

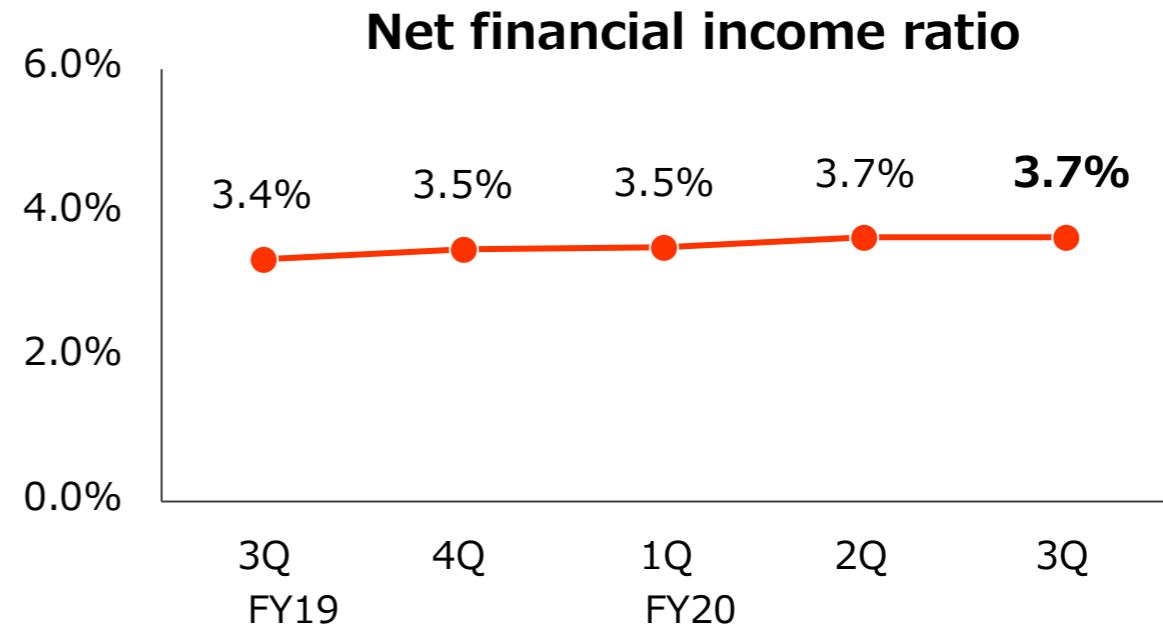
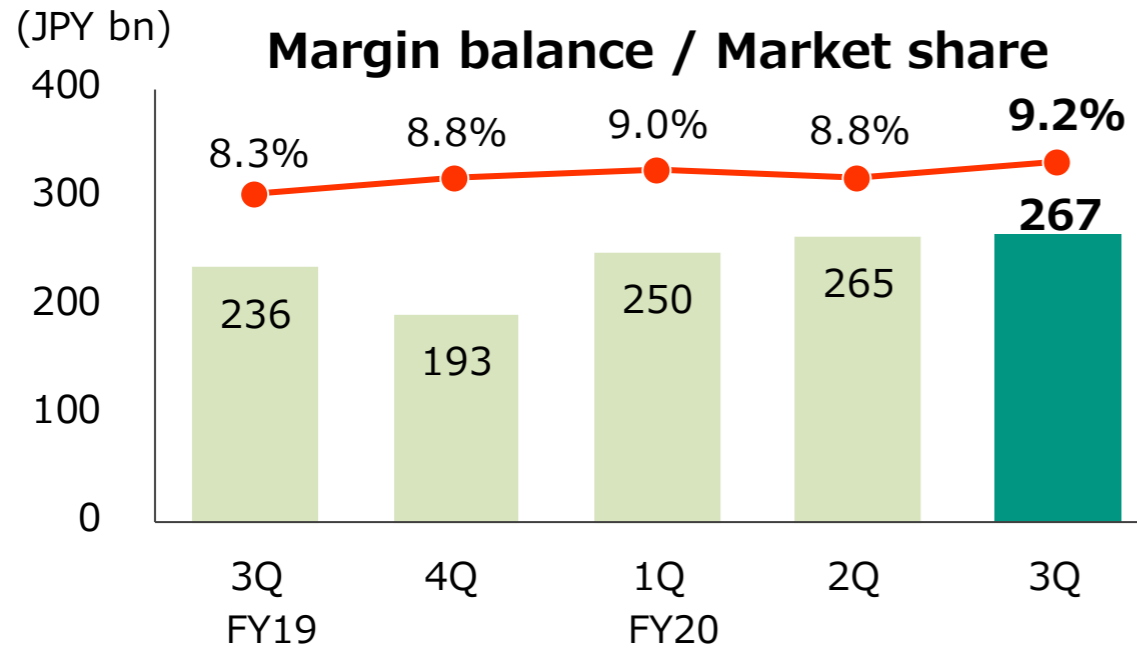
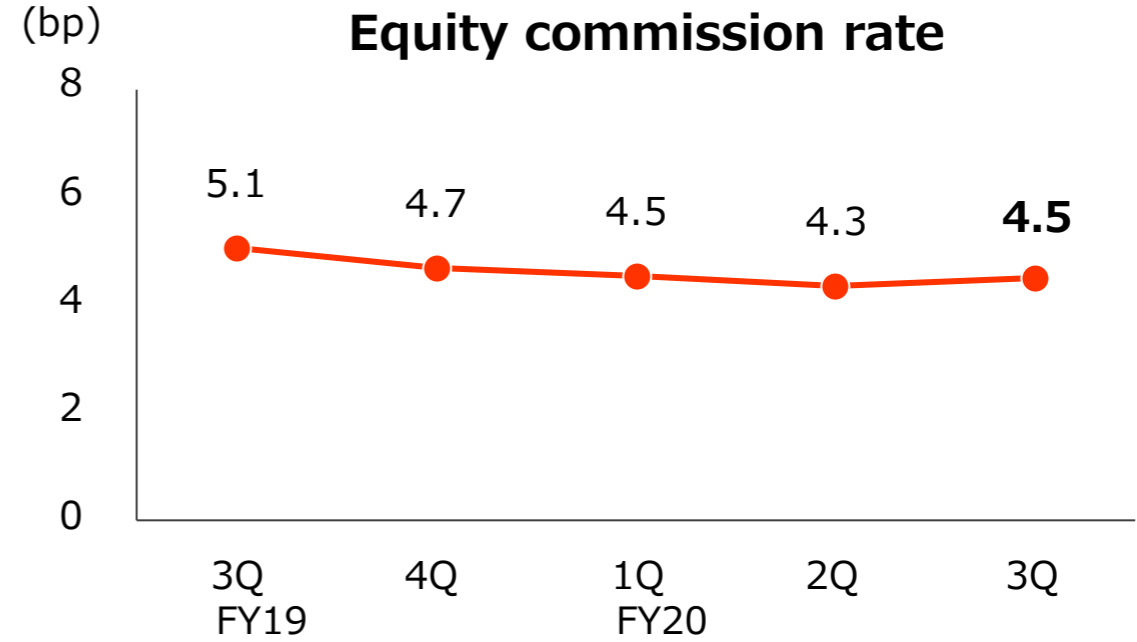
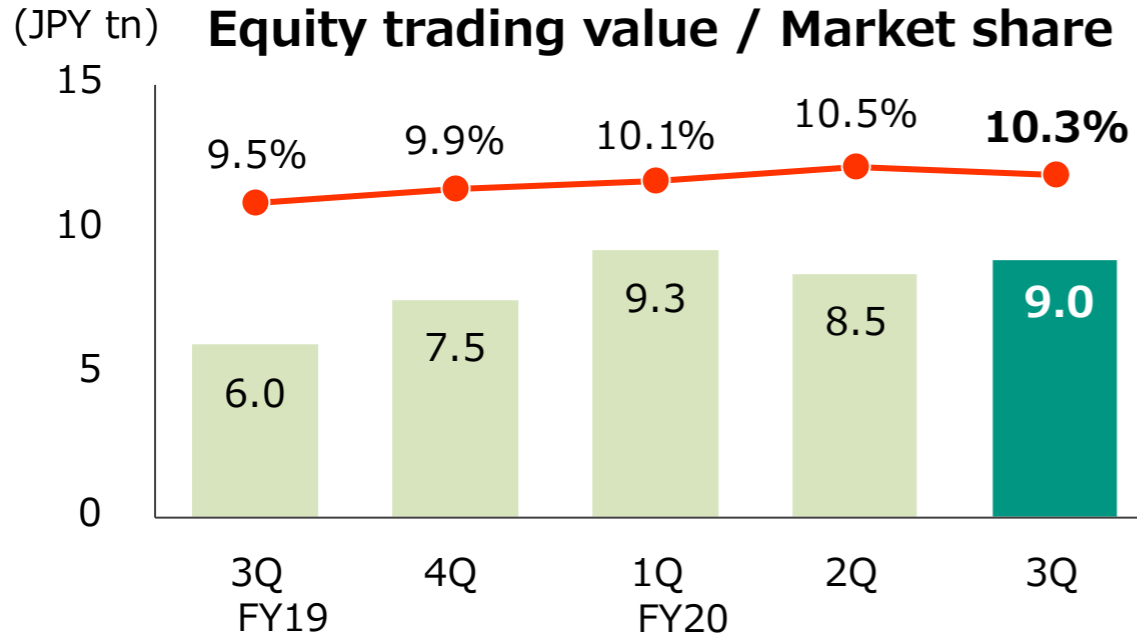
Annual Results for 3QFY2020

Matsui Securities Co., Ltd.

