

**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  
 Contact: Junichi Takahashi  
 General Manager - Finance Planning Department  
 Telephone: +81-(0)3-3517-8391

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
---------------------------	-------------	-----------------------	-------------

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
---------------------------	------------	-----------------------	------------

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
--------------------------------------	-------------	--------------------------------------	-------------

\* 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.

Accompanying Materials – Contents

1. Qualitative Information for the Six Months Ended September 30, 2023 .....	2
(1) Review of Operating Results .....	2
(2) Review of the Financial Statements .....	7
(3) Forecast of Consolidated Financial Performance .....	7
2. Consolidated Financial Statements .....	8
(1) Consolidated Balance Sheets .....	8
(2) Consolidated Statements of Income and Comprehensive Income .....	10
(3) Notes to Quarterly Consolidated Financial Statements.....	13
(Notes on Going Concern Assumption) .....	13
(Notes for Material Changes in Shareholders' Equity).....	13
3. Supplementary Information.....	14
(1) Breakdown of Commission Received and Net Trading Income .....	14
(2) Comparative Quarterly Consolidated Statements of Income .....	15

## 1. Qualitative Information for the Six Months Ended September 30, 2023

### (1) Review of Operating Results

**Japanese Economy:** During the period under review (April 1, 2023, to September 30, 2023), the Japanese economy continued to expand, driven by personal consumption, capital expenditures, and inbound demand. On the other hand, although the outlook for external demand remains highly uncertain, goods exports are showing a gradual recovery, partly due to an increase in automobile exports reflecting the easing of supply constraints.

**Looking Abroad:** As for overseas economies, the U.S. economy remained resilient despite strong monetary tightening, while the European economies such as Germany and the U.K. remained sluggish. In Asia, where inflationary pressure was limited, relatively high economic growth has been maintained. In China, which is suffering from a real estate recession, the pace of economic recovery after the lifting of the “Zero Covid Policy” has been slow, and economic support measures are being implemented from both monetary and fiscal perspectives.

**Japanese Stock Market:** The Nikkei Stock Average, which started in the ¥28,200 mark in April, mostly rose through to mid-June, temporarily reaching the ¥33,700 mark, against the backdrop of foreign capital inflows. After that, however, selling pressure continued due to the rise in Japan-U.S. long-term interest rates against the backdrop of speculation that high interest rates will be prolonged in the United States, and the September trading ended at ¥31,857. The average daily transaction volume in the Tokyo Stock Exchange Prime Market from April to September 2023 was ¥3,921.5 billion (compared with ¥3,208.7 billion in average daily transaction volume in the same period of the previous year).

**US Stock Market:** The Dow Jones Industrial Average, which opened at the \$33,200 mark in April, remained weak toward the end of May against the backdrop of uncertainties surrounding the bankruptcy of U.S. regional banks and the debt ceiling negotiations. Due to the conclusion of the debt ceiling negotiations and expectations that the U.S. Federal Reserve would stop raising interest rates, it subsequently rose to the \$35,600 mark at the beginning of August. Since then, however, it has stalled due to the “triple highs” of the dollar, interest rates, and oil prices, and September trading ended at \$33,507.

**Japanese Bond Market:** Long-term interest rates in Japan (10-year government bond yield) started at the 0.34% mark in April, the lowest level during the period. After the Bank of Japan decided to maintain its monetary easing at its first meeting under the new Governor Ueda in April, the rate fluctuated generally within a range of 0.35% to 0.45% through early July. However, in response to the adjustment of the Yield Curve Control (YCC) policy at the July meeting and the rise in U.S. long-term interest rates, Japan’s long-term interest rates rose to a record high for the period and ended September at 0.765%.

**US Bond Market:** Long-term interest rates in the United States started at the 3.51% mark in April and fell to a low of 3.24% mark on April 6. After that, it continued to hover around 3.5% until the middle of May. However, at the FOMC meeting in July the policy rate was raised to between 5.25% and 5.50%, and at the FOMC meeting held in September, expectations of a prolonged period of high interest rates spread, leading to a further strengthening of the upward trend. On September 28, it rose sharply to the 4.68% mark and ended September at 4.571%.

