

AIZAWA SECURITIES GROUP CO., LTD.

Financial results for fiscal year ended March 2024

April, 2024



Growth of Financial securities business and Investment business led by surge in stock market

(million yen)	FY 23		FY 24		Change vs FY 23
Operating revenue	12,751		18,980		+48.8%
Net operating revenue	12,208		18,191		+49.0%
Operating profit (loss)	Δ2,782		1,159		Restored profitability
Ordinary profit (loss)	Δ1,911		1,941		"
Profit (loss) before taxes	Δ1,907		4,325		"
Profit (loss)	Δ2,375		2,975		"

► **Highlights**

For the 4Q, FY24 (change vs. 3Q, FY24)

- Operating revenue increased by 31.3% to 5,507 million yen
- Operating profit was 645 million yen
- Ordinary profit was 832 million yen
- Profit attributable to owners of parent increased by 772.1% to 1,840 million yen

► **Financial summary**

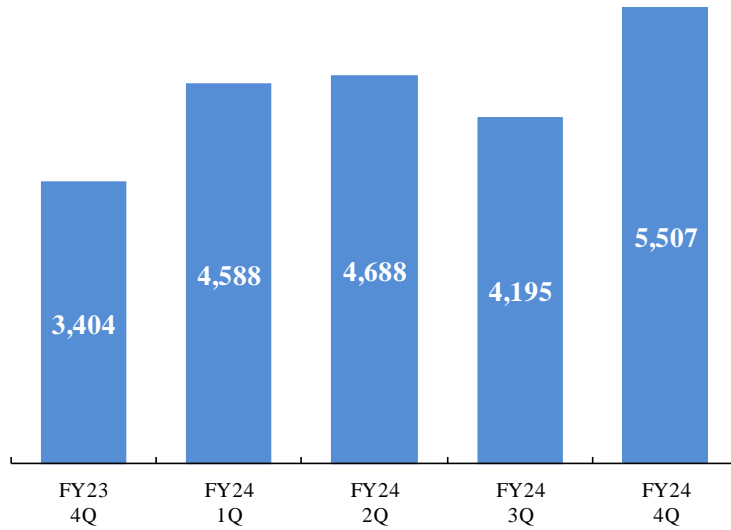
(million yen)

	FY23 4Q	FY24 1Q	FY24 2Q	FY24 3Q	FY24 4Q	Change vs 4Q/FY23	Change vs 3Q/FY24	FY23	FY24	Change vs FY23
Operating revenue	3,404	4,588	4,688	4,195	5,507	61.8%	31.3%	12,751	18,980	48.8%
Net operating revenue	3,219	4,522	4,467	3,923	5,277	63.9%	34.5%	12,208	18,191	49.0%
Selling, general and administrative expenses	3,795	3,958	4,317	4,123	4,632	22.0%	12.3%	14,991	17,031	13.6%
Operating profit (loss)	△576	564	149	△199	645	-	-	△2,782	1,159	-
Ordinary profit (loss)	△201	830	220	58	832	-	-	△1,911	1,941	-
Profit (loss)	△1,168	734	190	211	1,840	-	772.1%	△2,375	2,975	-
Total assets	98,835	112,646	114,290	117,934	124,119	25.6%	5.2%	-	-	-
Net assets	54,030	55,753	56,524	55,940	58,657	8.6%	4.9%	-	-	-
EPS (yen)	△30.81	19.50	5.06	5.63	49.05	-	-	△62.03	79.39	-
BPS (yen)	1,350.08	1,407.23	1,425.50	1,415.13	1,498.42	-	-	-	-	-



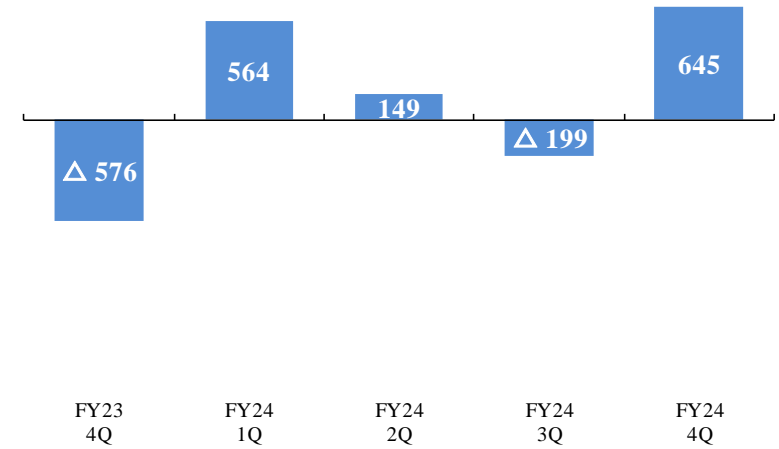
Operating revenue

(million yen)



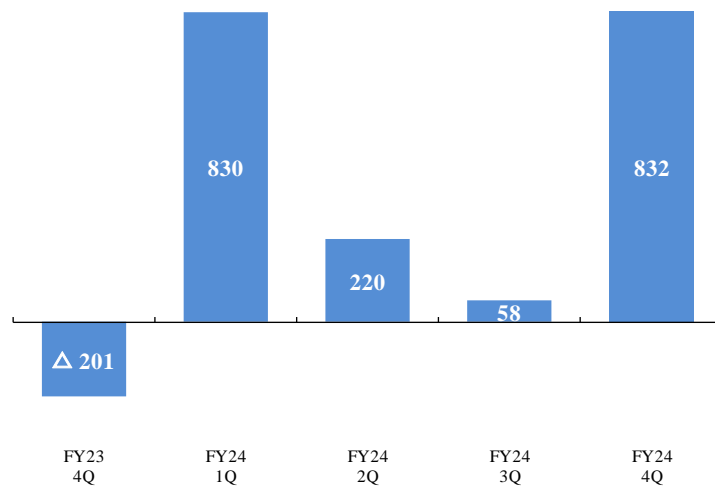
Operating profit/loss

(million yen)



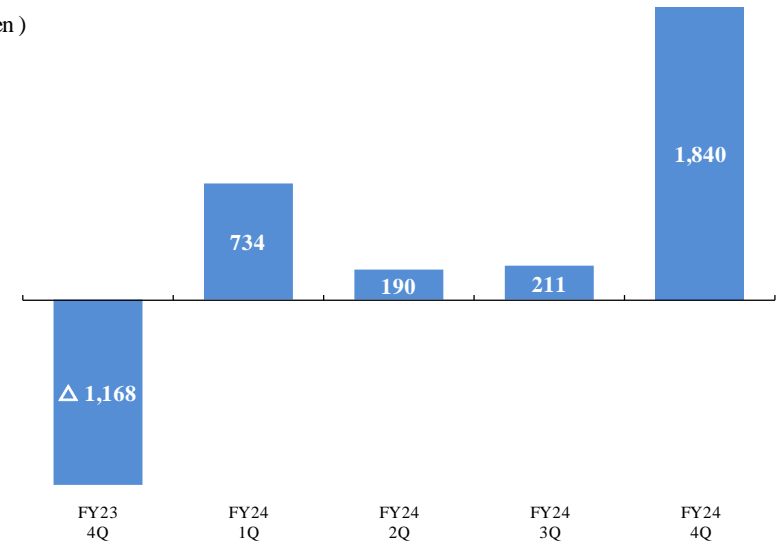
Ordinary profit/loss

(million yen)



Profit/loss

(million yen)



Financial securities business

Offering asset management consulting etc. to support asset building for clients

(million yen) Change vs FY23

Operating profit (loss)	17,946	+55.8%
Profit before taxes	1,473	Restored profitability

- Significant growth in brokerage commission and net trading income from equities
- AUC and number of client accounts reached all time high



Investment business

Proprietary investment in financial securities, real estate and growth companies

(million yen) Change vs FY23

Operating profit (loss)	822	Δ16.1%
Profit before taxes	2,648	+67.7%

- Increase in unrealized gains on investment securities led by surge in stock market
- Booked extraordinary profit with partial sale of equity holdings



Asset management business

Providing alternative asset management services mainly to institutional investors

(million yen) Change vs FY23

Operating profit (loss)	272	Δ8.6%
Profit before taxes	Δ201	

- Costs associated with managing funds are accounted under asset management business.
- Final subscription close of 3rd secondary fund “Ariake Secondary Fund III LP”



As the AUC increased, there was increase in both deposits from customers under liabilities and cash segregated as deposits for customers under assets. With the surge in stock market, many clients realized the profits on investment securities, leading to an increase in other deposits received, such as transfer taxes when clients sell their holdings, as well as an increase in valuation difference on available-for-sale securities held by our group.

▶ Balance sheet

(million yen)

	FY22	FY23	FY24	Change vs FY23
Assets				
Current Assets	69,488	63,533	84,030	32.3%
Cash and deposit	19,126	14,142	23,991	69.6%
Cash segregated as deposits	23,419	20,908	27,632	32.2%
Operational investment securities	8,601	10,521	11,291	7.3%
Trading products	361	207	232	12.2%
Trade date actual	776	615	1,326	115.4%
Margin transaction assets	15,810	15,692	17,209	9.7%
Loans on margin transactions	15,528	15,314	16,870	10.2%
Advances paid	176	56	99	76.2%
Other current assets	1,215	1,389	2,245	61.6%
Non-current assets	35,217	35,291	40,085	13.6%
Property, plant and equipment	8,160	9,936	10,850	9.2%
Rental properties	6,258	8,245	9,165	11.2%
Intangible assets	241	100	33	Δ66.3%
Investments and other assets	26,815	25,253	29,201	15.6%
Investments securities	24,791	23,439	26,066	11.2%
Allowance for doubtful accounts	Δ 3	Δ 3	Δ 11	-
Deferred assets	17	10	3	Δ68.1%
Organization expenses	1	0	-	-
Start up expenses	16	9	3	Δ65.6%
Total assets	104,723	98,835	124,119	25.6%

	FY22	FY23	FY24	Change vs FY23
Liabilities				
Current liabilities	38,440	34,365	52,952	54.1%
Trading products	117	90	-	-
Margin transaction liabilities	1,791	1,516	7,312	382.2%
Borrowings on margin transactions	1,115	726	6,505	795.7%
Loans payable secured by securities	4,800	2,927	1,401	Δ52.1%
Deposits received	20,514	16,760	28,808	71.9%
Deposits from customers	18,088	14,359	21,757	51.5%
Other deposits	2,425	2,400	7,050	193.7%
Guarantee deposits received	4,937	5,099	5,639	10.6%
Short-term loans payable	3,795	6,445	6,045	Δ6.2%
Non-current liabilities	8,107	10,293	12,349	20.0%
Long-term borrowings	3,036	5,588	6,347	13.6%
Deferred tax liabilities	4,553	4,318	5,572	29.0%
Reserves under special laws	146	146	160	9.8%
Reserve for financial instruments transaction liabilities	146	146	160	9.8%
Total liabilities	46,693	44,804	65,462	46.1%
Net assets				
Total shareholder's equity	48,254	44,162	45,513	3.1%
Treasury shares	Δ 4,790	Δ 5,471	Δ 6,179	-
Accumulated other comprehensive income	7,457	6,834	10,141	48.4%
Valuation difference on available-for-sale securities	7,391	6,579	9,337	41.9%
Non-controlling interests	2,317	3,033	3,002	Δ1.0%
Total net assets	58,029	54,030	58,657	8.6%
Total liabilities and assets	104,723	98,835	124,119	25.6%



Profit distribution policy

Total payout ratio: Above 50%**DOE: Above 2 %**

- We plan to enhance shareholder returns and pay a special dividend between the period of fiscal year ending March 31, 2025 and fiscal year ending March 31, 2028.

Dividend	Interim (yen/share)	Year-end (yen/share)	Annual (yen/share)	Total annual dividend (million yen)	DOE
<u>FY ended March 31, 2024</u>	<u>13</u>	<u>26</u>	<u>39</u>	<u>1,489</u>	<u>3.3%</u>
FY ended March 31, 2023	13	13	26	1,015	2.3%
FY ended March 31, 2022	13	15	28	1,104	2.3%

Buyback of shares	Number of shares (thousand)	Value of buyback shares (million yen)	Total annual dividend (million yen)	Total payout (million yen)	Total payout ratio
<u>FY ended March 31, 2024</u>	<u>769</u>	<u>791</u>	<u>1,489</u>	<u>2,280</u>	<u>76.6%</u>
FY ended March 31, 2023	995	684	1,015	1,700	—
FY ended March 31, 2022	1,436	1,482	1,104	2,586	89.1%

※ DOE : $\text{Total annual dividend} \div \text{Shareholder's equity}$

※ Total payout ratio : $(\text{Value of buyback shares} + \text{Total annual dividend}) \div \text{profit}$



- Group has formulated a mid-term management plan “Define Next 100 - More for our customers”, and through various measures, it aims to realize its management philosophy of " providing more people with a richer life through securities investment" and to improve the stock price and PBR by enhancing our corporate value.
- Even though KPI targets like ROE, PBR and stock prices set forth in the mid-term management plan are showing progress, PBR still lies below 1x. We recognize the fact that the current ROE is below our estimated cost of equity of around 7%, and we need to strengthen our efforts to further increase corporate value.

