



October 30, 2024

SMBC NIKKO SECURITIES INC.

Consolidated Financial Results for the Six Months Ended September 30, 2024 (Under Japanese GAAP)

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

Representative: Shuji Yoshioka, 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 six months ended September 30, 2024

(1) Consolidated operating results (cumulative)

(Percentages indicate year-on-year changes.)

Six 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	%
September 30, 2024	258,567	31.8	190,605	27.7	33,168	182.9	38,317	220.7	40,485	—
September 30, 2023	196,120	56.5	149,202	38.5	11,724	—	11,947	—	1,402	—

Note: Comprehensive income For the six months ended September 30, 2024 16,022 million yen <(51.1)%>

For the six months ended September 30, 2023 32,753 million yen <402.6%>

Six months ended	Basic earnings per share	Diluted earnings per share
	Yen	Yen
September 30, 2024	202,427.18	—
September 30, 2023	7,014.68	—

(2) Consolidated financial position

As of	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
September 30, 2024	18,922,239	1,211,266	6.4
March 31, 2024	19,832,076	1,235,676	6.2

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

As of September 30, 2024 1,211,266 million yen As of March 31, 2024 1,235,626 million yen

* Notes

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

Newly included: None

Excluded: 1 company (Nikko Systems Solutions, Ltd.)

Note: For more details, see page 6 "1.3. Notes to Consolidated Financial Statements."

(2) Adoption of accounting treatment specific to the preparation of semi-annual consolidated financial statements: None

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

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

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

(iii) Changes in accounting estimates: None

(iv) Restatement: None

Note: For more details, see page 6 "1.3. Notes to Consolidated Financial Statements."

(4) Number of issued shares (common shares)

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

As of September 30, 2024	200,002 shares
As of March 31, 2024	200,002 shares

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

As of September 30, 2024	— shares
As of March 31, 2024	— shares

(iii) Average number of shares outstanding during the period (cumulative from the beginning of the fiscal year)

Six months ended September 30, 2024	200,002 shares
Six months ended September 30, 2023	200,001 shares

* Semi-annual financial results reports are exempt from review conducted by certified public accountants or an audit firm.

* Other special matters

Not applicable.

Table of Contents for the Accompanying Materials

I. Consolidated Financial Statements and main notes	2
1. Consolidated Balance Sheets	2
2. Consolidated Statements of Income and Consolidated Statements of Comprehensive Income	4
3. Notes to Consolidated Financial Statements.....	6
(Notes on Going Concern Assumption)	6
(Notes on Significant Changes in Shareholders' Equity).....	6
(Changes in accounting policies, changes in accounting estimates, and restatement)	7
(Significant changes in the scope of consolidation during the period)	7
(Significant Subsequent Events).....	8
II. Supplementary Information	9
1. Commission Received	9
2. Net Trading Income	9
3. Quarterly Consolidated Statements of Income	10
III. Non-consolidated Financial Statements	11
1. Non-consolidated Balance Sheets.....	11
2. Non-consolidated Statements of Income.....	13
3. Capital Adequacy Ratio on a stand-alone basis	15
4. Quarterly Non-consolidated Statements of Income.....	16

I. Consolidated Financial Statements and main notes

1. Consolidated Balance Sheets

(Millions of yen)

	As of March 31, 2024	As of September 30, 2024
Assets		
Current assets		
Cash and deposits	2,146,203	3,022,471
Cash segregated as deposits	677,557	674,748
Trading products	5,957,101	5,385,203
Trading securities and other	4,422,323	3,819,835
Derivatives	1,534,777	1,565,367
Margin transaction assets	152,677	178,421
Loans on margin transactions	140,174	165,287
Cash collateral pledged for securities borrowing on margin transactions	12,503	13,133
Loans secured by securities	9,346,278	8,175,114
Cash collateral pledged for securities borrowed	4,561,145	4,556,701
Loans on Gensaki transactions	4,785,132	3,618,412
Short-term guarantee deposits	772,006	714,843
Short-term loans receivable	104,234	259,153
Accrued income	52,660	56,586
Other	80,815	92,731
Allowance for doubtful accounts	(171)	(2)
Total current assets	19,289,361	18,559,271
Non-current assets		
Property, plant and equipment	29,377	23,145
Intangible assets	92,189	21,481
Investments and other assets	421,146	318,341
Investment securities	281,494	250,768
Long-term loans receivable	113,715	48,341
Long-term guarantee deposits	15,510	15,238
Deferred tax assets	2,186	198
Other	9,609	5,327
Allowance for doubtful accounts	(1,370)	(1,532)
Total non-current assets	542,714	362,968
Total assets	19,832,076	18,922,239

