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October 28, 2022

## Consolidated Financial Results for the Six Months Ended September 30, 2022 (Under Japanese GAAP)

Company name: Kyokuto Securities Co., Ltd.  
 Listing: Tokyo Stock Exchange  
 Securities code: 8706  
 URL: [http:// www.kyokuto-sec.co.jp](http://www.kyokuto-sec.co.jp)  
 Representative: Kazuhiro KIKUCHI, President and Chief Executive Officer  
 Inquiries: Shunzo KAYANUMA, Senior Managing Director  
 Telephone: +81-3-3666-5130  
 Scheduled date to file quarterly securities report: November 11, 2022  
 Scheduled date to commence dividend payments: November 24, 2022  
 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, 2022 (from April 1, 2022 to September 30, 2022)

#### (1) Consolidated operating results (cumulative)

(Percentages indicate year-on-year changes.)

|                    | Operating revenue |       | Net operating revenue |       | Operating profit/loss |       | Ordinary profit/loss |       | 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, 2022 | 2,210             | △37.3 | 2,183                 | △37.6 | △207                  | —     | 45                   | △96.6 | 151                                     | △87.8 |
| September 30, 2021 | 3,522             | △20.6 | 3,499                 | △20.6 | 1,014                 | △49.2 | 1,334                | △39.7 | 1,240                                   | △19.1 |

Note: Comprehensive income For the six months ended September 30, 2022: ¥317 million [△74.8%]  
 For the six months ended September 30, 2021: ¥1,260 million [△32.6%]

|                    | Basic earnings per share | Diluted earnings per share |
|--------------------|--------------------------|----------------------------|
| Six months ended   | Yen                      | Yen                        |
| September 30, 2022 | 4.74                     | —                          |
| September 30, 2021 | 38.87                    | —                          |

#### (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, 2022 | 71,221          | 45,785          | 64.3                  | 1,434.92             |
| March 31, 2022     | 71,796          | 46,106          | 64.2                  | 1,444.99             |

Reference: Equity  
 As of September 30, 2022: ¥45,775 million  
 As of March 31, 2022: ¥46,097 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<br>March 31, 2022  | —                          | 20.00              | —                 | 20.00           | 40.00 |
| Fiscal year ending<br>March 31, 2023 | —                          | 15.00              |                   |                 |       |

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

The company does 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

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: Yes

(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, 2022 | 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 September 30, 2022 | 877,531 shares |
| As of March 31, 2022     | 877,531 shares |

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

|                                 |                   |
|---------------------------------|-------------------|
| Six months ended March 31, 2023 | 31,901,469 shares |
| Six months ended March 31, 2022 | 31,901,480 shares |

\* “Quarterly financial results reports (Kessan Tanshin)” are exempt from quarterly review conducted by certified public accountants or an audit corporation.

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

The company does not disclose forecast of business result. Please refer to page 4 for further information.

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## BUSINESS RESULTS

### 1. Qualitative Information on Business Result for the Six Months Ended September 30, 2022

#### (1) Information on Business Results

During the six months ended September 30, 2022 (from April 1, 2022 to September 30, 2022) of the current consolidated fiscal year, the domestic and international economies continued to move back and forth.

Against this backdrop, the financial markets were swung around by a mixture of concerns. These instabilities come from the concern that the global economy might be in recession due to repeated large interest rate hikes by the central banks of major countries in an attempt to curb high inflation, and the optimism that the end of the monetary tightening phase was not far away.

