

**Consolidated Financial Summary (for the year ended March 31, 2021)**

April 30, 2021

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, 2021  
 Scheduled date for filing securities report: June 25, 2021  
 Scheduled day of commencing dividend payment: June 28, 2021  
 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, 2021 (from April 1, 2020 to March 31, 2021)****(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, 2021	69,362	12.4	67,041	12.2	9,232	—	12,548	—	9,094	229.1
March 31, 2020	61,694	(4.8)	59,767	(4.5)	(823)	—	700	(24.9)	2,763	155.9

(Note) Comprehensive income: March 31, 2021: 12,991 million yen [—%]

March 31, 2020: 547 million yen [—%]

	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, 2021	36.62	—	5.6	1.0	13.3
March 31, 2020	11.04	—	1.7	0.1	(1.3)

(Reference) Share of profit of entities accounted for using equity method March 31, 2021: 1,591 million yen March 31, 2020: (94) million yen

(Note) We post no figure of diluted net income per share for the year ended 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
	million yen	million yen	%	yen
As of				
March 31, 2021	1,416,569	172,684	11.7	666.65
March 31, 2020	1,113,313	160,404	14.1	630.24

(Reference) Shareholders' equity March 31, 2021: 165,572 million yen March 31, 2020: 156,530 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, 2021	(73,074)	(12,397)	104,805	81,950
March 31, 2020	10,945	(6,686)	18,227	63,201

**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			
Ended March 31, 2020	—	4.00	—	4.00	8.00	1,986	72.5	1.3
Ended March 31, 2021	—	8.00	—	14.00	22.00	5,464	60.1	3.4
Ending March 31, 2022 (Forecast)	—	—	—	—	—		—	

(Note) 1) The dividend of 8.00 yen at the end of second quarter for the year ending March 31, 2021 includes commemorative dividend of 2.00 yen.

2) The dividend of 14.00 yen at the end of year for the year ended March 31, 2021 includes commemorative dividend of 2.00 yen.

**3. Forecast of Consolidated Operating Results for Fiscal 2021 (from April 1, 2021 to March 31, 2022)**

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): 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, 2021: 260,582,115      As of March 31, 2020: 260,582,115  
 2) Number of treasury shares at the end of the term  
 As of March 31, 2021: 12,218,314      As of March 31, 2020: 12,216,596  
 3) Average number of shares outstanding  
 Year ended March 31, 2021: 248,364,809      Year ended March 31, 2020: 250,174,790

(Reference)

Non-consolidated Financial Results for the Year Ended March 31, 2021 (from April 1, 2020 to March 31, 2021)

(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, 2021	8,244	(54.0)	(2,175)	—	264	(97.6)	213	(98.0)
March 31, 2020	17,912	13.8	8,501	17.2	10,967	16.5	10,796	25.4

  

Year ended	Net income per share	Diluted net income per share
	yen	yen
March 31, 2021	0.86	—
March 31, 2020	43.16	—

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

(2) Non-consolidated financial position

As of	Total assets	Net assets	Equity ratio	Net assets per share
	million yen	million yen	%	yen
March 31, 2021	206,114	109,030	52.7	437.21
March 31, 2020	204,117	110,103	53.7	441.38

(Reference) Shareholders' equity      March 31, 2021: 108,587 million yen      March 31, 2020: 109,624 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, 2022 have not been determined because it is difficult to forecast operating results, as described similarly in "3.Forecast of Consolidated Operating Results for Fiscal 2022."

\* 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 30, 2021.

In May 2021, 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, 2021

### (1) Review of Operating Results

**Japanese Economy:** During the consolidated fiscal year under review (April 1, 2020, to March 31, 2021), Japan felt the economic toll of the spread of COVID-19. In the April–June quarter, the country suffered its biggest quarterly drop in real GDP, reflecting the voluntary business restrictions. Subsequently, the economy improved thanks to some positive developments, including a resumption of business activities around the world, the government’s economic support measures, and the launch of a vaccination program. The Bank of Japan’s March 2021 Tankan Survey indicated that Japanese companies had grown more positive on investment. A resumption of business investment should help propel the Japanese economy forward.

**Looking Abroad:** The economic toll of the pandemic was felt in other countries too. In the first half of 2020 (January–June), most countries experienced a recession, with two consecutive quarters of negative growth. However, many economies returned to growth thanks to phased economic reopening and strong stimulus packages from the governments and central banks of G7 countries.

**Japanese Stock Market:** Starting at around ¥18,600 in April, the Nikkei Stock Average trended upward with the announcements of the stimulus packages made by major countries and reopening of economies in such countries. Consequently, the Nikkei topped the ¥23,000 mark in early June. From July, the Nikkei flagged amid grim reports revealing the downturn in corporate results in the April–June quarter. However, from November, risk appetite grew as uncertainties over the US presidential election dissipated, and by February 2021, the Nikkei had recovered to the ¥30,000 level. For the rest of the period, the Nikkei trended between ¥28,000 and ¥30,000, reflecting, on the one hand, an optimistic outlook for business recovery and, on the other, concern that the Japan was trailing other countries in the vaccination rollout. The Nikkei ended the period at ¥29,100 mark.

For the period under review (April 1, 2020, to March 31, 2021), the average daily transaction volume in the First Section of the Tokyo Stock Exchange was ¥2,809 billion, higher than the figure for the previous fiscal year (which was ¥2,609.7 billion).

**Japanese Bond Market:** The yield on 10-year JGB, the indicator of long-term interest rates, started at minus 0.005% in April. Fears about the spread of COVID-19 pushed the yield to a period low of minus 0.055%. The yield then rebounded and entered positive territory. Around the end of the year, it was trending at 0–0.05%. In February, it reached a period high of 0.175% in response to soaring long-term interest rates in the US. In March, the long-term interest rates in the US peaked, causing the yield to dip. It ended the month at 0.12%.

