



Mitsubishi UFJ Securities Holdings

3QFY2022

Financial Summary

Mitsubishi UFJ Securities Holdings Co., Ltd.

February, 2023

▪ 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 between January and September, while the quarterly performance trends refer to the results for the period between July and September

## 3Q Performance Trends

- Net operating revenue was JPY 258.1bn (+17% YoY), ordinary profit was JPY 53.1bn(+74% YoY) and profit attributable to owners of parent was JPY 28.9bn(+265% YoY) on financial accounting basis. Net operating revenue was JPY 312.2bn (+12% YoY), ordinary profit was JPY 55.9bn (+23% YoY) and profit attributable to owners of parent was JPY 31.1bn(+63% YoY) on substantial basis including MUSA.  
The loss of approximately JPY 28.7bn 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 on financial accounting basis and substantial basis. Excluding that impact, revenue and profit increased on financial accounting basis, while revenue increased but profit decreased on substantial basis.
- Revenue and profit from domestic subsidiaries decreased due to the reduction in the size of the issuance market in investment banking business and the decline in sale of stock investment trusts and other products under uncertain market conditions in Retail / Middle Markets although the Global Markets business performed well.
- Overseas subsidiaries reported a significant increase in revenue after the loss related to transactions with a customer in the U.S. moved off the accounts. However, they struggled mainly in capital markets business.

(JPY billion)	Financial basis			Substantial basis including MUSA *		
	FY2021 3Q cumulative	FY2022 3Q cumulative	YoY %	FY2021 3Q cumulative	FY2022 3Q cumulative	YoY %
Net operating revenue	219.7	258.1	+17%	278.0	312.2	+12%
SG&A	207.9	221.5	+6%	250.8	271.3	+8%
Ordinary profit	30.4	53.1	+74%	45.2	55.9	+23%
Profit (owners of parent)	7.9	28.9	+265%	19.0	31.1	+63%

## Quarterly Performance Trends

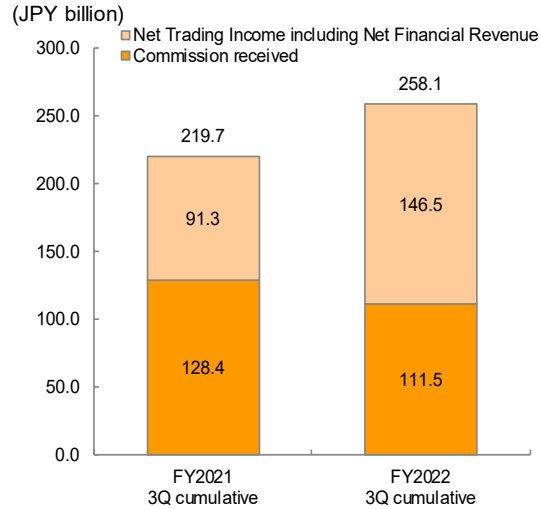
- Quarterly results: Third-quarter revenue increased but profit decreased compared to the previous quarter on both a financial accounting and substantial basis.
- Domestic subsidiaries: Fixed income business of Global Markets businesses remained strong, and closing of a large deal also contributed to the Investment Banking business.
- Overseas subsidiaries: Flow products business recovered compared to the previous quarter.

(JPY billion)	Financial basis			Substantial basis including MUSA *		
	FY2022 2Q	FY2022 3Q	QoQ %	FY2022 2Q	FY2022 3Q	QoQ %
Net operating revenue	84.1	94.1	+11%	103.7	114.5	+10%
SG&A	70.7	77.4	+9%	87.6	95.2	+8%
Ordinary profit	22.1	18.5	(16)%	24.3	20.2	(16)%
Profit (owners of parent)	10.2	10.1	(0)%	12.0	11.5	(4)%

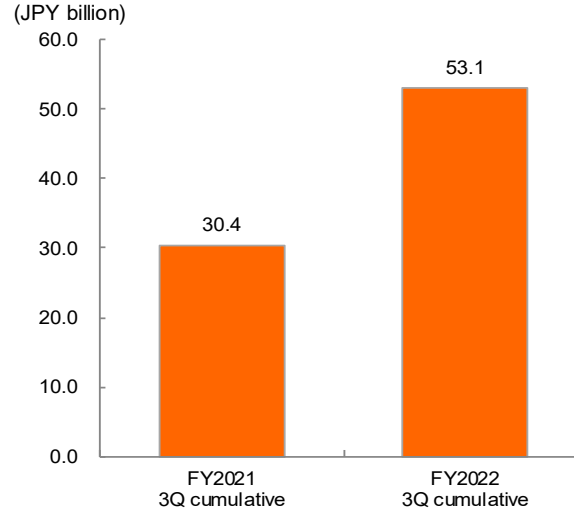
\* Figures represent the aggregation with the results of MUFG Securities America Inc. (hereinafter "MUSA"), given that MUSA, despite its deconsolidation in 3Q16 as a result of the application of the U.S. Enhanced Prudential Standards, continues to be included in the Company's internal revenue management.