**Foreign Exchange Market:** The dollar-to-yen exchange rate opened in April at around 1 USD to 132 JPY, and on April 5, the exchange rate fell to the 130 JPY mark, the lowest level for the period. However, it rose rapidly to the 145 JPY mark on June 30 due to the Bank of Japan’s continued monetary easing. After that, it fell to the 137 JPY mark for a while due to concerns about the Bank of Japan’s policy adjustment and expectations of a slowdown in inflation in the United States. However, after the Bank of Japan decided to adjust its YCC policy at its July meeting, a sense of security spread over selling of the Japanese yen, and the U.S. dollar was purchased in response to rising interest rates in the United States. As a result, September trading ended at the 149 JPY mark, the highest level for the period.

Amid this market environment, the Group launched its medium-term management plan “Beyond Our Limits” in fiscal 2022, intending to achieve further growth. This fiscal year is the second year of the plan.

<<Promotion of digital strategy>>

As for the Group's topics during the first six months of the fiscal year under review, the Group was selected in May 2023 as one of the “DX Stocks 2023” for the third consecutive year. The DX Stocks is an initiative jointly operated by the Ministry of Economy, the Tokyo Stock Exchange, and the Information-Technology Promotion Agency. As the Group seeks to expand its operating base through DX, the Company, together with its subsidiary, Tokai Tokyo Digital Platform Co., Ltd., entered into a basic agreement for collaboration with Japan Post Bank Co., Ltd. (hereinafter “Japan Post Bank”), to drive forward an alliance project with Powerful Partners, which is one of the key measures to reach the new world to support regional economies and realize regional revitalization. Tokai Tokyo Digital Platform Co., Ltd. is expected to provide digital services such as the “Regional Revitalization Platform”. As the first step of this collaboration, we will jointly propose the introduction of “Premium Digital Gift Certificates” to local governments. In the future, we plan to deploy measures that contribute to regional revitalization to local governments nationwide by utilizing the functions and resources of both parties, including the above-mentioned “Regional Revitalization Platform” and Japan Post Bank’s nationwide network.

In August, CHEER Securities Inc., the Group’s smartphone-based brokerage service, launched a discretionary investment management service called “Omakase Management” in collaboration with Money Design Co., Ltd., a developer of Robo-Advisory services. This service allows investors to entrust the management of their assets to the Company. By combining cutting-edge services that utilize the Group's financial digital technology, the Company will respond to diverse customer needs. At the same time, by further enhancing synergies within the Group, the Company will expand its points of contact with young and next-generation customers, and aim to increase the corporate value of the Group.






<<Initiatives of our subsidiary, Tokai Tokyo Securities Co., Ltd. (hereinafter “Tokai Tokyo Securities”)>>

In September 2023, Tokai Tokyo Securities received the highest rating of three stars in both “Customer Service” and “Web Support” in the HDI Rating Benchmark (2023) provided by HDI-Japan, the Japanese branch of the HDI. HDI is the world’s largest membership organization in the support services industry. Concerning the record of the subject 3 stars rating, their “Customer Service” has won the honor for the recent two years in a row and seven times in aggregate over the years while their “Web Support” also has won seven times up to now. Tokai Tokyo Securities won a high evaluation based on their record that “a variety of self-help services are available on the homepage, including explanations on how to open an account and various products, as well as information on campaigns, seminars, and FAQs” and “captures and organizes the customer's entire question and provides a friendly, clear, and understandable answer”.

In October, Tokai Tokyo Securities established and started the new operation of the “NISA Center” as a comprehensive organization that disseminates information on NISAs and provides consultation services. In the future, there are plans to launch SNS and chatbot functions. We will pursue further improvements in convenience, expand the range of applicable products, and strive to provide products and services that satisfy customers, and we will support customers’ asset formation based on the government policy of “Doubling Asset-based Income Plan”.

<<Sustainability Initiatives>>

We have strengthened our sustainability initiatives as a Group measure based on “Social Value & Justice comes first”, the action guideline of our medium-term management plan launched in fiscal 2022, “Beyond Our Limits”. In September, to clarify the relationship with the improvement of corporate value, responding to the trends of the times (“Well-being”, “DE&I”, etc.), and linking with the medium-term management plan, the Company reviewed the materiality set in 2020 and newly established the following materiality.

