

Consolidated Financial Summary (for the nine months ended December 31, 2020)

January 29, 2021

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: February 9, 2021

Scheduled day of commencing dividend payment: —

Supplementary explanation documents for quarterly earnings: Yes

Quarterly results briefing planned: None

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

1. Consolidated Financial Results for the Nine Months Ended December 31, 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	
Nine months ended	million yen	%	million yen	%	million yen	%	million yen	%	million yen	%
December 31, 2020	50,004	8.0	48,111	7.1	5,386	—	7,121	—	5,087	102.9
December 31, 2019	46,304	(6.8)	44,909	(6.5)	(851)	—	(7)	—	2,506	85.1

(Note) Comprehensive income

Nine-month period ended December 31, 2020: 5,983 million yen [202.9%]

Nine-month period ended December 31, 2019: 1,974 million yen [-]

	Net income per share	Diluted net income per share
Nine months ended	yen	yen
December 31, 2020	20.48	—
December 31, 2019	10.00	—

(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
As of	million yen	million yen	%	yen
December 31, 2020	1,457,687	165,657	10.9	639.73
March 31, 2020	1,113,313	160,404	14.1	630.24

(Reference) Shareholders' equity December 31, 2020: 158,886 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	—	8.00	—		
Ending March 31, 2021 (Forecast)				—	—

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

2) The dividend of 8.00 yen at the end of second quarter for the year ending March 31, 2021 includes commemorative dividend for the 20th anniversary of 2.00 yen.

3) 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 December 31, 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 December 31, 2020:	12,217,810	As of March 31, 2020:	12,216,596
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3) Average number of shares outstanding (for the nine months)

Nine months ended December 31, 2020:	248,365,067	Nine months ended December 31, 2019:	250,773,482
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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, January 29, 2021.

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1. Qualitative Information for the Nine Months Ended December 31, 2020

(1) Review of Operating Results

Japanese Economy: During the first nine months (April 1, 2020, to December 31, 2020) of the consolidated fiscal year under review (April 1, 2020, to March 31, 2021) Japan felt the economic toll of the spread of COVID-19. Amid voluntary business restrictions, real GDP shrank by an annualized 29.2% in the April–June quarter, its largest decline on record. However, the economy gradually improved after business activities resumed around the world and the government’s economic support measures took effect. As for the future outlook, while the pace of economic normalization may slacken if infections rise, the positive economic trend should continue in view of the economic support measures and the likelihood that vaccines will become available soon, albeit a little later than in Western countries.

Looking Abroad: The economic toll of the pandemic was felt in other countries too. In the first half of 2020 (January–June), most countries experienced a recession, with two consecutive quarters of negative growth. However, in the July–September quarter, many economies rebounded thanks to phased economic reopening and strong stimulus packages from the governments and central banks of G7 countries. This recovery trend looks set to continue. Future economic progress will depend on infection rates, the vaccine rollout, and whether governments can sustain their economic support measures.

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 phased reopening of economies in such countries, as well as by the hopes of a possible breakthrough in vaccine development. Consequently, the Nikkei topped the ¥23,000 mark in early June. The market then saw some bearish activity in response to several troubling developments. In June, for example, the US stock market plunged in reaction to the Federal Open Market Committee’s bleak economic assessment. Then, from late July, there were grim financial results announcements revealing the scale of the downturn in corporate earnings during the April–June quarter. Despite the bearishness, the Nikkei ultimately held firm. In November, risk appetite grew as uncertainties over the US presidential election dissipated and progress on the vaccine front fuelled market optimism. In addition, toward the end of the year, the Nikkei reached a 30-year high due in part to a second stimulus plan in the US. The Nikkei, after all, finished December at the ¥27,400 mark. For the period under review (April 1, 2020, to December 31, 2020), the average daily transaction volume in the First Section of the Tokyo Stock Exchange was ¥2,636.8 billion, higher than the figure for the same period of the previous fiscal year (which was ¥2,432.1 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 period low of minus 0.055%, when fears about the spread of COVID-19 prompted a rush to safe-haven assets. In May, however, the yield rebounded and entered positive territory amid high stock prices and rising long-term interest rates in the US and Europe, which themselves reflected economic optimism with the phased reopening of economies in G7 countries. Then in July, it rose to a period high of 0.055% following concerns that supply and demand could be negatively affected by the issuance of government bonds to finance the second supplementary budget. The yield then trended between zero and 0.05%, finishing December at 0.02%.

