

Consolidated Financial Summary (for the year ended March 31, 2020)

April 30, 2020

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 25, 2020
 Scheduled date for filing securities report: June 25, 2020
 Scheduled day of commencing dividend payment: June 26, 2020
 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, 2020 (from April 1, 2019 to March 31, 2020)

(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	
Year ended	million yen	%	million yen	%	million yen	%	million yen	%	million yen	%
March 31, 2020	61,694	(4.8)	59,767	(4.5)	(823)	—	700	(24.9)	2,763	155.9
March 31, 2019	64,772	(24.0)	62,553	(24.6)	(391)	—	932	(95.5)	1,079	(95.7)

(Note) Comprehensive income: March 31, 2020: 547 million yen [—%]

March 31, 2019: (1,771) million yen [—%]

	Net income per share	Diluted net income per share	Return on equity	Return on assets	Operating income/Operating revenue
Year ended	yen	yen	%	%	%
March 31, 2020	11.04	—	1.7	0.1	(1.3)
March 31, 2019	4.18	4.18	0.6	0.1	(0.6)

(Reference) Share of profit of entities accounted for using equity method March 31, 2020: (94) million yen March 31, 2019: (61) million yen

(Note) We post no figure of diluted net income per share for the year ended March 31, 2020 as the Company has no potential stock that has dilution effect.

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net asset per share
As of	million yen	million yen	%	yen
March 31, 2020	1,113,313	160,404	14.1	630.24
March 31, 2019	1,391,076	164,300	11.6	625.05

(Reference) Shareholders' equity March 31, 2020: 156,530 million yen March 31, 2019: 161,491 million yen

(3) Consolidated Cash Flows Position

	Cash flows from operation	Cash flows from investment	Cash flows from financing	Cash and cash equivalents
Year ended	million yen	million yen	million yen	million yen
March 31, 2020	10,945	(6,686)	18,227	63,201
March 31, 2019	(72,750)	(9,615)	39,695	46,274

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, 2019	—	12.00	—	4.00	16.00	4,133	382.8	2.5
Ended March 31, 2020	—	4.00	—	4.00	8.00	1,986	72.5	1.3
Ending March 31, 2021 (Forecast)	—	—	—	—	—		—	

3. Forecast of Consolidated Operating Results for Fiscal 2020 (from April 1, 2020 to March 31, 2021)

Since there are many uncertain factors that could affect our business, such as whether COVID-19 will continue to spread or decrease, trends in governments or customers, it is difficult to make a proper and rational estimate of business forecast. Furthermore, 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.

* Notes

(1) Important Changes in Subsidiaries during the Term (Changes Pursuant to the Subsidiaries that Lead to a Change in the Scope of Consolidation): Yes

New : None

Exclusion : 1 company (Takagi Securities Co.,Ltd.)

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

1) Changes in accounting policies in accordance with revision of accounting standards: Yes

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, 2020: 260,582,115 As of March 31, 2019: 270,582,115

2) Number of treasury shares at the end of the term

As of March 31, 2020: 12,216,596 As of March 31, 2019: 12,215,435

3) Average number of shares outstanding

Year ended March 31, 2020: 250,174,790 Year ended March 31, 2019: 258,361,178

(Reference)

Non-consolidated Financial Results for the Year Ended March 31, 2020 (from April 1, 2019 to March 31, 2020)

(1) Non-consolidated Results of Operations

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

	Operating revenue		Operating income		Ordinary income		Net income	
Year ended	million yen	%	million yen	%	million yen	%	million yen	%
March 31,2020	17,912	13.8	8,501	17.2	10,967	16.5	10,796	25.4
March 31,2019	15,737	12.3	7,252	16.2	9,414	27.6	8,611	21.5

	Net income per share	Diluted net income per share
Year ended	yen	yen
March 31,2020	43.16	—
March 31,2019	33.33	33.32

(Note) We post no figure of diluted net income per share for the year ended March 31, 2020 as the Company has no potential stock that has dilution effect.

(2) Non-consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
As of	million yen	million yen	%	yen
March 31,2020	204,117	110,103	53.7	441.38
March 31,2019	210,380	106,151	50.2	408.76

(Reference) Shareholders' equity March 31, 2020: 109,624 million yen March 31, 2019: 105,661 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, 2021 have not been determined because it is difficult to forecast operating results, as described similarly in "3.Forecast of Consolidated Operating Results for Fiscal 2020."

* 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 Thursday, April 30, 2020.

In May 2020, we plan to hold a financial results briefing for institutional investors and analysts in a conference call.

The financial results briefing materials used at the briefing will be posted on both Timely Disclosure network and our website on the date of the briefing.

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1. Qualitative Information for the Consolidated Fiscal Year Ended March 31, 2020

(1) Review of Operating Results

Japanese Economy: During the first half (April 1, 2019, to September 30, 2019) of the consolidated fiscal year under review (April 1, 2019, to March 31, 2020), the economy continued tracing a moderate expansion path, despite a slowdown overseas due to US-China trade friction. However, during the third quarter (October 1 to December 31), the GDP growth rate plummeted 7.1% year-on-year following the consumption tax hike introduced in October. During the fourth quarter (January 1 to March 31), the coronavirus spread from China and the subsequent restrictions aimed at containing the spread dampened the perception of Japan's economic state further. Amid such a situation, both the government and the Bank of Japan took steps to address the economic fallout. At a monetary policy meeting in March, the BOJ announced further easing measures for the first time in three and a half years. Meanwhile, the government set to work on a massive supplementary budget compilation.

