

October 28, 2021



Summary of Consolidated Financial Statements for the Six Months Ended September 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 Six Months Ended September 30, 2021 (April 1, 2021 to September 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	
Six months ended	millions of yen	%	millions of yen	%	millions of yen	%	millions of yen	%
September 30, 2021	213,374	6.0	180,016	9.0	46,548	20.9	46,122	18.4
September 30, 2020	201,240	5.7	165,215	19.3	38,492	183.0	38,959	176.5

(Note) Comprehensive income: September 30, 2021 35,252 million yen (-5.5%)
September 30, 2020 37,302 million yen (-%)

	Net income attributable to owners of parent		Net income per share	Net income per share - fully diluted
Six months ended	millions of yen	%	Yen	Yen
September 30, 2021	35,787	18.3	29.54	—
September 30, 2020	30,239	191.2	15.01	—

(2) Consolidated financial positions

	Total assets	Net assets	Equity ratio
	millions of yen	millions of yen	%
September 30, 2021	16,596,122	577,312	3.5
March 31, 2021	17,003,639	987,625	5.8

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

September 30, 2021 573,693 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):

September 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:

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

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

Six Months Ended September 30, 2021	1,211,628,168 shares
Six Months Ended September 30, 2020	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 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 September 30, 2021
Assets		
Current assets		
Cash and bank deposits	475,366	538,172
Cash segregated as deposits for customers and others	560,001	597,244
Trading assets	8,059,254	8,158,245
Trading securities and others	3,414,981	4,616,800
Loans receivable	581	7,046
Derivatives	4,643,690	3,534,399
Operating investment securities	74,479	77,921
Operating loans receivable	10,052	9,650
Receivables related to margin transactions	32,553	36,203
Loans receivable under margin transactions	28,105	29,474
Cash collateral for borrowed securities under margin transactions	4,448	6,728
Collateralized short-term financing agreements - receivable	6,975,856	6,322,943
Deposits paid for securities borrowed	2,597,115	2,340,529
Securities purchased under agreements to resell	4,378,741	3,982,413
Advances paid	894	1,354
Short-term guarantee deposits	454,655	482,703
Securities: fail to deliver	26,089	80,161
Variation margin paid	30,440	—
Short-term loans receivable	154	184
Securities	246	190
Other current assets	69,460	65,792
Less: Allowance for doubtful accounts	(254)	(251)
Total current assets	16,769,253	16,370,516
Noncurrent assets		
Property and equipment	27,518	26,714
Intangible assets	92,047	87,750
Investments and other assets	114,819	111,140
Investment securities	59,257	59,224
Long-term guarantee deposits	12,255	12,206
Net defined benefit asset	33,017	33,719
Deferred tax assets	5,084	1,817
Other	8,642	7,609
Less: Allowance for doubtful accounts	(3,437)	(3,437)
Total noncurrent assets	234,386	225,606
Total assets	17,003,639	16,596,122

(Millions of yen)

As of March 31, 2021 As of September 30, 2021

Liabilities		
	As of March 31, 2021	As of September 30, 2021
Current liabilities		
Trading liabilities	6,415,839	5,204,695
Trading securities and others	2,134,593	2,014,670
Derivatives	4,281,245	3,190,024
Payables - unsettled trades	253,015	196,673
Payables related to margin transactions	39,793	47,063
Borrowings on margin transactions	6,383	5,974
Cash collateral for loaned securities under margin transactions	33,409	41,088
Collateralized short-term financing agreements - payable	5,758,131	6,511,302
Deposits received for securities loaned	878,678	1,093,745
Securities sold under agreements to repurchase	4,879,453	5,417,557
Deposits received	444,531	542,623
Guarantee deposits received	478,441	449,053
Securities: fail to receive	21,168	40,893
Variation margin received	—	905
Short-term borrowings	848,146	802,941
Commercial paper	423,500	490,500
Bonds and notes due within one year	206,586	166,055
Income taxes payable	11,982	3,653
Accrued employees' bonuses	36,919	20,931
Provision for variable compensation	788	185
Other current liabilities	203,615	176,495
Total current liabilities	15,142,461	14,653,974
Noncurrent liabilities		
Bonds and notes	687,110	806,275
Long-term borrowings	150,400	522,400
Lease obligations	2,928	3,420
Deferred tax liabilities	39	0
Provision for directors' retirement benefits	78	53
Provision for executive officers' retirement benefits	77	83
Net defined benefit liability	21,870	22,371
Provision for loss on head office transfer	4,194	3,481
Other noncurrent liabilities	3,717	3,620
Total noncurrent liabilities	870,416	1,361,707
Statutory reserves		
Reserve for financial instruments transaction liabilities	3,135	3,127
Total statutory reserves	3,135	3,127
Total liabilities	16,016,013	16,018,810

