



Monex Group, Inc.

Consolidated Financial Summary under IFRSs for the 2Q of the fiscal year ending March 31, 2023 (April 1, 2022 - September 30, 2022)

This is an English translation for the Japanese report of the consolidated financial summary under IFRSs for the 2Q of the fiscal year ending March 31, 2023. If there is any discrepancy between the statement in English and Japanese, the Japanese statement shall take precedence.

Basis of preparation of financial statements

The financial information included in this report is based on our un-audited consolidated financial statements for the 2Q of the fiscal year ending March 31, 2023. All of those financial statements have been prepared based on IFRSs. All financial information presented in million yen has been rounded to the nearest million.

Use of estimates and judgments

Management of Monex Group, Inc. and its subsidiaries is required to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amount of assets, liabilities, income and expenses in preparation of financial statements in accordance with IFRSs. Actual results could differ from these estimates.

Accounting estimates and its underlying assumptions are continually reviewed. The impact of revisions to accounting estimates is prospectively recognized in the period when the revision is made and in subsequent periods.

Monex Group, Inc. / October 2022

Consolidated Financial Summary

For the 2Q of the fiscal year ending March 31, 2023

	(Millions of Yen)		
	Six months ending Sep. 30, 2021	Six months ending Sep. 30, 2022	%change
Operating results (from Apr. 1, 2022 to Sep. 30, 2022):			
Operating revenue	49,094	39,024	-20.5%
Quarterly profit before income taxes	18,269	2,073	-88.7%
Quarterly profit	12,063	1,243	-89.7%
Quarterly profit attributable to :			
Owners of the Company.	12,027	1,247	-89.6%
Quarterly comprehensive income.	12,335	4,120	-66.6%
Earnings per share attributable to owners of the Company			
Basic earnings per share(yen)	46.67	4.67	—
Diluted earnings per share(yen)	41.87	—	—

	(Millions of Yen)	
	As of March 31,2022	As of Sep 30,2022
Financial Position		
Total assets	1,607,761	1,555,373
Total equity	106,018	107,621
Equity attributable to owners of the Company	104,286	106,407
Ratio of equity attributable to owners of the parent (%)	6.5%	6.8%

Note:Earnings per share attributable to owners of the Company are computed by dividing profit attributable to owners by the weighted average number of common shares outstanding for the period.

(1) Quarterly Consolidated Statements of Income

	(Millions of Yen)	
	Six months ending Sep. 30, 2021	Six months ending Sep. 30, 2022
Revenue:		
Operating revenue	49,094	39,024
Other financial income	1,234	537
Other income	1,766	2,225
Equity in profits of equity method investments	38	18
Total revenue	52,131	41,805
Expenses:		
Financial expenses	2,280	2,729
Cost of sales	14	85
Selling, general and administrative expenses	30,670	35,110
Other financial expenses.....	42	69
Other expenses.....	856	1,740
Total expenses	33,862	39,732
Quarterly profit before income taxes	18,269	2,073
Income tax expense.....	6,206	831
Quarterly profit	12,063	1,243
Quarterly profit or loss attributable to:		
Owners of the Company	12,027	1,247
Non-controlling interests	36	(4)
Earnings per share attributable to owners of the Company:		
	(in yen)	(in yen)
Basic earnings per share	46.67	4.67
Diluted earnings per share	41.87	—

(2) Quarterly Consolidated Statements of Comprehensive Income

	(Millions of Yen)	
	Six months ending Sep. 30, 2021	Six months ending Sep. 30, 2022
Quarterly profit	12,063	1,243
Other comprehensive income:		
Items that will not be reclassified to profit or loss:		
Changes in fair value of equity instruments measured at fair value through other comprehensive income.....	158	(148)
Items that may be reclassified subsequently to profit or loss:		
Changes in fair value of debt instruments measured at fair value through other comprehensive income.....	12	(1,831)
Foreign currency translation adjustments in foreign operations	137	4,863
Share of other comprehensive income of equity method investments.....	(36)	(6)
Other comprehensive income after income taxes	272	2,877
Quarterly comprehensive income	12,335	4,120
Quarterly comprehensive income attributable to:		
Owners of the Company	12,299	4,124
Non-controlling interests	36	(4)

