



April 30, 2024

SMBC NIKKO SECURITIES INC.

Consolidated Financial Results for the Fiscal Year Ended March 31, 2024
(Under Japanese GAAP)

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

Representative: Shuji Yoshioka, Representative Director, President & CEO

Preparation of supplementary material on financial results: Yes

Holding of financial results briefing: None

(Amounts less than one million yen are rounded down.)

1. Consolidated financial results for the fiscal year ended March 31, 2024

(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 | % |
| FY2023 | 419,113 | 50.0 | 313,380 | 40.6 | 27,489 | — | 31,941 | — | 16,238 | — |
| FY2022 | 279,492 | (21.3) | 222,878 | (33.3) | (44,485) | — | (42,170) | — | (39,838) | — |

Note: Comprehensive income FY2023 68,710 million yen <—%> FY2022 (29,114) million yen <—%>

| | Basic earnings per share | | Diluted earnings per share | | Return on equity | |
|--------|--------------------------|--|----------------------------|--|------------------|--|
| | Yen | | Yen | | % | |
| FY2023 | 81,189.33 | | — | | 1.5 | |
| FY2022 | (199,189.47) | | — | | (4.3) | |

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

FY2023 2,364 million yen FY2022 (1,162) million yen

(2) Consolidated financial position

| As of | Total assets | | Net assets | | Equity ratio | | Net assets per share | |
|----------------|-----------------|--|-----------------|--|--------------|--|----------------------|--|
| | Millions of yen | | Millions of yen | | % | | Millions of yen | |
| March 31, 2024 | 19,832,076 | | 1,235,676 | | 6.2 | | 6,178,070.09 | |
| March 31, 2023 | 15,141,406 | | 916,588 | | 6.1 | | 4,582,681.67 | |

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

FY2023 1,235,626 million yen FY2022 916,540 million yen

* Notes

(1) Significant changes in the scope of consolidation during the period: Yes

Newly included: None

Excluded: 1 company (SMBC Nikko Bank (Luxembourg) S.A.)

(2) Changes in accounting policies, changes in accounting estimates, and restatement

(i) Changes in accounting policies due to revisions to accounting standards: Yes

(ii) Changes in accounting policies due to other reasons: None

(iii) Changes in accounting estimates: None

(iv) Restatement: None

(3) Number of issued shares (common shares)

(i) Total number of issued shares at the end of the period (including treasury shares)

| | |
|----------------------|----------------|
| As of March 31, 2024 | 200,002 shares |
| As of March 31, 2023 | 200,001 shares |

(ii) Number of treasury shares at the end of the period

| | |
|----------------------|----------|
| As of March 31, 2024 | — shares |
| As of March 31, 2023 | — shares |

(iii) Average number of shares outstanding during the period

| | |
|----------------------------------|----------------|
| Fiscal year ended March 31, 2024 | 200,002 shares |
| Fiscal year ended March 31, 2023 | 200,001 shares |

* Financial results reports are exempt from audit conducted by certified public accountants or an audit firm.

* Other special matters

Not applicable.

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I. Summary Information (Notes)

1. Significant changes in the scope of consolidation during the period

SMBC Nikko Bank (Luxembourg) S.A. is excluded from the scope of consolidation from the current fiscal year, due to SMBC Nikko Securities Inc. (the “Company”) transferred all shares of SMBC Nikko Bank (Luxembourg) S.A. to SMBC Bank EU AG.

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

The Company applied “Practical Solution on the Accounting for and Disclosure of the issuance and holding of Electronically Recorded Transferable Rights That Must Be Indicated on Securities, etc.” (ASBJ Practical Solution No. 43, August 26, 2022) from the beginning of the current fiscal year. There are no effects on the consolidated financial statements due to the application of the Practical Solution.

II. Consolidated Financial Statements

1. Consolidated Balance Sheets

(Millions of yen)

| | As of March 31, 2023 | As of March 31, 2024 |
|---|----------------------|----------------------|
| Assets | | |
| Current assets | | |
| Cash and deposits | 1,641,800 | 2,146,203 |
| Cash segregated as deposits | 692,737 | 677,557 |
| Trading products | 4,706,496 | 5,957,101 |
| Trading securities and other | 3,699,558 | 4,422,323 |
| Derivatives | 1,006,938 | 1,534,777 |
| Margin transaction assets | 130,968 | 152,677 |
| Loans on margin transactions | 120,058 | 140,174 |
| Cash collateral pledged for securities borrowing on margin transactions | 10,909 | 12,503 |
| Loans secured by securities | 6,963,421 | 9,346,278 |
| Cash collateral pledged for securities borrowed | 3,964,197 | 4,561,145 |
| Loans on Gensaki transactions | 2,999,224 | 4,785,132 |
| Short-term guarantee deposits | 453,937 | 772,006 |
| Accrued income | 31,557 | 52,660 |
| Other | 123,257 | 185,049 |
| Allowance for doubtful accounts | (2) | (171) |
| Total current assets | 14,744,175 | 19,289,361 |
| Non-current assets | | |
| Property, plant and equipment | 28,313 | 29,377 |
| Buildings | 14,476 | 14,299 |
| Equipment | 2,114 | 2,660 |
| Land | 5,681 | 5,641 |
| Lease assets | 6,041 | 6,772 |
| Construction in progress | - | 3 |
| Intangible assets | 77,613 | 92,189 |
| Right of trademark | 1 | 1 |
| Software | 76,964 | 91,549 |
| Other | 647 | 639 |
| Investments and other assets | 291,305 | 421,146 |
| Investment securities | 220,005 | 281,494 |
| Long-term loans receivable | 44,939 | 113,715 |
| Long-term guarantee deposits | 15,296 | 15,510 |
| Deferred tax assets | 2,888 | 2,186 |
| Other | 9,520 | 9,609 |
| Allowance for doubtful accounts | (1,346) | (1,370) |
| Total non-current assets | 397,231 | 542,714 |
| Total assets | 15,141,406 | 19,832,076 |