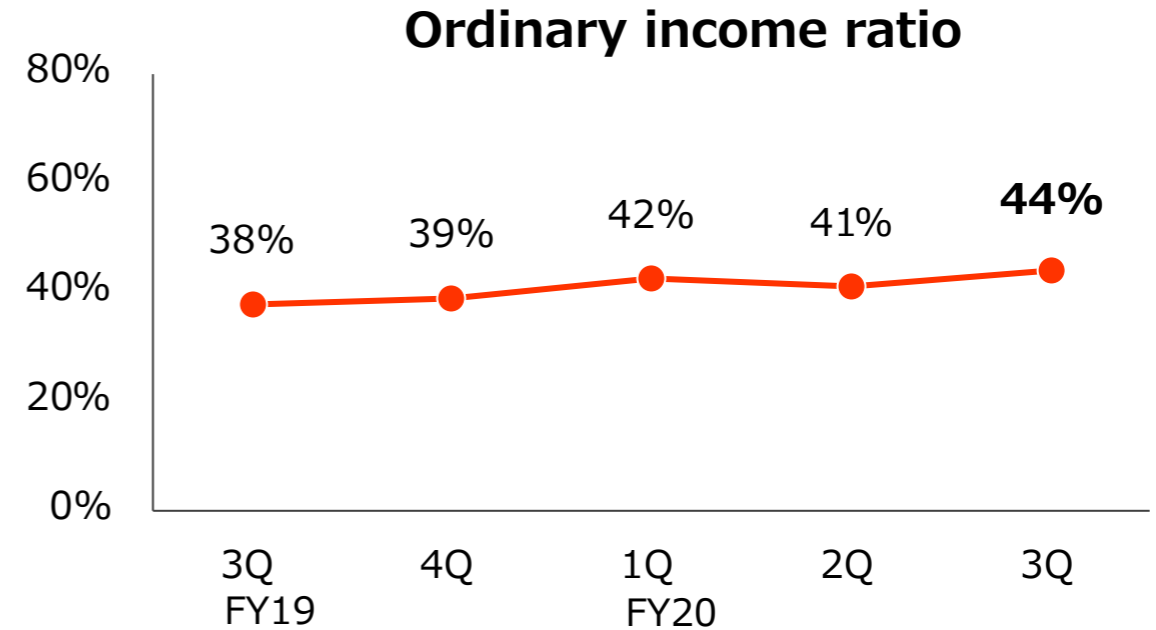
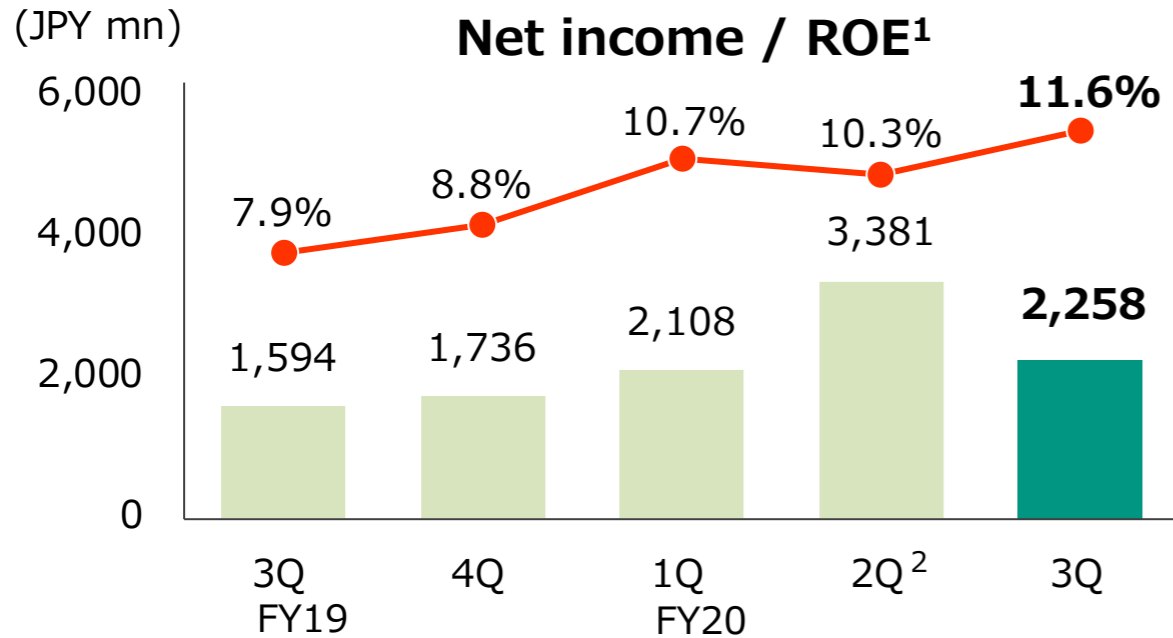
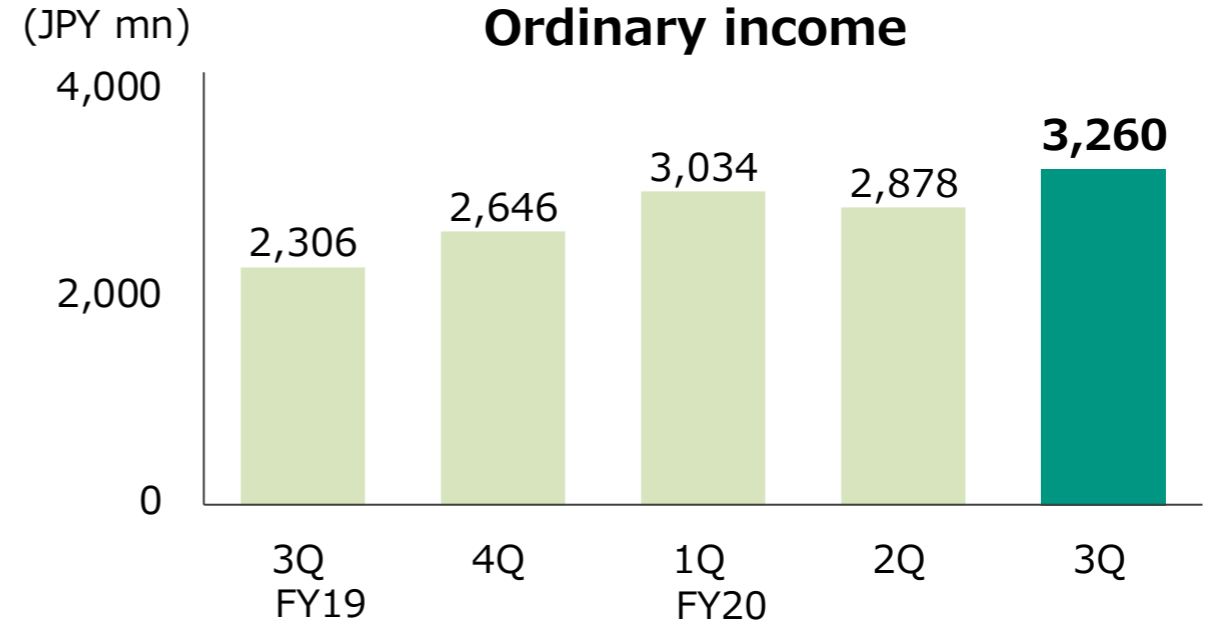
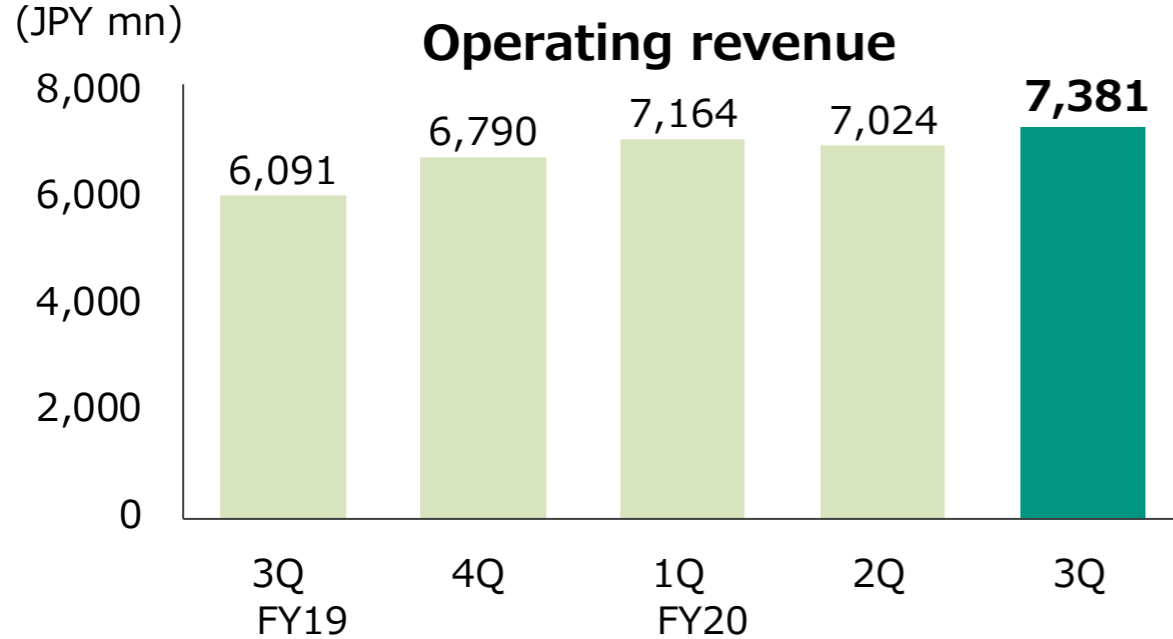
January 28, 2021

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

Business Results



Financial Results



Note 1: Annualized on each quarter

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

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Summary of Financial Results

3Q FY20

(JPY mn)

	3Q(Apr.-Dec.) FY2019	3Q(Apr.-Dec.) FY2020	YoY
Operating Revenues	17,360	21,570	24%
Net operating revenues	15,905	20,482	29%
SG&A	9,656	11,381	18%
Operating income	6,249	9,101	46%
Ordinary income	6,370	9,172	44%
Net income	4,400	7,747	76%
Ordinary income ratio	37%	43%	-
Matsui's trading value (JPY tn)	17.7	26.7	51%
Average margin balance (JPY bn)	228	245	8%

Breakdown of Revenues

3Q FY20

(JPY mn)

	3Q(Apr.-Dec.) FY2019	3Q(Apr.-Dec.) FY2020	YoY
Commissions	9,374	13,210	41%
Brokerage	8,886	12,665	43%
Equity & ETF	8,275	11,889	44%
Futures & Options	611	776	27%
Others	442	494	12%
Net trading income	832	611	-27%
Interest & dividend income	7,153	7,747	8%
Interest expenses	1,455	1,088	-25%
Net interest income	5,698	6,659	17%

Breakdown of SG&A

3Q FY20

(JPY mn)

	3Q(Apr.-Dec.) FY2019	3Q(Apr.-Dec.) FY2020	YoY
Trading related expenses	3,119	4,102	31%
Stock exchanges and securities	809	1,121	38%
Communications expenses	1,268	1,400	10%
Advertisement	516	903	75%
Personnel expenses	1,974	2,033	3%
Occupancy & rental	848	755	-11%
Data processing & office supplies	2,016	2,344	16%
Depreciation	1,455	1,576	8%
Taxes and dues	217	374	73%
Provision of allowance for doubtful accounts	△ 87	52	-
Others	114	144	27%
Total SG&A	9,656	11,381	18%

Summary of Financial Results

Quarterly

(JPY mn)

	2Q FY2020	3Q FY2020	QoQ
Operating Revenues	7,024	7,381	5%
Net operating revenues	6,610	7,042	7%
SG & A	3,717	3,811	3%
Operating income	2,893	3,232	12%
Ordinary income	2,878	3,260	13%
Net income	3,381	2,258	-33%
Ordinary income ratio	41%	44%	-
Matsui's trading value (JPY tn)	8.5	9.0	6%
Average margin balance (JPY bn)	252	265	5%

Breakdown of Revenues

Quarterly

(JPY mn)

	2Q FY2020	3Q FY2020	QoQ
Commissions	4,118	4,421	7%
Brokerage	3,908	4,240	8%
Equity & ETF	3,674	4,015	9%
Futures & Options	235	225	-4%
Others	184	155	-16%
Net trading income	189	197	4%
Interest & dividend income	2,717	2,763	2%
Interest expenses	415	339	-18%
Net interest income	2,302	2,424	5%

Breakdown of SG&A

Quarterly

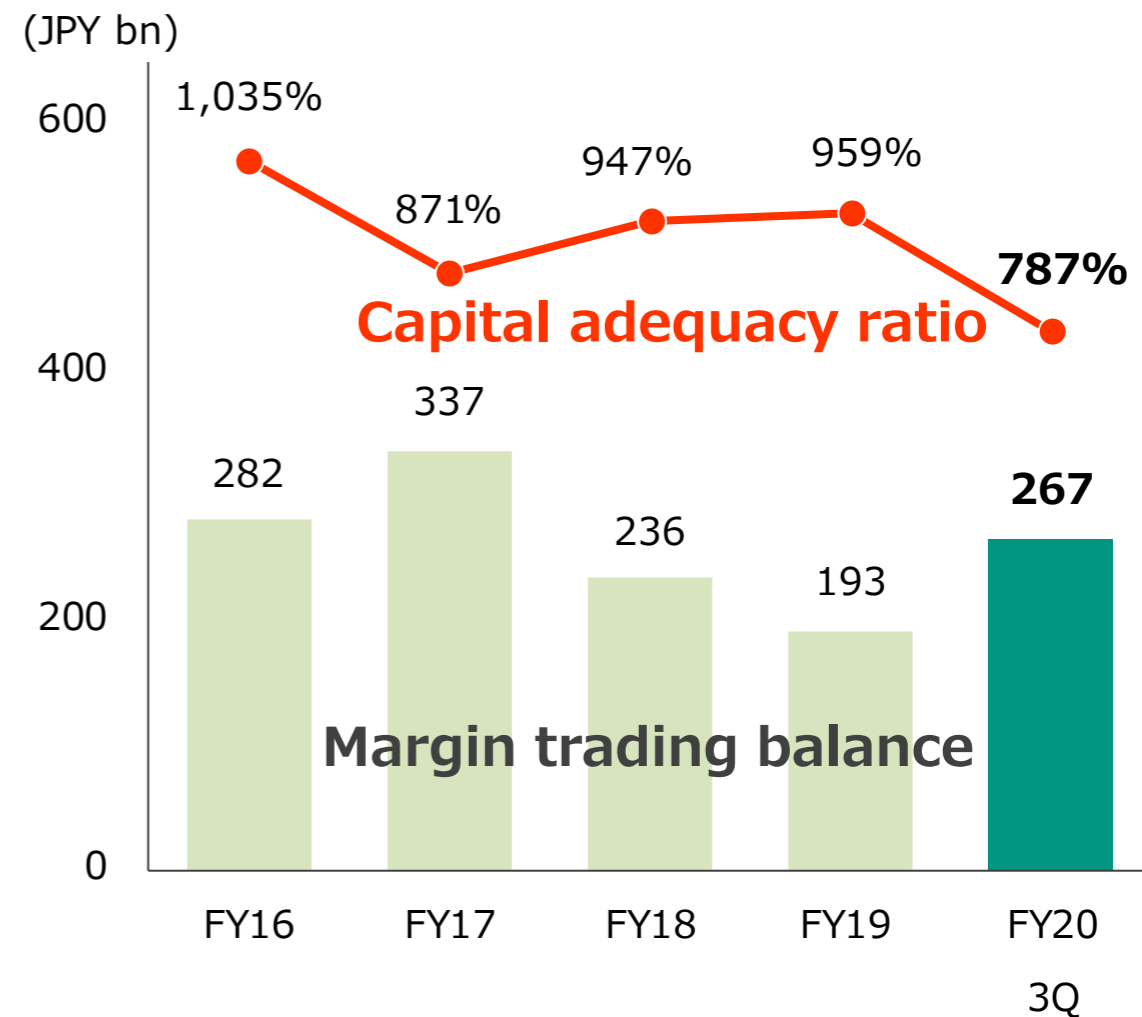
(JPY mn)

