

EARNINGS REPORT FOR FIRST THREE QUARTERS OF FISCAL 2021

(April 1 to December 31, 2021)

(Consolidated under Japanese GAAP)

Name of Company: Ichiyoshi Securities Co., Ltd.

Listed on: Tokyo Stock Exchange (1st Section) (Stock code: 8624)

Corporate representative: Mr. Hirofumi Tamada, President & Representative Executive Officer

Inquiry to: Mr. Shoichi Yamazaki, Managing Executive Officer & Chief Supervisor for Finance

and Management

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Date of filing First Three Quarters Report: February 10, 2022 (scheduled)

Preparation of supplementary documents for quarterly earnings: Provided.

Quarterly earnings-reporting meeting: None.

(Figures less than one million yen are rounded down)

1. Outline of Consolidated Business Result for First Three Quarters of Fiscal 2021 (from April 1 to December 31, 2021)

(1) Highlights of consolidated business result (in millions of yen, except per-share figures) (% indicates a change over the year-earlier period)

	Operating		Net operati	ng	Operating	ŗ	Current	
	Revenue	(%)	Revenue	(%)	Income	(%)	Income	(%)
Nine months ended								
Dec. 31, 2021	15,344	+19.1	15,315	+19.4	2,970	()	3,073	()
Nine months ended								
Dec. 31, 2020	12,879	()	12,825	(+0.4)	155	()	188	()

Notes: Comprehensive income for the first three quarters of fiscal 2021: 2,210 million yen (+939.4%) Comprehensive income for the first three quarters of fiscal 2020: 212 million yen (---%)

	Net income attributable to		Net income per share	Net income per share-	
	owners of parent	(%)		fully diluted	
Nine months ended					
Dec. 31, 2021	2,283	()	63.24yen	63.03yen	
Nine months ended					
Dec. 31, 2020	111	()	3.11yen		

Note: Effective as from the beginning of the first quarter of fiscal 2021, "Accounting Standards Concerning Revenue Recognition" (Corporate Accounting Standards No. 29, dated March 31, 2020) has been applied. Figures relating to operating revenue for the first three quarters of fiscal 2020 in the table above are retroactively adjusted in accordance with the said accounting standards. Hence, year-on-year changes for the first three quarters of fiscal 2020 are not provided.

(2) Consolidated financial condition

(in millions of yen)

	Total assets	Net assets	Equity ratio	Net assets per share
As of Dec, 31, 2021	53,168	29,889	56.2%	827.31yen
As of Mar. 31, 2021	49,211	29,108	59.0%	804.07yen

Note: Shareholders' equity as of December 31, 2021: 29,868 million yen.

Shareholders' equity as of March 31, 2021: 29,030 million yen.

2. Dividends

	First quarter-end	Second	Third quarter-end	Fiscal year-end	Annual total
		quarter-end			
Fiscal 2020 ended					
Mar. 31, 2021	_	15.00yen	_	19.00yen	34.00yen
Fiscal 2021 ending					
Mar. 31, 2022	_	19.00yen	_	****	***

Notes: (i) Ichiyoshi Securities Co., Ltd. (the "Company") declares dividends payable to shareholders of record as of September 30 (semiannual dividends) and March 31 (final dividends) of each fiscal year.

(ii) It is not the Company's practice to give an earnings or dividend forecast. Hence, ****.

3. Outlook for Business Result for Fiscal 2021 (from April 1, 2021 to March 31, 2022)

Since the forecast of earnings of financial-instruments trading, the main-line business of the Company and its group companies, is hard to make due to volatile factors in the market, the Company does not provide such forecast prior to the end of each quarter. Instead, the Company intends to release preliminary figures after the end of each quarter as and when such figures become available.

%Points to note:

- (1) Changes in material subsidiaries (including a change in scope of consolidation resulting from a change in special subsidiaries) during the quarterly consolidating period: None.
- (2) Application of an accounting treatment unique to the preparation of quarterly financial statements: None.
- (3) Changes in accounting policies and estimates and restatements of modifications:
 - (i) Changes in accounting policies resulting from revisions to accounting standards: Yes.
 - (ii) Changes other than those in (i): None.
 - (iii) Changes in accounting estimates: None.
 - (iv) Restatements of revisions: None.
- (4) Number of shares issued (common stock):
 - (i) Number of shares issued as of December 31, 2021: 42,431,386 shares (including treasury shares)
 - Number of shares issued as of March 31, 2020: 42,431,386 shares (including treasury shares)
 - (ii) Number of treasury shares as of December 31, 2021: 6,327,697 shares. Number of treasury shares as of March 31, 2021 : 6,327,577 shares.
 - (iii) Average number of shares outstanding during the first three quarters of fiscal 2021:

36,103,761 shares.

