

# Annual Results for 2QFY2021

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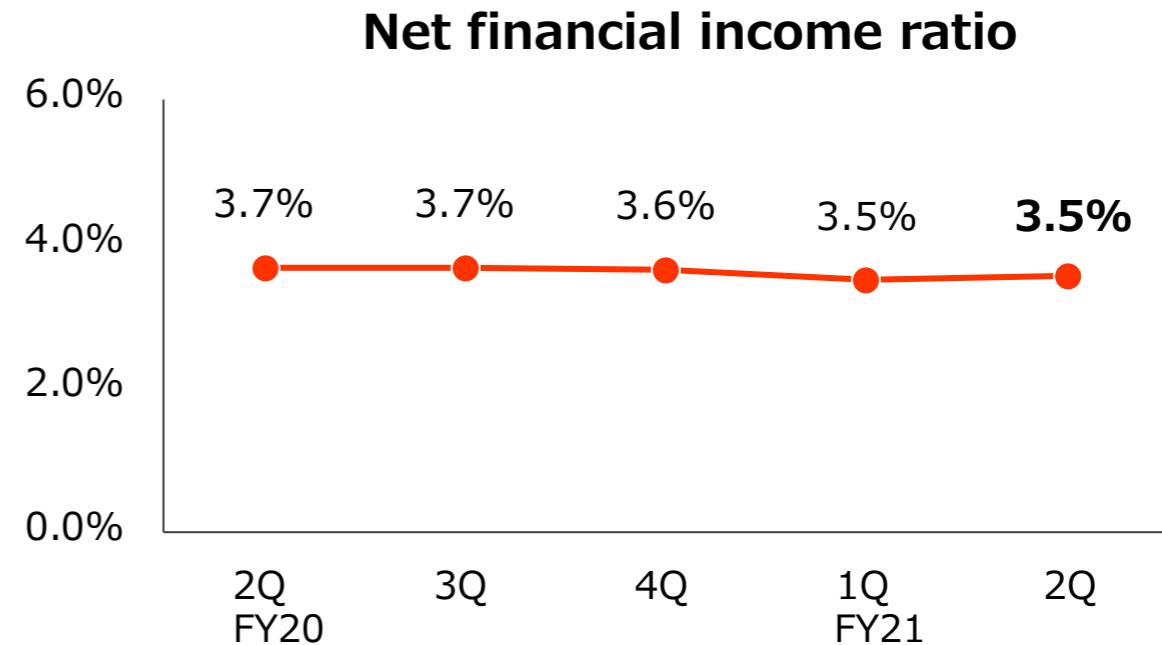
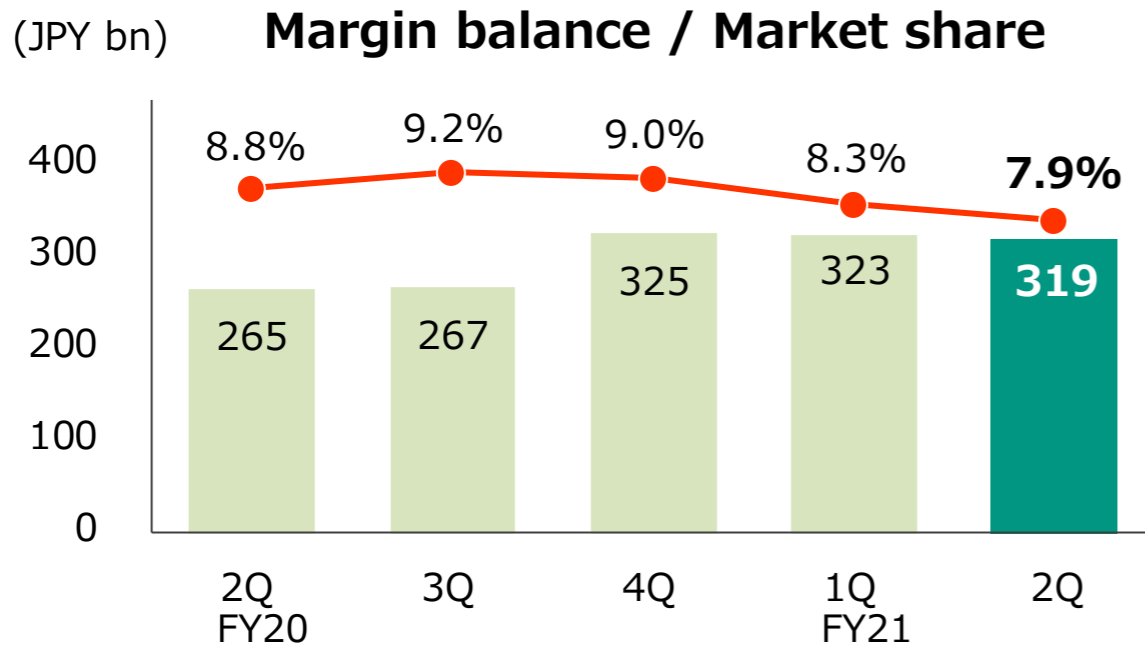
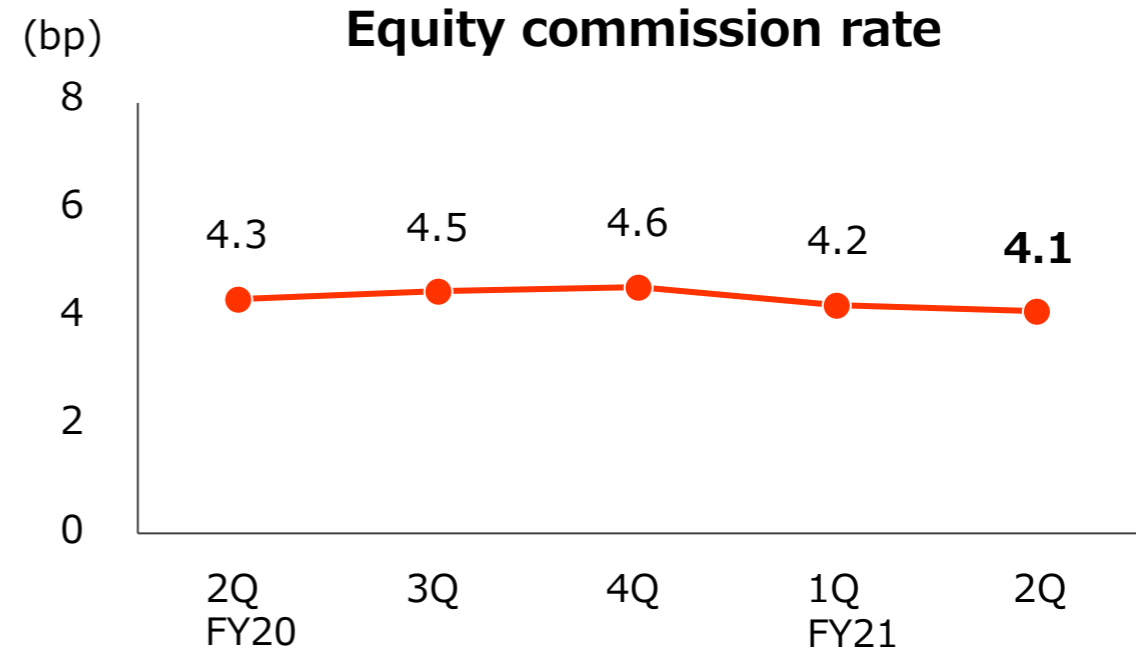
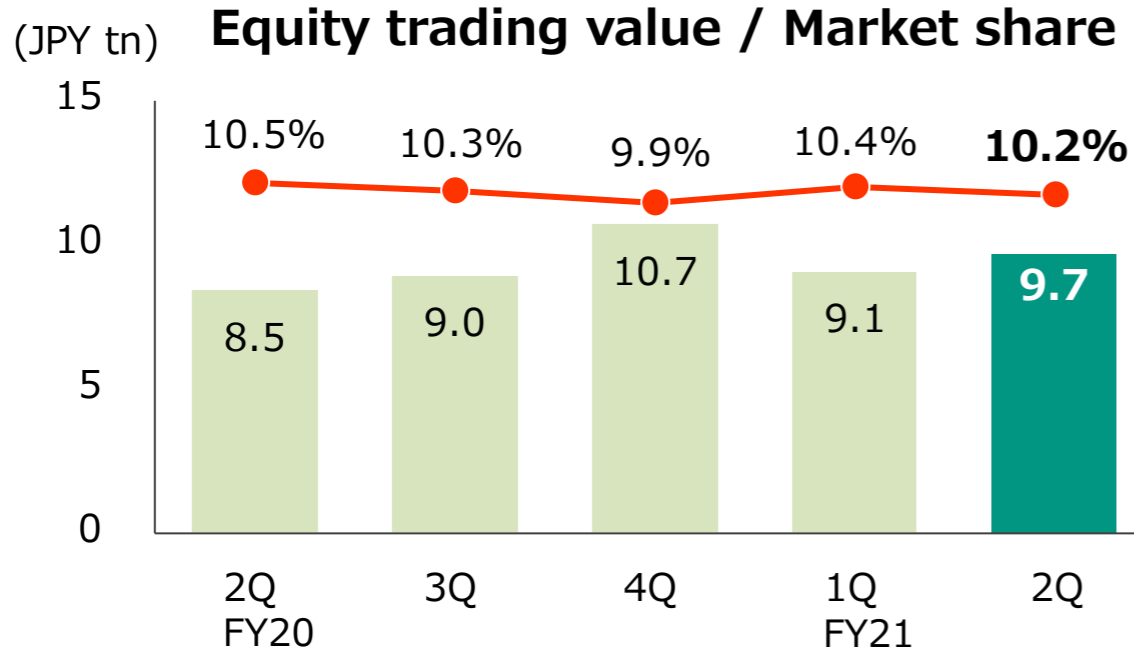
**Matsui Securities Co., Ltd.**