	2Q FY2020	3Q FY2020	QoQ
Trading related expenses	1,306	1,418	9%
Stock exchanges and securities	367	367	0%
Communications expenses	466	470	1%
Advertisement	258	342	33%
Personnel expenses	652	677	4%
Occupancy & rental	240	241	1%
Data processing & office supplies	769	778	1%
Depreciation	547	535	-2%
Taxes and dues	157	114	-28%
Provision of allowance for doubtful accounts	3	△ 6	-
Others	41	54	32%
Total SG & A	3,717	3,811	3%

Capital adequacy ratio (As of 30 December 2020)

		(JPY mn)
Tier 1	(A)	74,660
Tier 2	Net unrealized gain on investment	1,995
	Statutory reserves	2,845
	Allowance for doubtful accounts	67
Sub total		(B) 4,908
Assets to be deducted from equity capital		(C) 9,324
Net Capital		
(A) + (B) - (C)		(D) 70,243
Total risk	Market risk	441
	Counterparty risk	5,136
	Basic risk	3,338
Total		(E) 8,916
Capital Adequacy ratio		(D)/(E) 787%

Margin trading balance and capital adequacy ratio



Plan to pay year-end dividend of **20 yen** per share for FY20

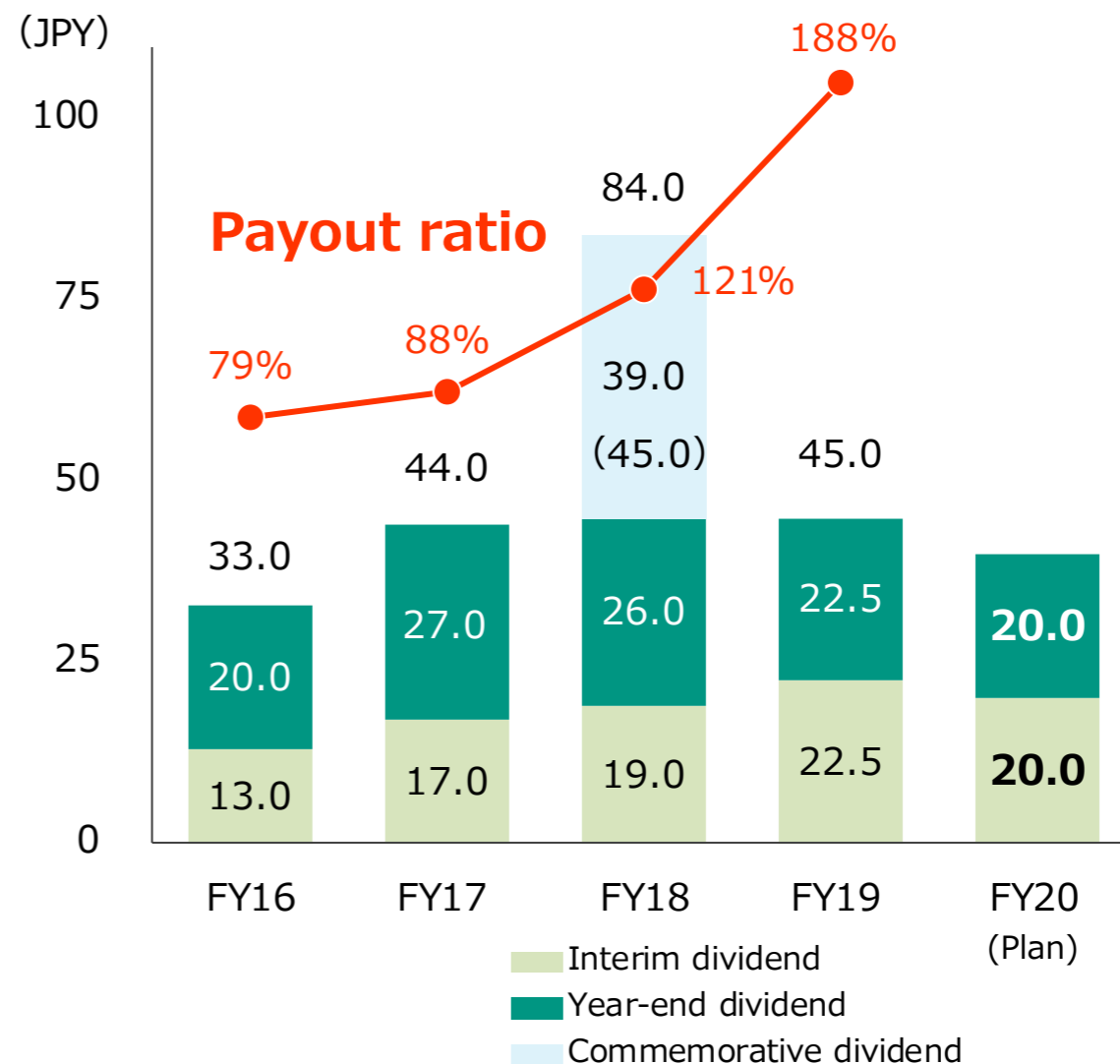
Dividends for FY20

- Interim : **20 yen** per share
- Year-end : **20 yen** per share (Plan)

Dividend policy

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

Matsui's dividend per share and payout ratio¹

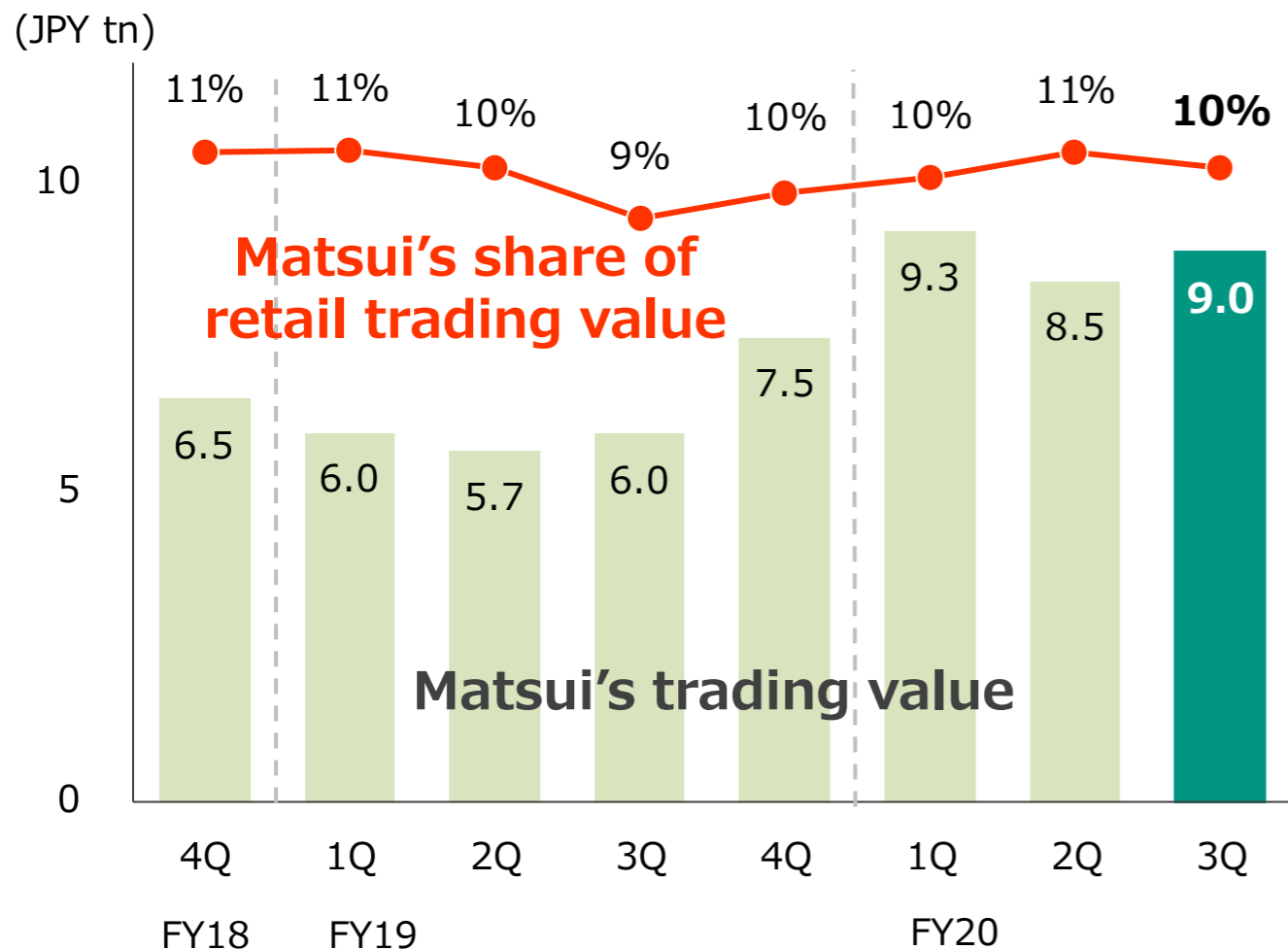


Note 1 : Payout ratio for the ordinary dividend

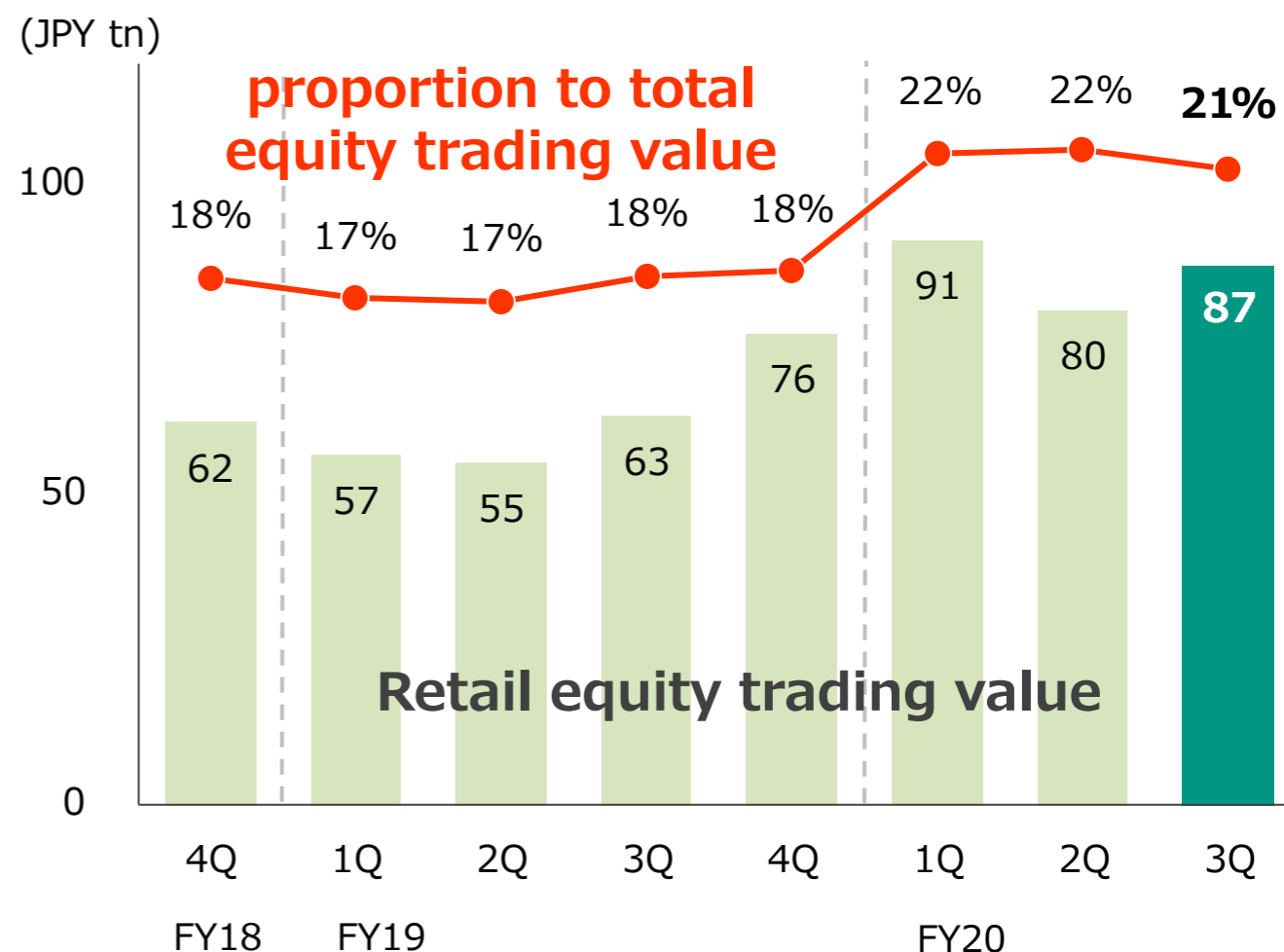
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Equity Trading Value