Foreign Exchange Market: The dollar-to-yen exchange rate opened in April at around 1 USD to 107 JPY. In May, it dipped at one point to below 1 USD to 106 JPY after the Federal Reserve's liquidity measures created a surplus, prompting investors to sell dollars for other currencies. The dollar subsequently rose against the yen, amid sharp surge in stock prices reflecting an increased risk appetite in response to phased economic reopening in major countries and following government and central bank interventions. In June, the dollar was trending high in the upper ¥109 range. However, there was a rush to sell the dollar later in the year. One factor was a predicted extension of easing by the Fed in view of a resurgence in infections. The US election on November 3 was another factor; once Joe Biden was all but confirmed as the victor, markets speculated that his administration would run up the deficit. Consequently, in December, the dollar hit a period low against the yen, fetching around the upper ¥102. It finished the month at 1 USD to 103 JPY.

On October 1, we celebrated our group's 20th anniversary. Twenty years ago, Tokai Tokyo Securities (the name of our firm before we adopted a holding company structure) was founded following a merger between Tokai Tokyo Securities and Tokai Maruman Securities. To mark this milestone, we released a new corporate slogan, "Connecting Hearts Creating Futures" We aim to play a leading role in the finance industry of the future by forging partnerships with regional banks and by flexibly deploying a broad range of knowhow. Alongside this, we will continue developing long-lasting, trust-based relationships with our customers by closely attending to what they ask for.

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 both in Japan and 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. Amid these seismic shifts, we embarked on the fourth year of our business plan, New Age's Flag Bearer 5. Under this plan, we continue expanding the functions of the Great Platform and implementing a productivity revolution to further strengthen our operating base and enhance growth. We also continue our efforts to become an integrated financial group to form a third pillar in financial industry, whereby we can play squarely with the megabank-owned securities companies and major securities companies.

We have established new teams as part of the above business plan. We established the Digital Strategy Group to accelerate and enhance digitalization across our group. We also established the Great Platform Business Promotion Department, which is responsible for sharing our business platforms with regional banks (including our current partners and members of the Second Association of Regional Banks), as well as with communications and distribution firms, in order to advance our strategically focused functions and effectuate them as early as possible.

To spearhead the group's contribution to the Sustainable Development Goals (SDGs)¹, we established the SDGs Promotion Department. We support the UN's sustainability agenda and want to contribute toward the SDGs. In September 2020, we announced the SDG Pledge. This pledge enshrines our commitment to engaging with the goal of a sustainable society by constantly innovating and by cherishing communities, people, and the environment through our business activities, which themselves are guided by our corporate vision ("We will contribute to the growth of our nation's economy by fulfilling the role as a financial service provider to help individual customers with their wealth formation and corporate customers with their capital enhancement").

As part of this commitment, we have linked SDGs to material topics, which are 1) health, 2) education and workstyle, 3) financial innovation, 4) regional economies, and 5) environmental conservation. To promote environmental sustainability, in October, Tokai Tokyo Securities acted as a comanager in underwriting the Tokyo Green Bonds issued by the Tokyo Metropolitan Government.² Also, Tokai Tokyo Securities facilitated sales of green bonds issued by overseas financial institutions. On the health front, we have promoted sport in society for many years by actively employing athletes (this year, we offered jobs to two athletes). Additionally, we continue to promote employee health across the group.

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 an Affiliated Securities Firm Member of the Financial Advisor 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-first approach that fosters customer trust and stable asset building.

