

Consolidated Financial Summary (for the three months ended June 30, 2020)

July 31, 2020

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
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Expected date for submission of quarterly report: August 12, 2020
 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 Three Months Ended June 30, 2020**(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 | % |
| Three months ended | | | | | | | | | | |
| June 30, 2020 | 15,365 | 14.0 | 14,696 | 13.1 | 1,014 | — | 1,283 | — | 849 | 231.7 |
| June 30, 2019 | 13,482 | (24.5) | 12,992 | (24.7) | (2,883) | — | (2,666) | — | 256 | (83.5) |

(Note) Comprehensive income Three-month period ended June 30, 2020: 1,410 million yen [-]

Three-month period ended June 30, 2019: (199) million yen [-]

| | Net income per share | Diluted net income per share |
|--------------------|----------------------|------------------------------|
| | yen | yen |
| Three months ended | | |
| June 30, 2020 | 3.42 | — |
| June 30, 2019 | 1.00 | — |

(Note) We post no figure of diluted net income per share as the Company has no potential stock that has dilution effect.

(2) Consolidated Financial Position

| | Total assets | Net assets | Equity ratio | Net assets per share |
|----------------|--------------|-------------|--------------|----------------------|
| | million yen | million yen | % | yen |
| As of | | | | |
| June 30, 2020 | 1,224,218 | 162,038 | 12.8 | 630.51 |
| March 31, 2020 | 1,113,313 | 160,404 | 14.1 | 630.24 |

(Reference) Shareholders' equity June 30, 2020: 156,597 million yen March 31, 2020: 156,530 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, 2020 | — | 4.00 | — | 4.00 | 8.00 |
| Ending March 31, 2021 | — | | | | |
| Ending March 31, 2021 (Forecast) | | — | — | — | — |

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

2) Dividend forecast for the fiscal year ending March 31, 2021 has not been determined.

3. Forecast of Consolidated Operating Results for Fiscal 2020 (from April 1, 2020 to March 31, 2021)

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) Change 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, 2020: | 260,582,115 | As of March 31, 2020: | 260,582,115 |
|----------------------|-------------|-----------------------|-------------|

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

| | | | |
|----------------------|------------|-----------------------|------------|
| As of June 30, 2020: | 12,216,793 | As of March 31, 2020: | 12,216,596 |
|----------------------|------------|-----------------------|------------|

3) Average number of shares outstanding (for the three months)

| | | | |
|-----------------------------------|-------------|-----------------------------------|-------------|
| Three months ended June 30, 2020: | 248,365,432 | Three months ended June 30, 2019: | 255,640,958 |
|-----------------------------------|-------------|-----------------------------------|-------------|

* 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, 2021 have not been determined because it is difficult to forecast operating results, as described similarly in "3.Forecast of Consolidated Operating Results for Fiscal 2020."

* 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 Friday, July 31, 2020.

Consolidated Financial Statements

(1) Consolidated Balance Sheets

(Unit: million yen)

| | As of March 31, 2020 | As of June 30, 2020 |
|---|-------------------------|------------------------|
| Assets | | |
| Current assets | | |
| Cash and deposits | 64,745 | 60,659 |
| Cash segregated as deposits | 51,122 | 58,821 |
| Cash segregated as deposits for customers | 49,300 | 56,800 |
| Cash segregated as deposits for others | 1,821 | 2,021 |
| Trading products | 422,351 | 479,270 |
| Trading securities and other | 407,261 | 473,726 |
| Derivatives | 15,090 | 5,544 |
| Trade date accrual | — | 1,136 |
| Margin transaction assets | 99,267 | 47,651 |
| Loans on margin transactions | 25,777 | 27,852 |
| Cash collateral pledged for securities borrowing on margin transactions | 73,489 | 19,798 |
| Loans secured by securities | 341,868 | 452,718 |
| Cash collateral pledged for securities borrowed | 31,248 | 103,235 |
| Loans on Gensaki transactions | 310,620 | 349,482 |
| Advances paid | 203 | 710 |
| Short-term guarantee deposits | 47,107 | 36,701 |
| Short-term loans receivable | 2,940 | 3,188 |
| Accrued income | 2,666 | 2,234 |
| Other | 11,296 | 11,357 |
| Allowance for doubtful accounts | (27) | (29) |
| Total current assets | 1,043,541 | 1,154,420 |
| Non-current assets | | |
| Property, plant and equipment | 12,038 | 11,782 |
| Intangible assets | 5,370 | 5,338 |
| Investments and other assets | 52,362 | 52,676 |
| Investment securities | 45,047 | 45,170 |
| Long-term guarantee deposits | 4,112 | 4,117 |
| Deferred tax assets | 252 | 374 |
| Retirement benefit asset | 1,783 | 1,866 |
| Other | 1,527 | 1,508 |
| Allowance for doubtful accounts | (362) | (361) |
| Total non-current assets | 69,772 | 69,797 |
| Total assets | 1,113,313 | 1,224,218 |

