

MONEX GROUP

January 31, 2020
TSE 1st Section: 8698

Financial Results for 3Q of Fiscal Year Ending March 31, 2020

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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

Each segment is striving to create new business models to adapt to the changing business environment

Japan

Japan Segment plans to transform from a brokerage-model to an asset-management model that aims to increase client assets after deducting commissions and management fees. Japan Catalyst, Inc. will drive the development of asset-management and asset-creation businesses

US

New business initiatives, including the introduction of an education platform, intend to offset commission decline resulting from customers' shift to TS Go/Select and to further increase and diversify its revenue stream in the medium-term

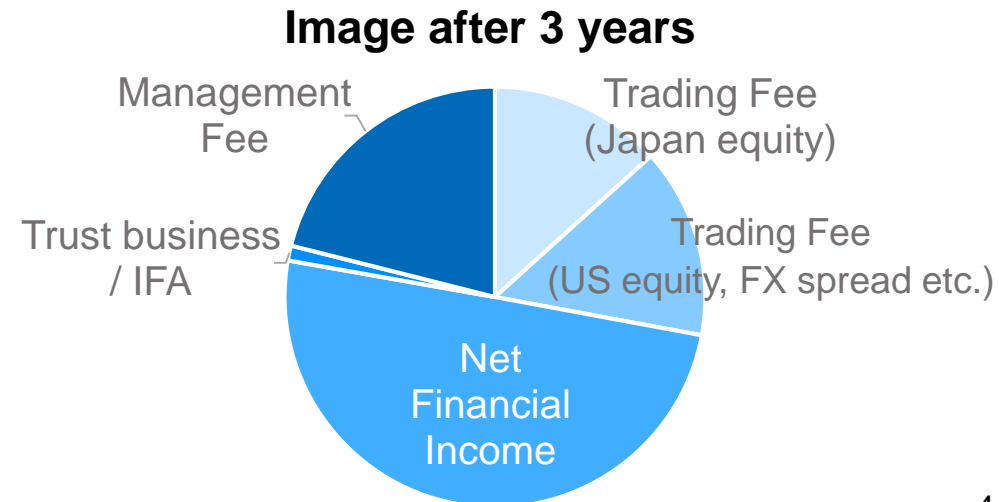
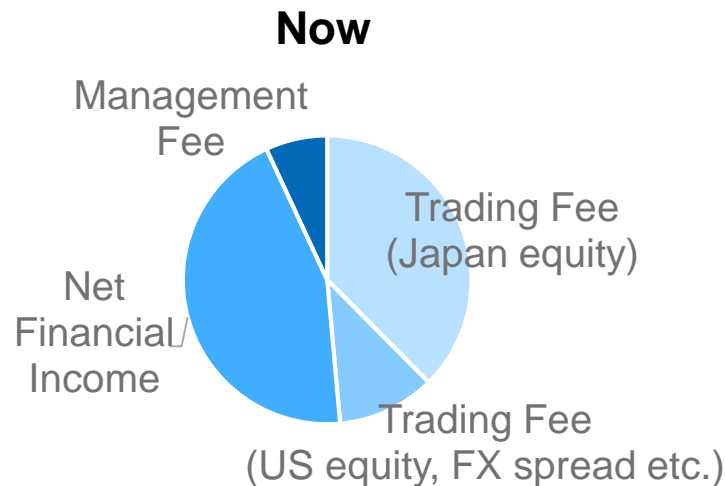
Crypto Asset

Coincheck has drastically reduced costs to cope with possible low market trading volume, with the aim to secure an increase in profits during a market recovery

Japan Segment will strengthen its customer asset services and promote its transition to an asset-management model

- Japan Catalyst will enlighten individual investors and promote an engagement investment with the aim to increase customers’ assets in custody as well as management fee income. This will be a key engine to our business transformation to an asset-management model
- Trust business, IFA and the trading community service “ferci” will serve as asset-management and asset-creation services in line with the various financial needs of our customer base
- US equity services will continue to be enhanced to drive further growth in trading fees

Revenue Portfolio



US Segment will use its new trading experience as leverage to expand and diversify its revenue streams

- “YouCanTrade” will offer educational content and gaming experiences for trading as part of its social networking service. It will not only cultivate new revenue streams, but will also strengthen the existing brokerage business
- New commission-free trading plans will expand our customer base to casual traders, and increase customer assets and net interest income
- New cryptocurrency offering enables to diversity revenue streams

Revenue Portfolio

Now

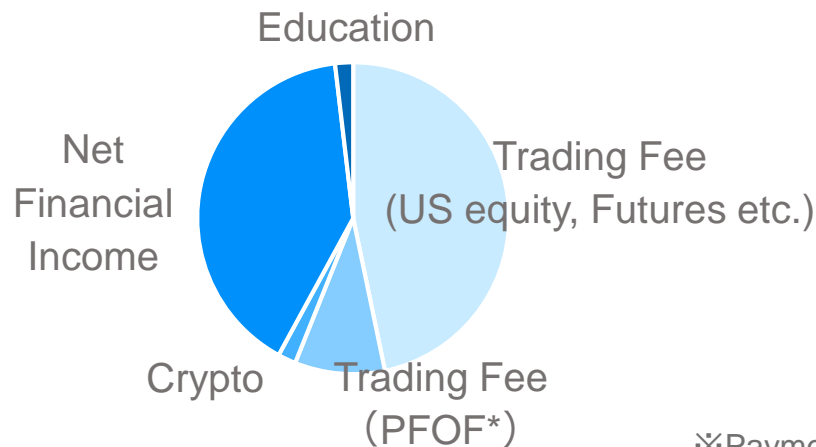
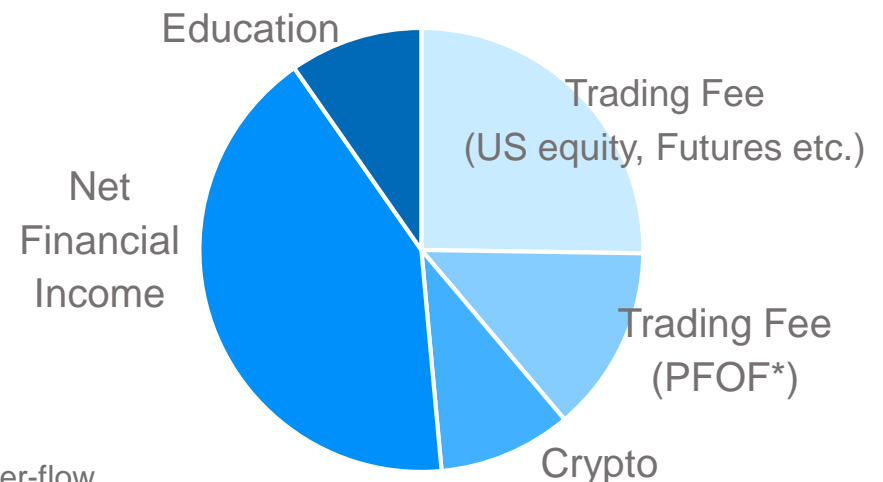


Image after 3 years



※Payment-for-order-flow

Japan

Trading volume in Monex Securities increased more than market growth, and segment profit* increased to ¥0.9B.

US

With lower interest rate environment and offering commission-free trading, segment profit dropped to ¥0.3B

Crypto Asset

Despite continuously reducing fixed cost, Coincheck recorded segment loss* due to prolonged lower market trading volume

Asia Pacific

Due to Monex Boom Securities' bad debt reserve of ¥0.11B for its margin loan, segment loss was ¥0.1B (The loan loss provision ratio is 100% with bad debt reserve in 2Q)

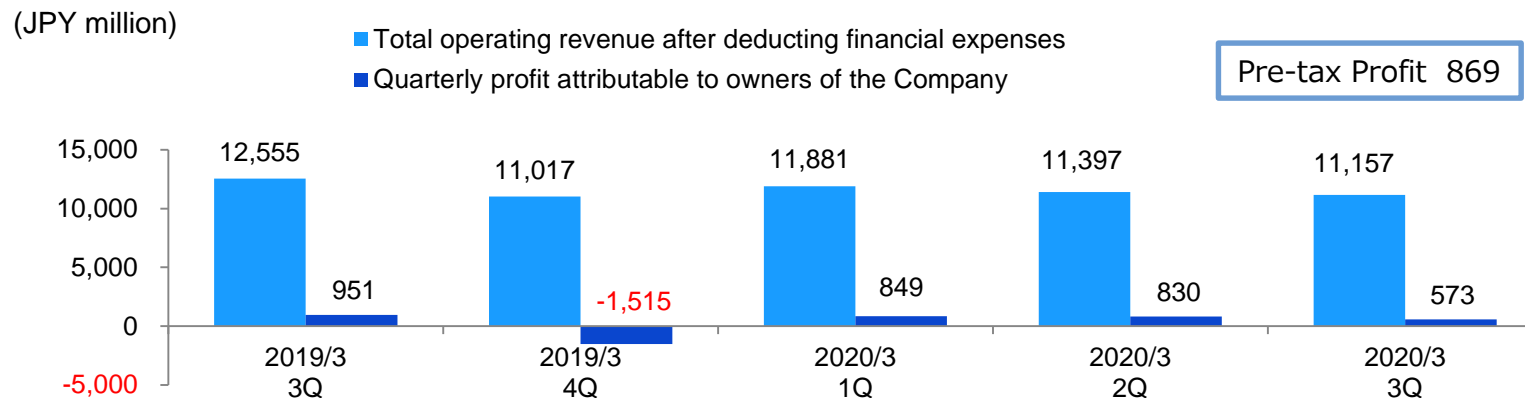
Investment

MV I Investment Limited Partnership was expanded its portfolio to 26 companies as of Dec 2019. Recorded valuation loss of shares owned

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

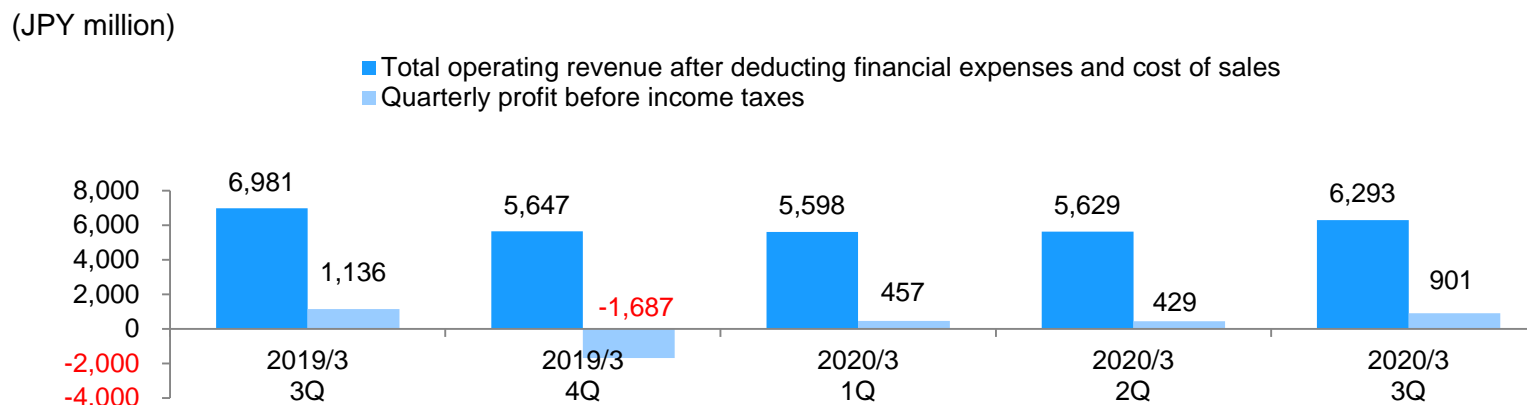
◆ Total operating revenue after deducting financial expenses and profit attributable to owners of the Company

Consolidated



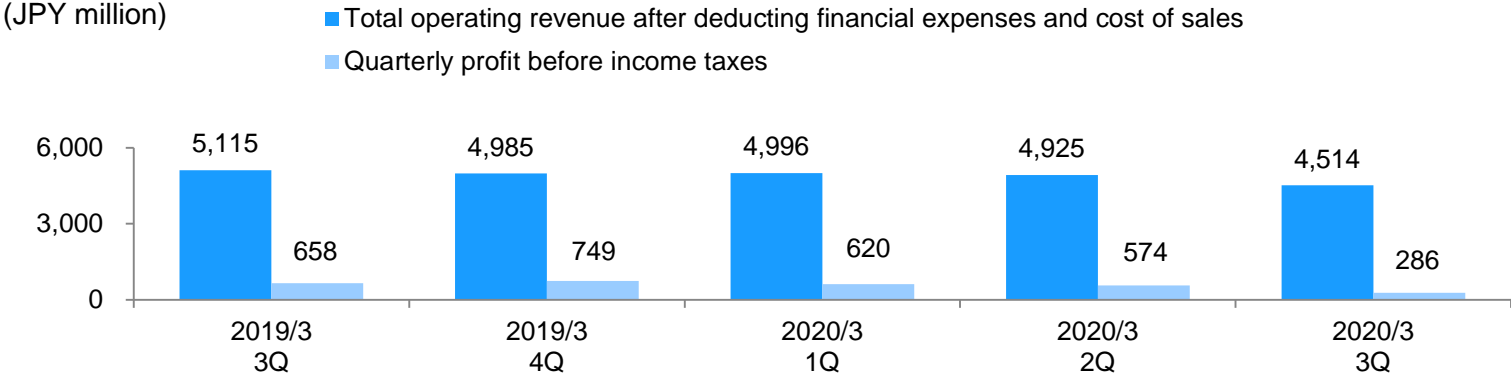
◆ Total operating revenue after deducting financial expenses and cost of sales and segment profit

Japan

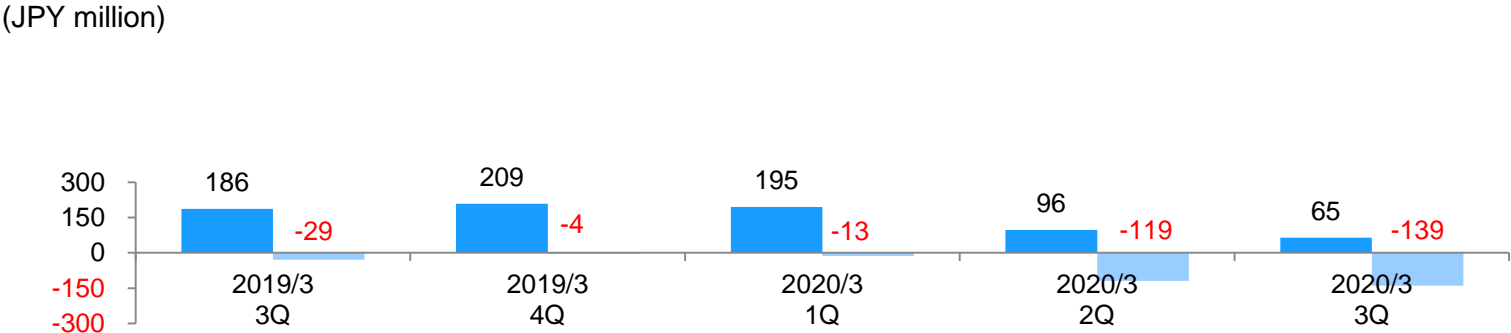


◆ Total operating revenue after deducting financial expenses and cost of sales and segment profit

