

March 28, 2025
Mizuho Securities Co., Ltd.

[Updated] Correction in "Summary of Consolidated Financial Statements
for the Fiscal Year Ended March 31, 2023 Under Japanese GAAP"

Mizuho Securities Co., Ltd. hereby announces partial corrections in its "Summary of Consolidated Financial Statements for the Fiscal Year Ended March 31, 2023 Under Japanese GAAP".

In this connection, corrections are underlined.

[Updated]

"Summary of Consolidated Financial Statements for the Fiscal Year Ended March 31, 2023 Under Japanese GAAP" disclosed on April 28, 2023

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3. Consolidated Capital adequacy requirement ratio

(before correction)		(Millions of yen)	
		As of March 31, 2022	As of March 31, 2023
Basic items	(A)	523,935	680,022
Supplemental items	Net unrealized gains on (operating) investment securities, net of tax, etc.	29,777	23,610
	Reserve for financial instruments transaction liabilities, etc.	3,132	3,352
	Allowance for doubtful accounts	66	65
	Subordinated long-term borrowings	261,967	300,000
	Subordinated short-term borrowings	227,032	234,000
Total		521,975	561,028
Deducted assets	(C)	232,118	294,652
Equity after deduction	(A) + (B) - (C)	813,792	946,399
Amount equivalent to risk	Amount equivalent to market risk	<u>152,032</u>	<u>166,010</u>
	Amount equivalent to counterparty risk	<u>75,729</u>	<u>68,090</u>
	Amount equivalent to fundamental risk	<u>75,224</u>	<u>76,546</u>
	Total	(E)	302,986
Consolidated capital adequacy requirement ratio	(D)/(E) * 100	268.5%	304.6%

(after correction)		(Millions of yen)	
		As of March 31, 2022	As of March 31, 2023
Basic items	(A)	523,935	680,022
Supplemental items	Net unrealized gains on (operating) investment securities, net of tax, etc.	29,777	23,610
	Reserve for financial instruments transaction liabilities, etc.	3,132	3,352
	Allowance for doubtful accounts	66	65
	Subordinated long-term borrowings	261,967	300,000
	Subordinated short-term borrowings	227,032	234,000
Total		521,975	561,028
Deducted assets	(C)	232,118	294,652
Equity after deduction	(A) + (B) - (C)	813,792	946,399
Amount equivalent to risk	Amount equivalent to market risk	<u>153,063</u>	<u>165,833</u>
	Amount equivalent to counterparty risk	<u>73,782</u>	<u>66,294</u>
	Amount equivalent to fundamental risk	<u>75,224</u>	<u>76,546</u>
	Total	(E)	302,071
Capital adequacy requirement ratio	(D)/(E) * 100	269.4%	306.6%

Summary of Consolidated Financial Statements for the Fiscal Year Ended March 31, 2023 Under Japanese GAAP

Company's name: **Mizuho Securities Co., Ltd.**URL: <https://www.mizuho-sc.com/>

Representative: Yoshiro Hamamoto, President

Contact: Hiroshi Onizawa, General Manager of Accounting Dept. on +81 3-5208-3210

Preparation of supplemental explanatory documents: Yes

Holding of quarterly presentation meeting: No

1. Consolidated Financial Results for the Fiscal Year Ended March 31, 2023 (April 1, 2022 to March 31, 2023)

(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, 2023	424,977	280,616	16,624	13,620
March 31, 2022	401,439	335,614	69,248	71,562

(Note) Comprehensive income: March 31, 2023 12,018 million yen (-82.0%)
March 31, 2022 66,920 million yen (-34.8%)

	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, 2023	6,494	6.83	—	1.0
March 31, 2022	54,982	54.39	—	6.9

Reference: Equity in net earnings of affiliated companies: March 31, 2023 (5,827) million yen
March 31, 2022 (2,141) 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, 2023	19,240,493	703,632	3.6	593.90
March 31, 2022	18,781,187	608,695	3.2	746.03

Reference: Equity (i.e. "Shareholders' equity" and "Accumulated other comprehensive income"):
March 31, 2023 698,586 million yen
March 31, 2022 604,205 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, 2023:	2,015,102,652 shares
March 31, 2022:	2,015,102,652 shares

