

# Financial Results for 3Q of Fiscal Year Ending March 31, 2016

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

"MONEX" stands for the future of finance, one step advanced from "MONEY"

The Monex Group is aspiring to empower traders and investors worldwide with best of breed technology, education, service and financial professionalism to provide access to top financial markets globally

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

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**I. Highlights**

II. Consolidated Performance

III. Business Update

IV. Mid- & Long-Term Strategy “Global Vision”

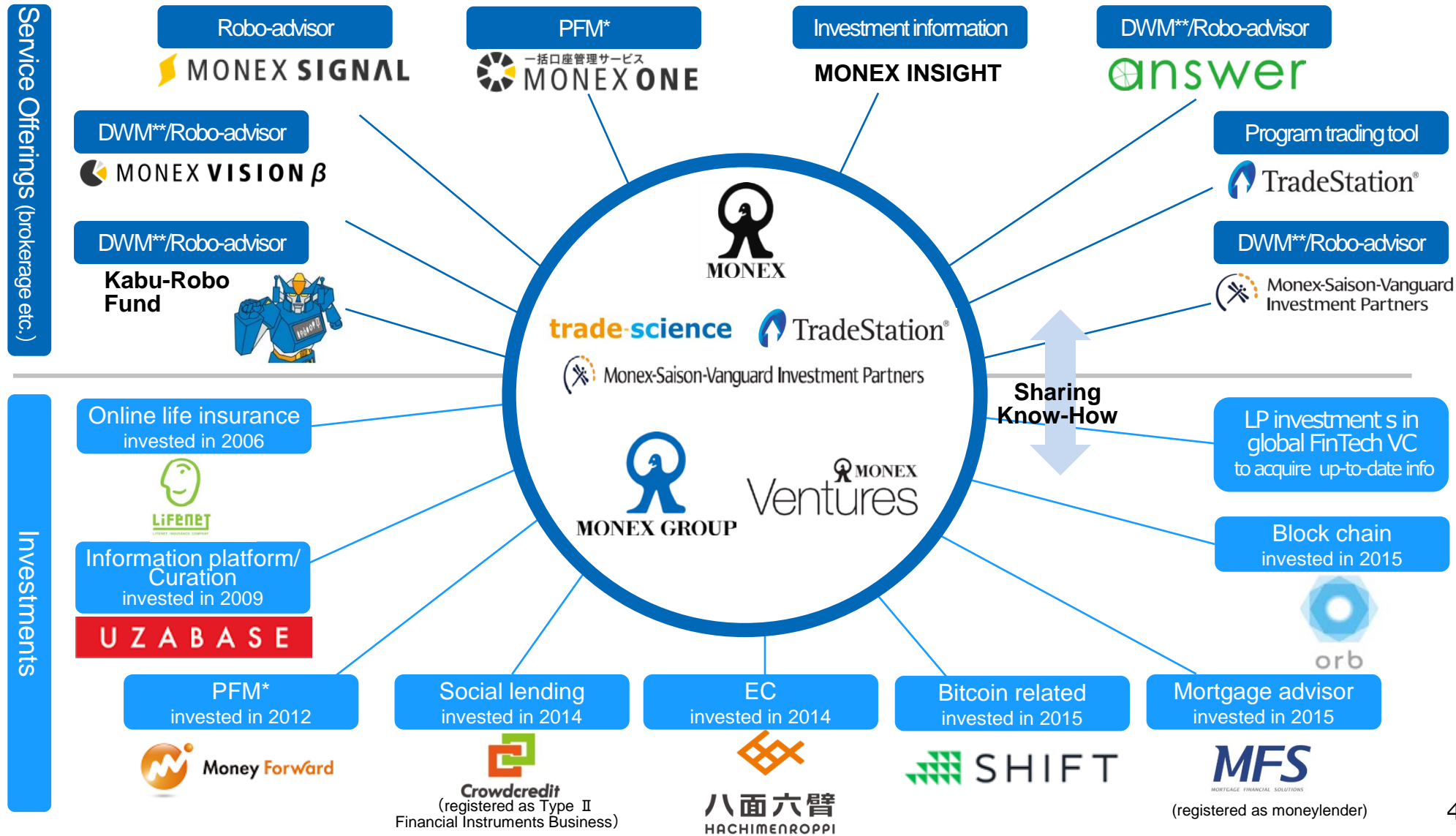
V. Corporate Governance

VI. Topics

Appendix. Group Overview

## A pioneer of the FinTech community in Japan since the company's establishment

\* PFM=Personal Financial Management  
\*\*DWM=Digital Wealth Management



## Replacement of backbone brokerage system (JPN segment)

Migration to the internalized backbone brokerage system of Monex, Inc. progressing as planned

- Improvement of the cost structure by internalizing system. Approx. 1 billion yen of system cost reduction per year (compared to annualized figures for 3Q of FYE 2016) after replacement of backbone brokerage system scheduled in the next fiscal year

## Launch of an active trader business (JPN segment)

Postponed the Japan launch of the trading platform, "TradeStation," originally scheduled for this winter. Two-phased launch is planned for this fiscal year and 1H of next fiscal year

- Spent considerable time on system development for a highly scalable shared platform
- Project team is focusing on preparations for customer service, investment education and marketing for the service launch

## Broadening the retail investor base (JPN segment)

Proposing more sophisticated ways to manage money for individuals who have primarily managed assets with savings in order to capture the shift "from savings to investing" and "large inheritances"

- Monex-Saison-Vanguard Investment Partners will launch discretionary investment management services in spring 2016

## Keeping US segment profitable (US segment)

Achieved profitability 2 quarters in a row. Becoming profit-making segment

- Stay in the black even in 3Q when the market volatility was lower
- Expecting increased profit as net interest income will rise thanks to higher short-term interest rates and volatility resulting from the shift in monetary policy

Japan  
segment

- Daily average trading value of retail investors for stocks including ETFs in the two stock exchanges decreased by 16% QoQ. Monex, Inc.'s stock (including ETFs) brokerage commissions also decreased by 22% QoQ  
FX revenue down by 25% QoQ in line with a decrease in trading volume in the FX market
- The number of account openings increased by 35% QoQ owing to Japan Post's IPO

US  
segment

- Achieved profitability 2 quarters in a row even though the brokerage commissions decreased by 15% QoQ due to the decline of volatility from 2Q
- Better business environment due to higher volatility in January 2016

China  
segment

- Total brokerage commissions decreased by 25% QoQ due to lower trading volume in Hong Kong stock market. Increased balance of margin lending contributed to 5% increase of the net financial income QoQ
- Cautiously develop mainland China business keeping risk under control

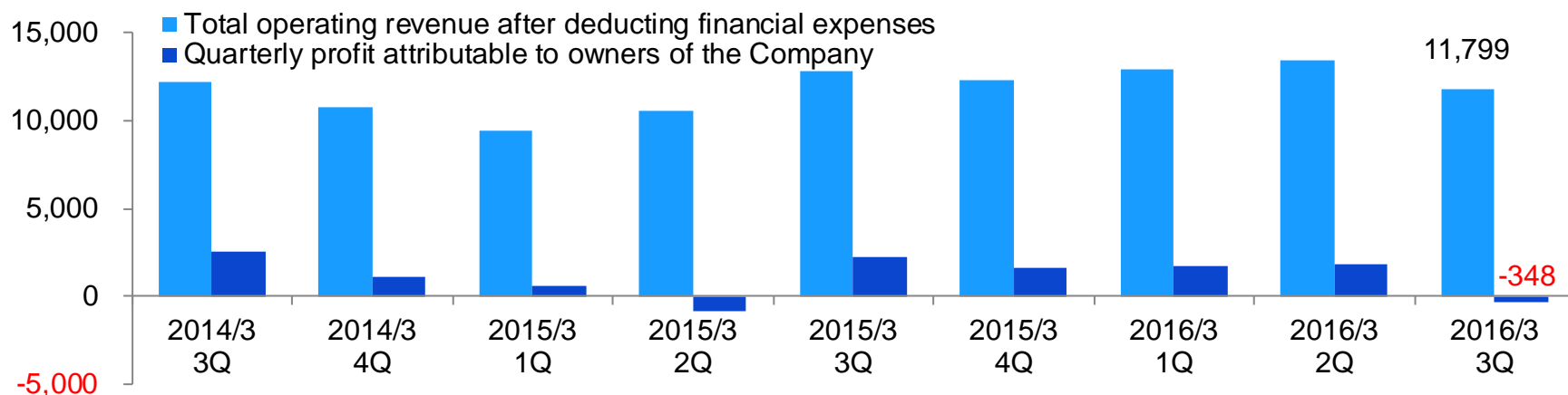
## ■ Consolidated performance of 3Q FYE Mar. 2016

Quarterly loss in consequence of JPY 2.4 B one-time cost in Japan segment

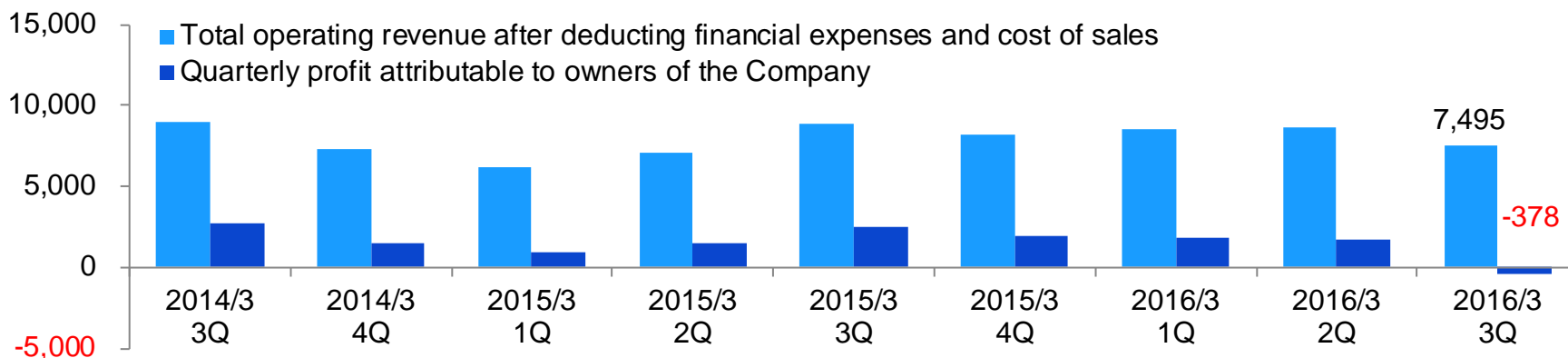
◆ Total operating revenue after deducting financial expenses and quarterly profit attributable to owners of the Company

(JPY million)

Consolidated



Japan





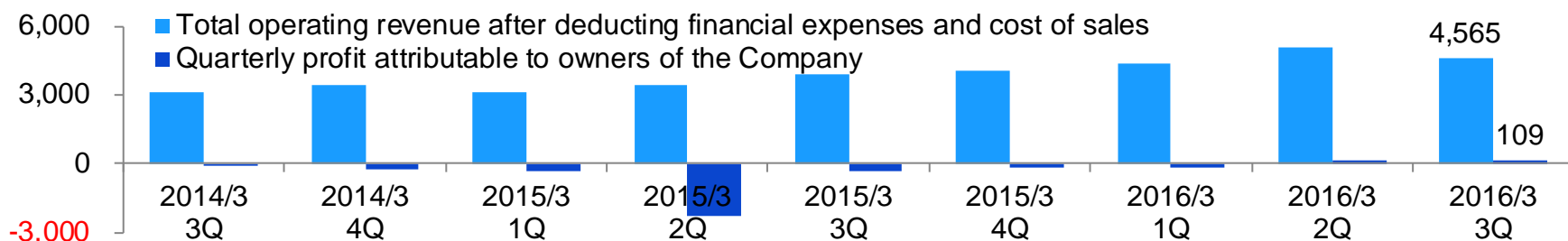
## ■ Consolidated performance of 3Q FYE Mar. 2016

US segment kept profitability 2 quarters in a row

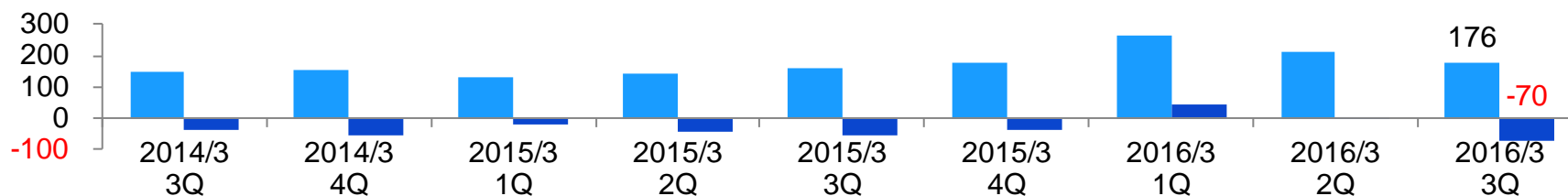
◆ Total operating revenue after deducting financial expenses and cost of sales, quarterly profit attributable to owners of the Company

(JPY million)

US



China



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## QoQ Comparison (3 months) Consolidated Performance

(JPY million)

	2Q FYE Mar. 2016 (Jul. - Sep. 2015)	3Q FYE Mar. 2016 (Oct. - Dec. 2015)	Variance	Change (%)	Note
Total operating revenue after deducting financial expenses	13,490	11,799	-1,691	-12.5%	Analysis of Japan segment: P12 Analysis of US segment (USD): P14
SG&A	10,277	10,078	-199	-1.9%	Analysis of Japan segment: P13 Analysis of US segment (USD): P15
The amount equivalent to operating income	3,213	1,721	-1,493	-46.5%	
Other income / expenses (net)	-425	-2,395	-1,970	—	Loss on termination of outsource 2Q JPY 43M, 3Q JPY 2,361M
Quarterly profit before income taxes	2,789	-674	-3,463	—	
Quarterly profit attributable to owners of the Company	1,816	-348	-2,164	—	

