

Consolidated Financial Summary under Japanese GAAP

For the year ended March 31, 2022

April 28, 2022

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

Scheduled date of annual meeting of shareholders	June 24, 2022
Scheduled date of filing financial report	June 27, 2022
Scheduled date of dividend payment	June 06, 2022
Supporting explanatory documents on financial results	YES
Briefing on financial results (for institutional investors & analysts)	YES

(All figures are rounded off to the nearest million)

1. Consolidated financial summary (From April 1, 2021 to March 31, 2022)

(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	%
Year ended March 31, 2022	16,050	△2.3	15,619	△4.3	△533	—	1,429	△7.4	2,901	△36.1
Year ended March 31, 2021	16,433	15.8	16,316	16.0	929	267.8	1,542	1.4	4,538	382.6

Note: Comprehensive income
 Year ended, March 31, 2022: 761 million yen (△92.7% vs same term previous year)
 Year ended, March 31, 2021: 10,369 million yen (-% vs same term previous year)

	Earnings per share	Diluted earnings per share	Return on equity	Return on assets	Gross profit margin
	yen	yen	%	%	%
Year ended March 31, 2022	73.85	—	5.1	1.3	△3.3
Year ended, March 31, 2021	111.09	—	8.4	1.6	5.7

Note:

1. Equity gain (loss) of affiliated companies As of March 31, 2022: -- million yen As of March 31, 2021: -- million yen
2. 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 March 31, 2022	104,723	58,029	53.2	1,440.62
As of March 31, 2021	107,127	58,346	54.0	1,444.30

Note: Shareholders' equity
 As of March 31, 2022: 55,712 million yen As of March 31, 2021: 57,811 million yen

(3) Consolidated cash flow

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash & cash equivalents at the end of period
	million yen	million yen	million yen	million yen
FY ended March 31, 2022	△3,930	4,749	959	18,666
FY ended March 31, 2021	△1,618	4,111	△1,783	16,231

2. Dividends

	Dividend per share					Total annual dividends	Dividends payout ratio (Consolidated)	Net assets dividend ratio (Consolidated)
	End of 1Q	End of 2Q	End of 3Q	End of 4Q	Annual Total			
	yen	yen	yen	yen	yen	million yen	%	%
FY ended March 31, 2021	—	11	—	21	32	1,303	28.8	2.4
FY ended March 31, 2021	—	13	—	15	28	1,104	37.9	1.9
FY ending March 31, 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 (AIZAWA SECURITIES CO., LTD.) Exclusion: None
- (2) Changes in accounting policies, changes in accounting estimates and retrospective restatements
 - 1) Changes in accounting policies based on revisions of accounting standard YES
 - 2) Changes in accounting policies other than item 1)above NO
 - 3) Change in accounting estimates NO
 - 4) Retrospective restatements NO
- (3) Number of issued shares (Common stock)
 - 1) Number of shares issued at the end of the term including treasury shares
As of March 31, 2022: 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 March 31, 2022: 8,853,110 shares As of March 31, 2021: 7,498,290 shares
 - 3) Average number of shares outstanding (Cumulative)
As of March 31, 2022: 39,291,333 shares As of March 31, 2021: 40,856,070 shares

(Reference)

1. Financial summary (From April 1, 2021 to March 31, 2022)

(1) 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	%
Year ended, March 31, 2022	8,018	△50.4	7,974	△50.4	△400	—	1,129	△28.3	2,293	△49.4
Year ended, March 31, 2021	16,152	14.0	16,062	14.3	976	295.1	1,576	6.9	4,534	391.7

	Earnings per share	Diluted earnings per share
	yen	yen
Year ended, March 31, 2022	58.37	—
Year ended, March 31, 2021	111.00	—

Note:

1. 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	Net capital regulation ratio
	million yen	million yen	%	yen	%
As of March 31, 2022	52,184	48,488	92.9	1,253.81	—
As of March 31, 2021	105,682	57,092	54.0	1,426.32	409.8

Note: Shareholders' equity

As of March 31, 2022: 48,488 million yen

As of March 31, 2021: 57,092 million yen

※ This consolidated 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.

Supporting Materials

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1. Financial results for the year ended March 31, 2022

(1) Explanation of the business results

For the reporting period, operating revenue declined by 2.3% to 16,050 million yen; operating loss was 533 million yen; ordinary profit declined by 7.4% to 1,429 million yen; and profit attributable to owners of parent declined by 36.1% to 2,901 million yen.

