

Released on January 28, 2022

(English translation for reference purposes only)

EARNINGS REPORT FOR FIRST THREE QUARTERS OF FISCAL 2021

(April 1 to December 31, 2021)

(Consolidated under Japanese GAAP)

Name of Company: **Ichiyoshi Securities Co., Ltd.**

Listed on: Tokyo Stock Exchange (1st Section) (Stock code: 8624)

Corporate representative: Mr. Hirofumi Tamada, President & Representative Executive Officer

Inquiry to: Mr. Shoichi Yamazaki, Managing Executive Officer & Chief Supervisor for Finance and Management

Tel: (03) 4346-4512 (URL <https://www.ichiyoshi.co.jp>)

Date of filing First Three Quarters Report: February 10, 2022 (scheduled)

Preparation of supplementary documents for quarterly earnings: Provided.

Quarterly earnings-reporting meeting: None.

(Figures less than one million yen are rounded down)

1. Outline of Consolidated Business Result for First Three Quarters of Fiscal 2021 (from April 1 to December 31, 2021)

(1) Highlights of consolidated business result (in millions of yen, except per-share figures) (% indicates a change over the year-earlier period)

| | Operating Revenue | (%) | Net operating Revenue | (%) | Operating Income | (%) | Current Income | (%) |
|------------------------------------|-------------------|-------|-----------------------|--------|------------------|-------|----------------|-------|
| Nine months ended Dec. 31, 2021 | 15,344 | +19.1 | 15,315 | +19.4 | 2,970 | (---) | 3,073 | (---) |
| Nine months ended Dec. 31, 2020 | 12,879 | (---) | 12,825 | (+0.4) | 155 | (---) | 188 | (---) |

Notes: Comprehensive income for the first three quarters of fiscal 2021: 2,210 million yen (+939.4%)

Comprehensive income for the first three quarters of fiscal 2020: 212 million yen (---%)

| | Net income attributable to owners of parent | (%) | Net income per share | Net income per share-fully diluted |
|------------------------------------|---|-------|----------------------|------------------------------------|
| Nine months ended Dec. 31, 2021 | 2,283 | (---) | 63.24yen | 63.03yen |
| Nine months ended Dec. 31, 2020 | 111 | (---) | 3.11yen | --- |

Note: Effective as from the beginning of the first quarter of fiscal 2021, "Accounting Standards Concerning Revenue Recognition" (Corporate Accounting Standards No. 29, dated March 31, 2020) has been applied. Figures relating to operating revenue for the first three quarters of fiscal 2020 in the table above are retroactively adjusted in accordance with the said accounting standards. Hence, year-on-year changes for the first three quarters of fiscal 2020 are not provided.

(2) Consolidated financial condition

(in millions of yen)

| | Total assets | Net assets | Equity ratio | Net assets per share |
|---------------------|--------------|------------|--------------|----------------------|
| As of Dec, 31, 2021 | 53,168 | 29,889 | 56.2% | 827.31yen |
| As of Mar. 31, 2021 | 49,211 | 29,108 | 59.0% | 804.07yen |

Note: Shareholders' equity as of December 31, 2021: 29,868 million yen.

Shareholders' equity as of March 31, 2021: 29,030 million yen.

2. Dividends

| | First quarter-end | Second quarter-end | Third quarter-end | Fiscal year-end | Annual total |
|-------------------------------------|-------------------|--------------------|-------------------|-----------------|--------------|
| Fiscal 2020 ended Mar. 31, 2021 | — | 15.00yen | — | 19.00yen | 34.00yen |
| Fiscal 2021 ending Mar. 31, 2022 | — | 19.00yen | — | **** | **** |

Notes: (i) Ichiyoshi Securities Co., Ltd. (the "Company") declares dividends payable to shareholders of record as of September 30 (semiannual dividends) and March 31 (final dividends) of each fiscal year.

(ii) It is not the Company's practice to give an earnings or dividend forecast. Hence, ****.

