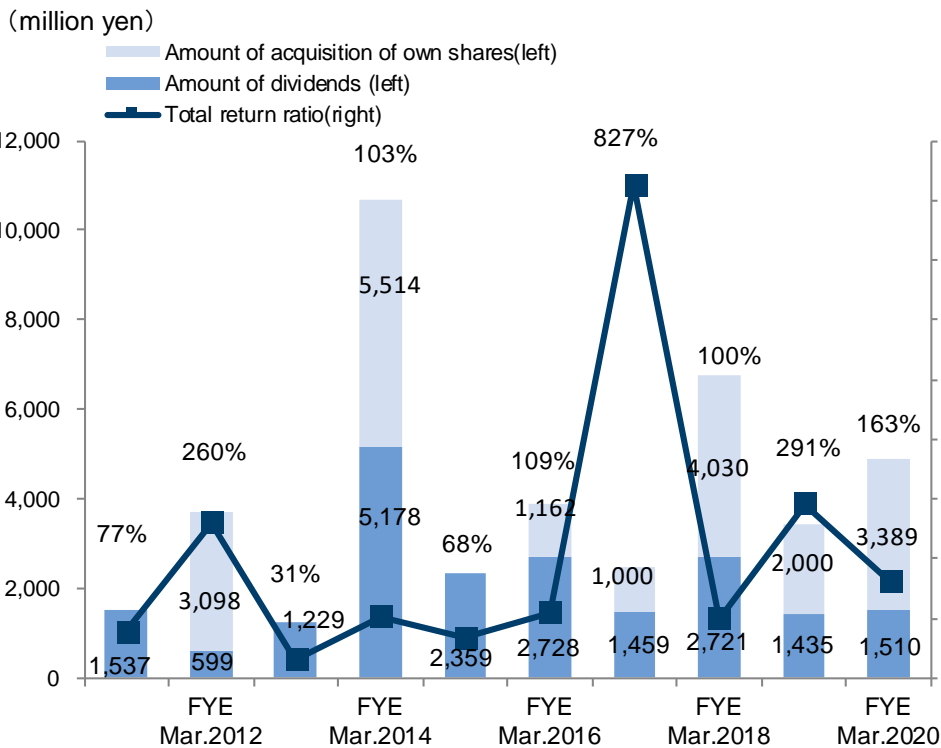
◆ The JPY 20.1B difference between Net capital (JPY 77.8B) and Non-current assets (JPY 57.8B) is the source of funds for the following:

1. To comply with capital adequacy ratio regulations for securities subsidiaries in Japan and overseas
2. Internal reserve for investments in future businesses
3. Shareholders distribution (dividends + share buyback)

# Total return ratio (\*1) is aimed at 75% on a multi-year basis

◆ 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) Refer to P54 "Dividend history" for more information of dividend per share

(\*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, 2.0B in Aug. 2018, 3.4B in Jul.- Aug. 2019



- 
- I. Highlights
  - II. Consolidated Performance
  - III. Business Update**

Appendix. Group Overview

In addition to favorable Japanese equity commission revenues, our US equity trading service set a record in quarterly revenues and the number of transactions

## Japanese equity trading

- Our trading value increased by **72%**, while market trading volume per day went up 56% YoY
- Monex's market share increased YoY

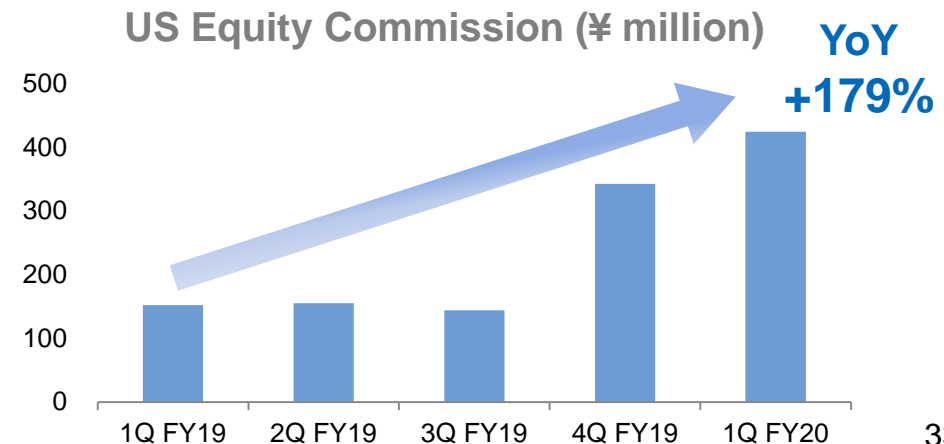
Trading Volume Share	FY2019 1Q	FY2020 1Q	Increase
Cash Trading	6.92%	7.12%	+20bpt
Margin Trading	4.26%	4.90%	+64bpt
Total	5.08%	5.64%	+56bpt

## Margin balance

- Due to successful measures, customer's margin balance increased by **15%** from March 2020. Monex aims to increase margin balance further by allowing customers to use margin trading collateral to earn interest from stock-lending and other services

## US equity trading

- Number of transactions and active accounts increased by **370%** and **240%** respectively YoY
- Number of tradable US stocks is 3,700, **the largest among the major online brokers in Japan**. New listings proactively added upon customer request
- Free exchange fee program (only when purchase) will continue to drive trading volume even further
- Earn interest income by managing customers' deposits in US dollars



## Transform business into asset-management model, and expand new initiatives

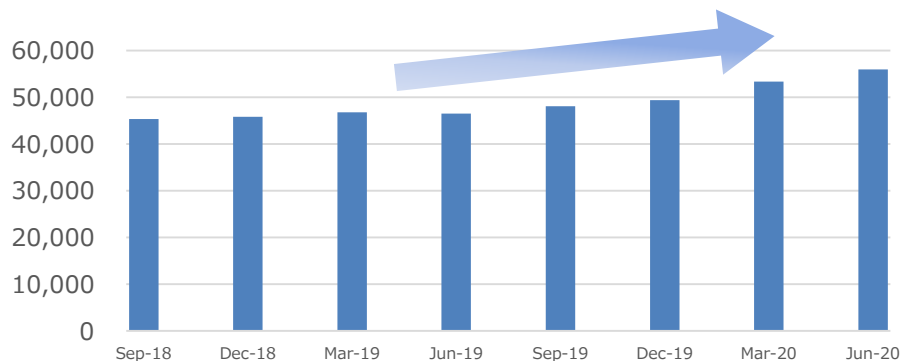
### Monex Activist Fund

- A professional investment approach combining bottom-up research and market insights
- Successful public offering of the investment trust in Jun. **¥ 4.2 B assets under management** as of June 30, including private placement

### Mutual Funds

- Daily installment service was launched in January, which drove growth in the number of installment accounts by 5% QoQ (about **56k in total**)

Number of mutual fund installment accounts



### ferci - Trading community app

- Designed for people who frequently use smartphones, ferce helps beginner traders to start stock trading
- Enhanced community function by adding a Twitter posting feature. Growing **community activities** and interactions among users in the app

### IFA - Independent Financial Advisor

- Under the concept "**Premium IFA**," Monex entered into contracts with IFAs carefully selected from a large number of applications. As deposits are gradually accumulated, focus on building a firm operation structure