(3) Quarterly Consolidated Statements of Financial Position

	(Millions of Yen)	
	As of Mar. 31, 2022	As of Sep. 30, 2022
Assets:		
Cash and cash equivalents.....	253,458	137,229
Money held in trust	843,590	945,821
Trading securities and other	7,843	6,795
Derivative assets.....	15,335	17,813
Inventories.....	56,463	18,601
Investments in securities	12,008	13,030
Margin transaction assets	162,285	183,575
Loans secured by securities.....	91,376	77,057
Other financial assets	105,492	94,701
Property and equipment	6,564	7,073
Intangible assets	45,350	48,733
Equity method investments	344	399
Deferred tax assets	1,552	1,468
Other assets	6,100	3,079
Total assets	1,607,761	1,555,373
Liabilities and Equity:		
Liabilities:		
Trading securities and other	45	40
Derivative liabilities	8,997	9,956
Margin transaction liabilities.....	29,004	22,019
Loans payable secured by securities	159,317	148,623
Deposits received	592,373	648,231
Guarantee deposits received.....	348,569	364,429
Bonds and loans payable	262,627	212,745
Other financial liabilities	29,898	17,981
Provisions.....	463	463
Income taxes payable	4,510	1,380
Deferred tax liabilities.....	1,959	932
Other liabilities.....	63,981	20,952
Total liabilities	1,501,742	1,447,751
Equity:		
Common stock	13,144	13,144
Additional paid-in capital.....	41,174	41,394
Treasury stock	(383)	(2)
Retained earnings	39,268	38,405
Other components of equity	11,084	13,465
Equity attributable to owners of the Company.....	104,286	106,407
Non-controlling interests.....	1,732	1,215
Total equity	106,018	107,621
Total liabilities and equity	1,607,761	1,555,373

(4) Quarterly Consolidated Statement of Changes in Equity

	Equity attributable to owners of the Company								
	Common stock	Additional paid-in capital	Treasury stock	Retained earnings	Other components of equity				
					Total				
				Changes in fair value of equity instruments measured at fair value through other comprehensive income	Changes in fair value of debt instruments measured at fair value through other comprehensive income	Foreign currency translation adjustments in foreign operations	Share—based payments	Share of other comprehensive income of equity method investments	
Balance as of April 1, 2021	¥10,394	¥40,253	¥(446)	¥30,148	¥717	¥656	¥8,153	¥(324)	¥23
Profit	—	—	—	12,027	—	—	—	—	—
Other comprehensive income	—	—	—	—	158	12	137	—	(36)
Total comprehensive income	—	—	—	12,027	158	12	137	—	(36)
Transactions with owners:									
Dividends paid	—	—	—	(1,932)	—	—	—	—	—
Dividends to non-controlling interests	—	—	—	—	—	—	—	—	—
Disposition of treasury stock	—	75	63	—	—	—	(138)	—	—
Recognition of share—based payments	—	—	—	—	—	—	106	—	—
Recognition of share acquisition rights	—	—	—	—	—	—	—	—	—
Changes of interests in subsidiaries without losing control	—	(227)	—	—	—	—	—	—	—
Total of transactions with owners	—	(152)	63	(1,932)	—	—	—	(32)	—
Balance as of September 30, 2021	¥10,394	¥40,101	¥(383)	¥40,242	¥875	¥668	¥8,291	¥(356)	¥(13)

	Equity attributable to owners of the Company		Non—controlling interests	Total equity
	Other components of equity	Total		
	Sub—total			
Balance as of April 1, 2021	¥9,225	¥89,573	¥952	¥90,524
Profit	—	12,027	36	12,063
Other comprehensive income	272	272	—	272
Total comprehensive income	272	12,299	36	12,335
Transactions with owners:				
Dividends paid	—	(1,932)	—	(1,932)
Dividends to non-controlling interests	—	—	(32)	(32)
Disposition of treasury stock	(138)	—	—	—
Recognition of share—based payments	106	106	—	106
Recognition of share acquisition rights	—	—	22	22
Changes of interests in subsidiaries without losing control	—	(227)	240	14
Total of transactions with owners	(32)	(2,053)	230	(1,823)
Balance as of September 30, 2021	¥9,465	¥99,818	¥1,218	¥101,036