(Millions of yen)

| | As of March 31, 2023 | As of March 31, 2024 |
|---|----------------------|----------------------|
| Liabilities | | |
| Current liabilities | | |
| Trading products | 3,889,371 | 5,464,502 |
| Trading securities and other | 2,987,797 | 3,904,441 |
| Derivatives | 901,574 | 1,560,060 |
| Trade date accrual | 368,814 | 340,523 |
| Margin transaction liabilities | 198,200 | 224,212 |
| Borrowings on margin transactions | 1,334 | 3,416 |
| Cash received for securities lending on margin transactions | 196,865 | 220,796 |
| Loans payable secured by securities | 5,308,804 | 7,519,140 |
| Cash received for securities lending transactions | 1,083,177 | 1,326,791 |
| Borrowings on Gensaki transaction | 4,225,626 | 6,192,349 |
| Deposits received | 580,586 | 627,127 |
| Guarantee deposits received | 202,569 | 219,931 |
| Short-term loans payable | 2,480,422 | 2,724,700 |
| Current portion of long-term loans payable | 50,000 | 3,000 |
| Commercial papers | 352,000 | 579,000 |
| Current portion of bonds payable | 100,936 | 26,759 |
| Income taxes payable | 1,075 | 3,218 |
| Provision for bonuses | 26,952 | 34,716 |
| Provision for point card certificates | - | 347 |
| Other | 45,665 | 66,968 |
| Total current liabilities | 13,605,399 | 17,834,149 |
| Non-current liabilities | | |
| Bonds payable | 392,605 | 352,828 |
| Long-term loans payable | 201,150 | 359,750 |
| Lease obligations | 3,657 | 4,554 |
| Deferred tax liabilities | 10,161 | 32,874 |
| Net defined benefit liability | 3,574 | 3,078 |
| Asset retirement obligations | 2,976 | 3,126 |
| Other | 1,391 | 1,405 |
| Total non-current liabilities | 615,516 | 757,618 |
| Reserves under special laws | | |
| Reserve for financial products transaction liabilities | 3,902 | 4,631 |
| Total reserves under special laws | 3,902 | 4,631 |
| Total liabilities | 14,224,818 | 18,596,399 |
| Net assets | | |
| Shareholders' equity | | |
| Capital stock | 10,000 | 135,000 |
| Capital surplus | 457,848 | 582,848 |
| Retained earnings | 387,610 | 404,226 |
| Total shareholders' equity | 855,459 | 1,122,075 |
| Accumulated other comprehensive income | | |
| Valuation difference on available-for-sale securities | 35,874 | 78,500 |
| Deferred gains or losses on hedges | 27 | (9) |
| Foreign currency translation adjustment | 25,174 | 35,046 |
| Remeasurements of defined benefit plans | 5 | 14 |
| Total accumulated other comprehensive income | 61,081 | 113,551 |
| Non-controlling interests | 47 | 50 |
| Total net assets | 916,588 | 1,235,676 |
| Total liabilities and net assets | 15,141,406 | 19,832,076 |

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

Consolidated Statements of Income

| | (Millions of yen) | |
|--|--------------------------------------|--------------------------------------|
| | For the year ended March 31, 2023 | For the year ended March 31, 2024 |
| Operating revenue | | |
| Commission received | 159,130 | 228,821 |
| Brokerage commissions | 28,164 | 49,152 |
| Commission for underwriting, secondary distribution and solicitation for selling and others for professional investors | 17,633 | 36,092 |
| Fee for offering, secondary distribution and solicitation for selling and others for professional investors | 17,554 | 27,001 |
| Other fees received | 95,777 | 116,574 |
| Net trading income | 62,728 | 59,993 |
| Financial revenue | 50,997 | 124,530 |
| Other sales | 6,635 | 5,768 |
| Total operating revenue | 279,492 | 419,113 |
| Financial expenses | 49,970 | 100,050 |
| Cost of other sales | 6,643 | 5,682 |
| Net operating revenue | 222,878 | 313,380 |
| Selling, general and administrative expenses | | |
| Trading related expenses | 32,035 | 38,332 |
| Personnel expenses | 123,353 | 130,961 |
| Real estate expenses | 23,334 | 22,936 |
| Office expenses | 32,343 | 35,346 |
| Depreciation | 27,570 | 27,538 |
| Taxes and dues | 5,050 | 6,231 |
| Other | 23,675 | 24,543 |
| Total selling, general and administrative expenses | 267,364 | 285,890 |
| Operating profit (loss) | (44,485) | 27,489 |
| Non-operating income | | |
| Dividend income | 2,805 | 3,316 |
| Equity in earnings of affiliates | - | 2,364 |
| Foreign exchange gains | 333 | - |
| Gain on investments in partnerships | 1,119 | 1,582 |
| Other | 565 | 557 |
| Total non-operating income | 4,823 | 7,820 |
| Non-operating expenses | | |
| Interest expenses | 89 | 130 |
| Equity in losses of affiliates | 1,162 | - |
| Loss on investments in partnerships | 799 | 1,601 |
| Share issuance costs | - | 875 |
| Bond issuance costs | 208 | 105 |
| Other | 247 | 657 |
| Total non-operating expenses | 2,508 | 3,369 |
| Ordinary profit (loss) | (42,170) | 31,941 |

