

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 23, 2021

Scheduled date of dividend payment: June 1, 2021

Scheduled date of filing financial report: June 24, 2021

Supplemental information for financial results: Yes

Earnings announcement for financial results: Yes (for analysts)

April 28, 2021

Financial Summary (Consolidated)

For the fiscal year ended March 31, 2021 <Under Japanese GAAP>

(Figures less than one million yen are rounded down)

1. Consolidated financial results (April 1, 2020 to March 31, 2021)

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

	Operating revenue		Net operating revenue		Operating income		Ordinary income	
FY 2020	576,172	(14.3)%	466,660	9.5%	92,859	71.0%	115,175	63.9%
FY 2019	672,287	(6.7)%	426,259	(3.4)%	54,288	(19.4)%	70,283	(15.5)%

(Note) Comprehensive income:

FY 2020: 153,471 million yen, 631.9% ; FY 2019: 20,969 million yen, (56.5)%

	Profit attributable to owners of parent		Net income per share		Diluted net income per share		Return on equity	
FY 2020	108,396	79.6%	71.20	Yen	70.90	Yen	8.5	%
FY 2019	60,346	(5.4)%	39.11	Yen	38.92	Yen	4.9	%

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

FY 2020: 12,369 million yen ; FY 2019: 8,586 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, 2021	26,099,330	1,591,841	5.1	%	875.12	Yen
As of Mar. 31, 2020	23,822,099	1,257,766	5.1	%	796.33	Yen

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

As of Mar. 31, 2021: 1,333,570 million yen ; As of Mar. 31, 2020: 1,210,014 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 2020	390,979	(91,641)	438,067	4,723,526
FY 2019	167,190	(215,397)	(135,794)	3,933,149

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 2019	—	11.00	—	9.00	20.00	30,742	51.1%	2.5%
FY 2020	—	11.00	—	25.00	36.00	54,850	50.6%	4.3%

Representative: Seiji Nakata, President

For inquiry: Yusuke Fujino, Executive Director, Corporate Planning Dept. Investor Relations Office

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3. Earnings forecasts for the fiscal year ending March 31, 2022 (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.

Due to the economic situation and the deterioration of the market environment caused by the outbreak of Coronavirus Disease (COVID-19) and the restrictions on the sales in response to the voluntary order by the government, 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): Yes

New companies: 1 company (name) Daiwa Office Investment Corporation

Excluded companies: None

(Note) For details, please see "(6) Changes in significant accounting policies for preparing consolidated financial statements" on page 14.

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

(i) Changes in accounting policies due to the revision of accounting standards: None

(ii) Changes in accounting policies other than (i): Yes

(iii) Changes in accounting estimates: None

(iv) Restatements: None

(3) Number of shares issued (common stock)

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

As of Mar. 31, 2021 : 1,699,378,772 ; As of Mar. 31, 2020 : 1,699,378,772

(ii) Number of treasury shares:

As of Mar. 31, 2021 : 175,511,235 ; As of Mar. 31, 2020 : 179,915,970

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

FY2020: 1,522,430,862 ; FY2019: 1,542,822,709

(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, 2020 to March 31, 2021)

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

	Operating revenues		Operating income		Ordinary income	
FY 2020	46,365	(38.7)%	13,414	(68.9)%	23,855	(51.0)%
FY 2019	75,682	(28.1)%	43,124	(39.3)%	48,720	(36.8)%

	Net income		Net income per share		Diluted net income per share	
FY 2020	20,765	(60.2)%	13.64	Yen	13.58	Yen
FY 2019	52,132	(39.7)%	33.79	Yen	33.62	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	
FY 2020	2,491,844	906,995	36.0	%	589.19	Yen
FY 2019	2,559,957	893,141	34.5	%	581.93	Yen

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

As of Mar. 31, 2021: 897,870 million yen ; As of Mar. 31, 2020: 884,239 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 FY 2020 (12 months from April 1, 2020 to March 31, 2021) compared with FY2019, the Group's operating revenue decreased by 14.3% to 576,172 million yen, and net operating revenue increased by 9.5% to 466,660 million yen. Selling, general and administrative expenses increased by 0.5% to 373,800 million yen, and ordinary income increased by 63.9% to 115,175 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 79.6% to 108,396 million yen.

