

# **Annual Results for 2QFY2022**

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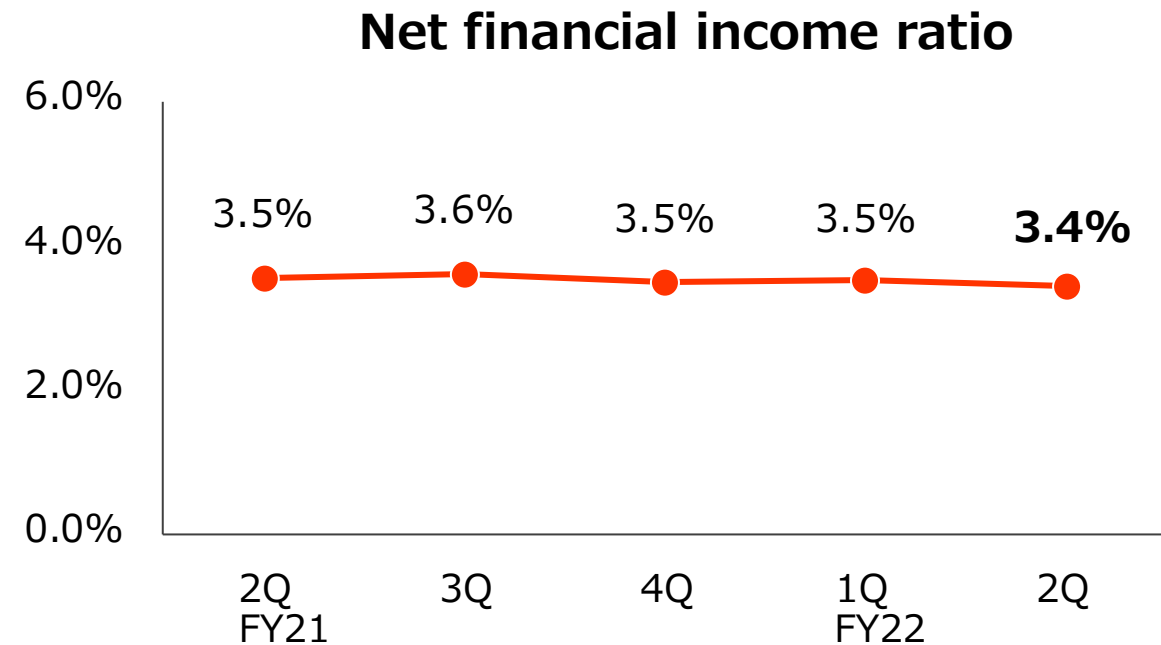
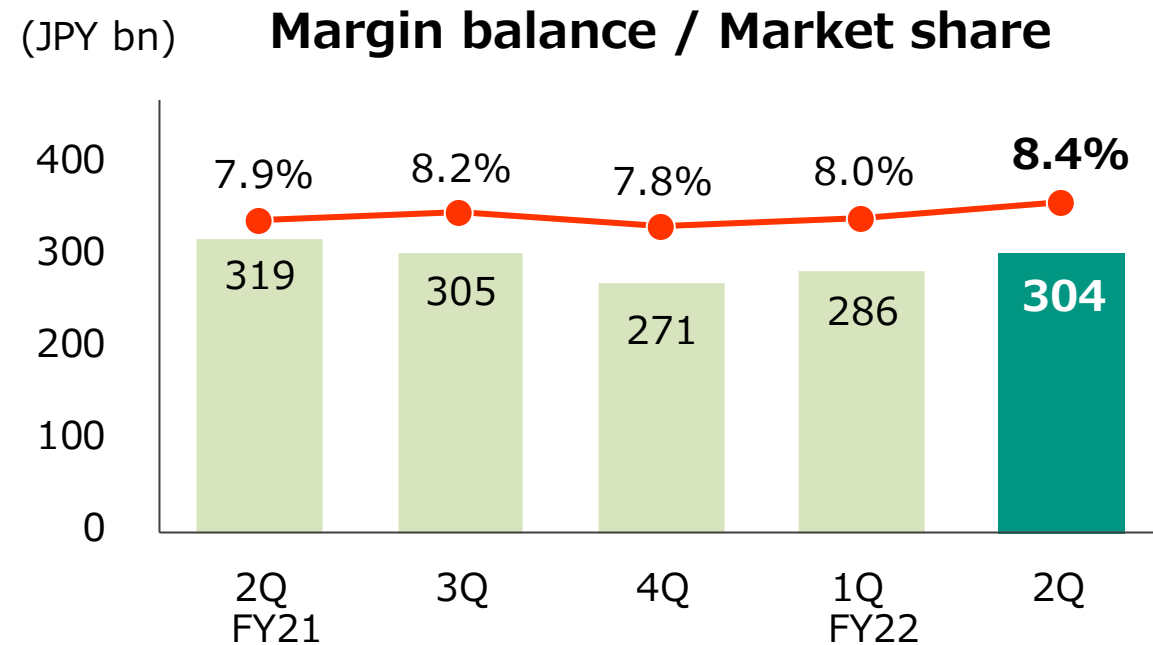
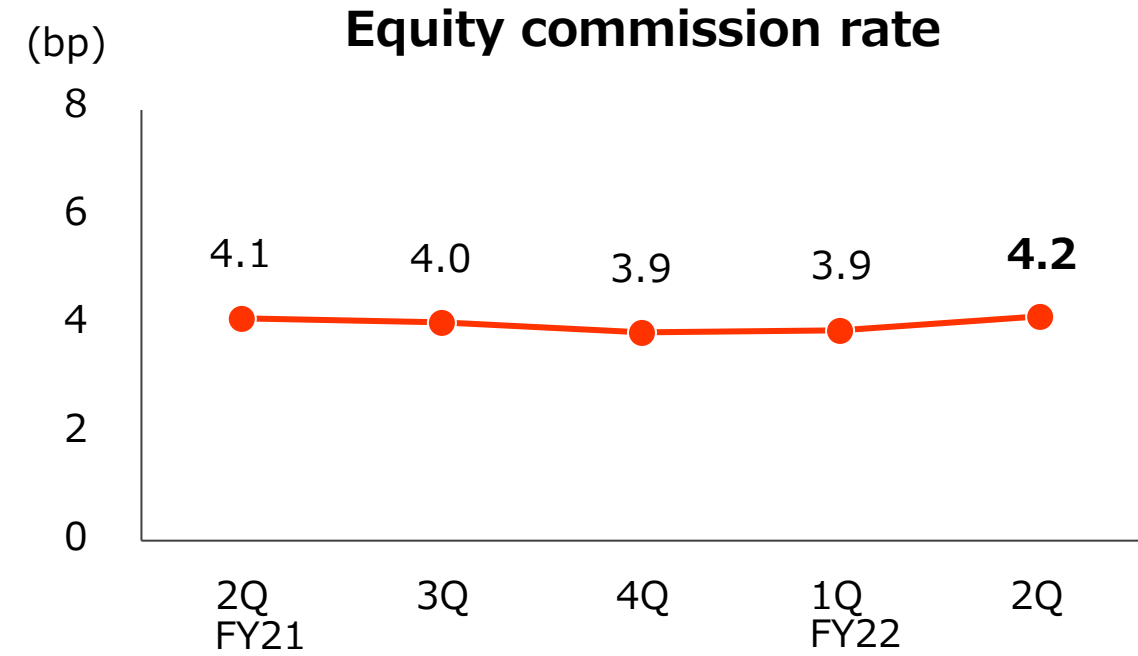
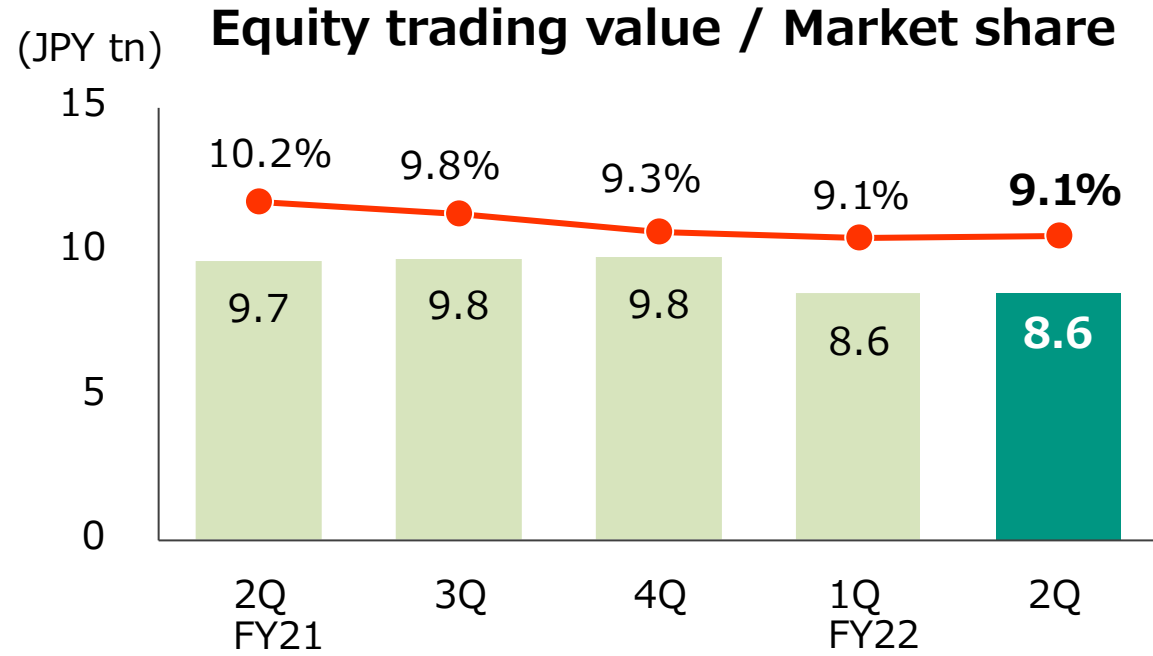
**Matsui Securities Co., Ltd.**