**Foreign Exchange Market:** The dollar-to-yen exchange rate opened in April at around 1 USD to 107 JPY. The dollar then slipped against the yen after the Federal Reserve’s liquidity measures created a surplus. In January 2021, the rate hit a period low, at 102 yen to the dollar. The dollar rebounded sharply after a rise in long-term interest rates as Biden’s big stimulus plan prompted hopes of an early recovery and hinted the prospect of the US inflation. At the close of the period, a dollar fetched upwards of 110 yen.

On October 1, 2020, we celebrated our group's 20th anniversary. Twenty years ago, Tokai Tokyo Securities (the name of our firm before we adopted a holding company structure) was founded following a merger between Tokyo Securities and Tokai Maruman Securities. To mark this milestone, we released a new corporate slogan, "Connecting Hearts Creating Futures." We aim to play a leading role in the finance industry of the future by forging partnerships with regional banks and by flexibly deploying a broad range of knowhow. Alongside this, we will continue developing long-lasting, trust-based relationships with our customers by closely attending to what they ask for.

The business landscape for Tokai Tokyo Financial Group has seen some rapid and important shifts. These dizzying shifts include the progress in digitalization, increasing emphasis on fiduciary due diligence, workstyle changes, new market realities both in Japan and across the world, and increasingly diverse customer needs. Meanwhile, we face high costs for upgrading systems, and a more crowded securities market with the entrance of non-industry players. In April 2021, we embarked on the final year of our five-year business plan, New Age's Flag Bearer 5. As part of a group-wide undertaking to achieve the five-year KGIs,\* we are prioritizing and accelerating efforts to boost the earning capacity of Tokai Tokyo Securities, the group's core operating company, and strengthen four strategic areas: 1) Orque d'or Society and Orque d'or Ecosystem, 2) support program for regional banks, 3) Tokai Tokyo Digital World, and 4) the Great Platform.

\*Five-year KGIs

Return on equity of 10%, ordinary income of ¥30 billion, and assets in custody (group-wide) of ¥10 trillion

We are proceeding with a program of structural reform to give us more organizational flexibility to keep pace with a changing business landscape. In May 2020, we established the Digital Strategy Group to accelerate and enhance digitalization across our group. In the same month, we established the Great Platform Business Promotion Department to support the diverse needs of regional banks (including our current partners and members of the Second Association of Regional Banks) and share our business platforms more broadly. In April 2021, the Great Platform Business Promotion Department was reorganized into the Solutions Promotion Department for Financial Institutions, which is responsible for providing solutions to regional financial institutions other than our partner banks. In the same month, we established the New Business Development Department. This department is responsible for cultivating a distinctive community based on the membership of Orque d'or, a private members' club for the wealthy segment, and for developing the said club as a hub for the group to catalyze ecosystem potentiality with a view to addressing not only the financial needs but also non-financial needs of clients and financial needs of clients. Tokai Tokyo Securities worked to strengthen corporate sales activity through its global market company function. It reorganized and clarified the functions of both market and platform divisions and expanded business with regional banks. It also undertook a program of organizational reform to improve the way it markets solutions through its wealth management company.

To spearhead the group's contribution to the Sustainable Development Goals (SDGs), we established the SDGs Promotion Department in May 2020. We support the UN's sustainability agenda and want to contribute toward the SDGs. In September 2020, we announced the SDG Pledge. This pledge enshrines our commitment to engaging with the goal of a sustainable society by constantly innovating and by cherishing communities, people, and the environment through our business activities, which themselves are guided by our corporate vision ("We will contribute to the growth of our nation's economy by fulfilling the role as a financial service provider to help individual customers with their wealth formation and corporate customers with their capital enhancement"). As part of this commitment, we have linked SDGs to material topics, which are 1) health, 2) education and workstyle, 3) financial innovation, 4) regional economies, and 5) environmental conservation. In October of last year, Tokai Tokyo Securities acted as a comanager in underwriting the Tokyo Green Bonds issued by the Tokyo Metropolitan Government. Also, Tokai Tokyo Securities facilitated sales of green bonds issued by overseas financial institutions. In January 2021, it underwrote social bonds for the Japan Student Services Organization (JASSO). By facilitating the sale of green bonds and social bonds in this way, the company contributed to the environmental SDGs. On the health front, we have promoted sport in society for many years by actively employing athletes (this year, we offered jobs to two athletes). Additionally, we continue to promote employee health across the group. In recognition of these efforts, the Ministry of Economy, Trade and Industry and the Nippon Kenko Kaigi (Japan Health Council) certified Tokai Tokyo Financial Holdings as an "outstanding" company for health and productivity (in the large company category) for two consecutive years. Additionally, as part of enhancing risk management capability, we established the Anti-money Laundering Department, ensuring that we never engage in money laundering or terrorist financing.

Regarding industry-wide engagement, Tokai Tokyo Securities Co., Ltd. became an Affiliated Securities Firm Member of the Financial Advisor Association of Japan, which was founded in January 2020 and inaugurated in April. Tokai Tokyo Securities will make a sustained commitment to this association by promoting a customer-first approach that fosters customer trust and stable asset building. Rating & Investment Information, Inc., in its Customer-Oriented Investment Trust Sales Company Evaluation, awarded Tokai Tokyo Securities an S grade, one better than the A+ grade the company earned in the previous year. Regarding our digital strategy, in an effort to enhance our customer services, we acquired the capability to provide digital securities services. In June 2020, we invested in Hash DasH Holdings Co., Ltd., whose operating subsidiary, Hash DasH Co., Ltd., is planning to operate a trading platform for digital securities in Japan. In July, we securitized some real-estate assets in Japan and a preparatory testing to list the subject assets on iSTOX, a trading platform for securities tokens based in Singapore. Meanwhile, Tokai Tokyo Financial Holdings joined the Japan Security Token Association (a voluntary association), and Tokai Tokyo Securities joined the Japan Security Token Offering Association (a self-regulatory organization) as a regular member in preparation to start selling securities tokens in Japan.