The results of each segment are as follows;

Retail Business:

Due to the effect of Asset Based Fee Plan for investment trust, the solicitation and sales of stock investment trusts increased. In addition, the contract of wrap account service increased. In consequence, net operating revenue increased by 1.8% to 169,505 million yen and ordinary income increased by 213.3% to 20,070 million yen compared with FY2019.

Wholesale Business:

Investor activity increased against the backdrop of rising stock prices at home and abroad, and served as lead manager for public offering of stocks, net operating revenue increased by 25.3% to 215,860 million yen, ordinary income increased by 96.5% to 74,737 million yen.

Asset Management Business:

The balance of assets under management of publicly offered investment trusts expanded due to the rise in the stock market. In addition, real estate investment balance expanded. In consequence, net operating revenue increased by 6.3% to 51,145 million yen, ordinary income increased by 23.3% to 32,775 million yen.

Investment Business:

Due to the earnings from the exit of private equity investment and the expansion of investment related energy and infrastructure, net operating revenue increased by 83.9% to 4,602 million yen, and an ordinary income was 1,123 million yen.

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

Regarding the assets, cash and deposits increased by 798,685 million yen, loans secured by securities increased by 762,565 million yen, land increased by 470,790 million yen. As a result, the Total assets increased by 2,277,231 million yen to 26,099,330 million yen.

Total liabilities of FY 2020 increased by 1,943,155 million yen to 24,507,489 million yen compared with FY 2019, mainly due to increase in trade date accrual by 775,590 million yen, borrowings secured by securities by 977,363 million yen, deposits from banking business by 378,895 million yen, and long-term borrowings by 403,641 million yen, while decrease in trading products by 994,438 million yen.

Total net assets of FY 2020 increased by 334,075 million yen to 1,591,841 million yen compared with FY 2019, mainly due to a decrease in deduction for treasury shares by 2,704 million yen and an increase in non-controlling interests by 210,296 million yen. Consequently, net assets per share were 875.12 yen.

Cash flows from operating activities increased by 390,979 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 91,641 million yen, mainly due to purchase of securities and purchase of investment securities. Cash flows from financing activities increased in 438,067 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 FY 2020 was 4,723,526 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, 2020		March 31, 2021	
Current assets:				
Cash and deposits	¥	3,964,512	¥	4,763,197
Cash segregated as deposits		415,953		485,876
Notes and accounts receivable - trade		18,427		21,488
Securities		873,064		996,683
Trading products:		8,027,289		7,834,093
Trading securities and other		4,300,600		5,374,191
Derivatives		3,726,689		2,459,901
Operational investment securities		202,557		97,092
Allowance for investment loss		(1,160)		(588)
Operating loans		1,768,471		1,996,121
Work in process		609		603
Margin transaction assets:		114,384		162,078
Loans on margin transactions		105,203		152,077
Cash collateral pledged for securities borrowing on margin transactions		9,180		10,001
Loans secured by securities:		6,685,756		7,448,321
Cash collateral pledged for securities borrowed		4,813,361		5,054,451
Loans on Gensaki transactions		1,872,394		2,393,870
Advances paid		25,682		20,131
Short-term loans receivable		3,087		595
Accrued income		36,483		36,229
Other		711,935		788,790
Allowance for doubtful accounts		(415)		(4,401)
Total current assets		22,846,637		24,646,314
Non-current assets:				
Property, plant and equipment:		309,166		880,477
Buildings		115,882		210,109
Machinery and equipment		8,004		9,251
Equipment		19,153		18,030
Land		127,751		598,541
Construction in progress		38,375		44,544
Intangible assets:		124,115		128,786
Goodwill		13,629		21,229
Leasehold right		3,217		5,787
Software		77,985		84,276
Other		29,283		17,493
Investments and other assets:		542,179		443,751
Investment securities		491,660		402,590
Long-term loans receivable		5,915		6,313
Guarantee deposits		17,877		17,692
Deferred tax assets		17,125		11,397
Other		10,042		10,415
Allowance for doubtful accounts		(440)		(1,037)
Allowance for investment loss		—		(3,620)
Total non-current assets		975,462		1,453,016
Total assets	¥	23,822,099	¥	26,099,330