Average number of shares outstanding during the first three quarters of fiscal 2020: 36,015,173 shares.

Additional points to note:

- 1. Quarterly earnings figures included in this report are not subject to reviewing by certified public accountants or an auditing firm.
- 2. For the same reason that the Company does not provide an earnings forecast prior to the end of each quarter as stated in "3. Outlook for Business Result for Fiscal 2021 (from April 1, 2021 to March 31, 2022)" on page 2, the Company does not provide a dividend forecast.

I. Outline on Business Result

(1)Outline on business result for the first three quarters of fiscal 2021

During the first three quarters of fiscal 2021, the Japanese economy showed signs of gradual recovery as the effects of the novel coronavirus infections abated. Personal consumption started to pick up towards the end of the period in tandem with the normalization of economic activities while corporate earnings, excepting those in a few sectors of the industry still in the doldrums, continued to stay in a generally good condition. In the U.S. and European countries, the resumption of economic activities further progressed, sustaining the recovery of the global economy.

In the meantime, the Japanese stock market started off the period relatively strongly with the Nikkei Stock Average on the Tokyo Stock Exchange (the TSE) exceeding the 30,000yen mark in early April. Thereafter, however, the Nikkei Stock Average floundered with its upward movement limited as the infections of the novel coronavirus surged, the delay in general vaccinations against the novel coronavirus became evident and rises in U.S. interest rates weighed on the stock market. In July, as the Tokyo Olympics was held and the 4th State of Emergency Declaration was issued in Tokyo, the Nikkei Stock Average quickened its corrections, recording 26,954yen, a year low, on August 20. Thereafter, however, the Nikkei Stock Average changed its direction upward, recording 30,795yen on September 14, a year high and the highest in 31 years, as expectations for a better political climate swelled. In early October, however, the Nikkei Stock Average fell down below the 28,000yen level on rises in U.S. interest rates and on concerns over the potential default of a leading Chinese real estate company. The Nikkei Stock Average came up close to the 30,000yen level towards the middle of November on the news of favorable corporate business results. Towards the end of November, however, investors' risk-off attitudes increased as the omicron variant raged overseas. In December, the FOMC, whose meeting was closely watched, indicated its policy of finishing its asset purchases in March 2023 and raising its policy interest rates 3 times by the end of 2023. These policies being as expected in the market, the Nikkei Stock Average stayed almost unaffected, ending the period at 28,791yen.

On the foreign currency market, the yen strengthened to 107.47yen per 1 U.S. dollar on April 23. As expectation for the recovery of the U.S. economy rose, however, the yen weakened to 111.65yen on July 2. The yen further weakened against the rising U.S. interest rates, ending the period at the lower side of the 115yen per 1 U.S. dollar level.

As regards the Japanese emerging stock markets, the Nikkei JASDAQ Stock Average recorded a year-high of 4,113yen on September 14, and thereafter sustained continuous corrections, ending the period at 3,878yen. The TSE Mothers suffered wide fluctuations and ended the period at 987.

The average daily turnover on the First Section of the TSE for the first three quarters of fiscal 2021 was 3,053.1 billion yen, up 15.8% from the comparable period of fiscal 2020, that on the TSE Mothers Market was 160.6 billion yen, down 24.5%, and that on the JASDAQ Stock Market was 62.1 billion yen, down 3.3%.

Under these circumstances, the Company further advanced its "Decisive Action on Reform"

initiated since 2019 as the first reformative action in 20 years to further promote its customer-focused business operations. Accordingly, being a major target for reform, the transfer of the business model to "Stock-based Type" (asset-accumulation type) mainly based on trailer and trustee fees on investment trust funds and wrap-account fees has steadily bore fruit as indicated by an improvement on the cost-coverage ratio (the ratio at which operating cost and expenses are covered by stable income from trailer and trustee fees on investment trust funds and wrap-account fees).

