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April 25, 2024

## Consolidated Financial Results for the Fiscal Year Ended March 31, 2024 (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 27, 2024  
 Scheduled date to commence dividend payments: June 6, 2024  
 Scheduled date to file annual securities report: June 28, 2024  
 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, 2024 (from April 1, 2023 to March 31, 2024)

#### (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, 2024	7,730	79.1	7,676	80.2	2,951	—	3,706	654.5	4,341	271.5
March 31, 2023	4,315	△33.5	4,259	△33.9	△312	—	491	△73.9	1,168	△44.8

Note: Comprehensive income For the fiscal year ended March 31, 2024: ¥7,809 million [237.9%]  
 For the fiscal year ended March 31, 2023: ¥2,311 million [60.8%]

Fiscal year ended	Profit per share	Profit per share(diluted)	Return on equity	Return on assets	Gross profit margin
	Yen	Yen	%	%	%
March 31, 2024	136.08	—	8.6	4.8	38.2
March 31, 2023	36.63	—	2.5	0.7	△7.2

Reference: Share of profit (loss) of entities accounted for using equity method  
 For the fiscal year ended March 31, 2024: —  
 For the fiscal year ended March 31, 2023: —

#### (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, 2024	83,534	53,675	64.2	1,682.18
March 31, 2023	70,902	47,301	66.7	1,482.41

Reference: Equity  
 As of March 31, 2024: ¥53,663 million  
 As of March 31, 2023: ¥47,291 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, 2024	△26	△4,021	△2,955	12,118
March 31, 2023	29	△1,289	133	18,647

**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, 2023	—	15.00	—	15.00	30.00	957	81.9	2.0
Fiscal year ended March 31, 2024	—	30.00	—	80.00	110.00	3,509	80.8	7.0

Dividend forecast is not disclosed since forecast of business result is not disclosed.

**3. Forecast of Consolidated Business Result for the Fiscal Year Ended March 31, 2025 (Year from April 1, 2024 to March 31, 2025)**

Kyokuto Securities Co., Ltd. and its consolidated subsidiaries do not disclose forecast of business result. Please refer to page 6 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: None
- (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, 2024	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 March 31, 2024	877,595 shares
As of March 31, 2023	877,595 shares

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

Fiscal year ended March 31, 2024	31,901,405 shares
Fiscal year ended March 31, 2023	31,901,440 shares

## [Reference] Overview of non-consolidated financial results

## 1. Non-consolidated financial results for the fiscal year ended March 31, 2024 (from April 1, 2023 to March 31, 2024)

## (1) Non-consolidated operating results

(Percentages indicate year-on-year changes.)

	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	%
Fiscal year ended										
March 31, 2024	7,711	79.5	7,657	80.6	2,909	—	3,591	—	4,080	316.2
March 31, 2023	4,295	△33.6	4,239	△34.0	△361	—	214	△88.1	980	△51.6

	Basic earnings per share	Diluted earnings per share
Fiscal year ended	Yen	Yen
March 31, 2024	127.89	—
March 31, 2023	30.73	—

## (2) Non-consolidated financial position

	Total assets	Net assets	Equity-to-asset ratio	Net assets per share	Net assets per share
As of	Millions of yen	Millions of yen	%		Yen
March 31, 2024	78,305	48,730	62.2	1,527.52	487.1
March 31, 2023	66,476	42,985	64.7	1,347.45	651.0

Reference: Equity

As of March 31, 2024: ¥48,730 million  
As of March 31, 2023: ¥42,985 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

Forecast of business result is not disclosed. Please refer to page 6 for further information.

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## Business Results

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

#### (1) Information on business results

During the current consolidated fiscal year ended March 31, 2024 (from April 1, 2023 to March 31, 2024), significant changes have been seen in monetary policies in both domestic and international economies. The Bank of Japan (BoJ) lifted its negative interest rate policy in March, 2024, based on positive results of spring campaign for annual wage increase. On the other hand, major countries other than Japan changed their stances to monitor cumulative effects of policy interest rate hike as anti-inflation measures. The U.S. Federal Reserve Board (FRB) has kept its policy interest rate unchanged after the last interest rate hike in July. In addition, some of emerging countries have begun to cut their policy interest rates.

In the stock market, the Nikkei Stock Average (Nikkei 225) rose sharply through June, supported by BoJ's policy to maintain monetary easing measures as well as foreign investors' positive purchase of Japanese stocks. The market, then turned into moving in a box range due to a complication of uncertainty over the U.S. monetary policy outlook and mixed sentiments over the global economic outlook. Since the beginning of 2024, with growing expectations for an end to deflation, the Nikkei 225 has risen further, driven by depreciation of Japanese Yen. The reforms to implement corporate management that is conscious of its cost of capital and stock price as well as measures to enhance shareholder returns have been actively announced by the listed companies in response to the requests by the Tokyo Stock Exchange. Expectations for the new NISA system that started in 2024 together with the abovementioned movements brought the Nikkei 225 over its all-time high (38,915 yen) recorded in 1989, on February 22. The Nikkei 225 subsequently reached over the 40,000-yen mark on March 4, and ended at 40,369 yen at the end of the fiscal year, 44% higher than the end of March 2023.

