

Financial Results

First Quarter of FY2024 (JGAAP)

SMBC Nikko Securities Inc.

July 29, 2024



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Definition

Abbreviations of overseas offices	
SI*affiliates under equity method	SMBC Nikko Securities America, Inc.
CMNY	SMBC Capital Markets Limited
CMLN*affiliates under equity method	SMBC Nikko Capital Markets Limited
SMBC EU	SMBC Bank EU
SNIF*subsidiary	SMBC Nikko Investment Fund Management Company S.A.
HK*subsidiary	SMBC Nikko Securities (Hong Kong) Limited
SGP*subsidiary	SMBC Nikko Securities (Singapore) Pte. Ltd.
SHA*subsidiary	SMBC Nikko Investment Consulting (Shanghai) Limited
Overseas Offices	
Americas	SI,CMNY
Europe	CMLN,SMBC EU,SNIF
Asia / Oceania	HK,SGP,SHA
Consolidated	SMBC Nikko Group (Consolidated)
Non-consolidated	SMBC Nikko (Non-consolidated)
Management Accounting	Sum of SMBC Nikko (Non-consolidated) ,Overseas offices operating profit / loss

The information contained in this document is based on data available as of July 29, 2024 and this document is intended to provide information on the business results of SMBC Nikko Securities Inc. Any information and opinions contained in this document reflect our judgment as of the date of preparation of the document (July 29, 2024) and are subject to change without notice. No guarantees, representations or warranties are made as to the accuracy or completeness of such information. In addition, we manage the securities business within the SMBC Group on a global basis. Therefore, we mainly show and explain the management figures according to our management scope in this document, unless otherwise stated.

Executive Summary

【 Y on Y 】

- Net operating revenue ¥ 133.1 B (+23% Y on Y), SG&A ¥ 108.6 B (+17%), Operating profit ¥ 24.5 B (+63%)
- Operating Profit / Loss by Segment : Sales Division ¥ 8.0 B (4.3x), GIB Division^(*) ¥ 5.4 B (return to profit), GM Division^(*) ¥ 12.3 B (-41%)
 - Sales Division : Due to the penetration of portfolio consulting, equity investment trusts in client assets and contract amount of fund wrap has steadily increased, resulting in an increase in the asset based revenues.
 - GIB Division : Due to the anticipation of interest rate fluctuations, there has been a strong demand for bond issuance, which has led to significant revenue growth in domestic and international DCM business.
 - GM Division : In FICC ^(*), revenue mainly in derivatives and credits has been steadily accumulated in domestic and overseas, however it did not reach the same period of the previous year which was the record high level.

【 Q on Q 】

- Net operating revenue -4% Q on Q, SG&A -3%, Operating profit -11%
- Operating Profit / Loss by Segment : Sales Division 2.0x, GIB Division -52%, GM Division -9%
 - Sales Division : The market environment continues to be favorable, and our product proposals that capture the various needs of customers contribute to an increase in the flow revenues and in the net inflow of assets.
 - GIB Division : M&A revenue has declined compared to the previous quarter, in which we recorded the highest revenue due to several large deals.
 - GM Division : Although both Equity and FICC revenues declined, they remained at a high level due to the active customer flow and operations that captured the market environment.

(Billions of Yen)	FY2023 1Q	FY2023 4Q	FY2024 1Q	Q on Q	Y on Y
Net operating revenue	107.9	139.4	133.1	-4%	+23%
SG&A	92.8	111.7	108.6	-3%	+17%
Operating profit / loss	15.1	27.7	24.5	-11%	+63%
Ordinary profit / loss	14.7	32.3	27.4	-15%	+86%
profit / loss	8.3	24.2	20.1	-17%	2.4x

(Billions of Yen)	FY2023 1Q	FY2023 4Q	FY2024 1Q	Q on Q	Y on Y
<Operating Profit / Loss by Segment >					
Sales Division	1.8	3.9	8.0	2.0x	4.3x
GIB Division	-1.2	11.3	5.4	-52%	-
GM Division	20.9	13.5	12.3	-9%	-41%
<Operating Profit / Loss by Region >					
SMBC Nikko	3.7	8.9	12.9	+46%	3.5x
Overseas Offices	11.3	18.8	11.5	-38%	+2%

