



January 28, 2025

# SMBC NIKKO SECURITIES INC.

## Consolidated Financial Results for the Nine Months Ended December 31, 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 nine months ended December 31, 2024

#### (1) Consolidated operating results (cumulative)

(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	%
Nine months ended										
December 31, 2024	387,659	29.2	279,917	23.5	45,861	157.2	51,452	160.5	60,239	810.9
December 31, 2023	300,126	51.3	226,742	38.1	17,833	—	19,754	—	6,612	—

Note: Comprehensive income For the nine months ended December 31, 2024 34,046 million yen <(4.3)%>

For the nine months ended December 31, 2023 35,571 million yen <—%>

	Basic earnings per share	Diluted earnings per share
Nine months ended	Yen	Yen
December 31, 2024	301,193.69	—
December 31, 2023	33,063.87	—

#### (2) Consolidated financial position

	Total assets	Net assets	Equity ratio
As of	Millions of yen	Millions of yen	%
December 31, 2024	20,816,327	1,229,290	5.9
March 31, 2024	19,832,076	1,235,676	6.2

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

As of December 31, 2024 1,229,290 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 quarterly consolidated financial statements: Yes

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

(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 December 31, 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 December 31, 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)

Nine months ended December 31, 2024	200,002 shares
Nine months ended December 31, 2023	200,001 shares

\* Review of the Japanese-language originals of the attached consolidated quarterly financial statements by certified public accountants or an audit firm: None

\* 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
(Significant changes in the scope of consolidation during the period) .....	6
(Changes in accounting policies, changes in accounting estimates, and restatement) .....	6
(Adoption of accounting treatment specific to the preparation of quarterly consolidated financial statements) ..	6
(Notes on Significant Changes in Shareholders' Equity).....	7
(Notes on Going Concern Assumption) .....	7
II. Supplementary Information .....	8
1. Commission Received .....	8
2. Net Trading Income .....	8
3. Quarterly Consolidated Statements of Income .....	9
III. Non-consolidated Financial Statements .....	10
1. Non-consolidated Balance Sheets.....	10
2. Non-consolidated Statements of Income.....	12
3. Capital Adequacy Ratio on a stand-alone basis .....	14
4. Quarterly Non-consolidated Statements of Income.....	15

## I. Consolidated Financial Statements and main notes

### 1. Consolidated Balance Sheets

(Millions of yen)

	As of March 31, 2024	As of December 31, 2024
<b>Assets</b>		
Current assets		
Cash and deposits	2,146,203	2,399,640
Cash segregated as deposits	677,557	711,269
Trading products	5,957,101	6,468,227
Trading securities and other	4,422,323	4,683,116
Derivatives	1,534,777	1,785,110
Margin transaction assets	152,677	148,516
Loans on margin transactions	140,174	141,041
Cash collateral pledged for securities borrowing on margin transactions	12,503	7,475
Loans secured by securities	9,346,278	9,491,584
Cash collateral pledged for securities borrowed	4,561,145	4,571,298
Loans on Gensaki transactions	4,785,132	4,920,286
Short-term guarantee deposits	772,006	872,048
Short-term loans receivable	104,234	204,020
Accrued income	52,660	51,978
Other	80,815	68,127
Allowance for doubtful accounts	(171)	(2)
<b>Total current assets</b>	<b>19,289,361</b>	<b>20,415,411</b>
Non-current assets		
Property, plant and equipment	29,377	22,591
Intangible assets	92,189	21,984
Investments and other assets	421,146	356,340
Investment securities	281,494	203,843
Long-term loans receivable	113,715	133,220
Long-term guarantee deposits	15,510	15,268
Deferred tax assets	2,186	197
Other	9,609	5,338
Allowance for doubtful accounts	(1,370)	(1,528)
<b>Total non-current assets</b>	<b>542,714</b>	<b>400,916</b>
<b>Total assets</b>	<b>19,832,076</b>	<b>20,816,327</b>

(Millions of yen)