(Millions of yen)

	As of March 31, 2024	As of September 30, 2024
Liabilities		
Current liabilities		
Trading products	5,464,502	4,976,866
Trading securities and other	3,904,441	3,554,217
Derivatives	1,560,060	1,422,648
Trade date accrual	340,523	325,563
Margin transaction liabilities	224,212	197,265
Borrowings on margin transactions	3,416	3,874
Cash received for securities lending on margin transactions	220,796	193,391
Loans payable secured by securities	7,519,140	5,914,759
Cash received for securities lending transactions	1,326,791	802,301
Borrowings on Gensaki transaction	6,192,349	5,112,457
Deposits received	627,127	716,502
Guarantee deposits received	219,931	205,528
Short-term loans payable	2,724,700	3,775,000
Current portion of long-term loans payable	3,000	3,000
Commercial papers	579,000	711,500
Current portion of bonds payable	26,759	21,575
Income taxes payable	3,218	6,348
Other	102,032	69,538
Total current liabilities	17,834,149	16,923,448
Non-current liabilities		
Bonds payable	352,828	357,861
Long-term loans payable	359,750	392,350
Lease obligations	4,554	1,242
Deferred tax liabilities	32,874	23,394
Net defined benefit liability	3,078	2,597
Asset retirement obligations	3,126	3,079
Other	1,405	1,703
Total non-current liabilities	757,618	782,227
Reserves under special laws		
Reserve for financial products transaction liabilities	4,631	5,296
Total reserves under special laws	4,631	5,296
Total liabilities	18,596,399	17,710,972
Net assets		
Shareholders' equity		
Capital stock	135,000	135,000
Capital surplus	582,848	569,889
Retained earnings	404,226	417,289
Total shareholders' equity	1,122,075	1,122,178
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	78,500	54,936
Deferred gains or losses on hedges	(9)	33
Foreign currency translation adjustment	35,046	34,102
Remeasurements of defined benefit plans	14	14
Total accumulated other comprehensive income	113,551	89,087
Non-controlling interests	50	—
Total net assets	1,235,676	1,211,266
Total liabilities and net assets	19,832,076	18,922,239

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

Consolidated Statements of Income

(Millions of yen)

	Six months ended September 30, 2023	Six months ended September 30, 2024
Operating revenue		
Commission received	108,131	138,321
Brokerage commissions	23,136	27,271
Commission for underwriting, secondary distribution and solicitation for selling and others for professional investors	16,891	26,940
Fee for offering, secondary distribution and solicitation for selling and others for professional investors	14,156	16,791
Other fees received	53,946	67,317
Net trading income	33,211	34,688
Financial revenue	51,907	85,557
Other sales	2,870	—
Total operating revenue	196,120	258,567
Financial expenses	44,295	67,961
Cost of other sales	2,622	—
Net operating revenue	149,202	190,605
Selling, general and administrative expenses		
Trading related expenses	18,172	19,995
Personnel expenses	62,656	73,051
Real estate expenses	11,569	9,953
Office expenses	16,872	33,544
Depreciation	13,541	5,303
Taxes and dues	3,030	3,893
Other	11,634	11,695
Total selling, general and administrative expenses	137,478	157,436
Operating profit	11,724	33,168
Non-operating income		
Dividend income	1,410	1,444
Equity in earnings of affiliates	413	3,186
Gain on investments in partnerships	160	1,186
Other	376	229
Total non-operating income	2,360	6,046
Non-operating expenses		
Interest expenses	64	16
Loss on investments in partnerships	928	684
Share issuance costs	875	—
Bond issuance costs	9	47
Other	258	149
Total non-operating expenses	2,136	897
Ordinary profit	11,947	38,317

(Millions of yen)