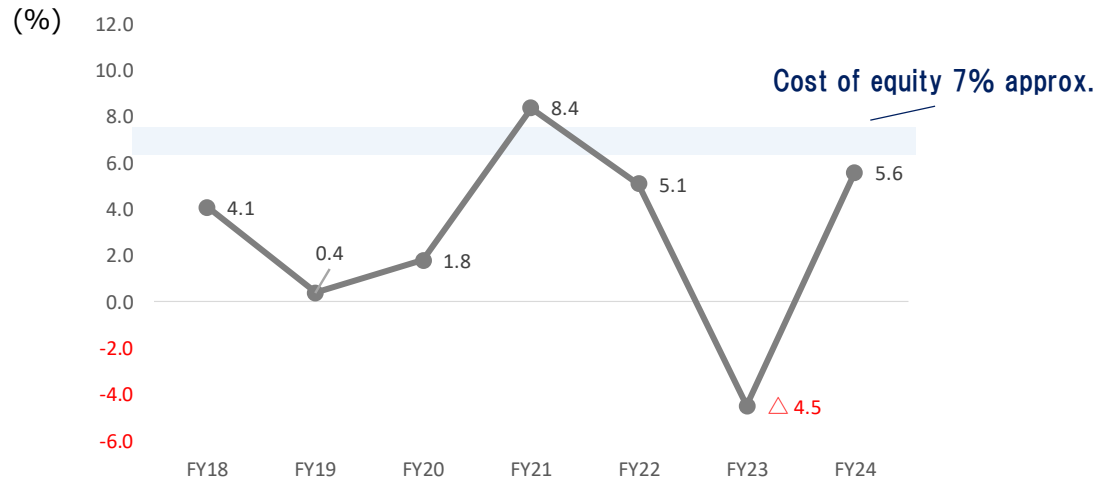
▶ Cost of capital

Cost of equity (as of March 2024) estimated 7% approx.*
 *Based on CAPM model

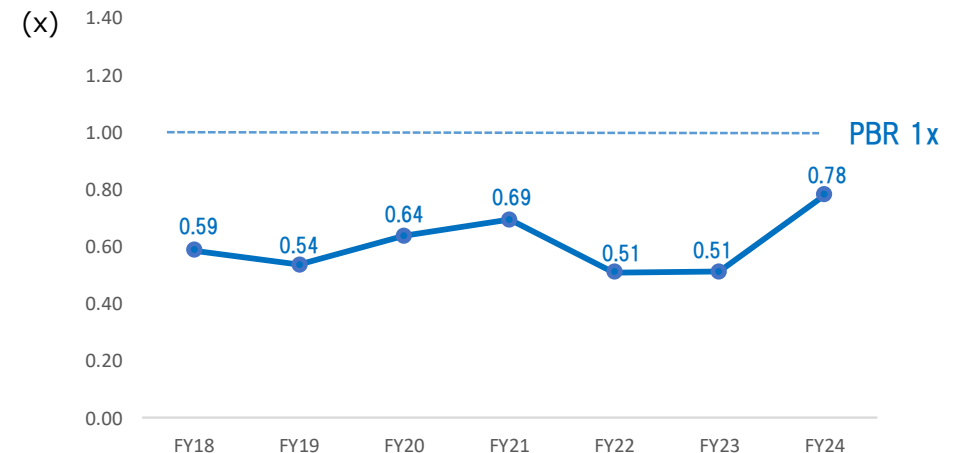
* Cost of equity based on variables of CAPM

Risk free rate :	10-year Japan government bond yield
Market risk premium :	Annualized TOPIX return (with dividends) for the past 25 years (excludes year 2008 of lehman shock) year
Beta :	Adjusted beta against TOPIX

▶ ROE



▶ PBR





- The fixed cost coverage ratio reached its target for the first time in March 2024 on a standalone monthly basis due to various measures taken in line with the basic policies; “Thoroughly customer oriented”, “shift from a brokerage business to an asset building business”, “expansion of platform business”, and “strengthening the group synergies”. The AUC (Assets Under Custody) and the balance of investment securities are approaching the predefined KPI targets.
- On the other hand, to improve PBR, we recognize the need to improve ROE levels, which are currently well below KPI targets, and to further reduce the cost of capital, and increase expected growth rates and shareholder returns.

► KPI of mid-term management plan

KPI	Target (for March 2025)	Current (as of March 2024)
ROE	Above 8%	5.6% (for FY 24)
Fixed charge coverage ratio (Financial securities business)	Above 50%	52.2% (standalone for month March 2024) (※ 35.1% for FY 24)
AUC (Financial securities business)	Above 2 trillion yen	1.97 trillion yen
Investment securities balance (Investment business)	45 billion yen	37.7 billion yen
Secondary fund AUM (Asset management business)	10 billion yen	7.5 billion yen



- Group is working with specific measures with focus on “Improved ROE,” “Reduced cost of capital,” and “Higher expected growth rates” to improve the PBR and shareholders return by enhancing its corporate value.
 1. Improved ROE: Higher profitability in mid-term, improved risk/return in business segments, continuous and appropriate return to shareholders
 2. Reduced cost of capital: Stabilize the revenue and profit level of entire group.
 3. Higher expected growth rates: Improve expected growth rate by strengthening reforms in the financial securities business and improving profitability of the group.

► Specific measures

Growth strategy

Accelerating transformation of financial instruments business
(financial securities business)

Enhance investment & asset management business

Enhance platform business

Enhancement of initiatives towards human capital management

Financial Strategy

Increase shareholders return

Utilization of financial leverage

Improvement and enhancement of capital allocation and return on capital management



IR/Sustainability

Increase dialogue with shareholders and investors

Enhancement of IR contents

Initiatives towards sustainability

Enhance corporate value / Improve stock valuation



- We are pursuing following growth strategies for our Financial instruments business (financial securities business), investment business, asset management business and financial instruments intermediary business.

1. Accelerating transformation of financial instruments business (financial securities business)
2. Enhance investment & asset management business
3. Enhance platform business
4. Enhancement of initiatives towards human capital management

Accelerating transformation of financial instruments business (financial securities business)

- Aim to be a companion in "asset management and asset building" as an investment advisor & follow up professional.
- Strengthen the combined use of three channels: in-house financial advisors, IFAs, and regional financial institutions.
- Emphasize on offering consulting services driven by individuals as our primary strength, while also significantly enhancing goal-oriented sales approaches and regional ties.
- Established "Business Development Division" to collectively promote sales, product planning, IT development, human capital investment, regional initiatives, branding, etc., and accelerate the shift to an earnings structure linked to AUC in the financial securities business.

Enhance investment & asset management business

- While maintaining the independent governance of investment business (AIZAWA Investments Co., Ltd.) and asset management business (AIZAWA ASSET MANAGEMENT Co., Ltd.), beginning to integrate the resources related to investment, asset management, risk management.
- Aim to improve overall risk/return of both investment and asset management business.

Enhance platform business

- Developed a mid-term management plan for the IFA business, targeting an AUC of 500 billion yen through investments in IT and human resource development.
- Appointed a financial institution RM executive officer to strengthen ties with financial institutions. Signed a master service agreement in March with THE SAGA KYOEI BANK,LTD. regarding financial instruments intermediary business. Discussions are also underway for collaboration with number of regional financial institutions.

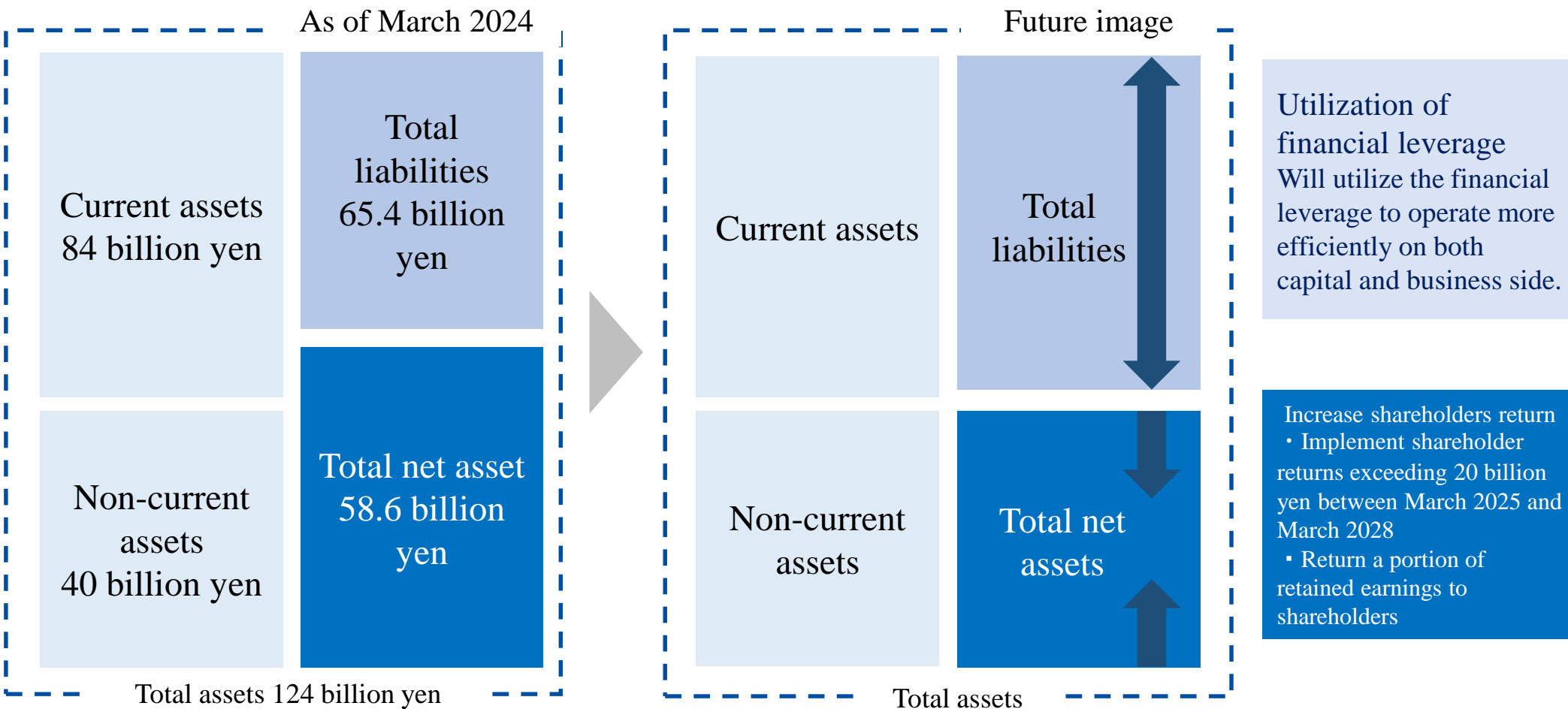
Enhancement of initiatives towards human capital management

- Implementing various measures consistent with SDG Goal 8, "Promoting both job satisfaction and economic growth."
 - ① Promoting the Career Development Program (CDP), which emphasizes alignment with management strategies and encourages employees' self-driven growth, while also fostering skill development and career advancement tailored to everyone's aptitude and aspirations.
 - ② Implementing training initiatives focused on promoting diversity, particularly aimed at empowering women to advance in their careers.
 - ③ Prioritizing employee engagement within the organization, we regularly survey all employees and strive to cultivate an environment where they can work with energy and enthusiasm.
 - ④ Promoting health management of employees. All employees undergo yearly physical checkups and we provide subsidies for complete health checkups, smoking cessation clinic visits, and other medical consultations.



- We will build an appropriate balance sheet by reducing capital to an appropriate level required for our business through enhanced shareholder returns.
- To bring our capital to a suitable level, we plan to return over 20 billion yen of retained earnings to shareholders between March 2025 and March 2028. This will be accomplished through special dividends of 10 billion yen, and regular dividends and share buybacks of 10 billion yen.

