

# 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, 2023

Scheduled date of dividend payment: June 5, 2023

Scheduled date of filing financial report: June 29, 2023

Supplemental information for financial results: Yes

Earnings announcement for financial results: Yes (for analysts)



April 27, 2023

## Financial Summary (Consolidated)

For the fiscal year ended March 31, 2023 <Under Japanese GAAP>

(Figures less than one million yen are rounded down)

### 1. Consolidated financial results (April 1, 2022 to March 31, 2023)

(1) Consolidated operating results (Millions of yen, % of change from previous year)

	Operating revenue		Net operating revenue		Operating income		Ordinary income	
FY 2022	866,090	39.8 %	464,226	(7.5)%	66,273	(42.6)%	86,930	(36.0)%
FY 2021	619,471	7.5 %	502,093	7.6%	115,534	24.4%	135,821	17.9%

(Note) Comprehensive income:

FY 2022: 103,094 million yen, (26.8)% ; FY 2021: 140,781 million yen, (8.3)%

	Profit attributable to owners of parent		Net income per share		Diluted net income per share		Return on equity	
FY 2022	63,875	(32.7)%	43.53	Yen	43.31	Yen	4.6	%
FY 2021	94,891	(12.5)%	63.06	Yen	62.72	Yen	7.0	%

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

FY 2022: 8,954 million yen ; FY 2021: 8,104 million yen

(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, 2023	26,413,248	1,675,489	5.3	%	968.93	Yen
As of Mar. 31, 2022	27,531,089	1,639,888	5.0	%	925.81	Yen

(Reference) Stockholders' equity (Total net assets - Share acquisition rights - Non-controlling interests):

As of Mar. 31, 2023: 1,407,840 million yen ; As of Mar. 31, 2022: 1,373,282 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 2022	(183,745)	7,457	(565,878)	3,835,559
FY 2021	(353,467)	(218,534)	377,090	4,554,375

### 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 2021	—	17.00	—	16.00	33.00	49,426	52.3%	3.7%
FY 2022	—	11.00	—	12.00	23.00	33,608	52.8%	2.4%

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, 2024 (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.

### 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, 2023 : 1,569,378,772 ; As of Mar. 31, 2022 : 1,699,378,772

(ii) Number of treasury shares:

As of Mar. 31, 2023 : 116,399,287 ; As of Mar. 31, 2022 : 216,075,985

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

FY2022: 1,467,422,357 ; FY2021: 1,504,697,698

(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, 2022 to March 31, 2023)

(1) Non-consolidated operating results

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

	Operating revenues		Operating income		Ordinary income	
FY 2022	48,318	(37.8) %	14,950	(65.6) %	28,177	(46.3) %
FY 2021	77,659	67.5 %	43,514	224.4 %	52,484	120.0 %

	Net income		Net income per share		Diluted net income per share	
FY 2022	32,160	(44.6) %	21.92	Yen	21.81	Yen
FY 2021	58,035	179.5 %	38.57	Yen	38.36	Yen

(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, 2023	2,317,696	845,760	36.1	%	576.03	Yen
As of Mar. 31, 2022	2,449,944	872,497	35.2	%	582.05	Yen

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

As of Mar. 31, 2023: 836,966 million yen ; As of Mar. 31, 2022: 863,388 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 FY2022 (12 months from April 1, 2022 to March 31, 2023) compared with FY2021, the Group's operating revenue increased by 39.8% to 866,090 million yen, and net operating revenue decreased by 7.5% to 464,226 million yen. Selling, general and administrative expenses increased by 2.9% to 397,952 million yen, and ordinary income decreased by 36.0% to 86,930 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 32.7% to 63,875 million yen.

The results of each segment are as follows;

#### Retail Business:

In wrap account service, the balance of contract assets at the end of the fiscal year has reached a historical high, which contributed to revenue. However, mainly as a result of a decrease in trading commissions, net operating revenue decreased by 13.0% to 164,336 million yen, and ordinary income decreased by 13.0% to 164,336 million yen and ordinary income decreased by 38.1% to 25,886 million yen compared with FY2021.

