



October 30, 2019

Summary of Consolidated Financial Statements for the Six Months Ended September 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 Six Months Ended September 30, 2019 (April 1, 2019 to September 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	%
Six months ended								
September 30, 2019	190,379	(5.9)	138,439	(11.5)	13,601	(41.3)	14,090	(41.8)
September 30, 2018	202,418	9.1	156,425	4.4	23,172	6.8	24,206	9.1

(Note) Comprehensive income: September 30, 2019: (607) million yen (— %)

September 30, 2018: 22,990 million yen (0.3 %)

	Net income attributable to owners of parent		Net income per share	Net income per share - fully diluted
	millions of yen	%	Yen	Yen
Six months ended				
September 30, 2019	10,383	(51.7)	5.15	—
September 30, 2018	21,508	25.5	10.67	—

(2) Consolidated financial positions

	Total assets	Net assets	Equity ratio
	millions of yen	millions of yen	%
September 30, 2019	18,073,690	889,306	4.9
March 31, 2019	15,642,380	894,460	5.7

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

September 30, 2019: 883,980 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):

September 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:

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

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

Six Months Ended September 30, 2019	2,015,102,652 shares
Six Months Ended September 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 September 30, 2019
Assets		
Current assets		
Cash and bank deposits	517,824	398,377
Cash segregated as deposits for customers and others	342,521	334,829
Trading assets	7,740,146	9,441,332
Trading securities and others	3,799,556	4,122,642
Derivatives	3,940,589	5,318,689
Receivables - unsettled trades	—	172,168
Operating investment securities	59,880	64,064
Operating loans receivable	11,532	9,380
Receivables related to margin transactions	34,162	24,627
Loans receivable under margin transactions	23,975	19,032
Cash collateral for borrowed securities under margin transactions	10,187	5,595
Collateralized short-term financing agreements - receivable	6,204,646	6,848,428
Deposits paid for securities borrowed	2,353,557	3,180,224
Securities purchased under agreements to resell	3,851,088	3,668,203
Advances paid	970	951
Securities: fail to deliver	36,088	43,359
Short-term loans receivable	1,613	199
Securities	85	109
Other current assets	473,851	521,273
Less: Allowance for doubtful accounts	(1,067)	(14)
Total current assets	15,422,257	17,859,088
Noncurrent assets		
Property and equipment	29,065	30,739
Intangible assets	87,350	83,669
Investments and other assets	103,707	100,192
Investment securities	51,511	51,211
Long-term guarantee deposits	12,064	11,754
Net defined benefit asset	24,418	24,978
Deferred tax assets	6,749	4,307
Other	12,452	11,405
Less: Allowance for doubtful accounts	(3,490)	(3,464)
Total noncurrent assets	220,123	214,602
Total assets	15,642,380	18,073,690

(Millions of yen)

As of March 31, 2019 As of September 30, 2019

	As of March 31, 2019	As of September 30, 2019
Liabilities		
Current liabilities		
Trading liabilities	6,013,716	7,548,086
Trading securities and others	2,264,094	2,416,523
Derivatives	3,749,621	5,131,563
Payables - unsettled trades	39,128	—
Payables related to margin transactions	53,591	61,113
Borrowings on margin transactions	10,773	9,961
Cash collateral for loaned securities under margin transactions	42,818	51,151
Collateralized short-term financing agreements - payable	5,470,030	6,581,768
Deposits received for securities loaned	914,017	746,715
Securities sold under agreements to repurchase	4,556,012	5,835,053
Deposits received	315,662	296,244
Guarantee deposits received	359,172	409,959
Securities: fail to receive	30,528	60,463
Short-term borrowings	886,930	675,388
Commercial paper	333,200	319,000
Bonds and notes due within one year	135,292	192,092
Lease obligations	174	—
Income taxes payable	2,364	2,389
Accrued employees' bonuses	18,465	13,186
Provision for variable compensation	927	463
Provision for bonus point redemption	686	826
Other current liabilities	107,885	112,283
Total current liabilities	13,767,756	16,273,267
Noncurrent liabilities		
Bonds and notes	779,312	748,442
Long-term borrowings	173,000	132,000
Lease obligations	59	3,441
Deferred tax liabilities	11	12
Provision for directors' retirement benefits	193	102
Provision for executive officers' retirement benefits	152	170
Net defined benefit liability	21,860	21,496
Other noncurrent liabilities	3,099	2,977
Total noncurrent liabilities	977,690	908,644
Statutory reserves		
Reserve for financial instruments transaction liabilities	2,473	2,472
Total statutory reserves	2,473	2,472
Total liabilities	14,747,920	17,184,384

