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April 27, 2023

## Consolidated Financial Results for the Fiscal Year Ended March 31, 2023 (Under Japanese GAAP)

Company name: Kyokuto Securities Co., Ltd.  
 Listing: Tokyo Stock Exchange  
 Securities code: 8706  
 URL: <https://www.kyokuto-sec.co.jp>  
 Representative: Kazuhiro KIKUCHI, President and Chief Executive Officer  
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 Scheduled date of annual general meeting of shareholders: June 21, 2023  
 Scheduled date to commence dividend payments: May 31, 2023  
 Scheduled date to file annual securities report: June 22, 2023  
 Preparation of supplementary material on financial results: Yes  
 Holding of financial results briefing: None

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

### 1. Consolidated financial results for the fiscal year ended March 31, 2023 (from April 1, 2022 to March 31, 2023)

#### (1) Consolidated operating results

(Percentages indicate year-on-year changes.)

Fiscal year ended	Operating revenue		Net operating revenue		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
March 31, 2023	4,315	△33.5	4,259	△33.9	△312	—	491	△73.9	1,168	△44.8
March 31, 2022	6,492	△27.5	6,441	△27.5	1,300	△66.8	1,880	△57.2	2,117	△31.7

Note: Comprehensive income For the fiscal year ended March 31, 2023: ¥2,311 million [60.8%]  
 For the fiscal year ended March 31, 2022: ¥1,437 million [△69.0%]

Fiscal year ended	Profit per share	Profit per share(diluted)	Return on equity	Return on assets	Gross profit margin
	Yen	Yen	%	%	%
March 31, 2023	36.63	—	2.5	0.7	△7.2
March 31, 2022	66.38	—	4.6	2.5	20.0

Reference: Share of profit (loss) of entities accounted for using equity method  
 For the fiscal year ended March 31, 2023: —  
 For the fiscal year ended March 31, 2022: —

#### (2) Consolidated financial position

	Total assets	Net assets	Equity-to-asset ratio	Net assets per share
As of	Millions of yen	Millions of yen	%	Yen
March 31, 2023	70,902	47,301	66.7	1,482.41
March 31, 2022	71,796	46,106	64.2	1,444.99

Reference: Equity  
 As of March 31, 2023: ¥47,291 million  
 As of March 31, 2022: ¥46,097 million

**(3) Consolidated cash flows**

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of period
Fiscal year ended	Millions of yen	Millions of yen	Millions of yen	Millions of yen
March 31, 2023	29	△1,289	133	18,647
March 31, 2022	△1,223	1,174	△2,596	19,098

**2. Cash dividends**

	Annual dividends per share					Total cash dividends (Total)	Payout ratio (Consolidated)	Ratio of dividends to net assets (Consolidated)
	First quarter-end	Second quarter-end	Third quarter-end	Fiscal year-end	Total			
	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
Fiscal year ended March 31, 2022	—	20.00	—	20.00	40.00	1,276	60.3	2.8
Fiscal year ended March 31, 2023	—	15.00	—	15.00	30.00	957	81.9	2.0

Kyokuto Securities Co., Ltd. and its consolidated subsidiaries do not disclose forecast of business result and dividend forecast.

**3. Forecast of Consolidated Business Result for the Fiscal Year Ended March 31, 2024 (Year from April 1, 2023 to March 31, 2024)**

Kyokuto Securities Co., Ltd. and its consolidated subsidiaries do not disclose forecast of business result. Please refer to page 4 for further information.

## \* Notes

- (1) Changes in significant subsidiaries during the period (changes in specified subsidiaries resulting in the change in scope of consolidation): None
- (2) Changes in accounting policies, changes in accounting estimates, and restatement
- (i) Changes in accounting policies due to revisions to accounting standards and other regulations: Yes
- (ii) Changes in accounting policies due to other reasons: None
- (iii) Changes in accounting estimates: None
- (iv) Restatement: None
- (3) Number of issued shares (common shares)

- (i) Total number of issued shares at the end of the period (including treasury shares)

As of March 31, 2023	32,779,000 shares
As of March 31, 2022	32,779,000 shares

- (ii) Number of treasury shares at the end of the period

As of March 31, 2023	877,595 shares
As of March 31, 2022	877,531 shares

- (iii) Average number of shares outstanding during the period

Fiscal year ended March 31, 2023	31,901,440 shares
Fiscal year ended March 31, 2022	31,901,475 shares

**[Reference] Overview of non-consolidated financial results****1. Non-consolidated financial results for the fiscal year ended March 31, 2023 (from April 1, 2022 to March 31, 2023)****(1) Non-consolidated operating results**

(Percentages indicate year-on-year changes.)

Fiscal year ended	Operating revenue		Net operating revenue		Operating profit		Ordinary Profit		Profit	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
March 31, 2023	4,295	△33.6	4,239	△34.0	△361	—	214	△88.1	980	△51.6
March 31, 2022	6,473	△27.5	6,421	△27.6	1,263	△67.4	1,797	△58.2	2,025	△33.1

Fiscal year ended	Basic earnings per share	Diluted earnings per share
	Yen	Yen
March 31, 2023	30.73	—
March 31, 2022	63.49	—

**(2) Non-consolidated financial position**

As of	Total assets	Net assets	Equity-to-asset ratio	Net assets per share	Net assets per share
	Millions of yen	Millions of yen	%		Yen
March 31, 2023	66,476	42,985	64.7	1,347.45	651.0
March 31, 2022	67,826	42,186	62.2	1,322.40	659.0

Reference: Equity

As of March 31, 2023: ¥42,985 million  
As of March 31, 2022: ¥42,186 million

\* Financial results reports are exempt from audit conducted by certified public accountants or an audit corporation.

\* Proper use of earnings forecasts, and other special matters

We do not disclose forecast of business results. Please refer to page 4 for further information.