## 3Q Performance Trends

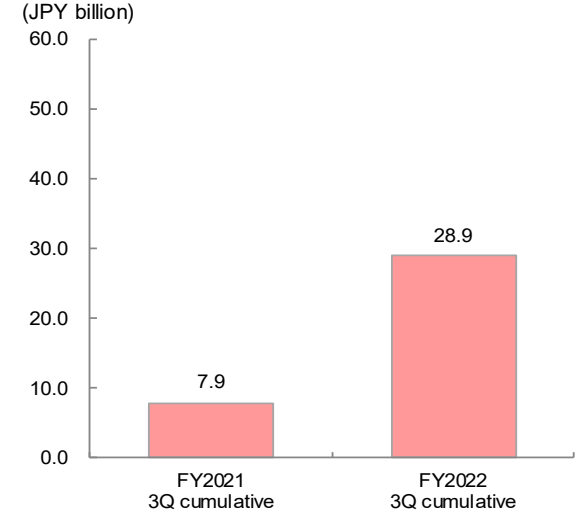
### Net operating revenue



### Ordinary profit

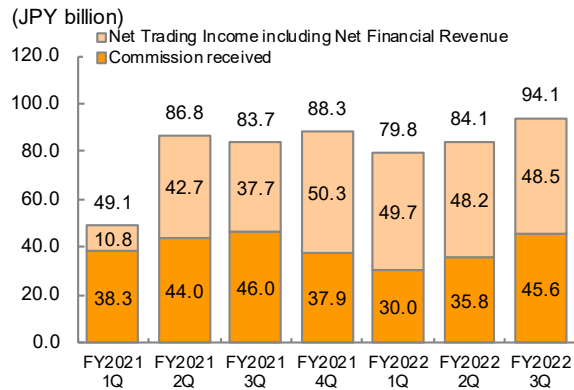


### Profit (owners of parent)

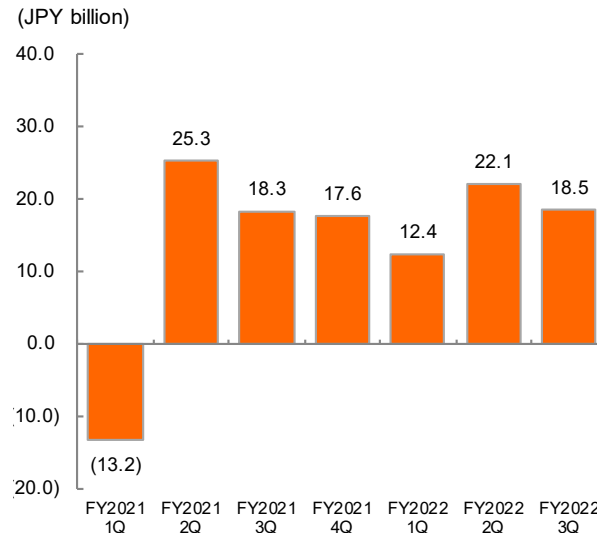


## Quarterly Performance Trends

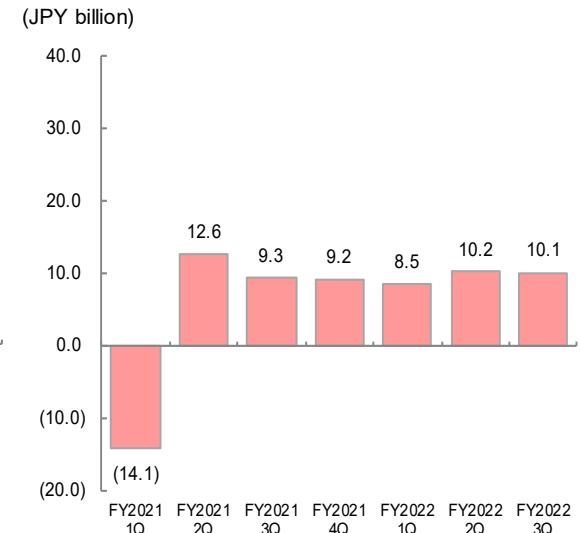
### Net operating revenue



### Ordinary profit (loss)



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



# Consolidated Financial Summary (1)

## Commission Received (Financial basis)

### Commission received

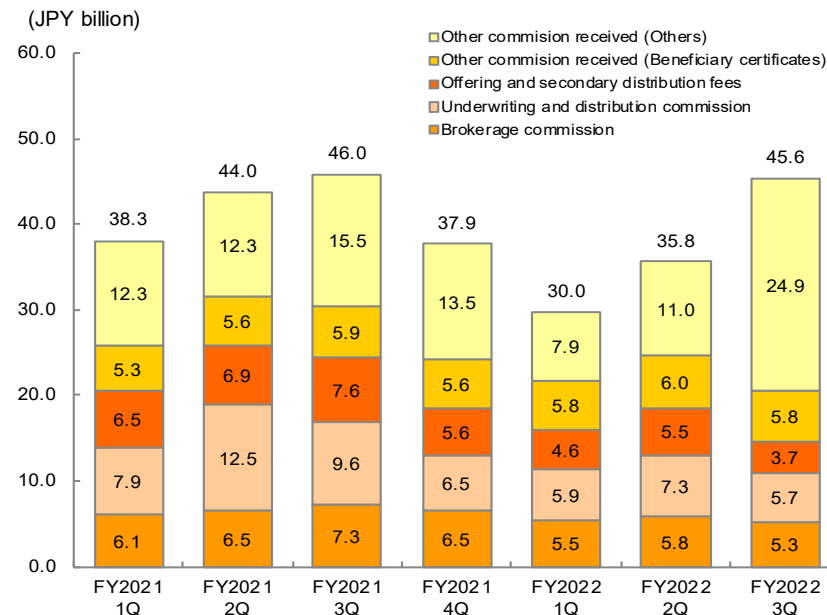
FY2022 3Q cumulative : JPY 111.5 billion

- YoY JPY (16.8) billion (13)%
- Brokerage commission: Revenue decreased against a weaker stock market backdrop.
- Underwriting and distribution commission : Revenue decreased due to the heavy impact of the smaller issuance market caused by rising interest rates and uncertainty over stock prices.
- Offering and secondary distribution fees: Sales of stock investment trusts decreased due to market conditions.
- Other commission received (Beneficiary certificates): Revenue increased as a result of steadily accumulating stock investment trusts.
- Other commission received (Others): Revenue was recorded from the closing of large-scale M&A deals and solutions deals.

