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October 28, 2021

Consolidated Financial Results for the Second Quarter of the Fiscal Year Ending March 31, 2022 [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 2021 (from April 1, 2021 to September 30, 2021)

(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 FY2021	161,249	(15.9)	135,982	(8.4)	(710)	—	12,128	(52.9)
First six months of FY2020	191,720	(6.3)	148,526	4.9	17,659	—	25,746	157.1

	Profit attributable to owners of parent		Basic earnings per share	Diluted earnings per share
	Millions of yen	%	Yen	Yen
First six months of FY2021	(1,434)	—	(1.95)	—
First six months of FY2020	14,829	254.2	20.12	—

(Note) Comprehensive income First six months of FY2021: 34,477 million yen —%
First six months of FY2020: (550) million yen —%

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of September 30, 2021	31,186,396	996,504	2.3
As of March 31, 2021	33,502,327	977,310	2.1

(Reference) Equity As of September 30, 2021: 713,215 million yen As of March 31, 2021: 694,445 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: Yes
 - 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
- (Note) For details, please refer to “Consolidated financial statements and primary notes (3) Notes to consolidated financial statements (Notes on changes in accounting policies due to revisions to accounting standards and other regulations)” on page 4 of the “Attached Material” .

(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, 2021	736,985,496 shares
As of March 31, 2021	736,985,496 shares

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

As of September 30, 2021	– shares
As of March 31, 2021	– 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, 2022	736,985,496 shares
First six months of the fiscal year ended March 31, 2021	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, 2021	As of September 30, 2021
ASSETS		
Current assets		
Cash and deposits	1,840,436	1,730,063
Cash segregated as deposits	1,093,651	1,107,484
Trading products	15,020,167	14,290,900
Trading securities and other	8,097,590	8,546,490
Derivatives	6,922,576	5,744,409
Margin transaction assets	299,934	291,544
Loans secured by securities	13,364,965	11,771,782
Short-term guarantee deposits	1,064,324	1,141,050
Short-term investment securities	34,980	68,369
Income taxes receivable	1,338	7,802
Other current assets	191,456	188,420
Total current assets	32,911,256	30,597,418
Non-current assets		
Property, plant and equipment	29,030	28,151
Intangible assets	100,445	99,032
Investments and other assets	461,595	461,794
Total non-current assets	591,071	588,978
Total assets	33,502,327	31,186,396

(Millions of yen)

	As of March 31, 2021	As of September 30, 2021
LIABILITIES		
Current liabilities		
Trading products	11,953,041	10,513,629
Trading securities and other	5,365,969	4,919,427
Derivatives	6,587,071	5,594,202
Trade date accrual	269,944	259,210
Margin transaction liabilities	156,920	137,583
Borrowings secured by securities	11,533,643	10,919,990
Short-term borrowings	2,759,817	2,732,208
Current portion of bonds	191,313	126,386
Current portion of long-term borrowings	189,840	118,432
Commercial papers	1,016,021	952,552
Income taxes payable	9,116	5,225
Asset retirement obligations	389	337
Other current liabilities	2,873,057	2,635,238
Total current liabilities	30,953,106	28,400,794
Non-current liabilities		
Bonds payable	804,991	861,853
Long-term borrowings	743,456	904,403
Net defined benefit liability	2,618	2,623
Provision for directors' retirement benefits	12	12
Asset retirement obligations	7,413	7,402
Other non-current liabilities	8,776	8,158
Total non-current liabilities	1,567,268	1,784,454
Reserves under special laws		
Reserve for financial instruments transaction liabilities	4,642	4,644
Total reserves under special laws	4,642	4,644
Total liabilities	32,525,017	30,189,892
NET ASSETS		
Shareholders' equity		
Share capital	75,518	75,518
Capital surplus	434,441	434,441
Retained earnings	215,565	208,183
Total shareholders' equity	725,525	718,143
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1,085	1,042
Deferred gains or losses on hedges	32	30
Foreign currency translation adjustment	(35,227)	(9,247)
Remeasurements of defined benefit plans	3,029	3,245
Total accumulated other comprehensive income	(31,079)	(4,928)
Non-controlling interests	282,864	283,288
Total net assets	977,310	996,504
Total liabilities and net assets	33,502,327	31,186,396

