



Date: April 28, 2020

SMBC NIKKO SECURITIES INC.

URL: <https://www.smbcnikko.co.jp/en/index.html>

Consolidated Financial Results for the Fiscal Year ended March 31, 2020 (JGAAP)

(Amounts less than one million yen are omitted.)

1. Overall business performance for the Fiscal Year ended March 31, 2020

(1) Consolidated operating results

(Percentages indicate year-on-year changes)

	Operating revenue		Net operating revenue		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
FY2019	398,749	7.9	316,028	(1.0)	43,004	0.6	49,848	2.9	39,282	17.9
FY2018	369,525	(7.0)	319,294	(10.7)	42,743	(52.3)	48,456	(49.0)	33,310	(47.7)

Note : Comprehensive income FY2019 28,642million yen <(0.9%)> FY2018 28,387million yen <(69.4%)>

(2) Consolidated financial condition

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
FY2019	12,276,971	851,482	6.9
FY2018	10,917,612	831,277	7.6

Reference : Equity (i.e. "Shareholder's equity" and "Accumulated other comprehensive income")

FY2019 850,222 million yen FY2018 829,910 million yen

2. Others

(1) Changes in significant subsidiaries during the period : None

(2) Changes in the accounting policies, estimates and retrospective restatements

(i) Changes in the accounting policies with accounting standards revisions : None

(ii) Changes in the accounting policies other than the above : None

(iii) Changes in accounting estimates : None

(iv) Retrospective restatements : None

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I. Summary information (Notes)

1. Changes in significant subsidiaries during the period

Not applicable

2. Changes in the accounting policies, estimates and retrospective restatement

Not applicable

II. Consolidated Financial Statements

1. Consolidated Balance Sheets

(Millions of yen)

	As of March 31, 2019	As of March 31, 2020
Assets		
Current assets		
Cash and deposits	1,158,141	1,137,589
Cash segregated as deposits	507,456	656,677
Trading products	2,944,282	3,296,436
Trading securities and other	2,344,500	2,366,587
Derivatives	599,781	929,848
Trade date accrual	349,456	93,647
Margin transaction assets	125,504	110,223
Loans on margin transactions	105,836	101,217
Cash collateral pledged for securities borrowing on margin transactions	19,668	9,006
Loans secured by securities	5,206,467	6,172,183
Cash collateral pledged for securities borrowed	2,657,313	4,047,831
Loans on Gensaki transactions	2,549,153	2,124,351
Short-term guarantee deposits	264,406	409,907
Accrued income	24,061	22,930
Other	34,103	53,715
Allowance for doubtful accounts	(11)	(44)
Total current assets	10,613,868	11,953,266
Non-current assets		
Property, plant and equipment	28,194	30,395
Buildings	14,391	13,603
Equipment	2,502	2,483
Land	6,352	6,135
Lease assets	4,883	6,831
Construction in progress	64	1,342
Intangible assets	68,837	67,908
Goodwill	6,655	6,021
Right of trademark	1,853	2
Software	59,550	61,191
Other	777	693
Investments and other assets	206,710	225,400
Investment securities	175,419	165,149
Long-term loans receivable	4,944	34,943
Long-term guarantee deposits	18,073	17,073
Deferred tax assets	2,561	1,791
Other	7,190	7,828
Allowance for doubtful accounts	(1,478)	(1,386)
Total non-current assets	303,743	323,704
Total assets	10,917,612	12,276,971

(Millions of yen)

