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October 27, 2020

Consolidated Financial Results for the Second Quarter of the Fiscal Year Ending March 31, 2021 [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 2020 (from April 1, 2020 to September 30, 2020)

(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 FY2020	191,720	(6.3)	148,526	4.9	17,659	—	25,746	157.1
First six months of FY2019	204,655	10.3	141,633	(14.4)	(869)	—	10,012	(65.3)

	Profit attributable to owners of parent		Basic earnings per share	Diluted earnings per share
	Millions of yen	%	Yen	Yen
First six months of FY2020	14,829	254.2	20.12	—
First six months of FY2019	4,186	(72.8)	5.68	—

(Note) Comprehensive income First six months of FY2020: (550) million yen —%
First six months of FY2019: 1,229 million yen (89.7)%

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of September 30, 2020	31,741,557	931,937	2.1
As of March 31, 2020	31,866,151	943,963	2.1

(Reference) Equity As of September 30, 2020: 662,097 million yen As of March 31, 2020: 673,866 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: Yes

Excluded: 1 company (Mitsubishi UFJ Morgan Stanley PB Securities Co., Ltd.)

(Note) For details, please refer to “Consolidated financial statements and primary notes (3) Notes to consolidated financial statements (Notes on changes in significant subsidiaries during the current period)” on page 4 of the “Attached Material” .

(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, 2020	736,985,496 shares
As of March 31, 2020	736,985,496 shares

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

As of September 30, 2020	– shares
As of March 31, 2020	– 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, 2021	736,985,496 shares
First six months of the fiscal year ended March 31, 2020	736,985,496 shares

< * >

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

< * Other special matters >

None

Attached Material

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Consolidated financial statements and primary notes

(1) Consolidated balance sheets

(Millions of yen)

	As of March 31, 2020	As of September 30, 2020
ASSETS		
Current assets		
Cash and deposits	2,185,650	1,862,077
Cash segregated as deposits	858,165	917,059
Trading products	12,869,831	15,151,662
Trading securities and other	4,727,433	7,201,019
Derivatives	8,142,397	7,950,643
Trade date accrual	552,675	—
Margin transaction assets	214,735	248,276
Loans secured by securities	13,241,266	11,681,644
Short-term guarantee deposits	1,016,119	989,876
Short-term investment securities	5,618	84,383
Income taxes receivable	5,459	3,053
Other current assets	288,824	185,208
Total current assets	31,238,347	31,123,242
Non-current assets		
Property, plant and equipment	32,088	30,208
Intangible assets	106,827	103,424
Investments and other assets	488,887	484,681
Total non-current assets	627,804	618,315
Total assets	31,866,151	31,741,557

(Millions of yen)

	As of March 31, 2020	As of September 30, 2020
LIABILITIES		
Current liabilities		
Trading products	11,765,256	11,923,798
Trading securities and other	4,002,899	4,278,618
Derivatives	7,762,356	7,645,180
Trade date accrual	—	763,426
Margin transaction liabilities	179,207	172,427
Borrowings secured by securities	10,234,296	10,075,818
Short-term borrowings	3,259,551	2,344,145
Current portion of bonds	276,710	354,024
Current portion of long-term borrowings	115,501	215,351
Commercial papers	729,871	672,892
Income taxes payable	7,417	4,987
Provision for contingent loss	680	666
Asset retirement obligations	103	—
Other current liabilities	2,559,489	2,653,798
Total current liabilities	29,128,086	29,181,336
Non-current liabilities		
Bonds payable	1,017,479	884,365
Long-term borrowings	753,034	720,223
Net defined benefit liability	2,641	2,590
Provision for directors' retirement benefits	93	33
Asset retirement obligations	7,787	8,214
Other non-current liabilities	8,795	8,488
Total non-current liabilities	1,789,832	1,623,915
Reserves under special laws		
Reserve for financial instruments transaction liabilities	4,269	4,367
Total reserves under special laws	4,269	4,367
Total liabilities	30,922,188	30,809,619
NET ASSETS		
Shareholders' equity		
Share capital	75,518	75,518
Capital surplus	434,441	434,441
Retained earnings	191,165	198,079
Total shareholders' equity	701,126	708,040
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	571	675
Deferred gains or losses on hedges	20	28
Foreign currency translation adjustment	(28,417)	(47,199)
Remeasurements of defined benefit plans	566	553
Total accumulated other comprehensive income	(27,259)	(45,942)
Non-controlling interests	270,096	269,840
Total net assets	943,963	931,937
Total liabilities and net assets	31,866,151	31,741,557