In the U.S. stock market, the Dow Jones Industrial Average, after having risen through July among the optimistic view over the economy, entered a correction phase until October due to an unfavorable sharp increase in U.S. long-term interest rates. However, the market turned to a sharp rebound thanks to an emergence of early policy interest rate cut scenario provided by slowing inflation as well as lower long-term interest rates in the market. Since the beginning of 2024, the Dow Jones Industrial Average has rallied further, driven by the resurgence of the AI boom, and ended at 39,807 dollars at the end of the fiscal year.

In the bond markets, interest rates rose in both Japan and the U.S. through autumn. In Japan, the Japan's 10-year government bond yield surged to 0.97% in November against the backdrop of a speculation of early lifting of the negative interest rate policy and an increase in the U.S interest rates. The 10-year government bond yield, then declined to 0.55% as the expectation of an early normalization of monetary policy receded. Although BoJ lifted the negative interest rate policy and also eliminated yield curve control in March 2024, the 10-year government bond yield ended at 0.725% at the end of the fiscal year since the BoJ clarified its policy to curb the sharp rise in interest rates. In the U.S., the U.S. 10-year government bond yield rose to 5.00% in October on the view that the high interest rate policy would be prolonged to curb inflation. However, the market shifted to the view that interest rates cuts will begin early in 2024 due to slowing inflation and other factors, the U.S. 10-year government bond yield plunged rapidly to 3.78%. Finally the yield ended at 4.20% supported by a retreat from an excessive interest rate cut scenario toward the end of the fiscal year.

In the foreign exchange market, the Dollar-Yen exchange rate fluctuated widely against the backdrop of the difference in interest rates between Japan and the U.S. led by differences in monetary policy stances between two countries. After the Dollar-Yen exchange rate reached 151.94 yen in November, it reversed and hit 140.25 yen at 2023 year-end. Toward the end of the fiscal year, the Yen once again came under pressure to weaken against the Dollar and ended at 151.32 yen at the end of the fiscal year.

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 current fiscal year, operating revenue increased to 7,730 million yen (up 79.1% from previous fiscal year), net operating revenue increased to 7,676 million yen (up 80.2% from previous fiscal year), operating profit resulted in 2,951 million yen (operating loss of 312 million yen in previous fiscal year), ordinary profit amounted to 3,706 million yen (up 654.5% from previous fiscal year), and net profit attributable to owners of the parent resulted in 4,341 million yen (up 271.5% from previous year).

Details of the period's results are as follows:

① Commission Received

The total commission received resulted 2,822 million yen (up 53.9% from previous fiscal year), the details of which are shown below:

(Brokerage Commission)

Brokerage commission on equity securities was 1,512 million yen (up 55.5% from previous fiscal year). Total amount of brokerage commission including those on beneficiary securities (Exchange Traded Funds) was 1,534 million yen (up 53.1% from 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 15 million yen (down 8.4% from 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 873 million yen (up 63.1% 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 399 million yen (up 42.6% from previous fiscal year).

② Net trading Income

Net trading income of equities, etc. resulted in a gain of 39 million yen (a loss of 154 million yen in previous fiscal year). Net trading income of bonds etc. resulted in a gain of 3,716 million yen (up 137.3% from previous fiscal year). Net trading income on other trading consisting mainly of foreign exchange derivatives resulted in a loss of 352 million yen (a loss of 395 million yen in previous fiscal year).

As a result, net trading income resulted in a gain of 3,402 million yen (up 235.0% from previous fiscal year).

③ Net Financial Income

Net financial income increased by 3.0% to 1,432 million yen, as a result of deducting 53 million yen (down 4.1% from previous fiscal year) of financial expenses from 1,485 million yen (up 2.8% from previous fiscal year) of financial revenue.

④ Selling, General and Administrative Expenses

Selling, general and administrative expenses were 4,725 million yen (up 3.4% from previous fiscal year).

⑤ Non-operating Income and Expenses

Non-operating income, consisting mainly of dividend received, totaled 1,156 million yen (up 14.2% from previous fiscal year), while non-operating expenses consisting mainly of foreign exchange losses, totaled 401 million yen (up 92.3% from previous fiscal year).

As a result, net non-operating income amounted to gain of 755 million yen (down 6.1% from previous fiscal year).

⑥ Extraordinary Income and Loss

Extraordinary income was 2,779 million yen (up 111.7% from previous fiscal year), as a result of sales of investment securities, while extraordinary loss was 236 million yen (up 124.8% from previous fiscal year) including losses on sales of investment securities.

