

# Financial Results for 1Q of Fiscal Year Ending March 31, 2019

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.





## 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.11
II. Consolidated Performance	p.12 -	p.26
III. Business Update	p.27 -	p.39
IV. Mid- & Long-Term Initiatives	p.40 -	p.43
Appendix: Group Overview	p.44 -	p.51

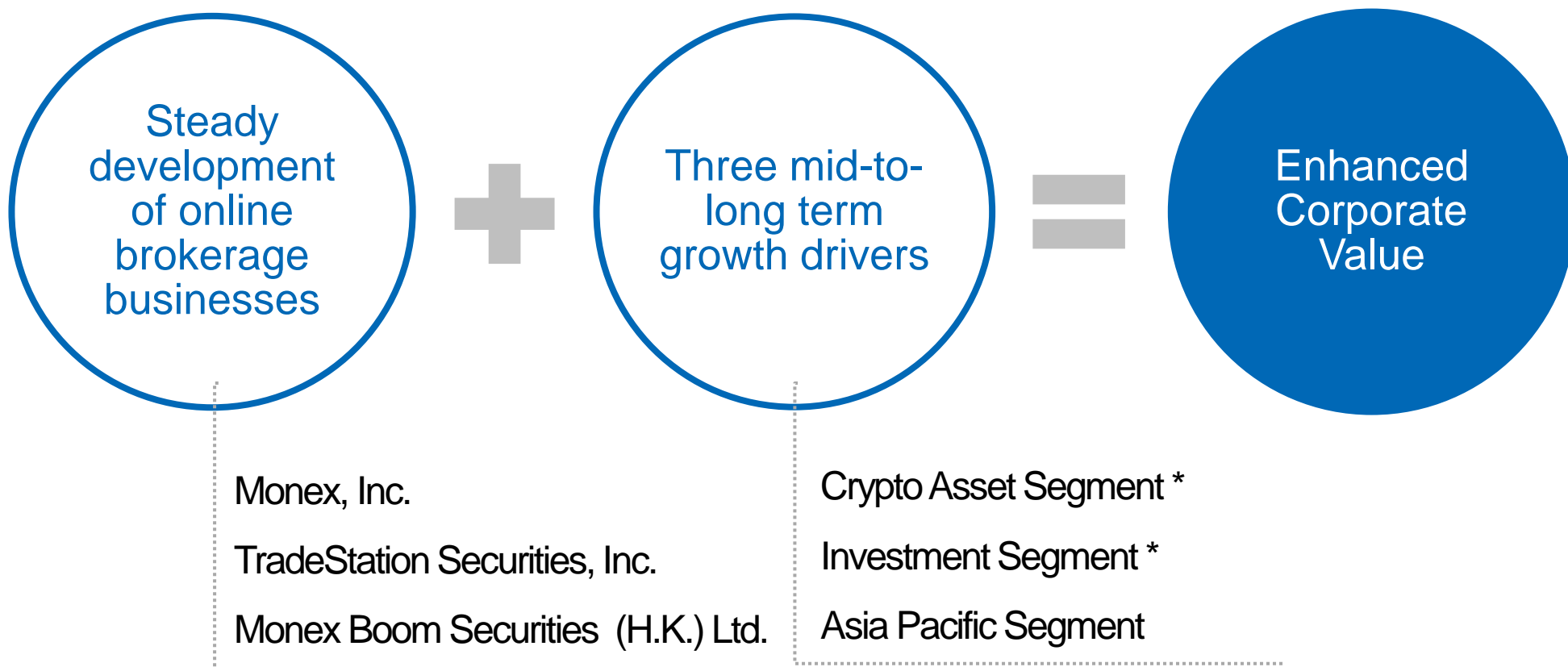


- 
- I. **Highlights**
  - II. Consolidated Performance
  - III. Business Update
  - IV. Mid- & Long-Term Initiatives

Appendix. Group Overview

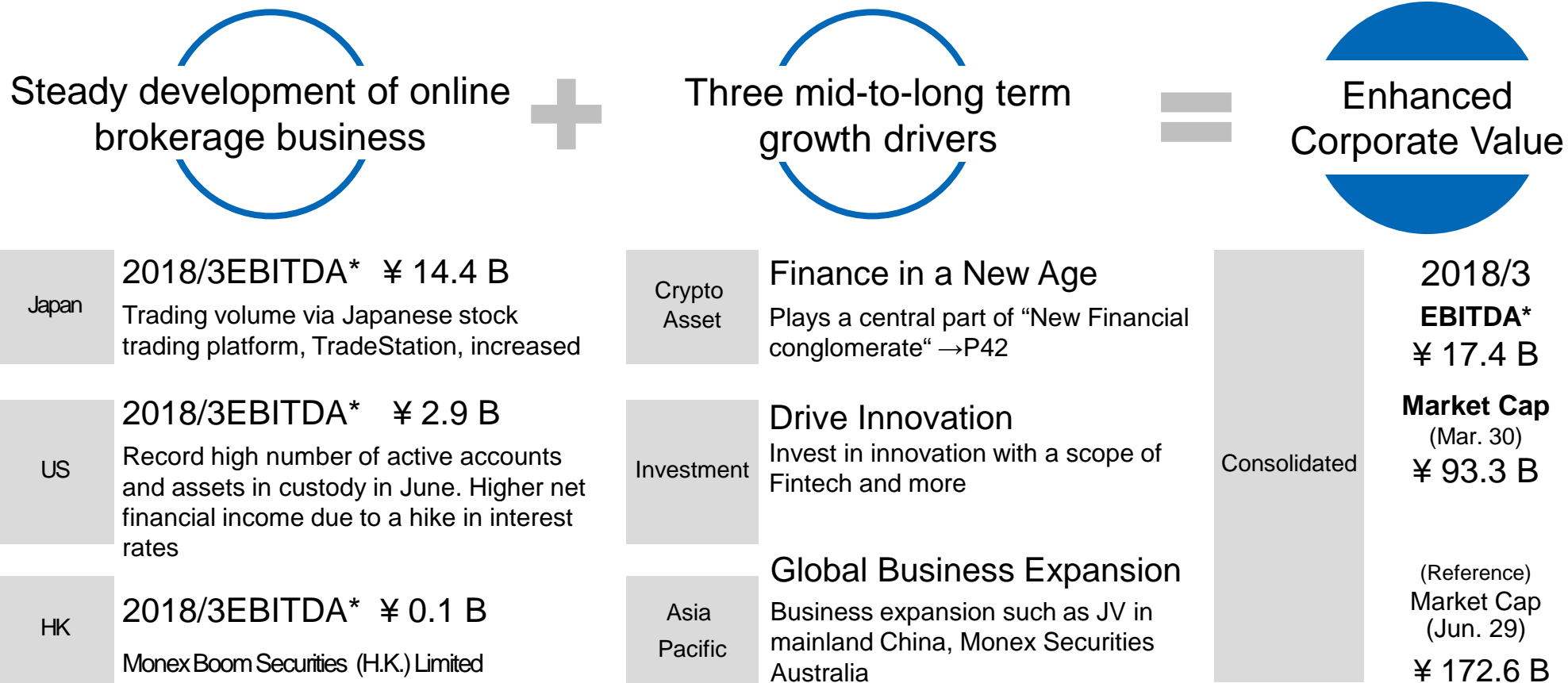


Increasing corporate value through steady development of global online brokerage business impelled by three mid-to-long term growth drivers.



\* Crypto Asset Segment was created after Coincheck, Inc. joined Monex Group in April 2018. Investment Segment was carved out from Japan Segment and became an independent business segment since FYE March 2019





Other Online Brokers	2018/3 EBITDA*	Market Cap (Mar. 30)	(Reference) Market Cap (Jun. 29)
Kabu.com Securities Co., Ltd.	¥ 9.8 B	¥ 123.9 B	¥ 121.6 B
Matsui Securities Co., Ltd.	¥ 20.1 B	¥ 249.9 B	¥ 274.5 B

\*2018/3 EBITDA = The amount equivalent to operating income + amortization and depreciation

Investigated by Monex, Inc.



## An increase in net financial income drove higher segment profits\* in both Japan and US, despite lower transaction volumes

### Japan

Continuous growth of net financial income with larger margin trading balance after the fee table revision, despite lower brokerage commissions due to a decrease in market trading volumes. Coupled with a decrease in system-related costs, segment profit was ¥ 1 B (+2% vs 4Q FYE 2018)

### US

New branding, pricing revisions and streamlined onboarding tools continue to drive significant momentum in account growth with 5 of last 6 quarters producing a new record number of account openings. This account growth and increasing assets under custody, in turn, are driving QoQ growth in net financial income, while low volatility environment causes a decrease in brokerage commissions. Segment profit was ¥ 0.2 B (+183% vs 4Q FYE 2018)

### Asia Pacific

Monex Boom Securities remained profitable even with lower trading volumes. Monex Securities Australia has just started its operation. Segment loss was ¥ 9 M

\* Segment profit (loss) = Pre-tax profit (loss). The same hereinafter



### Crypto Asset

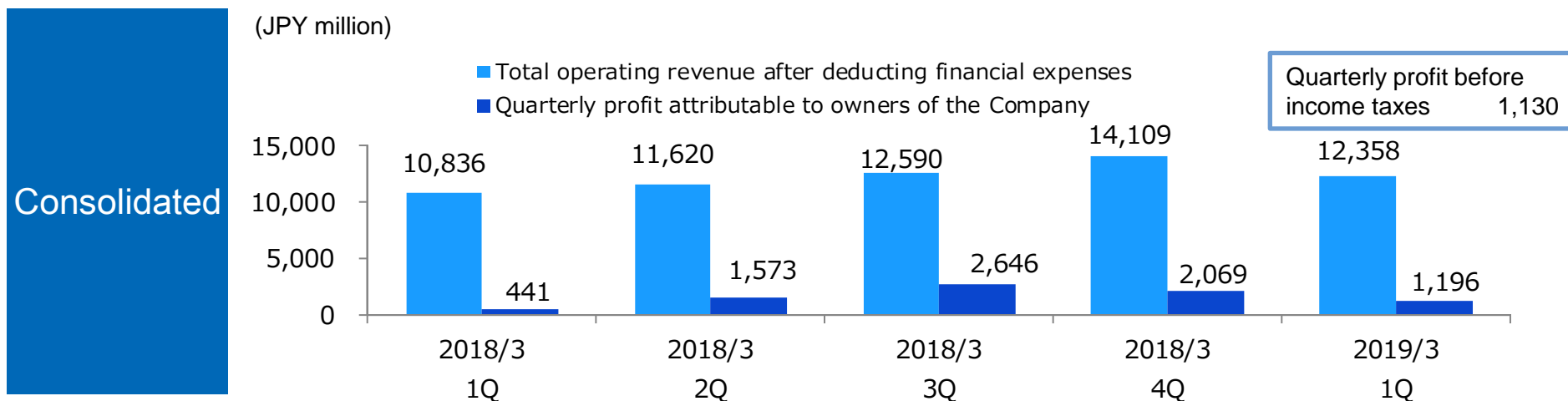
Since the service suspension in January 2018, Coincheck, Inc. basically only allowed existing customers to sell their cryptocurrency. This limited revenue stream combined with new costs to strengthen cyber security and internal controls resulted in a segment loss of ¥ 0.3 B

### Investment

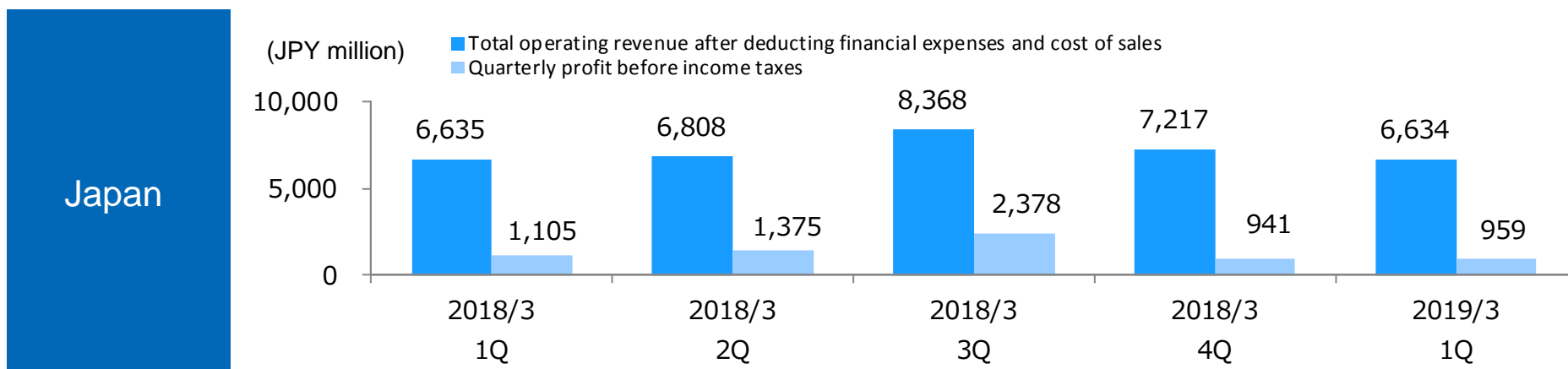
Recorded valuation gains of shares owned was ¥ 0.2 B. With only a minimal amount of SG&A, segment profit was also ¥ 0.2B



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



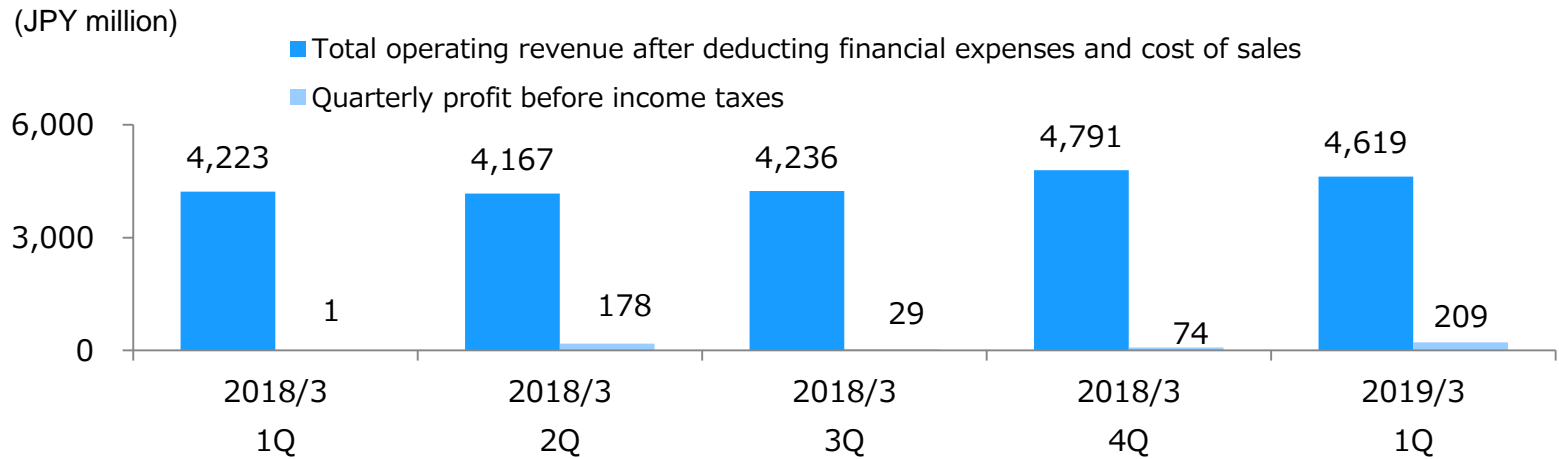
◆ Total operating revenue after deducting financial expenses and cost of sales and segment profit



