

Consolidated Financial Summary (for the three months ended June 30, 2023)

July 31, 2023

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 10, 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 Three Months Ended June 30, 2023**(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 30,2023	21,205	14.9	20,615	17.0	3,494	393.0	4,004	233.6	1,998	—
June 30,2022	18,460	(7.6)	17,621	(9.4)	708	(71.4)	1,200	(60.8)	101	(98.6)

(Note) Comprehensive income Three-month period ended June 30, 2023: 3,239million yen [170.9%]
 Three-month period ended June 30, 2022: 1,195million yen [(83.3%)]

	Net income per share	Diluted net income per share
	yen	yen
Three months ended		
June 30,2023	8.03	8.01
June 30,2022	0.41	0.41

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
	million yen	million yen	%	yen
As of				
June 30,2023	1,180,623	182,462	14.4	682.38
March 31,2023	1,056,020	181,348	16.0	679.99

(Reference) Shareholders' equity June 30, 2023: 169,902 million yen March 31, 2023: 169,286 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, 2023	—	8.00	—	8.00	16.00
Ending March 31, 2024	—				
Ending March 31, 2024 (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 2023 (from April 1, 2023 to March 31, 2024)

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

* Notes

(1) Important Changes in Subsidiaries during the Term (Changes Pursuant to the Subsidiaries that Lead to a Change in the Scope of Consolidation): None

New : None

Exclusion : None

(2) 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: None

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

3) Changes 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, 2023:	260,582,115	As of March 31, 2023:	260,582,115
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2) Number of treasury shares at the end of the term

As of June 30, 2023:	11,597,180	As of March 31, 2023:	11,626,798
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3) Average number of shares outstanding (for the three months)

Three months ended June 30, 2023:	248,973,111	Three months ended June 30, 2022:	248,582,471
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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, 2024 have not been determined because it is difficult to forecast operating results, as described similarly in "3.Forecast of Consolidated Operating Results for Fiscal 2023."

* 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 Monday, July 31, 2023.

Consolidated Financial Statements

(1) Consolidated Balance Sheets

(Unit: million yen)

	As of March 31, 2023	As of June 30, 2023
Assets		
Current assets		
Cash and deposits	131,606	139,911
Cash segregated as deposits	74,058	86,857
Cash segregated as deposits for customers	69,336	82,536
Cash segregated as deposits for others	4,722	4,321
Trading products	272,917	380,698
Trading securities and other	260,859	373,549
Derivatives	12,058	7,148
Trade date accrual	—	2,355
Margin transaction assets	79,497	50,882
Loans on margin transactions	40,789	38,409
Cash collateral pledged for securities borrowing on margin transactions	38,708	12,472
Loans secured by securities	304,108	323,311
Cash collateral pledged for securities borrowed	81,054	59,202
Loans on Gensaki transactions	223,054	264,109
Advances paid	213	676
Short-term guarantee deposits	47,306	43,917
Short-term loans receivable	52,162	58,438
Accrued income	3,443	3,493
Other	14,647	13,558
Allowance for doubtful accounts	(81)	(86)
Total current assets	979,880	1,104,016
Non-current assets		
Property, plant and equipment	9,683	9,424
Intangible assets	7,883	7,819
Investments and other assets	58,572	59,363
Investment securities	45,923	46,754
Long-term guarantee deposits	4,768	4,728
Deferred tax assets	51	26
Retirement benefit asset	6,886	6,918
Other	1,274	1,261
Allowance for doubtful accounts	(332)	(325)
Total non-current assets	76,139	76,607
Total assets	1,056,020	1,180,623

(Unit: million yen)