Looking Abroad: The US saw stable growth buoyed by strong consumer spending. On the other hand, China and Europe experienced a slowdown due to a slump in manufacturing, itself a result of the US-China trade war. During the fourth quarter, the coronavirus-related restrictions stunted the global economy. As of the time of writing, governments and central banks worldwide are developing massive stimulus packages.

Japanese Stock Market: Starting at around ¥21,500 in April, the Nikkei Stock Average spent the next several months rising and falling according to the fluctuating prospect of U.S.-Chinese trade talks outcome. So, up to mid-October, the NSA trended between ¥20,000 and ¥22,000. The Nikkei continued rising until the year-end, reaching ¥24,000 at one point in December, amid hopeful signs of a thawing in US-China relations and the signing of a partial trade deal between the countries. However, the situation took a turn in late February. When the coronavirus spread from China to other countries, it sparked fears of a worldwide recession. Consequently, the NSA plunged in March, hitting a yearly low of ¥16,358.19 on 19th. A modest uptick then followed as a succession of governments and central banks developed economic rescue packages. At the end of March, the NSA closed at ¥18,900.

The average daily transaction volume in the First Section of the Tokyo Stock Exchange during the period under review (April 1, 2019, to March 31, 2020) was ¥2,609.7 billion, a slightly smaller than the equivalent figure for the previous fiscal year (which was ¥2,855.1 billion).

Japanese Bond Market: The yield on 10-year JGB, the indicator of long-term interest rates, started at minus 0.085% in April. Then, in early September, the yield dropped to minus 0.295%, its lowest point in the period. This development reflected expectations of a cut in interest rates as well as an amplified risk-averse tendency in the face of mounting tensions over trade between Washington and Beijing. However, the yield then bounced back to positive territory at one point in December after a break in funds inflows to European bonds and a hopeful turn in U.S.-China trade talks. After the turn of the year, the yield dipped at one point to minus 0.2% amid the alarm over the coronavirus spread. Subsequently, brisk global demand for the dollar spurred liquidation selling of US bonds that are normally considered safe asset, causing the treasury yield to soar. Following the suit, the JGB yield finished March in positive territory, at 0.005%.

Foreign Exchange Market: The dollar-to-yen exchange rate opened in April at around 110 yen. The rate then hit a period high of 112 yen. The dollar then depreciated against the yen amid factors such as escalating tension between Washington and Beijing, a global economic slowdown, and a growing prospect of a cut in US interest rates. Under the said trend, the dollar in late August hit a low of 104 yen. The dollar then rose against the yen under the expectation of the progress in U.S.-China trade talks and the heightened indications that the UK would avoid a no-deal Brexit. At the end of December, one dollar fetched around 109 yen. In the new year, the dollar soared to around 112 yen after the spread of the coronavirus prompted a rush for dollar assets. In March, it plunged to a period low of around 101 yen with a stepped-up supply of dollar assets among central banks. Following a bout of dollar selling, the dollar finished March at around 107 yen.

Regarding the exchange outlook, judging from what it did during the 2003 SARS outbreak, the Nikkei will correlate negatively with the daily increase in infections. If so, then it should bottom out once we pass the coronavirus peak.

GDP will surely contract in the first quarter (April 1 to June 30). But assuming it returns to positive growth in the second quarter (July 1 to September 30), the Nikkei will have probably bottomed out by March.

It is also likely that stimulus measures will give the Nikkei some uplift. Japan's economic stimulus is set to be vast in scope. The scope of the measures will be another factor that correlates with the Nikkei. Provided that the coronavirus threat is successfully neutralized, the measures should yield an economic recovery and high stock prices.

As for interest rates, the rates will remain low for the time being. However, this situation may change given that Japan's debt is expected to soar as high as its historic peak in the 1940s. Once the coronavirus threat has eased and the Japanese economy has recovered thanks to the stimulus, the country may face a risk of high long-term interest rates environment that may persist in the medium- to long-term.

Under this business environment, Tokai Tokyo Financial Group embarked on the third year of its business plan, New Age's Flag Bearer 5. This business plan commits us to building the Great Platform and to implementing a productivity revolution that will further strengthen our operating base and enhance growth. The plan also includes strategic themes to guide us into the next stage.

June 3 saw the start of operations at Juroku Tokai Tokyo Securities Co., Ltd. (Juroku TT). Juroku TT is the seventh in a series of joint venture securities companies we have co-founded with regional banks as part of our flagship alliance strategy in Japan. Under a corporate spin-off, Tokai Tokyo Securities Co., Ltd., a wholly owned subsidiary of the Company, transferred four branches in Gifu prefecture to Juroku TT, generating ¥2 billion in extraordinary income for the Company. Working with both Tokai Tokyo Financial Group and The Juroku Bank, Ltd., Juroku TT will serve as a locally grounded securities company. It will contribute to the local economy as well as to the wellbeing of its customers by offering various high-quality financial products and services that align with local customers' needs.

In November, we founded 3.0 Securities Preparatory Co., Ltd. in order to launch a smartphone specialized securities company that caters to the next-generation asset forming investors by developing securities investment applications. This smartphone specialized securities company forms part of our efforts to adapt to the rapid changes in financial industry, which include increasingly diverse and sophisticated customer needs and the popularization of FinTech and AI-driven financial services.

Another company we founded recently is Money Compass Japan Co., Ltd. This company is responsible for developing an asset management app called "*Okane no Compass*" (Money Compass) that will appeal to the next-generation asset forming investors. In January, Money Compass Japan Co., Ltd. released a version of its asset management app for Tokai Tokyo Securities called "*Okane no Compass for TT*" (Money Compass for TT).