	As of March 31, 2019	As of March 31, 2020
Liabilities		
Current liabilities		
Trading products	2,454,700	2,687,785
Trading securities and other	1,867,227	1,830,488
Derivatives	587,473	857,297
Margin transaction liabilities	45,470	83,133
Borrowings on margin transactions	389	235
Cash received for securities lending on margin transactions	45,080	82,897
Loans payable secured by securities	4,871,517	5,560,921
Cash received on debt credit transaction of securities	1,132,769	1,555,878
Borrowings on Gensaki transaction	3,738,747	4,005,042
Deposits received	496,879	566,850
Guarantee deposits received	132,595	248,815
Short-term loans payable	979,963	1,181,542
Current portion of long-term loans payable	50	—
Commercial papers	84,500	294,000
Current portion of bonds payable	112,645	164,434
Income taxes payable	2,400	5,179
Provision for bonuses	22,415	23,427
Other	44,757	50,602
Total current liabilities	9,247,895	10,866,694
Non-current liabilities		
Bonds payable	649,849	421,639
Long-term loans payable	163,100	114,700
Lease obligations	3,300	4,436
Deferred tax liabilities	12,136	7,251
Net defined benefit liabilities	3,274	3,705
Asset retirement obligations	2,928	3,047
Other	1,001	868
Total non-current liabilities	835,591	555,648
Reserves under special laws		
Reserve for financial products transaction liabilities	2,847	3,145
Total reserves under-special laws	2,847	3,145
Total liabilities	10,086,334	11,425,488
Net assets		
Shareholders' equity		
Capital stock	10,000	10,000
Capital surplus	457,845	457,848
Retained earnings	320,055	350,917
Total shareholders' equity	787,900	818,766
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	42,198	33,752
Deferred gains or losses on hedges	(24)	16
Foreign currency translation adjustment	(159)	(2,316)
Remeasurements of defined benefit plans	(3)	3
Total accumulated other comprehensive income	42,010	31,455
Non-controlling interests	1,366	1,260
Total net assets	831,277	851,482
Total liabilities and net assets	10,917,612	12,276,971

2. Consolidated Statements of Income and Consolidated Statements of Comprehensive Income

Consolidated Statements of Income

(Millions of yen)

	For the year ended March 31, 2019	For the year ended March 31, 2020
Operating revenue		
Commission received	197,033	204,915
Commissions to consignees	38,170	38,320
Commission for underwriting, secondary distribution and solicitation for selling and others for professional investors	39,479	40,866
Fee for offering, secondary distribution and solicitation for selling and others for professional investors	35,220	46,000
Other fees received	84,162	79,727
Net trading income	111,738	103,696
Financial revenue	47,640	81,879
Other sales	13,113	8,258
Total operating revenue	369,525	398,749
Financial expenses	38,641	75,417
Cost of other sales	11,589	7,303
Net operating revenue	319,294	316,028
Selling, general and administrative expenses		
Trading related expenses	43,432	41,445
Personnel expenses	126,719	125,585
Real estate expenses	27,452	26,372
Office cost	30,482	30,914
Depreciation	25,966	25,120
Taxes and dues	5,185	6,205
Other	17,311	17,378
Total selling, general and administrative expenses	276,550	273,023
Operating profit	42,743	43,004
Non-operating income		
Dividend income	3,095	3,203
Share of profit of investments accounted for using equity method	1,780	2,997
Foreign exchange gains	432	521
Other	1,264	881
Total non-operating income	6,572	7,604
Non-operating expenses		
Interest expenses	126	124
Bond issuance cost	131	202
Other	601	432
Total non-operating expenses	859	760
Ordinary profit	48,456	49,848

(Millions of yen)

	For the year ended March 31, 2019	For the year ended March 31, 2020
Extraordinary income		
Gain on sales of noncurrent assets	—	911
Gain on sales of investment securities	—	2,694
Total extraordinary income	—	3,605
Extraordinary losses		
Impairment losses	1,331	525
Loss on valuation of investment securities	1,026	1,827
Provision of reserve for financial products transaction liabilities	450	297
System transfer related expenses	352	—
Second career supporting expenses	1,783	—
Cancellation fee of branch office	—	343
Total extraordinary loss	4,944	2,993
Profit before income taxes and non-controlling interests	43,511	50,460
Income taxes - current	5,571	12,393
Income taxes - deferred	4,747	(1,182)
Income taxes	10,318	11,211
Profit	33,192	39,249
Profit attributable to non-controlling interests	(117)	(33)
Profit attributable to owners of parent	33,310	39,282