3. Outlook for Business Result for Fiscal 2021 (from April 1, 2021 to March 31, 2022)

Since the forecast of earnings of financial-instruments trading, the main-line business of the Company and its group companies, is hard to make due to volatile factors in the market, the Company does not provide such forecast prior to the end of each quarter. Instead, the Company intends to release preliminary figures after the end of each quarter as and when such figures become available.

※Points to note:

- (1) Changes in material subsidiaries (including a change in scope of consolidation resulting from a change in special subsidiaries) during the quarterly consolidating period: None.
- (2) Application of an accounting treatment unique to the preparation of quarterly financial statements: None.
- (3) Changes in accounting policies and estimates and restatements of modifications:
 - (i) Changes in accounting policies resulting from revisions to accounting standards: Yes.
 - (ii) Changes other than those in (i): None.
 - (iii) Changes in accounting estimates: None.
 - (iv) Restatements of revisions: None.
- (4) Number of shares issued (common stock):
 - (i) Number of shares issued as of December 31, 2021: 42,431,386 shares (including treasury shares)
Number of shares issued as of March 31, 2020: 42,431,386 shares (including treasury shares)
 - (ii) Number of treasury shares as of December 31, 2021: 6,327,697 shares.
Number of treasury shares as of March 31, 2021 : 6,327,577 shares.
 - (iii) Average number of shares outstanding during the first three quarters of fiscal 2021:

36,103,761 shares.

Average number of shares outstanding during the first three quarters of fiscal 2020:

36,015,173 shares.

Additional points to note:

1. Quarterly earnings figures included in this report are not subject to reviewing by certified public accountants or an auditing firm.
2. For the same reason that the Company does not provide an earnings forecast prior to the end of each quarter as stated in “3. Outlook for Business Result for Fiscal 2021 (from April 1, 2021 to March 31, 2022)” on page 2, the Company does not provide a dividend forecast.

I. Outline on Business Result

(1) Outline on business result for the first three quarters of fiscal 2021

During the first three quarters of fiscal 2021, the Japanese economy showed signs of gradual recovery as the effects of the novel coronavirus infections abated. Personal consumption started to pick up towards the end of the period in tandem with the normalization of economic activities while corporate earnings, excepting those in a few sectors of the industry still in the doldrums, continued to stay in a generally good condition. In the U.S. and European countries, the resumption of economic activities further progressed, sustaining the recovery of the global economy.

In the meantime, the Japanese stock market started off the period relatively strongly with the Nikkei Stock Average on the Tokyo Stock Exchange (the TSE) exceeding the 30,000yen mark in early April. Thereafter, however, the Nikkei Stock Average floundered with its upward movement limited as the infections of the novel coronavirus surged, the delay in general vaccinations against the novel coronavirus became evident and rises in U.S. interest rates weighed on the stock market. In July, as the Tokyo Olympics was held and the 4th State of Emergency Declaration was issued in Tokyo, the Nikkei Stock Average quickened its corrections, recording 26,954yen, a year low, on August 20. Thereafter, however, the Nikkei Stock Average changed its direction upward, recording 30,795yen on September 14, a year high and the highest in 31 years, as expectations for a better political climate swelled. In early October, however, the Nikkei Stock Average fell down below the 28,000yen level on rises in U.S. interest rates and on concerns over the potential default of a leading Chinese real estate company. The Nikkei Stock Average came up close to the 30,000yen level towards the middle of November on the news of favorable corporate business results. Towards the end of November, however, investors' risk-off attitudes increased as the omicron variant raged overseas. In December, the FOMC, whose meeting was closely watched, indicated its policy of finishing its asset purchases in March 2023 and raising its policy interest rates 3 times by the end of 2023. These policies being as expected in the market, the Nikkei Stock Average stayed almost unaffected, ending the period at 28,791yen.

