

Consolidated Financial Summary under Japanese GAAP

For the year ended March 31, 2024

April 26, 2024

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	Omichi Koji, Executive Officer

Scheduled date of annual meeting of shareholders	June 26, 2024
Scheduled date of filing financial report	June 27, 2024
Scheduled date of dividend payment	June 06, 2024
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, 2023 to March 31, 2024)

(1) Consolidated business results

(% represents year-on-year change)

	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	%
Year ended March 31, 2024	18,980	48.8	18,191	49.0	1,159	—	1,941	—	2,975	—
Year ended March 31, 2023	12,751	△20.6	12,208	△21.8	△2,782	—	△1,911	—	△2,375	—

Note: Comprehensive income

Year ended, March 31, 2024: 6,369million yen (-% vs same term previous year)

Year ended, March 31, 2023: △2,677 million yen (-% vs same term previous year)

	Earnings per share	Diluted earnings per share	Return on equity	Return on assets	Gross profit (loss) margin
	yen	yen	%	%	%
Year ended March 31, 2024	79.39	—	5.6	1.7	6.1
Year ended, March 31, 2023	△62.03	—	△4.5	△1.9	△21.8

Note:

1. Equity gain (loss) of affiliated companies As of March 31, 2024: -- million yen As of March 31, 2023: -- 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, 2024	124,119	58,657	44.8	1,498.42
As of March 31, 2023	98,835	54,030	51.6	1,350.08

Note: Shareholders' equity

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

As of March 31, 2023: 50,997 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, 2024	8,447	1,478	△1,519	22,709
FY ended March 31, 2023	△9,487	474	3,824	13,734

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, 2023	—	13.00	—	13.00	26.00	1,015	—	1.9
FY ended March 31, 2024	—	13.00	—	26.00	39.00	1,489	49.1	2.7
FY ending March 31, 2025 (Forecast)	—	—	—	—	—		—	

3. Earning forecast for the fiscal year ending March 31, 2025 (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 (Japan 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 NO
 - 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, 2024: 47,525,649 shares As of March 31, 2023: 47,525,649 shares
 - 2) Number of treasury shares at the end of the term
 As of March 31, 2024: 10,383,274 shares As of March 31, 2023: 9,751,971 shares
 - 3) Average number of shares outstanding (Cumulative)
 As of March 31, 2024: 37,484,920 shares As of March 31, 2023: 38,291,055 shares

(Reference)

1. Financial summary (From April 1, 2023 to March 31, 2024)

(1) Business results

(% represents year-on-year change)

	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	%
Year ended, March 31, 2024	815	△3.4	815	△3.4	4	—	147	61.7	53	—
Year ended, March 31, 2023	844	△89.5	844	△89.4	△50	—	91	△91.9	1	△99.9

	Earnings per share	Diluted earnings per share
	yen	yen
Year ended, March 31, 2024	1.43	—
Year ended, March 31, 2023	0.04	—

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
	million yen	million yen	%	yen
As of March 31, 2024	48,950	46,041	94.1	1,239.59
As of March 31, 2023	49,044	46,938	95.7	1,242.63

Note: Shareholders' equity

As of March 31, 2024: 46,041 million yen

As of March 31, 2023: 46,938 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, 2024

(1) Explanation of the business results

For the reporting fiscal year (April 1, 2023 to March 31, 2024), stock markets remained buoyant, especially in developed countries such as Japan and the United States. 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. From November onward, surge in stock market was seen backed by favorable results of large high-tech stocks due to the generation AI boom and expectations of interest rate cut by FOMC from the summer of 2024.

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 in the foreign exchange market. Japanese stocks were preferred among global markets. This was 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 January 2024, the new NISA (Nippon Individual Savings Account) with an increased annual investment limit was launched. The Nikkei Stock Average hit an all-time high of 40,888.43 (close price) on March 22, and closed at 40,369.44 at the end of March.

In Asian markets, both the Shanghai Composite Index and the Hong Kong's Hang Seng Index were weak as major real estate developer's cash flows deteriorated due to weaker real estate demand in China 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. In Vietnam, major economic indicators such as industrial production and exports improved from the second half of 2023, and funds flowed into the stock market, resulting in a significant rebound in the VN Index.