#### Wholesale Business:

In Global Markets, investor activity was down in response to an uncertain market environment, causing a fall in revenue. Revenue was down in Global Investment Banking in comparison with the previous fiscal year, which saw the acquisition of multiple large contracts. In consequence, net operating revenue decreased by 17.9% to 160,891 million yen, ordinary income decreased by 94.5% to 2,822 million yen.

#### Asset Management Business:

Growth in the balance of assets under management in real estate asset management contributed to revenue. However, mainly as a result of a decrease in the balance of assets under management in publicly offered investment trusts net operating revenue decreased by 0.9% to 70,394 million yen, ordinary income decreased by 1.6% to 44,526 million yen.

#### Investment Business:

Mainly due to growth in revenue from renewable energy investment in conjunction with revenue from sales of investees, net operating revenue increased by 48.8% to 16,446 million yen, and ordinary income increased by 81.7% to 13,068 million yen.

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

Regarding the assets, operating loans increased by 81,275 million yen, cash and deposits decreased by 725,564 million yen, trading products decreased by 379,206 million yen, loans secured by securities decreased by 52,715 million yen. As a result, the Total assets decreased by 1,117,840 million yen to 26,413,248 million yen.

Total liabilities of FY2022 decreased by 1,153,441 million yen to 24,737,758 million yen compared with FY 2021, mainly due to decrease in borrowings secured by securities by 1,534,087 million yen and deposits from banking business by 256,343 million yen and short-term borrowings by 862,934 million yen, while increase in trading products by 496,648 million yen and long-term borrowings by 469,936 million yen.

Total net assets of FY2022 increased by 35,600 million yen to 1,675,489 million yen compared with FY2021, mainly due to a decrease in deduction for treasury shares by 62,678 million yen and an increase in foreign currency translation adjustment by 27,496 million yen. Consequently, net assets per share were 968.93 yen.

Cash flows from operating activities decreased by 183,745 million yen, mainly due to increases and decreases in loans (borrowings) secured by securities, deposits from banking business, and trading products. Cash flows from investing activities increased by 7,457 million yen, mainly due to revenue from sale and redemption of securities. Cash flows from financing activities decreased in 565,878 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 FY2022 was 3,835,559 million yen.

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

The Group prepares consolidated financial statements under Generally Accepted Accounting Principles in Japan.

Continuing its disclosure under Japanese GAAP, the Group started presenting consolidated financial statements based on IFRS from the end of FY2014. The purpose of this change was to provide shareholders and investors with more useful information for their reference.

### 3. Consolidated financial statements

#### (1) Consolidated balance sheets

Asset	Millions of yen			
	As of			
	March 31, 2022		March 31, 2023	
<b>Current assets:</b>				
Cash and deposits	¥	4,592,384	¥	3,866,819
Cash segregated as deposits		559,729		541,629
Notes and accounts receivable - trade, and contract assets		22,420		22,062
Securities		1,177,898		1,131,682
Trading products:		8,004,920		7,625,713
Trading securities and other		5,919,617		5,425,159
Derivatives		2,085,303		2,200,554
Operational investment securities		123,839		127,693
Allowance for investment loss		(151)		(70)
Operating loans		1,933,758		2,015,034
Work in process		768		853
Margin transaction assets:		177,401		160,255
Loans on margin transactions		170,555		153,574
Cash collateral pledged for securities borrowing on margin transactions		6,845		6,680
Loans secured by securities:		8,394,277		8,341,562
Cash collateral pledged for securities borrowed		5,283,874		6,844,292
Loans on Gensaki transactions		3,110,403		1,497,270
Advances paid		22,454		18,756
Short-term loans receivable		439		810
Accrued income		40,062		63,805
Other		967,025		965,074
Allowance for doubtful accounts		(7,589)		(8,822)
<b>Total current assets</b>		<b>26,009,638</b>		<b>24,872,860</b>
<b>Non-current assets:</b>				
Property, plant and equipment:		913,879		916,873
Buildings		233,825		241,775
Machinery and equipment		9,379		9,103
Equipment		16,418		17,449
Land		650,741		643,695
Construction in progress		3,514		4,850
Intangible assets:		121,482		125,571
Goodwill		19,657		18,526
Leasehold right		5,787		5,638
Software		74,516		65,251
Other		21,521		36,154
Investments and other assets:		486,088		497,943
Investment securities		443,446		455,317
Long-term loans receivable		6,451		6,498
Guarantee deposits		16,748		15,796
Deferred tax assets		11,992		7,840
Other		12,491		17,771
Allowance for doubtful accounts		(1,422)		(1,660)
Allowance for investment loss		(3,620)		(3,620)
<b>Total non-current assets</b>		<b>1,521,450</b>		<b>1,540,388</b>
<b>Total assets</b>	¥	<b>27,531,089</b>	¥	<b>26,413,248</b>

