

Consolidated Financial Summary (for the three months ended June 30, 2022)

July 29, 2022

Company Name: Tokai Tokyo Financial Holdings, Inc.
 Stock Listings: Tokyo Stock Exchange / Nagoya Stock Exchange
 Stock Code: 8616 URL: <https://www.tokaitokyo-fh.jp/>
 Representative: Ichiro Goda, President
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Expected date for submission of quarterly report: August 12, 2022
 Scheduled day of commencing dividend payment: —
 Supplementary explanation documents for quarterly earnings: Yes
 Quarterly results briefing planned: None

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

1. Consolidated Financial Results for the Three Months Ended June 30, 2022**(1) Consolidated Results of Operation**

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

	Operating revenue		Net operating revenue		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	million yen	%	million yen	%	million yen	%	million yen	%	million yen	%
Three months ended										
June 30, 2022	18,460	(7.6)	17,621	(9.4)	708	(71.4)	1,200	(60.8)	101	(98.6)
June 30, 2021	19,973	30.0	19,447	32.3	2,480	118.9	3,061	138.6	7,007	725.0

(Note) Comprehensive income Three-month period ended June 30, 2022: 1,195million yen [(83.3%)]

Three-month period ended June 30, 2021: 7,143million yen [406.3%]

	Net income per share	Diluted net income per share
	yen	yen
Three months ended		
June 30, 2022	0.41	0.41
June 30, 2021	28.22	28.15

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
	million yen	million yen	%	yen
As of				
June 30, 2022	1,458,271	183,186	11.6	682.82
March 31, 2022	1,581,231	185,568	10.9	694.86

(Reference) Shareholders' equity June 30, 2022: 169,736 million yen

March 31, 2022: 172,730 million yen

2. Dividends

(Base date)	Dividend per share				
	End of first quarter	End of second quarter	End of third quarter	End of year	Annual
Fiscal year	yen	yen	yen	yen	yen
Ended March 31, 2022	—	10.00	—	14.00	24.00
Ending March 31, 2023	—				
Ending March 31, 2023 (Forecast)		—	—	—	—

(Note) 1) Revision to the dividend forecast that has been disclosed lastly: None

2) Dividend forecast for the fiscal year ending March 31, 2023 has not been determined.

3. Forecast of Consolidated Operating Results for Fiscal 2022 (from April 1, 2022 to March 31, 2023)

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

* Notes

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

New : None

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

(2) Application of Special Accounting Treatments in Preparing Quarterly Consolidated Financial Statements: None

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

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

2) Changes in accounting policies other than item 1) above: None

3) Change in accounting estimates: None

4) Retrospective restatements: None

(4) Number of Shares Issued (Common Stock)

1) Number of shares issued at the end of the term including treasury shares

As of June 30, 2022:	260,582,115	As of March 31, 2022:	260,582,115
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2) Number of treasury shares at the end of the term

As of June 30, 2022:	11,999,814	As of March 31, 2022:	11,999,455
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3) Average number of shares outstanding (for the three months)

Three months ended June 30, 2022:	248,582,471	Three months ended June 30, 2021:	248,363,433
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* This consolidated financial summary is not subject to certified public accountant's or audit corporation's review.

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

Dividends for the fiscal year ending March 31, 2023 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 quarterly earnings

Supplementary explanation documents for quarterly earnings will be available on both Timely Disclosure network and our website on Friday, July 29, 2022.

Consolidated Financial Statements

(1) Consolidated Balance Sheets

(Unit: million yen)

	As of March 31, 2022	As of June 30, 2022
Assets		
Current assets		
Cash and deposits	100,360	105,178
Cash segregated as deposits	74,648	71,846
Cash segregated as deposits for customers	71,225	67,625
Cash segregated as deposits for others	3,423	4,221
Trading products	529,440	473,253
Trading securities and other	518,527	463,571
Derivatives	10,913	9,682
Margin transaction assets	135,347	82,357
Loans on margin transactions	43,335	40,118
Cash collateral pledged for securities borrowing on margin transactions	92,011	42,238
Loans secured by securities	551,583	543,186
Cash collateral pledged for securities borrowed	95,899	175,412
Loans on Gensaki transactions	455,683	367,774
Advances paid	6,006	258
Deposits paid for underwritten offering, etc.	154	44
Short-term guarantee deposits	60,365	52,479
Short-term loans receivable	36,740	38,988
Accrued income	6,496	4,249
Other	4,662	10,935
Allowance for doubtful accounts	(99)	(109)
Total current assets	1,505,707	1,382,669
Non-current assets		
Property, plant and equipment	10,478	10,478
Intangible assets	7,585	7,784
Investments and other assets	57,459	57,339
Investment securities	44,206	44,546
Long-term guarantee deposits	5,511	4,992
Deferred tax assets	66	37
Retirement benefit asset	6,618	6,675
Other	1,389	1,420
Allowance for doubtful accounts	(332)	(332)
Total non-current assets	75,523	75,602
Total assets	1,581,231	1,458,271

(Unit: million yen)