Sales Division_1

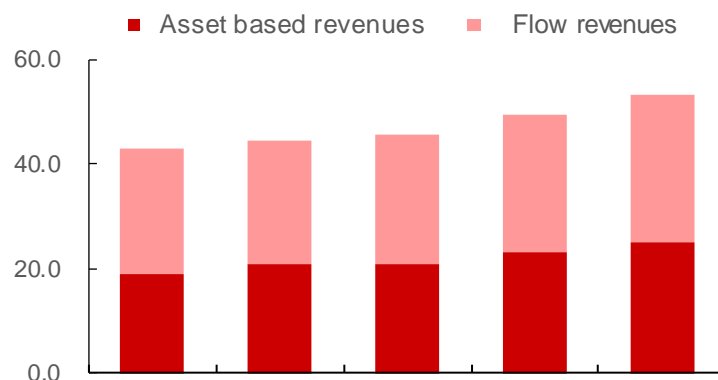
Financial Results

(Billions of Yen)

	FY2023		FY2024	Q on Q	Y on Y
	1Q	4Q	1Q		
Net operating revenue	42.8	49.6	53.5	+8%	+25%
Operating profit / loss	1.8	3.9	8.0	2.0x	4.3x

Revenue Composition

(Billions of Yen)



	FY2023				FY2024
	1Q	2Q	3Q	4Q	1Q
Net operating revenue	42.8	44.5	45.6	49.6	53.5
Asset based revenues ^(*)	19.0	20.8	21.0	23.1	25.0
Flow revenues ^(*)	23.8	23.6	24.6	26.5	28.4

Summary

【 Y on Y 】

Due to the penetration of portfolio consulting, equity investment trusts in client assets and contract amount of fund wrap have steadily increased, resulting in an increase in the asset based revenues. With a favorable stock market, the flow revenues also increased.

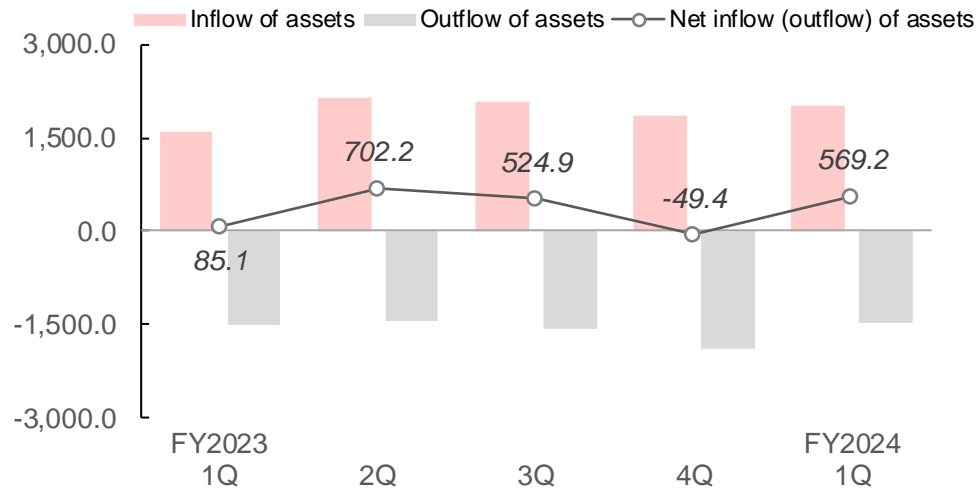
【 Q on Q 】

The market environment continues to be favorable, and our product proposals that capture the various needs of customers contribute to an increase in the flow revenues and in the net inflow of assets. In addition, as we continue to provide portfolio consulting, we have increased product sales through asset reallocation proposals based on our clients' medium- to long-term diversified investment intentions.

