



Date: July 29, 2021

# SMBC NIKKO SECURITIES INC.

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

## Consolidated Financial Results for the Three Months ended June 30, 2021 (JGAAP)

(Amounts less than one million yen are omitted.)

### 1. Overall business performance for the Three Months ended June 30, 2021

#### (1) Consolidated operating results

(Percentages indicate year-on-year changes)

Three months ended	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	%
June 30, 2021	92,596	(3.3)	88,279	27.2	19,292	176.9	20,867	176.7	14,697	127.1
June 30, 2020	95,718	3.2	69,425	(1.8)	6,968	30.6	7,542	16.6	6,472	27.1

Note : Comprehensive income June 30, 2021 14,811million yen <(11.7)%> June 30, 2020 16,775million yen <-%>

#### (2) Consolidated financial condition

As of	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
June 30, 2021	11,893,533	932,066	7.8
March 31, 2021	13,349,491	917,254	6.9

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

As of June 30,2021 930,553 million yen As of March 31,2021 915,799 million yen

### 2. Others

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

(2) Adoption of the accounting method peculiar to quarterly financial statements : Yes

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

(i) Changes in the accounting policies with accounting standards revisions : Yes

(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. Adoption of the accounting method peculiar to quarterly financial statements**

(Calculation of tax)

Income taxes of SMBC Nikko Securities Inc. ("SMBC Nikko") and some of its consolidated domestic subsidiaries are calculated by applying a reasonably estimated effective tax rate for the full fiscal year to income before income taxes for the three months ended June 30, 2021. The effective tax rate is determined by estimating the effective tax rate for the full fiscal year, which includes the three months ended June 30, 2021, after taking into account the effect of deferred tax accounting. Income taxes-deferred are included in the income taxes.

### **3. Changes in the accounting policies, estimates and retrospective restatement**

(Changes in accounting policies with accounting standards revisions)

Application of Accounting Standard for Revenue Recognition

"Accounting Standard for Revenue Recognition" (ASBJ Statement No. 29, March 31, 2020), etc. has been applied effective from the beginning of the three months ended June 30, 2021. The amount expected to be received in exchange for promised goods or service is recognized as revenue at the time control of those goods or services are transferred to the customer.

The Accounting Standard for Revenue Recognition has been applied transitionally, in accordance with the provision of Article 84 of the standard. The cumulative effect amount, applying with the new accounting policy retrospectively prior to the beginning of the three months ended June 30, 2021 was adjusted to retained earnings at the beginning of the three months ended June 30, 2021.

As a result, there is no significant effect of applying the accounting standard etc. on the consolidated financial statements for the three months ended June 30, 2021. In addition, there is no effect on retained earnings.

## II. Consolidated Financial Statements

### 1. Consolidated Balance Sheets

(Millions of yen)

	As of March 31, 2021	As of June 30, 2021
<b>Assets</b>		
Current assets		
Cash and deposits	1,205,180	964,445
Cash segregated as deposits	863,699	828,383
Trading products	3,258,705	3,778,990
Trading securities and other	2,647,408	3,213,652
Derivatives	611,296	565,337
Margin transaction assets	153,278	169,789
Loans on margin transactions	147,523	164,892
Cash collateral pledged for securities borrowing on margin transactions	5,754	4,897
Loans secured by securities	7,081,149	5,440,819
Cash collateral pledged for securities borrowed	4,507,156	3,628,451
Loans on Gensaki transactions	2,573,992	1,812,367
Short-term guarantee deposits	361,169	260,502
Accrued income	23,442	19,322
Other	82,062	96,367
Allowance for doubtful accounts	(8)	(3)
Total current assets	13,028,679	11,558,616
Non-current assets		
Property, plant and equipment	32,187	31,015
Intangible assets	73,613	75,417
Investments and other assets	215,010	228,483
Investment securities	184,713	198,276
Long-term loans receivable	4,947	4,946
Long-term guarantee deposits	16,655	16,403
Deferred tax assets	1,484	1,484
Other	8,586	8,756
Allowance for doubtful accounts	(1,377)	(1,385)
Total non-current assets	320,811	334,916
Total assets	13,349,491	11,893,533

