



July 31, 2019

Summary of Consolidated Financial Statements for the Three Months Ended June 30, 2019 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 Three Months Ended June 30, 2019 (April 1, 2019 to June 30, 2019)

(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, 2019	84,729	(8.7)	63,418	(13.1)	2,284	(72.3)	2,088	(76.2)
June 30, 2018	92,756	12.7	72,990	8.3	8,244	40.2	8,775	39.3

(Note) Comprehensive income: June 30, 2019: (8,535) million yen (— %)
June 30, 2018: 5,808 million yen (-35.3%)

	Net income attributable to owners of parent		Net income per share	Net income per share - fully diluted
	millions of yen	%	Yen	Yen
Three months ended				
June 30, 2019	1,478	(81.6)	0.73	—
June 30, 2018	8,019	52.2	3.98	—

(2) Consolidated financial positions

	Total assets	Net assets	Equity ratio
	millions of yen	millions of yen	%
June 30, 2019	18,028,990	881,378	4.9
March 31, 2019	15,642,380	894,460	5.7

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

June 30, 2019: 876,043 million yen

March 31, 2019: 888,823 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, 2019:	2,015,102,652 shares
March 31, 2019:	2,015,102,652 shares

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

June 30, 2019:	- shares
March 31, 2019:	- shares

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

Three Months Ended June 30, 2019	2,015,102,652 shares
Three Months Ended June 30, 2018	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, 2019	As of June 30, 2019
Assets		
Current assets		
Cash and bank deposits	517,824	410,578
Cash segregated as deposits for customers and others	342,521	349,426
Trading assets	7,740,146	10,012,988
Trading securities and others	3,799,556	5,230,466
Derivatives	3,940,589	4,782,522
Operating investment securities	59,880	59,763
Operating loans receivable	11,532	9,861
Receivables related to margin transactions	34,162	26,146
Loans receivable under margin transactions	23,975	20,869
Cash collateral for borrowed securities under margin transactions	10,187	5,277
Collateralized short-term financing agreements - receivable	6,204,646	6,427,534
Deposits paid for securities borrowed	2,353,557	2,216,162
Securities purchased under agreements to resell	3,851,088	4,211,371
Advances paid	970	756
Securities: fail to deliver	36,088	69,024
Short-term loans receivable	1,613	250
Securities	85	116
Other current assets	473,851	447,015
Less: Allowance for doubtful accounts	(1,067)	(1,066)
Total current assets	15,422,257	17,812,397
Noncurrent assets		
Property and equipment	29,065	31,299
Intangible assets	87,350	84,627
Investments and other assets	103,707	100,665
Investment securities	51,511	48,406
Long-term guarantee deposits	12,064	11,996
Net defined benefit asset	24,418	24,690
Deferred tax assets	6,749	7,027
Other	12,452	12,013
Less: Allowance for doubtful accounts	(3,490)	(3,469)
Total noncurrent assets	220,123	216,592
Total assets	15,642,380	18,028,990

(Millions of yen)

As of March 31, 2019

As of June 30, 2019

Liabilities

	As of March 31, 2019	As of June 30, 2019
Current liabilities		
Trading liabilities	6,013,716	7,375,249
Trading securities and others	2,264,094	2,787,142
Derivatives	3,749,621	4,588,107
Payables - unsettled trades	39,128	377,937
Payables related to margin transactions	53,591	52,558
Borrowings on margin transactions	10,773	6,968
Cash collateral for loaned securities under margin transactions	42,818	45,589
Collateralized short-term financing agreements - payable	5,470,030	6,389,709
Deposits received for securities loaned	914,017	607,886
Securities sold under agreements to repurchase	4,556,012	5,781,822
Deposits received	315,662	311,470
Guarantee deposits received	359,172	399,215
Securities: fail to receive	30,528	53,952
Short-term borrowings	886,930	638,345
Commercial paper	333,200	326,500
Bonds and notes due within one year	135,292	155,818
Lease obligations	174	90
Income taxes payable	2,364	1,448
Accrued employees' bonuses	18,465	6,792
Provision for variable compensation	927	788
Provision for bonus point redemption	686	761
Other current liabilities	107,885	116,365
Total current liabilities	13,767,756	16,207,003
Noncurrent liabilities		
Bonds and notes	779,312	758,704
Long-term borrowings	173,000	151,000
Lease obligations	59	3,490
Deferred tax liabilities	11	13
Provision for directors' retirement benefits	193	142
Provision for executive officers' retirement benefits	152	158
Net defined benefit liability	21,860	21,609
Other noncurrent liabilities	3,099	3,017
Total noncurrent liabilities	977,690	938,136
Statutory reserves		
Reserve for financial instruments transaction liabilities	2,473	2,472
Total statutory reserves	2,473	2,472
Total liabilities	14,747,920	17,147,612

