



January 31, 2020

Summary of Consolidated Financial Statements for the Nine Months Ended December 31, 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 Nine Months Ended December 31, 2019 (April 1, 2019 to December 31, 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	%
Nine months ended								
December 31, 2019	288,623	(1.5)	214,363	(4.7)	23,718	(13.5)	25,787	(8.3)
December 31, 2018	293,146	5.0	224,931	(1.0)	27,421	(12.8)	28,122	(11.1)

(Note) Comprehensive income: December 31, 2019: 21,362 million yen (89.1%)
December 31, 2018: 11,294 million yen (-64.5%)

	Net income attributable to owners of parent		Net income per share	Net income per share - fully diluted
	millions of yen	%	Yen	Yen
Nine months ended				
December 31, 2019	20,235	(14.7)	10.04	—
December 31, 2018	23,734	(1.4)	11.78	—

(2) Consolidated financial positions

	Total assets	Net assets	Equity ratio
	millions of yen	millions of yen	%
December 31, 2019	16,798,632	909,258	5.4
March 31, 2019	15,642,380	894,460	5.7

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

December 31, 2019: 905,650 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):

December 31, 2019: 2,015,102,652 shares

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

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

December 31, 2019: - shares

March 31, 2019: - shares

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

Nine Months Ended December 31, 2019 2,015,102,652 shares

Nine Months Ended December 31, 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 December 31, 2019
Assets		
Current assets		
Cash and bank deposits	517,824	406,392
Cash segregated as deposits for customers and others	342,521	376,674
Trading assets	7,740,146	8,003,890
Trading securities and others	3,799,556	4,207,361
Derivatives	3,940,589	3,796,528
Operating investment securities	59,880	71,796
Operating loans receivable	11,532	8,259
Receivables related to margin transactions	34,162	22,839
Loans receivable under margin transactions	23,975	18,232
Cash collateral for borrowed securities under margin transactions	10,187	4,607
Collateralized short-term financing agreements - receivable	6,204,646	7,166,016
Deposits paid for securities borrowed	2,353,557	1,614,350
Securities purchased under agreements to resell	3,851,088	5,551,665
Advances paid	970	599
Securities: fail to deliver	36,088	14,520
Short-term loans receivable	1,613	1,457
Securities	85	136
Other current assets	473,851	508,021
Less: Allowance for doubtful accounts	(1,067)	(26)
Total current assets	15,422,257	16,580,578
Noncurrent assets		
Property and equipment	29,065	30,357
Intangible assets	87,350	83,591
Investments and other assets	103,707	104,105
Investment securities	51,511	55,533
Long-term guarantee deposits	12,064	11,677
Net defined benefit asset	24,418	25,360
Deferred tax assets	6,749	3,937
Other	12,452	11,062
Less: Allowance for doubtful accounts	(3,490)	(3,466)
Total noncurrent assets	220,123	218,054
Total assets	15,642,380	16,798,632

(Millions of yen)

As of March 31, 2019 As of December 31, 2019

Liabilities		
	As of March 31, 2019	As of December 31, 2019
Current liabilities		
Trading liabilities	6,013,716	5,588,086
Trading securities and others	2,264,094	2,034,431
Derivatives	3,749,621	3,553,654
Payables - unsettled trades	39,128	81,624
Payables related to margin transactions	53,591	50,500
Borrowings on margin transactions	10,773	4,343
Cash collateral for loaned securities under margin transactions	42,818	46,157
Collateralized short-term financing agreements - payable	5,470,030	7,246,305
Deposits received for securities loaned	914,017	886,252
Securities sold under agreements to repurchase	4,556,012	6,360,053
Deposits received	315,662	344,641
Guarantee deposits received	359,172	366,134
Securities: fail to receive	30,528	6,715
Short-term borrowings	886,930	647,993
Commercial paper	333,200	318,500
Bonds and notes due within one year	135,292	210,035
Lease obligations	174	—
Income taxes payable	2,364	1,846
Accrued employees' bonuses	18,465	16,697
Provision for variable compensation	927	695
Provision for bonus point redemption	686	524
Other current liabilities	107,885	133,837
Total current liabilities	13,767,756	15,014,138
Noncurrent liabilities		
Bonds and notes	779,312	715,929
Long-term borrowings	173,000	128,800
Lease obligations	59	3,405
Deferred tax liabilities	11	19
Provision for directors' retirement benefits	193	105
Provision for executive officers' retirement benefits	152	84
Net defined benefit liability	21,860	20,518
Other noncurrent liabilities	3,099	3,901
Total noncurrent liabilities	977,690	872,763
Statutory reserves		
Reserve for financial instruments transaction liabilities	2,473	2,472
Total statutory reserves	2,473	2,472
Total liabilities	14,747,920	15,889,374

