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October 30, 2024

Consolidated Financial Results
for the Six Months Ended September 30, 2024
(Under Japanese GAAP)

Company Name AIZAWA SECURITIES GROUP CO., LTD.
Listed Stock Exchange Tokyo Stock Exchange Prime Market
Securities Code 8708
URL <https://www.aizawa-group.jp/>
Representative Takuya Aizawa, President & Representative Director
Inquiries Koji Omichi, Director & Executive Officer

Scheduled date to file semi-annual securities report November 12, 2024
Scheduled date to commence dividend payments December 2, 2024
Preparation of supplementary material on financial results Yes
Holding of financial results briefing None

(Yen amounts are rounded down to millions, unless otherwise noted.)

1. Consolidated financial results (from April 1, 2024, to September 30, 2024)**(1) Consolidated operating results (cumulative)**

(Percentages indicate year-on-year changes.)

	Operating revenue		Net operating revenue		Operating profit (loss)		Ordinary profit (loss)		Profit (loss) attributable to owners of parent	
	million yen	%	million yen	%	million yen	%	million yen	%	million yen	%
Six months ended September 30, 2024	9,533	2.8	9,226	2.6	306	(57.1)	659	(37.3)	1,526	65.1
Six months ended September 30, 2023	9,277	56.0	8,990	61.2	714	—	1,050	—	924	—

Note: Comprehensive income Six months ended September 30, 2024: 564 million yen (-83.5% vs. previous year same period)
Six months ended September 30, 2023: 3,423 million yen (—% vs. previous year same period)

	Earnings per share	Diluted earnings per share
	yen	yen
Six months ended September 30, 2024	47.32	—
Six months ended September 30, 2023	24.58	—

Note: We have introduced ESOP, and the average number of company's shares 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, 2024	118,622	47,492	37.4	1,427.11
As of March 31, 2024	124,119	58,657	44.8	1,498.42

Reference: Shareholders' equity

As of September 30, 2024: 44,316 million yen

As of March 31, 2024: 55,654 million yen

2. Cash 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 March 31, 2024	—	13.00	—	26.00	39.00
Fiscal year ending March 31, 2025	—	48.00			

Note

	Interim dividend per share		Year-end dividend per share	
	Ordinary dividend (yen)	Special dividend (yen)	Ordinary dividend (yen)	Special dividend (yen)
Fiscal year ending March 31, 2025 (F)	13.00	35.00	TBD	35.00
Fiscal year ending March 31, 2026 (F)	TBD	35.00	TBD	35.00
Fiscal year ending March 31, 2027 (F)	TBD	35.00	TBD	35.00
Fiscal year ending March 31, 2028 (F)	TBD	35.00	TBD	35.00

※The above special dividend amount is an estimated amount based on certain assumptions (hypotheses) and future projections, current available information. This may change in the future due to changes in regulations on the distributable amount or other legal restrictions, changes in the business environment and other circumstances.

3. Earning forecast for the fiscal year ending March 31, 2025 (Consolidated)

The Group operates principally in the financial instrument exchange business, and its operating results are likely to be affected by economic and market fluctuations. Due to the 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 figures for the quarterly and yearly results.

※ Notes

- (1) Significant changes in the scope of consolidation during the period None
(Changes pursuant to the subsidiaries that lead to a change in the scope of consolidation)
New: None Exclusion: None
- (2) Adoption of accounting treatment specific to the preparation of semi-annual consolidated financial statements None
- (3) Changes in accounting policies, changes in accounting estimates, and restatements
 - 1) Changes in accounting policies due to revisions to accounting standards and other regulations Yes
 - 2) Changes in accounting policies due to other reasons None
 - 3) Change in accounting estimates None
 - 4) Restatements None
- (4) Number of issued shares (common shares)
 - 1) Total number of issued shares at the end of the period (including treasury shares)
As of September 30, 2024: 47,525,649 shares As of March 31, 2024: 47,525,649 shares
 - 2) Number of treasury shares at the end of the period
As of September 30, 2024: 16,472,114 shares As of March 31, 2024: 10,383,274 shares
 - 3) Average number of shares outstanding during the period (cumulative)
As of September 30, 2024: 32,255,833 shares As of September 30, 2023: 37,626,956 shares

※ Semi-annual financial results are not subject to review by certified public accountants or an audit firm.