(Millions of yen)

As of March 31, 2021 As of September 30, 2021

	As of March 31, 2021	As of September 30, 2021
Net assets		
Shareholders' equity		
Common stock	125,167	125,167
Capital surplus	358,414	358,414
Retained earnings	528,205	488,426
Treasury stock	—	(369,999)
Total shareholders' equity	<u>1,011,787</u>	<u>602,008</u>
Accumulated other comprehensive income (loss)		
Net unrealized gains on (operating) investment securities, net of tax, etc.	25,000	25,356
Foreign currency translation adjustments	(58,670)	(59,324)
Remeasurement of defined benefit plans	6,096	5,653
Total accumulated other comprehensive income (loss)	<u>(27,573)</u>	<u>(28,314)</u>
Non-controlling interests	<u>3,412</u>	<u>3,618</u>
Total net assets	<u>987,625</u>	<u>577,312</u>
Total liabilities and net assets	<u>17,003,639</u>	<u>16,596,122</u>

(2) Quarterly Consolidated Statements of Income and Comprehensive Income

Quarterly Consolidated Statements of Income

For the six months ended September 30, 2020 and 2021

	(Millions of yen)	
	Six months ended September 30, 2020	Six months ended September 30, 2021
Operating revenues		
Commissions	89,556	106,073
Brokerage commissions	15,771	15,989
Underwriting and selling fees, and commissions from solicitation to qualifying investors	17,084	23,828
Offering, selling, and other commissions and fees, and commissions from solicitation to qualifying investors	26,637	30,580
Other commissions and fees	30,063	35,674
Net gain on trading	64,338	64,356
Net gain on operating investment securities	1,375	(1,098)
Interest and dividend income	45,969	44,043
Total operating revenues	<u>201,240</u>	<u>213,374</u>
Interest expenses	<u>36,025</u>	<u>33,358</u>
Net operating revenues	<u>165,215</u>	<u>180,016</u>
Selling, general and administrative expenses	126,722	133,467
Transaction-related expenses	19,941	24,180
Personnel expenses	60,094	63,010
Real estate expenses	13,207	12,627
Administrative expenses	14,904	15,448
Depreciation and amortization	14,387	13,519
Taxes and dues	2,544	2,817
Provision of allowance for doubtful accounts	(16)	(3)
Other	<u>1,660</u>	<u>1,867</u>
Operating income	<u>38,492</u>	<u>46,548</u>
Non-operating income	1,285	1,118
Non-operating expenses	818	1,544
Ordinary income	<u>38,959</u>	<u>46,122</u>
Extraordinary gain	17	526
Gain on sales of investment securities	13	518
Reversal of reserve for financial instruments transaction liabilities	3	7
Extraordinary loss	1,779	2,315
Loss on disposal of noncurrent assets	94	227
Impairment losses	630	—
Head office transfer cost	147	294
Loss related to system migration	—	1,774
Loss related to novel coronavirus disease	604	—
Loss related to liquidation of subsidiaries and affiliates	199	—
Other	<u>103</u>	<u>19</u>
Income before income taxes and non-controlling interests	<u>37,197</u>	<u>44,333</u>
Income taxes - current	3,348	5,095
Income taxes - deferred	3,443	3,284
Total income taxes	<u>6,791</u>	<u>8,380</u>
Net income	<u>30,405</u>	<u>35,952</u>
Net income (loss) attributable to non-controlling interests	<u>166</u>	<u>165</u>
Net income attributable to owners of parent	<u>30,239</u>	<u>35,787</u>

Quarterly Consolidated Statements of Comprehensive Income
For the six months ended September 30, 2020 and 2021

(Millions of yen)