# QoQ Comparison (3 months) Consolidated Performance

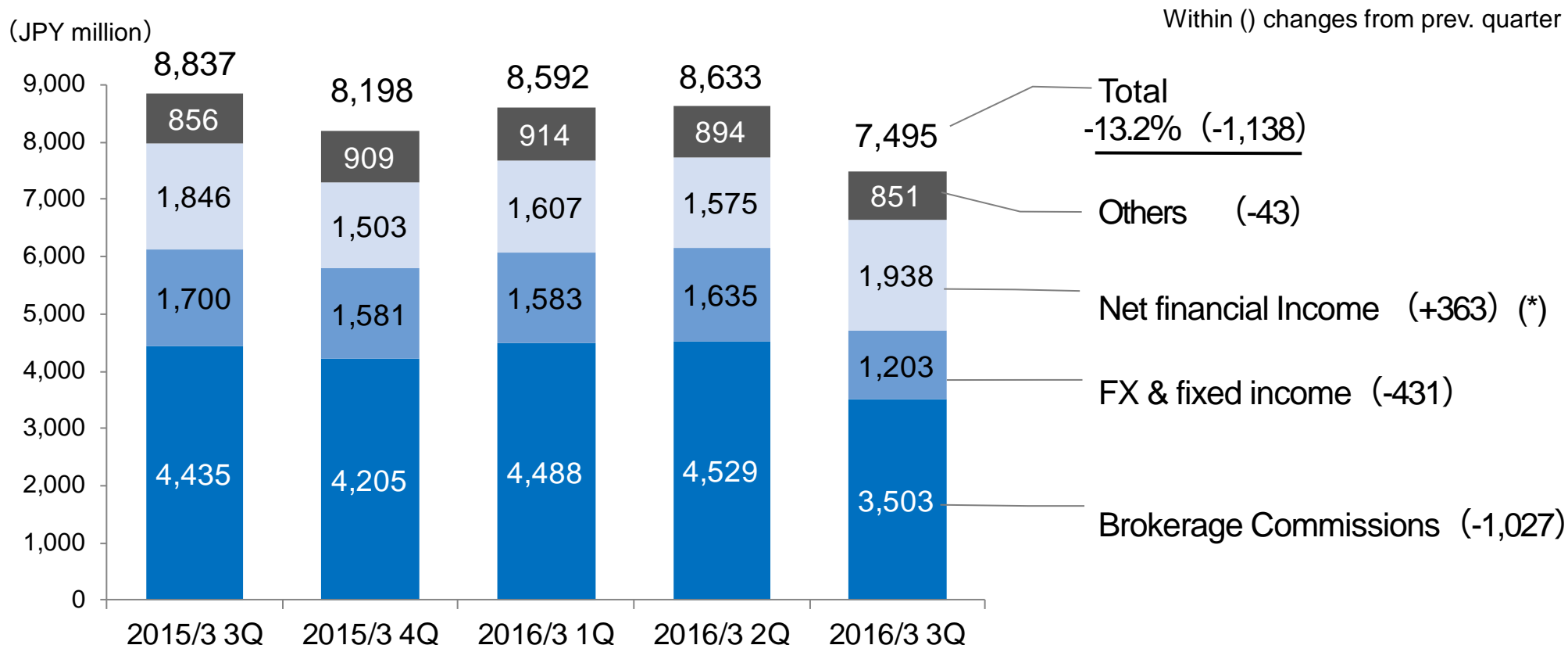
(JPY million)

	Japan			US			China		
	2016/3 2Q	2016/3 3Q	Change (%)	2016/3 2Q	2016/3 3Q	Change (%)	2016/3 2Q	2016/3 3Q	Change (%)
Total operating revenue after deducting financial expenses and cost of sales	8,633	7,495	-13.2%	5,071	4,565	-10.0%	215	176	-18.1%
SG&A	5,848	5,824	-0.4%	4,485	4,415	-1.6%	193	205	6.3%
The amount equivalent to operating income	2,785	1,671	-40.0%	586	150	-74.3%	22	-29	—
Other income / expenses (net)	-159	-2,274	—	-276	-135	—	-18	-46	—
Quarterly profit before income taxes	2,626	-603	—	310	16	-94.9%	3	-75	—
Quarterly profit attributable to owners of the Company	1,761	-378	—	152	109	-28.6%	1	-70	—
Note	See P12 for changes of “total operating revenue after deducting financial expenses and cost of sales”. See P13 for “SG&A”			See P14 for changes of “total operating revenue after deducting financial expenses and cost of sales”. See P15 for “SG&A”					

# QoQ Comparison (3 months) Analysis: Japan Segment Operating Revenue

## Japan : Revenue decreased due to decreased stock and FX trading volumes

◆ Quarterly total operating revenue after deducting financial expenses and cost of sales (JPY million)



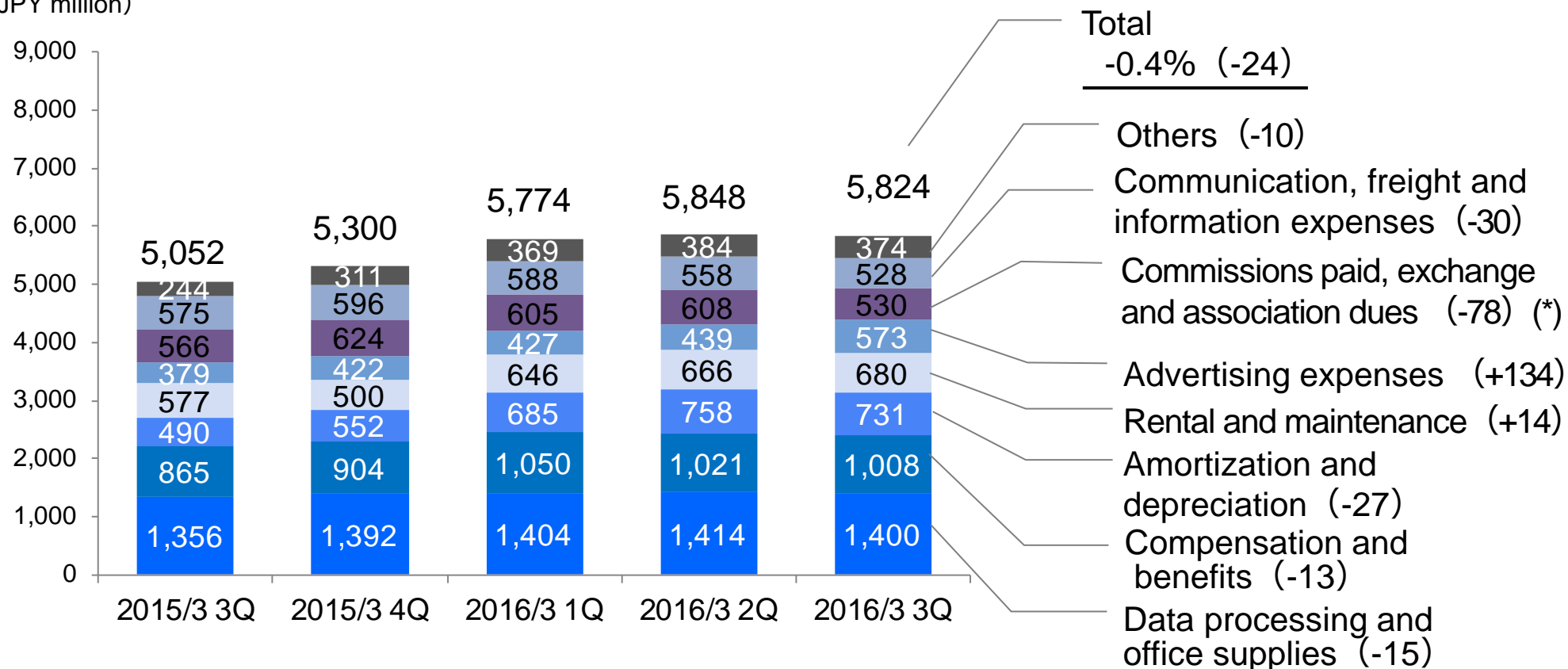
(\*) Gain on sale of investment securities held for business activities (JPY 301M)

## Japan : SG&A decreased in spite of increased advertising expenses due to acquiring new accounts

### ◆ Quarterly SG&A (JPY million)

Within ( ) changes from prev. quarter

(JPY million)



(\*) Cost decreased due to decreased stock trading volumes

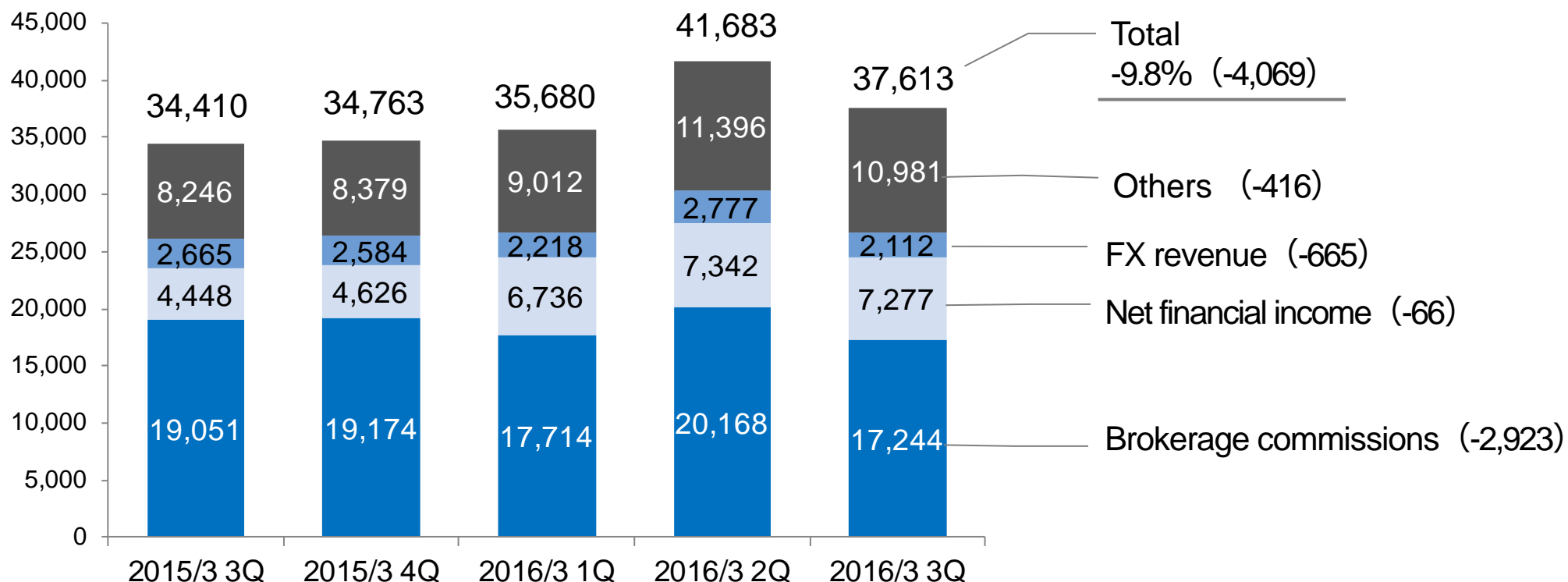
# QoQ Comparison (3 months) Analysis : US Segment Operating Revenue (USD)

US : Revenue down due to decreased trading volumes associated with lower volatility decreasing

◆ Quarterly total operating revenue after deducting financial expenses and cost of sales (USD thousand)

Within () changes from prev. quarter

(USD thousand)



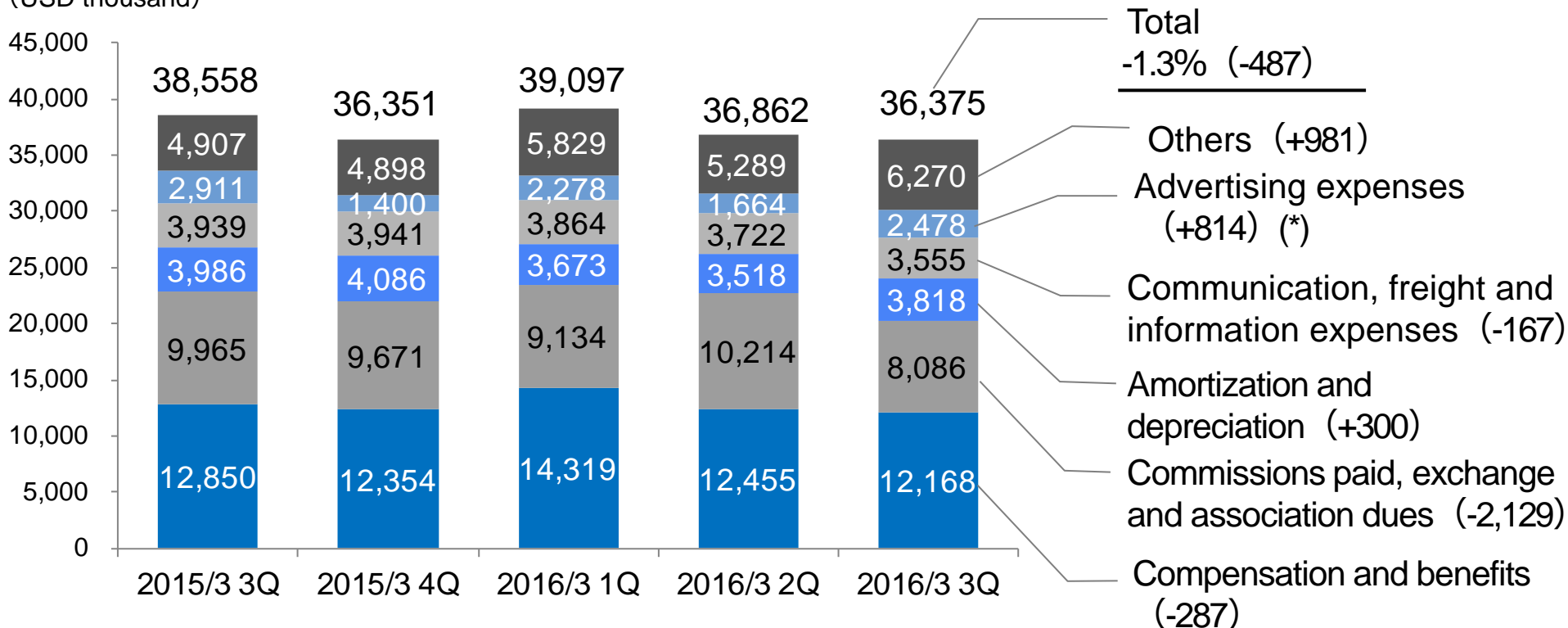
# QoQ Comparison (3 months) Analysis : US Segment SG&A (USD)

