



Mitsubishi UFJ Securities Holdings

2QFY2022

Financial Summary

Mitsubishi UFJ Securities Holdings Co., Ltd.

October, 2022

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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 Performance Trends

- Net operating revenue was JPY 163.9bn (+20% YoY), ordinary profit was JPY 34.5bn(+185% YoY) and profit attributable to owners of parent was JPY 18.7bn on financial accounting basis. Net operating revenue was JPY 197.7bn (+14% YoY), ordinary profit was JPY 35.6bn (+61% YoY) and profit attributable to owners of parent was JPY 19.6bn(+221% YoY) on substantial basis including MUSA.
The loss of approximately JPY 29.2bn recorded in the first quarter of the previous fiscal year as a result of transactions with a customer in the U.S. moved off the accounts, which consequently resulted in a rise in both revenue and profit. Exclude that impact, and revenue and profit both declined on a financial accounting and substantial basis.
- Revenue and profit from domestic subsidiaries decreased as revenue from investment banking business declined on the back of a reduction in the size of the issuance market, although the Global Markets business performed well.
- Overseas subsidiaries reported a significant increase in revenue due to the absence of a loss related to transactions with a customer in the U.S. However, they struggled mainly in capital markets and flow products businesses.

(JPY billion)	Financial basis			Substantial basis including MUSA *		
	FY2021 2Q cumulative	FY2022 2Q cumulative	YoY %	FY2021 2Q cumulative	FY2022 2Q cumulative	YoY %
Net operating revenue	135.9	163.9	+20%	173.1	197.7	+14%
SG&A	136.6	144.0	+5%	163.5	176.1	+7%
Ordinary profit	12.1	34.5	+185%	22.0	35.6	+61%
Profit (loss) (owners of parent)	(1.4)	18.7	—	6.1	19.6	+221%

Quarterly Performance Trends

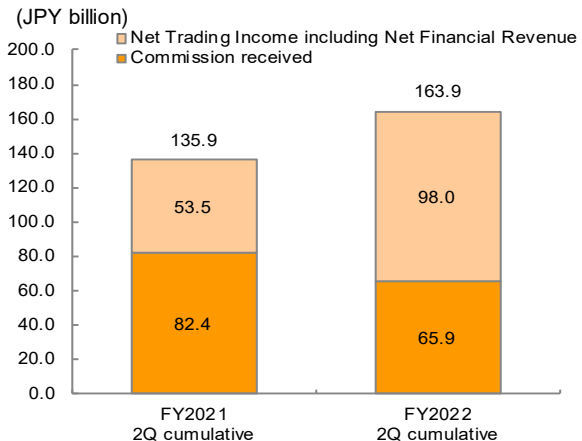
- Quarterly results: Second-quarter revenue and profit increased compared to the previous quarter on both a financial accounting and substantial basis.
- Domestic subsidiaries: Global Markets businesses remained strong, and Investment Banking businesses also recovered.
- Overseas subsidiaries: Flow Products businesses recovered from poor performance in the previous quarter.

(JPY billion)	Financial basis			Substantial basis including MUSA *		
	FY2022 1Q	FY2022 2Q	QoQ %	FY2022 1Q	FY2022 2Q	QoQ %
Net operating revenue	79.8	84.1	+5%	93.9	103.7	+10%
SG&A	73.3	70.7	(3)%	88.4	87.6	(0)%
Ordinary profit	12.4	22.1	+77%	11.2	24.3	+117%
Profit (owners of parent)	8.5	10.2	+20%	7.5	12.0	+59%

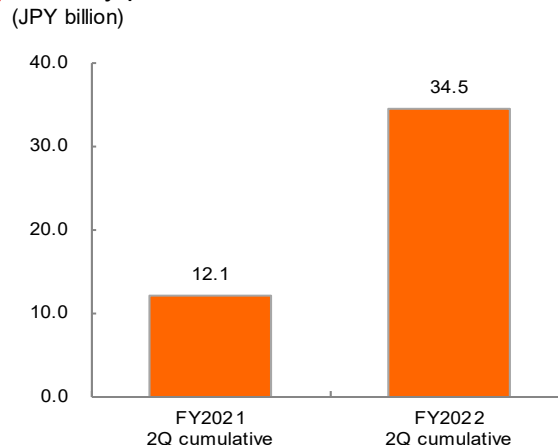
* Figures represent the aggregation with the results of MUFG Securities America Inc. (hereinafter "MUSA"), given that MUSA, despite its deconsolidation in 3Q16 as a result of the application of the U.S. Enhanced Prudential Standards, continues to be included in the Company's internal revenue management.

2Q Performance Trends

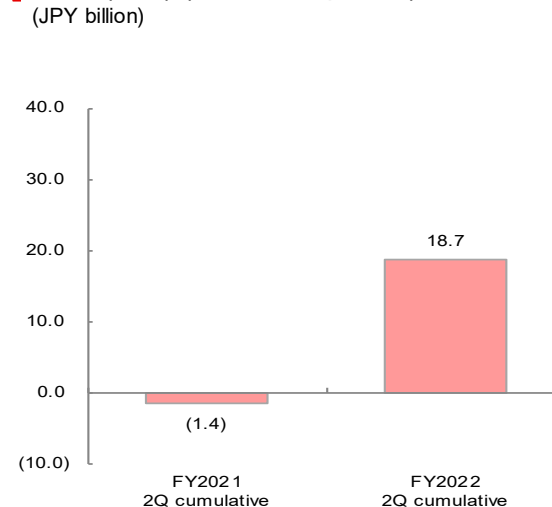
Net operating revenue



Ordinary profit

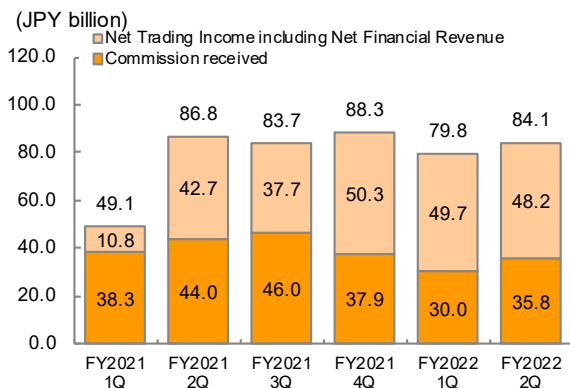


Profit (loss) (owners of parent)

