

Annual Results for 1QFY2021

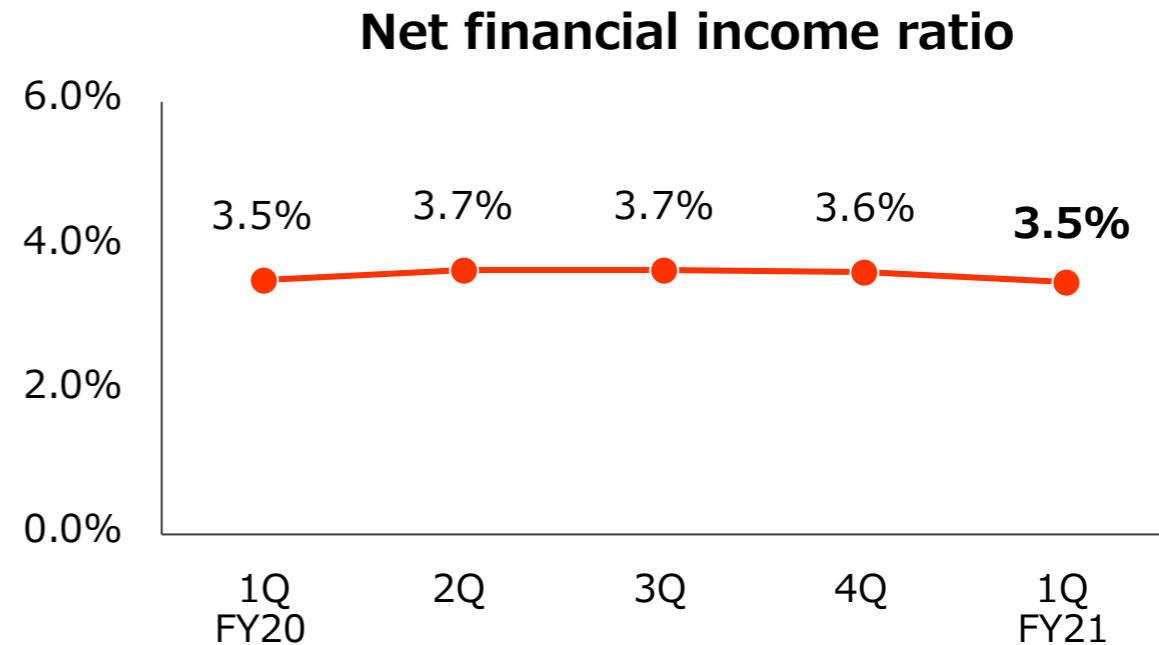
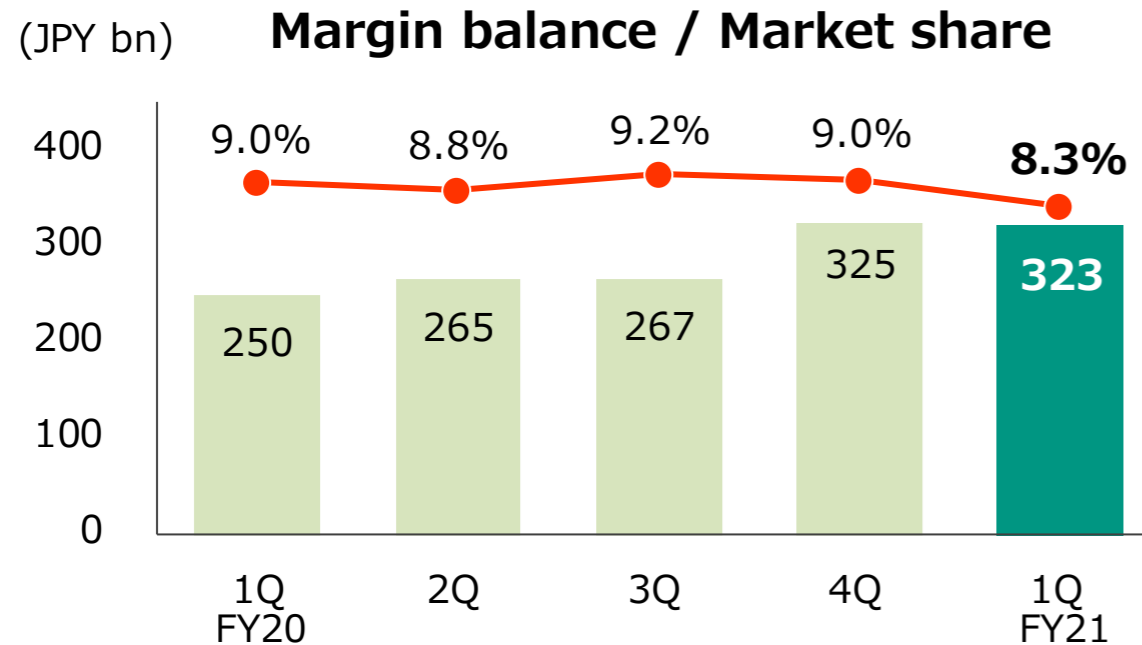
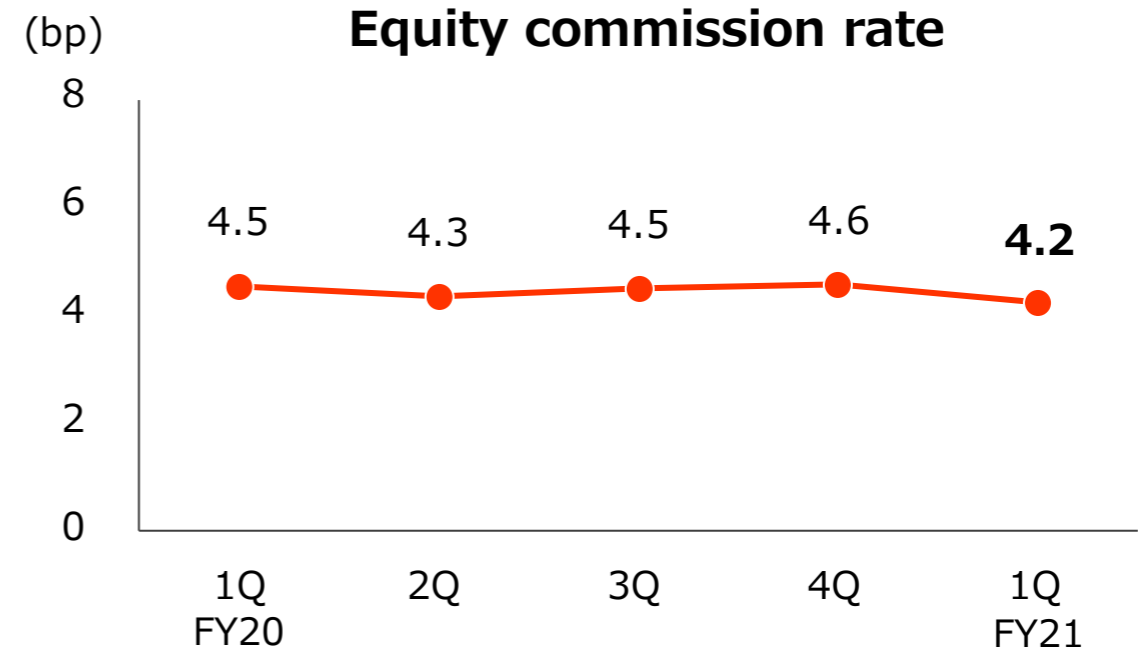
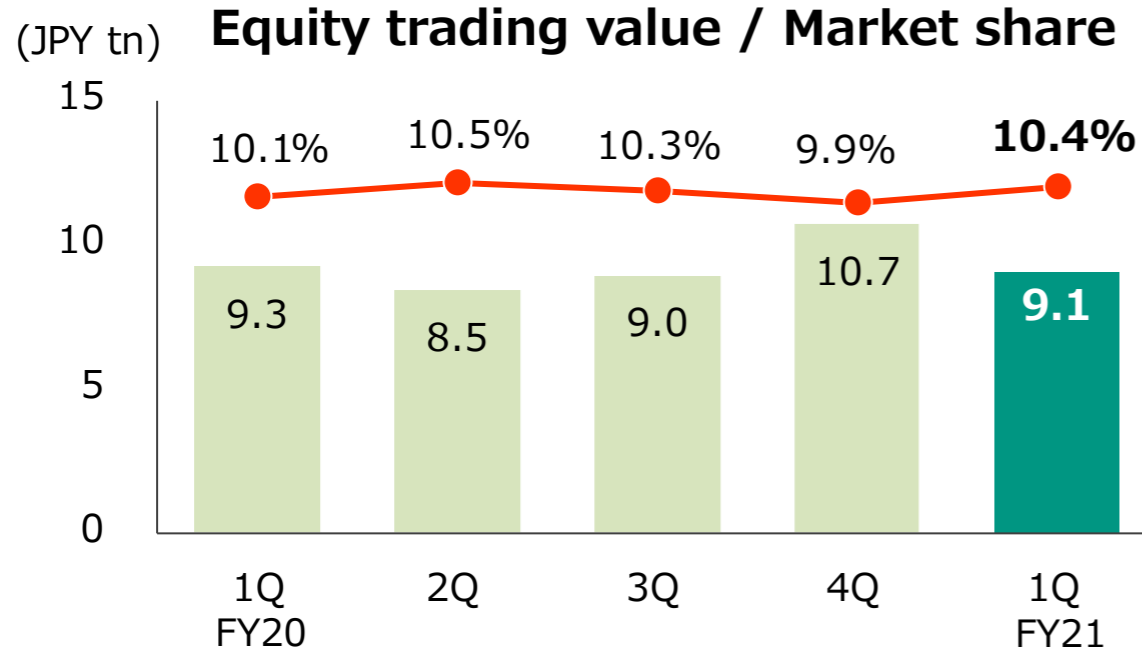
Matsui Securities Co., Ltd.

