

# Financial Results for Fiscal Year Ending March 31, 2018

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

## <Forward-looking Statements>

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



## Our Business Principles

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

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

In the face of an ever-changing future, the Monex Group utilizes state-of-the-art IT technologies and world-class financial expertise to design innovative ways of managing money and to redefine finance for a new era. We will strive to support everyone’s investment and economic needs.

To achieve this we are committed to:

- Celebrating the diversity of each and every one of our customers and employees;
- Driving the future of technology and first class financial professionalism that empowers traders and investors; and
- Creating new value to contribute to all stakeholders

Our Business Principles	p. 1
Table of Contents	p. 2
I. Highlights	p.3 - p.13
II. Consolidated Performance	p.14 - p.28
III. Business Update	p.29 - p.35
IV. Mid- & Long-Term Initiatives	p.36 - p.39
Appendix: Group Overview	p.40 - p.49

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

Appendix. Group Overview

# Monex Group

## Japan

### EBITDA\*

¥14.4B in FYE 2018  
(+114% vs FYE 2017)

#### Monex, Inc.

Net operating income:  
¥5.4B in FYE 2018

#### Monex Ventures, Inc.

Net operating income:  
¥2.7B in FYE 2018

## US

### EBITDA\*

¥2.9B in FYE 2018,  
¥4.8B if 4Q is annualized

#### TradeStation Group, Inc.

Record high active  
accounts (4Q).

Assets in custody: \$5.2B  
at the end of FYE Mar. 2018  
Profitability has stabilized and if  
interest rates continue to go up,  
net interest income will increase,  
further raising profits

## Asia- Pacific

### EBITDA\*

¥100M in FYE 2018

#### Online securities:

Monex Boom  
Securities (H.K.) Ltd.  
in Hong Kong

Monex Securities  
Australia Pty Ltd  
in Australia

## Crypto-Asset Business

### Coincheck, Inc.

New member of  
Monex Group  
since April 2018

\*Refer to P6 for  
actual in FYE 2018  
Focus on enhancing  
governance and  
internal control with  
the aim to register  
as a cryptocurrency  
exchange

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

In addition to our “Sum of the Parts” corporate value, we aim to further increase corporate value through cross-segment collaboration

US segment established a revenue base independent of market volatility and recorded EBITDA of ¥ 2.9 B. Coincheck, Inc. will help us build a business portfolio with global potential growth for our "New Beginning"

### Japan

- Introducing in Nov 2017 a new equity margin trading commissions fee structure, Monex, Inc. market share in margin trading increased from 3.7%(\*1) to 4.2%(\*2)
- Segment profit(\*3) of ¥8.6B (+385% vs FYE 2017) because of a decrease in fixed costs(\*4) (-¥2.1B vs FYE 2017) with the April 2017 termination of parallel operation of old and new backbone systems

### US

- Consecutive record number of account openings since 3Q due to new branding efforts and a revised commissions fee structure. Registered segment profit(\*3, 5) of ¥300M (¥-500M in FYE 2017) with a stable revenue base coupled with growing customer assets in custody (\$5.2B) and an increase of net financial income (+¥1B vs FYE 2017) attributable to a hike in interest rates

### Asia-Pacific

- Launched an online brokerage firm in Australia in January 2018
- Segment profit(\*3) was ¥-200M (¥-100M in FYE 2017), although joint venture in mainland China registered a profitable year

\*1 Equity, ETF and REIT market share before the revision of commissions fee structure (Apr. –Nov. 2017)

\*2 Equity, ETF and REIT market share after the revision of commissions fee structure (Jan. –Mar. 2018)

\*3 Segment profit (loss) = Pre-tax profit (loss). The same hereinafter.

\*4 Fixed costs = Compensation and benefits fee + Rental and maintenance fee + Data processing and office supplies fee + Amortization and depreciation fee + Others.

\*5 Refer to P11 for details of other expenses of ¥600M

## Coincheck, Inc. joined Monex Group as a wholly owned subsidiary on April 16, 2018

Financial performance of Coincheck, Inc. in FYE 2018 (Forecast) (Billion yen)

	FYE 2018 (12 months)
Sales (Netting) *	62.6
Selling, general and administrative expenses	8.8
Operating income	53.7
Profit before income taxes	6.3

Extraordinary loss ¥47.3 billion

【Reference】 Financial performance during the two months when service was suspended and then partially resumed (Forecast) (Billion yen)

	Feb. – Mar. 2018 (2 months)
Sales (Netting) *	2.0
Selling, general and administrative expenses	1.5
Operating income	0.5

→ Operating income was positive even during the period when service was suspended and then partially resumed

\* Netting revenue from sales and cost of cryptocurrency sold

# Return total return ratio to 75% on a multi-year basis in FYE March 2019

## ■ Reason for the change

- Since Coincheck, Inc. joined Monex Group in April 2018, we expect to make further investment for future growth of our group. For this and other reasons, the assumptions behind calculating shareholders' return have changed since the previous revision in January 2018 and the Company decided to return the total return ratio to 75% on a multi-year basis
- Total shareholders return ratio of 75% is a combination of dividends and share buybacks. The lower limit of dividends is 2% DOE (dividend on equity) annually

## ■ Points of the revision

Original (until FYE March. 2018)	Revised (From FYE Mar. 2019)
The Company aims to provide returns to its shareholders based on the business performance, while securing investment capacity for growth, and targets at a <u>100% total return ratio*</u> on a <u>single-year basis from the fiscal year ending March 31, 2018 to the fiscal year ending March 31, 2021.</u>	The Company aims to provide returns to its shareholders based on the business performance, while securing investment capacity for growth, and targets at a <u>75% total return ratio*</u> on a <u>multi-year basis.</u>



## Significant revenue and profit increase in Japan, full-year profit and revenue increase in the US

### Japan

Total operating revenue after deducting financial expenses rose to ¥31.8B (+19%) due to an increase in brokerage commissions driven by high volatility, an improvement in the management of stock lending transactions and a gain on sales of venture investments. SG&A dropped ¥23.4B (-6%) with a reduction of fixed costs. Segment profit was ¥8.6B (+385%)

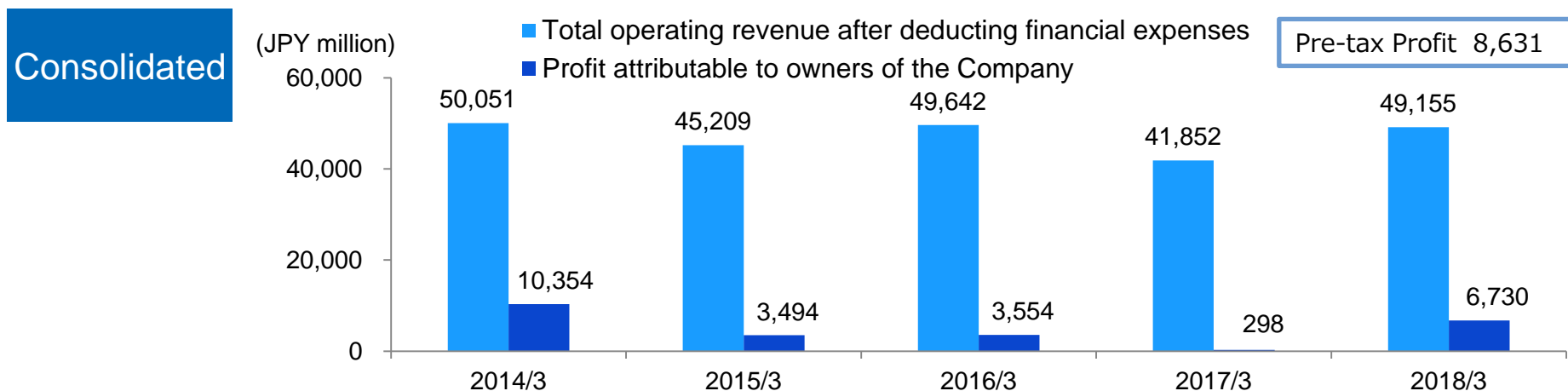
### US

Total operating revenue after deducting financial expenses was ¥17.4B (+12%) due to an increase in net financial income with a hike in interest rates and growing assets in custody. Segment profit was ¥300M (¥-500M in FYE 2017)

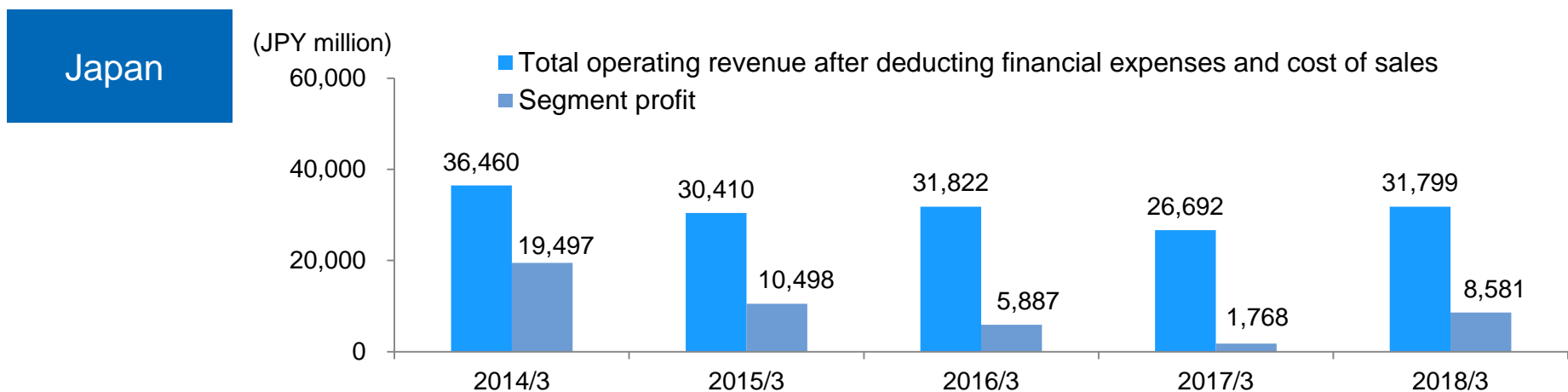
### Asia-Pacific

Online brokerage business in Hong Kong is steadily growing. The amount equivalent to operating income was ¥9M (¥-24M in FYE 2017) despite the preceding costs to launch an online brokerage firm in Australia. The joint venture in mainland China achieved a yearly profit. Segment profit was ¥-200M (¥-100M in FYE 2017)

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

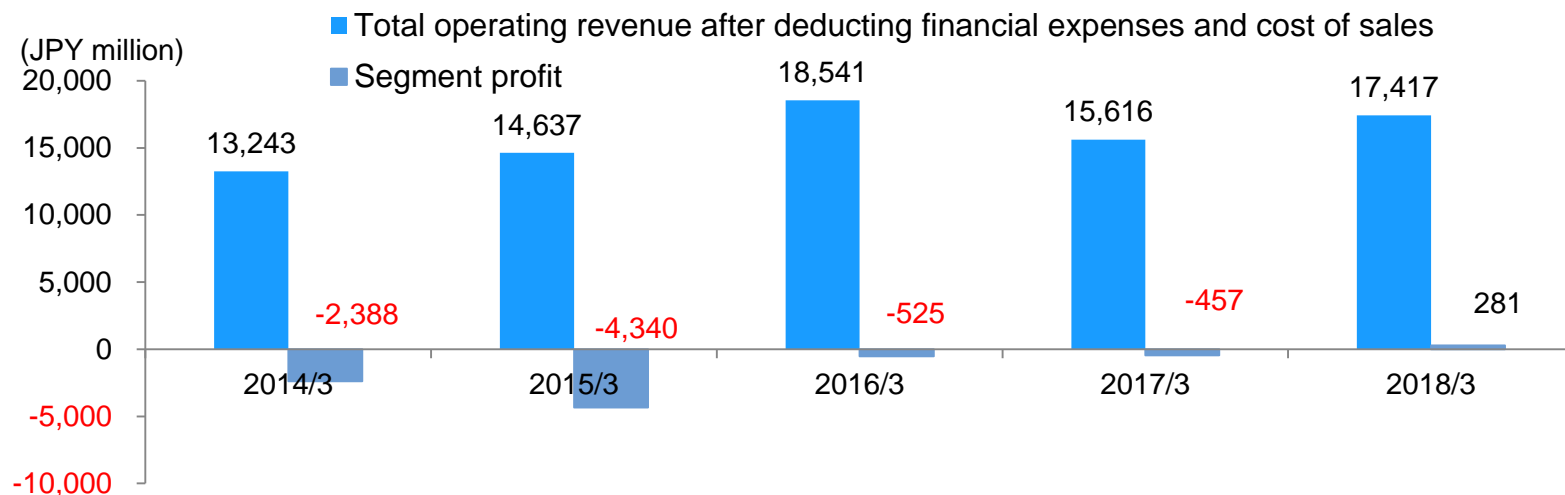


◆ Total operating revenue after deducting financial expenses and cost of sales and Segment profit

