

# Annual Results for 3QFY2021

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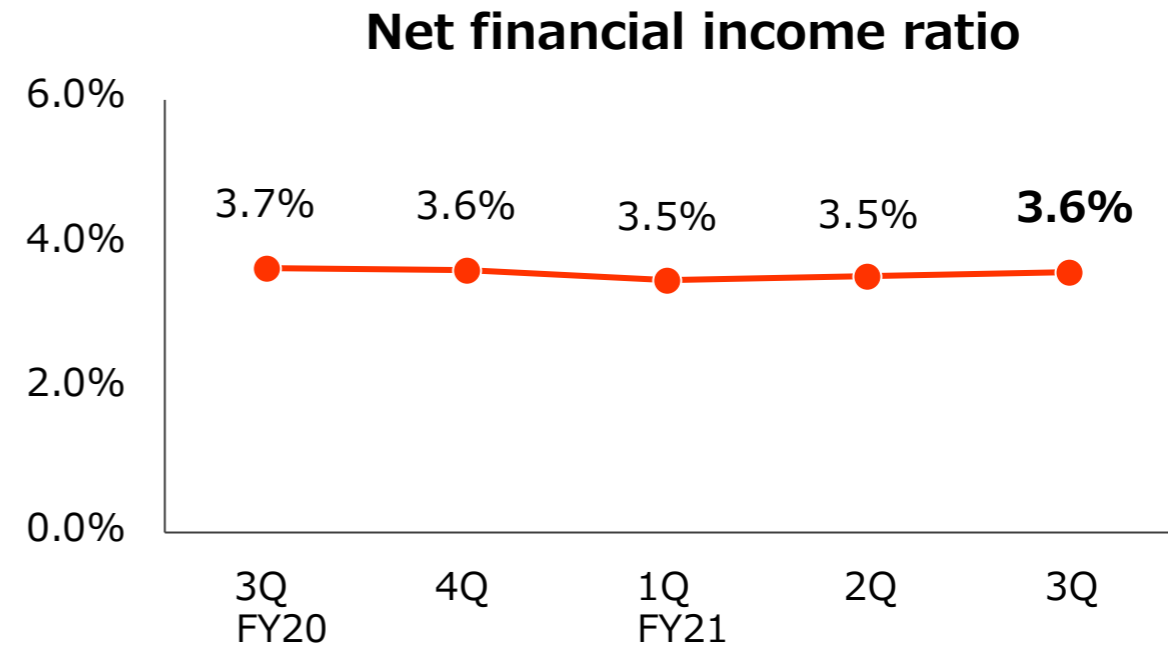
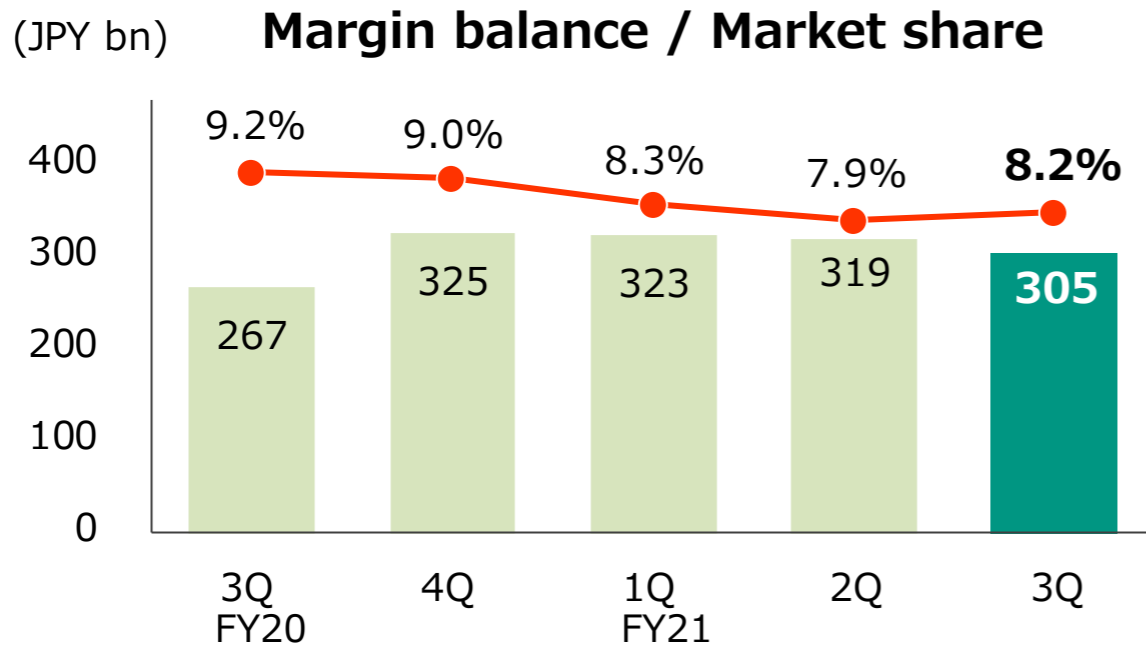
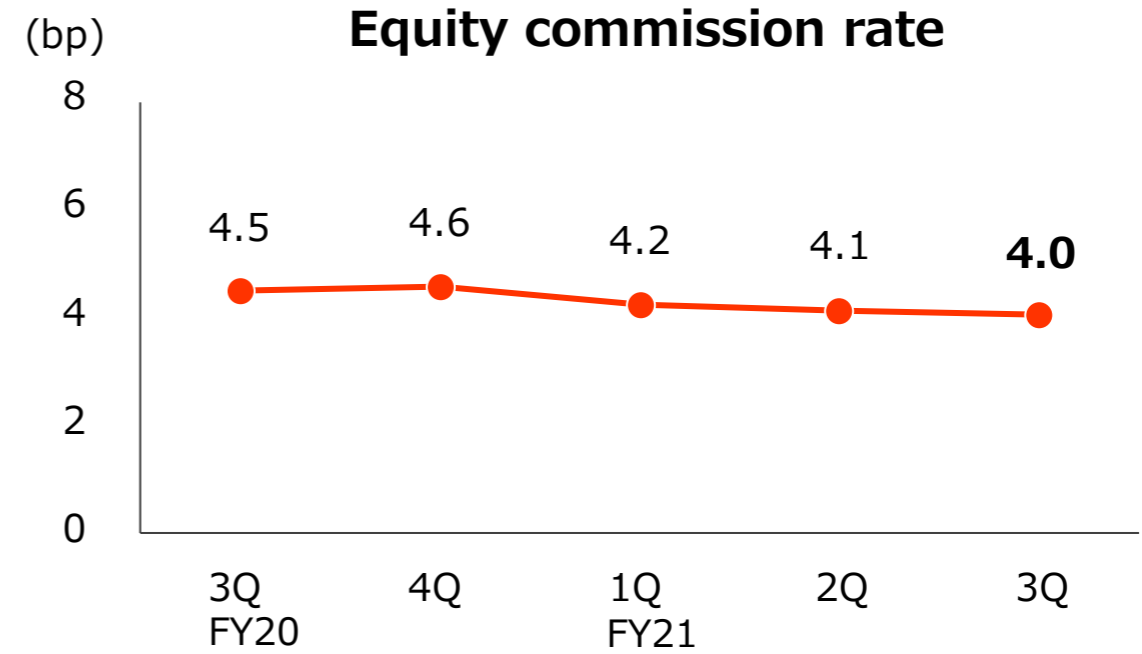
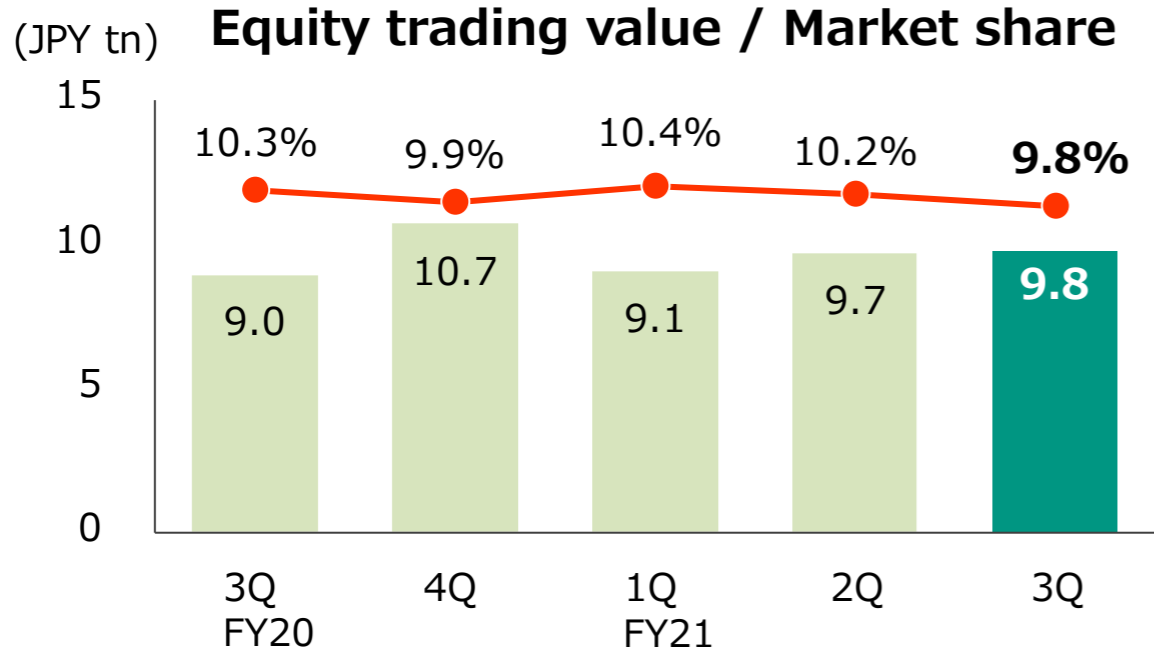
**Matsui Securities Co., Ltd.**