October 27, 2022

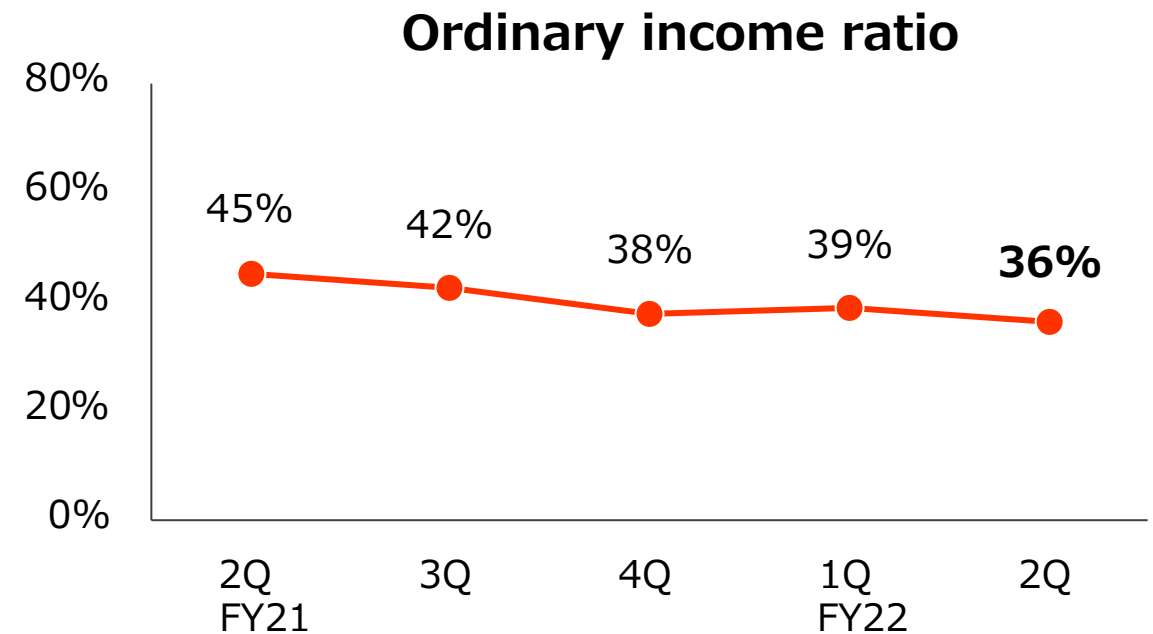
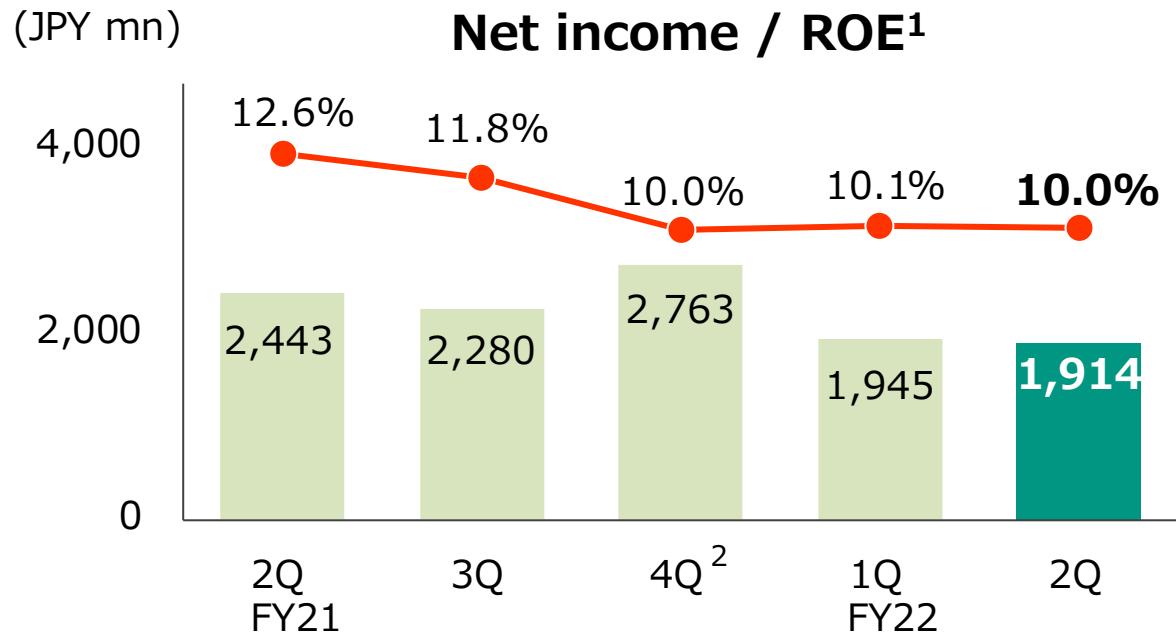
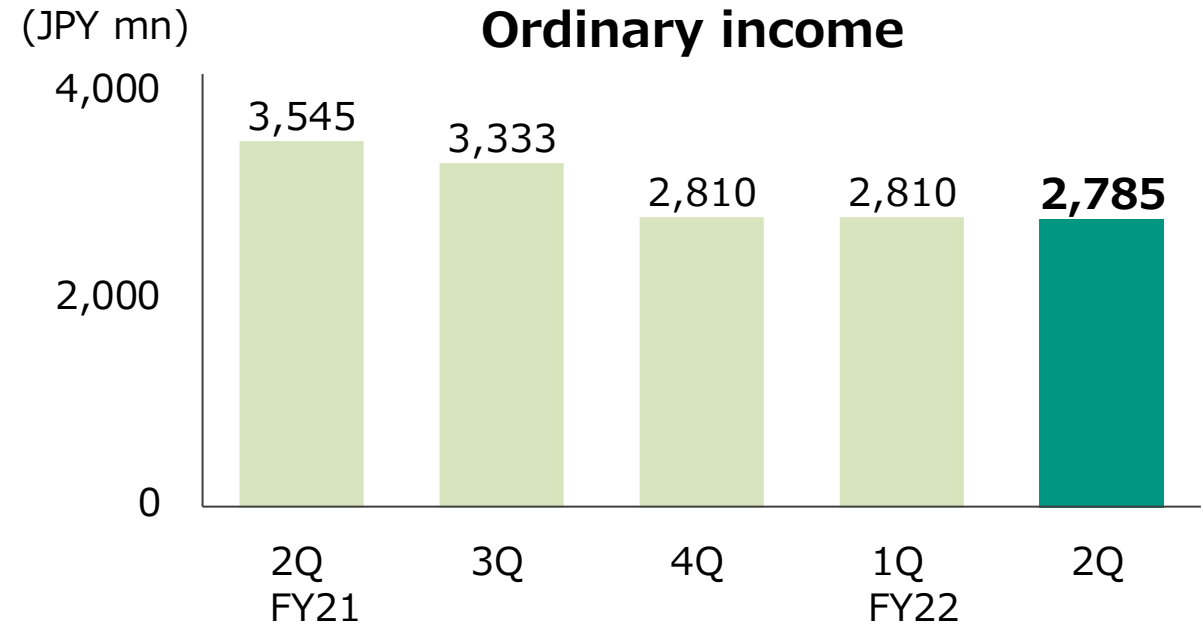
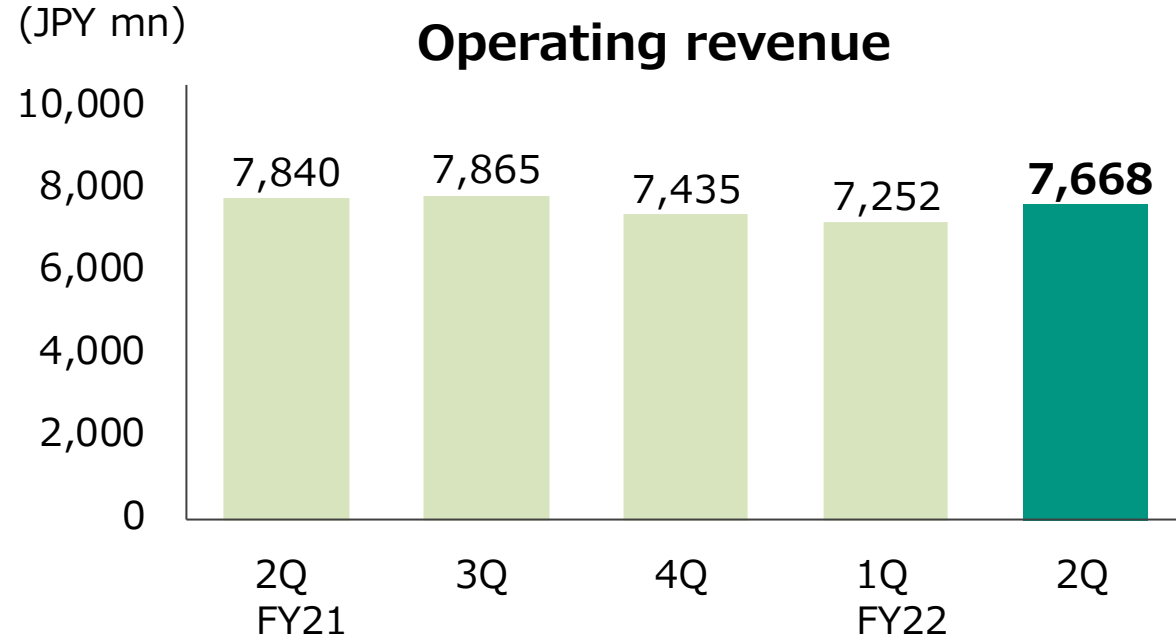
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## Appendix

# Business Results



# Financial Results



Note 1: Annualized on each quarter

Note 2: Net income of 4QFY21 includes 1.2 billion yen in extraordinary profit and loss (before tax). ROE excludes the impact of this change.

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# Summary of Financial Results

## 2Q FY2022

(JPY mn)

|                                 | 2Q(Apr.-Sep.)<br>FY2021 | 2Q(Apr.-Sep.)<br>FY2022 | YoY  |
|---------------------------------|-------------------------|-------------------------|------|
| Operating Revenues              | 15,316                  | 14,920                  | -3%  |
| Net operating revenues          | 14,747                  | 13,941                  | -5%  |
| SG&A                            | 8,123                   | 8,281                   | 2%   |
| Operating income                | 6,624                   | 5,660                   | -15% |
| Ordinary income                 | 6,647                   | 5,596                   | -16% |
| Net income                      | 6,397                   | 3,860                   | -40% |
| Ordinary income ratio           | 43%                     | 38%                     | -    |
| Matsui's trading value (JPY tn) | 18.8                    | 17.1                    | -9%  |
| Average margin balance (JPY bn) | 322                     | 287                     | -11% |

**Net income of 2QFY2021 includes 2.6 billion yen in extraordinary profit  
(Gain on Sale of Investment Securities)**

# Breakdown of Revenues

## 2Q FY2022

(JPY mn)

|                            | 2Q(Apr.-Sep.)<br>FY2021 | 2Q(Apr.-Sep.)<br>FY2022 | YoY  |
|----------------------------|-------------------------|-------------------------|------|
| Commissions                | 8,719                   | 8,042                   | -8%  |
| Brokerage                  | 8,309                   | 7,608                   | -8%  |
| Equity & ETF               | 7,864                   | 6,967                   | -11% |
| Futures & Options          | 445                     | 642                     | 44%  |
| Others                     | 369                     | 424                     | 15%  |
| Net trading income         | 374                     | 909                     | 143% |
| Interest & dividend income | 6,222                   | 5,969                   | -4%  |
| Interest expenses          | 569                     | 979                     | 72%  |
| Net interest income        | 5,653                   | 4,990                   | -12% |

# Breakdown of SG&A

## 2Q FY2022

(JPY mn)

|                                                 | 2Q(Apr.-Sep.)<br>FY2021 | 2Q(Apr.-Sep.)<br>FY2022 | YoY  |
|-------------------------------------------------|-------------------------|-------------------------|------|
| Trading related expenses                        | 3,064                   | 2,761                   | -10% |
| Stock exchanges and securities                  | 713                     | 680                     | -5%  |
| Communications expenses                         | 949                     | 977                     | 3%   |
| Advertisement                                   | 941                     | 636                     | -32% |
| Personnel expenses                              | 1,439                   | 1,577                   | 10%  |
| Occupancy & rental                              | 495                     | 449                     | -9%  |
| Data processing & office supplies               | 1,582                   | 1,927                   | 22%  |
| Depreciation                                    | 1,179                   | 1,221                   | 3%   |
| Taxes and dues                                  | 287                     | 244                     | -15% |
| Provision of allowance<br>for doubtful accounts | △ 27                    | △ 36                    | -    |
| Others                                          | 103                     | 137                     | 33%  |
| Total SG&A                                      | 8,123                   | 8,281                   | 2%   |

# Summary of Financial Results

## Quarterly

(JPY mn)

|                                 | 1Q<br>FY2022 | 2Q<br>FY2022 | QoQ |
|---------------------------------|--------------|--------------|-----|
| Operating Revenues              | 7,252        | 7,668        | 6%  |
| Net operating revenues          | 6,858        | 7,083        | 3%  |
| SG & A                          | 4,032        | 4,249        | 5%  |
| Operating income                | 2,826        | 2,834        | 0%  |
| Ordinary income                 | 2,810        | 2,785        | -1% |
| Net income                      | 1,945        | 1,914        | -2% |
| Ordinary income ratio           | 39%          | 36%          | -   |
| Matsui's trading value (JPY tn) | 8.6          | 8.6          | 0%  |
| Average margin balance (JPY bn) | 281          | 293          | 4%  |

# Breakdown of Revenues

## Quarterly

(JPY mn)

|                            | 1Q<br>FY2022 | 2Q<br>FY2022 | QoQ  |
|----------------------------|--------------|--------------|------|
| Commissions                | 3,933        | 4,109        | 4%   |
| Brokerage                  | 3,734        | 3,875        | 4%   |
| Equity & ETF               | 3,372        | 3,595        | 7%   |
| Futures & Options          | 362          | 280          | -23% |
| Others                     | 195          | 229          | 18%  |
| Net trading income         | 454          | 455          | 0%   |
| Interest & dividend income | 2,865        | 3,103        | 8%   |
| Interest expenses          | 394          | 585          | 48%  |
| Net interest income        | 2,471        | 2,519        | 2%   |

# Breakdown of SG&A

## Quarterly

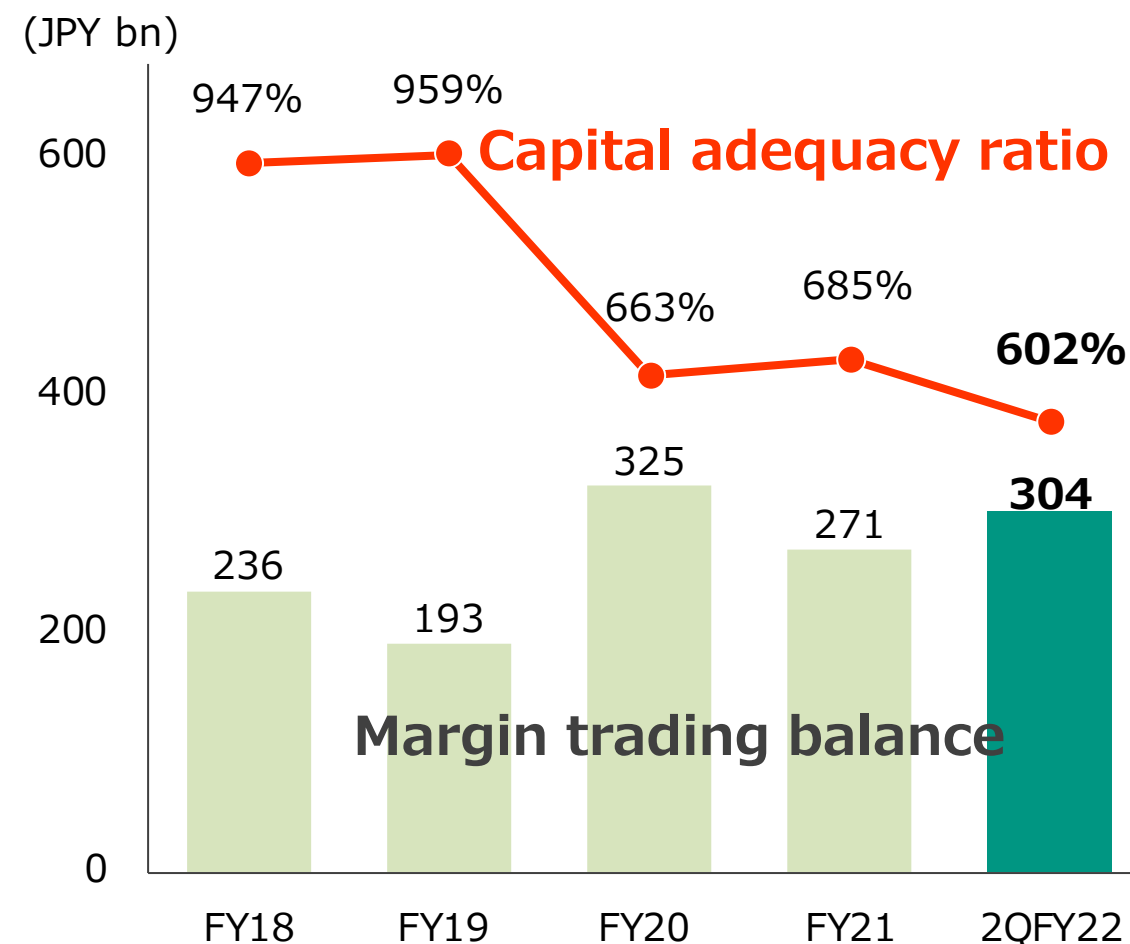
(JPY mn)

|                                                 | 1Q<br>FY2022 | 2Q<br>FY2022 | QoQ       |
|-------------------------------------------------|--------------|--------------|-----------|
| Trading related expenses                        | 1,366        | 1,396        | 2%        |
| Stock exchanges and securities                  | 351          | 329          | -6%       |
| Communications expenses                         | 479          | 498          | 4%        |
| Advertisement                                   | 304          | 333          | 10%       |
| Personnel expenses                              | 778          | 800          | 3%        |
| Occupancy & rental                              | 224          | 226          | 1%        |
| Data processing & office supplies               | 902          | 1,025        | 14%       |
| Depreciation                                    | 609          | 612          | 1%        |
| Taxes and dues                                  | 114          | 129          | 13%       |
| Provision of allowance<br>for doubtful accounts | △ 33         | △ 2          | -         |
| Others                                          | 72           | 65           | -11%      |
| <b>Total SG &amp; A</b>                         | <b>4,032</b> | <b>4,249</b> | <b>5%</b> |

