

July 28, 2023



Summary of Consolidated Financial Statements for the Three Months Ended June 30, 2023 Under Japanese GAAP

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Preparation of supplemental explanatory documents: Yes

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1. Consolidated Financial Results for the Three Months Ended June 30, 2023 (April 1, 2023 to June 30, 2023)

(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	%
Three months ended								
June 30, 2023	132,008	50.7	81,404	25.0	10,163	122.9	10,775	117.8
June 30, 2022	87,625	(11.9)	65,139	(25.4)	4,558	(79.7)	4,946	(78.2)
(Note) Comprehensive income:								
June 30, 2023			54,735 million yen		(169.9%)			
June 30, 2022			20,281 million yen		(19.1%)			

	Net income attributable to owners of parent		Net income per share	Net income per share
	millions of yen	%	per share	- fully diluted
Three months ended			Yen	Yen
June 30, 2023	28,207	131.5	23.98	—
June 30, 2022	12,186	(29.4)	15.05	—

(2) Consolidated financial positions

	Total assets	Net assets	Equity ratio
	millions of yen	millions of yen	%
June 30, 2023	20,551,627	758,600	3.7
March 31, 2023	19,240,493	703,632	3.6

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

June 30, 2023	753,096 million yen
March 31, 2023	698,586 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):

June 30, 2023:	2,015,102,652 shares
March 31, 2023:	2,015,102,652 shares

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

June 30, 2023:	838,827,458 shares
March 31, 2023:	838,827,458 shares

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

Three Months Ended June 30, 2023	1,176,275,194 shares
Three Months Ended June 30, 2022	809,890,926 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, 2023	As of June 30, 2023
Assets		
Current assets		
Cash and bank deposits	1,089,882	652,339
Cash segregated as deposits for customers and others	465,730	519,497
Trading assets	10,138,644	11,809,177
Trading securities and others	3,119,074	4,076,225
Loans receivable	1,881	146
Derivatives	7,017,687	7,732,804
Receivables - unsettled trades	12,421	—
Operating investment securities	91,193	97,849
Operating loans receivable	10,313	10,211
Receivables related to margin transactions	25,742	25,393
Loans receivable under margin transactions	24,237	21,391
Cash collateral for borrowed securities under margin transactions	1,505	4,001
Collateralized short-term financing agreements - receivable	6,424,132	6,162,132
Deposits paid for securities borrowed	1,741,151	1,554,574
Securities purchased under agreements to resell	4,682,980	4,607,558
Advances paid	704	828
Short-term guarantee deposits	536,334	738,825
Securities: fail to deliver	27,917	51,514
Variation margin paid	—	15,547
Short-term loans receivable	137	176
Securities	263	317
Other current assets	115,221	114,415
Less: Allowance for doubtful accounts	(773)	(1,044)
Total current assets	18,937,866	20,197,182
Noncurrent assets		
Property and equipment	25,099	25,579
Intangible assets	56,338	58,055
Investments and other assets	221,189	270,810
Investment securities	120,167	127,492
Long-term guarantee deposits	13,811	13,732
Net defined benefit asset	36,270	36,616
Deferred tax assets	42,138	84,461
Other	12,278	12,038
Less: Allowance for doubtful accounts	(3,476)	(3,529)
Total noncurrent assets	302,627	354,445
Total assets	19,240,493	20,551,627

(Millions of yen)

