



January 31, 2019

Summary of Consolidated Financial Statements for the Nine Months Ended December 31, 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 Nine Months Ended December 31, 2018 (April 1, 2018 to December 31, 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	%
Nine months ended								
December 31, 2018	293,146	5.0	224,931	(1.0)	27,421	(12.8)	28,122	(11.1)
December 31, 2017	279,213	(14.4)	227,286	(19.3)	31,432	(47.5)	31,627	(48.0)

(Note) Comprehensive income: December 31, 2018: 11,294 million yen (-64.5%)
December 31, 2017: 31,773 million yen (-82.4%)

	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, 2018	23,734	(1.4)	11.78	—
December 31, 2017	24,059	(86.4)	11.94	—

(2) Consolidated financial positions

	Total assets	Net assets	Equity ratio
	millions of yen	millions of yen	%
December 31, 2018	16,280,478	909,515	5.5
March 31, 2018	15,153,012	910,839	6.0

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

December 31, 2018: 903,414 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):

December 31, 2018:	2,015,102,652 shares
March 31, 2018:	2,015,102,652 shares

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

December 31, 2018:	- shares
March 31, 2018:	- shares

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

Nine Months Ended December 31, 2018	2,015,102,652 shares
Nine Months Ended December 31, 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 December 31, 2018
Assets		
Current assets		
Cash and bank deposits	465,193	445,045
Cash segregated as deposits for customers and others	331,160	288,370
Trading assets	6,133,034	7,646,528
Trading securities and others	3,275,192	3,808,507
Derivatives	2,857,841	3,838,020
Operating investment securities	49,592	58,233
Operating loans receivable	7,332	8,452
Receivables related to margin transactions	127,764	40,361
Loans receivable under margin transactions	49,424	28,116
Cash collateral for borrowed securities under margin transactions	78,339	12,244
Collateralized short-term financing agreements - receivable	7,260,658	7,065,152
Deposits paid for securities borrowed	4,572,426	2,259,303
Securities purchased under agreements to resell	2,688,232	4,805,848
Advances paid	938	864
Securities: fail to deliver	47,204	28,196
Short-term loans receivable	6,653	5,639
Securities	1,696	788
Other current assets	471,316	448,793
Less: Allowance for doubtful accounts	(587)	(585)
Total current assets	14,901,957	16,035,840
Noncurrent assets		
Property and equipment	32,705	30,784
Intangible assets	94,986	91,886
Investments and other assets	123,362	121,967
Investment securities	72,742	63,576
Long-term guarantee deposits	12,436	12,216
Net defined benefit asset	24,030	25,020
Deferred tax assets	9,830	11,414
Other	7,806	13,240
Less: Allowance for doubtful accounts	(3,484)	(3,499)
Total noncurrent assets	251,054	244,637
Total assets	15,153,012	16,280,478

(Millions of yen)

As of March 31, 2018 As of December 31, 2018

	As of March 31, 2018	As of December 31, 2018
Liabilities		
Current liabilities		
Trading liabilities	5,400,098	6,022,502
Trading securities and others	2,744,544	2,568,392
Derivatives	2,655,554	3,454,110
Payables - unsettled trades	64,631	462,165
Payables related to margin transactions	44,176	42,137
Borrowings on margin transactions	8,814	7,141
Cash collateral for loaned securities under margin transactions	35,361	34,996
Collateralized short-term financing agreements - payable	5,658,671	5,631,429
Deposits received for securities loaned	1,212,941	565,233
Securities sold under agreements to repurchase	4,445,730	5,066,195
Deposits received	297,058	295,464
Guarantee deposits received	219,771	399,795
Securities: fail to receive	21,048	12,782
Short-term borrowings	940,836	870,909
Commercial paper	334,200	333,300
Bonds and notes due within one year	157,942	151,026
Lease obligations	364	257
Income taxes payable	6,178	1,864
Accrued employees' bonuses	19,877	14,579
Provision for variable compensation	954	715
Provision for bonus point redemption	639	619
Other current liabilities	118,956	115,877
Total current liabilities	13,285,406	14,355,428
Noncurrent liabilities		
Bonds and notes	652,800	777,956
Long-term borrowings	277,000	211,000
Lease obligations	216	64
Deferred tax liabilities	146	214
Provision for directors' retirement benefits	187	170
Provision for executive officers' retirement benefits	129	141
Net defined benefit liability	21,648	21,519
Other noncurrent liabilities	2,276	2,102
Total noncurrent liabilities	954,405	1,013,169
Statutory reserves		
Reserve for financial instruments transaction liabilities	2,361	2,365
Total statutory reserves	2,361	2,365
Total liabilities	14,242,173	15,370,962

