



Mitsubishi UFJ Securities Holdings

1QFY2021

Financial Summary

Mitsubishi UFJ Securities Holdings Co., Ltd.

July, 2021

▪ Consolidated Performance Highlights	P2
▪ Consolidated Performance Trends	P3
▪ Consolidated Financial Summary	P4
▪ Overview by Business Segments	P7

Appendix

▪ Consolidated Statement of Income	P8
▪ Consolidated Balance Sheet	P9
▪ Mitsubishi UFJ Morgan Stanley Securities (MUMSS)	P10
▪ au Kabucom Securities Co., Ltd. and Overseas Business	P13
▪ 【Reference】 Domestic Securities Companies	P14
▪ Financial Soundness Indicators (Credit Rating, Capital Adequacy Ratio)	P15

(Note) Figures hereafter contained in this document are rounded down to the nearest whole unit, unless otherwise specified.
In addition, since the settlement date at overseas subsidiaries are three months earlier than the consolidation date, the cumulative performance trends refer to the results for the period and the quarterly performance trends refer to the results for the period between January and March.

1Q Performance Trends

- Net operating revenue was JPY 49.1bn (-23% YoY), ordinary profit (loss) was JPY (13.2)bn and profit (loss) attributable to owners of parent was JPY (14.1)bn on financial accounting basis. Net operating revenue was JPY 69.0bn (-11% YoY), ordinary profit (loss) was JPY (7.8)bn and profit (loss) attributable to owners of parent was JPY (10.0)bn on substantial basis including MUSA. Both revenue and profit increased on a financial accounting and substantial basis, excluding the impact of the loss of JPY 29.0bn incurred as a result of transactions with a customer in the U.S. in March. (Account closing of overseas subsidiaries is reflected in consolidated performance with a three months' time difference)
- Domestic subsidiaries saw a significant increase in revenue compared to the same period of the previous year, when face-to-face business activities had to be restricted. Revenue related to stock assets and stock investment trusts steadily increased through an accelerated shift to an advisory business model, while the role of lead manager was achieved in many large-scale deals. The capturing of needs from redemption of structured bonds and the improved revenue of the equity business also contributed.
- Overseas subsidiaries reported a significant decrease in revenue mainly due to the loss from transactions with a customer in the U.S. Capital markets performed strongly, while interest rate derivatives slowed down.

(JPY billion)	Financial basis			Substantial basis including MUSA *		
	FY2020 1Q	FY2021 1Q	YoY %	FY2020 1Q	FY2021 1Q	YoY %
Net operating revenue	64.5	49.1	(23)%	78.0	69.0	(11)%
SG&A	63.6	69.7	+9%	76.5	84.0	+9%
Ordinary profit (loss)	6.1	(13.2)	—	6.2	(7.8)	—
Profit (loss) (owners of parent)	4.3	(14.1)	—	4.4	(10.0)	—

Quarterly Performance Trends

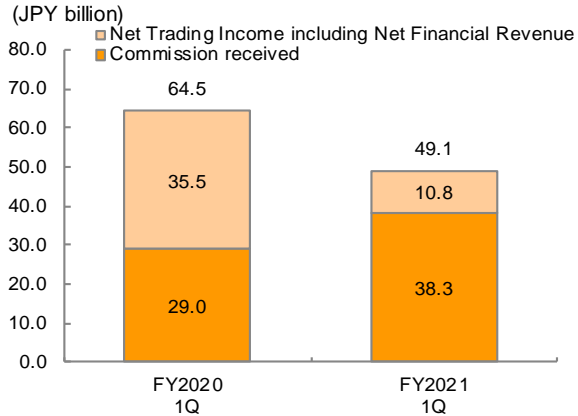
- Domestic subsidiaries slowed down compared to the previous quarter, which had been steady backed by a favorable market environment, despite obtaining many lead manager roles for large-scale deals.
- Overseas subsidiaries saw a significant decrease in revenue due to the factors above, despite a strong performance in the capital markets business.

(JPY billion)	Financial basis			Substantial basis including MUSA *		
	FY2020 4Q	FY2021 1Q	QoQ %	FY2020 4Q	FY2021 1Q	QoQ %
Net operating revenue	100.8	49.1	(51)%	117.2	69.0	(41)%
SG&A	74.8	69.7	(6)%	87.2	84.0	(3)%
Ordinary profit (loss)	31.3	(13.2)	—	35.1	(7.8)	—
Profit (loss) (owners of parent)	14.1	(14.1)	—	17.1	(10.0)	—

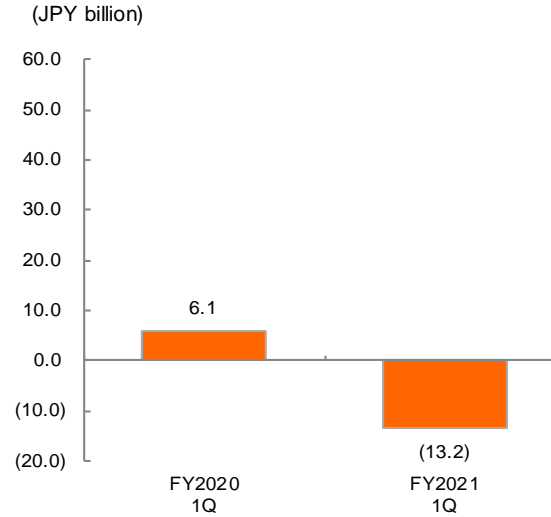
* Figures represent the aggregation with the results of MUFG Securities America Inc. (hereinafter "MUSA"), given that MUSA, despite its deconsolidation in 3Q16 as a result of the application of the U.S. Enhanced Prudential Standards, continues to be included in the Company's internal revenue management.