Sales Division_2

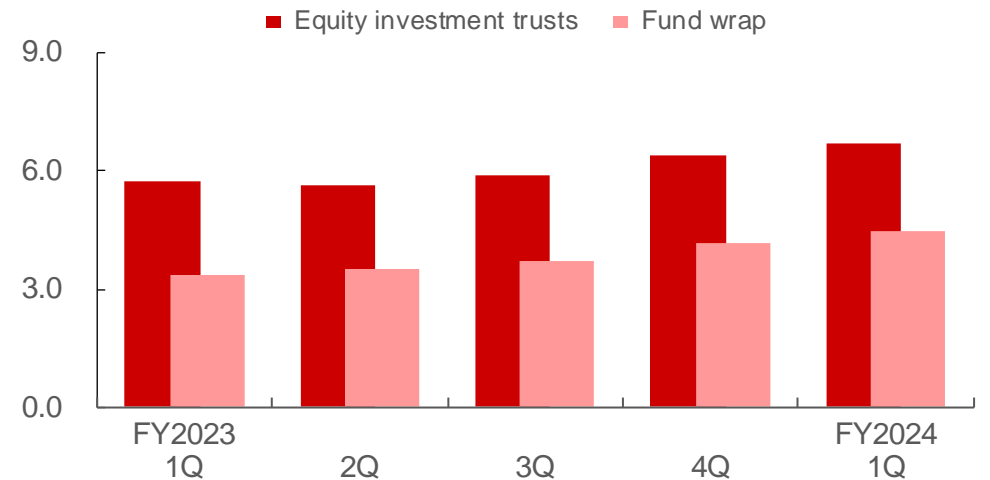
Net Inflow of Assets

(Billions of Yen)



Equity Investment Trusts Assets and Contract Amount of Fund Wrap^(*)

(Trillions of yen)



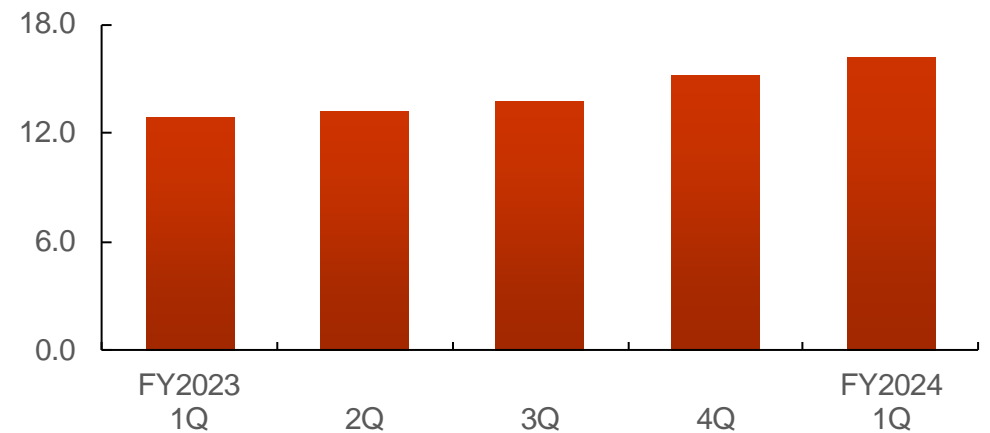
Sales of Products ^(*)

(Billions of Yen)

	FY2023				FY2024
	1Q	2Q	3Q	4Q	1Q
Public offering	50.9	43.0	142.8	47.1	43.7
Bonds	501.8	606.2	526.3	524.1	606.2
Investment trusts	372.1	376.6	299.2	420.6	504.8
Fund wrap ^(*)	128.9	125.5	135.4	110.1	148.2
Total	1,053.8	1,151.3	1,103.7	1,101.9	1,302.8

【Reference】 SMBC Group Asset Management Balances

(Trillions of yen)



^(*) This slide shows the "Equity Investment Trusts Assets and Contract Amount of Fund Wrap" of the sales division. The company-wide client assets are shown on p.13 (Operational Indicators-1).

^(*) This slide shows the amount of product sales in the sales division. The company-wide sales of product is shown on p.13 (Operational Indicators-1).