## Capital adequacy ratio (As of 30 September 2022)

| (JPY mn)                                  |                                   |                     |
|-------------------------------------------|-----------------------------------|---------------------|
| Tier 1                                    | (A)                               | 72,078              |
| Tier 2                                    | Net unrealized gain on investment | 287                 |
|                                           | Statutory reserves                | 3,099               |
|                                           | Allowance for doubtful accounts   | 27                  |
|                                           | Sub total                         | (B) 3,414           |
| Assets to be deducted from equity capital | (C)                               | 13,676              |
| Net Capital                               |                                   |                     |
|                                           | (A) + (B) - (C)                   | (D) 61,817          |
| Total risk                                | Market risk                       | 13                  |
|                                           | Counterparty risk                 | 6,401               |
|                                           | Basic risk                        | 3,844               |
|                                           | Total                             | (E) 10,259          |
| Capital Adequacy ratio                    |                                   | (D)/(E) <b>602%</b> |

## Margin trading balance and capital adequacy ratio



## Pay interim dividend of 20 yen per share for FY22

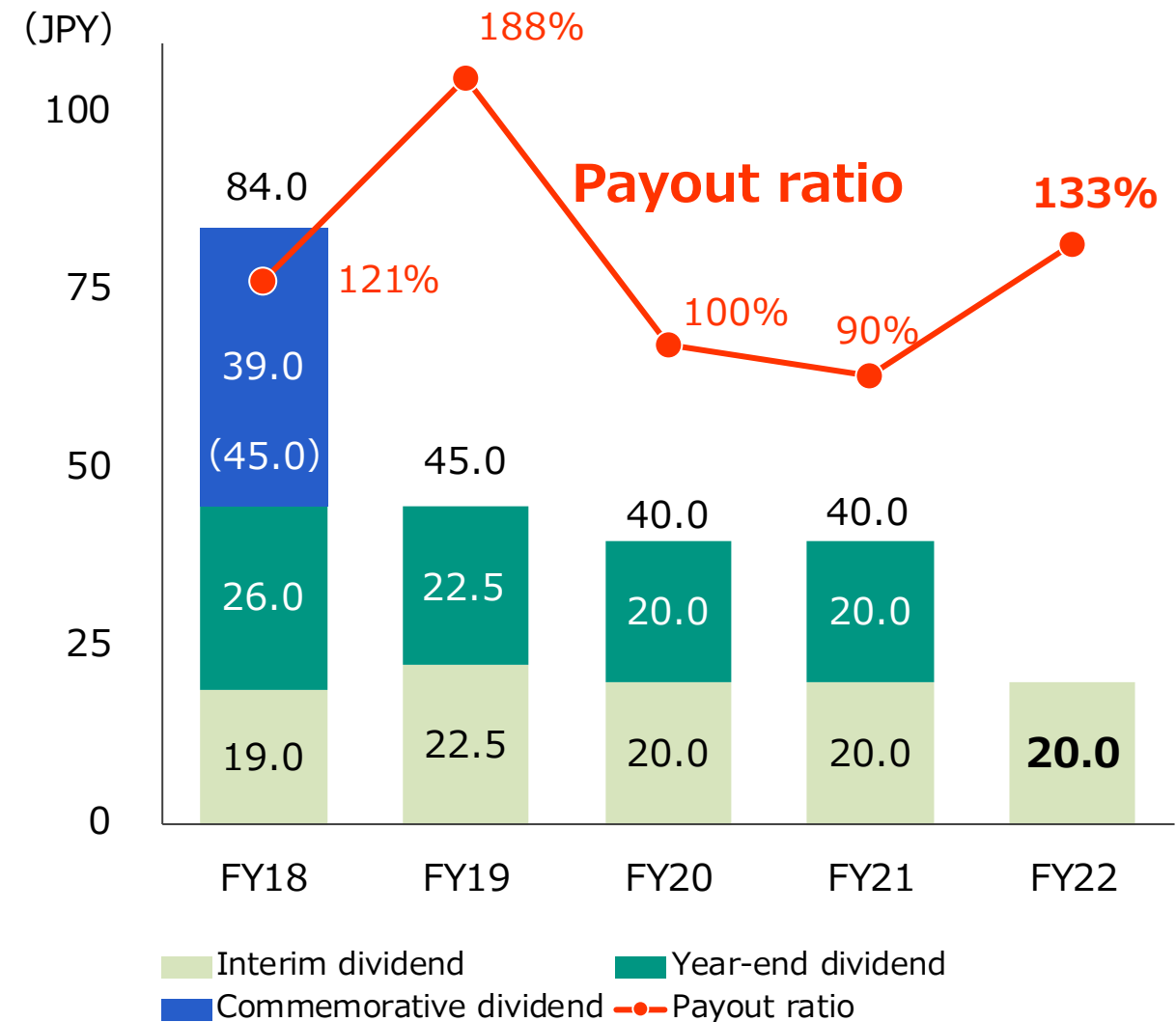
### Dividends for FY22

- Interim : **20 yen** per share
- Dividends payout ratio : 133%
- DOE : 13%
- ROE : 10%

### 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>

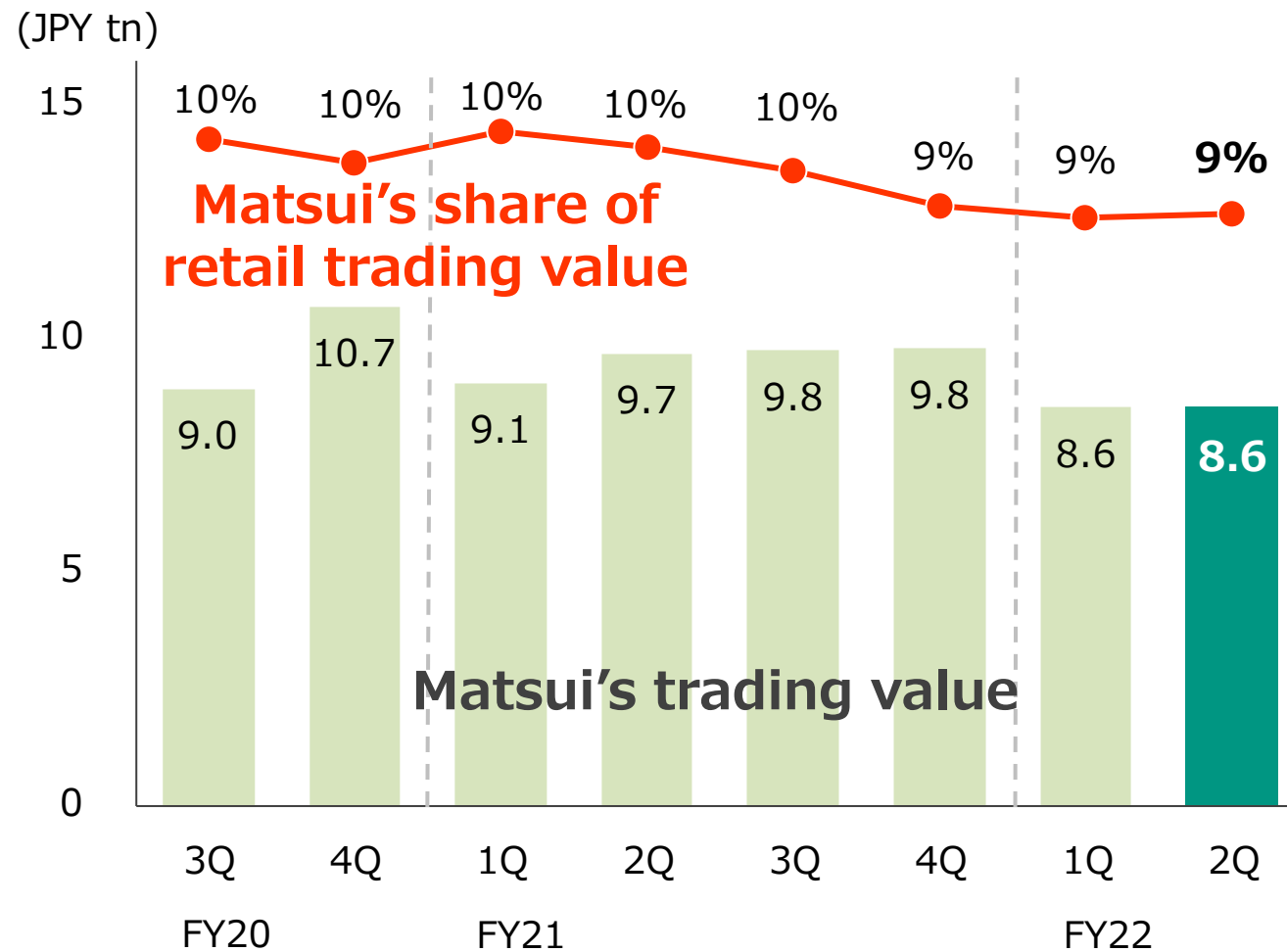


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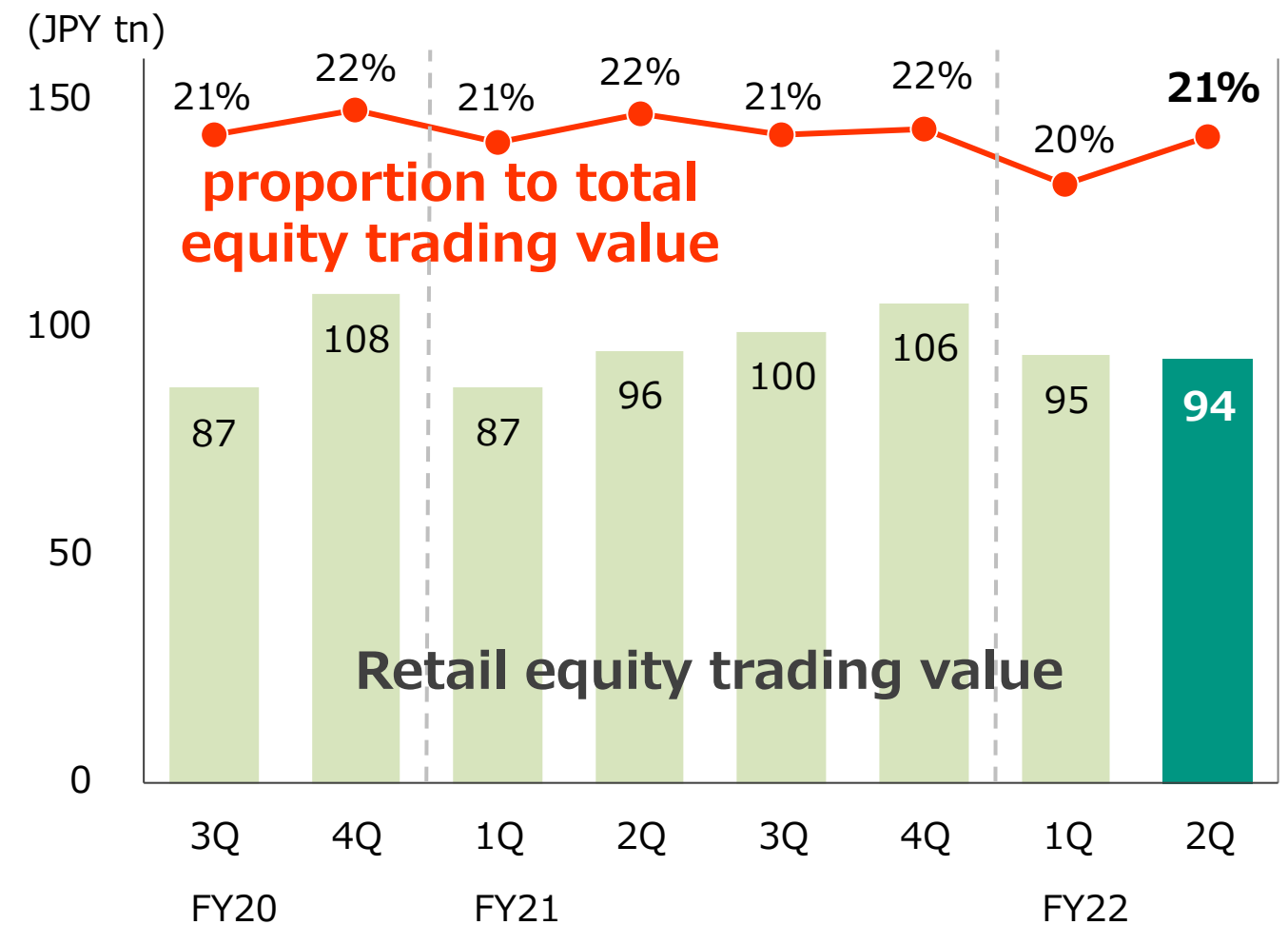
Appendix