	Equity attributable to owners of the Company								
	Common stock	Additional paid—in capital	Treasury stock	Retained earnings	Other components of equity				
					Total				
				Changes in fair value of equity instruments measured at fair value through other comprehensive income	Changes in fair value of debt instruments measured at fair value through other comprehensive income	Foreign currency translation adjustments in foreign operations	Share—based payments	Share of other comprehensive income of equity method investments	
Balance as of April 1, 2022	¥13,144	¥41,174	¥(383)	¥39,268	¥780	¥(159)	¥10,679	¥(242)	¥26
Profit	—	—	—	1,247	—	—	—	—	—
Other comprehensive income	—	—	—	—	(148)	(1,831)	4,863	—	(6)
Total comprehensive income	—	—	—	1,247	(148)	(1,831)	4,863	—	(6)
Transactions with owners:									
Dividends paid	—	—	—	(2,050)	—	—	—	—	—
Dividends to non-controlling interests	—	—	—	—	—	—	—	—	—
Disposition of treasury stock	—	257	382	—	—	—	—	(639)	—
Recognition of share—based payments	—	—	—	(59)	—	—	—	143	—
Changes of interests in subsidiaries without losing control	—	(37)	—	—	—	—	—	—	—
Total of transactions with owners	—	221	382	(2,109)	—	—	—	(496)	—
Balance as of September 30, 2022	¥13,144	41,394	¥(2)	¥38,405	¥632	¥(1,990)	¥15,542	¥(739)	¥20

	Equity attributable to owners of the Company		Non—controlling interests	Total equity
	Other components of equity			
	Sub—total	Total		
Balance as of April 1, 2022	¥11,084	¥104,286	¥1,732	¥106,018
Profit	—	1,247	(4)	1,243
Other comprehensive income	2,877	2,877	—	2,877
Total comprehensive income	2,877	4,124	(4)	4,120
Transactions with owners:				
Dividends paid	—	(2,050)	—	(2,050)
Dividends to non-controlling interests	—	—	(550)	(550)
Disposition of treasury stock	(639)	—	—	—
Recognition of share—based payments	143	84	—	84
Changes of interests in subsidiaries without losing control	—	(37)	37	—
Total of transactions with owners	(496)	(2,003)	(514)	(2,517)
Balance as of September 30, 2022	¥13,465	¥106,407	¥1,215	¥107,621

(5) Quarterly Consolidated Statements of Cash Flows

	(Millions of Yen)	
	Six months ending Sep. 30, 2021	Six months ending Sep. 30, 2022
Cash flows from operating activities:		
Quarterly profit before income taxes	18,269	2,073
Depreciation and amortization.....	4,151	4,269
Impairment loss on non-financial assets	656	334
Financial income and financial expenses.....	(7,273)	(11,540)
Decrease/increase in derivative assets and liabilities.....	(826)	(1,518)
Decrease/increase in assets/liabilities for margin transaction	(9,872)	(28,276)
Decrease/increase in loans/loans payable secured by securities	(6,356)	3,341
Decrease/increase in cash segregated as deposits	(49,832)	(42,585)
Decrease/increase in deposits received and guarantee deposits received.....	65,638	3,644
Decrease/increase in short-term loans receivable	5,499	(57)
Decrease/increase in short-term guarantee deposits	6,595	12,607
Other, net	(3,483)	(605)
Sub total	23,166	(58,311)
Interest and dividends income received.....	7,222	11,781
Interest expenses paid.....	(2,193)	(2,645)
Income taxes refund/paid.....	(7,656)	(4,451)
Net cash provided by (used in) operating activities	20,539	(53,626)
Cash flows from investing activities:		
Payments into time deposits	—	(13,035)
Purchase of investments in securities	(67)	(295)
Proceeds from sales and redemption of securities	1,519	319
Purchase of property and equipment.....	(147)	(835)
Purchase of intangible assets	(2,778)	(3,512)
Payments for acquisition of non-controlling interests	(355)	(144)
Other, net	(48)	(235)
Net cash provided by (used in) investing activities	(1,877)	(17,737)
Cash flows from financing activities:		
Net increase/decrease in short-term loans payable	205	(52,668)
Proceeds from issuance of bonds payable.....	3,500	5,196
Redemption of bonds payable.....	(11,300)	(5,700)
Proceeds from long-term loans payable.....	14,656	—
Repayment of long-term loans payable	(30,002)	(5)
Repayments of lease liabilities	(461)	(574)
Cash dividends paid.....	(1,929)	(2,048)
Capital contribution from non-controlling interests.....	14	—
Dividends paid to non-controlling interests	(32)	(550)
Other, net	270	(31)
Net cash provided by (used in) financing activities	(25,080)	(56,379)
Net increase/decrease in cash and cash equivalents	(6,418)	(127,742)
Cash and cash equivalents at the beginning of period	186,683	253,458
Effect of exchange rate change on cash and cash equivalents	(140)	11,513
Cash and cash equivalents at the end of period	180,125	137,229