	Six months ended September 30, 2023	Six months ended September 30, 2024
Extraordinary income		
Gain on sale of investment securities	—	16,544
Total extraordinary income	—	16,544
Extraordinary losses		
Impairment losses	55	70
Loss on valuation of investment securities	864	—
Loss on sale of shares of subsidiaries and affiliates	7,860	—
Provision of reserve for financial products transaction liabilities	356	664
Total extraordinary loss	9,137	734
Profit before income taxes and non-controlling interests	2,810	54,127
Income taxes - current	(6,786)	14,876
Income taxes - deferred	8,189	(1,235)
Income taxes	1,402	13,641
Profit	1,407	40,485
Profit attributable to non-controlling interests	4	—
Profit attributable to owners of parent	1,402	40,485

Consolidated Statements of Comprehensive Income

(Millions of yen)

	Six months ended September 30, 2023	Six months ended September 30, 2024
Profit	1,407	40,485
Other comprehensive income		
Valuation difference on available-for-sale securities	18,859	(23,689)
Foreign currency translation adjustment	2,454	(1,724)
Share of other comprehensive income of affiliates accounted for using equity method	10,031	950
Total other comprehensive income	31,346	(24,463)
Comprehensive income	32,753	16,022
Comprehensive income attributable to:		
Owners of parent	32,749	16,022
Non-controlling interests	4	—

3. Notes to Consolidated Financial Statements

(Notes on Going Concern Assumption)

Not applicable.

(Notes on Significant Changes in Shareholders' Equity)

On April 1, 2024, SMBC Nikko Securities Inc. (hereinafter the "Company") distributed all shares of Nikko Systems Solutions, Ltd. (hereinafter "NKSOL") to Sumitomo Mitsui Financial Group, Inc. (hereinafter "SMFG") as a dividend in kind. Capital surplus was reduced by 12,959 million yen due to dividend in kind, and retained earnings were reduced by 12,702 million yen due to a decrease in consolidated subsidiaries. Retained earnings were also reduced by 14,760 million yen by the resolution of appropriation of surplus at the ordinary general meeting of shareholders on June 17, 2024. As a result, the Company held 569,889 million yen in capital surplus and 417,289 million yen in retained earnings as of September 30, 2024.

1. The dividend in kind

On March 12, 2024, the following matters were resolved at the extraordinary general meeting of shareholders.

(1) Kind and total book value of distributed assets

Kind of distributed assets: 50,001 common shares of NKSOL

Total book value of distributed assets: 12,959 million yen

(2) Number of shares distributed

The Company allots 50,001/200,002 common shares of NKSOL to the shareholder for every share of the Company's shares held by the shareholder.

(3) Effective date

April 1, 2024

2. The year-end dividend

On June 17, 2024, the following matters were resolved at the ordinary general meeting of shareholders.

(1) Total amount of dividend

14,760 million yen (The dividend per share is calculated by dividing the total dividend amount by the total number of issued shares, 200,002 shares.)

(2) Effective date

June 18, 2024

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

Application of “Accounting Standard for Current Income Taxes” and other standards and guidance

The Accounting Standard for Current Income Taxes (ASBJ Statement No.27, October 28, 2022; hereinafter the “Revised Accounting Standard 2022”), etc. have been adopted from the beginning of the period for the six months ended September 30, 2024.

The amendment to categories in which current income taxes should be recorded (taxes on other comprehensive income) follows the transitional treatment prescribed in the proviso of paragraph 20-3 of the Revised Accounting Standard 2022 and the transitional treatment prescribed in the proviso (2) of paragraph 65-2 of the Implementation Guidance on Tax Effect Accounting (ASBJ Guidance No.28, October 28, 2022; hereinafter the “Revised Implementation Guidance 2022”). There are no effects on the consolidated financial statements due to the application of the accounting standards and guidance.

Regarding the amendments related to the revision of the treatment of profits and losses on sales of shares of subsidiaries between consolidated companies in the case of tax deferral, the Revised Implementation Guidance 2022 has been applied from the beginning of the period for the six months ended September 30, 2024. This change in accounting policies was applied retrospectively. Hence, the semi-annual consolidated financial statements for the prior fiscal year and the consolidated financial statements for the prior fiscal year have been modified retrospectively. There are no effects on the consolidated financial statements due to the application of the accounting standards and guidance.