July 27, 2021

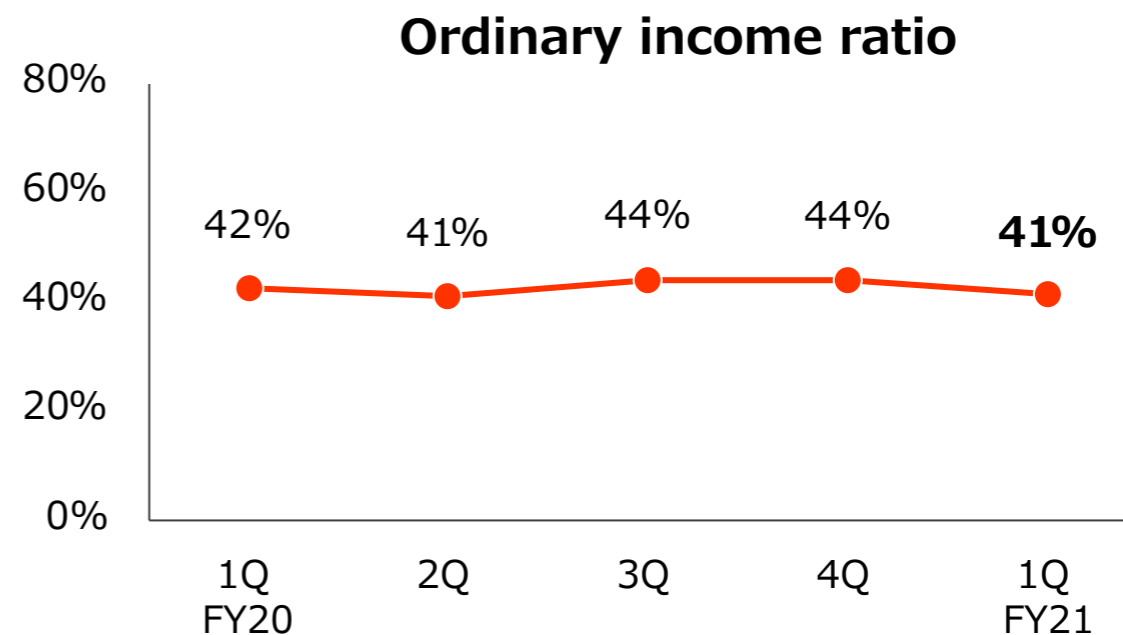
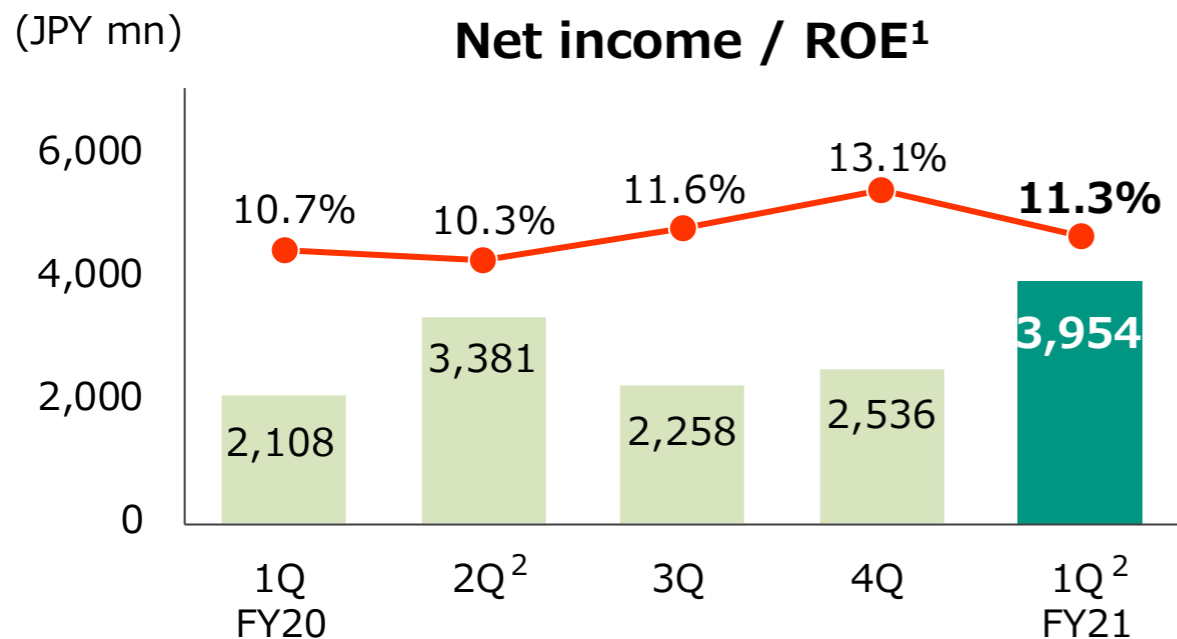
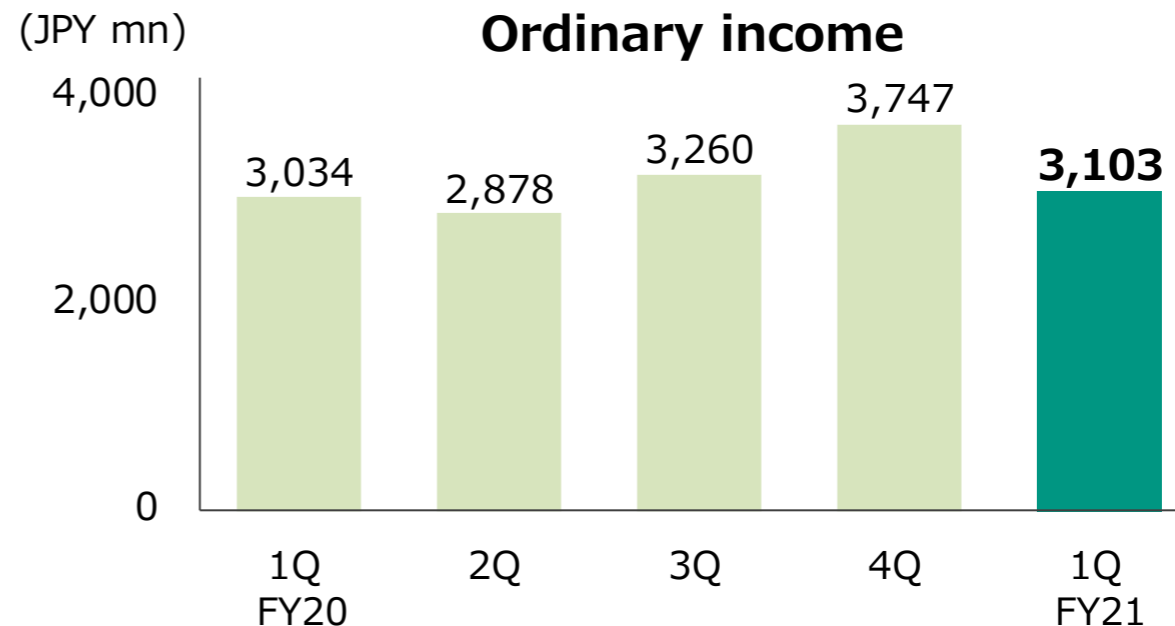
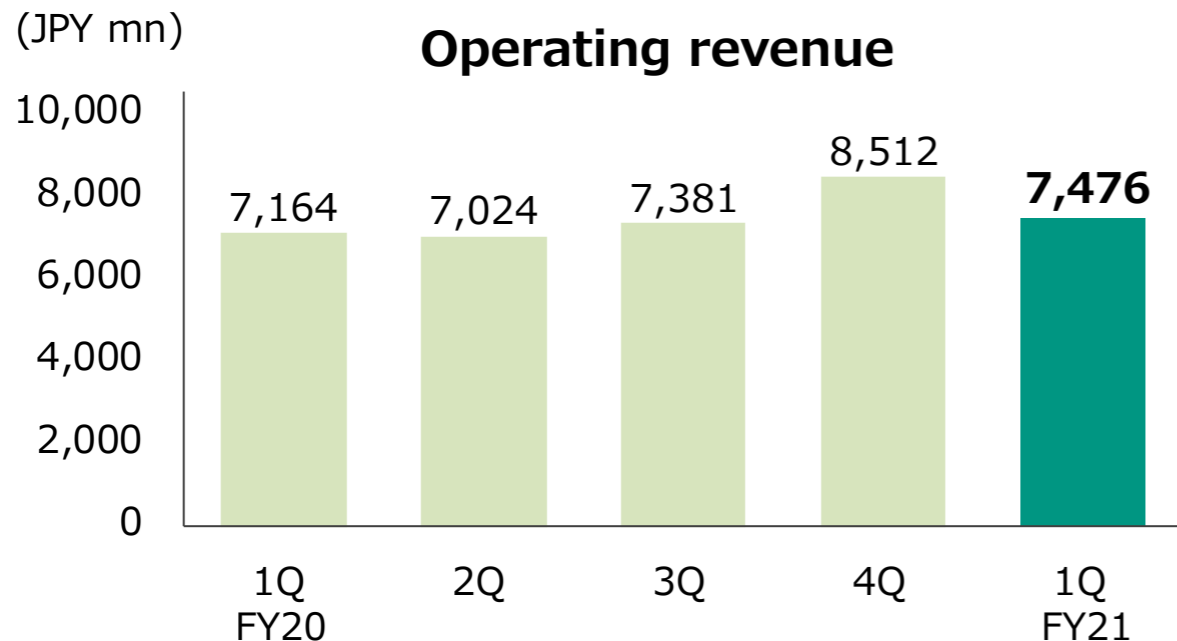
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- 2. Business Results**
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Appendix

Business Results



Financial Results



Note 1: Annualized on each quarter

Note 2: Net income of 2QFY20 and 1QFY21 includes 2 billion yen and 2.6 billion yen respectively in extraordinary profit (before tax). ROE excludes the impact of this change.

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Summary of Financial Results

1Q FY2021

(JPY mn)

	1Q(Apr.-Jun.) FY2020	1Q(Apr.-Jun.) FY2021	YoY
Operating Revenues	7,164	7,476	4%
Net operating revenues	6,830	7,181	5%
SG&A	3,853	4,122	7%
Operating income	2,977	3,060	3%
Ordinary income	3,034	3,103	2%
Net income	2,108	3,954	88%
Ordinary income ratio	42%	41%	-
Matsui's trading value (JPY tn)	9.3	9.1	-2%
Average margin balance (JPY bn)	219	321	46%

Net income of 1QFY20 includes 2.6 billion yen in extraordinary profit (Gain on Sale of Investment Securities)

Breakdown of Revenues

1Q FY2021

(JPY mn)

	1Q(Apr.-Jun.) FY2020	1Q(Apr.-Jun.) FY2021	YoY
Commissions	4,671	4,249	-9%
Brokerage	4,517	4,062	-10%
Equity & ETF	4,200	3,851	-8%
Futures & Options	316	211	-33%
Others	154	177	15%
Net trading income	225	137	-39%
Interest & dividend income	2,268	3,090	36%
Interest expenses	334	295	-12%
Net interest income	1,934	2,795	45%

Breakdown of SG&A

1Q FY2021

(JPY mn)

	1Q(Apr.-Jun.) FY2020	1Q(Apr.-Jun.) FY2021	YoY
Trading related expenses	1,378	1,564	14%
Stock exchanges and securities	387	354	-8%
Communications expenses	464	483	4%
Advertisement	303	492	62%
Personnel expenses	703	706	0%
Occupancy & rental	274	256	-6%
Data processing & office supplies	797	805	1%
Depreciation	495	588	19%
Taxes and dues	103	163	58%
Provision of allowance for doubtful accounts	56	△ 22	-
Others	48	62	29%
Total SG&A	3,853	4,122	7%

Summary of Financial Results

Quarterly

(JPY mn)

	4Q FY2020	1Q FY2021	QoQ
Operating Revenues	8,512	7,476	-12%
Net operating revenues	8,190	7,181	-12%
SG & A	4,464	4,122	-8%
Operating income	3,726	3,060	-18%
Ordinary income	3,747	3,103	-17%
Net income	2,536	3,954	56%
Ordinary income ratio	44%	41%	-
Matsui's trading value (JPY tn)	10.7	9.1	-15%
Average margin balance (JPY bn)	289	321	11%

Net income of 1QFY20 includes 2.6 billion yen in extraordinary profit (Gain on Sale of Investment Securities)

Breakdown of Revenues

Quarterly

(JPY mn)

	4Q FY2020	1Q FY2021	QoQ
Commissions	5,347	4,249	-21%
Brokerage	5,147	4,062	-21%
Equity & ETF	4,898	3,851	-21%
Futures & Options	249	211	-15%
Others	188	177	-6%
Net trading income	217	137	-37%
Interest & dividend income	2,948	3,090	5%
Interest expenses	322	295	-8%
Net interest income	2,626	2,795	6%

Breakdown of SG&A

Quarterly

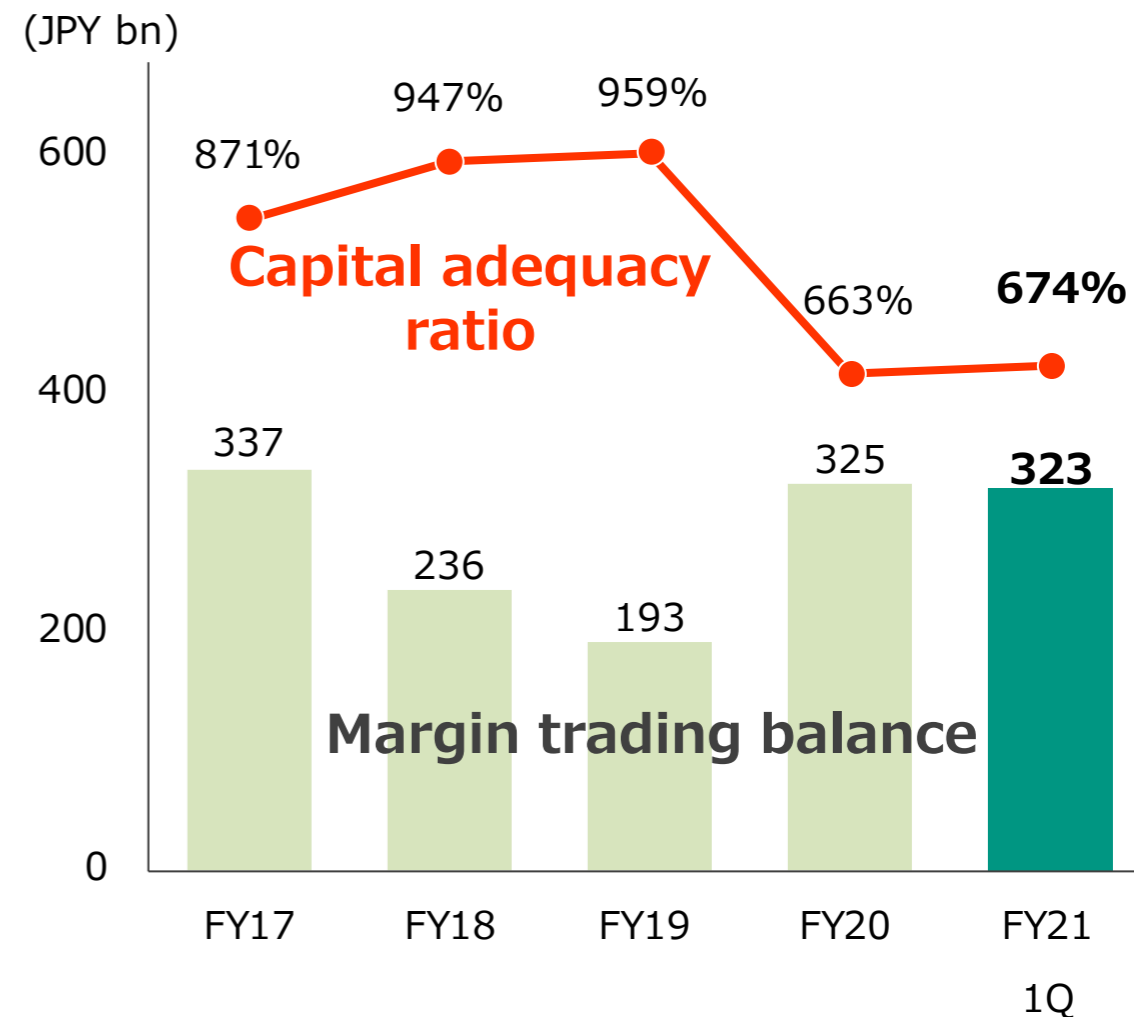
(JPY mn)