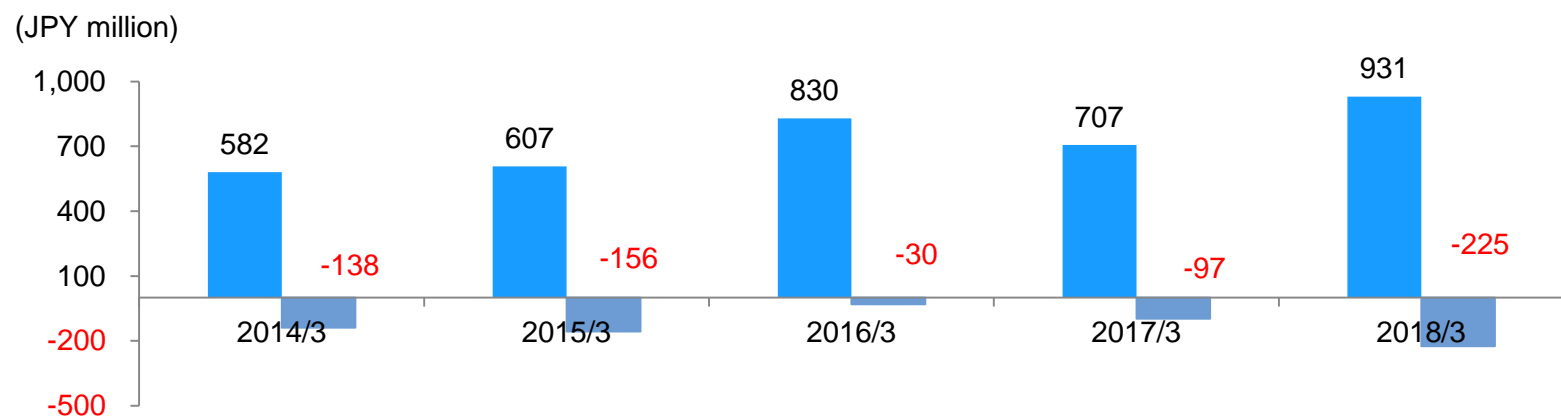


◆ Total operating revenue after deducting financial expenses and cost of sales and Segment profit

US



Asia-Pacific



## Profitability in all segments.

### US segment sees increased brokerage commissions driven by a hike in volatility

#### Japan

Total operating revenue after deducting financial expenses increased to ¥9.3B (+12%), driven by a gain on sales of venture investments and an increase of net financial income due to higher margin trading volume. Recorded a segment profit of ¥3.1B (+29%)

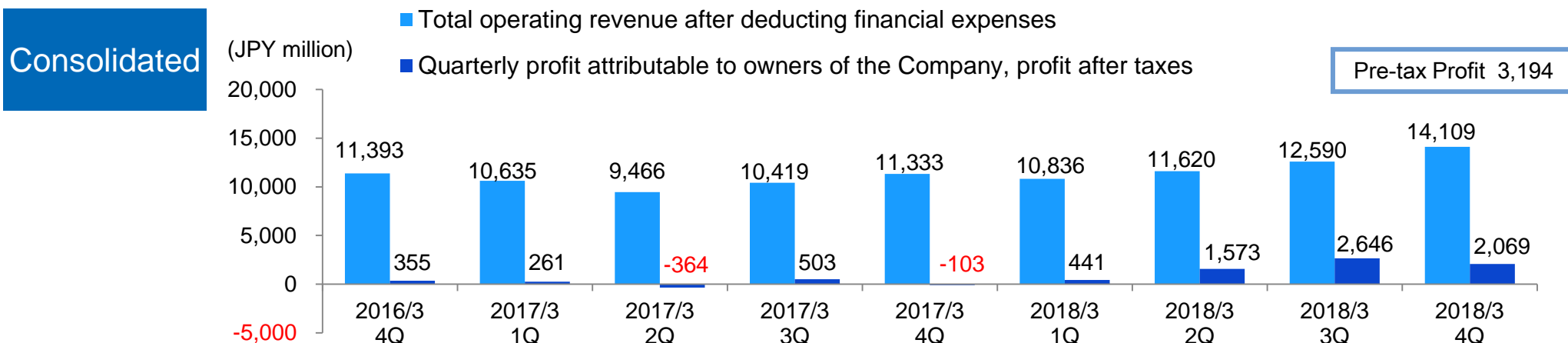
#### US

Volatility returned to drive an increase in total operating revenue after deducting financial expenses to ¥4.8B (+13%). SG&A decreased to ¥4.1B (-3%). Recorded a segment profit of ¥74M (+159%) despite recognizing other expenses of ¥600M due to bad debt loss related to customers who suffered losses in options trading

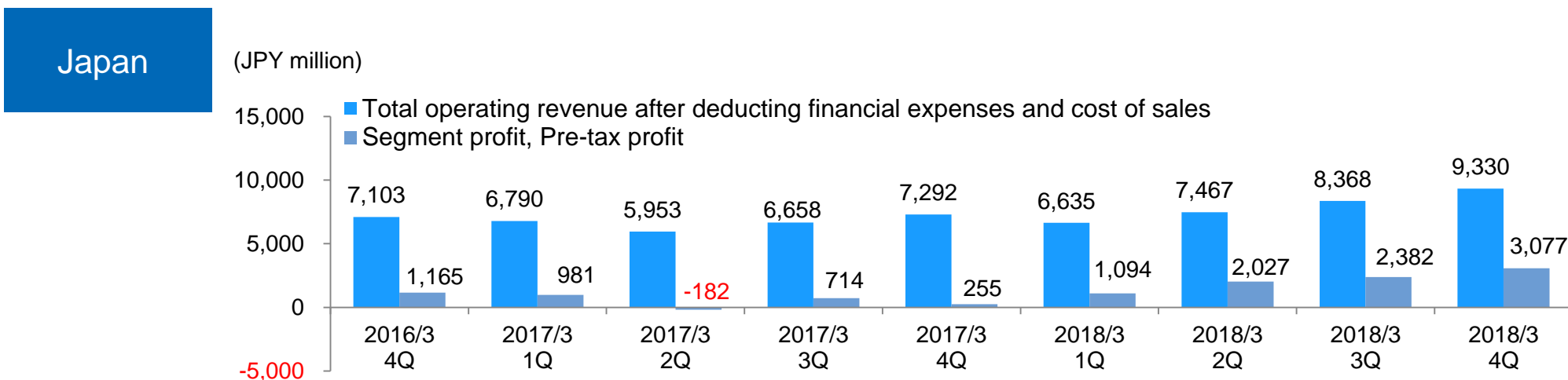
#### Asia-Pacific

Despite the preceding cost to launch Monex Securities Australia Pty Ltd, AP segment recorded a segment profit of ¥46M (+133%)

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



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

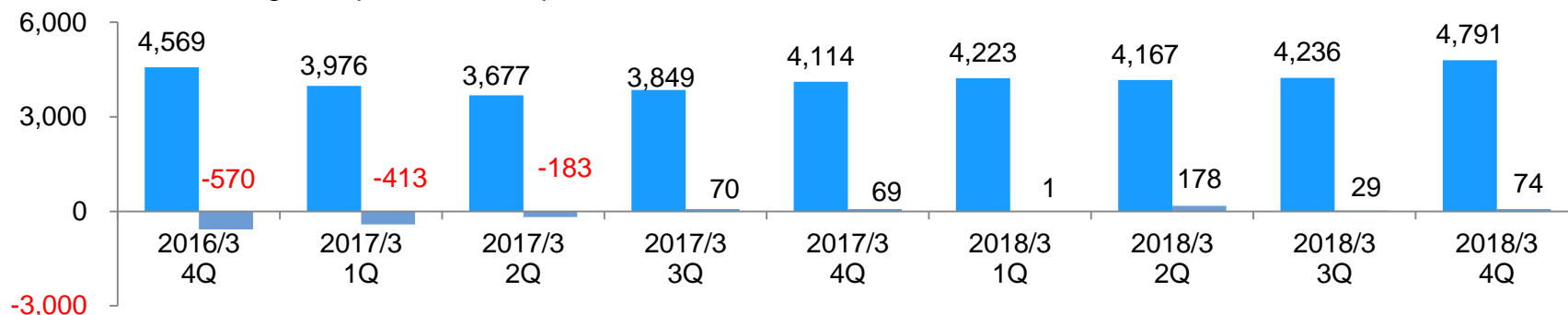


◆ Total operating revenue after deducting financial expenses and cost of sales and Segment profit

US

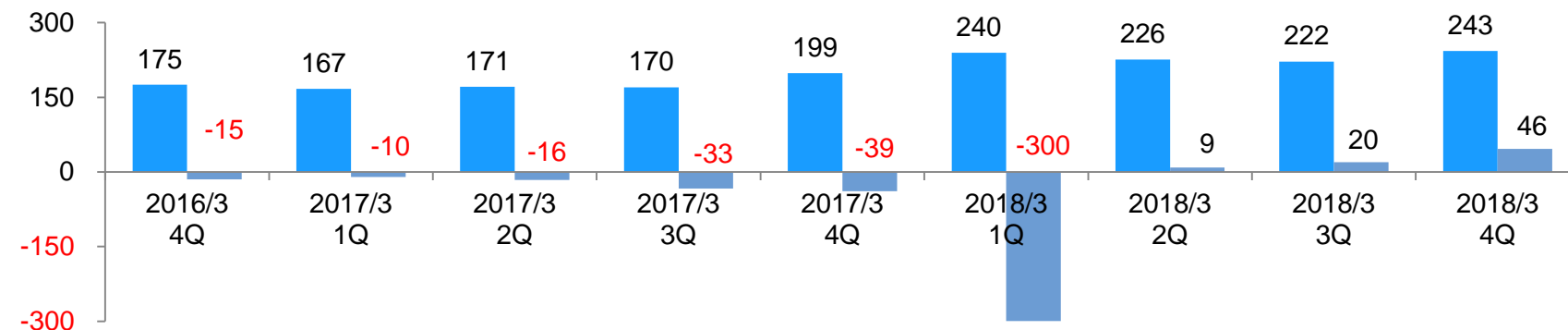
(JPY million)

■ Total operating revenue after deducting financial expenses and cost of sales  
■ Segment profit, Pre-tax profit



Asia-Pacific

(JPY million)



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

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# YoY Comparison (12 months) Consolidated Performance

(JPY million)

	FYE Mar. 2017 (Apr. 2016 – Mar. 2017)	FYE Mar. 2018 (Apr. 2017 – Mar. 2018)	Variance	Rate of change	Reference
Total operating revenue after deducting financial expenses	41,852	49,155	7,303	17.4%	P17: Analysis of Japan segment P19: Analysis of US segment (USD)
SG&A	40,578	39,853	-725	-1.8%	P18: Analysis of Japan segment P20: Analysis of US segment (USD)
The amount equivalent to operating income	1,274	9,302	8,028	630.1%	
Other income / expenses (net)	-203	-671	-467		Breakdown in DATA BOOK P20: - Quarterly consolidated financial results (Other income and other expenses)
Profit before income taxes	1,071	8,631	7,561	706.1%	
Profit attributable to owners of the Company	298	6,730	6,433	2162.1%	



