



Date: April 28, 2022

SMBC NIKKO SECURITIES INC.

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

Consolidated Financial Results for the Fiscal Year ended March 31, 2022 (JGAAP)

(Amounts less than one million yen are omitted.)

1. Overall business performance for the Fiscal Year ended March 31, 2022

(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	%
FY2021	355,123	(5.9)	334,280	(6.6)	58,860	(30.4)	65,341	(28.0)	49,798	(30.6)
FY2020	377,400	7.6	357,935	13.3	84,518	96.5	90,752	82.1	71,739	82.6

Note : Comprehensive income FY2021 58,471million yen <(28.9%)> FY2020 82,257million yen <187.2%>

(2) Consolidated financial condition

	Total assets	Net assets	Equity ratio
As of	Millions of yen	Millions of yen	%
FY2021	14,142,069	947,326	6.7
FY2020	13,349,491	917,254	6.9

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

FY2021 945,782 million yen FY2020 915,799 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 : 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. 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 current consolidated fiscal year. 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 in accordance with the transitional provision set out in the proviso of Article 84 of the standard. The cumulative effect amount, applying with the new accounting policy retrospectively prior to the beginning of the current consolidated fiscal year was adjusted to retained earnings at the beginning of the current consolidated fiscal year.

As a result, there is no significant effect of applying the accounting standard etc. on the consolidated financial statements for the current consolidated fiscal year. 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 March 31, 2022
Assets		
Current assets		
Cash and deposits	1,205,180	1,056,883
Cash segregated as deposits	863,699	838,410
Trading products	3,258,705	3,618,975
Trading securities and other	2,647,408	2,867,136
Derivatives	611,296	751,838
Margin transaction assets	153,278	149,851
Loans on margin transactions	147,523	141,429
Cash collateral pledged for securities borrowing on margin transactions	5,754	8,421
Loans secured by securities	7,081,149	7,593,331
Cash collateral pledged for securities borrowed	4,507,156	3,938,791
Loans on Gensaki transactions	2,573,992	3,654,540
Short-term guarantee deposits	361,169	382,158
Accrued income	23,442	24,714
Other	82,062	123,928
Allowance for doubtful accounts	(8)	(50)
Total current assets	13,028,679	13,788,202
Non-current assets		
Property, plant and equipment	32,187	30,163
Buildings	14,597	15,187
Equipment	2,376	2,205
Land	6,135	5,967
Lease assets	8,694	6,802
Construction in progress	382	—
Intangible assets	73,613	80,261
Goodwill	5,387	4,753
Right of trademark	1	1
Software	67,531	74,812
Other	693	694
Investments and other assets	215,010	243,442
Investment securities	184,713	212,148
Long-term loans receivable	4,947	4,938
Long-term guarantee deposits	16,655	15,866
Deferred tax assets	1,484	1,232
Other	8,586	10,605
Allowance for doubtful accounts	(1,377)	(1,348)
Total non-current assets	320,811	353,867
Total assets	13,349,491	14,142,069

(Millions of yen)

	As of March 31, 2021	As of March 31, 2022
Liabilities		
Current liabilities		
Trading products	2,565,959	3,640,761
Trading securities and other	1,960,839	2,926,984
Derivatives	605,119	713,776
Trade date accrual	133,102	18,107
Margin transaction liabilities	157,840	182,203
Borrowings on margin transactions	845	483
Cash received for securities lending on margin transactions	156,994	181,719
Loans payable secured by securities	6,002,501	5,477,153
Cash received on debt credit transaction of securities	2,152,129	1,438,180
Borrowings on Gensaki transaction	3,850,371	4,038,973
Deposits received	735,840	720,564
Guarantee deposits received	159,947	205,684
Short-term loans payable	1,547,457	1,731,295
Current portion of long-term loans payable	2,000	51,000
Commercial papers	305,000	247,000
Current portion of bonds payable	136,714	173,633
Income taxes payable	6,447	2,049
Provision for bonuses	33,615	30,161
Other	51,769	43,633
Total current liabilities	11,838,196	12,523,247
Non-current liabilities		
Bonds payable	354,076	442,849
Long-term loans payable	212,000	200,800
Lease obligations	5,729	4,037
Deferred tax liabilities	10,629	12,374
Net defined benefit liabilities	3,839	3,806
Asset retirement obligations	3,280	2,854
Other	582	869
Total non-current liabilities	590,137	667,593
Reserves under special laws		
Reserve for financial products transaction liabilities	3,902	3,902
Total reserves under-special laws	3,902	3,902
Total liabilities	12,432,236	13,194,743
Net assets		
Shareholders' equity		
Capital stock	10,000	10,000
Capital surplus	457,848	457,848
Retained earnings	406,172	427,571
Total shareholders' equity	874,020	895,419
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	41,607	38,697
Deferred gains or losses on hedges	—	(27)
Foreign currency translation adjustment	164	11,698
Remeasurements of defined benefit plans	6	(6)
Total accumulated other comprehensive income	41,778	50,363
Non-controlling interests	1,455	1,543
Total net assets	917,254	947,326
Total liabilities and net assets	13,349,491	14,142,069

