

Consolidated Financial Summary (for the six months ended September 30, 2023)

October 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: November 14, 2023
 Scheduled day of commencing dividend payment: November 24, 2023
 Supplementary explanation documents for quarterly earnings: Yes
 Quarterly results briefing planned: Yes (for financial analysts and institutional investors)

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

1. Consolidated Financial Results for the Six Months Ended September 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	%
Six months ended										
September 30, 2023	43,474	12.5	42,203	15.3	7,242	160.4	8,256	126.7	4,625	467.5
September 30, 2022	38,636	(4.7)	36,600	(7.2)	2,781	(50.8)	3,641	(48.8)	814	(91.8)

(Note) Comprehensive income Six-month period ended September 30, 2023: 7,102 million yen [229.9%]
 Six-month period ended September 30, 2022: 2,152 million yen [(78.9%)]

	Net income per share	Diluted net income per share
	yen	yen
Six months ended		
September 30, 2023	18.57	18.53
September 30, 2022	3.28	3.27

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
	million yen	million yen	%	yen
As of				
September 30, 2023	1,314,477	186,417	13.2	695.66
March 31, 2023	1,056,020	181,348	16.0	679.99

(Reference) Shareholders' equity September 30, 2023: 173,456 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	—	12.00			
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, 2024 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 September 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 September 30, 2023:	11,242,375	As of March 31, 2023:	11,626,798
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3) Average number of shares outstanding (for the three months)

Six months ended September 30, 2023:	249,080,059	Six months ended September 30, 2022:	248,591,910
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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 Tuesday, October 31, 2023.

Consolidated Financial Statements

(1) Consolidated Balance Sheets

(Unit: million yen)

	As of March 31, 2023	As of September 30, 2023
Assets		
Current assets		
Cash and deposits	131,606	110,642
Cash segregated as deposits	74,058	85,560
Cash segregated as deposits for customers	69,336	82,136
Cash segregated as deposits for others	4,722	3,424
Trading products	272,917	413,022
Trading securities and other	260,859	404,117
Derivatives	12,058	8,904
Trade date accrual	—	6,769
Margin transaction assets	79,497	83,981
Loans on margin transactions	40,789	47,031
Cash collateral pledged for securities borrowing on margin transactions	38,708	36,949
Loans secured by securities	304,108	413,595
Cash collateral pledged for securities borrowed	81,054	67,793
Loans on Gensaki transactions	223,054	345,801
Advances paid	213	570
Short-term guarantee deposits	47,306	47,810
Short-term loans receivable	52,162	65,816
Accrued income	3,443	4,303
Other	14,647	3,960
Allowance for doubtful accounts	(81)	(97)
Total current assets	979,880	1,235,936
Non-current assets		
Property, plant and equipment	9,683	9,433
Intangible assets	7,883	7,776
Investments and other assets	58,572	61,331
Investment securities	45,923	48,577
Long-term guarantee deposits	4,768	4,775
Deferred tax assets	51	76
Retirement benefit asset	6,886	6,948
Other	1,274	1,279
Allowance for doubtful accounts	(332)	(326)
Total non-current assets	76,139	78,541
Total assets	1,056,020	1,314,477

(Unit: million yen)

	As of March 31, 2023	As of September 30, 2023
Liabilities		
Current liabilities		
Trading products	235,926	363,609
Trading securities and other	212,558	337,512
Derivatives	23,368	26,097
Trade date accrual	8,405	—
Margin transaction liabilities	29,856	21,291
Borrowings on margin transactions	13,323	10,780
Cash received for securities lending on margin transactions	16,532	10,511
Borrowings secured by securities	146,125	267,956
Cash received on debt credit transaction of securities	48,999	70,955
Borrowings on Gensaki transactions	97,125	197,001
Deposits received	63,050	97,087
Guarantee deposits received	14,394	17,941
Short-term borrowings	208,602	204,398
Short-term bonds payable	11,500	13,600
Current portion of bonds payable	26,778	14,724
Income taxes payable	1,273	3,201
Provision for bonuses	1,797	2,357
Provision for bonuses for directors (and other officers)	—	26
Other	6,797	5,975
Total current liabilities	754,508	1,012,170
Non-current liabilities		
Bonds payable	21,979	14,200
Long-term borrowings	93,500	97,000
Deferred tax liabilities	1,804	2,066
Provision for retirement benefits for directors (and other officers)	127	96
Retirement benefit liability	169	136
Other	1,893	1,767
Total non-current liabilities	119,474	115,267
Reserves under special laws		
Reserve for financial instruments transaction liabilities	689	622
Total reserves under special laws	689	622
Total liabilities	874,672	1,128,060
Net assets		
Shareholders' equity		
Share capital	36,000	36,000
Capital surplus	24,533	24,498
Retained earnings	111,064	113,698
Treasury shares	(5,036)	(4,869)
Total shareholders' equity	166,562	169,326
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	934	2,094
Foreign currency translation adjustment	413	819
Remeasurements of defined benefit plans	1,376	1,216
Total accumulated other comprehensive income	2,724	4,130
Share acquisition rights	547	566
Non-controlling interests	11,513	12,394
Total net assets	181,348	186,417
Total liabilities and net assets	1,056,020	1,314,477