### Cryptoasset CFD service

- Launched cryptoasset CFD service in July **for the first time** for among major online brokerage firms. Expect more synergy effect with **Coincheck**

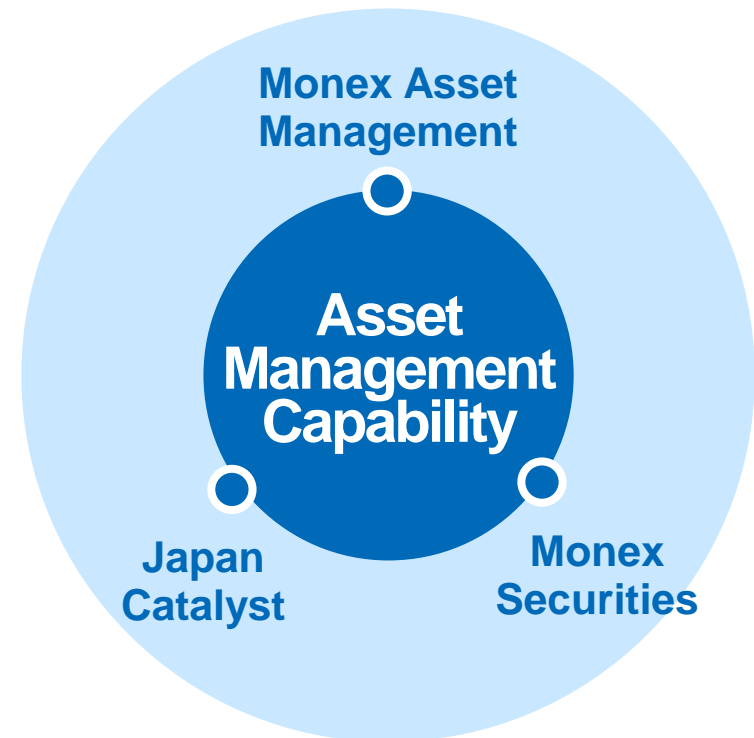
Monex Activist Fund provides individual investors with a new investment experience. **Monex Group's asset management capability** will drive our business transformation to an asset management model

## New investment experience for individual investors

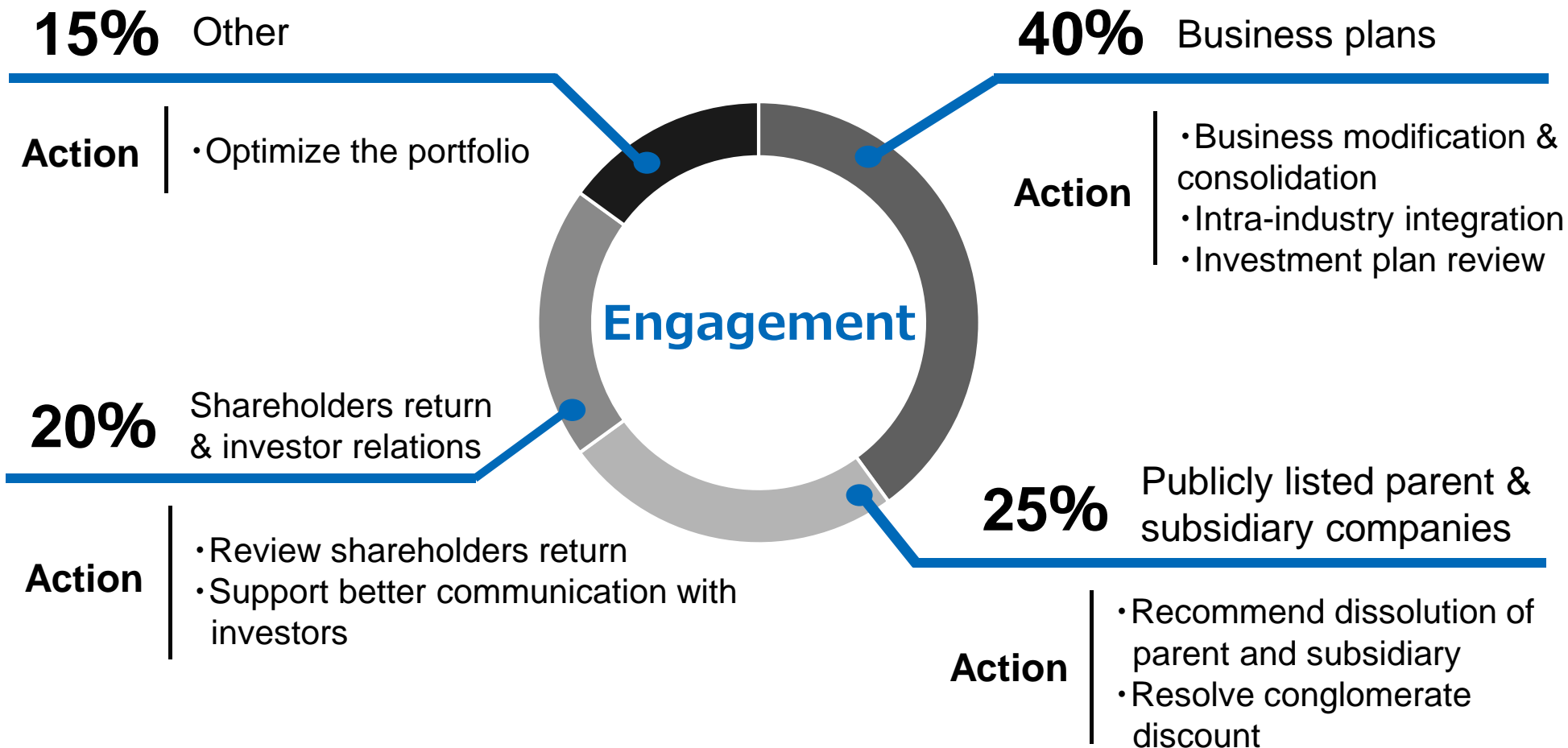
Engage with companies by reflecting the voices of individual investors along with the opinions of professionals at Japan Catalyst

Pass on the benefits of feedback to individual investors and promote transformation of Japanese capital markets

## Accelerator of asset management model transformation



Monex Activist Fund got off to a great start with AUM of ¥ 4.2 B, aiming for ¥ 60 B AUM in total after a year

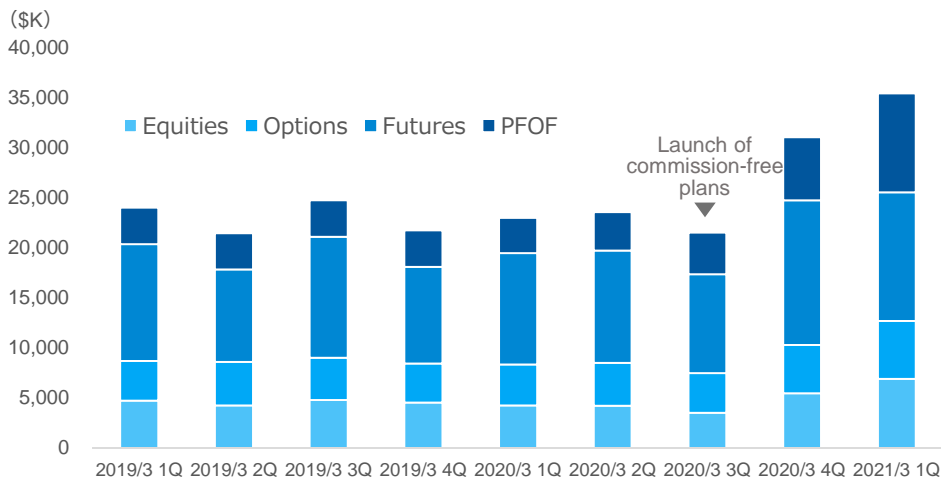


The above diagram is based on information as of May 2020 to provide a deepening understanding of the Fund's investment strategy and will be frequently updated with substantive information on the Fund's holdings