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## Business Results

### 1. Summary of Business Results, etc.

#### (1) Summary of Business Results for the Current Fiscal Year

During the current consolidated fiscal year ended March 31, 2023 (from April 1, 2022 to March 31, 2023), the number of people infected with Covid-19 decreased significantly and economic activity resumed worldwide. On the other hand, business confidence deteriorated in many countries due to the cumulative effect of repeatedly conducted large interest rate hikes by the central banks of major countries to control inflation. In the second half of the fiscal year, the speed of inflation showed a trend to slow down and an end of interest rate hikes was in sight in both developed and emerging economies. In March, the collapse of a regional banks in the US and the business failure at Credit Suisse in Europe raised concerns about the negative impact on the financial system and economy. However, the situation showed a moment of calm down following the response of the major financial authorities based on the experience of the Lehman Shock in 2008.

In the stock market, the pessimistic view that the US Federal Reserve Board (FRB) would continue to raise interest rates and the optimistic view that FRB would start to cut rates early formed a stock price cycle with attention focused on inflation and economic trends,. The Nikkei Stock Average (Nikkei 225) was generally in a range between 28,500 yen and 25,500 yen throughout the fiscal year. Nikkei225 exceeded the range and reached a high of 29,222 yen on August 17 on expectations that the FRB would start cutting interest rates in 2023. After falling towards the end of the year, it was driven by the strong overseas stock markets since January and returned to 28,734 yen on March 9. Thereafter, the Nikkei 225 was forced to fall sharply due to concerns over the financial system following the collapse of the US financial institutions. However it settled down and closed the fiscal year at 28,041 yen, reflecting the swift response of financial authorities in the world.

In the foreign exchange market, only the US dollar was appreciated over other currencies until October on the back of the FRB's rapid pace of interest rate hikes. The dollar-yen exchange rate reached 151.93 yen on October 21, the weakest level in about 30 years since 1990. In September and October, the Japanese Government and the Bank of Japan intervened for the first time in 24 years to buy the yen and sell the dollar, as they considered the yen's depreciation to be speculative and rapid. The sole appreciation of the dollar subsequently reached a turning point as the FRB and the European Central Bank sought to reduce ranges of their interest rate hikes. The dollar-yen exchange rate rapidly came under corrective pressure from a combination of policy changes of the Bank of Japan and rising interest rates in Japan, reaching 127.92 yen to the dollar on January 16. The exchange rate in the fiscal year ended at 133.53 yen to the dollar.

In the bond market, the yield on 10-year Japanese government bonds generally hovered in the range of 0.20% to 0.25%, and then started to surge when the Bank of Japan expanded the guideline range for the yield on 10-year government bonds in its yield curve control policy to 0 plus or minus 0.5% on December 20. On February 20, Prof. Kazuo Ueda was to be nominated as the next governor of the

Bank of Japan, and since then there has been a lot of volatility in interest rates due to speculation over changes to the Bank of Japan's monetary policy. On March 14, the yield fell sharply to 0.24% before closing the fiscal year at 0.32%.

In this environment, we made effort to offer "unique in-season financial products" for responding to customers' varied needs. Also we conducted an active financial management from the view point of effective management of shareholders' equity.

For FY 2022 (12 months from April 1, 2022 to March 31, 2023) compared with FY 2021, operating revenue decreased by 33.5% to 4,315 million yen, net operating revenue decreased by 33.9% to 4,259 million yen, operating profit/loss resulted in a loss of 312 million yen (profit of 1,300 million yen in FY 2021), ordinary profit decreased by 73.9% to 491 million yen, and net profit attributable to owners of the parent company decreased by 44.8% to 1,168 million yen.

Details of the period's results are as follows:

① Commission Received

The total commission received resulted in 1,834 million yen (down 8.1% from FY 2021), the details of which are shown below:

(Brokerage commission)

Brokerage commission on equity securities was 972 million yen (down 9.2% from FY 2021). Total amount of brokerage commission including those on beneficiary securities (Exchange Traded Funds) was 1,001 million yen (down 9.4% from FY 2021).

(Commission for Underwriting, Secondary Distribution and Solicitation for Selling, and Others for Professional Investors)

The amount of commission for underwriting, secondary distribution and solicitation for selling and others for professional investors was 16 million yen (down 48.0% from FY 2021).

(Fee for Offering, Secondary Distribution and Solicitation for Selling, and Others for Professional Investors)

The amount of fee for offering, secondary distribution and solicitation for selling, and others for professional investors was 535 million yen (down 10.0% from FY 2021), due to a decrease of handling of beneficiary securities (investment trusts).

(Other Commission Received)

The amount of other commission received consisting mainly of trailer fee of beneficiary securities (investment trusts) was 280 million yen (up 7.0% from FY 2021).

② Net Trading Income

Net trading income of equities, etc. resulted in a loss of 154 million yen (a gain of 132 million yen in the same period of previous fiscal year). Net trading income of bonds etc. resulted in a gain of 1,565 million

yen (down 52.3% from FY 2021). Net trading income on other trading consisting mainly of foreign exchange derivatives trading resulted in a loss of 395 million yen (a loss of 384 million yen in FY 2021). From the above, net trading income resulted in a gain of 1,015 million yen (down 66.5% from FY 2021).

③ Net Financial Income

Net financial income decreased by 0.5% to 1,389 million yen, as a result of deducting 55 million yen (up 9.4% from FY 2021) of financial expenses from 1,445 million yen (down 0.1% from FY 2021) of financial revenue.

④ Selling, General and Administrative Expenses

Selling, general and administrative expenses were 4,572 million yen (down 11.1% from FY 2021).