January 27, 2022

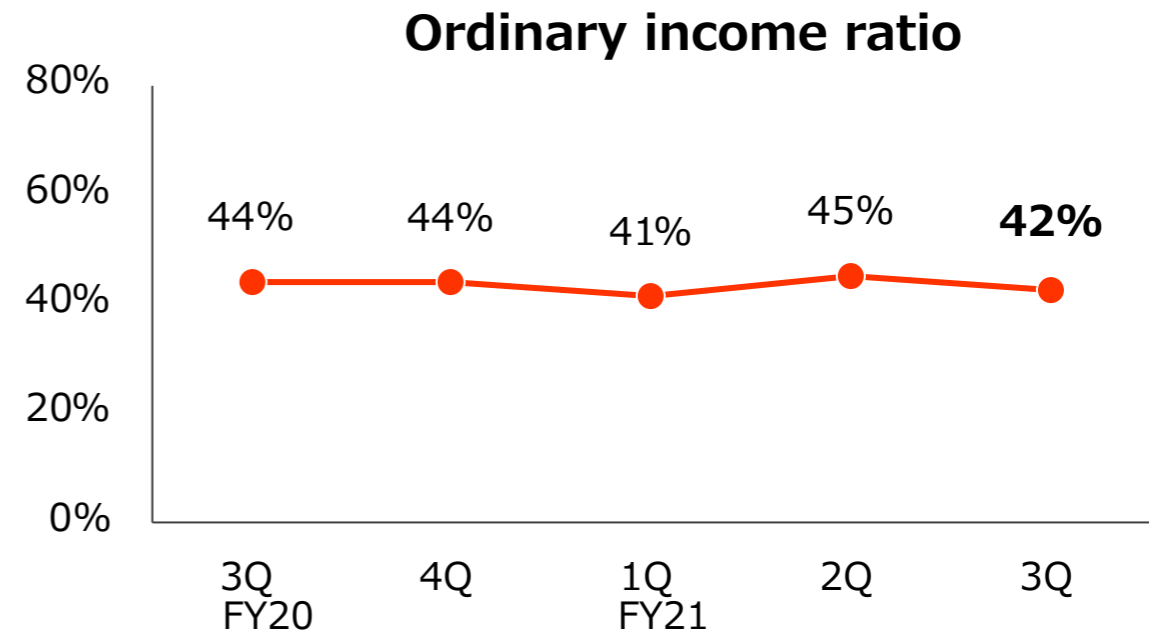
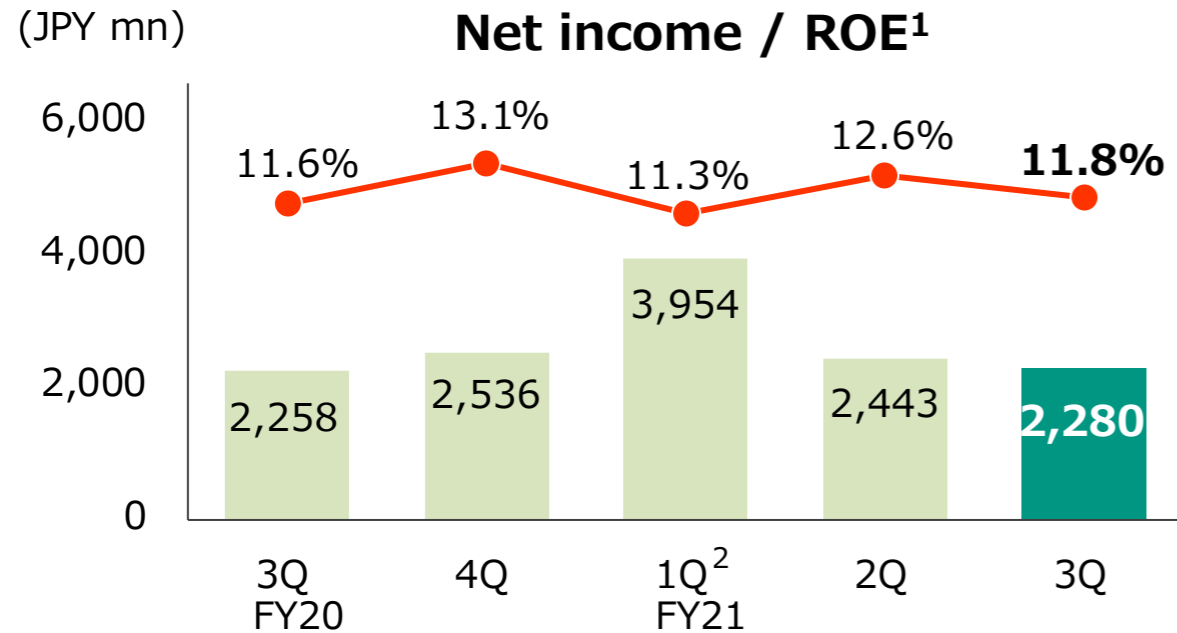
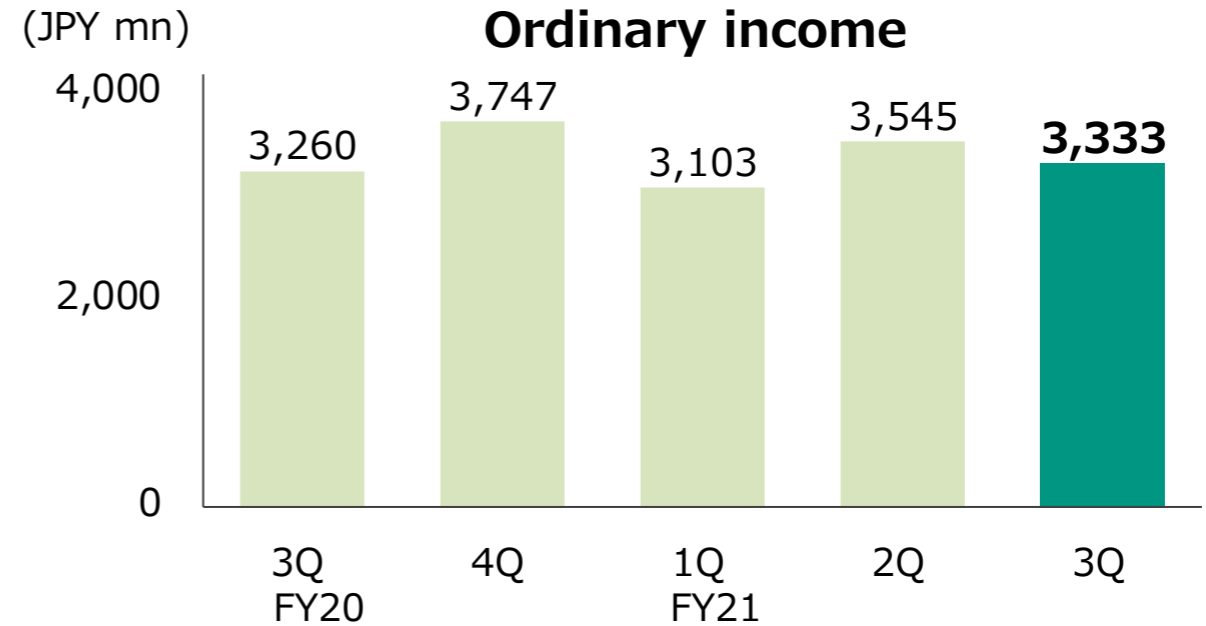
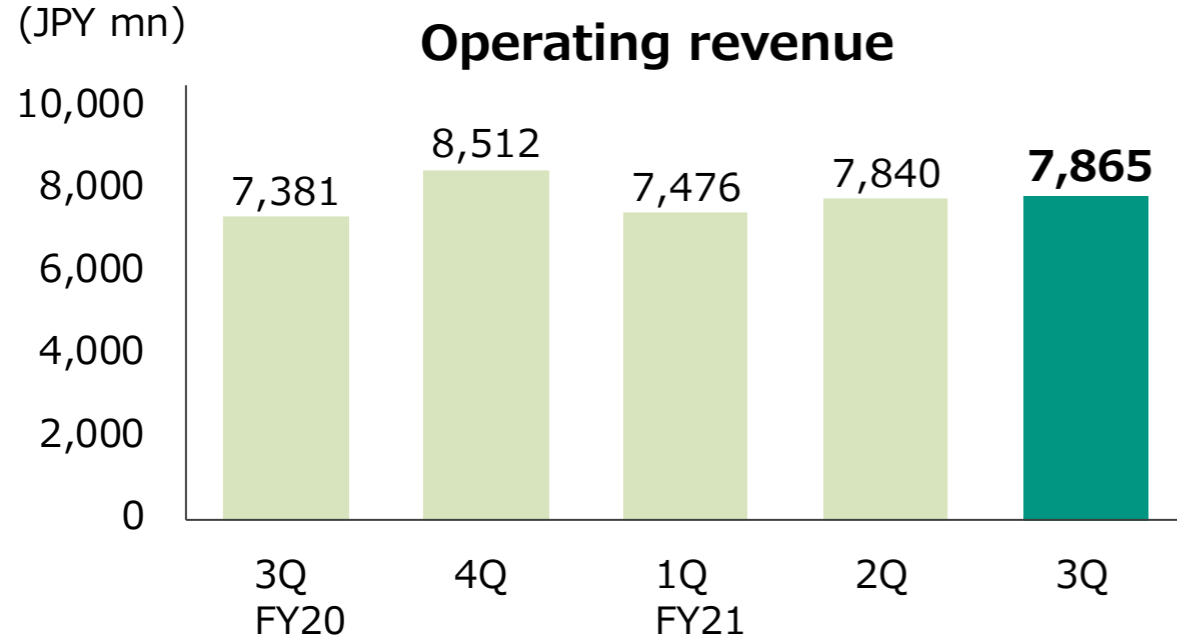
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- 2. Business Results**
- 3. Management Strategy  
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**Appendix**

# Business Results



# Financial Results



Note 1: Annualized on each quarter

Note 2: Net income of 1QFY21 includes 2.6 billion yen in extraordinary profit (before tax). ROE excludes the impact of this change.

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# Summary of Financial Results

## 3Q FY2021

(JPY mn)

	3Q(Apr.-Dec.) FY2020	3Q(Apr.-Dec.) FY2021	YoY
Operating Revenues	21,570	23,181	7%
Net operating revenues	20,482	22,341	9%
SG&A	11,381	12,388	9%
Operating income	9,101	9,953	9%
Ordinary income	9,172	9,981	9%
Net income	7,747	8,677	12%
Ordinary income ratio	43%	43%	-
Matsui's trading value (JPY tn)	26.7	28.6	7%
Average margin balance (JPY bn)	245	322	31%

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

# Breakdown of Revenues

## 3Q FY2021

(JPY mn)

	3Q(Apr.-Dec.) FY2020	3Q(Apr.-Dec.) FY2021	YoY
Commissions	13,210	<b>13,129</b>	<b>-1%</b>
Brokerage	12,665	<b>12,508</b>	<b>-1%</b>
Equity & ETF	11,889	<b>11,818</b>	<b>-1%</b>
Futures & Options	776	<b>690</b>	<b>-11%</b>
Others	494	<b>543</b>	<b>10%</b>
Net trading income	611	<b>658</b>	<b>8%</b>
Interest & dividend income	7,747	<b>9,393</b>	<b>21%</b>
Interest expenses	1,088	<b>840</b>	<b>-23%</b>
Net interest income	6,659	<b>8,553</b>	<b>28%</b>

# Breakdown of SG&A

## 3Q FY2021

(JPY mn)

	3Q(Apr.-Dec.) FY2020	3Q(Apr.-Dec.) FY2021	YoY
Trading related expenses	4,102	4,713	15%
Stock exchanges and securities	1,121	1,083	-3%
Communications expenses	1,400	1,437	3%
Advertisement	903	1,504	67%
Personnel expenses	2,033	2,204	8%
Occupancy & rental	755	734	-3%
Data processing & office supplies	2,344	2,446	4%
Depreciation	1,576	1,767	12%
Taxes and dues	374	413	10%
Provision of allowance for doubtful accounts	52	△ 36	-
Others	144	147	2%
<b>Total SG&amp;A</b>	<b>11,381</b>	<b>12,388</b>	<b>9%</b>



# Summary of Financial Results

## Quarterly

(JPY mn)

	2Q FY2021	3Q FY2021	QoQ
Operating Revenues	7,840	7,865	0%
Net operating revenues	7,566	7,594	0%
SG & A	4,002	4,265	7%
Operating income	3,564	3,329	-7%
Ordinary income	3,545	3,333	-6%
Net income	2,443	2,280	-7%
Ordinary income ratio	45%	42%	-
Matsui's trading value (JPY tn)	9.7	9.8	1%
Average margin balance (JPY bn)	322	322	-0%

# Breakdown of Revenues

## Quarterly

(JPY mn)

	2Q FY2021	3Q FY2021	QoQ
Commissions	4,470	4,410	-1%
Brokerage	4,247	4,199	-1%
Equity & ETF	4,014	3,953	-2%
Futures & Options	233	246	5%
Others	192	175	-9%
Net trading income	237	284	20%
Interest & dividend income	3,132	3,171	1%
Interest expenses	274	271	-1%
Net interest income	2,858	2,900	1%

# Breakdown of SG&A

## Quarterly

(JPY mn)

	2Q FY2021	3Q FY2021	QoQ
Trading related expenses	1,500	1,649	10%
Stock exchanges and securities	359	370	3%
Communications expenses	466	488	5%
Advertisement	450	563	25%
Personnel expenses	733	765	4%
Occupancy & rental	240	239	-0%
Data processing & office supplies	777	864	11%
Depreciation	592	588	-1%
Taxes and dues	124	125	1%
Provision of allowance for doubtful accounts	△ 5	△ 9	-
Others	41	44	7%
<b>Total SG &amp; A</b>	<b>4,002</b>	<b>4,265</b>	<b>7%</b>

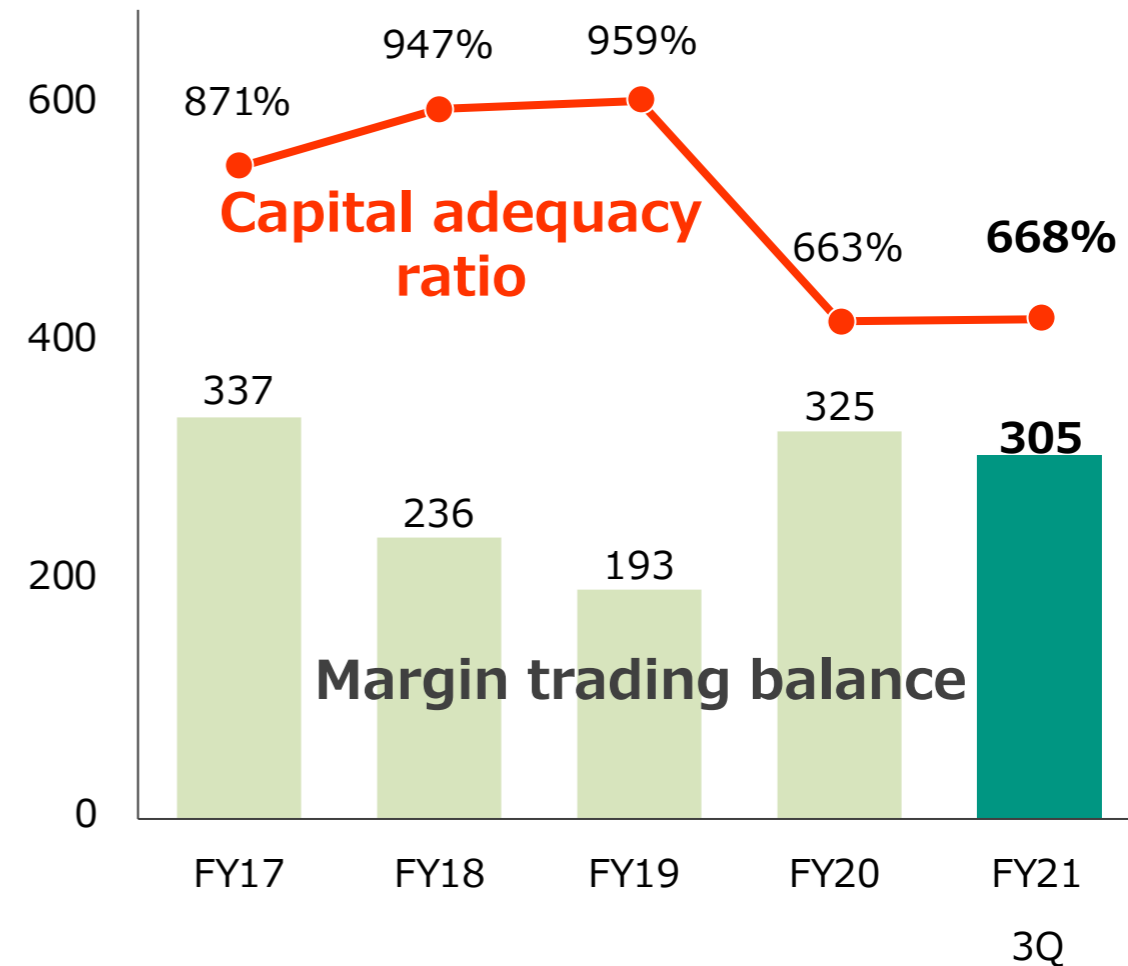
## Capital adequacy ratio (As of 30 December 2021)

(JPY mn)

Tier 1	(A)	75,693
Tier 2	Net unrealized gain on investment	314
	Statutory reserves	3,015
	Allowance for doubtful accounts	69
Sub total	(B)	3,399
Assets to be deducted from equity capital	(C)	12,410
Net Capital	(A) + (B) - (C)	66,682
Total risk	Market risk	9
	Counterparty risk	6,201
	Basic risk	3,767
Total	(E)	9,978
Capital Adequacy ratio	(D)/(E)	<b>668%</b>