	As of March 31, 2023	As of June 30, 2023
Liabilities		
Current liabilities		
Trading liabilities	9,333,285	10,297,379
Trading securities and others	2,595,028	2,847,673
Derivatives	6,738,257	7,449,705
Payables - unsettled trades	—	212,742
Payables related to margin transactions	37,624	37,534
Borrowings on margin transactions	3,763	3,582
Cash collateral for loaned securities under margin transactions	33,860	33,951
Collateralized short-term financing agreements - payable	4,789,407	4,766,000
Deposits received for securities loaned	684,898	726,843
Securities sold under agreements to repurchase	4,104,509	4,039,156
Deposits received	385,790	483,167
Guarantee deposits received	330,315	484,151
Securities: fail to receive	54,458	40,543
Variation margin received	1,052	—
Short-term borrowings	1,106,768	999,244
Commercial paper	436,000	411,000
Bonds and notes due within one year	367,153	382,754
Income taxes payable	3,737	17,912
Accrued employees' bonuses	26,745	9,788
Provision for variable compensation	401	495
Other current liabilities	176,106	202,446
Total current liabilities	<u>17,048,846</u>	<u>18,345,161</u>
Noncurrent liabilities		
Bonds and notes	729,615	661,950
Long-term borrowings	724,100	752,400
Lease obligations	3,209	3,262
Provision for directors' retirement benefits	70	63
Provision for executive officers' retirement benefits	59	48
Net defined benefit liability	22,130	21,460
Provision for loss on head office transfer	923	799
Other noncurrent liabilities	4,553	4,527
Total noncurrent liabilities	<u>1,484,661</u>	<u>1,444,512</u>
Statutory reserves		
Reserve for financial instruments transaction liabilities	3,352	3,352
Total statutory reserves	<u>3,352</u>	<u>3,352</u>
Total liabilities	<u>18,536,861</u>	<u>19,793,027</u>

(Millions of yen)

	As of March 31, 2023	As of June 30, 2023
Net assets		
Shareholders' equity		
Common stock	125,167	125,167
Capital surplus	383,836	383,836
Retained earnings	458,848	487,288
Treasury stock	(257,520)	(257,520)
Total shareholders' equity	<u>710,331</u>	<u>738,772</u>
Accumulated other comprehensive income (loss)		
Net unrealized gains on (operating) investment securities, net of tax, etc.	18,700	21,855
Foreign currency translation adjustments	(35,355)	(12,082)
Remeasurement of defined benefit plans	4,909	4,551
Total accumulated other comprehensive income (loss)	<u>(11,744)</u>	<u>14,324</u>
Non-controlling interests	<u>5,045</u>	<u>5,503</u>
Total net assets	<u>703,632</u>	<u>758,600</u>
Total liabilities and net assets	<u>19,240,493</u>	<u>20,551,627</u>

(2) Quarterly Consolidated Statements of Income and Comprehensive IncomeQuarterly Consolidated Statements of Income
For the three months ended June 30, 2022 and 2023

	(Millions of yen)	
	Three months ended June 30, 2022	Three months ended June 30, 2023
Operating revenues		
Commissions	36,093	47,446
Brokerage commissions	7,579	9,177
Underwriting and selling fees, and commissions from solicitation to qualifying investors	5,338	9,933
Offering, selling, and other commissions and fees, and commissions from solicitation to qualifying investors	8,109	8,471
Other commissions and fees	15,066	19,864
Net gain on trading	23,311	32,073
Net gain on operating investment securities	1,116	465
Interest and dividend income	27,104	52,022
Total operating revenues	<u>87,625</u>	<u>132,008</u>
Interest expenses	<u>22,485</u>	<u>50,603</u>
Net operating revenues	<u>65,139</u>	<u>81,404</u>
Selling, general and administrative expenses	60,580	71,241
Transaction-related expenses	10,764	12,706
Personnel expenses	26,531	29,583
Real estate expenses	7,335	10,006
Administrative expenses	8,062	9,090
Depreciation and amortization	5,379	5,111
Taxes and dues	1,473	3,220
Provision of allowance for doubtful accounts	72	328
Other	960	1,193
Operating income	<u>4,558</u>	<u>10,163</u>
Non-operating income	1,031	839
Non-operating expenses	643	227
Ordinary income	<u>4,946</u>	<u>10,775</u>
Extraordinary gain	61	1,897
Gain on sales of investment securities	60	427
Gain on sales of shares of subsidiaries and affiliates	—	585
Gain on change in equity	—	884
Reversal of reserve for financial instruments transaction liabilities	1	—
Other	—	0
Extraordinary loss	2,090	461
Head office transfer cost	351	437
Loss related to system migration	1,700	—
Other	37	24
Income before income taxes and non-controlling interests	<u>2,918</u>	<u>12,211</u>
Income taxes - current	(2,018)	27,544
Income taxes - deferred	(7,282)	(43,543)
Total income taxes	<u>(9,301)</u>	<u>(15,998)</u>
Net income	<u>12,220</u>	<u>28,210</u>
Net income attributable to non-controlling interests	34	2
Net income attributable to owners of parent	<u>12,186</u>	<u>28,207</u>

Quarterly Consolidated Statements of Comprehensive Income
For the three months ended June 30, 2022 and 2023

