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October 27, 2023

Consolidated Financial Results for the Six Months Ended September 30, 2023 (Under Japanese GAAP)

Company name: Kyokuto Securities Co., Ltd.
 Listing: Tokyo Stock Exchange
 Securities code: 8706
 URL: [https:// www.kyokuto-sec.co.jp](https://www.kyokuto-sec.co.jp)
 Representative: Kazuhiro KIKUCHI, President and Chief Executive Officer
 Inquiries: Shunzo KAYANUMA, Senior Managing Director
 Telephone: +81-03-3666-5130
 Scheduled date to file quarterly securities report: November 13, 2023
 Scheduled date of commencement of payment of dividends: November 24, 2023
 Preparation of supplementary material on quarterly financial results: Yes
 Holding of quarterly financial results briefing: None

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

1. Consolidated financial results for the six months ended September 30, 2023 (from April 1, 2023 to September 30, 2023)

(1) Consolidated operating results (cumulative)

(Percentages indicate year-on-year changes.)

| | 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 | % |
| Six months ended September 30, 2023 | 4,012 | 81.5 | 3,983 | 82.5 | 1,548 | — | 2,070 | — | 2,385 | — |
| September 30, 2022 | 2,210 | △37.3 | 2,183 | △37.6 | △207 | — | 45 | △96.6 | 151 | △87.8 |

Note: Comprehensive income For the six months ended September 30, 2023: ¥4,620 million [—%]
 For the six months ended September 30, 2022: ¥317 million [△74.8%]

| | Basic earnings per share | Diluted earnings per share |
|--------------------|--------------------------|----------------------------|
| Six months ended | Yen | Yen |
| September 30, 2023 | 74.77 | — |
| September 30, 2022 | 4.74 | — |

(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 |
| September 30, 2023 | 82,042 | 51,424 | 62.7 | 1,611.64 |
| March 31, 2023 | 70,902 | 47,301 | 66.7 | 1,482.41 |

Reference: Equity
 As of September 30, 2023: ¥51,413 million
 As of March 31, 2023: ¥47,291 million

2. Cash dividends

| | Annual dividends per share | | | | |
|--------------------------------------|----------------------------|--------------------|-------------------|-----------------|-------|
| | First quarter-end | Second quarter-end | Third quarter-end | Fiscal year-end | Total |
| | Yen | Yen | Yen | Yen | Yen |
| Fiscal year ended March 31, 2023 | — | 15.00 | — | 15.00 | 30.00 |
| Fiscal year ending March 31, 2024 | — | 30.00 | | | |

Note: Revisions to the forecast of cash dividends most recently announced: None

Kyokuto Securities Co., Ltd. and its consolidated subsidiaries do not disclose forecast of financial results.
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
 Newly included: 0 companies
 Excluded: 0 companies
- (2) Adoption of accounting treatment specific to the preparation of quarterly consolidated financial statements: None
- (3) Changes in accounting policies, changes in accounting estimates, and restatement
- (i) Changes in accounting policies due to revisions to accounting standards and other regulations: None
 - (ii) Changes in accounting policies due to other reasons: None
 - (iii) Changes in accounting estimates: None
 - (iv) Restatement: None
- (4) Number of issued shares (common shares)

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

| | |
|--------------------------|-------------------|
| As of September 30, 2023 | 32,779,000 shares |
| As of March 31, 2023 | 32,779,000 shares |

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

| | |
|--------------------------|----------------|
| As of September 30, 2023 | 877,595 shares |
| As of March 31, 2023 | 877,595 shares |

- (iii) Average number of shares outstanding during the period (cumulative from the beginning of the fiscal year)

| | |
|-------------------------------------|-------------------|
| Six months ended September 30, 2023 | 31,901,405 shares |
| Six months ended September 30, 2022 | 31,901,469 shares |

* Quarterly financial results reports are exempt from quarterly review conducted by certified public accountants or an audit corporation.

* Proper use of earnings forecasts, and other special matters

The earnings forecasts are not disclosed. Please refer to page4 for further information.