Consolidated Statements of Comprehensive Income

(Millions of yen)

	For the year ended March 31, 2019	For the year ended March 31, 2020
Profit	33,192	39,249
Other comprehensive income		
Valuation difference on available-for-sale securities	(3,742)	(8,417)
Foreign currency translation adjustment	(75)	(1,485)
Share of other comprehensive income of affiliates accounted for using equity method	(987)	(705)
Total other comprehensive income	(4,805)	(10,607)
Comprehensive income	28,387	28,642
Comprehensive income attributable to:		
Owners of parent	28,499	28,728
Non-controlling interests	(112)	(86)

3. Notes on Going Concern Assumption

Not applicable

4. Notes on Significant Changes in Shareholder's Equity

Appropriation of surplus was resolved at the ordinary general meeting of shareholders held on June 17, 2019. As a result, the retained earnings decreased by 8,420 million yen in the period, and outstanding amount of retained earnings at the end of the period was 350,917 million yen.

• Dividends information

- (1) Total amount of dividends: 8,420 million yen (Dividends per share is an amount derived by dividing the total amount of dividends by the total number of issued shares(200,001 shares))
- (2) Effective date: June 17, 2019
- (3) Dividend resource: Retained earnings

III. Supplementary Information

1. Commission Received

(1) Breakdown by Categories

(Millions of yen, except for percentages)

	For the year ended March 31, 2019	For the year ended March 31, 2020	Increase/(Decrease)	
			Amount	Rate of change
Commissions to consignees	38,170	38,320	150	0.4 %
< Equities >	< 35,758 >	< 35,441 >	< (316) >	< (0.9) >
< Bonds >	< 165 >	< 134 >	< (31) >	< (18.8) >
< Investment trusts >	< 1,843 >	< 2,273 >	< 430 >	< 23.3 >
Commission for underwriting, secondary distribution and solicitation for selling and others for professional investors	39,479	40,866	1,386	3.5
< Equities >	< 23,644 >	< 17,723 >	< (5,921) >	< (25.0) >
< Bonds >	< 15,196 >	< 22,235 >	< 7,039 >	< 46.3 >
Fee for offering, secondary distribution and solicitation for selling and others for professional investors	35,220	46,000	10,779	30.6
< Investment trusts >	< 31,969 >	< 41,491 >	< 9,522 >	< 29.8 >
Other fees received	84,162	79,727	(4,435)	(5.3)
Total	197,033	204,915	7,882	4.0

(2) Breakdown by Products

(Millions of yen, except for percentages)

	For the year ended March 31, 2019	For the year ended March 31, 2020	Increase/(Decrease)	
			Amount	Rate of change
Equities	61,303	54,200	(7,102)	(11.6) %
Bonds	20,282	29,071	8,789	43.3
Investment trusts	72,386	77,992	5,606	7.7
Other	43,061	43,649	588	1.4
Total	197,033	204,915	7,882	4.0

2. Net Trading Income

(Millions of yen, except for percentages)

	For the year ended March 31, 2019	For the year ended March 31, 2020	Increase/(Decrease)	
			Amount	Rate of change
Net trading income on equities	33,848	31,891	(1,957)	(5.8) %
Net trading income on bonds and others	77,890	71,805	(6,084)	(7.8)
Total	111,738	103,696	(8,041)	(7.2)

3. Quarterly Consolidated Statements of Income

(Millions of yen)