As a result, net extraordinary income amounted to 2,543 million yen (up 110.5% from previous fiscal year).

(2) Information on Financial Condition

① Assets

Current assets as of current fiscal year-end were 48,262 million yen and increased by 688 million yen from previous fiscal year-end. This is mainly because, while cash and deposits decreased by 6,394 million yen, trading products increased by 4,517 million yen and segregated deposits mainly segregated customer money increased by 3,058 million yen. Non-current assets as of current fiscal year-end were 35,271 million yen and increased by 11,943 million yen from previous fiscal year-end. The main factor was investment securities increased by 11,635 million yen.

As a result, the assets as of current fiscal year-end were 83,534 million yen and increased by 12,631 million yen from previous fiscal year-end.

② Liabilities

Current liabilities as of current fiscal year-end were 26,705 million yen and increased by 5,117 million yen from previous fiscal year-end. This is mainly because, while short-term borrowings decreased by 1,020 million yen, deposits received (mainly customer deposit) increased by 4,989 million yen and income taxes payable increased by 1,575 million yen. Non-current liabilities as of current fiscal year-end were 3,134 million yen and increased by 1,134 million yen from previous fiscal year-end. This is mainly because, while long-term borrowings decreased 500 million yen, deferred tax liabilities increased 1,615 million yen.

As a result, the liabilities as of current fiscal year-end were 29,858 million yen and increased by 6,257 million yen from previous fiscal year-end.

### ③ Net Assets

Within net asset, valuation difference on available for sale securities increased by 3,467 million yen and retained earnings increased by 2,905 million yen from previous fiscal year-end.

As a result, net assets as of current fiscal year-end were 53,675 million yen and increased by 6,374 million yen from previous fiscal year-end.

## (3) Information on Cash Flow

The amount of cash and cash equivalents as of current fiscal year-end were 12,118 million yen, decreased by 6,529 million yen from previous fiscal year-end.

Details of cash flow are as follows:

### ① Cash Flows from Operating Activities

Net cash in operating activities for current fiscal year amounted to a use (out-flow) of 26 million yen (in-flow of 29 million yen for previous fiscal year). The cash in-flow from operating activities were, among others, the profit of 3,351 million yen which is a result of deducting sales of investment securities (2,551 million yen) and investments in investment partnerships (346 million yen) from profit before income taxes (6,250 million yen), and an increase of deposits received (4,989 million yen). On the other hand, items of cash out-flow were a net increase of trading products (4,493 million yen), an increase of segregated deposits (3,058 million yen), a decrease of guarantee deposits received (295 million yen) and the payment of income taxes (366 million yen).

### ② Cash Flows from Investing Activities

Net cash in investing activities for current fiscal year amounted to a use (out-flow) of 4,021 million yen (out-flow of 1,289 million yen for previous fiscal year). The main factors of out-flows were a decrease of investment securities (3,720 million yen) and a loss incurred due to the settlement of forward exchange contracts relating to foreign currency-denominated products (320 million yen).

### ③ Cash Flows from Financing Activities

Net cash in financing activities for current fiscal year amounted to a use (out-flow) of 2,955 million yen (in-flow of 133 million yen for previous fiscal year). The main factors of out-flows were dividend payment (1,435 million), and repayment of both short-term borrowings (1,020 million yen) and long-term borrowings (500 million yen).

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

As part of its efforts to increase shareholder value, one of the important management policies is to proactively distribute the company's profits to shareholders, and it is decided to further enhance shareholder returns from the fiscal year ended March 31, 2024 in order to increase shareholder value. Our basic policy is that the amount of dividends is determined, based on the higher of a consolidated dividend payout ratio of 70% or a consolidated dividend on equity ratio (DOE) of 2% as well as by comprehensively evaluating such factors as its equity capital



level, medium- to long-term performance trends, stock price and others.

It is decided to pay a year-end ordinary dividend of 80 yen per share (a total annual amount of 110 yen), based on a consolidated dividend payout ratio with comprehensively evaluating other factors.

The dividend is paid from the retained earnings.

#### (5) Future Outlook

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

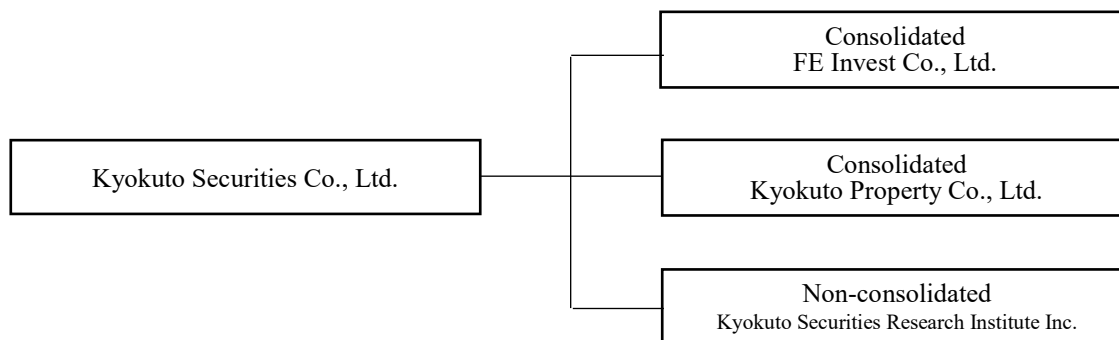
FE Invest Co., Ltd. engages in the investment business, using its own funds, mainly for the purpose of securing stable earnings through long-term investments.

