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April 25, 2025

Consolidated Financial Results for the Fiscal Year Ended March 31, 2025 (Under Japanese GAAP)

Company name: Kyokuto Securities Co., Ltd.
Listing: Tokyo Stock Exchange
Securities code: 8706
URL: https://www.kyokuto-sec.co.jp
Representative: Kazuhiro KIKUCHI, President and Chief Executive Officer
Inquiries: Shunzo KAYANUMA, Senior Managing Director
Telephone: +81-03-3666-5130
Scheduled date of annual general meeting of shareholders: June 24, 2025
Scheduled date to commence dividend payments: June 3, 2025
Scheduled date to file annual securities report: June 20, 2025
Preparation of supplementary material on financial results: Yes
Holding of financial results briefing: None

(Yen amounts are rounded down to millions, unless otherwise noted.)

1. Consolidated financial results for the fiscal year ended March 31, 2025 (from April 1, 2024 to March 31, 2025)

(1) Consolidated operating results

(Percentages indicate year-on-year changes.)

	Operating revenue		Net operating revenue		Operating profit		Ordinary profit		Profit attributable to owners of parent	
Fiscal year ended	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
March 31, 2025	7,989	3.3	7,908	3.0	2,691	△8.8	3,453	△6.8	4,446	2.4
March 31, 2024	7,730	79.1	7,676	80.2	2,951	―	3,706	654.5	4,341	271.5

Note: Comprehensive income For the fiscal year ended March 31, 2025: ¥2,095 million [△73.2%]
For the fiscal year ended March 31, 2024: ¥7,809 million [237.9%]

	Profit per share	Profit per share(diluted)	Return on equity	Return on assets	Gross profit margin
Fiscal year ended	Yen	Yen	%	%	%
March 31, 2025	139.38	―	8.4	4.3	33.7
March 31, 2024	136.08	―	8.6	4.8	38.2

Reference: Share of profit (loss) of entities accounted for using equity method
For the fiscal year ended March 31, 2025: ―
For the fiscal year ended March 31, 2024: ―

(2) Consolidated financial position

	Total assets	Net assets	Equity-to-asset ratio	Net assets per share
As of	Millions of yen	Millions of yen	%	Yen
March 31, 2025	78,597	51,609	65.7	1,617.79
March 31, 2024	83,534	53,675	64.2	1,682.18

Reference: Equity

As of March 31, 2025: ¥51,609 million

As of March 31, 2024: ¥53,663 million

(3) Consolidated cash flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of period
Fiscal year ended	Millions of yen	Millions of yen	Millions of yen	Millions of yen
March 31, 2025	△4,098	4,687	△2,224	10,468
March 31, 2024	△26	△4,021	△2,955	12,118

2. Cash dividends

	Annual dividends per share					Total cash dividends (Total)	Payout ratio (Consolidated)	Ratio of dividends to net assets (Consolidated)
	First quarter-end	Second quarter-end	Third quarter-end	Fiscal year-end	Total			
	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
Fiscal year ended March 31, 2024	—	30.00	—	80.00	110.00	3,509	80.8	7.0
Fiscal year ended March 31, 2025	—	50.00	—	60.00	110.00	3,509	78.9	13.6

Dividend forecast is not disclosed since forecast of business result is not disclosed.

3. Forecast of Consolidated Business Result for the Fiscal Year Ended March 31, 2026 (Year from April 1, 2025 to March 31, 2026)

Kyokuto Securities Co., Ltd. and its consolidated subsidiaries do not disclose forecast of business result. Please refer to page 5 for further information.

*** Notes**

(1) Significant changes in the scope of consolidation during the period: None

* As of March 31, 2025, Kyokuto Securities Co., Ltd. had two consolidated subsidiaries.

(2) Changes in accounting policies, changes in accounting estimates, and restatement

(i) Changes in accounting policies due to revisions to accounting standards and other regulations: Yes

(ii) Changes in accounting policies due to other reasons: None

(iii) Changes in accounting estimates: None

(iv) Restatement: None

(3) Number of issued shares (common shares)

(i) Total number of issued shares at the end of the period (including treasury shares)

As of March 31, 2025	32,779,000 shares
As of March 31, 2024	32,779,000 shares

(ii) Number of treasury shares at the end of the period

As of March 31, 2025	877,639 shares
As of March 31, 2024	877,595 shares

(iii) Average number of shares outstanding during the period

Fiscal year ended March 31, 2025	31,901,398 shares
Fiscal year ended March 31, 2024	31,901,405 shares

[Reference] Overview of non-consolidated financial results

1. Non-consolidated financial results for the fiscal year ended March 31, 2025 (from April 1, 2024 to March 31, 2025)

(1) Non-consolidated operating results

(Percentages indicate year-on-year changes.)

	Operating revenue		Net operating revenue		Operating profit		Ordinary profit		Profit	
Fiscal year ended	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
March 31, 2025	7,993	3.7	7,912	3.3	2,688	△7.6	3,284	△8.5	3,993	△2.1
March 31, 2024	7,711	79.5	7,657	80.6	2,909	―	3,591	―	4,080	316.2

	Basic earnings per share	Diluted earnings per share
Fiscal year ended	Yen	Yen
March 31, 2025	125.19	―
March 31, 2024	127.89	―

(2) Non-consolidated financial position

	Total assets	Net assets	Equity-to-asset ratio	Net assets per share	Net capital regulation ratio
As of	Millions of yen	Millions of yen	%	Yen	%
March 31, 2025	72,698	46,534	64.0	1,458.70	450.2
March 31, 2024	78,305	48,730	62.2	1,527.52	487.1

Reference: Equity

As of March 31, 2025: ¥46,534 million

As of March 31, 2024: ¥48,730 million

* Financial results reports are exempt from audit conducted by certified public accountants or an audit corporation.
* Proper use of earnings forecasts, and other special matters

Forecast of business result is not disclosed. Please refer to page 5 for further information.