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

	(Millions of yen)	
	First six months of FY2020 (From April 1, 2020 to September 30, 2020)	First six months of FY2021 (From April 1, 2021 to September 30, 2021)
Operating revenue		
Commission received	62,840	82,405
Net trading income	68,955	32,275
Financial revenue	59,919	46,563
Other operating revenue	4	4
Total operating revenue	191,720	161,249
Financial expenses	43,193	25,266
Net operating revenue	148,526	135,982
Selling, general and administrative expenses	130,866	136,693
Operating profit (loss)	17,659	(710)
Non-operating income		
Interest income	1,872	1,439
Share of profit of entities accounted for using equity method	2,985	6,208
Gain on sales of investment securities	2,546	2,719
Other	1,298	2,826
Total non-operating income	8,702	13,193
Non-operating expenses		
Loss on retirement of non-current assets	61	121
Loss on investments in money held in trust	444	—
Other	110	232
Total non-operating expenses	616	354
Ordinary profit	25,746	12,128
Extraordinary income		
Gain on sales of investment securities	6	126
Total extraordinary income	6	126
Extraordinary losses		
Loss on valuation of investment securities	15	3
Impairment loss	277	274
Provision of reserve for financial instruments transaction liabilities	97	1
Other	79	139
Total extraordinary losses	469	419
Profit before income taxes	25,282	11,835
Income taxes-current	5,752	3,108
Income taxes-deferred	1,553	543
Total income taxes	7,305	3,652
Profit	17,977	8,183
Profit attributable to non-controlling interests	3,147	9,618
Profit (loss) attributable to owners of parent	14,829	(1,434)

Consolidated statements of comprehensive income (cumulative)

(Millions of yen)

	First six months of FY2020 (From April 1, 2020 to September 30, 2020)	First six months of FY2021 (From April 1, 2021 to September 30, 2021)
Profit	17,977	8,183
Other comprehensive income		
Valuation difference on available-for-sale securities	268	(45)
Deferred gains or losses on hedges	7	(1)
Foreign currency translation adjustment	(18,782)	25,980
Remeasurements of defined benefit plans, net of tax	(21)	360
Total other comprehensive income	(18,527)	26,293
Comprehensive income	(550)	34,477
(Comprehensive income attributable to)		
Comprehensive income attributable to owners of parent	(3,853)	24,717
Comprehensive income attributable to non-controlling interests	3,303	9,760

(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 accounting policies due to revisions to accounting standards and other regulations)

(Application of Accounting Standard for Revenue Recognition)

The Company has been applying the "Accounting Standard for Revenue Recognition" (ASBJ Statement No. 29, March 31, 2020, hereinafter referred to as the "Revenue Recognition Accounting Standard") and "Guidance on Accounting Standard for Revenue Recognition" (ASBJ Guidance No. 30, March 26, 2021) from the beginning of the first quarter of the fiscal year ending March 31, 2022, and changed the recognition of revenue from gross amount to net amount for securities brokerage transactions, etc.

In accordance with the transitional measures stipulated in the proviso to paragraph 84 of the Revenue Recognition Accounting Standard, the cumulative effect of the retrospective application, assuming the new accounting policy had been applied to periods prior to the beginning of the first quarter of the fiscal year ending March 31, 2022, was added to or deducted from the opening balance of retained earnings of the first quarter of the fiscal year ending March 31, 2022 and the new accounting policy has been applied from the such opening balance.

However, the new accounting policy has not been applied retrospectively to contracts for which the Company has applied the method prescribed in paragraph 86 of the Revenue Recognition Accounting Standard and recognized almost all revenue amounts in accordance with the previous treatment for periods prior to the beginning of the first quarter of the fiscal year ending March 31, 2022.

As a result of the above, operating revenue and selling, general and administrative expenses for the first six months of the fiscal year ending March 31, 2022 decreased by 1,805 million yen each. In addition, there is no effect on the opening balance of retained earnings of the fiscal year ending March 31, 2022.