Millions of yen

<i>Liabilities</i>	As of	
	March31, 2020	March31, 2021
Current liabilities:		
Notes and accounts payable - trade	¥ 8,938	¥ 5,382
Trading products:	5,362,261	4,367,822
Trading securities and other	1,805,910	2,032,969
Derivatives	3,556,351	2,334,853
Trade date accrual	544,689	1,320,279
Margin transaction liabilities:	59,256	64,022
Borrowings on margin transactions	3,994	4,139
Cash received for securities lending on margin transactions	55,261	59,882
Borrowings secured by securities:	7,198,730	8,176,094
Cash received on debt credit transaction of securities	4,839,095	4,699,647
Borrowings on Gensaki transaction	2,359,635	3,476,447
Deposits from banking business	4,037,201	4,416,097
Deposits received	353,943	419,994
Guarantee deposits received	414,641	366,351
Short-term borrowings	1,276,948	1,408,288
Commercial papers	178,000	265,000
Current portion of bonds	277,852	203,774
Income taxes payable	7,403	17,962
Provision for bonuses	26,747	36,316
Other	172,101	151,966
Total current liabilities	19,918,716	21,219,352
Non-current liabilities:		
Bonds payable	1,379,226	1,557,333
Long-term borrowings	1,183,272	1,586,913
Deferred tax liabilities	4,369	43,176
Retirement benefit liability	44,359	44,773
Provision for loss on litigation	1,570	1,809
Other	28,900	50,430
Total non-current liabilities	2,641,697	3,284,436
Reserves under special laws:		
Reserve for financial instruments transaction liabilities	3,918	3,699
Total reserves under special laws	3,918	3,699
Total liabilities	¥ 22,564,333	¥ 24,507,489

Millions of yen

<i>Net assets</i>	As of	
	March31, 2020	March31, 2021
Shareholders' equity:		
Share capital	¥ 247,397	¥ 247,397
Capital surplus	230,808	230,651
Retained earnings	834,442	911,742
Treasury shares	(110,351)	(107,646)
Deposit for subscriptions to treasury shares	13	9
Total shareholders' equity	1,202,310	1,282,154
Accumulated other comprehensive income:		
Valuation difference on available-for-sale securities	26,853	41,587
Deferred gains or losses on hedges	(13,592)	(3,058)
Foreign currency translation adjustment	(5,556)	12,886
Total accumulated other comprehensive income	7,703	51,415
Share acquisition rights	8,901	9,125
Non-controlling interests	38,849	249,145
Total net assets	1,257,766	1,591,841
Total liabilities and net assets	¥ 23,822,099	¥ 26,099,330

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

Consolidated statements of income

	Millions of yen			
	Years Ended			
	March 31, 2020		March 31, 2021	
Operating revenue:				
Commission received:	¥	266,574	¥	286,835
Brokerage commission		56,503		78,026
Commission for underwriting, secondary distribution and solicitation for selling and others for professional investors		29,818		38,098
Fees for offering, secondary distribution and solicitation for selling and others for professional investors		23,254		19,211
Other fees received		156,997		151,499
Net trading income		93,802		118,895
Net gain on private equity and other securities		14		4,808
Financial revenue		258,122		93,188
Other operating revenue		53,772		72,444
Total operating revenue		672,287		576,172
Financial expenses		209,916		54,480
Other operating expenses		36,110		55,031
Net operating revenue		426,259		466,660
Selling, general and administrative expenses:				
Trading related expenses		68,891		57,612
Personnel expenses		184,032		193,002
Real estate expenses		36,647		38,441
Office cost		25,969		24,365
Depreciation		30,813		33,920
Taxes and dues		10,529		11,493
Provision of allowance for doubtful accounts		170		281
Other		14,917		14,682
Total selling, general and administrative expenses		371,970		373,800
Operating income		54,288		92,859
Non-operating income:				
Dividend income		5,062		3,381
Share of profit of entities accounted for using equity method		8,586		12,369
Gain on investments in investment partnerships		—		5,539
Other		3,816		4,210
Total non-operating income		17,465		25,500
Non-operating expenses:				
Interest expenses		269		636
Foreign exchange losses		123		252
Loss on investments in investment partnerships		207		—
Bond issuance cost		128		163
Other		741		2,132
Total non-operating expenses		1,470		3,184
Ordinary income	¥	70,283	¥	115,175