(Millions of yen)

As of March 31, 2019 As of September 30, 2019

Net assets		
Shareholders' equity		
Common stock	125,167	125,167
Capital surplus	358,445	358,445
Retained earnings	444,011	449,861
Total shareholders' equity	<u>927,624</u>	<u>933,474</u>
Accumulated other comprehensive income (loss)		
Net unrealized gains on (operating) investment securities, net of tax, etc.	22,131	22,185
Foreign currency translation adjustments	(63,401)	(73,856)
Remeasurement of defined benefit plans	2,469	2,176
Total accumulated other comprehensive income (loss)	<u>(38,800)</u>	<u>(49,494)</u>
Non-controlling interests	<u>5,636</u>	<u>5,326</u>
Total net assets	<u>894,460</u>	<u>889,306</u>
Total liabilities and net assets	<u>15,642,380</u>	<u>18,073,690</u>

(2) Quarterly Consolidated Statements of Income and Comprehensive Income

Quarterly Consolidated Statements of Income

For the six months ended September 30, 2018 and 2019

	(Millions of yen)	
	Six months ended September 30, 2018	Six months ended September 30, 2019
Operating revenues		
Commissions	84,351	79,108
Brokerage commissions	16,161	13,726
Underwriting and selling fees, and commissions from solicitation to qualifying investors	18,683	19,565
Offering, selling, and other commissions and fees, and commissions from solicitation to qualifying investors	20,880	19,730
Other commissions and fees	28,626	26,085
Net gain on trading	57,446	53,656
Net gain on operating investment securities	6,235	3,256
Interest and dividend income	54,384	54,357
Total operating revenues	<u>202,418</u>	<u>190,379</u>
Interest expenses	<u>45,992</u>	<u>51,939</u>
Net operating revenues	<u>156,425</u>	<u>138,439</u>
Selling, general and administrative expenses	133,253	124,837
Transaction-related expenses	22,861	21,635
Personnel expenses	61,759	57,136
Real estate expenses	15,973	14,696
Administrative expenses	13,445	13,204
Depreciation and amortization	14,099	14,472
Taxes and dues	2,787	2,424
Provision of allowance for doubtful accounts	22	(1,076)
Other	2,303	2,343
Operating income	<u>23,172</u>	<u>13,601</u>
Non-operating income	2,007	1,575
Non-operating expenses	972	1,086
Ordinary income	<u>24,206</u>	<u>14,090</u>
Extraordinary gain	2,267	185
Gain on sales of noncurrent assets	—	23
Gain on sales of investment securities	2,264	161
Reversal of reserve for financial instruments transaction liabilities	2	0
Extraordinary loss	1,431	257
Loss on disposal of noncurrent assets	121	126
Loss on sales of investment securities	0	4
Loss on impairment of investment securities	—	23
Impairment losses	11	—
Head office transfer cost	—	102
Loss on computer system failure	732	—
Loss on business liquidation of subsidiaries and affiliates	564	—
Income before income taxes and non-controlling interests	<u>25,042</u>	<u>14,018</u>
Income taxes - current	3,290	1,278
Income taxes - refund	(238)	(7)
Income taxes - deferred	1,358	2,539
Total income taxes	<u>4,410</u>	<u>3,810</u>
Net income	<u>20,631</u>	<u>10,208</u>
Net income (loss) attributable to non-controlling interests	<u>(876)</u>	<u>(175)</u>
Net income attributable to owners of parent	<u>21,508</u>	<u>10,383</u>

Quarterly Consolidated Statements of Comprehensive Income
For the six months ended September 30, 2018 and 2019

