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October 29, 2019

Consolidated Financial Results for the Second Quarter of the Fiscal Year Ending March 31, 2020 [under Japanese GAAP]

Company name: **Mitsubishi UFJ Securities Holdings Co., Ltd.**

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Supplementary material on quarterly financial results: Yes

Quarterly financial results presentation meeting: None

(Millions of yen with fractional amounts disregarded)

1. Consolidated performance for the second quarter of fiscal year 2019 (from April 1, 2019 to September 30, 2019)

(1) Consolidated operating results (cumulative)

(Percentages indicate year-on-year changes.)

	Operating revenue		Net operating revenue		Operating profit		Ordinary profit	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
First six months of FY2019	204,655	10.3	141,633	(14.4)	(869)	–	10,012	(65.3)
First six months of FY2018	185,537	2.2	165,515	(5.8)	20,998	(21.0)	28,864	(18.0)

	Profit attributable to owners of parent		Basic earnings per share	Diluted earnings per share
	Millions of yen	%	Yen	Yen
First six months of FY2019	4,186	(72.8)	5.68	–
First six months of FY2018	15,363	(13.4)	20.85	20.85

(Note) Comprehensive income First six months of FY2019: 1,229 million yen (89.7)%
First six months of FY2018: 11,905 million yen (58.5)%

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of September 30, 2019	28,153,076	935,637	2.4
As of March 31, 2019	24,508,629	948,743	2.7

(Reference) Equity As of September 30, 2019: 661,676 million yen As of March 31, 2019: 671,855 million yen

(Note) “Equity ratio” is computed under the formula shown below:

(Total net assets – Share acquisition rights – Non-controlling interests) / Total assets

***Notes**

- (1) **Changes in significant subsidiaries during the current period (changes in specified subsidiaries resulting in the change in scope of consolidation):** None
- (2) **Application of particular accounting for preparing quarterly consolidated financial statements:** None
- (3) **Changes in accounting policies, changes in accounting estimates, and restatement of prior period financial statements after error corrections**
- a. Changes in accounting policies due to revisions to accounting standards and other regulations: None
 - b. Changes in accounting policies due to other reasons: None
 - c. Changes in accounting estimates: None
 - d. Restatement of prior period financial statements after error corrections: None

(4) Number of issued shares (common stock)

- a. Total number of issued shares at the end of the period (including treasury stock)

As of September 30, 2019	736,985,496 shares
As of March 31, 2019	736,985,496 shares

- b. Number of shares of treasury stock at the end of the period

As of September 30, 2019	– shares
As of March 31, 2019	– shares

- c. Average number of shares during the period (cumulative from the beginning of the fiscal year)

First six months of the fiscal year ending March 31, 2020	736,985,496 shares
First six months of the fiscal year ended March 31, 2019	736,985,496 shares

< * >

This quarterly financial results report is not subject to quarterly review.

< * Other special matters >

None

Attached Material

Index

Consolidated financial statements and primary notes

(1) Consolidated balance sheets	1
(2) Consolidated statements of income and Consolidated statements of comprehensive income	
Consolidated statements of income (cumulative)	3
Consolidated statements of comprehensive income (cumulative)	4
(3) Notes to consolidated financial statements	
(Notes on premise of going concern)	4
(Notes on significant changes in the amount of shareholders' equity)	4

<Reference>

Consolidated Financial Results for the Second Quarter of the Fiscal Year Ending March 31, 2020

1. Commission received	
(1) Breakdown by item	5
(2) Breakdown by product	5
2. Net trading income	5
Quarterly Trends in Consolidated Statements of Income	6

<Reference>

Mitsubishi UFJ Morgan Stanley Securities, Co., Ltd. for the Second Quarter of the Fiscal Year Ending March 31, 2020

(1) Consolidated operating results	7
(2) Consolidated financial position	7
(3) Non-consolidated operating results	8
(4) Non-consolidated financial position	8

Consolidated financial statements and primary notes

(1) Consolidated balance sheets

(Millions of yen)