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 mid-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 instrument securities business, operates investment business, asset management business, financial products intermediary business, and Vietnam financial securities business. The group will continue to strive to become a financial group by leveraging the strengths of each subsidiary and working collectively with each other.

The group is pursuing buyback of maximum of 300,000 treasury shares, with the maximum value of 500 million yen, which was decided in the board meeting conducted on January 30, 2024.

For the reporting period, operating revenue increased by 48.8% to 18,980 million yen; operating profit was 1,159 million yen; ordinary profit was 1,941 million yen; and net profit attributable to owners of parent was 2,975 million yen.

For the year ended March 31, 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)

For the financial year ended March 2024, Total commissions received increased by 47.4% to 13,224 million yen. Details are as follow:

- 1) Brokerage commission
Increased by 46.2% to 6,735 million yen due to increase in the trade value of equities.
- 2) Commission from underwriting, secondary distribution and solicitation towards professional investors
Declined by 74.8% to 10 million yen due to decline in underwriting of domestic equities.
- 3) Fee from offering, secondary distribution and solicitation towards professional investors
Increased by 39.1% to 2,636 million yen due to increase in the sales of mutual funds.
- 4) Other fees received
Increased by 58.3% to 3,842 million yen due to increase in the investment advisory fees of Fund Wrap.

(Net trading income)

For the financial year ended March 2024, Net trading income increased by 85.0% to 4,287 million yen.

Details are as follow:

- 1) Equities
Increased by 123.4% to 3,678 million yen due increase in the trading value of foreign equities OTC trades.
- 2) Bonds
Increased by 68.4% to 203 million yen due increased handling of foreign bonds.
- 3) Others
Declined by 26.2% to 406 million yen due to decline in income from forex trades.

(Net financial income)

Net financial income increased by 54.9% to 593 million yen. Under this category, income increased by 46.4% to 677 million yen due to increase in interest income, expenses increased by 5.6% to 84 million yen due to increase in marginal trading expense.

(Other operating revenue and expenses)

Other operating revenues declined by 20.9% to 790 million yen due to an decline in sales of operational investment securities. Other operating expenses increased by 52.0% to 704 million yen, mainly due to increase in cost of sales of operating investment securities.

(Selling, general and administrative expenses)

Selling, general and administrative expenses increased by 13.6% to 17,031 million yen due to increase in personnel expense and trade related expenses.

(Non-operating profit and losses)

Non-operating profit was 782 million yen. Under this category, income were 855 million yen including the dividend income of 445 million yen and profit distributions of 178 million yen. While expenses under this category were 73 million yen including the interest expenses of 41 million yen and 16 million yen loss from exchange rates.

(Extraordinary profit and losses)

Total extraordinary profit was 2,383 million yen. Under this category, income were 2,565 million yen including the 2,532 million yen of gain from sale on investment securities. While losses were 181 million yen including

the 62 million yen loss on settlement of investment securities and 76 million yen of impairment loss.

(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 were 124,119 million yen, a increase of 25,283 million yen. This was due to increase of 9,849 million yen in cash and deposits; increase of 6,724 million yen in cash segregated deposit for customers; increase of 1,517 million yen in margin transaction assets; and increase of 2,626 million yen in investment securities.

(Liabilities)

As of at the end of the period under review, total liabilities were 65,462 million yen, an increase of 20,657 million yen. This was due to a increase of 12,047 million yen in deposits received and an increase of 5,796 million yen in margin transaction liabilities.

(Net assets)

As for the period under review, total net assets were 58,657 million yen, a increase of 4,626 million yen. This was due to increase of 2,036 million yen in retained earnings and increase of 2,757 million yen in valuation difference on available-for-sale securities.

(3) Explanation of the cash flows

For the financial year ended March 2024, Cash and cash equivalents increased by 8,975 million yen to 22,709 million yen. Details are as follow:

(Cash flow from operating activities)

Net cash provided by operating activities was 8,447 million yen. This was mainly due to an increase in cash segregated as deposit for customers, deposits received and margin transaction liabilities.

