

Quarterly financial results of Subsidiary (Monex, Inc.)

TOKYO, January 31, 2019 – 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 3rd quarter of the fiscal year ending March 31, 2019 prepared in accordance with the generally accepted accounting principles in Japan.

Financial results for the 3rd quarter of the fiscal year ending March 31, 2019 (From April 1, 2018 to December 31, 2018)

(1) Results of operations

(Unit: million yen)

	Operating revenue	Net operating revenue	Operating income	Ordinary income	Profit
For the 3 rd quarter of the fiscal year ending December 31, 2018	22,809	20,324	2,731	2,757	1,931
For the 3 rd quarter of the Fiscal year ending December 31, 2017	24,487	21,918	4,175	4,215	2,945
Change (%)	-6.9	-7.3	-34.6	-34.6	-34.4

(2) Financial condition

(Unit: million yen)

	Total assets	Net assets
As of December 31, 2018	671,038	50,907
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 December 31, 2018
Current assets		
Cash and deposits	63,282	114,410
Cash segregated for customers and others	272,752	260,811
Money held in trust	54,060	60,090
Trading assets	19,233	17,312
Trading securities and other	3,575	2,323
Derivatives	15,657	14,988
Trade date accrual	-	44
Margin transaction assets	192,224	147,551
Loans on margin transaction	188,840	144,400
Cash collateral pledged for securities borrowing on margin transaction	3,384	3,151
Loans secured by securities	22	1
Cash paid for offering	1,196	1,665
Short-term guarantee deposits	25,968	29,405
Accrued revenue	3,516	3,381
Short-term loans receivable	6,409	9,419
Other current assets	3,244	9,235
Allowance for doubtful receivables	-2	-1
Total current assets	641,906	653,329
Non-current assets		
Property, plant and equipment	759	763
Intangible assets	17,227	15,806
Investment and others	1,105	1,138
Investment securities	487	482
Long-term guarantee deposits	459	442
Deferred tax assets	93	-
Other	139	281
Allowance for doubtful receivables	-75	-68
Total non-current assets	19,091	17,708
Total assets	660,998	671,038

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(Unit: million yen)

	As of March 31, 2018	As of December 31, 2018
Current liabilities		
Trading liabilities	4,897	8,369
Derivatives	4,897	8,369
Trade date accrual	285	-
Margin transaction liabilities	29,683	17,006
Borrowings on margin transaction	13,241	3,566
Cash received as collateral for securities lending on margin transaction	16,441	13,440
Loans payable secured by securities	61,100	96,695
Deposits received	148,125	164,998
Guarantee deposits received	197,653	204,452
Short-term loans payable	87,400	17,100
Current portion of long-term loans payable	19,000	43,700
Allowance for point services	220	305
Deferred tax liabilities	209	-
Other current liabilities	3,814	2,663
Total current liabilities	552,389	555,292
Non-current liabilities		
Long-term loans payable	56,700	63,350
Deferred tax liabilities	-	153
Total non-current liabilities	56,700	63,503
Statutory reserve		
Financial instruments transactions reserve	1,372	1,334
Total statutory reserve	1,372	1,334
Total liabilities	610,461	620,130
Net assets		
Common stock	12,200	12,200
Capital surplus	32,569	32,569
Retained earnings	4,579	5,028
Owners' equity	49,348	49,797
Net unrealized holding gains (losses) on securities	1,188	1,110
Accumulated other comprehensive income	1,188	1,110
Total net assets	50,536	50,907
Total liabilities and net assets	660,998	671,038

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(2)Statement of income

(Unit: million yen)

	Nine months ending December 31, 2017 (From April 1, 2017 to December 31, 2017)	Nine months ending December 31, 2018 (From April 1, 2018 to December 31, 2018)
Operating revenue		
Commission revenue	12,688	10,523
Brokerage commission	10,613	8,522
Underwriting and distribution	156	56
Subscription and distribution	285	298
Other commissions	1,633	1,645
Net gain on trading account	2,839	3,372
Financial income	8,261	8,843
Other operating revenue	698	70
Total operating revenue	24,487	22,809
Financial expenses	2,569	2,485
Net operating revenue	21,918	20,324
Selling, general and administrative expenses	17,743	17,593
Operating income	4,175	2,731
Non-operating income	45	31
Non-operating expenses	5	4
Ordinary income	4,215	2,757
Extraordinary income		
Reversal of financial instruments transactions reserve	44	37
Compensation income	61	-
Total extraordinary income	105	37
Extraordinary loss		
Head office transfer cost	32	-
Loss on disposal of Property, plant and equipment	19	-
Total extraordinary loss	52	-
Income before income taxes	4,268	2,794
Income taxes - current	812	791
Income taxes - deferred	511	72
Total income taxes	1,323	863
Profit	2,945	1,931