1Q Performance Trends

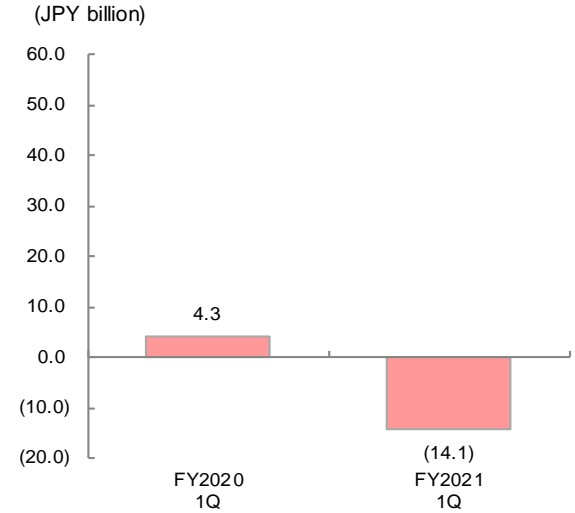
Net operating revenue



Ordinary profit (loss)

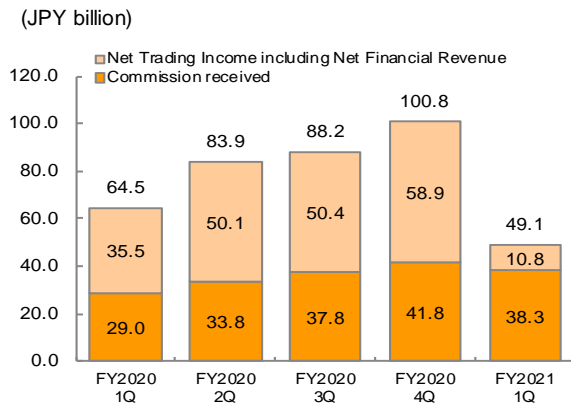


Profit (loss) (owners of parent)

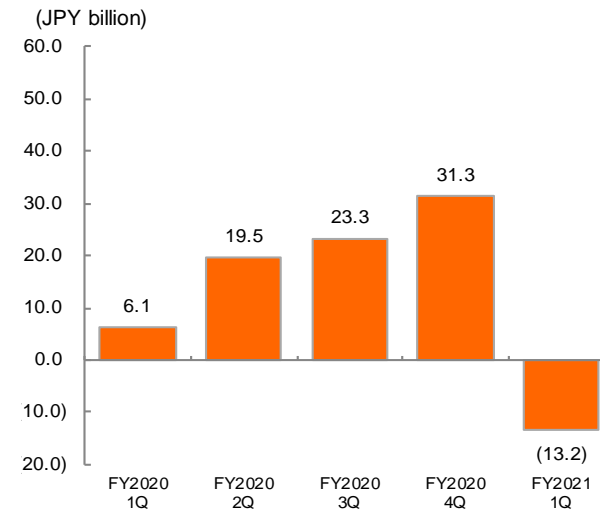


Quarterly Performance Trends

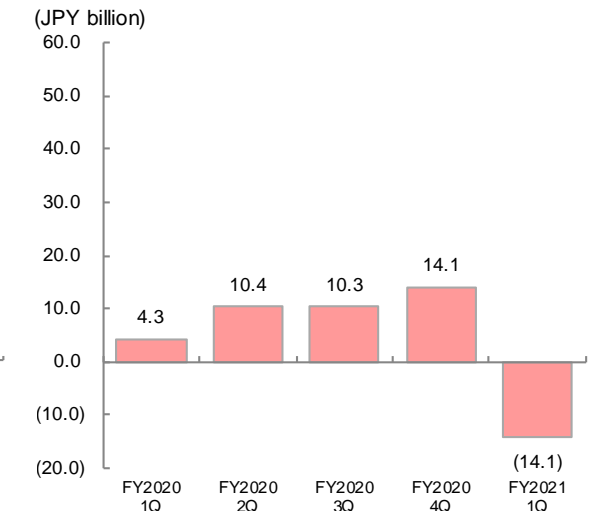
Net operating revenue



Ordinary profit (loss)



Profit (loss) (owners of parent)



Consolidated Financial Summary (1)

Commission Received (Financial basis)

Commission received

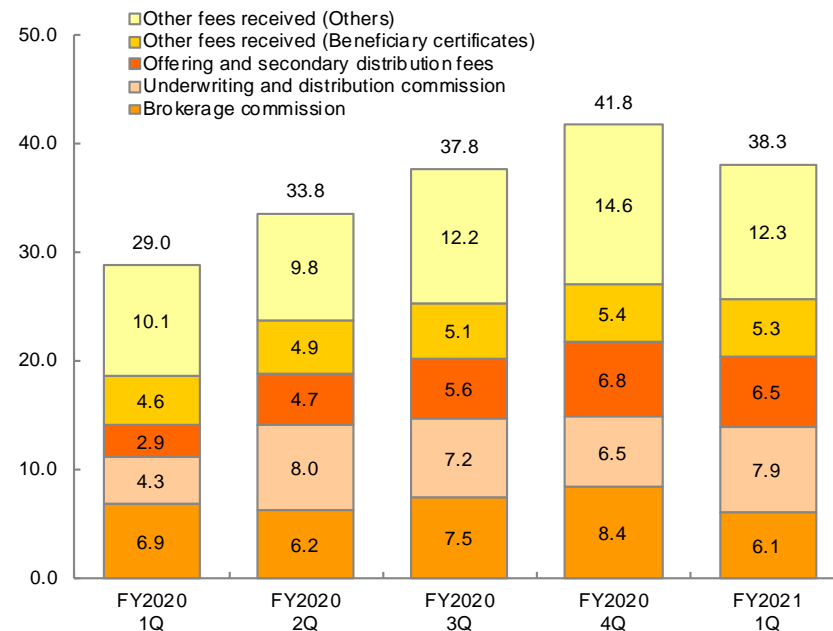
FY2021 1Q : JPY38.3 billion

- YoY JPY +9.3 billion +32%
- Brokerage commission: Revenue remained almost flat compared to the same period of the previous year, when proposals for stocks were mostly made remotely.
- Underwriting and distribution commission: Achieved many lead manager roles in large-scale deals.
- Offering and secondary distribution fees: Revenue increased significantly due to initiatives to increase stock assets.
- Other fees received (Beneficiary certificates): Asset balances increased as a result of steadily accumulating stock investment trusts and rising market prices.
- Other fees received (Others): Revenue was recorded from the closing of global offerings and M&A deals.