(Cash flow from investing activities)

Net cash provided by investing activities was 1,478 million yen. This was mainly due to the purchase and sale of investment securities.

(Cash flow from financing activities)

Net cash used in financing activities was 1,519 million yen. This was mainly due to payments towards long-term borrowings, buyback of shares and dividend payments.

Explanation on the forecast of consolidated business results

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

2. 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, 2023	As of March 31, 2024
Assets		
Current assets		
Cash and deposit	14,142	23,991
Cash segregated as deposits	20,908	27,632
Cash segregated as deposits for customers	20,908	27,632
Other deposits	0	0
Operational investment securities	10,521	11,291
Trading products	207	232
Trading securities and other	207	232
Trade date accrual	615	1,326
Margin transaction assets	15,692	17,209
Loans on margin transactions	15,314	16,870
Cash collateral pledged for securities borrowing on margin transactions	378	339
Advances paid	56	99
Advances paid to customers	54	69
Other advance payments	2	30
Other current assets	1,389	2,245
Total current assets	63,533	84,030
Non-current assets		
Property, plant and equipment		
Buildings (net value)	645	664
Furniture & fixtures (net value)	286	302
Land	759	717
Rental real estate (net value)	8,245	9,165
Others	—	0
Total Property, plant and equipment	9,936	10,850
Intangible assets		
Goodwill	69	—
Software	6	22
Others	25	10
Total intangible assets	100	33
Investments and other assets		
Investment securities	23,439	26,066
Net defined benefit asset	1,075	1,294
Others	742	1,852
Allowance for doubtful accounts	△3	△11
Total investments and other assets	25,253	29,201
Total non-current assets	35,291	40,085
Deferred assets		
Organization expenses	0	—
Business commencement expenses	9	3
Total deferred assets	10	3
Total assets	98,835	124,119

(million yen)

	As of March 31, 2023	As of March 31, 2024
Liabilities		
Current liabilities		
Trading products	90	—
Trading securities and other	90	—
Margin transaction liabilities	1,516	7,312
Borrowings on margin transactions	726	6,505
Cash received for securities lending on margin transactions	790	807
Loans payable secured by securities	2,927	1,401
Cash received on debt credit transaction of securities	2,927	1,401
Deposits received	16,760	28,808
Deposits from customers	14,359	21,757
Other deposits	2,400	7,050
Guarantee deposits received	5,099	5,639
Short-term loans payable	6,445	6,045
Income taxes payable	145	1,402
Provision for bonuses	311	767
Provision for director bonuses	—	64
Other current liabilities	1,069	1,510
Total current liabilities	34,365	52,952
Non-current liabilities		
Long-term borrowings	5,588	6,347
Deferred tax liabilities	4,318	5,572
Provision for share based remuneration	279	313
Other non-current liabilities	105	115
Total non-current liabilities	10,293	12,349
Reserves under special laws		
Reserve for financial instruments transaction liabilities	146	160
Total reserves under special laws	146	160
Total liabilities	44,804	65,462
Net assets		
Shareholders' equity		
Capital stock	8,000	8,000
Capital surplus	8,186	8,207
Retained earnings	33,447	35,484
Treasury shares	△5,471	△6,179
Total shareholders' equity	44,162	45,513
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	6,579	9,337
Foreign currency translation adjustment	329	746
Remeasurements of defined benefit plans	△74	58
Total accumulated other comprehensive income	6,834	10,141
Non-controlling interests	3,033	3,002
Total net assets	54,030	58,657
Total liabilities and net assets	98,835	124,119

(2) Consolidated statements of income and comprehensive income statement
Consolidated statements of income (For the year ended March 31, 2024)

(million yen)