October 27, 2021

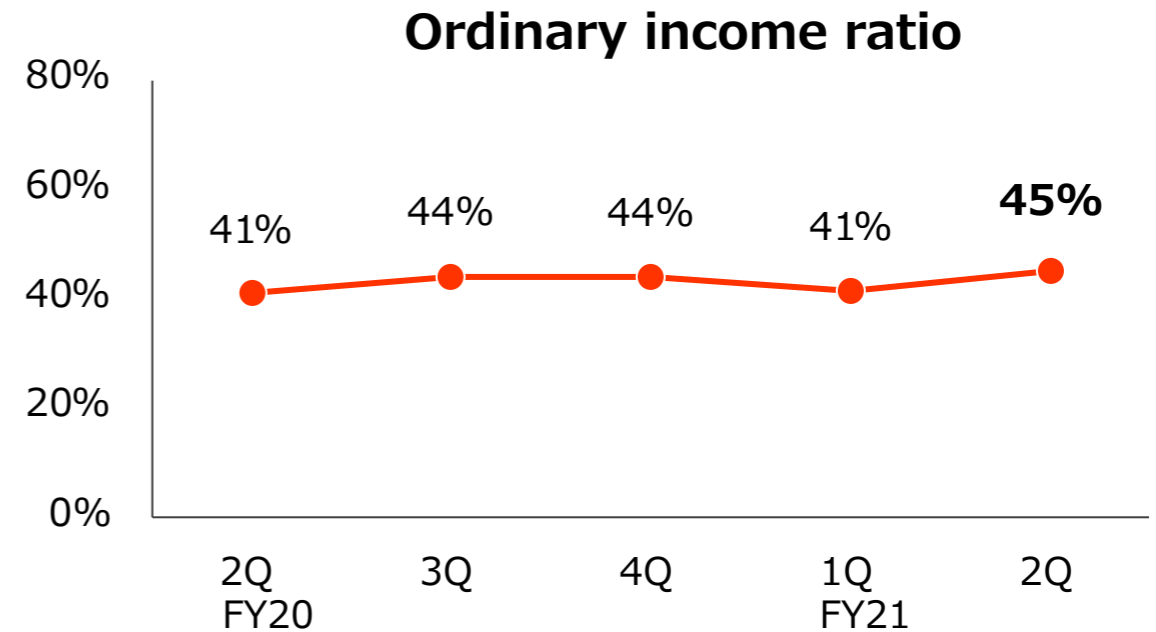
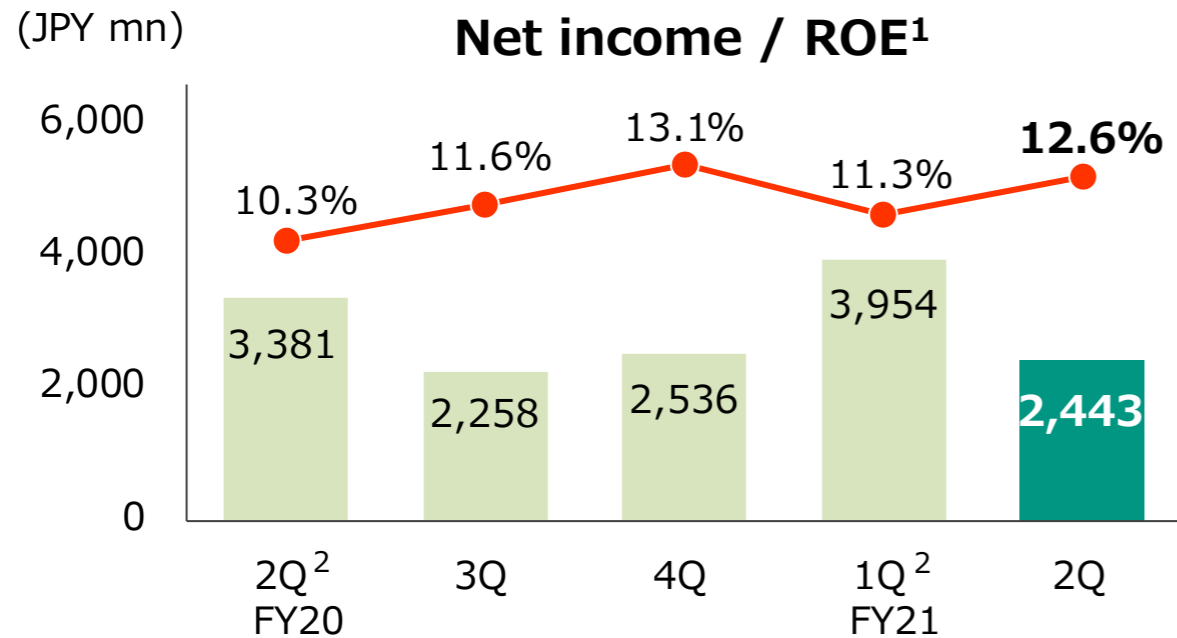
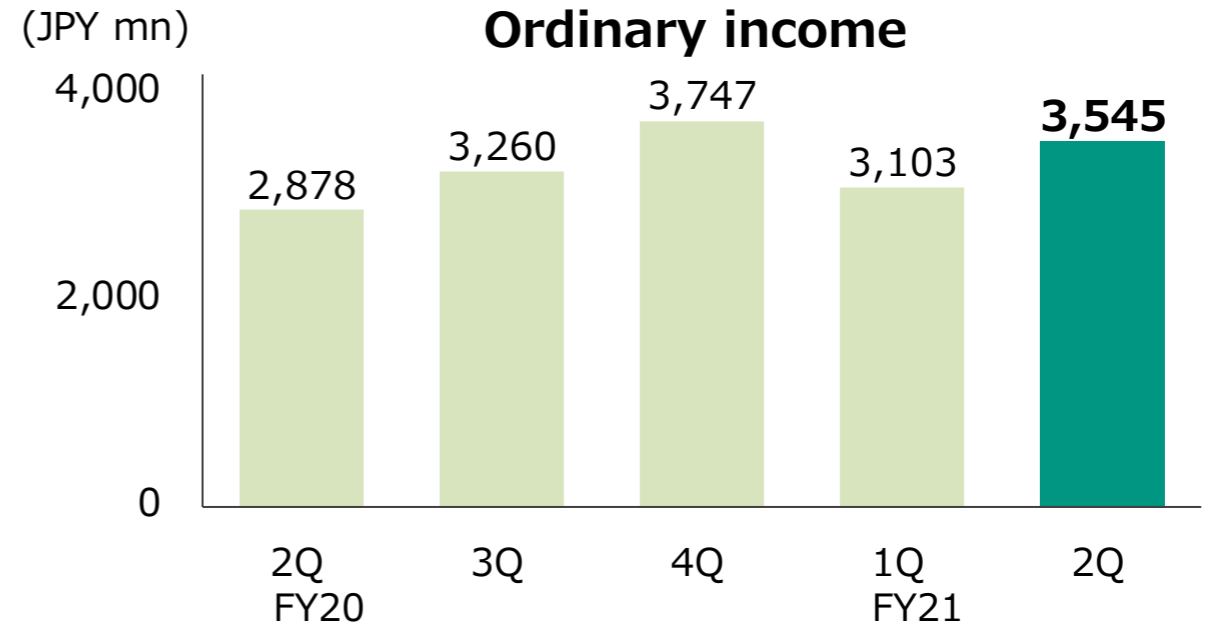
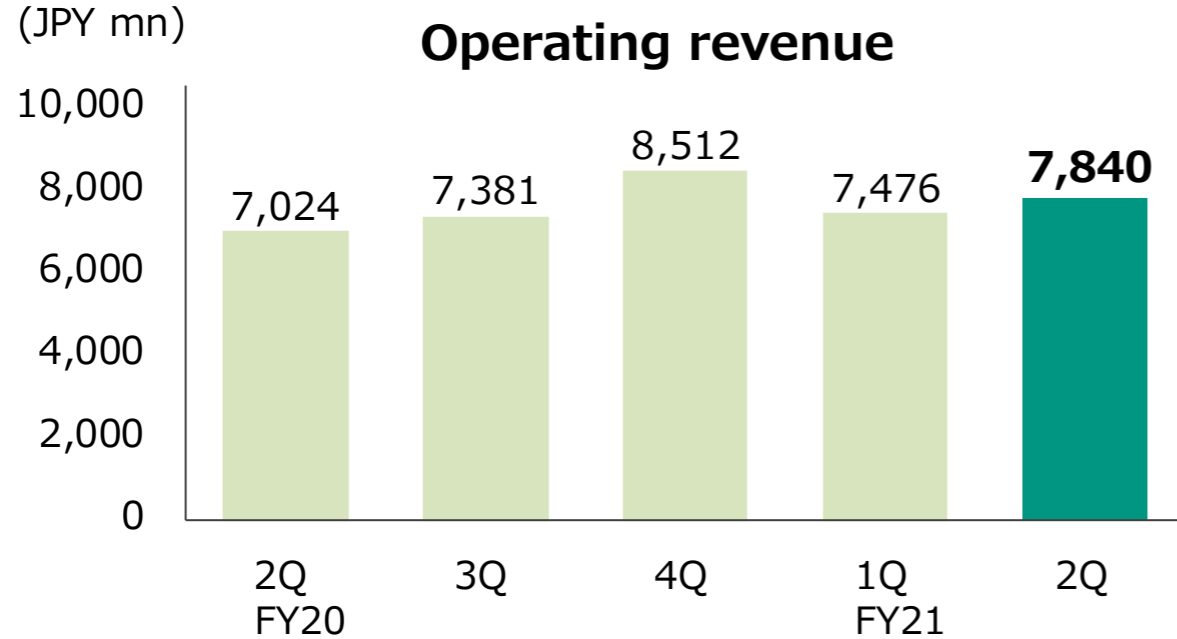
- 1. Financial Summary**
- 2. Business Results**
- 3. Management Strategy  
Recent Developments**

**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.

- 1. Financial Summary**
2. Business Results
3. Management Strategy  
Recent Developments

Appendix

# Summary of Financial Results

## 2Q FY2021

(JPY mn)

	2Q(Apr.-Sep.) FY2020	2Q(Apr.-Sep.) FY2021	YoY
Operating Revenues	14,188	15,316	8%
Net operating revenues	13,440	14,747	10%
SG&A	7,570	8,123	7%
Operating income	5,869	6,624	13%
Ordinary income	5,912	6,647	12%
Net income	5,488	6,397	17%
Ordinary income ratio	42%	43%	-
Matsui's trading value (JPY tn)	17.7	18.8	6%
Average margin balance (JPY bn)	236	322	37%

**Net income of 1QFY21 includes 2.6 billion yen in extraordinary profit (Gain on Sale of Investment Securities)**

# Breakdown of Revenues

## 2Q FY2021

(JPY mn)

	2Q(Apr.-Sep.) FY2020	2Q(Apr.-Sep.) FY2021	YoY
Commissions	8,789	8,719	-1%
Brokerage	8,425	8,309	-1%
Equity & ETF	7,874	7,864	-0%
Futures & Options	551	445	-19%
Others	338	369	9%
Net trading income	414	374	-10%
Interest & dividend income	4,984	6,222	25%
Interest expenses	749	569	-24%
Net interest income	4,236	5,653	33%

# Breakdown of SG&A

## 2Q FY2021

(JPY mn)

	2Q(Apr.-Sep.) FY2020	2Q(Apr.-Sep.) FY2021	YoY
Trading related expenses	2,684	3,064	14%
Stock exchanges and securities	754	713	-5%
Communications expenses	930	949	2%
Advertisement	561	941	68%
Personnel expenses	1,356	1,439	6%
Occupancy & rental	513	495	-4%
Data processing & office supplies	1,566	1,582	1%
Depreciation	1,042	1,179	13%
Taxes and dues	261	287	10%
Provision of allowance for doubtful accounts	59	△ 27	-
Others	90	103	15%
<b>Total SG&amp;A</b>	<b>7,570</b>	<b>8,123</b>	<b>7%</b>



# Summary of Financial Results

## Quarterly

(JPY mn)

	1Q FY2021	2Q FY2021	QoQ
Operating Revenues	7,476	7,840	5%
Net operating revenues	7,181	7,566	5%
SG & A	4,122	4,002	-3%
Operating income	3,060	3,564	16%
Ordinary income	3,103	3,545	14%
Net income	3,954	2,443	-38%
Ordinary income ratio	41%	45%	-
Matsui's trading value (JPY tn)	9.1	9.7	7%
Average margin balance (JPY bn)	321	322	0%

**Net income of 1QFY21 includes 2.6 billion yen in extraordinary profit (Gain on Sale of Investment Securities)**

# Breakdown of Revenues

## Quarterly

(JPY mn)

	1Q FY2021	2Q FY2021	QoQ
Commissions	4,249	4,470	5%
Brokerage	4,062	4,247	5%
Equity & ETF	3,851	4,014	4%
Futures & Options	211	233	10%
Others	177	192	9%
Net trading income	137	237	73%
Interest & dividend income	3,090	3,132	1%
Interest expenses	295	274	-7%
Net interest income	2,795	2,858	2%

# Breakdown of SG&A

## Quarterly

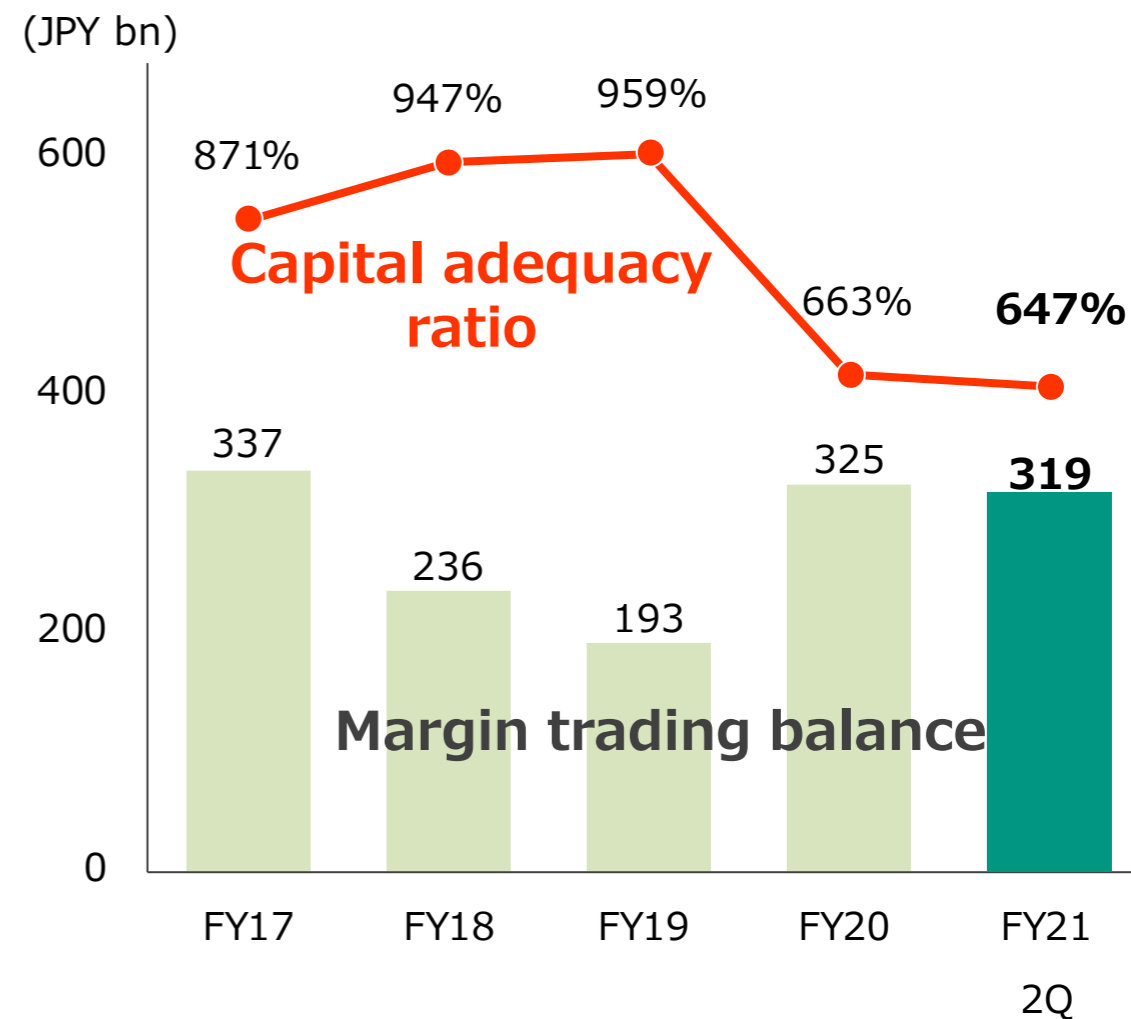
(JPY mn)

