

July 27, 2017

Matsui Securities Co., Ltd.

**Notice Regarding Revision of the Policy of ROE Management and  
the Basic Dividend Policy**

TOKYO, July 27, 2017 – Matsui Securities Co., Ltd. (“the Company”) announces that it has resolved at the meeting of the Board of Directors held today that the Company revised the policy of ROE management and the basic dividend policy as set out below. The new policy will become effective starting from the fiscal year ending March 2018.

1. Revision of the Policy of ROE Management

The Company has employed ROE as the medium-to-long term performance target of the Company and has maintained its target of 20% for the purpose of maximizing the profitability. However, the Company revises the policy of ROE management and the Company aims to attain a high ROE level that exceeds the cost of equity capital (i.e. creation of a positive equity spread\*) in the medium-to-long term. In light of the Company’s cost of equity capital, the new ROE target is above 8%.

As the background, the Company believes a value-creating company is one that achieves an ROE which exceeds its cost of equity capital in the medium-to-long term. In this respect, the Company regards that the ROE target should be determined in relation to the cost of equity capital.

\* Equity spread = ROE – Cost of equity capital

2. Revision of the Basic Dividend Policy

The Company also revises the basic dividend policy to clarify the correlation with the ROE management. Under the new policy, the Company aims to payout cash dividend which is equivalent to the cost of equity capital by achieving ROE which exceeds 8% of the cost of equity capital in the medium-to-long term. The Company also maintains the part of the existing dividend policy that dividends payout ratio is between 60% and 100% inclusive to secure performance-linked factor of dividend payment in light of the situation that business results of securities brokerage companies depend on the market conditions considerably.

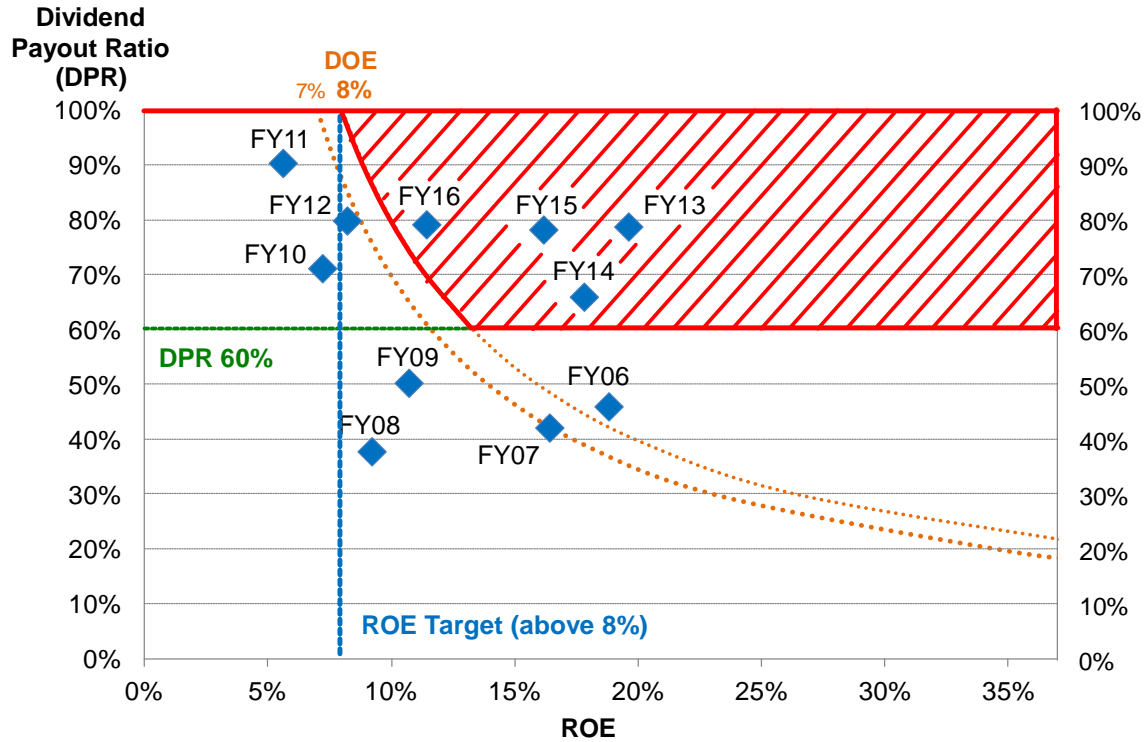
The basic dividend policy after the revision is to payout dividends based upon the followings: (Underline shows substantive revision)

- 1) Dividends on Equity (DOE): 8% and above, and
- 2) Dividends Payout Ratio: Between 60% and 100% inclusive

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(Reference)

Dividend payment for the past fiscal years



※ ROE = 
$$\frac{\text{Net income for fiscal year}}{(\text{Total net assets at the beginning of fiscal year} + \text{Total net assets at the end of fiscal year}) / 2}$$

※ DOE = 
$$\frac{\text{Dividends per share (annual)}}{(\text{Stockholders' equity per share at the beginning of fiscal year} + \text{Stockholders' equity per share at the end of fiscal year}) / 2}$$

## Financial results since IPO

(JPY mn)

	Operating Revenues	Ordinary Income	Net Income	Ordinary Income Ratio	ROE	DPR	DOE
FY01	12,785	3,939	1,870	30.8%	9.2%	15.0%	1.4%
FY02	13,425	3,518	1,485	26.2%	4.7%	29.9%	1.4%
FY03	25,036	14,016	7,280	56.0%	20.5%	30.0%	6.1%
FY04	36,918	22,571	12,645	61.1%	28.5%	30.0%	8.5%
FY05	57,072	37,062	20,650	64.9%	35.2%	29.9%	10.5%
FY06	43,691	22,720	13,444	52.0%	18.8%	46.0%	8.6%
FY07	39,915	20,744	12,781	52.0%	16.4%	42.1%	6.9%
FY08	26,724	9,998	6,921	37.4%	9.2%	37.8%	3.5%
FY09	24,346	11,545	7,661	47.4%	10.7%	50.3%	5.4%
FY10	22,091	8,479	5,410	38.4%	7.2%	71.2%	5.1%
FY11	17,703	7,426	4,263	41.9%	5.6%	90.4%	5.1%
FY12	20,799	10,245	6,427	49.3%	8.2%	79.9%	6.5%
FY13	39,883	27,175	16,300	68.1%	19.6%	78.8%	15.4%
FY14	34,306	22,202	15,571	64.7%	17.8%	66.0%	11.7%
FY15	34,435	21,833	14,763	63.4%	16.2%	78.3%	12.6%
FY16	27,727	15,044	10,697	54.3%	11.4%	79.2%	9.0%

※ Average ROE for the last 5 fiscal years: 14.6%

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