For the year ended March 31, 2022, 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)

For the financial year ended March 2022, Total commissions received declined by 2.2% to 10,176 million yen. Details are as follow:

- 1) Brokerage commission
Declined by 29.2% to 5,571 million yen due to decline in the trade value of foreign equities.
- 2) Commission from underwriting, secondary distribution and solicitation towards professional investors
Increased by 415.5% to 25 million yen due to increase in underwriting of domestic equities.
- 3) Fee from offering, secondary distribution and solicitation towards professional investors
Increased by 106.6% to 1,705 million yen due to increase in the sales of mutual funds.
- 4) Other fees received
Increased by 68.9% to 2,873 million yen due to increase in the handling and incentive fees of Fund Wrap.

(Net trading income)

For the financial year ended March 2022, Net trading income declined by 14.4% to 4,751 million yen. Details are as follow:

- 1) Equities
Declined by 13.2% to 4,031 million yen due decline in the trading value of foreign equities OTC trades.
- 2) Bonds
Declined by 61.0% to 101 million yen due reduced handling of foreign bonds.
- 3) Others
Decline by 4.3% to 617 million yen due to forex trades.

(Net financial income)

Net financial income increased by 5.8% to 335 million yen. Under this category, income increased by 3.4% to 421 million yen due to increase in income from margin trades, while expenses declined by 5.2% to 86 million yen due to decline in expenses from margin trades.

(Other operating revenue and expenses)

Other operating revenues increased by 850.7% to 701 million yen due to an increase in sales of operational investment securities and real estate rental income. Other operating expenses amounted to 345 million yen, mainly due to an increase in cost of sales of operating investment securities and cost of sales of real estate.

(Selling, general and administrative expenses)

Selling, general and administrative expenses increased by 5.0% to 16,153 million yen due to increase in office expense and real estate related expense.

(Non-operating profit and losses)

Non-operating profit was 1,962 million yen. Under this category, income were 2,058 million yen including the dividend income of 1,490 million yen and profit distributions of 463 million yen. While expenses under this category were 95 million yen including the 69 million yen loss from investment in partnership.

(Extraordinary profit and losses)

Total extraordinary profit was 3,243 million yen. Under this category, income were 3,367 million yen including the 3,366 million yen of gain from sale on investment securities. While losses were 123 million yen including the 53 million yen loss on sales of investment securities and 69 million yen loss on sale of non-current assets.

(2) Explanation of the financial results

(All comparisons in this section (2) are with the end of previous consolidated fiscal year)

(Assets)

As of at the end of the period under review, total assets was 104,723 million yen, a decline of 2,403 million yen. This was due to increase of 2,418 million yen in cash and deposits; decline of 4,320 million yen in cash segregated deposit for customers.

(Liabilities)

As of at the end of the period under review, total liabilities was 46,693 million yen, a decline of 2,087 million yen. This was due to decline of 4,467 million yen in deposits received and an increase of 2,102 million yen in long-term borrowings.

(Net assets)

As for the period under review, total net assets was 58,029 million yen, a decline of 316 million yen. Under this category, net assets declined by 1,442 million yen due to increase in treasury shares; valuation difference on available-for-sale securities declined by 2,216 million yen; non-controlling interests increased by 1,782 million yen; retained earnings increased by 1,533 million yen.

(3) Explanation of the cash flows

For the financial year ended March 2022, Cash and cash equivalents increased by 2,434 million yen to 18,666 million yen. Details are as follow:

(Cash flow from operating activities)

Net cash used in operating activities was 3,930 million yen. This was mainly due to decline in cash and deposits.

(Cash flow from investing activities)

Net cash provided by investing activities was 4,749 million yen. This was mainly due to sale and purchase in investment securities.

(Cash flow from financing activities)

Net cash provided by investing activities was 959 million yen. This was mainly due to long-term borrowings and purchase of treasury shares.

(4) 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. Any forecast based on uncertain situations can mislead the investors.

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. Basic approach of selecting accounting standards

Company uses Japanese GAAP accounting standards to ensure the comparison with previous terms. In regard to applying the IFRS accounting standards in future, company will take appropriate measures in consideration of various domestic and international situations.

