

Consolidated Financial Summary (for the nine months ended December 31, 2022)

January 31, 2023

Company Name: Tokai Tokyo Financial Holdings, Inc.
 Stock Listings: Tokyo Stock Exchange / Nagoya Stock Exchange
 Stock Code: 8616 URL: <http://www.tokaitokyo-fh.jp/>
 Representative: Ichiro Goda, President
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Expected date for submission of quarterly report: February 14, 2023
 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 Nine Months Ended December 31, 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	%
Nine months ended										
December 31,2022	56,383	(9.2)	53,575	(11.2)	3,542	(61.9)	4,241	(62.1)	1,336	(89.1)
December 31,2021	62,071	24.1	60,364	25.5	9,294	62.2	11,190	57.1	12,259	141.0

(Note) Comprehensive income Nine-month ended December 31, 2022: 2,338 million yen [(81.5%)]

Nine-month ended December 31, 2021: 12,652 million yen [111.5%]

	Net income per share	Diluted net income per share
	yen	yen
Nine months ended		
December 31,2022	5.38	5.37
December 31,2021	49.35	49.23

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
	million yen	million yen	%	yen
As of				
December 31,2022	1,344,855	181,841	12.6	679.57
March 31,2022	1,581,231	185,568	10.9	694.86

(Reference) Shareholders' equity December 31, 2022: 169,032 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	—	8.00	—		
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 December 31, 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 December 31, 2022:	11,848,400	As of March 31, 2022:	11,999,455
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3) Average number of shares outstanding (for the nine months)

Nine months ended December 31, 2022:	248,626,045	Nine months ended December 31, 2021:	248,394,798
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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 Tuesday, January 31, 2023.

Consolidated Financial Statements

(1) Consolidated Balance Sheets

(Unit: million yen)

	As of March 31, 2022	As of December 31, 2022
Assets		
Current assets		
Cash and deposits	100,360	145,388
Cash segregated as deposits	74,648	64,609
Cash segregated as deposits for customers	71,225	59,888
Cash segregated as deposits for others	3,423	4,721
Trading products	529,440	368,871
Trading securities and other	518,527	352,594
Derivatives	10,913	16,277
Margin transaction assets	135,347	52,313
Loans on margin transactions	43,335	40,350
Cash collateral pledged for securities borrowing on margin transactions	92,011	11,963
Loans secured by securities	551,583	523,704
Cash collateral pledged for securities borrowed	95,899	206,193
Loans on Gensaki transactions	455,683	317,511
Advances paid	6,006	285
Deposits paid for underwritten offering, etc.	154	—
Short-term guarantee deposits	60,365	50,769
Short-term loans receivable	36,740	48,091
Accrued income	6,496	3,186
Other	4,662	13,049
Allowance for doubtful accounts	(99)	(122)
Total current assets	1,505,707	1,270,148
Non-current assets		
Property, plant and equipment	10,478	9,945
Intangible assets	7,585	7,763
Investments and other assets	57,459	56,997
Investment securities	44,206	44,820
Long-term guarantee deposits	5,511	4,558
Deferred tax assets	66	24
Retirement benefit asset	6,618	6,597
Other	1,389	1,328
Allowance for doubtful accounts	(332)	(331)
Total non-current assets	75,523	74,706
Total assets	1,581,231	1,344,855

(Unit: million yen)

	As of March 31, 2022	As of December 31, 2022
Liabilities		
Current liabilities		
Trading products	444,613	420,558
Trading securities and other	431,959	385,643
Derivatives	12,653	34,915
Trade date accrual	78,170	809
Margin transaction liabilities	18,072	34,607
Borrowings on margin transactions	13,313	19,307
Cash received for securities lending on margin transactions	4,759	15,300
Borrowings secured by securities	326,725	242,170
Cash received on debt credit transaction of securities	54,073	52,179
Borrowings on Gensaki transactions	272,652	189,991
Deposits received	69,609	75,963
Guarantee deposits received	22,627	16,243
Short-term borrowings	234,364	179,112
Short-term bonds payable	14,500	16,500
Current portion of bonds payable	27,594	32,246
Income taxes payable	1,187	142
Provision for bonuses	2,387	973
Provision for bonuses for directors (and other officers)	70	—
Other	14,922	5,543
Total current liabilities	1,254,845	1,024,871
Non-current liabilities		
Bonds payable	28,585	24,752
Long-term borrowings	107,300	108,000
Deferred tax liabilities	1,468	2,447
Provision for retirement benefits for directors (and other officers)	114	124
Retirement benefit liability	256	172
Other	2,389	1,955
Total non-current liabilities	140,114	137,452
Reserves under special laws		
Reserve for financial instruments transaction liabilities	703	689
Total reserves under special laws	703	689
Total liabilities	1,395,663	1,163,013
Net assets		
Shareholders' equity		
Share capital	36,000	36,000
Capital surplus	24,569	24,555
Retained earnings	114,580	110,448
Treasury shares	(5,197)	(5,132)
Total shareholders' equity	169,952	165,871
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1,083	1,264
Foreign currency translation adjustment	87	608
Remeasurements of defined benefit plans	1,607	1,287
Total accumulated other comprehensive income	2,778	3,160
Share acquisition rights	497	540
Non-controlling interests	12,340	12,268
Total net assets	185,568	181,841
Total liabilities and net assets	1,581,231	1,344,855