US

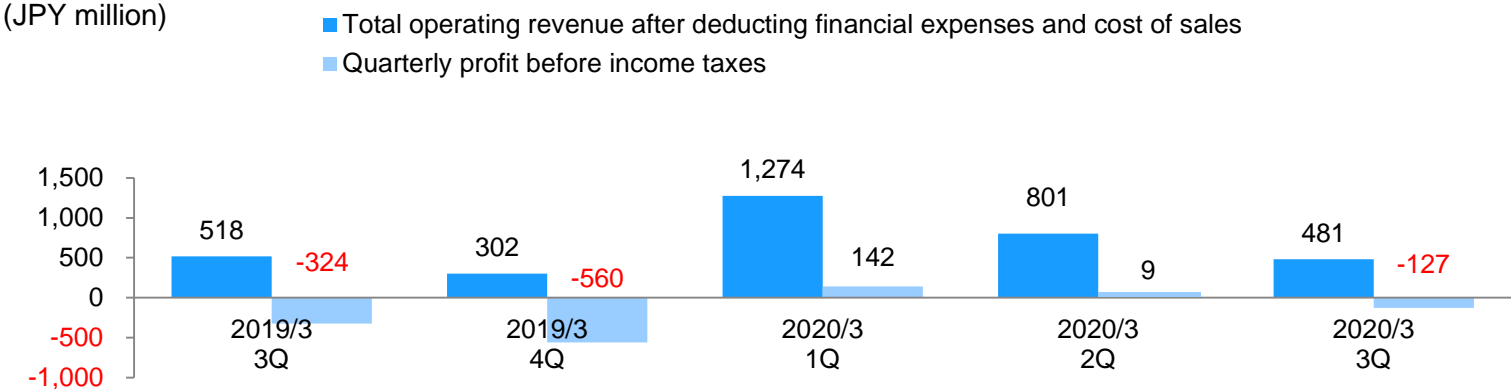


Asia Pacific

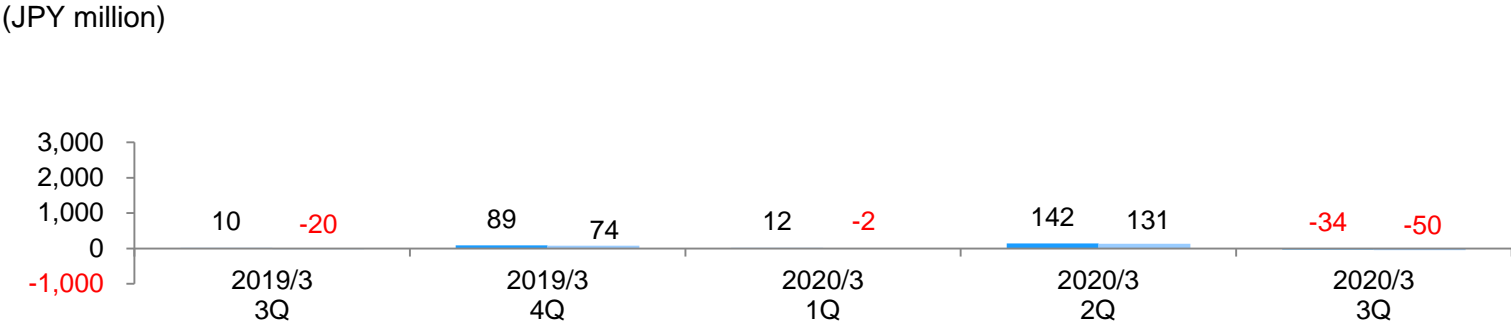


◆ Total operating revenue after deducting financial expenses and cost of sales and segment profit

Crypto Asset



Investment



I. Highlights

II. Consolidated Performance

III. Business Update

Appendix. Group Overview

YoY Comparison (9 months) Consolidated Performance

(JPY million)	FYE Mar. 2019 3Q (Apr. 2018– Dec. 2018)	FYE Mar. 2020 3Q (Apr. 2019– Dec. 2019)	Variance	Rate of change	Reference
Total operating revenue after deducting financial expenses	36,400	34,434	-1,966	-5%	P13: Analysis of Japan segment P15: Analysis of US segment (USD) P17: Analysis of Crypto Asset segment
SG&A	33,400	31,383	-2,017	-6%	P14: Analysis of Japan segment P16: Analysis of US segment (USD) P18: Analysis of Crypto Asset segment
The amount equivalent to operating income	3,000	3,051	51	2%	
Other income / expenses (net)	222	13	-209	-94%	Breakdown in DATA BOOK P20: Quarterly consolidated financial results (Other income and other expenses)
Quarterly profit before income taxes	3,223	3,064	-158	-5%	
Quarterly profit attributable to owners of the Company	2,696	2,252	-444	-16%	
EBITDA*	9,243	9,098	-145	-2%	

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

YoY Comparison (9 months) Segment Performance

(JPY million)	Japan		US		Asia Pacific		Crypto Asset		Investment	
	2019/3 3Q	2020/3 3Q	2019/3 3Q	2020/3 3Q	2019/3 3Q	2020/3 3Q	2019/3 3Q	2020/3 3Q	2019/3 3Q	2020/3 3Q
Total operating revenue after deducting financial expenses and cost of sales	20,092	17,521	14,353	14,435	599	357	1,775	2,556	325	119
SG&A	17,315	15,808	13,019	12,926	654	645	3,393	2,515	7	40
The amount equivalent to operating income	2,777	1,713	1,334	1,509	-55	-288	-1,618	41	318	79
Other income / expenses (net)	157	75	-106	-29	11	17	446	-17	-10	-0
Quarterly profit before income taxes	2,934	1,788	1,229	1,480	-44	-272	-1,172	24	308	79
Quarterly profit attributable to owners of the Company	2,423	1,247	911	1,251	-54	-240	-837	-18	279	47
EBITDA	7,348	5,404	3,358	3,870	-2	-199	-1,561	438	318	79

Note

See P13 “total operating revenue after deducting financial expenses and cost of sales” for more details
See P14 “SG&A” for more details

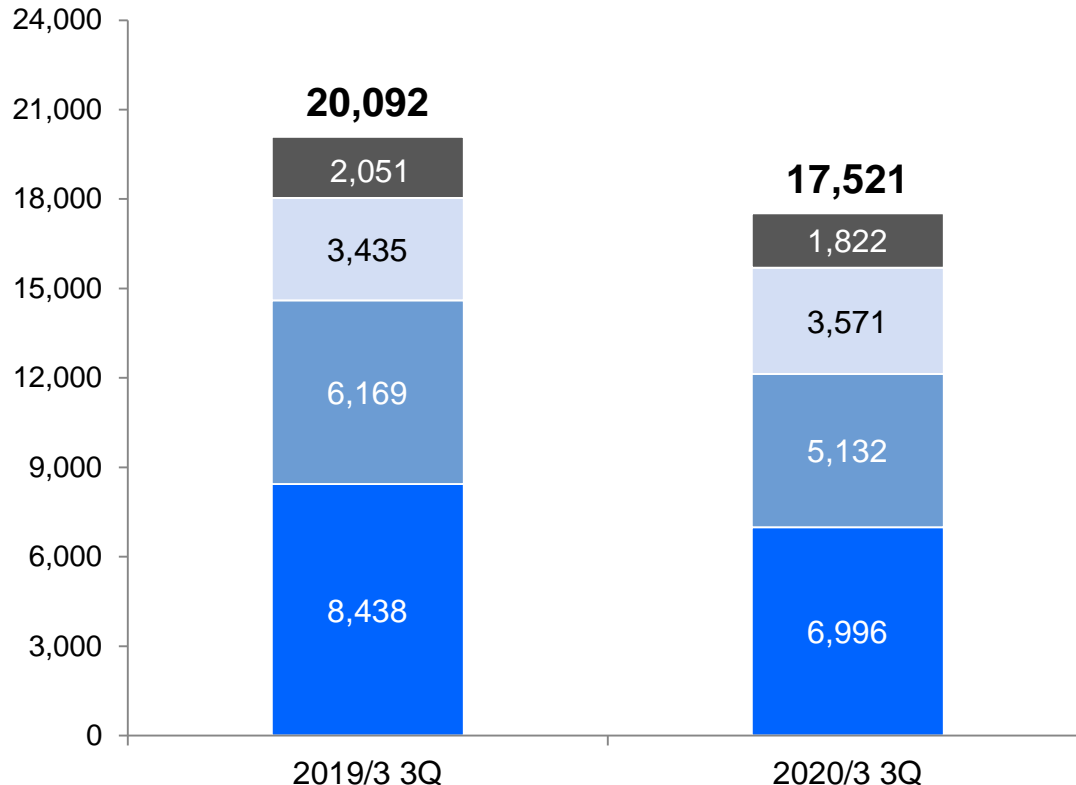
See P15 “total operating revenue after deducting financial expenses and cost of sales” for more details
See P16 “SG&A” for more details

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

Japan : Brokerage commissions and net financial income decreased due to lower market volume and margin loan balance

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

(JPY million)



Total operating revenue after deducting financial expenses and cost of sales
-12.8% (-2,572)

- Others (-229)
- FX & fixed income (+136)
- Net financial income (-1,037) *1
- Brokerage commissions (-1,442) *2, 3

*1 Net financial income of margin trading balance -963 (-23%)
Market margin balance -20% (ave.)

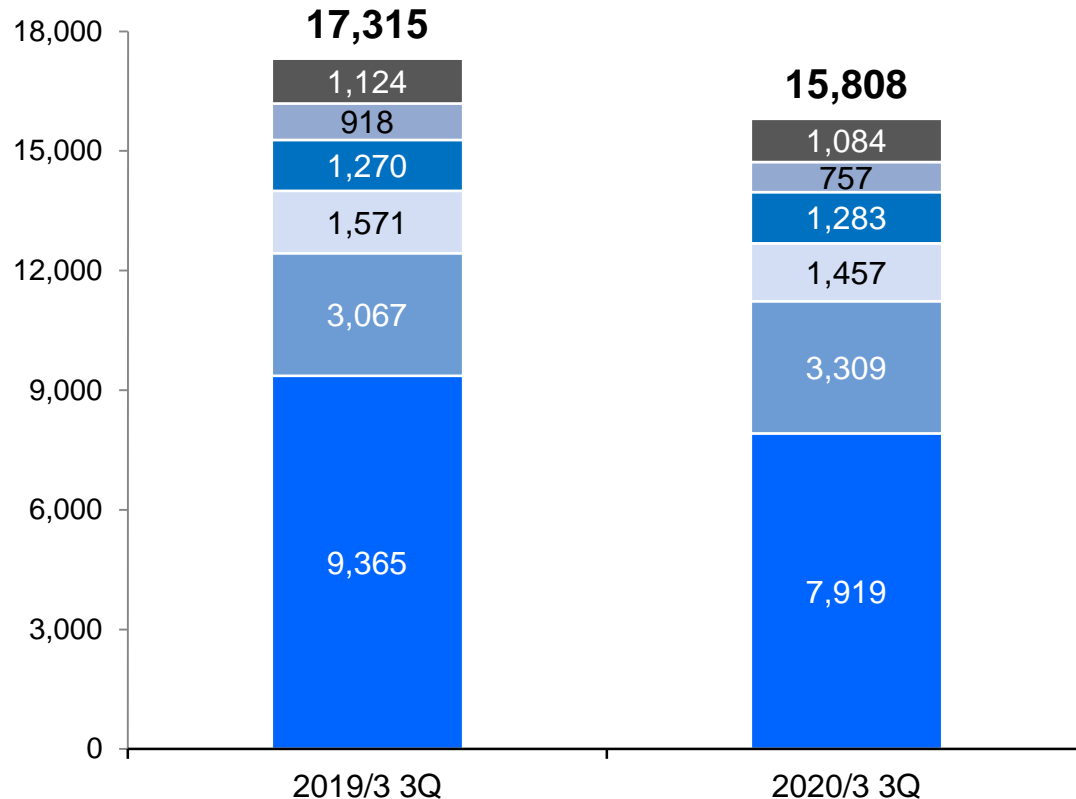
*2 Total trading volume of individual investors in two Japanese major equity markets, including ETFs etc. -16%

*3 Total revenue reduction in FY19 is expected to be around ¥0.1B due to the introduction of no-load mutual funds and commission-free program for margin trading of ETFs/REITs from Dec. 2019 (The revenue reduction in 3Q ¥20M).

Japan : The impairment in the previous fiscal year contributed to lower depreciation

■ SG&A

(JPY million)



SG&A Total -8.7% (-1,507)

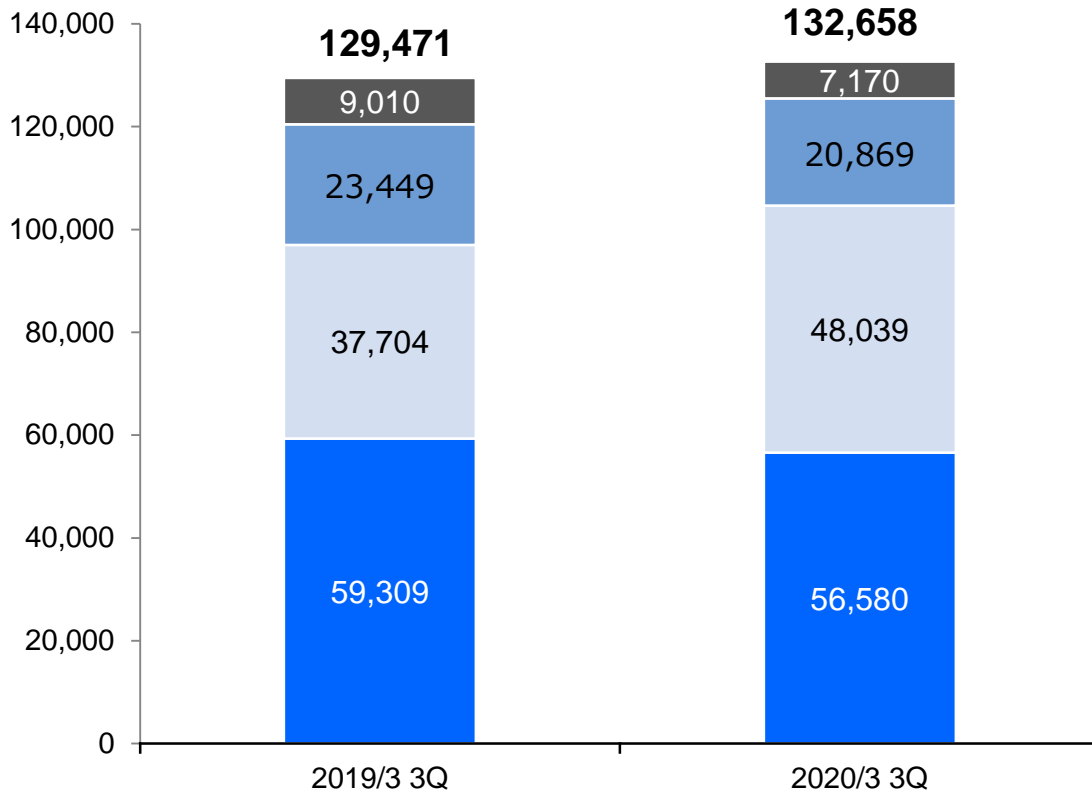
- Others (-41)
- Advertising expenses (-161)
- Communication, freight and information expenses (+13)
- Commissions paid, exchange and association dues (-114)
- Compensation and benefits (+242)
- System related expenses (-1,446) *

