

# Financial Results for 2Q 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**

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## Management's recognition of the current situation:

Long-term efforts in globalization and system internalization will start paying off this term

### Turned Positive in US

#### Achieved profitability in 2Q

- Achieved quarterly profitability for the first time since the acquisition of TradeStation in June 2011. Increase in market volatility resulted in higher brokerage commissions and fees revenue QoQ. In addition, the improvement of net interest income contributed to the profitability in the US segment. The cost-cutting plan has been executed from 2Q FYE Mar. 2015, which has contributed steady reduction of fixed-type costs
- Income / expense structure was reviewed and proper system has been in place for sustainable profitability

### Revenue increase in Japan

#### Introducing a trading platform utilizing US subsidiary's technology this coming winter

- In addition to stable customer base of "investors", aim to acquire "traders" from competitors to increase market share
- The impact of re-planning for introducing the trading tool will cause delay in generating revenue but our revenue growth scheme will proceed steadily.

### Cost decrease in Japan

#### Internalization of backbone brokerage system ongoing as planned

- Fixed-type costs will be reduced through FYE Mar. 2017
- Conversion to new investment information service was completed. Related expenses will be reduced JPY 220 million in 2H FYE Mar. 2016 compared to 1H

### Business development in China

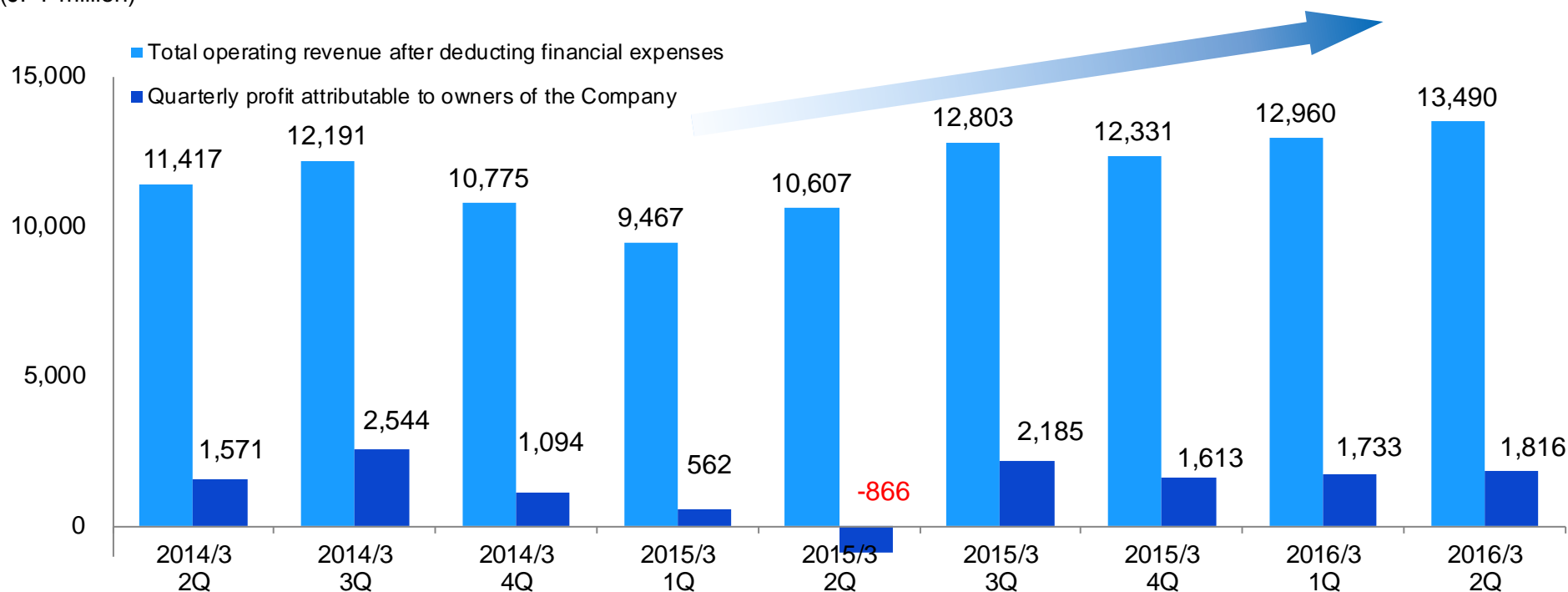
#### Continuing the strategy for creating business opportunities in the capital markets of PRC

- Despite volatility in Chinese market, we will continue to develop business while minimizing the risk.

## ■ Consolidated performance of 2Q FYE Mar. 2016 Increase in revenue and profit compared to QoQ

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

(JPY million)



### Japan segment

- Daily average trading value of retail investors in the two stock exchanges decreased 7% QoQ, whereas Monex, Inc.'s stock brokerage commissions remained flat. Commissions for futures and options increased 38% QoQ, and total brokerage commissions increased 1% QoQ.
- Regarding IPO of Japan Post Group, underwriting share among domestic brokers increased to the higher rank

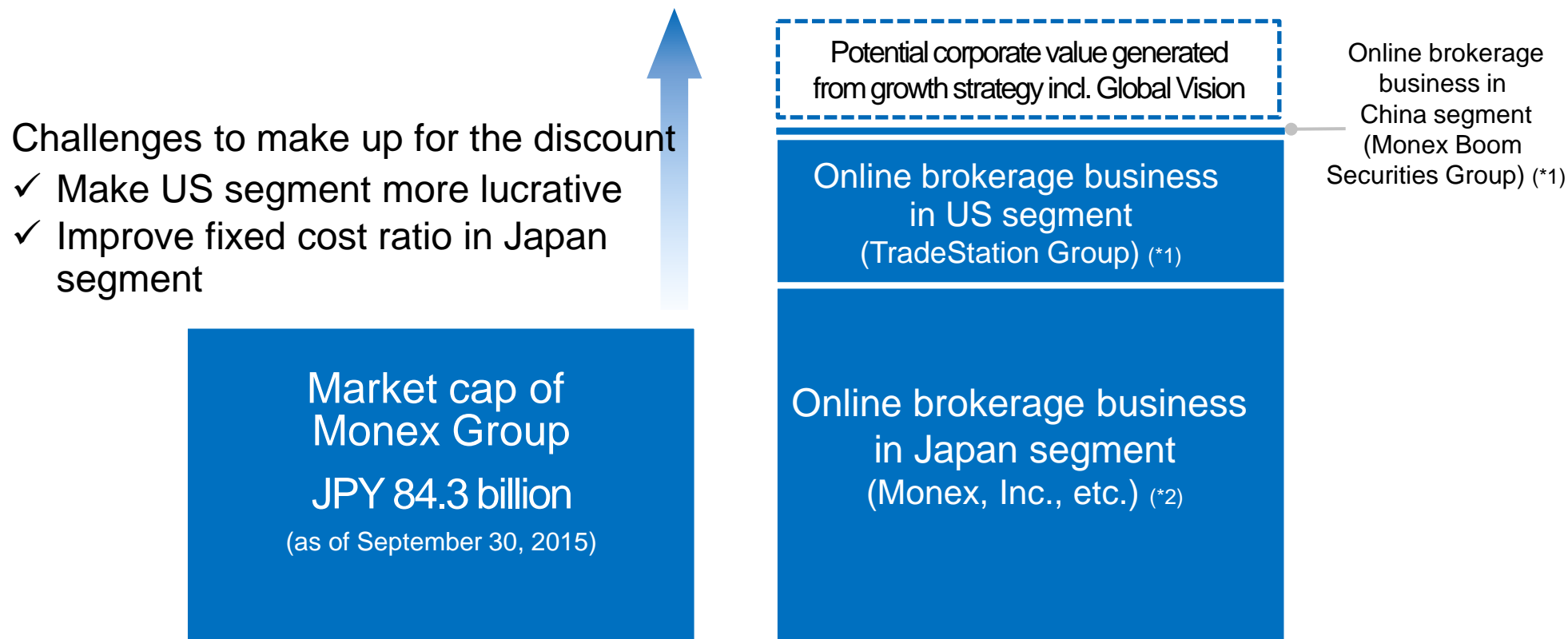
### US segment

- Volatility increased and the brokerage commission increased 14% QoQ. In addition, improvement of the net financial income (up 9% QoQ) and cost reduction plan, which started in 2Q of FYE Mar. 2015, contributed to profitability

### China segment

- The impact of China stock crisis is limited and Monex Boom Securities' margin balance decreased only 3% QoQ. Boom maintained profitability although its income decreased QoQ
- The segment's bottom-line was positive for two quarters in a row

Pursue increased corporate value and market cap by making US segment more profitable and through steady progress of our mid- and long-term strategy, “Global Vision”



(\*1) Calculated based on estimated future cash flow according to Monex's business plan

(\*2) Calculated based on accumulated profit of 2Q FYE Mar. 2016 in the Japan segment × 2 × Average PER of listed brokers as of September 30, 2015



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# Total operating revenue after deducting financial expenses up 4%. Bottom-line profits up 5%

(JPY million)

	1Q FYE Mar. 2016 (Apr. - Jun. 2015)	2Q FYE Mar. 2016 (Jul. - Sep. 2015)	Variance	Change (%)	Note
Total operating revenue after deducting financial expenses	12,960	13,490	530	4.1%	Analysis of Japan segment: P11 Analysis of US segment (USD): P13
SG&A	10,517	10,277	-240	-2.3%	Analysis of Japan segment: P12 Analysis of US segment (USD): P14
The amount equivalent to operating income	2,443	3,213	771	31.5%	
Other income / expenses (net)	58	-425	-483	—	Profit/loss of derivative transaction(*) 1Q JPY 57M, 2Q JPY -142M
Quarterly profit before income taxes	2,501	2,789	288	11.5%	
Quarterly profit attributable to owners of the Company	1,733	1,816	83	4.8%	

(\*)Derivative transaction working with share price in order to hedge risk of stock compensation fee

# US turned profitable due to revenue increases. All segments achieved profitability

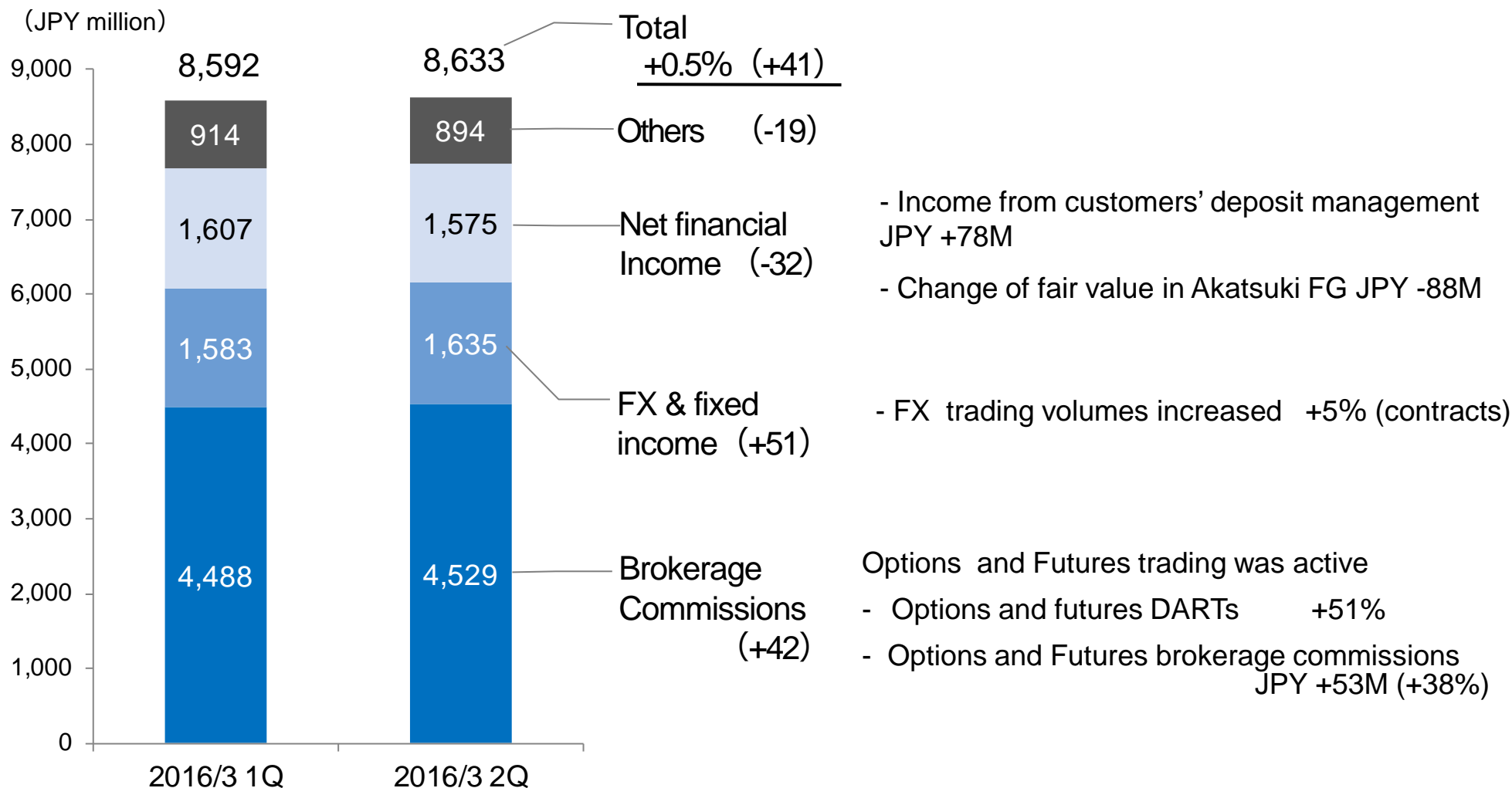
(JPY million)