(Millions of yen)

	As of March 31, 2021	As of June 30, 2021
<b>Liabilities</b>		
Current liabilities		
Trading products	2,565,959	2,581,925
Trading securities and other	1,960,839	2,027,842
Derivatives	605,119	554,082
Trade date accrual	133,102	78,923
Margin transaction liabilities	157,840	86,370
Borrowings on margin transactions	845	980
Cash received for securities lending on margin transactions	156,994	85,390
Loans payable secured by securities	6,002,501	4,736,571
Cash received on debt credit transaction of securities	2,152,129	708,421
Borrowings on Gensaki transaction	3,850,371	4,028,150
Deposits received	735,840	844,619
Guarantee deposits received	159,947	177,328
Short-term loans payable	1,547,457	1,506,723
Current portion of long-term loans payable	2,000	1,000
Commercial papers	305,000	115,000
Current portion of bonds payable	136,714	126,454
Income taxes payable	6,447	2,919
Other	85,385	64,368
Total current liabilities	11,838,196	10,322,202
Non-current liabilities		
Bonds payable	354,076	386,640
Long-term loans payable	212,000	225,300
Lease obligations	5,729	5,186
Deferred tax liabilities	10,629	10,303
Net defined benefit liabilities	3,839	4,166
Asset retirement obligations	3,280	2,993
Other	582	743
Total non-current liabilities	590,137	635,333
Reserves under special laws		
Reserve for financial products transaction liabilities	3,902	3,929
Total reserves under-special laws	3,902	3,929
Total liabilities	12,432,236	10,961,466
<b>Net assets</b>		
Shareholders' equity		
Capital stock	10,000	10,000
Capital surplus	457,848	457,848
Retained earnings	406,172	420,869
Total shareholders' equity	874,020	888,718
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	41,607	39,997
Deferred gains or losses on hedges	—	(18)
Foreign currency translation adjustment	164	1,859
Remeasurements of defined benefit plans	6	(3)
Total accumulated other comprehensive income	41,778	41,835
Non-controlling interests	1,455	1,513
Total net assets	917,254	932,066
<b>Total liabilities and net assets</b>	<b>13,349,491</b>	<b>11,893,533</b>

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

### Consolidated Statements of Income

(Millions of yen)

	Three months ended June 30, 2020	Three months ended June 30, 2021
Operating revenue		
Commission received	40,679	57,082
Commissions to consignees	11,854	11,265
Commission for underwriting, secondary distribution and solicitation for selling and others for professional investors	4,394	9,500
Fee for offering, secondary distribution and solicitation for selling and others for professional investors	7,549	13,492
Other fees received	16,879	22,823
Net trading income	27,381	30,805
Financial revenue	25,672	3,097
Other sales	1,985	1,610
Total operating revenue	95,718	92,596
Financial expenses	24,434	2,810
Cost of other sales	1,858	1,505
Net operating revenue	69,425	88,279
Selling, general and administrative expenses		
Trading related expenses	6,878	8,126
Personnel expenses	29,444	32,477
Real estate expenses	6,393	6,113
Office cost	7,362	8,199
Depreciation	5,706	6,060
Taxes and dues	2,083	2,273
Other	4,587	5,736
Total selling, general and administrative expenses	62,457	68,987
Operating profit	6,968	19,292
Non-operating income		
Dividend income	151	243
Share of profit of investments accounted for using equity method	633	1,247
Foreign exchange gains	96	102
Other	196	290
Total non-operating income	1,078	1,884
Non-operating expenses		
Interest expenses	31	34
Loss on investments in partnerships	320	72
Bond issuance cost	42	79
Other	109	122
Total non-operating expenses	504	308
Ordinary profit	7,542	20,867

(Millions of yen)