# Revenues related to trading increase significantly even after commission-free plans

## Brokerage Commissions & Fees

- Trading volume (DARTs) increased **2.3** times YoY and **1.3** times QoQ from sustained market volatility
- Commission-free plans, which lower the barrier to trade, also contributed to higher transaction volume which in turn, drives **other commission related fees**



## Account Transition

- Number of active accounts exceeded **110K** with several factors contributing to record account growth:
  - TS Go and TS Select commission-free plans
  - New marketing website
  - Shift in marketing spend to SEO and SEM
  - Strong API growth, including the global trading community, **TradingView**
  - Several new products, including **crypto trading, crypto lending, YouCanTrade**, etc.



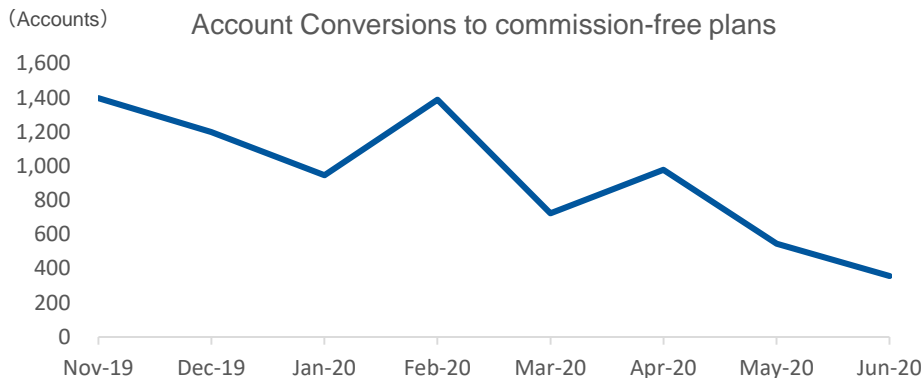
\* Beginning April 1, 2020, the Active Account definition has changed to include any account with a balance of more than \$0. Active Account data before April 1, 2020 has not been restated to reflect the definition change

# New business initiatives to diversify revenue sourced for offsetting revenue decline

## Impact of commission-free plans & lower interest rates

- Although Fed interest rates are nearly zero due to the Federal Reserve Board’s interest rate policy, fund management methods linked to LIBOR and other factors have resulted in a net interest income(\*) of **\$5M** in 1Q.
- Converting to commission-free plans (TS Go/Select) from legacy plans has slowed down significantly. Further conversions will be limited.

\* Excluding income from margin trading and stock lending



## TradeStation Crypto

- Launch of cypto iOS and Android mobile apps and Web Trading integration in July
- Now can offer service in **40** states/district (as of July 29, 2020)
- Plans to launch **Crypto Earn**, a C2B2B crypto lending service in late July
- TradingView API integration launch in September

## YouCanTrade

- Launched **community iOS app** in July. The app drives community growth with usability
- Community member grew to nearly **9K** members
- Launched 2 new channels (total now of 7 channels)
- Launched 2 new live shows

## The cost-effective marketing initiatives expand users steadily

### Core business as No.1

**No.1\***

app DLs in the cryptocurrency exchanges

**No.1**

in the number of active users

# of app DL **2.96M**

# of registered users **2.08M**

# of users with ID confirmed **0.96M**

**No.1\*\***

in the number of cryptocurrencies  
available in Japan exchanges

**13** types of crypto currencies available  
(including new cryptocurrency trading in 1Q)

### Efforts in 1Q

- **Coincheck Lending**

Launch of a new plan “180 days (annual rate of 4.0%)”

Lowered the minimum loan amount to ¥10,000 worth of cryptocurrency

- **Periodic Purchases**

Begin 11 types of Altocoins offerings

- **Bitcoin as Monex Group Shareholders Benefit**

The number of new registrations through Monex Group shareholder benefits increased dramatically compared with the last time (Nov. 2019)

\* Included: cryptocurrency exchanges app Term: Jan. 2020 to Jun. 2020 Source: App Annie

\*\* As of July 29, 2020



## Accelerating growth by strengthening core business earnings and entering new business areas

### Core Business

Exchange and Marketplace



- ✓ Increased the number of cryptocurrencies
- ✓ Improved UI/UX based on user needs
- ✓ Developed services to expand customer base
- ✓ Promoted inter-group cooperation
- ✓ Implemented cost-effective marketing initiatives

### Business development utilizing core business

#### Cryptocurrency Related Business (Staking services, crypto lending, etc.)

- ✓ Development of new services
- ✓ Promotions to expand customer base

#### Initial Exchange Offering \*

- ✓ Considering a full-scale launch in FY2020

### Expansion into businesses with high affinity with core business

#### Virtual shareholder meeting support services using blockchain

- ✓ Preparing to launch the service in fall 2020 or later (details on the next page)

\* Fundraising method using utility tokens

## Virtual shareholder meeting support service, “Sharely”

- “Sharely”, comprehensive virtual shareholder meeting service, will be offered in fall 2020 or later
- Considering the implementation of a blockchain system that eliminates vote tampering

### 3 features of Sharely

#### Support “hybrid remote attendance-type”

With a hybrid remote attendance type, voting and questions can be conducted both on-site and online, enabling smooth aggregation of advanced and onsite voting results on the day of the meeting.

#### Scenario Development Support

In addition to system proposals, provide support for scenario and business design. Support the creation of optimal scenarios in accordance with the Ministry of Economy, Trade & Industry's practical guidelines, based on examples from other companies

#### Ability to work with existing partners

Services can be utilized without a change in currently affiliated service providers, such as stockbrokers, meeting notice printers or other

# Gathering examples of blockchain use and aiming for synergistic effects with external and internal businesses

## LOOKBLOCK

- LOOKBLOCK**



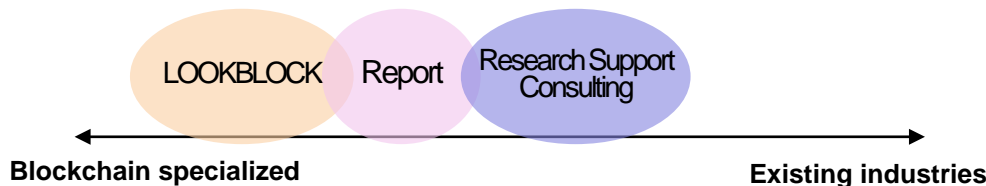
A database service specializing in blockchain and cryptocurrencies. Individual reports are available in addition to the database last April

