

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 21, 2024

Scheduled date of dividend payment: May 31, 2024

Scheduled date of filing financial report: June 24, 2024

Supplemental information for financial results: Yes

Earnings announcement for financial results: Yes (for analysts)



April 25, 2024

Financial Summary (Consolidated)

For the fiscal year ended March 31, 2024 <Under Japanese GAAP>

(Figures less than one million yen are rounded down)

1. Consolidated financial results (April 1, 2023 to March 31, 2024)

(1) Consolidated operating results

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

	Operating revenue		Net operating revenue		Operating income		Ordinary income	
FY 2023	1,277,482	47.5 %	590,910	27.3%	153,705	131.9%	174,587	100.8%
FY 2022	866,090	39.8 %	464,226	(7.5)%	66,273	(42.6)%	86,930	(36.0)%

(Note) Comprehensive income:

FY 2023: 219,108 million yen , 112.5% ; FY 2022: 103,094 million yen , (26.8)%

	Profit attributable to owners of parent		Net income per share		Diluted net income per share		Return on equity	
FY 2023	121,557	90.3%	84.94	Yen	83.86	Yen	8.3	%
FY 2022	63,875	(32.7)%	43.53	Yen	43.31	Yen	4.6	%

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

FY 2023: 4,828 million yen ; FY 2022: 8,954 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, 2024	32,027,299	1,788,658	4.8 %	1,086.20 Yen
As of Mar. 31, 2023	26,413,248	1,675,489	5.3 %	968.93 Yen

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

As of Mar. 31, 2024: 1,522,186 million yen ; As of Mar. 31, 2023: 1,407,840 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 2023	705,124	(223,986)	(2,847)	4,351,951
FY 2022	(183,745)	7,457	(565,878)	3,835,559

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 2022	—	11.00	—	12.00	23.00	33,608	52.8%	2.4%
FY 2023	—	19.00	—	25.00	44.00	62,343	51.8%	4.3%

Representative: Akihiko Ogino, President

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

Phone +81-3-5555-1111

3. Earnings forecasts for the fiscal year ending March 31, 2025 (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, Daiwa Securities Group Inc. (hereinafter 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, 2024 : 1,569,378,772 ; As of Mar. 31, 2023 : 1,569,378,772

(ii) Number of treasury shares:

As of Mar. 31, 2024 : 168,074,260 ; As of Mar. 31, 2023 : 116,399,287

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

FY2023: 1,431,033,448 ; FY2022: 1,467,422,357

(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, 2023 to March 31, 2024)

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

	Operating revenues		Operating income		Ordinary income	
FY 2023	73,361	51.8 %	33,589	124.7 %	43,998	56.1 %
FY 2022	48,318	(37.8) %	14,950	(65.6) %	28,177	(46.3) %

	Net income		Net income per share		Diluted net income per share	
FY 2023	42,236	31.3 %	29.51	Yen	29.14	Yen
FY 2022	32,160	(44.6) %	21.92	Yen	21.81	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, 2024	2,514,129	812,674	32.0 %	574.91 Yen
As of Mar. 31, 2023	2,317,696	845,760	36.1 %	576.03 Yen

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

As of Mar. 31, 2024: 805,718 million yen ; As of Mar. 31, 2023: 836,966 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 FY2023 (12 months from April 1, 2023 to March 31, 2024) compared with FY2022, the Group's operating revenue increased by 47.5% to 1,277,482 million yen, and net operating revenue increased by 27.3% to 590,910 million yen. Selling, general and administrative expenses increased by 9.9% to 437,205 million yen, and ordinary income increased by 100.8% to 174,587 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 increased by 90.3% to 121,557 million yen.

The results of each segment are as follows;

Retail Business:

The net inflow in wrap accounts hit a nine-year high, and the balance of contract assets at the end of the fiscal year has reached a historical high. In addition, net operating revenue increased by 26.8% to 208,380 million yen and ordinary income increased by 127.6% to 58,924 million yen compared with FY2022, partly due to multiple large equity underwriting deals and their contributions to revenues.

Wholesale Business:

In Global Markets, both revenues and profits increased due to an increase in customer flows on the back of a rising market. M&A revenues set a new all-time high in Global Investment Banking. In consequence, net operating revenue increased by 37.0% to 220,479 million yen, and ordinary income increased by a factor of 15 to 44,037 million yen.