(Millions of yen)

| | For the year ended March 31, 2023 | For the year ended March 31, 2024 |
|---|--------------------------------------|--------------------------------------|
| Extraordinary income | | |
| Gain on sale of noncurrent assets | 645 | - |
| Gain on sale of investment securities | 1,827 | 416 |
| Gain on sale of shares of subsidiary | 2,352 | - |
| Reversal of reserve for financial products transaction liabilities | 0 | - |
| Total extraordinary income | 4,825 | 416 |
| Extraordinary losses | | |
| Impairment losses | 11,299 | 114 |
| Loss on sale of investment securities | 107 | 184 |
| Loss on valuation of investment securities | 297 | 736 |
| Loss on sale of shares of subsidiaries and affiliates | - | 7,860 |
| Provision of reserve for financial products transaction liabilities | - | 729 |
| Fines for market manipulation | 5,777 | - |
| Loss on overseas office | 2,968 | - |
| Total extraordinary loss | 20,451 | 9,626 |
| Profit (loss) before income taxes and non-controlling interests | (57,796) | 22,731 |
| Income taxes - current | (14,832) | 3,739 |
| Income taxes - deferred | (3,131) | 2,751 |
| Income taxes | (17,963) | 6,490 |
| Profit (loss) | (39,832) | 16,240 |
| Profit attributable to non-controlling interests | 5 | 2 |
| Profit (loss) attributable to owners of parent | (39,838) | 16,238 |

Consolidated Statements of Comprehensive Income

(Millions of yen)

| | For the year ended March 31, 2023 | For the year ended March 31, 2024 |
|---|--------------------------------------|--------------------------------------|
| Profit (loss) | (39,832) | 16,240 |
| Other comprehensive income | | |
| Valuation difference on available-for-sale securities | (2,722) | 42,541 |
| Foreign currency translation adjustment | 3,548 | 3,042 |
| Share of other comprehensive income of affiliates accounted for using equity method | 9,892 | 6,886 |
| Total other comprehensive income | 10,718 | 52,469 |
| Comprehensive income | (29,114) | 68,710 |
| Comprehensive income attributable to: | | |
| Owners of parent | (29,119) | 68,707 |
| Non-controlling interests | 5 | 2 |

3. Consolidated Statements of Changes in Net Assets

For the fiscal year ended March 31, 2023

(Millions of Yen)

| | Shareholders' equity | | | |
|---|----------------------|-----------------|-------------------|----------------------------|
| | Capital stock | Capital surplus | Retained earnings | Total shareholders' equity |
| Balance as of beginning of fiscal year | 10,000 | 457,848 | 427,571 | 895,419 |
| Changes of items during fiscal year | | | | |
| Issuance of new stock | | | | — |
| Loss attributable to owners of parent | | | (39,838) | (39,838) |
| Changes arising from restructuring | | | (122) | (122) |
| Increase arising from exclusion from the scope of the equity method | | | | — |
| Net changes of items other than shareholders' equity | | | | — |
| Total changes of items during fiscal year | — | — | (39,960) | (39,960) |
| Balance as of end of fiscal year | 10,000 | 457,848 | 387,610 | 855,459 |

| | Accumulated other comprehensive income | | | | | Non-controlling interests | Total net assets |
|---|---|------------------------------------|---|---|--|---------------------------|------------------|
| | Valuation difference on available-for-sale securities | Deferred gains or losses on hedges | Foreign currency translation adjustment | Accumulated remeasurements of defined benefit plans | Total accumulated other comprehensive income | | |
| Balance as of beginning of fiscal year | 38,697 | (27) | 11,698 | (6) | 50,363 | 1,543 | 947,326 |
| Changes of items during fiscal year | | | | | | | |
| Issuance of new stock | | | | | | | — |
| Loss attributable to owners of parent | | | | | | | (39,838) |
| Changes arising from restructuring | | | | | | | (122) |
| Increase arising from exclusion from the scope of the equity method | | | | | | | — |
| Net changes of items other than shareholders' equity | (2,823) | 54 | 13,475 | 11 | 10,718 | (1,495) | 9,222 |
| Total changes of items during fiscal year | (2,823) | 54 | 13,475 | 11 | 10,718 | (1,495) | (30,737) |
| Balance as of end of fiscal year | 35,874 | 27 | 25,174 | 5 | 61,081 | 47 | 916,588 |

