



Mitsubishi UFJ Securities Holdings

2QFY2021

# Financial Summary

Mitsubishi UFJ Securities Holdings Co., Ltd.

October, 2021

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(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 between January and June, while the quarterly performance trends refer to the results for the period between April and June.

## 2Q cumulative Performance Trends

- Net operating revenue was JPY 135.9bn (-8% YoY), ordinary profit (loss) was JPY 12.1bn (-52% YoY) and profit (loss) attributable to owners of parent was JPY (1.4)bn on financial accounting basis.  
Net operating revenue was JPY 173.1bn (-10% YoY), ordinary profit (loss) was JPY 22.0bn (-45% YoY) and profit (loss) attributable to owners of parent was JPY 6.1bn (-76% YoY) on substantial basis including MUSA.  
Profit returned to the black despite the recording of the loss of around JPY 29.2bn incurred as a result of transactions with a customer in the U.S. in the previous quarter. Both revenue and profit increased on a financial accounting and substantial basis, excluding the impact of this loss.
- Domestic subsidiaries saw a significant increase in revenue compared to the same period of the previous year, which was affected by restricted face-to-face business activities and market contraction. Revenue related to stock assets increased due to the progress of the advisory-oriented business model. Revenue increased in all segments due to obtaining many lead manager roles for large-scale deals in the primary market business as well as a strong performance of credit and structured bond flows in the secondary market business.
- Overseas subsidiaries reported a significant decrease in revenue mainly due to the loss from transactions with a customer in the U.S. Flow products business such as interest rate derivatives slowed down although the securitization and structured business performed strongly.

(JPY billion)	Financial basis			Substantial basis including MUSA *		
	FY2020 2Q cumulative	FY2021 2Q cumulative	YoY %	FY2020 2Q cumulative	FY2021 2Q cumulative	YoY %
Net operating revenue	148.5	135.9	(8)%	192.8	173.1	(10)%
SG&A	130.8	136.6	+4%	159.9	163.5	+2%
Ordinary profit (loss)	25.7	12.1	(52)%	40.1	22.0	(45)%
Profit (loss) (owners of parent)	14.8	(1.4)	—	25.6	6.1	(76)%

## Quarterly Performance Trends

- Domestic subsidiaries continued to perform well from the previous quarter and increased revenue. Both primary and secondary market businesses performed strongly.
- Overseas subsidiaries saw a significant increase in revenue in line with the absence of the loss incurred in the previous quarter.

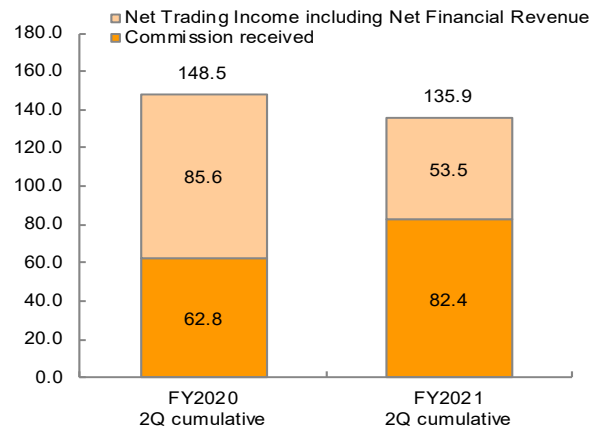
(JPY billion)	Financial basis			Substantial basis including MUSA *		
	FY2021 1Q	FY2021 2Q	QoQ %	FY2021 1Q	FY2021 2Q	QoQ %
Net operating revenue	49.1	86.8	+76%	69.0	104.0	+50%
SG&A	69.7	66.9	(4)%	84.0	79.4	(5)%
Ordinary profit (loss)	(13.2)	25.3	—	(7.8)	29.9	—
Profit (loss) (owners of parent)	(14.1)	12.6	—	(10.0)	16.1	—

\* 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.

## 2Q cumulative Performance Trends

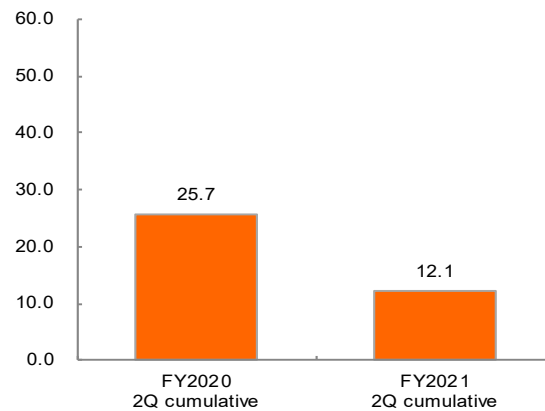
### Net operating revenue

(JPY billion)



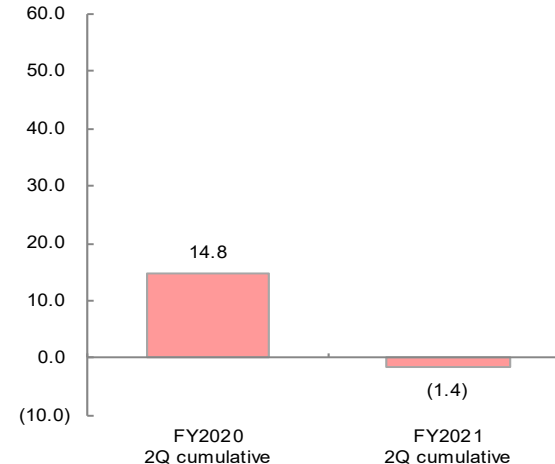
### Ordinary profit (loss)

(JPY billion)