FY2022 3Q : JPY 45.6 billion

- QoQ JPY +9.7 billion +27%
- Other commission received (Others) : Revenue was recorded from the closing of large-scale M&A deals and solutions deals.

### Quarterly Trends



(JPY billion)	FY2021 3Q cumulative	FY2022 3Q cumulative	YoY %
Brokerage commission	20.0	16.7	(16)%
Underwriting and distribution commission	30.1	18.9	(36)%
Offering and secondary distribution fees	21.1	13.9	(33)%
Other commission received (Beneficiary certificates)	16.9	17.8	+5%
Other commission received (Others)	40.2	44.0	+9%
<b>Total</b>	<b>128.4</b>	<b>111.5</b>	<b>(13)%</b>

	FY2022 2Q	FY2022 3Q	QoQ %
Brokerage commission	5.8	5.3	(7)%
Underwriting and distribution commission	7.3	5.7	(21)%
Offering and secondary distribution fees	5.5	3.7	(32)%
Other commission received (Beneficiary certificates)	6.0	5.8	(4)%
Other commission received (Others)	11.0	24.9	+125%
<b>Total</b>	<b>35.8</b>	<b>45.6</b>	<b>+27%</b>

# Consolidated Financial Summary (2)

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

### Net Trading Income - Net Financial Revenue

FY2022 3Q cumulative : JPY 146.5 billion

■ YoY JPY +55.2 billion +60%

➢ Equity business:

Domestic subsidiaries recorded a decline in revenue due to sluggishness in foreign stock flows and equity derivatives, 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, contributed by both the rates business, which successfully captured JGB auction-related flows and managed positions benefitting from rising interest rates, and the credit business that also successfully captured customers' foreign bond flows. Overseas subsidiaries recorded an increase in revenue thanks to strong performance of rates, structured solution, and repo businesses.

FY2022 3Q : JPY 48.5 billion

■ QoQ JPY +0.2 billion +0%

➢ Equity business:

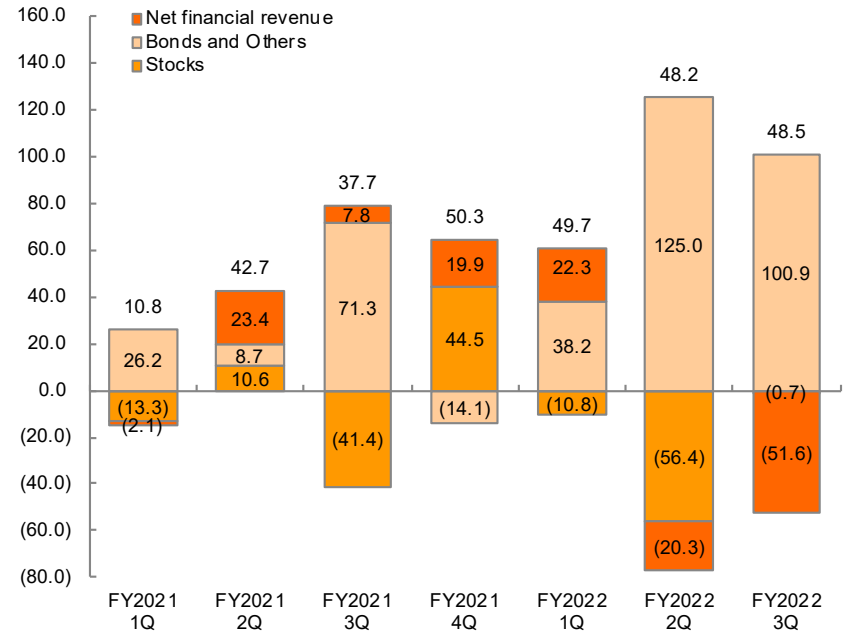
Both domestic and overseas subsidiaries continued to perform weakly.

➢ Fixed income business:

For domestic subsidiaries, rates and credit businesses maintained a high level of performance. For overseas subsidiaries, a recovery in the rates business and the monetization of derivatives deals with customers contributed.

### Quarterly Trends

(JPY billion)



(JPY billion)
Stocks
Bonds and Others
Net financial revenue
Total

FY2021 3Q cumulative	FY2022 3Q cumulative	YoY %
(44.1)	(68.0)	—
106.3	264.2	+148%
29.1	(49.6)	—
91.3	146.5	+60%

FY2022 2Q	FY2022 3Q	QoQ %
(56.4)	(0.7)	—
125.0	100.9	(19)%
(20.3)	(51.6)	—
48.2	48.5	+0%

### 【Reference】 Management accounting basis \*

Equity business
Fixed income business
Total

FY2021	FY2022	YoY %
14.1	25.6	+80%
51.8	74.9	+44%
66.0	100.5	+52%

FY2022 2Q	FY2022 3Q	QoQ %
9.7	7.7	(20)%
26.3	25.8	(2)%
36.0	33.5	(7)%

\* 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 3Q cumulative : JPY 221.5 billion