## US : Commissions paid, exchange and association dues decreased

### ◆ Quarterly of SG&A (USD thousand)

Within () changes from prev. quarter

(USD thousand)



(\*) Advertising expenses increased due to decreased incentives receiving from CME according to trading volume



# The amount equivalent to operating income up 35%.Bottom-line up 70%

(JPY million)

	3Q FYE Mar. 2015 (Apr. - Dec. 2014)	3Q FYE Mar. 2016 (Apr. - Dec. 2015)	Variance	Change (%)	Note
Total operating revenue after deducting financial expenses	32,878	38,249	5,371	16.3%	Analysis of Japan segment: P18 Analysis of US segment (USD): P20
SG&A	27,413	30,872	3,460	12.6%	Analysis of Japan segment: P19 Analysis of US segment (USD): P21
The amount equivalent to operating income	5,465	7,373	1,911	35.0%	
Other income / expenses (net)	-1,962	-2,761	-798	—	-2015/3 : JPY 1,655M of loss on FX business "MT4" restructuring 2016/3 : JPY 2,404M of loss on termination of outsourcing contract
Quarterly profit before income taxes	3,503	4,616	1,113	31.8%	
Quarterly profit attributable to owners of the Company	1,881	3,200	1,319	70.1%	

# Revenue and profit increase in US contributed to consolidated performance

(JPY million)

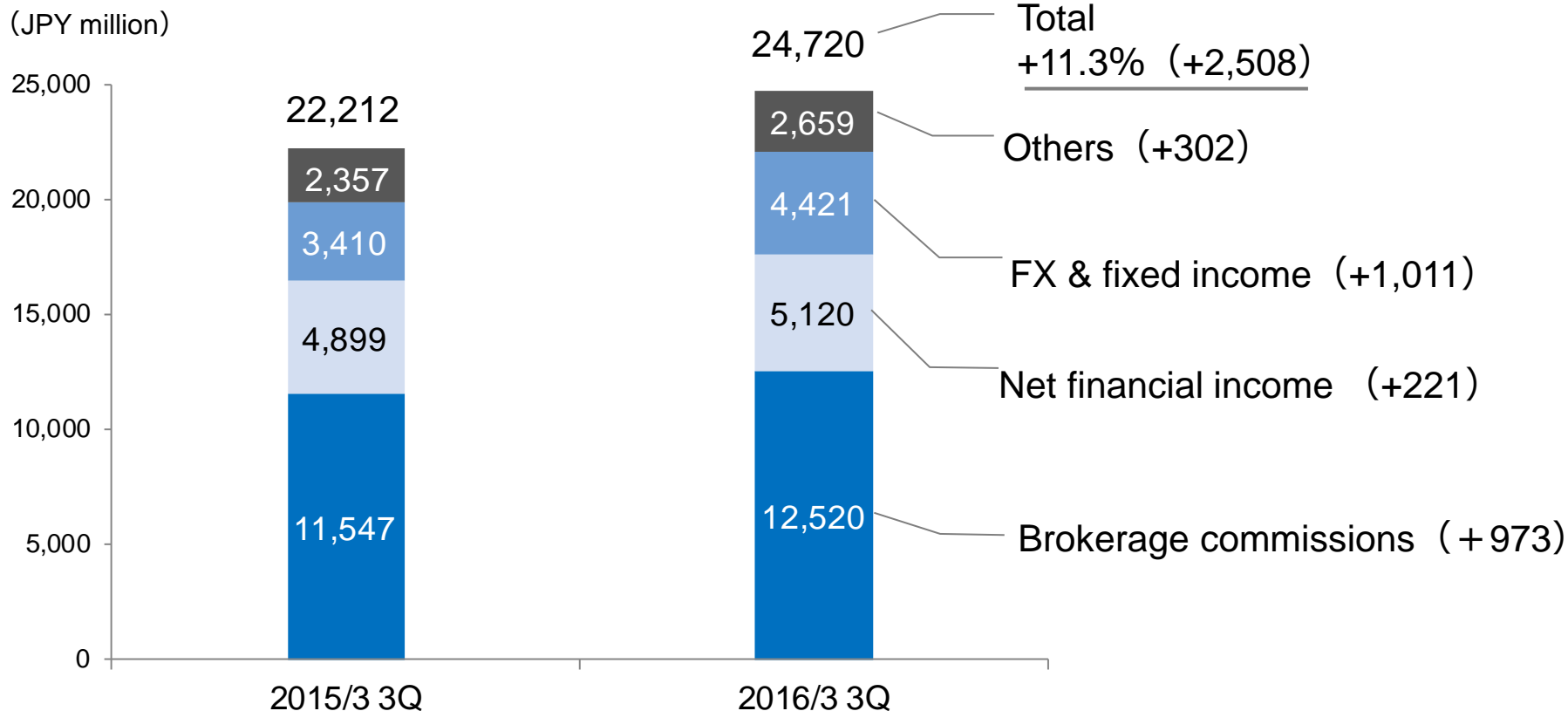
	Japan			US			China		
	2015/3 3Q	2016/3 3Q	Change (%)	2015/3 3Q	2016/3 3Q	Change (%)	2015/3 3Q	2016/3 3Q	Change (%)
Total operating revenue after deducting financial expenses and cost of sales	22,212	24,720	11.3%	10,546	13,972	32.5%	431	655	52.0%
SG&A	14,704	17,446	18.7%	12,389	13,651	10.2%	557	588	5.5%
The amount equivalent to operating income	7,508	7,273	-3.1%	-1,844	321	—	-127	67	—
Other income / expenses (net)	62	-2,551	—	-2,229	-276	—	6	-82	—
Quarterly profit before income taxes	7,571	4,722	-37.6%	-4,073	45	—	-120	-15	—
Quarterly profit attributable to owners of the Company	4,861	3,195	-34.3%	-2,987	119	—	-118	-22	—
Note	See P18 for changes of “total operating revenue after deducting financial expenses and cost of sales” See P19 for “SG&A”			See P20 changes of “total operating revenue after deducting financial expenses and cost of sales” See P21 for “SG&A” USD/JPY increased 13%			HKD/JPY increased 13%		

# YoY Comparison (9 months) Analysis: Japan Segment Operating Revenue

## Japan : Revenue up due to increased stock and FX trading volumes

- ◆ Total operating revenue after deducting financial expenses and cost of sales  
(compared to Apr. – Dec. 2014) (JPY million)

Within () changes from 3Q FYE Mar.2015

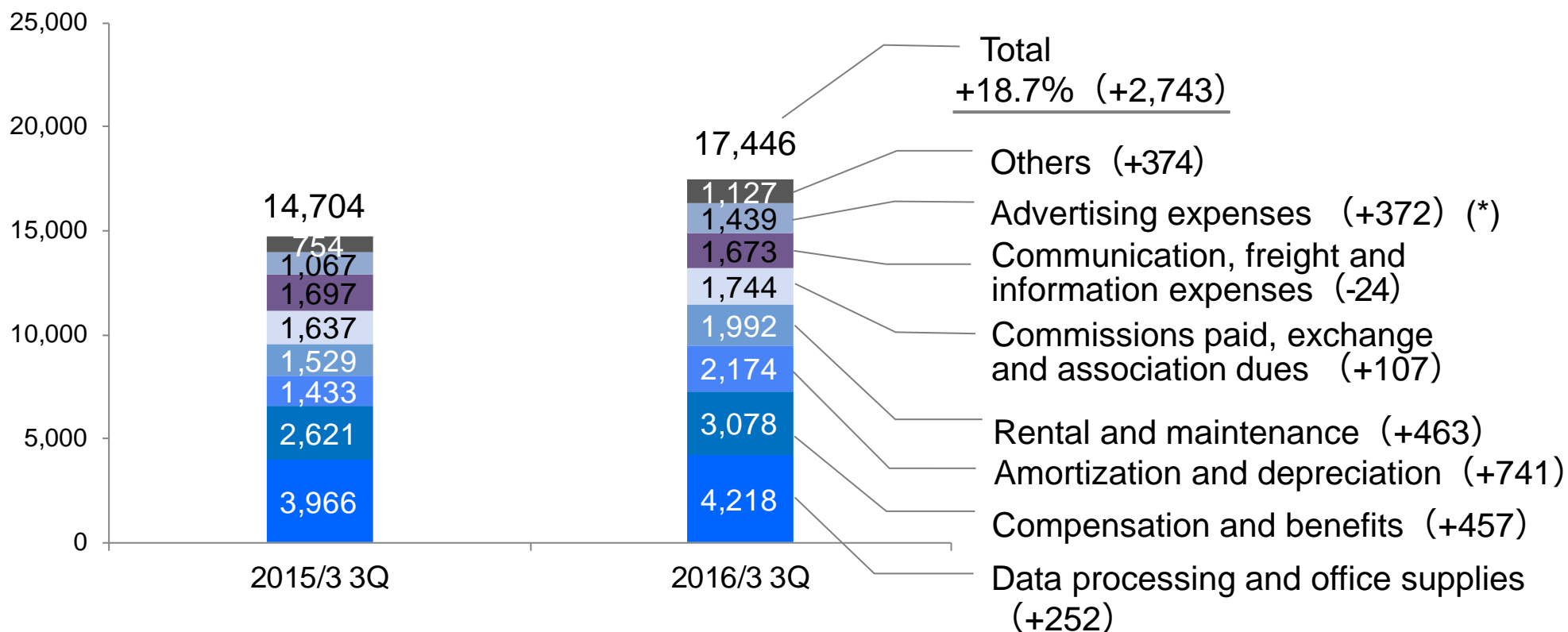


# Japan : Cost up due to parallel operation of new / old backbone brokerage systems

◆ SG&A (compared to Apr. – Dec. 2014) (JPY million)

Within () changes from 3Q FYE Mar.2015

(JPY million)

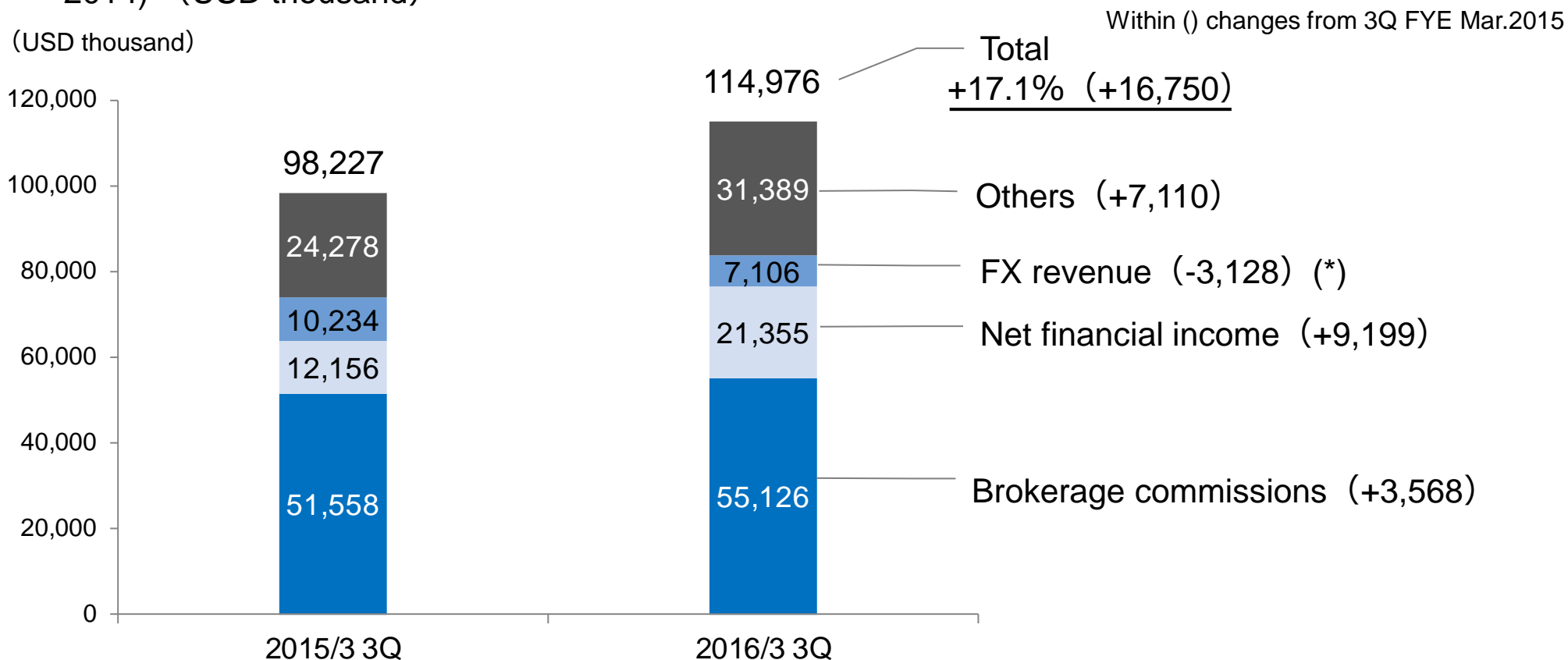


(\*) Cost up due to increase in the number of new accounts acquired

# YoY Comparison (9 months) Analysis : US Segment Operating Revenue (USD)

## US : Revenue up due to higher volatility and enhanced net financial income

- ◆ Total operating revenue after deducting financial expenses and cost of sales (compared to Apr. – Dec. 2014) (USD thousand)