### Profit (loss) (owners of parent)

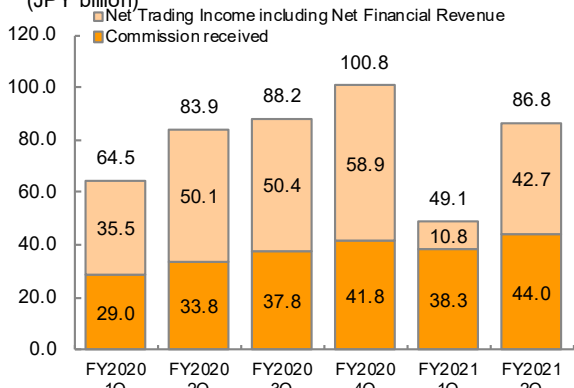
(JPY billion)



## Quarterly Performance Trends

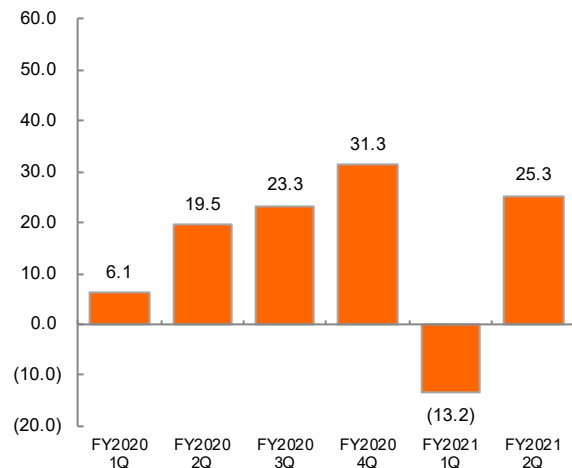
### Net operating revenue

(JPY billion)



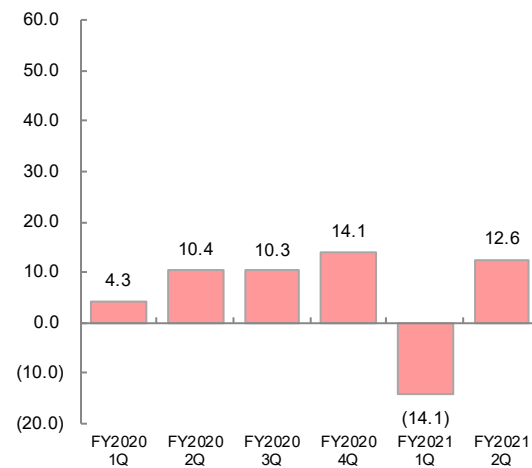
### Ordinary profit (loss)

(JPY billion)



### Profit (loss) (owners of parent)

(JPY billion)



# Consolidated Financial Summary (1)

## Commission Received (Financial basis)

### Commission received

FY2021 2Q cumulative : JPY82.4 billion

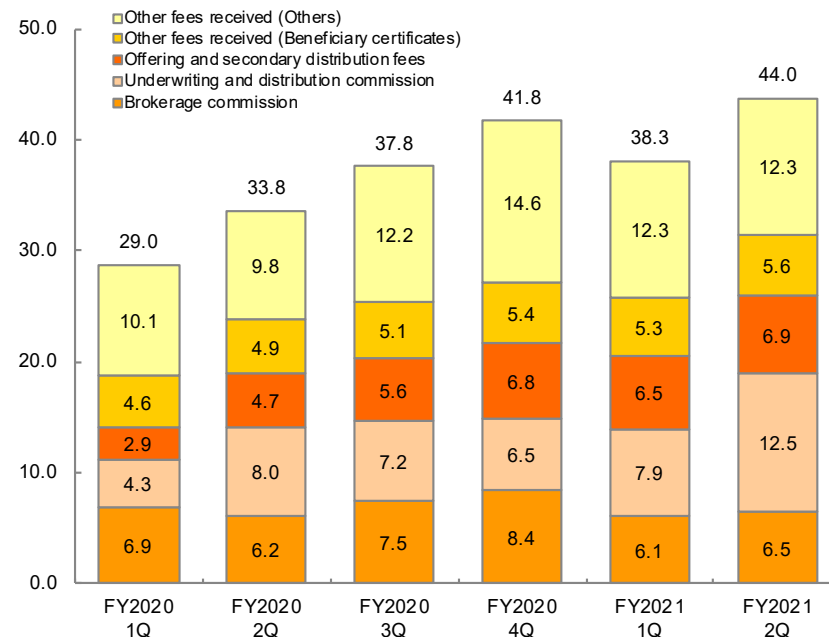
- YoY JPY +19.5 billion +31%
- Brokerage commission: Remained flat compared to the same period of the previous year.
- Underwriting and distribution commission: Many lead manager roles were achieved in equity underwriting in addition to large-scale subordinated debt and foreign bonds.
- Offering and secondary distribution fees: Revenue increased significantly due to initiatives to increase stock assets.
- Other fees received (Beneficiary certificates): Steadily accumulating stock investment trusts and rising market prices contributed.
- Other fees received (Others): Revenue was recorded from the closing of global offerings and M&A deals.

FY2021 2Q : JPY44.0 billion

- QoQ JPY +5.7 billion +14%
- Brokerage commission: Revenue increased due to a rise in stock trading volume.
- Underwriting and distribution commission: Growth was seen in equity underwriting for which many lead manager roles were obtained.
- Other fees received (Others): A growing trend continued and a high level was recorded for the first time in 14 quarters.

