

April 28, 2021



Summary of Consolidated Financial Statements for the Fiscal Year Ended March 31, 2021 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 Fiscal Year Ended March 31, 2021 (April 1, 2020 to March 31, 2021)

(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	
Year ended	millions of yen	%	millions of yen	%	millions of yen	%	millions of yen	%
March 31, 2021	441,020	15.5	373,648	32.5	95,923	228.1	97,882	213.1
March 31, 2020	381,775	0.1	282,085	(0.6)	29,236	37.8	31,258	37.4

(Note) Comprehensive income: March 31, 2021 102,607 million yen (1268.2%)
March 31, 2020 7,499 million yen (—%)

	Net income attributable to owners of parent		Net income per share	Net income per share - fully diluted	Return on Equity
Year ended	millions of yen	%	Yen	Yen	%
March 31, 2021	75,553	252.6	37.49	—	8.1
March 31, 2020	21,428	389.5	10.63	—	2.4

Reference: Equity in net earnings of affiliated companies: March 31, 2021 (1,980) million yen
March 31, 2020 260 million yen

(2) Consolidated financial positions

	Total assets	Net assets	Equity ratio	Net assets per share
	millions of yen	millions of yen	%	Yen
March 31, 2021	17,003,639	987,625	5.8	488.41
March 31, 2020	17,642,714	895,187	5.1	442.15

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

March 31, 2021 984,213 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) 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 "6. Changes in accounting policies" on page 11 of the appendix.

(3) Number of outstanding shares (common stock)

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

March 31, 2021:	2,015,102,652 shares
March 31, 2020:	2,015,102,652 shares

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

March 31, 2021:	- shares
March 31, 2020:	- shares

3) Average number of outstanding shares for the period:

March 31, 2021:	2,015,102,652 shares
March 31, 2020:	2,015,102,652 shares

* Note on the status of audit procedures

This summary of financial statements is not subject to certified public accountant's or audit firm's audits.

* Other important matters

Not applicable

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I . Consolidated Financial Statements

1. Consolidated Balance Sheets

(Millions of yen)

	As of March 31, 2020	As of March 31, 2021
Assets		
Current assets		
Cash and bank deposits	690,952	475,366
Cash segregated as deposits for customers and others	394,097	560,001
Trading assets	9,237,670	8,059,254
Trading securities and others	3,022,488	3,414,981
Loans receivable	—	581
Derivatives	6,215,182	4,643,690
Operating investment securities	71,007	74,479
Operating loans receivable	8,360	10,052
Receivables related to margin transactions	22,055	32,553
Loans receivable under margin transactions	20,172	28,105
Cash collateral for borrowed securities under margin transactions	1,883	4,448
Collateralized short-term financing agreements - receivable	6,271,788	6,975,856
Deposits paid for securities borrowed	2,131,439	2,597,115
Securities purchased under agreements to resell	4,140,349	4,378,741
Advances paid	1,421	894
Securities: fail to deliver	96,388	26,089
Short-term loans receivable	180	154
Securities	106	246
Other current assets	633,598	554,556
Less: Allowance for doubtful accounts	(14)	(254)
Total current assets	17,427,614	16,769,253
Noncurrent assets		
Property and equipment	29,195	27,518
Buildings	9,790	9,276
Equipment	8,689	7,893
Land	7,727	7,669
Leased assets	2,987	2,679
Intangible assets	90,141	92,047
Software	69,903	75,006
Customer related assets	19,734	16,540
Other	504	501
Investments and other assets	95,762	114,819
Investment securities	47,424	59,257
Long-term loans receivable	49	—
Long-term guarantee deposits	11,690	12,255
Net defined benefit asset	23,299	33,017
Deferred tax assets	6,281	5,084
Other	10,455	8,642
Less: Allowance for doubtful accounts	(3,436)	(3,437)
Total noncurrent assets	215,099	234,386
Total assets	17,642,714	17,003,639

(Millions of yen)

	As of March 31, 2020	As of March 31, 2021
Liabilities		
Current liabilities		
Trading liabilities	7,660,089	6,415,839
Trading securities and others	1,712,066	2,134,593
Derivatives	5,948,022	4,281,245
Payables - unsettled trades	27,941	253,015
Payables related to margin transactions	47,395	39,793
Borrowings on margin transactions	7,427	6,383
Cash collateral for loaned securities under margin transactions	39,968	33,409
Collateralized short-term financing agreements - payable	5,410,004	5,758,131
Deposits received for securities loaned	790,145	878,678
Securities sold under agreements to repurchase	4,619,858	4,879,453
Deposits received	350,259	444,531
Guarantee deposits received	413,931	478,441
Securities: fail to receive	82,308	21,168
Short-term borrowings	1,183,544	848,146
Commercial paper	319,000	423,500
Bonds and notes due within one year	202,359	206,586
Income taxes payable	3,143	11,982
Accrued employees' bonuses	22,255	36,919
Provision for variable compensation	816	788
Provision for bonus point redemption	487	—
Other current liabilities	147,623	203,615
Total current liabilities	15,871,160	15,142,461
Noncurrent liabilities		
Bonds and notes	710,635	687,110
Long-term borrowings	135,600	150,400
Lease obligations	3,279	2,928
Deferred tax liabilities	26	39
Provision for directors' retirement benefits	65	78
Provision for executive officers' retirement benefits	92	77
Net defined benefit liability	20,631	21,870
Provision for loss on head office transfer	—	4,194
Other noncurrent liabilities	3,524	3,717
Total noncurrent liabilities	873,856	870,416
Statutory reserves		
Reserve for financial instruments transaction liabilities	2,509	3,135
Total statutory reserves	2,509	3,135
Total liabilities	16,747,526	16,016,013

