

Consolidated Financial Summary (for the year ended March 31, 2022)

April 28, 2022

Company Name: Tokai Tokyo Financial Holdings, Inc.
 Stock Listings: Tokyo Stock Exchange/Nagoya Stock Exchange
 Stock Code: 8616 URL: <http://www.tokaitokyo-fh.jp/>
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Scheduled date for general meeting of shareholders: June 28, 2022
 Scheduled date for filing securities report: June 28, 2022
 Scheduled day of commencing dividend payment: June 29, 2022
 Supplementary explanation documents for earnings: Yes
 Earnings presentation for the fiscal year: Yes (for financial analysts and institutional investors)

(Figures are rounded down to the nearest one million yen and those in parentheses are negative figures.)

1. Consolidated Financial Results for the Year Ended March 31, 2022 (from April 1, 2021 to March 31, 2022)**(1) Consolidated Results of Operation**

(Figures in percentages denote the year-on-year change.)

	Operating revenue		Net operating revenue		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	million yen	%	million yen	%	million yen	%	million yen	%	million yen	%
Year ended										
March 31, 2022	80,975	16.7	78,249	16.7	9,881	2.0	12,979	3.4	13,150	44.6
March 31, 2021	69,362	12.4	67,041	12.2	9,685	—	12,548	—	9,094	229.1

(Note) Comprehensive income: March 31, 2022: 13,593 million yen [4.6 %]

March 31, 2021: 12,991 million yen [— %]

	Net income per share	Diluted net income per share	Return on equity	Return on assets	Operating income/ Operating revenue
	yen	yen	%	%	%
Year ended					
March 31, 2022	52.94	52.79	7.8	0.9	12.2
March 31, 2021	36.62	36.62	5.6	1.0	13.3

(Reference) Share of profit of entities accounted for using equity method March 31, 2022: 1,179 million yen March 31, 2021: 1,591 million yen

(Note) From the current consolidated fiscal year, the Company has made changes in the presentation method. Therefore, the operating income of previous year's consolidated results of operation reflect that.

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net asset per share
	million yen	million yen	%	yen
As of				
March 31, 2022	1,581,231	185,568	10.9	694.86
March 31, 2021	1,416,569	172,684	11.7	666.65

(Reference) Shareholders' equity March 31, 2022: 172,730 million yen March 31, 2021: 165,572 million yen

(3) Consolidated Cash Flows Position

	Cash flows from operation	Cash flows from investment	Cash flows from financing	Cash and cash equivalents
	million yen	million yen	million yen	million yen
Year ended				
March 31, 2022	5,672	(23,011)	32,355	98,442
March 31, 2021	(73,074)	(12,397)	104,805	81,950

2. Dividends

(Base date)	Dividend per share					Total cash dividends (annual)	Dividends payout ratio (consolidated)	Net assets dividend ratio (consolidated)
	End of first quarter	End of second quarter	End of third quarter	End of year	Annual			
	yen	yen	yen	yen	yen	million yen	%	%
Ended March 31, 2021	—	8.00	—	14.00	22.00	5,464	60.1	3.4
Ended March 31, 2022	—	10.00	—	14.00	24.00	5,963	45.3	3.5
Ending March 31, 2023 (Forecast)	—	—	—	—	—		—	

(Note) 1) The dividend of 8.00 yen at the end of second quarter for the year ending March 31, 2021 includes commemorative dividend of 2.00 yen.

2) The dividend of 14.00 yen at the end of year for the year ended March 31, 2021 includes commemorative dividend of 2.00 yen.

3. Forecast of Consolidated Operating Results for Fiscal 2022 (from April 1, 2022 to March 31, 2023)

The Group operates principally in the financial instruments business, and its operating results are likely to be affected by 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.

* Notes

(1) Important Changes in Subsidiaries during the Term (Changes Pursuant to the Subsidiaries that Lead to a Change in the Scope of Consolidation): Yes

New : 2 companies (ACE Securities Co.,Ltd. , Maruhachi Securities Co.,Ltd.)

Exclusion : None

(2) Changes in Accounting Policies or Estimates and Retrospective Restatements

1) Changes in accounting policies in accordance with revision of accounting standards: Yes

2) Changes in accounting policies other than item 1) above: None

3) Change in accounting estimates: None

4) Retrospective restatements: None

(3) Number of Shares Issued (Common Stock)

1) Number of shares issued at the end of the term including treasury shares

As of March 31, 2022: 260,582,115 As of March 31, 2021: 260,582,115

2) Number of treasury shares at the end of the term

As of March 31, 2022: 11,999,455 As of March 31, 2021: 12,218,314

3) Average number of shares outstanding

Year ended March 31, 2022: 248,425,425 Year ended March 31, 2021: 248,364,809

(Reference)

Non-consolidated Financial Results for the Year Ended March 31, 2022 (from April 1, 2021 to March 31, 2022)

(1) Non-consolidated Results of Operations

(Figures in percentages denote the year-on-year change.)

Year ended	Operating revenue		Operating profit		Ordinary profit		Net income	
	million yen	%	million yen	%	million yen	%	million yen	%
March 31,2022	15,395	86.7	6,066	—	6,811	—	6,349	—
March 31,2021	8,244	(54.0)	(624)	—	264	(97.6)	213	(98.0)

Year ended	Net income per share	Diluted net income per share
	yen	yen
March 31,2022	25.56	25.49
March 31,2021	0.86	0.86

(Note) From the current fiscal year, the Company has made changes in the presentation method. Therefore, the operating income of previous year's Non-consolidated results of operation reflect that.

(2) Non-consolidated financial position

As of	Total assets	Net assets	Equity ratio	Net assets per share
	million yen	million yen	%	yen
March 31,2022	251,859	109,451	43.3	438.30
March 31,2021	206,114	109,030	52.7	437.21

(Reference) Shareholders' equity March 31, 2022: 108,954 million yen March 31, 2021: 108,587 million yen

* This consolidated financial summary is exempt from certified public accountant and audit corporations

* Note to proper use of forecast of operating results and other special remarks

Dividends for the fiscal year ending March 31, 2023 have not been determined because it is difficult to forecast operating results, as described similarly in "3.Forecast of Consolidated Operating Results for Fiscal 2022."

* How to view supplementary explanation documents for earnings

Supplementary explanation documents for earnings will be available on both Timely Disclosure network and our website on Thursday, April 28, 2022.

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1. Qualitative Information for the Consolidated Fiscal Year Ended March 31, 2022

(1) Review of Operating Results

Japanese Economy: During the consolidated fiscal year under review (April 1, 2021, to March 31, 2022), consumer spending remained weak amid sustained Covid restrictions on economic activities that were responses to repeated cycles of surge and decline in infections. On the supply side, parts shortages forced automakers and other manufacturers to slash production. Reflecting these conditions, quarterly growth rates switched between positive and negative results, denoting slow progress toward economic normalization. A current source of concern is the rising price of goods due to the soaring cost of raw materials and certain products. Another potential attribute to the higher price of goods is an impact of the falling yen.

Looking Abroad: Overseas markets maintained a reasonable recovery momentum with policies designed to keep the economy tolerating the pandemic. Concerningly, however, alarm over rising inflation has prompted the central banks of Western economies to pursue monetary tightening.

Japanese Stock Market: Starting at around ¥29,400 in April, the Nikkei Stock Average slackened during the summer amid rising infections, falling below ¥27,000 at one point in August. However, in September, the Nikkei bounced back after Yoshihide Suga announced that he would resign as prime minister. By the middle of the month, the Nikkei had recovered to around ¥30,000. After Fumio Kishida was elected as LDP leader, dampening hopes of growth and structural reform, the Nikkei entered a boxed trading range with ¥28,000 as the midpoint. During the January–March quarter, the Nikkei faced downward pressure from rising US interest rates and the Ukrainian crisis and dipped below ¥25,000 at one point in early March. It finished the period at around ¥27,800 after showing some short-lasting rebound. During the year under review, the average daily transaction volume in the First Section of the Tokyo Stock Exchange was ¥3,168.7 billion, higher than the figure for the previous fiscal year, which was ¥2,809.0 billion.