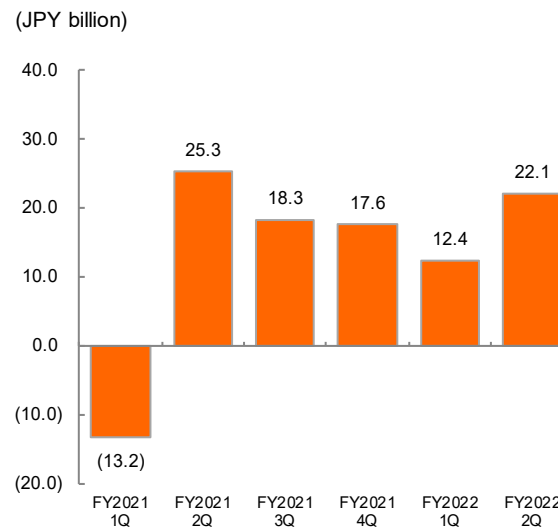


Quarterly Performance Trends

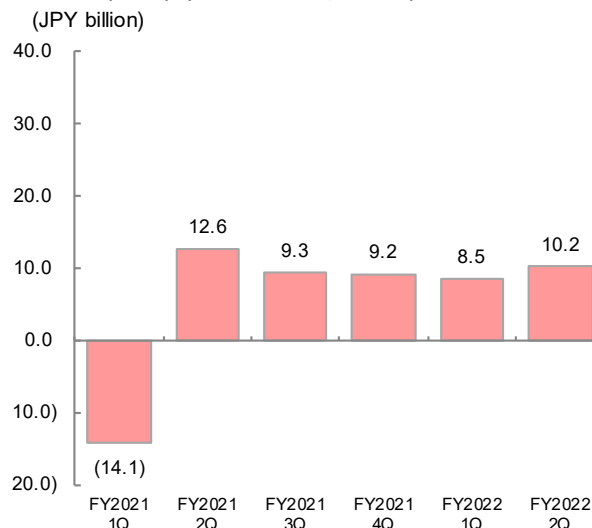
Net operating revenue



Ordinary profit (loss)



Profit (loss) (owners of parent)



Consolidated Financial Summary (1)

Commission Received (Financial basis)

Commission received

FY2022 2Q cumulative : JPY 65.9 billion

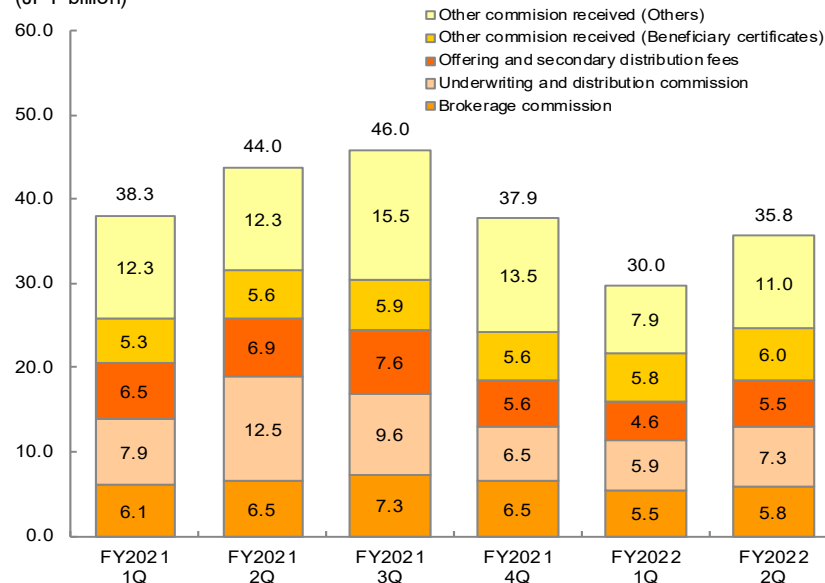
- YoY JPY (16.4) billion (19)%
- Brokerage commission: Revenue decreased against a weaker stock market backdrop.
- Underwriting and distribution commission : Despite acquiring large-scale subordinated debt and foreign bond deals, revenue decreased due to the heavy impact of the smaller issuance market.
- Offering and secondary distribution fees: Sales of stock investment trusts decreased in light of market conditions.
- Other commission received (Beneficiary certificates): Revenue increased thanks to the increase of asset balances as a result of steadily accumulating stock investment trusts.
- Other commission received (Others): M&A-related revenue decreased.

FY2022 2Q : JPY 35.8 billion

- QoQ JPY 5.7 billion +19%
- Revenue increased in all items, particularly M&A-related revenue and underwriting and distribution commission.