※ Explanation on forecasts

The group operates principally in the financial instrument exchange business, and its operating results are likely to be affected by market fluctuations. Due to the nature of its business and difficulty in predicting its performance, the group does not forecast on business results and dividends. At the end of the term, we will make efforts to release the preliminary numbers, as we finalize the financial results.

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1. Qualitative information for the Six months ended September 30, 2024

(1) Explanation of consolidated management results

For the period under review (April 1, 2024 to September 30, 2024), the global stock markets exhibited resilience despite some fluctuations related to U.S. employment situation. Overall, markets remained robust, reflecting a decrease in inflation pressures in developed economies of Europe & the U.S., along with changes in monetary policy.

In particular, the U.S. stock market boosted from the Federal Reserve's first interest rate cut in nearly four and a half years, along with growing expectations of a soft landing for the economy. This environment facilitated capital rotation among large-cap growth and value stocks, driving major indices such as the Dow Jones Industrial Average and the S&P 500 to achieve all-time highs.

In the Japanese market, Nikkei Stock Average soared to an all-time high of 42,426.77 yen on July 11, 2024, driven by rising U.S. stock prices and a weaker yen. Following this peak, the index experienced a temporary decline to approximately 31,000 yen, impacted by the Bank of Japan's interest rate hike and deteriorating employment conditions in the U.S. However, the stock price is currently on a recovery path, supported by ongoing yen depreciation and positive developments in the U.S. economy.

In the Asian markets, currencies and stock prices of emerging countries strengthened ahead of the expected U.S. interest rate cut. From July to September, Indonesia's Jakarta Composite Index reached a record high and major stock indices in Malaysia, Thailand, and the Philippines also experienced sharp rebounds.

In Vietnam, despite strong real GDP growth and robust exports, the VN-Index remained relatively flat due to persistent selling by foreign investors. Meanwhile, the stock markets of China and Hong Kong struggled since May led by sluggish real estate market and deflationary concerns. However, the large-scale economic stimulus announced on September 24, 2024, prompted a reassessment of stock prices, leading to major indices rising by more than 20%.

Under these circumstances, our group is working to establish an asset-building business based on our management philosophy of "providing more people with a richer life through securities investment". Based on the medium-term management plan "Define Next 100 - More for Customers," which started in FY2022, we are pursuing various initiatives in line with five basic policies "thoroughly customer oriented", "shift from a brokerage business to an asset building business", "enhancing the platform business", "strengthening the group synergies to become a comprehensive financial group" and "achieving a sustainable future".

The Group along with its core financial securities business, operates investment business, asset management business, financial instruments intermediary business, and Vietnam financial securities business. Progress and initiatives of each business segment are as below:

[Financial securities business]

AIZAWA SECURITIES CO., LTD., which manages the financial securities business, aims to be client's companion in "asset management and asset building" as an investment advisor & follow up professional which will stay close to clients until they realize their asset management and asset building goals.

The company signed a Company Split Agreement (Simple Absorption-type Split) with THE SAGA KYOEI BANK,LTD., regarding the transferring the rights and obligations to the company related to customers financial securities accounts including for certain registered financial institution services, for financial products like public bonds and mutual funds handled by the bank. The company already has a master service agreement with the bank regarding financial instruments intermediary business. Through this company split agreement, we will enhance the efficiency and optimization of resources related to financial securities at the bank. By leveraging our expertise and diverse product offerings, we are committed to supporting regional clients with asset building to achieve a prosperous life in the era of a 100-year lifespan.