	4Q FY2020	1Q FY2021	QoQ
Trading related expenses	1,828	1,564	-14%
Stock exchanges and securities	405	354	-12%
Communications expenses	503	483	-4%
Advertisement	661	492	-26%
Personnel expenses	801	706	-12%
Occupancy & rental	255	256	0%
Data processing & office supplies	832	805	-3%
Depreciation	544	588	8%
Taxes and dues	117	163	39%
Provision of allowance for doubtful accounts	42	△ 22	-
Others	45	62	39%
Total SG & A	4,464	4,122	-8%

Capital adequacy ratio (As of 30 June 2021)

		(JPY mn)
Tier 1	(A)	76,039
Tier 2	Net unrealized gain on investment	292
	Statutory reserves	2,933
	Allowance for doubtful accounts	87
	Sub total	(B) 3,313
Assets to be deducted from equity capital	(C)	11,541
Net Capital		0
	(A) + (B) - (C)	(D) 67,811
Total risk	Market risk	7
	Counterparty risk	6,461
	Basic risk	3,588
	Total	(E) 10,058
Capital Adequacy ratio	(D)/(E)	674%

Margin trading balance and capital adequacy ratio

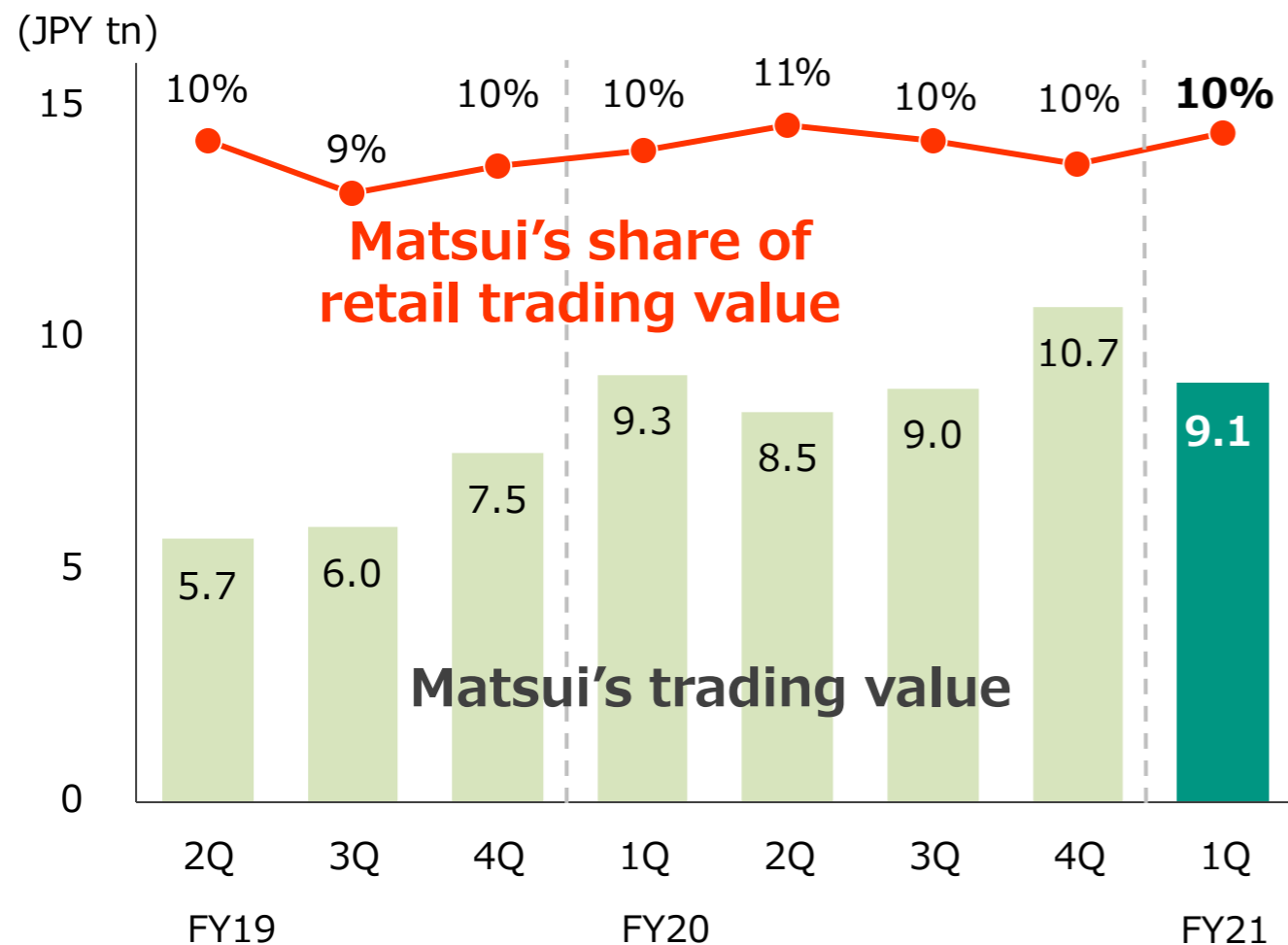


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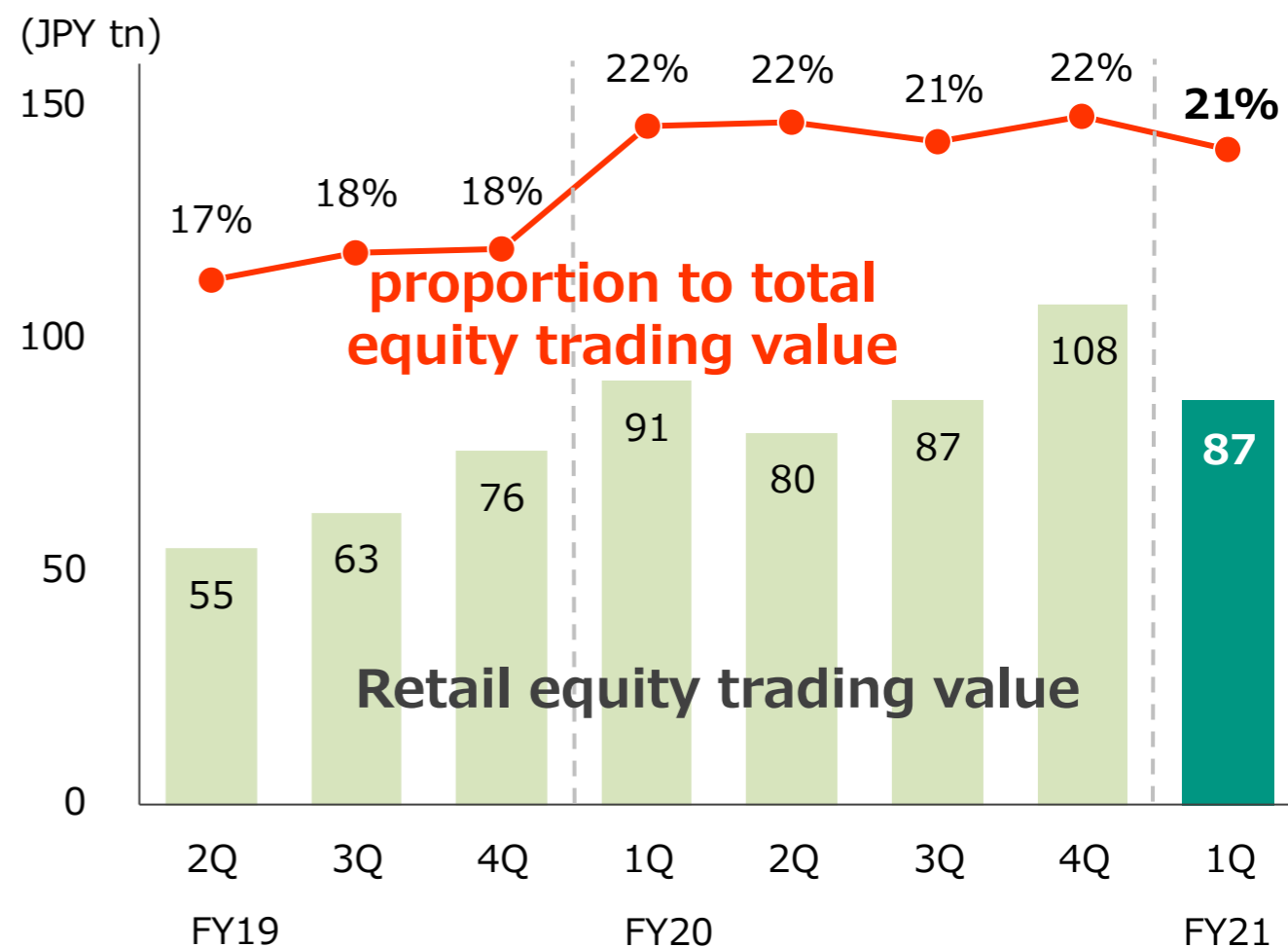
Appendix

