

July 30, 2021



Summary of Consolidated Financial Statements for the Three Months Ended June 30, 2021 Under Japanese GAAP

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

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

Representative: Yoshiro Hamamoto, 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 Fiscal Three Months Ended June 30, 2021 (April 1, 2021 to June 30, 2021)

(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	
Three months ended	millions of yen	%	millions of yen	%	millions of yen	%	millions of yen	%
June 30, 2021	99,438	4.9	87,353	8.6	22,456	16.8	22,700	15.3
June 30, 2020	94,762	11.8	80,463	26.9	19,233	742.0	19,694	843.0

(Note) Comprehensive income: June 30, 2021 17,022 million yen (-6.5%)
June 30, 2020 18,202 million yen (-%)

	Net income attributable to owners of parent		Net income per share	Net income per share - fully diluted
Three months ended	millions of yen	%	Yen	Yen
June 30, 2021	17,255	19.3	10.70	—
June 30, 2020	14,464	878.2	7.18	—

(2) Consolidated financial positions

	Total assets	Net assets	Equity ratio
	millions of yen	millions of yen	%
June 30, 2021	17,606,889	559,082	3.2
March 31, 2021	17,003,639	987,625	5.8

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

June 30, 2021 555,567 million yen
March 31, 2021 984,213 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: Yes
 - 2) Changes other than 1) above: None
 - 3) Changes in accounting estimates: None
 - 4) Restatements: None

(4) Number of outstanding shares (common stock)

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

June 30, 2021:	2,015,102,652 shares
March 31, 2021:	2,015,102,652 shares

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

June 30, 2021:	1,205,211,726 shares
March 31, 2021:	- shares

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

Three Months Ended June 30, 2021	1,613,365,410 shares
Three Months Ended June 30, 2020	2,015,102,652 shares

* Other important matters

Not applicable

APPENDIX

[INDEX]

1.	Matters Related to Summary Information (Notes)	p.2
	Changes in accounting policies, estimates and restatements	p.2
2.	Quarterly Consolidated Financial Statements	p.3
	(1) Quarterly Consolidated Balance Sheets	p.3
	(2) Quarterly Consolidated Statements of Income and Comprehensive Income	p.6
	(3) Note on the going-concern assumption	p.8
	(4) Note on material changes in shareholders' equity	p.8
3.	Supplemental Information	p.8
	(1) Commissions	p.8
	(2) Net gain on trading	p.8
	(3) Capital adequacy requirement ratio	p.9
	(4) Quarterly Consolidated Statements of Income	p.10
4.	(Reference) Quarterly Non-consolidated Financial Statements	p.11
	(1) (Reference) Quarterly Non-consolidated Balance Sheets	p.11
	(2) (Reference) Quarterly Non-consolidated Statements of Income	p.13

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 Revenue Recognition" (ASBJ Statement No.29, March 31, 2020, hereinafter "Revenue Recognition Accounting Standard") and others from the beginning of the first quarter ended June 30, 2021. Accordingly, when transferring control of goods or services promised to a customer, the Company has recognized revenue in the amount that is expected to be received in exchange for such goods and services. The effect of the change in accounting policy is immaterial.

2. Quarterly Consolidated Financial Statements

(1) Quarterly Consolidated Balance Sheets

(Millions of yen)

	As of March 31, 2021	As of June 30, 2021
Assets		
Current assets		
Cash and bank deposits	475,366	604,302
Cash segregated as deposits for customers and others	560,001	533,973
Trading assets	8,059,254	9,270,854
Trading securities and others	3,414,981	4,794,919
Loans receivable	581	1,426
Derivatives	4,643,690	4,474,508
Operating investment securities	74,479	78,790
Operating loans receivable	10,052	11,941
Receivables related to margin transactions	32,553	37,709
Loans receivable under margin transactions	28,105	31,218
Cash collateral for borrowed securities under margin transactions	4,448	6,490
Collateralized short-term financing agreements - receivable	6,975,856	6,243,466
Deposits paid for securities borrowed	2,597,115	1,853,780
Securities purchased under agreements to resell	4,378,741	4,389,686
Advances paid	894	860
Short-term guarantee deposits	454,655	488,139
Securities: fail to deliver	26,089	21,756
Variation margin paid	30,440	27,334
Short-term loans receivable	154	181
Securities	246	209
Other current assets	69,460	61,446
Less: Allowance for doubtful accounts	(254)	(240)
Total current assets	16,769,253	17,380,725
Noncurrent assets		
Property and equipment	27,518	26,964
Intangible assets	92,047	89,791
Investments and other assets	114,819	109,408
Investment securities	59,257	57,714
Long-term guarantee deposits	12,255	12,062
Net defined benefit asset	33,017	33,388
Deferred tax assets	5,084	1,621
Other	8,642	8,049
Less: Allowance for doubtful accounts	(3,437)	(3,428)
Total noncurrent assets	234,386	226,164
Total assets	17,003,639	17,606,889