As part of a broader effort to restructure our branch network and optimize human resource allocation, the Kakogawa Branch was relocated and the Hiroshima Branch was integrated with the Miyoshi Consulting Plaza in July, followed by the August merger of the Gojo Branch and Yoshino Consulting Plaza. These strategic integrations aim to optimize branch allocation and enhance service to clients. This initiative aims to strengthen our community presence and enhance the quality of services provided to our customers.

An employee from the company's "Regional Collaboration Support Office" has been placed in the Oyama town government office in Shizuoka, marking the first instance (as per our research) of a financial securities company employee stationed at a government agency in Japan. This initiative, aimed at promoting regional development and enhancing local community involvement, underscores our commitment to a sustainable future.

In the Vietnam financial securities business, group's Vietnam subsidiary "Japan Securities Co., Ltd." is promoting the increase of trading in Vietnamese stocks by providing real-time trading and enhancing investment information.

[Investment business]

AIZAWA Investments Co., Ltd., which conducts proprietary investments in local and global public listed equities, external funds and real estate to generate cash flow, is focusing on increasing the allocations and returns from each asset classes.

The company focuses on medium- to long-term investments in public listed securities, targeting local and global growth companies as well as listed companies with stable expected returns, including dividends. Additionally, it invests in promising ventures companies and supports their future path towards public listing. It also makes investments in local and global venture capital funds, buyout funds, private debt funds, mezzanine funds, hedge funds, and real estate development funds. It also makes direct investments in domestic real estate, primarily by holding residential properties in the Tokyo metropolitan area to generate rental income.

[Asset management business]

AIZAWA ASSET MANAGEMENT Co., Ltd., operating in the asset management business, strives to be "the most desired alternative asset management company in Japan." It focuses on managing alternative assets, particularly in the areas of private equity and hedge funds. Its aim is to become a leading company in the field of "secondary investment in private equity" in Japan and is actively working to increase awareness both domestically and globally.

[Financial instruments intermediary business]

LIFE DESIGN PARTNERS CO., LTD., which operates in financial instruments intermediary business and insurance agency businesses, supports customers' comprehensive asset building by offering both conventional financial products and life insurance products. As an insurance agency, it sells life insurance products to clients of AIZAWA SECURITIES CO., LTD. and is actively working to expand its insurance agency business.

We plan to return a total of more than 20 billion yen to shareholders between March 2025 & March 2028 through dividends (ordinary and special dividends) and share buybacks. (approximately 10 billion yen as special dividends and approximately 10 billion yen as ordinary dividends and share buybacks).

Note: The amount of the separate dividend is based on estimates assuming the current number of shares. This may change in the future due to changes in regulations on the distributable amount or other legal restrictions, changes in the business environment and other circumstances.

The group will continue to strive to become a financial group by leveraging the strengths of each subsidiary and working collectively with each other.

For the Six months ended September 30, 2024, 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 8.5% to 6,935 million yen, due to an increase in the handling of mutual funds and investment advisory fees for wrap products.

(Net trading income)

Net trading income declined by 23.4% to 1,697 million yen, due to the decline in turnover of OTC foreign stocks.

(Net financial income)

Net financial income increased by 53.9% to 410 million yen. Under this category, income increased by 46.6% to 453 million yen and expenses increased by 0.5% to 42 million yen.

(Other operating revenue and expenses)

Other operating revenues increased by 24.9% to 447 million yen, led by an increase in the sales of operational investment securities. Other operating expenses increased by 8.1% to 264 million yen, due to the increase in the cost of real estate.

(Selling, general and administrative expenses)

Selling, general and administrative expenses increased by 7.8% to 8,920 million yen due to an increase in trading related expenses and personnel expenses.

(Non-operating profit and losses)

Non-operating profit increased by 4.8% to 352 million yen. Under this category, income was 446 million yen including the dividend income of 275 million yen. While expenses under this category were 93 million yen including the interest expenses of 57 million yen.

(Extraordinary profit and losses)

Total extraordinary profit was 1,458 million yen. Under this category, income was 1,725 million yen due to gain on sales of investment securities. While losses were 266 million yen due to loss of 256 million yen on redemption of investment securities.