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BUSINESS RESULTS

1. Qualitative Information on Business Results for the Six Months Ended September 30, 2023

(1) Information on business results

During the six months ended September 30, 2023 (from April 1 to 2023 to September 30, 2023) of the current consolidated fiscal year, prices remained high levels both the domestic and international although the inflation rates have slowed. Major countries other than Japan have implemented monetary tightening measures to curb inflation, but there were moves to suspend interest rate hikes in order to monitor their cumulative effect. The US Federal Reserve Board (FRB) has temporarily suspended interest rate hike and been watching price trends. Meanwhile the Bank of Japan (BoJ) slightly revised its yield curve control policy and decided to allow the upper limit of long-term interest rates to be around 1.0% on July 28.

In the stock market, the Nikkei Stock Average hit a yearly high of 33,772 yen in June, boosted by that the BoJ decided to maintain monetary easing measures and that foreign investors positively bought Japanese stocks. After that, the market turned into moving in a box range due to a mix of pessimism that the economies would further deteriorate due to the Fed's decision to maintain policy interest rates at a high level for longer period of time, and optimism guided by a soft landing scenario. The Nikkei Stock Average ended the six-month period at 31,857 yen, 13.6% higher than the end of March 2023. U.S. stocks rose through July along with optimism about the economy and investors' interest in AI-related stocks, but from August both economy-sensitive stocks and high-tech stocks fell due to unfavorable rise in U.S. long-term interest rates. The New York Dow Jones Industrial Average ended the six-month period at \$33,507, almost unchanged from the end of March 2023.

In the foreign exchange market, the Yen depreciated against the Dollar due to the widening interest rate difference between Japan and the US and the clear difference in the monetary policy stance of the authorities, and the Dollar-Yen exchange rate reached 149.58 yen at the end of the six-month period, the weakest level since October 2022. The Yen also depreciated against the Euro, ending at 158.00 yen. The Dollar's appreciation was particularly noticeable from August onward during the six-month period due to the rise in US interest rates.

In the bond market, interest rates rose in both Japan and the US. Japan's 10-year government bond yield ended at 0.765% under increasing pressure since the BoJ's Monetary Policy Meeting in July. In the US, there was a growing expectation that the high interest rate policy would be prolonged to curb inflation, and the yield on 10-year US government bonds rose to 4.577% at the end of the six-month period, which had an impact on both foreign exchange and stock markets.

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

For the six-month period, compared with the same period of previous fiscal year, operating revenue increased by 181.5% to 4,012 million yen, net operating revenue increased by 182.5% to 3,983 million yen, operating profit resulted in 1,548 million yen (operating loss of 207 million yen in the same period of the previous fiscal year), ordinary profit increased to 2,070 million yen (45 million yen in the same period of the previous fiscal year), and net profit attributable to owners of the parent increased to 2,385 million yen (151 million yen in the same period of the previous fiscal year).

Details of the period's results are as follows:

①Commission Received

The total "Commission Received" resulted 1,295 million yen (up 47.0% from the same period of previous fiscal year), the details of which are shown below:

(Brokerage Commission)

Brokerage commission on equity securities was 712 million yen (up 53.1% from the same period of previous fiscal year). Total amount of brokerage commission including those on beneficiary securities (Exchange Traded Funds) was 718 million yen (up 49.1% from the same period of previous fiscal year).

(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 7million yen (up 31.2% from the same period of previous fiscal year).

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

The amount of fees for offering, secondary distribution and solicitation for selling and others for professional investors was 391 million yen (up 51.9% from the same period of previous fiscal year), due to an increase 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 177 million yen (up 30.8% from the same period of previous fiscal year).

②Net trading Income

Net trading income of equities, etc. resulted in a gain of 20 million yen (a loss of 175 million yen in the same period of previous fiscal year). Net trading income of bonds etc. resulted in a gain of 2,097 million yen (up 146.0% from the same period of previous fiscal year). Net trading income on other trading consisting mainly of foreign exchange derivatives resulted in a loss of 261 million yen (a loss of 421 million yen in the same period of previous fiscal year). As a result, “Net Trading Income” resulted in a gain of 1,856 million yen (up 626.2% from the same period of previous fiscal year).

③Net Financial Income

“Net Financial Income” decreased by 21.5% to 813 million yen, as a result of deducting 28 million yen (up 5.2% from the same period of previous fiscal year) of financial expenses from 841 million yen (down 20.9% from the same period of previous fiscal year) of financial revenue.