- QoQ JPY (3.5) billion (8)%
- Brokerage commission: Revenue decreased due to a decline in stock trading volume.
- Underwriting and distribution commission: Revenue increased as a result of achieving large-scale deals under a favorable bond issuance environment.
- Other fees received (Others): M&A related revenue decreased from the previous quarter.

Quarterly Trends

(JPY billion)



(JPY billion)	FY2020 1Q	FY2021 1Q	YoY %	FY2020 4Q	FY2021 1Q	QoQ %
Brokerage commission	6.9	6.1	(11)%	8.4	6.1	(26)%
Underwriting and distribution commission	4.3	7.9	+82%	6.5	7.9	+21%
Offering and secondary distribution fees	2.9	6.5	+126%	6.8	6.5	(3)%
Other fees received (Beneficiary certificates)	4.6	5.3	+15%	5.4	5.3	(1)%
Other fees received (Others)	10.1	12.3	+21%	14.6	12.3	(15)%
Total	29.0	38.3	+32%	41.8	38.3	(8)%

(JPY billion)	FY2020 1Q	FY2021 1Q	YoY %	FY2020 4Q	FY2021 1Q	QoQ %
Brokerage commission	6.9	6.1	(11)%	8.4	6.1	(26)%
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Other fees received (Others)	10.1	12.3	+21%	14.6	12.3	(15)%
Total	29.0	38.3	+32%	41.8	38.3	(8)%

(JPY billion)	FY2020 1Q	FY2021 1Q	YoY %	FY2020 4Q	FY2021 1Q	QoQ %
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Other fees received (Beneficiary certificates)	4.6	5.3	+15%	5.4	5.3	(1)%
Other fees received (Others)	10.1	12.3	+21%	14.6	12.3	(15)%
Total	29.0	38.3	+32%	41.8	38.3	(8)%

Consolidated Financial Summary (2)

Net Trading Income · Net Financial Revenue (Financial basis)

Net Trading Income · Net Financial Revenue

FY2021 1Q : JPY 10.8 billion

■ YoY JPY (24.7) billion (69)%

➢ Equity business:

Domestic subsidiaries recovered by steadily capturing needs from redemption of structured bonds, in addition to improved management of derivative positions. Overseas subsidiaries reported a significant decrease in revenue, impacted by the loss from transactions with a customer in the U.S.

➢ Fixed income business:

Revenue at domestic subsidiaries remained almost flat overall due to a strong performance of derivatives for credit and structured products, despite a decline in revenue from interest rate products reflecting lower volatility. Overseas subsidiaries reported a decrease in revenue due to a slowdown in derivatives and repo, etc., mainly of U.S. interest rates, despite a recovery in credit and securitization businesses.

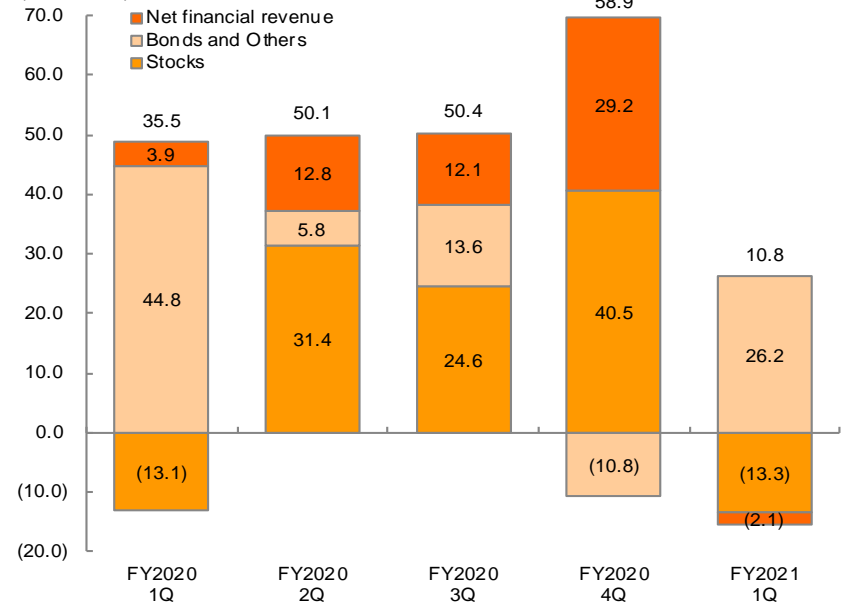
■ QoQ JPY (48.1) billion (81)%

➢ Equity business, Fixed income business:

Both domestic and overseas subsidiaries saw a slowdown in revenue compared to the previous quarter.

Quarterly Trends

(JPY billion)



(JPY billion)	FY2020 1Q	FY2021 1Q	YoY %
Stocks	(13.1)	(13.3)	—
Bonds and Others	44.8	26.2	(41)%
Net financial revenue	3.9	(2.1)	—
Total	35.5	10.8	(69)%

(JPY billion)	FY2020 4Q	FY2021 1Q	QoQ %
Stocks	40.5	(13.3)	—
Bonds and Others	(10.8)	26.2	—
Net financial revenue	29.2	(2.1)	—
Total	58.9	10.8	(81)%

(JPY billion)	FY2020 1Q	FY2021 1Q	YoY %
Equity business	11.9	(11.2)	—
Fixed income business	16.1	14.5	(9)%
Total	28.0	3.4	(88)%

【Reference】 Management accounting basis *

(JPY billion)	FY2020 4Q	FY2021 1Q	QoQ %
Equity business	17.3	(11.2)	—
Fixed income business	27.8	14.5	(47)%
Total	45.1	3.4	(92)%

(JPY billion)	FY2020 1Q	FY2021 1Q	YoY %
Equity business	11.9	(11.2)	—
Fixed income business	16.1	14.5	(9)%
Total	28.0	3.4	(88)%

(JPY billion)	FY2020 1Q	FY2021 1Q	YoY %
Equity business	11.9	(11.2)	—
Fixed income business	16.1	14.5	(9)%
Total	28.0	3.4	(88)%

* Figures represent the simple aggregation of Mitsubishi UFJ Morgan Stanley Securities Co., Ltd. (MUMSS) and overseas subsidiaries including MUSA which based on management accounting basis.

