



Monex Group, Inc.

Consolidated Financial Summary under IFRSs for the 1Q of the fiscal year ending March 31, 2024 (April 1, 2023 - June 30, 2023)

This is an English translation for the Japanese report of the consolidated financial summary under IFRSs for the 1Q of the fiscal year ending March 31, 2024. 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 1Q of the fiscal year ending March 31, 2024. 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. / July 2023

Consolidated Financial Summary

For the 1Q of the fiscal year ending March 31, 2024

(Millions of Yen)

	Three months ending Jun. 30, 2022	Three months ending Jun. 30, 2023	%change
Operating results (from Apr. 1, 2023 to Jun. 30, 2023):			
Operating revenue	19,059	22,129	16.1%
Quarterly profit before income taxes	1,078	2,852	164.7%
Quarterly profit	981	2,379	142.5%
Quarterly profit attributable to :			
Owners of the Company.....	952	2,414	153.5%
Quarterly comprehensive income.....	3,422	3,520	2.9%
Earnings per share attributable to owners of the Company			
Basic earnings per share(yen).....	3.58	9.42	
Diluted earnings per share(yen).....	—	—	

(Millions of Yen)

	As of March 31,2023	As of June 30,2023
Financial Position		
Total assets	1,504,110	1,562,424
Total equity	100,754	102,312
Equity attributable to owners of the Company	99,641	101,228
Ratio of equity attributable to owners of the parent (%)	6.6%	6.5%

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)

	Three months ending Jun. 30, 2022	Three months ending Jun. 30, 2023
Revenue:		
Operating revenue.....	19,059	22,129
Other financial income.....	397	237
Other income.....	1,025	38
Equity in profits of equity method investments	10	—
Total revenue	20,491	22,404
Expenses:		
Financial expenses.....	1,331	1,907
Cost of sales.....	29	19
Selling, general and administrative expenses	17,883	17,315
Other financial expenses.....	57	2
Other expenses.....	113	305
Equity in losses of equity method investments	—	3
Total expenses	19,413	19,551
Quarterly profit before income taxes	1,078	2,852
Income tax expense.....	97	474
Quarterly profit	981	2,379
Quarterly profit or loss attributable to:		
Owners of the Company.....	952	2,414
Non-controlling interests.....	29	(35)
Earnings per share attributable to owners of the Company:		
	(in yen)	(in yen)
Basic earnings per share.....	3.58	9.42
Diluted earnings per share.....	—	—

(2) Quarterly Consolidated Statements of Comprehensive Income

(Millions of Yen)

	Three months ending Jun. 30, 2022	Three months ending Jun. 30, 2023
Quarterly profit	981	2,379
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.....	(153)	(165)
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.....	(434)	(322)
Cash flow hedges – effective portion of changes in fair value.....	—	(971)
Foreign currency translation adjustments in foreign operations.....	3,023	2,590
Share of other comprehensive income of equity method investments.....	6	9
Other comprehensive income after income taxes	2,442	1,141
Quarterly comprehensive income	3,422	3,520
Quarterly comprehensive income attributable to:		
Owners of the Company	3,394	3,555
Non-controlling interests	29	(35)

(3) Quarterly Consolidated Statements of Financial Position

(Millions of Yen)

	As of Mar. 31, 2023	As of Jun. 30, 2023
Assets:		
Cash and cash equivalents.....	175,159	151,766
Money held in trust.....	863,834	923,352
Trading securities and other.....	5,863	7,732
Derivative assets.....	15,101	18,532
Inventories.....	18,972	20,704
Investments in securities.....	13,149	13,789
Margin transaction assets.....	182,491	185,107
Loans secured by securities.....	85,206	84,415
Other financial assets.....	87,142	96,280
Property and equipment.....	6,043	6,218
Intangible assets.....	46,918	48,798
Equity method investments.....	577	820
Deferred tax assets.....	1,119	1,609
Other assets.....	2,536	3,301
Total assets	1,504,110	1,562,424
Liabilities and Equity:		
Liabilities:		
Trading securities and other.....	69	45
Derivative liabilities.....	6,242	9,926
Margin transaction liabilities.....	33,949	46,781
Loans payable secured by securities.....	174,647	161,021
Deposits received.....	535,150	594,267
Guarantee deposits received.....	373,233	408,823
Bonds and loans payable.....	241,062	199,470
Other financial liabilities.....	13,877	14,471
Provisions.....	627	647
Income taxes payable.....	1,316	1,399
Deferred tax liabilities.....	836	787
Other liabilities.....	22,348	22,475
Total liabilities	1,403,355	1,460,112
Equity:		
Common stock.....	13,144	13,144
Additional paid-in capital.....	41,027	41,022
Treasury stock.....	(714)	(714)
Retained earnings.....	34,509	34,896
Other components of equity.....	11,675	12,881
Equity attributable to owners of the Company.....	99,641	101,228
Non-controlling interests.....	1,113	1,083
Total equity	100,754	102,312
Total liabilities and equity	1,504,110	1,562,424