④Selling, General and Administrative Expenses

“Selling, General and Administrative Expenses” were 2,434 million yen (up 1.8% from the same period of previous fiscal year).

⑤Non-operating Income and Expenses

Non-operating income, consisting mainly of dividend received, totaled 767 million yen (up 72.8% from the same period of previous fiscal year), while non-operating expenses consisting mainly of foreign exchange losses, totaled 246 million yen (up 28.5% from the same period of previous fiscal year). As a result, “Net Non-operating Income” amounted to a gain of 521 million yen (up 106.5% from the same period of previous fiscal year).

⑥Extraordinary Income and Loss

Extraordinary income was 1,481 million yen (up 527.7% from the same period of previous fiscal year), as a result of sales of investment securities, while extraordinary loss was 128 million yen (up 103.6% from the same period of previous fiscal year) including losses on sales of investment securities. As a result, “Net Extraordinary Income” amounted to 1,353 million yen (up 682.2% from the same period of previous fiscal year).

(2) Information on Financial Condition

①Assets

Current assets as of September 30, 2023 were 51,357 million yen, increased by 3,783 million yen from the previous fiscal year end. This is mainly because trading products increased by 2,766 million yen and segregated deposits increased by 2,526 million yen, while cash and deposits decreased by 1,164 million yen and margin transaction assets decreased by 530 million yen. Non-current assets as of September 30, 2023 were 30,684 million yen, increased by 7,356 million yen from the previous fiscal year end. This is mainly because investment securities increased by 7,271 million yen.

As a result, the assets as of September 30, 2023 were 82,042 million yen, increased by 11,140 million yen from the previous fiscal year end.

②Liabilities

Current liabilities as of September 30, 2023 were 27,604 million yen, increased by 6,016 million yen from the previous fiscal year end. This is mainly because deposits received increased by 4,689 million yen, income taxes payable increased by 949 million yen and short-term borrowings increased by 380 million yen. Non-current liabilities as of September 30, 2023 were 2,999 million yen, increased by 1,000 million yen from the previous fiscal year end.

As a result, the liabilities as of September 30, 2023 were 30,617 million yen, increased by 7,016 million yen from the previous fiscal year end.

③Net Assets

Within net asset, valuation difference on available for sale securities increased by 2,215 million yen and retained earnings increased by 1,906 million yen from the previous fiscal year end.

As a result, net assets as of September 30, 2023 were 51,424 million yen, increased by 4,123 million yen from the previous fiscal year end.

(3) Information on Forecast of Consolidated Financial Results

Consolidated operating revenues are mainly comprised of commissions received and trading income, 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 financial 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 ourselves.

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 financial 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 forecast of financial results 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 forecast of financial results, but will instead endeavor to disclose financial results as early as possible, and will announce such figures as preliminary figures around the 10th business day after the end of the fiscal year or the end of the quarter, when consolidated financial results are almost finalized.

2. Quarterly Consolidated Financial Statements and Notes

(1) Quarterly Consolidated Balance Sheets

(Millions of yen)