⑤ Non-operating Income and Expenses

Non-operating income, consisting of dividend received, totaled 1,012 million yen (up 36.0% from FY 2021), while non-operating expenses, consisting mainly of foreign exchange losses, totaled 208 million yen (up 27.1% from FY 2021). As a result, net non-operating income amounted to 804 million yen (up 38.6% from FY 2021).

⑥ Extraordinary Income and Loss

Extraordinary income was 1,313 million yen (down 8.1% from FY 2021), as a result of sales of investment securities, while extraordinary loss was 105 million yen (up 45.5% from FY 2021) including losses on sales of investment securities. As a result, net extraordinary income amounted to 1,208 million yen (down 2.3% from FY 2021).

(2) Information on Financial Condition for the Current Fiscal Year

① Assets

Current assets as of current fiscal year end were 47,574 million yen and decreased by 4,661 million yen from previous fiscal year end. This is mainly because cash segregated as deposits decreased by 3,220 million yen, trade date accrual decreased by 559 million yen and trading products decreased by 494 million yen. Non-current assets as of current fiscal year end were 23,327 million yen and increased by 3,767 million yen from previous fiscal year end. The main factor was investment securities increased by 3,442 million yen.

As a result, the assets as of current fiscal year end were 70,902 million yen and decreased by 894 million yen from March 31, 2022.

② Liabilities

Current liabilities as of current fiscal year end were 21,587 million yen and decreased by 2,056 million yen from March 31, 2022. This is mainly because, while short-term borrowings increased by 1,750

million yen, deposits received decreased by 3,305 million yen and income taxes payable decreased by 281 million yen. Non-current liabilities as of current fiscal year end were 1,999 million yen and decreased by 32 million yen from March 31, 2022. This is mainly because, while other non-current liabilities increased by 466 million yen, long-term borrowing decreased by 500 million yen.

As a result, the liabilities as of current fiscal year end were 23,601 million yen and decreased by 2,089 million yen from March 31, 2022.

### ③ Net Assets

Within Net Asset, valuation difference on available for sale securities increased by 1,141 million yen and retained earnings increased by 51 million yen from March 31 2022. As a result, net assets as of current fiscal year end were 47,301 million yen and increased by 1,194 million yen from previous fiscal year end.

### (3) Information on Cash Flow for the Current Fiscal Year

The amount of cash and cash equivalents as of March 31, 2023 were 18,647 million yen and decreased by 450 million yen from March 31, 2022.

Details of cash flow are as follows:

#### ① Cash Flows from Operating Activities

Net cash provided by operating activities for FY 2022 amounted to 29 million yen (operating activities for FY 2021 amounted to out-flow of 1,223 million yen). The main items of cash flow from operating activities were the profit (450 million yen), the amount of which is deducting sales of investment securities (1,249 million yen) from profit before income taxes (1,699 million yen provided), a decrease of short-term guarantee deposits (391 million yen in-flow), buying and selling trading instruments (236 million yen in-flow), a decrease of deposits received (3,220 million yen in-flow) mainly because of a decrease of deposits mainly received from customers (3,305 million yen out-flow) and the payment of income taxes (873 million yen out-flow).

#### ② Cash Flows from Investing Activities

Net cash used in investing activities for FY 2022 amounted to 1,289 million yen (inflow of 1,174 million yen for FY 2021). The main factors were a decrease due to trading of investment securities (945 million yen out-flow) and a decrease due to deposit/withdrawal of time deposits (664 million yen out-flow).

#### ③ Cash Flows from Financing Activities

Net cash provided by financing activities for FY 2022 amounted to 133 million yen (used 2,596 million yen for FY 2021). The main factors were increasing of short-term borrowings (1,250 million yen in-flow) and dividend payment (1,116 million yen out-flow).



#### (4) Basic Policy on Distribution of Profit and Amount of Dividends for the Current Fiscal Year

As part of our efforts to increase shareholder value, one of its important management policies is to proactively distribute profits to shareholders. Our basic corporate philosophy is to determine dividends based on the higher of a consolidated dividend payout ratio of 50% or more and a consolidated dividend on equity ratio (DOE) of 2% or more, in conjunction with a comprehensive assessment of the Company's capital level, medium- to long-term business performance trends, and stock price, etc.

We have decided to pay a year-end ordinary dividend of 15 yen per share (total annual dividend of 30 yen) based on the consolidated DOE of 2%.

The source of the dividend is retained earnings.

#### (5) Future Outlook

Consolidated operating revenues are mainly comprised of commissions received and trading profits and losses, related to the securities markets, the majority of which are coming from the stock and bond markets. In order to mitigate the impact of favorable or unfavorable conditions in the stock and bond markets on our business results, we are striving to ensure revenue stability by diversifying our revenue sources. Even so, our business performance may still be affected by trends in the securities markets and may fluctuate significantly. In addition, sharp fluctuations in the domestic and foreign financial instrument markets could result in large valuation gains or losses on financial instruments held by us.

In general, securities markets and foreign exchange markets fluctuate, reflecting variety of factors such as domestic and international political and economic conditions, interest rates, and corporate earnings. Therefore, in order to forecast our consolidated business results, it is necessary to accurately grasp future market trends while predicting these factors in advance, but the reality is that it is nearly impossible to achieve this. In a situation where such uncertain factors are likely to cause a large discrepancy between forecasts and actual results, daring to disclose earnings forecasts may result in sending a false message to the market, which may impede fair stock price formation.

For the aforementioned reasons, we will not disclose consolidated earnings forecasts, but will instead endeavor to disclose earnings results as early as possible, and will announce such figures as preliminary figures around the 10th business days after the end of the fiscal year or the end of the quarter, when consolidated financial results are almost finalized.

## 2. Situation of the Corporate Group

Kyokuto Securities Co., Ltd. and its group companies (hereinafter referred to as the "Kyokuto Group") are principally engaged in the purchase and sale of securities and brokerage of purchase and sales of securities, the underwriting and secondary distribution of securities, the handling of a public offering or secondary distribution of securities, etc.