(Millions of yen)

	As of March 31, 2019	As of June 30, 2019
Net assets		
Shareholders' equity		
Common stock	125,167	125,167
Capital surplus	358,445	358,445
Retained earnings	444,011	440,955
Total shareholders' equity	927,624	924,569
Accumulated other comprehensive income (loss)		
Net unrealized gains on (operating) investment securities, net of tax, etc.	22,131	20,216
Foreign currency translation adjustments	(63,401)	(71,065)
Remeasurement of defined benefit plans	2,469	2,323
Total accumulated other comprehensive income (loss)	(38,800)	(48,525)
Non-controlling interests	5,636	5,334
Total net assets	894,460	881,378
Total liabilities and net assets	15,642,380	18,028,990

(2) Quarterly Consolidated Statements of Income and Comprehensive IncomeQuarterly Consolidated Statements of Income
For the three months ended June 30, 2018 and 2019

(Millions of yen)

	Three months ended June 30, 2018	Three months ended June 30, 2019
Operating revenues		
Commissions	38,927	37,248
Brokerage commissions	8,058	6,385
Underwriting and selling fees, and commissions from solicitation to qualifying investors	7,371	8,820
Offering, selling, and other commissions and fees, and commissions from solicitation to qualifying investors	9,877	9,695
Other commissions and fees	13,619	12,346
Net gain on trading	26,195	21,870
Net gain on operating investment securities	4,284	1,882
Interest and dividend income	23,350	23,728
Total operating revenues	92,756	84,729
Interest expenses	19,766	21,311
Net operating revenues	72,990	63,418
Selling, general and administrative expenses	64,745	61,133
Transaction-related expenses	11,148	10,439
Personnel expenses	29,701	26,885
Real estate expenses	7,717	7,537
Administrative expenses	6,584	6,621
Depreciation and amortization	6,923	7,043
Taxes and dues	1,429	1,338
Provision of allowance for doubtful accounts	15	(21)
Other	1,225	1,288
Operating income	8,244	2,284
Non-operating income	1,161	535
Non-operating expenses	629	731
Ordinary income	8,775	2,088
Extraordinary gain	1,848	181
Gain on sales of noncurrent assets	—	18
Gain on sales of investment securities	1,845	161
Reversal of reserve for financial instruments transaction liabilities	2	0
Extraordinary loss	33	34
Loss on disposal of noncurrent assets	21	8
Loss on impairment of investment securities	—	26
Impairment losses	11	—
Income before income taxes and non-controlling interests	10,590	2,234
Income taxes - current	561	358
Income taxes - refund	—	(21)
Income taxes - deferred	2,176	636
Total income taxes	2,737	973
Net income	7,852	1,261
Net income (loss) attributable to non-controlling interests	(166)	(217)
Net income attributable to owners of parent	8,019	1,478

Quarterly Consolidated Statements of Comprehensive Income
For the three months ended June 30, 2018 and 2019

	(Millions of yen)	
	Three months ended June 30, 2018	Three months ended June 30, 2019
Net income	7,852	1,261
Other comprehensive income (loss)		
Net unrealized gains (losses) on (operating) investment securities, net of tax, etc.	(301)	(1,914)
Foreign currency translation adjustments	(1,601)	(7,736)
Remeasurement of defined benefit plans	(141)	(146)
Total other comprehensive income (loss)	<u>(2,044)</u>	<u>(9,797)</u>
Comprehensive income (loss)	<u>5,808</u>	<u>(8,535)</u>
(Breakdown)		
Attributable to:		
Owners of parent	5,957	(8,245)
Non-controlling interests	(149)	(289)

