

April 28, 2022



## Summary of Consolidated Financial Statements for the Fiscal Year Ended March 31, 2022 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, 2022 (April 1, 2021 to March 31, 2022)

(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 |        |
|-------------------|--------------------|-------|------------------------|--------|------------------|--------|-----------------|--------|
| Fiscal Year ended | millions of yen    | %     | millions of yen        | %      | millions of yen  | %      | millions of yen | %      |
| March 31, 2022    | 401,439            | (9.0) | 335,614                | (10.2) | 69,248           | (27.8) | 71,562          | (26.9) |
| March 31, 2021    | 441,020            | 15.5  | 373,648                | 32.5   | 95,923           | 228.1  | 97,882          | 213.1  |

(Note) Comprehensive income: March 31, 2022 66,920 million yen (-34.8%)  
March 31, 2021 102,607 million yen (1268.2%)

|                   | Net income attributable to owners of parent |        | Net income per share | Net income per share - fully diluted | Return on Equity |
|-------------------|---|--------|----------------------|--------------------------------------|------------------|
| Fiscal Year ended | millions of yen                             | %      | Yen                  | Yen                                  | %                |
| March 31, 2022    | 54,982                                      | (27.2) | 54.39                | —                                    | 6.9              |
| March 31, 2021    | 75,553                                      | 252.6  | 37.49                | —                                    | 8.1              |

Reference: Equity in net earnings of affiliated companies: March 31, 2022 (2,141) million yen  
March 31, 2021 (1,980) 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, 2022 | 18,781,187      | 608,695         | 3.2          | 746.03               |
| March 31, 2021 | 17,003,639      | 987,625         | 5.8          | 488.41               |

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

March 31, 2022 604,205 million yen  
March 31, 2021 984,213 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: Yes

2) Changes other than 1) above: None

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, 2022: | 2,015,102,652 shares |
| March 31, 2021: | 2,015,102,652 shares |

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

|                 |                      |
|-----------------|----------------------|
| March 31, 2022: | 1,205,211,726 shares |
| March 31, 2021: | - shares             |

3) Average number of outstanding shares for the period:

|                 |                      |
|-----------------|----------------------|
| March 31, 2022: | 1,010,759,547 shares |
| March 31, 2021: | 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

## APPENDIX

### [INDEX]

|      |  |      |
|------|--|------|
| I.   | Consolidated Financial Statements  | p.2  |
|      | 1. Consolidated Balance Sheets   | p.2  |
|      | 2. Consolidated Statements of Income and Comprehensive Income                              | p.5  |
|      | 3. Consolidated Statements of Changes in Shareholders' Equity                              | p.7  |
|      | 4. Note on the going-concern assumption  | p.9  |
|      | 5. Significant accounting policies in the preparation of consolidated financial statements | p.9  |
|      | 6. Changes in accounting policies  | p.11 |
|      | 7. Notes to Consolidated Financial Statements  | p.12 |
|      | (Consolidated Balance Sheets)  | p.12 |
|      | (Consolidated Statements of Changes in Shareholders' Equity)                               | p.12 |
|      | (Per share information)  | p.12 |
| II.  | Supplemental Information (Consolidated)  | p.13 |
|      | 1. Commissions   | p.13 |
|      | 2. Net gain on trading   | p.13 |
|      | 3. Consolidated Capital Adequacy Requirement Ratio   | p.14 |
|      | 4. Quarterly Consolidated Statements of Income   | p.15 |
| III. | Non-consolidated Financial Statements  | p.16 |
|      | 1. Non-consolidated Balance Sheets   | p.16 |
|      | 2. Non-consolidated Statements of Income   | p.19 |
|      | 3. Non-consolidated Statements of Changes in Shareholders' Equity                          | p.20 |
|      | 4. Note on the going-concern assumption  | p.22 |
| IV.  | Supplemental Information (Non-consolidated)  | p.22 |
|      | Capital adequacy requirement ratio   | p.22 |

# I . Consolidated Financial Statements

## 1. Consolidated Balance Sheets

(Millions of yen)

|   | As of March 31, 2021 | As of March 31, 2022 |
|---|----------------------|----------------------|
| <b>Assets</b>   |                      |                      |
| Current assets  |                      |                      |
| Cash and bank deposits  | 475,366              | 625,894              |
| Cash segregated as deposits for customers and others              | 560,001              | 548,753              |
| Trading assets  | 8,059,254            | 9,172,447            |
| Trading securities and others                                     | 3,414,981            | 3,916,544            |
| Loans receivable  | 581                  | 20,157               |
| Derivatives   | 4,643,690            | 5,235,744            |
| Receivables - unsettled trades                                    | —                    | 161,349              |
| Operating investment securities                                   | 74,479               | 88,404               |
| Operating loans receivable  | 10,052               | 9,417                |
| Receivables related to margin transactions                        | 32,553               | 34,802               |
| Loans receivable under margin transactions                        | 28,105               | 29,635               |
| Cash collateral for borrowed securities under margin transactions | 4,448                | 5,167                |
| Collateralized short-term financing agreements - receivable       | 6,975,856            | 6,965,091            |
| Deposits paid for securities borrowed                             | 2,597,115            | 2,225,758            |
| Securities purchased under agreements to resell                   | 4,378,741            | 4,739,332            |
| Advances paid   | 894                  | 681                  |
| Short-term guarantee deposits                                     | 454,655              | 803,404              |
| Securities: fail to deliver                                       | 26,089               | 44,377               |
| Variation margin paid   | 30,440               | 12,757               |
| Short-term loans receivable                                       | 154                  | 116                  |
| Securities  | 246                  | 237                  |
| Other current assets  | 69,460               | 75,158               |
| Less: Allowance for doubtful accounts                             | (254)                | (66)                 |
| Total current assets  | 16,769,253           | 18,542,826           |
| Noncurrent assets   |                      |                      |
| Property and equipment  | 27,518               | 26,886               |
| Buildings   | 9,276                | 9,584                |
| Equipment   | 7,893                | 6,894                |
| Land  | 7,669                | 7,669                |
| Leased assets   | 2,679                | 2,738                |
| Intangible assets   | 92,047               | 92,059               |
| Software  | 75,006               | 78,080               |
| Customer related assets   | 16,540               | 13,480               |
| Other   | 501                  | 498                  |
| Investments and other assets                                      | 114,819              | 119,414              |
| Investment securities   | 59,257               | 52,152               |
| Long-term guarantee deposits                                      | 12,255               | 13,471               |
| Net defined benefit asset   | 33,017               | 36,859               |
| Deferred tax assets   | 5,084                | 6,981                |
| Other   | 8,642                | 13,630               |
| Less: Allowance for doubtful accounts                             | (3,437)              | (3,681)              |
| Total noncurrent assets   | 234,386              | 238,360              |
| <b>Total assets</b>   | <b>17,003,639</b>    | <b>18,781,187</b>    |