	Year ended March 31, 2023	Year ended March 31, 2024
Operating revenue		
Commission received	8,971	13,224
Net trading income	2,318	4,287
Financial revenue	463	677
Others	999	790
Total operating revenue	12,751	18,980
Financial expenses	80	84
Other operating expenses	463	704
Net operating revenue	12,208	18,191
Selling, general and administrative expenses		
Trading related expenses	2,599	3,350
Personnel expenses	7,550	8,911
Real estate expenses	1,478	1,378
Office expenses	2,130	2,414
Depreciation	361	216
Taxes and dues	349	311
Others	520	448
Total selling, general and administrative expenses	14,991	17,031
Operating profit (loss)	△2,782	1,159
Non-operating income		
Interest income	28	158
Dividend income	449	445
Profit distributions	416	178
Profit on investments in partnership	0	—
Others	65	72
Total non-operating income	960	855
Non-operating expenses		
Interest expense	23	41
Loss on foreign exchange rate	38	16
Amortization of deferred assets	7	7
Settlement expenses	10	1
Others	9	5
Total non-operating expenses	89	73
Ordinary profit (loss)	△1,911	1,941
Extraordinary income		
Gain on sales of non-current assets	0	33
Gain on sales of investment securities	863	2,532
Gain on redemption of investment securities	12	—
Reversal of reserve for financial instruments transaction liabilities	0	—
Gain on reversal of asset obligations	34	—
Compensation income from expropriation	88	—
Total extraordinary income	999	2,565
Extraordinary losses		
Loss on sales of non-current assets	2	—
Loss on retirement of non-current assets	13	15
Loss on sales of investment securities	15	13
Loss on settlement of investment securities	—	62
Loss on valuation of investment securities	279	—
Impairment loss	683	76
Provision of reserve for financial instruments transaction liabilities	—	14
Total extraordinary losses	996	181
Profit (loss) before income taxes	△1,907	4,325
Income taxes – current	388	1,553
Income taxes – deferred	107	△110
Total income taxes	495	1,443
Profit (loss)	△2,403	2,882
Profit (loss) attributable to non-controlling owners	△28	△93
Profit (loss) attributable to owners of parent	△2,375	2,975

Consolidated comprehensive income statement (For the year ended March 31, 2024)

(million yen)

	Year ended March 31, 2023	Year ended March 31, 2024
Profit (loss)	△2,403	2,882
Other comprehensive income		
Valuation difference on available-for-sale securities	△811	2,757
Foreign currency translation adjustment	592	597
Remeasurements of defined benefit plans	△54	132
Total accumulated other comprehensive income	△273	3,487
Comprehensive income	△2,677	6,369
(Description)		
Comprehensive income attributable to owners of parent	△2,997	6,282
Comprehensive income attributable to non-controlling owners	320	87

(3) Consolidated statements of change in net assets

(From April 1, 2022 to March 31, 2023)

(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	8,122	36,922	△4,790	48,254	7,391	85	△19	7,457	2,317	58,029
Changes of items during current period											
Dividends of retained earnings			△1,099		△1,099						△1,099
Net profit (loss) attributable to owners of parent			△2,375		△2,375						△2,375
Purchase of treasury shares				△684	△684						△684
Restricted shares remuneration		6		37	44						44
Purchase of treasury shares for ESOP				△325	△325						△325
Disposal of treasury shares		57		268	325						325
Disposal of treasury shares for ESOP				22	22						22
Change in retained earnings within the consolidated scope					—						—
Net change in items other than shareholder's equity						△811	244	△54	△622	716	93
Total changes of items during period	—	63	△3,474	△681	△4,092	△811	244	△54	△622	716	△3,998
Balance at end of current period	8,000	8,186	33,447	△5,471	44,162	6,579	329	△74	6,834	3,033	54,030

(From April 1, 2023 to March 31, 2024)

(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	8,186	33,447	△5,471	44,162	6,579	329	△74	6,834	3,033	54,030
Changes of items during current period											
Dividends of retained earnings			△1,003		△1,003						△1,003
Net profit (loss) attributable to owners of parent			2,975		2,975						2,975
Purchase of treasury shares				△791	△791						△791
Restricted shares remuneration		21		48	69						69
Purchase of treasury shares for ESOP				—	—						—
Disposal of treasury shares				35	35						35
Disposal of treasury shares for ESOP				—	—						—
Change in retained earnings within the consolidated scope		△0	65		64						64
Net change in items other than shareholder's equity						2,757	416	132	3,307	△30	3,276
Total changes of items during period	—	21	2,036	△707	1,350	2,757	416	132	3,307	△30	4,626
Balance at end of current period	8,000	8,207	35,484	△6,179	45,513	9,337	746	58	10,141	3,002	58,657

