

Financial results of Subsidiary (Monex, Inc.)

TOKYO, April 25, 2019 – Monex Group, Inc. (TSE 8698, Oki Matsumoto, Representative Executive Officer and CEO) reported today the following financial results of its wholly-owned subsidiary, Monex, Inc., for the fiscal year ending March 31, 2019 prepared in accordance with the generally accepted accounting principles in Japan.

Financial results for the fiscal year ending March 31, 2019 (From April 1, 2018 to March 31, 2019)

(1) Results of operations

(Unit: million yen)

	Operating revenue	Net operating revenue	Operating income	Ordinary income	Profit
For the fiscal year ending March 31, 2019	29,014	26,045	2,762	2,796	688
For the Fiscal year ending March 31, 2018	32,454	29,394	5,369	5,449	3,742
Change (%)	-10.6	-11.4	-48.5	-48.7	-81.6

(2) Financial condition

(Unit: million yen)

	Total assets	Net assets
As of March 31, 2019	664,322	48,602
As of March 31, 2018	660,998	50,536

(Please refer to Appendix for more details)

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Appendix

1. Financial Statements

(1) Balance Sheets

(Unit: million yen)

	As of March 31, 2018	As of March 31, 2019
Current assets		
Cash and deposits	63,282	115,709
Cash segregated for customers and others	272,752	277,779
Money held in trust	54,060	56,043
Trading assets	19,233	14,261
Trading securities and other	3,575	2,897
Derivatives	15,657	11,363
Margin transaction assets	192,224	138,836
Loans on margin transaction	188,840	127,743
Cash collateral pledged for securities borrowing on margin transaction	3,384	11,092
Loans secured by securities	22	221
Cash paid for offering	1,196	913
Short-term guarantee deposits	25,968	23,338
Accrued revenue	3,516	3,555
Short-term loans receivable	6,409	10,553
Other current assets	3,244	6,737
Allowance for doubtful receivables	-2	-1
Total current assets	641,906	647,947
Non-current assets		
Property, plant and equipment	759	601
Intangible assets	17,227	14,291
Investment and others	1,105	1,482
Investment securities	487	468
Long-term guarantee deposits	459	435
Deferred tax assets	93	371
Other	139	280
Allowance for doubtful receivables	-75	-74
Total non-current assets	19,091	16,374
Total assets	660,998	664,322

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(Unit: million yen)

	As of March 31, 2018	As of March 31, 2019
Current liabilities		
Trading liabilities	4,897	4,856
Derivatives	4,897	4,856
Trade date accrual	285	342
Margin transaction liabilities	29,683	32,793
Borrowings on margin transaction	13,241	3,572
Cash received as collateral for securities lending on margin transaction	16,441	29,220
Loans payable secured by securities	61,100	66,235
Deposits received	148,125	155,475
Guarantee deposits received	197,653	192,123
Short-term loans payable	87,400	47,100
Current portion of long-term loans payable	19,000	43,700
Allowance for point services	220	344
Deferred tax liabilities	209	-
Other current liabilities	3,814	2,212
Total current liabilities	552,389	545,184
Non-current liabilities		
Long-term loans payable	56,700	69,200
Total non-current liabilities	56,700	69,200
Statutory reserve		
Financial instruments transactions reserve	1,372	1,335
Total statutory reserve	1,372	1,335
Total liabilities	610,461	615,719
Net assets		
Common stock	12,200	12,200
Capital surplus	32,569	32,569
Retained earnings	4,579	2,645
Owners' equity	49,348	47,414
Net unrealized holding gains (losses) on securities	1,188	1,187
Accumulated other comprehensive income	1,188	1,187
Total net assets	50,536	48,602
Total liabilities and net assets	660,998	664,322

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(2)Statement of income

(Unit: million yen)