On the foreign currency market, the yen strengthened to 107.47yen per 1 U.S. dollar on April 23. As expectation for the recovery of the U.S. economy rose, however, the yen weakened to 111.65yen on July 2. The yen further weakened against the rising U.S. interest rates, ending the period at the lower side of the 115yen per 1 U.S. dollar level.

As regards the Japanese emerging stock markets, the Nikkei JASDAQ Stock Average recorded a year-high of 4,113yen on September 14, and thereafter sustained continuous corrections, ending the period at 3,878yen. The TSE Mothers suffered wide fluctuations and ended the period at 987.

The average daily turnover on the First Section of the TSE for the first three quarters of fiscal 2021 was 3,053.1 billion yen, up 15.8% from the comparable period of fiscal 2020, that on the TSE Mothers Market was 160.6 billion yen, down 24.5%, and that on the JASDAQ Stock Market was 62.1 billion yen, down 3.3%.

Under these circumstances, the Company further advanced its “Decisive Action on Reform”

initiated since 2019 as the first reformative action in 20 years to further promote its customer-focused business operations. Accordingly, being a major target for reform, the transfer of the business model to “Stock-based Type” (asset-accumulation type) mainly based on trailer and trustee fees on investment trust funds and wrap-account fees has steadily bore fruit as indicated by an improvement on the cost-coverage ratio (the ratio at which operating cost and expenses are covered by stable income from trailer and trustee fees on investment trust funds and wrap-account fees).

In time with the “Decisive Action on Reform,” the Company added one more business principle of “Belief in provision of custom-made products for each customer,” in addition to its principle of “We do not sell products simply because they are popular” based on its 20-year-old “Ichiyoshi’s 7 Standards” which stresses the Company’s belief in “Not dealing in products unsuitable to customers.” Thus, the Company is engaged in proposing custom-made products matching needs of each individual customer.

As regards activities on stocks during the period, the Company proposed to customers asset-backed stocks with stress on stability and dividends and small- and medium-cap growth stocks selected based on the Company’s strength in research.

With regard to “Dream Collection,” a fund wrap account vehicle, it enjoyed an increase in continuous need for conservative investment vehicles for customers’ medium- to long-term asset management. Its outstanding balance as of December 2021, registered 183.7 billion yen, up 26.7% from December 31, 2020.

With respect to investment trust funds other than Dream Collection, funds investing in U.S. growth stocks, funds investing in small-and medium-cap stocks (both domestic and foreign) and funds investing in SDG-related stocks, all based on Ichiyoshi’s proposals matching customers’ needs, contributed to increases in customers’ assets in custody. Their total outstanding balance as of December 31, 2021, was 798.7 billion yen, up 9.5% from December 31, 2020.

With respect to Ichiyoshi Asset Management Co., Ltd. the net asset values of funds under its management recorded its continuous increase and their outstanding balances at the end of the period registered 437.6 billion yen, up 29.1% from December 31, 2020.

Under such environment, net operating revenue for the first three quarters of fiscal 2021 amounted to 15,315 million yen, up 19.4% from the first three quarters of fiscal 2020. Operating cost and expenses amounted to 12,345 million yen, down 2.6%. Hence, operating income registered 2,970 million yen, an increase of 2,814 million yen from the year-earlier period.

The amount of customers’ assets in custody as at December 31, 2021 amounted to 1,996.8 billion yen, up 0.4% from the end of previous fiscal year.

Set forth below are revenue sources, cost and expenses and financial condition.

i. Commissions

Total commissions for the first three quarters of fiscal 2021 amounted to 14,849 million yen, up 19.1 % from the year-earlier period.

(a) Brokerage commissions

Total brokerage commissions on stocks decreased 2.9% to 4,167 million yen. Brokerage commissions on small- and medium-cap stocks (stocks listed on Second Section of the TSE, JASDAQ and TSE Mothers) registered 736 million yen, down 33.8%, accounting for 17.7% of total brokerage commissions on stocks.