Matsui's equity trading value and its market share¹



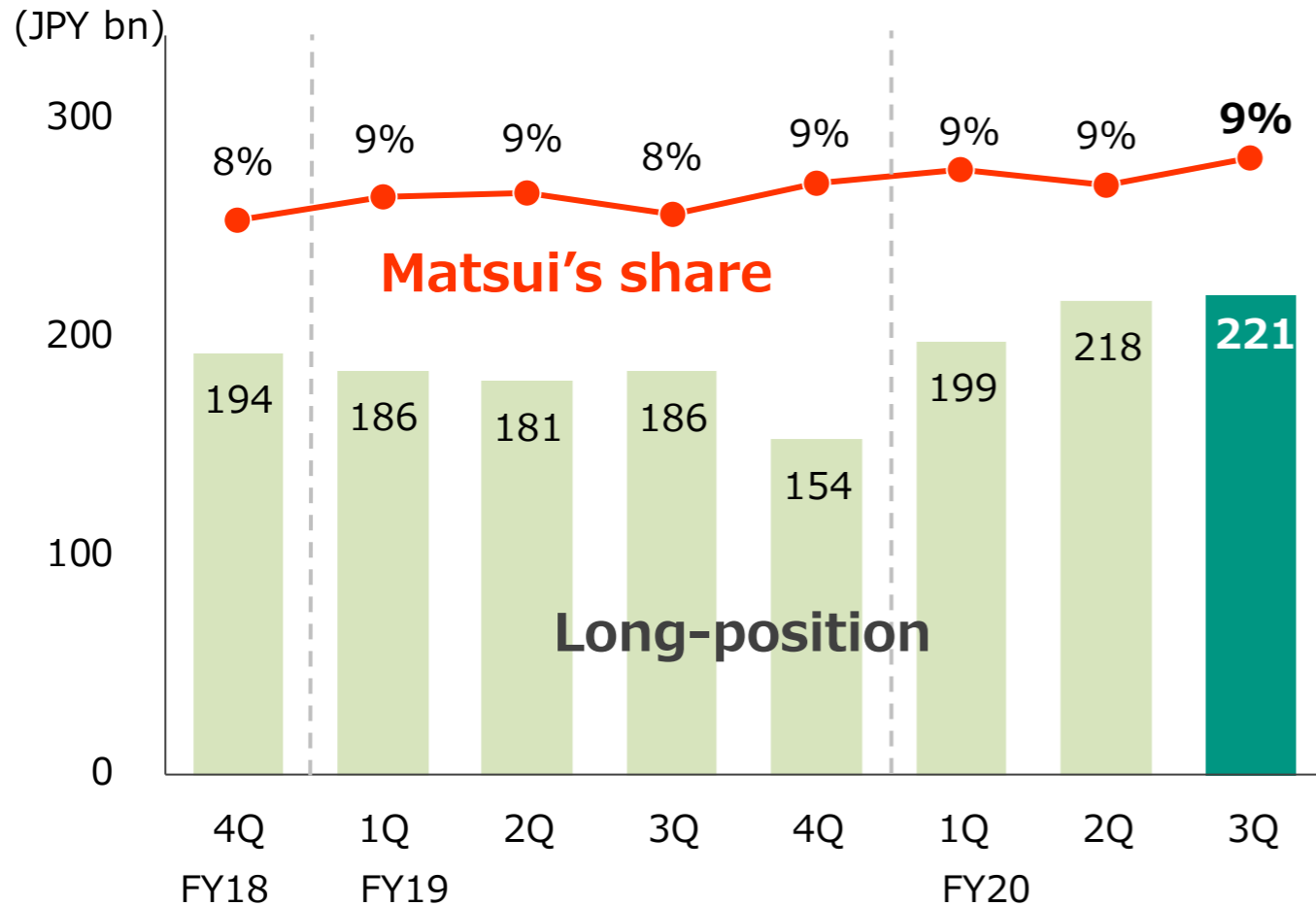
Retail equity trading value¹ and proportion to total equity trading value



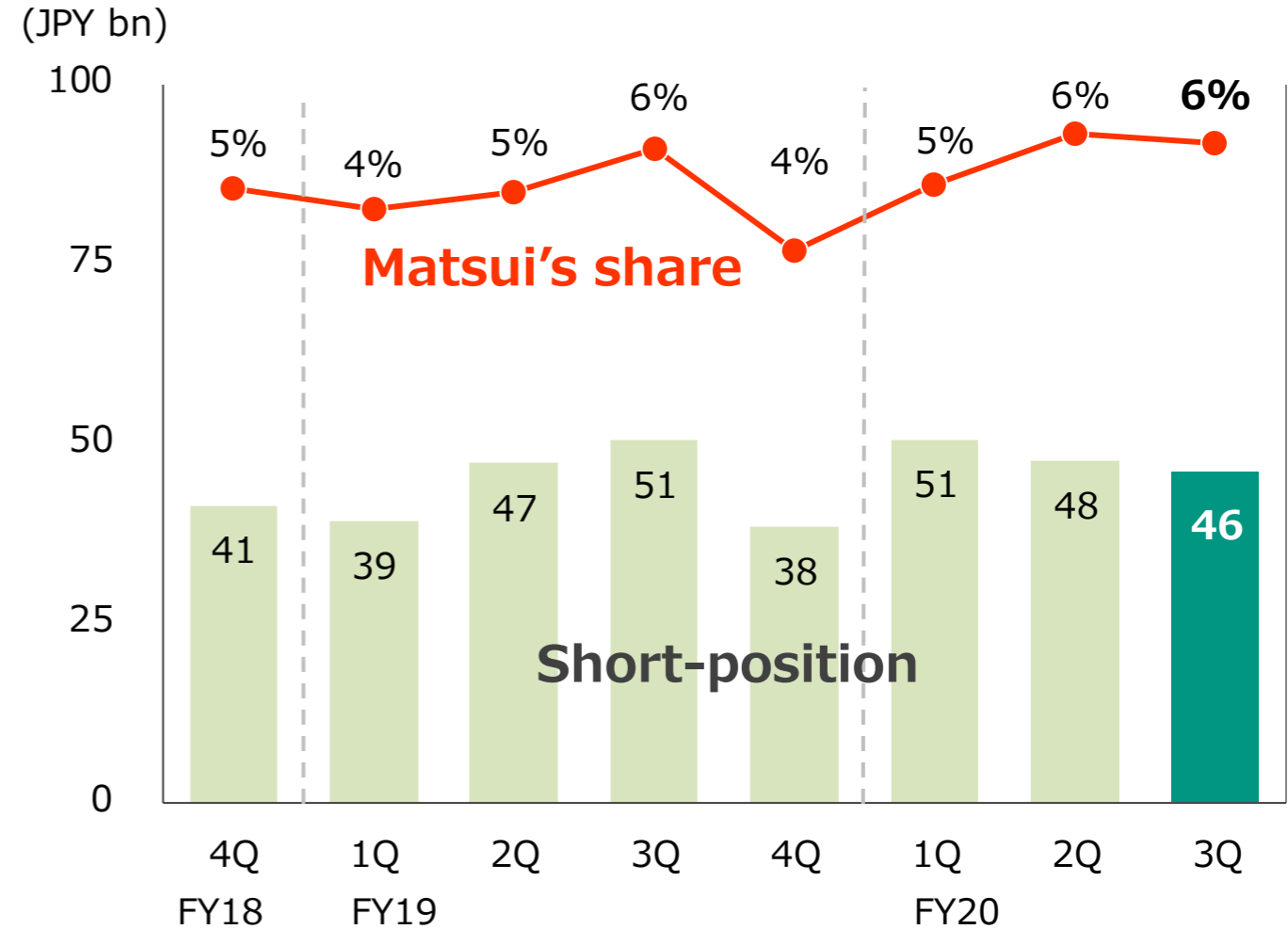
Source: TSE
Note 1: Sum of the retail equity trading value on 2 major stock exchanges