## Margin trading balance and capital adequacy ratio

(JPY bn)



## Plan to pay year-end dividend of **20 yen** per share for FY21

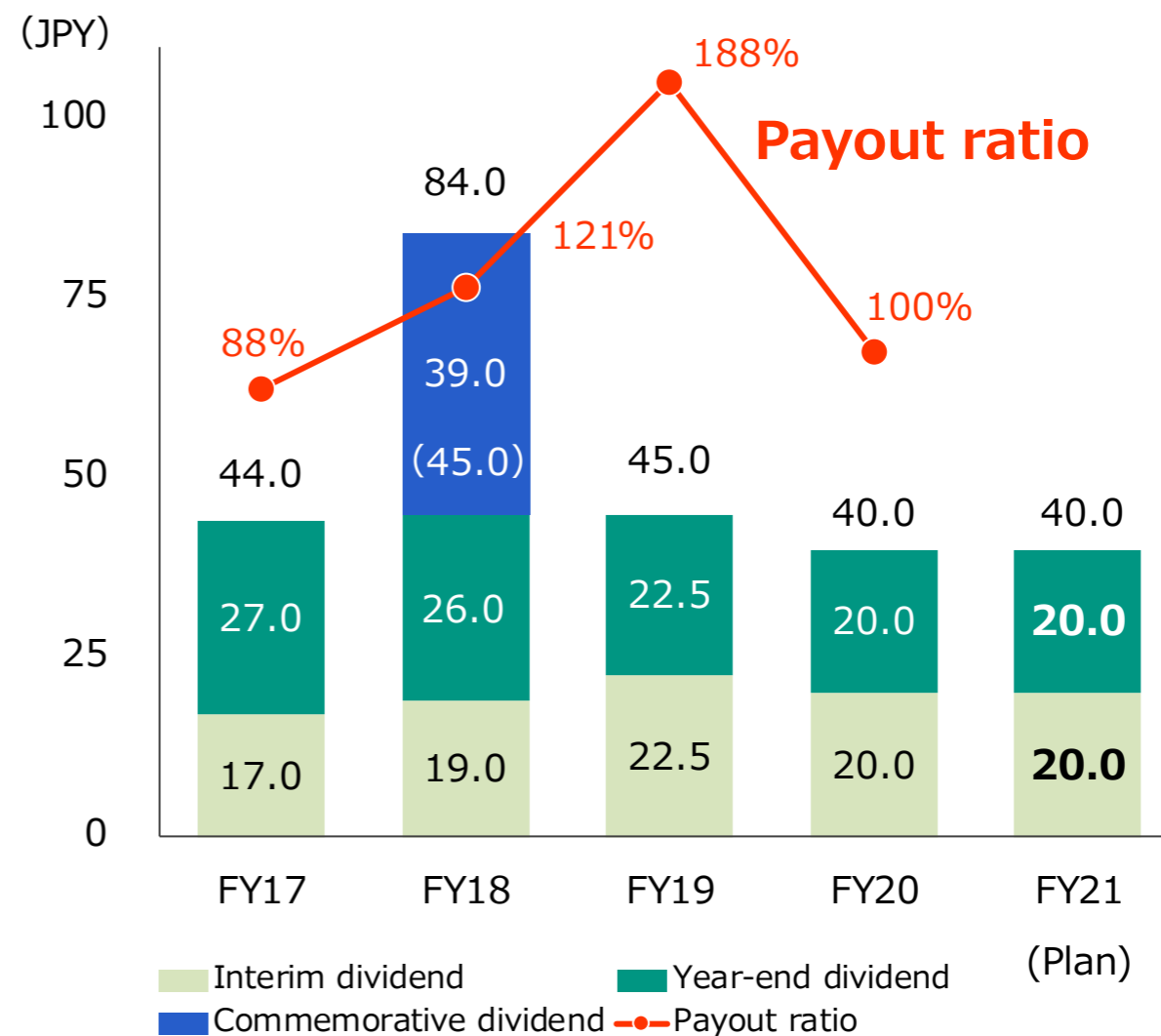
### Dividends for FY21

- 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 ratio<sup>1</sup>



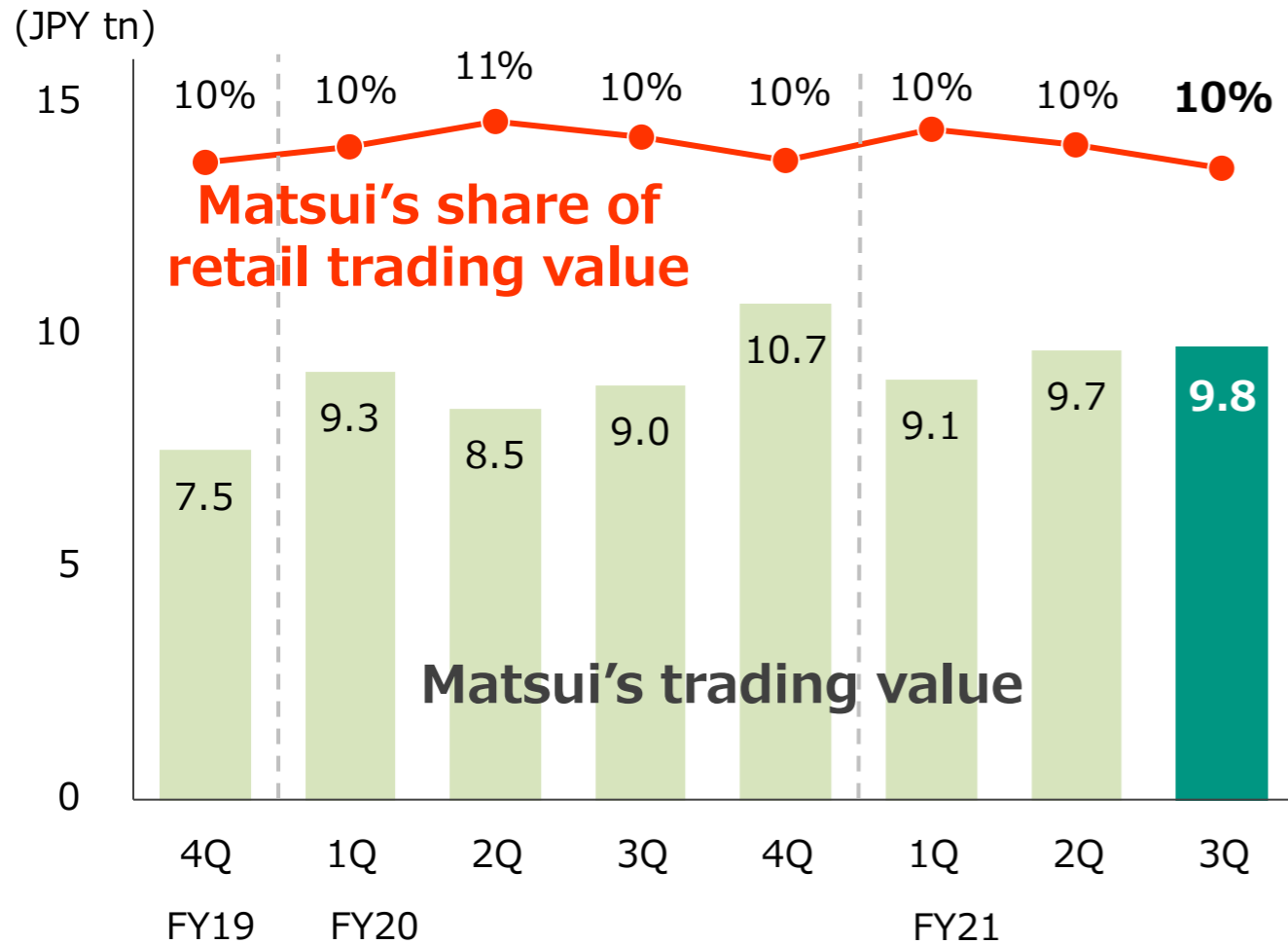
Note 1 : Payout ratio for the ordinary dividend

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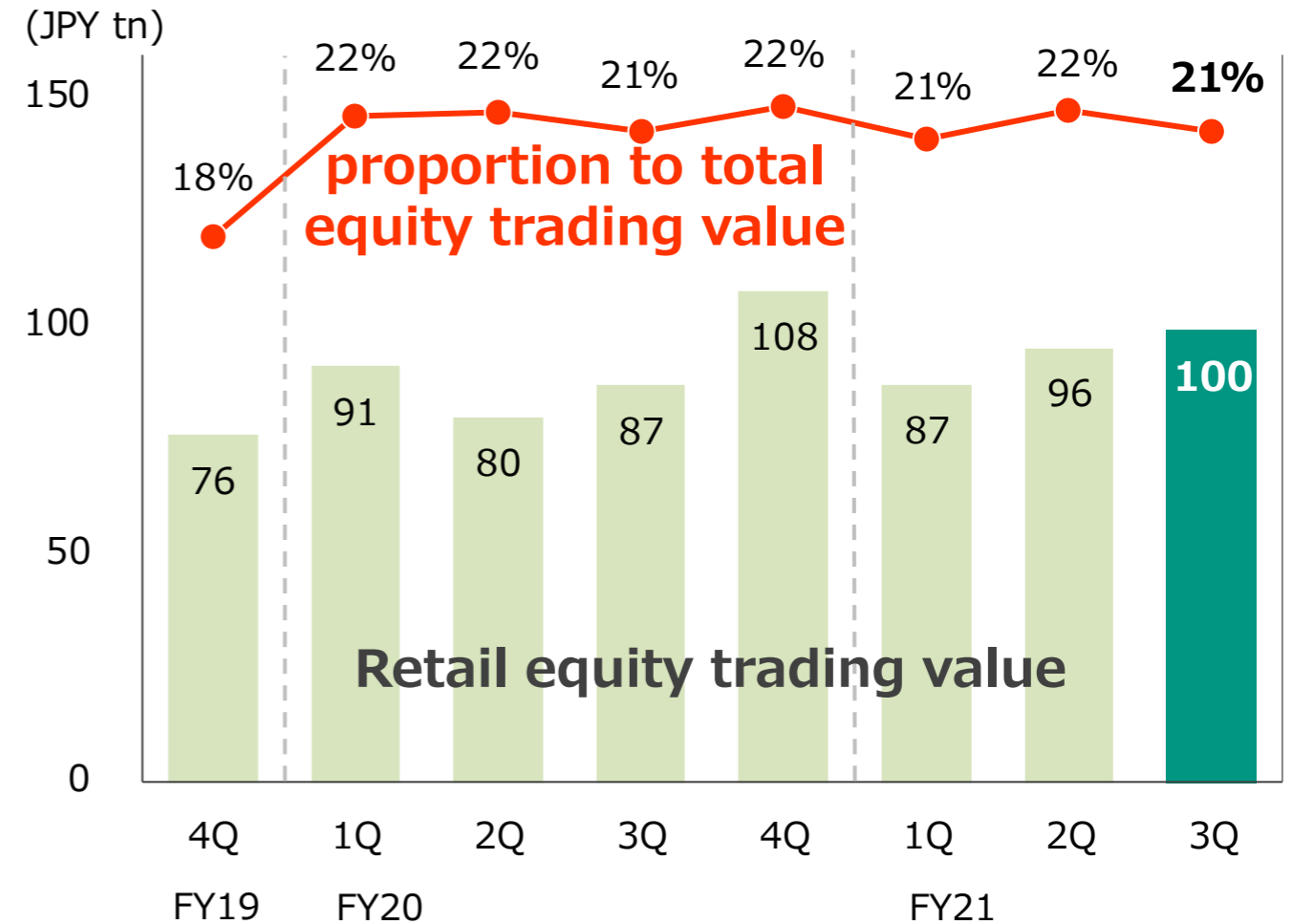
Appendix

# Equity Trading Value

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



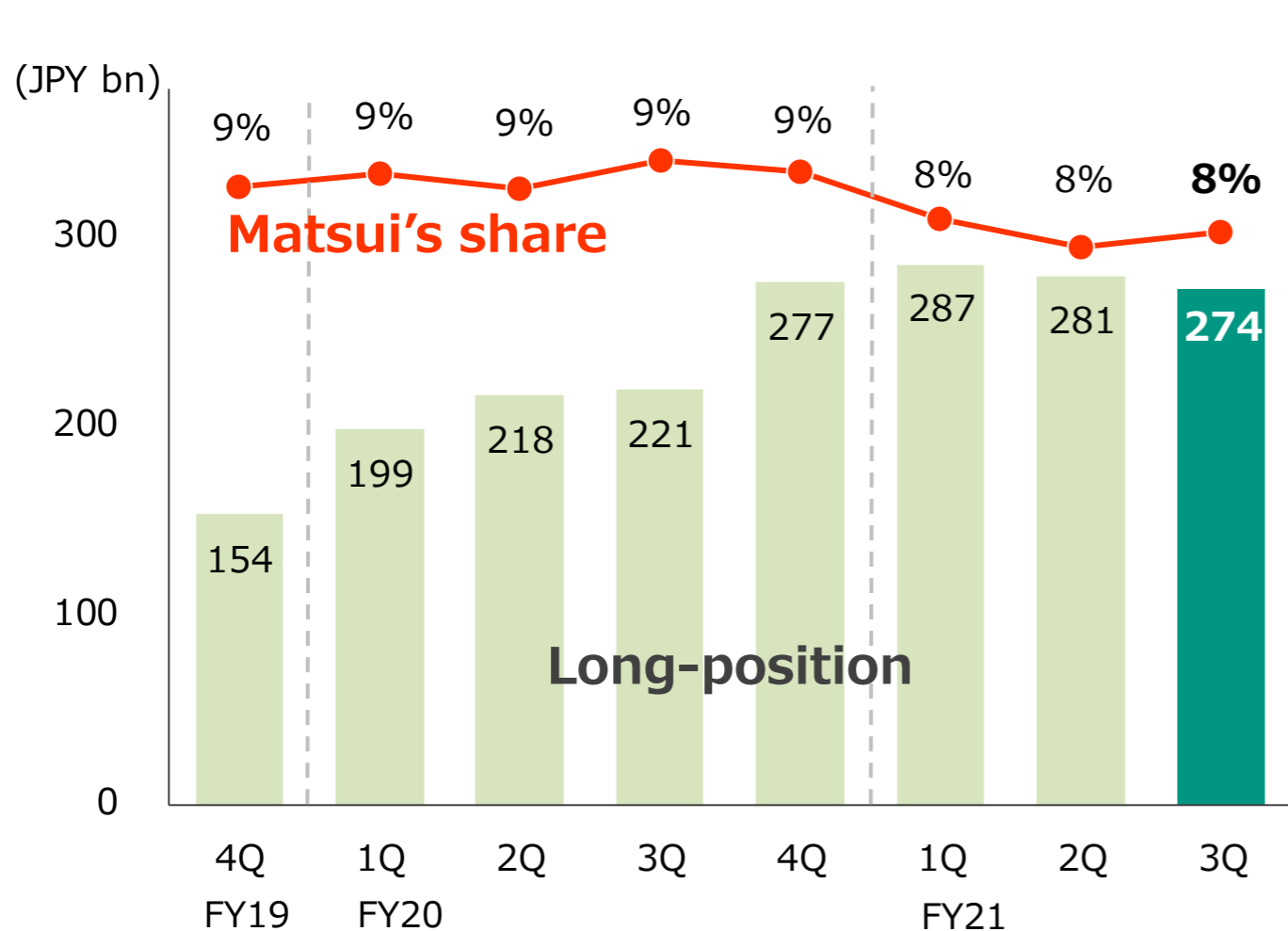
**Retail equity trading value<sup>1</sup> and proportion to total equity trading value**