- Blockchain Data Book 2020**

Report covering the latest trends in the Japanese blockchain business in a structured way was released on Jun. 30, 2020

- Research support and consulting**

Planning to offer services to outside parties utilizing knowledge accumulated through the development of LOOKBLOCK. Will focus on the area of connections between blockchain and existing industries



## Cryptocurrencies and Blockchain

- BLOCK INSIGHT**



A web-based media delivering latest trends and news regarding blockchain and cryptoassets. In-house professional writers provide high-quality, competitive information

- Cheese**



A smartphone app “Cheese” gives users Bitcoins by just reading news feeds or answering surveys on the app

- GENEX**

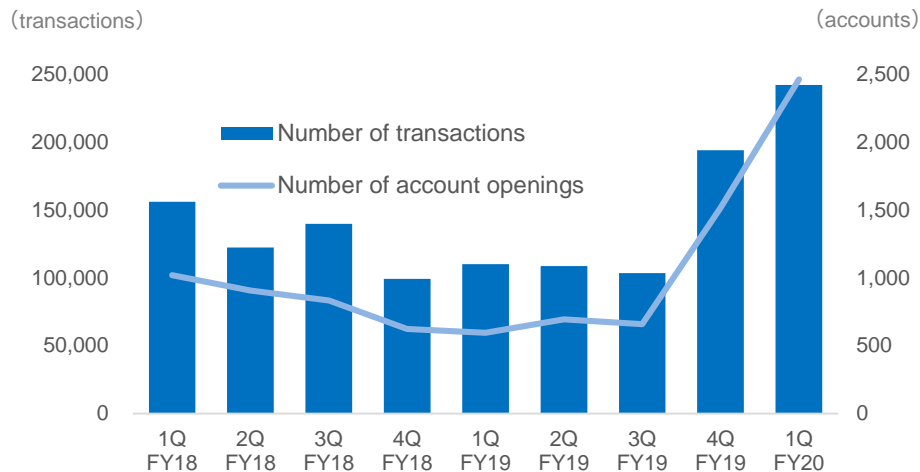


Planning to begin the development of platform services that store and manage whole genome sequences and other medical and healthcare information. Aiming for expanding into drug discovery and medical/healthcare related services. Already started discussions with potential partner companies. GENEX will utilize blockchain for the platform

# Revenue rose with higher trading volume. Number of active accounts increased significantly

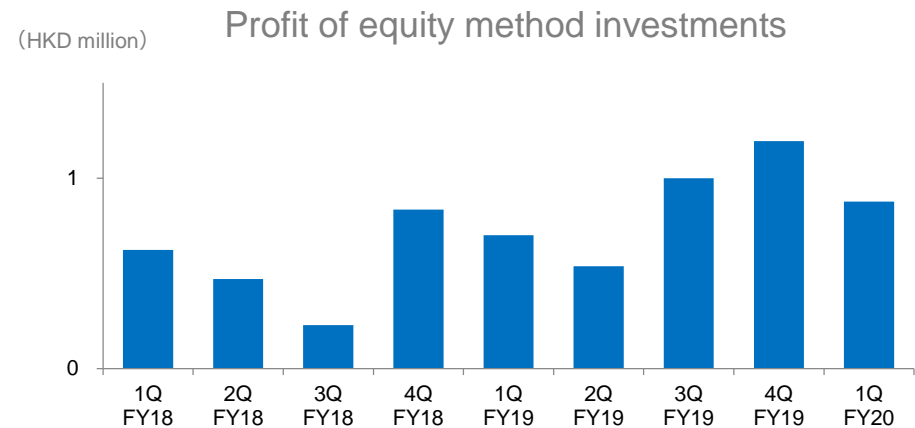
## Monex Boom Securities (HK)

- Number of transactions +25% QoQ
  - Number of account openings +62% QoQ
- Number of transactions and account openings increased significantly due to active stock markets and more people staying at home



## Cherry Technology Co., Ltd (China)

- The number of transactions and account openings were both strong due to active trading in the A-share market.
- Providing technology and knowledge of online brokerage business through a joint venture in PRC. Recorded profit in equity method investments for the last 13 consecutive quarters



Segment profit was ¥150M due to valuation gains on investments.  
 Second flag ship fund, MV2, is under preparation

Details of MV1 Fund

Features	Active support for startups in product development and growth stages
Investment Size	2.65 billion yen (Founded in Jan. 2019)
Investment Record	Invested in 47 start-ups who have advanced and innovative services (As of Jun. 30, 2020)

Recent Investment Record of MV1

Robotics 	Marketplace 	AI / Sports-tech 
Drone 	Blockchain 	

R&D purpose investment\*

IoT 	Blockchain 	Cryptocurrency 
Blockchain 	Cryptocurrency 	Cryptocurrency 
STO Platform 	Cryptocurrency 	Cryptocurrency 

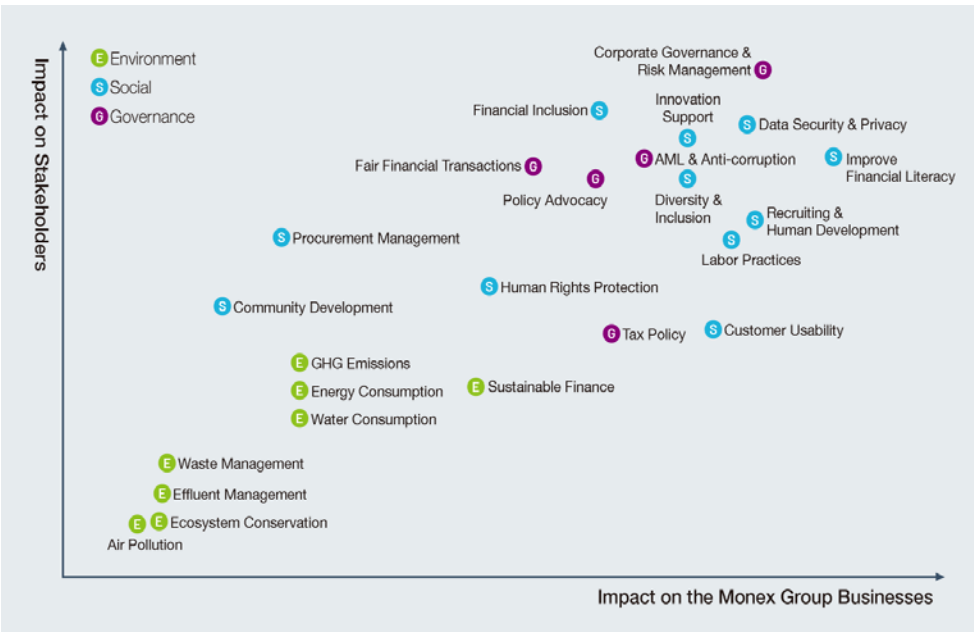
\* Including the investments aside from Investment Segment

Based on our corporate philosophy, we aim to sustainably increase corporate value by addressing ESG topics related to our medium- to long-term business areas within our core business

**Materiality Matrix**

**Disclosing Materiality Matrix**

- Prioritized ESG topics based on our group challenges and the social issues. The chart below is disclosed on our website\*