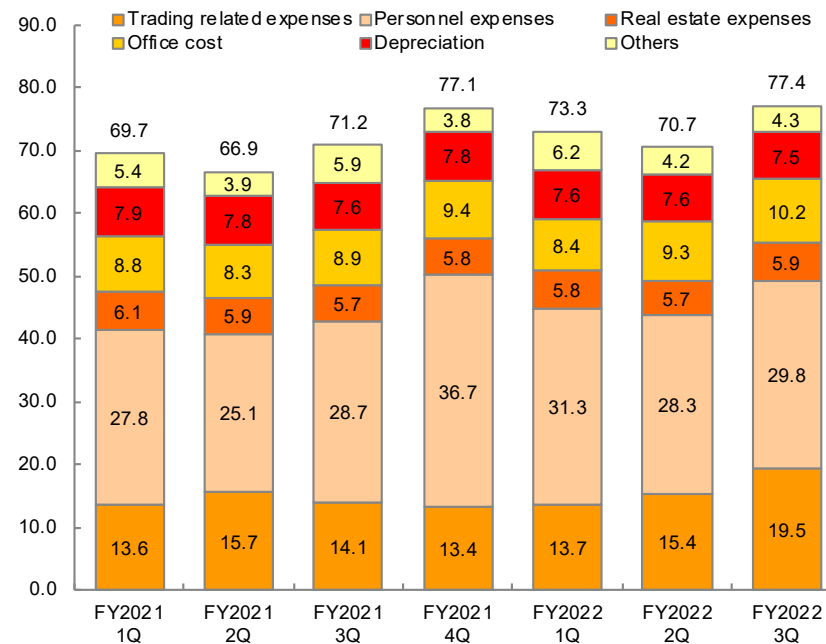
- YoY JPY +13.6 billion +6%
- Domestic subsidiaries : Trading related expenses increased in conjunction with the closing of large deals, but fixed costs were continuously restrained.
- Overseas subsidiaries: Increased mainly due to increases in personnel and other expenses impacted by inflation and the reactionary increase from the decrease in retirement benefit costs in the previous fiscal year as well as the foreign exchange effect.

FY2022 3Q : JPY 77.4 billion

- QoQ JPY +6.7 billion +9%
- Trading related expenses linked to the closing of large-scale deals mainly increased.

## Quarterly Trends

(JPY billion)



(JPY billion)	FY2021 3Q cumulative	FY2022 3Q cumulative	YoY %
Trading related expenses	43.5	48.7	+12%
Personnel expenses	81.7	89.5	+9%
Real estate expenses	17.7	17.5	(1)%
Office cost	26.1	28.0	+7%
Depreciation	23.5	22.7	(3)%
Others	15.2	14.8	(2)%
Total	207.9	221.5	+6%

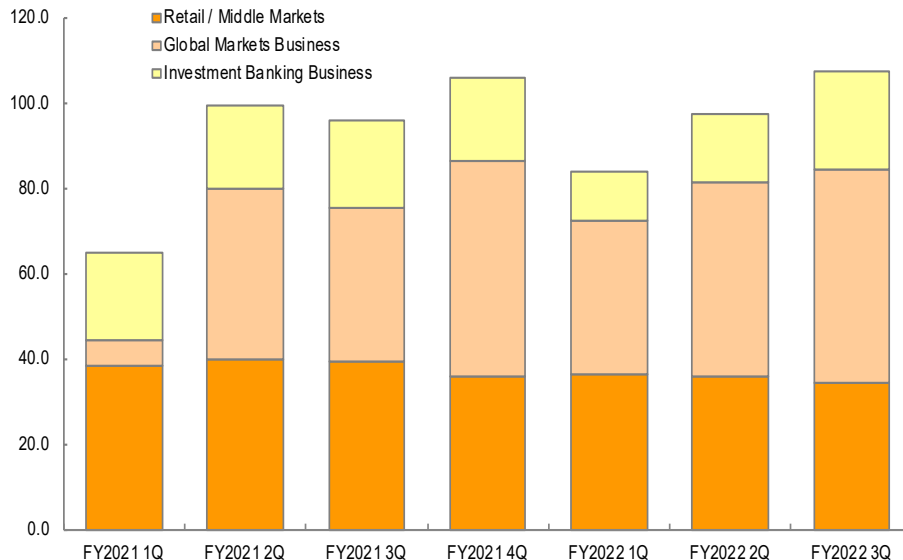
	FY2022 2Q	FY2022 3Q	QoQ %
Trading related expenses	15.4	19.5	+26%
Personnel expenses	28.3	29.8	+5%
Real estate expenses	5.7	5.9	+4%
Office cost	9.3	10.2	+10%
Depreciation	7.6	7.5	(1)%
Others	4.2	4.3	+2%
Total	70.7	77.4	+9%