(b) Commissions from underwriting and solicitation to specified investors

In the primary market, the Company participated in 34 initial public offerings on a management and underwriting basis (of which 3 were lead-managed by the Company) as against 23 participations (of which 3 were lead-managed by the Company) in the year-earlier period. In the secondary market (which deals with financing by already-listed companies), the Company participated in 6 deals on a management or underwriting basis as against 5 deals in the year-earlier period.

As a result, commissions from underwriting and solicitation to specified investors amounted to 586 million yen, up 72.6% from the comparable period of fiscal 2020.

The cumulative number of companies whose offerings were lead- or co-managed by the Company stood at 1,185 (of which 64 were lead-managed) as of December 31, 2021.

(c) Commissions from distribution and solicitation to specified investors

As commissions from distribution of investment trust funds recorded 3,009 million yen, up 25.9% from the year-earlier period, total commissions from distribution and solicitation to specified investors registered 3,051 million yen, up 22.2%.

(d) Commissions from other sources

Trailer fees rose 17.4% to 3,139 million yen. Management fees on investment trust funds managed by Ichiyoshi Asset Management recorded 1,367 million yen, up 44.6%. Fees from fund wrap accounts and others registered 2,028 million yen, up 74.4%. Thus, total commissions from other sources amounted to 6,927 million yen, up 32.9%.

ii. Gains or loss on trading

Trading in stocks, etc. recorded net gains of 140 million yen, up 28.7% from the year-earlier period. Trading in bonds and foreign exchange, etc. registered net gains of 13 million yen, down 67.7%. As a result, total net gains on trading amounted to 153 million yen, up 1.7%.

iii. Net financial revenue

Interest and dividend income increased 7.4% to 166 million yen, chiefly due to a rise in the average outstanding balance of advances for margin transactions during the term. Interest expenses slid 47.4% to 28 million yen. As a result, net financial revenue recorded 138 million yen, up 36.8%.

Resultantly, net operating revenue for the first three quarters of fiscal 2021 stood at 15,315 million yen, up 19.4% from the year-earlier period.

iv. Operating cost and expenses

Operating cost and expenses declined 2.6% to 12,345 million yen chiefly as trading-related expenses and personnel expenses decreased.

v. Non-operating income and expenses

The Company recorded non-operating income of 108 million yen, including gains of 57 million yen on investments in investment partnerships. As a result, net non-operating income amounted to 103 million yen.

Resultantly, current income for the first three quarters of fiscal 2021 amounted to 3,073 million yen, an increase of 2,884 million yen from the year-earlier period.

vi Extraordinary income and loss

Extraordinary income registered 162 million yen mainly in the form of gains on sales of investment securities, and extraordinary loss amounted to 24 million yen mainly in the form of a valuation loss on investment securities. As a result, net extraordinary income recorded 138 million yen, up 52.5%.

Resultantly, income before taxes and tax adjustments for the first three quarters of fiscal 2021 registered 3,211 million yen, and net income attributable to owners of parent (after deduction of corporate income taxes, resident's taxes and enterprise taxes in the aggregate amount of 714 million yen and corporate tax adjustments of 214million yen) recorded 2,283 million yen, an increase of 2,171 million yen from the year-earlier period.

(2)Outline on financial condition for the first three quarters of fiscal 2021

(a) Assets

Assets amounted to 53,168 million yen as of December 31, 2021, an increase of 3,956 million yen (up 8.0%) from March 31, 2021, mainly as cash and deposits swelled by 8,051 million yen while margin transaction assets fell by 2,116 million yen.

(b) Liabilities

Liabilities stood at 23,279 million yen as of December 31, 2021, a rise of 3,176 million yen (up 15.8%) from March 31, 2021, mainly as deposits received swelled by 6,253 million yen while margin transaction liabilities slid by 3,925 million yen.