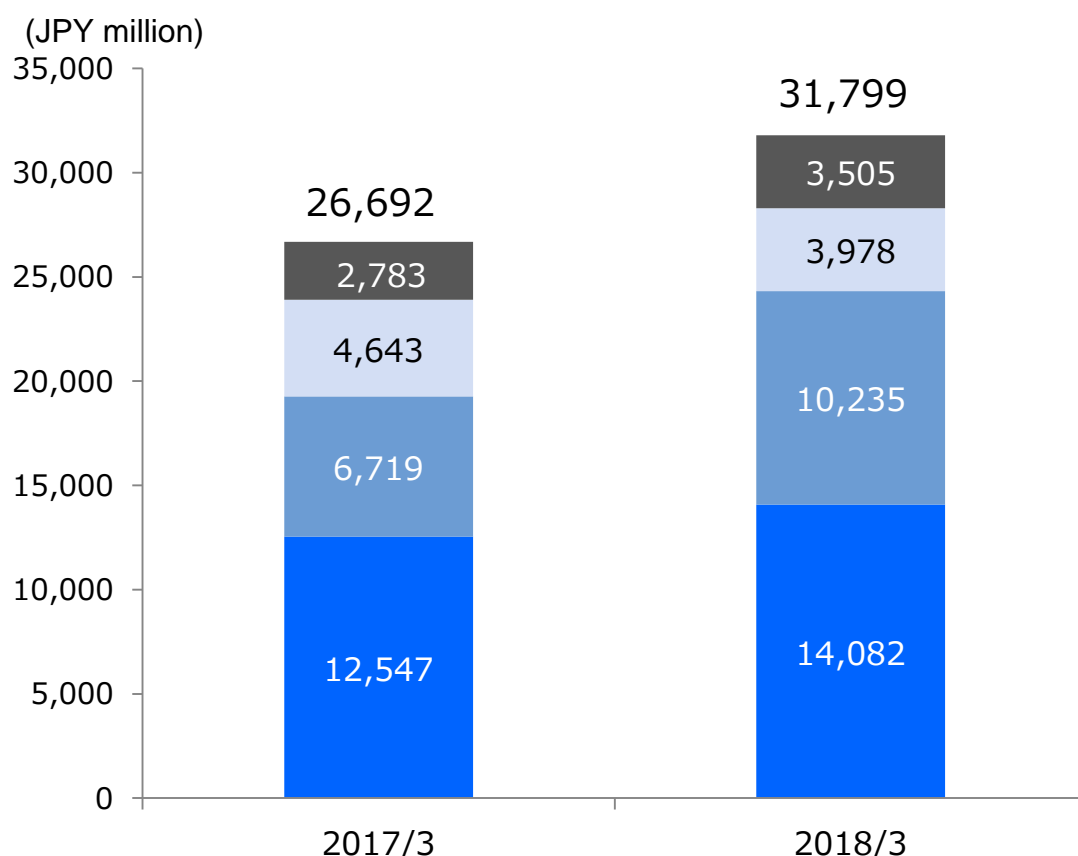
# YoY Comparison (12 months) Segment Performance

(JPY million)

	Japan			US			Asia Pacific		
	2017/3	2018/3	Rate of change	2017/3	2018/3	Rate of change	2017/3	2018/3	Rate of change
Total operating revenue after deducting financial expenses and cost of sales	26,692	31,799	19.1%	15,616	17,417	11.5%	707	931	31.6%
SG&A	25,050	23,435	-6.4%	15,858	16,487	4.0%	731	922	26.1%
The amount equivalent to operating income	1,642	8,365	409.4%	-242	931	-	-24	9	-
Other income / expenses (net)	126	216	71.7%	-215	-649	-	-74	-234	-
Profit before income taxes	1,768	8,581	385.4%	-457	281	-	-97	-225	-
Profit attributable to owners of the Company	1,003	5,709	469.2%	-497	1,274	-	-96	-246	-
Note	See P17 “total operating revenue after deducting financial expenses and cost of sales” for more details See P18 “SG&A” for more details			See P19 “total operating revenue after deducting financial expenses and cost of sales” for more details See P20 “SG&A” for more details USD/JPY decreased by 2%			HKD/JPY decreased by 1%		

## Japan: Revenue increased due to larger net financial income, increase in brokerage commissions and the license fee of our backbone system

■ Total operating revenue after deducting financial expenses and cost of sales  
(compared to Apr. 2016 - Mar. 2017)



Total operating revenue after deducting  
financial expenses and cost of sales

19.1% (+5,107)

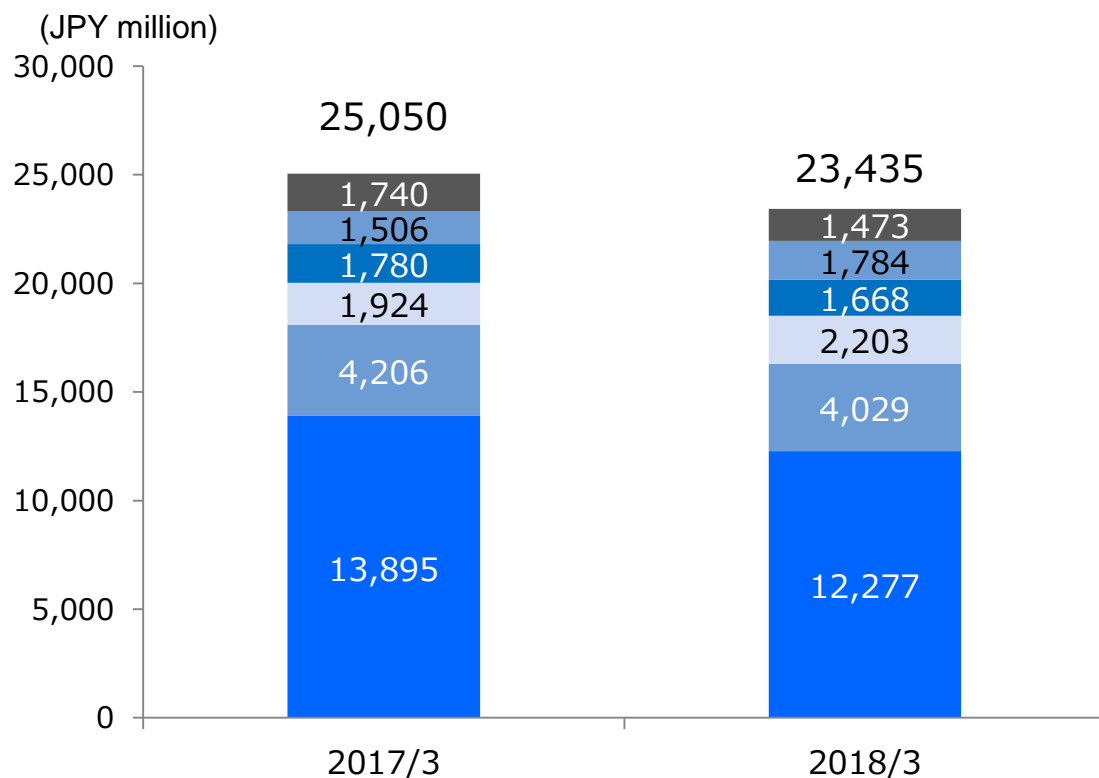
\*figures in parenthesis is the variance  
from FYE Mar. 2017 (JPY million)

- Others (+722) \*1
- FX & fixed income (-665)
- Net financial income (+3,515) \*2
- Brokerage commissions (+1,535)

*1 GALAXY license offering	+610
*2 Stock lending net income	+1,194
Lending volume and profitability increased because of improved control over managing transactions	
Gain on sale of investment in ventures	+2,267

## Japan : Fixed cost(\*1) per year decreased by ¥ 2.1B due to a migration to new backbone system

■ SG&A (compared to Apr. 2016 – Mar. 2017)



### SG&A Total -6.4% (-1,616)

\*figures in parenthesis is the variance from FYE Mar. 2017 (JPY million)

- Others (-266)
- Advertising expenses (+279)
- Communication, freight and information expenses (-113)
- Commissions paid, exchange and association dues (+279)
- Compensation and benefits (-177) \*2
- System related expenses (-1,618) \*3

\*1 Compensation and benefits + System related expenses + Others

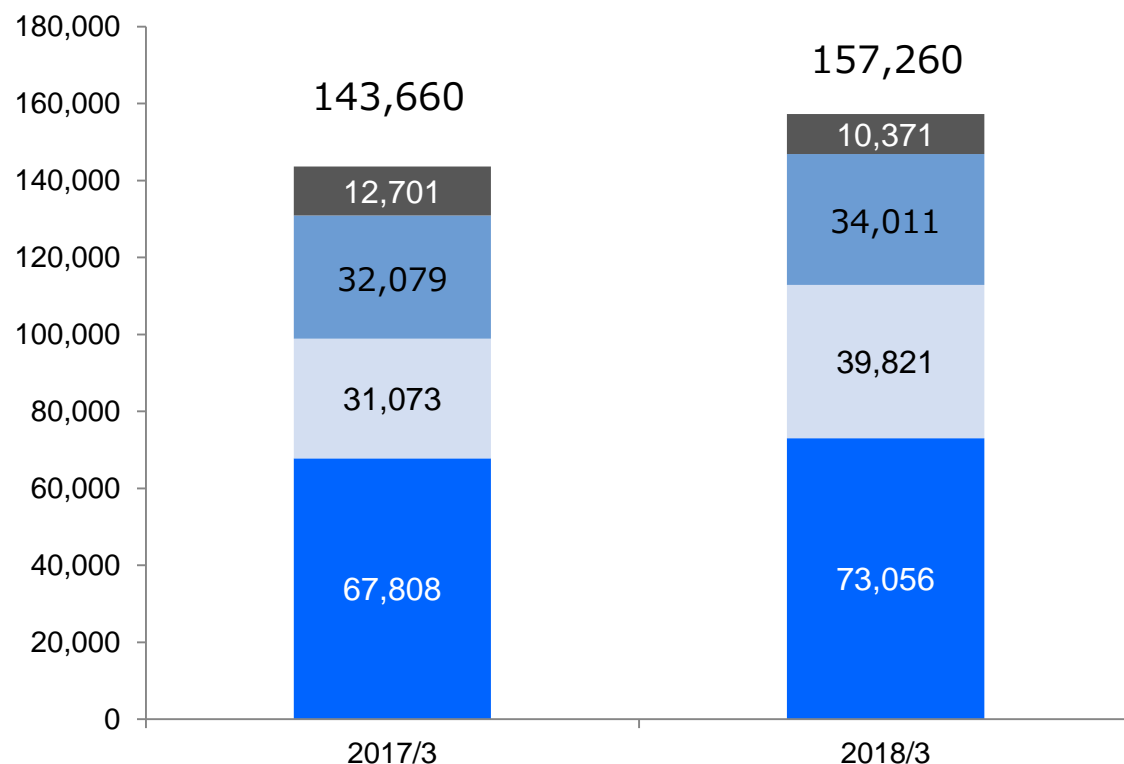
\*2 Average # of employees: 353 for Mar. 2016 - Mar. 2017 (Quarterly average)  
319 for Mar. 2017 - Mar. 2018

\*3 Rental and maintenance: +437  
Data processing and office supplies: -3,011  
Amortization and depreciation: +956

**US: Increase in net financial income due to higher yields from rate increases on growing client cash balances. Brokerage commissions from options and futures trading increased**

- Total operating revenue after deducting financial expenses and cost of sales (compared to Apr. 2016 - Mar. 2017)

(USD thousand)



Total operating revenue after deducting financial expenses and cost of sales 9.5% (+13,600)

\*figures in parenthesis is the variance from FYE Mar. 2017  
(USD thousand)

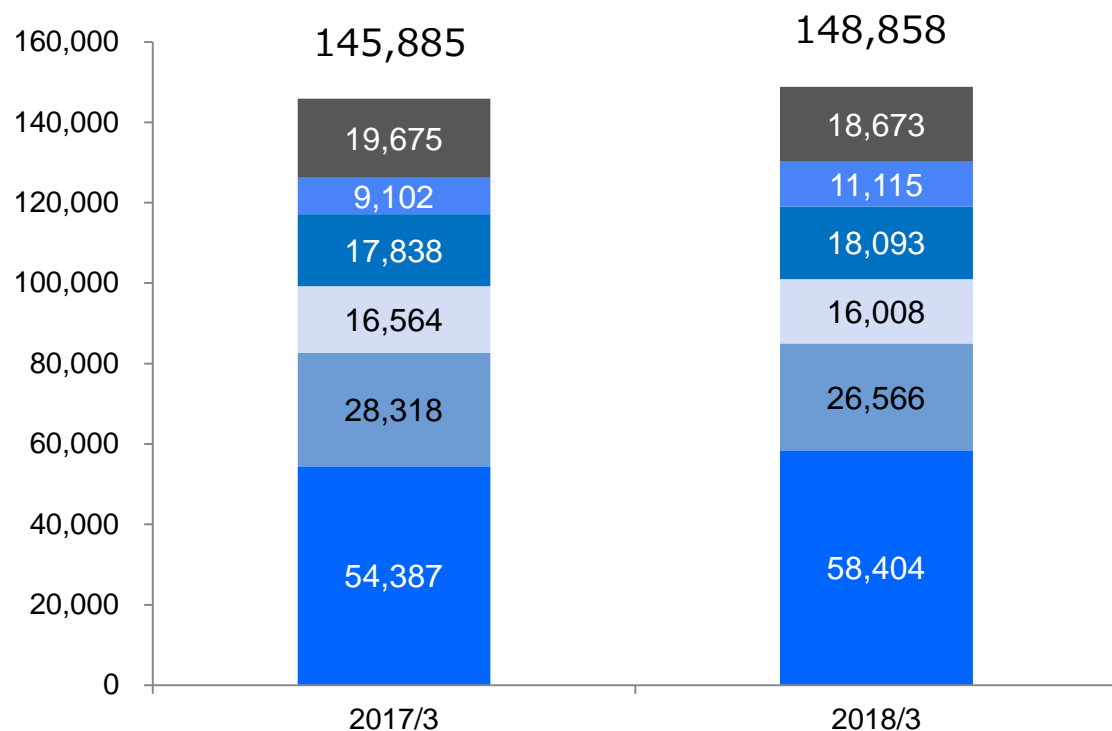
- Others (-2,329)
- Brokerage Fees (+1,933) \*1
- Net financial income (+8,748)
- Brokerage commissions (+5,249)