(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, 2018	Three months ended June 30, 2019	Increase/(Decrease)	
			Amount	Percentage (%)
Brokerage commissions	8,058	6,385	(1,673)	(20.8)
Equities	7,812	6,043	(1,768)	(22.6)
Bonds	162	238	75	46.4
Underwriting and selling fees, and commissions from solicitation to qualifying investors	7,371	8,820	1,449	19.7
Equities	2,649	2,556	(92)	(3.5)
Bonds	4,636	6,197	1,560	33.7
Offering, selling, and other commissions and fees, and commissions from solicitation to qualifying investors	9,877	9,695	(182)	(1.8)
Other commissions and fees	13,619	12,346	(1,272)	(9.3)
Total	38,927	37,248	(1,678)	(4.3)

2) Breakdown by instruments

(Millions of yen)

	Three months ended June 30, 2018	Three months ended June 30, 2019	Increase/(Decrease)	
			Amount	Percentage (%)
Equities	11,705	9,441	(2,263)	(19.3)
Bonds	10,325	10,413	87	0.8
Beneficiary certificates	10,761	11,495	734	6.8
Others	6,134	5,897	(237)	(3.9)
Total	38,927	37,248	(1,678)	(4.3)

(2) Net gain on trading

(Millions of yen)

	Three months ended June 30, 2018	Three months ended June 30, 2019	Increase/(Decrease)	
			Amount	Percentage (%)
Equities, etc.	23,626	5,381	(18,245)	(77.2)
Bonds, etc. and others	2,568	16,489	13,920	542.0
Total	26,195	21,870	(4,324)	(16.5)

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

(Millions of yen)

		As of March 31, 2019	As of June 30, 2019
Basic items (A)		865,313	858,838
Supplemental items	Net unrealized gains on (operating) investment securities, net of tax, etc.	24,600	22,540
	Reserve for financial instruments transaction liabilities, etc.	2,473	2,472
	Allowance for doubtful accounts	16	14
	Subordinated short-term borrowings	90,000	90,000
Total (B)		117,090	115,027
Deducted assets (C)		207,585	207,937
Equity after deduction (A) + (B) - (C) (D)		774,817	765,927
Amount equivalent to risk	Amount equivalent to market risk	119,114	123,690
	Amount equivalent to counterparty risk	49,586	57,458
	Amount equivalent to fundamental risk	70,098	70,056
	Total (E)	238,798	251,205
Consolidated capital adequacy requirement ratio (D)/(E) * 100		324.4%	304.9%

2) Non-consolidated base

(Millions of yen)

		As of March 31, 2019	As of June 30, 2019
Basic items (A)		848,867	853,584
Supplemental items	Net unrealized gains on (operating) investment securities, net of tax, etc.	13,233	11,289
	Reserve for financial instruments transaction liabilities, etc.	2,473	2,472
	Allowance for doubtful accounts	3	3
	Subordinated short-term borrowings	90,000	90,000
Total (B)		105,710	103,764
Deducted assets (C)		356,513	347,922
Equity after deduction (A) + (B) - (C) (D)		598,065	609,427
Amount equivalent to risk	Amount equivalent to market risk	86,849	91,994
	Amount equivalent to counterparty risk	36,241	44,980
	Amount equivalent to fundamental risk	65,700	65,145
	Total (E)	188,791	202,120
Capital adequacy requirement ratio (D)/(E) * 100		316.7%	301.5%

(4) Quarterly Consolidated Statements of Income

(Millions of yen)

