

# **【IFRS Reference】 Consolidated Financial Statements**

For the fiscal period ended March 31, 2019

## **Daiwa Securities Group Inc.**

The statutory consolidated financial statements of Daiwa Securities Group Inc. filed under Financial Instruments and Exchange Act of Japan etc. are prepared in accordance with Generally Accepted Accounting Principles in Japan (JGAAP). In contrast, the accompanying IFRS-based financial statements are presented for reference only for the purpose of providing useful information for our shareholders and investors, and are not any requirement by Company Act, Financial Instruments and Exchange Act of Japan, nor listing rules of Tokyo Stock Exchange. Please note that there is no direct comparability between the financial statements prepared under different accounting standards.

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**【Consolidated Financial Statements】**
**Consolidated Statements of Profit or Loss**

(Unit : millions of Yen)

|  | <b>FY2017</b>  | <b>FY2018</b>  |
|--|----------------|----------------|
| <b>Operating revenue:</b>  |                |                |
| Commission received  | 313,626        | 283,027        |
| Net gain on trading  | 106,739        | 85,373         |
| Net gain (loss) on operational investment securities                   | 11,834         | 2,221          |
| Financial revenue  | 187,091        | 289,582        |
| Other operating revenue  | 58,619         | 34,827         |
| <b>Total operating revenue</b>   | <b>677,909</b> | <b>695,030</b> |
| Financial expenses   | (144,766)      | (227,154)      |
| Other operating expenses   | (28,570)       | (27,589)       |
| <b>Net operating revenue</b>   | <b>504,573</b> | <b>440,287</b> |
| Selling, general and administrative expenses                           | (368,673)      | (372,357)      |
| Other profits and losses   | 49,251         | 1,141          |
| Share of net profit from investments accounted for using equity method | 15,145         | 6,974          |
| <b>Profit before income tax</b>  | <b>200,296</b> | <b>76,045</b>  |
| Income tax expenses  | (45,809)       | (25,370)       |
| <b>Net profit</b>  | <b>154,487</b> | <b>50,675</b>  |
| <b>Net profit attribute to:</b>  |                |                |
| Owners of the parent   | 154,336        | 50,635         |
| Non-controlling interests  | 151            | 40             |

(Unit : Yen)

|   | <b>FY2017</b> | <b>FY2018</b> |
|---|---------------|---------------|
| <b>Earnings per share</b>                 |               |               |
| <b>Attribute to owners of the parent:</b> |               |               |
| Basic                                     | 93.34         | 31.70         |
| Diluted                                   | 92.75         | 31.51         |

**Consolidated Statements of Comprehensive Income**

(Unit : millions of Yen)

|  | <b>FY2017</b>  | <b>FY2018</b>  |
|--|----------------|----------------|
| <b>Net profit</b>  | <b>154,487</b> | <b>50,675</b>  |
| <b>Other comprehensive income:</b>   |                |                |
| <b>Items that may be reclassified subsequently to profit or loss:</b>                |                |                |
| Exchange differences on translating foreign operations                               | (4,067)        | 3,799          |
| Share of other comprehensive income of investments accounted for using equity method | (281)          | (570)          |
| Financial assets measured at FVTOCI  | (6,770)        | 1,280          |
| <b>Items that will not be reclassified to profit or loss:</b>                        |                |                |
| Designated financial assets measured at FVTOCI                                       | 11,984         | (6,657)        |
| Designated financial liabilities measured at FVTPL                                   | (1,999)        | 99             |
| <b>Other comprehensive income</b>  | <b>(1,133)</b> | <b>(2,049)</b> |
| <b>Comprehensive income</b>  | <b>153,354</b> | <b>48,626</b>  |
| <b>Comprehensive income attribute to:</b>  |                |                |
| Owners of the parent   | 153,240        | 48,631         |
| Non-controlling interests  | 114            | (5)            |