	As of March 31, 2019	As of September 30, 2019
ASSETS		
Current assets		
Cash and deposits	1,977,895	1,505,891
Cash segregated as deposits	767,298	790,714
Trading products	10,607,932	12,376,271
Trading securities and other	3,107,927	3,847,222
Derivatives	7,500,004	8,529,049
Trade date accrual	163,530	662,501
Margin transaction assets	285,914	231,077
Loans secured by securities	8,981,121	10,863,995
Short-term guarantee deposits	959,409	911,328
Short-term investment securities	2,053	4,110
Income taxes receivable	6,780	3,731
Other current assets	205,071	178,620
Total current assets	23,957,007	27,528,243
Non-current assets		
Property, plant and equipment	28,038	34,165
Intangible assets	108,602	108,103
Investments and other assets	414,980	482,564
Total non-current assets	551,621	624,833
Total assets	24,508,629	28,153,076

(Millions of yen)

	As of March 31, 2019	As of September 30, 2019
LIABILITIES		
Current liabilities		
Trading products	9,321,472	11,225,305
Trading securities and other	2,098,132	2,918,338
Derivatives	7,223,339	8,306,966
Margin transaction liabilities	243,758	212,403
Borrowings secured by securities	6,173,612	8,617,649
Short-term borrowings	2,517,557	2,043,611
Current portion of bonds	202,775	222,754
Current portion of long-term borrowings	171,814	71,233
Commercial papers	598,625	494,348
Income taxes payable	4,508	3,714
Provision for contingent loss	716	578
Asset retirement obligations	67	387
Other current liabilities	2,435,317	2,477,256
Total current liabilities	21,670,225	25,369,245
Non-current liabilities		
Bonds payable	1,244,543	1,194,671
Long-term borrowings	628,792	630,159
Net defined benefit liability	2,390	2,496
Provision for directors' retirement benefits	35	98
Asset retirement obligations	7,875	7,657
Other non-current liabilities	1,759	8,847
Total non-current liabilities	1,885,396	1,843,931
Reserves under special laws		
Reserve for financial instruments transaction liabilities	4,263	4,262
Total reserves under special laws	4,263	4,262
Total liabilities	23,559,885	27,217,439
NET ASSETS		
Shareholders' equity		
Share capital	75,518	75,518
Capital surplus	438,808	438,808
Retained earnings	188,309	184,224
Total shareholders' equity	702,636	698,551
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1,484	1,138
Deferred gains or losses on hedges	7	24
Foreign currency translation adjustment	(33,532)	(39,310)
Remeasurements of defined benefit plans	1,258	1,271
Total accumulated other comprehensive income	(30,781)	(36,875)
Share acquisition rights	27	—
Non-controlling interests	276,860	273,961
Total net assets	948,743	935,637
Total liabilities and net assets	24,508,629	28,153,076

(2) Consolidated statements of income and Consolidated statements of comprehensive income
Consolidated statements of income (cumulative)

	(Millions of yen)	
	First six months of FY2018 (From April 1, 2018 to September 30, 2018)	First six months of FY2019 (From April 1, 2019 to September 30, 2019)
Operating revenue		
Commission received	73,353	68,129
Net trading income	68,929	65,669
Financial revenue	43,250	70,852
Other operating revenue	3	4
Total operating revenue	185,537	204,655
Financial expenses	20,022	63,021
Net operating revenue	165,515	141,633
Selling, general and administrative expenses	144,516	142,503
Operating profit (loss)	20,998	(869)
Non-operating income		
Share of profit of entities accounted for using equity method	6,065	8,148
Other	3,443	2,840
Total non-operating income	9,508	10,989
Non-operating expenses		
Loss on retirement of non-current assets	322	52
Other	1,319	54
Total non-operating expenses	1,642	107
Ordinary profit	28,864	10,012
Extraordinary income		
Gain on sales of investment securities	—	471
Reversal of reserve for financial instruments transaction liabilities	53	1
Gain on liquidation of subsidiaries and associates	1,611	—
Other	—	59
Total extraordinary income	1,664	533
Extraordinary losses		
Loss on valuation of investment securities	—	37
Loss on sales of non-current assets	—	8
Impairment loss	16	336
Other	270	228
Total extraordinary losses	286	610
Profit before income taxes	30,242	9,934
Income taxes-current	2,904	2,007
Income taxes-deferred	4,825	418
Total income taxes	7,730	2,425
Profit	22,511	7,509
Profit attributable to non-controlling interests	7,147	3,322
Profit attributable to owners of parent	15,363	4,186

