

MONEX GROUP

Financial results of Subsidiary (Monex, Inc.)

TOKYO, April 21, 2017 – Monex Group, Inc. (TSE 8698, Oki Matsumoto, Representative Executive Officer and CEO) reported today the following financial results of its wholly-owned subsidiary, Monex, Inc., for the fiscal year ended March 31, 2017 prepared in accordance with the generally accepted accounting principles in Japan.

Financial results for the fiscal year ended March 31, 2017 (From April 1, 2016 to March 31, 2017)

(1) Results of operations

(Unit: million yen)

	Operating revenue	Net operating revenue	Operating income	Ordinary income	Profit
For the year ended March 31, 2017	29,630	26,532	794	809	1,064
For the year ended March 31, 2016	35,078	31,886	7,457	7,505	3,207
Change (%)	-15.5	-16.8	-89.4	-89.2	-66.8

(2) Financial condition

(Unit: million yen)

	Total assets	Net assets
As of March 31, 2017	606,589	50,074
As of March 31, 2016	558,983	53,429

(Please refer to Appendix for more details)

Contact: Yumi Matsuzaki
Public Relations, CEO Office
Monex Group, Inc.
+81-3-4323-8698

Yuko Machida
Investor Relations, Financial Control Department
Monex Group, Inc.
+81-3-4323-8698

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Appendix

1. Financial Statements

(1) Balance Sheets

(Unit: million yen)

	As of March 31, 2016	As of March 31, 2017
Current assets		
Cash and deposits	46,557	62,823
Cash segregated for customers and others	222,067	273,417
Money held in trust	53,761	54,114
Trading assets	19,113	14,723
Trading securities and other	2,442	1,226
Derivatives	16,671	13,496
Margin transaction assets	149,235	147,653
Loans on margin transaction	145,646	138,499
Cash collateral pledged for securities borrowing on margin transaction	3,588	9,153
Loans secured by securities	5	-
Cash paid for offering	849	877
Short-term guarantee deposited	19,525	21,609
Accrued revenue	3,029	3,347
Short-term loans receivable	22,277	480
Deferred tax assets	-	33
Other current assets	3,008	6,021
Allowance for doubtful receivables	-1	-0
Total current assets	539,431	585,103
Non-current assets		
Property, plant and equipment	1,028	798
Intangible assets	16,891	19,370
Investment and others	1,631	1,317
Investment securities	1,017	484
Long-term guarantee deposits	328	483
Deferred tax assets	193	250
Other	209	212
Allowance for doubtful receivables	-117	-112
Total non-current assets	19,552	21,486
Total assets	558,983	606,589

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(Unit: million yen)

	As of March 31, 2016	As of March 31, 2017
Current liabilities		
Trading liabilities	6,510	5,424
Derivatives	6,510	5,424
Trade date accrual	129	402
Margin transaction liabilities	33,006	40,664
Borrowings on margin transaction	15,178	13,113
Cash received as collateral for securities lending on margin transaction	17,827	27,550
Loans payable secured by securities	46,076	50,060
Deposits received	178,914	145,322
Guarantee money received	110,386	199,318
Short-term borrowings	37,600	32,900
Current portion of long-term loans payable	31,800	10,600
Allowance for point services	137	126
Allowance for loss on cancellation of outsourcing contract	2,399	-
Deferred tax liabilities	22	-
Other current liabilities	5,367	4,619
Total current liabilities	452,350	489,440
Non-current liabilities		
Long-term debt	51,300	65,700
Other non-current liabilities	16	7
Total non-current liabilities	51,316	65,707
Statutory reserve		
Financial instruments transactions reserve	1,886	1,367
Total statutory reserve	1,886	1,367
Total liabilities	505,553	556,515
Net assets		
Common stock	12,200	12,200
Capital surplus	32,359	32,359
Retained earnings	6,627	4,272
Owners' equity	51,187	48,832
Net unrealized holding gains (losses) on securities	2,241	1,242
Accumulated other comprehensive income	2,241	1,242
Total net assets	53,429	50,074
Total liabilities and net assets	558,983	606,589

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(2)Statement of income

(Unit: million yen)