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2. Supplementary information

(1) Brokerage commissions

(Unit: million yen)

	Nine months ending December 31,2017 (From April 1, 2017 to December 31, 2017)	Nine months ending December 31,2018 (From April 1, 2018 to December 31, 2018)
Stocks and ETFs	10,361	8,278
Options and Futures	252	244
Total brokerage commissions	10,613	8,522

(2) Brokerage trading value of stocks and ETFs

(Unit: million yen)

	Nine months ending December 31,2017 (From April 1, 2017 to December 31, 2017)	Nine months ending December 31, 2018 (From April 1, 2018 to December 31, 2018)
Cash	6,652,423	5,181,742
Margin	5,388,104	5,892,546
Total	12,040,528	11,074,288

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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	2Q of FYE Mar. 2019	3Q of FYE Mar. 2019
Operating revenue							
Commission revenue	3,916	4,084	4,688	4,399	3,538	3,353	3,630
Brokerage commission	3,290	3,322	3,999	3,625	2,885	2,678	2,958
Underwriting and distribution	5	120	30	15	22	9	24
Subscription and distribution	88	77	119	173	70	91	137
Other commissions	531	563	538	585	560	574	510
Net gain on trading account	882	921	1,035	1,022	943	1,149	1,279
Financial income	2,888	2,392	2,979	2,519	3,246	2,565	3,031
Other operating revenue	28	26	643	24	20	26	23
Total operating revenue	<u>7,715</u>	<u>7,424</u>	<u>9,347</u>	<u>7,966</u>	<u>7,749</u>	<u>7,094</u>	<u>7,965</u>
Financial expenses	<u>1,024</u>	<u>568</u>	<u>976</u>	<u>491</u>	<u>1,036</u>	<u>540</u>	<u>908</u>
Net operating revenue	<u>6,691</u>	<u>6,856</u>	<u>8,370</u>	<u>7,475</u>	<u>6,713</u>	<u>6,553</u>	<u>7,057</u>
Selling, general and administrative expenses	<u>5,789</u>	<u>5,769</u>	<u>6,184</u>	<u>6,281</u>	<u>5,932</u>	<u>5,794</u>	<u>5,866</u>
Operating income	<u>902</u>	<u>1,086</u>	<u>2,186</u>	<u>1,194</u>	<u>781</u>	<u>759</u>	<u>1,190</u>
Non-operating income	<u>10</u>	<u>28</u>	<u>7</u>	<u>44</u>	<u>11</u>	<u>10</u>	<u>8</u>
Non-operating expenses	<u>1</u>	<u>1</u>	<u>2</u>	<u>4</u>	<u>1</u>	<u>2</u>	<u>1</u>
Ordinary income	<u>911</u>	<u>1,112</u>	<u>2,190</u>	<u>1,234</u>	<u>791</u>	<u>768</u>	<u>1,197</u>
Extraordinary income							
Reversal of financial instruments transactions reserve	44	-	-	-44	37	-	-0
Compensation income	61	-	-	-	-	-	-
Total extraordinary income	<u>105</u>	<u>-</u>	<u>-</u>	<u>-44</u>	<u>37</u>	<u>-</u>	<u>-0</u>
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	<u>32</u>	<u>-</u>	<u>19</u>	<u>29</u>	<u>-</u>	<u>-</u>	<u>-</u>
Income before income taxes	<u>984</u>	<u>1,112</u>	<u>2,171</u>	<u>1,161</u>	<u>828</u>	<u>768</u>	<u>1,197</u>
Income taxes - current	2	292	517	453	91	279	420
Income taxes - deferred	288	68	154	-88	160	-34	-53
Total income taxes	<u>290</u>	<u>361</u>	<u>671</u>	<u>364</u>	<u>251</u>	<u>244</u>	<u>367</u>
Profit	<u>693</u>	<u>751</u>	<u>1,499</u>	<u>796</u>	<u>576</u>	<u>523</u>	<u>830</u>

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