Our cutting-edge digital strategy and our efforts to prepare infrastructure for remote working have earned us recognition. In August 2020, we were recognized as an exemplar in digital transformation (one of the “Noteworthy DX Companies 2020” among “DX Stocks 2020”) under the Competitive IT Strategy Company program run by the Ministry of Economy, Trade and Industry and the Tokyo Stock Exchange. The purpose of this program is to encourage companies to invest in digital transformation to improve their value and competitiveness over the medium to long term.

In March 2021, we entered a business alliance with Digital Platformer Corporation, a company that runs a blockchain-driven digital platform that allows users to trade community currencies and other assets. This alliance is intended to facilitate our Great Platform strategy: Specifically, New Age’s Flag Bearer 5 commits us to an innovative approach that differentiates us from other financial groups, and to that end, we are rolling out the Great Platform strategy by partnering with major regional banks, large enterprises, and independent financial advisers. Our partnership with Digital Platformer Corporation enables us to add to the Great Platform the functions of issuing, putting into circulation, and paying in, digital currencies (community currencies). These functions will help us grow the user base for Tokai Tokyo Digital World, an undertaking that integrates a range of cutting-edge FinTech, and help us build a new business model that contributes to the local economy.

We have placed top priority on preventing the spread of COVID-19 infection as the health and safety of our customers and employees always comes first. Although our business premises remain open, we continue to stagger work hours and allow employees to work from home.

While our customer-facing securities businesses will face an increasingly challenging business landscape ahead, it is imperative to increase the productivity of retail operations to meet our KGIs in the final year under the business plan. Accordingly, Tokai Tokyo Securities is working to make sales offices more efficient in line with new working practices as well as more flexible and responsive to customer needs. As part of this transformation, the company consolidated two Kansai offices: the Osaka and Umeda offices. In an effort to create new efficiencies, it transformed the Umeda office into a slimmed-down satellite office (with lower rent and running costs) and introduced fixed–mobile convergence (a telecommunications model that integrates fixed and mobile networks).

In March 2021, we completed our takeover bid for Ace Securities Co., Ltd. Consequently, effective April 16, 2021, Ace Securities, together with its subsidiary Maruhachi Securities Co., Ltd., is a consolidated subsidiary of our company. We made the takeover bid under two of the six strategic themes in New Age’s Flag Bearer: 1) M&A with of Peers and 2) Greater Metropolitan Market.

In March 2021, a decision was taken to replace the representative director of our company and that of Tokai Tokyo Securities. The change in leadership forms part of the succession plan of both companies, and it was reached after consultation with outside experts, outside directors, and the Nomination and Compensation Committee. Pending shareholder approval at the 109th Ordinary General Meeting of Shareholders, the resolution at the Board of Directors Meeting that immediately follows the General Meeting will formalize the decision

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

All percentages shown below indicate year-on-year comparisons in this section (1).

(Commission received)

During the fiscal year under review, total commissions received increased 6.9%, to ¥31,173 million.

(i) Commission to consignees:

Total commissions to consignees earned by the Group increased 13.9%, to ¥13,936 million. Under this category, volume of stock brokered by Tokai Tokyo Securities increased 31.2%, to 3,454 million shares, and value of stock brokered increased 37.1%, to ¥6,120.6 billion. Additionally, transactions with individual investors increased 26.3%, to ¥1,819.7 billion, causing commissions to consignees on stocks to increase 21.0%, to ¥13,531 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 ¥1,076 million, an increase of 53.2%. Under this category, commission earned by handling of stock totaled ¥749 million, an increase of 286.6%, due to an increase in underwriting volume of public offerings. Another item under this category, commission on bonds decreased 35.7%, to ¥327 million.

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

The total was ¥6,461 million, a decrease of 0.9%. Under this category, fees from beneficiary certificates decreased 0.7%, to ¥6,450 million, as sales of investment trusts—particularly to individuals—remained almost the same.

(iv) Other fees received:

Other fees earned totaled ¥9,700 million, a decrease of 0.1%. Under this category, agency commissions from investment trusts declined 8.7%, to ¥3,647 million, and insurance commissions increased 1.1%, to ¥3,203 million.

(Net trading income)

Net trading income totaled ¥34,008 million, an increase of 15.2%. Under this category, net trading income from equity totaled ¥22,369 million, an increase of 59.7%, which was mainly attributable to the increase in the trading of domestic shares and foreign stock, as well as gain on valuation of foreign investment trust. Trading of bonds and foreign exchanges totaled ¥11,639 million, a decrease of 24.9%. The main factors of this decrease included a loss in equity swaps used to hedge domestic stock, which more than offset the increased income from higher sales of foreign currency-denominated bonds and structure bonds.

(Net financial revenue)

Net financial revenue increased 71.3%, to ¥1,858 million. Under this category, financial revenue totaled ¥4,180 million, an increase of 38.8% while financial expenses, another item under this category, totaled ¥2,321 million, an increase of 20.5%.

(Selling, general and administrative expenses)

Selling, general and administrative expenses totaled ¥57,808 million, a decrease of 4.6%. This decrease reflected the fact that the pandemic has changed the business environment as well as ongoing cuts in fixed expenses. Under this category, trading-related expenses decreased 10.3% to ¥10,210 million, due to factors such as less commission expenses, less travel expenses (amid voluntary travel restrictions), and less advertising expenses (because large events were cancelled). Similarly, personnel costs decreased 1.2%, to ¥27,501 million, because overtime decreased with the rise in working from home, more than offsetting a rise in performance-linked bonus pay. Office costs decreased 10.1%, to ¥6,756 million, because after acquiring subsidiaries and ceding business to joint-venture securities in the previous year, we achieved savings in the costs of operating systems and transferring data.

(Non-operating income and expenses)

Non-operating income totaled ¥3,686 million, an increase of 87.0%. Dividend income totaled ¥630 million, a decrease of 2.3%. Equity-method investments, however, turned positive, at ¥1,591 million. Gain on investments in investment partnerships totaled ¥530 million, an increase of 16.4%. Non-operating expenses totaled ¥371 million, a decrease of 16.9%. Loss on investments in investment partnerships totaled ¥287 million, an increase of 31%, while equity-method investments turned somewhat positive but not significant enough.

