



August 9, 2024

To whom it may concern:

Company name: Tokai Tokyo Financial Holdings, Inc.
Representative: Masataka Sato, President and Representative Director
(Securities Code: 8616; TSE Prime and NSE Premier)
Shouji Maeda, General Manager of Financial Planning
For inquiry: Department (Phone:+81-3-3517-8391)

**Notice Regarding Completion of the Interim Review by Certified Public Accountants, etc. of the Financial Summary
(Consolidated) for the Three Months Period Ended June 30, 2024, <Under Japanese GAAP>**

We, Tokai Tokyo Financial Holdings, Inc. hereby announces that the interim review by certified public accountants, etc. of the Japanese-language originals of the quarterly consolidated financial statements in the “Financial Summary (Consolidated) for the three months period ended June 30, 2024 <Under Japanese GAAP>,” which was disclosed on July 31, 2024, has been completed.

The quarterly consolidated financial statements announced on July 31, 2024, have been revised as follows.

1. 「Additional details added to the Financial Results for the First Quarter of the Fiscal Year Ending March 2025 (Japan GAAP (Consolidated))

With reference to the Attachment "2. Quarterly Consolidated Financial Statements and major notes, (3) Notes on Quarterly Consolidated Financial Statements", we have added the following items.

(Change in the Scope of Consolidation or the Scope of the Equity Method application)

(Notes to segment information, etc.)

(Note to Quarterly Consolidated Statements of Cash Flows)

Consolidated Financial Summary (for the three months ended June 30, 2024)

July 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: Masataka Sato, President
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Scheduled date to commence dividend payments: —
 Preparation of supplementary material on financial results: Yes
 Holding of financial results briefing: None

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

1. Consolidated Financial Results for the Three Months Ended June 30, 2024**(1) Consolidated Results of Operation**

(Figures in percentages denote the year-on-year change.)

	Operating revenue		Net operating revenue		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	million yen	%	million yen	%	million yen	%	million yen	%	million yen	%
Three months ended										
June 30,2024	23,203	9.4	22,623	9.7	4,569	30.8	5,893	47.2	3,271	63.7
June 30,2023	21,205	14.9	20,615	17.0	3,494	393.0	4,004	233.6	1,998	—

(Note) Comprehensive income Three-month period ended June 30, 2024: 4,453million yen [37.5%]

Three-month period ended June 30, 2023: 3,239million yen [170.9%]

	Net income per share	Diluted net income per share
	yen	yen
Three months ended		
June 30,2024	13.06	13.00
June 30,2023	8.03	8.01

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
	million yen	million yen	%	yen
As of				
June 30,2024	1,490,983	193,028	12.0	716.45
March 31,2024	1,400,360	192,935	12.8	718.21

(Reference) Shareholders' equity June 30, 2024: 179,487 million yen March 31, 2024: 179,841 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, 2024	—	12.00	—	16.00	28.00
Ending March 31, 2025	—				
Ending March 31, 2025 (Forecast)		—	—	—	—

(Note) 1) Revision to the dividend forecast that has been disclosed lastly: None

2) Dividend forecast for the fiscal year ending March 31, 2025 has not been determined.

3. Forecast of Consolidated Operating Results for Fiscal 2024 (from April 1, 2024 to March 31, 2025)

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) Significant changes in the scope of consolidation during the period: Yes

New : None

Exclusion : One company(TT Solution Inc.)

(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: Yes

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

3) Changes in accounting estimates: None

4) Retrospective restatements: None

(4) Number of Shares Issued (Common Stock)

1) Number of shares issued at the end of the term including treasury shares

As of June 30, 2024:	260,582,115	As of March 31, 2024:	260,582,115
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2) Number of treasury shares at the end of the term

As of June 30, 2024:	10,058,741	As of March 31, 2024:	10,178,451
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3) Average number of shares outstanding (for the three months)

Three months ended June 30, 2024:	250,486,805	Three months ended June 30, 2023:	248,973,111
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* Review of the Japanese-language originals of the attached consolidated quarterly financial statements by certified public accountants or an audit firm: Yes

* Note to proper use of forecast of operating results and other special remarks

Dividends for the fiscal year ending March 31, 2025 have not been determined because it is difficult to forecast operating results, as described similarly in "3.Forecast of Consolidated Operating Results for Fiscal 2024."

* How to view supplementary explanation documents for quarterly earnings

Supplementary explanation documents for quarterly earnings has been available on both Timely Disclosure network and our website on Wednesday, July 31, 2024.

