

Consolidated Financial Summary (for the year ended March 31, 2018)

April 27, 2018

Company Name: Tokai Tokyo Financial Holdings, Inc.
 Stock Listings: First sections of the Tokyo Stock Exchange and Nagoya Stock Exchange
 Stock Code: 8616 URL: <http://www.tokaitokyo-fh.jp/>
 Representative: Tateaki Ishida, President & CEO
 Contact: Tetsuji Oono
 Executive officer, General Manager - Finance Planning Department
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Scheduled date for general meeting of shareholders: June 28, 2018
 Scheduled date for filing securities report: June 28, 2018
 Scheduled day of commencing dividend payment: June 29, 2018
 Earnings supplementary explanatory documents: Available
 Earnings presentation for the fiscal year: Available (for financial analysts and institutional investors)

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

1. Consolidated Financial Results for the Year Ended March 31, 2018 (from April 1, 2017 to March 31, 2018)**(1) Consolidated Results of Operation**

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

	Operating revenue		Net operating revenue		Operating income		Ordinary income		Profit attributable to owners of parent	
	million yen	%	million yen	%	million yen	%	million yen	%	million yen	%
Year ended										
March 31, 2018	85,261	30.3	82,919	30.1	17,446	83.7	20,939	57.8	25,397	111.8
March 31, 2017	65,412	(3.2)	63,728	(3.8)	9,497	(24.9)	13,269	(13.3)	11,990	(3.5)

(Note) Comprehensive income: March 31, 2018: 27,436 million yen [156.2%]
 March 31, 2017: 10,709 million yen [4.0%]

	Net income per share	Diluted net income per share	Return on equity	Return on assets	Operating income/ Operating revenue
	yen	yen	%	%	%
Year ended					
March 31, 2018	97.27	97.18	15.5	2.5	20.5
March 31, 2017	45.73	45.72	7.8	2.0	14.5

(Reference) Share of profit of entities accounted for using equity me March 31, 2018: 1,963 million yen March 31, 2017: 2,058 million yen

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net asset per share
	million yen	million yen	%	yen
As of				
March 31, 2018	965,621	174,849	17.9	668.18
March 31, 2017	742,435	157,229	20.9	593.47

(Reference) Shareholders' equity March 31, 2018: 172,629 million yen March 31, 2017: 155,312 million yen

(Note) At the end of the fiscal year ended March 31, 2018, Tokai Tokyo Financial Group finalized provisional accounting treatment related to the business combination. The consolidated financial statements for the year ended March 31, 2017 reflect the finalized provisional accounting treatment.

(3) Consolidated Cash Flows Position

	Cash flows from operation	Cash flows from investment	Cash flows from financing	Cash and cash equivalents
	million yen	million yen	million yen	million yen
Year ended				
March 31, 2018	19,332	(588)	(1,617)	89,204
March 31, 2017	2,944	(8,507)	35,864	72,043

2. Dividends

(Base date)	Dividend per share					Total cash dividends (annual)	Dividends payout ratio (consolidated)	Net assets dividend ratio (consolidated)
	End of first quarter	End of second quarter	End of third quarter	End of year	Annual			
Ended March 31, 2017	—	12.00	—	14.00	26.00	6,803	56.9	4.4
Ended March 31, 2018	—	14.00	—	24.00	38.00	9,865	39.1	6.0
Ending March 31, 2019	—	—	—	—	—		—	

3. Forecast of Consolidated Operating Results for Fiscal 2018 (from April 1, 2018 to March 31, 2019)

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.

4. Others

(1) Important Changes in Subsidiaries during the Term (Changes Pursuant to the Subsidiaries that Lead to a Change in the Scope of Consolidation): Yes

New : 1 company (Takagi Securities Co.,Ltd.)