(Millions of yen)

|   | As of March 31, 2021 | As of March 31, 2022 |
|---|----------------------|----------------------|
| <b>Liabilities</b>  |                      |                      |
| Current liabilities   |                      |                      |
| Trading liabilities   | 6,415,839            | 7,409,491            |
| Trading securities and others                                   | 2,134,593            | 2,480,126            |
| Derivatives   | 4,281,245            | 4,929,364            |
| Payables - unsettled trades                                     | 253,015              | —                    |
| Payables related to margin transactions                         | 39,793               | 50,556               |
| Borrowings on margin transactions                               | 6,383                | 7,794                |
| Cash collateral for loaned securities under margin transactions | 33,409               | 42,761               |
| Collateralized short-term financing agreements - payable        | 5,758,131            | 6,105,375            |
| Deposits received for securities loaned                         | 878,678              | 1,096,495            |
| Securities sold under agreements to repurchase                  | 4,879,453            | 5,008,879            |
| Deposits received   | 444,531              | 426,322              |
| Guarantee deposits received                                     | 478,441              | 631,284              |
| Securities: fail to receive                                     | 21,168               | 60,929               |
| Short-term borrowings   | 848,146              | 1,096,783            |
| Commercial paper  | 423,500              | 490,500              |
| Bonds and notes due within one year                             | 206,586              | 187,282              |
| Income taxes payable  | 11,982               | 2,789                |
| Accrued employees' bonuses                                      | 36,919               | 35,976               |
| Provision for variable compensation                             | 788                  | 411                  |
| Other current liabilities                                       | 203,615              | 184,639              |
| <b>Total current liabilities</b>                                | <b>15,142,461</b>    | <b>16,682,342</b>    |
| Noncurrent liabilities  |                      |                      |
| Bonds and notes   | 687,110              | 874,862              |
| Long-term borrowings  | 150,400              | 580,000              |
| Lease obligations   | 2,928                | 2,983                |
| Deferred tax liabilities  | 39                   | 26                   |
| Provision for directors' retirement benefits                    | 78                   | 63                   |
| Provision for executive officers' retirement benefits           | 77                   | 95                   |
| Net defined benefit liability                                   | 21,870               | 23,045               |
| Provision for loss on head office transfer                      | 4,194                | 1,541                |
| Other noncurrent liabilities                                    | 3,717                | 4,398                |
| <b>Total noncurrent liabilities</b>                             | <b>870,416</b>       | <b>1,487,016</b>     |
| Statutory reserves  |                      |                      |
| Reserve for financial instruments transaction liabilities       | 3,135                | 3,132                |
| Total statutory reserves  | 3,135                | 3,132                |
| <b>Total liabilities</b>  | <b>16,016,013</b>    | <b>18,172,491</b>    |

(Millions of yen)

|   | As of March 31, 2021 | As of March 31, 2022 |
|---|----------------------|----------------------|
| <b>Net assets</b>   |                      |                      |
| Shareholders' equity  |                      |                      |
| Common stock  | 125,167              | 125,167              |
| Capital surplus   | 358,414              | 358,414              |
| Retained earnings   | 528,205              | 507,337              |
| Treasury stock  | —                    | (369,999)            |
| Total shareholders' equity  | <u>1,011,787</u>     | <u>620,919</u>       |
| Accumulated other comprehensive income (loss)                               |                      |                      |
| Net unrealized gains on (operating) investment securities, net of tax, etc. | 25,000               | 22,999               |
| Foreign currency translation adjustments                                    | (58,670)             | (46,491)             |
| Remeasurement of defined benefit plans                                      | 6,096                | 6,777                |
| Total accumulated other comprehensive income (loss)                         | <u>(27,573)</u>      | <u>(16,714)</u>      |
| Non-controlling interests   | <u>3,412</u>         | <u>4,490</u>         |
| <b>Total net assets</b>   | <u>987,625</u>       | <u>608,695</u>       |
| <b>Total liabilities and net assets</b>                                     | <u>17,003,639</u>    | <u>18,781,187</u>    |