With 3.0 Securities' support, *Okane no Compass* will enable a wide range of users to trade securities on their smartphones. The developer will customize the app for individual regional banks and corporations. Around the same time as releasing *Okane no Compass*, Money Compass Japan also released *Sonaeru Compass*, an app that lets the user manage insurance operations on a smartphone. The two apps have been synchronized so that data inputted on *Sonaeru Compass* can be checked on *Okane no Compass*.

In December, we entered into a capital provision and business alliance agreement with "Huobi Japan Inc.", the Japanese subsidiary of the global crypto asset exchange operator, Huobi Group. We will work with Huobi Japan to develop new

businesses in the areas of crypto asset exchanges, new financing schemes utilizing crypto assets such as Initial Exchange Offerings (IEOs¹), local currencies, and storage and management services associated with crypto assets. We are planning to develop these services in the future for partner regional banks and others.

Our Singapore subsidiary, Tokai Tokyo Global Investments Pte. Ltd., has agreed to acquire a stake in ICHX Tech Pte. Ltd. (ICHX), which operates a Security Token Offering (STO²) platform. Security tokens promise notable advantages for issuers and investors: Securities exchanges can be settled quickly at significantly reduced cost, and the market is accessible all the time all year around, thus providing improved liquidity. As ICHX's key partner in Japan, we will act as an intermediary for Japanese issuers and investors looking to trade in Asia's first government-approved STO platform. As such, we will work with ICHX to develop innovative services.

In September, Tokai Tokyo Securities, a wholly owned subsidiary of the Company, merged with Takagi Securities Co., Ltd. as the former being a surviving entity. Tokai Tokyo Securities will promote Tokai Tokyo Financial Group's corporate value by taking over the strong operating base Takagi Securities built in Kansai, and at the same time consolidating branches and operations to enhance its services. Tokai Tokyo Securities also reorganized the Independent Financial Advisory business of Takagi Securities to enable new business development. As part of this IFA business, Tokai Tokyo Securities will join some of its peers in the industry to provide sustained support toward the establishment of a financial advisor association.

Tokai Tokyo Securities also made progress in expanding customer services. In April, the company opened "Orque d'or Salon TOKYO" for members of Orque d'or, which is the subsidiary's financial services facility tailored to high-net-worth customers. Orque d'or Salon Tokyo serves as a hub for developing business with the wealthy clientele. Tokai Tokyo Securities has also started offering loans secured by securities to meet customers' short-term funding needs. Further, the company earned an A+ rating in Rating and Investment Information's Customer-Oriented Investment Trust Sales Company Evaluation. Tokai Tokyo Securities will continue to help customers achieve a better financial future through effective services and customer-first operations.

In conjunction with the relocation of our headquarters in January 2019, we overhauled our intranet systems, beefing up various capabilities, with a view to implementing workstyle changes that realize flexible workstyles, better employee communication, more efficient meetings, and more user-friendly IT systems. To promote employee wellbeing, we issued the Well-being Declaration in April. The declaration outlines our commitment to creating a workplace where employees are happy to work in a lively way for the long term in good health.

In this year, which marks the midway stage of our five-year business plan, we continue our efforts to break the mold of a conventional securities firm to form a third pillar in financial industry, whereby we can challenge the megabank-owned securities companies and major securities companies

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

(Commission received)

(Percentage indicates a year-on-year change. The same shall apply hereinafter in this section (1).)

During the fiscal year under review, total commissions received increased 0.8%, to ¥29,172 million (in this section, all percentages changes indicate year-on-year comparisons):

¹ IEO: Initial Exchange Offering is a means by which companies and startups can raise funds through crypto assets with supervision from crypto asset exchanges. Through this process, crypto asset exchanges perform due diligence, verify the investors' identities, and undertake the sales of crypto assets.

² STO: A Security Token Offering is a process in which an issuer offers security tokens to investors to raise funds. Using blockchain technology, security tokens, as digital investment contracts, represent ownership of underlying assets such as stocks, bonds, or real estate.

(i) Commission to consignees:

Total commissions to consignees earned by the Group increased 14.1%, to ¥12,239 million. Under this category, volume of stock brokered by Tokai Tokyo Securities decreased 17.6%, to 2,632 million shares, and value of stock brokered increased 17.4%, to ¥4,463.1 billion. Additionally, transactions with individual investors increased 19.7%, to ¥1,441 billion, causing commissions to consignees on stocks to increase 9.5%, to ¥11,181 million.

(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 ¥702 million, a decrease of 43.7%. Under this category, Net equity trading income totaled ¥193 million, a decrease of 78.8%, due to a decrease in underwriting volume of public offerings. Another item under this category, Commission on bonds increased 52.5%, to ¥508 million.

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

The total was ¥6,519 million, a decrease of 6.2%. Under this category, fees from beneficiary certificates decreased 5.5%, to ¥6,496 million, reflecting the decline in sales of investment trusts—particularly to individuals.

(iv) Other fees received:

Other fees earned totaled ¥9,710 million, a decrease of 3.1%. Under this category, agency commissions from investment trusts declined 12.3%, to ¥3,997 million, while insurance commissions decreased 1.9%, to ¥3,168 million.

(Net trading income)

Net trading income totaled ¥29,510 million, a decrease of 8.3%. Under this category, net trading income from equity totaled ¥14,010 million, a decrease of 9.0%, which was mainly attributable to the decrease in the trading of foreign stock. Trading of bonds and foreign exchanges main part of which was accounted for by foreign currency-denominated bonds and structure bonds totaled ¥15,499 million, a decrease of 7.6%.

