



October 30, 2018

Summary of Consolidated Financial Statements for the Six Months Ended September 30, 2018 Under Japanese GAAP

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Preparation of supplemental explanatory documents: Yes

Holding of quarterly presentation meeting: No

1. Consolidated Financial Results for the Six Months Ended September 30, 2018 (April 1, 2018 to September 30, 2018)

(Amounts are rounded down to the nearest millions of yen)

(1) Consolidated operating results

(Percentage figures represent year-on-year changes)

	Operating revenues		Net operating revenues		Operating income		Ordinary income	
	millions of yen	%	millions of yen	%	millions of yen	%	millions of yen	%
Six months ended								
September 30, 2018	202,418	9.1	156,425	4.4	23,172	6.8	24,206	9.1
September 30, 2017	185,462	(20.8)	149,775	(26.5)	21,699	(55.9)	22,184	(54.9)

(Note) Comprehensive income: September 30, 2018: 22,990 million yen (0.3%)
September 30, 2017: 22.920million yen (-82.5%)

	Net income attributable to owners of parent		Net income per share	Net income per share
	millions of yen	%	yen	yen
Six months ended				
September 30, 2018	21,508	25.5	10.67	—
September 30, 2017	17,137	(87.0)	8.50	—

(2) Consolidated financial positions

	Total assets	Net assets	Equity ratio
	millions of yen	millions of yen	%
September 30, 2018	16,536,316	921,211	5.5
March 31, 2018	15,153,012	910,839	6.0

Reference: Equity (i.e. "Shareholders' equity" and "Accumulated other comprehensive income"):

September 30, 2018: 914,846 million yen

March 31, 2018: 903,811 million yen

2. Notes

- (1) Changes in significant subsidiaries (changes in specified subsidiaries accompanying changes in the scope of consolidation) during the period: None
- (2) Application of specific accounting methods in the preparation of quarterly consolidated financial statements: None
- (3) Changes in accounting policies, estimates, and restatements:
 - 1) Changes in accounting policies in accordance with revisions of accounting standards: None
 - 2) Changes other than 1) above: None
 - 3) Changes in accounting estimates: None
 - 4) Restatements: None

(4) Number of outstanding shares (common stock)

- 1) Number of shares issued at end of the period (including treasury stock):

September 30, 2018:	2,015,102,652 shares
March 31, 2018:	2,015,102,652 shares

- 2) Number of treasury stock at end of the period:

September 30, 2018:	- shares
March 31, 2018:	- shares

- 3) Average number of outstanding shares for the six months:

Six Months Ended September 30, 2018	2,015,102,652 shares
Six Months Ended September 30, 2017	2,015,102,652 shares

* Other important matters

Not applicable

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1. Quarterly Consolidated Financial Statements

(1) Quarterly Consolidated Balance Sheets

(Millions of yen)

	As of March 31, 2018	As of September 30, 2018
Assets		
Current assets		
Cash and bank deposits	465,193	473,513
Cash segregated as deposits for customers and others	331,160	400,431
Trading assets	6,133,034	7,721,555
Trading securities and others	3,275,192	4,371,419
Derivatives	2,857,841	3,350,135
Operating investment securities	49,592	52,712
Operating loans receivable	7,332	6,771
Receivables related to margin transactions	127,764	37,432
Loans receivable under margin transactions	49,424	25,839
Cash collateral for borrowed securities under margin transactions	78,339	11,593
Collateralized short-term financing agreements - receivable	7,260,658	7,057,781
Deposits paid for securities borrowed	4,572,426	2,643,074
Securities purchased under agreements to resell	2,688,232	4,414,707
Advances paid	938	650
Securities: fail to deliver	47,204	58,360
Short-term loans receivable	6,653	7,114
Securities	1,696	1,592
Other current assets	471,316	471,340
Less: Allowance for doubtful accounts	(587)	(586)
Total current assets	14,901,957	16,288,672
Noncurrent assets		
Property and equipment	32,705	31,428
Intangible assets	94,986	93,008
Investments and other assets	123,362	123,207
Investment securities	72,742	74,100
Long-term guarantee deposits	12,436	12,228
Net defined benefit asset	24,030	24,743
Deferred tax assets	9,830	8,758
Other	7,806	6,887
Less: Allowance for doubtful accounts	(3,484)	(3,510)
Total noncurrent assets	251,054	247,644
Total assets	15,153,012	16,536,316

(Millions of yen)