(Extraordinary income and losses)

In the period under review, we recorded extraordinary income, the main components of which were ¥193 million in gain on negative goodwill realization and ¥101 million in gain on reversal of share acquisition rights.

Consequently, in the period under review, operating revenue increased 12.4%, to ¥69,362 million; net operating revenue increased 12.2%, to ¥67,041 million; operating income totaled ¥9,232 million (compared to an operating loss of ¥823 million in the previous year); ordinary income increased 1,691.9%, to ¥12,548 million; finally, profit attributable to owners of parent after deducting income taxes and others increased 229.1%, to ¥9,094 million.

## (2) Review of the Financial Statements

All comparisons shown below are with the end of the previous consolidated fiscal year in this section (2).

(Assets)

As of the end of the period under review, total assets were ¥1,416,569 million, an increase of ¥303,255 million. Under this category, current assets increased ¥299,135 million to ¥1,342,676 million. The key contributors were trading products (assets), which increased ¥165,746 million to ¥588,098 million, and loans secured by securities, which increased ¥65,960 million to ¥407,829 million. Non-current assets increased ¥4,120 million to ¥73,893 million. The main contributor was investment securities, which increased ¥3,107 million to ¥48,155 million.

#### (Liabilities)

Total liabilities as of the end of the fiscal year increased ¥290,976 million to ¥1,243,884 million. Under this category, current liabilities increased ¥289,565 million to ¥1,143,073 million. The main increases were in trading products (liabilities), which increased ¥37,876 million to ¥379,293 million, and borrowings secured by securities which increased ¥157,113 million to ¥368,671 million, and short-term borrowings, which increased ¥109,105 million to ¥244,786 million. The main decreases were in trade date accrual (liabilities), which was down ¥34,861 million to ¥9,240 million. Non-current liabilities increased ¥1,394 million to ¥100,176 million. The main factor was long-term borrowings, which increased ¥2,290 million to ¥84,200 million. Partially offsetting this increase was bonds payable, which decreased ¥1,633 million to ¥11,863 million.

#### (Net assets)

In the period under review, total net assets amounted to ¥172,684 million, an increase of ¥12,279 million.

Under this category, retained earnings increased ¥6,114 million, to ¥107,390 million.

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

Net cash used in operating activities was ¥73,074 million. The main inflows were profit before income taxes, which was ¥12,827 million, trading products (liabilities), which increased ¥37,149 million, and borrowings secured by securities, which increased ¥157,113 million. The main outflows were trading products (assets), which increased ¥165,715 million, and loans secured by securities, which increased ¥65,960 million.

Net cash used in investing activities was ¥12,397 million. The main outflows were ¥15,094 million for the short-term loan advances and ¥1,880 million for the purchase of intangible assets.

Net cash provided by financing activities was ¥104,805 million. The main inflow items were a net increase of ¥114,630 million in short-term borrowings and ¥60,000 million in proceeds from issuance of short-term bonds. On the other hand, outflows were caused by ¥60,000 million in redemption of short-term bonds.

As a result, the balance of cash and cash equivalents totaled ¥81,950 million, up ¥18,749 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 ¥12 of ordinary dividends and ¥2 of commemorative dividend, which will make an annual total dividend of ¥22 combined with the interim dividend of ¥8 that was already paid. As a result, the payout ratio will be 60.1% on a consolidated basis.

## (5) Outlook

The Group operates principally in the financial instruments business, and its operating results are likely to be affected by market fluctuations. Because of the nature of its business and the consequent difficulty in predicting its future performance, the Company does not disclose forecasts of operating results.

## 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.

## Consolidated Financial Statements

### (1) Consolidated Balance Sheets

(Unit: million yen)

	As of March 31, 2020	As of March 31, 2021
<b>Assets</b>		
<b>Current assets</b>		
Cash and deposits	64,745	83,589
Cash segregated as deposits	51,122	83,622
Cash segregated as deposits for customers	49,300	80,800
Cash segregated as deposits for others	1,821	2,821
Trading products	422,351	588,098
Trading securities and other	407,261	583,391
Derivatives	15,090	4,706
Margin transaction assets	99,267	100,450
Loans on margin transactions	25,777	34,362
Cash collateral pledged for securities borrowing on margin transactions	73,489	66,087
Loans secured by securities	341,868	407,829
Cash collateral pledged for securities borrowed	31,248	28,756
Loans on Gensaki transactions	310,620	379,072
Advances paid	203	8,395
Short-term guarantee deposits	47,107	37,915
Short-term loans receivable	2,940	14,492
Accrued income	2,666	4,189
Other	11,296	14,196
Allowance for doubtful accounts	(27)	(101)
<b>Total current assets</b>	<b>1,043,541</b>	<b>1,342,676</b>
<b>Non-current assets</b>		
Property, plant and equipment	12,038	10,740
Buildings	4,231	3,914
Equipment	4,372	3,525
Land	3,434	3,300
Intangible assets	5,370	5,594
Goodwill	1,619	1,514
Software	2,848	2,532
Telephone subscription right	34	34
Other	867	1,513
Investments and other assets	52,362	57,557
Investment securities	45,047	48,155
Long-term guarantee deposits	4,112	3,862
Deferred tax assets	252	35
Retirement benefit asset	1,783	4,446
Other	1,527	1,423
Allowance for doubtful accounts	(362)	(364)
<b>Total non-current assets</b>	<b>69,772</b>	<b>73,893</b>
<b>Total assets</b>	<b>1,113,313</b>	<b>1,416,569</b>

(Unit: million yen)