(4) Consolidated statements of cash flows

	(million yen)	
	Year ended March 31, 2023	Year ended March 31, 2024
Cash flows from operating activities		
Profit (loss) before income taxes	△1,907	4,325
Depreciation	361	216
Amortization of goodwill	112	69
Impairment loss	683	76
Gain on reversal of asset retirement obligations	△34	—
Increase (decrease) in provision for bonuses	△111	454
Increase(decrease) in provision for director's bonuses	△27	64
Increase (decrease) in provision share based remuneration	53	33
Increase (decrease) in net defined benefit assets	△92	△77
Interest and dividend income	△ 946	△1,299
Interest expenses	103	126
Loss (gain) on sales of investment securities	△ 847	△2,518
Loss (gain) on redemption of investment securities	△12	62
Loss (gain) on valuation of investment securities	279	—
Loss on retirement of non-current assets	2	△33
Loss (gain) on sales of non-current assets	—	15
Loss (gain) on investment in partnership	△0	—
Income (loss) from expropriation	△88	—
Decrease (increase) in cash segregated as deposits for customers	2,510	△6,724
Increase (decrease) in advance paid	120	△ 43
Increase (decrease) in trading products-assets	153	△ 25
Increase (decrease) in trade date accrual	161	△710
Increase (decrease) in operational investment securities	△1,536	△493
Increase(decrease) in margin transaction assets	117	△1,517
Increase (decrease) in real-estate rent	△1,986	△1,205
Increase (decrease) in the reserve for financial products transaction liabilities	△0	14
Increase (decrease) in deposits received	△3,753	12,045
Increase (decrease) in trading products-liabilities	△27	△90
Increase (decrease) in margin transaction liabilities	△274	5,796
Increase(decrease) in loans secured by securities	△1,873	△1,525
Increase(decrease) in guarantee deposits received	161	539
Others	△427	△406
Subtotal	△9,124	7,171
Interest and dividend income received	948	1,259
Interest expenses paid	△103	△132
Income received from expropriation	88	—
Income taxes paid	△1,314	△ 330
Income taxes (paid) refund	19	479
Net cash provided by (used in) operating activities	△9,487	8,447

(million yen)

	Year ended March 31, 2023	Year ended March 31, 2024
Cash flow from investing activities		
Payments into time deposits	△409	△2,355
Proceeds from withdrawal of time deposits	460	2,296
Purchase of sales of property, plant and equipment	△241	△204
Payments for retirement of tangible fixed assets	—	△15
Proceeds from sale of property, plant and equipment	38	20
Purchase of intangible assets	△0	△11
Proceeds from sale of intangible assets	△6	—
Asset retirement obligations	△76	△22
Purchase of investment securities	△1,822	△1,609
Proceeds from sale of investment securities	2,003	3,100
Proceeds from redemption of investment securities	734	237
Proceeds from the sale of real estate investments	—	314
Proceeds from dividends of investment in partnerships	0	—
Payment for guarantee deposits	△16	△101
Proceeds from collection of guarantee deposits	72	92
Proceeds from collection of loans	0	0
Acquisition of long-term prepaid expenses	△263	△262
Others	1	—
Net cash provided by (used in) investing activities	474	1,478
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	2,650	△400
Proceeds from long-term loans payable	5,719	1,150
Repayments on long-term loans payable	△3,166	△391
Repayments of lease obligations	△1	△0
Purchase of treasury shares	△ 684	△791
Proceeds from sales of treasury shares	22	35
Proceeds from non-controlling interests	1,021	236
Dividend to no-controlling interests	△626	△354
Cash dividends paid	△1,108	△1,004
Net cash provided by (used in) financing activities	3,824	△1,519
Difference in cash and cash equivalents	255	461
Increase (decrease) in cash and cash equivalents	△4,932	8,868
Cash and cash equivalents at start of period	18,666	13,734
Change in cash and cash equivalents within the scope of consolidation	—	106
Cash and cash equivalents at end of period	13,734	22,709

(5) Notes on consolidated financial statements

(Notes on going concern assumption)

Not applicable.

