

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/>
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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
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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
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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
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* 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.

Accompanying Materials – Contents

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1. Qualitative Information for the Three Months Ended June 30, 2020

(1) Review of Operating Results

Japanese Economy: During the first quarter (April 1, 2020, to June 30, 2020) of the consolidated fiscal year under review (April 1, 2020, to March 31, 2021), the economy slowed amid the worldwide spread of COVID-19. The pandemic stymied personal consumption, production, and exports. Starkly illustrating the malaise, April's retail sales showed a year-on-year decline worse than that seen in the 2008 financial crisis triggered by the bankruptcy of Lehman Brothers. Also affected was the employment rate: In May, the jobs-applications ratio was down to 1.20, marking a month-on-month decline of 0.12, the second biggest drop since the 1973–1974 oil crisis. The Bank of Japan (BOJ), at a monetary policy meeting in April, decided to buy government bonds without an upper limit and the National Diet enacted a second supplementary budget, the largest supplementary budget ever. After the state of emergency was lifted in late May, business activities resumed to some extent, and the government started promoting an economic recovery with stimulus packages and other measures.

Looking Abroad: With much of the world's population placed on lockdown in response to the pandemic, severe economic downturn invariably gripped countries across the world. However, the global economy bottomed out in April and started to show improvements, with phased re-openings coupled with stimulus packages from the governments and central banks of G7 countries. Having said that, recovery is far from certain, as second-wave outbreaks remain a real possibility.

Japanese Stock Market: Starting at around ¥18,600 in April, the Nikkei Stock Average trended upward with the announcements of the stimulus packages made by major countries and their central banks, as well as the phased reopening of economies in such countries that followed a respite in the infections. The Nikkei was further buoyed by hopes of a possible breakthrough in a vaccine development. On June 8, the Nikkei topped the ¥23,000 mark for the first time in around three months. In the same month, the US stock market plunged in reaction to the Federal Open Market Committee's bleak economic assessment. The Japanese stock market, likewise, reacted bearishly, causing the Nikkei to dip below ¥22,000 at one point. The Nikkei then held firm, closing at the ¥22,000 mark at the end of June. For the quarter under review, the average daily transaction volume in the First Section of the Tokyo Stock Exchange was ¥2,726.5 billion, much higher than the figure for the same period of the previous fiscal year (which was ¥2,472.2 billion).

Japanese Bond Market: The yield on 10-year JGB, the indicator of long-term interest rates, started at minus 0.005% in April. On April 28, the yield hit a monthly low of minus 0.055%, when fears about the spread of COVID-19 prompted a rush to safe-haven assets. Another factor behind the low interest rates was the decision the BOJ made, at its monetary policy meeting on April 27, to adopt further easing measures and to scrap the upper limit for buying government bonds. In May, the yield rebounded and trended around 0%, prompted by phased reopening of economies in G7 countries, expectation of economic recovery, high stock prices, and higher long-term interest rates in the US and Europe. Remaining flat through much of June, the yield finished the month in positive territory, at 0.03%.

Foreign Exchange Market: The dollar-to-yen exchange rate opened in April at around 1 USD to 107 JPY. In May, it dipped to a period-low of below 1 USD to 106 JPY, after the Federal Reserve's liquidity measures prompted investors to sell dollars for other currencies. The dollar subsequently rose against the yen, reflecting an increased risk appetite in response to reopened economies in developed countries and abruptly soaring stock prices. In June, the dollar was trending high in the upper ¥109 range. However, without ever breaking the ¥110 mark, the rate was held back as investors sold on the dollar's rally. The dollar sank further against the yen amid fears of a second COVID-19 wave in some US states. At the end of June, the dollar was fetching around ¥107.

In addition to the above trends, the business landscape for Tokai Tokyo Financial Group has seen some rapid and important shifts. These dizzying shifts include the progress in digitalization, increasing emphasis on fiduciary due diligence, workstyle changes, new market realities across the world, and increasingly diverse customer needs. Meanwhile, we face high costs for upgrading systems, and a more crowded securities market with the entrance of non-industry players.