(Millions of yen)

	As of March 31, 2021	As of June 30, 2021
Liabilities		
Current liabilities		
Trading liabilities	6,415,839	6,124,394
Trading securities and others	2,134,593	2,016,226
Derivatives	4,281,245	4,108,167
Payables - unsettled trades	253,015	229,925
Payables related to margin transactions	39,793	42,162
Borrowings on margin transactions	6,383	3,011
Cash collateral for loaned securities under margin transactions	33,409	39,151
Collateralized short-term financing agreements - payable	5,758,131	6,632,914
Deposits received for securities loaned	878,678	756,936
Securities sold under agreements to repurchase	4,879,453	5,875,977
Deposits received	444,531	506,913
Guarantee deposits received	478,441	497,375
Securities: fail to receive	21,168	8,923
Short-term borrowings	848,146	877,675
Commercial paper	423,500	460,500
Bonds and notes due within one year	206,586	202,713
Income taxes payable	11,982	1,164
Accrued employees' bonuses	36,919	11,887
Provision for variable compensation	788	927
Other current liabilities	203,615	173,424
Total current liabilities	<u>15,142,461</u>	<u>15,770,903</u>
Noncurrent liabilities		
Bonds and notes	687,110	724,910
Long-term borrowings	150,400	516,400
Lease obligations	2,928	2,834
Deferred tax liabilities	39	51
Provision for directors' retirement benefits	78	78
Provision for executive officers' retirement benefits	77	77
Net defined benefit liability	21,870	21,881
Provision for loss on head office transfer	4,194	3,929
Other noncurrent liabilities	3,717	3,612
Total noncurrent liabilities	<u>870,416</u>	<u>1,273,776</u>
Statutory reserves		
Reserve for financial instruments transaction liabilities	3,135	3,127
Total statutory reserves	<u>3,135</u>	<u>3,127</u>
Total liabilities	<u>16,016,013</u>	<u>17,047,807</u>

(Millions of yen)

	As of March 31, 2021	As of June 30, 2021
Net assets		
Shareholders' equity		
Common stock	125,167	125,167
Capital surplus	358,414	358,414
Retained earnings	528,205	469,894
Treasury stock	—	(369,999)
Total shareholders' equity	<u>1,011,787</u>	<u>583,476</u>
Accumulated other comprehensive income (loss)		
Net unrealized gains on (operating) investment securities, net of tax, etc.	25,000	24,149
Foreign currency translation adjustments	(58,670)	(57,934)
Remeasurement of defined benefit plans	6,096	5,875
Total accumulated other comprehensive income (loss)	<u>(27,573)</u>	<u>(27,908)</u>
Non-controlling interests	<u>3,412</u>	<u>3,514</u>
Total net assets	<u>987,625</u>	<u>559,082</u>
Total liabilities and net assets	<u>17,003,639</u>	<u>17,606,889</u>

(2) Quarterly Consolidated Statements of Income and Comprehensive IncomeQuarterly Consolidated Statements of Income
For the three months ended June 30, 2020 and 2021

	(Millions of yen)	
	Three months ended June 30, 2020	Three months ended June 30, 2021
Operating revenues		
Commissions	42,432	53,348
Brokerage commissions	8,336	7,646
Underwriting and selling fees, and commissions from solicitation to qualifying investors	4,908	10,566
Offering, selling, and other commissions and fees, and commissions from solicitation to qualifying investors	12,626	18,141
Other commissions and fees	16,560	16,994
Net gain on trading	32,639	29,350
Net gain on operating investment securities	1,358	(16)
Interest and dividend income	18,332	16,756
Total operating revenues	94,762	99,438
Interest expenses	14,299	12,085
Net operating revenues	80,463	87,353
Selling, general and administrative expenses	61,230	64,897
Transaction-related expenses	9,322	10,827
Personnel expenses	28,645	30,708
Real estate expenses	6,558	6,668
Administrative expenses	7,423	7,451
Depreciation and amortization	7,064	6,833
Taxes and dues	1,260	1,340
Provision of allowance for doubtful accounts	(4)	(23)
Other	958	1,090
Operating income	19,233	22,456
Non-operating income	931	777
Non-operating expenses	471	532
Ordinary income	19,694	22,700
Extraordinary gain	5	30
Gain on sales of investment securities	1	22
Reversal of reserve for financial instruments transaction liabilities	3	7
Extraordinary loss	733	979
Loss on disposal of noncurrent assets	6	210
Impairment losses	630	—
Head office transfer cost	18	123
Loss related to system migration	—	646
Other	77	—
Income before income taxes and non-controlling interests	18,966	21,751
Income taxes - current	897	439
Income taxes - deferred	3,504	3,951
Total income taxes	4,401	4,391
Net income	14,565	17,359
Net income (loss) attributable to non-controlling interests	100	104
Net income attributable to owners of parent	14,464	17,255

