



Matsui Securities Co., Ltd.

(First Section of TSE: 8628)

Annual Results for 2QFY2020

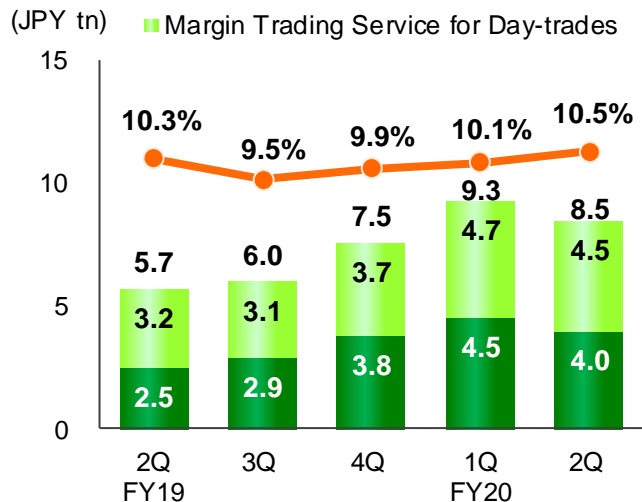
October 2020

Table of Contents

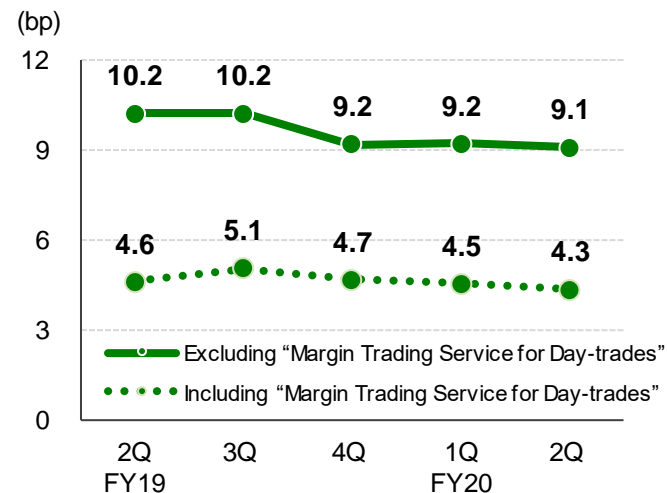
Section 1	Financial Summary	6
Section 2	Results of Operation	15
Section 3	Recent Developments	23

