

Quarterly financial results of Subsidiary (Monex, Inc.)

TOKYO, October 28, 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 1st half of the fiscal year ending March 31, 2020 prepared in accordance with the generally accepted accounting principles in Japan.

Financial results for the 1st half of the fiscal year ending March 31, 2020 (From April 1, 2019 to September 30, 2019)

(1) Results of operations

(Unit: million yen)

	Operating revenue	Net operating revenue	Operating income	Ordinary income	Profit
For the 1 st half of the fiscal year ending September 30, 2019	13,142	11,456	934	946	653
For the 1 st half of the Fiscal year ending September 30, 2018	14,844	13,267	1,540	1,559	1,100
Change (%)	-11.5	-13.6	-39.3	-39.3	-40.6

(2) Financial condition

(Unit: million yen)

	Total assets	Net assets
As of September 30, 2019	685,349	49,311
As of March 31, 2019	664,322	48,602

(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, 2019	As of September 30, 2019
Current assets		
Cash and deposits	115,709	132,621
Cash segregated for customers and others	277,779	286,439
Money held in trust	56,043	53,096
Trading assets	14,261	16,876
Trading securities and other	2,897	3,211
Derivatives	11,363	13,664
Margin transaction assets	138,836	133,563
Loans on margin transaction	127,743	118,493
Cash collateral pledged for securities borrowing on margin transaction	11,092	15,069
Loans secured by securities	221	1,513
Cash paid for offering	913	1,355
Short-term guarantee deposits	23,338	24,606
Accrued revenue	3,555	3,625
Short-term loans receivable	10,553	10,891
Other current assets	6,737	4,855
Allowance for doubtful receivables	-1	-1
Total current assets	647,947	669,442
Non-current assets		
Property, plant and equipment	601	536
Intangible assets	14,291	13,959
Investment and others	1,482	1,410
Investment securities	468	476
Long-term guarantee deposits	435	417
Deferred tax assets	371	281
Other	280	417
Allowance for doubtful receivables	-74	-182
Total non-current assets	16,374	15,906
Total assets	664,322	685,349

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(Unit: million yen)

	As of March 31, 2019	As of September 30, 2019
Current liabilities		
Trading liabilities	4,856	4,173
Derivatives	4,856	4,173
Trade date accrual	342	388
Margin transaction liabilities	32,793	37,461
Borrowings on margin transaction	3,572	3,273
Cash received as collateral for securities lending on margin transaction	29,220	34,187
Loans payable secured by securities	66,235	56,535
Deposits received	155,475	168,669
Guarantee deposits received	192,123	222,434
Short-term loans payable	47,100	53,389
Current portion of long-term loans payable	43,700	13,000
Allowance for point services	344	399
Other current liabilities	2,212	2,056
Total current liabilities	545,184	558,507
Non-current liabilities		
Long-term loans payable	69,200	76,200
Total non-current liabilities	69,200	76,200
Statutory reserve		
Financial instruments transactions reserve	1,335	1,330
Total statutory reserve	1,335	1,330
Total liabilities	615,719	636,038
Net assets		
Common stock	12,200	12,200
Capital surplus	32,569	32,569
Retained earnings	2,645	3,299
Owners' equity	47,414	48,068
Net unrealized holding gains (losses) on securities	1,187	1,242
Accumulated other comprehensive income	1,187	1,242
Total net assets	48,602	49,311
Total liabilities and net assets	664,322	685,349

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(2)Statement of income

(Unit: million yen)

	Six months ending September 30, 2018 (From April 1, 2018 to September 30, 2018)	Six months ending September 30, 2019 (From April 1, 2019 to September 30, 2019)
Operating revenue		
Commission revenue	6,892	5,509
Brokerage commission	5,564	4,325
Underwriting and distribution	31	56
Subscription and distribution	161	118
Other commissions	1,135	1,009
Net gain on trading account	2,092	2,328
Financial income	5,811	5,252
Other operating revenue	46	51
Total operating revenue	14,844	13,142
Financial expenses	1,576	1,685
Net operating revenue	13,267	11,456
Selling, general and administrative expenses	11,726	10,521
Operating income	1,540	934
Non-operating income	22	22
Non-operating expenses	3	10
Ordinary income	1,559	946
Extraordinary income		
Reversal of financial instruments transactions reserve	37	4
Total extraordinary income	37	4
Extraordinary loss		
Loss on disposal of fixed assets	—	2
Total extraordinary loss	—	2
Income before income taxes	1,597	948
Income taxes - current	370	229
Income taxes - deferred	125	65
Total income taxes	496	295
Profit	1,100	653

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2. Supplementary information

(1) Brokerage commissions

(Unit: million yen)

	Six months ending September 30,2018 (From April 1, 2018 to September 30, 2018)	Six months ending September 30,2019 (From April 1, 2019 to September 30, 2019)
Stocks and ETFs	5,429	4,188
Options and Futures	135	137
Total brokerage commissions	5,564	4,325

(2) Brokerage trading value of stocks and ETFs

(Unit: million yen)

	Six months ending September 30,2018 (From April 1, 2018 to September 30, 2018)	Six months ending September 30,2019 (From April 1, 2019 to September 30, 2019)
Cash	3,400,983	2,413,497
Margin	3,868,733	3,336,565
Total	7,269,717	5,750,063

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(3) Statement of income for each quarter

(Unit: million yen)

	1Q of FYE Mar. 2019	2Q of FYE Mar. 2019	3Q of FYE Mar. 2019	4Q of FYE Mar. 2019	1Q of FYE Mar. 2020	2Q of FYE Mar. 2020
Operating revenue						
Commission revenue	3,538	3,353	3,630	2,845	2,748	2,761
Brokerage commission	2,885	2,678	2,958	2,255	2,154	2,170
Underwriting and distribution	22	9	24	13	32	23
Subscription and distribution	70	91	137	56	58	60
Other commissions	560	574	510	520	503	506
Net gain on trading account	943	1,149	1,279	1,157	1,103	1,224
Financial income	3,246	2,565	3,031	2,175	2,873	2,379
Other operating revenue	20	26	23	26	25	25
Total operating revenue	7,749	7,094	7,965	6,204	6,751	6,390
Financial expenses	1,036	540	908	484	1,048	636
Net operating revenue	6,713	6,553	7,057	5,720	5,703	5,753
Selling, general and administrative expenses	5,932	5,794	5,866	5,689	5,181	5,339
Operating income	781	759	1,190	31	521	413
Non-operating income	11	10	8	11	9	12
Non-operating expenses	1	2	1	3	1	9
Ordinary income	791	768	1,197	39	529	416
Extraordinary income						
Reversal of financial instruments transactions reserve	37	-	-0	-	4	-
Total extraordinary income	37	-	-0	-	4	-
Extraordinary loss						
Impairment loss on non-financial assets	-	-	-	1,869	-	-
Loss on disposal of fixed assets	-	-	-	-	2	-
Total extraordinary loss	-	-	-	1,869	2	-
Income or loss before income taxes	828	768	1,197	-1,830	532	416
Income taxes - current	91	279	420	-28	62	166
Income taxes - deferred	160	-34	-53	-559	95	-29
Total income taxes	251	244	367	-587	158	136
Profit or loss	576	523	830	-1,242	373	279

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