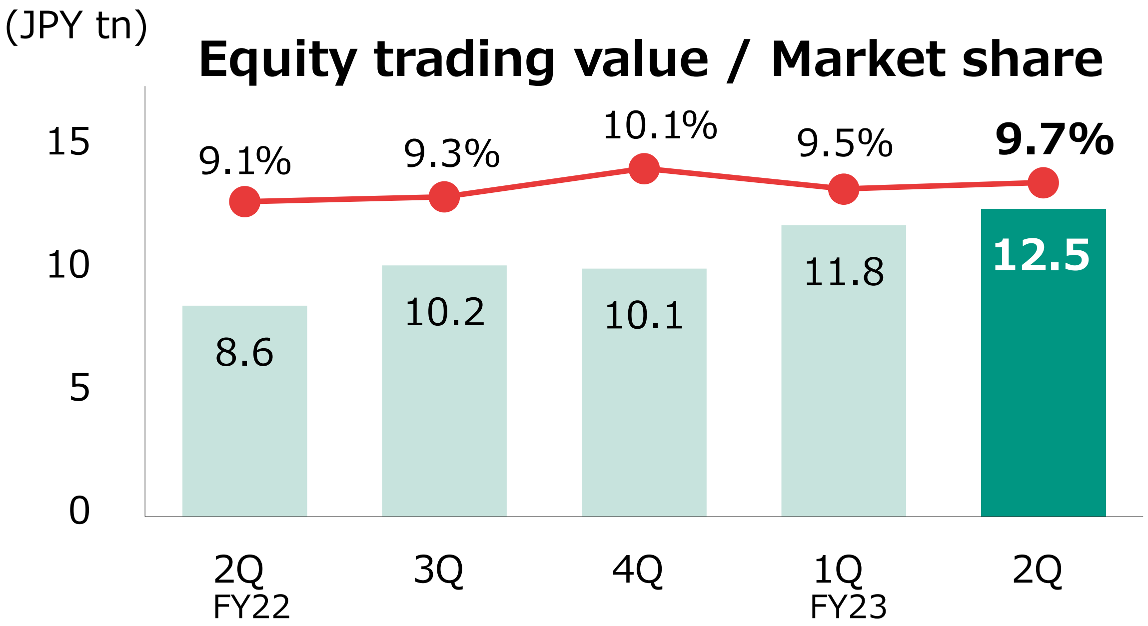
Results for 2QFY2023

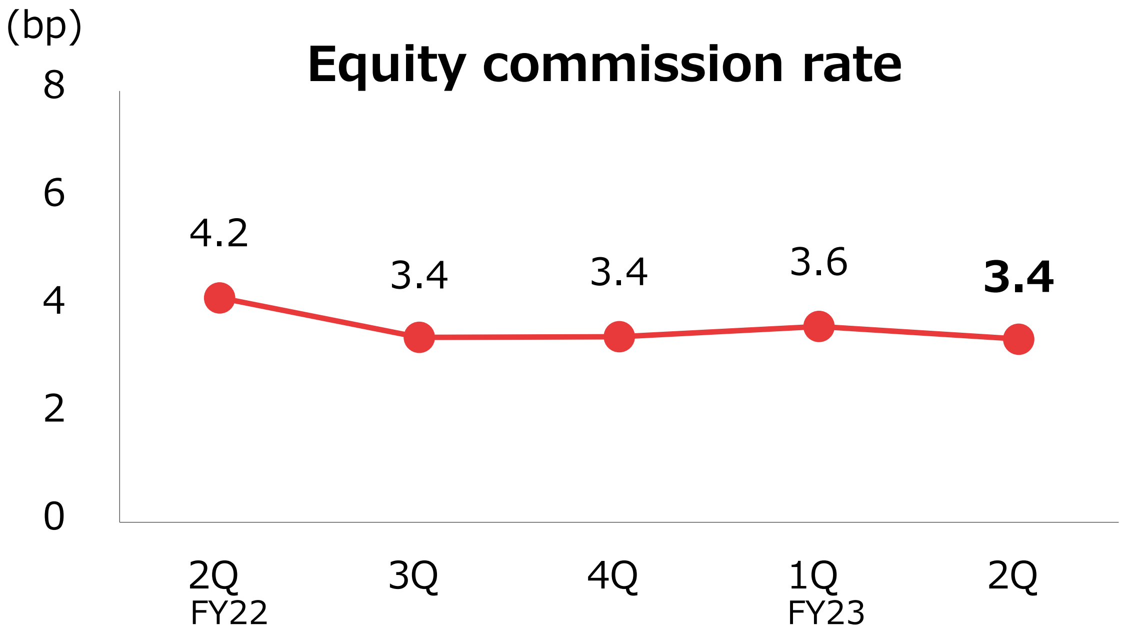
Matsui Securities Co., Ltd.

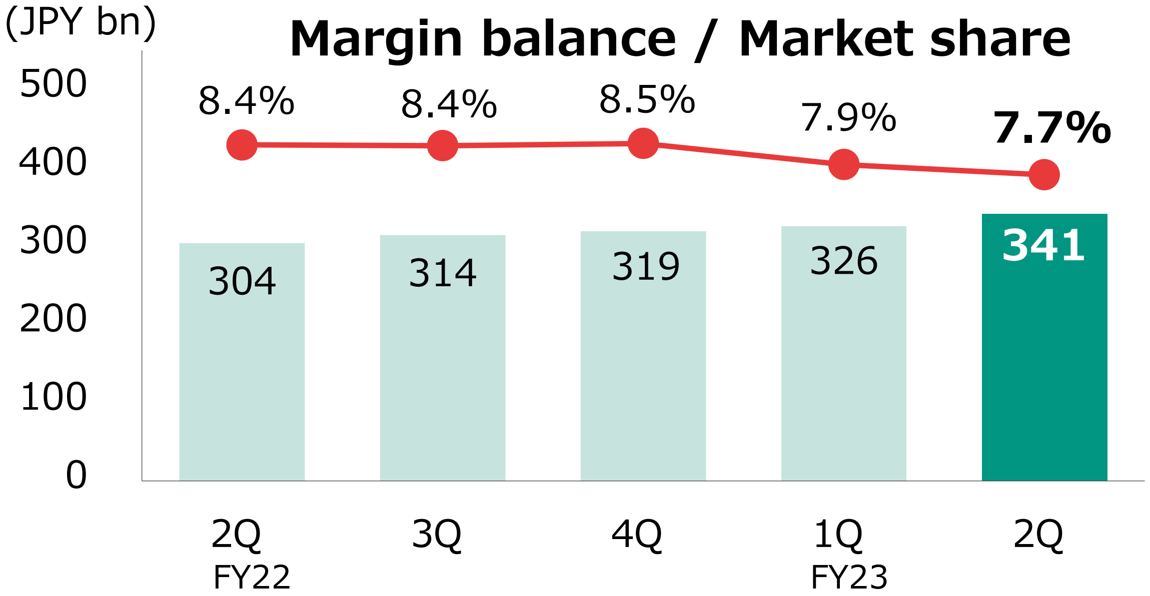
October 26, 2023

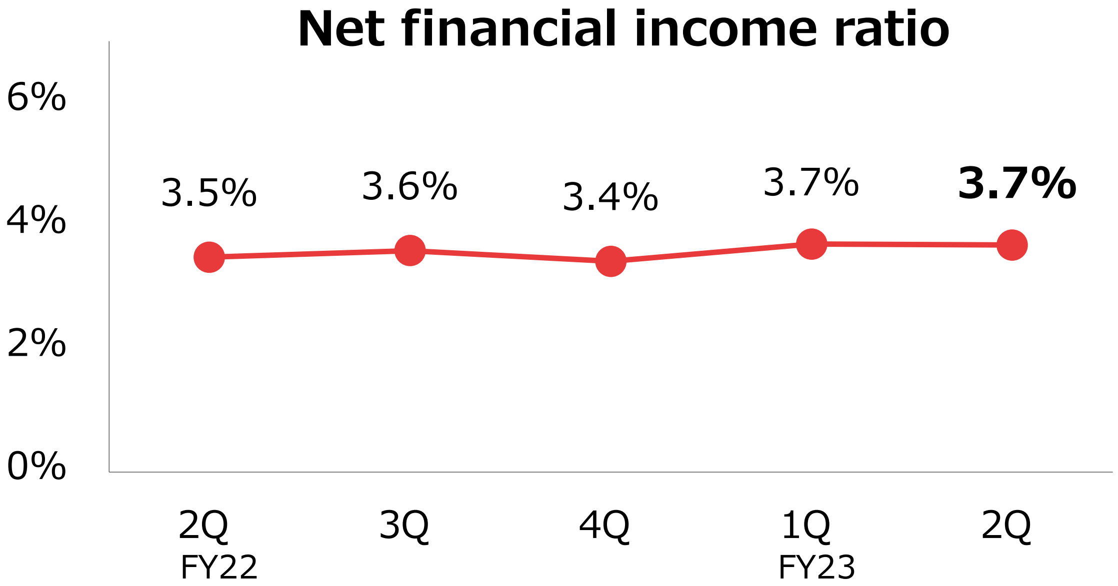
INDEX

Business Results









Financial Results

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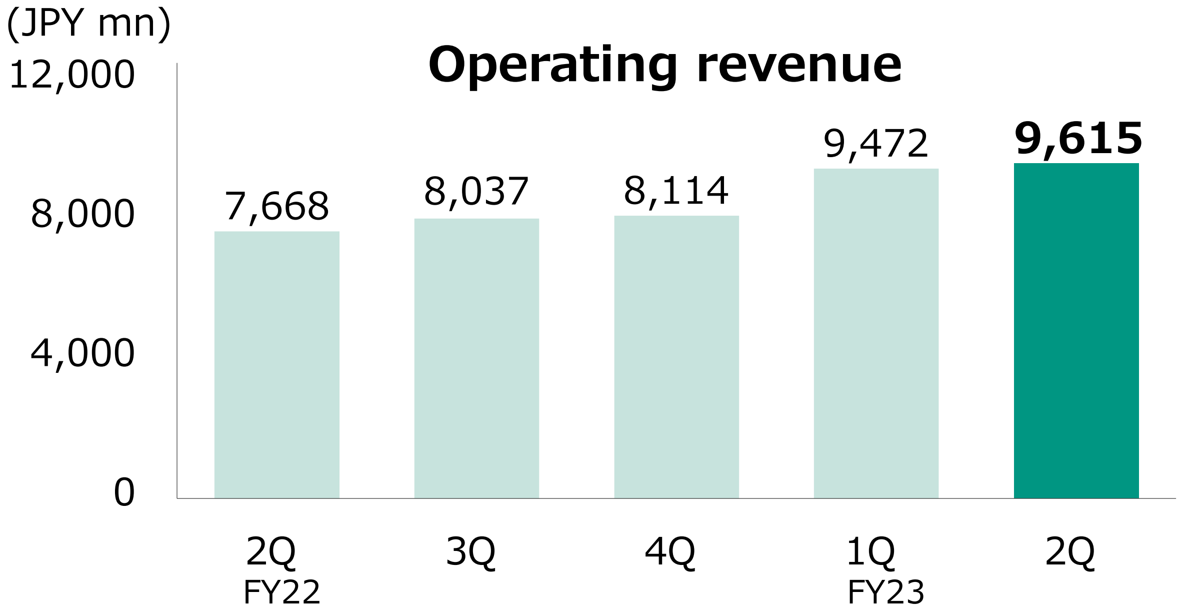