(Millions of yen)

	As of March 31, 2018	As of December 31, 2018
Net assets		
Shareholders' equity		
Common stock	125,167	125,167
Capital surplus	358,276	358,276
Retained earnings	452,233	463,367
Total shareholders' equity	<u>935,677</u>	<u>946,811</u>
Accumulated other comprehensive income (loss)		
Net unrealized gains on (operating) investment securities, net of tax, etc.	26,453	20,000
Foreign currency translation adjustments	(62,237)	(66,893)
Remeasurement of defined benefit plans	3,918	3,495
Total accumulated other comprehensive income (loss)	<u>(31,865)</u>	<u>(43,397)</u>
Non-controlling interests	<u>7,027</u>	<u>6,101</u>
Total net assets	<u>910,839</u>	<u>909,515</u>
Total liabilities and net assets	<u>15,153,012</u>	<u>16,280,478</u>

(2) Quarterly Consolidated Statements of Income and Comprehensive Income

Quarterly Consolidated Statements of Income

For the nine months ended December 31, 2017 and 2018

(Millions of yen)

	Nine months ended December 31, 2017	Nine months ended December 31, 2018
Operating revenues		
Commissions	125,605	129,550
Brokerage commissions	27,941	23,329
Underwriting and selling fees, and commissions from solicitation to qualifying investors	21,905	35,961
Offering, selling, and other commissions and fees, and commissions from solicitation to qualifying investors	31,417	28,652
Other commissions and fees	44,341	41,606
Net gain on trading	85,659	82,878
Net gain on operating investment securities	10,456	7,110
Interest and dividend income	57,491	73,607
Total operating revenues	279,213	293,146
Interest expenses	51,927	68,214
Net operating revenues	227,286	224,931
Selling, general and administrative expenses	195,854	197,510
Transaction-related expenses	34,419	35,149
Personnel expenses	87,630	89,749
Real estate expenses	23,429	23,701
Administrative expenses	22,847	20,248
Depreciation and amortization	19,905	21,100
Taxes and dues	3,820	4,211
Provision of allowance for doubtful accounts	(26)	13
Other	3,828	3,336
Operating income	31,432	27,421
Non-operating income	2,118	2,429
Non-operating expenses	1,922	1,728
Ordinary income	31,627	28,122
Extraordinary gain	2,317	2,336
Gain on sales of noncurrent assets	1,215	—
Gain on sales of investment securities	1,055	2,336
Gain on sales of shares of subsidiaries and affiliates	41	—
Reversal of reserve for financial instruments transaction liabilities	5	—
Extraordinary loss	2,305	1,916
Loss on sales of noncurrent assets	90	6
Loss on disposal of noncurrent assets	316	138
Loss on sales of investment securities	19	288
Loss on impairment of investment securities	—	154
Loss on impairment of golf club membership	0	—
Impairment losses	—	44
Loss on software development	1,789	—
Head office transfer cost	87	—
Loss on computer system failure	—	732
Loss on business liquidation of subsidiaries and affiliates	—	546
Provision of reserve for financial instruments transaction liabilities	—	4
Income before income taxes and non-controlling interests	31,639	28,542
Income taxes - current	6,023	4,254
Income taxes - deferred	1,366	1,546
Total income taxes	7,389	5,800
Net income	24,249	22,741
Net income (loss) attributable to non-controlling interests	190	(93)
Net income attributable to owners of parent	24,059	23,734

Quarterly Consolidated Statements of Comprehensive Income
For the nine months ended December 31, 2017 and 2018

(Millions of yen)