	As of March 31, 2024	As of December 31, 2024
<b>Liabilities</b>		
Current liabilities		
Trading products	5,464,502	5,860,026
Trading securities and other	3,904,441	4,081,725
Derivatives	1,560,060	1,778,301
Trade date accrual	340,523	444,177
Margin transaction liabilities	224,212	156,363
Borrowings on margin transactions	3,416	2,566
Cash received for securities lending on margin transactions	220,796	153,797
Loans payable secured by securities	7,519,140	7,643,858
Cash received for securities lending transactions	1,326,791	722,660
Borrowings on Gensaki transaction	6,192,349	6,921,198
Deposits received	627,127	820,914
Guarantee deposits received	219,931	247,205
Short-term loans payable	2,724,700	3,028,500
Current portion of long-term loans payable	3,000	4,000
Commercial papers	579,000	462,200
Current portion of bonds payable	26,759	31,942
Income taxes payable	3,218	5,371
Other	102,032	95,878
<b>Total current liabilities</b>	<b>17,834,149</b>	<b>18,800,437</b>
Non-current liabilities		
Bonds payable	352,828	360,112
Long-term loans payable	359,750	395,350
Lease obligations	4,554	1,164
Deferred tax liabilities	32,874	17,069
Net defined benefit liability	3,078	2,610
Asset retirement obligations	3,126	3,070
Other	1,405	1,778
<b>Total non-current liabilities</b>	<b>757,618</b>	<b>781,155</b>
Reserves under special laws		
Reserve for financial products transaction liabilities	4,631	5,444
<b>Total reserves under special laws</b>	<b>4,631</b>	<b>5,444</b>
<b>Total liabilities</b>	<b>18,596,399</b>	<b>19,587,037</b>
<b>Net assets</b>		
Shareholders' equity		
Capital stock	135,000	135,000
Capital surplus	582,848	569,889
Retained earnings	404,226	437,042
<b>Total shareholders' equity</b>	<b>1,122,075</b>	<b>1,141,932</b>
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	78,500	54,616
Deferred gains or losses on hedges	(9)	(6)
Foreign currency translation adjustment	35,046	32,732
Remeasurements of defined benefit plans	14	14
<b>Total accumulated other comprehensive income</b>	<b>113,551</b>	<b>87,357</b>
Non-controlling interests	50	—
<b>Total net assets</b>	<b>1,235,676</b>	<b>1,229,290</b>
<b>Total liabilities and net assets</b>	<b>19,832,076</b>	<b>20,816,327</b>

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

### Consolidated Statements of Income

	(Millions of yen)	
	Nine months ended December 31, 2023	Nine months ended December 31, 2024
Operating revenue		
Commission received	165,004	210,418
Brokerage commissions	34,101	40,010
Commission for underwriting, secondary distribution and solicitation for selling and others for professional investors	28,117	39,630
Fee for offering, secondary distribution and solicitation for selling and others for professional investors	20,254	26,543
Other fees received	82,530	104,234
Net trading income	48,368	44,845
Financial revenue	82,509	132,395
Other sales	4,244	—
Total operating revenue	300,126	387,659
Financial expenses	69,335	107,742
Cost of other sales	4,047	—
Net operating revenue	226,742	279,917
Selling, general and administrative expenses		
Trading related expenses	27,528	30,750
Personnel expenses	95,552	107,170
Real estate expenses	17,224	14,882
Office expenses	25,891	50,222
Depreciation	20,435	8,085
Taxes and dues	5,113	5,396
Other	17,163	17,549
Total selling, general and administrative expenses	208,908	234,056
Operating profit	17,833	45,861
Non-operating income		
Dividend income	1,425	1,468
Equity in earnings of affiliates	1,300	3,629
Gain on investments in partnerships	1,252	1,397
Other	456	345
Total non-operating income	4,434	6,840
Non-operating expenses		
Interest expenses	97	25
Loss on investments in partnerships	1,181	876
Share issuance costs	875	—
Bond issuance costs	21	92
Other	339	255
Total non-operating expenses	2,513	1,249
Ordinary profit	19,754	51,452

(Millions of yen)