Millions of yen

<i>Liabilities</i>	As of	
	March31, 2022	March31, 2023
<b>Current liabilities:</b>		
Notes and accounts payable - trade	¥ 6,361	¥ 8,120
Trading products:	4,945,900	5,442,548
Trading securities and other	2,948,427	3,451,608
Derivatives	1,997,473	1,990,940
Trade date accrual	548,406	1,155,831
Margin transaction liabilities:	70,318	52,785
Borrowings on margin transactions	5,327	3,817
Cash received for securities lending on margin transactions	64,991	48,967
Borrowings secured by securities:	9,463,697	7,929,609
Cash received on debt credit transaction of securities	4,761,437	6,508,873
Borrowings on Gensaki transaction	4,702,259	1,420,735
Deposits from banking business	4,189,105	3,932,761
Deposits received	456,384	430,664
Guarantee deposits received	347,468	431,383
Short-term borrowings	2,155,782	1,292,848
Commercial papers	116,000	261,300
Current portion of bonds	446,760	485,029
Income taxes payable	8,649	10,675
Provision for bonuses	37,586	33,287
Other	152,851	114,430
<b>Total current liabilities</b>	<b>22,945,274</b>	<b>21,581,275</b>
<b>Non-current liabilities:</b>		
Bonds payable	1,563,631	1,304,543
Long-term borrowings	1,237,048	1,706,985
Deferred tax liabilities	42,241	42,280
Retirement benefit liability	44,236	44,309
Provision for loss on litigation	115	169
Other	54,934	53,906
<b>Total non-current liabilities</b>	<b>2,942,208</b>	<b>3,152,195</b>
<b>Reserves under special laws:</b>		
Reserve for financial instruments transaction liabilities	3,717	4,287
<b>Total reserves under special laws</b>	<b>3,717</b>	<b>4,287</b>
<b>Total liabilities</b>	<b>¥ 25,891,200</b>	<b>¥ 24,737,758</b>

Millions of yen

<i>Net assets</i>	As of	
	March31, 2022	March31, 2023
<b>Shareholders' equity:</b>		
Share capital	¥ 247,397	¥ 247,397
Capital surplus	230,451	230,274
Retained earnings	942,793	886,160
Treasury shares	(134,201)	(71,522)
Deposits for subscriptions of treasury shares	26	—
<b>Total shareholders' equity</b>	<b>1,286,467</b>	<b>1,292,309</b>
<b>Accumulated other comprehensive income:</b>		
Valuation difference on available-for-sale securities	29,587	24,717
Deferred gains or losses on hedges	9,940	16,028
Foreign currency translation adjustment	47,288	74,785
<b>Total accumulated other comprehensive income</b>	<b>86,815</b>	<b>115,531</b>
<b>Share acquisition rights</b>	<b>9,109</b>	<b>8,793</b>
<b>Non-controlling interests</b>	<b>257,497</b>	<b>258,855</b>
<b>Total net assets</b>	<b>1,639,888</b>	<b>1,675,489</b>
<b>Total liabilities and net assets</b>	<b>¥ 27,531,089</b>	<b>¥ 26,413,248</b>