Exclusion : None

(2) 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) Change in accounting estimates: None

4) Retrospective restatements: None

(3) Number of Shares Issued (Common Stock)

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

As of March 31, 2018: 270,582,115 As of March 31, 2017: 280,582,115

2) Number of treasury stock at the end of the term (shares)

As of March 31, 2018: 12,225,394 As of March 31, 2017: 18,877,456

3) Average number of shares outstanding

Year ended March 31, 2018: 261,106,441 Year ended March 31, 2017: 262,181,966

(Reference)

Non-consolidated Financial Results for the Year Ended March 31, 2018(from April 1, 2017 to March 31, 2018)

(1) Non-consolidated Results of Operations

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

	Operating revenue		Operating income		Ordinary income		Net income	
	million yen	%	million yen	%	million yen	%	million yen	%
Year ended								
March 31,2018	14,014	3.7	6,239	(4.8)	7,380	(6.9)	7,090	(13.9)
March 31,2017	13,520	(12.4)	6,554	(35.8)	7,927	(30.1)	8,231	(34.9)

	Net income per share	Diluted net income per share
	yen	yen
Year ended		
March 31,2018	27.15	27.13
March 31,2017	31.39	31.38

(2) Non-consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	million yen	million yen	%	yen
As of				
March 31,2018	210,412	107,440	50.8	413.71
March 31,2017	185,931	110,087	59.0	418.96

(Reference) Shareholders' equity March 31, 2018: 106,884 million yen March 31, 2017: 109,643 million yen

* This consolidated financial summary is exempt from certified public accountant and audit corporations

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

Dividends payments for the fiscal year ending March 31, 2019 have not been determined because it is difficult to forecast operating results, similarly as described in "3.Forecast of Consolidated Operating Results for Fiscal 2018."

Consolidated Financial Statements

(1) Consolidated Balance Sheets

(Unit: million yen)

	As of March 31, 2017	As of March 31, 2018
Assets		
Current assets		
Cash and deposits	72,683	90,594
Cash segregated as deposits	37,506	45,830
Cash segregated as deposits for customers	36,900	45,000
Cash segregated as deposits for others	606	830
Trading products	292,495	388,099
Trading securities and other	289,264	384,823
Derivatives	3,230	3,276
Margin transaction assets	44,610	57,297
Loans on margin transactions	31,880	52,161
Cash collateral pledged for securities borrowing on margin transactions	12,730	5,135
Loans secured by securities	214,992	289,117
Cash collateral pledged for securities borrowed	214,992	289,117
Advances paid	1,252	1,170
Short-term guarantee deposits	18,995	15,411
Short-term loans receivable	156	157
Short-term investment securities	0	3,000
Accrued income	1,725	2,417
Deferred tax assets	1,254	1,228
Other	2,912	9,058
Allowance for doubtful accounts	(32)	(50)
Total current assets	688,551	903,332
Non-current assets		
Property, plant and equipment	8,561	8,127
Buildings	2,887	2,538
Equipment	2,011	1,811
Land	3,663	3,777
Intangible assets	5,696	5,486
Goodwill	1,671	2,060
Software	2,262	2,198
Telephone subscription right	129	36
Other	1,633	1,190
Investments and other assets	39,627	48,674
Investment securities	34,054	40,969
Long-term guarantee deposits	2,416	3,161
Net defined benefit asset	2,317	3,542
Other	1,244	1,386
Allowance for doubtful accounts	(405)	(385)
Total non-current assets	53,884	62,289
Total assets	742,435	965,621

(Unit: million yen)