	As of March 31, 2020	As of March 31, 2021
<b>Liabilities</b>		
<b>Current liabilities</b>		
Trading products	341,416	379,293
Trading securities and other	330,161	370,371
Derivatives	11,255	8,921
Trade date accrual	44,102	9,240
Margin transaction liabilities	8,943	11,555
Borrowings on margin transactions	6,876	9,128
Cash received for securities lending on margin transactions	2,067	2,426
Borrowings secured by securities	211,557	368,671
Cash received on debt credit transaction of securities	12,239	4,123
Borrowings on Gensaki transactions	199,318	364,547
Deposits received	46,489	72,419
Guarantee deposits received	13,692	12,626
Short-term borrowings	135,680	244,786
Short-term bonds payable	16,000	16,000
Current portion of bonds payable	21,101	17,510
Income taxes payable	695	2,414
Provision for bonuses	1,521	2,283
Provision for bonuses for directors (and other officers)	—	57
Other	12,305	6,214
<b>Total current liabilities</b>	<b>853,507</b>	<b>1,143,073</b>
<b>Non-current liabilities</b>		
Bonds payable	13,496	11,863
Long-term borrowings	81,909	84,200
Deferred tax liabilities	55	1,290
Provision for retirement benefits for directors (and other officers)	63	92
Retirement benefit liability	181	163
Other	3,075	2,566
<b>Total non-current liabilities</b>	<b>98,781</b>	<b>100,176</b>
<b>Reserves under special laws</b>		
Reserve for financial instruments transaction liabilities	619	635
<b>Total reserves under special laws</b>	<b>619</b>	<b>635</b>
<b>Total liabilities</b>	<b>952,908</b>	<b>1,243,884</b>
<b>Net assets</b>		
<b>Shareholders' equity</b>		
Share capital	36,000	36,000
Capital surplus	24,587	24,587
Retained earnings	101,276	107,390
Treasury shares	(5,292)	(5,292)
<b>Total shareholders' equity</b>	<b>156,572</b>	<b>162,685</b>
<b>Accumulated other comprehensive income</b>		
Valuation difference on available-for-sale securities	(151)	1,490
Foreign currency translation adjustment	(390)	(571)
Remeasurements of defined benefit plans	500	1,967
<b>Total accumulated other comprehensive income</b>	<b>(41)</b>	<b>2,886</b>
<b>Share acquisition rights</b>	478	442
<b>Non-controlling interests</b>	3,395	6,669
<b>Total net assets</b>	<b>160,404</b>	<b>172,684</b>
<b>Total liabilities and net assets</b>	<b>1,113,313</b>	<b>1,416,569</b>

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

	(Unit: million yen)	
	Year ended March 31, 2020	Year ended March 31, 2021
<b>Operating revenue</b>		
Commission received	29,172	31,173
Brokerage commission	12,239	13,936
Commission for underwriting, secondary distribution and solicitation for selling and others for professional investors	702	1,076
Fee for offering, secondary distribution and solicitation for selling and others for professional investors	6,519	6,461
Other fees received	9,710	9,700
Net trading income	29,510	34,008
Financial revenue	3,011	4,180
<b>Total operating revenue</b>	61,694	69,362
<b>Financial expenses</b>	1,926	2,321
<b>Net operating revenue</b>	59,767	67,041
<b>Selling, general and administrative expenses</b>		
Trading related expenses	11,386	10,210
Personnel expenses	27,827	27,501
Real estate expenses	7,583	7,247
Office expenses	7,516	6,756
Depreciation	3,226	3,185
Taxes and dues	1,339	1,367
Provision of allowance for doubtful accounts	—	76
Other	1,711	1,463
<b>Total selling, general and administrative expenses</b>	60,591	57,808
<b>Operating profit (loss)</b>	(823)	9,232
<b>Non-operating income</b>		
Dividend income	645	630
Rental income from buildings	472	465
Share of profit of entities accounted for using equity method	—	1,591
Gain on investments in investment partnerships	456	530
Other	397	468
<b>Total non-operating income</b>	1,971	3,686
<b>Non-operating expenses</b>		
Share of loss of entities accounted for using equity method	94	—
Loss on investments in investment partnerships	219	287
Foreign exchange losses	46	—
Other	86	83
<b>Total non-operating expenses</b>	446	371
<b>Ordinary profit (loss)</b>	700	12,548

(Unit: million yen)

	Year ended March 31, 2020	Year ended March 31, 2021
<b>Extraordinary income</b>		
Gain on sales of non-current assets	159	17
Gain on sales of investment securities	156	4
Gain on change in equity	2,054	—
Gain on bargain purchase	—	193
Gain on reversal of share acquisition rights	166	101
<b>Total extraordinary income</b>	<b>2,536</b>	<b>317</b>
<b>Extraordinary losses</b>		
Loss on sales of non-current assets	16	4
Impairment loss	1	—
Loss on sales of investment securities	49	2
Loss on valuation of investment securities	121	15
Provision of reserve for financial instruments transaction liabilities	0	16
<b>Total extraordinary losses</b>	<b>188</b>	<b>38</b>
<b>Profit before income taxes</b>	<b>3,049</b>	<b>12,827</b>
<b>Income taxes-current</b>	<b>273</b>	<b>2,152</b>
<b>Income taxes for prior periods</b>	<b>(46)</b>	<b>79</b>
<b>Income taxes-deferred</b>	<b>60</b>	<b>531</b>
<b>Total income taxes</b>	<b>287</b>	<b>2,764</b>
<b>Profit</b>	<b>2,762</b>	<b>10,062</b>
<b>Profit attributable to non-controlling interests</b>	<b>(0)</b>	<b>968</b>
<b>Profit attributable to owners of parent</b>	<b>2,763</b>	<b>9,094</b>

Consolidated Statements of Comprehensive Income

(Unit: million yen)

	Year ended March 31, 2020	Year ended March 31, 2021
<b>Profit</b>	2,762	10,062
<b>Other comprehensive income</b>		
Valuation difference on available-for-sale securities	(1,190)	1,571
Foreign currency translation adjustment	18	(184)
Remeasurements of defined benefit plans, net of tax	(947)	1,397
Share of other comprehensive income of entities accounted for using equity method	(95)	144
<b>Total other comprehensive income</b>	<u>(2,214)</u>	<u>2,928</u>
<b>Comprehensive income</b>	<u>547</u>	<u>12,991</u>
<b>(Comprehensive income attributable to)</b>		
Owners of parent	548	12,023
Non-controlling interests	(0)	968