(2) Consolidated Statements of Income and Comprehensive Income
Consolidated Statements of Income
(Six months ended September 30)

(Unit: million yen)

	Six months ended September 30, 2022	Six months ended September 30, 2023
Operating revenue		
Commission received	15,678	20,383
Brokerage commission	5,546	8,322
Commission for underwriting, secondary distribution and solicitation for selling and others for professional investors	681	500
Fees for offering, secondary distribution and solicitation for selling and others for professional investors	3,092	4,351
Other fees received	6,357	7,208
Net trading income	16,101	20,176
Financial revenue	6,855	2,914
Total operating revenue	38,636	43,474
Financial expenses	2,035	1,270
Net operating revenue	36,600	42,203
Selling, general and administrative expenses		
Trading related expenses	6,506	6,187
Personnel expenses	15,651	16,772
Real estate expenses	3,924	3,830
Office expenses	4,207	4,453
Depreciation	1,534	1,703
Taxes and dues	919	823
Provision of allowance for doubtful accounts	17	17
Other	1,057	1,172
Total selling, general and administrative expenses	33,819	34,961
Operating profit	2,781	7,242
Non-operating income		
Dividend income	343	262
Share of profit of entities accounted for using equity method	—	176
Gain on investments in investment partnerships	391	72
Gain on valuation of investment securities	332	580
Other	155	133
Total non-operating income	1,223	1,225
Non-operating expenses		
Share of loss of entities accounted for using equity method	232	—
Loss on investments in investment partnerships	84	195
Other	45	15
Total non-operating expenses	362	210
Ordinary profit	3,641	8,256

(Unit: million yen)

	Six months ended September 30, 2022	Six months ended September 30, 2023
Extraordinary income		
Gain on sale of non-current assets	—	2
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	13	66
Total extraordinary income	54	247
Extraordinary losses		
Loss on retirement of noncurrent assets	—	25
Loss on valuation of investment securities	189	360
Loss on change in equity	—	9
Settlement payments	188	—
Total extraordinary losses	377	396
Profit before income taxes	3,317	8,107
Income taxes-current	161	2,561
Income taxes-deferred	1,195	(141)
Total income taxes	1,357	2,419
Profit	1,960	5,687
Profit attributable to non-controlling interests	1,145	1,062
Profit attributable to owners of parent	814	4,625

Consolidated Statements of Comprehensive Income
(Six months ended September 30)

(Unit: million yen)

	Six months ended September 30, 2022	Six months ended September 30, 2023
Profit	1,960	5,687
Other comprehensive income		
Valuation difference on available-for-sale securities	(33)	1,168
Foreign currency translation adjustment	435	402
Remeasurements of defined benefit plans, net of tax	(213)	(160)
Share of other comprehensive income of entities accounted for using equity method	4	3
Total other comprehensive income	192	1,414
Comprehensive income	2,152	7,102
(Comprehensive income attributable to)		
Owners of parent	1,005	6,030
Non-controlling interests	1,147	1,071

Supplementary Information

(1) Breakdown of Commission Received and Net Trading Income

① Commission received

(i) By item

(Unit: million yen)

