

Annual Results for FY2020

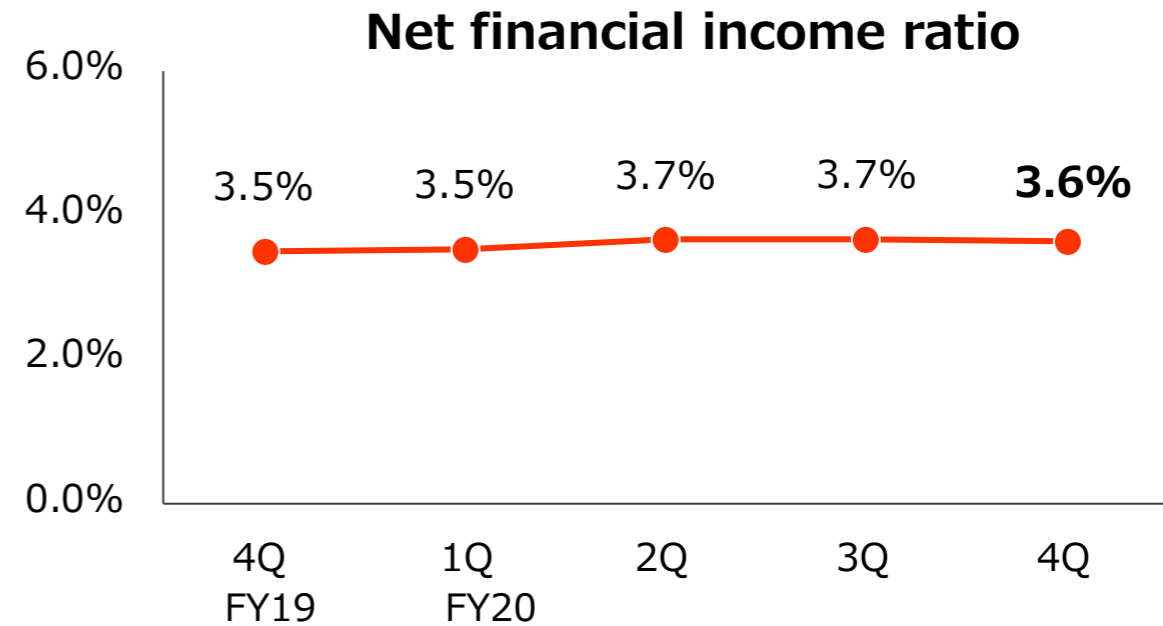
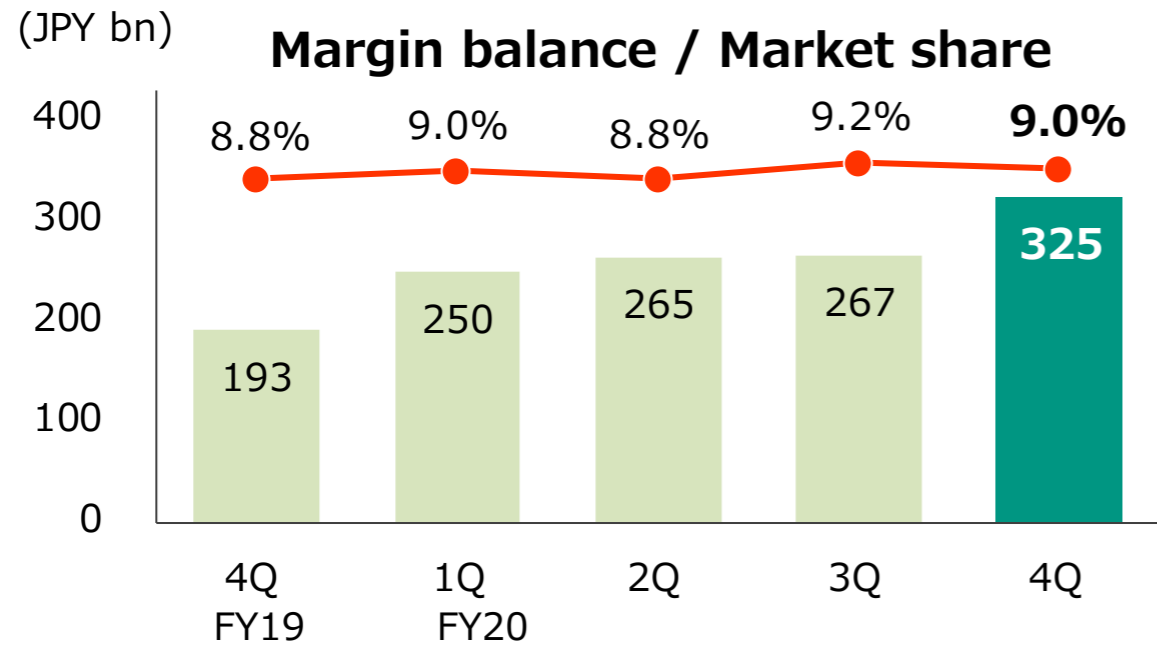