	FY2018 4Q (January 1 to March 31, 2019)	FY2019 1Q (April 1 to June 30, 2019)	FY2019 2Q (July 1 to September 30, 2019)	FY2019 3Q (October 1 to December 31, 2019)	FY2019 4Q (January 1 to March 31, 2020)
Operating revenue					
Commission received	42,161	45,619	51,282	56,115	51,898
Commissions to consignees	8,415	7,859	8,495	10,042	11,923
< Equities >	< 7,860 >	< 7,240 >	< 7,763 >	< 9,500 >	< 10,936 >
Commission for underwriting, secondary distribution and solicitation for selling and others for professional investors	4,824	8,821	11,870	12,479	7,695
< Equities >	< 2,804 >	< 1,993 >	< 5,190 >	< 6,397 >	< 4,143 >
< Bonds >	< 1,913 >	< 6,688 >	< 6,446 >	< 5,832 >	< 3,267 >
Fee for offering, secondary distribution and solicitation for selling and others for professional investors	7,422	9,157	11,073	13,650	12,119
< Investment trusts >	< 6,407 >	< 8,392 >	< 9,879 >	< 12,483 >	< 10,735 >
Other fees received	21,498	19,780	19,843	19,942	20,160
Net trading income	21,518	23,464	24,912	28,395	26,924
Financial revenue	15,708	21,199	18,085	22,511	20,083
Other sales	3,001	2,497	2,200	1,735	1,825
Total operating revenue	82,389	92,780	96,480	108,757	100,731
Financial expenses	13,052	20,255	16,263	21,428	17,469
Cost of other sales	2,844	1,843	2,432	1,477	1,550
Net operating revenue	66,492	70,681	77,784	85,850	81,711
Selling, general and administrative expenses					
Trading related expenses	10,946	8,694	9,797	10,352	12,600
Personnel expenses	28,387	29,463	31,256	32,860	32,005
Real estate expenses	7,104	6,780	6,436	6,473	6,682
Office cost	8,223	7,172	7,312	7,870	8,558
Depreciation	6,452	6,920	6,230	6,143	5,826
Taxes and dues	1,068	1,631	1,366	1,896	1,310
Other	4,687	4,680	4,028	4,027	4,641
Total selling, general and administrative expenses	66,870	65,344	66,429	69,624	71,624
Operating profit	(378)	5,336	11,354	16,226	10,087
Non-operating income	1,950	1,308	1,885	1,046	3,362
Non-operating expenses	287	175	221	145	217
Ordinary profit	1,284	6,469	13,019	17,127	13,232
Extraordinary income	—	—	1,354	40	2,210
Extraordinary losses	2,818	321	173	169	2,329
Profit before income taxes and non-controlling interests	(1,533)	6,148	14,200	16,998	13,113
Income taxes	(140)	1,058	2,828	5,816	1,507
Profit	(1,393)	5,089	11,371	11,181	11,606
Profit attributable to non-controlling interests	(132)	(4)	8	(14)	(23)
Profit attributable to owners of parent	(1,260)	5,094	11,363	11,195	11,629

IV. Non-consolidated Financial Statements

1. Non-consolidated Balance Sheets

(Millions of yen)

	As of March 31, 2019	As of March 31, 2020
Assets		
Current assets		
Cash and deposits	1,005,674	978,559
Cash segregated as deposits	507,435	656,655
Trading products	2,944,282	3,296,436
Trading securities and other	2,344,500	2,366,587
Derivatives	599,781	929,848
Trade date accrual	349,456	93,647
Margin transaction assets	125,504	110,223
Loans on margin transactions	105,836	101,217
Cash collateral pledged for securities borrowing on margin transactions	19,668	9,006
Loans secured by securities	5,206,467	6,172,183
Cash collateral pledged for securities borrowed	2,657,313	4,047,831
Loans on Gensaki transactions	2,549,153	2,124,351
Short-term guarantee deposits	264,406	409,907
Short-term loans receivable	32,887	38,602
Accrued income	23,026	21,258
Other	30,651	33,878
Allowance for doubtful accounts	(11)	(44)
Total current assets	10,489,781	11,811,309
Non-current assets		
Property, plant and equipment	10,635	10,740
Buildings	7,485	7,164
Equipment	1,819	1,694
Land	4	0
Lease assets	1,326	1,880
Intangible assets	15,292	14,338
Goodwill	6,655	6,021
Right of trademark	1,853	2
Software	5,368	6,714
Other	1,415	1,599
Investments and other assets	237,478	254,562
Investment securities	108,681	96,808
Stocks of subsidiaries and affiliates	103,451	103,451
Long-term loans receivable	4,933	34,935
Long-term guarantee deposits	17,103	16,038
Other	4,787	4,715
Allowance for doubtful accounts	(1,478)	(1,386)
Total non-current assets	263,407	279,641
Total assets	10,753,188	12,090,950