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

	(Millions of yen)	
	First six months of FY2019 (From April 1, 2019 to September 30, 2019)	First six months of FY2020 (From April 1, 2020 to September 30, 2020)
Operating revenue		
Commission received	68,129	62,840
Net trading income	65,669	68,955
Financial revenue	70,852	59,919
Other operating revenue	4	4
Total operating revenue	204,655	191,720
Financial expenses	63,021	43,193
Net operating revenue	141,633	148,526
Selling, general and administrative expenses	142,503	130,866
Operating profit (loss)	(869)	17,659
Non-operating income		
Interest income	1,399	1,872
Share of profit of entities accounted for using equity method	8,148	2,985
Gain on sales of investment securities	109	2,546
Other	1,331	1,298
Total non-operating income	10,989	8,702
Non-operating expenses		
Loss on investments in money held in trust	—	444
Other	107	172
Total non-operating expenses	107	616
Ordinary profit	10,012	25,746
Extraordinary income		
Gain on sales of investment securities	471	6
Reversal of reserve for financial instruments transaction liabilities	1	—
Other	59	—
Total extraordinary income	533	6
Extraordinary losses		
Loss on valuation of investment securities	37	15
Loss on sales of non-current assets	8	—
Impairment loss	336	277
Provision of reserve for financial instruments transaction liabilities	—	97
Other	228	79
Total extraordinary losses	610	469
Profit before income taxes	9,934	25,282
Income taxes-current	2,007	5,752
Income taxes-deferred	418	1,553
Total income taxes	2,425	7,305
Profit	7,509	17,977
Profit attributable to non-controlling interests	3,322	3,147
Profit attributable to owners of parent	4,186	14,829

Consolidated statements of comprehensive income (cumulative)

(Millions of yen)

	First six months of FY2019 (From April 1, 2019 to September 30, 2019)	First six months of FY2020 (From April 1, 2020 to September 30, 2020)
Profit	7,509	17,977
Other comprehensive income		
Valuation difference on available-for-sale securities	(537)	268
Deferred gains or losses on hedges	16	7
Foreign currency translation adjustment	(5,778)	(18,782)
Remeasurements of defined benefit plans, net of tax	20	(21)
Total other comprehensive income	(6,279)	(18,527)
Comprehensive income	1,229	(550)
(Comprehensive income attributable to)		
Comprehensive income attributable to owners of parent	(1,907)	(3,853)
Comprehensive income attributable to non-controlling interests	3,137	3,303

(3) Notes to consolidated financial statements

(Notes on premise of going concern)

None

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

None

(Notes on changes in significant subsidiaries during the current period)

For the six months ended September 30, 2020, Mitsubishi UFJ Morgan Stanley PB Securities Co., Ltd. which was the Company's specified subsidiary was excluded from the scope of consolidation due to an absorption-type merger with Mitsubishi UFJ Morgan Stanley Securities Co., Ltd., a consolidated subsidiary of the Company.

