Mizuho Securities Canada Inc.

Statement of Financial Condition

September 30, 2023

(Unaudited)

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Contents

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(In Thousands of U.S. dollars, Except Share Data)

(Unaudited)

Assets		
Cash and cash equivalents	$	22,878
Receivables from broker dealers and clearing organizations		410
Other assets		30
Total Assets	$	23,318
Liabilities and Stockholder's Equity		
Liabilities		
Payables to affiliates	$	691
Accrued expenses and other liabilities		300
Total Liabilities		991
Stockholder's Equity		
Common stock and additional paid in capital:		
100 shares issued and outstanding ($1 per share)		19,891
Retained earnings		2,474
Accumulated other comprehensive income (loss)		(38)
Total Stockholder's Equity		22,327
Total Liabilities and Stockholder's Equity	$	23,318

The accompanying notes are an integral part of the Statement of Financial Condition

Mizuho Securities Canada Inc.

Notes to Statement of Financial Condition

(In Thousands of U.S. dollars)

(Unaudited)

1. Organization and Description of Business

Mizuho Securities Canada Inc. (the "Company") is a wholly-owned subsidiary of Mizuho Securities USA LLC ("MSUSA"). The Company participates in debt and equity underwritings in the Canadian marketplace. The Company's functional currency is the Canadian dollar ("CAD"). The Statement of Financial Condition is presented in U.S. dollars ("$" or "USD").

The Company is a corporation organized under the laws of British Columbia, Canada. The Company is also a registered broker-dealer with the Securities Exchange Commission ("SEC"), and is a member of the U.S Financial Industry Regulatory Authority ("FINRA") and the New Self-Regulatory Organization of Canada ("New SRO"), the Canadian national self-regulatory organization, and is subject to the rules and regulations of these organizations.

MSUSA is a U.S. limited liability company and is registered as a broker-dealer with the SEC and as a futures commission merchant with the U.S. Commodity Futures Trading Commission ("CFTC"). MSUSA is a wholly-owned subsidiary of Mizuho Americas LLC ("MHA"). MHA is a bank holding company, which is ultimately wholly-owned by Mizuho Financial Group, Inc. ("MHFG"). MHFG is a holding company listed on the Tokyo, Osaka, and New York Stock Exchanges that provides comprehensive financial services through its subsidiaries.

2. Summary of Significant Accounting Policies

Basis of presentation

The Statement of Financial Condition is presented in accordance with U.S. generally accepted accounting principles ("U.S. GAAP").

Use of estimates

The preparation of the Statement of Financial Condition in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the Statement of Financial Condition. Actual results could differ from those estimates.

2. Summary of Significant Accounting Policies (continued)

Cash and cash equivalents

The Company defines cash equivalents as highly-liquid investments with original maturities of three months or less at the time of purchase. The Company had no cash equivalents at September 30, 2023.

Fair value measurements

The Company reports certain assets and liabilities at fair value on the Statement of Financial Condition in accordance with ASC 820, *Fair Value Measurements and Disclosures* ("ASC 820"). The Company has made no elections under the "Fair Value Option" in accordance with ASC 825, *Financial Instruments* ("ASC 825"), which allows the Company to irrevocably elect fair value as the initial and subsequent measurement attribute for most financial assets and liabilities on an instrument-by-instrument basis.

Credit Losses

The Company accounts for estimated credit losses in accordance with ASC 326-20, *Financial Instruments – Credit Losses* ("ASC 326"). ASC 326 requires the Company to estimate expected credit losses on financial assets measured at amortized cost over the life of its financial assets and certain off-balance sheet exposures as of the reporting date based on relevant information about past events, current conditions, and reasonable and supportable forecasts.

Investment banking

Investment banking includes fees earned from debt and equity underwriting. The Company accounts for the fees earned from debt underwriting in accordance with ASC 606, *Revenue from Contracts with Customers* ("ASC 606"). The Company acts as an underwriter and earns revenue, which can include management fees, sales concessions, and underwriting fees. ASC 606 prescribes that fee revenue relating to underwriting commitments is recognized when all significant items relating to the underwriting cycle have been completed and the amount of the underwriting revenue has been determined. Generally, this would occur on trade date, when the deal is launched into the primary market. Investment banking revenues are presented gross of transaction related expenses and are recognized when the Company satisfies the performance obligations.

Investment banking fees receivable of $220 on September 30, 2023 is reported in receivables from broker dealers and clearing organizations on the Statement of Financial Condition.

2. Summary of Significant Accounting Policies (continued)

Income taxes

The Company accounts for income taxes in accordance with ASC 740, *Income Taxes* ("ASC 740"). ASC 740 prescribes the method to account for uncertainty in income tax positions taken or expected to be taken in a tax return by applying a "more likely than not" ("MLTN") criteria as to whether a tax position will be sustained upon examination, based on the technical merits of the position. Accordingly, the Company assesses this likelihood based on the facts, circumstances, and information available at the end of each period. A tax position that meets the MLTN recognition threshold is measured initially and subsequently as the largest amount of tax benefit that will likely be realized upon settlement with a taxing authority that has full knowledge of all the relevant information. The measurement of unrecognized tax benefits is adjusted when new information is available, or when an event occurs that requires a change. Deferred tax expenses or benefits are recognized in the Statement of Financial Condition at amounts expected to be realized for the changes in deferred tax liabilities ("DTLs") or assets ("DTAs") between years. The Company recognizes the current and deferred tax consequences of all transactions in the Statement of Financial Condition using the provisions of the currently enacted tax laws.

Foreign exchange

Assets and liabilities denominated in non-CAD currencies are revalued into CAD equivalents using the spot foreign exchange rates at the date of the Statement of Financial Condition.

