

# MONEX GROUP

## Quarterly financial results of Subsidiary (Monex, Inc.)

TOKYO, October 27, 2017 – Monex Group, Inc. (TSE 8698, Oki Matsumoto, Representative Executive Officer and CEO) reported today the following quarterly financial results of its wholly-owned subsidiary, Monex, Inc., for the 1<sup>st</sup> half of the fiscal year ending March 31, 2018 prepared in accordance with the generally accepted accounting principles in Japan.

Financial results for the 1<sup>st</sup> half of the fiscal year ending March 31, 2018 (From April 1, 2017 to September 30, 2017)

### (1) Results of operations

(Unit: million yen)

	Operating revenue	Net operating revenue	Operating income	Ordinary income	Profit
For the 1 <sup>st</sup> half ending September 30, 2017	15,140	13,547	1,988	2,024	1,445
For the 1 <sup>st</sup> half ending September 30, 2016	14,497	12,918	479	498	1,088
Change (%)	4.4	4.9	314.6	306.0	32.8

### (2) Financial condition

(Unit: million yen)

	Total assets	Net assets
As of September 30, 2017	638,480	50,546
As of March 31, 2017	606,589	50,074

(Please refer to Appendix for more details)

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## Appendix

### 1. Quarterly Financial Statements

#### (1) Balance Sheets

(Unit: million yen)

	As of March 31, 2017	As of September 30, 2017
Current assets		
Cash and deposits	62,823	77,899
Cash segregated for customers and others	273,417	292,483
Money held in trust	54,114	57,110
Trading assets	14,723	12,646
Trading securities and other	1,226	905
Derivatives	13,496	11,741
Margin transaction assets	147,653	143,865
Loans on margin transaction	138,499	130,510
Cash collateral pledged for securities borrowing on margin transaction	9,153	13,355
Loans secured by securities	-	0
Cash paid for offering	877	1,623
Short-term guarantee deposits	21,609	23,893
Accrued revenue	3,347	3,487
Short-term loans receivable	480	32
Deferred tax assets	33	-
Other current assets	6,021	4,945
Allowance for doubtful receivables	-0	-0
<b>Total current assets</b>	<b>585,103</b>	<b>617,988</b>
Non-current assets		
Property, plant and equipment	798	818
Intangible assets	19,370	18,462
Investment and others	1,317	1,210
Investment securities	484	515
Long-term guarantee deposits	483	472
Deferred tax assets	250	112
Other	212	209
Allowance for doubtful receivables	-112	-98
<b>Total non-current assets</b>	<b>21,486</b>	<b>20,491</b>
<b>Total assets</b>	<b>606,589</b>	<b>638,480</b>

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(Unit: million yen)

	As of March 31, 2017	As of September 30, 2017
Current liabilities		
Trading liabilities	5,424	5,819
Trading securities and other	-	88
Derivatives	5,424	5,730
Trade date accrual	402	52
Margin transaction liabilities	40,664	47,240
Borrowings on margin transaction	13,113	14,373
Cash received as collateral for securities lending on margin transaction	27,550	32,867
Loans payable secured by securities	50,060	45,830
Deposits received	145,322	169,538
Guarantee deposits received	199,318	211,492
Short-term loans payable	32,900	28,200
Current portion of long-term loans payable	10,600	19,000
Allowance for point services	126	160
Deferred tax liabilities	-	173
Other current liabilities	4,619	2,404
Total current liabilities	489,440	529,910
Non-current liabilities		
Long-term loans payable	65,700	56,700
Other non-current liabilities	7	-
Total non-current liabilities	65,707	56,700
Statutory reserve		
Financial instruments transactions reserve	1,367	1,323
Total statutory reserve	1,367	1,323
Total liabilities	556,515	587,934
Net assets		
Common stock	12,200	12,200
Capital surplus	32,359	32,569
Retained earnings	4,272	4,562
Owners' equity	48,832	49,332
Net unrealized holding gains (losses) on securities	1,242	1,214
Accumulated other comprehensive income	1,242	1,214
Total net assets	50,074	50,546
Total liabilities and net assets	606,589	638,480

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## (2)Statement of income

(Unit: million yen)