	Six months ended September 30, 2020	Six months ended September 30, 2021
Net income	30,405	35,952
Other comprehensive income (loss)		
Net unrealized gains on (operating) investment securities, net of tax, etc.	7,058	354
Foreign currency translation adjustments	(329)	(612)
Remeasurement of defined benefit plans	97	(446)
Share in other comprehensive income of affiliates accounted for using equity method	70	5
Total other comprehensive income (loss)	6,896	(700)
Comprehensive income	37,302	35,252
(Breakdown)		
Attributable to:		
Owners of parent	37,908	35,046
Non-controlling interests	(605)	206

(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)

	Six months ended September 30, 2020	Six months ended September 30, 2021	Increase/(Decrease)	
			Amount	Percentage (%)
Brokerage commissions	15,771	15,989	217	1.4
Equities	14,918	15,128	209	1.4
Bonds	536	601	65	12.1
Underwriting and selling fees, and commissions from solicitation to qualifying investors	17,084	23,828	6,743	39.5
Equities	5,247	8,415	3,167	60.4
Bonds	11,486	15,214	3,727	32.5
Offering, selling, and other commissions and fees, and commissions from solicitation to qualifying investors	26,637	30,580	3,943	14.8
Other commissions and fees	30,063	35,674	5,611	18.7
Total	89,556	106,073	16,516	18.4

2) Breakdown by instruments

(Millions of yen)

	Six months ended September 30, 2020	Six months ended September 30, 2021	Increase/(Decrease)	
			Amount	Percentage (%)
Equities	24,362	29,154	4,791	19.7
Bonds	19,657	24,170	4,513	23.0
Beneficiary certificates	30,481	37,359	6,877	22.6
Others	15,054	15,388	334	2.2
Total	89,556	106,073	16,516	18.4

(2) Net gain on trading

(Millions of yen)

	Six months ended September 30, 2020	Six months ended September 30, 2021	Increase/(Decrease)	
			Amount	Percentage (%)
Equities, etc.	27,999	25,648	(2,351)	(8.4)
Bonds, etc. and others	36,338	38,708	2,369	6.5
Total	64,338	64,356	17	0.0

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

(Millions of yen)

		As of March 31, 2021	As of September 30, 2021
Basic items (A)		880,962	546,302
Supplemental items	Net unrealized gains on (operating) investment securities, net of tax, etc.	31,096	31,009
	Reserve for financial instruments transaction liabilities, etc.	3,135	3,127
	Allowance for doubtful accounts	54	51
	Subordinated long-term borrowings	—	256,000
	Subordinated short-term borrowings	90,000	198,000
Total (B)		124,286	488,188
Deducted assets (C)		220,364	211,503
Equity after deduction (A) + (B) - (C) (D)		784,884	822,988
Amount equivalent to risk	Amount equivalent to market risk	140,120	151,046
	Amount equivalent to counterparty risk	60,386	59,082
	Amount equivalent to fundamental risk	71,127	75,227
	Total (E)	271,634	285,355
Consolidated capital adequacy requirement ratio (D)/(E) * 100		288.9%	288.4%

2) Non-consolidated base

(Millions of yen)

		As of March 31, 2021	As of September 30, 2021
Basic items (A)		871,912	537,573
Supplemental items	Net unrealized gains on (operating) investment securities, net of tax, etc.	15,580	15,958
	Reserve for financial instruments transaction liabilities, etc.	3,135	3,127
	Allowance for doubtful accounts	76	78
	Subordinated long-term borrowings	—	256,000
	Subordinated short-term borrowings	90,000	198,000
Total (B)		108,792	473,164
Deducted assets (C)		374,506	361,409
Equity after deduction (A) + (B) - (C) (D)		606,197	649,328
Amount equivalent to risk	Amount equivalent to market risk	92,917	93,495
	Amount equivalent to counterparty risk	49,849	49,549
	Amount equivalent to fundamental risk	71,469	73,871
	Total (E)	214,236	216,916
Capital adequacy requirement ratio (D)/(E) * 100		282.9%	299.3%