Consolidated Financial Summary (3)

SG & A (Financial basis)

SG & A

FY2021 1Q : JPY 69.7 billion

- YoY JPY +6.0 billion +9%
- Domestic subsidiaries: Performance-linked bonuses and trading-related expenses increased.
- Overseas subsidiaries: Expenses translated into JPY increased mainly due to the depreciation of JPY against GBP.
- QoQ JPY (5.0) billion (6)%
- Performance-linked bonuses and trading-related expenses decreased mainly at domestic subsidiaries.

Quarterly Trends

(JPY billion)



(JPY billion)	FY2020 1Q	FY2021 1Q	YoY %	FY2020 4Q	FY2021 1Q	QoQ %
Trading related expenses	12.8	13.6	+6%	17.5	13.6	(22)%
Personnel expenses	24.4	27.8	+13%	31.2	27.8	(10)%
Real estate expenses	5.7	6.1	+5%	5.8	6.1	+3%
Office cost	8.0	8.8	+9%	8.4	8.8	+4%
Depreciation	7.5	7.9	+4%	8.3	7.9	(4)%
Others	5.0	5.4	+8%	3.3	5.4	+63%
Total	63.6	69.7	+9%	74.8	69.7	(6)%

(JPY billion)	FY2020 1Q	FY2021 1Q	YoY %	FY2020 4Q	FY2021 1Q	QoQ %
Trading related expenses	12.8	13.6	+6%	17.5	13.6	(22)%
Personnel expenses	24.4	27.8	+13%	31.2	27.8	(10)%
Real estate expenses	5.7	6.1	+5%	5.8	6.1	+3%
Office cost	8.0	8.8	+9%	8.4	8.8	+4%
Depreciation	7.5	7.9	+4%	8.3	7.9	(4)%
Others	5.0	5.4	+8%	3.3	5.4	+63%
Total	63.6	69.7	+9%	74.8	69.7	(6)%

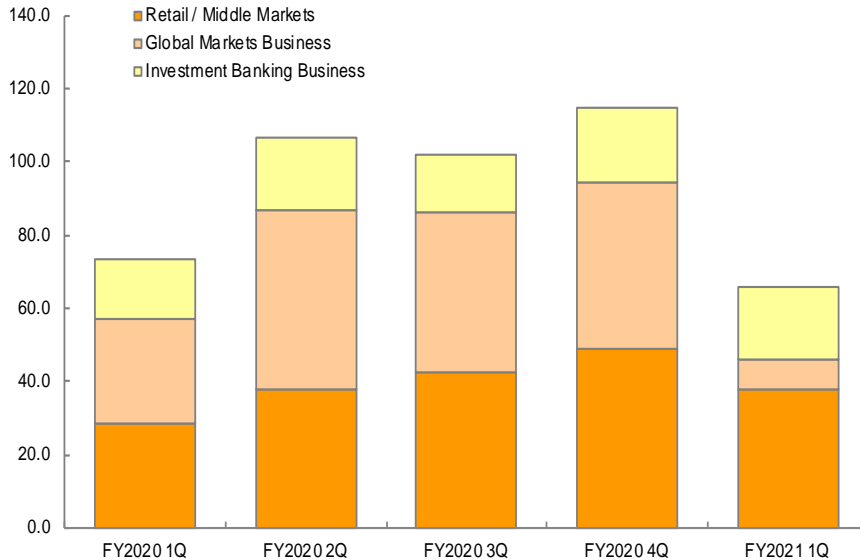
(JPY billion)	FY2020 1Q	FY2021 1Q	YoY %	FY2020 4Q	FY2021 1Q	QoQ %
Trading related expenses	12.8	13.6	+6%	17.5	13.6	(22)%
Personnel expenses	24.4	27.8	+13%	31.2	27.8	(10)%
Real estate expenses	5.7	6.1	+5%	5.8	6.1	+3%
Office cost	8.0	8.8	+9%	8.4	8.8	+4%
Depreciation	7.5	7.9	+4%	8.3	7.9	(4)%
Others	5.0	5.4	+8%	3.3	5.4	+63%
Total	63.6	69.7	+9%	74.8	69.7	(6)%

Overview by Business Segments in FY2021 1Q

- Revenue from Retail / Middle Markets and Global Markets decreased from the previous quarter.
- Retail / Middle Markets: The redemption flow of structured bonds in line with rising stock prices had run its due course, and sales of investment trusts and structured bonds decreased compared to the previous quarter.
- Global Markets: Revenue decreased significantly mainly due to the loss from transactions with a customer in the U.S. Flow products such as interest rate derivatives also slowed down.
- Investment Banking: Domestic subsidiaries saw a decrease in revenue as a reactionary decline in the real estate-related business, while overseas subsidiaries saw an increase in revenue backed by a strong market environment.

Quarterly Trends

(JPY billion)



* Figures are based on management accounting basis including MUSA.