▶ Consolidated Balance sheet





- We are committed to contributing to the community and society through our active involvement in IR and sustainability.
 1. Increase dialogue with shareholders and investors
 2. Enhancement of IR contents
 3. Initiatives towards sustainability

Increase dialogue with shareholders and investors

- We believe it is important to build long-term trustable relationships with shareholders and investors. We hold dialogues with shareholders who hold a certain number of our shares.
- Opinions and issues recognized through dialogue with shareholders are shared with management with the aim to enhance the corporate value over the mid-long term.

Enhancement of IR contents

- Enhance the IR contents and make it easy for investors and shareholders to understand.
- Further enhance the English IR contents by increasing the disclosures beyond financial summary and financial highlights.

Initiatives towards sustainability

- Enhance disclosures based on TCFD guidelines and take measures to reduce greenhouse gas emissions as part of efforts towards climate change.
- Collaborating with regional governments and educational institutions to promote financial and investment literacy to enhance society's overall financial literacy and foster individual asset building. This involves spreading fundamental investment knowledge, including mid-long term investment strategies and the benefits of portfolio diversification.

Reference data

Consolidated



► Highlights

For the 4Q, FY24 (change vs. 3Q, FY24)

- Operating revenue for financial securities business increased by 27.5% to 5,119 million yen
- Operating revenue for investment business increased by 152.3% to 320 million yen
- Operating revenue for asset management business increased by 45.6% to 94 million yen

► Financial summary

(million yen)

Business segment wise (consolidated)	FY23 4Q	FY24 1Q	FY24 2Q	FY24 3Q	FY24 4Q	Change vs 4Q/FY23	Change vs 3Q/FY24	FY23	FY24	Change vs FY23
Operating revenue	3,404	4,588	4,688	4,195	5,507	61.8%	31.3%	12,751	18,980	48.8%
Financial securities business	2,956	4,326	4,485	4,015	5,119	73.2%	27.5%	11,522	17,946	55.8%
Investment business	368	217	157	127	320	△13.0%	152.3%	979	822	△16.1%
Asset management business	92	56	56	64	94	2.1%	45.6%	298	272	△8.6%
Other adjustments	△ 12	△ 12	△ 10	△ 11	△ 26	-	-	△ 48	△ 60	-
Operating profit (loss)	△ 576	564	149	△ 199	645	-	-	△ 2,782	1,159	-
Financial securities business	△ 671	439	366	79	636	-	702.1%	△ 2,733	1,521	-
Investment business	75	132	△ 134	△ 227	8	△89.2%	-	206	△ 221	-
Asset management business	△ 31	△ 57	△ 55	△ 61	△ 39	-	-	△ 130	△ 214	-
Other adjustments	50	49	△ 25	9	40	△21.4%	310.8%	△ 125	73	-
Profit (loss) before income taxes	△ 902	971	418	248	2,687	-	980.9%	△ 1,907	4,325	-
Financial securities business	△ 1,268	472	445	△ 79	635	-	-	△ 3,267	1,473	-
Investment business	690	444	75	139	1,989	188.0%	-	1,579	2,648	67.7%
Asset management business	△ 72	△ 52	△ 43	△ 61	△ 43	-	-	△ 167	△ 201	-
Other adjustments	△ 252	106	△ 58	250	106	-	△57.4%	△ 52	405	-

► Highlights

For the 4Q, FY24 (change vs. 3Q, FY24)

- Commission received increased by 31.3% to 3,877 million yen
- Net trading income increased by 13.7% to 1,102 million yen
- Financial income increased by 53.3% to 223 million yen
- Other income increased by 139.8% to 304 million yen

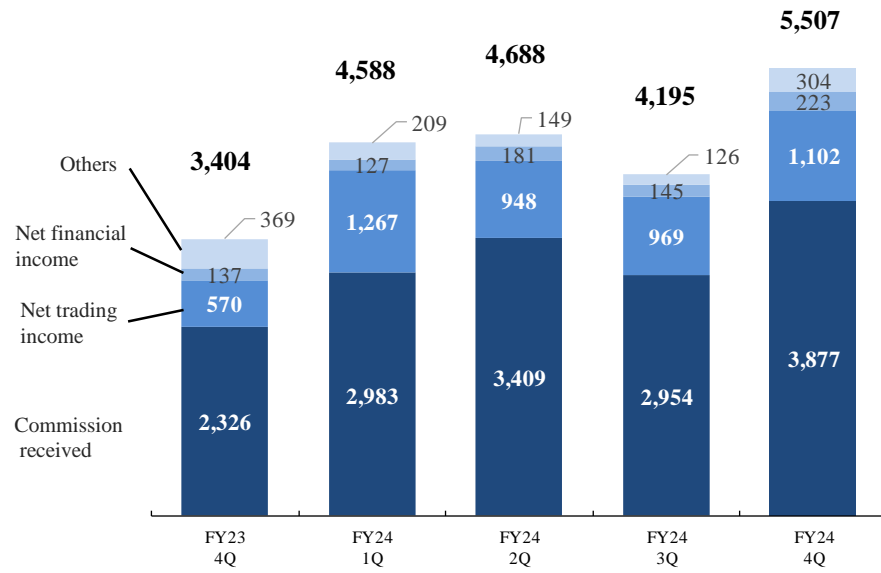
► Operating revenue-breakdown

(million yen)

	FY23 4Q	FY24 1Q	FY24 2Q	FY24 3Q	FY24 4Q	Change vs 4Q/FY23	Change vs 3Q/FY24	FY23	FY24	Change vs FY23
Operating revenue	3,404	4,588	4,688	4,195	5,507	61.8%	31.3%	12,751	18,980	48.8%
Commission received	2,326	2,983	3,409	2,954	3,877	66.7%	31.3%	8,971	13,224	47.4%
Brokerage	1,240	1,680	1,685	1,423	1,945	56.9%	36.7%	4,608	6,735	46.2%
Underwriting	5	4	1	2	1	△70.6%	△28.1%	40	10	△74.8%
Distribution	443	507	740	672	716	61.6%	6.6%	1,895	2,636	39.1%
Others	637	790	981	855	1,213	90.4%	41.8%	2,426	3,842	58.3%
Net trading income	570	1,267	948	969	1,102	93.3%	13.7%	2,318	4,287	85.0%
Equities	433	1,088	778	828	982	126.7%	18.6%	1,646	3,678	123.4%
Bonds	41	78	33	54	36	△11.9%	△33.0%	120	203	68.4%
Forex	95	100	136	85	82	△12.9%	△3.4%	550	406	△26.2%
Financial income	137	127	181	145	223	61.9%	53.3%	463	677	46.4%
Others	369	209	149	126	304	△17.7%	139.8%	999	790	△20.9%

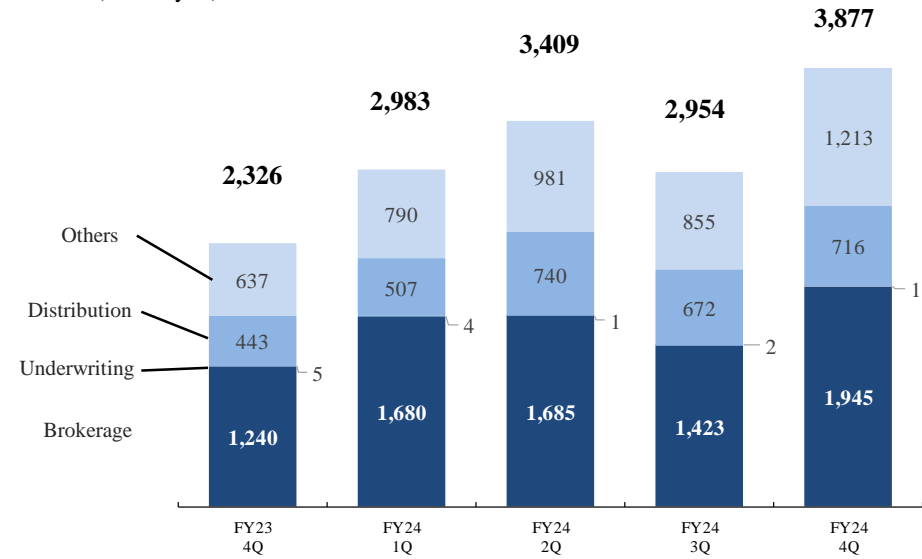
Operating revenue

(million yen)



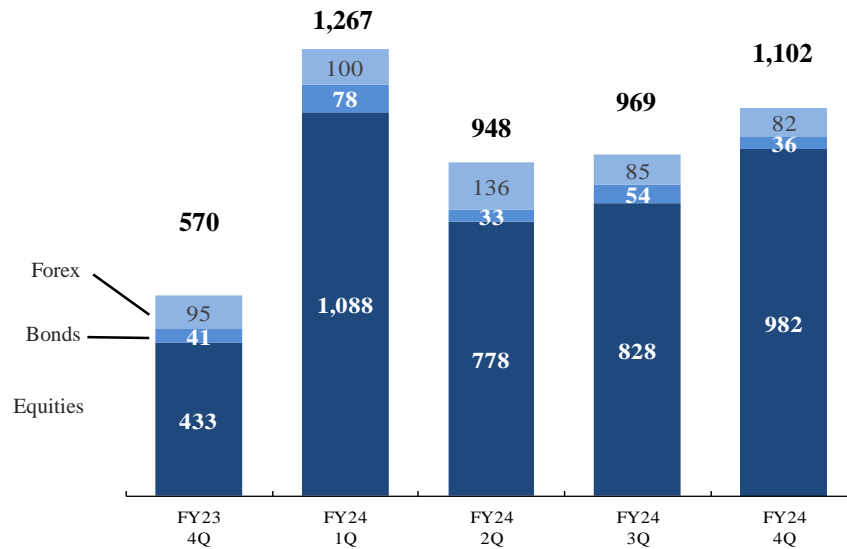
Commissions received

(million yen)



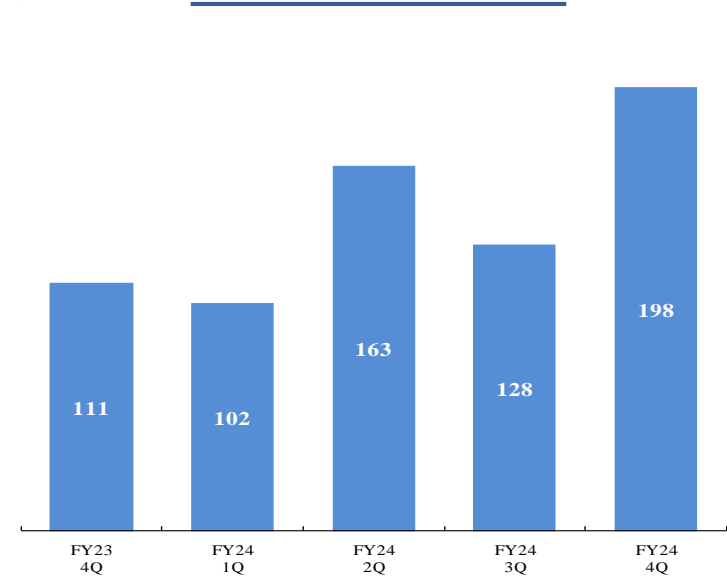
Net trading income

(million yen)



Net financial income

(million yen)



► Highlights

Group is working to increase the balance of recurring income products to promote the medium to long-term asset building business.

Asset management fees increased by 15.6% due to increase in balance of mutual funds.