Margin Trading Balance

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



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

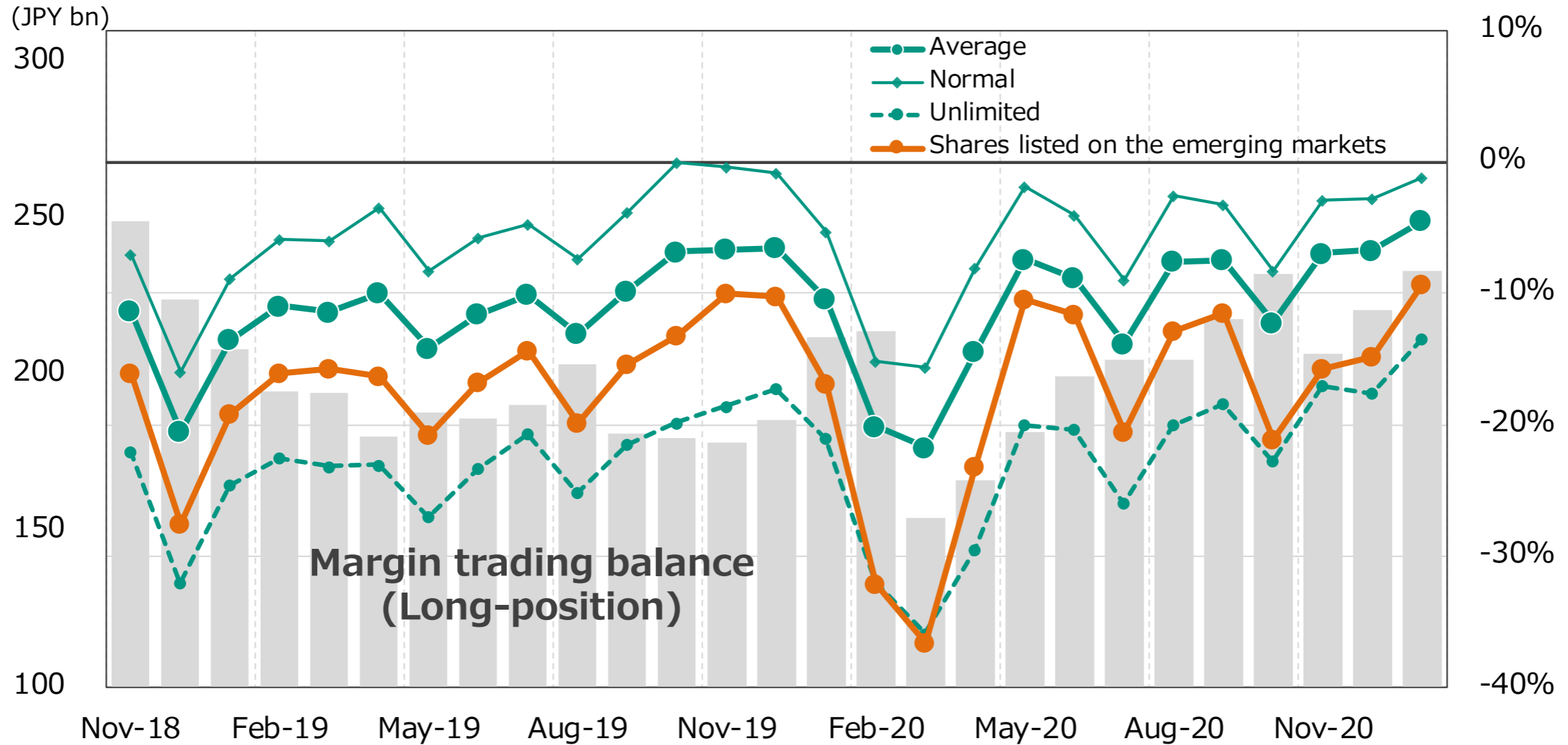


Source: TSE, Company Websites

Note1 : Balance as of the end of each quarter

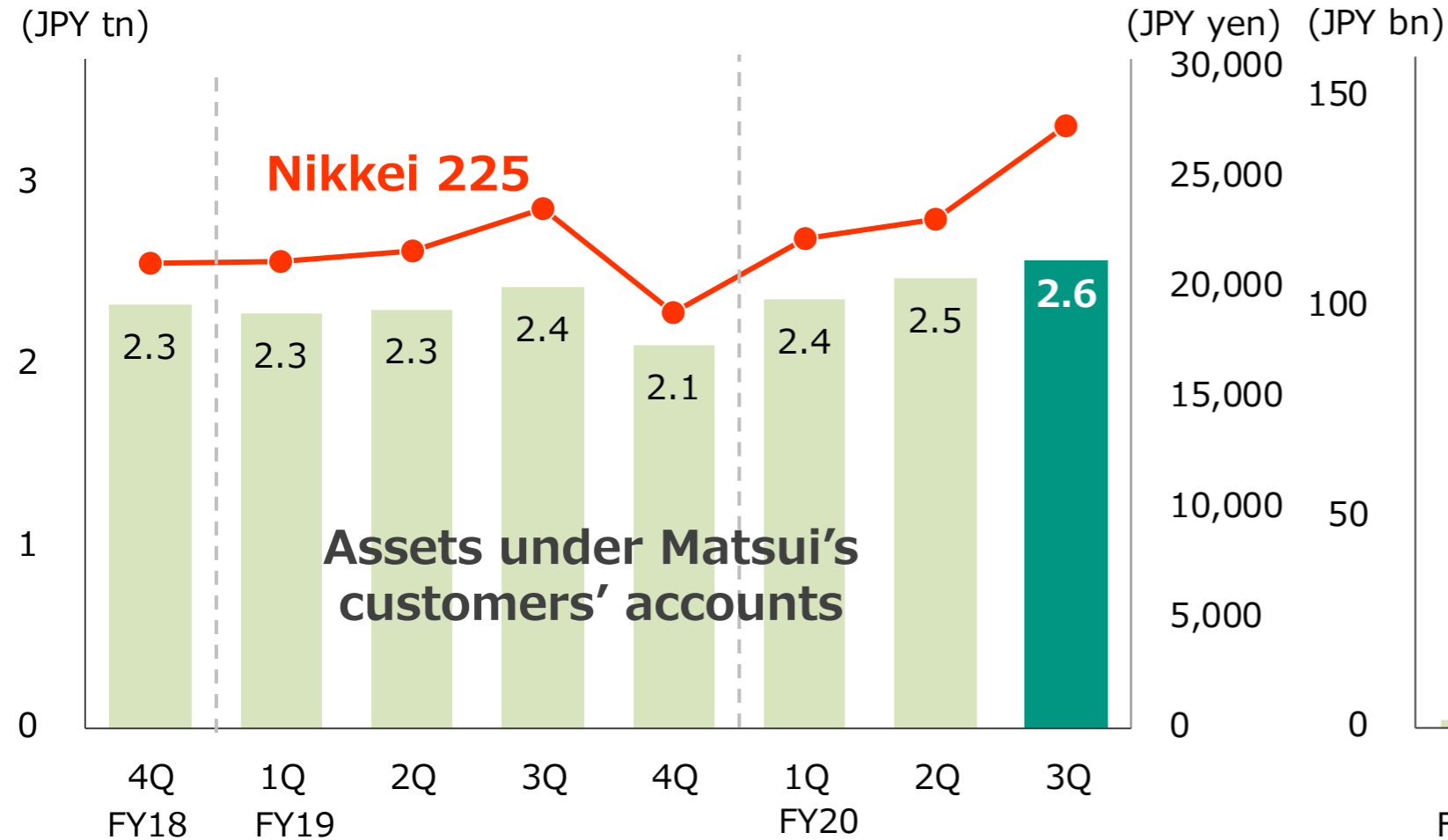
Note2 : Total market share in 2 major stock exchanges

Unrealized Losses (Long-position)

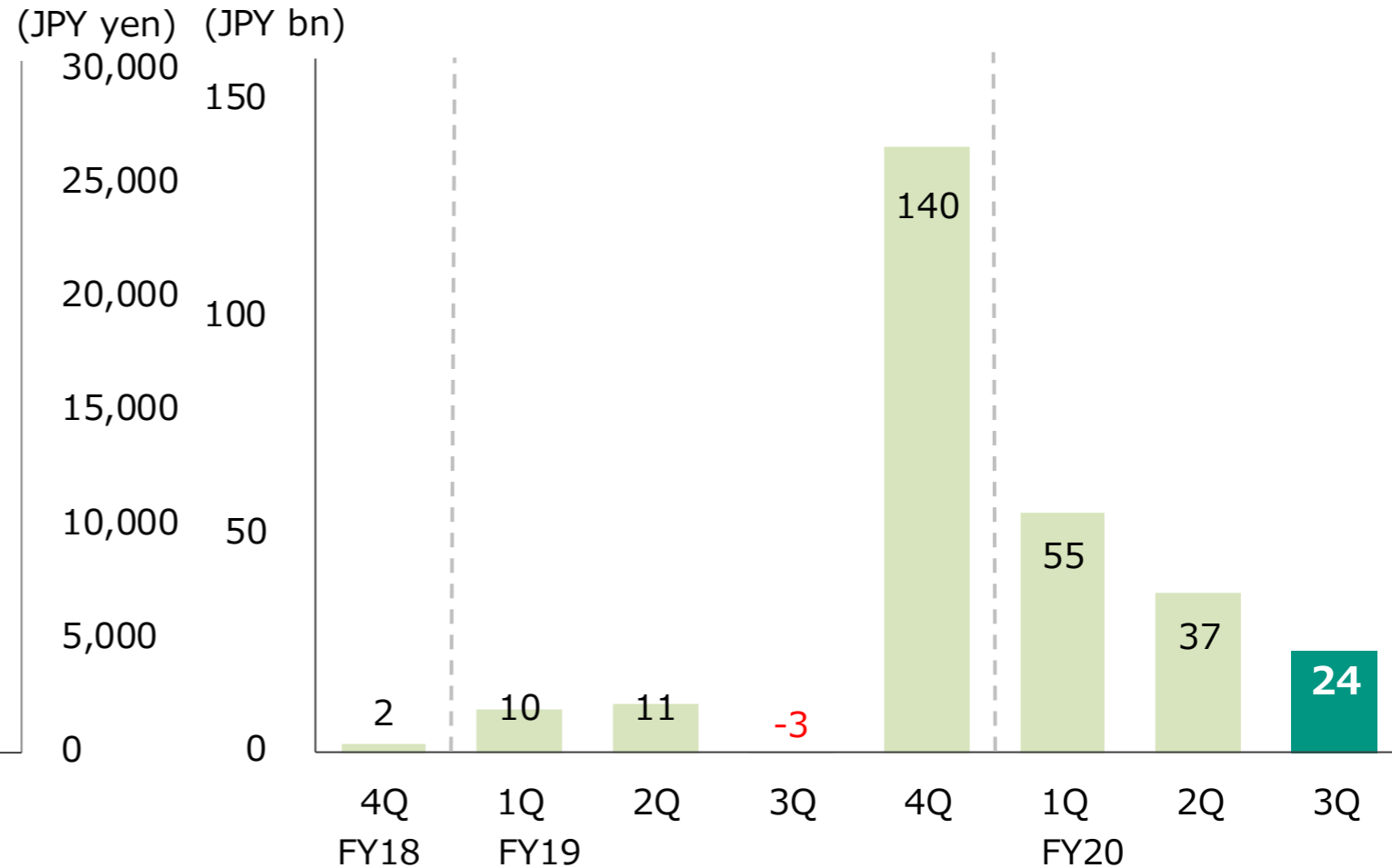


Assets under Customers' Accounts

Assets under Matsui's customers' accounts



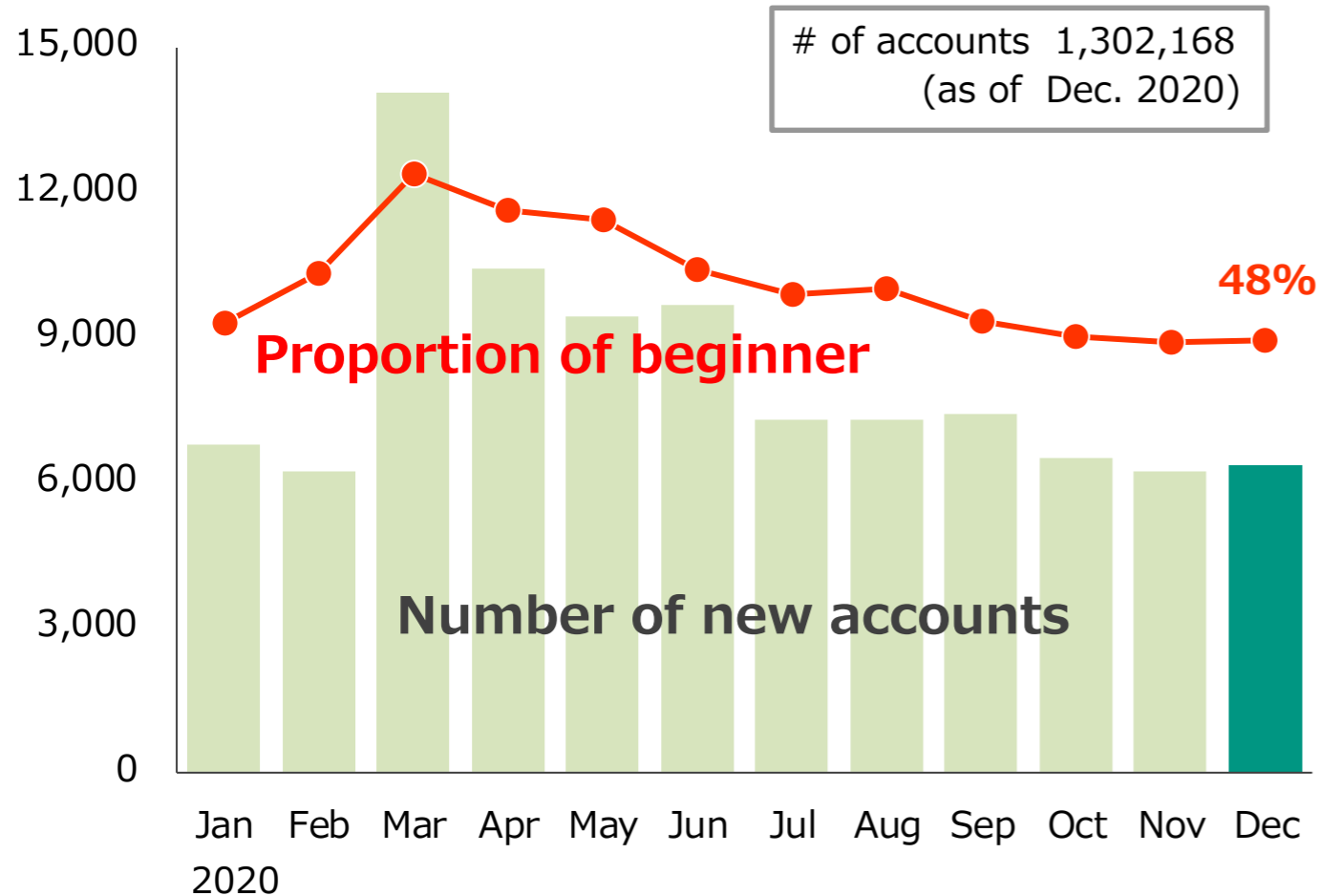
Net inflow in cash and stocks



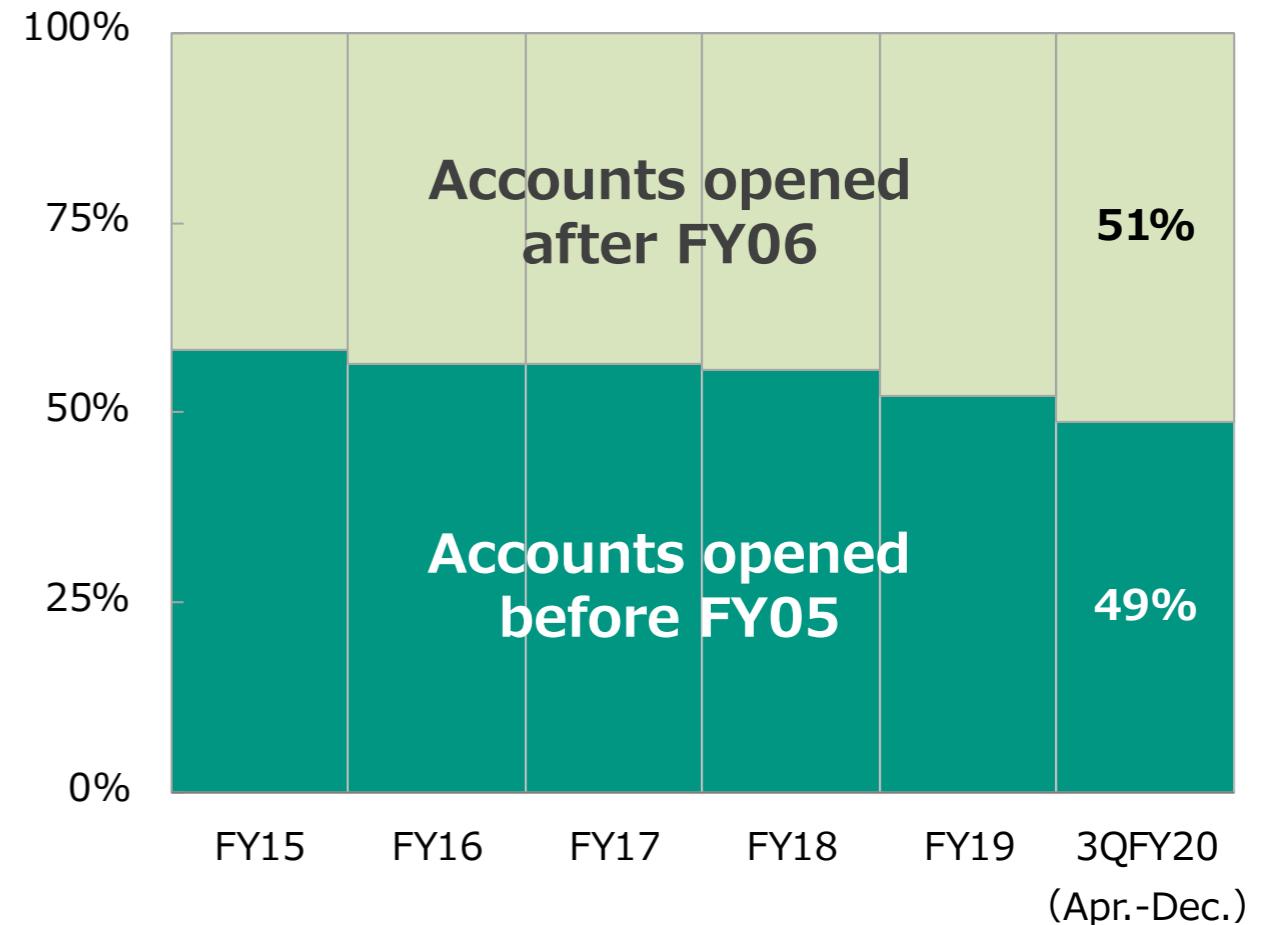
Note 1: Nikkei 225 is the closed price at the end of each quarter