As of March 31, 2018 As of September 30, 2018

Liabilities		
Current liabilities		
Trading liabilities	5,400,098	5,477,110
Trading securities and others	2,744,544	2,435,207
Derivatives	2,655,554	3,041,903
Payables - unsettled trades	64,631	254,153
Payables related to margin transactions	44,176	58,581
Borrowings on margin transactions	8,814	3,785
Cash collateral for loaned securities under margin transactions	35,361	54,796
Collateralized short-term financing agreements - payable	5,658,671	6,132,500
Deposits received for securities loaned	1,212,941	1,067,629
Securities sold under agreements to repurchase	4,445,730	5,064,871
Deposits received	297,058	324,298
Guarantee deposits received	219,771	386,150
Securities: fail to receive	21,048	37,351
Short-term borrowings	940,836	1,401,952
Commercial paper	334,200	272,800
Bonds and notes due within one year	157,942	135,673
Lease obligations	364	339
Income taxes payable	6,178	2,759
Accrued employees' bonuses	19,877	15,735
Provision for variable compensation	954	477
Provision for bonus point redemption	639	807
Other current liabilities	118,956	113,121
Total current liabilities	13,285,406	14,613,812
Noncurrent liabilities		
Bonds and notes	652,800	765,955
Long-term borrowings	277,000	209,000
Lease obligations	216	71
Deferred tax liabilities	146	177
Provision for directors' retirement benefits	187	157
Provision for executive officers' retirement benefits	129	131
Net defined benefit liability	21,648	21,342
Other noncurrent liabilities	2,276	2,098
Total noncurrent liabilities	954,405	998,933
Statutory reserves		
Reserve for financial instruments transaction liabilities	2,361	2,358
Total statutory reserves	2,361	2,358
Total liabilities	14,242,173	15,615,105

(Millions of yen)

	As of March 31, 2018	As of September 30, 2018
Net assets		
Shareholders' equity		
Common stock	125,167	125,167
Capital surplus	358,276	358,276
Retained earnings	452,233	461,141
Total shareholders' equity	<u>935,677</u>	<u>944,586</u>
Accumulated other comprehensive income (loss)		
Net unrealized gains on (operating) investment securities, net of tax, etc.	26,453	26,155
Foreign currency translation adjustments	(62,237)	(59,532)
Remeasurement of defined benefit plans	3,918	3,636
Total accumulated other comprehensive income (loss)	<u>(31,865)</u>	<u>(29,740)</u>
Non-controlling interests	<u>7,027</u>	<u>6,365</u>
Total net assets	<u>910,839</u>	<u>921,211</u>
Total liabilities and net assets	<u>15,153,012</u>	<u>16,536,316</u>

(2) Quarterly Consolidated Statements of Income and Comprehensive Income

Quarterly Consolidated Statements of Income

For the six months ended September 30, 2017 and 2018

(Millions of yen)

	Six months ended September 30, 2017	Six months ended September 30, 2018
Operating revenues		
Commissions	79,769	84,351
Brokerage commissions	17,257	16,161
Underwriting and selling fees, and commissions from solicitation to qualifying investors	14,604	18,683
Offering, selling, and other commissions and fees, and commissions from solicitation to qualifying investors	19,324	20,880
Other commissions and fees	28,583	28,626
Net gain on trading	57,030	57,446
Net gain on operating investment securities	7,383	6,235
Interest and dividend income	41,278	54,384
Total operating revenues	185,462	202,418
Interest expenses	35,686	45,992
Net operating revenues	149,775	156,425
Selling, general and administrative expenses	128,076	133,253
Transaction-related expenses	21,838	22,861
Personnel expenses	57,209	61,759
Real estate expenses	15,471	15,973
Administrative expenses	15,159	13,445
Depreciation and amortization	13,119	14,099
Taxes and dues	2,537	2,787
Provision of allowance for doubtful accounts	(13)	22
Other	2,752	2,303
Operating income	21,699	23,172
Non-operating income	1,388	2,007
Non-operating expenses	902	972
Ordinary income	22,184	24,206
Extraordinary gain	1,993	2,267
Gain on sales of noncurrent assets	1,214	—
Gain on sales of investment securities	731	2,264
Gain on sales of shares of subsidiaries and affiliates	41	—
Reversal of reserve for financial instruments transaction liabilities	5	2
Extraordinary loss	1,798	1,431
Loss on sales of noncurrent assets	86	—
Loss on disposal of noncurrent assets	219	121
Loss on sales of investment securities	0	0
Loss on impairment of golf club membership	0	—
Impairment losses	—	11
Loss on software development	1,471	—
Head office transfer cost	19	—
Loss on computer system failure	—	732
Loss on business liquidation of subsidiaries and affiliates	—	564
Income before income taxes and non-controlling interests	22,380	25,042
Income taxes - current	3,531	3,052
Income taxes - deferred	1,549	1,358
Total income taxes	5,081	4,410
Net income	17,299	20,631
Net income (loss) attributable to non-controlling interests	161	(876)
Net income attributable to owners of parent	17,137	21,508