	1Q FY2021	2Q FY2021	QoQ
Trading related expenses	1,564	1,500	-4%
Stock exchanges and securities	354	359	1%
Communications expenses	483	466	-3%
Advertisement	492	450	-9%
Personnel expenses	706	733	4%
Occupancy & rental	256	240	-6%
Data processing & office supplies	805	777	-3%
Depreciation	588	592	1%
Taxes and dues	163	124	-24%
Provision of allowance for doubtful accounts	△ 22	△ 5	-
Others	62	41	-34%
<b>Total SG &amp; A</b>	<b>4,122</b>	<b>4,002</b>	<b>-3%</b>

## Capital adequacy ratio (As of 30 September 2021)

		(JPY mn)
Tier 1	(A)	73,395
Tier 2	Net unrealized gain on investment	302
	Statutory reserves	2,974
	Allowance for doubtful accounts	74
	Sub total	(B) 3,350
Assets to be deducted from equity capital	(C)	11,601
Net Capital		
	(A) + (B) - (C)	(D) 65,144
Total risk	Market risk	3
	Counterparty risk	6,408
	Basic risk	3,650
	Total	(E) 10,063
Capital Adequacy ratio		(D)/(E) <b>647%</b>

## Margin trading balance and capital adequacy ratio



## Pay interim dividend of 20 yen per share for FY21

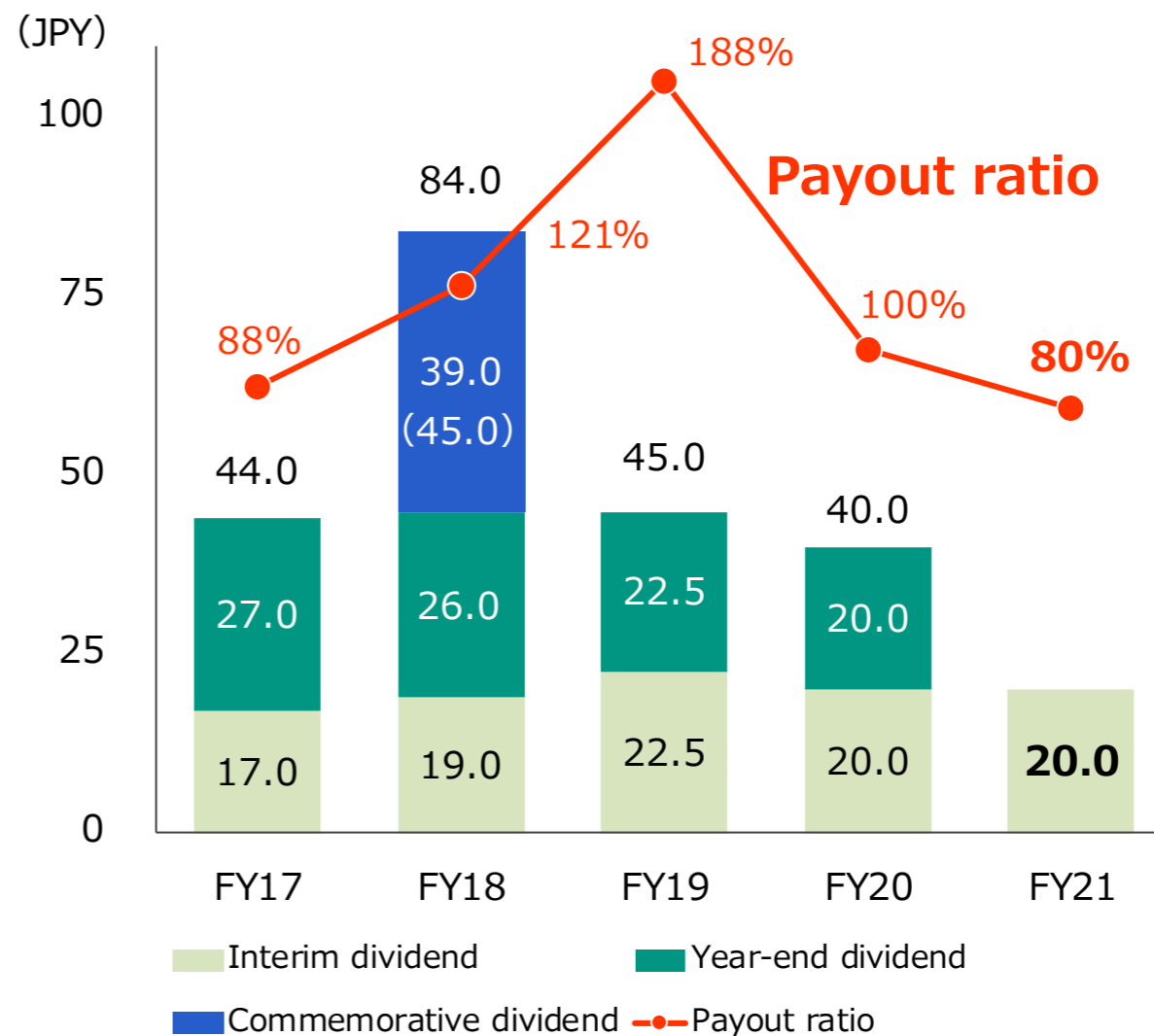
### Dividends for FY21

- Interim : **20 yen** per share
- Dividends payout ratio : 80%
- DOE : 13%
- ROE : 16%