(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 2020	December 2020	March 2021	June 2021	September 2021
	Jul. 1, 2020 -	Oct. 1, 2020 -	Jan. 1, 2021 -	Apr. 1, 2021 -	Jul. 1, 2021 -
	Sep. 30, 2020	Dec. 31, 2020	Mar. 31, 2021	Jun. 30, 2021	Sep. 30, 2021
Operating revenues	106,477	113,469	126,309	99,438	113,936
Commissions	47,124	56,203	57,788	53,348	52,724
Brokerage commissions	7,434	9,186	10,675	7,646	8,342
Equities	7,040	8,817	10,192	7,267	7,860
Bonds	292	267	355	244	357
Underwriting and selling fees, and					
commissions from solicitation to					
qualifying investors	12,176	15,787	9,275	10,566	13,262
Equities	4,833	7,808	4,622	3,415	4,999
Bonds	7,015	7,939	4,350	7,022	8,192
Offering, selling, and other commissions					
and fees, and commissions from					
solicitation to qualifying investors	14,010	14,210	17,783	18,141	12,439
Other commissions and fees	13,502	17,018	20,053	16,994	18,679
Net gain on trading	31,699	39,503	43,394	29,350	35,006
Equities, etc.	15,888	20,002	18,569	4,477	21,170
Bonds, etc. and others	15,810	19,500	24,824	24,872	13,836
Net gain (loss) on operating investment	17	1,643	293	(16)	(1,081)
Interest and dividend income	27,637	16,119	24,833	16,756	27,286
Interest expenses	21,726	11,082	20,264	12,085	21,272
Net operating revenues	84,751	102,387	106,045	87,353	92,663
Selling, general and administrative expenses	65,492	72,098	78,902	64,897	68,570
Transaction-related expenses	10,618	12,627	15,239	10,827	13,352
Personnel expenses	31,448	34,877	38,105	30,708	32,301
Real estate expenses	6,649	6,925	8,017	6,668	5,959
Administrative expenses	7,481	7,760	7,129	7,451	7,996
Depreciation and amortization	7,322	7,062	7,153	6,833	6,685
Taxes and dues	1,283	1,935	1,519	1,340	1,477
Other	688	910	1,738	1,066	797
Operating income	19,259	30,288	27,142	22,456	24,092
Non-operating income	353	(6)	2,976	777	341
Non-operating expenses	346	483	995	532	1,012
Ordinary income	19,265	29,798	29,124	22,700	23,421
Extraordinary gain	11	5,117	1,937	30	496
Extraordinary loss	1,046	259	13,988	979	1,335
Income before income taxes and non-					
controlling interests	18,231	34,656	17,073	21,751	22,582
Income taxes - current	2,451	7,119	5,178	439	4,655
Income taxes - deferred	(60)	(3,271)	(4,244)	3,951	(666)
Net income	15,840	30,809	16,138	17,359	18,593
Net income attributable to non-controlling					
interests	65	30	1,603	104	61
Net income attributable to owners of parent	15,774	30,779	14,534	17,255	18,531

4. (Reference) Quarterly Non-consolidated Financial Statements

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

(Millions of yen)

	As of March 31, 2021	As of September 30, 2021
Assets		
Current assets		
Cash and bank deposits	369,894	430,716
Cash segregated as deposits for customers and others	554,281	592,654
Trading assets	6,222,426	6,728,207
Trading securities and others	2,776,197	3,954,595
Derivatives	3,446,228	2,773,612
Operating investment securities	34,338	35,027
Receivables related to margin transactions	32,553	36,203
Loans receivable under margin transactions	28,105	29,474
Cash collateral for borrowed securities under margin transactions	4,448	6,728
Collateralized short-term financing agreements - receivable	4,520,477	4,565,714
Deposits paid for securities borrowed	2,597,115	2,340,529
Securities purchased under agreements to resell	1,923,362	2,225,184
Advances paid	441	745
Short-term guarantee deposits	373,909	387,621
Securities: fail to deliver	15,265	38,814
Variation margin paid	30,440	—
Short-term loans receivable	36,085	45,324
Other current assets	57,360	53,529
Less: Allowance for doubtful accounts	(276)	(278)
Total current assets	12,247,197	12,914,280
Noncurrent assets		
Property and equipment	19,775	18,449
Intangible assets	66,544	63,831
Investments and other assets	314,486	304,744
Investment securities	240,729	241,330
Long-term guarantee deposits	11,753	11,655
Prepaid pension cost	22,893	24,332
Deferred tax assets	19,443	15,466
Other	23,115	15,402
Less: Allowance for doubtful accounts	(3,448)	(3,443)
Total noncurrent assets	400,806	387,024
Total assets	12,648,003	13,301,305