	Japan			US			China		
	2016/3 1Q	2016/3 2Q	Change (%)	2016/3 1Q	2016/3 2Q	Change (%)	2016/3 1Q	2016/3 2Q	Change (%)
Total operating revenue after deducting financial expenses and cost of sales	8,592	8,633	0.5%	4,336	5,071	17.0%	264	215	-18.5%
SG&A	5,774	5,848	1.3%	4,751	4,485	-5.6%	190	193	1.9%
The amount equivalent to operating income	2,817	2,785	-1.1%	-415	586	—	74	22	-70.9%
Other income / expenses (net)	-118	-159	—	134	-276	—	-17	-18	—
Quarterly profit before income taxes	2,699	2,626	-2.7%	-281	310	—	57	3	-94.4%
Quarterly profit attributable to owners of the Company	1,811	1,761	-2.8%	-142	152	—	46	1	-97.1%
Note	See P11 for changes of “total operating revenue after deducting financial expenses and cost of sales”. See P12 for “SG&A”			See P13 for changes of “total operating revenue after deducting financial expenses and cost of sales”. See P14 for “SG&A”					



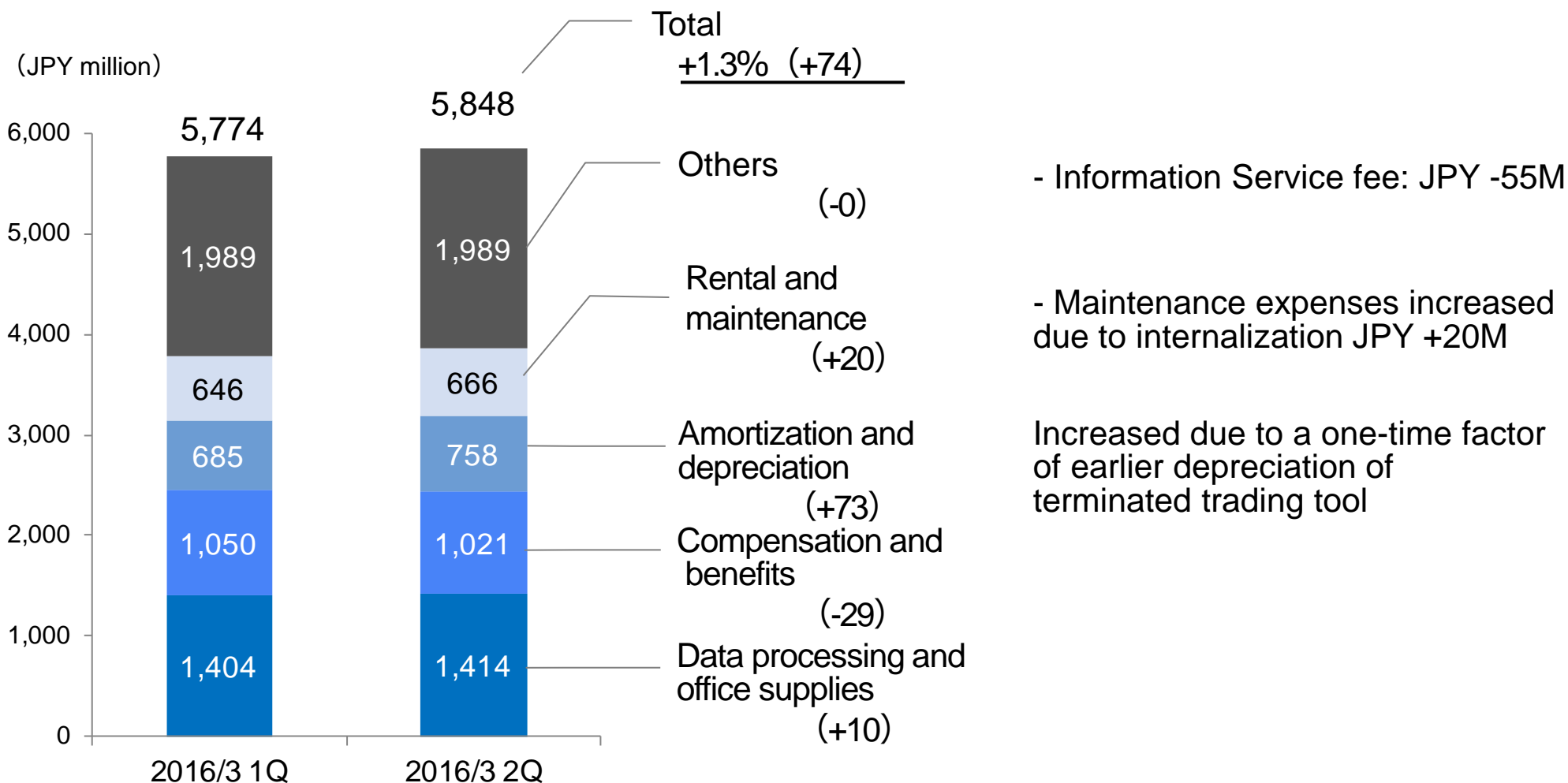
## Japan : Revenue up due to increased futures and FX trading volumes

◆ Increase / decrease analysis of total operating revenue after deducting financial expenses and cost of sales (compared to Apr. – Jun. 2015) (JPY million)



## Japan : SG&A temporarily increased

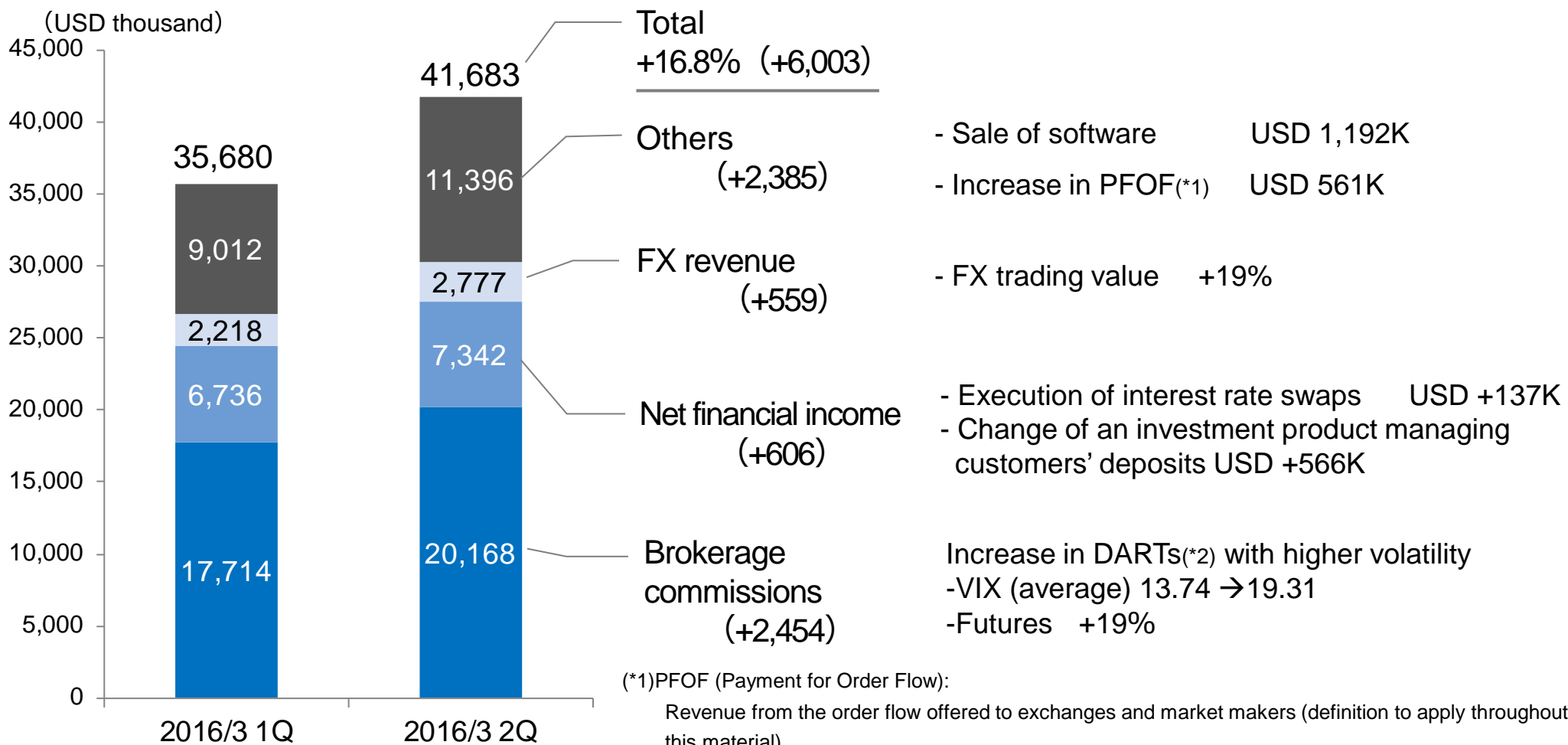
◆ Increase / decrease analysis of SG&A (compared to Apr. – Jun. 2015) (JPY million)





## US : Revenue up due to increased volatility and improved net financial income

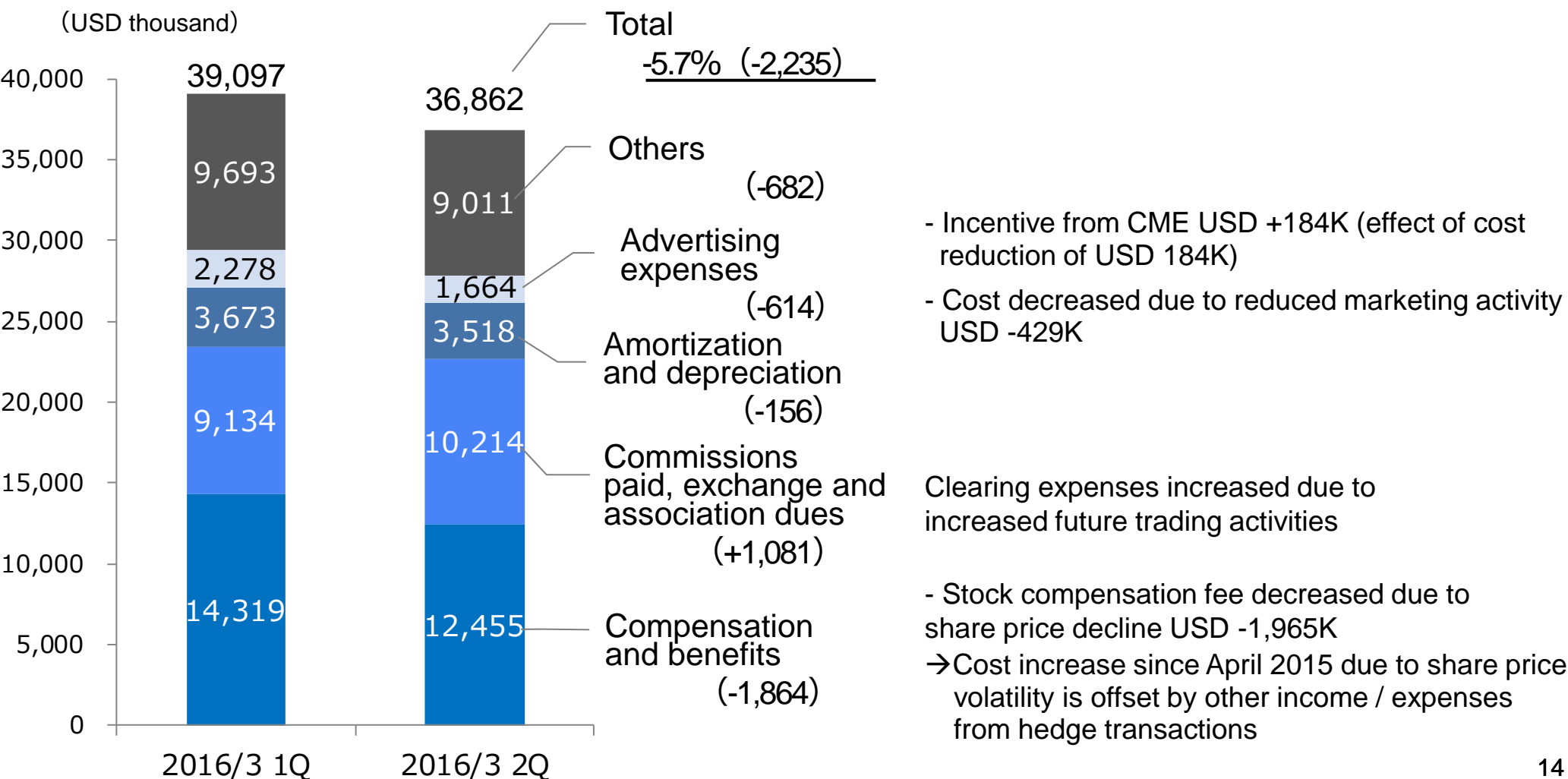
- ◆ Increase / decrease analysis of total operating revenue after deducting financial expenses and cost of sales (compared to Apr. – Jun. 2015) (USD thousand)