(Significant changes in the scope of consolidation during the period)

NKSOL was excluded from the scope of consolidation from the period for the six months ended September 30, 2024, because the Company distributed all shares of NKSOL to SMFG as a dividend in kind.

(Significant Subsequent Events)

Transfer of shares of the equity method affiliate

On October 1, 2024, the Company transferred all its shares of its equity method affiliate, SMBC Nikko Securities America, Inc. (hereinafter "SI"), to SI.

As a result, SI is going to be excluded from the equity method affiliate of the Company, but there is no change in the collaborative relationship between SI and the Company in the securities business after October 1, 2024.

1. Reason for the transfer of shares of the equity method affiliate

SMFG has decided to centralize the capital of its primary US-based companies at SMBC Americas Holdings, Inc. as a part of strengthening corporate governance through the unified supervision and management of its operations in the United States. Therefore, the Company accepted the purchase of treasury shares by SI and transferred all its shares.

2. Overview of the equity method affiliate and nature of transactions with the Company

(1) Name

SMBC Nikko Securities America, Inc.

(2) Nature of business

Securities business and Investment and loan business

(3) Nature of transactions with the Company

Securities trading and Concurrent positions of corporate officers

3. Overview of the transfer of equity interests

(1) Date of the transfer

October 1, 2024

(2) Number of interests transferred and Status of shareholding before and after the transfer

Number of interests held before the transfer	1,310 shares (Shareholding ratio of: 20%)
Number of interests transferred	1,310 shares
Number of interests held after the transfer	- shares (Shareholding ratio of: -%)

(3) Transfer price

47 billion yen

(4) Gain on transfer

In the period for the nine months ended December 31, 2024, 10.5 billion yen of the gain on sale of shares of subsidiaries and affiliates is going to be reported as extraordinary income.

II. Supplementary Information

1. Commission Received

(1) Breakdown by Categories

(Millions of yen)

	Six months ended September 30, 2023	Six months ended September 30, 2024	Increase/(Decrease)	
			Amount	Rate(%)
Brokerage commissions	23,136	27,271	4,135	17.9
< Equities >	< 22,348 >	< 26,210 >	< 3,861 >	< 17.3 >
< Bonds >	< 38 >	< 34 >	< (3) >	< (10.0) >
< Investment trusts >	< 690 >	< 1,017 >	< 326 >	< 47.3 >
Commission for underwriting, secondary distribution and solicitation for selling and others for professional investors	16,891	26,940	10,049	59.5
< Equities >	< 8,250 >	< 15,853 >	< 7,602 >	< 92.1 >
< Bonds >	< 8,480 >	< 10,915 >	< 2,435 >	< 28.7 >
Fee for offering, secondary distribution and solicitation for selling and others for professional investors	14,156	16,791	2,634	18.6
< Investment trusts >	< 13,390 >	< 15,824 >	< 2,434 >	< 18.2 >
Other fees received	53,946	67,317	13,370	24.8
< Investment trusts >	< 18,479 >	< 21,777 >	< 3,298 >	< 17.8 >
Total	108,131	138,321	30,190	27.9

(2) Breakdown by Products

(Millions of yen)

	Six months ended September 30, 2023	Six months ended September 30, 2024	Increase/(Decrease)	
			Amount	Rate(%)
Equities	31,650	43,235	11,585	36.6
Bonds	11,023	14,028	3,004	27.3
Investment trusts	32,560	38,620	6,059	18.6
Other	32,896	42,437	9,540	29.0
Total	108,131	138,321	30,190	27.9

2. Net Trading Income

(Millions of yen)

	Six months ended September 30, 2023	Six months ended September 30, 2024	Increase/(Decrease)	
			Amount	Rate(%)
Net trading income on equities	(922)	3,645	4,567	—
Net trading income on bonds and others	34,133	31,043	(3,090)	(9.1)
Total	33,211	34,688	1,477	4.4

3. Quarterly Consolidated Statements of Income

(Millions of yen)

