

# Daiwa Securities Group Inc.

Code number: 8601

Stock Exchange Listings: Tokyo, Nagoya

URL: <https://www.daiwa-grp.jp/english/>

Scheduled date of the ordinary general shareholders' meeting: June 28, 2022

Scheduled date of dividend payment: June 6, 2022

Scheduled date of filing financial report: June 29, 2022

Supplemental information for financial results: Yes

Earnings announcement for financial results: Yes (for analysts)



April 27, 2022

## Financial Summary (Consolidated)

For the fiscal year ended March 31, 2022 <Under Japanese GAAP>

(Figures less than one million yen are rounded down)

### 1. Consolidated financial results (April 1, 2021 to March 31, 2022)

#### (1) Consolidated operating results

(Millions of yen, % of change from previous year)

	Operating revenue		Net operating revenue		Operating income		Ordinary income	
FY 2021	619,471	7.5 %	502,093	7.6%	115,534	24.4%	135,821	17.9%
FY 2020	576,172	(14.3)%	466,660	9.5%	92,859	71.0%	115,175	63.9%

(Note) Comprehensive income:

FY 2021: 140,781 million yen, (8.3)% ; FY 2020: 153,471 million yen, 631.9%

	Profit attributable to owners of parent		Net income per share		Diluted net income per share		Return on equity	
FY 2021	94,891	(12.5)%	63.06	Yen	62.72	Yen	7.0	%
FY 2020	108,396	79.6 %	71.20	Yen	70.90	Yen	8.5	%

(Reference) Share of profit of entities accounted for using equity method:

FY 2021: 8,104 million yen ; FY 2020: 12,369 million yen

(Note) Daiwa Securities Group Inc. (hereinafter the "Company") has applied "Accounting Standard for Revenue Recognition" (ASBJ Statement No. 29 revised on March 31, 2020), etc., from the beginning of the fiscal year ending March 31, 2022.

#### (2) Consolidated financial conditions

(Millions of yen, except per share amounts and percentage)

	Total assets	Total net assets	Equity ratio		Net assets per share	
As of Mar. 31, 2022	27,531,089	1,639,888	5.0	%	925.81	Yen
As of Mar. 31, 2021	26,099,330	1,591,841	5.1	%	875.12	Yen

(Reference) Stockholders' equity (Total net assets - Subscription rights to shares - Non-controlling interests):

As of Mar. 31, 2022: 1,373,282 million yen ; As of Mar. 31, 2021: 1,333,570 million yen

#### (3) Consolidated cash flows

(Millions of yen)

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at the end of period
FY 2021	(353,467)	(218,534)	377,090	4,554,375
FY 2020	390,979	(91,641)	438,067	4,723,526

## 2. Cash dividends

	Dividends per share(yen)					Total annual dividends (million yen)	Dividends payout ratio (consolidated)	Dividends on net assets (consolidated)
	First quarter -end	Second quarter -end	Third quarter -end	Fiscal year-end	Total			
FY 2020	—	11.00	—	25.00	36.00	54,850	50.6%	4.3%
FY 2021	—	17.00	—	16.00	33.00	49,426	52.3%	3.7%

Representative: Seiji Nakata, President

For inquiry: Motoi Mishiba, Executive Director, Corporate Planning Dept. Investor Relations Office

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### 3. Earnings forecasts for the fiscal year ending March 31, 2023 (consolidated)

Daiwa Securities Group's (hereinafter the "Group") principal business is securities-related business, and the performance of the Group is significantly influenced by the economic and market environment in which it operates. Therefore, the Company does not disclose the forecasts of consolidated operating results, considering the difficulty to forecast the performance. For the same reason, the Company does not disclose expected dividend amount.

Due to the economic situation and the deterioration of the market environment caused by the outbreak of Coronavirus Disease (COVID-19), the performance of the securities-related business, which is the Group's main business, may be adversely affected. The impact on the Group's business results is not clear at this time, but it will be disclosed immediately if there should be anything to be disclosed.

### 4. Other notes

(1) Changes in significant subsidiaries during the period (changes in specified subsidiaries causing changes in the scope of consolidation): None  
New companies: None  
Excluded companies: None

(2) Changes in accounting policies, estimates, and restatements:

(i) Changes in accounting policies due to the revision of accounting standards: Yes

(ii) Changes in accounting policies other than (i): None

(iii) Changes in accounting estimates: None

(iv) Restatements: None

(Note) For details, please see "Changes in significant accounting policies for preparing consolidated financial statements" on page 14.

(3) Number of shares issued (common stock)

(i) Number of shares issued (including treasury shares):

As of Mar. 31, 2022 : 1,699,378,772 ; As of Mar. 31, 2021 : 1,699,378,772

(ii) Number of treasury shares:

As of Mar. 31, 2022 : 216,075,985 ; As of Mar. 31, 2021 : 175,511,235

(iii) Average number of shares issued and outstanding in each fiscal year:

FY2021: 1,504,697,698 ; FY2020: 1,522,430,862

(Note) Please see "Per share information" on page 18 regarding number of common stock included in calculation of net income per share.

(Reference)

#### Non-consolidated financial results (April 1, 2021 to March 31, 2022)

(1) Non-consolidated operating results (Millions of yen, % of change from previous year)

	Operating revenues		Operating income		Ordinary income	
FY 2021	77,659	67.5 %	43,514	224.4 %	52,484	120.0 %
FY 2020	46,365	(38.7)%	13,414	(68.9)%	23,855	(51.0)%

	Net income		Net income per share		Diluted net income per share	
FY 2021	58,035	179.5 %	38.57	Yen	38.36	Yen
FY 2020	20,765	(60.2)%	13.64	Yen	13.58	Yen

(Note) The Company has applied "Accounting Standard for Revenue Recognition" (ASBJ Statement No. 29 revised on March 31, 2020), etc., from the beginning of the fiscal year ending March 31, 2022.

