

Consolidated Financial Summary (for the nine months ended December 31, 2023)

January 31, 2024

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: February 14, 2024
 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, 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	%
Nine months ended										
December 31, 2023	64,590	14.6	62,742	17.1	10,501	196.5	11,467	170.4	7,123	432.8
December 31, 2022	56,383	(9.2)	53,575	(11.2)	3,542	(61.9)	4,241	(62.1)	1,336	(89.1)

(Note) Comprehensive income
 Nine-month ended December 31, 2023: 9,193 million yen [293.2%]
 Nine-month ended December 31, 2022: 2,338 million yen [(81.5%)]

	Net income per share	Diluted net income per share
	yen	yen
Nine months ended		
December 31, 2023	28.58	28.50
December 31, 2022	5.38	5.37

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
	million yen	million yen	%	yen
As of				
December 31, 2023	1,325,667	185,251	13.0	692.49
March 31, 2023	1,056,020	181,348	16.0	679.99

(Reference) Shareholders' equity December 31, 2023: 172,824 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 December 31, 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 December 31, 2023: 11,010,644 As of March 31, 2023: 11,626,798
 - 3) Average number of shares outstanding (for the nine months)
Nine months ended December 31, 2023: 249,222,359 Nine months ended December 31, 2022: 248,626,045

* 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 Wednesday, January 31, 2024.

Consolidated Financial Statements

(1) Consolidated Balance Sheets

(Unit: million yen)

	As of March 31, 2023	As of December 31, 2023
Assets		
Current assets		
Cash and deposits	131,606	110,787
Cash segregated as deposits	74,058	83,899
Cash segregated as deposits for customers	69,336	80,170
Cash segregated as deposits for others	4,722	3,729
Trading products	272,917	363,610
Trading securities and other	260,859	354,111
Derivatives	12,058	9,499
Trade date accrual	—	17,239
Margin transaction assets	79,497	80,527
Loans on margin transactions	40,789	52,379
Cash collateral pledged for securities borrowing on margin transactions	38,708	28,147
Loans secured by securities	304,108	420,172
Cash collateral pledged for securities borrowed	81,054	60,815
Loans on Gensaki transactions	223,054	359,356
Advances paid	213	873
Short-term guarantee deposits	47,306	49,046
Short-term loans receivable	52,162	71,326
Accrued income	3,443	4,011
Other	14,647	45,424
Allowance for doubtful accounts	(81)	(151)
Total current assets	979,880	1,246,766
Non-current assets		
Property, plant and equipment	9,683	10,150
Intangible assets	7,883	7,565
Investments and other assets	58,572	61,185
Investment securities	45,923	48,483
Long-term guarantee deposits	4,768	4,753
Deferred tax assets	51	37
Retirement benefit asset	6,886	6,981
Other	1,274	1,257
Allowance for doubtful accounts	(332)	(327)
Total non-current assets	76,139	78,900
Total assets	1,056,020	1,325,667

(Unit: million yen)

	As of March 31, 2023	As of December 31, 2023
Liabilities		
Current liabilities		
Trading products	235,926	357,396
Trading securities and other	212,558	331,986
Derivatives	23,368	25,409
Trade date accrual	8,405	—
Margin transaction liabilities	29,856	23,293
Borrowings on margin transactions	13,323	15,337
Cash received for securities lending on margin transactions	16,532	7,955
Borrowings secured by securities	146,125	253,394
Cash received on debt credit transaction of securities	48,999	59,463
Borrowings on Gensaki transactions	97,125	193,930
Deposits received	63,050	98,406
Guarantee deposits received	14,394	16,580
Short-term borrowings	208,602	234,213
Short-term bonds payable	11,500	15,100
Current portion of bonds payable	26,778	13,503
Income taxes payable	1,273	3,230
Provision for bonuses	1,797	1,338
Provision for bonuses for directors (and other officers)	—	40
Other	6,797	6,397
Total current liabilities	754,508	1,022,894
Non-current liabilities		
Bonds payable	21,979	14,506
Long-term borrowings	93,500	98,000
Deferred tax liabilities	1,804	2,414
Provision for retirement benefits for directors (and other officers)	127	95
Retirement benefit liability	169	137
Other	1,893	1,744
Total non-current liabilities	119,474	116,899
Reserves under special laws		
Reserve for financial instruments transaction liabilities	689	622
Total reserves under special laws	689	622
Total liabilities	874,672	1,140,416
Net assets		
Shareholders' equity		
Share capital	36,000	36,000
Capital surplus	24,533	24,487
Retained earnings	111,064	113,204
Treasury shares	(5,036)	(4,769)
Total shareholders' equity	166,562	168,923
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	934	1,875
Foreign currency translation adjustment	413	889
Remeasurements of defined benefit plans	1,376	1,136
Total accumulated other comprehensive income	2,724	3,901
Share acquisition rights	547	456
Non-controlling interests	11,513	11,969
Total net assets	181,348	185,251
Total liabilities and net assets	1,056,020	1,325,667