(3) Consolidated Statements of Changes in Equity  
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

Year ended March 31, 2021 (Fiscal 2020)

(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	24,587	101,276	(5,292)	156,572
Changes of items during the period					
Dividends from surplus			(2,980)		(2,980)
Profit attributable to owners of parent			9,094		9,094
Purchase of treasury shares				(0)	(0)
Disposal of treasury shares					—
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	—	—	6,114	(0)	6,113
Balance at the end of current period	36,000	24,587	107,390	(5,292)	162,685

(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	(151)	(390)	500	(41)	478	3,395	160,404
Changes of items during the period							
Dividends from surplus							(2,980)
Profit attributable to owners of parent							9,094
Purchase of treasury shares							(0)
Disposal of treasury shares							—
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	1,641	(181)	1,467	2,928	(36)	3,273	6,166
Total changes of items during period	1,641	(181)	1,467	2,928	(36)	3,273	12,279
Balance at the end of current period	1,490	(571)	1,967	2,886	442	6,669	172,684

## (4) Consolidated Statements of Cash Flows

(Unit: million yen)

	Year ended March 31, 2020	Year ended March 31, 2021
<b>Cash flows from operating activities</b>		
Income before income taxes	3,049	12,827
Depreciation	3,226	3,185
Amortization of goodwill	252	146
Share of (profit) loss of entities accounted for using equity method	94	(1,591)
Increase (decrease) in net defined benefit liability	(815)	(667)
Increase (decrease) in provision for directors' retirement benefits	(11)	28
Increase (decrease) in allowance for doubtful accounts	(7)	76
Interest and dividend income	(3,657)	(4,810)
Interest expenses	1,926	2,321
Impairment loss	1	—
Loss (gain) on sales of non-current assets	(143)	(12)
Loss (gain) on sale of investment securities	(107)	(2)
Loss (gain) on valuation of investment securities	121	15
Loss (gain) on change in equity	(2,054)	—
Gain on negative goodwill	—	(193)
Gain on reversal of share acquisition rights	(166)	(101)
Decrease (increase) in cash segregated as deposits for customers	(8,507)	(31,499)
Decrease (increase) in trading products -assets	235,187	(165,715)
Increase (decrease) in trading products -liabilities	(205,083)	37,149
Decrease (increase) in margin transaction assets	(50,106)	(1,182)
Increase (decrease) in margin transaction liabilities	(2,711)	2,611
Decrease (increase) in loans secured by securities	150,989	(65,960)
Increase (decrease) in loans payable secured by securities	(133,529)	157,113
Increase (decrease) in deposits received	12,368	26,093
Increase (decrease) in guarantee deposits received	4,034	(1,621)
Decrease (increase) in other assets	(29,998)	(5,130)
Increase (decrease) in other liabilities	34,548	(39,618)
<b>Subtotal</b>	<b>8,899</b>	<b>(76,538)</b>
Interest and dividend income received	3,875	3,943
Interest expenses paid	(2,061)	(2,285)
Income taxes (paid) refund	231	1,806
<b>Net cash provided by (used in) operating activities</b>	<b>10,945</b>	<b>(73,074)</b>

(Unit: million yen)

	Year ended March 31, 2020	Year ended March 31, 2021
<b>Cash flows from investing activities</b>		
Short-term loan advances	(3,678)	(15,094)
Collection of short-term loans receivable	958	3,537
Purchase of property, plant and equipment	(1,207)	(311)
Proceeds from sales of property, plant and equipment	452	154
Purchase of intangible assets	(1,381)	(1,880)
Purchase of investment securities	(14,391)	(1,179)
Proceeds from sales of investment securities	12,393	2,169
Purchase of shares of subsidiaries resulting in change in scope of consolidation	—	(19)
Purchase of shares of subsidiaries and associates	(45)	(629)
Payments for guarantee deposits	(242)	(218)
Proceeds from collection of guarantee deposits	597	460
Other, net	(142)	615
<b>Net cash provided by (used in) investing activities</b>	<b>(6,686)</b>	<b>(12,397)</b>
<b>Cash flows from financing activities</b>		
Net increase (decrease) in short-term loans payable	5,016	114,630
Proceeds from long-term loans payable	26,600	13,200
Repayments of long-term loans payable	(6,121)	(16,420)
Proceeds from issuance of short-term bonds	72,500	60,000
Redemption of short-term bonds	(72,500)	(60,000)
Proceeds from issuance of bonds	34,582	27,877
Redemption of bonds	(42,047)	(33,101)
Purchase of treasury shares	(3,440)	—
Net decrease (increase) in treasury shares	(0)	(0)
Cash dividends paid	(2,016)	(2,973)
Proceeds from share issuance to non-controlling interests	6,324	2,444
Repayments to non-controlling shareholders	—	(119)
Dividends paid to non-controlling interests	(7)	(19)
Payments from changes in ownership interests in subsidiaries that do not result in change in scope of consolidation	(77)	—
Other, net	(584)	(711)
<b>Net cash provided by (used in) financing activities</b>	<b>18,227</b>	<b>104,805</b>
<b>Effect of exchange rate changes on cash and cash equivalents</b>	<b>(11)</b>	<b>(583)</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>22,474</b>	<b>18,749</b>
<b>Cash and cash equivalents at beginning of period</b>	<b>46,274</b>	<b>63,201</b>
<b>Increase (decrease) in cash and cash equivalents resulting from change of scope of consolidation</b>	<b>(5,547)</b>	<b>—</b>
<b>Cash and cash equivalents at end of period</b>	<b>63,201</b>	<b>81,950</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: 28 companies (as of the end of this consolidated fiscal year)

(Change in scope of consolidation)

In the period under review, one company was added to the scope of consolidation after the Company acquired shares therein.