Regarding our digital strategy, 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 tokens³ based in Singapore. Meanwhile, Tokai Tokyo Financial Holdings joined the Japan Security Token Association (a voluntary association), and Tokai Tokyo Securities joined the Japan Security Token Offering Association (a self-regulatory organization). Joining

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 Green bonds:

Green bonds are bonds issued for the purpose of funding environmental projects. The Tokyo Green Bonds program has received a second-party opinion from ISS ESG (formerly, ISS-oekom) confirming that it aligns with the Green Bond Principles defined by the International Capital Markets Association.

³ 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.

these organizations is a step toward selling securities tokens in Japan in the future.

Our digital strategy and our efforts to prepare infrastructure for remote working have earned us recognition as an exemplar in digital transformation (one of the “Noteworthy DX Companies 2020” among “DX Stocks 2020”) under the Competitive IT Strategy Company program run by the Ministry of Economy, Trade and Industry and the Tokyo Stock Exchange. The purpose of this program is to encourage companies to invest in digital transformation to improve their value and competitiveness over the medium to long term.

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 to reduce density in the office and help prevent crowded commutes.

On January 8, 2021, a second state of emergency was declared in Tokyo, Kanagawa, Saitama, and Chiba. On the 13th, the state of emergency was expanded to three Kansai prefectures (Osaka, Kyoto, and Hyogo), Tochigi, Fukuoka, and two Tokai region prefectures (Aichi and Gifu). Although our business premises remain open, we have stepped up anti-infection measures. We also continue to stagger work hours and allow employees to work from home.

A key pressing task is to make our retail businesses more productive. This task is critical because our customer-facing securities businesses will face an increasingly challenging business landscape ahead. Moreover, as we approach the final year of New Age’s Flag Bearer 5, it is imperative to increase productivity of retail operation to meet our KGIs under the business plan. Accordingly, Tokai Tokyo Securities is working to make sales offices more efficient in line with new working practices as well as more flexible and responsive to customer needs. As part of this transformation, the company consolidated two Kansai offices: the Osaka and Umeda offices. In an effort to create new efficiencies, it transformed the Umeda office into a slimmed-down satellite office (with lower rent and running costs) and introduced fixed–mobile convergence.⁴

⁴Fixed–mobile convergence (FMC):

A telecommunications model that integrates fixed and mobile networks. FMC allows users to transfer calls between a mobile device and the company’s wired phone lines (extension numbers) or a sales office’s internal telephone infrastructure.

In the period under review, there were no material changes to our strategic direction or business policies. Our medium-term business plan (New Age's Flag Bearer 5) commits us to the following performance targets for next year (the final year of the plan): return on equity of 10%, ordinary income of ¥30 billion, and assets in custody (group-wide) of ¥10 trillion.

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 3.7%, to ¥22,684 million.

(i) Commission to consignees:

Total commissions to consignees earned by the Group increased 15.0%, to ¥10,364 million. The increase was attributable mainly to the increased transaction with individual investors as demonstrated by both the volume of stock and the value of stock that Tokai Tokyo Securities brokered. The former increased by 36.5% to 2,449 million shares, and the latter likewise increased 44.4%, to ¥4,411.8 billion. Commissions to consignees on stocks increased 22.0% to ¥10,027 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 ¥747 million, an increase of 17.8%. Under this category, commission earned by handling of stock totaled ¥507 million, an increase of 206.5%. On the other hand, another item under this category, commission on bonds decreased 48.8%, to ¥240 million.

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

The total was ¥4,414 million, a decrease of 12.0%. Under this category, fees from beneficiary certificates decreased 11.8%, to ¥4,407 million, reflecting the decline in sales of investment trusts—particularly to individuals.

(iv) Other fees received:

Other fees earned totaled ¥7,157 million, a decrease of 0.9%. Under this category, agency commissions from investment trusts declined 14.0%, to ¥2,646 million, and insurance commissions decreased 0.4%, to ¥2,266 million, as some of the walk-in locations were closed during the state of emergency. These decreases were not offset by an increase in consulting fees.