	Millions of yen	
	Years Ended	
	March 31, 2020	March 31, 2021
Extraordinary income:		
Gain on sales of non-current assets	¥ 8,749	¥ 57
Gain on sales of investment securities	12,442	4,231
Gain on step acquisitions	4,642	46,962
Gain on change in equity	11,413	180
Reserve for financial instruments transaction liabilities	19	218
Other	208	—
Total extraordinary income	37,476	51,650
Extraordinary losses:		
Loss on sales and retirement of non-current assets	609	1,386
Impairment loss	1,283	9,394
Loss on sale of investment securities	—	219
Loss on valuation of investment securities	8,114	1,738
Loss on valuation of shares of subsidiaries and associates	—	896
Provision of allowance for investment loss	—	3,620
Structural reform cost	12,500	4,319
Other	422	684
Total extraordinary losses	22,930	22,259
Income before income taxes	84,828	144,567
Income taxes - current	26,087	35,589
Income taxes - deferred	(2,524)	(673)
Total income taxes	23,563	34,915
Profit	61,265	109,651
Profit(loss) attributable to non-controlling interests	918	1,255
Profit attributable to owners of parent	¥ 60,346	¥ 108,396

Consolidated statements of comprehensive income

Millions of yen

	Years Ended	
	March 31, 2020	March 31, 2021
Profit	¥ 61,265	¥ 109,651
Other comprehensive income:		
Valuation difference on available-for-sale securities	(20,628)	14,971
Deferred gains or losses on hedges	(7,934)	10,345
Foreign currency translation adjustment	(11,702)	17,595
Share of other comprehensive income of entities accounted for using equity method	(30)	907
Total other comprehensive income	(40,296)	43,819
Comprehensive income	¥ 20,969	¥ 153,471
Comprehensive income attributable to:		
Comprehensive income attributable to owners of parent	¥ 20,050	¥ 152,107
Comprehensive income attributable to non-controlling interests	919	1,363

(3) Consolidated statements of changes in net assets

FY 2019(Apr. 1, 2019 - Mar. 31, 2020)

(Millions of yen)

	Shareholders' equity					
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Deposit for subscriptions to treasury shares	Total shareholders' equity
Balance at beginning of current period	247,397	230,633	805,761	(87,320)	5	1,196,476
Changes of items during period						
Dividends of surplus	—	—	(31,164)	—	—	(31,164)
Profit attributable to owners of parent	—	—	60,346	—	—	60,346
Purchase of treasury shares	—	—	—	(25,102)	—	(25,102)
Disposal of treasury shares	—	—	(501)	2,071	—	1,570
Other	—	175	—	—	8	183
Net changes of items other than shareholders' equity	—	—	—	—	—	—
Total changes of items during period	—	175	28,681	(23,030)	8	5,834
Balance at end of current period	247,397	230,808	834,442	(110,351)	13	1,202,310

	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		
Balance at beginning of current period	47,668	(5,611)	5,942	8,741	3,211
Changes of items during 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	(20,815)	(7,981)	(11,499)	159	35,638
Total changes of items during period	(20,815)	(7,981)	(11,499)	159	35,638
Balance at end of current period	26,853	(13,592)	(5,556)	8,901	38,849

