

Quarterly financial results of Subsidiary (Monex, Inc.)

TOKYO, January 31, 2020 – 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, 2020 prepared in accordance with the generally accepted accounting principles in Japan.

Financial results for the 3rd quarter of the fiscal year ending March 31, 2020 (From April 1, 2019 to December 31, 2019)

(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, 2019	20,546	17,795	1,855	1,877	1,290
For the 3 rd quarter of the fiscal year ending December 31, 2018	22,809	20,324	2,731	2,757	1,931
Change (%)	-9.9	-12.4	-32.1	-31.9	-33.2

(2) Financial condition

(Unit: million yen)

	Total assets	Net assets
As of December 31, 2019	685,500	49,720
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 December 31, 2019
Current assets		
Cash and deposits	115,709	96,476
Cash segregated for customers and others	277,779	313,777
Money held in trust	56,043	55,997
Trading assets	14,261	13,575
Trading securities and other	2,897	2,577
Derivatives	11,363	10,997
Trade date accrual	-	46
Margin transaction assets	138,836	137,755
Loans on margin transaction	127,743	121,812
Cash collateral pledged for securities borrowing on margin transaction	11,092	15,942
Loans secured by securities	221	3,768
Cash paid for offering	913	890
Short-term guarantee deposits	23,338	24,801
Accrued revenue	3,555	3,599
Short-term loans receivable	10,553	10,959
Other current assets	6,737	7,768
Allowance for doubtful receivables	-1	-7
Total current assets	647,947	669,409
Non-current assets		
Property, plant and equipment	601	659
Intangible assets	14,291	14,034
Investment and others	1,482	1,397
Investment securities	468	459
Long-term guarantee deposits	435	409
Deferred tax assets	371	225
Other	280	463
Allowance for doubtful receivables	-74	-161
Total non-current assets	16,374	16,090
Total assets	664,322	685,500

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(Unit: million yen)

	As of March 31, 2019	As of December 31, 2019
Current liabilities		
Trading liabilities	4,856	4,736
Derivatives	4,856	4,736
Trade date accrual	342	-
Margin transaction liabilities	32,793	42,151
Borrowings on margin transaction	3,572	3,157
Cash received as collateral for securities lending on margin transaction	29,220	38,993
Loans payable secured by securities	66,235	54,564
Deposits received	155,475	192,504
Guarantee deposits received	192,123	221,121
Short-term loans payable	47,100	20,389
Current portion of long-term loans payable	43,700	13,000
Allowance for point services	344	156
Other current liabilities	2,212	2,425
Total current liabilities	545,184	551,048
Non-current liabilities		
Long-term loans payable	69,200	83,400
Total non-current liabilities	69,200	83,400
Statutory reserve		
Financial instruments transactions reserve	1,335	1,330
Total statutory reserve	1,335	1,330
Total liabilities	615,719	635,779
Net assets		
Common stock	12,200	12,200
Capital surplus	32,569	32,569
Retained earnings	2,645	3,935
Owners' equity	47,414	48,705
Net unrealized holding gains (losses) on securities	1,187	1,015
Accumulated other comprehensive income	1,187	1,015
Total net assets	48,602	49,720
Total liabilities and net assets	664,322	685,500

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(2)Statement of income

(Unit: million yen)

	Nine months ending December 31, 2018 (From April 1, 2018 to December 31, 2018)	Nine months ending December 31, 2019 (From April 1, 2019 to December 31, 2019)
Operating revenue		
Commission revenue	10,523	8,862
Brokerage commission	8,522	7,106
Underwriting and distribution	56	78
Subscription and distribution	298	173
Other commissions	1,645	1,503
Net gain on trading account	3,372	3,522
Financial income	8,843	8,084
Other operating revenue	70	76
Total operating revenue	<u>22,809</u>	<u>20,546</u>
Financial expenses	<u>2,485</u>	<u>2,750</u>
Net operating revenue	<u>20,324</u>	<u>17,795</u>
Selling, general and administrative expenses	<u>17,593</u>	<u>15,940</u>
Operating income	<u>2,731</u>	<u>1,855</u>
Non-operating income	31	34
Non-operating expenses	4	12
Ordinary income	<u>2,757</u>	<u>1,877</u>
Extraordinary income		
Reversal of financial instruments transactions reserve	<u>37</u>	<u>4</u>
Total extraordinary income	<u>37</u>	<u>4</u>
Extraordinary loss		
Loss on disposal of fixed assets	<u>-</u>	<u>4</u>
Total extraordinary loss	<u>-</u>	<u>4</u>
Income before income taxes	<u>2,794</u>	<u>1,877</u>
Income taxes - current	791	364
Income taxes - deferred	72	222
Total income taxes	<u>863</u>	<u>587</u>
Profit	<u>1,931</u>	<u>1,290</u>

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2. Supplementary information

(1) Brokerage commissions

(Unit: million yen)

	Nine months ending December 31,2018 (From April 1, 2018 to December 31, 2018)	Nine months ending December 31,2019 (From April 1, 2019 to December 31, 2019)
Stocks and ETFs	8,278	6,900
Options and Futures	244	205
Total brokerage commissions	8,522	7,106

(2) Brokerage trading value of stocks and ETFs

(Unit: million yen)

	Nine months ending December 31,2018 (From April 1, 2018 to December 31, 2018)	Nine months ending December 31,2019 (From April 1, 2019 to December 31, 2019)
Cash	5,181,742	3,920,458
Margin	5,892,546	5,216,562
Total	11,074,288	9,137,020

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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	3Q of FYE Mar. 2020
Operating revenue							
Commission revenue	3,538	3,353	3,630	2,845	2,748	2,761	3,352
Brokerage commission	2,885	2,678	2,958	2,255	2,154	2,170	2,781
Underwriting and distribution	22	9	24	13	32	23	22
Subscription and distribution	70	91	137	56	58	60	54
Other commissions	560	574	510	520	503	506	494
Net gain on trading account	943	1,149	1,279	1,157	1,103	1,224	1,194
Financial income	3,246	2,565	3,031	2,175	2,873	2,379	2,831
Other operating revenue	20	26	23	26	25	25	25
Total operating revenue	7,749	7,094	7,965	6,204	6,751	6,390	7,404
Financial expenses	1,036	540	908	484	1,048	636	1,065
Net operating revenue	6,713	6,553	7,057	5,720	5,703	5,753	6,338
Selling, general and administrative expenses	5,932	5,794	5,866	5,689	5,181	5,339	5,418
Operating income	781	759	1,190	31	521	413	920
Non-operating income	11	10	8	11	9	12	12
Non-operating expenses	1	2	1	3	1	9	1
Ordinary income	791	768	1,197	39	529	416	931
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	-	2
Total extraordinary loss	-	-	-	1,869	2	-	2
Income or loss before income taxes	828	768	1,197	-1,830	532	416	929
Income taxes - current	91	279	420	-28	62	166	135
Income taxes - deferred	160	-34	-53	-559	95	-29	156
Total income taxes	251	244	367	-587	158	136	292
Profit or loss	576	523	830	-1,242	373	279	636

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