# Equity Trading Value

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

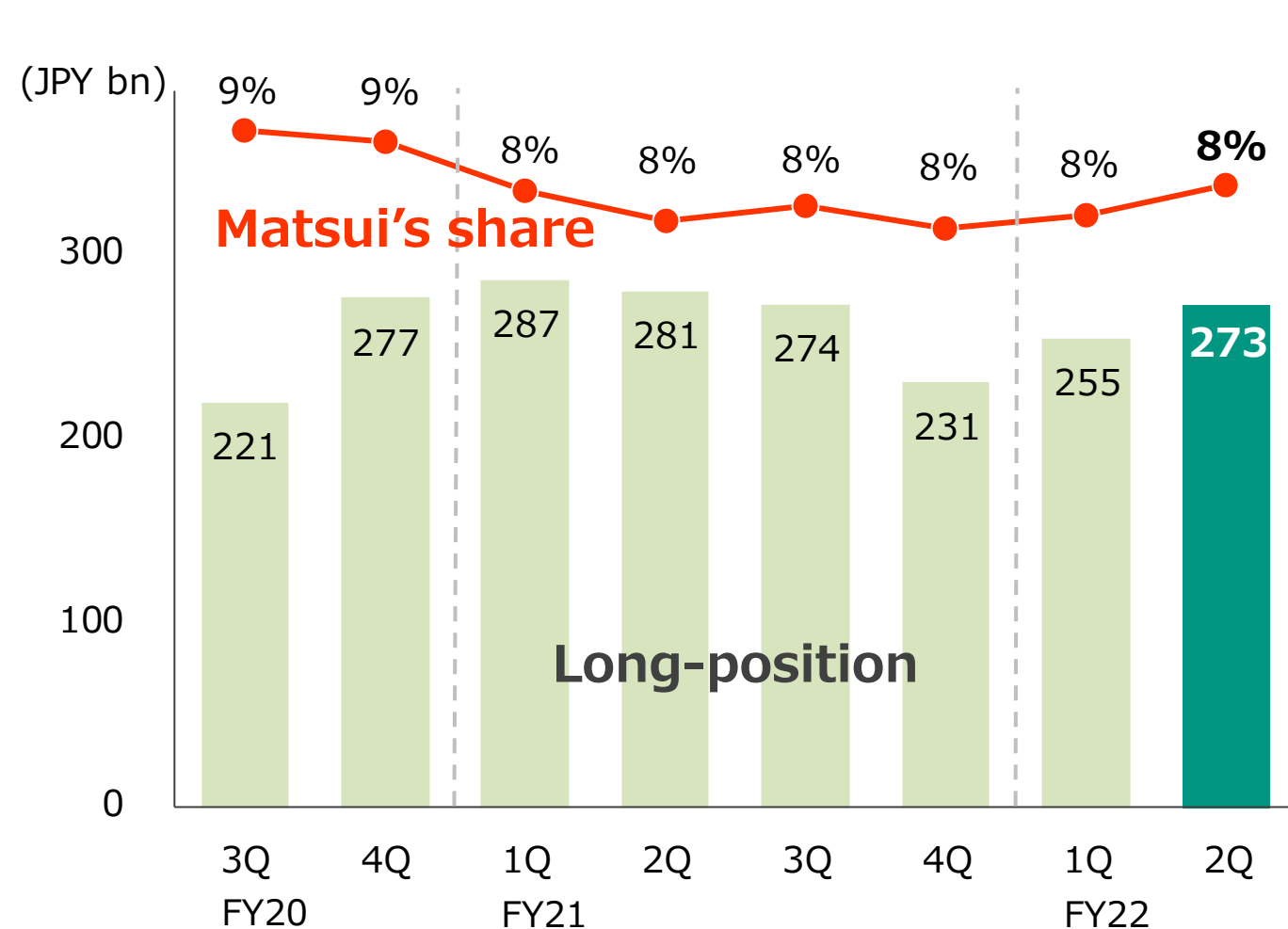


**Retail equity trading value<sup>1</sup> and proportion to total equity trading value**

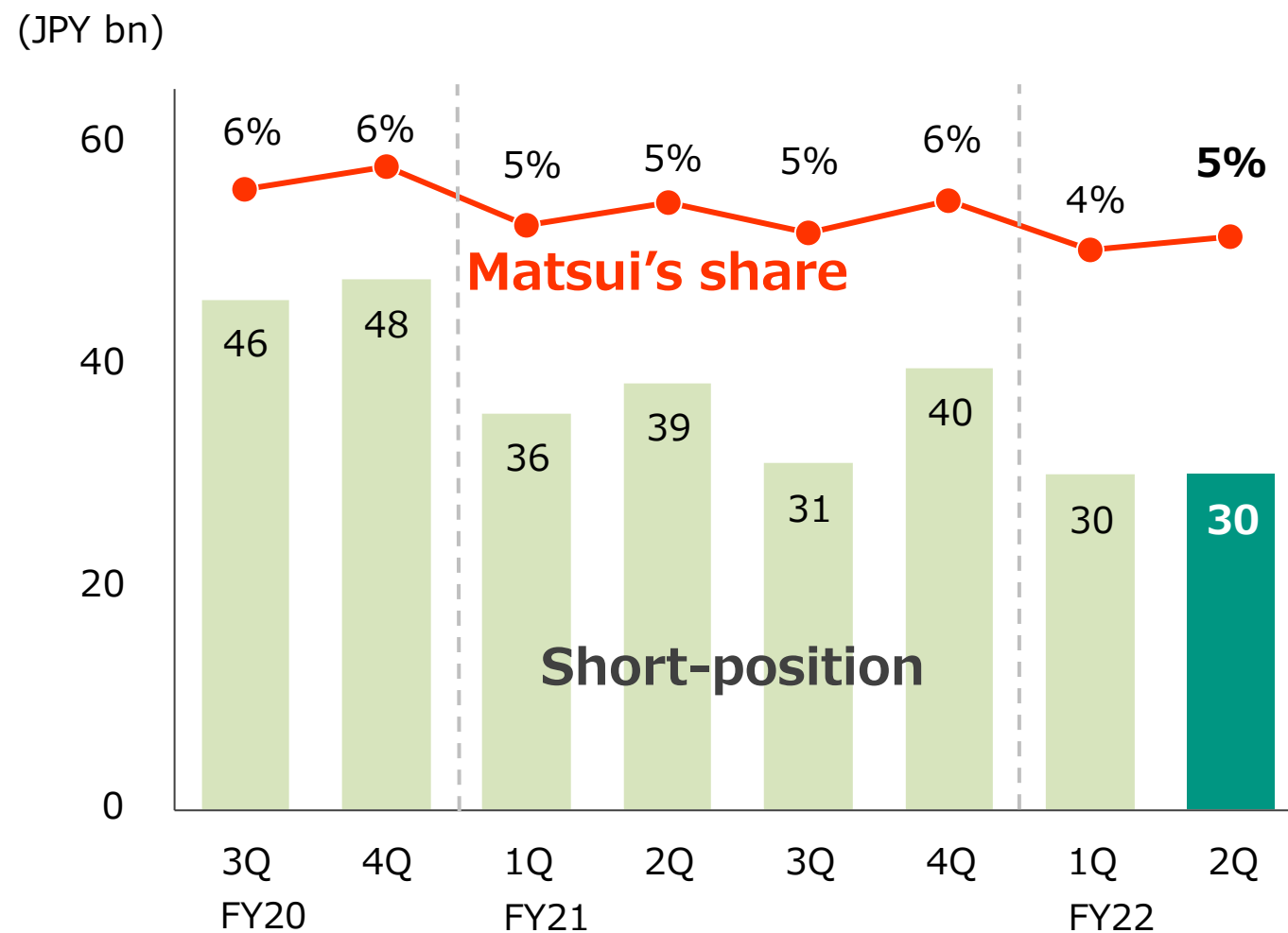


# Margin Trading Balance

**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>**

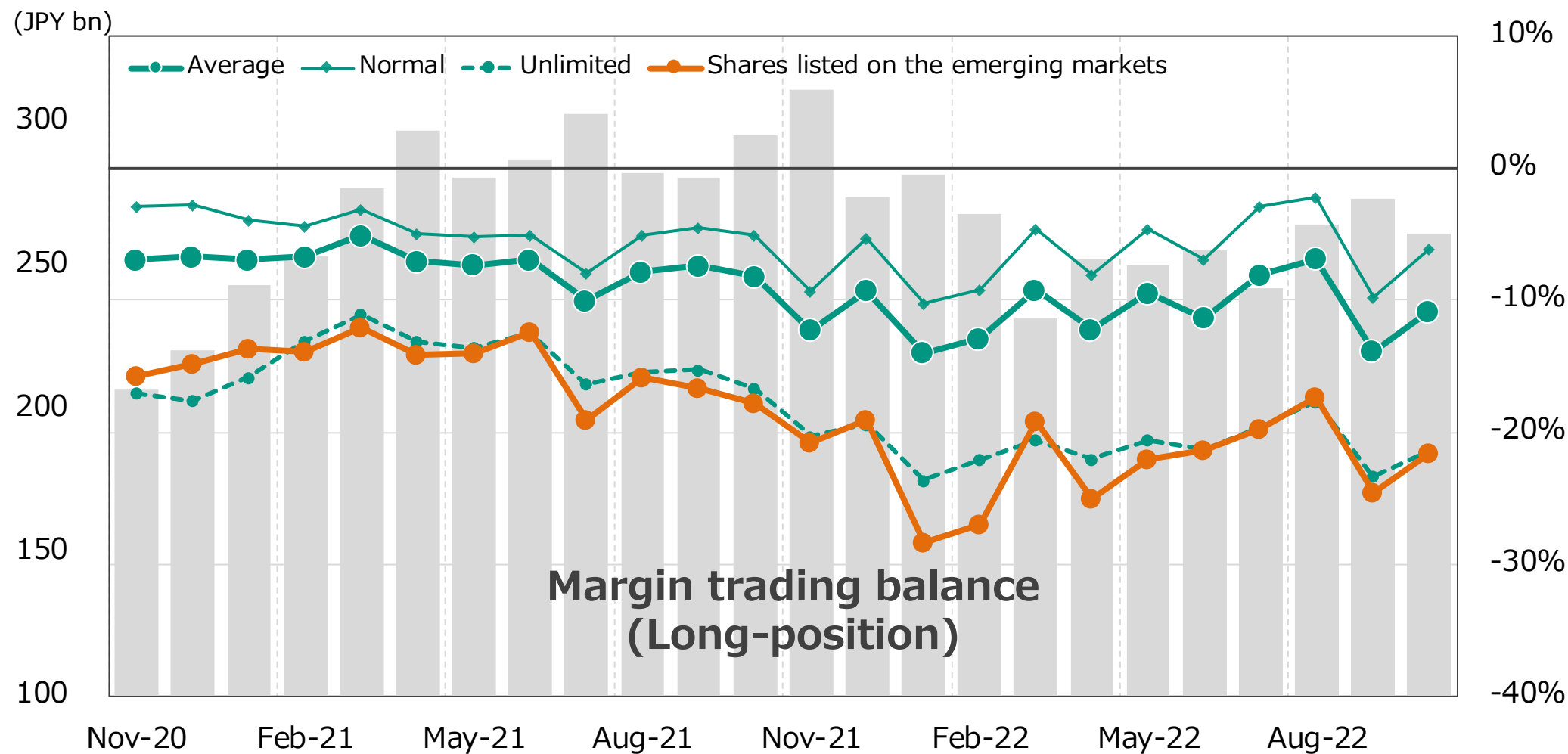


Source: TSE, Company Websites

Note1 : Balance as of the end of each quarter

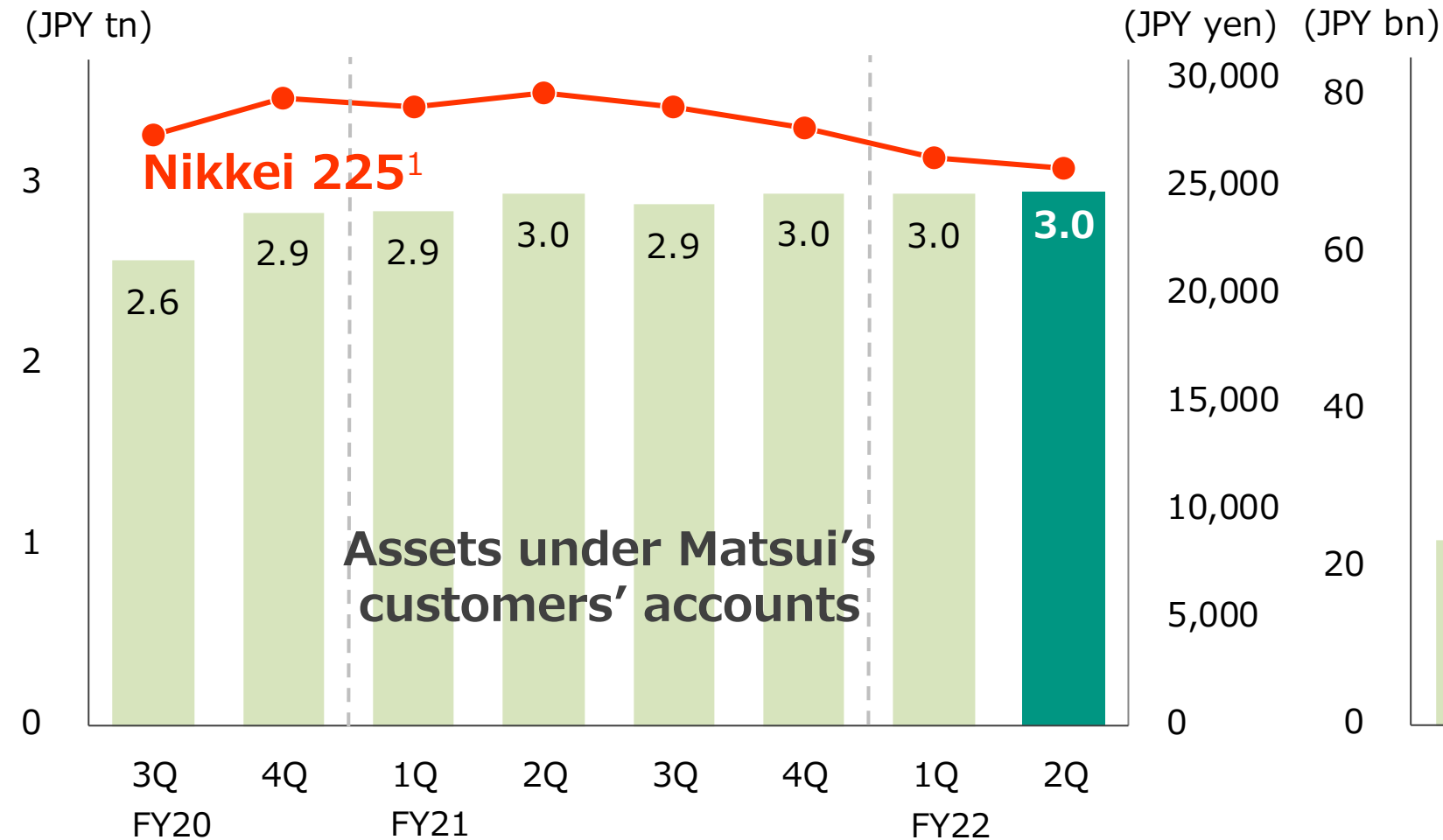
Note2 : Total market share in 2 major stock exchanges