In the stock market, the Nikkei Stock Average (Nikkei225) started to decline due to concerns about the U.S. interest rate hike and the China recession. Thereafter, it moved up and down again, keeping a close eye on statements by senior officials of the Federal Reserve Board (FRB) and inflation trends. In the backdrop of a shift to a downward trend in oil prices and other factors, expectations grew that the FRB would start cutting interest rates in 2023, and Nikkei225 reached a high of 29,222 yen on August 17, 2022. However, FRB Chairman Jerome Powell rejected the idea of an early rate cut at the August Jackson Hole meeting, and central banks in other countries continued to raise interest rates sharply, so that caution about a global recession quickly grew. As a result, the Nikkei Stock Average fell and ended the six-month period at ¥25,937. In the first half of the six-month period, stocks with high P/E ratios, which are vulnerable to rising interest rates, were sold off. By the end of the period, however, the decline was more pronounced in economically sensitive stocks. Meanwhile, the New York Dow Jones Industrial Average softened as the FRB continued to raise interest rates, hitting a low of \$29,653 on June 17. It then returned to a high of \$34,281 on August 16 on expectations of turning to rate cut in 2023, but a series of statements by FRB officials suggesting aggressive interest rate hikes led it to \$28,725 at the end of the period, falling below the lowest in June.

In the foreign exchange markets, the US dollar was appreciated against other currencies worldwide. The Japanese yen was depreciated against the dollar on the back of the widening interest rate gap between Japan and the U.S. and the clear difference in monetary policy stance. This resulted in reaching 144.81 yen per dollar at the end of the six-month period, the weakest level since 1990 and the first time in about 30 years. On September 22, the Japanese government and the Bank of Japan conducted foreign exchange intervention for the first time in 24 years to buy the yen and sell the dollar, citing the yen's depreciation as speculative and radical. The yen was also under strong pressure to be weakened against the euro, hitting 144.49 yen per euro in September for the first time since 2014, and closing at 142.32 yen per euro at the end of the six month period.

In the bond market, the yield on the 10-year Japanese government bond mostly moved in a range of 0.20% to 0.25%, ending the six-month period at 0.24%. The Bank of Japan remained the only central bank in the world with negative interest rates and a yield curve control policy. In contrast, the yield on the 10-year U.S. Treasury bond, which was 2.33% at the beginning, rose to 3.98% on September 27, 2022 due to the FRB's continued sharp rate hikes, and ended the six-month period at 3.82%.

In this environment, we made effort to offer “unique in-season financial products” for responding to customers' varied needs. Also we conducted active management of Assets 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 decreased by 37.3% to 2,210 million yen, net operating revenue decreased by 37.6% to 2,183 million yen, operating loss resulted in 207 million yen (operating income resulted in 1,014 million yen in the same period of the previous year), ordinary profit decreased by 96.6% to 45 million yen, and net profit attributable to owners of the parent decreased by 87.8% to 151 million yen.

Details of the period's results are as follows:

① Commissions Received

The total commissions received resulted 881 million yen (down 7.9% from the same period of previous fiscal year), as shown in below:

(Brokerage commission)

Brokerage commission on equity securities was 465 million yen (down 6.8%). Total amount of Brokerage commission including those on beneficiary securities (Exchange Traded Funds) was 481 million yen (down 6.3%).

(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 6 million yen (down 49.1%).

(Fees 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 257 million yen (down 15.4%), due to decrease of handling of beneficiary securities (investment trusts).

(Other commission received)

The amount of other fee received consisting mainly of trailer fee of beneficiary securities (investment trusts) was 136 million yen (up 7.4%).

② Net Trading Income

Net trading income of equities etc. resulted in a loss of 175 million yen (a gain of 15 million yen during the same period of previous fiscal year). Net trading income of bonds etc. resulted in a gain of 852 million yen (down 54.6% from the same period of previous fiscal year). Net trading income of others consisting mainly of foreign exchange derivatives resulted in a loss of 421 million yen (a loss of 15 million yen during the same period of previous fiscal year). From the above, net trading income resulted in a gain of 255 million yen (down 86.4% from the same period of previous fiscal year).

③ Net Financial Income

Net financial income increased by 57.9% to 1,036 million yen, resulting from deducting 26 million yen (up 14.2% from the same period of previous fiscal year) of financial expenses from 1,063 million yen (up 56.4%) of financial revenue.

④ Selling, General and Administrative Expenses

Selling, general and administrative expenses were 2,390 million yen (down 3.8% from the same period of previous fiscal year).