Quarterly Trends

(JPY billion)



(JPY billion)	FY2021 2Q cumulative	FY2022 2Q cumulative	YoY %
Brokerage commission	12.7	11.4	(10)%
Underwriting and distribution commission	20.5	13.2	(35)%
Offering and secondary distribution fees	13.5	10.2	(24)%
Other commission received (Beneficiary certificates)	10.9	11.9	+9%
Other commission received (Others)	24.6	19.0	(22)%
Total	82.4	65.9	(19)%

	FY2022 1Q	FY2022 2Q	QoQ %
Brokerage commission	5.5	5.8	+4%
Underwriting and distribution commission	5.9	7.3	+22%
Offering and secondary distribution fees	4.6	5.5	+18%
Other commission received (Beneficiary certificates)	5.8	6.0	+3%
Other commission received (Others)	7.9	11.0	+39%
Total	30.0	35.8	+19%

Consolidated Financial Summary (2)

Net Trading Income - Net Financial Revenue (Financial basis)

Net Trading Income - Net Financial Revenue

FY2022 2Q cumulative : JPY 98.0 billion

■ YoY JPY +44.4 billion +82%

➢ Equity business:

Domestic subsidiaries recorded a decline in revenue due to sluggish foreign stock flows caused by the impact of a weaker stock market.

Overseas subsidiaries recorded an increase in revenue after the loss related to transactions with a customer in the U.S. moved off the accounts.

➢ Fixed income business:

Domestic subsidiaries recorded a large increase in revenue on the back of strong rates, credit, and derivatives-related business. Notable contributing factors were the rates business successfully managing positions benefiting from rising interest rates and capturing JGB auction-related flows, and the credit business capturing customers' foreign bond flows following the rise in U.S. interest rates.

Overseas subsidiaries recorded an increase in revenue thanks to strong performance of rates and structured solution businesses.

FY2022 2Q : JPY 48.2 billion

■ QoQ JPY (1.5) billion (3)%

➢ Equity business:

Both domestic and overseas subsidiaries continued to perform weakly, but overseas subsidiaries recovered compared to the previous quarter.

➢ Fixed income business:

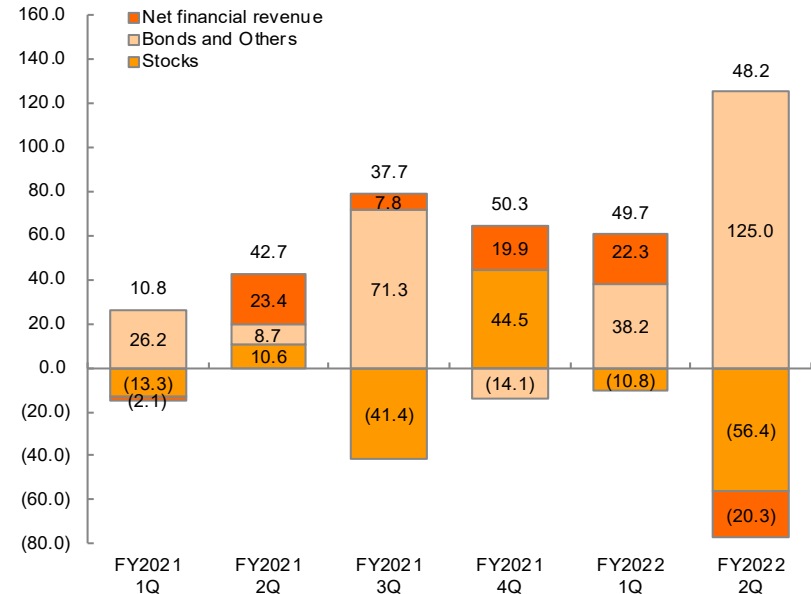
For domestic subsidiaries, rates business remained strong and highly profitable.

For overseas subsidiaries, MBS and credit businesses recovered from poor performance.

* Products are categorized into Stocks, Bonds and Others, and Net financial revenue on a financial basis, which differs from the classification on a management accounting basis.

Quarterly Trends

(JPY billion)



(JPY billion)	FY2021 2Q cumulative	FY2022 2Q cumulative	YoY %
Stocks	(2.6)	(67.2)	—
Bonds and Others	34.9	163.2	+366%
Net financial revenue	21.2	2.0	(90)%
Total	53.5	98.0	+82%

FY2022 1Q	FY2022 2Q	QoQ %
(10.8)	(56.4)	—
38.2	125.0	+226%
22.3	(20.3)	—
49.7	48.2	(3)%

【Reference】 Management accounting basis *

Equity business	2.3	17.9	+691%
Fixed income business	34.7	49.1	+41%
Total	37.0	67.0	+81%

8.2	9.7	+18%
22.7	26.3	+16%
31.0	36.0	+16%

* 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

FY2022 2Q cumulative : JPY 144.0 billion

■ YoY JPY +7.3 billion +5%

- Domestic subsidiaries : Decreased due to the restrained fixed cost and the decrease in the expenses linked to revenue.
- Overseas subsidiaries: Increased mainly due to the foreign exchange effect as well as increase in personnel expenses due in part to the impact of inflation and the reactionary increase from the decrease in retirement benefit costs in the previous fiscal year.