(Millions of yen)

	Three months ended June 30, 2022	Three months ended June 30, 2023
Net income	12,220	28,210
Other comprehensive income (loss)		
Net unrealized gains (losses) on (operating) investment securities, net of tax, etc.	(2,824)	3,155
Foreign currency translation adjustments	11,248	23,680
Remeasurement of defined benefit plans	(361)	(358)
Share in other comprehensive income of affiliates accounted for using equity method	(1)	47
Total other comprehensive income	8,061	26,525
Comprehensive income	20,281	54,735
(Breakdown)		
Attributable to:		
Owners of parent	19,699	54,276
Non-controlling interests	582	458

(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)

	Three months ended June 30, 2022	Three months ended June 30, 2023	Increase/(Decrease)	
			Amount	Percentage (%)
Brokerage commissions	7,579	9,177	1,597	21.1
Equities	7,192	8,809	1,616	22.5
Bonds	244	262	18	7.5
Underwriting and selling fees, and commissions from solicitation to qualifying investors	5,338	9,933	4,595	86.1
Equities	693	4,340	3,646	525.8
Bonds	4,564	5,484	919	20.1
Offering, selling, and other commissions and fees, and commissions from solicitation to qualifying investors	8,109	8,471	362	4.5
Other commissions and fees	15,066	19,864	4,797	31.8
Total	36,093	47,446	11,352	31.5

2) Breakdown by instruments

(Millions of yen)

	Three months ended June 30, 2022	Three months ended June 30, 2023	Increase/(Decrease)	
			Amount	Percentage (%)
Equities	9,247	15,036	5,788	62.6
Bonds	7,176	9,703	2,527	35.2
Beneficiary certificates	13,216	11,965	(1,251)	(9.5)
Others	6,452	10,740	4,288	66.5
Total	36,093	47,446	11,352	31.5

(2) Net gain on trading

(Millions of yen)

	Three months ended June 30, 2022	Three months ended June 30, 2023	Increase/(Decrease)	
			Amount	Percentage (%)
Equities, etc.	(1,528)	(7,371)	(5,843)	—
Bonds, etc. and others	24,839	39,445	14,606	58.8
Total	23,311	32,073	8,762	37.6

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

(Millions of yen)

		As of March 31, 2023	As of June 30, 2023
Basic items (A)		680,022	732,193
Supplemental items	Net unrealized gains on (operating) investment securities, net of tax, etc.	23,610	26,407
	Reserve for financial instruments transaction liabilities, etc.	3,352	3,352
	Allowance for doubtful accounts	65	66
	Subordinated long-term borrowings	300,000	245,200
	Subordinated short-term borrowings	234,000	288,800
Total (B)		561,028	563,826
Deducted assets (C)		294,652	345,085
Equity after deduction (A) + (B) - (C) (D)		946,399	950,935
Amount equivalent to risk	Amount equivalent to market risk	166,010	177,910
	Amount equivalent to counterparty risk	68,090	54,716
	Amount equivalent to fundamental risk	76,546	80,114
	Total (E)	310,647	312,741
Consolidated capital adequacy requirement ratio (D)/(E) * 100		304.6%	304.0%

2) Non-consolidated base

(Millions of yen)

		As of March 31, 2023	As of June 30, 2023
Basic items (A)		669,587	693,752
Supplemental items	Net unrealized gains on (operating) investment securities, net of tax, etc.	9,811	12,937
	Reserve for financial instruments transaction liabilities, etc.	3,352	3,352
	Allowance for doubtful accounts	60	64
	Subordinated long-term borrowings	300,000	245,200
	Subordinated short-term borrowings	234,000	288,185
Total (B)		547,224	549,739
Deducted assets (C)		506,166	549,660
Equity after deduction (A) + (B) - (C) (D)		710,644	693,832
Amount equivalent to risk	Amount equivalent to market risk	145,788	140,257
	Amount equivalent to counterparty risk	52,376	39,244
	Amount equivalent to fundamental risk	69,916	71,292
	Total (E)	268,081	250,794
Capital adequacy requirement ratio (D)/(E) * 100		265.0%	276.6%

(4) Quarterly Consolidated Statements of Income

(Millions of yen)