(Unit: million yen)

| | As of March 31, 2020 | As of June 30, 2020 |
|--|-------------------------|------------------------|
| Liabilities | | |
| Current liabilities | | |
| Trading products | 341,416 | 424,972 |
| Trading securities and other | 330,161 | 414,589 |
| Derivatives | 11,255 | 10,382 |
| Trade date accrual | 44,102 | — |
| Margin transaction liabilities | 8,943 | 11,276 |
| Borrowings on margin transactions | 6,876 | 6,998 |
| Cash received for securities lending on margin transactions | 2,067 | 4,278 |
| Borrowings secured by securities | 211,557 | 276,689 |
| Cash received on debt credit transaction of securities | 12,239 | 2,268 |
| Borrowings on Gensaki transactions | 199,318 | 274,421 |
| Deposits received | 46,489 | 57,028 |
| Guarantee deposits received | 13,692 | 13,839 |
| Short-term borrowings | 135,680 | 137,603 |
| Short-term bonds payable | 16,000 | 17,500 |
| Current portion of bonds payable | 21,101 | 19,410 |
| Income taxes payable | 695 | 326 |
| Provision for bonuses | 1,521 | 775 |
| Other | 12,305 | 5,114 |
| Total current liabilities | 853,507 | 964,538 |
| Non-current liabilities | | |
| Bonds payable | 13,496 | 11,935 |
| Long-term borrowings | 81,909 | 81,905 |
| Deferred tax liabilities | 55 | 41 |
| Provision for retirement benefits for directors (and other officers) | 63 | 68 |
| Retirement benefit liability | 181 | 178 |
| Other | 3,075 | 3,016 |
| Total non-current liabilities | 98,781 | 97,145 |
| Reserves under special laws | | |
| Reserve for financial instruments transaction liabilities | 619 | 495 |
| Total reserves under special laws | 619 | 495 |
| Total liabilities | 952,908 | 1,062,179 |
| Net assets | | |
| Shareholders' equity | | |
| Share capital | 36,000 | 36,000 |
| Capital surplus | 24,587 | 24,587 |
| Retained earnings | 101,276 | 101,132 |
| Treasury shares | (5,292) | (5,292) |
| Total shareholders' equity | 156,572 | 156,428 |
| Accumulated other comprehensive income | | |
| Valuation difference on available-for-sale securities | (151) | 323 |
| Foreign currency translation adjustment | (390) | (582) |
| Remeasurements of defined benefit plans | 500 | 429 |
| Total accumulated other comprehensive income | (41) | 169 |
| Share acquisition rights | 478 | 499 |
| Non-controlling interests | 3,395 | 4,941 |
| Total net assets | 160,404 | 162,038 |
| Total liabilities and net assets | 1,113,313 | 1,224,218 |

(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, 2019 | Three months ended June 30, 2020 |
|--|-------------------------------------|-------------------------------------|
| Operating revenue | | |
| Commission received | 6,352 | 7,344 |
| Brokerage commission | 2,371 | 3,679 |
| Commission for underwriting, secondary distribution and solicitation for selling and others for professional investors | 231 | 151 |
| Fee for offering, secondary distribution and solicitation for selling and others for professional investors | 1,624 | 1,182 |
| Other fees received | 2,126 | 2,331 |
| Net trading income | 6,564 | 7,234 |
| Financial revenue | 565 | 785 |
| Total operating revenue | 13,482 | 15,365 |
| Financial expenses | 490 | 668 |
| Net operating revenue | 12,992 | 14,696 |
| Selling, general and administrative expenses | | |
| Trading related expenses | 2,867 | 2,147 |
| Personnel expenses | 7,412 | 6,590 |
| Real estate expenses | 2,089 | 1,818 |
| Office cost | 1,883 | 1,655 |
| Depreciation | 715 | 772 |
| Taxes and dues | 321 | 304 |
| Provision of allowance for doubtful accounts | — | 1 |
| Other | 586 | 391 |
| Total selling, general and administrative expenses | 15,875 | 13,681 |
| Operating income (loss) | (2,883) | 1,014 |
| Non-operating income | | |
| Dividend income | 110 | 130 |
| Rental income from buildings | 116 | 121 |
| Share of profit of entities accounted for using equity method | — | 7 |
| Gain on investments in investment partnerships | 3 | 1 |
| Other | 171 | 34 |
| Total non-operating income | 401 | 294 |
| Non-operating expenses | | |
| Share of loss of entities accounted for using equity method | 137 | — |
| Loss on investments in investment partnerships | 5 | 10 |
| Foreign exchange losses | — | 12 |
| Other | 41 | 3 |
| Total non-operating expenses | 184 | 26 |
| Ordinary income (loss) | (2,666) | 1,283 |