Consolidated statements of comprehensive income (cumulative)

(Millions of yen)

	First six months of FY2018 (From April 1, 2018 to September 30, 2018)	First six months of FY2019 (From April 1, 2019 to September 30, 2019)
Profit	22,511	7,509
Other comprehensive income		
Valuation difference on available-for-sale securities	269	(537)
Deferred gains or losses on hedges	56	16
Foreign currency translation adjustment	(10,875)	(5,778)
Remeasurements of defined benefit plans, net of tax	(57)	20
Total other comprehensive income	(10,606)	(6,279)
Comprehensive income	11,905	1,229
(Comprehensive income attributable to)		
Comprehensive income attributable to owners of parent	4,761	(1,907)
Comprehensive income attributable to non-controlling interests	7,143	3,137

(3) Notes to consolidated financial statements

(Notes on premise of going concern)

None

(Notes on significant changes in the amount of shareholders' equity)

None

Consolidated Financial Results
for the Second Quarter of the Fiscal Year Ending March 31, 2020

1. Commission received

(1) Breakdown by item

(Millions of yen)

	First six months of FY2018 (From April 1, 2018 to September 30, 2018)	First six months of FY2019 (From April 1, 2019 to September 30, 2019)	Increase (Decrease)	FY2018 (From April 1, 2018 to March 31, 2019)
Brokerage commission	17,187	12,052	(5,135)	31,744
Stocks	16,703	11,598	(5,105)	30,665
Bonds	6	1	(5)	8
Commission for underwriting, secondary distribution and solicitation for selling and others for professional investors	12,544	15,979	3,434	32,568
Stocks	4,093	3,856	(237)	14,697
Bonds	8,451	12,123	3,672	17,871
Fees for offering, secondary distribution and solicitation for selling and others for professional investors	11,334	8,145	(3,188)	18,819
Beneficiary certificates	9,686	7,114	(2,572)	15,233
Other fees received	32,287	31,951	(335)	65,655
Beneficiary certificates	11,807	10,713	(1,093)	22,563
Total	73,353	68,129	(5,224)	148,788

(2) Breakdown by product

(Millions of yen)

	First six months of FY2018 (From April 1, 2018 to September 30, 2018)	First six months of FY2019 (From April 1, 2019 to September 30, 2019)	Increase (Decrease)	FY2018 (From April 1, 2018 to March 31, 2019)
Stocks	23,432	17,364	(6,068)	49,326
Bonds	11,931	14,122	2,191	24,032
Beneficiary certificates	21,947	18,234	(3,713)	38,803
Other	16,042	18,407	2,365	36,626
Total	73,353	68,129	(5,224)	148,788

2. Net trading income

(Millions of yen)

	First six months of FY2018 (From April 1, 2018 to September 30, 2018)	First six months of FY2019 (From April 1, 2019 to September 30, 2019)	Increase (Decrease)	FY2018 (From April 1, 2018 to March 31, 2019)
Stocks	(1,433)	32,500	33,934	3,592
Bonds and other	70,363	33,169	(37,194)	115,967
Total	68,929	65,669	(3,260)	119,559

Quarterly Trends in Consolidated Statements of Income

(Millions of yen)