* Rental expenses	-260
Maintenance expenses and data processing	-305
Depreciation cost	-879

US : Net financial income increased due to higher interest rates, growing customers' assets in custody, and the expiration of the interest rate swap receiving fixed interest in Nov. 2018

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

(USD thousand)



Total operating revenue after deducting financial expenses and cost of sales +2.5% (+3,187)

- Others (-1,840)
- Other commissions (-2,580)
- Net financial income (+10,335)
- Brokerage commissions (-2,729) *1,2

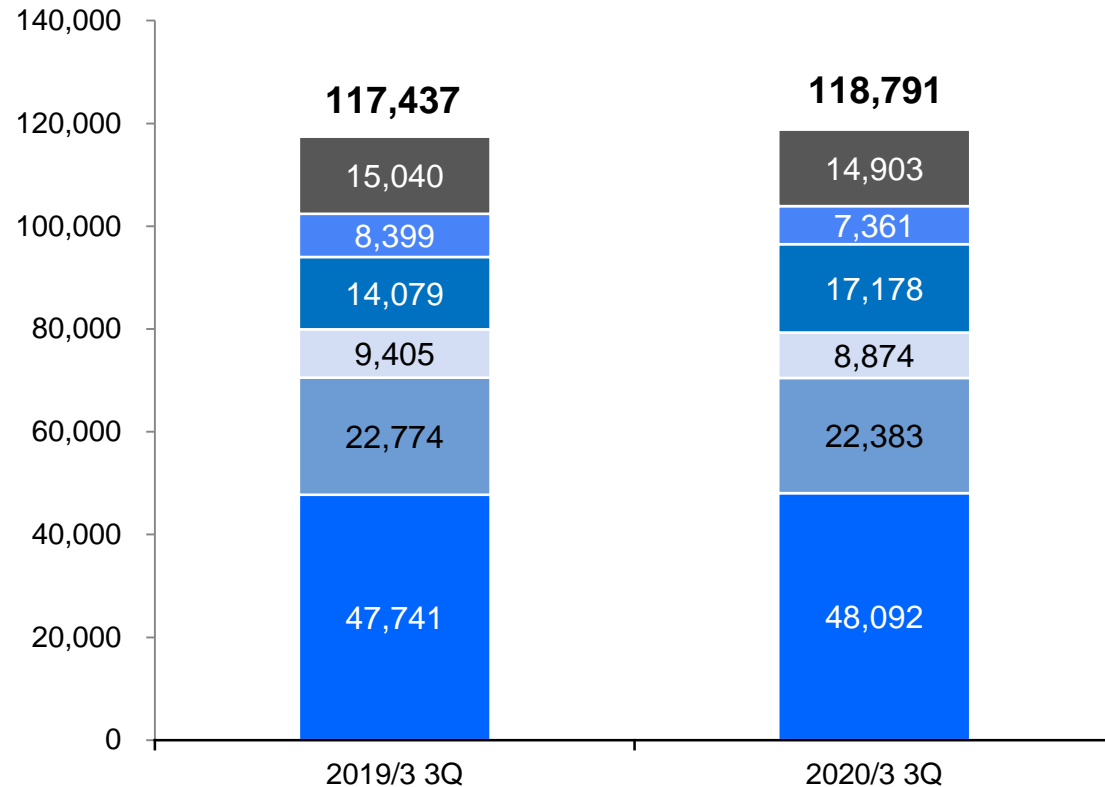
*1 The negative revenue impact of TS Go/Select was approximately \$0.9M in 3Q

*2 VIX Daily Average: 16.4→15.0

US : Total expenses have been well controlled while amortization and depreciation cost increased due to new business development such as the launch of cryptocurrency business

■ SG&A

(USD thousand)



SG&A Total +1.2% (+1,354)

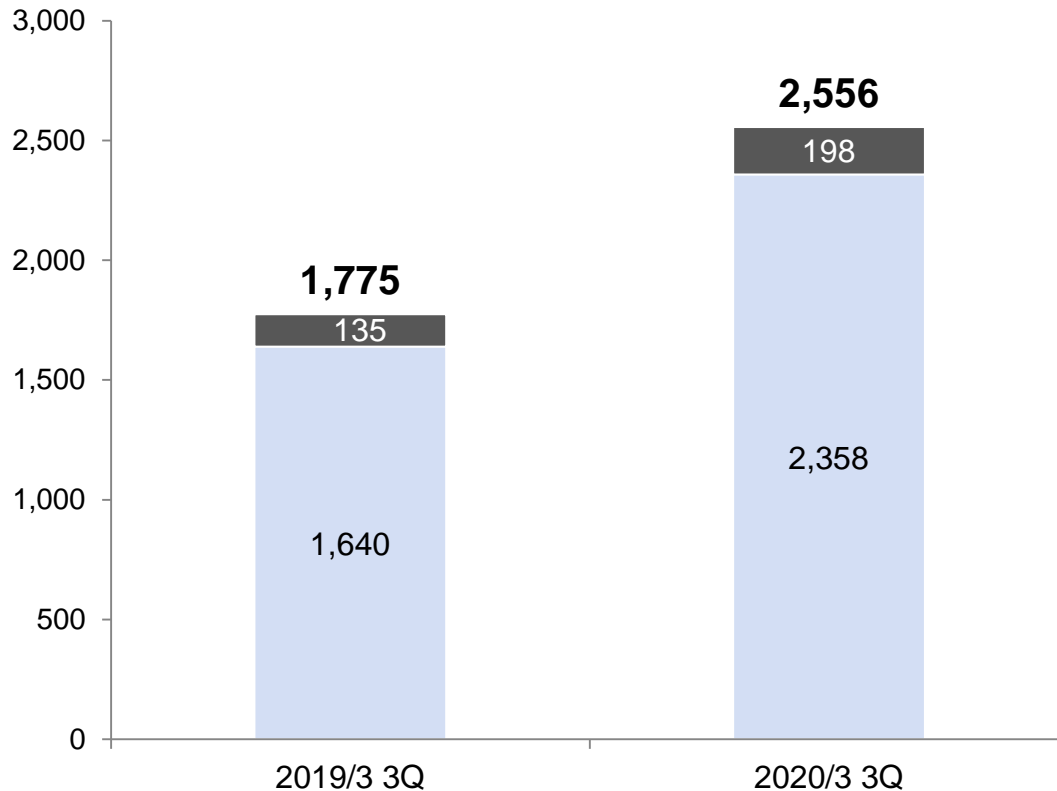
- Others (-137) *
- Advertising expenses (-1,037)
- Amortization and depreciation (+3,099) *
- Communication, freight and information expenses (-531)
- Commissions paid and association dues (-391)
- Compensation and benefits (+351)

* Reclassification by applying IFRS16
 Others to Amortization and depreciation 2,129

Crypto : Net trading income drastically increased because Coincheck has provided all of services in 9 months during in this fiscal year

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

(JPY million)



Total operating revenue after deducting financial expenses and cost of sales +44.0% (+781)

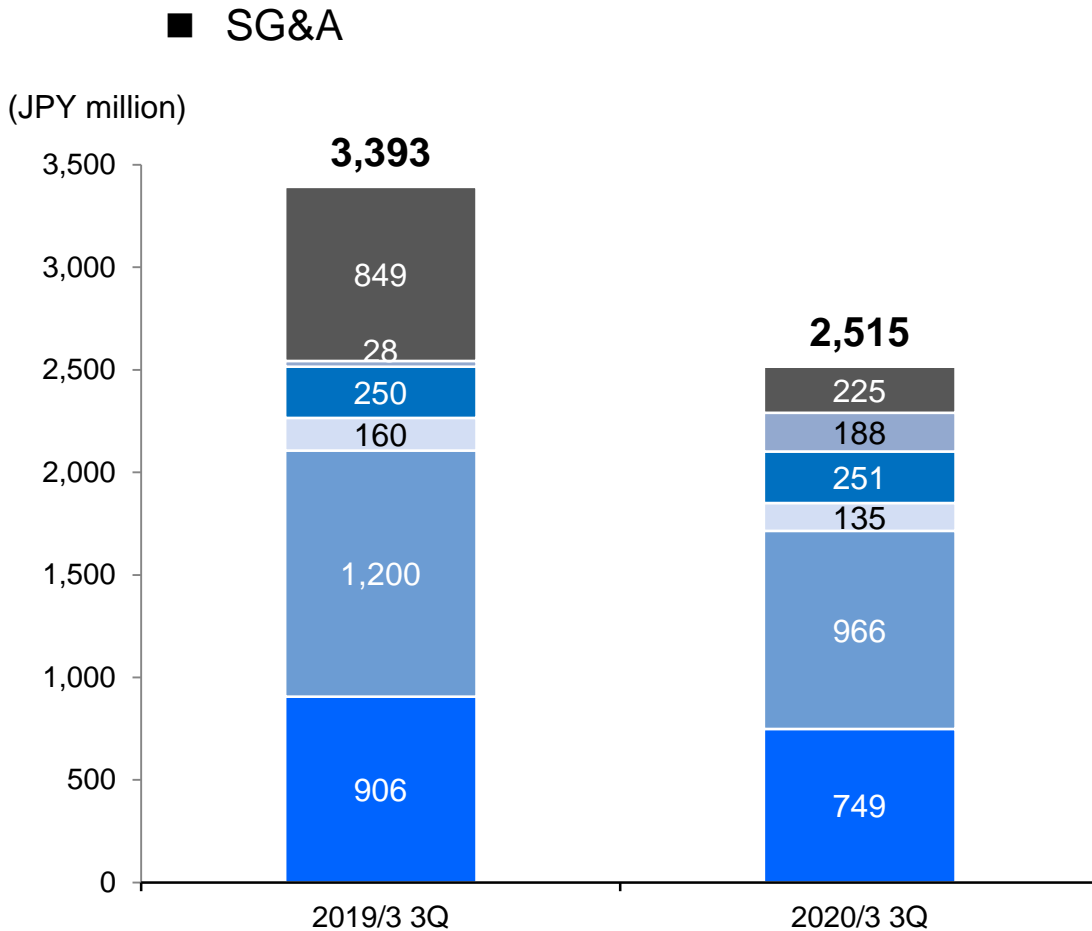
- Others (+63)
- Net trading income (+719) *

* Service comparison

In 1Q - 2Q FY2018, new account openings, purchasing and depositing services of all the altcoins were under suspension. New account opening and cryptocurrency trading has resumed since 3Q

In 1Q - 3Q FY2019, all the services are available and Coincheck started offering a new cryptocurrency, Monacoin, from June 2019 and Stellar Lumens from November 2019

Crypto : Coincheck carried out large cost reduction with a focus on fixed cost, after obtaining a formal cryptocurrency exchange license in January 2019



SG&A Total -25.9% (-878)

- Others (-624) *
- Advertising expenses (+160)
- Communication, freight and information expenses (+2)
- Commissions paid, exchange and association dues (-25)
- Compensation and benefits (-234)
- System related expenses (-157)

* Professional fees decreased after the registration of Coincheck as a cryptocurrency exchange agency

QoQ Comparison (3 months) Consolidated Performance

(JPY million)	2Q FYE Mar. 2020 (Jul. 2019-Sep. 2019)	3Q FYE Mar. 2020 (Oct. 2019- Dec. 2019)	Variance	Rate of change	Reference
Total operating revenue after deducting financial expenses	11,397	11,157	-240	-2%	P21: Analysis of Japan segment P23: Analysis of US segment (USD) P25: Analysis of Crypto Asset segment
SG&A	10,446	10,270	-176	-2%	P22: Analysis of Japan segment P24: Analysis of US segment (USD) P26: Analysis of Crypto Asset segment
The amount equivalent to operating income	950	886	-64	-7%	
Other income / expenses (net)	50	-17	-67		Breakdown in DATA BOOK P20: - Quarterly consolidated financial results (Other income and other expenses)
Quarterly profit before income taxes	1,000	869	-131	-13%	
Quarterly profit attributable to owners of the Company	830	573	-257	-31%	
EBITDA	3,035	2,886	-149	-5%	

QoQ Comparison (3 months) Segment Performance

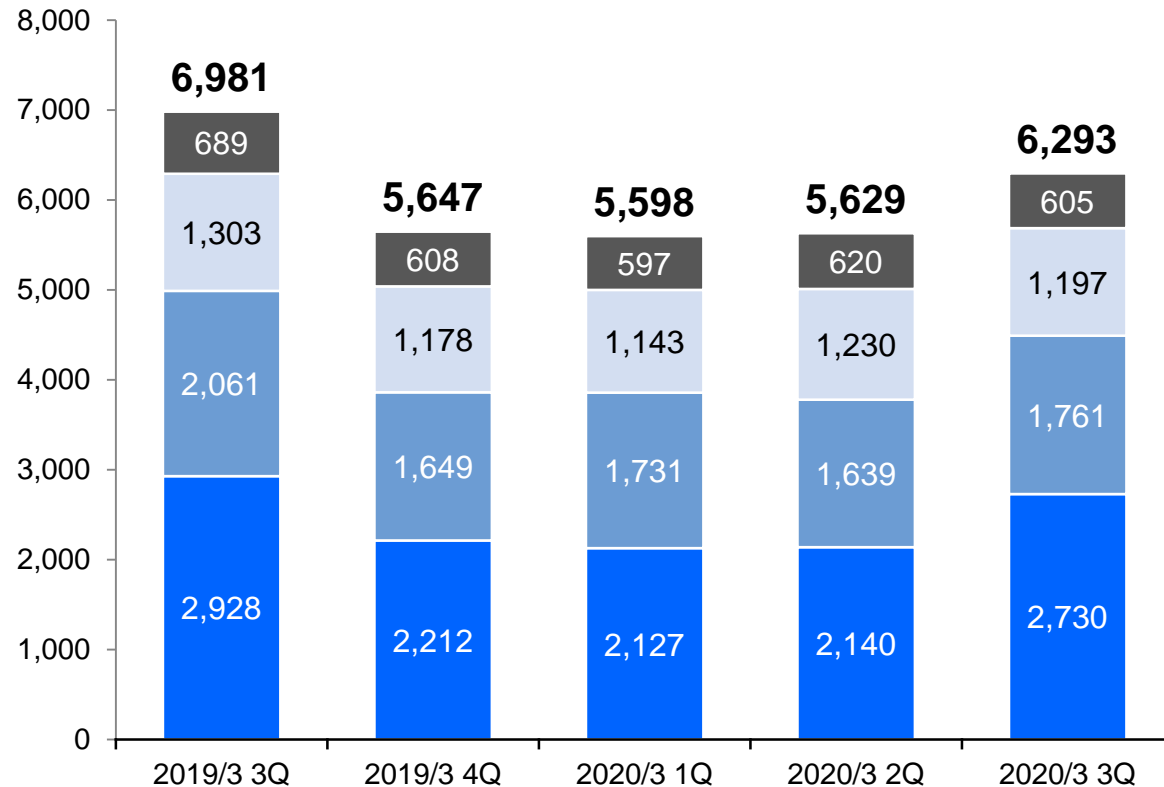
(JPY million)	Japan		US		Asia Pacific		Crypto Asset		Investment	
	2020/3 2Q	2020/3 3Q	2020/3 2Q	2020/3 3Q	2020/3 2Q	2020/3 3Q	2020/3 2Q	2020/3 3Q	2020/3 2Q	2020/3 3Q
Total operating revenue after deducting financial expenses and cost of sales	5,629	6,293	4,925	4,514	96	65	801	481	142	-34
SG&A	5,248	5,366	4,336	4,227	225	208	805	583	11	15
The amount equivalent to operating income	381	927	589	287	-129	-143	-4	-102	131	-50
Other income / expenses (net)	48	-26	-15	-2	9	4	13	-25	-0	-0
Quarterly profit before income taxes	429	901	574	286	-119	-139	9	-127	131	-50
Quarterly profit attributable to owners of the Company	311	623	544	243	-103	-121	21	-138	83	-32
EBITDA	1,660	2,168	1,380	1,077	-99	-113	149	-10	131	-50