Quarterly Consolidated Statements of Comprehensive Income
For the three months ended June 30, 2020 and 2021

(Millions of yen)

	Three months ended June 30, 2020	Three months ended June 30, 2021
Net income	14,565	17,359
Other comprehensive income (loss)		
Net unrealized gains (losses) on (operating) investment securities, net of tax, etc.	4,833	(850)
Foreign currency translation adjustments	(1,222)	734
Remeasurement of defined benefit plans	(38)	(223)
Share in other comprehensive income of affiliates accounted for using equity method	64	1
Total other comprehensive income (loss)	3,637	(337)
Comprehensive income	18,202	17,022
(Breakdown)		
Attributable to:		
Owners of parent	18,118	16,920
Non-controlling interests	83	102

(3) Note on the going-concern assumption

Not applicable

(4) Note on material changes in shareholders' equity

The Company acquired the treasury stock on June 29, 2021 based on resolutions of shareholders meetings on June 23, 2021 pursuant to Article 157 and others of the Companies Act of Japan as follows.

Total number of shares of treasury stock acquired	1,205,211,726 shares
Total amount of acquisition	369,999 million yen

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

1) Breakdown by items

(Millions of yen)

	Three months ended June 30, 2020	Three months ended June 30, 2021	Increase/(Decrease)	
			Amount	Percentage (%)
Brokerage commissions	8,336	7,646	(689)	(8.3)
Equities	7,877	7,267	(610)	(7.7)
Bonds	244	244	(0)	(0.1)
Underwriting and selling fees, and commissions from solicitation to qualifying investors	4,908	10,566	5,657	115.3
Equities	414	3,415	3,001	723.7
Bonds	4,471	7,022	2,551	57.1
Offering, selling, and other commissions and fees, and commissions from solicitation to qualifying investors	12,626	18,141	5,514	43.7
Other commissions and fees	16,560	16,994	434	2.6
Total	42,432	53,348	10,916	25.7

2) Breakdown by instruments

(Millions of yen)

	Three months ended June 30, 2020	Three months ended June 30, 2021	Increase/(Decrease)	
			Amount	Percentage (%)
Equities	10,680	12,622	1,941	18.2
Bonds	8,788	12,351	3,563	40.5
Beneficiary certificates	14,381	21,486	7,104	49.4
Others	8,582	6,888	(1,693)	(19.7)
Total	42,432	53,348	10,916	25.7

(2) Net gain on trading

(Millions of yen)

	Three months ended June 30, 2020	Three months ended June 30, 2021	Increase/(Decrease)	
			Amount	Percentage (%)
Equities, etc.	12,111	4,477	(7,633)	(63.0)
Bonds, etc. and others	20,528	24,872	4,344	21.2
Total	32,639	29,350	(3,289)	(10.1)

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

(Millions of yen)

		As of March 31, 2021	As of June 30, 2021
Basic items (A)		880,962	529,056
Supplemental items	Net unrealized gains on (operating) investment securities, net of tax, etc.	31,096	30,025
	Reserve for financial instruments transaction liabilities, etc.	3,135	3,127
	Allowance for doubtful accounts	54	40
	Subordinated long-term borrowings	—	264,528
	Subordinated short-term borrowings	90,000	189,471
Total (B)		124,286	487,193
Deducted assets (C)		220,364	215,521
Equity after deduction (A) + (B) - (C) (D)		784,884	800,729
Amount equivalent to risk	Amount equivalent to market risk	140,120	156,048
	Amount equivalent to counterparty risk	60,386	49,486
	Amount equivalent to fundamental risk	71,127	75,256
	Total (E)	271,634	280,790
Consolidated capital adequacy requirement ratio (D)/(E) * 100		288.9%	285.1%

2) Non-consolidated base

(Millions of yen)