(Net financial revenue)

Net financial revenue decreased 23.6%, to ¥1,084 million. Under this category, financial revenue totaled ¥3,011 million, a decrease of 17.2%. Also, financial expenses, another item under this category, totaled ¥1,926 million, a decrease of 13.2%.

(Selling, general and administrative expenses)

Selling, general and administrative expenses totaled ¥60,591 million, a decrease of 3.7%. Under this category, trading-related expenses decreased 4.7% to ¥11,386 million. Similarly, personnel costs decreased 5.8%, to ¥27,827 million, after a reduction in performance-linked bonus pay, which offset a rise in costs associated with the shift to a new personnel system. Moreover, office cost decreased 6.0%, to ¥7,516 million, as the merger of two subsidiaries reduced such costs. However, depreciation costs increased 39.0%, to ¥3,226 million, due to the amortization of the new office in Nihonbashi and an overhaul of the company intranet.

(Non-operating income and expenses)

Non-operating income totaled ¥1,971 million, an increase of 15.1 %. The key contributor to this result was gain on investments in partnership, which increased 33.8% to ¥456 million. The increase more than covers a 9.6% dividends income decrease down to ¥645million. Non-operating expenses totaled ¥446 million, an increase of 15.2%. Under this category, share of losses accounted for using equity method increased 52.1%, to ¥94 million. Additionally, loss on investments in partnership increased 28.1%, to ¥219 million.

(Extraordinary income and losses)

In the period under review, we recorded extraordinary income, the main component of which was ¥2,054 million resulting from gain on change in equity.

Consequently, in the period under review, operating revenue decreased 4.8%, to ¥61,694 million; net operating revenue decreased 4.5% to ¥59,767 million; operating losses totaled ¥823 million (compared to ¥391 million in the previous year); ordinary income decreased 24.9%, to ¥700 million; finally, profit attributable to owners of parent after deducting income taxes and others increased 155.9%, to ¥2,763 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 were ¥1,113,313 million, a decrease of ¥277,762 million. (All comparisons are with the end of the previous consolidated fiscal year. The same shall apply hereinafter in this section (2).) Under this category, current assets decreased ¥279,991 million to ¥1,043,541 million. The key contributors were trading products (assets), which decreased ¥235,173 million to ¥422,351 million, and loans secured by securities, which decreased ¥150,989 million to ¥341,868 million. These decreases more than offset increases in the following items: Cash and deposits that increased ¥16,825 million to ¥64,745 million, margin transaction assets that increased ¥49,860 million to ¥99,267 million, and short-term guarantee deposits that increased ¥32,179 million to ¥47,107 million.

Non-current assets increased ¥2,228 million to ¥69,772 million. The main contributor was investment securities, which increased ¥2,957 million to ¥45,047 million.

(Liabilities)

Total liabilities as of the end of the fiscal year decreased ¥273,867 million to ¥952,908 million. Under this category, current liabilities decreased ¥284,218 million to ¥853,507 million. The main decreases were in trading products (liabilities), which was down ¥205,083 million to ¥341,416 million, and loans payable secured by securities which was down ¥133,741 million to ¥211,557 million. The main increases were in trade date accrual (liabilities), which was up ¥28,128 million to ¥44,102 million, and short-term loans payable, which was up ¥11,713 million to ¥135,680 million. Noncurrent liabilities increased ¥10,350 million to ¥98,781 million. The main factor was long-term loans payable, which increased ¥13,779 million to ¥81,909 million. Partially offsetting this increase was bonds payable, which decreased ¥4,077 million to ¥13,496 million.

(Net assets)

Total net assets for the period under review were ¥160,404 million, a decrease of ¥3,895 million. Under this category, retained earnings increased ¥736 million, to ¥101,276 million. This increase was offset by a change in capital surplus, which decreased ¥4,374 million.

(3) Review of the Statements of Cash Flows

Net cash provided by operating activities was ¥10,945 million. The main inflows were income before income taxes, which was ¥3,049 million, trading products (assets), which decreased ¥235,187 million, and loans payable secured by securities, which decreased ¥150,989 million. The main outflows were trading products (liabilities), which decreased ¥205,083 million, margin transaction assets, which increased ¥50,106 million, and loans payable secured by securities, which decreased ¥133,529 million.

Net cash balance resulted from investment activities was ¥6,686 million. First, the main outflows were in the following items: ¥1,207 million for the purchase of tangible fixed assets, ¥1,381 million for the purchase of intangible fixed assets, ¥14,391 million for the purchase of investment securities. Against such outflows, major inflow of ¥12,393 million was made from the sale of investment securities.

Net cash flow from financing activities was positive ¥18,227 million. The main inflow items were a net increase of ¥5,016 million in short-term loans payable and proceeds of ¥26,600 million from long-term loans payable. On the other hand, outflows were caused by ¥3,440 million in purchase of treasury shares and ¥2,016 million in dividend payments.

As a result, the balance of cash and cash equivalents totaled ¥63,201 million, up ¥22,474 million from the previous year.

(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 ¥8 combined with the interim dividend of ¥4 that was already paid. As a result, the payout ratio will be 72.5% on a consolidated basis.

(5) Outlook

The coronavirus crisis prevents us from giving reasonable performance forecasts, as our future performance is subject to a host of uncertainties, including when the crisis will ease, how governments will respond, and how customers will respond. Additionally, because we operate primarily in the financial instruments business, our operating results are very sensitive to market fluctuations. For these reasons, we avoid giving forecasts of operating results.