Accompanying Materials – Contents

1. Qualitative Information for the Three Months Ended June 30, 2024	2
(1) Review of Operating Results	2
(2) Review of the Financial Statements	6
(3) Forecasts of Consolidated Financial Performance.....	6
2. Consolidated Financial Statements	7
(1) Consolidated Balance Sheets	7
(2) Consolidated Statements of Income and Comprehensive Income	9
(3) Notes to Quarterly Consolidated Financial Statements	12
(Change in the Scope of Consolidation or the Scope of the Equity Method application) ...	12
(Changes in Accounting Policies)	12
(Note to Segment information).....	12
(Note for Material Changes in Shareholders' Equity).....	12
(Going concern assumption)	12
(Note to Quarterly Consolidated Statements of Cash Flows)	12
3. Supplementary information.....	13
(1) Breakdown of Commission Received and Net Trading Income	13
(2) Comparative Quarterly Consolidated Statements of Income	14
Independent Auditor's Report on Review of Interim Consolidated Financial Statements.....	15

1. Qualitative Information for the Three Months Ended June 30, 2024

(1) Review of Operating Results

Japanese Economy: During the period under review (from April 1, 2024 to June 30, 2024), the Japanese economy showed signs of recovery, supported by a recovery in automobile production, which had been suspended in the previous quarter due to misconduct cases regarding certification irregularities, as well as capital investment by companies responding to labor shortages, despite some signs of weakness in household consumption amid continued cooling of consumer confidence due to persistently high prices.

Looking Abroad: As for overseas economies, the European economies such as the Eurozone and the U.K., which had been in a slump last year, maintained a recovery trend while signs of a slowdown in the solid performance of personal consumption and the labor market in the U.S. began to be seen. Among the Asian countries, India maintained a high economic growth rate. The Chinese economy, on the other hand, continued to show weak trends suffering from a real estate slump. Having said that, the Asian economy in general maintained a high level of growth despite such variations among the countries.

Japanese Stock Market: The Nikkei Stock Average, which started in the ¥40,600 mark in April, temporarily fell to the ¥36,700 mark as a reaction to the rapid rise until March. After that, the market continued its rally, but June trading in June ended at the ¥39,500 mark with the rising expectations for improved earnings of exporting companies due to the depreciation of the yen, and selective buying of financial stocks triggered by the rising interest rates. The average daily transaction volume in the Tokyo Stock Exchange Prime Market from April to June 2024 was ¥4,963 billion (compared with ¥3,836.4 billion in the same period of the previous year).

US Stock Market: The Dow Jones Industrial Average, which we deem the general indicator of the U.S. stock market, opened at the \$39,800 mark in April, experienced a speed adjustment of the rally, and fell to \$37,611 on the 17th, the lowest price during the period. After trading sideways toward the end of the month, it went up/down and came back to where it was in line with the rise and decline of the U.S. long-term interest rates in May. After hitting \$40,077, the highest for the period, on May 20, the Average lost much of its gains toward the end of the month. After the beginning of June, the Average tried to recover against the background of a weak economic performance indicators and ended June trading at \$39,118.

Japanese Bond Market: Japan's long-term interest rate started with this period's low of 0.73% in April, and then rose to 1.1% on May 30, the highest during the period, amid concerns about inflation to rise from the worsening situation in the Middle East and expectations of additional interest rate hikes by the Bank of Japan. However, as U.S. long-term interest rates declined and political instability in Europe led to buying of Japanese government bonds as safe asset, the rate fell to 0.9% on June 14, and then rose again to close June trading at 1.05%.

US Bond Market: The long-term interest rate in the United States started at 4.19% in April and rose to this period's high of 4.73% on April 25, as many economic indicators suggested the U.S. economy was doing well. But the FOMC's meeting held neither on April 30 nor May 1 announced its comment as hawkish as feared. So, the long-term interest rates fell to 4.18% through June 14. It later rebounded slightly to close June trading at 4.39%.

Foreign Exchange Market: The dollar-yen exchange rate opened at around 1USD to 151 JPY in April, and the dollar on the 10th, broke through the 152 JPY threshold that had not been passed beyond last year and the year before, giving momentum to the dollar's appreciation against the yen. After that, the dollar exceeded 160 JPY on the 29th, which prompted the government and the Bank of Japan to begin a large-scale yen-buying interventions, and on May 3, the exchange rate fell once to a level below 152 JPY. Then, however, the decline was gradually lifted by mainly actual demand-driven dollar buying. On June 28, the exchange rate rose to the 161 JPY mark, the highest level for the period, and June trading ended at the 160 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 third year of the plan.

