



Monex Group, Inc.

Consolidated Financial Summary under IFRSs for the 1Q of the fiscal year ending March 31, 2018 (April 1, 2017 - June 30, 2017)

This is an English translation for the Japanese report of the consolidated financial summary under IFRSs for the 1Q of the fiscal year ending March 31, 2018. If there is any discrepancy between the statement in English and Japanese, the Japanese statement shall take precedence.

Basis of preparation of financial statements

The financial information included in this report is based on our un-audited consolidated financial statements for the 1Q of the fiscal year ending March 31, 2018. All of those financial statements have been prepared based on IFRSs. All financial information presented in million yen has been rounded to the nearest million.

Use of estimates and judgments

Management of Monex Group, Inc. and its subsidiaries is required to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amount of assets, liabilities, income and expenses in preparation of financial statements in accordance with IFRSs. Actual results could differ from these estimates.

Accounting estimates and its underlying assumptions are continually reviewed. The impact of revisions to accounting estimates is prospectively recognized in the period when the revision is made and in subsequent periods.

Monex Group, Inc. / July 2017

Consolidated Financial Summary

For the 1Q of the fiscal year ending March 31, 2018

(Millions of Yen)	
Operating results (from Apr. 1, 2017 to Jun. 30, 2017):	
Total revenue.....	¥12,371
Total expenses.....	11,576
Quarterly profit before income taxes	795
Income tax expense.....	386
Quarterly profit	¥410
Quarterly profit attributable to :	
Owners of the Company.....	¥441
Non-controlling interests.....	(31)
(Millions of Yen)	
Financial Position (as of Jun. 30, 2017):	
Total assets.....	¥995,283
Equity attributable to owners of the Company.....	80,314
(Yen)	
Earnings per share attributable to owners of the Company (from Apr. 1, 2017 to Jun. 30, 2017):	
Basic earnings per share.....	¥1.58
Diluted earnings per share.....	1.58

Note:

Earnings per share attributable to owners of the Company are computed by dividing quarterly profit attributable to owners by the weighted average number of common shares outstanding for the period.

Quarterly Consolidated Statements of Income

	(Millions of Yen)	
	Three months ended June 30, 2016	Three months ended June 30, 2017
Revenue:		
Commission received	¥6,807	¥6,884
Net trading income	1,309	883
Financial income	3,271	3,951
Other operating income	237	127
Total operating revenue	11,624	11,845
Other financial income	355	336
Other income	520	68
Equity in profits of equity method investments	—	123
Total revenue	12,500	12,371
Expenses:		
Financial expenses	990	1,009
Selling, general and administrative expenses	10,118	9,816
Other financial expenses	569	583
Other expenses	253	168
Equity in losses of equity method investments	14	—
Total expenses	11,944	11,576
Quarterly profit before income taxes	556	795
Income tax expense	323	386
Quarterly profit	¥233	¥410
Quarterly profit attributable to :		
Owners of the Company	¥261	¥441
Non-controlling interests	(28)	(31)
Earnings per share attributable to owners of the Company:		
	(in yen)	(in yen)
Basic earnings per share	¥0.92	¥1.58
Diluted earnings per share	0.92	1.58

Quarterly Consolidated Statements of Comprehensive Income

	(Millions of Yen)	
	Three months ended June 30, 2016	Three months ended June 30, 2017
Quarterly profit	¥233	¥410
Other comprehensive income:		
Items that may be reclassified subsequently to profit or loss:		
Changes in fair value of available-for-sale financial assets	561	73
Changes in fair value of hedging instrument	136	9
Foreign currency translation adjustments in foreign operations	(2,167)	212
Share of other comprehensive income of equity method investments	(3)	(34)
Other comprehensive income after income taxes	(1,474)	261
Quarterly comprehensive income	¥(1,241)	¥670
Quarterly comprehensive income attributable to :		
Owners of the Company	¥(1,213)	¥702
Non-controlling interests	(28)	(31)