(Millions of yen)

	As of March 31, 2020	As of March 31, 2021
Net assets		
Shareholders' equity		
Common stock	125,167	125,167
Capital surplus	358,414	358,414
Retained earnings	460,906	528,205
Total shareholders' equity	<u>944,488</u>	<u>1,011,787</u>
Accumulated other comprehensive income (loss)		
Net unrealized gains on (operating) investment securities, net of tax, etc.	19,511	25,000
Foreign currency translation adjustments	(72,854)	(58,670)
Remeasurement of defined benefit plans	(161)	6,096
Total accumulated other comprehensive income (loss)	<u>(53,504)</u>	<u>(27,573)</u>
Non-controlling interests	<u>4,203</u>	<u>3,412</u>
Total net assets	<u>895,187</u>	<u>987,625</u>
Total liabilities and net assets	<u>17,642,714</u>	<u>17,003,639</u>

2. Consolidated Statements of Income and Comprehensive Income

Consolidated Statements of Income

(Millions of yen)

	Year ended March 31, 2020	Year ended March 31, 2021
Operating revenues		
Commissions	161,616	203,549
Brokerage commissions	29,813	35,633
Underwriting and selling fees, and commissions from solicitation to qualifying investors	34,153	42,148
Offering, selling, and other commissions and fees, and commissions from solicitation to qualifying investors	40,149	58,631
Other commissions and fees	57,501	67,135
Net gain on trading	108,489	147,236
Net gain on operating investment securities	3,273	3,312
Interest and dividend income	108,396	86,922
Total operating revenues	381,775	441,020
Interest expenses	99,690	67,372
Net operating revenues	282,085	373,648
Selling, general and administrative expenses	252,849	277,724
Transaction-related expenses	42,995	47,808
Personnel expenses	114,789	133,076
Real estate expenses	29,847	28,150
Administrative expenses	27,557	29,794
Depreciation and amortization	29,684	28,603
Taxes and dues	4,688	5,998
Provision of allowance for doubtful accounts	(1,077)	243
Other	4,363	4,048
Operating income	29,236	95,923
Non-operating income	4,036	4,255
Non-operating expenses	2,014	2,297
Ordinary income	31,258	97,882
Extraordinary gain	658	7,071
Gain on sales of noncurrent assets	23	1
Gain on sales of investment securities	602	7,031
Gain on sales of shares of subsidiaries and affiliates	33	—
Gain on sales of membership	—	39
Extraordinary loss	2,736	16,026
Loss on sales of noncurrent assets	9	38
Loss on disposal of noncurrent assets	277	322
Loss on sales of investment securities	109	67
Loss on impairment of investment securities	41	—
Loss on liquidation of subsidiaries and affiliates	46	—
Loss on impairment of golf club membership	4	8
Impairment losses	1,262	728
Extra retirement payments	720	267
Loss due to transition to a defined contribution pension plan	—	33
Merger expenses	—	58
Head office transfer cost	132	648
Loss related to system migration	—	8,032
Loss on liquidation of business	96	—
Loss related to novel coronavirus disease	—	739
Loss related to liquidation of subsidiaries and affiliates	—	260
Provision of allowance for loss on head office transfer	—	4,194
Provision of reserve for financial instruments transaction liabilities	36	625
Income before income taxes and non-controlling interests	29,180	88,927
Income taxes - current	5,565	16,649
Income taxes - refund	(1,333)	(1,002)
Income taxes - deferred	2,441	(4,072)
Total income taxes	6,674	11,573
Net income	22,506	77,353
Net income attributable to non-controlling interests	1,077	1,800
Net income attributable to owners of parent	21,428	75,553

Consolidated Statements of Comprehensive Income

(Millions of yen)

