



October 29, 2020

Summary of Consolidated Financial Statements for the Six Months Ended September 30, 2020 Under Japanese GAAP

Company's name: **Mizuho Securities Co., Ltd.**

URL: <https://www.mizuho-sc.com/>

Representative: Koichi Iida, President

Contact: Yasutoshi Tanaka, General Manager of Accounting Dept. on +81 3-5208-3210

Preparation of supplemental explanatory documents: Yes

Holding of quarterly presentation meeting: No

1. Consolidated Financial Results for the Six Months Ended September 30, 2020 (April 1, 2020 to September 30, 2020)

(Amounts are rounded down to the nearest millions of yen)

(1) Consolidated operating results

(Percentage figures represent year-on-year changes)

	Operating revenues		Net operating revenues		Operating income		Ordinary income	
	millions of yen	%	millions of yen	%	millions of yen	%	millions of yen	%
Six months ended								
September 30, 2020	201,240	5.7	165,215	19.3	38,492	183.0	38,959	176.5
September 30, 2019	190,379	(5.9)	138,439	(11.5)	13,601	(41.3)	14,090	(41.8)

(Note) Comprehensive income: September 30, 2020: 37,302 million yen (— %)

September 30, 2019: (607) million yen (— %)

	Net income attributable to owners of parent		Net income per share	Net income per share - fully diluted
	millions of yen	%	Yen	Yen
Six months ended				
September 30, 2020	30,239	191.2	15.01	—
September 30, 2019	10,383	(51.7)	5.15	—

(2) Consolidated financial positions

	Total assets	Net assets	Equity ratio
	millions of yen	millions of yen	%
September 30, 2020	18,564,759	923,008	5.0
March 31, 2020	17,642,714	895,187	5.1

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

September 30, 2020: 921,325 million yen

March 31, 2020: 890,983 million yen

2. Notes

(1) Changes in significant subsidiaries (changes in specified subsidiaries accompanying changes in the scope of consolidation) during the period: None

(2) Application of specific accounting methods in the preparation of quarterly consolidated financial statements: None

(3) Changes in accounting policies, estimates and restatements:

1) Changes in accounting policies in accordance with revisions of accounting standards: None

2) Changes other than 1) above: Yes

3) Changes in accounting estimates: None

4) Restatements: None

Note: For more information, please refer to "1. Matters Related to Summary Information (Notes) Changes in accounting policies, estimates and restatement" on page 2 of the appendix.

(4) Number of outstanding shares (common stock)

1) Number of shares issued at end of the period (including treasury stock):

September 30, 2020: 2,015,102,652 shares

March 31, 2020: 2,015,102,652 shares

2) Number of treasury stock at end of the period:

September 30, 2020: - shares

March 31, 2020: - shares

3) Average number of outstanding shares for the six months:

Six Months Ended September 30, 2020 2,015,102,652 shares

Six Months Ended September 30, 2019 2,015,102,652 shares

* Other important matters

Not applicable

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1. Matters Related to Summary information (Notes)

Changes in accounting policies, estimates, and restatements

(Changes in accounting policies)

Mizuho Securities Co., Ltd. (hereinafter, the "Company") has applied "Accounting Standard for Fair Value Measurement" (ASBJ Statement No.30, July 4, 2019; hereinafter, "Fair Value Accounting Standards") and others from the beginning of the first quarter ended June 30, 2020.

In accordance with the transitional treatment set forth in Article 19 of Fair Value Accounting Standards and Article 44-2 of "Accounting Standard for Financial Instruments" (ASBJ Statement No.10, July 4, 2019), the Company has applied prospectively a new accounting policy prescribed by Fair Value Accounting Standards and others.

This has no effect on the quarterly consolidated financial statements.