	Nine months ended December 31, 2017	Nine months ended December 31, 2018
Net income	24,249	22,741
Other comprehensive income (loss)		
Net unrealized gains (losses) on (operating) investment securities, net of tax, etc.	7,786	(6,453)
Foreign currency translation adjustments	27	(4,567)
Remeasurement of defined benefit plans	(292)	(425)
Share in other comprehensive income of affiliates accounted for using equity method	2	(0)
Total other comprehensive income (loss)	<u>7,524</u>	<u>(11,446)</u>
Comprehensive income	<u>31,773</u>	<u>11,294</u>
(Breakdown)		
Attributable to:		
Owners of parent	31,461	12,202
Non-controlling interests	312	(907)

(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, 2017	Nine months ended December 31, 2018	Increase/(Decrease)	
			Amount	Percentage (%)
Brokerage commissions	27,941	23,329	(4,611)	(16.5)
Equities	26,960	22,396	(4,564)	(16.9)
Bonds	657	590	(67)	(10.2)
Underwriting and selling fees, and commissions from solicitation to qualifying investors	21,905	35,961	14,056	64.2
Equities	8,941	19,615	10,673	119.4
Bonds	12,780	15,861	3,081	24.1
Offering, selling, and other commissions and fees, and commissions from solicitation to qualifying investors	31,417	28,652	(2,764)	(8.8)
Other commissions and fees	44,341	41,606	(2,735)	(6.2)
Total	125,605	129,550	3,944	3.1

2) Breakdown by instruments

(Millions of yen)

	Nine months ended December 31, 2017	Nine months ended December 31, 2018	Increase/(Decrease)	
			Amount	Percentage (%)
Equities	38,016	45,571	7,555	19.9
Bonds	36,066	30,437	(5,629)	(15.6)
Beneficiary certificates	34,489	31,441	(3,047)	(8.8)
Others	17,032	22,099	5,066	29.7
Total	125,605	129,550	3,944	3.1

(2) Net gain on trading

(Millions of yen)

	Nine months ended December 31, 2017	Nine months ended December 31, 2018	Increase/(Decrease)	
			Amount	Percentage (%)
Equities, etc.	18,812	46,214	27,401	145.7
Bonds, etc. and others	66,847	36,663	(30,183)	(45.2)
Total	85,659	82,878	(2,781)	(3.2)

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

(Millions of yen)

		As of March 31, 2018	As of December 31, 2018
Basic items (A)		867,860	886,019
Supplemental items	Net unrealized gains on (operating) investment securities, net of tax, etc.	30,372	23,495
	Reserve for financial instruments transaction liabilities, etc.	2,361	2,365
	Allowance for doubtful accounts	62	59
	Subordinated short-term borrowings	90,000	90,000
Total (B)		122,795	115,920
Deducted assets (C)		207,804	222,177
Equity after deduction (A) + (B) - (C) (D)		782,851	779,763
Amount equivalent to risk	Amount equivalent to market risk	118,937	117,229
	Amount equivalent to counterparty risk	59,496	59,100
	Amount equivalent to fundamental risk	67,431	70,328
	Total (E)	245,865	246,658
Consolidated capital adequacy requirement ratio (D)/(E) * 100		318.4%	316.1%

2) Non-consolidated base

(Millions of yen)

		As of March 31, 2018	As of December 31, 2018
Basic items (A)		832,364	874,826
Supplemental items	Net unrealized gains on (operating) investment securities, net of tax, etc.	15,527	8,824
	Reserve for financial instruments transaction liabilities, etc.	2,361	2,365
	Allowance for doubtful accounts	9	5
	Subordinated short-term borrowings	90,000	90,000
Total (B)		107,897	101,194
Deducted assets (C)		334,296	370,417
Equity after deduction (A) + (B) - (C) (D)		605,966	605,603
Amount equivalent to risk	Amount equivalent to market risk	93,750	85,710
	Amount equivalent to counterparty risk	48,354	45,218
	Amount equivalent to fundamental risk	61,801	66,073
	Total (E)	203,905	197,001
Capital adequacy requirement ratio (D)/(E) * 100		297.1%	307.4%

(4) Quarterly Consolidated Statements of Income

(Millions of yen)