(6) Coronavirus-Related Risks

The coronavirus crisis poses a number of risks for our group. The crisis may create a more unfavorable market by exacerbating tensions between Washington and Beijing. Additionally, the restrictions on customer interactions may undercut transactions opportunities, resulting in less commissions received.

To mitigate the risks, we have established a group-wide task force to coordinate emergency responses. We are also complying with requests from national and local governments and taking all necessary actions in cooperation with the relevant parties.

To give some examples of the steps we are taking to reduce infections, we postponed seminars that were due to start in March and suspended visits to customers. Then on April 17, when the state of emergency was extended to all prefectures of Japan, we suspended customer-facing services in all our outlets in order to protect the health and safety of our customers. However, to maintain customer convenience and timely access to information, phone-based trading and inquiries remain available as before. Online trading, likewise, is still available.

The group's corporate officers, for their part, are using technology for remote working in order to stay at home and keep office visits to a minimum.

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 International Financial Reporting Standards (IFRS), the Company will examine suitability of the application by giving our thought to the expected increase in convenience of international comparison of financial information in the capital market while paying attention to the progress of the Group's business at home and abroad as well as the changing composition of shareholders .

3. Consolidated Financial Statements

(1) Consolidated Balance Sheets

(Unit: million yen)

	As of March 31, 2019	As of March 31, 2020
Assets		
Current assets		
Cash and deposits	47,920	64,745
Cash segregated as deposits	42,030	51,122
Cash segregated as deposits for customers	41,400	49,300
Cash segregated as deposits for others	630	1,821
Trading products	657,524	422,351
Trading securities and other	654,224	407,261
Derivatives	3,300	15,090
Margin transaction assets	49,406	99,267
Loans on margin transactions	30,929	25,777
Cash collateral pledged for securities borrowing on margin transactions	18,477	73,489
Loans secured by securities	492,858	341,868
Cash collateral pledged for securities borrowed	39,663	31,248
Loans on Gensaki transactions	453,194	310,620
Advances paid	3,412	203
Short-term guarantee deposits	14,927	47,107
Short-term loans receivable	219	2,940
Accrued income	2,820	2,666
Other	12,442	11,296
Allowance for doubtful accounts	(30)	(27)
Total current assets	1,323,532	1,043,541
Non-current assets		
Property, plant and equipment	12,037	12,038
Buildings	4,529	4,231
Equipment	3,738	4,372
Land	3,769	3,434
Intangible assets	5,218	5,370
Goodwill	1,845	1,619
Software	2,456	2,848
Telephone subscription right	36	34
Other	880	867
Investments and other assets	50,288	52,362
Investment securities	42,090	45,047
Long-term guarantee deposits	4,608	4,112
Deferred tax assets	33	252
Net defined benefit asset	2,397	1,783
Other	1,526	1,527
Allowance for doubtful accounts	(366)	(362)
Total non-current assets	67,544	69,772
Total assets	1,391,076	1,113,313

(Unit: million yen)

	As of March 31, 2019	As of March 31, 2020
Liabilities		
Current liabilities		
Trading products	546,499	341,416
Trading securities and other	540,357	330,161
Derivatives	6,142	11,255
Trade date accrual	15,973	44,102
Margin transaction liabilities	11,655	8,943
Borrowings on margin transactions	9,627	6,876
Cash received for securities lending on margin transactions	2,028	2,067
Loans payable secured by securities	345,299	211,557
Cash received on debt credit transaction of securities	17,788	12,239
Borrowings on Gensaki transactions	327,510	199,318
Deposits received	34,723	46,489
Guarantee deposits received	9,733	13,692
Short-term loans payable	123,967	135,680
Short-term bonds payable	16,000	16,000
Current portion of bonds	24,443	21,101
Income taxes payable	348	695
Provision for bonuses	2,016	1,521
Other	7,065	12,305
Total current liabilities	1,137,726	853,507
Non-current liabilities		
Bonds payable	17,573	13,496
Long-term loans payable	68,129	81,909
Deferred tax liabilities	388	55
Provision for directors' retirement benefits	75	63
Net defined benefit liability	191	181
Other	2,073	3,075
Total non-current liabilities	88,431	98,781
Reserves under special laws		
Reserve for financial products transaction liabilities	618	619
Total reserves under special laws	618	619
Total liabilities	1,226,776	952,908
Net assets		
Shareholders' equity		
Capital stock	36,000	36,000
Capital surplus	28,961	24,587
Retained earnings	100,540	101,276
Treasury shares	(6,183)	(5,292)
Total shareholders' equity	159,318	156,572
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1,077	(151)
Foreign currency translation adjustment	(405)	(390)
Remeasurements of defined benefit plans	1,500	500
Total accumulated other comprehensive income	2,172	(41)
Share acquisition rights	539	478
Non-controlling interests	2,268	3,395
Total net assets	164,300	160,404
Total liabilities and net assets	1,391,076	1,113,313

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

(Unit: million yen)

	Year ended March 31, 2019	Year ended March 31, 2020
Operating revenue		
Commission received	28,954	29,172
Commission to consignees	10,729	12,239
Commission for underwriting, secondary distribution and solicitation for selling and others for professional investors	1,247	702
Fee for offering, secondary distribution and solicitation for selling and others for professional investors	6,951	6,519
Other fees received	10,025	9,710
Net trading income	32,179	29,510
Financial revenue	3,638	3,011
Total operating revenue	64,772	61,694
Financial expenses	2,219	1,926
Net operating revenue	62,553	59,767
Selling, general and administrative expenses		
Trading related expenses	11,951	11,386
Personnel expenses	29,544	27,827
Real estate expenses	7,845	7,583
Office cost	7,994	7,516
Depreciation	2,321	3,226
Taxes and dues	1,273	1,339
Other	2,014	1,711
Total selling, general and administrative expenses	62,945	60,591
Operating loss	(391)	(823)
Non-operating income		
Dividend income	714	645
Rent income	500	472
Gain on investments in partnership	340	456
Other	157	397
Total non-operating income	1,712	1,971
Non-operating expenses		
Share of loss of entities accounted for using equity method	61	94
Loss on investments in partnership	171	219
Foreign exchange losses	14	46
Other	140	86
Total non-operating expenses	388	446
Ordinary income	932	700