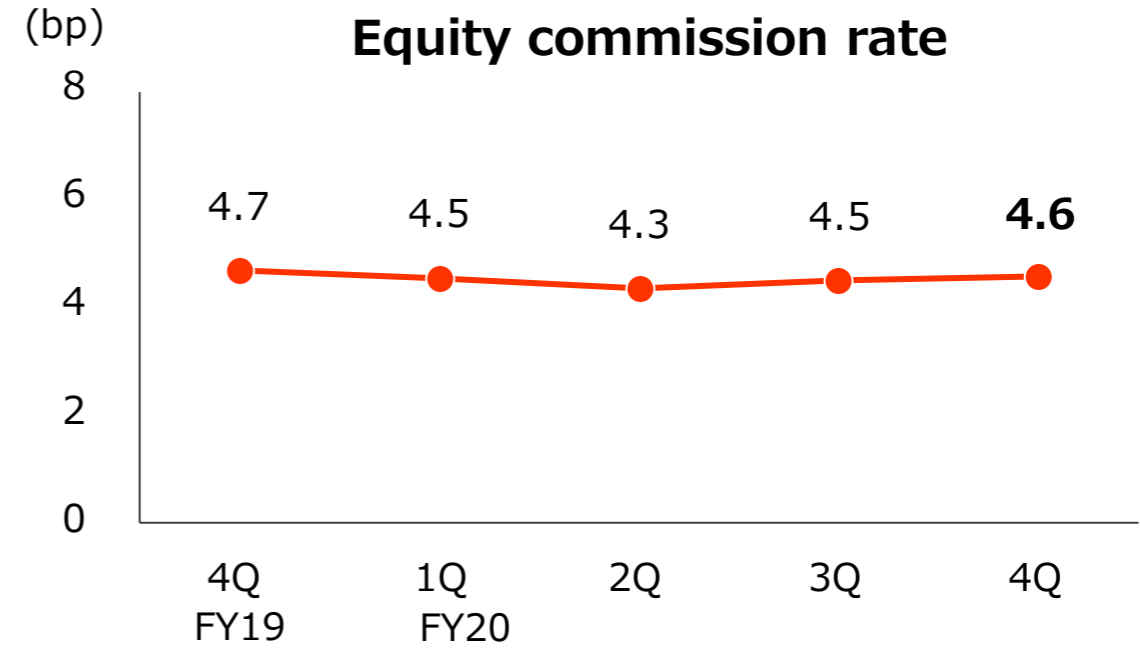
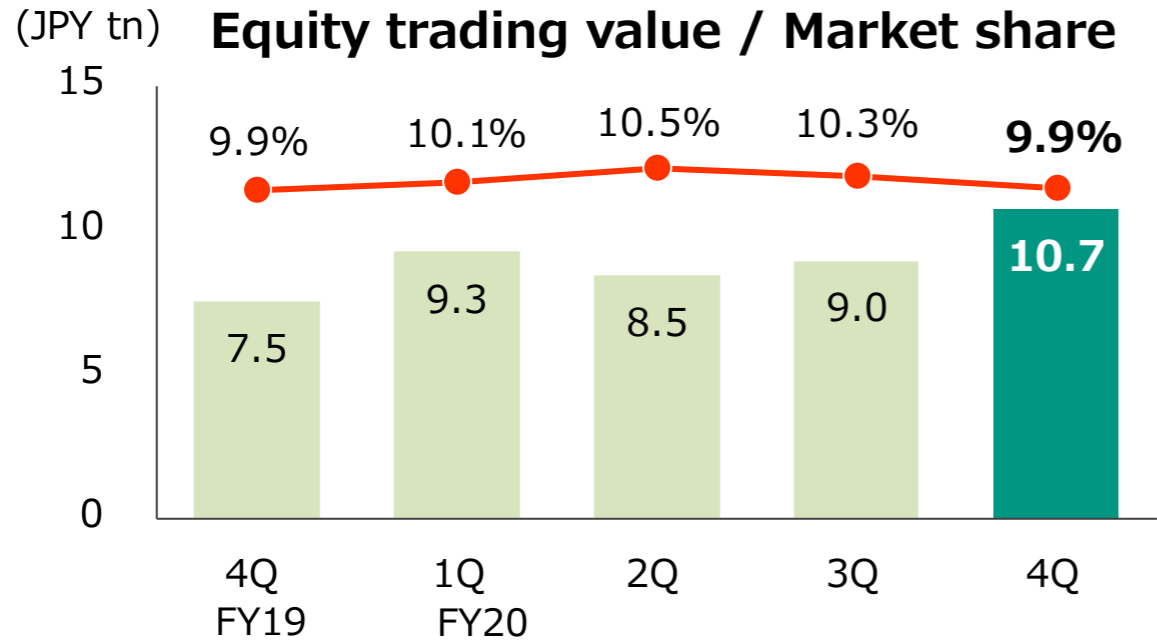
Matsui Securities Co., Ltd.