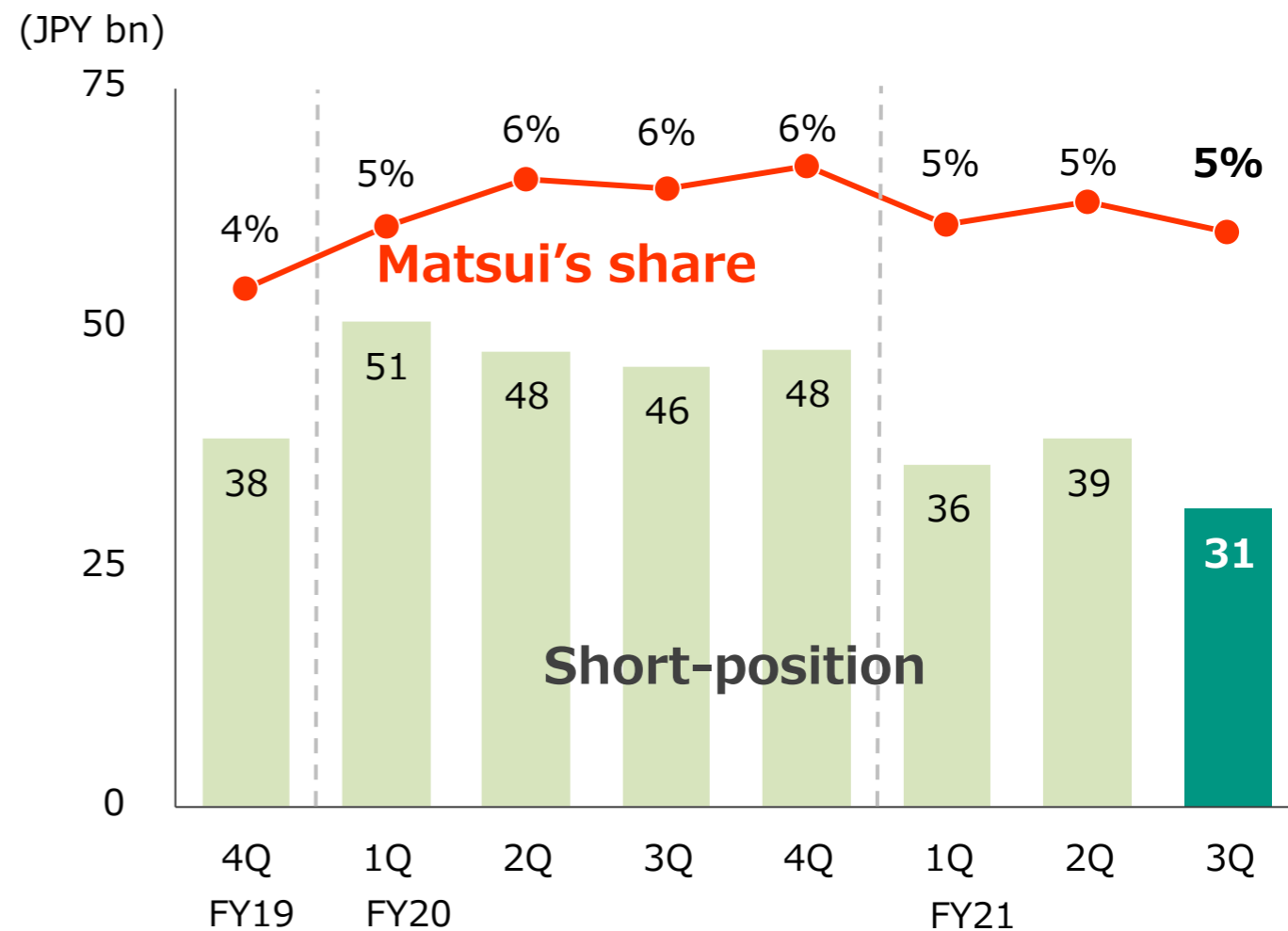
Source: TSE  
Note 1: Sum of the retail equity trading value on 2 major stock exchanges

