

**Consolidated Financial Summary (for the year ended March 31, 2019)**

April 26, 2019

Company Name: Tokai Tokyo Financial Holdings, Inc.  
 Stock Listings: First sections of the Tokyo Stock Exchange and Nagoya Stock Exchange  
 Stock Code: 8616 URL: <http://www.tokaitokyo-fh.jp/>  
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Scheduled date for general meeting of shareholders: June 26, 2019  
 Scheduled date for filing securities report: June 26, 2019  
 Scheduled day of commencing dividend payment: June 27, 2019  
 Supplementary explanation documents for earnings: Yes  
 Earnings presentation for the fiscal year: Yes (for financial analysts and institutional investors)

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

**1. Consolidated Financial Results for the Year Ended March 31, 2019 (from April 1, 2018 to March 31, 2019)****(1) Consolidated Results of Operation**

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

	Operating revenue		Net operating revenue		Operating income		Ordinary income		Profit attributable to owners of parent	
	million yen	%	million yen	%	million yen	%	million yen	%	million yen	%
Year ended										
March 31, 2019	64,772	(24.0)	62,553	(24.6)	(391)	—	932	(95.5)	1,079	(95.7)
March 31, 2018	85,261	30.3	82,919	30.1	17,446	83.7	20,939	57.8	25,397	111.8

(Note) Comprehensive income: March 31, 2019: (1,771) million yen [—%]  
 March 31, 2018: 27,436 million yen [156.2%]

	Net income per share	Diluted net income per share	Return on equity	Return on assets	Operating income/ Operating revenue
	yen	yen	%	%	%
Year ended					
March 31, 2019	4.18	4.18	0.6	0.1	(0.6)
March 31, 2018	97.27	97.18	15.5	2.5	20.5

(Reference) Share of profit of entities accounted for using equity method March 31, 2019: (61) million yen March 31, 2018: 1,963 million yen

**(2) Consolidated Financial Position**

	Total assets	Net assets	Equity ratio	Net asset per share
	million yen	million yen	%	yen
As of				
March 31, 2019	1,391,076	164,300	11.6	625.05
March 31, 2018	964,533	174,849	17.9	668.18

(Reference) Shareholders' equity March 31, 2019: 161,491 million yen March 31, 2018: 172,629 million yen

**(3) Consolidated Cash Flows Position**

	Cash flows from operation	Cash flows from investment	Cash flows from financing	Cash and cash equivalents
	million yen	million yen	million yen	million yen
Year ended				
March 31, 2019	(72,750)	(9,615)	39,695	46,274
March 31, 2018	19,332	(588)	(1,617)	89,204

**2. Dividends**

(Base date)	Dividend per share					Total cash dividends (annual)	Dividends payout ratio (consolidated)	Net assets dividend ratio (consolidated)
	End of first quarter	End of second quarter	End of third quarter	End of year	Annual			
	yen	yen	yen	yen	yen	million yen	%	%
Ended March 31, 2018	—	14.00	—	24.00	38.00	9,865	39.1	6.0
Ended March 31, 2019	—	12.00	—	4.00	16.00	4,133	382.8	2.5
Ending March 31, 2020	—	—	—	—	—		—	

**3. Forecast of Consolidated Operating Results for Fiscal 2019 (from April 1, 2019 to March 31, 2020)**

The Group operates principally in the financial instruments business, and its operating results are likely to be affected by market fluctuations. Due to such nature of its business and consequential difficulty in predicting its performance, the Group does not disclose the forecast of operating results.

#### 4. Others

(1) Important Changes in Subsidiaries during the Term (Changes Pursuant to the Subsidiaries that Lead to a Change in the Scope of Consolidation): None  
 New : None  
 Exclusion : None

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

- 1) Changes in accounting policies in accordance with revision of accounting standards: None
- 2) Changes in accounting policies other than item 1) above: None
- 3) Change in accounting estimates: None
- 4) Retrospective restatements: None

(3) Number of Shares Issued (Common Stock)

- 1) Number of shares issued at the end of the term including treasury shares  
 As of March 31, 2019: 270,582,115      As of March 31, 2018: 270,582,115
- 2) Number of treasury shares at the end of the term  
 As of March 31, 2019: 12,215,435      As of March 31, 2018: 12,225,394
- 3) Average number of shares outstanding  
 Year ended March 31, 2019: 258,361,178      Year ended March 31, 2018: 261,106,441

(Reference)

Non-consolidated Financial Results for the Year Ended March 31, 2019 (from April 1, 2018 to March 31, 2019)

(1) Non-consolidated Results of Operations

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

Year ended	Operating revenue		Operating income		Ordinary income		Net income	
	million yen	%	million yen	%	million yen	%	million yen	%
March 31,2019	15,737	12.3	7,252	16.2	9,414	27.6	8,611	21.5
March 31,2018	14,014	3.7	6,239	(4.8)	7,380	(6.9)	7,090	(13.9)

  

Year ended	Net income per share	Diluted net income per share
	yen	yen
March 31,2019	33.33	33.32
March 31,2018	27.15	27.13

(2) Non-consolidated financial position

As of	Total assets	Net assets	Equity ratio	Net assets per share
	million yen	million yen	%	yen
March 31,2019	210,380	106,151	50.2	408.76
March 31,2018	210,412	107,440	50.8	413.71

(Reference) Shareholders' equity      March 31, 2019: 105,611 million yen      March 31, 2018: 106,884 million yen

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

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

Dividends for the fiscal year ending March 31, 2020 have not been determined because it is difficult to forecast operating results, as described similarly in "3.Forecast of Consolidated Operating Results for Fiscal 2019."

\* How to view supplementary explanation documents for earnings

Supplementary explanation documents for earnings will be available on both Timely Disclosure network and our website on Friday, April 26, 2019.

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## 1. Qualitative Information for the Consolidated Fiscal Year Ended March 31, 2019

### (1) Review of Operating Results

**Japanese economy** during the consolidated fiscal year under review (April 1, 2018, to March 31, 2019), the economy generally remained on a mild recovery path. Although exports were on a little weak note hit by U.S.-China trade friction, personal spending was brisk amid upbeat corporate earnings and improved employment rates and wage levels.