Consolidated Financial Results
for the Second Quarter of the Fiscal Year Ending March 31, 2021

1. Commission received

(1) Breakdown by item

(Millions of yen)

	First six months of FY2019 (From April 1, 2019 to September 30, 2019)	First six months of FY2020 (From April 1, 2020 to September 30, 2020)	Increase (Decrease)	FY2019 (From April 1, 2019 to March 31, 2020)
Brokerage commission	12,052	13,232	1,180	27,228
Stocks	11,598	12,565	967	26,053
Bonds	1	3	1	3
Commission for underwriting, secondary distribution and solicitation for selling and others for professional investors	15,979	12,398	(3,581)	28,560
Stocks	3,856	1,582	(2,273)	6,557
Bonds	12,123	10,815	(1,308)	22,002
Fees for offering, secondary distribution and solicitation for selling and others for professional investors	8,145	7,626	(518)	17,346
Beneficiary certificates	7,114	7,541	426	15,378
Other fees received	31,951	29,582	(2,369)	70,156
Beneficiary certificates	10,713	9,603	(1,110)	21,372
Total	68,129	62,840	(5,289)	143,291

(2) Breakdown by product

(Millions of yen)

	First six months of FY2019 (From April 1, 2019 to September 30, 2019)	First six months of FY2020 (From April 1, 2020 to September 30, 2020)	Increase (Decrease)	FY2019 (From April 1, 2019 to March 31, 2020)
Stocks	17,364	14,739	(2,624)	35,721
Bonds	14,122	13,042	(1,080)	25,782
Beneficiary certificates	18,234	17,730	(503)	37,765
Other	18,407	17,327	(1,080)	44,021
Total	68,129	62,840	(5,289)	143,291

2. Net trading income

(Millions of yen)

	First six months of FY2019 (From April 1, 2019 to September 30, 2019)	First six months of FY2020 (From April 1, 2020 to September 30, 2020)	Increase (Decrease)	FY2019 (From April 1, 2019 to March 31, 2020)
Stocks	32,500	18,320	(14,180)	59,510
Bonds and other	33,169	50,635	17,466	90,158
Total	65,669	68,955	3,286	149,668

Quarterly Trends in Consolidated Statements of Income

(Millions of yen)

	2Q of FY2019 (July 1 to September 30, 2019)	3Q of FY2019 (October 1 to December 31, 2019)	4Q of FY2019 (January 1 to March 31, 2020)	1Q of FY2020 (April 1 to June 30, 2020)	2Q of FY2020 (July 1 to September 30, 2020)
Operating revenue	106,826	117,999	133,125	107,264	84,455
Commission received	36,117	37,720	37,441	29,014	33,825
Brokerage commission	6,281	7,253	7,922	6,995	6,237
Stocks	6,040	7,051	7,404	6,572	5,992
Bonds	0	0	1	1	1
Commission for underwriting, secondary distribution and solicitation for selling and others for professional investors	7,174	6,864	5,716	4,339	8,058
Stocks	1,241	1,103	1,597	70	1,512
Bonds	5,932	5,760	4,118	4,269	6,546
Fees for offering, secondary distribution and solicitation for selling and others for professional investors	4,778	4,964	4,236	2,912	4,713
Beneficiary certificates	4,356	4,445	3,818	2,885	4,655
Other fees received	17,882	18,638	19,566	14,766	14,815
Beneficiary certificates	5,422	5,475	5,183	4,615	4,987
Net trading income	33,555	37,162	46,836	31,676	37,278
Net trading income from securities (stocks)	6,041	15,183	11,825	(13,158)	31,478
Net trading income from bonds and other	27,513	21,978	35,010	44,835	5,800
Financial revenue	37,153	43,116	48,848	46,568	13,351
Other operating revenue	0	—	—	4	—
Financial expenses	32,023	31,937	38,658	42,665	527
Net operating revenue	74,802	86,062	94,467	64,599	83,927
Selling, general and administrative expenses	71,370	75,096	75,987	63,669	67,197
Trading related expenses	19,297	21,876	21,037	12,829	14,068
Personnel expenses	27,543	27,944	28,978	24,415	28,585
Real estate expenses	5,983	6,051	6,044	5,776	5,855
Office cost	7,665	8,001	7,993	8,031	7,884
Depreciation	7,505	7,478	8,051	7,598	7,726
Taxes and dues	1,376	1,819	1,587	2,626	1,233
Other	1,997	1,925	2,294	2,391	1,844
Operating profit	3,432	10,966	18,480	929	16,729
Non-operating income	6,055	3,426	7,126	5,839	2,863
Non-operating expenses	75	72	1,438	587	28
Ordinary profit	9,412	14,320	24,169	6,181	19,564
Extraordinary income	531	—	1,169	—	6
Extraordinary losses	345	40	1,819	138	331
Profit before income taxes	9,598	14,280	23,519	6,043	19,239
Income taxes-current	1,590	3,088	5,149	1,451	4,300
Income taxes-deferred	1,276	2,443	2,282	74	1,478
Total income taxes	2,867	5,532	7,432	1,526	5,778
Profit	6,731	8,747	16,086	4,516	13,460
Profit attributable to non-controlling interests	3,297	2,385	5,492	156	2,990
Profit attributable to owners of parent	3,433	6,362	10,594	4,359	10,469