In time with the "Decisive Action on Reform," the Company added one more business principle of "Belief in provision of custom-made products for each customer," in addition to its principle of "We do not sell products simply because they are popular" based on its 20-year-old "Ichiyoshi's 7 Standards" which stresses the Company's belief in "Not dealing in products unsuitable to customers." Thus, the Company is engaged in proposing custom-made products matching needs of each individual customer.

As regards activities on stocks during the period, the Company proposed to customers asset-backed stocks with stress on stability and dividends and small- and medium-cap growth stocks selected based on the Company's strength in research.

With regard to "Dream Collection," a fund wrap account vehicle, it enjoyed an increase in continuous need for conservative investment vehicles for customers' medium to long-term asset management. Its outstanding balance as of December 2021, registered 183.7 billion yen, up 26.7% from December 31, 2020.

With respect to investment trust funds other than Dream Collection, funds investing in U.S. growth stocks, funds investing in small-and medium-cap stocks (both domestic and foreign) and funds investing in SDG-related stocks, all based on Ichiyoshi's proposals matching customers' needs, contributed to increases in customers' assets in custody. Their total outstanding balance as of December 31, 2021, was 798.7 billion yen, up 9.5% from December 31, 2020.

With respect to Ichiyoshi Asset Management Co., Ltd. the net asset values of funds under its management recorded its continuous increase and their outstanding balances at the end of the period registered 437.6 billion yen, up 29.1% from December 31, 2020.

Under such environment, net operating revenue for the first three quarters of fiscal 2021 amounted to 15,315 million yen, up 19.4% from the first three quarters of fiscal 2020. Operating cost and expenses amounted to 12,345 million yen, down 2.6%. Hence, operating income registered 2,970 million yen, an increase of 2,814 million yen from the year-earlier period.

The amount of customers' assets in custody as at December 31, 2021 amounted to 1,996.8 billion yen, up 0.4% from the end of previous fiscal year.

Set forth below are revenue sources, cost and expenses and financial condition.

i. Commissions

Total commissions for the first three quarters of fiscal 2021 amounted to 14,849 million yen, up 19.1 % from the year-earlier period.

(a) Brokerage commissions

Total brokerage commissions on stocks decreased 2.9% to 4,167 million yen. Brokerage commissions on small- and medium-cap stocks (stocks listed on Second Section of the TSE, JASDAQ and TSE Mothers) registered 736 million yen, down 33.8%, accounting for 17.7% of total brokerage commissions on stocks.

(b) Commissions from underwriting and solicitation to specified investors

In the primary market, the Company participated in 34 initial public offerings on a management and underwriting basis (of which 3 were lead-managed by the Company) as against 23 participations (of which 3 were lead-managed by the Company) in the year-earlier period. In the secondary market (which deals with financing by already-listed companies), the Company participated in 6 deals on a management or underwriting basis as against 5 deals in the year-earlier period.

As a result, commissions from underwriting and solicitation to specified investors amounted to 586 million yen, up 72.6% from the comparable period of fiscal 2020.

The cumulative number of companies whose offerings were lead- or co-managed by the Company stood at 1,185 (of which 64 were lead-managed) as of December 31, 2021.

(c) Commissions from distribution and solicitation to specified investors

As commissions from distribution of investment trust funds recorded 3,009 million yen, up 25.9% from the year-earlier period, total commissions from distribution and solicitation to specified investors registered 3,051 million yen, up 22.2%.

(d) Commissions from other sources

Trailer fees rose 17.4% to 3,139 million yen. Management fees on investment trust funds managed by Ichiyoshi Asset Management recorded 1,367 million yen, up 44.6%. Fees from fund wrap accounts and others registered 2,028 million yen, up 74.4%. Thus, total commissions from other sources amounted to 6,927 million yen, up 32.9%.

ii. Gains or loss on trading

Trading in stocks, etc. recorded net gains of 140 million yen, up 28.7% from the year-earlier period. Trading in bonds and foreign exchange, etc. registered net gains of 13 million yen, down 67.7%. As a result, total net gains on trading amounted to 153 million yen, up 1.7%.

iii. Net financial revenue

Interest and dividend income increased 7.4% to 166 million yen, chiefly due to a rise in the average outstanding balance of advances for margin transactions during the term. Interest expenses slid 47.4% to 28 million yen. As a result, net financial revenue recorded 138 million yen, up 36.8%.

