

Consolidated Financial Summary under Japanese GAAP For the Six months ended September 30, 2021

October 29, 2021

| | |
|-----------------------|---|
| Company Name | AIZAWA SECURITIES GROUP CO., LTD. |
| Listed Stock Exchange | Tokyo Stock Exchange Section 1 |
| Securities Code | 8708 |
| URL | https://www.aizawa.co.jp |
| Representative | Takuya Aizawa, President & CEO |
| Contact Person | Kazuhiro Mashiba, Director & CFO |

| | |
|---|-------------------|
| Scheduled date of filing quarterly report | November 11, 2021 |
| Scheduled date of dividend payment | December 1, 2021 |
| Supporting explanatory documents on financial results | YES |
| Briefing on financial results | NO |

(All figures are rounded off to the nearest million)

1. Consolidated financial summary (From April 1, 2021 to September 30, 2021)

(1) Consolidated business results

(% represents year-on-year change)

| | Operating revenue | | Net operating revenue | | Operating profit | | Ordinary profit | | Profit attributable to owners of parent | |
|-------------------------------------|-------------------|------|-----------------------|------|------------------|---|-----------------|------|---|-------|
| | million yen | % | million yen | % | million yen | % | million yen | % | million yen | % |
| Six months ended September 30, 2021 | 8,115 | 2.3 | 8,043 | 2.1 | △313 | — | 1,033 | 10.0 | 2,283 | 113.8 |
| Six months ended September 30, 2020 | 7,935 | 14.9 | 7,874 | 15.0 | 462 | — | 940 | 24.7 | 1,067 | 70.4 |

Note: Comprehensive income

Six months ended September 30, 2021: 1,782 million yen
Six months ended September 30, 2020: 3,476 million yen

| | Earnings per share | Diluted earnings per share |
|-------------------------------------|--------------------|----------------------------|
| | yen | yen |
| Six months ended September 30, 2021 | 57.59 | — |
| Six months ended September 30, 2020 | 25.85 | — |

Note: We have introduced ESOP, and average number of company's share bought under this program for the period under review are being accounted under company's own treasury shares.

(2) Consolidated financial position

| | Total assets | Net assets | Shareholders' equity ratio | Net assets per share |
|----------------------------------|--------------|-------------|----------------------------|----------------------|
| | million yen | million yen | % | yen |
| As of September 30, 2021 | 135,212 | 59,814 | 42.9 | 1,474.88 |
| Fiscal year ended March 31, 2021 | 107,127 | 58,346 | 54.0 | 1,444.30 |

Note: Shareholders' equity

As of September 30, 2021: 57,959 million yen

As of March 31, 2021: 57,811 million yen

2. Dividends

| | Dividend per share | | | | |
|------------------------------------|--------------------|-----------|-----------|-----------|--------------|
| | End of 1Q | End of 2Q | End of 3Q | End of 4Q | Annual Total |
| | yen | Yen | yen | yen | yen |
| Fiscal year ended 2021 | — | 11.00 | — | 21.00 | 32.00 |
| Fiscal year ending 2022 | — | 13.00 | | | |
| Fiscal year ending 2023 (Forecast) | | | — | — | — |

3. Earning forecast for the fiscal year ending March 31, 2022 (Consolidated)

The Group operates principally in the financial securities business, and its operating results are likely to be affected by economic and market fluctuations. Due to such nature of its business and consequential difficulty in predicting its performance, the group does not disclose the forecast of operating results. Such forecasts may mislead the investors. Instead of it, as we finalize the financial results, we release the preliminary numbers for the quarterly and yearly results.

※ Notes

- (1) Important changes in subsidiaries during the term YES
 (Changes pursuant to the subsidiaries that lead to a change in the scope of consolidation)
 New: 1 (Company name: AIZAWA SECURITIES DIVISION PREPARATION CO., LTD.)
 Exclusion: None

Corporate name of AIZAWA SECURITIES DIVISION PREPARATION CO., LTD. has been changed to AIZAWA SECURITIES CO., LTD. w.e.f. October 1, 2021.