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.	See P25 "total operating revenue after deducting financial expenses and cost of sales" for more details. See P26 "SG&A" for more details.
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Japan : Trading volume increased more than market growth, and so did brokerage 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 +11.8% (+664)

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

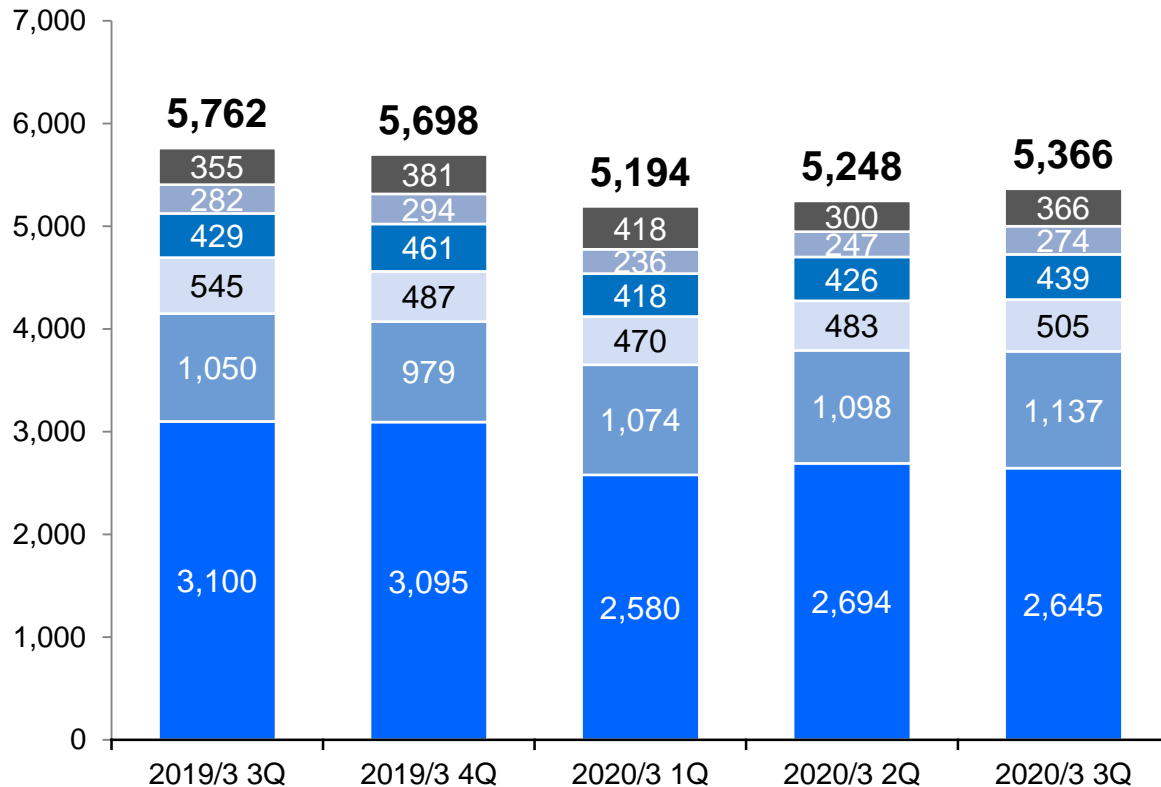
- Others (-14)
- FX & fixed income (-33)
- Net financial income (+122)
- Brokerage commissions (+590) *

*1 Total trading volume of individual investors in two Japanese major equity markets, including ETFs etc. +12%
Reversal of allowance for Monex point +252

Japan : Total SG&A is well under control despite an increase in variable expenses due to higher trading volume

■ Quarterly SG&A

(JPY million)



Quarterly SG&A +2.3% (+118)

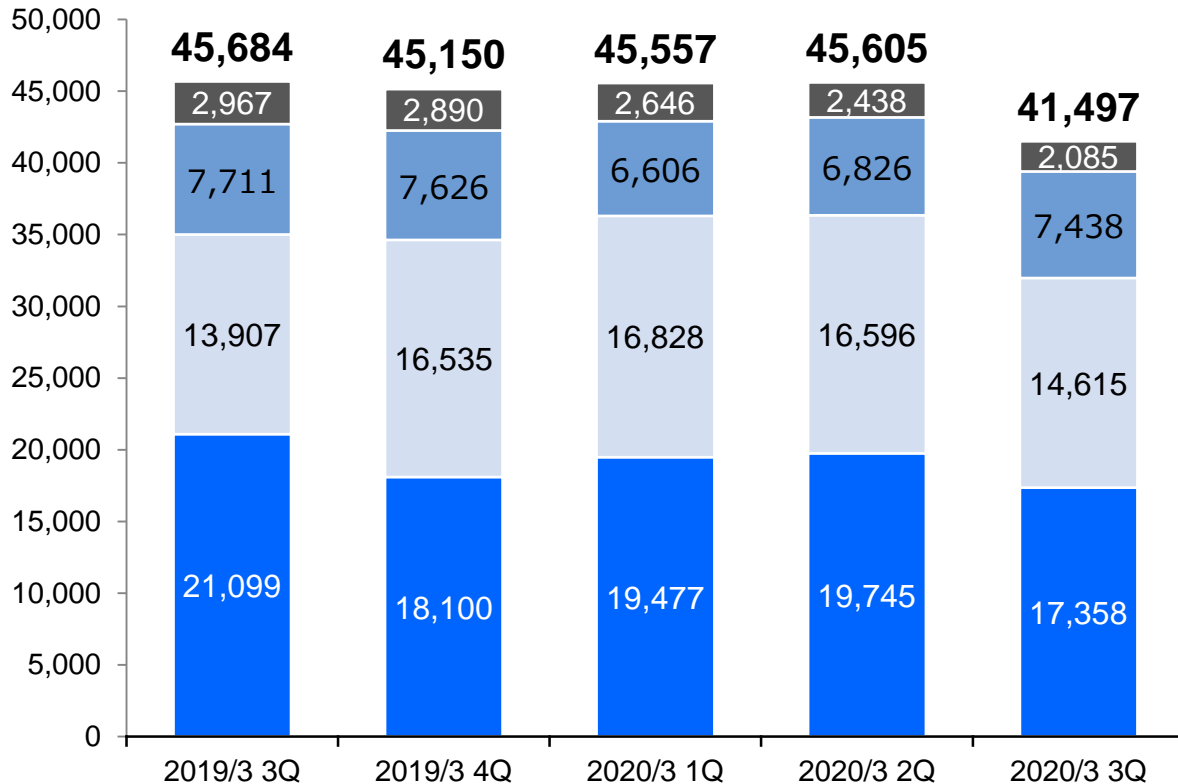
*Figures in parenthesis is the variance from previous quarter (JPY million)

- Others (+66)
- Advertising expenses (+27)
- Communication, freight and information expenses (+13)
- Commissions paid, exchange and association dues (+22)
- Compensation and benefits (+39)
- System related expenses (-49)

US : Net financial income declined due to lower interest rate. Brokerage commissions decreased due to lower VIX and an introduction of commission-free trading plans, TS Go/Select

■ 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 -9.0% (-4,108)

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

- Others (-353)
- Other commission (+613)
- Net financial income (-1,981)
- Brokerage commissions (-2,387)*1, 2

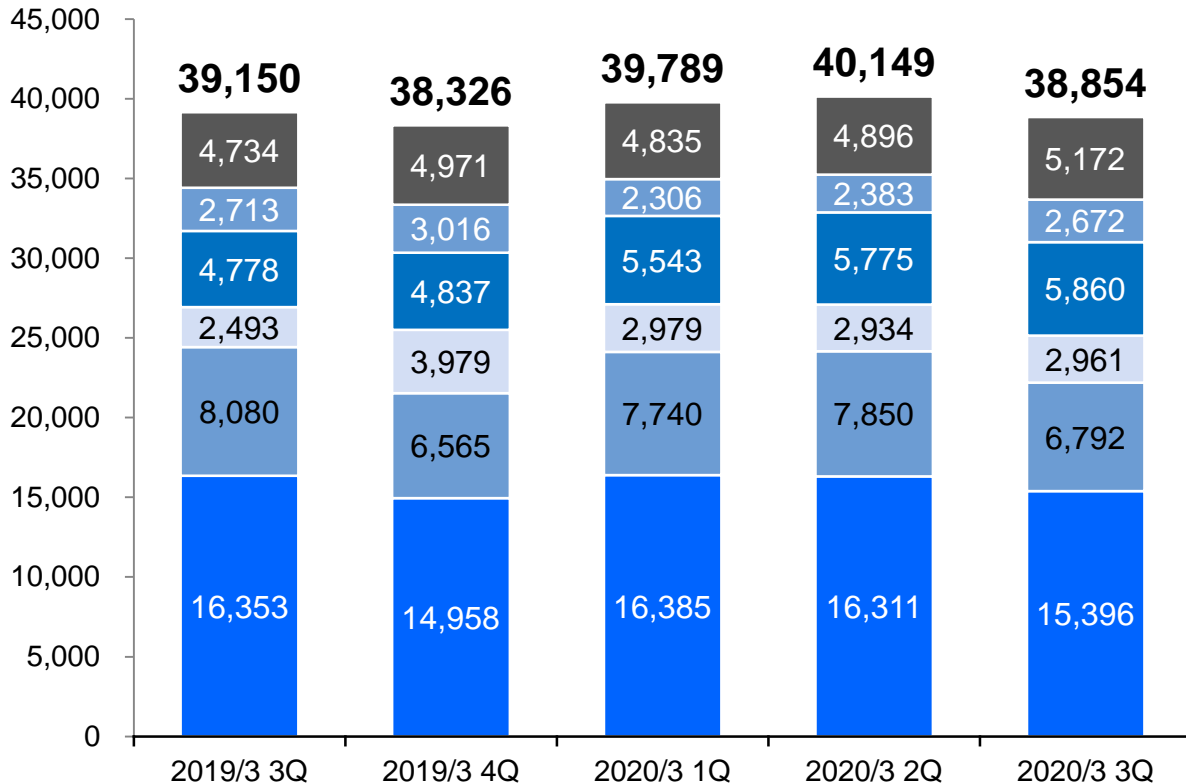
*1 VIX Daily Average: 15.9→13.9

*2 DARTS QoQ: Equities -1%
Options +1%
Futures -14%

US : Commissions paid and association dues decreased by lower trading volume, and so did compensation and benefits

■ Quarterly SG&A

(USD thousand)



Quarterly SG&A -3.2% (-1,295)

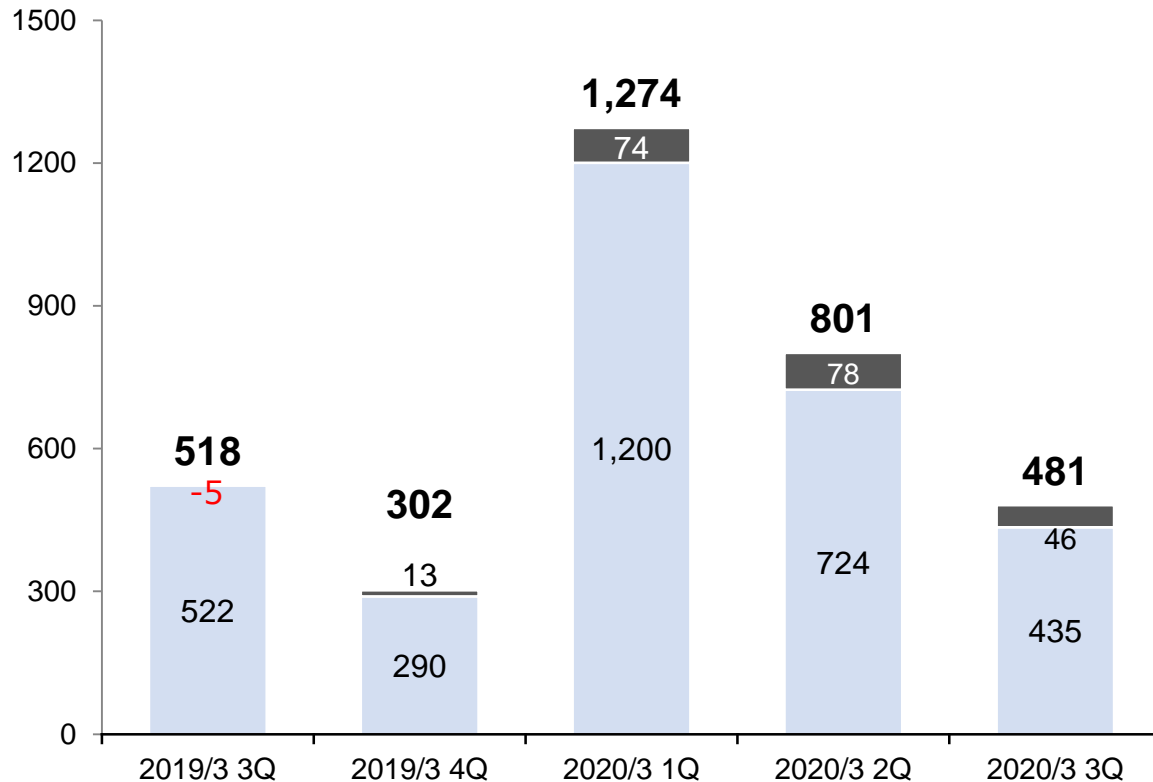
*Figures in parenthesis is the variance from previous quarter (USD thousand)