2) Application of equity method

Equity-method affiliates: 16 companies (as of the end of this consolidated fiscal year)

(Change in scope of equity-method affiliation)

In the period under review, four companies were added to the scope of equity-method affiliation. Of these, one was added after the Company acquired shares in them, one was added after a consolidated subsidiary of the Company acquired shares in it, and two were added because they 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. Two Japan-based subsidiaries have August 31 as their closing date. Financial statements pertaining to these subsidiaries are prepared on the basis of their provisional book closing results as of the consolidated closing date. The remaining 15 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 and other securities markets by taking advantage of the short-term fluctuation or arbitrage of market disparities in 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 in accordance with 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) Property, plant and equipment (excluding lease assets):

Property, plant and equipment is 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 assets (excluding lease assets):

Intangible 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 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 the 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.

Provision for 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.

Provision for 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, we adopt benefit formula method the estimated amount of retirement benefits for the period up to the end of the consolidated fiscal year under review is calculated by the benefit calculation formula method, a commonly used method in Japan.

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 method for statutory reserves

Financial instruments transaction liabilities reserve:

Financial instruments 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) The Method 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 using straight-line method 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)

(Consolidated Statements of Cash Flows)

In the period under review, “Short-term loan advances” and “Collection of short-term loans receivable” were recorded in their own accounting entries, as they had become more important. In the previous period, they were recorded as “Other, net” in “Cash flows from investing activities.” Consolidated financial statements for the previous fiscal year have been restated to reflect this change in presentation.

In the consolidated statements of cash flow for the previous period, the figure for “Other, net” was minus ¥2,861 million. Restated, this is minus ¥3,678 million in “Short-term loan advances,” ¥958 million in “Collection of short-term loans receivable,” and minus ¥142 million in “Other, net.”

(Consolidated Statements of Changes in Net Assets)

Period under review (April 1, 2020, to March 31, 2021)

1) Outstanding shares

Type of Shares	As of March 31, 2020	Increase	Decrease	As of March 31, 2021
Common stock (no. of shares)	260,582,115	-	-	260,582,115

2) Treasury stocks

Type of Shares	As of March 31, 2020	Increase	Decrease	As of March 31, 2021
Common stock (no. of shares)	12,216,596	1,718	-	12,218,314

Note: This increase occurred after the Company asked to buy back fractional shares.

3) Information regarding subscription rights to shares

Company Name	Type of subscription rights	Balance as of March 31, 2021 (million yen)
The Company (Parent company)	Stock options	442
Total		442

#### 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 25, 2020 Ordinary General Meeting of Shareholders	Common stock	993	4.00	March 31, 2020	June 26, 2020
October 30, 2020 Meeting of the Board of Directors	Common stock	1,986	8.00 (includes a commemorative dividend of 2.00)	September 30, 2020	November 25, 2020

##### (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, 2021 Ordinary General Meeting of Shareholders	Common stock	Retained earnings	3,477	14.00 (includes a commemorative dividend of 2.00)	March 31, 2021	June 28, 2021

#### (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, 2020	Year ended March 31, 2021
Cash and deposits	64,745	83,589
Time deposits to be matured in 3 months or longer	(1,544)	(1,639)
Cash and cash equivalents	63,201	81,950

#### (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.

For the consolidated fiscal year ended March 31, 2021

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, 2020		Year ended March 31, 2021	
Net assets per share	630.24 yen	Net assets per share	666.65 yen
Net income per share	11.04 yen	Net income per share	36.62 yen
Diluted net income per share	- yen	Diluted net income per share	- yen

Note: The above table does not include diluted net income per share, as there were no potentially dilutive common shares.

(Material Subsequent Events)

(Acquisition of Ace Securities)

On April 16, 2021, the Company, in a takeover bid, acquired 3,273,862 shares of common stock in Ace Securities Co., Ltd. Consequently, on the same date, the Company acquired 94.84% of the voting rights in Ace Securities, making it a consolidated subsidiary.

By acquiring over 90% of the voting rights, the Company became a “special controlling shareholder,” meaning that it had the right, under Article 179 paragraph 1 of the Companies Act, to buy the remaining shares from the other shareholders without the usual procedures. Accordingly, on April 16, 2021, the Company, with the aim of making Ace Securities a wholly owned subsidiary, issued a demand to every non-controlling shareholder other than the company itself requiring them to cede their shares to the Company. The Board of Directors of Ace Securities consents to the same. On May 31, 2021, the Company will acquire the remaining 257,061 shares of common stock, making Ace Securities its wholly owned subsidiary.

#### 1. Outline of consolidation

##### (1) Acquiree’s name, business description, business scale

Acquiree’s name	Ace Securities Co., Ltd.
Business description	Financial instruments and exchange

##### (2) Reason for consolidation

The consolidation was undertaken to advance two of the six strategic themes in the Company’s medium-term plan, New Age’s Flag Bearer: 1) M&As with industry peers (acquire the clientele of peers and thereby expand the customer base) and 2) expansion into large urban markets (capture a market that is second largest after the Company’s home market, the Tokai region). Acquiring Ace Securities supports these strategies because Ace Securities, as a securities company, has a similar business to that of Tokai Tokyo Securities, the group’s core operating company, and because its clientele is based in Osaka City, a large urban area.

Another reason is the need to leverage economy of scale in order to adapt to fiduciary duty regulations and to the digitalization of the securities industry. It was considered that fully acquiring Ace Securities would be more effective, compared to affiliation under the equity method, in achieving synergy and enhancing the value of both companies.

##### (3) Date of consolidation

April 16, 2021

##### (4) Legal class of consolidation

Purchase of shares for cash consideration

(5) Name of acquiree after consolidation

Same as before

(6) Percentage of voting rights in acquiree

Percentage of voting rights immediately prior to consolidation 29.18%

Percentage of voting rights after purchase of additional shares on the day of consolidation 65.66%

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Percentage of voting rights after acquisition 94.84%

Note: On April 16, 2021, the Company, under Article 179 paragraph 1 of the Companies Act, issued a demand to every non-controlling shareholder other than Ace Securities itself requiring them to cede their shares to the Company. The Board of Directors of Ace Securities consents to the same. On May 31, 2021, the Company will increase its share of the voting rights by 5.16%, making Ace Securities its wholly owned subsidiary.