3. Consolidated financial statements and major notes

(1) Consolidated balance sheet

(million yen)

	As of March 31, 2021	As of March 31, 2022
Assets		
Current assets		
Cash and deposit	16,707	19,126
Cash segregated as deposits	27,740	23,419
Cash segregated as deposits for customers	27,739	23,418
Other deposits	0	0
Operational investment securities	1,117	8,601
Trading products	244	361
Trading securities and other	244	361
Trade date accrual	817	776
Margin transaction assets	16,297	15,810
Loans on margin transactions	15,638	15,528
Cash collateral pledged for securities borrowing on margin transactions	658	281
Advances paid	163	176
Advances paid to customers	160	174
Other advance payments	3	2
Other current assets	1,351	1,215
Allowance for doubtful accounts	△0	—
Total current assets	64,440	69,488
Non-current assets		
Property, plant and equipment		
Buildings (net value)	716	759
Furniture & fixtures (net value)	346	335
Land	913	806
Rental real estate (net value)	4,724	6,258
Total Property, plant and equipment	6,701	8,160
Intangible assets		
Goodwill	295	182
Software	27	31
Others	49	27
Total intangible assets	372	241
Investments and other assets		
Investment securities	33,530	24,791
Net defined benefit asset	1,069	1,067
Others	1,017	959
Allowance for doubtful accounts	△5	△3
Total investments and other assets	35,612	26,815
Total non-current assets	42,686	35,217
Deferred assets		
Deferred organization expenses	—	1
Business commencement expenses	—	16
Total deferred assets	—	17
Total assets	107,127	104,723

(million yen)

	As of March 31, 2021	As of March 31, 2022
Liabilities		
Current liabilities		
Trading products	94	117
Trading securities and other	85	117
Derivatives trading	9	0
Margin transaction liabilities	1,861	1,791
Borrowings on margin transactions	585	1,115
Cash received for securities lending on margin transactions	1,276	675
Loans payable secured by securities	2,930	4,800
Cash received on debt credit transaction of securities	2,930	4,800
Deposits received	24,982	20,514
Deposits from customers	21,024	18,088
Other deposits	3,957	2,425
Guarantee deposits received	5,482	4,937
Short-term loans payable	3,795	3,795
Income taxes payable	994	1,212
Provision for bonuses	652	423
Provision for director bonuses	31	27
Other current liabilities	1,204	819
Total current liabilities	42,029	38,440
Non-current liabilities		
Long-term borrowings	934	3,036
Deferred tax liabilities	5,150	4,553
Provision for share based remuneration	151	226
Other non-current liabilities	369	290
Total non-current liabilities	6,605	8,107
Reserves under special laws		
Reserve for financial instruments transaction liabilities	146	146
Total reserves under special laws	146	146
Total liabilities	48,781	46,693
Net assets		
Shareholders' equity		
Capital stock	8,000	8,000
Capital surplus	8,087	8,122
Retained earnings	35,388	36,922
Treasury shares	△3,348	△4,790
Total shareholders' equity	48,128	48,254
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	9,607	7,391
Foreign currency translation adjustment	—	85
Remeasurements of defined benefit plans	75	△19
Total accumulated other comprehensive income	9,683	7,457
Non-controlling interests	534	2,317
Total net assets	58,346	58,029
Total liabilities and net assets	107,127	104,723

(2) Consolidated statements of income and comprehensive income statement
Consolidated statements of income (For the year ended March 31, 2022)

(million yen)