Quarterly Consolidated Statements of Comprehensive Income
For the six months ended September 30, 2017 and 2018

(Millions of yen)

	Six months ended September 30, 2017	Six months ended September 30, 2018
Net income	17,299	20,631
Other comprehensive income (loss)		
Net unrealized gains (losses) on (operating) investment securities, net of tax, etc.	6,027	(322)
Foreign currency translation adjustments	(214)	2,965
Remeasurement of defined benefit plans	(194)	(283)
Share in other comprehensive income of affiliates accounted for using equity method	2	(0)
Total other comprehensive income	<u>5,621</u>	<u>2,358</u>
Comprehensive income	<u>22,920</u>	<u>22,990</u>
(Breakdown)		
Attributable to:		
Owners of parent	22,613	23,634
Non-controlling interests	306	(643)

(3) Note on the going-concern assumption

Not applicable

(4) Note on material changes in shareholders' equity

Not applicable

2. Supplemental Information**(1) Commissions**

1) Breakdown by items

(Millions of yen)

	Six months ended September 30, 2017	Six months ended September 30, 2018	Increase/(Decrease)	
			Amount	Percentage (%)
Brokerage commissions	17,257	16,161	(1,096)	(6.4)
Equities	16,585	15,579	(1,005)	(6.1)
Bonds	456	398	(58)	(12.7)
Underwriting and selling fees, and commissions from solicitation to qualifying investors	14,604	18,683	4,079	27.9
Equities	4,735	7,106	2,371	50.1
Bonds	9,768	11,109	1,341	13.7
Offering, selling, and other commissions and fees, and commissions from solicitation to qualifying investors	19,324	20,880	1,555	8.1
Other commissions and fees	28,583	28,626	42	0.1
Total	79,769	84,351	4,581	5.7

2) Breakdown by instruments

(Millions of yen)

	Six months ended September 30, 2017	Six months ended September 30, 2018	Increase/(Decrease)	
			Amount	Percentage (%)
Equities	22,357	24,895	2,537	11.4
Bonds	24,619	21,171	(3,447)	(14.0)
Beneficiary certificates	21,860	23,005	1,145	5.2
Others	10,933	15,279	4,346	39.8
Total	79,769	84,351	4,581	5.7

(2) Net gain on trading

(Millions of yen)

	Six months ended September 30, 2017	Six months ended September 30, 2018	Increase/(Decrease)	
			Amount	Percentage (%)
Equities, etc.	11,199	47,330	36,130	322.6
Bonds, etc. and others	45,830	10,115	(35,714)	(77.9)
Total	57,030	57,446	415	0.7

(3) Capital adequacy requirement ratio**1) Consolidated base**

(Millions of yen)

		As of March 31, 2018	As of September 30, 2018
Basic items (A)		867,860	891,418
Supplemental items	Net unrealized gains on (operating) investment securities, net of tax, etc.	30,372	29,792
	Reserve for financial instruments transaction liabilities, etc.	2,361	2,358
	Allowance for doubtful accounts	62	61
	Subordinated short-term borrowings	90,000	90,000
Total (B)		122,795	122,212
Deducted assets (C)		207,804	212,723
Equity after deduction (A) + (B) - (C) (D)		782,851	800,908
Amount equivalent to risk	Amount equivalent to market risk	118,937	110,237
	Amount equivalent to counterparty risk	59,496	55,843
	Amount equivalent to fundamental risk	67,431	70,010
	Total (E)	245,865	236,091
Consolidated capital adequacy requirement ratio (D)/(E) * 100		318.4%	339.2%

2) Non-consolidated base

(Millions of yen)

		As of March 31, 2018	As of September 30, 2018
Basic items (A)		832,364	869,991
Supplemental items	Net unrealized gains on (operating) investment securities, net of tax, etc.	15,527	14,718
	Reserve for financial instruments transaction liabilities, etc.	2,361	2,358
	Allowance for doubtful accounts	9	5
	Subordinated short-term borrowings	90,000	90,000
Total (B)		107,897	107,081
Deducted assets (C)		334,296	359,745
Equity after deduction (A) + (B) - (C) (D)		605,966	617,327
Amount equivalent to risk	Amount equivalent to market risk	93,750	80,787
	Amount equivalent to counterparty risk	48,354	45,088
	Amount equivalent to fundamental risk	61,801	65,522
	Total (E)	203,905	191,398
Capital adequacy requirement ratio (D)/(E) * 100		297.1%	322.5%