For the fiscal year ended March 31, 2024

(Millions of Yen)

| | Shareholders' equity | | | |
|---|----------------------|-----------------|-------------------|----------------------------|
| | Capital stock | Capital surplus | Retained earnings | Total shareholders' equity |
| Balance as of beginning of fiscal year | 10,000 | 457,848 | 387,610 | 855,459 |
| Changes of items during fiscal year | | | | |
| Issuance of new stock | 125,000 | 125,000 | | 250,000 |
| Loss attributable to owners of parent | | | 16,238 | 16,238 |
| Changes arising from restructuring | | | | — |
| Increase arising from exclusion from the scope of the equity method | | | 377 | 377 |
| Net changes of items other than shareholders' equity | | | | — |
| Total changes of items during fiscal year | 125,000 | 125,000 | 16,615 | 266,615 |
| Balance as of end of fiscal year | 135,000 | 582,848 | 404,226 | 1,122,075 |

| | Accumulated other comprehensive income | | | | | Non-controlling interests | Total net assets |
|---|---|------------------------------------|---|---|--|---------------------------|------------------|
| | Valuation difference on available-for-sale securities | Deferred gains or losses on hedges | Foreign currency translation adjustment | Accumulated remeasurements of defined benefit plans | Total accumulated other comprehensive income | | |
| Balance as of beginning of fiscal year | 35,874 | 27 | 25,174 | 5 | 61,081 | 47 | 916,588 |
| Changes of items during fiscal year | | | | | | | |
| Issuance of new stock | | | | | | | 250,000 |
| Loss attributable to owners of parent | | | | | | | 16,238 |
| Changes arising from restructuring | | | | | | | — |
| Increase arising from exclusion from the scope of the equity method | | | | | | | 377 |
| Net changes of items other than shareholders' equity | 42,625 | (37) | 9,872 | 8 | 52,469 | 2 | 52,472 |
| Total changes of items during fiscal year | 42,625 | (37) | 9,872 | 8 | 52,469 | 2 | 319,088 |
| Balance as of end of fiscal year | 78,500 | (9) | 35,046 | 14 | 113,551 | 50 | 1,235,676 |

4. Notes on Going Concern Assumption

Not applicable.

5. Notes on Consolidated Financial Statements

(Per Share Data)

| | | For the fiscal year ended March 31, 2023 | For the fiscal year ended March 31, 2024 |
|-------------------------|-------|---|---|
| Net assets per share | (Yen) | 4,582,681.67 | 6,178,070.09 |
| Profit (loss) per share | (Yen) | (199,189.47) | 81,189.33 |

(Notes) 1. Diluted profit (loss) per share is not presented in the table above since the Company issued no dilutive shares.

2. Profit (loss) per share is calculated based on the following:

| | | For the fiscal year ended March 31, 2023 | For the fiscal year ended March 31, 2024 |
|--|--------------------|---|---|
| Profit (loss) per share | | | |
| Profit (loss) attributable to owners of parent | (Millions of Yen) | (39,838) | 16,238 |
| Profit not attributable to common stock shareholder | (Millions of Yen) | — | — |
| Profit (loss) attributable to owners of parent and to common stock | (Millions of Yen) | (39,838) | 16,238 |
| Average number of common shares during the fiscal year | (Number of Shares) | 200,001 | 200,002 |

3. Net assets per share is calculated based on the following:

| | | As of March 31, 2023 | As of March 31, 2024 |
|--|--------------------|----------------------|----------------------|
| Total net assets | (Millions of Yen) | 916,588 | 1,235,676 |
| Amount to be deducted from Total net assets | (Millions of Yen) | 47 | 50 |
| (of which Non-controlling interests) | (Millions of Yen) | (47) | (50) |
| Net assets attributable to common stock at the end of the fiscal year | (Millions of Yen) | 916,540 | 1,235,626 |
| Number of common shares at the end of the fiscal year used for the calculation of Net assets per share | (Number of Shares) | 200,001 | 200,002 |

(Significant Subsequent Events)

On April 1, 2024, the Company paid dividend in all of the shares of its consolidated subsidiary Nikko Systems Solutions, Ltd. ("NKSOL") to its parent company Sumitomo Mitsui Financial Group, Inc. ("SMFG"). As a result, NKSOL was excluded from the consolidated subsidiaries of the Company.

1. Reason for dividend in kind

Paying dividend in NKSOL shares to SMFG is intended to demonstrate the SMBC Group's comprehensive capabilities more effectively by The Japan Research Institute, Ltd. and NKSOL which are the core IT companies of the SMBC Group establishing an organizational cooperation system under the intermediate holding company JRI Holdings, Ltd.

2. Matters related to dividend in kind

i. Types of dividend assets and total book value

| Types of dividend assets | Number of shares | Shareholding ratio | Book value |
|--------------------------|------------------|--------------------|--------------------|
| NKSOL common shares | 50,001 shares | 100% | 12,959 million yen |

ii. Matters related to allocation of dividend assets to shareholders

The Company allocated NKSOL common shares of 50,001 to SMFG for 200,002 shares of the Company held by SMFG.