Resultantly, net operating revenue for the first three quarters of fiscal 2021 stood at 15,315 million yen, up 19.4% from the year-earlier period.

iv. Operating cost and expenses

Operating cost and expenses declined 2.6% to 12,345 million yen chiefly as trading-related expenses and personnel expenses decreased.

v. Non-operating income and expenses

The Company recorded non-operating income of 108 million yen, including gains of 57 million yen on investments in investment partnerships. As a result, net non-operating income amounted to 103 million yen.

Resultantly, current income for the first three quarters of fiscal 2021 amounted to 3,073 million yen, an increase of 2,884 million yen from the year-earlier period.

vi Extraordinary income and loss

Extraordinary income registered 162 million yen mainly in the form of gains on sales of investment securities, and extraordinary loss amounted to 24 million yen mainly in the form of a valuation loss on investment securities. As a result, net extraordinary income recorded 138 million yen, up 52.5%.

Resultantly, income before taxes and tax adjustments for the first three quarters of fiscal 2021 registered 3,211 million yen, and net income attributable to owners of parent (after deduction of corporate income taxes, resident's taxes and enterprise taxes in the aggregate amount of 714 million yen and corporate tax adjustments of 214million yen) recorded 2,283 million yen, an increase of 2,171 million yen from the year-earlier period.

(2)Outline on financial condition for the first three quarters of fiscal 2021

(a) Assets

Assets amounted to 53,168 million yen as of December 31, 2021, an increase of 3,956 million yen (up 8.0%) from March 31, 2021, mainly as cash and deposits swelled by 8,051 million yen while margin transaction assets fell by 2,116 million yen.

(b) Liabilities

Liabilities stood at 23,279 million yen as of December 31, 2021, a rise of 3,176 million yen (up 15.8%) from March 31, 2021, mainly as deposits received swelled by 6,253 million yen while margin transaction liabilities slid by 3,925 million yen.

(c) Net worth

Net worth amounted to 29,889 million yen as of December 31, 2021, an increase of 780 million yen (up 2.7%) from March 31, 2021. The increase resulted mainly as the Company registered net income (payable to owners of parent) of 2,283 million yen while the Company paid dividends in the amount of 1,371 million yen.

II. Quarterly Consolidated Financial Statements

(1) Quarterly Consolidated Balance Sheets

(in millions of yen)