Wraps revenue increased as success fee increased by 220.0%. (All comparison are with 3Q of FY 24)

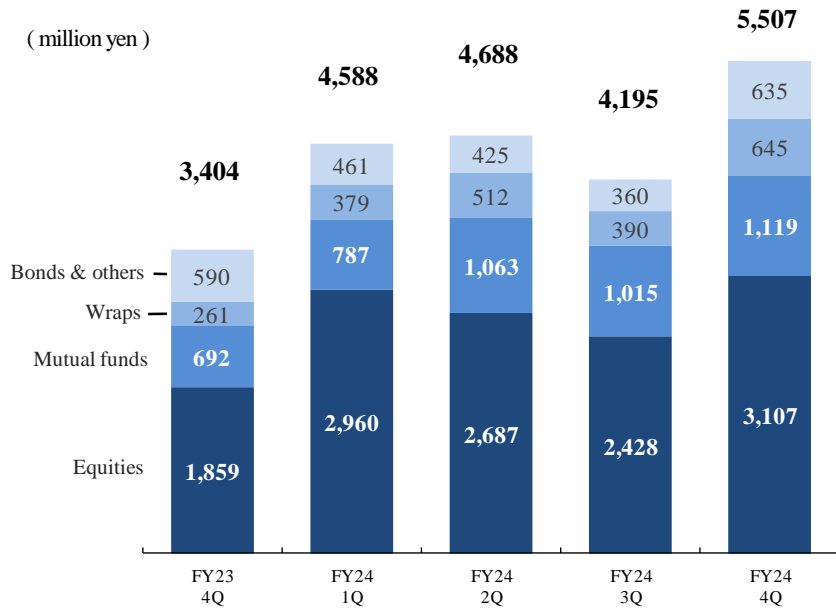
► Operating revenue-breakdown

(million yen)

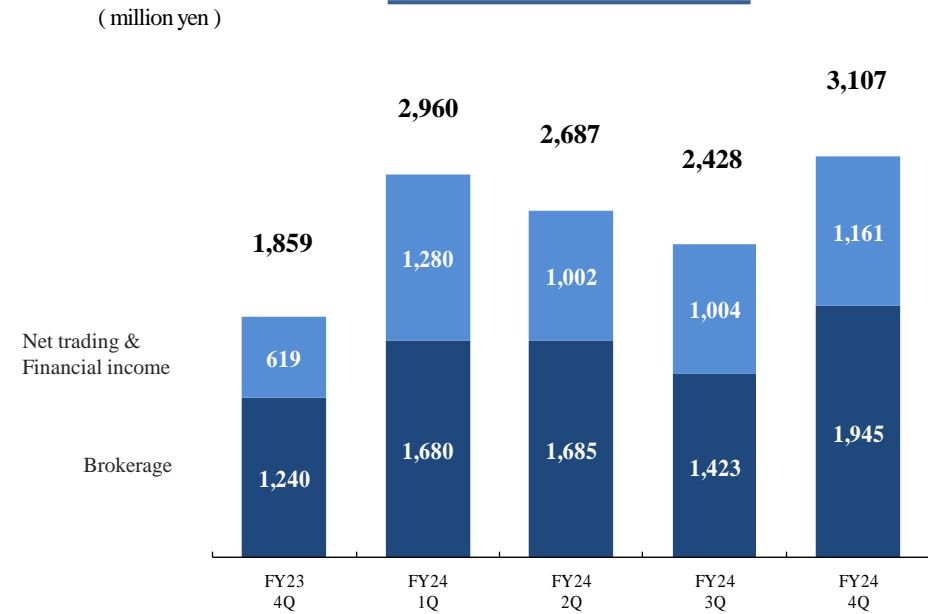
	FY23 4Q	FY24 1Q	FY24 2Q	FY24 3Q	FY24 4Q	Change vs 4Q/FY23	Change vs 3Q/FY24	FY23	FY24	Change vs FY23
Operating revenue	3,404	4,588	4,688	4,195	5,507	61.8%	31.3%	12,751	18,980	48.8%
Equities	1,859	2,960	2,687	2,428	3,107	67.1%	27.9%	7,130	11,183	56.8%
Brokerage	1,240	1,680	1,685	1,423	1,945	56.9%	36.7%	4,608	6,735	46.2%
Net trading & financial income	619	1,280	1,002	1,004	1,161	87.5%	15.6%	2,522	4,448	76.4%
Mutual funds	692	787	1,063	1,015	1,119	61.7%	10.2%	2,860	3,985	39.3%
Sales commission	443	507	740	666	716	61.6%	7.4%	1,895	2,631	38.8%
Asset management fees	248	279	322	348	403	62.0%	15.6%	965	1,354	40.3%
Wraps	261	379	512	390	645	146.6%	65.2%	1,081	1,927	78.2%
Fixed fee/Asset management fees	250	260	280	273	269	7.4%	△1.4%	1,061	1,083	2.0%
Success fees	10	118	231	117	376	-	220.0%	19	844	-
Bonds	43	80	35	56	38	△10.9%	△31.3%	126	210	67.0%
Real estate	95	109	108	107	123	29.5%	14.0%	319	449	40.5%
Operational investment securities	274	99	39	18	180	△34.1%	872.8%	677	339	△49.9%
Others	177	172	241	177	292	64.4%	64.4%	554	884	59.3%



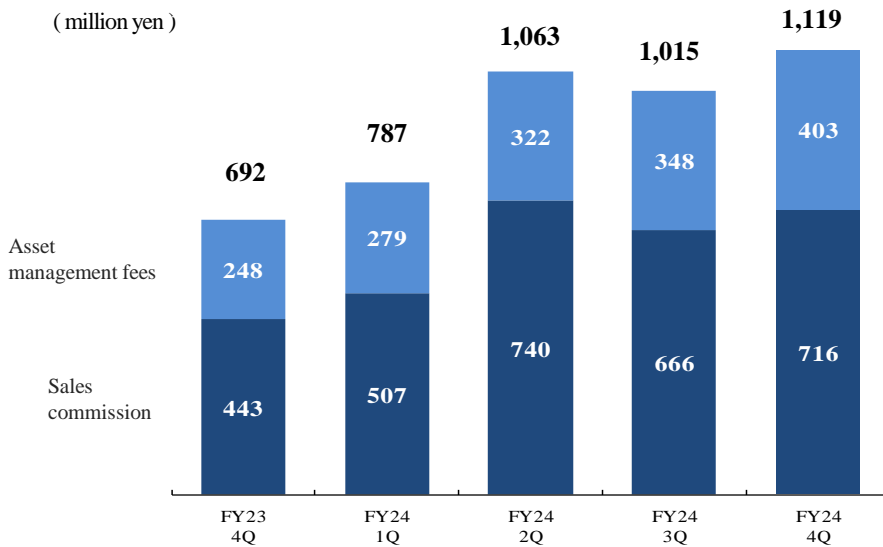
Operating revenue



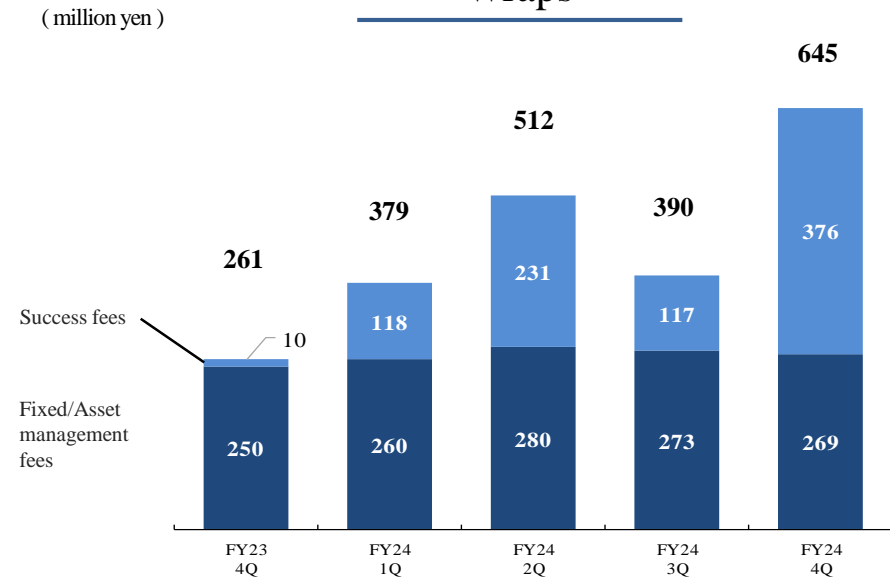
Equities



Mutual funds



Wraps



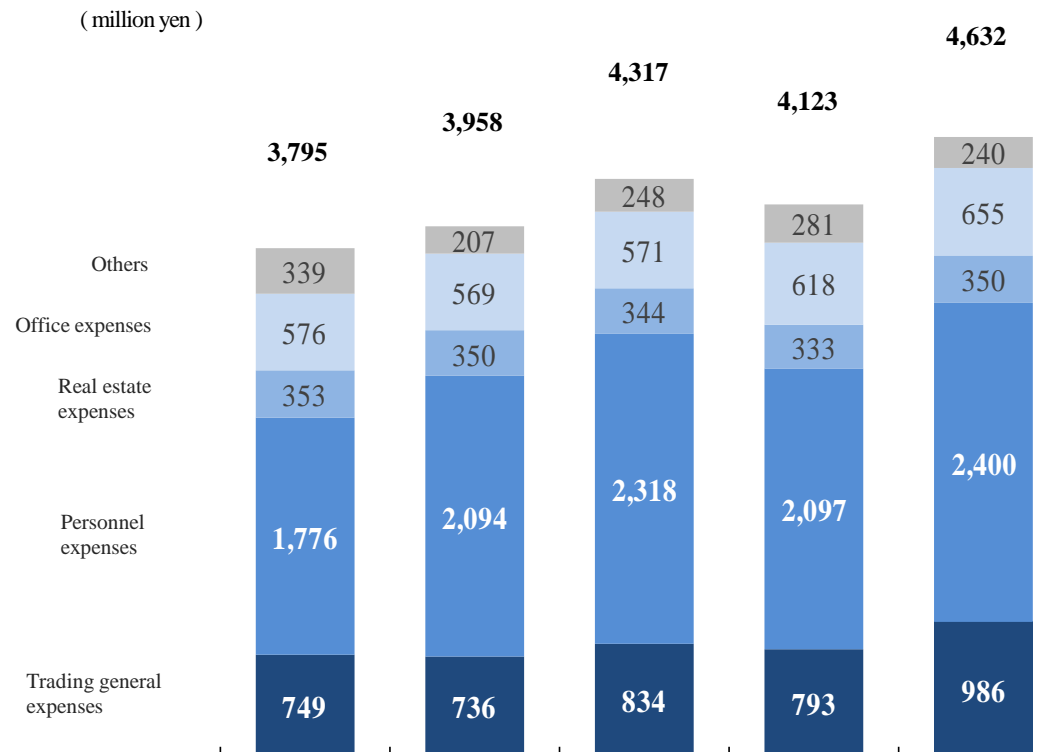


▶ Selling, general & administrative expenses

▶ Highlights

For the 4Q, FY24 (change vs. 3Q, FY24)

➤ Selling, general and administrative expenses increased by 12.3% to 4,632 million yen



								(million yen)		
	FY23 4Q	FY24 1Q	FY24 2Q	FY24 3Q	FY24 4Q	Change vs 4Q/FY23	Change vs 3Q/FY24	FY23	FY24	Change vs FY23
Selling, general and administrative expenses	3,795	3,958	4,317	4,123	4,632	22.0%	12.3%	14,991	17,031	13.6%
Trading related expenses	749	736	834	793	986	31.6%	24.3%	2,599	3,350	28.9%
Personal expenses	1,776	2,094	2,318	2,097	2,400	35.1%	14.4%	7,550	8,911	18.0%
Real estate expenses	353	350	344	333	350	Δ0.9%	5.2%	1,478	1,378	Δ6.8%
Office expenses	576	569	571	618	655	13.6%	5.9%	2,130	2,414	13.3%
Others	339	207	248	281	240	Δ29.3%	Δ14.6%	1,231	977	Δ20.7%
↳ (Depreciation)	93	48	49	53	64	Δ30.9%	20.7%	361	216	Δ40.1%

Highlights

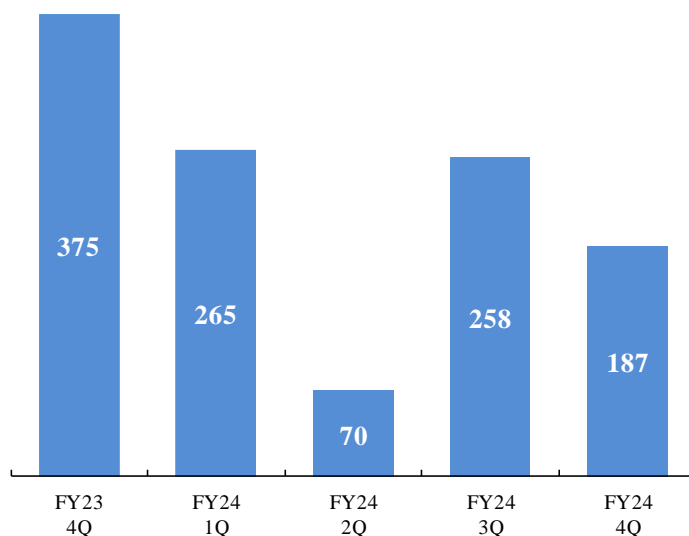
Non-operating profit declined by 27.6% to 187 million yen. Non-operating income declined by 20.5% to 217 million yen led by dividend income.