With the above factors, for the reporting period, operating revenue were 9,533 million yen (+2.8%); operating profit was 306million yen (-57.1%); ordinary profit was 659 million yen (-37.3%); and profit attributable to owners of parent was 1,526 million yen (+65.1%). (All comparisons are with the previous year's six months ended September 30, 2023).

(2) Explanation of the consolidated financial results

(All comparisons in this section (2) are with the previous fiscal year ended March 2024)

(Assets)

As of the end of the period under review, total assets were 118,622 million yen, a decline of 5,497 million yen. This was mainly due to a decline of 3,790 million yen and 2,497 million yen in cash segregated as deposits and investment securities respectively.

(Liabilities)

As of the end of the period under review, total liabilities were 71,129 million yen, an increase of 5,667 million yen. This was mainly due to the decline of 5,227 million yen in marginal transaction liabilities; an increase of 5,831 million yen in deposits received; and an increase of 7,335 million yen in short-term loan payables.

(Net assets)

As for the period under review, total net assets were 47,492 million yen, a decline of 11,164 million yen. This was mainly due to an increase of 10,705 million yen in treasury shares and a decline of 1,620 million yen in valuation difference on available-for-sale securities.

(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. The group tries to monitor and calculate such market risks and their effects on the business results. Due to the 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, 2024	As of September 30, 2024
Assets		
Current assets		
Cash and deposit	23,991	22,360
Cash segregated as deposits	27,632	23,842
Cash segregated as deposits for customers	27,632	23,841
Other deposits	0	0
Operational investment securities	11,291	11,714
Trading products	232	362
Trading securities and other	232	362
Trade date accrual	1,326	1,204
Margin transaction assets	17,209	18,253
Loans on margin transactions	16,870	18,052
Cash collateral pledged for securities borrowing on margin transactions	339	200
Advances paid	99	540
Advances paid to customers	69	520
Other advance payments	30	20
Short-term guarantee deposits	—	758
Other current assets	2,245	2,099
Total current assets	84,030	81,137
Non-current assets		
Property, plant and equipment	10,850	10,927
Intangible assets	33	30
Investments and other assets	29,201	26,526
Investment securities	26,066	23,568
Net defined benefit asset	1,294	1,331
Others	1,852	1,634
Allowance for doubtful accounts	(11)	(8)
Total non-current assets	40,085	37,484
Deferred assets		
Business commencement expenses	3	0
Total deferred assets	3	0
Total assets	124,119	118,622

(million yen)

	As of March 31, 2024	As of September 30, 2024
Liabilities		
Current liabilities		
Trading products	—	68
Trading securities and other	—	68
Margin transaction liabilities	7,312	2,084
Borrowings on margin transactions	6,505	1,536
Cash received for securities lending on margin transactions	807	548
Loans payable secured by securities	1,401	1,420
Cash received on debt credit transaction of securities	1,401	1,420
Deposits received	28,808	34,639
Deposits from customers	21,757	17,537
Other deposits	7,050	17,101
Guarantee deposits received	5,639	5,407
Short-term loans payable	6,045	13,380
Income taxes payable	1,402	619
Provision for bonuses	767	723
Provision for director bonuses	64	36
Other current liabilities	1,510	1,088
Total current liabilities	52,952	59,468
Non-current liabilities		
Long-term borrowings	6,347	6,173
Deferred tax liabilities	5,572	4,879
Provision for share based remuneration	313	331
Other non-current liabilities	115	115
Total non-current liabilities	12,349	11,499
Reserves under special laws		
Reserve for financial instruments transaction liabilities	160	160
Total reserves under special laws	160	160
Total liabilities	65,462	71,129
Net assets		
Shareholders' equity		
Capital stock	8,000	8,000
Capital surplus	8,207	8,288
Retained earnings	35,484	36,022
Treasury shares	(6,179)	(16,884)
Total shareholders' equity	45,513	35,427
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	9,337	7,716
Foreign currency translation reserve	746	1,119
Remeasurements of defined benefit plans	58	54
Total accumulated other comprehensive income	10,141	8,889
Non-controlling interests	3,002	3,176
Total net assets	58,657	47,492
Total liabilities and net assets	124,119	118,622