	As of March 31, 2017	As of March 31, 2018
Liabilities		
Current liabilities		
Trading products	192,454	281,709
Trading securities and other	185,261	276,368
Derivatives	7,192	5,340
Trade date accrual	7,540	21,952
Margin transaction liabilities	9,132	19,413
Borrowings on margin transactions	6,182	17,879
Cash received for securities lending on margin transactions	2,950	1,534
Loans payable secured by securities	131,164	197,538
Cash received on debt credit transaction of securities	131,164	197,538
Deposits received	32,925	35,794
Guarantee deposits received	8,360	12,794
Short-term loans payable	80,488	78,752
Short-term bonds payable	9,300	12,000
Current portion of bonds	31,044	29,594
Income taxes payable	1,860	4,090
Provision for bonuses	2,244	3,222
Provision for directors' bonuses	46	61
Other	3,836	7,583
Total current liabilities	510,399	704,507
Non-current liabilities		
Bonds payable	8,983	16,200
Long-term loans payable	61,731	64,906
Deferred tax liabilities	1,741	2,804
Provision for directors' retirement benefits	103	63
Net defined benefit liability	458	208
Other	1,338	1,468
Total non-current liabilities	74,357	85,652
Reserves under special laws		
Reserve for financial products transaction liabilities	449	611
Total reserves under special laws	449	611
Total liabilities	585,206	790,771
Net assets		
Shareholders' equity		
Capital stock	36,000	36,000
Capital surplus	33,016	28,958
Retained earnings	90,693	108,761
Treasury shares	(7,572)	(6,188)
Total shareholders' equity	152,137	167,531
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1,439	2,519
Foreign currency translation adjustment	(251)	(168)
Remeasurements of defined benefit plans	1,986	2,745
Total accumulated other comprehensive income	3,175	5,097
Subscription rights to shares	443	556
Non-controlling interests	1,472	1,664
Total net assets	157,229	174,849
Total liabilities and net assets	742,435	965,621

(2) Consolidated Statements of Income and Comprehensive Income
Consolidated Statements of Income

	(Unit: million yen)	
	Year ended March 31, 2017	Year ended March 31, 2018
Operating revenue		
Commission received	26,934	35,907
Commission to consignees	12,930	17,415
Commission for underwriting, secondary distribution and solicitation for selling and others for professional investors	738	811
Fee for offering, secondary distribution and solicitation for selling and others for professional investors	6,916	7,844
Other fees received	6,349	9,836
Net trading income	35,737	45,095
Financial revenue	2,741	4,258
Total operating revenue	65,412	85,261
Financial expenses	1,684	2,342
Net operating revenue	63,728	82,919
Selling, general and administrative expenses		
Trading related expenses	11,187	13,827
Personnel expenses	25,336	31,110
Real estate expenses	6,071	6,797
Office cost	7,215	8,043
Depreciation	1,770	1,944
Taxes and dues	1,258	1,521
Other	1,389	2,227
Total selling, general and administrative expenses	54,230	65,472
Operating income	9,497	17,446
Non-operating income		
Dividend income	833	699
Rent income	526	518
Share of profit of entities accounted for using equity method	2,058	1,963
Gain on investments in partnership	298	289
Other	218	222
Total non-operating income	3,935	3,693
Non-operating expenses		
Loss on investments in partnership	103	127
Foreign exchange losses	36	18
Other	23	54
Total non-operating expenses	163	200
Ordinary income	13,269	20,939

(Unit: million yen)

	Year ended March 31, 2017	Year ended March 31, 2018
Extraordinary income		
Gain on sales of non-current assets	43	—
Gain on sales of investment securities	1,189	881
Gain on changes in equity	851	—
Gain on bargain purchase	—	11,160
Gain on transfer of business	850	—
Gain on reversal of subscription rights to shares	1	0
Total extraordinary income	2,935	12,042
Extraordinary loss		
Impairment loss	—	626
Loss on sales of shares of subsidiaries and associates	—	173
Loss on sales of investment securities	0	44
Loss on valuation of investment securities	—	63
Loss on valuation of golf club membership	0	34
Commission based representative retirement benefits	—	152
Provision of reserve for financial products transaction liabilities	9	146
Total extraordinary loss	9	1,240
Income before income taxes	16,195	31,742
Income taxes-current	3,989	8,831
Income taxes for prior periods	—	99
Income taxes-deferred	204	(2,697)
Total income taxes	4,193	6,233
Profit	12,002	25,509
Profit attributable to non-controlling interests	11	111
Profit attributable to owners of the parent	11,990	25,397

Consolidated Statements of Comprehensive Income

(Unit: million yen)

