

Financial results of Subsidiary (Monex, Inc.)

TOKYO, May 7, 2020 – 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, 2020 prepared in accordance with the generally accepted accounting principles in Japan.

Financial results for the fiscal year ending March 31, 2020 (From April 1, 2019 to March 31, 2020)

(1) Results of operations

(Unit: million yen)

| | Operating revenue | Net operating revenue | Operating income | Ordinary income | Profit |
|---|-------------------|-----------------------|------------------|-----------------|--------|
| For the fiscal year ending March 31, 2020 | 27,987 | 24,708 | 2,680 | 2,659 | 1,662 |
| For the Fiscal year ending March 31, 2019 | 29,014 | 26,045 | 2,762 | 2,796 | 688 |
| Change (%) | -3.5 | -5.1 | -3.0 | -4.9 | 141.5 |

(2) Financial condition

(Unit: million yen)

| | Total assets | Net assets |
|----------------------|--------------|------------|
| As of March 31, 2020 | 656,308 | 48,848 |
| As of March 31, 2019 | 664,322 | 48,602 |

(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, 2019 | As of March 31, 2020 |
|--|----------------------|----------------------|
| Current assets | | |
| Cash and deposits | 115,709 | 84,461 |
| Cash segregated for customers and others | 277,779 | 322,512 |
| Money held in trust | 56,043 | 52,924 |
| Trading assets | 14,261 | 18,853 |
| Trading securities and other | 2,897 | 3,452 |
| Derivatives | 11,363 | 15,400 |
| Margin transaction assets | 138,836 | 107,207 |
| Loans on margin transaction | 127,743 | 97,743 |
| Cash collateral pledged for securities borrowing on margin transaction | 11,092 | 9,463 |
| Loans secured by securities | 221 | 4,058 |
| Cash paid for offering | 913 | 2,657 |
| Short-term guarantee deposits | 23,338 | 24,245 |
| Accrued revenue | 3,555 | 2,833 |
| Short-term loans receivable | 10,553 | 11,853 |
| Other current assets | 6,737 | 8,005 |
| Allowance for doubtful receivables | -1 | -15 |
| Total current assets | 647,947 | 639,597 |
| Non-current assets | | |
| Property, plant and equipment | 601 | 1,122 |
| Intangible assets | 14,291 | 13,980 |
| Investment and others | 1,482 | 1,608 |
| Investment securities | 468 | 474 |
| Long-term guarantee deposits | 435 | 403 |
| Deferred tax assets | 371 | 421 |
| Other | 280 | 431 |
| Allowance for doubtful receivables | -74 | -122 |
| Total non-current assets | 16,374 | 16,711 |
| Total assets | 664,322 | 656,308 |

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(Unit: million yen)

| | As of March 31, 2019 | As of March 31, 2020 |
|--|----------------------|----------------------|
| Current liabilities | | |
| Trading liabilities | 4,856 | 4,565 |
| Trading securities and other | - | 15 |
| Derivatives | 4,856 | 4,549 |
| Trade date accrual | 342 | 40 |
| Margin transaction liabilities | 32,793 | 30,043 |
| Borrowings on margin transaction | 3,572 | 969 |
| Cash received as collateral for securities lending on margin transaction | 29,220 | 29,074 |
| Loans payable secured by securities | 66,235 | 41,255 |
| Deposits received | 155,475 | 189,572 |
| Guarantee deposits received | 192,123 | 223,253 |
| Short-term loans payable | 47,100 | 20,389 |
| Current portion of long-term loans payable | 43,700 | 10,000 |
| Allowance for point services | 344 | 166 |
| Other current liabilities | 2,212 | 3,224 |
| Total current liabilities | 545,184 | 522,511 |
| Non-current liabilities | | |
| Long-term loans payable | 69,200 | 83,400 |
| Other non-current liabilities | - | 211 |
| Total non-current liabilities | 69,200 | 83,611 |
| Statutory reserve | | |
| Financial instruments transactions reserve | 1,335 | 1,337 |
| Total statutory reserve | 1,335 | 1,337 |
| Total liabilities | 615,719 | 607,460 |
| Net assets | | |
| Common stock | 12,200 | 12,200 |
| Capital surplus | 32,569 | 32,569 |
| Retained earnings | 2,645 | 3,167 |
| Owners' equity | 47,414 | 47,937 |
| Net unrealized holding gains (losses) on securities | 1,187 | 911 |
| Accumulated other comprehensive income | 1,187 | 911 |
| Total net assets | 48,602 | 48,848 |
| Total liabilities and net assets | 664,322 | 656,308 |