### Dividend policy

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

### Matsui's dividend per share and payout ratio<sup>1</sup>

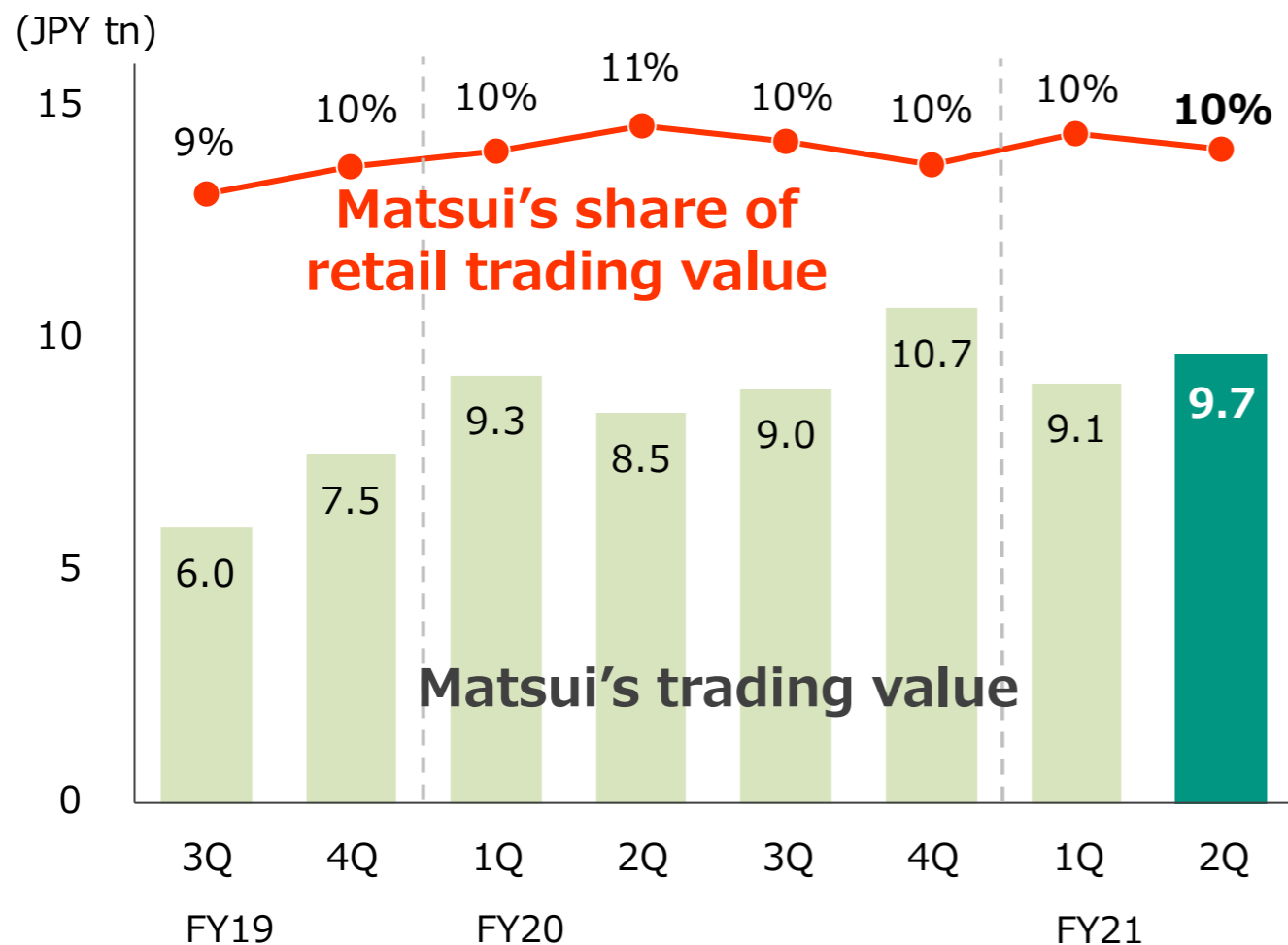


1. Financial Summary
- 2. Business Results**
3. Management Strategy  
Recent Developments

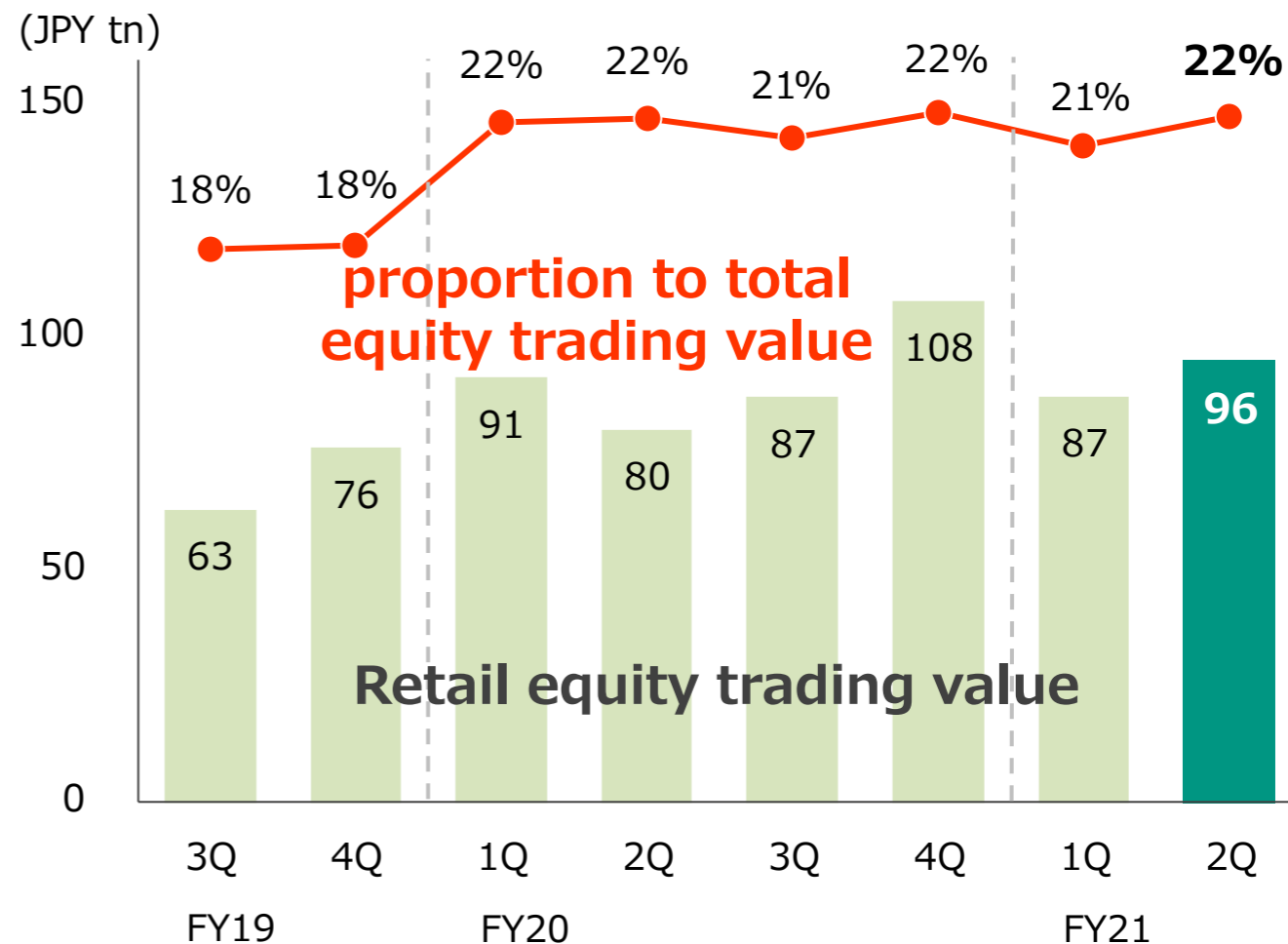
Appendix

# Equity Trading Value

**Matsui's equity trading value and its market share<sup>1</sup>**

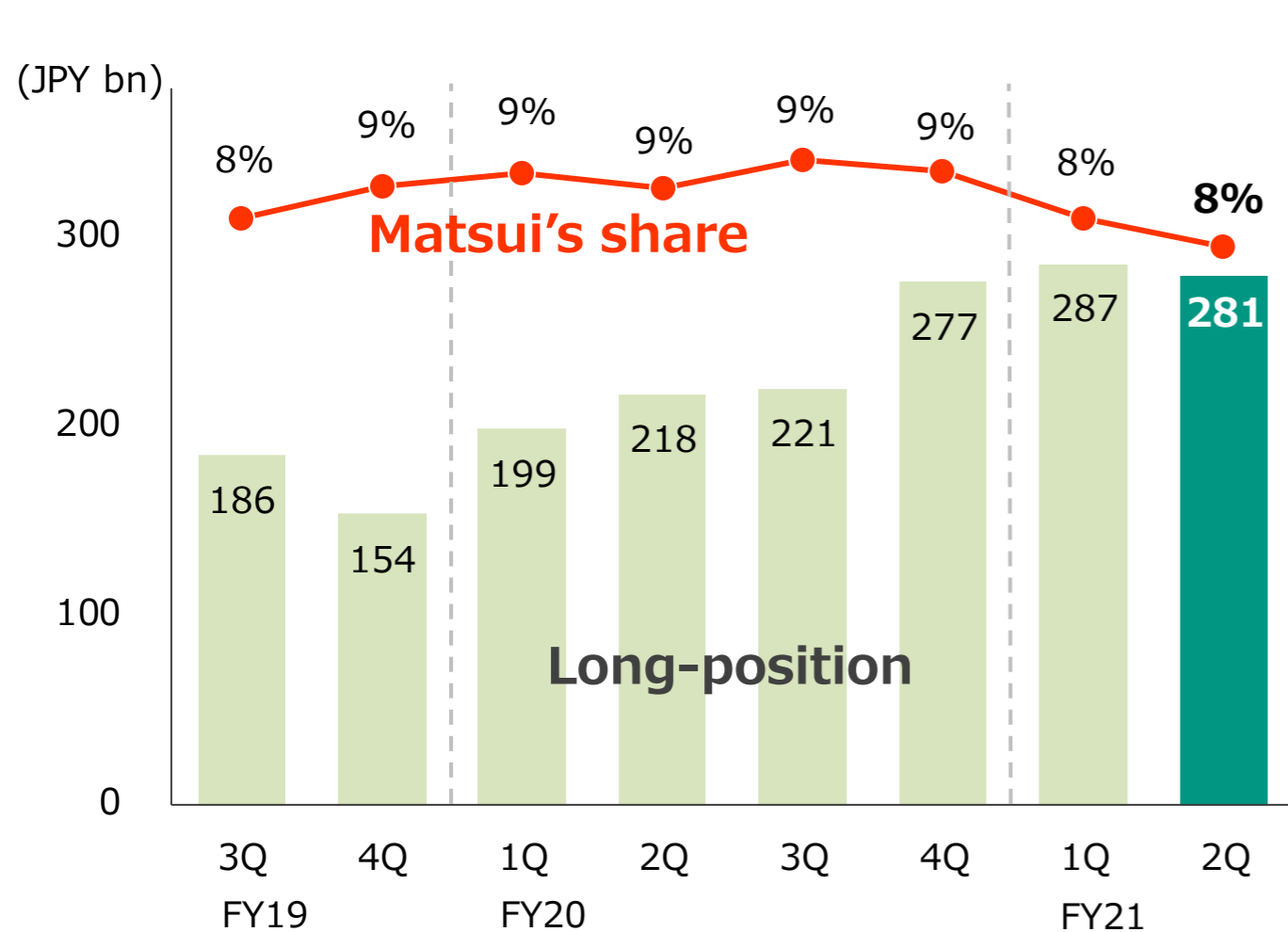


**Retail equity trading value<sup>1</sup> and proportion to total equity trading value**

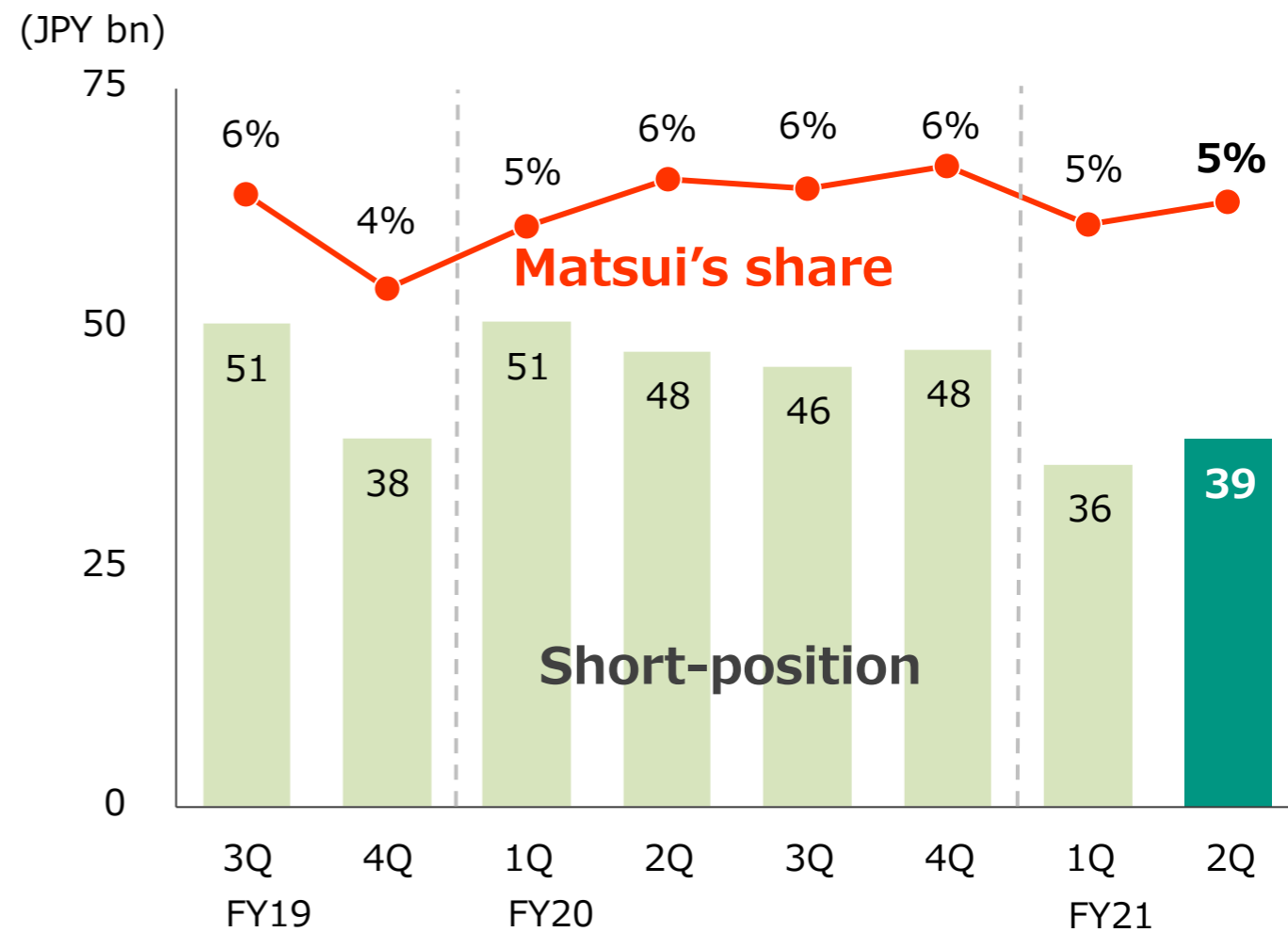


# Margin Trading Balance

Matsui's long-position on margin<sup>1</sup> and its market share<sup>2</sup>



