



Monex Group, Inc.

Consolidated Financial Summary under IFRS for the 1Q of the fiscal year ending March 31, 2017 (April 1, 2016 - June 30, 2016)

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, 2017. 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, 2017. 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 2016

Consolidated Financial Summary

For the 1Q of the fiscal year ending March 31, 2017

(Millions of Yen)	
Operating results (from Apr. 1, 2016 to Jun. 30, 2016):	
Total revenue.....	¥12,500
Total expenses.....	11,944
Quarterly profit before income taxes	556
Income tax expense.....	323
Quarterly profit	¥233
Quarterly profit attributable to :	
Owners of the Company.....	¥261
Non-controlling interests.....	(28)

(Millions of Yen)	
Financial Position (as of Jun. 30, 2016):	
Total assets.....	¥865,376
Equity attributable to owners of the Company.....	82,900

(Yen)	
Earnings per share attributable to owners of the Company (from Apr. 1, 2016 to Jun. 30, 2016):	
Basic earnings per share.....	¥0.92
Diluted earnings per share.....	0.92

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, 2015	Three months ended June 30, 2016
Revenue:		
Commission received	¥8,499	¥6,807
Net trading income	1,813	1,309
Financial income	3,670	3,271
Other operating income	212	237
Total operating revenue	14,194	11,624
Other financial income	77	355
Other income	26	520
Total revenue	14,297	12,500
Expenses:		
Financial expenses	1,234	990
Selling, general and administrative expenses.	10,517	10,118
Other financial expenses	30	569
Other expenses	9	253
Equity in losses of equity method investments	5	14
Total expenses	11,796	11,944
Quarterly profit before income taxes	2,501	556
Income tax expense.....	769	323
Quarterly profit	¥1,733	¥233
Quarterly profit attributable to :		
Owners of the Company.....	¥1,733	¥261
Non-controlling interests.....	—	(28)
Earnings per share attributable to owners of the Company:		
	(in yen)	(in yen)
Basic earnings per share.....	¥6.02	¥0.92
Diluted earnings per share.....	—	0.92

Quarterly Consolidated Statements of Comprehensive Income

	(Millions of Yen)	
	Three months ended June 30, 2015	Three months ended June 30, 2016
Quarterly profit	¥1,733	¥233
Other comprehensive income:		
Items that may be reclassified subsequently to profit or loss:		
Changes in fair value of available-for-sale financial assets	19	561
Changes in fair value of hedging instrument	(119)	136
Foreign currency translation adjustments in foreign operations	529	(2,167)
Share of other comprehensive income of equity method investments	45	(3)
Other comprehensive income after income taxes	473	(1,474)
Quarterly comprehensive income	¥2,206	¥(1,241)
Quarterly comprehensive income attributable to :		
Owners of the Company	¥2,206	¥(1,213)
Non-controlling interests	—	(28)

Quarterly Consolidated Statements of Financial Position

	(Millions of Yen)	
	As of March 31, 2016	As of June 30, 2016
Assets:		
Cash and cash equivalents	¥61,902	¥84,924
Cash segregated as deposits	497,442	475,799
Trading securities and other	2,945	2,977
Derivative assets.....	19,153	21,292
Investments in securities	3,707	3,710
Margin transaction assets	149,236	136,239
Loans secured by securities.....	31,628	39,636
Other financial assets	64,272	44,849
Property and equipment	2,457	2,224
Intangible assets	53,053	51,033
Equity method investments	1,125	1,086
Deferred tax assets	8	46
Other assets	1,187	1,561
Total assets	¥888,116	¥865,376
Liabilities and Equity:		
Liabilities:		
Trading securities and other	¥—	¥13
Derivative liabilities	7,178	4,786
Margin transaction liabilities.....	33,006	24,701
Loans payable secured by securities	71,974	87,049
Deposits received	350,904	353,239
Guarantee deposits received.....	170,666	165,148
Bonds and loans payable	154,261	134,677
Other financial liabilities	5,868	5,717
Provisions	2,556	2,072
Income taxes payable	1,505	200
Deferred tax liabilities.....	3,161	3,539
Other liabilities	1,014	911
Total liabilities	802,094	782,052
Equity:		
Common stock	10,394	10,394
Additional paid-in capital.....	40,510	40,547
Treasury stock	—	(1,000)
Retained earnings	22,380	21,902
Other components of equity	12,532	11,058
Equity attributable to owners of the Company	85,816	82,900
Non-controlling interests.....	207	424
Total equity	86,022	83,324
Total liabilities and equity	¥888,116	¥865,376

Quarterly Consolidated Statements of Cash Flows

	(Millions of Yen)	
	Three months ended June 30, 2015	Three months ended June 30, 2016
Cash flows from operating activities:		
Quarterly profit before income taxes.....	¥2,501	¥556
Depreciation and amortization.....	1,154	1,580
Loss on business restructuring.....	—	145
Reversal of allowance for loss on cancellation of outsourcing contract	—	(508)
Financial income and financial expenses.....	(2,483)	(2,068)
Decrease/increase in derivative assets and liabilities.....	(134)	(4,312)
Decrease/increase in assets/liabilities for margin transaction.....	(10,449)	4,691
Decrease/increase in loans/loans payable secured by securities.....	5,476	6,564
Decrease/increase in cash segregated as deposits.....	(33,641)	4,130
Decrease/increase in deposits received and guarantee deposits received.....	56,521	16,245
Decrease/increase in short-term loans receivable.....	(8,988)	18,928
Other, net.....	(864)	673
Sub total.....	9,094	46,623
Interest and dividends income received.....	3,525	3,394
Interest expenses paid.....	(1,308)	(1,267)
Income taxes paid.....	(726)	(1,945)
Net cash provided by (used in) operating activities	10,585	46,805
Cash flows from investing activities:		
Purchase of investments in securities.....	(2)	—
Proceeds from sales and redemption of securities.....	4,396	8
Purchase of property and equipment.....	(88)	(254)
Purchase of intangible assets.....	(2,741)	(2,008)
Purchase of investments in joint ventures.....	(288)	(12)
Other, net.....	19	9
Net cash provided by (used in) investing activities	1,297	(2,257)
Cash flows from financing activities:		
Net increase/decrease in short-term loans payable.....	(593)	171
Proceeds from issuance of bonds.....	—	2,996
Repayment of long-term loans payable.....	(1,250)	(22,300)
Purchase of treasury stock.....	—	(1,000)
Cash dividends paid.....	(1,872)	(692)
Proceeds from stock issuance to non-controlling interests.....	—	245
Other, net.....	—	37
Net cash provided by (used in) financing activities	(3,714)	(20,544)
Net increase/decrease in cash and cash equivalents	8,167	24,004
Cash and cash equivalents at the beginning of period	66,337	59,756
Effect of exchange rate change on cash and cash equivalents	290	(947)
Cash and cash equivalents at the end of period	¥74,794	¥82,813