In the medium-term management plan, we aim to reach the “New World.” In pursuing such goal, we hoist the core strategic policies that read “The Caliber Enlargement as a Financial Service Provider” and “Deploying Key Measures to Reach the New World.” In “The Caliber Enlargement as a Financial Service Provider”, Tokai Tokyo Securities Co., Ltd., one of the Group's core subsidiaries, opened Orque d'or Salon in February 2024 as its third domestic base in Aoyama, Tokyo, in order to further strengthen sales to the wealthy, which is a focus area of the segment strategies being developed by Tokai Tokyo Securities Co., Ltd. Also, from this fiscal year, we are intensively implementing sales strategies for the mass affluent segment, and we feel sufficient response to our portfolio proposals. In “Deploying Key Measures to Reach the New World,” we aim to become a great platform for comprehensive financial services that provide a variety of products and services to our “Powerful Partners” who possess solid customer bases, including major corporations. To this end, we are advancing multiple consultations on business alliances aimed at building a new financial business model.

Also, in the area of “New Bonanza,” which is our attempt to create new services and products, we are acquiring banking functions and strengthening our assets management capabilities. As part of these efforts, the Company acquired equity interest in Money Design Co., Ltd. (hereinafter “Money Design”), as an equity-method affiliate of the Company, from existing shareholders, thereby increasing the Company's ownership share. Money Design is positioned as a core function provider in the Group, and the company's attractive products and services are expected to play important roles in future alliance strategies and the expansion and development of digital services in the Group.

Regarding the Robo-Advisory services, “Omakase Management”, operated by Money Design, CHEER Securities Inc. has started distributing advertisement content through the “Japan Post Bank Passbook app” of the Japan Post Bank Co., Ltd. We expect that the “Omakase Management” will be recognized by many customers and that we will be able to deliver assets management services that meet the needs of each individual customer of widely varying generations and households.

As for initiatives by Tokai Tokyo Securities Co., Ltd., we have introduced a web-based interview system with customers and “2-in-1 PCs” and have promoted and disseminated further digitalization of business processes, such as the digitization of forms and contracts. In addition, we are using generative AI to improve the efficiency of in-house operations, as well as new tools (inheritance diagnostic simulation systems and assets operation analysis tools) to improve and evolve the quality of services and reform business processes.

In May, the Company was selected as one of the “Noteworthy DX Companies 2024” under the program jointly implemented by the Ministry of Economy, Trade and Industry, Tokyo Stock Exchange, and the Information-technology Promotion Agency. We were recognized as a company that is developing new services and business models, specifically in the financial sector, by driving the above mentioned management strategies.

Additionally, Tokai Tokyo Securities Co., Ltd. began handling the “Tokai-Tokyo Nuveen Churchill Private Capital Income Fund,” Japan’s first publicly offered investment trust to invest in private capital funds that provide both direct financing and direct equity investment to unlisted companies in the United States. In the past, it was difficult for investors to invest in private capital unless they were institutional investors because of the constraint barriers like the size of minimum investment and the degree of liquidity. For this reason, we have decided to establish a publicly offered investment trust to invest in private capital and thus offer investment opportunities to a wide range of customers including wealthy investors.

Moreover, the Company has formulated the “Policies for Customer-oriented Business Conduct,” and has provided investment products that focus on matching the intentions and interests of customers, execute business in a sincere and fair manner from the standpoint of customers, and respond to diverse needs. This time, the Company has received an “S +” rating for the third consecutive year in the “R&I Fiduciary Duty Ratings” from Rating and Investment Information, Inc. (hereinafter, “R&I”). “R&I Fiduciary Duty Ratings” is an evaluation by R&I, conducted from a neutral third-party perspective to evaluate companies that sell investment trusts, including banks and securities companies, concerning their principles and implementation status on “how they carry out customer-oriented sales of financial products.”

Furthermore, the Company has decided to raise the salary level (base salary increase) for regular employees and continuous contract employees for the third consecutive year since the year before the last. We will continue to become more competitive to attract high-caliber human resource and elevate the level of employee engagement from the perspective of human capital management and strive to further enhance services to customers.

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 7.6%, to ¥10,559 million.

(i) Brokerage commission

Brokerage commission on stocks decreased by 2.4%, to ¥4,047 million. Total commission to consignees decreased by 1.7% to ¥4,212 million.

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

Commission earned from handling bonds recorded ¥244 million, an increase of 6.0%. Total commission for underwriting, secondary distribution, and solicitation for selling and others for professional investors increased by 8.9% to ¥251 million.

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

Fees earned from beneficiary certificates recorded ¥2,296 million, up 14.3%. Total fees for offering, secondary distribution, and solicitation for selling and others for professional investors increased by 14.3% to ¥2,297 million.

(iv) Other fees received

Agency commissions from investment trusts increased by 28.3% to ¥1,771 million, and insurance commissions income increased by 17.1% to ¥1,358 million. Total other fees increased by 15.4% to ¥3,797 million.

(Net trading income)

Trading income from bonds and foreign exchanges increased by 35.2% to ¥3,524 million, while stock trading income decreased by 4.0% to ¥7,477 million. As a result, total net trading income increased by 5.8% to ¥11,001 million.

