

January 29, 2021



Summary of Consolidated Financial Statements for the Nine Months Ended December 31, 2020 Under Japanese GAAP

Company's name: **Mizuho Securities Co., Ltd.**

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Preparation of supplemental explanatory documents: Yes

Holding of quarterly presentation meeting: No

1. Consolidated Financial Results for the Nine Months Ended December 31, 2020 (April 1, 2020 to December 31, 2020)

(Amounts are rounded down to the nearest millions of yen)

(1) Consolidated operating results

(Percentage figures represent year-on-year changes)

	Operating revenues		Net operating revenues		Operating income		Ordinary income	
Nine months ended	millions of yen	%	millions of yen	%	millions of yen	%	millions of yen	%
December 31, 2020	314,710	9.0	267,602	24.8	68,781	190.0	68,758	166.6
December 31, 2019	288,623	(1.5)	214,363	(4.7)	23,718	(13.5)	25,787	(8.3)

(Note) Comprehensive income: December 31, 2020 68,471 million yen (220.5%)
December 31, 2019 21,362 million yen (89.1%)

	Net income attributable to owners of parent		Net income per share	Net income per share
Nine months ended	millions of yen	%	Yen	Yen
December 31, 2020	61,018	201.5	30.28	—
December 31, 2019	20,235	(14.7)	10.04	—

(2) Consolidated financial positions

	Total assets	Net assets	Equity ratio
	millions of yen	millions of yen	%
December 31, 2020	16,883,978	954,177	5.6
March 31, 2020	17,642,714	895,187	5.1

Reference: Equity (i.e. "Shareholders' equity" and "Accumulated other comprehensive income"):

December 31, 2020 952,498 million yen
March 31, 2020 890,983 million yen

2. Notes

- (1) Changes in significant subsidiaries (changes in specified subsidiaries accompanying changes in the scope of consolidation) during the period: None
- (2) Application of specific accounting methods in the preparation of quarterly consolidated financial statements: None
- (3) Changes in accounting policies, estimates and restatements:
 - 1) Changes in accounting policies in accordance with revisions of accounting standards: None
 - 2) Changes other than 1) above: Yes
 - 3) Changes in accounting estimates: None
 - 4) Restatements: None

Note: For more information, please refer to "1. Matters Related to Summary Information (Notes) Changes in accounting policies, estimates and restatement" on page 2 of the appendix.

(4) Number of outstanding shares (common stock)

1) Number of shares issued at end of the period (including treasury stock):

December 31, 2020:	2,015,102,652 shares
March 31, 2020:	2,015,102,652 shares

2) Number of treasury stock at end of the period:

December 31, 2020:	- shares
March 31, 2020:	- shares

3) Average number of outstanding shares for the nine months:

Nine Months Ended December 31, 2020	2,015,102,652 shares
Nine Months Ended December 31, 2019	2,015,102,652 shares

* Other important matters

Not applicable

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1. Matters Related to Summary information (Notes)

Changes in accounting policies, estimates, and restatements

(Changes in accounting policies)

Mizuho Securities Co., Ltd. (hereinafter, the "Company") has applied "Accounting Standard for Fair Value Measurement" (ASBJ Statement No.30, July 4, 2019; hereinafter, "Fair Value Accounting Standards") and others from the beginning of the first quarter ended June 30, 2020.

In accordance with the transitional treatment set forth in Article 19 of Fair Value Accounting Standards and Article 44-2 of "Accounting Standard for Financial Instruments" (ASBJ Statement No.10, July 4, 2019), the Company has applied prospectively a new accounting policy prescribed by Fair Value Accounting Standards and others.

This has no effect on the quarterly consolidated financial statements.