The business description and positioning of the Kyokuto Group are as follows. The Kyokuto Group's businesses consist of (1) financial instruments business, (2) investment business, (3) real estate business and (4) research and study business. The impact of the businesses other than those conducted by Kyokuto Securities Co., Ltd. on the Kyokuto Group's consolidated financial statements is immaterial. Therefore, our business portfolio is regarded as a single segment, "investment and financial services business".

Kyokuto Group consists of FE Invest Co., Ltd.(consolidated) Kyokuto Property Co., Ltd.(consolidated) and Kyokuto Securities Research Institute, Inc.(unconsolidated).

### (1) Financial Instruments Business

- (i) Kyokuto Securities Co., Ltd. engages in Type I and Type II financial instruments businesses in Japan.
- (ii) FE Invest Co., Ltd. engages in the Type II financial instruments business in Japan, and manages and administers the investment funds set up by the company.

### (2) Investment Business

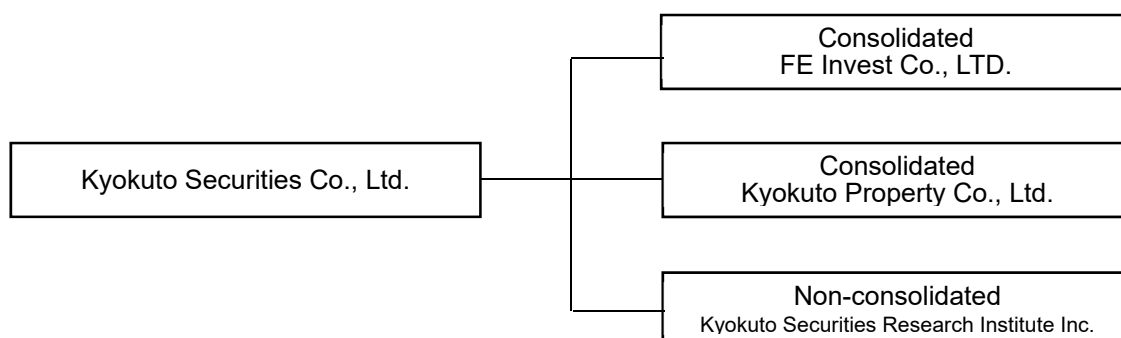
FE Invest Co., Ltd. engages in the investment business, using its own funds, mainly for the purpose of securing stable earnings through long-term investments.

### (3) Real Estate Business

Kyokuto Property Co., Ltd. engages in the real estate business, mainly leasing offices, etc. for the head office and branches of Kyokuto Securities Co., Ltd.

### (4) Research and Study Business

Kyokuto Securities Research Institute, Inc. conducts research and study of economic trends and financial capital markets of both domestic and overseas mainly on behalf of Kyokuto Securities Co., Ltd.



(Note)

1. Kyokuto Securities Research Institute, Inc. is a non-equity method affiliated company.
2. Other than above, there is an investment limited partnership as a non-consolidated subsidiary, which is not accounted for by the equity method. In addition, there is a stock corporation as an affiliated company that is not accounted for by the equity method.

### 3. Basic Policy Regarding Selection of Accounting Standards

Kyokuto Securities Co., Ltd and its consolidated subsidiaries prepare their financial statements in accordance with Japanese corporate accounting principles.

We do not consider an application of IFRS (International Financial Reporting Standards).

## 4. Consolidated Financial Statements

## (1) Consolidated Balance Sheets

(Millions of yen)

	As of March 31, 2022	As of March 31, 2023
<b>Assets</b>		
<b>Current assets</b>		
Cash and deposits	20,445	20,784
Segregated deposits	13,176	9,955
Trading products	13,530	13,036
Trading securities and other	13,512	13,035
Derivatives	18	1
Trade date accrual	859	259
Margin transaction assets	2,794	2,867
Margin loans	2,616	2,638
Cash collateral provided for securities borrowed in margin transactions	177	229
Advances paid	1	1
Short-term guarantee deposits	391	—
Accounts receivable - other	778	367
Accrued revenue	163	241
Other current assets	110	72
Allowance for doubtful accounts	△14	△12
<b>Total current assets</b>	<b>52,236</b>	<b>47,574</b>
<b>Non-current assets</b>		
Property, plant and equipment	1,909	1,872
Buildings	445	384
Vehicles	0	0
Equipment	297	320
Land	1,167	1,167
Intangible assets	64	59
Software	41	36
Other	22	22
Investments and other assets	17,585	21,396
Investment securities	16,588	20,013
Long-term loans receivable	1	1
Long-term guarantee deposits	421	409
Retirement benefit asset	419	491
Deferred tax assets	7	—
Other	218	550
Allowance for doubtful accounts	△71	△71
<b>Total non-current assets</b>	<b>19,560</b>	<b>23,327</b>
<b>Total assets</b>	<b>71,796</b>	<b>70,902</b>

(Millions of yen)

	As of March 31, 2022	As of March 31, 2023
<b>Liabilities</b>		
Current liabilities		
Trading products	261	4
Derivatives	261	4
Margin transaction liabilities	389	496
Margin borrowings	90	264
Cash received for securities sold in margin transactions	299	231
Deposits received	12,636	9,330
Guarantee deposits received	623	515
Payables for securities to receive over due for delivery	5	229
Short-term borrowings	8,850	10,600
Accounts payable - other	44	15
Income taxes payable	383	101
Provision for bonuses	208	144
Other current liabilities	241	149
Total current liabilities	23,644	21,587
Non-current liabilities		
Long-term borrowings	1,500	1,000
Long-term accounts payable - other	429	429
Deferred tax liabilities	26	493
Retirement benefit liability	76	77
Total non-current liabilities	2,032	1,999
Reserves under special laws		
Reserve for financial instruments transaction liabilities	14	14
Total reserves under special laws	14	14
Total liabilities	25,690	23,601
<b>Net assets</b>		
Shareholders' equity		
Share capital	5,251	5,251
Capital surplus	4,774	4,774
Retained earnings	37,318	37,370
Treasury shares	△863	△863
Total shareholders' equity	46,481	46,533
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	△384	757
Total accumulated other comprehensive income	△384	757
Non-controlling interests	9	10
Total net assets	46,106	47,301
<b>Total liabilities and net assets</b>	<b>71,796</b>	<b>70,902</b>