### Quarterly Trends

(JPY billion)



(JPY billion)	FY2020 2Q cumulative	FY2021 2Q cumulative	YoY %
Brokerage commission	13.2	12.7	(3)%
Underwriting and distribution commission	12.3	20.5	+65%
Offering and secondary distribution fees	7.6	13.5	+77%
Other fees received (Beneficiary certificates)	9.6	10.9	+14%
Other fees received (Others)	19.9	24.6	+23%
Total	62.8	82.4	+31%

	FY2021 1Q	FY2021 2Q	QoQ %
Brokerage commission	6.1	6.5	+6%
Underwriting and distribution commission	7.9	12.5	+58%
Offering and secondary distribution fees	6.5	6.9	+5%
Other fees received (Beneficiary certificates)	5.3	5.6	+6%
Other fees received (Others)	12.3	12.3	(0)%
Total	38.3	44.0	+14%

# Consolidated Financial Summary (2)

## Net Trading Income · Net Financial Revenue (Financial basis)

### Net Trading Income · Net Financial Revenue

FY2021 2Q cumulative : JPY 53.5 billion

■ YoY JPY (32.1) billion (37)%

➢ Equity business:

Domestic subsidiaries reported an increase in revenue due to the contribution of derivatives provided for structured bonds in addition to the absence of derivative losses incurred in the previous year. Overseas subsidiaries reported a significant decrease in revenue, impacted by the loss from transactions with a customer in the U.S.

➢ Fixed income business:

Domestic subsidiaries saw an increase in revenue overall due to a strong performance of customer flows of credit products and derivatives, in spite of a decrease in JGB-related revenue caused by the toning down of the volatile market amid the novel coronavirus pandemic (decline in volatility). Overseas subsidiaries struggled in derivatives and repo, etc., mainly of U.S. interest rates.

FY2021 2Q : JPY 42.7 billion

■ QoQ JPY +31.9 billion +294%

➢ Equity business,

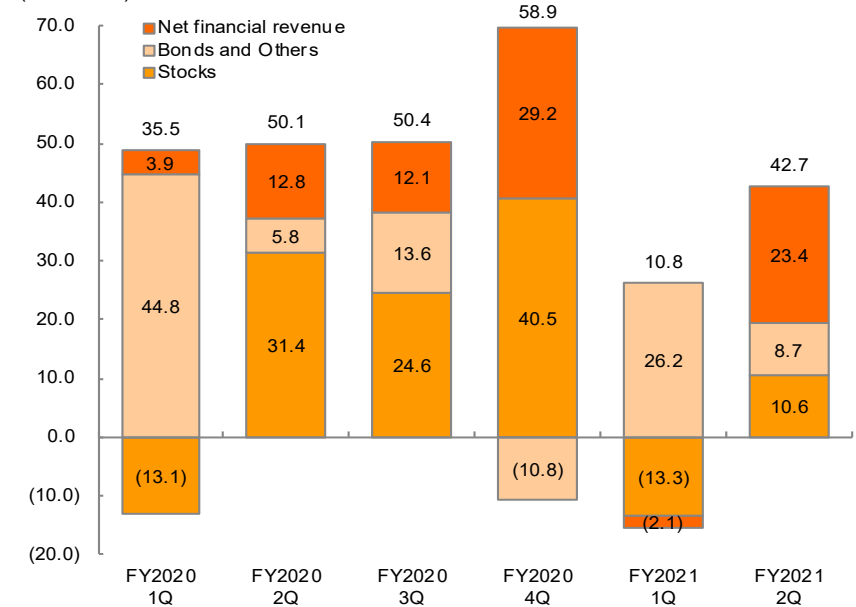
Both domestic and overseas subsidiaries increased revenue mainly due to derivative transactions.

➢ Fixed income business:

Domestic subsidiaries remained almost flat. Overseas subsidiaries increased revenue due to a recovery in derivatives, which were weak in the first quarter.

### Quarterly Trends

(JPY billion)



(JPY billion)	FY2020 2Q cumulative	FY2021 2Q cumulative	YoY %
Stocks	18.3	(2.6)	—
Bonds and Others	50.6	34.9	(30)%
Net financial revenue	16.7	21.2	+27%
Total	85.6	53.5	(37)%

FY2021 1Q	FY2021 2Q	QoQ %
(13.3)	10.6	—
26.2	8.7	(66)%
(2.1)	23.4	—
10.8	42.7	+294%

### 【Reference】 Management accounting basis \*

	FY2020 2Q cumulative	FY2021 2Q cumulative	YoY %
Equity business	23.3	2.3	(90)%
Fixed income business	53.1	34.7	(34)%
Total	76.4	37.0	(51)%

FY2021 1Q	FY2021 2Q	QoQ %
(11.2)	13.4	—
14.5	20.2	+38%
3.4	33.7	+901%

\* 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 2Q cumulative : JPY 136.6 billion

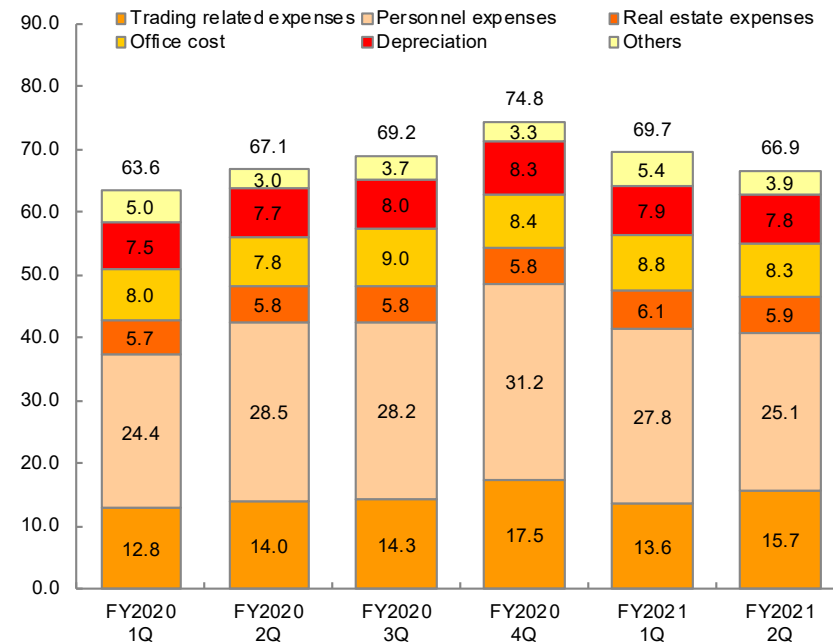
- YoY JPY +5.8 billion +4%
- Domestic subsidiaries: Performance-linked bonuses and trading-related expenses increased.
- Overseas subsidiaries: Retirement benefit costs decreased in line with rising interest rates.