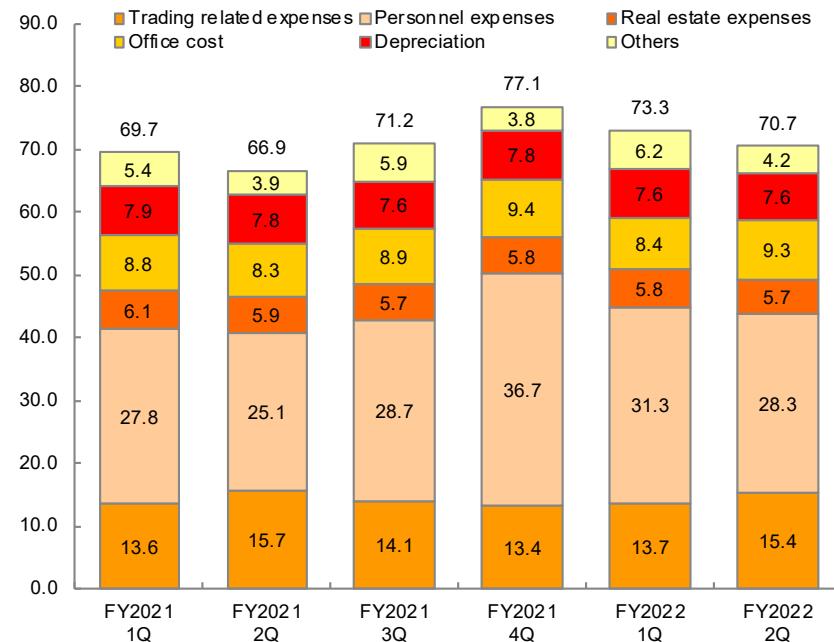
FY2022 2Q : JPY 70.7 billion

■ QoQ JPY (2.5) billion (3)%

- Others decreased due to the absence of taxes and dues associated with dividends recorded in the previous quarter.

Quarterly Trends

(JPY billion)



(JPY billion)	FY2021 2Q cumulative	FY2022 2Q cumulative	YoY %	FY2022 1Q	FY2022 2Q	QoQ %
Trading related expenses	29.3	29.2	(0)%	13.7	15.4	+12%
Personnel expenses	52.9	59.7	+12%	31.3	28.3	(9)%
Real estate expenses	12.0	11.6	(3)%	5.8	5.7	(2)%
Office cost	17.1	17.7	+3%	8.4	9.3	+10%
Depreciation	15.8	15.2	(3)%	7.6	7.6	+0%
Others	9.3	10.5	+12%	6.2	4.2	(33)%
Total	136.6	144.0	+5%	73.3	70.7	(3)%

(JPY billion)	FY2021 2Q cumulative	FY2022 2Q cumulative	YoY %	FY2022 1Q	FY2022 2Q	QoQ %
Trading related expenses	29.3	29.2	(0)%	13.7	15.4	+12%
Personnel expenses	52.9	59.7	+12%	31.3	28.3	(9)%
Real estate expenses	12.0	11.6	(3)%	5.8	5.7	(2)%
Office cost	17.1	17.7	+3%	8.4	9.3	+10%
Depreciation	15.8	15.2	(3)%	7.6	7.6	+0%
Others	9.3	10.5	+12%	6.2	4.2	(33)%
Total	136.6	144.0	+5%	73.3	70.7	(3)%

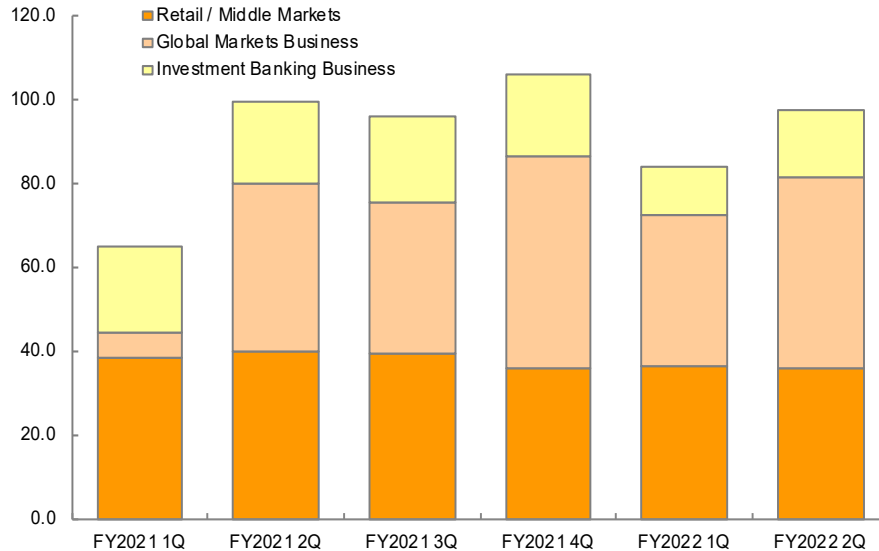
(JPY billion)	FY2021 2Q cumulative	FY2022 2Q cumulative	YoY %	FY2022 1Q	FY2022 2Q	QoQ %
Trading related expenses	29.3	29.2	(0)%	13.7	15.4	+12%
Personnel expenses	52.9	59.7	+12%	31.3	28.3	(9)%
Real estate expenses	12.0	11.6	(3)%	5.8	5.7	(2)%
Office cost	17.1	17.7	+3%	8.4	9.3	+10%
Depreciation	15.8	15.2	(3)%	7.6	7.6	+0%
Others	9.3	10.5	+12%	6.2	4.2	(33)%
Total	136.6	144.0	+5%	73.3	70.7	(3)%

Overview by Business Segments in FY2022 2Q

- Revenue from Global Markets and Investment Banking increased compared with the previous quarter, and revenue from Retail/Middle Markets remained strong.
- Retail / Middle Markets: Despite continued uncertainty in the market environment, stock assets steadily accumulated and contributed to performance, maintaining the previous quarter's level, thanks to the penetration of the advisory business model.
- Global Markets: Revenue from both domestic and overseas subsidiaries increased. Fixed income business in domestic subsidiaries proved strong. Monetization of deals in financial solutions business also contributed. Overseas subsidiaries recovered from poor performance of flow products business in the first quarter (January to March).
- Investment Banking: Overseas subsidiaries struggled in bond underwriting against the backdrop of a sluggish issuance market due to rising U.S. interest rates. but thanks to domestic subsidiaries recovering in real estate, bond underwriting, and other areas, revenue increased overall.