(2) Non-consolidated financial conditions (Millions of yen, except per share amounts and percentage)

	Total assets	Total net assets	Equity ratio	Net assets per share
As of Mar. 31, 2022	2,449,944	872,497	35.2 %	582.05 Yen
As of Mar. 31, 2021	2,491,844	906,995	36.0 %	589.19 Yen

(Reference) Stockholders' equity (Total net assets - Subscription rights to shares):

As of Mar. 31, 2022: 863,388 million yen ; As of Mar. 31, 2021: 897,870 million yen

#### Implementation status of audit procedure:

Financial Summary and accompanying materials including the consolidated financial statements are not subject to the audit procedure by external auditors.

#### Statement on the proper use of earnings forecasts and other information:

Not applicable.

(Accompanying materials)

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(Note) Presentation materials (PDF version) of “Earnings Announcement” are available at our website.

URL: <https://www.daiwa-grp.jp/english/ir/presentation/index.html>

## 1. Consolidated financial results

### (1) Analysis of consolidated operating results

For FY2021 (12 months from April 1, 2021 to March 31, 2022) compared with FY2020, the Group's operating revenue increased by 7.5% to 619,471 million yen, and net operating revenue increased by 7.6% to 502,093 million yen. Selling, general and administrative expenses increased by 3.4% to 386,559 million yen, and ordinary income increased by 17.9% to 135,821 million yen. Adding extraordinary income and subtracting extraordinary losses, income taxes, and profit attributable to non-controlling interests to ordinary income, profit attributable to owners of parent decreased by 12.5% to 94,891 million yen.

The results of each segment are as follows;

#### Retail Business:

Due to the effect of Asset Based Fee Plan for investment trust which we started selling in October, 2020, the solicitation and sales of stock investment trusts increased. In addition, the contract amount of wrap account service increased, and AUM at the end of fiscal year has reached a historical high. In contrast, selling, general and administrative expenses remained at the same level as the previous fiscal year. In consequence, net operating revenue increased by 11.4% to 188,879 million yen and ordinary income increased by 108.3% to 41,807 million yen compared with FY2020.

#### Wholesale Business:

Although revenue from derivatives increased, the pace of earning fixed income dropped mainly in the US. Many M&A business projects were executed in domestic and overseas. In consequence, net operating revenue decreased by 9.3% to 195,863 million yen, ordinary income decreased by 31.8% to 50,951 million yen.

#### Asset Management Business:

Income of Daiwa Office Investment Corporation is 100% included in the ordinary income from the beginning of fiscal year ending March 31, 2022 reflecting its consolidation. In addition, the balance of assets under management of publicly offered investment trusts expanded due to the net asset inflow and rise in average AUM. In consequence, net operating revenue increased by 38.9% to 71,052 million yen, ordinary income increased by 38.1% to 45,253 million yen.

#### Investment Business:

Due to the earnings from the investment of monetary claims and income gains and capital gains from expansion of investment related energy and infrastructure, net operating revenue increased by 140.2% to 11,055 million yen, and ordinary income increased by 540.0% to 7,192 million yen.

### (2) Analysis of consolidated financial conditions (compared to previous fiscal year end)

Regarding the assets, cash and deposits decreased by 170,813 million yen, operating loans decreased by 62,362 million yen, trading products increased by 170,826 million yen, loans secured by securities increased by 945,956 million yen. As a result, the Total assets increased by 1,431,758 million yen to 27,531,089 million yen.

Total liabilities of FY2021 increased by 1,383,710 million yen to 25,891,200 million yen compared with FY 2020, mainly due to increase in trading products by 578,078 million yen, borrowings secured by securities by 1,287,602 million yen, and short-term borrowings by 747,494 million yen, while decrease in deposits from banking business by 226,991 million yen and long-term borrowings by 349,864 million yen.

Total net assets of FY2021 increased by 48,047 million yen to 1,639,888 million yen compared with FY2020, mainly due to an increase in deduction for treasury shares by 26,554 million yen and non-controlling interests by 8,351 million yen. Consequently, net assets per share were 925.81 yen.

The Company has applied "Accounting Standard for Revenue Recognition" (ASBJ Statement No. 29 revised on March 31, 2020), etc., from the beginning of the fiscal year ending March 31, 2022. As a result, retained earnings at the beginning of the fiscal year ending March 31, 2022 decrease by 82 million yen. For details, please see "(iii) Changes in accounting policies due to the revision of accounting standards" under "(6) Changes in significant accounting policies for preparing consolidated financial statements" in "3. Consolidated financial statements".

Cash flows from operating activities decreased by 353,467 million yen, mainly due to increases and decreases in loans (borrowings) secured by securities, deposits from banking business, trading products, and short-term guarantee deposits. Cash flows from investing activities decreased by 218,534 million yen, mainly due to purchase of securities and purchase of investment securities. Cash flows from financing activities increased in 377,090 million yen, mainly due to net increase (decrease) in short-term loans payable. With the effect of fluctuation in foreign exchange rates, cash and cash equivalents at end of FY2021 was 4,554,375 million yen.

## **2. Basic approach for selecting accounting standards**

The Group prepares consolidated financial statements under Generally Accepted Accounting Principles in Japan. Continuing the disclosure under Japanese GAAP, from the end of FY2014, the Group started presenting IFRS-based consolidated financial statements on the purpose of providing more useful information with shareholders and investors for their reference.