(2) Consolidated Statements of Income and Comprehensive Income
Consolidated Statements of Income
(Nine months ended December 31)

(Unit: million yen)

	Nine months ended December 31, 2021	Nine months ended December 31, 2022
Operating revenue		
Commission received	28,823	24,140
Brokerage commission	10,817	8,679
Commission for underwriting, secondary distribution and solicitation for selling and others for professional investors	913	904
Fees for offering, secondary distribution and solicitation for selling and others for professional investors	8,033	4,844
Other fees received	9,058	9,712
Net trading income	28,001	24,377
Financial revenue	5,246	7,865
Total operating revenue	62,071	56,383
Financial expenses	1,707	2,807
Net operating revenue	60,364	53,575
Selling, general and administrative expenses		
Trading related expenses	9,663	9,501
Personnel expenses	24,258	23,228
Real estate expenses	5,815	5,778
Office expenses	6,353	6,294
Depreciation	2,148	2,396
Taxes and dues	1,403	1,286
Provision of allowance for doubtful accounts	—	22
Other	1,426	1,524
Total selling, general and administrative expenses	51,069	50,033
Operating profit	9,294	3,542
Non-operating income		
Dividend income	341	428
Share of profit of entities accounted for using equity method	1,298	—
Gain on valuation of investment securities	—	295
Gain on investments in investment partnerships	283	387
Other	131	266
Total non-operating income	2,055	1,377
Non-operating expenses		
Share of loss of entities accounted for using equity method	—	521
Loss on investments in investment partnerships	125	93
Foreign exchange losses	10	—
Other	23	63
Total non-operating expenses	159	678
Ordinary profit	11,190	4,241

(Unit: million yen)

	Nine months ended December 31, 2021	Nine months ended December 31, 2022
Extraordinary income		
Gain on sales of non-current assets	66	—
Gain on sales of investment securities	159	19
Gain on bargain purchase	8,268	—
Gain on extinguishment of tie-in shares	—	21
Reversal of reserve for financial instruments transaction liabilities	—	13
Total extraordinary income	8,495	54
Extraordinary losses		
Loss on sales of investment securities	87	—
Loss on valuation of investment securities	252	152
Loss on change in equity	36	—
Loss on step acquisitions	2,473	—
Extra retirement payments	345	—
Settlement payments	—	188
Provision of reserve for financial instruments transaction liabilities	1	—
Total extraordinary losses	3,197	340
Profit before income taxes	16,488	3,955
Income taxes-current	2,851	838
Income taxes-deferred	752	1,136
Total income taxes	3,604	1,975
Profit	12,884	1,979
Profit attributable to non-controlling interests	625	642
Profit attributable to owners of parent	12,259	1,336

Consolidated Statements of Comprehensive Income
(Nine months ended December 31)

(Unit: million yen)

	Nine months ended December 31, 2021	Nine months ended December 31, 2022
Profit	12,884	1,979
Other comprehensive income		
Valuation difference on available-for-sale securities	(293)	158
Foreign currency translation adjustment	402	517
Remeasurements of defined benefit plans, net of tax	(344)	(320)
Share of other comprehensive income of entities accounted for using equity method	3	3
Total other comprehensive income	(232)	358
Comprehensive income	12,652	2,338
(Comprehensive income attributable to)		
Owners of parent	12,029	1,719
Non-controlling interests	622	618

Supplementary Information

(1) Breakdown of Commission Received and Net Trading Income

① Commission received

(i) By item

(Unit: million yen)