## Overview by Business Segments in FY2022 3Q

- Revenue from Global Markets and Investment Banking increased compared with the previous quarter although revenue from Retail / Middle Markets decreased.
- Retail / Middle Markets: Revenue decreased from the previous quarter due to a decline in sales of investment trusts and structured bonds as investors' investment appetite remained lower against the backdrop of the uncertain market environment.
- Global Markets: Revenue increased from the previous quarter, as domestic subsidiaries benefitted from both the strong fixed income business and the monetization of large-scale deals in financial solutions business while overseas subsidiaries saw a recovery in flow products business.
- Investment Banking: Although overseas subsidiaries saw DCM continue to struggle against the backdrop of a sluggish issuance market, domestic subsidiaries recorded a large increase in M&A-related revenue, with the result that revenue increased overall from 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						
	FY2021	FY2022	FY2021				FY2022		
	3Q cumulative	3Q cumulative	1Q	2Q	3Q	4Q	1Q	2Q	3Q
<b>Operating revenue</b>	255,525	415,900	69,015	92,233	94,276	95,756	86,759	130,330	198,810
Commission received	128,455	111,590	38,337	44,068	46,050	37,959	30,070	35,865	45,654
Net trading income	62,165	196,204	12,944	19,331	29,889	30,464	27,413	68,589	100,201
Other operating revenue	4	4	3	0	—	—	4	0	—
Financial revenue	64,900	108,100	17,730	28,833	18,336	27,331	29,271	25,875	52,954
<b>Financial expenses</b>	35,750	157,766	19,839	5,426	10,484	7,405	6,899	46,213	104,653
<b>Net operating revenue</b>	219,774	258,134	49,175	86,806	83,792	88,351	79,860	84,116	94,157
<b>SG &amp; A</b>	207,913	221,537	69,768	66,924	71,220	77,192	73,311	70,725	77,499
<b>Operating profit (loss)</b>	11,861	36,596	(20,592)	19,881	12,572	11,158	6,548	13,390	16,657
<b>Non-operating income</b>	19,284	20,884	7,765	5,427	6,090	7,221	7,046	9,881	3,956
<b>Non-operating expenses</b>	685	4,376	402	(48)	331	757	1,122	1,159	2,094
<b>Ordinary profit (loss)</b>	30,460	53,104	(13,229)	25,357	18,331	17,622	12,472	22,112	18,519
<b>Extraordinary income</b>	126	1,077	—	126	—	5	0	123	954
<b>Extraordinary losses</b>	1,359	2,017	38	380	940	50	520	5	1,491
<b>Income taxes</b>	7,968	9,778	(2,821)	6,473	4,316	2,616	33	5,008	4,736
<b>Profit attributable to non-controlling interests</b>	13,342	13,423	3,667	5,950	3,724	5,666	3,397	6,966	3,059
<b>Profit (loss) attributable to owners of parent</b>	7,916	28,962	(14,114)	12,680	9,350	9,294	8,520	10,254	10,186

# Appendix

## Consolidated Balance Sheet

JPY billion

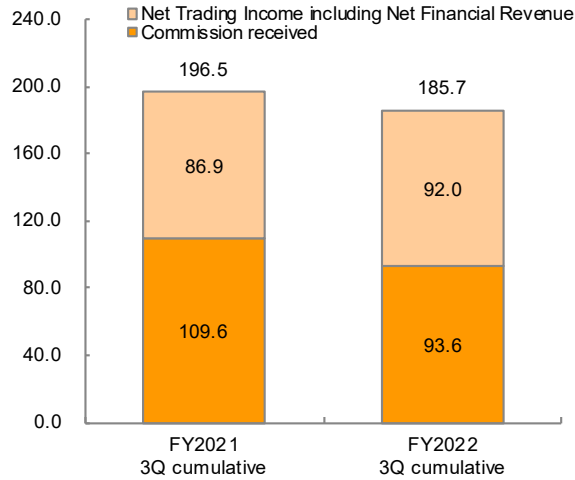
	As of Mar. 31, 2022	As of Dec. 31, 2022	Change
<b>ASSETS</b>			
<b>Current assets</b>	31,164	32,582	+1,417
Cash and deposits	2,186	2,414	+227
Trading products	12,870	14,158	+1,287
Loans secured by securities	13,227	12,727	(500)
Others	2,880	3,282	+402
<b>Non-current assets</b>	560	658	+98
PP & E	26	25	(1)
Intangible assets	101	107	+6
Investments and other assets	432	525	+93
<b>Total assets</b>	31,724	33,240	+1,516

	As of Mar. 31, 2022	As of Dec. 31, 2022	Change
<b>LIABILITIES</b>			
<b>Current liabilities</b>	28,835	30,404	+1,568
Trading products	10,432	13,792	+3,359
Borrowings secured by securities	10,702	9,058	(1,643)
Short-term borrowings	2,874	2,795	(78)
Others	4,826	4,757	(69)
<b>Non-current liabilities</b>	1,879	1,811	(68)
Bonds payable	896	888	(8)
Long-term borrowings	964	905	(59)
Others	18	17	(0)
<b>Total liabilities</b>	30,720	32,219	+1,499
<b>NET ASSETS</b>			
Shareholders' equity	722	726	+3
Accumulated other comprehensive income	(1)	14	+15
Non-controlling interests	283	280	(3)
<b>Total net assets</b>	1,004	1,021	+16
<b>Total liabilities and net assets</b>	31,724	33,240	+1,516

### 3Q Performance Trends

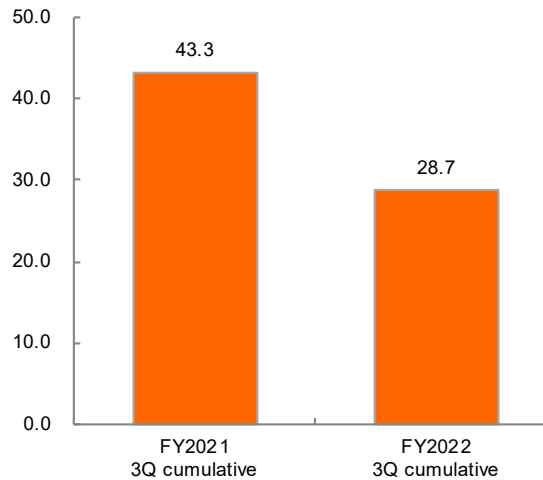
#### Net operating revenue

(JPY billion)



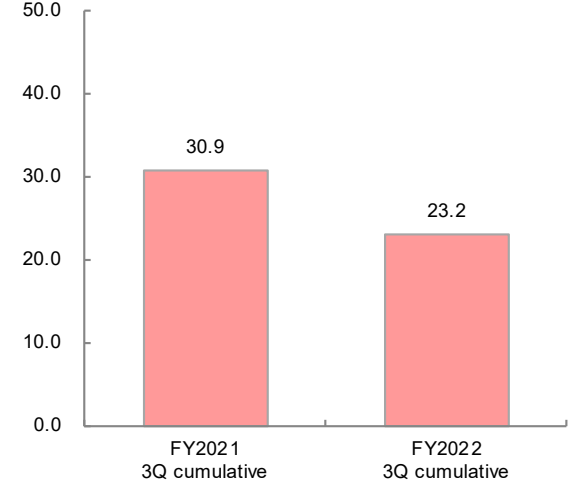
#### Ordinary profit

(JPY billion)