### 3. Consolidated financial statements

#### (1) Consolidated balance sheets

Asset	Millions of yen			
	As of			
	March 31, 2021		March 31, 2022	
<b>Current assets:</b>				
Cash and deposits	¥	4,763,197	¥	4,592,384
Cash segregated as deposits		485,876		559,729
Notes and accounts receivable - trade		21,488		—
Notes and accounts receivable - trade, and contract assets		—		22,420
Securities		996,683		1,177,898
Trading products:		7,834,093		8,004,920
Trading securities and other		5,374,191		5,919,617
Derivatives		2,459,901		2,085,303
Operational investment securities		97,092		123,839
Allowance for investment loss		(588)		(151)
Operating loans		1,996,121		1,933,758
Work in process		603		768
Margin transaction assets:		162,078		177,401
Loans on margin transactions		152,077		170,555
Cash collateral pledged for securities borrowing on margin transactions		10,001		6,845
Loans secured by securities:		7,448,321		8,394,277
Cash collateral pledged for securities borrowed		5,054,451		5,283,874
Loans on Gensaki transactions		2,393,870		3,110,403
Advances paid		20,131		22,454
Short-term loans receivable		595		439
Accrued income		36,229		40,062
Other		788,790		967,025
Allowance for doubtful accounts		(4,401)		(7,589)
<b>Total current assets</b>		<b>24,646,314</b>		<b>26,009,638</b>
<b>Non-current assets:</b>				
Property, plant and equipment:		880,477		913,879
Buildings		210,109		233,825
Machinery and equipment		9,251		9,379
Equipment		18,030		16,418
Land		598,541		650,741
Construction in progress		44,544		3,514
Intangible assets:		128,786		121,482
Goodwill		21,229		19,657
Leasehold right		5,787		5,787
Software		84,276		74,516
Other		17,493		21,521
Investments and other assets:		443,751		486,088
Investment securities		402,590		443,446
Long-term loans receivable		6,313		6,451
Guarantee deposits		17,692		16,748
Deferred tax assets		11,397		11,992
Other		10,415		12,491
Allowance for doubtful accounts		(1,037)		(1,422)
Allowance for investment loss		(3,620)		(3,620)
<b>Total non-current assets</b>		<b>1,453,016</b>		<b>1,521,450</b>
<b>Total assets</b>	¥	<b>26,099,330</b>	¥	<b>27,531,089</b>

<i>Liabilities</i>	Millions of yen	
	As of	
	March31, 2021	March31, 2022
<b>Current liabilities:</b>		
Notes and accounts payable - trade	¥ 5,382	¥ 6,361
Trading products:	4,367,822	4,945,900
Trading securities and other	2,032,969	2,948,427
Derivatives	2,334,853	1,997,473
Trade date accrual	1,320,279	548,406
Margin transaction liabilities:	64,022	70,318
Borrowings on margin transactions	4,139	5,327
Cash received for securities lending on margin transactions	59,882	64,991
Borrowings secured by securities:	8,176,094	9,463,697
Cash received on debt credit transaction of securities	4,699,647	4,761,437
Borrowings on Gensaki transaction	3,476,447	4,702,259
Deposits from banking business	4,416,097	4,189,105
Deposits received	419,994	456,384
Guarantee deposits received	366,351	347,468
Short-term borrowings	1,408,288	2,155,782
Commercial papers	265,000	116,000
Current portion of bonds	203,774	446,760
Income taxes payable	17,962	8,649
Provision for bonuses	36,316	37,586
Other	151,966	152,851
<b>Total current liabilities</b>	<b>21,219,352</b>	<b>22,945,274</b>
<b>Non-current liabilities:</b>		
Bonds payable	1,557,333	1,563,631
Long-term borrowings	1,586,913	1,237,048
Deferred tax liabilities	43,176	42,241
Retirement benefit liability	44,773	44,236
Provision for loss on litigation	1,809	115
Other	50,430	54,934
<b>Total non-current liabilities</b>	<b>3,284,436</b>	<b>2,942,208</b>
<b>Reserves under special laws:</b>		
Reserve for financial instruments transaction liabilities	3,699	3,717
<b>Total reserves under special laws</b>	<b>3,699</b>	<b>3,717</b>
<b>Total liabilities</b>	<b>¥ 24,507,489</b>	<b>¥ 25,891,200</b>

Millions of yen

<i>Net assets</i>	As of	
	March31, 2021	March31, 2022
<b>Shareholders' equity:</b>		
Share capital	¥ 247,397	¥ 247,397
Capital surplus	230,651	230,451
Retained earnings	911,742	942,793
Treasury shares	(107,646)	(134,201)
Deposit for subscriptions to treasury shares	9	26
<b>Total shareholders' equity</b>	<b>1,282,154</b>	<b>1,286,467</b>
<b>Accumulated other comprehensive income:</b>		
Valuation difference on available-for-sale securities	41,587	29,587
Deferred gains or losses on hedges	(3,058)	9,940
Foreign currency translation adjustment	12,886	47,288
<b>Total accumulated other comprehensive income</b>	<b>51,415</b>	<b>86,815</b>
<b>Share acquisition rights</b>	<b>9,125</b>	<b>9,109</b>
<b>Non-controlling interests</b>	<b>249,145</b>	<b>257,497</b>
<b>Total net assets</b>	<b>1,591,841</b>	<b>1,639,888</b>
<b>Total liabilities and net assets</b>	<b>¥ 26,099,330</b>	<b>¥ 27,531,089</b>