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Business Results

1. Summary of Business Results, etc.

(1) Information on business results

During the current consolidated fiscal year ended March 31, 2025 (from April 1, 2024 to March 31, 2025), significant differences have been seen in between domestic and overseas monetary policies. The Bank of Japan (BOJ) raised its policy rate to 0.25% in July and further to 0.5% in January 2025. On the other hand, the US Federal Reserve Board (FRB) cut its policy rate from 5.5% to 4.5% through three times rate cuts since September. The European Central Bank (ECB) also cut its policy rate from 4.5% to 2.65% through six times rate cuts since June.

In the stock market, the Nikkei Stock Average (Nikkei 225) hit a record high of ¥42,224 at the closing of July 11, on expectations of further increase of corporate earnings due to the depreciation of the Yen. However, the Yen appreciated sharply against the backdrop of interest rate hike by the BOJ and concerns over the U.S. economic slowdown, and the Nikkei 225 dropped to 31,458 yen on August 5, the largest drop (-¥4,451) in its history. Although the Nikkei 225 recovered to the 40,000 level due to Yen depreciation, it had fallen sharply since the beginning of 2025 due to the drop of the semiconductor stocks and the tariff policy of President Trump in the U.S., and ended at ¥35,617 at the end of the fiscal year, 12% lower than the end of March 2024.

In the U.S. stock market, the New York Dow Jones Industrial Average (DJIA) hit a record high of $45,014 on December 4, supported by the FRB's interest rate cut and strong consumer spending. However, the DJIA declined toward the end of the fiscal year as concerns about inflation due to U.S. tariff policies and fears of a faltering economy increased, and ended at $42,001, 6% higher than at the end of March 2024.

In the bond market, the Japan’s 10-year government bond yield temporarily surged to 1.1% in July on rising expectations of an interest rate hike by BOJ. Although the yield temporarily declined to the 0.7% level afterwords, it recovered to the 1% level against the backdrop of a strong domestic economy. In 2025, the outlook for high wage hikes in the spring wage negotiations strengthened same as the last year, and the BOJ’s interest rate hike speculation strengthened. As a result, the Japan’s 10-year government bond yield rose to 1.59% in March and reached 1.48% at the end of the fiscal year. In the U.S., the U.S. 10-year government bond yield surged to 4.81% in January on expectations of economic expansion due to Trump administration policies. However, the U.S. 10-year government bonds yield declined to 4.20% at the end of the fiscal year due to growing concerns about inflation and economic recession caused by new tariffs in effect.

In the foreign exchange market, the Yen depreciated and reached nearly 162 yen to the Dollar for the first time in about 37 and a half years in early July. The Yen subsequently appreciated to the 139 yen level to the Dollar in mid-September against the backdrop of narrowing of the Japan-U.S. interest rate differential due to BOJ's interest rate hike and FRB's interest rate cut. In mid-January, the Yen depreciated to the 158 yen level to the Dollar again due to rising long-term interest rates in the U.S. on expectations of economic expansion. However, fears of the U.S. economic slowdown due to an imposition of new tariffs increased after President Trump took office, and the Yen ended at 149.93 yen to the Dollar at the end of the fiscal year.

In this environment, we made effort to offer "unique in-season financial products" for responding to customers' varied needs. Also, we conducted active financial management from the viewpoint of effective management of shareholders' equity.

For the current fiscal year, operating revenue increased to 7,989 million yen (up 3.3％ from previous fiscal year), net operating revenue increased to 7,908 million yen (up 3.0％ from previous fiscal year), operating profit resulted in 2,691 million yen (down 8.8％from previous fiscal year), ordinary profit amounted to 3,453 million yen (down 6.8％ from previous fiscal year), and net profit attributable to owners of the parent resulted in 4,446 million yen (up 2.4％ from previous year).

Details of the period's results are as follows:

① Commission Received

The total commission received resulted 3,078 million yen (up 9.1% from previous fiscal year), the details of which are shown below:

(Brokerage Commission)

Brokerage commission on equity securities was 1,166 million yen (down 22.9% from previous fiscal year). Total amount of brokerage commission including those on beneficiary securities (Exchange Traded Funds) was 1,193 million yen (down 22.2% from previous fiscal year).

(Commission for Underwriting, Secondary Distribution and Solicitation for Selling and Others for Professional Investors)

The amount of commission for underwriting, secondary distribution and solicitation for selling and others for professional investors was 18 million yen (up 21.3% from previous fiscal year).

(Fee for Offering, Secondary Distribution and Solicitation for Selling and Others for Professional Investors)

The amount of fees for offering, secondary distribution and solicitation for selling and others for professional investors was 1,218 million yen (up 39.5% from the same period of previous fiscal year), due to an increase of handling of beneficiary securities (investment trusts).

(Other Commission Received)

The amount of other commission received consisting mainly of trailer fee of beneficiary securities (investment trusts) was 648 million yen (up 62.1% from previous fiscal year).

② Net trading Income

Net trading income of equities, etc. resulted in a loss of 92 million yen (a gain of 39 million yen in previous fiscal year). Net trading income of bonds etc. resulted in a gain of 3,496 million yen (down 5.9% from previous fiscal year). Net trading income on other trading consisting mainly of foreign exchange derivatives resulted in a loss of 153 million yen (a loss of 352 million yen in previous fiscal year).

As a result, net trading income resulted in a gain of 3,249 million yen (down 4.5% from previous fiscal year).

③ Net Financial Income

Net financial income increased by 10.6% to 1,584 million yen, as a result of deducting 80 million yen (up 50.3% from previous fiscal year) of financial expenses from 1,665 million yen (up 12.1% from previous fiscal year) of financial revenue.

④ Selling, General and Administrative Expenses

Selling, general and administrative expenses were 5,217 million yen (up 10.4% from previous fiscal year).

⑤ Non-operating Income and Expenses

Non-operating income, consisting mainly of dividend received, totaled 990 million yen (down 14.3% from previous fiscal year), while non-operating expenses consisting mainly of Loss on investments in investment partnerships, totaled 228 million yen (down 43.1% from previous fiscal year).