# Unrealized Losses (Long-position)

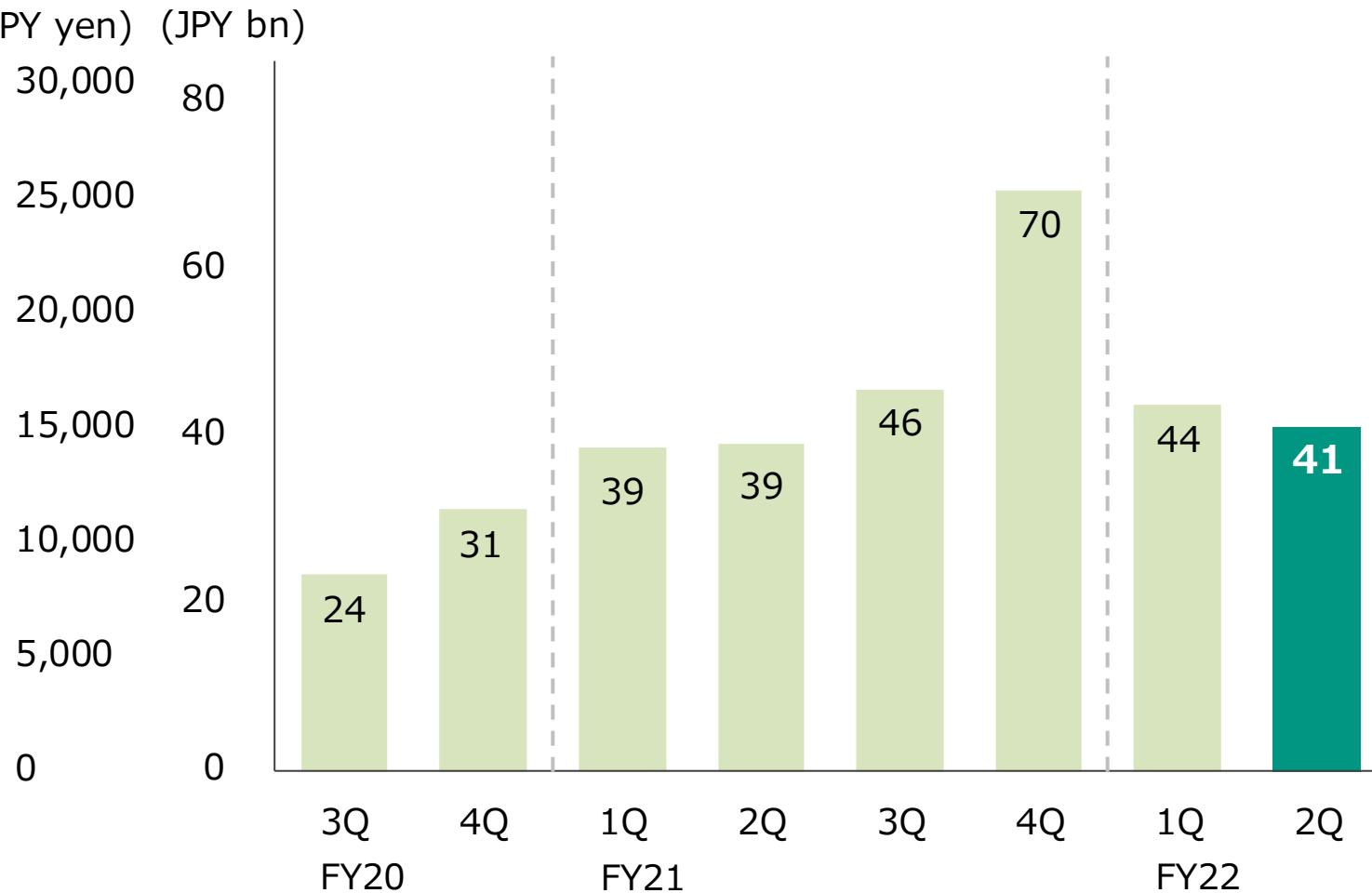


# Assets under Customers' Accounts

## Assets under Matsui's customers' accounts



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

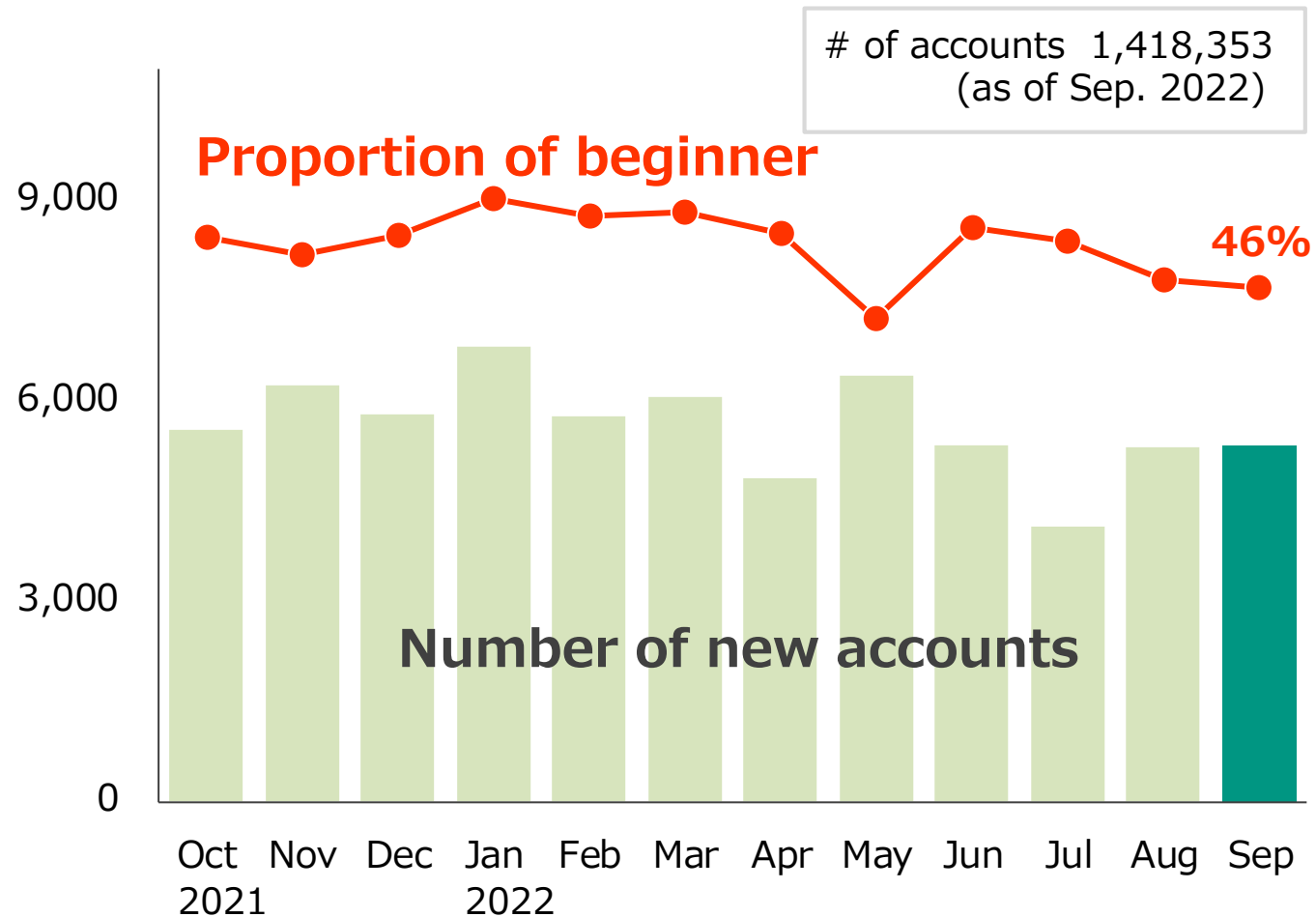


Note 1: Nikkei 225 is the closed price at the end of each quarter

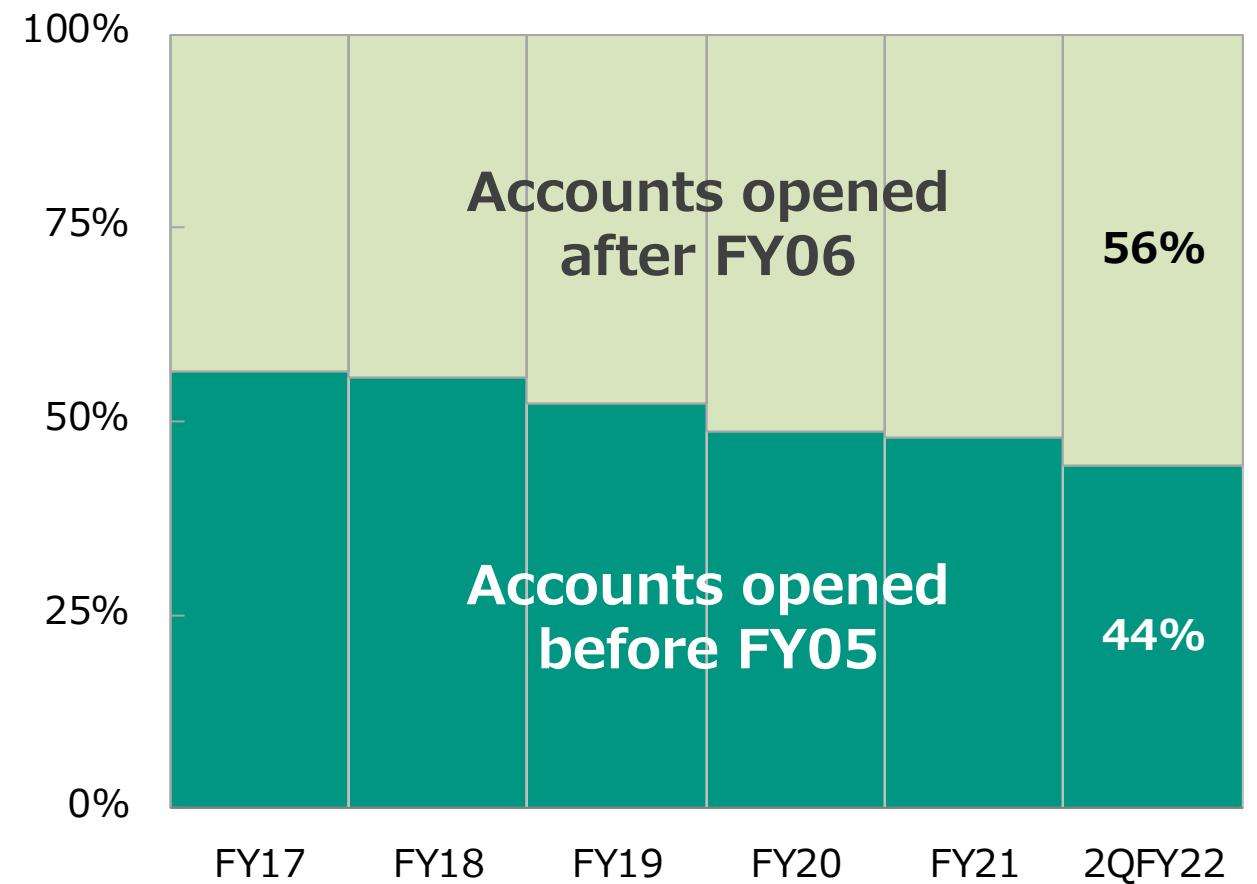
Note 2: Including the net inflow in mutual funds