2. Quarterly Consolidated Financial Statements

(1) Quarterly Consolidated Balance Sheets

(Millions of yen)

	As of March 31, 2020	As of September 30, 2020
Assets		
Current assets		
Cash and bank deposits	690,952	374,940
Cash segregated as deposits for customers and others	394,097	451,680
Trading assets	9,237,670	10,093,594
Trading securities and others	3,022,488	4,696,599
Loans receivable	—	1,006
Derivatives	6,215,182	5,395,987
Operating investment securities	71,007	71,142
Operating loans receivable	8,360	6,587
Receivables related to margin transactions	22,055	29,365
Loans receivable under margin transactions	20,172	21,750
Cash collateral for borrowed securities under margin transactions	1,883	7,615
Collateralized short-term financing agreements - receivable	6,271,788	6,618,205
Deposits paid for securities borrowed	2,131,439	2,095,200
Securities purchased under agreements to resell	4,140,349	4,523,004
Advances paid	1,421	664
Securities: fail to deliver	96,388	64,858
Short-term loans receivable	180	152
Securities	106	205
Other current assets	633,598	635,769
Less: Allowance for doubtful accounts	(14)	(14)
Total current assets	17,427,614	18,347,152
Noncurrent assets		
Property and equipment	29,195	27,885
Intangible assets	90,141	86,785
Investments and other assets	95,762	102,936
Investment securities	47,424	60,833
Long-term guarantee deposits	11,690	11,582
Net defined benefit asset	23,299	24,183
Deferred tax assets	6,281	266
Other	10,504	9,488
Less: Allowance for doubtful accounts	(3,436)	(3,418)
Total noncurrent assets	215,099	217,607
Total assets	17,642,714	18,564,759

(Millions of yen)

As of March 31, 2020 As of September 30, 2020

Liabilities

Current liabilities		
Trading liabilities	7,660,089	7,084,178
Trading securities and others	1,712,066	2,006,577
Derivatives	5,948,022	5,077,600
Payables - unsettled trades	27,941	152,382
Payables related to margin transactions	47,395	50,720
Borrowings on margin transactions	7,427	4,253
Cash collateral for loaned securities under margin transactions	39,968	46,466
Collateralized short-term financing agreements - payable	5,410,004	7,031,265
Deposits received for securities loaned	790,145	726,629
Securities sold under agreements to repurchase	4,619,858	6,304,635
Deposits received	350,259	402,106
Guarantee deposits received	413,931	383,699
Securities: fail to receive	82,308	34,912
Short-term borrowings	1,183,544	1,001,794
Commercial paper	319,000	297,000
Bonds and notes due within one year	202,359	227,662
Income taxes payable	3,143	3,159
Accrued employees' bonuses	22,255	16,623
Provision for variable compensation	816	394
Provision for bonus point redemption	487	—
Other current liabilities	147,623	140,777
Total current liabilities	<u>15,871,160</u>	<u>16,826,675</u>
Noncurrent liabilities		
Bonds and notes	710,635	645,713
Long-term borrowings	135,600	138,400
Lease obligations	3,279	3,028
Deferred tax liabilities	26	641
Provision for directors' retirement benefits	65	62
Provision for executive officers' retirement benefits	92	63
Net defined benefit liability	20,631	21,133
Other noncurrent liabilities	3,524	3,526
Total noncurrent liabilities	<u>873,856</u>	<u>812,569</u>
Statutory reserves		
Reserve for financial instruments transaction liabilities	2,509	2,506
Total statutory reserves	<u>2,509</u>	<u>2,506</u>
Total liabilities	<u>16,747,526</u>	<u>17,641,751</u>

(Millions of yen)

As of March 31, 2020 As of September 30, 2020

	As of March 31, 2020	As of September 30, 2020
Net assets		
Shareholders' equity		
Common stock	125,167	125,167
Capital surplus	358,414	358,414
Retained earnings	460,906	483,579
Total shareholders' equity	<u>944,488</u>	<u>967,161</u>
Accumulated other comprehensive income (loss)		
Net unrealized gains on (operating) investment securities, net of tax, etc.	19,511	26,569
Foreign currency translation adjustments	(72,854)	(72,411)
Remeasurement of defined benefit plans	(161)	6
Total accumulated other comprehensive income (loss)	<u>(53,504)</u>	<u>(45,835)</u>
Non-controlling interests	<u>4,203</u>	<u>1,683</u>
Total net assets	<u>895,187</u>	<u>923,008</u>
Total liabilities and net assets	<u>17,642,714</u>	<u>18,564,759</u>