	Year ended March 31, 2020	Year ended March 31, 2021
Net income	22,506	77,353
Other comprehensive income		
Net unrealized gains (losses) on (operating) investment securities, net of tax, etc.	(2,618)	5,491
Foreign currency translation adjustments	(9,730)	13,504
Remeasurement of defined benefit plans	(2,534)	6,082
Share in other comprehensive income of affiliates accounted for using equity method	(123)	176
Total other comprehensive income (loss)	<u>(15,006)</u>	<u>25,254</u>
Comprehensive income	<u>7,499</u>	<u>102,607</u>
(Breakdown)		
Attributable to:		
Owners of parent	6,724	101,484
Non-controlling interests	774	1,123

3. Consolidated Statements of Changes in Shareholders' Equity

Year ended March 31, 2020

(Millions of yen)

	Shareholders' equity			
	Common stock	Capital surplus	Retained earnings	Total shareholders' equity
Balance at beginning of period	125,167	358,445	444,011	927,624
Changes during the period				
Dividends of surplus			(4,533)	(4,533)
Net income attributable to owners of parent			21,428	21,428
Changes in treasury shares of parent arising from transactions with non-controlling shareholders		(31)		(31)
Net changes of items other than shareholders' equity				
Total changes during the period	—	(31)	16,895	16,863
Balance at end of period	125,167	358,414	460,906	944,488

(Millions of yen)

	Accumulated other comprehensive income				Non-controlling interests	Total net assets
	Net unrealized gains on (operating) investment securities, net of tax	Foreign currency translation adjustments	Remeasurement of defined benefit plans	Total accumulated other comprehensive income (loss)		
Balance at beginning of period	22,131	(63,401)	2,469	(38,800)	5,636	894,460
Changes during the period						
Dividends of surplus						(4,533)
Net income attributable to owners of parent						21,428
Changes in treasury shares of parent arising from transactions with non-controlling shareholders						(31)
Net changes of items other than shareholders' equity	(2,619)	(9,452)	(2,631)	(14,704)	(1,432)	(16,137)
Total changes during the period	(2,619)	(9,452)	(2,631)	(14,704)	(1,432)	726
Balance at end of period	19,511	(72,854)	(161)	(53,504)	4,203	895,187

Year ended March 31, 2021

(Millions of yen)

	Shareholders' equity			
	Common stock	Capital surplus	Retained earnings	Total shareholders' equity
Balance at beginning of period	125,167	358,414	460,906	944,488
Changes during the period				
Dividends of surplus			(7,556)	(7,556)
Net income attributable to owners of parent			75,553	75,553
Changes in treasury shares of parent arising from transactions with non-controlling shareholders			(697)	(697)
Net changes of items other than shareholders' equity				
Total changes during the period	—	—	67,299	67,299
Balance at end of period	125,167	358,414	528,205	1,011,787

(Millions of yen)

	Accumulated other comprehensive income				Non-controlling interests	Total net assets
	Net unrealized gains on (operating) investment securities, net of tax	Foreign currency translation adjustments	Remeasurement of defined benefit plans	Total accumulated other comprehensive income (loss)		
Balance at beginning of period	19,511	(72,854)	(161)	(53,504)	4,203	895,187
Changes during the period						
Dividends of surplus						(7,556)
Net income attributable to owners of parent						75,553
Changes in treasury shares of parent arising from transactions with non-controlling shareholders						(697)
Net changes of items other than shareholders' equity	5,489	14,184	6,258	25,931	(791)	25,139
Total changes during the period	5,489	14,184	6,258	25,931	(791)	92,438
Balance at end of period	25,000	(58,670)	6,096	(27,573)	3,412	987,625

4. Note on the going-concern assumption

Not applicable

5. Significant accounting policies in the preparation of consolidated financial statements

1. Scope of consolidation

Consolidated subsidiaries (11 subsidiaries)

Mizuho International plc
Mizuho Securities Europe GmbH
Mizuho (Switzerland) Ltd in liquidation
Mizuho Securities Asia Limited
Mizuho Securities (Singapore) Pte. Ltd.
Mizuho Securities India Private Limited
Mizuho Securities Principal Investment Co., Ltd.
Japan Investor Relations and Investor Support, Inc.
Mizuho Securities Business Services Co., Ltd.
Other 2 companies

Newly consolidated:

Mizuho Securities Europe GmbH Share Award Plan Employee Benefit Trust

Excluded from the scope of consolidation:

Mizuho Securities Property Management Co., Ltd.

2. Matters concerning the application of equity method

Equity-method affiliates (9 affiliates)

Nippon Securities Technology Co., Ltd.
PayPay Securities Corporation.
Mobile Internet Capital, Inc.
Other 6 companies

Newly consolidated:

PayPay Securities Corporation.
Mizuho Leaguer Investment GP
Mizuho Leaguer Investment I L.P.

3. Matters related to the period of consolidated subsidiaries

The closing dates of consolidated subsidiaries are as follows:

March 31, 2021 11 subsidiaries

4. Matters related to the accounting policies

(1) Valuation method for significant assets

1) Valuation method for securities classed as trading products (securities held for trading purpose):

Securities and derivative contracts classed as trading products and held by the Mizuho Securities Co., Ltd (hereinafter, the "Company") and its subsidiaries are recorded at fair value.