Priority Areas	Prioritized Issues	
Achieving good life management	<ul style="list-style-type: none"> <li>Support household assets formation</li> <li>Offer inspiring experiences</li> <li>Improve financial literacy by offering general public opportunities for financial education</li> </ul>	
Innovation	<ul style="list-style-type: none"> <li>Respond to diversifying customer needs by deploying advanced financial services such as digital and other innovative technologies</li> <li>Solve social issues by supporting companies, including start-ups, that engage in innovation</li> <li>Deliver products and services that facilitate the realization of a sustainable society</li> </ul>	
Partnerships	<ul style="list-style-type: none"> <li>Support the regional economy and revitalize regional communities by expanding cooperation with regional financial institutions</li> <li>Respond to diverse customer needs by forming wide-ranging partnerships with those from the non-financial industry</li> </ul>	
Well-being	<ul style="list-style-type: none"> <li>Elevate the level of engagement</li> <li>Implement health management</li> <li>Develop a workplace environment in which diverse human resources can work with peace of mind in diverse environments (DE&amp;I)</li> <li>Support employees' special skill sharpening</li> </ul>	
Green	<ul style="list-style-type: none"> <li>Support the realization of a green and sustainable society through financial services</li> <li>Reduce the environmental damage, including our own decarbonization initiatives</li> </ul>	

When we made this review to set the new materiality, we reflected not only the impact on our business per se, but also the results of considerations from a wide range of perspectives such as varieties of international guidelines, the SDGs, ESG evaluations, and the latest social trends.

The Group's major sustainability activities since April 2023 are as follows.

(ESG bond underwriting): Tokai Tokyo Securities has underwritten a total of eight bonds, including the following ESG-related bonds, for a total underwriting amount of ¥45.6 billion (compared with ¥24.4 billion in the same period of the previous fiscal year). Through our sales activities, we will contribute to the realization of a sustainable society and the resolution of social issues in cooperation with investors who have a strong desire to contribute to society.

Nagoya SDGs Bonds

In addition to specific projects and businesses, funds will be raised from the market after third party evaluation of the issuer's own implementation plan for achieving the SDGs.

Japan International Cooperation Agency Disaster Resilience Bonds (Sustainability Bonds)

To strengthen efforts to build countries that are resilient to natural disasters, funds are allocated to loan aid projects that support disaster prevention and reconstruction after natural disasters in developing countries.

(ESG Index): Continued selection as a constituent of the “FTSE Blossom Japan Sector Relative Index” and first-time selection as a constituent of the “FTSE Blossom Japan Index” (\*).

The Company was selected as a constituent of the “FTSE Blossom Japan Sector Relative Index” in 2022 and the “FTSE Blossom Japan Index,” which requires higher standards, in June this year, in continuous recognition of its advanced corporate governance system, expansion of various initiatives in line with the SDGs, and enhancement of information disclosure.

\*Both indices were established by FTSE Russell, a global index provider, targeting Japanese companies that have demonstrated outstanding ESG (Environmental, Social and Governance) performance. Both indices have been adopted as passive investment benchmarks for ESG investment by the Government Pension Investment Fund (GPIF), one of the world’s largest public pension funds, and are used as representative indices for ESG investment.

In addition, the Company has decided to raise the salary level (base salary increase) for regular employees and continuous contract employees for the second consecutive year. We will make it easier to work and more rewarding for our employees, based on our belief that we need to strengthen our human resource competitiveness and develop human resources with strong employee engagement.

<<Change in dividend policy>>

It is our basic company policy to grow corporate value further by making stable and uninterrupted dividend payments to our shareholders, and by proactively taking on various tasks as proclaimed in our medium-term management plan such as enhancing our competence as a financial service provider, driving forward focused actions to reach beyond our limits, and strengthening M&A advisory operation.

We will fulfill the following regarding dividend payments to shareholders from the fiscal year ending in March 2024 during the remaining period of our current management plan (namely until the end of the fiscal year ending in March 2027)

1. Maintain a consolidated dividend payout ratio of 50% or higher
2. Payment of annual dividend per share of 24 Yen or more

We will adopt either 1. or 2. whichever basis that results in a larger payment.