## (2) Consolidated statements of income and Consolidated statements of comprehensive income

Consolidated statements of income

	Millions of yen			
	Years Ended			
	March 31, 2021		March 31, 2022	
<b>Operating revenue:</b>				
Commission received:	¥	286,835	¥	314,051
Brokerage commission		78,026		75,907
Commission for underwriting, secondary distribution and solicitation for selling and others for professional investors		38,098		39,210
Fees for offering, secondary distribution and solicitation for selling and others for professional investors		19,211		21,440
Other fees received		151,499		177,493
Net trading income		118,895		101,522
Net gain on private equity and other securities		4,808		6,048
Financial revenue		93,188		75,978
Other operating revenue		72,444		121,870
<b>Total operating revenue</b>		<b>576,172</b>		<b>619,471</b>
<b>Financial expenses</b>		<b>54,480</b>		<b>44,714</b>
<b>Other operating expenses</b>		<b>55,031</b>		<b>72,663</b>
<b>Net operating revenue</b>		<b>466,660</b>		<b>502,093</b>
<b>Selling, general and administrative expenses:</b>				
Trading related expenses		57,612		62,588
Personnel expenses		193,002		198,790
Real estate expenses		38,441		37,643
Office cost		24,365		24,740
Depreciation		33,920		34,811
Taxes and dues		11,493		10,678
Provision of allowance for doubtful accounts		281		32
Other		14,682		17,274
<b>Total selling, general and administrative expenses</b>		<b>373,800</b>		<b>386,559</b>
<b>Operating income</b>		<b>92,859</b>		<b>115,534</b>
<b>Non-operating income:</b>				
Dividend income		3,381		4,738
Share of profit of entities accounted for using equity method		12,369		8,104
Foreign exchange gains		—		601
Gain on investments in investment partnerships		5,539		5,216
Other		4,210		4,587
<b>Total non-operating income</b>		<b>25,500</b>		<b>23,247</b>
<b>Non-operating expenses:</b>				
Interest expenses		636		1,838
Foreign exchange losses		252		—
Bond issuance cost		163		30
Other		2,132		1,090
<b>Total non-operating expenses</b>		<b>3,184</b>		<b>2,960</b>
<b>Ordinary income</b>	¥	<b>115,175</b>	¥	<b>135,821</b>

	Millions of yen	
	Years Ended	
	March 31, 2021	March 31, 2022
<b>Extraordinary income:</b>		
Gain on sale of non-current assets	¥ 57	¥ 45
Gain on receipt of donated non-current assets	—	318
Gain on sale of investment securities	4,231	3,858
Gain on sale of shares of subsidiaries and associates	—	2,926
Gain on step acquisitions	46,962	—
Gain on change in equity	180	—
Recoveries of written off receivables	—	302
Reversal of provision for loss on litigation	—	686
Gain on reversal of office relocation expenses	—	872
Reversal of reserve for financial instruments transaction liabilities	218	—
<b>Total extraordinary income</b>	<b>51,650</b>	<b>9,010</b>
<b>Extraordinary losses:</b>		
Loss on sale and retirement of non-current assets	1,386	627
Impairment losses	9,394	488
Loss on sale of investment securities	219	—
Loss on valuation of investment securities	1,738	734
Loss on valuation of shares of subsidiaries and associates	896	—
Provision of allowance for investment loss	3,620	—
Provision of reserve for financial instruments transaction liabilities	—	17
Structural reform cost	4,319	44
Business restructuring expenses	—	1,074
Other	684	178
<b>Total extraordinary losses</b>	<b>22,259</b>	<b>3,166</b>
<b>Income before income taxes</b>	<b>144,567</b>	<b>141,666</b>
Income taxes - current	35,589	39,609
Income taxes - deferred	(673)	(2,088)
<b>Total income taxes</b>	<b>34,915</b>	<b>37,521</b>
<b>Profit</b>	<b>109,651</b>	<b>104,144</b>
<b>Profit(loss) attributable to non-controlling interests</b>	<b>1,255</b>	<b>9,253</b>
<b>Profit attributable to owners of parent</b>	<b>¥ 108,396</b>	<b>¥ 94,891</b>

Consolidated statements of comprehensive income

	Millions of yen	
	Years Ended	
	March 31, 2021	March 31, 2022
<b>Profit</b>	¥ 109,651	¥ 104,144
<b>Other comprehensive income:</b>		
Valuation difference on available-for-sale securities	14,971	(12,055)
Deferred gains or losses on hedges	10,345	13,165
Foreign currency translation adjustment	17,595	31,581
Share of other comprehensive income of entities accounted for using equity method	907	3,944
<b>Total other comprehensive income</b>	<b>43,819</b>	<b>36,636</b>
<b>Comprehensive income</b>	<b>¥ 153,471</b>	<b>¥ 140,781</b>
<b>Comprehensive income attributable to:</b>		
Comprehensive income attributable to owners of parent	¥ 152,107	¥ 130,291
Comprehensive income attributable to non-controlling interests	1,363	10,490

## (3) Consolidated statements of changes in net assets

FY 2020 (Apr. 1, 2020 - Mar. 31, 2021)

(Millions of yen)

	Shareholders' equity					
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Deposit for subscriptions to treasury shares	Total shareholders' equity
<b>Balance at beginning of current period</b>	247,397	230,808	834,442	(110,351)	13	1,202,310
Cumulative effects of changes in accounting policies	—	—	—	—	—	—
<b>Restated balance</b>	247,397	230,808	834,442	(110,351)	13	1,202,310
<b>Changes of items during period</b>						
Dividends of surplus	—	—	(30,429)	—	—	(30,429)
Profit attributable to owners of parent	—	—	108,396	—	—	108,396
Purchase of treasury shares	—	—	—	(9)	—	(9)
Disposal of treasury shares	—	—	(667)	2,714	—	2,047
Other	—	(157)	—	—	(3)	(160)
Net changes of items other than shareholders' equity	—	—	—	—	—	—
<b>Total changes of items during period</b>	—	(157)	77,299	2,704	(3)	79,843
<b>Balance at end of current period</b>	247,397	230,651	911,742	(107,646)	9	1,282,154