(Net financial revenue)

Financial revenue increased by 65.8% to ¥1,642 million, and financial expenses decreased by 1.6% to ¥580 million. Therefore, net financial revenue increased by 164.6% to ¥1,062 million.

(Selling, general and administrative expenses)

Trading-related expenses increased by 23.6% to ¥3,762 million. Personnel expenses increased by 2.4% to ¥8,223 million and real estate expenses increased by 3.6% to ¥1,967 million. Office expenses, on the other hand, decreased by 7.7% to ¥2,107 million. As a result, total selling, general and administrative expenses increased by 5.4% to ¥18,053 million.

(Non-operating income and expenses)

Total non-operating income increased by 83.0% to ¥1,355 million, including ¥515 million gain on investments in investment partnerships and ¥460 million gain on the valuation of investment securities. On the other hand, total non-operating expenses decreased by 86.6% to ¥31 million, including loss on investments in investment partnerships amounting to ¥16 million.

(Extraordinary income and losses)

In the period under review, ¥1 million of extraordinary income was recorded, and an extraordinary loss of ¥28 million was recorded.

In summary, operating revenue increased by 9.4% to ¥23,203 million, net operating revenue increased by 9.7% to ¥22,623 million, operating profit increased by 30.8% to ¥4,569 million, ordinary profit increased by 47.2% to ¥5,893 million, and finally, profit attributable to owners of parent after deducting income taxes was ¥3,271 million.

(2) Review of the Financial Statements

In this section (2), all comparisons shown below are with corresponding figures at the end of the previous consolidated fiscal year.

(Assets)

Total assets at the end of the period under review increased by ¥90,623 million to ¥1,490,983 million. Under this category, current assets increased by ¥88,224 million to ¥1,400,902 million. This was mainly due to increases in cash and deposits of ¥58,805 million to ¥156,478 million and trading products of ¥41,799 million to ¥370,015 million, while loans secured by securities decreased by ¥41,747 million to ¥464,958 million. Non-current assets, on the other hand, increased by ¥2,398 million to ¥90,081 million, mainly due to an increase in investment securities of ¥2,294 million to ¥54,075 million.

(Liabilities)

Total liabilities at the end of the period under review increased by ¥90,529 million to ¥1,297,954 million. Under this category, current liabilities increased by ¥69,148 million to ¥1,127,869 million. This was mainly due to increases in borrowings secured by securities of ¥61,925 million to ¥326,279 million and deposits received of ¥20,919 million to ¥113,303 million, while trading products decreased by ¥28,168 million to ¥394,806 million. Non-current liabilities, on the other hand, increased by ¥21,382 million to ¥169,301 million, mainly due to an increase of long-term borrowings of ¥21,100 million to ¥148,100 million.

(Net assets)

Total net assets at the end of the period under review increased by ¥93 million to ¥193,028 million. This was mainly due to an increase in valuation difference on available-for-sale securities of ¥220 million to ¥2,957 million, an increase in foreign currency translation adjustment of ¥249 million to ¥1,002 million, and an increase in non-controlling interests of ¥434 million to ¥13,097 million, while retained earnings decreased by ¥734 million to ¥115,536 million.

(3) Forecasts of Consolidated Financial Performance

The Group's main business is the financial instruments business, and its performance is affected by changes in the market environment. It is difficult to forecast the business performance due to the nature of this business. Therefore, the Company does not disclose a business performance forecast.

Consolidated Financial Statements

(1) Consolidated Balance Sheets

(Unit: million yen)

	As of March 31, 2024	As of June 30, 2024
Assets		
Current assets		
Cash and deposits	97,673	156,478
Cash segregated as deposits	95,426	106,767
Cash segregated as deposits for customers	90,100	101,600
Cash segregated as deposits for others	5,325	5,167
Trading products	328,216	370,015
Trading securities and other	319,327	359,033
Derivatives	8,889	10,982
Trade date accrual	24,877	43,023
Margin transaction assets	87,176	92,905
Loans on margin transactions	59,909	67,677
Cash collateral pledged for securities borrowing on margin transactions	27,267	25,228
Loans secured by securities	506,706	464,958
Cash collateral pledged for securities borrowed	93,985	58,229
Loans on Gensaki transactions	412,720	406,729
Advances paid	98	2,566
Short-term guarantee deposits	54,048	55,426
Short-term loans receivable	90,585	87,080
Accrued income	4,889	4,478
Other	23,110	17,340
Allowance for doubtful accounts	(132)	(140)
Total current assets	1,312,677	1,400,902
Non-current assets		
Property, plant and equipment	11,107	10,889
Intangible assets	7,615	7,902
Investments and other assets	68,959	71,289
Investment securities	51,781	54,075
Long-term guarantee deposits	4,845	4,879
Deferred tax assets	74	58
Retirement benefit asset	11,297	11,256
Other	1,288	1,348
Allowance for doubtful accounts	(328)	(329)
Total non-current assets	87,682	90,081
Total assets	1,400,360	1,490,983