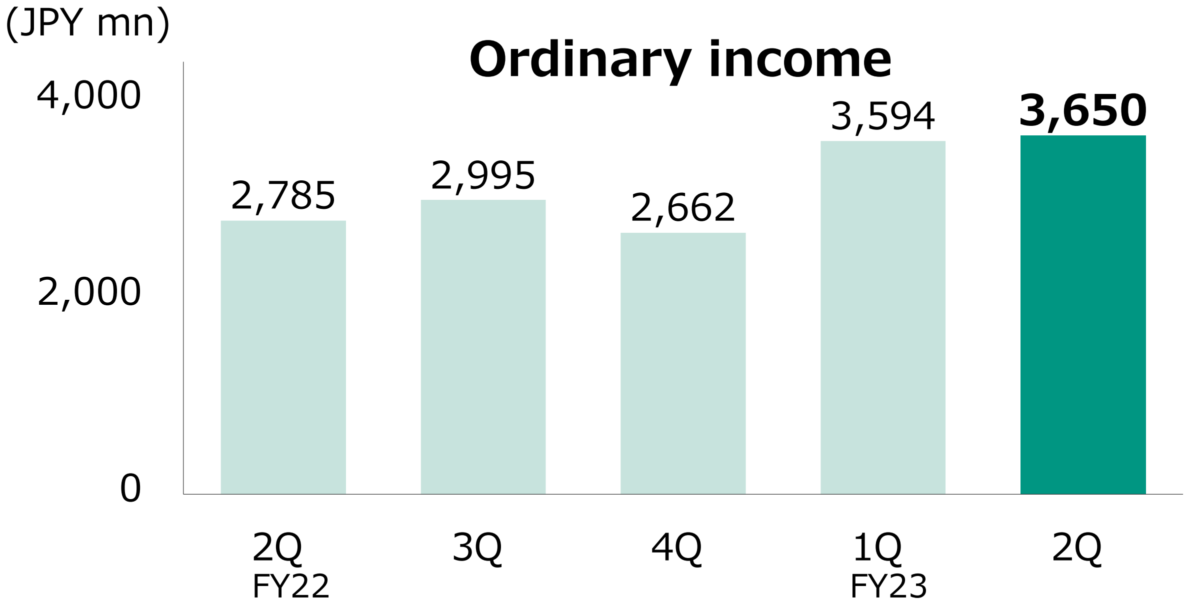

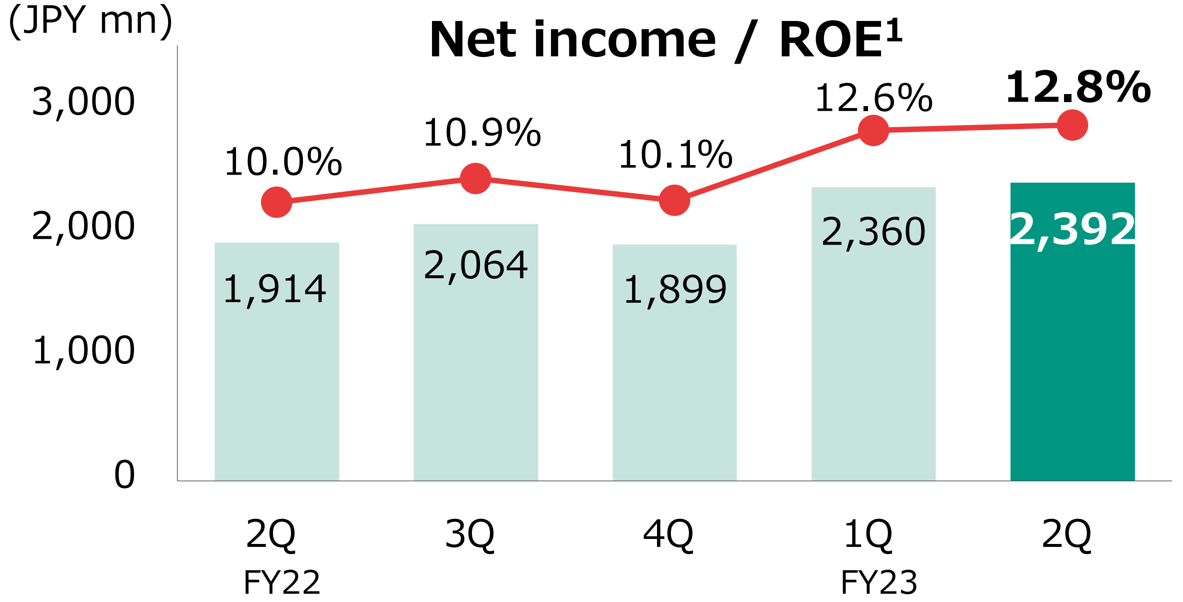

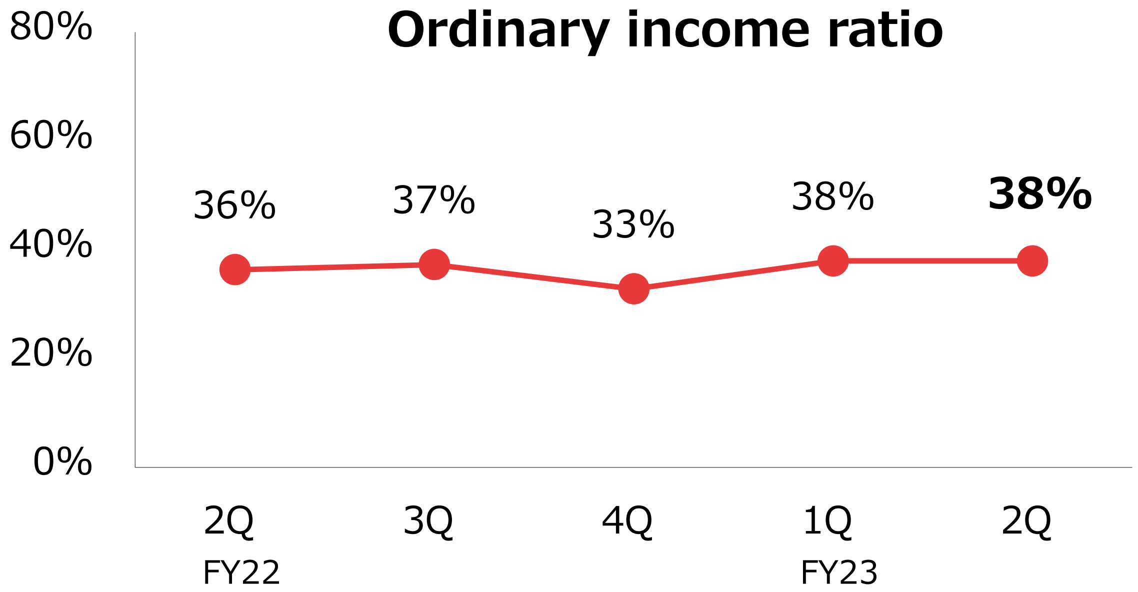

Note 1: Annualized on each quarter.

Financial Summary

Summary of Financial Results

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2Q FY2023

(JPY mn)

	2Q(Apr.-Sep.) FY2022	**2Q(Apr.-Sep.) FY2023**	**YoY**
Operating Revenues	14,920	**19,086**	**28%**
Net operating revenues	13,941	**16,730**	**20%**
SG&A	8,281	**9,455**	**14%**
Operating income	5,660	**7,276**	**29%**
Ordinary income	5,596	**7,243**	**29%**
Net income	3,860	**4,752**	**23%**
Ordinary income ratio	38%	**38%**	-
Matsui's trading value (JPY tn)	17.1	**24.4**	**42%**
Average margin balance (JPY bn)	287	**321**	**12%**

Breakdown of Net Operating Revenues

MATSUI
松井証券

2Q FY2023

(JPY mn)

	2Q(Apr.-Sep.) FY2022	**2Q(Apr.-Sep.) FY2023**	**YoY**
Commissions	8,042	**9,655**	**20%**
Brokerage	7,608	**9,155**	**20%**
Equity & ETF	6,967	**8,637**	**24%**
Futures & Options	642	**518**	**-19%**
Others	424	**451**	**7%**
Net trading income	909	**1,140**	**25%**
Net interest income	4,990	**5,935**	**19%**
Interest & dividend income	5,969	**8,291**	**39%**
Interest expenses	979	**2,356**	**141%**
Net operating revenues	13,941	**16,730**	**20%**

Breakdown of SG&A

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2Q FY2023

(JPY mn)

	2Q(Apr.-Sep.) FY2022	2Q(Apr.-Sep.) FY2023	YoY
Trading related expenses	2,761	**2,974**	8%
Stock exchanges and securities	680	**785**	15%
Communications expenses	977	**617**	-37%
Advertisement	636	**1,042**	64%
Personnel expenses	1,577	**1,759**	12%
Occupancy & rental	449	**478**	6%
Data processing & office supplies	1,927	**2,368**	23%
Depreciation	1,221	**1,505**	23%
Taxes and dues	244	**222**	-9%
Provision of allowance for doubtful accounts	△ 36	**6**	-
Others	137	**142**	4%
Total SG&A	8,281	**9,455**	14%

Summary of Financial Results

MATSUI
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Quarterly

(JPY mn)

	1QFY2023	2QFY2023	QoQ
Operating Revenues	9,472	9,615	2%
Net operating revenues	8,232	8,498	3%
SG & A	4,636	4,818	4%
Operating income	3,596	3,680	2%
Ordinary income	3,594	3,650	2%
Net income	2,360	2,392	1%
Ordinary income ratio	38%	38%	-
Matsui's trading value (JPY tn)	11.8	12.5	6%
Average margin balance (JPY bn)	312	331	6%

Breakdown of Net Operating Revenues

MATSUI 松井証券

Quarterly

(JPY mn)

	1QFY2023	2QFY2023	QoQ
Commissions	4,850	4,805	-1%
Brokerage	4,611	4,544	-1%
Equity & ETF	4,342	4,295	-1%
Futures & Options	269	249	-7%
Others	208	244	17%
Net trading income	443	698	58%
Net interest income	2,939	2,996	2%
Interest & dividend income	4,178	4,112	-2%
Interest expenses	1,239	1,117	-10%
Net operating revenues	8,232	8,498	3%

Breakdown of SG&A

MATSUI 松井証券

Quarterly

(JPY mn)

	1QFY2023	2QFY2023	QoQ
Trading related expenses	1,468	**1,506**	3%
Stock exchanges and securities	408	**376**	-8%
Communications expenses	307	**310**	1%
Advertisement	489	**553**	13%
Personnel expenses	870	**889**	2%
Occupancy & rental	236	**242**	3%
Data processing & office supplies	1,143	**1,225**	7%
Depreciation	743	**761**	2%
Taxes and dues	114	**108**	-5%
Provision of allowance for doubtful accounts	△ 19	**26**	-
Others	81	**61**	-24%
Total SG & A	4,636	**4,818**	4%

Regulatory Capital

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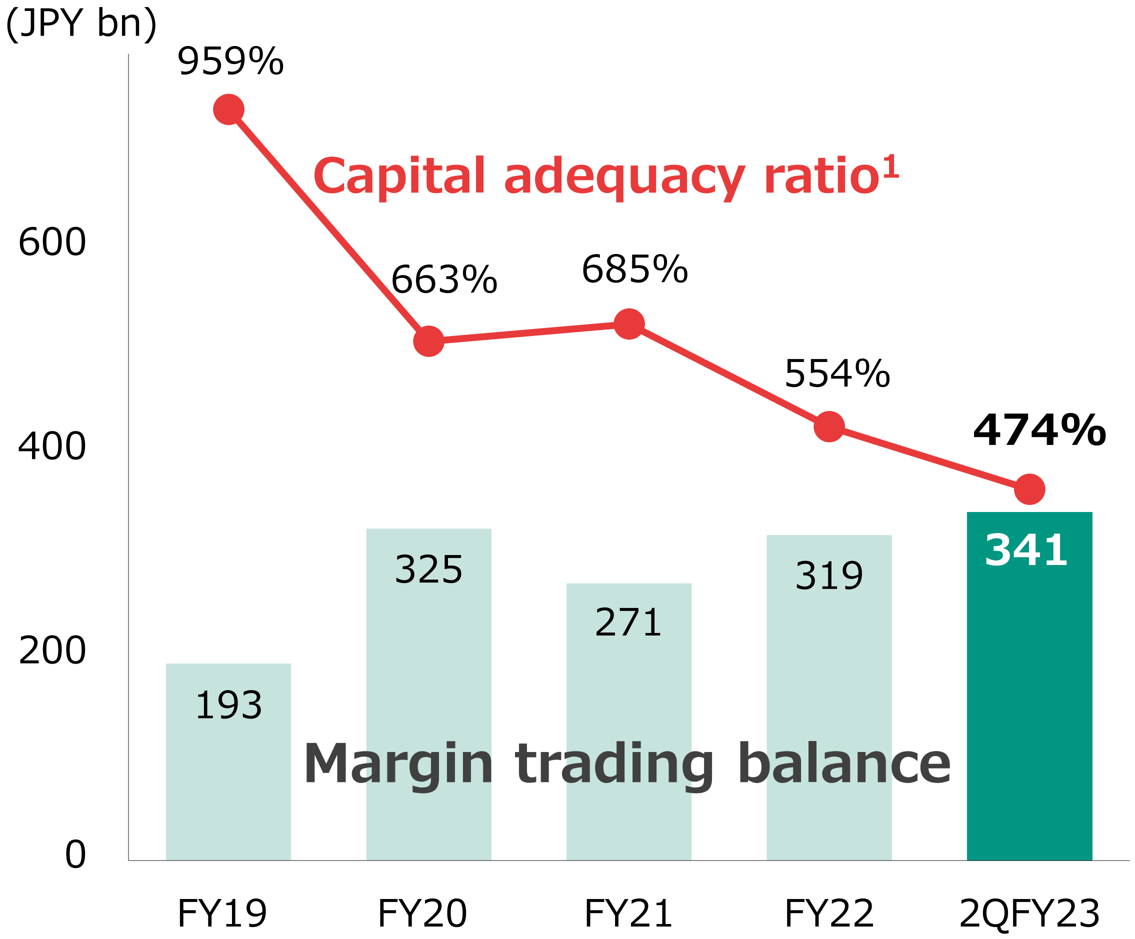
Capital adequacy ratio (As of 30 September 2023)

(JPY mn)