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

Consolidated Statements of Income

(Millions of yen)

	For the year ended March 31, 2021	For the year ended March 31, 2022
Operating revenue		
Commission received	224,026	226,943
Commissions to consignees	51,595	43,652
Commission for underwriting, secondary distribution and solicitation for selling and others for professional investors	39,679	40,358
Fee for offering, secondary distribution and solicitation for selling and others for professional investors	50,322	45,316
Other fees received	82,429	97,615
Net trading income	127,259	103,286
Financial revenue	18,715	18,368
Other sales	7,399	6,525
Total operating revenue	377,400	355,123
Financial expenses	12,444	14,410
Cost of other sales	7,020	6,433
Net operating revenue	357,935	334,280
Selling, general and administrative expenses		
Trading related expenses	33,219	35,352
Personnel expenses	133,810	128,363
Real estate expenses	25,813	24,254
Office cost	31,362	33,665
Depreciation	23,638	26,344
Taxes and dues	7,319	6,571
Other	18,252	20,868
Total selling, general and administrative expenses	273,416	275,419
Operating profit	84,518	58,860
Non-operating income		
Dividend income	2,566	2,749
Share of profit of investments accounted for using equity method	4,020	3,782
Foreign exchange gains	408	317
Other	648	851
Total non-operating income	7,643	7,701
Non-operating expenses		
Interest expenses	135	125
Loss on investments in partnerships	629	513
Bond issuance cost	272	194
Loss on retirement of noncurrent assets	128	137
Other	242	248
Total non-operating expenses	1,409	1,220
Ordinary profit	90,752	65,341

(Millions of yen)

	For the year ended March 31, 2021	For the year ended March 31, 2022
Extraordinary income		
Gain on sales of investment securities	21,479	338
Reversal of reserve for financial products transaction liabilities	—	0
Total extraordinary income	21,479	338
Extraordinary losses		
Impairment losses	1,663	410
Loss on valuation of investment securities	244	644
Provision of reserve for financial products transaction liabilities	757	—
Infectious disease related cost	874	—
Career change supporting expenses	9,787	—
Total extraordinary loss	13,327	1,055
Profit before income taxes and non-controlling interests	98,904	64,624
Income taxes - current	24,296	11,248
Income taxes - deferred	2,778	3,566
Income taxes	27,075	14,814
Profit	71,829	49,809
Profit attributable to non-controlling interests	90	11
Profit attributable to owners of parent	71,739	49,798

Consolidated Statements of Comprehensive Income

(Millions of yen)

	For the year ended March 31, 2021	For the year ended March 31, 2022
Profit	71,829	49,809
Other comprehensive income		
Valuation difference on available-for-sale securities	7,826	(2,912)
Foreign currency translation adjustment	2,979	4,529
Share of other comprehensive income of affiliates accounted for using equity method	(378)	7,044
Total other comprehensive income	10,427	8,661
Comprehensive income	82,257	58,471
Comprehensive income attributable to:		
Owners of parent	82,061	58,383
Non-controlling interests	195	88

3. Notes on Going Concern Assumption

Not applicable

4. Notes on Significant Changes in Shareholder's Equity

Appropriation of surplus was resolved at the board of directors held on September 21, 2021. As a result, the retained earnings decreased by 28,400 million yen in the current consolidated fiscal year, and outstanding amount of retained earnings at the end of the current consolidated fiscal year was 427,571 million yen.

• Dividends information

- (1) Total amount of dividends: 28,400 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: October 1, 2021
- (3) Dividend resource: Retained earnings

5. Changes in the presentation method

(Consolidated Statements of Income)

Regarding the amount equivalent to dividends paid to others, which was previously included in "Financial expenses," we considered revising the recording method when the amount equivalent to dividends generated from borrowed securities became significant. As a result, recording the amount of "Financial income" obtained by subtracting the amount equivalent to other dividends paid from the dividend received will adequately show the actual state of profitability related to the trading business of securities companies (securities-related businesses). From the current consolidated fiscal year, the amount equivalent to the dividend is deducted from "Financial income". To reflect this change in presentation, SMBC Nikko reclassified the related items in the consolidated financial statements for the previous consolidated fiscal year.