(Unit: million yen)

	As of March 31, 2024	As of June 30, 2024
Liabilities		
Current liabilities		
Trading products	422,974	394,806
Trading securities and other	397,368	365,446
Derivatives	25,605	29,359
Margin transaction liabilities	19,701	27,663
Borrowings on margin transactions	16,273	24,729
Cash received for securities lending on margin transactions	3,427	2,933
Borrowings secured by securities	264,354	326,279
Cash received on debt credit transaction of securities	92,980	111,075
Borrowings on Gensaki transactions	171,374	215,203
Deposits received	92,383	113,303
Guarantee deposits received	18,826	19,946
Short-term borrowings	201,043	209,507
Short-term bonds payable	12,500	18,500
Current portion of bonds payable	9,070	8,695
Income taxes payable	6,358	1,116
Provision for bonuses	3,267	1,412
Provision for bonuses for directors (and other officers)	74	12
Other	8,166	6,626
Total current liabilities	1,058,720	1,127,869
Non-current liabilities		
Bonds payable	13,731	13,061
Long-term borrowings	127,000	148,100
Deferred tax liabilities	3,567	4,588
Provision for retirement benefits for directors (and other officers)	105	114
Retirement benefit liability	141	138
Other	3,373	3,299
Total non-current liabilities	147,919	169,301
Reserves under special laws		
Reserve for financial instruments transaction liabilities	784	783
Total reserves under special laws	784	783
Total liabilities	1,207,425	1,297,954
Net assets		
Shareholders' equity		
Share capital	36,000	36,000
Capital surplus	24,440	24,432
Retained earnings	116,270	115,536
Treasury shares	(4,409)	(4,357)
Total shareholders' equity	172,302	171,611
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	2,736	2,957
Foreign currency translation adjustment	753	1,002
Remeasurements of defined benefit plans	4,049	3,915
Total accumulated other comprehensive income	7,539	7,875
Share acquisition rights	430	443
Non-controlling interests	12,663	13,097
Total net assets	192,935	193,028
Total liabilities and net assets	1,400,360	1,490,983

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

(Unit: million yen)

	Three months ended June 30, 2023	Three months ended June 30, 2024
Operating revenue		
Commission received	9,815	10,559
Brokerage commission	4,283	4,212
Commission for underwriting, secondary distribution and solicitation for selling and others for professional investors	231	251
Fees for offering, secondary distribution and solicitation for selling and others for professional investors	2,009	2,297
Other fees received	3,291	3,797
Net trading income	10,398	11,001
Financial revenue	990	1,642
Total operating revenue	21,205	23,203
Financial expenses	589	580
Net operating revenue	20,615	22,623
Selling, general and administrative expenses		
Trading related expenses	3,043	3,762
Personnel expenses	8,032	8,223
Real estate expenses	1,898	1,967
Office expenses	2,284	2,107
Depreciation	839	900
Taxes and dues	397	422
Provision of allowance for doubtful accounts	4	8
Other	621	662
Total selling, general and administrative expenses	17,121	18,053
Operating profit	3,494	4,569
Non-operating income		
Dividend income	207	234
Share of profit of entities accounted for using equity method	66	52
Gain on investments in investment partnerships	0	515
Gain on valuation of investment securities	419	460
Other	46	91
Total non-operating income	740	1,355
Non-operating expenses		
Loss on investments in investment partnerships	183	16
Foreign exchange losses	33	6
Other	14	7
Total non-operating expenses	230	31
Ordinary profit	4,004	5,893

(Unit: million yen)

	Three months ended June 30, 2023	Three months ended June 30, 2024
Extraordinary income		
Gain on sale of investment securities	20	0
Gain on change in equity	157	—
Reversal of reserve for financial instruments transaction liabilities	66	1
Total extraordinary income	244	1
Extraordinary losses		
Loss on valuation of investment securities	359	28
Loss on change in equity	9	—
Total extraordinary losses	369	28
Profit before income taxes	3,879	5,867
Income taxes-current	833	758
Income taxes-deferred	423	1,000
Total income taxes	1,256	1,758
Profit	2,623	4,108
Profit attributable to non-controlling interests	624	836
Profit attributable to owners of parent	1,998	3,271

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

(Unit: million yen)

	Three months ended June 30, 2023	Three months ended June 30, 2024
Profit	2,623	4,108
Other comprehensive income		
Valuation difference on available-for-sale securities	651	230
Foreign currency translation adjustment	42	247
Remeasurements of defined benefit plans, net of tax	(80)	(134)
Share of other comprehensive income of entities accounted for using equity method	2	1
Total other comprehensive income	<u>616</u>	<u>345</u>
Comprehensive income	<u>3,239</u>	<u>4,453</u>
(Comprehensive income attributable to)		
Owners of parent	2,596	3,608
Non-controlling interests	642	845