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
Balance at beginning of current period	247,397	230,808	834,442	(110,351)	13	1,202,310
Changes of items during period						
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	—	—	—	—	—	—
Total changes of items during period	—	(157)	77,299	2,704	(3)	79,843
Balance at end of current period	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		
Balance at beginning of current period	26,853	(13,592)	(5,556)	8,901	38,849
Changes of items during 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	14,734	10,534	18,442	223	210,296
Total changes of items during period	14,734	10,534	18,442	223	210,296
Balance at end of current period	41,587	(3,058)	12,886	9,125	249,145

(4) Consolidated statements of cash flows

Millions of yen

	Years ended	
	March 31, 2020	March 31, 2021
Cash Flows from operating activities:		
Income before income taxes and non-controlling interests	¥ 84,828	¥ 144,567
Depreciation	37,251	41,169
Amortization of goodwill	1,254	1,167
Increase (decrease) in allowance for doubtful accounts	33	8,073
Increase (decrease) in reserve for financial products transaction liabilities	(19)	(218)
Interest and dividend income	(5,118)	(3,475)
Interest expenses	269	636
Share of (profit) loss of entities accounted for using equity method	(8,586)	(12,369)
Loss(gain) on sales or retirement of non-current assets	(8,139)	1,328
Loss (gain) on sales of investment securities	(12,442)	(4,011)
Loss (gain) on step acquisitions	(4,642)	(46,962)
Loss (gain) on change in equity	(11,413)	(180)
Loss (gain) on valuation of investment securities	8,114	1,738
Impairment loss	1,283	9,394
Structural reform cost	12,500	4,319
Decrease (increase) in cash segregated as deposits for customers	(81,003)	(50,304)
Decrease (increase) in trading products - assets (liabilities)	(440,089)	(41,577)
Decrease (increase) in investment securities for sale	(101,485)	(8,691)
Decrease (increase) in operating loans receivable	(208,450)	(221,448)
Decrease (increase) in assets (liabilities) for margin transaction	49,924	(42,928)
Decrease (increase) in loans (borrowings) secured by securities	534,755	219,893
Decrease (increase) in short-term loans receivable	79	31
Increase (decrease) in deposits from banking business	404,625	378,895
Decrease (increase) in Short-term guarantee deposits	(230,468)	127,848
Increase (decrease) in guarantee deposits received	42,485	(48,841)
Increase (decrease) in deposits received	80,222	63,121
Other	31,146	(119,354)
Subtotal	176,916	401,821
Interest and dividend income received	12,381	11,661
Interest expenses paid	(269)	(615)
Income taxes (paid) refund	(21,838)	(21,888)
Net cash provided by (used in) operating activities	¥ 167,190	¥ 390,979

Millions of yen

	Years ended	
	March 31, 2020	March 31, 2021
Cash flows from investing activities:		
Payments into time deposits	¥ (44,579)	¥ (64,698)
Proceeds from withdrawal of time deposits	43,883	58,018
Purchase of securities	(517,970)	(623,456)
Proceeds from sales and redemption of securities	489,804	570,283
Purchase of property, plant and equipment	(21,799)	(29,329)
Proceeds from sales of property, plant and equipment	13,173	4,665
Purchase of intangible assets	(36,174)	(29,271)
Purchase of investment securities	(141,453)	(53,674)
Proceeds from sales and redemption of investment securities	35,488	105,641
Purchase of shares of subsidiaries and associates	(41,179)	(28,925)
Proceeds from purchase of shares of subsidiaries resulting in change in scope of consolidation	7,367	—
Payments of loans receivable	(437)	(595)
Collection of loans receivable	34	76
Other, net	(1,553)	(374)
Net cash provided by (used in) investing activities	(215,397)	(91,641)
Cash flows from financing activities:		
Net increase (decrease) in short-term loans payable	51,079	419,571
Proceeds from long-term loans payable	148,629	277,190
Repayments of long-term loans payable	(383,899)	(320,854)
Proceeds from issuance of bonds	420,195	690,484
Redemption of bonds	(314,070)	(601,407)
Proceeds from sales of treasury shares	622	1,086
Purchase of treasury shares	(25,102)	(9)
Cash dividends paid	(31,164)	(30,429)
Proceeds from share issuance to non-controlling shareholders on establishment of consolidated subsidiaries	—	7,781
Other, net	(2,083)	(5,344)
Net cash provided by (used in) financing activities	(135,794)	438,067
Effect of exchange rate change on cash and cash equivalents	(4,950)	6,796
Net increase (decrease) in cash and cash equivalents	(188,952)	744,201
Cash and cash equivalents at beginning of period	4,122,102	3,933,149
Increase in cash and cash equivalents resulting from inclusion of subsidiaries in consolidation	—	25,968
Increase (decrease) in cash and cash equivalents resulting from change in scope of consolidation	—	20,206
Cash and cash equivalents at end of period	¥ 3,933,149	¥ 4,723,526