	(Unit: million yen)	
	Year ended March 31, 2019	Year ended March 31, 2020
Extraordinary income		
Gain on sales of non-current assets	—	159
Gain on sales of shares of subsidiaries and associates	5	—
Gain on sales of investment securities	1,519	156
Gain on change in equity	—	2,054
Gain on reversal of share acquisition rights	138	166
Total extraordinary income	1,663	2,536
Extraordinary losses		
Loss on sales of non-current assets	—	16
Impairment loss	151	1
Loss on sales of investment securities	53	49
Loss on valuation of investment securities	257	121
Extra retirement payments	598	—
Provision of reserve for financial products transaction liabilities	6	0
Total extraordinary losses	1,067	188
Income before income taxes	1,528	3,049
Income taxes-current	605	273
Income taxes-prior periods	(141)	(46)
Income taxes-deferred	(88)	60
Total income taxes	375	287
Profit	1,152	2,762
Profit (loss) attributable to non-controlling interests	72	(0)
Profit attributable to owners of parent	1,079	2,763

Consolidated Statements of Comprehensive Income

	(Unit: million yen)	
	Year ended March 31, 2019	Year ended March 31, 2020
Profit	1,152	2,762
Other comprehensive income		
Valuation difference on available-for-sale securities	(1,389)	(1,190)
Foreign currency translation adjustment	(237)	18
Remeasurements of defined benefit plans	(1,187)	(947)
Share of other comprehensive income of entities accounted for using equity method	(108)	(95)
Total other comprehensive income	(2,924)	(2,214)
Comprehensive income	(1,771)	547
(Comprehensive income attributable to)		
Owners of parent	(1,844)	548
Non-controlling interests	72	(0)

(3) Consolidated Statements of Changes in Equity
Year ended March 31, 2019 (Fiscal 2018)

(Unit: million yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	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
Cancellation 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				Share acquisition rights	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
Cancellation 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

Year ended March 31, 2020 (Fiscal 2019)

(Unit: million yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at the beginning of current period	36,000	28,961	100,540	(6,183)	159,318
Changes of items during the period					
Dividends from surplus			(2,026)		(2,026)
Profit attributable to owners of parent			2,763		2,763
Purchase of treasury shares				(3,440)	(3,440)
Disposal of treasury shares		(0)		0	0
Cancellation of treasury shares		(4,332)		4,332	—
Change in ownership interest of parent due to transactions with non-controlling interests		(42)			(42)
Net changes of items other than shareholders' equity					
Total changes of items during period	—	(4,374)	736	891	(2,746)
Balance at the end of current period	36,000	24,587	101,276	(5,292)	156,572

(Unit: million yen)

	Accumulated other comprehensive income				Share acquisition rights	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	1,077	(405)	1,500	2,172	539	2,268	164,300
Changes of items during the period							
Dividends from surplus							(2,026)
Profit attributable to owners of parent							2,763
Purchase of treasury shares							(3,440)
Disposal of treasury shares							0
Cancellation of treasury shares							—
Change in ownership interest of parent due to transactions with non-controlling interests							(42)
Net changes of items other than shareholders' equity	(1,228)	15	(1,000)	(2,214)	(61)	1,127	(1,148)
Total changes of items during period	(1,228)	15	(1,000)	(2,214)	(61)	1,127	(3,895)
Balance at the end of current period	(151)	(390)	500	(41)	478	3,395	160,404

(4) Consolidated Statements of Cash Flows

(Unit: million yen)

	Year ended March 31, 2019	Year ended March 31, 2020
Cash flows from operating activities		
Income before income taxes	1,528	3,049
Depreciation	2,321	3,226
Amortization of goodwill	244	252
Share of (profit) loss of entities accounted for using equity method	61	94
Increase (decrease) in net defined benefit liability	(641)	(815)
Increase (decrease) in provision for directors' retirement benefits	11	(11)
Increase (decrease) in allowance for doubtful accounts	(39)	(7)
Interest and dividend income	(6,252)	(3,657)
Interest expenses	2,219	1,926
Impairment loss	151	1
Loss (gain) on sales of non-current assets	—	(143)
Loss (gain) on sale of investment securities	(1,466)	(107)
Loss (gain) on valuation of investment securities	257	121
Loss (gain) on change in equity	—	(2,054)
Gain on reversal of share acquisition rights	(138)	(166)
Extra retirement payments	598	—
Decrease (increase) in cash segregated as deposits for customers	3,599	(8,507)
Decrease (increase) in trading products -assets	(270,026)	235,187
Increase (decrease) in trading products -liabilities	264,790	(205,083)
Decrease (increase) in margin transaction assets	7,890	(50,106)
Increase (decrease) in margin transaction liabilities	(7,757)	(2,711)
Decrease (increase) in loans secured by securities	(203,740)	150,989
Increase (decrease) in loans payable secured by securities	147,760	(133,529)
Increase (decrease) in deposits received	(1,017)	12,368
Increase (decrease) in guarantee deposits received	(3,061)	4,034
Decrease (increase) in other assets	(862)	(29,998)
Increase (decrease) in other liabilities	(7,453)	34,548
Subtotal	(71,020)	8,899
Interest and dividend income received	5,377	3,875
Interest expenses paid	(2,066)	(2,061)
Income taxes (paid) refund	(5,041)	231
Net cash provided by (used in) operating activities	(72,750)	10,945