(Net trading income)

Net trading income totaled ¥25,117 million, an increase of 12.8%. Under this category, net trading income from equity totaled ¥16,768 million, an increase of 28.2%. Trading of bonds and foreign exchanges main part of which was accounted for by foreign currency-denominated bonds and structure bonds totaled ¥8,349 million, a decrease of 9.2%.

(Net financial revenue)

Net financial revenue decreased 58.9%, to ¥309 million. Under this category, financial revenue totaled ¥2,202 million, an increase of 2.5% while financial expenses, another item under this category, totaled ¥1,892 million, an increase of 35.6%.

(Selling, general and administrative expenses)

Selling, general and administrative expenses totaled ¥42,725 million, a decrease of 6.6%. Under this category, trading-related expenses decreased 12.8% to ¥7,441 million, due to less trading-related expenses and travel expenses. Similarly, personnel costs decreased 3.3%, to ¥20,325 million. Office costs decreased 13.7%, to ¥5,011 million, because systems cost was reduced after the merger between our subsidiary securities companies.

(Non-operating income and expenses)

Non-operating income totaled ¥1,936 million, an increase of 70.9%. The main factors were an equity-method gain (compared to an equity-method loss in the same period last year), which led to the recording of ¥837 million in gain on equity-method investments, ¥385 million in gain on investments in partnership, and ¥223 million in dividend received. Non-operating expenses totaled ¥200 million, a decrease of 30.4%. The decrease is the result after absorbing ¥155 million loss on investments in investment partnerships.

(Extraordinary income and losses)

In the period under review, we recorded extraordinary income, the main components of which were ¥101 million in gain on reversal of share acquisition rights and ¥123 million in reversal of reserve for financial instruments transaction liabilities. We also recorded extraordinary losses, which was ¥264 million in loss on valuation of investment securities.

Consequently, in the period under review, operating revenue increased 8.0%, to ¥50,004 million; net operating revenue increased 7.1%, to ¥48,111 million; operating income totaled ¥5,386 million (compared to an operating loss of ¥851 million in the same period last year); ordinary income totaled ¥7,121 million (compared to an ordinary loss of ¥7 million in the same period last year); finally, profit attributable to owners of parent after deducting income taxes and others increased 102.9%, to ¥5,087 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 ¥1,457,687 million, an increase of ¥344,373 million. Under this category, current assets increased ¥345,460 million to ¥1,389,002 million. The main increases were in trading products (assets), which increased ¥186,051 million to ¥608,402 million and loans secured by securities, which increased ¥192,092 million to ¥533,961 million. The main decreases were in margin transaction assets, which was down ¥57,254 million to ¥42,012 million. Non-current assets decreased ¥1,087 million to ¥68,684 million. The main factor was property, plant and equipment which decreased ¥850 million to ¥11,188 million. Partially offsetting this decrease was investment securities, which increased ¥203 million to ¥45,251 million.

(Liabilities)

In the period under review, total liabilities increased ¥339,121 million to ¥1,292,030 million. Under this category, current liabilities increased ¥334,570 million to ¥1,188,077 million. The key contributors were trading products (liabilities), which was up ¥133,161 million to ¥474,578 million, loans payable secured by securities, which was up ¥185,252 million to ¥396,810 million, and short-term loans payable, which increased ¥21,487 million to ¥157,168 million. Non-current liabilities increased ¥4,674 million to ¥103,456 million. The main factor was long-term borrowings which increased ¥6,990 million to ¥88,900 million. Partially offsetting this increase was bonds payable, which decreased ¥2,230 million to ¥11,265 million.

(Net assets)

In the period under review, total net assets amounted to ¥165,657 million, an increase of ¥5,252 million. Under this category, retained earnings increased ¥2,106 million, to ¥103,383 million, while non-controlling interests increased ¥2,945 million, to ¥6,341 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.