	Nine months ended December 31, 2023	Nine months ended December 31, 2024
<b>Extraordinary income</b>		
Gain on sale of investment securities	416	18,252
Gain on sale of shares of subsidiary	—	10,559
<b>Total extraordinary income</b>	<b>416</b>	<b>28,812</b>
<b>Extraordinary losses</b>		
Impairment losses	86	340
Loss on sale of investment securities	—	204
Loss on valuation of investment securities	986	—
Loss on sale of shares of subsidiaries and affiliates	7,860	—
Provision of reserve for financial products transaction liabilities	443	812
<b>Total extraordinary loss</b>	<b>9,377</b>	<b>1,357</b>
Profit before income taxes and non-controlling interests	10,793	78,907
Income taxes	4,175	18,667
Profit	6,618	60,239
Profit attributable to non-controlling interests	5	—
Profit attributable to owners of parent	6,612	60,239

**Consolidated Statements of Comprehensive Income**

(Millions of yen)

	Nine months ended December 31, 2023	Nine months ended December 31, 2024
Profit	6,618	60,239
Other comprehensive income		
Valuation difference on available-for-sale securities	19,815	(23,915)
Foreign currency translation adjustment	724	1,922
Share of other comprehensive income of affiliates accounted for using equity method	8,413	(4,200)
<b>Total other comprehensive income</b>	<b>28,953</b>	<b>(26,193)</b>
<b>Comprehensive income</b>	<b>35,571</b>	<b>34,046</b>
Comprehensive income attributable to:		
Owners of parent	35,566	34,046
Non-controlling interests	5	—

### 3. Notes to Consolidated Financial Statements

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

Nikko Systems Solutions, Ltd. (hereinafter "NKSOL") was excluded from the scope of consolidation from the period for the nine months ended December 31, 2024, because SMBC Nikko Securities Inc. (hereinafter "the Company") distributed all shares of NKSOL to Sumitomo Mitsui Financial Group, Inc. (hereinafter "SMFG") as a dividend in kind.

#### **(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 nine months ended December 31, 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 nine months ended December 31, 2024. This change in accounting policies was applied retrospectively. Hence, the quarterly 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.

#### **(Adoption of accounting treatment specific to the preparation of quarterly consolidated financial statements)**

##### **Calculation of tax**

Income taxes of the Company and its consolidated domestic subsidiaries are calculated by applying a reasonably estimated effective tax rate for the full fiscal year to income before income taxes for the nine months ended December 31, 2024. The effective tax rate is determined by estimating the effective tax rate for the full fiscal year, which includes the nine months ended December 31, 2024, after taking into account the effect of deferred tax accounting. Income taxes-deferred are included in the income taxes.



**(Notes on Significant Changes in Shareholders' Equity)**

On April 1, 2024, the Company distributed all shares of NKSOL to 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 437,042 million yen in retained earnings as of December 31, 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

**(Notes on Going Concern Assumption)**

Not applicable.

## II. Supplementary Information

### 1. Commission Received

#### (1) Breakdown by Categories

(Millions of yen)

	Nine months ended December 31, 2023	Nine months ended December 31, 2024	Increase/(Decrease)	
			Amount	Rate(%)
Brokerage commissions	34,101	40,010	5,909	17.3
< Equities >	< 32,837 >	< 38,551 >	< 5,714 >	< 17.4 >
< Bonds >	< 53 >	< 52 >	< (1) >	< (2.0) >
< Investment trusts >	< 1,146 >	< 1,393 >	< 247 >	< 21.6 >
Commission for underwriting, secondary distribution and solicitation for selling and others for professional investors	28,117	39,630	11,512	40.9
< Equities >	< 16,279 >	< 23,172 >	< 6,892 >	< 42.3 >
< Bonds >	< 11,658 >	< 16,271 >	< 4,612 >	< 39.6 >
Fee for offering, secondary distribution and solicitation for selling and others for professional investors	20,254	26,543	6,288	31.1
< Investment trusts >	< 17,771 >	< 24,929 >	< 7,157 >	< 40.3 >
Other fees received	82,530	104,234	21,703	26.3
< Investment trusts >	< 28,021 >	< 33,161 >	< 5,140 >	< 18.3 >
Total	165,004	210,418	45,414	27.5

#### (2) Breakdown by Products

(Millions of yen)

	Nine months ended December 31, 2023	Nine months ended December 31, 2024	Increase/(Decrease)	
			Amount	Rate(%)
Equities	51,132	64,267	13,135	25.7
Bonds	16,104	20,808	4,703	29.2
Investment trusts	46,939	59,484	12,545	26.7
Other	50,827	65,857	15,030	29.6
Total	165,004	210,418	45,414	27.5