^(*) Total contract amount of fund wrap.

Global Investment Banking Division_1

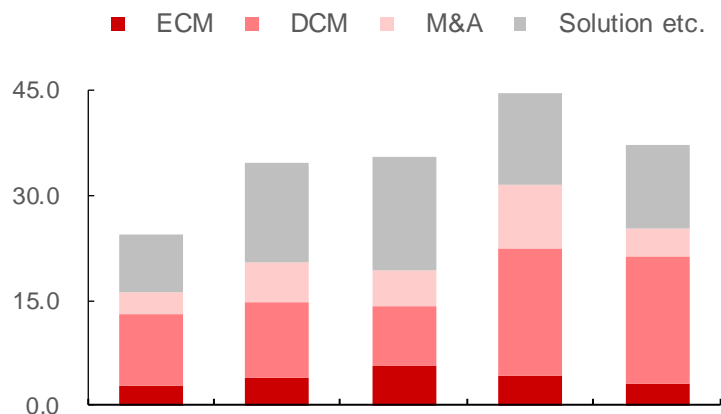
Financial Results

(Billions of Yen)

	FY2023		FY2024	Q on Q	Y on Y
	1Q	4Q	1Q		
Net operating revenue	24.5	44.5	37.2	-17%	+52%
Operating profit / loss	-1.2	11.3	5.4	-52%	-

Revenue Composition

(Billions of Yen)



	FY2023				FY2024
	1Q	2Q	3Q	4Q	1Q
Net operating revenue	24.5	34.5	35.5	44.5	37.2
ECM	2.6	4.0	5.5	4.2	3.0
DCM	10.2	10.8	8.7	18.0	18.1
M&A	3.3	5.6	4.9	9.2	4.0
Solution etc. ^(*)	8.2	14.0	16.2	13.0	11.9

Summary

【 Y on Y 】

Due to the anticipation of interest rate fluctuations, there has been a strong demand for bond issuance, which has led to significant revenue growth in domestic and international DCM business. Solution business has built up revenue steadily while establishing a revenue base both domestically and internationally, resulting in substantial increases in revenue and profit.

【 Q on Q 】

M&A revenue has declined compared to the previous quarter, in which we recorded the highest revenue due to several large deals. In addition, ECM revenue related to Japanese stocks in foreign operations has especially declined. DCM has secured many deals domestically on the back of a favorable primary market. Meanwhile, it has maintained a high level of revenue internationally albeit lower than the previous quarter, which was a record high, due to a shrinking primary market.

Global Investment Banking Division_2

League Tables

Global Equity & Equity-Related-Japan ^{(*)1}			All Bonds in Yen ^{(*)2} 【non-consolidated】		
Rank	Book runner	Amount (bill of yen)	Rank	Lead Manager	Amount (bill of yen)
1	Nomura	330.7	1	Mizuho	1,532.7
2	BofA Securities	210.9	2	SMBC Nikko	1,499.2
3	Goldman Sachs	160.1	3	Daiwa	1,169.1
4	SMBC Nikko	91.9	4	Nomura	1,123.2
5	Mizuho	81.3	5	Mitsubishi UFJ Morgan Stanley	1,004.7

IPO ^{(*)3}					
Rank	Underwriting Amount	Amount (bill of yen)	Rank	Lead Manager	No. Deals
1	Mitsubishi UFJ Morgan Stanley	21.8	1	SMBC Nikko	6
2	SMBC Nikko	14.6	2	Daiwa	4
3	Daiwa	14.0	2	Mizuho	4
4	Mizuho	7.8	4	Mitsubishi UFJ Morgan Stanley	3
5	Nomura	3.1	5	Nomura	2

Financial Advisory ^{(*)4}					
Rank	Advisor	Amount (bill of yen)	Rank	Advisor	No. Deals
1	Morgan Stanley	1,121.9	1	Deloitte	30
2	Nomura	940.4	2	Daiwa	29
3	J.P. Morgan	913.6	2	Nomura	29
4	KPMG	673.4	4	Mizuho Financial Group	28
8	Sumitomo Mitsui Financial Group	413.5	5	Sumitomo Mitsui Financial Group	25