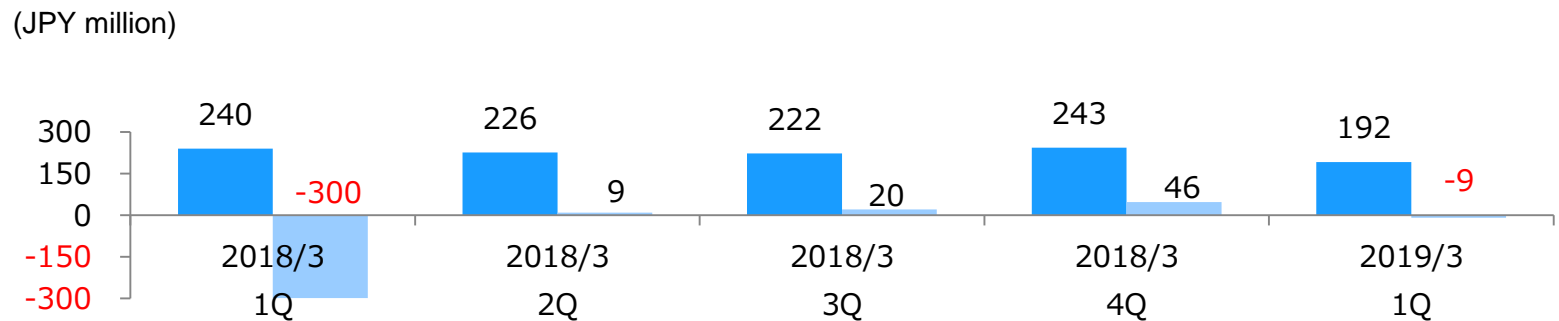


◆ Total operating revenue after deducting financial expenses and cost of sales and segment profit

US



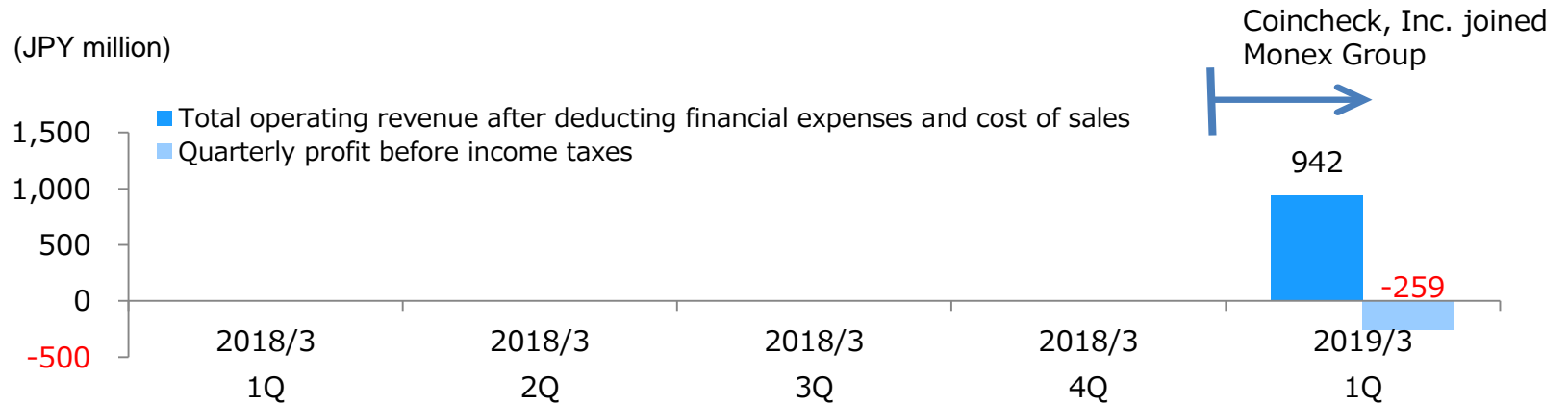
Asia Pacific



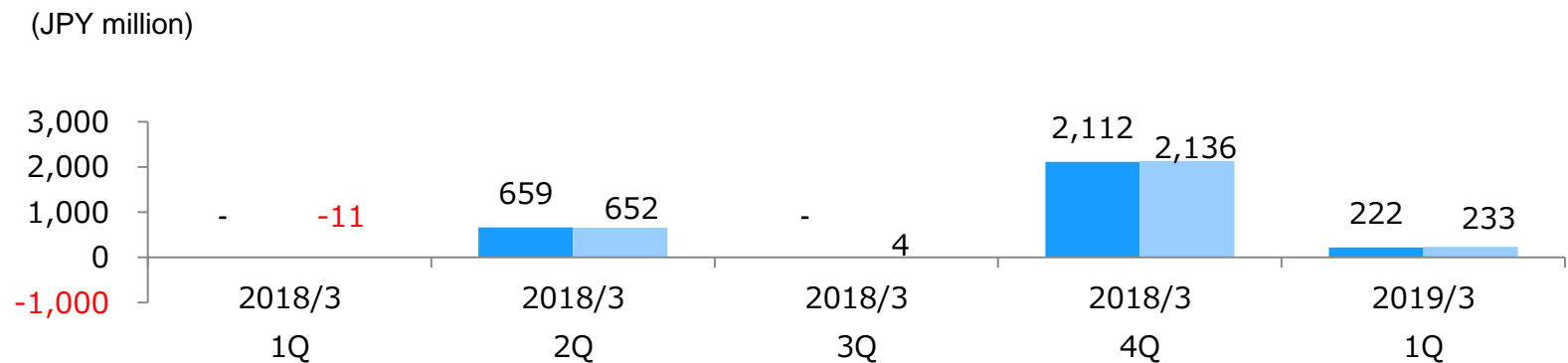


◆ Total operating revenue after deducting financial expenses and cost of sales and segment profit

Crypto Asset



Investment





Under purchase accounting for the acquisition of Coincheck, Inc., no goodwill is recorded and the change in the fair value of contingent consideration\* will affect future profit or loss

### Consideration transferred

- Cash	: ¥ 3.6 billion
- Fair value of contingent consideration*	: ¥ 1.0 billion
<b>Total consideration transferred</b>	<b>: ¥ 4.6 billion</b>

### Goodwill

- Fair value of equity attributable to owners of the company at the acquisition date: ¥ 4.6 billion
- Neither goodwill nor gain on bargain purchase is recorded because the consideration transferred is equal to the fair value of equity attributable to owners of the company

Neither goodwill nor gain on bargain purchase generate

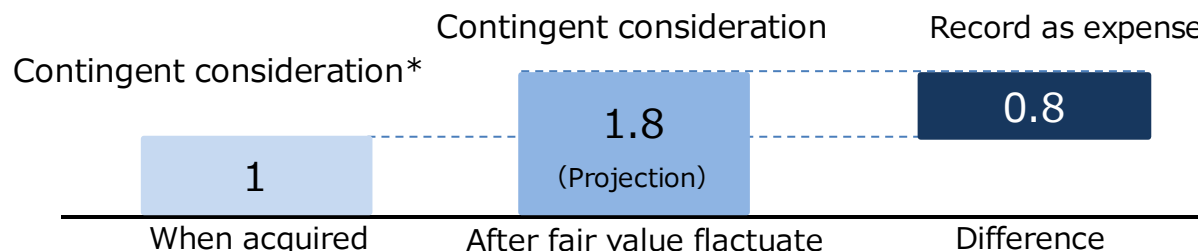
Contingent consideration 1	Amount attributable to owner of company 4.6
Cash paid 3.6	

Date of business integration

### Change in Fair value of Contingent consideration\*

- The fair value of contingent consideration increases if the total net income in Coincheck till FYE March 2021 is expected to be higher. These changes in fair value, if any, will be recognized as an expense.

(ex.) In case the fair value of contingent consideration increases from ¥ 1 billion to ¥ 1.8 billion



\*Additional consideration will be paid out based on financial performance in Coincheck (under JGAAP) which is total net income from FYE March 2019 to FYE March 2021 after deducting business risk, not to exceed half of total net income from FYE March 2019 to FYE March 2021.



- 
- I. Highlights
  - II. Consolidated Performance**
  - III. Business Update
  - IV. Mid- & Long-Term Initiatives

Appendix. Group Overview



# YoY Comparison (3 months) Consolidated Performance

(JPY million)

	1Q FYE Mar. 2018 (Apr. 2017 – Jun.)	1Q FYE Mar. 2019 (Apr. 2018– Jun.)	Variance	Rate of change	Reference
Total operating revenue after deducting financial expenses	10,836	12,358	1,522	14.0%	P15: Analysis of Japan segment P17: Analysis of US segment (USD)
SG&A	9,816	11,255	1,439	14.7%	P16: Analysis of Japan segment P18: Analysis of US segment (USD)
The amount equivalent to operating income	1,020	1,102	83	8.1%	
Other income / expenses (net)	-224	27	252		Breakdown in DATA BOOK P20: - Quarterly consolidated financial results (Other income and other expenses)
Quarterly profit before income taxes	795	1,130	334	42.1%	
Quarterly profit attributable to owners of the Company	441	1,196	755	171.2%	



# YoY Comparison (3 months) Segment Performance

(JPY million)

	Japan		US		Asia Pacific		Crypto Asset		Investment	
	2018/3 1Q	2019/3 1Q	2018/3 1Q	2019/3 1Q	2018/3 1Q	2019/3 1Q	2018/3 1Q	2019/3 1Q	2018/3 1Q	2019/3 1Q
Total operating revenue after deducting financial expenses and cost of sales	6,635	6,634	4,223	4,619	240	192	-	942	-	222
SG&A	5,607	5,835	4,222	4,389	249	207	-	1,211	2	1
The amount equivalent to operating income	1,028	799	1	230	-9	-16	-	-269	-2	220
Other income / expenses (net)	77	161	-0	-21	-291	6	-	10	-9	12
Quarterly profit before income taxes	1,105	959	1	209	-300	-9	-	-259	-11	233
Quarterly profit attributable to owners of the Company	754	1,055	1	191	-303	-13	-	-190	-11	156

Note

See P15 “total operating revenue after deducting financial expenses and cost of sales” for more details  
See P16 “SG&A” for more details

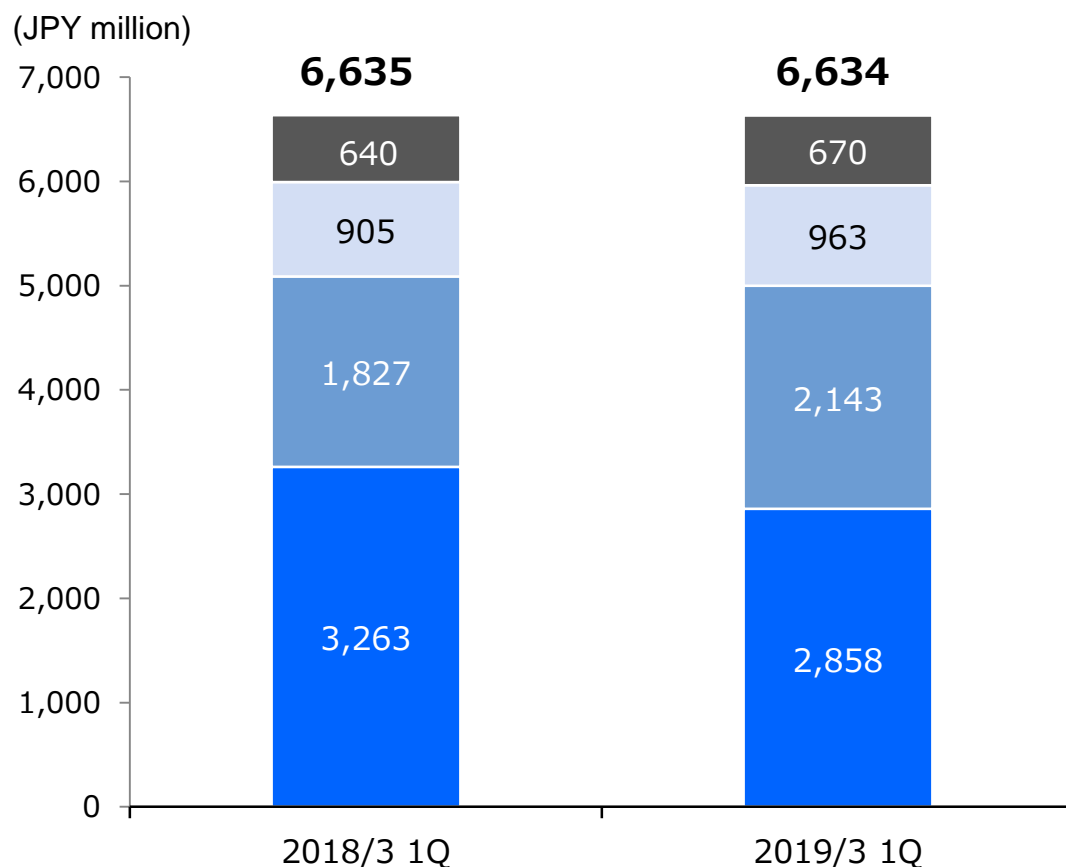
See P17 “total operating revenue after deducting financial expenses and cost of sales” for more details  
See P18 “SG&A” for more details  
USD/JPY decreased by 2%

HKD/JPY decreased by 3%



Japan : A change in pricing for margin trading led to more transaction and an increase in net financial income, which was offset by lower brokerage revenues impacted by a lower market volatility environment