**Looking abroad**, the U.S. experienced a surge in employment and wages. Global economy, however, heightened a tone of deceleration due to the U.S.-China trade friction. Beginning in the second half of our fiscal year, signs of declining economy came out worldwide particularly the one indicative of manufacturing sector's activity and other indicators such as GDP of various nations and regions. Having said that, there were also some surging indicators of recovery later on assisted by the Chinese government's stimulus measures.

**In the Japanese Stock Market**, the Nikkei Stock Average started at around ¥21,400 in April, and remained generally static staying around this level until mid-September. The Nikkei then soared, reaching as high as ¥24,400 in early October, counting on the thawing in Trump's trade policies. Around the turn of the calendar year, the Nikkei plummeted amid uncertainties about the global economy and corporate performance, and at one point dipped below ¥19,000 for the first time in 1 year and 8 months. After the new year began, the Nikkei rebounded thanks to the expected progress in U.S.-China trade talks and economic recovery in China. However, the momentum tapered off and the Nikkei finished at ¥21,200 in the end of March. The average daily transaction volume in the First Section of the Tokyo Stock Exchange during the period under review (April 1, 2018, to March 31, 2019) was ¥2,855.0 billion, a slightly smaller than the equivalent figure for the previous fiscal year (which was ¥2,957.0 billion).

**In the Japanese Bond Market**, the yield on 10-year JGB, the indicator of long-term interest rates, started at 0.045% in April. In early October, it reached 0.155% at one point, reflecting the Bank of Japan's softening of its monetary easing framework in July as well as a rise in the U.S. 10-year treasury bond yield. Subsequently, the 10-year treasury bond yield declined due to rising concerns over U.S.-China trade friction and fears of global slowdown. Reflecting this development, the JGB declined to minus 0.050% in January. The JGB returned to positive territory for a while. However, with Western economies facing their declining long-term interest rates in the New Year holiday period, Japan lowered its own long-term interest rate, and such a series of development caused the JGB to end in March at 0.095%.

**In the Foreign Exchange Market**, the yen-to-dollar exchange rate opened in April at around ¥106. The yen then weakened against the dollar. This trend reflected the easing of U.S.-North Korea tensions as well as a rise in the 10-year treasury bond yield amid favorable U.S. economic indicators. In early October, the exchange rate reached ¥114 at one point. In mid-December, the rate generally trended in the ¥112–113 range. In late December, stock prices in developed countries plummeted, prompting a weakening in the market's risk appetite and causing the yen to strengthen against the dollar. In early January, the rate dipped below ¥105 at one point. The yen then stayed mildly weak against the dollar, closing at around ¥110 at the end of March.

Under this business environment, the Group pursued its business plan titled New Age's Flag Bearer 5. As part of our alliance strategy in Japan, the core business strategy and a hallmark of the Group, we advanced preparations for the launch on June 3 this year of Juroku Tokai Tokyo Securities Co., Ltd., a joint venture securities company based on a tie-up with The Juroku Bank, Ltd. This will be our seventh securities joint venture.

We also collaborated with leading FinTech firms so as to meet increasingly diverse and complex customer needs. In April, we entered a capital and business tie-up with TORANOTEC Ltd., which owns a spare change investment app called TORANOKO. In June, we acquired Money Design Co., Ltd. as an equity-method affiliate (by purchasing shares in the company). Money Design offers a robo-advisor service called THEO. In October, we invested in One Tap BUY Co., Ltd., which operates a stock trading app called, One Tap BUY. On our generic growth front, we worked to further expand and stabilize group revenues by various measures. For example, we devoted energies into bolstering market trading

competence by focusing on training employees, investing in system architecture, and upgrading risk management capability.

We also made efforts to expand customer service solutions. In July, we invested in Vietnamese firm, Bao Viet Securities, with whom we had formed a business alliance to enhance our ability to provide information and products to customers. We intend to strengthen our partnership through this investment. In December, we founded a business succession and M&A advisory service company, called Pinnacle TT Solutions Inc., together with our consolidated group company, Pinnacle Inc. Our aim is to help SMEs address their business succession issues.

With reference to the promotion of “customer-first” business operation, our subsidiaries, Tokai Tokyo Securities Co., Ltd. and Takagi Securities Co., Ltd., disclosed how well they fared as of March 31, 2018, in terms of the indicators the Financial Services Agency publicly specified in its June 2018 statement, “common key performance indicators (KPIs) comparable across investment trust distributors” that were designed to evaluate the level of commitment to prioritizing customer’s interest.

Through these management plan undertakings, we aim to clarify our credit worthiness and raise our presence in industry. In March, Rating and Investment Information, Inc. (R&I) gave us a BBB+ rating.

On October 9, 2018, trading on the Tokyo Stock Exchange (TSE) was suspended due to a technical malfunction. We apologize to any of our customers who were inconvenienced as a result. Having reflected on this incident, we will review our procedures for connecting with TSE and make other system improvements to reduce troubles associated with the linkage with TSE.

We have established a group-wide CSR policy enshrining our commitment to developing capital markets and helping customers with their asset formation efforts. The policy also outlines our civic commitment to contribute toward invigoration of local communities. In our home market of Chubu, in particular, we see it as our mission to help the region grow and flourish, and we are taking various measures to that end. Through our Chubu Open Innovation College Program, we held monthly seminars, providing many opportunities for networking and idea exchanges and interactions among businesses, universities, and students. In collaboration with Nagoya University, we organized a seminar on international affairs with a view to training people who can help make Chubu a globally relevant region in the future. We have also sent undergraduates and graduate students on exchange programs to the universities of Cambridge and Edinburgh in the United Kingdom. As for our activities engaged in sports promotion, we recruited athletes via Athnavi, a job-matching app for talented athletes. In fiscal 2018, we helped four student athletes obtain a scholarship based on our athlete-oriented scholarship agreement with Chukyo University.