Non-operating expenses increased by 98.8% to 30 million yen.

Extraordinary income increased by 885.5% to 2,006 million yen led by gain from sales of investment securities. Extraordinary profit were 1,855 million yen. (All % are in comparison with 3Q of FY 24)

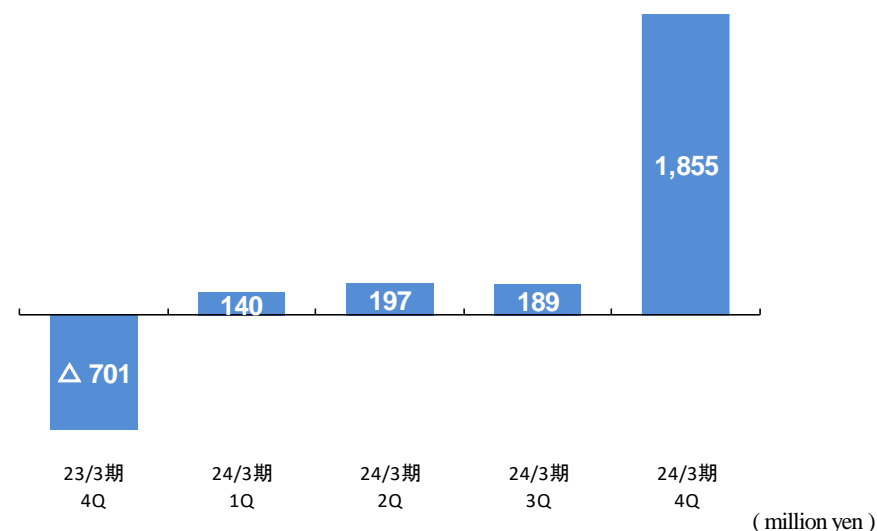
Non-operating profit (loss)

(million yen)



Extraordinary profit (loss)

(million yen)



	FY23 4Q	FY24 1Q	FY24 2Q	FY24 3Q	FY24 4Q	Change vs 4Q/FY23	Change vs 3Q/FY24	FY23	FY24	Change vs FY23
Non-operating profit (loss)	375	265	70	258	187	△50.1%	△27.6%	871	782	△10.2%
Non-operating income	433	279	83	274	217	△49.7%	△20.5%	960	855	△11.0%
Non-operating expenses	58	13	13	15	30	△47.3%	98.8%	89	73	△18.4%
Extraordinary profit (loss)	△ 701	140	197	189	1,855	-	878.0%	3	2,383	-
Extraordinary income	257	156	198	203	2,006	679.9%	885.5%	999	2,565	156.6%
Extraordinary losses	959	15	1	13	151	△84.2%	987.3%	996	181	△81.8%

AIZAWA SECURITIES CO.,LTD.

Non-consolidated

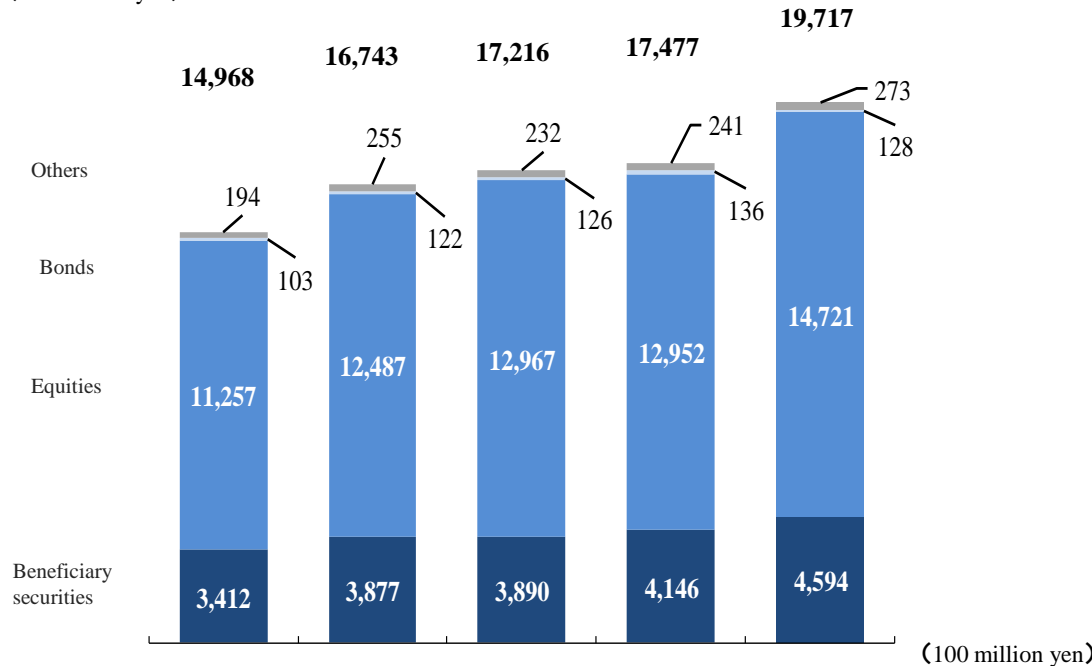


Highlights

Company is increasing the custody of assets generating recurring income in line with mid to long term plan of promoting asset building business. Custody of assets generating recurring income (refer notes) increased by 15.9% to 354.2 billion yen. Assets under custody increased by 12.8% to 1.9717 trillion yen. (All % are in comparison with 3Q of FY 24)

Assets under custody (AUC)-Breakdown

(100 million yen)



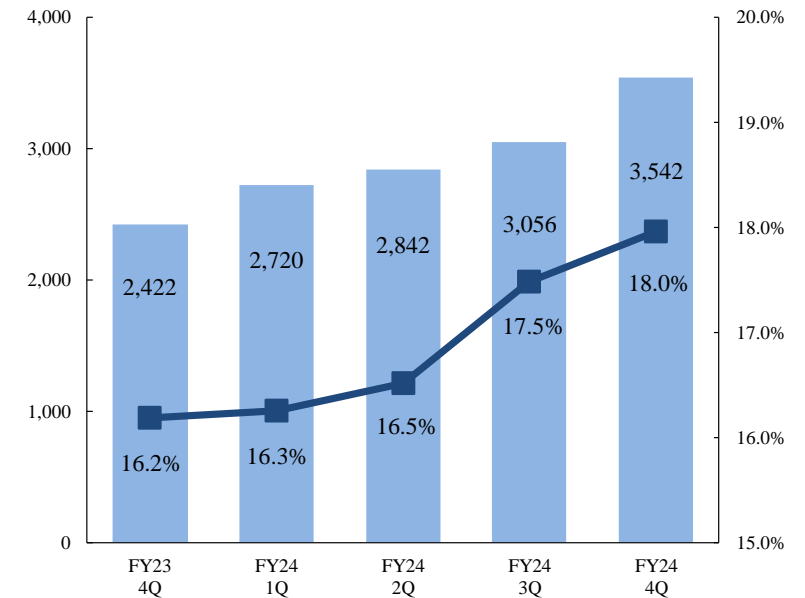
(100 million yen)

	FY23 4Q	FY24 1Q	FY24 2Q	FY24 3Q	FY24 4Q	Change vs 3Q/FY24
Total AUC	14,968	16,743	17,216	17,477	19,717	12.8%
Beneficiary securities	3,412	3,877	3,890	4,146	4,594	10.8%
└ Mutual funds	2,222	2,500	2,611	2,820	3,231	14.5%
Equities	11,257	12,487	12,967	12,952	14,721	13.7%
Bonds	103	122	126	136	128	Δ6.1%
Others	194	255	232	241	273	13.5%

AUC-Assets generating recurring income

■ AUC- Assets generating recurring income ■ vs. total AUC

(100 million yen)



notes:

- ※ Mutual funds does not include MRF & listed ETF (includes fund wrap & Smile Goal)
- ※ AUC generating recurring income represents mutual funds, discretionary managed accounts (Wrap) at market value



▶ WRAPs - Number of clients & AUM (Market value)

(AUM: million yen, Customers: numbers)

		FY23 4Q	FY24 1Q	FY24 2Q	FY24 3Q	FY24 4Q	Change vs 3Q/FY24
Super blue wrap	AUM (Market value)	18,369	20,367	21,487	22,094	29,319	32.7%
	Customers	1,009	990	1,023	1,103	1,186	7.5%
Blue wrap	AUM (Market value)	1,613	1,715	1,634	1,461	1,793	22.7%
	Customers	186	178	169	158	153	Δ3.2%
Fund wrap	AUM (Market value)	60,457	64,075	62,223	61,199	63,791	4.2%
	Customers	7,101	6,949	6,855	6,652	6,457	Δ2.9%
Smile Goal	AUM (Market value)			141	1,313	2,714	106.7%
	Customers			46	192	463	141.1%
Total	AUM (Market value)	80,441	86,158	85,487	86,069	97,618	13.4%
	Customers	8,296	8,117	8,093	8,105	8,259	1.9%

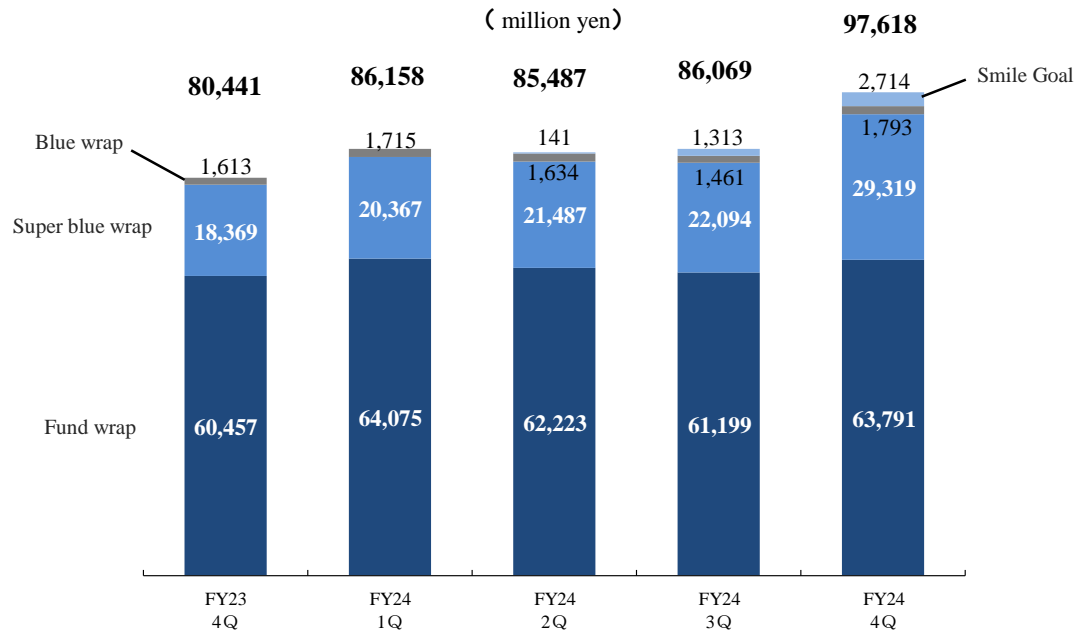
▶ Highlights

As a strategic shift to the asset building business, group is focusing on offering discretionary investment management services (wrap). At the end of fourth quarter, total AUM and number of customers for same were 97.6 billion yen and 8,259 customers, respectively.