(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				
					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	Hedging reserve	Foreign currency translation adjustments in foreign operations	Share—based payments
Balance as of April 1, 2022	¥13,144	¥41,174	¥(383)	¥39,268	¥780	¥(159)	—	¥10,679	¥(242)
Profit	—	—	—	952	—	—	—	—	—
Other comprehensive income	—	—	—	—	(153)	(434)	—	3,023	—
Total comprehensive income	—	—	—	952	(153)	(434)	—	3,023	—
Transactions with owners:									
Dividends paid	—	—	—	(2,050)	—	—	—	—	—
Dividends to non-controlling interests	—	—	—	—	—	—	—	—	—
Recognition of share—based payments	—	—	—	(50)	—	—	—	—	70
Changes of interests in subsidiaries without losing control	—	(37)	—	—	—	—	—	—	—
Total of transactions with owners	—	(37)	—	(2,100)	—	—	—	—	70
Balance as of June 30, 2022	¥13,144	¥41,137	¥(383)	¥38,119	¥628	¥(593)	—	¥13,702	¥(172)

	Equity attributable to owners of the Company			Non—controlling interests	Total equity
	Other components of equity		Total		
	Share of other comprehensive income of equity method investments	Sub—total			
Balance as of April 1, 2022	26	¥11,084	¥104,286	¥1,732	¥106,018
Profit	—	—	952	29	981
Other comprehensive income	6	2,442	2,442	—	2,442
Total comprehensive income	6	2,442	3,394	29	3,422
Transactions with owners:					
Dividends paid	—	—	(2,050)	—	(2,050)
Dividends to non-controlling interests	—	—	—	(550)	(550)
Recognition of share—based payments	—	70	20	—	20
Changes of interests in subsidiaries without losing control	—	—	(37)	37	—
Total of transactions with owners	—	70	(2,066)	(514)	(2,580)
Balance as of June 30, 2022	¥32	¥13,596	¥105,613	¥1,247	¥106,861

	Equity attributable to owners of the Company								
	Common stock	Additional paid—in capital	Treasury stock	Retained earnings	Other components of equity				
					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	Hedging reserve	Foreign currency translation adjustments in foreign operations	Share—based payments
Balance as of April 1, 2023	¥13,144	¥41,027	¥(714)	¥34,509	¥640	¥(1,493)	—	¥13,113	¥(614)
Profit	—	—	—	2,414	—	—	—	—	—
Other comprehensive income	—	—	—	—	(165)	(322)	(971)	2,590	—
Total comprehensive income	—	—	—	2,414	(165)	(322)	(971)	2,590	—
Transactions with owners:									
Dividends paid	—	—	—	(2,025)	—	—	—	—	—
Recognition of share—based payments	—	—	—	(2)	—	—	—	—	65
Changes of interests in subsidiaries without losing control	—	(5)	—	—	—	—	—	—	—
Total of transactions with owners	—	(5)	—	(2,027)	—	—	—	—	65
Balance as of June 30, 2023	¥13,144	¥41,022	¥(714)	¥34,896	¥475	¥(1,815)	¥(971)	¥15,703	¥(549)

	Equity attributable to owners of the Company			Non—controlling interests	Total equity
	Other components of equity		Total		
	Share of other comprehensive income of equity method investments	Sub—total			
Balance as of April 1, 2023	¥28	¥11,675	¥99,641	¥1,113	¥100,754
Profit	—	—	2,414	(35)	2,379
Other comprehensive income	9	1,141	1,141	—	1,141
Total comprehensive income	9	1,141	3,555	(35)	3,520
Transactions with owners:					
Dividends paid	—	—	(2,025)	—	(2,025)
Recognition of share—based payments	—	65	63	—	63
Changes of interests in subsidiaries without losing control	—	—	(5)	5	—
Total of transactions with owners	—	65	(1,968)	5	(1,963)
Balance as of June 30, 2023	¥37	¥12,881	¥101,228	¥1,083	¥102,312