	(Millions of yen)	
	Six months ended September 30, 2018	Six months ended September 30, 2019
Net income	20,631	10,208
Other comprehensive income (loss)		
Net unrealized gains (losses) on (operating) investment securities, net of tax, etc.	(322)	54
Foreign currency translation adjustments	2,965	(10,577)
Remeasurement of defined benefit plans	(283)	(293)
Share in other comprehensive income of affiliates accounted for using equity method	(0)	0
Total other comprehensive income (loss)	<u>2,358</u>	<u>(10,816)</u>
Comprehensive income (loss)	<u>22,990</u>	<u>(607)</u>
(Breakdown)		
Attributable to:		
Owners of parent	23,634	(309)
Non-controlling interests	(643)	(298)

(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, 2018	Six months ended September 30, 2019	Increase/(Decrease)	
			Amount	Percentage (%)
Brokerage commissions	16,161	13,726	(2,434)	(15.1)
Equities	15,579	13,056	(2,522)	(16.2)
Bonds	398	453	54	13.6
Underwriting and selling fees, and commissions from solicitation to qualifying investors	18,683	19,565	881	4.7
Equities	7,106	5,194	(1,912)	(26.9)
Bonds	11,109	14,241	3,131	28.2
Offering, selling, and other commissions and fees, and commissions from solicitation to qualifying investors	20,880	19,730	(1,149)	(5.5)
Other commissions and fees	28,626	26,085	(2,540)	(8.9)
Total	84,351	79,108	(5,243)	(6.2)

2) Breakdown by instruments

(Millions of yen)

	Six months ended September 30, 2018	Six months ended September 30, 2019	Increase/(Decrease)	
			Amount	Percentage (%)
Equities	24,895	20,377	(4,517)	(18.1)
Bonds	21,171	22,465	1,293	6.1
Beneficiary certificates	23,005	21,829	(1,175)	(5.1)
Others	15,279	14,436	(843)	(5.5)
Total	84,351	79,108	(5,243)	(6.2)

(2) Net gain on trading

(Millions of yen)

	Six months ended September 30, 2018	Six months ended September 30, 2019	Increase/(Decrease)	
			Amount	Percentage (%)
Equities, etc.	47,330	15,620	(31,710)	(67.0)
Bonds, etc. and others	10,115	38,036	27,920	276.0
Total	57,446	53,656	(3,789)	(6.6)

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

(Millions of yen)

		As of March 31, 2019	As of September 30, 2019
Basic items (A)		865,313	864,943
Supplemental items	Net unrealized gains on (operating) investment securities, net of tax, etc.	24,600	24,362
	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	116,850
Deducted assets (C)		207,585	202,762
Equity after deduction (A) + (B) - (C) (D)		774,817	779,030
Amount equivalent to risk	Amount equivalent to market risk	119,114	128,432
	Amount equivalent to counterparty risk	49,586	50,886
	Amount equivalent to fundamental risk	70,098	69,450
	Total (E)	238,798	248,769
Consolidated capital adequacy requirement ratio (D)/(E) * 100		324.4%	313.1%

2) Non-consolidated base

(Millions of yen)

		As of March 31, 2019	As of September 30, 2019
Basic items (A)		848,867	861,142
Supplemental items	Net unrealized gains on (operating) investment securities, net of tax, etc.	13,233	13,343
	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	105,818
Deducted assets (C)		356,513	344,284
Equity after deduction (A) + (B) - (C) (D)		598,065	622,675
Amount equivalent to risk	Amount equivalent to market risk	86,849	94,719
	Amount equivalent to counterparty risk	36,241	38,924
	Amount equivalent to fundamental risk	65,700	64,508
	Total (E)	188,791	198,152
Capital adequacy requirement ratio (D)/(E) * 100		316.7%	314.2%

(4) Quarterly Consolidated Statements of Income

(Millions of yen)