	Year ended March 31, 2021	Year ended March 31, 2022
Operating revenue		
Commission received	10,401	10,176
Net trading income	5,550	4,751
Financial revenue	407	421
Others	73	701
Total operating revenue	16,433	16,050
Financial expenses	90	86
Other operating expenses	26	345
Net operating revenue	16,316	15,619
Selling, general and administrative expenses		
Trading related expenses	2,431	2,690
Personnel expenses	8,365	7,990
Real estate expenses	1,263	1,635
Office expenses	2,135	2,395
Depreciation	414	454
Taxes and dues	379	476
Provision of allowance for doubtful accounts	△0	△0
Others	395	510
Total selling, general and administrative expenses	15,386	16,153
Operating profit/loss(△)	929	△533
Non-operating income		
Dividend income	498	1,490
Profit distributions	194	463
Reversal of allowance for doubtful accounts	0	—
Relief grants	112	0
Others	56	102
Total non-operating income	862	2,058
Non-operating expenses		
Loss on investments in partnership	212	69
Cancellation penalty	3	10
Settlement expenses	21	2
Commission for purchase of treasury shares	11	4
Others	0	9
Total non-operating expenses	249	95
Ordinary profit	1,542	1,429
Extraordinary income		
Gain on sales of non-current assets	4,246	1
Gain on sales of investment securities	1,336	3,366
Gain on step acquisitions	36	—
Reversal of reserve for financial instruments transaction liabilities	35	0
Total extraordinary income	5,654	3,367
Extraordinary losses		
Loss on sales of non-current assets	21	69
Loss on retirement of non-current assets	19	—
Loss on sales of investment securities	806	53
Loss on valuation of investment securities	—	1
Impairment loss	5	—
Total extraordinary losses	853	123
Profit before income taxes	6,343	4,672
Income taxes – current	1,059	1,768
Income taxes – deferred	747	37
Total income taxes	1,806	1,806
Profit	4,536	2,865
Profit/loss attributable to non-controlling owners	△1	△35
Profit attributable to owners of parent	4,538	2,901

Consolidated comprehensive income statement (For the year ended March 31, 2022)

(million yen)

	Year ended March 31, 2021	Year ended March 31, 2022
Profit	4,536	2,865
Other comprehensive income		
Valuation difference on available-for-sale securities	5,596	△2,216
Foreign currency translation adjustment	—	206
Remeasurements of defined benefit plans	236	△95
Total accumulated other comprehensive income	5,833	△2,104
Comprehensive income	10,369	761
(Description)		
Comprehensive income attributable to owners of parent	10,368	675
Comprehensive income attributable to non-controlling owners	1	85

(3) Consolidated statements of change in net assets

(From April 1, 2020 to March 31, 2021)

(million yen)

	Shareholder's equity					Total accumulated other comprehensive income				Non-controlling interests	Total net assets
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholder's equity	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Remeasurements of defined benefits plan	Total accumulated other comprehensive income		
Balance at the beginning of current period	8,000	8,097	31,774	△1,580	46,291	4,011	—	△161	3,850	—	50,141
Changes of items during current period											
Dividends of surplus			△924		△924						△924
Profit attributable to owners of parent			4,538		4,538						4,538
Purchase of treasury shares				△1,797	△1,797						△1,797
Restricted shares remuneration		23		22	46						46
Disposal of treasury shares for ESOP				7	7						7
Change in the ownership interest of parent due to transaction with non-controlling shareholders		△34			△34						△34
Net change in items other than shareholder's equity						5,596	—	236	5,833	534	6,367
Total changes of items during period	—	△10	3,614	△1,767	1,836	5,596	—	236	5,833	534	8,204
Balance at end of current period	8,000	8,087	35,388	△3,348	48,128	9,607	—	75	9,683	534	58,346

(From April 1, 2021 to March 31, 2022)

(million yen)

	Shareholder's equity					Total accumulated other comprehensive income				Non-controlling interests	Total net assets
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholder's equity	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Remeasurements of defined benefits plan	Total accumulated other comprehensive income		
Balance at the beginning of current period	8,000	8,087	35,388	△3,348	48,128	9,607	—	75	9,683	534	58,346
Changes of items during current period											
Dividends of surplus			△1,367		△1,367						△1,367
Profit attributable to owners of parent			2,901		2,901						2,901
Purchase of treasury shares				△1,482	△1,482						△1,482
Restricted shares remuneration		35		28	63						63
Disposal of treasury shares for ESOP				11	11						11
Change in the ownership interest of parent due to transaction with non-controlling shareholders		—			—						—
Net change in items other than shareholder's equity						△2,216	85	△95	△2,226	1,782	△443
Total changes of items during period	—	35	1,533	△1,442	126	△2,216	85	△95	△2,226	1,782	△316
Balance at end of current period	8,000	8,122	36,922	△4,790	48,254	7,391	85	△19	7,457	2,317	58,029