(c) Net worth

Net worth amounted to 29,889 million yen as of December 31, 2021, an increase of 780 million yen (up 2.7%) from March 31, 2021. The increase resulted mainly as the Company registered net income (payable to owners of parent) of 2,283 million yen while the Company paid dividends in the amount of 1,371 million yen.

II. Quarterly Consolidated Financial Statements

(1) Quarterly Consolidated Balance Sheets

(in millions of yen)

| | As of March 31 2021 | As of December 31 2021 |
|---|------------------------|---------------------------|
| Assets | | |
| Current assets | | |
| Cash and deposits | 16,196 | 24,248 |
| Segregated deposits | 7,799 | 8,239 |
| Trading products | 112 | 24 |
| Trading securities and other | 112 | 24 |
| Trade date accrual | - | 0 |
| Margin transaction assets | 13,309 | 11,192 |
| Margin loans | 13,099 | 11,089 |
| Cash collateral provided for securities borrowed in margin transactions | 209 | 102 |
| Loans secured by securities | 2 | 0 |
| Cash collateral provided for securities borrowed | 2 | 0 |
| Advances paid | 93 | 22 |
| Deposits paid for underwritten offering, etc. | 2,423 | 1,963 |
| Short-term loans receivable | 0 | 7 |
| Securities | 1,000 | - |
| Accrued income | 1,745 | 1,460 |
| Other current assets | 193 | 112 |
| Allowance for doubtful accounts | △3 | △3 |
| Total current assets | 42,873 | 47,268 |
| Non-current assets | | |
| Property, plant and equipment | 3,068 | 3,148 |
| Buildings, net | 1,069 | 1,193 |
| Equipment | 662 | 619 |
| Land | 1,333 | 1,333 |
| Leased assets, net | 3 | 2 |
| Intangible assets | 691 | 539 |
| Software | 688 | 537 |
| Other | 2 | 1 |
| Investments and other assets | 2,578 | 2,211 |
| Investment securities | 1,011 | 879 |
| Long-term loans receivable | 19 | 24 |
| Long-term guarantee deposits | 978 | 917 |
| Retirement benefit asset | 363 | 390 |
| Deferred tax assets | 198 | 0 |
| Other | 86 | 78 |
| Allowance for doubtful accounts | △79 | △79 |
| Total non-current assets | 6,338 | 5,899 |
| Total assets | 49,211 | 53,168 |
| Liabilities | | |
| Current liabilities | | |
| Trading products | 0 | 0 |
| Derivatives | 0 | 0 |
| Trade date accrual | 25 | - |
| Margin transaction liabilities | 6,233 | 2,308 |
| Margin borrowings | 5,791 | 2,023 |
| Cash received for securities sold in margin transactions | 442 | 284 |
| Borrowings secured by securities | 130 | 485 |
| Cash collateral received for securities lent | 130 | 485 |
| Deposits received | 10,169 | 16,422 |
| Guarantee deposits received | 1,022 | 1,623 |
| Short-term borrowings | 213 | 228 |
| Lease obligations | 1 | 1 |
| Income taxes payable | 157 | 469 |
| Provision for bonuses | 518 | 247 |
| Other current liabilities | 1,250 | 1,144 |
| Total current liabilities | 19,724 | 22,932 |
| Non-current liabilities | | |
| Long-term borrowings | 146 | 131 |
| Lease obligations | 1 | 0 |
| Deferred tax liabilities for land revaluation | 7 | 7 |
| Other noncurrent liabilities | 40 | 37 |
| Total non-current liabilities | 197 | 176 |
| Reserves under special laws | | |
| Reserve for financial instruments transaction liabilities | 181 | 170 |
| Total reserves under special laws | 181 | 170 |
| Total liabilities | 20,103 | 23,279 |
| Net assets | | |
| Shareholders' equity | | |
| Share capital | 14,577 | 14,577 |
| Capital surplus | 6,885 | 6,885 |
| Retained earnings | 12,516 | 13,428 |
| Treasury shares | △4,098 | △4,098 |
| Total shareholders' equity | 29,881 | 30,792 |
| Accumulated other comprehensive income | | |
| Valuation difference on available-for-sale securities | 85 | 58 |
| Revaluation reserve for land | △1,125 | △1,125 |
| Remeasurements of defined benefit plans | 189 | 143 |
| Total accumulated other comprehensive income | △851 | △923 |
| Share acquisition rights | 78 | 20 |
| Total net assets | 29,108 | 29,889 |
| Total liabilities and net assets | 49,211 | 53,168 |

