



Monex Group, Inc.

Consolidated Financial Summary under IFRSs for the 3Q of the fiscal year ending March 31, 2018 (April 1, 2017 - December 31, 2017)

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, 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 3Q 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. / January 2018

Consolidated Financial Summary

For the 3Q of the fiscal year ending March 31, 2018

(Millions of Yen)	
Operating results (from Apr. 1, 2017 to Dec. 31, 2017):	
Total revenue.....	¥ 38,894
Total expenses.....	33,457
Quarterly profit before income taxes	5,437
Income tax expense.....	888
Quarterly profit	¥ 4,549
Quarterly profit attributable to :	
Owners of the Company.....	¥ 4,661
Non-controlling interests.....	(112)

(Millions of Yen)	
Financial Position (as of Dec. 31, 2017):	
Total assets.....	¥ 1,009,924
Equity attributable to owners of the Company.....	83,904

(Yen)	
Earnings per share attributable to owners of the Company (from Apr. 1, 2017 to Dec. 31, 2017):	
Basic earnings per share.....	¥16.78
Diluted earnings per share.....	16.77

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 ending December 31, 2016	Nine months ending December 31, 2017
Revenue:		
Commission received	¥ 19,666	¥ 21,356
Net trading income	3,446	2,893
Financial income	9,827	13,074
Other operating income	534	1,053
Total operating revenue	33,473	38,377
Other financial income	1,655	251
Other income	784	105
Equity in profits of equity method investments	—	161
Total revenue	35,912	38,894
Expenses:		
Financial expenses	2,954	3,331
Selling, general and administrative expenses	30,013	29,439
Other financial expenses	1,509	342
Other expenses	568	345
Equity in losses of equity method investments	75	—
Total expenses	35,118	33,457
Quarterly profit before income taxes	793	5,437
Income tax expense	490	888
Quarterly profit	¥ 303	¥ 4,549
Quarterly profit or loss attributable to :		
Owners of the Company	¥ 401	¥ 4,661
Non-controlling interests	(97)	(112)
Earnings per share attributable to owners of the Company:		
	(in yen)	(in yen)
Basic earnings per share	¥1.42	¥ 16.78
Diluted earnings per share	1.42	16.77

Quarterly Consolidated Statements of Comprehensive Income

	(Millions of Yen)	
	Nine months ending December 31, 2016	Nine months ending December 31, 2017
Quarterly profit	¥ 303	¥4,549
Other comprehensive income:		
Items that may be reclassified subsequently to profit or loss:		
Changes in fair value of available-for-sale financial assets	(217)	430
Changes in fair value of hedging instrument	(838)	(157)
Foreign currency translation adjustments in foreign operations	990	284
Share of other comprehensive income of equity method investments	(9)	84
Other comprehensive income after income taxes	(74)	640
Quarterly comprehensive income	¥229	¥5,189
Quarterly comprehensive income attributable to :		
Owners of the Company	¥326	¥5,301
Non-controlling interests	(97)	(112)

Quarterly Consolidated Statements of Financial Position

	(Millions of Yen)	
	As of March 31, 2017	As of December 31, 2017
Assets:		
Cash and cash equivalents.....	¥77,900	¥98,081
Cash segregated as deposits	552,028	597,151
Trading securities and other	1,697	2,973
Derivative assets.....	13,443	10,805
Investments in securities	3,611	4,630
Margin transaction assets	147,653	168,088
Loans secured by securities.....	34,250	17,728
Other financial assets	49,049	54,393
Property and equipment	2,062	2,222
Intangible assets	53,751	51,943
Equity method investments	363	649
Deferred tax assets	2	—
Other assets	967	1,260
Total assets	¥936,776	¥1,009,924
Liabilities and Equity:		
Liabilities:		
Derivative liabilities	¥5,828	¥7,206
Margin transaction liabilities.....	40,664	45,274
Loans payable secured by securities	77,504	55,647
Deposits received	324,672	373,866
Guarantee deposits received.....	257,753	282,206
Bonds and loans payable	138,133	152,685
Other financial liabilities	6,622	4,372
Provisions.....	166	148
Income taxes payable	389	1,007
Deferred tax liabilities.....	2,401	2,343
Other liabilities.....	958	1,063
Total liabilities	855,090	925,817
Equity:		
Common stock	10,394	10,394
Additional paid-in capital.....	40,547	40,519
Treasury stock	—	(942)
Retained earnings	20,209	23,150
Other components of equity	10,222	10,783
Equity attributable to owners of the Company	81,372	83,904
Non-controlling interests.....	315	203
Total equity	81,687	84,107
Total liabilities and equity	¥936,776	¥1,009,924

Quarterly Consolidated Statements of Cash Flows

	(Millions of Yen)	
	Nine months ending December 31, 2016	Nine months ending December 31, 2017
Cash flows from operating activities:		
Quarterly profit before income taxes	¥793	¥5,437
Depreciation and amortization.....	5,019	6,117
Loss on business restructuring.....	145	—
Reversal of allowance for loss on cancellation of outsourcing contract	(508)	—
Gain on sales of investments in associates	(247)	—
Financial income and financial expenses.....	(7,020)	(9,652)
Decrease/increase in derivative assets and liabilities.....	5,000	4,012
Decrease/increase in assets/liabilities for margin transaction	25,307	(15,825)
Decrease/increase in loans/loans payable secured by securities	18,910	(5,254)
Decrease/increase in cash segregated as deposits	(65,292)	(42,504)
Decrease/increase in deposits received and guarantee deposits received.....	84,267	70,960
Decrease/increase in short-term loans receivable	20,197	(2,024)
Other, net	(5,155)	(8,033)
Sub total	81,416	3,234
Interest and dividends income received	9,913	12,099
Interest expenses paid.....	(3,331)	(3,370)
Income taxes refund/paid.....	(2,247)	1,069
Net cash provided by (used in) operating activities	85,751	13,032
Cash flows from investing activities:		
Purchase of investments in securities	(280)	(380)
Proceeds from sales and redemption of securities	956	299
Purchase of property and equipment.....	(451)	(798)
Purchase of intangible assets	(7,370)	(4,084)
Purchase of investments in joint ventures.....	(12)	(10)
Proceeds from investments in joint ventures	—	4
Proceeds from sales of investments in associates	295	—
Other, net	(175)	(171)
Net cash provided by (used in) investing activities	(7,037)	(5,140)
Cash flows from financing activities:		
Net increase/decrease in short-term loans payable	(11,506)	16,554
Proceeds from issuance of bonds payable.....	2,996	4,493
Redemption of bonds payable.....	(2,000)	(6,000)
Proceeds from long-term loans payable.....	24,902	10,000
Repayment of long-term loans payable	(25,300)	(10,600)
Purchase of treasury stock	(1,000)	(1,030)
Cash dividends paid.....	(1,463)	(1,749)
Proceeds from stock issuance to non-controlling interests	245	—
Other, net	37	—
Net cash provided by (used in) financing activities	(13,091)	11,668
Net increase/decrease in cash and cash equivalents	65,623	19,560
Cash and cash equivalents at the beginning of period	59,756	76,557
Effect of exchange rate change on cash and cash equivalents	272	103
Cash and cash equivalents at the end of period	¥125,651	¥96,221