

# MONEX GROUP

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

TOKYO, January 31, 2018 – 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 3<sup>rd</sup> quarter of the fiscal year ending March 31, 2018 prepared in accordance with the generally accepted accounting principles in Japan.

Financial results for the 3<sup>rd</sup> quarter of the fiscal year ending March 31, 2018 (From April 1, 2017 to December 31, 2017)

### (1) Results of operations

(Unit: million yen)

	Operating revenue	Net operating revenue	Operating income	Ordinary income	Profit
For the 3 <sup>rd</sup> quarter ending December 31, 2017	24,487	21,918	4,175	4,215	2,945
For the 3 <sup>rd</sup> quarter ending December 31, 2016	22,070	19,520	585	610	1,144
Change (%)	11.0	12.3	612.9	590.1	157.4

### (2) Financial condition

(Unit: million yen)

	Total assets	Net assets
As of December 31, 2017	693,326	52,039
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 December 31, 2017
Current assets		
Cash and deposits	62,823	82,394
Cash segregated for customers and others	273,417	307,522
Money held in trust	54,114	58,124
Trading assets	14,723	16,685
Trading securities and other	1,226	5,656
Derivatives	13,496	11,028
Margin transaction assets	147,653	168,088
Loans on margin transaction	138,499	158,979
Cash collateral pledged for securities borrowing on margin transaction	9,153	9,108
Cash paid for offering	877	2,335
Short-term guarantee deposits	21,609	25,061
Accrued revenue	3,347	3,363
Short-term loans receivable	480	3,998
Deferred tax assets	33	-
Other current assets	6,021	6,198
Allowance for doubtful receivables	-0	-0
<b>Total current assets</b>	<b>585,103</b>	<b>673,772</b>
Non-current assets		
Property, plant and equipment	798	757
Intangible assets	19,370	17,638
Investment and others	1,317	1,158
Investment securities	484	500
Long-term guarantee deposits	483	465
Deferred tax assets	250	104
Other	212	176
Allowance for doubtful receivables	-112	-90
<b>Total non-current assets</b>	<b>21,486</b>	<b>19,554</b>
<b>Total assets</b>	<b>606,589</b>	<b>693,326</b>

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(Unit: million yen)

	As of March 31, 2017	As of December 31, 2017
Current liabilities		
Trading liabilities	5,424	6,800
Derivatives	5,424	6,800
Trade date accrual	402	4,934
Margin transaction liabilities	40,664	45,273
Borrowings on margin transaction	13,113	15,532
Cash received as collateral for securities lending on margin transaction	27,550	29,741
Loans payable secured by securities	50,060	45,030
Deposits received	145,322	188,298
Guarantee deposits received	199,318	220,047
Short-term loans payable	32,900	50,400
Current portion of long-term loans payable	10,600	19,000
Allowance for point services	126	176
Deferred tax liabilities	-	317
Other current liabilities	4,619	2,984
Total current liabilities	489,440	583,263
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	641,286
Net assets		
Common stock	12,200	12,200
Capital surplus	32,359	32,569
Retained earnings	4,272	6,062
Owners' equity	48,832	50,831
Net unrealized holding gains (losses) on securities	1,242	1,208
Accumulated other comprehensive income	1,242	1,208
Total net assets	50,074	52,039
Total liabilities and net assets	606,589	693,326

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## (2)Statement of income

(Unit: million yen)