FY2021 2Q : JPY 66.9 billion

- QoQ JPY (2.8) billion (4)%
- Retirement benefit costs decreased mainly at overseas subsidiaries.

## Quarterly Trends

(JPY billion)



(JPY billion)	FY2020 2Q cumulative	FY2021 2Q cumulative	YoY %	FY2021 1Q	FY2021 2Q	QoQ %
Trading related expenses	26.8	29.3	+9%	13.6	15.7	+15%
Personnel expenses	53.0	52.9	(0)%	27.8	25.1	(9)%
Real estate expenses	11.6	12.0	+3%	6.1	5.9	(2)%
Office cost	15.9	17.1	+7%	8.8	8.3	(5)%
Depreciation	15.3	15.8	+3%	7.9	7.8	(1)%
Others	8.0	9.3	+15%	5.4	3.9	(27)%
<b>Total</b>	<b>130.8</b>	<b>136.6</b>	<b>+4%</b>	<b>69.7</b>	<b>66.9</b>	<b>(4)%</b>

(JPY billion)	FY2020 2Q cumulative	FY2021 2Q cumulative	YoY %	FY2021 1Q	FY2021 2Q	QoQ %
Trading related expenses	26.8	29.3	+9%	13.6	15.7	+15%
Personnel expenses	53.0	52.9	(0)%	27.8	25.1	(9)%
Real estate expenses	11.6	12.0	+3%	6.1	5.9	(2)%
Office cost	15.9	17.1	+7%	8.8	8.3	(5)%
Depreciation	15.3	15.8	+3%	7.9	7.8	(1)%
Others	8.0	9.3	+15%	5.4	3.9	(27)%
<b>Total</b>	<b>130.8</b>	<b>136.6</b>	<b>+4%</b>	<b>69.7</b>	<b>66.9</b>	<b>(4)%</b>

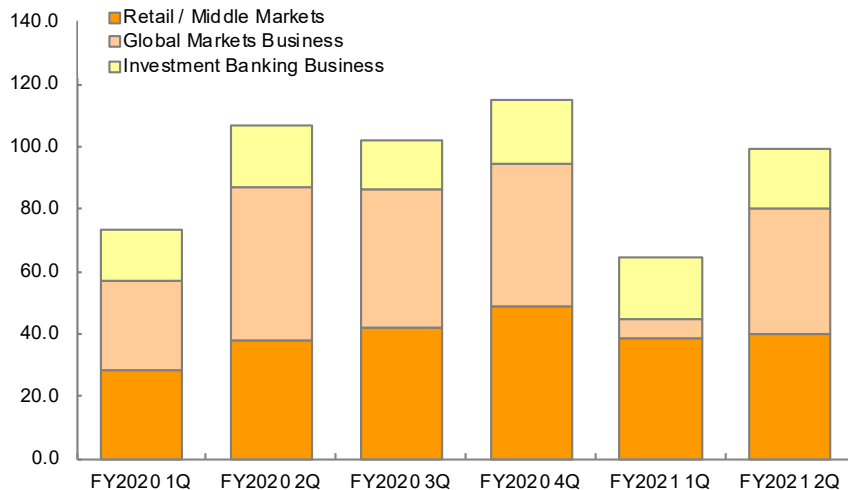
(JPY billion)	FY2020 2Q cumulative	FY2021 2Q cumulative	YoY %	FY2021 1Q	FY2021 2Q	QoQ %
Trading related expenses	26.8	29.3	+9%	13.6	15.7	+15%
Personnel expenses	53.0	52.9	(0)%	27.8	25.1	(9)%
Real estate expenses	11.6	12.0	+3%	6.1	5.9	(2)%
Office cost	15.9	17.1	+7%	8.8	8.3	(5)%
Depreciation	15.3	15.8	+3%	7.9	7.8	(1)%
Others	8.0	9.3	+15%	5.4	3.9	(27)%
<b>Total</b>	<b>130.8</b>	<b>136.6</b>	<b>+4%</b>	<b>69.7</b>	<b>66.9</b>	<b>(4)%</b>

## Overview by Business Segments in FY2021 2Q

- Retail / Middle Markets and Investment Banking showed a strong performance. Revenue from Global Markets increased from the previous quarter due to the absence of the loss from transactions with a customer in the U.S.
- Retail / Middle Markets: Investment trust sales performed strongly due to the progress of the advisory-oriented business model and drove performance.
- Global Markets: Overseas subsidiaries reported a significant increase in revenue from the previous quarter due to the absence of loss, despite a struggle in interest rate trading reflecting a low volatility environment.
- Investment Banking: Domestic subsidiaries performed well in equity underwriting as a result of obtaining multiple lead manager roles, while revenue from overseas subsidiaries declined as a reaction to the active U.S. bond issuance market in the previous quarter.

## Quarterly Trends

(JPY billion)



\* Figures are based on management accounting basis including MUSA.