Asset Management Business:

In Securities Asset Management, both revenues and profits increased due to a net increase of funds in publicly offered investment trusts and rising stock market prices. In real estate asset management, both revenues and profits decreased due to the rising cost of lease revenue and other factors. In consequence, net operating revenue increased by 4.0% to 73,182 million yen and ordinary income increased by 3.2% to 45,940 million yen.

Investment Business:

With the exit from energy and infrastructure investments, net operating revenue increased by 39.3% to 22,910 million yen and ordinary income increased by 50.5% to 19,669 million yen, due primarily to the high level of profit secured from these investments.

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

Regarding the assets, trading products decreased by 90,714 million yen, cash and deposits increased by 531,797 million yen, operating loans receivable increased by 707,287 million yen, and loans secured by securities increased by 4,026,909 million yen. As a result, the Total assets increased by 5,614,050 million yen to 32,027,299 million yen.

Total liabilities of FY2023 increased by 5,500,881 million yen to 30,238,640 million yen compared with FY 2022, mainly due to an increase in trading products by 421,272 million yen, borrowings secured by securities by 3,769,347 million yen, deposits for banking business by 578,841 million yen, and long-term borrowings by 313,826 million yen.

Total net assets of FY2023 increased by 113,168 million yen to 1,788,658 million yen compared with FY2022, mainly due to an increase in retained earnings by 75,278 million yen with adding net income and in foreign currency translation adjustment by 59,364 million yen. Consequently, net assets per share were 1,086.20 yen.

Cash flows from operating activities increased by 705,124 million yen, mainly due to decrease (increase) in trading products - assets (liabilities), decrease (increase) in operating loans receivable, decrease/increase in loans/borrowings secured by securities, and increase (decrease) in deposits for the banking business. Cash flows from investing activities decreased by 223,986 million yen, mainly due to purchase of securities. Cash flows from financing activities decreased by 2,847 million yen, mainly due to net increase (decrease) in short-term borrowings. With the effect of fluctuation in foreign exchange rates, cash and cash equivalents at end of FY2023 was 4,351,951 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

	Millions of yen			
	As of			
	March 31, 2023		March 31, 2024	
Assets				
Current assets:				
Cash and deposits	¥	3,866,819	¥	4,398,616
Cash segregated as deposits		541,629		544,815
Notes and accounts receivable - trade, and contract assets		22,062		29,627
Securities		1,131,682		1,410,877
Trading products:		7,625,713		7,534,999
Trading securities and other		5,425,159		4,870,657
Derivatives		2,200,554		2,664,341
Private equity and other investments		127,693		138,663
Allowance for investment loss		(70)		(4)
Operating loans receivable		2,015,034		2,722,321
Work in process		853		839
Margin transaction assets:		160,255		158,635
Loans on margin transactions		153,574		149,301
Cash collateral pledged for securities borrowing on margin transactions		6,680		9,333
Loans secured by securities:		8,341,562		12,368,472
Cash collateral pledged for securities borrowed		6,844,292		9,128,456
Securities purchased under resale agreements		1,497,270		3,240,015
Advances paid		18,756		33,633
Short-term loans receivable		810		791
Accrued income		63,805		88,460
Other current assets		965,074		1,018,117
Allowance for doubtful accounts		(8,822)		(9,554)
Total current assets		24,872,860		30,439,313
Non-current assets:				
Property, plant and equipment:		916,873		921,181
Buildings		241,775		238,526
Machinery and equipment		9,103		6,096
Furniture and fixtures		17,449		17,123
Land		643,695		643,845
Construction in progress		4,850		15,589
Intangible assets:		125,571		127,602
Goodwill		18,526		17,139
Leasehold right		5,638		5,638
Software		65,251		69,502
Other		36,154		35,322
Investments and other assets:		497,943		539,201
Investment securities		455,317		492,226
Long-term loans receivable		6,498		7,216
Long-term guarantee deposits		15,796		15,903
Deferred tax assets		7,840		6,825
Other		17,771		19,813
Allowance for doubtful accounts		(1,660)		(2,783)
Allowance for investment loss		(3,620)		—
Total non-current assets		1,540,388		1,587,986
Total assets	¥	26,413,248	¥	32,027,299