\*1 Payment for Order Flow (the compensation and benefit that a brokerage receives by connecting orders to different parties to be executed) increased +3,155

**US: Higher advertising expenses led to record account growth. Commissions paid increased coupled with an increase of trading volume**

■ SG&A (compared to Apr. 2016 – Mar. 2017)

(USD thousand)



**SG&A Total 2.0% (+2,973)**

\*figures in parenthesis is the variance from FYE Mar. 2017  
(USD thousand)

- Others (-1,002)
- Advertising expenses (+2,013)
- Amortization and depreciation (+255)
- Communication, freight and information expenses (-557)
- Commissions paid and association dues (-1,753) \*1
- Compensation and benefits (+4,017) \*2

\*1 Reclassification USD -2,895K

\*2 Reclassification USD +2,895K

## QoQ Ccomparison (3 months) Consolidated Performance

(JPY million)

	3Q FYE Mar. 2018 (Oct.- Dec. 2017)	4Q FYE Mar. 2018 (Jan.- Mar. 2018)	Variance	Rate of change	Reference
Total operating revenue after deducting financial expenses	12,590	14,109	1,519	12.1%	P23: Analysis of Japan segment P25: Analysis of US segment (USD)
SG&A	10,083	10,414	331	3.3%	P24: Analysis of Japan segment P26: Analysis of US segment (USD)
The amount equivalent to operating income	2,507	3,695	1,188	47.4%	
Other income / expenses (net)	-79	-501	-422	-	Breakdown in DATA BOOK P20: Quarterly consolidated financial results (Other income and other expenses)
Quarterly profit before income taxes	2,428	3,194	766	31.5%	
Quarterly profit attributable to owners of the Company	2,646	2,069	-577	-21.8%	

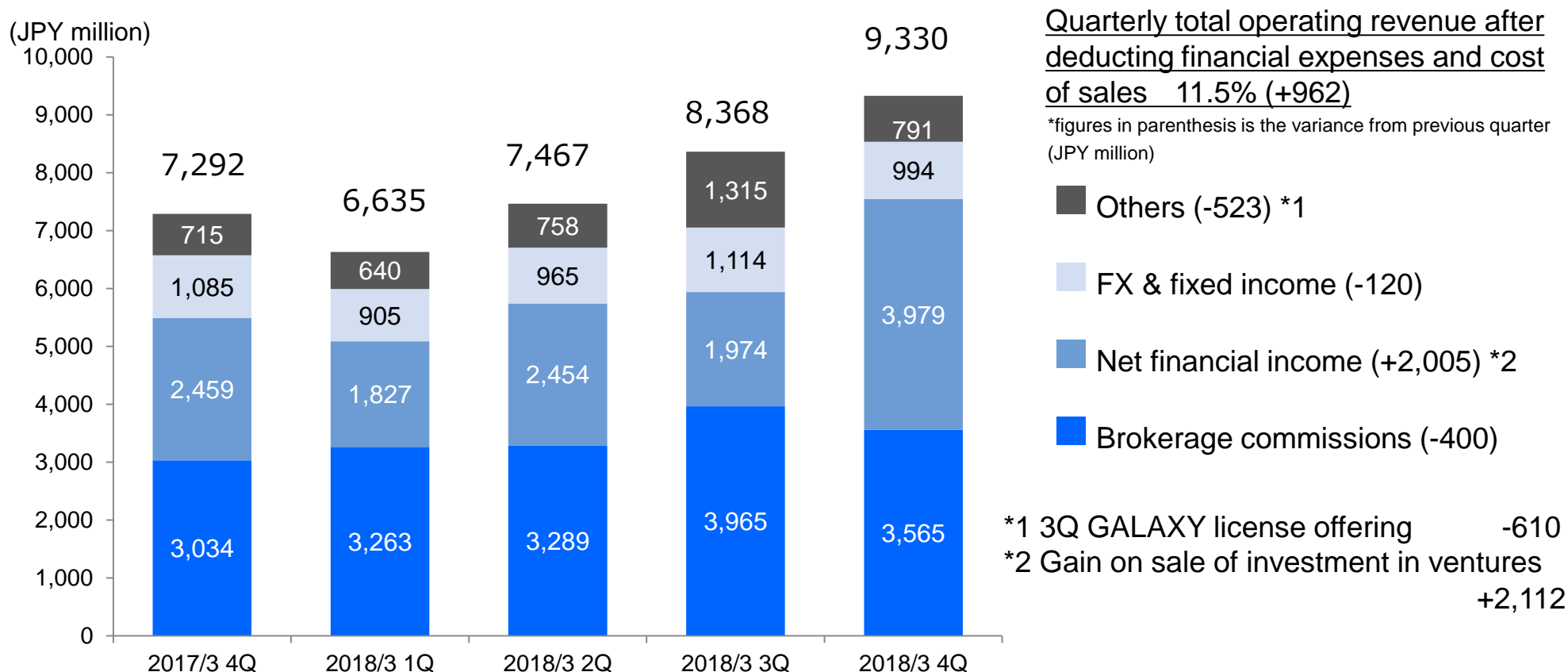
# QoQ Comparison (3 months) Segment Performance

(JPY million)

	Japan			US			Asia Pacific		
	2018/3 3Q	2018/3 4Q	Rate of change	2018/3 3Q	2018/3 4Q	Rate of change	2018/3 3Q	2018/3 4Q	Rate of change
Total operating revenue after deducting financial expenses and cost of sales	8,368	9,330	11.5%	4,236	4,791	13.1%	222	243	9.5%
SG&A	5,897	6,369	8.0%	4,202	4,078	-3.0%	217	220	1.3%
The amount equivalent to operating income	2,471	2,961	19.9%	34	713	2010.9%	5	23	389.9%
Other income / expenses (net)	-88	116	-	-5	-639	-	15	23	53.6%
Quarterly profit before income taxes	2,382	3,077	29.2%	29	74	158.5%	20	46	132.9%
Quarterly profit attributable to owners of the Company	1,654	1,953	18.1%	982	80	-91.8%	14	40	192.3%
Note	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					

## Japan : Revenue increased due to gain on sales of investment in ventures

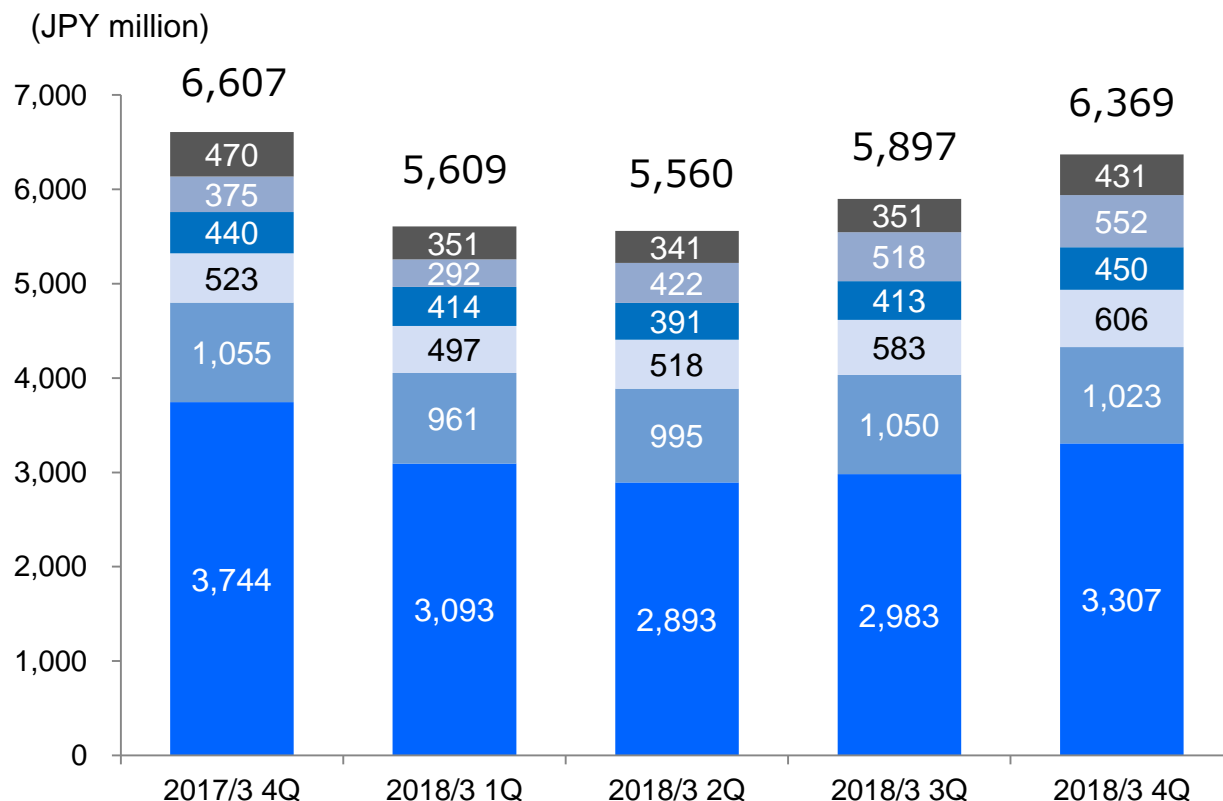
■ Quarterly total operating revenue after deducting financial expenses and cost of sales





## Japan : Despite the one-time expense(\*1) related to office rent, fixed cost(\*2) overall remains flat vs 3Q FYE 2018

### ■ Quarterly SG&A



### Quarterly SG&A 8.0% (+472)

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

- Others (+80)
- Advertising expenses (+34)
- Communication, freight and information expenses (+38)
- Commissions paid, exchange and association dues (+23)
- Compensation and benefits (-28)
- System related expenses (+325) (\*1)

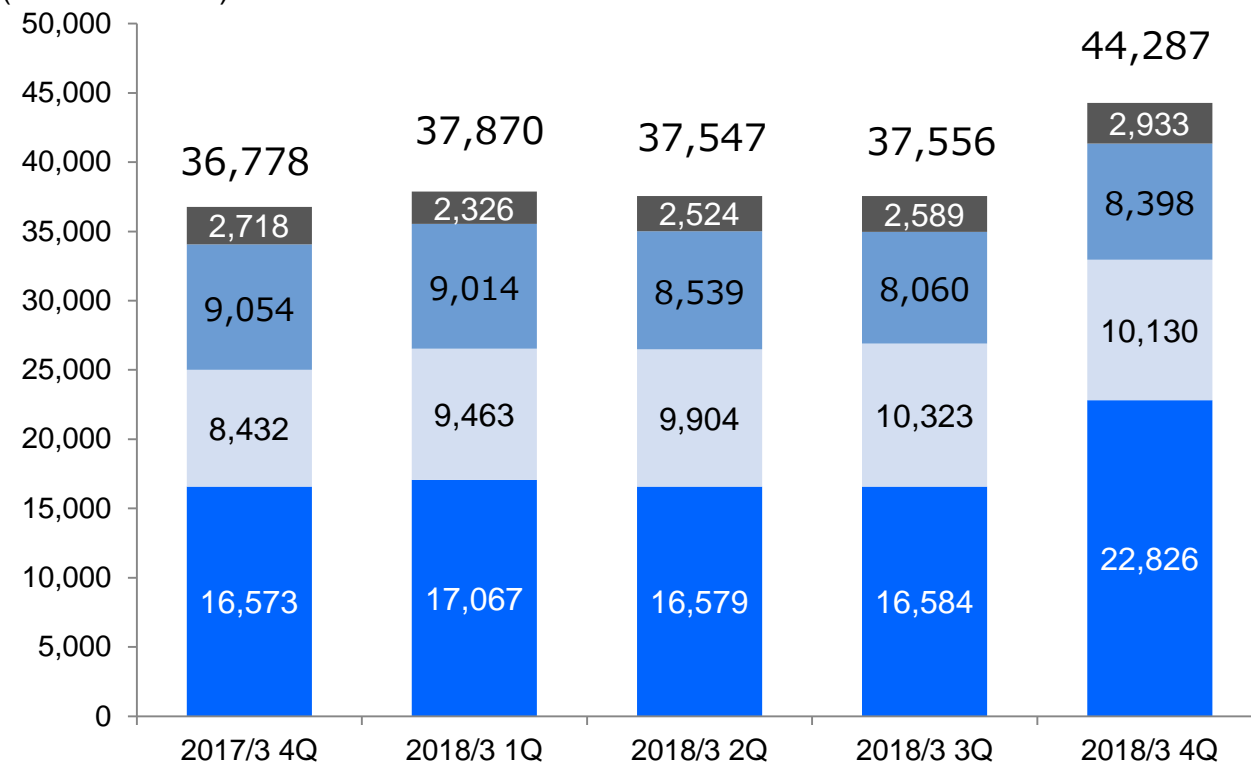
\*1 Rental and maintenance fee +299  
(One-time expense of office rent)