■ Total operating revenue after deducting financial expenses and cost of sales  
(compared to Apr. 2017 - Jun. 2017)



Total operating revenue after deducting financial expenses and cost of sales -0.0% (-1)

\*figures in parenthesis is the variance from 1Q FYE Mar. 2018 (JPY million)

- Others (+30)
- FX & fixed income (+58)
- Net financial income (+316) \*1
- Brokerage commissions (-404) \*2

\*1 Net financial income of margin trading (excluding self-financing) +369

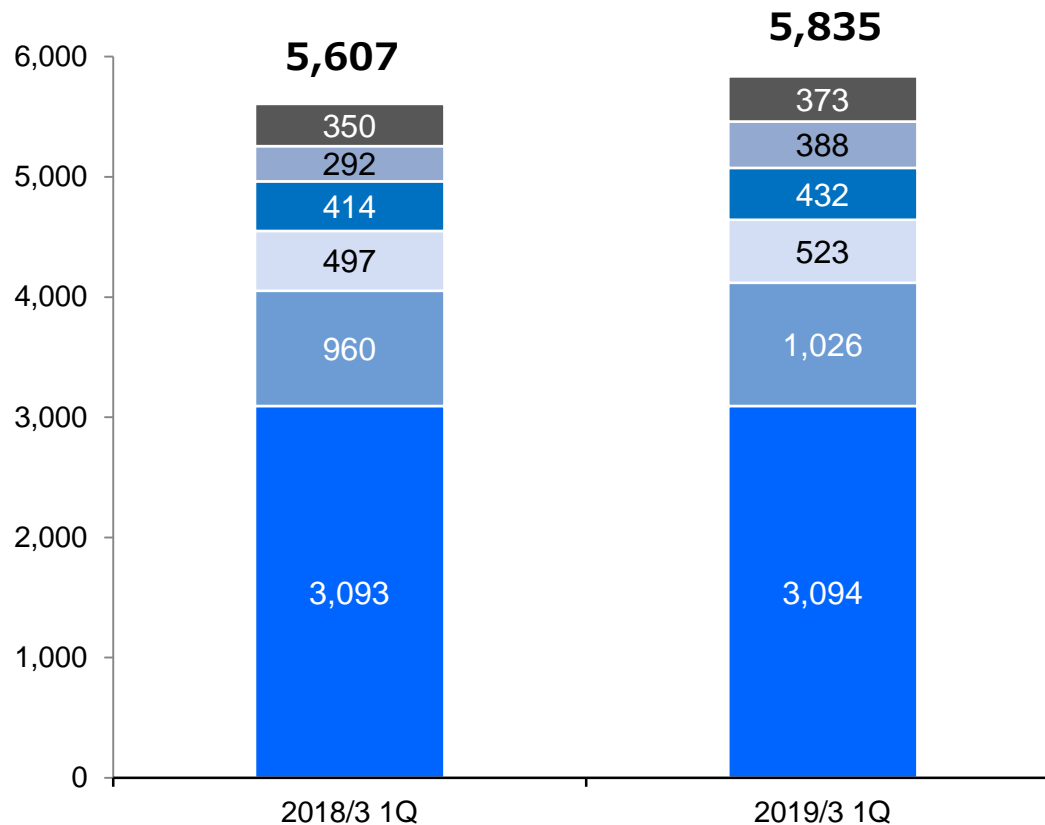
\*2 A decrease in brokerage commissions impacted by the revision in fee table -334



## Japan : An increase in advertising expenses targeted to expand the customer base

### ■ SG&A (compared to Apr. 2017 - Jun. 2017)

(JPY million)



### SG&A Total +4.1% (+228)

\*figures in parenthesis is the variance from 1Q FYE Mar. 2018 (JPY million)

- Others (+23)
- Advertising expenses (+95) \*
- Communication, freight and information expenses (+18)
- Commissions paid, exchange and association dues (+26)
- Compensation and benefits (+66)
- System related expenses (+0)

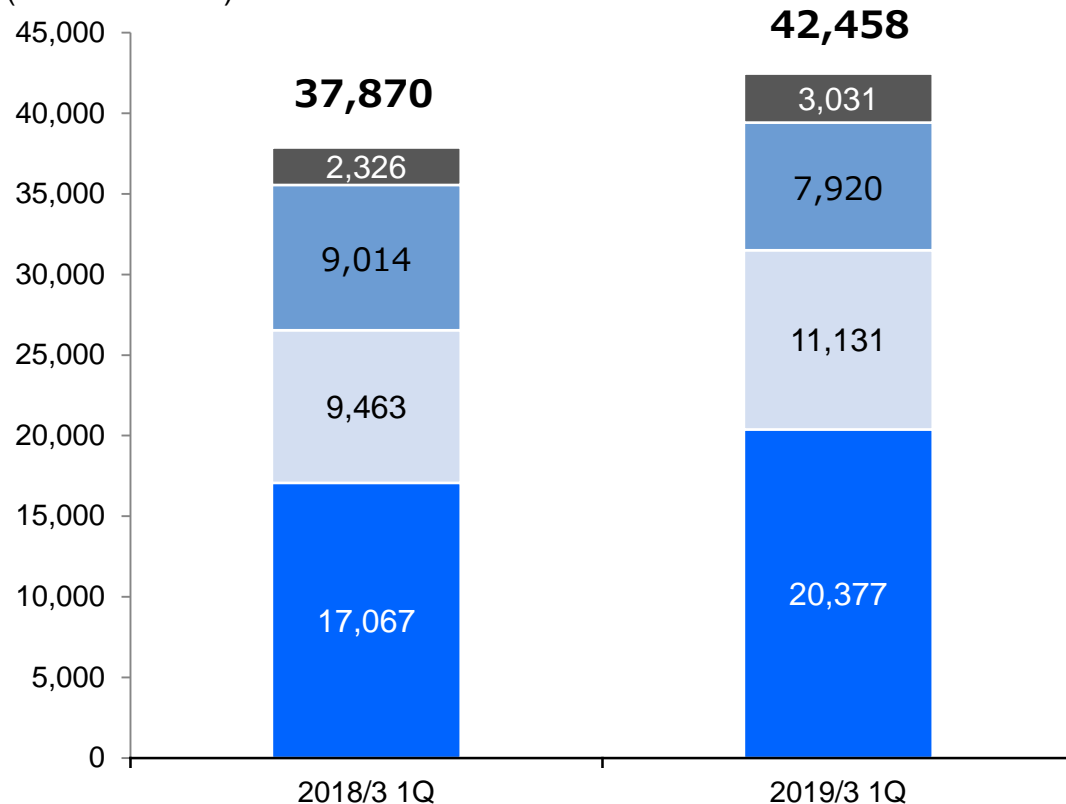
\* New account openings (+56% vs 1Q FYE 2018)



**US :** Brokerage commissions increased due to account growth and higher market volatility.  
Increase in net financial income due to higher yields from rate increases on growing client cash balances

■ Total operating revenue after deducting financial expenses and cost of sales  
(compared to Apr. 2017 - Jun. 2017)

(USD thousand)



Total operating revenue after deducting  
financial expenses and cost of sales  
**+12.1% (+4,589)**

\*figures in parenthesis is the variance from  
1Q FYE Mar. 2018 (USD thousand)

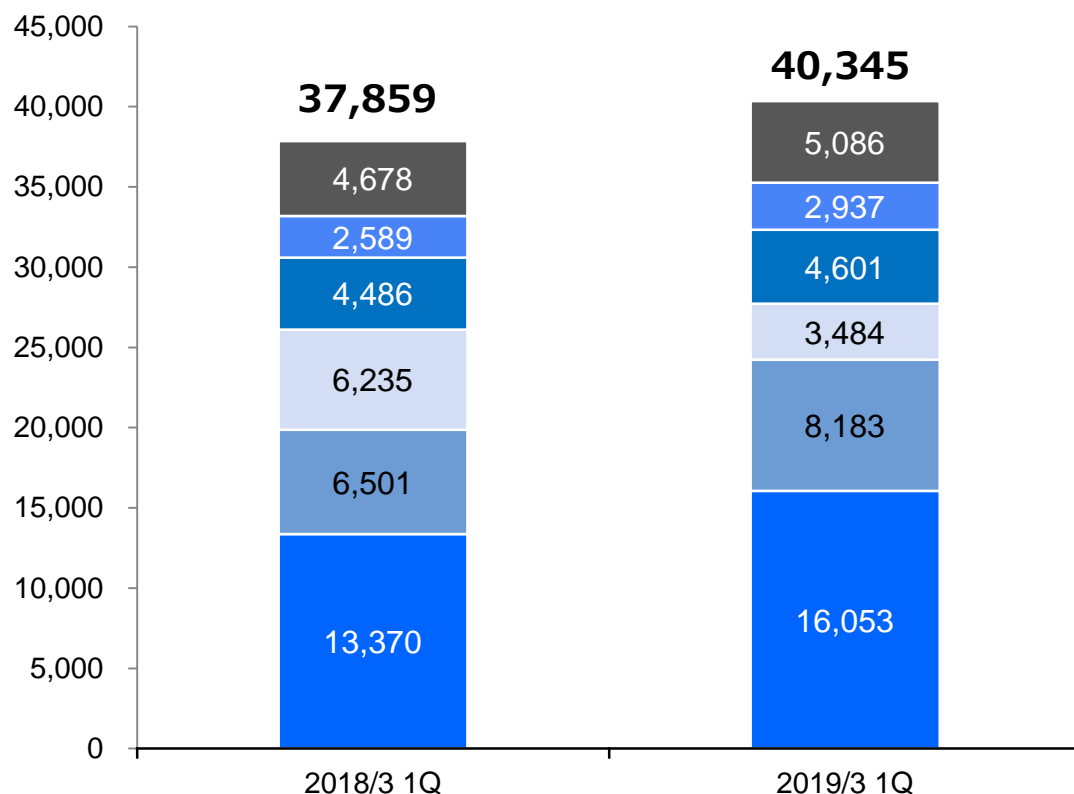
- Others (+705)
- Brokerage Fees (-1,094)
- Net financial income (+1,668)
- Brokerage commissions (+3,309)



US : Compensation and benefits increased due to remuneration expenses correlated to the Company's stock price and an increase in human capital to support account growth

■ SG&A (compared to Apr. 2017 - Jun. 2017)

(USD thousand)



SG&A Total +6.6% (+2,486)

\*figures in parenthesis is the variance from  
1Q FYE Mar. 2018 (USD thousand)

- Others (+408)
- Advertising expenses (+348)
- Amortization and depreciation (+115)
- Communication, freight and information expenses (-2,751) \*1
- Commissions paid and association dues (+1,682)
- Compensation and benefits (+2,683) \*2

\*1 One-time expense \$ 2.9 M recorded on Jun, 2017

\*2 - Additional expense due to an increase in  
average # of employees: \$ 1 M

470 for Mar. 2017 - Jun. 2017

497 for Mar. 2018 - Jun. 2018

- Increase in incentive compensation correlated to  
Company's stock price \$ 1.8 M



(JPY million)

	4Q FYE Mar. 2018 (Jan.-Mar. 2018)	1Q FYE Mar. 2019 (Apr.- Jun. 2018)	Variance	Rate of change	Reference
Total operating revenue after deducting financial expenses	14,109	12,358	-1,751	-12.4%	P21: Analysis of Japan segment P23: Analysis of US segment (USD)
SG&A	10,414	11,255	842	8.1%	P22: Analysis of Japan segment P24: Analysis of US segment (USD)
The amount equivalent to operating income	3,695	1,102	-2,593	-70.2%	
Other income / expenses (net)	-501	27	528	-	Breakdown in DATA BOOK P20: Quarterly consolidated financial results (Other income and other expenses)
Quarterly profit before income taxes	3,194	1,130	-2,064	-64.6%	
Quarterly profit attributable to owners of the Company	2,069	1,196	-873	-42.2%	



# QoQ Comparison (3 months) Segment Performance

(JPY million)

	Japan		US		Asia Pacific		Crypto Asset		Investment	
	2018/3 4Q	2019/3 1Q	2018/3 4Q	2019/3 1Q	2018/3 4Q	2019/3 1Q	2018/3 4Q	2019/3 1Q	2018/3 4Q	2019/3 1Q
Total operating revenue after deducting financial expenses and cost of sales	7,217	6,634	4,791	4,619	243	192	-	942	2,112	222
SG&A	6,359	5,835	4,078	4,389	220	207	-	1,211	10	1
The amount equivalent to operating income	858	799	713	230	23	-16	-	-269	2,103	220
Other income / expenses (net)	83	161	-639	-21	23	6	-	10	33	12
Quarterly profit before income taxes	941	959	74	209	46	-9	-	-259	2,136	233
Quarterly profit attributable to owners of the Company	624	1,055	80	191	40	-13	-	-190	1,329	156

Note

See P21 "total operating revenue after deducting financial expenses and cost of sales" for more details  
See P22 "SG&A" for more details

See P23 "total operating revenue after deducting financial expenses and cost of sales" for more details. See P24 "SG&A" for more details. USD/JPY decreased by 2%