	Accumulated other comprehensive income			Subscription rights to shares	Non-controlling interests
	Valuation difference on available-for sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment		
<b>Balance at beginning of current period</b>	26,853	(13,592)	(5,556)	8,901	38,849
Cumulative effects of changes in accounting policies	—	—	—	—	—
<b>Restated balance</b>	26,853	(13,592)	(5,556)	8,901	38,849
<b>Changes of items during period</b>					
Dividends of surplus	—	—	—	—	—
Profit attributable to owners of parent	—	—	—	—	—
Purchase of treasury shares	—	—	—	—	—
Disposal of treasury shares	—	—	—	—	—
Other	—	—	—	—	—
Net changes of items other than shareholders' equity	14,734	10,534	18,442	223	210,296
<b>Total changes of items during period</b>	14,734	10,534	18,442	223	210,296
<b>Balance at end of current period</b>	41,587	(3,058)	12,886	9,125	249,145

FY 2021(Apr. 1, 2021 - Mar. 31, 2022)

(Millions of yen)

	Shareholders' equity					
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Deposit for subscriptions to treasury shares	Total shareholders' equity
<b>Balance at beginning of current period</b>	247,397	230,651	911,742	(107,646)	9	1,282,154
Cumulative effects of changes in accounting policies	—	—	(82)	—	—	(82)
<b>Restated balance</b>	247,397	230,651	911,659	(107,646)	9	1,282,072
<b>Changes of items during period</b>						
Dividends of surplus	—	—	(63,790)	—	—	(63,790)
Profit attributable to owners of parent	—	—	94,891	—	—	94,891
Purchase of treasury shares	—	—	—	(29,297)	—	(29,297)
Disposal of treasury shares	—	—	33	2,742	—	2,776
Other	—	(200)	—	—	16	(184)
Net changes of items other than shareholders' equity	—	—	—	—	—	—
<b>Total changes of items during period</b>	—	(200)	31,134	(26,554)	16	4,395
<b>Balance at end of current period</b>	247,397	230,451	942,793	(134,201)	26	1,286,467

	Accumulated other comprehensive income			Subscription rights to shares	Non-controlling interests
	Valuation difference on available-for sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment		
<b>Balance at beginning of current period</b>	41,587	(3,058)	12,886	9,125	249,145
Cumulative effects of changes in accounting policies	—	—	—	—	—
<b>Restated balance</b>	41,587	(3,058)	12,886	9,125	249,145
<b>Changes of items during period</b>					
Dividends of surplus	—	—	—	—	—
Profit attributable to owners of parent	—	—	—	—	—
Purchase of treasury shares	—	—	—	—	—
Disposal of treasury shares	—	—	—	—	—
Other	—	—	—	—	—
Net changes of items other than shareholders' equity	(12,000)	12,998	34,402	(15)	8,351
<b>Total changes of items during period</b>	(12,000)	12,998	34,402	(15)	8,351
<b>Balance at end of current period</b>	29,587	9,940	47,288	9,109	257,497

## (4) Consolidated statements of cash flows

	Millions of yen			
	Years ended			
	March 31, 2021		March 31, 2022	
<b>Cash Flows from operating activities:</b>				
Income before income taxes and non-controlling interests	¥	144,567	¥	141,666
Depreciation		41,169		44,612
Amortization of goodwill		1,167		1,547
Increase (decrease) in allowance for doubtful accounts		8,073		3,766
Increase (decrease) in reserve for financial products transaction liabilities		(218)		17
Interest and dividend income		(3,475)		(4,886)
Interest expenses		636		1,838
Share of (profit) loss of entities accounted for using equity method		(12,369)		(8,104)
Loss(gain) on sales or retirement of non-current assets		1,328		582
Loss (gain) on sales of investment securities		(4,011)		(3,858)
Loss (gain) on sale of shares of subsidiaries and associates		—		(2,926)
Loss (gain) on step acquisitions		(46,962)		—
Loss (gain) on change in equity		(180)		—
Loss (gain) on valuation of investment securities		1,738		734
Impairment loss		9,394		488
Structural reform cost		4,319		44
Decrease (increase) in cash segregated as deposits for customers		(50,304)		(47,224)
Decrease (increase) in trading products - assets (liabilities)		(41,577)		(368,926)
Decrease (increase) in investment securities for sale		(8,691)		(23,820)
Decrease (increase) in operating loans receivable		(221,448)		69,680
Decrease (increase) in assets (liabilities) for margin transaction		(42,928)		(9,026)
Decrease (increase) in loans (borrowings) secured by securities		219,893		310,365
Decrease (increase) in short-term loans receivable		31		21
Increase (decrease) in deposits from banking business		378,895		(226,991)
Decrease (increase) in Short-term guarantee deposits		127,848		(93,978)
Increase (decrease) in guarantee deposits received		(48,841)		(19,173)
Increase (decrease) in deposits received		63,121		30,857
Other		(119,354)		(113,687)
<b>Subtotal</b>		<b>401,821</b>		<b>(316,380)</b>
Interest and dividend ncome received		11,661		7,897
Interest expenses paid		(615)		(2,875)
Income taxes (paid) refund		(21,888)		(42,108)
<b>Net cash provided by (used in) operating activities</b>	¥	<b>390,979</b>	¥	<b>(353,467)</b>