(5) Quarterly Consolidated Statements of Cash Flows

(Millions of Yen)

	Three months ending Jun. 30, 2022	Three months ending Jun. 30, 2023
Cash flows from operating activities:		
Quarterly profit before income taxes.....	1,078	2,852
Depreciation and amortization.....	2,031	2,231
Financial income and financial expenses.....	(5,457)	(8,385)
Decrease/increase in derivative assets and liabilities.....	(1,503)	(728)
Decrease/increase in assets/liabilities for margin transaction.....	(15,230)	10,216
Decrease/increase in loans/loans payable secured by securities...	25,236	(12,837)
Decrease/increase in money held in trust.....	(12,166)	(30,427)
Decrease/increase in deposits received and guarantee deposits received.....	(12,280)	64,274
Decrease/increase in short-term loans receivable.....	473	(2,222)
Decrease/increase in short-term guarantee deposits.....	14,572	(3,255)
Other, net.....	51	(8,595)
Sub total	(3,195)	13,124
Interest and dividends income received.....	5,508	9,726
Interest expenses paid.....	(1,319)	(1,791)
Income taxes refund/paid.....	(4,932)	(728)
Net cash provided by (used in) operating activities	(3,939)	20,332
Cash flows from investing activities:		
Payments into time deposits.....	—	(6,995)
Proceeds from withdrawal of time deposits.....	—	6,960
Purchase of investments in securities.....	(17)	(71)
Proceeds from sales and redemption of securities.....	288	34
Purchase of property and equipment.....	(706)	(89)
Purchase of intangible assets.....	(1,711)	(1,633)
Payments for acquisition of associates.....	—	(200)
Payments for acquisition of joint ventures.....	—	(10)
Other, net.....	(3)	413
Net cash provided by (used in) investing activities	(2,149)	(1,590)
Cash flows from financing activities:		
Net increase/decrease in short-term loans payable.....	(8,176)	(43,480)
Proceeds from issuance of bonds payable.....	1,697	—
Redemption of bonds payable.....	(2,200)	—
Repayment of long-term loans payable.....	(3)	(3)
Repayments of lease obligations.....	(285)	(291)
Cash dividends paid.....	(2,024)	(2,001)
Dividends paid to non-controlling interests.....	(550)	—
Other, net.....	—	(60)
Net cash provided by (used in) financing activities	(11,541)	(45,834)
Net increase/decrease in cash and cash equivalents	(17,629)	(27,093)
Cash and cash equivalents at the beginning of period	253,458	175,159
Effect of exchange rate change on cash and cash equivalents	10,341	3,699
Cash and cash equivalents at the end of period	246,171	151,766

(6) Going Concern Assumption

Not applicable.

(7) Changes in accounting policies

The material 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		New/revised requirements
IAS 1	Presentation of Financial Statements	Revised to require disclosure of material accounting policies rather than significant accounting policies
IAS 8	Accounting Policies, Changes in Accounting Estimates and Errors	Clarify the distinction between accounting policies and accounting estimates
IAS 12	Income tax	Clarify accounting for deferred taxes on leases and disposal obligations

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

(8) 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
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 Three months ended June 30, 2022

	Reporting segment						Others	Adjustment	Consolidated
	Japan	U.S.	Crypto Asset	Asia-Pacific	Investment	Total			
Operating revenue from external customers	¥7,606	¥7,774	¥3,184	¥285	¥209	¥19,059	¥—	¥—	¥19,059
Internal operating revenue or transferred amount between segments	135	236	7	2	—	381	4,450	(4,831)	—
Total	7,741	8,010	3,191	288	209	19,440	4,450	(4,831)	19,059
Financial expenses	(396)	(1,078)	(0)	(1)	(44)	(1,519)	—	188	(1,331)
Cost of sales	—	(15)	(29)	—	—	(44)	—	15	(29)
Depreciation and amortization	(1,154)	(735)	(112)	(29)	—	(2,031)	—	—	(2,031)
Other selling, general and administrative expenses	(5,254)	(8,130)	(2,570)	(270)	(25)	(16,249)	—	396	(15,853)
Other income and expenses (net amount)	1,560	(25)	(64)	1	(0)	1,473	—	(220)	1,253
Equity in profits or losses of equity method investments	—	—	—	10	—	10	—	—	10
Segment profit or loss (profit before income taxes)	¥2,497	¥(1,972)	¥415	¥(1)	¥141	¥1,080	¥4,450	¥(4,452)	¥1,078