For the purposes of preparing the Statement of Financial Condition, the Company translates its balances into USD in accordance with the rules prescribed in ASC 830, *Foreign Currency Matters.*

3. Related Party Transactions

In the normal course of business, the Company enters into transactions with affiliated companies for shared personnel and outsourced management services.

MSUSA and Mizuho Bank Ltd. Canada Branch ("MHBK Canada Branch") provide managerial and support services to the Company and charge fees pursuant to Service Level Agreements, which are recorded in payables to affiliates on the Statement of Financial Condition.

4. Income Taxes

The Company files U.S. Federal, state, local and Canadian income tax returns.

The difference between the Canadian tax rate and the effective tax rate is due to a full valuation allowance on the benefit from Canadian taxes partially offset by taxes paid in the US at the federal rate of 21%.

Deferred income taxes reflect the net tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes. The Company has a valuation allowance of $159, a decrease of $5 from March 31, 2023, which fully offsets the DTA as the Company believes it is more likely than not that the DTA will not be realized.

The Company had no unrecognized tax benefits at September 30, 2023. As of September 30, 2023, management does not believe that there were any positions for which it is reasonably possible that the total amount of unrecognized tax benefits will significantly change within the next 12 months. The Company's income tax returns beginning with tax year ended March 31, 2020 remain subject to examination by the Internal Revenue Service for U.S. federal tax purposes. The Company's income tax returns beginning with tax year ended March 31, 2021 remain subject to examination by and the Canada Revenue Agency for Canadian tax purposes. The Company's income tax returns beginning with tax year ended March 31, 2019 remain subject to examination by the state and local tax authorities.

5. Risk Management

Risk is an inherent part of the Company's business and activities. The Company has established risk management policies and procedures to measure and monitor each of the various types of significant risks involved in its underwriting business. The Company's ability to properly and effectively identify, assess, monitor, and manage its risk is critical to the overall execution of the Company's strategy and its profitability.

Risk management at the Company requires independent Company-level oversight. Effective risk practices are carried out through constant communication, exercise of professional judgement, and knowledge of specialized products and markets. The Company's senior management takes an active role in the identification, assessment, and management of risks at the Company level.

5. Risk Management (continued)

Market Risk – Market risk is the potential loss the Company may incur as a result of changes in the market value of a particular instrument. For the year ended September 30, 2023, the company had no exposure to market risk. The Company does not take inventory risk on its balance sheet; hence market risk does not arise.

Liquidity Risk – Liquidity risk is the risk that an institution's financial condition or overall safety and soundness is adversely affected by the inability, or perceived inability, to meet its contractual, including contingent obligations. For the year ended September 30, 2023, the company had no exposure to liquidity risk. The Company does not take any positions that incur funding risk either on or off-balance sheet.

Credit Risk – Credit risk is the risk of loss resulting from a counterparty's failure to meet its obligations. The Company is engaged in underwriting activities with counterparties primarily in the financial services industry. In the event counterparties do not fulfill their obligations, the Company may be exposed to risk of loss. The risk of default mainly depends on the creditworthiness of the counterparty or issuer of the instrument. There was no credit risk that had a material impact on the Company's Statement of Financial Condition.

Operational Risk – Operational risk is the risk of loss, whether direct or indirect, to which the Company is exposed due to inadequate or failed internal processes or systems, human error or misconduct, or external events. Operational risk includes legal and regulatory risk, business process and change risk, fiduciary or disclosure breaches, technology failure, cybersecurity, financial crime, and environmental risk, but excludes strategic and reputational risk. Operational risk, in some form exists in each of the Company's business and support activities, and can result in financial loss, regulatory sanctions and damage to the Company's reputation. There was no operational risk that had a material impact on the Company's Statement of Financial Condition.

6. Commitments and Contingencies

Underwriting Commitments

In the normal course of business, the Company enters into underwriting commitments. There were no open commitments on September 30, 2023.

Litigation

In accordance with the provisions of ASC 450, *Contingencies* ("ASC 450"), the Company accrues for a litigation-related liability when the assessed likelihood of realizing a future loss is probable and the amount of loss can be reasonably estimated. In applying these principles, the information available may indicate that the estimated amount of loss is within a range of amounts. When an amount within a range of loss is identified as the most likely result within the range, that amount is accrued by the Company. It is the opinion of management, after consultation with counsel, that there are no matters pending against the Company that could have a material adverse effect on the Company's financial condition.

7. Regulatory Requirements

As a broker-dealer, the Company is subject to the SEC's Uniform Net Capital Rule 15c3-1 of the Securities Exchange Act of 1934 ("Rule 15c3-1"), which requires the maintenance of minimum net capital in accordance with a formula set forth therein. The Company is required to maintain net capital, as defined, at the greater of $100 or 6-2/3% of aggregate indebtedness under the Securities Exchange Act of 1934. On September 30, 2023, the Company had net capital of $20,499, which was $20,399 in excess of its $100 requirement. The Company had no obligations under Rule 15c3-3 of the Securities Exchange Act of 1934 on September 30, 2023.

8. Subsequent Events

Under the provisions of ASC 855, *Subsequent Events* ("ASC 855"), companies are required to evaluate events and transactions that occur after the balance sheet date but before the date the Statement of Financial Condition is issued, or available to be issued in the case of non-public entities. As such, the Company is required to evaluate and recognize in the Statement of Financial Condition the effect of all events or transactions that provide additional evidence of conditions that existed at the balance sheet date, including estimates inherent in the Statement of Financial Condition's preparation.

The Company evaluated events subsequent to September 30, 2023 through November 30, 2023, the date on which the Statement of Financial Condition was available to be issued. There were no material recognizable or non-recognizable subsequent events during this period.