Under this business environment, Tokai Tokyo Financial Group embarked on the fourth year of its business plan, New Age's Flag Bearer 5. This business plan commits us to building the Great Platform and to implementing a productivity revolution that will further strengthen our operating base and enhance growth. The plan also includes strategic themes to guide us into the next stage. We continue our efforts to become a new age's leader, breaking the mold of a conventional securities firm to form a third pillar in financial industry, whereby we can challenge the megabank-owned securities companies and major securities companies.

We have established a number of new teams as part of the above project. We established the Digital Strategy Group to facilitate digitalization across our group. We also established the Great Platform Business Promotion Department, which is responsible for extending our shared business platform to other regional banks (including the member banks of the Second Association of Regional Banks) besides our partner banks in order to boost our strategic functions and effectuate them as early as possible. We have also established a number of other teams. To spearhead the group's contribution to the Sustainable Development Goals (SDGs)¹, we established the SDGs Promotion Department. This department defines the priority tasks we will steadily deal with to enhance our corporate value and to implement SDG action for solving societal issues. Additionally, as part of enhancing risk management capability, we established the Anti-Money Laundering Supervisory Department, ensuring that we never engage in money laundering or terrorist financing.

Regarding industry-wide engagement, Tokai Tokyo Securities Co., Ltd., became a supporting member of the Financial Advisors Association of Japan, which was founded in January 2020 and inaugurated in April. Tokai Tokyo Securities will make a sustained commitment to this association by promoting a customer-oriented approach that fosters customer trust and stable asset building.

In an effort to enhance our customer services, we acquired the capability to provide digital securities services. In June, we invested in Hash DasH Holdings Co., Ltd., whose operating subsidiary, Hash DasH Co., Ltd., is planning to operate a trading platform for digital securities in Japan. In July, we securitized some real-estate assets in Japan and launched a preparatory testing to list the subject assets on iSTOX, a trading platform for securities tokens² based in Singapore. Meanwhile, Tokai Tokyo Securities joined the Japan Security Token Offering Association as a full member. These actions will enable us to sell securities tokens in Japan in the future.

We have placed top priority on preventing the spread of COVID-19 infection as the health and safety of our customers and employees always comes first. On May 14, Japan's state of emergency was lifted in the areas where we operate. Accordingly, we began a phased reopening of business locations on May 18, taking the necessary safety measures: In addition to requiring the use of facemasks and providing hand sanitizer, we installed clear plastic screens at customer-facing locations to prevent airborne transmission. We also introduced staggered work hours and work-from-home programs.

¹ Sustainable Development Goals (SDGs):

The SDGs are a set of goals outlined in a 2015 UN declaration titled "Transforming our world: the 2030 Agenda for Sustainable Development." There are 17 SDGs, encompassing 169 targets. The SDG agenda calls on the corporate sector to contribute to the goals through business activities.

² Security tokens:

Based on blockchain technology, security tokens serve as digital investment contracts, representing ownership of underlying assets such as stocks, bonds, or real estate.

The Group's consolidated operating results up to 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 15.6%, to ¥7,344 million.

(i) Commission to consignees:

Total commissions to consignees earned by the Group increased 55.1%, to ¥3,679 million. The increase was attributable to the volume of stock that Tokai Tokyo Securities brokered increased 66.0%, to 783 million shares, and the value of stock brokered increased 75.9%, to ¥1,425.1 billion. Additionally, transactions with individual investors also increased. Consequently, commissions to consignees on stocks realized 54.4% increase to ¥3,495 million.

(ii) Commission for underwriting, secondary distribution and solicitation for selling and others for professional investors: Commission for underwriting, secondary distribution and solicitation for selling and others for professional investors totaled ¥151 million, a decrease of 34.3%. Under this category, commission earned by handling of stock totaled ¥70 million, an increase of 2.5%. Another item under this category, commission on bonds decreased 50.0%, to ¥81 million.

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

The total was ¥1,182 million, a decrease of 27.2%. Under this category, fees from beneficiary certificates decreased 26.9%, to ¥1,177 million, reflecting the decline in sales of investment trusts—particularly to individuals.

(iv) Other fees received:

Other fees earned totaled ¥2,331 million, an increase of 9.6%. Under this category, agency commissions from investment trusts declined 21.1%, to ¥830 million, and insurance commissions decreased 13.9%, to ¥608 million, as some of the walk-in locations were closed during the state of emergency. However, these decreases were more than offset by an increase in consulting fees.