US Stock Market: The Dow Jones Industrial Average opened at around \$33,000 in April. The Dow followed an upward path over the months that followed. It underwent a rather large correction in September, but then returned to an upward path in October, buoyed by generally favorable corporate earnings. By early November, the Dow hit an all-time high of over \$36,500. However, around the end of the November, the Dow plunged after a new variant (Omicron) was reported. After it plummeted to somewhere around \$34,000, the Dow rebounded sharply amid signs that economic normalization measures would be maintained. On January 4, the Dow closed at \$36,799.65, its highest-ever closing price. After the Federal Reserve shifted to a more hawkish stance and the Ukrainian situation worsened, the Dow fell to \$32,200. Once these negative factors were accounted for, the Dow rebounded, finishing March at \$34,600.

Japanese Bond Market: The yield on 10-year JGB, the indicator of long-term interest rates, started at

0.12% in April. In August, the yield hit a period low of zero, reflecting market pessimism in Japan. For the rest of the year, it trended between zero and 0.10%. During the January–March quarter, the yield climbed in tandem with rising US interest rates, peaking at 0.25% on March 28. Following funds-supplying operations by the Bank of Japan (in which the bank offers to buy unlimited amounts of the 10-year JGB), the yield finished the month at 0.21%.

US Bond Market: The yield on the US 10-Year Bond started at 1.74% in April. The yield then declined over the months that followed amid disappointing US economic performance, the global spread of the delta variant, and subsequent burgeoning demand for US bonds. In August, the yield hit a period low of 1.13%. It then picked up amid the forecast that the Federal Reserve would normalize its fiscal policy. The yield on the US 10-Year Bond hit a period high 2.55% on March 28, finishing the March trading at 2.34%.

Foreign Exchange Market: The dollar-to-yen exchange rate opened in April at around 1 USD to 110 JPY and fell to a period low on April 23, 107 JPY to the dollar. Until mid-September, the dollar was hovering around 110 JPY. After the Federal Open Market Committee (FOMC), at the end of its September meeting, announced that it would reduce its net asset purchases, the dollar recovered, reaching a rate of over 1 USD to 115 JPY. As tensions arose between Russia and Ukraine, demand for the yen as a safe-haven currency proved limited. This factor, coupled with the interest rates gap between Japan and the US and Japan's towering trade deficit, caused the dollar to rise further against the yen. On March 28, the dollar fetched 125 JPY, the highest level for six years and seven months. The dollar finished the month at the rate of around 1 USD to 121 JPY.

Operating Results:

Under the above-stated market environment, the Group's consolidated operating results during the period under review were as follows: All percentages shown below indicate year-on-year comparisons in this section (1).

(Commission received)

During the period under review, total commissions received increased 20.5%, to ¥37,575 million.

(i) Commission to consignees:

Total commissions to consignees earned by the Group totaled ¥13,929 million, a result somewhat similar to that of the previous year. Under this category, volume of stock brokered by Tokai Tokyo Securities, our core subsidiary, decreased 23.6%, to 2,641 million shares, and value of stock brokered decreased 12.6%, to ¥5,350,800 million. Commissions to consignees on stocks earned by the Group decreased 2.0%, to ¥13,266 million.

(ii) Commission for underwriting, secondary distribution and solicitation for selling and others for professional investors:

This item totaled ¥1,333 million, an increase of 23.9%. Under this category, commission earned by the handling of stock totaled ¥722 million, a decrease of 3.5%, while commission on bonds totaled ¥610 million, an increase of 86.7%.

(iii) Fees for offering, secondary distribution and solicitation for selling and others for professional investors:

This item totaled ¥9,939 million, an increase of 53.8%. Under this category, fees from beneficiary certificates increased 54.0% to ¥9,931 million, reflecting an increase in the number of group companies.

(iv) Other fees received:

This item totaled ¥12,372 million, an increase of 27.6%. Under this category, agency commissions from investment trusts increased 60.4%, to ¥5,851 million, and insurance commissions increased 15.3%, to ¥3,693 million.

(Net trading income)

Net trading income totaled ¥33,998 million, a similar result to the previous year. Under this category, stock trading income decreased 27.6%, to ¥16,185 million, and trading of bonds and foreign exchanges (primarily from foreign currency-denominated bonds and structure bonds) increased 53.1%, to ¥17,813 million.

(Net financial revenue)

Net financial revenue increased 259.2%, to ¥6,675 million. Under this category, financial revenue increased 124.9%, to ¥9,401 million, while financial expenses increased 17.4%, to ¥2,726 million.

(Selling, general and administrative expenses)

Selling, general and administrative expenses totaled ¥68,368 million, an increase of 19.2%. Under this category, trading-related expenses increased 28.6%, to ¥13,127 million, due to factors such as higher IFA fees and a higher number of group companies. The higher number of group companies also caused personnel costs to increase by 17.5%, to ¥32,320 million. Similarly, real estate expenses increased 13.8%, to ¥7,732 million, and office expenses increased 28.0%, to ¥8,645 million.

(Non-operating income and expenses)

Non-operating income totaled ¥3,341 million, an increase of 3.3%. Under this category, equity-method investments income totaled ¥1,179 million, while dividend income totaled ¥672 million. Non-operating expenses totaled ¥243 million, a decrease of 34.3%. Under this category, loss on investments in investment partnerships totaled ¥204 million.

(Extraordinary income and losses)

In the period under review, we recorded extraordinary income: primarily, ¥8,268 million in gain on negative goodwill realization following the full acquisition of ACE Securities. We also recorded extraordinary loss in conjunction with the said acquisition that was made in installments; ¥2,473 million as a result of reevaluation of ACE Securities shares owned by us.

Consequently, in the period under review, operating revenue increased 16.7%, to ¥80,975 million; net operating revenue increased 16.7%, to ¥78,249 million; operating income increased 2.0%, to ¥9,881 million; ordinary income increased 3.4%, to ¥12,979 million; finally, profit attributable to owners of parent after deducting income taxes and others increased 44.6%, to ¥13,150 million.

(2) Review of the Financial Statements

All comparison shown below are with the end of the previous consolidated fiscal year in this section (2).

(Assets)

As of the end of the period under review, total assets amounted to ¥1,581,231 million, an increase of ¥164,661 million. Under this category, current assets increased ¥163,031 million to ¥1,505,707 million. The key contributors were cash and deposits, which increased ¥16,770 million to ¥100,360 million, and loans secured by securities, which increased ¥143,754 million to ¥551,583 million. Non-current assets increased ¥1,630 million to ¥75,523 million. The main contributor was software, which increased ¥3,347 million to ¥5,879 million.

(Liabilities)

Total liabilities as of the end of the period under review increased ¥151,778 million to ¥1,395,663 million. Under this category, current liabilities increased ¥111,771 million to ¥1,254,845 million. The main contributors were trading products, which increased ¥65,319 million to ¥444,613 million, and trade date accrual, which increased ¥68,929 million to ¥78,170 million. Partially offsetting the increase was borrowings secured by securities, which decreased ¥41,945 million to ¥326,725 million. Non-current liabilities increased ¥39,938 million to ¥140,114 million. The main factors were bonds payable, which increased ¥16,722 million, to ¥28,585 million, and long-term borrowings, which increased ¥23,100 million to ¥107,300 million.