**ESG Initiatives**

**Corporate Governance**

- Established a corporate governance system by global standards (P.50)

**Risk Management**

- Monex Group organizes a monitoring system to covers each subsidiary's risks comprehensively

**Cyber Security**

- Risk-based approach helps with planning a countermeasures for identified risks and implement continuous improvement activities

**Other ESG Initiatives**

- Held ESG training/briefing sessions for the company's directors and employees in Japan with approximately 200 employees online audiences
- Established a group-wide code of conduct and human rights policy\*

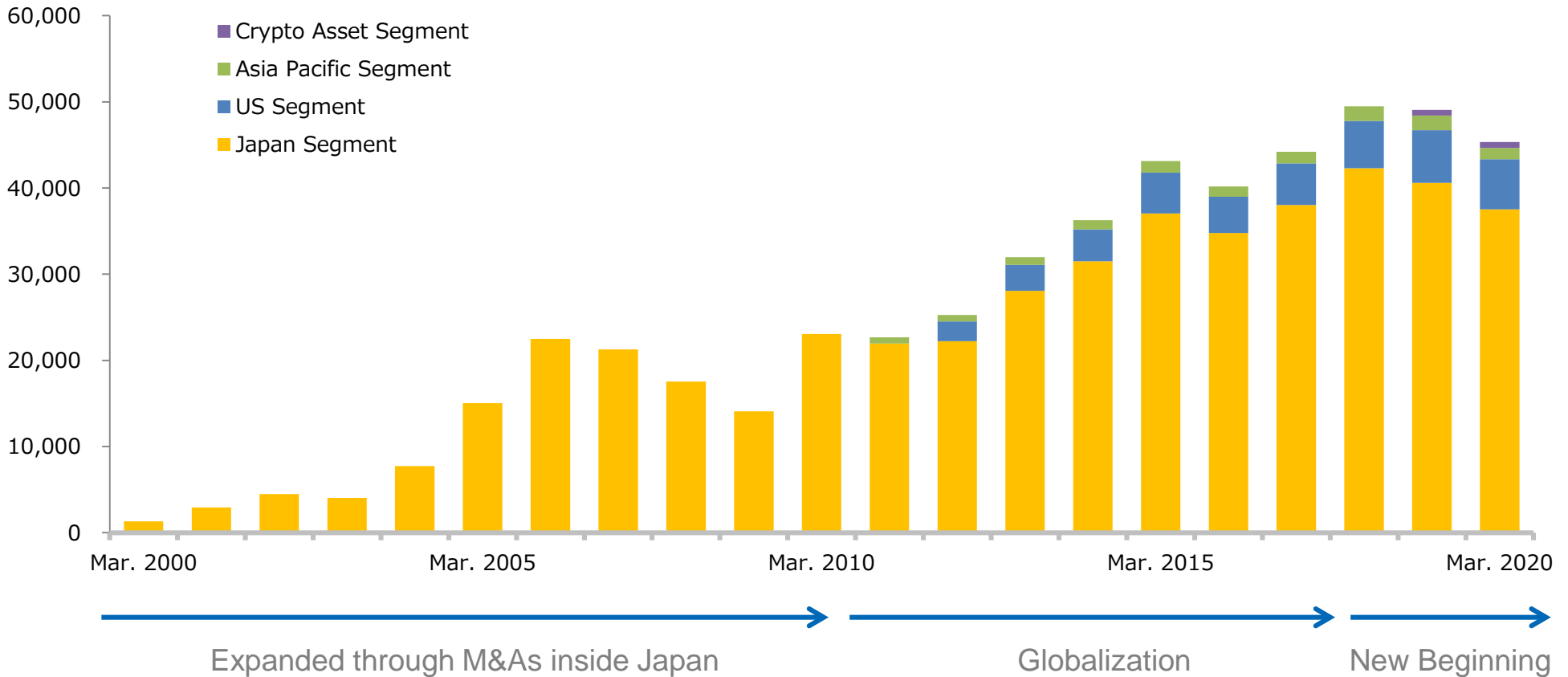
\*<https://www.monexgroup.jp/en/esg.html>

- 
- I. Highlights
  - II. Consolidated Performance
  - III. Business Update

## Appendix. Group Overview

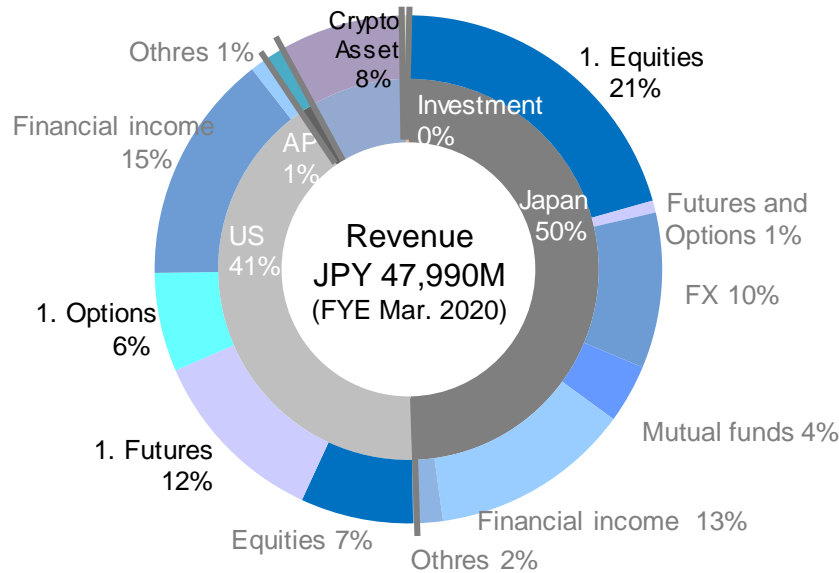
- ✓ Japan: 1.86M accounts, Crypto Asset: 2.03M users, US: 104K accounts, AP: 14K accounts. Established global customer base as a group
- ✓ Aim for continuous growth in the online brokerage business and enhancement of crypto asset business for retail investors as our core business