April 27, 2021

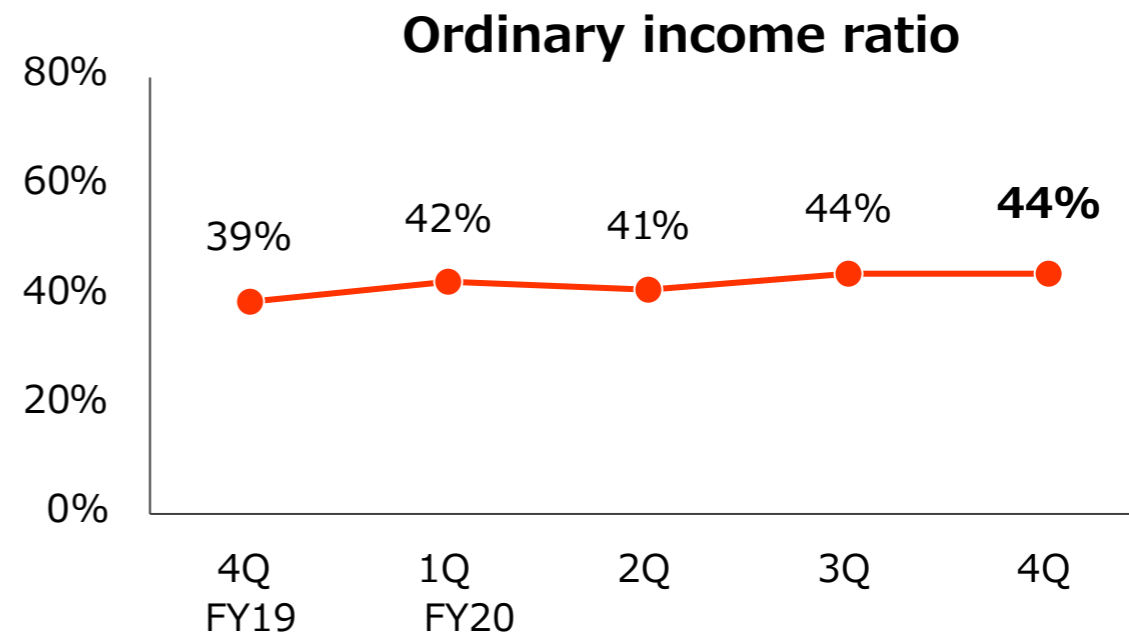
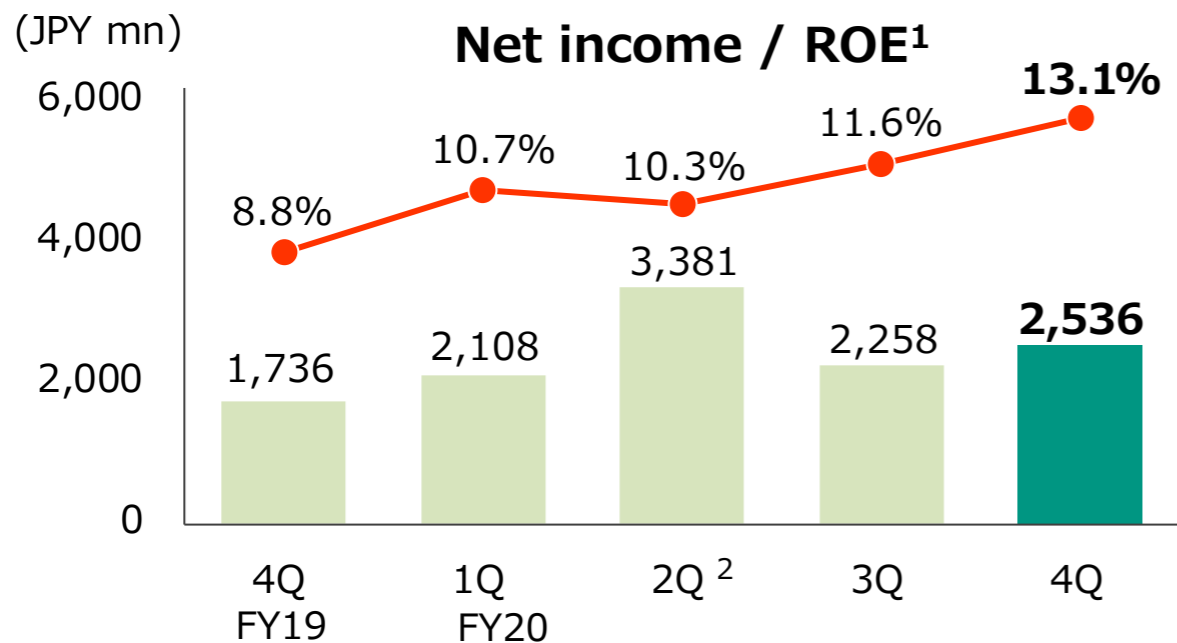
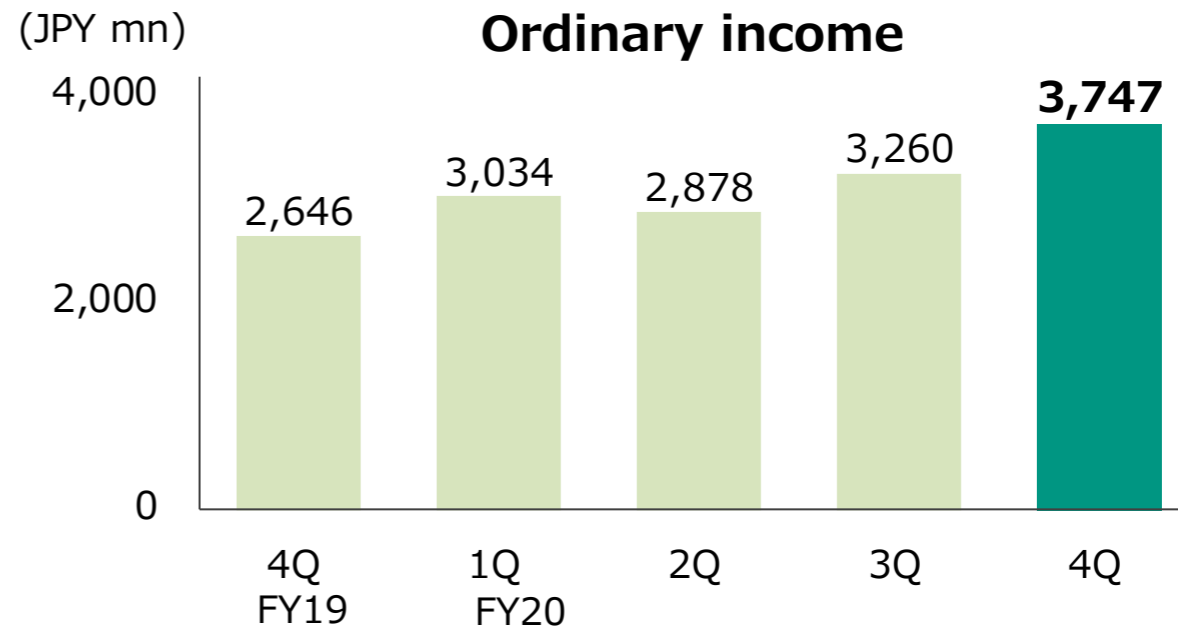