	Three months ended June 30, 2020	Three months ended June 30, 2021
Extraordinary income		
Gain on sales of investment securities	2,957	—
Total extraordinary income	2,957	—
Extraordinary losses		
Impairment losses	89	228
Loss on valuation of investment securities	114	617
Provision of reserve for financial products transaction liabilities	218	27
Infectious disease related cost	875	—
Total extraordinary loss	1,297	873
Profit before income taxes and non-controlling interests	9,202	19,994
Income taxes	2,663	5,260
Profit	6,538	14,734
Profit attributable to non-controlling interests	65	37
Profit attributable to owners of parent	6,472	14,697

**Consolidated Statements of Comprehensive Income**

(Millions of yen)

	Three months ended June 30, 2020	Three months ended June 30, 2021
Profit	6,538	14,734
Other comprehensive income		
Valuation difference on available-for-sale securities	10,900	(1,611)
Foreign currency translation adjustment	159	497
Share of other comprehensive income of affiliates accounted for using equity method	(822)	1,192
Total other comprehensive income	10,236	77
Comprehensive income	16,775	14,811
Comprehensive income attributable to:		
Owners of parent	16,693	14,754
Non-controlling interests	81	57

**3. Notes on Going Concern Assumption**

Not applicable

**4. Notes on Significant Changes in Shareholder's Equity**

Not applicable



### III. Supplementary Information

#### 1. Commission Received

##### (1) Breakdown by Categories

(Millions of yen, except for percentages)

	Three months ended June 30, 2020	Three months ended June 30, 2021	Increase/(Decrease)	
			Amount	Rate of change
Commissions to consignees	11,854	11,265	(589)	(5.0) %
< Equities >	< 10,829 >	< 10,959 >	< 129 >	< 1.2 >
< Bonds >	< 29 >	< 10 >	< (19) >	< (65.5) >
< Investment trusts >	< 833 >	< 374 >	< (458) >	< (55.1) >
Commission for underwriting, secondary distribution and solicitation for selling and others for professional investors	4,394	9,500	5,106	116.2
< Equities >	< 65 >	< 2,089 >	< 2,024 >	< — >
< Bonds >	< 4,182 >	< 6,776 >	< 2,593 >	< 62.0 >
Fee for offering, secondary distribution and solicitation for selling and others for professional investors	7,549	13,492	5,942	78.7
< Investment trusts >	< 7,458 >	< 13,167 >	< 5,709 >	< 76.6 >
Other fees received	16,879	22,823	5,943	35.2
Total	40,679	57,082	16,403	40.3

##### (2) Breakdown by Products

(Millions of yen, except for percentages)

	Three months ended June 30, 2020	Three months ended June 30, 2021	Increase/(Decrease)	
			Amount	Rate of change
Equities	11,119	13,406	2,286	20.6 %
Bonds	4,763	7,960	3,197	67.1
Investment trusts	15,631	23,473	7,842	50.2
Other	9,164	12,241	3,076	33.6
Total	40,679	57,082	16,403	40.3

#### 2. Net Trading Income

(Millions of yen, except for percentages)

	Three months ended June 30, 2020	Three months ended June 30, 2021	Increase/(Decrease)	
			Amount	Rate of change
Net trading income on equities	13,343	15,235	1,892	14.2 %
Net trading income on bonds and others	14,038	15,570	1,531	10.9
Total	27,381	30,805	3,423	12.5