As a result, 88,470 million yen of "Financial revenue" and 82,199 million yen of "Financial expenses" in the consolidated statements of income for the previous consolidated fiscal year are reclassified to 18,715 million yen of "Financial revenue" and 12,444 million yen of "Financial expenses".

"Loss on retirement of noncurrent assets" (128 million yen as of the previous consolidated fiscal year) which was presented in "Other" in "Non-operating expenses" for the previous consolidated fiscal year is separately presented from the current consolidated fiscal year because its amount has become material. To reflect this change in presentation, SMBC Nikko reclassified the related items in the consolidated financial statements for the previous consolidated fiscal year.

As a result, 371 million yen of "Other" presented in "Non-operating expenses" in the consolidated statements of income for the previous consolidated fiscal year are reclassified to 128 million yen of "Loss on retirement of noncurrent assets" and 242 million yen of "Other".

6. Additional Information

(Suspicion of illegal stabilization transaction)

On March 24 and April 13, 2022, SMBC Nikko, former executive officers and employees were indicted by the Tokyo District Public Prosecutors Office on suspicion of violating illegal stabilization transaction.

Hereafter, SMBC Nikko will possibly bear the financial burden due to fines provided for in the Financial Instruments and Exchange Act. However, at this moment it is difficult to estimate these amounts, therefore, it is not clear if there is any impact on operating results and financial condition.

7. Notes on Significant Subsequent of Events

(Transfer of shares of subsidiary)

On April 25, 2022, SMBC Nikko has transferred all the shares of our consolidated subsidiary SMBC Nikko Capital Markets Europe GmbH (here after referred to as CMFRA) to Sumitomo Mitsui Banking Corporation (here after referred to as SMBC). As a result, CMFRA is excluded from the scope of consolidation.

1. Purpose of transferring shares of subsidiary

After the transfer of shares of CMFRA to SMBC, CMFRA merges with SMBC Bank EU AG, a banking subsidiary in Frankfurt Germany. As a Universal Bank, it will start to provide banking and securities products through a single entity in European Economic Area. Expanding the range of its financial services including securities services, SMBC group aims to increase competitiveness in Europe.

2. Outline of the moving subsidiary and its transactions

(1) Name

SMBC Nikko Capital Markets Europe GmbH

(2) Nature of business

Securities business, Swap-related business

(3) Nature of transactions

Collaboration in securities business, temporary assignment of employees

3. Outline of the transfer of shares

(1) Date of transfer

April 25th, 2022

(2) Number of shares owned before transfer

72,250,000 units (Ratio of voting rights held: 85.0%)

(3) Number of shares to transfer

72,250,000 units

(4) Price received for shares transfer

10,057 million yen

(5) Gain on the transfer of shares

2,352 million yen

(6) Numbers of shares held after the transfer

—units (Ratio of voting rights held: —%)

III. Supplementary Information

1. Commission Received

(1) Breakdown by Categories

(Millions of yen, except for percentages)

	For the year ended March 31, 2021	For the year ended March 31, 2022	Increase/(Decrease)	
			Amount	Rate of change
Commissions to consignees	51,595	43,652	(7,942)	(15.4) %
< Equities >	< 49,051 >	< 42,413 >	< (6,638) >	< (13.5) >
< Bonds >	< 60 >	< 36 >	< (23) >	< (39.3) >
< Investment trusts >	< 1,927 >	< 2,183 >	< 255 >	< 13.3 >
Commission for underwriting, secondary distribution and solicitation for selling and others for professional investors	39,679	40,358	679	1.7
< Equities >	< 17,638 >	< 18,517 >	< 879 >	< 5.0 >
< Bonds >	< 21,358 >	< 20,707 >	< (651) >	< (3.0) >
Fee for offering, secondary distribution and solicitation for selling and others for professional investors	50,322	45,316	(5,005)	(9.9)
< Investment trusts >	< 48,102 >	< 42,328 >	< (5,773) >	< (12.0) >
Other fees received	82,429	97,615	15,185	18.4
Total	224,026	226,943	2,916	1.3

(2) Breakdown by Products

(Millions of yen, except for percentages)