- Others (+276)
- Advertising expenses (+290)
- Amortization and depreciation (+85)
- Communication, freight and information expenses (+27)
- Commissions paid and association dues (-1,058)
- Compensation and benefits (-915)

Crypto : Net trading income significantly decreased against a backdrop of lower market volume since the previous quarter

■ 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 -40.0% (-320)

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

- Others (-31)
- Net trading income (-289)*

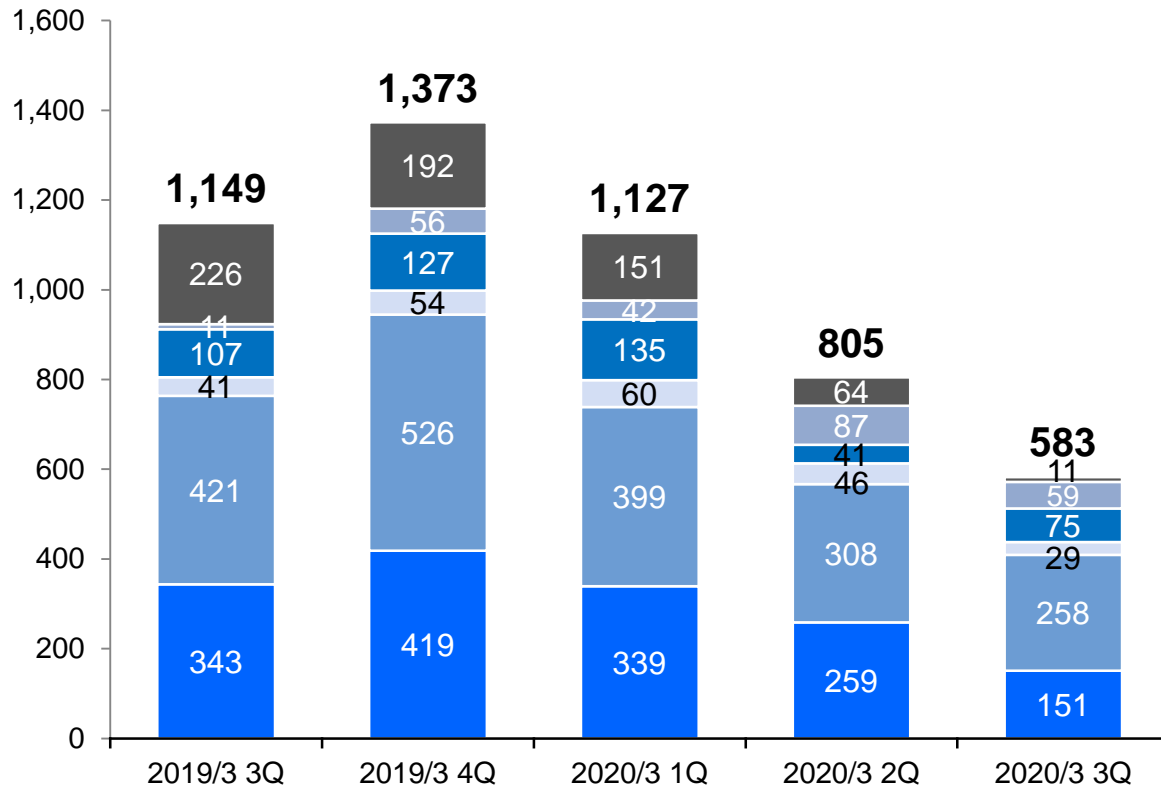
* Trading volume in cash trading of Bitcoin in Japan (excluding DMM Bitcoin)
 Ave. transaction July-September ¥3,476.1B
 Ave. transaction October-December ¥1,846.1B (-47%)

Source: Bitcoin Website in Japanese
 "Monthly market volume in Japan"
 (<https://jpbtc.com/>)

Crypto : Under prolonged lower trading volume, Coincheck has drastically reduced expenses by 28% QoQ and 58% compared to 4Q FY2018

■ Quarterly SG&A

(JPY million)



Quarterly SG&A -27.6% (-223)

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

- Others (-53)
- Advertising expenses (-27)
- Communication, freight and information expenses (+33)
- Commissions paid, exchange and association dues (-17)
- Compensation and benefits (-50)
- System related expenses (-108)

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 Dec 31, 2019

<u>Assets</u> JPY 1,040.5B	<u>Liabilities</u> JPY 963.5B
Major assets: Assets related to financial instruments trading business JPY 793.4B	Major liabilities: Liabilities related to financial instruments trading business JPY 949.4B
Others JPY 54.8B	Others JPY 14.1B
Cash and cash equivalents JPY 135.7B	
Non-current assets (*1) JPY 56.6B	Net capital JPY 77.1B

(*1) Non-current assets

Property and equipment	JPY	4.7B
Intangible assets (Goodwill)	JPY	17.1B (*2)
Intangible assets (Identifiable intangible assets)	JPY	9.6B (*3)
Intangible assets (Software and others)	JPY	20.1B
Equity method investments	JPY	0.3B
Available-for-sale investments in securities (Lv.3)	JPY	4.8B

(*2) Goodwill: JPY 17.1B

Japan JPY 7.8B, US JPY 8.9B, Asia Pacific JPY 0.4B

(*3) Identifiable intangible assets: JPY 9.6B

US JPY 9.1B, AP JPY 0.5B

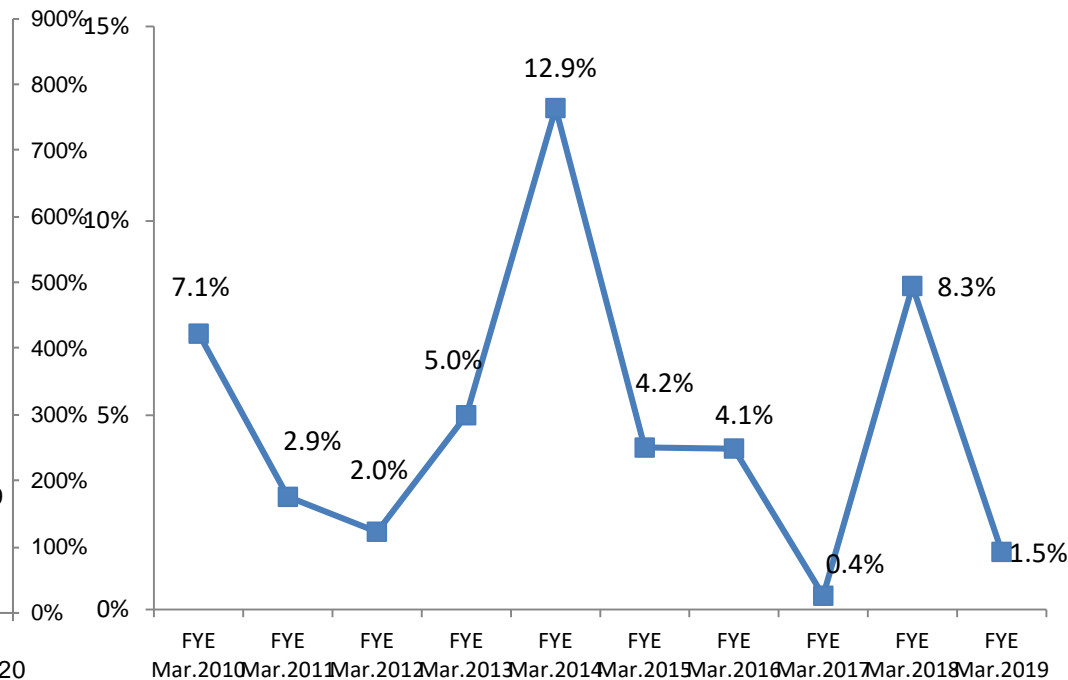
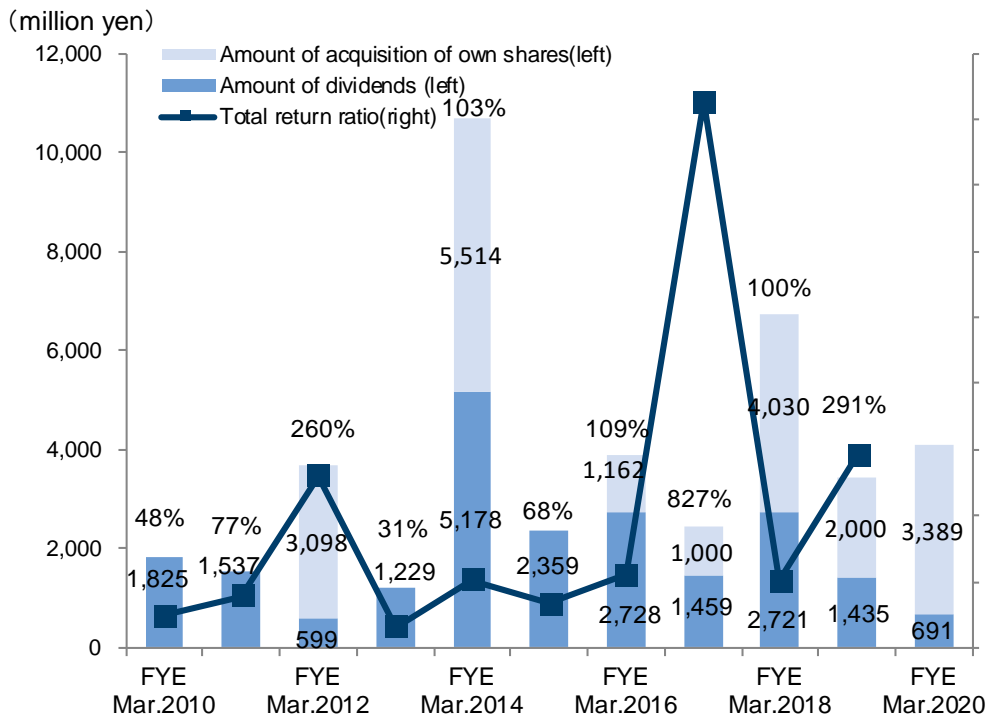
◆ The JPY 20.4B difference between Net capital (JPY 77.1B) and Non-current assets (JPY 56.6B) is the source of funds for the following:

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 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 P55 "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

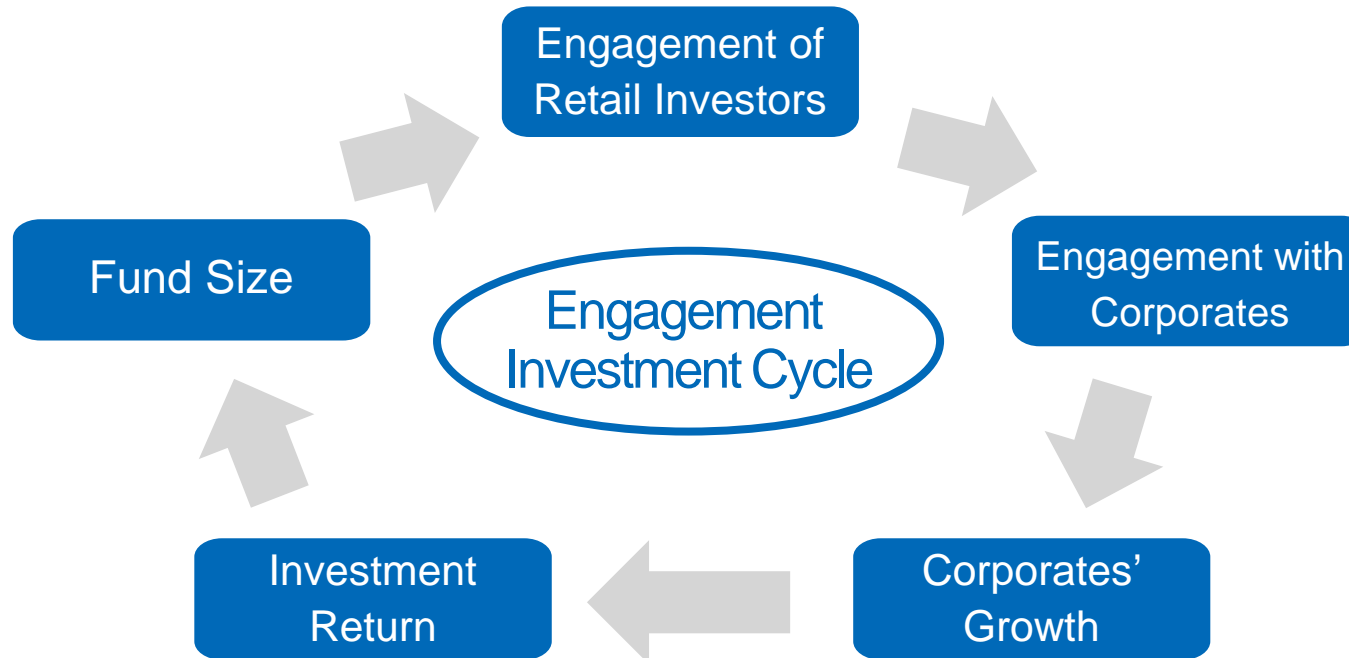
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Appendix. Group Overview

Japan Catalyst, Inc. was established to create an engagement fund for retail investors

Engagement Investment Fund for Retail Investors

Monex Group is establishing an engagement investment fund for Monex Securities customers. The fund will seek for investment returns for retail investors as well as corporates' growth through long-term engagement with the perspective of retail investors, who are the ultimate beneficiary owners of companies



Goals and action plans of the engagement investment fund

Now

The valuation of Japanese equities is significantly lower than global equities. There is still room for further innovation in Japanese corporate governance reform to unlock the true value of Japan equities

Action Plan

- Improve corporate governance of Japanese companies by integrating **retail investors as an anchor in the investment chain**
- Conduct **holistic engagement with society** as a whole— the media, the government, the business community and retail investors
- Gather and manage assets of retail investors through publicly offered investment funds to realize **long-term engagement investment using individuals' super-long-term stable capital**

Goal

Revive the Japanese capital markets / Rejuvenate the corporate sector
Accelerate Monex transformation to an asset-management model
Generate investment returns for retail investors and Monex Group

Establish asset-management and asset-creation services to solve social issues in Japan

Service for asset-management model



Monex-Saison-Vanguard Investment Partners, Inc.

- As a central part of the asset-management model transformation, usability reform of the discretionary investment service will be executed in 1Q of FY20
- Two financial institutions are scheduled to introduce “MSV COMPASS+” in 1Q of FY20

Monex SP Trust, Inc.