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

March 31, 2023:	838,827,458 shares
March 31, 2022:	1,205,211,726 shares

3) Average number of outstanding shares for the period:

March 31, 2023:	951,486,993 shares
March 31, 2022:	1,010,759,547 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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1. Consolidated Financial Statements

1. Consolidated Balance Sheets

(Millions of yen)

	As of March 31, 2022	As of March 31, 2023
Assets		
Current assets		
Cash and bank deposits	625,894	1,089,882
Cash segregated as deposits for customers and others	548,753	465,730
Trading assets	9,172,447	10,138,644
Trading securities and others	3,916,544	3,119,074
Loans receivable	20,157	1,881
Derivatives	5,235,744	7,017,687
Receivables - unsettled trades	161,349	12,421
Operating investment securities	88,404	91,193
Operating loans receivable	9,417	10,313
Receivables related to margin transactions	34,802	25,742
Loans receivable under margin transactions	29,635	24,237
Cash collateral for borrowed securities under margin transactions	5,167	1,505
Collateralized short-term financing agreements - receivable	6,965,091	6,424,132
Deposits paid for securities borrowed	2,225,758	1,741,151
Securities purchased under agreements to resell	4,739,332	4,682,980
Advances paid	681	704
Short-term guarantee deposits	803,404	536,334
Securities: fail to deliver	44,377	27,917
Variation margin paid	12,757	—
Short-term loans receivable	116	137
Securities	237	263
Other current assets	75,158	115,221
Less: Allowance for doubtful accounts	(66)	(773)
Total current assets	18,542,826	18,937,866
Noncurrent assets		
Property and equipment	26,886	25,099
Buildings	9,584	8,063
Equipment	6,894	8,586
Land	7,669	5,574
Leased assets	2,738	2,874
Intangible assets	92,059	56,338
Software	78,080	55,846
Customer related assets	13,480	—
Other	498	491
Investments and other assets	119,414	221,189
Investment securities	52,152	120,167
Long-term guarantee deposits	13,471	13,811
Net defined benefit asset	36,859	36,270
Deferred tax assets	6,981	42,138
Other	13,630	12,278
Less: Allowance for doubtful accounts	(3,681)	(3,476)
Total noncurrent assets	238,360	302,627
Total assets	18,781,187	19,240,493

(Millions of yen)

	As of March 31, 2022	As of March 31, 2023
Liabilities		
Current liabilities		
Trading liabilities	7,409,491	9,333,285
Trading securities and others	2,480,126	2,595,028
Derivatives	4,929,364	6,738,257
Payables related to margin transactions	50,556	37,624
Borrowings on margin transactions	7,794	3,763
Cash collateral for loaned securities under margin transactions	42,761	33,860
Collateralized short-term financing agreements - payable	6,105,375	4,789,407
Deposits received for securities loaned	1,096,495	684,898
Securities sold under agreements to repurchase	5,008,879	4,104,509
Deposits received	426,322	385,790
Guarantee deposits received	631,284	330,315
Securities: fail to receive	60,929	54,458
Variation margin received	—	1,052
Short-term borrowings	1,096,783	1,106,768
Commercial paper	490,500	436,000
Bonds and notes due within one year	187,282	367,153
Income taxes payable	2,789	3,737
Accrued employees' bonuses	35,976	26,745
Provision for variable compensation	411	401
Other current liabilities	184,639	176,106
Total current liabilities	<hr/> 16,682,342	<hr/> 17,048,846
Noncurrent liabilities		
Bonds and notes	874,862	729,615
Long-term borrowings	580,000	724,100
Lease obligations	2,983	3,209
Deferred tax liabilities	26	—
Provision for directors' retirement benefits	63	70
Provision for executive officers' retirement benefits	95	59
Net defined benefit liability	23,045	22,130
Provision for loss on head office transfer	1,541	923
Other noncurrent liabilities	4,398	4,553
Total noncurrent liabilities	<hr/> 1,487,016	<hr/> 1,484,661
Statutory reserves		
Reserve for financial instruments transaction liabilities	3,132	3,352
Total statutory reserves	<hr/> 3,132	<hr/> 3,352
Total liabilities	<hr/> 18,172,491	<hr/> 18,536,861

(Millions of yen)