(Millions of yen)

As of March 31, 2019 As of December 31, 2019

	As of March 31, 2019	As of December 31, 2019
Net assets		
Shareholders' equity		
Common stock	125,167	125,167
Capital surplus	358,445	358,574
Retained earnings	444,011	459,760
Total shareholders' equity	<u>927,624</u>	<u>943,502</u>
Accumulated other comprehensive income (loss)		
Net unrealized gains on (operating) investment securities, net of tax, etc.	22,131	25,201
Foreign currency translation adjustments	(63,401)	(65,109)
Remeasurement of defined benefit plans	2,469	2,055
Total accumulated other comprehensive income (loss)	<u>(38,800)</u>	<u>(37,851)</u>
Non-controlling interests	<u>5,636</u>	<u>3,607</u>
Total net assets	<u>894,460</u>	<u>909,258</u>
Total liabilities and net assets	<u>15,642,380</u>	<u>16,798,632</u>

(2) Quarterly Consolidated Statements of Income and Comprehensive IncomeQuarterly Consolidated Statements of Income
For the nine months ended December 31, 2018 and 2019

	(Millions of yen)	
	Nine months ended December 31, 2018	Nine months ended December 31, 2019
Operating revenues		
Commissions	129,550	120,291
Brokerage commissions	23,329	21,241
Underwriting and selling fees, and commissions from solicitation to qualifying investors	35,961	27,762
Offering, selling, and other commissions and fees, and commissions from solicitation to qualifying investors	28,652	30,603
Other commissions and fees	41,606	40,684
Net gain on trading	82,878	83,935
Net gain on operating investment securities	7,110	3,754
Interest and dividend income	73,607	80,642
Total operating revenues	<u>293,146</u>	<u>288,623</u>
Interest expenses	<u>68,214</u>	<u>74,260</u>
Net operating revenues	<u>224,931</u>	<u>214,363</u>
Selling, general and administrative expenses	197,510	190,644
Transaction-related expenses	35,149	32,774
Personnel expenses	89,749	87,137
Real estate expenses	23,701	22,346
Administrative expenses	20,248	19,758
Depreciation and amortization	21,100	22,530
Taxes and dues	4,211	3,772
Provision of allowance for doubtful accounts	13	(1,063)
Other	3,336	3,387
Operating income	<u>27,421</u>	<u>23,718</u>
Non-operating income	2,429	3,132
Non-operating expenses	1,728	1,064
Ordinary income	<u>28,122</u>	<u>25,787</u>
Extraordinary gain	2,336	537
Gain on sales of noncurrent assets	—	23
Gain on sales of investment securities	2,336	513
Reversal of reserve for financial instruments transaction liabilities	—	0
Extraordinary loss	1,916	561
Loss on sales of noncurrent assets	6	—
Loss on disposal of noncurrent assets	138	147
Loss on sales of investment securities	288	109
Loss on sales of shares of subsidiaries and affiliates	—	144
Loss on impairment of investment securities	154	0
Loss on liquidation of subsidiaries and affiliates	—	46
Impairment losses	44	—
Head office transfer cost	—	104
Loss on computer system failure	732	—
Loss on business liquidation of subsidiaries and affiliates	546	—
Loss on liquidation of business	—	10
Provision of reserve for financial instruments transaction liabilities	4	—
Income before income taxes and non-controlling interests	<u>28,542</u>	<u>25,763</u>
Income taxes - current	4,479	3,682
Income taxes - refund	(225)	—
Income taxes - deferred	1,546	1,354
Total income taxes	<u>5,800</u>	<u>5,037</u>
Net income	<u>22,741</u>	<u>20,725</u>
Net income (loss) attributable to non-controlling interests	(993)	490
Net income attributable to owners of parent	<u>23,734</u>	<u>20,235</u>