		As of March 31, 2021	As of June 30, 2021
Basic items (A)		871,912	518,993
Supplemental items	Net unrealized gains on (operating) investment securities, net of tax, etc.	15,580	14,676
	Reserve for financial instruments transaction liabilities, etc.	3,135	3,127
	Allowance for doubtful accounts	76	71
	Subordinated long-term borrowings	—	259,496
	Subordinated short-term borrowings	90,000	194,503
Total (B)		108,792	471,875
Deducted assets (C)		374,506	371,657
Equity after deduction (A) + (B) - (C) (D)		606,197	619,212
Amount equivalent to risk	Amount equivalent to market risk	92,917	92,952
	Amount equivalent to counterparty risk	49,849	39,984
	Amount equivalent to fundamental risk	71,469	73,521
	Total (E)	214,236	206,458
Capital adequacy requirement ratio (D)/(E) * 100		282.9%	299.9%

(4) Quarterly Consolidated Statements of Income

(Millions of yen)

	First quarter ended June 2020	Second quarter ended September 2020	Third quarter ended December 2020	Fourth quarter ended March 2021	First quarter ended June 2021
	Apr. 1, 2020 - Jun. 30, 2020	Jul. 1, 2020 - Sep. 30, 2020	Oct. 1, 2020 - Dec. 31, 2020	Jan. 1, 2021 - Mar. 31, 2021	Apr. 1, 2021 - Jun. 30, 2021
Operating revenues	94,762	106,477	113,469	126,309	99,438
Commissions	42,432	47,124	56,203	57,788	53,348
Brokerage commissions	8,336	7,434	9,186	10,675	7,646
Equities	7,877	7,040	8,817	10,192	7,267
Bonds	244	292	267	355	244
Underwriting and selling fees, and commissions from solicitation to qualifying investors	4,908	12,176	15,787	9,275	10,566
Equities	414	4,833	7,808	4,622	3,415
Bonds	4,471	7,015	7,939	4,350	7,022
Offering, selling, and other commissions and fees, and commissions from solicitation to qualifying investors	12,626	14,010	14,210	17,783	18,141
Other commissions and fees	16,560	13,502	17,018	20,053	16,994
Net gain on trading	32,639	31,699	39,503	43,394	29,350
Equities, etc.	12,111	15,888	20,002	18,569	4,477
Bonds, etc. and others	20,528	15,810	19,500	24,824	24,872
Net gain (loss) on operating investment	1,358	17	1,643	293	(16)
Interest and dividend income	18,332	27,637	16,119	24,833	16,756
Interest expenses	14,299	21,726	11,082	20,264	12,085
Net operating revenues	80,463	84,751	102,387	106,045	87,353
Selling, general and administrative expenses	61,230	65,492	72,098	78,902	64,897
Transaction-related expenses	9,322	10,618	12,627	15,239	10,827
Personnel expenses	28,645	31,448	34,877	38,105	30,708
Real estate expenses	6,558	6,649	6,925	8,017	6,668
Administrative expenses	7,423	7,481	7,760	7,129	7,451
Depreciation and amortization	7,064	7,322	7,062	7,153	6,833
Taxes and dues	1,260	1,283	1,935	1,519	1,340
Other	954	688	910	1,738	1,066
Operating income	19,233	19,259	30,288	27,142	22,456
Non-operating income	931	353	(6)	2,976	777
Non-operating expenses	471	346	483	995	532
Ordinary income	19,694	19,265	29,798	29,124	22,700
Extraordinary gain	5	11	5,117	1,937	30
Extraordinary loss	733	1,046	259	13,988	979
Income before income taxes and non- controlling interests	18,966	18,231	34,656	17,073	21,751
Income taxes - current	897	2,451	7,119	5,178	439
Income taxes - deferred	3,504	(60)	(3,271)	(4,244)	3,951
Net income	14,565	15,840	30,809	16,138	17,359
Net income attributable to non-controlling interests	100	65	30	1,603	104
Net income attributable to owners of parent	14,464	15,774	30,779	14,534	17,255

4. (Reference) Quarterly Non-consolidated Financial Statements

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

(Millions of yen)