2) Valuation method for securities not classed as trading products:

The following valuation methods are applied to securities that are not held for trading purposes:

Other securities

a) Other securities with fair value:

Those are recorded at fair value on the consolidated balance sheets. Differences between the cost, using the moving average method, and fair value are recorded as net unrealized gains (or losses) on investment securities.

b) Other securities those are difficult to calculate fair value:

Those are recorded at cost using moving average method.

Moreover, with regard to contributions to investment business limited partnerships and similar partnerships (according to Article 2, Paragraph 2 of the Financial Instruments and Exchange Act, such contributions are regarded as negotiable securities), the Company mainly uses, as the book value, the value of its holdings of partnership assets as designated on the partnership's most recent statement of accounts that the Company is able to obtain as of the day - stipulated in the partnership agreement - on which the latest statement of accounts is reported. With regard to profit and loss obtained from the operations of the partnership, etc., the Company uses a method whereby the Company records the value of its holdings.

(2) Depreciation methods used for significant depreciable assets

1) Property and equipment (excluding the leased assets)

Buildings are mainly depreciated using the straight-line method and Equipment is mainly depreciated using declining-balance method.

2) Intangible assets and long-term prepaid expenses

The straight-line method is mainly used.

Moreover, software for own use is depreciated using a straight-line method determined by the duration of its potential internal use (up to 5 years).

3) Leased assets

Depreciation of assets under financing leases other than those for which the ownership of the leased property transfers to the lessee is calculated on declining-balance method over the period equal to lease period with the residual value of nil.

(3) Accounting standards for significant reserves and allowances

1) Allowance for doubtful accounts

In preparation for possible loss from bad debt in loans and receivables, etc., allowance for general receivables is provided based on the ratio of past loss experience and also allowance for specific receivables such as non-recoverable receivables is provided for the estimated uncollectible amounts after reviewing collectability of receivables individually.

2) Accrued employees' bonuses

To prepare for the payment of bonuses to employees, the Company calculates the estimated value of future payments and charges an appropriate portion of this obligation to the period.

3) Provision for variable compensation

To prepare for the payments of performance payments and stock compensation to be paid as variable compensation within compensation for directors and executive officers, the estimated payment based on the standard amount regarding variable compensation of this consolidated fiscal year has been recorded.

4) Provision for bonus point redemption

To prepare for the cost burden for use of the Mizuho Point Service in the future, the expected required amount is calculated for this period based on the usage rate.

5) Provision for directors' retirement benefits

To prepare for the payment of retirement benefits for directors, the necessary amount for the end of this period is recorded in accordance with the in-house regulations.

6) Provision for executive officers' retirement benefits

To prepare for the payment of retirement benefits for executive officers, the necessary amount for the end of this period is recorded in accordance with the in-house regulations.

7) Provision for loss on head office transfer

To prepare for the loss on head office transfer in the future, the estimated amount has been recorded.

8) Reserve for financial instruments transaction liabilities

Reserve for financial instruments transaction liabilities is provided for potential loss from accidents in security transactions in accordance with Article 46, Paragraph 5 of the Financial Instruments and Exchange Act, and Article 175 of "Cabinet Office Ordinance on the Financial Instruments and Exchange Business".

(4) Accounting for retirement benefits

1) Allocation of expected benefit payments

When calculating retirement benefits, the benefit formula method is used to allocate expected benefit payments to the period until this fiscal year end. Under the straight-line method for the retirement benefit payments calculation, the expected benefit divided by the total service years would be deemed as arising in each period.

2) Actuarial differences

Actuarial differences are also charged to expenses from the following fiscal year using the straight-line method based on determined years (10 years) within average remaining service year of the employees when incurred.

(5) Standards for translating significant assets or liabilities denominated in foreign currencies into Japanese yen

Foreign currency denominated claims and obligations are translated into Japanese yen at the spot rate prevailing on the closing day of this period. Currency translation losses or gains are recorded on the statements of operations as such.

The assets, liabilities, revenues, and expenses of foreign subsidiaries are also translated into Japanese yen at the spot rate prevailing on the closing day of this period. Any translation losses or gains are recorded in the net assets under the account "Foreign currency translation adjustments" and "Non-controlling interests".

(6) Method of significant hedge accounting

1) Gains or losses resulting from forward foreign exchange transactions entered to hedge the exchange-rate risk of foreign-currency-dominated equity investments in subsidiaries, to the extent effective, are included in the foreign exchange translation adjustments in net assets.

2) The method of fair value hedge is applied for foreign borrowing exposures in order to minimize the risk of exchange-rate fluctuations for foreign-currency-denominated securities.