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

Consolidated statements of income

	Millions of yen	
	Years Ended	
	March 31, 2022	March 31, 2023
<b>Operating revenue:</b>		
Commission received:	¥ 314,051	¥ 279,991
Brokerage commission	75,907	64,272
Commission for underwriting, secondary distribution and solicitation for selling and others for professional investors	39,210	28,165
Fees for offering, secondary distribution and solicitation for selling and others for professional investors	21,440	11,316
Other fees received	177,493	176,237
Net trading income	101,522	70,253
Net gain on private equity and other securities	6,048	3,692
Financial revenue	75,978	332,548
Other operating revenue	121,870	179,604
<b>Total operating revenue</b>	<b>619,471</b>	<b>866,090</b>
<b>Financial expenses</b>	<b>44,714</b>	<b>268,498</b>
<b>Other operating expenses</b>	<b>72,663</b>	<b>133,365</b>
<b>Net operating revenue</b>	<b>502,093</b>	<b>464,226</b>
<b>Selling, general and administrative expenses:</b>		
Trading related expenses	62,588	71,545
Personnel expenses	198,790	199,790
Real estate expenses	37,643	38,704
Office expenses	24,740	25,768
Depreciation	34,811	34,497
Taxes and dues	10,678	10,191
Provision of allowance for doubtful accounts	32	49
Other	17,274	17,404
<b>Total selling, general and administrative expenses</b>	<b>386,559</b>	<b>397,952</b>
<b>Operating income</b>	<b>115,534</b>	<b>66,273</b>
<b>Non-operating income:</b>		
Dividend income	4,738	3,535
Share of profit of entities accounted for using equity method	8,104	8,954
Foreign exchange gains	601	2,274
Gain on investments in investment partnerships	5,216	7,851
Other	4,587	2,063
<b>Total non-operating income</b>	<b>23,247</b>	<b>24,679</b>
<b>Non-operating expenses:</b>		
Interest expenses	1,838	1,909
Bond issuance costs	30	177
Other	1,090	1,935
<b>Total non-operating expenses</b>	<b>2,960</b>	<b>4,022</b>
<b>Ordinary income</b>	<b>¥ 135,821</b>	<b>¥ 86,930</b>

	Millions of yen			
	Years Ended			
	March 31, 2022		March 31, 2023	
<b>Extraordinary income:</b>				
Gain on sale of non-current assets	¥	45	¥	12,235
Gain on receipt of donated non-current assets		318		—
Gain on sale of investment securities		3,858		5,282
Gain on sale of shares of subsidiaries and associates		2,926		—
Recoveries of written off receivables		302		—
Gain on reversal of share acquisition rights		—		667
Reversal of provision for loss on litigation		686		—
Gain on reversal of office relocation expenses		872		—
<b>Total extraordinary income</b>		<b>9,010</b>		<b>18,185</b>
<b>Extraordinary losses:</b>				
Loss on sale and retirement of non-current assets		627		2,279
Impairment losses		488		—
Loss on sale of investment securities		—		142
Loss on valuation of investment securities		734		2,215
Loss on valuation of shares of subsidiaries and associates		—		432
Loss on change in equity		—		85
Provision of reserve for financial instruments transaction liabilities		17		570
Structural reform costs		44		—
Business restructuring expenses		1,074		2,173
Expenses related to the 120th anniversary project		—		452
Other		178		—
<b>Total extraordinary losses</b>		<b>3,166</b>		<b>8,350</b>
<b>Income before income taxes</b>		<b>141,666</b>		<b>96,766</b>
Income taxes - current		39,609		19,980
Income taxes - deferred		(2,088)		3,102
<b>Total income taxes</b>		<b>37,521</b>		<b>23,082</b>
<b>Profit</b>		<b>104,144</b>		<b>73,683</b>
<b>Profit attributable to non-controlling interests</b>		<b>9,253</b>		<b>9,808</b>
<b>Profit attributable to owners of parent</b>	¥	<b>94,891</b>	¥	<b>63,875</b>