	Year ended March 31, 2017	Year ended March 31, 2018
Profit	12,002	25,509
Other comprehensive income		
Valuation difference on available-for-sale securities	(604)	1,059
Foreign currency translation adjustment	(237)	82
Remeasurements of defined benefit plans	(509)	738
Share of other comprehensive income of entities accounted for using equity method	58	47
Total other comprehensive income	(1,292)	1,927
Comprehensive income	10,709	27,436
(Comprehensive income attributable to)		
Owners of the parent	10,696	27,325
Non-controlling interests	13	111

(3) Consolidated Statements of Changes in Equity
Year ended March 31, 2017 (Fiscal 2016)

(Unit: million yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at the beginning of current period	36,000	33,473	85,537	(6,390)	148,619
Changes of items during the period					
Dividends from surplus			(6,834)		(6,834)
Profit attributable to owners of parent			11,990		11,990
Purchase of treasury shares				(1,693)	(1,693)
Disposal of treasury shares		(477)		512	34
Retirement of treasury shares					—
Change in ownership interest of parent due to transactions with non-controlling interests		20			20
Net changes of items other than shareholders' equity					
Total changes of items during period	—	(456)	5,155	(1,181)	3,517
Balance at the end of current period	36,000	33,016	90,693	(7,572)	152,137

(Unit: million yen)

	Accumulated other comprehensive income				Subscription rights to shares	Non-controlling interests	Total net assets
	Valuation difference on available-for sale securities	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income			
Balance at the beginning of current period	2,026	(10)	2,454	4,469	327	1,787	155,204
Changes of items during the period							
Dividends from surplus							(6,834)
Profit attributable to owners of parent							11,990
Purchase of treasury shares							(1,693)
Disposal of treasury shares							34
Retirement of treasury shares							—
Change in ownership interest of parent due to transactions with non-controlling interests							20
Net changes of items other than shareholders' equity	(586)	(240)	(467)	(1,293)	116	(314)	(1,492)
Total changes of items during period	(586)	(240)	(467)	(1,293)	116	(314)	2,025
Balance at the end of current period	1,439	(251)	1,986	3,175	443	1,472	157,229

Year ended March 31, 2018 (Fiscal 2017)

(Unit: million yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at the beginning of current period	36,000	33,016	90,693	(7,572)	152,137
Changes of items during the period					
Dividends from surplus			(7,329)		(7,329)
Profit attributable to owners of parent			25,397		25,397
Purchase of treasury shares				(2,673)	(2,673)
Disposal of treasury shares		(5)		45	39
Retirement of treasury shares		(4,011)		4,011	—
Change in ownership interest of parent due to transactions with non-controlling interests		(40)			(40)
Net changes of items other than shareholders' equity					
Total changes of items during period	—	(4,057)	18,068	1,383	15,394
Balance at the end of current period	36,000	28,958	108,761	(6,188)	167,531

(Unit: million yen)

	Accumulated other comprehensive income				Subscription rights to shares	Non-controlling interests	Total net assets
	Valuation difference on available-for sale securities	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income			
Balance at the beginning of current period	1,439	(251)	1,986	3,175	443	1,472	157,229
Changes of items during the period							
Dividends from surplus							(7,329)
Profit attributable to owners of parent							25,397
Purchase of treasury shares							(2,673)
Disposal of treasury shares							39
Retirement of treasury shares							—
Change in ownership interest of parent due to transactions with non-controlling interests							(40)
Net changes of items other than shareholders' equity	1,079	82	758	1,921	112	191	2,224
Total changes of items during period	1,079	82	758	1,921	112	191	17,619
Balance at the end of current period	2,519	(168)	2,745	5,097	556	1,664	174,849

(4) Consolidated Statements of Cash Flows

(Unit: million yen)