(Unit: million yen)

	Year ended March 31, 2019	Year ended March 31, 2020
Cash flows from investing activities		
Purchase of property, plant and equipment	(3,790)	(1,207)
Proceeds from sales of property, plant and equipment	—	452
Purchase of intangible assets	(1,124)	(1,381)
Purchase of investment securities	(2,928)	(14,391)
Proceeds from sales of investment securities	5,327	12,393
Purchase of shares of subsidiaries and associates	(5,039)	(45)
Proceeds from sales of shares of subsidiaries and associates	52	—
Payments for guarantee deposits	(1,588)	(242)
Proceeds from collection of guarantee deposits	139	597
Other, net	(663)	(2,861)
Net cash provided by (used in) investing activities	(9,615)	(6,686)
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	42,144	5,016
Proceeds from long-term loans payable	10,200	26,600
Repayments of long-term loans payable	(3,925)	(6,121)
Proceeds from issuance of short-term bonds	74,000	72,500
Redemption of short-term bonds	(70,000)	(72,500)
Proceeds from issuance of bonds	38,724	34,582
Redemption of bonds	(42,492)	(42,047)
Proceeds from exercise of stock option	7	—
Purchase of treasury shares	—	(3,440)
Net decrease (increase) in treasury shares	(1)	(0)
Cash dividends paid	(9,299)	(2,016)
Proceeds from share issuance to non-controlling interests	540	6,324
Dividends paid to non-controlling interests	(8)	(7)
Payments from changes in ownership interests in subsidiaries that do not result in change in scope of consolidation	—	(77)
Other, net	(194)	(584)
Net cash provided by (used in) financing activities	39,695	18,227
Effect of exchange rate changes on cash and cash equivalents	(258)	(11)
Net increase (decrease) in cash and cash equivalents	(42,929)	22,474
Cash and cash equivalents at beginning of period	89,204	46,274
Increase (decrease) in cash and cash equivalents resulting from change of scope of consolidation	—	(5,547)
Cash and cash equivalents at end of period	46,274	63,201

(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: 27 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 consolidated subsidiary was removed from consolidation after the equity method was applied. One specified subsidiary was removed from consolidation following a merger.

2) Application of equity method

Equity-method affiliates: 12 companies (as of fiscal year-end)

(Change in scope of equity-method affiliation)

In the period under review, two companies were added to equity-method affiliation. One was added after becoming an equity-method affiliate. The other was added because it had become more important.

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. A 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 14 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 an 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 Accounting Policies)

(Application of IFRS 16 Leases)

As of the period under review, subsidiaries that apply IFRS have adopted IFRS 16 Leases. Accordingly, the lessee now recognizes all right-of-use assets and lease liabilities in the balance sheet.

This change has negligible impact on the consolidated financial statements and per-share information for the period under review.

(Changes in Presentation Method)

(Consolidated statements of income)

Previously, gains (losses) on derivatives included in bonds issued by the Company were stated as “financial revenue (expense).” As of the period under review, they are now stated as “net trading income.” This new format more accurately reflects the realities of the Group operations, in which derivative trading for bonds issued by the Company has grown increasingly important in monetary terms amid business diversification.

As a result of the change, the ¥1,899 million, which would previously have been stated as “financial revenue,” is stated as “net trading income” in the consolidated statements for the period under review.

In the previous consolidated period, settlement money was recorded in a separate entry under non-operating expenses. In the period under review, it has been included in the “other” entry, as the amount was insignificant. The consolidated financial statements for the previous consolidated fiscal year have been adjusted to reflect this change.

Specifically, whereas the amounts of ¥88 million and ¥51 million would previously have been stated in the non-operating items “settlement money” and “other,” respectively, the combined amount of ¥140 million is now stated in the “other.”

(Consolidated Statements of Changes in Net Assets)

Period under review (April 1, 2019, to March 31, 2020)

1) Outstanding shares

Type of Shares	As of March 31, 2019	Increase	Decrease	As of March 31, 2020
Common stock (no. of shares)	270,582,115	—	10,000,000	260,582,115

Note: The decrease (August 30, 2019) occurred after the Company disposed of a portion of its treasury stock pursuant to Article 178 of the Companies Act.

2) Treasury stocks

Type of Shares	As of March 31, 2019	Increase	Decrease	As of March 31, 2020
Common stock (no. of shares)	12,215,435	10,001,229	10,000,068	12,216,596

Notes: 1. The increase of 10,001,229 in treasury stock (common stock) occurred when, following a resolution of the Board of Directors (May 20, 2019), the Company purchased 10,000,000 shares of treasury stock and requested the purchase of 1,229 fractional shares.

2. The decrease of 10,000,068 in treasury stock (common stock) occurred when the Company disposed of 10,000,000 shares of treasury stock and requested the purchase of 68 fractional shares.