As a result, net non-operating income amounted to gain of 762 million yen (up 1.0% from previous fiscal year).

⑥ Extraordinary Income and Loss

Extraordinary income was 3,608 million yen (up 29.8% from previous fiscal year), as a result of sales of investment securities, while extraordinary loss was 563 million yen (up 138.4% from previous fiscal year) including loss on valuation of investment securities.

As a result, net extraordinary income amounted to 3,045 million yen (up 19.7% from previous fiscal year).

(2) Information on Financial Condition

① Assets

Current assets as of current fiscal year-end were 46,295 million yen and decreased by 1,966 million yen from previous fiscal year-end. This is mainly because, while trading products increased by 5,239 million yen, cash and deposits decreased by 3,621 million yen and segregated deposits decreased by 3,440 million yen. Non-current assets as of current fiscal year-end were 32,302 million yen and decreased by 2,969 million yen from previous fiscal year-end. The main factor was investment securities decreased by 2,746 million yen.

As a result, the assets as of current fiscal year-end were 78,597 million yen and decreased by 4,936 million yen from previous fiscal year-end.

② Liabilities

Current liabilities as of current fiscal year-end were 24,542 million yen and decreased by 2,163 million yen from previous fiscal year-end. This is mainly because, while short-term borrowings increased by 1,420 million yen and "Accounts payable - other" increased by 529 million yen, deposits received (mainly customer deposit) decreased by 4,241 million yen. Non-current liabilities as of current fiscal year-end were 2,425 million yen and decreased by 709 million yen from previous fiscal year-end. This is mainly because, while long-term borrowings increased 500 million yen, deferred tax liabilities decreased 1,215 million yen.

As a result, the liabilities as of current fiscal year-end were 26,988 million yen and decreased by 2,870 million yen from previous fiscal year-end.

③ Net Assets

Within net asset, while Retained earnings increased by 299 million yen from previous fiscal year-end, valuation difference on available for sale securities decreased by 2,350 million yen.

As a result, net assets as of current fiscal year-end were 51,609 million yen and decreased by 2,065 million yen from previous fiscal year-end.

(3) Information on Cash Flow

The amount of cash and cash equivalents as of current fiscal year-end were 10,468 million yen, decreased by 1,649 million yen from previous fiscal year-end.

Details of cash flow are as follows:

① Cash Flows from Operating Activities

Net cash in operating activities for current fiscal year amounted to a use (out-flow) of 4,098 million yen (out-flow of 26 million yen for previous fiscal year). This is chiefly because of a net increase of trading products.

② Cash Flows from Investing Activities

Net cash in investing activities for current fiscal year amounted to a gain (in-flow) of 4,687 million yen (out-flow of 4,021 million yen for previous fiscal year). The main factors of in-flows were a result of investment securities trading (2,582 million yen) and a proceed from withdrawal of time deposits (2,300 million yen).

③ Cash Flows from Financing Activities

Net cash in financing activities for current fiscal year amounted to a use (out-flow) of 2,224 million yen (out-flow of 2,955 million yen for previous fiscal year).The main factors of in-flows were net increase in short-term borrowings (1,420 million) and net increase in long-term borrowings (500 million).On the other hand, the main factors of out-flows were dividend payment (4,141 million)

(4) Basic Policy on Distribution of Profit and Amount of Dividends for the Current Fiscal Year

As part of its efforts to increase shareholder value, one of the important management policies is to proactively distribute the company's profits to shareholders. Our basic policy is that the amount of dividends is determined, based on the higher of a consolidated dividend payout ratio of 70% or a consolidated dividend on equity ratio (DOE) of 2% as well as by comprehensively evaluating such factors as its equity capital level, medium- to long-term performance trends, stock price and others.

It is decided to pay a year-end ordinary dividend of 60 yen per share (a total annual amount of 110 yen), based on a consolidated dividend payout ratio with comprehensively evaluating other factors.

The dividend is paid from the retained earnings.

(5) Future Outlook

Consolidated operating revenues are mainly comprised of commissions received and trading income, related to the securities markets, the majority of which are coming from the stock and bond markets. In order to mitigate the impact of favorable or unfavorable conditions in the stock and bond markets on our financial results, we are striving to ensure revenue stability by diversifying our revenue sources. Even so, our business performance may still be affected by trends in the securities markets and may fluctuate significantly. In addition, sharp fluctuations in the domestic and foreign financial instrument markets could result in large valuation gains or losses on financial instruments held by us.

In general, securities markets and foreign exchange markets fluctuate, reflecting variety of factors such as domestic and international political and economic conditions, interest rates, and corporate earnings. Therefore, for the purpose of forecasting our consolidated financial results, it is necessary to accurately grasp future market trends while predicting these factors in advance, but the reality is that it is nearly impossible to achieve this. In a situation where such uncertain factors are likely to cause a large discrepancy between forecasts and actual results, daring to disclose forecast of financial results may result in sending a false message to the market, which may impede fair stock price formation.

For the aforementioned reasons, we do not disclose forecast of financial results but will instead endeavor to disclose financial results as early as possible and will announce such figures as preliminary figures around the 10th business day after the end of the fiscal year or the end of the quarter, when consolidated financial results are almost finalized.

2. Situation of the Corporate Group

Kyokuto Securities Co., Ltd. and its group companies (hereinafter referred to as the "Kyokuto Group") are principally engaged in the purchase and sale of securities and brokerage of purchase and sales of securities, the underwriting and secondary distribution of securities, the handling of a public offering or secondary distribution of securities, etc.

The business description and positioning of the Kyokuto Group are as follows. The Kyokuto Group's businesses consist of (1) financial instruments business, (2) investment business, (3) real estate business and (4) research and study business. The impact of the businesses other than those conducted by Kyokuto Securities Co., Ltd. on the Kyokuto Group's consolidated financial statements is immaterial. Therefore, our business portfolio is regarded as a single segment, "investment and financial services business".