3. Schedule of dividends in kind

| | |
|---|----------------|
| Resolution of the extraordinary general shareholders' meeting of the Company: | March 12, 2024 |
| Effective date (dividend in kind): | April 1, 2024 |

III. Supplementary Information

1. Commission Received

(1) Breakdown by Categories

(Millions of yen, except for percentages)

| | For the year ended March 31, 2023 | For the year ended March 31, 2024 | Increase/(Decrease) | |
|--|--------------------------------------|--------------------------------------|---------------------|----------------|
| | | | Amount | Rate of change |
| Brokerage commissions | 28,164 | 49,152 | 20,987 | 74.5 % |
| < Equities > | < 26,593 > | < 47,501 > | < 20,907 > | < 78.6 > |
| < Bonds > | < 30 > | < 70 > | < 39 > | < 127.0 > |
| < Investment trusts > | < 1,506 > | < 1,511 > | < 5 > | < 0.3 > |
| Commission for underwriting, secondary distribution and solicitation for selling and others for professional investors | 17,633 | 36,092 | 18,459 | 104.7 |
| < Equities > | < 8,239 > | < 19,608 > | < 11,368 > | < 138.0 > |
| < Bonds > | < 8,913 > | < 16,107 > | < 7,193 > | < 80.7 > |
| Fee for offering, secondary distribution and solicitation for selling and others for professional investors | 17,554 | 27,001 | 9,446 | 53.8 |
| < Investment trusts > | < 16,065 > | < 23,778 > | < 7,713 > | < 48.0 > |
| Other fees received | 95,777 | 116,574 | 20,796 | 21.7 |
| Total | 159,130 | 228,821 | 69,690 | 43.8 |

(2) Breakdown by Products

(Millions of yen, except for percentages)

| | For the year ended March 31, 2023 | For the year ended March 31, 2024 | Increase/(Decrease) | |
|-------------------|--------------------------------------|--------------------------------------|---------------------|----------------|
| | | | Amount | Rate of change |
| Equities | 36,215 | 69,978 | 33,762 | 93.2 % |
| Bonds | 12,583 | 22,470 | 9,887 | 78.6 |
| Investment trusts | 55,100 | 63,653 | 8,552 | 15.5 |
| Other | 55,231 | 72,719 | 17,487 | 31.7 |
| Total | 159,130 | 228,821 | 69,690 | 43.8 |

2. Net Trading Income

(Millions of yen, except for percentages)

| | For the year ended March 31, 2023 | For the year ended March 31, 2024 | Increase/(Decrease) | |
|--|--------------------------------------|--------------------------------------|---------------------|----------------|
| | | | Amount | Rate of change |
| Net trading income on equities | (2,735) | 518 | 3,254 | - % |
| Net trading income on bonds and others | 65,463 | 59,474 | (5,988) | (9.1) |
| Total | 62,728 | 59,993 | (2,734) | (4.4) |

3. Quarterly Consolidated Statements of Income

(Millions of yen)

| | FY2022 4Q (January 1 to March 31, 2023) | FY2023 1Q (April 1 to June 30, 2023) | FY2023 2Q (July 1 to September 30, 2023) | FY2023 3Q (October 1 to December 31, 2023) | FY2023 4Q (January 1 to March 31, 2024) |
|--|---|--|--|--|---|
| Operating revenue | | | | | |
| Commission received | 42,476 | 49,297 | 58,833 | 56,872 | 63,816 |
| Brokerage commissions | 7,013 | 11,237 | 11,898 | 10,964 | 15,051 |
| < Equities > | < 6,708 > | < 10,817 > | < 11,530 > | < 10,488 > | < 14,664 > |
| Commission for underwriting, secondary distribution and solicitation for selling and others for professional investors | 5,255 | 7,421 | 9,470 | 11,226 | 7,975 |
| < Equities > | < 1,986 > | < 3,651 > | < 4,599 > | < 8,028 > | < 3,328 > |
| < Bonds > | < 3,140 > | < 3,662 > | < 4,818 > | < 3,178 > | < 4,448 > |
| Fee for offering, secondary distribution and solicitation for selling and others for professional investors | 3,588 | 6,790 | 7,366 | 6,097 | 6,746 |
| < Investment trusts > | < 3,253 > | < 6,576 > | < 6,813 > | < 4,381 > | < 6,006 > |
| Other fees received | 26,619 | 23,848 | 30,098 | 28,584 | 34,043 |
| Net trading income | 15,917 | 20,161 | 13,050 | 15,156 | 11,625 |
| Financial revenue | 21,159 | 22,477 | 29,429 | 30,602 | 42,020 |
| Other sales | 1,622 | 1,538 | 1,332 | 1,373 | 1,524 |
| Total operating revenue | 81,175 | 93,475 | 102,645 | 104,005 | 118,987 |
| Financial expenses | 20,727 | 21,118 | 23,177 | 25,040 | 30,714 |
| Cost of other sales | 1,794 | 1,405 | 1,216 | 1,425 | 1,634 |
| Net operating revenue | 58,653 | 70,950 | 78,252 | 77,539 | 86,638 |
| Selling, general and administrative expenses | | | | | |
| Trading related expenses | 8,664 | 8,449 | 9,723 | 9,356 | 10,803 |
| Personnel expenses | 38,065 | 29,667 | 32,989 | 32,895 | 35,409 |
| Real estate expenses | 6,122 | 5,869 | 5,700 | 5,654 | 5,712 |
| Office expenses | 8,637 | 8,173 | 8,699 | 9,019 | 9,454 |
| Depreciation | 7,093 | 6,802 | 6,738 | 6,893 | 7,103 |
| Taxes and dues | 727 | 1,887 | 1,143 | 2,082 | 1,118 |
| Other | 6,084 | 5,859 | 5,775 | 5,528 | 7,380 |
| Total selling, general and administrative expenses | 75,395 | 66,708 | 70,769 | 71,430 | 76,982 |
| Operating profit | (16,741) | 4,241 | 7,482 | 6,109 | 9,656 |
| Non-operating income | 1,923 | 578 | 1,781 | 2,074 | 3,386 |
| Non-operating expenses | 518 | 651 | 1,484 | 377 | 855 |
| Ordinary profit | (15,336) | 4,168 | 7,779 | 7,806 | 12,186 |
| Extraordinary income | (0) | - | - | 416 | - |
| Extraordinary losses | 11,327 | 8,757 | 379 | 239 | 249 |
| Profit before income taxes and non-controlling interests | (26,663) | (4,589) | 7,399 | 7,983 | 11,937 |
| Income taxes | (11,234) | 1,316 | 86 | 2,772 | 2,315 |
| Profit | (15,429) | (5,906) | 7,313 | 5,210 | 9,622 |
| Profit attributable to non-controlling interests | (1) | 1 | 2 | 1 | (3) |
| Profit attributable to owners of parent | (15,427) | (5,907) | 7,310 | 5,209 | 9,625 |