(\*) Revenue down due to the assignment of FX business “MT4” in September 2014

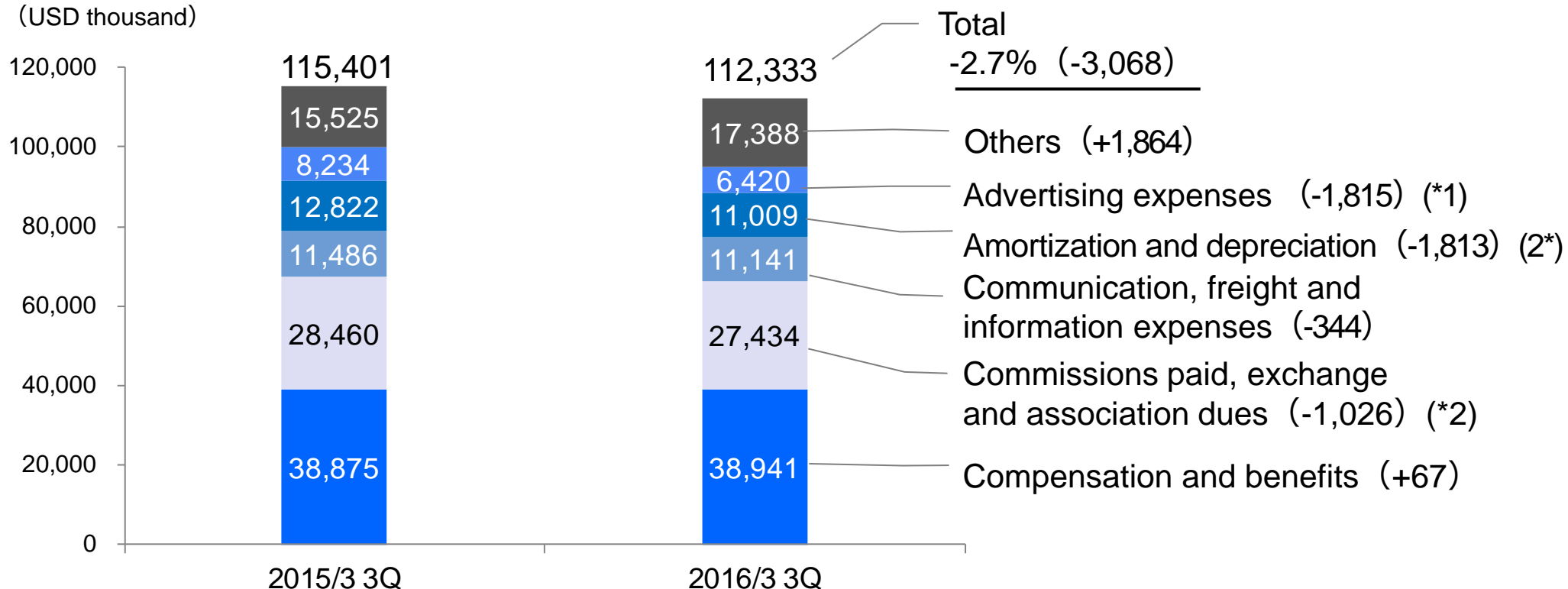
# YoY Comparison (9 months) Analysis : US Segment SG&A (USD)

US : ‘Commissions paid, exchange and association dues’ and ‘Amortization and depreciation’ decreased due to the assignment of FX business “MT4” in previous fiscal year

## ◆ SG&A (compared to Apr. - Dec. 2014) (USD thousand)

Within () changes from 3Q FYE Mar.2015

(USD thousand)



(\*1) Advertising expenses decreased due to increasing incentives receiving from CME according to trading volume

(\*2) Decrease due to the assignment of FX business “MT4” in September 2014

The difference between “capital” and “non-current assets” is the source of funds for investments and shareholders’ return

◆ Summary of consolidated statement of financial position as of December 31, 2015

<u>Assets</u> JPY 977.4B	<u>Liabilities</u> JPY 891.7B
Major assets: Assets related to financial instruments trading business JPY 783.0B	Major liabilities: Liabilities related to financial instruments trading business JPY 878.5B
Others JPY 51.4B	Others JPY 13.2B
Cash and cash equivalents JPY 83.7B	
Non-current assets (*1) JPY 59.3B	Net capital JPY 85.6B

(\*1) Non-current assets

Property and equipment	JPY	2.5B
Intangible assets (Goodwill)	JPY	18.1B (*2)
Intangible assets (Identifiable intangible assets)	JPY	15.0B (*3)
Intangible assets (Others)	JPY	19.9B
Equity method investments	JPY	1.2B
Available-for-sale investments in securities (Lv.3)	JPY	2.6B

(\*2) Goodwill: JPY 18.1B

Japan JPY 7.6B, U.S. JPY 10.0B, China JPY 0.5B

(\*3) Identifiable intangible assets: JPY 15.0B

U.S. JPY 14.3B, China JPY 0.8B

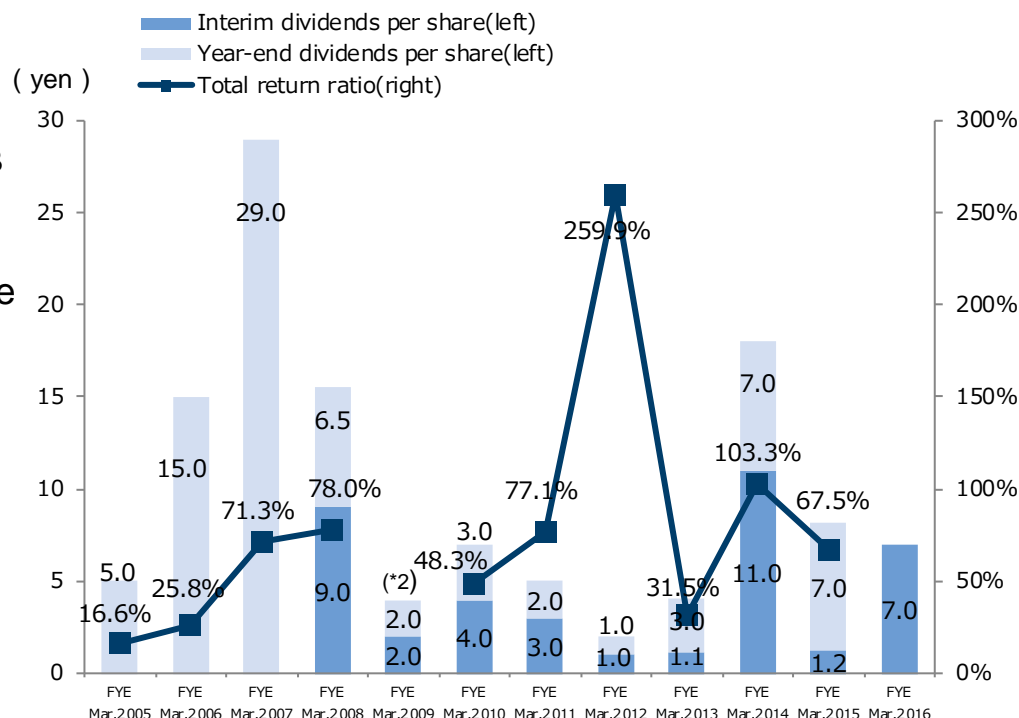
◆ The JPY 26.4B difference between capital (JPY 85.6B) and non-current assets (JPY 59.3B) is the source of funds for the following:

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’ return (dividends + share buyback)

## Aim to achieve a total return ratio <sup>(\*1)</sup> of 75% on a multi-year basis.

- ◆ Year-end dividend is to be paid out based on a 50% of profit of the 2<sup>nd</sup> half of the year or 2% of annual (1% of half-year) DOE, whichever is higher
- ◆ Acquired own shares (July-August, 2015)
  - Acquired 1.2% of shares outstanding, 3,546,200 shares or JPY 1.16B
- ◆ Introduced a shareholder benefit program (from reference date of Sep. 30, 2015)
- ◆ Our mid- and long-term ROE target : 15%

### ◆ Dividend per share and total return ratio



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

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

(\*3) Dividend per share has been adjusted reflecting stock split

(\*4) Acquired own shares: JPY 2.0B in Feb. 2008, 3.1B in Jun. 2011, 5.5B in May 2013, 1.16B in Jul.-Aug. 2015



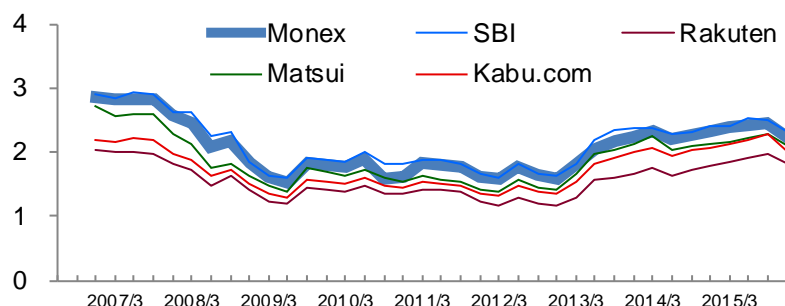
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## A solid customer base of investors who prefer asset building; Stable brokerage commission share maintained

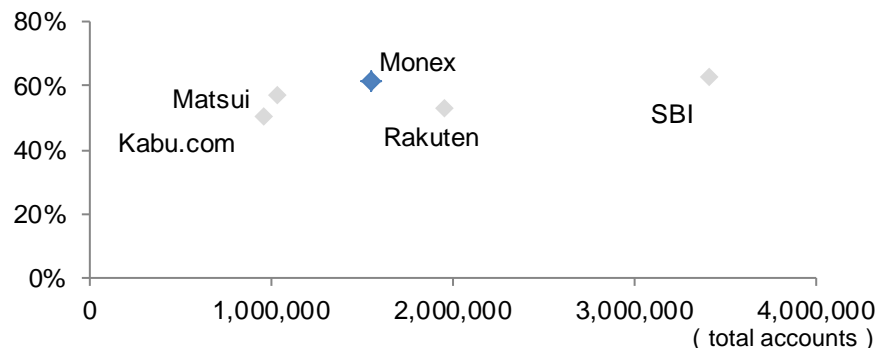
### ■ Comparison of 5 major online brokers\*

#### ◆ Customer assets per account (from 2Q FYE Mar. 2007 to 2Q FYE Mar. 2016)

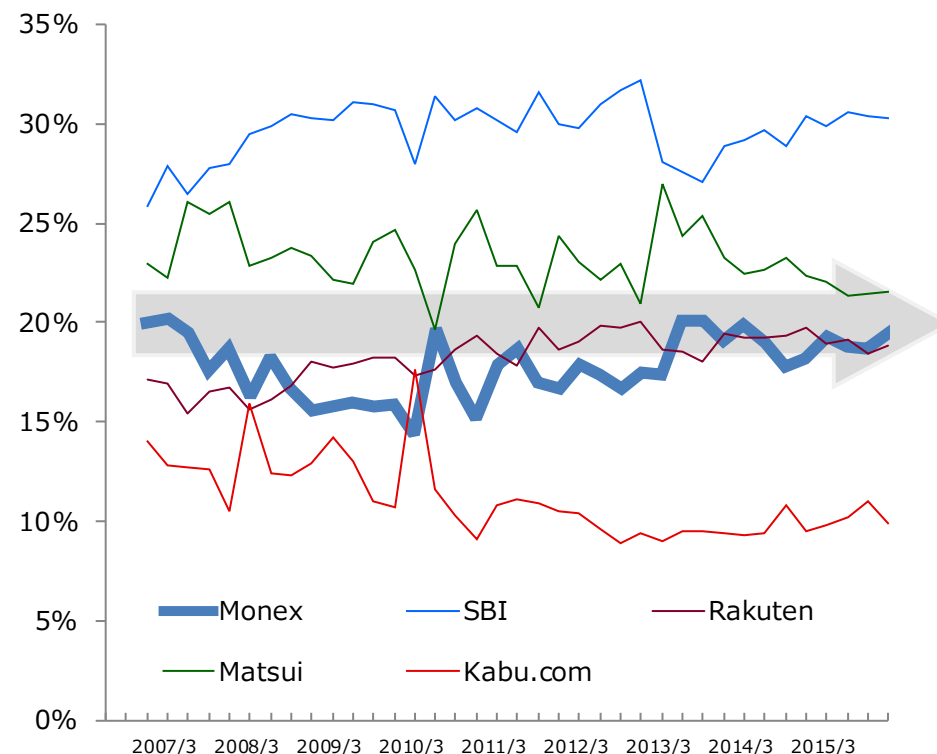
( JPY Million )



#### ◆ Active account ratio (as of Sep. 30, 2015)



#### ◆ Stock brokerage commission share (from 2Q FYE Mar. 2007 to 2Q FYE Mar. 2016)



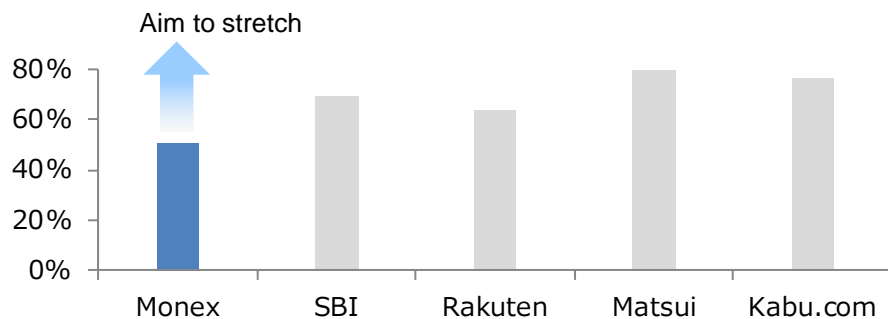
(Source) Kinzai Institute for Financial Affairs, Inc.