(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 579 million yen for 881 thousand shares as of March 31, 2024. The book value and number of treasury stock were 615 million yen and 935 thousand shares, respectively, at the end of the fiscal year ended March 2023.

(Segment information)

Under the holding company structure, group has segregated the business into 3 reportable segments of; “Financial instrument securities business”, “Asset management business” and “Investment business”.

The Group's reportable segments of business are subject to periodic review by the Board of Directors in order to determine the allocation of management resources and evaluate their performance.

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. Profit (loss) of reportable segments are based on operating profit (loss). Inter-segment revenues and transfers are based on prevailing market prices.

(From April 1, 2022 to March 31, 2023)

(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	11,511	292	947	12,751	—	12,751
Inter segment revenues	10	5	32	48	△48	—
Total	11,522	298	979	12,800	△48	12,751
Profit (loss)	△2,733	△130	206	△2,657	△125	△2,782
Assets	52,457	6,117	34,879	93,454	5,381	98,835
Liabilities	34,942	47	8,865	43,856	948	44,804
Others						
Depreciation & amortization	309	3	5	318	42	361
Financial revenue	463	—	—	463	0	463
Financial expense	84	—	—	84	△4	80

Notes:

*1

1. The segment profit (loss) adjustment of △125 million yen includes 36 million yen in inter-segment eliminations and △162 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 5,381 million yen includes △43,621 million yen of offsetting elimination of inter-segment receivables and payables and 49,002 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 948 million yen includes △1,156 million yen of offsetting elimination of inter-segment receivables and payables and 2,104 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 (loss) is adjusted with operating loss in the consolidated statements of income.

(From April 1, 2023 to March 31, 2024)

(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	17,920	270	790	18,980	—	18,980
Inter segment revenues	26	2	32	60	△60	—
Total	17,946	272	822	19,041	△60	18,980
Profit (loss)	1,521	△214	△221	1,085	73	1,159
Assets	71,677	6,142	41,263	119,083	5,035	124,119
Liabilities	51,242	76	11,372	62,690	2,771	65,462
Others						
Depreciation & amortization	176	4	5	186	30	216
Financial revenue	677	—	—	677	0	677
Financial expense	88	—	—	88	△3	84

Notes:

*1

1. The segment profit (loss) adjustment of 73 million yen includes 135 million yen in inter-segment eliminations and △62 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 5,035 million yen includes △43,819 million yen of offsetting elimination of inter-segment receivables and payables and 48,855 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 2,771 million yen includes △136 million yen of offsetting elimination of inter-segment receivables and payables and 2,907 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 (loss) is adjusted with operating loss in the consolidated statements of income.

(Per share information)

	Year ended March 31, 2023	Year ended March 31, 2024
Net assets per share	1,350.08 yen	1,498.42 yen
Net income per share	△62.03 yen	79.39 yen

Notes:

- 1) Diluted profit (loss) per share is 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 9,234,594 shares in the previous consolidated fiscal year and 10,040,729 shares in the current consolidated fiscal year.

	Year ended March 31, 2023	Year ended March 31, 2024
Net income per share		
Profit (loss) attributable to owners of parent (million yen)	△2,375	2,975
Profit (loss) not attributable to common shareholders (million yen)	—	—
Profit (loss) related to common shareholders attributable to owners of parent (million yen)	△2,375	2,975
Average number of common stock outstanding during this year (thousands of shares)	38,291	37,484

(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 30, 2024. 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 300,000 shares (Within 0.8% of outstanding shares excluding the treasury shares)
 - 3) Value of treasury share: Maximum of 500 million yen
 - 4) Term for purchase: From February 1, 2024 to June 30, 2024
 - 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: 33,300 shares
 - 3) Value of shares: 40 million yen
 - 4) Buyback term: From April 1, 2024 to April 22, 2024
 - 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 22, 2024 is as follow:

