



Monex Group, Inc.

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

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, 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 1Q 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. / August 2022

Consolidated Financial Summary

For the 1Q of the fiscal year ending March 31, 2023

	(Millions of Yen)		
	Three months ending Jun. 30, 2021	Three months ending Jun. 30, 2022	%change
Operating results (from Apr. 1, 2022 to Jun. 30, 2022):			
Operating revenue	27,060	19,059	-29.6%
Quarterly profit before income taxes	11,107	1,078	-90.3%
Quarterly profit	7,284	981	-86.5%
Quarterly profit attributable to :			
Owners of the Company.	7,260	952	-86.9%
Quarterly comprehensive income.	7,594	3,422	-54.9%
Earnings per share attributable to owners of the Company			
Basic earnings per share(yen)	28.18	3.58	—
Diluted earnings per share(yen)	24.54	—	—

	(Millions of Yen)	
	As of March 31,2022	As of June 30,2022
Financial Position		
Total assets	1,607,761	1,578,554
Total equity	106,018	106,861
Equity attributable to owners of the Company	104,286	105,613
Ratio of equity attributable to owners of the parent (%)	6.5%	6.7%

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, 2021	Three months ending Jun. 30, 2022
Revenue:		
Operating revenue	27,060	19,059
Other financial income	194	397
Other income	59	1,025
Equity in profits of equity method investments	12	10
Total revenue	27,325	20,491
Expenses:		
Financial expenses	991	1,331
Cost of sales	—	29
Selling, general and administrative expenses	15,148	17,883
Other financial expenses.....	55	57
Other expenses.....	23	113
Total expenses	16,217	19,413
Quarterly profit before income taxes	11,107	1,078
Income tax expense.....	3,823	97
Quarterly profit	7,284	981
Quarterly profit or loss attributable to:		
Owners of the Company	7,260	952
Non-controlling interests	24	29
Earnings per share attributable to owners of the Company:		
	(in yen)	(in yen)
Basic earnings per share	28.18	3.58
Diluted earnings per share	24.54	—

(2) Quarterly Consolidated Statements of Comprehensive Income

	(Millions of Yen)	
	Three months ending Jun. 30, 2021	Three months ending Jun. 30, 2022
Quarterly profit	7,284	981
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.....	176	(153)
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.....	49	(434)
Foreign currency translation adjustments in foreign operations	99	3,023
Share of other comprehensive income of equity method investments.....	(13)	6
Other comprehensive income after income taxes	311	2,442
Quarterly comprehensive income	7,594	3,422
Quarterly comprehensive income attributable to:		
Owners of the Company	7,570	3,394
Non-controlling interests	24	29

(3) Quarterly Consolidated Statements of Financial Position

	(Millions of Yen)	
	As of Mar. 31, 2022	As of Jun. 30, 2022
Assets:		
Cash and cash equivalents.....	253,458	246,171
Money held in trust	843,590	892,705
Trading securities and other	7,843	5,028
Derivative assets.....	15,335	17,165
Inventories.....	56,463	16,120
Investments in securities	12,008	12,221
Margin transaction assets	162,285	173,250
Loans secured by securities.....	91,376	72,004
Other financial assets	105,492	83,793
Property and equipment	6,564	7,165
Intangible assets	45,350	47,942
Equity method investments	344	387
Deferred tax assets	1,552	1,358
Other assets	6,100	3,246
Total assets	1,607,761	1,578,554
Liabilities and Equity:		
Liabilities:		
Trading securities and other	45	45
Derivative liabilities	8,997	9,324
Margin transaction liabilities.....	29,004	24,740
Loans payable secured by securities	159,317	165,365
Deposits received	592,373	618,147
Guarantee deposits received.....	348,569	351,867
Bonds and loans payable	262,627	256,136
Other financial liabilities	29,898	25,297
Provisions.....	463	463
Income taxes payable	4,510	752
Deferred tax liabilities.....	1,959	1,296
Other liabilities.....	63,981	18,262
Total liabilities	1,501,742	1,471,693
Equity:		
Common stock	13,144	13,144
Additional paid-in capital.....	41,174	41,137
Treasury stock	(383)	(383)
Retained earnings	39,268	38,119
Other components of equity	11,084	13,596
Equity attributable to owners of the Company.....	104,286	105,613
Non-controlling interests.....	1,732	1,247
Total equity	106,018	106,861
Total liabilities and equity	1,607,761	1,578,554