Results of Operation

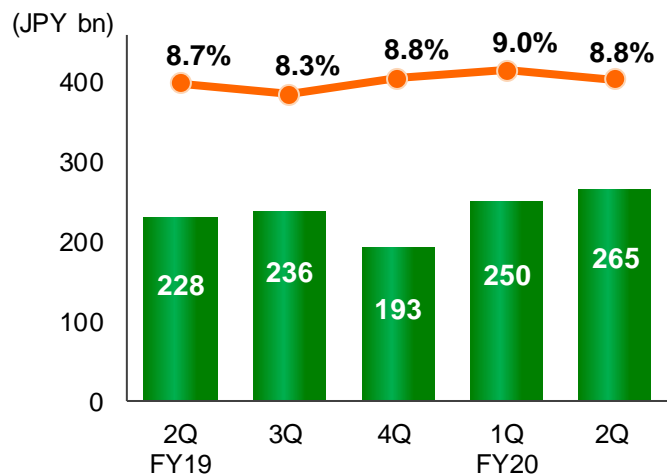
◆ Equity trading value / Market share



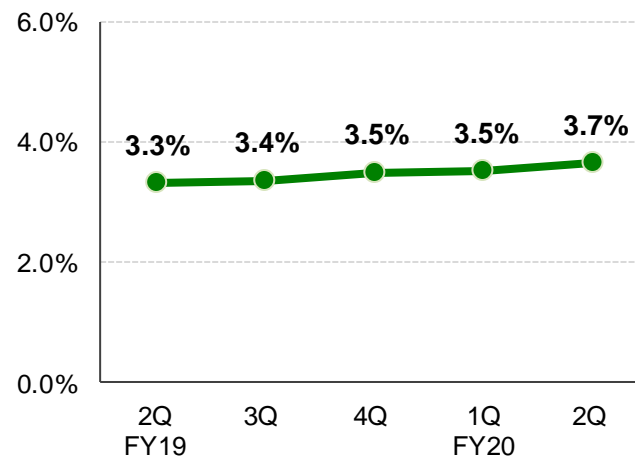
◆ Equity commission rate



◆ Margin balance / Market share

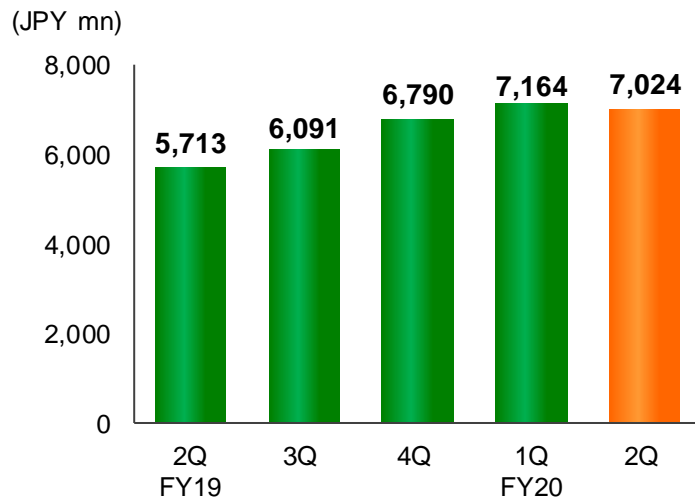


◆ Net financial income ratio

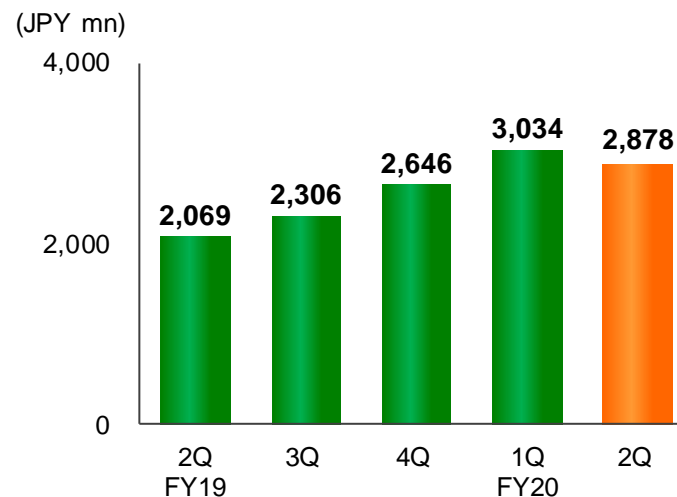


Financial Results

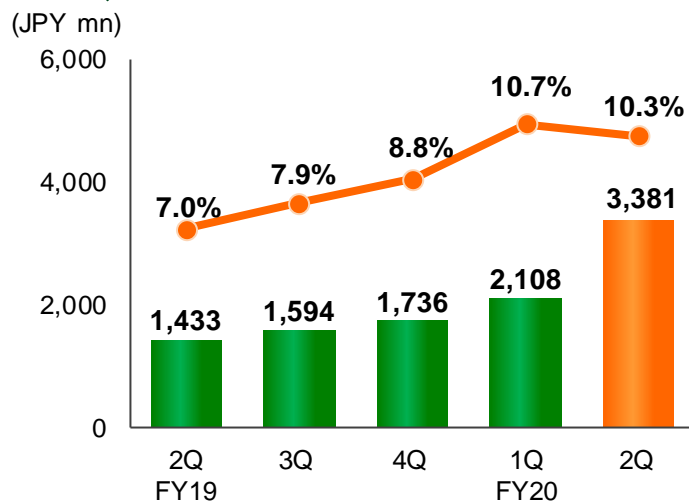
◆ Operating revenue



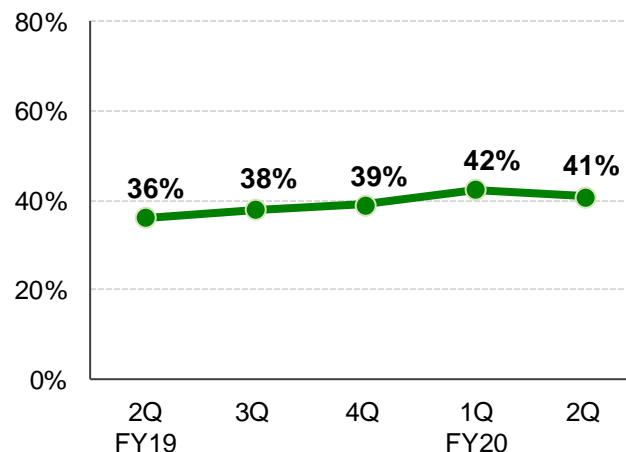
◆ Ordinary income



◆ Net income / ROE¹



◆ Ordinary income ratio



Financial Highlights

◆ Net operating revenues down JPY 220 million QoQ

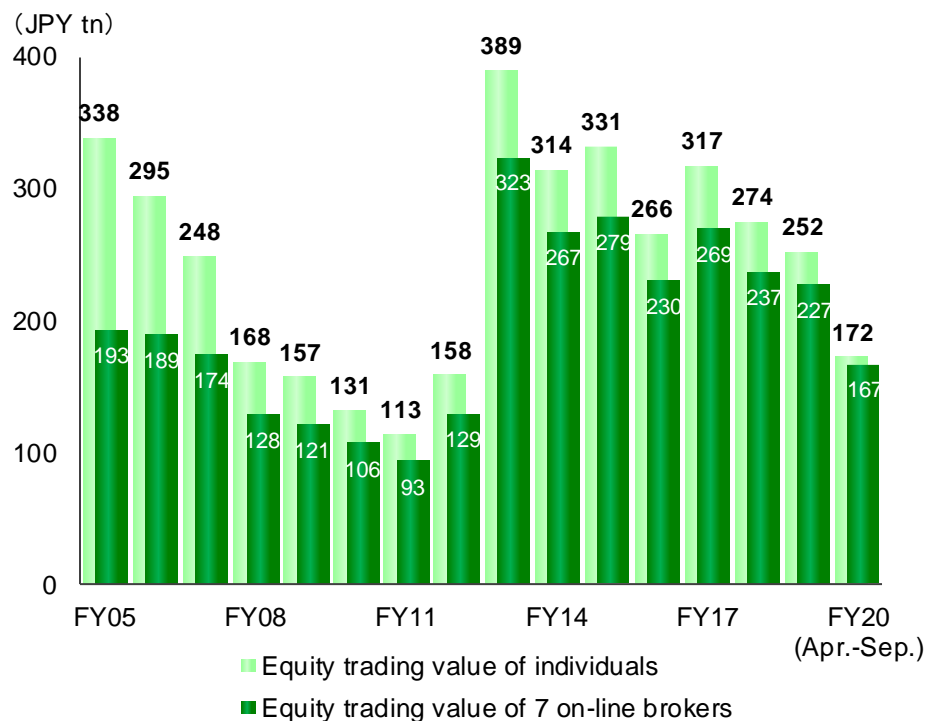
- Commissions were down JPY 550 million due to decrease of equity trading value.
- Interest & dividend income was up JPY 370 million due to increase of average margin balance.
- Net trading income was down JPY 40 million due to lower profitability by tighten the FX spreads.

◆ SG&A down JPY 140 million QoQ

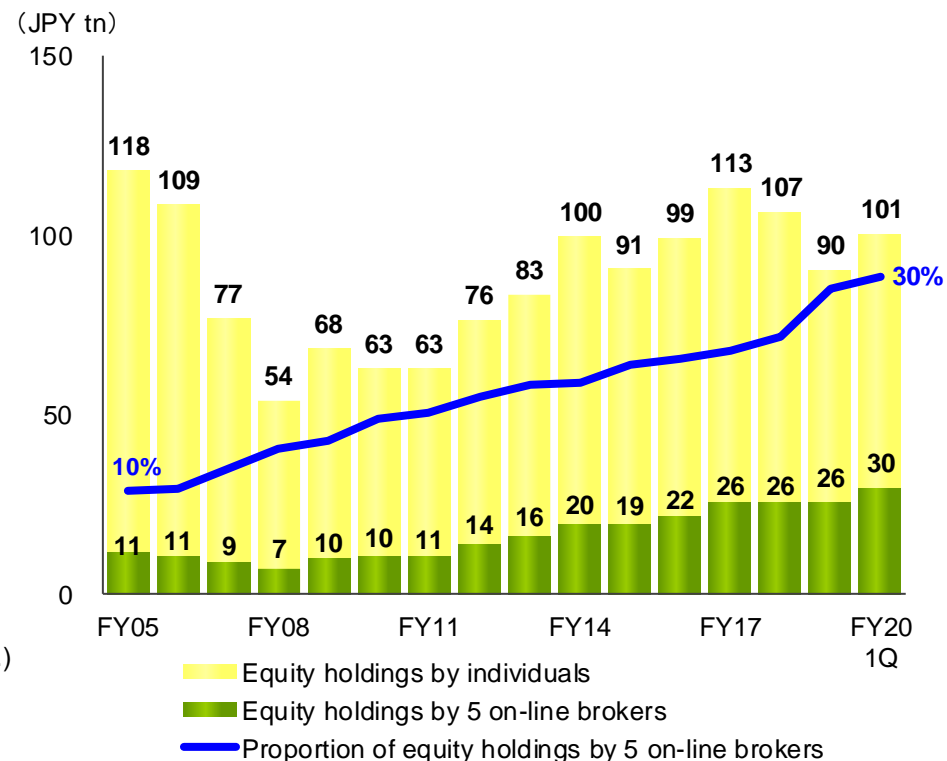
- SG&A excluding the provision for doubtful receivables for customers' margin transaction was down JPY 80 million.
- Trading related expenses were down JPY 70 million due to decrease of advertisement expenses.

Overview of Retail Equity Trading Market

◆ Equity trading value of individuals¹ (FLOW)



◆ Equity holdings by individuals¹ (STOCK)



Financial Summary

Section 1

Summary of Financial Results (1HF FY20)

(JPY mn)

	FY20	FY19			YoY	FY19
	1HF	2HF	HFoHF	1HF		TOTAL
Operating Revenues	14,188	12,881	10%	11,269	26%	24,150
Commissions	8,789	7,474	18%	6,015	46%	13,490
Interest & dividend income	4,984	4,888	2%	4,651	7%	9,539
Net trading income	414	518	-20%	602	-31%	1,120
Interest expenses	749	920	-19%	885	-15%	1,805
Net operating revenues	13,440	11,961	12%	10,384	29%	22,345
SG & A	7,570	7,039	8%	6,397	18%	13,436
Operating income	5,869	4,922	19%	3,987	47%	8,909
Ordinary income	5,912	4,952	19%	4,065	45%	9,016
Net income	5,488	3,329	65%	2,806	96%	6,136
Ordinary income ratio	42%	38%	-	36%	-	37%
Matsui's trading value (JPY tn)	17.7	13.5	31%	11.7	51%	25.2
Daily average trading value on TSE (JPY tn)	3.3	3.4	-2%	2.8	17%	3.1

Breakdown of Net Operating Revenue (1HF FY20)

(JPY mn)

	FY20	FY19			YoY	FY19
	1HF	2HF	HFoHF	1HF		TOTAL
Commissions	8,789	7,474	18%	6,015	46%	13,490
Brokerage	8,425	7,170	18%	5,681	48%	12,850
Equity & ETF	7,874	6,546	20%	5,257	50%	11,803
Futures & Options	551	624	-12%	423	30%	1,047
Others	338	292	16%	301	12%	593
Net trading income	414	518	-20%	602	-31%	1,120
Interest & dividend income (1)	4,984	4,888	2%	4,651	7%	9,539
Total operating revenues	14,188	12,881	10%	11,269	26%	24,150
Interest expenses (2)	749	920	-19%	885	-15%	1,805
Net operating revenues	13,440	11,961	12%	10,384	29%	22,345
Net interest income (1) - (2)	4,236	3,968	7%	3,766	12%	7,734
Average margin balance (JPY bn)	236	231	2%	227	4%	229