IV. Non-consolidated Financial Statements

1. Non-consolidated Balance Sheets

| | (Millions of yen) | |
|---|----------------------|----------------------|
| | As of March 31, 2023 | As of March 31, 2024 |
| Assets | | |
| Current assets | | |
| Cash and deposits | 1,524,872 | 2,102,909 |
| Cash segregated as deposits | 692,710 | 677,528 |
| Trading products | 4,706,496 | 5,957,101 |
| Trading securities and other | 3,699,558 | 4,422,323 |
| Derivatives | 1,006,938 | 1,534,777 |
| Margin transaction assets | 130,968 | 152,677 |
| Loans on margin transactions | 120,058 | 140,174 |
| Cash collateral pledged for securities borrowing on margin transactions | 10,909 | 12,503 |
| Loans secured by securities | 6,963,421 | 9,346,278 |
| Cash collateral pledged for securities borrowed | 3,964,197 | 4,561,145 |
| Loans on Gensaki transactions | 2,999,224 | 4,785,132 |
| Short-term guarantee deposits | 453,937 | 772,006 |
| Short-term loans receivable | 84,046 | 147,234 |
| Accrued income | 30,498 | 51,449 |
| Other | 69,962 | 78,823 |
| Allowance for doubtful accounts | (2) | (171) |
| Total current assets | 14,656,913 | 19,285,836 |
| Non-current assets | | |
| Property, plant and equipment | 22,897 | 21,656 |
| Buildings | 13,899 | 13,604 |
| Equipment | 1,333 | 1,300 |
| Land | 5,681 | 5,641 |
| Lease assets | 1,982 | 1,106 |
| Construction in progress | - | 3 |
| Intangible assets | 17,700 | 20,463 |
| Right of trademark | 1 | 1 |
| Software | 14,509 | 15,643 |
| Other | 3,189 | 4,819 |
| Investments and other assets | 295,707 | 411,549 |
| Investment securities | 111,610 | 173,936 |
| Shares of subsidiaries and affiliates | 120,101 | 104,930 |
| Long-term loans receivable | 44,938 | 113,714 |
| Long-term guarantee deposits | 14,212 | 14,377 |
| Other | 6,190 | 5,960 |
| Allowance for doubtful accounts | (1,346) | (1,370) |
| Total non-current assets | 336,304 | 453,669 |
| Total assets | 14,993,217 | 19,739,506 |

(Millions of yen)