(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	—	—	—	7,260	—	—	—	—	—
Other comprehensive income	—	—	—	—	176	49	99	—	(13)
Total comprehensive income	—	—	—	7,260	176	49	99	—	(13)
Transactions with owners:									
Dividends paid	—	—	—	(1,932)	—	—	—	—	—
Dividends to non-controlling interests	—	—	—	—	—	—	—	—	—
Recognition of share—based payments	—	—	—	—	—	—	—	51	—
Recognition of share acquisition rights	—	—	—	—	—	—	—	—	—
Changes of interests in subsidiaries without losing control	—	(8)	—	—	—	—	—	—	—
Total of transactions with owners	—	(8)	—	(1,932)	—	—	—	51	—
Balance as of June 30, 2021	¥10,394	¥40,245	¥(446)	¥35,475	¥893	¥704	¥8,252	¥(273)	¥10

	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	—	7,260	24	7,284
Other comprehensive income	311	311	—	311
Total comprehensive income	311	7,570	24	7,594
Transactions with owners:				
Dividends paid	—	(1,932)	—	(1,932)
Dividends to non-controlling interests	—	—	(32)	(32)
Recognition of share—based payments	51	51	—	51
Recognition of share acquisition rights	—	—	12	12
Changes of interests in subsidiaries without losing control	—	(8)	8	—
Total of transactions with owners	51	(1,889)	(13)	(1,902)
Balance as of June 30, 2021	¥9,587	¥95,254	¥963	¥96,217

	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	—	—	—	952	—	—	—	—	—
Other comprehensive income	—	—	—	—	(153)	(434)	3,023	—	6
Total comprehensive income	—	—	—	952	(153)	(434)	3,023	—	6
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)	¥32

	Equity attributable to owners of the Company		Non-controlling interests	Total equity
	Other components of equity	Total		
	Sub-total			
Balance as of April 1, 2022	¥11,084	¥104,286	¥1,732	¥106,018
Profit	—	952	29	981
Other comprehensive income	2,442	2,442	—	2,442
Total comprehensive income	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	¥13,596	¥105,613	¥1,247	¥106,861

(5) Quarterly Consolidated Statements of Cash Flows

	(Millions of Yen)	
	Three months ending Jun. 30, 2021	Three months ending Jun. 30, 2022
Cash flows from operating activities:		
Quarterly profit before income taxes	11,107	1,078
Depreciation and amortization.....	2,093	2,031
Financial income and financial expenses.....	(3,413)	(5,457)
Decrease/increase in derivative assets and liabilities.....	(615)	(1,503)
Decrease/increase in assets/liabilities for margin transaction.....	(20,848)	(15,230)
Decrease/increase in loans/loans payable secured by securities	(9,807)	25,236
Decrease/increase in cash segregated as deposits	11,964	(12,166)
Decrease/increase in deposits received and guarantee deposits received.....	18,363	(12,280)
Decrease/increase in short-term loans receivable	3,295	473
Decrease/increase in short-term guarantee deposits	4,647	14,572
Other, net	(6,468)	51
Sub total	10,319	(3,195)
Interest and dividends income received.....	3,573	5,508
Interest expenses paid.....	(939)	(1,319)
Income taxes refund/paid.....	(7,418)	(4,932)
Net cash provided by (used in) operating activities	5,534	(3,939)
Cash flows from investing activities:		
Purchase of investments in securities	(39)	(17)
Proceeds from sales and redemption of securities	1,052	288
Purchase of property and equipment.....	(92)	(706)
Purchase of intangible assets	(1,413)	(1,711)
Other, net	1	(3)
Net cash provided by (used in) investing activities	(491)	(2,149)
Cash flows from financing activities:		
Net increase/decrease in short-term loans payable	30,023	(8,176)
Proceeds from issuance of bonds payable.....	—	1,697
Redemption of bonds payable.....	—	(2,200)
Repayment of long-term loans payable	(30,001)	(3)
Repayments of lease liabilities	(231)	(285)
Cash dividends paid.....	(1,911)	(2,024)
Dividends paid to non-controlling interests	(32)	(550)
Net cash provided by (used in) financing activities	(2,152)	(11,541)
Net increase/decrease in cash and cash equivalents	2,891	(17,629)
Cash and cash equivalents at the beginning of period	186,683	253,458
Effect of exchange rate change on cash and cash equivalents	896	10,341
Cash and cash equivalents at the end of period	190,471	246,171

(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/revise 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 first 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 first quarter fiscal period, is presented separately in the current first 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 first quarter fiscal period have been reclassified.