	Millions of yen	
	Years ended	
	March 31, 2021	March 31, 2022
<b>Cash flows from investing activities:</b>		
Payments into time deposits	¥ (64,698)	¥ (60,494)
Proceeds from withdrawal of time deposits	58,018	61,197
Purchase of securities	(623,456)	(1,117,496)
Proceeds from sales and redemption of securities	570,283	996,100
Purchase of property, plant and equipment	(29,329)	(62,564)
Proceeds from sales of property, plant and equipment	4,665	11,056
Purchase of intangible assets	(29,271)	(23,023)
Purchase of investment securities	(53,674)	(36,123)
Proceeds from sales and redemption of investment securities	105,641	17,681
Purchase of shares of subsidiaries and associates	(28,925)	(15,064)
Proceeds from sale of shares of subsidiaries and associates	—	5,927
Payments of loans receivable	(595)	(533)
Collection of loans receivable	76	227
Other, net	(374)	4,577
<b>Net cash provided by (used in) investing activities</b>	<b>(91,641)</b>	<b>(218,534)</b>
<b>Cash flows from financing activities:</b>		
Net increase (decrease) in short-term loans payable	419,571	264,984
Proceeds from long-term loans payable	277,190	100,500
Repayments of long-term loans payable	(320,854)	(115,433)
Proceeds from issuance of bonds	690,484	810,707
Redemption of bonds	(601,407)	(585,157)
Proceeds from sales of treasury shares	1,086	1,817
Purchase of treasury shares	(9)	(29,297)
Cash dividends paid	(30,429)	(63,790)
Dividends paid to non-controlling interests	(2,050)	(10,533)
Proceeds from share issuance to non-controlling shareholders on establishment of consolidated subsidiaries	7,781	—
Other, net	(3,293)	3,293
<b>Net cash provided by (used in) financing activities</b>	<b>438,067</b>	<b>377,090</b>
<b>Effect of exchange rate change on cash and cash equivalents</b>	<b>6,796</b>	<b>25,760</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>744,201</b>	<b>(169,150)</b>
<b>Cash and cash equivalents at beginning of period</b>	<b>3,933,149</b>	<b>4,723,526</b>
<b>Increase in cash and cash equivalents resulting from inclusion of subsidiaries in consolidation</b>	<b>25,968</b>	<b>—</b>
<b>Increase (decrease) in cash and cash equivalents resulting from change in scope of consolidation</b>	<b>20,206</b>	<b>—</b>
<b>Cash and cash equivalents at end of period</b>	<b>¥ 4,723,526</b>	<b>¥ 4,554,375</b>

## (5) Going concern assumptions

Not applicable.

## (6) Changes in significant accounting policies for preparing consolidated financial statements

## i) Scope of consolidation

(Changes of scope of consolidation)

During current period, 25 companies were newly included into the scope of consolidation due to following reasons;

- 1 company (shares acquisition),
- 23 companies (newly incorporated),
- 1 company (increase of significance).

7 companies were excluded due to following reasons;

- 2 companies (decrease in proportion of the Group),
- 2 companies (absorption merger),
- 3 companies (liquidation).

Number of consolidated subsidiaries after the changes above: 136 companies

## ii) Application of equity method

(Change of application of equity method)

During current period, 7 companies were newly applied to equity method due to following reasons;

- 5 subsidiaries (acquisition of a right to execute business),
- 2 companies (decrease in proportion of the Group).

1 company was excluded due to the sale of shares.

Number of unconsolidated subsidiaries applying equity method after the change above: 5 companies

Number of affiliates applying equity method after the change above: 18 companies

## iii) Changes in accounting policies due to the revision of accounting standards

(Application of Accounting Standard for Revenue Recognition)

The Group has applied "Accounting Standard for Revenue Recognition" (ASBJ Statement No.29, revised on March 31, 2020; hereinafter, referred to as "Revenue Recognition Standard"), etc., from the beginning of the fiscal year ending March 31, 2022, and recognize revenue at the amount expected to be received in exchange for its goods or services when the dominance of the promised goods or services are transferred to a customer.

For the application of the Revenue Recognition Standard, the Company has followed the transitional treatment prescribed in Article 84 proviso of the Revenue Recognition Standard. Accordingly, the cumulative effect of retroactively applying the new accounting policy prior to the beginning of the first quarter under review has been added to or subtracted from retained earnings at the beginning of the quarter. However, for the contracts for which almost all revenues have been recognized under the previous accounting method before the beginning of this consolidated first quarter, the method stipulated in Article 86 of the Revenue Recognition Standard is not applied retroactively. In addition, in accordance to Provision (1) stipulated in Section 86 of the Revenue Recognition Standard, the accounts have been processed reflecting all contract modifications on all contracts made prior to the beginning of this consolidated first quarter, and the cumulative impact amount was either added to or subtracted from retained earnings at the beginning of this consolidated first quarter.

Due to the application of the Revenue Recognition Standard, "Notes and accounts receivable - trade" which were included in "Current assets" in the consolidated balance sheets for the previous fiscal year, are included in "Notes and accounts receivable - trade, and contract assets" from the beginning of the fiscal year ending March 31, 2022. In accordance with the transitional treatment stipulated in Article 89-2 of the Revenue Recognition Standard, figures for the previous fiscal year have not been restated in accordance with the new approach to presentation.

As a result, retained earnings in consolidated statements of changes in net assets at the beginning of current period decrease by 82 million yen due to the reflecting the cumulative effect in net assets at the beginning of the fiscal year ending March 31, 2022.