Kyokuto Group consists of FE Invest Co., Ltd. (consolidated), Kyokuto Property Co., Ltd. (consolidated) and Kyokuto Securities Research Institute, Inc. (unconsolidated).

(1) Financial Instruments Business

(i) Kyokuto Securities Co., Ltd. engages in Type I and Type II financial instruments businesses in Japan.

(ii) FE Invest Co., Ltd. engages in the Type II financial instruments business in Japan, and manages and/or administers the investment funds set up by the company.

(2) Investment Business

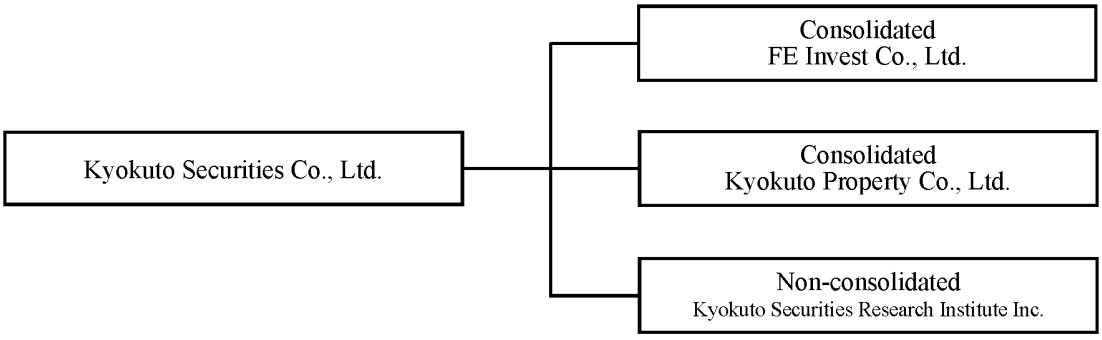
FE Invest Co., Ltd. engages in the investment business, using its own funds, mainly for the purpose of securing stable earnings through long-term investments.

(3) Real Estate Business

Kyokuto Property Co., Ltd. engages in the real estate business, mainly leasing offices, etc. for the head office and branches of Kyokuto Securities Co., Ltd.

(4) Research and Study Business

Kyokuto Securities Research Institute, Inc. conducts research and study of economic trends and financial capital markets of both domestic and overseas mainly on behalf of Kyokuto Securities Co., Ltd.



(Note)

1. Kyokuto Securities Research Institute, Inc. is a non-equity method affiliated company.
2. Other than above, there is an investment limited partnership as a non-consolidated subsidiary, which is not accounted for by the equity method.

3. Basic Policy Regarding Selection of Accounting Standards

Kyokuto Securities Co., Ltd and its consolidated subsidiaries prepare their financial statements in accordance with Japanese corporate accounting principles and do not consider an application of IFRS (International Financial Reporting Standards).

4. Consolidated Financial Statements

(1) Consolidated Balance Sheets

(Millions of yen)

	As of March 31, 2024	As of March 31, 2025
Assets		
Current assets		
Cash and deposits	14,389	10,767
Segregated deposits	13,014	9,573
Trading products	17,553	22,792
Trading securities and other	17,550	22,785
Derivatives	2	6
Securities	45	—
Trade date accrual	392	—
Margin transaction assets	2,217	2,414
Margin loans	2,048	2,181
Cash collateral provided for securities borrowed in margin transactions	168	232
Advances paid	1	3
Short-term guarantee deposits	70	5
Accounts receivable - other	130	206
Accrued revenue	377	487
Other current assets	81	52
Allowance for doubtful accounts	△9	△7
Total current assets	48,262	46,295
Non-current assets		
Property, plant and equipment	1,903	1,897
Buildings	377	387
Vehicles	13	8
Equipment	345	334
Land	1,167	1,167
Intangible assets	60	66
Software	37	43
Other	22	22
Investments and other assets	33,307	30,338
Investment securities	31,649	28,903
Long-term loans receivable	1	0
Long-term guarantee deposits	395	382
Retirement benefit asset	793	740
Deferred tax assets	—	4
Other	538	377
Allowance for doubtful accounts	△71	△71
Total non-current assets	35,271	32,302
Total assets	83,534	78,597

(Millions of yen)

	As of March 31, 2024	As of March 31, 2025
Liabilities		
Current liabilities		
Trading products	27	—
Trading securities and other	8	—
Derivatives	19	—
Trade date accrual	—	494
Margin transaction liabilities	344	432
Margin borrowings	174	220
Cash received for securities sold in margin transactions	170	211
Deposits received	14,320	10,078
Guarantee deposits received	220	264
Payables for securities to receive over due for delivery	9	0
Short-term borrowings	9,580	11,000
Accounts payable - other	111	640
Income taxes payable	1,677	1,290
Provision for bonuses	250	245
Other current liabilities	162	95
Total current liabilities	26,705	24,542
Non-current liabilities		
Long-term borrowings	500	1,000
Long-term accounts payable - other	429	429
Deferred tax liabilities	2,108	892
Retirement benefit liability	97	103
Total non-current liabilities	3,134	2,425
Reserves under special laws		
Reserve for financial instruments transaction liabilities	19	21
Total reserves under special laws	19	21
Total liabilities	29,858	26,988
Net assets		
Shareholders' equity		
Share capital	5,251	5,251
Capital surplus	4,774	4,771
Retained earnings	40,276	40,575
Treasury shares	△863	△863
Total shareholders' equity	49,438	49,735
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	4,225	1,874
Total accumulated other comprehensive income	4,225	1,874
Non-controlling interests	11	—
Total net assets	53,675	51,609
Total liabilities and net assets	83,534	78,597

(2) Consolidated Income Statements and Consolidated Comprehensive Income Statements

Consolidated Income Statements

(Millions of yen)