(Millions of yen)

As of March 31, 2021 As of September 30, 2021

	As of March 31, 2021	As of September 30, 2021
Liabilities		
Current liabilities		
Trading liabilities	4,765,362	3,997,225
Trading securities and others	1,676,687	1,572,848
Derivatives	3,088,674	2,424,376
Payables - unsettled trades	253,734	133,699
Payables related to margin transactions	39,793	47,063
Borrowings on margin transactions	6,383	5,974
Cash collateral for loaned securities under margin transactions	33,409	41,088
Collateralized short-term financing agreements - payable	3,510,972	4,981,955
Deposits received for securities loaned	878,901	1,093,745
Securities sold under agreements to repurchase	2,632,070	3,888,210
Deposits received	444,112	538,169
Guarantee deposits received	417,142	365,589
Securities: fail to receive	2,854	8,587
Variation margin received	—	905
Short-term borrowings	806,728	764,033
Commercial paper	423,500	490,500
Bonds and notes due within one year	127,648	112,941
Income taxes payable	11,565	3,431
Accrued employees' bonuses	25,365	14,661
Provision for variable compensation	788	185
Other current liabilities	50,122	33,626
Total current liabilities	10,879,689	11,492,574
Noncurrent liabilities		
Bonds and notes	623,175	701,383
Long-term borrowings	150,400	522,400
Provision for retirement benefits	21,216	21,766
Provision for loss on head office transfer	4,194	3,481
Other noncurrent liabilities	3,132	3,040
Total noncurrent liabilities	802,120	1,252,071
Statutory reserves		
Reserve for financial instruments transaction liabilities	3,135	3,127
Total statutory reserves	3,135	3,127
Total liabilities	11,684,945	12,747,773
Net assets		
Shareholders' equity		
Common stock	125,167	125,167
Capital surplus	381,649	381,649
Retained earnings	440,661	400,756
Treasury stock	—	(369,999)
Total shareholders' equity	947,478	537,573
Valuation and translation adjustments		
Net unrealized gains on (operating) investment securities, net of tax, etc.	25,339	25,720
Net deferred gains or losses on hedges, net of tax	(9,759)	(9,762)
Total valuation and translation adjustments	15,580	15,958
Total net assets	963,058	553,531
Total liabilities and net assets	12,648,003	13,301,305

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

For the six months ended September 30, 2020 and 2021

(Millions of yen)

	Six months ended September 30, 2020	Six months ended September 30, 2021
Operating revenues		
Commissions	81,518	92,240
Net gain on trading	61,738	73,686
Net gain on operating investment securities	222	(1,759)
Interest and dividend income	40,004	37,814
Total operating revenues	183,483	201,981
Interest expenses	31,396	28,080
Net operating revenues	152,086	173,900
Selling, general and administrative expenses	122,541	129,544
Transaction-related expenses	32,744	38,439
Personnel expenses	45,919	48,778
Real estate expenses	10,456	9,819
Administrative expenses	19,566	19,087
Depreciation and amortization	10,229	9,501
Taxes and dues	2,460	2,687
Provision of allowance for doubtful accounts	(16)	(3)
Other	1,181	1,233
Operating income	29,545	44,356
Non-operating income	3,324	1,632
Non-operating expenses	75	420
Ordinary income	32,794	45,569
Extraordinary gain	6,740	727
Gain on sales of investment securities	86	719
Gain on extinguishment of tie-in shares	6,649	—
Reversal of reserve for financial instruments transaction liabilities	3	7
Extraordinary loss	1,586	2,290
Loss on disposal of noncurrent assets	94	219
Impairment losses	630	—
Head office transfer cost	147	294
Loss related to system migration	—	1,774
Loss related to novel coronavirus disease	604	—
Other	111	2
Income before income taxes	37,948	44,006
Income taxes - current	2,449	4,537
Income taxes - deferred	3,495	3,807
Total income taxes	5,945	8,344
Net income	32,002	35,661