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

## US : SG&A decreased mainly due to decrease in stock compensation

◆ Increase / decrease analysis of SG&A (compared to Apr. – Jun. 2015) (USD thousand)



# YoY Comparison (6 months) Consolidated Performance

The amount equivalent to operating income up 151%.  
Bottom-line up 3.9 billion yen

(JPY million)

	2Q FYE Mar. 2015 (Apr. - Sep. 2014)	2Q FYE Mar. 2016 (Apr. - Sep. 2015)	Variance	Change (%)	Note
Total operating revenue after deducting financial expenses	20,075	26,450	6,375	31.8%	Analysis of Japan segment: P17 Analysis of US segment (USD): P19
SG&A	17,823	20,794	2,971	16.7%	Analysis of Japan segment: P18 Analysis of US segment (USD): P20
The amount equivalent to operating income	2,251	5,656	3,405	151.3%	
Other income / expenses (net)	-1,938	-366	1,572	—	-2015/3 2Q: JPY 1,581M of loss on FX business restructuring -Profit/loss of derivative transactions(*) 2015/3 2Q JPY -310M 2016/3 2Q JPY -85M
Quarterly profit before income taxes	313	5,290	4,977	1,590.8%	
Quarterly profit attributable to owners of the Company	-304	3,548	3,852	—	

(\*)Derivative transaction working with share price in order to hedge risk of stock compensation fee



All segments turned profitable due to increased revenue in Japan, US and China.

(JPY million)

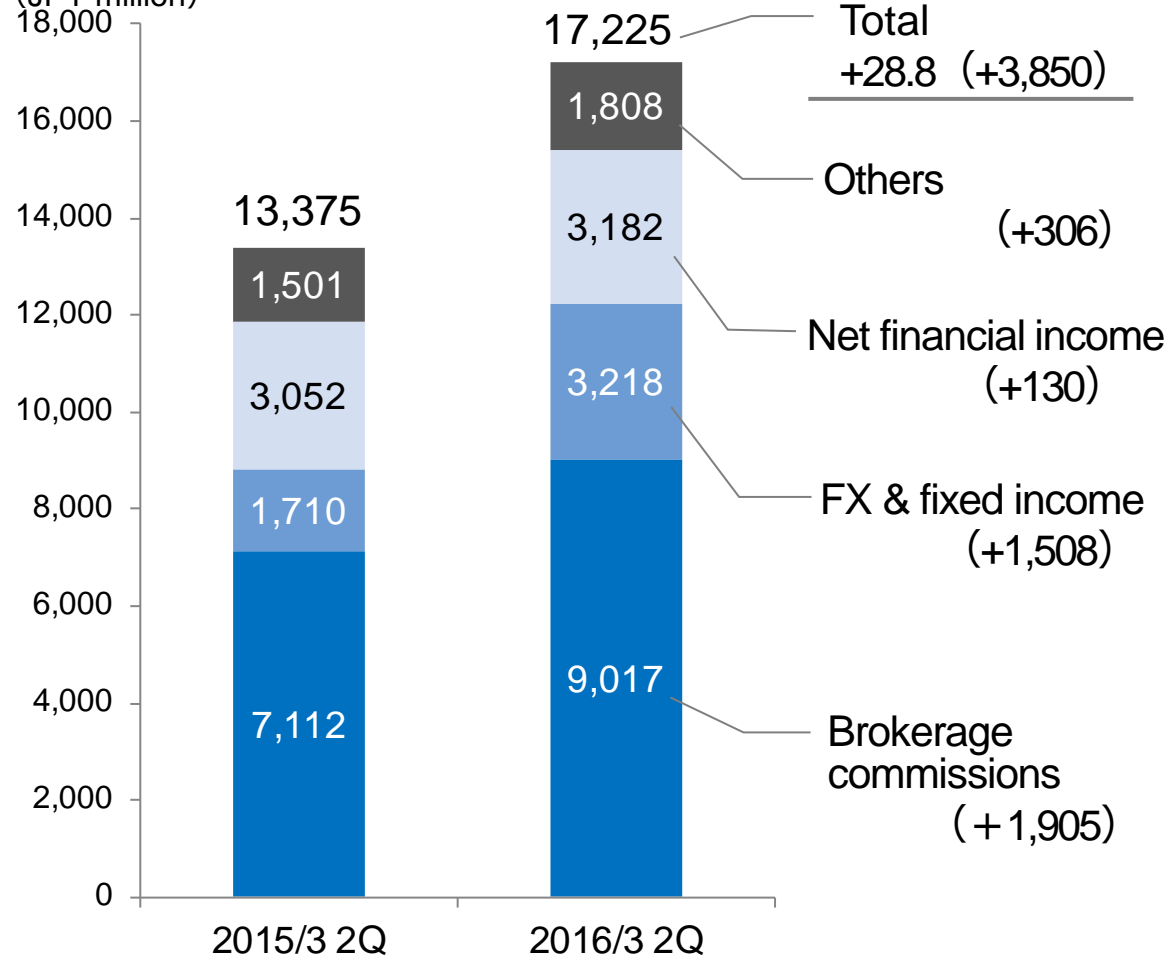
	Japan			US			China		
	2015/3 2Q	2016/3 2Q	Change (%)	2015/3 2Q	2016/3 2Q	Change (%)	2015/3 2Q	2016/3 2Q	Change (%)
Total operating revenue after deducting financial expenses and cost of sales	13,375	17,225	28.8%	6,601	9,407	42.5%	273	479	75.3%
SG&A	9,652	11,623	20.4%	7,949	9,236	16.2%	350	383	9.4%
The amount equivalent to operating income	3,723	5,602	50.5%	-1,347	171	—	-77	96	—
Other income / expenses (net)	27	-277	—	-2,065	-141	—	14	-36	—
Quarterly profit before income taxes	3,750	5,325	42.0%	-3,412	30	—	-63	60	—
Quarterly profit attributable to owners of the Company	2,414	3,573	48.0%	-2,693	10	—	-63	48	—
Note	See P17 for changes of “total operating revenue after deducting financial expenses and cost of sales” See P18 for “SG&A”			See P19 changes of “total operating revenue after deducting financial expenses and cost of sales” See P20 for “SG&A” USD/JPY increased 18%			HKD/JPY increased 18%		

# YoY Comparison (6 months) Analysis: Japan Segment Operating Revenue

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

◆ Increase / decrease analysis of total operating revenue after deducting financial expenses and cost of sales (compared to Apr. – Sep. 2014) (JPY million)

(JPY million)

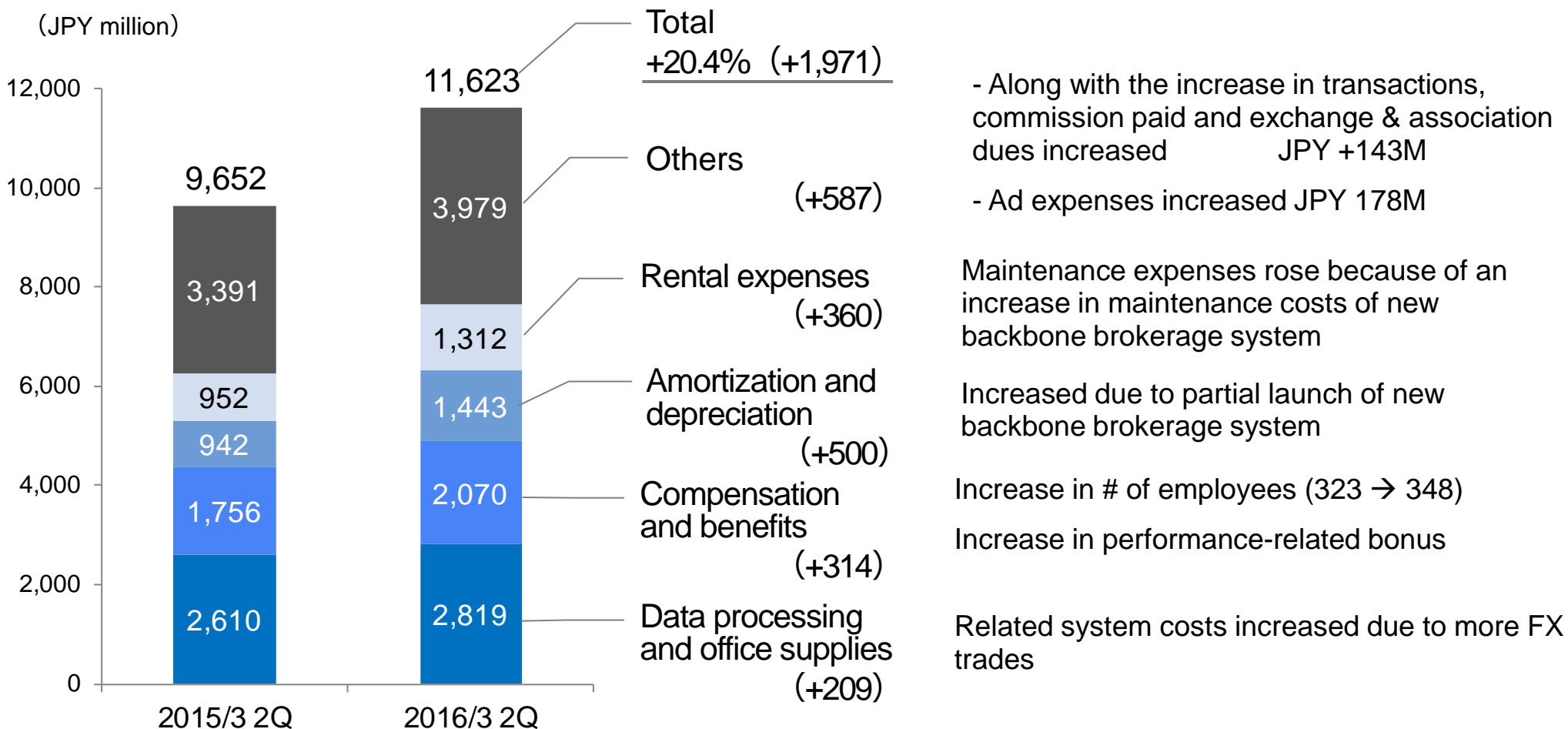


- Mutual fund revenue JPY +292M
- Increase of margin balance (average) +11%
- Change of fair value of Akatsuki FG, etc. JPY +101M
- FX trading volumes increased +95% (contracts)
- Increased due to more transactions
- Trading value of retail investors in the two stock exchanges +15%
- Stock brokerage commissions +25%
- Outpaced the market growth rate