3) Information regarding subscription rights to shares

Company Name	Type of subscription rights	Balance as of March 31, 2020 (million yen)
The Company (Parent company)	Stock options	478
Total		478

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 26, 2019 Ordinary General Meeting of Shareholders	Common stock	1,033	4.00	March 31, 2019	June 27, 2019
October 30, 2019 Meeting of the Board of Directors	Common stock	993	4.00	September 30, 2019	November 22, 2019

(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 25, 2020 Ordinary General Meeting of Shareholders	Common stock	Retained earnings	993	4.00	March 31, 2020	June 26, 2020

(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, 2019	Year ended March 31, 2020
Cash and deposits	47,920	64,745
Time deposits to be matured in 3 months or longer	(1,646)	(1,544)
Cash and cash equivalents	46,274	63,201

(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.

For the consolidated fiscal year ended March 31, 2020

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, 2019		Year ended March 31, 2020	
Net assets per share	625.05 yen	Net assets per share	630.24 yen
Net income per share	4.18 yen	Net income per share	11.04 yen
Diluted net income per share	4.18 yen	Diluted net income per share	- yen

(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, 2019	Year ended March 31, 2020	Yr/Yr	
			Increase (Decrease)	% change
Commission to consignees	10,729	12,239	1,510	14.1 %
Stocks	10,211	11,181	970	9.5
Bonds	40	44	3	9.3
Beneficiary certificates	477	1,013	536	112.3
Commission for underwriting, secondary distribution and solicitation for selling and others for professional investors	1,247	702	(545)	(43.7)
Stocks	914	193	(720)	(78.8)
Bonds	333	508	175	52.5
Fee for offering, secondary distribution and solicitation for selling and others for professional investors	6,951	6,519	(431)	(6.2)
Beneficiary certificates	6,871	6,496	(374)	(5.5)
Other fees received	10,025	9,710	(315)	(3.1)
Beneficiary certificates	4,556	3,997	(559)	(12.3)
Total	28,954	29,172	218	0.8

(ii) By product

(Unit: million yen)

	Year ended March 31, 2019	Year ended March 31, 2020	Yr/Yr	
			Increase (Decrease)	% change
Stocks	11,224	11,629	404	3.6 %
Bonds	445	586	141	31.7
Beneficiary certificates	11,906	11,508	(397)	(3.3)
Others	5,377	5,448	70	1.3
Total	28,954	29,172	218	0.8

② Net trading income

(Unit: million yen)

	Year ended March 31, 2019	Year ended March 31, 2020	Yr/Yr	
			Increase (Decrease)	% change
Stocks	15,401	14,010	(1,390)	(9.0) %
Bonds and Forex	16,778	15,499	(1,278)	(7.6)
Total	32,179	29,510	(2,669)	(8.3)

(Note) The Company has made changes in the presentation method of the financial revenue and the net trading income in the consolidated financial statements for the year ended March 31, 2020. The breakdown of the net trading income for the year ended March 31, 2019 reflects this change.

(2) Comparative Quarterly Consolidated Statements of Income

(Unit: million yen)

	Fiscal 2019				
	1st quarter	2nd quarter	3rd quarter	4th quarter	Total of FY 2019
	Apr. 1, 2019 - Jun. 30, 2019	Jul. 1, 2019 - Sep. 30, 2019	Oct. 1, 2019 - Dec. 31, 2019	Jan. 1, 2020 - Mar. 31, 2020	Apr. 1, 2019 - Mar. 31, 2020
Operating revenues					
Commission received	6,352	6,922	8,609	7,287	29,172
Commission to consignees	2,371	2,597	4,041	3,229	12,239
(Stocks)	2,264	2,172	3,784	2,960	11,181
Commission for underwriting, secondary distribution and solicitation for selling and others for professional investors	231	201	202	67	702
Fee for offering, secondary distribution and solicitation for selling and others for professional investors	1,624	1,521	1,870	1,502	6,519
(Beneficiary certificates)	1,611	1,519	1,864	1,501	6,496
Other fees received	2,126	2,602	2,494	2,486	9,710
(Beneficiary certificates)	1,052	1,024	999	921	3,997
Net trading income	6,564	7,306	8,400	7,239	29,510
(Stocks)	3,676	4,152	5,247	934	14,010
(Bonds and Forex)	2,887	3,153	3,153	6,304	15,499
Financial revenue	565	927	656	862	3,011
Total operating revenue	13,482	15,156	17,665	15,389	61,694
Financial expenses	490	452	452	531	1,926
Net operating revenue	12,992	14,703	17,213	14,858	59,767
Selling, general and administrative expenses					
Trading related expenses	2,867	2,709	2,955	2,853	11,386
Personnel expenses	7,412	6,728	6,873	6,814	27,827
Real estate expenses	2,089	1,814	1,903	1,775	7,583
Office cost	1,883	2,047	1,879	1,705	7,516
Depreciation	715	773	801	936	3,226
Taxes and dues	321	366	293	358	1,339
Other	586	398	340	386	1,711
Total selling, general and administrative expenses	15,875	14,837	15,048	14,830	60,591
Operating income	(2,883)	(134)	2,165	27	(823)
Non-operating income	401	513	217	837	1,971
Share of profit of entities accounted for using equity method	—	—	—	—	—
Other	401	513	217	837	1,971
Non-operating expenses	184	246	(142)	158	446
Share of loss of entities accounted for using equity method	137	81	(173)	47	94
Other	46	164	30	110	352
Ordinary income	(2,666)	133	2,525	707	700
Extraordinary income	2,236	69	166	64	2,536
Extraordinary losses	50	16	98	22	188
Income before income taxes	(480)	186	2,594	749	3,049
Income taxes-current	(45)	95	35	142	226
Income taxes-deferred	(685)	(336)	598	484	60
Profit	250	428	1,960	122	2,762
Profit attributable to non-controlling interests	(5)	39	98	(133)	(0)
Profit attributable to owners of parent	256	388	1,862	256	2,763