| | As of March 31, 2023 | As of September 30, 2023 |
|---|----------------------|--------------------------|
| Assets | | |
| Current assets | | |
| Cash and deposits | 20,784 | 19,619 |
| Segregated deposits | 9,955 | 12,482 |
| Trading products | 13,036 | 15,803 |
| Trading securities and other | 13,035 | 15,802 |
| Derivatives | 1 | 0 |
| Trade date accrual | 259 | 372 |
| Margin transaction assets | 2,867 | 2,337 |
| Margin loans | 2,638 | 2,005 |
| Cash collateral provided for securities borrowed in margin transactions | 229 | 331 |
| Other current assets | 683 | 752 |
| Allowance for doubtful accounts | △12 | △8 |
| Total current assets | 47,574 | 51,357 |
| Non-current assets | | |
| Property, plant and equipment | 1,872 | 1,916 |
| Buildings | 384 | 392 |
| Land | 1,167 | 1,167 |
| Other | 320 | 356 |
| Intangible assets | 59 | 58 |
| Investments and other assets | 21,396 | 28,710 |
| Investment securities | 20,013 | 27,285 |
| Other | 1,453 | 1,495 |
| Allowance for doubtful accounts | △71 | △71 |
| Total non-current assets | 23,327 | 30,684 |
| Total assets | 70,902 | 82,042 |
| Liabilities | | |
| Current liabilities | | |
| Trading products | 4 | 13 |
| Derivatives | 4 | 13 |
| Margin transaction liabilities | 496 | 480 |
| Margin borrowings | 264 | 236 |
| Cash received for securities sold in margin transactions | 231 | 244 |
| Deposits received | 9,330 | 14,019 |
| Short-term borrowings | 10,600 | 10,980 |
| Income taxes payable | 101 | 1,051 |
| Provision for bonuses | 144 | 259 |
| Other current liabilities | 910 | 799 |
| Total current liabilities | 21,587 | 27,604 |
| Non-current liabilities | | |
| Long-term borrowings | 1,000 | 1,000 |
| Retirement benefit liability | 77 | 87 |
| Other noncurrent liabilities | 922 | 1,912 |
| Total non-current liabilities | 1,999 | 2,999 |
| Reserves under special laws | | |
| Reserve for financial instruments transaction liabilities | 14 | 14 |
| Total reserves under special laws | 14 | 14 |
| Total liabilities | 23,601 | 30,617 |

(Millions of yen)

| | As of March 31, 2023 | As of September 30, 2023 |
|---|----------------------|--------------------------|
| Net assets | | |
| Shareholders' equity | | |
| Share capital | 5,251 | 5,251 |
| Capital surplus | 4,774 | 4,774 |
| Retained earnings | 37,370 | 39,277 |
| Treasury shares | △863 | △863 |
| Total shareholders' equity | 46,533 | 48,439 |
| Accumulated other comprehensive income | | |
| Valuation difference on available-for-sale securities | 757 | 2,973 |
| Total accumulated other comprehensive income | 757 | 2,973 |
| Non-controlling interests | 10 | 11 |
| Total net assets | 47,301 | 51,424 |
| Total liabilities and net assets | 70,902 | 82,042 |

(2) Quarterly Consolidated Income Statements and Quarterly Consolidated Comprehensive Income Statements
 (Quarterly Consolidated Income Statements)
 (Six Months Ended September 30, 2023)

(Millions of yen)

| | Six months ended September 30, 2022 | Six months ended September 30, 2023 |
|--|--|--|
| Operating revenue | | |
| Commission received | 881 | 1,295 |
| Brokerage commission | 481 | 718 |
| Commission for underwriting, secondary distribution and solicitation for selling and others for professional investors | 6 | 7 |
| Fees for offering, secondary distribution and solicitation for selling and others for professional investors | 257 | 391 |
| Other commission received | 136 | 177 |
| Net trading income | 255 | 1,856 |
| Financial revenue | 1,063 | 841 |
| Other operating revenue | 9 | 18 |
| Total operating revenue | 2,210 | 4,012 |
| Financial expenses | 26 | 28 |
| Net operating revenue | 2,183 | 3,983 |
| Selling, general and administrative expenses | | |
| Trading related expenses | 276 | 292 |
| Personnel expenses | 1,435 | 1,411 |
| Real estate expenses | 250 | 262 |
| Office expenses | 270 | 272 |
| Depreciation | 40 | 41 |
| Taxes and dues | 63 | 102 |
| Other | 54 | 53 |
| Total selling, general and administrative expenses | 2,390 | 2,434 |
| Operating profit (loss) | △207 | 1,548 |
| Non-operating income | | |
| Dividend income | 299 | 384 |
| Gain on investments in investment partnerships | 115 | 347 |
| Other | 29 | 36 |
| Total non-operating income | 444 | 767 |
| Non-operating expenses | | |
| Foreign exchange losses | 183 | 235 |
| Mediation settlement | — | 3 |
| Other | 8 | 7 |
| Total non-operating expenses | 191 | 246 |
| Ordinary profit | 45 | 2,070 |