Number of Accounts

Number of accounts at Matsui

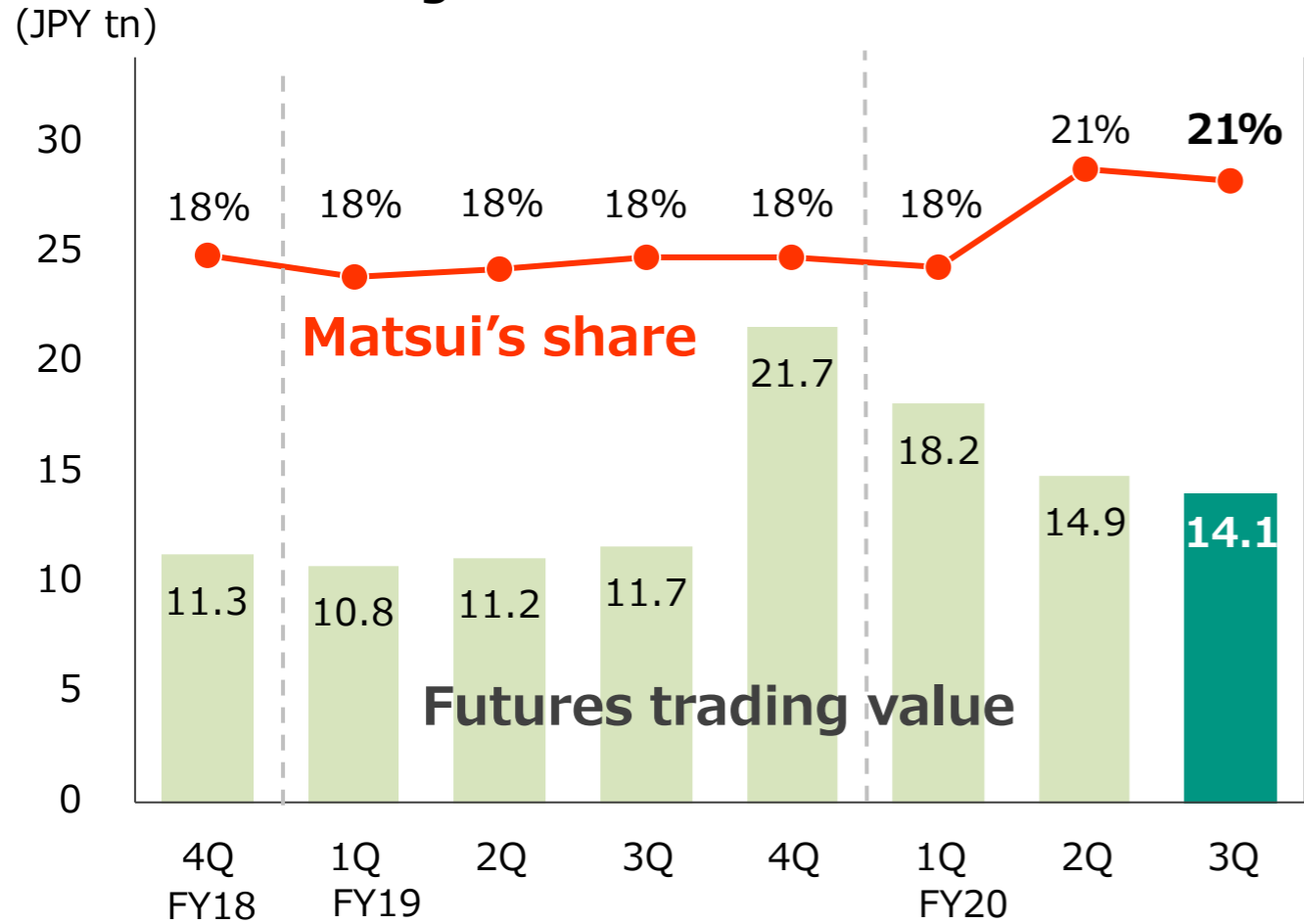


Breakdown of trading value¹ by customers opening the accounts in each fiscal year

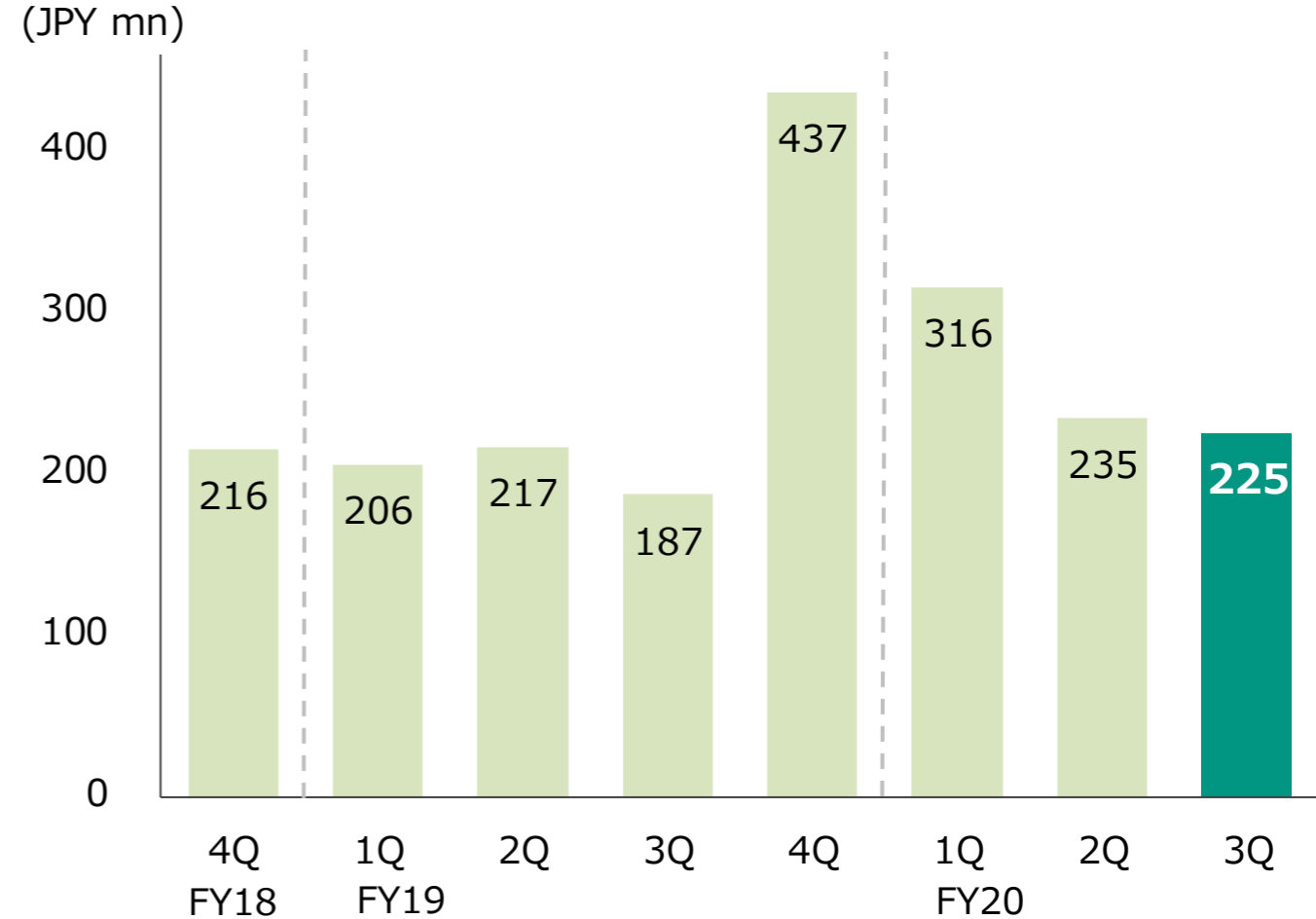


Note1 : Excluding "Margin Trading Service for Day-trades"