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	¥3,699	¥2,630	¥—	¥32	¥209	¥6,570	¥4,450	¥(4,572)	¥6,448
Sales revenue	—	17	591	—	—	607	—	(18)	590

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 Three months ended June 30, 2023

	Reporting segment						Adjustment	Consolidated
	Japan	U.S.	Crypto Asset	Asia-Pacific	Investment	Total		
Operating revenue from external customers	¥9,330	¥10,872	¥1,192	¥254	¥482	¥22,129	¥—	¥22,129
Internal operating revenue or transferred amount between segments	189	423	6	4	—	623	(623)	—
Total	9,519	11,296	1,198	258	482	22,753	(623)	22,129
Financial expenses	(543)	(1,270)	(1)	(31)	(271)	(2,115)	208	(1,907)
Cost of sales	—	(229)	(19)	—	—	(248)	229	(19)
Depreciation and amortization	(1,251)	(796)	(152)	(31)	—	(2,231)	—	(2,231)
Other selling, general and administrative expenses	(6,122)	(7,510)	(1,440)	(232)	(26)	(15,330)	246	(15,084)
Other income and expenses (net amount)	172	(117)	18	(9)	9	72	(105)	(33)
Equity in profits or losses of equity method investments	—	—	—	0	(4)	(3)	—	(3)
Segment profit or loss (profit before income taxes)	¥1,774	¥1,374	¥(396)	¥(45)	¥191	¥2,898	¥(45)	¥2,852

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

Millions of Yen

	Reporting segment						Adjustment	Consolidated
	Japan	U.S.	Crypto Asset	Asia-Pacific	Investment	Total		
Financial income	¥4,124	¥5,587	¥—	¥72	¥482	¥10,265	¥(208)	¥10,057
Sales revenue	—	263	72	—	—	335	(265)	70

Notes: (*1) Adjustment refers to elimination between segments.

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

(*3) 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

	Three months ending Jun. 30, 2022	Three months ending Jun. 30, 2023
Earnings per share attributable to owners of the Company (Millions of Yen)	¥952	¥2,414
Weighted average number of shares (Thousands of Share)	266,268	256,364
Basic earnings per share (Yen)	3.58	9.42

Note: Diluted earnings per share is not stated as there are no potential ordinary shares.

(9) Events after the Reporting Period

(Disposition of Treasury Stock as Restricted Stock Remuneration)

TOKYO, July 10, 2023 - the Company resolved at its board of directors meeting to dispose of its treasury shares as stock remuneration (the “Disposition of Treasury Stock”) for the members of the board, executive officers, expert directors and executive directors of the Company and the members of the board (excluding outside directors), expert directors and executive directors of the Company’s subsidiaries (collectively referred to as the “Eligible Officers”).

1. Outline of disposition

(1) Date of disposition	July 28, 2023
(2) Class and number of shares to be disposed of	1,202,400 shares of the common stock of the Company
(3) Disposal value	JPY 555 per share
(4) Total disposal value	JPY 667,332,000
(5) Recipients of disposed shares	Members of the board of the Company 7 persons, 976,500 shares Executive officers of the Company (*) 4 persons, 28,800 shares Expert directors and executive directors of the Company, and members of the board (excluding outside directors), expert directors and executive directors of the Company’s subsidiaries 27 persons, 197,100 shares (*) Executive officers concurrently serving as members of the board are included as members of the board.

2. Purposes and reasons for disposition

The Company introduced the Restricted Stock Remuneration System (the “System”) as a new remuneration system for the Eligible Officers. The aim of the System is to incentivize the Eligible Officers to contribute to the continuous enhancement of our Group’s corporate value by linking a part of their remuneration to the value of our Group’s stock and thus having them share with our shareholders not only the rise of stock prices but also the risks of declining stock prices. To continuously enhance the Group’s corporate value, the Company is redesigning its online securities business model in both of the Japan and the U.S. business segments as well as implementing growth strategies in the crypto-asset business segment. A resolution to dispose of its treasury shares as restricted stock remuneration was made to further reinforce top management’s commitment to the Group’s sustainable growth through such initiatives.

The System also applies to the Company’s outside directors as they supervise the Company’s management for the interests of shareholders and the Company considers it appropriate to grant them some remuneration linked to the Company’s stock price. Moreover, in order to strengthen the long-term commitment of some members of the board of the Company, the Company has decided to add a 10-year transfer restriction period to the System for such members.