	FY2023 2Q (July 1 to September 30, 2023)	FY2023 3Q (October 1 to December 31, 2023)	FY2023 4Q (January 1 to March 31, 2024)	FY2024 1Q (April 1 to June 30, 2024)	FY2024 2Q (July 1 to September 30, 2024)
Operating revenue					
Commission received	58,833	56,872	63,816	64,534	73,787
Brokerage commissions	11,898	10,964	15,051	13,363	13,908
< Equities >	< 11,530 >	< 10,488 >	< 14,664 >	< 12,907 >	< 13,303 >
Commission for underwriting, secondary distribution and solicitation for selling and others for professional investors	9,470	11,226	7,975	11,108	15,831
< Equities >	< 4,599 >	< 8,028 >	< 3,328 >	< 4,161 >	< 11,692 >
< Bonds >	< 4,818 >	< 3,178 >	< 4,448 >	< 6,885 >	< 4,029 >
Fee for offering, secondary distribution and solicitation for selling and others for professional investors	7,366	6,097	6,746	8,591	8,199
< Investment trusts >	< 6,813 >	< 4,381 >	< 6,006 >	< 8,385 >	< 7,439 >
Other fees received	30,098	28,584	34,043	31,469	35,847
< Investment trusts >	< 9,598 >	< 9,542 >	< 10,341 >	< 10,996 >	< 10,781 >
Net trading income	13,050	15,156	11,625	19,550	15,138
Financial revenue	29,429	30,602	42,020	40,785	44,771
Other sales	1,332	1,373	1,524	—	—
Total operating revenue	102,645	104,005	118,987	124,869	133,697
Financial expenses	23,177	25,040	30,714	34,156	33,805
Cost of other sales	1,216	1,425	1,634	—	—
Net operating revenue	78,252	77,539	86,638	90,713	99,891
Selling, general and administrative expenses					
Trading related expenses	9,723	9,356	10,803	10,008	9,987
Personnel expenses	32,989	32,895	35,409	34,606	38,445
Real estate expenses	5,700	5,654	5,712	5,066	4,886
Office expenses	8,699	9,019	9,454	16,982	16,562
Depreciation	6,738	6,893	7,103	2,668	2,635
Taxes and dues	1,143	2,082	1,118	1,924	1,968
Other	5,775	5,528	7,380	5,918	5,776
Total selling, general and administrative expenses	70,769	71,430	76,982	77,174	80,262
Operating profit	7,482	6,109	9,656	13,539	19,629
Non-operating income	1,781	2,074	3,386	2,741	3,305
Non-operating expenses	1,484	377	855	589	308
Ordinary profit	7,779	7,806	12,186	15,691	22,626
Extraordinary income	—	416	—	—	16,544
Extraordinary losses	379	239	249	354	380
Profit before income taxes and non-controlling interests	7,399	7,983	11,937	15,337	38,790
Income taxes	86	2,772	2,315	3,709	9,931
Profit	7,313	5,210	9,622	11,627	28,858
Profit attributable to non-controlling interests	2	1	(3)	—	—
Profit attributable to owners of parent	7,310	5,209	9,625	11,627	28,858

III. Non-consolidated Financial Statements

1. Non-consolidated Balance Sheets

	(Millions of yen)	
	As of March 31, 2024	As of September 30, 2024
Assets		
Current assets		
Cash and deposits	2,102,909	2,963,673
Cash segregated as deposits	677,528	674,720
Trading products	5,957,101	5,385,203
Trading securities and other	4,422,323	3,819,835
Derivatives	1,534,777	1,565,367
Margin transaction assets	152,677	178,421
Loans on margin transactions	140,174	165,287
Cash collateral pledged for securities borrowing on margin transactions	12,503	13,133
Loans secured by securities	9,346,278	8,175,114
Cash collateral pledged for securities borrowed	4,561,145	4,556,701
Loans on Gensaki transactions	4,785,132	3,618,412
Short-term guarantee deposits	772,006	714,843
Short-term loans receivable	147,234	259,153
Accrued income	51,449	55,532
Other	78,823	90,602
Allowance for doubtful accounts	(171)	(2)
Total current assets	19,285,836	18,497,263
Non-current assets		
Property, plant and equipment	21,656	20,856
Intangible assets	20,463	20,945
Investments and other assets	411,549	316,342
Investment securities	173,936	137,369
Shares of subsidiaries and affiliates	104,930	91,929
Long-term loans receivable	113,714	68,341
Long-term guarantee deposits	14,377	14,480
Other	5,960	5,753
Allowance for doubtful accounts	(1,370)	(1,532)
Total non-current assets	453,669	358,144
Total assets	19,739,506	18,855,407