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

## Consolidated Income Statements

(Millions of yen)

	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023
Operating revenue		
Commission received	1,995	1,834
Brokerage commission	1,106	1,001
Commission for underwriting, secondary distribution and solicitation for selling and others for professional investors	32	16
Fees for offering, secondary distribution and solicitation for selling and others for professional investors	594	535
Other commission received	262	280
Net trading income	3,030	1,015
Financial revenue	1,447	1,445
Other operating revenue	19	19
Total operating revenue	6,492	4,315
Financial expenses	51	55
Net operating revenue	6,441	4,259
Selling, general and administrative expenses		
Trading related expenses	554	539
Personnel expenses	3,119	2,630
Real estate expenses	522	507
Office expenses	561	535
Depreciation	87	86
Taxes and dues	161	139
Provision of allowance for doubtful accounts	5	—
Other	128	134
Total selling, general and administrative expenses	5,140	4,572
Operating profit	1,300	△312
Non-operating income		
Dividend income	439	816
Gain on investments in investment partnerships	238	154
Interest on securities	27	—
Other	39	41
Total non-operating income	744	1,012
Non-operating expenses		
Foreign exchange losses	156	192
Mediation Settlement	7	2
Other	0	13
Total non-operating expenses	164	208
Ordinary profit	1,880	491

(Millions of yen)

	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023
<b>Extraordinary income</b>		
Gain on sale of investment securities	1,415	1,313
Gain on redemption of investment securities	13	—
<b>Total extraordinary income</b>	<b>1,429</b>	<b>1,313</b>
<b>Extraordinary losses</b>		
Loss on sale of investment securities	0	64
Loss on valuation of investment securities	128	—
Loss on redemption of investment securities	20	—
Loss on valuation of shares of subsidiaries and associates	36	17
Loss on retirement of non-current assets	1	0
Impairment losses	5	23
Provision of reserve for financial instruments transaction liabilities	0	—
Other	0	—
<b>Total extraordinary losses</b>	<b>192</b>	<b>105</b>
<b>Profit before income taxes</b>	<b>3,117</b>	<b>1,699</b>
Income taxes - current	956	404
Income taxes - deferred	42	125
<b>Total income taxes</b>	<b>999</b>	<b>530</b>
<b>Profit</b>	<b>2,117</b>	<b>1,168</b>
Profit attributable to non-controlling interests	0	0
<b>Profit attributable to owners of parent</b>	<b>2,117</b>	<b>1,168</b>

## Consolidated Comprehensive Income Statements

(Millions of yen)

	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023
Profit	2,117	1,168
Other comprehensive income		
Valuation difference on available-for-sale securities	△680	1,142
Total other comprehensive income	△680	1,142
Comprehensive income	1,437	2,311
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	1,437	2,310
Comprehensive income attributable to non-controlling interests	0	1



## (3) Changes in Consolidated Shareholders' Equity

Fiscal Year Ended March 31, 2022 (Year from April 1, 2021 to March 31, 2022)

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	5,251	4,774	36,796	△863	45,958
Changes during period					
Dividends of surplus			△1,595		△1,595
Profit (loss) attributable to owners of parent			2,117		2,117
Purchase of treasury shares				△0	△0
Net changes in items other than shareholders' equity					
Total changes during period	—	—	522	△0	522
Balance at end of period	5,251	4,774	37,318	△863	46,481

	Accumulated other comprehensive income		Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Total accumulated other comprehensive income		
Balance at beginning of period	296	296	8	46,264
Changes during period				
Dividends of surplus				△1,595
Profit (loss) attributable to owners of parent				2,117
Purchase of treasury shares				△0
Net changes in items other than shareholders' equity	△680	△680	0	△680
Total changes during period	△680	△680	0	△157
Balance at end of period	△384	△384	9	46,106

Fiscal Year Ended March 31, 2023 (Year from April 1, 2022 to March 31, 2023)

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	5,251	4,774	37,318	△863	46,481
Changes during period					
Dividends of surplus			△1,116		△1,116
Profit (loss) attributable to owners of parent			1,168		1,168
Purchase of treasury shares				△0	△0
Net changes in items other than shareholders' equity					
Total changes during period	—	—	51	△0	51
Balance at end of period	5,251	4,774	37,370	△863	46,533

	Accumulated other comprehensive income		Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Total accumulated other comprehensive income		
Balance at beginning of period	△384	△384	9	46,106
Changes during period				
Dividends of surplus				△1,116
Profit (loss) attributable to owners of parent				1,168
Purchase of treasury shares				△0
Net changes in items other than shareholders' equity	1,141	1,141	1	1,143
Total changes during period	1,141	1,141	1	1,194
Balance at end of period	757	757	10	47,301

## (4) Consolidated Cash Flow Statement

(Millions of yen)