Matsui's short-position on margin<sup>1</sup> and its market share<sup>2</sup>



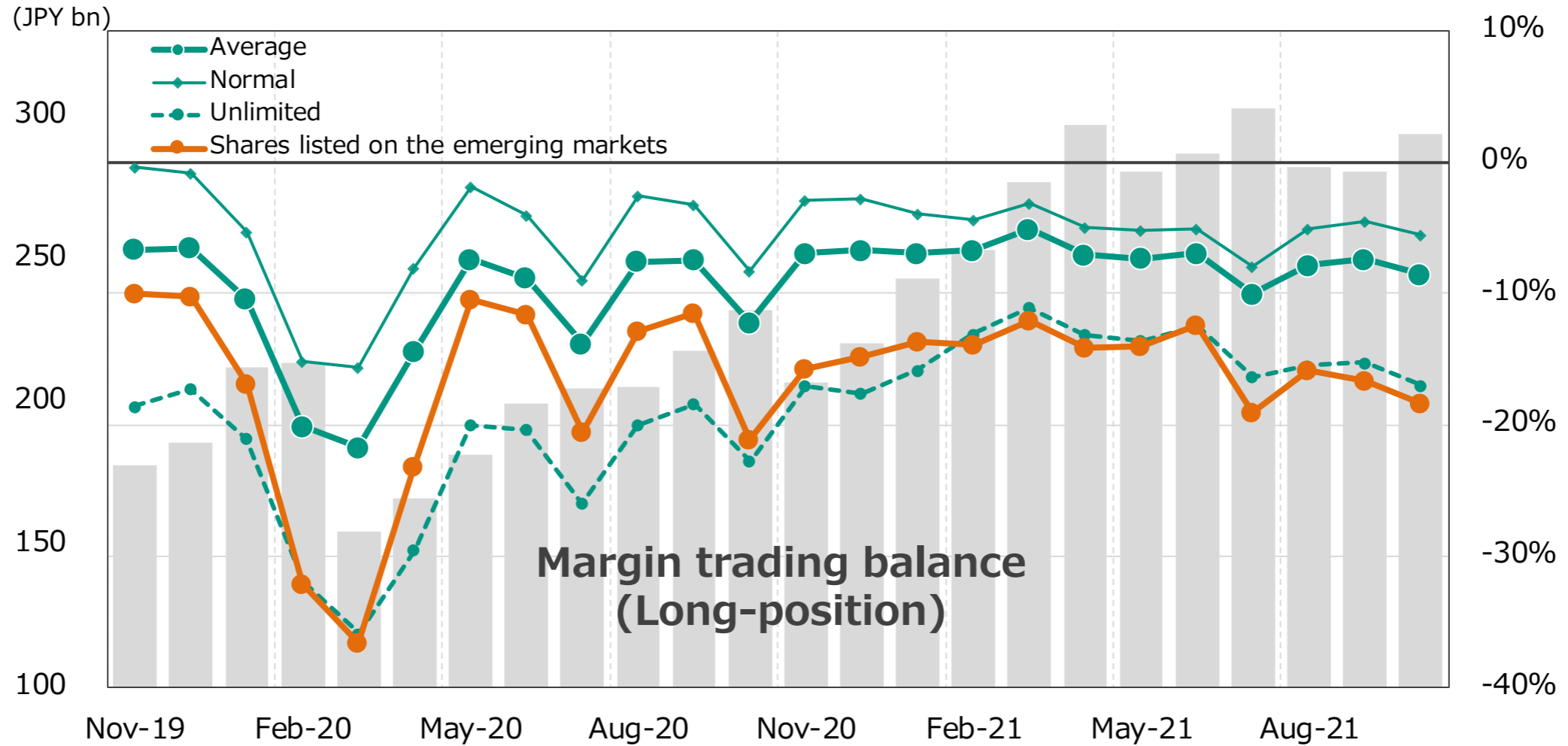
Source: TSE, Company Websites

Note1 : Balance as of the end of each quarter

Note2 : Total market share in 2 major stock exchanges

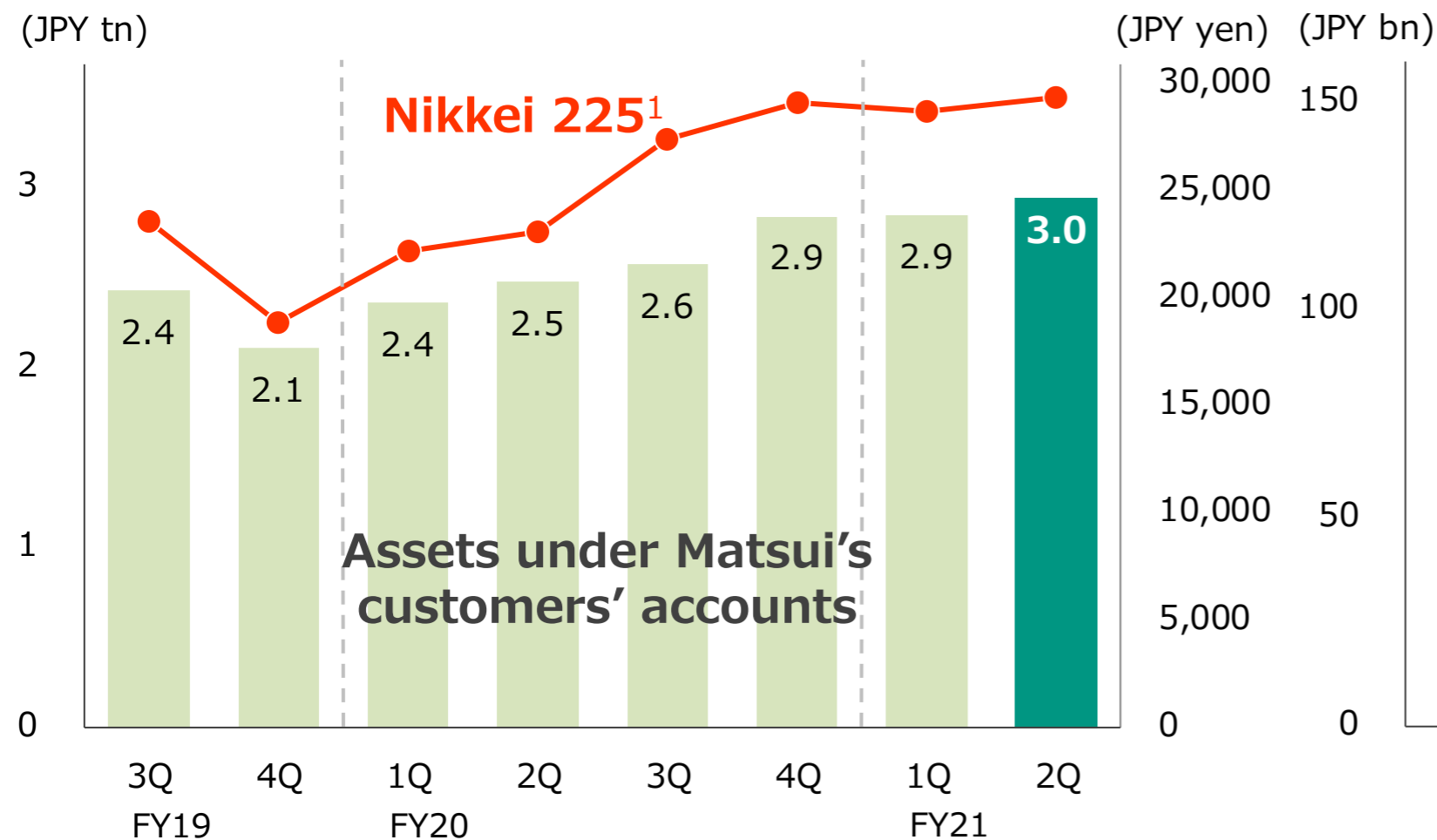


# Unrealized Losses (Long-position)

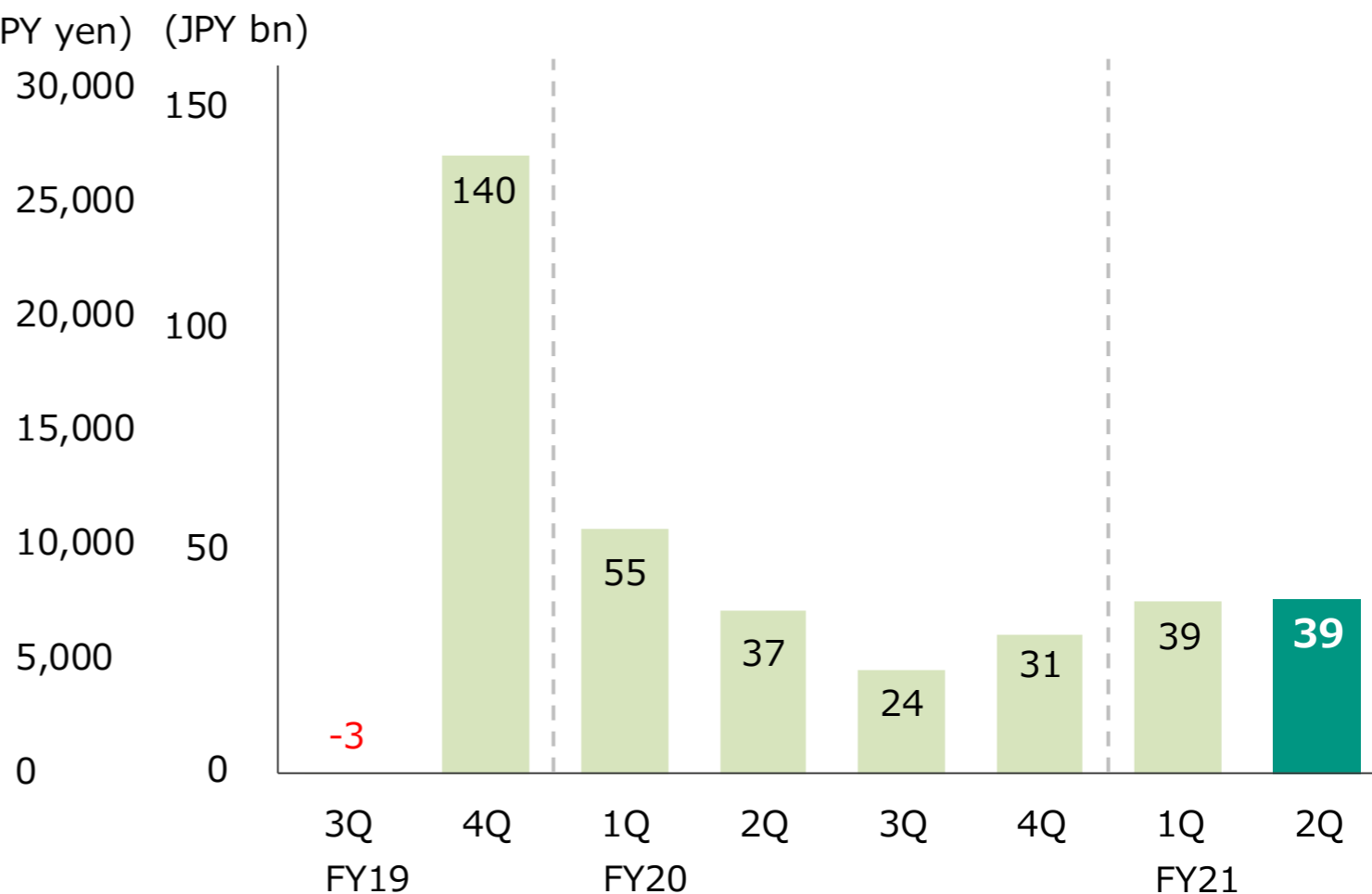


# Assets under Customers' Accounts

## Assets under Matsui's customers' accounts



## Net inflow in cash and stocks<sup>2</sup>

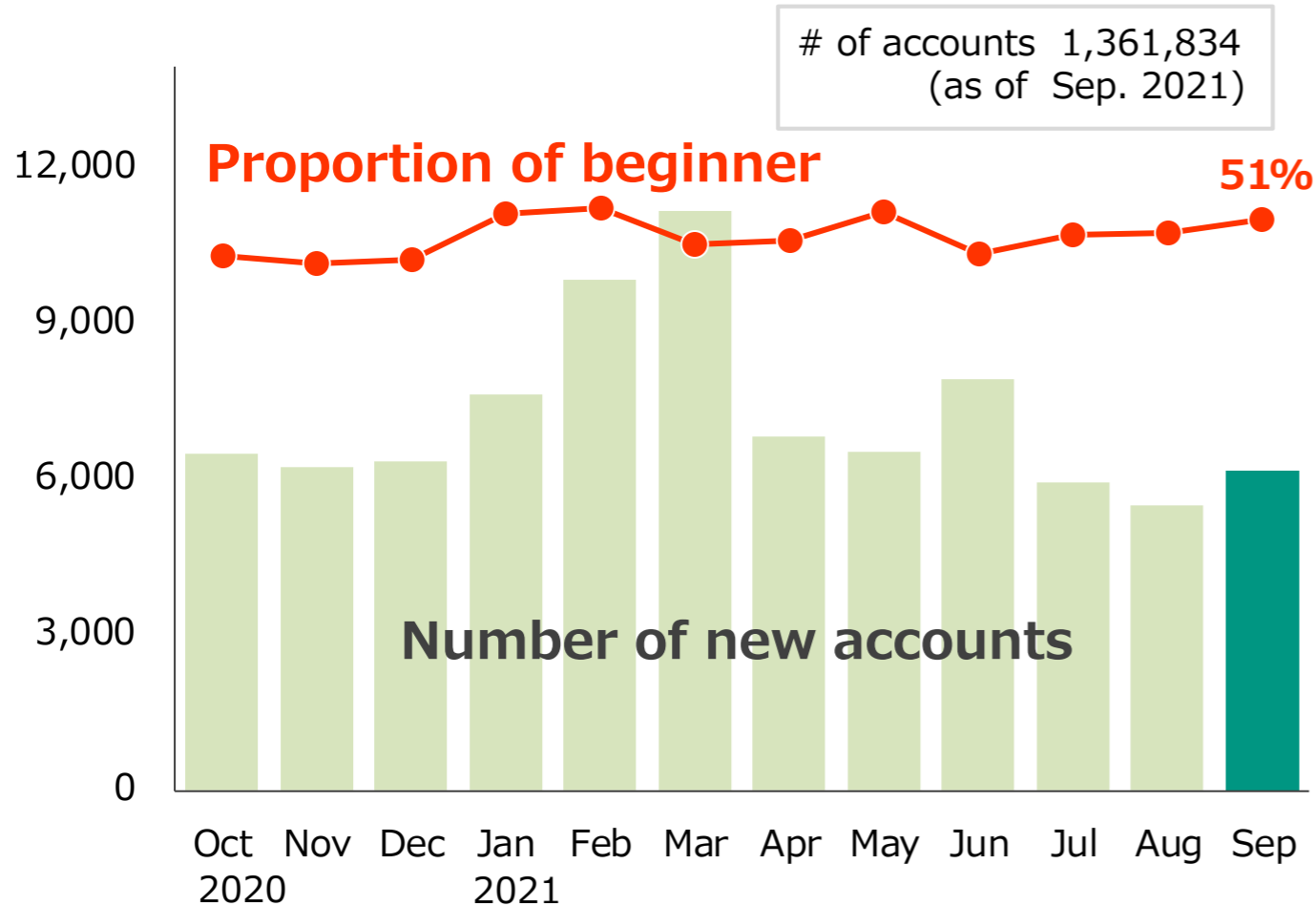


Note 1: Nikkei 225 is the closed price at the end of each quarter

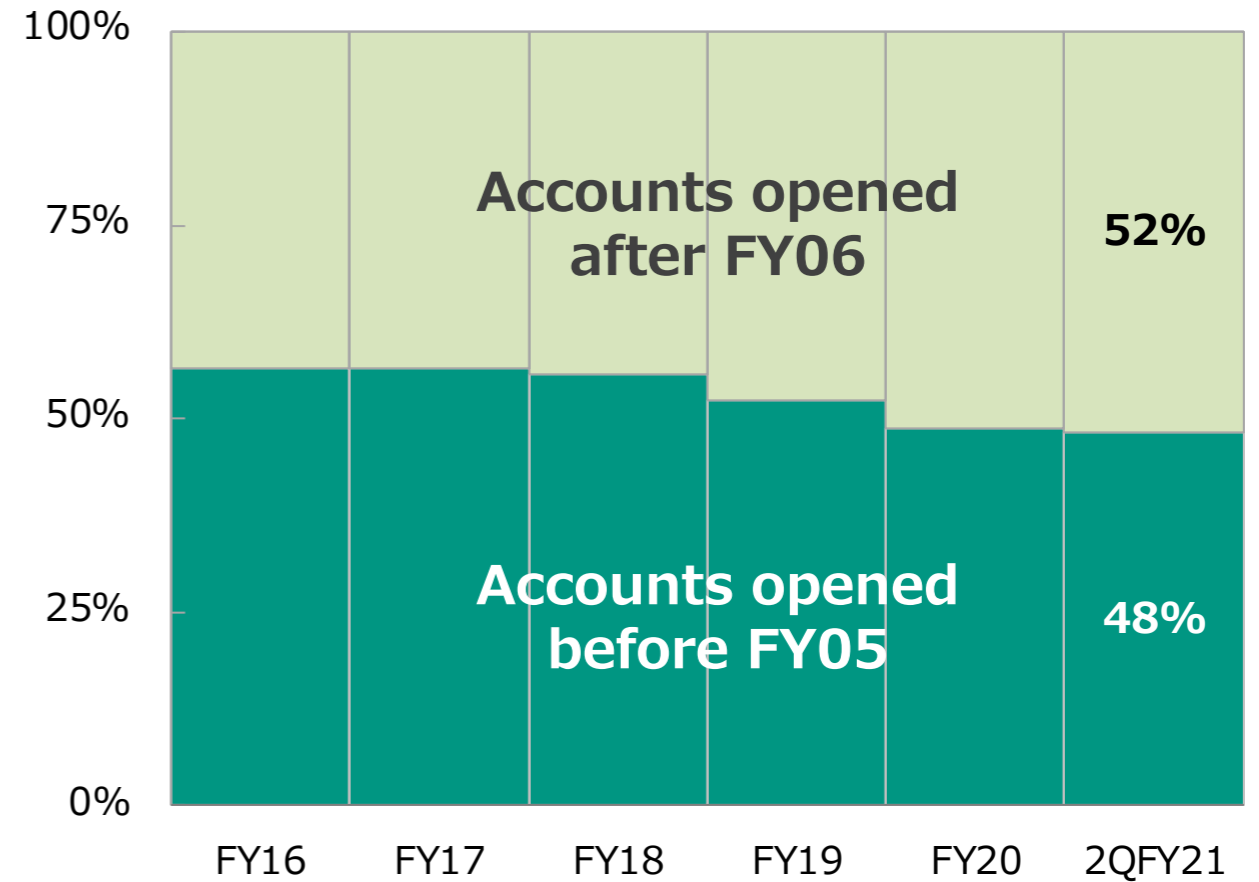
Note 2: Including the net inflow in mutual funds