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Other current liabilities 1,250 1,1 Total current liabilities 19,724 22,9 Non-current liabilities 2 Long-term borrowings 146 1 Lease obligations 1 6 Deferred tax liabilities for land revaluation 7 7 Other noncurrent liabilities 40 40 Total non-current liabilities 197 1 Reserves under special laws 181 1 Reserves under special laws 181 1 Total special laws 181 1 Total reserves under special laws 18,1 1 Total reserves under special laws 18,5 6,8 Share acquistit on reserve for laws 6,885 6,8 Retained earnings			469
Total current liabilities			247
Non-current liabilities 146 1 Loase obligations 1 1 Deferred tax liabilities for land revaluation 7 7 Other noncurrent liabilities 40 197 1 Total non-current liabilities 197 1 Reserves under special laws 181 1 1 Reserves under special laws 181 1 <t< td=""><td></td><td></td><td></td></t<>			
Long-term borrowings 146 1 Lease obligations 1 1 Deferred tax liabilities for land revaluation 7 1 Other noncurrent liabilities 40 1 Total non-current liabilities 197 1 Reserves under special laws 181 1 Reserve for financial instruments transaction liabilities 181 1 Total labilities 20,103 23,2 Net assets 3 1 1 Share capital surplus 6,885 6,8 6,8 Retained earnings 12,516 13,4 1 Treasury shares 29,881 30,7 30,7 Accumulated other comprehensive income 85 6,8 6,8 6,8 Revaluation reserve for land 29,881 30,7 30,7 Actumulated other comprehensive income 85 Actumulated other comprehensive income 40,1,125 △1,1,25 △1,1,25 △1,1,25 △1,1,25 △1,1,25 △1,1,25 △1,1,25 △1,1,25 △1,1,25 △1,1,25 △1,1,25	**** ** * * * * * * * * * * * * * * * *	15,724	22,932
Lease obligations 1 Deferred tax liabilities for land revaluation 7 Other noncurrent liabilities 40 Total non-current liabilities 197 1 Reserves under special laws 181 1 Reserve for financial instruments transaction liabilities 181 1 Total reserves under special laws 181 1 Total liabilities 20,103 23,2 Net assets 20,103 23,2 Shareholders' equity 5 6,885 6,8 Retained earnings 12,516 13,4 14,577 14,5 14,577 14,5 6,88		146	131
Deferred ax liabilities for land revaluation Other noncurrent liabilities 7 Other noncurrent liabilities 197 1 Reserves under special laws 181 1 Reserve for financial instruments transaction liabilities 181 1 Total reserves under special laws 181 1 Total reserves under special laws 20,103 23,2 Net assets 20,103 23,2 Shareholders' equity 4 4 Share capital 14,577 14,5 Capital surplus 6,885 6,8 Retained earnings 12,516 13,4 Treasury shares A4,098 A4,0 Total shareholders' equity 29,881 30,7 Accumulated other comprehensive income 85 Valuation difference on available-for-sale securities 85 Revaluation reserve for land A1,125 A1,1 Remeasurements of defined benefit plans 189 1 Total accumulated other comprehensive income A851 A9 Share acquisition rights 29,108 29,108 <	ŭ ŭ		
Total non-current liabilities 197 1 Reserves under special laws 181 1 Reserve for financial instruments transaction liabilities 181 1 Total reserves under special laws 181 1 Total liabilities 20,103 23,2 Net assets Share capital 14,577 14,5 Share capital capituls 6,885 6,88 6,88 6,88 6,88 12,516 13,4 Treasury shares △4,098 △4,09 △4,0 40,00			-
Reserves under special laws 181 1 Reserve for financial instruments transaction liabilities 181 1 Total reserves under special laws 181 1 Total liabilities 20,103 23,2 Net assets Sharedolders' equity 14,577 14,5 Share capital 14,577 14,5 6,885 6,8 6,8 6,8 6,885 6,8 13,4 12,516 13,4 13,4 12,516 13,4 4,098 △4,0 13,4 14,098 △4,0 13,4 14,098 △4,0 13,4 14,098 △4,0 13,4 14,098 △4,0 13,4 14,098 △4,0 13,4 13,4 14,098 △4,0 13,4	Other noncurrent liabilities	40	37
Reserve for financial instruments transaction liabilities 181 1 Total reserves under special laws 181 1 Total liabilities 20,103 23,2 Net assets 20,103 23,2 Shareholders' equity 8 8 Share capital 14,577 14,5 Capital surplus 6,885 6,8 Retained earnings 12,516 13,4 Treasury shares △4,098 △4,0 Total shareholders' equity 29,881 30,7 Accumulated other comprehensive income 85 8 Valuation difference on available-for-sale securities 85 41,125 △1,1 Revaluation reserve for land △1,125 △1,1 Remeasurements of defined benefit plans 189 1 Total accumulated other comprehensive income △851 △9 Share acquisition rights 78 7 Total net assets 29,108 29,88	Total non-current liabilities	197	176
Total reserves under special laws 181 1 Total liabilities 20,103 23,2 Net assets Shareholders' equity Share capital 14,577 14,5 Capital surplus 6,885 6,8 Retained earnings 12,516 13,4 Treasury shares △4,098 △4,0 Total shareholders' equity 29,881 30,7 Accumulated other comprehensive income 85 Valuation difference on available-for-sale securities 85 Revaluation reserve for land △1,125 △1,1 Remeasurements of defined benefit plans 189 1 Total accumulated other comprehensive income △851 △9 Share acquisition rights 78 1 Total net assets 29,108 29,88	Reserves under special laws		