\* 5 major online brokers refer to SBI Securities, Kabu.com Securities, Matsui Securities, Rakuten Securities and Monex, Inc.

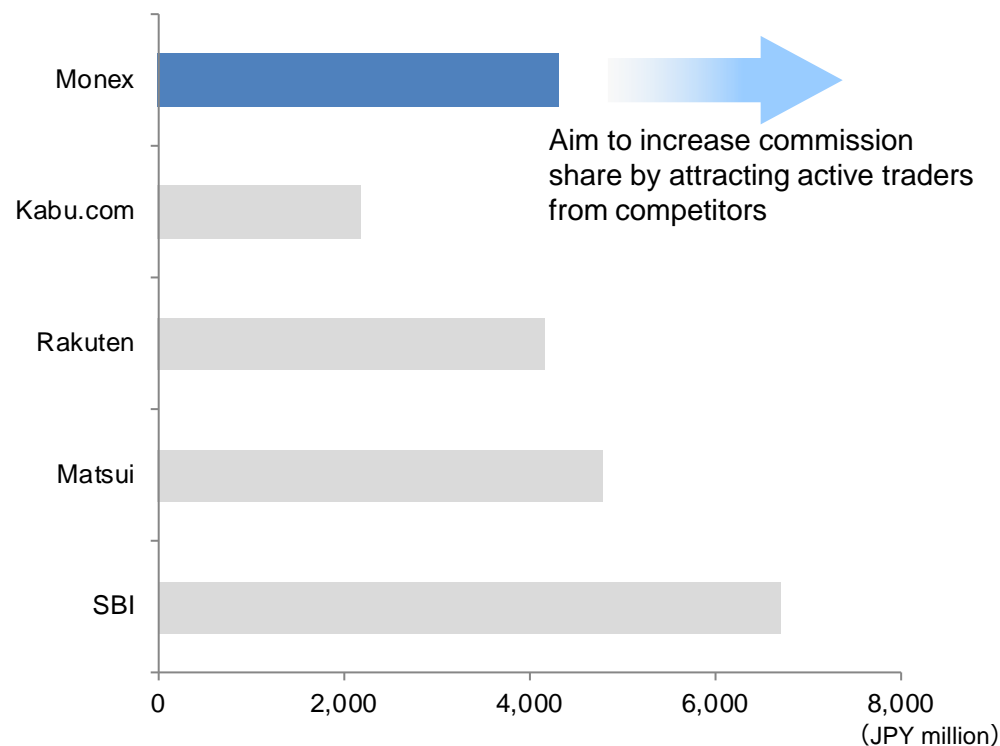
## Trading platform “TradeStation” in Japan to be introduced with the aim of acquiring “traders” and commission share

By introducing a new Japanese equity trading platform

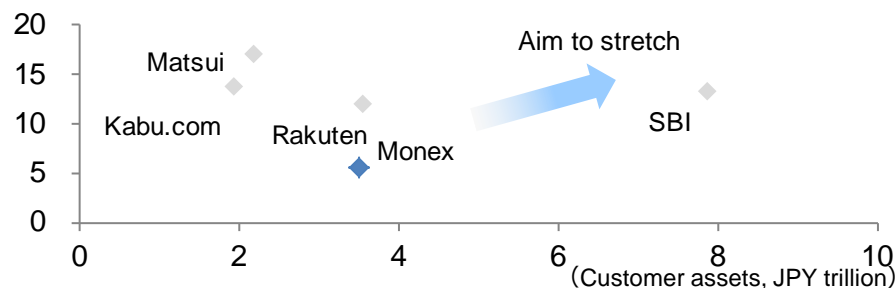
### ◆ Margin trading ratio out of stock trading value (2Q FYE Mar. 2016)



### ◆ Brokerage commission revenue (2Q FYE Mar. 2016(3 months))



### ◆ Trading turnover (stock trading value / customer asset) (2Q FYE Mar. 2016 (annualized figures) / Sep. 30, 2015) (turnover)



(Source) Kinzai Institute for Financial Affairs, Inc.

## Measures for continuous profitability

### ■ Revenue increase

1. Extended term of interest swap with nearly 10% increased amount (November 2015)  
\*See detail on next page
2. Revenue from B2B business USD 2M/ year  
Offer trading platform to two major financial institutions
3. Increase of maintenance revenue as systems developed for Japan launched

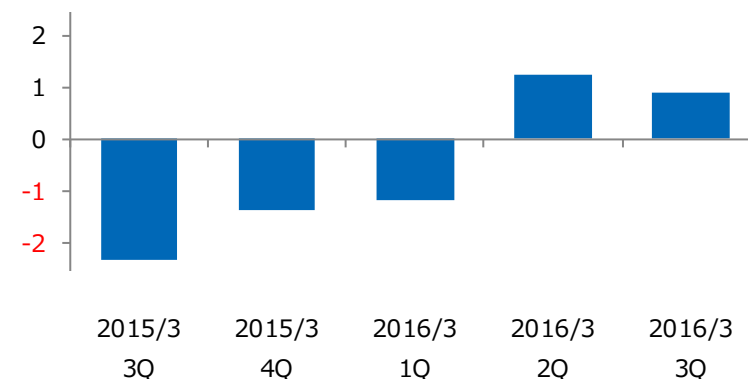
### ■ Cost reduction

In comparison to 2Q FYE March 2015 when the cost reduction plan started

Compensation & benefits (excl. stock compensation fee)	-13% (USD -1,839K)
Depreciation & amortization	-16% (USD -715K)

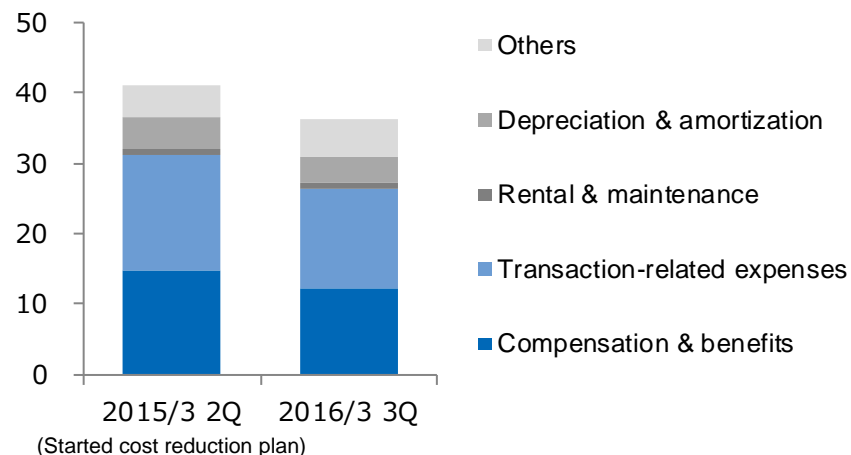
### ◆ Quarterly profit attributable to owners of the Company

(USD million)



### ◆ Fixed-type Costs

(USD million)

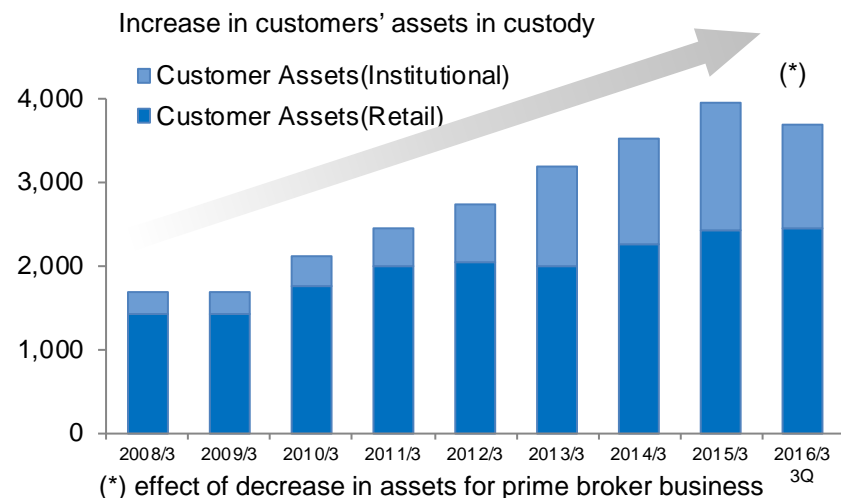


## Net financial income improved by initiatives

Interest rate swap to fix a part of future interest income from customers' deposit (Nov. 2015)	: USD 7M / year
Change of the bank managing customers' assets (Apr. 2015)	: USD 8M / year
Change of an investment product managing customers' assets (Jun. 2015)	: USD 2M / year
<b>Total</b>	<b>: USD 16M / year</b>

### ◆ Customers' assets in custody

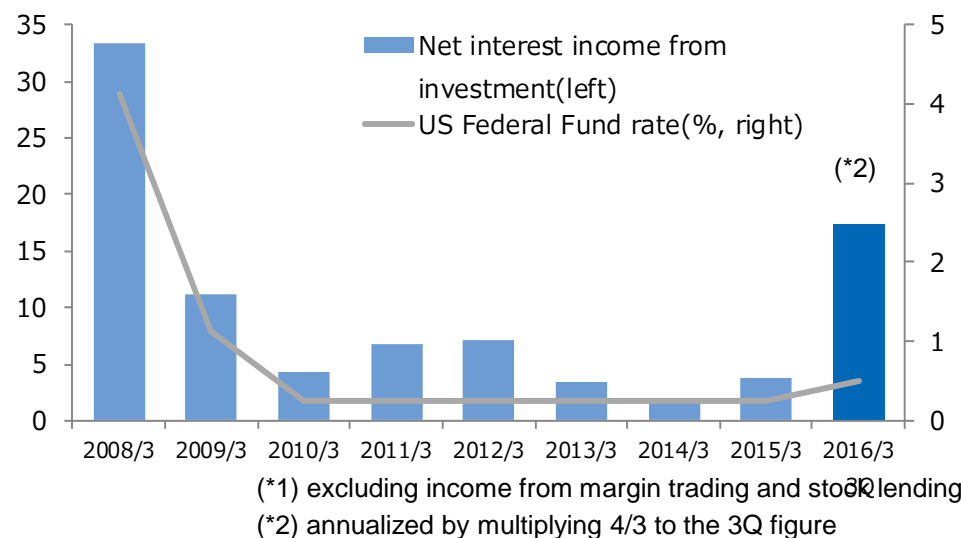
(USD million)



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

(USD million)

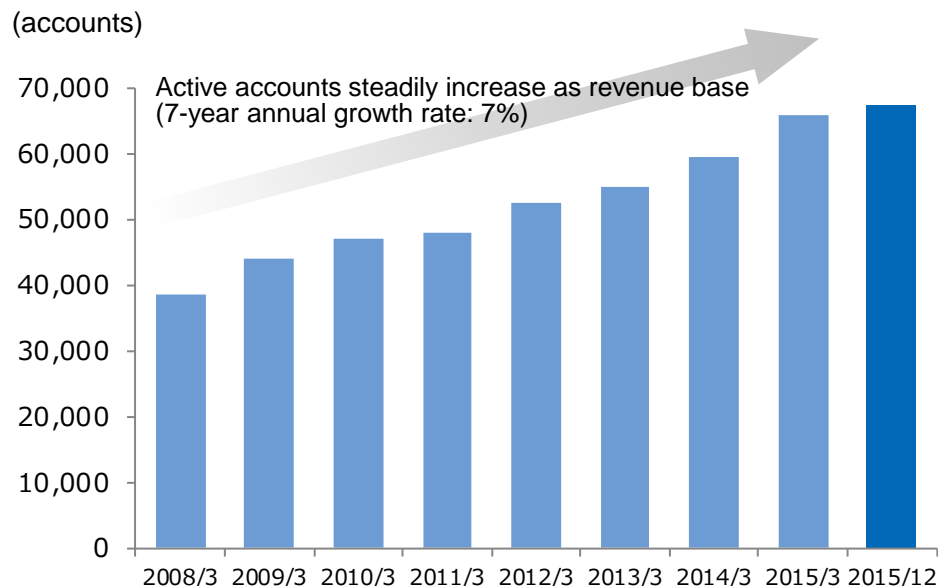
(%)



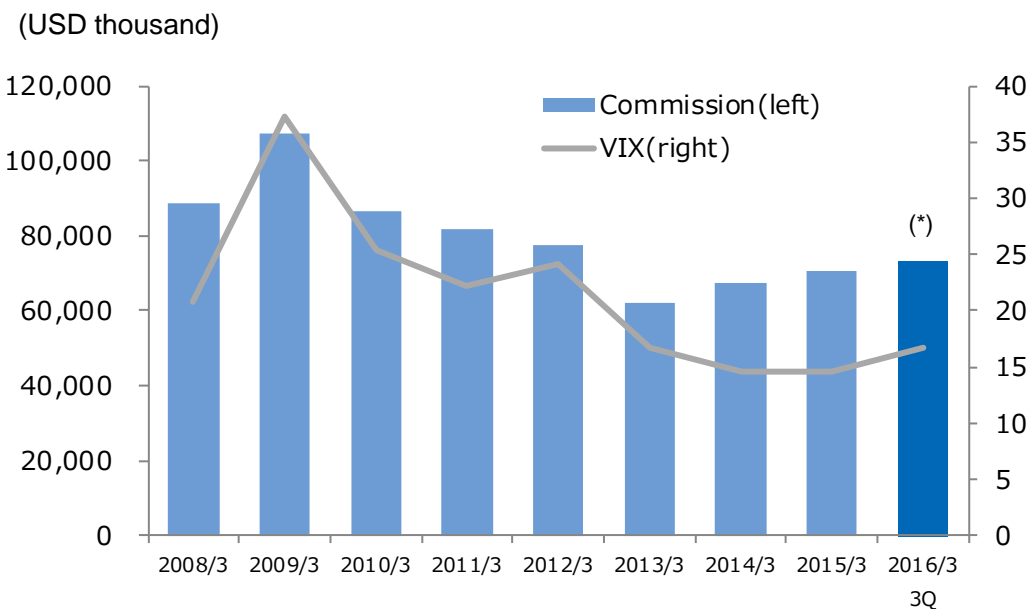
## Increased active accounts and volatility contributes to the revenue