Millions of yen

<i>Liabilities</i>	As of	
	March31, 2023	March31, 2024
Current liabilities:		
Notes and accounts payable - trade	¥ 8,120	¥ 8,507
Trading products:	5,442,548	5,863,821
Trading securities and other	3,451,608	3,368,679
Derivatives	1,990,940	2,495,141
Trade date accrual	1,155,831	1,457,301
Margin transaction liabilities:	52,785	54,414
Borrowings on margin transactions	3,817	4,769
Cash received for securities lending on margin transactions	48,967	49,645
Borrowings secured by securities:	7,929,609	11,698,956
Cash collateral received for securities lent	6,508,873	8,270,945
Securities sold under repurchase agreements	1,420,735	3,428,011
Deposits for the banking business	3,932,761	4,511,603
Deposits received	430,664	562,416
Guarantee deposits received	431,383	522,809
Short-term borrowings	1,292,848	1,272,859
Commercial papers	261,300	440,000
Current portion of bonds payable	485,029	159,780
Income taxes payable	10,675	42,916
Provision for bonuses	33,287	43,054
Other current liabilities	114,430	159,110
Total current liabilities	21,581,275	26,797,550
Non-current liabilities:		
Bonds payable	1,304,543	1,276,312
Long-term borrowings	1,706,985	2,020,812
Deferred tax liabilities	42,280	45,616
Retirement benefit liability	44,309	43,715
Provision for loss on litigation	169	235
Other non-current liabilities	53,906	48,761
Total non-current liabilities	3,152,195	3,435,452
Reserves under special laws:		
Reserve for financial instruments transaction liabilities	4,287	5,637
Total reserves under special laws	4,287	5,637
Total liabilities	¥ 24,737,758	¥ 30,238,640

Millions of yen

	As of	
	March31, 2023	March31, 2024
Net assets		
Shareholders' equity:		
Share capital	¥ 247,397	¥ 247,397
Capital surplus	230,274	232,461
Retained earnings	886,160	961,438
Treasury shares	(71,522)	(123,153)
Deposits for subscriptions of treasury shares	—	83
Total shareholders' equity	1,292,309	1,318,227
Accumulated other comprehensive income:		
Valuation difference on available-for-sale securities	24,717	52,936
Deferred gains or losses on hedges	16,028	16,873
Foreign currency translation adjustment	74,785	134,149
Total accumulated other comprehensive income	115,531	203,959
Share acquisition rights	8,793	6,956
Non-controlling interests	258,855	259,515
Total net assets	1,675,489	1,788,658
Total liabilities and net assets	¥ 26,413,248	¥ 32,027,299

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

Consolidated statements of income

	Millions of yen	
	Years Ended	
	March 31, 2023	March 31, 2024
Operating revenue:		
Commission received:	¥ 279,991	¥ 358,532
Brokerage commission	64,272	93,427
Commission for underwriting, secondary distribution and solicitation for selling and others for professional investors	28,165	38,490
Fees for offering, secondary distribution and solicitation for selling and others for professional investors	11,316	18,390
Other commission received	176,237	208,225
Net trading income	70,253	98,160
Net gain on private equity and other investments	3,692	14,381
Financial revenue	332,548	607,590
Other operating revenue	179,604	198,816
Total operating revenue	866,090	1,277,482
Financial expenses	268,498	525,853
Other operating expenses	133,365	160,718
Net operating revenue	464,226	590,910
Selling, general and administrative expenses:		
Trading related expenses	71,545	80,635
Personnel expenses	199,790	222,532
Real estate expenses	38,704	40,273
Office expenses	25,768	26,586
Depreciation	34,497	35,141
Taxes and dues	10,191	12,881
Provision of allowance for doubtful accounts	49	15
Other	17,404	19,138
Total selling, general and administrative expenses	397,952	437,205
Operating income	66,273	153,705
Non-operating income:		
Dividend income	3,535	6,513
Share of profit of entities accounted for using the equity method	8,954	4,828
Foreign exchange gains	2,274	4,629
Gain on investments in investment partnerships	7,851	2,508
Other	2,063	6,303
Total non-operating income	24,679	24,782
Non-operating expenses:		
Interest expenses	1,909	2,020
Bond issuance costs	177	213
Other	1,935	1,665
Total non-operating expenses	4,022	3,900
Ordinary income	¥ 86,930	¥ 174,587