# Margin Trading Balance

**Matsui's long-position on margin<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>**



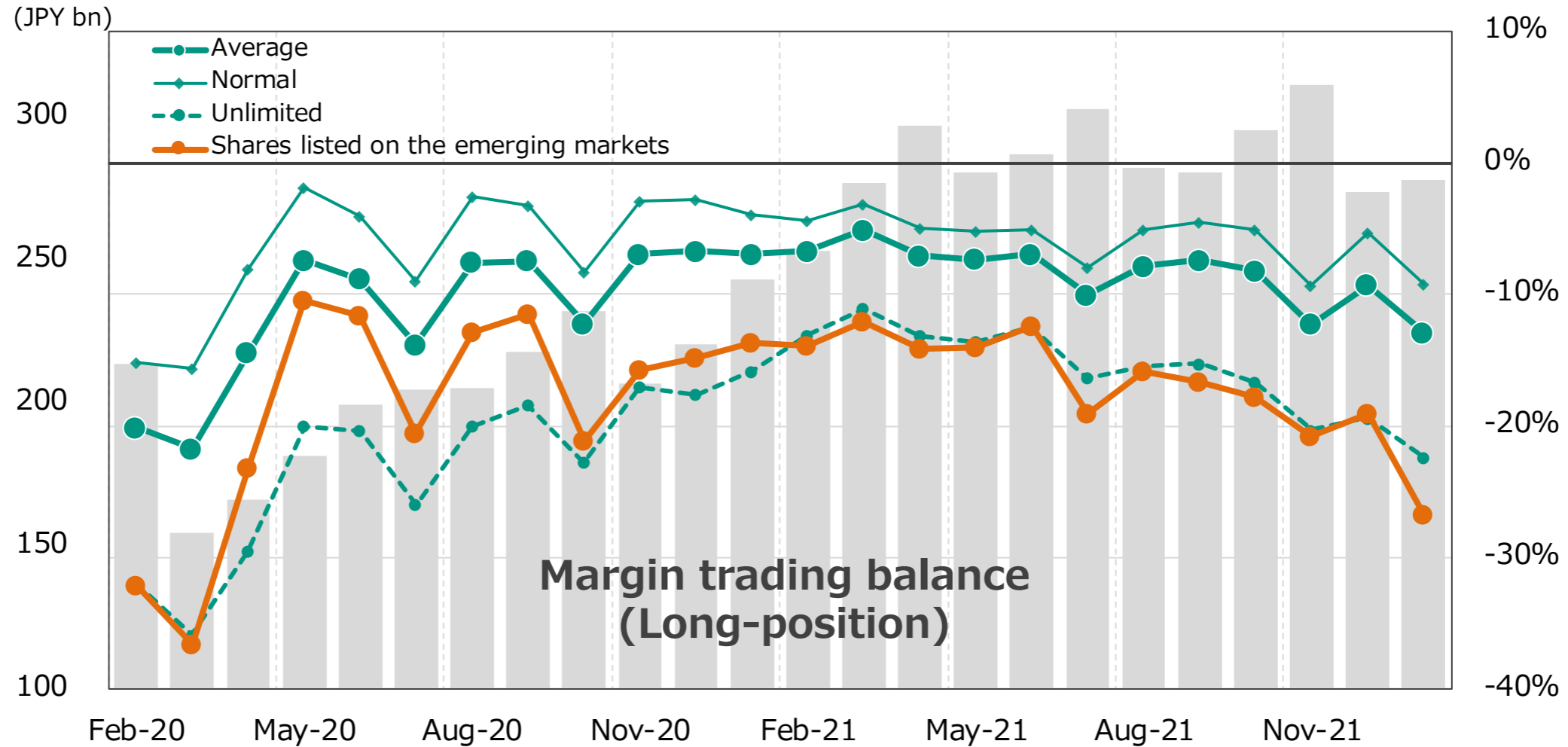
Source: TSE, Company Websites

Note1 : Balance as of the end of each quarter

Note2 : Total market share in 2 major stock exchanges

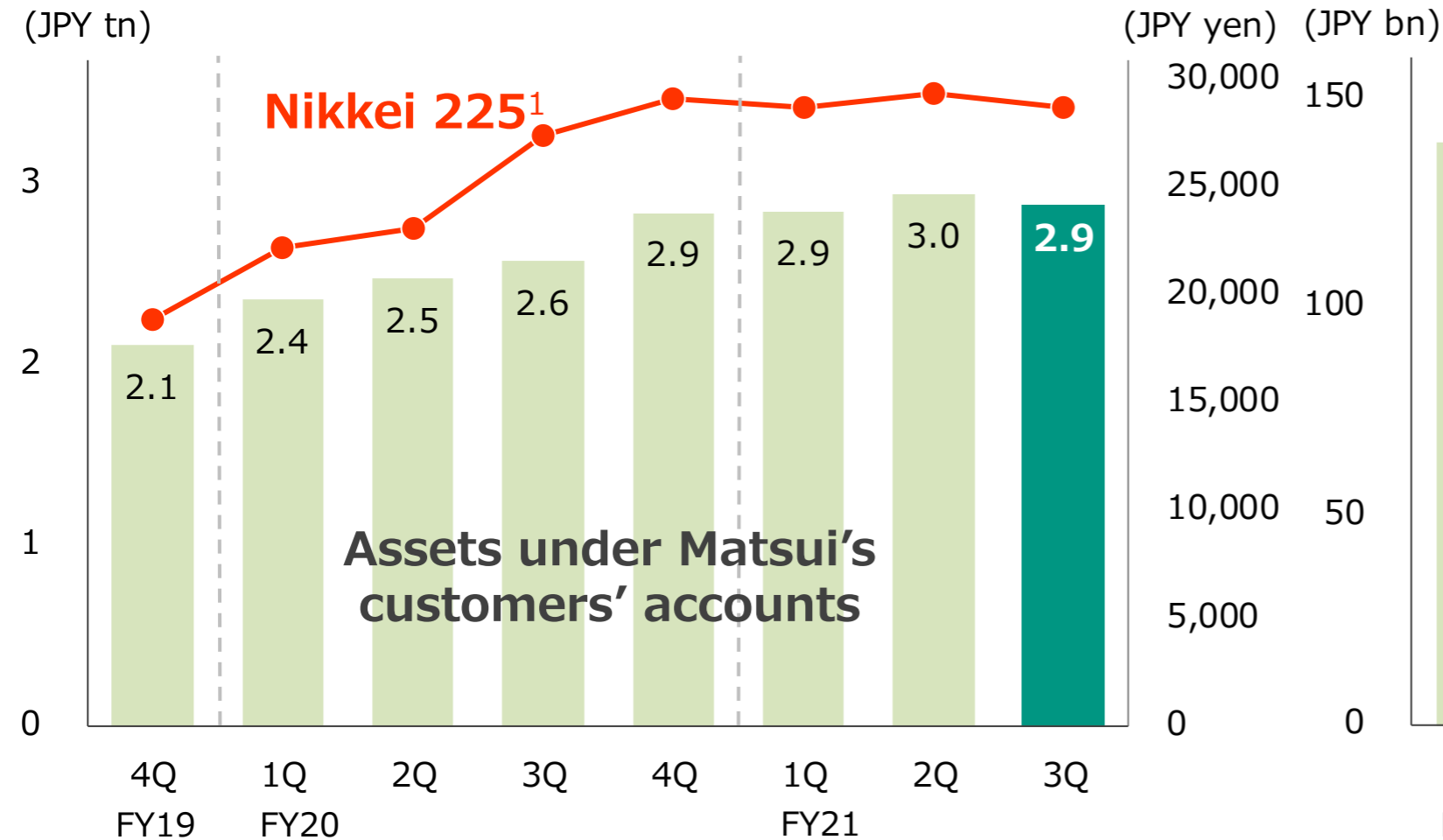


# Unrealized Losses (Long-position)

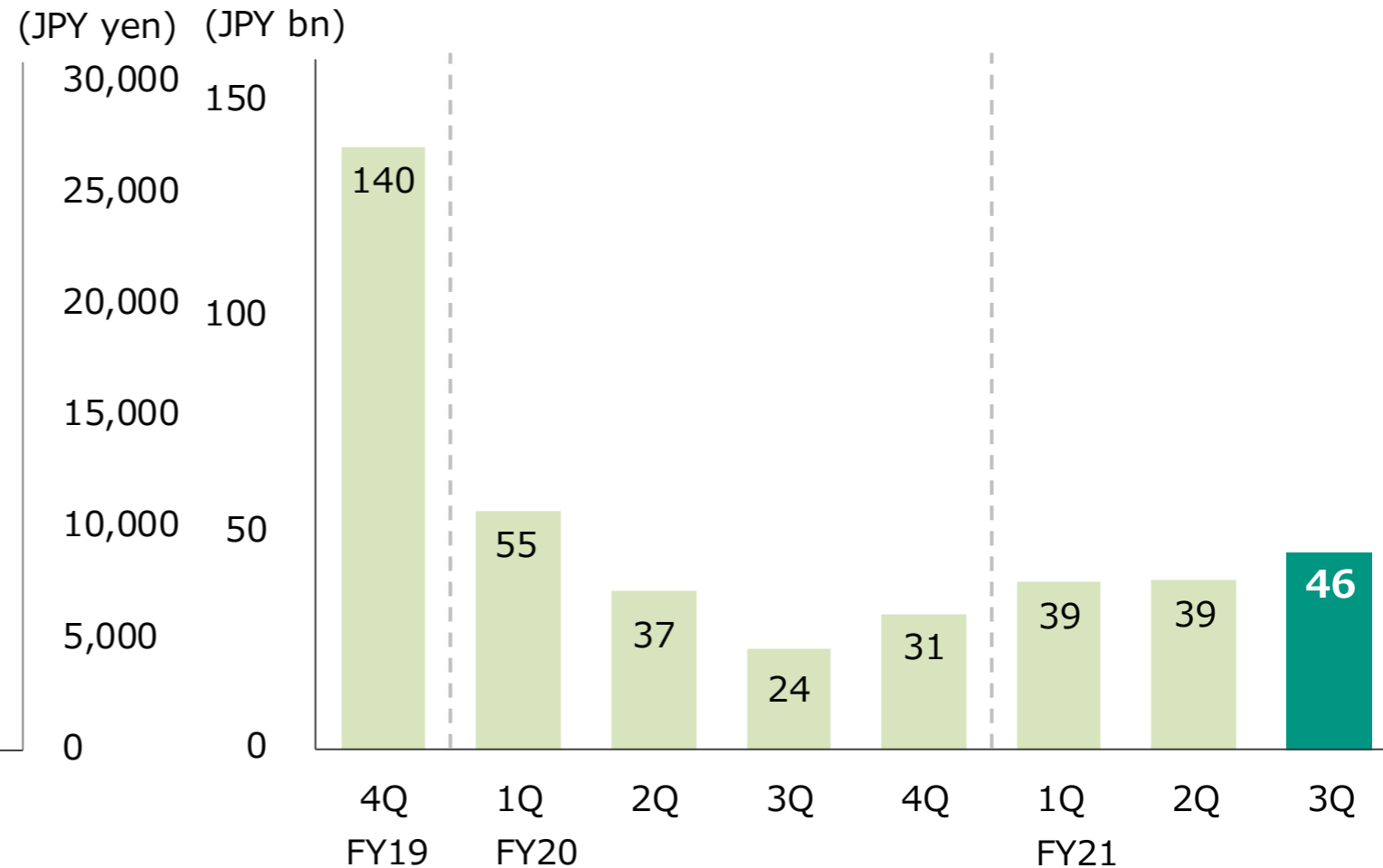


# Assets under Customers' Accounts

## Assets under Matsui's customers' accounts



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

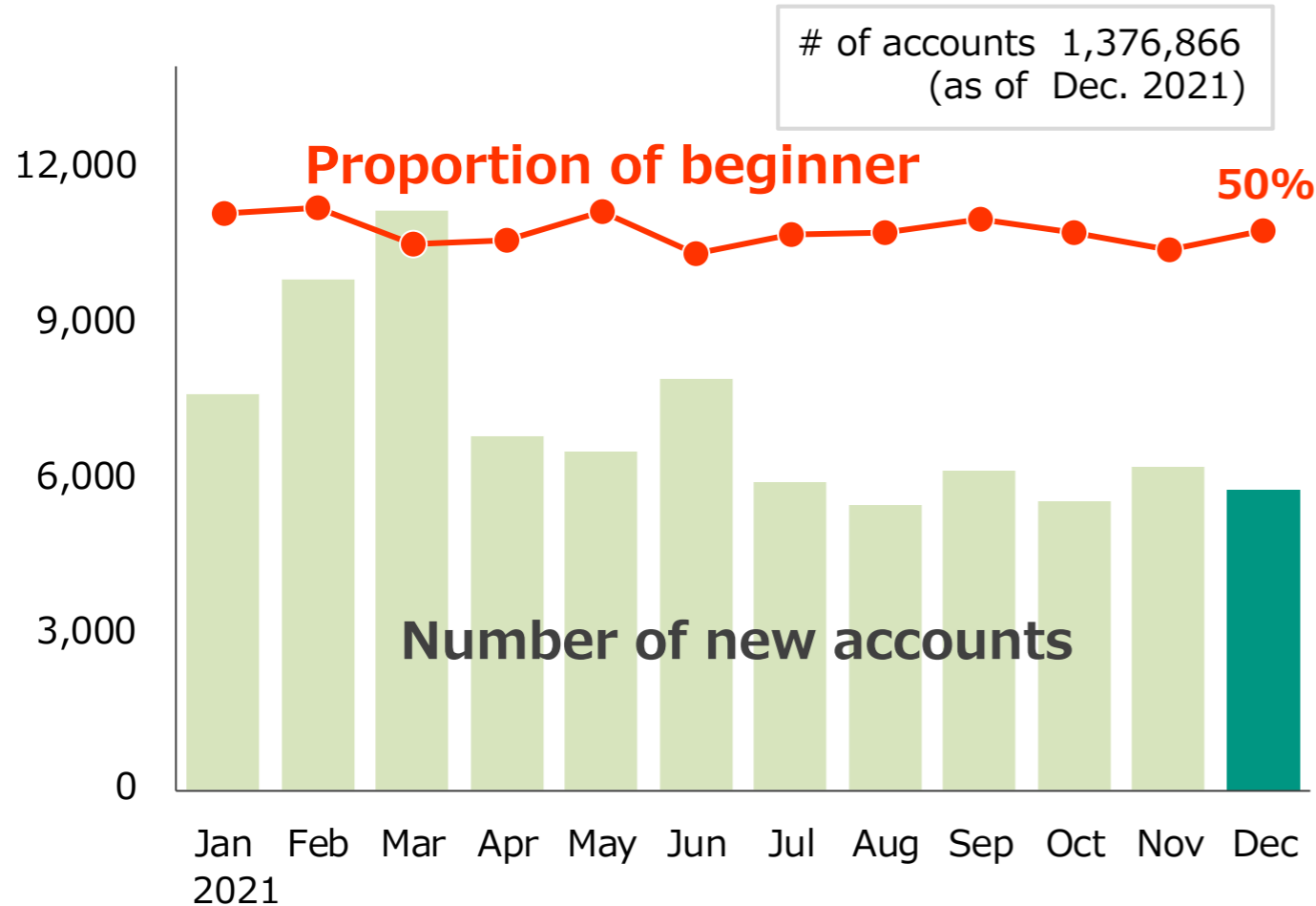


Note 1: Nikkei 225 is the closed price at the end of each quarter

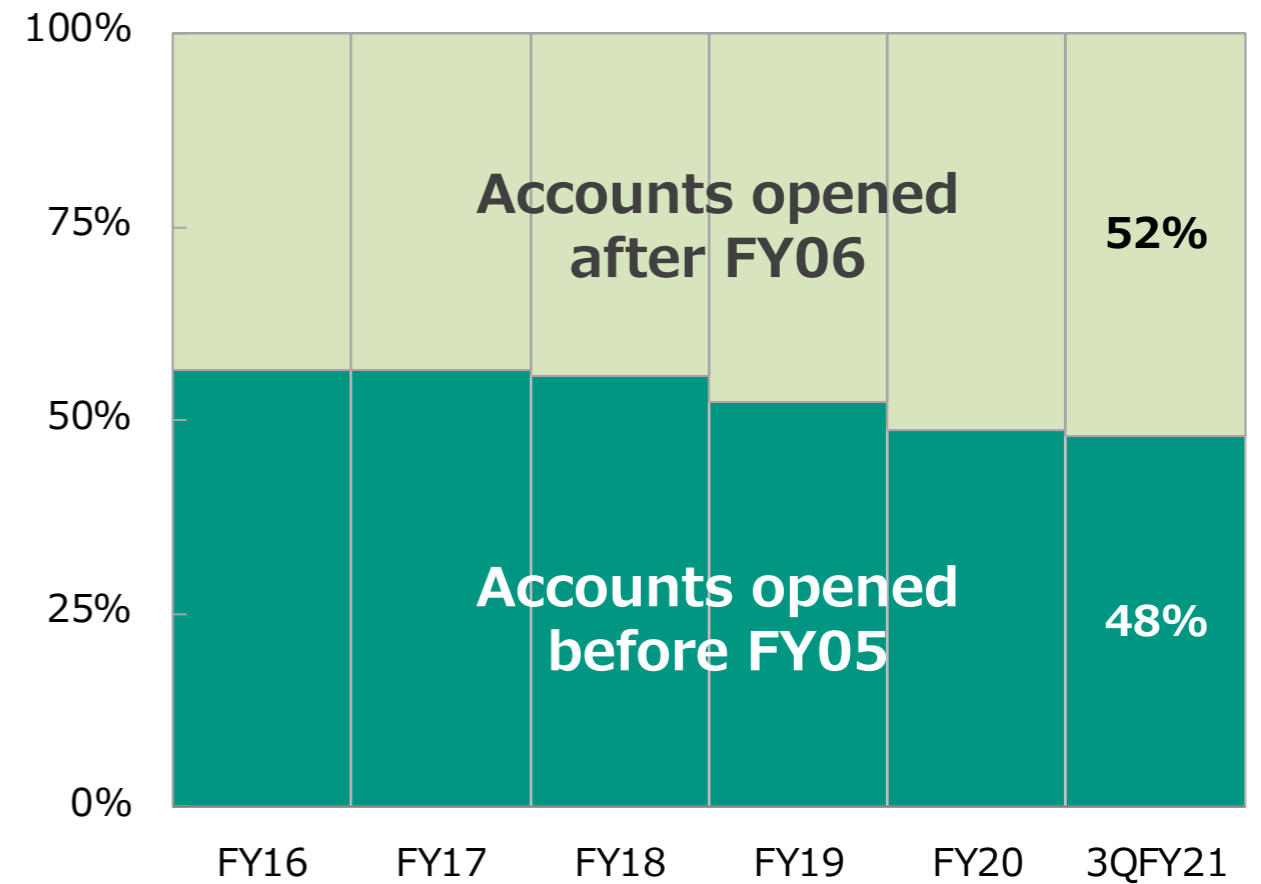
Note 2: Including the net inflow in mutual funds