Consolidated statements of comprehensive income

	Millions of yen	
	Years Ended	
	March 31, 2022	March 31, 2023
<b>Profit</b>	¥ 104,144	¥ 73,683
<b>Other comprehensive income:</b>		
Valuation difference on available-for-sale securities	(12,055)	(4,870)
Deferred gains or losses on hedges	13,165	6,281
Foreign currency translation adjustment	31,581	25,863
Share of other comprehensive income of entities accounted for using equity method	3,944	2,135
<b>Total other comprehensive income</b>	<b>36,636</b>	<b>29,410</b>
<b>Comprehensive income</b>	<b>¥ 140,781</b>	<b>¥ 103,094</b>
<b>Comprehensive income attributable to:</b>		
Comprehensive income attributable to owners of parent	¥ 130,291	¥ 92,590
Comprehensive income attributable to non-controlling interests	10,490	10,503

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

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

FY 2022(Apr. 1, 2022 - Mar. 31, 2023)

(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	230,451	942,793	(134,201)	26	1,286,467
<b>Changes of items during period</b>						
Dividends of surplus	—	—	(39,905)	—	—	(39,905)
Profit attributable to owners of parent	—	—	63,875	—	—	63,875
Purchase of treasury shares	—	—	—	(19,733)	—	(19,733)
Disposal of treasury shares	—	128	—	1,668	—	1,796
Cancellation of treasury shares	—	(128)	(80,615)	80,744	—	—
Other	—	(176)	12	—	(26)	(190)
Net changes of items other than shareholders' equity	—	—	—	—	—	—
<b>Total changes of items during period</b>	—	(176)	(56,633)	62,678	(26)	5,842
<b>Balance at end of current period</b>	247,397	230,274	886,160	(71,522)	—	1,292,309

	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>	29,587	9,940	47,288	9,109	257,497
<b>Changes of items during period</b>					
Dividends of surplus	—	—	—	—	—
Profit attributable to owners of parent	—	—	—	—	—
Purchase of treasury shares	—	—	—	—	—
Disposal of treasury shares	—	—	—	—	—
Retirement of treasury shares	—	—	—	—	—
Other	—	—	—	—	—
Net changes of items other than shareholders' equity	(4,870)	6,088	27,496	(315)	1,358
<b>Total changes of items during period</b>	(4,870)	6,088	27,496	(315)	1,358
<b>Balance at end of current period</b>	24,717	16,028	74,785	8,793	258,855

## (4) Consolidated statements of cash flows

	Millions of yen			
	Years ended			
	March 31, 2022		March 31, 2023	
<b>Cash Flows from operating activities:</b>				
Profit before income taxes	¥	141,666	¥	96,766
Depreciation		44,612		43,954
Amortization of goodwill		1,547		1,818
Increase (decrease) in allowance for doubtful accounts		3,766		1,142
Increase (decrease) in reserve for financial instruments transaction liabilities		17		570
Interest and dividend income		(4,886)		(3,694)
Interest expenses		1,838		1,909
Share of loss (profit) of entities accounted for using equity method		(8,104)		(8,954)
Loss (gain) on sale and retirement of non-current assets		582		(9,956)
Loss (gain) on sale of investment securities		(3,858)		(5,140)
Loss (gain) on sale of shares of subsidiaries and associates		(2,926)		—
Loss (gain) on change in equity		—		85
Loss (gain) on valuation of investment securities		734		2,215
Impairment losses		488		—
Structural reform costs		44		—
Decrease (increase) in cash segregated as deposits for customers		(47,224)		(22,434)
Decrease (increase) in trading products - assets (liabilities)		(368,926)		1,517,792
Decrease (increase) in investment securities for sale		(23,820)		1,400
Decrease (increase) in operating loans receivable		69,680		(75,250)
Decrease/increase in margin transaction assets/liabilities		(9,026)		(387)
Decrease/increase in loans/borrowings secured by securities		310,365		(1,514,593)
Decrease (increase) in short-term loans receivable		21		(27)
Increase (decrease) in deposits from banking business		(226,991)		(256,343)
Decrease (increase) in Short-term guarantee deposits		(93,978)		(41,345)
Increase (decrease) in guarantee deposits received		(19,173)		84,214
Increase (decrease) in deposits received		30,857		(31,975)
Other, net		(113,687)		54,127
<b>Subtotal</b>		<b>(316,380)</b>		<b>(164,109)</b>
Interest and dividends received		7,897		8,079
Interest paid		(2,875)		(2,199)
Income taxes refund (paid)		(42,108)		(25,515)
<b>Net cash provided by (used in) operating activities</b>	¥	<b>(353,467)</b>	¥	<b>(183,745)</b>