(4) Quarterly Consolidated Statements of Income

(Millions of yen)

	Second quarter ended September 2017	Third quarter ended December 2017	Fourth quarter ended March 2018	First quarter ended June 2018	Second quarter ended September 2018
	Jul. 1, 2017 - Sep. 30, 2017	Oct. 1, 2017 - Dec. 31, 2017	Jan. 1, 2018 - Mar. 31, 2018	Apr. 1, 2018 - Jun. 30, 2018	Jul. 1, 2018 - Sep. 30, 2018
Operating revenues	103,189	93,751	102,260	92,756	109,661
Commissions	42,116	45,835	42,823	38,927	45,424
Brokerage commissions	8,428	10,684	9,377	8,058	8,102
Equities	8,076	10,375	8,989	7,812	7,767
Bonds	264	200	199	162	235
Underwriting and selling fees, and commissions from solicitation to qualifying investors	9,192	7,301	7,669	7,371	11,312
Equities	2,874	4,206	5,518	2,649	4,457
Bonds	6,268	3,012	2,133	4,636	6,473
Offering, selling, and other commissions and fees, and commissions from solicitation to qualifying investors	9,560	12,092	10,286	9,877	11,002
Other commissions and fees	14,934	15,757	15,489	13,619	15,006
Net gain on trading	29,829	28,629	38,565	26,195	31,250
Equities, etc.	5,714	7,612	(446)	23,626	23,703
Bonds, etc. and others	24,115	21,016	39,011	2,568	7,547
Net gain on operating investment securities	6,872	3,072	(387)	4,284	1,951
Interest and dividend income	24,372	16,213	21,258	23,350	31,034
Interest expenses	20,828	16,240	23,474	19,766	26,226
Net operating revenues	82,360	77,511	78,785	72,990	83,435
Selling, general and administrative expenses	66,543	67,777	67,597	64,745	68,507
Transaction-related expenses	11,345	12,581	11,882	11,148	11,713
Personnel expenses	30,046	30,420	29,481	29,701	32,057
Real estate expenses	7,941	7,957	8,527	7,717	8,256
Administrative expenses	8,155	7,687	7,548	6,584	6,861
Depreciation and amortization	6,600	6,785	6,816	6,923	7,175
Taxes and dues	1,136	1,283	1,564	1,429	1,357
Other	1,317	1,062	1,776	1,240	1,084
Operating income	15,817	9,733	11,188	8,244	14,927
Non-operating income	499	730	1,166	1,161	846
Non-operating expenses	431	1,020	721	629	343
Ordinary income	15,885	9,442	11,632	8,775	15,430
Extraordinary gain	86	323	2,254	1,848	418
Extraordinary loss	1,664	507	3,013	33	1,397
Income before income taxes and non-controlling interests	14,307	9,259	10,873	10,590	14,452
Income taxes - current	2,258	2,491	1,347	561	2,491
Income taxes - deferred	206	(183)	(2,549)	2,176	(817)
Net income	11,843	6,950	12,075	7,852	12,778
Net income attributable to non-controlling interests	(24)	29	382	(166)	(709)
Net income attributable to owners of parent	11,868	6,921	11,692	8,019	13,488

3. (Reference) Quarterly Non-consolidated Financial Statements

(1) (Reference) Quarterly Non-consolidated Balance Sheets

(Millions of yen)

As of March 31, 2018 As of September 30, 2018

	As of March 31, 2018	As of September 30, 2018
Assets		
Current assets		
Cash and bank deposits	294,441	361,480
Cash segregated as deposits for customers and others	323,923	394,195
Trading assets	4,923,373	6,222,479
Trading securities and others	2,493,898	3,609,898
Derivatives	2,429,474	2,612,581
Operating investment securities	25,362	26,692
Receivables related to margin transactions	127,764	37,432
Loans receivable under margin transactions	49,424	25,839
Cash collateral for borrowed securities under margin transactions	78,339	11,593
Collateralized short-term financing agreements - receivable	4,998,221	4,546,806
Deposits paid for securities borrowed	4,572,426	2,643,074
Securities purchased under agreements to resell	425,795	1,903,732
Advances paid	431	159
Securities: fail to deliver	29,956	28,204
Short-term loans receivable	55,741	23,272
Other current assets	465,443	444,233
Less: Allowance for doubtful accounts	(9)	(5)
Total current assets	11,244,651	12,084,952
Noncurrent assets		
Property and equipment	14,647	13,620
Intangible assets	55,378	53,840
Investments and other assets	317,378	321,330
Investment securities	252,068	251,057
Long-term guarantee deposits	11,202	11,022
Prepaid pension cost	16,716	17,697
Deferred tax assets	25,345	23,987
Other	15,528	21,074
Less: Allowance for doubtful accounts	(3,482)	(3,508)
Total noncurrent assets	387,404	388,790
Total assets	11,632,056	12,473,743