Tier 1		(A)	70,592
Tier 2	Net unrealized gain on investment		351
	Statutory reserves		3,521
	Allowance for doubtful accounts		15
	Sub total	(B)	3,887
Assets to be deducted from equity capital		(C)	18,209
Net Capital	(A) + (B) - (C)	(D)	56,270
Total risk	Market risk		23
	Counterparty risk		7,277
	Basic risk		4,557
	Total	(E)	11,858
Capital Adequacy ratio		(D)/(E)	**474%**

Margin trading balance and capital adequacy ratio



Note 1 : The average of capital adequacy ratio of the five major online brokers is 378%. (as of June. 30, 2023)

Pay interim dividend of 20 yen per share for FY23

Dividends for FY23

- Interim : **20 yen** per share
- Dividends payout ratio : 108%
- DOE : 14%
- ROE : 13%

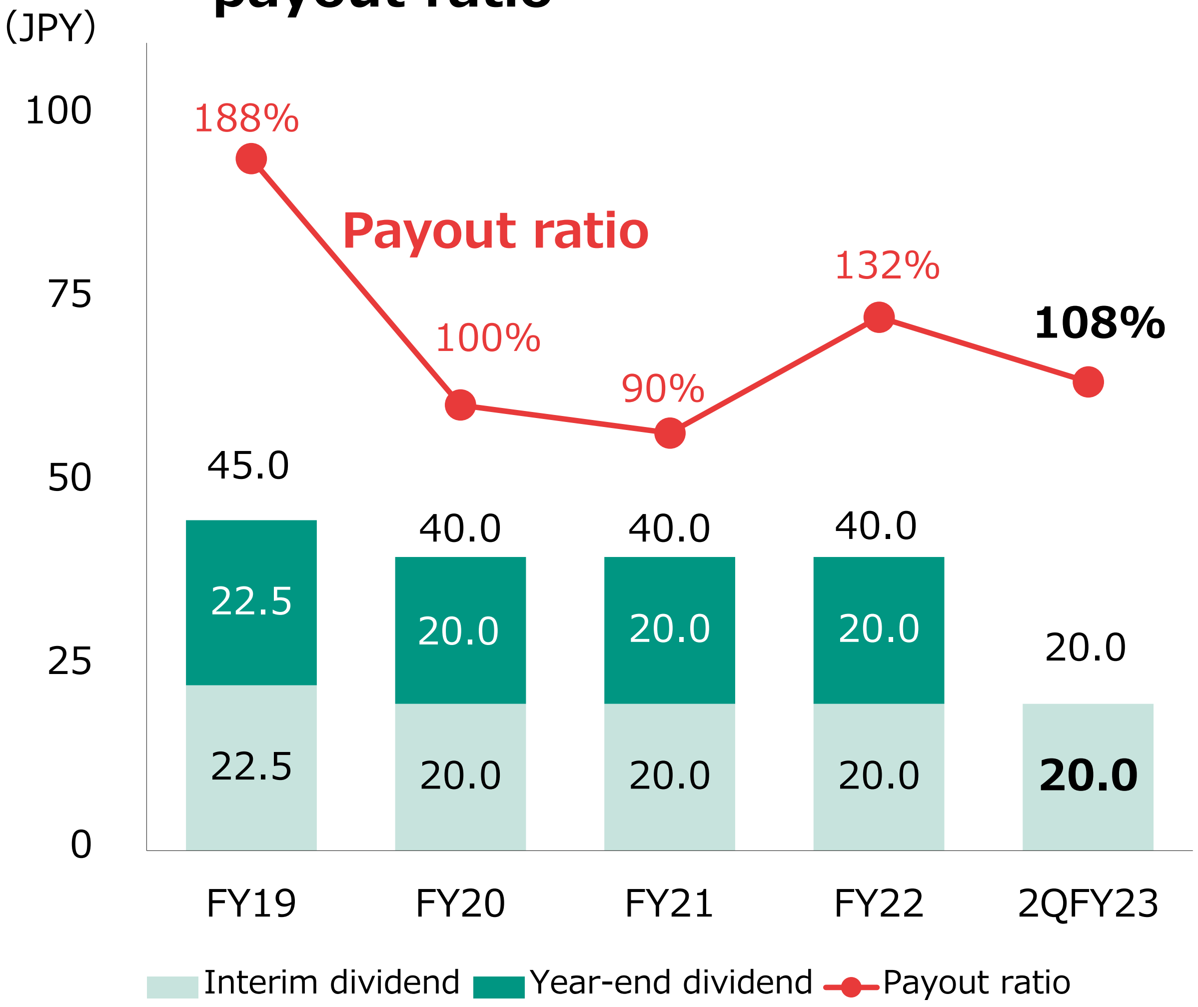
Dividend policy

Dividends Payout Ratio : 60% and above

and

Dividends on Equity(DOE) : 8% and above

Matsui's dividend per share and payout ratio[1]

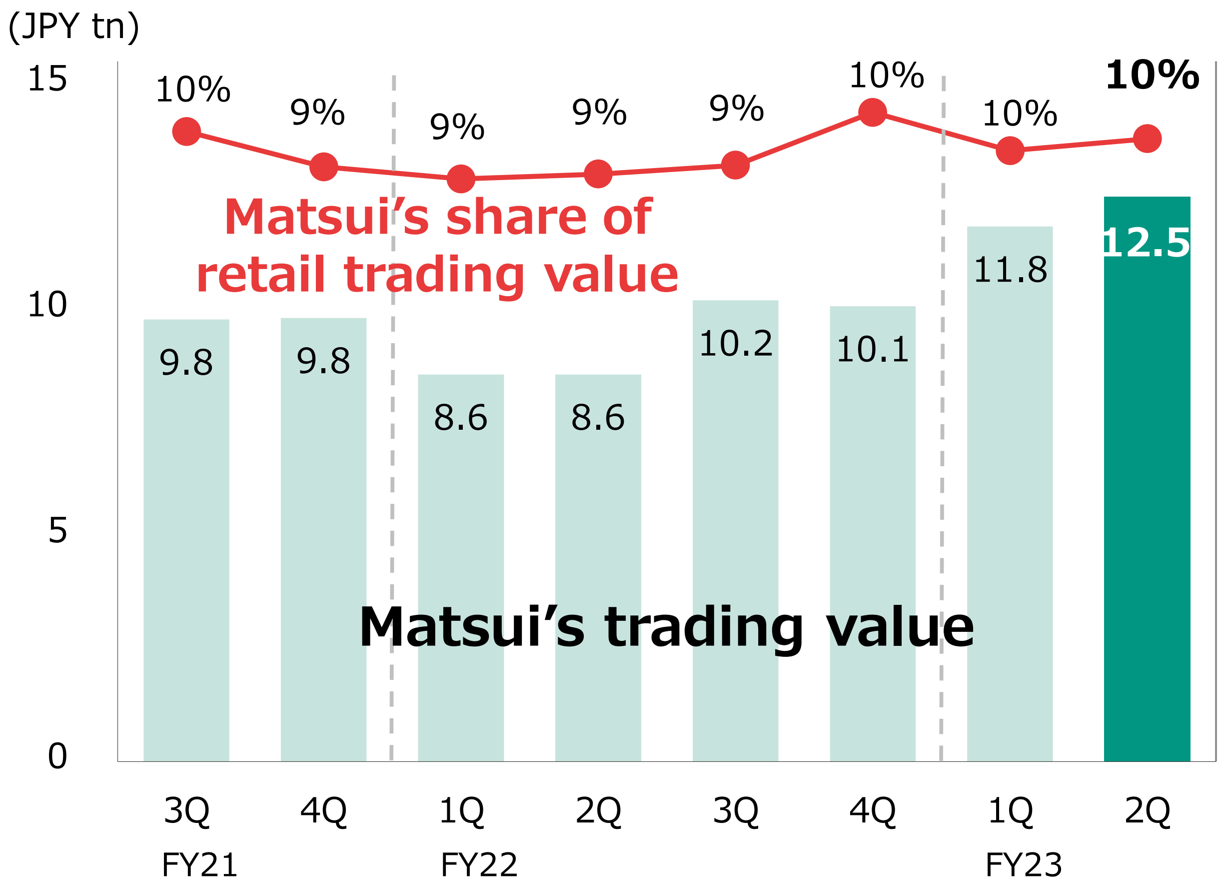


Note 1 : Payout ratio for the ordinary dividend

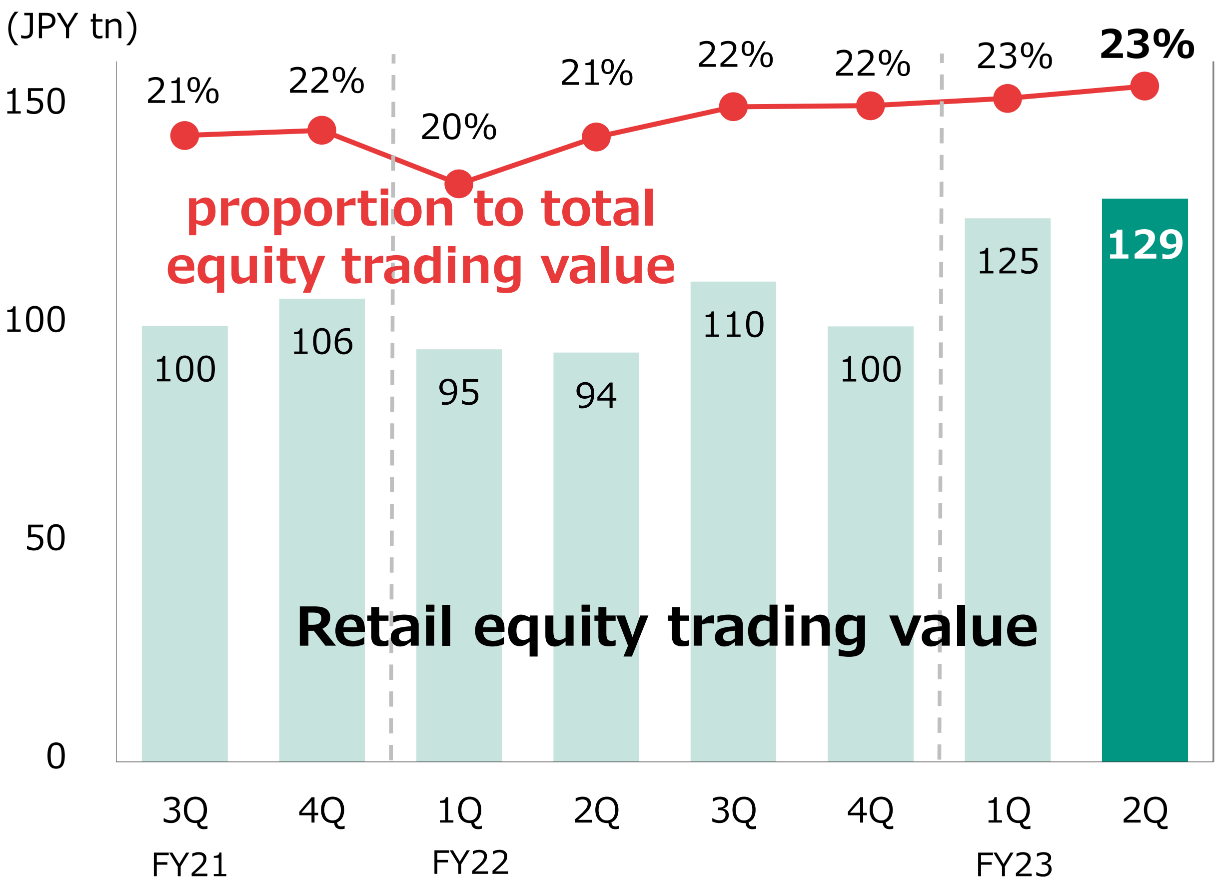
Business Results

Equity Trading Value

Matsui's equity trading value and its market share[1]