	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023
Cash flows from operating activities		
Profit before income taxes	3,117	1,699
Depreciation	87	86
Increase (decrease) in retirement benefit liability	8	0
Increase (decrease) in allowance for doubtful accounts	5	△2
Increase (decrease) in provision for bonuses	△114	△63
Increase (decrease) in reserve for financial instruments transaction liabilities	0	—
Interest and dividend income	△1,537	△1,891
Interest expenses	51	55
Loss (gain) on sale of investment securities	△1,415	△1,249
Loss (gain) on valuation of investment securities	128	—
Loss (gain) on redemption of investment securities	7	—
Loss (gain) on investments in investment partnerships	△238	△154
Loss on valuation of shares of subsidiaries and associates	36	17
Loss on retirement of non-current assets	1	0
Impairment losses	—	23
Decrease (increase) in segregated deposits	2,738	3,220
Decrease (increase) in advance paid	0	0
Decrease (increase) in trading products (assets)	1,529	494
Decrease (increase) in trade date accrual	△1,132	599
Decrease/increase in margin transaction assets/liabilities	193	34
Decrease (increase) in short-term guarantee deposits	△161	391
Decrease (increase) in accounts receivable - other	△328	333
Increase (decrease) in trading products (liabilities)	45	△257
Increase (decrease) in deposits received	△3,403	△3,305
Increase (decrease) in guarantee deposits received	△374	△107
Decrease (increase) in other assets	139	△356
Increase (decrease) in other liabilities	5	87
Other, net	△449	△500
Subtotal	△1,059	△843
Interest and dividends received	1,559	1,803
Interest paid	△52	△56
Income taxes paid	△1,673	△873
Income taxes refund	1	—
Net cash provided by (used in) operating activities	△1,223	29

(Millions of yen)

	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023
<b>Cash flows from investing activities</b>		
Purchase of non-current assets	△77	△66
Proceeds from sale of non-current assets	12	—
Purchase of investment securities	△5,202	△9,576
Proceeds from sale of investment securities	6,043	8,630
Proceeds from redemption of investment securities	456	660
Loan advances	△0	△0
Proceeds from collection of loans receivable	0	0
Payments into time deposits	△1,259	△2,348
Proceeds from withdrawal of time deposits	1,259	1,683
Other, net	△59	△271
Net cash provided by (used in) investing activities	1,174	△1,289
<b>Cash flows from financing activities</b>		
Net increase (decrease) in short-term borrowings	△1,500	1,250
Proceeds from long-term borrowings	1,500	1,500
Repayments of long-term borrowings	△1,000	△1,500
Purchase of treasury shares	△0	△0
Dividends paid	△1,596	△1,116
Net cash provided by (used in) financing activities	△2,596	133
Effect of exchange rate change on cash and cash equivalents	419	675
Net increase (decrease) in cash and cash equivalents	△2,226	△450
Cash and cash equivalents at beginning of period	21,324	19,098
Cash and cash equivalents at end of period	19,098	18,647

## (5) Notes on Consolidated Financial Statements

## (Notes Concerning Going Concern Assumption)

None.

## (Changes in Accounting Policy)

## (Application of the Guidance on Accounting Standard for Fair Value Measurement)

The "Guidance on Accounting Standard for Fair Value Measurement" (ASBJ Guidance No. 31, June 17, 2021) is applied from the beginning of the fiscal year. The new accounting policy stipulated in the Guidance on Accounting Standard for Fair Value Measurement will be applied prospectively in accordance with the transitional treatment stipulated in Paragraph 27-2 of the Guidance. There is no impact on the quarterly consolidated financial statements.

## (Segment Information)

## (For the fiscal year ended March 31, 2021 and 2022)

The Kyokuto group are engaged in one single segment of business defined as "investment and financial services", the description of segment information is omitted.

## (Per Share Data)

	FY 2021	FY 2022
Net asset per share	1,444.99 yen	1,482.41 yen
Profit/Loss per share	66.38 yen	36.63 yen

## Notes

1. Diluted net income per share for the fiscal year ended March 31, 2022 is not shown in the above table, as there are no residual shares.
2. Data used for computation of the profit/loss per share in the above table :

	FY 2021	FY 2022
Profit/Loss attributable to owners of parent (Millions of yen)	2,117	1,168
Amount not attributable to common shareholders (Millions of yen)	—	—
Profit/Loss related to common shares attributable to owners of parent (Millions of yen)	2,117	1,168
Average number of outstanding common shares during the fiscal year	31,901,475	31,901,440

## (Material Subsequent Events)

None.

## 【Referential Data】

Referential Data on Consolidated Business Results for the Fiscal Year Ended March 31, 2023

## (1) Commission Received

## ① Commission received by sources

(Millions of yen)

	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2022	Change	
			yen volume	%
Brokerage commission	1,106	1,001	△104	△9.4
(Equities)	(1,070)	(972)	(△98)	(△9.2)
(Bonds)	(—)	(—)	(—)	(—)
(Beneficiary securities)	(35)	(29)	(△6)	(△17.2)
Commission for underwriting, secondary distribution and solicitation for selling and others for professional investors	32	16	△15	△48.0
(Equities)	(32)	(16)	(△15)	(△48.0)
(Bonds)	(—)	(—)	(—)	(—)
Fees for offering, secondary distribution and solicitation for selling and others for professional investors	594	535	△59	△10.0
Other commission received	262	280	18	7.0
Total	1,995	1,834	△161	△8.1

## ② Commission received by instruments

(Millions of yen)

	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2022	Change	
			yen volume	%
Equities	1,107	993	△113	△10.3
Bonds	0	0	0	17.3
Beneficiary securities	855	821	△33	△3.9
Other	32	18	△13	△42.0
Total	1,995	1,834	△161	△8.1

## (2) Net Trading Income

(Millions of yen)

	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2022	Change	
			yen volume	%
Equities, etc.	132	△154	△286	—
Bonds, etc.	3,282	1,565	△1,716	△52.3
Other	△384	△395	△11	—
Total	3,030	1,015	△2,014	△66.5

## (3) Consolidated Income Statements for Latest Five Quarters

(Millions of yen)