	As of March 31, 2021	As of June 30, 2021
Assets		
Current assets		
Cash and bank deposits	369,894	505,936
Cash segregated as deposits for customers and others	554,281	529,390
Trading assets	6,222,426	7,496,759
Trading securities and others	2,776,197	4,138,709
Derivatives	3,446,228	3,358,050
Operating investment securities	34,338	35,697
Receivables related to margin transactions	32,553	37,709
Loans receivable under margin transactions	28,105	31,218
Cash collateral for borrowed securities under margin transactions	4,448	6,490
Collateralized short-term financing agreements - receivable	4,520,477	3,992,975
Deposits paid for securities borrowed	2,597,115	1,853,780
Securities purchased under agreements to resell	1,923,362	2,139,194
Advances paid	441	285
Short-term guarantee deposits	373,909	372,913
Securities: fail to deliver	15,265	22,193
Variation margin paid	30,440	27,334
Short-term loans receivable	36,085	41,176
Other current assets	57,360	48,002
Less: Allowance for doubtful accounts	(276)	(271)
Total current assets	12,247,197	13,110,104
Noncurrent assets		
Property and equipment	19,775	19,097
Intangible assets	66,544	64,920
Investments and other assets	314,486	309,557
Investment securities	240,729	239,395
Long-term guarantee deposits	11,753	11,650
Prepaid pension cost	22,893	23,620
Deferred tax assets	19,443	15,841
Other	23,115	22,489
Less: Allowance for doubtful accounts	(3,448)	(3,439)
Total noncurrent assets	400,806	393,575
Total assets	12,648,003	13,503,679

(Millions of yen)

	As of March 31, 2021	As of June 30, 2021
Liabilities		
Current liabilities		
Trading liabilities	4,765,362	4,552,016
Trading securities and others	1,676,687	1,554,214
Derivatives	3,088,674	2,997,801
Payables - unsettled trades	253,734	219,014
Payables related to margin transactions	39,793	42,162
Borrowings on margin transactions	6,383	3,011
Cash collateral for loaned securities under margin transactions	33,409	39,151
Collateralized short-term financing agreements - payable	3,510,972	4,610,553
Deposits received for securities loaned	878,901	756,936
Securities sold under agreements to repurchase	2,632,070	3,853,616
Deposits received	444,112	506,425
Guarantee deposits received	417,142	388,508
Securities: fail to receive	2,854	4,320
Short-term borrowings	806,728	833,269
Commercial paper	423,500	460,500
Bonds and notes due within one year	127,648	137,303
Income taxes payable	11,565	1,079
Accrued employees' bonuses	25,365	6,856
Provision for variable compensation	788	927
Other current liabilities	50,122	30,618
Total current liabilities	10,879,689	11,793,556
Noncurrent liabilities		
Bonds and notes	623,175	628,722
Long-term borrowings	150,400	516,400
Provision for retirement benefits	21,216	21,247
Provision for loss on head office transfer	4,194	3,929
Other noncurrent liabilities	3,132	3,024
Total noncurrent liabilities	802,120	1,173,323
Statutory reserves		
Reserve for financial instruments transaction liabilities	3,135	3,127
Total statutory reserves	3,135	3,127
Total liabilities	11,684,945	12,970,008
Net assets		
Shareholders' equity		
Common stock	125,167	125,167
Capital surplus	381,649	381,649
Retained earnings	440,661	382,177
Treasury stock	—	(369,999)
Total shareholders' equity	947,478	518,993
Valuation and translation adjustments		
Net unrealized gains on (operating) investment securities, net of tax, etc.	25,339	24,439
Net deferred gains or losses on hedges, net of tax	(9,759)	(9,762)
Total valuation and translation adjustments	15,580	14,676
Total net assets	963,058	533,670
Total liabilities and net assets	12,648,003	13,503,679

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

For the three months ended June 30, 2020 and 2021

(Millions of yen)

	Three months ended June 30, 2020	Three months ended June 30, 2021
Operating revenues		
Commissions	39,308	46,903
Net gain on trading	28,761	31,969
Net gain on operating investment securities	305	22
Interest and dividend income	15,058	13,468
Total operating revenues	83,434	92,363
Interest expenses	11,666	8,981
Net operating revenues	71,768	83,382
Selling, general and administrative expenses	58,966	62,203
Transaction-related expenses	15,512	17,702
Personnel expenses	21,778	23,157
Real estate expenses	5,225	5,126
Administrative expenses	9,524	9,460
Depreciation and amortization	5,045	4,781
Taxes and dues	1,237	1,278
Provision of allowance for doubtful accounts	(3)	(15)
Other	645	711
Operating income	12,801	21,179
Non-operating income	2,632	1,271
Non-operating expenses	32	3
Ordinary income	15,401	22,447
Extraordinary gain	6,655	30
Gain on sales of investment securities	1	22
Gain on extinguishment of tie-in shares	6,649	—
Reversal of reserve for financial instruments transaction liabilities	3	7
Extraordinary loss	740	972
Loss on disposal of noncurrent assets	6	202
Impairment losses	630	—
Head office transfer cost	18	123
Loss related to system migration	—	646
Other	85	0
Income before income taxes	21,315	21,505
Income taxes - current	136	423
Income taxes - deferred	3,591	3,999
Total income taxes	3,728	4,423
Net income	17,587	17,081