## (7) Notes to consolidated financial statements

**Segment information**

## i) Outline of reportable segment

The Group's reportable segment is consisted of operating units of which discrete financial information is available, and the segment is reviewed at regular intervals by the Company's chief operating decision maker in order to decide the distribution of management resources and assess the performances.

The Group sets securities-related business as its core business, and provides comprehensive investment and financial services in coordination with other Group's supporting businesses. The Group conducts its business activities through the Company's decisions about businesses of consolidated subsidiaries and affiliates applying equity method on comprehensive domestic and global strategies by each managerial organization corresponding to markets and business types of clients.

Therefore, the Group consists of segments corresponding to each market and business type of clients based on the business of consolidated subsidiaries and affiliates applying equity method, and the Group aggregate to four segments by similar economic characteristic as "Retail business", "Wholesale business", "Asset management business", and "Investment business".

"Retail business" is to provide broad types of products and services mainly to individual and unlisted-corporate customers. "Wholesale business" consists of "Global markets division" and "Global investment banking division". "Global markets division" is to sell and trade stock, bonds, foreign exchange and the other derivatives mainly to domestic and global institutional investors, industrial corporations, and financial and public-interest corporations. "Global investment banking division" is to provide domestic and global various investment banking services such as underwriting of securities and advisory of M&A, etc. "Asset management business" is to set up and manage investment trust fund for various assets, to provide investment advisory and management services to domestic and global institutional investors, and also to manage investment corporation and fund for real estates. "Investment business" is to manage assets for monetary claim, private equity, real estate, energy, infrastructure, etc. and to conduct investment business mainly launching investment funds, while maximizing return on existent investment.

## ii) Method of calculating amounts of net operating revenue, operating income (loss) and others by reportable segment

Accounting method applied to the reportable business segment is nearly the same as described in "Basis of financial statements for the fiscal year ended March 31, 2022".

Internal net operating income (loss) between segments is based on third-party transaction price.

iii) Information of net operating revenue, segment income (loss) and the others by reportable segment  
FY 2021 (Apr. 1, 2021 - Mar. 31, 2022)

(Millions of yen)

	Reportable Segment					Others(*1)	Total
	Retail	Wholesale	Asset Management	Investment	Total		
<b>Revenue from contracts with customers</b>	123,501	108,565	116,794	20,906	369,769	64,673	434,442
<b>Commission received</b>	123,501	108,565	79,826	1,380	313,274	776	314,051
<b>Other operating revenue (unaffiliated customers)</b>	—	—	36,968	19,526	56,494	63,897	120,391
<b>Gain on financial instruments - trading</b>	44,582	87,302	—	6,231	138,115	(57)	138,057
<b>Other (*2)</b>	(103)	(61)	(31,636)	(13,546)	(45,347)	(45,241)	(90,589)
<b>Net operating revenue</b>							
<b>Net operating revenue for unaffiliated customers</b>	167,981	195,805	85,158	13,591	462,537	19,373	481,911
<b>Internal net operating income and elimination amount between segments</b>	20,898	57	(14,105)	(2,536)	4,314	12,444	16,758
<b>Total</b>	188,879	195,863	71,052	11,055	466,851	31,818	498,669
<b>Segment income (loss) (Ordinary income (loss))</b>	41,807	50,951	45,253	7,192	145,204	(10,622)	134,582
<b>Other item</b>							
<b>Depreciation</b>	14,503	14,120	6,062	333	35,019	14,679	49,699
<b>Amortization of goodwill</b>	—	645	901	—	1,547	—	1,547
<b>Interest income</b>	—	0	3	66	70	111	181
<b>Interest expenses</b>	—	0	1,704	153	1,858	137	1,995
<b>Share of profit (loss) of entities accounted for using equity method</b>	—	1,681	4,726	220	6,627	151	6,778

(Note) 1. “Others” are the business segments which are not included in the reportable segments, consist of consolidation and management of subsidiaries, banking business, information service, back-office service, and real-estate rental, etc.

2. “Other” of Asset Management, Investment, and Others includes “Commission fee” which consists in “Net operating revenue”.

3. “Net operating revenue” consists of “Operating revenue”, “Financial expenses”, “Other operating expenses” and “Commission fee(Selling, general and administrative expenses)”.

4. The Company does not disclose the segment information of assets as the management does not allocate it to each segment for managerial decision-making.

- iv) The amount of difference between total of reportable segment and that of consolidated financial statement, and the main details  
(FY 2021 (Apr. 1, 2021 - Mar. 31, 2022))

(Millions of yen)

Net operating revenue	Amount
Reportable segment total	466,851
Net operating revenue from "Others"	31,818
Elimination between segments	(16,758)
Commission fee deducted from net operating revenue	19,115
Other adjustments	1,067
Net operating revenue of financial statements	502,093

(Millions of yen)

Ordinary income (loss)	Amount
Reportable segment total	145,204
Income from "Others"	(10,622)
Unrealized profit adjustments	1,621
Other adjustments	(382)
Ordinary income of financial statements	135,821

(Millions of yen)

Other item	Reportable segment total	Other	Adjustment	Consolidated financial statement amount
Depreciation	35,019	14,679	(5,086)	44,612
Amortization of goodwill	1,547	—	—	1,547
Interest income	70	111	(34)	147
Interest expenses	1,858	137	(157)	1,838
Share of profit (loss) of entities accounted for using equity method	6,627	151	1,325	8,104

**Per share information**

FY 2021 (Apr. 1, 2021 - Mar. 31, 2022)

Net assets per share	925.81yen
Net income per share	63.06yen
Diluted net income per share	62.72yen