(4) Consolidated statements of cash flows

	(million yen)	
	Year ended March 31, 2021	Year ended March 31, 2022
Cash flows from operating activities		
Income before income taxes	6,343	4,672
Depreciation	414	454
Amortization of goodwill	43	112
Impairment loss	5	—
Increase (decrease) in allowance for doubtful accounts	△1	△0
Increase (decrease) in provision for bonuses	208	△228
Increase(decrease) in provision for director's bonuses	9	△3
Increase (decrease) in provision share based enumeration	82	74
Increase (decrease) in net defined benefit assets	△368	△95
Interest and dividend income	△923	△2,445
Interest expenses	90	86
Loss(gain) on sales of investment securities	△529	△3,313
Loss(gain) on valuation of investment securities	—	1
Loss(gain) on step acquisitions	△36	—
Loss(gain) on sales of non-current assets	△4,224	68
Loss (gain) on investment in partnership	212	69
Decrease(increase) in cash segregated as deposits for customers	△5,650	4,320
Increase (decrease) in advance paid	74	△12
Increase(decrease) in trading products-assets	751	△116
Increase(decrease) in trade date accrual	△459	40
Increase (decrease) in operational investment securities	△160	△3,429
Increase(decrease) in margin transaction assets	△2,462	486
Increase (decrease) in real-estate rent	△3,878	△1,534
Increase (decrease) in the reserve for financial products transaction liabilities	△35	△0
Increase(decrease) in deposits received	6,566	△4,467
Increase(decrease) in trading products-liabilities	3	23
Increase(decrease) in margin transaction liabilities	496	△70
Increase(decrease) in loans secured by securities	1,712	1,869
Increase(decrease) in guarantee deposits received	△287	△544
Others	△148	△639
Subtotal	△2,150	△4,622
Interest and dividend income received	922	2,433
Interest expenses paid	△98	△85
Income taxes paid	△301	△1,665
Income taxes (paid) refund	9	8
Net cash provided by (used in) operating activities	△1,618	△3,930

(million yen)

	Year ended March 31, 2021	Year ended March 31, 2022
Cash flow from investing activities		
Payments into time deposits	△410	△409
Proceeds from withdrawal of time deposits	408	426
Purchase of sales of property, plant and equipment	△337	△322
Proceeds from sale of property, plant and equipment	5,887	46
Purchase of intangible assets	△25	△15
Purchase of investment securities	△6,558	△2,009
Proceeds from sale of investment securities	5,592	6,915
Proceeds from redemption of investment securities	—	30
Proceeds from dividends of investment in partnerships	327	209
Purchase of shares of subsidiary resulting in change in scope of consolidation	△305	—
Payment for guarantee deposits	△414	△21
Proceeds from collection of guarantee deposits	64	120
Acquisition of long-term prepaid expenses	△77	△213
Asset retirement obligations	△48	△23
Others	8	15
Net cash provided by (used in) investing activities	4,111	4,749
Cash flows from financing activities		
Proceeds from long-term loans payable	950	2,230
Repayments on long-term loans payable	△15	△127
Repayments of lease obligations	△1	△1
Purchase of treasury shares	△1,797	△1,482
Proceeds from sales of treasury shares	7	11
Proceeds from non-controlling interests	—	1,696
Cash dividends paid	△926	△1,367
Net cash provided by (used in) financing activities	△1,783	959
Difference in cash and cash equivalents	360	656
Increase (decrease) in cash and cash equivalents	1,069	2,434
Cash and cash equivalents at start of period	15,162	16,231
Cash and cash equivalents at end of period	16,231	18,666

(5) Notes on consolidated financial statements

(Notes on going concern assumption)

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 4, 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)

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 312 million yen for 470 thousand shares as of March 31, 2022.

(Segment information)

In October 2021, the company changed its structure to holding company. With the change in holding company, group has segregated the business focus from “Financial instrument securities business” to following 3 segments of business; “Financial instrument securities business”, “Asset management business” and “Investment business”.

Segment-wise operating revenue/profit/loss

The accounting methods used for the reported business segments are same as those used in the preparation of the consolidated financial statements. Profits of reportable segments are based on operating profit/loss. Inter-segment revenues and transfers are based on prevailing market prices.