(2) Consolidated statements of income and comprehensive income statement**Consolidated statements of income** (For the Six months ended September 30, 2024)

(million yen)

	Six months ended September 30, 2023	Six months ended September 30, 2024
Operating revenue		
Commission received	6,393	6,935
Net trading income	2,216	1,697
Financial revenue	309	453
Others	358	447
Total operating revenue	9,277	9,533
Financial expenses	42	42
Other operating expenses	244	264
Net operating revenue	8,990	9,226
Selling, general and administrative expenses		
Trading related expenses	1,570	1,817
Personnel expenses	4,413	4,569
Real estate expenses	695	748
Office expenses	1,140	1,268
Depreciation	98	133
Taxes and dues	109	158
Others	247	223
Total selling, general and administrative expenses	8,276	8,920
Operating profit (loss)	714	306
Non-operating income		
Interest income	73	61
Dividend income	236	275
Profit distributions	18	93
Others	34	15
Total non-operating income	363	446
Non-operating expenses		
Interest expense	19	57
Loss on foreign exchange rate	0	15
Amortization of deferred assets	3	3
Settlement expenses	1	—
Commission for purchase of treasury shares	0	16
Others	0	0
Total non-operating expenses	26	93
Ordinary profit (loss)	1,050	659
Extraordinary income		
Gain on sales of non-current assets	0	—
Gain on sales of investment securities	354	1,725
Total extraordinary income	354	1,725
Extraordinary losses		
Loss on sales of non-current assets	—	5
Loss on sales of investment securities	0	—
Loss on redemption of investment securities	—	256
Impairment loss	14	4
Provision of reserve for financial instruments transaction liabilities	2	0
Total extraordinary losses	16	266
Profit (loss) before income taxes	1,389	2,118
Income taxes – current	543	573
Income taxes – deferred	(37)	85
Total income taxes	506	658
Profit (loss)	882	1,459
Profit (loss) attributable to non-controlling owners	(41)	(67)
Profit (loss) attributable to owners of parent	924	1,526

Consolidated comprehensive income statement (For the Six months ended September 30, 2024)

(million yen)

	Six months ended September 30, 2023	Six months ended September 30, 2024
Profit (loss)	882	1,459
Other comprehensive income		
Valuation difference on available-for-sale securities	1,655	(1,620)
Foreign currency translation reserve	864	729
Remeasurements of defined benefit plans	19	(3)
Total accumulated other comprehensive income	2,540	(894)
Comprehensive income	3,423	564
(Description)		
Comprehensive income attributable to owners of parent	3,182	274
Comprehensive income attributable to non-controlling owners	240	289

(3) Notes on the first half consolidated financial statements**(Notes on going concern assumption)**

Not applicable.

(Notes on material changes in shareholders' equity)

1. Purchase of treasury shares

The Company conducted a buyback of 6,163,900 shares amounting to 10,775 million yen based on a resolution of the board of directors meeting held on January 30, 2024, and May 1, 2024.

2. Disposal of treasury shares

Based on the resolution passed on the board of directors meeting held on July 22, 2024, the company has disposed of 49,800 treasury shares amounting to 52 million yen as a restricted stock units for compensation of directors. The company also disposed of 25,400 treasury shares amounting to 16 million yen in accordance with the incentive plan for employees.

As a result, treasury shares amounted to 16,884 million yen as of September 30, 2024; an increase of 10,705 million yen during the reporting period.