- (2) Accounting treatments specific to quarterly financial statements NO

- (3) Changes in accounting policies, changes in accounting estimates and retrospective restatements
- 1) Changes in accounting policies based on revisions of accounting standard NO
 - 2) Changes in accounting policies other than item 1)above NO
 - 3) Change in accounting estimates NO
 - 4) Retrospective restatements NO

- (4) Number of issued shares (Common stock)

- 1) Number of shares issued at the end of the term including treasury shares
 As of September 30, 2021: 47,525,649 shares As of March 31, 2021: 47,525,649 shares
- 2) Number of treasury shares at the end of the term
 As of September 30, 2021: 8,227,490 shares As of March 31, 2021: 7,498,290 shares
- 3) Average number of shares outstanding (Cumulative)
 As of September 30, 2021: 39,650,879 shares As of September 30, 2020: 41,311,338 shares

※ This quarterly financial summary is not subject to quarterly review procedures by certified public accountants or audit corporations.

※ Explanation on forecasts

The group operates principally in the financial securities business, and its operating results are likely to be affected by market fluctuations. Due to such nature of its business and difficulty in predicting its performance, group does not forecast on business results and dividends. At the end of the term, we release the preliminary numbers, as we finalize the financial results. Corporate name of AIZAWA SECURITIES CO., LTD. has been changed to AIZAWA SECURITIES GROUP CO., LTD. w.e.f. October 1, 2021.

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1. Qualitative information for the Six months ended September 30, 2021

(1) Explanation of Management results

For the period under review (April 1, 2021 to September 30, 2021), progress in the inoculation of vaccination has led to the decline in the number of reported COVID-19 cases compared from its peak. Although there are disparities among countries, such progress has led to brighter mood as compared to recent situation.

In the "World Economic Outlook" released by the IMF in July, the outlook for global growth was left unchanged. Within the global outlook, developed countries were revised upside led by the progress in the inoculation of vaccination, while emerging countries were revised downside due to lagging inoculation of vaccination against COVID-19.

Japanese stock market weakened from April to around August, due to spread of social and political unrest over the spread of COVID-19. Nikkei 225 average index touched its 52 week low of 26,954.81 points on August 20, 2021. However, the stock market rebounded after former Prime Minister Suga announced on September 3, 2021 that he would not run as candidate for LDP president. Nikkei 225 average index reached 30,795.78 yen on September 14, its 30-year high and the highest level since year 1990.

U.S. stock markets were firm despite some concerns from start of tapering and rising long-term interest rates. Dow Jones Industrial Average Index reached an all-time high of 35,685 point on August 16, 2021. Later on, at the FOMC meeting held on September 21 and 22, the Fed indicated that it would begin tapering by the end of the year.

In the Asian stock markets, China's economic recovery and normalization was faster than other countries. Though, frequent implementation and tightening of various regulations both at home and abroad weighed on the economy and stocks. In addition in September the credit concerns about a major domestic real estate company weakened the performance of Hong Kong's Hang Seng Index, which is heavily weighted by foreign investors. On the other hand, performance of the Shanghai Composite Index was firm, which is heavily weighted by domestic investors. Among other Asian stock markets, Vietnam, where economic normalization was relatively well underway, stood out for its strong performance. Vietnam VN Index reached its all-time high of 1,420.27 points on July 2, 2021.

In Japan, the nationwide state of emergency was lifted on September 28, 2021 as the number of new COVID-19 cases declined led by the increased inoculation of the vaccination.

Under such conditions, group is working with the management philosophy of "Making life better through securities investment" to provide the asset building services in line with the best customer satisfaction. Company is taking several measures to protect the safety of clients and employees. While meeting and visiting the clients, company ensures to take measures like wearing the mask, take prior appointments etc. Company's 100% subsidiary company "LIFE DESIGN PARTNERS CO., LTD.," which works as financial instruments intermediary service provider, concluded a service agreement in relation to financial instruments intermediary business with Manulife Financial Advisory Co., Ltd. a 100% subsidiary company of Manulife Life Insurance Co., Ltd. and started the life insurance brokerage business. With this,

company will not only make progress in the IFA business, which it has been strengthening since this fiscal year, but will also create opportunities as financial instruments intermediary service provider, as we continue to strive to establish as comprehensive financial services group,

On the other hand, the Company booked extraordinary profit from the sale of all of its investment securities held in Japan Asia Group Co., Ltd, by applying in the tender offer.