(Net trading income)

Net trading income totaled ¥7,234 million, an increase of 10.2%. Under this category, net trading income from equity totaled ¥5,387 million, an increase of 46.5%. Trading of bonds and foreign exchanges main part of which was accounted for by foreign currency-denominated bonds and structure bonds totaled ¥1,847 million, a decrease of 36.0%.

(Net financial revenue)

Net financial revenue increased 56.3%, to ¥117 million. Under this category, financial revenue totaled ¥785 million, an increase of 38.9% while financial expenses, another item under this category, totaled ¥668 million, an increase of 36.3%.

(Selling, general and administrative expenses)

Selling, general and administrative expenses totaled ¥13,681 million, a decrease of 13.8%. Under this category, trading-related expenses decreased 25.1% to ¥2,147 million, due to less fees from the foreign-bond sales intermediated by joint-venture securities companies. Similarly, personnel costs decreased 11.1%, to ¥6,590 million. Moreover, real-estate costs decreased 13.0%, to ¥1,818 million, after canceling the contract for the old Nihonbashi office and consolidated outlets. Office costs decreased 12.1%, to ¥1,655 million, reflecting the reduced system costs following a merger between Tokai Tokyo Securities, a wholly owned subsidiary of the Company, and Takagi Securities Co., Ltd. as the former being a surviving entity.

(Non-operating income and expenses)

Non-operating income totaled ¥294 million, a decrease of 26.7%. The main factors were an equity-method gain and foreign exchanges loss (compared to an equity-method loss and foreign exchange gain in the same period last year), which

led to the recording of ¥7 million in gain on equity-method investments and ¥130 million in dividend received. Non-operating expenses totaled ¥26 million, a decrease of 85.8%. The decrease, however, is the result even after ¥10 million loss on investments in investment partnerships and ¥12 million in foreign exchanges losses.

(Extraordinary income and losses)

In the period under review, we recorded extraordinary income, the main component of which was ¥123 million in reversal of provision for financial products transaction liabilities. We also recorded extraordinary losses, the main component of which was ¥213 million in loss on valuation of investment securities.

Consequently, in the period under review, operating revenue increased 14.0%, to ¥15,365 million; net operating revenue increased 13.1%, to ¥14,696 million; operating income totaled ¥1,014 million (compared to an operating loss of ¥2,883 million in the same period last year); ordinary income totaled ¥1,283 million (compared to an ordinary loss of ¥2,666 million in the same period last year); finally, profit attributable to owners of parent after deducting income taxes and others increased 231.7%, to ¥849 million.

(2) Review of the Financial Statements

All comparisons shown below are with the end of the previous consolidated fiscal year in this section (2).

(Assets)

In the period under review, total assets were ¥1,224,218 million, an increase of ¥110,904 million. Under this category, current assets increased ¥110,878 million to ¥1,154,420 million. The key contributors were trading products (assets), which increased ¥56,918 million to ¥479,270 million, and loans secured by securities, which increased ¥110,849 million to ¥452,718 million. These increases more than offset decreases in the following items: Margin transaction assets that decreased ¥51,616 million to ¥47,651 million, and short-term guarantee deposits that decreased ¥10,405 million to ¥36,701 million. Non-current assets increased ¥25 million to ¥69,797 million. The main contributor was investment securities, which increased ¥122 million to ¥45,170 million.

(Liabilities)

In the period under review, total liabilities increased ¥109,270 million to ¥1,062,179 million. Under this category, current liabilities increased ¥111,030 million to ¥964,538 million. The main increases were in trading products (liabilities), which was up ¥83,555 million to ¥424,972 million, and loans payable secured by securities which was up ¥65,132 million to ¥276,689 million. The main decreases were in trade date accrual (liabilities), which was down ¥44,102 million. Non-current liabilities decreased ¥1,635 million to ¥97,145 million. The main factor was bonds payable, which decreased ¥1,561 million to ¥11,935 million.

(Net assets)

In the period under review, total net assets totaled ¥162,038 million, an increase of ¥1,633 million. Under this category, retained earnings decreased ¥144 million, to ¥101,132 million, while non-controlling interests increased ¥1,545 million, to ¥4,941 million.

(3) Explanation of Forecasts Such as Consolidated Financial Forecasts

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, 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

(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)

	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