(Change in accounting policy)

The "Accounting standard for current income taxes, inhabitant taxes, enterprise taxes, etc." (ASBJ Statement No. 27, October 28, 2022, hereinafter referred to as the "2022 revised accounting standards") has been applied from the beginning of the first quarter of the current consolidated accounting period. Regarding the revision of the classification of income taxes, etc. (taxation on other comprehensive income), group is following the transitional measures specified in the paragraph 20-3 of the "2022 revised accounting standards" and the transitional measures specified in the paragraph 65-2 (2) of the "Implementation guidance on accounting standard for tax effect accounting" (ASBJ Guidance No. 28, October 28, hereinafter referred to as the "2022 revised implementation guidance"). There is no impact on the first half consolidated financial statements due to the change in this accounting policy.

Amendments related to the treatment of deferred gains and losses arising from the sale of subsidiary shares between consolidated entities in consolidated financial statements, the guidelines for the application of the 2022 amendments have been implemented from the commencement of the first quarter of the current fiscal period. This alteration in accounting policy has been applied retroactively, thereby affecting the quarterly consolidated financial statements and the consolidated financial statements for the preceding quarter and the prior consolidated fiscal year accordingly. It should be noted that there is no effect on the quarterly consolidated financial statements from the previous year or the consolidated financial statements from the prior consolidated fiscal year because of this change in accounting policy.

(Additional information)**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 563 million yen for 856,000 shares as of September 30, 2024. The book value and number of treasury shares were 579 million yen and 881,000 shares, respectively, at the end of the fiscal year ended March 2024.

(Notes on segment information)
[Segment information]

(From April 1, 2023, to September 30, 2023)

1. Segment-wise operating revenue/profit (loss)

(million yen)

	Segments				Adjusted amount *1	Amount as on Consolidated statements of income *2
	Financial securities business	Asset management business	Investment business	Total		
Operating revenue						
Revenues from external clients	8,806	111	358	9,277	—	9,277
Inter segment revenues	5	1	15	23	(23)	—
Total	8,812	113	374	9,300	(23)	9,277
Profit (loss)	805	(113)	(2)	690	23	714

Notes:

1. The segment profit (loss) adjustment of 23 million yen includes 59 million yen in inter-segment eliminations and -35 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. Segment profit (loss) is adjusted with operating loss in the consolidated statements of income.

2. Segment-wise information on goodwill and impairment loss on non-current assets

(Significant impairment losses on non-current assets)

The disclosure of this information is omitted due to lack of significance.

(From April 1, 2024, to September 30, 2024)

1. Segment-wise operating revenue/profit (loss)

(million yen)

	Segments				Adjusted amount *1	Amount as on Consolidated statements of income *2
	Financial securities business	Asset management business	Investment business	Total		
Operating revenue						
Revenues from external clients	8,976	109	447	9,533	—	9,533
Inter segment revenues	5	10	13	29	(29)	—
Total	8,982	120	461	9,563	(29)	9,533
Profit (loss)	297	(136)	(42)	118	188	306

Notes:

1. The segment profit (loss) adjustment of 188 million yen includes -1,823 million yen in inter-segment eliminations and 2,011 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. Segment profit (loss) is adjusted with operating loss in the consolidated statements of income.

2. Segment-wise information on goodwill and impairment loss on non-current assets

(Significant impairment losses on non-current assets)

The disclosure of this information is omitted due to lack of significance.

(Important subsequent events)**Shelf Registration for Corporate Bond Issue**

The company at its Board of Directors meeting on October 18, 2024, approved a resolution to initiate shelf registration for its bond issuance and submitted the corresponding shelf registration statement to the Director-General of the Kanto Local Finance Bureau on the same day.

The objective of bond issuance is to enhance financial stability by diversifying funding sources and to create a framework that facilitates the flexible procurement of funds essential for the future growth of our group.

Details of shelf registration

1. Estimated amount of bond issuance
30 billion yen
2. Estimated dates for issuance
Within 2 years from the date of shelf registration (i.e. Oct 28, 2024~Oct 27, 2026)
3. Use of raised funds
The funds will be used for working capital, investments, loans, repayment of existing debt including those of consolidated subsidiaries.