(Millions of yen)

	As of March 31, 2019	As of March 31, 2020
Liabilities		
Current liabilities		
Trading products	2,454,700	2,687,785
Trading securities and other	1,867,227	1,830,488
Derivatives	587,473	857,297
Margin transaction liabilities	45,470	83,133
Borrowings on margin transactions	389	235
Cash received for securities lending on margin transactions	45,080	82,897
Loans payable secured by securities	4,871,517	5,560,921
Cash received on debt credit transaction of securities	1,132,769	1,555,878
Borrowings on Gensaki transaction	3,738,747	4,005,042
Deposits received	392,088	455,776
Guarantee deposits received	132,595	248,815
Short-term loans payable	983,500	1,185,250
Current portion of long-term loans payable	50	—
Commercial papers	84,500	294,000
Current portion of bonds payable	112,645	164,434
Income taxes payable	1,287	4,151
Provision for bonuses	19,330	20,210
Other	33,204	29,244
Total current liabilities	9,130,889	10,733,722
Non-current liabilities		
Bonds payable	649,849	421,639
Long-term loans payable	163,100	114,700
Lease obligations	832	1,068
Deferred tax liabilities	10,912	5,869
Provision for retirement benefits	2,908	3,315
Asset retirement obligations	2,674	2,756
Other	239	155
Total non-current liabilities	830,517	549,504
Reserves under special laws		
Reserve for financial products transaction liabilities	2,847	3,145
Total reserves under special laws	2,847	3,145
Total liabilities	9,964,254	11,286,372
Net assets		
Shareholders' equity		
Capital stock	10,000	10,000
Capital surplus	457,714	457,714
Other capital surplus	457,714	457,714
Retained earnings	278,790	302,538
Legal retained earnings	2,500	2,500
Other retained earnings	276,290	300,038
Retained earnings brought forward	276,290	300,038
Total shareholders' equity	746,504	770,252
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	42,429	34,325
Total valuation and translation adjustments	42,429	34,325
Total net assets	788,934	804,578
Total liabilities and net assets	10,753,188	12,090,950

2. Non-consolidated Statements of Income

(Millions of yen)

	For the year ended March 31, 2019	For the year ended March 31, 2020
Operating revenue		
Commission received	187,480	193,699
Commissions to consignees	35,214	35,687
Commission for underwriting, secondary distribution and solicitation for selling and others for professional investors	39,479	38,973
Fee for offering, secondary distribution and solicitation for selling and others for professional investors	34,846	45,881
Other fees received	77,939	73,156
Net trading income	110,801	103,639
Financial revenue	46,414	80,678
Total operating revenue	344,696	378,017
Financial expenses	37,820	74,691
Net operating revenue	306,876	303,326
Selling, general and administrative expenses		
Trading related expenses	41,427	40,464
Personnel expenses	112,897	111,613
Real estate expenses	24,253	22,536
Office cost	61,477	61,210
Depreciation	8,527	7,523
Taxes and dues	4,417	5,430
Other	15,199	15,541
Total selling, general and administrative expenses	268,202	264,318
Operating profit	38,674	39,007
Non-operating income		
Dividend income	3,092	3,508
Other	1,107	705
Total non-operating income	4,200	4,214
Non-operating expenses		
Bond issuance cost	131	202
Other	560	397
Total non-operating expenses	692	600
Ordinary profit	42,181	42,621

(Millions of yen)

	For the year ended March 31, 2019	For the year ended March 31, 2020
Extraordinary income		
Gain on sales of investment securities	—	2,653
Total extraordinary income	—	2,653
Extraordinary losses		
Impairment losses	1,331	525
Loss on valuation of investment securities	602	2,217
Provision of reserve for financial products transaction liabilities	450	297
System transfer related expenses	397	—
Second career supporting expenses	1,783	—
Cancellation fee of branch office	—	343
Total extraordinary loss	4,565	3,383
Profit before income taxes	37,616	41,891
Income taxes - current	5,331	11,815
Income taxes - deferred	4,218	(2,091)
Income taxes	9,549	9,724
Profit	28,066	32,167