(From April 1, 2021 to March 31, 2022)

(million yen)

	Segments				Adjusted amount *1	Amount as on Consolidated statements of income *2
	Financial instrument securities business	Asset management business	Investment business	Total		
Operating revenue						
Revenues from external clients	14,778	631	641	16,050	—	16,050
Inter segment revenues	31	3	39	75	△75	—
Total	14,810	635	681	16,126	△75	16,050
Profit/loss(△)	△470	21	137	△311	△221	△533
Assets	63,728	4,313	31,962	100,004	4,718	104,723
Liabilities	42,839	58	6,233	49,131	△2,437	46,693
Others						
Depreciation & amortization	433	4	5	442	12	454
Financial revenue	421	—	—	421	0	421
Financial expense	91	—	—	91	△5	86

Notes:

*1

1. The segment profit/loss adjustment of △221 million yen includes; 394 million yen in inter-segment eliminations and △616 million yen in corporate expenses that are not allocated to any segment. Corporate expenses are expenses held and incurred by the company as a holding company.
2. The segment assets adjustment of 4,718 million yen includes; △3,737 million yen of offsetting elimination of inter-segment accounts receivables and payables and 8,456 million yen of total assets that are not allocated to any segment. Total assets are held by the company as a holding company.
3. The segment liabilities adjustment of △2,437 million yen includes; △6,059 million yen of offsetting elimination of inter-segment accounts receivables and payables and 3,621 million yen of total liabilities that are not allocated to any segment. Total liabilities are held by the company as a holding company.

*2

Segment profit is adjusted with operating loss in the consolidated statements of income.

(Per share information)

	Year ended March 31, 2021	Year ended March 31, 2022
Net assets per share	1,444.30 yen	1,440.62 yen
Net income per share	111.09 yen	73.85 yen

Notes:

- 1) Diluted profit (loss) per share are not applicable due to non-existence of potential shares outstanding having dilution effect.
- 2) Computation of the net income per share is based on following
- 3) The shares of the company remaining in the trust recorded as treasury stock in shareholders' equity are included in the treasury stock to be deducted in the calculation of the average number of shares during the period in the calculation of net income per share. In calculating net income per share, the average number of treasury stock deducted was 6,669,579 shares in the previous consolidated fiscal year and 8,234,316 shares in the current consolidated fiscal year.

	Year ended March 31, 2021	Year ended March 31, 2022
Net income per share		
Profit attributable to owners of parent (million yen)	4,538	2,901
Profit not attributable to common shareholders (million yen)	—	—
Profit related to common shareholders attributable to owners of parent (million yen)	4,538	2,901
Average number of common stock outstanding during this year (thousands of shares)	40,856	39,291

(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 January 28, 2022. 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 1,000,000 shares (Within 2.6% of outstanding shares excluding the treasury shares)
 - 3) Value of treasury share: Maximum of 1,200 million yen
 - 4) Term for purchase: From February 1, 2022 to January 31, 2023
 - 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: 68,100 shares
 - 3) Value of shares: 47 million yen
 - 4) Buyback term: From April 1, 2022 to April 25, 2022
 - 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 April 25, 2022 is as follow:

- 1) Number of treasury shares purchase completed: 239,600 shares
- 2) Value of treasury shares purchase completed: 199 million yen

4. Supplementary information

Consolidated business results for the year ended March 31, 2022

(1) Commission received

A) Breakdown of commission received

(million yen)

	Year ended March 31, 2021 (A)	Year ended March 31, 2022 (B)	Change (B/A)
Brokerage commission	7,868	5,571	70.8%
Equities	7,753	5,471	70.6%
Bonds	—	—	—
Beneficiary securities	114	99	86.6%
Commission from underwriting, secondary distribution and solicitation towards professional investors	4	25	515.5%
Equities	3	24	693.1%
Bonds	1	1	97.5%
Fee from offering, secondary distribution and solicitation towards professional investors	825	1,705	206.6%
Other fees received	1,701	2,873	168.9%
Total	10,401	10,176	97.8%

B) Product wise breakdown

(million yen)

	Year ended March 31, 2021 (A)	Year ended March 31, 2022 (B)	Change (B/A)
Equities	7,819	5,556	71.1%
Bonds	1	1	90.9%
Beneficiary securities	1,608	2,820	175.3%
Others	971	1,798	185.2%
Total	10,401	10,176	97.8%

(2) Net trading income

(million yen)

	Year ended March 31, 2021 (A)	Year ended March 31, 2022 (B)	Change (B/A)
Equities etc.	4,644	4,031	86.8%
Bonds, forex etc.	906	719	79.4%
Bonds etc.	260	101	39.0%
Forex etc.	645	617	95.7%
Total	5,550	4,751	85.6%

(3) Comparative quarterly consolidated statements of income

(million yen)