	Quarter ended March 31, 2022	Quarter ended June 30, 2022	Quarter ended September 30, 2022	Quarter ended December 31, 2022	Quarter ended March 31, 2023
I . Operating revenue	1,303	1,201	1,008	1,023	1,081
1 Commission received	474	446	435	460	492
2 Net trading income	403	169	85	432	327
3 Financial revenue	421	580	482	126	255
4 Other operating revenue	4	4	4	4	5
II . Financial expenses	17	11	15	12	16
Net operating revenue	1,286	1,189	993	1,011	1,064
III . Selling, general and administrative expenses	1,379	1,227	1,163	1,153	1,028
1 Trading related expenses	146	128	147	128	134
2 Personal expenses	871	743	692	675	519
3 Real estate expenses	118	122	128	128	127
4 Office expenses	136	139	131	133	131
5 Depreciation	21	19	21	22	23
6 Taxes and dues	40	42	21	31	44
7 Provision of allowance for doubtful accounts	1	—	—	—	—
8 Other	42	31	22	32	47
Operating profit/loss	△92	△37	△169	△141	36
IV . Non-operating income	232	316	127	190	378
V . Non-operating expenses	118	153	38	△41	58
Ordinary profit/loss	22	125	△80	89	356
VI . Extraordinary income	784	236	—	170	906
VII . Extraordinary losses	154	—	63	1	40
Profit/Loss before income taxes	652	361	△143	259	1,222
Income taxes current	347	15	1	18	369
Income taxes deferred	△105	100	△49	61	14
Profit/Loss	409	246	△95	179	838
Profit attributable to non-controlling interests	0	0	0	0	0
Profit/Loss attributable to owners of parent	409	246	△95	179	837

## 5. Financial Statements

## (1) Balance Sheets

(Millions of yen)

	As of March 31, 2022	As of March 31, 2023
<b>Assets</b>		
Current assets		
Cash and deposits	19,331	19,640
Segregated deposits	13,176	9,955
Trading products	13,530	13,036
Trading securities and other	13,512	13,035
Derivatives	18	1
Trade date accrual	859	259
Margin transaction assets	2,794	2,867
Margin loans	2,616	2,638
Cash collateral provided for securities borrowed in margin transactions	177	229
Advances paid	2	2
Advances paid for customers	0	—
Other advances paid	2	2
Short-term guarantee deposits	391	—
Short-term loans receivable	20	20
Prepaid expenses	13	9
Accounts receivable - other	778	367
Accrued revenue	162	240
Other current assets	62	28
Allowance for doubtful accounts	△15	△12
Total current assets	51,109	46,416
Non-current assets		
Property, plant and equipment	548	527
Buildings	212	168
Vehicles	0	0
Equipment	281	305
Land	54	54
Intangible assets	64	59
Software	41	36
Telephone subscription right	22	22
Investments and other assets	16,104	19,473
Investment securities	14,353	17,356
Shares of subsidiaries and associates	627	620
Investments in capital	1	1
Long-term loans receivable	—	0
Long-term loans receivable from subsidiaries and associates	140	120
Long-term loans to employees	1	1
Long-term guarantee deposits	416	403
Claims provable in bankruptcy, claims provable in rehabilitation and other, net	36	36
Long-term prepaid expenses	1	1
Prepaid pension costs	419	491
Other	178	511
Allowance for doubtful accounts	△71	△71
Total non-current assets	16,717	20,060
Total assets	67,826	66,476



(Millions of yen)

	As of March 31, 2022	As of March 31, 2023
<b>Liabilities</b>		
Current liabilities		
Trading products	261	4
Derivatives	261	4
Margin transaction liabilities	389	496
Margin borrowings	90	264
Cash received for securities sold in margin transactions	299	231
Deposits received	12,635	9,329
Deposits from customers	11,879	8,700
Other deposits received	755	629
Guarantee deposits received	623	515
Payables for securities to receive over due for delivery	5	229
Short-term borrowings	8,850	10,600
Accounts payable - other	40	10
Accrued expenses	74	47
Income taxes payable	344	38
Provision for bonuses	202	141
Other current liabilities	170	94
Total current liabilities	23,597	21,507
Non-current liabilities		
Long-term borrowings	1,500	1,000
Long-term accounts payable - other	429	429
Deferred tax liabilities	25	466
Provision for retirement benefits	74	74
Total non-current liabilities	2,029	1,969
Reserves under special laws		
Reserve for financial instruments transaction liabilities	14	14
Total reserves under special laws	14	14
Total liabilities	25,640	23,491
<b>Net assets</b>		
Shareholders' equity		
Share capital	5,251	5,251
Capital surplus		
Legal capital surplus	4,774	4,774
Total capital surplus	4,774	4,774
Retained earnings		
Legal retained earnings	641	641
Other retained earnings		
General reserve	16,271	16,271
Retained earnings brought forward	16,357	16,221
Total retained earnings	33,269	33,133
Treasury shares	△863	△863
Total shareholders' equity	42,432	42,296
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	△245	689
Total valuation and translation adjustments	△245	689
Total net assets	42,186	42,985
Total liabilities and net assets	67,826	66,476

## (2) Income Statements

(Millions of yen)

	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023
Operating revenue		
Commission received	1,995	1,834
Brokerage commission	1,106	1,001
Commission for underwriting, secondary distribution and solicitation for selling and others for professional investors	32	16
Fees for offering, secondary distribution and solicitation for selling and others for professional investors	594	535
Other commission received	262	280
Net trading income	3,030	1,015
Financial revenue	1,447	1,445
Total operating revenue	6,473	4,295
Financial expenses	51	55
Net operating revenue	6,421	4,239
Selling, general and administrative expenses		
Trading related expenses	559	544
Personnel expenses	3,002	2,522
Real estate expenses	645	631
Office expenses	605	579
Depreciation	68	67
Taxes and dues	150	127
Provision of allowance for doubtful accounts	6	—
Other	119	126
Total selling, general and administrative expenses	5,158	4,601
Operating profit (loss)	1,263	△361
Non-operating income		
Dividend income	386	580
Gain on investments in investment partnerships	238	154
Interest received from affiliated companies	0	0
Interest on securities	27	—
Other	45	48
Total non-operating income	698	783
Non-operating expenses		
Foreign exchange losses	156	192
Mediation Settlement	7	2
Other	0	12
Total non-operating expenses	164	207
Ordinary profit	1,797	214