⑤ Non-operating Income and Expenses

Non-operating income consisting mainly of dividend received totaled 444 million yen (up 35.1% from the same period of previous fiscal year), while non-operating expenses consisting mainly of foreign exchange losses totaled 191 million yen (8 million yen during the same period of previous fiscal year). As a result, net non-operating income amounted to gain of 252 million yen (down 21.2% from the same period of previous fiscal year).

⑥ Extraordinary Income and Losses

Extraordinary income was 236 million yen (down 48.1% from the same period of previous fiscal year), due to mainly gain on sales of investment securities. With the amount of extraordinary losses being 63 million yen (0 million yen during the same period of previous fiscal year), due to mainly loss on sales of investment securities. As a result, net extraordinary income amounted to gain of 173 million yen (down 61.9% from the same period of previous fiscal year).

## (2) Information on Financial Condition

### ① Assets

Current assets as of September 30, 2022 were 49,658 million yen and decreased by 2,577 million yen from March 31, 2022. This is mainly because, while cash and deposits increased by 1,789 million yen, trading products decreased by 1,604 million yen, cash segregated as deposits decreased by 1,162 million yen, and other current assets decreased by 815 million yen. Non-current assets as of September 30, 2022 were 21,562 million yen and increased by 2,002 million yen from March 31, 2022. This is mainly because of an increase in investment and other assets, consisting by investment securities increased by 1,581 million yen and other increased by 421 million yen.

As a result, the assets as of September 30, 2022 were 71,221 million yen and decreased by 575 million yen from March 31, 2022.

### ② Liabilities

Current liabilities as of September 30, 2022 were 23,299 million yen and decreased by 344 million yen from March 31, 2022. This is mainly because, while short-term borrowings increased by 550 million yen, income taxes payable decreased by 328 million yen, deposits received decreased by 295 million yen and foreign exchange derivatives trading products (recorded as liabilities due to unrealized losses) decreased by 242 million yen. Non-current liabilities as of September 30, 2022 were 2,121 million yen and increased by 89 million yen from March 31, 2022. This mainly because other non-current liabilities increased by 83 million yen.

As a result, the liabilities as of September 30, 2022 were 25,435 million yen and decreased by 254 million yen from March 31, 2022.

### ③ Net Assets

Retained earnings decreased by 486 million yen and valuation difference on available-for-sale securities increased by 165 million yen. As a result, net assets as of September 30, 2022 were 45,785 million yen and decreased by 320 million yen from March 31, 2022.

## (3) Information on Forecast of Consolidated Business Result

Consolidated operating revenues consist mainly of commissions received and net trading income related to the securities markets, and the majority of these are derived from the stock and bond markets. In order to mitigate the impact of favorable and unfavorable movements in both stock and bond markets on our business performance, we are striving to ensure revenue stability by diversifying our revenue sources, but even so, our business performance may still be affected by trends in the securities markets and may fluctuate significantly. In addition, rapid fluctuations in the domestic and overseas financial instruments markets may result in large valuation gains or losses on financial instruments held by the company.

In general, securities markets and foreign exchange markets fluctuate reflecting a variety of factors, including 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 it is nearly impossible to achieve this. In a situation where there is a high possibility of a large discrepancy between the forecast and actual results due to such uncertain factors, daring to disclose the forecast may result in sending the wrong message to the market, which may hinder fair stock price formation.