Quarterly Trends

(JPY billion)



* Figures are based on management accounting basis including MUSA.

Appendix

Consolidated Statement of Income

JPY million

	Cumulative		Quarter					
	FY2021	FY2022	FY2021				FY2022	
	2Q cumulative	2Q cumulative	1Q	2Q	3Q	4Q	1Q	2Q
Operating revenue	161,249	217,089	69,015	92,233	94,276	95,756	86,759	130,330
Commission received	82,405	65,935	38,337	44,068	46,050	37,959	30,070	35,865
Net trading income	32,275	96,002	12,944	19,331	29,889	30,464	27,413	68,589
Other operating revenue	4	4	3	0	—	—	4	0
Financial revenue	46,563	55,146	17,730	28,833	18,336	27,331	29,271	25,875
Financial expenses	25,266	53,112	19,839	5,426	10,484	7,405	6,899	46,213
Net operating revenue	135,982	163,976	49,175	86,806	83,792	88,351	79,860	84,116
SG & A	136,693	144,037	69,768	66,924	71,220	77,192	73,311	70,725
Operating profit (loss)	(710)	19,939	(20,592)	19,881	12,572	11,158	6,548	13,390
Non-operating income	13,193	16,928	7,765	5,427	6,090	7,221	7,046	9,881
Non-operating expenses	354	2,282	402	(48)	331	757	1,122	1,159
Ordinary profit (loss)	12,128	34,585	(13,229)	25,357	18,331	17,622	12,472	22,112
Extraordinary income	126	123	—	126	—	5	0	123
Extraordinary losses	419	526	38	380	940	50	520	5
Income taxes	3,652	5,042	(2,821)	6,473	4,316	2,616	33	5,008
Profit attributable to non-controlling interests	9,618	10,364	3,667	5,950	3,724	5,666	3,397	6,966
Profit (loss) attributable to owners of parent	(1,434)	18,775	(14,114)	12,680	9,350	9,294	8,520	10,254

Appendix

Consolidated Balance Sheet

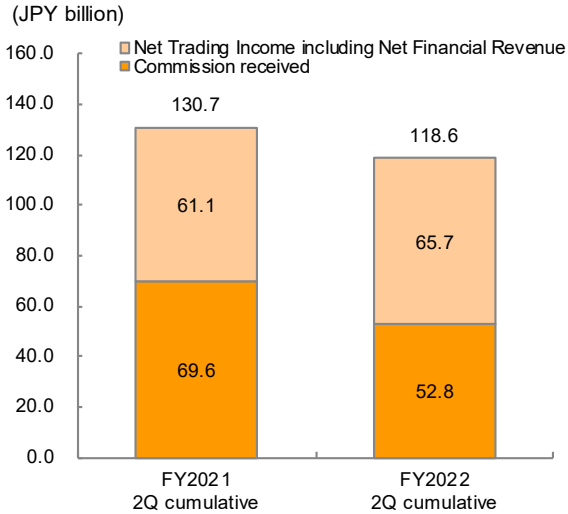
JPY billion

	As of Mar. 31, 2022	As of Sep. 30, 2022	Change
ASSETS			
Current assets	31,164	32,635	+1,471
Cash and deposits	2,186	2,122	(64)
Trading products	12,870	13,961	+1,090
Loans secured by securities	13,227	13,357	+129
Others	2,880	3,194	+314
Non-current assets	560	699	+138
PP & E	26	25	(0)
Intangible assets	101	106	+5
Investments and other assets	432	566	+134
Total assets	31,724	33,335	+1,610

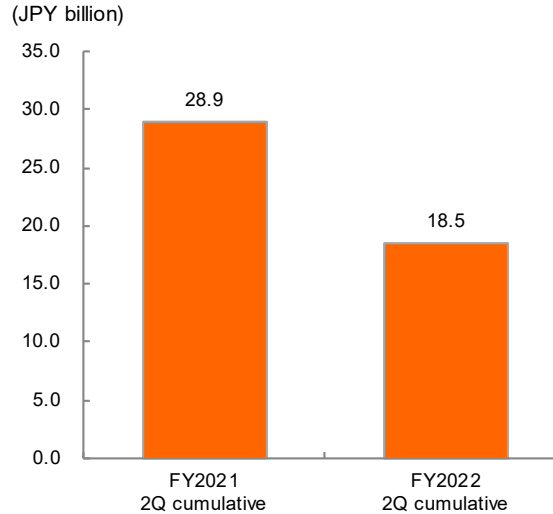
	As of Mar. 31, 2022	As of Sep. 30, 2022	Change
LIABILITIES			
Current liabilities	28,835	30,456	+1,620
Trading products	10,432	12,758	+2,326
Borrowings secured by securities	10,702	9,586	(1,115)
Short-term borrowings	2,874	3,128	+254
Others	4,826	4,982	+155
Non-current liabilities	1,879	1,846	(33)
Bonds payable	896	912	+15
Long-term borrowings	964	916	(48)
Others	18	18	+0
Total liabilities	30,720	32,307	+1,587
NET ASSETS			
Shareholders' equity	722	724	+1
Accumulated other comprehensive income	(1)	21	+22
Non-controlling interests	283	282	(1)
Total net assets	1,004	1,027	+23
Total liabilities and net assets	31,724	33,335	+1,610