(Net assets)

In the period under review, total net assets amounted to ¥185,568 million, an increase of ¥12,883 million. Under this category, retained earnings increased ¥7,189 million, to ¥114,580 million.

(3) Review of the Statements of Cash Flows

Net cash provided by operating activities was ¥5,672 million. The main inflows were profit before income taxes, which was ¥17,828 million, trading products (assets), which decreased ¥60,761 million, and trading products (liabilities), which increased ¥65,319 million. The main outflows were margin transaction assets, which increased ¥24,714 million, loans secured by securities, which increased ¥143,754 million, and borrowings secured by securities, which decreased ¥41,945 million.

Net cash used in investing activities was ¥23,011 million. The main outflows were ¥27,696 million for short-term loan advances, ¥1,062 million for the purchase of property, plant and equipment, ¥3,120 million for the purchase of intangible assets, and ¥3,141 million for the purchase of investment securities. The main inflows were ¥2,983 million in proceeds from sales of investment securities and the net increase in cash of ¥4,539 million as a result of both the share purchase and the recognition of additional cash on a consolidated basis that accompanied the change in scope of consolidation.

Net cash provided by financing activities was ¥32,355 million. The main inflow was ¥26,100 million in proceeds from long-term borrowings. It was partially offset by ¥5,972 million in net decrease in short-term borrowings and ¥5,961 million for dividend payments.

As a result, the balance of cash and cash equivalents totaled ¥98,442 million, up ¥16,491 million from the previous year.

(4) Basic Policy Concerning Profit Distribution and Dividend Payment for the Current and Next Fiscal Years

Revenues from the operation of the financial instruments business, in which the Group is primarily engaged, tend to be significantly affected by market trend. So, the Group's basic policy in determining dividend payment is to return profits to shareholders in a steady and appropriate amount while at the same time trying to increase retained earnings.

The Company's basic policy on the frequency of dividend payments is to make two payments in each fiscal year—one as an interim dividend and the other as a year-end payment. The interim dividend payment is decided by the Board of Directors and the year-end payment is decided at a general meeting of shareholders.

The Company's Articles of Incorporation stipulate that the Company may pay interim dividend in accordance with the provisions of Article 454, Paragraph 5, of the Companies Act.

The year-end dividend per share for the fiscal year under review will be ¥14 of ordinary dividends, which will make an annual total dividend of ¥24 combined with the interim dividend. As a result, the payout ratio will be 45.3% on a consolidated basis.

(5) Outlook

The Group operates principally in the financial instruments business, and its operating results are likely to be affected by market fluctuations. Because of the nature of its business and the consequent difficulty in predicting its future performance, the Company does not disclose forecasts of operating results.

(6) Old and New Five-year Management Plan

New Age's Flag Bearer 5 (2017–2022)

The year under review marked the final year of New Age's Flag Bearer 5, a five-year management plan that began in April 2017. For that final year, we focused on boosting the earning capacity of Tokai Tokyo Securities and undertook a fourfold "future" strategy (a strategy designed to establish a new business model) in a stepped-up endeavor to expand our business foundation. This strategy consisted of the following four actions: 1) promoting Orque d'or Society and Orque d'or Ecosystem, 2) further driving support programs for regional banks, 3) establishing Tokai Tokyo Digital World, and 4) making the

Great Platform a reality. We considered these actions necessary to accelerate our evolution into an innovative and comprehensive financial group that can meet the increasingly diverse and sophisticated needs of individual and corporate customers.

In the final year of the five-year period, we recorded a return on equity of 7.8%, relative to our KGI of 10%; we recorded an ordinary income of ¥12.9 billion, relative to our goal of ¥30.0 billion; we recorded assets in custody (group-wide) of ¥8.2 trillion, relative to our goal of ¥10 trillion.

The following table presents the tasks we accomplished during the five years of New Age’s Flag Bearer 5 and those that remain outstanding.

Strategic themes		Tasks accomplished	Tasks remaining outstanding
Go further in strengthening and growing business foundation	Tokai Tokyo Securities: Pursue originality with segmented retail strategy	<ul style="list-style-type: none"> · Developed different approaches for wealthy, matured, and asset-building segments · Pursued ABCD retail strategy · Improved marketing analytics with AI 	<ul style="list-style-type: none"> · Expand sources of recurring revenue · Improve solutions marketing
	Tokai Tokyo Securities: Advance trilateral initiatives toward corporate customers and expand operations in global markets	<ul style="list-style-type: none"> · Enhanced formulation and delivery of products · Improved coordination between divisions of market/corporate, investment banking, and wealth division’s operation · Acquired and capitalized on competencies for mediating M&As/business succession 	<ul style="list-style-type: none"> · Market/corporate segment to regularly generate ¥3 billion in revenue a month (it generated this in March 2022) · Improve lineup · Win more corporate customers and improve business proposals
	Develop the Great Platform model to improve services	<ul style="list-style-type: none"> · Grew insurance agency operations as a revenue source · Improved Financial Instruments Intermediary business 	<ul style="list-style-type: none"> · Further develop the Great Platform as a unique model
	Undertake a productivity revolution and cultivate talent	<ul style="list-style-type: none"> · Consolidated administrative functions of sales offices and back-office operations · Consolidated offices by deploying regional and satellite offices system for better-operating efficiency · Provided infrastructure for remote work · Reduced work hours with RPA and BPR 	<ul style="list-style-type: none"> · Pursue sales office strategy · Use group assets to reduce outsourcing costs · Generate cost synergies with ACE Securities
	Improve organizational management and lines of defense	<ul style="list-style-type: none"> · Ensured fiduciary duty · Built a three-line system of defense 	<ul style="list-style-type: none"> · Unify and enhance risk management across the group (with an “anticipate and defend” approach)
	Cultivate humanity and professionalism	<ul style="list-style-type: none"> · Shifted to job-based employment · Enrich lineup of training opportunities 	<ul style="list-style-type: none"> · Establish new HR management system and further promote workplace diversity