	2Q of FY2018 (July 1 to September 30, 2018)	3Q of FY2018 (October 1 to December 31, 2018)	4Q of FY2018 (January 1 to March 31, 2019)	1Q of FY2019 (April 1 to June 30, 2019)	2Q of FY2019 (July 1 to September 30, 2019)
Operating revenue	92,925	91,152	94,794	97,828	106,826
Commission received	32,379	38,218	37,216	32,012	36,117
Brokerage commission	8,261	8,008	6,548	5,771	6,281
Stocks	8,001	7,584	6,377	5,558	6,040
Bonds	4	1	0	0	0
Commission for underwriting, secondary distribution and solicitation for selling and others for professional investors	5,531	12,110	7,913	8,805	7,174
Stocks	1,351	7,183	3,420	2,614	1,241
Bonds	4,179	4,927	4,492	6,190	5,932
Fees for offering, secondary distribution and solicitation for selling and others for professional investors	5,404	3,850	3,635	3,366	4,778
Beneficiary certificates	4,562	2,885	2,661	2,757	4,356
Other fees received	13,182	14,249	19,119	14,068	17,882
Beneficiary certificates	5,842	5,502	5,253	5,291	5,422
Net trading income	31,575	24,606	26,022	32,114	33,555
Net trading income from securities (stocks)	4,444	(235)	5,262	26,458	6,041
Net trading income from bonds and other	27,130	24,842	20,760	5,655	27,513
Financial revenue	28,970	28,327	31,555	33,698	37,153
Other operating revenue	—	—	—	4	0
Financial expenses	13,414	16,815	21,248	30,997	32,023
Net operating revenue	79,511	74,337	73,546	66,830	74,802
Selling, general and administrative expenses	69,473	73,535	69,760	71,132	71,370
Trading related expenses	20,068	20,742	20,210	17,687	19,297
Personnel expenses	25,261	26,424	24,942	26,183	27,543
Real estate expenses	6,082	6,128	5,887	6,296	5,983
Office cost	8,046	8,324	7,327	8,475	7,665
Depreciation	6,759	7,377	7,228	7,654	7,505
Taxes and dues	1,255	2,555	1,124	3,046	1,376
Other	2,000	1,980	3,039	1,788	1,997
Operating profit (loss)	10,037	801	3,785	(4,301)	3,432
Non-operating income	3,892	4,997	4,357	4,934	6,055
Non-operating expenses	262	(103)	547	32	75
Ordinary profit	13,668	5,903	7,595	599	9,412
Extraordinary income	1,611	(1)	4,213	1	531
Extraordinary losses	68	46	1,046	265	345
Profit before income taxes	15,211	5,855	10,763	336	9,598
Income taxes-current	1,684	1,562	947	416	1,590
Income taxes-deferred	2,577	(2,137)	2,470	(858)	1,276
Total income taxes	4,262	(575)	3,418	(441)	2,867
Profit	10,948	6,430	7,345	777	6,731
Profit attributable to non-controlling interests	4,055	1,293	2,704	24	3,297
Profit attributable to owners of parent	6,892	5,137	4,640	753	3,433

<Reference>

Mitsubishi UFJ Morgan Stanley Securities, Co., Ltd.
for the Second Quarter of the Fiscal Year Ending March 31, 2020

(1) Consolidated operating results

(Millions of yen)

	First six months of FY2018 (From April 1, 2018 to September 30, 2018)	First six months of FY2019 (From April 1, 2019 to September 30, 2019)	Increase (Decrease)	FY2018 (From April 1, 2018 to March 31, 2019)
Operating revenue	135,162	112,138	(23,023)	254,350
Commission received	63,085	58,802	(4,283)	126,969
Net trading income	57,265	41,668	(15,597)	99,550
Net operating revenue	132,440	109,109	(23,330)	249,150
Operating profit	16,904	584	(16,319)	20,491
Ordinary profit	17,843	1,735	(16,107)	22,432
Profit attributable to owners of parent	11,580	543	(11,036)	11,546

(Breakdown of operating revenue)

<Breakdown by item of commission received>

(Millions of yen)

	First six months of FY2018 (From April 1, 2018 to September 30, 2018)	First six months of FY2019 (From April 1, 2019 to September 30, 2019)	Increase (Decrease)	FY2018 (From April 1, 2018 to March 31, 2019)
Brokerage commission	13,504	9,050	(4,453)	24,443
Commission for underwriting, secondary distribution and solicitation for selling and others for professional investors	6,986	10,373	3,387	20,499
Fees for offering, secondary distribution and solicitation for selling and others for professional investors	11,261	8,087	(3,174)	18,673
Other fees received	31,332	31,290	(42)	63,353
Total	63,085	58,802	(4,283)	126,969