# Appendix

## Consolidated Statement of Income

JPY million

	Cumulative		Quarter					
	FY2020	FY2021	FY2020				FY2021	
	2Q cumulative	2Q cumulative	1Q	2Q	3Q	4Q	1Q	2Q
<b>Operating revenue</b>	191,720	161,249	107,264	84,455	88,795	107,542	69,015	92,233
Commission received	62,840	82,405	29,014	33,825	37,810	41,887	38,337	44,068
Net trading income	68,955	32,275	31,676	37,278	38,256	29,745	12,944	19,331
Other operating revenue	4	4	4	—	—	—	3	0
Financial revenue	59,919	46,563	46,568	13,351	12,728	35,909	17,730	28,833
<b>Financial expenses</b>	43,193	25,266	42,665	527	557	6,703	19,839	5,426
<b>Net operating revenue</b>	148,526	135,982	64,599	83,927	88,238	100,838	49,175	86,806
<b>SG &amp; A</b>	130,866	136,693	63,669	67,197	69,257	74,857	69,768	66,924
<b>Operating profit (loss)</b>	17,659	(710)	929	16,729	18,980	25,981	(20,592)	19,881
<b>Non-operating income</b>	8,702	13,193	5,839	2,863	4,446	5,499	7,765	5,427
<b>Non-operating expenses</b>	616	354	587	28	54	118	402	(48)
<b>Ordinary profit (loss)</b>	25,746	12,128	6,181	19,564	23,373	31,362	(13,229)	25,357
<b>Extraordinary income</b>	6	126	—	6	—	—	—	126
<b>Extraordinary losses</b>	469	419	138	331	1,718	2,303	38	380
<b>Income taxes</b>	7,305	3,652	1,526	5,778	6,058	7,848	(2,821)	6,473
<b>Profit attributable to non-controlling interests</b>	3,147	9,618	156	2,990	5,241	7,078	3,667	5,950
<b>Profit (loss) attributable to owners of parent</b>	14,829	(1,434)	4,359	10,469	10,354	14,131	(14,114)	12,680

# Appendix

## Consolidated Balance Sheet

JPY billion

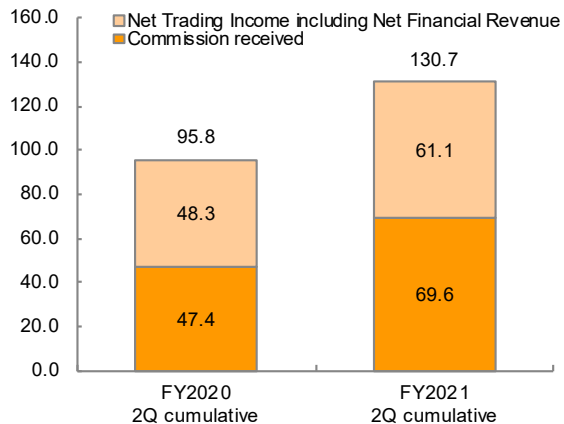
	As of Mar. 31, 2021	As of Sep. 30, 2021	Change
<b>ASSETS</b>			
<b>Current assets</b>	32,911	30,597	(2,313)
Cash and deposits	1,840	1,730	(110)
Trading products	15,020	14,290	(729)
Loans secured by securities	13,364	11,771	(1,593)
Others	2,685	2,804	+118
<b>Non-current assets</b>	591	588	(2)
PP & E	29	28	(0)
Intangible assets	100	99	(1)
Investments and other assets	461	461	+0
<b>Total assets</b>	33,502	31,186	(2,315)

	As of Mar. 31, 2021	As of Sep. 30, 2021	Change
<b>LIABILITIES</b>			
<b>Current liabilities</b>	30,953	28,400	(2,552)
Trading products	11,953	10,513	(1,439)
Borrowings secured by securities	11,533	10,919	(613)
Short-term borrowings	2,759	2,732	(27)
Others	4,706	4,234	(471)
<b>Non-current liabilities</b>	1,567	1,784	+217
Bonds payable	804	861	+56
Long-term borrowings	743	904	+160
Others	18	18	(0)
<b>Total liabilities</b>	32,525	30,189	(2,335)
<b>NET ASSETS</b>			
Shareholders' equity	725	718	(7)
Accumulated other comprehensive income	(31)	(4)	+26
Non-controlling interests	282	283	+0
<b>Total net assets</b>	977	996	+19
<b>Total liabilities and net assets</b>	33,502	31,186	(2,315)

### 2Q cumulative Performance Trends

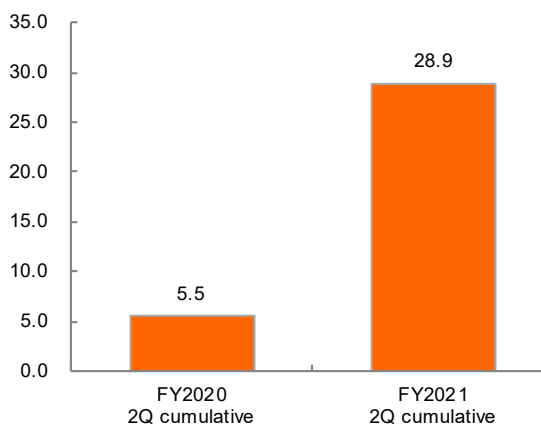
#### Net operating revenue

(JPY billion)



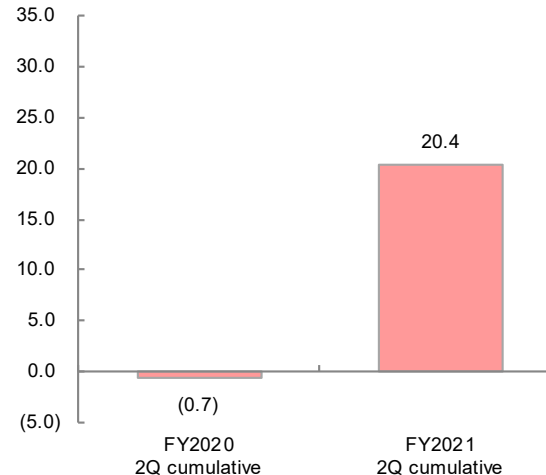
#### Ordinary profit (loss)