	As of March 31, 2022	As of March 31, 2023
Net assets		
Shareholders' equity		
Common stock	125,167	125,167
Capital surplus	358,414	383,836
Retained earnings	507,337	458,848
Treasury stock	(369,999)	(257,520)
Total shareholders' equity	<u>620,919</u>	<u>710,331</u>
Accumulated other comprehensive income (loss)		
Net unrealized gains on (operating) investment securities, net of tax, etc.	22,999	18,700
Foreign currency translation adjustments	(46,491)	(35,355)
Remeasurement of defined benefit plans	6,777	4,909
Total accumulated other comprehensive income (loss)	<u>(16,714)</u>	<u>(11,744)</u>
Non-controlling interests	4,490	5,045
Total net assets	<u>608,695</u>	<u>703,632</u>
Total liabilities and net assets	<u>18,781,187</u>	<u>19,240,493</u>

2. Consolidated Statements of Income and Comprehensive Income

Consolidated Statements of Income

	(Millions of yen)	
	Year ended March 31, 2022	Year ended March 31, 2023
Operating revenues		
Commissions	208,827	161,084
Brokerage commissions	32,810	29,746
Underwriting and selling fees, and commissions from solicitation to qualifying investors	45,176	29,024
Offering, selling, and other commissions and fees, and commissions from solicitation to qualifying investors	56,044	29,681
Other commissions and fees	74,795	72,633
Net gain on trading	102,813	92,063
Net gain (loss) on operating investment securities	(312)	2,159
Interest and dividend income	90,110	169,669
Total operating revenues	<u>401,439</u>	<u>424,977</u>
Interest expenses	65,825	144,360
Net operating revenues	<u>335,614</u>	<u>280,616</u>
Selling, general and administrative expenses	266,365	263,992
Transaction-related expenses	46,529	45,076
Personnel expenses	126,297	116,693
Real estate expenses	26,286	33,984
Administrative expenses	32,171	33,361
Depreciation and amortization	25,923	24,662
Taxes and dues	5,530	5,762
Provision of allowance for doubtful accounts	55	764
Other	3,571	3,688
Operating income	<u>69,248</u>	<u>16,624</u>
Non-operating income	4,986	3,021
Non-operating expenses	2,673	6,024
Ordinary income	<u>71,562</u>	<u>13,620</u>
Extraordinary gain	3,512	9,202
Gain on sales of noncurrent assets	—	1,005
Gain on sales of investment securities	2,656	8,011
Reversal of allowance for loss on head office transfer	852	—
Reversal of reserve for financial instruments transaction liabilities	3	—
Other	—	185
Extraordinary loss	10,565	46,344
Loss on disposal of noncurrent assets	719	522
Loss on sales of investment securities	50	257
Impairment losses	39	32,627
Extra retirement payments	197	838
Head office transfer cost	820	2,655
Loss related to system migration	8,712	8,909
Provision of allowance for loss on head office transfer	—	219
Provision of reserve for financial instruments transaction liabilities	—	220
Other	24	93
Income (loss) before income taxes and non-controlling interests	<u>64,509</u>	<u>(23,521)</u>
Income taxes - current	11,911	3,268
Income taxes - refund	(1,564)	(1,008)
Income taxes - deferred	(1,453)	(32,385)
Total income taxes	<u>8,894</u>	<u>(30,126)</u>
Net income	55,615	6,604
Net income attributable to non-controlling interests	633	110
Net income attributable to owners of parent	<u>54,982</u>	<u>6,494</u>

Consolidated Statements of Comprehensive Income

(Millions of yen)

	Year ended March 31, 2022	Year ended March 31, 2023
Net income	55,615	6,604
Other comprehensive income		
Net unrealized gains (losses) on (operating) investment securities, net of tax, etc.	(1,994)	(4,300)
Foreign currency translation adjustments	12,618	11,577
Remeasurement of defined benefit plans	653	(1,901)
Share in other comprehensive income of affiliates accounted for using equity method	27	37
Total other comprehensive income	11,304	5,413
Comprehensive income	66,920	12,018
(Breakdown)		
Attributable to:		
Owners of parent	65,842	11,463
Non-controlling interests	1,078	554