#### Profit

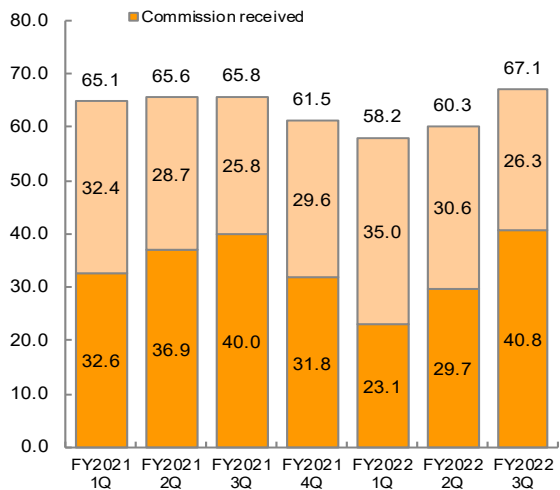
(JPY billion)



### Quarterly Performance Trends

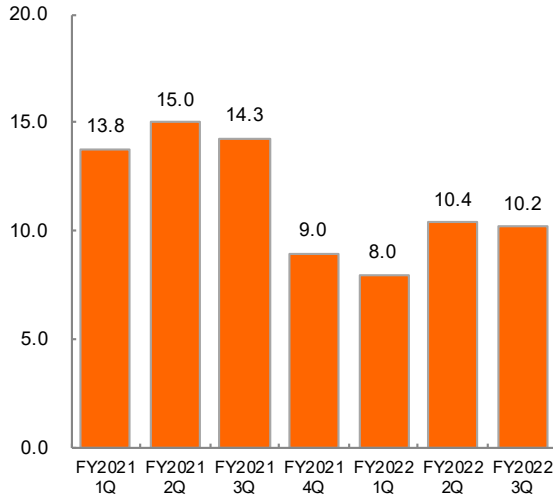
#### Net operating revenue

(JPY billion)



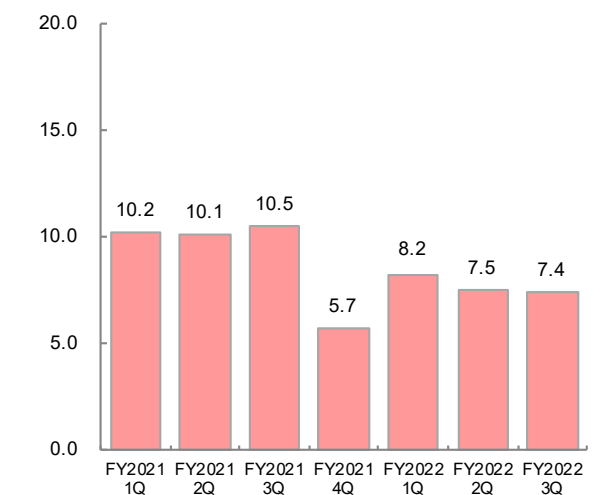
#### Ordinary profit

(JPY billion)



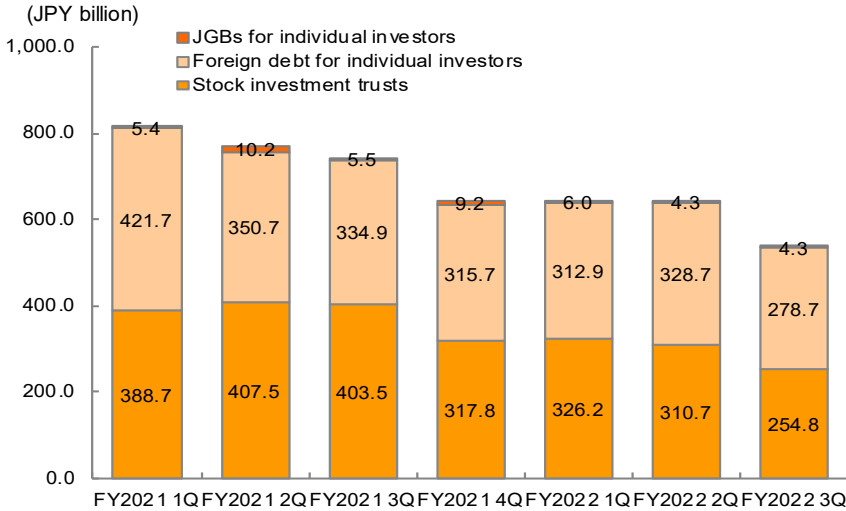
#### Profit

(JPY billion)