# YoY Comparison (6 months) Analysis: Japan Segment SG&A

## Japan : SG&A temporarily up due to parallel operation of new / old backbone brokerage systems

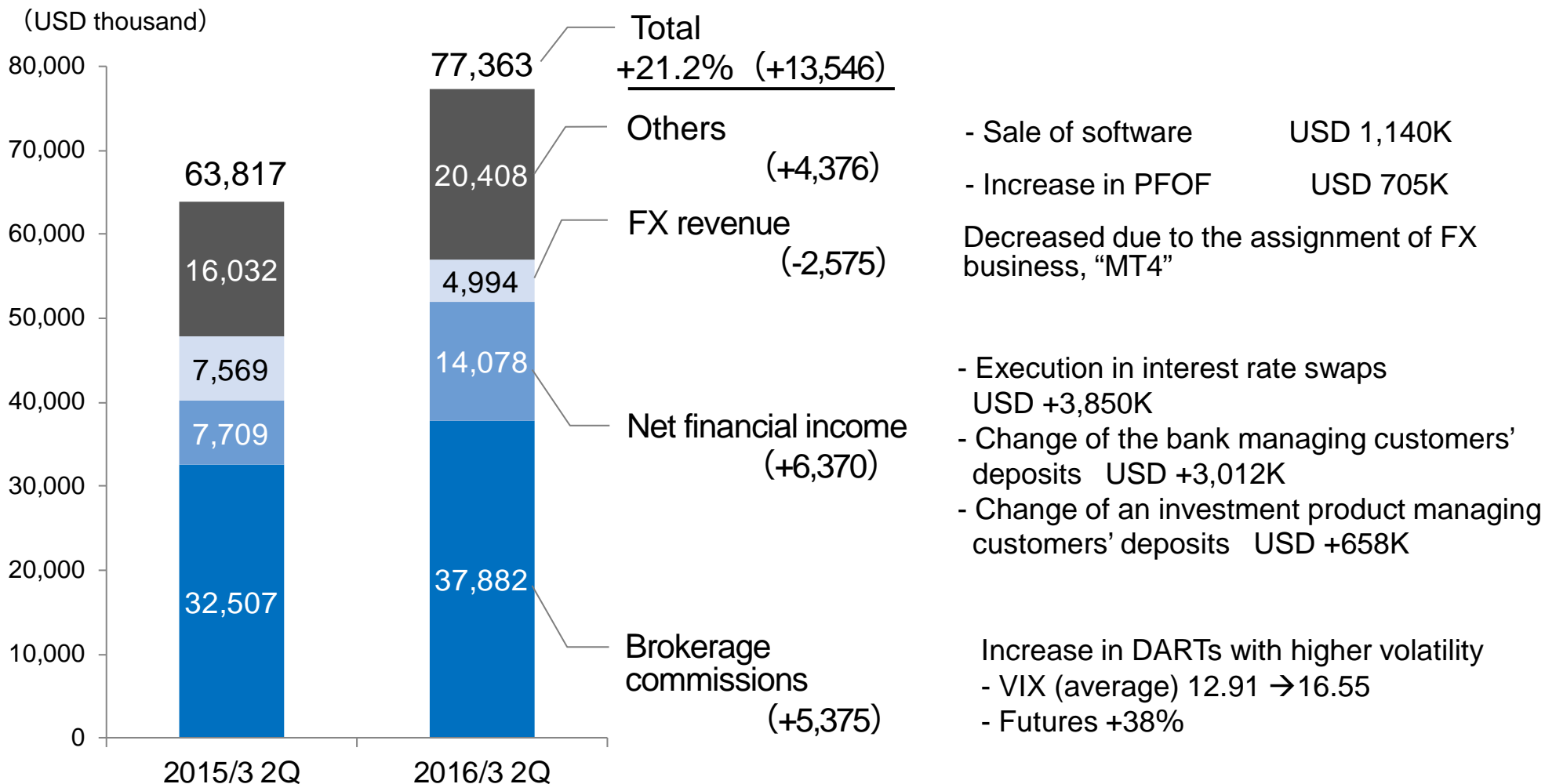
◆ Increase / decrease analysis of SG&A (compared to Apr. – Sep. 2014) (JPY million)



# YoY Comparison (6 months) Analysis : US Segment Operating Revenue (USD)

## US : Revenue up due to increased volatility and improved net financial income

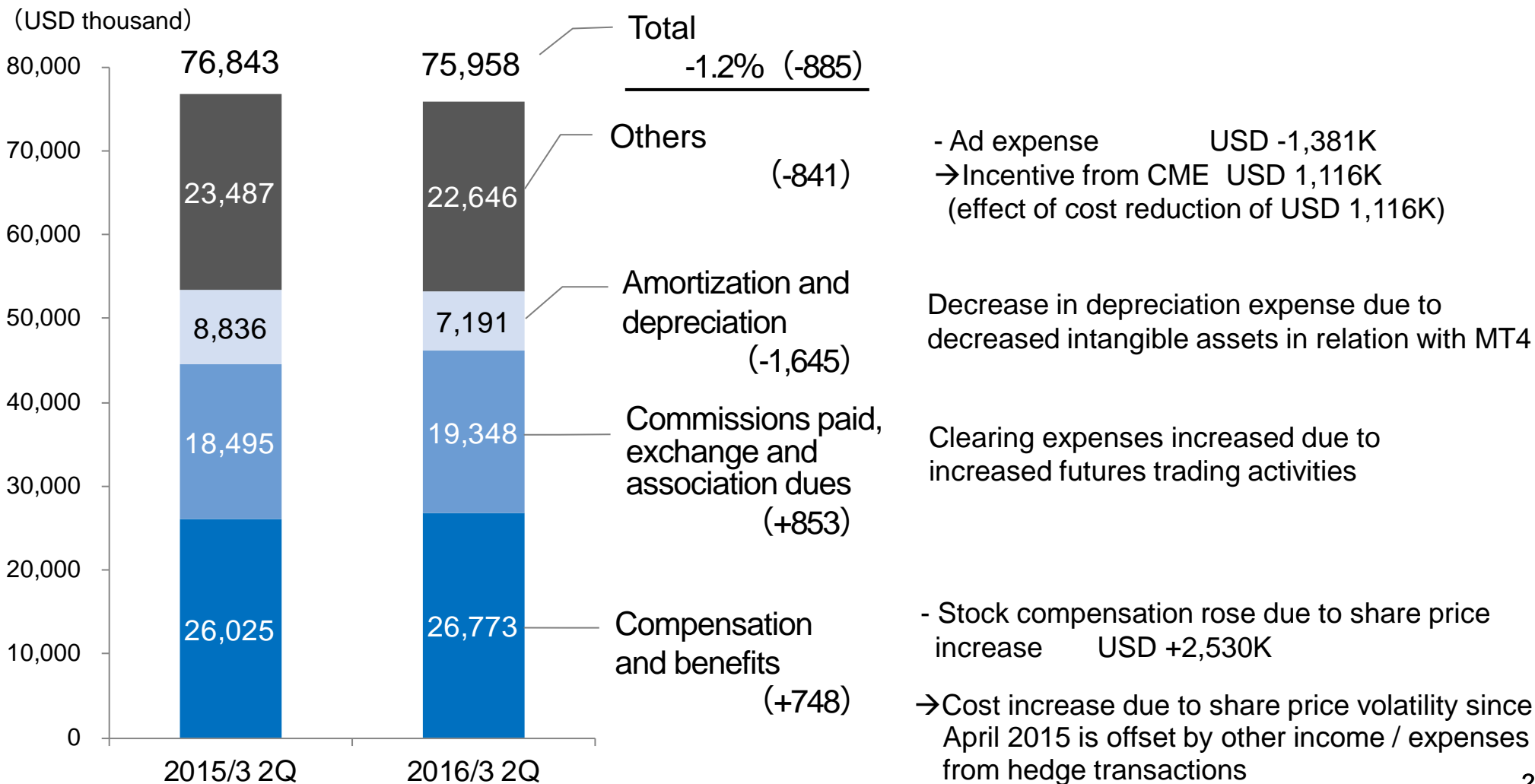
- ◆ Increase / decrease analysis of total operating revenue after deducting financial expenses and cost of sales (compared to Apr. – Sep. 2014) (USD thousand)



## YoY Comparison (6 months) Analysis : US Segment SG&A (USD)

### US : SG&A decreased mainly due to depreciation expense

◆ Increase / decrease analysis of SG&A (compared to Apr. – Sep. 2014) (USD thousand)



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 September 30, 2015

<u>Assets</u> JPY 998.4B	<u>Liabilities</u> JPY 909.9B
Major assets: Assets related to financial instruments trading business JPY 817.0B	Major liabilities: Liabilities related to financial instruments trading business JPY 897.6B
Others JPY 53.4B	Others JPY 12.3B
Cash and cash equivalents JPY 70.3B	
Non-current assets (*1) JPY 57.7B	Net capital JPY 88.5B

(\*1) Non-current assets

Property and equipment	JPY	2.4B
Intangible assets (Goodwill)	JPY	18.1B (*2)
Intangible assets (Identifiable intangible assets)	JPY	15.3B (*3)
Intangible assets (Others)	JPY	18.0B
Equity method investments	JPY	1.1B
Available-for-sale investments in securities (Lv.3)	JPY	2.8B

(\*2) Goodwill: JPY 18.1B

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

(\*3) Identifiable intangible assets: JPY 15.3B

U.S. JPY 14.5B, China JPY 0.8B

◆ The JPY 30.8B difference between capital (JPY 88.5B) and non-current assets (JPY 57.7B) 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>(\*)</sup> of 75% on a multi-year basis. JPY 7.0 interim dividend per share for FYE Mar. 2016

### ◆ Summary of the shareholders' return policy

Monex has changed its shareholders' return policy in FYE Mar. 2016

- Based on business performance, while reserving capital necessary as a growing company, the Company has set a total return ratio target of 75% on a multi-year basis
- A 50% dividend ratio or 2% of annual DOE (Dividend on Equity), whichever is higher
- Interim dividend is to be paid out based on profit of the 1st half, and year-end dividend is to be paid out based on that of the 2nd half of the year
- Share buybacks will be flexibly implemented based on an agile management decision that considers share price and investment plans for future growth

### ◆ Acquired own shares (July-August, 2015)

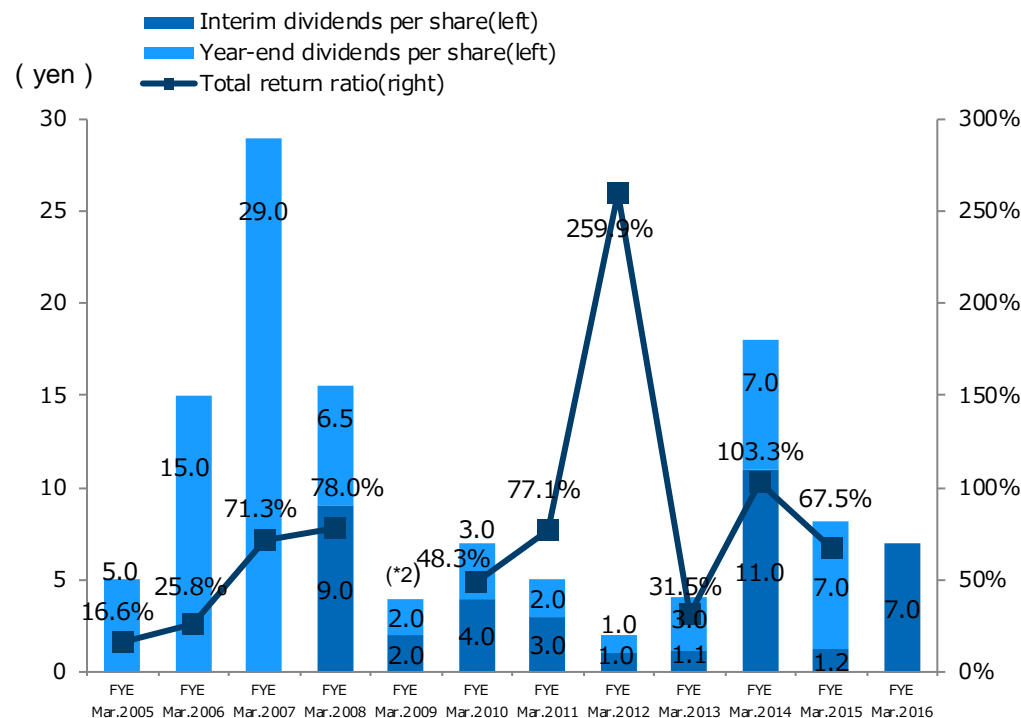
- Acquired 1.2% of shares outstanding, 3,546,200 shares or JPY 1.16B

### ◆ Interim dividend per share for FYE Mar. 2016: JPY 7.0

### ◆ 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



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

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

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

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

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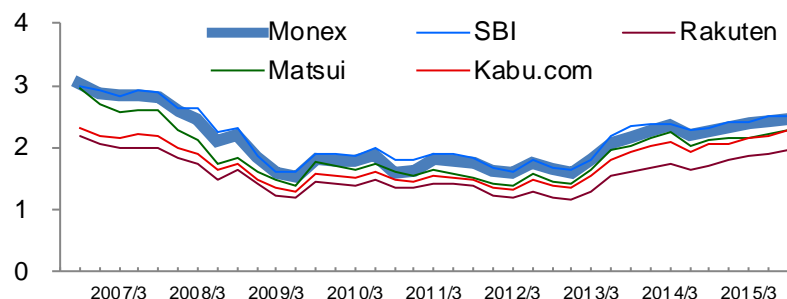


## A solid customer base of investors who prefer asset building; Stable brokerage commission share maintained

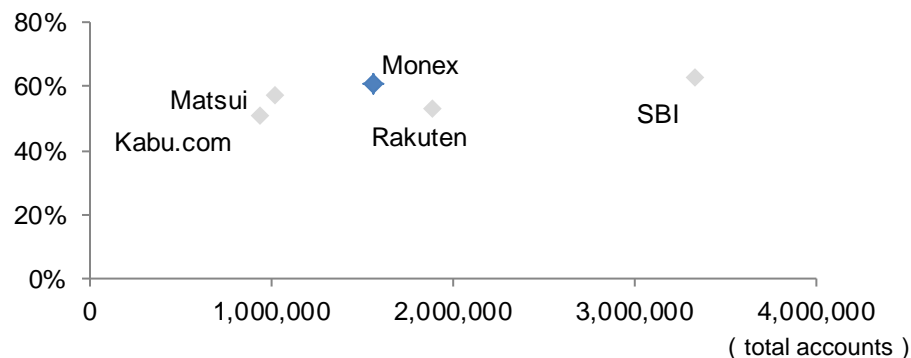
### ■ Comparison of 5 major online brokers\*