(6) Going Concern Assumption

Not applicable.

(7) Changes in accounting policies

The significant accounting policies applied in the condensed quarterly consolidated financial statements are the same as those applied in the consolidated financial statements for the prior fiscal year, except for the following.

Standards		Mandatory adoption (Annual period beginning on or after)	The Group's adoption period (For the fiscal year)	New/revised requirements
IAS 16	Property, plant and equipment	January 1, 2022	March 31, 2023	Prohibits the deduction of income before intended use from the cost of property, plant and equipment
IAS 37	Provisions, Contingent Liabilities and Contingent Assets	January 1, 2022	March 31, 2023	Specifies which costs an entity should include when assessing whether a contract is loss-producing
IFRS 3	Business Combinations	January 1, 2022	March 31, 2023	Updated references to the Conceptual Framework for Financial Reporting in IFRS 3
IFRS 9	Financial Instruments	January 1, 2022	March 31, 2023	Clarify fees to be included in the 10% test for derecognition of financial liabilities

There is no significant impact in the consolidated cumulative second quarter.

(8) Changes in the method of presentation

“Decrease/increase in short-term guarantee deposits,” which was included in “Other, net” of “Cash flow from operating activities” in the prior second quarter fiscal period, is presented separately in the current second quarter fiscal period due to its increased importance in terms of amount.

To reflect this change in the method of presentation, the condensed quarterly consolidated statements of cash flows for the prior second quarter fiscal period have been reclassified.

As a result, “Other, net” of “Cash flow from operating activities” ¥3,112 million, which was presented in the condensed quarterly consolidated statements of cash flows for the prior second quarter fiscal period, have been reclassified to “Decrease/increase in short-term guarantee deposits” ¥6,595 and “Other, net” ¥(3,483).

(9) Summary Quarterly Consolidated Financial Statements Note

1. Segment Information

The main businesses of the Group are the financial instruments business, cryptocurrency exchange service provider and investment business of securities. The disclosed segments are the 5 segments of "Japan," "U.S.," "Crypto Asset," "Asia-Pacific," and "Investment."

Segment	Main business	Main company
Japan	Financial instruments business in Japan	Monex, Inc. Monex Asset Management, Inc.
U.S.	Financial instruments business in U.S.	TradeStation Securities, Inc.
Crypto Asset	Crypto currency exchange service	Coincheck, Inc.
Asia-Pacific	Financial instruments business in Hong-Kong and Australia	Monex Boom Securities(H.K.) Limited Monex Securities Australia Pty Ltd
Investment	Investment business of securities	Monex Ventures, Inc. MV I Investment Limited Partnership MV II Investment Limited Partnership

Notes: Each entity is an independent management unit that establishes comprehensive strategies and conducts business activities