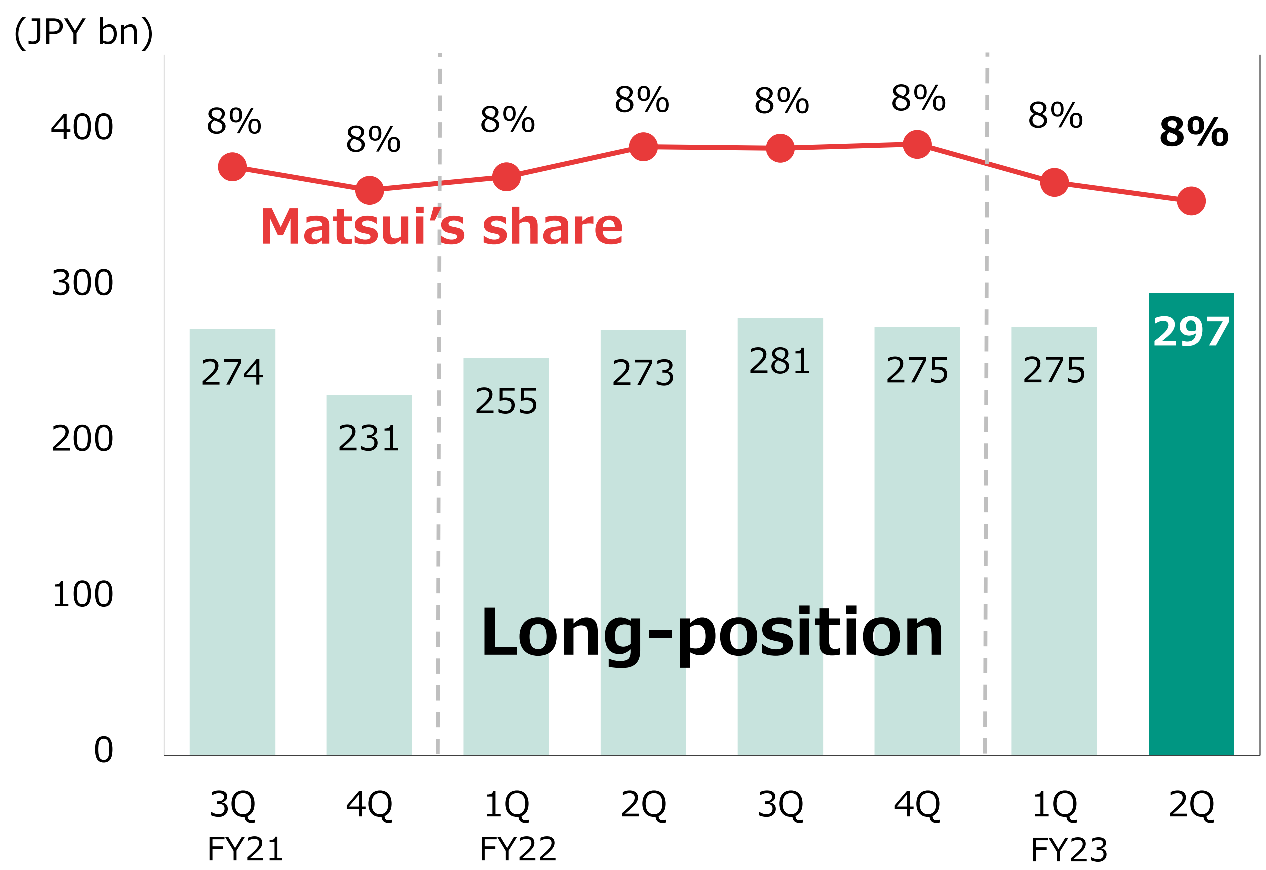
Retail equity trading value[1] and proportion to total equity trading value



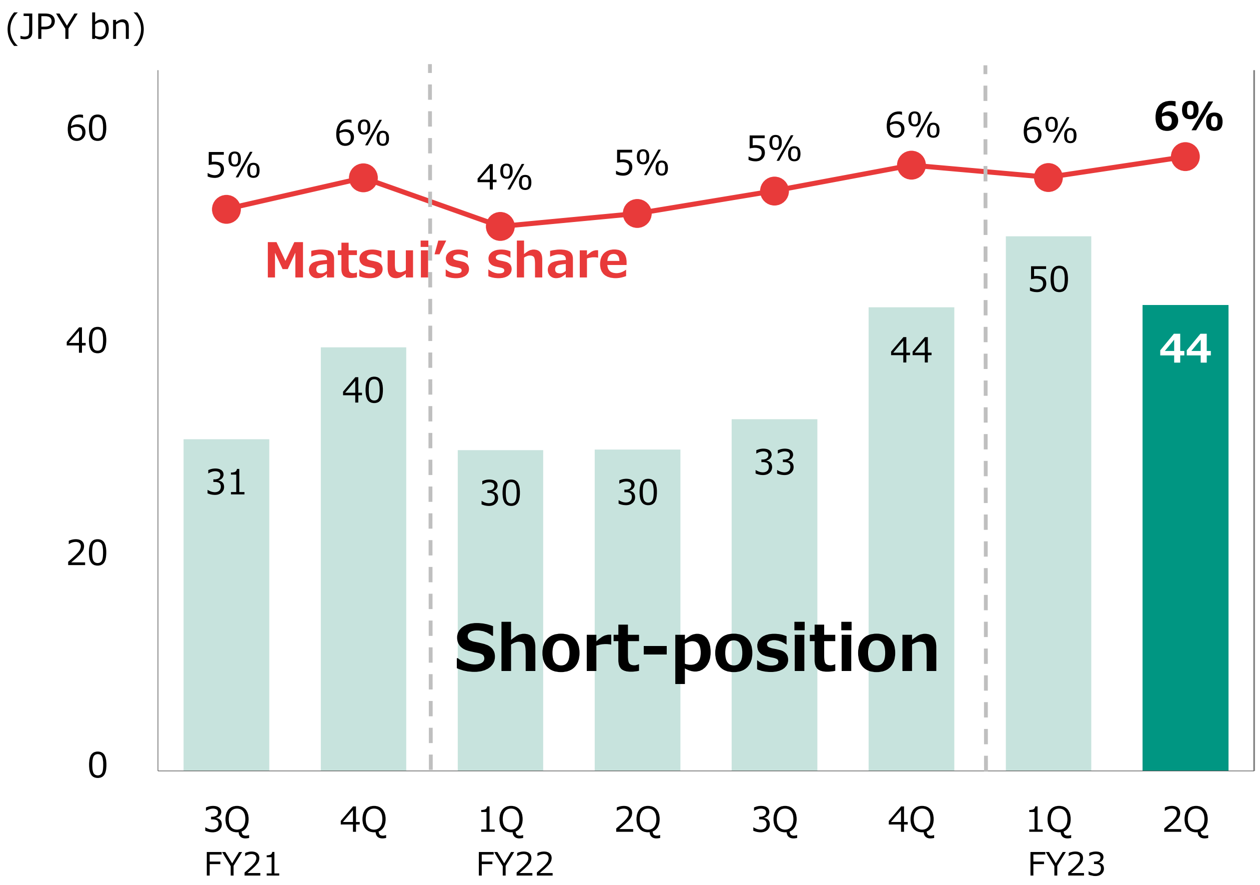
Source: TSE
Note 1: Sum of the retail equity trading value on 2 major stock exchanges

Margin Trading Balance

Matsui's long-position on margin[1] and its market share[2]



Matsui's short-position on margin[1] and its market share[2]



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)

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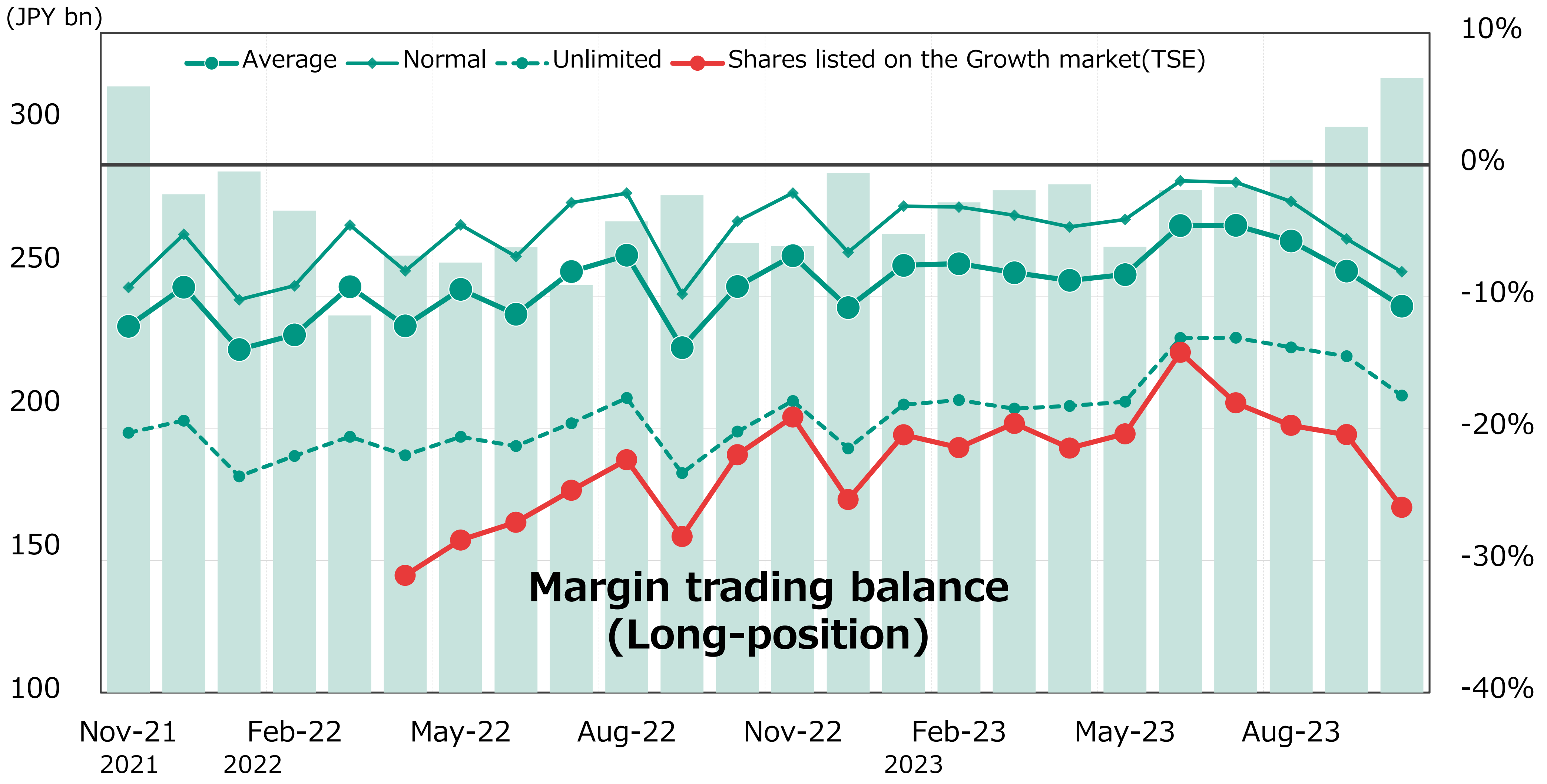
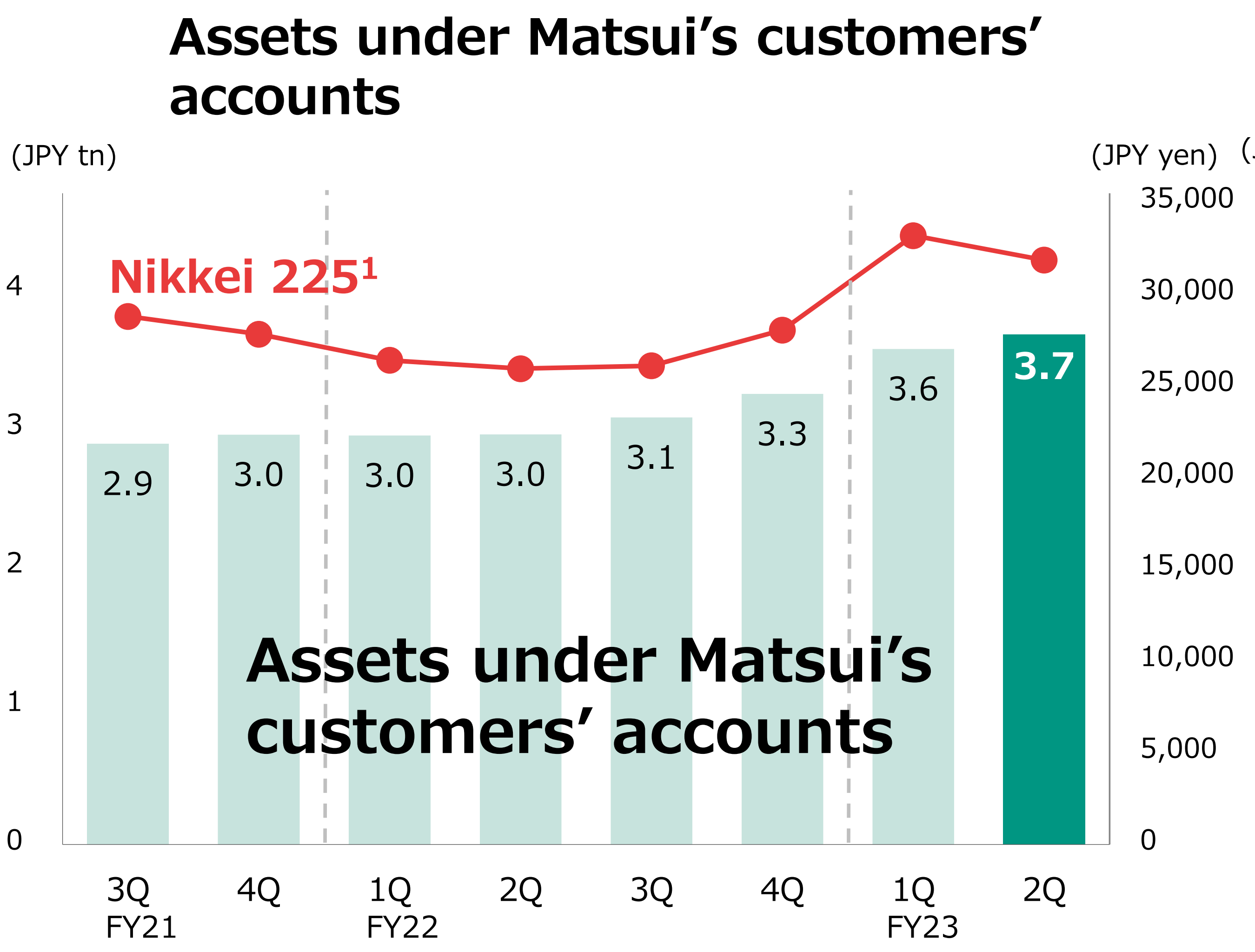
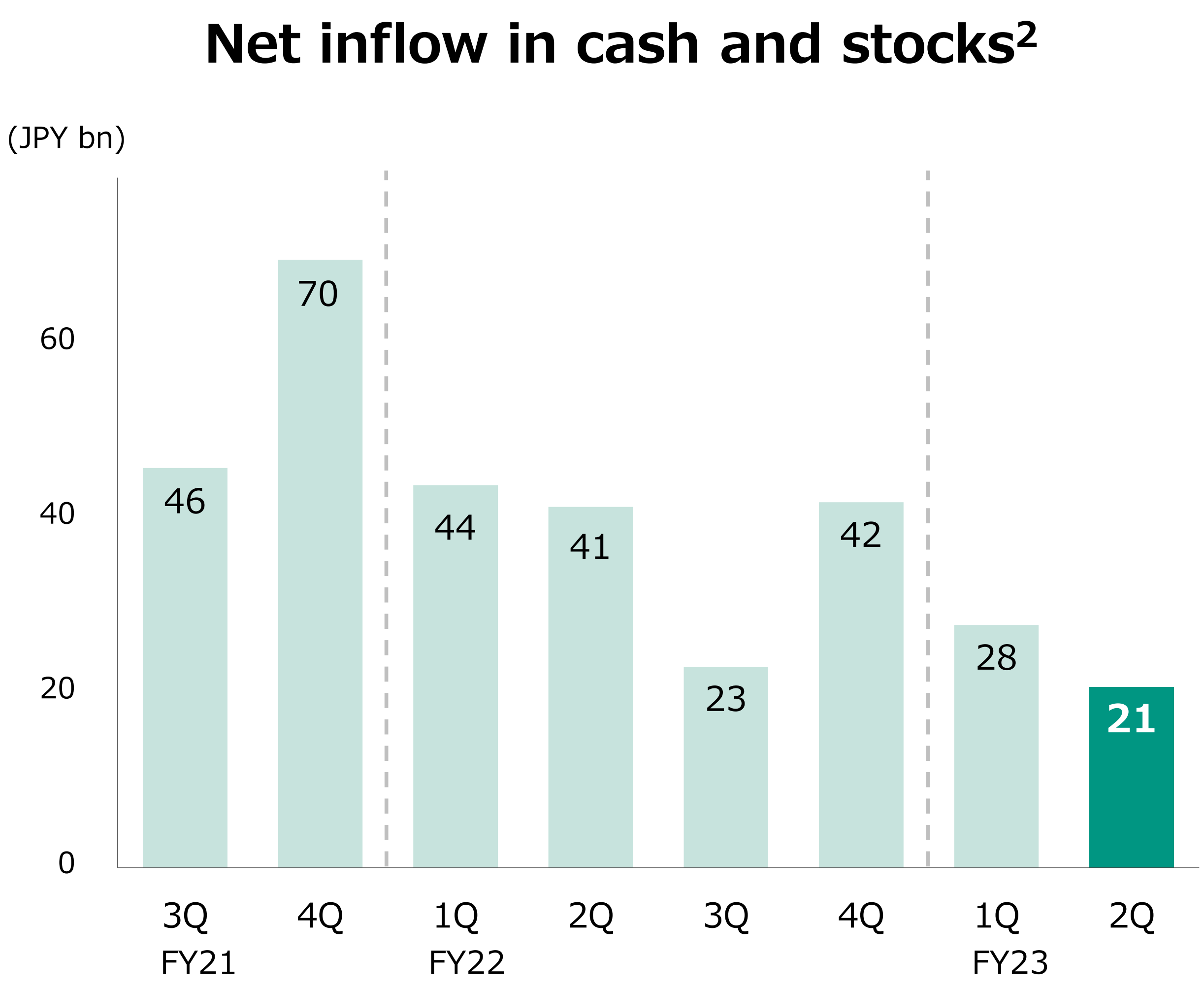