Consolidated Financial Statements

(1) Consolidated Balance Sheets

(Unit: million yen)

	As of March 31, 2020	As of December 31, 2020
Assets		
Current assets		
Cash and deposits	64,745	70,938
Cash segregated as deposits	51,122	65,721
Cash segregated as deposits for customers	49,300	64,200
Cash segregated as deposits for others	1,821	1,521
Trading products	422,351	608,402
Trading securities and other	407,261	601,976
Derivatives	15,090	6,426
Margin transaction assets	99,267	42,012
Loans on margin transactions	25,777	30,436
Cash collateral pledged for securities borrowing on margin transactions	73,489	11,575
Loans secured by securities	341,868	533,961
Cash collateral pledged for securities borrowed	31,248	35,452
Loans on Gensaki transactions	310,620	498,509
Advances paid	203	924
Short-term guarantee deposits	47,107	24,128
Short-term loans receivable	2,940	10,841
Accrued income	2,666	2,461
Other	11,296	29,668
Allowance for doubtful accounts	(27)	(59)
Total current assets	1,043,541	1,389,002
Non-current assets		
Property, plant and equipment	12,038	11,188
Intangible assets	5,370	5,399
Investments and other assets	52,362	52,097
Investment securities	45,047	45,251
Long-term guarantee deposits	4,112	3,782
Deferred tax assets	252	17
Retirement benefit asset	1,783	1,946
Other	1,527	1,463
Allowance for doubtful accounts	(362)	(363)
Total non-current assets	69,772	68,684
Total assets	1,113,313	1,457,687

(Unit: million yen)

	As of March 31, 2020	As of December 31, 2020
Liabilities		
Current liabilities		
Trading products	341,416	474,578
Trading securities and other	330,161	466,494
Derivatives	11,255	8,083
Trade date accrual	44,102	27,188
Margin transaction liabilities	8,943	13,434
Borrowings on margin transactions	6,876	10,926
Cash received for securities lending on margin transactions	2,067	2,507
Borrowings secured by securities	211,557	396,810
Cash received on debt credit transaction of securities	12,239	3,660
Borrowings on Gensaki transactions	199,318	393,150
Deposits received	46,489	65,873
Guarantee deposits received	13,692	13,395
Short-term borrowings	135,680	157,168
Short-term bonds payable	16,000	16,000
Current portion of bonds payable	21,101	16,248
Income taxes payable	695	615
Provision for bonuses	1,521	1,061
Provision for bonuses for directors (and other officers)	—	24
Other	12,305	5,679
Total current liabilities	853,507	1,188,077
Non-current liabilities		
Bonds payable	13,496	11,265
Long-term borrowings	81,909	88,900
Deferred tax liabilities	55	331
Provision for retirement benefits for directors (and other officers)	63	91
Retirement benefit liability	181	168
Other	3,075	2,699
Total non-current liabilities	98,781	103,456
Reserves under special laws		
Reserve for financial instruments transaction liabilities	619	495
Total reserves under special laws	619	495
Total liabilities	952,908	1,292,030
Net assets		
Shareholders' equity		
Share capital	36,000	36,000
Capital surplus	24,587	24,587
Retained earnings	101,276	103,383
Treasury shares	(5,292)	(5,292)
Total shareholders' equity	156,572	158,678
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	(151)	507
Foreign currency translation adjustment	(390)	(587)
Remeasurements of defined benefit plans	500	288
Total accumulated other comprehensive income	(41)	208
Share acquisition rights	478	428
Non-controlling interests	3,395	6,341
Total net assets	160,404	165,657
Total liabilities and net assets	1,113,313	1,457,687

(2) Consolidated Statements of Income and Comprehensive Income

Consolidated Statements of Income

(Nine months ended December 31)

(Unit: million yen)