(2) Quarterly Consolidated Income Statements and Quarterly Comprehensive Income Statements
 Quarterly Consolidated Income Statements

(in millions of yen)

| | Fiscal year ended December 31, 2020 | Fiscal year ended December 31, 2021 |
|---|--|--|
| Operating revenue | | |
| Commission received | 12,465 | 14,849 |
| Net trading income | 151 | 153 |
| Financial revenue | 155 | 166 |
| Other operating revenue | 107 | 173 |
| Total operating revenue | 12,879 | 15,344 |
| Financial expenses | 54 | 28 |
| Net operating revenue | 12,825 | 15,315 |
| Selling, general and administrative expenses | | |
| Trading related expenses | 1,188 | 1,043 |
| Personnel expenses | 6,902 | 6,678 |
| Real estate expenses | 1,778 | 1,795 |
| Office expenses | 1,702 | 1,678 |
| Depreciation | 395 | 414 |
| Taxes and dues | 199 | 225 |
| Other | 502 | 510 |
| Total selling, general and administrative expenses | 12,669 | 12,345 |
| Operating profit | 155 | 2,970 |
| Non-operating income | | |
| Dividends from investment securities | 17 | 17 |
| Gain on investments in investment partnerships | 0 | 57 |
| Insurance claim and dividend income | 23 | 16 |
| Other | 12 | 16 |
| Total non-operating income | 54 | 108 |
| Non-operating expenses | | |
| Loss on investments in investment partnerships | 17 | 3 |
| Loss on cancellation of leases | - | 0 |
| Other | 3 | 0 |
| Total non-operating expenses | 20 | 4 |
| Ordinary profit | 188 | 3,073 |
| Extraordinary income | | |
| Gain on sale of investment securities | 91 | 85 |
| Gain on sale of non-current assets | 0 | - |
| Gain on reversal of share acquisition rights | 8 | 65 |
| Reversal of reserve for financial instruments transaction liabilities | 29 | 11 |
| Total extraordinary income | 130 | 162 |
| Extraordinary losses | | |
| Loss on retirement of non-current assets | 4 | 0 |
| Loss on sale of non-current assets | - | 5 |
| Loss on sale of investment securities | - | 5 |
| Loss on valuation of investment securities | - | 13 |
| Impairment losses | 35 | - |
| Total extraordinary losses | 40 | 24 |
| Profit before income taxes | 279 | 3,211 |
| Income taxes - current | 70 | 714 |
| Income taxes - deferred | 97 | 214 |
| Total income taxes | 167 | 928 |
| Profit | 111 | 2,283 |
| Profit attributable to owners of parent | 111 | 2,283 |

Quarterly Comprehensive Income Statements

(in millions of yen)

| | Fiscal year ended December 31,2020 | Fiscal year ended December 31,2021 |
|--|---------------------------------------|---------------------------------------|
| Profit | 111 | 2,283 |
| Other comprehensive income | | |
| Valuation difference on available-for-sale securities | 108 | △26 |
| Remeasurements of defined benefit plans, net of tax | △7 | △45 |
| Total other comprehensive income | 100 | △72 |
| Comprehensive income | 212 | 2,210 |
| Comprehensive income attributable to | | |
| Comprehensive income attributable to owners of parent | 212 | 2,210 |
| Comprehensive income attributable to non-controlling interests | - | - |

(3) Notes to Quarterly Consolidated Financial Statements

(Notes concerning premises for continuing business enterprise)

None.