- 1) Number of treasury shares purchase completed: 169,400 shares
- 2) Value of treasury shares purchase completed: 201 million yen

4. Supplementary information

Consolidated business results for the year ended March 31, 2024

(1) Commission received

A) Breakdown of commission received

(million yen)

	Year ended March 31, 2023 (A)	Year ended March 31, 2024 (B)	Change (B/A)
Brokerage commission	4,608	6,735	146.2%
Equities	4,489	6,642	148.0%
Bonds	—	—	—
Beneficiary securities	119	93	78.1%
Commission from underwriting, secondary distribution and solicitation towards professional investors	40	10	25.2%
Equities	38	9	23.4%
Bonds	2	1	59.4%
Fee from offering, secondary distribution and solicitation towards professional investors	1,895	2,636	139.1%
Other fees received	2,426	3,842	158.3%
Total	8,971	13,224	147.4%

B) Product wise breakdown

(million yen)

	Year ended March 31, 2023 (A)	Year ended March 31, 2024 (B)	Change (B/A)
Equities	4,567	6,727	147.3%
Bonds	2	1	56.7%
Beneficiary securities	3,169	4,275	134.9%
Others	1,232	2,220	180.2%
Total	8,971	13,224	147.4%

(2) Net trading income

(million yen)

	Year ended March 31, 2023 (A)	Year ended March 31, 2024 (B)	Change (B/A)
Equities etc.	1,646	3,678	223.4%
Bonds, forex etc.	671	609	90.8%
Bonds etc.	120	203	168.4%
Forex etc.	550	406	73.8%
Total	2,318	4,287	185.0%

(3) Comparative quarterly consolidated statements of income

(million yen)

	FY 2023				FY 2024			
	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	2,010	2,142	2,492	2,326	2,983	3,409	2,954	3,877
Brokerage commission	1,060	1,080	1,226	1,240	1,680	1,685	1,423	1,945
Commission from underwriting, secondary distribution and solicitation towards professional investors	1	31	2	5	4	1	2	1
Fee from offering, secondary distribution and solicitation towards professional investors	363	416	672	443	507	740	672	716
Other fees received	584	613	590	637	790	981	855	1,213
Net trading income	560	745	441	570	1,267	948	969	1,102
Financial revenue	93	116	114	137	127	181	145	223
Others	81	195	352	369	209	149	126	304
Total operating revenue	2,746	3,199	3,401	3,404	4,588	4,688	4,195	5,507
Financial expenses	17	16	18	26	24	17	16	25
Other operating expenses	51	283	△29	158	41	203	254	204
Net operating revenue	2,676	2,899	3,412	3,219	4,522	4,467	3,923	5,277
Selling, general and administrative expenses								
Trading related expenses	605	619	625	749	736	834	793	986
Personnel expenses	1,958	1,930	1,884	1,776	2,094	2,318	2,097	2,400
Real estate expenses	350	414	359	353	350	344	333	350
Office expenses	517	496	539	576	569	571	618	655
Depreciation	75	107	86	93	48	49	53	64
Taxes and dues	82	77	87	101	31	77	117	84
Provision of allowance for doubtful accounts	—	—	—	—	—	—	—	—
Others	114	128	133	145	126	121	109	91
Total selling, general and administrative expenses	3,705	3,773	3,716	3,795	3,958	4,317	4,123	4,632
Operating profit (loss)	△1,028	△874	△303	△576	564	149	△199	645
Non-operating income	281	46	199	433	279	83	274	217
Non-operating expenses	6	18	5	58	13	13	15	30
Ordinary profit (loss)	△753	△846	△110	△201	830	220	58	832
Extraordinary income	259	326	156	257	156	198	203	2,006
Extraordinary losses	283	18	△265	959	15	1	13	151
Profit (loss) before income taxes	△778	△539	312	△902	971	418	248	2,687
Income tax expenses	131	26	63	274	259	246	59	877
Profit (loss)	△909	△566	249	△1,177	711	171	189	1,810
Profit (loss) attributable to non- controlling interests	△12	△8	1	△9	△22	△18	△21	△29
Profit (loss) attributable to owners of parent	△897	△558	247	△1,168	734	190	211	1,840