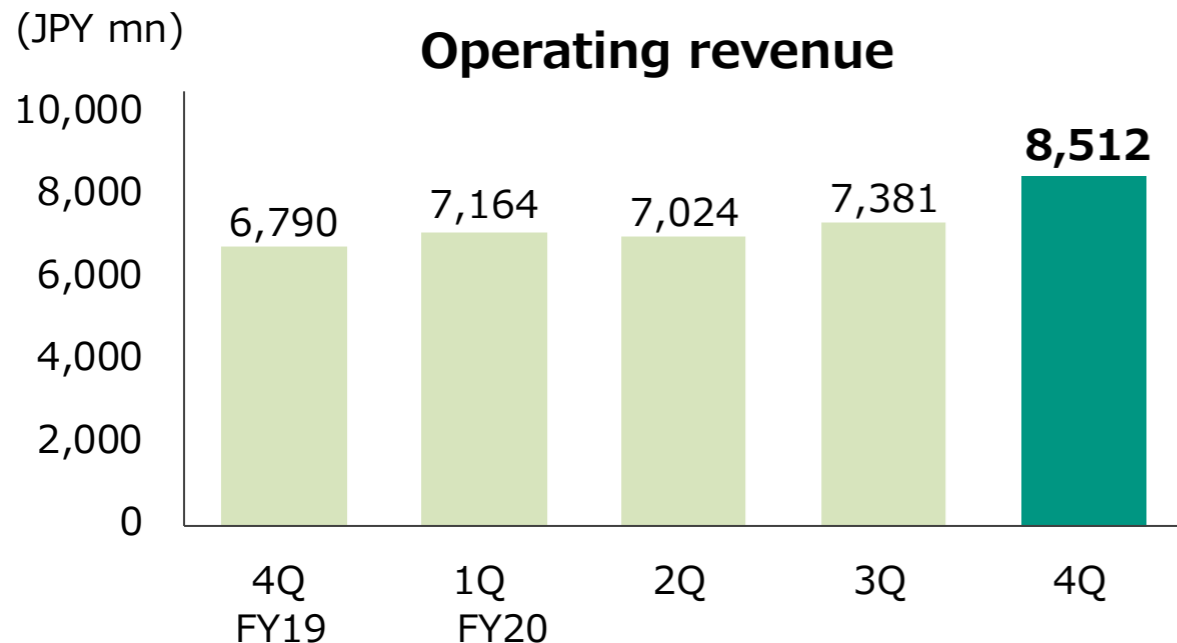
- 1. Financial Summary**
- 2. Business Results**
- 3. Management Strategy
Recent Developments**