1pt increase in VIX will bring additional USD 3M revenue per year (based on a regression analysis of commission data during Jan. 2009- Dec. 2015)

### ◆ Number of active accounts (excl. MT4 accounts)



### ◆ VIX and commission



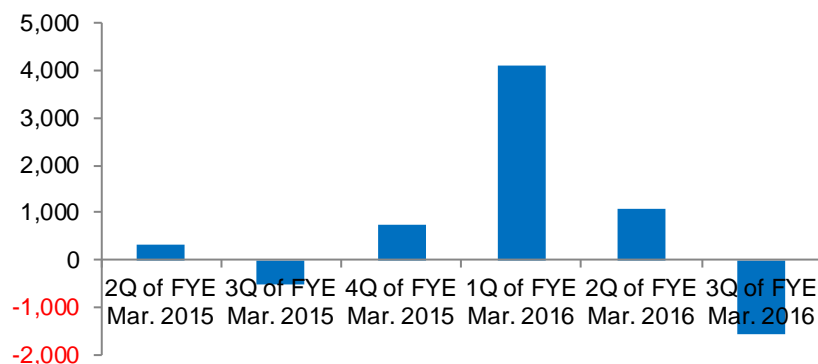
## Continuing the strategy to create a business opportunity keeping risk under control in China

### ■ Quarterly Financial Results of Monex Boom Securities (MBS)

- No impact to balance sheet due to China Shock. H.K. stock trading value accounts for approx. 50% of the entire trading value at MBS. Trading volume of 3Q (3 months) decreased by approx. 50% compared with 1Q of FYE Mar. 2016
- The balance of margin lending was USD 22 M, increased by 12% QoQ

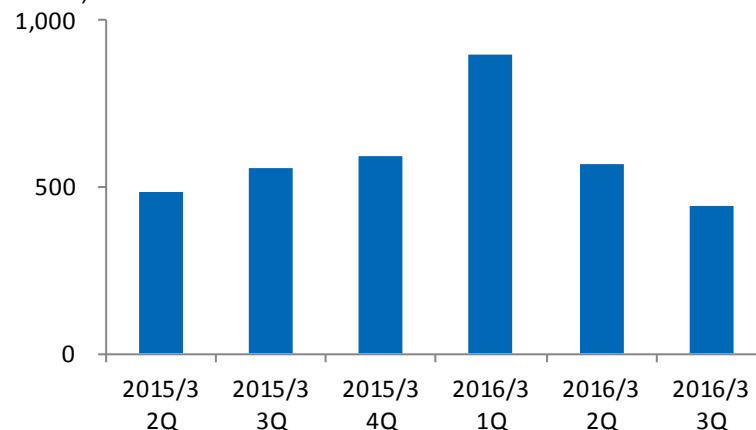
### ◆ Quarterly Profit attributable to owners of Monex Boom Securities Group

(HKD thousand)



### ◆ Quarterly stock trading value of Monex Boom Securities

(USD million)



### ■ Jointly established Cherry Technology Co., Ltd, in Hangzhou, PRC on Feb. 2015, offering Monex's financial service business model

- Approx. JPY 300 M Investment
- Continuing the strategy to create a new revenue stream in mainland China

### ■ TradeStation licensed a trading platform to Guosen for Sep. 2014, a major PRC broker (revenue recognized in the US segment)

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## “Mid- and long-term revenue growth” and “Fixed-type cost reduction” by shifting system developments from outsourcing to in-house

### ■ Mid- and long-term revenue growth

Measures	Progress and Achievements
Launching a trading platform for Japanese active traders developed by TradeStation. Aim to increase brokerage commission.	Scheduled two-phased launch in FYE Mar. 2016 and 1H of FYE Mar. 2017
Expanding B2B businesses	Two projects have already generated revenue (recognized in U.S. segment). In-house development of the backbone system in Japan segment has B2B opportunities

### ■ Fixed-type cost (\*1) reductions — Aim to reduce JPY 2.3B a year by FYE Mar. 2018 compared to the basis for comparison (\*2)

Measures	Progress and Achievements
Cost reduction by integration of trading tools in Japan segment Cost reduction of information expenses by integrating information services in Japan segment Cost reduction by FX liquidity integration and so forth	Achieved around JPY 1.3B (annualized) reduction in total
System related cost reduction by in-house system development and in-house operations of backbone brokerage system(*3)	Cost will be reduced from autumn of FYE Mar. 2017. Approx. JPY 2.4B is reserved as expenses for terminating the outsourcing contract in 3Q FYE Mar. 2016

(\*1) Fixed-type costs: the sum of (a) communication, freight & information expenses, (b) compensation & benefits, (c) rental & maintenance, (d) data processing & office supplies and (e) amortization & depreciation

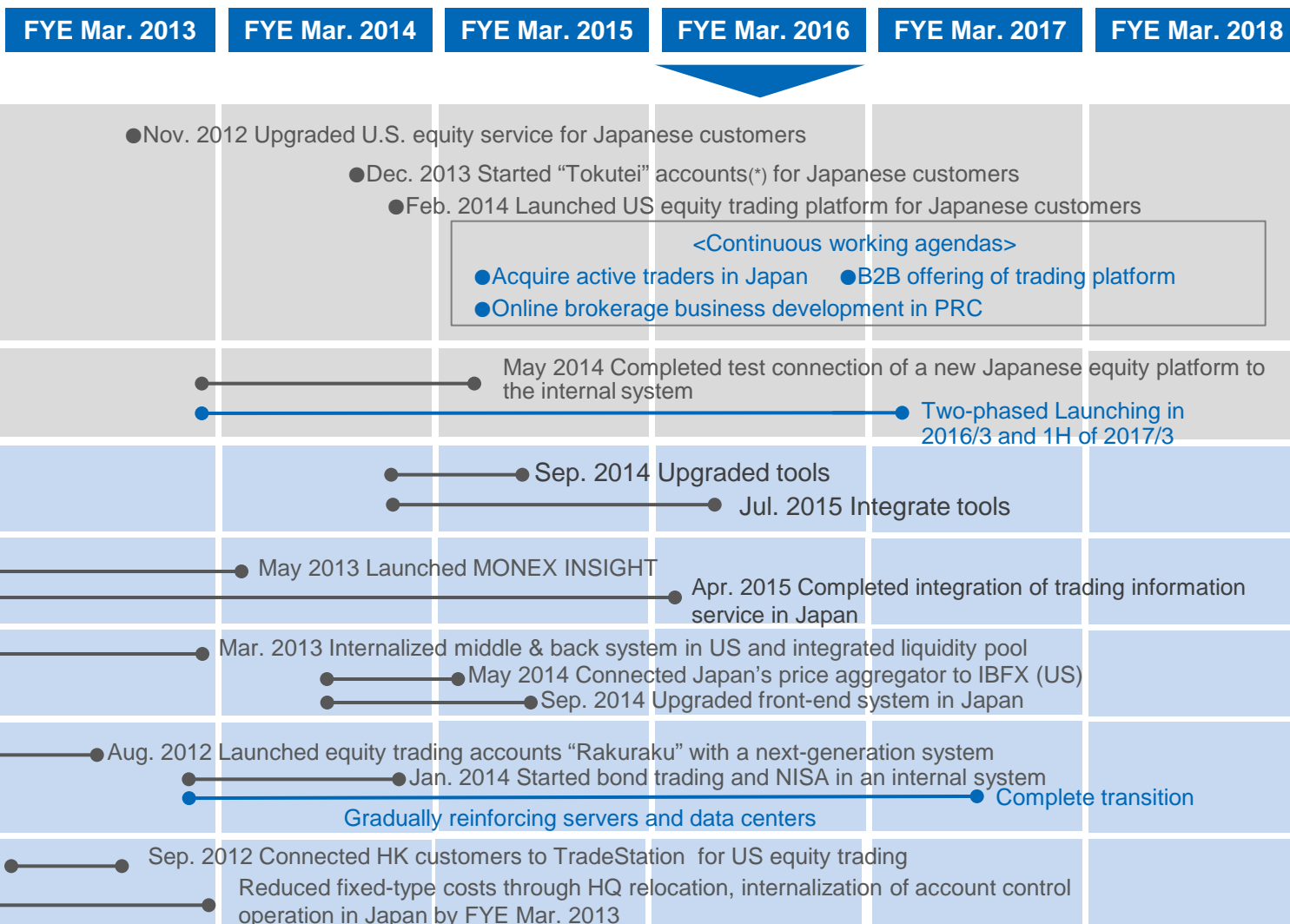
(\*2) Basis for comparison: (actual fixed-type cost figure of 4Q FYE Mar. 2013) multiplied by 4. Aim to reduce JPY 2.3B a year in fixed-type costs by FYE Mar. 2018 compared to the basis for comparison (JPY 24.5B, -9.4%). Fixed-type costs in or after FYE March 2014 compared to the baseline do not include those arising from projects after Apr. 2013, e.g. system improvement to comply with new regulations. Launch of a new Japanese equity trading platform is categorized in a revenue increase project and is out of the scope of the JPY 2.3B cost reduction plan

(\*3) System-related costs = Rent and maintenance + Data processing and Office supplies + Amortization and depreciation



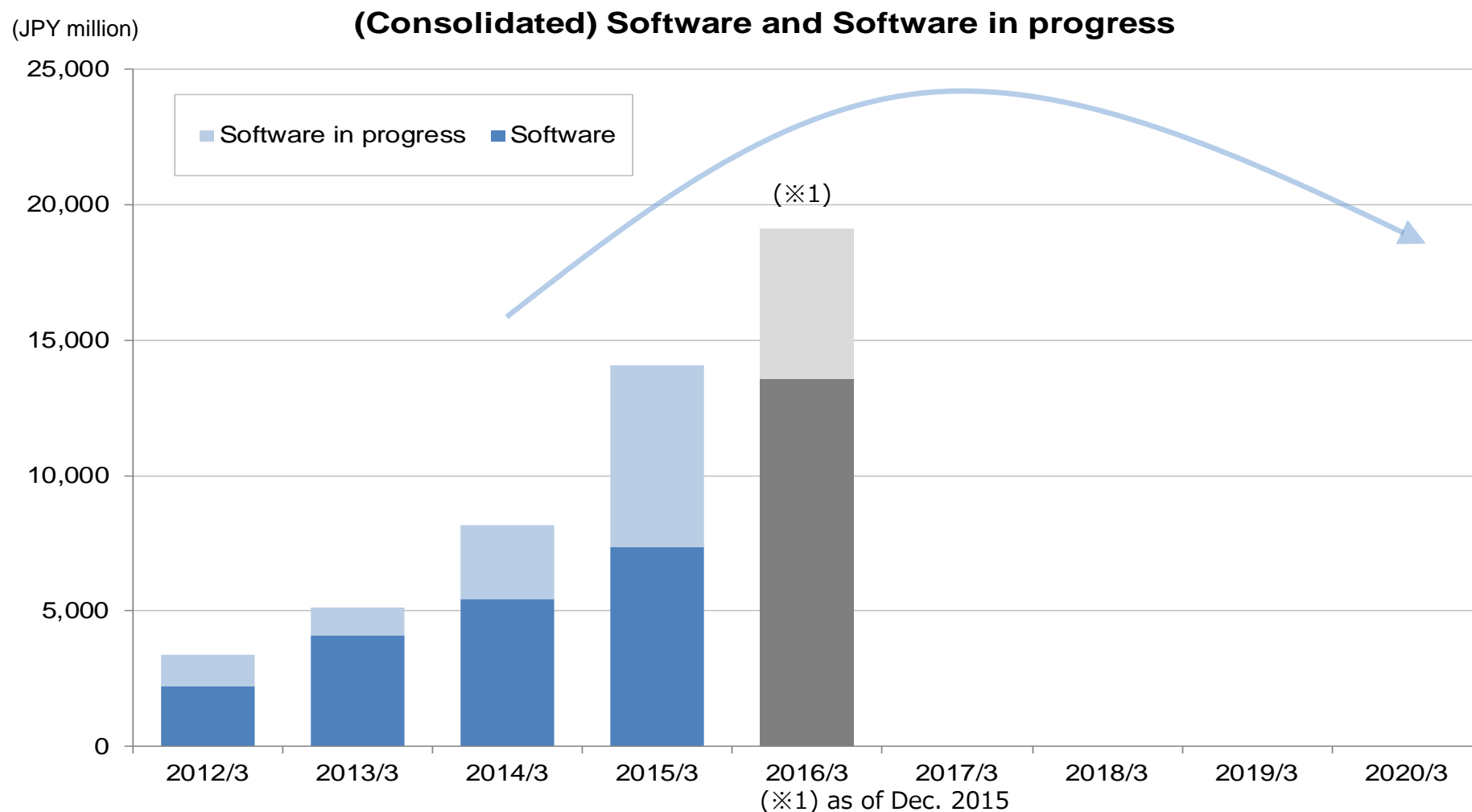
# Timeline of Mid- & Long-Term Strategy “Global Vision”

- Completed project
- Ongoing project



(\*) “Tokutei” accounts: accounts that automatically calculate taxes

Completed large-sized system investments in FYE Mar. 2017.  
Cutting back on investment amounts from FYE Mar. 2018



Investment phase under Global Vision

Service improvement phase

- I. Highlights
- II. Consolidated Performance
- III. Business Update
- IV. Mid- & Long-Term Strategy “Global Vision”
- V. Topics**

Appendix. Group Overview

## Continuing to create value from the viewpoint of Finance × IT × Retail Service since the company's establishment

### Intragroup achievements in FinTech

Portfolio management tools equipped with a leading-edge financial engineering model for retail investors (Japan segment)

- “MONEX VISION β”, a portfolio management advice tool, enables retail investors to analyze their portfolio and simulate additional investments
- “answer”, a mutual funds analysis app, enables portfolio simulations among approx. 5,700 Japanese mutual funds

A robo-advisor pioneer : “Kabu-Robo Fund” (Japan segment)

- Started in 2009. Investment advisory service by Trade Science Corporation. A mutual fund managed by a program that generates stock order tickets based on automatic analyses of market information

“Monex Signal”, service providing information on investment decisions made by a robo-advisor (Japan segment)

- E-mail delivery service of investment decisions made by an investment analysis algorithm. Japanese stock signals started in 2012, Futures signals and US stock signals started in 2013

Trading platform “TradeStation” and programming language “EasyLanguage” (US segment)

- TradeStation develops an in-house system trading tool called “TradeStation” and programming language called “EasyLanguage”

### Corporate Venture Capital

10 years' experience in FinTech incubation and start-ups

- Investment in FinTech by Monex Ventures; e.g. PFM, DWM, robo-advisor, block chain, social lending, Bitcoin, etc.