	Third quarter ended December 2017	Fourth quarter ended March 2018	First quarter ended June 2018	Second quarter ended September 2018	Third quarter ended December 2018
	Oct. 1, 2017 - Dec. 31, 2017	Jan. 1, 2018 - Mar. 31, 2018	Apr. 1, 2018 - Jun. 30, 2018	Jul. 1, 2018 - Sep. 30, 2018	Oct. 1, 2018 - Dec. 31, 2018
Operating revenues	93,751	102,260	92,756	109,661	90,728
Commissions	45,835	42,823	38,927	45,424	45,198
Brokerage commissions	10,684	9,377	8,058	8,102	7,168
Equities	10,375	8,989	7,812	7,767	6,816
Bonds	200	199	162	235	191
Underwriting and selling fees, and commissions from solicitation to qualifying investors	7,301	7,669	7,371	11,312	17,278
Equities	4,206	5,518	2,649	4,457	12,508
Bonds	3,012	2,133	4,636	6,473	4,751
Offering, selling, and other commissions and fees, and commissions from solicitation to qualifying investors	12,092	10,286	9,877	11,002	7,772
Other commissions and fees	15,757	15,489	13,619	15,006	12,979
Net gain on trading	28,629	38,565	26,195	31,250	25,431
Equities, etc.	7,612	(446)	23,626	23,703	(1,115)
Bonds, etc. and others	21,016	39,011	2,568	7,547	26,547
Net gain (loss) on operating investment securities	3,072	(387)	4,284	1,951	874
Interest and dividend income	16,213	21,258	23,350	31,034	19,223
Interest expenses	16,240	23,474	19,766	26,226	22,221
Net operating revenues	77,511	78,785	72,990	83,435	68,506
Selling, general and administrative expenses	67,777	67,597	64,745	68,507	64,257
Transaction-related expenses	12,581	11,882	11,148	11,713	12,287
Personnel expenses	30,420	29,481	29,701	32,057	27,989
Real estate expenses	7,957	8,527	7,717	8,256	7,728
Administrative expenses	7,687	7,548	6,584	6,861	6,802
Depreciation and amortization	6,785	6,816	6,923	7,175	7,000
Taxes and dues	1,283	1,564	1,429	1,357	1,424
Other	1,062	1,776	1,240	1,084	1,024
Operating income	9,733	11,188	8,244	14,927	4,249
Non-operating income	730	1,166	1,161	846	422
Non-operating expenses	1,020	721	629	343	755
Ordinary income	9,442	11,632	8,775	15,430	3,915
Extraordinary gain	323	2,254	1,848	418	69
Extraordinary loss	507	3,013	33	1,397	485
Income before income taxes and non-controlling interests	9,259	10,873	10,590	14,452	3,499
Income taxes - current	2,491	1,347	561	2,491	1,202
Income taxes - deferred	(183)	(2,549)	2,176	(817)	187
Net income	6,950	12,075	7,852	12,778	2,109
Net income (loss) attributable to non-controlling interests	29	382	(166)	(709)	(116)
Net income attributable to owners of parent	6,921	11,692	8,019	13,488	2,225

3. (Reference) Quarterly Non-consolidated Financial Statements

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

(Millions of yen)

	As of March 31, 2018	As of December 31, 2018
Assets		
Current assets		
Cash and bank deposits	294,441	329,695
Cash segregated as deposits for customers and others	323,923	282,214
Trading assets	4,923,373	5,993,428
Trading securities and others	2,493,898	3,142,240
Derivatives	2,429,474	2,851,188
Operating investment securities	25,362	28,661
Receivables related to margin transactions	127,764	40,361
Loans receivable under margin transactions	49,424	28,116
Cash collateral for borrowed securities under margin transactions	78,339	12,244
Collateralized short-term financing agreements - receivable	4,998,221	4,456,211
Deposits paid for securities borrowed	4,572,426	2,259,303
Securities purchased under agreements to resell	425,795	2,196,907
Advances paid	431	485
Securities: fail to deliver	29,956	25,780
Short-term loans receivable	55,741	28,089
Other current assets	465,443	422,533
Less: Allowance for doubtful accounts	(9)	(5)
Total current assets	11,244,651	11,607,454
Noncurrent assets		
Property and equipment	14,647	13,423
Intangible assets	55,378	53,224
Investments and other assets	317,378	321,548
Investment securities	252,068	241,519
Long-term guarantee deposits	11,202	11,091
Prepaid pension cost	16,716	18,155
Deferred tax assets	25,345	26,845
Other	15,528	27,435
Less: Allowance for doubtful accounts	(3,482)	(3,498)
Total noncurrent assets	387,404	388,196
Total assets	11,632,056	11,995,651