Main deals

ECM	
• Japan Hotel REIT Investment (FO)	• KAGOME (FO)
• SAKURA Internet (FO)	• MIRARTH HOLDINGS (FO)
• MAMEZO DIGITAL HOLDINGS (IPO)	• Integroup (IPO)
DCM etc	
• NIPPON STEEL (hybrid bond)	• Takeda Pharmaceutical (hybrid bond)
• NTT FINANCE	• West Nippon Expressway
• SoftBank Group	• SUMITOMO LIFE (Subordinated Bond)
• Vantage Data Centers (ABS)	• Vodafone (yankee bond)
M&A	
• Tender offer of ALPS LOGISTICS by LOGISTEED	
• Transfer of businesses to GMO AD Partners by GMO Internet Group	
• Management buyout of Roland DG sponsored by Taiyo Pacific Partners	
• Acquisition of all the shares of Kansai Food Market by H2O Retailing	
• Acquisition of a majority share of GHL Systems Berhad by NTT Data	
• Sale of Tokiwa Cosmetics Group to TOA Group by Carlyle	

US Bonds League Tables ^{(*)5}

	Rank	Amount	Share
US IG Corporate Bonds	11	\$ 7.5 billion	3.5%
US IG Financial Bonds	13	\$ 1.9 billion	2.1%

(*)1 Source: prepared by SMBC Nikko based on the information published by LSEG (including oversea entities)

(*)2 Source: prepared by SMBC Nikko based on the information published by LSEG (corporate bonds, FILP agency/municipality bonds(proportional shares as lead manager),samurai bonds)

(*)3 Source: prepared by SMBC Nikko based on the information published by LSEG

(*)4 Source: LSEG, M&A announced deals with any Japanese involvement

(*)5 Source: prepared by SMBC Nikko based on the information published by Bloomberg (bonds issued by investment grade companies in the United States. Excluding own company bonds for financial bonds)

Global Markets Division

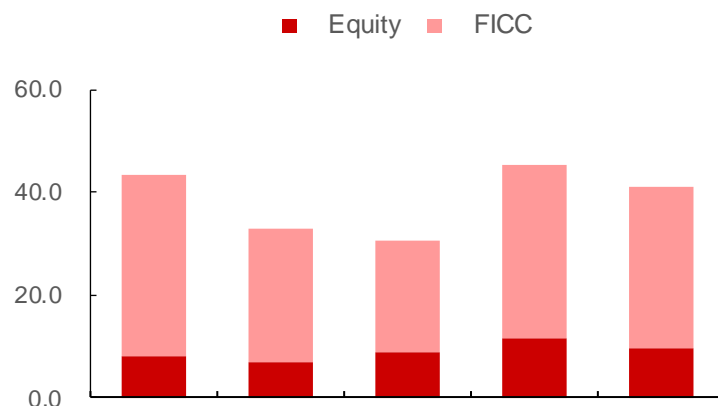
Financial Results

(Billions of Yen)

	FY2023		FY2024	Q on Q	Y on Y
	1Q	4Q	1Q		
Net operating revenue	44.8	44.1	41.8	-5%	-7%
Operating profit / loss	20.9	13.5	12.3	-9%	-41%

Revenue Composition

(Billions of Yen)



	FY2023				FY2024
	1Q	2Q	3Q	4Q	1Q
Net operating revenue	44.8	30.9	30.0	44.1	41.8
Equity	8.0	7.1	8.9	11.6	9.5
FICC ^(*)	35.3	25.7	21.7	33.6	31.3