In January, we relocated our head office to Nihonbashi Takashimaya Mitsui Building. In April, we opened “Orque d’or Salon, Tokyo” that our subsidiary, Tokai Tokyo Securities Co., Ltd., operates on the highest floor of the building. Our aim is that the new office at its new location serves as a hub for supporting the businesses of wealthy customers in Tokyo and other parts of Kanto area. Also, in January, the subsidiary established a dedicated division for promoting customer-centered operation and self-monitoring the progress thereof, and it is scheduled to merge with another subsidiary, Takagi Securities Co., Ltd., in September this year. As part of the Group’s succession planning, Tokai Tokyo Securities Co., Ltd. replaced its two representative directors on April 1. The new incumbents are Hideaki Yamane, Chairman and Ichiro Gouda President. As the Group’s operation is getting ever diversified and larger, we find it increasingly important for us to ensure our vigorous management capability and to prepare the next generation of leaders accordingly. With this in mind, we have worked on a business succession roadmap since 2017, taking advice from outside experts and listening to the opinions of outside directors and members of the Nomination and Remuneration Committee. In this selection process, we placed an initial priority on transferring leadership of key subsidiaries, and the above-selected leaders represent our such design. Facing the rapid changes in the financial industry, we aim to become a comprehensive and integrated financial group under the new leadership at Tokai Tokyo Securities Co., Ltd., the operating core of our group. What we aspire to win is the confidence and the support from our clients, our shareholders and other stakeholders.

The Group’s consolidated operating results up to the period were as follows:

(Commission received)

During the fiscal year under review, total commissions received decreased 19.4%, to ¥28,954 million (in this section, all percentages changes indicate year-on-year comparisons).

(i) Commission to consignees:

Total commissions to consignees earned by the Group decreased 38.4%, to ¥10,729 million. Commissions to consignees on stock as the major factor of this category decreased 39.8%, to ¥10,211 million as the volume of stock brokered by Tokai Tokyo Securities Co., Ltd., decreased 33.0%, to 3,193 million shares due to reduced transactions with individual investors, and then, the value of stock brokered decreased 22.5%, to ¥3,802.1 billion

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

Commission for underwriting, secondary distribution and solicitation for selling and others for professional investors totaled ¥1,247 million, an increase of 53.9%. Under this category, net equity trading income totaled ¥914 million, an increase of 102.8%, reflecting an increase in public offerings and secondary distributions among newly listed enterprises. Commission on bonds, also under this category, however, decreased 7.4%, to ¥333 million.

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

Fees for offering, secondary distribution and solicitation for selling and others for professional investors totaled ¥6,951 million, a decrease of 11.4%. Under this category, fees from beneficiary certificates decreased 11.5%, to ¥6,871 million, reflecting the decline in sales of investment trusts—particularly to individuals.

(iv) Other fees received:

Other fees earned totaled ¥10,025 million, an increase of 1.9%. Under this category, agency commissions from investment trusts rose 0.8%, to ¥4,556 million, and insurance commissions and consultant fees increased 19.1%, to ¥3,230 million.

(Net trading income)

In the consolidated fiscal year under review, net trading income totaled ¥30,280 million, a decrease of 32.9%. Under this category, trading of stocks posted a profit of ¥15,401 million, a decrease of 30.7%, which was attributable to the decrease in the trading of foreign stock (centering on U.S. Stocks). Also, under this category, net trading income for securities and foreign currency decreased 34.9%, to ¥14,879 million; this decrease was mainly in foreign currency-denominated bonds and structure bonds.

(Net financial revenue)

In the period under review, net financial revenue totaled ¥3,318 million, an increase of 73.2%. Under this category, financial revenue increased 30.0%, to ¥5,537 million, while financial expenses decreased 5.2%, to ¥2,219 million.

(Selling, general and administrative expenses)

In the period under review, selling, general and administrative expenses totaled ¥62,945 million, a decrease of 3.9%. Under this category, trading related expenses decreased 13.6%, to ¥11,951 million and this was due to a decrease in handling fees, which reflected a decline in foreign bond transactions among joint ventures with partners. There were also decreases in personnel expenses, down 5.0%, to ¥29,544 million, and taxes and dues, down 16.3%, to ¥1,273 million. On the other hand, with the transfer to Nihonbashi Takashimaya Mitsui Building, there were real estate expenses increased 15.4%, to ¥7,845 million. Depreciation also increased up 19.4%, to ¥2,321 million.

(Non-operating income and expenses)

In the period under review, non-operating income totaled ¥1,712 million, down 53.6%. This result reflects the fact that the consolidated share of profit of entities accounted for using equity method fell into negative territory. Non-operating expenses totaled ¥388 million, an increase of 93.1%. This result reflects the ¥61 million in equity losses

recorded after an increase in the amortization of goodwill pertaining to FinTech firms and other costs incurred in anticipation of future income.

(Extraordinary income and losses)

In the period under review, the most notable extraordinary income item was gain on sales of investment securities, which totaled ¥1,519 million. The most notable extraordinary loss items were special retirement payment, which totaled ¥598 million, and loss on valuation of investment securities, which totaled ¥257 million.

Consequently, in the period under review, operating revenue decreased 24.0%, to ¥64,772 million; net operating revenue decreased 24.6%, to ¥62,553 million; operating losses totaled ¥391 million (compared to operating income of ¥17,446 in the previous year); ordinary income decreased 95.5%, to ¥932 million; finally, profit attributable to owners of parent after deducting income taxes decreased 95.7%, to ¥1,079 million.

## (2) Review of the Financial Statements

(all comparisons hereunder are with the end of the previous consolidated fiscal year)

(Assets)

As of the end of the period under review, total assets totaled ¥1,391,076 million, an increase of ¥426,543 million. Under this category, Current assets increased ¥421,428 million, to ¥1,323,532 million. The key contributors were trading products (assets), which increased ¥269,424 million, to ¥657,524 million, and loans secured by securities, which increased ¥203,740 million, to ¥492,858 million. These increases more than offset decreases in the following two items: cash and deposits, down ¥42,673 million, to ¥47,920 million, and margin transaction assets, down ¥7,890 million, to ¥49,406 million. Non-current assets totaled ¥67,544 million, an increase of ¥5,114 million. A key contributor was buildings, which increased ¥1,990 million, to ¥4,529 million. Another was in equipment, which increased ¥1,926 million, to ¥3,738 million.

(Liabilities)

As of the end of the period under review, total liabilities totaled ¥1,226,776 million, an increase of ¥437,092 million. Under this category, current liabilities increased ¥433,218 million, to ¥1,137,726 million. The main increases were in trading products (liabilities), up ¥264,790 million, to ¥546,499 million, loans payable secured by securities (up ¥147,760 million, to ¥345,299 million), and short-term loans payable, up ¥45,214 million, to ¥123,967 million. The main decrease was in margin transaction liabilities, down ¥7,757 million, to ¥11,655 million. Non-current liabilities increased ¥3,867 million to total ¥88,431 million. The main contributors to this result were bonds payable, up ¥1,373 million, to ¥17,573 million and long-term loans payable, up ¥3,223 million to ¥68,129 million, which more than offset a decrease in deferred tax liabilities that was down ¥1,328 million, to ¥388 million.