(Millions of yen)

As of March 31, 2018 As of December 31, 2018

	As of March 31, 2018	As of December 31, 2018
Liabilities		
Current liabilities		
Trading liabilities	4,311,658	4,075,736
Trading securities and others	2,068,613	1,591,875
Derivatives	2,243,045	2,483,861
Payables - unsettled trades	62,243	456,042
Payables related to margin transactions	44,176	42,137
Borrowings on margin transactions	8,814	7,141
Cash collateral for loaned securities under margin transactions	35,361	34,996
Collateralized short-term financing agreements - payable	3,739,715	3,734,117
Deposits received for securities loaned	1,212,841	565,591
Securities sold under agreements to repurchase	2,526,874	3,168,526
Deposits received	267,579	275,327
Guarantee deposits received	198,003	371,642
Securities: fail to receive	2,930	9,245
Short-term borrowings	833,668	793,403
Commercial paper	334,200	333,300
Bonds and notes due within one year	46,672	77,380
Lease obligations	364	257
Income taxes payable	3,984	1,754
Accrued employees' bonuses	9,563	5,976
Provision for variable compensation	954	715
Provision for bonus point redemption	639	619
Other current liabilities	34,450	29,633
Total current liabilities	9,890,805	10,207,292
Noncurrent liabilities		
Bonds and notes	571,334	670,334
Long-term borrowings	277,000	211,000
Lease obligations	139	—
Provision for retirement benefits	19,744	19,642
Other noncurrent liabilities	1,540	1,365
Total noncurrent liabilities	869,758	902,342
Statutory reserves		
Reserve for financial instruments transaction liabilities	2,361	2,365
Total statutory reserves	2,361	2,365
Total liabilities	10,762,925	11,112,000
Net assets		
Shareholders' equity		
Common stock	125,167	125,167
Capital surplus	381,649	381,649
Retained earnings	346,786	368,009
Total shareholders' equity	853,602	874,826
Valuation and translation adjustments		
Net unrealized gains on (operating) investment securities, net of tax, etc.	27,497	20,876
Net deferred gains or losses on hedges, net of tax	(11,969)	(12,052)
Total valuation and translation adjustments	15,527	8,824
Total net assets	869,130	883,650
Total liabilities and net assets	11,632,056	11,995,651

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

For the nine months ended December 31, 2017 and 2018

(Millions of yen)

	Nine months ended December 31, 2017	Nine months ended December 31, 2018
Operating revenues		
Commissions	103,286	116,830
Net gain on trading	77,392	75,751
Net gain on operating investment securities	2,373	4,982
Interest and dividend income	48,666	64,210
Total operating revenues	231,719	261,775
Interest expenses	37,620	54,265
Net operating revenues	194,099	207,509
Selling, general and administrative expenses	173,723	177,849
Transaction-related expenses	35,934	39,674
Personnel expenses	62,306	65,984
Real estate expenses	19,452	18,806
Administrative expenses	37,454	33,106
Depreciation and amortization	12,826	14,005
Taxes and dues	3,321	4,021
Provision of allowance for doubtful accounts	(23)	13
Other	2,450	2,236
Operating income	20,375	29,660
Non-operating income	6,301	8,455
Non-operating expenses	971	164
Ordinary income	25,705	37,951
Extraordinary gain	1,836	2,426
Gain on sales of noncurrent assets	63	—
Gain on sales of investment securities	1,213	2,426
Gain on sales of shares of subsidiaries and affiliates	553	—
Reversal of reserve for financial instruments transaction liabilities	5	—
Extraordinary loss	2,142	1,078
Loss on disposal of noncurrent assets	279	126
Loss on sales of investment securities	6	338
Loss on impairment of investment securities	50	154
Loss on impairment of golf club membership	0	—
Impairment losses	—	44
Loss on software development	1,805	—
Loss on computer system failure	—	410
Provision of reserve for financial instruments transaction liabilities	—	4
Income before income taxes	25,400	39,299
Income taxes - current	1,764	3,995
Income taxes - deferred	3,198	1,485
Total income taxes	4,963	5,481
Net income	20,436	33,818