Summary

【 Y on Y 】

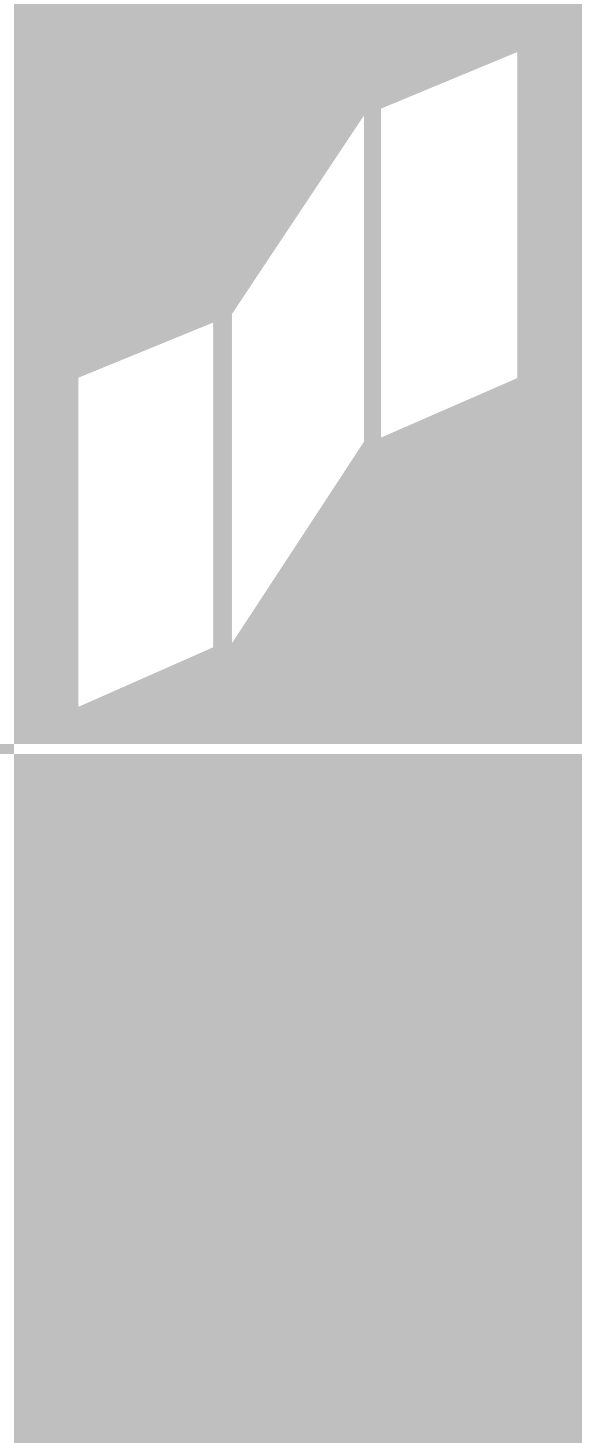
In Equity, customer flows increased due to a favorable domestic stock market.

In FICC, revenue mainly in derivatives and credits has been steadily accumulated in domestic and overseas, however it did not reach the same period of the previous year which was the record high level.

【 Q on Q 】

Although both Equity and FICC revenues declined, they remained at a high level due to the active customer flow and operations that captured the market environment.

Reference Data



Management Accounting Results (Quarterly Trend)

Management Accounting

(Billions of Yen)	FY2023				FY2024
	1Q	2Q	3Q	4Q	1Q
Net operating revenue	107.9	110.4	115.7	139.4	133.1
SG&A	92.8	100.3	97.0	111.7	108.6
Operating profit / loss	15.1	10.1	18.6	27.7	24.5
Ordinary profit / loss	14.7	11.9	21.1	32.3	27.4
Profit / loss	8.3	10.3	14.6	24.2	20.1

Operating Profit / Loss by Segment

(Billions of Yen)	FY2023				FY2024
	1Q	2Q	3Q	4Q	1Q
Sales Division	1.8	1.2	3.1	3.9	8.0
GIB Division	-1.2	5.0	6.9	11.3	5.4
GM Division	20.9	5.2	5.7	13.5	12.3

Operating Profit / Loss by Region

(Billions of Yen)	FY2023				FY2024
	1Q	2Q	3Q	4Q	1Q
SMBC Nikko	3.7	6.6	5.3	8.9	12.9
Overseas Offices	11.3	3.4	13.2	18.8	11.5
<i>Americas</i>	16.4	4.5	11.7	19.4	10.6
<i>Europe</i>	-4.0	-0.3	1.8	-0.4	1.2
<i>Asia / Oceania</i>	-1.0	-0.7	-0.2	-0.1	-0.3