(2) Quarterly Consolidated Statements of Income and Comprehensive Income

Quarterly Consolidated Statements of Income

For the six months ended September 30, 2019 and 2020

	(Millions of yen)	
	Six months ended September 30, 2019	Six months ended September 30, 2020
Operating revenues		
Commissions	79,108	89,556
Brokerage commissions	13,726	15,771
Underwriting and selling fees, and commissions from solicitation to qualifying investors	19,565	17,084
Offering, selling, and other commissions and fees, and commissions from solicitation to qualifying investors	19,730	26,637
Other commissions and fees	26,085	30,063
Net gain on trading	53,656	64,338
Net gain on operating investment securities	3,256	1,375
Interest and dividend income	54,357	45,969
Total operating revenues	190,379	201,240
Interest expenses	51,939	36,025
Net operating revenues	138,439	165,215
Selling, general and administrative expenses	124,837	126,722
Transaction-related expenses	21,635	19,941
Personnel expenses	57,136	60,094
Real estate expenses	14,696	13,207
Administrative expenses	13,204	14,904
Depreciation and amortization	14,472	14,387
Taxes and dues	2,424	2,544
Provision of allowance for doubtful accounts	(1,076)	(16)
Other	2,343	1,660
Operating income	13,601	38,492
Non-operating income	1,575	1,285
Non-operating expenses	1,086	818
Ordinary income	14,090	38,959
Extraordinary gain	185	17
Gain on sales of noncurrent assets	23	—
Gain on sales of investment securities	161	13
Reversal of reserve for financial instruments transaction liabilities	0	3
Extraordinary loss	257	1,779
Loss on sales of noncurrent assets	—	4
Loss on disposal of noncurrent assets	126	94
Loss on sales of investment securities	4	—
Loss on impairment of investment securities	23	—
Loss on impairment of golf club membership	—	7
Impairment losses	—	630
Loss due to transition to a defined contribution pension plan	—	33
Merger expenses	—	58
Head office transfer cost	102	147
Loss related to novel coronavirus disease	—	604
Loss related to liquidation of subsidiaries and affiliates	—	199
Income before income taxes and non-controlling interests	14,018	37,197
Income taxes - current	1,278	3,348
Income taxes - refund	(7)	—
Income taxes - deferred	2,539	3,443
Total income taxes	3,810	6,791
Net income	10,208	30,405
Net income (loss) attributable to non-controlling interests	(175)	166
Net income attributable to owners of parent	10,383	30,239

Quarterly Consolidated Statements of Comprehensive Income
For the six months ended September 30, 2019 and 2020

(Millions of yen)

	Six months ended September 30, 2019	Six months ended September 30, 2020
Net income	10,208	30,405
Other comprehensive income (loss)		
Net unrealized gains on (operating) investment securities, net of tax, etc.	54	7,058
Foreign currency translation adjustments	(10,577)	(329)
Remeasurement of defined benefit plans	(293)	97
Share in other comprehensive income of affiliates accounted for using equity method	0	70
Total other comprehensive income (loss)	(10,816)	6,896
Comprehensive income (loss)	(607)	37,302
(Breakdown)		
Attributable to:		
Owners of parent	(309)	37,908
Non-controlling interests	(298)	(605)

(3) Note on the going-concern assumption

Not applicable

(4) Note on material changes in shareholders' equity

Not applicable

3. Supplemental Information**(1) Commissions**

1) Breakdown by items

(Millions of yen)

	Six months ended September 30, 2019	Six months ended September 30, 2020	Increase/(Decrease)	
			Amount	Percentage (%)
Brokerage commissions	13,726	15,771	2,044	14.9
Equities	13,056	14,918	1,861	14.3
Bonds	453	536	83	18.5
Underwriting and selling fees, and commissions from solicitation to qualifying investors	19,565	17,084	(2,480)	(12.7)
Equities	5,194	5,247	53	1.0
Bonds	14,241	11,486	(2,754)	(19.3)
Offering, selling, and other commissions and fees, and commissions from solicitation to qualifying investors	19,730	26,637	6,906	35.0
Other commissions and fees	26,085	30,063	3,977	15.2
Total	79,108	89,556	10,448	13.2