Equity Trading Value

Matsui's equity trading value and its market share¹

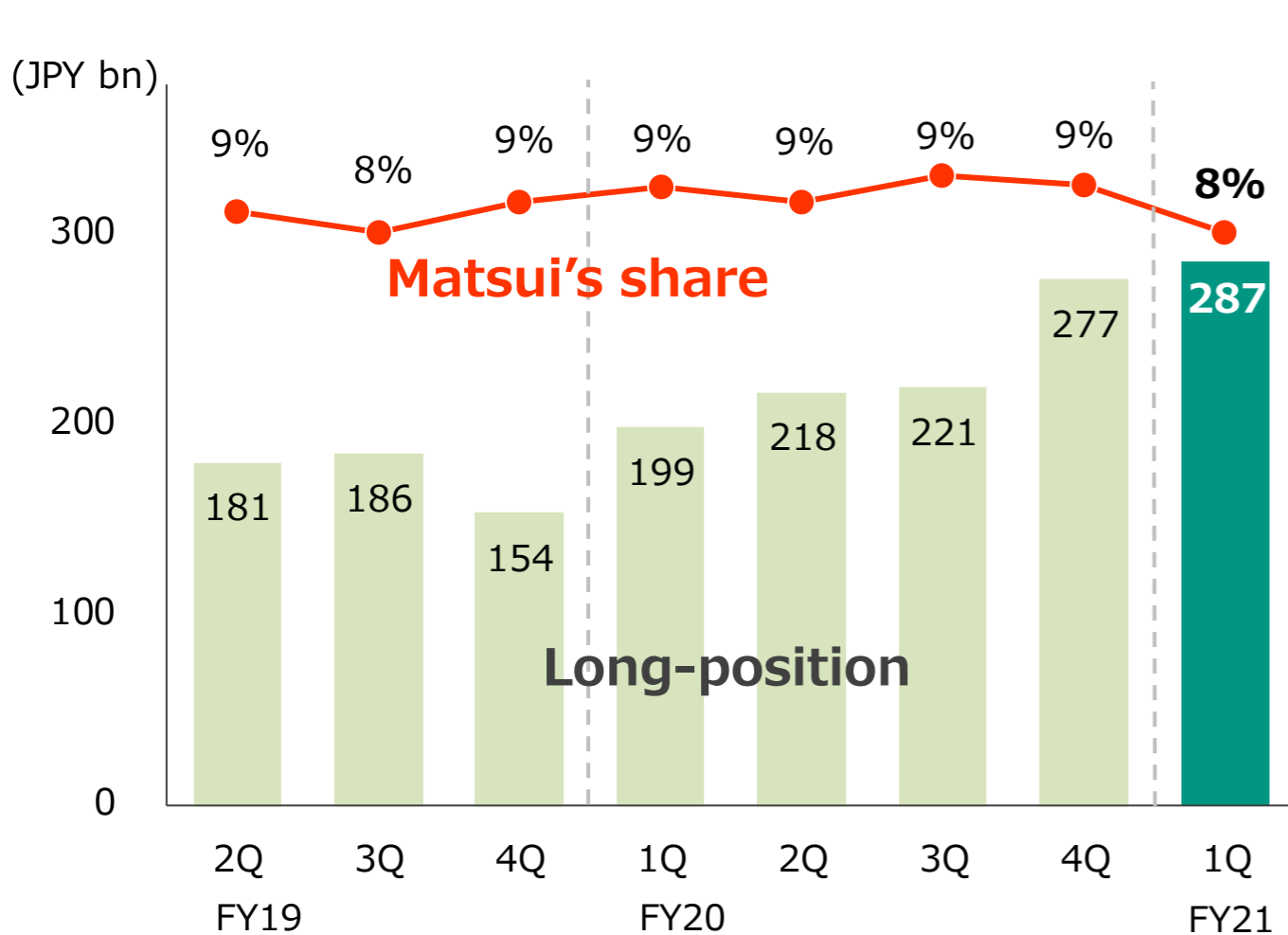


Retail equity trading value¹ and proportion to total equity trading value

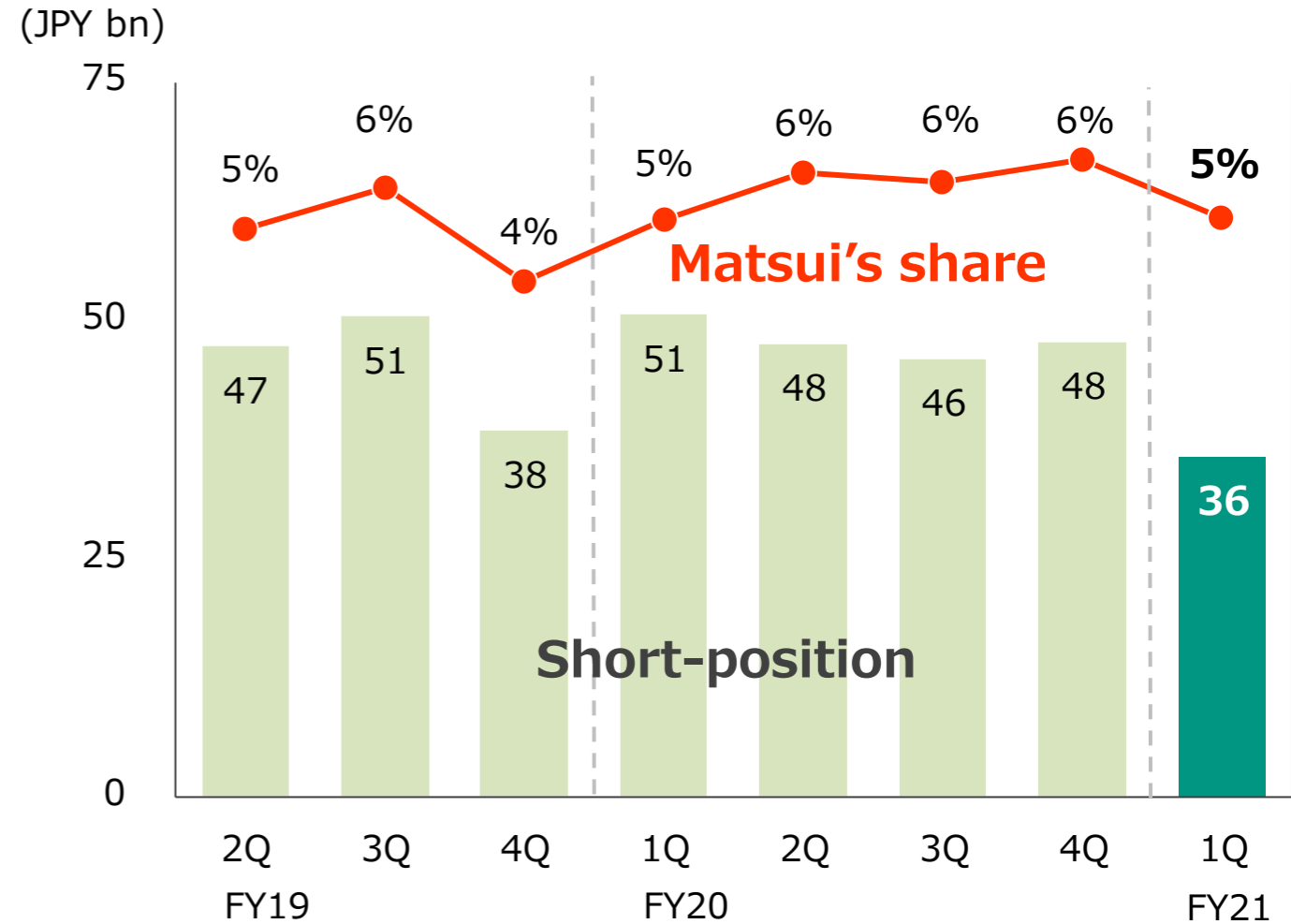


Margin Trading Balance

Matsui's long-position on margin¹ and its market share²



Matsui's short-position on margin¹ and its market share²

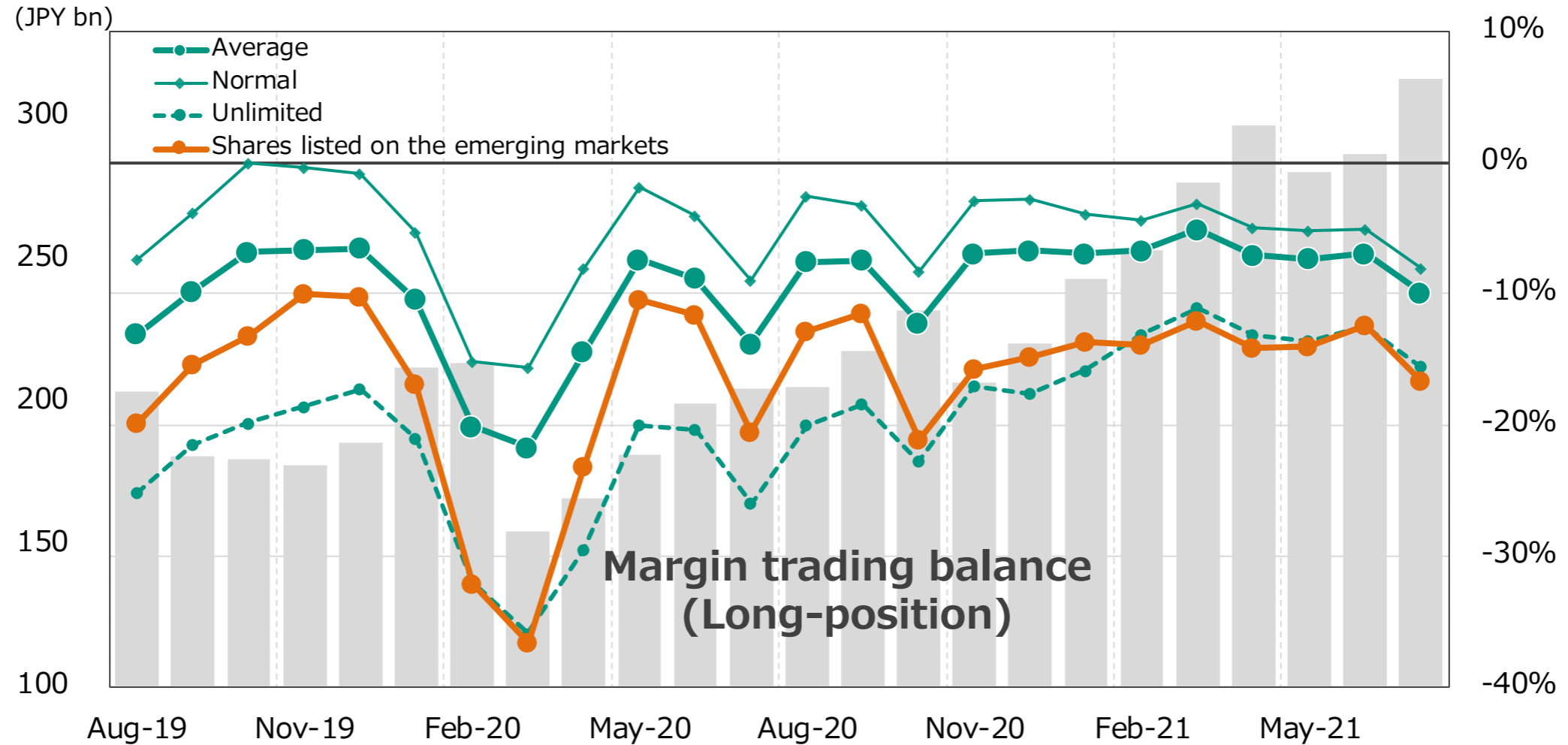


Source: TSE, Company Websites

Note1 : Balance as of the end of each quarter

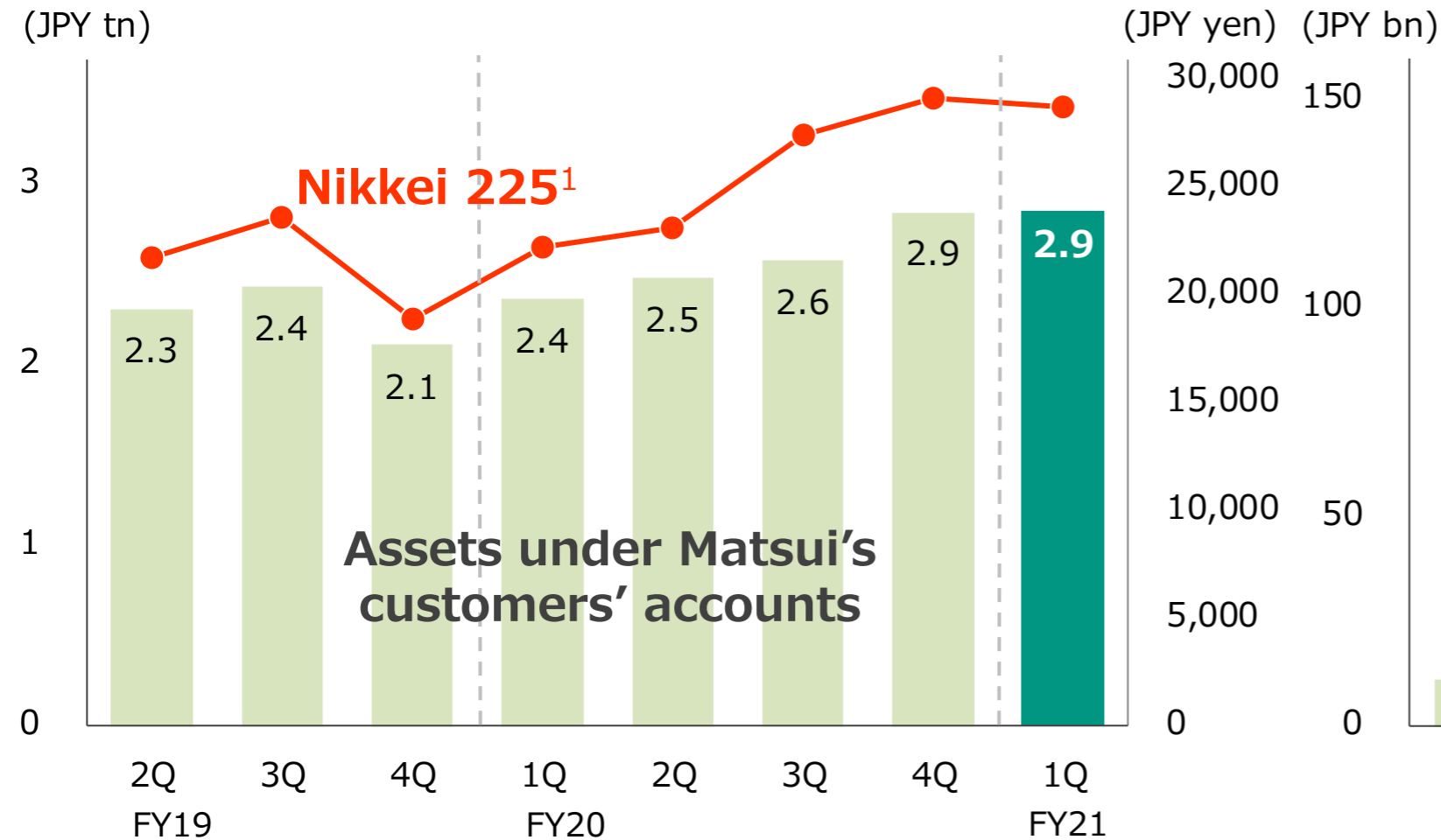
Note2 : Total market share in 2 major stock exchanges

Unrealized Losses (Long-position)