	Millions of yen			
	Years Ended			
	March 31, 2023		March 31, 2024	
Extraordinary income:				
Gain on sale of non-current assets	¥	12,235	¥	11,031
Gain on sale of investment securities		5,282		6,206
Gain on sale of shares of subsidiaries and associates		—		39
Gain on reversal of share acquisition rights		667		1,164
Total extraordinary income		18,185		18,441
Extraordinary losses:				
Loss on sale and retirement of non-current assets		2,279		1,818
Impairment losses		—		3,799
Loss on sale of investment securities		142		7
Loss on valuation of investment securities		2,215		232
Loss on valuation of shares of subsidiaries and associates		432		2,587
Loss on change in equity		85		71
Provision of reserve for financial instruments transaction liabilities		570		1,349
Business restructuring expenses		2,173		3,024
Expenses related to the 120th anniversary project		452		—
Other		—		140
Total extraordinary losses		8,350		13,032
Income before income taxes		96,766		179,997
Income taxes - current		19,980		55,960
Income taxes - deferred		3,102		(6,399)
Total income taxes		23,082		49,561
Profit		73,683		130,436
Profit attributable to non-controlling interests		9,808		8,878
Profit attributable to owners of parent	¥	63,875	¥	121,557

Consolidated statements of comprehensive income

	Millions of yen	
	Years Ended	
	March 31, 2023	March 31, 2024
Profit	¥ 73,683	¥ 130,436
Other comprehensive income:		
Valuation difference on available-for-sale securities	(4,840)	28,159
Deferred gains or losses on hedges	6,281	711
Foreign currency translation adjustment	25,499	53,719
Share of other comprehensive income of entities accounted for using the equity method	2,470	6,081
Total other comprehensive income	29,410	88,672
Comprehensive income	¥ 103,094	¥ 219,108
Comprehensive income attributable to:		
Comprehensive income attributable to owners of parent	¥ 92,590	¥ 209,986
Comprehensive income attributable to non-controlling interests	10,503	9,122

(3) Consolidated statements of changes in net assets

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

(Millions of yen)

	Shareholders' equity					
	Share capital	Capital surplus	Retained earnings	Treasury shares	Deposit for subscriptions of treasury shares	Total shareholders' equity
Balance at the beginning of the period	247,397	230,451	942,793	(134,201)	26	1,286,467
Changes of items during the period						
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	—	—	—	—	—	—
Total changes of items during the period	—	(176)	(56,633)	62,678	(26)	5,842
Balance at the end of the period	247,397	230,274	886,160	(71,522)	—	1,292,309

	Accumulated other comprehensive income			Share acquisition rights	Non-controlling interests
	Valuation difference on available-for sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment		
Balance at the beginning of the period	29,587	9,940	47,288	9,109	257,497
Changes of items during the period					
Dividends of surplus	—	—	—	—	—
Profit attributable to owners of parent	—	—	—	—	—
Purchase of treasury shares	—	—	—	—	—
Disposal of treasury shares	—	—	—	—	—
Cancellation of treasury shares	—	—	—	—	—
Other	—	—	—	—	—
Net changes of items other than shareholders' equity	(4,870)	6,088	27,496	(315)	1,358
Total changes of items during the period	(4,870)	6,088	27,496	(315)	1,358
Balance at the end of the period	24,717	16,028	74,785	8,793	258,855

FY 2023(Apr. 1, 2023 - Mar. 31, 2024)

(Millions of yen)

	Shareholders' equity					
	Share capital	Capital surplus	Retained earnings	Treasury shares	Deposit for subscriptions of treasury shares	Total shareholders' equity
Balance at the beginning of the period	247,397	230,274	886,160	(71,522)	—	1,292,309
Changes of items during the period						
Dividends of surplus	—	—	(44,746)	—	—	(44,746)
Profit attributable to owners of parent	—	—	121,557	—	—	121,557
Purchase of treasury shares	—	—	—	(60,012)	—	(60,012)
Disposal of treasury shares	—	2,187	—	8,381	—	10,568
Other	—	(0)	(1,532)	—	83	(1,449)
Net changes of items other than shareholders' equity	—	—	—	—	—	—
Total changes of items during the period	—	2,187	75,278	(51,631)	83	25,917
Balance at the end of the period	247,397	232,461	961,438	(123,153)	83	1,318,227