2) Breakdown by instruments

(Millions of yen)

	Six months ended September 30, 2019	Six months ended September 30, 2020	Increase/(Decrease)	
			Amount	Percentage (%)
Equities	20,377	24,362	3,985	19.6
Bonds	22,465	19,657	(2,807)	(12.5)
Beneficiary certificates	21,829	30,481	8,652	39.6
Others	14,436	15,054	617	4.3
Total	79,108	89,556	10,448	13.2

(2) Net gain on trading

(Millions of yen)

	Six months ended September 30, 2019	Six months ended September 30, 2020	Increase/(Decrease)	
			Amount	Percentage (%)
Equities, etc.	15,620	27,999	12,379	79.3
Bonds, etc. and others	38,036	36,338	(1,697)	(4.5)
Total	53,656	64,338	10,681	19.9

(3) Capital adequacy requirement ratio**1) Consolidated base**

(Millions of yen)

		As of March 31, 2020	As of September 30, 2020
Basic items (A)		868,281	896,432
Supplemental items	Net unrealized gains on (operating) investment securities, net of tax, etc.	19,349	26,575
	Reserve for financial instruments transaction liabilities, etc.	2,509	2,506
	Allowance for doubtful accounts	11	13
	Subordinated short-term borrowings	90,000	90,000
Total (B)		111,871	119,095
Deducted assets (C)		210,790	200,175
Equity after deduction (A) + (B) - (C) (D)		769,361	815,352
Amount equivalent to risk	Amount equivalent to market risk	145,058	122,155
	Amount equivalent to counterparty risk	53,220	66,471
	Amount equivalent to fundamental risk	70,595	70,101
	Total (E)	268,874	258,728
Consolidated capital adequacy requirement ratio (D)/(E) * 100		286.1%	315.1%

2) Non-consolidated base

(Millions of yen)

		As of March 31, 2020	As of September 30, 2020
Basic items (A)		870,521	902,524
Supplemental items	Net unrealized gains on (operating) investment securities, net of tax, etc.	10,312	17,357
	Reserve for financial instruments transaction liabilities, etc.	2,509	2,506
	Allowance for doubtful accounts	5	7
	Subordinated short-term borrowings	90,000	90,000
Total (B)		102,827	109,870
Deducted assets (C)		358,404	356,492
Equity after deduction (A) + (B) - (C) (D)		614,943	655,902
Amount equivalent to risk	Amount equivalent to market risk	99,942	86,722
	Amount equivalent to counterparty risk	41,676	51,386
	Amount equivalent to fundamental risk	66,966	69,256
	Total (E)	208,584	207,365
Capital adequacy requirement ratio (D)/(E) * 100		294.8%	316.3%

(4) Quarterly Consolidated Statements of Income

(Millions of yen)