## 3. Quarterly Consolidated Statements of Income

	(Millions of yen)				
	FY2020 1Q (April 1 to June 30, 2020)	FY2020 2Q (July 1 to September 30, 2020)	FY2020 3Q (October 1 to December 31, 2020)	FY2020 4Q (January 1 to March 31, 2021)	FY2021 1Q (April 1 to June 30, 2021)
Operating revenue					
Commission received	40,679	57,616	66,579	59,152	57,082
Commissions to consignees	11,854	11,850	13,842	14,046	11,265
< Equities >	< 10,829 >	< 11,313 >	< 13,286 >	< 13,621 >	< 10,959 >
Commission for underwriting, secondary distribution and solicitation for selling and others for professional investors	4,394	13,137	14,060	8,087	9,500
< Equities >	< 65 >	< 6,573 >	< 7,503 >	< 3,495 >	< 2,089 >
< Bonds >	< 4,182 >	< 6,357 >	< 6,427 >	< 4,390 >	< 6,776 >
Fee for offering, secondary distribution and solicitation for selling and others for professional investors	7,549	13,944	15,459	13,368	13,492
< Investment trusts >	< 7,458 >	< 13,184 >	< 14,740 >	< 12,719 >	< 13,167 >
Other fees received	16,879	18,683	23,216	23,649	22,823
Net trading income	27,381	32,779	37,068	30,028	30,805
Financial revenue	25,672	17,750	25,263	19,783	3,097
Other sales	1,985	1,817	1,873	1,722	1,610
Total operating revenue	95,718	109,963	130,785	110,688	92,596
Financial expenses	24,434	14,817	24,779	18,168	2,810
Cost of other sales	1,858	1,683	1,778	1,699	1,505
Net operating revenue	69,425	93,462	104,227	90,820	88,279
Selling, general and administrative expenses					
Trading related expenses	6,878	7,558	8,954	9,828	8,126
Personnel expenses	29,444	34,750	36,236	33,378	32,477
Real estate expenses	6,393	6,574	6,360	6,484	6,113
Office cost	7,362	7,607	7,589	8,802	8,199
Depreciation	5,706	5,856	5,890	6,184	6,060
Taxes and dues	2,083	1,256	2,974	1,005	2,273
Other	4,587	4,441	4,039	5,184	5,736
Total selling, general and administrative expenses	62,457	68,045	72,045	70,867	68,987
Operating profit	6,968	25,416	32,181	19,952	19,292
Non-operating income	1,078	3,156	710	2,698	1,884
Non-operating expenses	504	203	174	526	308
Ordinary profit	7,542	28,368	32,717	22,123	20,867
Extraordinary income	2,957	316	18,143	61	—
Extraordinary losses	1,297	187	10,680	1,162	873
Profit before income taxes and non-controlling interests	9,202	28,498	40,180	21,023	19,994
Income taxes	2,663	6,791	12,888	4,731	5,260
Profit	6,538	21,706	27,292	16,292	14,734
Profit attributable to non-controlling interests	65	(38)	(0)	63	37
Profit attributable to owners of parent	6,472	21,744	27,293	16,229	14,697

## IV. Non-consolidated Financial Statements

### 1. Non-consolidated Balance Sheets

	(Millions of yen)	
	As of March 31, 2021	As of June 30, 2021
<b>Assets</b>		
Current assets		
Cash and deposits	1,087,292	846,132
Cash segregated as deposits	863,675	828,359
Trading products	3,258,705	3,778,990
Trading securities and other	2,647,408	3,213,652
Derivatives	611,296	565,337
Margin transaction assets	153,278	169,789
Loans on margin transactions	147,523	164,892
Cash collateral pledged for securities borrowing on margin transactions	5,754	4,897
Loans secured by securities	7,081,149	5,440,819
Cash collateral pledged for securities borrowed	4,507,156	3,628,451
Loans on Gensaki transactions	2,573,992	1,812,367
Short-term guarantee deposits	361,169	260,502
Short-term loans receivable	72,800	74,965
Accrued income	21,358	17,100
Other	30,525	46,509
Allowance for doubtful accounts	(8)	(3)
Total current assets	12,929,947	11,463,164
Non-current assets		
Property, plant and equipment	25,397	24,653
Intangible assets	16,487	16,294
Investments and other assets	241,305	252,808
Investment securities	110,597	109,005
Stocks of subsidiaries and affiliates	106,824	120,043
Long-term loans receivable	4,941	4,941
Long-term guarantee deposits	15,463	15,286
Other	4,854	4,917
Allowance for doubtful accounts	(1,377)	(1,385)
Total non-current assets	283,190	293,757
<b>Total assets</b>	<b>13,213,137</b>	<b>11,756,921</b>