#### ◆ Customer assets per account (from 1Q FYE Mar. 2007 to 1Q FYE Mar. 2016)

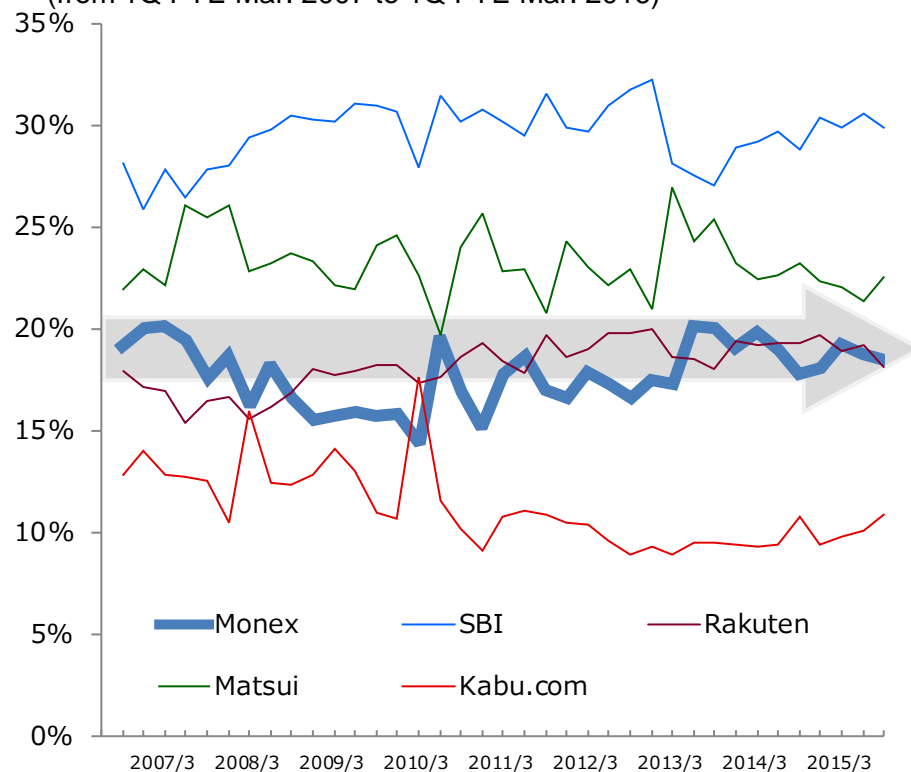
( JPY Million )



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



#### ◆ Stock brokerage commission share (from 1Q FYE Mar. 2007 to 1Q FYE Mar. 2016)



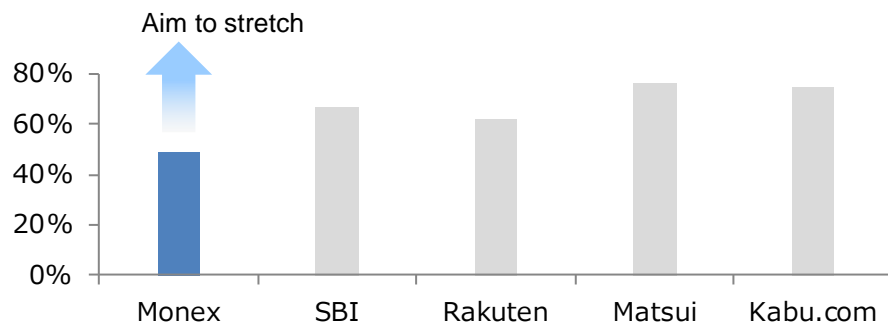
(Source) Kinzai Institute for Financial Affairs, Inc.

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

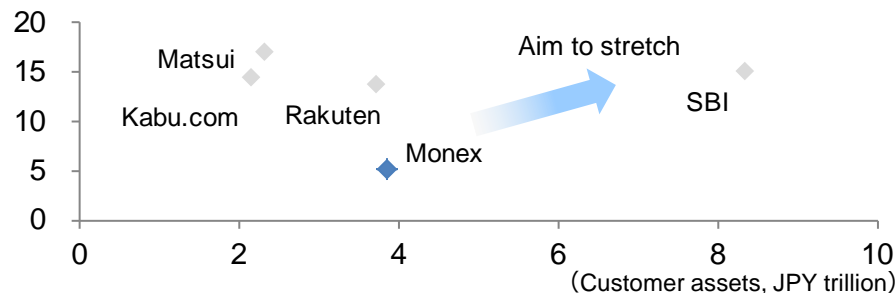
## A new Japanese stock trading platform to be introduced this winter with the aim of acquiring “traders” and commission share

By introducing a new Japanese equity trading platform, we aim to acquire traders, in addition to the conventional customer base of investors

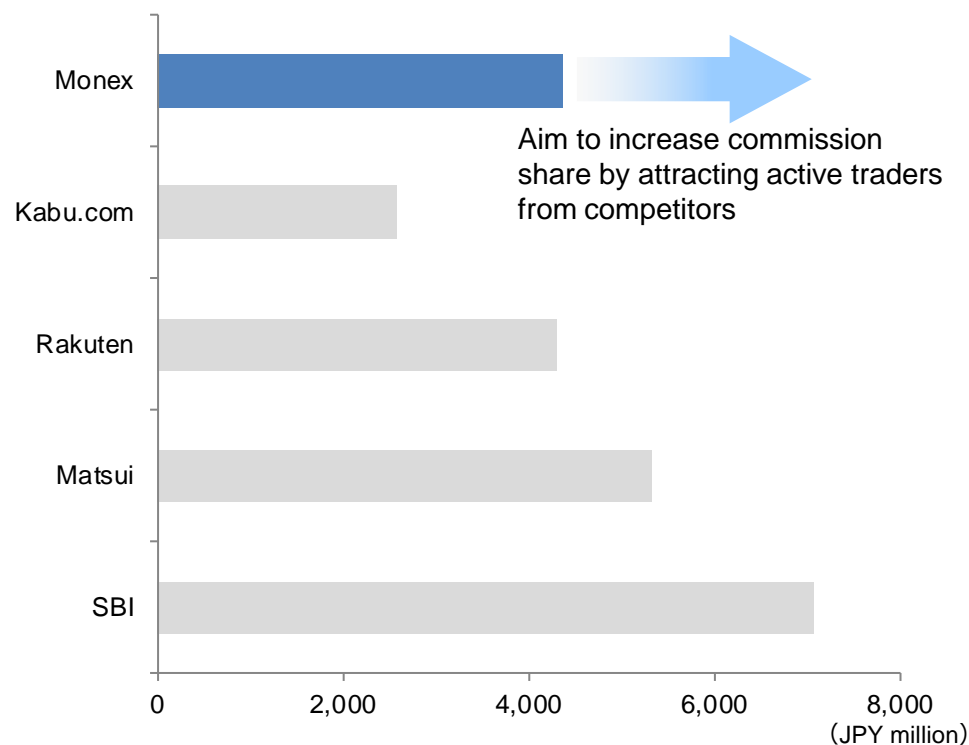
### ◆ Margin trading ratio out of stock trading value (1Q FYE Mar. 2016)



### ◆ Trading turnover (stock trading value / customer asset) (1Q FYE Mar. 2016 (annualized figures) / Jun. 30, 2015) (turnover)



### ◆ Brokerage commission revenue (1Q FYE Mar. 2016)



(Source) Kinzai Institute for Financial Affairs, Inc.

## Quarterly net income positive; Volatility in the US market increasing

### ■ Market environment change

VIX 19.31 (2Q) vs 13.74 (1Q)

(Highest level since 1Q FYE March 2013)

### ■ Revenue increase

1. Improved USD 15M / year in net financial income

(See detail on p.27)

2. Revenue from B2B business USD 2M/ year

Offer trading platform to two major financial institutions

3. Increase of maintenance revenue for Monex as development systems launched

### ■ Cost reduction

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

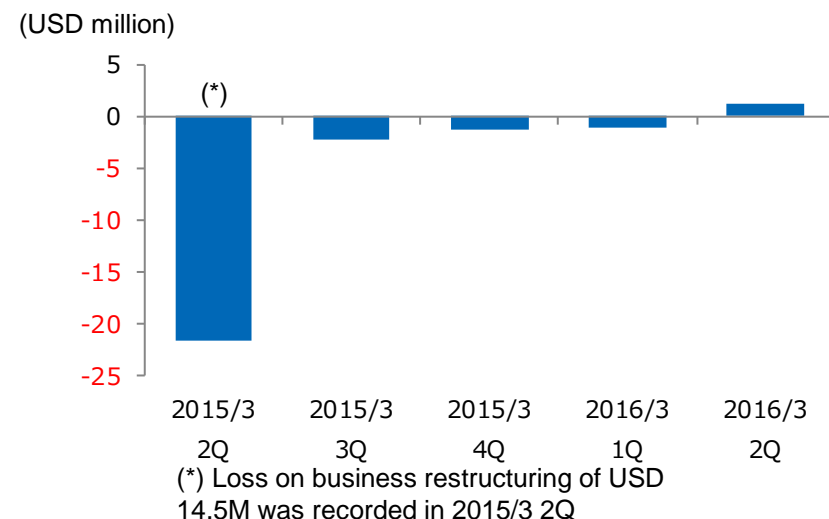
Compensation & benefits

(excl. stock compensation fee) -14% (USD -1,937K)

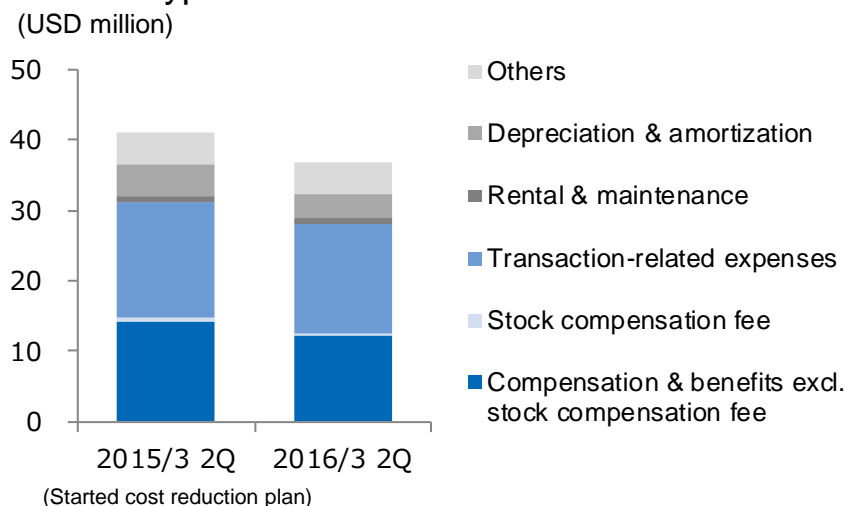
Depreciation & amortization -19% (USD -1,016K)

- Decrease in MT4-related intangible assets (USD 500K)

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



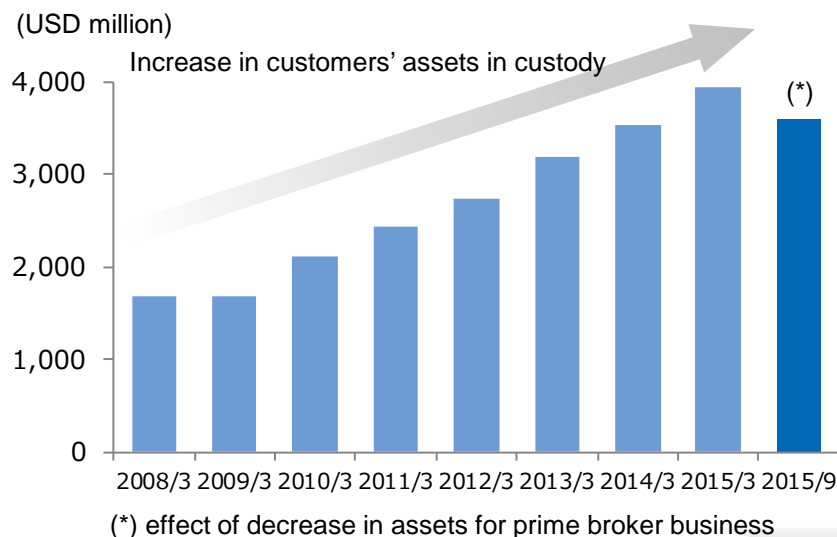
### ◆ Fixed-type Costs



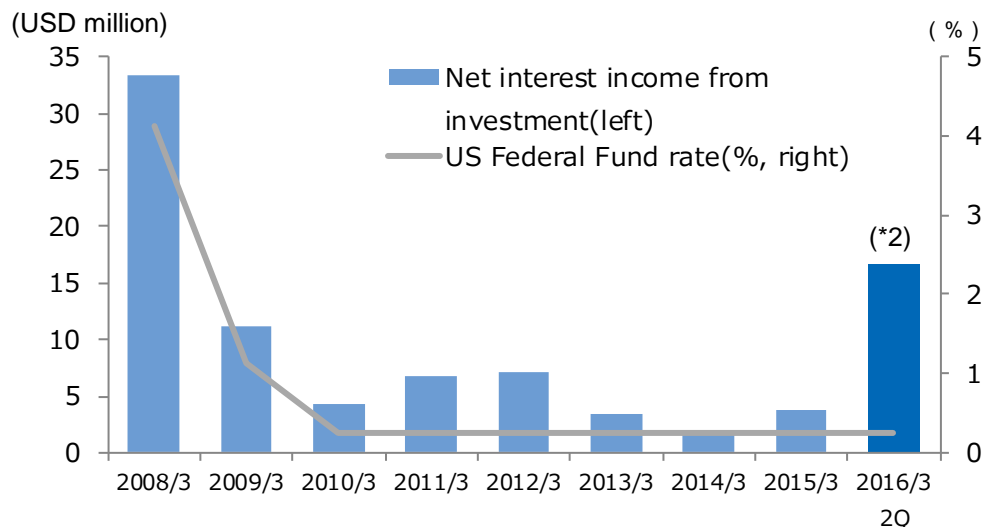
## Customer assets, a source of interest income, increasing. Net financial income improved by initiatives