# Number of Accounts

## Number of accounts at Matsui

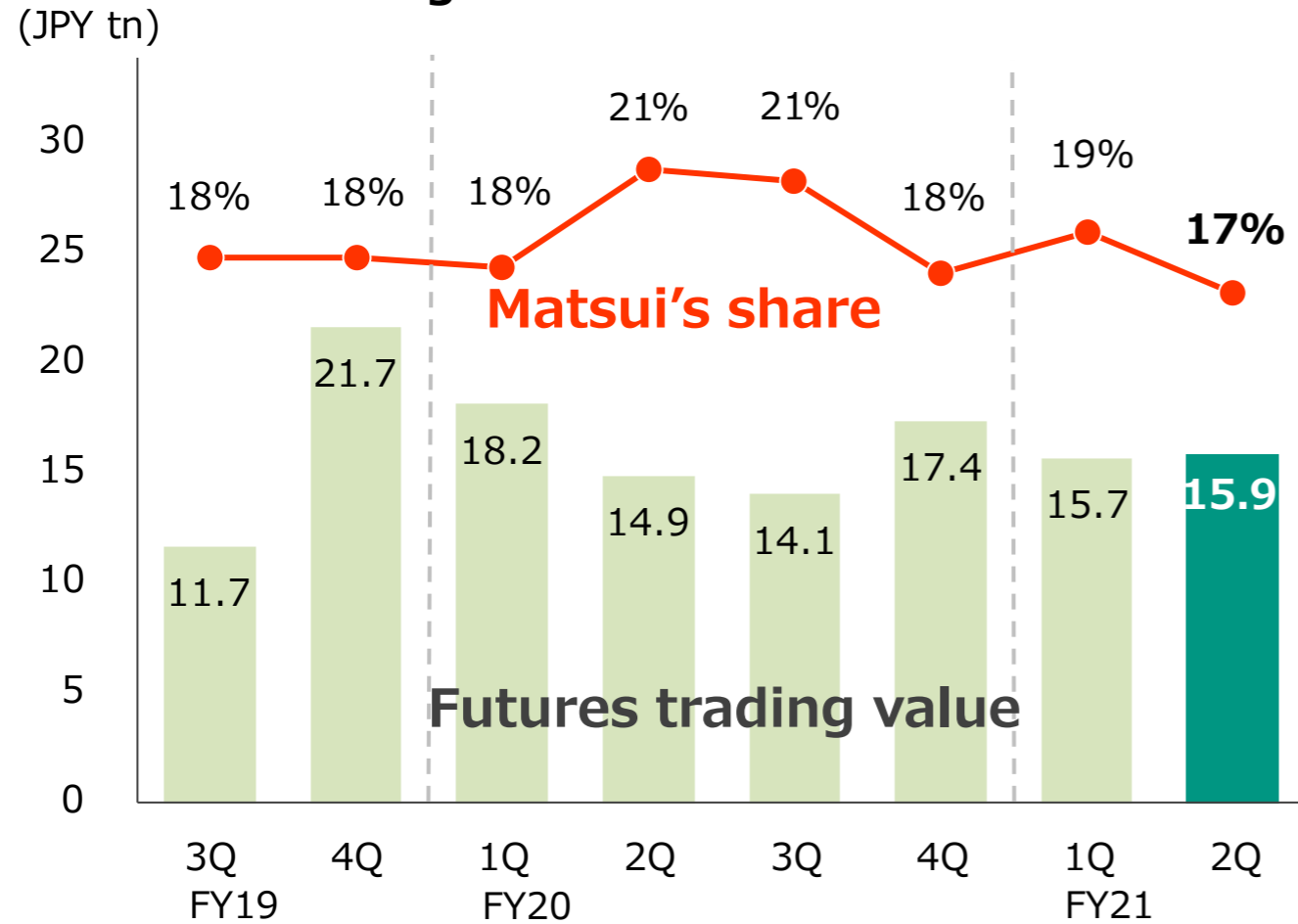


## Breakdown of trading value<sup>1</sup> by customers opening the accounts in each fiscal year

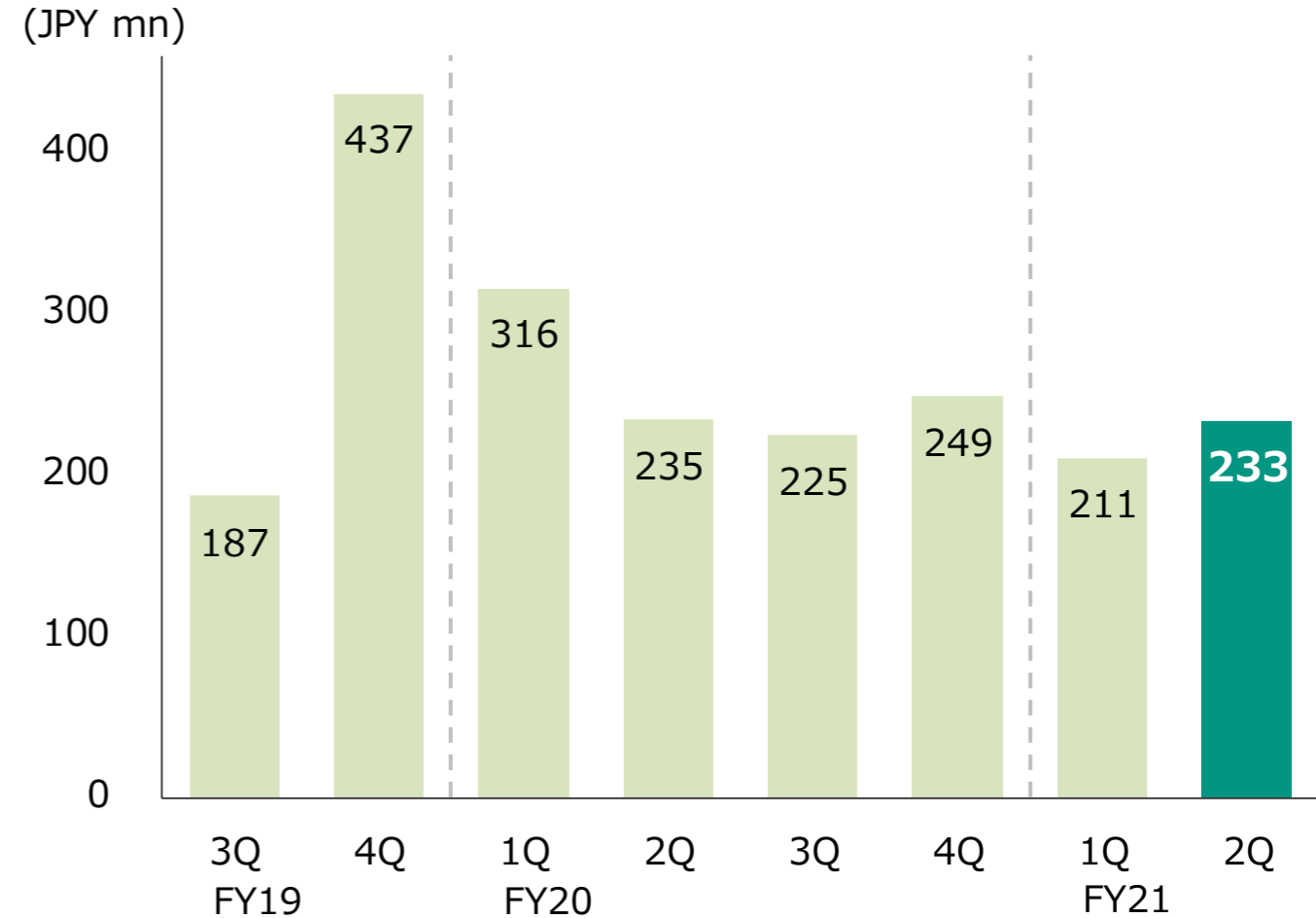


Note 1 : Excluding "Margin Trading Service for Day-trades"