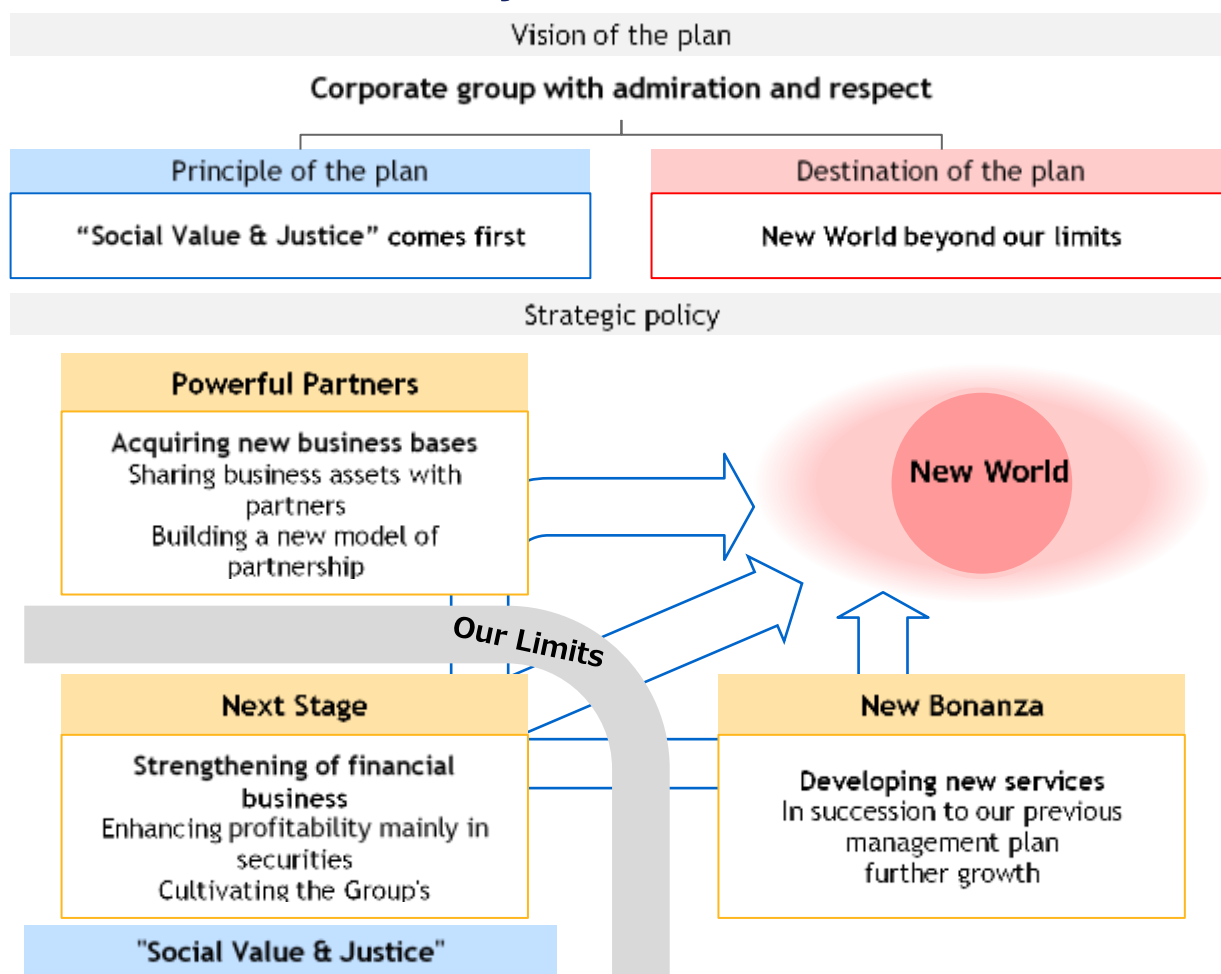
Strategic themes	Pursue six strategic themes: M&As with peers, asset management businesses, diverse pension and insurance businesses, banking businesses, overseas strategy, greater metropolitan market	<ul style="list-style-type: none"> · Pursued opportunities for M&As with peers (fully acquired Takagi Securities and ACE Securities) · Integrated insurance businesses (Eternal, Mebius) into the group · Expanded services and customer base in Tokyo (opened an Orque d'or Salon Tokyo) 	<ul style="list-style-type: none"> · Acquire banking businesses · Enhance asset management businesses
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Strategic themes		Tasks accomplished	Tasks remaining outstanding
Future strategy (for establishing a new business model)	Fourfold strategy <ul style="list-style-type: none"> · Orque d’or Society and Orque d’or Ecosystem · Support programs for regional banks · Tokai Tokyo Digital World · Great Platform 	<ul style="list-style-type: none"> · Strengthened and expanded the Orque d’or community · Launched two securities joint ventures (Tochigin Tokai Tokyo Securities, Juroku Tokai Tokyo Securities) and a Financial Instruments Intermediary Business (Fidia Holdings) · Coordinated closer with regional banks to expand the network · Actively invested in the digital sector to develop new financial services; earned recognition as one of the issuers of DX Stocks 2021 · Released asset management app, Money Compass · Assisted launch of security token on Singaporean platform (first company in Japan to do so) and launched sales among investors in Japan · Founded CHEER, a smartphone-based brokerage service provider; CHEER launched Japan’s first service that lets you invest in US stocks from as little as ¥500 · Laid foundations for building networks with the companies in the non-financial industries 	<ul style="list-style-type: none"> · Further enhance services for Orque d’or members · Increase revenue from the operation of JV Securities run together with regional banks · Use various digital technologies to create revenue opportunities · Use the network with the companies in non-financial industries to build a unique business model

New Five-year Management Plan: “Beyond Our Limits”

In April 2022, we launched a new five-year management plan, “Beyond Our Limits”. The new plan is designed to accomplish the above outstanding tasks and unlock further growth. By further refining and expanding our unique business model, we will make our organization capable of impressive growth in the most challenging of business climates. “Beyond Our Limits” sets out a vision of the kind of organization we want to be: a comprehensive financial group with admiration and respect. This vision is underpinned by a principle of the plan: “Social Value & Justice” comes first. It is also underpinned by an innovative strategy for forging a New World beyond our limits.

“Beyond Our Limits”



(1) “Social Value & Justice” comes first

“Social Value & Justice” comes first is based on the Group's belief that there is no value for a company without the pursuit of social value and justice. Based on this belief, “Social Value & Justice”, as a selection criterion and a prerequisite, underlies all of our activities, businesses and services.

(2) “New World”

Our destination “New World” lies beyond our limits. To get there, we will raise our financial power we have cultivated to the "Next Stage," challenge of the "New Bonanza," of new business opportunities, and build cooperative relationships with "Powerful Partners," strong alliance partners, and break through the limits. By working together with each other, the Group aims to achieve unprecedented growth and create a unique business model for maximizing value.

Reinforcing the group’s organizational structure

In this first year of Beyond Our Limits, we started implementing organizational reform on April 1, 2022 (see the press release dated March 25, 2022) to pave the way for a bold, innovative strategy necessary to achieve the vision.

Sustainability initiatives

We consider that a new five-year management plan enshrining the idea that social value and social justice come first in everything we do embodies the reasons for our existence in society. We will go even further in integrating sustainability into our businesses and addressing social issues. Listed below are our sustainability accomplishments since April 2021.

Health

- Hired athlete who had competed in the Beijing 2022 Winter Olympics
- Recognized as one of the 2022 Health & Productivity Management companies
- Listed among 2022 Sports Yell Companies (companies that support sport)
- Certified for the first time as a model company for sports promotion (by the Tokyo Metropolitan Government)

Regional Economic Revitalization/Regional Contribution

- Decided to invest in Japan Platform of Industrial Transformation, Inc.
- Provided student loans (known as *Fujita gakuen rōn*) to medical students enrolled at Fujita Health University
- Became official partner of Ghibli Park

Environmental

- Underwrote gender bond (social bond) issued by the Japan International Cooperation Agency
- Underwrote green bond issued by the Tokyo Metropolitan Government
- Underwrote social bond issued by the Tokyo Metropolitan Government
- Underwrote green bond issued by Kansai Electric Power Company
- Switched to renewable energy in the Head Office of the Company and in the head office of Tokai Tokyo Securities

ESG

- Endorsed recommendations of the Task Force on Climate-related Financial Disclosures (TCFD recommendations).
- Started disclosing in line with TCFD recommendations.
- Selected as a composite of FTSE Blossom Japan Sector Relative Index* (recently provided by FTSE Russell**. *the Index lists Japanese companies that demonstrate strong ESG performance)

**FTSE Russell is a provider of global market indices. It is a wholly-owned subsidiary of London Stock Exchange Group (LSEG) and forms part of LSEG's Information Services Division.

As the above accomplishments illustrate, we are committed to the Sustainable Development Goals (SDGs) adopted as part of the UN's 2030 Agenda for Sustainable Development. We will keep a spirit of innovation in the business activities connected with our corporate vision* and invest in communities, people, and the environment for a more sustainable world.

*This vision is expressed as follows: "We will contribute to the growth of our nation's economy by fulfilling

the role as a financial service provider to help individual customers with their wealth formation and corporate customers with their capital enhancement.”

2. Basic Concept regarding the Selection of Accounting Standards

The Group engages in the financial instruments business mainly for domestic customers. Moreover, its shareholders principally consist of domestic shareholders. Under these circumstances, the Company consistently applies Japanese generally accepted accounting principles.