(Net assets)

As of the end of the period under review, retained earnings totaled ¥100,540 million, a decrease of ¥8,220 million. Consequently, total net assets totaled ¥164,300 million, a decrease of ¥10,549 million.

## (3) Review of the Statements of Cash Flows

Net cash flow from operating activities was negative ¥72,750 million. Major contributors to this net result were as follows: Income before income taxes brought positive ¥1,528 million; Trading products (liabilities), an increase of ¥264,790 million caused inflow of the same amount; loans payable secured by securities, also an increase of ¥147,760 million caused the same amount of inflow likewise. Partially offsetting these increased inflows were increased trading products (assets) by ¥270,026 million, and increased loans secured by securities by ¥203,740 million both working to reduce cashflow in equivalent amounts.

Net cash used by investment activities was ¥9,615 million. The main outflows were in the following items: Purchase of tangible fixed assets, ¥3,790 million, purchase of investment securities ¥2,928 million and purchase of subsidiaries and associations, ¥5,039 million. On the other hand, the main inflow was attributable to the sale of investment securities,

¥5,327 million.

Net cash flow from financing activities was positive ¥39,695 million. The main contributors to this result were a net increase of ¥42,144 million in short-term loans payable and an increase of ¥10,200 million in long-term loans payable. Cash inflows which were caused all those offset an outflow of ¥9,299 used for dividend payments.

As a result, the balance of cash and cash equivalents decreased ¥42,929 million from the previous year, to ¥46,274 million at the end of the consolidated fiscal year under review.

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

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

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

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

The year-end dividend per share for the fiscal year under review will be ¥4 of ordinary dividends, which will make an annual total dividend of ¥16 when combined with the interim dividend. As a result, the payout ratio will be 382.8% on a consolidated basis.

## **2. Basic Concept regarding the Selection of Accounting Standards**

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

Regarding IFRS (International Financial Reporting Standards), the Company will consider the application based on the progress of the Group's business at home and abroad as well as the shareholding ratio in addition to the increased convenience of international comparison of financial information in the capital market.



### 3. Consolidated Financial Statements

#### (1) Consolidated Balance Sheets

(Unit: million yen)

	As of March 31, 2018	As of March 31, 2019
<b>Assets</b>		
<b>Current assets</b>		
Cash and deposits	90,594	47,920
Cash segregated as deposits	45,830	42,030
Cash segregated as deposits for customers	45,000	41,400
Cash segregated as deposits for others	830	630
Trading products	388,099	657,524
Trading securities and other	384,823	654,224
Derivatives	3,276	3,300
Margin transaction assets	57,297	49,406
Loans on margin transactions	52,161	30,929
Cash collateral pledged for securities borrowing on margin transactions	5,135	18,477
Loans secured by securities	289,117	492,858
Cash collateral pledged for securities borrowed	289,117	39,663
Loans on Gensaki transactions	—	453,194
Advances paid	1,170	3,412
Short-term guarantee deposits	15,411	14,927
Short-term loans receivable	157	219
Short-term investment securities	3,000	—
Accrued income	2,417	2,820
Other	9,058	12,442
Allowance for doubtful accounts	(50)	(30)
<b>Total current assets</b>	<b>902,103</b>	<b>1,323,532</b>
<b>Non-current assets</b>		
Property, plant and equipment	8,127	12,037
Buildings	2,538	4,529
Equipment	1,811	3,738
Land	3,777	3,769
Intangible assets	5,486	5,218
Goodwill	2,060	1,845
Software	2,198	2,456
Telephone subscription right	36	36
Other	1,190	880
Investments and other assets	48,815	50,288
Investment securities	40,969	42,090
Long-term guarantee deposits	3,161	4,608
Deferred tax assets	140	33
Net defined benefit asset	3,542	2,397
Other	1,386	1,526
Allowance for doubtful accounts	(385)	(366)
<b>Total non-current assets</b>	<b>62,429</b>	<b>67,544</b>
<b>Total assets</b>	<b>964,533</b>	<b>1,391,076</b>

(Unit: million yen)

	As of March 31, 2018	As of March 31, 2019
<b>Liabilities</b>		
<b>Current liabilities</b>		
Trading products	281,709	546,499
Trading securities and other	276,368	540,357
Derivatives	5,340	6,142
Trade date accrual	21,952	15,973
Margin transaction liabilities	19,413	11,655
Borrowings on margin transactions	17,879	9,627
Cash received for securities lending on margin transactions	1,534	2,028
Loans payable secured by securities	197,538	345,299
Cash received on debt credit transaction of securities	197,538	17,788
Borrowings on Gensaki transactions	—	327,510
Deposits received	35,794	34,723
Guarantee deposits received	12,794	9,733
Short-term loans payable	78,752	123,967
Short-term bonds payable	12,000	16,000
Current portion of bonds	29,594	24,443
Income taxes payable	4,090	348
Provision for bonuses	3,222	2,016
Provision for directors' bonuses	61	—
Other	7,583	7,065
<b>Total current liabilities</b>	<b>704,507</b>	<b>1,137,726</b>
<b>Non-current liabilities</b>		
Bonds payable	16,200	17,573
Long-term loans payable	64,906	68,129
Deferred tax liabilities	1,716	388
Provision for directors' retirement benefits	63	75
Net defined benefit liability	208	191
Other	1,468	2,073
<b>Total non-current liabilities</b>	<b>84,564</b>	<b>88,431</b>
<b>Reserves under special laws</b>		
Reserve for financial products transaction liabilities	611	618
<b>Total reserves under special laws</b>	<b>611</b>	<b>618</b>
<b>Total liabilities</b>	<b>789,683</b>	<b>1,226,776</b>
<b>Net assets</b>		
<b>Shareholders' equity</b>		
Capital stock	36,000	36,000
Capital surplus	28,958	28,961
Retained earnings	108,761	100,540
Treasury shares	(6,188)	(6,183)
<b>Total shareholders' equity</b>	<b>167,531</b>	<b>159,318</b>
<b>Accumulated other comprehensive income</b>		
Valuation difference on available-for-sale securities	2,519	1,077
Foreign currency translation adjustment	(168)	(405)
Remeasurements of defined benefit plans	2,745	1,500
<b>Total accumulated other comprehensive income</b>	<b>5,097</b>	<b>2,172</b>
<b>Share acquisition rights</b>	556	539
<b>Non-controlling interests</b>	1,664	2,268
<b>Total net assets</b>	<b>174,849</b>	<b>164,300</b>
<b>Total liabilities and net assets</b>	<b>964,533</b>	<b>1,391,076</b>