Company entered into MOU with Aigran Co., Ltd., which is into the business of managing child care centers (nurseries) nationwide, in order of making regular efforts to provide better working environment to its employees. With this, employees with children can avail such child care services for their children.

For the Six months ended September 30, 2021, break-down of business results are as follow;
(Percentage indicates a year-on-year change. The same shall apply hereinafter in this section)

(Commission received)

Total commissions received increased by 6.6% to 5,283 million yen, due to increase in the turnover of mutual funds.

(Net trading income)

Net trading income declined by 8.0% to 2,525 million yen, due to decline in handling of OTC domestic stocks.

(Net financial income)

Net financial income increased by 11.1% to 175 million yen. Under this category, income increased by 1.7% to 211 million yen and expenses declined by 28.1% to 35 million yen.

(Selling, general and administrative expenses)

Selling, general and administrative expenses increased by 12.7% to 8,357 million yen due to increase in office expenses.

(Non-operating profit and losses)

Non-operating profit increased by 181.8% to 1,347 million yen. Under this category, income were 1,432 million yen including the dividend income of 1,300 million yen and expenses were 84 million yen including the 69 million loss from investment in partnerships.

(Extraordinary profit and losses)

Total extraordinary profit was 2,022 million yen. Under this category, income were 2,023 million yen including the gain of 2,022 million yen from sale on investment securities. While losses were 1 million yen from the valuation of investment securities.

With above factors, for the reporting period, operating revenue increased by 2.3% to 8,115 million yen; operating losses was 313 million yen; ordinary profit increased by 10.0% to 1,033 million yen; and profit attributable to owners of parent increased by 113.8% to 2,283 million yen.

(2) Explanation of the financial results

(All comparisons in this section (3) are with the same period of previous fiscal year)

(Assets)

As of at the end of the period under review, total assets was 135,212 million yen, an increase of 28,085 million yen. This was mainly due to increase of 24,878 million yen in cash & deposits and an increase of 1,240 million yen in operational investment securities.

(Liabilities)

As of at the end of the period under review, total liabilities was 75,397 million yen, an increase of 26,616 million yen. This was mainly due to increase in; 5,844 million yen of deposits received; 13,700 million yen of short-term loans payable; 7,654 million yen of margin transaction liabilities respectively.

(Net assets)

As for the period under review, total net assets was 59,814 million yen, an increase of 1,468 million yen. This was mainly due to increase in the retained earnings of 1,432 million yen.

(3) Explanation on the forecast of consolidated business results

The group operates principally in the financial securities and investments business. In this industry, there exist uncertainties due to, but not limited, economic and market conditions. Group tries to monitor and calculate such market risks and its effects on the business results. Due to such nature of its business and consequential difficulty in predicting its performance, the group does not disclose the forecast of business results. Instead of it, as we finalize the financial results, we release the preliminary numbers for the quarterly and yearly results.

2. Financial statements and major notes

(1) Consolidated balance sheets

(million yen)

| | As of March 31, 2021 | As of September 30, 2021 |
|---|----------------------------|--------------------------------|
| Assets | | |
| Current assets | | |
| Cash and deposit | 16,707 | 41,586 |
| Cash segregated as deposits | 27,740 | 28,011 |
| Cash segregated as deposits for customers | 27,739 | 28,009 |
| Other deposits | 0 | 1 |
| Operational investment securities | 1,117 | 2,357 |
| Trading products | 244 | 502 |
| Trading securities and other | 244 | 502 |
| Derivatives trading | — | 0 |
| Trade date accrual | 817 | 1,154 |
| Margin transaction assets | 16,297 | 16,922 |
| Loans on margin transactions | 15,638 | 16,655 |
| Cash collateral pledged for securities borrowing on margin transactions | 658 | 266 |
| Advances paid | 163 | 329 |
| Advances paid to customers | 160 | 313 |
| Other advance payments | 3 | 15 |
| Other current assets | 1,351 | 1,394 |
| Allowance for doubtful accounts | △0 | △0 |
| Total current assets | 64,440 | 92,258 |
| Non-current assets | | |
| Property, plant and equipment | 6,701 | 7,412 |
| Intangible assets | 372 | 298 |
| Goodwill | 295 | 238 |
| Others | 77 | 59 |
| Investments and other assets | 35,612 | 35,221 |
| Investment securities | 33,530 | 33,122 |
| Net defined benefit asset | 1,069 | 1,117 |
| Others | 1,017 | 985 |
| Allowance for doubtful accounts | △5 | △3 |
| Total non-current assets | 42,686 | 42,932 |
| Deferred assets | | |
| Deferred organization expenses | — | 1 |
| Business commencement expenses | — | 19 |
| Total deferred assets | — | 21 |
| Total assets | 107,127 | 135,212 |