(JPY 100 million) ◆ Consolidated Assets in Custody

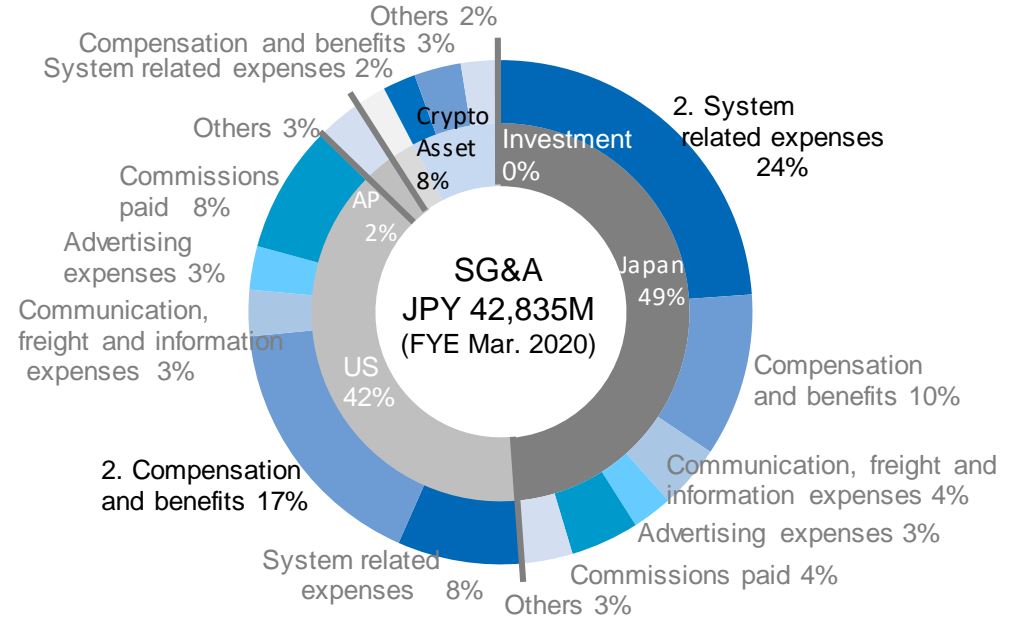




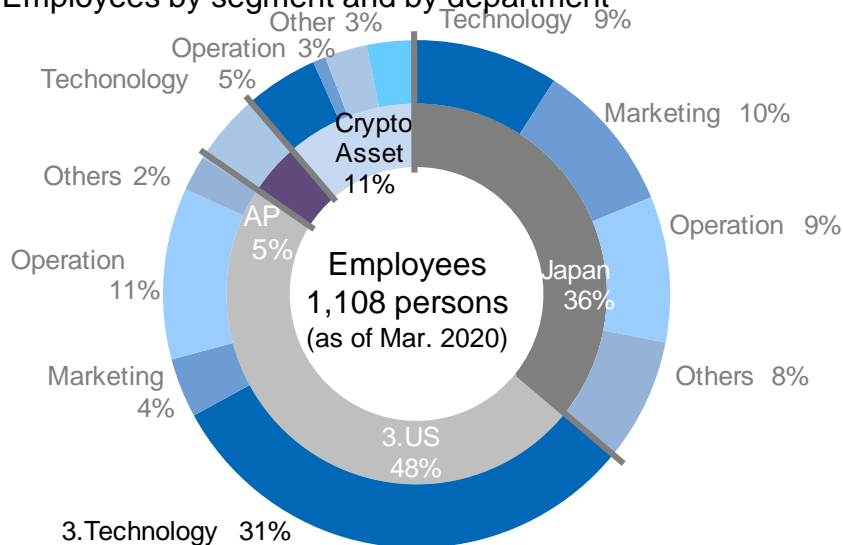
◆ Total operating revenue after deducting financial expenses by region and by business



◆ SG&A by segment and by cost items



◆ Employees by segment and by department

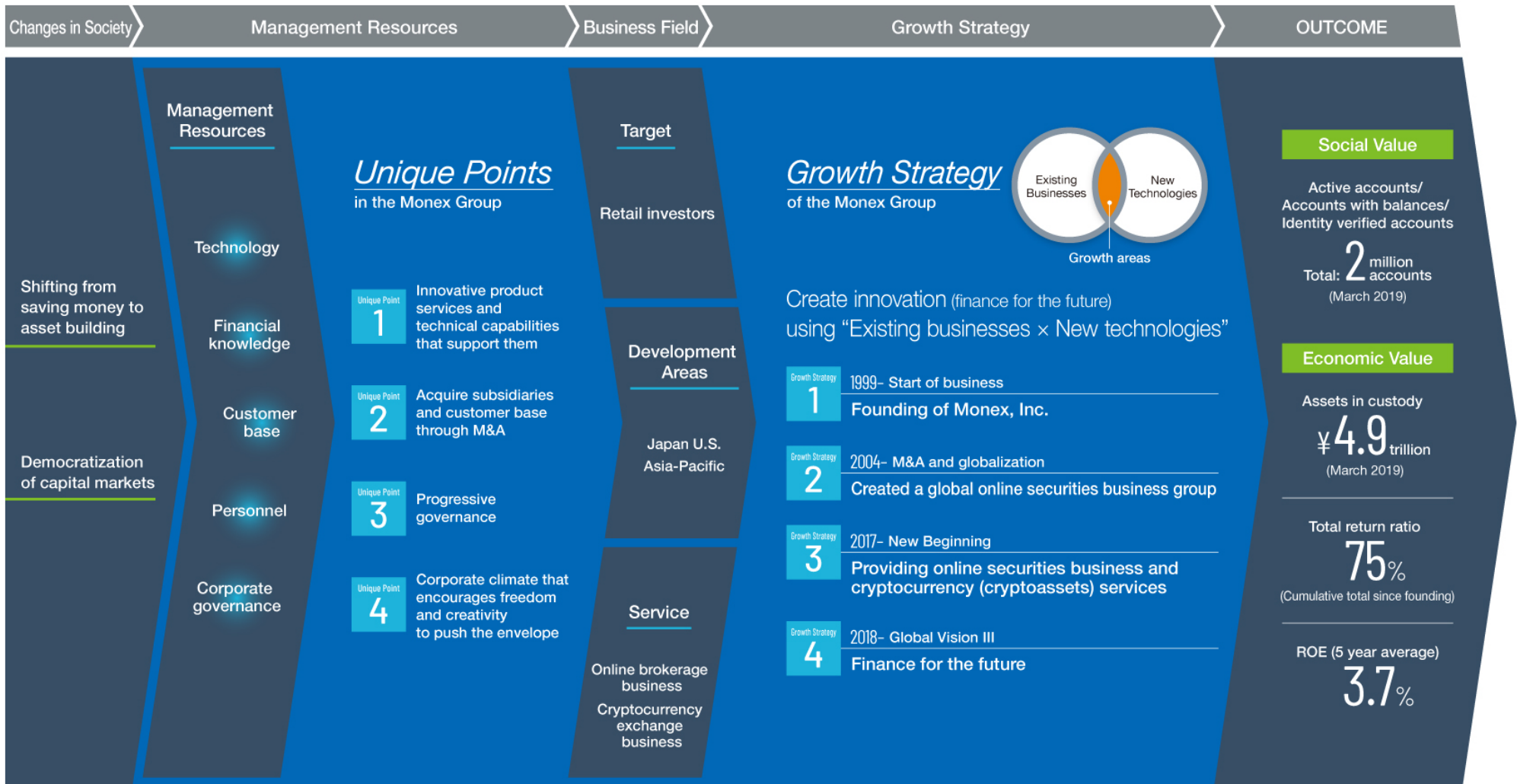


\*1 Total operating revenue after deducting financial expenses : Japan accounts for 1/2. Revenue in Japan primarily from equities while revenue in the US primarily from futures and options

\*2 Total SG&A : Japan accounts for 50% and US accounts for 40%. However, half of the Japanese portion is made up of system related costs, whereas the largest percentage of the US total is from compensation and benefits costs

\*3 Employees: US accounts for 50%. US has a larger number of system related employees as it internally develops its system

# Democratization of capital markets is our core value and the key driver for the Company's sustainable growth



## Established global-standard corporate governance practices and emphasis on dialogue with retail/institutional investors

Adoption of “company with three committees” structure - highly effective executive management monitoring system