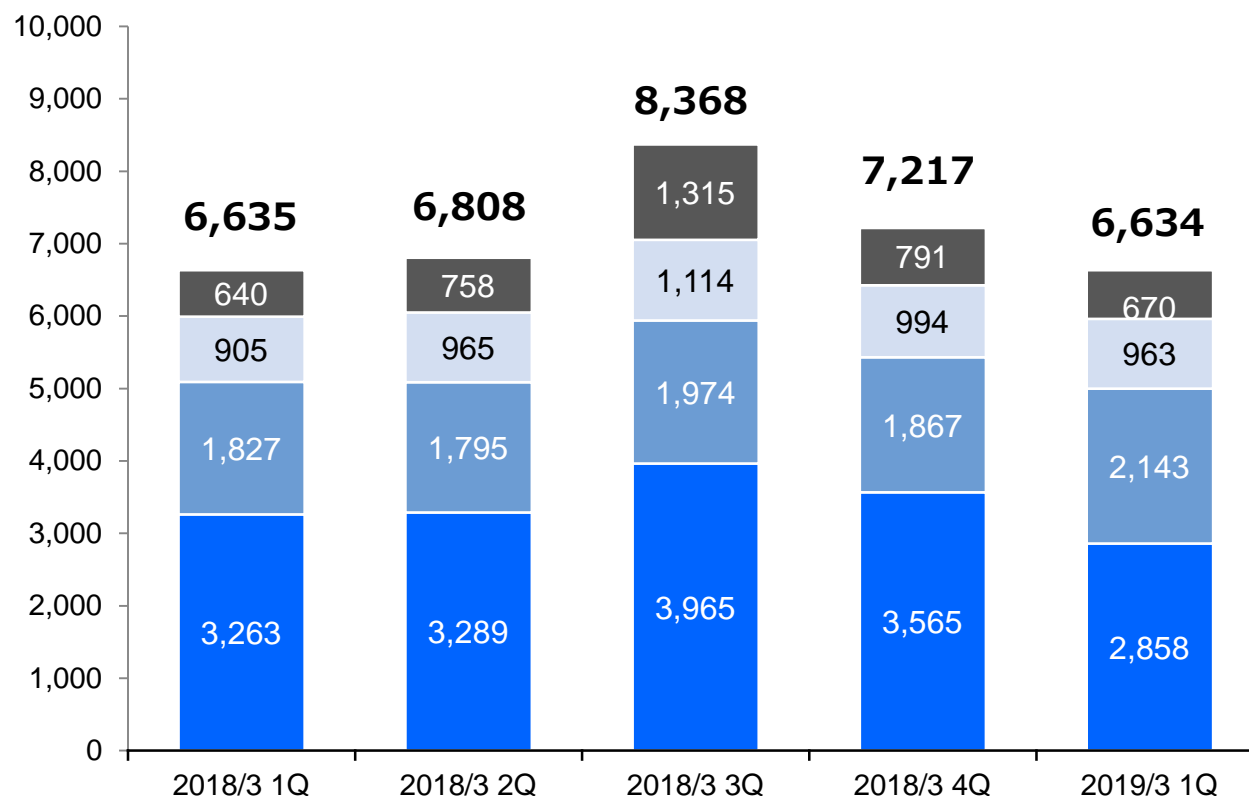
HKD/JPY decreased by 2%



Japan : In the low trading volume environment, net financial income from margin trading increased due to the revision of commissions table

■ 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 -8.1% (-584)

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

- Others (-121)
- FX & fixed income (-31)
- Net financial income (+276) \*1
- Brokerage commissions (-707) \*2

\*1 Increase in net financial income of margin trading (excluding self-financing) +56

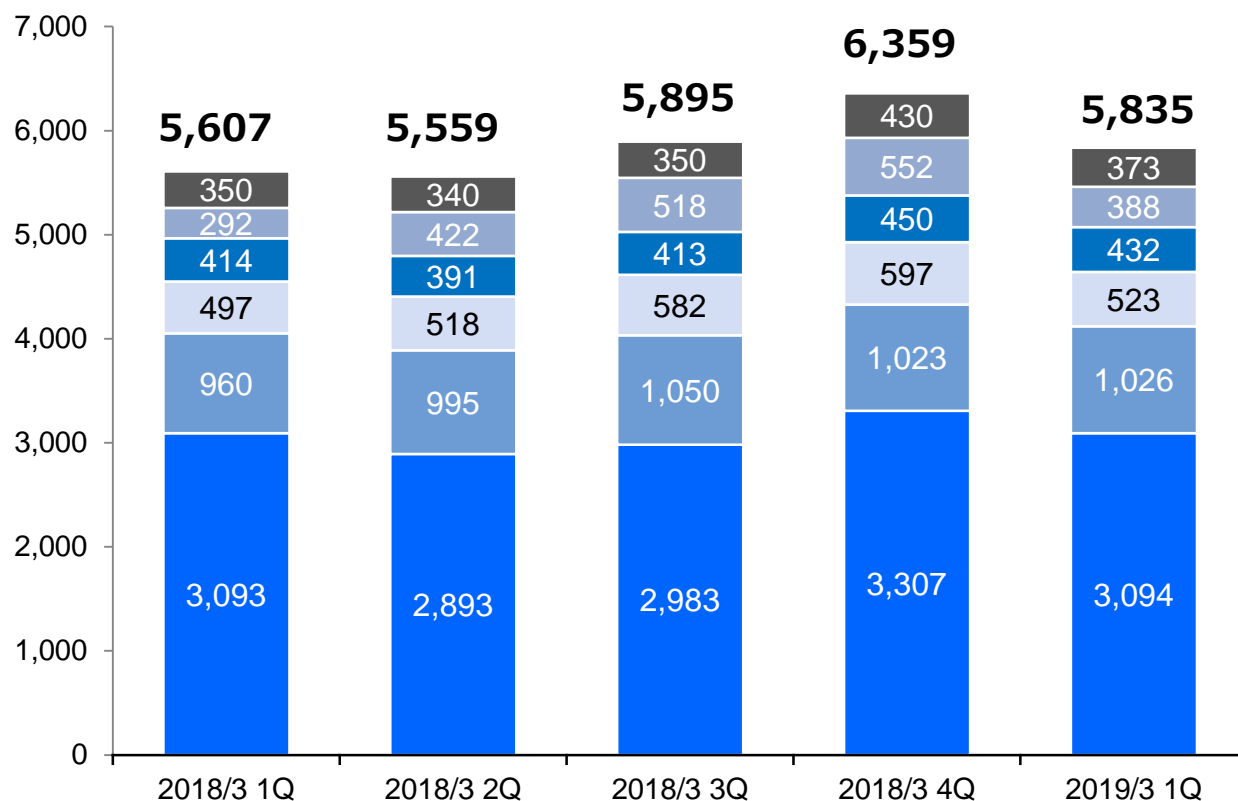
\*2 Total trading volume of individual investors in 2 Japanese major Equities, ETFs etc., markets -23% vs 4Q FYE 2018



Japan : System related cost decreased without the one-time expense related to office rent recorded in 4Q FYE 2018

### ■ Quarterly SG&A

(JPY million)



Quarterly SG&A -8.2% (-524)

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

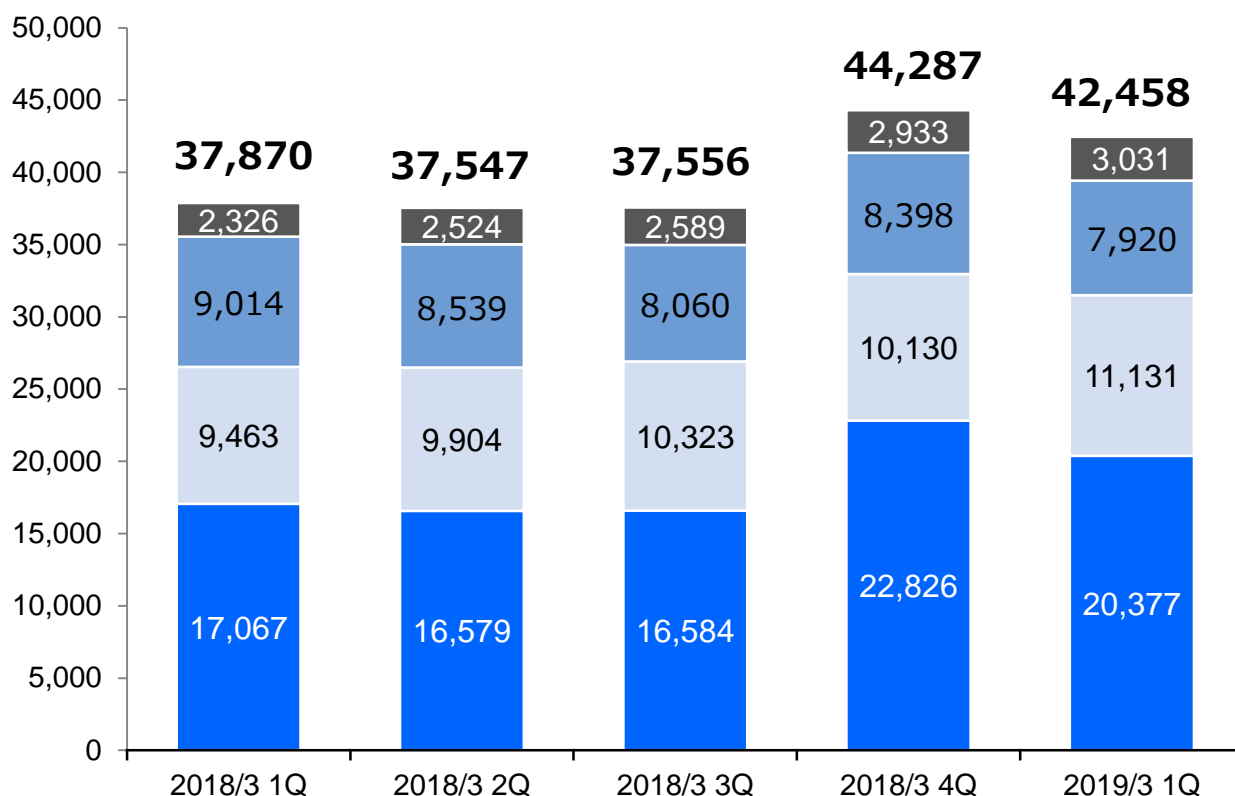
- Others (-56)
- Advertising expenses (-164)
- Communication, freight and information expenses (-19)
- Commissions paid, exchange and association dues (-75)
- Compensation and benefits (+4)
- System related expenses (-214)



US: Net financial income increased from both growing assets under custody and a hike in interest rates. Although still at strong levels, brokerage commissions declined due to the lower market volatility environment

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

(USD thousand)



Quarterly total operating revenue after deducting financial expenses and cost of sales -4.1% (-1,829)

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

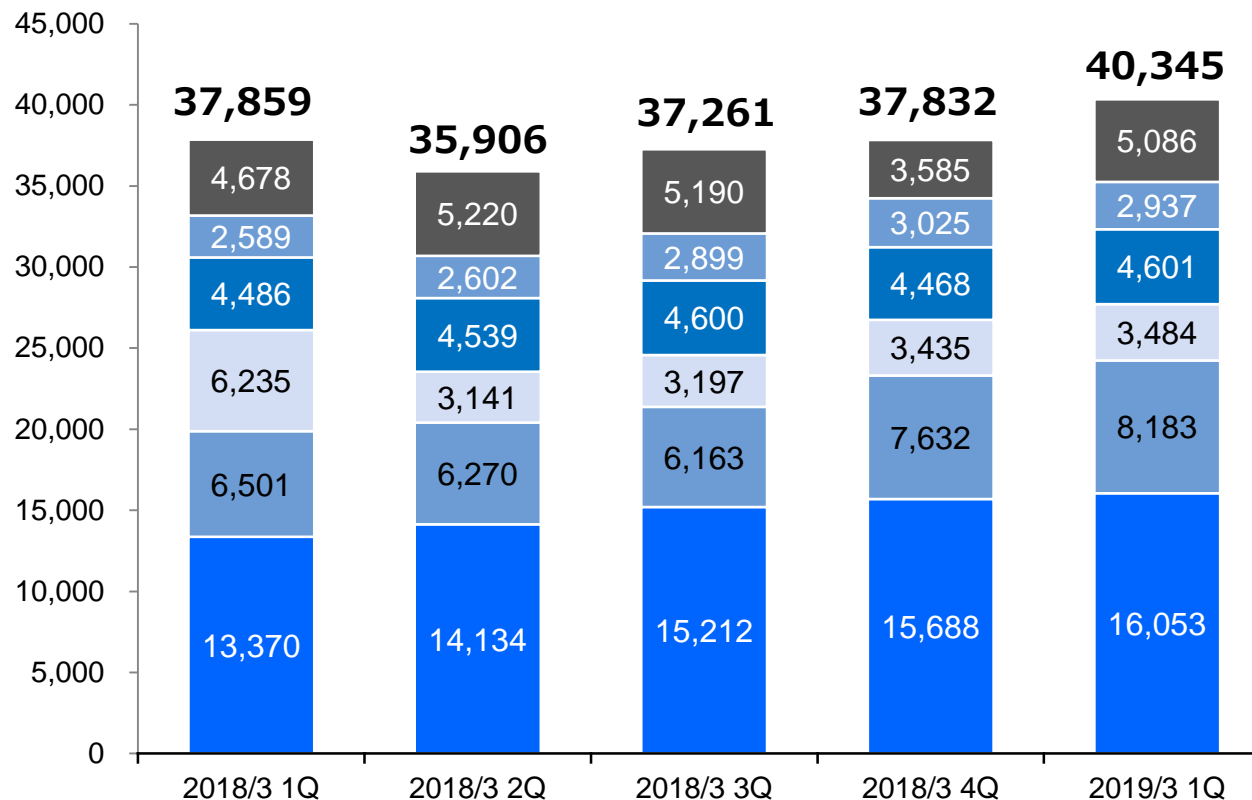
- Others (+98)
- Other commission (-479)
- Net financial income (+1,001)
- Brokerage commissions (-2,449)



US : SG&A increased by 2% (vs 4Q FYE 2018) after removing the impact of the one-time credit recorded in 4Q FYE 2018

■ Quarterly SG&A

(USD thousand)



Quarterly SG&A +6.6% (+2,513)

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

- Others (+1,501)
- Advertising expenses (-87)
- Amortization and depreciation (+133)
- Communication, freight and information expenses (+50)
- Commissions paid and association dues (+551)
- Compensation and benefits (+365)



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, 2018

<u>Assets</u> JPY 1,050.3B	<u>Liabilities</u> JPY 968.6B
Major assets: Assets related to financial instruments trading business JPY 806.9B	Major liabilities: Liabilities related to financial instruments trading business JPY 959.1B
Others JPY 58.3B	Others JPY 9.6B
Cash and cash equivalents JPY 129.8B	
Non-current assets (*1) JPY 55.3B	Net capital JPY 81.7B

(\*1) Non-current assets

Property and equipment	JPY	2.3B
Intangible assets (Goodwill)	JPY	17.0B (*2)
Intangible assets (Identifiable intangible assets)	JPY	11.3B (*3)
Intangible assets (Software and others)	JPY	21.8B
Equity method investments	JPY	0.3B
Available-for-sale investments in securities (Lv.3)	JPY	2.6B

(\*2) Goodwill: JPY 17.0B

Japan JPY 7.6B, US JPY 8.9B, Asia Pacific JPY 0.4B

(\*3) Identifiable intangible assets: JPY 11.3B

US JPY 10.7B, China JPY 0.6B

◆ The JPY 26.4B difference between Net capital (JPY 81.7B) and Non-current assets (JPY 55.3B) is the source of funds for the following:

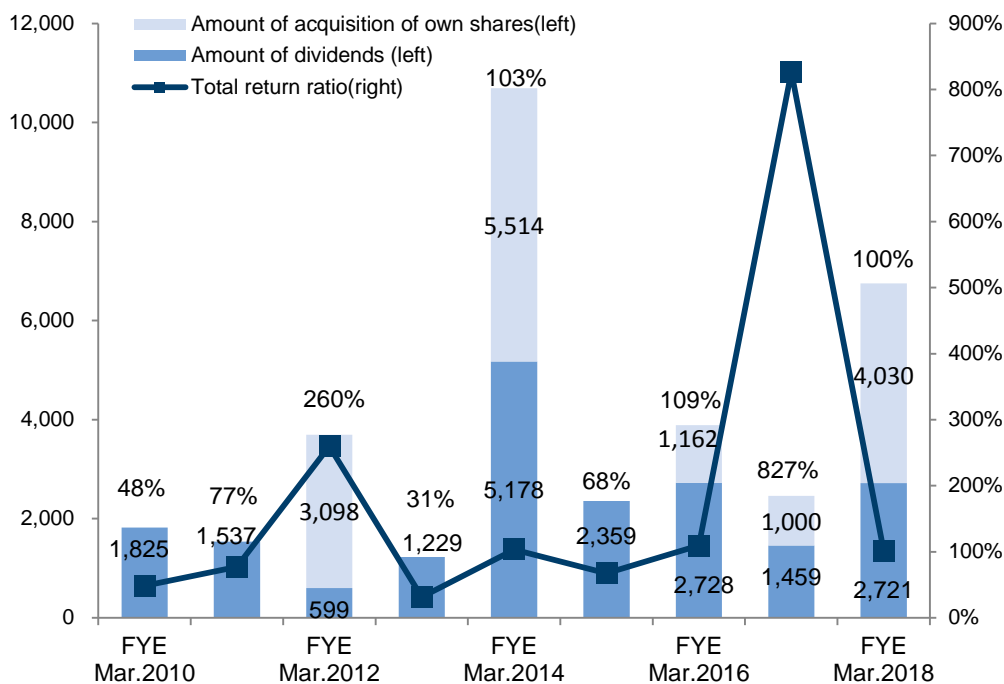
1. To comply with capital adequacy ratio regulations for securities subsidiaries in Japan and overseas
2. Internal reserve for investments in future businesses
3. Shareholders distribution (dividends + share buyback)



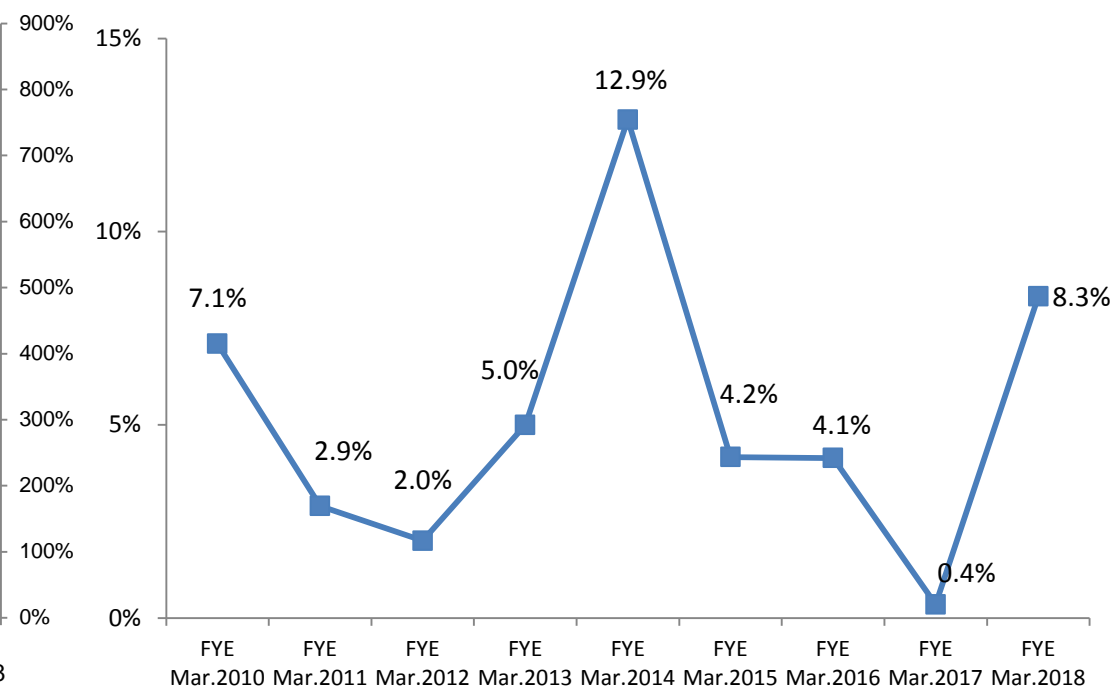
## Total return ratio <sup>(\*1)</sup> is 75% on a multi-year basis

### ◆ Total return amount<sup>(\*2)</sup> and total return ratio

( million yen )



### ◆ 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 P51 "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



- 
- I. Highlights
  - II. Consolidated Performance
  - III. Business Update**
  - IV. Mid- & Long-Term Initiatives
  - Appendix. Group Overview



## Expanded customer base using our strength: an ability to develop new products

### For active traders



- Over 12,000 account openings (+170% vs 1Q FYE 2018). Number of funded accounts and active accounts both increased by 30% (vs 4Q FYE 2018). The trading volume share of TradeStation via Monex, Inc. steadily grows and increased from 4.6% in 4Q FYE 2018 to 5.5% this quarter

### For US equity traders



- Number of transactions increased by 27% and number of active accounts increased by 24% (vs 1Q FYE 2018).
- Competitive contents enhance trading (e.g. Reports on Shareholders Meeting of Berkshire Hathaway Inc.)
- Record high in the percentage of smartphone app users among the active US equity traders in Monex, Inc., 25% in June 2018

### Revision on commission table

### Effect of the change in fee table for margin trading

- Introduced new competitive commissions table of margin trading at the end of Nov, 2017
- Margin trading balance increased from ¥ 167 B<sub>(※1)</sub> to ¥ 204 B<sub>(※2)</sub> and net financial income from margin trading grew. Market share of margin trading volume via Monex, Inc. increased from 3.86%<sub>(※3)</sub> to 4.22%<sub>(※4)</sub>

\*1 Average of margin trading balance at the end of each month before the revision of commissions fee structure (Mar. - Nov. 2017)

\*2 Average of margin trading balance at the end of each month after the revision of commissions fee structure (Mar. - Jun. 2018)

\*3 Equity, ETF and REIT market share before the revision of commissions fee structure (Apr. - Nov. 2017)

\*4 Equity, ETF and REIT market share after the revision of commissions fee structure (Apr. - Jun. 2018)



## Monex for Wealth Creation Services with various product lineup

### Wealth Creation Service

#### Monex-Saison-Vanguard Investment Partners

- Investment balance is about ¥ 40 B(\*) including a wrap service (MSV LIFE) for individuals and investment entrusted by institutional investors
- A license agreement with Shizuoka Bank to start over-the-counter service of MSV LIFE

\* As of July 13, 2018

#### **Monex Adviser**

- Investment balance is about JPY 1 B (as of June 30, 2018)
- Robot adviser service where customers can determine their own investment policy and easily manage their assets with a support of professional advice

#### **iDeCo**

- Launched in Sep 2017. The number of account\* is about 9,400 (as of July 20, 2018)
- Take advantage of the position as a follower. Taking our pride in the commissions fee, product lineup, and a generous support with the industry's highest quality

\* The number of accounts include both the subscribers and the investment instructors

#### **Funded NISA**

- Launched in Jan 2018. Account openings are about 8,000 (as of June 30, 2018)
- Professionally chosen investment trusts are available for long-term periodic investments from a small amount

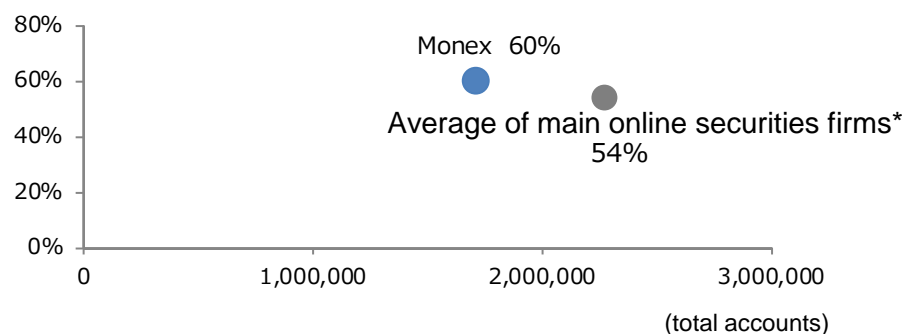


Aiming to double equities commissions through acquisition of active traders as well as investors, Monex's main customer base

**Higher ratio than the average of the main online securities firms = Good quality customer base**

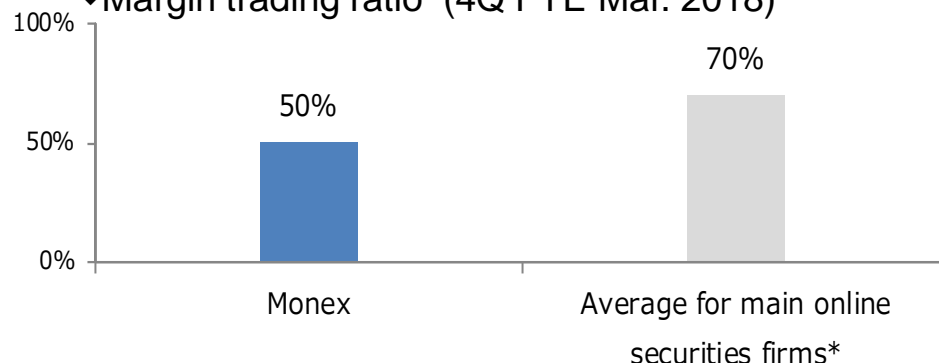
◆Active account ratio (as of March 31, 2018)

(active account ratio)



**Margin trading shows room for growth**

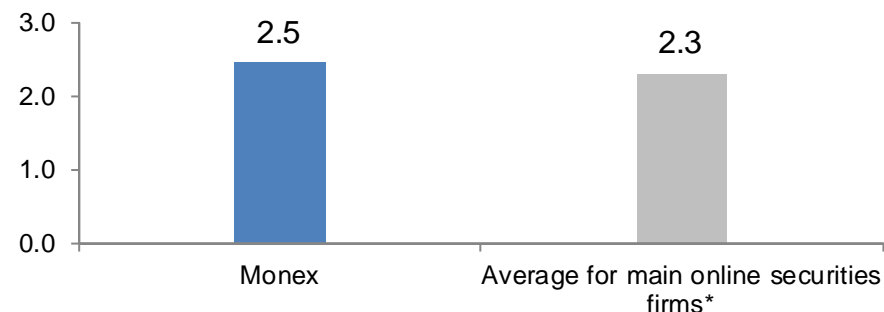
◆Margin trading ratio (4Q FYE Mar. 2018)



**Larger than the average of the main online securities firms = Good quality customer base**

◆Customer assets per account (as of March 31, 2018)

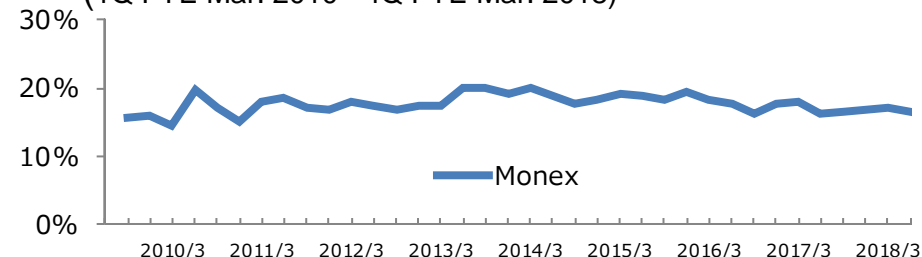
(JPY million)



**Stable commissions share despite challenging market**

◆Stock brokerage commission share

(1Q FYE Mar. 2010 - 4Q FYE Mar. 2018)

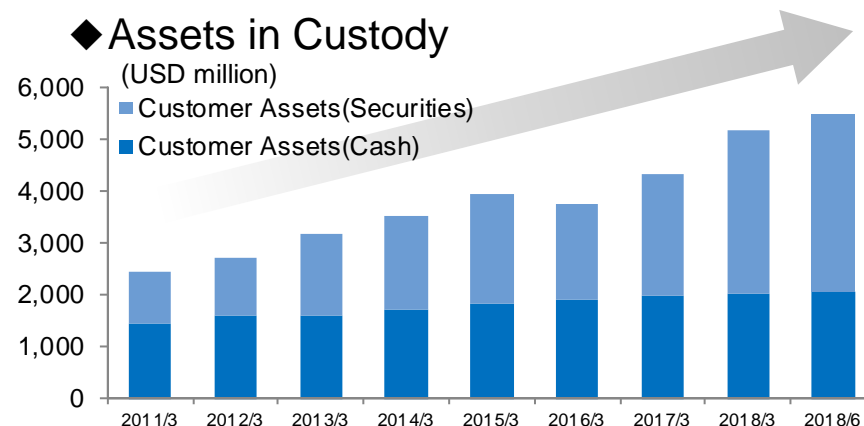
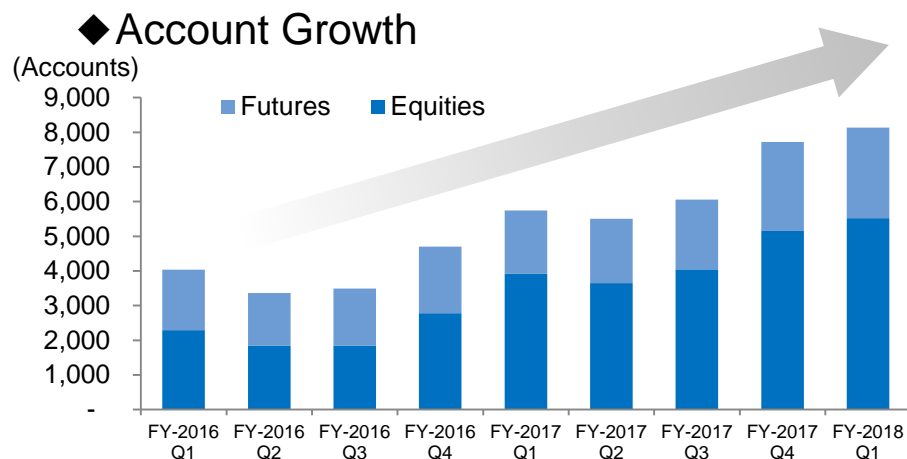




Active account growth continues to set new records fueled, most recently, by newly simplified and streamlined onboarding tools and processes.