	Six months ended September 30, 2022	Six months ended September 30, 2023	Yr/Yr	
			Increase (Decrease)	% change
Brokerage commission	5,546	8,322	2,776	50.1 %
Stocks	5,174	8,058	2,884	55.7
Bonds	6	6	(0)	(4.0)
Beneficiary certificates	365	241	(124)	(34.0)
Commission for underwriting, secondary distribution and solicitation for selling and others for professional investors	681	500	(180)	(26.5)
Stocks	366	106	(259)	(70.8)
Bonds	314	394	79	25.1
Fees for offering, secondary distribution and solicitation for selling and others for professional investors	3,092	4,351	1,258	40.7
Beneficiary certificates	3,090	4,298	1,207	39.1
Other fees received	6,357	7,208	850	13.4
Beneficiary certificates	2,740	2,852	112	4.1
Total	15,678	20,383	4,704	30.0

(ii) By product

(Unit: million yen)

	Six months ended September 30, 2022	Six months ended September 30, 2023	Yr/Yr	
			Increase (Decrease)	% change
Stocks	5,656	8,438	2,782	49.2 %
Bonds	332	409	77	23.2
Beneficiary certificates	6,197	7,392	1,195	19.3
Others	3,492	4,142	650	18.6
Total	15,678	20,383	4,704	30.0

② Net trading income

(Unit: million yen)

	Six months ended September 30, 2022	Six months ended September 30, 2023	Yr/Yr	
			Increase (Decrease)	% change
Stocks	4,386	12,532	8,145	185.7 %
Bonds and Forex	11,715	7,643	(4,071)	(34.8)
Total	16,101	20,176	4,074	25.3

(2) Comparative Quarterly Consolidated Statements of Income

(Unit: million yen)

	Fiscal 2022			Fiscal 2023	
	2nd quarter	3rd quarter	4th quarter	1st quarter	2nd quarter
	Jul. 1, 2022 - Sep. 30, 2022	Oct. 1, 2022 - Dec. 31, 2022	Jan. 1, 2023 - Mar. 31, 2023	Apr. 1, 2023 - Jun. 30, 2023	Jul. 1, 2023 - Sep. 30, 2023
Operating revenues					
Commission received	7,892	8,461	8,789	9,815	10,567
Brokerage commission	2,857	3,132	3,079	4,283	4,039
(Stocks)	2,661	2,921	2,922	4,147	3,911
Commission for underwriting, secondary distribution and solicitation for selling and others for professional investors	159	223	208	231	269
Fees for offering, secondary distribution and solicitation for selling and others for professional investors	1,591	1,751	2,055	2,009	2,341
(Beneficiary certificates)	1,591	1,747	2,034	2,007	2,290
Other fees received	3,284	3,354	3,445	3,291	3,916
(Beneficiary certificates)	1,366	1,305	1,285	1,380	1,471
Net trading income	7,540	8,275	6,910	10,398	9,777
(Stocks)	1,387	4,138	5,105	7,790	4,741
(Bonds and Forex)	6,153	4,136	1,804	2,607	5,036
Financial revenue	4,742	1,009	1,300	990	1,923
Total operating revenue	20,175	17,746	16,999	21,205	22,269
Financial expenses	1,196	771	977	589	681
Net operating revenue	18,979	16,975	16,022	20,615	21,588
Selling, general and administrative expenses					
Trading related expenses	3,076	2,995	2,926	3,043	3,144
Personnel expenses	8,061	7,576	7,607	8,032	8,739
Real estate expenses	1,891	1,853	1,806	1,898	1,932
Office expenses	2,030	2,086	2,341	2,284	2,169
Depreciation	821	862	884	839	863
Taxes and dues	520	367	390	397	426
Provision of allowance for doubtful accounts	6	5	11	4	12
Other	498	467	437	621	550
Total selling, general and administrative expenses	16,906	16,214	16,405	17,121	17,840
Operating profit	2,072	761	(382)	3,494	3,747
Non-operating income	606	154	2,842	740	484
Share of profit of entities accounted for using equity method	—	—	—	66	109
Other	606	154	2,842	673	375
Non-operating expenses	238	315	354	230	(20)
Share of loss of entities accounted for using equity method	149	288	228	—	—
Other	88	26	126	230	(20)
Ordinary profit	2,441	600	2,104	4,004	4,252
Extraordinary income	(0)	(0)	123	244	2
Extraordinary losses	377	(37)	83	369	27
Profit before income taxes	2,062	637	2,144	3,879	4,228
Income taxes-current	111	677	1,985	833	1,728
Income taxes-deferred	795	(59)	(570)	423	(565)
Profit	1,155	19	729	2,623	3,064
Profit attributable to non-controlling interests	442	(502)	113	624	438
Profit attributable to owners of parent	713	521	616	1,998	2,626