### (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.

### 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 and 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, 2023	As of March 31, 2024
<b>Assets</b>		
Current assets		
Cash and deposits	20,784	14,389
Segregated deposits	9,955	13,014
Trading products	13,036	17,553
Trading securities and other	13,035	17,550
Derivatives	1	2
Securities	—	45
Trade date accrual	259	392
Margin transaction assets	2,867	2,217
Margin loans	2,638	2,048
Cash collateral provided for securities borrowed in margin transactions	229	168
Advances paid	1	1
Short-term guarantee deposits	—	70
Accounts receivable - other	367	130
Accrued revenue	241	377
Other current assets	72	81
Allowance for doubtful accounts	△12	△9
Total current assets	47,574	48,262
Non-current assets		
Property, plant and equipment	1,872	1,903
Buildings	384	377
Vehicles	0	13
Equipment	320	345
Land	1,167	1,167
Intangible assets	59	60
Software	36	37
Other	22	22
Investments and other assets	21,396	33,307
Investment securities	20,013	31,649
Long-term loans receivable	1	1
Long-term guarantee deposits	409	395
Retirement benefit asset	491	793
Other	551	538
Allowance for doubtful accounts	△71	△71
Total non-current assets	23,327	35,271
<b>Total assets</b>	<b>70,902</b>	<b>83,534</b>

(Millions of yen)

	As of March 31, 2023	As of March 31, 2024
<b>Liabilities</b>		
<b>Current liabilities</b>		
Trading products	4	27
Trading securities and other	—	8
Derivatives	4	19
Margin transaction liabilities	496	344
Margin borrowings	264	174
Cash received for securities sold in margin transactions	231	170
Deposits received	9,330	14,320
Guarantee deposits received	515	220
Payables for securities to receive over due for delivery	229	9
Short-term borrowings	10,600	9,580
Accounts payable - other	15	111
Income taxes payable	101	1,677
Provision for bonuses	144	250
Other current liabilities	149	162
<b>Total current liabilities</b>	<b>21,587</b>	<b>26,705</b>
<b>Non-current liabilities</b>		
Long-term borrowings	1,000	500
Long-term accounts payable - other	429	429
Deferred tax liabilities	493	2,108
Retirement benefit liability	77	97
<b>Total non-current liabilities</b>	<b>1,999</b>	<b>3,134</b>
<b>Reserves under special laws</b>		
Reserve for financial instruments transaction liabilities	14	19
<b>Total reserves under special laws</b>	<b>14</b>	<b>19</b>
<b>Total liabilities</b>	<b>23,601</b>	<b>29,858</b>
<b>Net assets</b>		
<b>Shareholders' equity</b>		
Share capital	5,251	5,251
Capital surplus	4,774	4,774
Retained earnings	37,370	40,276
Treasury shares	△863	△863
<b>Total shareholders' equity</b>	<b>46,533</b>	<b>49,438</b>
<b>Accumulated other comprehensive income</b>		
Valuation difference on available-for-sale securities	757	4,225
<b>Total accumulated other comprehensive income</b>	<b>757</b>	<b>4,225</b>
Non-controlling interests	10	11
<b>Total net assets</b>	<b>47,301</b>	<b>53,675</b>
<b>Total liabilities and net assets</b>	<b>70,902</b>	<b>83,534</b>

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

## Consolidated Income Statements

(Millions of yen)

	Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2024
<b>Operating revenue</b>		
Commission received	1,834	2,822
Brokerage commission	1,001	1,534
Commission for underwriting, secondary distribution and solicitation for selling and others for professional investors	16	15
Fees for offering, secondary distribution and solicitation for selling and others for professional investors	535	873
Other commission received	280	399
Net trading income	1,015	3,402
Financial revenue	1,445	1,485
Other operating revenue	19	19
Total operating revenue	4,315	7,730
Financial expenses	55	53
Net operating revenue	4,259	7,676
<b>Selling, general and administrative expenses</b>		
Trading related expenses	539	583
Personnel expenses	2,630	2,649
Real estate expenses	507	508
Office expenses	535	550
Depreciation	86	84
Taxes and dues	139	199
Other	134	150
Total selling, general and administrative expenses	4,572	4,725
Operating profit (loss)	△312	2,951
<b>Non-operating income</b>		
Dividend income	816	745
Gain on investments in investment partnerships	154	346
Interest on securities	—	27
Other	41	36
Total non-operating income	1,012	1,156
<b>Non-operating expenses</b>		
Foreign exchange losses	192	316
Mediation Settlement	2	53
Other	13	30
Total non-operating expenses	208	401
Ordinary profit	491	3,706