Appendix

Business Results



Financial Results



Note 1: Annualized on each quarter

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

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Appendix

Summary of Financial Results

FY2020

(JPY mn)

	FY2019	FY2020	YoY
Operating Revenues	24,150	30,082	25%
Net operating revenues	22,345	28,672	28%
SG&A	13,436	15,845	18%
Operating income	8,909	12,827	44%
Ordinary income	9,016	12,919	43%
Net income	6,136	10,283	68%
Ordinary income ratio	37%	43%	-
Matsui's trading value (JPY tn)	25.2	37.4	48%
Average margin balance (JPY bn)	229	256	12%

**Net income of FY20 includes 2 billion yen in extraordinary profit
(Gain on Sale of Investment Securities)**

Breakdown of Revenues

FY2020

(JPY mn)

	FY2019	FY2020	YoY
Commissions	13,490	18,557	38%
Brokerage	12,850	17,812	39%
Equity & ETF	11,803	16,787	42%
Futures & Options	1,047	1,025	-2%
Others	593	681	15%
Net trading income	1,120	828	-26%
Interest & dividend income	9,539	10,696	12%
Interest expenses	1,805	1,410	-22%
Net interest income	7,734	9,286	20%

Breakdown of SG&A

FY2020

(JPY mn)

	FY2019	FY2020	YoY
Trading related expenses	4,566	5,930	30%
Stock exchanges and securities	1,163	1,526	31%
Communications expenses	1,735	1,903	10%
Advertisement	934	1,564	68%
Personnel expenses	2,607	2,833	9%
Occupancy & rental	1,134	1,010	-11%
Data processing & office supplies	2,747	3,176	16%
Depreciation	1,923	2,121	10%
Taxes and dues	296	492	66%
Provision of allowance for doubtful accounts	△ 28	94	-
Others	192	189	-1%
Total SG&A	13,436	15,845	18%

Summary of Financial Results

Quarterly

(JPY mn)

	3Q FY2020	4Q FY2020	QoQ
Operating Revenues	7,381	8,512	15%
Net operating revenues	7,042	8,190	16%
SG & A	3,811	4,464	17%
Operating income	3,232	3,726	15%
Ordinary income	3,260	3,747	15%
Net income	2,258	2,536	12%
Ordinary income ratio	44%	44%	-
Matsui's trading value (JPY tn)	9.0	10.7	20%
Average margin balance (JPY bn)	265	289	9%

Breakdown of Revenues

Quarterly

(JPY mn)

	3Q FY2020	4Q FY2020	QoQ
Commissions	4,421	5,347	21%
Brokerage	4,240	5,147	21%
Equity & ETF	4,015	4,898	22%
Futures & Options	225	249	11%
Others	155	188	21%
Net trading income	197	217	10%
Interest & dividend income	2,763	2,948	7%
Interest expenses	339	322	-5%
Net interest income	2,424	2,626	8%

Breakdown of SG&A

Quarterly

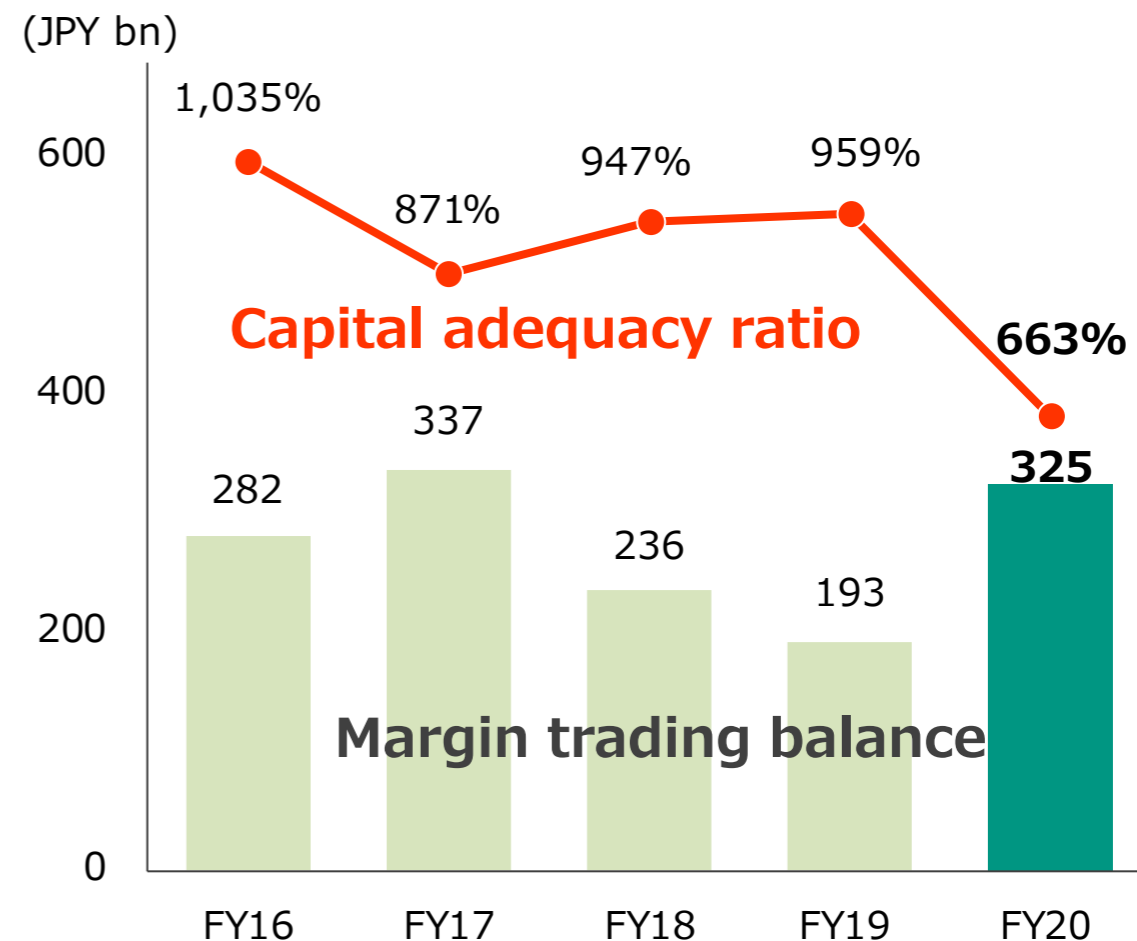
(JPY mn)