Consolidated Business Results (Quarterly Trend)

(Millions of yen)	FY2023				FY2024
	1Q	2Q	3Q	4Q	1Q
Operating revenue	93,475	102,645	104,005	118,987	124,869
Commissions received	49,297	58,833	56,872	63,816	64,534
Brokerage commissions	11,237	11,898	10,964	15,051	13,363
Commission for underwriting, secondary distribution and solicitation for selling and others for professional investors	7,421	9,470	11,226	7,975	11,108
Fee for offering, secondary distribution and solicitation for selling and others for professional investors	6,790	7,366	6,097	6,746	8,591
Other fees received	23,848	30,098	28,584	34,043	31,469
Net trading income	20,161	13,050	15,156	11,625	19,550
Equities	2,742	-3,664	1,327	113	4,496
Bonds / Others	17,418	16,714	13,829	11,511	15,054
Financial revenue	22,477	29,429	30,602	42,020	40,785
Other sales	1,538	1,332	1,373	1,524	-
Financial expenses	21,118	23,177	25,040	30,714	34,156
Cost of other sales	1,405	1,216	1,425	1,634	-
Net operating revenue	70,950	78,252	77,539	86,638	90,713
SG&A	66,708	70,769	71,430	76,982	77,174
Operating profit / loss	4,241	7,482	6,109	9,656	13,539
Ordinary profit / loss	4,168	7,779	7,806	12,186	15,691
Extraordinary income / loss	-8,757	-379	176	-249	-354
Profit before income taxes	-4,589	7,399	7,983	11,937	15,337
Income taxes	1,316	86	2,772	2,315	3,709
Profit / loss	-5,906	7,313	5,210	9,622	11,627
Profit attributable to owners of parent	-5,907	7,310	5,209	9,625	11,627

Non-consolidated Business Results (Quarterly Trend)

(Millions of yen)	FY2023				FY2024
	1Q	2Q	3Q	4Q	1Q
Operating revenue	90,000	99,096	100,392	113,826	122,092
Commissions received	47,594	56,881	54,900	60,561	62,079
Brokerage commissions	10,638	11,267	10,470	14,097	12,561
Commission for underwriting, secondary distribution and solicitation for selling and others for professional investors	7,417	9,441	11,213	7,903	11,085
Fee for offering, secondary distribution and solicitation for selling and others for professional investors	6,668	7,272	5,594	6,242	8,564
Other fees received	22,869	28,899	27,622	32,318	29,866
Net trading income	20,161	13,053	15,159	11,626	19,569
Equities	2,742	-3,664	1,327	113	4,496
Bonds / Others	17,418	16,718	13,831	11,512	15,073
Financial revenue	22,244	29,161	30,332	41,637	40,444
Financial expenses	21,114	23,161	25,031	30,699	34,139
Net operating revenue	68,885	75,934	75,361	83,126	87,953
SG&A	65,157	69,289	70,011	74,218	74,955
Operating profit / loss	3,728	6,644	5,349	8,908	12,997
Ordinary profit / loss	12,456	6,632	6,082	10,986	13,697
Extraordinary income / loss	-968	-379	176	-1,935	-354
Profit before income taxes	11,488	6,252	6,259	9,051	13,343
Income taxes	1,940	-319	2,481	2,116	3,442
Profit / loss	9,547	6,572	3,777	6,934	9,901

Consolidated Balance Sheets / Capital Adequacy Ratio / Credit ratings on Long term