Breakdown of SG&A (1HF FY20)

(JPY mn)

	FY20	FY19			YoY	FY19
	1HF	2HF	HFoHF	1HF		TOTAL
Trading related expenses	2,684	2,513	7%	2,052	31%	4,566
Stock exchanges and securities associations fees	754	621	21%	542	39%	1,163
Communications expenses	930	893	4%	842	10%	1,735
Advertisement	561	609	-8%	324	73%	934
Personnel expenses	1,356	1,274	6%	1,333	2%	2,607
Occupancy & rental	513	570	-10%	564	-9%	1,134
Data processing & office supplies	1,566	1,431	9%	1,316	19%	2,747
Depreciation	1,042	931	12%	992	5%	1,923
Taxes and dues	261	151	73%	145	80%	296
Provision of allowance for doubtful accounts	59	55	6%	-83	-	-28
Others	90	113	-21%	78	14%	192
Total SG & A	7,570	7,039	8%	6,397	18%	13,436

Summary of Financial Results (Quarterly)

(JPY mn)

	FY20	FY20	QoQ	FY19			YoY	FY19 TOTAL
	2Q	1Q		4Q	3Q	2Q		
Operating Revenues	7,024	7,164	-2%	6,790	6,091	5,713	23%	24,150
Commissions	4,118	4,671	-12%	4,116	3,359	3,010	37%	13,490
Interest & dividend income	2,717	2,268	20%	2,387	2,502	2,385	14%	9,539
Net trading income	189	225	-16%	288	230	318	-40%	1,120
Interest expenses	415	334	24%	350	570	482	-14%	1,805
Net operating revenues	6,610	6,830	-3%	6,440	5,521	5,231	26%	22,345
SG & A	3,717	3,853	-4%	3,780	3,259	3,158	18%	13,436
Operating income	2,893	2,977	-3%	2,660	2,262	2,073	40%	8,909
Ordinary income	2,878	3,034	-5%	2,646	2,306	2,069	39%	9,016
Net income	3,381	2,108	60%	1,736	1,594	1,433	136%	6,136
Ordinary income ratio	41%	42%	-	39%	38%	36%	-	37%
Matsui's trading value (JPY tn)	8.5	9.3	-9%	7.5	6.0	5.7	48%	25.2
Daily average trading value on TSE (JPY tn)	3.1	3.5	-11%	3.9	2.9	2.8	12%	3.1

Breakdown of Net Operating Revenues (Quarterly)

(JPY mn)

	FY20	FY20	QoQ	FY19			YoY	FY19 TOTAL
	2Q	1Q		4Q	3Q	2Q		
Commissions	4,118	4,671	-12%	4,116	3,359	3,010	37%	13,490
Brokerage	3,908	4,517	-13%	3,964	3,205	2,837	38%	12,850
Equity & ETF	3,674	4,200	-13%	3,527	3,018	2,620	40%	11,803
Futures & Options	235	316	-26%	437	187	217	8%	1,047
Others	184	154	19%	151	141	159	16%	593
Net trading income	189	225	-16%	288	230	318	-40%	1,120
Interest & dividend income (1)	2,717	2,268	20%	2,387	2,502	2,385	14%	9,539
Total operating revenues	7,024	7,164	-2%	6,790	6,091	5,713	23%	24,150
Interest expenses (2)	415	334	24%	350	570	482	-14%	1,805
Net operating revenues	6,610	6,830	-3%	6,440	5,521	5,231	26%	22,345
Net interest income (1) - (2)	2,302	1,934	19%	2,037	1,932	1,902	21%	7,734
Average margin balance (JPY bn)	252	219	15%	233	229	229	10%	229

Breakdown of SG&A (Quarterly)

(JPY mn)

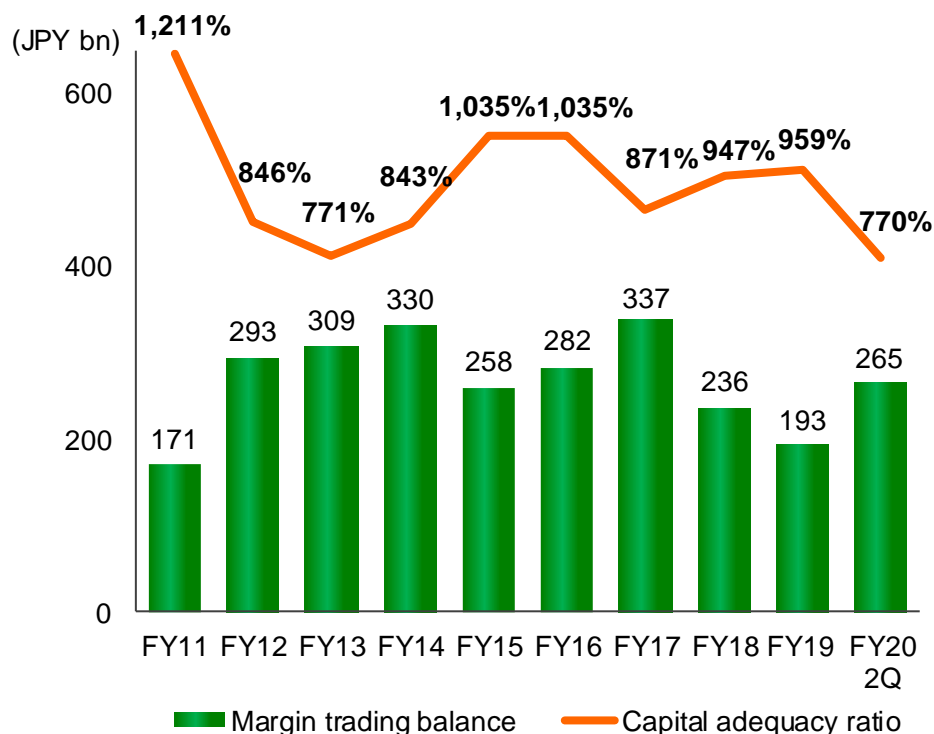
	FY20	FY20	QoQ	FY19			YoY	FY19 TOTAL
	2Q	1Q		4Q	3Q	2Q		
Trading related expenses	1,306	1,378	-5%	1,446	1,067	1,078	21%	4,566
Stock exchanges and securities associations fees	367	387	-5%	353	268	262	40%	1,163
Communications expenses	466	464	0%	467	426	418	11%	1,735
Advertisement	258	303	-15%	418	191	220	17%	934
Personnel expenses	652	703	-7%	633	640	646	1%	2,607
Occupancy & rental	240	274	-12%	286	285	282	-15%	1,134
Data processing & office supplies	769	797	-3%	731	700	678	13%	2,747
Depreciation	547	495	11%	468	463	446	23%	1,923
Taxes and dues	157	103	52%	79	72	69	128%	296
Provision of allowance for doubtful accounts	3	56	-94%	59	-3	-72	-	-28
Others	41	48	-14%	78	35	30	38%	192
Total SG & A	3,717	3,853	-4%	3,780	3,259	3,158	18%	13,436

Regulatory Capital

◆ Capital adequacy ratio (As of 30 September 2020)

(JPY mn)		
Tier 1	(A)	72,402
Tier 2	Net unrealized gain on investment	2,179
	Statutory reserves	2,845
	Allowance for doubtful accounts	68
	Sub total	(B) 5,093
Assets to be deducted from equity capital	(C)	9,278
Net Capital		
	(A) + (B) - (C)	(D) 68,217
Total risk	Market risk	532
	Counterparty risk	5,089
	Basic risk	3,236
	Total	(E) 8,859
Capital Adequacy ratio	(D)/(E)	770%