	Millions of yen			
	Years ended			
	March 31, 2022		March 31, 2023	
<b>Cash flows from investing activities:</b>				
Payments into time deposits	¥	(60,494)	¥	(60,060)
Proceeds from withdrawal of time deposits		61,197		69,862
Purchase of securities		(1,117,496)		(567,453)
Proceeds from sales and redemption of securities		996,100		614,968
Purchase of property, plant and equipment		(62,564)		(47,702)
Proceeds from sales of property, plant and equipment		11,056		28,575
Purchase of intangible assets		(23,023)		(33,546)
Purchase of investment securities		(36,123)		(23,555)
Proceeds from sales and redemption of investment securities		17,681		40,022
Purchase of shares of subsidiaries and associates		(15,064)		(12,140)
Proceeds from sale of shares of subsidiaries and associates		5,927		—
Loan advances		(533)		(468)
Proceeds from collection of loans receivable		227		107
Other, net		4,577		(1,152)
<b>Net cash provided by (used in) investing activities</b>		<b>(218,534)</b>		<b>7,457</b>
<b>Cash flows from financing activities:</b>				
Net increase (decrease) in short-term borrowings		264,984		(428,321)
Proceeds from long-term borrowings		100,500		589,550
Repayments of long-term borrowings		(115,433)		(424,580)
Proceeds from issuance of bonds		810,707		350,861
Redemption of bonds		(585,157)		(582,999)
Proceeds from sales of treasury shares		1,817		803
Purchase of treasury shares		(29,297)		(19,733)
Dividends paid		(63,790)		(39,905)
Dividends paid to non-controlling interests		(10,533)		(10,622)
Other, net		3,293		(931)
<b>Net cash provided by (used in) financing activities</b>		<b>377,090</b>		<b>(565,878)</b>
<b>Effect of exchange rate change on cash and cash equivalents</b>		<b>25,760</b>		<b>23,349</b>
<b>Net increase (decrease) in cash and cash equivalents</b>		<b>(169,150)</b>		<b>(718,816)</b>
<b>Cash and cash equivalents at beginning of period</b>		<b>4,723,526</b>		<b>4,554,375</b>
<b>Cash and cash equivalents at end of period</b>	¥	<b>4,554,375</b>	¥	<b>3,835,559</b>

(5) Going concern assumption

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, 12 companies were newly included into the scope of consolidation due to following reasons;

2 companies (shares acquisition),

2 companies (investment in the silent partnership investment business),

6 companies (newly incorporated),

2 companies (increase of significance).

8 companies were excluded due to following reasons;

1 company (decrease in proportion of the Group),

1 company (transfer of investment equity),

1 company (absorption merger),

4 companies (liquidation),

1 company (termination of a silent partnership investment business).

Number of consolidated subsidiaries after the changes above: 140 companies

ii) Application of equity method

(Change of application of equity method)

During current period, 1 company was excluded due to the transfer of investment equity.

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

Number of affiliates applying equity method after the change above: 17 companies

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

The Group has applied the "Implementation Guidance on Accounting Standard for Fair Value Measurement" (ASBJ Guidance No. 31, June 17, 2021) from the beginning of the first quarter of the current fiscal year, and has applied the new accounting policy provided for by the Implementation Guidance on Accounting Standard for Fair Value Measurement prospectively in accordance with the transitional treatment prescribed in Paragraph 27-2 of the Implementation Guidance on Accounting Standard for Fair Value Measurement.

There is no impact for the consolidated financial statements.