(3) Notes to Quarterly Consolidated Financial Statements

The Company's quarterly consolidated financial statements are prepared in accordance with Article 4, paragraph 1 of the standard for preparation of the quarterly financial statements established by the Tokyo Stock Exchange, Inc. and Nagoya Stock Exchange, Inc. and accounting principles for quarterly financial statements generally accepted in Japan (provided, however, the company applies the practice of omitting the descriptions provided for in Article 4, paragraph 2 of the aforementioned standard for preparation of the quarterly financial statements).

(Change in Scope of Consolidation or Scope of Application by the Equity Method)

As of June 2024, Tokai Tokyo Securities Co., Ltd. and TT Solution Inc., which are consolidated subsidiaries of the Company, have entered into an absorption merger with Tokai Tokyo Securities Co., Ltd. as the surviving company, and TT Solution Inc. has been excluded from the scope of consolidation.

(Change in Accounting Policy)

"Accounting Standards for Corporate Tax, Resident Tax, Business Tax, etc." (Accounting Standards for Enterprises No. 27, October 28, 2022. Hereinafter referred to as the "2022 Revised Accounting Standards") are applied by us from the beginning of the first quarter of our consolidated accounting period.

Regarding the revision of the classification of corporate income tax (taxation on other comprehensive income), we follow the transitional treatments stipulated in the two provisos, one to Paragraph 20-3 of the 2022 Revised Accounting Standards and the other to Paragraph 65-2 (2) of "Guidelines for the Application of Accounting Standards for Tax Effect Accounting" (Guidelines for the Application of Corporate Accounting Standards No. 28, October 28, 2022. Hereinafter referred to as the "2022 Revised Application Guidelines").

In addition, with regard to the amendment related to the revised treatment of the deferred taxable gains and losses on sales of shares of subsidiaries when such a sale of shares is effected between consolidated members of a certain company for tax purposes, the 2022 revision application guidelines have been applied by us from the beginning of the first quarter of this fiscal year.

The change in the subject accounting policy will not affect the quarterly consolidated financial statements or consolidated financial statements.

(Notes to Segment Information, etc.)

Segment information is not disclosed because the Company belongs to a single segment of the investment and financial services industry.

(Notes for Material Changes in Shareholders' Equity)

Not applicable.

(Notes on Going Concern Assumption)

Not applicable.

(Notes to Quarterly Consolidated Statements of Cash Flows)

Quarterly consolidated statements of cash flows for the three months ended June 30, 2024 are not prepared. Depreciation (including amortization related to intangible assets excluding goodwill) and amortization of goodwill for the three months ended June 30, 2024 are as follows.

	Three months ended June 30, 2023	Three months ended June 30, 2024
Depreciation	JPY 839 million	JPY 900 million
Amortization of goodwill	JPY 68 million	JPY 54 million

Supplementary Information

(1) Breakdown of Commission Received and Net Trading Income

① Commission received

(i) By item

(Unit: million yen)

	Three months ended June 30, 2023	Three months ended June 30, 2024	Yr/Yr	
			Increase (Decrease)	% change
Brokerage commission	4,283	4,212	(70)	(1.7) %
Stocks	4,147	4,047	(99)	(2.4)
Bonds	2	3	0	15.8
Beneficiary certificates	132	161	28	21.5
Commission for underwriting, secondary distribution and solicitation for selling and others for professional investors	231	251	20	8.9
Stocks	0	7	6	—
Bonds	230	244	13	6.0
Fees for offering, secondary distribution and solicitation for selling and others for professional investors	2,009	2,297	287	14.3
Beneficiary certificates	2,007	2,296	288	14.3
Other fees received	3,291	3,797	506	15.4
Beneficiary certificates	1,380	1,771	390	28.3
Total	9,815	10,559	743	7.6

(ii) By product

(Unit: million yen)

	Three months ended June 30, 2023	Three months ended June 30, 2024	Yr/Yr	
			Increase (Decrease)	% change
Stocks	4,294	4,241	(52)	(1.2) %
Bonds	238	256	17	7.2
Beneficiary certificates	3,521	4,228	707	20.1
Others	1,761	1,833	71	4.1
Total	9,815	10,559	743	7.6

② Net trading income

(Unit: million yen)

	Three months ended June 30, 2023	Three months ended June 30, 2024	Yr/Yr	
			Increase (Decrease)	% change
Stocks	7,790	7,477	(313)	(4.0) %
Bonds and Forex	2,607	3,524	916	35.2
Total	10,398	11,001	603	5.8