	For the year ended March 31, 2021	For the year ended March 31, 2022	Increase/(Decrease)	
			Amount	Rate of change
Equities	69,508	63,995	(5,513)	(7.9) %
Bonds	24,697	25,154	456	1.8
Investment trusts	83,553	85,013	1,459	1.7
Other	46,267	52,780	6,513	14.1
Total	224,026	226,943	2,916	1.3

2. Net Trading Income

(Millions of yen, except for percentages)

	For the year ended March 31, 2021	For the year ended March 31, 2022	Increase/(Decrease)	
			Amount	Rate of change
Net trading income on equities	67,070	44,685	(22,385)	(33.4) %
Net trading income on bonds and others	60,189	58,601	(1,587)	(2.6)
Total	127,259	103,286	(23,973)	(18.8)

3. Quarterly Consolidated Statements of Income

	(Millions of yen)				
	FY2020 4Q (January 1 to March 31, 2021)	FY2021 1Q (April 1 to June 30, 2021)	FY2021 2Q (July 1 to September 30, 2021)	FY2021 3Q (October 1 to December 31, 2021)	FY2021 4Q (January 1 to March 31, 2022)
Operating revenue					
Commission received	59,152	57,082	59,056	61,281	49,522
Commissions to consignees	14,046	11,265	11,817	10,820	9,748
< Equities >	< 13,621 >	< 10,959 >	< 11,381 >	< 10,883 >	< 9,188 >
Commission for underwriting, secondary distribution and solicitation for selling and others for professional investors	8,087	9,500	11,002	13,090	6,764
< Equities >	< 3,495 >	< 2,089 >	< 5,807 >	< 7,692 >	< 2,926 >
< Bonds >	< 4,390 >	< 6,776 >	< 5,012 >	< 5,302 >	< 3,616 >
Fee for offering, secondary distribution and solicitation for selling and others for professional investors	13,368	13,492	11,628	11,943	8,251
< Investment trusts >	< 12,719 >	< 13,167 >	< 11,162 >	< 10,802 >	< 7,195 >
Other fees received	23,649	22,823	24,608	25,426	24,757
Net trading income	30,028	30,805	27,895	29,903	14,680
Financial revenue	5,050	3,097	6,022	4,540	4,708
Other sales	1,722	1,610	1,628	1,600	1,685
Total operating revenue	95,954	92,596	94,603	97,325	70,597
Financial expenses	3,434	2,810	2,971	4,063	4,564
Cost of other sales	1,699	1,505	1,595	1,518	1,813
Net operating revenue	90,820	88,279	90,037	91,743	64,219
Selling, general and administrative expenses					
Trading related expenses	9,828	8,126	8,551	9,767	8,907
Personnel expenses	33,378	32,477	33,443	33,150	29,290
Real estate expenses	6,484	6,113	5,960	5,900	6,278
Office cost	8,802	8,199	8,429	8,369	8,666
Depreciation	6,184	6,060	7,116	6,382	6,784
Taxes and dues	1,005	2,273	1,370	1,904	1,024
Other	5,184	5,736	4,387	5,191	5,553
Total selling, general and administrative expenses	70,867	68,987	69,259	70,666	66,505
Operating profit	19,952	19,292	20,777	21,076	(2,285)
Non-operating income	2,698	1,884	2,516	1,265	2,035
Non-operating expenses	526	308	322	207	382
Ordinary profit	22,123	20,867	22,970	22,134	(632)
Extraordinary income	61	—	173	—	165
Extraordinary losses	1,162	873	160	121	(100)
Profit before income taxes and non-controlling interests	21,023	19,994	22,983	22,013	(367)
Income taxes	4,731	5,260	5,168	6,704	(2,318)
Profit	16,292	14,734	17,815	15,309	1,950
Profit attributable to non-controlling interests	63	37	(47)	36	(14)
Profit attributable to owners of parent	16,229	14,697	17,862	15,272	1,965