(million yen)

| | As of March 31, 2021 | As of September 30, 2021 |
|---|----------------------------|--------------------------------|
| Liabilities | | |
| Current liabilities | | |
| Trading products | 94 | 386 |
| Trading securities and other | 85 | 386 |
| Derivatives trading | 9 | — |
| Margin transaction liabilities | 1,861 | 9,516 |
| Borrowings on margin transactions | 585 | 8,673 |
| Cash received for securities lending on margin transactions | 1,276 | 843 |
| Loans payable secured by securities | 2,930 | 2,128 |
| Cash received on debt credit transaction of securities | 2,930 | 2,128 |
| Deposits received | 24,982 | 30,826 |
| Deposits from customers | 21,024 | 21,518 |
| Other deposits | 3,957 | 9,308 |
| Guarantee deposits received | 5,482 | 5,003 |
| Short-term loans payable | 3,795 | 17,495 |
| Income taxes payable | 994 | 706 |
| Provision for bonuses | 652 | 558 |
| Provision for director bonuses | 31 | — |
| Other current liabilities | 1,204 | 818 |
| Total current liabilities | 42,029 | 67,439 |
| Non-current liabilities | | |
| Long-term borrowings | 934 | 2,411 |
| Deferred tax liabilities | 5,150 | 4,863 |
| Provision for share based remuneration | 151 | 189 |
| Other non-current liabilities | 369 | 346 |
| Total non-current liabilities | 6,605 | 7,812 |
| Reserves under special laws | | |
| Reserve for financial instruments transaction liabilities | 146 | 146 |
| Total reserves under special laws | 146 | 146 |
| Total liabilities | 48,781 | 75,397 |
| Net assets | | |
| Shareholders' equity | | |
| Capital stock | 8,000 | 8,000 |
| Capital surplus | 8,087 | 8,122 |
| Retained earnings | 35,388 | 36,821 |
| Treasury shares | △3,348 | △4,161 |
| Total shareholders' equity | 48,128 | 48,783 |
| Accumulated other comprehensive income | | |
| Valuation difference on available-for-sale securities | 9,607 | 9,083 |
| Foreign currency translation reserve | — | 31 |
| Remeasurements of defined benefit plans | 75 | 62 |
| Total accumulated other comprehensive income | 9,683 | 9,176 |
| Non-controlling interests | 534 | 1,854 |
| Total net assets | 58,346 | 59,814 |
| Total liabilities and net assets | 107,127 | 135,212 |

(2) Consolidated statements of income and comprehensive income statement
 Consolidated statements of income (For the Six months ended September 30, 2021)

(million yen)