	Accumulated other comprehensive income			Share acquisition rights	Non-controlling interests
	Valuation difference on available-for sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment		
Balance at the beginning of the period	24,717	16,028	74,785	8,793	258,855
Changes of items during the period					
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	28,219	844	59,364	(1,837)	660
Total changes of items during the period	28,219	844	59,364	(1,837)	660
Balance at the end of the period	52,936	16,873	134,149	6,956	259,515

(4) Consolidated statements of cash flows

	Millions of yen	
	Years ended	
	March 31, 2023	March 31, 2024
Cash Flows from operating activities:		
Income before income taxes	¥ 96,766	¥ 179,997
Depreciation	43,954	45,274
Amortization of goodwill	1,818	1,877
Increase (decrease) in allowance for doubtful accounts	1,142	2,244
Increase (decrease) in reserve for financial instruments transaction liabilities	570	1,349
Interest and dividend income	(3,694)	(6,750)
Interest expenses	1,909	2,020
Share of loss (profit) of entities accounted for using the equity method	(8,954)	(4,828)
Loss (gain) on sale and retirement of non-current assets	(9,956)	(9,212)
Loss (gain) on sale of investment securities	(5,140)	(6,198)
Loss (gain) on change in equity	85	71
Loss (gain) on valuation of investment securities	2,215	232
Impairment losses	—	3,799
Decrease (increase) in cash segregated as deposits for customers	(22,434)	(12,238)
Decrease (increase) in trading products - assets (liabilities)	1,517,792	823,205
Decrease (increase) in private equity and other investments	1,400	(10,540)
Decrease (increase) in operating loans receivable	(75,250)	(697,799)
Decrease/increase in margin transaction assets/liabilities	(387)	3,249
Decrease/increase in loans/borrowings secured by securities	(1,514,593)	(300,962)
Decrease (increase) in short-term loans receivable	(27)	(290)
Increase (decrease) in deposits for the banking business	(256,343)	578,841
Decrease (increase) in short-term guarantee deposits	(41,345)	(6,535)
Increase (decrease) in guarantee deposits received	84,214	91,589
Increase (decrease) in deposits received	(31,975)	125,091
Other, net	54,127	(92,856)
Subtotal	(164,109)	710,631
Interest and dividends received	8,079	11,072
Interest paid	(2,199)	(2,013)
Income taxes refund (paid)	(25,515)	(14,566)
Net cash provided by (used in) operating activities	¥ (183,745)	¥ 705,124

	Millions of yen			
	Years ended			
	March 31, 2023		March 31, 2024	
Cash flows from investing activities:				
Payments into time deposits	¥	(60,060)	¥	(83,655)
Proceeds from withdrawal of time deposits		69,862		73,481
Purchase of securities		(567,453)		(726,288)
Proceeds from sales and redemption of securities		614,968		563,565
Purchase of property, plant and equipment		(47,702)		(27,781)
Proceeds from sales of property, plant and equipment		28,575		19,063
Purchase of intangible assets		(33,546)		(36,714)
Purchase of investment securities		(23,555)		(25,361)
Proceeds from sales and redemption of investment securities		40,022		38,104
Purchase of shares of subsidiaries and associates		(12,140)		(10,993)
Loan advances		(468)		(396)
Proceeds from collection of loans receivable		107		171
Other, net		(1,152)		(7,182)
Net cash provided by (used in) investing activities		7,457		(223,986)
Cash flows from financing activities:				
Net increase (decrease) in short-term borrowings		(428,321)		(32,234)
Proceeds from long-term borrowings		589,550		636,083
Repayments of long-term borrowings		(424,580)		(131,651)
Proceeds from issuance of bonds		350,861		335,871
Redemption of bonds		(582,999)		(701,851)
Proceeds from sales of treasury shares		803		9,446
Purchase of treasury shares		(19,733)		(60,012)
Dividends paid		(39,905)		(44,746)
Dividends paid to non-controlling interests		(10,622)		(10,609)
Other, net		(931)		(3,142)
Net cash provided by (used in) financing activities		(565,878)		(2,847)
Effect of exchange rate change on cash and cash equivalents		23,349		38,101
Net increase (decrease) in cash and cash equivalents		(718,816)		516,392
Cash and cash equivalents at the beginning of the period		4,554,375		3,835,559
Cash and cash equivalents at the end of the period	¥	3,835,559	¥	4,351,951

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

16 companies (shares acquisition),

1 company (investment in the silent partnership investment business),

3 companies (newly incorporated),

16 companies were excluded due to following reasons;

2 companies (decrease in proportion of the Group),

2 companies (transfer of investment equity),

1 company (absorption merger),

11 companies (liquidation).