## (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, 2023".

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 2022 (Apr. 1, 2022 - Mar. 31, 2023)

(Millions of yen)

	Reportable Segment					Others(*1)	Total
	Retail	Wholesale	Asset Management	Investment	Total		
<b>Revenue from contracts with customers(*2)</b>	107,797	93,590	115,899	26,784	344,072	108,522	452,594
<b>Commission received</b>	107,797	93,590	76,175	1,436	279,000	990	279,991
<b>Other operating revenue (unaffiliated customers)</b>	—	—	39,724	25,347	65,071	107,531	172,603
<b>Gain on financial instruments - trading</b>	32,834	67,035	—	4,090	103,960	225	104,185
<b>Other (*3)</b>	(105)	(91)	(33,152)	(11,482)	(44,832)	(71,017)	(115,849)
<b>Net operating revenue</b>							
<b>Net operating revenue for unaffiliated customers</b>	140,526	160,535	82,746	19,392	403,200	37,729	440,930
<b>Internal net operating income and elimination amount between segments</b>	23,809	356	(12,352)	(2,946)	8,867	7,596	16,464
<b>Total</b>	164,336	160,891	70,394	16,446	412,068	45,326	457,395
<b>Segment income (Ordinary income)</b>	25,886	2,822	44,526	13,068	86,304	1,362	87,666
<b>Other item</b>							
<b>Depreciation</b>	14,124	14,209	6,343	344	35,022	14,767	49,789
<b>Amortization of goodwill</b>	—	908	901	7	1,818	—	1,818
<b>Interest income</b>	—	0	9	42	51	148	199
<b>Interest expenses</b>	—	1	1,777	158	1,936	490	2,427
<b>Share of profit (loss) of entities accounted for using equity method</b>	—	3,100	5,348	495	8,944	(13)	8,931

- (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. Revenue from customer contracts includes lease revenue based on rental contracts.
3. “Other” of Asset Management, Investment, and Others includes “Commission fee” which consists in “Net operating revenue”.
4. “Net operating revenue” consists of “Operating revenue”, “Financial expenses”, “Other operating expenses” and “Commission fee(Selling, general and administrative expenses)”.
5. 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 2022 (Apr. 1, 2022 - Mar. 31, 2023))

(Millions of yen)

Net operating revenue	Amount
Reportable segment total	412,068
Net operating revenue from "Others"	45,326
Elimination between segments	(16,464)
Commission fee deducted from net operating revenue	21,838
Other adjustments	1,457
Net operating revenue of financial statements	464,226

(Millions of yen)

Ordinary income	Amount
Reportable segment total	86,304
Income from "Others"	1,362
Elimination between segments	(62)
Unrealized profit adjustments	611
Other adjustments	(1,284)
Ordinary income of financial statements	86,930

(Millions of yen)

Other item	Reportable segment total	Other	Adjustment	Consolidated financial statement amount
Depreciation	35,022	14,767	(5,835)	43,954
Amortization of goodwill	1,818	—	—	1,818
Interest income	51	148	(40)	159
Interest expenses	1,936	490	(518)	1,909
Share of profit (loss) of entities accounted for using equity method	8,944	(13)	23	8,954

**Per share information**

FY 2022 (Apr. 1, 2022 - Mar. 31, 2023)

Net assets per share	968.93yen
Net income per share	43.53yen
Diluted net income per share	43.31yen

(Note) The calculation bases are as follows:

i) Net assets per share

FY 2022 (As of Mar. 31, 2023)

Total net assets (million yen)	1,675,489
Deduction from total net assets (million yen)	267,648
Subscription rights to shares (million yen)	8,793
Non-controlling interests (million yen)	258,855
Net assets attributable to common stock (million yen)	1,407,840
Number of common stock included in calculation of net assets per share (thousands of shares)	1,452,979

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

FY 2022 (Apr. 1, 2022 - Mar. 31, 2023)

<b>Net income per share</b>		
Profit attributable to owners of parent (million yen)	63,875	
Profit not attributable to common stockholders (million yen)	—	
Profit attributable to common stock (million yen)	63,875	
Average number of common stock outstanding during the year (thousands of shares)	1,467,422	
<b>Diluted net income per share</b>		
Adjustment of profit attributable to owners of parent (million yen)	—	
Increase in common stock (thousands of shares)	7,384	
Subscription rights to shares (thousands of shares)	7,384	
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	
	Series10	3,458
	Series11	4,705
	Series12	3,933
	Series13	6,651
	Series14	6,703
	Series15	7,469
	Series18	7,946
	Series19	7,977