	As of March 31, 2022	As of June 30, 2022
Liabilities		
Current liabilities		
Trading products	444,613	457,275
Trading securities and other	431,959	432,488
Derivatives	12,653	24,787
Trade date accrual	78,170	2,788
Margin transaction liabilities	18,072	30,102
Borrowings on margin transactions	13,313	18,196
Cash received for securities lending on margin transactions	4,759	11,906
Borrowings secured by securities	326,725	303,698
Cash received on debt credit transaction of securities	54,073	48,285
Borrowings on Gensaki transactions	272,652	255,413
Deposits received	69,609	65,253
Guarantee deposits received	22,627	14,582
Short-term borrowings	234,364	206,487
Short-term bonds payable	14,500	19,500
Current portion of bonds payable	27,594	31,648
Income taxes payable	1,187	335
Provision for bonuses	2,387	769
Provision for bonuses for directors (and other officers)	70	—
Other	14,922	7,209
Total current liabilities	1,254,845	1,139,651
Non-current liabilities		
Bonds payable	28,585	22,075
Long-term borrowings	107,300	108,500
Deferred tax liabilities	1,468	1,732
Provision for retirement benefits for directors (and other officers)	114	106
Retirement benefit liability	256	190
Other	2,389	2,139
Total non-current liabilities	140,114	134,744
Reserves under special laws		
Reserve for financial instruments transaction liabilities	703	689
Total reserves under special laws	703	689
Total liabilities	1,395,663	1,275,084
Net assets		
Shareholders' equity		
Share capital	36,000	36,000
Capital surplus	24,569	24,569
Retained earnings	114,580	111,202
Treasury shares	(5,197)	(5,197)
Total shareholders' equity	169,952	166,573
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1,083	1,043
Foreign currency translation adjustment	87	617
Remeasurements of defined benefit plans	1,607	1,501
Total accumulated other comprehensive income	2,778	3,162
Share acquisition rights	497	512
Non-controlling interests	12,340	12,937
Total net assets	185,568	183,186
Total liabilities and net assets	1,581,231	1,458,271

(2) Consolidated Statements of Income and Comprehensive Income

Consolidated Statements of Income

(Three months ended June 30)

(Unit: million yen)

	Three months ended June 30, 2021	Three months ended June 30, 2022
Operating revenue		
Commission received	9,504	7,786
Brokerage commission	3,485	2,689
Commission for underwriting, secondary distribution and solicitation for selling and others for professional investors	436	522
Fees for offering, secondary distribution and solicitation for selling and others for professional investors	2,844	1,501
Other fees received	2,738	3,073
Net trading income	9,587	8,561
Financial revenue	881	2,113
Total operating revenue	19,973	18,460
Financial expenses	526	839
Net operating revenue	19,447	17,621
Selling, general and administrative expenses		
Trading related expenses	3,272	3,429
Personnel expenses	8,013	7,590
Real estate expenses	1,959	2,033
Office expenses	2,034	2,177
Depreciation	690	712
Taxes and dues	495	398
Provision of allowance for doubtful accounts	—	11
Other	500	559
Total selling, general and administrative expenses	16,966	16,912
Operating profit	2,480	708
Non-operating income		
Dividend income	221	246
Share of profit of entities accounted for using equity method	341	—
Gain on valuation of investment securities	—	147
Gain on investments in investment partnerships	0	148
Other	40	73
Total non-operating income	605	616
Non-operating expenses		
Share of loss of entities accounted for using equity method	—	83
Loss on investments in investment partnerships	10	8
Foreign exchange losses	7	3
Other	5	29
Total non-operating expenses	23	124
Ordinary profit	3,061	1,200

(Unit: million yen)

	Three months ended June 30, 2021	Three months ended June 30, 2022
Extraordinary income		
Gain on sales of non-current assets	66	—
Gain on sales of investment securities	72	19
Gain on bargain purchase	8,268	—
Gain on extinguishment of tie-in shares	—	21
Reversal of reserve for financial instruments transaction liabilities	0	14
Total extraordinary income	8,409	54
Extraordinary losses		
Loss on sales of investment securities	87	—
Loss on valuation of investment securities	229	—
Loss on change in equity	36	—
Loss on step acquisitions	2,473	—
Total extraordinary losses	2,827	—
Profit before income taxes	8,644	1,255
Income taxes-current	601	49
Income taxes-deferred	869	400
Total income taxes	1,471	450
Profit	7,172	804
Profit attributable to non-controlling interests	165	703
Profit attributable to owners of parent	7,007	101

Consolidated Statements of Comprehensive Income
(Three months ended June 30)

(Unit: million yen)

	Three months ended June 30, 2021	Three months ended June 30, 2022
Profit	7,172	804
Other comprehensive income		
Valuation difference on available-for-sale securities	(306)	(31)
Foreign currency translation adjustment	405	526
Remeasurements of defined benefit plans, net of tax	(130)	(106)
Share of other comprehensive income of entities accounted for using equity method	0	2
Total other comprehensive income	(29)	391
Comprehensive income	7,143	1,195
(Comprehensive income attributable to)		
Owners of parent	6,964	485
Non-controlling interests	178	710