	As of March 31, 2023	As of June 30, 2023
Liabilities		
Current liabilities		
Trading products	235,926	275,286
Trading securities and other	212,558	252,918
Derivatives	23,368	22,367
Trade date accrual	8,405	—
Margin transaction liabilities	29,856	29,982
Borrowings on margin transactions	13,323	16,037
Cash received for securities lending on margin transactions	16,532	13,945
Borrowings secured by securities	146,125	247,130
Cash received on debt credit transaction of securities	48,999	59,549
Borrowings on Gensaki transactions	97,125	187,581
Deposits received	63,050	89,366
Guarantee deposits received	14,394	14,872
Short-term borrowings	208,602	173,302
Short-term bonds payable	11,500	19,500
Current portion of bonds payable	26,778	24,817
Income taxes payable	1,273	1,345
Provision for bonuses	1,797	1,072
Provision for bonuses for directors (and other officers)	—	11
Other	6,797	5,888
Total current liabilities	754,508	882,578
Non-current liabilities		
Bonds payable	21,979	15,996
Long-term borrowings	93,500	94,500
Deferred tax liabilities	1,804	2,423
Provision for retirement benefits for directors (and other officers)	127	84
Retirement benefit liability	169	161
Other	1,893	1,794
Total non-current liabilities	119,474	114,960
Reserves under special laws		
Reserve for financial instruments transaction liabilities	689	622
Total reserves under special laws	689	622
Total liabilities	874,672	998,161
Net assets		
Shareholders' equity		
Share capital	36,000	36,000
Capital surplus	24,533	24,530
Retained earnings	111,064	111,071
Treasury shares	(5,036)	(5,023)
Total shareholders' equity	166,562	166,579
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	934	1,567
Foreign currency translation adjustment	413	458
Remeasurements of defined benefit plans	1,376	1,296
Total accumulated other comprehensive income	2,724	3,322
Share acquisition rights	547	565
Non-controlling interests	11,513	11,994
Total net assets	181,348	182,462
Total liabilities and net assets	1,056,020	1,180,623

(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, 2022	Three months ended June 30, 2023
Operating revenue		
Commission received	7,786	9,815
Brokerage commission	2,689	4,283
Commission for underwriting, secondary distribution and solicitation for selling and others for professional investors	522	231
Fees for offering, secondary distribution and solicitation for selling and others for professional investors	1,501	2,009
Other fees received	3,073	3,291
Net trading income	8,561	10,398
Financial revenue	2,113	990
Total operating revenue	18,460	21,205
Financial expenses	839	589
Net operating revenue	17,621	20,615
Selling, general and administrative expenses		
Trading related expenses	3,429	3,043
Personnel expenses	7,590	8,032
Real estate expenses	2,033	1,898
Office expenses	2,177	2,284
Depreciation	712	839
Taxes and dues	398	397
Provision of allowance for doubtful accounts	11	4
Other	559	621
Total selling, general and administrative expenses	16,912	17,121
Operating profit	708	3,494
Non-operating income		
Dividend income	246	207
Share of profit of entities accounted for using equity method	—	66
Gain on investments in investment partnerships	148	0
Gain on valuation of investment securities	147	419
Other	73	46
Total non-operating income	616	740
Non-operating expenses		
Share of loss of entities accounted for using equity method	83	—
Loss on investments in investment partnerships	8	183
Foreign exchange losses	3	33
Other	29	14
Total non-operating expenses	124	230
Ordinary profit	1,200	4,004

(Unit: million yen)

	Three months ended June 30, 2022	Three months ended June 30, 2023
Extraordinary income		
Gain on sale of investment securities	19	20
Gain on change in equity	—	157
Gain on extinguishment of tie-in shares	21	—
Reversal of reserve for financial instruments transaction liabilities	14	66
Total extraordinary income	54	244
Extraordinary losses		
Loss on valuation of investment securities	—	359
Loss on change in equity	—	9
Total extraordinary losses	—	369
Profit before income taxes	1,255	3,879
Income taxes-current	49	833
Income taxes-deferred	400	423
Total income taxes	450	1,256
Profit	804	2,623
Profit attributable to non-controlling interests	703	624
Profit attributable to owners of parent	101	1,998

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

(Unit: million yen)

	Three months ended June 30, 2022	Three months ended June 30, 2023
Profit	804	2,623
Other comprehensive income		
Valuation difference on available-for-sale securities	(31)	651
Foreign currency translation adjustment	526	42
Remeasurements of defined benefit plans, net of tax	(106)	(80)
Share of other comprehensive income of entities accounted for using equity method	2	2
Total other comprehensive income	<u>391</u>	<u>616</u>
Comprehensive income	<u>1,195</u>	<u>3,239</u>
(Comprehensive income attributable to)		
Owners of parent	485	2,596
Non-controlling interests	710	642