Total liabilities 20,103 23,2 Net assets Shareholders' equity Share capital 14,577 14,5 Capital surplus 6,885 6,8 Retained earnings 12,516 13,4 Treasury shares △4,098 △4,0 Total shareholders' equity 29,881 30,7 Accumulated other comprehensive income 85 Revaluation difference on available-for-sale securities 85 Revaluation reserve for land △1,125 △1,1 Remeasurements of defined benefit plans 189 1 Total accumulated other comprehensive income △851 △9 Share acquisition rights 78 Total net assets 29,108 29,88		181	170
Net assets Shareholders' equity 14,577 14,5 Share capital 14,577 14,5 Capital surplus 6,885 6,8 Retained earnings 12,516 13,4 Treasury shares △4,098 △4,0 Total shareholders' equity 29,881 30,7 Accumulated other comprehensive income 85 Valuation difference on available-for-sale securities 85 Revaluation reserve for land △1,125 △1,1 Remeasurements of defined benefit plans 189 1 Total accumulated other comprehensive income △851 △9 Share acquisition rights 78 7 Total net assets 29,108 29,88			170
Shareholders' equity 14,577 14,5 Capital surplus 6,885 6,8 Retained earnings 12,516 13,4 Treasury shares △4,098 △4,0 Total shareholders' equity 29,881 30,7 Accumulated other comprehensive income 85 Valuation difference on available-for-sale securities 85 Revaluation reserve for land △1,125 △1,1 Remeasurements of defined benefit plans 189 1 Total accumulated other comprehensive income △851 △9 Share acquisition rights 78 7 Total net assets 29,108 29,88		20,103	23,279
Share capital 14,577 14,577 Capital surplus 6,885 6,8 Retained earnings 12,516 13,4 Treasury shares △4,098 △4,0 Total shareholders' equity 29,881 30,7 Accumulated other comprehensive income 85 Valuation difference on available-for-sale securities 85 Revaluation reserve for land △1,125 △1,1 Remeasurements of defined benefit plans 189 1 Total accumulated other comprehensive income △851 △9 Share acquisition rights 78 7 Total net assets 29,108 29,88			
Capital surplus 6,885 6,8 Retained earnings 12,516 13,4 Treasury shares Δ4,098 Δ4,0 Total shareholders' equity 29,881 30,7 Accumulated other comprehensive income 85 40,1 40,			
Retained earnings 12,516 13,4 Treasury shares △4,098 △4,0 Total shareholders' equity 29,881 30,7 Accumulated other comprehensive income 85 Valuation difference on available-for-sale securities 85 Revaluation reserve for land △1,125 △1,1 Remeasurements of defined benefit plans 189 1 Total accumulated other comprehensive income △851 △9 Share acquisition rights 78 7 Total net assets 29,108 29,88		•	14,577
Treasury shares Δ4,098 Δ4,098 Total shareholders' equity 29,881 30,7 Accumulated other comprehensive income 85 Valuation difference on available-for-sale securities 85 Revaluation reserve for land Δ1,125 Δ1,1 Remeasurements of defined benefit plans 189 1 Total accumulated other comprehensive income Δ851 Δ9 Share acquisition rights 78 78 Total net assets 29,108 29,88			6,885
Total shareholders' equity 29,881 30,7 Accumulated other comprehensive income 85 Valuation difference on available-for-sale securities 85 Revaluation reserve for land Δ1,125 Δ1,1 Remeasurements of defined benefit plans 189 1 Total accumulated other comprehensive income Δ851 Δ9 Share acquisition rights 78 7 Total net assets 29,108 29,88			13,428
Accumulated other comprehensive income Valuation difference on available-for-sale securities 85 Revaluation reserve for land △1,125 △1,1 Remeasurements of defined benefit plans 189 1 Total accumulated other comprehensive income △851 △9 Share acquisition rights 78 78 Total net assets 29,108 29,88			
Valuation difference on available-for-sale securities 85 Revaluation reserve for land △1,125 △1,1 Remeasurements of defined benefit plans 189 1 Total accumulated other comprehensive income △851 △9 Share acquisition rights 78 7 Total net assets 29,108 29,8		29,881	30,792
Revaluation reserve for land Δ1,125 Δ1,1 Remeasurements of defined benefit plans 189 1 Total accumulated other comprehensive income Δ851 Δ9 Share acquisition rights 78 7 Total net assets 29,108 29,8		95	58
Remeasurements of defined benefit plans 189 1 Total accumulated other comprehensive income △851 △9 Share acquisition rights 78 Total net assets 29,108 29,8			∆1,125
Total accumulated other comprehensive income ∆851 ∆9 Share acquisition rights 78 Total net assets 29,108 29,8			143
Share acquisition rights 78 Total net assets 29,108 29,8			△923
Total net assets 29,108 29,8			20
Total liabilities and net assets 49,211 53.1	Total net assets	29,108	29,889
	Total liabilities and net assets	49,211	53,168