	3Q FY2020	4Q FY2020	QoQ
Trading related expenses	1,418	1,828	29%
Stock exchanges and securities	367	405	10%
Communications expenses	470	503	7%
Advertisement	342	661	93%
Personnel expenses	677	801	18%
Occupancy & rental	241	255	6%
Data processing & office supplies	778	832	7%
Depreciation	535	544	2%
Taxes and dues	114	117	3%
Provision of allowance for doubtful accounts	△ 6	42	-
Others	54	45	-18%
Total SG & A	3,811	4,464	17%

Capital adequacy ratio (As of 31 March 2021)

		(JPY mn)
Tier 1	(A)	72,066
Tier 2	Net unrealized gain on investment	2,007
	Statutory reserves	2,933
	Allowance for doubtful accounts	107
	Sub total	(B) 5,047
Assets to be deducted from equity capital	(C)	10,324
Net Capital		
	(A) + (B) - (C)	(D) 66,789
Total risk	Market risk	402
	Counterparty risk	6,243
	Basic risk	3,425
	Total	(E) 10,071
Capital Adequacy ratio		(D)/(E) 663%

Margin trading balance and capital adequacy ratio



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

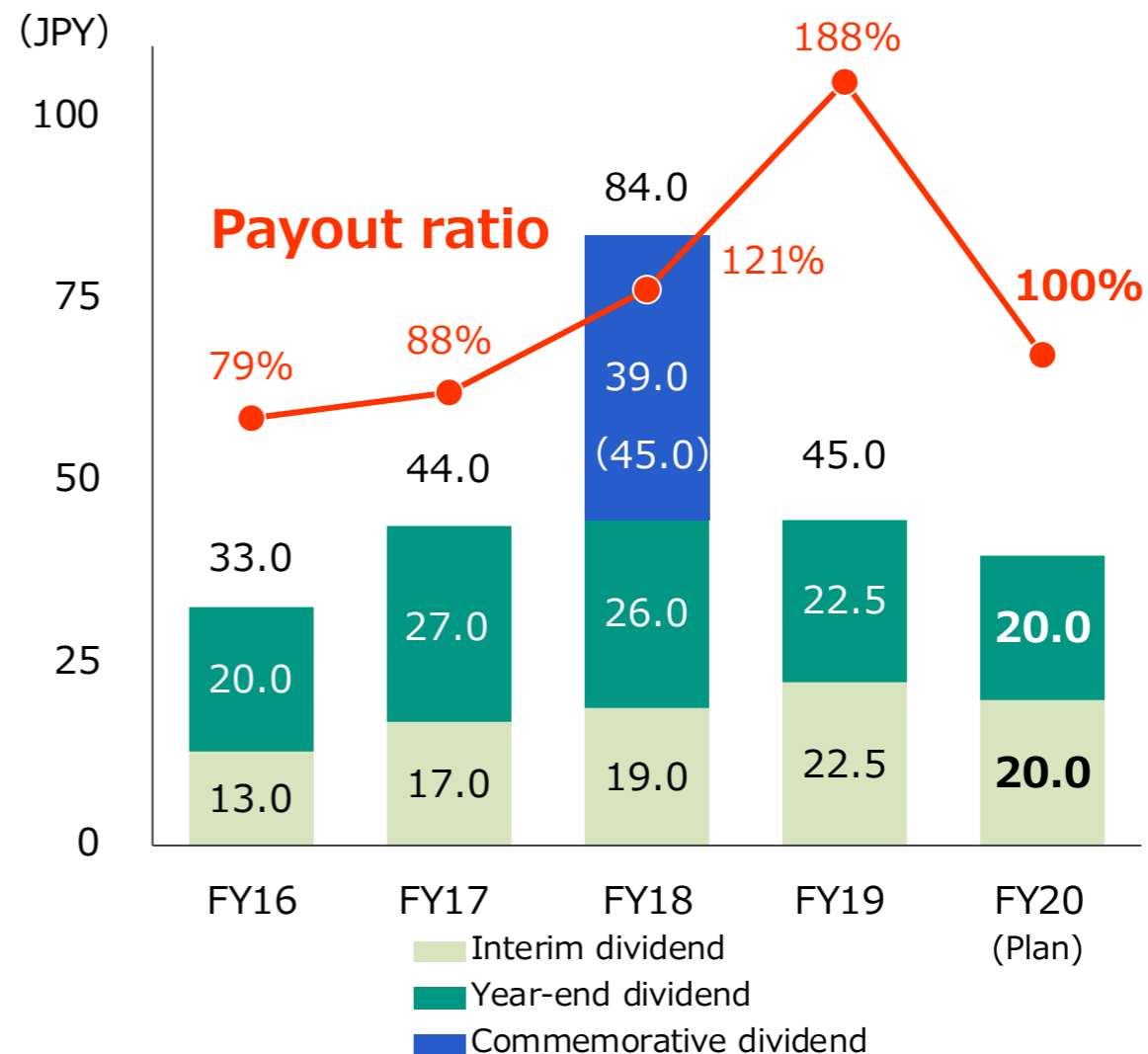
Dividends for FY20

- Interim : **20 yen** per share
- Year-end : **20 yen** per share (Plan)
- DOE : 13%
- 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 ratio¹



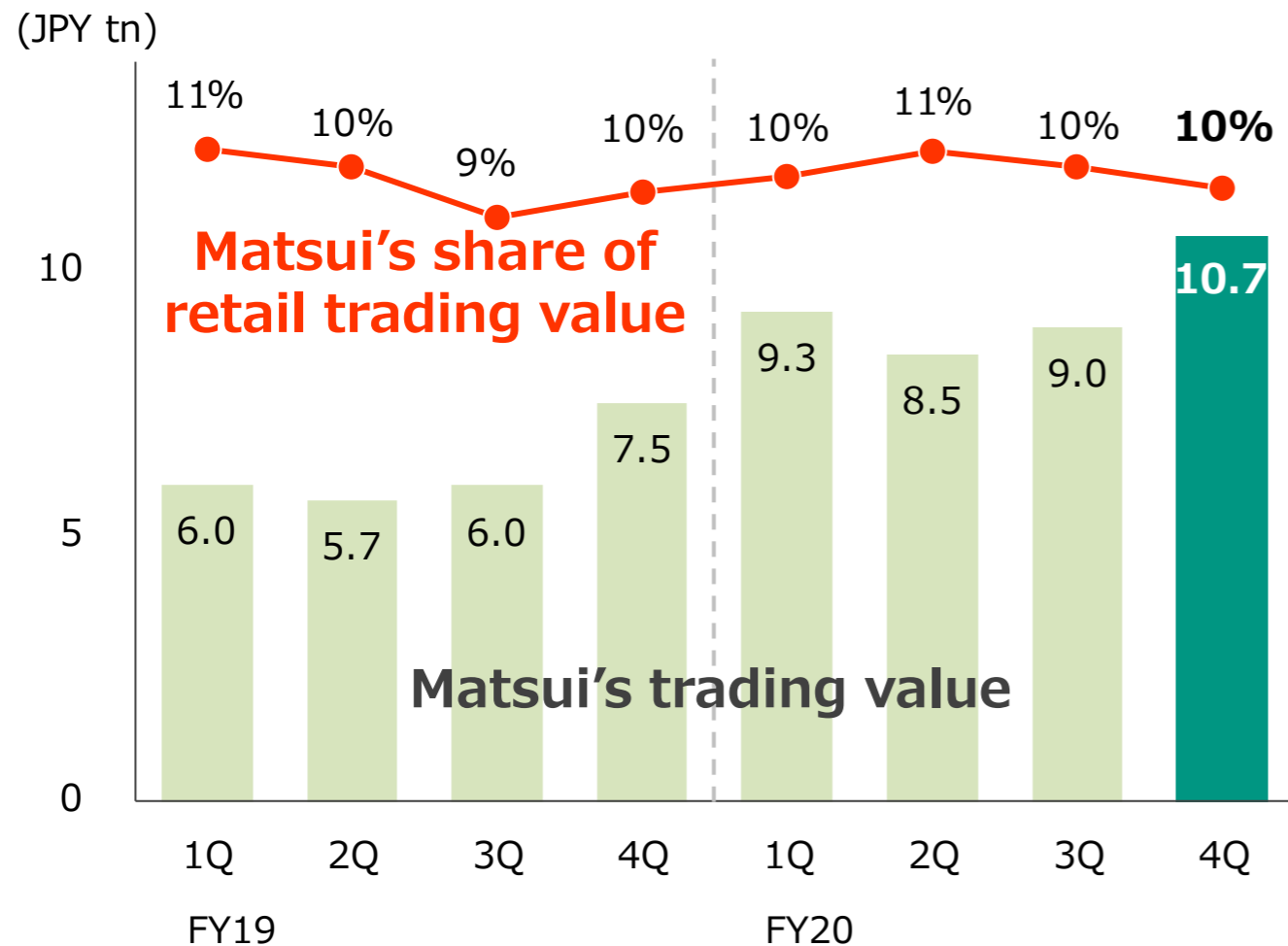
Note 1 : Payout ratio for the ordinary dividend