◆ Margin trading balance and capital adequacy ratio



Shareholders Return

Pay interim dividend of 20 yen per share for FY20

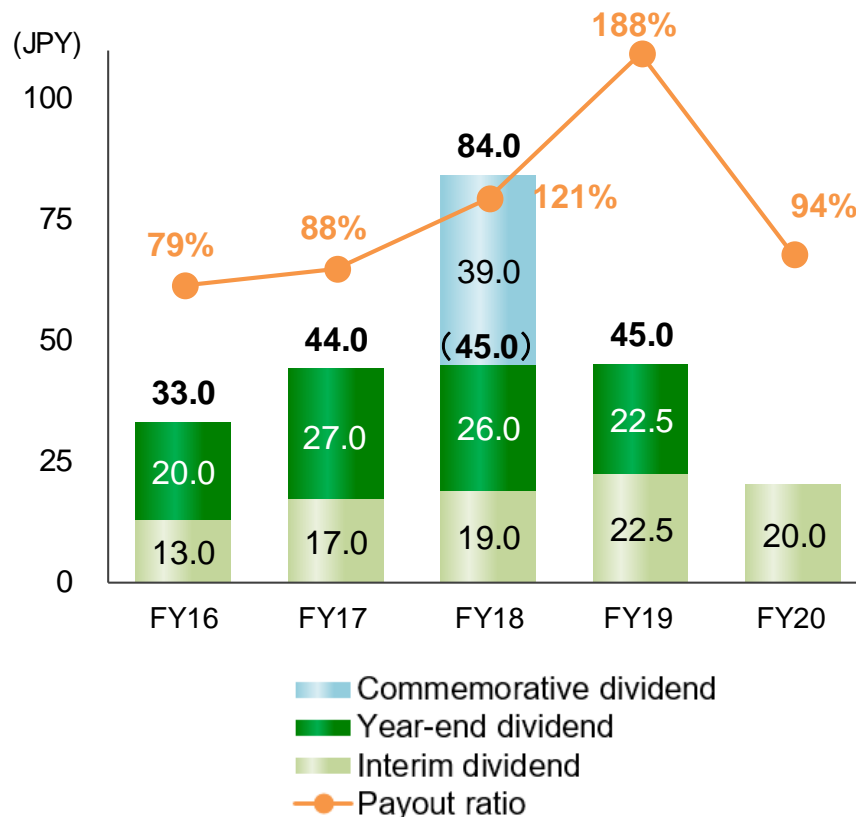
◆ Dividends for FY20

- Interim: **20 yen** per share
- Dividends payout ratio: 94%
- DOE: 13%
(ROE: 14%)

◆ Dividend policy

- Dividends Payout Ratio : 60% and above
and
- Dividends on Equity(DOE) : 8% and above

◆ Matsui's dividend per share and payout ratio¹

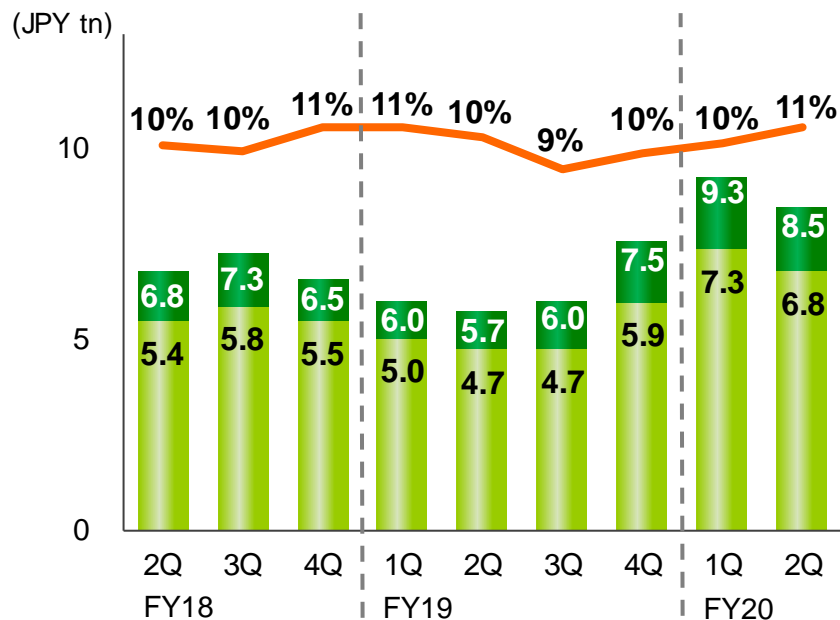


Results of Operation

Section 2

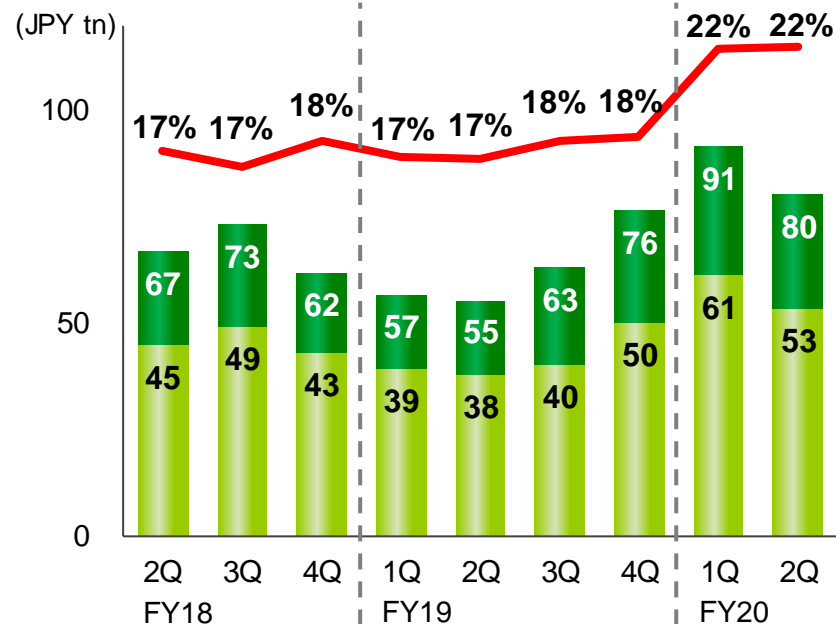
Equity Trading Value

◆ Matsui's equity trading value and its market share¹



■ Matsui's trading value
■ Matsui's margin trading value
— Matsui's share of retail trading value

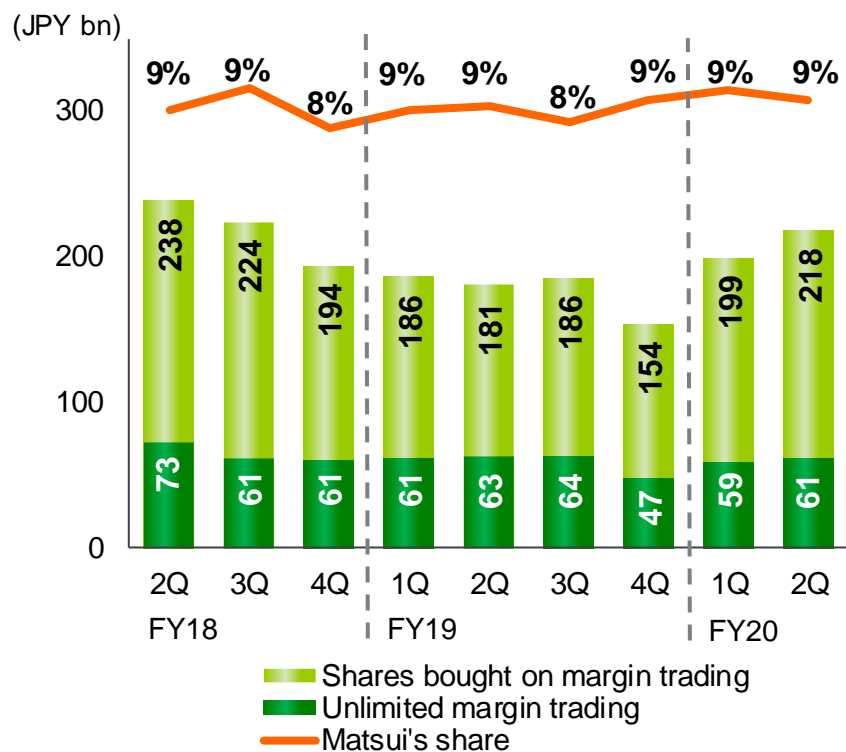
◆ Retail equity trading value¹ and proportion to total equity trading value