	FY 2021				FY 2022			
	1Q ended June 30	2Q ended Sept.30	3Q ended Dec.31	4Q ended March 31	1Q ended June 30	2Q ended Sept.30	3Q ended Dec.31	4Q ended March 31
Operating revenue								
Commission received	2,463	2,491	2,564	2,881	2,395	2,887	2,771	2,181
Brokerage commission	2,052	1,926	1,925	1,964	1,378	1,502	1,503	1,186
Commission from underwriting, secondary distribution and solicitation towards professional investors	1	1	1	1	3	3	18	0
Fee from offering, secondary distribution and solicitation towards professional investors	116	172	209	326	425	491	463	326
Other fees received	293	391	428	588	589	890	726	668
Net trading income	1,003	1,742	1,567	1,237	1,115	1,410	1,516	708
Financial revenue	96	110	100	99	103	108	105	105
Others	7	19	22	23	43	51	65	540
Total operating revenue	3,571	4,364	4,255	4,241	3,657	4,457	4,399	3,535
Financial expenses	24	25	20	20	16	19	27	23
Other operating expenses	2	8	6	8	15	20	31	278
Net operating revenue	3,543	4,331	4,228	4,212	3,625	4,417	4,341	3,234
Selling, general and administrative expenses								
Trading related expenses	547	625	603	655	579	721	761	627
Personnel expenses	1,908	2,239	2,133	2,084	1,930	2,173	2,127	1,758
Real estate expenses	290	306	302	363	421	473	347	392
Office expenses	495	502	550	587	528	781	549	535
Depreciation	74	98	97	144	141	143	88	81
Taxes and dues	55	92	107	122	88	92	234	60
Provision of allowance for doubtful accounts	0	0	△0	△0	0	△0	△0	△0
Others	73	101	95	124	131	149	123	106
Total selling, general and administrative expenses	3,446	3,966	3,889	4,083	3,821	4,535	4,232	3,563
Operating profit	97	364	338	128	△195	△117	108	△328
Non-operating income	278	208	308	65	1,355	76	205	420
Non-operating expenses	23	△13	21	218	4	80	2	8
Ordinary profit	353	587	626	△24	1,155	△122	311	83
Extraordinary income	490	134	4,300	728	89	1,934	1,069	274
Extraordinary losses	118	16	691	25	278	△277	112	9
Profit before income taxes	724	705	4,234	678	966	2,089	1,268	348
Income tax expenses	17	344	1,088	355	46	764	333	661
Profit	707	360	3,146	322	919	1,325	934	△312
Profit (loss) attributable to non- controlling interests	—	—	—	△1	△30	△9	△6	9
Profit attributable to owners of parent	707	360	3,146	324	949	1,334	940	△322

5. Financial statements and major notes

(1) Balance sheet

(million yen)

	As of March 31, 2021	As of March 31, 2022
Assets		
Current assets		
Cash and deposit	15,067	723
Cash segregated as deposits	27,740	—
Cash segregated as deposits for customers	27,739	—
Other deposits	0	—
Trading products	244	—
Trading securities and other	244	—
Trade date accrual	817	—
Margin transaction assets	16,297	—
Loans on margin transactions	15,638	—
Cash collateral pledged for securities borrowing on margin transactions	658	—
Advances paid	163	—
Advances paid to customers	160	—
Other advance payments	3	—
Short-term loans receivables	1	—
Advance payments	277	97
Prepaid expenses	267	53
Accounts receivables	336	16
Accrued income	382	0
Other current assets	13	27
Allowance for doubtful accounts	△0	—
Total current assets	61,608	917
Non-current assets		
Property, plant and equipment		
Building (net amount)	1,425	128
Equipment (net amount)	346	98
Land	3,315	50
Construction in progress	100	—
Total property, plant and equipment	5,186	277
Intangible assets		
Leasehold right	24	14
Software	22	3
Telephone subscription right	22	—
Others	0	—
Total intangible assets	69	17
Investments and other assets		
Investment securities	31,138	4,988
Shares of subsidiaries and associates	2,581	41,043
Other securities of subsidiaries and associates	1,613	—
Investments in capital	13	—
Long-term loans receivable from subsidiaries and associates	1,500	4,500
Long-term loans receivable from employees	9	—
Long-term guarantee deposits	800	417
Long-term prepaid expenses	178	0
Prepaid pension expenses	960	—
Others	26	25
Allowance for doubtful accounts	△5	△3
Total investments and other assets	38,818	50,971
Total non-current assets	44,073	51,266
Total assets	105,682	52,184