| | Six months ended September 30, 2020 | Six months ended September 30, 2021 |
|---|--|--|
| Operating revenue | | |
| Commission received | 4,955 | 5,283 |
| Net trading income | 2,746 | 2,525 |
| Financial revenue | 207 | 211 |
| Others | 27 | 95 |
| Total operating revenue | 7,935 | 8,115 |
| Financial expenses | 49 | 35 |
| Other operating expenses | 10 | 35 |
| Net operating revenue | 7,874 | 8,043 |
| Selling, general and administrative expenses | | |
| Trading related expenses | 1,172 | 1,301 |
| Personnel expenses | 4,147 | 4,104 |
| Real estate expenses | 597 | 895 |
| Office expenses | 998 | 1,310 |
| Depreciation | 172 | 284 |
| Taxes and dues | 148 | 180 |
| Provision of allowance for doubtful accounts | 0 | 0 |
| Others | 175 | 280 |
| Total selling, general and administrative expenses | 7,412 | 8,357 |
| Operating profit/loss(Δ) | 462 | Δ313 |
| Non-operating income | | |
| Dividend income | 304 | 1,300 |
| Profit distributions | 79 | 92 |
| Reversal of allowance for doubtful accounts | 85 | — |
| Gain on investments in partnership | 0 | — |
| Others | 17 | 39 |
| Total non-operating income | 487 | 1,432 |
| Non-operating expenses | | |
| Loss on investments in partnership | — | 69 |
| Cancellation penalty | 3 | 10 |
| Settlement expenses | — | 1 |
| Commission for purchase of treasury shares | 5 | 2 |
| Others | 0 | 1 |
| Total non-operating expenses | 9 | 84 |
| Ordinary profit | 940 | 1,033 |
| Extraordinary income | | |
| Gain on sales of non-current assets | — | 1 |
| Gain on sales of investment securities | 601 | 2,022 |
| Reversal of reserve for financial instruments transaction liabilities | 24 | 0 |
| Total extraordinary income | 625 | 2,023 |
| Extraordinary losses | | |
| Loss on sales of non-current assets | 21 | — |
| Loss on sales of investment securities | — | 1 |
| Loss on valuation of investment securities | 114 | — |
| Total extraordinary losses | 135 | 1 |
| Profit before income taxes | 1,430 | 3,055 |
| Income taxes – current | 345 | 789 |
| Income taxes – deferred | 16 | 22 |
| Total income taxes | 362 | 811 |
| Profit | 1,067 | 2,244 |
| Profit/loss attributable to non-controlling owners | — | Δ 39 |
| Profit attributable to owners of parent | 1,067 | 2,283 |

Consolidated comprehensive income statement (For the Six months ended September 30, 2021)

(million yen)

| | Six months ended September 30, 2020 | Six months ended September 30, 2021 |
|---|--|--|
| Profit | 1,067 | 2,244 |
| Other comprehensive income | | |
| Valuation difference on available-for-sale securities | 2,416 | △ 524 |
| Foreign currency translation reserve | — | 76 |
| Remeasurements of defined benefit plans | △ 8 | △ 13 |
| Total accumulated other comprehensive income | 2,408 | △ 461 |
| Comprehensive income | 3,476 | 1,782 |
| (Description) | | |
| Comprehensive income attributable to owners of parent | 3,476 | 1,776 |
| Comprehensive income attributable to non-controlling owners | — | 5 |

(3) Notes on quarterly consolidated financial statements**(Notes on going concern assumption)**

Not applicable.

(Notes on material changes in shareholders' equity)

Not applicable

(Change in accounting policy)

1. Application of "Accounting standard for revenue recognition"
From the beginning of the consolidated 1st quarter of current accounting period, company has applied the "Accounting standard for revenue recognition" under ASBJ statement no. 29 as of March 31, 2020. Company will recognize the revenue to be received in exchange for the good or service when control of the promised good or service is transferred to the customer.
There is no impact on the quarterly consolidated financial statements due to change in accounting policy.
2. Application of "Accounting standard for fair value measurement"
From the beginning of the consolidated 1st quarter of current accounting period, company has applied the "Accounting standard for fair value measurement" under ASBJ statement no. 30 as of July 04, 2019. The new accounting policy will be applied in future and the transitional treatment will be applied in accordance with the paragraph 19 of "Implementation guidance on disclosures about fair value of financial instruments under ASBJ statement no. 19" and Paragraph 44-2 of "Accounting Standard for Financial Instruments under ASBJ Statement No. 10".
There is no impact on the quarterly consolidated financial statements due to change in accounting policy.

(Additional information)

1. **Introduction of ESOP**
The company has introduced an Employee Stock Ownership Plan Trust ("ESOP Trust") from July 22, 2019 with the motive to increase the enterprise value over mid to long term. The Company's stock held by the ESOP Trust is included in treasury shares under net assets with a book value of 317 million yen for 478 thousand shares as of September 30, 2021.

(Important subsequent events)**Purchase of treasury shares**

Company decided to purchase the treasury shares in accordance with the paragraph 1 of article 459, company law. Decision was taken in the board meeting conducted on February 26, 2021. Company pursued the purchase of its treasury shares.