IV. Non-consolidated Financial Statements

1. Non-consolidated Balance Sheets

	(Millions of yen)	
	As of March 31, 2021	As of March 31, 2022
Assets		
Current assets		
Cash and deposits	1,087,292	927,172
Cash segregated as deposits	863,675	838,385
Trading products	3,258,705	3,618,854
Trading securities and other	2,647,408	2,867,016
Derivatives	611,296	751,838
Margin transaction assets	153,278	149,851
Loans on margin transactions	147,523	141,429
Cash collateral pledged for securities borrowing on margin transactions	5,754	8,421
Loans secured by securities	7,081,149	7,593,331
Cash collateral pledged for securities borrowed	4,507,156	3,938,791
Loans on Gensaki transactions	2,573,992	3,654,540
Short-term guarantee deposits	361,169	382,158
Short-term loans receivable	72,800	84,134
Accrued income	21,358	22,866
Other	30,525	64,034
Allowance for doubtful accounts	(8)	(50)
Total current assets	12,929,947	13,680,739
Non-current assets		
Property, plant and equipment	25,397	24,591
Buildings	13,914	14,554
Equipment	1,551	1,430
Land	6,135	5,967
Lease assets	3,413	2,639
Construction in progress	382	—
Intangible assets	16,487	18,591
Goodwill	5,387	4,753
Right of trademark	1	1
Software	8,926	11,460
Other	2,171	2,376
Investments and other assets	241,305	255,977
Investment securities	110,597	111,648
Stocks of subsidiaries and affiliates	106,824	118,858
Long-term loans receivable	4,941	4,935
Long-term guarantee deposits	15,463	14,788
Other	4,854	7,095
Allowance for doubtful accounts	(1,377)	(1,348)
Total non-current assets	283,190	299,160
Total assets	13,213,137	13,979,899

(Millions of yen)

	As of March 31, 2021	As of March 31, 2022
Liabilities		
Current liabilities		
Trading products	2,565,959	3,640,761
Trading securities and other	1,960,839	2,926,984
Derivatives	605,119	713,776
Trade date accrual	133,102	18,107
Margin transaction liabilities	157,840	182,203
Borrowings on margin transactions	845	483
Cash received for securities lending on margin transactions	156,994	181,719
Loans payable secured by securities	6,002,501	5,477,153
Cash received on debt credit transaction of securities	2,152,129	1,438,180
Borrowings on Gensaki transaction	3,850,371	4,038,973
Deposits received	674,959	651,106
Guarantee deposits received	159,947	205,684
Short-term loans payable	1,550,050	1,734,050
Current portion of long-term loans payable	2,000	51,000
Commercial papers	305,000	247,000
Current portion of bonds payable	136,714	173,633
Income taxes payable	5,543	1,328
Provision for bonuses	29,647	25,743
Other	35,192	25,872
Total current liabilities	11,758,457	12,433,645
Non-current liabilities		
Bonds payable	354,076	442,849
Long-term loans payable	212,000	200,800
Lease obligations	2,189	1,509
Deferred tax liabilities	8,990	10,488
Provision for retirement benefits	3,450	3,374
Asset retirement obligations	3,019	2,586
Other	108	470
Total non-current liabilities	583,834	662,079
Reserves under special laws		
Reserve for financial products transaction liabilities	3,902	3,902
Total reserves under special laws	3,902	3,902
Total liabilities	12,346,194	13,099,627
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	357,269	373,128
Legal retained earnings	2,500	2,500
Other retained earnings	354,769	370,628
Retained earnings brought forward	354,769	370,628
Total shareholders' equity	824,984	840,842
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	41,959	39,429
Total valuation and translation adjustments	41,959	39,429
Total net assets	866,943	880,272
Total liabilities and net assets	13,213,137	13,979,899

2. Non-consolidated Statements of Income

	(Millions of yen)	
	For the year ended March 31, 2021	For the year ended March 31, 2022
Operating revenue		
Commission received	209,457	213,062
Commissions to consignees	48,824	42,385
Commission for underwriting, secondary distribution and solicitation for selling and others for professional investors	36,152	36,316
Fee for offering, secondary distribution and solicitation for selling and others for professional investors	48,965	43,869
Other fees received	75,515	90,491
Net trading income	126,722	101,810
Financial revenue	18,527	18,310
Total operating revenue	354,707	333,183
Financial expenses	12,311	14,231
Net operating revenue	342,396	318,951
Selling, general and administrative expenses		
Trading related expenses	32,469	35,271
Personnel expenses	118,616	111,427
Real estate expenses	21,887	20,323
Office cost	60,017	62,333
Depreciation	6,827	8,640
Taxes and dues	6,771	5,800
Other	16,233	18,497
Total selling, general and administrative expenses	262,825	262,293
Operating profit	79,570	56,657
Non-operating income		
Dividend income	3,150	3,340
Other	413	639
Total non-operating income	3,564	3,980
Non-operating expenses		
Loss on investments in partnerships	629	513
Bond issuance cost	272	194
Other	311	308
Total non-operating expenses	1,214	1,017
Ordinary profit	81,920	59,620