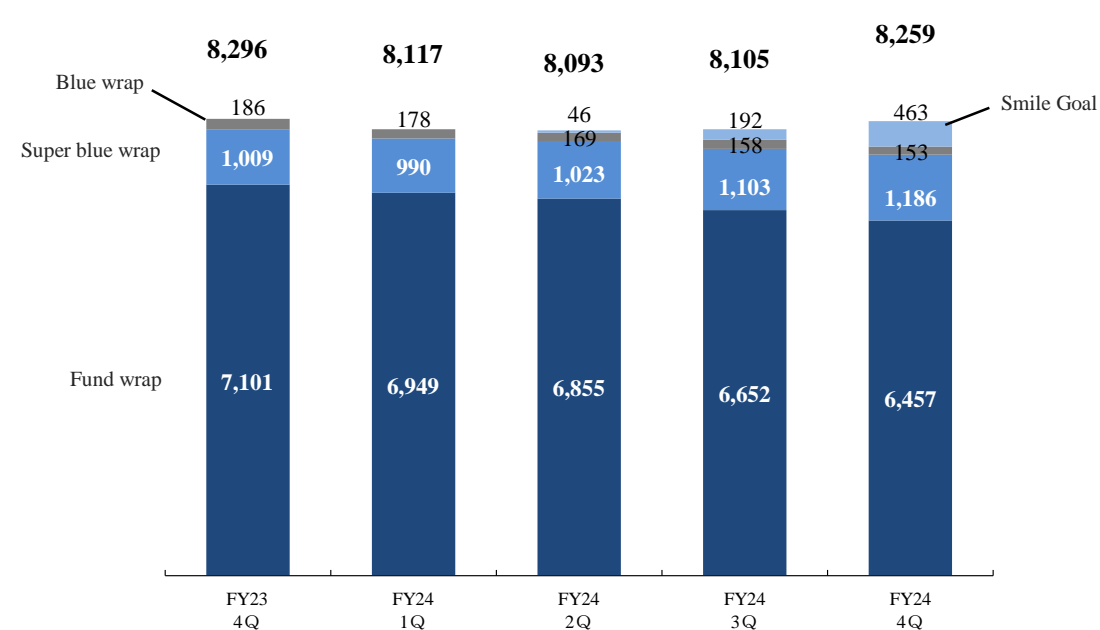
From August 2023, company started the handling of “Smile Goal”, a wrap product with client's goal base approach. By recommending asset management plans based on each customer's future goals and offering ongoing post-sale follow-up, this product aids in the realization of long-term life plans.

AUM (Market value)

(million yen)



Number of customers



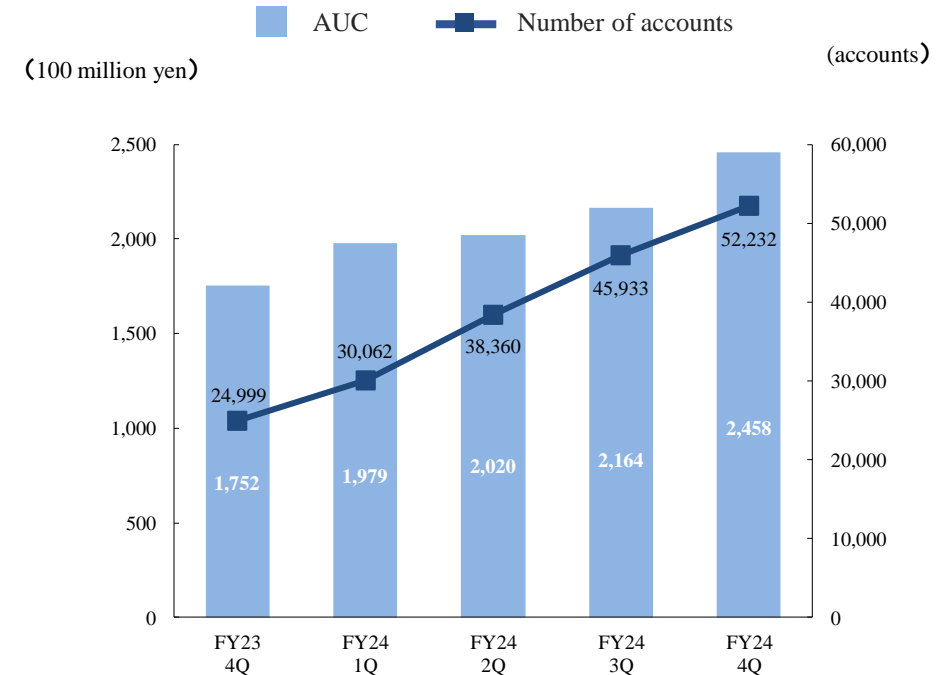
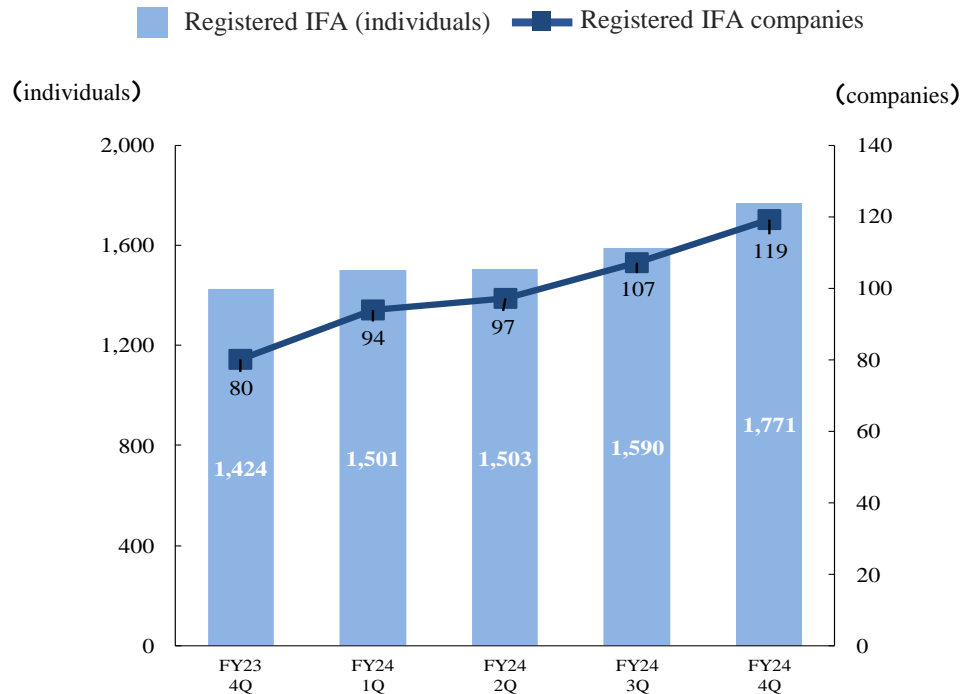


▶ Independent financial advisory (IFA) Business Update

	FY23 4Q	FY24 1Q	FY24 2Q	FY24 3Q	FY24 4Q	Change vs 3Q/FY24
Registered IFA companies	80	94	97	107	119	11.2%
Registered IFA (Individuals)	1,424	1,501	1,503	1,590	1,771	11.4%
AUC (100 million yen)	1,752	1,979	2,020	2,164	2,458	13.6%
└ Financial institution affiliated	200	244	274	332	396	19.3%
└ IFA	1,551	1,734	1,746	1,831	2,061	12.6%
└ LIFE DESIGN PARTNERS	937	1,025	1,020	1,023	1,161	13.5%
Number of accounts	24,999	30,062	38,360	45,933	52,232	13.7%
└ Financial institution affiliated	7,983	11,744	18,420	24,360	27,219	11.7%
└ IFA	17,016	18,318	19,940	21,573	25,013	15.9%
└ LIFE DESIGN PARTNERS	5,069	5,175	5,387	5,582	5,976	7.1%

▶ Highlights

Group is making efforts to expand the platform business in line with its mid-term management plan. In 4Q FY23, "LIFE DESIGN PARTNERS CO., LTD.", saw increase in number of individual IFA's and asset under custody due to transfer of individual IFA's from "AIZAWA SECURITIES CO., LTD." Number of accounts through affiliation with financial institutions (THE SAIKYO BANK, LTD. etc.) increased by 11.7%. (vs. 3Q, FY 24)





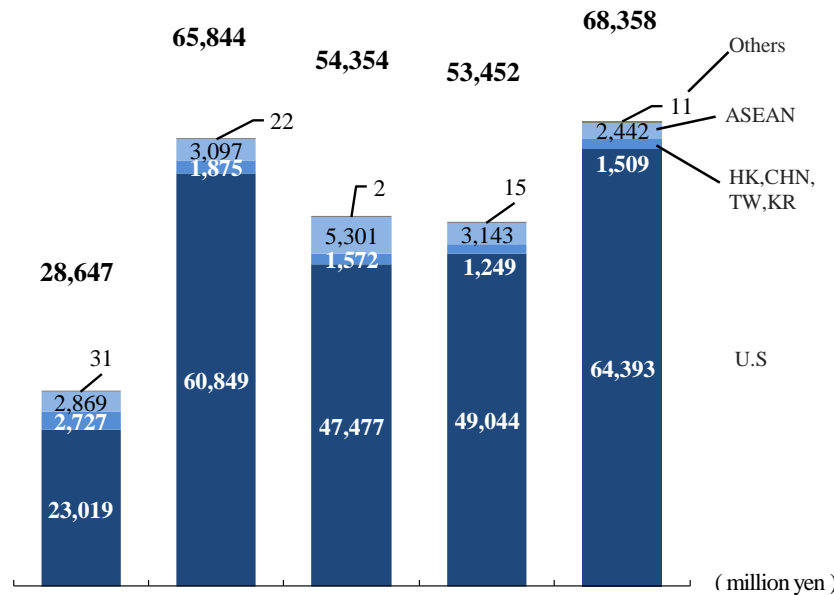
Highlights

Trading value for U.S equities increased by 31.3%. Aggregate trading value for Hong Kong, China, Taiwan and Korea equities increased by 20.8%. Trading value for ASEAN market equities declined by 22.3%.

For details, please refer to next page. (All % are in comparison with 3Q of FY 24)

Foreign stocks : Trade value

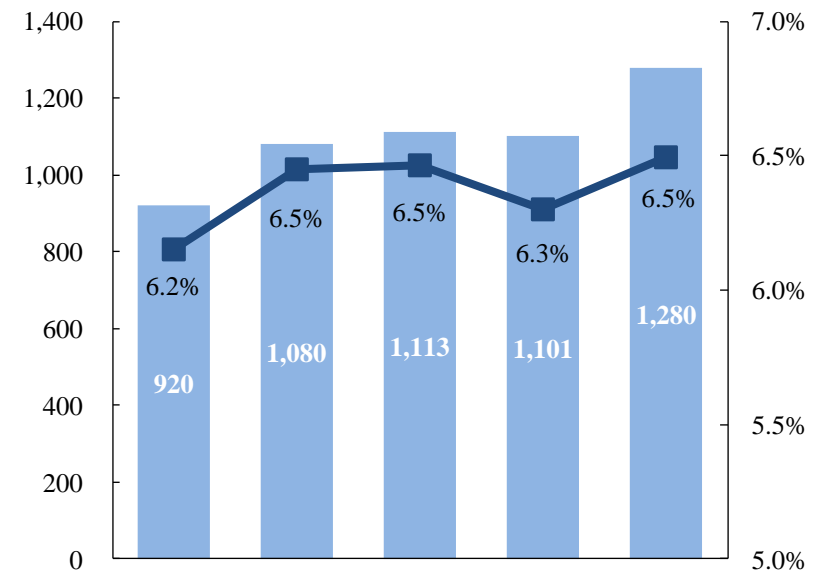
(million yen)



	FY23 4Q	FY24 1Q	FY24 2Q	FY24 3Q	FY24 4Q	Change vs 3Q/FY24
Total of trade value	28,647	65,844	54,354	53,452	68,358	27.9%
U.S.	23,019	60,849	47,477	49,044	64,393	31.3%
HK, CHN, TW, KR	2,727	1,875	1,572	1,249	1,509	20.8%
ASEAN	2,869	3,097	5,301	3,143	2,442	△22.3%
Others	31	22	2	15	11	△26.4%