(Note) The calculation bases are as follows:

i) Net assets per share

FY 2021 (As of Mar. 31, 2022)

Total net assets (million yen)	1,639,888
Deduction from total net assets (million yen)	266,632
Subscription rights to shares (million yen)	9,109
Non-controlling interests (million yen)	257,497
Deposit for subscriptions to treasury shares (million yen)	26
Net assets attributable to common stock (million yen)	1,373,256
Number of common stock included in calculation of net assets per share (thousands of shares)	1,483,302

ii) Net income per share and diluted net income per share

FY 2021 (Apr. 1, 2021 - Mar. 31, 2022)

<b>Net income per share</b>		
Profit attributable to owners of parent (million yen)	94,891	
Profit not attributable to common stockholders (million yen)	—	
Profit attributable to common stock (million yen)	94,891	
Average number of common stock outstanding during the year (thousands of shares)	1,504,697	
<b>Diluted net income per share</b>		
Adjustment of profit attributable to owners of parent (million yen)	—	
Increase in common stock (thousands of shares)	8,348	
Subscription rights to shares (thousands of shares)	8,348	
Summary of potential shares that are not included in calculation of diluted net income per share due to a lack of dilution effect (thousands of shares)	Type of potential shares	
	Stock option by stock subscription rights	
	Series9	3,351
	Series10	3,536
	Series11	4,826
	Series12	4,040
	Series13	6,816
	Series14	7,429
	Series15	7,469
	Series16	8,462
Series17	7,920	
Series18	7,946	

(Note) The stock option is reported in number of shares equivalent.

**Subsequent events**

Not applicable.

## (8) Quarterly transition of consolidated statements of income

	Millions of yen				
	Three Months Ended				
	March31, 2021	June30, 2021	September30, 2021	December31, 2021	March31, 2022
<b>Operating revenue:</b>					
Commission received:	¥ 81,612	¥ 77,309	¥ 82,983	¥ 84,490	¥ 69,267
Commission to consignees	24,194	18,600	19,521	20,105	17,679
Commission for underwriting, secondary distribution and solicitation for selling and others for professional investors	7,353	10,595	9,833	13,708	5,072
Fee for offering, secondary distribution and solicitation for selling and others for professional investors	6,324	6,295	6,181	5,559	3,403
Other fees received	43,740	41,817	47,445	45,117	43,112
Net trading income	31,352	26,293	25,847	28,544	20,837
Net gain on private equity and other securities	(1,703)	1,681	926	1,037	2,403
Financial revenue	21,845	21,295	18,587	17,687	18,408
Other operating revenue	34,249	23,257	26,357	34,840	37,415
<b>Total operating revenue</b>	<b>167,355</b>	<b>149,836</b>	<b>154,702</b>	<b>166,599</b>	<b>148,333</b>
<b>Financial expenses</b>	<b>16,201</b>	<b>10,421</b>	<b>12,503</b>	<b>10,225</b>	<b>11,562</b>
<b>Other operating expenses</b>	<b>26,577</b>	<b>12,692</b>	<b>12,976</b>	<b>21,999</b>	<b>24,994</b>
<b>Net operating revenue</b>	<b>124,576</b>	<b>126,721</b>	<b>129,222</b>	<b>134,374</b>	<b>111,776</b>
<b>Selling, general and administrative expenses:</b>					
Trading related expenses	15,142	15,230	15,148	16,393	15,815
Personnel expenses	52,464	49,200	51,827	50,036	47,726
Real estate expenses	10,132	9,137	9,338	9,524	9,644
Office cost	6,207	5,657	6,275	6,406	6,399
Depreciation	8,601	8,771	8,773	8,753	8,513
Taxes and dues	3,436	2,858	2,577	2,949	2,292
Provision of allowance for doubtful accounts	(26)	0	24	(1)	9
Other	4,032	4,017	4,579	4,261	4,415
<b>Total selling, general and administrative expenses</b>	<b>99,990</b>	<b>94,873</b>	<b>98,544</b>	<b>98,323</b>	<b>94,817</b>
<b>Operating income</b>	<b>24,586</b>	<b>31,848</b>	<b>30,677</b>	<b>36,050</b>	<b>16,958</b>
Non-operating income	12,231	3,742	7,026	5,263	7,214
Non-operating expenses	1,277	668	707	751	833
<b>Ordinary income</b>	<b>35,540</b>	<b>34,922</b>	<b>36,997</b>	<b>40,561</b>	<b>23,340</b>
Extraordinary income	47,760	1,241	3,378	402	3,988
Extraordinary losses	21,052	987	323	101	1,754
<b>Income before income taxes</b>	<b>62,247</b>	<b>35,176</b>	<b>40,051</b>	<b>40,862</b>	<b>25,574</b>
Income taxes - current	16,867	4,561	14,130	8,625	12,292
Income taxes - deferred	(5,334)	4,743	(3,103)	3,221	(6,949)
<b>Total income taxes</b>	<b>11,533</b>	<b>9,304</b>	<b>11,026</b>	<b>11,846</b>	<b>5,342</b>
<b>Profit</b>	<b>50,714</b>	<b>25,871</b>	<b>29,024</b>	<b>29,016</b>	<b>20,232</b>
<b>Profit attributable to non-controlling interests</b>	<b>107</b>	<b>2,310</b>	<b>2,381</b>	<b>2,317</b>	<b>2,242</b>
<b>Profit attributable to owners of parent</b>	<b>¥ 50,606</b>	<b>¥ 23,560</b>	<b>¥ 26,642</b>	<b>¥ 26,698</b>	<b>¥ 17,989</b>