# Number of Accounts

## Number of accounts at Matsui

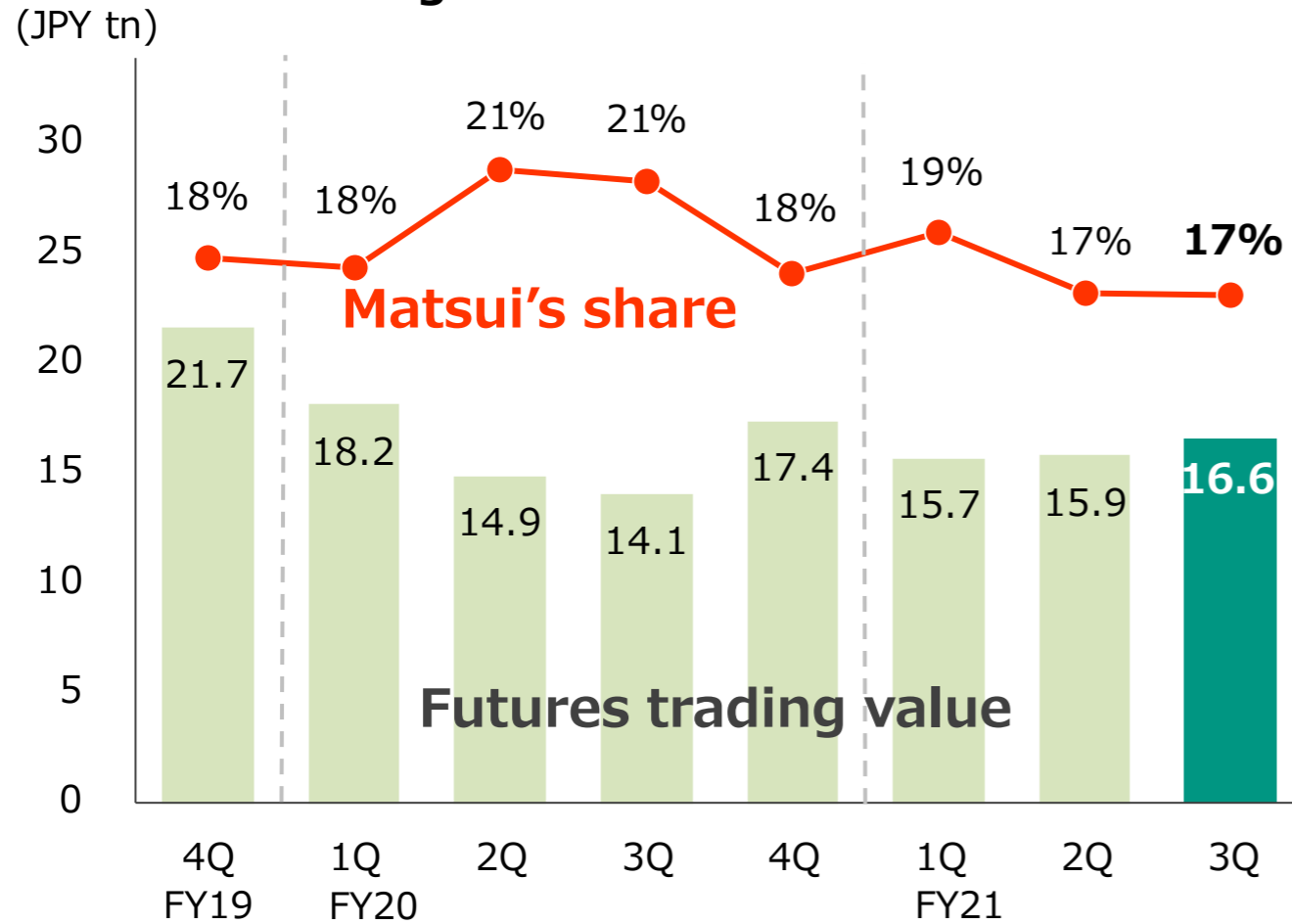


## Breakdown of trading value<sup>1</sup> by customers opening the accounts in each fiscal year

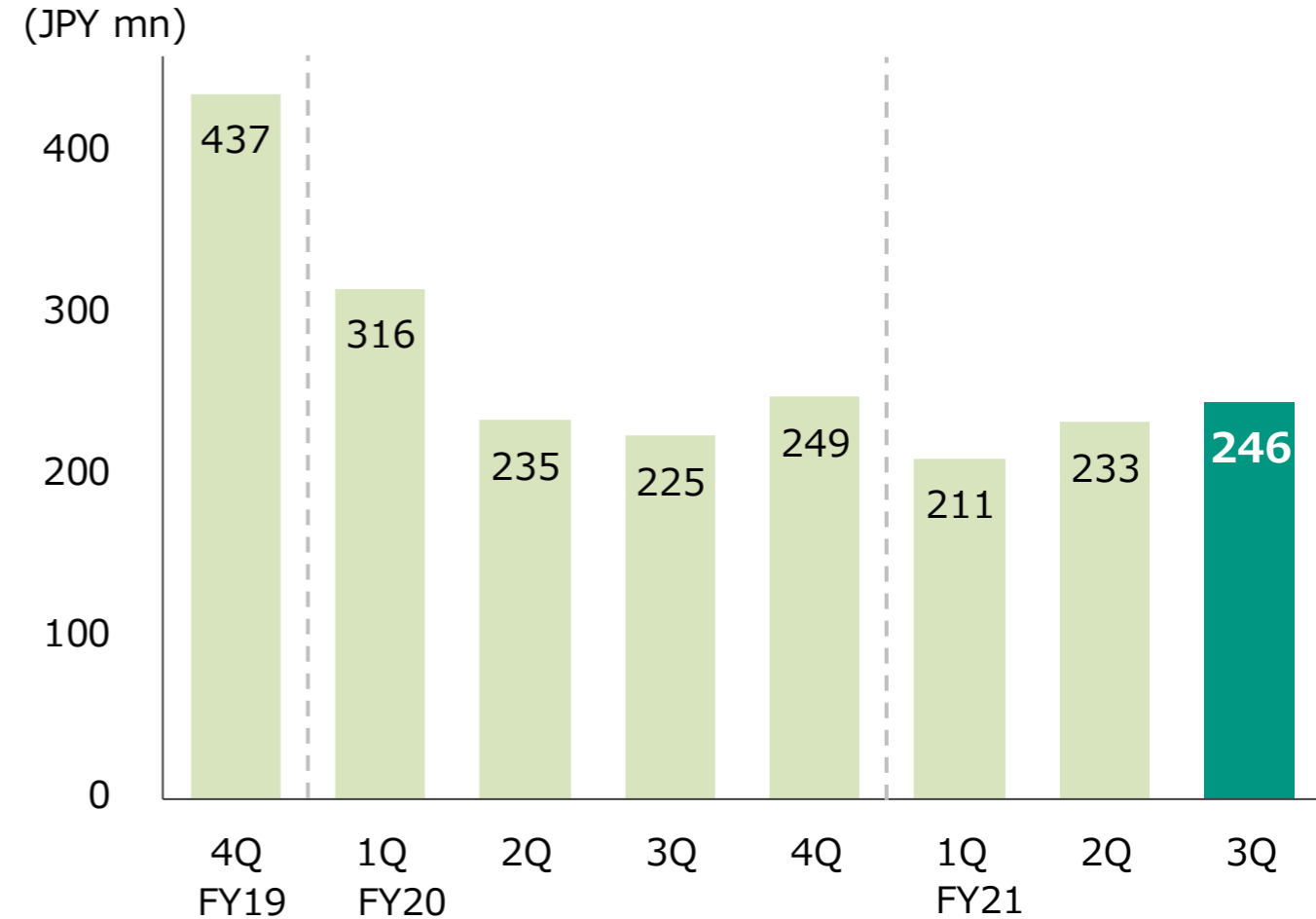


Note 1 : Excluding "Margin Trading Service for Day-trades"