	First quarter ended June 2018	Second quarter ended September 2018	Third quarter ended December 2018	Fourth quarter ended March 2019	First quarter ended June 2019
	Apr. 1, 2018 - Jun. 30, 2018	Jul. 1, 2018 - Sep. 30, 2018	Oct. 1, 2018 - Dec. 31, 2018	Jan. 1, 2019 - Mar. 31, 2019	Apr. 1, 2019 - Jun. 30, 2019
Operating revenues	92,756	109,661	90,728	88,384	84,729
Commissions	38,927	45,424	45,198	38,447	37,248
Brokerage commissions	8,058	8,102	7,168	6,445	6,385
Equities	7,812	7,767	6,816	6,143	6,043
Bonds	162	235	191	231	238
Underwriting and selling fees, and commissions from solicitation to qualifying investors	7,371	11,312	17,278	6,034	8,820
Equities	2,649	4,457	12,508	2,221	2,556
Bonds	4,636	6,473	4,751	3,684	6,197
Offering, selling, and other commissions and fees, and commissions from solicitation to qualifying investors	9,877	11,002	7,772	8,290	9,695
Other commissions and fees	13,619	15,006	12,979	17,678	12,346
Net gain on trading	26,195	31,250	25,431	18,504	21,870
Equities, etc.	23,626	23,703	(1,115)	2,644	5,381
Bonds, etc. and others	2,568	7,547	26,547	15,860	16,489
Net gain (loss) on operating investment securities	4,284	1,951	874	593	1,882
Interest and dividend income	23,350	31,034	19,223	30,838	23,728
Interest expenses	19,766	26,226	22,221	29,425	21,311
Net operating revenues	72,990	83,435	68,506	58,959	63,418
Selling, general and administrative expenses	64,745	68,507	64,257	65,162	61,133
Transaction-related expenses	11,148	11,713	12,287	11,832	10,439
Personnel expenses	29,701	32,057	27,989	27,588	26,885
Real estate expenses	7,717	8,256	7,728	7,986	7,537
Administrative expenses	6,584	6,861	6,802	6,974	6,621
Depreciation and amortization	6,923	7,175	7,000	7,388	7,043
Taxes and dues	1,429	1,357	1,424	1,526	1,338
Other	1,240	1,084	1,024	1,866	1,266
Operating income	8,244	14,927	4,249	(6,203)	2,284
Non-operating income	1,161	846	422	779	535
Non-operating expenses	629	343	755	(56)	731
Ordinary income	8,775	15,430	3,915	(5,367)	2,088
Extraordinary gain	1,848	418	69	603	181
Extraordinary loss	33	1,397	485	12,430	34
Income before income taxes and non-controlling interests	10,590	14,452	3,499	(17,194)	2,234
Income taxes - current	561	2,491	1,202	(1,595)	337
Income taxes - deferred	2,176	(817)	187	3,866	636
Net income	7,852	12,778	2,109	(19,465)	1,261
Net income (loss) attributable to non-controlling interests	(166)	(709)	(116)	(109)	(217)
Net income attributable to owners of parent	8,019	13,488	2,225	(19,356)	1,478

3. (Reference) Quarterly Non-consolidated Financial Statements

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

(Millions of yen)

	As of March 31, 2019	As of June 30, 2019
Assets		
Current assets		
Cash and bank deposits	388,516	307,359
Cash segregated as deposits for customers and others	335,712	341,834
Trading assets	6,061,110	7,855,500
Trading securities and others	3,064,131	4,402,225
Derivatives	2,996,979	3,453,274
Operating investment securities	28,640	30,470
Receivables related to margin transactions	34,162	26,146
Loans receivable under margin transactions	23,975	20,869
Cash collateral for borrowed securities under margin transactions	10,187	5,277
Collateralized short-term financing agreements - receivable	3,871,953	4,455,037
Deposits paid for securities borrowed	2,353,557	2,216,162
Securities purchased under agreements to resell	1,518,395	2,238,875
Advances paid	488	360
Securities: fail to deliver	9,613	9,338
Short-term loans receivable	52,652	46,487
Other current assets	434,483	394,463
Less: Allowance for doubtful accounts	(3)	(4)
Total current assets	11,217,332	13,466,995
Noncurrent assets		
Property and equipment	12,527	12,048
Intangible assets	50,829	49,603
Investments and other assets	315,137	305,701
Investment securities	244,677	241,729
Long-term guarantee deposits	10,966	10,878
Prepaid pension cost	18,616	19,294
Deferred tax assets	19,790	19,711
Other	26,637	19,828
Less: Allowance for doubtful accounts	(3,488)	(3,467)
Less: Allowance for possible losses on securities	(2,062)	(2,272)
Total noncurrent assets	378,493	367,353
Total assets	11,595,825	13,834,348