Interest rate swap to ensure a part of future interest income from customers' deposit (Dec. 2014)	: USD 8M / year	→ USD 2.0M for 2Q 2016/3 vs 2Q 2015/3
Change of the bank managing customers' assets (Apr. 2015)	: USD 5M / year	→ USD 1.5M for 2Q 2016/3 vs 2Q 2015/3
Change of an investment product managing customers' assets (Jun. 2015)	: USD 2M / year	→ USD 0.5M for 2Q 2016/3 vs 2Q 2015/3
<b>Total</b>	<b>: USD 15M / year</b>	

### ◆ Customers' assets in custody



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



(\*1) excluding income from margin trading and stock lending

(\*2) annualized by multiplying 2 to the 2Q figure

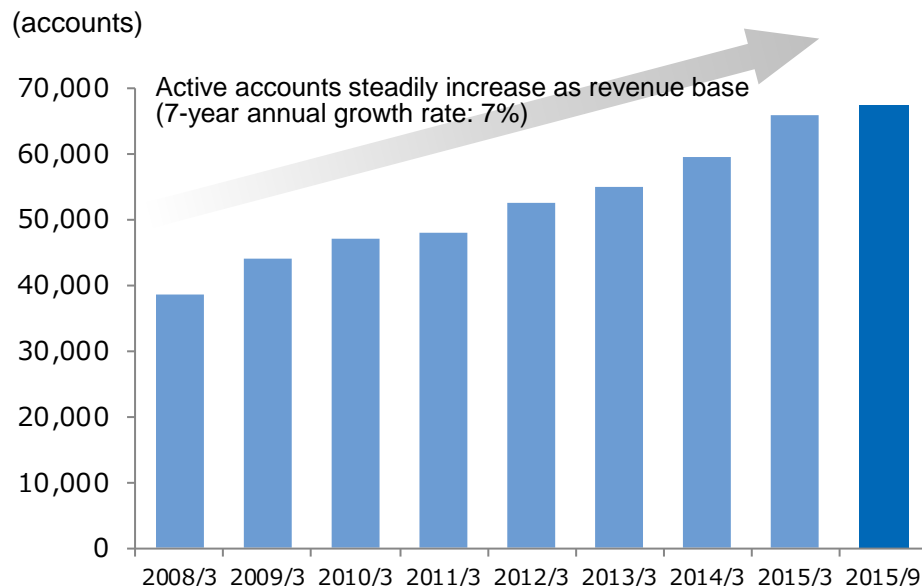
Initiatives for higher net interest income paid off.

Net financial income: improved USD 4M from 2Q 2015/3, USD 0.6M from 1Q 2016/3

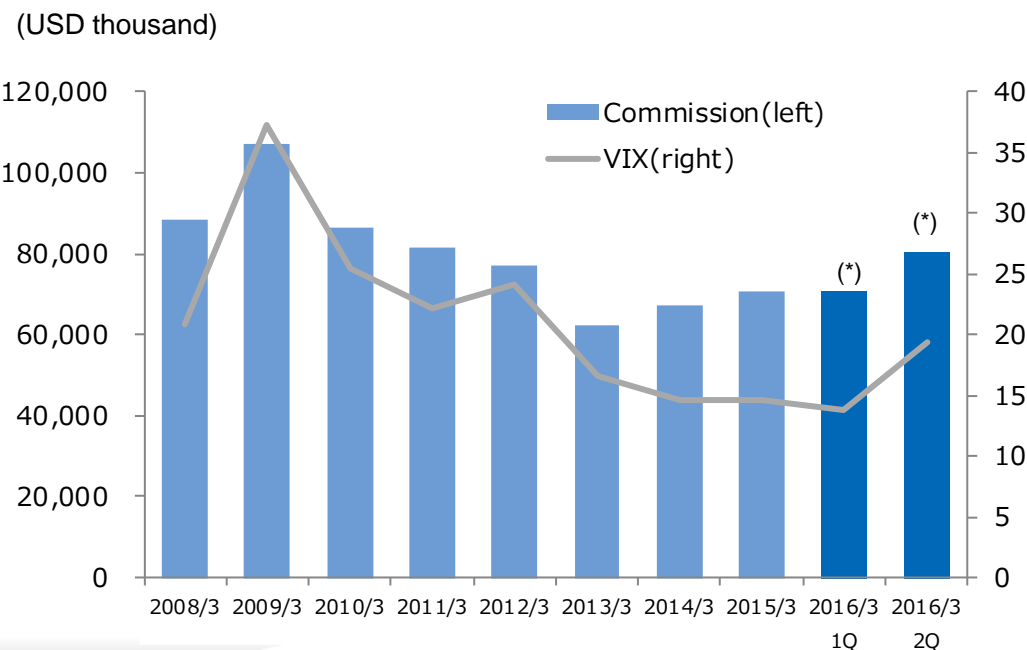
## Brokerage commissions increased due to higher volatility

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

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



### ◆ VIX and commission



More active accounts and higher volatility contributed the revenue

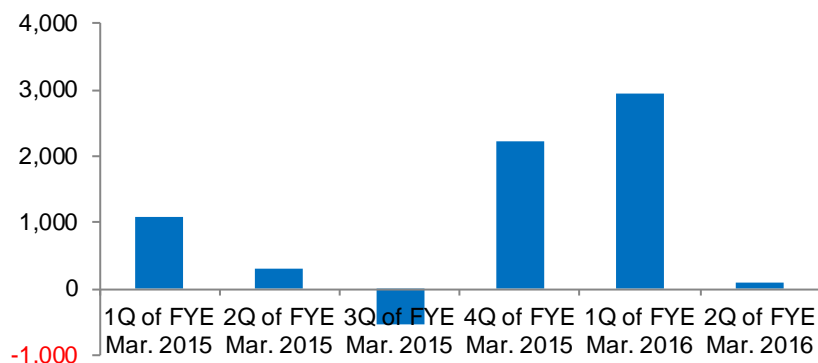
## Online broker business in H.K. maintains profitability

## Continuing the strategy to create a business opportunity in mainland China

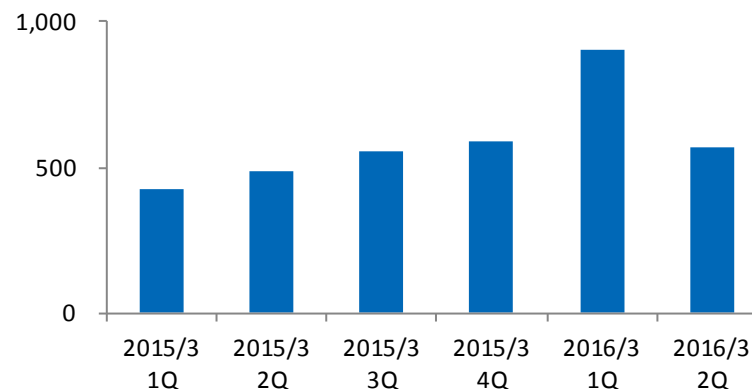
### ■ Quarterly Financial Results of Monex Boom Securities (MBS)

- H.K. stock trading value accounts for approx. 60% of the entire trading value at MBS. Trading volume decreased by approx. 40% QoQ
- China stock crisis had a limited effect and did not incur any credit losses on margin trading

### ◆ 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, Hangzhou, in PRC on Feb. 2015, offering Monex's financial service business model

- Approx. JPY 300 million 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.	Timing of launch (originally autumn 2015) has been changed; two-phased launch is to be scheduled by the end of FYE Mar. 2016.
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
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. After completion of customer transfer to a new system is to realize, if we indicate our intention to terminate the old system, we will pay the remaining appraisal value
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 reduction in total

(\*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

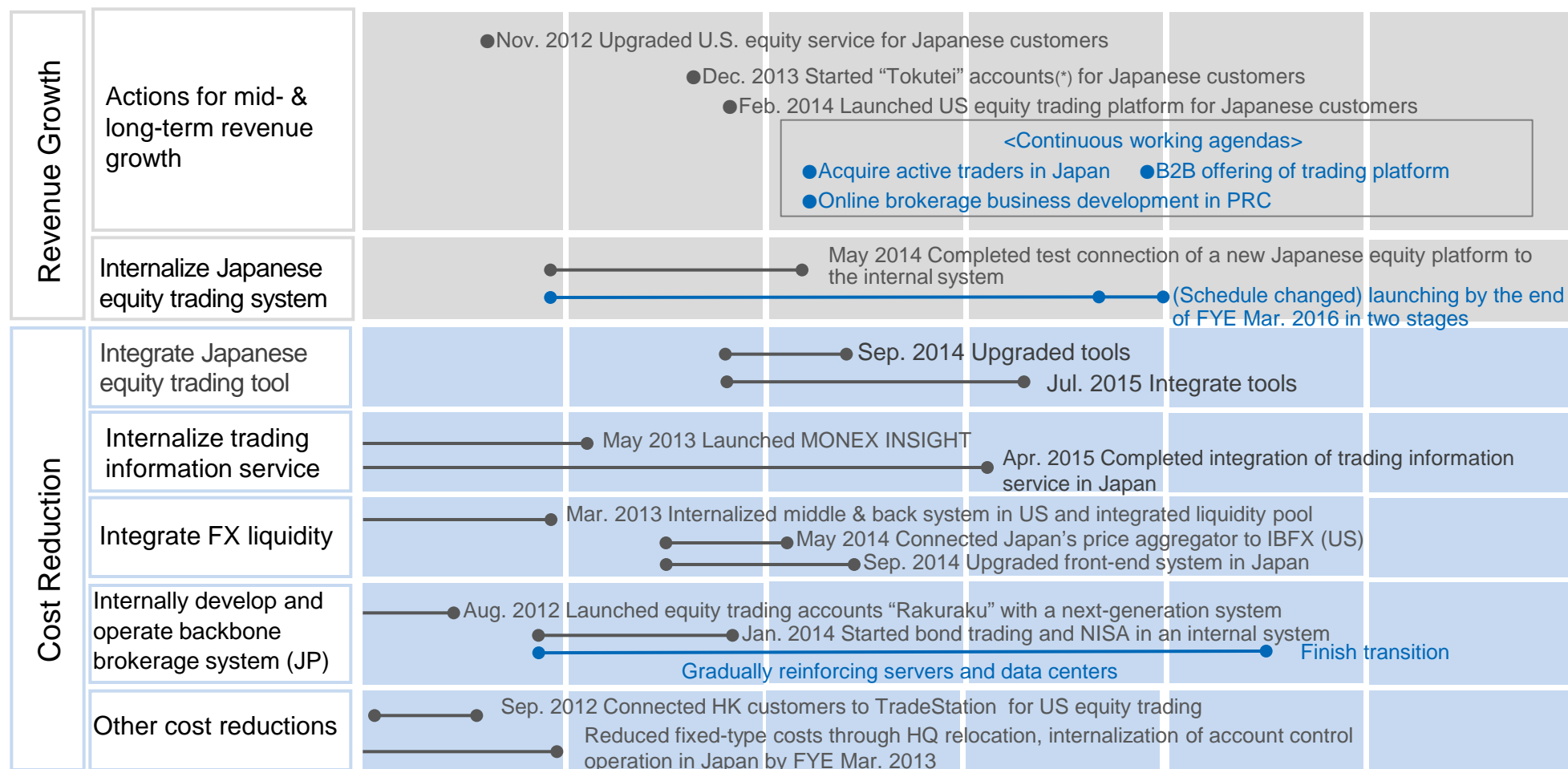
(\*3) System-related costs = Rent and maintenance + Data processing and Office supplies + Amortization and depreciation