Assets under Custody

(100 million yen) AUC of foreign equities % share against Total AUC



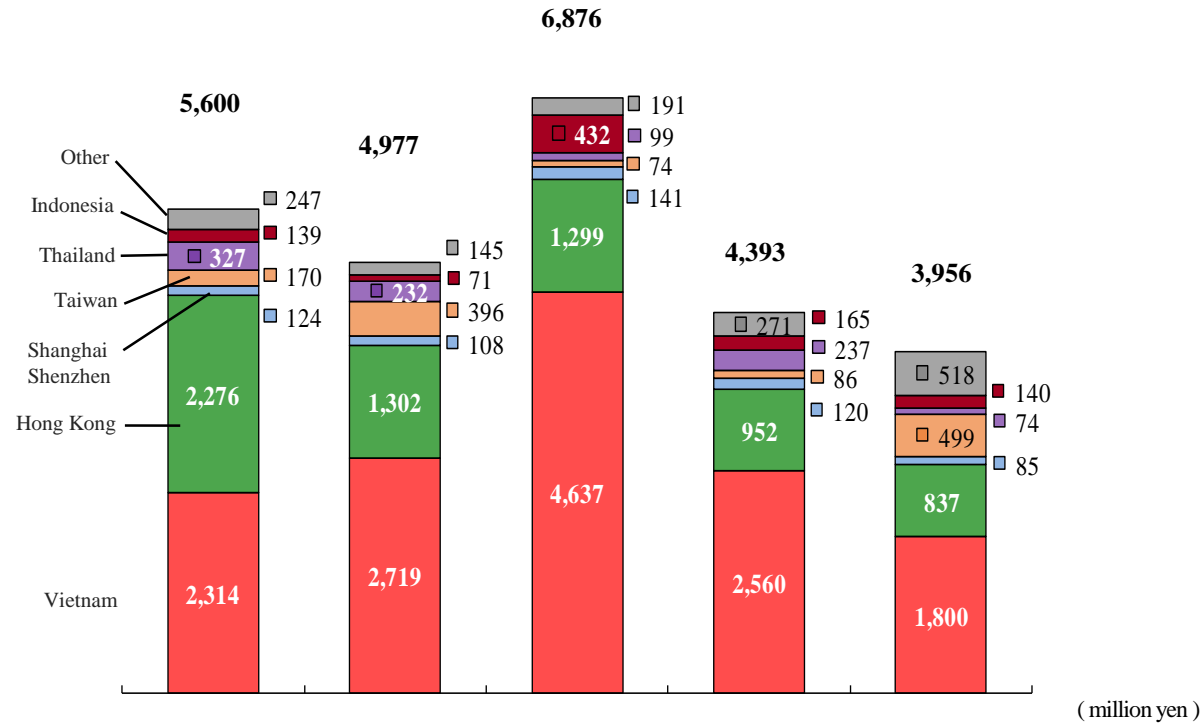
	FY23 4Q	FY24 1Q	FY24 2Q	FY24 3Q	FY24 4Q	Change vs 3Q/FY24
AUC of foreign equities	920	1,080	1,113	1,101	1,280	16.3%
% share against Total AUC	6.2%	6.5%	6.5%	6.3%	6.5%	-

(100 million yen)



▶ Trading value-Asia Stocks

(million yen)



(million yen)

	FY23 4Q	FY24 1Q	FY24 2Q	FY24 3Q	FY24 4Q	Change vs 3Q/FY24
Total of trading value	5,600	4,977	6,876	4,393	3,956	△10.0%
Vietnam	2,314	2,719	4,637	2,560	1,800	△29.7%
Hong Kong	2,276	1,302	1,299	952	837	△12.1%
Shanghai, Shenzhen	124	108	141	120	85	△29.1%
Taiwan	170	396	74	86	499	477.4%
Thailand	327	232	99	237	74	△68.6%
Indonesia	139	71	432	165	140	△14.7%
Others	247	145	191	271	518	90.9%

▶ Highlights

➤ **Vietnam**
Trading value for Vietnam stocks declined by 29.7% (change vs. 3Q, FY24), while maintaining 45.5% (58.3% in 3Q, FY24) share among our handling of Asian equities

➤ **Hong Kong**
Trading value for Hong Kong stocks declined by 12.1% (change vs. 3Q, FY24), while maintaining 21.2% (21.7% in 3Q, FY24) share among our handling of Asian equities

➤ **Taiwan**
Trading value for Taiwan stocks increased by 477.4% (change vs. 3Q, FY24), while maintaining 12.6% (2.0% in 3Q, FY24) share among our handling of Asian equities

※ Please refer to slide #31-32 for index chart of major countries

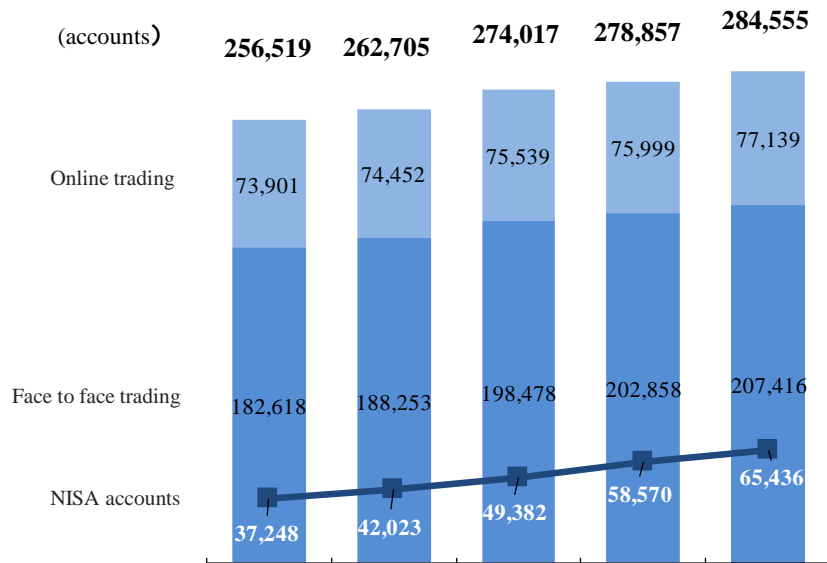


▶ Highlights

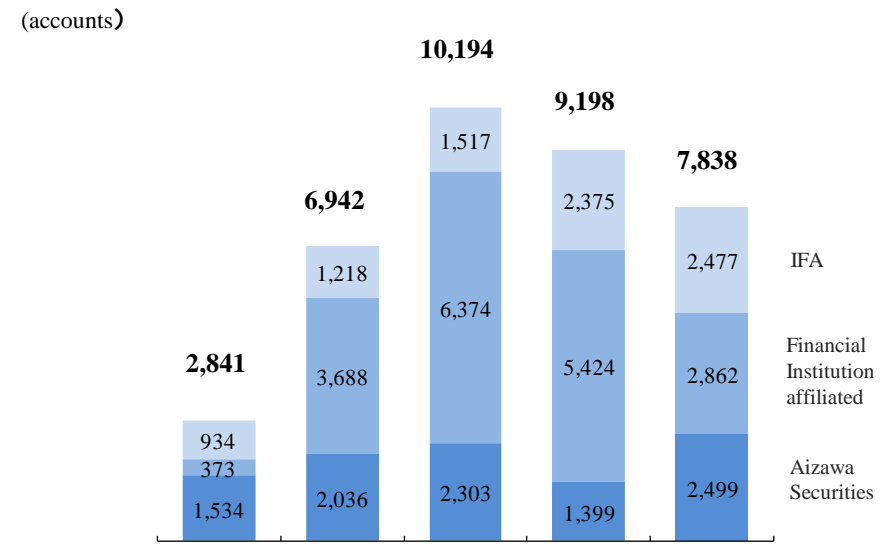
Total number of client accounts increased by 2.0% to 284,555 accounts.

New accounts opening declined by 14.8% to 7,838 accounts. Expansion of platform business is led by IFA business and affiliation with financial institutions like THE SAIKYO BANK, LTD. (All % are in comparison with 3Q of FY 24)

▶ Total number of accounts



▶ Number of new accounts



	FY23 4Q	FY24 1Q	FY24 2Q	FY24 3Q	FY24 4Q	Change vs 3Q/FY24
Total number of accounts	256,519	262,705	274,017	278,857	284,555	2.0%
└ Face to face trading	182,618	188,253	198,478	202,858	207,416	2.2%
└ Online trading	73,901	74,452	75,539	75,999	77,139	1.5%
NISA accounts	37,248	42,023	49,382	58,570	65,436	11.7%

	FY23 4Q	FY24 1Q	FY24 2Q	FY24 3Q	FY24 4Q	Change vs 3Q/FY24
Number of new accounts	2,841	6,942	10,194	9,198	7,838	Δ14.8%
└ Aizawa Securities	1,534	2,036	2,303	1,399	2,499	78.6%
└ Financial institution affiliated	373	3,688	6,374	5,424	2,862	Δ47.2%
└ IFA	934	1,218	1,517	2,375	2,477	4.3%

Highlights

Brokerage commission from domestic equities and foreign equities increased by 36.9% and 35.0%, respectively. Trading value of domestic equities and foreign equities increased by 45.2% and 45.9%, respectively. (All % are in comparison with 3Q of FY 24)

Stock brokerage commission-Breakdown

	FY23 4Q	FY24 1Q	FY24 2Q	FY24 3Q	FY24 4Q	(million yen) Change vs 3Q/FY24	(% share of brokerage commission) FY24 4Q
Commission from domestic equities	1,049	1,373	1,303	1,111	1,521	36.9%	0.29%
└ Face to face trading	926	1,221	1,155	969	1,333	37.6%	0.59%
└ Online trading	122	151	148	141	187	32.2%	0.06%
Commission from foreign equities	164	277	345	281	380	35.0%	1.76%
└ Face to face trading	119	229	289	230	320	39.2%	1.76%
└ Online trading	45	47	55	51	59	16.0%	1.76%

Stock trading value-Breakdown

	FY23 4Q	FY24 1Q	FY24 2Q	FY24 3Q	FY24 4Q	(100 million yen) Change vs 3Q/FY24
Domestic equities trading value	3,442	3,837	3,989	3,594	5,218	45.2%
└ Face to face trading	1,759	1,874	1,801	1,590	2,265	42.4%
└ Online trading	1,683	1,962	2,187	2,003	2,953	47.4%
Trading value for foreign equities	87	148	179	148	216	45.9%
└ Face to face trading	61	121	147	118	182	53.6%
└ Online trading	26	27	31	29	33	15.0%

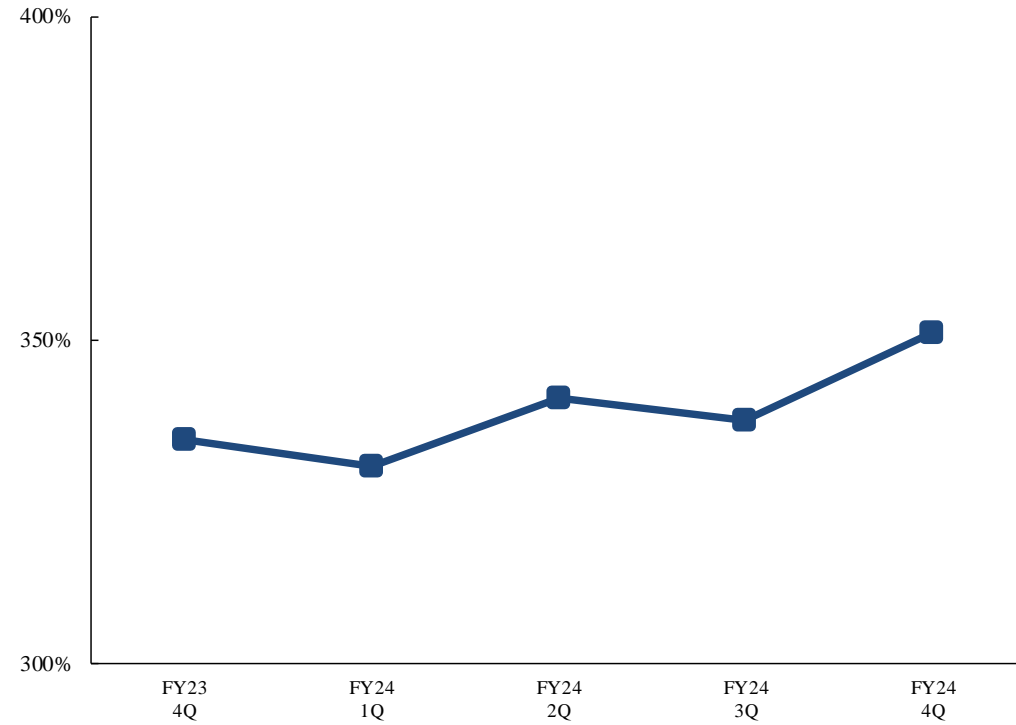
※Stock brokerage commission excludes ETF



▶ Capital adequacy ratio
(as of March end, 2024)

351.0%

▶ Capital adequacy ratio



(million yen)

	FY23 4Q	FY24 1Q	FY24 2Q	FY24 3Q	FY24 4Q
Capital adequacy ratio(C/G×100)(%)	334.6%	330.5%	340.9%	337.6%	351.0%
Non fixed equity capital(C)	12,913	13,325	13,694	13,817	14,260
Total risk equivalent(G)	3,858	4,031	4,017	4,091	4,061
Market risk equivalent	138	197	180	129	59
Counterparty risk equivalent	533	643	618	671	705
Basic risk equivalent	3,186	3,190	3,218	3,290	3,296



AIZAWA SECURITIES GROUP CO., LTD.

■ April 28, 2023 Disclosure based on TCFD/ Publication of our approach and efforts concerning sustainability

■ Buyback of treasury shares

Purchasing treasury shares to maintain flexible capital policy and increase the capital efficiency and return on equity.