Appendix

Consolidated Statement of Income

JPY million

	Cumulative		Quarter				FY2021 1Q
	FY2020 1Q	FY2021 1Q	FY2020				
			1Q	2Q	3Q	4Q	
Operating revenue	107,264	69,015	107,264	84,455	88,795	107,542	69,015
Commission received	29,014	38,337	29,014	33,825	37,810	41,887	38,337
Net trading income	31,676	12,944	31,676	37,278	38,256	29,745	12,944
Other operating revenue	4	3	4	—	—	—	3
Financial revenue	46,568	17,730	46,568	13,351	12,728	35,909	17,730
Financial expenses	42,665	19,839	42,665	527	557	6,703	19,839
Net operating revenue	64,599	49,175	64,599	83,927	88,238	100,838	49,175
SG & A	63,669	69,768	63,669	67,197	69,257	74,857	69,768
Operating profit (loss)	929	(20,592)	929	16,729	18,980	25,981	(20,592)
Non-operating income	5,839	7,765	5,839	2,863	4,446	5,499	7,765
Non-operating expenses	587	402	587	28	54	118	402
Ordinary profit (loss)	6,181	(13,229)	6,181	19,564	23,373	31,362	(13,229)
Extraordinary income	—	—	—	6	—	—	—
Extraordinary losses	138	38	138	331	1,718	2,303	38
Income taxes	1,526	(2,821)	1,526	5,778	6,058	7,848	(2,821)
Profit attributable to non-controlling interests	156	3,667	156	2,990	5,241	7,078	3,667
Profit (loss) attributable to owners of parent	4,359	(14,114)	4,359	10,469	10,354	14,131	(14,114)

Appendix

Consolidated Balance Sheet

JPY billion

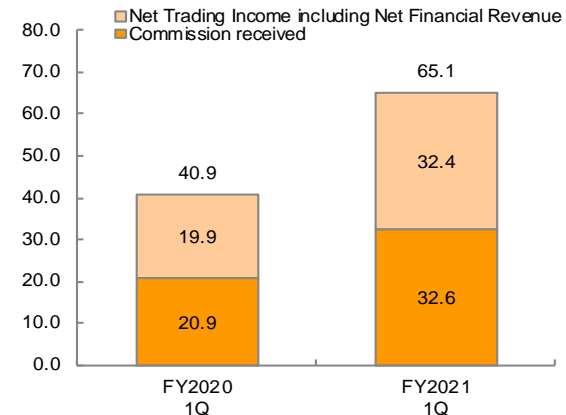
	As of Mar. 31, 2021	As of Jun. 30, 2021	Change
ASSETS			
Current assets	32,911	30,682	(2,229)
Cash and deposits	1,840	2,035	+195
Trading products	15,020	14,479	(540)
Loans secured by securities	13,364	11,238	(2,125)
Others	2,685	2,927	+242
Non-current assets	591	563	(27)
PP & E	29	28	(0)
Intangible assets	100	100	(0)
Investments and other assets	461	433	(27)
Total assets	33,502	31,245	(2,256)

	As of Mar. 31, 2021	As of Jun. 30, 2021	Change
LIABILITIES			
Current liabilities	30,953	28,558	(2,394)
Trading products	11,953	11,075	(877)
Borrowings secured by securities	11,533	10,673	(859)
Short-term borrowings	2,759	2,355	(404)
Others	4,706	4,453	(253)
Non-current liabilities	1,567	1,707	+139
Bonds payable	804	860	+55
Long-term borrowings	743	827	+84
Others	18	19	+0
Total liabilities	32,525	30,270	(2,254)
NET ASSETS			
Shareholders' equity	725	705	(20)
Accumulated other comprehensive income	(31)	(7)	+23
Non-controlling interests	282	277	(5)
Total net assets	977	975	(2)
Total liabilities and net assets	33,502	31,245	(2,256)

1Q Performance Trends

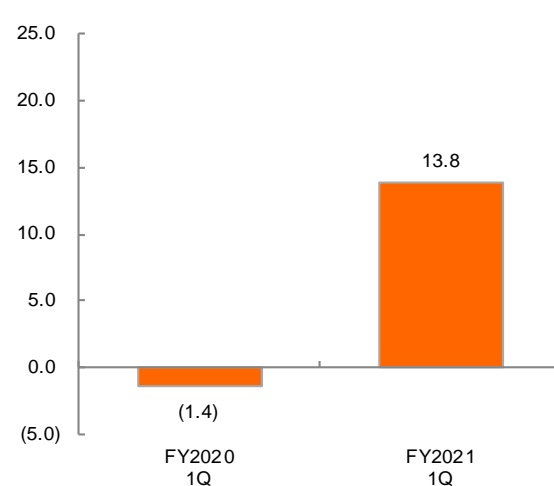
Net operating revenue

(JPY billion)



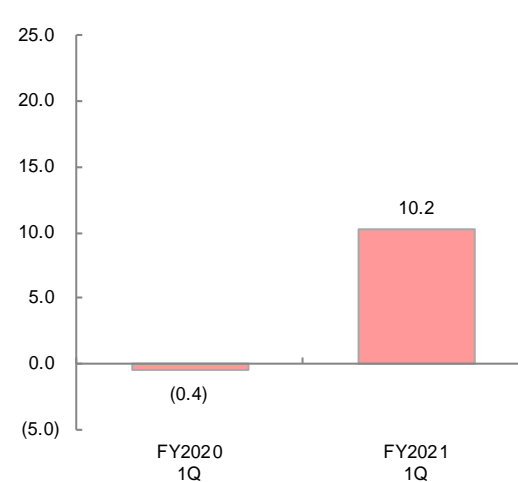
Ordinary profit (loss)

(JPY billion)



Profit (loss)

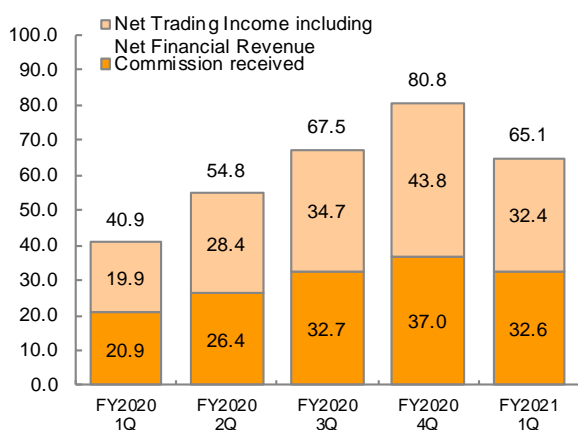
(JPY billion)