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

- Completed project
- Ongoing project

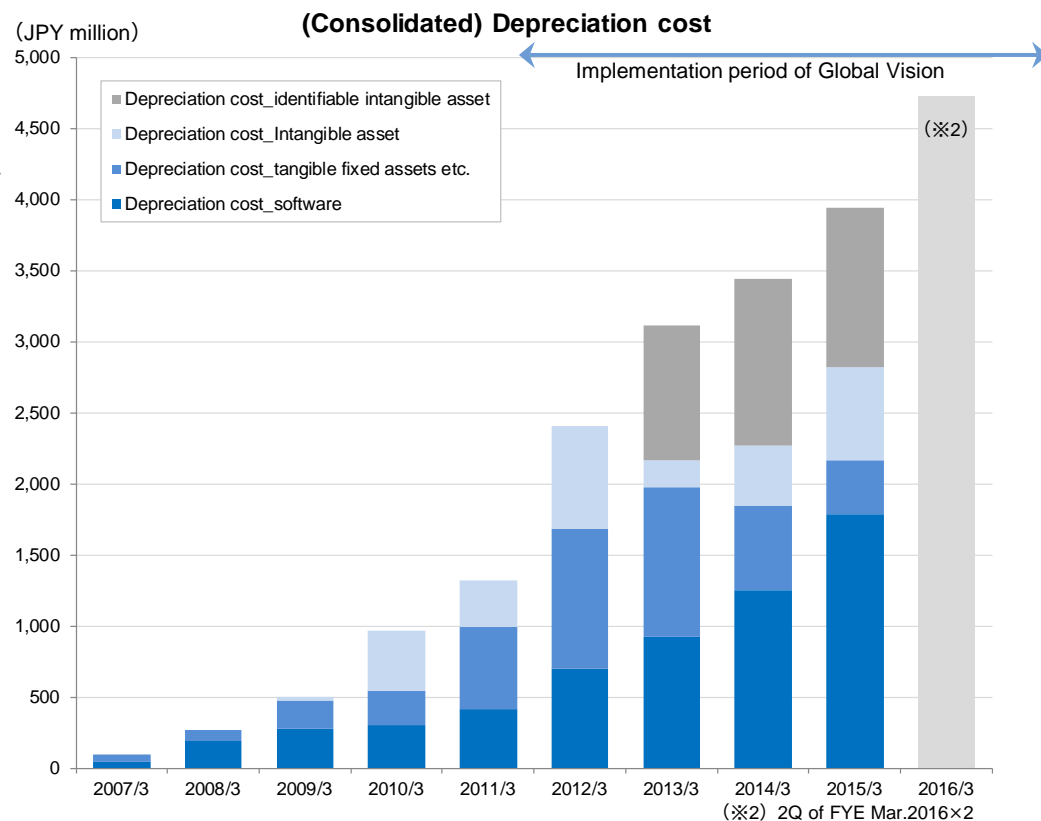
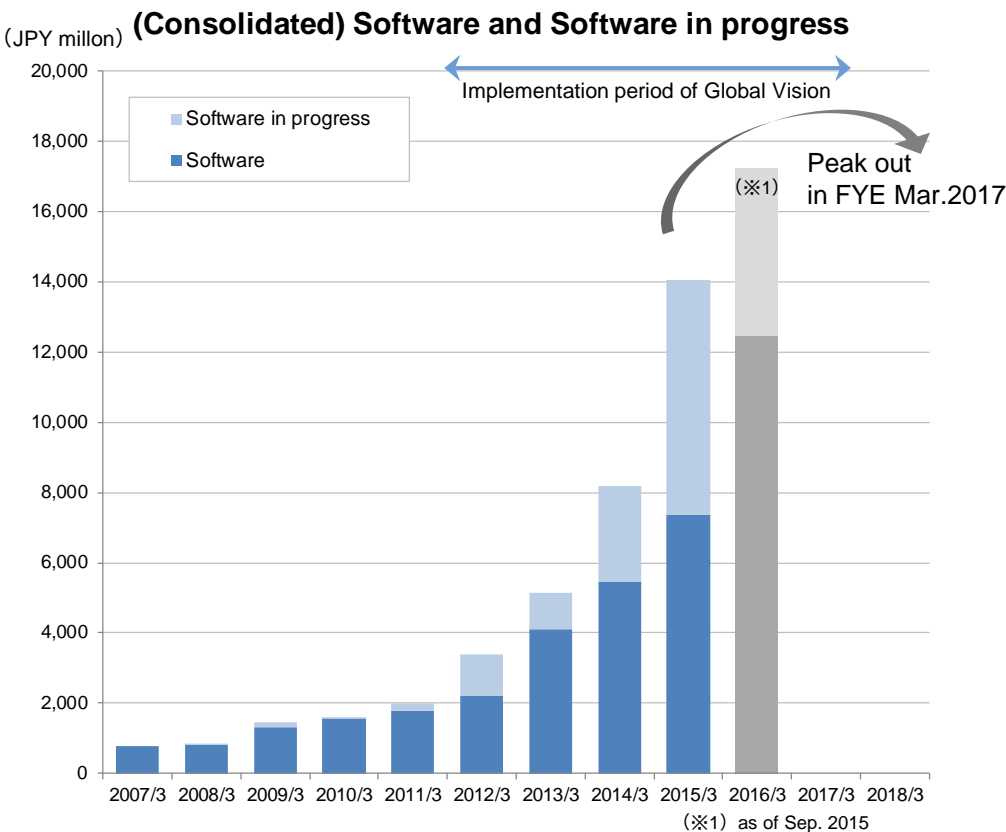
FYE Mar. 2013   FYE Mar. 2014   FYE Mar. 2015   FYE Mar. 2016   FYE Mar. 2017   FYE Mar. 2018



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

## System investment and Depreciation cost in Global Vision

Capitalized software reaches a peak in FYE Mar. 2017, when a series of in-house system development will be completed under Global Vision.



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

Appendix. Group Overview

## Establish global-standard corporate governance practices and fair disclosure / dialogue with shareholders and investors

### ■ Highly effective executive management monitoring system

#### 1. Adoption of “company with three committees” structure

Adopted “company with committees” structure in June 2013.

Each of the three committees is chaired by an independent & outside director

#### 2. Highly independent board member composition

6 out of 11 directors qualify as “independent & outside” directors

Appointed a lead outside director

All independent & outside directors have managed companies

Active discussion is held by directors with 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)

### ■ Respect for shareholders’ rights

#### 1. Timely and fair information disclosure both in Japanese and English

#### 2. Active dialogue with shareholders

CEO holds quarterly presentation sessions for retail shareholders

#### 3. Annual general meeting of shareholders held on weekends in order for more individual shareholders to attend the meeting

(Reference)

11<sup>th</sup> ordinary general meeting of shareholders (June 20, 2015)

- Attendance of shareholders: 735 (record-high)
- 8 out of 11 directors (5 out of 6 outside directors) answered questions from shareholders

- I. Highlights
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Appendix. Group Overview

### Reinforce the management at subsidiary

#### Executive personnel appointment at Monex, Inc. and hiring new executive (as of November 1, 2015)

- Oki Matsumoto : (New) Representative Director, Chairman, CEO (Previous) Representative Director, President, CEO
- Toshihiko Katsuya : (New) Representative Director, President (Previous) Managing Director, Deputy President
- Kiminori Kaneko : Deputy President, COO (no change)
- Hisashi Tanaami : Deputy President (no change)
- CEO is in charge of the future of Monex, Inc, focusing on innovation, while President is in charge of the current business, focusing on brokerage business and its operation
- Oki Matsumoto will serve as CHO (Customer Happiness Officer), aiming to enhance “Customer-centric philosophy” that Monex, Inc. has had since its establishment and to promote improvement and design of products and services from customers’ point of view
- Hired two executives
  - Takumi Usuda: Familiar with retail investors’ needs since the beginning of online broker sector. Responsible for improvement toward customer-oriented tool and information in addition to offering information to retail investors
  - Kimihiro Mine: Familiar with regulations and compliance of online brokers. Strengthen legal and compliance systems
- There is no change in management of Monex Group, Inc.

- I. Highlights
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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



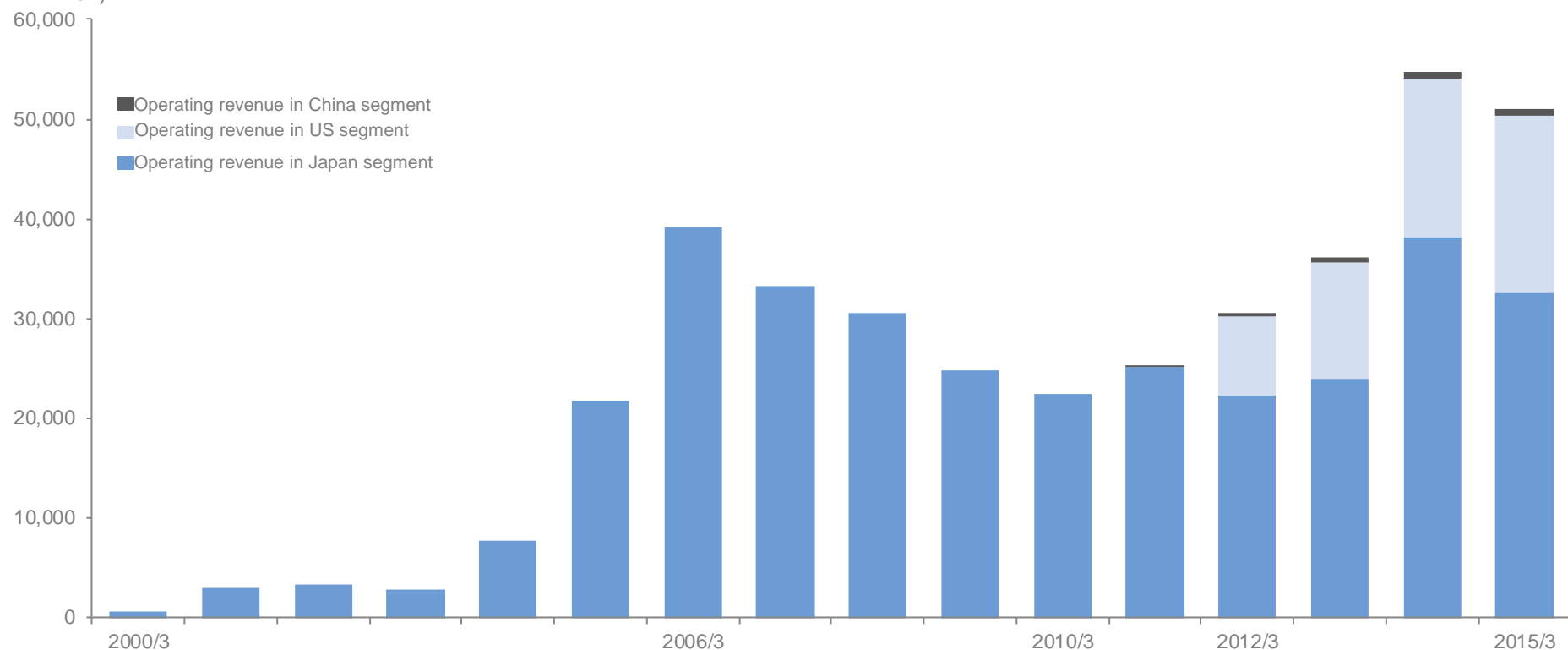


## Group Overview – Continuous growth over 15 years

- ✓ Japan: 1.58M accounts, US: 67K 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)



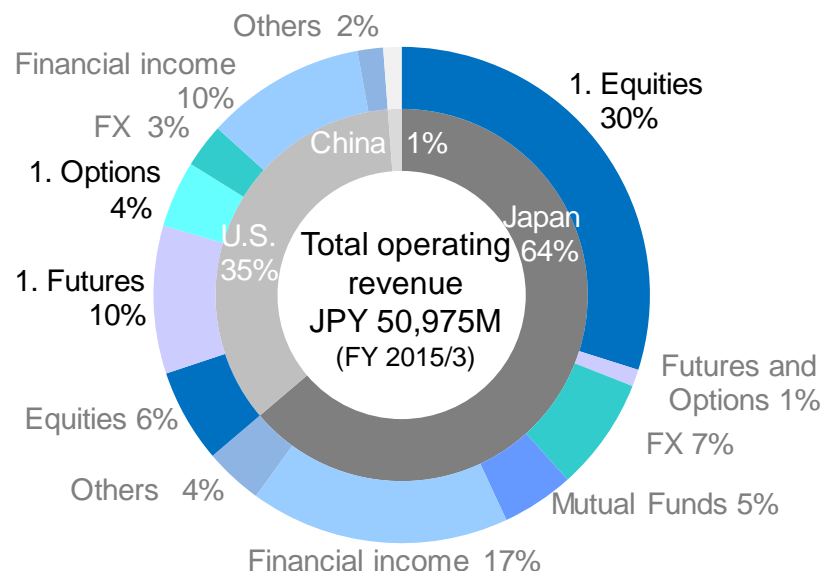
Expanded through M&As inside Japan

Expanded globally

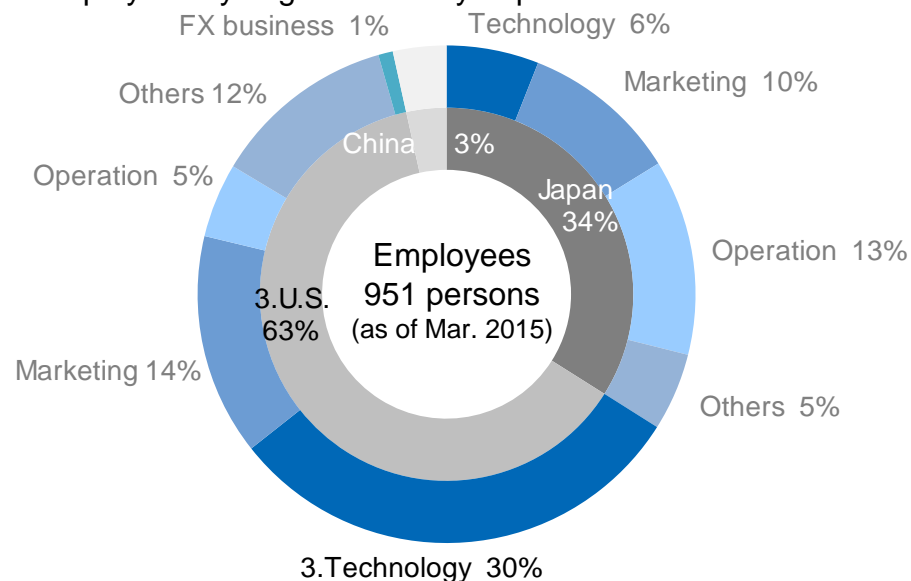
Globalization  
& system internalization