- Monex SP Trust prepares for an inheritance management service in collaboration with Monex Securities

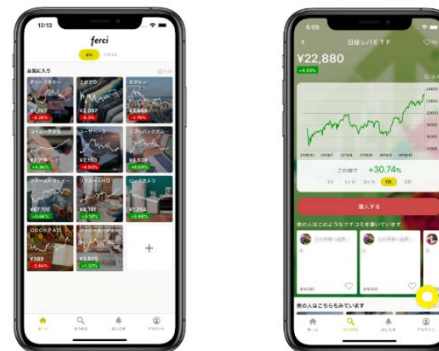
IFA Services (Independent Financial Advisor)

- Monex Securities plans to launch an IFA service in 1Q of FY20 and delivers portfolio advices to its customers

Asset-creation service for beginner traders

Launched a smartphone app “ferci” of asset-creation for beginner traders

- Investment community app “ferci” with an SNS functionality enables users to trade Japanese equities with a simple UI/UX
- The app name derives from Japanese words for “more choices”. “ferci” is designed to provide with a new choice for asset creation for those of unfamiliar to the existing financial services



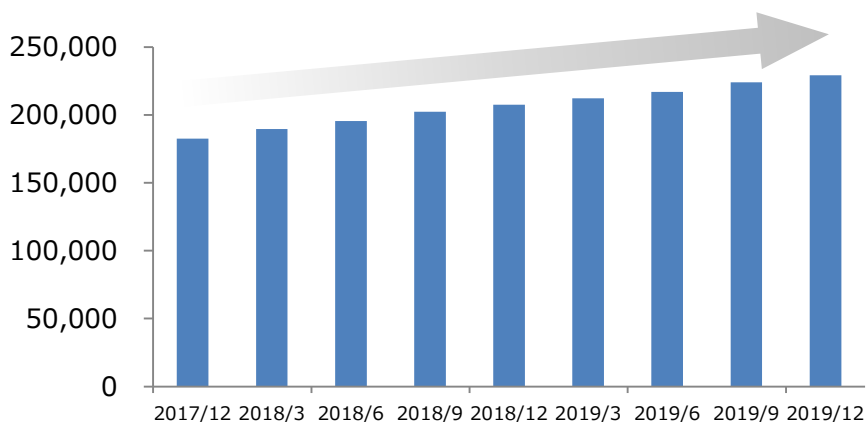
Further expand US equity services and margin trading services for Japan equity

US Equity



- Introduced free-commission programs; free minimum transaction fee since Jul. 2019 and free purchasing commission for trading partial ETFs since Jan. 2020
- Number of transactions and number of active accounts increased by 31%, 28% YoY
- Plan to launch a new smartphone app “Monex US Equity Scouter” in Feb. 2020 (planned)

◆ Number of Foreign equities accounts



Margin Trading of Japan Equity

- Promote expansion of margin trading services, aiming to acquire elephant customers and increase net financial income
- TradeStation for Japanese equities trading gradually increase its transaction volume due to successful acquisition of large customers. The platform occasionally covers 10% of total transaction volume per day at Monex Securities, which contribute to an acquisition of margin traders

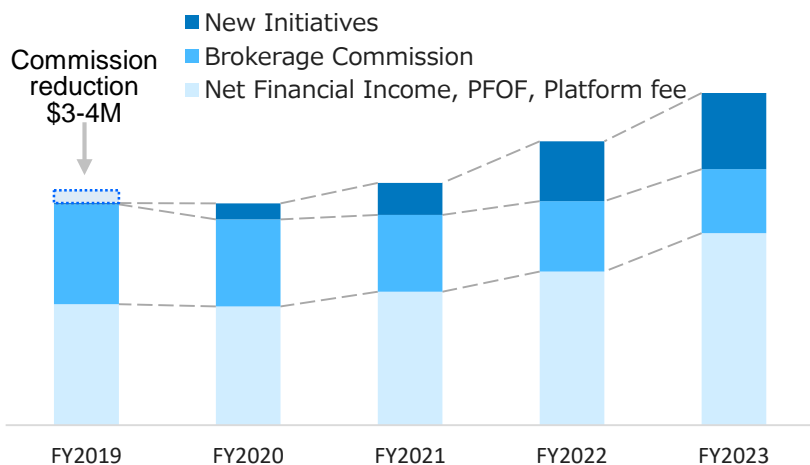
Timeline for Margin Trading Service

Feb. 2020 (planned)	Start offering short-term and one-day margin trading
Apr. 2020 (planned)	Launch PTS margin trading services
Summer-Fall 2020 (planned)	Start stock lending for margin trading

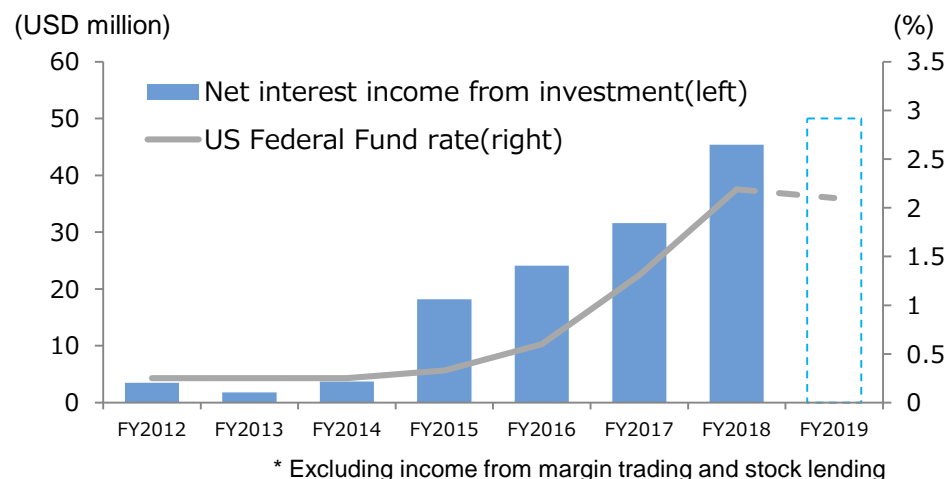
New business initiatives to offset commission decline resulting from customers' shift to TS Go/Select and increase its revenue

- Commission decline resulting from the new commission-free plans, TS Go/Select, is expected to be \$3-4M in FY19
- Pricing changes of inactivity fee etc. on legacy products will mitigate the losses in the short-run and new business initiatives (P.35) will drive its mid-term growth
- Net interest income in 3Q was \$12M. Net interest income in FY19 is expected to be between \$49M and \$51M (Net interest income in FY18: approximately \$45M)

New business expands to offset the comm. losses



Net interest income & US Federal Fund rate

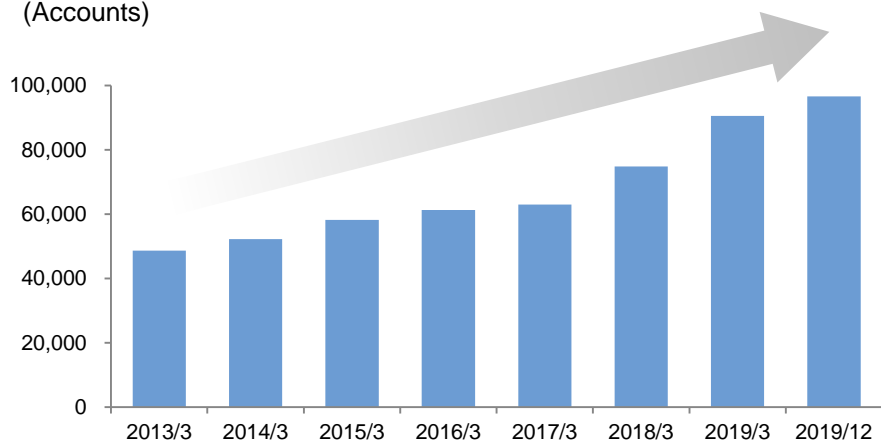


New business initiatives provide an access to new customer base

- With the API integration to outside trading communities, including “TradingView”, TradeStation will expand its customer base not only to existing advanced traders but also to intermediate and beginner traders
- TradeStation Crypto, Inc. launched cryptocurrency offerings of five major cryptocurrencies in November
- “YouCanTrade”, a social networking service with educational and gaming experiences for trading, will create a unique educational platform and a trading community to generate an education revenue stream

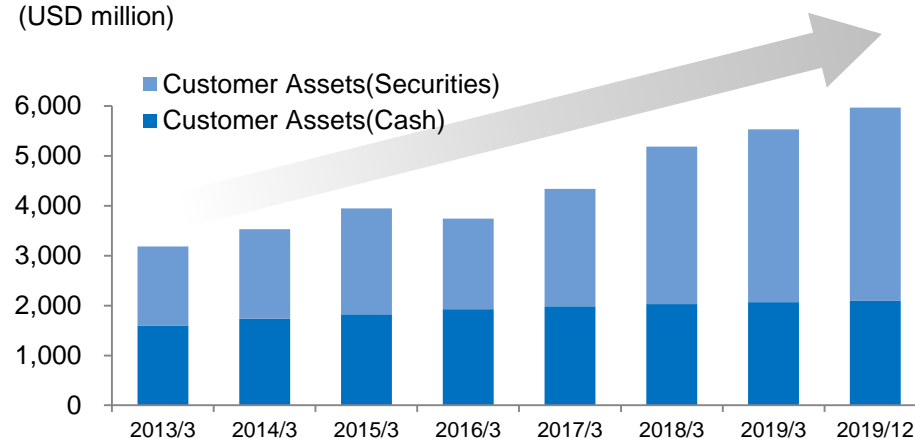
Account growth

(Accounts)

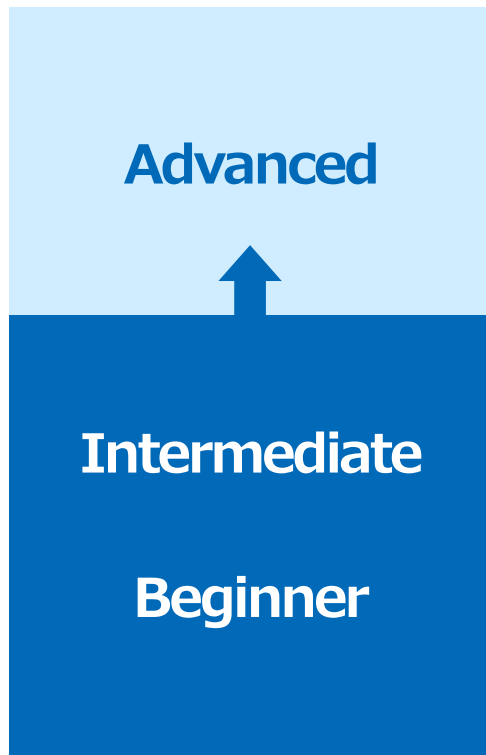


Assets in custody

(USD million)



"YouCanTrade" will help to vitalize trading in addition to acquiring its new customer base



Features of YouCanTrade

- **Education** platform provides various educational contents to all kinds of traders
- Build an environment where beginners can easily start trading with the **SNS** function
- Offer **gaming**-style tournaments of mock trading

* Planned in FY2020

Coincheck lowered its break-even point by cost reduction and strives for the initiatives of further revenue increase

Initiatives

- Started new cryptocurrency offering of Stellar Lumens in Nov. 2019. First in Japan to offer Stellar Lumens
- Launched “Coincheck Installment Investment” in Nov. 2019, the only auto-installment service for cryptocurrency in Japan that helps customers’ asset creation over the long-term
- The Lisk staking service started since Jan. 2020 to provide customers with income gain opportunities
- Expanded OTC services to acquire more large customers

Revenue base / competitiveness

- Operate market places for 10 altocoins
- Easy-to-use UI/UX for beginners, reaching young people with little investment experience
- Establish and maintain an organizational structure to comprehensively research and select new cryptocurrencies and an in-house development system that allows immediate and flexible development
- Conduct thorough cold wallet management for all cryptocurrencies to minimize risks

Aims to increase revenue with the market place service through easy-to-use smartphone app which usability and profitability are higher

Coincheck Services

	Exchange	Market place
Available currencies	BTC only	BTC, 10 Altocoins
Customer segment	Advanced	Beginner
Platform	Web (Chart trading)	Smartphone App/Web
Revenue source*1	No commission, no spread	Spread income
Profitability	low	high
Covered trading*2	No (Bilateral trading)	Yes
Leveraged trading	Service will end in March 2020*3	No
Proprietary trading, hedge trading	No	No

*1 Transactions may incur additional swap fees, borrowing fees, deposit and withdrawal fee, and remittance fees

*2 Position risk is well controlled in the way that all customer orders are mostly offset by cover transactions with counterparties

*3 Coincheck has suspended new leveraged trading from January 2018

Coincheck smartphone app ranked as No.1 downloads*

Registered and ID-confirmed Users

Number of app downloads

2.74M

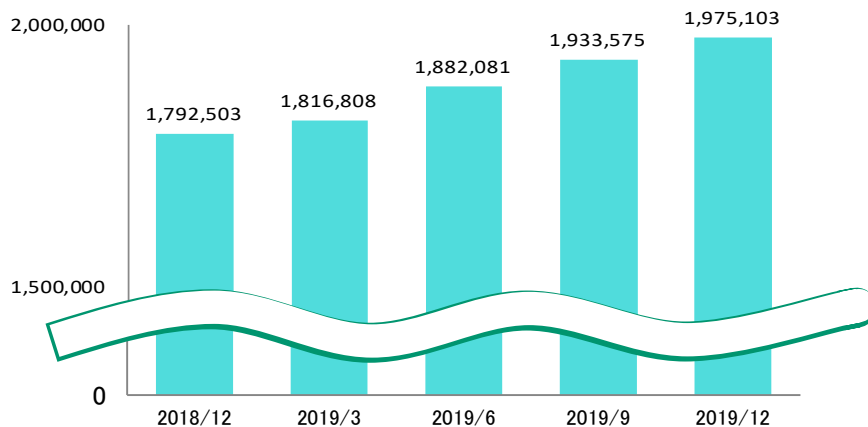
Registered users

1.98M

Users with ID confirmed

0.94M

◆ Accumulated Number of Registered Users



User Acquisitions

In-house digital marketing system

Coincheck keeps track of customer trend as a part of its data-driven marketing strategy to create a high-quality customer base

Monex Group Shareholders' Benefits

Grant ¥500 worth of Bitcoin to Monex Group shareholders who opened a Coincheck account by end of March 2020

Monex Points Exchangable with Cryptocurrencies

Monex Points can be exchanged with cryptocurrencies and users can receive them in Coincheck account

* Bitcoin App downloads No.1
Term: January 2019 to December 2019
Source: App Annie

Provide market insight of crypto-assets and blockchain to investors as well as offer related services to society

Crypto-assets



A web-based media “Block Insight” delivers latest trends and news regarding blockchain and crypto-assets. In-house professional writers provide higher-quality and competitive information



A smartphone app "Cheese" gives users Bitcoin every day just by reading news feed on the app. From Jan. 31, users can receive Bitcoin for their online shopping as well

Crypto-assets and blockchain



Offers holistic database services, delivering information on companies and products involved in cryptoassets and blockchain, aiming to expand its institutional users and planning to shift from free-use to subscription model