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

1 company (increase in proportion of the Group),

1 company (absorption merger),

3 companies (newly incorporated),

50 companies (increase of significance).

3 companies were excluded due to following reasons;

2 companies (absorption merger),

1 company (liquidation).

Number of consolidated subsidiaries after the changes above: 118 companies

ii) Application of equity method

(Change of application of equity method)

During current period, 3 companies were newly applied to equity method due to following reasons;

1 company (shares acquisition),

1 company (newly incorporated),

1 company (increase in proportion of the Group),

1 company was excluded due to the increase in proportion of the Group.

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

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

(Application of Accounting Standard for Fair Value Measurement)

The Group has applied "Accounting Standard for Fair Value Measurement" (ASBJ Statement No.30, July 4, 2019; hereinafter, "Fair Value Accounting Standards") and others from April 1, 2020. In accordance with the transitional treatment set forth in Article 19 of Fair Value Accounting Standards and Article 44-2 of "Accounting Standard for Financial Instruments" (ASBJ Statement No.10, July 4, 2019), the Company has applied prospectively a new accounting policy prescribed by Fair Value Accounting Standards and others. This has no effect on 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, 2021".

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

(Millions of yen)

	Reportable Segment					Others(*1)	Total
	Retail	Wholesale	Asset Management	Investment	Total		
Net operating revenue							
Net operating revenue for unaffiliated customers	150,290	215,368	65,227	7,139	438,025	12,121	450,146
Internal net operating income and elimination amount between segments	19,215	492	(14,081)	(2,536)	3,089	13,717	16,807
Total	169,505	215,860	51,145	4,602	441,114	25,839	466,953
Segment income (loss) (Ordinary income (loss))	20,070	74,737	32,775	1,123	128,707	(16,236)	112,470
Other item							
Depreciation	13,401	14,243	2,319	353	30,318	16,188	46,507
Amortization of goodwill	—	715	336	—	1,051	—	1,051
Interest income	—	0	10	70	81	75	156
Interest expenses	—	—	502	138	640	174	815
Share of profit (loss) of entities accounted for using equity method	—	697	9,351	1,503	11,552	141	11,693

- (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. “Net operating revenue” consists of “Operating revenue”, “Financial expenses”, “Other operating expenses” and “Commission fee (Selling, general and administrative expenses)”.
3. 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 2020 (Apr. 1, 2020 - Mar. 31, 2021))

(Millions of yen)

Net operating revenue	Amount
Reportable segment total	441,114
Net operating revenue from “Others”	25,839
Elimination between segments	(16,807)
Commission fee deducted from net operating revenue	15,857
Other adjustments	656
Net operating revenue of financial statements	466,660

(Millions of yen)

Ordinary income (loss)	Amount
Reportable segment total	128,707
Income from “Others”	(16,236)
Elimination between segments	132
Amortization of goodwill	—
Unrealized profit adjustments	1,936
Other adjustments	635
Ordinary income of financial statements	115,175

(Millions of yen)

Other item	Reportable segment total	Other	Adjustment	Consolidated financial statement amount
Depreciation	30,318	16,188	(5,337)	41,169
Amortization of goodwill	1,051	—	116	1,167
Interest income	81	75	(62)	94
Interest expenses	640	174	(178)	636
Share of profit (loss) of entities accounted for using equity method	11,552	141	676	12,369