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

(Unit: million yen)

	Year ended March 31, 2018	Year ended March 31, 2019
<b>Operating revenue</b>		
Commission received	35,907	28,954
Commission to consignees	17,415	10,729
Commission for underwriting, secondary distribution and solicitation for selling and others for professional investors	811	1,247
Fee for offering, secondary distribution and solicitation for selling and others for professional investors	7,844	6,951
Other fees received	9,836	10,025
Net trading income	45,095	30,280
Financial revenue	4,258	5,537
<b>Total operating revenue</b>	<b>85,261</b>	<b>64,772</b>
<b>Financial expenses</b>	<b>2,342</b>	<b>2,219</b>
<b>Net operating revenue</b>	<b>82,919</b>	<b>62,553</b>
<b>Selling, general and administrative expenses</b>		
Trading related expenses	13,827	11,951
Personnel expenses	31,110	29,544
Real estate expenses	6,797	7,845
Office cost	8,043	7,994
Depreciation	1,944	2,321
Taxes and dues	1,521	1,273
Other	2,227	2,014
<b>Total selling, general and administrative expenses</b>	<b>65,472</b>	<b>62,945</b>
<b>Operating income (loss)</b>	<b>17,446</b>	<b>(391)</b>
<b>Non-operating income</b>		
Dividend income	699	714
Rent income	518	500
Share of profit of entities accounted for using equity method	1,963	—
Gain on investments in partnership	289	340
Other	222	157
<b>Total non-operating income</b>	<b>3,693</b>	<b>1,712</b>
<b>Non-operating expenses</b>		
Share of loss of entities accounted for using equity method	—	61
Loss on investments in partnership	127	171
Foreign exchange losses	18	14
Settlement package	5	88
Other	48	51
<b>Total non-operating expenses</b>	<b>200</b>	<b>388</b>
<b>Ordinary income</b>	<b>20,939</b>	<b>932</b>

	(Unit: million yen)	
	Year ended March 31, 2018	Year ended March 31, 2019
<b>Extraordinary income</b>		
Gain on sales of shares of subsidiaries and associates	—	5
Gain on sales of investment securities	881	1,519
Gain on bargain purchase	11,160	—
Gain on reversal of share acquisition rights	0	138
<b>Total extraordinary income</b>	<b>12,042</b>	<b>1,663</b>
<b>Extraordinary losses</b>		
Impairment loss	626	151
Loss on sales of shares of subsidiaries and associates	173	—
Loss on sales of investment securities	44	53
Loss on valuation of investment securities	63	257
Loss on valuation of golf club membership	34	—
Commission based representative retirement benefits	152	—
Extra retirement payments	—	598
Provision of reserve for financial products transaction liabilities	146	6
<b>Total extraordinary losses</b>	<b>1,240</b>	<b>1,067</b>
<b>Income before income taxes</b>	<b>31,742</b>	<b>1,528</b>
<b>Income taxes-current</b>	<b>8,831</b>	<b>605</b>
<b>Income taxes-prior periods</b>	<b>99</b>	<b>(141)</b>
<b>Income taxes-deferred</b>	<b>(2,697)</b>	<b>(88)</b>
<b>Total income taxes</b>	<b>6,233</b>	<b>375</b>
<b>Profit</b>	<b>25,509</b>	<b>1,152</b>
<b>Profit attributable to non-controlling interests</b>	<b>111</b>	<b>72</b>
<b>Profit attributable to owners of parent</b>	<b>25,397</b>	<b>1,079</b>

Consolidated Statements of Comprehensive Income

	(Unit: million yen)	
	Year ended March 31, 2018	Year ended March 31, 2019
<b>Profit</b>	25,509	1,152
<b>Other comprehensive income</b>		
Valuation difference on available-for-sale securities	1,059	(1,389)
Foreign currency translation adjustment	82	(237)
Remeasurements of defined benefit plans	738	(1,187)
Share of other comprehensive income of entities accounted for using equity method	47	(108)
<b>Total other comprehensive income</b>	1,927	(2,924)
<b>Comprehensive income</b>	27,436	(1,771)
<b>(Comprehensive income attributable to)</b>		
Owners of parent	27,325	(1,844)
Non-controlling interests	111	72

(3) Consolidated Statements of Changes in Net Assets  
Year ended March 31, 2018 (Fiscal 2017)

(Unit: million yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at the beginning of current period	36,000	33,016	90,693	(7,572)	152,137
Changes of items during the period					
Dividends from surplus			(7,329)		(7,329)
Profit attributable to owners of parent			25,397		25,397
Purchase of treasury shares				(2,673)	(2,673)
Disposal of treasury shares		(5)		45	39
Retirement of treasury shares		(4,011)		4,011	—
Change in ownership interest of parent due to transactions with non-controlling interests		(40)			(40)
Net changes of items other than shareholders' equity					
Total changes of items during period	—	(4,057)	18,068	1,383	15,394
Balance at the end of current period	36,000	28,958	108,761	(6,188)	167,531

(Unit: million yen)

	Accumulated other comprehensive income				Subscription rights to shares	Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income			
Balance at the beginning of current period	1,439	(251)	1,986	3,175	443	1,472	157,229
Changes of items during the period							
Dividends from surplus							(7,329)
Profit attributable to owners of parent							25,397
Purchase of treasury shares							(2,673)
Disposal of treasury shares							39
Retirement of treasury shares							—
Change in ownership interest of parent due to transactions with non-controlling interests							(40)
Net changes of items other than shareholders' equity	1,079	82	758	1,921	112	191	2,224
Total changes of items during period	1,079	82	758	1,921	112	191	17,619
Balance at the end of current period	2,519	(168)	2,745	5,097	556	1,664	174,849

Year ended March 31, 2019 (Fiscal 2018)