### ■ Expanded services and customer base

- Record number of active accounts driving increased client assets totaling \$ 5.4 B in 1Q.
- New branding and simplified offerings successfully attracting casual traders/millennials to expand customer base. New customers in last 18 months are on average 4 years younger than previously.
- Proof of concept successfully completed to use Facebook chatbots to drive account acquisition.
- Established partnership with ClickIPO to offer access to 8 new offering during Q1.
- Progressing to provide a U.S. cryptocurrency trading offering. Established TradeStation Crypto, Inc. in Florida as a subsidiary to TradeStation Group, Inc.



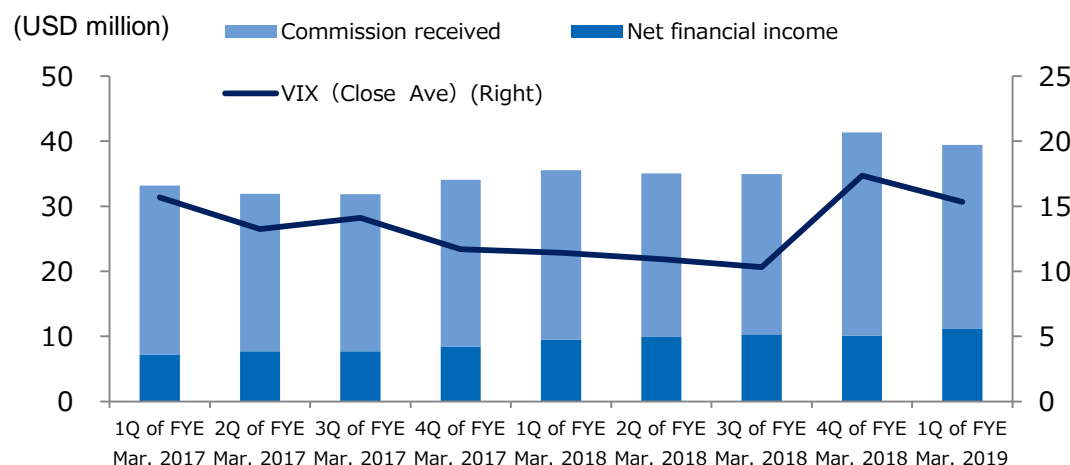


■ Strong account growth and favorable interest rates are providing a steady profit structure

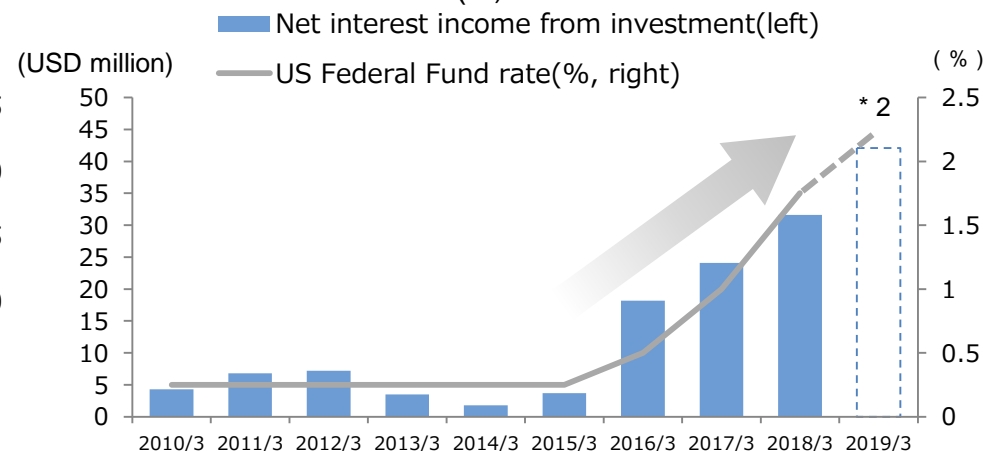
- Growth in active accounts and a hike in interest rate drove higher net financial income
- Commission received + net financial income decreased by 5% from previous quarter as market volatility dropped in 1Q from its spike in 4Q (15.3\* vs 17.4\* in 4Q)
- The US Federal Fund rate was raised 25 bps in June. In November 2018, \$ 1 B of customers' assets in custody will earn a higher rate of interest after the expiration of interest rate swap. Assuming the US Federal Fund rate is raised 25 bps in December 2018, net interest income in FYE2019 would increase by \$ 11 M (vs FYE2018)

\* VIX close average price

◆ VIX and commission received + net financial income



◆ Net interest income (\*1) and US Federal Fund rate



\*1 Excluding income from margin trading and stock lending

\*2 Assuming the rate will be raised 25bps in December 2018



## Explore business opportunities in Asia Pacific area

### ■ Launched online securities business operation in Australia

- Monex Securities Australia Pty Ltd started the online securities business in Jan. 2018
- The company makes use of the system of the HK-based brokerage subsidiary in order to lighten the infrastructure and offer cost-competitive services
- Continuously strengthen various marketing for recognition to enlarge customer base
- Establish a business model in Australia, leading to business expansion in other regions

### ■ Quarterly financial results of Monex Boom Securities (HK)

- Amount equivalent to operating income remains profitable (-64% vs 4Q FYE 2018) despite a large decrease in total operating revenue after deducting financial expenses (-21% vs 4Q FYE 2018) affected by lower market volume
- Various promotions and PR activities to expand customer base

### ■ Providing technology and knowledge of online brokerage business through a joint venture in PRC



Since the service suspension in Jan. 2018, Coincheck only allowed existing customers to sell their cryptocurrency. Segment loss was ¥ 0.3 B in 1Q

1Q FYE March 2019 (Crypto Asset Segment・IFRS)

(Billion yen)	1Q FYE March 2019 (3 months)
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
Quarterly profit before income taxes	-0.3

**【Reference】** FYE March 2018 (Coincheck・JGAAP)

(Billion yen)	FYE March 2018 (12 months)
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)

As of today, the lawsuit filed against Coincheck, Inc. has had only a minor impact on the financial status of the Company



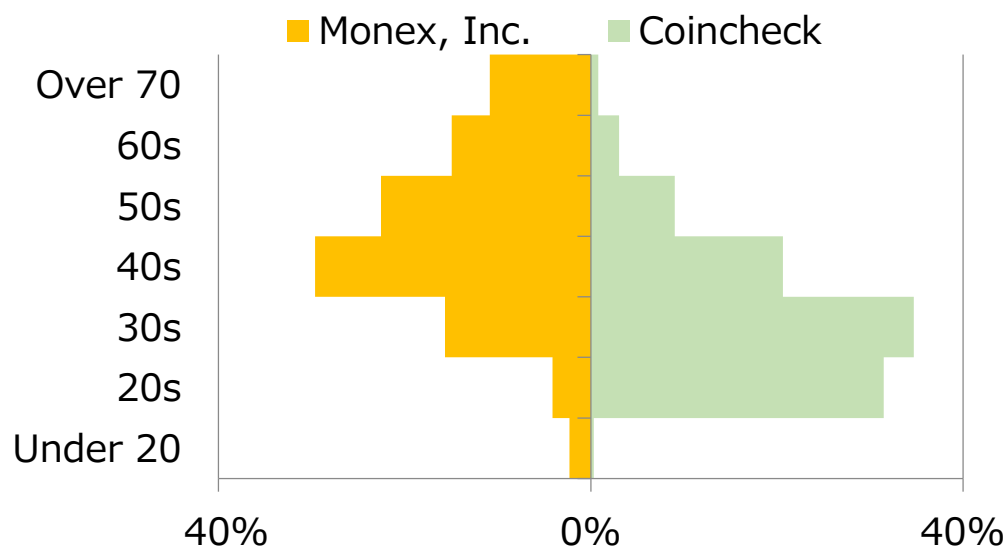
## Improvements in governance, internal control and internal audit in response to the business improvement order (Mar 8, 2018)

	Business Improvement Order	Major Improvements
<b>Governance</b>	Drastically reform management system	Established governance by having Board, of which outside directors are the majority, focused on supervising executives
	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
<b>Internal Control</b>  <b>Internal Audit</b>	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



## ■ Potential for Growth

- Coincheck has approximately 1.7 million users, a majority in the young generations. Customers' financial assets and transactions per user are likely to increase over time
- Due to its different age group of customers compared with Monex, Inc., there is synergy among mutual customers, and the customer base of the group is expected to expand

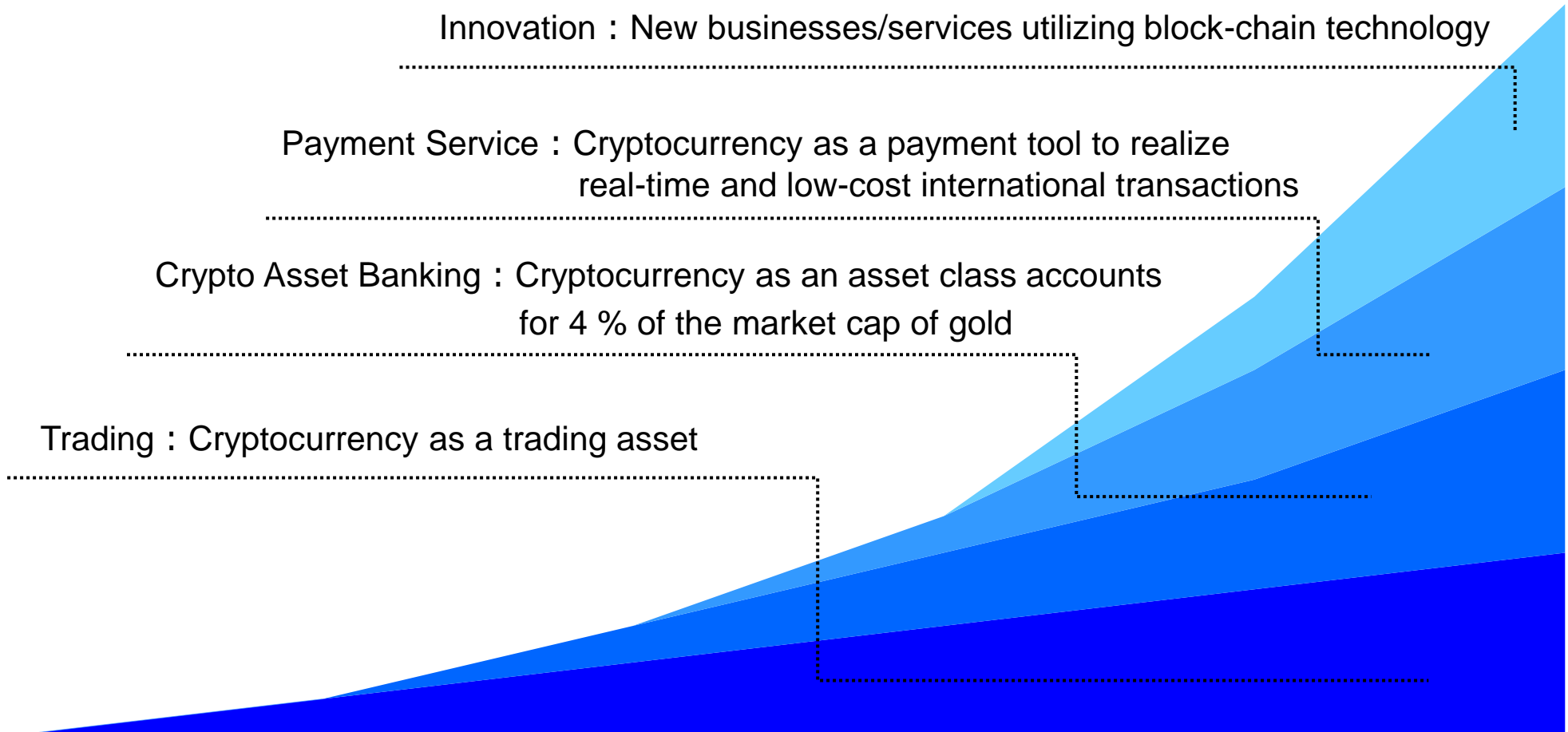


## ■ Profitability

Coincheck has built sophisticated internal controls, including a high-standard security management system, which has recently become expected for registered cryptocurrency exchanges. Going forward, Coincheck will advance as a highly technology-driven company with a cutting-edge security control system and the know-how to secure profitability appropriate of its true value.



Four potentials: Fusion with a traditional finance. New financial conglomerate in a new age





## Investment Segment was curved out from Japan Segment since April 2018

### ■ Monex Ventures, Inc. and MONEX EDISON Investment Limited Partnership

- Overall return\* of investments made since 2009 is approximately 8 times of invested capital (as of June 2018)

\* Gain on sales + unrealized gains of the stocks owned at the end of June 2018

### ■ Current scope of investment

- Monex Ventures, Inc. (a wholly-owned subsidiary of Monex Group, Inc.)
  - Principle investment with a focus on Fintech companies
- MONEX EDISON Investment Limited Partnership (A fund of Monex Ventures, Inc.)
  - Leveraging track-record of investments in Fintech companies, its investment scope is expanding further to include non-financial start-ups in seed- and early-stages
- Japan Growth Investments Alliance, Inc. (J-GIA) (Affiliated company of Monex Group, Inc.)
  - PE investment specializing in growth capital and small-cap buyout of small and medium-sized enterprises with a potential for growth



## Expanding investments in Fintech companies

Online life insurance  
invested in 2006



Listed on Mar. 2012 on TSE Mothers

Information platform  
/Curation  
invested in 2009

U Z A B A S E

Listed on Oct. 2016 on TSE Mothers

PFM\*/Crowd Accounting  
invested in 2012



Listed on Sep. 2017 on TSE Mothers

P2P lending  
invested in 2014



Crowdcredit

(registered as Type II Financial Instruments Business)

EC  
invested in 2014



八面六臂  
HACHIMENROPPI

Payment  
invested in 2015



DLT\*\*  
invested in 2015



Mortgage loan consulting  
invested in 2015



(registered as moneylender)

Online reservation  
App for upper-end  
invested in 2016



AI/Big Data  
invested in 2016



B2B Robo-advisor  
invested in 2016



AI/Big Data  
Invested in 2017



Custom-designed  
Investment platform  
invested in 2017



(registered as Type I Financial Instruments Business)

Stock Investment type  
Crowd funding Invested in 2017



(registered as Type I Small Amount Electronic Public Offering Service Provider)