(Millions of yen)

	As of March 31, 2021	As of June 30, 2021
<b>Liabilities</b>		
Current liabilities		
Trading products	2,565,959	2,581,925
Trading securities and other	1,960,839	2,027,842
Derivatives	605,119	554,082
Trade date accrual	133,102	78,923
Margin transaction liabilities	157,840	86,370
Borrowings on margin transactions	845	980
Cash received for securities lending on margin transactions	156,994	85,390
Loans payable secured by securities	6,002,501	4,736,571
Cash received on debt credit transaction of securities	2,152,129	708,421
Borrowings on Gensaki transaction	3,850,371	4,028,150
Deposits received	674,959	783,753
Guarantee deposits received	159,947	177,328
Short-term loans payable	1,550,050	1,509,050
Current portion of long-term loans payable	2,000	1,000
Commercial papers	305,000	115,000
Current portion of bonds payable	136,714	126,454
Income taxes payable	5,543	1,914
Other	64,839	46,754
Total current liabilities	11,758,457	10,245,045
Non-current liabilities		
Bonds payable	354,076	386,640
Long-term loans payable	212,000	225,300
Lease obligations	2,189	2,003
Deferred tax liabilities	8,990	8,572
Provision for retirement benefits	3,450	3,781
Asset retirement obligations	3,019	2,726
Other	108	300
Total non-current liabilities	583,834	629,325
Reserves under special laws		
Reserve for financial products transaction liabilities	3,902	3,929
Total reserves under special laws	3,902	3,929
Total liabilities	12,346,194	10,878,301
<b>Net assets</b>		
Shareholders' equity		
Capital stock	10,000	10,000
Capital surplus	457,714	457,714
Other capital surplus	457,714	457,714
Retained earnings	357,269	370,606
Legal retained earnings	2,500	2,500
Other retained earnings	354,769	368,106
Retained earnings brought forward	354,769	368,106
Total shareholders' equity	824,984	838,320
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	41,959	40,300
Total valuation and translation adjustments	41,959	40,300
Total net assets	866,943	878,620
<b>Total liabilities and net assets</b>	<b>13,213,137</b>	<b>11,756,921</b>

**2. Non-consolidated Statements of Income**

	(Millions of yen)	
	Three months ended June 30, 2020	Three months ended June 30, 2021
Operating revenue		
Commission received	37,357	53,536
Commissions to consignees	11,179	10,807
Commission for underwriting, secondary distribution and solicitation for selling and others for professional investors	3,467	8,318
Fee for offering, secondary distribution and solicitation for selling and others for professional investors	7,467	13,359
Other fees received	15,242	21,051
Net trading income	27,227	30,604
Financial revenue	25,590	3,086
Total operating revenue	90,175	87,226
Financial expenses	24,401	2,773
Net operating revenue	65,773	84,453
Selling, general and administrative expenses		
Trading related expenses	6,489	8,103
Personnel expenses	25,858	28,446
Real estate expenses	5,374	5,170
Office cost	15,120	15,508
Depreciation	1,621	1,813
Taxes and dues	1,891	2,084
Other	4,152	5,164
Total selling, general and administrative expenses	60,508	66,291
Operating profit	5,265	18,161
Non-operating income		
Dividend income	735	834
Other	126	217
Total non-operating income	862	1,051
Non-operating expenses		
Loss on investments in partnerships	320	72
Bond issuance cost	42	79
Other	90	68
Total non-operating expenses	453	220
Ordinary profit	5,674	18,993

(Millions of yen)