<Breakdown by product of commission received>

(Millions of yen)

	First six months of FY2018 (From April 1, 2018 to September 30, 2018)	First six months of FY2019 (From April 1, 2019 to September 30, 2019)	Increase (Decrease)	FY2018 (From April 1, 2018 to March 31, 2019)
Stocks	19,595	14,177	(5,417)	41,752
Bonds	6,660	8,932	2,271	12,480
Beneficiary certificates	21,530	17,871	(3,658)	37,994
Other	15,299	17,820	2,521	34,742
Total	63,085	58,802	(4,283)	126,969

<Net trading income>

(Millions of yen)

	First six months of FY2018 (From April 1, 2018 to September 30, 2018)	First six months of FY2019 (From April 1, 2019 to September 30, 2019)	Increase (Decrease)	FY2018 (From April 1, 2018 to March 31, 2019)
Stocks	12,893	8,677	(4,215)	21,885
Bonds and other	44,371	32,990	(11,381)	77,664
Total	57,265	41,668	(15,597)	99,550

(2) Consolidated financial position

(Millions of yen)

	As of September 30, 2018	As of September 30, 2019	Increase (Decrease)	As of March 31, 2019
Total assets	13,869,446	15,981,993	2,466,151	13,515,842
Net assets	407,214	398,153	(343)	398,497

<Reference>

(3) Non-consolidated operating results

(Millions of yen)

	First six months of FY2018 (From April 1, 2018 to September 30, 2018)	First six months of FY2019 (From April 1, 2019 to September 30, 2019)	Increase (Decrease)	FY2018 (From April 1, 2018 to March 31, 2019)
Operating revenue	120,551	99,057	(21,493)	227,925
Commission received	55,566	51,574	(3,992)	113,273
Net trading income	48,864	34,159	(14,704)	83,066
Net operating revenue	116,497	94,336	(22,160)	218,923
Operating profit (loss)	13,010	(2,616)	(15,626)	13,584
Ordinary profit	18,535	754	(17,781)	22,806
Profit	14,300	1,285	(13,015)	15,564

(Breakdown of operating revenue)

<Breakdown by item of commission received>

(Millions of yen)

	First six months of FY2018 (From April 1, 2018 to September 30, 2018)	First six months of FY2019 (From April 1, 2019 to September 30, 2019)	Increase (Decrease)	FY2018 (From April 1, 2018 to March 31, 2019)
Brokerage commission	13,124	8,771	(4,352)	23,756
Commission for underwriting, secondary distribution and solicitation for selling and others for professional investors	6,986	10,373	3,387	20,499
Fees for offering, secondary distribution and solicitation for selling and others for professional investors	7,692	4,702	(2,990)	12,721
Other fees received	27,762	27,725	(36)	56,295
Total	55,566	51,574	(3,992)	113,273

<Breakdown by product of commission received>

(Millions of yen)

	First six months of FY2018 (From April 1, 2018 to September 30, 2018)	First six months of FY2019 (From April 1, 2019 to September 30, 2019)	Increase (Decrease)	FY2018 (From April 1, 2018 to March 31, 2019)
Stocks	19,260	13,933	(5,326)	41,162
Bonds	5,737	8,515	2,778	10,855
Beneficiary certificates	15,602	11,933	(3,669)	27,411
Other	14,965	17,190	2,224	33,843
Total	55,566	51,574	(3,992)	113,273

<Net trading income>

(Millions of yen)

	First six months of FY2018 (From April 1, 2018 to September 30, 2018)	First six months of FY2019 (From April 1, 2019 to September 30, 2019)	Increase (Decrease)	FY2018 (From April 1, 2018 to March 31, 2019)
Stocks	12,346	8,427	(3,918)	20,972
Bonds and other	36,518	25,732	(10,786)	62,093
Total	48,864	34,159	(14,704)	83,066

(4) Non-consolidated financial position

(Millions of yen)

	As of September 30, 2018	As of September 30, 2019	Increase (Decrease)	As of March 31, 2019
Total assets	13,769,948	15,879,560	2,458,380	13,421,179
Net assets	406,419	400,213	335	399,878