	Nine months ended December 31, 2021	Nine months ended December 31, 2022	Yr/Yr	
			Increase (Decrease)	% change
Brokerage commission	10,817	8,679	(2,138)	(19.8) %
Stocks	10,347	8,096	(2,251)	(21.8)
Bonds	14	10	(4)	(30.5)
Beneficiary certificates	452	573	121	26.8
Commission for underwriting, secondary distribution and solicitation for selling and others for professional investors	913	904	(9)	(1.0)
Stocks	478	370	(107)	(22.5)
Bonds	435	533	98	22.6
Fees for offering, secondary distribution and solicitation for selling and others for professional investors	8,033	4,844	(3,189)	(39.7)
Beneficiary certificates	8,025	4,838	(3,187)	(39.7)
Other fees received	9,058	9,712	654	7.2
Beneficiary certificates	4,446	4,045	(400)	(9.0)
Total	28,823	24,140	(4,682)	(16.2)

(ii) By product

(Unit: million yen)

	Nine months ended December 31, 2021	Nine months ended December 31, 2022	Yr/Yr	
			Increase (Decrease)	% change
Stocks	10,989	8,635	(2,354)	(21.4) %
Bonds	465	559	94	20.3
Beneficiary certificates	12,923	9,457	(3,466)	(26.8)
Others	4,444	5,488	1,043	23.5
Total	28,823	24,140	(4,682)	(16.2)

② Net trading income

(Unit: million yen)

	Nine months ended December 31, 2021	Nine months ended December 31, 2022	Yr/Yr	
			Increase (Decrease)	% change
Stocks	15,004	8,525	(6,479)	(43.2) %
Bonds and Forex	12,997	15,851	2,854	22.0
Total	28,001	24,377	(3,624)	(12.9)

(2) Comparative Quarterly Consolidated Statements of Income

(Unit: million yen)

	Fiscal 2021		Fiscal 2022		
	3rd quarter	4th quarter	1st quarter	2nd quarter	3rd quarter
	Oct. 1, 2021 - Dec. 31, 2021	Jan. 1, 2022 - Mar. 31, 2022	Apr. 1, 2022 - Jun. 30, 2022	Jul. 1, 2022 - Sep. 30, 2022	Oct. 1, 2022 - Dec. 31, 2022
Operating revenues					
Commission received	9,675	8,752	7,786	7,892	8,461
Brokerage commission	3,782	3,111	2,689	2,857	3,132
(Stocks)	3,616	2,919	2,512	2,661	2,921
Commission for underwriting, secondary distribution and solicitation for selling and others for professional investors	166	420	522	159	223
Fee for offering, secondary distribution and solicitation for selling and others for professional investors	2,563	1,905	1,501	1,591	1,751
(Beneficiary certificates)	2,561	1,905	1,499	1,591	1,747
Other fees received	3,163	3,314	3,073	3,284	3,354
(Beneficiary certificates)	1,538	1,404	1,373	1,366	1,305
Net trading income	10,419	5,997	8,561	7,540	8,275
(Stocks)	6,068	1,180	2,998	1,387	4,138
(Bonds and Forex)	4,350	4,816	5,562	6,153	4,136
Financial revenue	1,433	4,154	2,113	4,742	1,009
Total operating revenue	21,528	18,904	18,460	20,175	17,746
Financial expenses	592	1,018	839	1,196	771
Net operating revenue	20,936	17,885	17,621	18,979	16,975
Selling, general and administrative expenses					
Trading related expenses	3,260	3,464	3,429	3,076	2,995
Personnel expenses	8,173	8,061	7,590	8,061	7,576
Real estate expenses	1,940	1,916	2,033	1,891	1,853
Office expenses	2,253	2,292	2,177	2,030	2,086
Depreciation	758	754	712	821	862
Taxes and dues	501	381	398	520	367
Provision of allowance for doubtful accounts	—	1	11	6	5
Other	408	426	559	498	467
Total selling, general and administrative expenses	17,296	17,298	16,912	16,906	16,214
Operating profit	3,640	586	708	2,072	761
Non-operating income	441	1,286	616	606	154
Share of profit of entities accounted for using equity method	340	(119)	—	—	—
Other	100	1,405	616	606	154
Non-operating expenses	3	84	124	238	315
Share of loss of entities accounted for using equity method	—	—	83	149	288
Other	3	84	41	88	26
Ordinary profit	4,077	1,789	1,200	2,441	600
Extraordinary income	—	89	54	(0)	(0)
Extraordinary losses	343	538	—	377	(37)
Profit before income taxes	3,733	1,340	1,255	2,062	637
Income taxes-current	922	1,031	49	111	677
Income taxes-deferred	223	(511)	400	795	(59)
Profit	2,587	819	804	1,155	19
Profit attributable to non-controlling interests	238	(71)	703	442	(502)
Profit attributable to owners of parent	2,348	891	101	713	521