## 2. Consolidated Statements of Income and Comprehensive Income

### Consolidated Statements of Income

(Millions of yen)

|  | Year ended<br>March 31, 2021 | Year ended<br>March 31, 2022 |
|--|------------------------------|------------------------------|
| Operating revenues   |                              |                              |
| Commissions  | 203,549                      | 208,827                      |
| Brokerage commissions  | 35,633                       | 32,810                       |
| Underwriting and selling fees, and commissions from solicitation to qualifying investors                     | 42,148                       | 45,176                       |
| Offering, selling, and other commissions and fees, and commissions from solicitation to qualifying investors | 58,631                       | 56,044                       |
| Other commissions and fees   | 67,135                       | 74,795                       |
| Net gain on trading  | 147,236                      | 102,813                      |
| Net gain (loss) on operating investment securities   | 3,312                        | (312)                        |
| Interest and dividend income   | 86,922                       | 90,110                       |
| Total operating revenues   | 441,020                      | 401,439                      |
| Interest expenses  | 67,372                       | 65,825                       |
| Net operating revenues   | 373,648                      | 335,614                      |
| Selling, general and administrative expenses   | 277,724                      | 266,365                      |
| Transaction-related expenses   | 47,808                       | 46,529                       |
| Personnel expenses   | 133,076                      | 126,297                      |
| Real estate expenses   | 28,150                       | 26,286                       |
| Administrative expenses  | 29,794                       | 32,171                       |
| Depreciation and amortization  | 28,603                       | 25,923                       |
| Taxes and dues   | 5,998                        | 5,530                        |
| Provision of allowance for doubtful accounts   | 243                          | 55                           |
| Other  | 4,048                        | 3,571                        |
| Operating income   | 95,923                       | 69,248                       |
| Non-operating income   | 4,255                        | 4,986                        |
| Non-operating expenses   | 2,297                        | 2,673                        |
| Ordinary income  | 97,882                       | 71,562                       |
| Extraordinary gain   | 7,071                        | 3,512                        |
| Gain on sales of investment securities   | 7,031                        | 2,656                        |
| Reversal of allowance for loss on head office transfer   | —                            | 852                          |
| Reversal of reserve for financial instruments transaction liabilities  | —                            | 3                            |
| Other  | 40                           | —                            |
| Extraordinary loss   | 16,026                       | 10,565                       |
| Loss on disposal of noncurrent assets  | 322                          | 719                          |
| Impairment losses  | 728                          | 39                           |
| Extra retirement payments  | 267                          | 197                          |
| Head office transfer cost  | 648                          | 820                          |
| Loss related to system migration   | 8,032                        | 8,712                        |
| 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                                       | 625                          | —                            |
| Other  | 205                          | 75                           |
| Income before income taxes and non-controlling interests   | 88,927                       | 64,509                       |
| Income taxes - current   | 16,649                       | 11,911                       |
| Income taxes - refund  | (1,002)                      | (1,564)                      |
| Income taxes - deferred  | (4,072)                      | (1,453)                      |
| Total income taxes   | 11,573                       | 8,894                        |
| Net income   | 77,353                       | 55,615                       |
| Net income attributable to non-controlling interests   | 1,800                        | 633                          |
| Net income attributable to owners of parent  | 75,553                       | 54,982                       |

Consolidated Statements of Comprehensive Income

(Millions of yen)

|  | Year ended<br>March 31, 2021 | Year ended<br>March 31, 2022 |
|--|------------------------------|------------------------------|
| Net income   | 77,353                       | 55,615                       |
| Other comprehensive income   |                              |                              |
| Net unrealized gains (losses) on (operating) investment securities, net of tax, etc. | 5,491                        | (1,994)                      |
| Foreign currency translation adjustments   | 13,504                       | 12,618                       |
| Remeasurement of defined benefit plans   | 6,082                        | 653                          |
| Share in other comprehensive income of affiliates accounted for using equity method  | 176                          | 27                           |
| Total other comprehensive income   | <u>25,254</u>                | <u>11,304</u>                |
| Comprehensive income   | <u>102,607</u>               | <u>66,920</u>                |
| (Breakdown)  |                              |                              |
| Attributable to:   |                              |                              |
| Owners of parent   | 101,484                      | 65,842                       |
| Non-controlling interests  | 1,123                        | 1,078                        |



### 3. Consolidated Statements of Changes in Shareholders' Equity

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                     |
| Decrease due to increase in entities accounted for using equity method |                      |                 | (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           |
| Decrease due to increase in entities accounted for using equity method |   |  |  |   |                           | (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          |

Year ended March 31, 2022

(Millions of yen)

|  | Shareholders' equity |                 |                   |                |                            |
|--|----------------------|-----------------|-------------------|----------------|----------------------------|
|  | Common stock         | Capital surplus | Retained earnings | Treasury stock | Total shareholders' equity |
| Balance at beginning of period   | 125,167              | 358,414         | 528,205           | —              | 1,011,787                  |
| Changes during the period  |                      |                 |                   |                |                            |
| Dividends of surplus   |                      |                 | (75,566)          |                | (75,566)                   |
| Net income attributable to owners of parent                            |                      |                 | 54,982            |                | 54,982                     |
| Decrease due to decrease in entities accounted for using equity method |                      |                 | (284)             |                | (284)                      |
| Purchase of treasury stock   |                      |                 |                   | (369,999)      | (369,999)                  |
| Net changes of items other than shareholders' equity                   |                      |                 |                   |                |                            |
| Total changes during the period  | —                    | —               | (20,868)          | (369,999)      | (390,868)                  |
| Balance at end of period   | 125,167              | 358,414         | 507,337           | (369,999)      | 620,919                    |

(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   | 25,000  | (58,670)                                 | 6,096                                  | (27,573)  | 3,412                     | 987,625          |
| Changes during the period  |   |  |  |   |                           |                  |
| Dividends of surplus   |   |  |  |   |                           | (75,566)         |
| Net income attributable to owners of parent                            |   |  |  |   |                           | 54,982           |
| Decrease due to decrease in entities accounted for using equity method |   |  |  |   |                           | (284)            |
| Purchase of treasury stock   |   |  |  |   |                           | (369,999)        |
| Net changes of items other than shareholders' equity                   | (2,000)   | 12,179                                   | 681                                    | 10,859  | 1,078                     | 11,937           |
| Total changes during the period  | (2,000)   | 12,179                                   | 681                                    | 10,859  | 1,078                     | (378,930)        |
| Balance at end of period   | 22,999  | (46,491)                                 | 6,777                                  | (16,714)  | 4,490                     | 608,695          |

#### **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

##### 2. Matters concerning the application of equity method

Equity-method affiliates (4 affiliates)

Nippon Securities Technology Co., Ltd.  
PayPay Securities Corporation.  
Other 2 companies

Excluded from the scope of consolidation:

Mobile Internet Capital, Inc.  
MIC Innovation III Limited Liability Fund  
MIC Innovation IV Limited Liability Fund  
MIC Innovation V Limited Liability Fund  
MIC V Limited Liability Partnership

##### 3. Matters related to the period of consolidated subsidiaries

The closing dates of consolidated subsidiaries are as follows:

March 31, 2022      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 than stocks and others without a quoted market price

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) Stocks and others without a quoted market price

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 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.