	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2025
Operating revenue		
Commission received	2,822	3,078
Brokerage commission	1,534	1,193
Commission for underwriting, secondary distribution and solicitation for selling and others for professional investors	15	18
Fees for offering, secondary distribution and solicitation for selling and others for professional investors	873	1,218
Other commission received	399	648
Net trading income	3,402	3,249
Financial revenue	1,485	1,665
Other operating revenue	19	△4
Total operating revenue	7,730	7,989
Financial expenses	53	80
Net operating revenue	7,676	7,908
Selling, general and administrative expenses		
Trading related expenses	583	644
Personnel expenses	2,649	3,050
Real estate expenses	508	547
Office expenses	550	542
Depreciation	84	79
Taxes and dues	199	213
Other	150	139
Total selling, general and administrative expenses	4,725	5,217
Operating profit (loss)	2,951	2,691
Non-operating income		
Dividend income	745	918
Gain on investments in investment partnerships	346	—
Interest on securities	27	38
Other	36	33
Total non-operating income	1,156	990
Non-operating expenses		
Loss on investments in investment partnerships	—	99
Foreign exchange losses	316	77
Mediation Settlement	53	30
Other	30	21
Total non-operating expenses	401	228
Ordinary profit	3,706	3,453

(Millions of yen)

	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2025
Extraordinary income		
Gain on sale of investment securities	2,779	3,608
Total extraordinary income	2,779	3,608
Extraordinary losses		
Loss on sale of investment securities	228	―
Loss on valuation of investment securities	―	557
Loss on retirement of non-current assets	2	4
Provision of reserve for financial instruments transaction liabilities	5	1
Total extraordinary losses	236	563
Profit before income taxes	6,250	6,499
Income taxes - current	1,872	2,228
Income taxes - deferred	35	△175
Total income taxes	1,908	2,052
Profit	4,341	4,446
Profit attributable to non-controlling interests	0	0
Profit attributable to owners of parent	4,341	4,446

Consolidated Comprehensive Income Statements

(Millions of yen)

	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2025
Profit	4,341	4,446
Other comprehensive income		
Valuation difference on available-for-sale securities	3,468	△2,351
Total other comprehensive income	3,468	△2,351
Comprehensive income	7,809	2,095
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	7,808	2,094
Comprehensive income attributable to non-controlling interests	1	0

(3) Changes in Consolidated Shareholders' Equity

Fiscal Year Ended March 31, 2024 (Year from April 1, 2023 to March 31, 2024)

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	5,251	4,774	37,370	△863	46,533
Changes during period					
Dividends of surplus			△1,435		△1,435
Profit (loss) attributable to owners of parent			4,341		4,341
Purchase of treasury shares				—	—
Change in ownership interest of parent due to transactions with non-controlling interests		—			—
Net changes in items other than shareholders' equity					
Total changes during period	—	—	2,905	—	2,905
Balance at end of period	5,251	4,774	40,276	△863	49,438

	Accumulated other comprehensive income		Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Total accumulated other comprehensive income		
Balance at beginning of period	757	757	10	47,301
Changes during period				
Dividends of surplus				△1,435
Profit (loss) attributable to owners of parent				4,341
Purchase of treasury shares				—
Change in ownership interest of parent due to transactions with non-controlling interests				—
Net changes in items other than shareholders' equity	3,467	3,467	1	3,468
Total changes during period	3,467	3,467	1	6,374
Balance at end of period	4,225	4,225	11	53,675

Fiscal Year Ended March 31, 2025 (Year from April 1, 2024 to March 31, 2025)

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	5,251	4,774	40,276	△863	49,438
Changes during period					
Dividends of surplus			△4,147		△4,147
Profit (loss) attributable to owners of parent			4,446		4,446
Purchase of treasury shares				△0	△0
Change in ownership interest of parent due to transactions with non-controlling interests		△2			△2
Net changes in items other than shareholders' equity					
Total changes during period	―	△2	299	△0	296
Balance at end of period	5,251	4,771	40,575	△863	49,735

	Accumulated other comprehensive income		Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Total accumulated other comprehensive income		
Balance at beginning of period	4,225	4,225	11	53,675
Changes during period				
Dividends of surplus				△4,147
Profit (loss) attributable to owners of parent				4,446
Purchase of treasury shares				△0
Change in ownership interest of parent due to transactions with non-controlling interests				△2
Net changes in items other than shareholders' equity	△2,350	△2,350	△11	△2,362
Total changes during period	△2,350	△2,350	△11	△2,065
Balance at end of period	1,874	1,874	―	51,609

(4) Consolidated Cash Flow Statement

(Millions of yen)

	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2025
Cash flows from operating activities		
Profit before income taxes	6,250	6,499
Depreciation	84	79
Increase (decrease) in retirement benefit liability	19	6
Increase (decrease) in allowance for doubtful accounts	△2	△2
Increase (decrease) in provision for bonuses	105	△5
Increase (decrease) in reserve for financial instruments transaction liabilities	5	1
Interest and dividend income	△1,980	△2,485
Foreign exchange losses (gains)	△428	114
Interest expenses	53	80
Loss (gain) on sale of investment securities	△2,551	△3,608
Loss (gain) on investments in investment partnerships	△346	99
Loss (gain) on valuation of investment securities	—	557
Loss on retirement of non-current assets	2	4
Decrease (increase) in segregated deposits	△3,058	3,440
Decrease (increase) in advance paid	0	△2
Decrease (increase) in trading products (assets)	△4,517	△5,239
Decrease (increase) in trade date accrual	△132	887
Decrease/increase in margin transaction assets/liabilities	497	△108
Decrease (increase) in short-term guarantee deposits	△70	64
Decrease (increase) in accounts receivable - other	35	△75
Increase (decrease) in trading products (liabilities)	23	△27
Increase (decrease) in deposits received	4,989	△4,241
Increase (decrease) in guarantee deposits received	△295	44
Decrease (increase) in other assets	△284	239
Increase (decrease) in other liabilities	△10	△157
Other, net	△56	22
Subtotal	△1,665	△3,813
Interest and dividends received	1,857	2,395
Interest paid	△54	△80
Income taxes paid	△366	△2,599
Income taxes refund	202	—
Net cash provided by (used in) operating activities	△26	△4,098