### 2. Net Trading Income

(Millions of yen)

	Nine months ended December 31, 2023	Nine months ended December 31, 2024	Increase/(Decrease)	
			Amount	Rate(%)
Net trading income on equities	405	5,585	5,180	—
Net trading income on bonds and others	47,963	39,259	(8,703)	(18.1)
Total	48,368	44,845	(3,523)	(7.3)

### 3. Quarterly Consolidated Statements of Income

(Millions of yen)

	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)	FY2024 3Q (October 1 to December 31, 2024)
Operating revenue					
Commission received	56,872	63,816	64,534	73,787	72,097
Brokerage commissions	10,964	15,051	13,363	13,908	12,739
< Equities >	< 10,488 >	< 14,664 >	< 12,907 >	< 13,303 >	< 12,341 >
Commission for underwriting, secondary distribution and solicitation for selling and others for professional investors	11,226	7,975	11,108	15,831	12,689
< Equities >	< 8,028 >	< 3,328 >	< 4,161 >	< 11,692 >	< 7,318 >
< Bonds >	< 3,178 >	< 4,448 >	< 6,885 >	< 4,029 >	< 5,356 >
Fee for offering, secondary distribution and solicitation for selling and others for professional investors	6,097	6,746	8,591	8,199	9,751
< Investment trusts >	< 4,381 >	< 6,006 >	< 8,385 >	< 7,439 >	< 9,104 >
Other fees received	28,584	34,043	31,469	35,847	36,916
< Investment trusts >	< 9,542 >	< 10,341 >	< 10,996 >	< 10,781 >	< 11,384 >
Net trading income	15,156	11,625	19,550	15,138	10,156
Financial revenue	30,602	42,020	40,785	44,771	46,838
Other sales	1,373	1,524	—	—	—
Total operating revenue	104,005	118,987	124,869	133,697	129,092
Financial expenses	25,040	30,714	34,156	33,805	39,780
Cost of other sales	1,425	1,634	—	—	—
Net operating revenue	77,539	86,638	90,713	99,891	89,312
Selling, general and administrative expenses					
Trading related expenses	9,356	10,803	10,008	9,987	10,754
Personnel expenses	32,895	35,409	34,606	38,445	34,118
Real estate expenses	5,654	5,712	5,066	4,886	4,929
Office expenses	9,019	9,454	16,982	16,562	16,678
Depreciation	6,893	7,103	2,668	2,635	2,782
Taxes and dues	2,082	1,118	1,924	1,968	1,502
Other	5,528	7,380	5,918	5,776	5,854
Total selling, general and administrative expenses	71,430	76,982	77,174	80,262	76,619
Operating profit	6,109	9,656	13,539	19,629	12,692
Non-operating income	2,074	3,386	2,741	3,305	793
Non-operating expenses	377	855	589	308	351
Ordinary profit	7,806	12,186	15,691	22,626	13,134
Extraordinary income	416	—	—	16,544	12,267
Extraordinary losses	239	249	354	380	622
Profit before income taxes and non-controlling interests	7,983	11,937	15,337	38,790	24,780
Income taxes	2,772	2,315	3,709	9,931	5,026
Profit	5,210	9,622	11,627	28,858	19,753
Profit attributable to non-controlling interests	1	(3)	—	—	—
Profit attributable to owners of parent	5,209	9,625	11,627	28,858	19,753