For the above reasons, the company will not disclose consolidated earnings forecasts, but instead will endeavor to disclose earnings figures as early as possible, and will release preliminary figures around the 10th business day from the end of the fiscal year or the end of the quarter when the figures for 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, 2022 | As of September 30, 2022 |
|---|----------------------|--------------------------|
| <b>Assets</b>   |                      |                          |
| Current assets  |                      |                          |
| Cash and deposits   | 20,445               | 22,234                   |
| Segregated deposits   | 13,176               | 12,014                   |
| Trading products  | 13,530               | 11,926                   |
| Trading securities and other  | 13,512               | 11,926                   |
| Derivatives   | 18                   | —                        |
| Trade date accrual  | 859                  | 177                      |
| Margin transaction assets   | 2,794                | 2,688                    |
| Margin loans  | 2,616                | 2,518                    |
| Cash collateral provided for securities borrowed in margin transactions | 177                  | 170                      |
| Other current assets  | 1,444                | 628                      |
| Allowance for doubtful accounts   | △14                  | △11                      |
| <b>Total current assets</b>   | <b>52,236</b>        | <b>49,658</b>            |
| Non-current assets  |                      |                          |
| Property, plant and equipment   | 1,909                | 1,915                    |
| Buildings   | 445                  | 426                      |
| Land  | 1,167                | 1,167                    |
| Other   | 297                  | 322                      |
| Intangible assets   | 64                   | 59                       |
| Investments and other assets  | 17,585               | 19,588                   |
| Investment securities   | 16,588               | 18,169                   |
| Other   | 1,068                | 1,490                    |
| Allowance for doubtful accounts   | △71                  | △71                      |
| <b>Total non-current assets</b>   | <b>19,560</b>        | <b>21,562</b>            |
| <b>Total assets</b>   | <b>71,796</b>        | <b>71,221</b>            |
| <b>Liabilities</b>  |                      |                          |
| Current liabilities   |                      |                          |
| Trading products  | 261                  | 19                       |
| Derivatives   | 261                  | 19                       |
| Margin transaction liabilities  | 389                  | 339                      |
| Margin borrowings   | 90                   | 145                      |
| Cash received for securities sold in margin transactions                | 299                  | 194                      |
| Deposits received   | 12,636               | 12,341                   |
| Short-term borrowings   | 8,850                | 9,400                    |
| Income taxes payable  | 383                  | 55                       |
| Provision for bonuses   | 208                  | 181                      |
| Other current liabilities   | 914                  | 963                      |
| <b>Total current liabilities</b>  | <b>23,644</b>        | <b>23,299</b>            |
| Non-current liabilities   |                      |                          |
| Long-term borrowings  | 1,500                | 1,500                    |
| Retirement benefit liability  | 76                   | 83                       |
| Other non-current liabilities   | 455                  | 538                      |
| <b>Total non-current liabilities</b>                                    | <b>2,032</b>         | <b>2,121</b>             |
| Reserves under special laws   |                      |                          |
| Reserve for financial instruments transaction liabilities               | 14                   | 14                       |
| <b>Total reserves under special laws</b>                                | <b>14</b>            | <b>14</b>                |
| <b>Total liabilities</b>  | <b>25,690</b>        | <b>25,435</b>            |



(Millions of yen)

|   | As of March 31, 2022 | As of September 30, 2022 |
|---|----------------------|--------------------------|
| <b>Net assets</b>                                     |                      |                          |
| Shareholders' equity                                  |                      |                          |
| Share capital   | 5,251                | 5,251                    |
| Capital surplus                                       | 4,774                | 4,774                    |
| Retained earnings                                     | 37,318               | 36,831                   |
| Treasury shares                                       | △863                 | △863                     |
| Total shareholders' equity                            | 46,481               | 45,994                   |
| Accumulated other comprehensive income                |                      |                          |
| Valuation difference on available-for-sale securities | △384                 | △218                     |
| Total accumulated other comprehensive income          | △384                 | △218                     |
| Non-controlling interests                             | 9                    | 9                        |
| Total net assets                                      | 46,106               | 45,785                   |
| Total liabilities and net assets                      | 71,796               | 71,221                   |

(2) Quarterly Consolidated Income Statements and Quarterly Consolidated Comprehensive Income Statements  
(Quarterly Consolidated Income Statements)  
(Six Months Ended September 30, 2022)