$(2) \ Quarterly \ Consolidated \ Income \ Statements \ and \ Quarterly \ Comprehensive \ Income \ Statements \ Quarterly \ Consolidated \ Income \ Statements$

(in millions of yen)

	Fiscal year ended	Fiscal year ended
	December 31,2020	December 31,2021
Operating revenue		
Commission received	12,465	14.849
Net trading income	151	153
Financial revenue	155	166
Other operating revenue	107	173
Total operating revenue	12,879	15,344
	,	
Financial expenses	54	28
Net operating revenue	12,825	15,315
Selling, general and administrative expenses	4.400	4.040
Trading related expenses	1,188	1,043
Personnel expenses	6,902	6,678
Real estate expenses	1,778	1,795
Office expenses	1,702	1,678
Depreciation	395	414
Taxes and dues	199	225
Other	502	510
Total selling, general and administrative expenses	12,669	12,345
Operating profit	155	2,970
Non-operating income		
Dividends from investment securities	17	17
Gain on investments in investment partnerships	0	57
Insurance claim and dividend income	23	16
Other	12	16
Total non-operating income	54	108
Non-operating expenses		
Loss on investments in investment partnerships	17	3
Loss on cancellation of leases	-	0
Other	3	0
Total non-operating expenses	20	4
Ordinary profit	188	3,073
Extraordinary income		
Gain on sale of investment securities	91	85
Gain on sale of non-current assets	0	-
Gain on reversal of share acquisition rights	8	65
Reversal of reserve for financial instruments transaction liabilities	29	11
Total extraordinary income	130	162
Extraordinary losses		
Loss on retirement of non-current assets	4	0
Loss on sale of non-current assets	-	5
Loss on sale of investment securities	-	5
Loss on valuation of investment securities	<u>-</u>	13
Impairment losses	35	-
Total extraordinary losses	40	24
Profit before income taxes	279	3,211
Income taxes - current	70	714
Income taxes - deferred	97	214
Total income taxes	167	928
Profit	111	2,283
Profit attributable to owners of parent	111	2,283
I TOTA distributable to owners of parent	111	2,203

Quarterly Comprehensive Income Statements

(in millions of yen)

	Fiscal year ended December 31,2020	Fiscal year ended December 31,2021	
Profit	111	2,283	
Other comprehensive income			
Valuation difference on available-for-sale securities	108	△26	
Remeasurements of defined benefit plans, net of tax	△7	△45	
Total other comprehensive income	100	△72	
Comprehensive income	212	2,210	
Comprehensive income attributable to			
Comprehensive income attributable to owners of parent	212	2,210	
Comprehensive income attributable to non-controlling interests	-	-	

(3) Notes to Quarterly Consolidated Financial Statements

(Notes concerning premises for continuing business enterprise) None.

(Notes in the event of material changes in shareholders' equity) None.

(Application of accounting principles unique to the preparation of quarterly financial statements)

None.

(Changes to accounting policies and changes/restatement of accounting estimates)
(Application of Accounting Standards Concerning Revenue Recognition)

"Accounting Standards Concerning Revenue Recognition" (Corporate Accounting Standards No. 29, dated March 31, 2020) has been applied effective from the beginning of the first quarter of fiscal 2021. Accordingly, at the time when the control of promised goods or services has been transferred to a customer, an amount receivable as compensation for such transfer of goods or services is recognized as revenue.

Thus, with respect to transactions on goods or services which the Company has carried out as agent, a net amount of compensation, after deduction of a payment to a third party, is recognized as revenue while previously a whole amount of compensation was recognized as revenue.

Figures relating to the first three quarters of fiscal 2020 are also retroactively adjusted in principle in accordance with the new accounting standards.

As a result, other operating revenue and other operating expenses in the first three quarters of fiscal 2020 decreased respectively by the amount of 1,090 million yen as compared with when the new accounting standards were not applied. There is no change to income figures mentioned below net operating revenue in the consolidated income statements.