Note:

1. The estimated bond issuance amount stated is the upper limit for bonds to be issued within the estimated dates mentioned above.
2. We will evaluate future bond issuances flexibly regarding timing, amount, and duration, considering the prevailing market conditions.

3. Supplementary information**Consolidated business results for the Six months ended September 30, 2024****(1) Commission received**

A) Breakdown of commission received

(million yen)

	Six months ended September 30, 2023(A)	Six months ended September 30, 2024 (B)	Change (B/A)	Consolidated fiscal year ended March 31, 2024
Brokerage commission	3,365	2,824	83.9%	6,735
Equities	3,316	2,752	83.0%	6,642
Bonds	—	—	—	—
Beneficiary securities	48	71	147.5%	93
Commission from underwriting, secondary distribution and solicitation towards professional investors	6	2	36.2%	10
Equities	5	1	33.2%	9
Bonds	0	0	64.1%	1
Fee from offering, secondary distribution and solicitation towards professional investors	1,248	1,668	133.7%	2,636
Other fees received	1,772	2,440	137.7%	3,842
Total	6,393	6,935	108.5%	13,224

B) Product wise breakdown

(million yen)

	Six months ended September 30, 2023 (A)	Six months ended September 30, 2024 (B)	Change (B/A)	Consolidated fiscal year ended March 31, 2024
Equities	3,372	2,777	82.4%	6,727
Bonds	0	0	120.9%	1
Beneficiary securities	1,996	2,838	142.1%	4,275
Others	1,023	1,318	128.9%	2,220
Total	6,393	6,935	108.5%	13,224

(2) Net trading income

(million yen)

	Six months ended September 30, 2023 (A)	Six months ended September 30, 2024 (B)	Change (B/A)	Consolidated fiscal year ended March 31, 2024
Equities etc.	1,867	1,360	72.8%	3,678
Bonds, forex etc.	349	337	96.6%	609
Bonds etc.	111	123	111.1%	203
forex etc.	237	213	89.8%	406
Total	2,216	1,697	76.6%	4,287

(3) Comparative quarterly consolidated income statement

(million yen)

	FY 2024			FY 2025	
	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	3,409	2,954	3,877	3,545	3,390
Brokerage commission	1,685	1,423	1,945	1,499	1,324
Commission from underwriting, secondary distribution and solicitation towards professional investors	1	2	1	1	0
Fee from offering, secondary distribution and solicitation towards professional investors	740	672	716	837	831
Other fees received	981	855	1,213	1,206	1,234
Net trading income	948	969	1,102	1,041	655
Financial revenue	181	145	223	203	249
Others	149	126	304	162	285
Total operating revenue	4,688	4,195	5,507	4,953	4,580
Financial expenses	17	16	25	21	20
Other operating expenses	203	254	204	58	205
Net operating revenue	4,467	3,923	5,277	4,872	4,354
Selling, general and administrative expenses					
Trading related expenses	834	793	986	914	903
Personnel expenses	2,318	2,097	2,400	2,347	2,222
Real estate expenses	344	333	350	364	383
Office expenses	571	618	655	628	639
Depreciation	49	53	64	62	70
Taxes and dues	77	117	84	74	84
Others	121	109	91	130	93
Total selling, general and administrative expenses	4,317	4,123	4,632	4,524	4,396
Operating profit (loss)	149	(199)	645	348	(42)
Non-operating income	83	274	217	316	130
Non-operating expenses	13	15	30	52	41
Ordinary profit (loss)	220	58	832	612	46
Extraordinary income	198	203	2,006	695	1,029
Extraordinary losses	1	13	151	256	10
Profit (loss) before income taxes	418	248	2,687	1,051	1,066
Income tax expenses	246	59	877	274	384
Profit (loss)	171	189	1,810	777	681
Profit (loss) attributable to non-controlling interests	(18)	(21)	(29)	(37)	(29)
Profit (loss) attributable to owners of parent	190	211	1,840	815	711