

# MONEX GROUP

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

TOKYO, July 25, 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> quarter 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> quarter of the fiscal year ending March 31, 2018 (From April 1, 2017 to June 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> quarter ended June 30, 2017	7,715	6,691	902	911	693
For the 1 <sup>st</sup> quarter ended June 30, 2016	7,937	6,912	656	670	1,322
Change (%)	-2.8	-3.2	37.5	36.0	-47.5

### (2) Financial condition

(Unit: million yen)

	Total assets	Net assets
As of June 30, 2017	661,978	49,785
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 June 30, 2017
<b>Current assets</b>		
Cash and deposits	62,823	108,226
Cash segregated for customers and others	273,417	286,445
Money held in trust	54,114	54,097
Trading assets	14,723	12,949
Trading securities and other	1,226	964
Derivatives	13,496	11,984
Trade date accrual	-	21
Margin transaction assets	147,653	144,888
Loans on margin transaction	138,499	132,391
Cash collateral pledged for securities borrowing on margin transaction	9,153	12,496
Cash paid for offering	877	1,490
Short-term guarantee deposited	21,609	22,217
Accrued revenue	3,347	3,460
Short-term loans receivable	480	483
Deferred tax assets	33	-
Other current assets	6,021	7,010
Allowance for doubtful receivables	-0	-0
<b>Total current assets</b>	<b>585,103</b>	<b>641,288</b>
<b>Non-current assets</b>		
Property, plant and equipment	798	788
Intangible assets	19,370	18,717
Investment and others	1,317	1,183
Investment securities	484	483
Long-term guarantee deposits	483	478
Deferred tax assets	250	142
Other	212	188
Allowance for doubtful receivables	-112	-108
<b>Total non-current assets</b>	<b>21,486</b>	<b>20,690</b>
<b>Total assets</b>	<b>606,589</b>	<b>661,978</b>

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(Unit: million yen)

	As of March 31, 2017	As of June 30, 2017
Current liabilities		
Trading liabilities	5,424	6,690
Trading securities and other	-	99
Derivatives	5,424	6,590
Trade date accrual	402	-
Margin transaction liabilities	40,664	46,462
Borrowings on margin transaction	13,113	13,518
Cash received as collateral for securities lending on margin transaction	27,550	32,943
Loans payable secured by securities	50,060	80,336
Deposits received	145,322	163,200
Guarantee money received	199,318	211,690
Short-term borrowings	32,900	23,900
Current portion of long-term loans payable	10,600	28,100
Allowance for point services	126	159
Deferred tax liabilities	-	130
Other current liabilities	4,619	2,999
Total current liabilities	489,440	563,669
Non-current liabilities		
Long-term debt	65,700	47,200
Other non-current liabilities	7	-
Total non-current liabilities	65,707	47,200
Statutory reserve		
Financial instruments transactions reserve	1,367	1,323
Total statutory reserve	1,367	1,323
Total liabilities	556,515	612,192
Net assets		
Common stock	12,200	12,200
Capital surplus	32,359	32,569
Retained earnings	4,272	3,810
Owners' equity	48,832	48,580
Net unrealized holding gains (losses) on securities	1,242	1,205
Accumulated other comprehensive income	1,242	1,205
Total net assets	50,074	49,785
Total liabilities and net assets	606,589	661,978

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(2)Statement of income

(Unit: million yen)

	Three months ended June 30, 2016 (From April 1, 2016 to June 30, 2016)	Three months ended June 30, 2017 (From April 1, 2017 to June 30, 2017)
Operating revenue		
Commission revenue	3,969	3,916
Brokerage commission	3,294	3,290
Underwriting and distribution	26	5
Subscription and distribution	130	88
Other commissions	517	531
Net gain on trading account	1,308	882
Financial income	2,573	2,888
Other operating revenue	85	28
Total operating revenue	<u>7,937</u>	<u>7,715</u>
Financial expenses	<u>1,025</u>	<u>1,024</u>
Net operating revenue	<u>6,912</u>	<u>6,691</u>
Selling, general and administrative expenses	<u>6,255</u>	<u>5,789</u>
Operating income	<u>656</u>	<u>902</u>
Non-operating income	16	10
Non-operating expenses	<u>2</u>	<u>1</u>
Ordinary income	<u>670</u>	<u>911</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	-
Total extraordinary income	<u>1,027</u>	<u>105</u>
Extraordinary loss		
Head office transfer cost	-	32
Loss on disposal of Property, plant and equipment	21	-
Total extraordinary loss	<u>21</u>	<u>32</u>
Income before income taxes	<u>1,675</u>	<u>984</u>
Income taxes - current	146	2
Income taxes - deferred	<u>207</u>	<u>288</u>
Total income taxes	<u>353</u>	<u>290</u>
Profit	<u>1,322</u>	<u>693</u>

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## 2. Supplementary information

### (1) Brokerage commissions

(Unit: million yen)

	Three months ended June 30, 2016 (From April 1, 2016 to June 30, 2016)	Three months ended June 30, 2017 (From April 1, 2017 to June 30, 2017)
Stocks and ETFs	3,158	3,208
Options and Futures	136	82
Total brokerage commissions	3,294	3,290

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

(Unit: million yen)

	Three months ended June 30, 2016 (From April 1, 2016 to June 30, 2016)	Three months ended June 30, 2017 (From April 1, 2017 to June 30, 2017)
Cash	1,670,538	2,150,701
Margin	1,718,656	1,673,027
Total	3,389,194	3,823,728

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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
Operating revenue					
Commission revenue	3,969	3,564	4,037	3,808	3,916
Brokerage commission	3,294	2,911	3,382	3,094	3,290
Underwriting and distribution	26	30	44	35	5
Subscription and distribution	130	90	94	126	88
Other commissions	517	532	516	551	531
Net gain on trading account	1,308	1,077	1,061	1,051	882
Financial income	2,573	1,870	2,442	2,672	2,888
Other operating revenue	85	47	32	27	28
Total operating revenue	7,937	6,559	7,573	7,559	7,715
Financial expenses	1,025	553	972	547	1,024
Net operating revenue	6,912	6,006	6,601	7,012	6,691
Selling, general and administrative expenses	6,255	6,182	6,495	6,804	5,789
Operating income or loss	656	-176	105	208	902
Non-operating income	16	6	8	7	10
Non-operating expenses	2	1	2	17	1
Ordinary income or loss	670	-171	112	198	911
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
Income taxes - current	146	-126	70	-3	2
Income taxes - deferred	207	38	8	74	288
Total income taxes	353	-88	78	70	290
Profit or loss	1,322	-234	55	-79	693

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