(JPY billion)



#### Profit (loss)

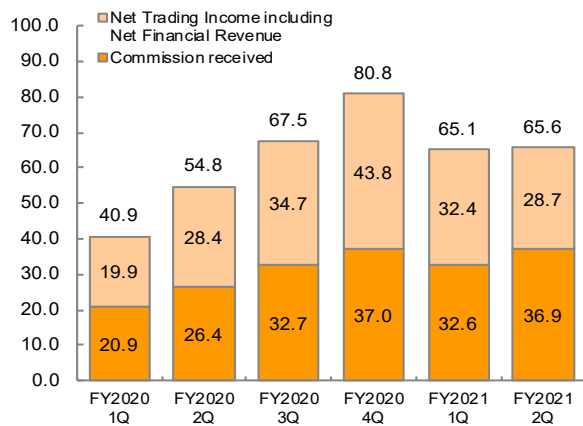
(JPY billion)



### Quarterly Performance Trends

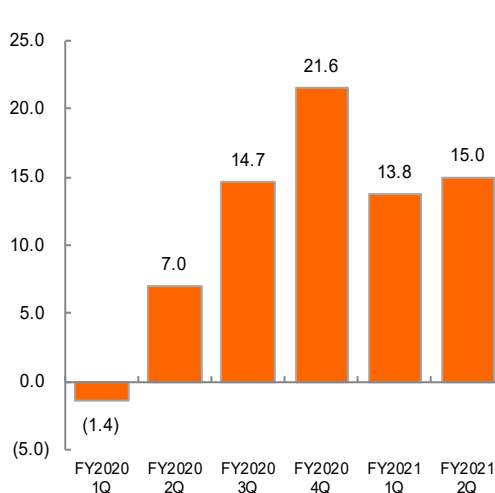
#### Net operating revenue

(JPY billion)



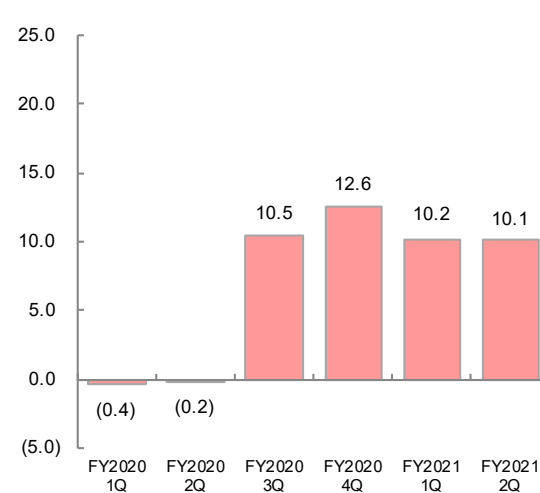
#### Ordinary profit (loss)

(JPY billion)



#### Profit (loss)

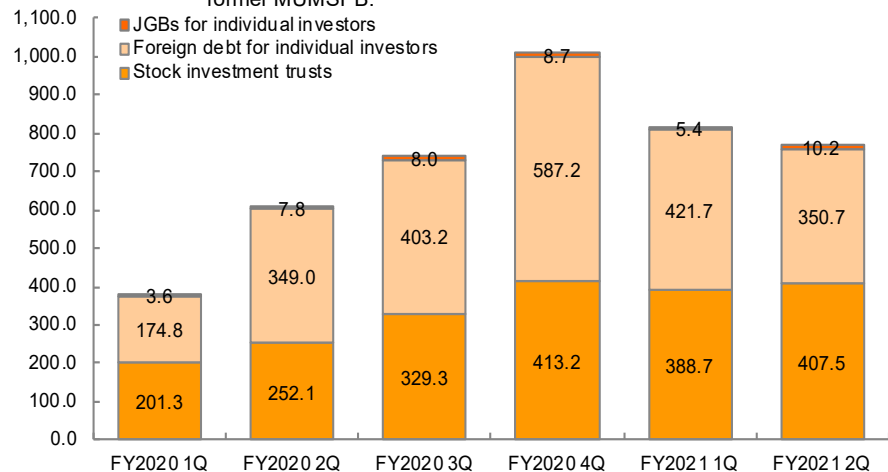
(JPY billion)



### Sales of Retail / Middle Market Division

#### Quarterly Trends

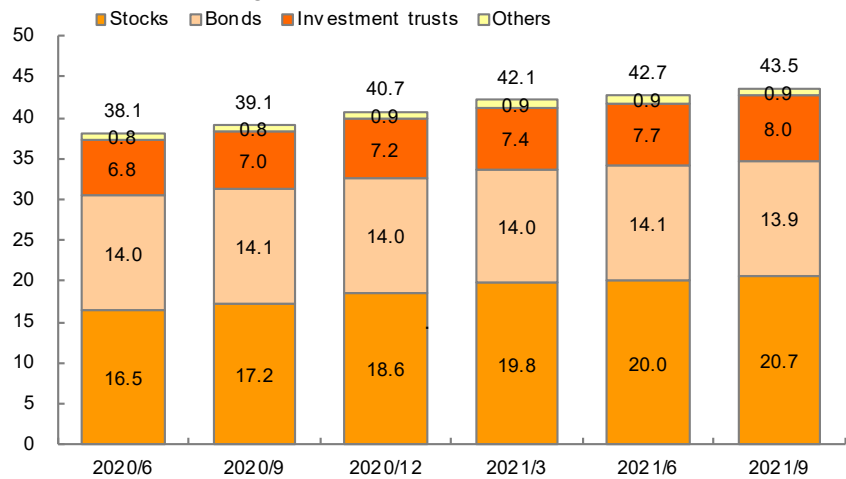
(JPY billion) \*FY2020 1Q figures represent the simple aggregation of MUMSS and the former MUMSPB.