(Millions of yen)

	As of March 31, 2019	As of June 30, 2019
Liabilities		
Current liabilities		
Trading liabilities	4,340,952	5,270,197
Trading securities and others	1,511,888	1,983,947
Derivatives	2,829,063	3,286,250
Payables - unsettled trades	36,888	464,258
Payables related to margin transactions	53,591	52,558
Borrowings on margin transactions	10,773	6,968
Cash collateral for loaned securities under margin transactions	42,818	45,589
Collateralized short-term financing agreements - payable	3,575,497	4,722,580
Deposits received for securities loaned	914,264	608,217
Securities sold under agreements to repurchase	2,661,233	4,114,362
Deposits received	308,251	308,431
Guarantee deposits received	297,472	327,420
Securities: fail to receive	2,064	2,168
Short-term borrowings	773,484	520,903
Commercial paper	333,200	326,500
Bonds and notes due within one year	76,393	89,995
Lease obligations	174	90
Income taxes payable	2,220	1,274
Accrued employees' bonuses	9,359	2,491
Provision for variable compensation	927	788
Provision for bonus point redemption	686	761
Other current liabilities	40,800	25,763
Total current liabilities	9,851,965	12,116,182
Noncurrent liabilities		
Bonds and notes	679,688	678,036
Long-term borrowings	173,000	151,000
Provision for retirement benefits	19,799	19,578
Other noncurrent liabilities	2,263	2,204
Total noncurrent liabilities	874,751	850,819
Statutory reserves		
Reserve for financial instruments transaction liabilities	2,473	2,472
Total statutory reserves	2,473	2,472
Total liabilities	10,729,189	12,969,474
Net assets		
Shareholders' equity		
Common stock	125,167	125,167
Capital surplus	381,649	381,649
Retained earnings	346,585	346,768
Total shareholders' equity	853,401	853,584
Valuation and translation adjustments		
Net unrealized gains on (operating) investment securities, net of tax, etc.	23,023	21,079
Net deferred gains or losses on hedges, net of tax	(9,789)	(9,790)
Total valuation and translation adjustments	13,233	11,289
Total net assets	866,635	864,874
Total liabilities and net assets	11,595,825	13,834,348

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

For the three months ended June 30, 2018 and 2019

(Millions of yen)

	Three months ended June 30, 2018	Three months ended June 30, 2019
Operating revenues		
Commissions	34,277	34,070
Net gain on trading	25,150	20,401
Net gain on operating investment securities	3,642	1,293
Interest and dividend income	19,879	19,132
Total operating revenues	82,950	74,896
Interest expenses	15,278	16,759
Net operating revenues	67,672	58,137
Selling, general and administrative expenses	59,572	55,177
Transaction-related expenses	13,705	12,635
Personnel expenses	21,684	19,418
Real estate expenses	6,183	6,040
Administrative expenses	11,197	10,366
Depreciation and amortization	4,555	4,561
Taxes and dues	1,360	1,264
Provision of allowance for doubtful accounts	15	(20)
Other	871	909
Operating income	8,099	2,960
Non-operating income	6,970	2,863
Non-operating expenses	116	57
Ordinary income	14,953	5,766
Extraordinary gain	1,931	181
Gain on sales of noncurrent assets	—	18
Gain on sales of investment securities	1,929	161
Reversal of reserve for financial instruments transaction liabilities	2	0
Extraordinary loss	31	261
Loss on disposal of noncurrent assets	19	8
Loss on impairment of investment securities	—	26
Loss on liquidation of subsidiaries and affiliates	—	80
Impairment losses	11	—
Provision of allowance for possible losses on securities	—	146
Income before income taxes	16,853	5,686
Income taxes - current	540	34
Income taxes - deferred	2,213	934
Total income taxes	2,754	969
Net income	14,099	4,717