(Unit: million yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at the beginning of current period	36,000	28,958	108,761	(6,188)	167,531
Changes of items during the period					
Dividends from surplus			(9,300)		(9,300)
Profit attributable to owners of parent			1,079		1,079
Purchase of treasury shares				(1)	(1)
Disposal of treasury shares		2		6	9
Retirement of treasury shares					—
Change in ownership interest of parent due to transactions with non-controlling interests					—
Net changes of items other than shareholders' equity					
Total changes of items during period	—	2	(8,220)	4	(8,213)
Balance at the end of current period	36,000	28,961	100,540	(6,183)	159,318

(Unit: million yen)

	Accumulated other comprehensive income				Subscription rights to shares	Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income			
Balance at the beginning of current period	2,519	(168)	2,745	5,097	556	1,664	174,849
Changes of items during the period							
Dividends from surplus							(9,300)
Profit attributable to owners of parent							1,079
Purchase of treasury shares							(1)
Disposal of treasury shares							9
Retirement of treasury shares							—
Change in ownership interest of parent due to transactions with non-controlling interests							—
Net changes of items other than shareholders' equity	(1,442)	(237)	(1,244)	(2,924)	(16)	604	(2,335)
Total changes of items during period	(1,442)	(237)	(1,244)	(2,924)	(16)	604	(10,549)
Balance at the end of current period	1,077	(405)	1,500	2,172	539	2,268	164,300

## (4) Consolidated Statements of Cash Flows

(Unit: million yen)

	Year ended March 31, 2018	Year ended March 31, 2019
<b>Cash flows from operating activities</b>		
Income before income taxes	31,742	1,528
Depreciation	1,944	2,321
Amortization of goodwill	202	244
Share of (profit) loss of entities accounted for using equity method	(1,963)	61
Increase (decrease) in net defined benefit liability	(173)	(641)
Increase (decrease) in provision for directors' retirement benefits	(25)	11
Increase (decrease) in allowance for doubtful accounts	(9)	(39)
Interest and dividend income	(4,958)	(6,252)
Interest expenses	2,342	2,219
Impairment loss	626	151
Loss (gain) on sale of investment securities	(837)	(1,466)
Loss (gain) on valuation of investment securities	63	257
Gain on bargain purchase	(11,160)	—
Loss on valuation of golf club memberships	34	—
Gain on reversal of share acquisition rights	(0)	(138)
Commission based representative retirement benefits	152	—
Extra retirement payments	—	598
Decrease (increase) in cash segregated as deposits for customers	(7,300)	3,599
Decrease (increase) in trading products -assets	(91,890)	(270,026)
Increase (decrease) in trading products -liabilities	89,254	264,790
Decrease (increase) in margin transaction assets	(7,849)	7,890
Increase (decrease) in margin transaction liabilities	7,863	(7,757)
Decrease (increase) in loans secured by securities	(74,125)	(203,740)
Increase (decrease) in loans payable secured by securities	66,374	147,760
Increase (decrease) in deposits received	3,212	(1,017)
Increase (decrease) in guarantee deposits received	4,087	(3,061)
Decrease (increase) in other assets	(3,280)	(862)
Increase (decrease) in other liabilities	19,114	(7,453)
<b>Subtotal</b>	<b>23,439</b>	<b>(71,020)</b>
Interest and dividend income received	4,884	5,377
Interest expenses paid	(2,312)	(2,066)
Income taxes paid	(6,679)	(5,041)
<b>Net cash provided by (used in) operating activities</b>	<b>19,332</b>	<b>(72,750)</b>



(Unit: million yen)

	Year ended March 31, 2018	Year ended March 31, 2019
<b>Cash flows from investing activities</b>		
Purchase of property, plant and equipment	(540)	(3,790)
Proceeds from sales of property, plant and equipment	5	—
Purchase of intangible assets	(1,262)	(1,124)
Purchase of investment securities	(3,776)	(2,928)
Proceeds from sales of investment securities	10,772	5,327
Purchase of shares of subsidiaries resulting in change in scope of consolidation	(4,059)	—
Payments for sales of shares of subsidiaries resulting in change in scope of consolidation	(796)	—
Purchase of shares of subsidiaries and associates	—	(5,039)
Proceeds from sales of shares of subsidiaries and associates	—	52
Payments for guarantee deposits	(191)	(1,588)
Proceeds from collection of guarantee deposits	139	139
Other, net	(879)	(663)
<b>Net cash provided by (used in) investing activities</b>	<b>(588)</b>	<b>(9,615)</b>
<b>Cash flows from financing activities</b>		
Net increase (decrease) in short-term loans payable	(3,104)	42,144
Proceeds from long-term loans payable	4,300	10,200
Repayments of long-term loans payable	(1,240)	(3,925)
Proceeds from issuance of short-term bonds	54,800	74,000
Redemption of short-term bonds	(52,100)	(70,000)
Proceeds from issuance of bonds	45,940	38,724
Redemption of bonds	(40,123)	(42,492)
Proceeds from exercise of stock option	33	7
Purchase of treasury shares	(2,671)	—
Net decrease (increase) in treasury shares	(1)	(1)
Cash dividends paid	(7,329)	(9,299)
Proceeds from share issuance to non-controlling interests	50	540
Dividends paid to non-controlling interests	(8)	(8)
Payments from changes in ownership interests in subsidiaries that do not result in change in scope of consolidation	(50)	—
Other, net	(111)	(194)
<b>Net cash provided by (used in) financing activities</b>	<b>(1,617)</b>	<b>39,695</b>
<b>Effect of exchange rate changes on cash and cash equivalents</b>	<b>34</b>	<b>(258)</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>17,160</b>	<b>(42,929)</b>
<b>Cash and cash equivalents at beginning of period</b>	<b>72,043</b>	<b>89,204</b>
<b>Cash and cash equivalents at end of period</b>	<b>89,204</b>	<b>46,274</b>

(5) Notes on Consolidated Financial Statements

(Notes on Going Concern Assumption)

Not applicable

(Significant Basis of Presenting Consolidated Financial Statements)

1) Scope of consolidation

Consolidated subsidiaries: 26 companies (as of fiscal year-end)

Change in scope of consolidation

In the period under review, three newly established companies were brought into the scope of consolidation.

One liquidated company was removed from the scope.