(Millions of yen)

	Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2024
Extraordinary income		
Gain on sale of investment securities	1,313	2,779
Total extraordinary income	1,313	2,779
Extraordinary losses		
Loss on sale of investment securities	64	228
Loss on valuation of shares of subsidiaries and associates	17	—
Loss on retirement of non-current assets	0	2
Impairment losses	23	—
Provision of reserve for financial instruments transaction liabilities	—	5
Total extraordinary losses	105	236
Profit before income taxes	1,699	6,250
Income taxes - current	404	1,872
Income taxes - deferred	125	35
Total income taxes	530	1,908
Profit	1,168	4,341
Profit attributable to non-controlling interests	0	0
Profit attributable to owners of parent	1,168	4,341

## Consolidated Comprehensive Income Statements

(Millions of yen)

	Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2024
Profit	1,168	4,341
Other comprehensive income		
Valuation difference on available-for-sale securities	1,142	3,468
Total other comprehensive income	1,142	3,468
Comprehensive income	2,311	7,809
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	2,310	7,808
Comprehensive income attributable to non-controlling interests	1	1



## (3) Changes in Consolidated Shareholders' Equity

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

Fiscal Year Ended March 31, 2024 (Year from April 1, 2023 to March 31, 2024)

(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	37,370	△863	46,533
Changes during period					
Dividends of surplus			△1,435		△1,435
Profit (loss) attributable to owners of parent			4,341		4,341
Purchase of treasury shares				—	—
Net changes in items other than shareholders' equity					
Total changes during period	—	—	2,905	—	2,905
Balance at end of period	5,251	4,774	40,276	△863	49,438

	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	757	757	10	47,301
Changes during period				
Dividends of surplus				△1,435
Profit (loss) attributable to owners of parent				4,341
Purchase of treasury shares				—
Net changes in items other than shareholders' equity	3,467	3,467	1	3,468
Total changes during period	3,467	3,467	1	6,374
Balance at end of period	4,225	4,225	11	53,675

## (4) Consolidated Cash Flow Statement

(Millions of yen)

	Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2024
<b>Cash flows from operating activities</b>		
Profit before income taxes	1,699	6,250
Depreciation	86	84
Increase (decrease) in retirement benefit liability	0	19
Increase (decrease) in allowance for doubtful accounts	△2	△2
Increase (decrease) in provision for bonuses	△63	105
Increase (decrease) in reserve for financial instruments transaction liabilities	—	5
Interest and dividend income	△1,891	△1,980
Foreign exchange losses (gains)	△501	△428
Interest expenses	55	53
Loss (gain) on sale of investment securities	△1,249	△2,551
Loss (gain) on investments in investment partnerships	△154	△346
Loss on valuation of shares of subsidiaries and associates	17	—
Loss on retirement of non-current assets	0	2
Impairment losses	23	—
Decrease (increase) in segregated deposits	3,220	△3,058
Decrease (increase) in advance paid	0	0
Decrease (increase) in trading products (assets)	494	△4,517
Decrease (increase) in trade date accrual	599	△132
Decrease/increase in margin transaction assets/liabilities	34	497
Decrease (increase) in short-term guarantee deposits	391	△70
Decrease (increase) in accounts receivable - other	333	35
Increase (decrease) in trading products (liabilities)	△257	23
Increase (decrease) in deposits received	△3,305	4,989
Increase (decrease) in guarantee deposits received	△107	△295
Decrease (increase) in other assets	△356	△284
Increase (decrease) in other liabilities	87	△10
Other, net	0	△56
<b>Subtotal</b>	<b>△843</b>	<b>△1,665</b>
Interest and dividends received	1,803	1,857
Interest paid	△56	△54
Income taxes paid	△873	△366
Income taxes refund	—	202
<b>Net cash provided by (used in) operating activities</b>	<b>29</b>	<b>△26</b>

(Millions of yen)

	Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2024
<b>Cash flows from investing activities</b>		
Purchase of non-current assets	△66	△118
Purchase of investment securities	△9,576	△15,820
Proceeds from sale of investment securities	8,630	11,677
Proceeds from redemption of investment securities	660	421
Loan advances	△0	—
Proceeds from collection of loans receivable	0	0
Payments into time deposits	△2,348	△2,910
Proceeds from withdrawal of time deposits	1,683	3,052
Net income/(loss) from settlement of forward exchange contracts	△283	△320
Other, net	11	△4
Net cash provided by (used in) investing activities	△1,289	△4,021
<b>Cash flows from financing activities</b>		
Net increase (decrease) in short-term borrowings	1,250	△1,020
Proceeds from long-term borrowings	1,500	—
Repayments of long-term borrowings	△1,500	△500
Purchase of treasury shares	△0	—
Dividends paid	△1,116	△1,435
Net cash provided by (used in) financing activities	133	△2,955
Effect of exchange rate change on cash and cash equivalents	675	473
Net increase (decrease) in cash and cash equivalents	△450	△6,529
Cash and cash equivalents at beginning of period	19,098	18,647
Cash and cash equivalents at end of period	18,647	12,118

## (5) Notes on Consolidated Financial Statements

## (Notes Concerning Going Concern Assumption)

None.