1. Minutes of board meeting on purchase of treasury shares
 - (1) Reason for pursuing purchase of treasury shares
To maintain flexible capital policy and increase the capital efficiency and return on equity
 - (2) Details on purchase of treasury shares
 - 1) Share type: Common share
 - 2) Number of treasury shares: Maximum of 1,500,000 shares (Within 3.7% of outstanding shares excluding the treasury shares)
 - 3) Value of treasury share: Maximum of 1,800 million yen
 - 4) Term for purchase: From March 1, 2021 to February 28, 2022
 - 5) Mode of purchase: Direct trade through Tokyo Stock Exchange
2. Details on completed purchase of treasury shares
 - (1) Share type: Common share
 - (2) Number of shares: 143,000 shares
 - (3) Value of shares: 147 million yen
 - (4) Buyback term: From October 1, 2021 to October 27, 2021
 - (5) Mode of purchase: Direct trade through Tokyo Stock Exchange

In line with above mentioned board decision, the status of purchase of treasury shares as of October 27, 2021 is as follow:

- | | |
|---|-------------------|
| (1) Number of treasury shares purchase completed: | 1,180,500 shares |
| (2) Value of treasury shares purchase completed: | 1,232 million yen |

Shift to holding company structure

In accordance with the resolution made at the board of directors meeting held on February 12, 2021 and annual shareholder meeting held on June 25, 2021, company has shifted to the holding company structure by conducting the absorption-type company split on October 1, 2021.

Accordingly, we.f. October 1, 2021, corporate name of the company was changed to AIZAWA SECURITIES GROUP CO., LTD. and corporate name of "AIZAWA SECURITIES DIVISION PREPARATION CO., LTD." was changed to "AIZAWA SECURITIES CO., LTD."

1. Details of transaction
 - (1) Description of companies and its business
 - Split company name: AIZAWA SECURITIES GROUP CO., LTD.
 - Split company business: Management of group companies
 - Successor company name: AIZAWA SECURITIES CO., LTD.
 - Successor company business: Financial instrument business
 - Successor company name: AIZAWA Investments Co., Ltd.
 - Successor company business: Investment business, Investment & management of investment partnership, Real estate business
 - (2) Effective Date
October 1, 2021
 - (3) Transaction structure
Conducted absorption-type company split, with AIZAWA SECURITIES CO., LTD. and AIZAWA Investments Co., Ltd. as succeeding company.

(4) Other details

Company works with management philosophy of "Making life better through securities investment" with the vision of "Hope courier" & "Beyond the securities company" to provide the asset building services in line with the best customer satisfaction.

The company conducts business in finance industry that has been going through lot of changes and facing fierce competition. With the COVID-19 pandemics, the traditional sales channels of visiting client's needs a change, there is a decline in brokerage commission led by online brokers, and lot of new entrants are increasing in the securities brokerage business. In such an environment, a stronger organizational structure that enables appropriate and prompt decision-making and agile business strategy execution is required.

With the change to a holding company structure, company can conduct the business under one umbrella, work on swift decision making, strengthening the financial position, allocating the management resources and creating the new business opportunities.

Company (including subsidiary and affiliates) have divided the businesses within the group into four businesses: securities business, financial product brokerage business (IFA), asset management business, and investment business. With this new group organization structure, group aims to serve as a financial service provider catering high level service.

2. Accounting practice applied in regard with transaction

Scheduled to be processed as transaction of business combinations under common control in lieu with the [Accounting standard for business combinations] (ASBJ Statement No. 21 dated as on January 16, 2019) and [Accounting standard for business combinations and business separations] (ASBJ Statement No. 10 dated as on January 16, 2019).