	For the fiscal year ending March 31, 2018 (From April 1, 2017 to March 31, 2018)	For the fiscal year ending March 31, 2019 (From April 1, 2018 to March 31, 2019)
Operating revenue		
Commission revenue	17,087	13,369
Brokerage commission	14,238	10,778
Underwriting and distribution	171	69
Subscription and distribution	458	355
Other commissions	2,218	2,165
Net gain on trading account	3,862	4,530
Financial income	10,780	11,018
Other operating revenue	723	96
Total operating revenue	32,454	29,014
Financial expenses	3,060	2,969
Net operating revenue	29,394	26,045
Selling, general and administrative expenses	24,024	23,282
Operating income	5,369	2,762
Non-operating income	90	42
Non-operating expenses	10	7
Ordinary income	5,449	2,796
Extraordinary income		
Reversal of financial instruments transactions reserve	-	36
Compensation income	61	-
Total extraordinary income	61	36
Extraordinary loss		
Impairment loss on non-financial assets	-	1,869
Loss on disposal of Property, plant and equipment	44	-
Head office transfer cost	32	-
Provision of financial instruments transactions reserve	4	-
Total extraordinary loss	81	1,869
Income before income taxes	5,429	964
Income taxes - current	1,265	763
Income taxes - deferred	422	-487
Total income taxes	1,687	276
Profit	3,742	688

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2. Supplementary information

(1) Brokerage commissions

(Unit: million yen)

	For the fiscal year ending March 31, 2018 (From April 1, 2017 to March 31, 2018)	For the fiscal year ending March 31, 2019 (From April 1, 2018 to March 31, 2019)
Stocks and ETFs	13,889	10,467
Options and Futures	348	310
Total brokerage commissions	14,238	10,778

(2) Brokerage trading value of stocks and ETFs

(Unit: million yen)

	For the fiscal year ending March 31, 2018 (From April 1, 2017 to March 31, 2018)	For the fiscal year ending March 31, 2019 (From April 1, 2018 to March 31, 2019)
Cash	8,975,986	6,514,879
Margin	7,792,693	7,651,524
Total	16,768,680	14,166,404

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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	4Q of FYE Mar. 2019
Operating revenue								
Commission revenue	3,916	4,084	4,688	4,399	3,538	3,353	3,630	2,845
Brokerage commission	3,290	3,322	3,999	3,625	2,885	2,678	2,958	2,255
Underwriting and distribution	5	120	30	15	22	9	24	13
Subscription and distribution	88	77	119	173	70	91	137	56
Other commissions	531	563	538	585	560	574	510	520
Net gain on trading account	882	921	1,035	1,022	943	1,149	1,279	1,157
Financial income	2,888	2,392	2,979	2,519	3,246	2,565	3,031	2,175
Other operating revenue	28	26	643	24	20	26	23	26
Total operating revenue	7,715	7,424	9,347	7,966	7,749	7,094	7,965	6,204
Financial expenses	1,024	568	976	491	1,036	540	908	484
Net operating revenue	6,691	6,856	8,370	7,475	6,713	6,553	7,057	5,720
Selling, general and administrative expenses	5,789	5,769	6,184	6,281	5,932	5,794	5,866	5,689
Operating income	902	1,086	2,186	1,194	781	759	1,190	31
Non-operating income	10	28	7	44	11	10	8	11
Non-operating expenses	1	1	2	4	1	2	1	3
Ordinary income	911	1,112	2,190	1,234	791	768	1,197	39
Extraordinary income								
Reversal of financial instruments transactions reserve	44	-	-	-44	37	-	-0	-
Compensation income	61	-	-	-	-	-	-	-
Total extraordinary income	105	-	-	-44	37	-	-0	-
Extraordinary loss								
Impairment loss on non-financial assets	-	-	-	-	-	-	-	1,869
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	-	-	-	1,869
Income or loss before income taxes	984	1,112	2,171	1,161	828	768	1,197	-1,830
Income taxes - current	2	292	517	453	91	279	420	-28
Income taxes - deferred	288	68	154	-88	160	-34	-53	-559
Total income taxes	290	361	671	364	251	244	367	-587
Profit or loss	693	751	1,499	796	576	523	830	-1,242

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