3. Consolidated Statements of Changes in Shareholders' Equity

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

Year ended March 31, 2023

(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	507,337	(369,999)	620,919
Changes during the period					
Dividends of surplus			(54,983)		(54,983)
Net income attributable to owners of parent			6,494		6,494
Disposal of treasury stock		25,421		112,479	137,901
Net changes of items other than shareholders' equity					
Total changes during the period	—	25,421	(48,489)	112,479	89,412
Balance at end of period	125,167	383,836	458,848	(257,520)	710,331

(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	22,999	(46,491)	6,777	(16,714)	4,490	608,695
Changes during the period						
Dividends of surplus						(54,983)
Net income attributable to owners of parent						6,494
Disposal of treasury stock						137,901
Net changes of items other than shareholders' equity	(4,298)	11,136	(1,867)	4,969	554	5,524
Total changes during the period	(4,298)	11,136	(1,867)	4,969	554	94,936
Balance at end of period	18,700	(35,355)	4,909	(11,744)	5,045	703,632

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 (12 subsidiaries)

Mizuho International plc

Mizuho Securities Europe GmbH

Mizuho (Switzerland) Ltd in liquidation

Mizuho Securities Asia Limited

Mizuho Securities (Singapore) Pte. Ltd.

Mizuho Markets Futures 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 Markets Futures Singapore Pte. Ltd.

2. Matters concerning the application of equity method

Equity-method affiliates (5 affiliates)

Nippon Securities Technology Co., Ltd.

PayPay Securities Corporation.

Rakuten Securities, Inc.

Other 2 companies

Newly Equity-method affiliate:

Rakuten Securities, Inc.

3. Matters related to the period of consolidated subsidiaries

The closing dates of consolidated subsidiaries are as follows:

March 31, 2023 12 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 10 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
With regard to the brokerage commissions, Mizuho Securities Co., Ltd. (hereinafter, the "Company") is 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, with regard to the agency commissions of investment trust, the Company is 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) Application of the Practical Solution on the Accounting and Disclosure Under the Japanese Group Relief System
The Company and some of its consolidated subsidiaries transitioned from the consolidated taxation system to the Japanese Group Relief System from this fiscal year ended March 31, 2023. As a result of this change, the provisions of "Practical Solution on the Accounting and Disclosure Under the Japanese Group Relief System" (Practical Solution No. 42, August 12, 2021, hereinafter, "Practical Solution No. 42") are applied to the accounting treatment and disclosure of corporate income tax, local corporate income tax, and tax effect accounting. The change in accounting policy associated with the application of Practical Solution No. 42 is deemed to have no impact, based on Paragraph 32 (1) of Practical Solution No. 42.
As the Company and some of its consolidated subsidiaries became wholly owned subsidiaries of Mizuho Financial Group, Inc. on June 1, 2022, the Japanese Group Relief System under which the Company was the tax sharing parent company was discontinued, and the Japanese Group Relief System under which Mizuho Financial Group, Inc. is the tax sharing parent company has been newly applied.

6. Changes in accounting policies

(Changes in accounting policies)

Mizuho Securities Co., Ltd. (hereinafter, the "Company") has applied "Implementation Guidance on Accounting Standard for Fair Value Measurement" (ASBJ Guidance No.31, June 17, 2021, hereinafter "Fair Value Measurement Accounting Standard Implementation Guidance") from the beginning of the first quarter ended June 30, 2022. In accordance with the transitional treatment set forth in paragraph 27-2 of "Fair Value Measurement Accounting Standard Implementation Guidance", the Company has applied prospectively a new accounting policy prescribed by "Fair Value Measurement Accounting Standard Implementation Guidance". This has no effect on the quarterly consolidated financial statements.