	Three months ended June 30, 2020	Three months ended June 30, 2021
<b>Extraordinary income</b>		
Gain on sales of investment securities	2,957	—
Gain on extinguishment of tie-in shares	6,630	—
Total extraordinary income	9,587	—
<b>Extraordinary losses</b>		
Impairment losses	89	228
Loss on valuation of investment securities	—	542
Provision of reserve for financial products transaction liabilities	218	27
Infectious disease related cost	775	—
Total extraordinary loss	1,083	797
Profit before income taxes	14,178	18,196
Income taxes	2,345	4,859
Profit	11,833	13,336

**3. Capital Adequacy Ratio on a stand-alone basis**

(Millions of yen)

		As of March 31, 2021	As of June 30, 2021
Basic items	(A)	824,984	838,320
Supplementary items	Valuation difference on available-for-sale securities and others	41,959	40,300
	Reserve for financial products transaction liabilities	3,902	3,929
	Allowance for doubtful accounts	8	3
Total		(B) 45,869	44,232
Deductible assets	(C)	207,959	221,671
Net capital	(A) + (B) - (C) (D)	662,894	660,881
Risk items	Market Risk	68,376	84,844
	Counterparty Risk	71,582	59,171
	Basic Risk	82,072	82,892
Total		(E) 222,031	226,908
Capital adequacy ratio	(D) / (E)*100	298.5%	291.2%

## 4. Quarterly Non-consolidated Statements of Income

(Millions of yen)

	FY2020 1Q (April 1 to June 30, 2020)	FY2020 2Q (July 1 to September 30, 2020)	FY2020 3Q (October 1 to December 31, 2020)	FY2020 4Q (January 1 to March 31, 2021)	FY2021 1Q (April 1 to June 30, 2021)
Operating revenue					
Commission received	37,357	54,422	63,185	54,492	53,536
Commissions to consignees	11,179	11,197	13,249	13,198	10,807
< Equities >	< 10,268 >	< 10,782 >	< 12,861 >	< 12,823 >	< 10,413 >
Commission for underwriting, secondary distribution and solicitation for selling and others for professional investors	3,467	12,689	13,257	6,738	8,318
< Equities >	< 65 >	< 6,573 >	< 7,503 >	< 3,435 >	< 2,035 >
< Bonds >	< 3,255 >	< 5,909 >	< 5,624 >	< 3,102 >	< 5,648 >
Fee for offering, secondary distribution and solicitation for selling and others for professional investors	7,467	13,355	15,133	13,007	13,359
< Investment trusts >	< 7,458 >	< 13,184 >	< 14,740 >	< 12,719 >	< 13,167 >
Other fees received	15,242	17,179	21,544	21,548	21,051
Net trading income	27,227	32,747	36,986	29,761	30,604
Financial revenue	25,590	17,705	25,235	19,751	3,086
Total operating revenue	90,175	104,874	125,407	104,004	87,226
Financial expenses	24,401	14,779	24,750	18,134	2,773
Net operating revenue	65,773	90,095	100,656	85,870	84,453
Selling, general and administrative expenses					
Trading related expenses	6,489	7,414	8,970	9,596	8,103
Personal expenses	25,858	31,093	32,217	29,447	28,446
Real estate expenses	5,374	5,558	5,454	5,500	5,170
Office cost	15,120	15,238	14,575	15,083	15,508
Depreciation	1,621	1,655	1,740	1,809	1,813
Taxes and dues	1,891	1,152	2,785	941	2,084
Other	4,152	4,044	3,629	4,407	5,164
Total selling, general and administrative expenses	60,508	66,156	69,372	66,786	66,291
Operating profit	5,265	23,938	31,284	19,083	18,161
Non-operating income	862	1,084	120	1,497	1,051
Non-operating expenses	453	178	215	366	220
Ordinary profit	5,674	24,844	31,188	20,213	18,993
Extraordinary income	9,587	312	18,143	61	—
Extraordinary losses	1,083	174	10,780	1,074	797
Profit before income taxes	14,178	24,983	38,551	19,200	18,196
Income taxes	2,345	6,315	12,544	4,689	4,859
Profit	11,833	18,667	26,007	14,510	13,336