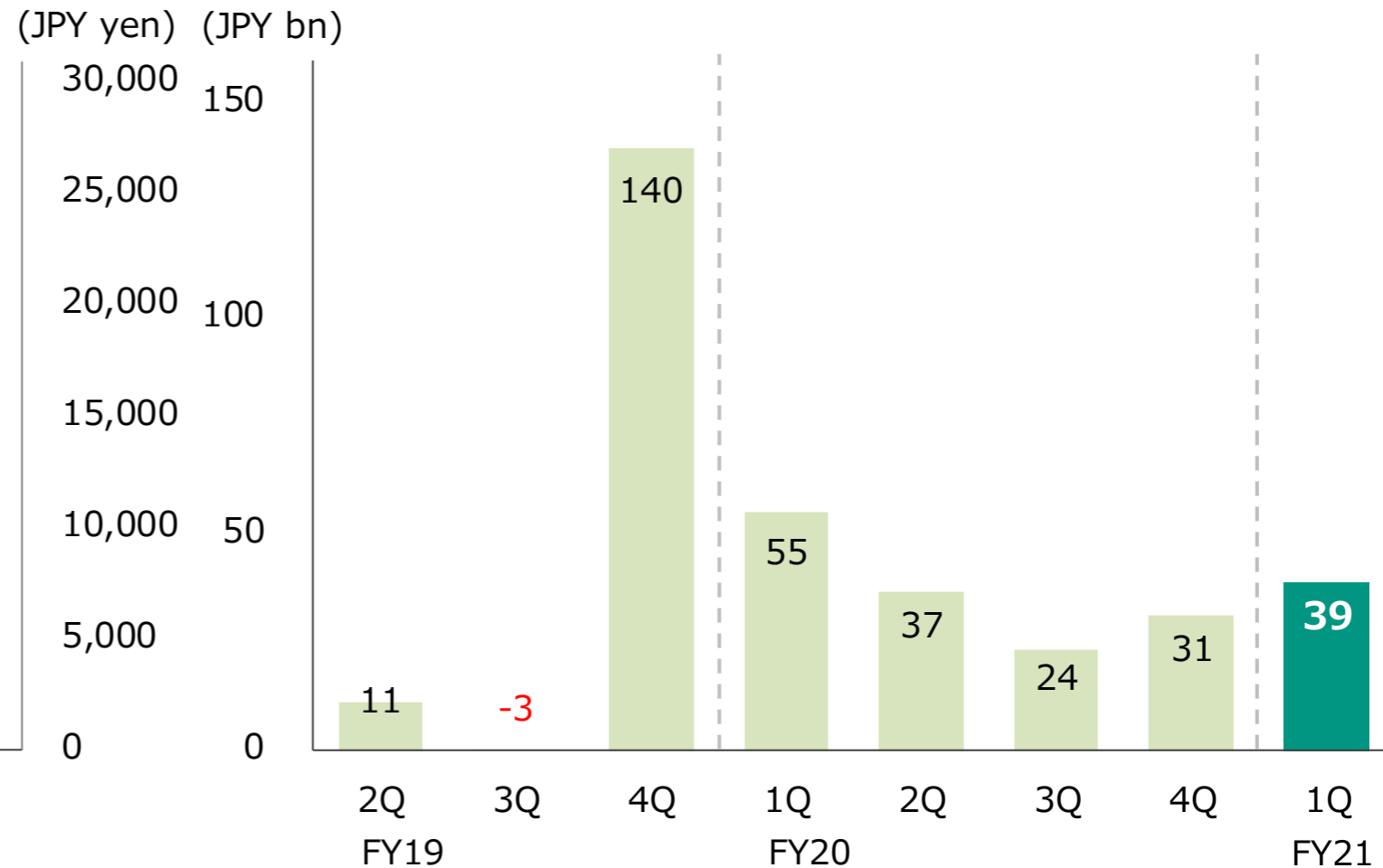


Assets under Customers' Accounts

Assets under Matsui's customers' accounts



Net inflow in cash and stocks²

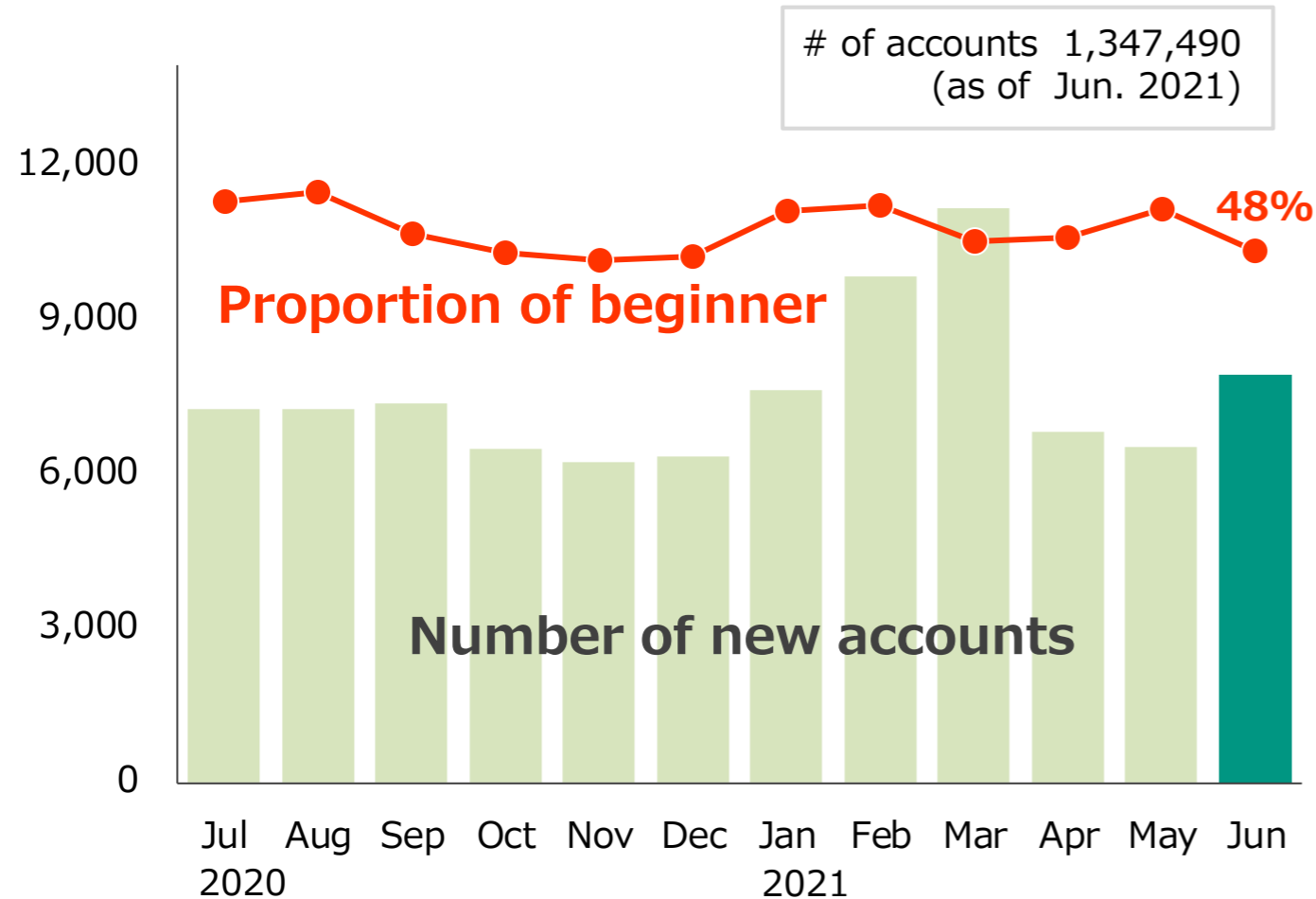


Note 1: Nikkei 225 is the closed price at the end of each quarter

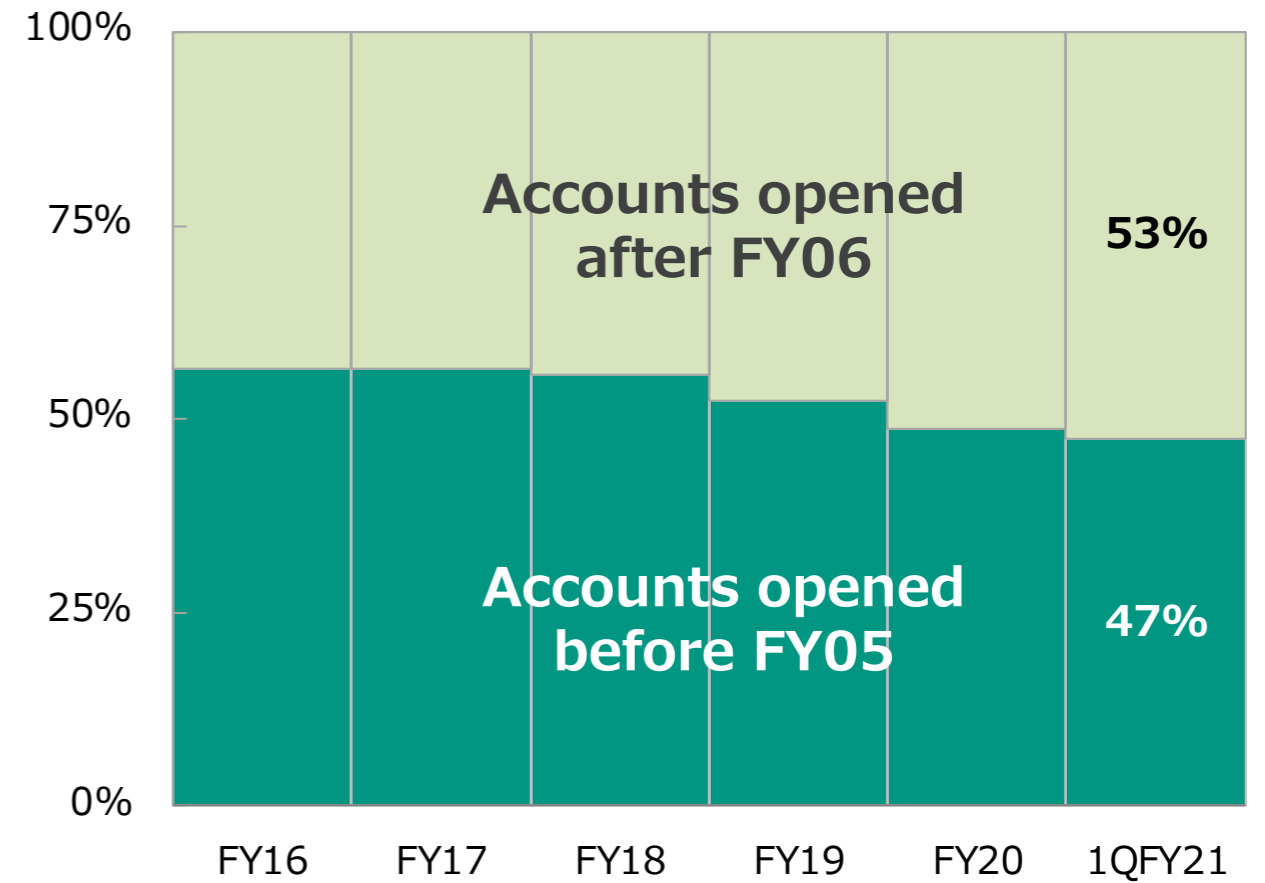
Note 2: Including the net inflow in mutual funds

Number of Accounts

Number of accounts at Matsui

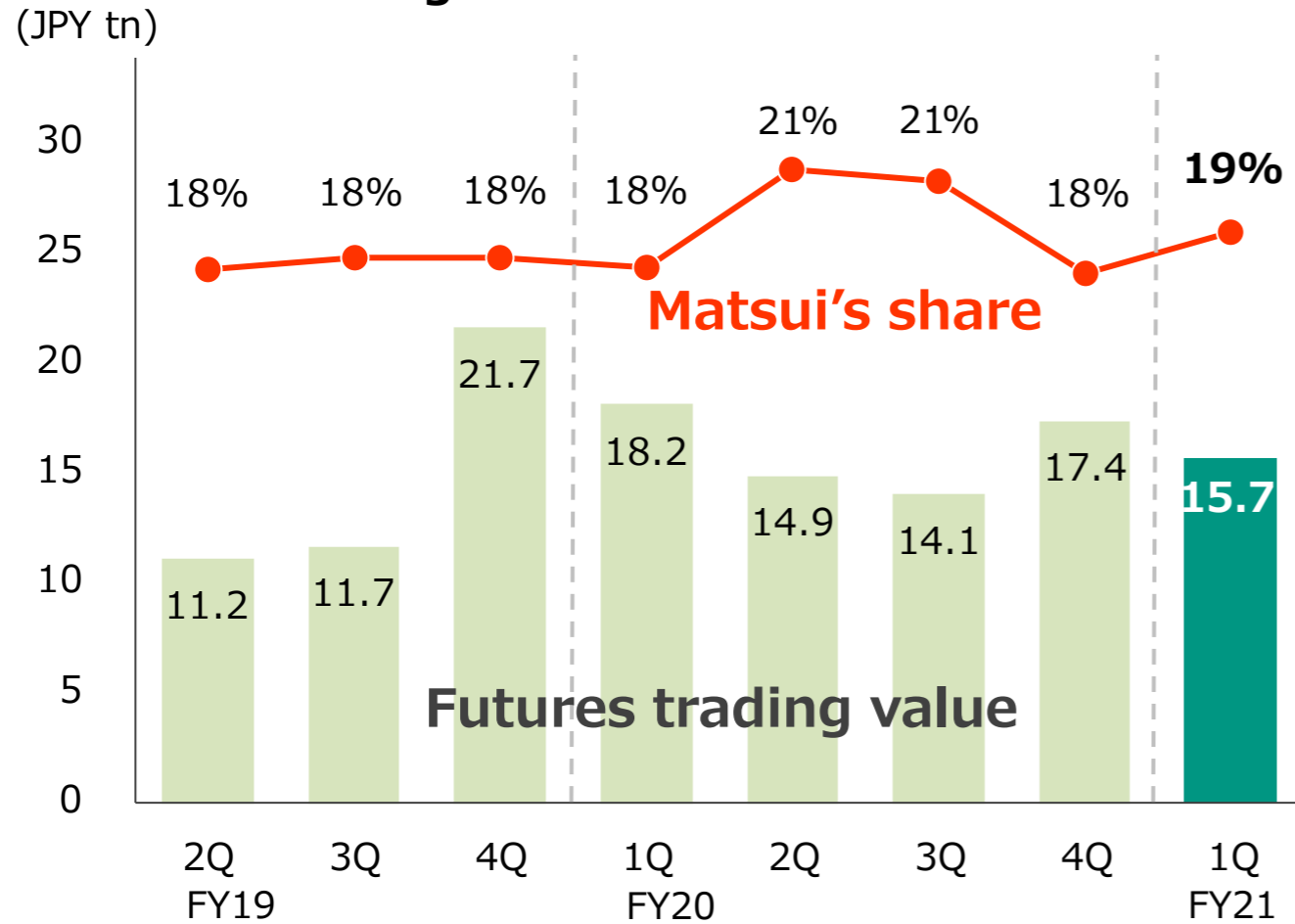


Breakdown of trading value¹ by customers opening the accounts in each fiscal year