Regarding International Financial Reporting Standards (IFRS), the Company will examine the suitability of the application by giving our thought to the expected increase in the convenience of international comparison of financial information in the capital market while paying attention to the progress of the Group’s business at home and abroad as well as the changing composition of shareholders.

Consolidated Financial Statements

(1) Consolidated Balance Sheets

(Unit: million yen)

	As of March 31, 2021	As of March 31, 2022
Assets		
Current assets		
Cash and deposits	83,589	100,360
Cash segregated as deposits	83,622	74,648
Cash segregated as deposits for customers	80,800	71,225
Cash segregated as deposits for others	2,821	3,423
Trading products	588,098	529,440
Trading securities and other	583,391	518,527
Derivatives	4,706	10,913
Margin transaction assets	100,450	135,347
Loans on margin transactions	34,362	43,335
Cash collateral pledged for securities borrowing on margin transactions	66,087	92,011
Loans secured by securities	407,829	551,583
Cash collateral pledged for securities borrowed	28,756	95,899
Loans on Gensaki transactions	379,072	455,683
Advances paid	8,395	6,006
Deposits paid for underwritten offering	—	154
Short-term guarantee deposits	37,915	60,365
Short-term loans receivable	14,492	36,740
Accrued income	4,189	6,496
Other	14,196	4,662
Allowance for doubtful accounts	(101)	(99)
Total current assets	1,342,676	1,505,707
Non-current assets		
Property, plant and equipment	10,740	10,478
Buildings	3,914	3,855
Equipment	3,525	3,322
Land	3,300	3,300
Intangible assets	5,594	7,585
Goodwill	1,514	1,247
Software	2,532	5,879
Telephone subscription right	34	33
Other	1,513	425
Investments and other assets	57,557	57,459
Investment securities	48,155	44,206
Long-term guarantee deposits	3,862	5,511
Deferred tax assets	35	66
Retirement benefit asset	4,446	6,618
Other	1,423	1,389
Allowance for doubtful accounts	(364)	(332)
Total non-current assets	73,893	75,523
Total assets	1,416,569	1,581,231

(Unit: million yen)

	As of March 31, 2021	As of March 31, 2022
Liabilities		
Current liabilities		
Trading products	379,293	444,613
Trading securities and other	370,371	431,959
Derivatives	8,921	12,653
Trade date accrual	9,240	78,170
Margin transaction liabilities	11,555	18,072
Borrowings on margin transactions	9,128	13,313
Cash received for securities lending on margin transactions	2,426	4,759
Borrowings secured by securities	368,671	326,725
Cash received on debt credit transaction of securities	4,123	54,073
Borrowings on Gensaki transactions	364,547	272,652
Deposits received	72,419	69,609
Guarantee deposits received	12,626	22,627
Short-term borrowings	244,786	234,364
Short-term bonds payable	16,000	14,500
Current portion of bonds payable	17,510	27,594
Income taxes payable	2,414	1,187
Provision for bonuses	2,283	2,387
Provision for bonuses for directors (and other officers)	57	70
Other	6,214	14,922
Total current liabilities	1,143,073	1,254,845
Non-current liabilities		
Bonds payable	11,863	28,585
Long-term borrowings	84,200	107,300
Deferred tax liabilities	1,290	1,468
Provision for retirement benefits for directors (and other officers)	92	114
Retirement benefit liability	163	256
Other	2,566	2,389
Total non-current liabilities	100,176	140,114
Reserves under special laws		
Reserve for financial instruments transaction liabilities	635	703
Total reserves under special laws	635	703
Total liabilities	1,243,884	1,395,663
Net assets		
Shareholders' equity		
Share capital	36,000	36,000
Capital surplus	24,587	24,569
Retained earnings	107,390	114,580
Treasury shares	(5,292)	(5,197)
Total shareholders' equity	162,685	169,952
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1,490	1,083
Foreign currency translation adjustment	(571)	87
Remeasurements of defined benefit plans	1,967	1,607
Total accumulated other comprehensive income	2,886	2,778
Share acquisition rights	442	497
Non-controlling interests	6,669	12,340
Total net assets	172,684	185,568
Total liabilities and net assets	1,416,569	1,581,231

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

	(Unit: million yen)	
	Year ended March 31, 2021	Year ended March 31, 2022
Operating revenue		
Commission received	31,173	37,575
Brokerage commission	13,936	13,929
Commission for underwriting, secondary distribution and solicitation for selling and others for professional investors	1,076	1,333
Fee for offering, secondary distribution and solicitation for selling and others for professional investors	6,461	9,939
Other fees received	9,700	12,372
Net trading income	34,008	33,998
Financial revenue	4,180	9,401
Total operating revenue	69,362	80,975
Financial expenses	2,321	2,726
Net operating revenue	67,041	78,249
Selling, general and administrative expenses		
Trading related expenses	10,210	13,127
Personnel expenses	27,501	32,320
Real estate expenses	6,794	7,732
Office expenses	6,756	8,645
Depreciation	3,185	2,902
Provision of allowance for doubtful accounts	76	1
Taxes and dues	1,367	1,784
Other	1,463	1,852
Total selling, general and administrative expenses	57,355	68,368
Operating profit	9,685	9,881
Non-operating income		
Dividend income	630	672
Share of profit of entities accounted for using equity method	1,591	1,179
Gain on investments in investment partnerships	530	462
Gain on sale of investment securities	—	414
Gain on valuation of investment securities	291	438
Other	190	173
Total non-operating income	3,234	3,341
Non-operating expenses		
Loss on investments in investment partnerships	287	204
Foreign exchange losses	—	7
Other	83	31
Total non-operating expenses	371	243
Ordinary profit	12,548	12,979

(Unit: million yen)

	Year ended March 31, 2021	Year ended March 31, 2022
Extraordinary income		
Gain on sales of non-current assets	17	66
Gain on sales of investment securities	4	249
Gain on bargain purchase	193	8,268
Gain on reversal of share acquisition rights	101	—
Total extraordinary income	317	8,584
Extraordinary losses		
Loss on sales of non-current assets	4	28
Impairment loss	—	85
Loss on sales of investment securities	2	94
Loss on valuation of investment securities	15	348
Loss on change in equity	—	36
Loss on step acquisitions	—	2,473
Extra retirement payments	—	342
Cancellation penalty	—	51
Restoration cost	—	271
Provision of reserve for financial instruments transaction liabilities	16	1
Total extraordinary losses	38	3,736
Profit before income taxes	12,827	17,828
Income taxes-current	2,152	3,882
Income taxes for prior periods	79	—
Income taxes-deferred	531	241
Total income taxes	2,764	4,124
Profit	10,062	13,704
Profit attributable to non-controlling interests	968	553
Profit attributable to owners of parent	9,094	13,150

Consolidated Statements of Comprehensive Income

(Unit: million yen)

	Year ended March 31, 2021	Year ended March 31, 2022
Profit	10,062	13,704
Other comprehensive income		
Valuation difference on available-for-sale securities	1,571	(412)
Foreign currency translation adjustment	(184)	653
Remeasurements of defined benefit plans, net of tax	1,397	(360)
Share of other comprehensive income of entities accounted for using equity method	144	7
Total other comprehensive income	2,928	(110)
Comprehensive income	12,991	13,593
(Comprehensive income attributable to)		
Owners of parent	12,023	13,042
Non-controlling interests	968	551

(3) Consolidated Statements of Changes in Equity
Year ended March 31, 2021 (Fiscal 2020)