III. Supplementary Information for Third Quarter of Fiscal 2021

(in millions of yen with fractions less than a million yen rounded down)

1. Commission received

(1) Commissions by sources

	Third quarter of	fiscal year ended	year-on-year	Fiscal year ended March 31, 2021	
	December 31, 2020	December 31, 2021	change		
Brokerage commission	4,417	4,283	∆3.0 %	6,182	
(Stocks)	(4,292)	(4,167)	(△2.9)	(6,026)	
(Beneficiary certificates)	(124)	(116)	(△6.8)	(155)	
Commission for underwriting, secondary distribution and solicitation for selling and others for professional investors	339	586	72.6	496	
(Stocks)	(339)	(586)	(72.6)	(496)	
Fees for offering, secondary distribution and solicitation for selling and others for professional investors	2,497	3,051	22.2	3,554	
(Beneficiary certificates)	(2,390)	(3,009)	(25.9)	(3,442)	
Other commission received	5,210	6,927	32.9	7,374	
(Beneficiary certificates*)	(4,783)	(6,536)	(36.6)	(6,680)	
Total	12,465	14,849	19.1	17,608	

*Breakdown of Beneficiary certificates

	Third quarter of	fiscal year ended	year-on-year	Fiscal year ended March 31, 2021	
	December 31, 2020	December 31, 2021	change		
Trailer fees relating to balances of funds	2,674	3,139	17.4 %	3,625	
Trust fees for fund management	945	1,367	44.6	1,316	
Fees from wrap-accounts	1,163	2,028	74.4	1,738	
Total	4,783	6,536	36.6	6,680	

(2) Commissions by products

	Third quarter of	fiscal year ended	year-on-year	Fiscal year ended
	December 31, 2020	December 31, 2021	change	March 31, 2021
Stocks	4,652	4,773	2.6 %	6,551
Bonds	106	42	△60.2	112
Beneficiary certificates	7,299	9,661	32.4	10,278
Others	407	371	△8.8	665
Total	12,465	14,849	19.1	17,608

2. Net trading income

	Third quarter of fiscal year ended				year-on-year	Fisca	l year ended
	December	December 31, 2020 December 31, 2021		change		ch 31, 2021	
Stocks, etc.	108		140		28.7 %		171
Bonds, foreign exchange, etc.		42		13	△67.7		138
(Bonds, etc.)	(19)	(5)	(△68.8)	(24)
(Foreign exchange, etc.)	((23)		7)	(△66.7)	(114)
Total	151		153		1.7		310

3. Quarterly Consolidated Income Statements for Recent Seven Quarters

(in millions of yen)

	1st Q	2nd Q	3rd Q	4th Q	1st Q	2nd Q	
	(4-6/'20)	, ,	(10-12/20)	(1-3/'21)	(4-6/'21)	(7-9/21)	(10-12/'21)
Operating revenue	3,811	4,244	4,823	5,391	5,164	4,956	5,223
Commission received	3,689	4,136	4,639	5,142	5,004	4,799	5,045
Net trading income	28	24	98	159	28	48	77
Financial revenue	49	54	51	51	57	58	50
Other operating revenue	43	28	34	37	73	50	50
Financial expenses	18	20	15	16	12	11	4
Net operating revenue	3,792	4,223	4,808	5,375	5,151	4,945	5,218
Selling, general and administrative expenses	4,174	4,223	4,272	4,266	4,268	3,991	4,085
Trading related expenses	431	388	368	343	372	293	377
Personnel expenses	2,231	2,322	2,348	2,321	2,259	2,208	2,211
Real estate expenses	586	599	591	638	637	585	572
Office expenses	547	554	600	588	586	535	555
Depreciation	130	131	132	132	161	125	126
Taxes and dues	62	67	69	75	73	76	75
Provision of allowance for doubtful accounts	_	_	0	0	0	△0	0
Other	184	158	159	165	177	167	165
Operating profit	∆381	0	535	1,108	882	953	1,133
Non-operating income	17	4	32	7	55	35	17
Non-operating expenses	1	17	1	5	0	3	0
Ordinary profit	△365	△12	566	1,111	937	985	1,150
Extraordinary income	105	1	23	3	154	0	7
Extraordinary losses	2	2	35	80	18	5	0
Profit before income taxes	△261	∆12	554	1,034	1,073	979	1,158
Income taxes - current	21	25	23	209	99	351	264
Income taxes - deferred	117	△96	76	△64	189	△87	111
Profit	△401	58	454	889	785	715	782
Profit attributable to owners of parent	△401	58	454	889	785	715	782

(END)