

**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/>  
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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.

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## 1. Qualitative Information for the Nine Months Ended December 31, 2023

### (1) Review of Operating Results

**Japanese Economy:** During the period under review (April 1, 2023, to December 31, 2023), the Japanese economy generally remained firm as economic activity continued to normalize. Continued growth in inbound demand, a recovery in production activities due to easing of supply constraints, and an increase in exports made a positive contribution. On the other hand, growth in personal consumption was somewhat sluggish due to rising prices.

**Looking Abroad:** As for overseas economies, the European economies such as Germany and the U.K. remained sluggish, while the U.S. economy remained strong despite historically large interest rate increases. Asian countries have generally maintained relatively high economic growth, although there were variations among countries. On the other hand, in China, which is suffering from a real estate recession, the pace of economic recovery has been slow since the lifting of the “Zero Covid Policy,” and signs of deflation are beginning to appear.

**Japanese Stock Market:** The Nikkei Stock Average, which started in the ¥28,200 mark in April, continued to rise, reaching ¥33,700 mark at one point in June through July. After that, long-term interest rates in Japan and the United States (10-year Japanese government bond yield) rose in response to expectations of a prolonged period of high interest rates in the United States, but then turned downward, temporarily falling below ¥31,000 in October. However, it rebounded along with a decline in long-term interest rates due to expectations for an early U.S. interest rate cut, and ended December trading at ¥33,464. The average daily transaction volume in the Tokyo Stock Exchange Prime Market from April to December 2023 was ¥4,031.2 billion (compared with ¥3,291.3 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 affected mainly by the bankruptcy of U.S. regional banks. However, after the debt ceiling issue was resolved, it began to rebound in June and exceeded \$35,000 in late July. It then corrected in line with the sharp rise in U.S. long-term interest rates, falling below \$33,000 in October. Subsequently, long-term interest rates declined prompted by the expectations for an early interest rate cut and then, the Average reversed its course and had risen for nine consecutive weeks toward the end of the year, closing at \$37,689 in December.

**Japanese Bond Market:** Japan's long-term interest rate (10-year government bond yield) started with the lowest interest rate of 0.34% mark in April. After the decision to maintain monetary easing was made at the first meeting of the Bank of Japan in April, the 10-year government bond yield moved in the range of 0.35% to 0.45% through early July. However, when the Bank decided to revise its large-scale easing measures at the October meeting following the July meeting, the interest rate rose to 0.97% in November, the highest level for the period. It then fell in tandem with U.S. long-term interest rates, ending December trading at 0.6% mark.

**US Bond Market:** Long-term interest rates in the United States started at the 3.51% mark in April and moved around 3.5% through mid-May. However, when the US fed funds interest rate was raised to 5.25% - 5.50% in July, US long-term interest rates rose further, and on October 23, they rose sharply to 5.01%. From November, the rates fell sharply against the backdrop of expectations for the end of the interest rate hike, a gradual slowdown in the labor market, and the unexpected dovish stance of the policy authorities, and then the Market ended December trading at 3.87%.

**Foreign Exchange Market:** The dollar-to-yen exchange rate opened in April at around 1 USD to 132 JPY, hit a quarterly low of 130 JPY mark on April 5, and then rose to 145 JPY mark at the end of June as the Bank of Japan maintained its easing policy. The exchange rate temporarily fell to 137 JPY mark due to concerns about the Bank of Japan's policy revision. However, on November 13, the exchange rate reached 151 JPY mark, the highest level for the period, on the back of U.S. dollar buying following a rise in U.S. interest rates and selling of the Japanese yen with a sense of relief after the Bank of Japan's adjustment of its monetary easing policy in July and October. The exchange rate then fell sharply in reaction to the dollar's decline due to the lowering U.S. interest rates and the reemergence of expectations for the end of negative interest rates, and ended December trading at 141 JPY mark.

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.