	Six months ending September 30, 2016 (From April 1, 2016 to September 30, 2016)	Six months ending September 30, 2017 (From April 1, 2017 to September 30, 2017)
Operating revenue		
Commission revenue	7,533	8,000
Brokerage commission	6,206	6,613
Underwriting and distribution	56	125
Subscription and distribution	221	165
Other commissions	1,049	1,094
Net gain on trading account	2,386	1,804
Financial income	4,443	5,281
Other operating revenue	132	54
Total operating revenue	14,497	15,140
Financial expenses	1,578	1,592
Net operating revenue	12,918	13,547
Selling, general and administrative expenses	12,438	11,558
Operating income	479	1,988
Non-operating income	23	38
Non-operating expenses	4	3
Ordinary income	498	2,024
Extraordinary income		
Compensation income	-	61
Reversal of financial instruments transactions reserve	519	44
Reversal of allowance for loss on cancellation of outsourcing contract	427	-
Total extraordinary income	946	105
Extraordinary loss		
Head office transfer cost	-	32
Loss on cancellation of outsourcing contracts	70	-
Loss on disposal of Property, plant and equipment	21	-
Total extraordinary loss	92	32
Income before income taxes	1,353	2,097
Income taxes - current	19	295
Income taxes - deferred	245	356
Total income taxes	264	651
Profit	1,088	1,445

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## 2. Supplementary information

### (1) Brokerage commissions

(Unit: million yen)

	Six months ending September 30, 2016 (From April 1, 2016 to September 30, 2016)	Six months ending September 30, 2017 (From April 1, 2017 to September 30, 2017)
Stocks and ETFs	5,967	6,455
Options and Futures	238	158
Total brokerage commissions	6,206	6,613

### (2) Trading value of stocks and ETFs

(Unit: million yen)

	Six months ending September 30, 2016 (From April 1, 2016 to September 30, 2016)	Six months ending September 30, 2017 (From April 1, 2017 to September 30, 2017)
Cash	3,158,057	4,163,236
Margin	3,291,992	3,242,728
Total	6,450,050	7,405,965

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## (3) Statement of income for each quarter

(Unit: million yen)

	1Q of FYE Mar. 2017	2Q of FYE Mar. 2017	3Q of FYE Mar. 2017	4Q of FYE Mar. 2017	1Q of FYE Mar. 2018	2Q of FYE Mar. 2018
Operating revenue						
Commission revenue	3,969	3,564	4,037	3,808	3,916	4,084
Brokerage commission	3,294	2,911	3,382	3,094	3,290	3,322
Underwriting and distribution	26	30	44	35	5	120
Subscription and distribution	130	90	94	126	88	77
Other commissions	517	532	516	551	531	563
Net gain on trading account	1,308	1,077	1,061	1,051	882	921
Financial income	2,573	1,870	2,442	2,672	2,888	2,392
Other operating revenue	85	47	32	27	28	26
Total operating revenue	7,937	6,559	7,573	7,559	7,715	7,424
Financial expenses	1,025	553	972	547	1,024	568
Net operating revenue	6,912	6,006	6,601	7,012	6,691	6,856
Selling, general and administrative expenses	6,255	6,182	6,495	6,804	5,789	5,769
Operating income or loss	656	-176	105	208	902	1,086
Non-operating income	16	6	8	7	10	28
Non-operating expenses	2	1	2	17	1	1
Ordinary income or loss	670	-171	112	198	911	1,112
Extraordinary income						
Compensation income	-	-	-	810	61	-
Reversal of financial instruments transactions reserve	519	-	-	-	44	-
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	105	-
Extraordinary loss						
Head office transfer cost	-	-	-	-	32	-
System migration expenses	-	-	130	1,017	-	-
Loss on cancellation of outsourcing contracts	-	70	-	-	-	-
Loss on disposal of Property, plant and equipment	21	-	-	-	-	-
Total extraordinary loss	21	70	130	1,017	32	-
Income or loss before income taxes	1,675	-322	134	-8	984	1,112
Income taxes - current	146	-126	70	-3	2	292
Income taxes - deferred	207	38	8	74	288	68
Total income taxes	353	-88	78	70	290	361
Profit or loss	1,322	-234	55	-79	693	751

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