###### 5) 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.

###### 6) 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.

###### 7) 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) Accounting standards for significant revenue recognition

With regard to the revenue from customer contracts in the Company and its consolidated subsidiaries, the content of major performance obligation in major revenue and the normal point of time at which the performance obligation is satisfied (normal point of time at which the revenue is recognized) are as follows.

1) Brokerage commissions

Brokerage commissions are obligated to perform trading execution services based on the contractual conditions agreed with customers. The revenue is recognized at the time of trading execution (at a point in time) as the obligation is satisfied each time when the Company executes an order.

2) Underwriting and selling fees, and commissions from solicitation to qualifying investors

The revenue is recognized at the time of the completion of the business (at a point in time), such as the date of determination of conditions.

3) Offering, selling, and other commissions and fees, and commissions from solicitation to qualifying investors

The revenue is recognized at the time of the completion of the business (at a point in time), such as the date of application.

4) Other commissions and fees

Other commissions and fees include various commissions, the main ones of which are the agency commissions of investment trust. Based on the contracts with investment trust management companies, the agency commissions of investment trust are obligated to perform agency services related to the handling of offering and sales, etc., and the commissions are calculated by referring to the net assets of the investment trust. The revenue is recognized over the contract period (over time) as the benefit is expended by customers in conjunction with the provision of daily services.

(6) 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".

(7) 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.

(8) Accounting for consumption tax

The tax exclusion method is applied.

(9) Application of the consolidated taxation system

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

## 6. Changes in accounting policies

(Changes in accounting policies)

Mizuho Securities Co., Ltd. (hereinafter, the "Company") has applied "Accounting Standard for Revenue Recognition" (ASBJ Statement No.29, March 31, 2020, hereinafter "Revenue Recognition Accounting Standard") and others from the beginning of the consolidated fiscal year ended March 31, 2022. Accordingly, when transferring control of goods or services promised to a customer, the Company has recognized revenue in the amount that is expected to be received in exchange for such goods and services.

The effect of the change in accounting policy is immaterial.

## 7. Notes to Consolidated Financial Statements

(Consolidated Balance Sheets)

|   | Year ended<br>March 31, 2021 | (Millions of yen)<br>Year ended<br>March 31, 2022 |
|---|------------------------------|---|
| 1. Accumulated depreciation deducted from property and equipment    | 43,530                       | 47,488  |
| 2. Obligations under guarantees<br>(potential guarantee obligation) | 9<br>(9)                     | 3<br>(3)  |
| 3. The balance for affiliate companies is as follows:               |                              |   |
| Investment Securities   | 8,597                        | 6,339   |

(Consolidated Statements of Changes in Shareholders' Equity)

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,<br>2020 | Shares increased in<br>this year | Shares decreased in<br>this year | Shares at March 31,<br>2021 |
|------------------------------------|----------------------------|----------------------------------|----------------------------------|-----------------------------|
| Shares outstanding<br>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, 2022 (April 1, 2021 - March 31, 2022)

1. Matters related to outstanding shares

(Thousands of shares)

|                                    | Shares at April 1,<br>2021 | Shares increased in<br>this year | Shares decreased in<br>this year | Shares at March 31,<br>2022 |
|------------------------------------|----------------------------|----------------------------------|----------------------------------|-----------------------------|
| Shares outstanding<br>Common stock | 2,015,102                  | —                                | —                                | 2,015,102                   |
| Total                              | 2,015,102                  | —                                | —                                | 2,015,102                   |

2. Matters related to treasury stock

The Company acquired the treasury stock on June 29, 2021 based on resolutions of shareholders meetings on June 23, 2021 pursuant to Article 157 and others of the Companies Act of Japan as follows.

|   |                      |
|---|----------------------|
| Total number of shares of treasury stock acquired | 1,205,211,726 shares |
| Total amount of acquisition                       | 369,999 million yen  |

(Per share information)

(Yen)

|                      | Year ended<br>March 31, 2021 |                      | Year ended<br>March 31, 2022 |
|----------------------|------------------------------|----------------------|------------------------------|
| Net assets per share | 488.41                       | Net assets per share | 746.03                       |
| Net income per share | 37.49                        | Net income per share | 54.39                        |

(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<br>March 31, 2021 | Year ended<br>March 31, 2022 |
|--|-----------------------|------------------------------|------------------------------|
| Net income attributable to owners of parent              | (Millions of yen)     | 75,553                       | 54,982                       |
| Amount not attributable to common stock shareholders     | (Millions of yen)     | —                            | —                            |
| Net income attributable to common stock owners of parent | (Millions of yen)     | 75,553                       | 54,982                       |
| Average number of common shares outstanding              | (Thousands of shares) | 2,015,102                    | 1,010,759                    |