## (Segment Information)

(For the fiscal year ended March 31, 2022 and 2023)

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)

	Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2024
Net asset per share	1,482.41 yen	1,682.18 yen
Profit/Loss per share	36.63 yen	136.08 yen

## Notes

- Diluted net income per share for the fiscal year ended March 31, 2023 is not shown in the above table, as there are no residual shares.
- Data used for computation of the profit/loss per share in the above table :

	Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2024
Profit/Loss attributable to owners of parent (Millions of yen)	1,168	4,341
Amount not attributable to common shareholders (Millions of yen)	—	—
Profit/Loss related to common shares attributable to owners of parent (Millions of yen)	1,168	4,341
Average number of outstanding common shares during the fiscal year	31,901,440	31,901,405

## (Material Subsequent Events)

None.

## 【Referential Data】

## Referential Data on Consolidated Business Results for the Fiscal Year Ended March 31, 2024

## (1) Commission Received

## ① Commission received by sources

(Millions of yen)

	Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2024	Change	
			yen volume	%
Brokerage commission	1,001	1,534	532	53.1
(Equities)	(972)	(1,512)	(539)	(55.5)
(Bonds)	(—)	(—)	(—)	(—)
(Beneficiary securities)	(29)	(21)	(△7)	(△26.6)
Commission for underwriting, secondary distribution and solicitation for selling and others for professional investors	16	15	△1	△8.4
(Equities)	(16)	(15)	(△1)	(△8.4)
(Bonds)	(—)	(—)	(—)	(—)
Fees for offering, secondary distribution and solicitation for selling and others for professional investors	535	873	337	63.1
Other commission received	280	399	119	42.6
Total	1,834	2,822	988	53.9

## ② Commission received by instruments

(Millions of yen)

	Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2024	Change	
			yen volume	%
Equities	993	1,531	537	54.1
Bonds	0	0	0	51.7
Beneficiary securities	821	1,273	451	55.0
Other	18	17	△1	△8.1
Total	1,834	2,822	988	53.9

## (2) Net Trading Income

(Millions of yen)

	Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2024	Change	
			yen volume	%
Equities, etc.	△154	39	193	—
Bonds, etc.	1,565	3,716	2,150	137.3
Other	△395	△352	43	—
Total	1,015	3,402	2,387	235.0

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

(Millions of yen)

	Quarter ended March 31, 2023	Quarter ended June 30, 2023	Quarter ended September 30, 2023	Quarter ended December 31, 2023	Quarter ended March 31, 2024
I. Operating revenue	1,081	1,831	2,180	1,360	2,357
1 Commission received	492	610	685	672	854
2 Net trading income	327	769	1,087	427	1,119
3 Financial revenue	255	437	403	260	383
4 Other operating revenue	5	14	4	0	0
II. Financial expenses	16	13	14	11	13
Net operating revenue	1,064	1,817	2,165	1,349	2,343
III. Selling, general and administrative expenses	1,028	1,191	1,243	1,174	1,116
1 Trading related expenses	134	138	153	144	146
2 Personal expenses	519	683	727	677	560
3 Real estate expenses	127	128	134	119	125
4 Office expenses	131	140	132	133	144
5 Depreciation	23	20	21	21	21
6 Taxes and dues	44	48	53	37	60
7 Provision of allowance for doubtful accounts	—	—	—	—	—
8 Other	47	31	21	39	57
Operating profit/loss	36	626	922	174	1,227
IV. Non-operating income	378	557	210	84	303
V. Non-operating expenses	58	208	38	8	146
Ordinary profit/loss	356	976	1,094	251	1,384
VI. Extraordinary income	906	647	833	282	1,015
VII. Extraordinary losses	40	70	57	14	93
Profit/Loss before income taxes	1,222	1,553	1,870	520	2,306
Income taxes current	369	397	654	133	686
Income taxes deferred	14	58	△73	43	6
Profit/Loss	838	1,096	1,289	342	1,613
Profit attributable to non-controlling interests	0	0	0	0	0
Profit/Loss attributable to owners of parent	837	1,096	1,289	342	1,613

## 5. Non-consolidated Financial Statements

## (1) Balance Sheets

(Millions of yen)