### III. Non-consolidated Financial Statements

#### 1. Non-consolidated Balance Sheets

	(Millions of yen)	
	As of March 31, 2024	As of December 31, 2024
<b>Assets</b>		
Current assets		
Cash and deposits	2,102,909	2,355,825
Cash segregated as deposits	677,528	711,194
Trading products	5,957,101	6,468,227
Trading securities and other	4,422,323	4,683,116
Derivatives	1,534,777	1,785,110
Margin transaction assets	152,677	148,516
Loans on margin transactions	140,174	141,041
Cash collateral pledged for securities borrowing on margin transactions	12,503	7,475
Loans secured by securities	9,346,278	9,491,584
Cash collateral pledged for securities borrowed	4,561,145	4,571,298
Loans on Gensaki transactions	4,785,132	4,920,286
Short-term guarantee deposits	772,006	872,048
Short-term loans receivable	147,234	204,020
Accrued income	51,449	51,174
Other	78,823	65,654
Allowance for doubtful accounts	(171)	(2)
Total current assets	19,285,836	20,368,244
Non-current assets		
Property, plant and equipment	21,656	20,283
Intangible assets	20,463	21,438
Investments and other assets	411,549	358,650
Investment securities	173,936	136,472
Shares of subsidiaries and affiliates	104,930	70,291
Long-term loans receivable	113,714	133,220
Long-term guarantee deposits	14,377	14,463
Other	5,960	5,731
Allowance for doubtful accounts	(1,370)	(1,528)
Total non-current assets	453,669	400,372
<b>Total assets</b>	19,739,506	20,768,616

(Millions of yen)

	As of March 31, 2024	As of December 31, 2024
<b>Liabilities</b>		
Current liabilities		
Trading products	5,464,502	5,860,026
Trading securities and other	3,904,441	4,081,725
Derivatives	1,560,060	1,778,301
Trade date accrual	340,523	444,177
Margin transaction liabilities	224,212	156,363
Borrowings on margin transactions	3,416	2,566
Cash received for securities lending on margin transactions	220,796	153,797
Loans payable secured by securities	7,519,140	7,643,858
Cash received for securities lending transactions	1,326,791	722,660
Borrowings on Gensaki transaction	6,192,349	6,921,198
Deposits received	626,888	820,794
Guarantee deposits received	219,931	247,205
Short-term loans payable	2,729,000	3,033,200
Current portion of long-term loans payable	3,000	4,000
Commercial papers	579,000	462,200
Current portion of bonds payable	26,759	31,942
Income taxes payable	2,669	5,220
Other	86,485	93,438
Total current liabilities	17,822,113	18,802,427
Non-current liabilities		
Bonds payable	352,828	360,112
Long-term loans payable	359,750	395,350
Lease obligations	435	195
Deferred tax liabilities	28,595	16,729
Provision for retirement benefits	2,707	2,583
Asset retirement obligations	2,774	2,803
Other	1,417	1,786
Total non-current liabilities	748,508	779,561
Reserves under special laws		
Reserve for financial products transaction liabilities	4,631	5,444
Total reserves under special laws	4,631	5,444
Total liabilities	18,575,253	19,587,432
<b>Net assets</b>		
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	421,417
Legal retained earnings	2,500	2,500
Other retained earnings	365,146	418,917
Retained earnings brought forward	365,146	418,917
Total shareholders' equity	1,085,360	1,126,172
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	78,891	55,011
Total valuation and translation adjustments	78,891	55,011
Total net assets	1,164,252	1,181,183
Total liabilities and net assets	19,739,506	20,768,616

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

	(Millions of yen)	
	Nine months ended December 31, 2023	Nine months ended December 31, 2024
Operating revenue		
Commission received	159,376	202,163
Brokerage commissions	32,376	37,326
Commission for underwriting, secondary distribution and solicitation for selling and others for professional investors	28,072	39,411
Fee for offering, secondary distribution and solicitation for selling and others for professional investors	19,535	25,638
Other fees received	79,392	99,787
Net trading income	48,373	44,866
Financial revenue	81,738	131,411
Total operating revenue	289,489	378,442
Financial expenses	69,307	107,692
Net operating revenue	220,181	270,749
Selling, general and administrative expenses		
Trading related expenses	26,377	30,241
Personnel expenses	85,198	98,468
Real estate expenses	13,978	13,949
Office expenses	51,250	55,110
Depreciation	6,809	7,312
Taxes and dues	4,846	5,328
Other	15,997	16,758
Total selling, general and administrative expenses	204,458	227,169
Operating profit	15,722	43,580
Non-operating income		
Dividend income	10,101	1,497
Gain on investments in partnerships	1,252	1,397
Other	378	336
Total non-operating income	11,732	3,231
Non-operating expenses		
Loss on investments in partnerships	1,181	876
Share issuance costs	875	-
Bond issuance costs	21	92
Other	206	181
Total non-operating expenses	2,283	1,149
Ordinary profit	25,171	45,662

(Millions of yen)