Consolidated Balance Sheets

(Billions of Yen)	Mar.24		Jun.24	
	Mar.24	Jun.24	Mar.24	Jun.24
Current assets	19,289.3	18,479.9	Current liabilities	17,834.1 16,966.2
Trading products	5,957.1	5,335.3	Trading products	5,464.5 5,510.3
Loans secured by securities	9,346.2	8,690.1	Loans payable secured by securities	7,519.1 6,202.7
Other current assets	3,985.9	4,454.4	Short-term loans payable / Commercial papers	3,306.7 3,874.9
			Other current liabilities	1,543.8 1,378.2
Noncurrent assets	542.7	481.0	Noncurrent liabilities / Reserves	762.2 783.5
Tangible assets	29.3	23.7	Total liabilities	18,596.3 17,749.8
Intangible assets	92.1	21.1		
Investments and other assets	421.1	436.1	Total net assets	1,235.6 1,211.2
Total assets	19,832.0	18,961.0	Total liabilities and net assets	19,832.0 18,961.0

Capital Adequacy Ratio 【Non-consolidated】

(Billions of Yen)	Mar.24		Jun.24	
	Mar.24	Jun.24	Mar.24	Jun.24
Basic items	1,070.6	1,067.5		
Supplementary items	83.5	79.8		
Deductible assets	348.8	347.0		
Net capital	805.3	800.3		
Risk total	248.1	247.6		
Market Risk	84.1	80.7		
Counterparty Risk	93.6	95.6		
Basic Risk	70.2	71.2		
Capital Adequacy Ratio	324.5%	323.1%		

Credit ratings on Long term^(*) 【Non-consolidated】

Moody's	S&P	R&I	JCR
A1	A	AA	AA
[Stable]	[Stable]	[Stable]	[Stable]

Operational Indicators -1

Client Assets ^(*) 【Non-consolidated】

(Trillions of yen)	FY2022				FY2023				FY2024
	Jun.	Sep.	Dec.	Mar.	Jun.	Sep.	Dec.	Mar.	Jun.
Equity	33.0	32.4	33.5	35.6	39.6	41.8	41.1	46.5	45.3
Bond	20.2	20.0	19.7	20.0	20.1	20.3	20.8	21.1	21.6
Investment trust	11.1	11.1	11.0	11.3	12.6	12.9	13.3	14.4	15.1
Others	0.8	0.8	0.8	0.7	0.8	0.8	0.8	0.7	0.8
Client assets	65.0	64.3	64.9	67.6	73.1	75.7	75.9	82.7	82.8

Sales of Products 【Non-consolidated】

(Billions of yen)	FY2022				FY2023				FY2024
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q
Public offering	16.9	21.0	77.4	138.6	85.1	83.0	158.8	66.7	56.5
Domestic bonds	219.9	245.6	465.7	911.6	986.0	1,323.1	669.0	784.0	1,371.3
Foreign bonds ^(*)	398.3	260.2	513.4	335.3	449.7	415.5	535.3	419.6	440.6
Investment trusts	393.1	306.5	319.6	364.1	566.0	591.2	412.4	472.2	572.1
Fund wrap ^(*)	80.5	131.0	104.9	84.1	128.9	125.5	135.4	110.1	148.2
Total	1,108.7	964.3	1,481.0	1,833.8	2,215.7	2,538.2	1,911.0	1,852.7	2,588.7

(*) Foreign bonds sales include already-issued bonds and yen-denominated foreign bonds.

(*) Total contract amount of fund wrap.

Operational Indicators -2

Number of Accounts [Non-consolidated]

(Thousands of accounts)	FY2022				FY2023				FY2024
	Jun.	Sep.	Dec.	Mar.	Jun.	Sep.	Dec.	Mar.	Jun.
Total accounts	3,778	3,796	3,820	3,846	3,876	3,934	3,966	3,970	3,973
Newly opened accounts	37	42	47	47	49	80	54	57	47

Number of Branches [Non-consolidated]

	FY2022				FY2023				FY2024
	Jun.	Sep.	Dec.	Mar.	Jun.	Sep.	Dec.	Mar.	Jun.
Number of branches	110	110	110	110	110	110	109	107	107

Number of Employees [Management Accounting]

	FY2022				FY2023				FY2024
	Jun.	Sep.	Dec.	Mar.	Jun.	Sep.	Dec.	Mar.	Jun.
Number of employees	10,920	10,816	10,706	10,575	10,962	10,855	10,769	10,629	11,016



Share the Future

SMBC NIKKO