### Trends of AUM

#### Quarterly Trends

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



(Rounding off)

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

Debt (Domestic and Foreign Bonds)<sup>\*1</sup>

Rank	Securities Firm	Share (%)
1	Mitsubishi UFJ Morgan Stanley	16.7
2	Mizuho Securities	15.9
3	Nomura Securities	14.9
4	Daiwa Securities	13.5
5	SMBC Nikko Securities	11.9
6	JP Morgan	4.5
7	Goldman Sachs Japan	4.3
8	BofA Securities	3.7
9	Citigroup Global Markets Japan	3.5
10	Barclays	2.5

Japan Equity and Equity-linked<sup>\*2</sup>

Rank	Securities Firm	Share (%)
1	Nomura	19.9
2	Mitsubishi UFJ Morgan Stanley	18.4
3	Daiwa Securities Group	12.3
4	BofA Securities	11.6
5	Mizuho Financial Group	11.0
6	Sumitomo Mitsui Financial Group	10.5
7	Goldman Sachs & Co	8.6
8	JP Morgan	4.4
9	SBI Holdings	1.0
10	UBS	0.8

M&A Advisory / Based on Rank Value<sup>\*3</sup>

Rank	Financial Advisor	JPY billion
1	Mitsubishi UFJ Morgan Stanley	4,508
2	Goldman Sachs & Co	3,893
3	BofA Securities	3,324
4	JP Morgan	1,703
5	Nomura	1,503
6	Citi	1,470
7	Sumitomo Mitsui Financial Group	1,006
8	Mizuho Financial Group	985
9	Jefferies LLC	886
10	Credit Suisse	777

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

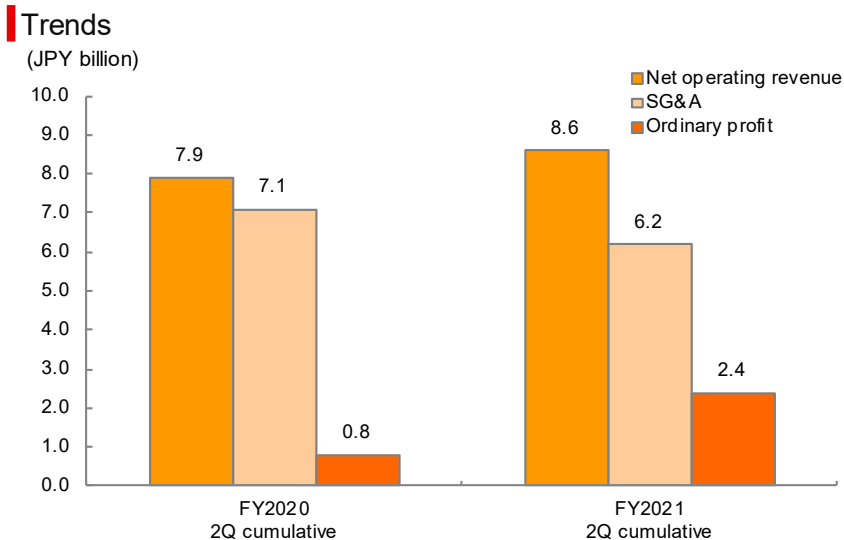
\*2 Source: REFINITIV (data compiled by Mitsubishi UFJ Morgan Stanley)

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

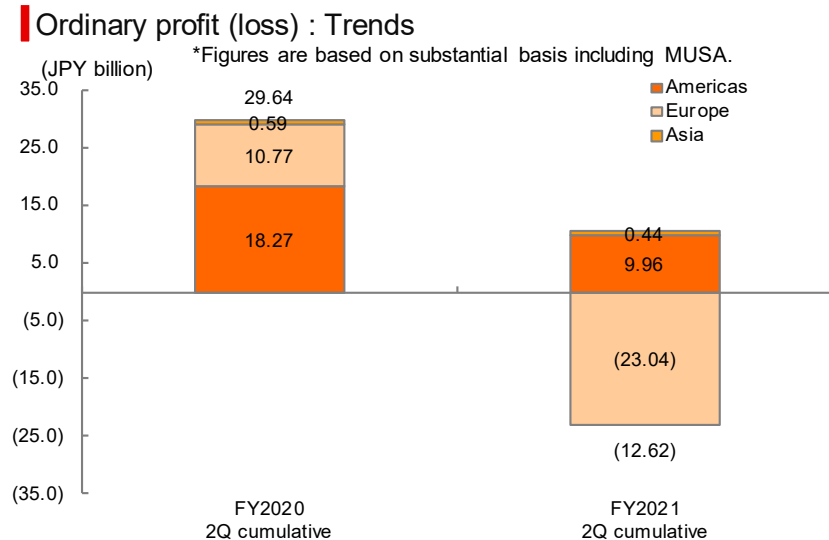
\*3 Source: REFINITIV (data compiled by Mitsubishi UFJ Morgan Stanley)