2. Quarterly Consolidated Financial Statements

(1) Quarterly Consolidated Balance Sheets

(Millions of yen)

	As of March 31, 2020	As of December 31, 2020
Assets		
Current assets		
Cash and bank deposits	690,952	525,395
Cash segregated as deposits for customers and others	394,097	477,140
Trading assets	9,237,670	8,380,658
Trading securities and others	3,022,488	3,534,406
Loans receivable	—	2,198
Derivatives	6,215,182	4,844,053
Operating investment securities	71,007	74,442
Operating loans receivable	8,360	8,636
Receivables related to margin transactions	22,055	28,960
Loans receivable under margin transactions	20,172	22,269
Cash collateral for borrowed securities under margin transactions	1,883	6,690
Collateralized short-term financing agreements - receivable	6,271,788	6,550,545
Deposits paid for securities borrowed	2,131,439	1,864,039
Securities purchased under agreements to resell	4,140,349	4,686,506
Advances paid	1,421	1,662
Securities: fail to deliver	96,388	7,161
Short-term loans receivable	180	136
Securities	106	180
Other current assets	633,598	605,827
Less: Allowance for doubtful accounts	(14)	(17)
Total current assets	17,427,614	16,660,732
Noncurrent assets		
Property and equipment	29,195	27,003
Intangible assets	90,141	88,243
Investments and other assets	95,762	107,999
Investment securities	47,424	62,652
Long-term guarantee deposits	11,690	11,712
Net defined benefit asset	23,299	24,519
Deferred tax assets	6,281	3,554
Other	10,504	8,966
Less: Allowance for doubtful accounts	(3,436)	(3,406)
Total noncurrent assets	215,099	223,245
Total assets	17,642,714	16,883,978

(Millions of yen)

As of March 31, 2020 As of December 31, 2020

	As of March 31, 2020	As of December 31, 2020
Liabilities		
Current liabilities		
Trading liabilities	7,660,089	6,240,523
Trading securities and others	1,712,066	1,798,742
Derivatives	5,948,022	4,441,781
Payables - unsettled trades	27,941	150,863
Payables related to margin transactions	47,395	41,022
Borrowings on margin transactions	7,427	3,045
Cash collateral for loaned securities under margin transactions	39,968	37,976
Collateralized short-term financing agreements - payable	5,410,004	5,976,147
Deposits received for securities loaned	790,145	679,867
Securities sold under agreements to repurchase	4,619,858	5,296,279
Deposits received	350,259	524,280
Guarantee deposits received	413,931	466,179
Securities: fail to receive	82,308	7,742
Short-term borrowings	1,183,544	900,477
Commercial paper	319,000	334,500
Bonds and notes due within one year	202,359	220,672
Income taxes payable	3,143	5,898
Accrued employees' bonuses	22,255	25,069
Provision for variable compensation	816	591
Provision for bonus point redemption	487	—
Other current liabilities	147,623	226,335
Total current liabilities	15,871,160	15,120,305
Noncurrent liabilities		
Bonds and notes	710,635	639,357
Long-term borrowings	135,600	139,400
Lease obligations	3,279	2,856
Deferred tax liabilities	26	78
Provision for directors' retirement benefits	65	70
Provision for executive officers' retirement benefits	92	70
Net defined benefit liability	20,631	21,627
Other noncurrent liabilities	3,524	3,528
Total noncurrent liabilities	873,856	806,989
Statutory reserves		
Reserve for financial instruments transaction liabilities	2,509	2,506
Total statutory reserves	2,509	2,506
Total liabilities	16,747,526	15,929,801

(Millions of yen)

As of March 31, 2020 As of December 31, 2020

Net assets

Shareholders' equity		
Common stock	125,167	125,167
Capital surplus	358,414	358,414
Retained earnings	460,906	514,358
Total shareholders' equity	<u>944,488</u>	<u>997,940</u>
Accumulated other comprehensive income (loss)		
Net unrealized gains on (operating) investment securities, net of tax, etc.	19,511	25,150
Foreign currency translation adjustments	(72,854)	(70,562)
Remeasurement of defined benefit plans	(161)	(29)
Total accumulated other comprehensive income (loss)	<u>(53,504)</u>	<u>(45,441)</u>
Non-controlling interests	<u>4,203</u>	<u>1,678</u>
Total net assets	<u>895,187</u>	<u>954,177</u>
Total liabilities and net assets	<u>17,642,714</u>	<u>16,883,978</u>