Assets under Customers' Accounts





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

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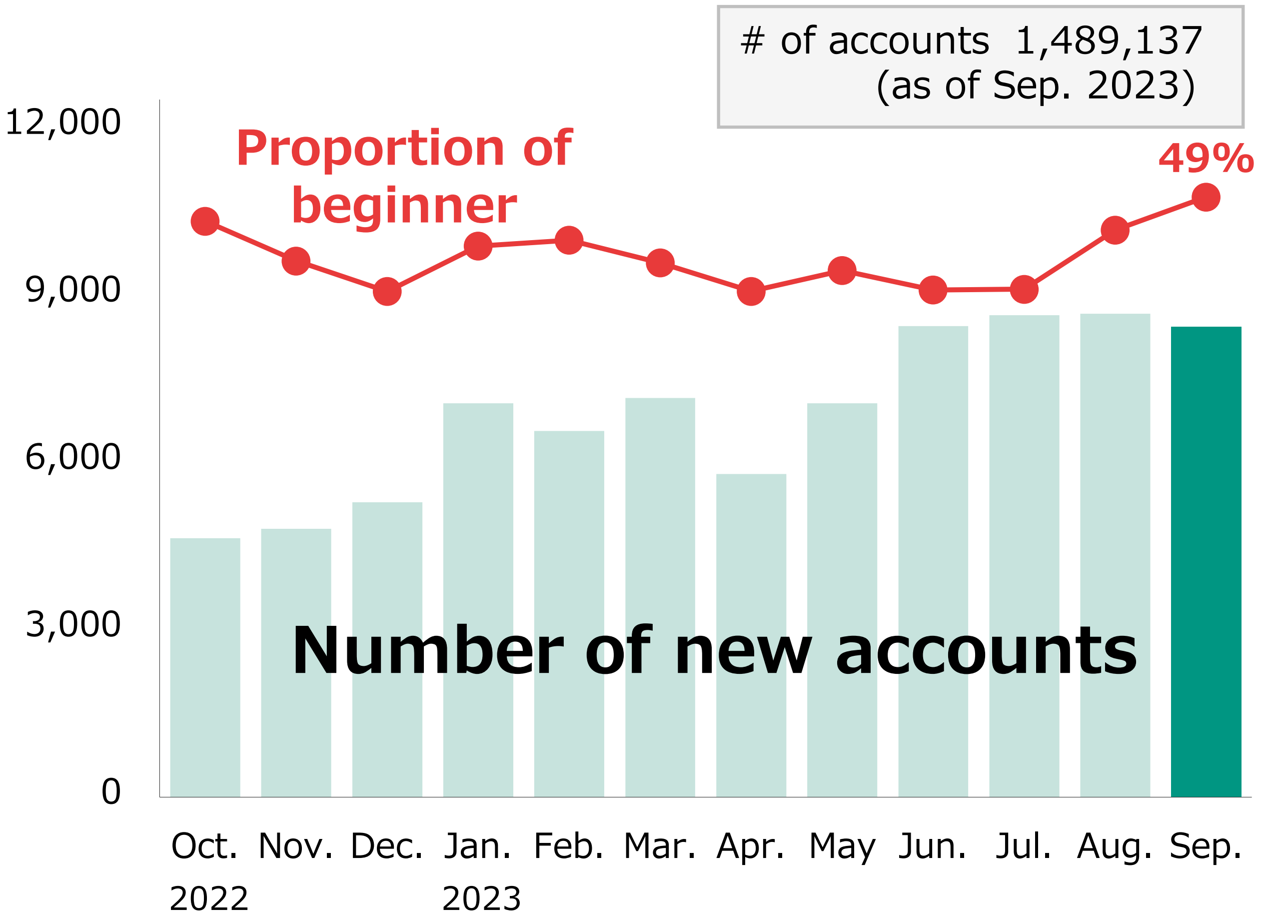
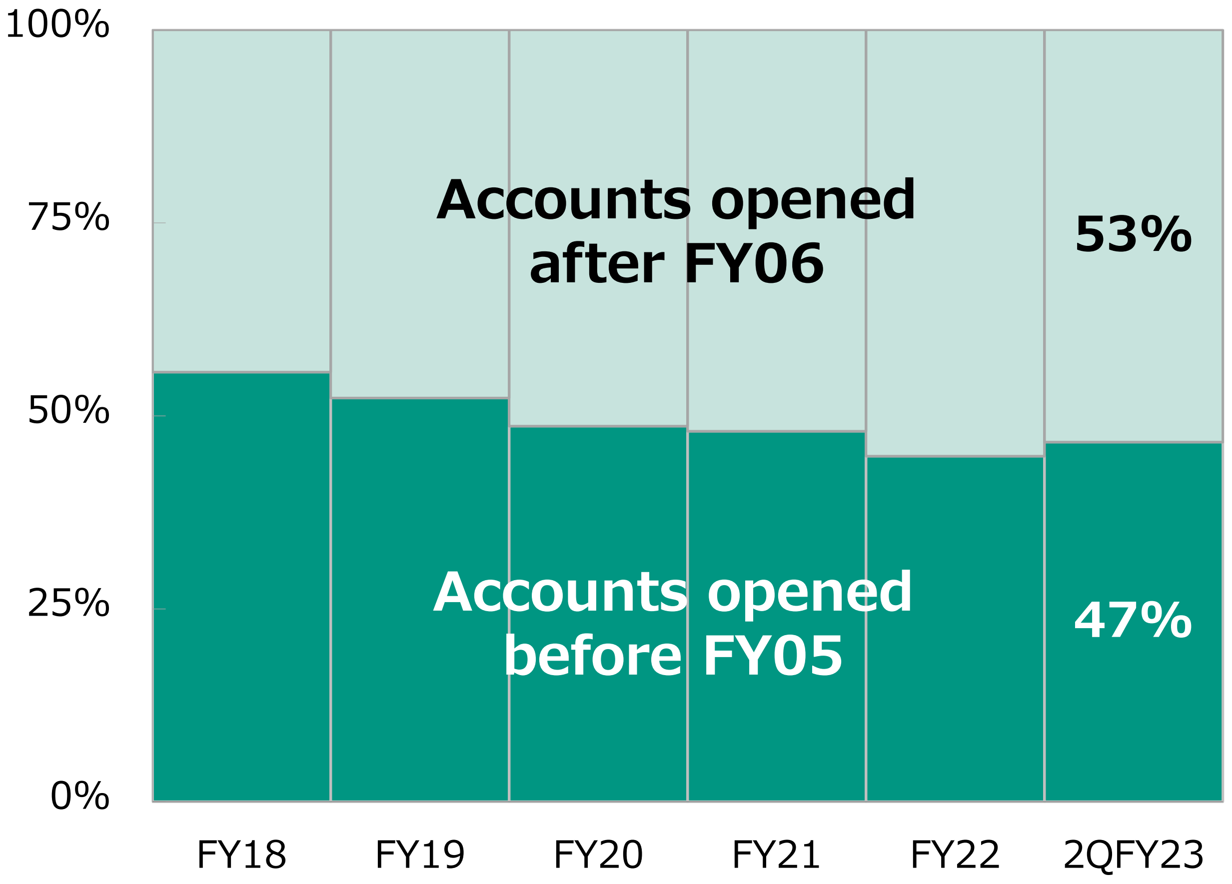
Number of accounts at Matsui



Breakdown of trading value[1] by customers opening the accounts in each fiscal year