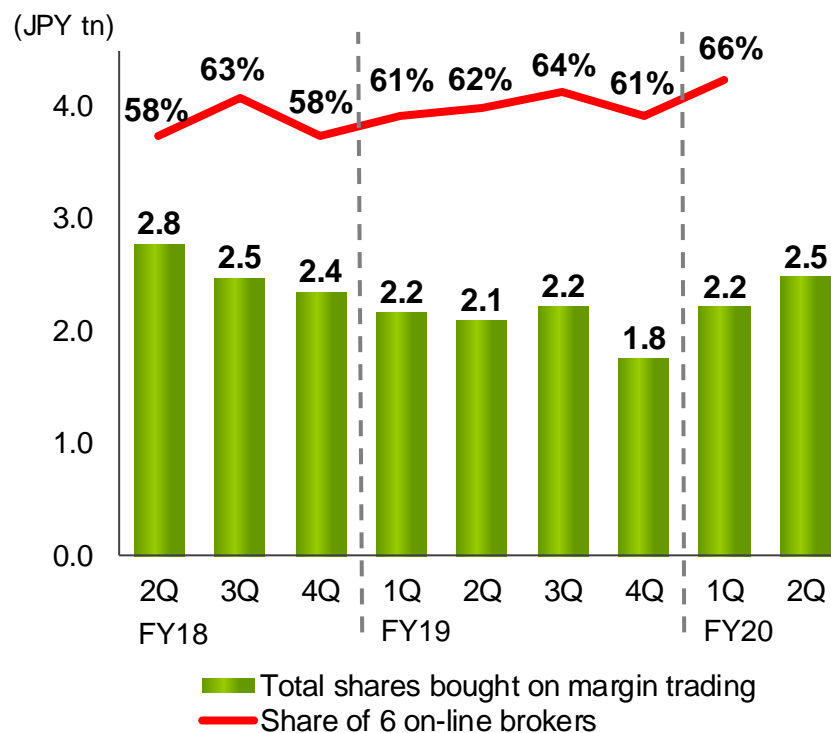
■ Retail equity trading value
■ Retail margin trading value
— Proportion to total equity trading value

Margin Trading Balance

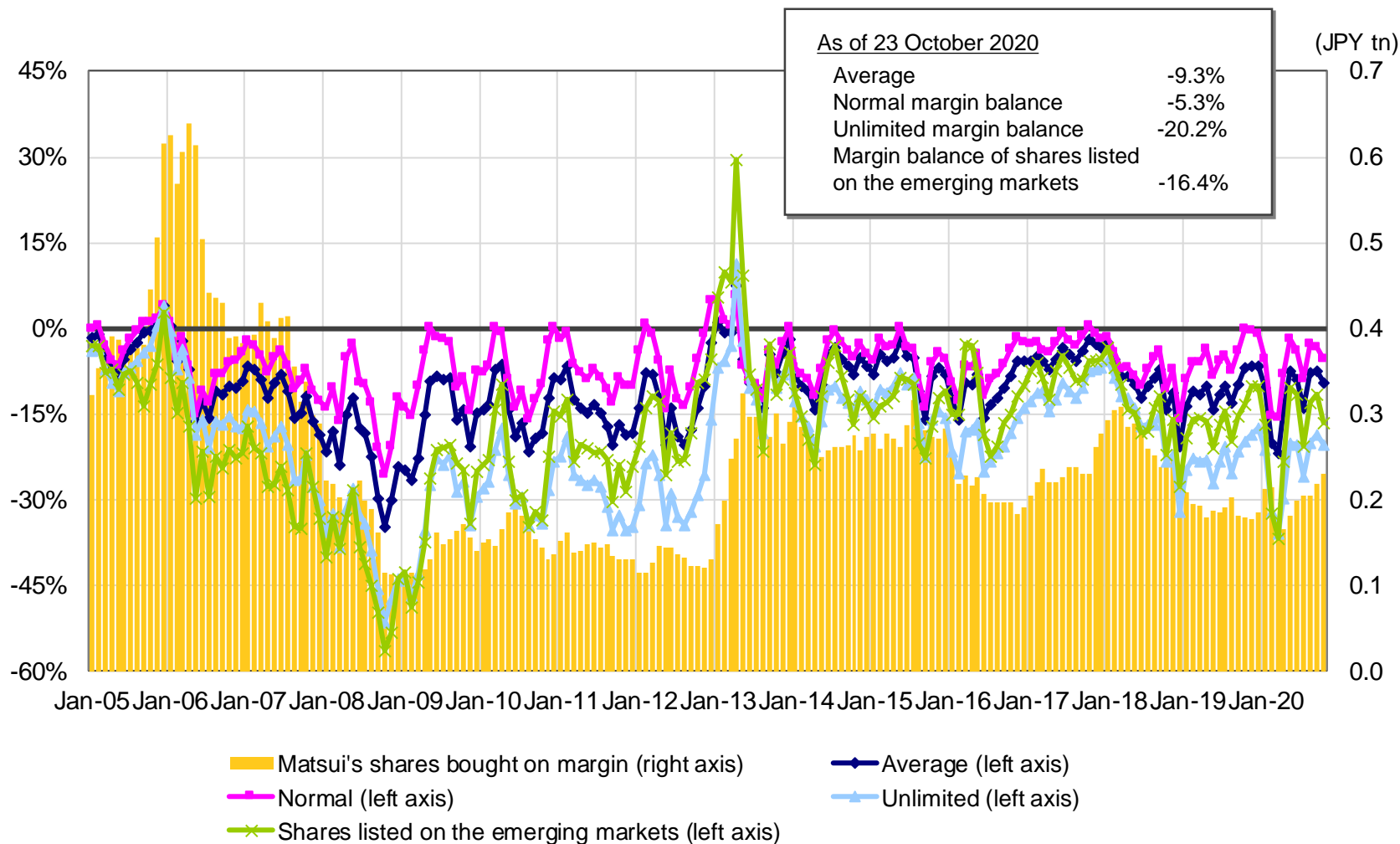
◆ Matsui's shares bought on margin¹ and its market share²