(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, 2022	June30, 2022	September30, 2022	December31, 2022	March31, 2023
<b>Operating revenue:</b>					
Commission received:	¥ 69,267	¥ 67,004	¥ 70,506	¥ 69,588	¥ 72,890
Brokerage commission	17,679	15,137	16,104	16,662	16,368
Commission for underwriting, secondary distribution and solicitation for selling and others for professional investors	5,072	5,357	6,296	7,653	8,857
Fee for offering, secondary distribution and solicitation for selling and others for professional investors	3,403	3,620	3,043	2,580	2,071
Other fees received	43,112	42,889	45,062	42,692	45,593
Net trading income	20,837	15,594	18,441	22,324	13,891
Net gain on private equity and other securities	2,403	2,544	(1,523)	1,735	937
Financial revenue	18,408	34,836	66,607	110,885	120,218
Other operating revenue	37,415	26,659	38,519	28,502	85,922
<b>Total operating revenue</b>	<b>148,333</b>	<b>146,640</b>	<b>192,552</b>	<b>233,036</b>	<b>293,860</b>
<b>Financial expenses</b>	<b>11,562</b>	<b>23,556</b>	<b>52,486</b>	<b>91,027</b>	<b>101,427</b>
<b>Other operating expenses</b>	<b>24,994</b>	<b>16,961</b>	<b>29,132</b>	<b>20,574</b>	<b>66,696</b>
<b>Net operating revenue</b>	<b>111,776</b>	<b>106,122</b>	<b>110,933</b>	<b>121,433</b>	<b>125,737</b>
<b>Selling, general and administrative expenses:</b>					
Trading related expenses	15,815	17,409	18,006	18,147	17,981
Personnel expenses	47,726	49,116	48,776	50,192	51,705
Real estate expenses	9,644	9,704	9,764	9,747	9,488
Office expenses	6,399	6,178	6,260	6,478	6,850
Depreciation	8,513	8,623	8,770	8,584	8,518
Taxes and dues	2,292	2,283	2,764	2,431	2,712
Provision of allowance for doubtful accounts	9	36	1	14	(3)
Other	4,415	3,921	4,598	4,316	4,568
<b>Total selling, general and administrative expenses</b>	<b>94,817</b>	<b>97,274</b>	<b>98,942</b>	<b>99,913</b>	<b>101,822</b>
<b>Operating income</b>	<b>16,958</b>	<b>8,847</b>	<b>11,990</b>	<b>21,519</b>	<b>23,915</b>
Non-operating income	7,214	10,127	4,173	2,468	7,910
Non-operating expenses	833	889	1,308	817	1,006
<b>Ordinary income</b>	<b>23,340</b>	<b>18,085</b>	<b>14,855</b>	<b>23,170</b>	<b>30,818</b>
Extraordinary income	3,988	2,846	13,603	1,086	649
Extraordinary losses	1,754	751	4,103	392	3,102
<b>Income before income taxes</b>	<b>25,574</b>	<b>20,180</b>	<b>24,355</b>	<b>23,864</b>	<b>28,365</b>
Income taxes - current	12,292	1,214	6,569	2,258	9,936
Income taxes - deferred	(6,949)	4,309	(3,959)	4,072	(1,319)
<b>Total income taxes</b>	<b>5,342</b>	<b>5,524</b>	<b>2,609</b>	<b>6,330</b>	<b>8,617</b>
<b>Profit</b>	<b>20,232</b>	<b>14,656</b>	<b>21,745</b>	<b>17,533</b>	<b>19,747</b>
<b>Profit attributable to non-controlling interests</b>	<b>2,242</b>	<b>2,778</b>	<b>2,168</b>	<b>2,238</b>	<b>2,622</b>
<b>Profit attributable to owners of parent</b>	<b>¥ 17,989</b>	<b>¥ 11,878</b>	<b>¥ 19,576</b>	<b>¥ 15,295</b>	<b>¥ 17,124</b>