	Second quarter	Third quarter	Fourth quarter	First quarter	Second quarter
	ended	ended	ended	ended	ended
	September 2019	December 2019	March 2020	June 2020	September 2020
	Jul. 1, 2019 -	Oct. 1, 2019 -	Jan. 1, 2020 -	Apr. 1, 2020 -	Jul. 1, 2020 -
	Sep. 30, 2019	Dec. 31, 2019	Mar. 31, 2020	Jun. 30, 2020	Sep. 30, 2020
Operating revenues	105,649	98,244	93,151	94,762	106,477
Commissions	41,860	41,182	41,325	42,432	47,124
Brokerage commissions	7,341	7,514	8,572	8,336	7,434
Equities	7,012	7,223	8,019	7,877	7,040
Bonds	214	208	337	244	292
Underwriting and selling fees, and commissions from solicitation to qualifying investors	10,744	8,196	6,390	4,908	12,176
Equities	2,637	2,663	3,001	414	4,833
Bonds	8,043	5,428	2,950	4,471	7,015
Offering, selling, and other commissions and fees, and commissions from solicitation to qualifying investors	10,035	10,873	9,545	12,626	14,010
Other commissions and fees	13,739	14,598	16,816	16,560	13,502
Net gain on trading	31,786	30,278	24,554	32,639	31,699
Equities, etc.	10,238	13,682	10,914	12,111	15,888
Bonds, etc. and others	21,547	16,595	13,639	20,528	15,810
Net gain (loss) on operating investment	1,373	498	(481)	1,358	17
Interest and dividend income	30,629	26,285	27,753	18,332	27,637
Interest expenses	30,628	22,320	25,429	14,299	21,726
Net operating revenues	75,021	75,924	67,722	80,463	84,751
Selling, general and administrative expenses	63,703	65,806	62,204	61,230	65,492
Transaction-related expenses	11,195	11,138	10,220	9,322	10,618
Personnel expenses	30,251	30,001	27,651	28,645	31,448
Real estate expenses	7,158	7,649	7,501	6,558	6,649
Administrative expenses	6,582	6,554	7,799	7,423	7,481
Depreciation and amortization	7,428	8,057	7,154	7,064	7,322
Taxes and dues	1,086	1,347	916	1,260	1,283
Other	(0)	1,057	962	954	688
Operating income	11,317	10,117	5,517	19,233	19,259
Non-operating income	1,039	1,557	903	931	353
Non-operating expenses	355	(22)	949	471	346
Ordinary income	12,001	11,697	5,471	19,694	19,265
Extraordinary gain	4	352	120	5	11
Extraordinary loss	222	304	2,174	733	1,046
Income before income taxes and non-controlling interests	11,783	11,744	3,417	18,966	18,231
Income taxes - current	933	2,412	549	897	2,451
Income taxes - deferred	1,902	(1,184)	1,087	3,504	(60)
Net income	8,946	10,517	1,780	14,565	15,840
Net income (loss) attributable to non-controlling interests	41	666	586	100	65
Net income attributable to owners of parent	8,905	9,851	1,193	14,464	15,774

4. (Reference) Quarterly Non-consolidated Financial Statements

(1) (Reference) Quarterly Non-consolidated Balance Sheets

(Millions of yen)

	As of March 31, 2020	As of September 30, 2020
Assets		
Current assets		
Cash and bank deposits	533,288	300,052
Cash segregated as deposits for customers and others	387,043	445,394
Trading assets	6,461,814	7,877,065
Trading securities and others	2,366,879	4,117,747
Derivatives	4,094,934	3,759,318
Operating investment securities	33,430	32,991
Receivables related to margin transactions	22,055	29,365
Loans receivable under margin transactions	20,172	21,750
Cash collateral for borrowed securities under margin transactions	1,883	7,615
Collateralized short-term financing agreements - receivable	4,296,231	4,500,354
Deposits paid for securities borrowed	2,131,439	2,095,200
Securities purchased under agreements to resell	2,164,792	2,405,154
Advances paid	579	257
Securities: fail to deliver	12,971	47,446
Short-term loans receivable	37,298	30,902
Other current assets	595,830	544,453
Less: Allowance for doubtful accounts	(7)	(7)
Total current assets	12,380,536	13,808,276
Noncurrent assets		
Property and equipment	11,196	20,301
Intangible assets	61,637	60,309
Investments and other assets	302,584	306,506
Investment securities	237,673	240,665
Long-term guarantee deposits	10,572	11,099
Prepaid pension cost	21,275	22,072
Deferred tax assets	18,739	12,051
Other	18,308	24,035
Less: Allowance for doubtful accounts	(3,435)	(3,418)
Less: Allowance for possible losses on securities	(548)	—
Total noncurrent assets	375,419	387,118
Total assets	12,755,956	14,195,394

(Millions of yen)