<< Key measures to reach the new world >>

As for the Tokai Tokyo Financial Group's topics during the first nine 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, We, the company, Tokai Tokyo Financial Holdings, Inc., 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 a cooperative 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”. 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 provider, launched a discretionary investment management service called “Omakase Management” in collaboration with Money Design Co., Ltd., an operator 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.

In addition, in November, the Company entered into a memorandum of understanding with Japan Post Bank for the realization of a cooperative relationship in collaboration and cooperation in startup support with the aim of “building a regional startup ecosystem,” and started full-scale discussions. We will continue to implement various measures that contribute to the revitalization of local economies and regional revitalization by utilizing the functions and knowledge of both the Group's startup support know-how and network and Japan Post Bank's strong nationwide network.

<<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.

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. Tokai Tokyo Securities has been working to actively disseminate information by holding seminars for customers inviting influencers as lecturers. 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.

In addition, from January this year, a dedicated investment representative began handling the “Tokai Tokyo Discretionary Investment Management Service” in which any particular stock, bond, etc. either in Japan or overseas can be managed as investment target on a custom-made basis. After reflecting the economic and financial outlook in the expected return of each asset, we will provide optimal management for the assets by preparing two management options: namely “portfolio management,” which conducts diversified investment through highly efficient asset allocation, and “management of individual brand name of asset,” which flexibly combines long strategies, short strategies, and long & short strategies aiming to achieve high performance in both rising and falling market phases.

In February this year, we will newly open “Orque d'or Salon Aoyama” as a salon for members of the “Orque d'or”, brand for the wealthy. Orque d'or Salon Aoyama consists of two floors: “Floor for Orque d'or Members” and a “Floor for Startup Support.” In addition to being used by Orque d'or Members, mainly corporate executives, we intend to make it a place for interaction among the executive community that will change the future by realizing a support program that helps startup entrepreneurs with enthusiasm to change the country and by forming an ecosystem that creates open innovation.






<<Maximizing synergies in the Group>>

In December, the Company made a capital contribution in-kind to Money Design Co., Ltd., an equity-method affiliate of the Company, by transferring to them all the stocks of Tokai Tokyo Asset Management Co., Ltd., one of the Company's subsidiaries. Our idea is to leverage the strengths of both companies in their respective fields of operation in a mutually complementary manner and further improve their assets management capabilities, which in turn will lead to the realization of better services for the Group's customers and ultimately the enhancement of the Company's corporate value.

<<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”.

We thought we should clarify now what the sustainability initiative should be as they relate to the ultimate objective of corporate value improvement, the trends of the times (“Well-being”, “DE&I”, etc.), and the achievement of the medium-term management plan. So, in September, we reviewed the Materiality that was set in 2020 and have 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 in the first nine quarters of the current fiscal year are as follows.

(ESG bond underwriting): Tokai Tokyo Securities has underwritten a total of 19 bonds, including the following ESG-related bonds, as the lead managing securities company for a total underwriting amount of ¥58.2 billion (compared with ¥54.9 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.

The Chugoku Electric Power Company, Inc. transition bonds and transition-link bonds

Funds will be allocated for projects aimed at “strengthening and upgrading power networks that contribute to the spread and expansion of renewable energy.”

Kobe 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.

Aichi Green bonds

To be appropriated for the fund of the greening project Aichi Prefecture undertakes which has the environmental improvement effect.

(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 2023, 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.

We have 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 organic growth by M&A.

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 period (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 by 26.5% to ¥30,532 million.

#### (i) Brokerage Commission

Equity Brokerage Commission rose by 45.5% to ¥11,780 million and Total Brokerage Commission increased by 40.5% to ¥12,196 million.

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

Commission earned from handling stocks increased by 11.1% to ¥411 million, while the same from handling bonds decreased by 8.9% to ¥486 million. Total commission for underwriting, secondary distribution, and solicitation for selling and others for professional investors decreased by 0.7% to ¥898 million.

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

Fees earned from beneficiary certificates increased by 27.6% to ¥6,173 million and Total fees for offering, secondary

distribution and solicitation for selling and others for professional investors increased by 28.6% to ¥6,229 million.