Quarterly Performance Trends

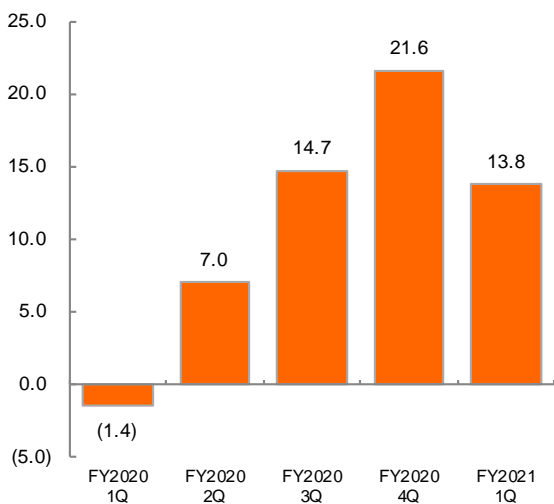
Net operating revenue

(JPY billion)



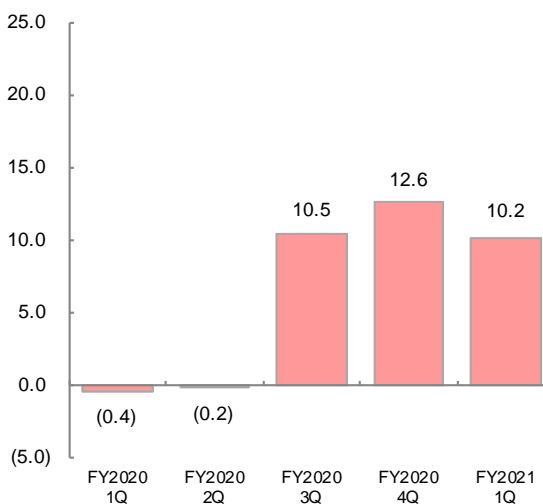
Ordinary profit (loss)

(JPY billion)



Profit (loss)

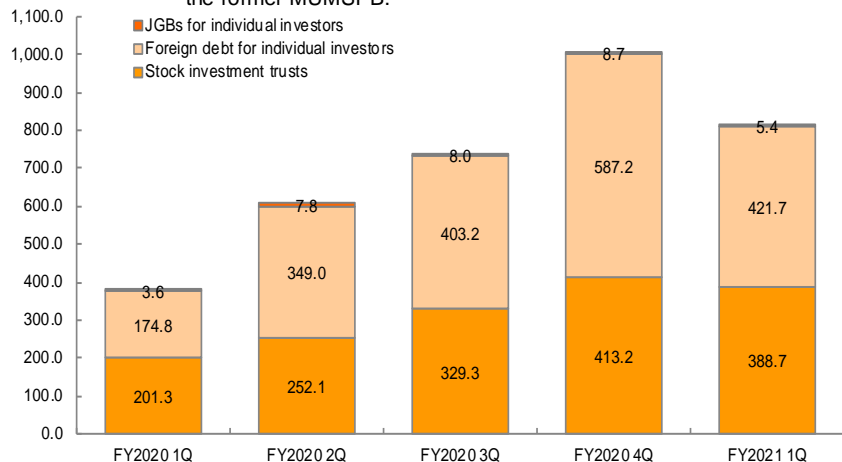
(JPY billion)



Sales of Retail / Middle Market Division

Quarterly Trends

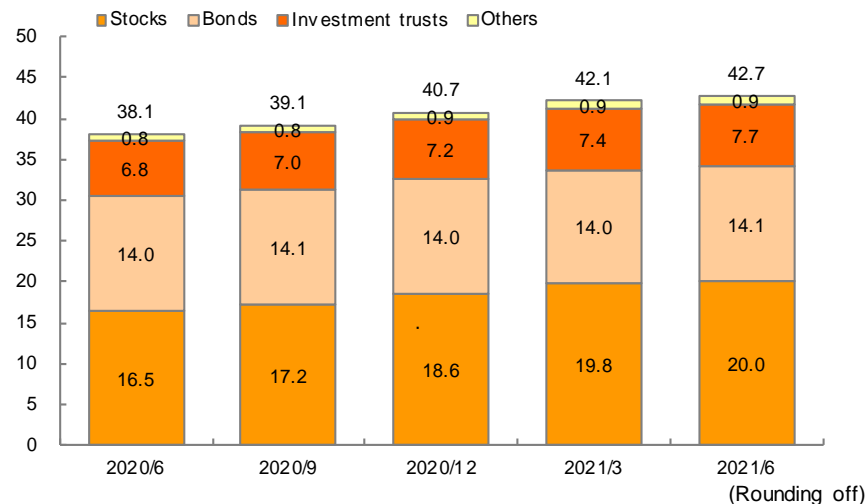
(JPY billion) *FY2020 1Q figures are represent the simple aggregation of MUMSS and the former MUMSPB.



Trends of AUM

Quarterly Trends

(JPY trillion) *Jun.2020 figures are represent the simple aggregation of MUMSS and the former MUMSPB.