3. Capital Adequacy Ratio on a stand-alone basis

(Millions of yen)

		As of March 31, 2019	As of March 31, 2020
Basic items (A)		738,084	757,392
Supplementary items	Valuation difference on available-for-sale securities and others	42,429	34,325
	Reserve for financial products transaction liabilities	2,847	3,145
	Allowance for doubtful accounts	2	2
Total (B)		45,279	37,473
Deductible assets (C)		174,169	203,290
Net capital (A) + (B) - (C) (D)		609,195	591,575
Risk items	Market Risk	55,098	51,493
	Counterparty Risk	40,849	65,335
	Basic Risk	70,907	75,284
Total (E)		166,856	192,113
Capital adequacy ratio (D) / (E)*100		365.1%	307.9%

Note : The presentation of the Basic items(A) has taken account the outflows of dividend payments (for this fiscal year : expected payment amount as of April 28,2020).

The Capital adequacy ratio is calculated based on this amount.

4. Quarterly Non-consolidated Statements of Income

(Millions of yen)

	FY2018 4Q (January 1 to March 31, 2019)	FY2019 1Q (April 1 to June 30, 2019)	FY2019 2Q (July 1 to September 30, 2019)	FY2019 3Q (October 1 to December 31, 2019)	FY2019 4Q (January 1 to March 31, 2020)
Operating revenue					
Commission received	40,225	43,170	48,493	52,729	49,306
Commissions to consignees	7,673	7,168	7,754	9,316	11,449
< Equities >	< 7,286 >	< 6,709 >	< 7,218 >	< 8,934 >	< 10,373 >
Commission for underwriting, secondary distribution and solicitation for selling and others for professional investors	4,824	8,488	11,432	11,714	7,338
< Equities >	< 2,804 >	< 1,993 >	< 5,190 >	< 6,397 >	< 4,143 >
< Bonds >	< 1,913 >	< 6,355 >	< 6,008 >	< 5,067 >	< 2,910 >
Fee for offering, secondary distribution and solicitation for selling and others for professional investors	7,367	9,129	11,056	13,618	12,076
< Investment trusts >	< 6,407 >	< 8,392 >	< 9,879 >	< 12,483 >	< 10,735 >
Other fees received	20,359	18,384	18,249	18,080	18,442
Net trading income	21,313	23,464	24,912	28,395	26,867
Financial revenue	15,378	20,847	17,759	22,214	19,857
Total operating revenue	76,918	87,482	91,164	103,339	96,031
Financial expenses	12,833	20,000	16,066	21,284	17,340
Net operating revenue	64,084	67,482	75,097	82,054	78,691
Selling, general and administrative expenses					
Trading related expenses	10,640	8,343	9,531	10,240	12,349
Personal expenses	25,057	26,196	27,795	29,221	28,399
Real estate expenses	6,050	5,927	5,549	5,557	5,501
Office cost	15,325	15,234	15,318	15,264	15,392
Depreciation	2,207	2,239	2,325	1,446	1,511
Taxes and dues	874	1,435	1,240	1,574	1,179
Other	4,025	4,276	3,662	3,564	4,038
Total selling, general and administrative expenses	64,181	63,653	65,423	66,869	68,372
Operating profit	(96)	3,828	9,673	15,185	10,319
Non-operating income	1,430	1,018	1,217	296	1,682
Non-operating expenses	282	90	227	123	158
Ordinary profit	1,050	4,757	10,663	15,357	11,842
Extraordinary income	—	—	483	(40)	2,210
Extraordinary losses	2,511	240	187	203	2,751
Profit before income taxes	(1,460)	4,516	10,959	15,113	11,302
Income taxes	(408)	568	2,269	5,388	1,497
Profit	(1,051)	3,947	8,689	9,725	9,804