(7) The circumstances in which the Company became the acquirer

The Company became the acquirer because it acquired 94.84% of the voting rights in Ace Securities after purchasing shares therein for a cash consideration.

2. Acquisition price, breakdown

(1) Consideration for acquisition

Consideration for acquisition

Price on the day of consolidation of shares held in acquiree immediately prior to consolidation

4,685 million yen

Cash spent to acquire additional shares

10,545 million yen

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Acquisition price

15,230 million yen

(2) Main acquisition-related expenses, amounts

There are no such expenses established as of the time of submission.

(3) Difference between acquisition price and total step acquisition costs

Step acquisition difference 2,473 million yen

3. Amount of goodwill generated, reason for goodwill, amortization method, amortization period

There is no goodwill recognized as of the time of submission.

4. Amounts and breakdown of assets and liabilities inherited on day of consolidation

There are none recognized as of the time of submission.

## Supplementary Information

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

#### ① Commission received

##### ( i ) By item

(Unit: million yen)

	Year ended March 31, 2020	Year ended March 31, 2021	Yr/Yr	
			Increase (Decrease)	% change
Brokerage commission	12,239	13,936	1,696	13.9 %
Stocks	11,181	13,531	2,349	21.0
Bonds	44	36	(8)	(18.5)
Beneficiary certificates	1,013	368	(645)	(63.6)
Commission for underwriting, secondary distribution and solicitation for selling and others for professional investors	702	1,076	373	53.2
Stocks	193	749	555	286.6
Bonds	508	327	(181)	(35.7)
Fee for offering, secondary distribution and solicitation for selling and others for professional investors	6,519	6,461	(58)	(0.9)
Beneficiary certificates	6,496	6,450	(46)	(0.7)
Other fees received	9,710	9,700	(10)	(0.1)
Beneficiary certificates	3,997	3,647	(349)	(8.7)
<b>Total</b>	<b>29,172</b>	<b>31,173</b>	<b>2,001</b>	<b>6.9</b>

##### ( ii ) By product

(Unit: million yen)

	Year ended March 31, 2020	Year ended March 31, 2021	Yr/Yr	
			Increase (Decrease)	% change
Stocks	11,629	14,419	2,790	24.0 %
Bonds	586	381	(205)	(35.0)
Beneficiary certificates	11,508	10,467	(1,041)	(9.0)
Others	5,448	5,906	458	8.4
<b>Total</b>	<b>29,172</b>	<b>31,173</b>	<b>2,001</b>	<b>6.9</b>

#### ② Net trading income

(Unit: million yen)

	Year ended March 31, 2020	Year ended March 31, 2021	Yr/Yr	
			Increase (Decrease)	% change
Stocks	14,010	22,369	8,358	59.7 %
Bonds and Forex	15,499	11,639	(3,860)	(24.9)
<b>Total</b>	<b>29,510</b>	<b>34,008</b>	<b>4,498</b>	<b>15.2</b>

## (2) Comparative Quarterly Consolidated Statements of Income

(Unit: million yen)

	Fiscal 2020				
	1st quarter	2nd quarter	3rd quarter	4th quarter	Total of FY 2020
	Apr. 1, 2020 - Jun. 30, 2020	Jul. 1, 2020 - Sep. 30, 2020	Oct. 1, 2020 - Dec. 31, 2020	Jan. 1, 2021 - Mar. 31, 2021	Apr. 1, 2020 - Mar. 31, 2021
Operating revenues					
Commission received	7,344	7,327	8,012	8,489	31,173
Brokerage commission	3,679	3,044	3,640	3,571	13,936
(Stocks)	3,495	2,984	3,546	3,503	13,531
Commission for underwriting, secondary distribution and solicitation for selling and others for professional investors	151	329	266	328	1,076
Fees for offering, secondary distribution and solicitation for selling and others for professional investors	1,182	1,534	1,698	2,046	6,461
(Beneficiary certificates)	1,177	1,534	1,695	2,042	6,450
Other fees received	2,331	2,418	2,407	2,542	9,700
(Beneficiary certificates)	830	884	930	1,001	3,647
Net trading income	7,234	8,778	9,104	8,891	34,008
(Stocks)	5,387	5,754	5,626	5,601	22,369
(Bonds and Forex)	1,847	3,023	3,478	3,289	11,639
Financial revenue	785	828	588	1,977	4,180
Total operating revenue	15,365	16,933	17,705	19,358	69,362
Financial expenses	668	709	515	428	2,321
Net operating revenue	14,696	16,224	17,190	18,929	67,041
Selling, general and administrative expenses					
Trading related expenses	2,147	2,546	2,747	2,768	10,210
Personnel expenses	6,590	6,810	6,925	7,175	27,501
Real estate expenses	1,818	1,800	1,811	1,817	7,247
Office expenses	1,655	1,598	1,758	1,744	6,756
Depreciation	772	743	776	893	3,185
Taxes and dues	304	365	311	385	1,367
Provision of allowance for doubtful accounts	1	4	27	43	76
Other	391	431	386	254	1,463
Total selling, general and administrative expenses	13,681	14,299	14,743	15,083	57,808
Operating profit	1,014	1,924	2,446	3,846	9,232
Non-operating income	294	949	692	1,750	3,686
Share of profit of entities accounted for using equity method	7	338	492	753	1,591
Other	287	611	199	996	2,095
Non-operating expenses	26	131	42	170	371
Other	26	131	42	170	371
Ordinary profit	1,283	2,742	3,096	5,426	12,548
Extraordinary income	124	—	103	89	317
Extraordinary losses	213	9	48	(232)	38
Profit before income taxes	1,194	2,733	3,151	5,748	12,827
Income taxes-current	121	557	1	1,551	2,232
Income taxes-deferred	(126)	220	570	(132)	531
Profit	1,198	1,955	2,578	4,329	10,062
Profit attributable to non-controlling interests	349	106	190	322	968
Profit attributable to owners of parent	849	1,849	2,388	4,007	9,094