Investment banking business ~ League Table (from April, 2021 to June, 2021)

Debt (Domestic and Foreign Bonds)^{*1}

Rank	Securities Firm	Share (%)
1	Nomura Securities	18.9
2	Mizuho Securities	15.7
3	Daiwa Securities	15.6
4	Mitsubishi UFJ Morgan Stanley	14.2
5	SMBC Nikko Securities	11.0
6	Goldman Sachs Japan	4.5
7	Citigroup Global Markets Japan	3.8
8	Barclays	3.0
9	JP Morgan	2.7
10	BofA Securities	2.1

Japan Equity and Equity-linked^{*2}

Rank	Securities Firm	Share (%)
1	Mitsubishi UFJ Morgan Stanley	25.5
2	Nomura	17.4
3	Daiwa Securities Group	14.5
4	BofA Securities	13.8
5	Mizuho Financial Group	8.5
6	Sumitomo Mitsui Financial Group	8.3
7	JP Morgan	4.8
8	UBS	1.9
9	Goldman Sachs & Co	1.7
10	SBI Holdings	1.2

M&A Advisory / Based on Rank Value^{*3}

Rank	Financial Advisor	JPY billion
1	BofA Securities	2,060
2	Goldman Sachs & Co	1,849
3	Mitsubishi UFJ Morgan Stanley	1,627
4	JP Morgan	984
5	Nomura	973
6	Credit Suisse	767
6	Jefferies LLC	767
8	Barclays	555
9	Sumitomo Mitsui Financial Group	457
10	Plutus Consulting Co Ltd	137

*1 Source: Domestic bonds are compiled by Mitsubishi UFJ Morgan Stanley based on REFINITIV and DealWatch DB.

Includes Japanese Straight Bonds, Ex-FILP Agency Bonds (incl. Expressway company's Bonds) and Municipal Bonds Related. Based on lead manager's credit.

Foreign bonds are compiled by Morgan Stanley MUFG Securities based on corporate disclosure data, Dealogic, Bloomberg, IFR, and Informa.

*2 Source: REFINITIV (data compiled by Mitsubishi UFJ Morgan Stanley)

Mitsubishi UFJ Morgan Stanley includes domestic offerings of Japanese issuers underwritten by Morgan Stanley MUFG Securities as well as global offerings of Japanese issuers underwritten by Morgan Stanley. Based on underwriting amount.

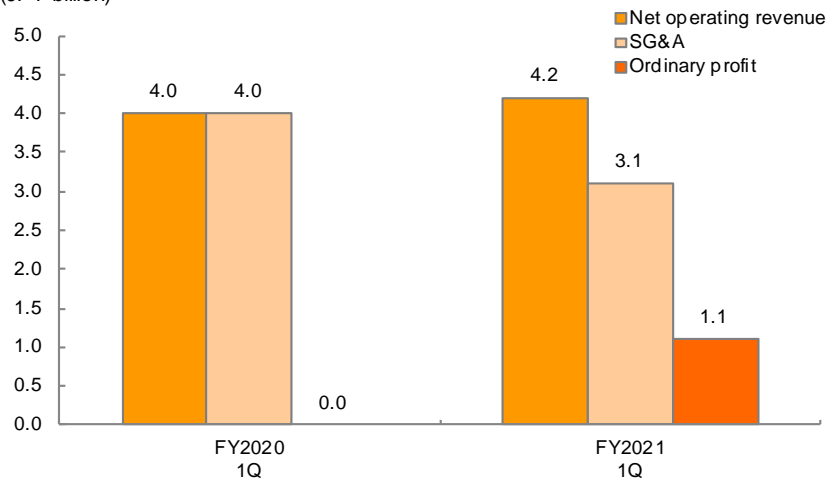
*3 Source: REFINITIV (data compiled by Mitsubishi UFJ Morgan Stanley)

Any Japanese involvement announced including property acquisitions. Mitsubishi UFJ Morgan Stanley includes deals advised by Morgan Stanley.

au Kabucom 1Q Performance Trends

Trends

(JPY billion)

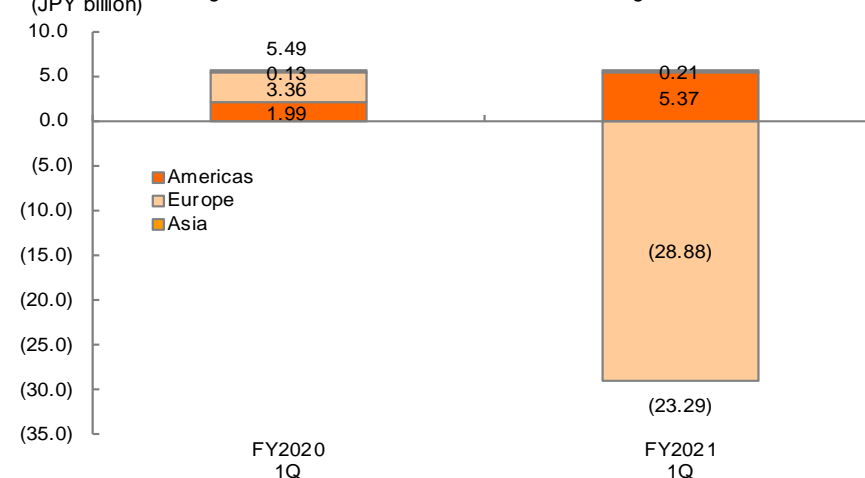


Overseas Business 1Q Performance Trends

Ordinary profit (loss) : Trends

(JPY billion)

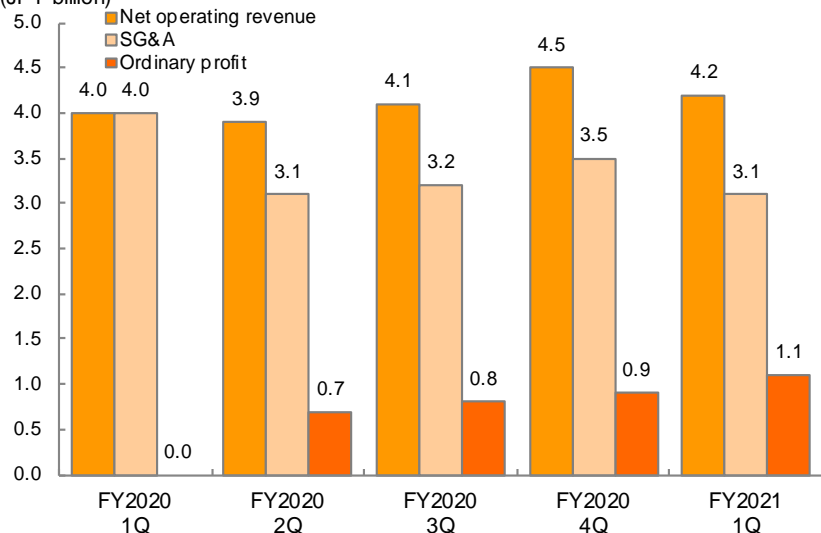
*Figures are based on substantial basis including MUSA.