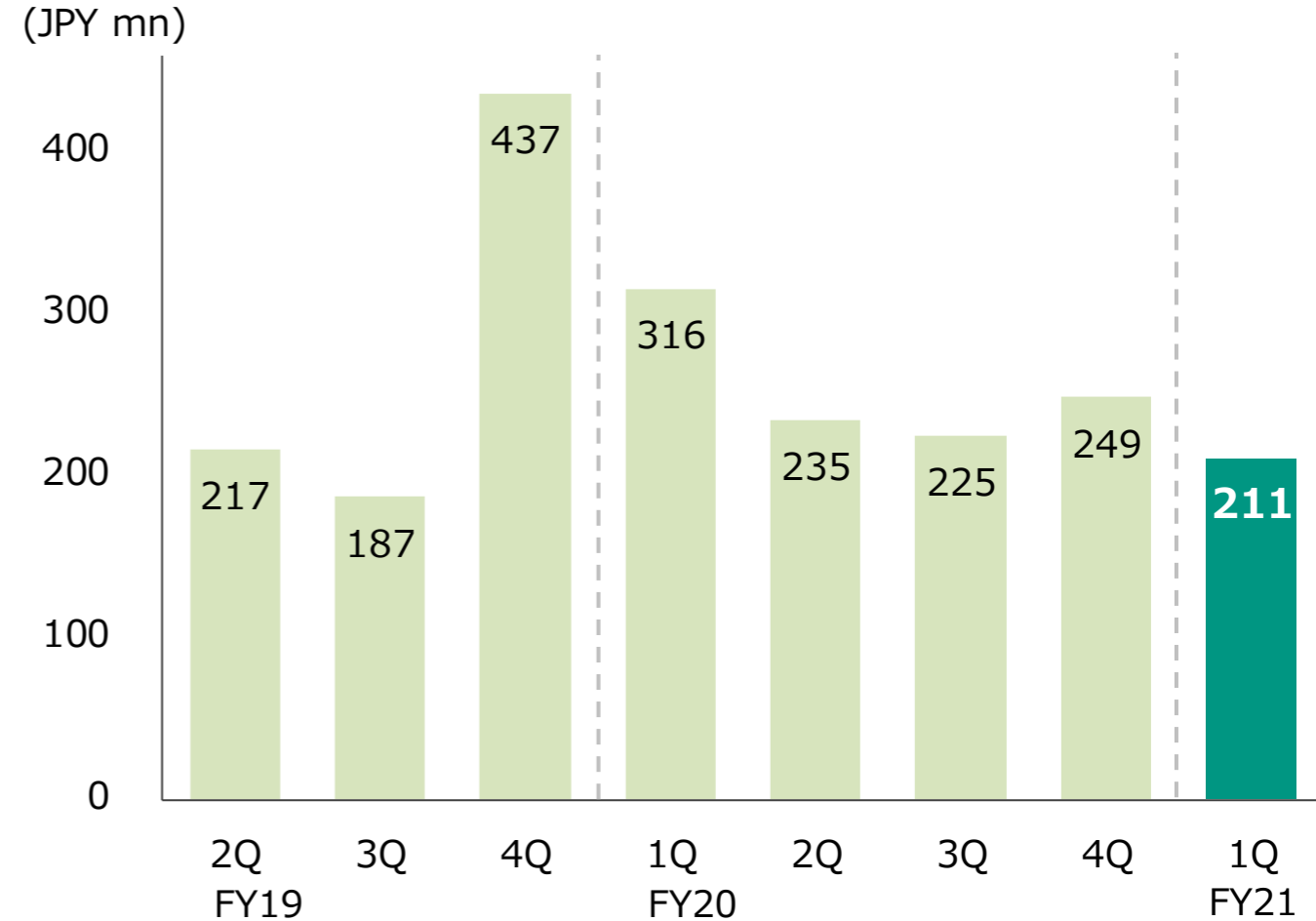


Note 1 : Excluding "Margin Trading Service for Day-trades"