7. Notes to Consolidated Financial Statements

(Consolidated Balance Sheets)

	Year ended March 31, 2022	Year ended March 31, 2023	(Millions of yen)
1. Accumulated depreciation deducted from property and equipment	47,488	48,267	
2. Obligations under guarantees (potential guarantee obligation)	3	—	
3. The balance for affiliate companies is as follows: Investment Securities	(3)	(—)	
	6,339	82,602	

(Consolidated Statements of Changes in Shareholders' Equity)

Fiscal Year Ended March 31, 2022 (April 1, 2021 - March 31, 2022)

1. Matters related to outstanding shares

	Shares at April 1, 2021	Shares increased in this year	Shares decreased in this year	Shares at March 31, 2022	(Thousands of shares)
Shares outstanding 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 Board of Directors meeting 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

Fiscal Year Ended March 31, 2023 (April 1, 2022 - March 31, 2023)

1. Matters related to outstanding shares

	Shares at April 1, 2022	Shares increased in this year	Shares decreased in this year	Shares at March 31, 2023	(Thousands of shares)
Shares outstanding Common stock	2,015,102	—	—	2,015,102	
Total	2,015,102	—	—	2,015,102	

2. Matters related to treasury stock

The Company disposed of treasury stock through a third-party allotment described below on October 28, 2022 and January 27, 2023 based on resolutions of Board of Directors meeting on October 24, 2022 and January 20, 2023.

Total number of shares of treasury stock disposed	366,384,268 shares
Total amount of disposed	112,479 million yen

(Per share information)

(Yen)

	Year ended March 31, 2022	Year ended March 31, 2023
Net assets per share	746.03	593.90
Net income per share	54.39	6.83

(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, 2022	Year ended March 31, 2023
Net income attributable to owners of parent (Millions of yen)	54,982	6,494
Amount not attributable to common stock shareholders (Millions of yen)	—	—
Net income attributable to common stock owners of parent (Millions of yen)	54,982	6,494
Average number of common shares outstanding (Thousands of shares)	1,010,759	951,486

II. Supplemental Information (Consolidated)

1. Commissions

1) Breakdown by items

(Millions of yen)

	Year ended March 31, 2022	Year ended March 31, 2023	Increase/(Decrease)	
			Amount	Percentage (%)
Brokerage commissions	32,810	29,746	(3,064)	(9.3)
Equities	31,110	28,192	(2,918)	(9.4)
Bonds	1,156	1,074	(82)	(7.1)
Underwriting and selling fees, and commissions from solicitation to qualifying investors	45,176	29,024	(16,152)	(35.8)
Equities	18,790	9,207	(9,582)	(51.0)
Bonds	26,053	19,374	(6,679)	(25.6)
Offering, selling, and other commissions and fees, and commissions from solicitation to qualifying investors	56,044	29,681	(26,363)	(47.0)
Other commissions and fees	74,795	72,633	(2,162)	(2.9)
Total	208,827	161,084	(47,743)	(22.9)

2) Breakdown by instruments

(Millions of yen)

	Year ended March 31, 2022	Year ended March 31, 2023	Increase/(Decrease)	
			Amount	Percentage (%)
Equities	60,289	43,235	(17,054)	(28.3)
Bonds	43,331	31,853	(11,477)	(26.5)
Beneficiary certificates	70,330	46,476	(23,853)	(33.9)
Others	34,875	39,517	4,642	13.3
Total	208,827	161,084	(47,743)	(22.9)

2. Net gain on trading

(Millions of yen)

	Year ended March 31, 2022	Year ended March 31, 2023	Increase/(Decrease)	
			Amount	Percentage (%)
Equities, etc.	66,850	12,909	(53,940)	(80.7)
Bonds, etc. and others	35,963	79,154	43,190	120.1
Total	102,813	92,063	(10,749)	(10.5)

3. Consolidated Capital Adequacy Requirement Ratio

(Millions of yen)

		As of March 31, 2022	As of March 31, 2023
Basic items	(A)	523,935	680,022
Supplemental items	Net unrealized gains on (operating) investment securities, net of tax, etc.	29,777	23,610
	Reserve for financial instruments transaction liabilities, etc.	3,132	3,352
	Allowance for doubtful accounts	66	65
	Subordinated long-term borrowings	261,967	300,000
	Subordinated short-term borrowings	227,032	234,000
	Total	(B)	521,975
Deducted assets	(C)	232,118	294,652
Equity after deduction	(A) + (B) - (C)	(D)	813,792
Amount equivalent to risk	Amount equivalent to market risk	153,063	165,833
	Amount equivalent to counterparty risk	73,782	66,294
	Amount equivalent to fundamental risk	75,224	76,546
	Total	(E)	302,071
Consolidated capital adequacy requirement ratio	(D)/(E) * 100		269.4%
			306.6%