au Kabucom Quarterly Performance Trends

Quarterly Trends

(JPY billion)

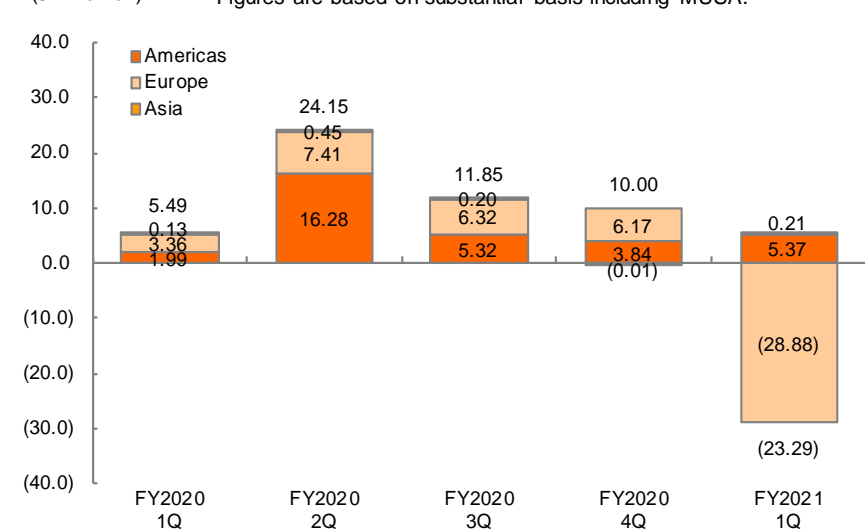


Overseas Business Quarterly Performance Trends

Ordinary profit (loss) : Quarterly Trends

(JPY billion)

*Figures are based on substantial basis including MUSA.

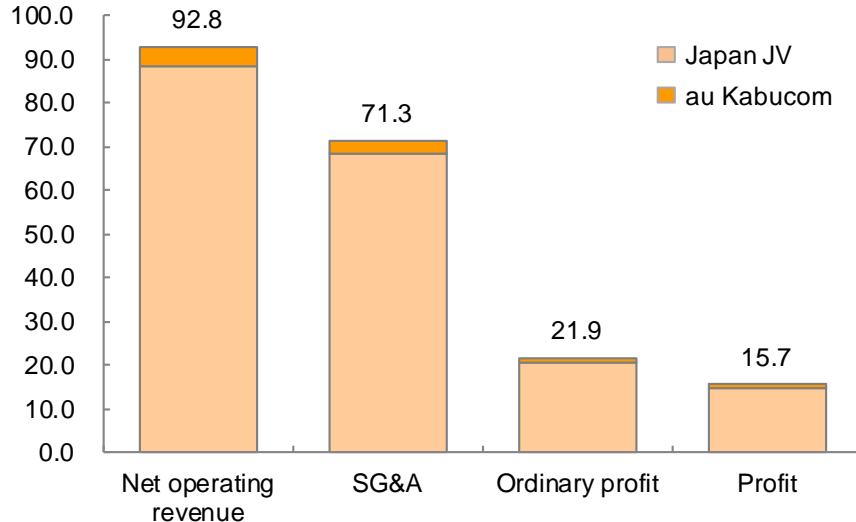


Domestic Securities Companies' Performance

- Net operating revenue of the Domestic Securities Companies is over JPY 90 billion on a simple sum basis. It includes the full net operating revenue from Morgan Stanley MUFG Securities Co., Ltd. ("MSMS"); this is one of the joint venture securities companies with Morgan Stanley in Japan and an associated company accounted for by using the equity-method.
- "Domestic Securities Companies" consists of three companies including two joint venture companies with Morgan Stanley ("Japan JV") and au Kabucom Securities Co., Ltd.

Performance of FY 2021 1Q

(JPY billion)



Simple sum of the figures for the Domestic Securities Companies (JPY billion)	FY 2021 1Q
Net operating revenue	92.8
Japan JV	88.6
MUMSS	65.1
Morgan Stanley MUFG Securities Co., Ltd. ("MSMS") *	23.5
au Kabucom Securities Co., Ltd. ("au Kabucom")	4.2
SG & A	71.3
Japan JV	68.2
MUMSS	51.7
MSMS	16.4
au Kabucom	3.1
Ordinary profit	21.9
Japan JV	20.7
MUMSS	13.8
MSMS	6.9
au Kabucom	1.1
Profit	15.7
Japan JV	14.9
MUMSS	10.2
MSMS	4.6
au Kabucom	0.7

* MSMS is an associated company accounted for by using the equity-method.

Credit Rating

	R&I	JCR	Moody's	S&P	Fitch
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Mitsubishi UFJ Securities Holdings

Long-term	AA-	AA	A1	A-	—
Short-term	a-1+ *	—	P-1	A-2	—

Mitsubishi UFJ Morgan Stanley Securities

Long-term	AA-	AA	A1	A	A-
Short-term	a-1+ *	—	P-1	A-1	F1

MUFG Securities EMEA plc

Long-term	AA- **	AA **	A1	A	—
Short-term	—	—	P-1	A-1	—

MUFG Securities (Canada), Ltd.

Long-term	—	—	—	A	A-
Short-term	—	—	—	A-1	F1

MUFG Securities (Europe) N.V.

Long-term	—	—	A1	A	—
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*CP rating

**Euro Medium Term Note Programme rating (senior bonds)

Capital Adequacy

Capital Adequacy Ratio MUMSS

Capital adequacy ratio of MUMSS at FY2021 1Q can be found on the following URL.

https://www.sc.mufig.jp/company/finance/cp_ratio.html



Mitsubishi UFJ Securities Holdings

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