Per share information

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

Net assets per share	875.12yen
Net income per share	71.20yen
Diluted net income per share	70.90yen

(Note) The calculation bases are as follows:

i) Net assets per share

FY 2020 (As of Mar. 31, 2021)

Total net assets (million yen)	1,591,841
Deduction from total net assets (million yen)	(258,280)
Subscription rights to shares (million yen)	(9,125)
Non-controlling interests (million yen)	(249,145)
Deposit for subscriptions to treasury shares (million yen)	(9)
Net assets attributable to common stock (million yen)	1,333,560
Number of common stock included in calculation of net assets per share (thousands of shares)	1,523,867

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

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

Net income per share	
Profit attributable to owners of parent (million yen)	108,396
Profit not attributable to common stockholders (million yen)	—
Profit attributable to common stock (million yen)	108,396
Average number of common stock outstanding during the year (thousands of shares)	1,522,430
Diluted net income per share	
Adjustment of profit attributable to owners of parent (million yen)	—
Increase in common stock (thousands of shares)	6,429
Subscription rights to shares (thousands of shares)	6,429
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 4,908
	Series10 3,589
	Series11 4,923
	Series12 4,323
	Series13 7,331
	Series14 7,429
	Series15 7,469
	Series16 8,462
	Series17 7,920

(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, 2020	June30, 2020	September30, 2020	December31, 2020	March31, 2021
Operating revenue:					
Commission received:	¥ 68,352	¥ 57,749	¥ 70,809	¥ 76,664	¥ 81,612
Commission to consignees	17,406	17,124	16,420	20,287	24,194
Commission for underwriting, secondary distribution and solicitation for selling and others for professional investors	5,081	4,430	14,443	11,871	7,353
Fee for offering, secondary distribution and solicitation for selling and others for professional investors	5,816	4,068	4,205	4,613	6,324
Other fees received	40,047	32,126	35,740	39,892	43,740
Net trading income	18,321	32,056	22,832	32,654	31,352
Net gain on private equity and other securities	3,748	641	3,210	2,660	(1,703)
Financial revenue	55,439	26,516	20,396	24,429	21,845
Other operating revenue	14,745	11,648	11,319	15,227	34,249
Total operating revenue	160,606	128,612	128,568	151,636	167,355
Financial expenses	37,432	15,582	11,536	11,160	16,201
Other operating expenses	12,552	7,583	6,543	14,326	26,577
Net operating revenue	110,621	105,445	110,488	126,149	124,576
Selling, general and administrative expenses:					
Trading related expenses	16,931	13,289	14,414	14,765	15,142
Personnel expenses	46,897	44,979	46,647	48,911	52,464
Real estate expenses	9,418	9,409	9,442	9,457	10,132
Office cost	6,585	6,144	5,779	6,233	6,207
Depreciation	7,795	8,404	8,441	8,473	8,601
Taxes and dues	2,753	2,762	2,587	2,707	3,436
Provision of allowance for doubtful accounts	99	136	39	132	(26)
Other	3,734	3,706	3,416	3,526	4,032
Total selling, general and administrative expenses	94,216	88,833	90,768	94,207	99,990
Operating income	16,405	16,612	19,719	31,941	24,586
Non-operating income	4,429	5,165	4,544	3,559	12,231
Non-operating expenses	574	407	513	986	1,277
Ordinary income	20,259	21,370	23,750	34,514	35,540
Extraordinary income	8,756	2,995	184	709	47,760
Extraordinary losses	9,118	185	949	72	21,052
Income before income taxes	19,897	24,181	22,985	35,152	62,247
Income taxes - current	10,910	2,482	9,516	6,723	16,867
Income taxes - deferred	(2,719)	3,795	(2,098)	2,963	(5,334)
Total income taxes	8,190	6,277	7,417	9,687	11,533
Profit	11,706	17,903	15,568	25,465	50,714
Profit attributable to non-controlling interests	451	351	316	479	107
Profit attributable to owners of parent	¥ 11,255	¥ 17,552	¥ 15,252	¥ 24,985	¥ 50,606