(Millions of yen)

	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2025
Cash flows from investing activities		
Purchase of non-current assets	△118	△83
Purchase of investment securities	△15,820	△10,467
Proceeds from sale of investment securities	11,677	13,049
Proceeds from redemption of investment securities	421	341
Proceeds from collection of loans receivable	0	0
Purchase of golf club membership	—	△38
Payments into time deposits	△2,910	△314
Proceeds from withdrawal of time deposits	3,052	2,300
Net income/(loss) from settlement of forward exchange contracts	△320	△113
Other, net	△4	12
Net cash provided by (used in) investing activities	△4,021	4,687
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	△1,020	1,420
Proceeds from long-term borrowings	—	1,500
Repayments of long-term borrowings	△500	△1,000
Purchase of treasury shares	—	△0
Dividends paid	△1,435	△4,141
Payments for acquisition of interests in subsidiaries from non-controlling interests	—	△2
Net cash provided by (used in) financing activities	△2,955	△2,224
Effect of exchange rate change on cash and cash equivalents	473	18
Net increase (decrease) in cash and cash equivalents	△6,529	△1,649
Cash and cash equivalents at beginning of period	18,647	12,118
Cash and cash equivalents at end of period	12,118	10,468

(5) Notes on Consolidated Financial Statements

(Notes Concerning Going Concern Assumption)

None.

(Notes to Changes of Accounting Policies)

(Application of "Accounting Standard for Current Income Taxes", etc.)

"Accounting Standard for Current Income Taxes" (ASBJ Statement No. 27, October 28, 2022; hereinafter referred to as the "Revised Accounting Standard 2022"), etc. have been adopted from the beginning of the fiscal year ended March 31, 2025.

The amendment to categories in which current income taxes should be recorded (taxes on other comprehensive income) follows the transitional treatment prescribed in the proviso of paragraph 20-3 of the Revised Accounting Standard 2022 and the transitional treatment prescribed in the proviso (2) of paragraph 65-2 of the Implementation Guidance on Tax Effect Accounting (ASBJ Guidance No. 28, October 28, 2022; hereinafter referred to as the "Revised Implementation Guidance 2022"). This change in accounting policies has no impact on the consolidated financial statements.

For the amendment related to the revised accounting treatment for consolidated financial statements when gains or losses on sale of shares in subsidiaries resulting from transactions between consolidated companies were deferred for the tax purposes, the Revised Implementation Guidance 2022 has been adopted from the beginning of the fiscal year ended March 31, 2025. This change in accounting policies was applied retrospectively. Hence, the consolidated financial statements for the prior fiscal year have been modified retrospectively. This change in accounting policies has no impact on the consolidated financial statements for the prior fiscal year.

(Segment Information)

(For the fiscal years ended March 31, 2024 and 2025)

The Kyokuto group are engaged in one single segment of business defined as "investment and financial services". Therefore, the description of segment information is omitted.

(Per Share Data)

	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2025
Net asset per share	1,682.18 yen	1,617.79 yen
Profit/Loss per share	136.08 yen	139.38 yen

Notes

1. Diluted net income per share is not shown in the above table, as there are no residual shares.
2. Data used for computation of the profit/loss per share in the above table:

	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2025
Profit/Loss attributable to owners of parent (Millions of yen)	4,341	4,446
Amount not attributable to common shareholders (Millions of yen)	—	—
Profit/Loss related to common shares attributable to owners of parent (Millions of yen)	4,341	4,446
Average number of outstanding common shares during the fiscal year	31,901,405	31,901,397

(Material Subsequent Events)

None.

【Referential Data】

Referential Data on Consolidated Business Results for the Fiscal Year Ended March 31, 2025

(1) Commission Received

① Commission received by sources

(Millions of yen)

	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2025	Change	
			yen volume	%
Brokerage commission	1,534	1,193	△340	△22.2
(Equities)	(1,512)	(1,166)	(△346)	(△22.9)
(Bonds)	(－)	(－)	(－)	(－)
(Beneficiary securities)	(21)	(26)	(5)	(25.1)
Commission for underwriting, secondary distribution and solicitation for selling and others for professional investors	15	18	3	21.3
(Equities)	(15)	(18)	(3)	(21.3)
(Bonds)	(－)	(－)	(－)	(－)
Fees for offering, secondary distribution and solicitation for selling and others for professional investors	873	1,218	345	39.5
Other commission received	399	648	248	62.1
Total	2,822	3,078	256	9.1

② Commission received by instruments

(Millions of yen)

	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2025	Change	
			yen volume	%
Equities	1,531	1,187	△343	△22.4
Bonds	0	0	0	90.6
Beneficiary securities	1,273	1,859	585	46.0
Other	17	30	13	80.8
Total	2,822	3,078	256	9.1

(2) Net Trading Income

(Millions of yen)

	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2025	Change	
			yen volume	%
Equities, etc.	39	△92	△131	―
Bonds, etc.	3,716	3,496	△219	△5.9
Other	△352	△153	198	―
Total	3,402	3,249	△153	△4.5

(3) Consolidated Income Statements for Latest Five Quarters

(Millions of yen)

