



Monex Group, Inc.

Consolidated Financial Summary under IFRSs for the 3Q of the fiscal year ending March 31, 2017 (April 1, 2016 - December 31, 2016)

This is an English translation for the Japanese report of the consolidated financial summary under IFRSs for the 3Q 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 3Q 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. / January 2017

Consolidated Financial Summary

For the 3Q of the fiscal year ending March 31, 2017

(Millions of Yen)	
Operating results (from Apr. 1, 2016 to Dec. 31, 2016):	
Total revenue.....	¥35,912
Total expenses.....	35,118
Quarterly profit before income taxes	793
Income tax expense.....	490
Quarterly profit	¥303
Quarterly profit attributable to :	
Owners of the Company.....	¥401
Non-controlling interests.....	(97)

(Millions of Yen)	
Financial Position (as of Dec. 31, 2016):	
Total assets.....	¥994,696
Equity attributable to owners of the Company.....	83,710

(Yen)	
Earnings per share attributable to owners of the Company (from Apr. 1, 2016 to Dec. 31, 2016):	
Basic earnings per share.....	¥1.42
Diluted earnings per share.....	1.42

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)	
	Nine months ended December 31, 2015	Nine months ended December 31, 2016
Revenue:		
Commission received	¥24,717	¥19,666
Net trading income	5,179	3,446
Financial income	11,373	9,827
Other operating income	636	534
Total operating revenue	41,905	33,473
Other financial income	1,007	1,655
Other income	30	784
Total revenue	42,942	35,912
Expenses:		
Financial expenses	3,656	2,954
Selling, general and administrative expenses.	30,872	30,013
Other financial expenses	1,065	1,509
Other expenses	2,680	568
Equity in losses of equity method investments	52	75
Total expenses	38,326	35,118
Quarterly profit before income taxes	4,616	793
Income tax expense.....	1,434	490
Quarterly profit	¥3,182	¥303
Quarterly profit attributable to :		
Owners of the Company.....	¥3,200	¥401
Non-controlling interests.....	(18)	(97)
Earnings per share attributable to owners of the Company:		
	(in yen)	(in yen)
Basic earnings per share.....	¥11.20	¥1.42
Diluted earnings per share.....	11.20	1.42

Quarterly Consolidated Statements of Comprehensive Income

	(Millions of Yen)	
	Nine months ended December 31, 2015	Nine months ended December 31, 2016
Quarterly profit	¥3,182	¥303
Other comprehensive income:		
Items that may be reclassified subsequently to profit or loss:		
Changes in fair value of available-for-sale financial assets	749	(217)
Changes in fair value of hedging instrument	(384)	(838)
Foreign currency translation adjustments in foreign operations	27	990
Share of other comprehensive income of equity method investments	59	(9)
Other comprehensive income after income taxes	452	(74)
Quarterly comprehensive income	¥3,634	¥229
Quarterly comprehensive income attributable to :		
Owners of the Company	¥3,652	¥326
Non-controlling interests	(18)	(97)

Quarterly Consolidated Statements of Financial Position

	(Millions of Yen)	
	As of March 31, 2016	As of December 31, 2016
Assets:		
Cash and cash equivalents.....	¥61,902	¥128,593
Cash segregated as deposits	497,442	571,191
Trading securities and other	2,945	2,646
Derivative assets.....	19,153	12,368
Investments in securities	3,707	4,095
Margin transaction assets	149,236	129,171
Loans secured by securities.....	31,628	37,363
Other financial assets	64,272	49,343
Property and equipment	2,457	2,085
Intangible assets	53,053	55,628
Equity method investments	1,125	406
Deferred tax assets	8	8
Other assets	1,187	1,799
Total assets	¥888,116	¥994,696
Liabilities and Equity:		
Liabilities:		
Derivative liabilities	¥7,178	¥6,716
Margin transaction liabilities.....	33,006	38,248
Loans payable secured by securities	71,974	96,365
Deposits received	350,904	434,387
Guarantee deposits received.....	170,666	180,719
Bonds and loans payable	154,261	143,773
Other financial liabilities	5,868	4,643
Provisions	2,556	1,951
Income taxes payable	1,505	227
Deferred tax liabilities	3,161	2,740
Other liabilities	1,014	862
Total liabilities	802,094	910,631
Equity:		
Common stock	10,394	10,394
Additional paid-in capital.....	40,510	40,547
Treasury stock	—	(1,000)
Retained earnings	22,380	21,312
Other components of equity	12,532	12,458
Equity attributable to owners of the Company	85,816	83,710
Non-controlling interests.....	207	354
Total equity	86,022	84,065
Total liabilities and equity	¥888,116	¥994,696

Quarterly Consolidated Statements of Cash Flows

	(Millions of Yen)	
	Nine months ended December 31, 2015	Nine months ended December 31, 2016
Cash flows from operating activities:		
Quarterly profit before income taxes	¥4,616	¥793
Depreciation and amortization	3,580	5,019
Loss on business restructuring	—	145
Provision of allowance for loss on cancellation of outsourcing contract	2,361	—
Reversal of allowance for loss on cancellation of outsourcing contract	—	(508)
Gain on sales of investments in associates	—	(247)
Financial income and financial expenses	(7,658)	(7,020)
Decrease/increase in derivative assets and liabilities	(3,818)	5,000
Decrease/increase in assets/liabilities for margin transaction	(19,191)	25,307
Decrease/increase in loans/loans payable secured by securities	15,254	18,910
Decrease/increase in cash segregated as deposits	714	(65,292)
Decrease/increase in deposits received and guarantee deposits received	27,507	84,267
Decrease/increase in short-term loans receivable	1,718	20,197
Other, net	(5,251)	(5,155)
Sub total	19,833	81,416
Interest and dividends income received	10,900	9,913
Interest expenses paid	(3,971)	(3,331)
Income taxes refund/paid	(1,045)	(2,247)
Net cash provided by (used in) operating activities	25,717	85,751
Cash flows from investing activities:		
Purchase of investments in securities	(69)	(280)
Proceeds from sales and redemption of securities	5,390	956
Purchase of property and equipment	(553)	(451)
Purchase of intangible assets	(6,908)	(7,370)
Purchase of investments in joint ventures	(288)	(12)
Proceeds from sales of associates	—	295
Other, net	49	(175)
Net cash provided by (used in) investing activities	(2,380)	(7,037)
Cash flows from financing activities:		
Net increase/decrease in short-term loans payable	(912)	(11,506)
Proceeds from issuance of bonds	—	2,996
Purchase of redemption of bonds	—	(2,000)
Proceeds from long-term loans payable	—	24,902
Repayment of long-term loans payable	(2,500)	(25,300)
Purchase of treasury stock	(1,162)	(1,000)
Cash dividends paid	(3,985)	(1,463)
Proceeds from stock issuance to non-controlling interests	147	245
Proceeds from sales of investments in subsidiaries to non-controlling interests	98	—
Other, net	—	37
Net cash provided by (used in) financing activities	(8,315)	(13,091)
Net increase/decrease in cash and cash equivalents	15,022	65,623
Cash and cash equivalents at the beginning of period	66,337	59,756
Effect of exchange rate change on cash and cash equivalents	(86)	272
Cash and cash equivalents at the end of period	¥81,272	¥125,651