3. Supplementary information**Consolidated business results for the Six months ended September 30, 2021****(1) Commission received**

A) Breakdown of commission received

(million yen)

| | Six months ended September 30, 2020 (A) | Six months ended September 30, 2021 (B) | Change (B/A) | Consolidated fiscal year ended March 31, 2021 |
|--|--|--|-----------------|--|
| Brokerage commission | 3,978 | 2,880 | 72.4% | 7,868 |
| Equities | 3,904 | 2,841 | 72.8% | 7,753 |
| Bonds | — | — | — | — |
| Beneficiary securities | 74 | 38 | 52.5% | 114 |
| Commission from underwriting, secondary distribution and solicitation towards professional investors | 2 | 6 | 314.0% | 4 |
| Equities | 1 | 5 | 463.6% | 3 |
| Bonds | 0 | 1 | 127.2% | 1 |
| Fee from offering, secondary distribution and solicitation towards professional investors | 289 | 916 | 316.8% | 825 |
| Other fees received | 685 | 1,479 | 215.9% | 1,701 |
| Total | 4,955 | 5,283 | 106.6% | 10,401 |

B) Product wise breakdown

(million yen)

| | Six months ended September 30, 2020 (A) | Six months ended September 30, 2021 (B) | Change (B/A) | Consolidated fiscal year ended March 31, 2021 |
|------------------------|---|---|-----------------|--|
| Equities | 3,933 | 2,874 | 73.1% | 7,819 |
| Bonds | 1 | 1 | 119.4% | 1 |
| Beneficiary securities | 675 | 1,428 | 211.5% | 1,608 |
| Others | 345 | 979 | 283.1% | 971 |
| Total | 4,955 | 5,283 | 106.6% | 10,401 |

(2) Net trading income

(million yen)

| | Six months ended September 30, 2020 (A) | Six months ended September 30, 2021 (B) | Change (B/A) | Consolidated fiscal year ended March 31, 2021 |
|-------------------|---|---|-----------------|--|
| Equities etc. | 2,263 | 2,158 | 95.4% | 4,644 |
| Bonds, forex etc. | 482 | 367 | 76.1% | 906 |
| Bonds etc. | 132 | 64 | 49.0% | 260 |
| forex etc. | 350 | 302 | 86.4% | 645 |
| Total | 2,746 | 2,525 | 92.0% | 5,550 |

(3) Comparative quarterly consolidated income statement

(million yen)

| | FY 2021 | | | FY 2022 | |
|--|---|---------------------------------------|-------------------------------------|-----------------------------------|---|
| | Second quarter ended September 30 | Third quarter ended December 31 | Fourth quarter ended March 31 | First quarter ended June 30 | Second quarter ended September 30 |
| Operating revenue | | | | | |
| Commission received | 2,491 | 2,564 | 2,881 | 2,395 | 2,887 |
| Brokerage commission | 1,926 | 1,925 | 1,964 | 1,378 | 1,502 |
| Commission from underwriting, secondary distribution and solicitation towards professional investors | 1 | 1 | 1 | 3 | 3 |
| Fee from offering, secondary distribution and solicitation towards professional investors | 172 | 209 | 326 | 425 | 491 |
| Other fees received | 391 | 428 | 588 | 589 | 890 |
| Net trading income | 1,742 | 1,567 | 1,237 | 1,115 | 1,410 |
| Financial revenue | 110 | 100 | 99 | 103 | 108 |
| Others | 19 | 22 | 23 | 43 | 51 |
| Total operating revenue | 4,364 | 4,255 | 4,241 | 3,657 | 4,457 |
| Financial expenses | 25 | 20 | 20 | 16 | 19 |
| Other operating expenses | 8 | 6 | 8 | 15 | 20 |
| Net operating revenue | 4,331 | 4,228 | 4,212 | 3,625 | 4,417 |
| Selling, general and administrative expenses | | | | | |
| Trading related expenses | 625 | 603 | 655 | 579 | 721 |
| Personnel expenses | 2,239 | 2,133 | 2,084 | 1,930 | 2,173 |
| Real estate expenses | 306 | 302 | 363 | 421 | 473 |
| Office expenses | 502 | 550 | 587 | 528 | 781 |
| Depreciation | 98 | 97 | 144 | 141 | 143 |
| Taxes and dues | 92 | 107 | 122 | 88 | 92 |
| Provision of allowance for doubtful accounts | 0 | △0 | △0 | 0 | △0 |
| Others | 101 | 95 | 124 | 131 | 149 |
| Total selling, general and administrative expenses | 3,966 | 3,889 | 4,083 | 3,821 | 4,535 |
| Operating profit | 364 | 338 | 128 | △195 | △117 |
| Non-operating income | 208 | 308 | 65 | 1,355 | 76 |
| Non-operating expenses | △13 | 21 | 218 | 4 | 80 |
| Ordinary profit | 587 | 626 | △24 | 1,155 | △122 |
| Extraordinary income | 134 | 4,300 | 728 | 89 | 1,934 |
| Extraordinary losses | 16 | 691 | 25 | 278 | △277 |
| Profit before income taxes | 705 | 4,234 | 678 | 966 | 2,089 |
| Income tax expenses | 344 | 1,088 | 355 | 46 | 764 |
| Profit | 360 | 3,146 | 322 | 919 | 1,325 |
| Profit (loss) attributable to non-controlling interests | — | — | △1 | △30 | △9 |
| Profit attributable to owners of parent | 360 | 3,146 | 322 | 949 | 1,334 |