Crypto-asset related business  
Invested in 2017



Web media  
Invested in 2017

Stockclip

Vertical EC  
Invested in 2018



AI/Big Data  
Invested in 2018



cinnamon

Robot Advisor  
Invested in 2018



Crypto-asset related business  
Invested in 2018



Photo EC  
Invested in 2018



AI/Big Data  
Invested in 2018



VR  
Invested in 2018



10UP Incorporated

Vacation Rental  
Invested in 2018



Interactive Advertisement  
Invested in 2018

P A R O N Y M

\* PFM=Personal Financial Management  
\*\* DLT=Distributed Ledger Technology

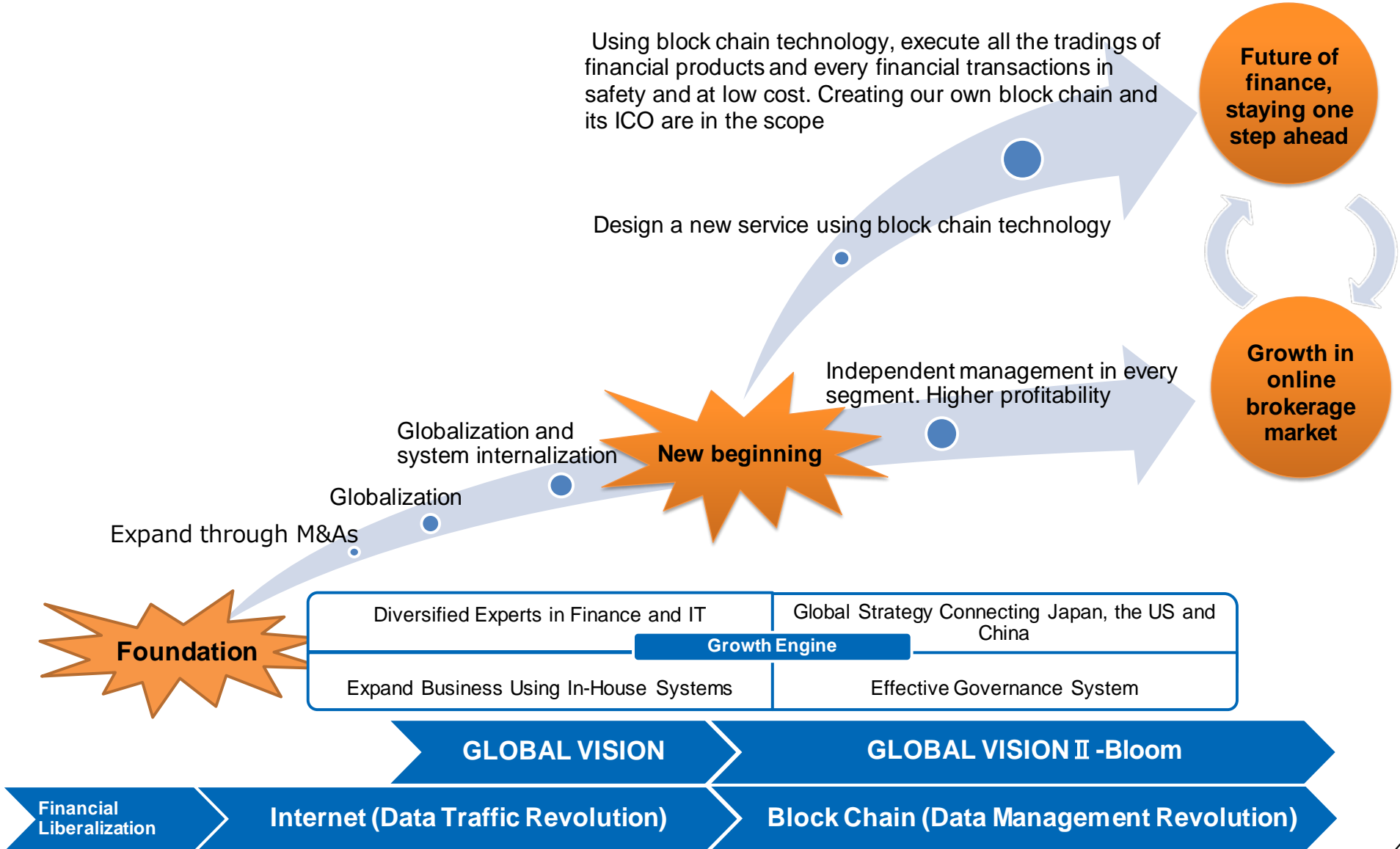


- 
- I. Highlights
  - II. Consolidated Performance
  - III. Business Update
  - IV. Mid- & Long-Term Initiatives**

Appendix. Group Overview

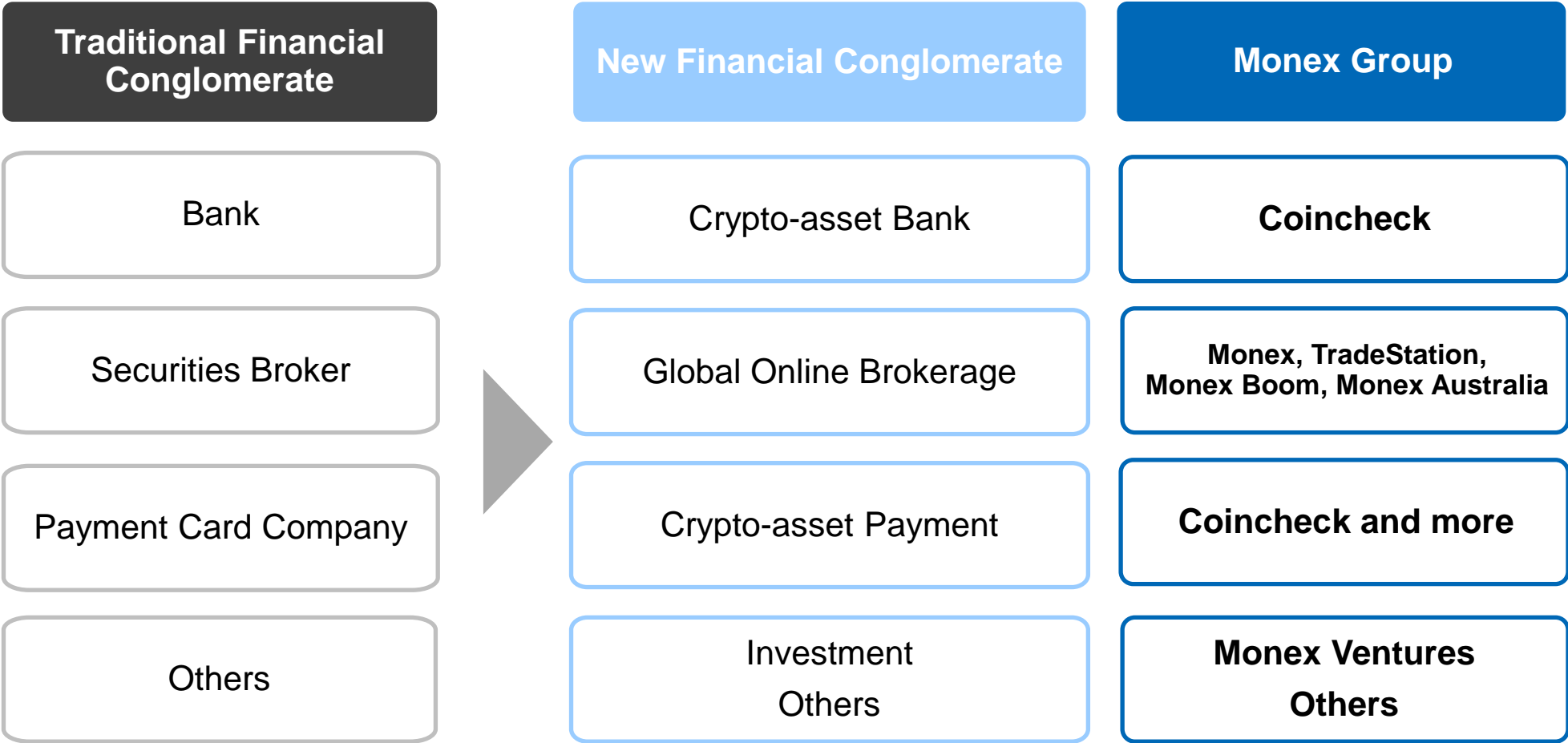


Redefine finance for a new era. Support everyone's investment and economic needs





New financial conglomerate in a new age





## Establish 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 & outside director

### Directors with various backgrounds

- Six out of nine directors qualify as “independent & outside” directors and four out of six independent & 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 & 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 & 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
- (Reference)
- 14<sup>th</sup> ordinary general meeting of shareholders (June 23, 2018)
- Attendance of shareholders: 468



- 
- I. Highlights
  - II. Consolidated Performance
  - III. Business Update
  - IV. Mid- & Long-Term Initiatives

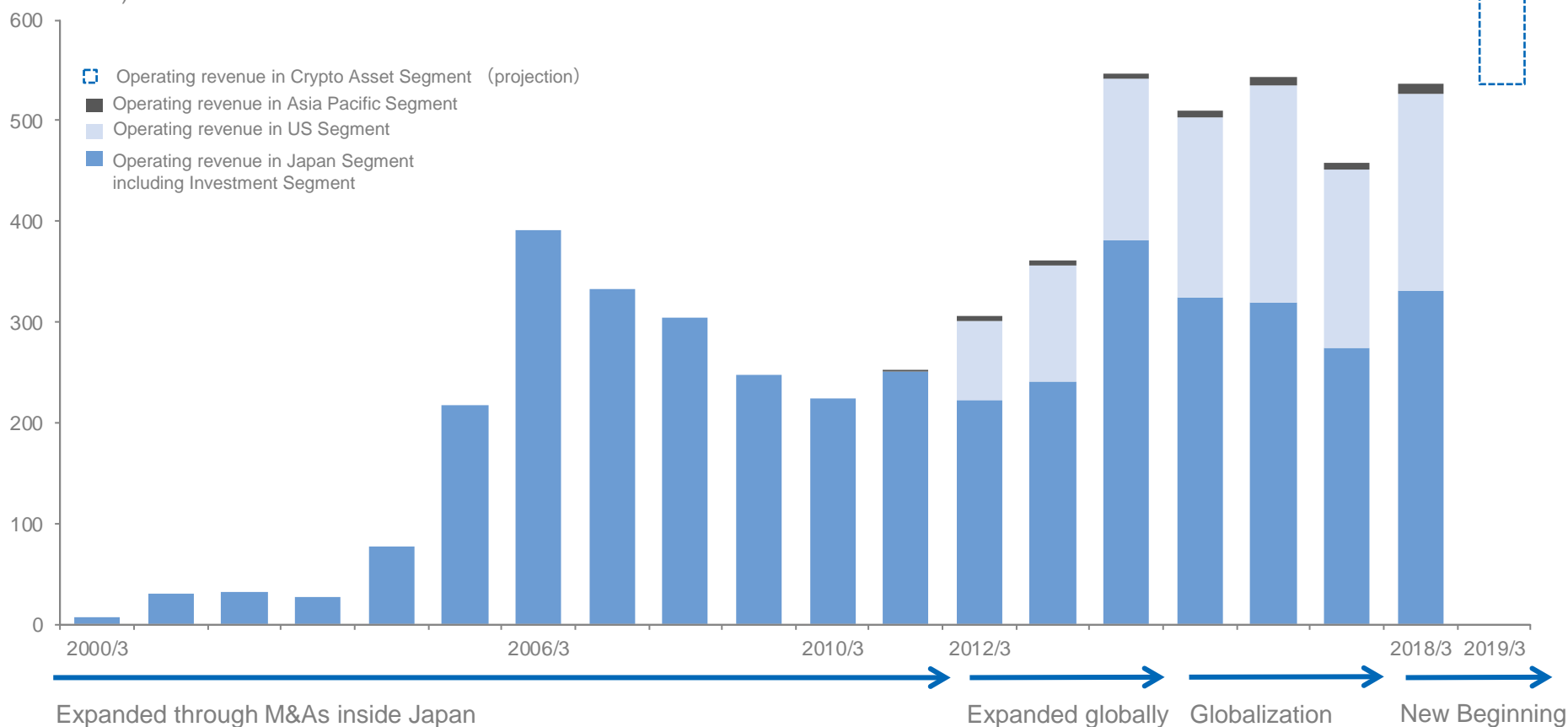
## Appendix. Group Overview



- ✓ Japan: 1.78M accounts, US: 100K accounts, HK: 10K accounts, Crypto Asset: 1.7M users. 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

## ◆Consolidated Operating Revenue

(JPY 100 million)

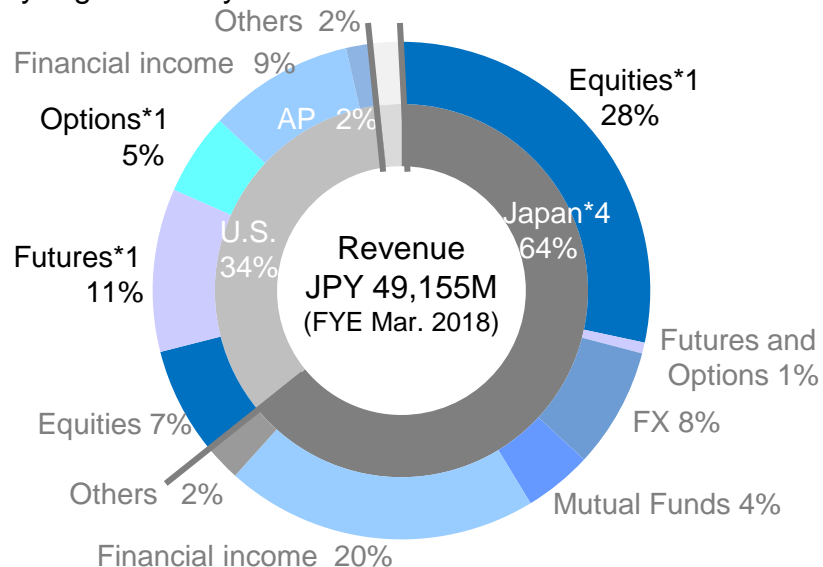


\*As of June 2018, Coincheck, Inc. is yet to be registered as a cryptocurrency exchange by FSA