(Millions of yen)

| | Six months ended September 30, 2022 | Six months ended September 30, 2023 |
|--|--|--|
| Extraordinary income | | |
| Gain on sale of investment securities | 236 | 1,481 |
| Reversal of reserve for financial instruments transaction liabilities | — | 0 |
| Total extraordinary income | 236 | 1,481 |
| Extraordinary losses | | |
| Loss on sale of investment securities | 63 | 127 |
| Loss on retirement of non-current assets | — | 0 |
| Total extraordinary losses | 63 | 128 |
| Profit before income taxes | 218 | 3,423 |
| Income taxes - current | 16 | 1,052 |
| Income taxes - deferred | 50 | △14 |
| Total income taxes | 66 | 1,037 |
| Profit | 151 | 2,385 |
| Profit attributable to non-controlling interests | 0 | 0 |
| Profit attributable to owners of parent | 151 | 2,385 |

(Quarterly Consolidated Comprehensive Income Statements)
(Six Months Ended September 30, 2023)

(Millions of yen)

| | Six months ended September 30, 2022 | Six months ended September 30, 2023 |
|--|--|--|
| Profit | 151 | 2,385 |
| Other comprehensive income | | |
| Valuation difference on available-for-sale securities | 166 | 2,216 |
| Total other comprehensive income | 166 | 2,216 |
| Comprehensive income | 317 | 4,602 |
| Comprehensive income attributable to | | |
| Comprehensive income attributable to owners of parent | 316 | 4,601 |
| Comprehensive income attributable to non-controlling interests | 0 | 1 |

(3) Notes to Quarterly Consolidated Financial Statements
(Notes Concerning Going Concern Assumption)

None.

(Notes in the Event of Substantial Changes in Shareholders' Equity)

None.

【Referential Data】

1. Referential Data on Consolidated Business Results for the Six Months Ended September 30, 2023

(1) Commission Received

① Commission received by sources

(Millions of yen)

| | Six months ended September 30, 2022 | Six months ended September 30, 2023 | Change | | FY2022 |
|--|---|---|--------|---------|--------|
| | | | Amount | % | |
| Brokerage commission | 481 | 718 | 236 | 49.1 | 1,001 |
| (Equities) | (465) | (712) | (247) | (53.1) | (972) |
| (Bonds) | (—) | (—) | (—) | (—) | (—) |
| (Beneficiary securities) | (16) | (6) | (△10) | (△63.9) | (29) |
| Commission for underwriting, secondary distribution and solicitation for selling and others for professional investors | 6 | 7 | 1 | 31.2 | 16 |
| (Equities) | (6) | (7) | (1) | (31.2) | (16) |
| (Bonds) | (—) | (—) | (—) | (—) | (—) |
| Fees for offering, secondary distribution and solicitation for selling and others for professional investors | 257 | 391 | 133 | 51.9 | 535 |
| Other commission received | 136 | 177 | 41 | 30.8 | 280 |
| Total | 881 | 1,295 | 413 | 47.0 | 1,834 |

② Commission received by instruments

(Millions of yen)

| | Six months ended September 30, 2022 | Six months ended September 30, 2023 | Change | | FY2022 |
|------------------------|---|---|--------|-------|--------|
| | | | Amount | % | |
| Equities | 473 | 722 | 248 | 52.5 | 993 |
| Bonds | 0 | 0 | 0 | 115.0 | 0 |
| Beneficiary securities | 397 | 564 | 167 | 42.2 | 821 |
| Other | 10 | 8 | △2 | △21.3 | 18 |
| Total | 881 | 1,295 | 413 | 47.0 | 1,834 |

(2) Net Trading Income

(Millions of yen)

| | Six months ended September 30, 2022 | Six months ended September 30, 2023 | Change | | FY2022 |
|----------------|---|---|--------|-------|--------|
| | | | Amount | % | |
| Equities, etc. | △175 | 20 | 196 | — | △154 |
| Bonds, etc. | 852 | 2,097 | 1,244 | 146.0 | 1,565 |
| Other | △421 | △261 | 159 | — | △395 |
| Total | 255 | 1,856 | 1,600 | 626.2 | 1,015 |