## Consolidated Statements of Financial Position

(Unit : millions of Yen)

|   | FY2017<br>March 31, 2018 | FY2018<br>March 31, 2019 |
|---|--------------------------|--------------------------|
| <b>Assets:</b>                                  |                          |                          |
| Cash and bank deposits                          | 3,610,636                | 4,153,271                |
| Trading securities and other                    | 4,170,557                | 3,785,251                |
| Derivative assets                               | 1,761,714                | 1,736,551                |
| Loans secured by securities                     | 6,042,177                | 5,753,856                |
| Loans and trade receivables                     | 4,946,762                | 4,916,503                |
| Operational investment securities               | 117,790                  | 113,326                  |
| Other investments                               | 1,028,276                | 873,104                  |
| Other financial assets                          | 711,468                  | 789,051                  |
| Designated financial assets measured at FVTOCI  | 216,655                  | 193,154                  |
| Equity method investments                       | 294,262                  | 179,141                  |
| Property and equipment                          | 118,897                  | 136,545                  |
| Investment property                             | 60,091                   | 86,341                   |
| Intangible assets                               | 112,824                  | 124,691                  |
| Other assets                                    | 24,443                   | 26,345                   |
| Current tax assets                              | 19,260                   | 11,182                   |
| Deferred tax assets                             | 7,021                    | 7,618                    |
| <b>Total assets</b>                             | <b>23,242,833</b>        | <b>22,885,930</b>        |
| <b>Liabilities:</b>                             |                          |                          |
| Trading securities and other                    | 2,830,473                | 2,040,197                |
| Derivative liabilities                          | 1,509,580                | 1,569,457                |
| Loans payable secured by securities             | 5,321,322                | 5,728,054                |
| Trade payables                                  | 3,765,472                | 3,435,499                |
| Deposits for banking business                   | 3,513,855                | 3,632,576                |
| Deposits from customers                         | 214,626                  | 247,896                  |
| Borrowings                                      | 2,519,022                | 2,778,527                |
| Bonds and notes                                 | 1,522,375                | 1,491,770                |
| Other financial liabilities                     | 505,201                  | 457,753                  |
| Provisions                                      | 26,985                   | 31,782                   |
| Net defined benefit liabilities                 | 41,759                   | 43,441                   |
| Other liabilities                               | 46,964                   | 39,517                   |
| Current tax liabilities                         | 9,211                    | 5,978                    |
| Deferred tax liabilities                        | 48,822                   | 44,694                   |
| <b>Total liabilities</b>                        | <b>21,875,667</b>        | <b>21,547,141</b>        |
| <b>Equity:</b>                                  |                          |                          |
| Common stock                                    | 247,397                  | 247,397                  |
| Additional paid-in-capital                      | 232,113                  | 232,033                  |
| Retained earnings                               | 822,546                  | 839,012                  |
| Treasury stock                                  | (54,310)                 | (87,321)                 |
| Other components of equity                      | 115,269                  | 104,293                  |
| <b>Equity attribute to owners of the parent</b> | <b>1,363,015</b>         | <b>1,335,414</b>         |
| Non-controlling interests                       | 4,151                    | 3,375                    |
| <b>Total equity</b>                             | <b>1,367,166</b>         | <b>1,338,789</b>         |
| <b>Total liabilities and equity</b>             | <b>23,242,833</b>        | <b>22,885,930</b>        |

## Other Information

### (1) Basis of preparation

Daiwa Securities Group Inc. (the "Company") presents the accompanying International Financial Reporting Standards ("IFRS") based consolidated financial statements on its homepage for reference only, and this information does not comprise any contents of statutory disclosure under Financial Instruments and Exchange Act of Japan etc.. The statutory disclosures of the Company are continually based on the consolidated financial statements prepared in accordance with Generally Accepted Accounting Principles in Japan ("JGAAP").

The accompanying consolidated financial statements comprise consolidated statement of profit or loss, consolidated statement of comprehensive income and consolidated statement of financial position for the fiscal period ended March 31, 2019("FY2018") which are prepared in accordance with IFRS, and are not complete set of consolidated financial statements. The comparative period is for the fiscal period ended March 31, 2018. In addition, neither external audit nor review by independent auditors has been conducted.

The accompanying consolidated financial statements are stated in the Company's functional currency, Japanese Yen, and unless otherwise stated, all financial information presented in million yen has been rounded to the nearest million.

### (2) Significant changes in the scope of consolidation

Increase : -, Decrease : -

### (3) Changes in accounting policies, accounting estimates and errors

N/A