Healthcare information management business utilizing blockchain, IoT and AI

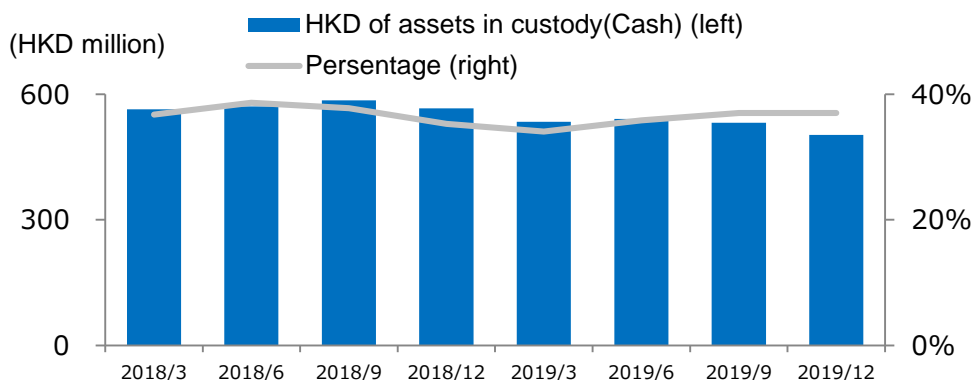
Preparing a platform to manage genomic information, healthcare information such as EHR (Electronic Health Record) and PHR (Personal Health Record) using blockchain, IoT and AI

The revenue impact on Monex Boom Securities from the prolonged political instability in Hong Kong is limited

Monex Boom Securities (HK)

- Recorded additional provision of ¥0.11B for unallocated margin loans (The loan loss provision ratio is 100% with bad debt reserve in 2Q). Monex Boom remains profitable excluding the provision
- Limited impact is expected from the prolonged political instability in Hong Kong

◆ HKD as a percentage of Customers' assets in custody (Cash)*

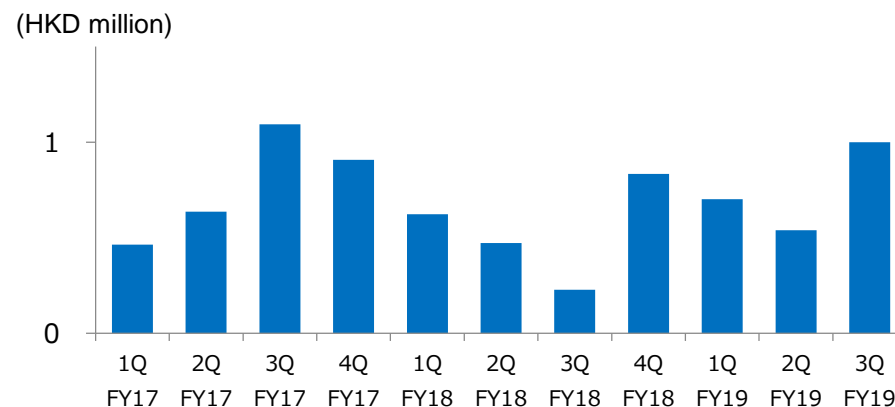


* The graph above depicts the percentage and the absolute value of cash assets in HKD among the total asset in custody held in Monex Boom Securities on DATABOOK P3.

Cherry Technology Co., Ltd (China)

- Providing technology and knowledge of online brokerage business through a joint venture in PRC
- Recorded profit of equity method investments for the last eleven consecutive quarters

◆ Profit/loss of equity method investments



MV1 attracts promising investment opportunities by leveraging its unique network

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 26 startups having advanced and innovative services (As of Dec 31)

R&D purpose investment*

IoT 	Blockchain 	Cryptocurrency
Blockchain 	Cryptocurrency 	Cryptocurrency
Blockchain 	Cryptocurrency 	Cryptocurrency
STO 		

Recent Investment Record of MV1

B2B SaaS 	B2B SaaS 	B2B SaaS
IoT/AI 		

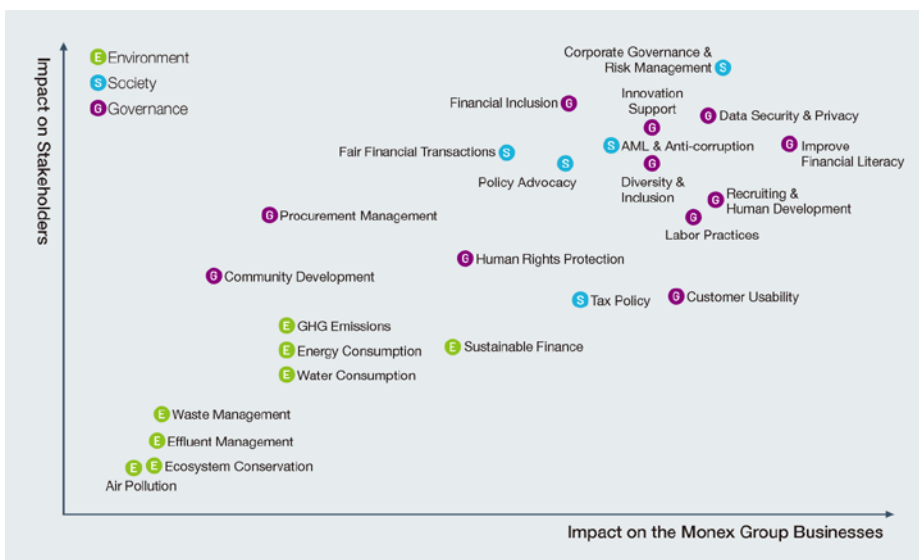
* Including the investments aside from Investment Segment

Contribute to the sound development of the capital market and promote initiatives that lead to sustainable growth of Monex Group

Materiality Matrix

Disclosing Materiality Matrix

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



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

ESG Initiatives

Corporate Governance

- Established a corporate governance system by global standards (P 51)

Risk Management

- Monex Group comprehensively covers each subsidiary's risks and organize the monitoring system in accordance with the risk map

Cyber Security

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

Other ESG Initiatives

- Financial education program to “democratize” capital market in Japan, US, Hong Kong
- Disclosed “Code of Conduct” & “Human Rights Policy” *
- Return rate after the maternity leave in Japan segment is 100%. Monex also promotes male childcare leave

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

Appendix. Group Overview

Our Business Principles

Always a step ahead of the “Y” in "MONEY,"

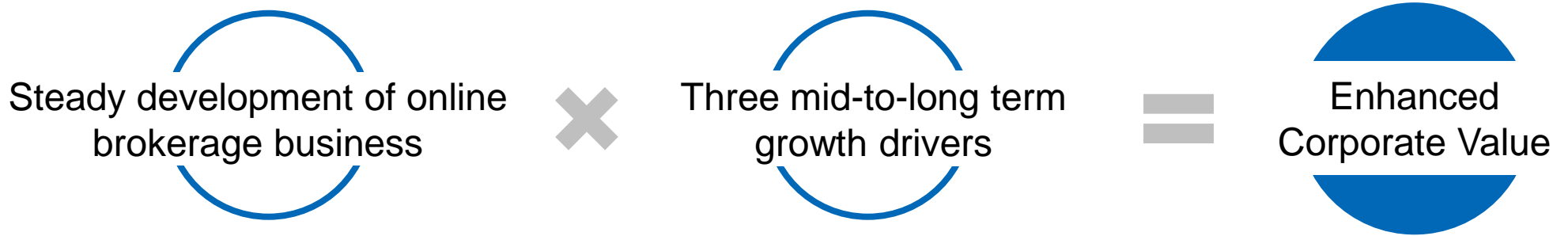
our name MONEX symbolizes our position as a forerunner in finance.

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

Enhance corporate value driven by the steady growth of online brokerage businesses and the mid-to-long term growth drivers

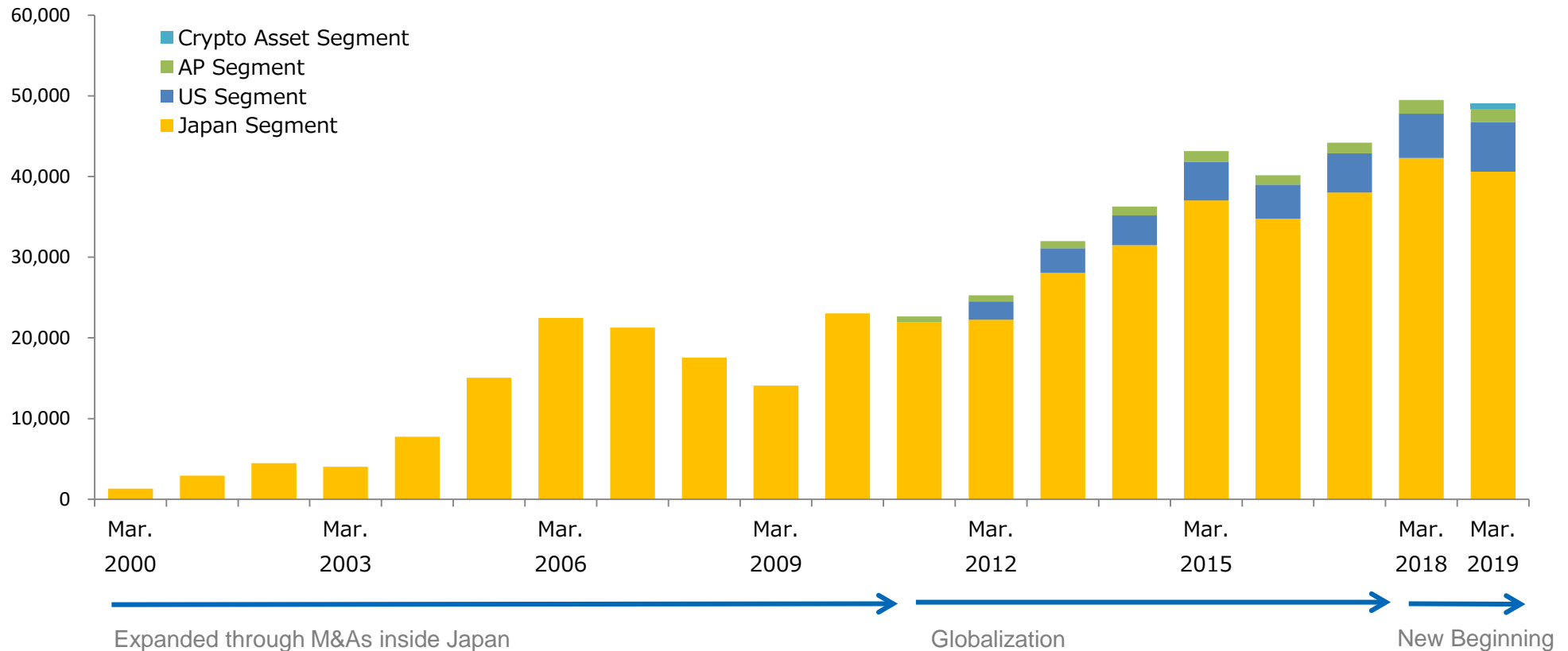


Japan	2019/12 EBITDA* ¥ 5.4 B Collaborate with Coincheck	Crypto Asset	Finance in a New Age Explore new businesses with Blockchain technology on top of cryptocurrency exchange.	Consolidated	3Q of FYE Mar. 2019 EBITDA* ¥ 9.1 B Market Cap (Dec. 31, 2019) ¥ 71.4 B
US	2019/12 EBITDA* ¥ 3.9 B Number of active account is steadily growing	Investment	Drive Innovation Established a flagship fund. Startup investment in the financial infrastructure business sector		
HK	2019/12 EBITDA* ¥ -0.2 B One of the oldest online brokers in Asia-Pacific region	Asia Pacific	Global Business Expansion Regional expansion, JV in mainland China and Monex Securities Australia		

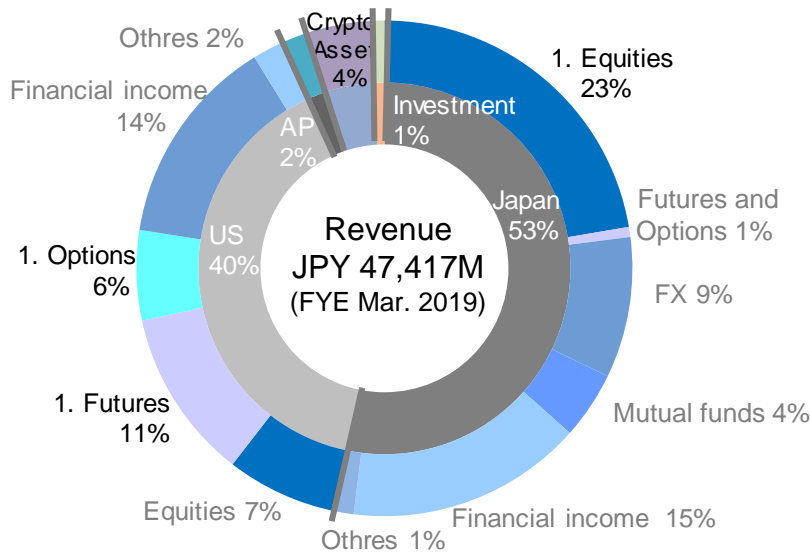
*Cumulative total from April to December 2019

- ✓ Japan: 1.84M accounts, Crypto Asset: 1.98M users, US: 116K 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

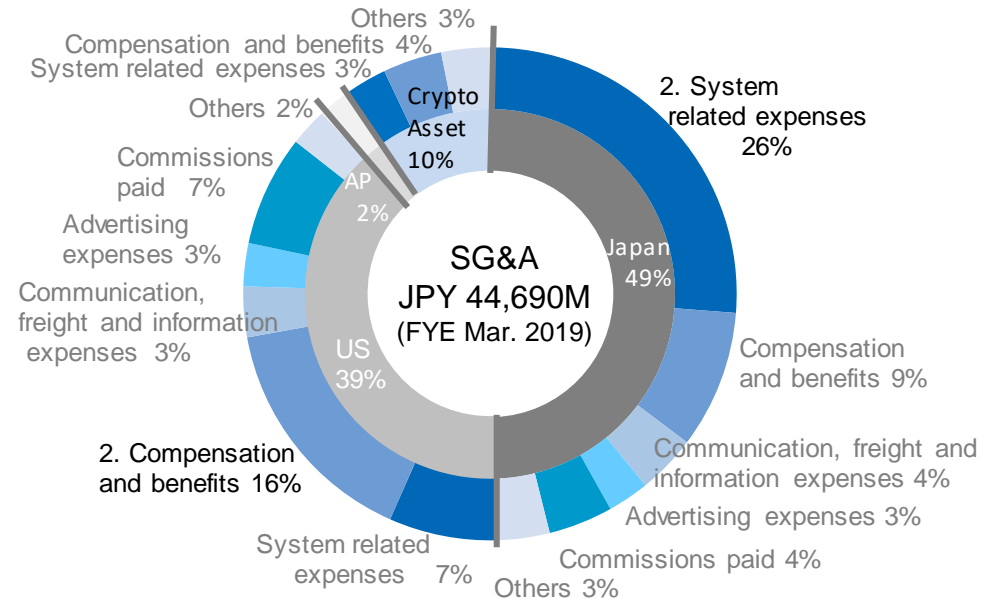
(JPY 100 million) ◆ Consolidated Assets in Custody