◆ Total shares bought on margin¹ and share of 6 on-line brokers³

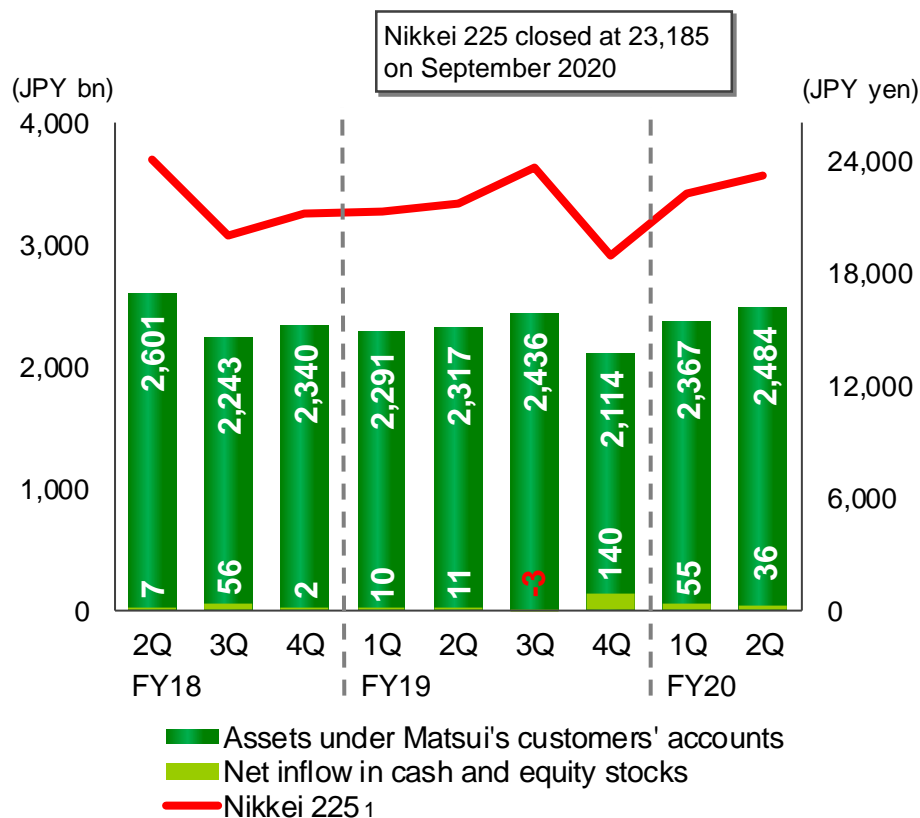


Unrealized Losses on Matsui's Margin Balance

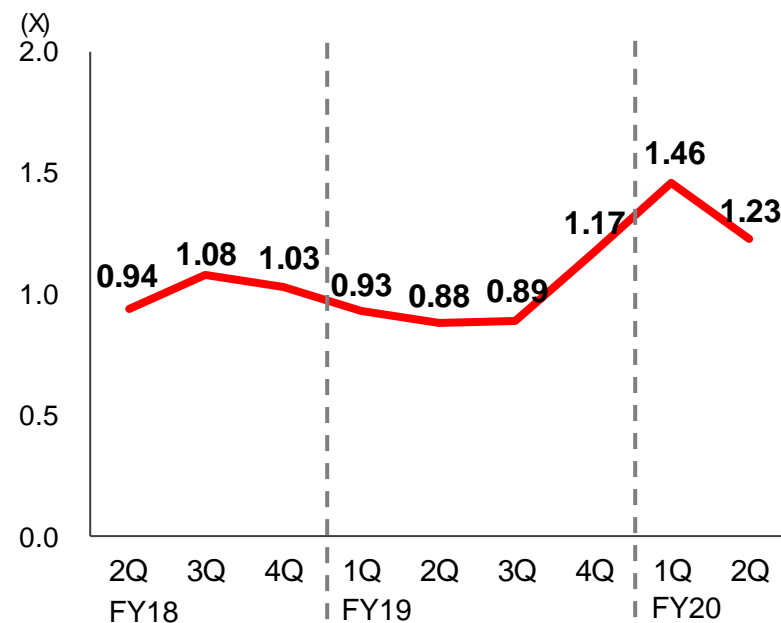


Assets under Customers' Accounts / Trading Turnover

◆ Assets under Matsui's customers' accounts



◆ Equity trading turnover² of Matsui's customers



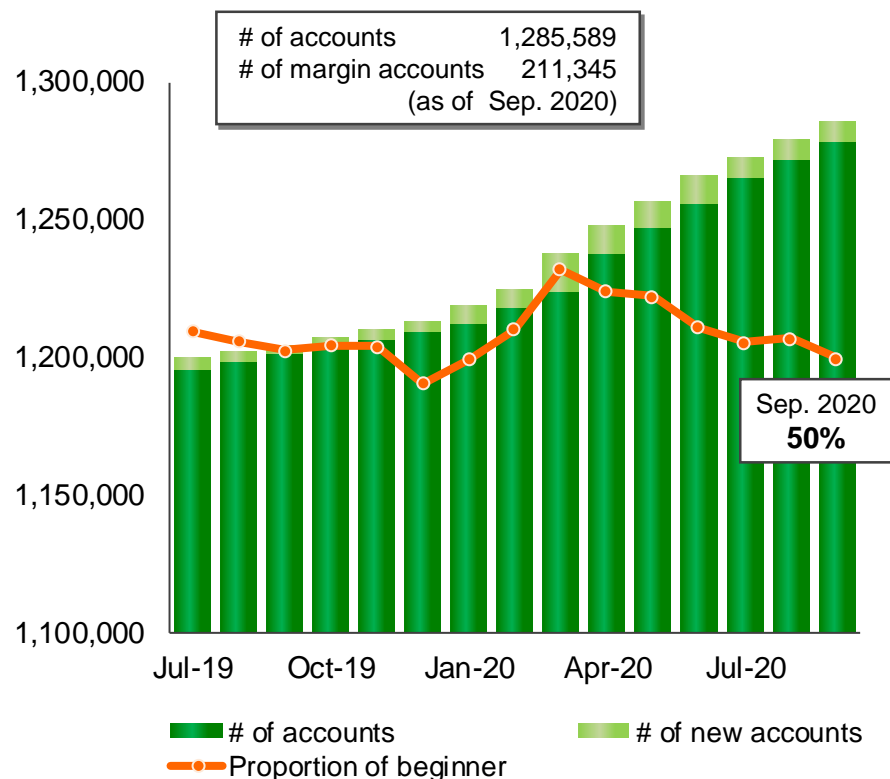
Note 1: Nikkei 225 is the closed price at the end of each quarter

Note 2: Equity trading turnover = (monthly average trading value) / (quarterly average assets under customers' accounts*)

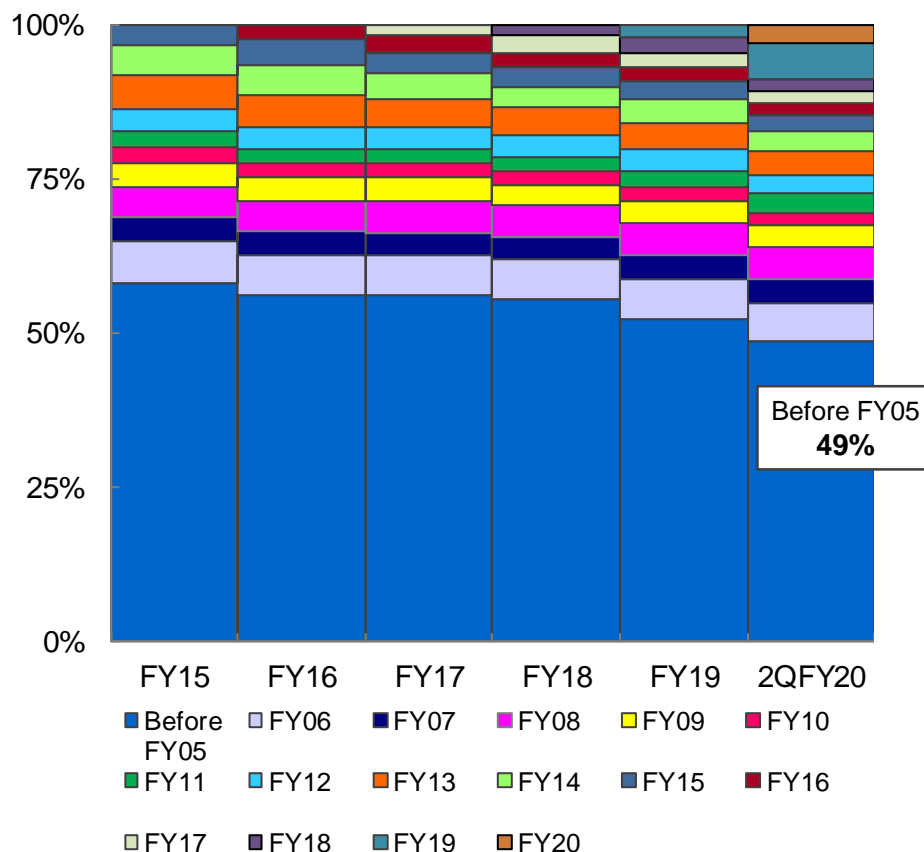
* assets under customers' accounts of Matsui's related persons are excluded