Number of consolidated subsidiaries after the changes above: 144 companies

ii) Application of equity method

(Change of application of equity method)

During current period, 6 companies were newly applied to equity method due to following reasons;

3 companies (shares acquisition),

1 company (investment in the silent partnership investment business),

2 companies (decrease in proportion of the Group).

4 companies were excluded due to following reasons;

2 companies (transfer of investment equity),

1 company (liquidation),

1 company (decrease in influence).

Number of unconsolidated subsidiaries applying equity method after the change above: 3 companies

Number of affiliates applying equity method after the change above: 21 companies

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

(Application of the Practical Solution on the Accounting for and Disclosure of the issuance and holding of Electronically Recorded Transferable Rights That Must Be Indicated on Securities, etc.)

The Company has applied the “Practical Solution on the Accounting for and Disclosure of the issuance and holding of Electronically Recorded Transferable Rights That Must Be Indicated on Securities, etc.” (ASBJ Practical Solution No. 43, August 26, 2022) from the beginning of FY2023, and has applied this change in accounting policies retroactively to all prior periods.

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 the 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 invest in 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 preparation of consolidated financial statements".

Internal net operating revenue 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 2023 (Apr. 1, 2023 - Mar. 31, 2024)

(Millions of yen)

	Reportable Segment					Others (Note)1	Total
	Retail	Wholesale	Asset Management	Investment	Total		
Revenue from contracts with customers(Note)2	146,244	125,955	83,591	28,603	384,395	126,364	510,760
Commission received	146,244	125,955	83,033	1,705	356,939	1,593	358,532
Other operating revenue (external customers)	—	—	558	26,897	27,455	124,771	152,227
Net trading income and other	34,870	93,175	—	14,270	142,316	481	142,797
Lease revenues based on rental contracts(Note)2	—	—	38,128	771	38,900	6,794	45,694
Others (Note)3	(121)	(215)	(35,504)	(15,329)	(51,170)	(84,672)	(135,843)
Net operating revenue							
Net operating revenue from external customers	180,994	218,915	86,215	28,316	514,441	48,967	563,409
Intersegment net operating revenue and transfers	27,386	1,564	(13,033)	(5,405)	10,511	7,071	17,583
Total	208,380	220,479	73,182	22,910	524,953	56,039	580,993
Segment income (Ordinary income)	58,924	44,037	45,940	19,669	168,571	7,495	176,067
Other items							
Depreciation	13,323	14,729	6,344	330	34,728	16,087	50,815
Amortization of goodwill	—	918	901	57	1,877	—	1,877
Interest income	—	0	4	40	46	205	251
Interest expenses	—	0	1,900	216	2,117	754	2,872
Share of profit (loss) of entities accounted for using the equity method	—	1,456	6,066	(2,404)	5,117	(1)	5,116

(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. Until the previous consolidated fiscal year, “Revenues from contracts with customers” included “Lease revenues based on rental contracts,”but we classified them from FY2023.

3. “Others” 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) Difference between total amount of reportable segments and the amount reported in the consolidated financial statements, and the major components thereof

(Millions of yen)

Net operating revenue	Amount
Reportable segment total	524,953
Net operating revenue from “Others”	56,039
Elimination between segments	(17,583)
Commission fee deducted from net operating revenue	26,293
Other adjustments	1,207
Net operating revenue on the financial statements	590,910

(Millions of yen)

Ordinary income	Amount
Reportable segment total	168,571
Profit from “Others”	7,495
Elimination between segments	(298)
Unrealized profit adjustments	829
Other adjustments	(2,011)
Ordinary income on the financial statements	174,587

(Millions of yen)

Other items	Reportable segment total	Other	Adjustment	Consolidated financial statement amount
Depreciation	34,728	16,087	(5,541)	45,274
Amortization of goodwill	1,877	—	—	1,877
Interest income	46	205	(14)	237
Interest expenses	2,117	754	(851)	2,020
Share of profit (loss) of entities accounted for using the equity method	5,117	(1)	(287)	4,828