(Unit: million yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at the beginning of current period	36,000	24,587	101,276	(5,292)	156,572
Changes of items during the period					
Dividends from surplus			(2,980)		(2,980)
Profit attributable to owners of parent			9,094		9,094
Purchase of treasury shares				(0)	(0)
Disposal of treasury shares					—
Change in ownership interest of parent due to transactions with non-controlling interests					—
Net changes of items other than shareholders' equity					
Total changes of items during period	—	—	6,114	(0)	6,113
Balance at the end of current period	36,000	24,587	107,390	(5,292)	162,685

(Unit: million yen)

	Accumulated other comprehensive income				Share acquisition rights	Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income			
Balance at the beginning of current period	(151)	(390)	500	(41)	478	3,395	160,404
Changes of items during the period							
Dividends from surplus							(2,980)
Profit attributable to owners of parent							9,094
Purchase of treasury shares							(0)
Disposal of treasury shares							—
Change in ownership interest of parent due to transactions with non-controlling interests							—
Net changes of items other than shareholders' equity	1,641	(181)	1,467	2,928	(36)	3,273	6,166
Total changes of items during period	1,641	(181)	1,467	2,928	(36)	3,273	12,279
Balance at the end of current period	1,490	(571)	1,967	2,886	442	6,669	172,684

Year ended March 31, 2022 (Fiscal 2021)

(Unit: million yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at the beginning of current period	36,000	24,587	107,390	(5,292)	162,685
Changes of items during the period					
Dividends from surplus			(5,960)		(5,960)
Profit attributable to owners of parent			13,150		13,150
Purchase of treasury shares				(0)	(0)
Disposal of treasury shares		(17)		95	77
Change in ownership interest of parent due to transactions with non-controlling interests		0			0
Net changes of items other than shareholders' equity					
Total changes of items during period	—	(17)	7,189	94	7,266
Balance at the end of current period	36,000	24,569	114,580	(5,197)	169,952

(Unit: million yen)

	Accumulated other comprehensive income				Share acquisition rights	Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income			
Balance at the beginning of current period	1,490	(571)	1,967	2,886	442	6,669	172,684
Changes of items during the period							
Dividends from surplus							(5,960)
Profit attributable to owners of parent							13,150
Purchase of treasury shares							(0)
Disposal of treasury shares							77
Change in ownership interest of parent due to transactions with non-controlling interests							0
Net changes of items other than shareholders' equity	(407)	658	(360)	(108)	54	5,670	5,616
Total changes of items during period	(407)	658	(360)	(108)	54	5,670	12,883
Balance at the end of current period	1,083	87	1,607	2,778	497	12,340	185,568

(4) Consolidated Statements of Cash Flows

(Unit: million yen)

	Year ended March 31, 2021	Year ended March 31, 2022
Cash flows from operating activities		
Income before income taxes	12,827	17,828
Depreciation	3,185	2,902
Amortization of goodwill	146	281
Share of (profit) loss of entities accounted for using equity method	(1,591)	(1,179)
Increase (decrease) in net defined benefit liability	(667)	(990)
Increase (decrease) in provision for directors' retirement benefits	28	21
Increase (decrease) in allowance for doubtful accounts	76	(34)
Interest and dividend income	(4,810)	(10,074)
Interest expenses	2,321	2,726
Impairment loss	—	85
Loss (gain) on sales of non-current assets	(12)	(38)
Loss (gain) on sale of investment securities	(2)	(568)
Loss (gain) on valuation of investment securities	15	(90)
Loss (gain) on change in equity	—	36
Gain on negative goodwill	(193)	(8,268)
Loss (gain) on step acquisitions	—	2,473
Gain on reversal of share acquisition rights	(101)	—
Decrease (increase) in cash segregated as deposits for customers	(31,499)	17,375
Decrease (increase) in trading products -assets	(165,715)	60,761
Increase (decrease) in trading products -liabilities	37,149	65,319
Decrease (increase) in margin transaction assets	(1,182)	(24,714)
Increase (decrease) in margin transaction liabilities	2,611	3,974
Decrease (increase) in loans secured by securities	(65,960)	(143,754)
Increase (decrease) in loans payable secured by securities	157,113	(41,945)
Increase (decrease) in deposits received	26,093	(9,966)
Increase (decrease) in guarantee deposits received	(1,621)	8,597
Decrease (increase) in other assets	(5,130)	(12,702)
Increase (decrease) in other liabilities	(39,618)	76,809
Subtotal	(76,538)	4,866
Interest and dividend income received	3,943	8,481
Interest expenses paid	(2,285)	(2,167)
Income taxes (paid) refund	1,806	(5,507)
Net cash provided by (used in) operating activities	(73,074)	5,672

(Unit: million yen)

	Year ended March 31, 2021	Year ended March 31, 2022
Cash flows from investing activities		
Short-term loan advances	(15,094)	(27,696)
Collection of short-term loans receivable	3,537	5,469
Purchase of property, plant and equipment	(311)	(1,062)
Proceeds from sales of property, plant and equipment	154	120
Purchase of intangible assets	(1,880)	(3,120)
Purchase of investment securities	(1,179)	(3,141)
Proceeds from sales of investment securities	2,169	2,983
Purchase of shares of subsidiaries resulting in change in scope of consolidation	(19)	—
Proceeds from purchase of shares of subsidiaries resulting in change in scope of consolidation	—	4,539
Purchase of shares of subsidiaries and associates	(629)	(1,001)
Payments for guarantee deposits	(218)	(307)
Proceeds from collection of guarantee deposits	460	166
Other, net	615	40
Net cash provided by (used in) investing activities	(12,397)	(23,011)
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	114,630	(5,972)
Proceeds from long-term loans payable	13,200	26,100
Repayments of long-term loans payable	(16,420)	(7,509)
Proceeds from issuance of short-term bonds	60,000	81,600
Redemption of short-term bonds	(60,000)	(83,100)
Proceeds from issuance of bonds	27,877	60,493
Redemption of bonds	(33,101)	(33,687)
Proceeds from exercise of stock option	—	67
Net decrease (increase) in treasury shares	(0)	(0)
Cash dividends paid	(2,973)	(5,961)
Proceeds from share issuance to non-controlling interests	2,444	1,194
Repayments to non-controlling shareholders	(119)	(65)
Dividends paid to non-controlling interests	(19)	(150)
Other, net	(711)	(653)
Net cash provided by (used in) financing activities	104,805	32,355
Effect of exchange rate changes on cash and cash equivalents	(583)	1,474
Net increase (decrease) in cash and cash equivalents	18,749	16,491
Cash and cash equivalents at beginning of period	63,201	81,950
Cash and cash equivalents at end of period	81,950	98,442

(5) Notes on Consolidated Financial Statements

(Notes on going concern assumption)

Not applicable

(Significant basis of presenting consolidated financial statements)

1) Scope of consolidation

(i) Consolidated subsidiaries: 29 companies (as of the end of this consolidated fiscal year)

(Change in scope of consolidation)

In the period under review, three companies were added to the scope of consolidation. Two were acquisitions (the Company acquired shares therein) and the other was newly founded.

Two companies were removed from the scope of consolidation. In one case, the Company sold the entirety of its shares therein. In the other case, the company completed liquidation proceedings.

(ii) Non-consolidated subsidiaries: 2 (as of the end of the period under review)

2) Application of equity method

(i) Equity-method affiliates: 14 companies (as of the end of this consolidated fiscal year)

(Change in scope of equity-method affiliation)

In the period under review, two companies were removed from equity-method affiliation. In both cases, the Company increased its stake therein.