2Q Performance Trends

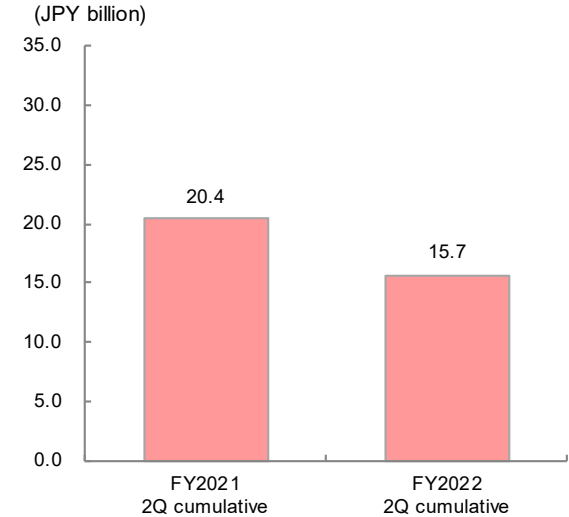
Net operating revenue



Ordinary profit

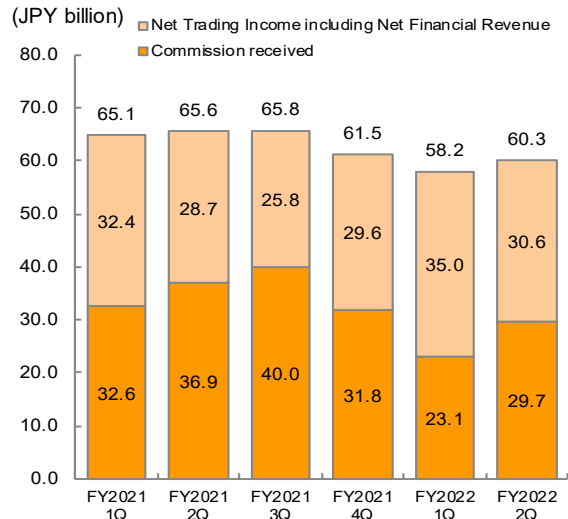


Profit

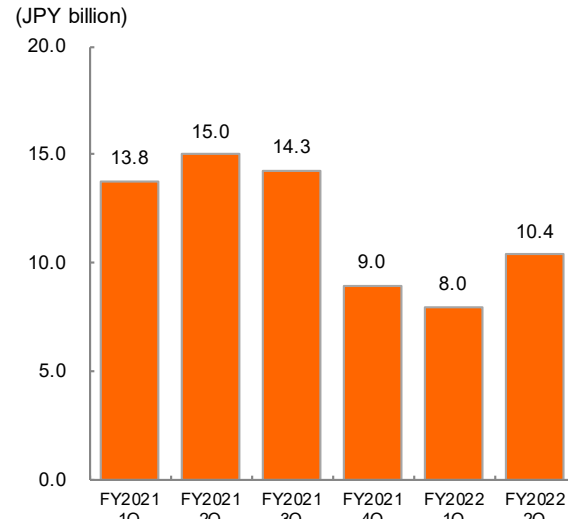


Quarterly Performance Trends

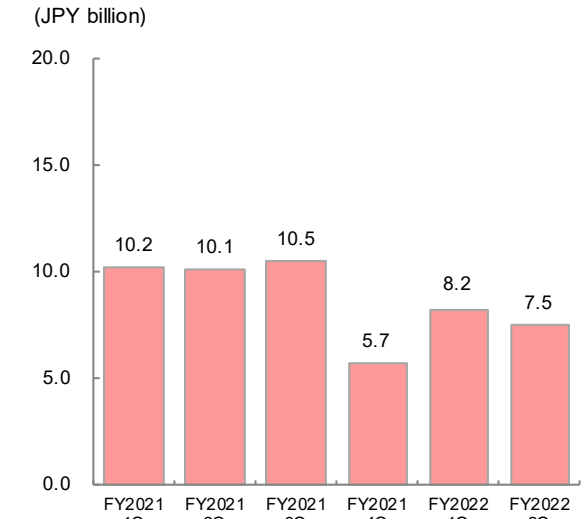
Net operating revenue



Ordinary profit



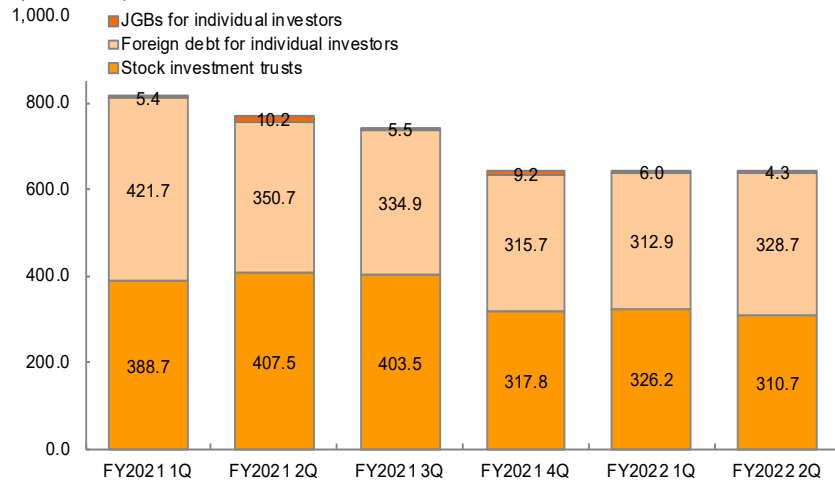
Profit



Sales of Retail / Middle Market Division

Quarterly Trends

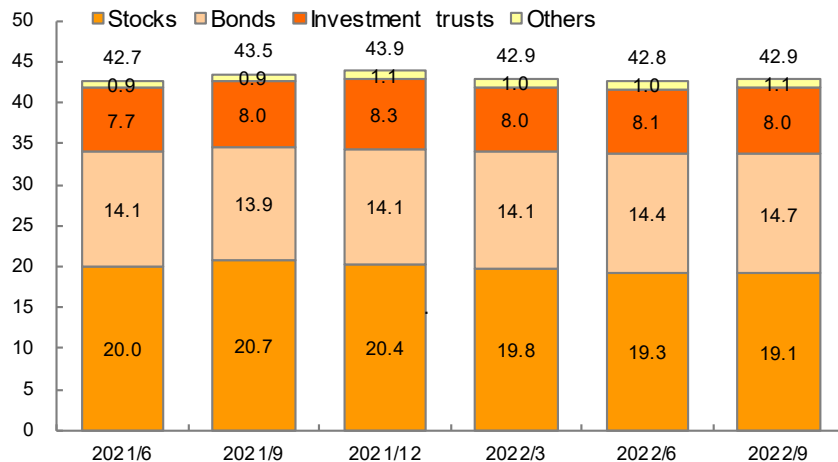
(JPY billion)



Trends of AUM

Quarterly Trends

(JPY trillion)



(Rounding off)

Investment banking business ~ League Table (from April, 2022 to September, 2022)

Debt (Domestic and Foreign Bonds)*1

Rank	Securities Firm	Share (%)
1	Mitsubishi UFJ Morgan Stanley	23.5
2	Mizuho Securities	17.0
3	Nomura Securities	16.9
4	Daiwa Securities	15.5
5	BofA Securities	3.8
6	Citigroup Global Markets Japan	3.8
7	JP Morgan	3.8
8	Goldman Sachs Japan	3.1
9	Barclays	2.3
10	Tokai Tokyo Securities	1.7

Japan Equity and Equity-linked*2

Rank	Securities Firm	Share (%)