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(2)Statement of income

(Unit: million yen)

| | For the fiscal year ending March 31, 2019 (From April 1, 2018 to March 31, 2019) | For the fiscal year ending March 31, 2020 (From April 1, 2019 to March 31, 2020) |
|---|---|---|
| Operating revenue | | |
| Commission revenue | 13,369 | 12,721 |
| Brokerage commission | 10,778 | 10,458 |
| Underwriting and distribution | 69 | 104 |
| Subscription and distribution | 355 | 175 |
| Other commissions | 2,165 | 1,982 |
| Net gain on trading account | 4,530 | 5,028 |
| Financial income | 11,018 | 10,134 |
| Other operating revenue | 96 | 103 |
| Total operating revenue | 29,014 | 27,987 |
| Financial expenses | 2,969 | 3,279 |
| Net operating revenue | 26,045 | 24,708 |
| Selling, general and administrative expenses | 23,282 | 22,028 |
| Operating income | 2,762 | 2,680 |
| Non-operating income | 42 | 100 |
| Non-operating expenses | 7 | 121 |
| Ordinary income | 2,796 | 2,659 |
| Extraordinary income | | |
| Provision of financial instruments transactions reserve | 36 | - |
| Total extraordinary income | 36 | - |
| Extraordinary loss | | |
| Impairment loss on non-financial assets | 1,869 | 218 |
| Loss on disposal of fixed assets | - | 16 |
| Reversal of financial instruments transactions reserve | - | 1 |
| Total extraordinary loss | 1,869 | 237 |
| Income before income taxes | 964 | 2,422 |
| Income taxes - current | 763 | 686 |
| Income taxes - deferred | -487 | 72 |
| Total income taxes | 276 | 759 |
| Profit | 688 | 1,662 |

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2. Supplementary information

(1) Brokerage commissions

(Unit: million yen)

| | For the fiscal year ending March 31, 2019 (From April 1, 2018 to March 31, 2019) | For the fiscal year ending March 31, 2020 (From April 1, 2019 to March 31, 2020) |
|-----------------------------|---|---|
| Stocks and ETFs | 10,467 | 10,090 |
| Options and Futures | 310 | 367 |
| Total brokerage commissions | 10,778 | 10,458 |

(2) Brokerage trading value of stocks and ETFs

(Unit: million yen)

| | For the fiscal year ending March 31, 2019 (From April 1, 2018 to March 31, 2019) | For the fiscal year ending March 31, 2020 (From April 1, 2019 to March 31, 2020) |
|--------|---|---|
| Cash | 6,514,879 | 5,866,547 |
| Margin | 7,651,524 | 7,676,351 |
| Total | 14,166,404 | 13,542,899 |

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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 | 4Q of FYE Mar. 2020 |
|---|---------------------------|---------------------------|---------------------------|---------------------------|---------------------------|---------------------------|---------------------------|---------------------------|
| Operating revenue | | | | | | | | |
| Commission revenue | 3,538 | 3,353 | 3,630 | 2,845 | 2,748 | 2,761 | 3,352 | 3,858 |
| Brokerage commission | 2,885 | 2,678 | 2,958 | 2,255 | 2,154 | 2,170 | 2,781 | 3,352 |
| Underwriting and distribution | 22 | 9 | 24 | 13 | 32 | 23 | 22 | 26 |
| Subscription and distribution | 70 | 91 | 137 | 56 | 58 | 60 | 54 | 2 |
| Other commissions | 560 | 574 | 510 | 520 | 503 | 506 | 494 | 478 |
| Net gain on trading account | 943 | 1,149 | 1,279 | 1,157 | 1,103 | 1,224 | 1,194 | 1,506 |
| Financial income | 3,246 | 2,565 | 3,031 | 2,175 | 2,873 | 2,379 | 2,831 | 2,049 |
| Other operating revenue | 20 | 26 | 23 | 26 | 25 | 25 | 25 | 26 |
| Total operating revenue | 7,749 | 7,094 | 7,965 | 6,204 | 6,751 | 6,390 | 7,404 | 7,441 |
| Financial expenses | 1,036 | 540 | 908 | 484 | 1,048 | 636 | 1,065 | 528 |
| Net operating revenue | 6,713 | 6,553 | 7,057 | 5,720 | 5,703 | 5,753 | 6,338 | 6,913 |
| Selling, general and administrative expenses | 5,932 | 5,794 | 5,866 | 5,689 | 5,181 | 5,339 | 5,418 | 6,087 |
| Operating income | 781 | 759 | 1,190 | 31 | 521 | 413 | 920 | 825 |
| Non-operating income | 11 | 10 | 8 | 11 | 9 | 12 | 12 | 66 |
| Non-operating expenses | 1 | 2 | 1 | 3 | 1 | 9 | 1 | 109 |
| Ordinary income | 791 | 768 | 1,197 | 39 | 529 | 416 | 931 | 782 |
| Extraordinary income | | | | | | | | |
| Reversal of financial instruments transactions reserve | 37 | - | -0 | - | 4 | - | - | -4 |
| Total extraordinary income | 37 | - | -0 | - | 4 | - | - | -4 |
| Extraordinary loss | | | | | | | | |
| Impairment loss on non-financial assets | - | - | - | 1,869 | - | - | - | 218 |
| Provision of financial instruments transactions reserve | - | - | - | - | - | - | - | 1 |
| Loss on disposal of Property, plant and equipment | - | - | - | - | 2 | - | 2 | 12 |
| Total extraordinary loss | - | - | - | 1,869 | 2 | - | 2 | 232 |
| Income or loss before income taxes | 828 | 768 | 1,197 | -1,830 | 532 | 416 | 929 | 544 |
| Income taxes - current | 91 | 279 | 420 | -28 | 62 | 166 | 135 | 322 |
| Income taxes - deferred | 160 | -34 | -53 | -559 | 95 | -29 | 156 | -149 |
| Total income taxes | 251 | 244 | 367 | -587 | 158 | 136 | 292 | 172 |
| Profit or loss | 576 | 523 | 830 | -1,242 | 373 | 279 | 636 | 371 |

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