# Number of Accounts

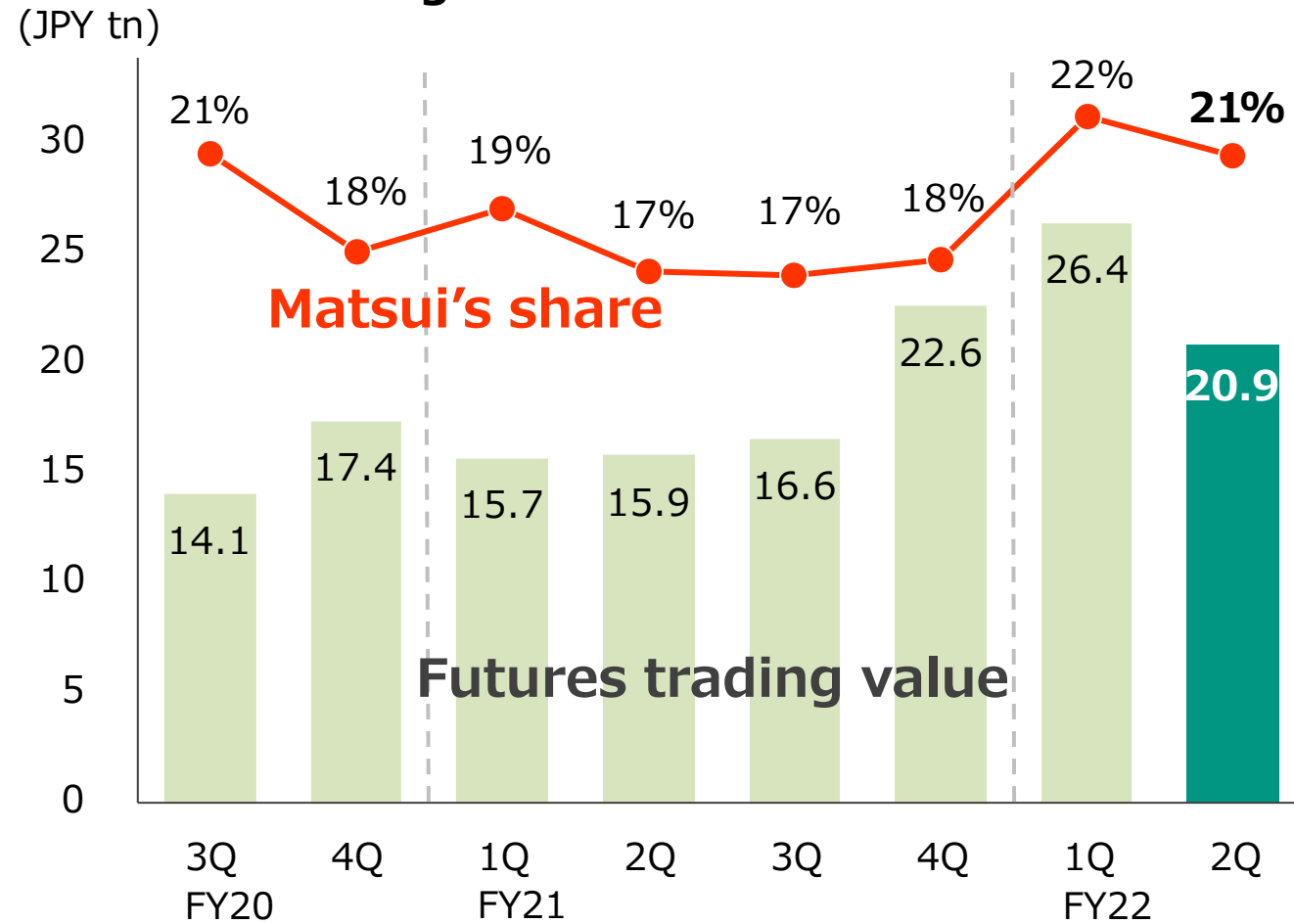
## Number of accounts at Matsui



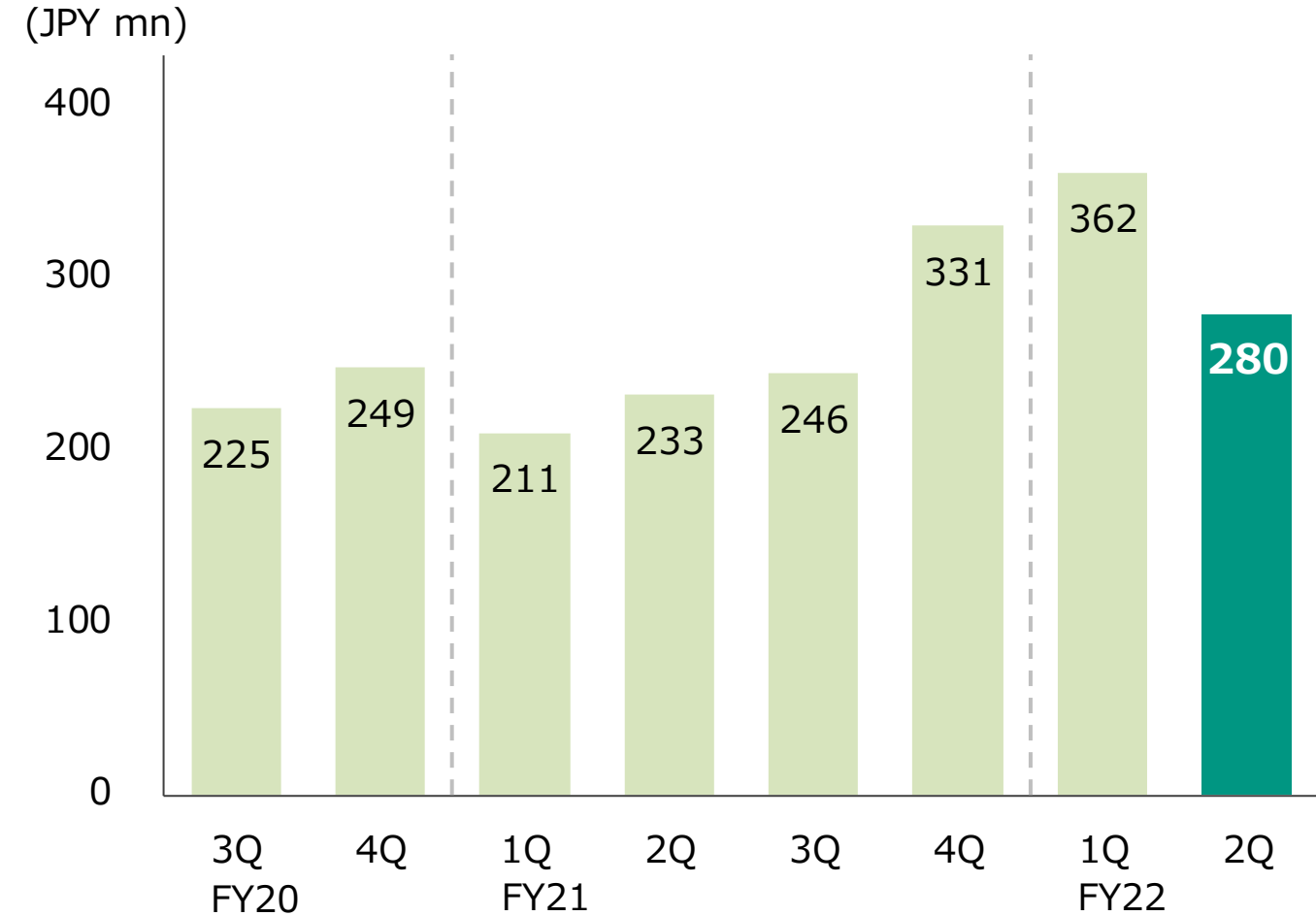
## Breakdown of trading value<sup>1</sup> by customers opening the accounts in each fiscal year