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

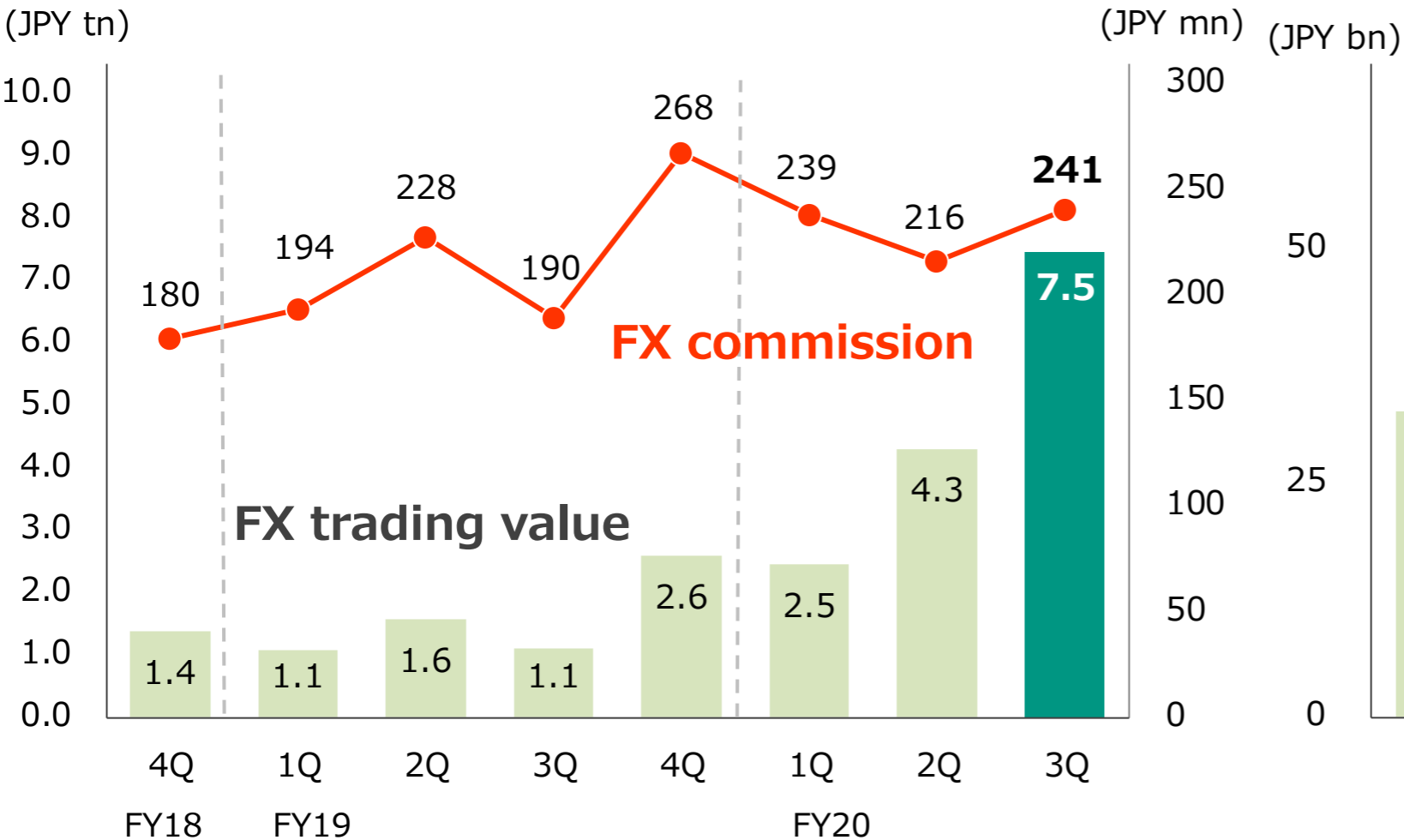


Commissions of Futures and Options

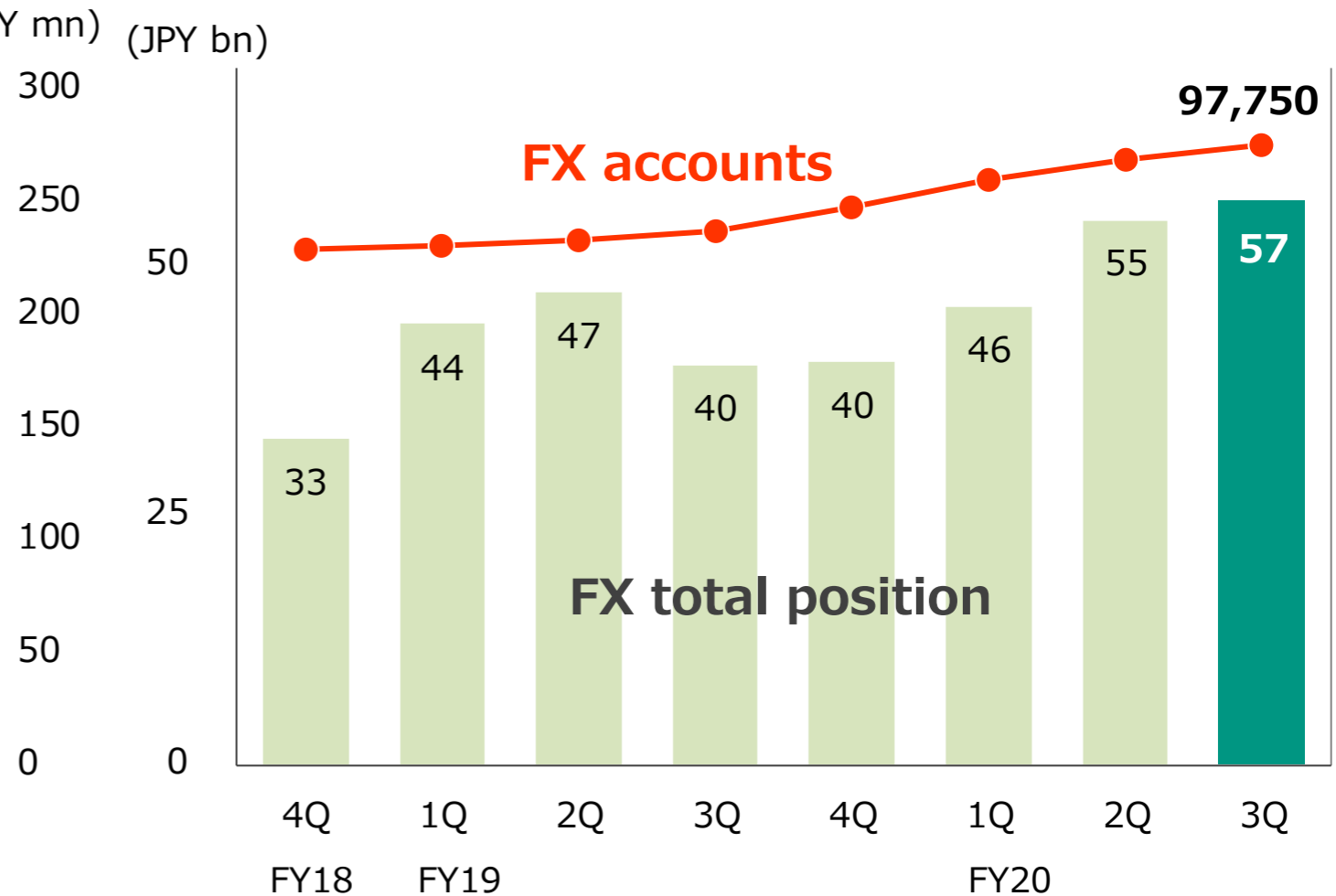


FX Margin Trading

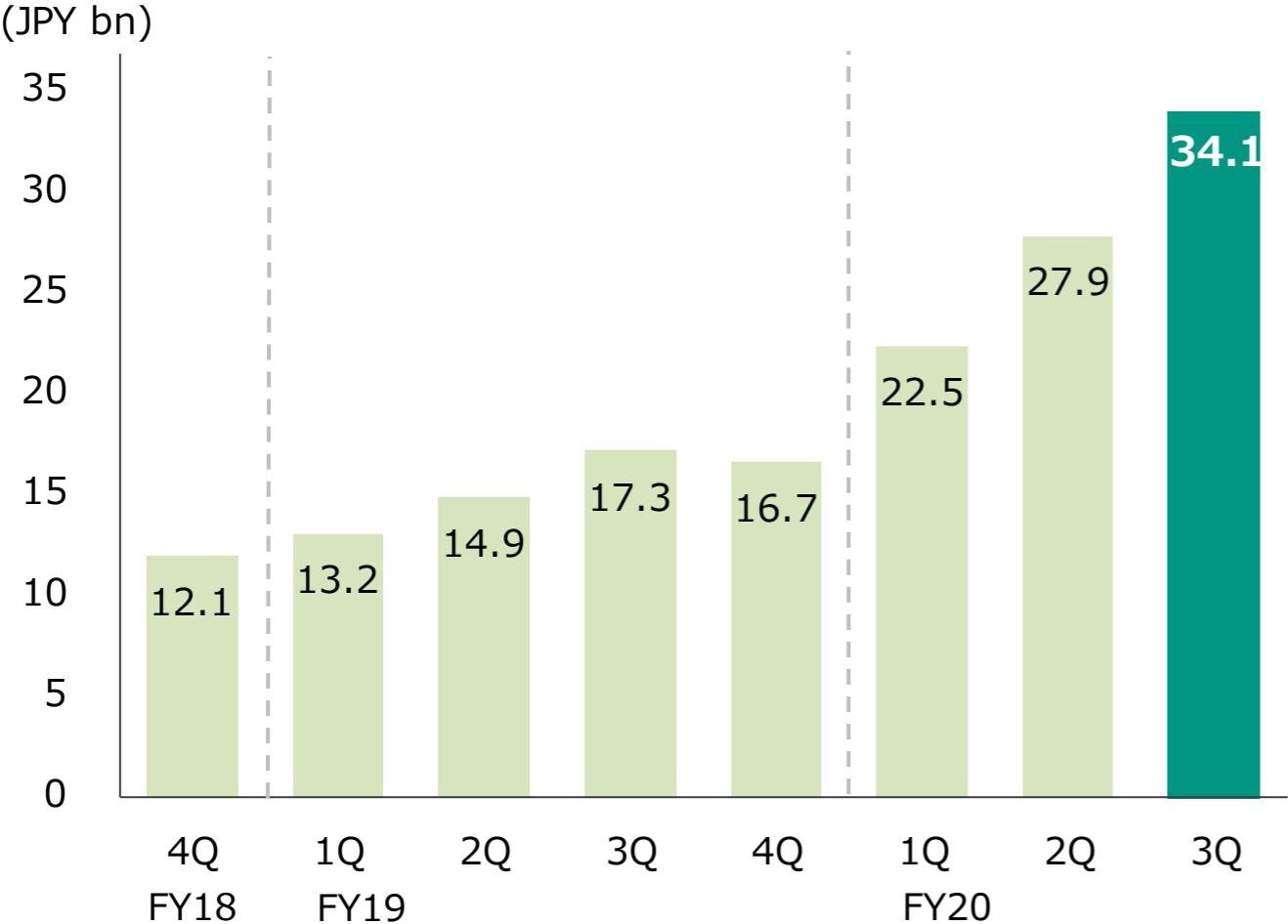
FX trading value and commission



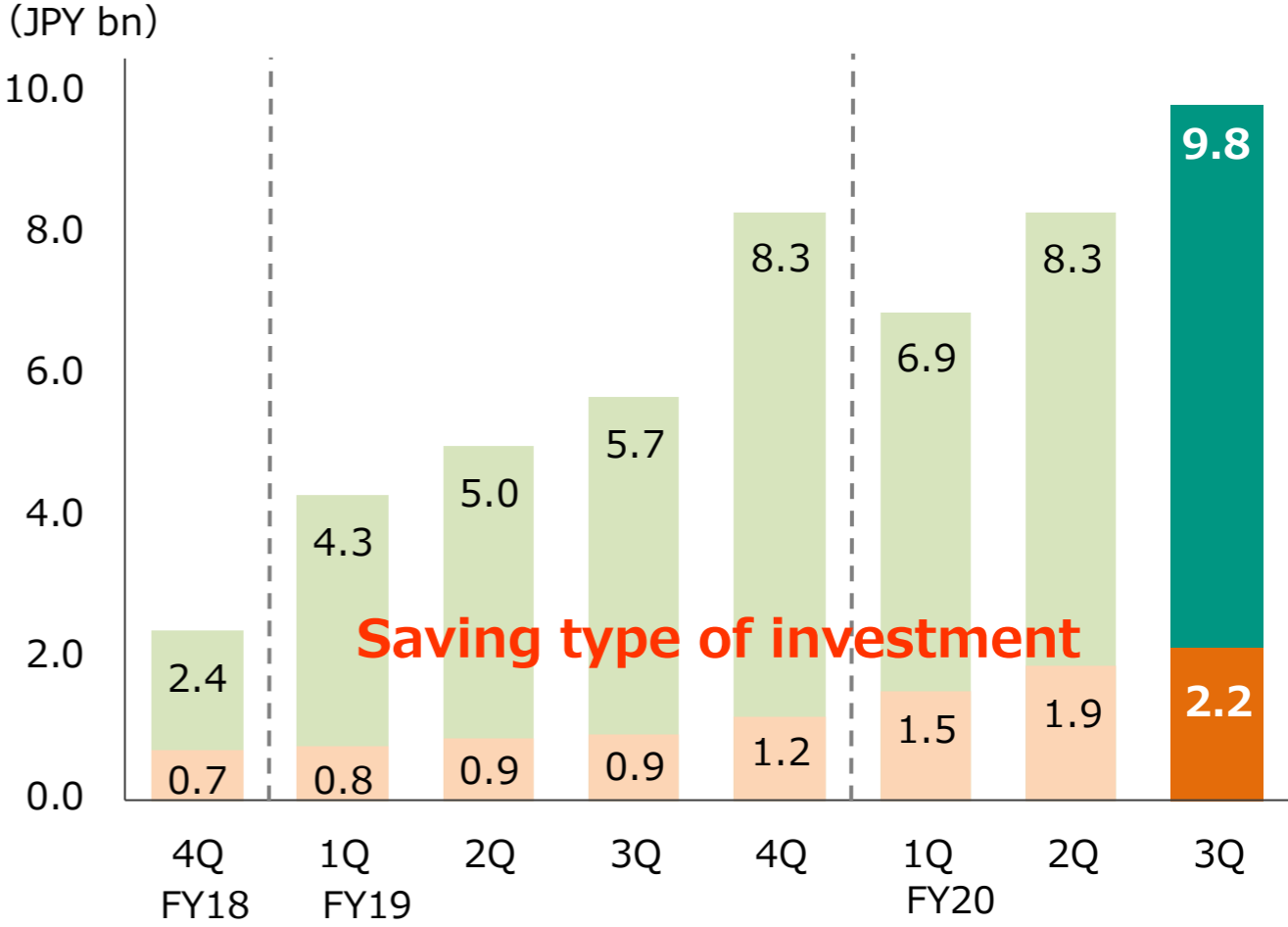
FX total position and accounts



Matsui's AUM of mutual fund



Matsui's mutual fund sales



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Corporate
Principle

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

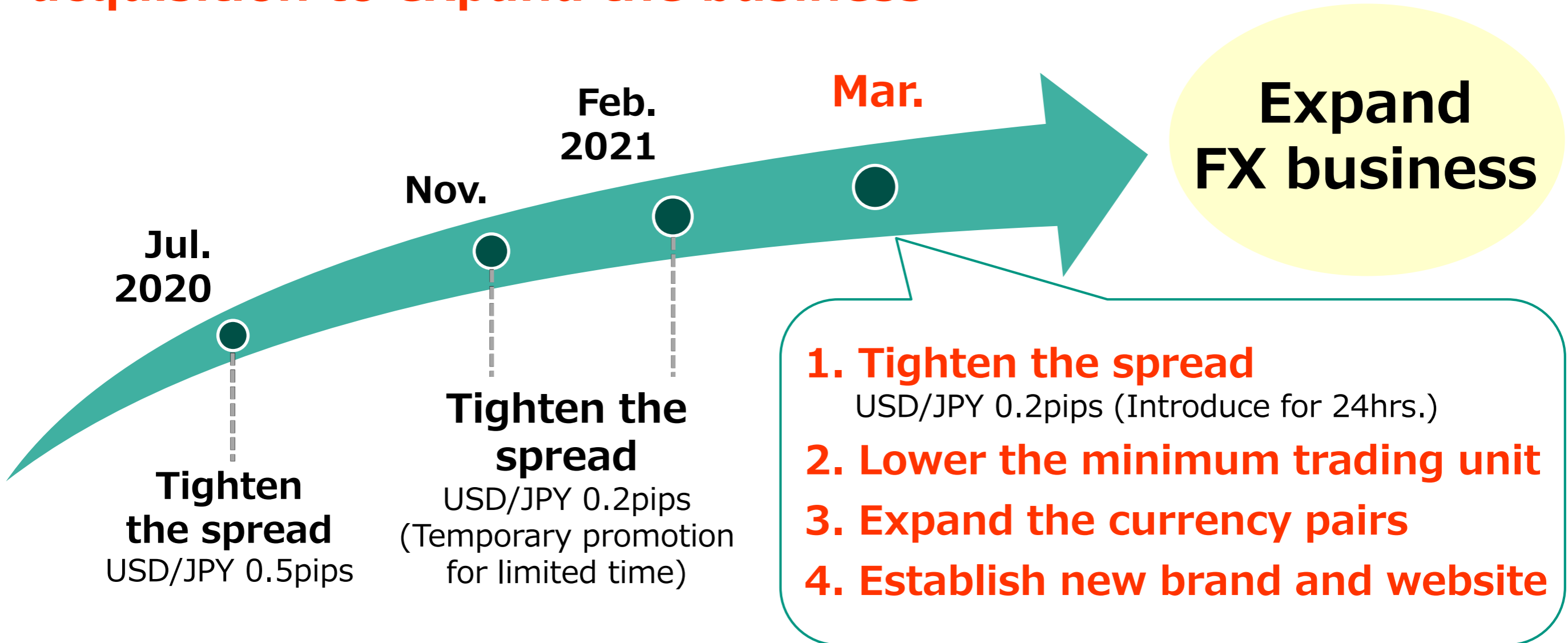
Management
Goals

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 for new customers acquisition to expand the business



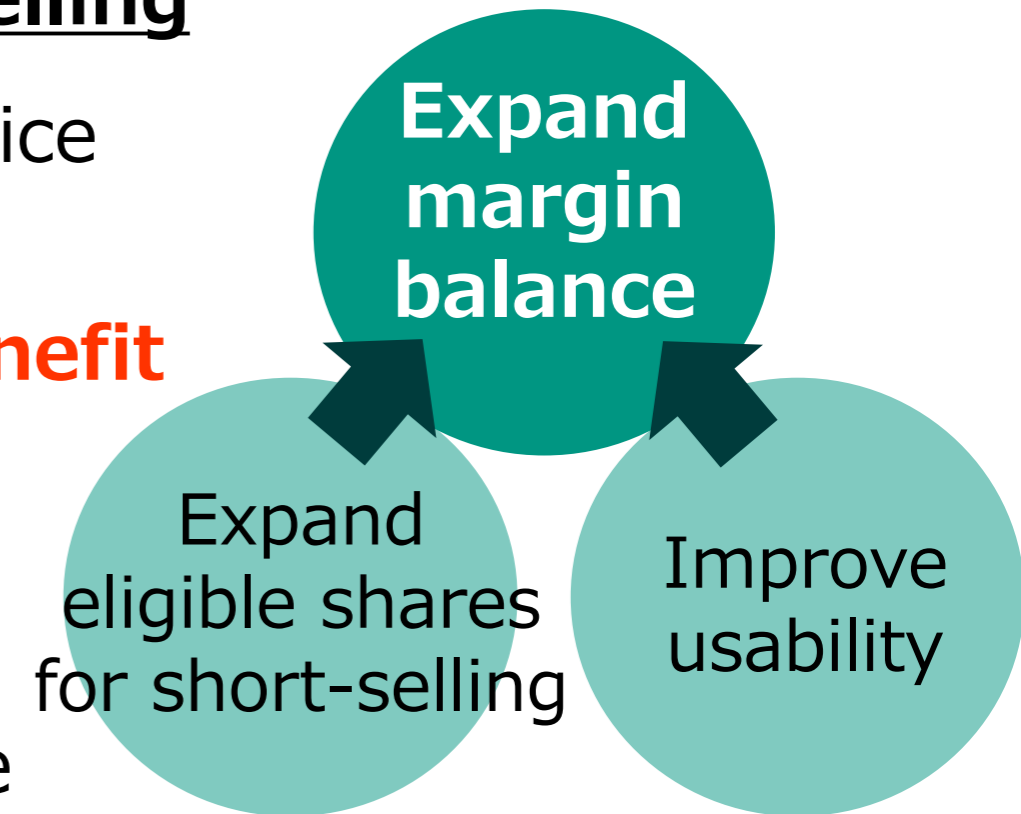
Intend to expand the margin balance

◆ Expansion of eligible shares for short-selling

- ✓ Introduce new type of margin trading service with 14-days settlement
- ✓ Able to use for **receiving shareholder benefit**

◆ Cross-trade order through website

- ✓ Able to use for receiving shareholder benefit and rolling over the margin balance
- ✓ Easy to order
- ✓ First among the online brokers by ordering through website



Intend to strengthen lending business

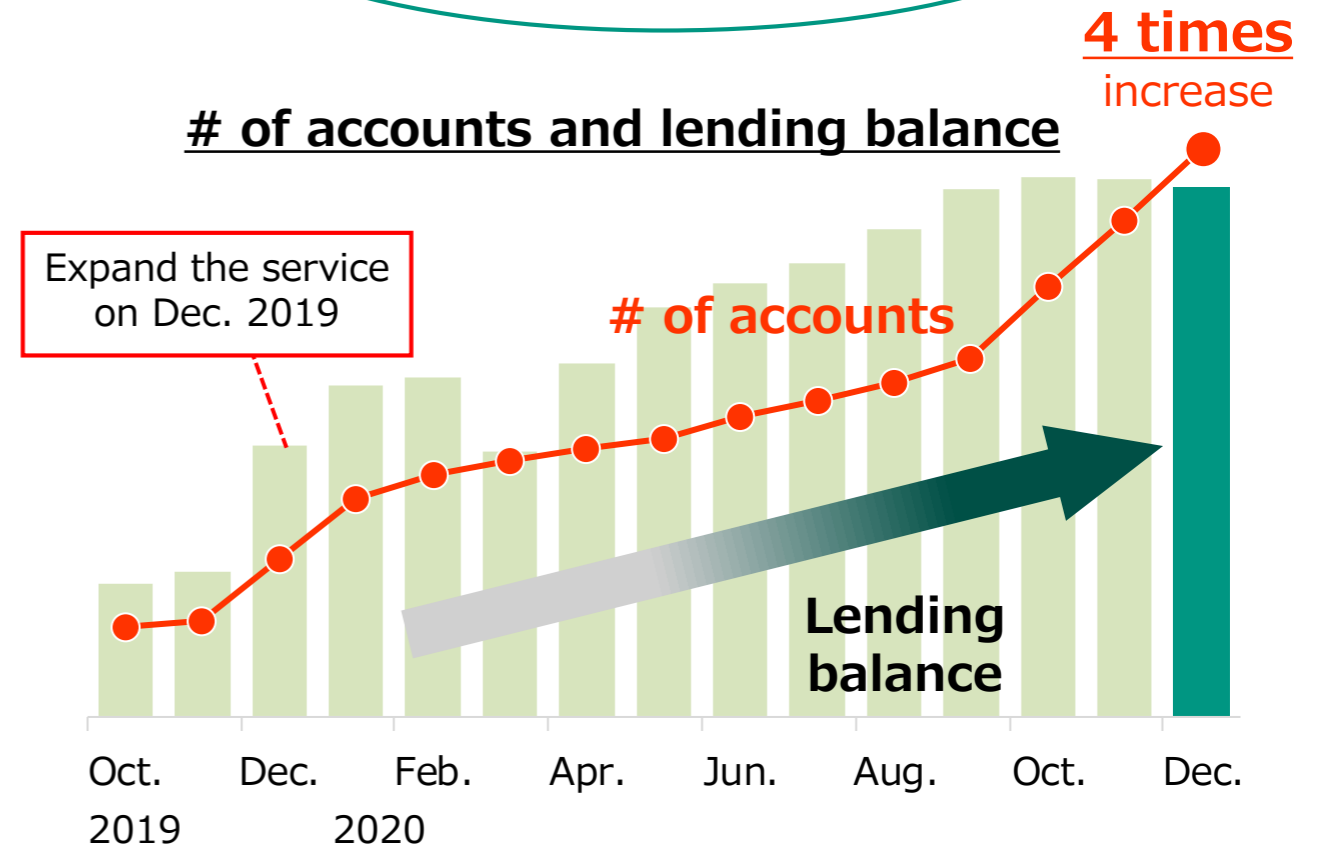
◆ Promotion to customers

- ✓ Improve customer leads
- ✓ Telemarketing for non-users
- ✓ Continue campaign program

◆ Operational improvements

- ✓ Implement the third-party lending platform
- ✓ Improve collaboration with borrowers