## II. Supplemental Information

### 1. Commissions (Consolidated)

#### 1) Breakdown by items

(Millions of yen)

|  | Year ended March 31,<br>2021 | Year ended March 31,<br>2022 | Increase/(Decrease) |                   |
|--|------------------------------|------------------------------|---------------------|-------------------|
|  |                              |                              | Amount              | Percentage<br>(%) |
| Brokerage commissions  | 35,633                       | 32,810                       | (2,823)             | (7.9)             |
| Equities   | 33,927                       | 31,110                       | (2,816)             | (8.3)             |
| Bonds  | 1,160                        | 1,156                        | (3)                 | (0.3)             |
| Underwriting and selling fees, and<br>commissions from solicitation to<br>qualifying investors                     | 42,148                       | 45,176                       | 3,028               | 7.2               |
| Equities   | 17,679                       | 18,790                       | 1,111               | 6.3               |
| Bonds  | 23,776                       | 26,053                       | 2,277               | 9.6               |
| Offering, selling, and other commissions<br>and fees, and commissions from solicitation<br>to qualifying investors | 58,631                       | 56,044                       | (2,587)             | (4.4)             |
| Other commissions and fees   | 67,135                       | 74,795                       | 7,660               | 11.4              |
| Total  | 203,549                      | 208,827                      | 5,278               | 2.6               |

#### 2) Breakdown by instruments

(Millions of yen)

|                          | Year ended March 31,<br>2021 | Year ended March 31,<br>2022 | Increase/(Decrease) |                   |
|--------------------------|------------------------------|------------------------------|---------------------|-------------------|
|                          |                              |                              | Amount              | Percentage<br>(%) |
| Equities                 | 64,180                       | 60,289                       | (3,890)             | (6.1)             |
| Bonds                    | 41,632                       | 43,331                       | 1,698               | 4.1               |
| Beneficiary certificates | 65,441                       | 70,330                       | 4,888               | 7.5               |
| Others                   | 32,293                       | 34,875                       | 2,582               | 8.0               |
| Total                    | 203,549                      | 208,827                      | 5,278               | 2.6               |

### 2. Net gain on trading

(Millions of yen)

|                        | Year ended March 31,<br>2021 | Year ended March 31,<br>2022 | Increase/(Decrease) |                   |
|------------------------|------------------------------|------------------------------|---------------------|-------------------|
|                        |                              |                              | Amount              | Percentage<br>(%) |
| Equities, etc.         | 66,572                       | 66,850                       | 277                 | 0.4               |
| Bonds, etc. and others | 80,663                       | 35,963                       | (44,700)            | (55.4)            |
| Total                  | 147,236                      | 102,813                      | (44,422)            | (30.2)            |

### 3. Consolidated Capital adequacy requirement ratio

(Millions of yen)

|   |   | As of March 31, 2021 | As of March 31, 2022 |
|---|---|----------------------|----------------------|
| Basic items (A)   |   | 880,962              | 523,935              |
| Supplemental items  | Net unrealized gains on (operating) investment securities, net of tax, etc. | 31,096               | 29,777               |
|   | Reserve for financial instruments transaction liabilities, etc.             | 3,135                | 3,132                |
|   | Allowance for doubtful accounts   | 54                   | 66                   |
|   | Subordinated long-term borrowings   | —                    | 261,967              |
|   | Subordinated short-term borrowings  | 90,000               | 227,032              |
| Total (B)   |   | 124,286              | 521,975              |
| Deducted assets (C)   |   | 220,364              | 232,118              |
| Equity after deduction (A) + (B) - (C) (D)                    |   | 784,884              | 813,792              |
| Amount equivalent to risk                                     | Amount equivalent to market risk  | 140,120              | 152,032              |
|   | Amount equivalent to counterparty risk                                      | 60,386               | 75,729               |
|   | Amount equivalent to fundamental risk                                       | 71,127               | 75,224               |
|   | Total (E)   | 271,634              | 302,986              |
| Consolidated capital adequacy requirement ratio (D)/(E) * 100 |   | 288.9%               | 268.5%               |



#### 4. Quarterly Consolidated Statements of Income

(Millions of yen)