We will keep the frequency of dividend payments unchanged, which means twice a year, on September 30 and March 31.

The Group’s consolidated operating results for the period were as follows. All percentages shown below indicate year-on-year comparisons in this section (1).

(Commission received)

During the period under review, total commissions received increased 30.0%, to ¥20,383 million.

(i) Brokerage Commission

Equity Brokerage Commission rose 55.7%, to ¥8,058 million. Total Brokerage Commission increased by 50.1% to ¥8,322 million.

(ii) Commission for underwriting, secondary distribution and solicitation for selling and others for professional investors

Commission earned from handling bonds increased 25.1% to ¥394 million, while the same from handling stocks decreased 70.8% to ¥106 million. Total commission for underwriting, secondary distribution, and solicitation for selling and others for professional investors decreased by 26.5% to ¥500 million.

(iii) Fees for offering, secondary distribution and solicitation for selling and others for professional investors

Fees earned from beneficiary certificates increased 39.1% to ¥4,298 million. Total fees for offering, secondary distribution and solicitation for selling and others for professional investors increased 40.7% to ¥4,351 million.

(iv) Other fees received

Agency commissions from investment trusts increased 4.1% to ¥2,852 million, and insurance commissions increased 20.9% to ¥2,552 million. Total other fees increased 13.4% to ¥7,208 million.

(Net trading income)

Stock trading income increased 185.7% to ¥12,532 million, while trading income from bonds and foreign exchanges decreased 34.8% to ¥7,643 million. As a result, net trading income increased by 25.3% to ¥20,176 million.

(Net financial revenue)

Financial revenue decreased 57.5%, to ¥2,914 million, and financial expenses decreased 37.6%, to ¥1,270 million. Therefore, net financial revenue decreased 65.9%, to ¥1,643 million.

(Selling, general and administrative expenses)

Trading-related expenses decreased 4.9% to ¥6,187 million. Personnel expenses increased 7.2% to ¥16,772 million, real estate expenses decreased 2.4% to ¥3,830 million, and office expenses increased 5.8% to ¥4,453 million. Total selling, general and administrative expenses increased 3.4% to ¥34,961 million.

(Non-operating income and expenses)

Total non-operating income increased by 0.2% to ¥1,225 million. Primary attributes were 1) ¥580 million gain on the valuation of investment securities and 2) ¥262 million dividend income. On the other hand, total non-operating expenses decreased by 41.9% to ¥210 million, of which the major factor was the loss on investments in investment partnerships amounting to ¥195 million.

(Extraordinary income and losses)

Extraordinary income amounted to ¥247 million and extraordinary losses amounted to ¥396 million.

In summary, operating revenue increased 12.5% to ¥43,474 million, net operating revenue increased 15.3% to ¥42,203 million, operating profit increased 160.4% to ¥7,242 million, ordinary profit increased 126.7% to ¥8,256 million, and finally, profit attributable to owners of parent after deducting income taxes was ¥4,625 million.



## (2) Review of the Financial Statements

All comparisons shown below are made with respective corresponding figures at the end of the previous consolidated fiscal year in this section (2).

### (Assets)

Total assets at the end of the period under review increased by ¥258,457 million to ¥1,314,477 million. Under this category, current assets increased by ¥256,055 million to ¥1,235,936 million. This was mainly due to an increase in trading products of ¥140,104 million to ¥413,022 million and in loans secured by securities of ¥109,486 million to ¥413,595 million while cash and deposits decreased ¥20,964 million to ¥110,642 million. Non-current assets, on the other hand, increased ¥2,401 million to ¥78,541 million, mainly due to an increase in investment securities of ¥2,654 million to ¥48,577 million.

### (Liabilities)

Total liabilities at the end of the period under review increased by ¥253,387 million to ¥1,128,060 million. Under this category, current liabilities increased by ¥257,661 million to ¥1,012,170 million. This was mainly due to an increase in trading products of ¥127,682 million to ¥363,609 million and in borrowings secured by securities of ¥121,831 million to ¥267,956 million while the current portion of bonds payable decreased ¥12,053 million to ¥14,724 million. Non-current liabilities, on the other hand, decreased by ¥4,207 million to ¥115,267 million, This was mainly due to an increase in long-term borrowings of ¥3,500 million to ¥97,000 million, while bonds payable decreased ¥7,779 million to ¥14,200 million.