(2) Quarterly Consolidated Statements of Income and Comprehensive IncomeQuarterly Consolidated Statements of Income
For the nine months ended December 31, 2019 and 2020

(Millions of yen)

	Nine months ended December 31, 2019	Nine months ended December 31, 2020
Operating revenues		
Commissions	120,291	145,760
Brokerage commissions	21,241	24,958
Underwriting and selling fees, and commissions from solicitation to qualifying investors	27,762	32,872
Offering, selling, and other commissions and fees, and commissions from solicitation to qualifying investors	30,603	40,848
Other commissions and fees	40,684	47,081
Net gain on trading	83,935	103,841
Net gain on operating investment securities	3,754	3,019
Interest and dividend income	80,642	62,089
Total operating revenues	288,623	314,710
Interest expenses	74,260	47,108
Net operating revenues	214,363	267,602
Selling, general and administrative expenses	190,644	198,821
Transaction-related expenses	32,774	32,568
Personnel expenses	87,137	94,971
Real estate expenses	22,346	20,132
Administrative expenses	19,758	22,664
Depreciation and amortization	22,530	21,449
Taxes and dues	3,772	4,479
Provision of allowance for doubtful accounts	(1,063)	(25)
Other	3,387	2,579
Operating income	23,718	68,781
Non-operating income	3,132	1,278
Non-operating expenses	1,064	1,301
Ordinary income	25,787	68,758
Extraordinary gain	537	5,134
Gain on sales of noncurrent assets	23	1
Gain on sales of investment securities	513	5,129
Reversal of reserve for financial instruments transaction liabilities	0	3
Extraordinary loss	561	2,038
Loss on sales of noncurrent assets	—	38
Loss on disposal of noncurrent assets	147	183
Loss on sales of investment securities	109	—
Loss on sales of shares of subsidiaries and affiliates	144	—
Loss on impairment of investment securities	0	—
Loss on liquidation of subsidiaries and affiliates	46	—
Loss on impairment of golf club membership	—	7
Impairment losses	—	630
Loss due to transition to a defined contribution pension plan	—	33
Merger expenses	—	58
Head office transfer cost	104	195
Loss on liquidation of business	10	—
Loss related to novel coronavirus disease	—	630
Loss related to liquidation of subsidiaries and affiliates	—	260
Income before income taxes and non-controlling interests	25,763	71,854
Income taxes - current	3,682	10,467
Income taxes - deferred	1,354	171
Total income taxes	5,037	10,639
Net income	20,725	61,214
Net income attributable to non-controlling interests	490	196
Net income attributable to owners of parent	20,235	61,018

Quarterly Consolidated Statements of Comprehensive Income
For the nine months ended December 31, 2019 and 2020

(Millions of yen)

	Nine months ended December 31, 2019	Nine months ended December 31, 2020
Net income	20,725	61,214
Other comprehensive income		
Net unrealized gains on (operating) investment securities, net of tax, etc.	3,069	5,639
Foreign currency translation adjustments	(1,993)	1,484
Remeasurement of defined benefit plans	(409)	55
Share in other comprehensive income of affiliates accounted for using equity method	(29)	76
Total other comprehensive income	636	7,256
Comprehensive income	21,362	68,471
(Breakdown)		
Attributable to:		
Owners of parent	21,184	69,081
Non-controlling interests	178	(610)

(3) Note on the going-concern assumption

Not applicable

(4) Note on material changes in shareholders' equity

Not applicable

3. Supplemental Information**(1) Commissions**

1) Breakdown by items

(Millions of yen)

	Nine months ended December 31, 2019	Nine months ended December 31, 2020	Increase/(Decrease)	
			Amount	Percentage (%)
Brokerage commissions	21,241	24,958	3,717	17.5
Equities	20,280	23,735	3,455	17.0
Bonds	661	804	143	21.7
Underwriting and selling fees, and commissions from solicitation to qualifying investors	27,762	32,872	5,109	18.4
Equities	7,857	13,056	5,198	66.2
Bonds	19,669	19,426	(243)	(1.2)
Offering, selling, and other commissions and fees, and commissions from solicitation to qualifying investors	30,603	40,848	10,244	33.5
Other commissions and fees	40,684	47,081	6,397	15.7
Total	120,291	145,760	25,468	21.2