(3) Consolidated Income Statement for the Latest Five Quarters

(Millions of yen)

| | Quarter ended September 30, 2022 | Quarter ended December 31, 2022 | Quarter ended March 31, 2023 | Quarter ended June 30, 2023 | Quarter ended September 30, 2023 |
|--|--|---------------------------------------|------------------------------------|-----------------------------------|--|
| I . Operating revenue | 1,008 | 1,023 | 1,081 | 1,831 | 2,180 |
| 1 Commission received | 435 | 460 | 492 | 610 | 685 |
| 2 Net trading income | 85 | 432 | 372 | 769 | 1,087 |
| 3 Financial revenue | 482 | 126 | 255 | 437 | 403 |
| 4 Other operating revenue | 4 | 4 | 5 | 14 | 4 |
| II . Financial expenses | 15 | 12 | 16 | 13 | 14 |
| Net operating revenue | 993 | 1,011 | 1,064 | 1,817 | 2,165 |
| III . Selling, general and administrative expenses | 1,163 | 1,153 | 1,028 | 1,191 | 1,243 |
| 1 Trading related expenses | 147 | 128 | 134 | 138 | 153 |
| 2 Personal expenses | 692 | 675 | 519 | 683 | 727 |
| 3 Real estate expenses | 128 | 128 | 127 | 128 | 134 |
| 4 Office expenses | 131 | 133 | 131 | 140 | 132 |
| 5 Depreciation | 21 | 22 | 23 | 20 | 21 |
| 6 Taxes and dues | 21 | 31 | 44 | 48 | 53 |
| 7 Provision of allowance for doubtful accounts | — | — | — | — | — |
| 8 Other | 22 | 32 | 47 | 31 | 21 |
| Operating profit/loss | △169 | △141 | 36 | 626 | 922 |
| IV . Non-operating income | 127 | 190 | 378 | 557 | 210 |
| V . Non-operating expenses | 38 | △41 | 58 | 208 | 38 |
| Ordinary profit/loss | △80 | △89 | 356 | 976 | 1,094 |
| VI . Extraordinary income | — | 170 | 906 | 647 | 833 |
| VII . Extraordinary losses | 63 | 1 | 40 | 70 | 57 |
| Profit/Loss before income taxes | △143 | 259 | 1,222 | 1,553 | 1,870 |
| Income taxes current | 1 | 18 | 369 | 397 | 654 |
| Income taxes deferred | △49 | 61 | 14 | 58 | △73 |
| Profit/Loss | △95 | 179 | 838 | 1,096 | 1,289 |
| Profit attributable to non-controlling interests | 0 | 0 | 0 | 0 | 0 |
| Profit/Loss attributable to owners of parent | △95 | 179 | 837 | 1,096 | 1,289 |

2. Referential Data on Business Results for the Six months Ended September 30, 2023

(1) Capital Adequacy Ratio

(Millions of yen)

| | | As of September 30, 2022 | As of September 30, 2023 | As of March 31, 2023 |
|---------------------------------------|---|--------------------------------|--------------------------------|----------------------------|
| Basic items | (A) | 41,140 | 43,034 | 41,817 |
| Complementary items | Valuation difference on available-for-sale securities, etc. | — | 2,719 | 689 |
| | Financial instruments transaction liability reserves | 14 | 14 | 14 |
| | Allowance for doubtful accounts | 11 | 8 | 12 |
| Total (B) | | 25 | 2,741 | 715 |
| Deductible assets (C) | | 6,580 | 8,465 | 7,651 |
| Unfixed net capital (A)+(B)-(C) (D) | | 34,585 | 37,310 | 34,882 |
| Amount of risk correspondents | Market risk equivalent | 3,639 | 5,289 | 3,978 |
| | Trade party risk equivalent Basic risk equivalent | 181 | 195 | 179 |
| | | 1,282 | 1,103 | 1,199 |
| Total (E) | | 5,103 | 6,589 | 5,357 |
| Capital adequacy ratio (D)/(E) × 100% | | 677.7% | 566.2% | 651.0% |

(2) Number of Directors/Auditors and Employees

| | As of September 30, 2022 | As of September 30, 2023 | As of March 31, 2023 |
|------------------------|--------------------------------|--------------------------------|----------------------------|
| Directors and auditors | 10 | 10 | 10 |
| Employees | 236 | 232 | 225 |