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

Futures Trading

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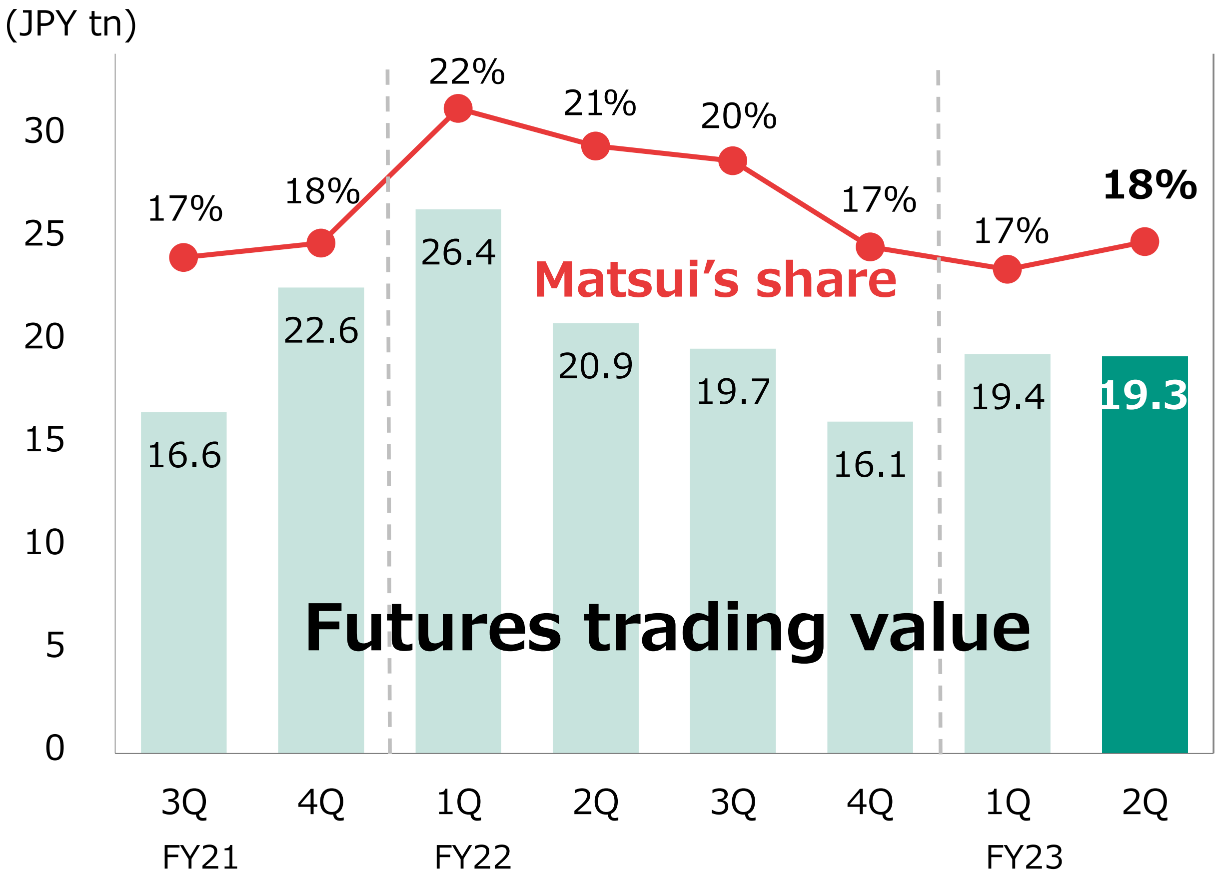
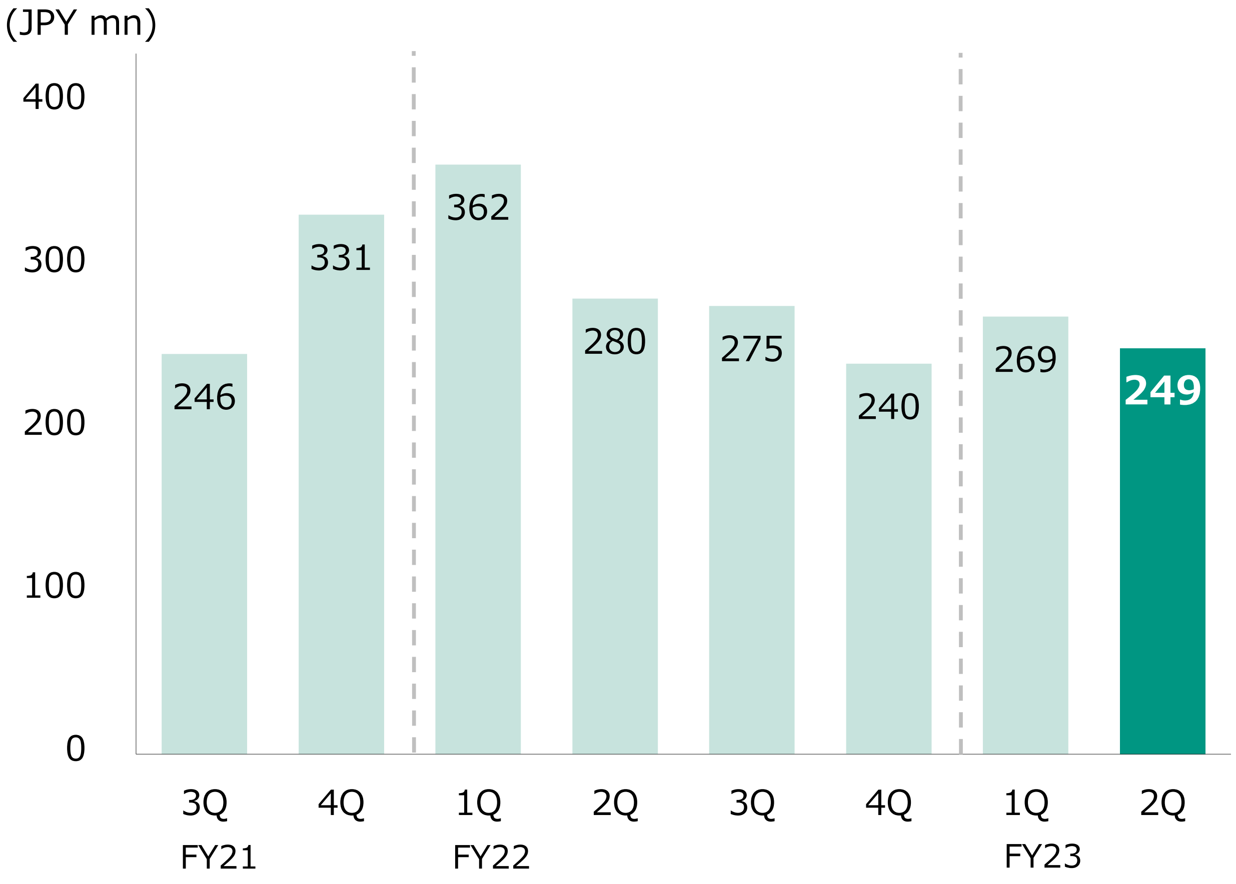
Matsui's OSE Nikkei 225 Futures trading value[1] and its market share[1]



Commissions of Futures and Options



Note1 : Source : OSE

FX Margin Trading

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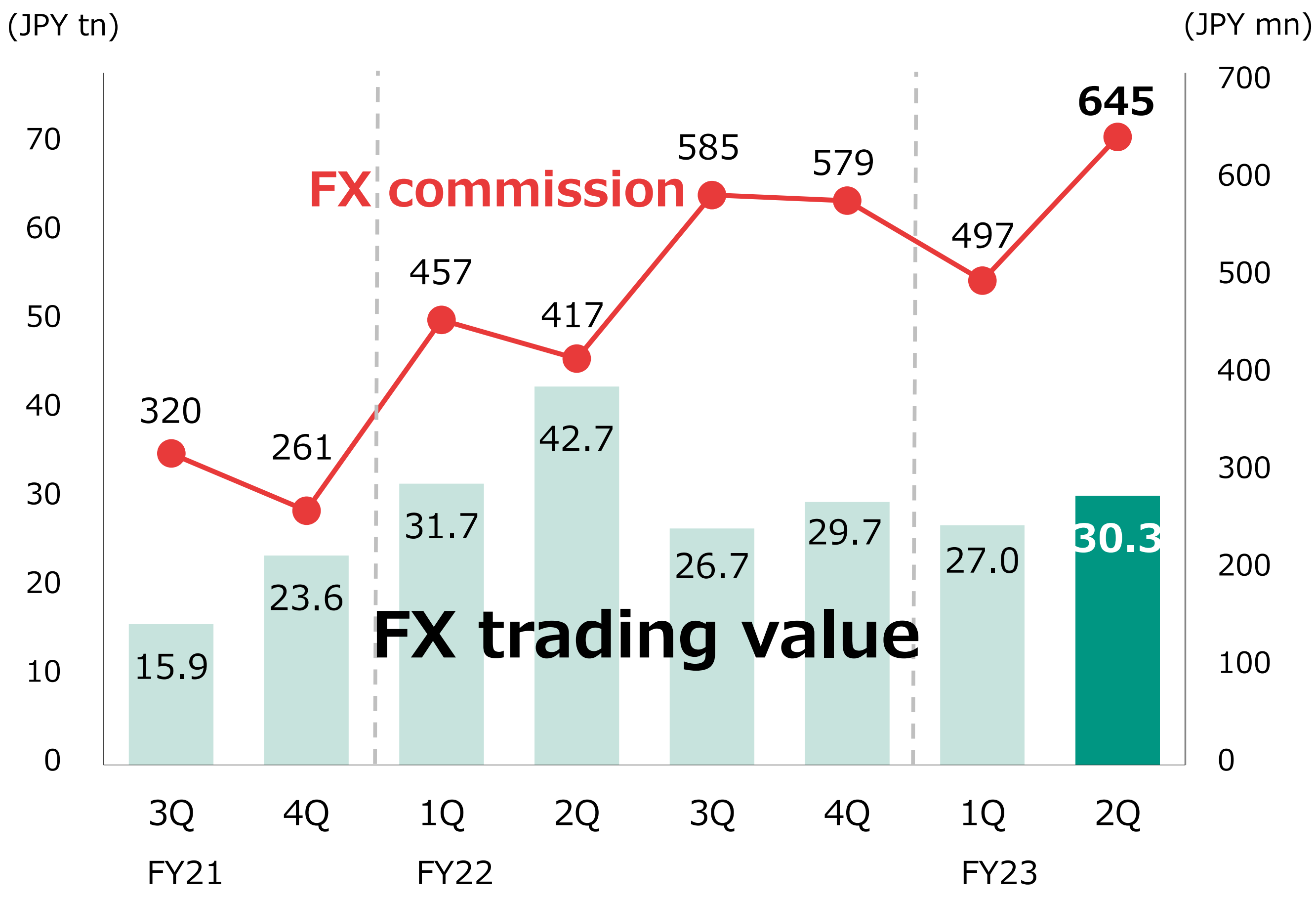
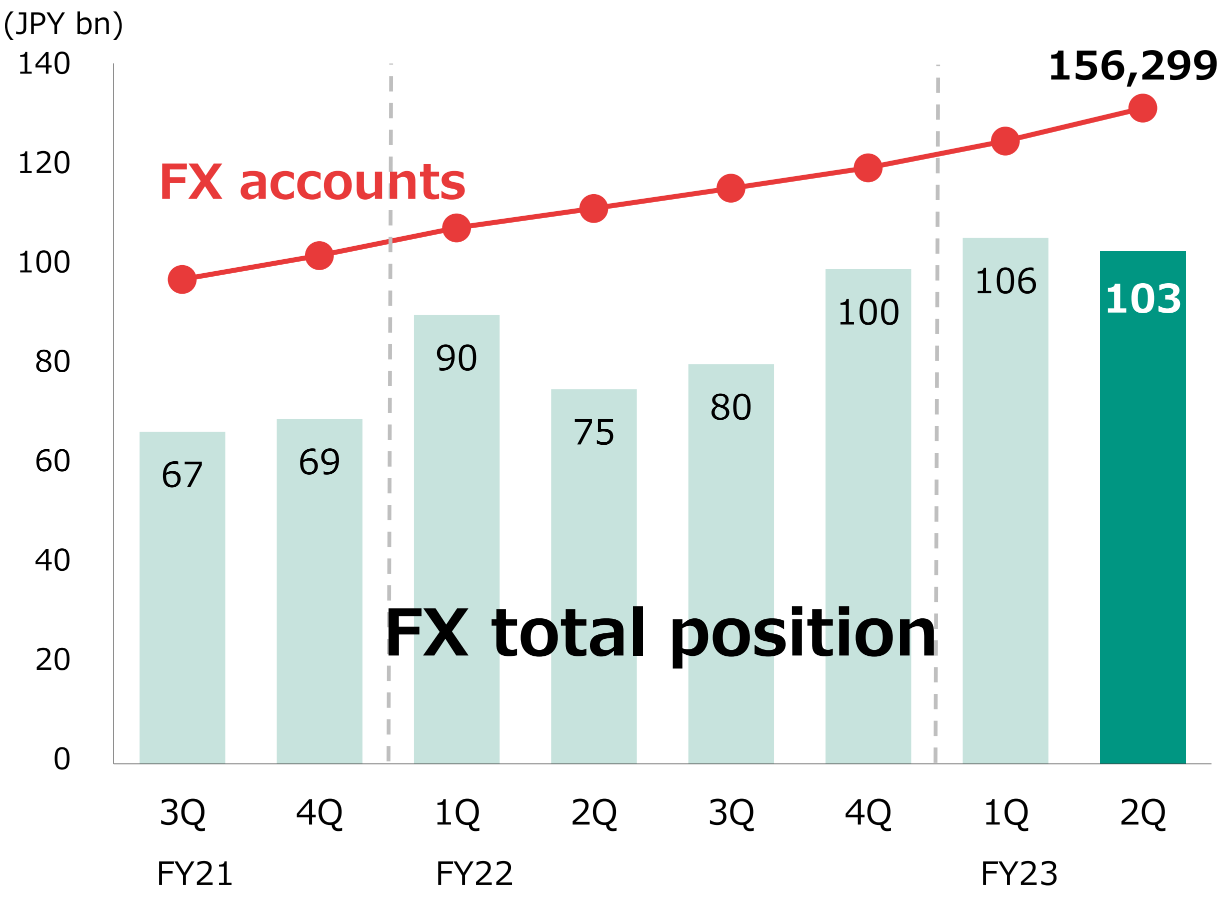
FX trading value and commission