	Nine months ended December 31, 2019	Nine months ended December 31, 2020
Operating revenue		
Commission received	21,885	22,684
Brokerage commission	9,010	10,364
Other fees received	7,223	7,157
Net trading income	22,270	25,117
Financial revenue	2,148	2,202
Total operating revenue	46,304	50,004
Financial expenses	1,395	1,892
Net operating revenue	44,909	48,111
Selling, general and administrative expenses		
Trading related expenses	8,532	7,441
Personnel expenses	21,013	20,325
Real estate expenses	5,808	5,429
Office cost	5,810	5,011
Depreciation	2,290	2,292
Taxes and dues	981	981
Provision of allowance for doubtful accounts	—	33
Other	1,324	1,208
Total selling, general and administrative expenses	45,761	42,725
Operating profit (loss)	(851)	5,386
Non-operating income		
Dividend income	258	223
Rental income from buildings	352	353
Share of profit of entities accounted for using equity method	—	837
Gain on investments in investment partnerships	189	385
Other	332	136
Total non-operating income	1,133	1,936
Non-operating expenses		
Share of loss of entities accounted for using equity method	46	—
Loss on investments in investment partnerships	104	155
Foreign exchange losses	48	4
Other	89	40
Total non-operating expenses	288	200
Ordinary profit (loss)	(7)	7,121

(Unit: million yen)

	Nine months ended December 31, 2019	Nine months ended December 31, 2020
Extraordinary income		
Gain on sales of non-current assets	97	—
Gain on sales of investment securities	154	2
Gain on change in equity	2,054	—
Gain on reversal of share acquisition rights	166	101
Reversal of reserve for financial instruments transaction liabilities	0	123
Total extraordinary income	2,472	228
Extraordinary losses		
Loss on sales of non-current assets	16	4
Impairment loss	0	—
Loss on sales of investment securities	48	2
Loss on valuation of investment securities	99	264
Total extraordinary losses	165	271
Profit before income taxes	2,300	7,078
Income taxes-current	131	681
Income taxes for prior periods	(46)	—
Income taxes-deferred	(424)	664
Total income taxes	(339)	1,345
Profit	2,639	5,733
Profit attributable to non-controlling interests	132	645
Profit attributable to owners of parent	2,506	5,087

Consolidated Statements of Comprehensive Income
(Nine months ended December 31)

(Unit: million yen)

	Nine months ended December 31, 2019	Nine months ended December 31, 2020
Profit	2,639	5,733
Other comprehensive income		
Valuation difference on available-for-sale securities	(185)	590
Foreign currency translation adjustment	(187)	(197)
Remeasurements of defined benefit plans, net of tax	(302)	(193)
Share of other comprehensive income of entities accounted for using equity method	10	50
Total other comprehensive income	(664)	250
Comprehensive income	1,974	5,983
(Comprehensive income attributable to)		
Owners of parent	1,842	5,337
Non-controlling interests	132	645

(3) Notes to Quarterly Consolidated Financial Statements

(Notes on Going Concern Assumption)

Not applicable

(Notes for Material Changes in Shareholders' Equity)

Not applicable

Supplementary Information

(1) Breakdown of Commission Received and Net Trading Income

① Commission received

(i) By item

(Unit: million yen)

	Nine months ended December 31, 2019	Nine months ended December 31, 2020	Yr/Yr	
			Increase (Decrease)	% change
Brokerage commission	9,010	10,364	1,354	15.0 %
Stocks	8,221	10,027	1,805	22.0
Bonds	34	29	(4)	(14.5)
Beneficiary certificates	754	307	(446)	(59.2)
Commission for underwriting, secondary distribution and solicitation for selling and others for professional investors	635	747	112	17.8
Stocks	165	507	342	206.5
Bonds	469	240	(229)	(48.8)
Fee for offering, secondary distribution and solicitation for selling and others for professional investors	5,016	4,414	(601)	(12.0)
Beneficiary certificates	4,995	4,407	(588)	(11.8)
Other fees received	7,223	7,157	(66)	(0.9)
Beneficiary certificates	3,076	2,646	(430)	(14.0)
Total	21,885	22,684	799	3.7