- Adopted “company with committees” structure in June 2013
- Each of the three committees is chaired by an independent and outside director

## Directors with various backgrounds

- Six out of nine directors qualify as “independent and outside” directors and four out of six independent and outside directors have managed companies
- Appointed a lead outside director. Actively exchanges opinions at meetings led by the lead outside director and composed mainly by independent and outside directors
- Various backgrounds: Management experience (current/former CEOs of listed companies or global companies), expertise (lawyer, CPA), business experience (finance, IT, global business), culture and society (gender, country of residence, nationality)

## Fair disclosure and dialogue for retail/institutional investors

- Timely and fair information disclosure both in Japanese and English
- Active dialogue with shareholders: CEO holds quarterly presentation sessions for retail shareholders
- Annual general meeting of shareholders is held on weekend so that retail shareholders can attend the meeting, also we stopped to ask the questioner to make a statement of his/her name or the shareholder number at its QandA session  
(Reference)  
16th ordinary general meeting of shareholders (June 20, 2020); Attendance of shareholders: 94 (+Live Stream)

Listed Holding Company

# MONEX GROUP

Monex Group, Inc.

(As of June 30, 2020)

[Japan]

Online Securities Company



Monex, Inc.  
Comprehensive investment  
service provider

Cryptocurrency exchange  
service provider



Coincheck, Inc.  
Cryptocurrency exchange "Coincheck"  
Our investment ratio: 99.7%

Corporate Venture Capital



Monex Ventures, Inc.  
Venture capital business

Cryptocurrency

**Monex Crypto Bank, Inc.**

Management of a web media, Monex Cryptocurrency  
Lab. Research, study, plan, development and  
consulting of cryptocurrency related services

Asset Management



**Monex Asset Management**

Small-lot and low-cost discretionary investment  
management wrap service

**Japan Catalyst, Inc.**

Investment Advisory and Agency Business

[US/Europe]



TradeStation Group, Inc.  
Holding Company in the U.S.

Online Securities Company

TradeStation Securities, Inc.  
Service appealing to active traders (US)

Trading Community

YouCanTrade, Inc.  
(US)

Cryptocurrency

TradeStation Crypto, Inc.  
(US)

Technology

TradeStation Technologies, Inc.  
(US)

TradeStation Global Services, S.A.  
(Costa Rica)

[Asia Pacific]

Monex International Limited  
Holding Company in Hong Kong

Online Securities Company



Monex Boom Securities (H.K.) Limited  
Online securities group in Hong Kong

Beijing Representative Office  
(Monex, Inc.)

Online Securities Company



Monex Securities Australia Pty Ltd  
(Australia)

Technology support

Cherry Technology Co., Ltd  
[Equity method affiliates]  
Our Investment Ratio : 49%

\* Companies with no reference to investment ratio are wholly-owned subsidiaries of Monex Group, Inc.

## ■ Monex, Inc. (Tokyo, Japan)

One of the major online brokerage firms in Japan

- President : Yuko Seimei
- Founded in 1999
- Aims to provide retail investors the level of creative products and services offered to institutional investors
- First in the Japanese industry to offer unique services and products for retail investors (Examples): PTS/ECN, stock lending, lead manager in an IPO as an online broker, RMB bonds, No.1 U.S. equity service in Japan (the largest number of stock names available, the longest trading hours and the lowest commissions), offering the largest-class private equity fund in the world, First smartphone app for US equity as major online broker
- Products and services: Equities (Japan, U.S., Hong Kong), futures and options, FX, mutual funds, bonds, investment education, etc.
- # of total accounts: 1.87 million
- # of active accounts: 1.07 million
- (“Active accounts”: accounts with balance or with at least one trade or transaction a year.)
- Customer assets held in custody: JPY 4.2 trillion

## ■ Coincheck, Inc. (Tokyo, Japan)

Cryptocurrency Exchange/Marketplace agency

- President : Satoshi Hasuo
- Founded in 2012, joined Monex Group in Apr. 2018
- Offers cryptocurrency exchange service for 2.08 million users
- Number of accounts which identity is confirmed: 0.96 million
- Customer assets held in custody: JPY 85.9 billion

## ■ TradeStation Group, Inc. (Florida, U.S.)

Online securities group with award-winning trading technology development capabilities

- President: John Bartleman
- Founded in 1982, joined Monex Group in Jun. 2011
- An award-winning TradeStation platform recognized and highly regarded by active traders; a multi-asset platform with a robust algorithm trading language (EasyLanguage®) that enables sophisticated analysis capabilities and back-testing ability
- Licenses “TradeStation” platform as a technology provider to brokers and financial software development companies in China and Korea
- Products and services: Equities (U.S.), options, futures and crypto currency
- # of active accounts: 117,947
- Customer assets held in custody: JPY 723.4 billion

## ■ Monex Boom Securities (H.K.) Limited

- Offers access to over 12 markets
- COO: Ivan Law
- Founded in 1997, joined Monex Group in Dec. 2010
- First online stockbroker for retail investors in Asia Pacific
- Products and services: Equities (12 markets such as Hong Kong, US, Japan, etc.) , Futures, and Trades available in 6 currencies in a single trading account
- # of accounts with balance: 15,599
- Customer assets held in custody: JPY 152.4 billion

## ■ Monex Securities Australia Pty Ltd (Australia)

- Utilized the system and operating structure of Monex Boom Securities Group
- Managing Director: Alex Douglas
- Established in 2010, joined Monex Group in Jun. 2011

	Japan	U.S.	Asia Pacific
1982		- TradeStation Technologies, Inc. is formed as Omega Research, Inc.	
1997		- TradeStation stock lists on NASDAQ	- Boom Securities (H.K.) Limited is founded (now Monex Boom Securities (H.K.) Limited), becoming the first in Asia Pacific to launch Internet stock trading for retail investors
1999	- Monex, Inc. is co-founded by Oki Matsumoto and Sony Corporation - Begins offering online brokerage service upon complete liberalization of stock brokerage commissions in Japan		
2000	- Monex, Inc. stock is listed on the Tokyo Stock Exchange "Mothers" Market	- TradeStation acquires Online Trading.com, a direct-access securities brokerage firm	
2004	- Monex Beans Holdings, Inc. (now Monex Group, Inc.) is established through a business integration of Monex, Inc. and Nikko Beans, Inc. - Monex Group, Inc. stock is listed on the Tokyo Stock Exchange "Mothers" Market in exchange for the delisting of Monex, Inc. stock		
2005	- Monex, Inc. and Nikko Beans, Inc. merge to become Monex, Inc. (former name: Monex Beans, Inc.) - Monex Group, Inc. stock changes its listing from the "Mothers" Market to the First Section of the Tokyo Stock Exchange - Monex Business Incubation, Inc. (now Monex Group, Inc.) is established		
2006		- TradeStation Europe Limited receives approval from the FSA (UK) as an introducing broker	
2008	- Acquisition of 90% shares of Tokyo Forex (absorbed in absorption-type merger by Monex, Inc. in 2015)		- Monex Group, Inc. opens a Beijing Representative Office (closed in 2012 after opening Monex, Inc.'s Beijing Representative Office)
2010	- Monex Group, Inc. completes a share exchange to acquire Orix Securities Corporation - Monex, Inc. merges with Orix Securities Corporation		- Monex, Inc. opens a Beijing Representative Office - Boom group companies (now Monex Boom group companies) become wholly-owned subsidiaries of Monex Group, Inc.
2011		- TradeStation becomes a wholly-owned subsidiary of Monex Group, Inc. and its stock delisted from NASDAQ - TradeStation Group, Inc. acquires IBFX Holdings, LLC	
2012	- Monex Group, Inc. acquires Sony Bank Securities Inc.	- TradeStation Global Services, S.A. (Costa Rica) is established	
2013	- Monex, Inc. merges with Sony Bank Securities Inc. - Monex Group, Inc. becomes a Company with Committees - Monex Group, Inc. implements a stock split (1:100)		
2015	- Monex, Inc. merges with Monex FX, Inc. - Monex-Saison-Vanguard Investment Partners, Inc. is established		- Cherry Technology Co., Ltd, which provides technical support in PRC, is established
2017	- Monex Finance, Inc. is established - Monex Crypto Bank, Inc. is established		
2018	- Monex Cryptocurrency Lab is set up - Coincheck, Inc. joined Monex Group	- TradeStation Crypto, Inc. is established	- Monex Securities Australia Pty Ltd launched new online brokerage firm for individual investors in Australia
2019	- Acquired Shiawase Partners Trust Co., Ltd and renamed its brand as Monex SP Trust, Inc.		
2020	- Japan Catalyst, Inc. is established - Monex-Saison-Vanguard Investment is renamed as Monex Asset Management, Inc.		