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

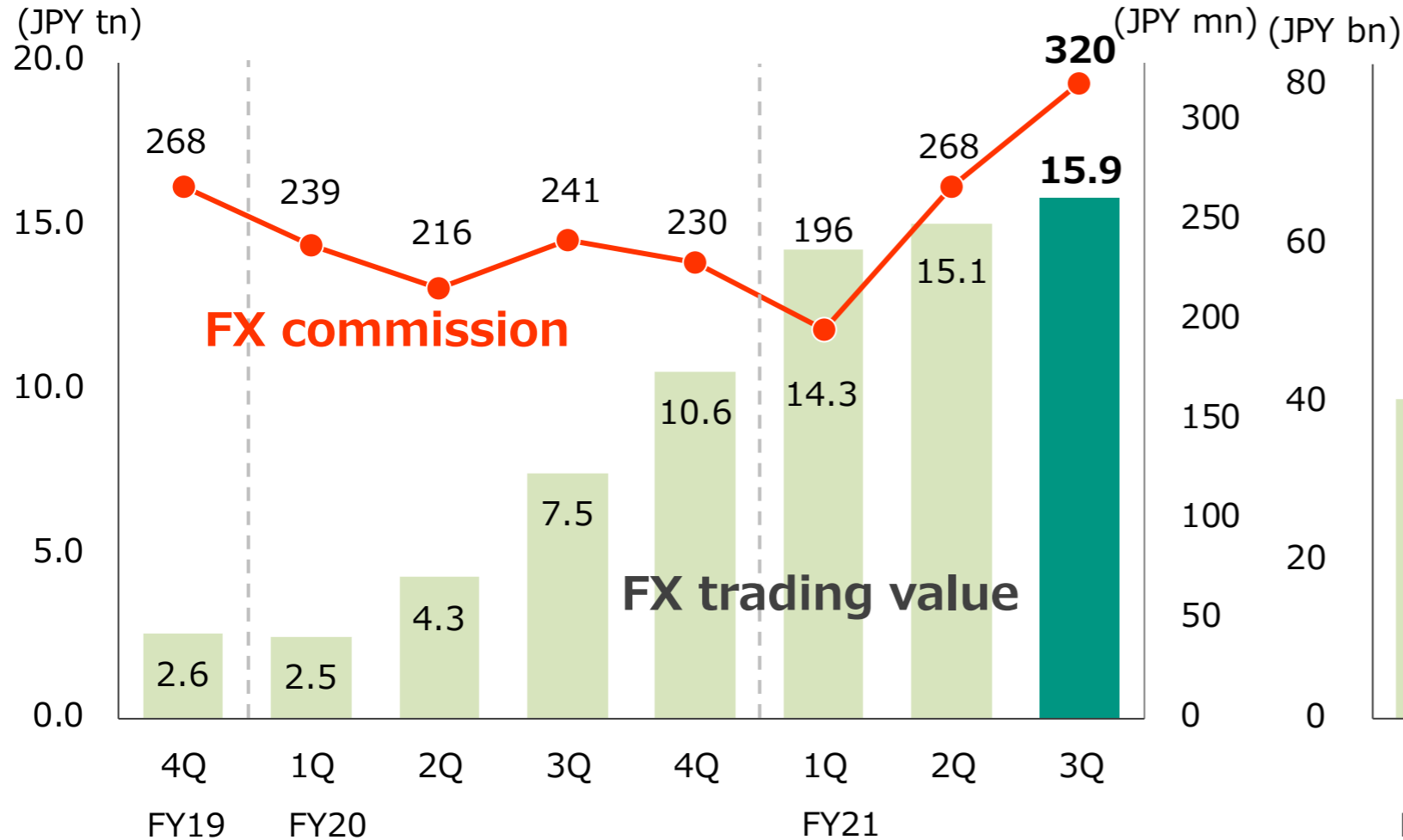


**Commissions of Futures and Options**

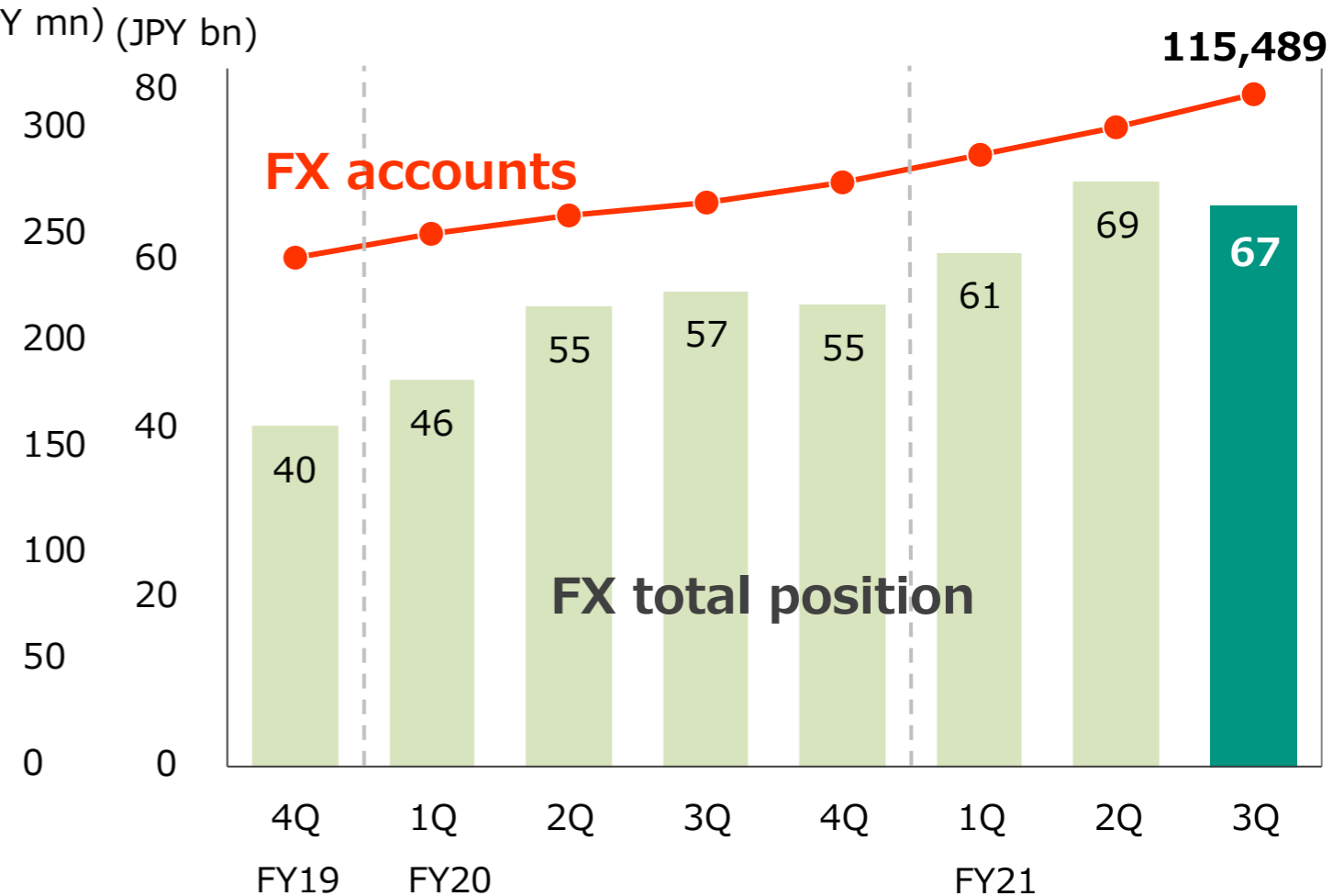


# FX Margin Trading

### FX trading value and commission

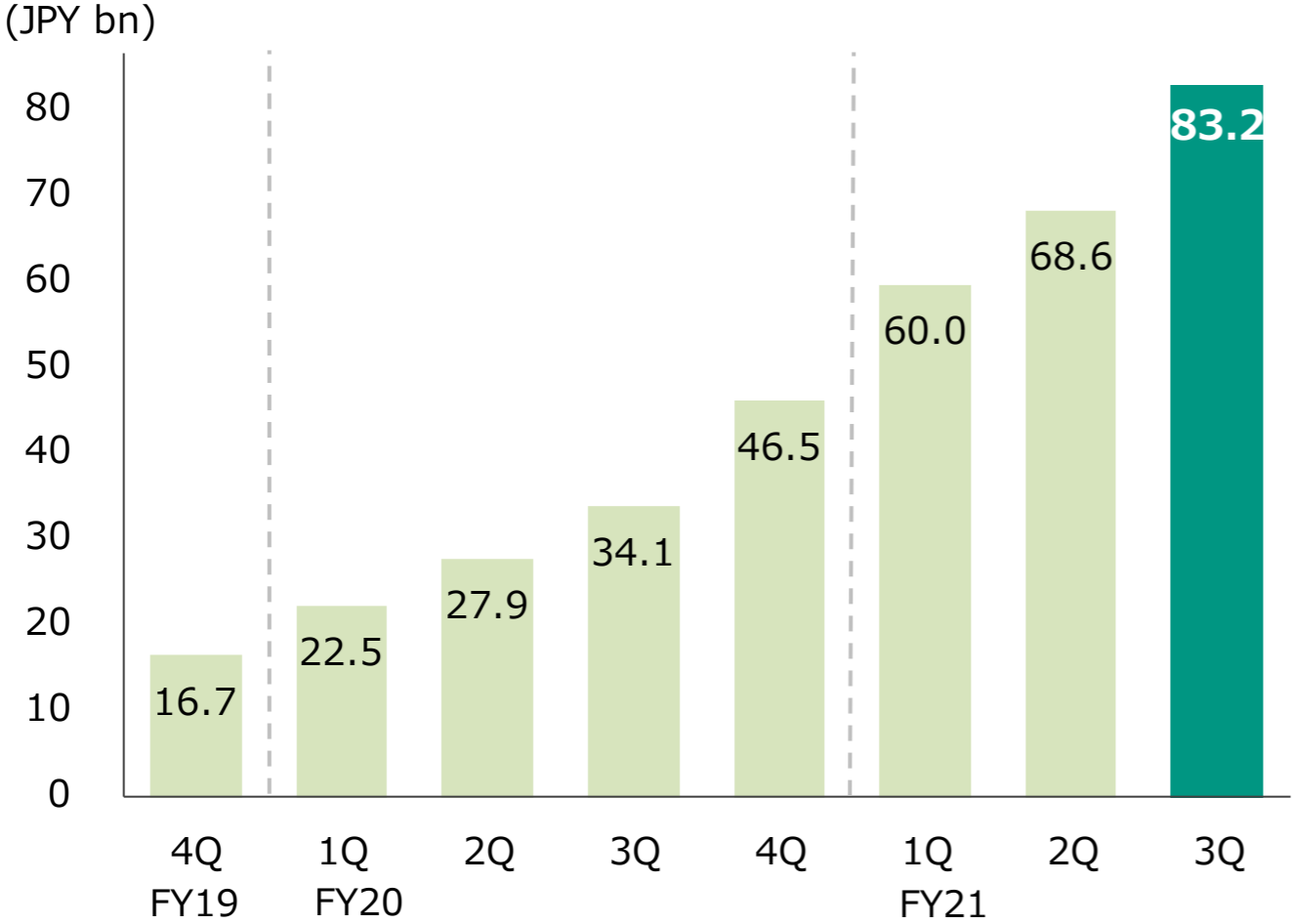


### FX total position and accounts

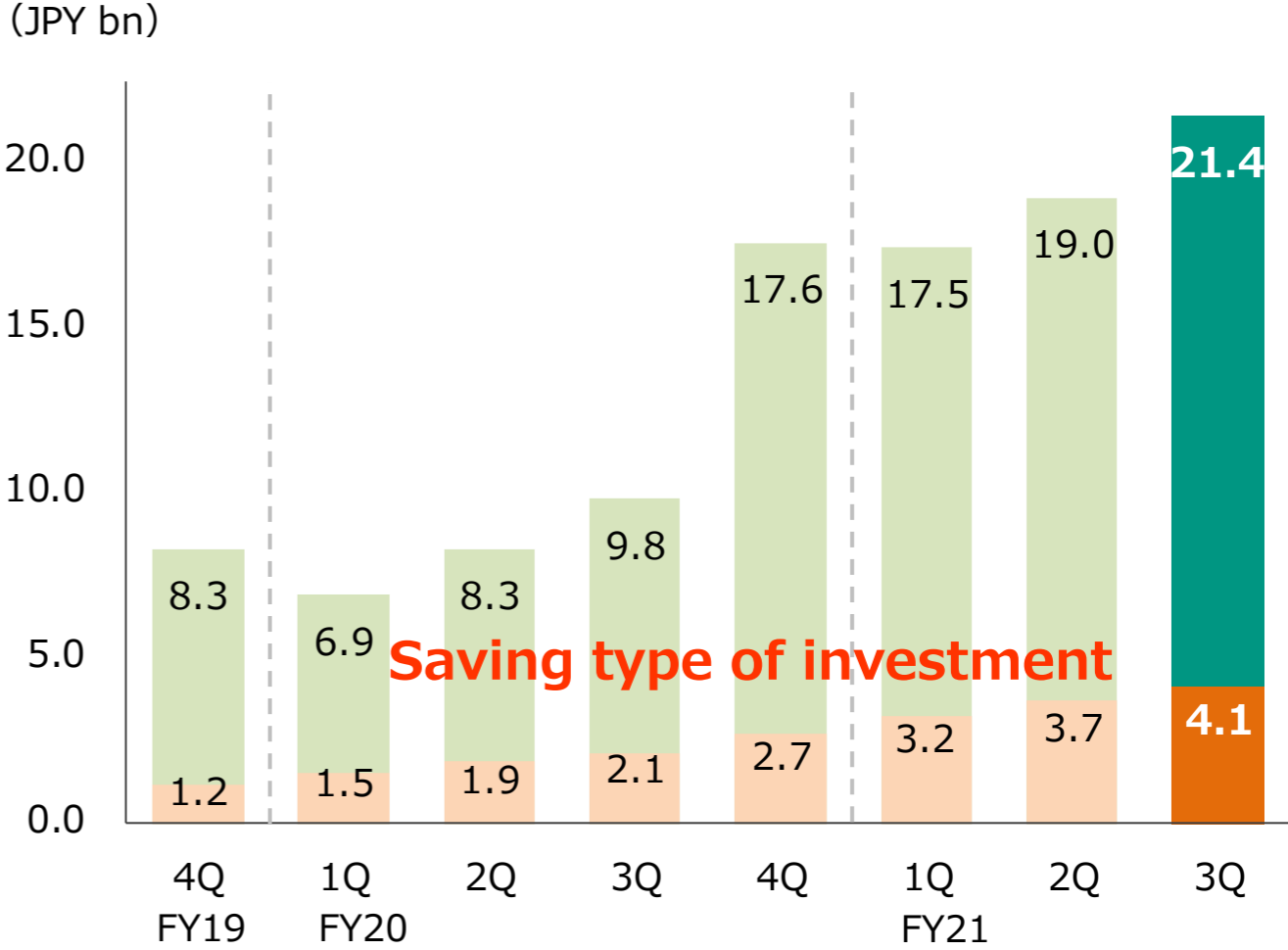


# Mutual Fund

**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 communication with customers



## Introduce U.S. stocks in late February

### ◆ Outline of the service

**#of tradable stocks: 400**

(Examples: GAFAM, TESLA, ETFs)

**Commission: 0.45%**

(Upper limit of US \$20)

- ✓ Expand the # of tradable stocks
- ✓ Provide real-time stock price information with FREE
- ✓ Open customer dial until 24:00

### ◆ Schedule

- ✓ Accept opening accounts from Jan. 29
- ✓ Start the service in late Feb.

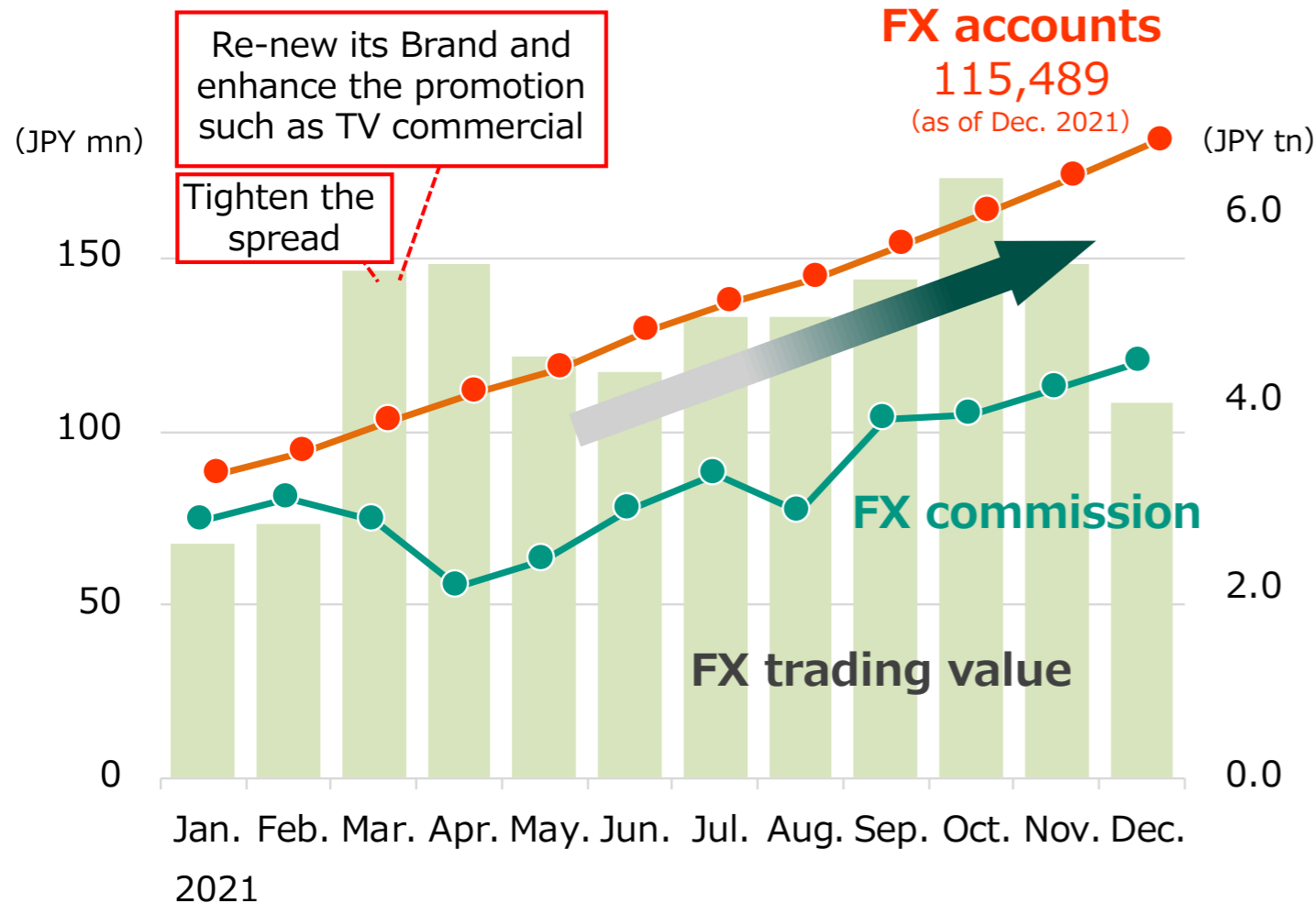


The screenshot shows a web interface for a Japanese stock trading platform. At the top, there are navigation tabs: ホーム (Home), 銘柄検索 (Stock Search), 株価ボード (Stock Board), マーケット情報 (Market Information), 取引 (Trading), 資産状況 (Asset Status), 入出金(振替) (In/Out of Money (Transfer)), and お客 (Customer). Below the tabs, there are controls for 'シート3' (Sheet 3), 'リスト表示' (List View), 'チャート表示' (Chart View), and '表示項目編集' (Edit Display Items). The main table displays a list of U.S. stocks with columns for '注文' (Order), '詳細' (Details), '銘柄' (Symbol), '現在値' (Current Price), '前日比騰落率' (Daily Change %), '売気配' (Sell Order), '買気配' (Buy Order), and '出来高' (Volume). The table lists 10 stocks: Apple (AAPL), Microsoft (MSFT), Alphabet (GOOGL), Amazon (AMZN), Intel (INTC), International Business Machines (IBM), Meta (FB), NVIDIA (NVDA), and Qualcomm (QCOM).

注文	詳細	銘柄	現在値	前日比騰落率	売気配	買気配	出来高 [千株]
注文	詳細	アップル AAPL	164.52 08:00	-1.69 (-1.02%)	164.67 (200)	164.41 (100)	17,018.4
注文	詳細	マイクロソフト MSFT	301.64 08:00	-1.66 (-0.55%)	301.83 (100)	301.55 (100)	5,816.4
注文	詳細	アルファベット GOOGL	2,663.78 05:59	-38.77 (-1.44%)	2,667.62 (100)	2,664.14 (100)	203.1
注文	詳細	アマゾン ドット コム AMZN	3,030.01 05:59	-96.31 (-3.09%)	3,034.54 (100)	3,018.00 (100)	675.4
注文	詳細	インテル INTC	52.04 05:59	-1.57 (-2.92%)	52.08 (100)	52.02 (400)	4,408.6
注文	詳細	インターナショナル ... IBM	130.79 08:00	-0.81 (-0.62%)	130.79 (1,700)	130.78 (9,500)	1,136.9
注文	詳細	メタ FB	316.64 05:59	-2.87 (-0.90%)	316.80 (100)	316.55 (100)	2,943.9
注文	詳細	エヌビディア NVDA	241.49 05:59	-9.20 (-3.67%)	241.73 (600)	241.22 (200)	8,429.8
注文	詳細	クアルコム QCOM	166.50 05:59	-5.96 (-3.46%)	166.63 (100)	166.27 (200)	1,351.3