(Millions of yen)

|  | Six months ended<br>September 30, 2021 | Six months ended<br>September 30, 2022 |
|--|--|--|
| <b>Operating revenue</b>   |  |  |
| Commission received  | 957                                    | 881                                    |
| Brokerage commission   | 514                                    | 481                                    |
| Commission for underwriting, secondary distribution and solicitation for selling and others for professional investors | 11                                     | 6                                      |
| Fees for offering, secondary distribution and solicitation for selling and others for professional investors           | 304                                    | 257                                    |
| Other commission received  | 126                                    | 136                                    |
| Net trading income   | 1,876                                  | 255                                    |
| Financial revenue  | 679                                    | 1,063                                  |
| Other operating revenue  | 9                                      | 9                                      |
| <b>Total operating revenue</b>   | <b>3,522</b>                           | <b>2,210</b>                           |
| <b>Financial expenses</b>  | <b>23</b>                              | <b>26</b>                              |
| <b>Net operating revenue</b>   | <b>3,499</b>                           | <b>2,183</b>                           |
| <b>Selling, general and administrative expenses</b>  |  |  |
| Trading related expenses   | 275                                    | 276                                    |
| Personnel expenses   | 1,463                                  | 1,435                                  |
| Real estate expenses   | 283                                    | 250                                    |
| Office expenses  | 281                                    | 270                                    |
| Depreciation   | 43                                     | 40                                     |
| Taxes and dues   | 83                                     | 63                                     |
| Provision of allowance for doubtful accounts   | 5                                      | —                                      |
| Other  | 48                                     | 54                                     |
| <b>Total selling, general and administrative expenses</b>  | <b>2,484</b>                           | <b>2,390</b>                           |
| <b>Operating profit (loss)</b>   | <b>1,014</b>                           | <b>△207</b>                            |
| <b>Non-operating income</b>  |  |  |
| Dividend income  | 226                                    | 299                                    |
| Gain on investments in investment partnerships   | 68                                     | 115                                    |
| Other  | 34                                     | 29                                     |
| <b>Total non-operating income</b>  | <b>328</b>                             | <b>444</b>                             |
| <b>Non-operating expenses</b>  |  |  |
| Foreign exchange losses  | 1                                      | 183                                    |
| mediaton settlement  | 7                                      | —                                      |
| Other  | 0                                      | 8                                      |
| <b>Total non-operating expenses</b>  | <b>8</b>                               | <b>191</b>                             |
| <b>Ordinary profit</b>   | <b>1,334</b>                           | <b>45</b>                              |

(Millions of yen)

|  | Six months ended<br>September 30, 2021 | Six months ended<br>September 30, 2022 |
|--|--|--|
| Extraordinary income   |  |  |
| Gain on sale of investment securities                                    | 454                                    | 236                                    |
| Reversal of reserve for financial instruments<br>transaction liabilities | 0                                      | —                                      |
| Total extraordinary income   | 454                                    | 236                                    |
| Extraordinary losses   |  |  |
| Loss on sale of investment securities                                    | 0                                      | 63                                     |
| Loss on retirement of non-current assets                                 | 0                                      | —                                      |
| Total extraordinary losses   | 0                                      | 63                                     |
| Profit before income taxes   | 1,788                                  | 218                                    |
| Income taxes - current   | 463                                    | 16                                     |
| Income taxes - deferred  | 84                                     | 50                                     |
| Total income taxes   | 548                                    | 66                                     |
| Profit   | 1,240                                  | 151                                    |
| Profit attributable to non-controlling interests                         | 0                                      | 0                                      |
| Profit attributable to owners of parent                                  | 1,240                                  | 151                                    |

(Quarterly Consolidated Comprehensive Income Statements)  
(Six Months Ended September 30, 2022)

(Millions of yen)

|  | Six months ended<br>September 30, 2021 | Six months ended<br>September 30, 2022 |
|--|--|--|
| Profit   | 1,240                                  | 151                                    |
| Other comprehensive income                                     |  |  |
| Valuation difference on available-for-sale securities          | 20                                     | 166                                    |
| Total other comprehensive income                               | 20                                     | 166                                    |
| Comprehensive income   | 1,260                                  | 317                                    |
| Comprehensive income attributable to                           |  |  |
| Comprehensive income attributable to owners of parent          | 1,260                                  | 316                                    |
| Comprehensive income attributable to non-controlling interests | 0                                      | 0                                      |

(3) Notes to Quarterly Consolidated Financial Statements  
(Notes Concerning Going Concern Assumption)  
None.

(Notes in the Event of Substantial Changes in Shareholders' Equity)  
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 first quarter of the current 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.