	Nine months ending December 31, 2016 (From April 1, 2016 to December 31, 2016)	Nine months ending December 31, 2017 (From April 1, 2017 to December 31, 2017)
Operating revenue		
Commission revenue	11,570	12,688
Brokerage commission	9,588	10,613
Underwriting and distribution	100	156
Subscription and distribution	315	285
Other commissions	1,566	1,633
Net gain on trading account	3,447	2,839
Financial income	6,886	8,261
Other operating revenue	165	698
Total operating revenue	<u>22,070</u>	<u>24,487</u>
Financial expenses	<u>2,550</u>	<u>2,569</u>
Net operating revenue	<u>19,520</u>	<u>21,918</u>
Selling, general and administrative expenses	<u>18,934</u>	<u>17,743</u>
Operating income	<u>585</u>	<u>4,175</u>
Non-operating income	31	45
Non-operating expenses	<u>6</u>	<u>5</u>
Ordinary income	<u>610</u>	<u>4,215</u>
Extraordinary income		
Compensation income	-	61
Reversal of financial instruments transactions reserve	519	44
Reversal of allowance for loss on cancellation of outsourcing contract	508	-
Gain on redemption of investment securities	72	-
Total extraordinary income	<u>1,099</u>	<u>105</u>
Extraordinary loss		
Head office transfer cost	-	32
Loss on disposal of Property, plant and equipment	21	19
System migration expenses	130	-
Loss on cancellation of outsourcing contracts	70	-
Total extraordinary loss	<u>222</u>	<u>52</u>
Income before income taxes	<u>1,487</u>	<u>4,268</u>
Income taxes - current	89	812
Income taxes - deferred	<u>254</u>	<u>511</u>
Total income taxes	<u>343</u>	<u>1,323</u>
Profit	<u>1,144</u>	<u>2,945</u>

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## 2. Supplementary information

### (1) Brokerage commissions

(Unit: million yen)

	Nine months ending December 31, 2016 (From April 1, 2016 to December 31, 2016)	Nine months ending December 31, 2017 (From April 1, 2017 to December 31, 2017)
Stocks and ETFs	9,258	10,361
Options and Futures	330	252
Total brokerage commissions	9,588	10,613

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

(Unit: million yen)

	Nine months ending December 31, 2016 (From April 1, 2016 to December 31, 2016)	Nine months ending December 31, 2017 (From April 1, 2017 to December 31, 2017)
Cash	5,065,591	6,652,423
Margin	4,922,681	5,388,104
Total	9,988,273	12,040,528

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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	3Q of FYE Mar. 2018
Operating revenue							
Commission revenue	3,969	3,564	4,037	3,808	3,916	4,084	4,688
Brokerage commission	3,294	2,911	3,382	3,094	3,290	3,322	3,999
Underwriting and distribution	26	30	44	35	5	120	30
Subscription and distribution	130	90	94	126	88	77	119
Other commissions	517	532	516	551	531	563	538
Net gain on trading account	1,308	1,077	1,061	1,051	882	921	1,035
Financial income	2,573	1,870	2,442	2,672	2,888	2,392	2,979
Other operating revenue	85	47	32	27	28	26	643
Total operating revenue	7,937	6,559	7,573	7,559	7,715	7,424	9,347
Financial expenses	1,025	553	972	547	1,024	568	976
Net operating revenue	6,912	6,006	6,601	7,012	6,691	6,856	8,370
Selling, general and administrative expenses	6,255	6,182	6,495	6,804	5,789	5,769	6,184
Operating income or loss	656	-176	105	208	902	1,086	2,186
Non-operating income	16	6	8	7	10	28	7
Non-operating expenses	2	1	2	17	1	1	2
Ordinary income or loss	670	-171	112	198	911	1,112	2,190
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	-	-
Loss on disposal of Property, plant and equipment	21	-	-	-	-	-	19
System migration expenses	-	-	130	1,017	-	-	-
Loss on cancellation of outsourcing contracts	-	70	-	-	-	-	-
Total extraordinary loss	21	70	130	1,017	32	-	19
Income or loss before income taxes	1,675	-322	134	-8	984	1,112	2,171
Income taxes - current	146	-126	70	-3	2	292	517
Income taxes - deferred	207	38	8	74	288	68	154
Total income taxes	353	-88	78	70	290	361	671
Profit or loss	1,322	-234	55	-79	693	751	1,499

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