FX total position and accounts



Mutual Fund

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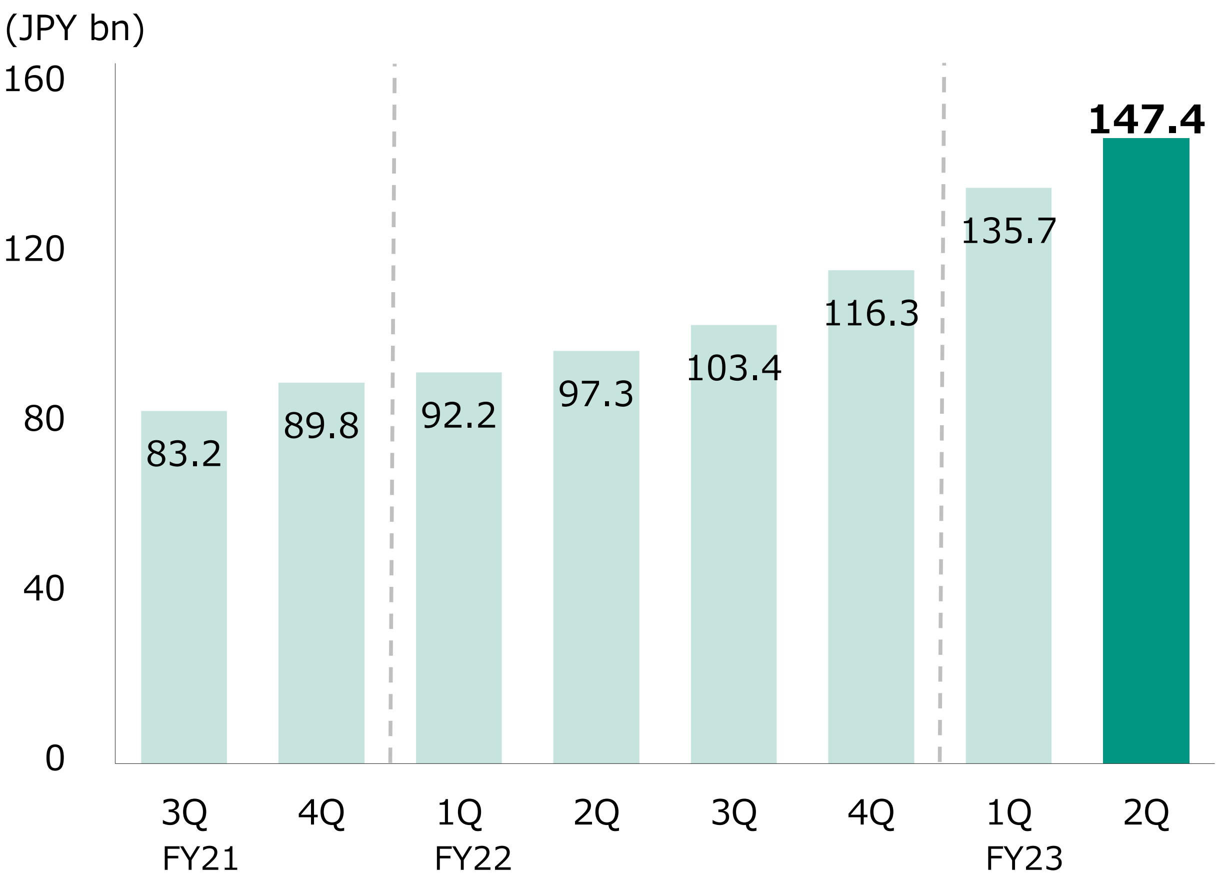
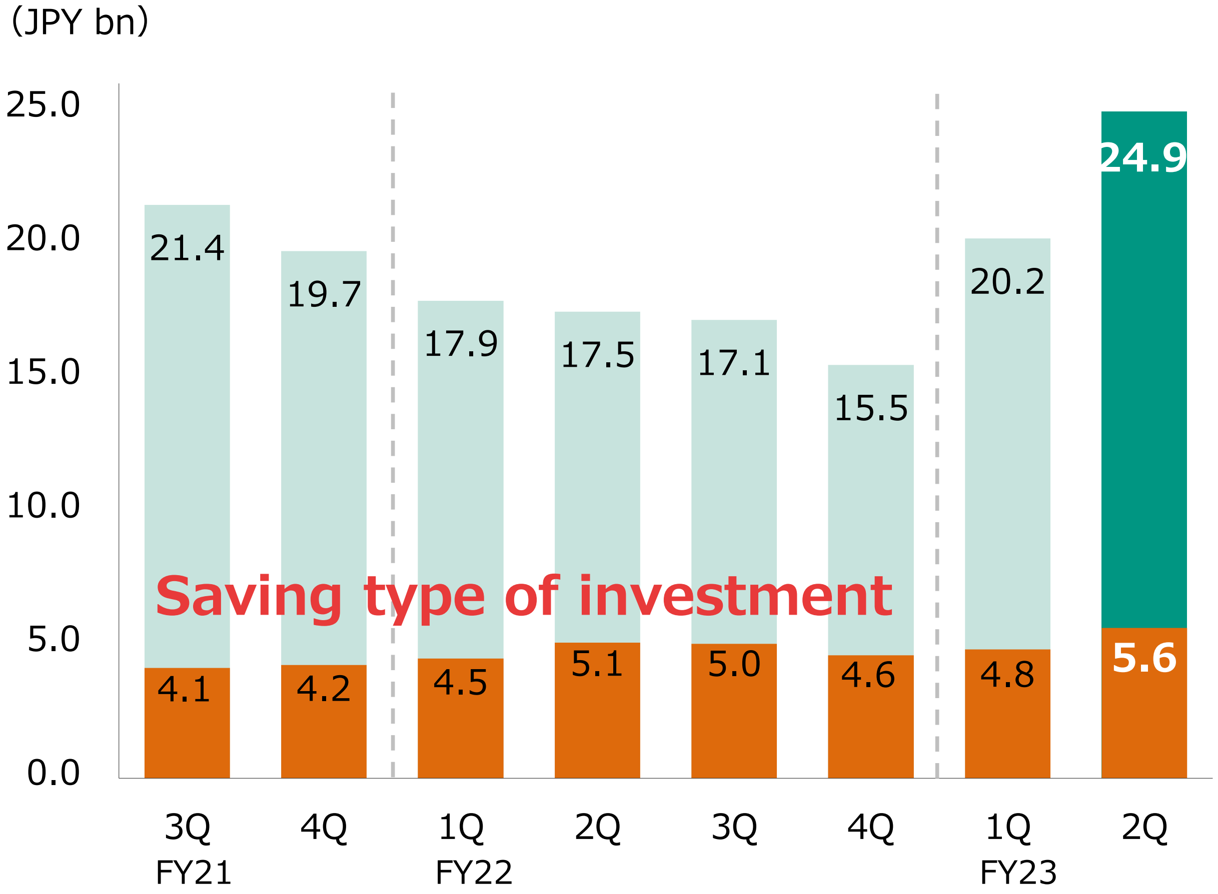
Matsui's AUM of mutual fund



Matsui's mutual fund sales



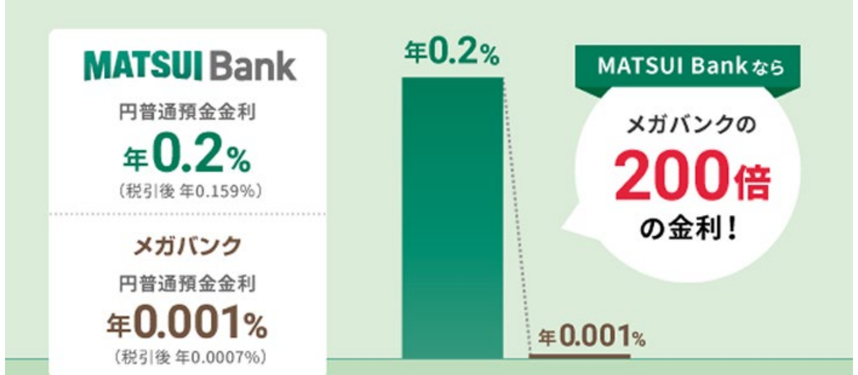
Management Strategy
Recent Developments

Banking Service

Make investing more accessible with good value and convenience

■ “MATSUI Bank“ from 10/1

- ✓ The highest interest rate
- ✓ 1% return in Matsui Point when using “MATSUI Bank Debit”



"MATSUI Bank" applies the interest rates as of Oct. 1, 2023, and megabanks (Mitsubishi UFJ Bank, Sumitomo Mitsui Banking Corporation, Mizuho Bank) apply as of Sep. 1, 2023. They are annual and pre-tax interest rate. For individual customers, interest will be withheld at a tax rate of 20.315% (national tax 15.315% (including special income tax for reconstruction) and local tax 5%) (separate withholding tax). MaruYu is not available. The interest rate on Yen savings deposits is a floating rate. Matsui Securities operates as a bank agent for SBI Sumishin Net Bank.

■ Comfortable access tools

- ✓ Automatically transfer bank deposit to securities account
- ✓ Dedicated app for banking services

Touch payment available on smartphone

U.S. Stock Business

Expand services make it an even more attractive investment product

■ Introduced margin trading

✓ No interest for day trading

✓ The lowest commission in the industry

■ Achievements since U.S. Stock service started

✓ # of tradable stocks 400 → **3,190**

✓ Foreign currency settlement (Feb. 2023)

Strengthen promotions and acquire customers

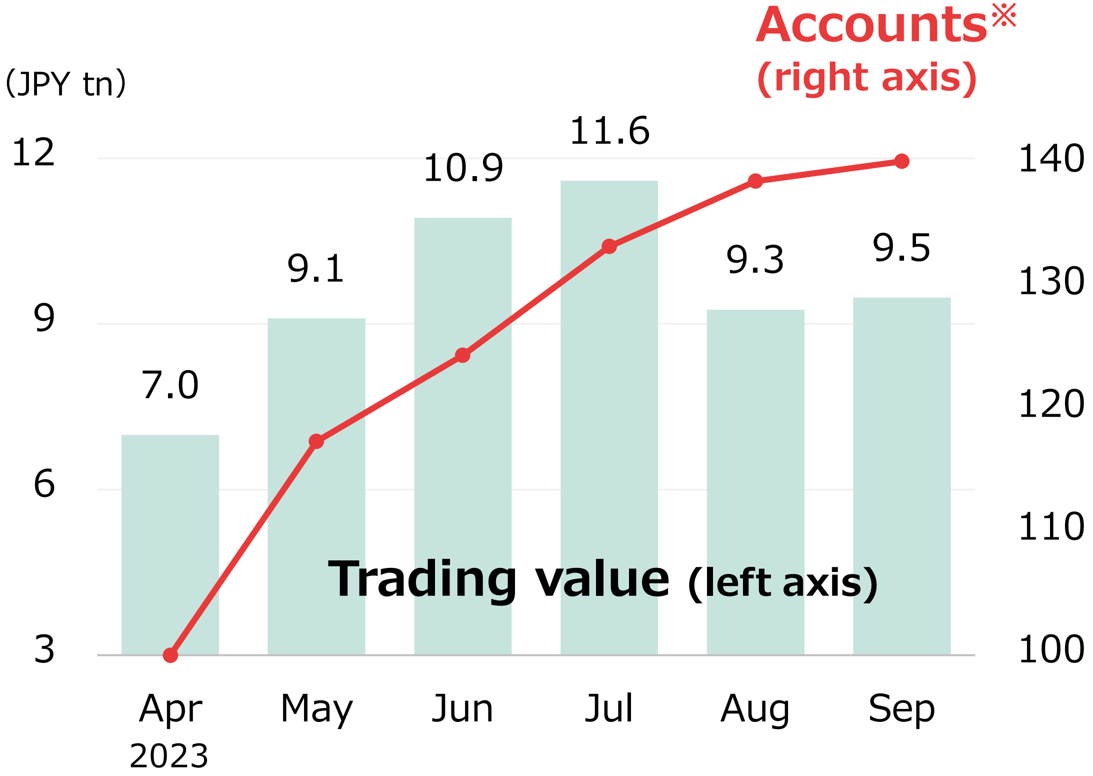
CM broadcast in Oct.