\*2 Compensation and benefits +  
system related expenses + others

**US: Revenue increased. Volatility returned driving a significant increase in brokerage commissions, while net financial income remained high**

■ 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 17.9% (+6,732)

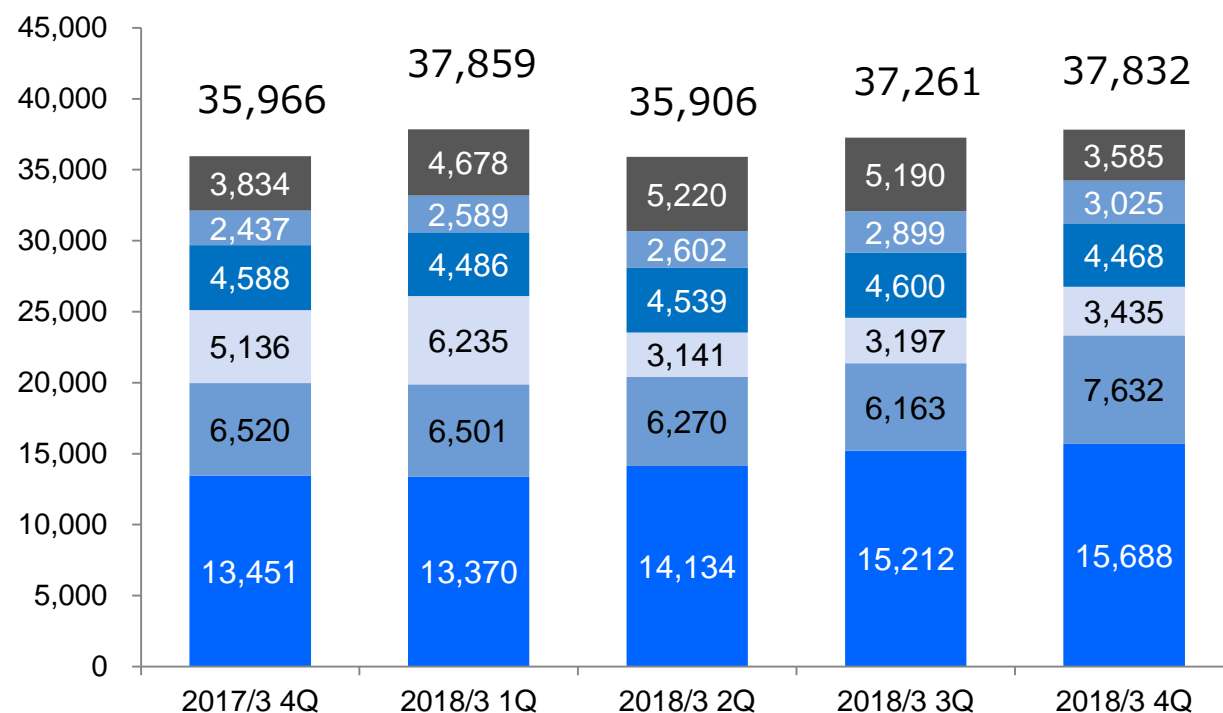
\*figures in parenthesis is the variance from previous quarter (USD thousands)

- Others (+344)
- Other commission (+338)
- Net financial income (-193)
- Brokerage commissions (+6,242)

US : Commissions paid increased in conjunction with higher brokerage commissions revenues generated from the higher market volatility

## ■ Quarterly SG&A

(USD thousand)



## Quarterly SG&A 1.5% (+571)

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

- Others (-1,605)
- Advertising expenses (+125)
- Amortization and depreciation (-132)
- Communication, freight and information expenses (+238)
- Commissions paid and association dues (+1,469)
- Compensation and benefits (+477)

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 March 31, 2018

<u>Assets</u> JPY 973.5B	<u>Liabilities</u> JPY 893.0B
Major assets: Assets related to financial instruments trading business JPY 775.0B	Major liabilities: Liabilities related to financial instruments trading business JPY 883.1B
Others JPY 60.2B	Others JPY 9.9B
Cash and cash equivalents JPY 83.9B	
Non-current assets (*1) JPY 54.5B	Net capital JPY 80.5B

(\*1) Non-current assets

Property and equipment	JPY	2.1B
Intangible assets (Goodwill)	JPY	16.6B (*2)
Intangible assets (Identifiable intangible assets)	JPY	11.1B (*3)
Intangible assets (Software and others)	JPY	22.2B
Equity method investments	JPY	0.3B
Available-for-sale investments in securities (Lv.3)	JPY	2.2B

(\*2) Goodwill: JPY 16.6B

Japan JPY 7.6B, US JPY 8.6B, China JPY 0.4B

(\*3) Identifiable intangible assets: JPY 11.1B

US JPY 10.5B, China JPY 0.6B

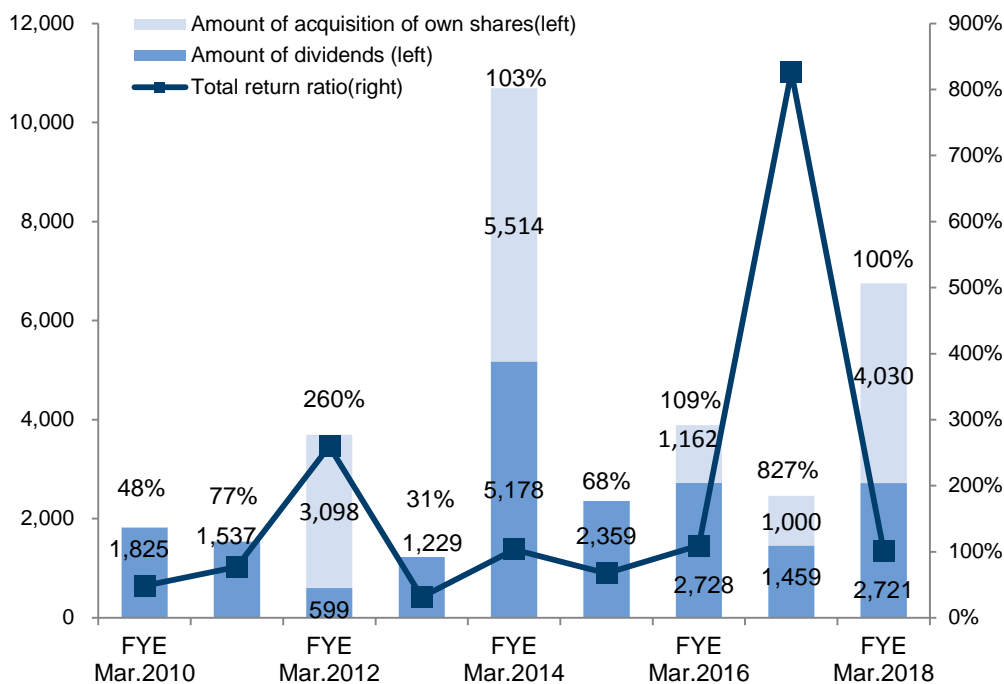
◆ The JPY 26.0B difference between Net capital (JPY 80.5B) and Non-current assets (JPY 54.5B) is the source of funds for the following:

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)

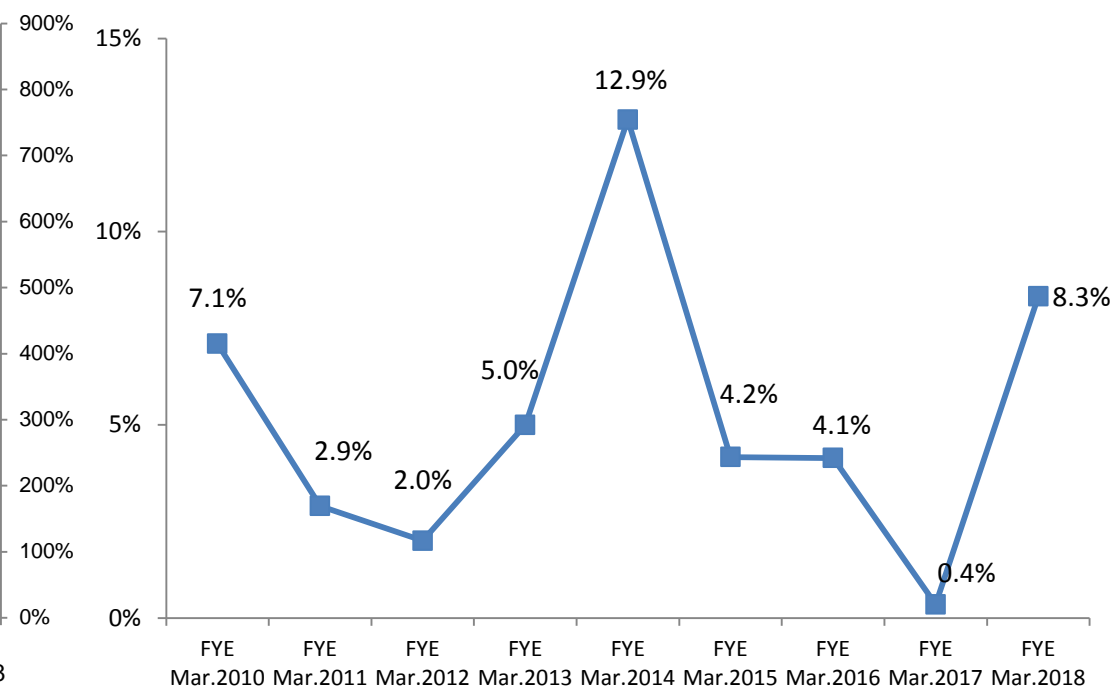
# Return total return ratio <sup>(\*)1</sup> to 75% on a multi-year basis since FYE Mar, 2019

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

( million yen )



## ◆ Return on Equity ratio



(\*1) Total return ratio = (dividend paid\*3 + amount of share buyback\*4) /profit attributable to owners of the Company

(\*2) Total return amount = dividend paid + amount of share buyback

(\*3) Refer to P49 "Dividend history" for more information of dividend per share

(\*4) Amount of share buyback : JPY 3.1B in Jun. 2011, 5.5B in May 2013, 1.2B in Jul.-Aug.2015, 1.0B in May-Jun. 2016, 1.0B in May 2017, 3.0B in Feb.-Mar. 2018

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

## Expanded customer base with new product development, our area of strength

### For active traders



### Japanese equities trading platform tool, TradeStation

- High performance tool designed for active traders. Flat-rate plans at the lowest price level in the industry
- Over 10,000 account openings. Number of funded accounts and active accounts increased by about 370% and 570%, respectively
- The trading volume share of TradeStation via Monex, Inc. steadily growing and reached about 4.6%

### For US equity traders



### US equities offering

- Record high number of transactions and number of active accounts in 4Q. Number of transactions increased by about 41% (vs 3Q). Number of active accounts increased by about 39%(vs 3Q)
- Launched Japanese yen settlement service in March, 2018 to enable customers to trade from yen and improve customer usability

### For investors

### Award-winning fund, Monex Japan Growth Equity Fund (aka, The Fund @Monex)

- Received the R&I Fund Award 2018 in three different categories:
  - 【Best Fund Award】 Japan Equity Investment Trust Category, Japan Equity NISA Category
  - 【Excellent Fund Award】 Japan Equity 10-year Investment Trust Category

## Monex for Wealth Creation Services with various product lineup

### Wealth Creation Service

#### Monex-Saison-Vanguard Investment Partners

- Investment balance is about ¥36B(\*) including a wrap service (MSV LIFE) for individuals and investment entrusted by institutional investors
- A license agreement with Shizuoka Bank to start over-the-counter service of MSV LIFE

\* As of April 13, 2018

#### **Monex Adviser**

- Investment balance is about JPY 780 M (as of March 31, 2018)
- Robot adviser service where customers can determine their own investment policy and easily manage their assets with a support of professional advice

#### **iDeCo**

- Launched in Sep 2017. The number of account is about 5,800 (as of March 31, 2018)
- Take advantage of the position as a follower. Taking our pride in the commissions fee, product lineup, and a generous support with the industry's highest quality

### **Funded NISA**

- Launched in Jan 2018. Account openings are more than 6,000 (as of March 31, 2018)
- Professionally chosen investment trusts are available for long-term periodic investments from a small amount