<Reference>

Mitsubishi UFJ Morgan Stanley Securities, Co., Ltd.
for the Second Quarter of the Fiscal Year Ending March 31, 2021

(1) Non-consolidated operating results

(Millions of yen)

	First six months of FY2019 (From April 1, 2019 to September 30, 2019)	First six months of FY2020 (From April 1, 2020 to September 30, 2020)	Increase (Decrease)	FY2019 (From April 1, 2019 to March 31, 2020)
Operating revenue	99,057	100,747	1,689	219,907
Commission received	51,574	47,432	(4,141)	107,313
Net trading income	34,159	43,430	9,270	85,060
Net operating revenue	94,336	95,809	1,472	209,721
Operating profit (loss)	(2,616)	4,062	6,679	9,660
Ordinary profit	754	5,515	4,760	14,610
Profit (loss)	1,285	(790)	(2,076)	11,299

(Breakdown of operating revenue)

<Breakdown by item of commission received>

(Millions of yen)

	First six months of FY2019 (From April 1, 2019 to September 30, 2019)	First six months of FY2020 (From April 1, 2020 to September 30, 2020)	Increase (Decrease)	FY2019 (From April 1, 2019 to March 31, 2020)
Brokerage commission	8,771	10,176	1,404	20,220
Commission for underwriting, secondary distribution and solicitation for selling and others for professional investors	10,373	5,028	(5,345)	16,391
Fees for offering, secondary distribution and solicitation for selling and others for professional investors	4,702	6,202	1,500	10,133
Other fees received	27,725	26,024	(1,701)	60,567
Total	51,574	47,432	(4,141)	107,313

<Breakdown by product of commission received>

(Millions of yen)

	First six months of FY2019 (From April 1, 2019 to September 30, 2019)	First six months of FY2020 (From April 1, 2020 to September 30, 2020)	Increase (Decrease)	FY2019 (From April 1, 2019 to March 31, 2020)
Stocks	13,933	11,628	(2,305)	28,497
Bonds	8,515	6,092	(2,423)	13,272
Beneficiary certificates	11,933	14,188	2,254	24,860
Other	17,190	15,523	(1,666)	40,682
Total	51,574	47,432	(4,141)	107,313

<Net trading income>

(Millions of yen)

	First six months of FY2019 (From April 1, 2019 to September 30, 2019)	First six months of FY2020 (From April 1, 2020 to September 30, 2020)	Increase (Decrease)	FY2019 (From April 1, 2019 to March 31, 2020)
Stocks	8,427	13,452	5,024	25,523
Bonds and other	25,732	29,978	4,246	59,537
Total	34,159	43,430	9,270	85,060

(2) Non-consolidated financial position

(Millions of yen)

	As of September 30, 2019	As of September 30, 2020	Increase (Decrease)	As of March 31, 2020
Total assets	15,879,560	19,187,601	1,401,992	17,785,608
Net assets	400,213	403,175	(6,159)	409,334

※ Mitsubishi UFJ Morgan Stanley Securities Co., Ltd. (MUMSS) absorbed and merged its consolidated subsidiary, Mitsubishi UFJ Morgan Stanley PB Securities Co., Ltd. on August 1, 2020. As a result of the merger, MUMSS's consolidated operating results and consolidated financial position are not presented.