(Millions of yen)

	As of March 31, 2024	As of September 30, 2024
Liabilities		
Current liabilities		
Trading products	5,464,502	4,976,866
Trading securities and other	3,904,441	3,554,217
Derivatives	1,560,060	1,422,648
Trade date accrual	340,523	325,563
Margin transaction liabilities	224,212	197,265
Borrowings on margin transactions	3,416	3,874
Cash received for securities lending on margin transactions	220,796	193,391
Loans payable secured by securities	7,519,140	5,914,759
Cash received for securities lending transactions	1,326,791	802,301
Borrowings on Gensaki transaction	6,192,349	5,112,457
Deposits received	626,888	716,455
Guarantee deposits received	219,931	205,528
Short-term loans payable	2,729,000	3,779,500
Current portion of long-term loans payable	3,000	3,000
Commercial papers	579,000	711,500
Current portion of bonds payable	26,759	21,575
Income taxes payable	2,669	6,194
Other	86,485	68,262
Total current liabilities	17,822,113	16,926,471
Non-current liabilities		
Bonds payable	352,828	357,861
Long-term loans payable	359,750	392,350
Lease obligations	435	247
Deferred tax liabilities	28,595	16,959
Provision for retirement benefits	2,707	2,570
Asset retirement obligations	2,774	2,826
Other	1,417	1,709
Total non-current liabilities	748,508	774,525
Reserves under special laws		
Reserve for financial products transaction liabilities	4,631	5,296
Total reserves under special laws	4,631	5,296
Total liabilities	18,575,253	17,706,293
Net assets		
Shareholders' equity		
Capital stock	135,000	135,000
Capital surplus	582,714	569,755
Legal capital surplus	125,000	125,000
Other capital surplus	457,714	444,755
Retained earnings	367,646	389,120
Legal retained earnings	2,500	2,500
Other retained earnings	365,146	386,620
Retained earnings brought forward	365,146	386,620
Total shareholders' equity	1,085,360	1,093,875
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	78,891	55,238
Total valuation and translation adjustments	78,891	55,238
Total net assets	1,164,252	1,149,114
Total liabilities and net assets	19,739,506	18,855,407

2. Non-consolidated Statements of Income

	(Millions of yen)	
	Six months ended September 30, 2023	Six months ended September 30, 2024
Operating revenue		
Commission received	104,475	133,564
Brokerage commissions	21,905	25,770
Commission for underwriting, secondary distribution and solicitation for selling and others for professional investors	16,859	26,861
Fee for offering, secondary distribution and solicitation for selling and others for professional investors	13,941	16,255
Other fees received	51,769	64,676
Net trading income	33,214	34,706
Financial revenue	51,406	84,947
Total operating revenue	189,096	253,218
Financial expenses	44,276	67,930
Net operating revenue	144,820	185,288
Selling, general and administrative expenses		
Trading related expenses	17,223	20,006
Personnel expenses	55,741	67,425
Real estate expenses	9,436	9,376
Office expenses	33,845	36,892
Depreciation	4,480	4,825
Taxes and dues	2,853	3,847
Other	10,866	11,212
Total selling, general and administrative expenses	134,447	153,586
Operating profit	10,373	31,702
Non-operating income		
Dividend income	10,086	1,474
Gain on investments in partnerships	160	1,186
Other	310	191
Total non-operating income	10,557	2,852
Non-operating expenses		
Loss on investments in partnerships	928	684
Share issuance costs	875	—
Bond issuance costs	9	47
Other	28	201
Total non-operating expenses	1,841	933
Ordinary profit	19,089	33,621

(Millions of yen)