2) Breakdown by instruments

(Millions of yen)

	Nine months ended December 31, 2019	Nine months ended December 31, 2020	Increase/(Decrease)	
			Amount	Percentage (%)
Equities	31,523	44,435	12,911	41.0
Bonds	32,709	31,526	(1,182)	(3.6)
Beneficiary certificates	33,283	46,758	13,475	40.5
Others	22,775	23,040	264	1.2
Total	120,291	145,760	25,468	21.2

(2) Net gain on trading

(Millions of yen)

	Nine months ended December 31, 2019	Nine months ended December 31, 2020	Increase/(Decrease)	
			Amount	Percentage (%)
Equities, etc.	29,302	48,002	18,699	63.8
Bonds, etc. and others	54,632	55,838	1,206	2.2
Total	83,935	103,841	19,906	23.7

(3) Capital adequacy requirement ratio**1) Consolidated base**

(Millions of yen)

		As of March 31, 2020	As of December 31, 2020
Basic items (A)		868,281	929,056
Supplemental items	Net unrealized gains on (operating) investment securities, net of tax, etc.	19,349	25,120
	Reserve for financial instruments transaction liabilities, etc.	2,509	2,506
	Allowance for doubtful accounts	11	16
	Subordinated short-term borrowings	90,000	90,000
Total (B)		111,871	117,643
Deducted assets (C)		210,790	218,403
Equity after deduction (A) + (B) - (C) (D)		769,361	828,296
Amount equivalent to risk	Amount equivalent to market risk	145,058	149,129
	Amount equivalent to counterparty risk	53,220	66,930
	Amount equivalent to fundamental risk	70,595	69,132
	Total (E)	268,874	285,191
Consolidated capital adequacy requirement ratio (D)/(E) * 100		286.1%	290.4%

2) Non-consolidated base

(Millions of yen)

		As of March 31, 2020	As of December 31, 2020
Basic items (A)		870,521	931,994
Supplemental items	Net unrealized gains on (operating) investment securities, net of tax, etc.	10,312	15,569
	Reserve for financial instruments transaction liabilities, etc.	2,509	2,506
	Allowance for doubtful accounts	5	10
	Subordinated short-term borrowings	90,000	90,000
Total (B)		102,827	108,085
Deducted assets (C)		358,404	376,700
Equity after deduction (A) + (B) - (C) (D)		614,943	663,379
Amount equivalent to risk	Amount equivalent to market risk	99,942	106,270
	Amount equivalent to counterparty risk	41,676	51,742
	Amount equivalent to fundamental risk	66,966	69,215
	Total (E)	208,584	227,229
Capital adequacy requirement ratio (D)/(E) * 100		294.8%	291.9%

(4) Quarterly Consolidated Statements of Income

(Millions of yen)