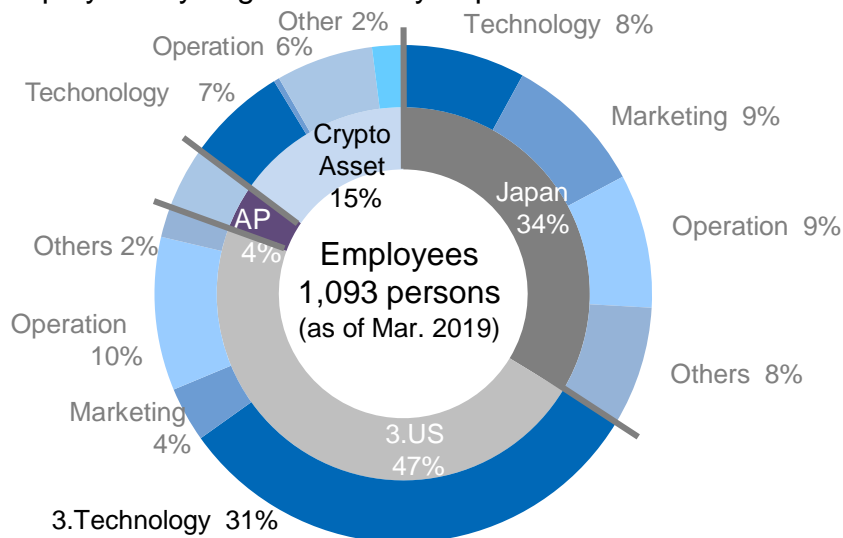
◆ Total operating revenue after deducting financial expenses by region and by business



◆ SG&A by segment and by cost items

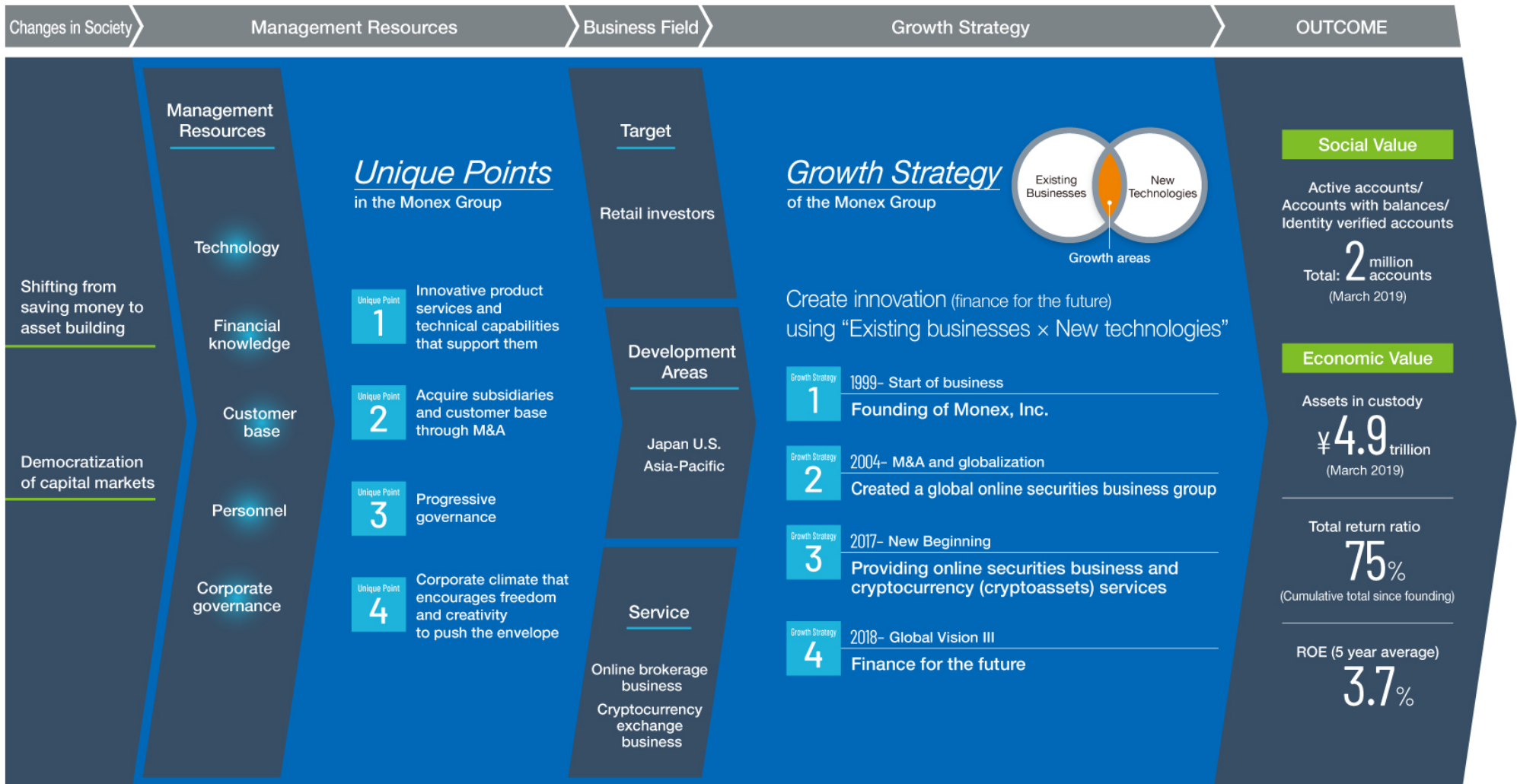


◆ Employees by segment and by department

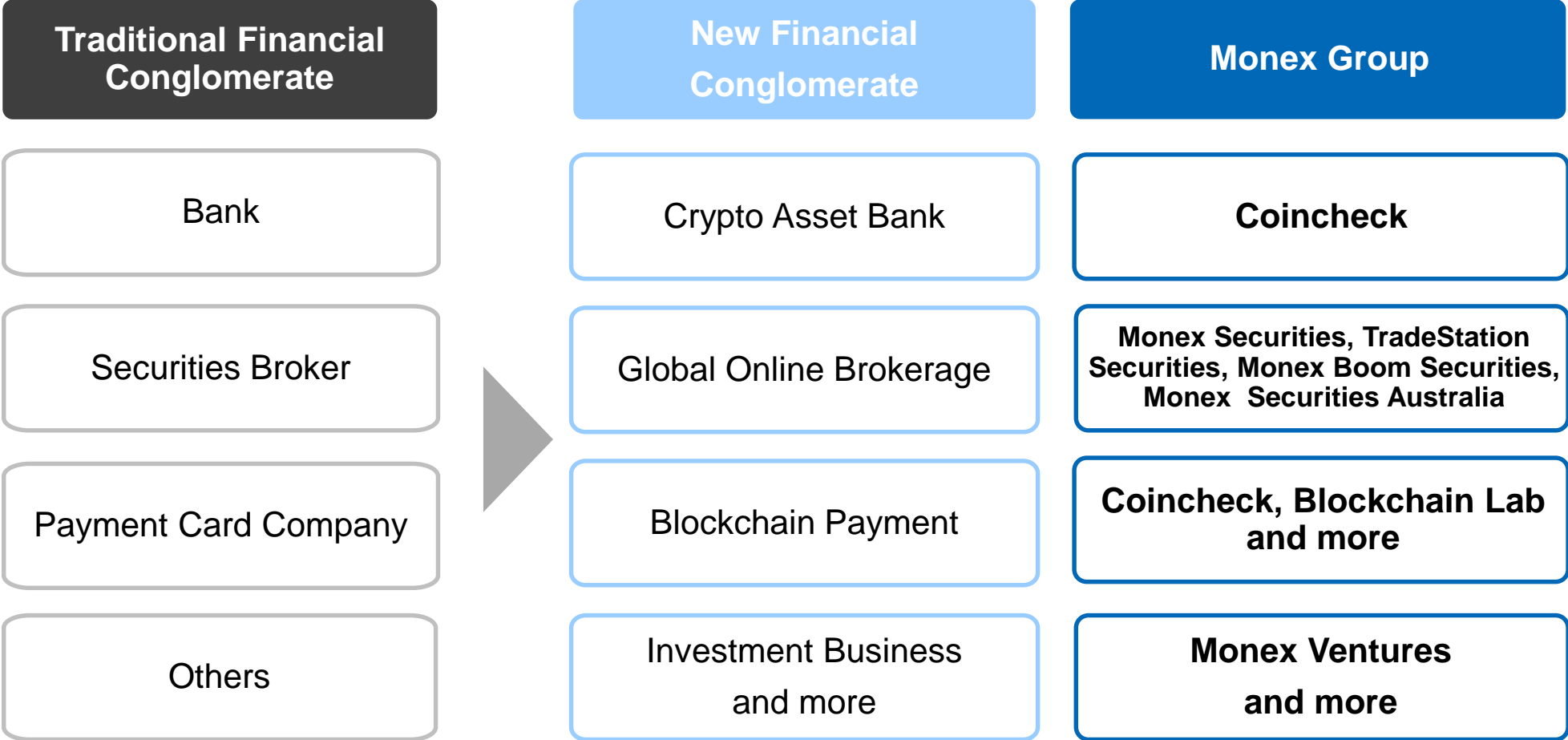


- *1. Total operating revenue after deducting financial expenses : Japan accounts for 1/2. Revenue in Japan primarily from equities while revenue in the US primarily from futures and options
- *2. Total SG&A : Japan accounts for 50% and US accounts for 40%. However, half of the Japanese portion is made 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 technology-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



New financial conglomerate in a new age



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 & 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, also we stopped to ask the questioner to make a statement of his/her name or the shareholder number at its Q&A session

(Reference)

15th ordinary general meeting of shareholders (June 22, 2019); Attendance of shareholders: 529

Listed Holding Company

MONEX GROUP

Monex Group, Inc.

(As of Dec. 31, 2019)

[Japan]

Online Securities Company



MONEX

Monex, Inc.

Comprehensive investment service provider

Cryptocurrency exchange service provider



Coincheck

Coincheck, Inc.

Cryptocurrency exchange "Coincheck"
Our investment ratio: 99.7%

Corporate Venture Capital



Monex Ventures, Inc.
Venture capital business

Monex Finance Corporation

Finance company for the group companies of Monex Group

Finance Company

Asset Management



Monex-Saison-Vanguard Investment Partners, Inc.

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

Our Investment Ratio: 51%

Cryptocurrency

Monex Crypto Bank, Inc.

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

[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 & 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: 1.84 million
- # of active accounts: 1.05 million
- (“Active accounts”: accounts with balance or with at least one trade or transaction a year.)
- Customer assets held in custody: JPY 4.3 trillion

■ Coincheck, Inc. (Tokyo, Japan)

- President : Satoshi Hasuo
- Founded in 2012, joined Monex Group in April. 2018
- Offers cryptocurrency exchange service for 1.98 million users
- Number of accounts which identity is confirmed: 0.94 million
- Customer assets held in custody: JPY 66.9 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 in Japan, China and Korea
- Products & services: Equities (U.S.), options and futures
- # of active accounts: 96,643
- Customer assets held in custody: JPY 649.9 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 & 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: 13,599
- Customer assets held in custody: JPY 153,269 million

■ 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

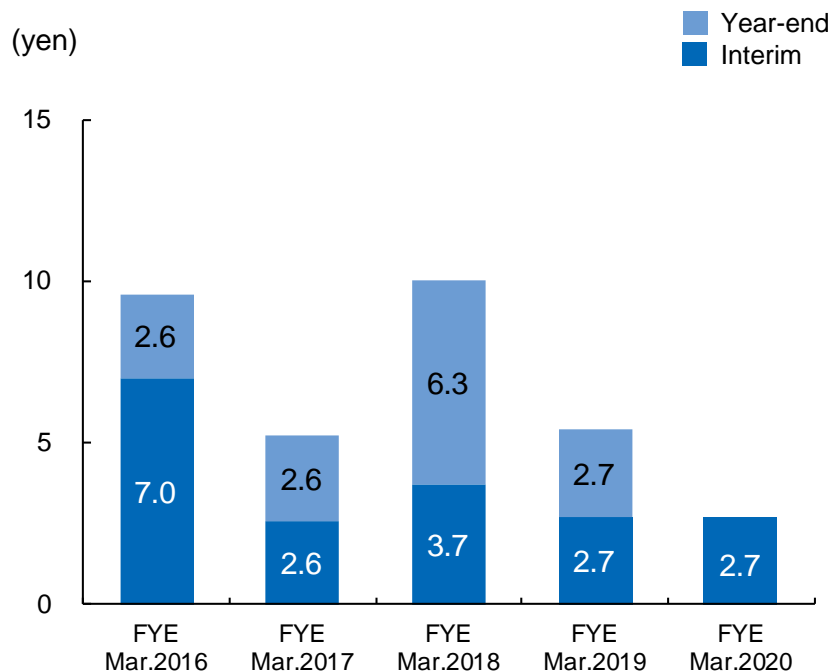
	Japan	U.S.	Asia Pacific
1982		- TradeStation Technologies, Inc. is formed as Omega Research, Inc.	
1997		- TradeStation stock lists on NASDAQ	- Boom Securities (H.K.) Limited is founded (now Monex Boom Securities (H.K.) Limited), becoming the first in Asia Pacific to launch Internet stock trading for 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		

■ Shareholders distribution

◆ Our basic policy for shareholders distribution

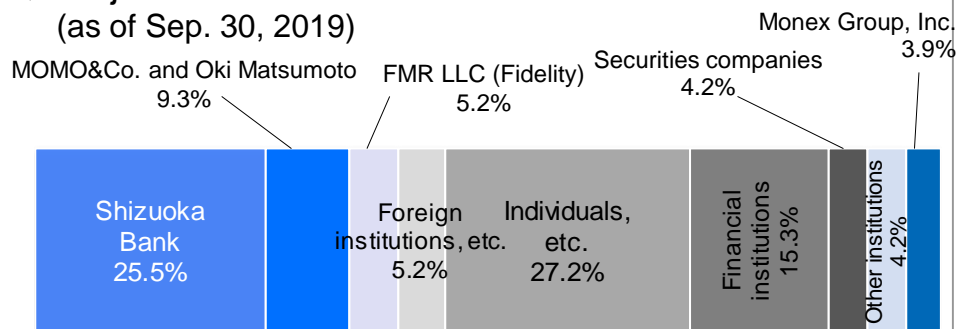
Monex Group aims to provide returns to its shareholders based on the business performance, while securing investment capacity for growth, and targets at a 75% total return ratio on a multi-year basis.

◆ Dividend history



■ Shareholders & indicators per share

◆ Major shareholders and shareholder breakdown (as of Sep. 30, 2019)
























The graph made by Monex based on shareholders' list as of Sep. 30, 2019 and the Large shareholding report.

◆ Indicators per share

	FYE Mar. 2016	FYE Mar. 2017	FYE Mar. 2018	FYE Mar. 2019	3Q of FYE Mar. 2020
Equity attributable to owners of the Company per share (BPS)	302.03 Yen	290.00 Yen	298.50 Yen	297.28 Yen	296.92 Yen
Earnings per share attributable to owners of the Company (EPS)	12.46yen	1.06yen	24.33yen	4.42yen	11.51yen *
Rate of Return on Equity(ROE)	4.1%	0.4%	8.3%	1.5%	3.9% *
Dividends per share	9.6yen	5.2yen	10.0yen	5.4 yen	2.7yen (Interim)

* EPS and ROE for 3Q FYE Mar. 2020 show annualized figures obtained by multiplying 4/3 to actual figures for the quarter

◆ **Monex Ventures, Inc.**

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

* 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				