### (Net assets)

Net assets at the end of the period under review increased ¥5,069 million to ¥186,417 million. This was mainly due to an increase in retained earnings of ¥2,633 million to ¥113,698 million, an increase in valuation difference on available-for-sale securities of ¥1,160 million to ¥2,094 million, and an increase in non-controlling interests of ¥880 million to ¥12,394 million.

## (3) Forecast of Consolidated Financial Performance

The Group operates principally in the financial instruments business, and its operating results are likely to be affected by market fluctuations. Because of the nature of its business and the consequent difficulty in predicting its future performance, the Company does not disclose forecasts of operating results.

## Consolidated Financial Statements

### (1) Consolidated Balance Sheets

(Unit: million yen)

	As of March 31, 2023	As of September 30, 2023
<b>Assets</b>		
<b>Current assets</b>		
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)
<b>Total current assets</b>	979,880	1,235,936
<b>Non-current assets</b>		
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)
<b>Total non-current assets</b>	76,139	78,541
<b>Total assets</b>	1,056,020	1,314,477

(Unit: million yen)

	As of March 31, 2023	As of September 30, 2023
<b>Liabilities</b>		
<b>Current liabilities</b>		
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
<b>Total current liabilities</b>	<b>754,508</b>	<b>1,012,170</b>
<b>Non-current liabilities</b>		
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
<b>Total non-current liabilities</b>	<b>119,474</b>	<b>115,267</b>
<b>Reserves under special laws</b>		
Reserve for financial instruments transaction liabilities	689	622
<b>Total reserves under special laws</b>	<b>689</b>	<b>622</b>
<b>Total liabilities</b>	<b>874,672</b>	<b>1,128,060</b>
<b>Net assets</b>		
<b>Shareholders' equity</b>		
Share capital	36,000	36,000
Capital surplus	24,533	24,498
Retained earnings	111,064	113,698
Treasury shares	(5,036)	(4,869)
<b>Total shareholders' equity</b>	<b>166,562</b>	<b>169,326</b>
<b>Accumulated other comprehensive income</b>		
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
<b>Total accumulated other comprehensive income</b>	<b>2,724</b>	<b>4,130</b>
<b>Share acquisition rights</b>	547	566
<b>Non-controlling interests</b>	11,513	12,394
<b>Total net assets</b>	<b>181,348</b>	<b>186,417</b>
<b>Total liabilities and net assets</b>	<b>1,056,020</b>	<b>1,314,477</b>

(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
<b>Operating revenue</b>		
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
<b>Total operating revenue</b>	<b>38,636</b>	<b>43,474</b>
<b>Financial expenses</b>	<b>2,035</b>	<b>1,270</b>
<b>Net operating revenue</b>	<b>36,600</b>	<b>42,203</b>
<b>Selling, general and administrative expenses</b>		
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
<b>Total selling, general and administrative expenses</b>	<b>33,819</b>	<b>34,961</b>
<b>Operating profit</b>	<b>2,781</b>	<b>7,242</b>
<b>Non-operating income</b>		
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
<b>Total non-operating income</b>	<b>1,223</b>	<b>1,225</b>
<b>Non-operating expenses</b>		
Share of loss of entities accounted for using equity method	232	—
Loss on investments in investment partnerships	84	195
Other	45	15
<b>Total non-operating expenses</b>	<b>362</b>	<b>210</b>
<b>Ordinary profit</b>	<b>3,641</b>	<b>8,256</b>

(Unit: million yen)

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

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
<b>Profit</b>	1,960	5,687
<b>Other comprehensive income</b>		
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
<b>Total other comprehensive income</b>	192	1,414
<b>Comprehensive income</b>	2,152	7,102
<b>(Comprehensive income attributable to)</b>		
Owners of parent	1,005	6,030
Non-controlling interests	1,147	1,071

(3) Notes to Quarterly Consolidated Financial  
Statements

(Notes on Going Concern Assumption)

Not applicable

(Notes for Material Changes in Shareholders' Equity)

Not applicable

## 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