	As of March 31, 2023	As of March 31, 2024
<b>Assets</b>		
Current assets		
Cash and deposits	19,640	13,442
Segregated deposits	9,955	13,014
Trading products	13,036	17,553
Trading securities and other	13,035	17,550
Derivatives	1	2
Securities	—	45
Trade date accrual	259	392
Margin transaction assets	2,867	2,217
Margin loans	2,638	2,048
Cash collateral provided for securities borrowed in margin transactions	229	168
Advances paid	2	1
Advances paid for customers	—	0
Other advances paid	2	1
Short-term guarantee deposits	—	70
Short-term loans receivable	20	20
Prepaid expenses	9	16
Accounts receivable - other	367	130
Accrued revenue	240	376
Other current assets	28	19
Allowance for doubtful accounts	△12	△9
Total current assets	46,416	47,290
Non-current assets		
Property, plant and equipment	527	546
Buildings	168	147
Vehicles	0	13
Equipment	305	330
Land	54	54
Intangible assets	59	60
Software	36	37
Telephone subscription right	22	22
Investments and other assets	19,473	30,408
Investment securities	17,356	28,035
Shares of subsidiaries and associates	620	620
Investments in capital	1	1
Long-term loans receivable	0	—
Long-term loans receivable from subsidiaries and associates	120	100
Long-term loans to employees	1	1
Long-term guarantee deposits	403	390
Claims provable in bankruptcy, claims provable in rehabilitation and other, net	36	36
Long-term prepaid expenses	1	0
Prepaid pension costs	491	793
Other	511	499
Allowance for doubtful accounts	△71	△71
Total non-current assets	20,060	31,014
<b>Total assets</b>	<b>66,476</b>	<b>78,305</b>



(Millions of yen)

	As of March 31, 2023	As of March 31, 2024
<b>Liabilities</b>		
<b>Current liabilities</b>		
Trading products	4	27
Trading securities and other	—	8
Derivatives	4	19
Margin transaction liabilities	496	344
Margin borrowings	264	174
Cash received for securities sold in margin transactions	231	170
Deposits received	9,329	14,319
Deposits from customers	8,700	12,925
Other deposits received	629	1,394
Guarantee deposits received	515	220
Payables for securities to receive over due for delivery	229	9
Short-term borrowings	10,600	9,580
Accounts payable - other	10	110
Accrued expenses	47	127
Income taxes payable	38	1,618
Provision for bonuses	141	244
Other current liabilities	94	37
<b>Total current liabilities</b>	<b>21,507</b>	<b>26,640</b>
<b>Non-current liabilities</b>		
Long-term borrowings	1,000	500
Long-term accounts payable - other	429	429
Deferred tax liabilities	466	1,892
Provision for retirement benefits	74	94
<b>Total non-current liabilities</b>	<b>1,969</b>	<b>2,915</b>
<b>Reserves under special laws</b>		
Reserve for financial instruments transaction liabilities	14	19
<b>Total reserves under special laws</b>	<b>14</b>	<b>19</b>
<b>Total liabilities</b>	<b>23,491</b>	<b>29,575</b>
<b>Net assets</b>		
<b>Shareholders' equity</b>		
Share capital	5,251	5,251
<b>Capital surplus</b>		
Legal capital surplus	4,774	4,774
<b>Total capital surplus</b>	<b>4,774</b>	<b>4,774</b>
<b>Retained earnings</b>		
Legal retained earnings	641	641
<b>Other retained earnings</b>		
General reserve	16,271	16,271
Retained earnings brought forward	16,221	18,865
<b>Total retained earnings</b>	<b>33,133</b>	<b>35,777</b>
Treasury shares	△863	△863
<b>Total shareholders' equity</b>	<b>42,296</b>	<b>44,940</b>
<b>Valuation and translation adjustments</b>		
Valuation difference on available-for-sale securities	689	3,789
<b>Total valuation and translation adjustments</b>	<b>689</b>	<b>3,789</b>
<b>Total net assets</b>	<b>42,985</b>	<b>48,730</b>
<b>Total liabilities and net assets</b>	<b>66,476</b>	<b>78,305</b>

## (2) Income Statements

(Millions of yen)

	Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2024
<b>Operating revenue</b>		
Commission received	1,834	2,822
Brokerage commission	1,001	1,534
Commission for underwriting, secondary distribution and solicitation for selling and others for professional investors	16	15
Fees for offering, secondary distribution and solicitation for selling and others for professional investors	535	873
Other commission received	280	399
Net trading income	1,015	3,402
Financial revenue	1,445	1,485
<b>Total operating revenue</b>	<b>4,295</b>	<b>7,711</b>
Financial expenses	55	53
<b>Net operating revenue</b>	<b>4,239</b>	<b>7,657</b>
<b>Selling, general and administrative expenses</b>		
Trading related expenses	544	588
Personnel expenses	2,522	2,539
Real estate expenses	631	629
Office expenses	579	594
Depreciation	67	66
Taxes and dues	127	187
Other	126	142
<b>Total selling, general and administrative expenses</b>	<b>4,601</b>	<b>4,747</b>
<b>Operating profit</b>	<b>△361</b>	<b>2,909</b>
<b>Non-operating income</b>		
Dividend income	580	652
Gain on investments in investment partnerships	154	346
Interest received from affiliated companies	0	0
Interest on securities	—	27
Other	48	43
<b>Total non-operating income</b>	<b>783</b>	<b>1,071</b>
<b>Non-operating expenses</b>		
Foreign exchange losses	192	316
Mediation Settlement	2	53
Other	12	19
<b>Total non-operating expenses</b>	<b>207</b>	<b>390</b>
<b>Ordinary profit</b>	<b>214</b>	<b>3,591</b>

(Millions of yen)

	Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2024
Extraordinary income		
Gain on sale of investment securities	1,293	2,520
Total extraordinary income	1,293	2,520
Extraordinary losses		
Loss on sale of investment securities	64	228
Loss on valuation of shares of subsidiaries and associates	6	—
Loss on retirement of non-current assets	0	1
Impairment losses	23	—
Provision of reserve for financial instruments transaction liabilities	—	5
Total extraordinary losses	94	235
Profit before income taxes	1,413	5,875
Income taxes - current	306	1,758
Income taxes - deferred	127	36
Total income taxes	433	1,795
Profit	980	4,080

## (3) Changes in Shareholders' Equity

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

(Millions of yen)

	Shareholders' equity								
	Share capital	Capital surplus		Legal retained earnings	Retained earnings			Treasury shares	Total shareholders' equity
		Legal capital surplus	Total capital surplus		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

Fiscal Year Ended March 31, 2024 (Year from April 1, 2023 to March 31, 2024)

(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	16,221	33,133	△863	42,296
Changes during period									
Dividends of surplus						△1,435	△1,435		△1,435
Profit (loss)						4,080	4,080		4,080
Purchase of treasury shares								—	—
Net changes in items other than shareholders' equity									
Total changes during period	—	—	—	—	—	2,644	2,644	—	2,644
Balance at end of period	5,251	4,774	4,774	641	16,271	18,865	35,777	△863	44,940

	Valuation and translation adjustments		Total net assets
	Valuation difference on available-for-sale securities	Total valuation and translation adjustments	
Balance at beginning of period	689	689	42,985
Changes during period			
Dividends of surplus			△1,435
Profit (loss)			4,080
Purchase of treasury shares			—
Net changes in items other than shareholders' equity	3,100	3,100	3,100
Total changes during period	3,100	3,100	5,744
Balance at end of period	3,789	3,789	48,730

## 【Referential Data】

## Referential Data on Business Results for the Fiscal Year Ended March 31, 2024

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

	Fiscal year ended March 31, 2023		Fiscal year ended March 31, 2024		Change (%)	
	Number of share	Trade value	Number of share	Trade value	Number of share	Trade value
Total	168	188,701	290	302,398	72.5	60.3
(Agency)	(149)	(155,615)	(262)	(262,095)	(75.6)	(68.4)
(Principal)	(19)	(33,086)	(28)	(40,302)	(48.4)	(21.8)
(Agency) / Total (%)	88.5%	82.5%	90.1%	86.7%		
Total / TSE Volume (%)	0.02%	0.01%	0.02%	0.01%		
Commission to consignees per share	6.51 yen		5.77 yen			

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

			Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2024	Change(%)
Underwriting	Equities	Number of share	0	0	△50.9
	"	Yen volume	355	276	△22.1
	Bonds	Yen volume at face value	—	—	—
		Yen volume at face value	—	—	—
Offering / Selling (Note)	Equities	Number of share	0	0	△55.3
	"	Yen volume	342	232	△32.2
	Bonds	Yen volume at face value	70	94	33.6
		Beneficiary securities	Yen volume at face value	65,611	111,303
	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, 2023	As of March 31, 2024	
Basic items	(A)	41,817	42,388	
Company items	Valuation difference on available for sale securities, etc.	689	3,789	
	Reserve for financial products transaction liabilities reserves under special laws	14	19	
	Allowance for doubtful accounts	12	9	
	Total	(B)	715	3,818
Deductible assets	(C)	7,651	10,091	
Unfixed net capital	(A)+(B)-(C)	(D)	34,882	36,115
Amount of risk correspondents	Market risk correspondence	3,978	6,014	
	Trade party risk correspondence	179	192	
	Basic risk correspondence	1,199	1,207	
	Total	(E)	5,357	7,413
Net capital regulation ratio	(D) / (E) × 100%	651.0%	487.1%	

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

(persons)

	As of March 31, 2023	As of March 31, 2024
Directors and auditors	10	10
Employees	225	226