	Quarter ended March 31, 2024	Quarter ended June 30, 2024	Quarter ended September 30, 2024	Quarter ended December 31, 2024	Quarter ended March 31, 2025
I. Operating revenue	2,357	2,641	1,655	2,220	1,470
1 Commission received	854	796	760	746	774
2 Net trading income	1,119	1,344	595	909	400
3 Financial revenue	383	496	316	560	291
4 Other operating revenue	0	4	△17	4	4
II. Financial expenses	13	14	20	18	27
Net operating revenue	2,343	2,627	1,635	2,202	1,443
III. Selling, general and administrative expenses	1,116	1,380	1,222	1,339	1,275
1 Trading related expenses	146	179	165	167	133
2 Personal expenses	560	817	691	804	737
3 Real estate expenses	125	130	125	125	165
4 Office expenses	144	137	144	133	125
5 Depreciation	21	19	19	19	20
6 Taxes and dues	60	62	52	54	44
7 Provision of allowance for doubtful accounts	―	2	△2	―	―
8 Other	57	30	26	34	47
Operating profit/loss	1,227	1,247	413	862	167
IV. Non-operating income	303	494	△26	482	40
V. Non-operating expenses	146	82	195	△155	106
Ordinary profit/loss	1,384	1,659	191	1,501	102
VI. Extraordinary income	1,015	760	1,264	877	707
VII. Extraordinary losses	93	5	0	0	557
Profit/Loss before income taxes	2,306	2,414	1,454	2,378	251
Income taxes current	686	616	635	603	373
Income taxes deferred	6	133	△141	110	△278
Profit/Loss	1,613	1,664	961	1,664	156
Profit attributable to non-controlling interests	0	0	0	―	―
Profit/Loss attributable to owners of parent	1,613	1,664	960	1,664	156

5. Non-consolidated Financial Statements

(1) Balance Sheets

(Millions of yen)

	As of March 31, 2024	As of March 31, 2025
Assets		
Current assets		
Cash and deposits	13,442	9,382
Segregated deposits	13,014	9,573
Trading products	17,553	22,792
Trading securities and other	17,550	22,785
Derivatives	2	6
Securities	45	—
Trade date accrual	392	—
Margin transaction assets	2,217	2,414
Margin loans	2,048	2,181
Cash collateral provided for securities borrowed in margin transactions	168	232
Advances paid	1	5
Advances paid for customers	0	—
Other advances paid	1	5
Short-term guarantee deposits	70	5
Short-term loans receivable	20	24
Prepaid expenses	16	17
Accounts receivable - other	130	205
Accrued revenue	376	486
Other current assets	19	7
Allowance for doubtful accounts	△9	△7
Total current assets	47,290	44,907
Non-current assets		
Property, plant and equipment	546	513
Buildings	147	133
Vehicles	13	8
Equipment	330	316
Land	54	54
Intangible assets	60	65
Software	37	43
Telephone subscription right	22	22
Investments and other assets	30,408	27,211
Investment securities	28,035	25,072
Shares of subsidiaries and associates	620	634
Investments in capital	1	1
Long-term loans receivable from subsidiaries and associates	100	80
Long-term loans to employees	1	0
Long-term guarantee deposits	390	376
Claims provable in bankruptcy, claims provable in rehabilitation and other, net	36	36
Long-term prepaid expenses	0	0
Prepaid pension costs	793	740
Other	499	339
Allowance for doubtful accounts	△71	△71
Total non-current assets	31,014	27,790
Total assets	78,305	72,698

(Millions of yen)

	As of March 31, 2024	As of March 31, 2025
Liabilities		
Current liabilities		
Trading products	27	—
Trading securities and other	8	—
Derivatives	19	—
Trade date accrual	—	494
Margin transaction liabilities	344	432
Margin borrowings	174	220
Cash received for securities sold in margin transactions	170	211
Deposits received	14,319	10,077
Deposits from customers	12,925	8,954
Other deposits received	1,394	1,123
Guarantee deposits received	220	264
Payables for securities to receive over due for delivery	9	0
Short-term borrowings	9,580	11,000
Accounts payable - other	110	61
Accrued expenses	127	95
Income taxes payable	1,618	1,103
Provision for bonuses	244	236
Other current liabilities	37	1
Total current liabilities	26,640	23,768
Non-current liabilities		
Long-term borrowings	500	1,000
Long-term accounts payable - other	429	429
Deferred tax liabilities	1,892	844
Provision for retirement benefits	94	100
Total non-current liabilities	2,915	2,374
Reserves under special laws		
Reserve for financial instruments transaction liabilities	19	21
Total reserves under special laws	19	21
Total liabilities	29,575	26,163
Net assets		
Shareholders' equity		
Share capital	5,251	5,251
Capital surplus		
Legal capital surplus	4,774	4,774
Total capital surplus	4,774	4,774
Retained earnings		
Legal retained earnings	641	641
Other retained earnings		
General reserve	16,271	16,271
Retained earnings brought forward	18,865	18,712
Total retained earnings	35,777	35,624
Treasury shares	△863	△863
Total shareholders' equity	44,940	44,786
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	3,789	1,747
Total valuation and translation adjustments	3,789	1,747
Total net assets	48,730	46,534
Total liabilities and net assets	78,305	72,698

(2) Income Statements

(Millions of yen)

	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2025
Operating revenue		
Commission received	2,822	3,078
Brokerage commission	1,534	1,193
Commission for underwriting, secondary distribution and solicitation for selling and others for professional investors	15	18
Fees for offering, secondary distribution and solicitation for selling and others for professional investors	873	1,218
Other commission received	399	648
Net trading income	3,402	3,249
Financial revenue	1,485	1,665
Total operating revenue	7,711	7,993
Financial expenses	53	80
Net operating revenue	7,657	7,912
Selling, general and administrative expenses		
Trading related expenses	588	649
Personnel expenses	2,539	2,933
Real estate expenses	629	666
Office expenses	594	583
Depreciation	66	58
Taxes and dues	187	200
Other	142	132
Total selling, general and administrative expenses	4,747	5,224
Operating profit	2,909	2,688
Non-operating income		
Dividend income	652	741
Gain on investments in investment partnerships	346	—
Interest received from affiliated companies	0	0
Interest on securities	27	38
Other	43	41
Total non-operating income	1,071	822
Non-operating expenses		
Loss on investments in investment partnerships	—	99
Foreign exchange losses	316	77
Mediation Settlement	53	30
Other	19	19
Total non-operating expenses	390	226
Ordinary profit	3,591	3,284