1	Daiwa Securities Group	22.3
2	Nomura	20.7
3	Mizuho Financial Group	15.1
4	Sumitomo Mitsui Financial Group	13.5
5	JP Morgan	10.8
6	Mitsubishi UFJ Morgan Stanley	9.8
7	SBI Holdings	3.4
8	Tokai Tokyo Financial Holdings	2.0
9	Ichiyoshi Securities	0.5
10	OKASAN Securities Group	0.5

M&A Advisory / Based on Rank Value*3

Rank	Financial Advisor	JPY billion
1	Mitsubishi UFJ Morgan Stanley	2,219
2	Sumitomo Mitsui Financial Group	1,458
3	UBS	1,447
4	Nomura	1,435
5	BofA Securities	1,259
6	Goldman Sachs & Co	700
7	Daiwa Securities Group	614
8	Deloitte	584
9	Mizuho Financial Group	572
10	PricewaterhouseCoopers	504

*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)

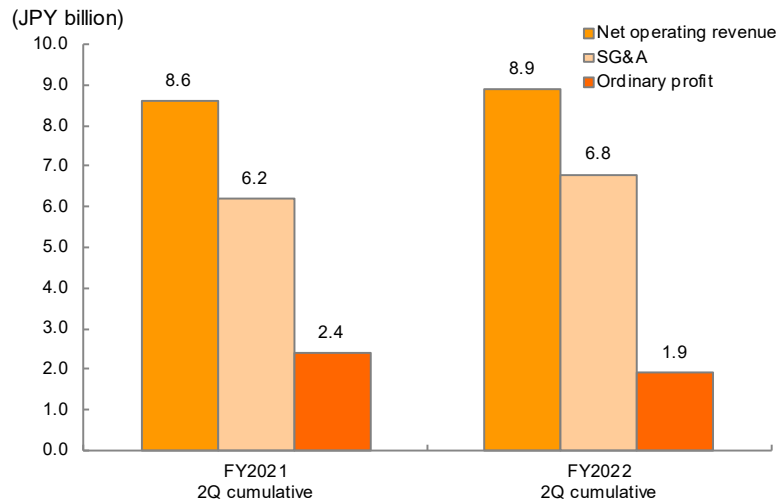
Mitsubishi UFJ Morgan Stanley includes domestic offerings of Japanese issuers underwritten by Morgan Stanley MUFG Securities as well as global offerings of Japanese issuers underwritten by Morgan Stanley. Based on underwriting amount

*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.