Consolidated Financial Results
for the Second Quarter of the Fiscal Year Ending March 31, 2022

1. Commission received

(1) Breakdown by item

(Millions of yen)

	First six months of FY2020 (From April 1, 2020 to September 30, 2020)	First six months of FY2021 (From April 1, 2021 to September 30, 2021)	Increase (Decrease)	FY2020 (From April 1, 2020 to March 31, 2021)
Brokerage commission	13,232	12,740	(492)	29,200
Stocks	12,565	12,321	(243)	28,019
Bonds	3	1	(2)	4
Commission for underwriting, secondary distribution and solicitation for selling and others for professional investors	12,398	20,501	8,102	26,142
Stocks	1,582	5,584	4,002	5,504
Bonds	10,815	14,916	4,100	20,637
Fees for offering, secondary distribution and solicitation for selling and others for professional investors	7,626	13,538	5,912	20,158
Beneficiary certificates	7,541	12,872	5,331	19,347
Other fees received	29,582	35,625	6,042	67,035
Beneficiary certificates	9,603	10,997	1,394	20,124
Total	62,840	82,405	19,565	142,538

(2) Breakdown by product

(Millions of yen)

	First six months of FY2020 (From April 1, 2020 to September 30, 2020)	First six months of FY2021 (From April 1, 2021 to September 30, 2021)	Increase (Decrease)	FY2020 (From April 1, 2020 to March 31, 2021)
Stocks	14,739	21,790	7,050	38,139
Bonds	13,042	17,196	4,153	23,787
Beneficiary certificates	17,730	24,220	6,489	40,485
Other	17,327	19,198	1,870	40,124
Total	62,840	82,405	19,565	142,538

2. Net trading income

(Millions of yen)

	First six months of FY2020 (From April 1, 2020 to September 30, 2020)	First six months of FY2021 (From April 1, 2021 to September 30, 2021)	Increase (Decrease)	FY2020 (From April 1, 2020 to March 31, 2021)
Stocks	18,320	(2,686)	(21,006)	83,495
Bonds and other	50,635	34,961	(15,673)	53,462
Total	68,955	32,275	(36,680)	136,957

Quarterly Trends in Consolidated Statements of Income

(Millions of yen)

	2Q of FY2020 (July 1 to September 30, 2020)	3Q of FY2020 (October 1 to December 31, 2020)	4Q of FY2020 (January 1 to March 31, 2021)	1Q of FY2021 (April 1 to June 30, 2021)	2Q of FY2021 (July 1 to September 30, 2021)
Operating revenue	84,455	88,795	107,542	69,015	92,233
Commission received	33,825	37,810	41,887	38,337	44,068
Brokerage commission	6,237	7,519	8,448	6,175	6,565
Stocks	5,992	7,267	8,186	5,973	6,348
Bonds	1	0	0	0	0
Commission for underwriting, secondary distribution and solicitation for selling and others for professional investors	8,058	7,215	6,528	7,920	12,580
Stocks	1,512	1,875	2,046	1,267	4,317
Bonds	6,546	5,340	4,481	6,652	8,263
Fees for offering, secondary distribution and solicitation for selling and others for professional investors	4,713	5,680	6,851	6,597	6,941
Beneficiary certificates	4,655	5,360	6,446	6,446	6,425
Other fees received	14,815	17,394	20,059	17,644	17,981
Beneficiary certificates	4,987	5,115	5,406	5,328	5,668
Net trading income	37,278	38,256	29,745	12,944	19,331
Net trading income from securities (stocks)	31,478	24,603	40,571	(13,314)	10,628
Net trading income from bonds and other	5,800	13,652	(10,826)	26,259	8,702
Financial revenue	13,351	12,728	35,909	17,730	28,833
Other operating revenue	—	—	—	3	0
Financial expenses	527	557	6,703	19,839	5,426
Net operating revenue	83,927	88,238	100,838	49,175	86,806
Selling, general and administrative expenses	67,197	69,257	74,857	69,768	66,924
Trading related expenses	14,068	14,391	17,552	13,609	15,711
Personnel expenses	28,585	28,215	31,235	27,820	25,167
Real estate expenses	5,855	5,891	5,896	6,105	5,933
Office cost	7,884	9,009	8,478	8,829	8,307
Depreciation	7,726	8,017	8,385	7,977	7,858
Taxes and dues	1,233	1,766	1,384	4,031	1,480
Other	1,844	1,963	1,924	1,394	2,466
Operating profit (loss)	16,729	18,980	25,981	(20,592)	19,881
Non-operating income	2,863	4,446	5,499	7,765	5,427
Non-operating expenses	28	54	118	402	(48)
Ordinary profit (loss)	19,564	23,373	31,362	(13,229)	25,357
Extraordinary income	6	—	—	—	126
Extraordinary losses	331	1,718	2,303	38	380
Profit (loss) before income taxes	19,239	21,654	29,058	(13,268)	25,104
Income taxes-current	4,300	7,054	7,588	(3,744)	6,853
Income taxes-deferred	1,478	(996)	260	923	(379)
Total income taxes	5,778	6,058	7,848	(2,821)	6,473
Profit (loss)	13,460	15,596	21,210	(10,446)	18,630
Profit attributable to non-controlling interests	2,990	5,241	7,078	3,667	5,950
Profit (loss) attributable to owners of parent	10,469	10,354	14,131	(14,114)	12,680