	For the fiscal year ended March 31, 2016 (From April 1, 2015 to March 31, 2016)	For the fiscal year ended March 31, 2017 (From April 1, 2016 to March 31, 2017)
Operating revenue		
Commission revenue	19,478	15,379
Brokerage commission	16,149	12,683
Underwriting and distribution	152	136
Subscription and distribution	791	442
Other commissions	2,384	2,117
Net gain on trading account	5,675	4,499
Financial income	9,733	9,558
Other operating revenue	145	192
Total operating revenue	35,078	29,630
Financial expenses	3,191	3,097
Net operating revenue	31,886	26,532
Selling, general and administrative expenses	24,428	25,738
Operating income	7,457	794
Non-operating income	70	38
Non-operating expenses	22	23
Ordinary income	7,505	809
Extraordinary income		
Compensation income	-	810
Reversal of financial instruments transactions reserve	-	519
Reversal of allowance for loss on cancellation of outsourcing contract	-	508
Gain on redemption of investment securities	-	72
Total extraordinary income	-	1,909
Extraordinary loss		
System migration expenses	-	1,147
Loss on cancellation of outsourcing contracts	51	70
Loss on disposal of Property, plant and equipment	-	21
Provision of allowance for loss on cancellation of outsourcing contract	2,399	-
Provision of financial instruments transactions reserve	148	-
Total extraordinary loss	2,599	1,240
Income before income taxes	4,905	1,478
Income taxes - current	2,534	85
Income taxes - deferred	-835	328
Total income taxes	1,698	414
Profit	3,207	1,064

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2. Supplementary information

(1) Brokerage commissions

(Unit: million yen)

	For the fiscal year ended March 31, 2016 (From April 1, 2015 to March 31, 2016)	For the fiscal year ended March 31, 2017 (From April 1, 2016 to March 31, 2017)
Stocks and ETFs	15,421	12,261
Options and Futures	727	422
Total brokerage commissions	16,149	12,683

(2) Brokerage trading value of stocks and ETFs

(Unit: million yen)

	For the fiscal year ended March 31, 2016 (From April 1, 2015 to March 31, 2016)	For the fiscal year ended March 31, 2017 (From April 1, 2016 to March 31, 2017)
Cash	8,627,655	6,877,062
Margin	8,426,498	6,438,794
Total	17,054,153	13,315,856

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(3) Statement of income for each quarter

(Unit: million yen)

	1Q of FYE Mar. 2016	2Q of FYE Mar. 2016	3Q of FYE Mar. 2016	4Q of FYE Mar. 2016	1Q of FYE Mar. 2017	2Q of FYE Mar. 2017	3Q of FYE Mar. 2017	4Q of FYE Mar. 2017
Operating revenue								
Commission revenue	5,365	5,433	4,349	4,329	3,969	3,564	4,037	3,808
Brokerage commission	4,512	4,553	3,533	3,549	3,294	2,911	3,382	3,094
Underwriting and distribution	19	10	102	19	26	30	44	35
Subscription and distribution	224	236	139	191	130	90	94	126
Other commissions	609	632	573	568	517	532	516	551
Net gain on trading account	1,543	1,596	1,175	1,359	1,308	1,077	1,061	1,051
Financial income	2,824	2,270	2,660	1,978	2,573	1,870	2,442	2,672
Other operating revenue	40	42	51	55	85	47	32	27
Total operating revenue	9,774	9,342	8,238	7,723	7,937	6,559	7,573	7,559
Financial expenses	1,128	568	963	530	1,025	553	972	547
Net operating revenue	8,645	8,773	7,274	7,192	6,912	6,006	6,601	7,012
Selling, general and administrative expenses	6,115	6,187	6,072	6,053	6,255	6,182	6,495	6,804
Operating income	2,530	2,586	1,202	1,138	656	-176	105	208
Non-operating income	24	12	17	16	16	6	8	7
Non-operating expenses	1	8	1	10	2	1	2	17
Ordinary income	2,552	2,590	1,217	1,144	670	-171	112	198
Extraordinary income								
Compensation income	-	-	-	-	-	-	-	810
Reversal of financial instruments transactions reserve	-	-	-	-	519	-	-	-
Reversal of allowance for loss on cancellation of outsourcing contract	-	-	-	-	508	-80	80	-
Gain on redemption of investment securities	-	-	-	-	-	-	72	-
Total extraordinary income	-	-	-	-	1,027	-80	152	810
Extraordinary loss								
System migration expenses	-	-	-	-	-	-	130	1,017
Loss on cancellation of outsourcing contracts	-	43	-	8	-	70	-	-
Loss on disposal of Property, plant and equipment	-	-	-	-	21	-	-	-
Provision of allowance for loss on cancellation of outsourcing contract	-	-	2,360	39	-	-	-	-
Provision of financial instruments transactions reserve	98	39	-	10	-	-	-	-
Total extraordinary loss	98	82	2,360	58	21	70	130	1,017
Income or loss before income taxes	2,454	2,507	-1,142	1,086	1,675	-322	134	-8
Income taxes - current	901	902	291	440	146	-126	70	-3
Income taxes - deferred	-64	-66	-690	-14	207	38	8	74
Total income taxes	836	835	-399	425	353	-88	78	70
Profit or loss	1,617	1,672	-743	660	1,322	-234	55	-79

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