【Referential Data】

1. Referential Data on Consolidated Business Results for the Six Months Ended September 30, 2022

(1) Commission Received

① Commission received by sources

(Millions of yen)

|  | Six months ended<br>September 30,<br>2021 | Six months ended<br>September 30,<br>2022 | Change |         | FY2021  |
|--|---|---|--------|---------|---------|
|  |   |   | Amount | %       |         |
| Brokerage commission   | 514                                       | 481                                       | △32    | △6.3    | 1,106   |
| (Equities)   | (499)                                     | (465)                                     | (△33)  | (△6.8)  | (1,070) |
| (Bonds)  | (—)                                       | (—)                                       | (—)    | (—)     | (—)     |
| (Beneficiary securities)   | (15)                                      | (16)                                      | (1)    | (10.2)  | (35)    |
| Commission for underwriting, secondary distribution and solicitation for selling and others for professional investors | 11  | 6   | △5     | △49.1   | 32      |
| (Equities)   | (11)                                      | (6)                                       | (△5)   | (△49.1) | (32)    |
| (Bonds)  | (—)                                       | (—)                                       | (—)    | (—)     | (—)     |
| Fees for offering, secondary distribution and solicitation for selling and others for professional investors           | 304                                       | 257                                       | △46    | △15.4   | 594     |
| Other commission received  | 126                                       | 136                                       | 9      | 7.4     | 262     |
| Total  | 957                                       | 881                                       | △75    | △7.9    | 1,995   |

② Commission received by instruments

(Millions of yen)

|                        | Six months ended<br>September 30,<br>2021 | Six months ended<br>September 30,<br>2022 | Change |       | FY2021 |
|------------------------|---|---|--------|-------|--------|
|                        |   |   | Amount | %     |        |
| Equities               | 513                                       | 473                                       | △40    | △7.8  | 1,107  |
| Bonds                  | 0   | 0   | △0     | △29.3 | 0      |
| Beneficiary securities | 427                                       | 397                                       | △30    | △7.2  | 855    |
| Other                  | 15  | 10  | △4     | △30.7 | 32     |
| Total                  | 957                                       | 881                                       | △75    | △7.9  | 1,995  |

(2) Net Trading Income

(Millions of yen)

|                | Six months ended<br>September 30,<br>2021 | Six months ended<br>September 30,<br>2022 | Change |       | FY2021 |
|----------------|---|---|--------|-------|--------|
|                |   |   | Amount | %     |        |
| Equities, etc. | 15  | △175                                      | △190   | —     | 132    |
| Bonds, etc.    | 1,876                                     | 852                                       | △1,023 | △54.6 | 3,282  |
| Other          | △15                                       | △421                                      | △406   | —     | △384   |
| Total          | 1,876                                     | 255                                       | △1,620 | △86.4 | 3,030  |

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

(Millions of yen)