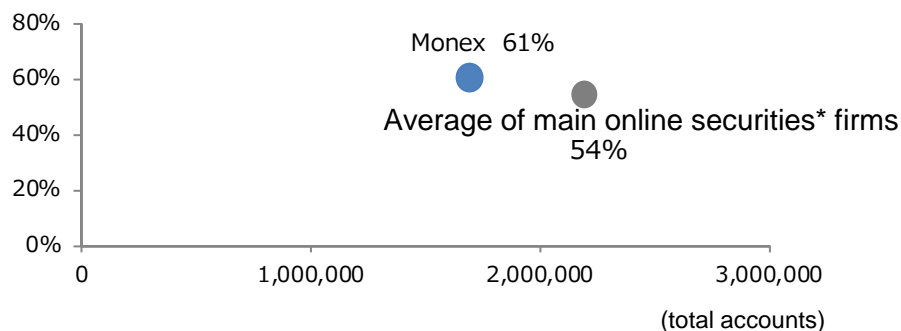


Aiming to double equities commissions through acquisition of active traders as well as investors, Monex's main customer base

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

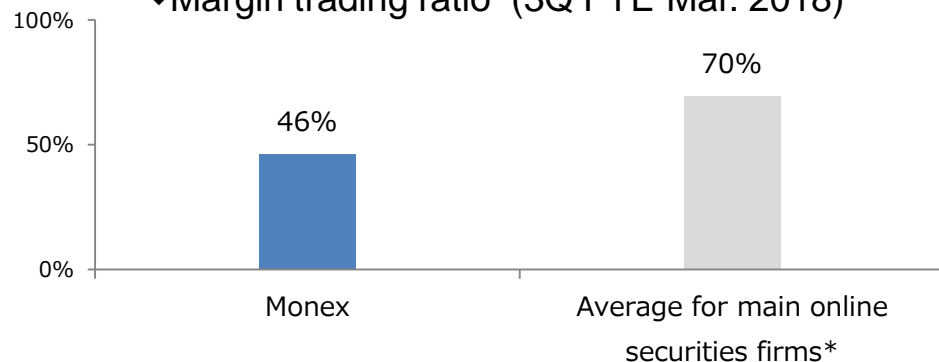
◆Active account ratio (as of December 31, 2017)

(active account ratio)



**Margin trading shows room for growth**

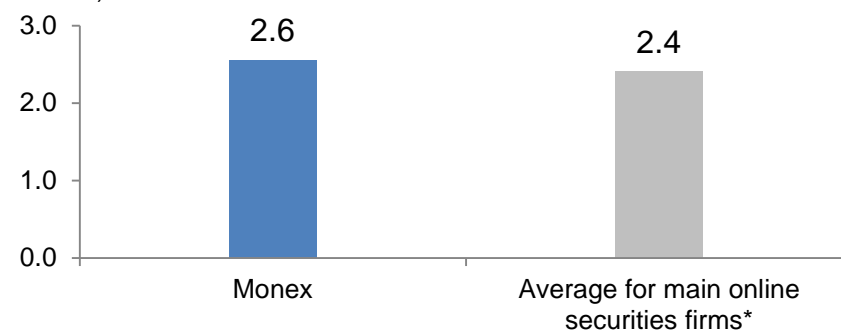
◆Margin trading ratio (3Q FYE Mar. 2018)



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

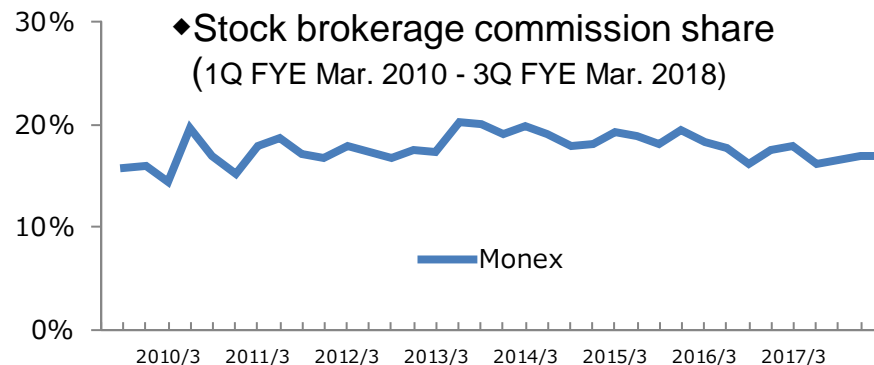
◆Customer assets per account (as of December 31, 2017)

(JPY million)



**Stable commissions share despite challenging market**

◆Stock brokerage commission share  
(1Q FYE Mar. 2010 - 3Q FYE Mar. 2018)

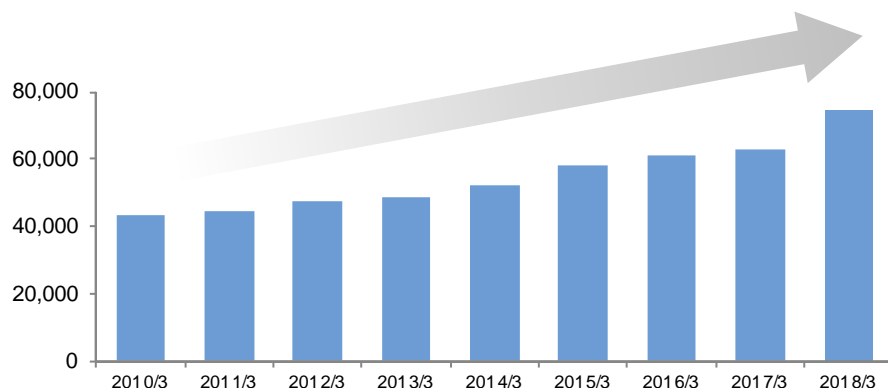


Record high in new account openings. Revenue increase further driven by a rise in volatility and interest rate

## ■ Expanded services and customer base

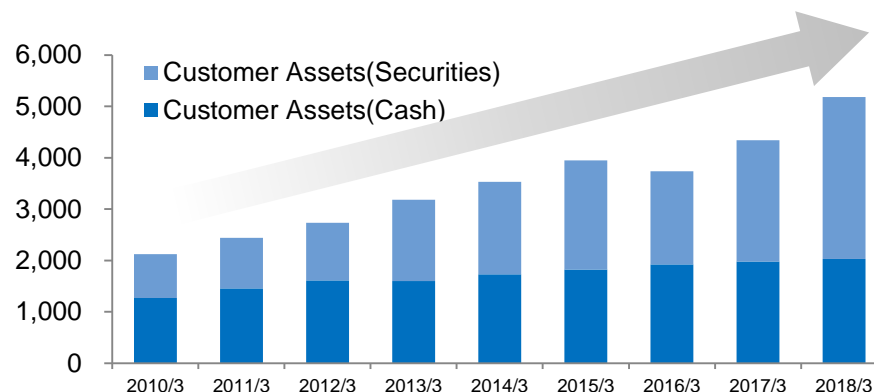
- Record number of active accounts driving increased client assets totaling \$ 5.2 B in 4Q. Also, attrition rate dropped to record low in 4Q
- Chosen as one of the “Best for Frequent Traders” by Barron's Magazine's Annual Ranking
- Brand refresh and various campaigns attract casual traders to expand customer base
- Offers real-time spot data for cryptocurrencies in addition to bitcoin futures offering

**Active accounts steadily increase as a capital of net interest income  
(8-year annual growth rate: 8%)**



**Increase in customers' asset in custody**

◆ Customers' assets in custody

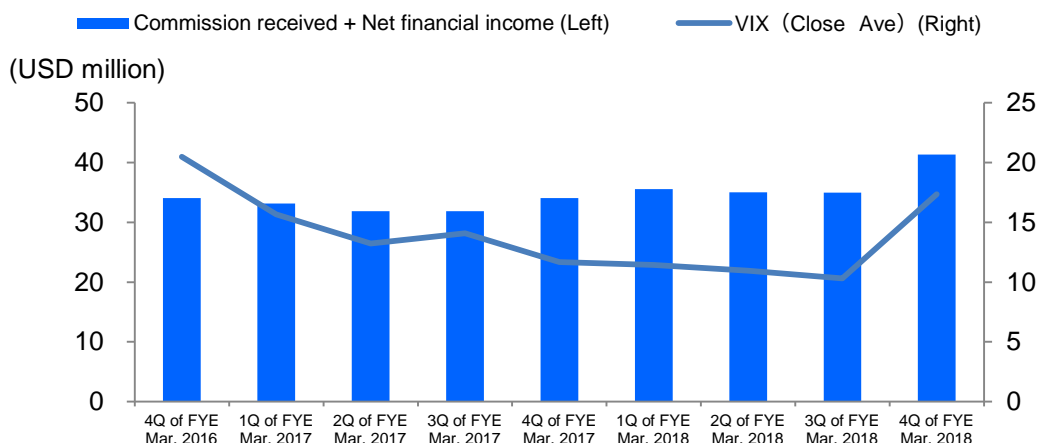


## ■ Steady profit structure and a further increase in revenue by higher volatility and interest rates

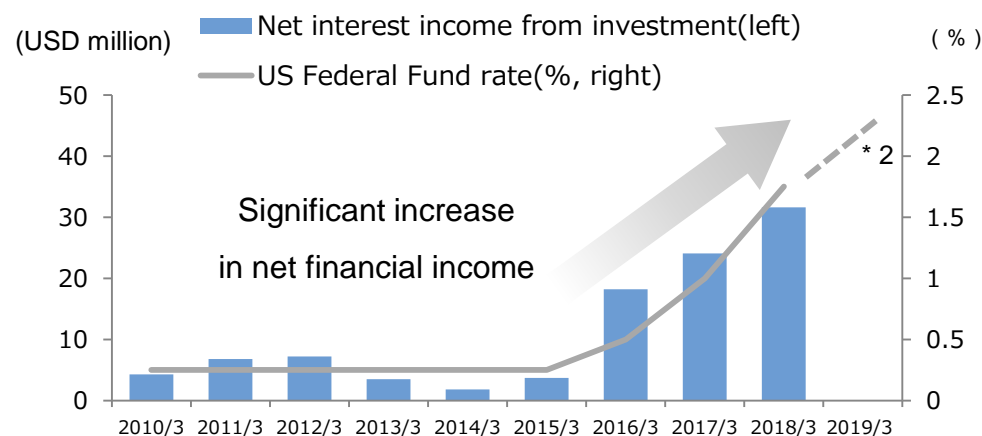
- Increased brokerage commission in 4Q due to high volatility of 17.4\* (vs 10.3\* in 3Q)
- As an increase in volatility accelerated transactions in 4Q, Commission received + Net financial income increased by about 18% from the previous quarter
- After the expiration of interest rate swap in November 2018, \$ 1 B of customers' assets in custody will earn a higher rate of interest. Assuming the US Federal Fund rate is raised 25 bps in both June and December 2018, net interest income in FYE 2019 would increase by \$ 11 M (vs FYE 2018)

\*VIX close average price

### ◆ VIX and commission received + net financial income



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



\*1 Excluding net interest income from margin trading and stock lending

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

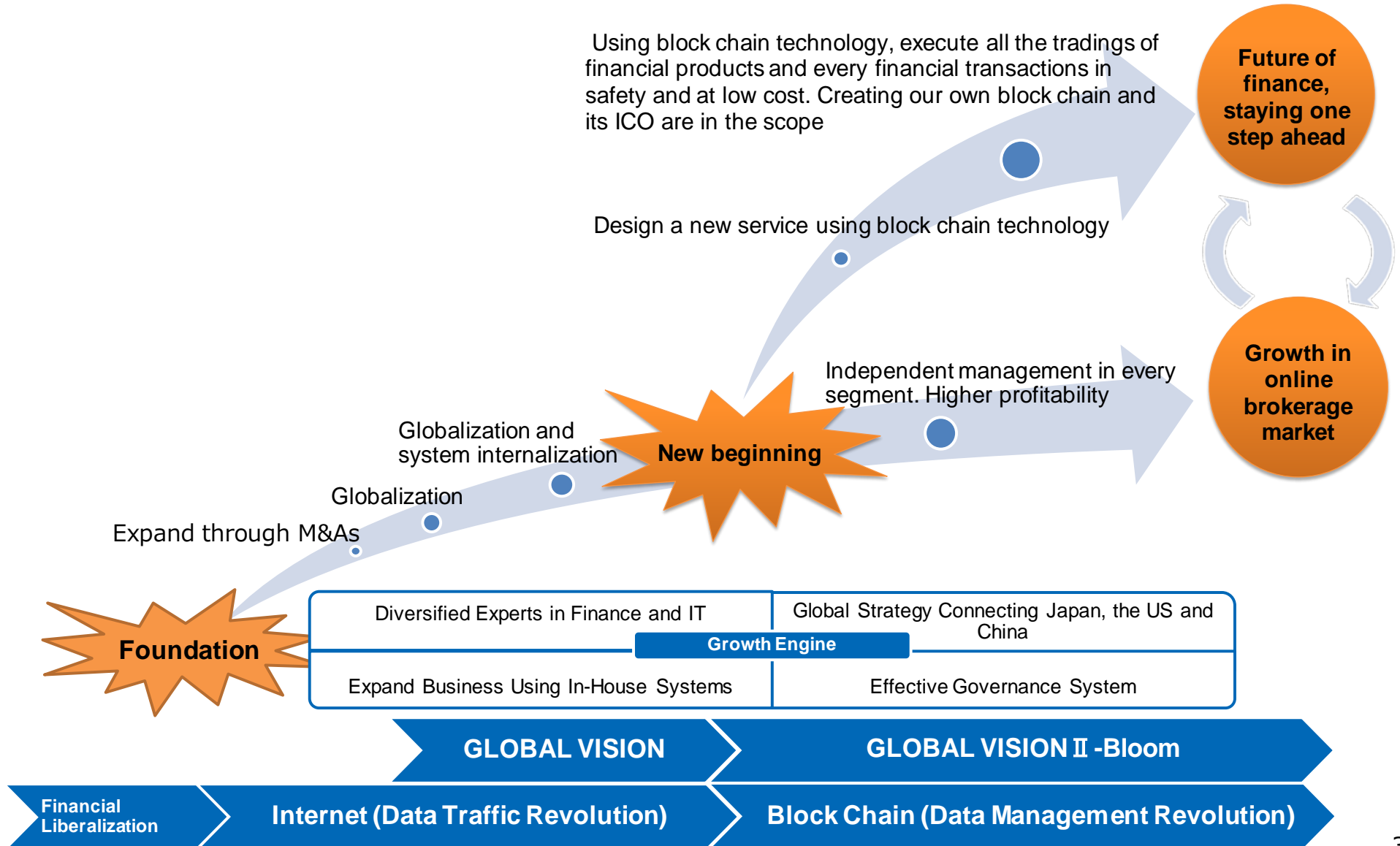
## Explore business opportunities in Asia Pacific area