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

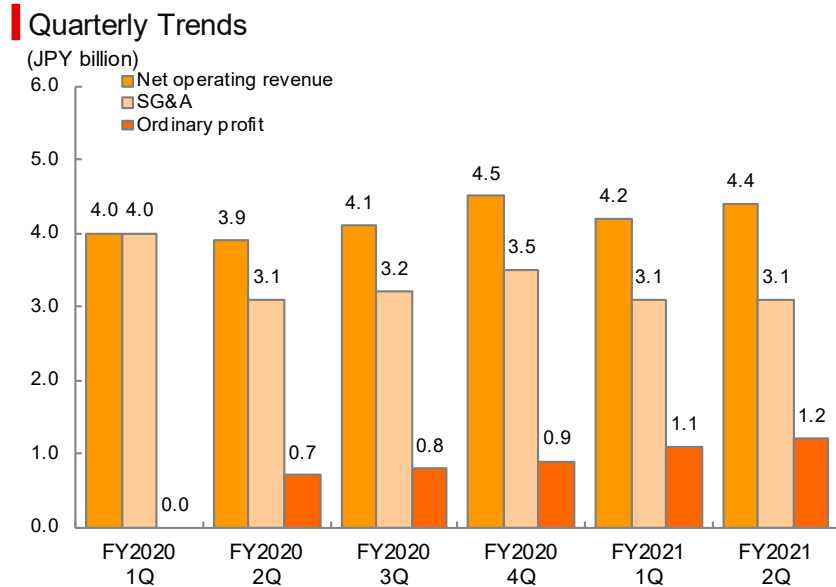
au Kabucom 2Q cumulative Performance Trends



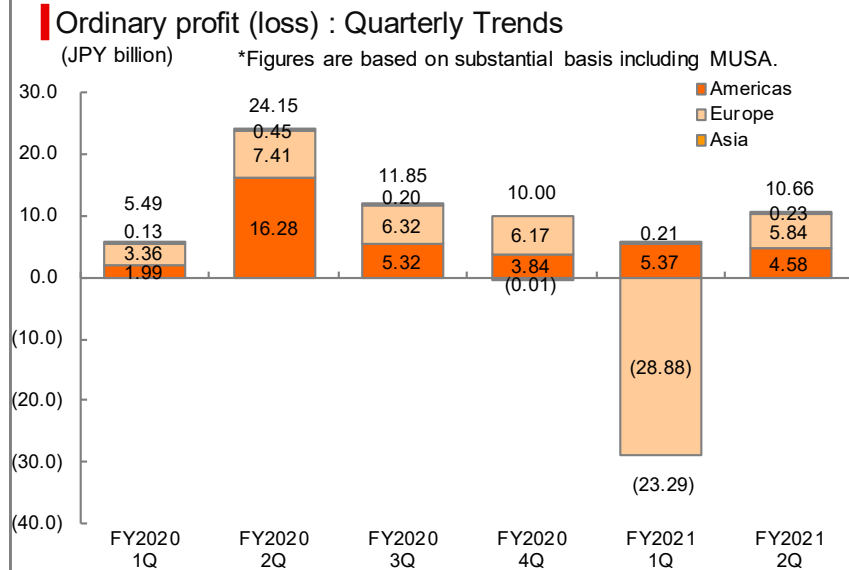
Overseas Business 2Q cumulative Performance Trends



au Kabucom Quarterly Performance Trends



Overseas Business Quarterly Performance Trends

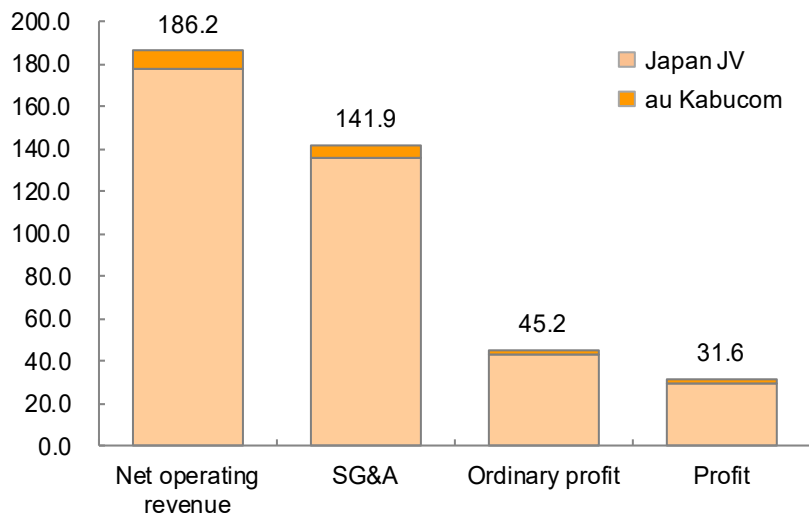


## Domestic Securities Companies' Performance

- Net operating revenue of the Domestic Securities Companies is over JPY 180 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 2Q (cumulative)

(JPY billion)



Simple sum of the figures for the Domestic Securities Companies (JPY billion)	FY 2021 2Q (cumulative)
<b>Net operating revenue</b>	<b>186.2</b>
Japan JV	177.5
MUMSS	130.7
Morgan Stanley MUFG Securities Co., Ltd. ("MSMS") *	46.8
au Kabucom Securities Co., Ltd. ("au Kabucom")	8.6
<b>SG &amp; A</b>	<b>141.9</b>
Japan JV	135.7
MUMSS	103.0
MSMS	32.7
au Kabucom	6.2
<b>Ordinary profit</b>	<b>45.2</b>
Japan JV	42.8
MUMSS	28.9
MSMS	13.9
au Kabucom	2.4
<b>Profit</b>	<b>31.6</b>
Japan JV	29.8
MUMSS	20.4
MSMS	9.4
au Kabucom	1.7

\* 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 2Q can be found on the following URL.

[https://www.sc.mufg.jp/company/finance/cp\\_ratio.html](https://www.sc.mufg.jp/company/finance/cp_ratio.html)





# Mitsubishi UFJ Securities Holdings

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