(Unit: million yen)

| | Three months ended June 30, 2019 | Three months ended June 30, 2020 |
|---|-------------------------------------|-------------------------------------|
| Extraordinary income | | |
| Gain on sales of non-current assets | 79 | — |
| Gain on sales of investment securities | 102 | 1 |
| Gain on change in equity | 2,054 | — |
| Reversal of reserve for financial instruments transaction liabilities | 0 | 123 |
| Total extraordinary income | 2,236 | 124 |
| Extraordinary losses | | |
| Loss on sales of non-current assets | 12 | — |
| Impairment loss | 0 | — |
| Loss on sales of investment securities | 36 | — |
| Loss on valuation of investment securities | 1 | 213 |
| Total extraordinary losses | 50 | 213 |
| Income (loss) before income taxes | (480) | 1,194 |
| Income taxes-current | 21 | 121 |
| Income taxes for prior periods | (67) | — |
| Income taxes-deferred | (685) | (126) |
| Total income taxes | (731) | (4) |
| Profit | 250 | 1,198 |
| Profit (loss) attributable to non-controlling interests | (5) | 349 |
| Profit attributable to owners of parent | 256 | 849 |

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

(Unit: million yen)

| | Three months ended June 30, 2019 | Three months ended June 30, 2020 |
|---|-------------------------------------|-------------------------------------|
| Profit | 250 | 1,198 |
| Other comprehensive income | | |
| Valuation difference on available-for-sale securities | (421) | 446 |
| Foreign currency translation adjustment | 61 | (192) |
| Remeasurements of defined benefit plans, net of tax | (100) | (64) |
| Share of other comprehensive income of entities accounted for using equity method | 10 | 22 |
| Total other comprehensive income | (450) | 211 |
| Comprehensive income | (199) | 1,410 |
| (Comprehensive income attributable to) | | |
| Owners of parent | (194) | 1,061 |
| Non-controlling interests | (5) | 349 |

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, 2019 | Three months ended June 30, 2020 | Yr/Yr | |
|--|--|--|------------------------|-------------|
| | | | Increase (Decrease) | % change |
| Brokerage commission | 2,371 | 3,679 | 1,307 | 55.1 % |
| Stocks | 2,264 | 3,495 | 1,231 | 54.4 |
| Bonds | 9 | 5 | (3) | (38.1) |
| Beneficiary certificates | 97 | 177 | 80 | 82.1 |
| Commission for underwriting, secondary distribution and solicitation for selling and others for professional investors | 231 | 151 | (79) | (34.3) |
| Stocks | 69 | 70 | 1 | 2.5 |
| Bonds | 162 | 81 | (81) | (50.0) |
| Fee for offering, secondary distribution and solicitation for selling and others for professional investors | 1,624 | 1,182 | (441) | (27.2) |
| Beneficiary certificates | 1,611 | 1,177 | (433) | (26.9) |
| Other fees received | 2,126 | 2,331 | 205 | 9.6 |
| Beneficiary certificates | 1,052 | 830 | (221) | (21.1) |
| Total | 6,352 | 7,344 | 991 | 15.6 |

(ii) By product

(Unit: million yen)

| | Three months ended June 30, 2019 | Three months ended June 30, 2020 | Yr/Yr | |
|--------------------------|--|--|------------------------|-------------|
| | | | Increase (Decrease) | % change |
| Stocks | 2,346 | 3,582 | 1,236 | 52.7 % |
| Bonds | 186 | 93 | (92) | (49.7) |
| Beneficiary certificates | 2,761 | 2,186 | (575) | (20.8) |
| Others | 1,057 | 1,481 | 423 | 40.0 |
| Total | 6,352 | 7,344 | 991 | 15.6 |

② Net trading income

(Unit: million yen)

| | Three months ended June 30, 2019 | Three months ended June 30, 2020 | Yr/Yr | |
|-----------------|--|--|------------------------|-------------|
| | | | Increase (Decrease) | % change |
| Stocks | 3,676 | 5,387 | 1,710 | 46.5 % |
| Bonds and Forex | 2,887 | 1,847 | (1,039) | (36.0) |
| Total | 6,564 | 7,234 | 670 | 10.2 |