(million yen)

	As of March 31, 2021	As of March 31, 2022
Liabilities		
Current liabilities		
Trading products	94	—
Trading securities and other	85	—
Derivatives trading	9	—
Margin transaction liabilities	1,861	—
Borrowings on margin transactions	585	—
Cash received for securities lending on margin transactions	1,276	—
Loans payable secured by securities	2,930	—
Cash received on debt credit transaction of securities	2,930	—
Deposits received	24,961	28
Deposits from customers	21,024	—
Other deposits	3,937	28
Guarantee deposits received	5,482	—
Short-term loans payable	3,795	—
Accounts payable	821	72
Accrued expenses	316	7
Income taxes payable	994	128
Provision for bonuses	650	—
Provision for director bonuses	31	23
Other current liabilities	29	23
Total current liabilities	41,968	283
Non-current liabilities		
Long-term borrowings	934	3,036
Deferred tax liabilities	5,037	370
Provision for share based remuneration	151	—
Long-term deposits received	305	5
Accrued income	32	—
Other non-current liabilities	13	—
Total non-current liabilities	6,476	3,412
Reserves under special laws		
Reserve for financial instruments transaction liabilities	146	—
Total reserves under special laws	146	—
Total liabilities	48,590	3,696
Net assets		
Shareholders' equity		
Capital stock	8,000	8,000
Capital surplus		
Legal capital reserve	7,863	7,863
Other capital surplus	258	294
Total capital surplus	8,121	8,157
Retained earnings		
Legal reserve for retained earnings	3,202	3,202
Other retained earnings		
Reserve for repair	3,000	—
Reserve for reduction entry of replaced non-current assets	529	—
Reserve for reduction entry of replaced land	1,270	—
General reserve	23,000	26,000
Retained earnings brought forward	4,100	6,826
Total retained earnings	35,103	36,028
Treasury shares	△3,348	△4,790
Total shareholders' equity	47,876	47,395
Valuation and translation adjustments		
Valuation difference on available-for-sale-securities	9,215	1,092
Total valuation and translation adjustments	9,215	1,092
Total net assets	57,092	48,488
Total liabilities and net assets	105,682	52,184

(2) Statements of income

(million yen)

	Year ended March 31, 2021	Year ended March 31, 2022
Operating revenue		
Management advisory fee	—	350
Interest from lending to affiliated companies	—	40
Commission received	10,194	4,886
Brokerage commission	7,868	2,880
Commission from underwriting, secondary distribution and solicitation towards professional investors	4	6
Fee from offering, secondary distribution and solicitation towards professional investors	825	916
Other fees received	1,495	1,083
Net trading income	5,550	2,525
Financial revenue	407	214
Total operating revenue	16,152	8,018
Financial expenses	90	44
Net operating revenue	16,062	7,974
Selling, general and administrative expenses		
Trading related expenses	2,426	1,294
Personnel expenses	8,224	4,216
Real estate expenses	1,261	978
Office expenses	2,100	1,100
Depreciation	412	317
Taxes and dues	347	218
Provision of allowance for doubtful accounts	△0	0
Others	313	248
Total selling, general and administrative expenses	15,085	8,374
Operating profit	976	△400
Non-operating income		
Real estate rental income	14	55
Dividend income	485	1,459
Profit distributions	183	94
Reversal of allowance for doubtful accounts	0	—
Relief grants	112	0
Others	64	54
Total non-operating income	861	1,665
Non-operating expenses		
Interest paid	—	5
Loss on investments in partnership	223	113
Cancellation penalty	3	10
Settlement expenses	21	1
Commission for purchase of treasury shares	11	4
Others	0	0
Total non-operating expenses	260	135
Ordinary profit	1,576	1,129
Extraordinary income		
Gain on sales of non-current assets	4,246	1
Gain on sales of investment securities	1,335	2,023
Reversal of reserve for financial instruments transaction liabilities	35	0
Total extraordinary income	5,617	2,024
Extraordinary losses		
Loss on sales of non-current assets	21	69
Loss on the retirement of non-current assets	19	—
Loss on sales of investment securities	806	—
Loss on valuation of investment securities	—	1
Impairment loss	5	—
Total extraordinary losses	853	70
Profit before income taxes	6,341	3,084
Income taxes – current	1,059	767
Income taxes – deferred	747	22
Total income taxes	1,806	790
Profit	4,534	2,293