	Second quarter ended September 2018	Third quarter ended December 2018	Fourth quarter ended March 2019	First quarter ended June 2019	Second quarter ended September 2019
	Jul. 1, 2018 - Sep. 30, 2018	Oct. 1, 2018 - Dec. 31, 2018	Jan. 1, 2019 - Mar. 31, 2019	Apr. 1, 2019 - Jun. 30, 2019	Jul. 1, 2019 - Sep. 30, 2019
Operating revenues	109,661	90,728	88,384	84,729	105,649
Commissions	45,424	45,198	38,447	37,248	41,860
Brokerage commissions	8,102	7,168	6,445	6,385	7,341
Equities	7,767	6,816	6,143	6,043	7,012
Bonds	235	191	231	238	214
Underwriting and selling fees, and commissions from solicitation to qualifying investors	11,312	17,278	6,034	8,820	10,744
Equities	4,457	12,508	2,221	2,556	2,637
Bonds	6,473	4,751	3,684	6,197	8,043
Offering, selling, and other commissions and fees, and commissions from solicitation to qualifying investors	11,002	7,772	8,290	9,695	10,035
Other commissions and fees	15,006	12,979	17,678	12,346	13,739
Net gain on trading	31,250	25,431	18,504	21,870	31,786
Equities, etc.	23,703	(1,115)	2,644	5,381	10,238
Bonds, etc. and others	7,547	26,547	15,860	16,489	21,547
Net gain (loss) on operating investment	1,951	874	593	1,882	1,373
Interest and dividend income	31,034	19,223	30,838	23,728	30,629
Interest expenses	26,226	22,221	29,425	21,311	30,628
Net operating revenues	83,435	68,506	58,959	63,418	75,021
Selling, general and administrative expenses	68,507	64,257	65,162	61,133	63,703
Transaction-related expenses	11,713	12,287	11,832	10,439	11,195
Personnel expenses	32,057	27,989	27,588	26,885	30,251
Real estate expenses	8,256	7,728	7,986	7,537	7,158
Administrative expenses	6,861	6,802	6,974	6,621	6,582
Depreciation and amortization	7,175	7,000	7,388	7,043	7,428
Taxes and dues	1,357	1,424	1,526	1,338	1,086
Other	1,084	1,024	1,866	1,266	(0)
Operating income	14,927	4,249	(6,203)	2,284	11,317
Non-operating income	846	422	779	535	1,039
Non-operating expenses	343	755	(56)	731	355
Ordinary income	15,430	3,915	(5,367)	2,088	12,001
Extraordinary gain	418	69	603	181	4
Extraordinary loss	1,397	485	12,430	34	222
Income before income taxes and non- controlling interests	14,452	3,499	(17,194)	2,234	11,783
Income taxes - current	2,491	1,202	(1,595)	337	933
Income taxes - deferred	(817)	187	3,866	636	1,902
Net income	12,778	2,109	(19,465)	1,261	8,946
Net income (loss) attributable to non- controlling interests	(709)	(116)	(109)	(217)	41
Net income attributable to owners of parent	13,488	2,225	(19,356)	1,478	8,905

3. (Reference) Quarterly Non-consolidated Financial Statements

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

(Millions of yen)

As of March 31, 2019 As of September 30, 2019

	As of March 31, 2019	As of September 30, 2019
Assets		
Current assets		
Cash and bank deposits	388,516	322,459
Cash segregated as deposits for customers and others	335,712	327,387
Trading assets	6,061,110	7,301,302
Trading securities and others	3,064,131	3,381,401
Derivatives	2,996,979	3,919,900
Receivables - unsettled trades	—	153,968
Operating investment securities	28,640	32,201
Receivables related to margin transactions	34,162	24,627
Loans receivable under margin transactions	23,975	19,032
Cash collateral for borrowed securities under margin transactions	10,187	5,595
Collateralized short-term financing agreements - receivable	3,871,953	4,819,856
Deposits paid for securities borrowed	2,353,557	3,180,224
Securities purchased under agreements to resell	1,518,395	1,639,631
Advances paid	488	603
Securities: fail to deliver	9,613	15,711
Short-term loans receivable	52,652	46,891
Other current assets	434,483	463,750
Less: Allowance for doubtful accounts	(3)	(3)
Total current assets	11,217,332	13,508,757
Noncurrent assets		
Property and equipment	12,527	11,740
Intangible assets	50,829	50,023
Investments and other assets	315,137	304,964
Investment securities	244,677	244,000
Long-term guarantee deposits	10,966	10,655
Prepaid pension cost	18,616	19,956
Deferred tax assets	19,790	17,001
Other	26,637	19,219
Less: Allowance for doubtful accounts	(3,488)	(3,463)
Less: Allowance for possible losses on securities	(2,062)	(2,404)
Total noncurrent assets	378,493	366,729
Total assets	11,595,825	13,875,486