Expand the stock lending service



Strengthen the organization and network to expand the business

◆ Strengthen the organization

- ✓ Establish new department for IPO underwriting since last summer
- ✓ Employ new members who have sufficient experience in underwriting

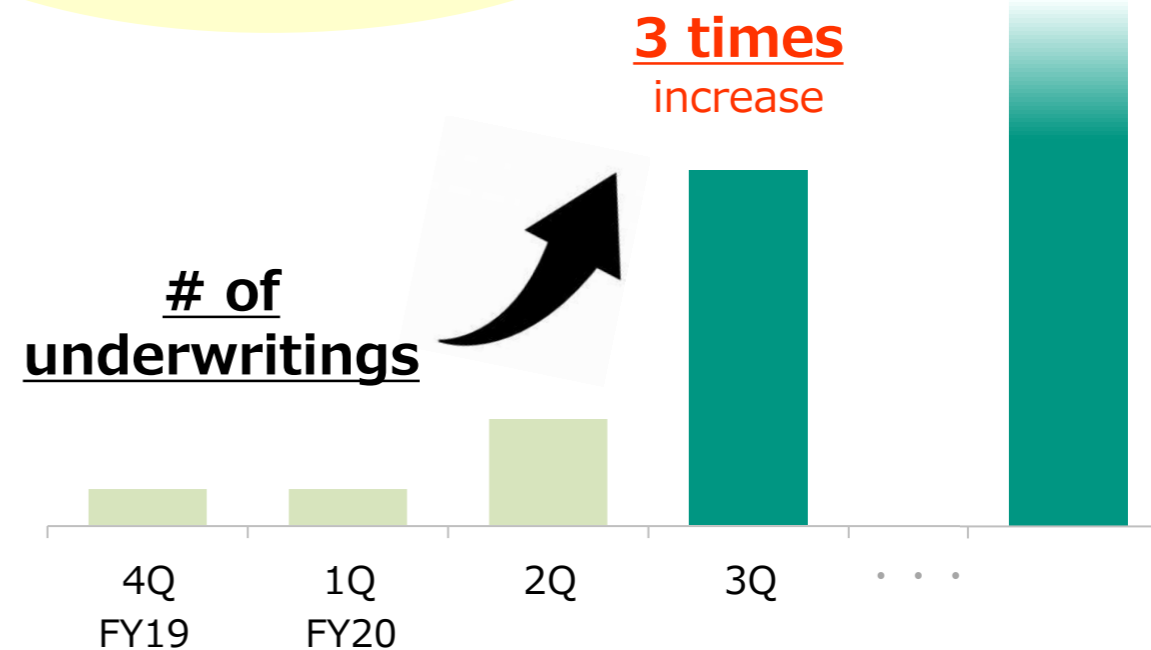
◆ Investment in venture capitals

- ✓ Expand our network to reach IPO candidates

Investing in 8 potential VCs

*Including VCs planning to be invested

Increase the number of underwritings



Easy and simple to use

◆ Intuitive layout to understand easily



◆ Abundant market information



※image

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

◆ Establish new website specialized for video contents

- ✓ 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



Advertise at Tokyo DOME since Jun. 2020



Start TV commercial since Oct. 2020

Enhance the security measures continuously to protect customers' assets

STEP 1

Dec. 2020

- ✓ **Enhance the security of customers' password and transaction PIN**
e.g. Increase the number of digits, require alphanumeric character

STEP 2

Mar. 2021

- ✓ **Introduce Multi-factor authentication using SMS**

STEP 3

FY2021

- ✓ **Continue to enhance the security measures**

The material is intended to provide the financial results for the quarter ended 30 December 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 28 January 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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