(2) Comparative Quarterly Consolidated Statements of Income

(Unit: million yen)

	Fiscal 2023				Fiscal 2024
	1st quarter	2nd quarter	3rd quarter	4th quarter	1st quarter
	Apr. 1, 2023 - Jun. 30, 2023	Jul. 1, 2023 - Sep. 30, 2023	Oct. 1, 2023 - Dec. 31, 2023	Jan. 1, 2024 - Mar. 31, 2024	Apr. 1, 2024 - Jun. 30, 2024
Operating revenues					
Commission received	9,815	10,567	10,148	11,707	10,559
Brokerage commission	4,283	4,039	3,873	5,586	4,212
(Stocks)	4,147	3,911	3,722	5,469	4,047
Commission for underwriting, secondary distribution and solicitation for selling and others for professional investors	231	269	397	248	251
Fees for offering, secondary distribution and solicitation for selling and others for professional investors	2,009	2,341	1,877	1,953	2,297
(Beneficiary certificates)	2,007	2,290	1,875	1,952	2,296
Other fees received	3,291	3,916	3,999	3,919	3,797
(Beneficiary certificates)	1,380	1,471	1,495	1,636	1,771
Net trading income	10,398	9,777	9,478	10,784	11,001
(Stocks)	7,790	4,741	5,193	7,771	7,477
(Bonds and Forex)	2,607	5,036	4,285	3,012	3,524
Financial revenue	990	1,923	1,489	2,119	1,642
Total operating revenue	21,205	22,269	21,116	24,610	23,203
Financial expenses	589	681	578	660	580
Net operating revenue	20,615	21,588	20,538	23,949	22,623
Selling, general and administrative expenses					
Trading related expenses	3,043	3,144	3,342	3,837	3,762
Personnel expenses	8,032	8,739	8,022	9,133	8,223
Real estate expenses	1,898	1,932	1,942	2,003	1,967
Office expenses	2,284	2,169	2,095	2,336	2,107
Depreciation	839	863	882	849	900
Taxes and dues	397	426	464	480	422
Provision of allowance for doubtful accounts	4	12	55	(7)	8
Other	621	550	473	513	662
Total selling, general and administrative expenses	17,121	17,840	17,278	19,147	18,053
Operating profit	3,494	3,747	3,259	4,802	4,569
Non-operating income	740	484	(42)	2,252	1,355
Share of profit of entities accounted for using equity method	66	109	74	255	52
Other	673	375	(117)	1,997	1,303
Non-operating expenses	230	(20)	6	124	31
Other	230	(20)	6	124	31
Ordinary profit	4,004	4,252	3,210	6,930	5,893
Extraordinary income	244	2	547	141	1
Extraordinary losses	369	27	159	447	28
Profit before income taxes	3,879	4,228	3,598	6,624	5,867
Income taxes-current	833	1,728	788	2,635	758
Income taxes for prior periods	—	—	—	677	—
Income taxes-deferred	423	(565)	476	(477)	1,000
Profit	2,623	3,064	2,333	3,789	4,108
Profit attributable to non-controlling interests	624	438	(165)	722	836
Profit attributable to owners of parent	1,998	2,626	2,498	3,066	3,271

Independent Auditor's Report on Review of Interim Consolidated Financial Statements

August 9, 2024

To the Board of Directors of Tokai Tokyo Financial Holdings, Inc.:

KPMG AZSA LLC
Tokyo Office, Japan

Designated Limited
Liability Partner
Engagement Partner

Certified Public Accountant Atsushi Fukui

Designated Limited
Liability Partner
Engagement Partner

Certified Public Accountant Yoshihiro Matsuda

Auditor's Conclusion

We, as an audit firm, have made an interim review of the consolidated quarterly financial results of Tokai Tokyo Financial Holdings Inc. ("the Company"), which accompany the "Attachment" to the Company's quarterly report. The results are comprised of the consolidated quarterly financial statements, the consolidated quarterly balance sheet, the quarterly consolidated statements of income, quarterly consolidated statements of comprehensive income, and notes. All the financial results cover the first quarter of the subject Company's fiscal year that begins on April 1, 2024, and ends on March 31, 2025, namely, the period from April 1, 2024 to June 30, 2024.

In the interim review conducted by us, we did not find any material matter that led us to believe that the reported financial results were not made in accordance with Article 4, Paragraph 1 of the Standards for Preparation of Quarterly Financial Statements, etc., of the Tokyo Stock Exchange, Inc. and Nagoya Stock Exchange, Inc. ("Article 4(1) of the Standard"), as well as with the accounting standards for quarterly financial statements generally accepted as fair and reasonable in Japan (provided, however, that the omission of the description stipulated in Article 4, Paragraph 2 of the Standards for Preparation of Quarterly Financial Statements, etc. ("Article 4(2) of the Standard") is applied). Constitution were found in all material respects.