|  | Quarter ended<br>September 30,<br>2021 | Quarter ended<br>December 31,<br>2021 | Quarter ended<br>March 31,<br>2022 | Quarter ended<br>June 30,<br>2022 | Quarter ended<br>September 30,<br>2022 |
|--|--|---------------------------------------|------------------------------------|-----------------------------------|--|
| I . Operating revenue                              | 1,700                                  | 1,665                                 | 1,303                              | 1,201                             | 1,008                                  |
| 1 Commission received                              | 466                                    | 563                                   | 474                                | 446                               | 435                                    |
| 2 Net trading income                               | 833                                    | 750                                   | 403                                | 169                               | 85                                     |
| 3 Financial revenue                                | 395                                    | 346                                   | 421                                | 580                               | 482                                    |
| 4 Other operating revenue                          | 4                                      | 4                                     | 4                                  | 4                                 | 4                                      |
| II . Financial expenses                            | 12                                     | 10                                    | 17                                 | 11                                | 15                                     |
| Net operating revenue                              | 1,687                                  | 1,654                                 | 1,286                              | 1,189                             | 993                                    |
| III . Selling, general and administrative expenses | 1,221                                  | 1,276                                 | 1,379                              | 1,227                             | 1,163                                  |
| 1 Trading related expenses                         | 147                                    | 131                                   | 146                                | 128                               | 147                                    |
| 2 Personal expenses                                | 701                                    | 783                                   | 871                                | 743                               | 692                                    |
| 3 Real estate expenses                             | 150                                    | 120                                   | 118                                | 122                               | 128                                    |
| 4 Office expenses                                  | 135                                    | 143                                   | 136                                | 139                               | 131                                    |
| 5 Depreciation                                     | 22                                     | 22                                    | 21                                 | 19                                | 21                                     |
| 6 Taxes and dues                                   | 42                                     | 37                                    | 40                                 | 42                                | 21                                     |
| 7 Provision of allowance for doubtful accounts     | △1                                     | △0                                    | 1                                  | —                                 | —                                      |
| 8 Other  | 23                                     | 37                                    | 42                                 | 31                                | 22                                     |
| Operating profit/loss                              | 466                                    | 378                                   | △92                                | △37                               | △169                                   |
| IV . Non-operating income                          | 121                                    | 182                                   | 232                                | 316                               | 127                                    |
| V . Non-operating expenses                         | △25                                    | 37                                    | 118                                | 153                               | 38                                     |
| Ordinary profit/loss                               | 614                                    | 523                                   | 22                                 | 125                               | △80                                    |
| VI . Extraordinary income                          | 426                                    | 190                                   | 784                                | 236                               | —                                      |
| VII . Extraordinary losses                         | 0                                      | 37                                    | 154                                | —                                 | 63                                     |
| Profit/Loss before income taxes                    | 1,040                                  | 676                                   | 652                                | 361                               | △143                                   |
| Income taxes current                               | 361                                    | 145                                   | 347                                | 15                                | 1                                      |
| Income taxes deferred                              | △41                                    | 62                                    | △105                               | 100                               | △49                                    |
| Profit/Loss  | 720                                    | 468                                   | 409                                | 246                               | △95                                    |
| Profit attributable to non-controlling interests   | 0                                      | 0                                     | 0                                  | 0                                 | 0                                      |
| Profit/Loss attributable to owners of parent       | 720                                    | 467                                   | 409                                | 246                               | △95                                    |

2. Referential Data on Business Results for the Six Months Ended September 30, 2022

(1) Capital Adequacy Ratio

(Millions of yen)

|                               |   | As of<br>September 30,<br>2021 | As of<br>September 30,<br>2022 | As of<br>March 31,<br>2022 |
|-------------------------------|---|--------------------------------|--------------------------------|----------------------------|
| Basic items                   | (A)   | 41,621                         | 41,140                         | 41,548                     |
| Complementary items           | Valuation difference on available-for-sale securities, etc. | 415                            | —                              | —                          |
|                               | Financial instruments transaction liability reserves        | 13                             | 14                             | 14                         |
|                               | Allowance for doubtful accounts                             | 14                             | 11                             | 15                         |
|                               | Total (B)   | 443                            | 25                             | 29                         |
| Deductible assets             | (C)   | 9,113                          | 6,580                          | 6,573                      |
| Unfixed net capital           | (A)+(B)–(C) (D)   | 32,950                         | 34,585                         | 35,003                     |
| Amount of risk correspondents | Market risk equivalent                                      | 3,941                          | 3,639                          | 3,735                      |
|                               | Trade party risk equivalent                                 | 218                            | 181                            | 281                        |
|                               | Basic risk equivalent                                       | 1,255                          | 1,282                          | 1,294                      |
|                               | Total (E)   | 5,414                          | 5,103                          | 5,311                      |
| Capital adequacy ratio        | (D)/(E) × 100%  | 608.5%                         | 677.7%                         | 659.0%                     |

(2) Number of Directors/Auditors and Employees

|                        | As of<br>September 30,<br>2021 | As of<br>September 30,<br>2022 | As of<br>March 31,<br>2022 |
|------------------------|--------------------------------|--------------------------------|----------------------------|
| Directors and auditors | 10                             | 10                             | 10                         |
| Employees              | 242                            | 236                            | 237                        |