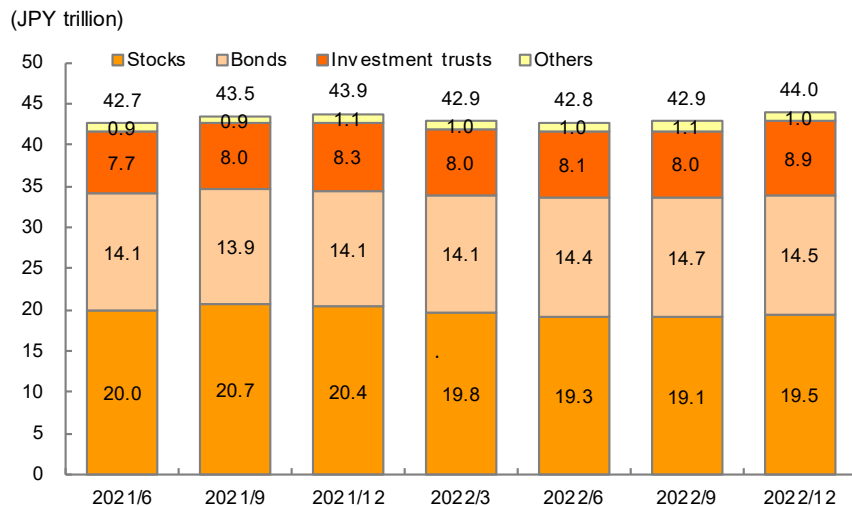
### Sales of Retail / Middle Market Division

#### Quarterly Trends



### Trends of AUM

#### Quarterly Trends



(Rounding off)

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

## Debt (Domestic and Foreign Bonds)\*1

Rank	Securities Firm	Share (%)
1	Mitsubishi UFJ Morgan Stanley	21.9
2	Mizuho Securities	19.5
3	Nomura Securities	17.7
4	Daiwa Securities	16.9
5	SMBC Nikko Securities	3.1
6	BofA Securities	2.9
7	Citigroup Global Markets Japan	2.9
8	JP Morgan	2.9
9	Goldman Sachs Japan	2.8
10	Tokai Tokyo Securities	1.8

## Japan Equity and Equity-linked\*2

Rank	Securities Firm	Share (%)
1	Nomura	28.6
2	Sumitomo Mitsui Financial Group	20.7
3	Daiwa Securities Group	18.0
4	Mizuho Financial Group	11.6
5	Mitsubishi UFJ Morgan Stanley	10.7
6	JP Morgan	3.4
7	SBI Holdings	3.1
8	BofA Securities	1.0
9	OKASAN Securities Group	0.7
10	Tokai Tokyo Financial Holdings	0.6

## M&amp;A Advisory / Based on Rank Value\*3

Rank	Financial Advisor	JPY billion
1	Mitsubishi UFJ Morgan Stanley	2,462
2	Nomura	1,895
3	Sumitomo Mitsui Financial Group	1,747
4	JP Morgan	1,648
5	UBS	1,536
6	BofA Securities	1,298
7	Deloitte	1,055
8	Mizuho Financial Group	1,022
9	Goldman Sachs & Co	952
10	Evercore Partners	888

\*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)

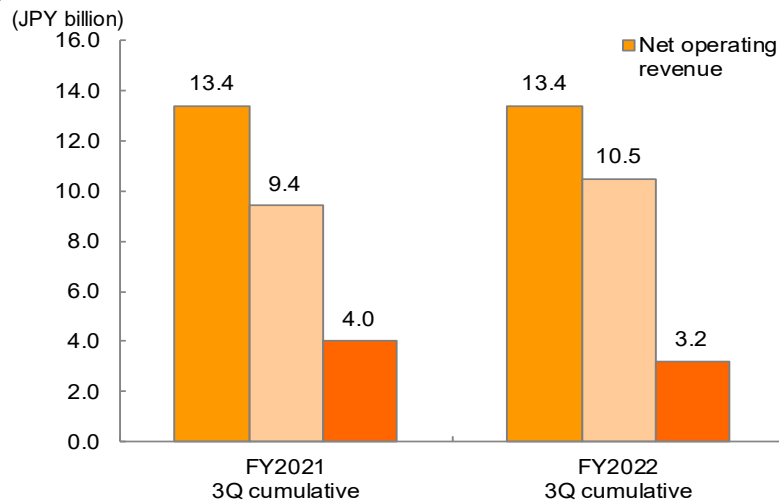
Mitsubishi UFJ Morgan Stanley includes domestic offerings of Japanese issuers underwritten by Morgan Stanley MUFG Securities as well as global offerings of Japanese issuers underwritten by Morgan Stanley. Based on underwriting amount

\*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.