- Launched online securities business operation in Australia
  - Monex Securities Australia Pty Ltd operates online securities business since January 2018
  - The company makes use of the system of the HK-based brokerage subsidiary in order to lighten the infrastructure and offer cost-competitive services
  - Strengthen marketing for recognition to enlarge customer base
  - Establish a business model in Australia, leading to business expansion in other regions
  
- Quarterly financial results of Monex Boom Securities (HK)
  - Amount equivalent to operating income increases 76% from 3Q due to steadily growing revenue including an increase of brokerage commissions
  - Various promotions and PR activities to expand customer base
  - Launched futures trading service on April 23, 2018
  
- Providing technology and knowledge of online brokerage business through a joint venture in PRC

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

Appendix. Group Overview

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



Aim to improve margin to achieve business growth and a consolidated operating profit margin of 30%



Listed Holding Company

Monex Group will enhance its ability to oversee each region and segment to ensure the implementation of optimal business strategies, the effective allocation of management resources and the promotion of mutually beneficial cooperation and collaboration across segments so that synergies can be created and maximized across the entire Group.



US Segment

US segment will broaden its customer base



Japan Segment

Japan segment will reduce costs and increase revenues with our world-class financial expertise and the in-house backbone system, which enables to develop systems flexibly, quickly and inexpensively

Also Japan segment will use block chain technology for the aim of execute all the trading of financial products and every financial transactions in safety and at low cost. Creating our own block chain and its ICO are in the scope



Asia- Pacific Segment

Asia Pacific segment aims to expand the business size

Strengthen the management structure that all the group companies establish an independent management system with a sufficient profitability and contribute to the profit and the corporate value of the Monex Group

## Establish global-standard corporate governance practices and emphasize 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 independent & outside directors have managed companies
- Appointed a lead outside director. Actively exchanges opinions at meetings led by the lead outside director and composed mainly by independent & outside directors
- Various backgrounds: Management experience (current/former CEOs of listed companies or global companies), Expertise (lawyer, CPA\*), Business experience (finance, IT, global business), Culture & society (gender, country of residence, nationality)

### Fair disclosure and dialogue for retail/institutional investors

- Timely and fair information disclosure both in Japanese and English
- Active dialogue with shareholders: CEO holds quarterly presentation sessions for retail shareholders
- Annual general meeting of shareholders is held on weekend so that retail shareholders can attend the meeting (Reference)
  - 13<sup>th</sup> ordinary general meeting of shareholders (June 24, 2017)
  - Attendance of shareholders: 685

\* Subjects for approval at the ordinary general shareholders meetings in June 23, 2018



- 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
  - AU : “Monex Australia” makes use of the system of the HK-based brokerage subsidiary in order to lighten the infrastructure and offer cost-competitive services

### 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. More than 60% of about 850 employees worldwide are based in the US

### Technology

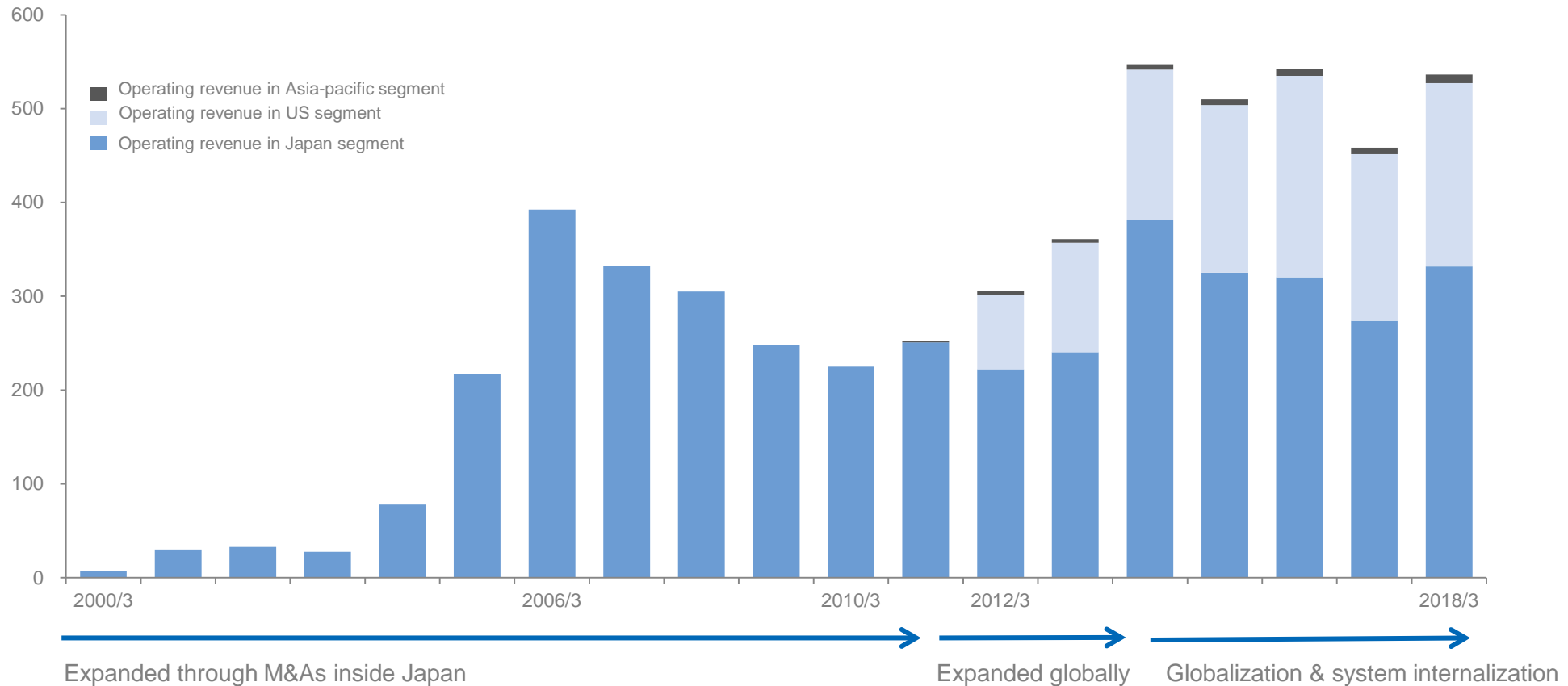
#### Create new customer experience and value based on technology

- 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. Will use resources to take advantage of new technologies such as block chain

- ✓ Japan: 1.76M accounts, US: 93K accounts, HK: 10K accounts. Monex has a global customer base
- ✓ Aim for continuous growth in the online brokerage business for retail investors as our core business

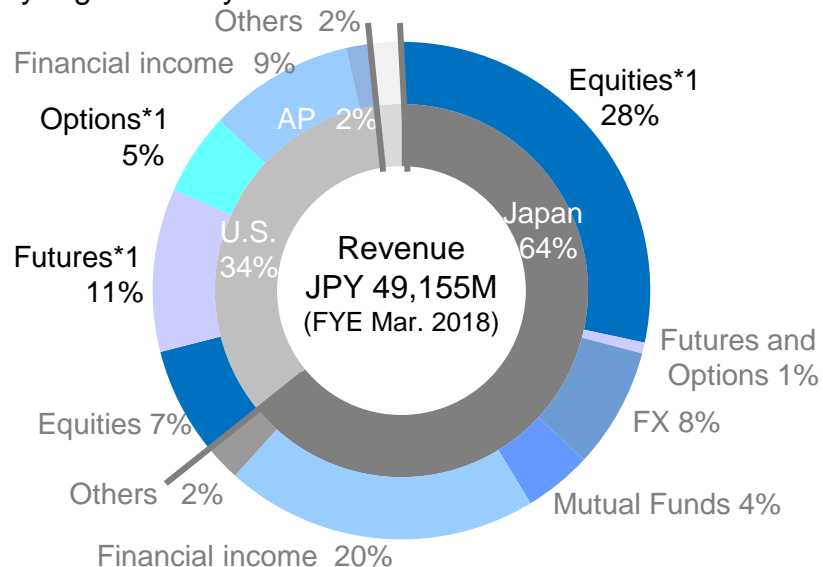
## ◆Consolidated Operating Revenue

(JPY million)

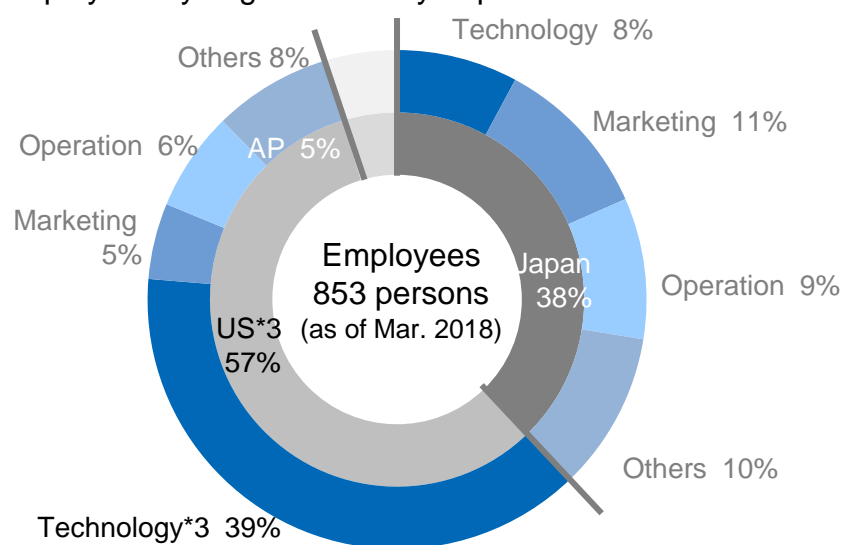


# Group Overview — Revenues, Costs: 60% from Japan, 40% from US; Employees: 40% in Japan, 60% in US

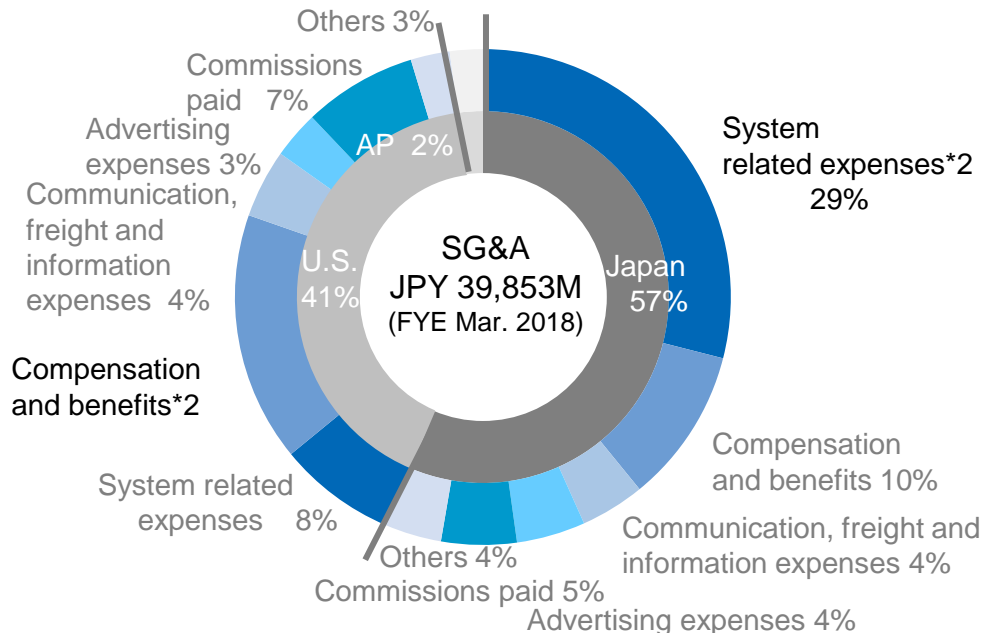
## ◆ Total operating revenue after deducting financial expenses by region and by business