(ii) Non-consolidated subsidiaries not under equity-method affiliation: 2 (as of the end of this consolidated fiscal year)

3) Fiscal period of consolidated subsidiaries

Of the consolidated subsidiaries, the nine that are based overseas and the three that are investment limited partnerships have December 31 as their closing date. Financial statements pertaining to these subsidiaries are as of the said closing date, and any material transactions occurring between then and the consolidated closing date are adjusted as necessary for the purposes of consolidated reporting. One Japan-based subsidiary has August 31 as their closing date. Financial statements pertaining to the subsidiary are prepared on the basis of their provisional book closing results as of the consolidated closing date. The remaining 16 subsidiaries have March 31 as their closing date.

4) Accounting policies

(i) Objectives and scope of trading

The objectives of trading are to generate profits in the exchanges and other securities markets by taking advantage of the short-term fluctuation or arbitrage of market disparities in prices, interest rates, currency value and other indexes, and to minimize losses that may be caused by the above transactions. The scope of these transactions includes trading of securities, exchange-traded

derivatives transactions, foreign exchange-traded derivatives transactions, and over-the-counter derivatives transactions.

(ii) Valuation of trading assets and liabilities

Trading assets and liabilities, including securities and financial derivatives for trading purposes are recorded at current market value.

(iii) Valuation of non-trading assets and liabilities

The valuation of non-trading assets and liabilities is recorded in accordance with the policies and the methods described below.

Other securities:

a) Other securities with market prices

Other securities with market values are recorded on the consolidated balance sheets at market value, based on quoted market prices on the consolidated closing date. The valuation difference between the cost, using the moving average method, and market value is recorded directly as net increase or decrease in net assets on the balance sheets.

b) Other securities with no market prices

Other securities with no market value are recorded at cost using the moving average method.

(iv) Depreciation of significant depreciable assets

a) Property, plant and equipment (excluding lease assets):

Property, plant and equipment is primarily depreciated under the declining-balance method.

However, the Company and its domestic consolidated subsidiaries apply the straight-line method to buildings (excluding facilities attached to buildings) acquired on or after April 1, 1998, and the facilities attached to buildings and structures acquired on or after April 1, 2016.

b) Intangible assets (excluding lease assets):

Intangible assets are primarily amortized under the straight-line method. However, software for inhouse use is amortized under the straight-line method based on internal estimations of useful lives.

Intangible assets acquired following acquisition of subsidiaries are amortized over the period during which they are assumed to have an effect and in a manner that accords with the pattern of the said effect.

(v) Accounting policies for significant provisions

Allowance for doubtful accounts:

The Company provides an allowance for possible losses on credit. For performing credit, an allowance is calculated based on the historical default rate. For loans with default possibility, it is based on the individual assessment of the recoverability of each receivable, and the amount

expected to be irrecoverable is provided for.

Provision for bonuses:

The Company and its domestic consolidated subsidiaries appropriate an estimated amount to be paid as bonus to employees as computed by the prescribed methods.

Provision for bonuses for directors and executive officers:

An allowance is appropriated for bonus payments to directors and executive officers based on the estimated future payments.

Retirement benefits for directors and executive officers:

Some of the Company's domestic consolidated subsidiaries record an allowance for retirement benefits for directors and executive officers based on estimated future retirement benefits at the end of the consolidated fiscal year under review in accordance with their internal regulations.

(vi) Accounting method for retirement benefits

The Company and its domestic consolidated subsidiaries record an allowance for retirement benefits for employees based on an estimated amount of the liability for retirement benefits and plan assets at the end of the consolidated fiscal year under review.

a) Allocation of estimated amount of retirement benefits for the period

In calculating net defined benefit liabilities, we adopt the benefit formula method, a commonly used method in Japan. Under this method, the estimated amount of retirement benefits for the period up to the end of the consolidated fiscal year under review is calculated by the benefit calculation formula method.

b) Accounting method for actuarial differences and prior service costs

Actuarial differences are to be expensed from the following consolidated fiscal year, respectively, using the straight-line method over the specific number of years (10 years) proportionately within the average remaining period of service of the employees when incurred.

Prior service costs are expensed using the straight-line method over the specific number of years (10 years) and the average remaining period of service of the employees when incurred.

(vii) Accounting method for statutory reserves

Financial instruments transaction liabilities reserve:

Financial instruments transaction liabilities reserve is appropriated for losses caused by transactions involving securities, derivatives, or other instruments. The amount recorded was calculated based on the provisions of Article 175 of the Cabinet Office Ordinance Concerning the Financial Instruments Business, etc. pursuant to the provisions of Article 46-5 of the Financial Instruments and Exchange Act.

(viii) The Method for the conversion of significant assets or liabilities in foreign currencies into yen
The Company and its domestic consolidated subsidiaries primarily convert assets or liabilities in foreign currencies into yen at the spot exchange rate on the consolidated closing date and record the exchange difference as profits or losses. Assets, liabilities, revenues and expenses of overseas subsidiaries are converted into yen at the spot exchange rate on the consolidated closing date. The exchange difference is included in the translation adjustments of net assets.

(ix) The method and period for amortizing goodwill

The method for amortizing goodwill is determined on a case-by-case basis, and goodwill is amortized using straight-line method over reasonable periods of no more than 20 years.

(x) Adoption of consolidated tax return system

The Company and its domestic subsidiaries have adopted the consolidated tax return system.

(xi) Scope of “Cash and cash equivalents” in consolidated cash flow statements

Cash and cash equivalents included in the consolidated statements of cash flows consist of cash on hand, current deposits, ordinary deposits and other which can be withdrawn on demand.

(Changes in accounting policies)

(Application of revenue-recognition standard)

As of the start of the fiscal year under review, we now apply the ASBJ's Accounting Standard for Revenue Recognition (Statement No. 29, March 31, 2020). Under this standard, the amount of consideration the Company will receive in exchange for promised goods or services is recognized as gross revenue at the point the goods or services are transferred to the customer. The main change concerns the recognition of points that we allocate when receiving fees from the customer. Before, we recognized such points as "trading-related expenses" under selling, general and administrative expenses. Now, we deduct the value of the points from "other fees" under operating revenue.

In accordance with the transitional measure stipulated in the ASBJ statement in the proviso for section 84, the opening balance for retained earnings in the first quarter has been adjusted to account for the cumulative impact of retroactively applying the standard to previous periods. This adjustment has no impact on the opening balance. Application of the standard has only a negligible impact on the consolidated financial statements for the period under review.

(Accounting standard for fair value measurement)

As of the start of the fiscal year under, we now apply the ASBJ's Accounting Standard for Fair Value Measurement (Statement No. 30, July 4, 2019). In accordance with the transitional measures stipulated in section 19 of the statement and in section 44-2 of the ASBJ's Accounting Standard for Financial Instruments (Statement No. 10, July 4, 2019), the standard is applied only prospectively (not retroactively). The standard affects how we determine the fair value of certain financial instruments. For example, in the case of bonds on offer, we now derived their fair value from their selling price, whereas before we derived it from the purchase price.

(Change in presentation method)

(Consolidated financial statements)

Previously, employee housing expenses borne by the employee were inputted into the "rental income from buildings" entry under non-operating income. As of the start of the fiscal year under review, they are now deducted from the "real estate expenses" entry under selling, general and administrative expenses. This new method was introduced in order to represent more accurately the financial realities of the employee welfare program.

The change has been retroactively applied to the consolidated statements for the fiscal year ended March 2021. Previously, the statements had recorded ¥465 million in the "rental income from buildings" entry under non-operating income. Now, ¥452 million has been deducted from the "real estate expenses" entry under selling, general and administrative expenses, and ¥13 million has been inputted into the "other" entry under non-operating income.

In the period under review, "Gain on valuation of investment securities" was recorded in its own

accounting entries, as it had become more important. In the previous period, it was recorded as “Other” in “Non-operating income.” Consolidated financial statements for the previous fiscal year have been restated to reflect this change in presentation.