Number of Accounts / Breakdown of Trading Value

◆ Number of accounts at Matsui¹

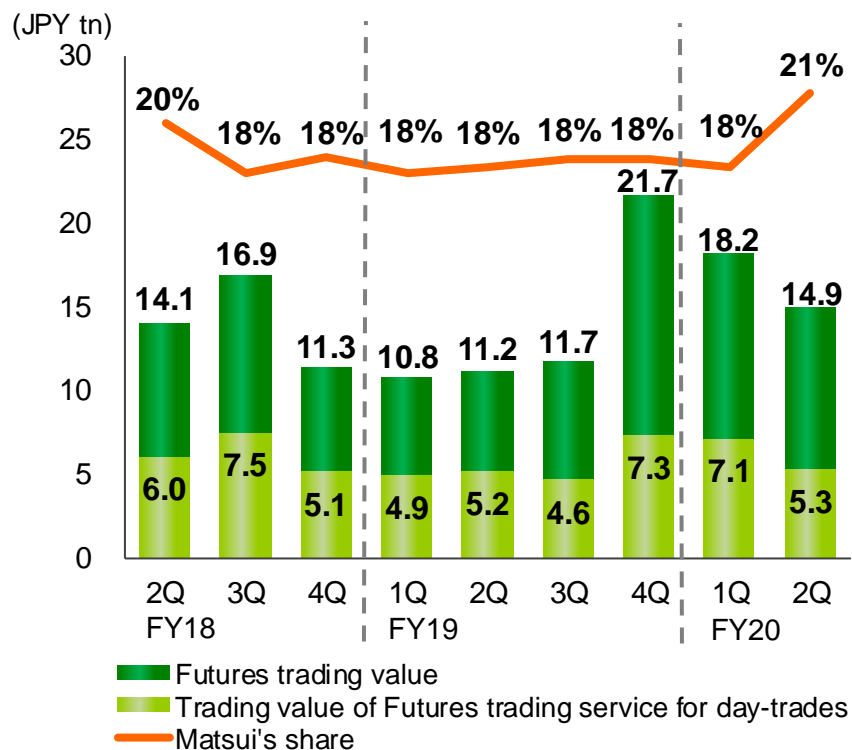


◆ Breakdown of trading value by customers opening the accounts in each fiscal year (Excluding “Margin Trading Service for Day-trades”)

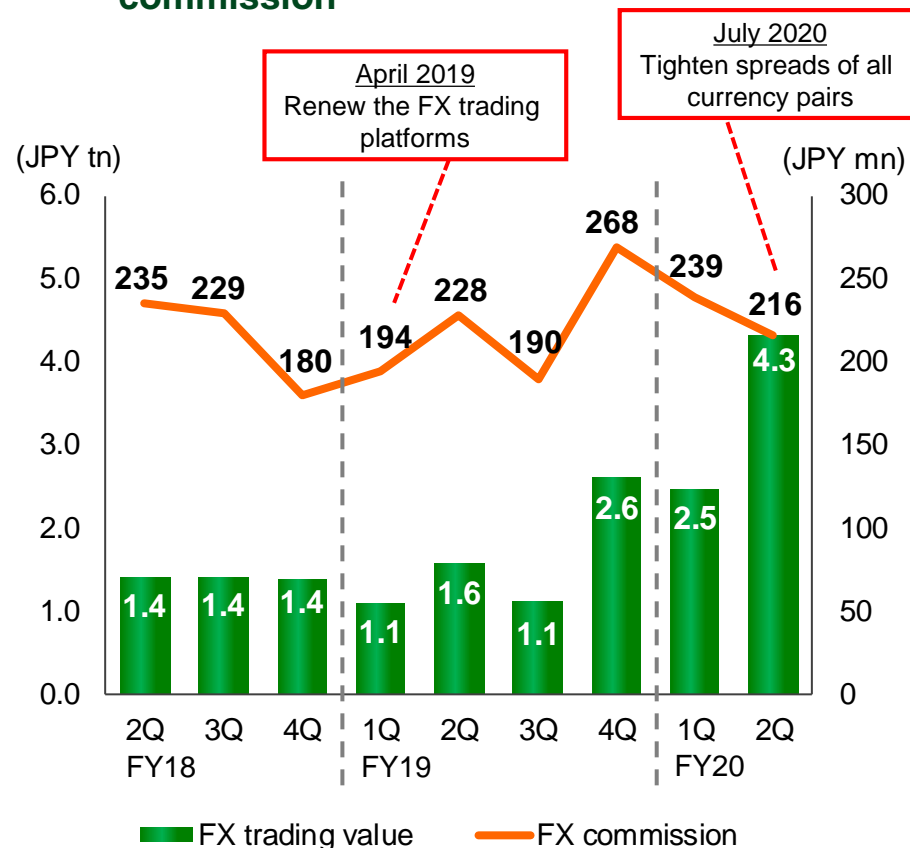


Futures Trading Value / FX Margin Trading Value

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

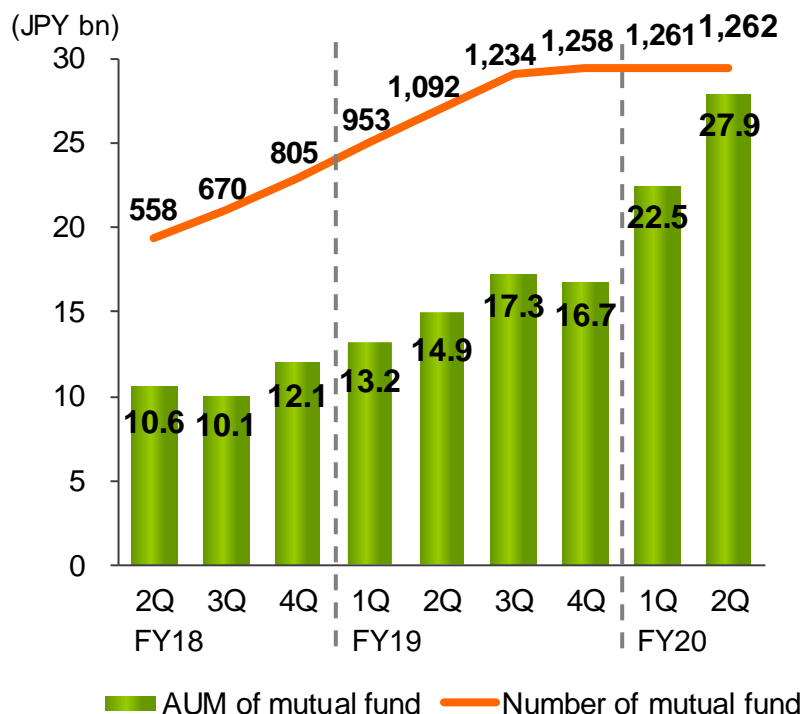


◆ Matsui's OTC FX trading value and commission

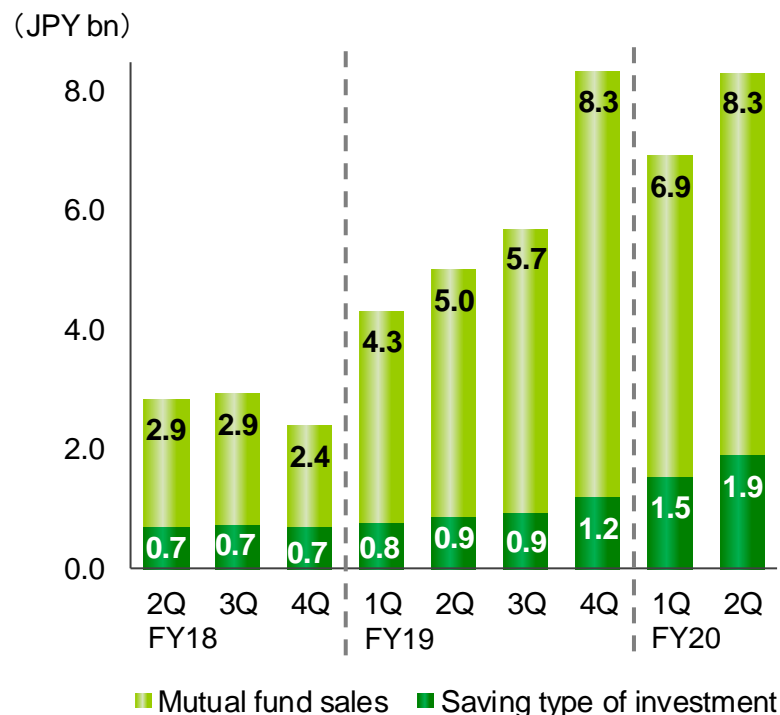


Mutual Fund

◆ Matsui's AUM and line-up of mutual fund



◆ Matsui's mutual fund sales



Recent Developments

Section 3

Management Strategy / Business Strategy

Business Principle

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

Management Strategy

Maintain its low-cost operation and maximize the income
by focusing on profitable online based brokerage business