## Expand the business in line with the brand renewal and enhancement of promotion

### ◆ Trading results



### ◆ Continue to enhance the promotion

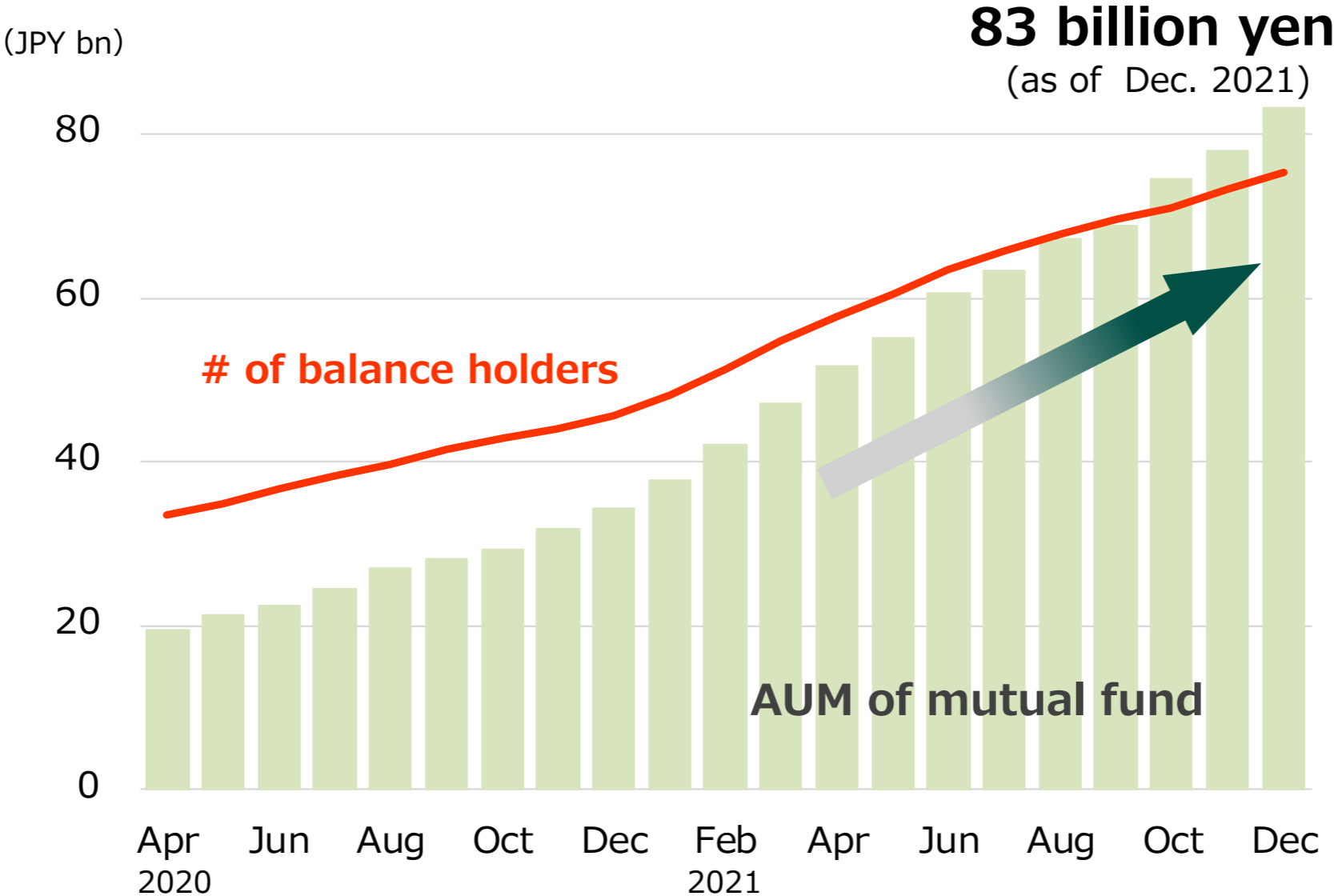
Provide promotion movie through TV and YouTube



Promotion movie on YouTube  
<https://www.youtube.com/watch?v=w4a5qdN7I4E>

## AUM to exceed 80 billion yen

### ◆ AUM and # of balance holders



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

### ◆ Upgrade of the application for smartphone

- ✓ Provide more information about customers' asset status including accounts' profit/loss status
- ✓ Improve order validity to extend one month from one week

Total number of downloads:

**Over 130,000**

Average review on AppStore **4.4**



Image of asset status

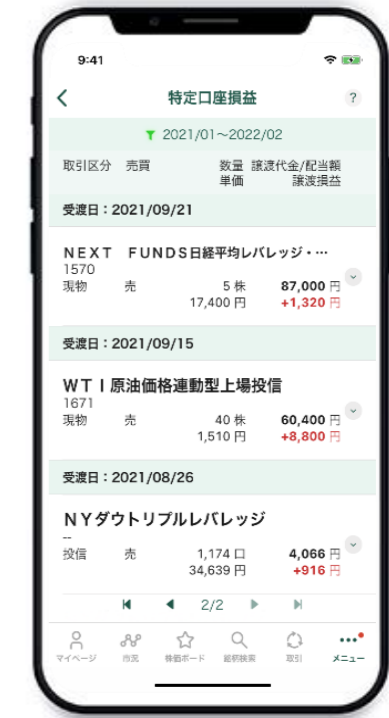


Image of profit/loss status

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

### ◆ LP Investment in venture capitals

Invest in **16 VCs**

Continue to leverage the network

IPO participation  
Target to **over 40%**

### ◆ Rise to 6<sup>th</sup> place in the ranking among the industry

			No.	Participation Ratio
1	(1)	SBI	103	98%
2	(3)	SMBC NIKKO	69	66%
3	(2)	MIZUHO	68	65%
4	(4)	RAKUTEN	60	57%
5	(6)	NOMURA	54	51%
6	(15)	<b>MATSUI</b>	<b>43</b>	<b>41%</b>
7	(7)	MONEX	42	40%
8	(8)	OKASAN	42	40%



Note: Results for Apr.- Dec. 2021, and the number in parentheses are rankings for the same period of the previous year

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

## ◆ Continue to enhance the promotion for new customers acquisition

- ✓ Continue to provide promotion movie through TV, YouTube and Matsui's corporate website
- ✓ Collaborate with radio program to develop new channel to reach young generations



Promotion movie  
<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

- ✓ Provide useful investment ideas, fresh topics on stocks of high interest in the market
- ✓ Provide introductory contents for investment by utilizing famous entertainers
- ✓ Provide abundant information to have fun learning to invest

### ◆ Future developments

- ✓ Monetize video viewers



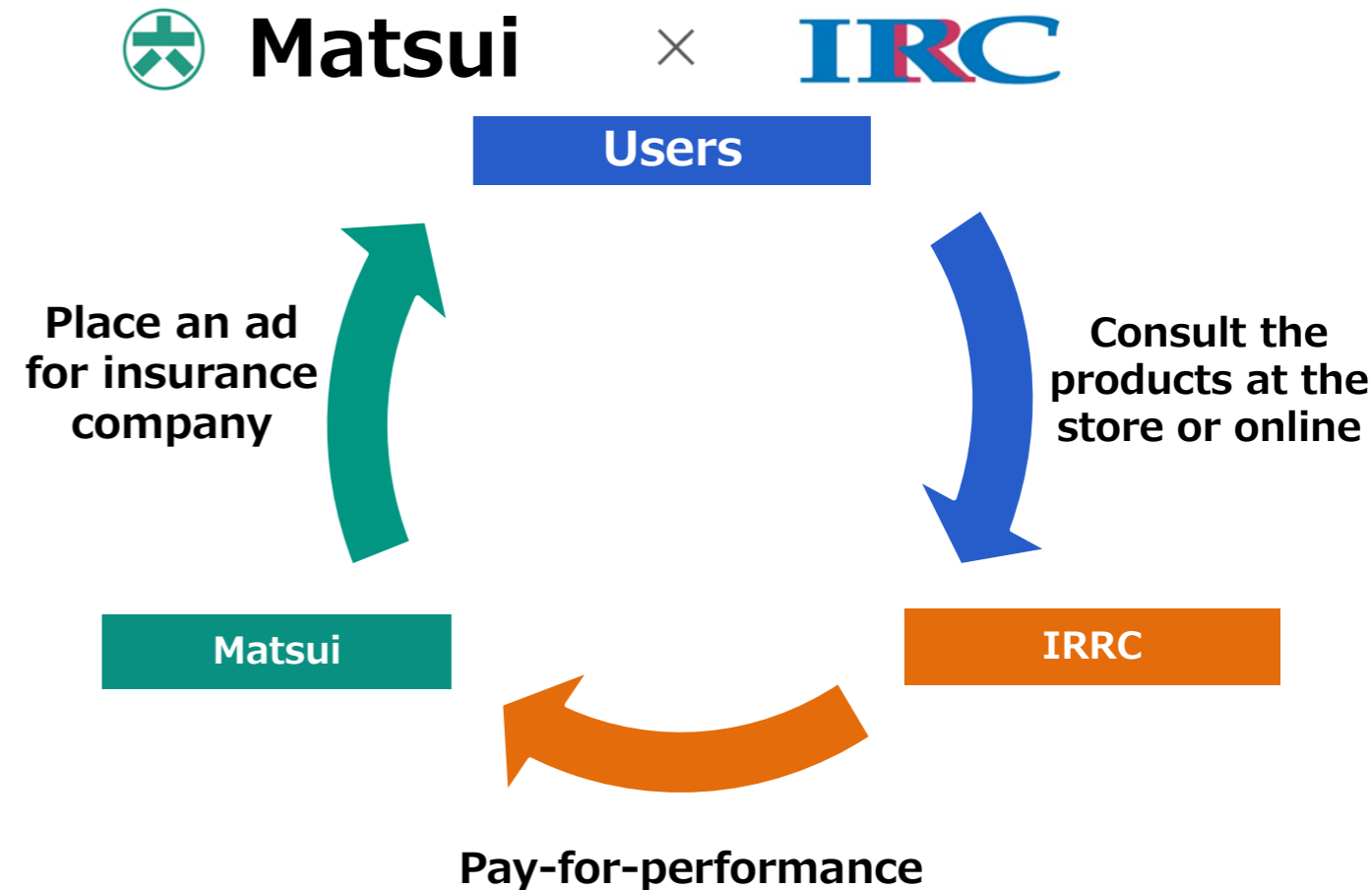
## Utilize "Matsui FP, life plan simulation tool"

### ◆ Characteristics of Matsui FP

- ✓ Free life plan simulation tool
- ✓ Provide ideas for supporting asset building
- ✓ More than 300,000 users



### ◆ Introduce insurance company to Matsui FP's users





## Expand disclosure of ESG related information in March

### ◆ Environment

- ✓ Efforts to reduce power consumption
- ✓ Activities to reduce environmental burden

### ◆ Social

- ✓ Human resource development and training system
- ✓ Efforts for employee engagement
- ✓ Diverse work styles for employees
- ✓ Support for local communities

### ◆ Governance

- ✓ Evaluation of the effectiveness of the Board of Directors
- ✓ Skill matrix of the Board



## ◆ Expand the lineup of products and services

- ✓ Introduce U.S. stocks in Feb. 2022

## ◆ Improve the service quality continuously

- ✓ Improve the functions of trading application for smartphone
- ✓ Establish new website for smartphone in Mar. 2022

## ◆ 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

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# Summary of Financial Results

(JPY mn)

	FY2019	FY2020				FY2021		
	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q
<b>Operating Revenues</b>	6,790	7,164	7,024	7,381	8,512	7,476	7,840	7,865
<b>Net operating revenues</b>	6,440	6,830	6,610	7,042	8,190	7,181	7,566	7,594
<b>SG &amp; A</b>	3,780	3,853	3,717	3,811	4,464	4,122	4,002	4,265
<b>Operating income</b>	2,660	2,977	2,893	3,232	3,726	3,060	3,564	3,329
<b>Ordinary income</b>	2,646	3,034	2,878	3,260	3,747	3,103	3,545	3,333
<b>Net income</b>	1,736	2,108	3,381	2,258	2,536	3,954	2,443	2,280
<b>Ordinary income ratio</b>	39%	42%	41%	44%	44%	41%	45%	42%
<b>Matsui's trading value (JPY tn)</b>	7.5	9.3	8.5	9.0	10.7	9.1	9.7	9.8
<b>Average margin balance (JPY bn)</b>	233	219	252	265	289	321	322	322

# Breakdown of Revenues

(JPY mn)

	FY2019	FY2020				FY2021		
	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q
<b>Commissions</b>	4,116	4,671	4,118	4,421	5,347	4,249	4,470	4,410
<b>Brokerage</b>	3,964	4,517	3,908	4,240	5,147	4,062	4,247	4,199
<b>Equity &amp; ETF</b>	3,527	4,200	3,674	4,015	4,898	3,851	4,014	3,953
<b>Futures &amp; Options</b>	437	316	235	225	249	211	233	246
<b>Others</b>	151	154	184	155	188	177	192	175
<b>Net trading income</b>	288	225	189	197	217	137	237	284
<b>Interest &amp; dividend income</b>	2,387	2,268	2,717	2,763	2,948	3,090	3,132	3,171
<b>Interest expenses</b>	350	334	415	339	322	295	274	271
<b>Net interest income</b>	2,037	1,934	2,302	2,424	2,626	2,795	2,858	2,900

# Breakdown of SG&A

(JPY mn)

	FY2019	FY2020				FY2021		
	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q
<b>Trading related expenses</b>	1,446	1,378	1,306	1,418	1,828	1,564	1,500	1,649
<b>Stock exchanges and securities</b>	353	387	367	367	405	354	359	370
<b>Communications expenses</b>	467	464	466	470	503	483	466	488
<b>Advertisement</b>	418	303	258	342	661	492	450	563
<b>Personnel expenses</b>	633	703	652	677	801	706	733	765
<b>Occupancy &amp; rental</b>	286	274	240	241	255	256	240	239
<b>Data processing &amp; office supplies</b>	731	797	769	778	832	805	777	864
<b>Depreciation</b>	468	495	547	535	544	588	592	588
<b>Taxes and dues</b>	79	103	157	114	117	163	124	125
<b>Provision of allowance     for doubtful accounts</b>	59	56	3	△ 6	42	△ 22	△ 5	△ 9
<b>Others</b>	78	48	41	54	45	62	41	44
<b>Total SG &amp; A</b>	3,780	3,853	3,717	3,811	4,464	4,122	4,002	4,265

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

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