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, 2022	Three months ended June 30, 2023	Yr/Yr	
			Increase (Decrease)	% change
Brokerage commission	2,689	4,283	1,593	59.3 %
Stocks	2,512	4,147	1,635	65.1
Bonds	2	2	0	18.2
Beneficiary certificates	174	132	(41)	(23.8)
Commission for underwriting, secondary distribution and solicitation for selling and others for professional investors	522	231	(290)	(55.7)
Stocks	354	0	(353)	(99.9)
Bonds	167	230	63	37.6
Fees for offering, secondary distribution and solicitation for selling and others for professional investors	1,501	2,009	508	33.9
Beneficiary certificates	1,499	2,007	508	33.9
Other fees received	3,073	3,291	218	7.1
Beneficiary certificates	1,373	1,380	6	0.5
Total	7,786	9,815	2,029	26.1

(ii) By product

(Unit: million yen)

	Three months ended June 30, 2022	Three months ended June 30, 2023	Yr/Yr	
			Increase (Decrease)	% change
Stocks	2,923	4,294	1,370	46.9 %
Bonds	175	238	63	36.3
Beneficiary certificates	3,047	3,521	473	15.5
Others	1,640	1,761	121	7.4
Total	7,786	9,815	2,029	26.1

② Net trading income

(Unit: million yen)

	Three months ended June 30, 2022	Three months ended June 30, 2023	Yr/Yr	
			Increase (Decrease)	% change
Stocks	2,998	7,790	4,792	159.8 %
Bonds and Forex	5,562	2,607	(2,954)	(53.1)
Total	8,561	10,398	1,837	21.5

(2) Comparative Quarterly Consolidated Statements of Income

(Unit: million yen)

	Fiscal 2022				Fiscal 2023
	1st quarter Apr. 1, 2022 - Jun. 30, 2022	2nd quarter Jul. 1, 2022 - Sep. 30, 2022	3rd quarter Oct. 1, 2022 - Dec. 31, 2022	4th quarter Jan. 1, 2023 - Mar. 31, 2023	1st quarter Apr. 1, 2023 - Jun. 30, 2023
Operating revenues					
Commission received	7,786	7,892	8,461	8,789	9,815
Brokerage commission	2,689	2,857	3,132	3,079	4,283
(Stocks)	2,512	2,661	2,921	2,922	4,147
Commission for underwriting, secondary distribution and solicitation for selling and others for professional investors	522	159	223	208	231
Fees for offering, secondary distribution and solicitation for selling and others for professional investors	1,501	1,591	1,751	2,055	2,009
(Beneficiary certificates)	1,499	1,591	1,747	2,034	2,007
Other fees received	3,073	3,284	3,354	3,445	3,291
(Beneficiary certificates)	1,373	1,366	1,305	1,285	1,380
Net trading income	8,561	7,540	8,275	6,910	10,398
(Stocks)	2,998	1,387	4,138	5,105	7,790
(Bonds and Forex)	5,562	6,153	4,136	1,804	2,607
Financial revenue	2,113	4,742	1,009	1,300	990
Total operating revenue	18,460	20,175	17,746	16,999	21,205
Financial expenses	839	1,196	771	977	589
Net operating revenue	17,621	18,979	16,975	16,022	20,615
Selling, general and administrative expenses					
Trading related expenses	3,429	3,076	2,995	2,926	3,043
Personnel expenses	7,590	8,061	7,576	7,607	8,032
Real estate expenses	2,033	1,891	1,853	1,806	1,898
Office expenses	2,177	2,030	2,086	2,341	2,284
Depreciation	712	821	862	884	839
Taxes and dues	398	520	367	390	397
Provision of allowance for doubtful accounts	11	6	5	11	4
Other	559	498	467	437	621
Total selling, general and administrative expenses	16,912	16,906	16,214	16,405	17,121
Operating profit	708	2,072	761	(382)	3,494
Non-operating income	616	606	154	2,842	740
Share of profit of entities accounted for using equity method	—	—	—	—	66
Other	616	606	154	2,842	673
Non-operating expenses	124	238	315	354	230
Share of loss of entities accounted for using equity method	83	149	288	228	—
Other	41	88	26	126	230
Ordinary profit	1,200	2,441	600	2,104	4,004
Extraordinary income	54	(0)	(0)	123	244
Extraordinary losses	—	377	(37)	83	369
Profit before income taxes	1,255	2,062	637	2,144	3,879
Income taxes-current	49	111	677	1,985	833
Income taxes-deferred	400	795	(59)	(570)	423
Profit	804	1,155	19	729	2,623
Profit attributable to non-controlling interests	703	442	(502)	113	624
Profit attributable to owners of parent	101	713	521	616	1,998