(Millions of yen)

	For the year ended March 31, 2021	For the year ended March 31, 2022
Extraordinary income		
Gain on sales of investment securities	21,475	338
Reversal of reserve for financial products transaction liabilities	—	0
Gain on extinguishment of tie-in shares	6,630	—
Total extraordinary income	28,105	338
Extraordinary losses		
Impairment losses	1,663	410
Loss on valuation of investment securities	129	502
Loss on valuation of stocks of subsidiaries and affiliates	—	1,184
Provision of reserve for financial products transaction liabilities	757	—
Infectious disease related cost	775	—
Career change supporting expenses	9,787	—
Total extraordinary loss	13,113	2,098
Profit before income taxes	96,913	57,860
Income taxes - current	23,745	10,715
Income taxes - deferred	2,148	2,886
Income taxes	25,894	13,601
Profit	71,019	44,258

3. Capital Adequacy Ratio on a stand-alone basis

(Millions of yen)

		As of March 31, 2021	As of March 31, 2022
Basic items	(A)	824,984	840,842
Supplementary items	Valuation difference on available-for-sale securities and others	41,959	39,429
	Reserve for financial products transaction liabilities	3,902	3,902
	Allowance for doubtful accounts	8	2
Total		(B) 45,869	43,334
Deductible assets	(C)	207,959	229,922
Net capital	(A) + (B) - (C) (D)	662,894	654,254
Risk items	Market Risk	68,376	64,502
	Counterparty Risk	71,582	76,751
	Basic Risk	82,072	69,213
Total		(E) 222,031	210,468
Capital adequacy ratio	(D) / (E)*100	298.5%	310.8%

4. Quarterly Non-consolidated Statements of Income

(Millions of yen)

	FY2020 4Q (January 1 to March 31, 2021)	FY2021 1Q (April 1 to June 30, 2021)	FY2021 2Q (July 1 to September 30, 2021)	FY2021 3Q (October 1 to December 31, 2021)	FY2021 4Q (January 1 to March 31, 2022)
Operating revenue					
Commission received	54,492	53,536	55,748	58,135	45,642
Commissions to consignees	13,198	10,807	11,277	10,963	9,336
< Equities >	< 12,823 >	< 10,413 >	< 10,766 >	< 10,309 >	< 8,571 >
Commission for underwriting, secondary distribution and solicitation for selling and others for professional investors	6,738	8,318	10,588	11,794	5,614
< Equities >	< 3,435 >	< 2,035 >	< 5,867 >	< 7,704 >	< 2,910 >
< Bonds >	< 3,102 >	< 5,648 >	< 4,539 >	< 3,995 >	< 2,483 >
Fee for offering, secondary distribution and solicitation for selling and others for professional investors	13,007	13,359	11,283	11,119	8,107
< Investment trusts >	< 12,719 >	< 13,167 >	< 11,162 >	< 10,802 >	< 7,195 >
Other fees received	21,548	21,051	22,598	24,258	22,582
Net trading income	29,761	30,604	27,550	29,122	14,533
Financial revenue	5,017	3,086	6,004	4,534	4,685
Total operating revenue	89,271	87,226	89,302	91,791	64,861
Financial expenses	3,400	2,773	2,917	4,032	4,508
Net operating revenue	85,870	84,453	86,385	87,759	60,353
Selling, general and administrative expenses					
Trading related expenses	9,596	8,103	8,880	9,822	8,464
Personal expenses	29,447	28,446	29,179	28,992	24,809
Real estate expenses	5,500	5,170	5,014	4,954	5,184
Office cost	15,083	15,508	15,675	15,576	15,572
Depreciation	1,809	1,813	2,846	1,951	2,029
Taxes and dues	941	2,084	1,121	1,709	884
Other	4,407	5,164	3,950	4,558	4,824
Total selling, general and administrative expenses	66,786	66,291	66,669	67,565	61,768
Operating profit	19,083	18,161	19,716	20,194	(1,415)
Non-operating income	1,497	1,051	1,193	148	1,586
Non-operating expenses	366	220	256	199	340
Ordinary profit	20,213	18,993	20,653	20,143	(169)
Extraordinary income	61	—	173	—	165
Extraordinary losses	1,074	797	942	110	249
Profit before income taxes	19,200	18,196	19,884	20,033	(253)
Income taxes	4,689	4,859	4,760	6,411	(2,429)
Profit	14,510	13,336	15,124	13,622	2,175