3) The method of fair value hedge is applied for forward foreign exchange transactions in order to minimize the risk of exchange-rate fluctuations for foreign-currency-denominated investment securities and others.

(7) Accounting for consumption tax

The tax exclusion method is applied.

(8) Application of the consolidated taxation system

The Company and some of its subsidiaries apply the consolidated taxation system.

6. Changes in accounting policies

(Application of "Accounting Standard for Fair Value Measurement")

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 consolidated fiscal year ended March 31, 2021.

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 consolidated financial statements.

7. Notes to Consolidated Financial Statements

(Consolidated Balance Sheets)

	Year ended March 31, 2020	Year ended March 31, 2021 (Millions of yen)
1. Accumulated depreciation deducted from property and equipment	41,297	43,530
2. Obligations under guarantees	14	9
(potential guarantee obligation)	(14)	(9)
3. The balance for affiliate companies is as follows:		
Investment Securities	1,627	8,597

(Consolidated Statements of Changes in Shareholders' Equity)

Fiscal Year Ended March 31, 2020 (April 1, 2019 - March 31, 2020)

1. Matters related to outstanding shares

(Thousands of shares)

	Shares at April 1, 2019	Shares increased in this year	Shares decreased in this year	Shares at March 31, 2020
Shares outstanding Common stock	2,015,102	—	—	2,015,102
Total	2,015,102	—	—	2,015,102

2. Matters related to treasury stock

Not applicable

Fiscal Year Ended March 31, 2021 (April 1, 2020 - March 31, 2021)

1. Matters related to outstanding shares

(Thousands of shares)

	Shares at April 1, 2020	Shares increased in this year	Shares decreased in this year	Shares at March 31, 2021
Shares outstanding Common stock	2,015,102	—	—	2,015,102
Total	2,015,102	—	—	2,015,102

2. Matters related to treasury stock

Not applicable

(Per share information)

(Yen)

Year ended March 31, 2020		Year ended March 31, 2021	
Net assets per share	442.15	Net assets per share	488.41
Net income per share	10.63	Net income per share	37.49

(Notes)

1. Net income per share (diluted) was not shown due to no potential securities.

2. Net income per share was calculated based on the following:

		Year ended March 31, 2020	Year ended March 31, 2021
Net income attributable to owners of parent	(Millions of yen)	21,428	75,553
Amount not attributable to common stock shareholders	(Millions of yen)	—	—
Net income attributable to common stock owners of parent	(Millions of yen)	21,428	75,553
Average number of common shares outstanding	(Thousands of shares)	2,015,102	2,015,102

II. Supplemental Information

1. Commissions (Consolidated)

1) Breakdown by items

(Millions of yen)

	Year ended March 31, 2020	Year ended March 31, 2021	Increase/(Decrease)	
			Amount	Percentage (%)
Brokerage commissions	29,813	35,633	5,820	19.5
Equities	28,299	33,927	5,627	19.9
Bonds	998	1,160	162	16.2
Underwriting and selling fees, and commissions from solicitation to qualifying investors	34,153	42,148	7,995	23.4
Equities	10,859	17,679	6,819	62.8
Bonds	22,619	23,776	1,156	5.1
Offering, selling, and other commissions and fees, and commissions from solicitation to qualifying investors	40,149	58,631	18,482	46.0
Other commissions and fees	57,501	67,135	9,634	16.8
Total	161,616	203,549	41,932	25.9

2) Breakdown by instruments

(Millions of yen)

	Year ended March 31, 2020	Year ended March 31, 2021	Increase/(Decrease)	
			Amount	Percentage (%)
Equities	46,766	64,180	17,413	37.2
Bonds	40,212	41,632	1,420	3.5
Beneficiary certificates	44,233	65,441	21,208	47.9
Others	30,403	32,293	1,890	6.2
Total	161,616	203,549	41,932	25.9

2. Net gain on trading

(Millions of yen)

	Year ended March 31, 2020	Year ended March 31, 2021	Increase/(Decrease)	
			Amount	Percentage (%)
Equities, etc.	40,217	66,572	26,354	65.5
Bonds, etc. and others	68,271	80,663	12,391	18.2
Total	108,489	147,236	38,746	35.7

3. Consolidated Capital adequacy requirement ratio

(Millions of yen)

		As of March 31, 2020	As of March 31, 2021
Basic items	(A)	868,281	880,962
Supplemental items	Net unrealized gains on (operating) investment securities, net of tax, etc.	19,349	31,096
	Reserve for financial instruments transaction liabilities, etc.	2,509	3,135
	Allowance for doubtful accounts	11	54
	Subordinated short-term borrowings	90,000	90,000
Total	(B)	111,871	124,286
Deducted assets	(C)	210,790	220,364
Equity after deduction	(A) + (B) - (C) (D)	769,361	784,884
Amount equivalent to risk	Amount equivalent to market risk	145,058	140,120
	Amount equivalent to counterparty risk	53,220	60,386
	Amount equivalent to fundamental risk	70,595	71,127
	Total	(E)	268,874
Consolidated capital adequacy requirement ratio	(D)/(E) * 100	286.1%	288.9%