<Reference>

Mitsubishi UFJ Morgan Stanley Securities, Co., Ltd.
for the Second Quarter of the Fiscal Year Ending March 31, 2022

(1) Non-consolidated operating results

(Millions of yen)

	First six months of FY2020 (From April 1, 2020 to September 30, 2020)	First six months of FY2021 (From April 1, 2021 to September 30, 2021)	Increase (Decrease)	FY2020 (From April 1, 2020 to March 31, 2021)
Operating revenue	100,747	137,690	36,943	254,516
Commission received	47,432	69,605	22,172	117,244
Net trading income	43,430	55,395	11,965	113,532
Net operating revenue	95,809	130,751	34,942	244,209
Operating profit	4,062	27,739	23,676	39,356
Ordinary profit	5,515	28,931	23,415	41,933
Profit (loss)	(790)	20,461	21,251	22,323

(Breakdown of operating revenue)

<Breakdown by item of commission received>

(Millions of yen)

	First six months of FY2020 (From April 1, 2020 to September 30, 2020)	First six months of FY2021 (From April 1, 2021 to September 30, 2021)	Increase (Decrease)	FY2020 (From April 1, 2020 to March 31, 2021)
Brokerage commission	10,176	10,024	(152)	23,379
Commission for underwriting, secondary distribution and solicitation for selling and others for professional investors	5,028	12,799	7,770	12,740
Fees for offering, secondary distribution and solicitation for selling and others for professional investors	6,202	13,538	7,335	18,735
Other fees received	26,024	33,243	7,219	62,389
Total	47,432	69,605	22,172	117,244

<Breakdown by product of commission received>

(Millions of yen)

	First six months of FY2020 (From April 1, 2020 to September 30, 2020)	First six months of FY2021 (From April 1, 2021 to September 30, 2021)	Increase (Decrease)	FY2020 (From April 1, 2020 to March 31, 2021)
Stocks	11,628	18,909	7,281	32,215
Bonds	6,092	10,182	4,089	11,390
Beneficiary certificates	14,188	23,883	9,694	36,650
Other	15,523	16,631	1,107	36,988
Total	47,432	69,605	22,172	117,244

<Net trading income>

(Millions of yen)

	First six months of FY2020 (From April 1, 2020 to September 30, 2020)	First six months of FY2021 (From April 1, 2021 to September 30, 2021)	Increase (Decrease)	FY2020 (From April 1, 2020 to March 31, 2021)
Stocks	13,452	11,020	(2,431)	36,195
Bonds and other	29,978	44,374	14,396	77,336
Total	43,430	55,395	11,965	113,532

(2) Non-consolidated financial position

(Millions of yen)

	As of September 30, 2020	As of September 30, 2021	Increase (Decrease)	As of March 31, 2021
Total assets	19,187,601	18,121,088	(1,651,464)	19,772,553
Net assets	403,175	424,620	(1,647)	426,267