2) Application of equity method

Equity-method affiliates: 10 companies (as of fiscal year-end)

Change in scope of equity-method affiliation

In the period under review, one company was brought into the scope of equity-method affiliation following an additional purchase of the company's stocks.

3) Fiscal period of consolidated subsidiaries

Of the consolidated subsidiaries, the nine that are based overseas and the two that are investment limited partnerships have December 31 as their closing date. Financial statements pertaining to these subsidiaries are as of the said closing date, and any material transactions occurring between then and the consolidated closing date are adjusted as necessary for the purposes of consolidated reporting. Two Japan-based subsidiaries have August 31 as their closing date. Financial statements pertaining to these subsidiaries are prepared on the basis of their estimated performance as of the consolidated closing date. The remaining 13 subsidiaries have March 31 as their closing date.

4) Accounting policies

(i) Objectives and scope of trading

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

(ii) Valuation of trading assets and liabilities

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

(iii) Valuation of non-trading assets and liabilities

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

Other securities:

a) Other securities with market values

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

b) Other securities with no market value

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

(iv) Depreciation of significant depreciable assets

a) Tangible fixed assets (excluding lease assets):

Tangible fixed assets are primarily depreciated under the declining-balance method. However, the Company and its domestic consolidated subsidiaries apply the straight line method to buildings (excluding facilities attached to buildings) acquired on or after April 1, 1998, and the facilities attached to buildings and structures acquired on or after April 1, 2016.

b) Intangible fixed assets (excluding lease assets):

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

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

(v) Accounting policies for significant provisions

Allowance for doubtful accounts:

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

Accrued bonuses:

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

Accrued bonuses for directors and executive officers:

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

Retirement benefits for directors and executive officers:

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

(vi) Accounting method for retirement benefits

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

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

In calculating net defined benefit liabilities, the estimated amount of retirement benefits for the period up to the end of the consolidated fiscal year under review is calculated by the straight-line method.

b) Accounting method for actuarial differences and prior service costs

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

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

(vii) Accounting policies for statutory reserves

Financial product transaction liabilities reserve:

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

(viii) Policies for the conversion of significant assets or liabilities in foreign currencies into yen

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

(ix) The method and period for amortizing goodwill

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

(x) Accounting for consumption taxes

Transactions subject to consumption taxes are recorded at amounts exclusive of consumption taxes.

(xi) Adoption of consolidated tax return system

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

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

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

(Changes in Presentation Method)

In the previous consolidated fiscal year, settlement money was included in the "other" entry in "total non-operating expenses." This year, it has been recorded in a separate entry, as it accounts for over 10% of total non-operating expenses. The consolidated financial statements for the previous consolidated fiscal year have been adjusted to reflect this change. Specifically, ¥5 million was subtracted from the "other" entry in "total non-operating expenses" and recorded separately as "settlement money."

(Additional Information)

(Applying the Partial Amendments to Accounting Standard for Tax Effect Accounting)

On February 16, 2018, the Accounting Standards Board of Japan (ASBJ) amended the Accounting Standard for Tax Effect Accounting (ASBJ Statement No. 28). We have applied the amendments as of the current consolidated fiscal year. Accordingly, we now present Deferred tax assets under Investments and other assets and Deferred tax liabilities under Non-current liabilities.

(Consolidated Statements of Changes in Net Assets)

Year ended March 31, 2019 (April 1, 2018, to March 31, 2019)

1) Outstanding shares

Type of Shares	As of March 31, 2018	Increase	Decrease	As of March 31, 2019
Common stock (no. of shares)	270,582,115	—	—	270,582,115

2) Treasury stocks

Type of Shares	As of March 31, 2018	Increase	Decrease	As of March 31, 2019
Common stock (no. of shares)	12,225,394	2,136	12,095	12,215,435

- Notes: 1. This increase occurred after the Company purchased fractional shares.  
2. Of these 12,095 shares, 12,000 were ceded (in lieu of issuing new shares) upon the exercise of subscription rights, and 95 were ceded following a request to purchase fractional shares.

3) Information regarding subscription rights to shares

Company Name	Type of subscription rights	Balance as of March 31, 2019 (million yen)
The Company (Parent company)	Stock options	539
Total		539

4) Dividends

(i) Amounts paid out in dividends

Resolution	Type of Shares	Total payout (million yen)	Dividend per share (yen)	Record date	Effective date
June 28, 2018, Ordinary General Meeting of Shareholders	Common stock	6,200	24.00	March 31, 2018	June 29, 2018
October 26, 2018 Meeting of the Board of Directors	Common stock	3,100	12.00	September 30, 2018	November 22, 2018

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

Resolution	Type of Shares	Resource	Total payout (million yen)	Dividend per share (yen)	Record date	Effective date
June 26, 2019, Ordinary General Meeting of Shareholders	Common stock	Retained earnings	1,033	4.00	March 31, 2019	June 27, 2019

(Consolidated Statements of Cash Flows)

Reconciliation for “Cash and cash equivalents” and “Cash and deposits” on the consolidated balance sheets

(Unit: million yen)

	Year ended March 31, 2018	Year ended March 31, 2019
Cash and deposits	90,594	47,920
Time deposits to be matured in 3 months or longer	(1,390)	(1,646)
Cash and cash equivalents	89,204	46,274

(Segment Information)

For the consolidated fiscal year ended March 31, 2018

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

For the consolidated fiscal year ended March 31, 2019

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

(Per Share Information)

	Year ended March 31, 2018		Year ended March 31, 2019
Net assets per share	668.18 yen	Net assets per share	625.05 yen
Net income per share	97.27 yen	Net income per share	4.18 yen
Diluted net income per share	97.18 yen	Diluted net income per share	4.18 yen

Notes: 1. Net Assets per share are calculated on the following bases.