The Basis for conclusions of the auditor

The audit firm conducted the interim review in accordance with the standards for interim reviews that are generally accepted as fair and reasonable in Japan. The auditor's responsibilities under the criteria for the interim review are described in "Auditors' Responsibilities in the Interim Review of Quarterly Consolidated Financial Statements." In light of Japan's professional ethics regulations, the Audit Firm is independent of the Company and its consolidated subsidiaries and fulfills its other ethical responsibilities as an auditor. The firm has determined that it has obtained evidence on which to base its conclusions.

Responsibilities of Management and the Audit & Supervisory Committee for Quarterly Consolidated Financial Statements

The responsibility of the Company's management is to prepare quarterly consolidated financial statements in accordance with Article 4(1) of the Standard, as well as the accounting standards for quarterly financial statements that are generally accepted as fair and reasonable in Japan (provided, however, that the omission of the description stipulated in Article 4(2) of the Standard is applied). This includes the establishment and operation of internal controls deemed necessary by management to prepare quarterly consolidated financial statements free of material misstatements due to fraud or error.

In preparing quarterly consolidated financial statements, the Management shall evaluate whether it is qualified to prepare quarterly consolidated financial statements based on the assumption that they are going concern, and it shall be responsible for disclosing matters related to the going concern if they determine they should do so as a result of the above-said evaluation in accordance with Article 4(1) of the Standard, as well as the accounting standards for quarterly financial statements generally accepted in Japan (provided, the omission of the description stipulated in Article 4(2) of the Standard has been applied.)

The responsibility of the Audit & Supervisory Committee is to oversee the execution of duties by directors in the implementation and operation of the financial reporting process.

The Auditor's Responsibility

It is the responsibility of the auditor to independently express its conclusions on the quarterly consolidated financial statements in the interim review report based on the interim review conducted by the auditor.

The auditor conducts the following in accordance with standards of interim reviews that are generally accepted in Japan while making judgments as a professional expert and maintaining professional skepticism through the process of interim reviews,

- The auditor conducts inquiries of those responsible for matters related to management, finance, and accounting, and carries out analytical procedures, and other interim review procedures. The interim review procedure is limited in scope compared to the audit of financial statements for the fiscal year, which is conducted in accordance with auditing standards that are generally accepted in Japan.
- If the auditor judges that there is a material uncertainty regarding an event or circumstance that gives rise to material doubts about the going concern assumptions, it concludes based on the evidence obtained whether any matter exists leading itself to believe that the quarterly consolidated financial statements have not been prepared in accordance, Article 4(1) of the Standard, and the Accounting Standards for Quarterly Financial Statements, etc., which are generally accepted as fair and reasonable in Japan (provided, however, that the omission of the description stipulated in Article 4(2) of the Standard is applied).
Also, if there are any material uncertainties found regarding going concern assumptions, the auditor is required to draw attention to the notes in the quarterly consolidated financial statements in the interim review report and to express further a qualified or negative conclusion to the quarterly consolidated financial statements if the notes in the quarterly consolidated financial statements regarding material uncertainties are not appropriate. Although the auditor's conclusions are based on evidence obtained up to the date of the interim review report, the Company may not be able to operate as a going concern depending on future events or circumstances.
- The auditor evaluates whether any matter exists leading it to believe that the presentation of and notes to quarterly consolidated financial statements have not been prepared in accordance with Article 4(1) of the Standard, as well as the Accounting Standards for Quarterly Financial Statements that are generally accepted as fair and reasonable in Japan (provided, however, that the omission of the description stipulated in Article 4(2) of the Standard is applied).
- The auditor obtains evidence of the financial information of the company and its consolidated subsidiaries on which the auditor forms the basis to state its conclusions to the quarterly consolidated financial statements. The auditor is responsible for directing, supervising and checking the interim review of the quarterly consolidated financial statements. The auditor is solely responsible for the auditor's conclusions.

The auditor shall report to the Audit & Supervisory Committee on the scope of the planned interim review, the timing of its implementation, and material findings if any during the interim review.

The auditor shall report to the Audit & Supervisory Committee that it has complied with Japan's professional ethics regulations regarding its independence. The auditor report matters if any that are reasonably considered to affect its independence, together with the details of any measures taken to eliminate such impediments to its independence or the application of safeguards to reduce impediments to an acceptable level.

Conflict of interest

There is no conflict of interest between the Company and its consolidated subsidiaries and this auditor firm or the staff engaged in this audit that should be disclosed in accordance with the provisions of the Certified Public Accountants Act.

Note to the Reader of Review Report:

This report is an English translation of the Independent Auditor's Report on Review of the Quarterly Consolidated Financial Statements solely for the convenience of the readers.