## (3) Changes in Shareholders' Equity

Fiscal Year Ended March 31, 2022 (Year from April 1, 2021 to March 31, 2022)

(Millions of yen)

	Shareholders' equity								
	Share capital	Capital surplus		Retained earnings			Treasury shares	Total shareholders' equity	
		Legal capital surplus	Total capital surplus	Legal retained earnings	Other retained earnings				Total retained earnings
					General reserve	Retained earnings brought forward			
Balance at beginning of period	5,251	4,774	4,774	641	16,271	15,927	32,839	△863	42,002
Changes during period									
Dividends of surplus						△1,595	△1,595		△1,595
Profit (loss)						2,025	2,025		2,025
Purchase of treasury shares								△0	△0
Net changes in items other than shareholders' equity									
Total changes during period	—	—	—	—	—	430	430	△0	430
Balance at end of period	5,251	4,774	4,774	641	16,271	16,357	33,269	△863	42,432

	Valuation and translation adjustments		Total net assets
	Valuation difference on available-for-sale securities	Total valuation and translation adjustments	
Balance at beginning of period	419	419	42,422
Changes during period			
Dividends of surplus			△1,595
Profit (loss)			2,025
Purchase of treasury shares			△0
Net changes in items other than shareholders' equity	△665	△665	△665
Total changes during period	△665	△665	△235
Balance at end of period	△245	△245	42,186

Fiscal Year Ended March 31, 2023 (Year from April 1, 2022 to March 31, 2023)

(Millions of yen)

	Shareholders' equity								
	Share capital	Capital surplus		Retained earnings			Treasury shares	Total shareholders' equity	
		Legal capital surplus	Total capital surplus	Legal retained earnings	Other retained earnings				Total retained earnings
					General reserve	Retained earnings brought forward			
Balance at beginning of period	5,251	4,774	4,774	641	16,271	16,357	33,269	△863	42,432
Changes during period									
Dividends of surplus						△1,116	△1,116		△1,116
Profit (loss)						980	980		980
Purchase of treasury shares								△0	△0
Net changes in items other than shareholders' equity									
Total changes during period	—	—	—	—	—	△136	△136	△0	△136
Balance at end of period	5,251	4,774	4,774	641	16,271	16,221	33,133	△863	42,296

	Valuation and translation adjustments		Total net assets
	Valuation difference on available-for-sale securities	Total valuation and translation adjustments	
Balance at beginning of period	△245	△245	42,186
Changes during period			
Dividends of surplus			△1,116
Profit (loss)			980
Purchase of treasury shares			△0
Net changes in items other than shareholders' equity	935	935	935
Total changes during period	935	935	798
Balance at end of period	689	689	42,985

## 【Referential Data】

Referential Data on Business Results for the Fiscal Year Ended March 31, 2023

## (1) Volume/Value of Equity Trading (Except Trading in Derivatives) (Million share/Millions of yen)

	FY 2021 (A)		FY 2022 (B)		(B) / (A) (%)	
	Number of share	Trade value	Number of share	Trade value	Number of share	Trade value
Total	159	189,014	168	188,701	5.4	△0.2
(Agency)	(146)	(171,402)	(149)	(155,615)	(2.1)	(△9.2)
(Principal)	(13)	(17,611)	(19)	(33,086)	(41.6)	(87.9)
(Agency) / Total (%)	91.4%	90.7%	88.5%	82.5%		
Total / TSE Volume (%)	0.01%	0.01%	0.02%	0.01%		
Commission to consignees per share	7.31 yen		6.51 yen			

## (2) Volume of Underwriting, Offering and Selling (Million share/Millions of yen)

			FY 2021 (A)	FY 2022 (B)	(B) / (A) (%)
Underwriting	Equities	Number of share	1	0	△79.8
	"	Yen volume	1,769	355	△79.9
	Bonds	Yen volume at face value	—	—	—
		Yen volume at face value	—	—	—
Offering / Selling (Note)	Equities	Number of share	1	0	△80.2
	"	Yen volume	1,684	342	△79.7
	Bonds	Yen volume at face value	103	70	△31.7
		Beneficiary securities	Yen volume at face value	73,875	65,611
	CPs, foreign instruments, etc.	Yen volume at face value	—	—	—

Note: Includes volume of sales and private placements.

## (3) Net Capital Regulation Ratio

(Millions of yen)

		As of March 31, 2022	As of March 31, 2023
Basic items (A)		41,548	41,817
Company items	Valuation difference on available for sale securities, etc.	—	689
	Reserve for financial products transaction liabilities reserves under special laws	14	14
	Allowance for doubtful accounts	15	12
Total (B)		29	715
Deductible assets (C)		6,573	7,651
Unfixed net capital (A) + (B) - (C) (D)		35,003	34,882
Amount of risk correspondents	Market risk correspondence	3,735	3,978
	Trade party risk correspondence	281	179
	Basic risk correspondence	1,294	1,199
Total (E)		5,311	5,357
Net capital regulation ratio (D) / (E) × 100%		659.0%	651.0%

## (4) Number of Directors/Auditors and Employees

(persons)

	As of March 31, 2022	As of March 31, 2023
Directors and auditors	10	10
Employees	237	225