## ◆ Employees by segment and by department



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

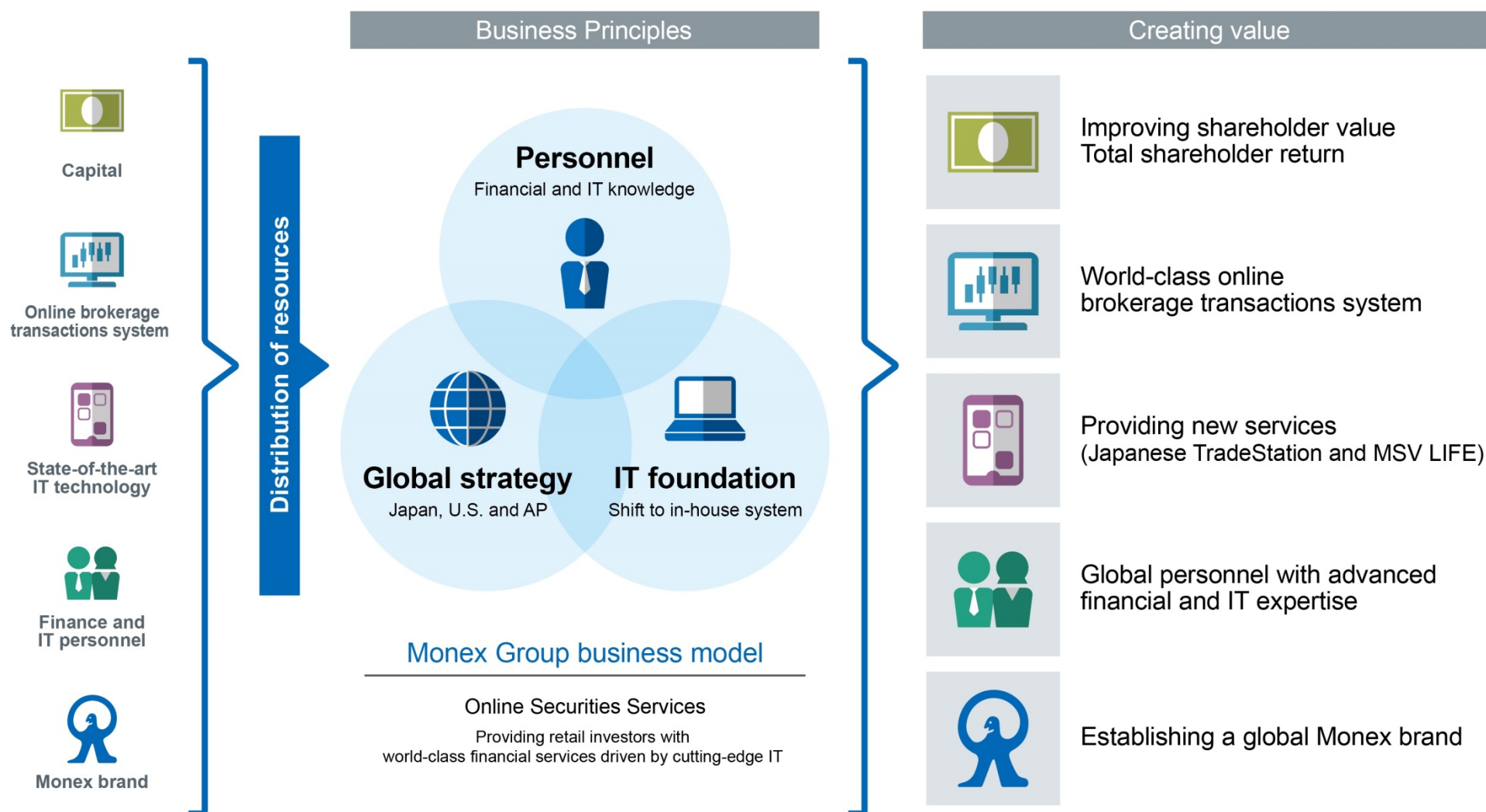


\*1. Total operating revenue after deducting financial expenses : US accounts for 1/3. Revenue in Japan primarily from equities while revenue in the US primarily from futures and options

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

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

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



## Expanding investments in Fintech companies

Online life insurance  
invested in 2006



Listed on Mar. 2012  
on TSE Mothers

Information platform  
/Curation  
invested in 2009



Listed on Oct. 2016 on TSE Mothers

PFM\*/Crowd Accounting  
invested in 2012



Listed on Sep. 2017 on TSE Mothers

P2P lending  
invested in 2014



EC  
invested in 2014



Payment  
invested in 2015



DLT\*\*  
invested in 2015



Mortgage loan consulting  
invested in 2015



(registered as moneylender)

Online reservation  
App for upper-end  
invested in 2016



Investment  
Information/DWM  
invested in 2016



B2B Robo-advisor  
invested in 2016



AI/Big Data  
Invested in 2017



Custom-designed  
Investment platform  
invested in 2017



(registered as Type I  
Financial Instruments  
Business)

Stock Investment type  
Crowd funding Invested in  
2017



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

Crypto-asset related business  
Invested in 2017



Web media  
Invested in 2017



Vertical EC  
Invested in 2018



AI  
Invested in 2018



PFM\*  
Invested in 2018



Crypto-asset related business  
Invested in 2018



Photo EC  
Invested in 2018



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



# MONEX GROUP

Monex Group, Inc.

(As of March 31, 2018)

Listed Holding Company

[Japan]

Online Securities Company



**MONEX**

**Monex, Inc.**

Comprehensive investment service provider

Program Trading

**trade-science**

Trade Science Corporation

Research and development of methods  
of investment for marketable securities;

Corporate Venture Capital

**MONEX**  
**Ventures**

**Monex Ventures, Inc.**

Financial × IT × global  
Venture investment

Asset Management



**Monex-Saison-Vanguard Investment Partners**

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

(Investment Ratio) Monex G: 51%

Finance Company

**Monex Finance Corporation**

Finance company for the group companies of Monex Group

[US/Europe]

**TradeStation**  
Member of Monex Group

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

Online Securities Company

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

Technology

TradeStation Technologies, Inc.  
(US)

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

EU Base

TradeStation International Limited  
introduce international customers

[Asia Pacific]

Monex International Limited  
Holding Company in Hong Kong

Online Securities Company

**BOOM**  
TRADE LOCALLY · INVEST GLOBALLY

**Monex BOOM Group**  
Online securities group in Hong Kong

Beijing Representative Office  
(Monex, Inc.)

Online Securities Company

**MONEX**  
A world of difference

Monex Securities Australia Pty Ltd  
(Australia)

Technology support

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

## ■ 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 : Oki Matsumoto
- Founded in 1999
- Aims to provide retail investors the level of creative products & services offered to institutional investors
- First in the Japanese industry to offer unique services & products for retail investors (Examples): PTS/ECN, stock lending, lead manager in an IPO as an online broker, RMB bonds, No.1 U.S. equity service in Japan (the largest number of stock names available, the longest trading hours & the lowest commissions), offering the largest-class private equity fund in the world, First smartphone app for US equity as major online broker
- Products & services: Equities (Japan, U.S., Hong Kong), futures & options, FX, mutual funds, bonds, investment education, etc.
- # of total accounts: 1,760,805
- # of active accounts: 1,045,035
- ("Active accounts": accounts with balance or with at least one trade or transaction a year.)
- Customers' assets in custody: JPY 4.2290 trillion

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

Online securities group with award-winning trading technology development capabilities

- President: John Bartleman
- Founded in 1982, joined Monex Group in Jun. 2011
- An award-winning TradeStation platform recognized and highly regarded by active traders; a multi-asset platform with a robust algorithm trading language (EasyLanguage®) that enables sophisticated analysis capabilities and back-testing ability
- Licenses "TradeStation" platform as a technology provider to brokers in Japan, China and Korea
- Products & services: Equities (U.S.), options and futures
- # of active accounts: 74,810
- Customers' assets in custody: JPY 550,769 million

## ■ Monex Boom Securities Group (Hong Kong)

Offers access to over 12 markets

- COO: Ivan Law
- Founded in 1997, joined Monex Group in Dec. 2010
- First online stockbroker for retail investors in Asia Pacific
- Products & services: Equities (12 markets such as Hong Kong, US, Japan, etc.) Trades available in 6 currencies in a single trading account
- # of accounts with balance: 12,195
- Customers' assets in custody: JPY 169,082 million

## ■ Monex Securities Australia Pty Ltd (Australia)

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

The numbers above are as of March 31, 2018.



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

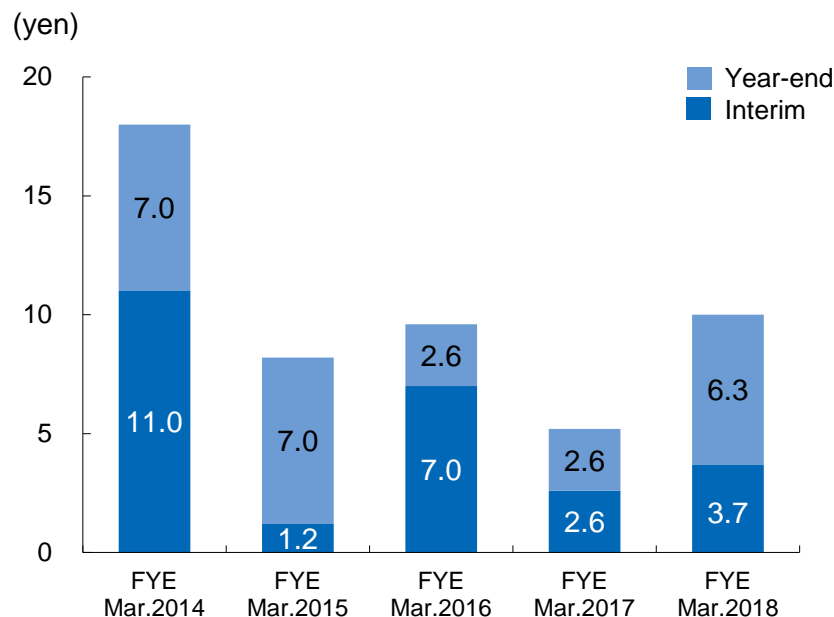
As of March 2018

## ■ Pursue returns to shareholders through ROE improvement

### ◆ Our basic policy for shareholders distribution

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

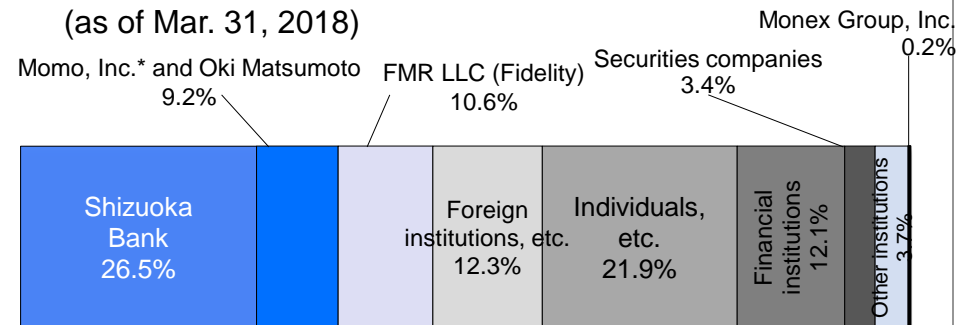
### ◆ Dividend history



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

## ■ Shareholders & indicators per share

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



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

\* Formerly known as Oki Matsumoto, Inc.

### ◆ Indicators per share

	FYE Mar. 2014	FYE Mar. 2015	FYE Mar. 2016	FYE Mar. 2017	FYE Mar. 2018
Equity attributable to owners of the Company per share (BPS)	280.52 yen	302.18 yen	302.03 yen	290.00 Yen	298.50 Yen
Earnings per share attributable to owners of the Company (EPS)	35.76 yen	12.15yen	12.46yen	1.06yen	24.33yen
Rate of Return on Equity(ROE)	12.9%	4.2%	4.1%	0.4%	8.3%
Dividends per share	18.0yen	8.2yen	9.6yen	5.2yen	10.0yen

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