	Year ended March 31, 2018	Year ended March 31, 2019
Total net assets (million yen)	174,849	164,300
Amount to be deducted from total net assets (million yen)	2,220	2,808
(Subscription rights to shares (million yen))	(556)	(539)
(Non-controlling interests (million yen))	(1,664)	(2,268)
Net assets associated with common stock at the end of the year (million yen)	172,629	161,491
Number of shares of common stock at the end of the year, which was used for the calculation of net assets per share	258,356,721	258,366,680

2. Net income per share and diluted net income per share are calculated on the following bases.

	Year ended March 31, 2018	Year ended March 31, 2019
Net income per share		
Profit attributable to owners of parent (million yen)	25,397	1,079
Amount not belonging to common stock (million yen)	—	—
Profit attributable to owners of parent belonging to common stock (million yen)	25,397	1,079
Average number of shares of common stock outstanding during the year	261,106,441	258,361,178
Diluted net income per share		
Adjusted profit attributable to owners of parent (million yen)	—	—
Increase in common stock	232,849	98,611
(Subsorption rights to shares)	(232,849)	(98,611)

	Year ended March 31, 2018	Year ended March 31, 2019
The description of dilutive stocks that were not included in calculation of diluted net income per share due to its lack of dilution effect	Category of dilutive stocks; Number of dilutive stocks to be caused by stock subscription rights, if exercised  Series 8 stock subscription rights 1,120 thousand shares  Series 9 stock subscription rights 1,198 thousand shares	Category of dilutive stocks; Number of dilutive stocks to be caused by stock subscription rights, if exercised  Series 9 stock subscription rights 1,190 thousand shares  Series 10 stock subscription rights 1,408 thousand shares

Note: The number of stock option is described in terms of number of shares.

(Subsequent Events)

None

#### 4. Supplementary Information

##### (1) Breakdown of Commission Received and Net Trading Income

###### ① Commission received

###### (i) By item

(Unit: million yen)

	Year ended March 31, 2018	Year ended March 31, 2019	Yr/Yr	
			Increase (Decrease)	% change
Commission to consignees	17,415	10,729	(6,686)	(38.4) %
Stocks	16,952	10,211	(6,740)	(39.8)
Bonds	19	40	20	105.5
Beneficiary certificates	443	477	34	7.7
Commission for underwriting, secondary distribution and solicitation for selling and others for professional investors	811	1,247	436	53.9
Stocks	450	914	463	102.8
Bonds	360	333	(26)	(7.4)
Fee for offering, secondary distribution and solicitation for selling and others for professional investors	7,844	6,951	(893)	(11.4)
Beneficiary certificates	7,762	6,871	(890)	(11.5)
Other fees received	9,836	10,025	189	1.9
Beneficiary certificates	4,522	4,556	34	0.8
<b>Total</b>	<b>35,907</b>	<b>28,954</b>	<b>(6,953)</b>	<b>(19.4)</b>

###### (ii) By product

(Unit: million yen)

	Year ended March 31, 2018	Year ended March 31, 2019	Yr/Yr	
			Increase (Decrease)	% change
Stocks	17,652	11,224	(6,427)	(36.4) %
Bonds	477	445	(32)	(6.7)
Beneficiary certificates	12,728	11,906	(822)	(6.5)
Others	5,049	5,377	328	6.5
<b>Total</b>	<b>35,907</b>	<b>28,954</b>	<b>(6,953)</b>	<b>(19.4)</b>

###### ② Net trading income

(Unit: million yen)

	Year ended March 31, 2018	Year ended March 31, 2019	Yr/Yr	
			Increase (Decrease)	% change
Stocks	22,227	15,401	(6,826)	(30.7) %
Bonds and Forex	22,867	14,879	(7,988)	(34.9)
<b>Total</b>	<b>45,095</b>	<b>30,280</b>	<b>(14,814)</b>	<b>(32.9)</b>



## (2) Comparative Quarterly Consolidated Statements of Income

(Unit: million yen)

	Fiscal 2018				
	1st quarter	2nd quarter	3rd quarter	4th quarter	Total of FY 2018
	Apr. 1, 2018 - Jun. 30, 2018	Jul. 1, 2018 - Sep. 30, 2018	Oct. 1, 2018 - Dec. 31, 2018	Jan. 1, 2019 - Mar. 31, 2019	Apr. 1, 2018 - Mar. 31, 2019
Operating revenues					
Commission received	7,330	7,405	7,116	7,102	28,954
Commission to consignees	3,157	2,737	2,628	2,205	10,729
(Stocks)	3,071	2,627	2,397	2,115	10,211
Commission for underwriting, secondary distribution and solicitation for selling and others for professional investors	299	218	512	217	1,247
Fee for offering, secondary distribution and solicitation for selling and others for professional investors	1,595	1,794	1,527	2,033	6,951
(Beneficiary certificates)	1,562	1,772	1,505	2,030	6,871
Other fees received	2,278	2,654	2,447	2,645	10,025
(Beneficiary certificates)	1,169	1,172	1,131	1,082	4,556
Net trading income	9,264	9,209	4,251	7,554	30,280
(Stocks)	5,679	5,377	(17)	4,361	15,401
(Bonds and Forex)	3,584	3,832	4,268	3,192	14,879
Financial revenue	1,260	1,371	2,488	417	5,537
Total operating revenue	17,855	17,986	13,855	15,074	64,772
Financial expenses	611	517	536	554	2,219
Net operating revenue	17,244	17,469	13,319	14,519	62,553
Selling, general and administrative expenses					
Trading related expenses	3,183	2,962	3,020	2,785	11,951
Personnel expenses	7,422	7,600	7,227	7,293	29,544
Real estate expenses	1,766	1,933	1,989	2,156	7,845
Office cost	1,945	2,016	1,980	2,051	7,994
Depreciation	532	540	584	664	2,321
Taxes and dues	321	337	274	340	1,273
Other	593	491	438	490	2,014
Total selling, general and administrative expenses	15,765	15,882	15,514	15,782	62,945
Operating income	1,479	1,586	(2,195)	(1,262)	(391)
Non-operating income	735	367	47	561	1,712
Share of profit of entities accounted for using equity method	325	89	(219)	(195)	—
Other	410	278	267	757	1,712
Non-operating expenses	76	106	66	138	388
Share of loss of entities accounted for using equity method	—	—	—	61	61
Other	76	106	66	76	326
Ordinary income	2,138	1,847	(2,213)	(839)	932
Extraordinary income	79	225	475	883	1,663
Extraordinary losses	58	14	224	769	1,067
Income before income taxes	2,159	2,058	(1,962)	(726)	1,528
Income taxes-current	(5)	829	(805)	445	464
Income taxes-deferred	562	(299)	565	(917)	(88)
Profit	1,601	1,528	(1,723)	(254)	1,152
Profit attributable to non-controlling interests	47	22	(17)	20	72
Profit attributable to owners of parent	1,554	1,506	(1,706)	(274)	1,079