	Year ended March 31, 2017	Year ended March 31, 2018
Cash flows from operating activities		
Income before income taxes	16,195	31,742
Depreciation	1,770	1,944
Amortization of goodwill	—	202
Share of (profit) loss of entities accounted for using equity method	(2,058)	(1,963)
Increase (decrease) in net defined benefit liability	(318)	(173)
Increase (decrease) in provision for directors' retirement benefits	20	(25)
Increase (decrease) in allowance for doubtful accounts	(929)	(9)
Interest and dividend income	(3,575)	(4,958)
Interest expenses	1,684	2,342
Impairment loss	—	626
Loss (gain) on sales of non-current assets	(43)	—
Loss (gain) on sale of investment securities	(1,188)	(837)
Loss (gain) on valuation of investment securities	—	63
Loss (gain) on change in equity	(851)	—
Gain on bargain purchase	—	(11,160)
Loss (gain) on transfer of business	(850)	—
Loss on valuation of golf club memberships	0	34
Gain on reversal of subscription rights to shares	(1)	(0)
Commission based representative retirement benefits	—	152
Decrease (increase) in cash segregated as deposits for customers	(9,635)	(7,300)
Decrease (increase) in trading products -assets	(33,260)	(91,890)
Increase (decrease) in trading products -liabilities	55,342	89,254
Decrease (increase) in margin transaction assets	(4,065)	(7,849)
Increase (decrease) in margin transaction liabilities	4,254	7,863
Decrease (increase) in loans secured by securities	(80,949)	(74,125)
Increase (decrease) in loans payable secured by securities	62,625	66,374
Increase (decrease) in deposits received	14,647	3,212
Increase (decrease) in guarantee deposits received	(2,170)	4,087
Decrease (increase) in other assets	(6,211)	(3,280)
Increase (decrease) in other liabilities	(6,820)	19,114
Subtotal	3,613	23,439
Interest and dividend income received	3,682	4,884
Interest expenses paid	(1,566)	(2,312)
Income taxes paid	(2,785)	(6,679)
Net cash provided by (used in) operating activities	2,944	19,332

(Unit: million yen)

	Year ended March 31, 2017	Year ended March 31, 2018
Cash flows from investing activities		
Purchase of property, plant and equipment	(761)	(540)
Proceeds from sales of property, plant and equipment	1,497	5
Purchase of intangible assets	(592)	(1,262)
Purchase of investment securities	(3,710)	(3,776)
Proceeds from sales of investment securities	4,536	10,772
Purchase of shares of subsidiaries resulting in change in scope of consolidation	(3,118)	(4,059)
Payments for sales of shares of subsidiaries resulting in change in scope of consolidation	—	(796)
Purchase of shares of subsidiaries and associates	(4,947)	—
Payments for guarantee deposits	(446)	(191)
Proceeds from collection of guarantee deposits	97	139
Other, net	(1,060)	(879)
Net cash provided by (used in) investing activities	(8,507)	(588)
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	(760)	(3,104)
Proceeds from long-term loans payable	42,900	4,300
Repayments of long-term loans payable	(1,200)	(1,240)
Proceeds from issuance of short-term bonds	48,200	54,800
Redemption of short-term bonds	(48,700)	(52,100)
Proceeds from issuance of bonds	43,995	45,940
Redemption of bonds	(41,861)	(40,123)
Proceeds from exercise of stock option	29	33
Purchase of treasury shares	(1,692)	(2,671)
Net decrease (increase) in treasury shares	(1)	(1)
Cash dividends paid	(6,834)	(7,329)
Proceeds from share issuance to non-controlling shareholders	2,400	50
Repayments to non-controlling shareholders	(106)	—
Dividends paid to non-controlling interests	(32)	(8)
Payments from changes in ownership interests in subsidiaries that do not result in change in scope of consolidation	(166)	(50)
Other, net	(305)	(111)
Net cash provided by (used in) financing activities	35,864	(1,617)
Effect of exchange rate changes on cash and cash equivalents	(396)	34
Net increase (decrease) in cash and cash equivalents	29,903	17,160
Cash and cash equivalents at beginning of period	44,615	72,043
Increase (decrease) in cash and cash equivalents resulting from change of scope of consolidation	(2,475)	—
Cash and cash equivalents at end of period	72,043	89,204