(Millions of yen)

	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2025
Extraordinary income		
Gain on sale of investment securities	2,520	3,083
Total extraordinary income	2,520	3,083
Extraordinary losses		
Loss on sale of investment securities	228	―
Loss on valuation of investment securities	―	557
Loss on retirement of non-current assets	1	4
Provision of reserve for financial instruments transaction liabilities	5	1
Total extraordinary losses	235	563
Profit before income taxes	5,875	5,804
Income taxes - current	1,758	1,973
Income taxes - deferred	36	△163
Total income taxes	1,795	1,810
Profit	4,080	3,993

(3) Changes in Shareholders' Equity

Fiscal Year Ended March 31, 2024 (Year from April 1, 2023 to March 31, 2024)

(Millions of yen)

	Shareholders' equity								
	Share capital	Capital surplus		Retained earnings				Treasury shares	Total shareholders' equity
		Legal capital surplus	Total capital surplus	Legal retained earnings	Other retained earnings		Total retained earnings		
					General reserve	Retained earnings brought forward			
Balance at beginning of period	5,251	4,774	4,774	641	16,271	16,221	33,133	△863	42,296
Changes during period									
Dividends of surplus						△1,435	△1,435		△1,435
Profit (loss)						4,080	4,080		4,080
Purchase of treasury shares								—	—
Net changes in items other than shareholders' equity									
Total changes during period	—	—	—	—	—	2,644	2,644	—	2,644
Balance at end of period	5,251	4,774	4,774	641	16,271	18,865	35,777	△863	44,940

	Valuation and translation adjustments		Total net assets
	Valuation difference on available-for-sale securities	Total valuation and translation adjustments	
Balance at beginning of period	689	689	42,985
Changes during period			
Dividends of surplus			△1,435
Profit (loss)			4,080
Purchase of treasury shares			—
Net changes in items other than shareholders' equity	3,100	3,100	3,100
Total changes during period	3,100	3,100	5,744
Balance at end of period	3,789	3,789	48,730

Fiscal Year Ended March 31, 2025 (Year from April 1, 2024 to March 31, 2025)

(Millions of yen)

	Shareholders' equity								
	Share capital	Capital surplus		Retained earnings				Treasury shares	Total shareholders' equity
		Legal capital surplus	Total capital surplus	Legal retained earnings	Other retained earnings		Total retained earnings		
					General reserve	Retained earnings brought forward			
Balance at beginning of period	5,251	4,774	4,774	641	16,271	18,865	35,777	△863	44,940
Changes during period									
Dividends of surplus						△4,147	△4,147		△4,147
Profit (loss)						3,993	3,993		3,993
Purchase of treasury shares								△0	△0
Net changes in items other than shareholders' equity									
Total changes during period	—	—	—	—	—	△153	△153	△0	△153
Balance at end of period	5,251	4,774	4,774	641	16,271	18,712	35,624	△863	44,786

	Valuation and translation adjustments		Total net assets
	Valuation difference on available-for-sale securities	Total valuation and translation adjustments	
Balance at beginning of period	3,789	3,789	48,730
Changes during period			
Dividends of surplus			△4,147
Profit (loss)			3,993
Purchase of treasury shares			△0
Net changes in items other than shareholders' equity	△2,041	△2,041	△2,041
Total changes during period	△2,041	△2,041	△2,195
Balance at end of period	1,747	1,747	46,534

【Referential Data】

Referential Data on Business Results for the Fiscal Year Ended March 31, 2025

(1) Volume/Value of Equity Trading (Except Trading in Derivatives)

(Million share / Millions of yen)

	Fiscal year ended March 31, 2024		Fiscal year ended March 31, 2025		Change (%)	
	Number of shares	Trade value	Number of shares	Trade value	Number of shares	Trade value
Total	290	302,398	299	242,878	2.9	△19.7
(Agency)	(262)	(262,095)	(272)	(204,489)	(4.0)	(△22.0)
(Principal)	(28)	(40,302)	(26)	(38,389)	(△6.8)	(△4.7)
(Agency) / Total (%)	90.1%	86.7%	91.0%	84.2%		
Total / TSE Volume (%)	0.02%	0.01%	0.01%	0.01%		
Commission to consignees per share		5.77 yen		4.27 yen		

(2) Volume of Underwriting, Offering and Selling

(Million share / Millions of yen)

			Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2025	Change (%)
Underwriting	Equities	Number of shares	0	0	250.9
	〃	Yen volume	276	657	137.8
	Bonds	Yen volume at face value	—	—	—
		Yen volume at face value	—	—	—
Offering / Selling (Note)	Equities	Number of shares	0	0	247.1
	〃	Yen volume	232	584	151.8
	Bonds	Yen volume at face value	94	86	△9.1
	Beneficiary securities	Yen volume at face value	111,303	118,071	6.1
	CPs, foreign instruments, etc.	Yen volume at face value	—	—	—

Note: Includes volume of sales and private placements.

(3) Net Capital Regulation Ratio

(Millions of yen)

			As of March 31, 2024	As of March 31, 2025
Basic items		(A)	42,388	42,872
Company items	Valuation difference on available for sale securities, etc.		3,789	1,747
	Reserve for financial products transaction liabilities reserves under special laws		19	21
	Allowance for doubtful accounts		9	7
	Total	(B)	3,818	1,776
Deductible assets		(C)	10,091	10,241
Unfixed net capital	(A)＋(B)－(C)	(D)	36,115	34,407
Amount of risk correspondents	Market risk correspondence		6,014	6,199
	Trade party risk correspondence		192	220
	Basic risk correspondence		1,207	1,221
	Total	(E)	7,413	7,641
Net capital regulation ratio	(D) / (E)×100％		487.1%	450.2%

(4) Number of Directors/Auditors and Employees

(persons)

	As of March 31, 2024	As of March 31, 2025
Directors and auditors	10	10
Employees	226	225