	Third quarter ended December 2019	Fourth quarter ended March 2020	First quarter ended June 2020	Second quarter ended September 2020	Third quarter ended December 2020
	Oct. 1, 2019 - Dec. 31, 2019	Jan. 1, 2020 - Mar. 31, 2020	Apr. 1, 2020 - Jun. 30, 2020	Jul. 1, 2020 - Sep. 30, 2020	Oct. 1, 2020 - Dec. 31, 2020
Operating revenues	98,244	93,151	94,762	106,477	113,469
Commissions	41,182	41,325	42,432	47,124	56,203
Brokerage commissions	7,514	8,572	8,336	7,434	9,186
Equities	7,223	8,019	7,877	7,040	8,817
Bonds	208	337	244	292	267
Underwriting and selling fees, and commissions from solicitation to qualifying investors	8,196	6,390	4,908	12,176	15,787
Equities	2,663	3,001	414	4,833	7,808
Bonds	5,428	2,950	4,471	7,015	7,939
Offering, selling, and other commissions and fees, and commissions from solicitation to qualifying investors	10,873	9,545	12,626	14,010	14,210
Other commissions and fees	14,598	16,816	16,560	13,502	17,018
Net gain on trading	30,278	24,554	32,639	31,699	39,503
Equities, etc.	13,682	10,914	12,111	15,888	20,002
Bonds, etc. and others	16,595	13,639	20,528	15,810	19,500
Net gain (loss) on operating investment	498	(481)	1,358	17	1,643
Interest and dividend income	26,285	27,753	18,332	27,637	16,119
Interest expenses	22,320	25,429	14,299	21,726	11,082
Net operating revenues	75,924	67,722	80,463	84,751	102,387
Selling, general and administrative expenses	65,806	62,204	61,230	65,492	72,098
Transaction-related expenses	11,138	10,220	9,322	10,618	12,627
Personnel expenses	30,001	27,651	28,645	31,448	34,877
Real estate expenses	7,649	7,501	6,558	6,649	6,925
Administrative expenses	6,554	7,799	7,423	7,481	7,760
Depreciation and amortization	8,057	7,154	7,064	7,322	7,062
Taxes and dues	1,347	916	1,260	1,283	1,935
Other	1,057	962	954	688	910
Operating income	10,117	5,517	19,233	19,259	30,288
Non-operating income	1,557	903	931	353	(6)
Non-operating expenses	(22)	949	471	346	483
Ordinary income	11,697	5,471	19,694	19,265	29,798
Extraordinary gain	352	120	5	11	5,117
Extraordinary loss	304	2,174	733	1,046	259
Income before income taxes and non- controlling interests	11,744	3,417	18,966	18,231	34,656
Income taxes - current	2,412	549	897	2,451	7,119
Income taxes - deferred	(1,184)	1,087	3,504	(60)	(3,271)
Net income	10,517	1,780	14,565	15,840	30,809
Net income (loss) attributable to non- controlling interests	666	586	100	65	30
Net income attributable to owners of parent	9,851	1,193	14,464	15,774	30,779

4. (Reference) Quarterly Non-consolidated Financial Statements

(1) (Reference) Quarterly Non-consolidated Balance Sheets

(Millions of yen)

	As of March 31, 2020	As of December 31, 2020
Assets		
Current assets		
Cash and bank deposits	533,288	356,982
Cash segregated as deposits for customers and others	387,043	470,715
Trading assets	6,461,814	6,450,728
Trading securities and others	2,366,879	2,942,808
Derivatives	4,094,934	3,507,919
Operating investment securities	33,430	34,105
Receivables related to margin transactions	22,055	28,960
Loans receivable under margin transactions	20,172	22,269
Cash collateral for borrowed securities under margin transactions	1,883	6,690
Collateralized short-term financing agreements - receivable	4,296,231	3,947,435
Deposits paid for securities borrowed	2,131,439	1,864,039
Securities purchased under agreements to resell	2,164,792	2,083,395
Advances paid	579	1,153
Securities: fail to deliver	12,971	7,969
Short-term loans receivable	37,298	36,004
Other current assets	595,830	519,628
Less: Allowance for doubtful accounts	(7)	(10)
Total current assets	12,380,536	11,853,671
Noncurrent assets		
Property and equipment	11,196	19,651
Intangible assets	61,637	62,618
Investments and other assets	302,584	312,023
Investment securities	237,673	242,573
Long-term guarantee deposits	10,572	11,167
Prepaid pension cost	21,275	22,468
Deferred tax assets	18,739	15,711
Other	18,308	23,508
Less: Allowance for doubtful accounts	(3,435)	(3,406)
Less: Allowance for possible losses on securities	(548)	—
Total noncurrent assets	375,419	394,293
Total assets	12,755,956	12,247,964

(Millions of yen)