Quarterly Consolidated Statements of Comprehensive Income
For the nine months ended December 31, 2018 and 2019

	(Millions of yen)	
	Nine months ended December 31, 2018	Nine months ended December 31, 2019
Net income	22,741	20,725
Other comprehensive income (loss)		
Net unrealized gains (losses) on (operating) investment securities, net of tax, etc.	(6,453)	3,069
Foreign currency translation adjustments	(4,567)	(1,993)
Remeasurement of defined benefit plans	(425)	(409)
Share in other comprehensive income of affiliates accounted for using equity method	(0)	(29)
Total other comprehensive income (loss)	<u>(11,446)</u>	<u>636</u>
Comprehensive income (loss)	<u>11,294</u>	<u>21,362</u>
(Breakdown)		
Attributable to:		
Owners of parent	12,202	21,184
Non-controlling interests	(907)	178

(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)

	Nine months ended December 31, 2018	Nine months ended December 31, 2019	Increase/(Decrease)	
			Amount	Percentage (%)
Brokerage commissions	23,329	21,241	(2,088)	(9.0)
Equities	22,396	20,280	(2,115)	(9.4)
Bonds	590	661	70	12.0
Underwriting and selling fees, and commissions from solicitation to qualifying investors	35,961	27,762	(8,199)	(22.8)
Equities	19,615	7,857	(11,757)	(59.9)
Bonds	15,861	19,669	3,807	24.0
Offering, selling, and other commissions and fees, and commissions from solicitation to qualifying investors	28,652	30,603	1,951	6.8
Other commissions and fees	41,606	40,684	(922)	(2.2)
Total	129,550	120,291	(9,258)	(7.1)

2) Breakdown by instruments

(Millions of yen)

	Nine months ended December 31, 2018	Nine months ended December 31, 2019	Increase/(Decrease)	
			Amount	Percentage (%)
Equities	45,571	31,523	(14,047)	(30.8)
Bonds	30,437	32,709	2,272	7.5
Beneficiary certificates	31,441	33,283	1,841	5.9
Others	22,099	22,775	675	3.1
Total	129,550	120,291	(9,258)	(7.1)

(2) Net gain on trading

(Millions of yen)

	Nine months ended December 31, 2018	Nine months ended December 31, 2019	Increase/(Decrease)	
			Amount	Percentage (%)
Equities, etc.	46,214	29,302	(16,911)	(36.6)
Bonds, etc. and others	36,663	54,632	17,968	49.0
Total	82,878	83,935	1,056	1.3

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

(Millions of yen)

		As of March 31, 2019	As of December 31, 2019
Basic items (A)		865,313	882,000
Supplemental items	Net unrealized gains on (operating) investment securities, net of tax, etc.	24,600	27,257
	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	119,745
Deducted assets (C)		207,585	208,339
Equity after deduction (A) + (B) - (C) (D)		774,817	793,406
Amount equivalent to risk	Amount equivalent to market risk	119,114	130,326
	Amount equivalent to counterparty risk	49,586	49,995
	Amount equivalent to fundamental risk	70,098	70,575
	Total (E)	238,798	250,897
Consolidated capital adequacy requirement ratio (D)/(E) * 100		324.4%	316.2%

2) Non-consolidated base

(Millions of yen)

		As of March 31, 2019	As of December 31, 2019
Basic items (A)		848,867	871,526
Supplemental items	Net unrealized gains on (operating) investment securities, net of tax, etc.	13,233	15,968
	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	108,444
Deducted assets (C)		356,513	349,092
Equity after deduction (A) + (B) - (C) (D)		598,065	630,878
Amount equivalent to risk	Amount equivalent to market risk	86,849	91,971
	Amount equivalent to counterparty risk	36,241	35,443
	Amount equivalent to fundamental risk	65,700	65,695
	Total (E)	188,791	193,109
Capital adequacy requirement ratio (D)/(E) * 100		316.7%	326.6%

(4) Quarterly Consolidated Statements of Income

(Millions of yen)