Term for buyback	February 1, 2023 to June 19, 2023	Term for buyback	September 19, 2023 to January 18, 2024	Term for buyback	February 1, 2024 to June 30, 2024
Share type	Common shares	Share type	Common shares	Share type	Common shares
Number of buyback shares	400,000 shares (Within 1.1% of outstanding shares excluding the treasury shares)	Number of buyback shares	Maximum of 400,000 shares (Within 1.1% of outstanding shares excluding the treasury shares)	Number of buyback shares	Maximum of 300,000 shares (Within 0.8% of outstanding shares excluding the treasury shares)
Value of shares	288,363,800 yen	Value of shares	459,229,700 yen	Value of shares	Maximum of 500,000,000 yen

AIZAWA SECURITIES CO., LTD.

■ April 11, 2023 Alliance agreement with Aomori Yamada High School

■ April 28, 2023 Absorption-type Company split agreement with THE SAIKYO BANK, LTD.

■ May 8, 2023 Opened a joint banking securities “Iwakuni Branch” with THE SAIKYO BANK, LTD.

■ June 12, 2023 Commencement of Type II Financial Instrument Business

■ July 3, 2023 Alliance agreement with Gotemba Nishi High School

■ August 1, 2023 Started handling of “Smile Goal”, wrap product with client’s goal base approach

■ September 4, 2023 Opened “[New] Shizuoka Branch” by merging “Shizuoka Branch” and “Shimada Branch”

■ September 5, 2023 Alliance agreement with Oyama town, Shizuoka prefecture

AIZAWA SECURITIES CO., LTD.



■ June 9, 2023

Commenced collaboration with MS&AD Insurance Group’s two companies Aioi Nissay Dowa Insurance Co., Ltd. & Mitsui Sumitomo Life Insurance Co., Ltd. to enhance the value for clients.



AIZAWA SECURITIES CO., LTD.

- October 27, 2023 Client referral agreement with “Insurance Sound Promotion Organization Kesshin-kai”.
- November 1, 2023 Membership Japan Financial Gerontology Institute

- January 11, 2024 Signed service agreement with IRRC Corporation regarding financial instruments intermediary business. AIZAWA SECURITIES CO., LTD. will provide IRRC Corporation with comprehensive financial services including “Smile Goal”, a wrap product with client's goal base approach in addition to offering mutual funds and other financial products to meet the asset building needs of the diverse customers who visit its insurance shops.

Name	IRRC Corporation
Head office	2-27-20, Hongo sanchoe, Bunkyo-ward, Hongo centre building 4F
Reprehensive name	Ryuji Katsumoto (CEO)
Services	1. Life insurance consultant (Life insurance agent) 2. General insurance agent 3. Franchise business & other related businesses 4. Solution business related to insurance sales
Capital	1,354,478 million yen
Date of incorporation	July, 1995
Number of employees	411 (As of june, 2023)
Number of branches	62 (As of june, 2023)
Affiliated associations	FINTECH ASSOCIATION OF JAPAN、 Japan Association for Financial Planners

- January 30, 2024 Hike in salary levels

Increasing the investment in human capital to achieve sustainable growth and increase corporate value over the medium to long term. We are focusing on developing human resources who can act on their own initiative and respond to change, as well as improve employee engagement. As a measure, we are increasing the salaries by w.e.f. April 2024.


- Initial salary hike: Increased by 20,000 yen/month to strengthen recruiting ability to secure excellent talent for our growth.
- Overall salary hike: Hike of 10.3% for new graduate hires in their first three year of employment. Average hike of 7.8% for all employees.

- January 31, 2024 Alliance agreement with Nagaizumi town, Shizuoka prefecture


AIZAWA SECURITIES CO., LTD. and Nagaizumi town (Shizuoka prefecture) have signed an alliance agreement to further revitalize the town and contribute to mutual development by effectively utilizing the resources of both parties. This is such fourth alliance agreement made by the company with local governments.



AIZAWA SECURITIES CO., LTD.


March 1, 2024 Signed master service agreement with THE SAGA KYOEI BANK,LTD. regarding financial instruments intermediary business. With the conclusion of master service agreement regarding financial instruments intermediary business., THE SAGA KYOEI BANK,LTD. in over-the-counter sales business, will provide customers with public bonds, mutual funds and all services related to the sale of financial products handled by AIZAWA SECURITIES CO., LTD. . This will allow the bank to take advantage of Aizawa’s expertise in the financial products, its diverse lineup of products and services, and related knowledge and tools.

Name	THE SAGA KYOEI BANK,LTD.
Location	4-2-12, Matsuhara, Saga-city, Saga prefecture
President	Youji Ninomiya
Services	Banking services
Capital	2,679 million yen
Date of incorporation	December, 1949
Number of employees	275 (As of march, 2023)
Number of branches	19 (excluding branch in branch)


March 25, 2024 Started providing goal-based approach wrap services to The Imamura Securities Co.,Ltd. From April 1st, 2024, AIZAWA SECURITIES CO., LTD. as a Financial Instruments Business Operators will provide Financial Service Intermediary Engaging in discretionary investment management services for “Mirai Sekkei”, a wrap product with client's goal base approach to The Imamura Securities Co.,Ltd. “Mirai Sekkei” is the product name of The Imamura Securities Co.,Ltd.

Name	The Imamura Securities Co.,Ltd.
Head office	25, Jikkenmachi, Kanazawa-city, Ishikawa prefecture
Reprehensive name	Naoki Imamura (CEO)
Services	Financial Instruments Business Operators
Capital	857 million yen
Date of incorporation	March 19, 1921
Number of employees	204 (As of march, 2023)
Number of branches	11
Affiliated associations	Japan Securities Dealers Association, Japan Investment Advisers Association
Listed exchange	Tokyo stock exchange stand market (Stock code: 7175)

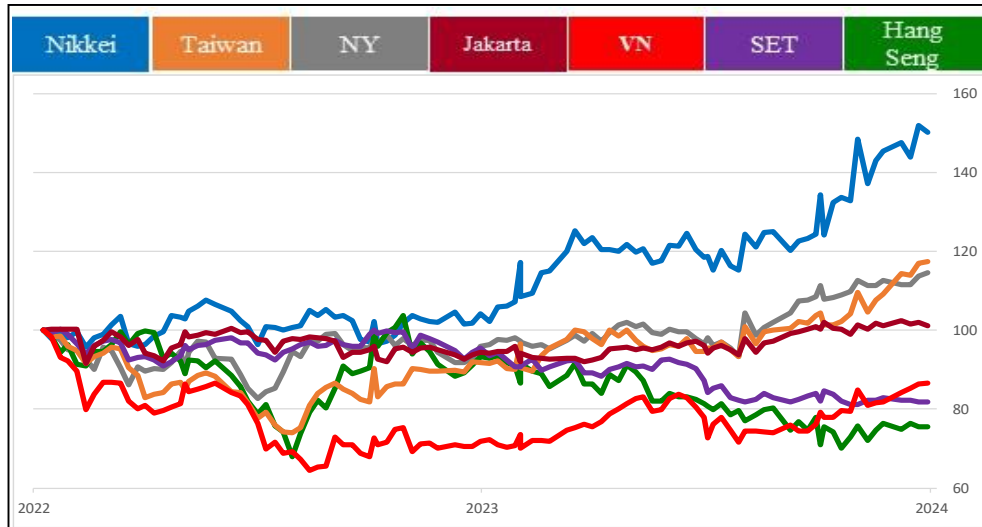



March 22, 2024 Final subscription close of 3rd secondary fund “Ariake Secondary Fund III LP”



(1/4/2022 ~ 31/3/2024, Weekly)

▶ Assumed 100 as a base on April 1, 2022

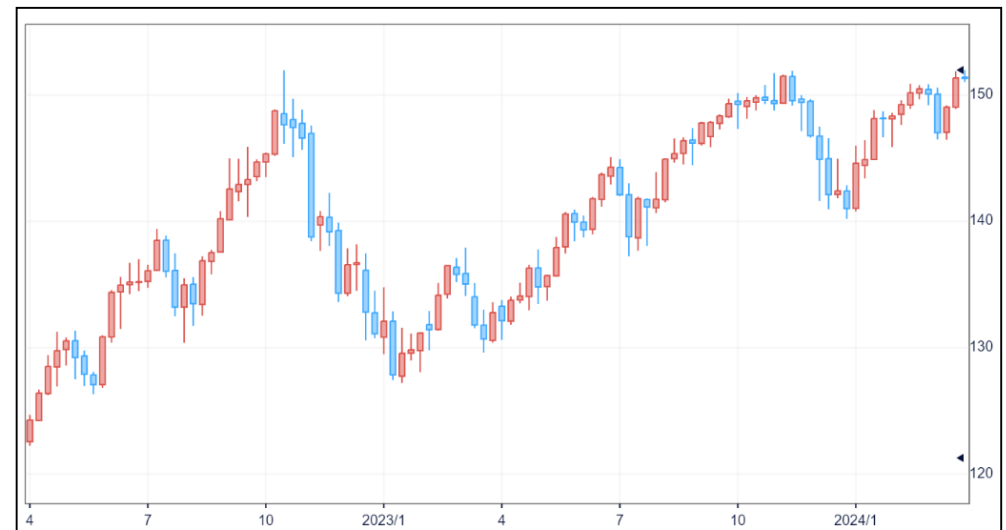


Stock markets remained buoyant, especially in developed countries such as Japan and the U.S. In the U.S, stock markets were sluggish until October as the FOMC's interest rate hike phase continued till July 2023 due to inflation concerns. In Japanese stock market, the yen weakened against major currencies as Japan became the only major developed country to continue monetary easing while major developed countries adopted tightening of monetary policies to control inflation. Japanese stocks were preferred in global markets led by expectations of improvement in corporate earnings due to the weaker yen and the reforms in the companies based on Tokyo Stock Exchange's request for action to realize management conscious of cost of capital and stock prices. In Asian markets, China and Hong Kong markets were weak, as major Chinese real estate developer's cash flows deteriorated due to weaker real estate demand and concerns about same impacting the domestic consumption. ASEAN countries saw their currencies weakening due to prevailing high interest rates in the U.S. rates. However lower inflation led to the expectations for a recovery in domestic consumption and improved bank earnings. Stock price indexes of Indonesia and the Philippines, both of which depend on domestic demand, performed well.

▶ Nikkei 225



▶ USD/JPY





(1/4/2022 ~ 31/3/2024, Weekly)

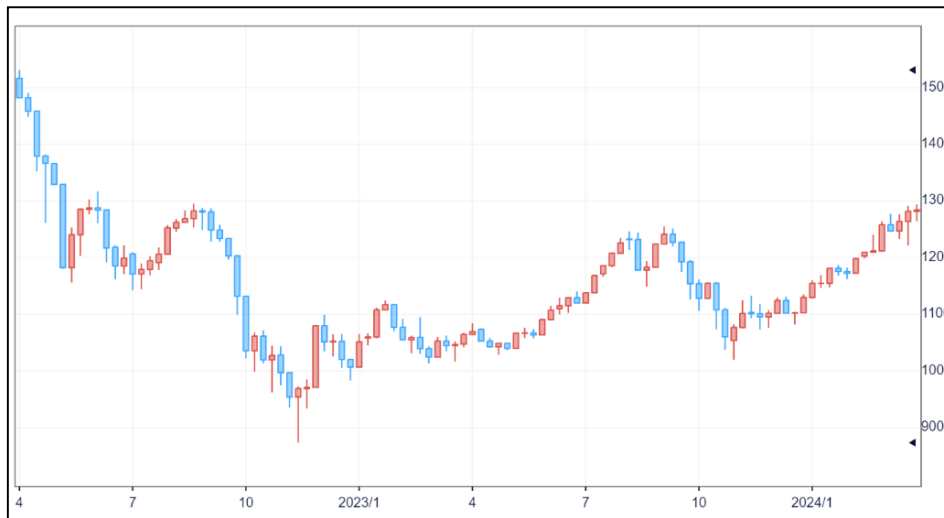
▶ Dow Jones Industrial Average Index



▶ Hang Seng Index



▶ Vietnam VN Index



▶ Taiwan Stock Exchange Weighted Index





This document is prepared for the purpose of providing information on the business and financial results and not meant for the solicitation of investment.

The document represents financial results for fiscal year ended in March 2024, based upon the information as of 31 March 2024.

The information herein identifies our views, forecast etc. at the time of creation of the material, and the company does not make any representation or warranty for its accuracy or completeness, therefore, such information may be changed without any notices.

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