As of March 31, 2020 As of December 31, 2020

	As of March 31, 2020	As of December 31, 2020
Liabilities		
Current liabilities		
Trading liabilities	5,032,193	4,512,884
Trading securities and others	1,197,319	1,411,593
Derivatives	3,834,873	3,101,291
Payables - unsettled trades	61,668	126,069
Payables related to margin transactions	47,395	41,022
Borrowings on margin transactions	7,427	3,045
Cash collateral for loaned securities under margin transactions	39,968	37,976
Collateralized short-term financing agreements - payable	3,660,235	3,562,666
Deposits received for securities loaned	790,395	680,083
Securities sold under agreements to repurchase	2,869,840	2,882,582
Deposits received	350,409	524,025
Guarantee deposits received	370,607	408,133
Securities: fail to receive	2,029	354
Short-term borrowings	1,035,215	851,142
Commercial paper	319,000	334,500
Bonds and notes due within one year	137,358	147,772
Income taxes payable	3,022	5,095
Accrued employees' bonuses	13,531	16,001
Provision for variable compensation	816	591
Provision for bonus point redemption	487	—
Other current liabilities	53,465	32,794
Total current liabilities	<u>11,087,436</u>	<u>10,563,052</u>
Noncurrent liabilities		
Bonds and notes	620,079	571,516
Long-term borrowings	135,600	139,400
Provision for retirement benefits	19,828	20,920
Other noncurrent liabilities	2,111	3,005
Total noncurrent liabilities	<u>777,618</u>	<u>734,842</u>
Statutory reserves		
Reserve for financial instruments transaction liabilities	2,509	2,506
Total statutory reserves	<u>2,509</u>	<u>2,506</u>
Total liabilities	<u>11,867,565</u>	<u>11,300,401</u>
Net assets		
Shareholders' equity		
Common stock	125,167	125,167
Capital surplus	381,649	381,649
Retained earnings	371,261	425,177
Total shareholders' equity	<u>878,078</u>	<u>931,994</u>
Valuation and translation adjustments		
Net unrealized gains on (operating) investment securities, net of tax, etc.	20,066	25,328
Net deferred gains or losses on hedges, net of tax	(9,754)	(9,758)
Total valuation and translation adjustments	<u>10,312</u>	<u>15,569</u>
Total net assets	<u>888,390</u>	<u>947,563</u>
Total liabilities and net assets	<u>12,755,956</u>	<u>12,247,964</u>

(2) (Reference) Quarterly Non-consolidated Statements of Income

For the nine months ended December 31, 2019 and 2020

(Millions of yen)

	Nine months ended December 31, 2019	Nine months ended December 31, 2020
Operating revenues		
Commissions	109,757	132,423
Net gain on trading	80,725	104,110
Net gain on operating investment securities	2,549	1,071
Interest and dividend income	66,268	52,844
Total operating revenues	259,301	290,450
Interest expenses	60,509	40,050
Net operating revenues	198,792	250,400
Selling, general and administrative expenses	175,634	192,908
Transaction-related expenses	42,853	52,755
Personnel expenses	62,847	73,266
Real estate expenses	17,751	15,938
Administrative expenses	31,885	29,581
Depreciation and amortization	14,505	15,199
Taxes and dues	3,589	4,363
Provision of allowance for doubtful accounts	(12)	(25)
Other	2,214	1,829
Operating income	23,157	57,491
Non-operating income	4,121	3,559
Non-operating expenses	121	170
Ordinary income	27,158	60,880
Extraordinary gain	944	12,049
Gain on sales of noncurrent assets	23	—
Gain on sales of investment securities	518	5,396
Gain on sales of shares of subsidiaries and affiliates	402	—
Gain on extinguishment of tie-in shares	—	6,649
Reversal of reserve for financial instruments transaction liabilities	0	3
Extraordinary loss	559	1,844
Loss on sales of noncurrent assets	—	38
Loss on disposal of noncurrent assets	139	182
Loss on sales of investment securities	17	—
Loss on impairment of investment securities	0	0
Loss on liquidation of subsidiaries and affiliates	151	—
Loss on impairment of golf club membership	—	7
Impairment losses	—	630
Loss due to transition to a defined contribution pension plan	—	33
Merger expenses	—	58
Head office transfer cost	104	195
Loss on liquidation of business	10	—
Loss related to novel coronavirus disease	—	630
Provision of allowance for possible losses on securities	135	68
Income before income taxes	27,543	71,085
Income taxes - current	3,473	8,995
Income taxes - deferred	1,411	616
Total income taxes	4,885	9,612
Net income	22,658	61,472