	Six months ended September 30, 2023	Six months ended September 30, 2024
Extraordinary income		
Gain on sale of investment securities	—	16,545
Total extraordinary income	—	16,545
Extraordinary losses		
Impairment losses	55	70
Loss on valuation of investment securities	864	—
Loss on sale of shares of subsidiaries and affiliates	71	—
Provision of reserve for financial products transaction liabilities	356	664
Total extraordinary loss	1,347	734
Profit before income taxes	17,741	49,431
Income taxes - current	(6,908)	14,886
Income taxes - deferred	8,529	(1,689)
Income taxes	1,620	13,197
Profit	16,120	36,233

3. Capital Adequacy Ratio on a stand-alone basis

(Millions of yen)

		As of March 31, 2024	As of September 30, 2024
Basic items (A)		1,070,600	1,093,875
Supplementary items	Valuation difference on available-for-sale securities and others	78,891	55,238
	Reserve for financial products transaction liabilities	4,631	5,296
	Allowance for doubtful accounts	2	2
Total (B)		83,525	60,537
Deductible assets (C)		348,822	280,324
Net capital (A) + (B) - (C) (D)		805,303	874,088
Risk items	Market Risk	84,190	84,414
	Counterparty Risk	93,690	115,622
	Basic Risk	70,283	74,294
Total (E)		248,164	274,330
Capital adequacy ratio (D) / (E)*100		324.5%	318.6%

4. Quarterly Non-consolidated Statements of Income

(Millions of yen)

	FY2023 2Q (July 1 to September 30, 2023)	FY2023 3Q (October 1 to December 31, 2023)	FY2023 4Q (January 1 to March 31, 2024)	FY2024 1Q (April 1 to June 30, 2024)	FY2024 2Q (July 1 to September 30, 2024)
Operating revenue					
Commission received	56,881	54,900	60,561	62,079	71,485
Brokerage commissions	11,267	10,470	14,097	12,561	13,208
< Equities >	< 10,899 >	< 9,995 >	< 13,710 >	< 12,103 >	< 12,604 >
Commission for underwriting, secondary distribution and solicitation for selling and others for professional investors	9,441	11,213	7,903	11,085	15,775
< Equities >	< 4,599 >	< 8,028 >	< 3,328 >	< 4,161 >	< 11,692 >
< Bonds >	< 4,789 >	< 3,165 >	< 4,377 >	< 6,862 >	< 3,972 >
Fee for offering, secondary distribution and solicitation for selling and others for professional investors	7,272	5,594	6,242	8,564	7,690
< Investment trusts >	< 6,813 >	< 4,381 >	< 6,006 >	< 8,385 >	< 7,439 >
Other fees received	28,899	27,622	32,318	29,866	34,810
< Investment trusts >	< 9,409 >	< 9,362 >	< 10,118 >	< 10,784 >	< 10,589 >
Net trading income	13,053	15,159	11,626	19,569	15,136
Financial revenue	29,161	30,332	41,637	40,444	44,503
Total operating revenue	99,096	100,392	113,826	122,092	131,125
Financial expenses	23,161	25,031	30,699	34,139	33,791
Net operating revenue	75,934	75,361	83,126	87,953	97,334
Selling, general and administrative expenses					
Trading related expenses	9,290	9,154	9,995	9,852	10,154
Personnel expenses	29,554	29,457	31,649	31,674	35,751
Real estate expenses	4,639	4,541	4,628	4,745	4,631
Office expenses	17,078	17,405	17,787	18,604	18,287
Depreciation	2,227	2,328	2,364	2,400	2,425
Taxes and dues	1,087	1,992	1,048	1,893	1,953
Other	5,412	5,130	6,743	5,785	5,426
Total selling, general and administrative expenses	69,289	70,011	74,218	74,955	78,630
Operating profit	6,644	5,349	8,908	12,997	18,704
Non-operating income	1,418	1,175	2,684	1,088	1,764
Non-operating expenses	1,431	442	606	387	545
Ordinary profit	6,632	6,082	10,986	13,697	19,923
Extraordinary income	—	416	—	—	16,545
Extraordinary losses	379	239	1,935	354	380
Profit before income taxes	6,252	6,259	9,051	13,343	36,087
Income taxes	(319)	2,481	2,116	3,442	9,754
Profit	6,572	3,777	6,934	9,901	26,332