Supplementary Information

(1) Breakdown of Commission Received and Net Trading Income

① Commission received

(i) By item

(Unit: million yen)

	Three months ended June 30, 2021	Three months ended June 30, 2022	Yr/Yr	
			Increase (Decrease)	% change
Brokerage commission	3,485	2,689	(796)	(22.8) %
Stocks	3,350	2,512	(838)	(25.0)
Bonds	6	2	(4)	(63.7)
Beneficiary certificates	127	174	46	36.4
Commission for underwriting, secondary distribution and solicitation for selling and others for professional investors	436	522	85	19.7
Stocks	292	354	61	21.1
Bonds	143	167	24	16.8
Fees for offering, secondary distribution and solicitation for selling and others for professional investors	2,844	1,501	(1,342)	(47.2)
Beneficiary certificates	2,842	1,499	(1,343)	(47.3)
Other fees received	2,738	3,073	334	12.2
Beneficiary certificates	1,408	1,373	(34)	(2.5)
Total	9,504	7,786	(1,718)	(18.1)

(ii) By product

(Unit: million yen)

	Three months ended June 30, 2021	Three months ended June 30, 2022	Yr/Yr	
			Increase (Decrease)	% change
Stocks	3,659	2,923	(735)	(20.1) %
Bonds	154	175	20	13.3
Beneficiary certificates	4,379	3,047	(1,331)	(30.4)
Others	1,311	1,640	328	25.1
Total	9,504	7,786	(1,718)	(18.1)

② Net trading income

(Unit: million yen)

	Three months ended June 30, 2021	Three months ended June 30, 2022	Yr/Yr	
			Increase (Decrease)	% change
Stocks	5,086	2,998	(2,088)	(41.0) %
Bonds and Forex	4,500	5,562	1,061	23.6
Total	9,587	8,561	(1,026)	(10.7)

(2) Comparative Quarterly Consolidated Statements of Income

(Unit: million yen)

	Fiscal 2021				Fiscal 2022
	1st quarter	2nd quarter	3rd quarter	4th quarter	1st quarter
	Apr. 1, 2021 - Jun. 30, 2021	Jul. 1, 2021 - Sep. 30, 2021	Oct. 1, 2021 - Dec. 31, 2021	Jan. 1, 2022 - Mar. 31, 2022	Apr. 1, 2022 - Jun. 30, 2022
Operating revenues					
Commission received	9,504	9,642	9,675	8,752	7,786
Brokerage commission	3,485	3,549	3,782	3,111	2,689
(Stocks)	3,350	3,379	3,616	2,919	2,512
Commission for underwriting, secondary distribution and solicitation for selling and others for professional investors	436	311	166	420	522
Fees for offering, secondary distribution and solicitation for selling and others for professional investors	2,844	2,626	2,563	1,905	1,501
(Beneficiary certificates)	2,842	2,621	2,561	1,905	1,499
Other fees received	2,738	3,155	3,163	3,314	3,073
(Beneficiary certificates)	1,408	1,498	1,538	1,404	1,373
Net trading income	9,587	7,995	10,419	5,997	8,561
(Stocks)	5,086	3,849	6,068	1,180	2,998
(Bonds and Forex)	4,500	4,145	4,350	4,816	5,562
Financial revenue	881	2,931	1,433	4,154	2,113
Total operating revenue	19,973	20,569	21,528	18,904	18,460
Financial expenses	526	588	592	1,018	839
Net operating revenue	19,447	19,980	20,936	17,885	17,621
Selling, general and administrative expenses					
Trading related expenses	3,272	3,129	3,260	3,464	3,429
Personnel expenses	8,013	8,071	8,173	8,061	7,590
Real estate expenses	1,959	1,916	1,940	1,916	2,033
Office expenses	2,034	2,066	2,253	2,292	2,177
Depreciation	690	699	758	754	712
Taxes and dues	495	406	501	381	398
Provision of allowance for doubtful accounts	—	—	—	1	11
Other	500	517	408	426	559
Total selling, general and administrative expenses	16,966	16,806	17,296	17,298	16,912
Operating profit	2,480	3,174	3,640	586	708
Non-operating income	605	1,009	441	1,286	616
Share of profit of entities accounted for using equity method	341	615	340	(119)	—
Other	263	393	100	1,405	616
Non-operating expenses	23	132	3	84	124
Share of loss of entities accounted for using equity method	—	—	—	—	83
Other	23	132	3	84	41
Ordinary profit	3,061	4,051	4,077	1,789	1,200
Extraordinary income	8,409	86	—	89	54
Extraordinary losses	2,827	26	343	538	—
Profit before income taxes	8,644	4,110	3,733	1,340	1,255
Income taxes-current	601	1,326	922	1,031	49
Income taxes-deferred	869	(340)	223	(511)	400
Profit	7,172	3,123	2,587	819	804
Profit attributable to non-controlling interests	165	221	238	(71)	703
Profit attributable to owners of parent	7,007	2,902	2,348	891	101