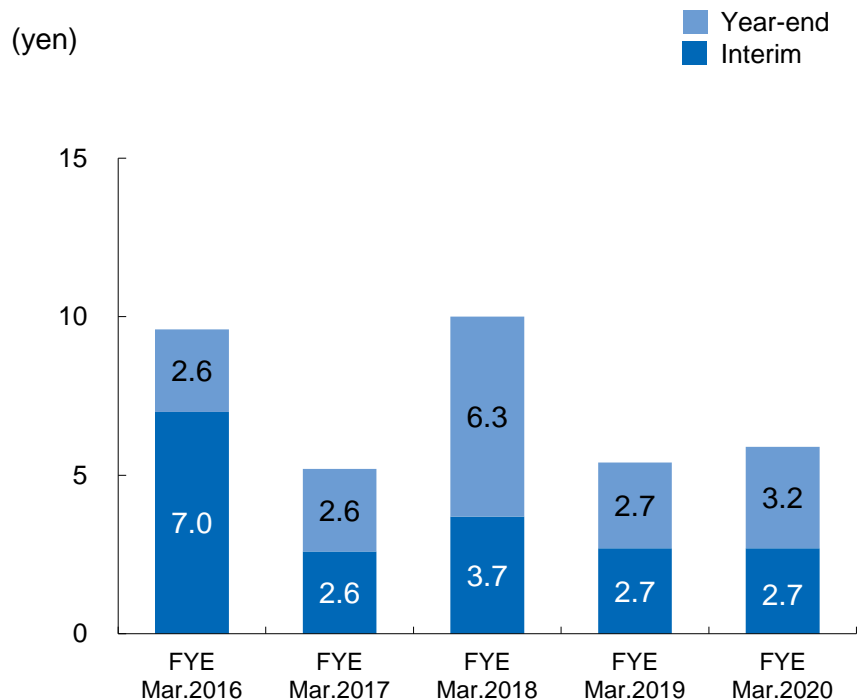


## ■ Shareholders distribution

### ◆ Our basic policy for shareholders distribution

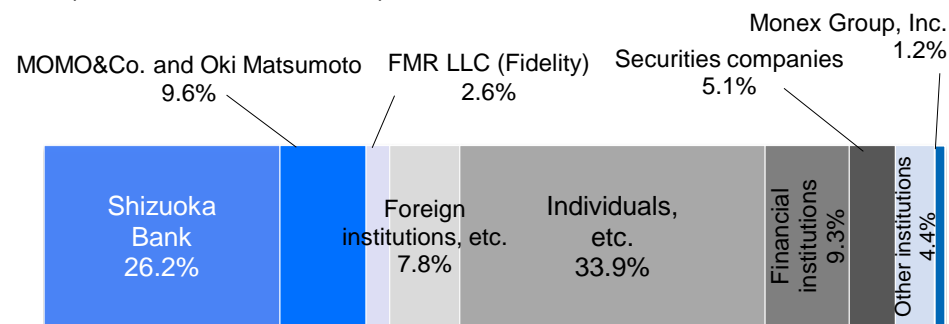
Monex Group aims to provide returns to its shareholders based on the business performance, while securing investment capacity for growth, and targets at a 75% total return ratio on a multi-year basis.

### ◆ Dividend history



## ■ Shareholders & indicators per share

### ◆ Major shareholders and shareholder breakdown (as of March 31, 2020)
























The graph made by Monex based on shareholders' list as of March 31, 2020 and the Large shareholding report. The number of outstanding shares is 258,998,600 shares as of March 31, 2020.

### ◆ Indicators per share

	FYE Mar. 2017	FYE Mar. 2018	FYE Mar. 2019	FYE Mar. 2020	1Q FYE Mar. 2021
Equity attributable to owners of the Company per share (BPS)	290.00 yen	298.50 yen	297.28 yen	297.70 yen	300.84 Yen
Earnings per share attributable to owners of the Company (EPS)	1.06yen	24.33yen	4.42yen	11.59yen	5.57yen *
Rate of Return on Equity(ROE)	0.4%	8.3%	1.5%	3.9%	7.4% *
Dividends per share	5.2yen	10.0yen	5.4 yen	5.9yen	TBD






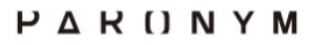
\* EPS and ROE for 1Q FYE Mar. 2021 show annualized figures obtained by multiplying 4 to actual figures for the quarter

◆ **Monex Ventures, Inc.**

P2P lending  (Registered as Type 2 Financial Instruments Business)	EC 	Settlement 	DLT* 	Prop Tech 	Online lending 
AI/Big Data 	Thematic Investment  (Registered as Type 1 Financial Instruments Business)	B2B Robo-advisor 	AI/Big Data 	Vacation Rental 	SNS 
B2B SaaS 	E-market place 	IoT 	Security 	EC 	Settlement 
Health Care 	Health Care 	Drone 			

























\* DLT= Distributed Ledger Technology

◆ **MONEX EDISON Investment Limited Partnership**

Web media 	EC 	AI/Big Data 	Insure Tech 	EC 	Ad Tech 
---	---	--	--	---	--



◆ MV I Investment Limited Partnership

B2B SaaS 	E-market place 	B2B SaaS 	Logistics 	B2B Saas 	EC 
Asset Management 	EC 	E-market place 	Ad Tech 	B2B Saas 	B2B SaaS 
B2B SaaS 	IoT/AI 	B2B SaaS 	Agri-Tech 	B2B Saas 	Insure Tech 
KYC / Big Data 	B2B SaaS 	Robotics 	Marketplace 	AI / Sports-tech 	Drone 
Blockchain 