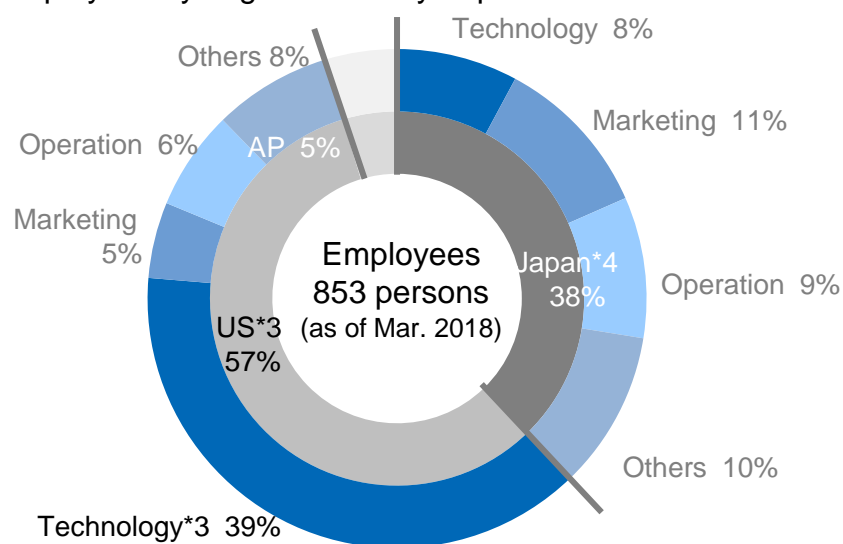


Group Overview – Revenues, Costs: 60% from Japan, 40% from US;  
Employees: 40% in Japan, 60% in US (As of March 2018)

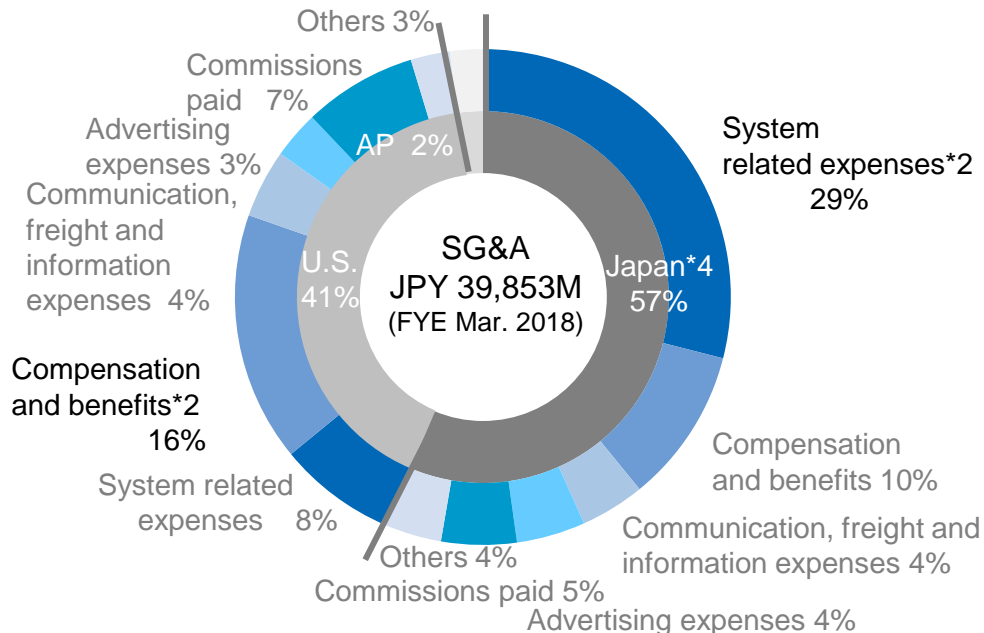
◆ Total operating revenue after deducting financial expenses  
by region and by business



◆ Employees by segment and by department



◆ SG&A by segment and by cost items



\*1. Total operating revenue after deducting financial expenses : US accounts for 1/3. Revenue in Japan primarily from equities while revenue in the US primarily from futures and options

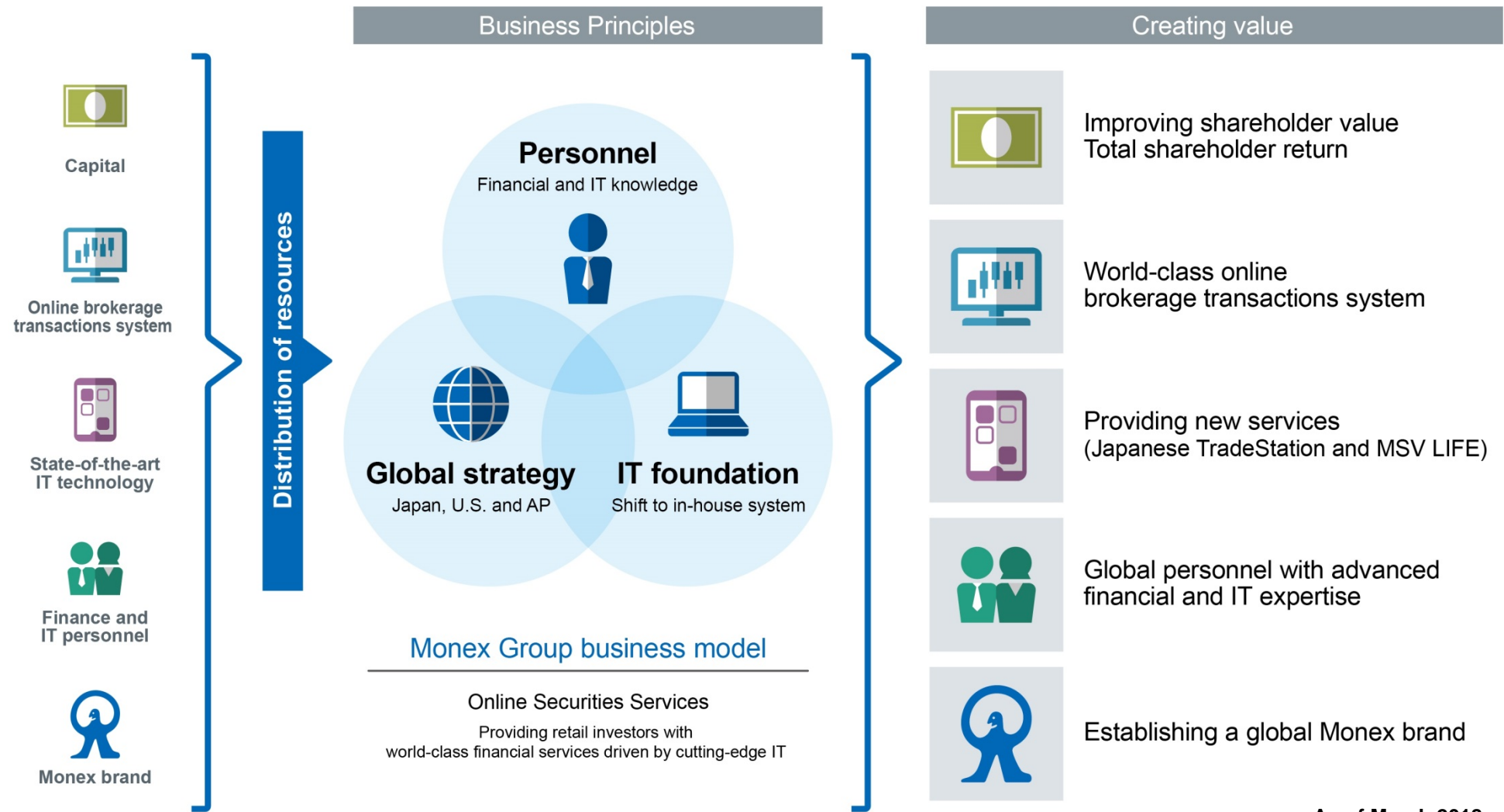
\*2. Total SG&A : Japan accounts for 60% and US and AP accounts for 40%. However, half of the Japanese portion is made up of system related costs, whereas the largest percentage of the US total is from compensation and benefits costs.

\*3. Employees: US account for 60%. US has a larger number of technology-related employees as it internally develops its system

\*4. Including Investment Segment



# As experts in finance, our personnel strive to expand customer base using IT technology





(As of June 30, 2018)

Listed Holding Company



[Japan]

Online Securities Company



**MONEX**

Monex, Inc.  
Comprehensive investment  
service provider

Cryptocurrency exchange  
service provider



**Coincheck**

Coincheck, Inc.  
Cryptocurrency exchange platform  
"Coincheck"

Corporate Venture Capital



Monex Ventures, Inc.  
Venture capital business

Asset Management



**Monex-Saison-Vanguard Investment Partners**

Small-lot and low-cost discretionary investment management  
wrap service  
(Investment Ratio ) Monex G: 51%

Finance Company

**Monex Finance Corporation**

Finance company for the group companies of Monex Group

[US/Europe]



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

Online Securities Company

TradeStation Securities, Inc.  
Appreciated mainly by active traders (US)

Technology

TradeStation Technologies, Inc.  
(US)

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

EU Base

TradeStation International Limited  
introduce international customers

[Asia Pacific]

Monex International Limited  
Holding Company in Hong Kong

Online Securities Company



Monex BOOM Group  
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]  
(Investment Ratio) Monex G: 49%

\* Business registration as a cryptocurrency exchange by FSA is still incomplete

\*\* 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 : Oki Matsumoto
- Founded in 1999
- Aims to provide retail investors the level of creative products & services offered to institutional investors
- First in the Japanese industry to offer unique services & 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 & the lowest commissions), offering the largest-class private equity fund in the world, First smartphone app for US equity as major online broker
- Products & services: Equities (Japan, U.S., Hong Kong), futures & options, FX, mutual funds, bonds, investment education, etc.
- # of total accounts: 1,779,713
- # of active accounts: 1,054,542
- ("Active accounts": accounts with balance or with at least one trade or transaction a year.)
- Customers' assets in custody: JPY 4.2832 trillion

## ■ Coincheck, Inc. (Tokyo, Japan)

- President : Toshihiko Katsuya
- Founded in 2012, joined Monex Group in Jun. 2018
- Offers cryptocurrency exchange service for 1.7 million user

## ■ TradeStation Group (HQ in 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 in Japan, China and Korea
- Products & services: Equities (U.S.), options and futures
- # of active accounts: 79,287
- Customers' assets in custody: JPY 605,521 million

## ■ Monex Boom Securities Group (Hong Kong)

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 & services: Equities (12 markets such as Hong Kong, US, Japan, etc.) Trades available in 6 currencies in a single trading account
- # of accounts with balance: 12,474
- Customers' assets in custody: JPY 169,529 million

## ■ Monex Securities Australia Pty Ltd (Australia)

- By utilizing the system and operating structure of Monex Boom Securities Group
- Managing Director: Alex Douglas
- Founded in 2010, joined Monex Group in June 2011

The numbers above are as of June 30, 2018.



	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		- Monex Securities Australia Pty Ltd is launched new online brokerage firm for individual investors in Australia

As of June 2018

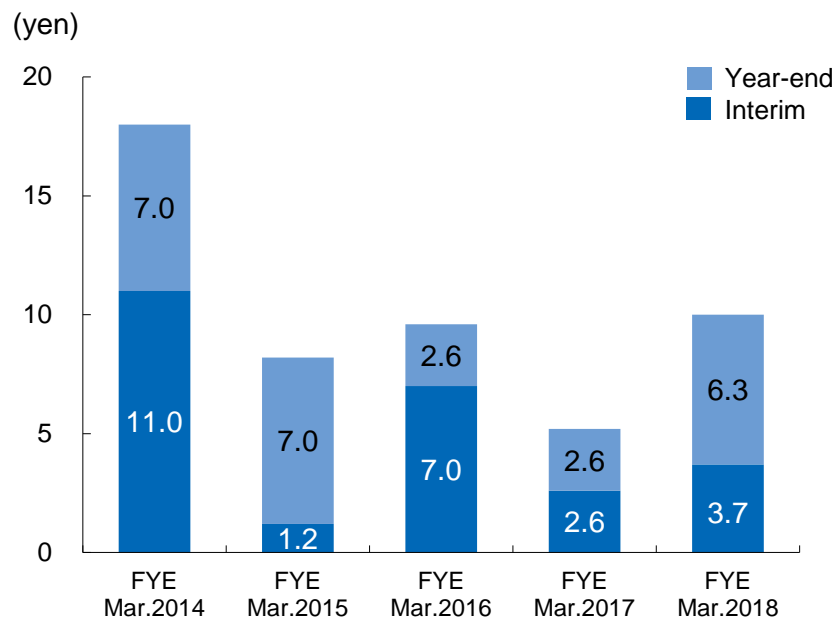


## ■ Pursue returns to shareholders through ROE improvement

### ◆ Our basic policy for shareholders distribution

To provide returns to shareholders based on our business performance, while reserving necessary capital as a growing company

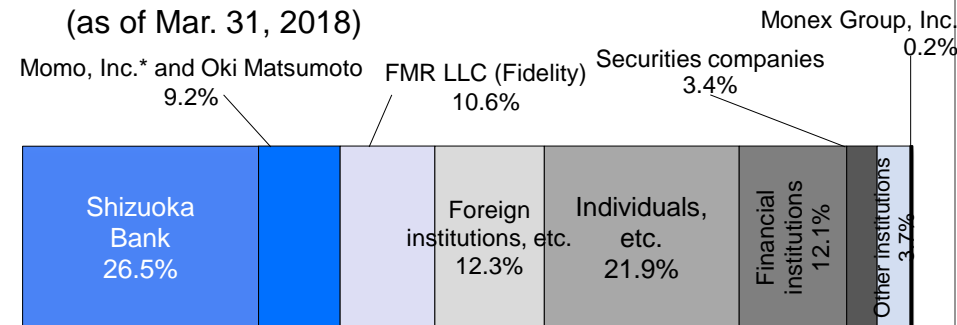
### ◆ Dividend history



Stock split was implemented on Oct. 1, 2013 and the above figures are adjusted retroactively since FYE Mar. 2014

## ■ Shareholders & indicators per share

### ◆ Major shareholders and shareholder breakdown (as of Mar. 31, 2018)



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

\* Formerly known as Oki Matsumoto, Inc.

### ◆ Indicators per share

	FYE Mar. 2015	FYE Mar. 2016	FYE Mar. 2017	FYE Mar. 2018	FYE Mar. 2019
Equity attributable to owners of the Company per share (BPS)	302.18 yen	302.03 yen	290.00 Yen	298.50 Yen	301.56 Yen
Earnings per share attributable to owners of the Company (EPS)	12.15yen	12.46yen	1.06yen	24.33yen	17.78yen *
Rate of Return on Equity(ROE)	4.2%	4.1%	0.4%	8.3%	5.9% *
Dividends per share	8.2yen	9.6yen	5.2yen	10.0yen	TBA

\* EPS and ROE for 1Q FYE Mar. 2019 show annualized figures obtained by multiplying 4 to actual figures for the quarter