(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, 2022	Nine months ended December 31, 2023
Operating revenue		
Commission received	24,140	30,532
Brokerage commission	8,679	12,196
Commission for underwriting, secondary distribution and solicitation for selling and others for professional investors	904	898
Fees for offering, secondary distribution and solicitation for selling and others for professional investors	4,844	6,229
Other fees received	9,712	11,207
Net trading income	24,377	29,655
Financial revenue	7,865	4,403
Total operating revenue	56,383	64,590
Financial expenses	2,807	1,848
Net operating revenue	53,575	62,742
Selling, general and administrative expenses		
Trading related expenses	9,501	9,530
Personnel expenses	23,228	24,795
Real estate expenses	5,778	5,773
Office expenses	6,294	6,549
Depreciation	2,396	2,586
Taxes and dues	1,286	1,287
Provision of allowance for doubtful accounts	22	72
Other	1,524	1,645
Total selling, general and administrative expenses	50,033	52,240
Operating profit	3,542	10,501
Non-operating income		
Dividend income	428	362
Share of profit of entities accounted for using equity method	—	251
Gain on investments in investment partnerships	387	73
Gain on valuation of investment securities	295	304
Other	266	190
Total non-operating income	1,377	1,182
Non-operating expenses		
Share of loss of entities accounted for using equity method	521	—
Loss on investments in investment partnerships	93	197
Other	63	19
Total non-operating expenses	678	216
Ordinary profit	4,241	11,467

(Unit: million yen)

	Nine months ended December 31, 2022	Nine months ended December 31, 2023
Extraordinary income		
Gain on sale of non-current assets	—	2
Gain on sale of investment securities	19	182
Gain on change in equity	—	425
Gain on reversal of share acquisition rights	—	117
Gain on extinguishment of tie-in shares	21	—
Reversal of reserve for financial instruments transaction liabilities	13	66
Total extraordinary income	54	794
Extraordinary losses		
Loss on retirement of noncurrent assets	—	166
Loss on sale of investment securities	—	110
Loss on valuation of investment securities	152	268
Loss on change in equity	—	9
Settlement payments	188	—
Total extraordinary losses	340	555
Profit before income taxes	3,955	11,706
Income taxes-current	838	3,350
Income taxes-deferred	1,136	334
Total income taxes	1,975	3,684
Profit	1,979	8,021
Profit attributable to non-controlling interests	642	897
Profit attributable to owners of parent	1,336	7,123

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

(Unit: million yen)

	Nine months ended December 31, 2022	Nine months ended December 31, 2023
Profit	1,979	8,021
Other comprehensive income		
Valuation difference on available-for-sale securities	158	936
Foreign currency translation adjustment	517	473
Remeasurements of defined benefit plans, net of tax	(320)	(240)
Share of other comprehensive income of entities accounted for using equity method	3	2
Total other comprehensive income	<u>358</u>	<u>1,171</u>
Comprehensive income	<u>2,338</u>	<u>9,193</u>
(Comprehensive income attributable to)		
Owners of parent	1,719	8,295
Non-controlling interests	618	897

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, 2022	Nine months ended December 31, 2023	Yr/Yr	
			Increase (Decrease)	% change
Brokerage commission	8,679	12,196	3,517	40.5 %
Stocks	8,096	11,780	3,684	45.5
Bonds	10	11	1	16.9
Beneficiary certificates	573	387	(185)	(32.4)
Commission for underwriting, secondary distribution and solicitation for selling and others for professional investors	904	898	(6)	(0.7)
Stocks	370	411	41	11.1
Bonds	533	486	(47)	(8.9)
Fees for offering, secondary distribution and solicitation for selling and others for professional investors	4,844	6,229	1,385	28.6
Beneficiary certificates	4,838	6,173	1,335	27.6
Other fees received	9,712	11,207	1,494	15.4
Beneficiary certificates	4,045	4,347	301	7.5
Total	24,140	30,532	6,391	26.5