4. Quarterly Consolidated Statements of Income

(Millions of yen)

	Fourth quarter ended March 2020	First quarter ended June 2020	Second quarter ended September 2020	Third quarter ended December 2020	Fourth quarter ended March 2021
	Jan. 1, 2020 - Mar. 31, 2020	Apr. 1, 2020 - Jun. 30, 2020	Jul. 1, 2020 - Sep. 30, 2020	Oct. 1, 2020 - Dec. 31, 2020	Jan. 1, 2021 - Mar. 31, 2021
Operating revenues	93,151	94,762	106,477	113,469	126,309
Commissions	41,325	42,432	47,124	56,203	57,788
Brokerage commissions	8,572	8,336	7,434	9,186	10,675
Equities	8,019	7,877	7,040	8,817	10,192
Bonds	337	244	292	267	355
Underwriting and selling fees, and commissions from solicitation to qualifying investors	6,390	4,908	12,176	15,787	9,275
Equities	3,001	414	4,833	7,808	4,622
Bonds	2,950	4,471	7,015	7,939	4,350
Offering, selling, and other commissions and fees, and commissions from solicitation to qualifying investors	9,545	12,626	14,010	14,210	17,783
Other commissions and fees	16,816	16,560	13,502	17,018	20,053
Net gain on trading	24,554	32,639	31,699	39,503	43,394
Equities, etc.	10,914	12,111	15,888	20,002	18,569
Bonds, etc. and others	13,639	20,528	15,810	19,500	24,824
Net gain (loss) on operating investment securities	(481)	1,358	17	1,643	293
Interest and dividend income	27,753	18,332	27,637	16,119	24,833
Interest expenses	25,429	14,299	21,726	11,082	20,264
Net operating revenues	67,722	80,463	84,751	102,387	106,045
Selling, general and administrative expenses	62,204	61,230	65,492	72,098	78,902
Transaction-related expenses	10,220	9,322	10,618	12,627	15,239
Personnel expenses	27,651	28,645	31,448	34,877	38,105
Real estate expenses	7,501	6,558	6,649	6,925	8,017
Administrative expenses	7,799	7,423	7,481	7,760	7,129
Depreciation and amortization	7,154	7,064	7,322	7,062	7,153
Taxes and dues	916	1,260	1,283	1,935	1,519
Other	962	954	688	910	1,738
Operating income (loss)	5,517	19,233	19,259	30,288	27,142
Non-operating income	903	931	353	(6)	2,976
Non-operating expenses	949	471	346	483	995
Ordinary income (loss)	5,471	19,694	19,265	29,798	29,124
Extraordinary gain	120	5	11	5,117	1,937
Extraordinary loss	2,174	733	1,046	259	13,988
Income (loss) before income taxes and non-controlling interests	3,417	18,966	18,231	34,656	17,073
Income taxes - current	549	897	2,451	7,119	5,178
Income taxes - deferred	1,087	3,504	(60)	(3,271)	(4,244)
Net income (loss)	1,780	14,565	15,840	30,809	16,138
Net income (loss) attributable to non-controlling interests	586	100	65	30	1,603
Net income (loss) attributable to owners of parent	1,193	14,464	15,774	30,779	14,534

III. Non-consolidated Financial Statements

1. Non-consolidated Balance Sheets

(Millions of yen)

	As of March 31, 2020	As of March 31, 2021
Assets		
Current assets		
Cash and bank deposits	533,288	369,894
Cash segregated as deposits for customers and others	387,043	554,281
Trading assets	6,461,814	6,222,426
Trading securities and others	2,366,879	2,776,197
Derivatives	4,094,934	3,446,228
Operating investment securities	33,430	34,338
Receivables related to margin transactions	22,055	32,553
Loans receivable under margin transactions	20,172	28,105
Cash collateral for borrowed securities under margin transactions	1,883	4,448
Collateralized short-term financing agreements - receivable	4,296,231	4,520,477
Deposits paid for securities borrowed	2,131,439	2,597,115
Securities purchased under agreements to resell	2,164,792	1,923,362
Advances paid	579	441
Advance payments for customers	479	386
Advance payments for others	99	55
Short-term guarantee deposits	544,402	373,909
Securities: fail to deliver	12,971	15,265
Variation margin paid	—	30,440
Short-term loans receivable	37,298	36,085
Advance payments	275	259
Prepaid expenses	3,080	3,436
Accounts receivable - other	10,756	18,974
Accrued income	34,274	34,426
Other current assets	3,040	263
Less: Allowance for doubtful accounts	(7)	(276)
Total current assets	12,380,536	12,247,197
Noncurrent assets		
Property and equipment	11,196	19,775
Buildings	3,798	5,787
Equipment	7,236	6,319
Land	162	7,669
Intangible assets	61,637	66,544
Software	61,143	66,051
Other intangible assets	494	492
Investments and other assets	302,584	314,486
Investment securities	40,470	45,565
Investments in subsidiaries and affiliates	197,202	195,164
Long-term loans receivable to subsidiaries and affiliates	7,985	14,635
Long-term guarantee deposits	10,572	11,753
Long-term prepaid expenses	5,049	3,160
Prepaid pension cost	21,275	22,893
Deferred tax assets	18,739	19,443
Other	5,274	5,320
Less: Allowance for doubtful accounts	(3,435)	(3,448)
Less: Allowance for possible losses on securities	(548)	—
Total noncurrent assets	375,419	400,806
Total assets	12,755,956	12,648,003