(2) Comparative Quarterly Consolidated Statements of Income

(Unit: million yen)

| | Fiscal 2019 | | | | Fiscal 2020 |
|--|---------------------------------|---------------------------------|---------------------------------|---------------------------------|---------------------------------|
| | 1st quarter | 2nd quarter | 3rd quarter | 4th quarter | 1st quarter |
| | Apr. 1, 2019 - Jun. 30, 2019 | Jul. 1, 2019 - Sep. 30, 2019 | Oct. 1, 2019 - Dec. 31, 2019 | Jan. 1, 2020 - Mar. 31, 2020 | Apr. 1, 2020 - Jun. 30, 2020 |
| Operating revenues | | | | | |
| Commission received | 6,352 | 6,922 | 8,609 | 7,287 | 7,344 |
| Brokerage commission | 2,371 | 2,597 | 4,041 | 3,229 | 3,679 |
| (Stocks) | 2,264 | 2,172 | 3,784 | 2,960 | 3,495 |
| Commission for underwriting, secondary distribution and solicitation for selling and others for professional investors | 231 | 201 | 202 | 67 | 151 |
| Fee for offering, secondary distribution and solicitation for selling and others for professional investors | 1,624 | 1,521 | 1,870 | 1,502 | 1,182 |
| (Beneficiary certificates) | 1,611 | 1,519 | 1,864 | 1,501 | 1,177 |
| Other fees received | 2,126 | 2,602 | 2,494 | 2,486 | 2,331 |
| (Beneficiary certificates) | 1,052 | 1,024 | 999 | 921 | 830 |
| Net trading income | 6,564 | 7,306 | 8,400 | 7,239 | 7,234 |
| (Stocks) | 3,676 | 4,152 | 5,247 | 934 | 5,387 |
| (Bonds and Forex) | 2,887 | 3,153 | 3,153 | 6,304 | 1,847 |
| Financial revenue | 565 | 927 | 656 | 862 | 785 |
| Total operating revenue | 13,482 | 15,156 | 17,665 | 15,389 | 15,365 |
| Financial expenses | 490 | 452 | 452 | 531 | 668 |
| Net operating revenue | 12,992 | 14,703 | 17,213 | 14,858 | 14,696 |
| Selling, general and administrative expenses | | | | | |
| Trading related expenses | 2,867 | 2,709 | 2,955 | 2,853 | 2,147 |
| Personnel expenses | 7,412 | 6,728 | 6,873 | 6,814 | 6,590 |
| Real estate expenses | 2,089 | 1,814 | 1,903 | 1,775 | 1,818 |
| Office cost | 1,883 | 2,047 | 1,879 | 1,705 | 1,655 |
| Depreciation | 715 | 773 | 801 | 936 | 772 |
| Taxes and dues | 321 | 366 | 293 | 358 | 304 |
| Provision of allowance for doubtful accounts | — | — | — | — | 1 |
| Other | 586 | 398 | 340 | 386 | 391 |
| Total selling, general and administrative expenses | 15,875 | 14,837 | 15,048 | 14,830 | 13,681 |
| Operating income | (2,883) | (134) | 2,165 | 27 | 1,014 |
| Non-operating income | 401 | 513 | 217 | 837 | 294 |
| Share of profit of entities accounted for using equity method | — | — | — | — | 7 |
| Other | 401 | 513 | 217 | 837 | 287 |
| Non-operating expenses | 184 | 246 | (142) | 158 | 26 |
| Share of loss of entities accounted for using equity method | 137 | 81 | (173) | 47 | — |
| Other | 46 | 164 | 30 | 110 | 26 |
| Ordinary income | (2,666) | 133 | 2,525 | 707 | 1,283 |
| Extraordinary income | 2,236 | 69 | 166 | 64 | 124 |
| Extraordinary losses | 50 | 16 | 98 | 22 | 213 |
| Income before income taxes | (480) | 186 | 2,594 | 749 | 1,194 |
| Income taxes-current | (45) | 95 | 35 | 142 | 121 |
| Income taxes-deferred | (685) | (336) | 598 | 484 | (126) |
| Profit | 250 | 428 | 1,960 | 122 | 1,198 |
| Profit attributable to non-controlling interests | (5) | 39 | 98 | (133) | 349 |
| Profit attributable to owners of parent | 256 | 388 | 1,862 | 256 | 849 |