4. Quarterly Consolidated Statements of Income

(Millions of yen)

	Fourth quarter ended March 2022	First quarter ended June 2022	Second quarter ended September 2022	Third quarter ended December 2022	Fourth quarter ended March 2023
	Jan. 1, 2022 - Mar. 31, 2022	Apr. 1, 2022 - Jun. 30, 2022	Jul. 1, 2022 - Sep. 30, 2022	Oct. 1, 2022 - Dec. 31, 2022	Jan. 1, 2023 - Mar. 31, 2023
Operating revenues	91,802	87,625	113,010	99,856	124,485
Commissions	45,753	36,093	39,712	39,932	45,346
Brokerage commissions	8,044	7,579	7,395	6,770	8,000
Equities	7,558	7,192	6,994	6,467	7,537
Bonds	332	244	278	194	358
Underwriting and selling fees, and commissions from solicitation to qualifying investors	7,189	5,338	6,564	9,143	7,978
Equities	2,297	693	1,621	2,621	4,271
Bonds	4,780	4,564	4,818	6,499	3,492
Offering, selling, and other commissions and fees, and commissions from solicitation to qualifying investors	11,068	8,109	6,777	6,252	8,541
Other commissions and fees	19,451	15,066	18,974	17,765	20,825
Net gain on trading	18,267	23,311	23,552	22,577	22,622
Equities, etc.	14,176	(1,528)	11,910	(6,409)	8,936
Bonds, etc. and others	4,091	24,839	11,641	28,987	13,686
Net gain (loss) on operating investment securities	(22)	1,116	49	1,556	(563)
Interest and dividend income	27,803	27,104	49,695	35,790	57,078
Interest expenses	20,701	22,485	40,319	32,920	48,634
Net operating revenues	71,101	65,139	72,690	66,936	75,850
Selling, general and administrative expenses	65,130	60,580	65,951	63,803	73,656
Transaction-related expenses	11,118	10,764	11,467	10,575	12,269
Personnel expenses	31,063	26,531	30,109	27,988	32,062
Real estate expenses	6,943	7,335	8,588	8,990	9,069
Administrative expenses	8,305	8,062	7,617	7,661	10,018
Depreciation and amortization	5,828	5,379	6,448	6,318	6,515
Taxes and dues	1,004	1,473	888	1,306	2,093
Other	867	1,032	830	960	1,628
Operating income	5,970	4,558	6,738	3,132	2,193
Non-operating income	2,452	1,031	1,081	143	765
Non-operating expenses	745	643	782	1,073	3,525
Ordinary income (loss)	7,678	4,946	7,037	2,202	(565)
Extraordinary gain	2,670	61	240	3,786	5,114
Extraordinary loss	6,861	2,090	6,798	2,599	34,856
Income (loss) before income taxes and non-controlling interests	3,487	2,918	478	3,388	(30,307)
Income taxes - current	204	(2,018)	3	3,149	1,125
Income taxes - deferred	366	(7,282)	(533)	(2,996)	(21,573)
Net income (loss)	2,916	12,220	1,008	3,235	(9,859)
Net income (loss) attributable to non-controlling interests	493	34	52	(41)	65
Net income (loss) attributable to owners of parent	2,423	12,186	956	3,277	(9,925)

III. Non-consolidated Financial Statements

1. Non-consolidated Balance Sheets

(Millions of yen)