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

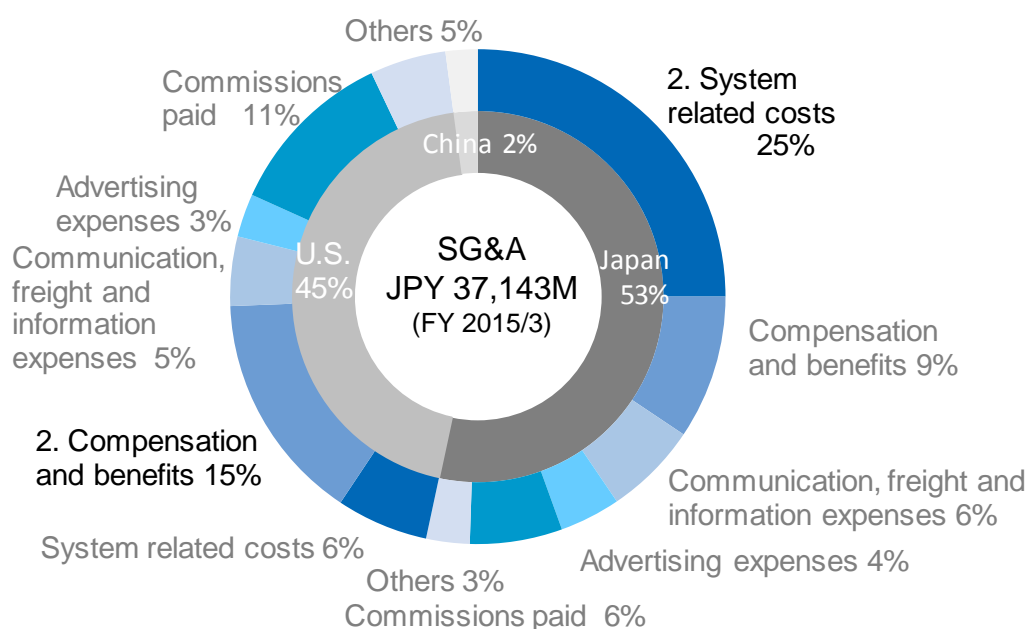
## ◆ Operating revenue by region and by business



## ◆ 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

### ■ Japan segment

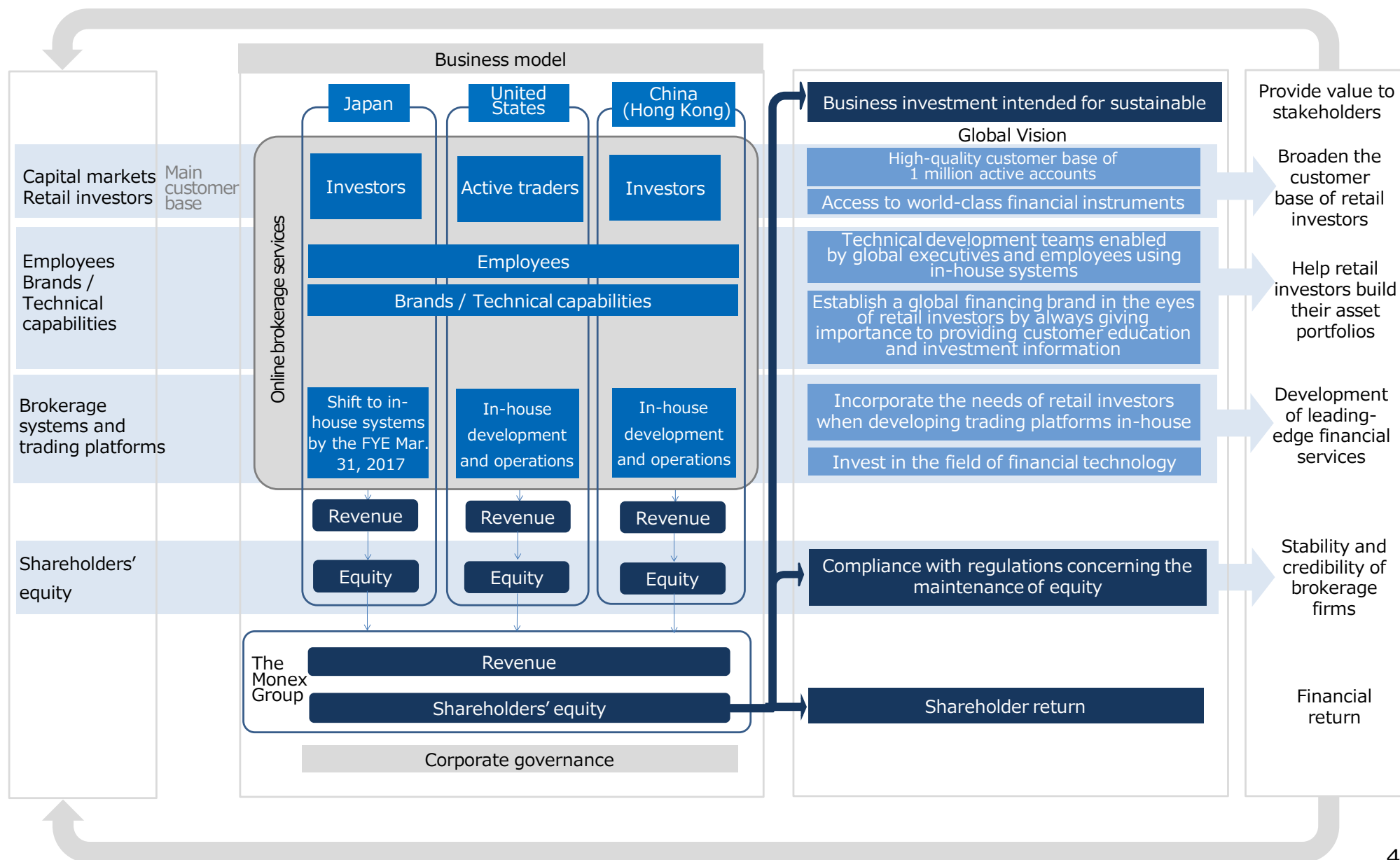
<b>Strengths</b> Monex, Inc., has established a good-quality customer base primarily made up of investors interested in building asset portfolios. It has secured a stable market share of online stock brokerage commissions.	<b>Weaknesses</b> Monex, Inc.'s revenue structure is vulnerable to stock market fluctuations because the percentage of traders even when market activity is sluggish is low among its customers
<b>Opportunities</b> Stock markets in Japan have been revitalized owing to the government's monetary policies intended to end deflation	<b>Major Risks</b> Customers may be lost if other companies in the same industry reduce commission fees

### ■ US segment

<b>Strengths</b> TradeStation Group has established a good-quality customer base through its solid reputation among active traders, built up over many years. TradeStation Group has highly advanced technical capabilities, and boasts an extensive track record of commendations in the United States for its internally developed trading platforms	<b>Weaknesses</b> TradeStation Group's revenue structure is vulnerable to stock market volatility and interest rate fluctuations
<b>Opportunities</b> The end of quantitative easing will hike interest rates and volatility	<b>Major Risks</b> Quantitative easing and interest rate increase have been put off; low interest rate and volatility continue

### ■ China segment

<b>Strengths</b> A subsidiary in Hong Kong plays a role as a step for online broker business for retail investors in mainland China	<b>Weaknesses</b> The scale of business operations is relatively small at present
<b>Opportunities</b> Online brokerage transactions of retail investors are growing	<b>Major Risks</b> Markets in mainland China are unstable





# MONEX GROUP

Monex Group, Inc.

(As of October 29, 2015)

Listed Holding Company

[Japan]

Online Securities Company



**MONEX**

**Monex, Inc.**

Comprehensive investment service provider

M&A Advisory

Program Trading

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

M&A advisory service  
Aspiring to introduce new IPOs

Trade Science Corporation  
Next-generation asset management  
utilizing artificial intelligence

Corporate Venture Capital



**Monex Ventures, Inc.**

Financial × IT × global  
Venture investment

[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

- President, 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: 1,584,701
- # of active accounts: 964,837  
("Active accounts": accounts with balance or with at least one trade or transaction a year.)
- Customers' assets in custody: JPY 3.4857 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: 67,419
- Customers' assets in custody: JPY 430,993 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: 11,159
- Customers' assets in custody: JPY 116,023 million

# History of Monex Group

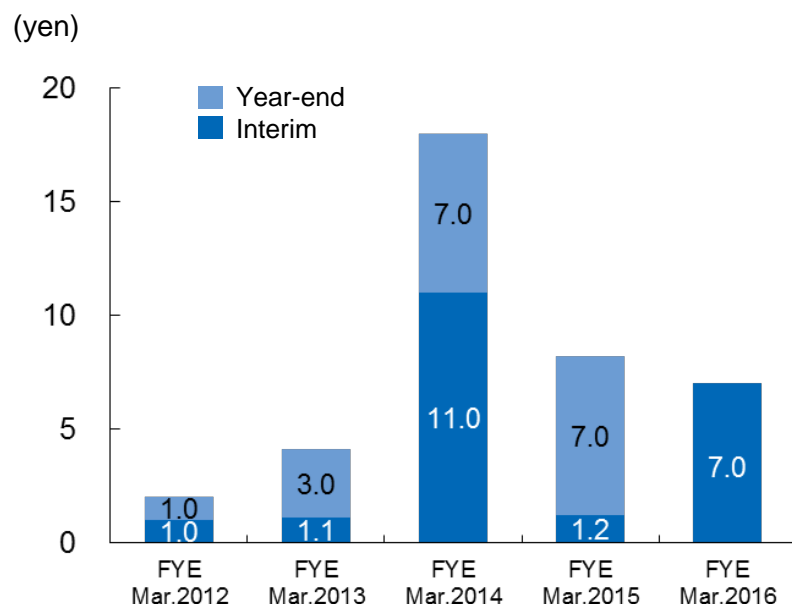
	Japan	U.S.	China (Hong Kong)
1982		- TradeStation Technologies, Inc. is formed as Omega Research, Inc.	
1997		- TradeStation stock lists on NASDAQ	- Boom Securities (H.K.) Limited is founded (now Monex Boom Securities (H.K.) Limited), becoming the first in Asia Pacific to launch Internet stock trading 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 (name changed to "Monex FX")		- 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	- Monex, Inc. merges with Monex FX, Inc.		- 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 (See P.22)

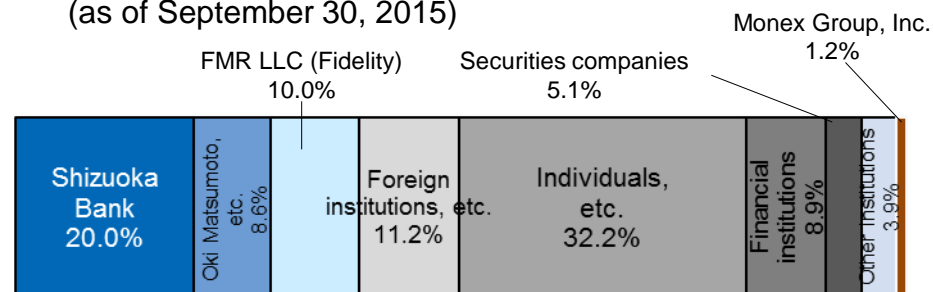
### ◆ Dividend history



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	2Q 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	311.10 yen
	Earnings per share attributable to owners of the Company (EPS)	3.38yen	13.02 yen	35.76 yen	12.15yen	24.78yen (*1)
	Rate of Return on Equity(ROE)	1.4%	5.0%	12.9%	4.2%	8.1% (*1)
	Dividends per share	2.0yen	4.1yen	18.0yen	8.2yen	7.0yen (interim)

(\*1) EPS and ROE for 2Q FYE Mar. 2016 show annualized figures obtained by multiplying 2 to the actual figures for the quarter

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