Reference data on business results for the Six months ended September 30, 2021

(1) Equity trading volume (excluding futures etc.)

(million shares, million yen)

| | Six months ended September 30, 2020 (A) | | Six months ended September 30, 2021 (B) | | Change (B/A) | | FY 2021 | |
|---|---|---------|---|---------|---------------------|--------|---------------------|-----------|
| | Number of shares | Amount | Number of shares | Amount | Number of shares | Amount | Number of shares | Amount |
| Total | 718 | 836,157 | 659 | 820,137 | 91.8% | 98.1% | 1,649 | 1,839,015 |
| Proprietary transaction | 27 | 159,501 | 14 | 157,434 | 52.7% | 98.7% | 80 | 350,132 |
| Client transaction | 691 | 676,655 | 644 | 662,703 | 93.3% | 97.9% | 1,569 | 1,488,883 |
| Client transaction share | 96.2% | 80.9% | 97.8% | 80.8% | | | 95.1% | 81.0% |
| Exchange participation share | 0.12% | 0.08% | 0.11% | 0.08% | | | 0.13% | 0.09% |
| Brokerage commission per stock on client transaction | 5.62 yen | | 4.38 yen | | | | 4.91 yen | |

(2) Underwriting & distribution activities

(million shares, million yen)

| | | | Six months ended September 30, 2020 (A) | Six months ended September 30, 2021 (B) | Change (B/A) | FY 2021 |
|---------------|---|------------------|---|---|-----------------|---------|
| Underwriting | Equities | Number of shares | 0 | 0 | 458.8% | 0 |
| | Equities | Amount | 17 | 77 | 448.0% | 48 |
| | Bonds | Face value | 239 | 296 | 123.9% | 439 |
| | Commercial Paper & overseas securities | Face value | — | — | — | — |
| Distribution※ | Equities | Number of shares | 0 | 0 | 420.6% | 0 |
| | Equities | Amount | 19 | 80 | 416.2% | 530 |
| | Bonds | Face value | 826 | 1,252 | 151.6% | 2,999 |
| | Beneficiary securities | Face value | 220,825 | 274,017 | 124.1% | 533,028 |
| | Commercial Paper & overseas securities | Face value | — | — | — | — |

※ Includes secondary offering and private placements

(3) Capital adequacy ratio

(million yen)

| | | Six months ended September 30, 2020 | Six months ended September 30, 2021 | As of at the end of FY 2021 |
|--|--|--|--|--------------------------------|
| Basic items (A) | | 44,920 | 47,999 | 47,026 |
| Complementary items | Valuation difference on available-for-sale securities | 6,158 | 8,678 | 9,215 |
| | Reserve for financial products transaction liabilities | 157 | 146 | 146 |
| | Allowance for doubtful accounts | 0 | 0 | 0 |
| Total (B) | | 6,316 | 8,824 | 9,361 |
| Deductible assets (C) | | 14,908 | 27,345 | 22,269 |
| Unfixed equity capital (A)+(B)-(C) (D) | | 36,328 | 29,478 | 34,118 |
| Risk items | Market risk | 4,258 | 3,616 | 4,202 |
| | Counterparty risk | 828 | 1,460 | 734 |
| | Basic risk | 3,366 | 3,438 | 3,389 |
| Total (E) | | 8,452 | 8,514 | 8,325 |
| Capital adequacy ratio (D)/(E)×100 | | 429.7% | 346.2% | 409.8% |