	Third quarter ended December 2018	Fourth quarter ended March 2019	First quarter ended June 2019	Second quarter ended September 2019	Third quarter ended December 2019
	Oct. 1, 2018 - Dec. 31, 2018	Jan. 1, 2019 - Mar. 31, 2019	Apr. 1, 2019 - Jun. 30, 2019	Jul. 1, 2019 - Sep. 30, 2019	Oct. 1, 2019 - Dec. 31, 2019
Operating revenues	90,728	88,384	84,729	105,649	98,244
Commissions	45,198	38,447	37,248	41,860	41,182
Brokerage commissions	7,168	6,445	6,385	7,341	7,514
Equities	6,816	6,143	6,043	7,012	7,223
Bonds	191	231	238	214	208
Underwriting and selling fees, and commissions from solicitation to qualifying investors	17,278	6,034	8,820	10,744	8,196
Equities	12,508	2,221	2,556	2,637	2,663
Bonds	4,751	3,684	6,197	8,043	5,428
Offering, selling, and other commissions and fees, and commissions from solicitation to qualifying investors	7,772	8,290	9,695	10,035	10,873
Other commissions and fees	12,979	17,678	12,346	13,739	14,598
Net gain on trading	25,431	18,504	21,870	31,786	30,278
Equities, etc.	(1,115)	2,644	5,381	10,238	13,682
Bonds, etc. and others	26,547	15,860	16,489	21,547	16,595
Net gain (loss) on operating investment	874	593	1,882	1,373	498
Interest and dividend income	19,223	30,838	23,728	30,629	26,285
Interest expenses	22,221	29,425	21,311	30,628	22,320
Net operating revenues	68,506	58,959	63,418	75,021	75,924
Selling, general and administrative expenses	64,257	65,162	61,133	63,703	65,806
Transaction-related expenses	12,287	11,832	10,439	11,195	11,138
Personnel expenses	27,989	27,588	26,885	30,251	30,001
Real estate expenses	7,728	7,986	7,537	7,158	7,649
Administrative expenses	6,802	6,974	6,621	6,582	6,554
Depreciation and amortization	7,000	7,388	7,043	7,428	8,057
Taxes and dues	1,424	1,526	1,338	1,086	1,347
Other	1,024	1,866	1,266	(0)	1,057
Operating income	4,249	(6,203)	2,284	11,317	10,117
Non-operating income	422	779	535	1,039	1,557
Non-operating expenses	755	(56)	731	355	(22)
Ordinary income	3,915	(5,367)	2,088	12,001	11,697
Extraordinary gain	69	603	181	4	352
Extraordinary loss	485	12,430	34	222	304
Income before income taxes and non- controlling interests	3,499	(17,194)	2,234	11,783	11,744
Income taxes - current	1,202	(1,595)	337	933	2,412
Income taxes - deferred	187	3,866	636	1,902	(1,184)
Net income	2,109	(19,465)	1,261	8,946	10,517
Net income (loss) attributable to non- controlling interests	(116)	(109)	(217)	41	666
Net income attributable to owners of parent	2,225	(19,356)	1,478	8,905	9,851

3. (Reference) Quarterly Non-consolidated Financial Statements

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

(Millions of yen)

	As of March 31, 2019	As of December 31, 2019
Assets		
Current assets		
Cash and bank deposits	388,516	273,770
Cash segregated as deposits for customers and others	335,712	367,738
Trading assets	6,061,110	6,223,216
Trading securities and others	3,064,131	3,527,794
Derivatives	2,996,979	2,695,421
Operating investment securities	28,640	33,713
Receivables related to margin transactions	34,162	22,839
Loans receivable under margin transactions	23,975	18,232
Cash collateral for borrowed securities under margin transactions	10,187	4,607
Collateralized short-term financing agreements - receivable	3,871,953	4,645,446
Deposits paid for securities borrowed	2,353,557	1,614,350
Securities purchased under agreements to resell	1,518,395	3,031,095
Advances paid	488	186
Securities: fail to deliver	9,613	13,371
Short-term loans receivable	52,652	41,191
Other current assets	434,483	420,437
Less: Allowance for doubtful accounts	(3)	(14)
Total current assets	11,217,332	12,041,895
Noncurrent assets		
Property and equipment	12,527	11,853
Intangible assets	50,829	53,126
Investments and other assets	315,137	308,738
Investment securities	244,677	245,513
Long-term guarantee deposits	10,966	10,597
Prepaid pension cost	18,616	20,610
Deferred tax assets	19,790	17,165
Other	26,637	18,873
Less: Allowance for doubtful accounts	(3,488)	(3,465)
Less: Allowance for possible losses on securities	(2,062)	(556)
Total noncurrent assets	378,493	373,717
Total assets	11,595,825	12,415,613