Matsui's OSE Nikkei 225 Futures trading value¹ and its market share¹

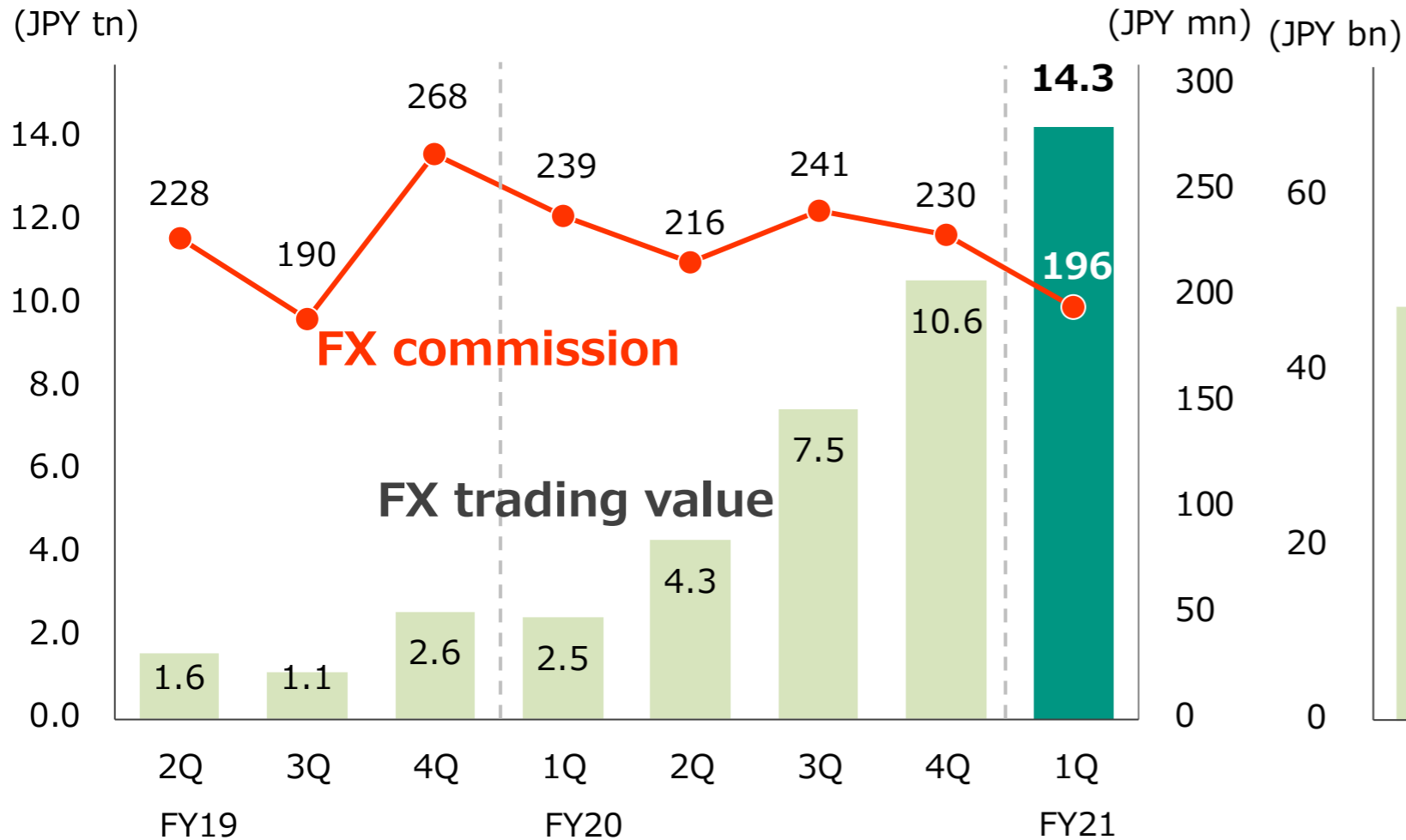


Commissions of Futures and Options

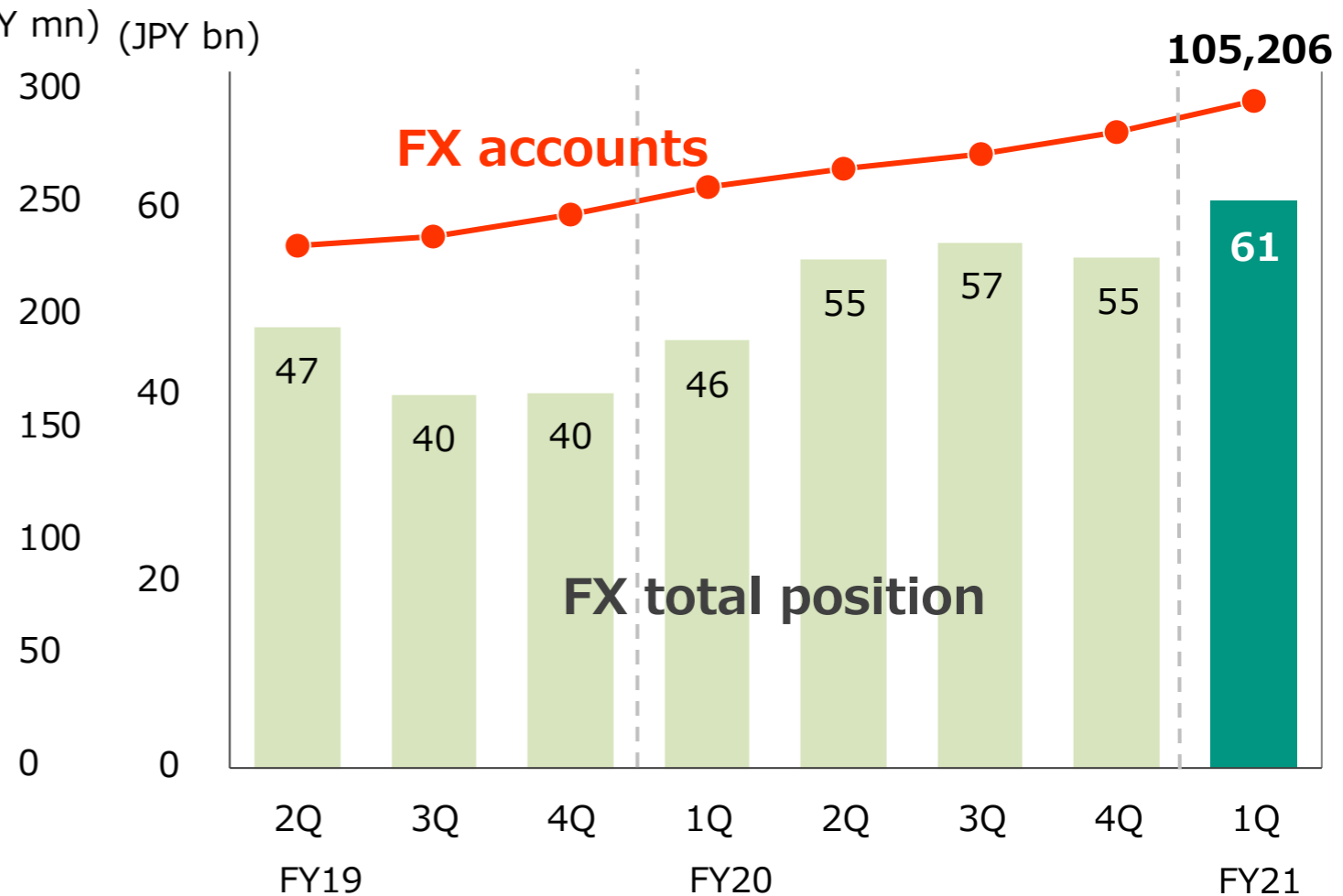


FX Margin Trading

FX trading value and commission

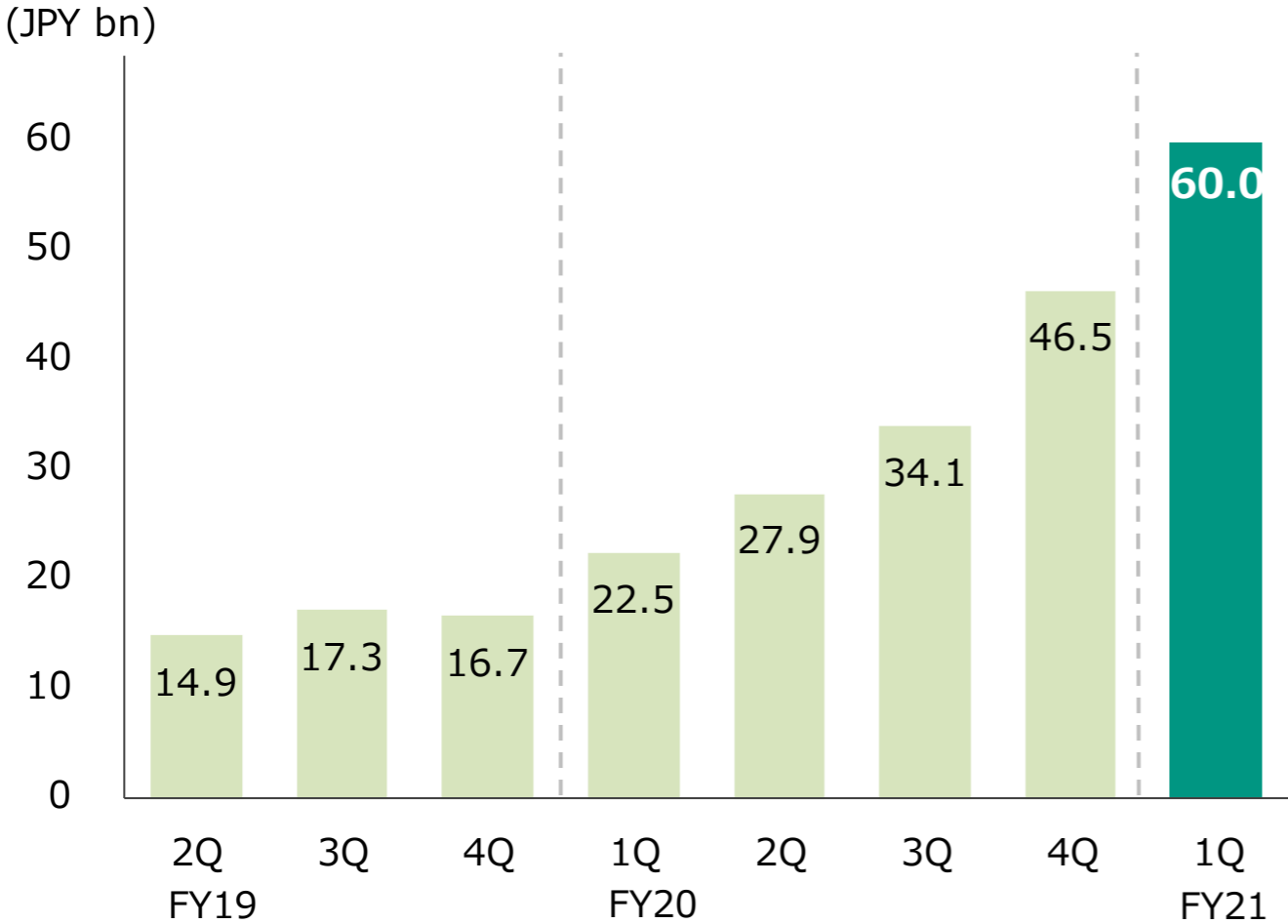


FX total position and accounts

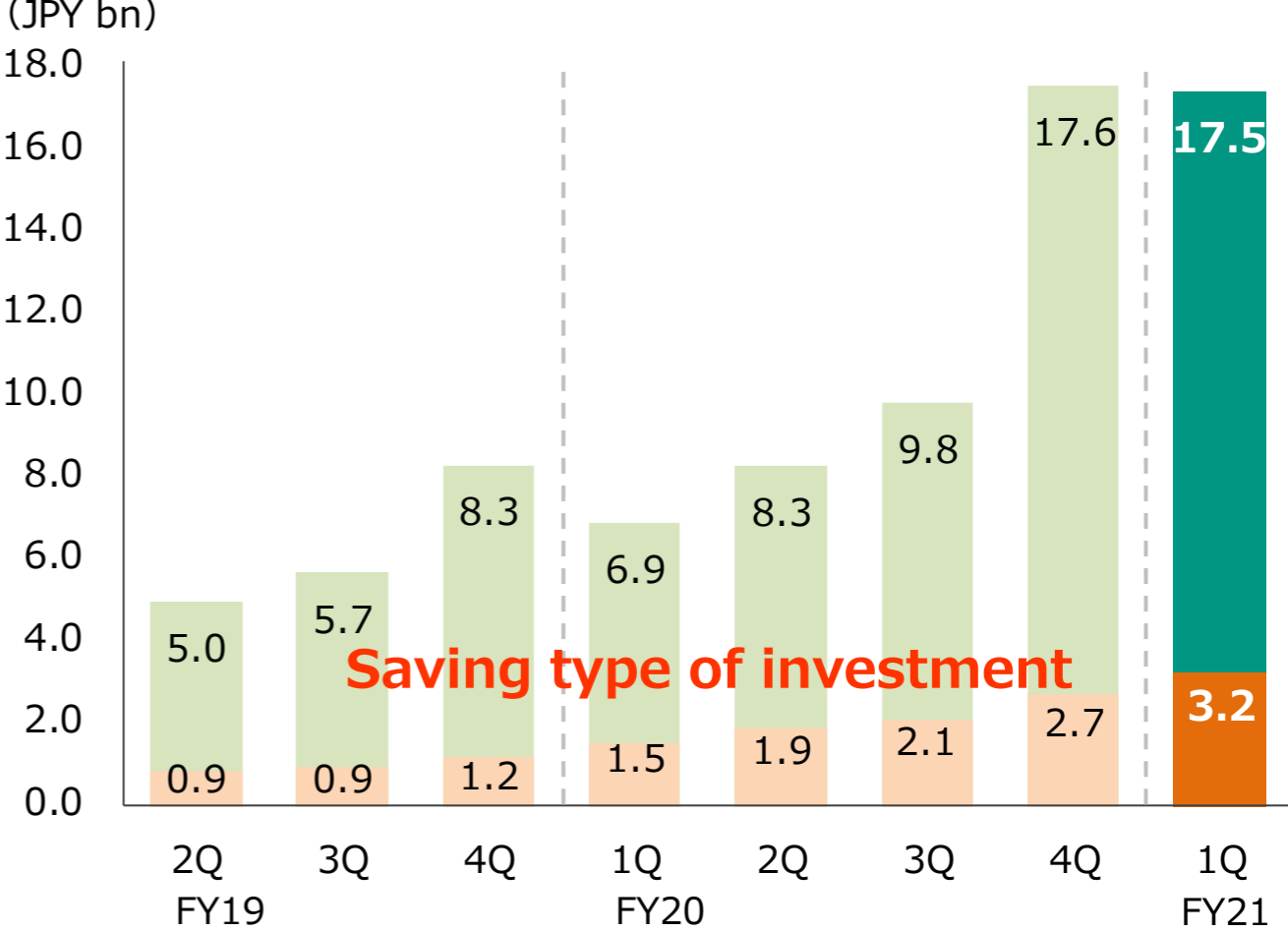


Mutual Fund

Matsui's AUM of mutual fund



Matsui's mutual fund sales



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Appendix



Corporate
Principle

Support to enrich the life of customers
by providing valuable products and services
for retail investors

Management
Goals

Provide superior **customer experience value**

Management
Strategy

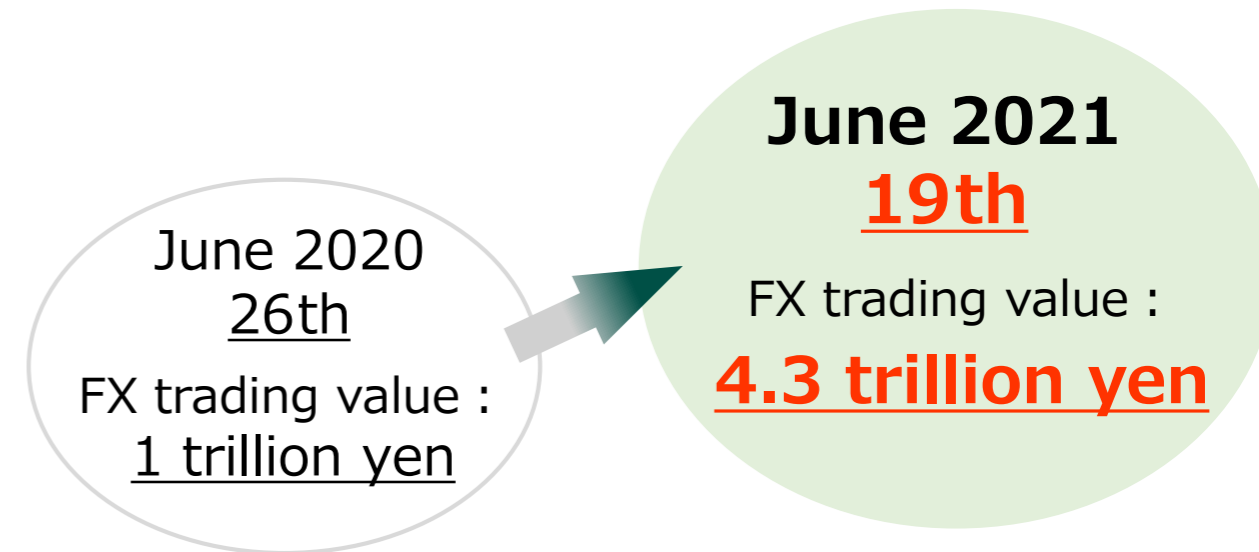
- ✓ Expand the lineup of products and services
- ✓ Improve the service quality continuously
- ✓ Enhance communication with customers