(Millions of yen)

	As of March 31, 2020	As of March 31, 2021
Liabilities		
Current liabilities		
Trading liabilities	5,032,193	4,765,362
Trading securities and others	1,197,319	1,676,687
Derivatives	3,834,873	3,088,674
Payables - unsettled trades	61,668	253,734
Payables related to margin transactions	47,395	39,793
Borrowings on margin transactions	7,427	6,383
Cash collateral for loaned securities under margin transactions	39,968	33,409
Collateralized short-term financing agreements - payable	3,660,235	3,510,972
Deposits received for securities loaned	790,395	878,901
Securities sold under agreements to repurchase	2,869,840	2,632,070
Deposits received	350,409	444,112
Deposits from customers	317,734	403,945
Deposits for others	32,674	40,166
Guarantee deposits received	370,607	417,142
Securities: fail to receive	2,029	2,854
Variation margin received	12,074	—
Short-term borrowings	1,035,215	806,728
Commercial paper	319,000	423,500
Bonds and notes due within one year	137,358	127,648
Advances received	127	110
Accounts payable - other	1,789	4,525
Accrued expenses	38,959	45,439
Income taxes payable	3,022	11,565
Accrued employees' bonuses	13,531	25,365
Provision for variable compensation	816	788
Provision for bonus point redemption	487	—
Other current liabilities	514	47
Total current liabilities	11,087,436	10,879,689
Noncurrent liabilities		
Bonds and notes	620,079	623,175
Long-term borrowings	135,600	150,400
Provision for retirement benefits	19,828	21,216
Provision for loss on head office transfer	—	4,194
Other noncurrent liabilities	2,111	3,132
Total noncurrent liabilities	777,618	802,120
Statutory reserves		
Reserve for financial instruments transaction liabilities	2,509	3,135
Total statutory reserves	2,509	3,135
Total liabilities	11,867,565	11,684,945

(Millions of yen)

	As of March 31, 2020	As of March 31, 2021
Net assets		
Shareholders' equity		
Common stock	125,167	125,167
Capital surplus		
Additional paid-in capital	285,831	285,831
Other capital surplus	95,817	95,817
Total Capital surpluses	<u>381,649</u>	<u>381,649</u>
Retained earnings		
Other retained earnings		
Retained earnings brought forward	371,261	440,661
Total retained earnings	<u>371,261</u>	<u>440,661</u>
Total shareholders' equity	<u>878,078</u>	<u>947,478</u>
Valuation and translation adjustments		
Net unrealized gains on (operating) investment securities, net of tax, etc.	20,066	25,339
Net deferred gains or losses on hedges, net of tax	(9,754)	(9,759)
Total valuation and translation adjustments	<u>10,312</u>	<u>15,580</u>
Total net assets	<u>888,390</u>	<u>963,058</u>
Total liabilities and net assets	<u>12,755,956</u>	<u>12,648,003</u>

2. Non-consolidated Statements of Income

(Millions of yen)