(Millions of yen)

As of March 31, 2019 As of December 31, 2019

	As of March 31, 2019	As of December 31, 2019
Liabilities		
Current liabilities		
Trading liabilities	4,340,952	3,825,314
Trading securities and others	1,511,888	1,353,990
Derivatives	2,829,063	2,471,324
Payables - unsettled trades	36,888	81,903
Payables related to margin transactions	53,591	50,500
Borrowings on margin transactions	10,773	4,343
Cash collateral for loaned securities under margin transactions	42,818	46,157
Collateralized short-term financing agreements - payable	3,575,497	5,121,182
Deposits received for securities loaned	914,264	886,495
Securities sold under agreements to repurchase	2,661,233	4,234,687
Deposits received	308,251	344,559
Guarantee deposits received	297,472	323,290
Securities: fail to receive	2,064	1,189
Short-term borrowings	773,484	498,513
Commercial paper	333,200	318,500
Bonds and notes due within one year	76,393	132,069
Lease obligations	174	—
Income taxes payable	2,220	1,781
Accrued employees' bonuses	9,359	7,676
Provision for variable compensation	927	695
Provision for bonus point redemption	686	524
Other current liabilities	40,800	33,125
Total current liabilities	9,851,965	10,740,827
Noncurrent liabilities		
Bonds and notes	679,688	634,000
Long-term borrowings	173,000	128,800
Provision for retirement benefits	19,799	19,701
Other noncurrent liabilities	2,263	2,315
Total noncurrent liabilities	874,751	784,817
Statutory reserves		
Reserve for financial instruments transaction liabilities	2,473	2,472
Total statutory reserves	2,473	2,472
Total liabilities	10,729,189	11,528,118
Net assets		
Shareholders' equity		
Common stock	125,167	125,167
Capital surplus	381,649	381,649
Retained earnings	346,585	364,710
Total shareholders' equity	853,401	871,526
Valuation and translation adjustments		
Net unrealized gains on (operating) investment securities, net of tax, etc.	23,023	25,723
Net deferred gains or losses on hedges, net of tax	(9,789)	(9,754)
Total valuation and translation adjustments	13,233	15,968
Total net assets	866,635	887,495
Total liabilities and net assets	11,595,825	12,415,613

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

For the nine months ended December 31, 2018 and 2019

(Millions of yen)

	Nine months ended December 31, 2018	Nine months ended December 31, 2019
Operating revenues		
Commissions	116,830	109,757
Net gain on trading	75,751	80,725
Net gain on operating investment securities	4,982	2,549
Interest and dividend income	64,210	66,268
Total operating revenues	261,775	259,301
Interest expenses	54,265	60,509
Net operating revenues	207,509	198,792
Selling, general and administrative expenses	177,849	175,634
Transaction-related expenses	39,674	42,853
Personnel expenses	65,984	62,847
Real estate expenses	18,806	17,751
Administrative expenses	33,106	31,885
Depreciation and amortization	14,005	14,505
Taxes and dues	4,021	3,589
Provision of allowance for doubtful accounts	13	(12)
Other	2,236	2,214
Operating income	29,660	23,157
Non-operating income	8,455	4,121
Non-operating expenses	164	121
Ordinary income	37,951	27,158
Extraordinary gain	2,426	944
Gain on sales of noncurrent assets	—	23
Gain on sales of investment securities	2,426	518
Gain on sales of shares of subsidiaries and affiliates	—	402
Reversal of reserve for financial instruments transaction liabilities	—	0
Extraordinary loss	1,078	559
Loss on disposal of noncurrent assets	126	139
Loss on sales of investment securities	338	17
Loss on impairment of investment securities	154	0
Loss on liquidation of subsidiaries and affiliates	—	151
Impairment losses	44	—
Head office transfer cost	—	104
Loss on computer system failure	410	—
Loss on liquidation of business	—	10
Provision of allowance for possible losses on securities	—	135
Provision of reserve for financial instruments transaction liabilities	4	—
Income before income taxes	39,299	27,543
Income taxes - current	3,995	3,473
Income taxes - deferred	1,485	1,411
Total income taxes	5,481	4,885
Net income	33,818	22,658