Per share information

FY 2023 (Apr. 1, 2023 - Mar. 31, 2024)

Net assets per share	1,086.20yen
Net income per share	84.94yen
Diluted net income per share	83.86yen

(Note) The calculation bases are as follows:

i) Net assets per share

FY 2023 (As of Mar. 31, 2024)

Total net assets (million yen)	1,788,658
Deduction from total net assets (million yen)	266,555
Share acquisition rights (million yen)	6,956
Non-controlling interests (million yen)	259,515
Deposits for subscriptions of treasury shares (million yen)	83
Net assets attributable to common stock (million yen)	1,522,103
Number of common stock used for the calculation of net assets per share (thousands of shares)	1,401,304

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

FY 2023 (Apr. 1, 2023 - Mar. 31, 2024)

Net income per share	
Profit attributable to owners of parent (million yen)	121,557
Profit not attributable to common stockholders (million yen)	—
Profit attributable to owners of parent attributable to common stock (million yen)	121,557
Average number of common stock outstanding during the year (thousands of shares)	1,431,033
Diluted net income per share	
Adjustment of profit attributable to owners of parent (million yen)	—
Increase in the number of common stock (thousands of shares)	18,584
Share acquisition rights (thousands of shares)	18,584
Outline of dilutive shares that are not included in the calculation of diluted net income per share due to a lack of dilutive effect (thousands of shares)	Type of potential shares Stock option by Share Acquisition Rights
	Series11 2,989

(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, 2023	June30, 2023	September30, 2023	December31, 2023	March31, 2024
Operating revenue:					
Commission received:	¥ 72,890	¥ 82,381	¥ 86,124	¥ 86,254	¥ 103,771
Brokerage commission	16,368	21,795	21,982	20,244	29,404
Commission for underwriting, secondary distribution and solicitation for selling and others for professional investors	8,857	11,429	9,242	9,279	8,538
Fees for offering, secondary distribution and solicitation for selling and others for professional investors	2,071	3,890	3,749	4,196	6,554
Other commission received	45,593	45,267	51,150	52,533	59,274
Net trading income	13,891	20,480	24,186	26,580	26,913
Net gain on private equity and other investments	937	186	3,272	2,968	7,954
Financial revenue	120,218	134,340	154,436	161,866	156,945
Other operating revenue	85,922	28,869	35,807	57,707	76,431
Total operating revenue	293,860	266,259	303,827	335,378	372,016
Financial expenses	101,427	113,701	130,846	141,751	139,554
Other operating expenses	66,696	18,447	28,659	45,733	67,878
Net operating revenue	125,737	134,110	144,321	147,894	164,583
Selling, general and administrative expenses:					
Trading related expenses	17,981	18,700	20,217	20,494	21,222
Personnel expenses	51,705	52,063	53,701	55,757	61,010
Real estate expenses	9,488	9,720	9,924	10,003	10,624
Office expenses	6,850	6,524	6,464	6,766	6,831
Depreciation	8,518	8,734	8,793	8,833	8,780
Taxes and dues	2,712	3,223	2,913	2,992	3,752
Provision of allowance for doubtful accounts	(3)	4	1	0	9
Other	4,568	4,406	4,476	4,985	5,269
Total selling, general and administrative expenses	101,822	103,377	106,492	109,834	117,500
Operating income	23,915	30,733	37,828	38,060	47,083
Non-operating income	7,910	7,637	2,494	3,991	10,659
Non-operating expenses	1,006	2,274	(512)	1,174	963
Ordinary income	30,818	36,096	40,835	40,876	56,778
Extraordinary income	649	1,456	2,227	1,989	12,768
Extraordinary losses	3,102	708	361	858	11,102
Income before income taxes	28,365	36,844	42,701	42,007	58,444
Income taxes - current	9,936	11,549	14,593	8,006	21,809
Income taxes - deferred	(1,319)	(663)	(3,899)	3,290	(5,126)
Total income taxes	8,617	10,886	10,694	11,296	16,682
Profit	19,747	25,957	32,006	30,710	41,761
Profit attributable to non-controlling interests	2,622	2,245	2,213	2,253	2,166
Profit attributable to owners of parent	¥ 17,124	¥ 23,712	¥ 29,793	¥ 28,457	¥ 39,594