The Group's operating results by reporting segment

For the six months ended September 30, 2021

	Reporting segment						Others	Adjustment	Consolidated
	Japan	U.S.	Crypto Asset	Asia-Pacific	Investment	Total			
Operating revenue from external customers	¥15,458	¥12,127	¥20,444	¥639	¥426	¥49,094	¥—	¥—	¥49,094
Internal operating revenue or transferred amount between segments	137	423	7	6	—	572	9,583	(10,155)	—
Total	15,594	12,550	20,450	645	426	49,666	9,583	(10,155)	49,094
Financial expenses	(840)	(1,321)	(2)	(2)	(258)	(2,423)	—	143	(2,280)
Cost of sales	—	(37)	(14)	—	—	(51)	—	37	(14)
Depreciation and amortization	(2,603)	(1,297)	(197)	(54)	—	(4,151)	—	—	(4,151)
Other selling, general and administrative expenses	(9,514)	(11,462)	(6,489)	(457)	(43)	(27,966)	—	1,447	(26,519)
Other income and expenses (net amount)	3,204	(119)	79	(2)	(0)	3,162	—	(1,060)	2,102
Equity in profits or losses of equity method investments	—	—	—	38	—	38	—	—	38
Segment profit or loss (profit before income taxes)	¥5,842	¥(1,687)	¥13,826	¥168	¥125	¥18,274	¥9,583	¥(9,589)	¥18,269

The following financial income and sales revenue are included in the operating revenue.

Millions of Yen

	Reporting segment						Others	Adjustment	Consolidated
	Japan	U.S.	Crypto Asset	Asia-Pacific	Investment	Total			
Financial income	¥4,633	¥3,347	—	¥65	¥426	¥8,471	¥9,583	¥(9,693)	¥8,361
Sales revenue	—	42	132	—	—	175	—	(42)	132

Notes: (*1) Others are dividends from reporting segment to the Company

(*2) Adjustment refers to elimination between segments.

(*3) Transactions between segments are made by arm's length price.

(*4) Segment profit or loss is profit or loss before income taxes.

For the six months ended September 30, 2022

	Reporting segment						Others	Adjustment	Consolidated
	Japan	U.S.	Crypto Asset	Asia-Pacific	Investment	Total			
Operating revenue from external customers	¥15,663	¥17,469	¥4,796	¥547	¥549	¥39,024	¥—	¥—	¥39,024
Internal operating revenue or transferred amount between segments	284	443	14	4	—	745	4,450	(5,196)	—
Total	15,947	17,912	4,810	552	549	39,770	4,450	(5,196)	39,024
Financial expenses	(858)	(2,056)	(1)	(1)	(136)	(3,053)	—	324	(2,729)
Cost of sales	—	(25)	(85)	—	—	(110)	—	25	(85)
Depreciation and amortization	(2,316)	(1,670)	(219)	(65)	—	(4,269)	—	—	(4,269)
Other selling, general and administrative expenses	(10,874)	(15,704)	(4,353)	(555)	(46)	(31,532)	—	692	(30,841)
Other income and expenses (net amount)	2,916	(1,529)	(127)	(6)	(0)	1,253	—	(299)	954
Equity in profits or losses of equity method investments	—	—	—	18	—	18	—	—	18
Segment profit or loss (profit before income taxes)	¥4,815	¥(3,073)	¥25	¥(57)	¥368	¥2,077	¥4,450	¥(4,454)	¥2,073

The following financial income and sales revenue are included in the operating revenue.

Millions of Yen

	Reporting segment						Others	Adjustment	Consolidated
	Japan	U.S.	Crypto Asset	Asia-Pacific	Investment	Total			
Financial income	¥6,900	¥6,538	¥—	¥69	¥549	¥14,056	¥4,450	¥(4,707)	¥13,800
Sales revenue	—	29	809	—	—	838	—	(30)	808

Notes: (*1) Others are dividends from reporting segment to the Company.

(*2) Adjustment refers to elimination between segments.

(*3) Transactions between segments are made by arm's length price.

(*4) Segment profit or loss is profit or loss before income taxes.

2. Earnings per Share

The basis for calculating basic earnings per share and diluted earnings per share for the current fiscal year is as follows

Millions of Yen

	Six months ending Sep 30, 2021	Six months ending Sep. 30, 2022
Earnings per share attributable to owners of the Company		
Basic	¥12,027	¥1,247
Adjustment(*1)	(1,237)	—
Diluted	¥10,790	¥1,247

Thousands of Share

	Six months ending Sep. 30, 2021	Six months ending Sep. 30, 2022
Weighted average number of shares		
Basic	257,722	266,759
Adjustment (*1)	—	—
Diluted	257,722	266,759

Note: (*1) Financial instrument with a dilutive effect is for the purchase of stock options issued by a subsidiary.

(10) Events after the Reporting Period

Not applicable