Start offering wrap account service in spring 2016.  
Expecting to increase assets under management in the medium- and long-term



### Joint venture of Monex Group, Credit Saison, and Vanguard

- A consolidated subsidiary established in August 2015, of which Monex Group owns 51.01%
- The world's first joint venture bearing the name of Vanguard, one of the best asset management companies, and Vanguard's first-ever joint venture in Japan as well

### Aim to offer a small-lot and low-cost discretionary investment management service (wrap account)

- To capture the shift related to “from saving to investing” and “large inheritances”, offering a quality asset management service and access to financial market for individuals
- Establish alliances with banks, stock brokers and other financial institutions. Aim to attract new customers through various channels in addition to Monex, Inc.

### “PDCA cycle for each customer” × “Utilizing Vanguard’s investment philosophy and principle”

- By utilizing FinTech, implement a customized PDCA cycle of asset management to satisfy each customer’s needs
- Develop an investment strategy and policy with Vanguard, which also supports the investment process

## 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

- 6 out of 11 directors qualify as “independent & outside” directors and all independent & outside directors have managed companies
- Appointed a lead outside director. Actively exchanges opinions at the committee composed only of independent & outside directors
- Various backgrounds: Management experience (current/former CEOs of listed companies or global companies), Expertise (CPA, lawyer), Business experience (finance, IT, global business), Culture & society (gender, country of residence, nationality)

### Fair disclosure and dialogue for shareholders and 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 for more retail shareholders to attend the meeting. 8 out of 11 directors answered questions from shareholders at 11th ordinary general meeting of shareholders held in June, 2015

- I. Highlights
- II. Consolidated Performance
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## Appendix. Group Overview



## Brand

### Three retail brands: “Monex”, “TradeStation”, and “BOOM”

- Oki Matsumoto, a former partner at Goldman Sachs, established Monex and led the online brokerage industry as a pioneer in Japan
- Japan: “Monex” promotes long & diversified investment and is supported by “investors”
  - US : “TradeStation” started as a systems company and its technology is appreciated by “traders”
  - HK : “BOOM” offers multi-currency and multi-market trading and has the longest history as an online broker in Asia

## Global Operations

### Business bases in Japan, US, and China. Products, customers and human resources are global

- Offer global financial products online to retail investors
- Have 12 business bases mainly in North America and Asia. 60% of approx. 1,000 employees worldwide are based in the USA

## Technology

### Create new customer experience and value based on technology

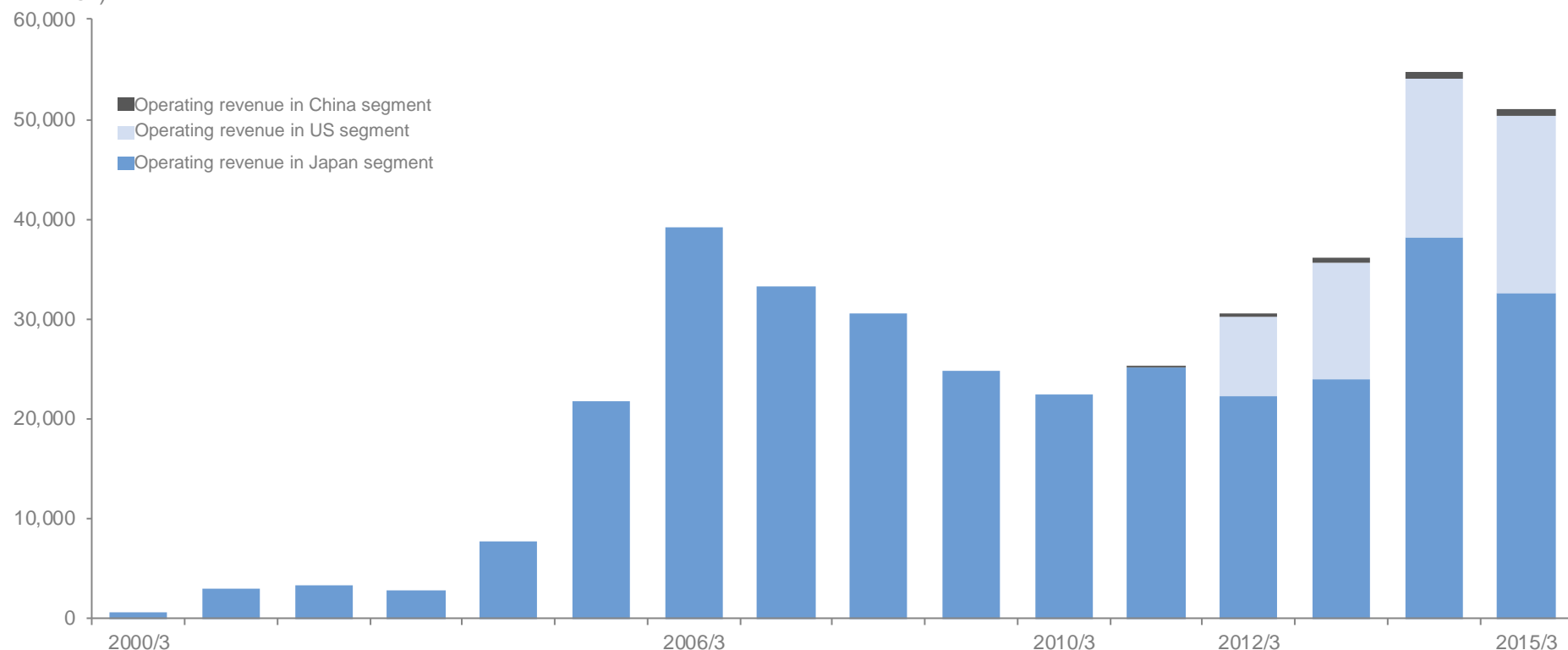
- TradeStation’s technology creates competitive products and services, which leads to B2B business and diversifies its revenue stream
- Realize products and services with financial engineering, along with early involvement in research and development of FinTech

## Group Overview – Continuous growth over 15 years

- ✓ Japan: 1.61M accounts, US: 68K accounts, HK: 11K accounts. Monex has a global customer base
- ✓ Make efforts to continuously grow, with the online brokerage business for retail investors as our core business

### ◆ Consolidated Operating Revenue

(JPY million)



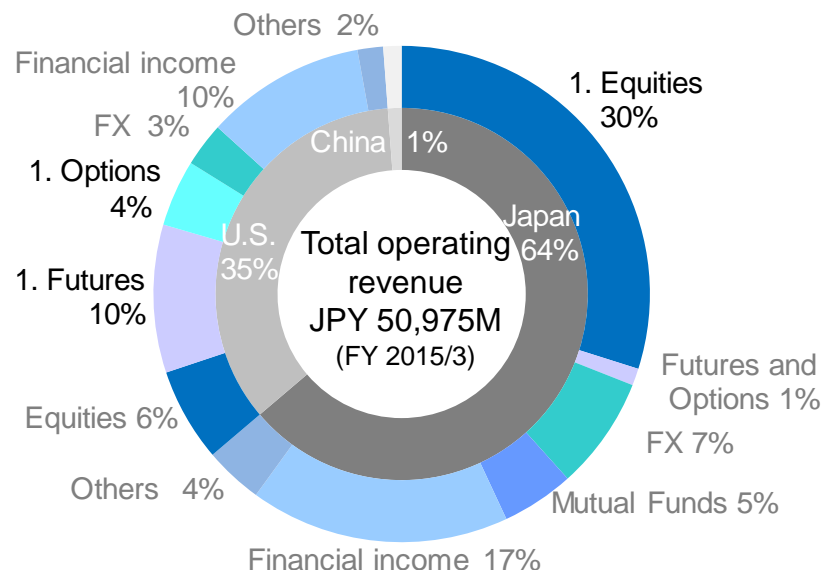
Expanded through M&As inside Japan

Expanded globally

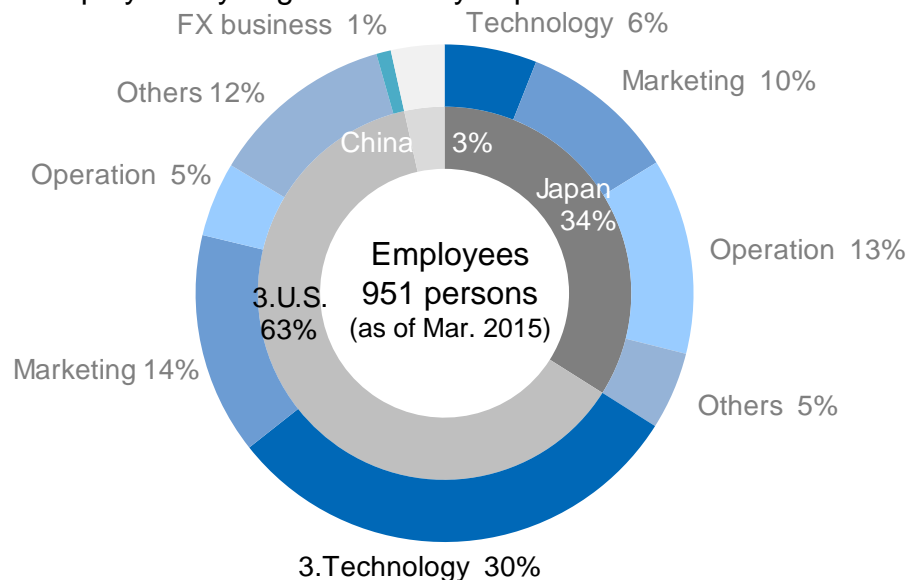
Globalization  
& system internalization

# Group Overview — Revenues: 60% from Japan, 40% from U.S.; Employees: 30% in Japan, 70% in US or China

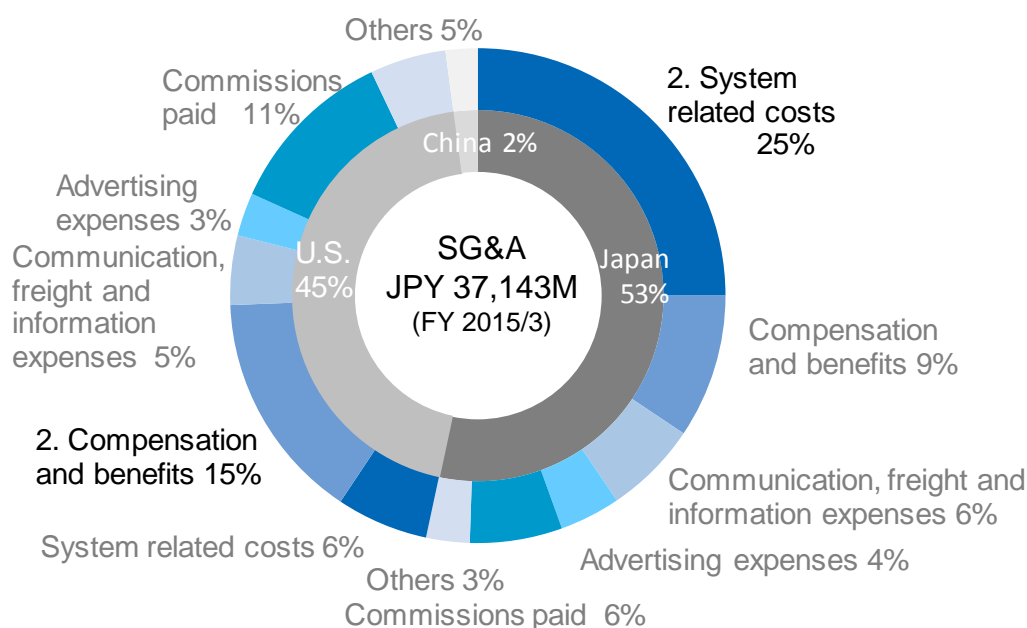
## ◆ Operating revenue by region and by business