Specifically, the ¥468 million stated as “other” in “Non-operating income” in the previous fiscal period has been restated as ¥291 million in “gain on valuation of investment securities” and ¥176 million in “other.”

(Consolidated Statements of changes in net assets)

Period under review (April 1, 2021, to March 31, 2022)

1) Outstanding shares

Type of shares	As of March 31, 2021	Increase	Decrease	As of March 31, 2022
Common stock (no. of shares)	260,582,115	-	-	260,582,115

2) Treasury stocks

Type of shares	As of March 31, 2021	Increase	Decrease	As of March 31, 2022
Common stock (no. of shares)	12,218,314	2,141	221,000	11,999,455

(Notes) 1. This increase occurred after the Company was asked to buy back fractional shares.

2. The 221,000 shares were ceded in lieu of issuing new shares upon the exercising of stock rights.

3) Information regarding subscription rights to shares

Company name	Type of subscription rights	Balance as of March 31, 2022 (million yen)
The Company (Parent company)	Stock options	497
Total		497

4) Dividend

(i) Amounts paid out in dividends

Resolution	Type of shares	Total payout (million yen)	Dividend per share (yen)	Record date	Effective date
June 25, 2021 Ordinary General Meeting of Shareholders	Common stock	3,477	14.00	March 31, 2021	June 28, 2021
October 29, 2021 Meeting of the Board of Directors	Common stock	2,483	10.00	September 30, 2021	November 25, 2021

(Note) The dividend per share resolved on June 25, 2021, includes a 20th-anniversary commemorative bonus of 2.00 yen.

(ii) Dividends whose record date falls in the year under review and whose effective date falls in the following year

Resolution	Type of shares	Resource	Total payout (million yen)	Dividend per share (yen)	Record date	Effective date
June 28, 2022 Ordinary General Meeting of Shareholders	Common stock	Retained earnings	3,480	14.00	March 31, 2022	June 29, 2022

(Consolidated statements of cash flows)

Reconciliation for “Cash and cash equivalents” and “Cash and deposits” on the consolidated balance sheets (Unit: million yen)

	Year ended March 31, 2021	Year ended March 31, 2022
Cash and deposits	83,589	100,360
Time deposits to be matured in 3 months or longer	(1,639)	(1,918)
Cash and cash equivalents	81,950	98,442

(Segment information)

For the consolidated fiscal year ended March 31, 2021

As the Group operates within a single segment of the “Investment and financial services business,” we do not state segment information.

For the consolidated fiscal year ended March 31, 2022

As the Group operates within a single segment of the “Investment and financial services business,” we do not state segment information.

(Per share information)

Year ended March 31, 2021		Year ended March 31, 2022	
Net assets per share	666.65 yen	Net assets per share	694.86 yen
Net income per share	36.62 yen	Net income per share	52.94 yen
Diluted net income per share	36.62 yen	Diluted net income per share	52.79 yen

(Material subsequent events)

Not applicable

Supplementary Information

(1) Breakdown of Commission Received and Net Trading Income

① Commission received

(i) By item

(Unit: million yen)

	Year ended March 31, 2021	Year ended March 31, 2022	Yr/Yr	
			Increase (Decrease)	% change
Brokerage commission	13,936	13,929	(6)	(0.0) %
Stocks	13,531	13,266	(265)	(2.0)
Bonds	36	16	(19)	(54.9)
Beneficiary certificates	368	642	274	74.3
Commission for underwriting, secondary distribution and solicitation for selling and others for professional investors	1,076	1,333	257	23.9
Stocks	749	722	(26)	(3.5)
Bonds	327	610	283	86.7
Fee for offering, secondary distribution and solicitation for selling and others for professional investors	6,461	9,939	3,478	53.8
Beneficiary certificates	6,450	9,931	3,480	54.0
Other fees received	9,700	12,372	2,672	27.6
Beneficiary certificates	3,647	5,851	2,203	60.4
Total	31,173	37,575	6,401	20.5

(ii) By product

(Unit: million yen)

	Year ended March 31, 2021	Year ended March 31, 2022	Yr/Yr	
			Increase (Decrease)	% change
Stocks	14,419	14,239	(180)	(1.2) %
Bonds	381	646	265	69.6
Beneficiary certificates	10,467	16,425	5,958	56.9
Others	5,906	6,264	358	6.1
Total	31,173	37,575	6,401	20.5

② Net trading income

(Unit: million yen)

	Year ended March 31, 2021	Year ended March 31, 2022	Yr/Yr	
			Increase (Decrease)	% change
Stocks	22,369	16,185	(6,184)	(27.6) %
Bonds and Forex	11,639	17,813	6,174	53.1
Total	34,008	33,998	(9)	(0.0)

(2) Comparative Quarterly Consolidated Statements of Income

(Unit: million yen)

	Fiscal 2021				
	1st quarter	2nd quarter	3rd quarter	4th quarter	Total of FY 2021
	Apr. 1, 2021 - Jun. 30, 2021	Jul. 1, 2021 - Sep. 30, 2021	Oct. 1, 2021 - Dec. 31, 2021	Jan. 1, 2022 - Mar. 31, 2022	Apr. 1, 2021 - Mar. 31, 2022
Operating revenues					
Commission received	9,504	9,642	9,675	8,752	37,575
Brokerage commission	3,485	3,549	3,782	3,111	13,929
(Stocks)	3,350	3,379	3,616	2,919	13,266
Commission for underwriting, secondary distribution and solicitation for selling and others for professional investors	436	311	166	420	1,333
Fees for offering, secondary distribution and solicitation for selling and others for professional investors	2,844	2,626	2,563	1,905	9,939
(Beneficiary certificates)	2,842	2,621	2,561	1,905	9,931
Other fees received	2,738	3,155	3,163	3,314	12,372
(Beneficiary certificates)	1,408	1,498	1,538	1,404	5,851
Net trading income	9,587	7,995	10,419	5,997	33,998
(Stocks)	5,086	3,849	6,068	1,180	16,185
(Bonds and Forex)	4,500	4,145	4,350	4,816	17,813
Financial revenue	881	2,931	1,433	4,154	9,401
Total operating revenue	19,973	20,569	21,528	18,904	80,975
Financial expenses	526	588	592	1,018	2,726
Net operating revenue	19,447	19,980	20,936	17,885	78,249
Selling, general and administrative expenses					
Trading related expenses	3,272	3,129	3,260	3,464	13,127
Personnel expenses	8,013	8,071	8,173	8,061	32,320
Real estate expenses	1,959	1,916	1,940	1,916	7,732
Office expenses	2,034	2,066	2,253	2,292	8,645
Depreciation	690	699	758	754	2,902
Taxes and dues	495	406	501	381	1,784
Provision of allowance for doubtful accounts	—	—	—	1	1
Other	500	517	408	426	1,852
Total selling, general and administrative expenses	16,966	16,806	17,296	17,298	68,368
Operating profit	2,480	3,174	3,640	586	9,881
Non-operating income	605	1,009	441	1,286	3,341
Share of profit of entities accounted for using equity method	341	615	340	(119)	1,179
Other	263	393	100	1,405	2,162
Non-operating expenses	23	132	3	84	243
Other	23	132	3	84	243
Ordinary profit	3,061	4,051	4,077	1,789	12,979
Extraordinary income	8,409	86	—	89	8,584
Extraordinary losses	2,827	26	343	538	3,736
Profit before income taxes	8,644	4,110	3,733	1,340	17,828
Income taxes-current	601	1,326	922	1,031	3,882
Income taxes-deferred	869	(340)	223	(511)	241
Profit	7,172	3,123	2,587	819	13,704
Profit attributable to non-controlling interests	165	221	238	(71)	553
Profit attributable to owners of parent	7,007	2,902	2,348	891	13,150