|  | Fourth quarter<br>ended<br>March 2021 | First quarter<br>ended<br>June 2021 | Second quarter<br>ended<br>September 2021 | Third quarter<br>ended<br>December 2021 | Fourth quarter<br>ended<br>March 2022 |
|--|---------------------------------------|-------------------------------------|---|---|---------------------------------------|
|  | Jan. 1, 2021 -<br>Mar. 31, 2021       | Apr. 1, 2021 -<br>Jun. 30, 2021     | Jul. 1, 2021 -<br>Sep. 30, 2021           | Oct. 1, 2021 -<br>Dec. 31, 2021         | Jan. 1, 2022 -<br>Mar. 31, 2022       |
| Operating revenues   | 126,309                               | 99,438                              | 113,936                                   | 96,261                                  | 91,802                                |
| Commissions  | 57,788                                | 53,348                              | 52,724                                    | 57,000                                  | 45,753                                |
| Brokerage commissions  | 10,675                                | 7,646                               | 8,342                                     | 8,777                                   | 8,044                                 |
| Equities   | 10,192                                | 7,267                               | 7,860                                     | 8,424                                   | 7,558                                 |
| Bonds  | 355                                   | 244                                 | 357                                       | 222                                     | 332                                   |
| Underwriting and selling fees, and<br>commissions from solicitation to qualifying<br>investors                     | 9,275                                 | 10,566                              | 13,262                                    | 14,159                                  | 7,189                                 |
| Equities   | 4,622                                 | 3,415                               | 4,999                                     | 8,078                                   | 2,297                                 |
| Bonds  | 4,350                                 | 7,022                               | 8,192                                     | 6,058                                   | 4,780                                 |
| Offering, selling, and other commissions and<br>fees, and commissions from solicitation to<br>qualifying investors | 17,783                                | 18,141                              | 12,439                                    | 14,394                                  | 11,068                                |
| Other commissions and fees   | 20,053                                | 16,994                              | 18,679                                    | 19,669                                  | 19,451                                |
| Net gain on trading  | 43,394                                | 29,350                              | 35,006                                    | 20,189                                  | 18,267                                |
| Equities, etc.   | 18,569                                | 4,477                               | 21,170                                    | 27,025                                  | 14,176                                |
| Bonds, etc. and others   | 24,824                                | 24,872                              | 13,836                                    | (6,836)                                 | 4,091                                 |
| Net gain (loss) on operating investment securities   | 293                                   | (16)                                | (1,081)                                   | 808                                     | (22)                                  |
| Interest and dividend income   | 24,833                                | 16,756                              | 27,286                                    | 18,263                                  | 27,803                                |
| Interest expenses  | 20,264                                | 12,085                              | 21,272                                    | 11,765                                  | 20,701                                |
| Net operating revenues   | 106,045                               | 87,353                              | 92,663                                    | 84,496                                  | 71,101                                |
| Selling, general and administrative expenses   | 78,902                                | 64,897                              | 68,570                                    | 67,767                                  | 65,130                                |
| Transaction-related expenses   | 15,239                                | 10,827                              | 13,352                                    | 11,230                                  | 11,118                                |
| Personnel expenses   | 38,105                                | 30,708                              | 32,301                                    | 32,223                                  | 31,063                                |
| Real estate expenses   | 8,017                                 | 6,668                               | 5,959                                     | 6,715                                   | 6,943                                 |
| Administrative expenses  | 7,129                                 | 7,451                               | 7,996                                     | 8,418                                   | 8,305                                 |
| Depreciation and amortization  | 7,153                                 | 6,833                               | 6,685                                     | 6,574                                   | 5,828                                 |
| Taxes and dues   | 1,519                                 | 1,340                               | 1,477                                     | 1,708                                   | 1,004                                 |
| Other  | 1,738                                 | 1,066                               | 797                                       | 895                                     | 867                                   |
| Operating income   | 27,142                                | 22,456                              | 24,092                                    | 16,729                                  | 5,970                                 |
| Non-operating income   | 2,976                                 | 777                                 | 341                                       | 1,415                                   | 2,452                                 |
| Non-operating expenses   | 995                                   | 532                                 | 1,012                                     | 382                                     | 745                                   |
| Ordinary income  | 29,124                                | 22,700                              | 23,421                                    | 17,761                                  | 7,678                                 |
| Extraordinary gain   | 1,937                                 | 30                                  | 496                                       | 316                                     | 2,670                                 |
| Extraordinary loss   | 13,988                                | 979                                 | 1,335                                     | 1,388                                   | 6,861                                 |
| Income before income taxes and<br>non-controlling interests  | 17,073                                | 21,751                              | 22,582                                    | 16,689                                  | 3,487                                 |
| Income taxes - current   | 5,178                                 | 439                                 | 4,655                                     | 5,047                                   | 204                                   |
| Income taxes - deferred  | (4,244)                               | 3,951                               | (666)                                     | (5,104)                                 | 366                                   |
| Net income   | 16,138                                | 17,359                              | 18,593                                    | 16,745                                  | 2,916                                 |
| Net income (loss) attributable to non-controlling interests  | 1,603                                 | 104                                 | 61  | (26)                                    | 493                                   |
| Net income attributable to owners of parent  | 14,534                                | 17,255                              | 18,531                                    | 16,772                                  | 2,423                                 |

### III. Non-consolidated Financial Statements

#### 1. Non-consolidated Balance Sheets

(Millions of yen)

|   | As of March 31, 2021 | As of March 31, 2022 |
|---|----------------------|----------------------|
| <b>Assets</b>   |                      |                      |
| Current assets  |                      |                      |
| Cash and bank deposits  | 369,894              | 405,261              |
| Cash segregated as deposits for customers and others              | 554,281              | 541,274              |
| Trading assets  | 6,222,426            | 6,921,502            |
| Trading securities and others                                     | 2,776,197            | 3,197,851            |
| Derivatives   | 3,446,228            | 3,723,651            |
| Receivables - unsettled trades                                    | —                    | 145,887              |
| Operating investment securities                                   | 34,338               | 40,926               |
| Receivables related to margin transactions                        | 32,553               | 34,802               |
| Loans receivable under margin transactions                        | 28,105               | 29,635               |
| Cash collateral for borrowed securities under margin transactions | 4,448                | 5,167                |
| Collateralized short-term financing agreements - receivable       | 4,520,477            | 4,707,548            |
| Deposits paid for securities borrowed                             | 2,597,115            | 2,225,758            |
| Securities purchased under agreements to resell                   | 1,923,362            | 2,481,790            |
| Advances paid   | 441                  | 94                   |
| Short-term guarantee deposits                                     | 373,909              | 627,838              |
| Securities: fail to deliver                                       | 15,265               | 32,415               |
| Variation margin paid   | 30,440               | 12,757               |
| Short-term loans receivable                                       | 36,085               | 47,983               |
| Other current assets  | 57,360               | 59,738               |
| Less: Allowance for doubtful accounts                             | (276)                | (79)                 |
| Total current assets  | 12,247,197           | 13,577,953           |
| Noncurrent assets   |                      |                      |
| Property and equipment  | 19,775               | 18,742               |
| Buildings   | 5,787                | 5,956                |
| Equipment   | 6,319                | 5,116                |
| Land  | 7,669                | 7,669                |
| Intangible assets   | 66,544               | 68,497               |
| Software  | 66,051               | 68,008               |
| Other intangible assets   | 492                  | 489                  |
| Investments and other assets                                      | 314,486              | 304,034              |
| Investment securities   | 45,565               | 40,485               |
| Investments in subsidiaries and affiliates                        | 195,164              | 195,143              |
| Long-term loans receivable to subsidiaries and affiliates         | 14,635               | —                    |
| Long-term guarantee deposits                                      | 11,753               | 12,984               |
| Long-term prepaid expenses  | 3,160                | 7,642                |
| Prepaid pension cost  | 22,893               | 25,754               |
| Deferred tax assets   | 19,443               | 19,998               |
| Other   | 5,320                | 5,705                |
| Less: Allowance for doubtful accounts                             | (3,448)              | (3,681)              |
| Total noncurrent assets   | 400,806              | 391,274              |
| <b>Total assets</b>   | <b>12,648,003</b>    | <b>13,969,227</b>    |