Enhance the service and promotion to expand the business

◆ Increase the number of new accounts and active accounts



◆ Trading share

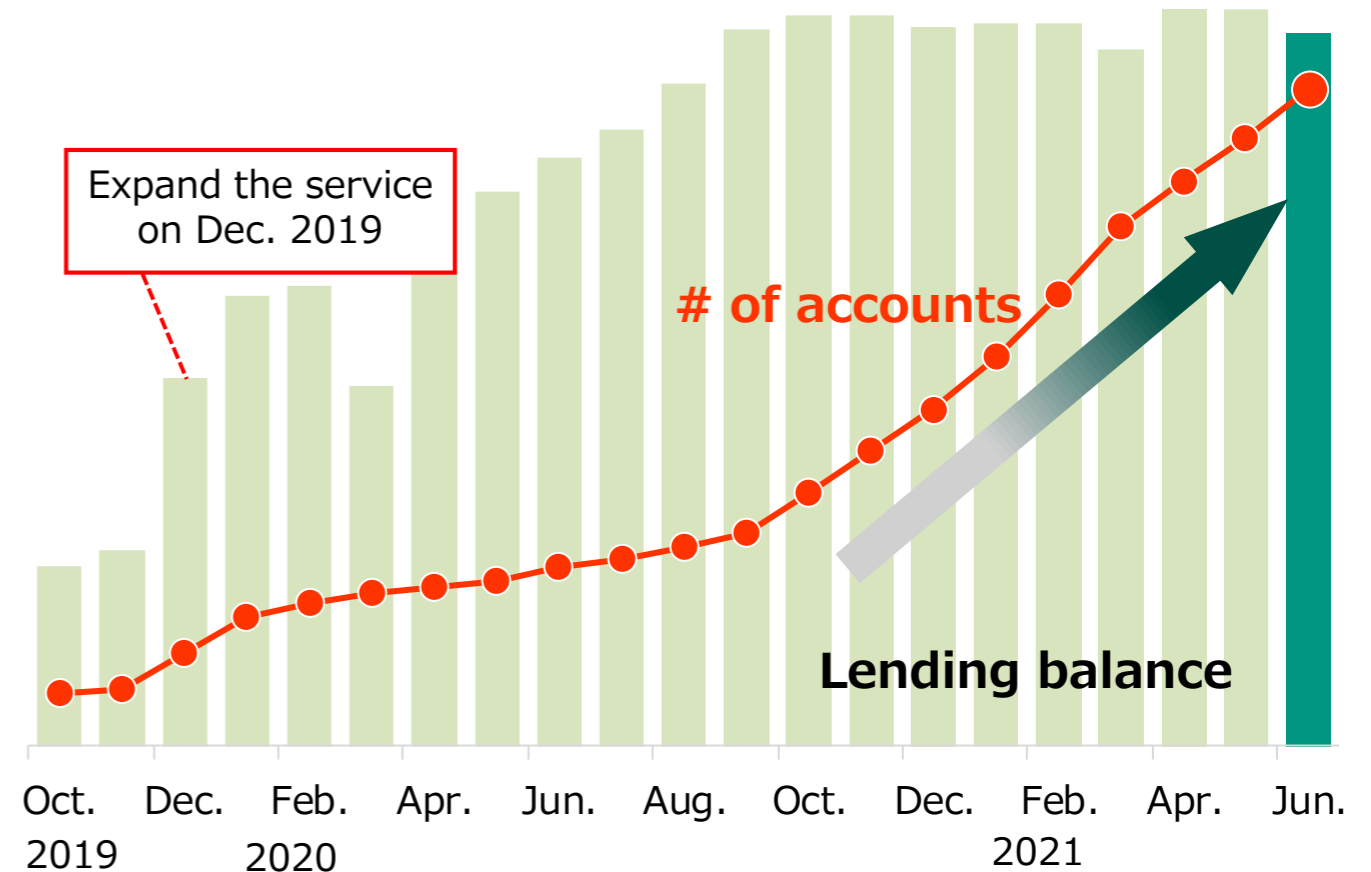


Continue to enhance the promotion

Intend to strengthen lending business

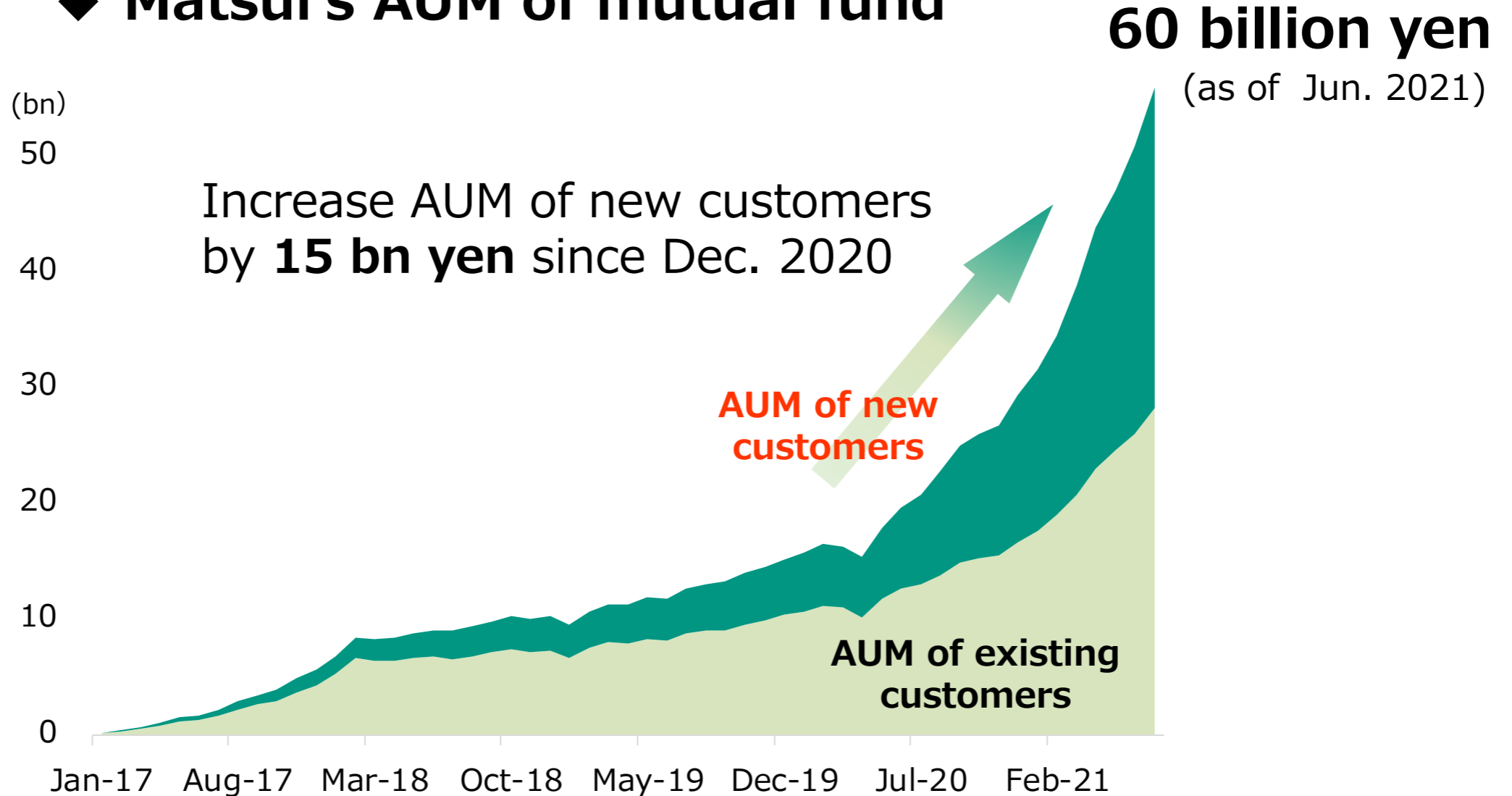
◆ Add the stock lending service to smartphone app

◆ Number of accounts and lending balance



Increase the number of customers and AUM

◆ Matsui's AUM of mutual fund



Leverage its network to expand the business

◆ LP Investment in venture capitals

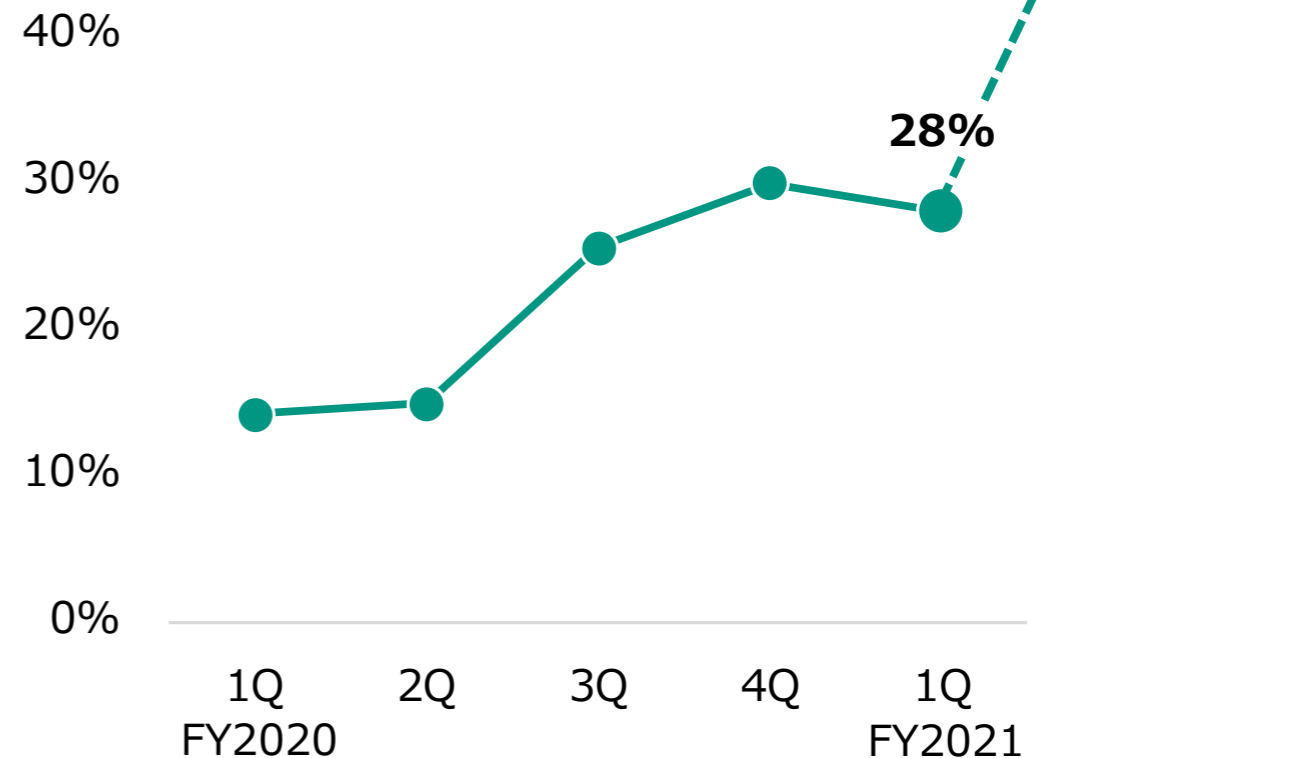
- ✓ Expand our relationship with the powerful VCs to reach IPO candidates

Invest in **9 → 11 VCs**

Continue to leverage the network

IPO participation
Target to over 40%

◆ IPO participation as the underwriter



Improve the service quality continuously to meet customers' needs



Total number of downloads: Over 70,000

40% of new customers trade by the new app!

- ◆ **Phase 2.0 update** in Jul. 2021
 - Improve stock chart
 - Enhance the function of stock ranking information
- ◆ **Plan to Phase 3.0 update** in 2021

Provide useful ideas and information for investment to improve customer experience value

◆ Provide various information on website specialized for video contents since Mar. 2021

- ✓ Provide useful investment ideas, fresh topics on stocks of high interest in the market
- ✓ Provide timely market information every day

◆ Provide introductory contents for investment

- ✓ Provide video contents by utilizing famous entertainers
- ✓ Provide abundant information to have fun learning to invest

Intend to increase the brand recognition to become the "first imaged broker"

◆ Enhance the promotion for new customers acquisition

- ✓ Introduce the promotion movie through TV, You Tube and Matsui's corporate website
- ✓ Maintain efficient operation

<https://www.youtube.com/watch?v=r2nh7y6aAC4>



TV commercial



Advertise in the subway by using the famous trader

Support asset building for young generations

◆ No Commission Charge for Aged 25 or Under

Trading value / day	26 and above	25 or under
Up to 500,000 Yen	0 Yen	0 Yen
Up to 1 million Yen	1,000 Yen	
Up to 2 million Yen	2,000 Yen	
Add 1,000 Yen for every 1 million Yen of trading		
Over 100 million Yen	100,000 Yen (upper limit)	

Note: Tax excluded

Aim for sustainable growth of the Company

◆ Transition to a Company with Audit and Supervisory Committee

- ✓ Independent Outside Directors: One-third or more
- ✓ Fortify the Board's Supervisory function

◆ Strengthen the governance system

- ✓ Implement the analysis and evaluation of the effectiveness of the Board in FY2021
- ✓ Disclose its skill matrix of the Board of Directors in FY2022

◆ Support diverse work styles

- ✓ 100% return rate from maternity leave (FY2020)
- ✓ Short working hours for child-care
- ✓ Hourly paid leave
- ✓ Certified by MHLW as the Company supporting employee's child-care
- ✓ Promote working from home

◆ Expand the lineup of products and services

- ✓ Introduce US stocks in Feb. 2022

◆ Improve the service quality continuously

- ✓ Improve the functions of trading application for smartphone
- ✓ Establish new website for smartphone

◆ Enhance communication with customers

- ✓ Expand the quantity and quality of video contents useful for investment
- ✓ Increase the number of operators at the contact-center specialized for the stock trading

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Summary of Financial Results

(JPY mn)

	FY2019			FY2020				FY2021
	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q
Operating Revenues	5,713	6,091	6,790	7,164	7,024	7,381	8,512	7,476
Net operating revenues	5,231	5,521	6,440	6,830	6,610	7,042	8,190	7,181
SG & A	3,158	3,259	3,780	3,853	3,717	3,811	4,464	4,122
Operating income	2,073	2,262	2,660	2,977	2,893	3,232	3,726	3,060
Ordinary income	2,069	2,306	2,646	3,034	2,878	3,260	3,747	3,103
Net income	1,433	1,594	1,736	2,108	3,381	2,258	2,536	3,954
Ordinary income ratio	36%	38%	39%	42%	41%	44%	44%	41%
Matsui's trading value (JPY tn)	5.7	6.0	7.5	9.3	8.5	9.0	10.7	9.1
Average margin balance (JPY bn)	229	229	233	219	252	265	289	321

Breakdown of Revenues

(JPY mn)

	FY2019			FY2020				FY2021
	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q
Commissions	3,010	3,359	4,116	4,671	4,118	4,421	5,347	4,249
Brokerage	2,837	3,205	3,964	4,517	3,908	4,240	5,147	4,062
Equity & ETF	2,620	3,018	3,527	4,200	3,674	4,015	4,898	3,851
Futures & Options	217	187	437	316	235	225	249	211
Others	159	141	151	154	184	155	188	177
Net trading income	318	230	288	225	189	197	217	137
Interest & dividend income	2,385	2,502	2,387	2,268	2,717	2,763	2,948	3,090
Interest expenses	482	570	350	334	415	339	322	295
Net interest income	1,902	1,932	2,037	1,934	2,302	2,424	2,626	2,795

Breakdown of SG&A

(JPY mn)

	FY2019			FY2020				FY2021
	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q
Trading related expenses	1,078	1,067	1,446	1,378	1,306	1,418	1,828	1,564
Stock exchanges and securities	262	268	353	387	367	367	405	354
Communications expenses	418	426	467	464	466	470	503	483
Advertisement	220	191	418	303	258	342	661	492
Personnel expenses	646	640	633	703	652	677	801	706
Occupancy & rental	282	285	286	274	240	241	255	256
Data processing & office supplies	678	700	731	797	769	778	832	805
Depreciation	446	463	468	495	547	535	544	588
Taxes and dues	69	72	79	103	157	114	117	163
Provision of allowance for doubtful accounts	△ 72	△ 3	59	56	3	△ 6	42	△ 22
Others	30	35	78	48	41	54	45	62
Total SG & A	3,158	3,259	3,780	3,853	3,717	3,811	4,464	4,122

The material is intended to provide the financial results for the quarter ended 30 June 2021 and the company's business strategy, and does not constitute a solicitation of an offer to buy the securities issued by the company. The material is created based upon information as of 27 July 2021. The information herein identifies our views at the time of creation of the material, and the company does not make any representation or warranty as to its accuracy or completeness, therefore, the information may be changed without any notices. The company does not assume responsibility for any omissions or errors of any data and descriptions in the material.

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