**Matsui's OSE Nikkei 225 Futures trading value<sup>1</sup> and its market share<sup>1</sup>**

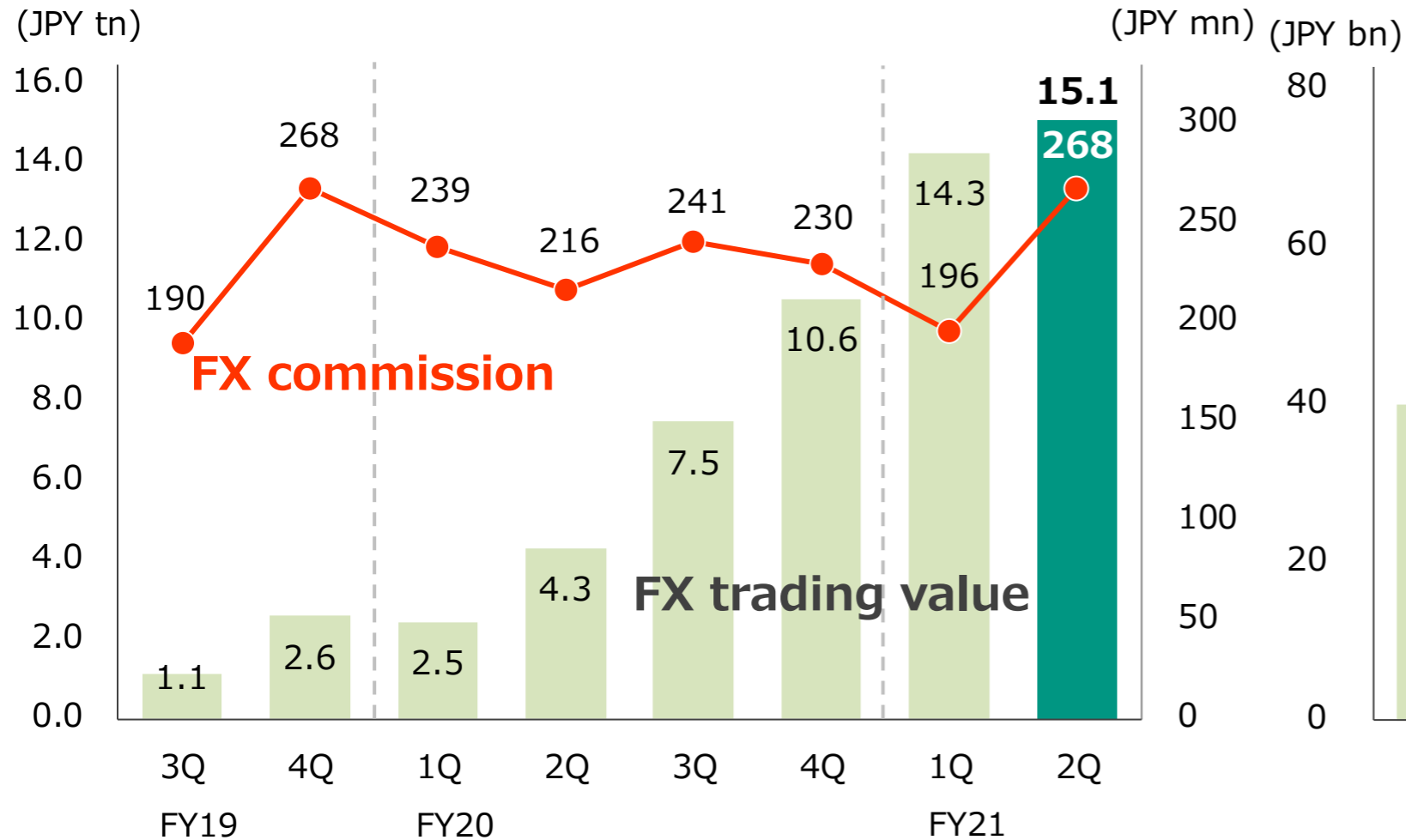


**Commissions of Futures and Options**

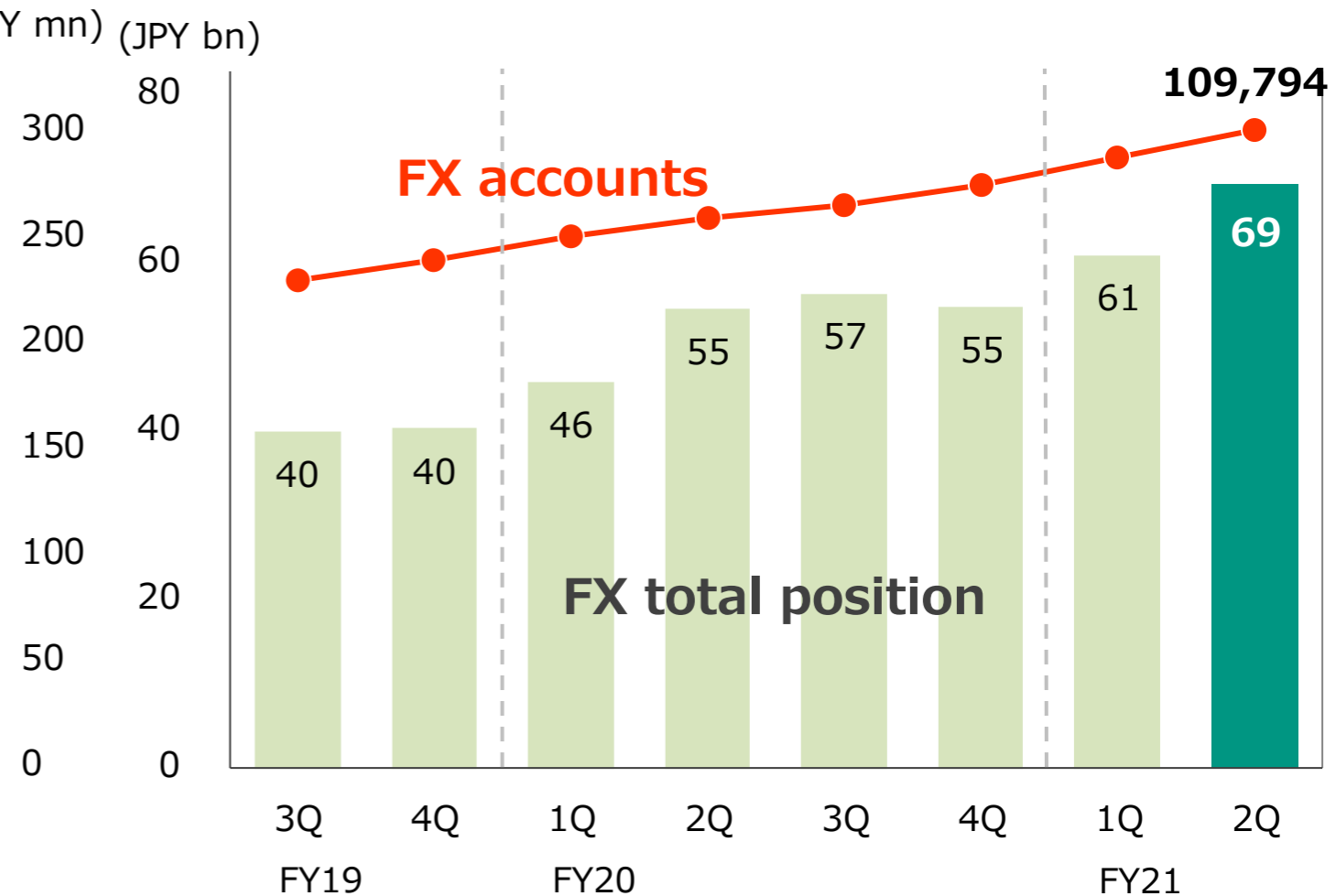


# FX Margin Trading

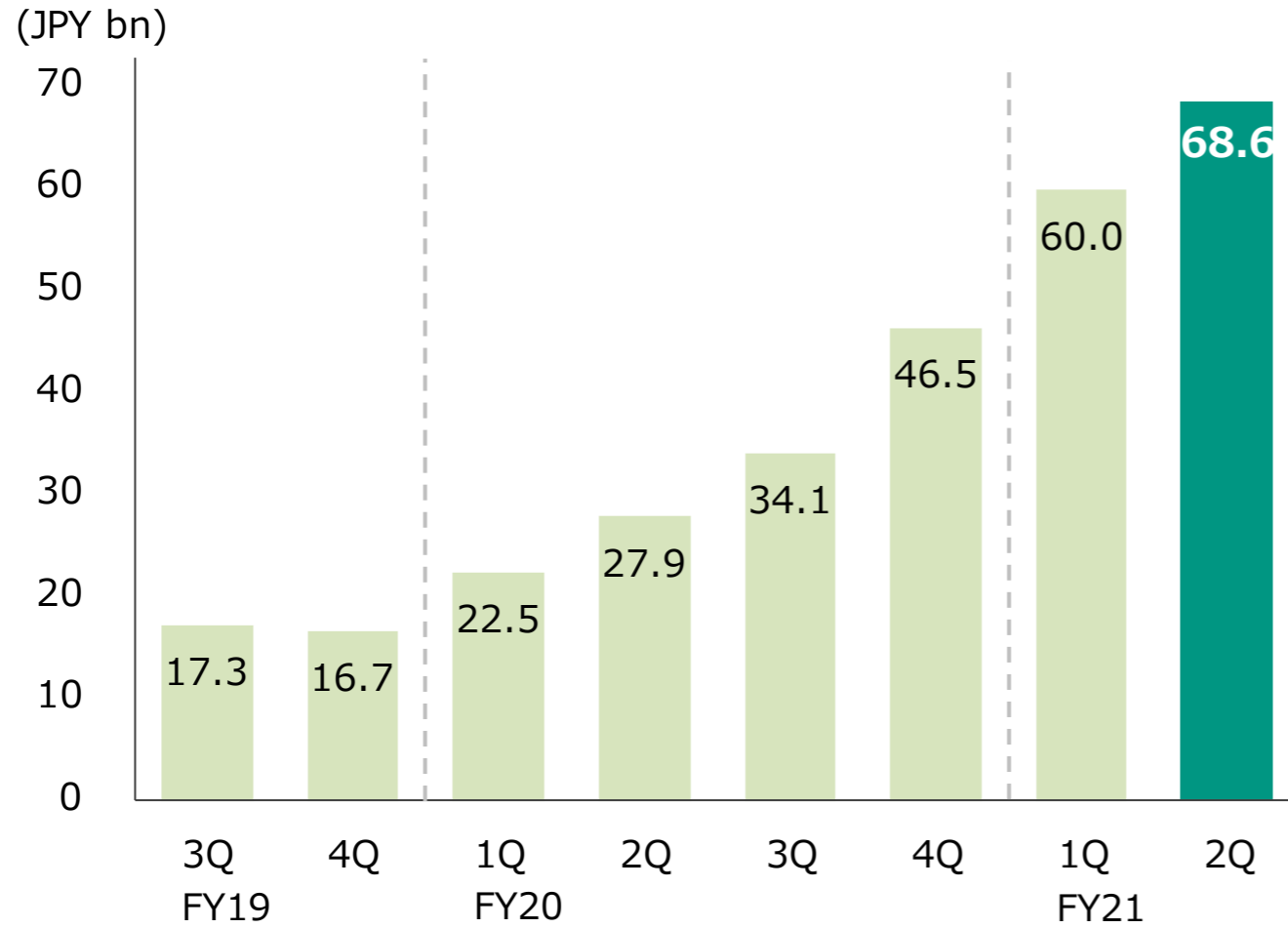
## FX trading value and commission



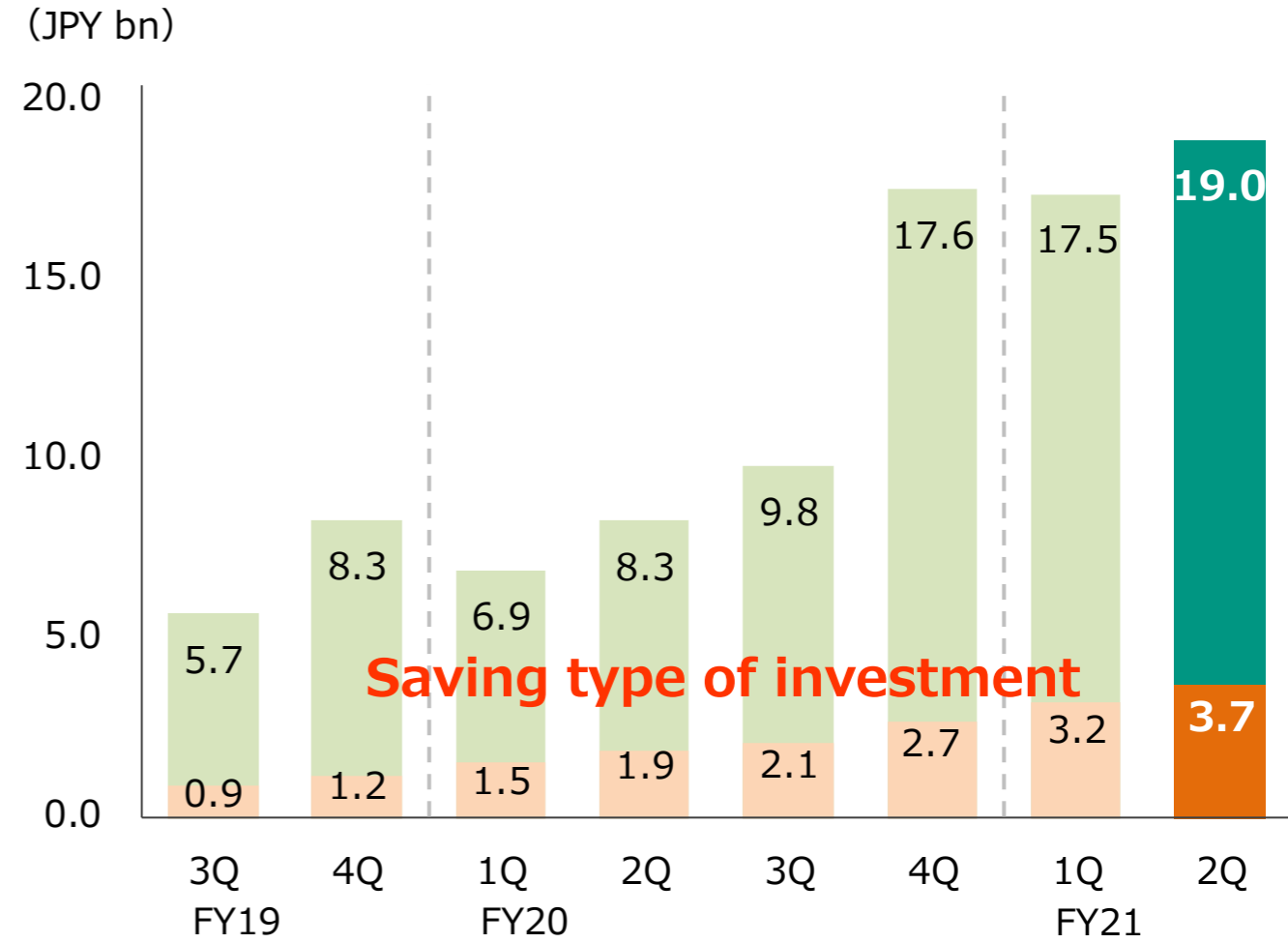
## FX total position and accounts



### Matsui's AUM of mutual fund



### Matsui's mutual fund sales



1. Financial Summary
2. Business Results
- 3. Management Strategy  
Recent Developments**

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**

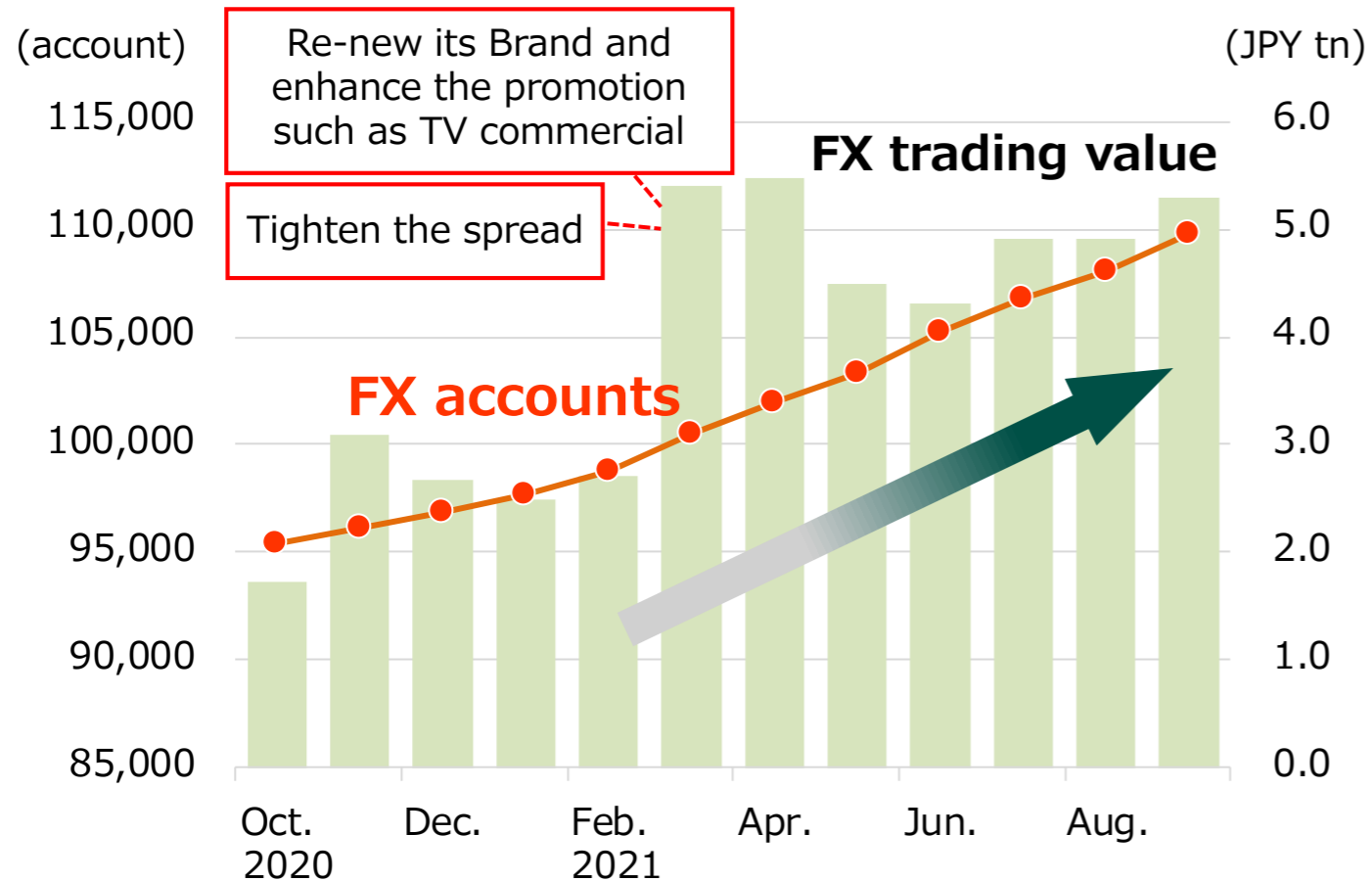
## Management Strategy

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



## Increase trading value and number of accounts in line with enhancement of promotion

### ◆ Trading value and # of accounts



### ◆ Continue to enhance the promotion (TV commercial etc.)



<https://youtu.be/LYq0Qdf5rbE>



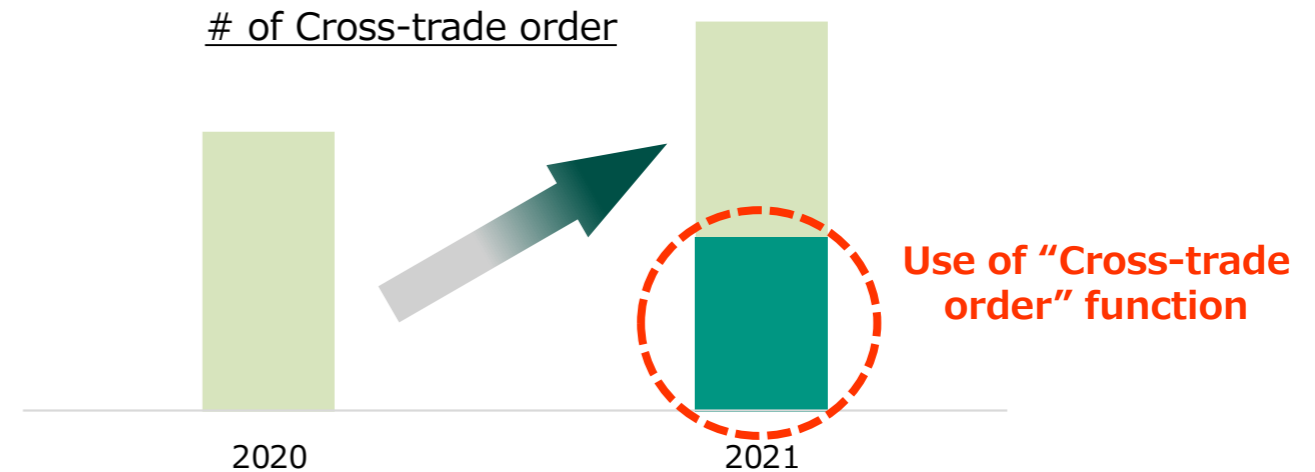
[https://youtu.be/s\\_bqFmLhqS8](https://youtu.be/s_bqFmLhqS8)

## Benefit of “Cross-trade order” is well received by providing information and trading ideas to customers

### ◆ Customers' feedback

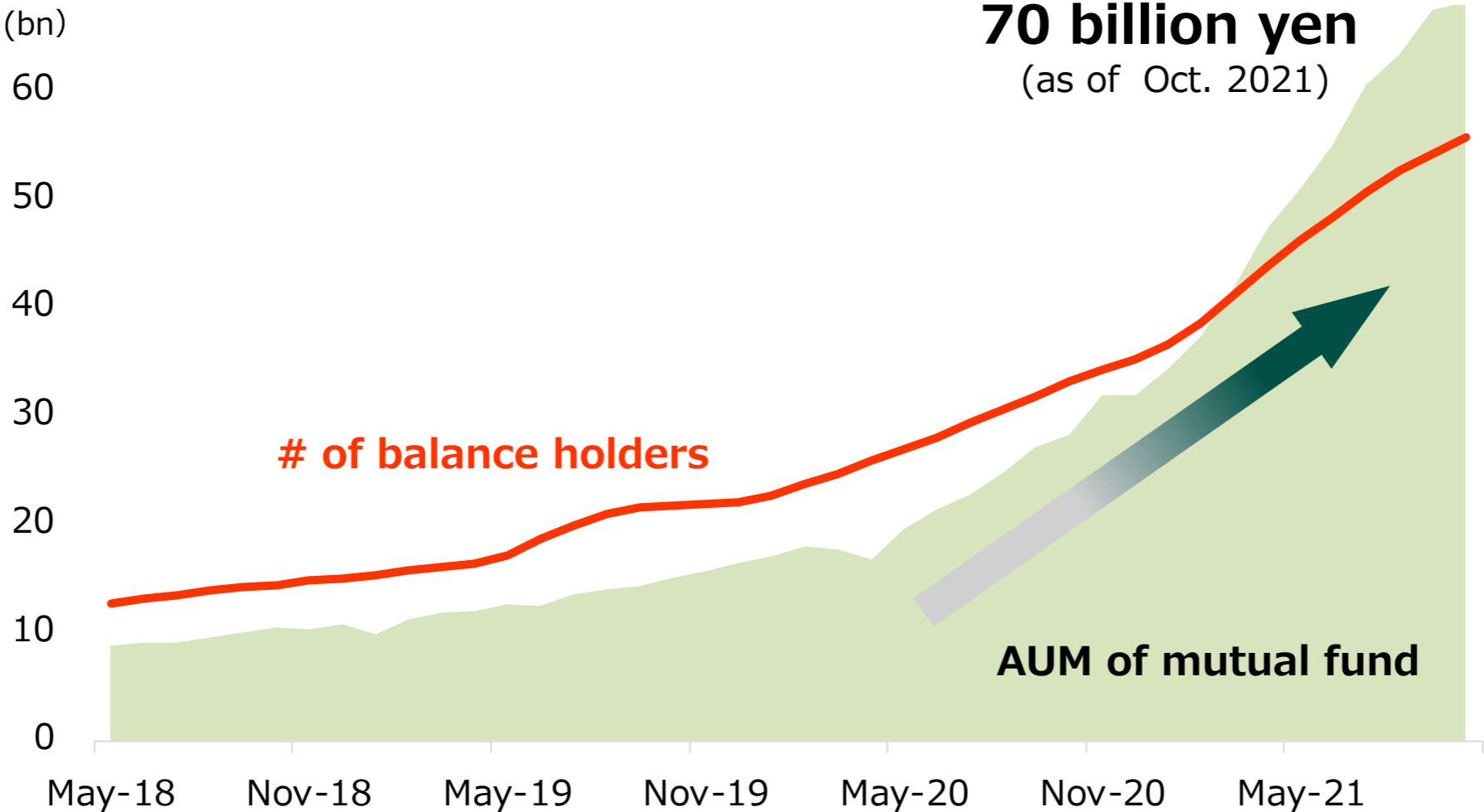
- ✓ Able to complete with a single order. Very easy!
- ✓ Able to use for receiving shareholder gift, will try to use.

### ◆ Trading results of using “Cross-trade order” function



## AUM to exceed 70 billion yen

### ◆ AUM and # of balance holders



## Increase the number of IPO underwritings as a result of leverage the network

### ◆ LP Investment in venture capitals

Invest in 11 → **15 VCs**  
Continue to leverage  
the network

IPO participation  
Target to **over 40%**

### ◆ Rise to 3<sup>rd</sup> place in the ranking among the online securities

✓ IPO participation ratio as the underwriter in 2Q (Jul.-Sep.) is **52%**

Company	No.	Participation ratio	YoY
SBI	59	100%	24 (89%)
Rakuten	38	64%	14 (52%)
<b>Matsui</b>	<b>23</b>	<b>39%</b>	4 (15%)
Monex	22	37%	12 (44%)

## Improve the service quality continuously to meet customers' needs

### ◆ Upgrade of the Application (in Nov.)

- ✓ Provide more information about customers' asset status including accounts' profit/loss status

Total number of downloads:  
**Over 100,000**

Average review on AppStore  
**4.4**  
★★★★☆



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

## ◆ Enhance the promotion for new customers acquisition

- ✓ Continue to provide promotion movie through TV, YouTube and Matsui's corporate website
- ✓ Develop new contact points to reach young generations



TV commercial  
<https://www.matsui.co.jp/cm/>

## 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

## Expand disclosure of non-financial information on website

### Undisclosed items

#### ◆ Environment

- ✓ Information about our efforts related to the environment

#### ◆ Social

- ✓ Initiatives for diverse work styles
- ✓ Improvement of work environment
- ✓ Creation of local employment
- ✓ Efforts to eliminate poverty and disparity