## ◆ Employees by segment and by department

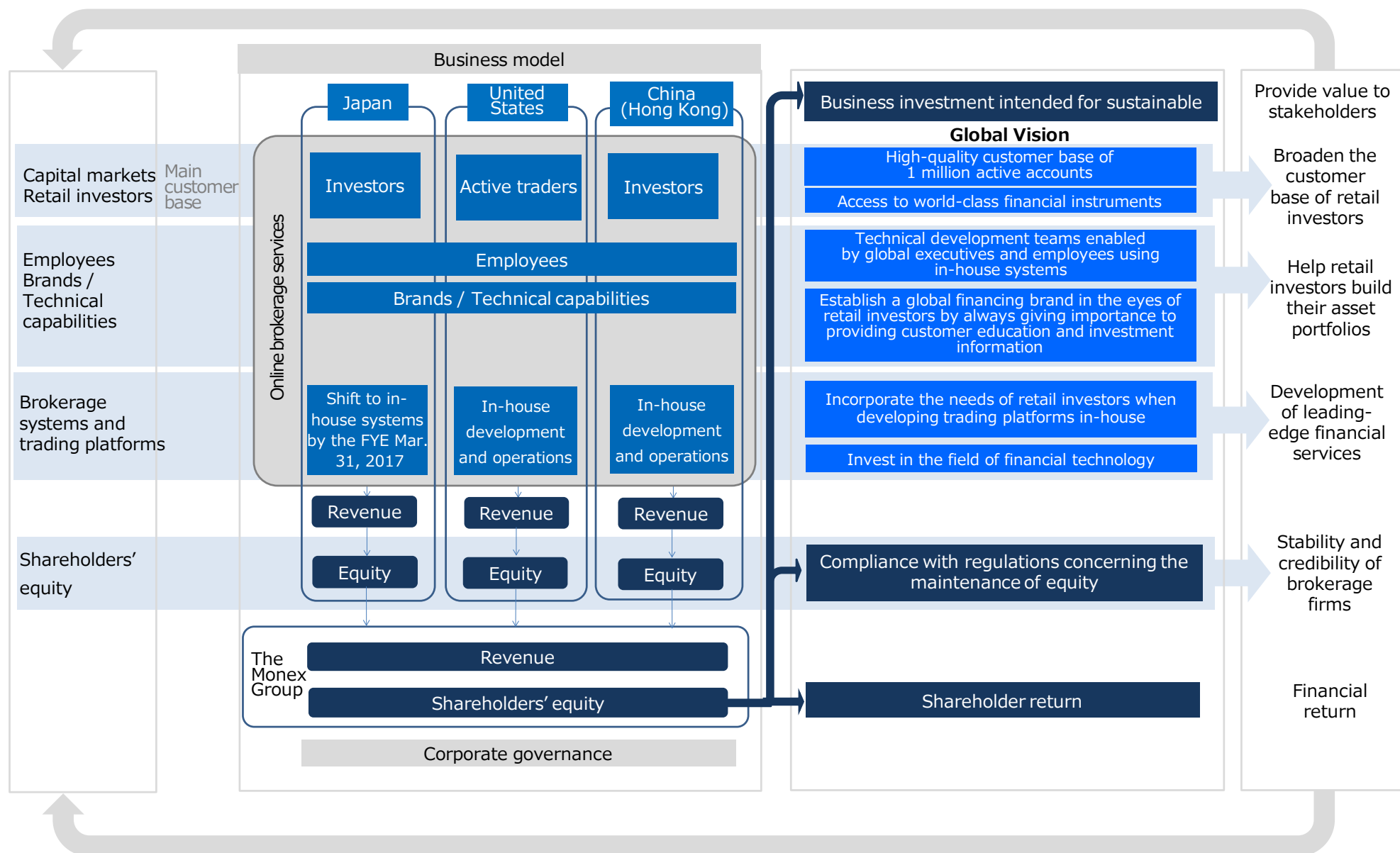


## ◆ SG&A by segment and by cost items



1. Total operating revenue: US accounts for 1/3. Revenue from equities primarily from Japan while revenue from futures and options primarily from the US
2. Total SG&A is almost 50/50 between Japan and the US. 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 and China account for 2/3. US has a larger number of technology-related employees as it internally develops its system

# Group Overview – Corporate value creation cycle





# MONEX GROUP

Monex Group, Inc.

(As of January 28, 2016)

Listed Holding Company

[Japan]

Online Securities Company



**MONEX**

**Monex, Inc.**

Comprehensive investment service provider

M&A Advisory

Program Trading

**MONEX HAMBRECHT, INC. trade-science**

Monex Hambrecht, Inc.

M&A advisory service  
Aspiring to introduce new IPOs

Trade Science Corporation

Next-generation asset management  
utilizing artificial intelligence

Corporate Venture Capital

Asset Management



**Monex Ventures, Inc.**

Financial × IT × global  
Venture investment



Monex-Saison-Vanguard  
Investment Partners

**Monex-Saison-Vanguard  
Investment Partners, Inc.**

Small-lot and low-cost discretionary  
investment management  
(wrap account) service

(Investment Ratio ) Monex G: 51%

[U.S./Europe]



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

Online Securities Company

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

Technology

TradeStation Technologies, Inc.  
(U.S.)

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

EU Base

TradeStation Europe Limited  
Introduce customers in Europe (U.K.)

FX (US)

**IBFX, Inc.**

FX(Australia)

**IBFX Australia  
Pty. Ltd.**

[China]

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.)

Technology support

Cherry Technology Co., Ltd  
[Equity method affiliates]  
(Investment Ratio) Monex G: 49%

[Equity method affiliates]



**ASTMAX Co., Ltd.**  
(Investment Ratio) Monex G: 15%

## ■ Monex Group, Inc. (Tokyo, Japan) TSE 1st Sec. Code: 8698

- Chairman, Representative Executive Officer, CEO: Oki Matsumoto
- Established in 2004
- Financial holding company with major online brokerage firm subsidiaries in Japan, US and China (Hong Kong)

## ■ Monex, Inc. (Tokyo, Japan)

One of the major online brokerage firms in Japan

- Chairman & CEO: 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 (in 2001), stock lending (in 2003), lead manager in an IPO as an online broker (in 2005), RMB bonds (in 2011), No.1 U.S. equity service in Japan (in 2012; the largest number of stock names available, the longest trading hours & the lowest commissions), offering the largest-class private equity fund in the world (in 2013)
- Products & services: Equities (Japan, U.S., Hong Kong), futures & options, FX, mutual funds, bonds, investment education, etc.
- # of total accounts: 1,619,012
- # of active accounts: 985,774  
("Active accounts": accounts with balance or with at least one trade or transaction a year.)
- Customers' assets in custody: JPY 3.7069 trillion

## ■ TradeStation Group (HQ in Florida, U.S.)

Online securities group with award-winning trading technology development capabilities

- CEO: Salomon Sredni
- Founded in 1982
- Joined Monex Group in June 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
- Offers "TradeStation 9.5" to Shinhan Investment Corp., one of Korea's major financial institutions (2014) and Guosen Securities, China's 5<sup>th</sup> largest broker (2015)
- Products & services: Equities (U.S.), options, futures and FX
- # of active accounts: 68,149
- Customers' assets in custody: JPY 443,750 million

## ■ Monex Boom Securities Group (Hong Kong)

Offers access to over 12 markets

- COO: Nick Tang
- Founded in 1997
- Joined Monex Group in December 2010
- First online stockbroker for retail investors in Asia Pacific
- Products & services: Equities (12 markets such as Hong Kong, U.S., Japan, etc.) Trades available in 6 different currencies in a single trading account
- # of accounts with assets: 11,129
- Customers' assets in custody: JPY 130,879 million

# History of Monex Group

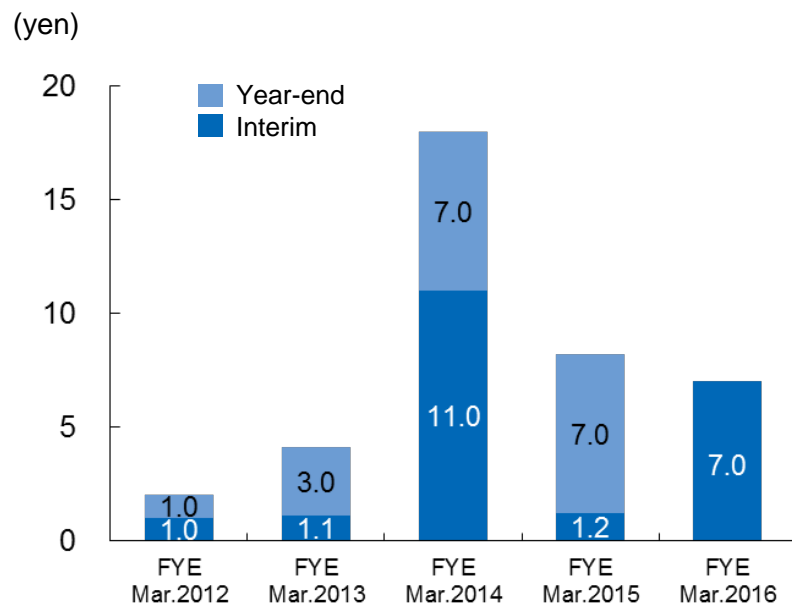
	Japan	U.S.	China (Hong Kong)
1982		- TradeStation Technologies, Inc. is formed as Omega Research, Inc.	
1997		- TradeStation stock lists on NASDAQ	- Boom Securities (H.K.) Limited is founded (now Monex Boom Securities (H.K.) Limited), becoming the first in Asia Pacific to launch Internet stock trading for retail investors
1999	<ul style="list-style-type: none"> <li>- Monex, Inc. is co-founded by Oki Matsumoto and Sony Corporation</li> <li>- Begins offering online brokerage service upon complete liberalization of stock brokerage commissions in Japan</li> </ul>		
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	<ul style="list-style-type: none"> <li>- Monex Beans Holdings, Inc. (now Monex Group, Inc.) is established through a business integration of Monex, Inc. and Nikko Beans, Inc.</li> <li>- Monex Group, Inc. stock is listed on the Tokyo Stock Exchange "Mothers" Market in exchange for the delisting of Monex, Inc. stock</li> </ul>		
2005	<ul style="list-style-type: none"> <li>- Monex, Inc. and Nikko Beans, Inc. merge to become Monex, Inc. (former name: Monex Beans, Inc.)</li> <li>- Monex Group, Inc. stock changes its listing from the "Mothers" Market to the First Section of the Tokyo Stock Exchange</li> </ul>		
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	<ul style="list-style-type: none"> <li>- Monex Group, Inc. completes a share exchange to acquire Orix Securities Corporation</li> <li>- Monex, Inc. merges with Orix Securities Corporation</li> </ul>		<ul style="list-style-type: none"> <li>- Monex, Inc. opens a Beijing Representative Office</li> <li>- Boom group companies (now Monex Boom group companies) become wholly-owned subsidiaries of Monex Group, Inc.</li> </ul>
2011		<ul style="list-style-type: none"> <li>- TradeStation becomes a wholly-owned subsidiary of Monex Group, Inc. and its stock delisted from NASDAQ</li> <li>- TradeStation Group, Inc. acquires IBFX Holdings, LLC</li> </ul>	
2012	- Monex Group, Inc. acquires Sony Bank Securities Inc.	- TradeStation Global Services, S.A. (Costa Rica) is established	
2013	<ul style="list-style-type: none"> <li>- Monex, Inc. merges with Sony Bank Securities Inc.</li> <li>- Monex Group, Inc. becomes a Company with Committees</li> <li>- Monex Group, Inc. implements a stock split (1:100)</li> </ul>		
2014		- Sells MT4 retail accounts	
2015	<ul style="list-style-type: none"> <li>- Monex, Inc. merges with Monex FX, Inc.</li> <li>- Monex-Saison-Vanguard Investment Partners, Inc. is established</li> </ul>		- Cherry Technology Co., Ltd, which provides technical support in PRC, is established

## ■ Pursue returns to shareholders through ROE improvement

### ◆ Our basic policy for shareholders' return

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

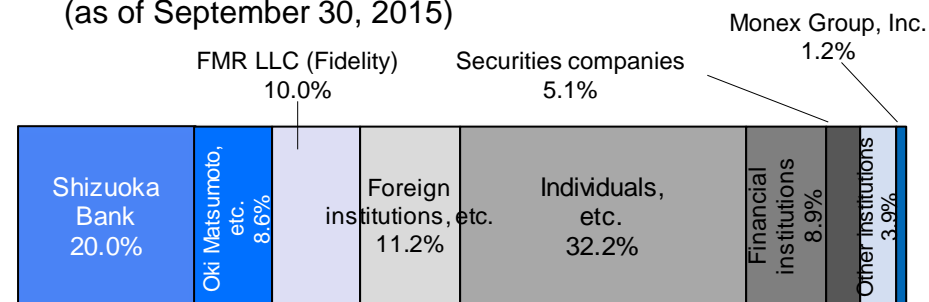
### ◆ Dividend history



Stock split was implemented on Oct. 1, 2013 and the above figures are adjusted retroactively since FYE Mar. 2012

## ■ Shareholders & indicators per share

### ◆ Major shareholders and shareholder breakdown (as of September 30, 2015)



The graph made by Monex based on shareholders' list as of Sep. 30, 2015.

### ◆ Indicators per share

		FYE Mar. 2012	FYE Mar. 2013	FYE Mar. 2014	FYE Mar. 2015	3Q FYE Mar. 2016
JGAAP	Book-value Per Share (BPS)	240.93 yen				
	Earnings Per Share (EPS)	4.67yen				
	Rate of Return On Equity (ROE)	2.0%				
IFRSs	Equity attributable to owners of the Company per share (BPS)	252.12 yen	265.84 yen	280.52 yen	302.18 yen	300.63 yen
	Earnings per share attributable to owners of the Company (EPS)	3.38yen	13.02 yen	35.76 yen	12.15yen	14.93yen (*1)
	Rate of Return on Equity(ROE)	1.4%	5.0%	12.9%	4.2%	5.0% (*1)
	Dividends per share	2.0yen	4.1yen	18.0yen	8.2yen	7.0yen (interim)

(\*1) EPS and ROE for 3Q of FYE Mar. 2016 show annualized figures obtained by multiplying 4/3 to the actual figures for 3Q(9months) of FYE Mar. 2016.

(\*2) Stock split was implemented on Oct. 1, 2013 and the above figures are adjusted retroactively since FYE Mar. 2012