	As of March 31, 2022	As of March 31, 2023
Assets		
Current assets		
Cash and bank deposits	405,261	866,603
Cash segregated as deposits for customers and others	541,274	462,232
Trading assets	6,921,502	6,430,652
Trading securities and others	3,197,851	2,289,857
Derivatives	3,723,651	4,140,795
Receivables - unsettled trades	145,887	—
Operating investment securities	40,926	90,676
Operating loans receivable	—	9,611
Receivables related to margin transactions	34,802	25,742
Loans receivable under margin transactions	29,635	24,237
Cash collateral for borrowed securities under margin transactions	5,167	1,505
Collateralized short-term financing agreements - receivable	4,707,548	4,722,172
Deposits paid for securities borrowed	2,225,758	1,741,151
Securities purchased under agreements to resell	2,481,790	2,981,021
Advances paid	94	1,372
Short-term guarantee deposits	627,838	470,417
Securities: fail to deliver	32,415	30,155
Variation margin paid	12,757	—
Short-term loans receivable	47,983	7,881
Other current assets	59,738	93,009
Less: Allowance for doubtful accounts	(79)	(64)
Total current assets	<u>13,577,953</u>	<u>13,210,463</u>
Noncurrent assets		
Property and equipment	18,742	16,992
Buildings	5,956	4,557
Equipment	5,116	6,860
Land	7,669	5,574
Intangible assets	68,497	44,747
Software	68,008	44,264
Other intangible assets	489	483
Investments and other assets	304,034	458,184
Investment securities	40,485	32,053
Investments in subsidiaries and affiliates	195,143	315,578
Long-term loans receivable to subsidiaries and affiliates	—	9,444
Long-term guarantee deposits	12,984	13,284
Long-term prepaid expenses	7,642	6,400
Prepaid pension cost	25,754	29,253
Deferred tax assets	19,998	50,017
Other	5,705	5,635
Less: Allowance for doubtful accounts	(3,681)	(3,483)
Total noncurrent assets	<u>391,274</u>	<u>519,924</u>
Total assets	<u>13,969,227</u>	<u>13,730,388</u>

(Millions of yen)

	As of March 31, 2022	As of March 31, 2023
Liabilities		
Current liabilities		
Trading liabilities	5,356,537	5,918,952
Trading securities and others	1,935,741	2,018,408
Derivatives	3,420,796	3,900,543
Payables - unsettled trades	—	36,516
Payables related to margin transactions	50,556	37,624
Borrowings on margin transactions	7,794	3,763
Cash collateral for loaned securities under margin transactions	42,761	33,860
Collateralized short-term financing agreements - payable	4,144,682	3,318,666
Deposits received for securities loaned	1,096,495	684,898
Securities sold under agreements to repurchase	3,048,186	2,633,768
Deposits received	425,452	385,028
Guarantee deposits received	425,613	191,053
Securities: fail to receive	7,083	1,018
Variation margin received	—	1,052
Short-term borrowings	904,079	957,701
Commercial paper	490,500	436,000
Bonds and notes due within one year	148,768	303,842
Income taxes payable	2,515	3,624
Accrued employees' bonuses	25,379	15,390
Provision for variable compensation	411	401
Other current liabilities	46,970	48,800
Total current liabilities	<u>12,028,549</u>	<u>11,655,671</u>
Noncurrent liabilities		
Bonds and notes	753,870	641,254
Long-term borrowings	181,000	280,100
Long-term borrowings from subsidiaries and affiliates	399,000	444,000
Provision for retirement benefits	22,579	21,790
Provision for loss on head office transfer	1,541	923
Other noncurrent liabilities	3,769	3,895
Total noncurrent liabilities	<u>1,361,759</u>	<u>1,391,964</u>
Statutory reserves		
Reserve for financial instruments transaction liabilities	3,132	3,352
Total statutory reserves	<u>3,132</u>	<u>3,352</u>
Total liabilities	<u>13,393,441</u>	<u>13,050,989</u>

(Millions of yen)

	As of March 31, 2022	As of March 31, 2023
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	121,239
Total Capital surpluses	<u>381,649</u>	<u>407,071</u>
Retained earnings		
Other retained earnings		
Retained earnings brought forward	425,554	394,868
Total retained earnings	<u>425,554</u>	<u>394,868</u>
Treasury stock	(369,999)	(257,520)
Total shareholders' equity	<u>562,371</u>	<u>669,587</u>
Valuation and translation adjustments		
Net unrealized gains on (operating) investment securities, net of tax, etc.	23,193	19,610
Net deferred gains or losses on hedges, net of tax	(9,778)	(9,798)
Total valuation and translation adjustments	<u>13,415</u>	<u>9,811</u>
Total net assets	575,786	679,398
Total liabilities and net assets	13,969,227	13,730,388