	First quarter ended June 2022	Second quarter ended September 2022	Third quarter ended December 2022	Fourth quarter ended March 2023	First quarter ended June 2023
	Apr. 1, 2022 - Jun. 30, 2022	Jul. 1, 2022 - Sep. 30, 2022	Oct. 1, 2022 - Dec. 31, 2022	Jan. 1, 2023 - Mar. 31, 2023	Apr. 1, 2023 - Jun. 30, 2023
Operating revenues	87,625	113,010	99,856	124,485	132,008
Commissions	36,093	39,712	39,932	45,346	47,446
Brokerage commissions	7,579	7,395	6,770	8,000	9,177
Equities	7,192	6,994	6,467	7,537	8,809
Bonds	244	278	194	358	262
Underwriting and selling fees, and commissions from solicitation to qualifying investors	5,338	6,564	9,143	7,978	9,933
Equities	693	1,621	2,621	4,271	4,340
Bonds	4,564	4,818	6,499	3,492	5,484
Offering, selling, and other commissions and fees, and commissions from solicitation to qualifying investors	8,109	6,777	6,252	8,541	8,471
Other commissions and fees	15,066	18,974	17,765	20,825	19,864
Net gain on trading	23,311	23,552	22,577	22,622	32,073
Equities, etc.	(1,528)	11,910	(6,409)	8,936	(7,371)
Bonds, etc. and others	24,839	11,641	28,987	13,686	39,445
Net gain (loss) on operating investment	1,116	49	1,556	(563)	465
Interest and dividend income	27,104	49,695	35,790	57,078	52,022
Interest expenses	22,485	40,319	32,920	48,634	50,603
Net operating revenues	65,139	72,690	66,936	75,850	81,404
Selling, general and administrative expenses	60,580	65,951	63,803	73,656	71,241
Transaction-related expenses	10,764	11,467	10,575	12,269	12,706
Personnel expenses	26,531	30,109	27,988	32,062	29,583
Real estate expenses	7,335	8,588	8,990	9,069	10,006
Administrative expenses	8,062	7,617	7,661	10,018	9,090
Depreciation and amortization	5,379	6,448	6,318	6,515	5,111
Taxes and dues	1,473	888	1,306	2,093	3,220
Other	1,032	830	960	1,628	1,521
Operating income	4,558	6,738	3,132	2,193	10,163
Non-operating income	1,031	1,081	143	765	839
Non-operating expenses	643	782	1,073	3,525	227
Ordinary income (loss)	4,946	7,037	2,202	(565)	10,775
Extraordinary gain	61	240	3,786	5,114	1,897
Extraordinary loss	2,090	6,798	2,599	34,856	461
Income (loss) before income taxes and non- controlling interests	2,918	478	3,388	(30,307)	12,211
Income taxes - current	(2,018)	3	3,149	1,125	27,544
Income taxes - deferred	(7,282)	(533)	(2,996)	(21,573)	(43,543)
Net income (loss)	12,220	1,008	3,235	(9,859)	28,210
Net income (loss) attributable to non- controlling interests	34	52	(41)	65	2
Net income (loss) attributable to owners of parent	12,186	956	3,277	(9,925)	28,207

3. (Reference) Quarterly Non-consolidated Financial Statements

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

(Millions of yen)

	As of March 31, 2023	As of June 30, 2023
Assets		
Current assets		
Cash and bank deposits	866,603	464,596
Cash segregated as deposits for customers and others	462,232	515,573
Trading assets	6,430,652	7,390,212
Trading securities and others	2,289,857	2,895,065
Derivatives	4,140,795	4,495,147
Operating investment securities	90,676	97,204
Operating loans receivable	9,611	9,509
Receivables related to margin transactions	25,742	25,393
Loans receivable under margin transactions	24,237	21,391
Cash collateral for borrowed securities under margin transactions	1,505	4,001
Collateralized short-term financing agreements - receivable	4,722,172	4,322,855
Deposits paid for securities borrowed	1,741,151	1,554,574
Securities purchased under agreements to resell	2,981,021	2,768,281
Advances paid	1,372	1,246
Short-term guarantee deposits	470,417	649,539
Securities: fail to deliver	30,155	710
Variation margin paid	—	15,527
Short-term loans receivable	7,881	9,742
Other current assets	93,009	86,486
Less: Allowance for doubtful accounts	(64)	(339)
Total current assets	13,210,463	13,588,259
Noncurrent assets		
Property and equipment	16,992	16,680
Intangible assets	44,747	43,883
Investments and other assets	458,184	505,297
Investment securities	347,632	353,712
Long-term guarantee deposits	13,284	13,117
Prepaid pension cost	29,253	29,959
Deferred tax assets	50,017	92,645
Other	21,480	19,398
Less: Allowance for doubtful accounts	(3,483)	(3,535)
Total noncurrent assets	519,924	565,860
Total assets	13,730,388	14,154,119