(Notes in the event of material changes in shareholders' equity)

None.

(Application of accounting principles unique to the preparation of quarterly financial statements)

None.

(Changes to accounting policies and changes/restatement of accounting estimates)

(Application of Accounting Standards Concerning Revenue Recognition)

“Accounting Standards Concerning Revenue Recognition” (Corporate Accounting Standards No. 29, dated March 31, 2020) has been applied effective from the beginning of the first quarter of fiscal 2021. Accordingly, at the time when the control of promised goods or services has been transferred to a customer, an amount receivable as compensation for such transfer of goods or services is recognized as revenue.

Thus, with respect to transactions on goods or services which the Company has carried out as agent, a net amount of compensation, after deduction of a payment to a third party, is recognized as revenue while previously a whole amount of compensation was recognized as revenue.

Figures relating to the first three quarters of fiscal 2020 are also retroactively adjusted in principle in accordance with the new accounting standards.

As a result, other operating revenue and other operating expenses in the first three quarters of fiscal 2020 decreased respectively by the amount of 1,090 million yen as compared with when the new accounting standards were not applied. There is no change to income figures mentioned below net operating revenue in the consolidated income statements.

III. Supplementary Information for Third Quarter of Fiscal 2021

(in millions of yen with fractions less than a million yen rounded down)

1. Commission received

(1) Commissions by sources

| | Third quarter of fiscal year ended | | year-on-year change | Fiscal year ended March 31, 2021 |
|---|------------------------------------|-------------------|------------------------|-------------------------------------|
| | December 31, 2020 | December 31, 2021 | | |
| Brokerage commission | 4,417 | 4,283 | △3.0 % | 6,182 |
| (Stocks) | (4,292) | (4,167) | (△2.9) | (6,026) |
| (Beneficiary certificates) | (124) | (116) | (△6.8) | (155) |
| Commission for underwriting, secondary distribution and solicitation for selling and others for professional investors | 339 | 586 | 72.6 | 496 |
| (Stocks) | (339) | (586) | (72.6) | (496) |
| Fees for offering, secondary distribution and solicitation for selling and others for professional investors | 2,497 | 3,051 | 22.2 | 3,554 |
| (Beneficiary certificates) | (2,390) | (3,009) | (25.9) | (3,442) |
| Other commission received | 5,210 | 6,927 | 32.9 | 7,374 |
| (Beneficiary certificates*) | (4,783) | (6,536) | (36.6) | (6,680) |
| Total | 12,465 | 14,849 | 19.1 | 17,608 |

*Breakdown of Beneficiary certificates

| | Third quarter of fiscal year ended | | year-on-year change | Fiscal year ended March 31, 2021 |
|--|------------------------------------|-------------------|------------------------|-------------------------------------|
| | December 31, 2020 | December 31, 2021 | | |
| Trailer fees relating to balances of funds | 2,674 | 3,139 | 17.4 % | 3,625 |
| Trust fees for fund management | 945 | 1,367 | 44.6 | 1,316 |
| Fees from wrap-accounts | 1,163 | 2,028 | 74.4 | 1,738 |
| Total | 4,783 | 6,536 | 36.6 | 6,680 |

(2) Commissions by products

| | Third quarter of fiscal year ended | | year-on-year change | Fiscal year ended March 31, 2021 |
|--------------------------|------------------------------------|-------------------|------------------------|-------------------------------------|
| | December 31, 2020 | December 31, 2021 | | |
| Stocks | 4,652 | 4,773 | 2.6 % | 6,551 |
| Bonds | 106 | 42 | △60.2 | 112 |
| Beneficiary certificates | 7,299 | 9,661 | 32.4 | 10,278 |
| Others | 407 | 371 | △8.8 | 665 |
| Total | 12,465 | 14,849 | 19.1 | 17,608 |