	Nine months ended December 31, 2023	Nine months ended December 31, 2024
<b>Extraordinary income</b>		
Gain on sale of investment securities	416	18,253
Gain on sale of shares of subsidiary	—	25,381
<b>Total extraordinary income</b>	<b>416</b>	<b>43,634</b>
<b>Extraordinary losses</b>		
Impairment losses	86	340
Loss on sale of investment securities	—	204
Loss on valuation of investment securities	986	—
Loss on sale of shares of subsidiaries and affiliates	71	—
Provision of reserve for financial products transaction liabilities	443	812
<b>Total extraordinary loss</b>	<b>1,587</b>	<b>1,357</b>
Profit before income taxes	24,000	87,940
Income taxes	4,102	19,409
<b>Profit</b>	<b>19,897</b>	<b>68,530</b>

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

(Millions of yen)

		As of March 31, 2024	As of December 31, 2024
Basic items (A)		1,070,600	1,126,172
Supplementary items	Valuation difference on available-for-sale securities and others	78,891	55,011
	Reserve for financial products transaction liabilities	4,631	5,444
	Allowance for doubtful accounts	2	2
Total (B)		83,525	60,457
Deductible assets (C)		348,822	316,442
Net capital (A) + (B) - (C) (D)		805,303	870,187
Risk items	Market Risk	84,190	76,377
	Counterparty Risk	93,690	89,990
	Basic Risk	70,283	76,810
Total (E)		248,164	243,179
Capital adequacy ratio (D) / (E)*100		324.5%	357.8%



## 4. Quarterly Non-consolidated Statements of Income

(Millions of yen)

	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)	FY2024 3Q (October 1 to December 31, 2024)
Operating revenue					
Commission received	54,900	60,561	62,079	71,485	68,598
Brokerage commissions	10,470	14,097	12,561	13,208	11,555
< Equities >	< 9,995 >	< 13,710 >	< 12,103 >	< 12,604 >	< 11,157 >
Commission for underwriting, secondary distribution and solicitation for selling and others for professional investors	11,213	7,903	11,085	15,775	12,550
< Equities >	< 8,028 >	< 3,328 >	< 4,161 >	< 11,692 >	< 7,318 >
< Bonds >	< 3,165 >	< 4,377 >	< 6,862 >	< 3,972 >	< 5,216 >
Fee for offering, secondary distribution and solicitation for selling and others for professional investors	5,594	6,242	8,564	7,690	9,382
< Investment trusts >	< 4,381 >	< 6,006 >	< 8,385 >	< 7,439 >	< 9,104 >
Other fees received	27,622	32,318	29,866	34,810	35,110
< Investment trusts >	< 9,362 >	< 10,118 >	< 10,784 >	< 10,589 >	< 11,147 >
Net trading income	15,159	11,626	19,569	15,136	10,160
Financial revenue	30,332	41,637	40,444	44,503	46,463
Total operating revenue	100,392	113,826	122,092	131,125	125,223
Financial expenses	25,031	30,699	34,139	33,791	39,761
Net operating revenue	75,361	83,126	87,953	97,334	85,461
Selling, general and administrative expenses					
Trading related expenses	9,154	9,995	9,852	10,154	10,235
Personnel expenses	29,457	31,649	31,674	35,751	31,042
Real estate expenses	4,541	4,628	4,745	4,631	4,572
Office expenses	17,405	17,787	18,604	18,287	18,217
Depreciation	2,328	2,364	2,400	2,425	2,486
Taxes and dues	1,992	1,048	1,893	1,953	1,481
Other	5,130	6,743	5,785	5,426	5,546
Total selling, general and administrative expenses	70,011	74,218	74,955	78,630	73,582
Operating profit	5,349	8,908	12,997	18,704	11,878
Non-operating income	1,175	2,684	1,088	1,764	379
Non-operating expenses	442	606	387	545	216
Ordinary profit	6,082	10,986	13,697	19,923	12,041
Extraordinary income	416	—	—	16,545	27,089
Extraordinary losses	239	1,935	354	380	622
Profit before income taxes	6,259	9,051	13,343	36,087	38,509
Income taxes	2,481	2,116	3,442	9,754	6,212
Profit	3,777	6,934	9,901	26,332	32,296