(ii) By product

(Unit: million yen)

	Nine months ended December 31, 2022	Nine months ended December 31, 2023	Yr/Yr	
			Increase (Decrease)	% change
Stocks	8,635	12,628	3,993	46.2 %
Bonds	559	513	(45)	(8.2)
Beneficiary certificates	9,457	10,908	1,451	15.3
Others	5,488	6,481	992	18.1
Total	24,140	30,532	6,391	26.5

② Net trading income

(Unit: million yen)

	Nine months ended December 31, 2022	Nine months ended December 31, 2023	Yr/Yr	
			Increase (Decrease)	% change
Stocks	8,525	17,726	9,200	107.9 %
Bonds and Forex	15,851	11,929	(3,922)	(24.7)
Total	24,377	29,655	5,278	21.7

(2) Comparative Quarterly Consolidated Statements of Income

(Unit: million yen)

	Fiscal 2022		Fiscal 2023		
	3rd quarter	4th quarter	1st quarter	2nd quarter	3rd quarter
	Oct. 1, 2022 - Dec. 31, 2022	Jan. 1, 2023 - Mar. 31, 2023	Apr. 1, 2023 - Jun. 30, 2023	Jul. 1, 2023 - Sep. 30, 2023	Oct. 1, 2023 - Dec. 31, 2023
Operating revenues					
Commission received	8,461	8,789	9,815	10,567	10,148
Brokerage commission	3,132	3,079	4,283	4,039	3,873
(Stocks)	2,921	2,922	4,147	3,911	3,722
Commission for underwriting, secondary distribution and solicitation for selling and others for professional investors	223	208	231	269	397
Fees for offering, secondary distribution and solicitation for selling and others for professional investors	1,751	2,055	2,009	2,341	1,877
(Beneficiary certificates)	1,747	2,034	2,007	2,290	1,875
Other fees received	3,354	3,445	3,291	3,916	3,999
(Beneficiary certificates)	1,305	1,285	1,380	1,471	1,495
Net trading income	8,275	6,910	10,398	9,777	9,478
(Stocks)	4,138	5,105	7,790	4,741	5,193
(Bonds and Forex)	4,136	1,804	2,607	5,036	4,285
Financial revenue	1,009	1,300	990	1,923	1,489
Total operating revenue	17,746	16,999	21,205	22,269	21,116
Financial expenses	771	977	589	681	578
Net operating revenue	16,975	16,022	20,615	21,588	20,538
Selling, general and administrative expenses					
Trading related expenses	2,995	2,926	3,043	3,144	3,342
Personnel expenses	7,576	7,607	8,032	8,739	8,022
Real estate expenses	1,853	1,806	1,898	1,932	1,942
Office expenses	2,086	2,341	2,284	2,169	2,095
Depreciation	862	884	839	863	882
Taxes and dues	367	390	397	426	464
Provision of allowance for doubtful accounts	5	11	4	12	55
Other	467	437	621	550	473
Total selling, general and administrative expenses	16,214	16,405	17,121	17,840	17,278
Operating profit	761	(382)	3,494	3,747	3,259
Non-operating income	154	2,842	740	484	(42)
Share of profit of entities accounted for using equity method	—	—	66	109	74
Other	154	2,842	673	375	(117)
Non-operating expenses	315	354	230	(20)	6
Share of loss of entities accounted for using equity method	288	228	—	—	—
Other	26	126	230	(20)	6
Ordinary profit	600	2,104	4,004	4,252	3,210
Extraordinary income	(0)	123	244	2	547
Extraordinary losses	(37)	83	369	27	159
Profit before income taxes	637	2,144	3,879	4,228	3,598
Income taxes-current	677	1,985	833	1,728	788
Income taxes-deferred	(59)	(570)	423	(565)	476
Profit	19	729	2,623	3,064	2,333
Profit attributable to non-controlling interests	(502)	113	624	438	(165)
Profit attributable to owners of parent	521	616	1,998	2,626	2,498