- Enhance equity brokerage business
- Expand its line-up of products and services by maintaining its low-cost operation

Business Strategy

Enhance **trading service**
for active customers

Equity

Futures

FX

Put more focus on **asset business**
for customers who are building
assets for the future

Mutual
Fund

Equity Business

Strengthen revenue from assets under management

◆ Stimulate equity trading for retail investors

➤ Activist tracking tool

- ✓ Track the transaction activities of large sized investors such as activists on the stock price charts
- ✓ Expand information related to activists

Intend to provide useful investment ideas for retail investors and to stimulate their trading activities

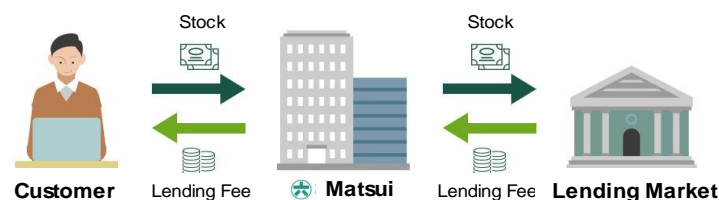


◆ Strengthen revenue from AUM

➤ Expansion of stock lending service

- ✓ Enable customers to receive the stock lending fee by utilizing collateral shares for margin trading
- ✓ The number of accounts and lending balance have increased about four times

Intend to strengthen lending business to expand revenue



Mutual Fund Business

Expand the line-up of individual-type defined contribution pension plan "iDeCo" to 40 products, the highest level among the industry

◆ Expansion of customer base and AUM

➤ Support long-term diversified investment for asset building generation

- Promote use of portfolio management platform
- Provide life plan simulation tool
- Provide consultation counter through call center
- Enhance service promotion for working generation

➤ Response to the needs of retired generation

- Expand the line-up of mutual funds to meet the needs of cherry-picking individual mutual funds
- Provide Robo-advisor services for cherry-picking and replacement of mutual funds

◆ Strengthen revenue from AUM

➤ Cash refund service

- ✓ Set the upper limit of Matsui's receipt out of the custodian fees paid by Asset Managers at 0.3%, and the amount exceeding the limit is refunded to customers in cash
- ✓ 70% of mutual funds handled at Matsui are eligible for the cash refund service

Intend to acquire customers mainly from other brokers such as face-to-face brokers

➤ Expansion of the line-up of "iDeCo" from Oct.

- ✓ Provide 40 products, the highest level among the industry
- ✓ Continue to provide low-cost mutual funds and respond to the wide range of needs of customers

Support asset building generation

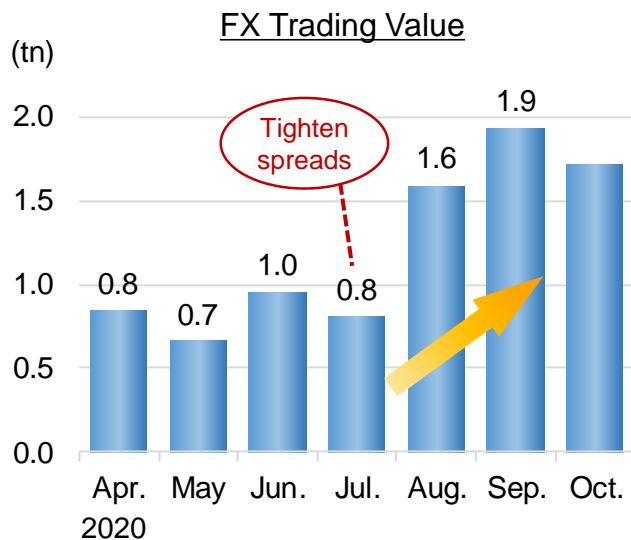
FX Margin Trading Business

Enhance the service and promotion for new customers acquisition to expand the business

◆ Recent developments

➤ Tighten the spread of all currency pairs

- ✓ Trading value has doubled



◆ New initiatives in FY2020

➤ Offer tighter spread than current

- ✓ Tighten the spread to competitive levels

➤ Enhance its promotion for new customers acquisition

- ✓ Focus on new customers acquisition by working on the new branding specialized to FX service

Expand the revenue from FX margin trading business

Customer Support

Based on our corporate principle “Support to enrich the life of customers”, aiming to provide valuable products and services for retail investors

◆ Developments of customer support

➤ Provide consultation counter through call center

Support customers who are not familiar with how to start asset building



Plan to start new consultation counter through call center which provides investment information by customers' needs

◆ Awards-Winning in 2020

➤ J.D. Power

Awarded the top rating among online securities industry in the survey of "Japanese Investor Satisfaction Study in 2020"



➤ HDI-Japan (Help Desk Institute Japan)

Awarded the highest rating of “Three Stars” for 10th consecutive year in the evaluation of customer service among the securities industry



NISA

Main user of saving type of NISA is asset building generation (40's and under)

◆ Number of NISA accounts and customers' assets (as of September 2020)

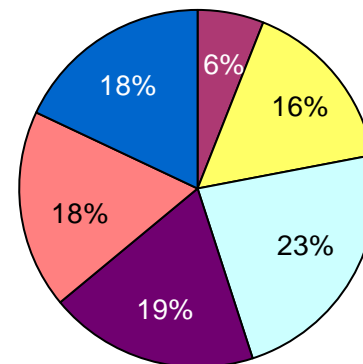
	NISA	Saving type of NISA	Junior NISA
Total number of accounts	159,707	8,247	5,949
Number of active accounts ¹	73,641	4,778	2,734
Active account ratio	46%	58%	46%
Investment value in 2020(JPY mn)	51,311	771	1,234
Customers' assets(JPY mn) ²	112,717	1,788	3,057

◆ Top 5 in trading value (from January to September 2020)

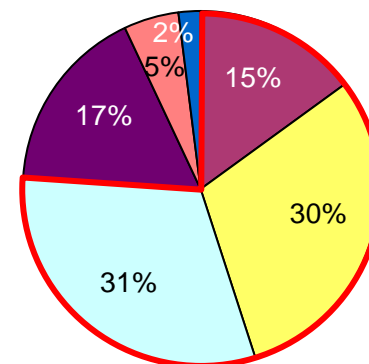
Rank	NISA	Saving Type of NISA
1	Japan Tobacco Inc. (2914)	eMAXIS Slim US Equity S&P 500
2	Mizuho Financial Group, Inc. (8411)	eMAXIS Slim Developed Country Equity Index
3	Orix Corp. (8591)	Nissay Foreign Equity Index Fund no charge
4	Mitsubishi UFJ Financial Group, Inc. (8306)	Hifumi Plus
5	Japan Airlines Co., Ltd. (9201)	eMAXIS Slim Balance 8 Asset Equability type

◆ Attribution of NISA accounts by age (as of September 2020)

● NISA



● Saving type of NISA



The material is intended to provide the financial results for the quarter ended 30 September 2020 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 October 2020. 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.

This presentation may contain forward looking information. Please keep in mind that they are based on projections of the company and subject to changes depending on the situation. We will under no circumstances assume the obligation to revise this presentation in case such situation occurs.

Contact information

Matsui Securities Co., Ltd.

URL: <https://www.matsui.co.jp/en/>

Investor Relations

Tel: +81-3-5216-0784 Fax: +81-3-5216-8638

Mail: ir@matsui.co.jp