(iv) Other fees received

Agency commissions from investment trusts increased by 7.5% to ¥4,347 million, and insurance commissions increased by 18.8% to ¥3,932 million. Total other fees increased by 15.4% to ¥11,207 million.

(Net trading income)

Stock trading income increased by 107.9% to ¥17,726 million, while trading income from bonds and foreign exchanges decreased by 24.7% to ¥11,929 million. As a result, net trading income increased by 21.7% to ¥29,655 million.

(Net financial revenue)

Financial revenue decreased by 44.0% to ¥4,403 million, and financial expenses decreased by 34.1% to ¥1,848 million. Therefore, net financial revenue decreased by 49.5% to ¥2,554 million.

(Selling, general and administrative expenses)

Trading-related expenses increased by 0.3% to ¥9,530 million. Personnel expenses increased by 6.7% to ¥24,795 million, real estate expenses decreased by 0.1% to ¥5,773 million, and office expenses increased by 4.1% to ¥6,549 million. Total selling, general and administrative expenses increased by 4.4% to ¥52,240 million.

(Non-operating income and expenses)

Total non-operating income decreased by 14.2% to ¥1,182 million, including ¥362 million dividend income and ¥304 million gain on the valuation of investment securities. Total non-operating expenses decreased by 68.0% to ¥216 million, including loss on investments in investment partnerships amounting to ¥197 million.

(Extraordinary income and losses)

Extraordinary income amounted to ¥794 million and extraordinary losses amounted to ¥555 million.

In summary, operating revenue increased by 14.6% to ¥64,590 million, net operating revenue increased by 17.1% to ¥62,742 million, operating profit increased by 196.5% to ¥10,501 million, ordinary profit increased by 170.4% to ¥11,467 million, and finally, profit attributable to owners of parent after deducting income taxes increased by 432.8% to ¥7,123 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 ¥269,647 million to ¥1,325,667 million. Under this category, current assets increased by ¥266,885 million to ¥1,246,766 million. This was mainly due to an increase in trading products of ¥90,692 million to ¥363,610 million and in loans secured by securities of ¥116,063 million to ¥420,172 million while cash and deposits decreased by ¥20,819 million to ¥110,787 million. Non-current assets, on the other hand, increased by ¥2,761 million to ¥78,900 million, mainly due to an increase in investment securities of ¥2,559 million to ¥48,483 million.

### (Liabilities)

Total liabilities at the end of the period under review increased by ¥265,744 million to ¥1,140,416 million. Under this category, current liabilities increased by ¥268,386 million to ¥1,022,894 million. This was mainly due to an increase in trading products of ¥121,469 million to ¥357,396 million and in borrowings secured by securities of ¥107,269 million to ¥253,394 million while the current portion of bonds payable decreased by ¥13,275 million to ¥13,503 million. Non-current liabilities, on the other hand, decreased by ¥2,575 million to ¥116,899 million due to a decrease in bonds payable of ¥7,473 million to ¥14,506 million.

### (Net assets)

Net assets at the end of the period under review increased by ¥3,903 million to ¥185,251 million. This was mainly due to an increase in retained earnings of ¥2,139 million to ¥113,204 million and an increase in non-controlling interests of ¥455 million to ¥11,969 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.

## 2.Consolidated Financial Statements

### (1) Consolidated Balance Sheets

(Unit: million yen)

	As of March 31, 2023	As of December 31, 2023
<b>Assets</b>		
<b>Current assets</b>		
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)
<b>Total current assets</b>	979,880	1,246,766
<b>Non-current assets</b>		
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)
<b>Total non-current assets</b>	76,139	78,900
<b>Total assets</b>	1,056,020	1,325,667

(Unit: million yen)