(Millions of yen)

As of March 31, 2019 As of September 30, 2019

	As of March 31, 2019	As of September 30, 2019
Liabilities		
Current liabilities		
Trading liabilities	4,340,952	5,647,349
Trading securities and others	1,511,888	1,896,468
Derivatives	2,829,063	3,750,881
Payables - unsettled trades	36,888	—
Payables related to margin transactions	53,591	61,113
Borrowings on margin transactions	10,773	9,961
Cash collateral for loaned securities under margin transactions	42,818	51,151
Collateralized short-term financing agreements - payable	3,575,497	4,756,304
Deposits received for securities loaned	914,264	746,974
Securities sold under agreements to repurchase	2,661,233	4,009,329
Deposits received	308,251	294,385
Guarantee deposits received	297,472	342,089
Securities: fail to receive	2,064	28,803
Short-term borrowings	773,484	556,767
Commercial paper	333,200	319,000
Bonds and notes due within one year	76,393	118,186
Lease obligations	174	—
Income taxes payable	2,220	2,269
Accrued employees' bonuses	9,359	6,327
Provision for variable compensation	927	463
Provision for bonus point redemption	686	826
Other current liabilities	40,800	40,764
Total current liabilities	9,851,965	12,174,653
Noncurrent liabilities		
Bonds and notes	679,688	670,218
Long-term borrowings	173,000	132,000
Provision for retirement benefits	19,799	19,481
Other noncurrent liabilities	2,263	2,175
Total noncurrent liabilities	874,751	823,875
Statutory reserves		
Reserve for financial instruments transaction liabilities	2,473	2,472
Total statutory reserves	2,473	2,472
Total liabilities	10,729,189	13,001,001
Net assets		
Shareholders' equity		
Common stock	125,167	125,167
Capital surplus	381,649	381,649
Retained earnings	346,585	354,325
Total shareholders' equity	853,401	861,142
Valuation and translation adjustments		
Net unrealized gains on (operating) investment securities, net of tax, etc.	23,023	23,129
Net deferred gains or losses on hedges, net of tax	(9,789)	(9,786)
Total valuation and translation adjustments	13,233	13,343
Total net assets	866,635	874,485
Total liabilities and net assets	11,595,825	13,875,486

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

For the six months ended September 30, 2018 and 2019

(Millions of yen)

	Six months ended September 30, 2018	Six months ended September 30, 2019
Operating revenues		
Commissions	75,522	72,003
Net gain on trading	52,680	50,169
Net gain on operating investment securities	4,382	2,163
Interest and dividend income	48,073	47,423
Total operating revenues	180,658	171,759
Interest expenses	36,504	44,926
Net operating revenues	144,154	126,833
Selling, general and administrative expenses	120,100	113,688
Transaction-related expenses	26,776	26,083
Personnel expenses	44,747	41,300
Real estate expenses	12,593	11,842
Administrative expenses	22,496	21,153
Depreciation and amortization	9,258	9,458
Taxes and dues	2,633	2,294
Provision of allowance for doubtful accounts	22	(25)
Other	1,571	1,581
Operating income	24,054	13,144
Non-operating income	7,943	3,479
Non-operating expenses	131	67
Ordinary income	31,867	16,556
Extraordinary gain	2,350	185
Gain on sales of noncurrent assets	—	23
Gain on sales of investment securities	2,348	161
Reversal of reserve for financial instruments transaction liabilities	2	0
Extraordinary loss	533	464
Loss on disposal of noncurrent assets	111	125
Loss on sales of investment securities	0	4
Loss on impairment of investment securities	—	23
Loss on liquidation of subsidiaries and affiliates	—	80
Impairment losses	11	—
Head office transfer cost	—	102
Loss on computer system failure	410	—
Provision of allowance for possible losses on securities	—	127
Income before income taxes	33,683	16,276
Income taxes - current	2,982	1,263
Income taxes - deferred	1,717	2,739
Total income taxes	4,700	4,002
Net income	28,983	12,274