2. Net trading income

| | Third quarter of fiscal year ended | | year-on-year change | Fiscal year ended March 31, 2021 |
|-------------------------------|------------------------------------|-------------------|------------------------|-------------------------------------|
| | December 31, 2020 | December 31, 2021 | | |
| Stocks, etc. | 108 | 140 | 28.7 % | 171 |
| Bonds, foreign exchange, etc. | 42 | 13 | △67.7 | 138 |
| (Bonds, etc.) | (19) | (5) | (△68.8) | (24) |
| (Foreign exchange, etc.) | (23) | (7) | (△66.7) | (114) |
| Total | 151 | 153 | 1.7 | 310 |

3. Quarterly Consolidated Income Statements for Recent Seven Quarters

(in millions of yen)

| | 1st Q (4-6/'20) | 2nd Q (7-9/'20) | 3rd Q (10-12/'20) | 4th Q (1-3/'21) | 1st Q (4-6/'21) | 2nd Q (7-9/'21) | 3rd Q (10-12/'21) |
|--|--------------------|--------------------|----------------------|--------------------|--------------------|--------------------|----------------------|
| Operating revenue | 3,811 | 4,244 | 4,823 | 5,391 | 5,164 | 4,956 | 5,223 |
| Commission received | 3,689 | 4,136 | 4,639 | 5,142 | 5,004 | 4,799 | 5,045 |
| Net trading income | 28 | 24 | 98 | 159 | 28 | 48 | 77 |
| Financial revenue | 49 | 54 | 51 | 51 | 57 | 58 | 50 |
| Other operating revenue | 43 | 28 | 34 | 37 | 73 | 50 | 50 |
| Financial expenses | 18 | 20 | 15 | 16 | 12 | 11 | 4 |
| Net operating revenue | 3,792 | 4,223 | 4,808 | 5,375 | 5,151 | 4,945 | 5,218 |
| Selling, general and administrative expenses | 4,174 | 4,223 | 4,272 | 4,266 | 4,268 | 3,991 | 4,085 |
| Trading related expenses | 431 | 388 | 368 | 343 | 372 | 293 | 377 |
| Personnel expenses | 2,231 | 2,322 | 2,348 | 2,321 | 2,259 | 2,208 | 2,211 |
| Real estate expenses | 586 | 599 | 591 | 638 | 637 | 585 | 572 |
| Office expenses | 547 | 554 | 600 | 588 | 586 | 535 | 555 |
| Depreciation | 130 | 131 | 132 | 132 | 161 | 125 | 126 |
| Taxes and dues | 62 | 67 | 69 | 75 | 73 | 76 | 75 |
| Provision of allowance for doubtful accounts | — | — | 0 | 0 | 0 | △0 | 0 |
| Other | 184 | 158 | 159 | 165 | 177 | 167 | 165 |
| Operating profit | △381 | 0 | 535 | 1,108 | 882 | 953 | 1,133 |
| Non-operating income | 17 | 4 | 32 | 7 | 55 | 35 | 17 |
| Non-operating expenses | 1 | 17 | 1 | 5 | 0 | 3 | 0 |
| Ordinary profit | △365 | △12 | 566 | 1,111 | 937 | 985 | 1,150 |
| Extraordinary income | 105 | 1 | 23 | 3 | 154 | 0 | 7 |
| Extraordinary losses | 2 | 2 | 35 | 80 | 18 | 5 | 0 |
| Profit before income taxes | △261 | △12 | 554 | 1,034 | 1,073 | 979 | 1,158 |
| Income taxes - current | 21 | 25 | 23 | 209 | 99 | 351 | 264 |
| Income taxes - deferred | 117 | △96 | 76 | △64 | 189 | △87 | 111 |
| Profit | △401 | 58 | 454 | 889 | 785 | 715 | 782 |
| Profit attributable to owners of parent | △401 | 58 | 454 | 889 | 785 | 715 | 782 |

(END)