| | As of March 31, 2023 | As of March 31, 2024 |
|---|----------------------|----------------------|
| Liabilities | | |
| Current liabilities | | |
| Trading products | 3,889,371 | 5,464,502 |
| Trading securities and other | 2,987,797 | 3,904,441 |
| Derivatives | 901,574 | 1,560,060 |
| Trade date accrual | 368,814 | 340,523 |
| Margin transaction liabilities | 198,200 | 224,212 |
| Borrowings on margin transactions | 1,334 | 3,416 |
| Cash received for securities lending on margin transactions | 196,865 | 220,796 |
| Loans payable secured by securities | 5,308,804 | 7,519,140 |
| Cash received on debt credit transaction of securities | 1,083,177 | 1,326,791 |
| Borrowings on Gensaki transaction | 4,225,626 | 6,192,349 |
| Deposits received | 523,365 | 626,888 |
| Guarantee deposits received | 202,569 | 219,931 |
| Short-term loans payable | 2,482,200 | 2,729,000 |
| Current portion of long-term loans payable | 50,000 | 3,000 |
| Commercial papers | 352,000 | 579,000 |
| Current portion of bonds payable | 100,936 | 26,759 |
| Income taxes payable | 153 | 2,669 |
| Provision for bonuses | 23,241 | 31,030 |
| Provision for point card certificates | - | 347 |
| Other | 34,423 | 55,107 |
| Total current liabilities | 13,534,080 | 17,822,113 |
| Non-current liabilities | | |
| Bonds payable | 392,605 | 352,828 |
| Long-term loans payable | 201,150 | 359,750 |
| Lease obligations | 1,006 | 435 |
| Deferred tax liabilities | 7,523 | 28,595 |
| Provision for retirement benefits | 3,212 | 2,707 |
| Asset retirement obligations | 2,675 | 2,774 |
| Other | 1,064 | 1,417 |
| Total non-current liabilities | 609,237 | 748,508 |
| Reserves under special laws | | |
| Reserve for financial products transaction liabilities | 3,902 | 4,631 |
| Total reserves under special laws | 3,902 | 4,631 |
| Total liabilities | 14,147,220 | 18,575,253 |
| Net assets | | |
| Shareholders' equity | | |
| Capital stock | 10,000 | 135,000 |
| Capital surplus | 457,714 | 582,714 |
| Legal capital surplus | - | 125,000 |
| Other capital surplus | 457,714 | 457,714 |
| Retained earnings | 340,814 | 367,646 |
| Legal retained earnings | 2,500 | 2,500 |
| Other retained earnings | 338,314 | 365,146 |
| Retained earnings brought forward | 338,314 | 365,146 |
| Total shareholders' equity | 808,528 | 1,085,360 |
| Valuation and translation adjustments | | |
| Valuation difference on available-for-sale securities | 37,469 | 78,891 |
| Total valuation and translation adjustments | 37,469 | 78,891 |
| Total net assets | 845,997 | 1,164,252 |
| Total liabilities and net assets | 14,993,217 | 19,739,506 |

2. Non-consolidated Statements of Income

| | (Millions of yen) | |
|--|--------------------------------------|--------------------------------------|
| | For the year ended March 31, 2023 | For the year ended March 31, 2024 |
| Operating revenue | | |
| Commission received | 150,363 | 219,938 |
| Brokerage commissions | 26,529 | 46,473 |
| Commission for underwriting, secondary distribution and solicitation for selling and others for professional investors | 17,547 | 35,976 |
| Fee for offering, secondary distribution and solicitation for selling and others for professional investors | 17,117 | 25,777 |
| Other fees received | 89,170 | 111,711 |
| Net trading income | 62,737 | 59,999 |
| Financial revenue | 49,787 | 123,376 |
| Total operating revenue | 262,888 | 403,315 |
| Financial expenses | 49,447 | 100,007 |
| Net operating revenue | 213,440 | 303,307 |
| Selling, general and administrative expenses | | |
| Trading related expenses | 29,271 | 36,373 |
| Personnel expenses | 107,743 | 116,848 |
| Real estate expenses | 18,930 | 18,607 |
| Office expenses | 64,671 | 69,038 |
| Depreciation | 8,910 | 9,174 |
| Taxes and dues | 4,723 | 5,894 |
| Other | 21,283 | 22,740 |
| Total selling, general and administrative expenses | 255,535 | 278,677 |
| Operating profit (loss) | (42,094) | 24,630 |
| Non-operating income | | |
| Dividend income | 3,442 | 12,361 |
| Gain on investments in partnerships | 1,119 | 1,582 |
| Other | 419 | 473 |
| Total non-operating income | 4,981 | 14,417 |
| Non-operating expenses | | |
| Loss on investments in partnerships | 799 | 1,601 |
| Share issuance costs | - | 875 |
| Bond issuance costs | 208 | 105 |
| Other | 221 | 308 |
| Total non-operating expenses | 1,229 | 2,890 |
| Ordinary profit (loss) | (38,342) | 36,158 |

(Millions of yen)

| | For the year ended March 31, 2023 | For the year ended March 31, 2024 |
|---|--------------------------------------|--------------------------------------|
| Extraordinary income | | |
| Gain on sale of noncurrent assets | 645 | - |
| Gain on sale of investment securities | 1,827 | 416 |
| Gain on sale of shares of subsidiary | 978 | - |
| Reversal of reserve for financial products transaction liabilities | 0 | - |
| Total extraordinary income | 3,451 | 416 |
| Extraordinary losses | | |
| Impairment losses | 5,704 | 114 |
| Loss on sale of investment securities | 107 | 184 |
| Loss on valuation of investment securities | 297 | 736 |
| Loss on sale of shares of subsidiaries and affiliates | - | 71 |
| Loss on valuation of shares of subsidiaries and affiliates | - | 1,686 |
| Provision of reserve for financial products transaction liabilities | - | 729 |
| Fines for market manipulation | 5,777 | - |
| Loss on overseas office | 2,968 | - |
| Total extraordinary loss | 14,856 | 3,523 |
| Profit (loss) before income taxes | (49,746) | 33,051 |
| Income taxes - current | (15,633) | 3,140 |
| Income taxes - deferred | (1,799) | 3,079 |
| Income taxes | (17,432) | 6,219 |
| Profit (loss) | (32,314) | 26,832 |