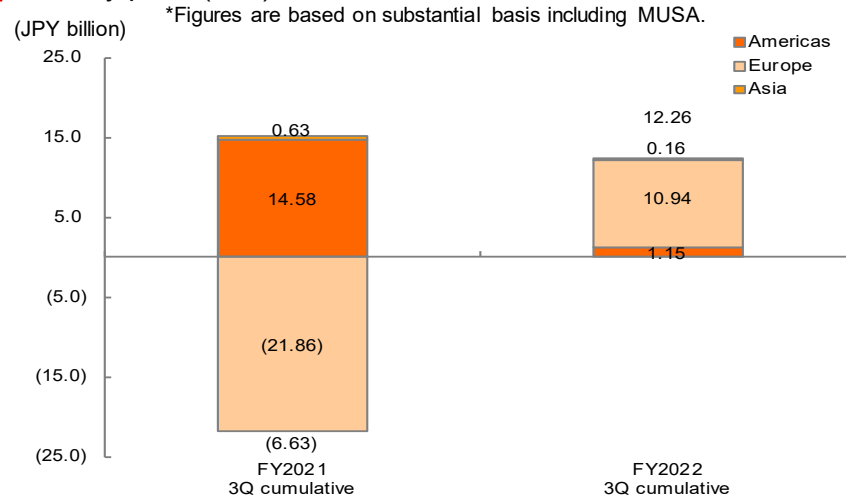
au Kabucom 3Q Performance Trends

Trends



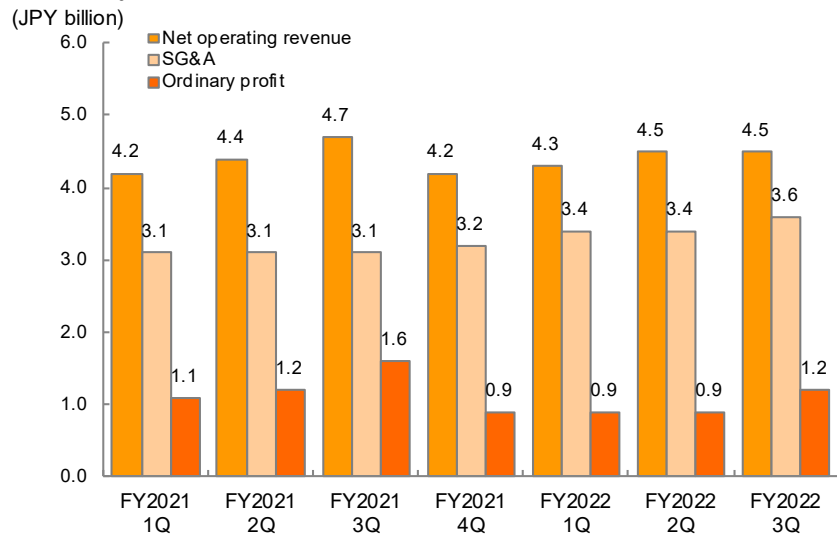
Overseas Business 3Q Performance Trends

Ordinary profit (loss) : Trends



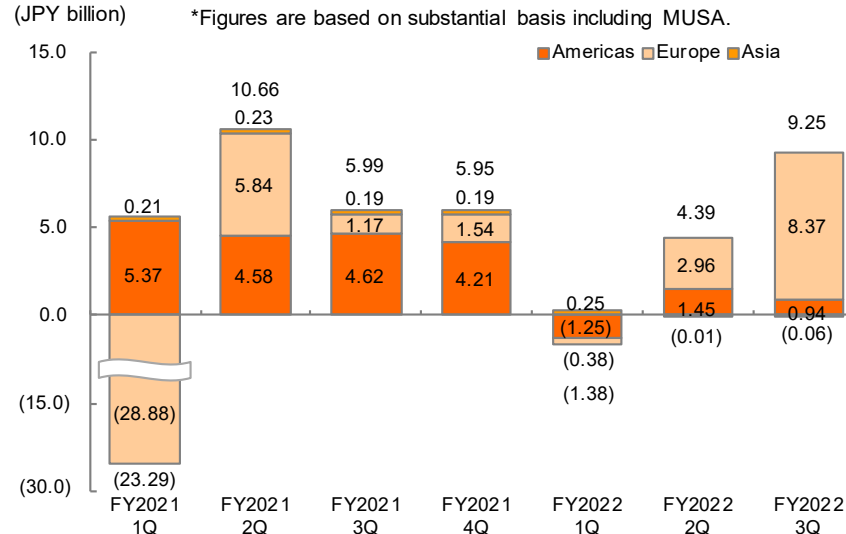
au Kabucom Quarterly Performance Trends

Quarterly Trends



Overseas Business Quarterly Performance Trends

Ordinary profit (loss) : Quarterly Trends

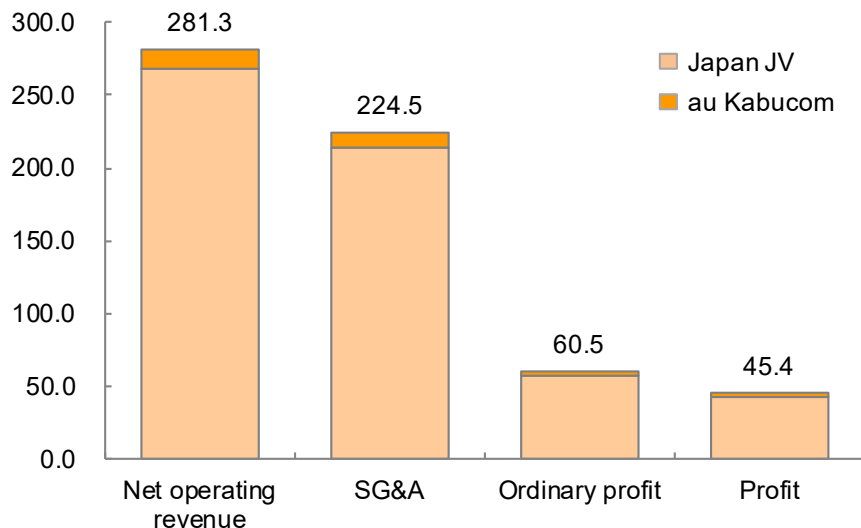


## Domestic Securities Companies' Performance

- Net operating revenue of the Domestic Securities Companies is over JPY 280 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 3Q (cumulative)

(JPY billion)



Simple sum of the figures for the Domestic Securities Companies (JPY billion)	FY 2022 3Q (cumulative)
<b>Net operating revenue</b>	<b>281.3</b>
Japan JV	267.8
MUMSS	185.7
Morgan Stanley MUFG Securities Co., Ltd. ("MSMS") *	82.1
au Kabucom Securities Co., Ltd. ("au Kabucom")	13.4
<b>SG &amp; A</b>	<b>224.5</b>
Japan JV	213.9
MUMSS	159.2
MSMS	54.7
au Kabucom	10.5
<b>Ordinary profit</b>	<b>60.5</b>
Japan JV	57.2
MUMSS	28.7
MSMS	28.5
au Kabucom	3.2
<b>Profit</b>	<b>45.4</b>
Japan JV	43.0
MUMSS	23.2
MSMS	19.8
au Kabucom	2.3

\* 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 3Q 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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