	Year ended March 31, 2020	Year ended March 31, 2021
Operating revenues		
Commissions	149,514	181,774
Brokerage commissions	23,881	28,907
Underwriting and selling fees, and commissions from solicitation to qualifying investors	30,166	35,642
Offering, selling, and other commissions and fees, and commissions from solicitation to qualifying investors	31,525	42,786
Other commissions and fees	63,940	74,437
Net gain on trading	111,981	152,257
Net gain on operating investment securities	2,621	630
Interest and dividend income	90,075	73,514
Total operating revenues	354,192	408,177
Interest expenses	82,590	56,850
Net operating revenues	271,602	351,326
Selling, general and administrative expenses	237,737	264,682
Transaction-related expenses	57,929	73,476
Personnel expenses	86,215	100,958
Real estate expenses	24,151	22,148
Administrative expenses	42,322	39,411
Depreciation and amortization	19,702	19,994
Taxes and dues	4,436	5,797
Provision of allowance for doubtful accounts	(20)	283
Other	3,000	2,612
Operating income	33,864	86,643
Non-operating income	4,744	4,210
Non-operating expenses	179	221
Ordinary income	38,429	90,632
Extraordinary gain	1,110	13,748
Gain on sales of noncurrent assets	23	—
Gain on sales of investment securities	607	7,099
Gain on sales of shares of subsidiaries and affiliates	480	—
Gain on extinguishment of tie-in shares	—	6,649
Extraordinary loss	2,860	15,830
Loss on sales of noncurrent assets	8	38
Loss on disposal of noncurrent assets	253	318
Loss on sales of investment securities	17	67
Loss on impairment of investment securities	41	—
Loss on liquidation of subsidiaries and affiliates	151	—
Loss on impairment of golf club membership	4	8
Impairment losses	1,262	728
Extra retirement payments	720	267
Loss due to transition to a defined contribution pension plan	—	33
Merger expenses	—	58
Head office transfer cost	132	648
Loss related to system migration	—	8,032
Loss on liquidation of business	96	—
Loss related to novel coronavirus disease	—	739
Provision of allowance for possible losses on securities	134	68
Provision of allowance for loss on head office transfer	—	4,194
Provision of reserve for financial instruments transaction liabilities	36	625
Income before income taxes	36,679	88,550
Income taxes - current	5,158	14,761
Income taxes - deferred	2,310	(3,167)
Total income taxes	7,468	11,594
Net income	29,210	76,956

3. Non-consolidated Statements of Changes in Shareholders' Equity

Year ended March 31, 2020

(Millions of yen)

	Shareholders' equity					
	Common stock	Capital surplus			Retained earnings	Total Shareholders' equity
		Additional paid -in capital	Other capital surplus	Total capital surplus	Other retained earnings	
					Retained earnings brought forward	
Balance at beginning of period	125,167	285,831	95,817	381,649	346,585	
Changes during the period						
Dividends of surplus					(4,533)	(4,533)
Net income					29,210	29,210
Net changes of items other than shareholders' equity						
Total changes during the period	—	—	—	—	24,676	24,676
Balance at end of period	125,167	285,831	95,817	381,649	371,261	878,078

(Millions of yen)

	Valuation and translation adjustments			Total net assets
	Net unrealized gains on (operating) investment securities, net of tax	Net deferred hedge gain (loss), net of tax	Total valuation and translation adjustments	
Balance at beginning of period	23,023	(9,789)	13,233	866,635
Changes during the period				
Dividends of surplus				(4,533)
Net income				29,210
Net changes of items other than shareholders' equity	(2,956)	35	(2,921)	(2,921)
Total changes during the period	(2,956)	35	(2,921)	21,754
Balance at end of period	20,066	(9,754)	10,312	888,390

Year ended March 31, 2021

(Millions of yen)

	Shareholders' equity					
	Common stock	Capital surplus			Retained earnings	Total Shareholders' equity
		Additional paid -in capital	Other capital surplus	Total capital surplus	Other retained earnings Retained earnings brought forward	
Balance at beginning of period	125,167	285,831	95,817	381,649	371,261	878,078
Changes during the period						
Dividends of surplus					(7,556)	(7,556)
Net income					76,956	76,956
Net changes of items other than shareholders' equity						
Total changes during the period	—	—	—	—	69,400	69,400
Balance at end of period	125,167	285,831	95,817	381,649	440,661	947,478

(Millions of yen)

	Valuation and translation adjustments			Total net assets
	Net unrealized gains on (operating) investment securities, net of tax	Net deferred hedge gain (loss), net of tax	Total valuation and translation adjustments	
Balance at beginning of period	20,066	(9,754)	10,312	888,390
Changes during the period				
Dividends of surplus				(7,556)
Net income				76,956
Net changes of items other than shareholders' equity	5,273	(4)	5,268	5,268
Total changes during the period	5,273	(4)	5,268	74,668
Balance at end of period	25,339	(9,759)	15,580	963,058

4. Note on the going-concern assumption

Not applicable

IV. Supplemental Information (Non-consolidated)**Capital adequacy requirement ratio**

(Millions of yen)

		As of March 31, 2020	As of March 31, 2021
Basic items (A)		870,521	871,912
Supplemental items	Net unrealized gains on (operating) investment securities, net of tax, etc.	10,312	15,580
	Reserve for financial instruments transaction liabilities, etc.	2,509	3,135
	Allowance for doubtful accounts	5	76
	Subordinated short-term borrowings	90,000	90,000
Total (B)		102,827	108,792
Deducted assets (C)		358,404	374,506
Equity after deduction (A) + (B) - (C) (D)		614,943	606,197
Amount equivalent to risk	Amount equivalent to market risk	99,942	92,917
	Amount equivalent to counterparty risk	41,676	49,849
	Amount equivalent to fundamental risk	66,966	71,469
	Total (E)	208,584	214,236
Capital adequacy requirement ratio (D)/(E) * 100		294.8%	282.9%