As a result, “Other, net” of “Cash flow from operating activities” ¥(1,821) million, which was presented in the condensed quarterly consolidated statements of cash flows for the prior first quarter fiscal period, have been reclassified to “Decrease/increase in short-term guarantee deposits” ¥4,647 and “Other, net” ¥(6,468).

(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 Three months ended June 30, 2021

	Reporting segment						Others	Adjustment	Consolidated
	Japan	U.S.	Crypto Asset	Asia-Pacific	Investment	Total			
Operating revenue from external customers	¥7,692	¥6,170	¥12,736	¥321	¥141	¥27,060	¥—	¥—	¥27,060
Internal operating revenue or transferred amount between segments	59	215	4	2	—	280	9,583	(9,863)	—
Total	7,751	6,385	12,739	323	141	27,340	9,583	(9,863)	27,060
Financial expenses	(378)	(625)	(1)	(1)	(40)	(1,044)	—	53	(991)
Cost of sales	—	(32)	—	—	—	(32)	—	32	—
Depreciation and amortization	(1,316)	(653)	(97)	(28)	—	(2,093)	—	—	(2,093)
Other selling, general and administrative expenses	(4,720)	(5,272)	(3,655)	(220)	(25)	(13,892)	—	837	(13,055)
Other income and expenses (net amount)	802	12	9	(1)	(0)	823	—	(648)	175
Equity in profits or losses of equity method investments	—	—	—	12	—	12	—	—	12
Segment profit or loss (profit before income taxes)	¥2,139	¥(185)	¥8,996	¥86	¥76	¥11,112	¥9,583	¥(9,588)	¥11,107

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	¥2,414	¥1,727	—	¥32	¥141	¥4,314	¥9,583	¥(9,632)	¥4,265
Sales revenue	—	37	—	—	—	37	—	(37)	—

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, 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.

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

	Three months ending Jun. 30, 2021	Three months ending Jun. 30, 2022
	Earnings per share attributable to owners of the Company	
Basic	¥7,260	¥952
Adjustment(*1)	(938)	—
Diluted	¥6,322	¥952

Thousands of Share

	Three months ending Jun. 30, 2021	Three months ending Jun. 30, 2022
	Weighted average number of shares	
Basic	257,639	266,268
Adjustment (*1)	—	—
Diluted	257,639	266,268

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

(Disposition of Treasury Stock as Restricted Stock Remuneration)

TOKYO, July 11, 2022 - 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, 2022
(2) Class and number of shares to be disposed of	1,404,200 shares of the common stock of the Company
(3) Disposal value	JPY 455 per share
(4) Total disposal value	JPY 638,911,000
(5) Recipients of disposed shares	Members of the board of the Company 8 persons, 1,175,600 shares Executive officers of the Company (*) 4 persons, 33,600 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 24 persons, 195,000 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.

(TradeStation Group, Inc. Terminated its Business Combination Agreement with Quantum FinTech Acquisition Corporation)

TOKYO, August 3, 2022 - In relation to our announcement made on November 4, 2021 titled “TradeStation Group to become public on the NYSE through a De-SPAC with Quantum FinTech Acquisition Corporation,” TradeStation Group, Inc. (“TradeStation Group”), a subsidiary of Monex Group, Inc. (the “Company”), terminated on Tuesday, August 2, 2022 (ET) its business combination agreement with Quantum FinTech Acquisition Corporation (the “Agreement”).

1. Background of Terminating the Agreement

The Agreement allowed a party to terminate if the transaction was not completed by August 1, 2022.

TradeStation Group notified Quantum Fintech Acquisition Corporation on August 2, 2022 that it was terminating the Agreement effective immediately.

TradeStation Group’s decision not to continue to pursue the merger to become a public company was based on several factors, including current conditions in the economy and markets that are not anticipated to improve in the near future.

2. Outlook

We believe that the impact of the termination of the Agreement by TradeStation Group on the consolidated financial results of the Company for the fiscal year ending March 31, 2023 is immaterial.