(Millions of yen)

	As of March 31, 2023	As of June 30, 2023
Liabilities		
Current liabilities		
Trading liabilities	5,918,952	6,264,658
Trading securities and others	2,018,408	2,002,345
Derivatives	3,900,543	4,262,312
Payables - unsettled trades	36,516	188,553
Payables related to margin transactions	37,624	37,534
Borrowings on margin transactions	3,763	3,582
Cash collateral for loaned securities under margin transactions	33,860	33,951
Collateralized short-term financing agreements - payable	3,318,666	3,185,527
Deposits received for securities loaned	684,898	726,843
Securities sold under agreements to repurchase	2,633,768	2,458,683
Deposits received	385,028	482,611
Guarantee deposits received	191,053	322,909
Securities: fail to receive	1,018	2,372
Variation margin received	1,052	—
Short-term borrowings	957,701	801,673
Commercial paper	436,000	411,000
Bonds and notes due within one year	303,842	286,709
Income taxes payable	3,624	17,927
Accrued employees' bonuses	15,390	4,039
Provision for variable compensation	401	495
Other current liabilities	48,800	53,562
Total current liabilities	11,655,671	12,059,573
Noncurrent liabilities		
Bonds and notes	641,254	606,375
Long-term borrowings	724,100	752,400
Provision for retirement benefits	21,790	21,125
Provision for loss on head office transfer	923	799
Other noncurrent liabilities	3,895	3,802
Total noncurrent liabilities	1,391,964	1,384,502
Statutory reserves		
Reserve for financial instruments transaction liabilities	3,352	3,352
Total statutory reserves	3,352	3,352
Total liabilities	13,050,989	13,447,429
Net assets		
Shareholders' equity		
Common stock	125,167	125,167
Capital surplus	407,071	407,071
Retained earnings	394,868	419,034
Treasury stock	(257,520)	(257,520)
Total shareholders' equity	669,587	693,752
Valuation and translation adjustments		
Net unrealized gains on (operating) investment securities, net of tax, etc.	19,610	22,756
Net deferred gains or losses on hedges, net of tax	(9,798)	(9,818)
Total valuation and translation adjustments	9,811	12,937
Total net assets	679,398	706,690
Total liabilities and net assets	13,730,388	14,154,119

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

For the three months ended June 30, 2022 and 2023

(Millions of yen)

	Three months ended June 30, 2022	Three months ended June 30, 2023
Operating revenues		
Commissions	32,563	39,549
Net gain on trading	26,704	28,109
Net gain on operating investment securities	431	98
Interest and dividend income	22,278	32,108
Total operating revenues	81,977	99,866
Interest expenses	18,521	34,638
Net operating revenues	63,455	65,227
Selling, general and administrative expenses	55,118	57,834
Transaction-related expenses	14,359	10,612
Personnel expenses	19,492	20,408
Real estate expenses	5,633	7,547
Administrative expenses	10,106	11,368
Depreciation and amortization	3,350	3,525
Taxes and dues	1,418	3,204
Provision of allowance for doubtful accounts	78	326
Other	679	842
Operating income	8,337	7,392
Non-operating income	864	419
Non-operating expenses	35	126
Ordinary income	9,165	7,686
Extraordinary gain	61	498
Gain on sales of investment securities	60	427
Gain on sales of shares of subsidiaries and affiliates	—	71
Reversal of reserve for financial instruments transaction liabilities	1	—
Extraordinary loss	2,275	461
Head office transfer cost	351	437
Loss related to system migration	1,885	—
Other	37	24
Income before income taxes	6,952	7,723
Income taxes - current	(2,125)	27,562
Income taxes - deferred	(7,225)	(44,004)
Total income taxes	(9,350)	(16,442)
Net income	16,302	24,165