Quarterly Consolidated Statements of Financial Position

	(Millions of Yen)	
	As of March 31, 2017	As of June 30, 2017
Assets:		
Cash and cash equivalents	¥77,900	¥122,936
Cash segregated as deposits	552,028	564,068
Trading securities and other	1,697	2,436
Derivative assets	13,443	11,987
Investments in securities	3,611	3,844
Margin transaction assets	147,653	144,888
Loans secured by securities	34,250	33,978
Other financial assets	49,049	54,029
Property and equipment	2,062	2,400
Intangible assets	53,751	53,258
Equity method investments	363	443
Deferred tax assets	2	—
Other assets	967	1,016
Total assets	¥936,776	¥995,283
Liabilities and Equity:		
Liabilities:		
Trading securities and other	¥—	¥100
Derivative liabilities	5,828	7,137
Margin transaction liabilities	40,664	46,462
Loans payable secured by securities	77,504	109,213
Deposits received	324,672	342,674
Guarantee deposits received	257,753	269,314
Bonds and loans payable	138,133	130,717
Other financial liabilities	6,622	5,176
Provisions	166	148
Income taxes payable	389	162
Deferred tax liabilities	2,401	2,795
Other liabilities	958	787
Total liabilities	855,090	914,685
Equity:		
Common stock	10,394	10,394
Additional paid-in capital	40,547	40,510
Treasury stock	—	(1,030)
Retained earnings	20,209	19,957
Other components of equity	10,222	10,483
Equity attributable to owners of the Company	81,372	80,314
Non-controlling interests	315	284
Total equity	81,687	80,598
Total liabilities and equity	¥936,776	¥995,283

Quarterly Consolidated Statements of Cash Flows

	(Millions of Yen)	
	Three months ended June 30, 2016	Three months ended June 30, 2017
Cash flows from operating activities:		
Quarterly profit before income taxes	¥556	¥795
Depreciation and amortization	1,580	2,054
Loss on business restructuring	145	—
Reversal of allowance for loss on cancellation of outsourcing contract	(508)	—
Financial income and financial expenses	(2,068)	(2,695)
Decrease/increase in derivative assets and liabilities	(4,312)	2,841
Decrease/increase in assets/liabilities for margin transaction	4,691	8,563
Decrease/increase in loans/loans payable secured by securities	6,564	32,029
Decrease/increase in cash segregated as deposits	4,130	(10,161)
Decrease/increase in deposits received and guarantee deposits received	16,245	27,519
Decrease/increase in short-term loans receivable	18,928	(2,861)
Other, net	673	(4,560)
Sub total	46,623	53,524
Interest and dividends income received	3,394	3,912
Interest expenses paid	(1,267)	(1,067)
Income taxes paid	(1,945)	(617)
Net cash provided by (used in) operating activities	46,805	55,753
Cash flows from investing activities:		
Purchase of investments in securities	—	(1)
Proceeds from sales and redemption of securities	8	9
Purchase of property and equipment	(254)	(510)
Purchase of intangible assets	(2,008)	(1,318)
Purchase of investments in joint ventures	(12)	(5)
Other, net	9	(21)
Net cash provided by (used in) investing activities	(2,257)	(1,845)
Cash flows from financing activities:		
Net increase/decrease in short-term loans payable	171	(6,474)
Proceeds from issuance of bonds payable	2,996	2,996
Redemption of bonds payable	—	(3,000)
Repayment of long-term loans payable	(22,300)	(1,000)
Purchase of treasury stock	(1,000)	(1,030)
Cash dividends paid	(692)	(713)
Proceeds from stock issuance to non-controlling interests	245	—
Other, net	37	—
Net cash provided by (used in) financing activities	(20,544)	(9,221)
Net increase/decrease in cash and cash equivalents	24,004	44,686
Cash and cash equivalents at the beginning of period	59,756	76,557
Effect of exchange rate change on cash and cash equivalents	(947)	61
Cash and cash equivalents at the end of period	¥82,813	¥121,304