(Millions of yen)

As of March 31, 2018 As of September 30, 2018

Liabilities		
Current liabilities		
Trading liabilities	4,311,658	3,779,221
Trading securities and others	2,068,613	1,466,520
Derivatives	2,243,045	2,312,701
Payables - unsettled trades	62,243	258,073
Payables related to margin transactions	44,176	58,581
Borrowings on margin transactions	8,814	3,785
Cash collateral for loaned securities under margin transactions	35,361	54,796
Collateralized short-term financing agreements - payable	3,739,715	4,249,148
Deposits received for securities loaned	1,212,841	1,067,898
Securities sold under agreements to repurchase	2,526,874	3,181,249
Deposits received	267,579	299,676
Guarantee deposits received	198,003	362,644
Securities: fail to receive	2,930	9,841
Short-term borrowings	833,668	1,311,843
Commercial paper	334,200	272,800
Bonds and notes due within one year	46,672	74,510
Lease obligations	364	339
Income taxes payable	3,984	2,562
Accrued employees' bonuses	9,563	8,312
Provision for variable compensation	954	477
Provision for bonus point redemption	639	807
Other current liabilities	34,450	32,280
Total current liabilities	9,890,805	10,721,121
Noncurrent liabilities		
Bonds and notes	571,334	635,730
Long-term borrowings	277,000	209,000
Lease obligations	139	—
Provision for retirement benefits	19,744	19,462
Other noncurrent liabilities	1,540	1,360
Total noncurrent liabilities	869,758	865,553
Statutory reserves		
Reserve for financial instruments transaction liabilities	2,361	2,358
Total statutory reserves	2,361	2,358
Total liabilities	10,762,925	11,589,033
Net assets		
Shareholders' equity		
Common stock	125,167	125,167
Capital surplus	381,649	381,649
Retained earnings	346,786	363,174
Total shareholders' equity	853,602	869,991
Valuation and translation adjustments		
Net unrealized gains on (operating) investment securities, net of tax, etc.	27,497	27,014
Net deferred gains or losses on hedges, net of tax	(11,969)	(12,296)
Total valuation and translation adjustments	15,527	14,718
Total net assets	869,130	884,709
Total liabilities and net assets	11,632,056	12,473,743

(2) (Reference) Quarterly Non-consolidated Statements of Income

For the six months ended September 30, 2017 and 2018

(Millions of yen)

	Six months ended September 30, 2017	Six months ended September 30, 2018
Operating revenues		
Commissions	65,604	75,522
Net gain on trading	49,930	52,680
Net gain on operating investment securities	1,971	4,382
Interest and dividend income	35,038	48,073
Total operating revenues	152,545	180,658
Interest expenses	26,190	36,504
Net operating revenues	126,355	144,154
Selling, general and administrative expenses	113,370	120,100
Transaction-related expenses	22,110	26,776
Personnel expenses	40,814	44,747
Real estate expenses	13,080	12,593
Administrative expenses	24,967	22,496
Depreciation and amortization	8,508	9,258
Taxes and dues	2,153	2,633
Provision of allowance for doubtful accounts	(10)	22
Other	1,746	1,571
Operating income	12,985	24,054
Non-operating income	6,058	7,943
Non-operating expenses	555	131
Ordinary income	18,487	31,867
Extraordinary gain	1,427	2,350
Gain on sales of noncurrent assets	63	—
Gain on sales of investment securities	804	2,348
Gain on sales of shares of subsidiaries and affiliates	553	—
Reversal of reserve for financial instruments transaction liabilities	5	2
Extraordinary loss	1,731	533
Loss on disposal of noncurrent assets	191	111
Loss on sales of investment securities	0	0
Loss on impairment of investment securities	51	—
Loss on impairment of golf club membership	0	—
Impairment losses	—	11
Loss on software development	1,487	—
Loss on computer system failure	—	410
Income before income taxes	18,183	33,683
Income taxes - current	777	2,982
Income taxes - deferred	2,986	1,717
Total income taxes	3,763	4,700
Net income	14,419	28,983