	As of March 31, 2023	As of December 31, 2023
<b>Liabilities</b>		
<b>Current liabilities</b>		
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
<b>Total current liabilities</b>	<b>754,508</b>	<b>1,022,894</b>
<b>Non-current liabilities</b>		
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
<b>Total non-current liabilities</b>	<b>119,474</b>	<b>116,899</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>1,140,416</b>
<b>Net assets</b>		
<b>Shareholders' equity</b>		
Share capital	36,000	36,000
Capital surplus	24,533	24,487
Retained earnings	111,064	113,204
Treasury shares	(5,036)	(4,769)
<b>Total shareholders' equity</b>	<b>166,562</b>	<b>168,923</b>
<b>Accumulated other comprehensive income</b>		
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
<b>Total accumulated other comprehensive income</b>	<b>2,724</b>	<b>3,901</b>
<b>Share acquisition rights</b>	<b>547</b>	<b>456</b>
<b>Non-controlling interests</b>	<b>11,513</b>	<b>11,969</b>
<b>Total net assets</b>	<b>181,348</b>	<b>185,251</b>
<b>Total liabilities and net assets</b>	<b>1,056,020</b>	<b>1,325,667</b>

(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
<b>Operating revenue</b>		
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
<b>Total operating revenue</b>	<b>56,383</b>	<b>64,590</b>
<b>Financial expenses</b>	<b>2,807</b>	<b>1,848</b>
<b>Net operating revenue</b>	<b>53,575</b>	<b>62,742</b>
<b>Selling, general and administrative expenses</b>		
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
<b>Total selling, general and administrative expenses</b>	<b>50,033</b>	<b>52,240</b>
<b>Operating profit</b>	<b>3,542</b>	<b>10,501</b>
<b>Non-operating income</b>		
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
<b>Total non-operating income</b>	<b>1,377</b>	<b>1,182</b>
<b>Non-operating expenses</b>		
Share of loss of entities accounted for using equity method	521	—
Loss on investments in investment partnerships	93	197
Other	63	19
<b>Total non-operating expenses</b>	<b>678</b>	<b>216</b>
<b>Ordinary profit</b>	<b>4,241</b>	<b>11,467</b>

(Unit: million yen)

	Nine months ended December 31, 2022	Nine months ended December 31, 2023
<b>Extraordinary income</b>		
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
<b>Total extraordinary income</b>	<b>54</b>	<b>794</b>
<b>Extraordinary losses</b>		
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	—
<b>Total extraordinary losses</b>	<b>340</b>	<b>555</b>
<b>Profit before income taxes</b>	<b>3,955</b>	<b>11,706</b>
<b>Income taxes-current</b>	<b>838</b>	<b>3,350</b>
<b>Income taxes-deferred</b>	<b>1,136</b>	<b>334</b>
<b>Total income taxes</b>	<b>1,975</b>	<b>3,684</b>
<b>Profit</b>	<b>1,979</b>	<b>8,021</b>
<b>Profit attributable to non-controlling interests</b>	<b>642</b>	<b>897</b>
<b>Profit attributable to owners of parent</b>	<b>1,336</b>	<b>7,123</b>

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
<b>Profit</b>	1,979	8,021
<b>Other comprehensive income</b>		
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
<b>Total other comprehensive income</b>	<u>358</u>	<u>1,171</u>
<b>Comprehensive income</b>	<u>2,338</u>	<u>9,193</u>
<b>(Comprehensive income attributable to)</b>		
Owners of parent	1,719	8,295
Non-controlling interests	618	897



(3) Notes to Quarterly Consolidated Financial Statements

(Notes on Going Concern Assumption)

Not applicable

(Notes for Material Changes in Shareholders' Equity)

Not applicable

### 3. 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
<b>Total</b>	<b>24,140</b>	<b>30,532</b>	<b>6,391</b>	<b>26.5</b>

##### ( 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
<b>Total</b>	<b>24,140</b>	<b>30,532</b>	<b>6,391</b>	<b>26.5</b>

##### 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)
<b>Total</b>	<b>24,377</b>	<b>29,655</b>	<b>5,278</b>	<b>21.7</b>

## (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