As of March 31, 2020 As of September 30, 2020

	As of March 31, 2020	As of September 30, 2020
Liabilities		
Current liabilities		
Trading liabilities	5,032,193	4,996,970
Trading securities and others	1,197,319	1,555,027
Derivatives	3,834,873	3,441,943
Payables - unsettled trades	61,668	142,093
Payables related to margin transactions	47,395	50,720
Borrowings on margin transactions	7,427	4,253
Cash collateral for loaned securities under margin transactions	39,968	46,466
Collateralized short-term financing agreements - payable	3,660,235	5,153,013
Deposits received for securities loaned	790,395	726,876
Securities sold under agreements to repurchase	2,869,840	4,426,137
Deposits received	350,409	401,439
Guarantee deposits received	370,607	337,440
Securities: fail to receive	2,029	32,352
Short-term borrowings	1,035,215	918,467
Commercial paper	319,000	297,000
Bonds and notes due within one year	137,358	152,257
Income taxes payable	3,022	2,577
Accrued employees' bonuses	13,531	9,921
Provision for variable compensation	816	394
Provision for bonus point redemption	487	—
Other current liabilities	53,465	37,110
Total current liabilities	<u>11,087,436</u>	<u>12,531,757</u>
Noncurrent liabilities		
Bonds and notes	620,079	579,437
Long-term borrowings	135,600	138,400
Provision for retirement benefits	19,828	20,398
Other noncurrent liabilities	2,111	3,013
Total noncurrent liabilities	<u>777,618</u>	<u>741,249</u>
Statutory reserves		
Reserve for financial instruments transaction liabilities	2,509	2,506
Total statutory reserves	<u>2,509</u>	<u>2,506</u>
Total liabilities	<u>11,867,565</u>	<u>13,275,513</u>
Net assets		
Shareholders' equity		
Common stock	125,167	125,167
Capital surplus	381,649	381,649
Retained earnings	371,261	395,707
Total shareholders' equity	<u>878,078</u>	<u>902,524</u>
Valuation and translation adjustments		
Net unrealized gains on (operating) investment securities, net of tax, etc.	20,066	27,259
Net deferred gains or losses on hedges, net of tax	(9,754)	(9,902)
Total valuation and translation adjustments	<u>10,312</u>	<u>17,357</u>
Total net assets	<u>888,390</u>	<u>919,881</u>
Total liabilities and net assets	<u>12,755,956</u>	<u>14,195,394</u>

(2) (Reference) Quarterly Non-consolidated Statements of Income

For the six months ended September 30, 2019 and 2020

(Millions of yen)

	Six months ended September 30, 2019	Six months ended September 30, 2020
Operating revenues		
Commissions	72,003	81,518
Net gain on trading	50,169	61,738
Net gain on operating investment securities	2,163	222
Interest and dividend income	47,423	40,004
Total operating revenues	171,759	183,483
Interest expenses	44,926	31,396
Net operating revenues	126,833	152,086
Selling, general and administrative expenses	113,688	122,541
Transaction-related expenses	26,083	32,744
Personnel expenses	41,300	45,919
Real estate expenses	11,842	10,456
Administrative expenses	21,153	19,566
Depreciation and amortization	9,458	10,229
Taxes and dues	2,294	2,460
Provision of allowance for doubtful accounts	(25)	(16)
Other	1,581	1,181
Operating income	13,144	29,545
Non-operating income	3,479	3,324
Non-operating expenses	67	75
Ordinary income	16,556	32,794
Extraordinary gain	185	6,740
Gain on sales of noncurrent assets	23	—
Gain on sales of investment securities	161	86
Gain on extinguishment of tie-in shares	—	6,649
Reversal of reserve for financial instruments transaction liabilities	0	3
Extraordinary loss	464	1,586
Loss on sales of noncurrent assets	—	4
Loss on disposal of noncurrent assets	125	94
Loss on sales of investment securities	4	—
Loss on impairment of investment securities	23	0
Loss on liquidation of subsidiaries and affiliates	80	—
Loss on impairment of golf club membership	—	7
Impairment losses	—	630
Loss due to transition to a defined contribution pension plan	—	33
Merger expenses	—	58
Head office transfer cost	102	147
Loss related to novel coronavirus disease	—	604
Provision of allowance for possible losses on securities	127	7
Income before income taxes	16,276	37,948
Income taxes - current	1,263	2,449
Income taxes - deferred	2,739	3,495
Total income taxes	4,002	5,945
Net income	12,274	32,002