

Quarterly financial results of Subsidiary (Monex, Inc.)

TOKYO, July 27, 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 1st quarter of the fiscal year ending March 31, 2019 prepared in accordance with the generally accepted accounting principles in Japan.

Financial results for the 1st quarter of the fiscal year ending March 31, 2019 (From April 1, 2018 to June 30, 2018)

(1) Results of operations

(Unit: million yen)

	Operating revenue	Net operating revenue	Operating income	Ordinary income	Profit
For the 1 st quarter of the fiscal year ended June 30, 2018	7,749	6,713	781	791	576
For the 1 st quarter of the Fiscal year ended June 30, 2017	7,715	6,691	902	911	693
Change (%)	0.4	0.3	-13.5	-13.2	-16.9

(2) Financial condition

(Unit: million yen)

	Total assets	Net assets
As of June 30, 2018	689,561	49,603
As of March 31, 2018	660,998	50,536

(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, 2018	As of June 30, 2018
Current assets		
Cash and deposits	63,282	85,195
Cash segregated for customers and others	272,752	279,771
Money held in trust	54,060	57,061
Trading assets	19,233	18,409
Trading securities and other	3,575	4,368
Derivatives	15,657	14,041
Margin transaction assets	192,224	185,585
Loans on margin transaction	188,840	179,584
Cash collateral pledged for securities borrowing on margin transaction	3,384	6,001
Loans secured by securities	22	-
Cash paid for offering	1,196	981
Short-term guarantee deposits	25,968	24,582
Accrued revenue	3,516	3,710
Short-term loans receivable	6,409	10,010
Other current assets	3,244	6,033
Allowance for doubtful receivables	-2	-2
Total current assets	641,906	671,339
Non-current assets		
Property, plant and equipment	759	709
Intangible assets	17,227	16,467
Investment and others	1,105	1,044
Investment securities	487	485
Long-term guarantee deposits	459	453
Deferred tax assets	93	-
Other	139	179
Allowance for doubtful receivables	-75	-73
Total non-current assets	19,091	18,221
Total assets	660,998	689,561

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(Unit: million yen)

	As of March 31, 2018	As of June 30, 2018
Current liabilities		
Trading liabilities	4,897	5,948
Derivatives	4,897	5,948
Trade date accrual	285	635
Margin transaction liabilities	29,683	36,188
Borrowings on margin transaction	13,241	14,847
Cash received as collateral for securities lending on margin transaction	16,441	21,340
Loans payable secured by securities	61,100	40,738
Deposits received	148,125	162,273
Guarantee deposits received	197,653	208,318
Short-term loans payable	87,400	94,400
Current portion of long-term loans payable	19,000	1,000
Allowance for point services	220	250
Deferred tax liabilities	209	-
Other current liabilities	3,814	2,407
Total current liabilities	552,389	552,159
Non-current liabilities		
Long-term loans payable	56,700	86,200
Deferred tax liabilities	-	263
Total non-current liabilities	56,700	86,463
Statutory reserve		
Financial instruments transactions reserve	1,372	1,334
Total statutory reserve	1,372	1,334
Total liabilities	610,461	639,957
Net assets		
Common stock	12,200	12,200
Capital surplus	32,569	32,569
Retained earnings	4,579	3,673
Owners' equity	49,348	48,443
Net unrealized holding gains (losses) on securities	1,188	1,159
Accumulated other comprehensive income	1,188	1,159
Total net assets	50,536	49,603
Total liabilities and net assets	660,998	689,561

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(2)Statement of income

(Unit: million yen)

	Three months ended June 30, 2017 (From April 1, 2017 to June 30, 2017)	Three months ended June 30, 2018 (From April 1, 2018 to June 30, 2018)
Operating revenue		
Commission revenue	3,916	3,538
Brokerage commission	3,290	2,885
Underwriting and distribution	5	22
Subscription and distribution	88	70
Other commissions	531	560
Net gain on trading account	882	943
Financial income	2,888	3,246
Other operating revenue	28	20
Total operating revenue	<u>7,715</u>	<u>7,749</u>
Financial expenses	<u>1,024</u>	<u>1,036</u>
Net operating revenue	<u>6,691</u>	<u>6,713</u>
Selling, general and administrative expenses	<u>5,789</u>	<u>5,932</u>
Operating income	<u>902</u>	<u>781</u>
Non-operating income	10	11
Non-operating expenses	1	1
Ordinary income	<u>911</u>	<u>791</u>
Extraordinary income		
Reversal of financial instruments transactions reserve	44	37
Compensation income	61	-
Total extraordinary income	<u>105</u>	<u>37</u>
Extraordinary loss		
Head office transfer cost	<u>32</u>	<u>-</u>
Total extraordinary loss	<u>32</u>	<u>-</u>
Income before income taxes	<u>984</u>	<u>828</u>
Income taxes - current	2	91
Income taxes - deferred	288	160
Total income taxes	<u>290</u>	<u>251</u>
Profit	<u><u>693</u></u>	<u><u>576</u></u>

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2. Supplementary information

(1) Brokerage commissions

(Unit: million yen)

	Three months ended June 30, 2017 (From April 1, 2017 to June 30, 2017)	Three months ended June 30, 2018 (From April 1, 2018 to June 30, 2018)
Stocks and ETFs	3,208	2,819
Options and Futures	82	66
Total brokerage commissions	3,290	2,885

(2) Brokerage trading value of stocks and ETFs

(Unit: million yen)

	Three months ended June 30, 2017 (From April 1, 2017 to June 30, 2017)	Three months ended June 30, 2018 (From April 1, 2018 to June 30, 2018)
Cash	2,150,701	1,808,214
Margin	1,673,027	1,995,105
Total	3,823,728	3,803,320

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(3) Statement of income for each quarter

(Unit: million yen)

	1Q of FYE Mar. 2018	2Q of FYE Mar. 2018	3Q of FYE Mar. 2018	4Q of FYE Mar. 2018	1Q of FYE Mar. 2019
Operating revenue					
Commission revenue	3,916	4,084	4,688	4,399	3,538
Brokerage commission	3,290	3,322	3,999	3,625	2,885
Underwriting and distribution	5	120	30	15	22
Subscription and distribution	88	77	119	173	70
Other commissions	531	563	538	585	560
Net gain on trading account	882	921	1,035	1,022	943
Financial income	2,888	2,392	2,979	2,519	3,246
Other operating revenue	28	26	643	24	20
Total operating revenue	7,715	7,424	9,347	7,966	7,749
Financial expenses	1,024	568	976	491	1,036
Net operating revenue	6,691	6,856	8,370	7,475	6,713
Selling, general and administrative expenses	5,789	5,769	6,184	6,281	5,932
Operating income	902	1,086	2,186	1,194	781
Non-operating income	10	28	7	44	11
Non-operating expenses	1	1	2	4	1
Ordinary income	911	1,112	2,190	1,234	791
Extraordinary income					
Reversal of financial instruments transactions reserve	44	-	-	-44	37
Compensation income	61	-	-	-	-
Total extraordinary income	105	-	-	-44	37
Extraordinary loss					
Loss on disposal of Property, plant and equipment	-	-	19	24	-
Head office transfer cost	32	-	-	-	-
Provision of financial instruments transactions reserve	-	-	-	4	-
Total extraordinary loss	32	-	19	29	-
Income before income taxes	984	1,112	2,171	1,161	828
Income taxes - current	2	292	517	453	91
Income taxes - deferred	288	68	154	-88	160
Total income taxes	290	361	671	364	251
Profit	693	751	1,499	796	576

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