(Millions of yen)

|   | As of March 31, 2021 | As of March 31, 2022 |
|---|----------------------|----------------------|
| <b>Liabilities</b>  |                      |                      |
| Current liabilities   |                      |                      |
| Trading liabilities   | 4,765,362            | 5,356,537            |
| Trading securities and others                                   | 1,676,687            | 1,935,741            |
| Derivatives   | 3,088,674            | 3,420,796            |
| Payables - unsettled trades                                     | 253,734              | —                    |
| Payables related to margin transactions                         | 39,793               | 50,556               |
| Borrowings on margin transactions                               | 6,383                | 7,794                |
| Cash collateral for loaned securities under margin transactions | 33,409               | 42,761               |
| Collateralized short-term financing agreements - payable        | 3,510,972            | 4,144,682            |
| Deposits received for securities loaned                         | 878,901              | 1,096,495            |
| Securities sold under agreements to repurchase                  | 2,632,070            | 3,048,186            |
| Deposits received   | 444,112              | 425,452              |
| Guarantee deposits received                                     | 417,142              | 425,613              |
| Securities: fail to receive                                     | 2,854                | 7,083                |
| Short-term borrowings   | 806,728              | 904,079              |
| Commercial paper  | 423,500              | 490,500              |
| Bonds and notes due within one year                             | 127,648              | 148,768              |
| Income taxes payable  | 11,565               | 2,515                |
| Accrued employees' bonuses                                      | 25,365               | 25,379               |
| Provision for variable compensation                             | 788                  | 411                  |
| Other current liabilities                                       | 50,122               | 46,970               |
| Total current liabilities                                       | 10,879,689           | 12,028,549           |
| Noncurrent liabilities  |                      |                      |
| Bonds and notes   | 623,175              | 753,870              |
| Long-term borrowings  | 150,400              | 580,000              |
| Provision for retirement benefits                               | 21,216               | 22,579               |
| Provision for loss on head office transfer                      | 4,194                | 1,541                |
| Other noncurrent liabilities                                    | 3,132                | 3,769                |
| Total noncurrent liabilities                                    | 802,120              | 1,361,759            |
| Statutory reserves  |                      |                      |
| Reserve for financial instruments transaction liabilities       | 3,135                | 3,132                |
| Total statutory reserves  | 3,135                | 3,132                |
| <b>Total liabilities</b>  | <b>11,684,945</b>    | <b>13,393,441</b>    |

(Millions of yen)

|   | As of March 31, 2021 | As of March 31, 2022 |
|---|----------------------|----------------------|
| <b>Net assets</b>   |                      |                      |
| 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   | 440,661              | 425,554              |
| Total retained earnings   | <u>440,661</u>       | <u>425,554</u>       |
| Treasury stock  | —                    | (369,999)            |
| Total shareholders' equity  | <u>947,478</u>       | <u>562,371</u>       |
| Valuation and translation adjustments                                       |                      |                      |
| Net unrealized gains on (operating) investment securities, net of tax, etc. | 25,339               | 23,193               |
| Net deferred gains or losses on hedges, net of tax                          | (9,759)              | (9,778)              |
| Total valuation and translation adjustments                                 | <u>15,580</u>        | <u>13,415</u>        |
| <b>Total net assets</b>   | <u>963,058</u>       | <u>575,786</u>       |
| <b>Total liabilities and net assets</b>                                     | <u>12,648,003</u>    | <u>13,969,227</u>    |

## 2. Non-consolidated Statements of Income

(Millions of yen)

|  | Year ended<br>March 31, 2021 | Year ended<br>March 31, 2022 |
|--|------------------------------|------------------------------|
| Operating revenues   |                              |                              |
| Commissions  | 181,774                      | 183,633                      |
| Brokerage commissions  | 28,907                       | 26,300                       |
| Underwriting and selling fees, and commissions from solicitation to qualifying investors                     | 35,642                       | 38,562                       |
| Offering, selling, and other commissions and fees, and commissions from solicitation to qualifying investors | 42,786                       | 41,710                       |
| Other commissions and fees   | 74,437                       | 77,058                       |
| Net gain on trading  | 152,257                      | 123,761                      |
| Net gain (loss) on operating investment securities   | 630                          | (2,831)                      |
| Interest and dividend income   | 73,514                       | 75,942                       |
| Total operating revenues   | 408,177                      | 380,505                      |
| Interest expenses  | 56,850                       | 53,612                       |
| Net operating revenues   | 351,326                      | 326,892                      |
| Selling, general and administrative expenses   | 264,682                      | 251,967                      |
| Transaction-related expenses   | 73,476                       | 70,197                       |
| Personnel expenses   | 100,958                      | 96,131                       |
| Real estate expenses   | 22,148                       | 21,017                       |
| Administrative expenses  | 39,411                       | 39,150                       |
| Depreciation and amortization  | 19,994                       | 17,770                       |
| Taxes and dues   | 5,797                        | 5,252                        |
| Provision of allowance for doubtful accounts   | 283                          | 36                           |
| Other  | 2,612                        | 2,411                        |
| Operating income   | 86,643                       | 74,924                       |
| Non-operating income   | 4,210                        | 3,437                        |
| Non-operating expenses   | 221                          | 506                          |
| Ordinary income  | 90,632                       | 77,855                       |
| Extraordinary gain   | 13,748                       | 3,738                        |
| Gain on sales of investment securities   | 7,099                        | 2,882                        |
| Gain on extinguishment of tie-in shares  | 6,649                        | —                            |
| Reversal of allowance for loss on head office transfer   | —                            | 852                          |
| Reversal of reserve for financial instruments transaction liabilities  | —                            | 3                            |
| Extraordinary loss   | 15,830                       | 10,627                       |
| Loss on disposal of noncurrent assets  | 318                          | 710                          |
| Impairment losses  | 728                          | 39                           |
| Extra retirement payments  | 267                          | 197                          |
| Head office transfer cost  | 648                          | 820                          |
| Loss related to system migration   | 8,032                        | 8,842                        |
| Loss related to novel coronavirus disease  | 739                          | —                            |
| Provision of allowance for loss on head office transfer  | 4,194                        | —                            |
| Provision of reserve for financial instruments transaction liabilities                                       | 625                          | —                            |
| Other  | 273                          | 16                           |
| Income before income taxes   | 88,550                       | 70,966                       |
| Income taxes - current   | 14,761                       | 10,303                       |
| Income taxes - deferred  | (3,167)                      | 203                          |
| Total income taxes   | 11,594                       | 10,506                       |
| Net income   | 76,956                       | 60,459                       |