5. Separate financial statements and major notes

(1) Balance sheet

(million yen)

	As of March 31, 2023	As of March 31, 2024
Assets		
Current assets		
Cash and deposit	1,635	1,478
Short-term loans to affiliated companies	1,040	40
Advance payments	96	278
Prepaid expenses	40	46
Accounts receivables	151	11
Other current assets	11	34
Total current assets	2,975	1,889
Non-current assets		
Property, plant and equipment		
Building (net amount)	127	116
Equipment (net amount)	77	55
Land	50	46
Total property, plant and equipment	255	218
Intangible assets		
Leasehold right	14	—
Software	2	1
Total intangible assets	16	1
Investments and other assets		
Investment securities	4,239	5,556
Shares of affiliated companies	41,141	40,839
Long-term guarantee deposits	393	419
Others	26	28
Allowance for doubtful accounts	△3	△3
Total investments and other assets	45,796	46,839
Total non-current assets	46,068	47,060
Total assets	49,044	48,950

(million yen)

	As of March 31, 2023	As of March 31, 2024
Liabilities		
Current liabilities		
Deposits received	46	69
Short-term loans payable	1,000	1,400
Accounts payable	49	61
Accrued expenses	10	20
Income taxes payable	33	54
Provision for director bonuses	—	61
Other current liabilities	21	21
Total current liabilities	1,161	1,688
Non-current liabilities		
Long-term borrowings	500	500
Deferred tax liabilities	439	714
Long-term deposits received	5	5
Total non-current liabilities	944	1,219
Total liabilities	2,105	2,908
Net assets		
Shareholders' equity		
Capital stock	8,000	8,000
Capital surplus		
Legal capital reserve	7,863	7,863
Other capital surplus	357	379
Total capital surplus	8,220	8,242
Retained earnings		
Legal reserve for retained earnings	3,202	3,202
Other retained earnings		
General reserve	26,000	26,000
Retained earnings brought forward	5,727	4,777
Total retained earnings	34,930	33,980
Treasury shares	△5,471	△6,179
Total shareholders' equity	45,679	44,043
Valuation and translation adjustments		
Valuation difference on available-for-sale-securities	1,258	1,997
Total valuation and translation adjustments	1,258	1,997
Total net assets	46,938	46,041
Total liabilities and net assets	49,044	48,950

(2) Statements of income

(million yen)

	Year ended March 31, 2023	Year ended March 31, 2024
Operating revenue		
Management advisory fee	811	813
Interest from lending to affiliated companies	31	0
Financial revenue	1	1
Total operating revenue	844	815
Financial expenses	—	—
Net operating revenue	844	815
Selling, general and administrative expenses		
Trading related expenses	9	7
Personnel expenses	462	561
Real estate expenses	180	105
Office expenses	94	86
Depreciation	44	33
Taxes and dues	74	△14
Others	29	31
Total selling, general and administrative expenses	894	811
Operating profit (loss)	△50	4
Non-operating income		
Real estate rental income	13	0
Dividend income	54	60
Dividend income from share lending of affiliated companies	76	62
Insurance income	—	20
Others	12	11
Total non-operating income	156	154
Non-operating expenses		
Interest paid	12	8
Commission for purchase of treasury shares	2	2
Total non-operating expenses	14	11
Ordinary profit (loss)	91	147
Extraordinary income		
Gain on sales of non-current assets	—	2
Gain on sales of investment securities	199	—
Gain on reversal of asset retirement obligations	34	—
Total extraordinary income	234	2
Extraordinary losses		
Loss on valuation of investment securities	279	—
Impairment loss	0	14
Total extraordinary losses	280	14
Profit (loss) before income taxes	45	135
Income taxes – current	60	81
Income taxes – deferred	△16	0
Total income taxes	44	81
Profit (loss)	1	53