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

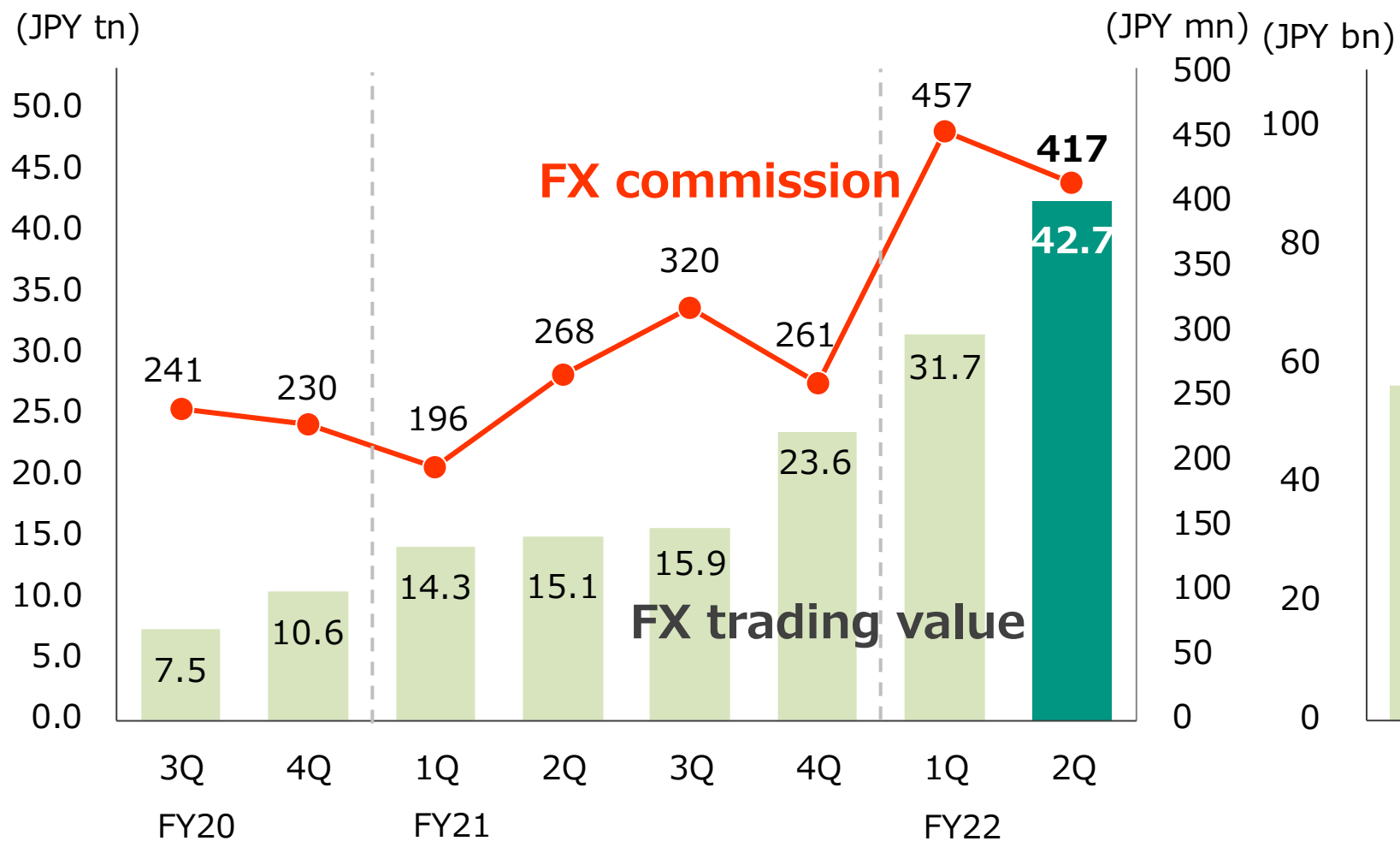


**Commissions of Futures and Options**

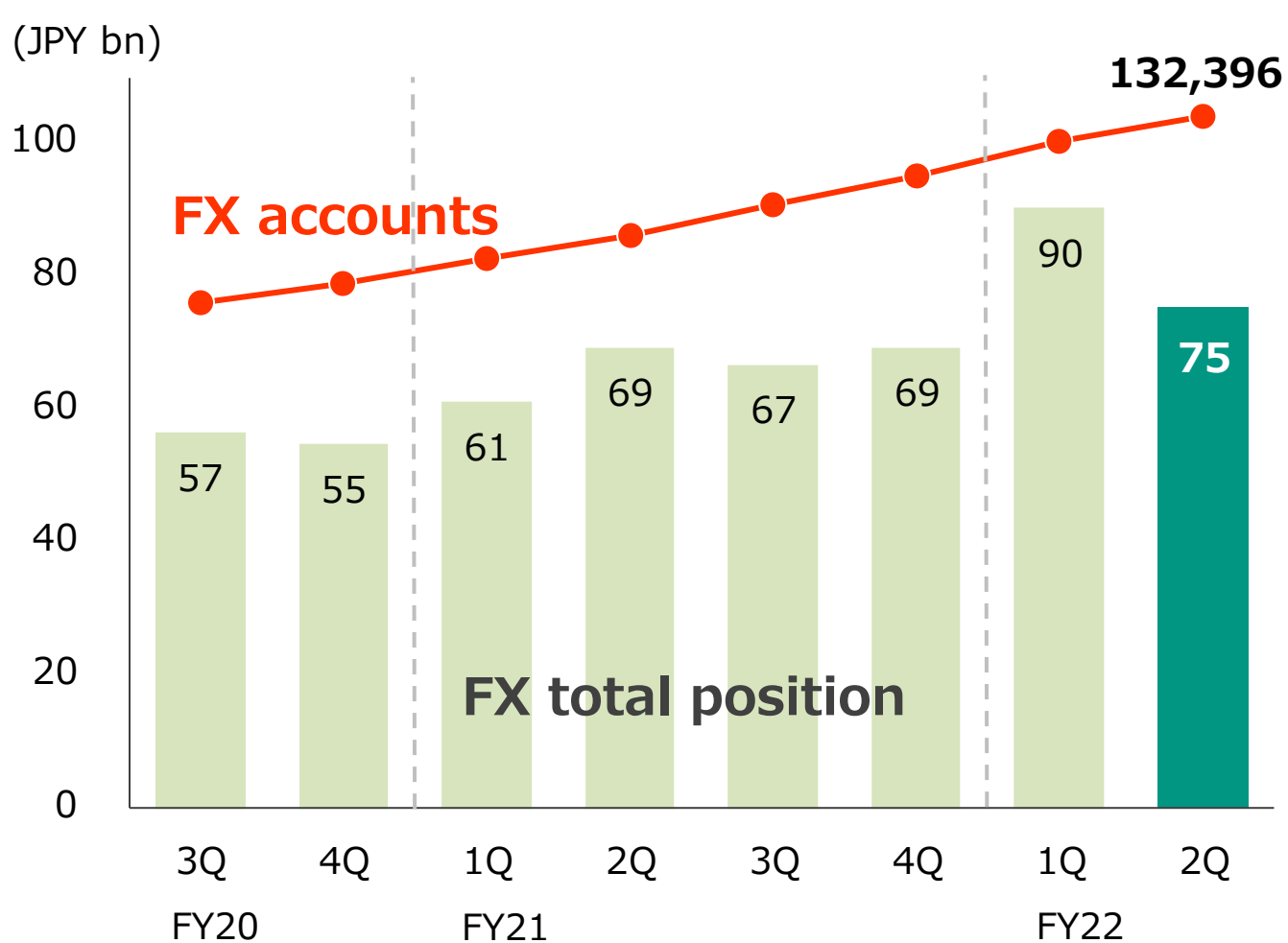


# FX Margin Trading

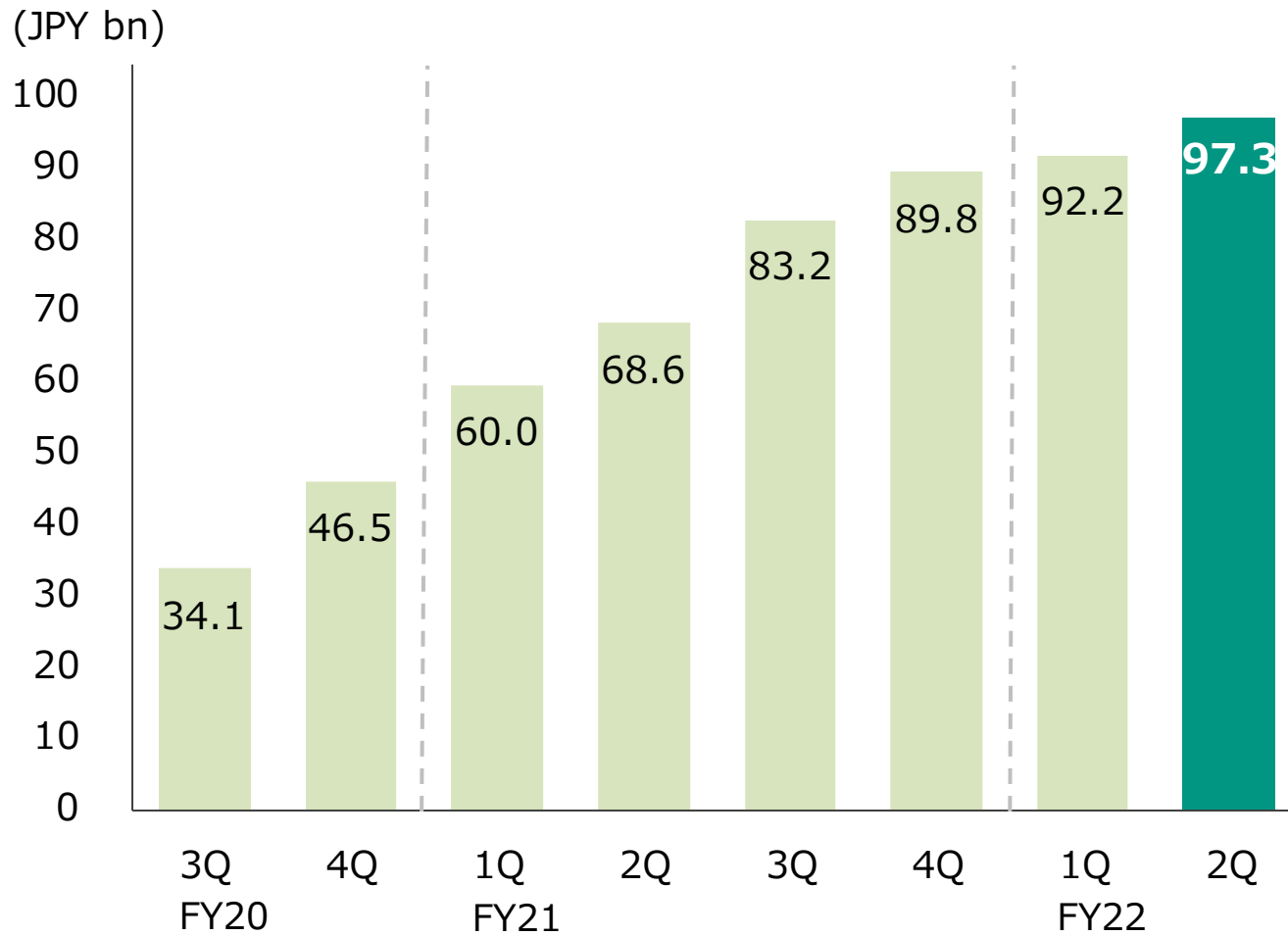
## FX trading value and commission



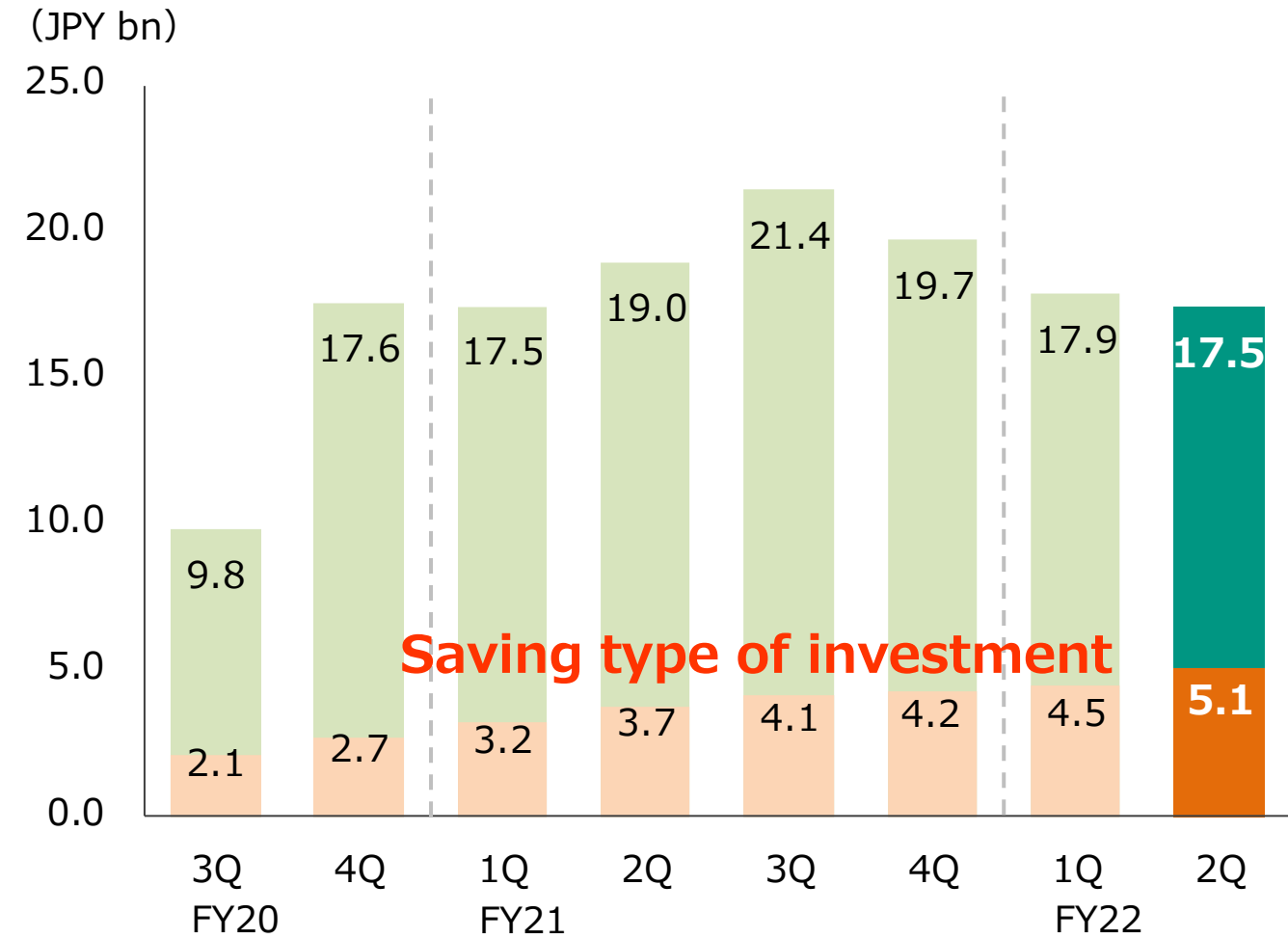
## FX total position and accounts



## Matsui's AUM of mutual fund



## Matsui's mutual fund sales



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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**

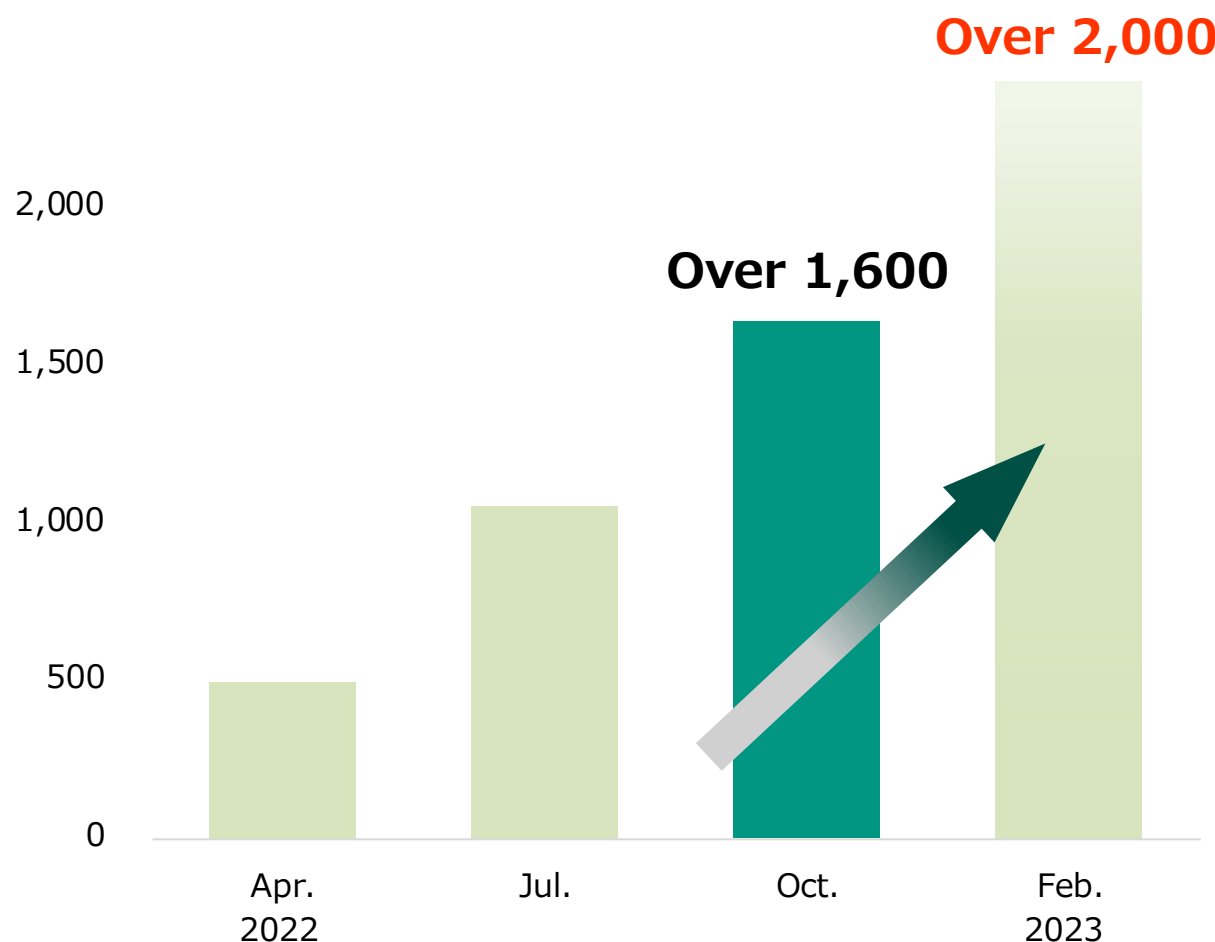
## Management Strategy

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

## Enhance services and develop into a new revenue source

### ◆ Increase # of tradable stocks ◆ Improve UI/UX (from November)

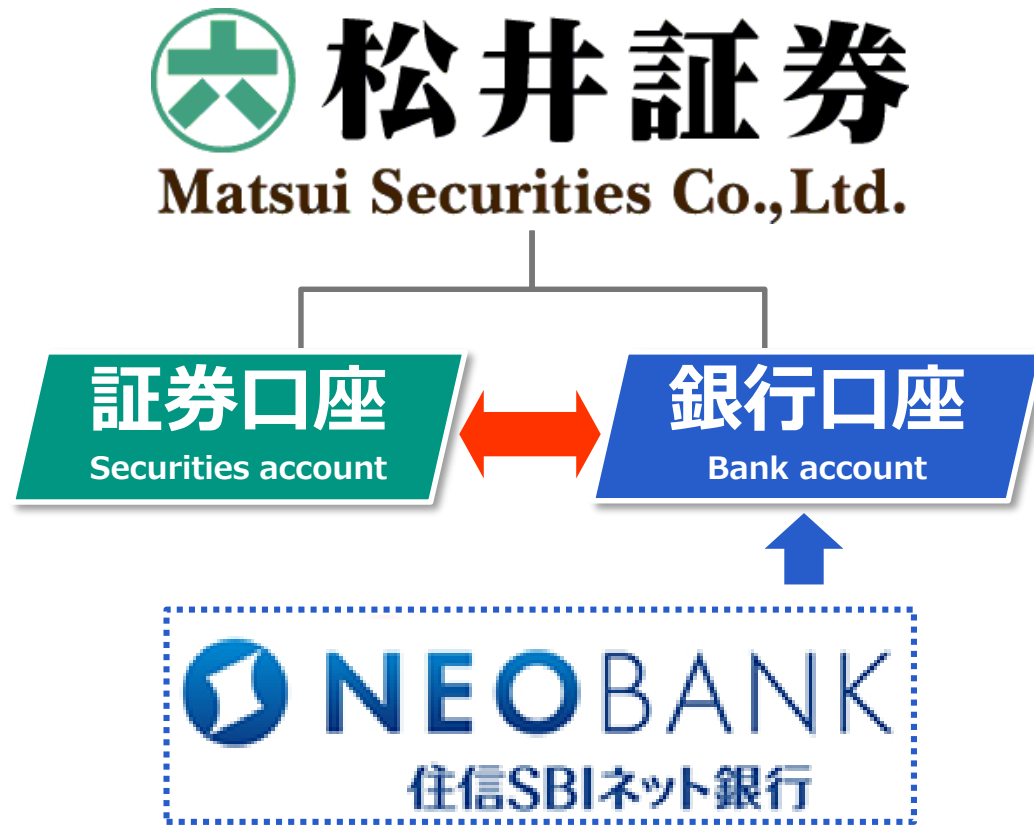
- ✓ Add news sources to enhance information
- ✓ Increase compatible devices



# Start considering banking services

## Business alliance using Banking API

### ◆ Business Scheme



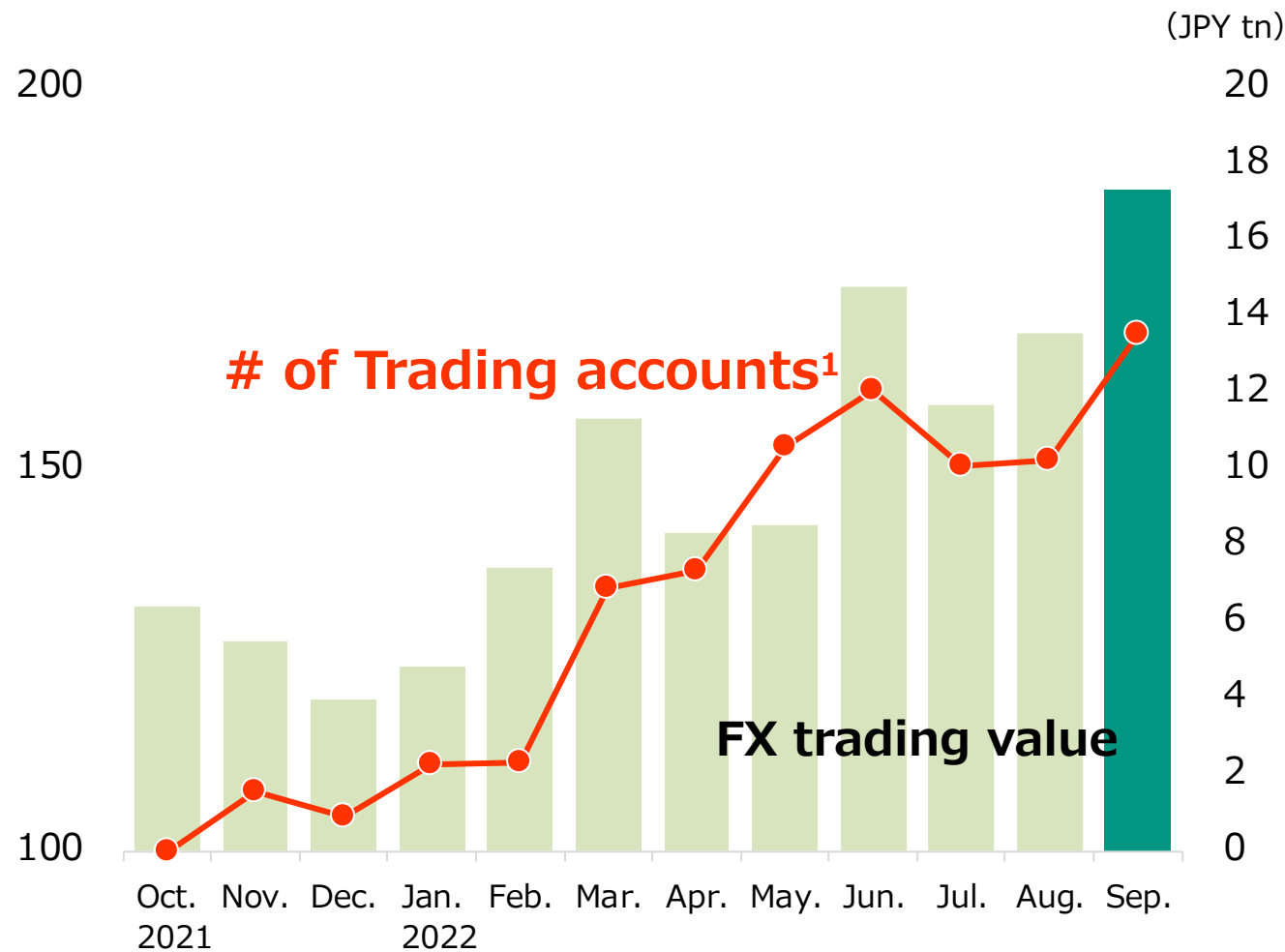
Provide functions as BaaS (Banking as a Service)  
around fall 2023 (plan)

### ◆ Services to consider

- ✓ Simultaneous account opening (securities, banks)
- ✓ Instant deposit/Withdrawal service
- ✓ Automatic deposit/Withdrawal service
- ✓ Banking services, e.g. deposits, Loans, Currency exchange

## Business grows as acquiring customers

### ◆ Trading results



Note1: # of monthly trading accounts in October 2021 is shown as 100

### ◆ Improve FX app functionality

- ✓ Add app notification function
- ✓ Notification of important events and rate changes, enabling flexible trading



## Improve service quality

### ◆ Margin trading service for day-trades

✓ The lowest price in the industry<sup>1</sup>

|               | Commission   | Interest rates<br>Lending fees |
|---------------|--------------|--------------------------------|
| <b>MATSUI</b> | <b>0 yen</b> | <b>0%</b>                      |
| SBI           | 0 yen        | 0%                             |
| RAKUTEN       | 0 yen        | 0%                             |
| MONEX         | 0 yen        | 0~1.8%                         |
| au Kabu.com   | 0 yen        | 0~1.8%                         |

Note1: Compare with the five major online securities companies (Matsui, SBI, Rakuten, Monex, and au Kabu.com), as of 19 October 2022. (According to our research)

Note2: Interest rates and lending fees have been waived since September 1, 2022.