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

Year ended March 31, 2021

(Millions of yen)

|   | Shareholders' equity |                                |                          |                          |   |                            |
|---|----------------------|--------------------------------|--------------------------|--------------------------|---|----------------------------|
|   | Common stock         | Capital surplus                |                          |                          | Retained earnings                       | Total Shareholders' equity |
|   |                      | Additional paid<br>-in capital | Other capital<br>surplus | Total capital<br>surplus | Other retained<br>earnings              |                            |
|   |                      |                                |                          |                          | Retained<br>earnings<br>brought forward |                            |
| Balance at beginning of period                          | 125,167              | 285,831                        | 95,817                   | 381,649                  | 371,261                                 |                            |
| Changes during the period                               |                      |                                |                          |                          |   |                            |
| Dividends of surplus                                    |                      |                                |                          |                          | (7,556)                                 | (7,556)                    |
| Net income  |                      |                                |                          |                          | 76,956                                  | 76,956                     |
| Net changes of items other<br>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<br>gains on<br>(operating)<br>investment<br>securities, net<br>of tax | Net deferred<br>hedge gain<br>(loss), net of tax | Total valuation<br>and translation<br>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<br>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          |

Year ended March 31, 2022

(Millions of yen)

|  | Shareholders' equity |                             |                       |                       |  |                |                            |
|--|----------------------|-----------------------------|-----------------------|-----------------------|--|----------------|----------------------------|
|  | Common stock         | Capital surplus             |                       |                       | Retained earnings  | Treasury stock | Total Shareholders' equity |
|  |                      | Additional paid –in capital | Other capital surplus | Total capital surplus | Other retained earnings<br>Retained earnings brought forward |                |                            |
| Balance at beginning of period                       | 125,167              | 285,831                     | 95,817                | 381,649               | 440,661  | —              | 947,478                    |
| Changes during the period                            |                      |                             |                       |                       |  |                |                            |
| Dividends of surplus                                 |                      |                             |                       |                       | (75,566)   |                | (75,566)                   |
| Net income   |                      |                             |                       |                       | 60,459   |                | 60,459                     |
| Purchase of treasury stock                           |                      |                             |                       |                       |  | (369,999)      | (369,999)                  |
| Net changes of items other than shareholders' equity |                      |                             |                       |                       |  |                |                            |
| Total changes during the period                      | —                    | —                           | —                     | —                     | (15,107)   | (369,999)      | (385,107)                  |
| Balance at end of period                             | 125,167              | 285,831                     | 95,817                | 381,649               | 425,554  | (369,999)      | 562,371                    |

(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                       | 25,339  | (9,759)                                    | 15,580                                      | 963,058          |
| Changes during the period                            |   |  |   |                  |
| Dividends of surplus                                 |   |  |   | (75,566)         |
| Net income   |   |  |   | 60,459           |
| Purchase of treasury stock                           |   |  |   | (369,999)        |
| Net changes of items other than shareholders' equity | (2,146)   | (19)                                       | (2,165)                                     | (2,165)          |
| Total changes during the period                      | (2,146)   | (19)                                       | (2,165)                                     | (387,272)        |
| Balance at end of period                             | 23,193  | (9,778)                                    | 13,415                                      | 575,786          |

**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, 2021 | As of March 31, 2022 |
|--|---|----------------------|----------------------|
| Basic items (A)                                  |   | 871,912              | 507,387              |
| Supplemental items                               | Net unrealized gains on (operating) investment securities, net of tax, etc. | 15,580               | 13,415               |
|  | Reserve for financial instruments transaction liabilities, etc.             | 3,135                | 3,132                |
|  | Allowance for doubtful accounts   | 76                   | 79                   |
|  | Subordinated long-term borrowings   | —                    | 253,693              |
|  | Subordinated short-term borrowings  | 90,000               | 235,306              |
| Total (B)  |   | 108,792              | 505,626              |
| Deducted assets (C)                              |   | 374,506              | 369,525              |
| Equity after deduction (A) + (B) - (C) (D)       |   | 606,197              | 643,488              |
| Amount equivalent to risk                        | Amount equivalent to market risk  | 92,917               | 98,278               |
|  | Amount equivalent to counterparty risk                                      | 49,849               | 59,551               |
|  | Amount equivalent to fundamental risk                                       | 71,469               | 72,747               |
|  | Total (E)   | 214,236              | 230,577              |
| Capital adequacy requirement ratio (D)/(E) * 100 |   | 282.9%               | 279.0%               |