2. Non-consolidated Statements of Income

	(Millions of yen)	
	Year ended March 31, 2022	Year ended March 31, 2023
Operating revenues		
Commissions	183,633	143,118
Brokerage commissions	26,300	23,788
Underwriting and selling fees, and commissions from solicitation to qualifying investors	38,562	26,684
Offering, selling, and other commissions and fees, and commissions from solicitation to qualifying investors	41,710	23,066
Other commissions and fees	77,058	69,578
Net gain on trading	123,761	90,648
Net gain (loss) on operating investment securities	(2,831)	1,204
Interest and dividend income	75,942	137,406
Total operating revenues	<u>380,505</u>	<u>372,379</u>
Interest expenses	53,612	120,444
Net operating revenues	<u>326,892</u>	<u>251,934</u>
Selling, general and administrative expenses	251,967	230,326
Transaction-related expenses	70,197	52,590
Personnel expenses	96,131	83,735
Real estate expenses	21,017	27,558
Administrative expenses	39,150	41,437
Depreciation and amortization	17,770	16,599
Taxes and dues	5,252	5,586
Provision of allowance for doubtful accounts	36	53
Other	2,411	2,764
Operating income	<u>74,924</u>	<u>21,608</u>
Non-operating income	3,437	2,952
Non-operating expenses	506	227
Ordinary income	<u>77,855</u>	<u>24,333</u>
Extraordinary gain	3,738	19,300
Gain on sales of noncurrent assets	—	1,004
Gain on sales of investment securities	2,882	8,218
Gain on exchange from dividends in kind	—	9,890
Reversal of allowance for loss on head office transfer	852	—
Reversal of reserve for financial instruments transaction liabilities	3	—
Other	—	185
Extraordinary loss	10,627	44,026
Loss on disposal of noncurrent assets	710	522
Loss on sales of investment securities	16	107
Loss on impairment of investment securities	0	8,830
Impairment losses	39	22,056
Extra retirement payments	197	211
Head office transfer cost	820	2,661
Loss related to system migration	8,842	9,191
Provision of allowance for loss on head office transfer	—	219
Provision of reserve for financial instruments transaction liabilities	—	220
Other	—	5
Income before income taxes	<u>70,966</u>	<u>(393)</u>
Income taxes - current	10,303	3,737
Income taxes - deferred	203	(28,428)
Total income taxes	<u>10,506</u>	<u>(24,690)</u>
Net income	<u>60,459</u>	<u>24,297</u>

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

Year ended March 31, 2022

(Millions of yen)

	Common stock	Shareholders' equity					
		Capital surplus			Retained earnings	Treasury stock	Total Shareholders' equity
		Additional paid -in capital	Other capital surplus	Total capital surplus	Other retained earnings		
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

Year ended March 31, 2023

(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		
					Retained earnings brought forward		
Balance at beginning of period	125,167	285,831	95,817	381,649	425,554	(369,999)	562,371
Changes during the period							
Dividends of surplus					(54,983)		(54,983)
Net income					24,297		24,297
Disposal of treasury stock			25,421	25,421		112,479	137,901
Net changes of items other than shareholders' equity							
Total changes during the period	—	—	25,421	25,421	(30,685)	112,479	107,216
Balance at end of period	125,167	285,831	121,239	407,071	394,868	(257,520)	669,587

(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	23,193	(9,778)	13,415	575,786
Changes during the period				
Dividends of surplus				(54,983)
Net income				24,297
Disposal of treasury stock				137,901
Net changes of items other than shareholders' equity	(3,583)	(20)	(3,603)	(3,603)
Total changes during the period	(3,583)	(20)	(3,603)	103,612
Balance at end of period	19,610	(9,798)	9,811	679,398

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, 2022	As of March 31, 2023
Basic items	(A)	507,387	669,587
Supplemental items	Net unrealized gains on (operating) investment securities, net of tax, etc.	13,415	9,811
	Reserve for financial instruments transaction liabilities, etc.	3,132	3,352
	Allowance for doubtful accounts	79	60
	Subordinated long-term borrowings	253,693	300,000
	Subordinated short-term borrowings	235,306	234,000
Total		505,626	547,224
Deducted assets	(C)	369,525	506,166
Equity after deduction	(A) + (B) - (C)	643,488	710,644
Amount equivalent to risk	Amount equivalent to market risk	98,278	145,788
	Amount equivalent to counterparty risk	59,551	52,376
	Amount equivalent to fundamental risk	72,747	69,916
	Total	230,577	268,081
Capital adequacy requirement ratio	(D)/(E) * 100	279.0%	265.0%