(ii) By product

(Unit: million yen)

	Nine months ended December 31, 2019	Nine months ended December 31, 2020	Yr/Yr	
			Increase (Decrease)	% change
Stocks	8,620	10,586	1,966	22.8 %
Bonds	533	283	(249)	(46.8)
Beneficiary certificates	8,826	7,361	(1,465)	(16.6)
Others	3,904	4,452	547	14.0
Total	21,885	22,684	799	3.7

② Net trading income

(Unit: million yen)

	Nine months ended December 31, 2019	Nine months ended December 31, 2020	Yr/Yr	
			Increase (Decrease)	% change
Stocks	13,076	16,768	3,691	28.2 %
Bonds and Forex	9,194	8,349	(845)	(9.2)
Total	22,270	25,117	2,846	12.8

(2) Comparative Quarterly Consolidated Statements of Income

(Unit: million yen)

	Fiscal 2019		Fiscal 2020		
	3rd quarter	4th quarter	1st quarter	2nd quarter	3rd quarter
	Oct. 1, 2019 - Dec. 31, 2019	Jan. 1, 2020 - Mar. 31, 2020	Apr. 1, 2020 - Jun. 30, 2020	Jul. 1, 2020 - Sep. 30, 2020	Oct. 1, 2020 - Dec. 31, 2020
Operating revenue					
Commission received	8,609	7,287	7,344	7,327	8,012
Brokerage commission	4,041	3,229	3,679	3,044	3,640
(Stocks)	3,784	2,960	3,495	2,984	3,546
Commission for underwriting, secondary distribution and solicitation for selling and others for professional investors	202	67	151	329	266
Fee for offering, secondary distribution and solicitation for selling and others for professional investors	1,870	1,502	1,182	1,534	1,698
(Beneficiary certificates)	1,864	1,501	1,177	1,534	1,695
Other fees received	2,494	2,486	2,331	2,418	2,407
(Beneficiary certificates)	999	921	830	884	930
Net trading income	8,400	7,239	7,234	8,778	9,104
(Stocks)	5,247	934	5,387	5,754	5,626
(Bonds and Forex)	3,153	6,304	1,847	3,023	3,478
Financial revenue	656	862	785	828	588
Total operating revenue	17,665	15,389	15,365	16,933	17,705
Financial expenses	452	531	668	709	515
Net operating revenue	17,213	14,858	14,696	16,224	17,190
Selling, general and administrative expenses					
Trading related expenses	2,955	2,853	2,147	2,546	2,747
Personnel expenses	6,873	6,814	6,590	6,810	6,925
Real estate expenses	1,903	1,775	1,818	1,800	1,811
Office cost	1,879	1,705	1,655	1,598	1,758
Depreciation	801	936	772	743	776
Taxes and dues	293	358	304	365	311
Provision of allowance for doubtful accounts	—	—	1	4	27
Other	340	386	391	431	386
Total selling, general and administrative expenses	15,048	14,830	13,681	14,299	14,743
Operating profit	2,165	27	1,014	1,924	2,446
Non-operating income	217	837	294	949	692
Share of profit of entities accounted for using equity method	—	—	7	338	492
Other	217	837	287	611	199
Non-operating expenses	(142)	158	26	131	42
Share of loss of entities accounted for using equity method	(173)	47	—	—	—
Other	30	110	26	131	42
Ordinary profit	2,525	707	1,283	2,742	3,096
Extraordinary income	166	64	124	—	103
Extraordinary losses	98	22	213	9	48
Profit before income taxes	2,594	749	1,194	2,733	3,151
Income taxes-current	35	142	121	557	1
Income taxes-deferred	598	484	(126)	220	570
Profit	1,960	122	1,198	1,955	2,578
Profit attributable to non-controlling interests	98	(133)	349	106	190
Profit attributable to owners of parent	1,862	256	849	1,849	2,388