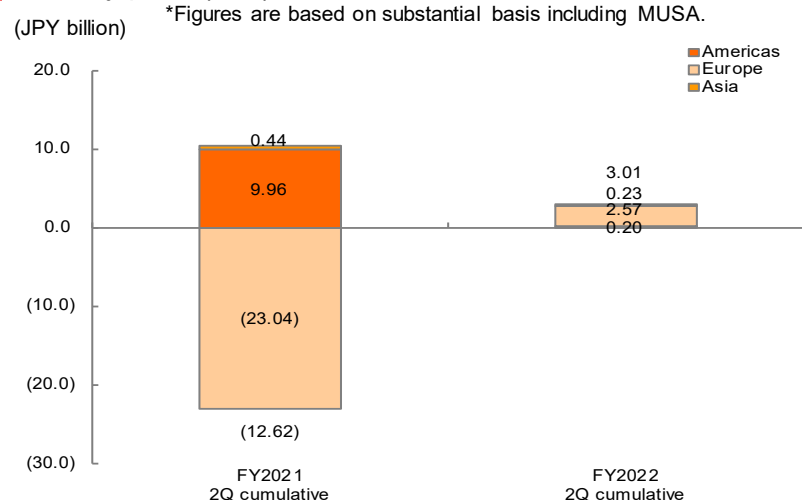
au Kabucom 2Q Performance Trends

Trends



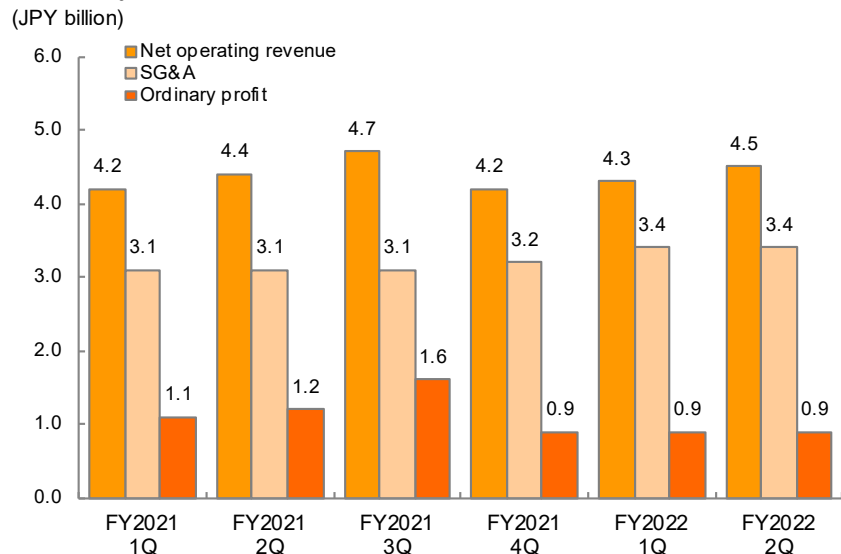
Overseas Business 2Q Performance Trends

Ordinary profit (loss) : Trends



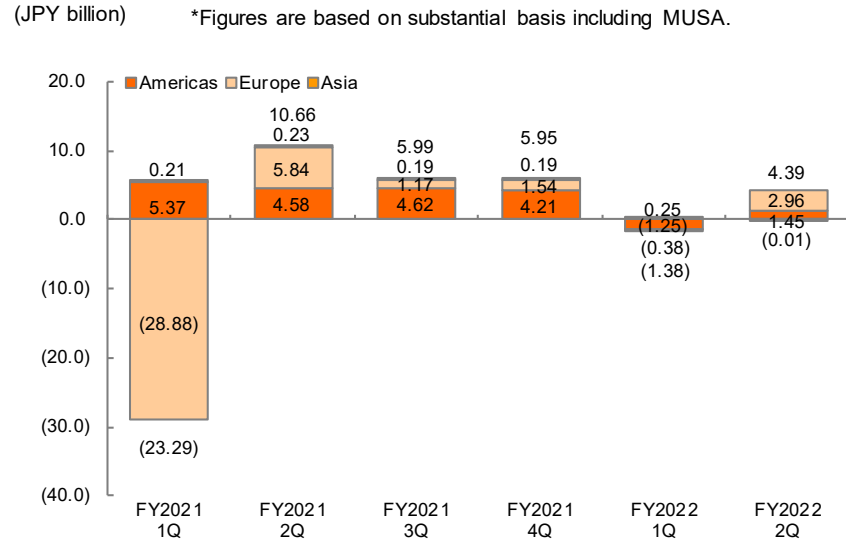
au Kabucom Quarterly Performance Trends

Quarterly Trends



Overseas Business Quarterly Performance Trends

Ordinary profit (loss) : Quarterly Trends

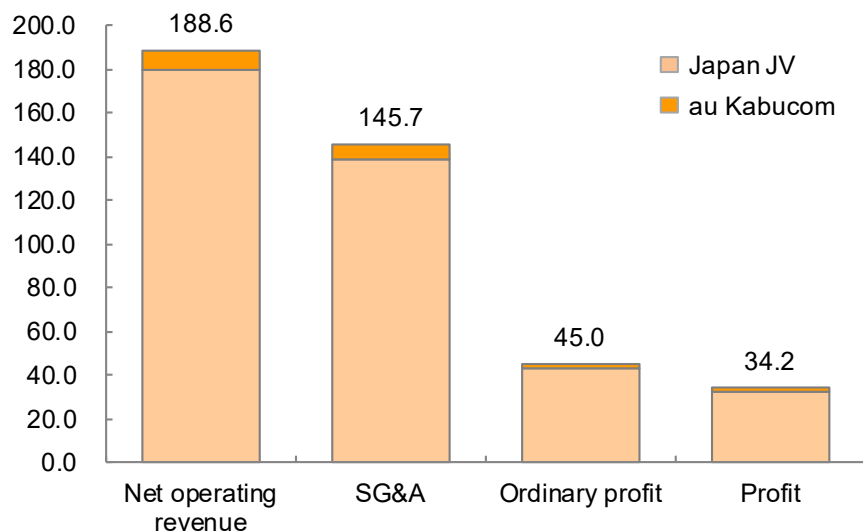


Domestic Securities Companies' Performance

- 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 2022 2Q (cumulative)

(JPY billion)



Simple sum of the figures for the Domestic Securities Companies (JPY billion)	FY 2022 2Q (cumulative)
Net operating revenue	188.6
Japan JV	179.7
MUMSS	118.6
Morgan Stanley MUFG Securities Co., Ltd. ("MSMS") *	61.0
au Kabucom Securities Co., Ltd. ("au Kabucom")	8.9
SG & A	145.7
Japan JV	138.8
MUMSS	101.5
MSMS	37.3
au Kabucom	6.8
Ordinary profit	45.0
Japan JV	43.0
MUMSS	18.5
MSMS	24.5
au Kabucom	1.9
Profit	34.2
Japan JV	32.7
MUMSS	15.7
MSMS	16.9
au Kabucom	1.4

* 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 FY2022 2Q can be found on the following URL.

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



Mitsubishi UFJ Securities Holdings

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