### ◆ Enhance investment information

✓ New tool 'Market Lab'



## Participation rate of IPO achieved over 50% in 1H

### ◆ Rise to 4<sup>th</sup> place in the ranking among the industry

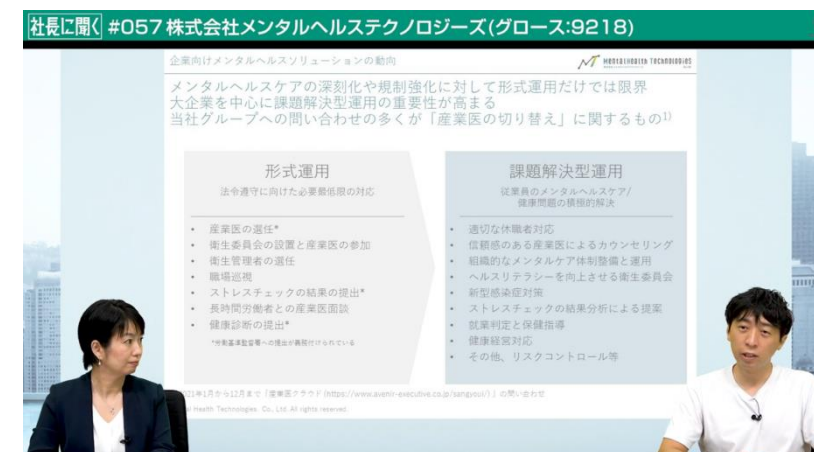
|   |               | No.       | Participation Ratio |
|---|---------------|-----------|---------------------|
| 1 | SBI           | 37        | 100%                |
| 2 | RAKUTEN       | 25        | 68%                 |
| 3 | MONEX         | 23        | 62%                 |
| 4 | <b>MATSUI</b> | <b>20</b> | <b>54%</b>          |
| 5 | DAIWA         | 18        | 49%                 |
| 5 | MIZUHO        | 18        | 49%                 |
| 5 | SMBC NIKKO    | 18        | 49%                 |
| 6 | NOMURA        | 16        | 43%                 |

Note: Results for Apr. - Sep. 2022

### ◆ Initiatives for IPO underwriting

- ✓ Build various networks and expand contacts with IPO candidate companies
- ✓ Support IR activities after IPO (57 companies)

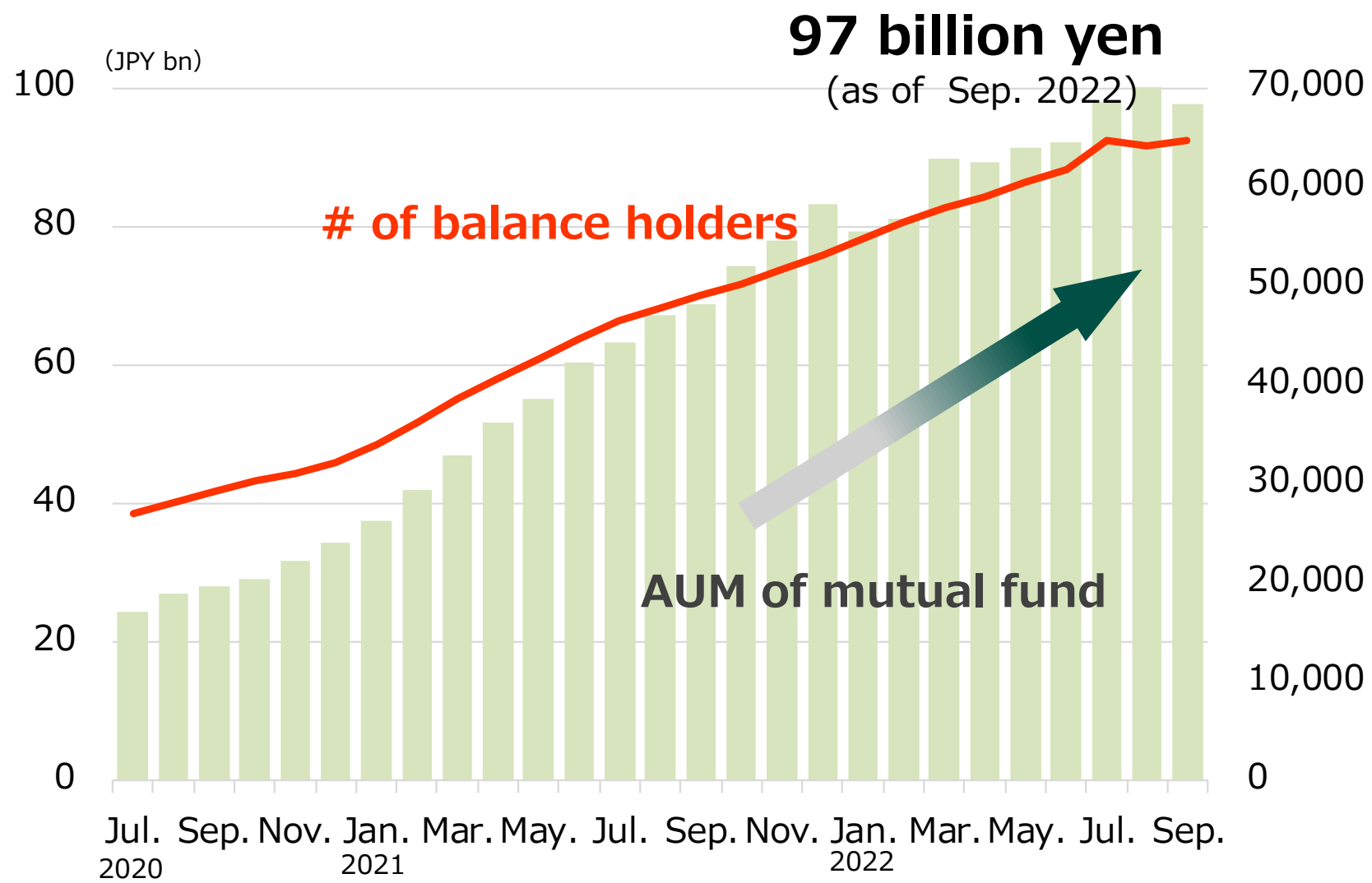
(as of 14 October 2022)



<https://money-satellite.matsui.co.jp/movie/investment/venture/mv--nam-q8kdcNZ.html>

## Continue efforts to increase balances and customers

### ◆ AUM and # of balance holders



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

### ◆ Provide various information on website specialized for video contents

- ✓ Upload special programs that alert to sudden market changes and support decision-making for investment

### ◆ Reached the second largest YouTube channel among the industry

- ✓ Conduct financial education seminars for high school students, reaching out to youth

## Expand disclosure of non-financial information

・婦人科健診受診費用を補助

**労働環境の充実**

・全社員にリモートワーク用の端末、周辺機器を配布し、社員が柔軟に勤務できる体制を構築しています。  
・オフィス内に社員がリフレッシュできる休憩エリアやオフィス内コンビニを設置しています。

<社員休憩エリアの様子>



**社会貢献活動**

**株主優待品の寄付**

当社が株式保有により受け取った優待品を有効活用するため、NPO法人に対して、株主優待品の寄付を継続して行っています。

### ◆ Main contents in FY2021

- ✓ Evaluation of the effectiveness of the Board of Directors and their skill matrix
- ✓ Power consumption/greenhouse gas emissions

### ◆ Items to be disclosed in FY2022

- ✓ Key sustainability issues (materiality)
- ✓ Disclose information in line with TCFD

<https://www.matsui.co.jp/company/sustainability/>

- ◆ **Expand the lineup of products and services**

- ✓ **U.S. stocks (expand # of tradable stocks, foreign currency settlement, margin transaction)**

- ◆ **Improve the service quality continuously**

- ✓ **Expand investment information**
- ✓ **Enhance UI/UX**

- ◆ **Enhance our communication with customers**

- ✓ **Expand video contents for support trading**
- ✓ **Promote DX at customer call center**

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# Summary of Financial Results

(JPY mn)

|                                        | FY2020 |       | FY2021 |       |       |       | FY2022 |       |
|----------------------------------------|--------|-------|--------|-------|-------|-------|--------|-------|
|                                        | 3Q     | 4Q    | 1Q     | 2Q    | 3Q    | 4Q    | 1Q     | 2Q    |
| <b>Operating Revenues</b>              | 7,381  | 8,512 | 7,476  | 7,840 | 7,865 | 7,435 | 7,252  | 7,668 |
| <b>Net operating revenues</b>          | 7,042  | 8,190 | 7,181  | 7,566 | 7,594 | 7,098 | 6,858  | 7,083 |
| <b>SG &amp; A</b>                      | 3,811  | 4,464 | 4,122  | 4,002 | 4,265 | 4,279 | 4,032  | 4,249 |
| <b>Operating income</b>                | 3,232  | 3,726 | 3,060  | 3,564 | 3,329 | 2,819 | 2,826  | 2,834 |
| <b>Ordinary income</b>                 | 3,260  | 3,747 | 3,103  | 3,545 | 3,333 | 2,810 | 2,810  | 2,785 |
| <b>Net income</b>                      | 2,258  | 2,536 | 3,954  | 2,443 | 2,280 | 2,763 | 1,945  | 1,914 |
| <b>Ordinary income ratio</b>           | 44%    | 44%   | 41%    | 45%   | 42%   | 38%   | 39%    | 36%   |
| <b>Matsui's trading value (JPY tn)</b> | 9.0    | 10.7  | 9.1    | 9.7   | 9.8   | 9.8   | 8.6    | 8.6   |
| <b>Average margin balance (JPY bn)</b> | 265    | 289   | 321    | 322   | 322   | 293   | 281    | 293   |

# Breakdown of Revenues

(JPY mn)

|                                       | FY2020 |       | FY2021 |       |       |       | FY2022 |       |
|---------------------------------------|--------|-------|--------|-------|-------|-------|--------|-------|
|                                       | 3Q     | 4Q    | 1Q     | 2Q    | 3Q    | 4Q    | 1Q     | 2Q    |
| <b>Commissions</b>                    | 4,421  | 5,347 | 4,249  | 4,470 | 4,410 | 4,325 | 3,933  | 4,109 |
| <b>Brokerage</b>                      | 4,240  | 5,147 | 4,062  | 4,247 | 4,199 | 4,131 | 3,734  | 3,875 |
| <b>Equity &amp; ETF</b>               | 4,015  | 4,898 | 3,851  | 4,014 | 3,953 | 3,800 | 3,372  | 3,595 |
| <b>Futures &amp; Options</b>          | 225    | 249   | 211    | 233   | 246   | 331   | 362    | 280   |
| <b>Others</b>                         | 155    | 188   | 177    | 192   | 175   | 194   | 195    | 229   |
| <b>Net trading income</b>             | 197    | 217   | 137    | 237   | 284   | 218   | 454    | 455   |
| <b>Interest &amp; dividend income</b> | 2,763  | 2,948 | 3,090  | 3,132 | 3,171 | 2,892 | 2,865  | 3,103 |
| <b>Interest expenses</b>              | 339    | 322   | 295    | 274   | 271   | 337   | 394    | 585   |
| <b>Net interest income</b>            | 2,424  | 2,626 | 2,795  | 2,858 | 2,900 | 2,555 | 2,471  | 2,519 |

# Breakdown of SG&A

(JPY mn)

|                                                     | FY2020 |       | FY2021 |       |       |       | FY2022 |       |
|-----------------------------------------------------|--------|-------|--------|-------|-------|-------|--------|-------|
|                                                     | 3Q     | 4Q    | 1Q     | 2Q    | 3Q    | 4Q    | 1Q     | 2Q    |
| <b>Trading related expenses</b>                     | 1,418  | 1,828 | 1,564  | 1,500 | 1,649 | 1,501 | 1,366  | 1,396 |
| <b>Stock exchanges and securities</b>               | 367    | 405   | 354    | 359   | 370   | 376   | 351    | 329   |
| <b>Communications expenses</b>                      | 470    | 503   | 483    | 466   | 488   | 492   | 479    | 498   |
| <b>Advertisement</b>                                | 342    | 661   | 492    | 450   | 563   | 399   | 304    | 333   |
| <b>Personnel expenses</b>                           | 677    | 801   | 706    | 733   | 765   | 850   | 778    | 800   |
| <b>Occupancy &amp; rental</b>                       | 241    | 255   | 256    | 240   | 239   | 318   | 224    | 226   |
| <b>Data processing &amp; office supplies</b>        | 778    | 832   | 805    | 777   | 864   | 876   | 902    | 1,025 |
| <b>Depreciation</b>                                 | 535    | 544   | 588    | 592   | 588   | 609   | 609    | 612   |
| <b>Taxes and dues</b>                               | 114    | 117   | 163    | 124   | 125   | 103   | 114    | 129   |
| <b>Provision of allowance for doubtful accounts</b> | △ 6    | 42    | △ 22   | △ 5   | △ 9   | △ 19  | △ 33   | △ 2   |
| <b>Others</b>                                       | 54     | 45    | 62     | 41    | 44    | 42    | 72     | 65    |
| <b>Total SG &amp; A</b>                             | 3,811  | 4,464 | 4,122  | 4,002 | 4,265 | 4,279 | 4,032  | 4,249 |

The material is intended to provide the financial results for the quarter ended 30 September 2022 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 2022. 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.

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