

Quarterly financial results of Subsidiary (Monex, Inc.)

TOKYO, October 29, 2018 – 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, 2019 prepared in accordance with the generally accepted accounting principles in Japan.

Financial results for the 1st half of the fiscal year ending March 31, 2019 (From April 1, 2018 to September 30, 2018)

(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, 2018	14,844	13,267	1,540	1,559	1,100
For the 1 st half of the Fiscal year ending September 30, 2017	15,140	13,547	1,988	2,024	1,445
Change (%)	-2.0	-2.1	-22.5	-22.9	-23.9

(2) Financial condition

(Unit: million yen)

	Total assets	Net assets
As of September 30, 2018	703,106	49,975
As of March 31, 2018	660,998	50,536

(Please refer to Appendix for more details)

Contact: Akiko Kato
Corporate Communications Office
Monex Group, Inc.
+81-3-4323-8698

Atsushi Demoto, Yuki Nakano
Investor Relations, Financial Control Department
Monex Group, Inc.
+81-3-4323-8698

This material is an English translation of a Japanese announcement made on the date above. Although the Company intended to faithfully translate the Japanese document into English, the accuracy and correctness of this English translation is not guaranteed and thus you are encouraged to refer to the original Japanese document. This translation was made as a matter of record only and does not constitute an offer to sell or to solicit an offer to buy securities in the U.S.

MONEX GROUP

Appendix

1. Quarterly Financial Statements

(1) Balance Sheets

(Unit: million yen)

	As of March 31, 2018	As of September 30, 2018
Current assets		
Cash and deposits	63,282	133,134
Cash segregated for customers and others	272,752	275,654
Money held in trust	54,060	58,030
Trading assets	19,233	16,031
Trading securities and other	3,575	2,325
Derivatives	15,657	13,705
Margin transaction assets	192,224	158,690
Loans on margin transaction	188,840	149,372
Cash collateral pledged for securities borrowing on margin transaction	3,384	9,318
Loans secured by securities	22	-
Cash paid for offering	1,196	1,674
Short-term guarantee deposits	25,968	23,658
Accrued revenue	3,516	3,765
Short-term loans receivable	6,409	10,195
Other current assets	3,244	4,501
Allowance for doubtful receivables	-2	-1
Total current assets	641,906	685,334
Non-current assets		
Property, plant and equipment	759	772
Intangible assets	17,227	15,891
Investment and others	1,105	1,108
Investment securities	487	473
Long-term guarantee deposits	459	447
Deferred tax assets	93	-
Other	139	255
Allowance for doubtful receivables	-75	-68
Total non-current assets	19,091	17,771
Total assets	660,998	703,106

This material is an English translation of a Japanese announcement made on the date above. Although the Company intended to faithfully translate the Japanese document into English, the accuracy and correctness of this English translation is not guaranteed and thus you are encouraged to refer to the original Japanese document. This translation was made as a matter of record only and does not constitute an offer to sell or to solicit an offer to buy securities in the U.S.

MONEX GROUP

(Unit: million yen)

	As of March 31, 2018	As of September 30, 2018
Current liabilities		
Trading liabilities	4,897	6,496
Derivatives	4,897	6,496
Trade date accrual	285	839
Margin transaction liabilities	29,683	31,229
Borrowings on margin transaction	13,241	2,359
Cash received as collateral for securities lending on margin transaction	16,441	28,869
Loans payable secured by securities	61,100	76,435
Deposits received	148,125	169,949
Guarantee deposits received	197,653	212,115
Short-term loans payable	87,400	57,400
Current portion of long-term loans payable	19,000	43,700
Allowance for point services	220	279
Deferred tax liabilities	209	-
Other current liabilities	3,814	2,188
Total current liabilities	552,389	600,634
Non-current liabilities		
Long-term loans payable	56,700	51,000
Deferred tax liabilities	-	161
Total non-current liabilities	56,700	51,161
Statutory reserve		
Financial instruments transactions reserve	1,372	1,334
Total statutory reserve	1,372	1,334
Total liabilities	610,461	653,130
Net assets		
Common stock	12,200	12,200
Capital surplus	32,569	32,569
Retained earnings	4,579	4,197
Owners' equity	49,348	48,967
Net unrealized holding gains (losses) on securities	1,188	1,008
Accumulated other comprehensive income	1,188	1,008
Total net assets	50,536	49,975
Total liabilities and net assets	660,998	703,106

This material is an English translation of a Japanese announcement made on the date above. Although the Company intended to faithfully translate the Japanese document into English, the accuracy and correctness of this English translation is not guaranteed and thus you are encouraged to refer to the original Japanese document. This translation was made as a matter of record only and does not constitute an offer to sell or to solicit an offer to buy securities in the U.S.

MONEX GROUP

(2)Statement of income

(Unit: million yen)

	Six months ending September 30, 2017 (From April 1, 2017 to September 30, 2017)	Six months ending September 30, 2018 (From April 1, 2018 to September 30, 2018)
Operating revenue		
Commission revenue	8,000	6,892
Brokerage commission	6,613	5,564
Underwriting and distribution	125	31
Subscription and distribution	165	161
Other commissions	1,094	1,135
Net gain on trading account	1,804	2,092
Financial income	5,281	5,811
Other operating revenue	54	46
Total operating revenue	15,140	14,844
Financial expenses	1,592	1,576
Net operating revenue	13,547	13,267
Selling, general and administrative expenses	11,558	11,726
Operating income	1,988	1,540
Non-operating income	38	22
Non-operating expenses	3	3
Ordinary income	2,024	1,559
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	-
Total extraordinary loss	32	-
Income before income taxes	2,097	1,597
Income taxes - current	295	370
Income taxes - deferred	356	125
Total income taxes	651	496
Profit	1,445	1,100

This material is an English translation of a Japanese announcement made on the date above. Although the Company intended to faithfully translate the Japanese document into English, the accuracy and correctness of this English translation is not guaranteed and thus you are encouraged to refer to the original Japanese document. This translation was made as a matter of record only and does not constitute an offer to sell or to solicit an offer to buy securities in the U.S.

MONEX GROUP

2. Supplementary information

(1) Brokerage commissions

(Unit: million yen)

	Six months ending September 30,2017 (From April 1, 2017 to September 30, 2017)	Six months ending September 30,2018 (From April 1, 2018 to September 30, 2018)
Stocks and ETFs	6,455	5,429
Options and Futures	158	135
Total brokerage commissions	6,613	5,564

(2) Brokerage trading value of stocks and ETFs

(Unit: million yen)

	Six months ending September 30,2017 (From April 1, 2017 to September 30, 2017)	Six months ending September 30, 2018 (From April 1, 2018 to September 30, 2018)
Cash	4,163,236	3,400,983
Margin	3,242,728	3,868,733
Total	7,405,965	7,269,717

This material is an English translation of a Japanese announcement made on the date above. Although the Company intended to faithfully translate the Japanese document into English, the accuracy and correctness of this English translation is not guaranteed and thus you are encouraged to refer to the original Japanese document. This translation was made as a matter of record only and does not constitute an offer to sell or to solicit an offer to buy securities in the U.S.

MONEX GROUP

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

This material is an English translation of a Japanese announcement made on the date above. Although the Company intended to faithfully translate the Japanese document into English, the accuracy and correctness of this English translation is not guaranteed and thus you are encouraged to refer to the original Japanese document. This translation was made as a matter of record only and does not constitute an offer to sell or to solicit an offer to buy securities in the U.S.