FX Business

Trading accounts increased due to service expansion

- Add an automatic trading function on smartphone

- Trading accounts steadily increase



Note : # of accounts in Apr. 2023 is shown as 100

IPO Underwriting Business

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Participation rate achieved over 70%

■ 2nd place in the ranking among the industry

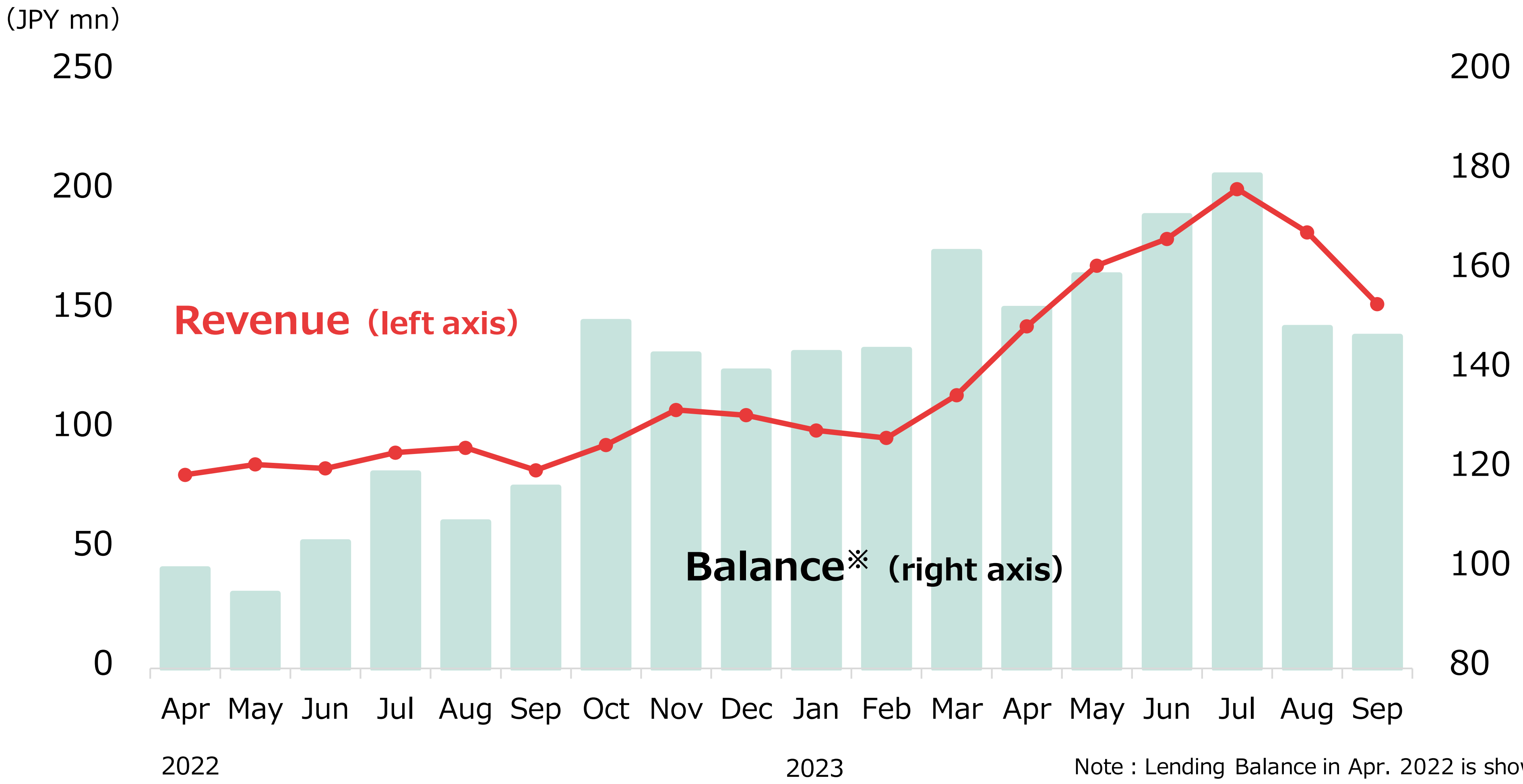
			NO.	Participation Ratio
1	(1)	SBI	47	96%
2	(3)	**MATSUI**	**36**	**73%**
3	(4)	MONEX	32	65%
4	(2)	RAKUTEN	32	65%
5	(7)	SMBC NIKKO	30	61%
6	(-)	NOMURA	24	49%
7	(5)	MIZUHO	24	49%
8	(8)	OKASAN	23	47%
9	(6)	DAIWA	22	45%

Note: Results for Apr. 2023- Sep. 2023, FY22 ranking in parentheses

Lending Business

Lending balance and revenue increase

■ Lending Balance and revenue

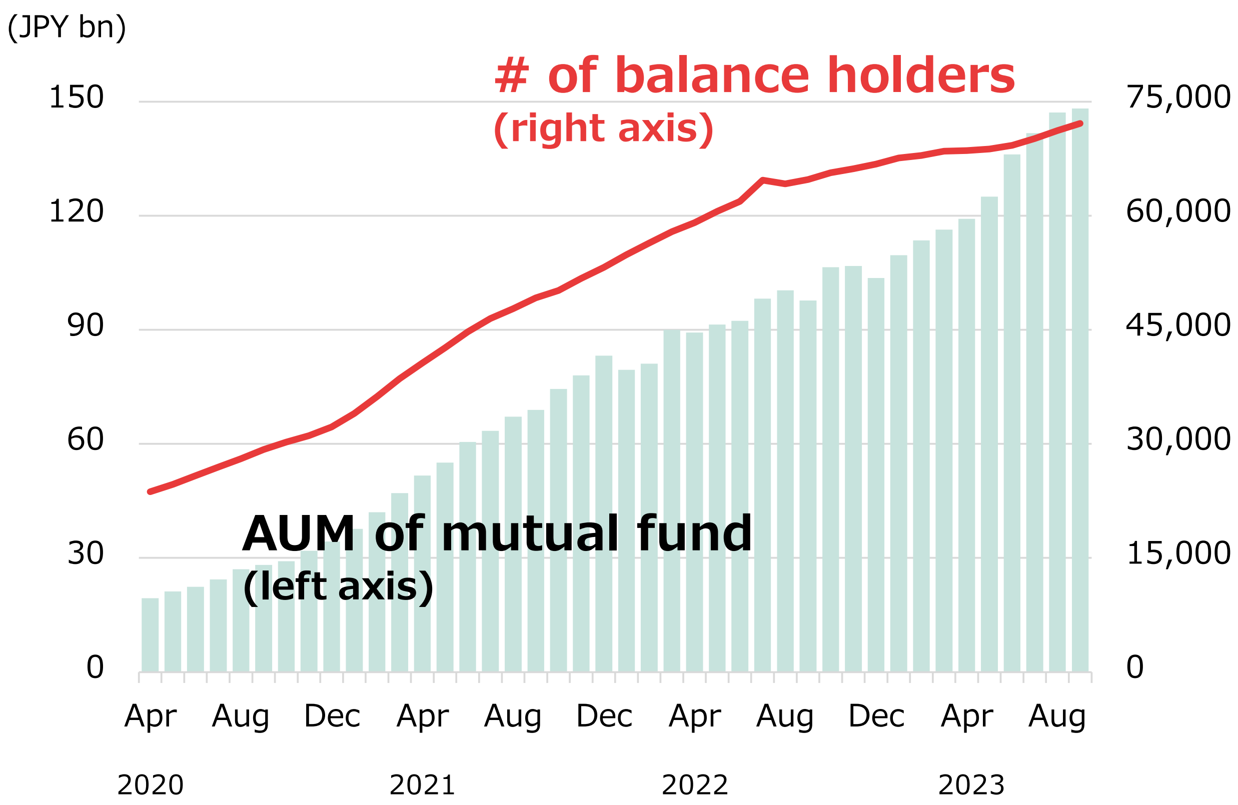


Note : Lending Balance in Apr. 2022 is shown as 100

Mutual Fund Business

Steady growth in balance, continue to enhance services

■ Increase in balance and number of holders

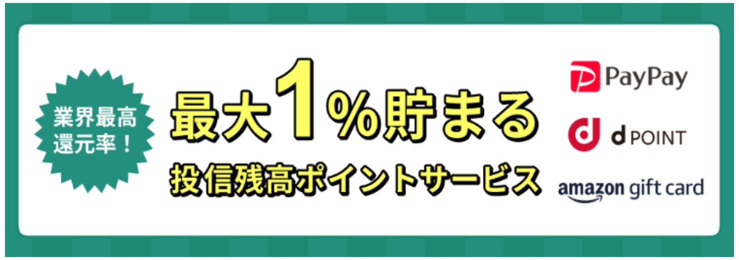


■ Significant renewal of service

✓ Up to 1% of balance returned (the highest in the industry)

✓ Up to 12 times more points earned per year than other companies

Starts in Nov.



https://www.matsui.co.jp/company/press/2023/pr230831_2.html

Create a Trigger for Investment

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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 first largest YouTube channel among the industry

✓ Continuously provide new programs

	Jul-23	Oct-23
MATSUI	185,000 ➡	204,000
RAKUTEN	191,000	195,000

※As of October 9, 2023

Sustainability Disclosure

Integrated Report is disclosed from this year

- **Enhance non-financial information**
  - ✓ Message from CEO and CFO
  - ✓ Value creation process
  - ✓ Human capital
  - ✓ Message from outside director

※More details can be found on our website below. (Japanese)
https://www.matsui.co.jp/company/ir/integrated_report/

Developments in FY2023

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- ■ Expand the lineup of products and services
  - ✓ FX (automatic trading service)
  - ✓ U.S. stocks (expand # of tradable stocks, margin transaction)
  - ✓ Provide banking services

- ■ Improve the service quality continuously
  - ✓ Expand investment information
  - ✓ Enhance UI/UX

- ■ Enhance our communication with customers
  - ✓ Add video contents
  - ✓ Enhance the way of investment consultation

Appendix

Summary of Financial Results

MATSUI 松井証券

(JPY mn)

	FY2021		FY2022				FY2023	
	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q
Operating Revenues	7,865	7,435	7,252	7,668	8,037	8,114	9,472	9,615
Net operating revenues	7,594	7,098	6,858	7,083	7,286	7,187	8,232	8,498
SG & A	4,265	4,279	4,032	4,249	4,281	4,505	4,636	4,818
Operating income	3,329	2,819	2,826	2,834	3,006	2,682	3,596	3,680
Ordinary income	3,333	2,810	2,810	2,785	2,995	2,662	3,594	3,650
Net income	2,280	2,763	1,945	1,914	2,064	1,899	2,360	2,392
Ordinary income ratio	42%	38%	39%	36%	37%	33%	38%	38%
Matsui's trading value (JPY tn)	9.8	9.8	8.6	8.6	10.2	10.1	11.8	12.5
Average margin balance (JPY bn)	322	293	281	293	297	306	312	331

Breakdown of Net Operating Revenues

MATSUI 松井証券

(JPY mn)

	FY2021		FY2022				FY2023	
	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q
Commissions	4,410	4,325	3,933	4,109	4,033	3,992	4,850	4,805
Brokerage	4,199	4,131	3,734	3,875	3,806	3,743	4,611	4,544
Equity & ETF	3,953	3,800	3,372	3,595	3,531	3,504	4,342	4,295
Futures & Options	246	331	362	280	275	240	269	249
Others	175	194	195	229	203	230	208	244
Net trading income	284	218	454	455	748	688	443	698
Net interest income	2,900	2,555	2,471	2,519	2,505	2,508	2,939	2,996
Interest & dividend income	3,171	2,892	2,865	3,103	3,256	3,434	4,178	4,112
Interest expenses	271	337	394	585	751	926	1,239	1,117
Net operating revenues	7,594	7,098	6,858	7,083	7,286	7,187	8,232	8,498

Breakdown of SG&A

MATSUI
松井証券

(JPY mn)

	FY2021		FY2022				FY2023	
	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q
Trading related expenses	1,649	1,501	1,366	1,396	1,421	1,453	1,468	1,506
Stock exchanges and securities	370	376	351	329	364	366	408	376
Communications expenses	488	492	479	498	300	313	307	310
Advertisement	563	399	304	333	513	522	489	553
Personnel expenses	765	850	778	800	794	867	870	889
Occupancy & rental	239	318	224	226	222	257	236	242
Data processing & office supplies	864	876	902	1,025	1,118	1,096	1,143	1,225
Depreciation	588	609	609	612	642	678	743	761
Taxes and dues	125	103	114	129	28	88	114	108
Provision of allowance for doubtful accounts	△ 9	△ 19	△ 33	△ 2	6	17	△ 19	26
Others	44	42	72	65	49	48	81	61
Total SG & A	4,265	4,279	4,032	4,249	4,281	4,505	4,636	4,818

投資をまじめに、おもしろく。

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【Contact information】

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