



Monex Group, Inc.

Consolidated Financial Summary under IFRSs for the 2Q of the fiscal year ending March 31, 2018 (April 1, 2017 - September 30, 2017)

This is an English translation for the Japanese report of the consolidated financial summary under IFRSs for the 2Q 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 2Q 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. / October 2017

Consolidated Financial Summary

For the 2Q of the fiscal year ending March 31, 2018

(Millions of Yen)	
Operating results (from Apr. 1, 2017 to Sep. 30, 2017):	
Total revenue.....	¥25,108
Total expenses.....	22,099
Quarterly profit before income taxes	3,009
Income tax expense.....	1,074
Quarterly profit	¥1,935
Quarterly profit attributable to :	
Owners of the Company.....	¥2,014
Non-controlling interests.....	(80)

(Millions of Yen)	
Financial Position (as of Sep. 30, 2017):	
Total assets.....	¥980,582
Equity attributable to owners of the Company.....	82,247

(Yen)	
Earnings per share attributable to owners of the Company (from Apr. 1, 2017 to Sep. 30, 2017):	
Basic earnings per share.....	¥7.24
Diluted earnings per share.....	7.24

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)	
	Six months ending September 30, 2016	Six months ending September 30, 2017
Revenue:		
Commission received	¥12,903	¥13,819
Net trading income	2,385	1,807
Financial income	6,362	8,703
Other operating income	401	279
Total operating revenue	22,051	24,608
Other financial income	643	275
Other income	696	92
Equity in profits of equity method investments	—	133
Total revenue	23,390	25,108
Expenses:		
Financial expenses	1,950	2,152
Selling, general and administrative expenses	19,973	19,356
Other financial expenses	987	373
Other expenses	325	218
Equity in losses of equity method investments	46	—
Total expenses	23,281	22,099
Quarterly profit before income taxes	109	3,009
Income tax expense	279	1,074
Quarterly profit or loss	¥(170)	¥1,935
Quarterly profit or loss attributable to :		
Owners of the Company	¥(102)	¥2,014
Non-controlling interests	(67)	(80)
Earnings per share attributable to owners of the Company:	(in yen)	(in yen)
Basic earnings per share	¥(0.36)	¥7.24
Diluted earnings per share	(0.37)	7.24

Quarterly Consolidated Statements of Comprehensive Income

	(Millions of Yen)	
	Six months ending September 30, 2016	Six months ending September 30, 2017
Quarterly profit or loss	¥(170)	¥1,935
Other comprehensive income:		
Items that may be reclassified subsequently to profit or loss:		
Changes in fair value of available-for-sale financial assets	146	352
Changes in fair value of hedging instrument	(232)	32
Foreign currency translation adjustments in foreign operations	(2,599)	228
Share of other comprehensive income of equity method investments	(29)	(1)
Other comprehensive income after income taxes	(2,715)	612
Quarterly comprehensive income	¥(2,885)	¥2,547
Quarterly comprehensive income attributable to :		
Owners of the Company	¥(2,817)	¥2,626
Non-controlling interests	(67)	(80)

Quarterly Consolidated Statements of Financial Position

	(Millions of Yen)	
	As of March 31, 2017	As of September 30, 2017
Assets:		
Cash and cash equivalents.....	¥77,900	¥90,978
Cash segregated as deposits	552,028	584,732
Trading securities and other	1,697	2,471
Derivative assets.....	13,443	11,556
Investments in securities	3,611	4,378
Margin transaction assets	147,653	143,866
Loans secured by securities.....	34,250	33,333
Other financial assets	49,049	51,999
Property and equipment	2,062	2,361
Intangible assets	53,751	52,894
Equity method investments	363	499
Deferred tax assets	2	—
Other assets	967	1,515
Total assets	¥936,776	¥980,582
Liabilities and Equity:		
Liabilities:		
Trading securities and other	¥—	¥89
Derivative liabilities	5,828	6,436
Margin transaction liabilities.....	40,664	47,240
Loans payable secured by securities	77,504	71,440
Deposits received	324,672	357,022
Guarantee deposits received.....	257,753	272,827
Bonds and loans payable	138,133	133,782
Other financial liabilities.....	6,622	4,531
Provisions	166	148
Income taxes payable	389	665
Deferred tax liabilities.....	2,401	3,019
Other liabilities.....	958	898
Total liabilities	855,090	898,099
Equity:		
Common stock	10,394	10,394
Additional paid-in capital.....	40,547	40,519
Treasury stock	—	(942)
Retained earnings	20,209	21,531
Other components of equity	10,222	10,746
Equity attributable to owners of the Company	81,372	82,247
Non-controlling interests.....	315	235
Total equity	81,687	82,482
Total liabilities and equity	¥936,776	¥980,582

Quarterly Consolidated Statements of Cash Flows

	(Millions of Yen)	
	Six months ending September 30, 2016	Six months ending September 30, 2017
Cash flows from operating activities:		
Quarterly profit before income taxes	¥109	¥3,009
Depreciation and amortization.....	3,189	4,087
Loss on business restructuring.....	145	—
Reversal of allowance for loss on cancellation of outsourcing contract	(428)	—
Gain on sales of investments in associates	(247)	—
Financial income and financial expenses.....	(4,068)	(6,454)
Decrease/increase in derivative assets and liabilities.....	(3,825)	2,611
Decrease/increase in assets/liabilities for margin transaction	19,206	10,364
Decrease/increase in loans/loans payable secured by securities	(6,191)	(5,071)
Decrease/increase in cash segregated as deposits	(11,489)	(30,510)
Decrease/increase in deposits received and guarantee deposits received.....	20,340	45,160
Decrease/increase in short-term loans receivable	19,677	(1,413)
Other, net	4,120	(5,795)
Sub total	40,539	15,987
Interest and dividends income received	6,210	7,760
Interest expenses paid.....	(2,192)	(2,046)
Income taxes refund/paid.....	(884)	1,250
Net cash provided by (used in) operating activities	43,673	22,950
Cash flows from investing activities:		
Purchase of investments in securities	(4)	(189)
Proceeds from sales and redemption of securities	101	282
Purchase of property and equipment.....	(321)	(725)
Purchase of intangible assets	(3,870)	(3,002)
Purchase of investments in joint ventures.....	(12)	(5)
Proceeds from sales of investments in associates	295	—
Other, net	45	(168)
Net cash provided by (used in) investing activities	(3,767)	(3,807)
Cash flows from financing activities:		
Net increase/decrease in short-term loans payable	(23,394)	(5,301)
Proceeds from issuance of bonds payable.....	2,996	4,493
Redemption of bonds payable.....	(2,000)	(3,000)
Proceeds from long-term loans payable.....	24,902	10,000
Repayment of long-term loans payable	(23,300)	(10,600)
Purchase of treasury stock	(1,000)	(1,030)
Cash dividends paid.....	(739)	(729)
Proceeds from stock issuance to non-controlling interests	245	—
Other, net	37	—
Net cash provided by (used in) financing activities	(22,255)	(6,166)
Net increase/decrease in cash and cash equivalents	17,652	12,977
Cash and cash equivalents at the beginning of period	59,756	76,557
Effect of exchange rate change on cash and cash equivalents	(850)	38
Cash and cash equivalents at the end of period	¥76,558	¥89,572