3. Capital Adequacy Ratio on a stand-alone basis

(Millions of yen)

| | | As of March 31, 2023 | As of March 31, 2024 |
|------------------------|--|----------------------|----------------------|
| Basic items | (A) | 808,528 | 1,070,600 |
| Supplementary items | Valuation difference on available-for-sale securities and others | 37,469 | 78,891 |
| | Reserve for financial products transaction liabilities | 3,902 | 4,631 |
| | Allowance for doubtful accounts | 2 | 2 |
| | Total | (B) 41,373 | 83,525 |
| Deductible assets | (C) | 296,679 | 348,822 |
| Net capital | (A) + (B) - (C) (D) | 553,222 | 805,303 |
| Risk items | Market Risk | 65,337 | 84,190 |
| | Counterparty Risk | 62,471 | 93,690 |
| | Basic Risk | 60,905 | 70,283 |
| | Total | (E) 188,714 | 248,164 |
| Capital adequacy ratio | (D) / (E)*100 | 293.1% | 324.5% |

4. Quarterly Non-consolidated Statements of Income

(Millions of yen)

| | FY2022 4Q (January 1 to March 31, 2023) | FY2023 1Q (April 1 to June 30, 2023) | FY2023 2Q (July 1 to September 30, 2023) | FY2023 3Q (October 1 to December 31, 2023) | FY2023 4Q (January 1 to March 31, 2024) |
|--|---|--|--|--|---|
| Operating revenue | | | | | |
| Commission received | 39,884 | 47,594 | 56,881 | 54,900 | 60,561 |
| Brokerage commissions | 6,518 | 10,638 | 11,267 | 10,470 | 14,097 |
| < Equities > | < 6,213 > | < 10,218 > | < 10,899 > | < 9,995 > | < 13,710 > |
| Commission for underwriting, secondary distribution and solicitation for selling and others for professional investors | 5,242 | 7,417 | 9,441 | 11,213 | 7,903 |
| < Equities > | < 1,986 > | < 3,651 > | < 4,599 > | < 8,028 > | < 3,328 > |
| < Bonds > | < 3,127 > | < 3,658 > | < 4,789 > | < 3,165 > | < 4,377 > |
| Fee for offering, secondary distribution and solicitation for selling and others for professional investors | 3,588 | 6,668 | 7,272 | 5,594 | 6,242 |
| < Investment trusts > | < 3,253 > | < 6,576 > | < 6,813 > | < 4,381 > | < 6,006 > |
| Other fees received | 24,535 | 22,869 | 28,899 | 27,622 | 32,318 |
| Net trading income | 15,918 | 20,161 | 13,053 | 15,159 | 11,626 |
| Financial revenue | 20,613 | 22,244 | 29,161 | 30,332 | 41,637 |
| Total operating revenue | 76,416 | 90,000 | 99,096 | 100,392 | 113,826 |
| Financial expenses | 20,518 | 21,114 | 23,161 | 25,031 | 30,699 |
| Net operating revenue | 55,897 | 68,885 | 75,934 | 75,361 | 83,126 |
| Selling, general and administrative expenses | | | | | |
| Trading related expenses | 8,098 | 7,932 | 9,290 | 9,154 | 9,995 |
| Personnel expenses | 34,171 | 26,186 | 29,554 | 29,457 | 31,649 |
| Real estate expenses | 4,813 | 4,796 | 4,639 | 4,541 | 4,628 |
| Office expenses | 16,063 | 16,766 | 17,078 | 17,405 | 17,787 |
| Depreciation | 2,401 | 2,253 | 2,227 | 2,328 | 2,364 |
| Taxes and dues | 703 | 1,766 | 1,087 | 1,992 | 1,048 |
| Other | 5,327 | 5,453 | 5,412 | 5,130 | 6,743 |
| Total selling, general and administrative expenses | 71,580 | 65,157 | 69,289 | 70,011 | 74,218 |
| Operating profit | (15,682) | 3,728 | 6,644 | 5,349 | 8,908 |
| Non-operating income | 1,751 | 9,138 | 1,418 | 1,175 | 2,684 |
| Non-operating expenses | 307 | 410 | 1,431 | 442 | 606 |
| Ordinary profit | (14,238) | 12,456 | 6,632 | 6,082 | 10,986 |
| Extraordinary income | (0) | - | - | 416 | - |
| Extraordinary losses | 5,732 | 968 | 379 | 239 | 1,935 |
| Profit before income taxes | (19,971) | 11,488 | 6,252 | 6,259 | 9,051 |
| Income taxes | (9,717) | 1,940 | (319) | 2,481 | 2,116 |
| Profit | (10,253) | 9,547 | 6,572 | 3,777 | 6,934 |