### Disclosed items

#### ◆ Governance

- ✓ Reasons for Election as Director
- ✓ Percentage of female Directors
- ✓ Governance system

**Plan to establish website with ESG related information in FY2021**



## ◆ 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

1. Financial Summary
2. Business Results
3. Management Strategy  
Recent Developments

## Appendix

# Summary of Financial Results

(JPY mn)

	FY2019		FY2020				FY2021	
	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q
<b>Operating Revenues</b>	6,091	6,790	7,164	7,024	7,381	8,512	7,476	7,840
<b>Net operating revenues</b>	5,521	6,440	6,830	6,610	7,042	8,190	7,181	7,566
<b>SG &amp; A</b>	3,259	3,780	3,853	3,717	3,811	4,464	4,122	4,002
<b>Operating income</b>	2,262	2,660	2,977	2,893	3,232	3,726	3,060	3,564
<b>Ordinary income</b>	2,306	2,646	3,034	2,878	3,260	3,747	3,103	3,545
<b>Net income</b>	1,594	1,736	2,108	3,381	2,258	2,536	3,954	2,443
<b>Ordinary income ratio</b>	38%	39%	42%	41%	44%	44%	41%	45%
<b>Matsui's trading value (JPY tn)</b>	6.0	7.5	9.3	8.5	9.0	10.7	9.1	9.7
<b>Average margin balance (JPY bn)</b>	229	233	219	252	265	289	321	322

# Breakdown of Revenues

(JPY mn)

	FY2019		FY2020				FY2021	
	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q
<b>Commissions</b>	3,359	4,116	4,671	4,118	4,421	5,347	4,249	4,470
<b>Brokerage</b>	3,205	3,964	4,517	3,908	4,240	5,147	4,062	4,247
<b>Equity &amp; ETF</b>	3,018	3,527	4,200	3,674	4,015	4,898	3,851	4,014
<b>Futures &amp; Options</b>	187	437	316	235	225	249	211	233
<b>Others</b>	141	151	154	184	155	188	177	192
<b>Net trading income</b>	230	288	225	189	197	217	137	237
<b>Interest &amp; dividend income</b>	2,502	2,387	2,268	2,717	2,763	2,948	3,090	3,132
<b>Interest expenses</b>	570	350	334	415	339	322	295	274
<b>Net interest income</b>	1,932	2,037	1,934	2,302	2,424	2,626	2,795	2,858

# Breakdown of SG&A

(JPY mn)

	FY2019		FY2020				FY2021	
	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q
<b>Trading related expenses</b>	1,067	1,446	1,378	1,306	1,418	1,828	1,564	1,500
<b>Stock exchanges and securities</b>	268	353	387	367	367	405	354	359
<b>Communications expenses</b>	426	467	464	466	470	503	483	466
<b>Advertisement</b>	191	418	303	258	342	661	492	450
<b>Personnel expenses</b>	640	633	703	652	677	801	706	733
<b>Occupancy &amp; rental</b>	285	286	274	240	241	255	256	240
<b>Data processing &amp; office supplies</b>	700	731	797	769	778	832	805	777
<b>Depreciation</b>	463	468	495	547	535	544	588	592
<b>Taxes and dues</b>	72	79	103	157	114	117	163	124
<b>Provision of allowance     for doubtful accounts</b>	△ 3	59	56	3	△ 6	42	△ 22	△ 5
<b>Others</b>	35	78	48	41	54	45	62	41
<b>Total SG &amp; A</b>	3,259	3,780	3,853	3,717	3,811	4,464	4,122	4,002

The material is intended to provide the financial results for the quarter ended 30 September 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 October 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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## 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](mailto:ir@matsui.co.jp)