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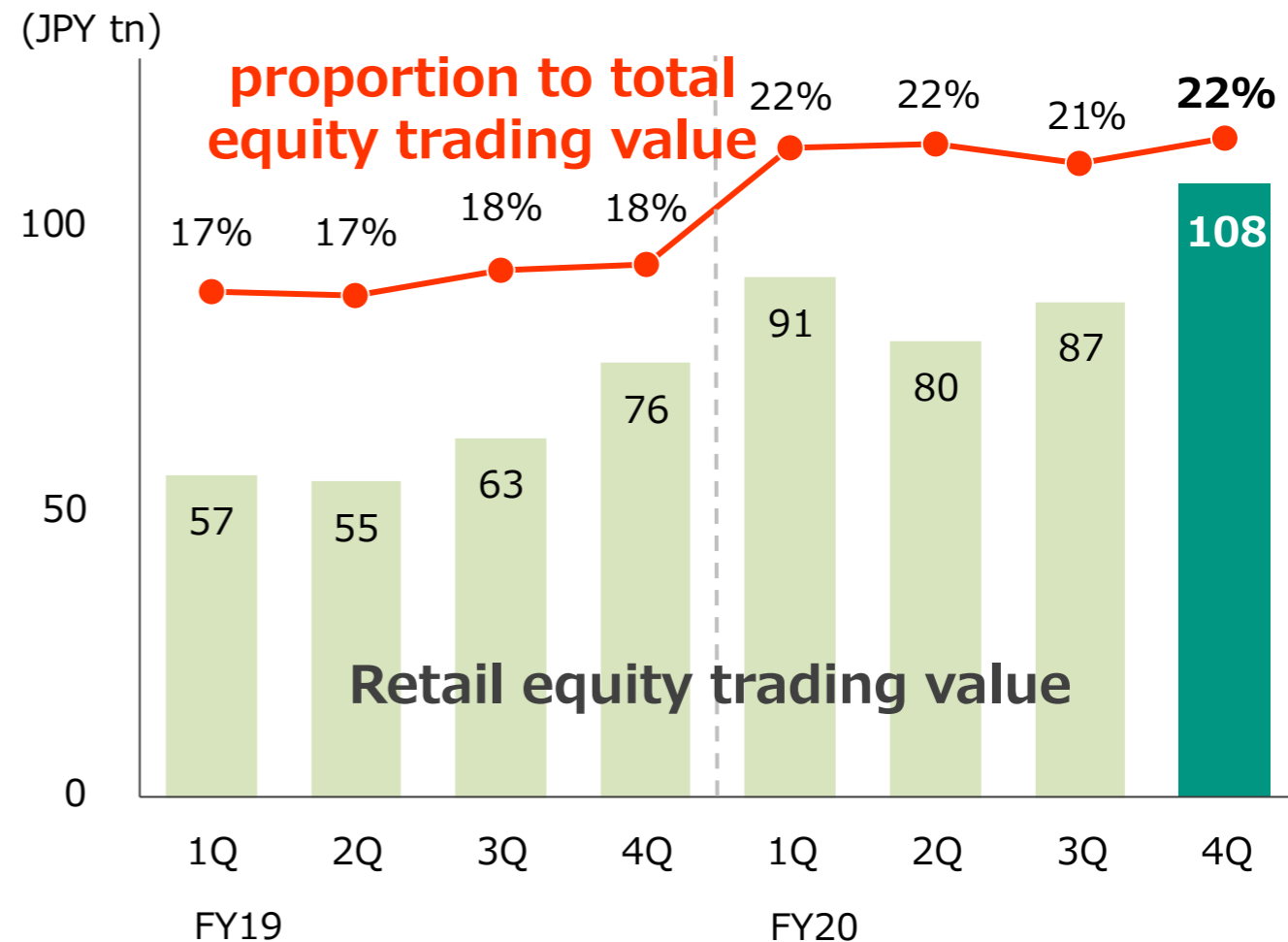
Appendix

Equity Trading Value

Matsui's equity trading value and its market share¹



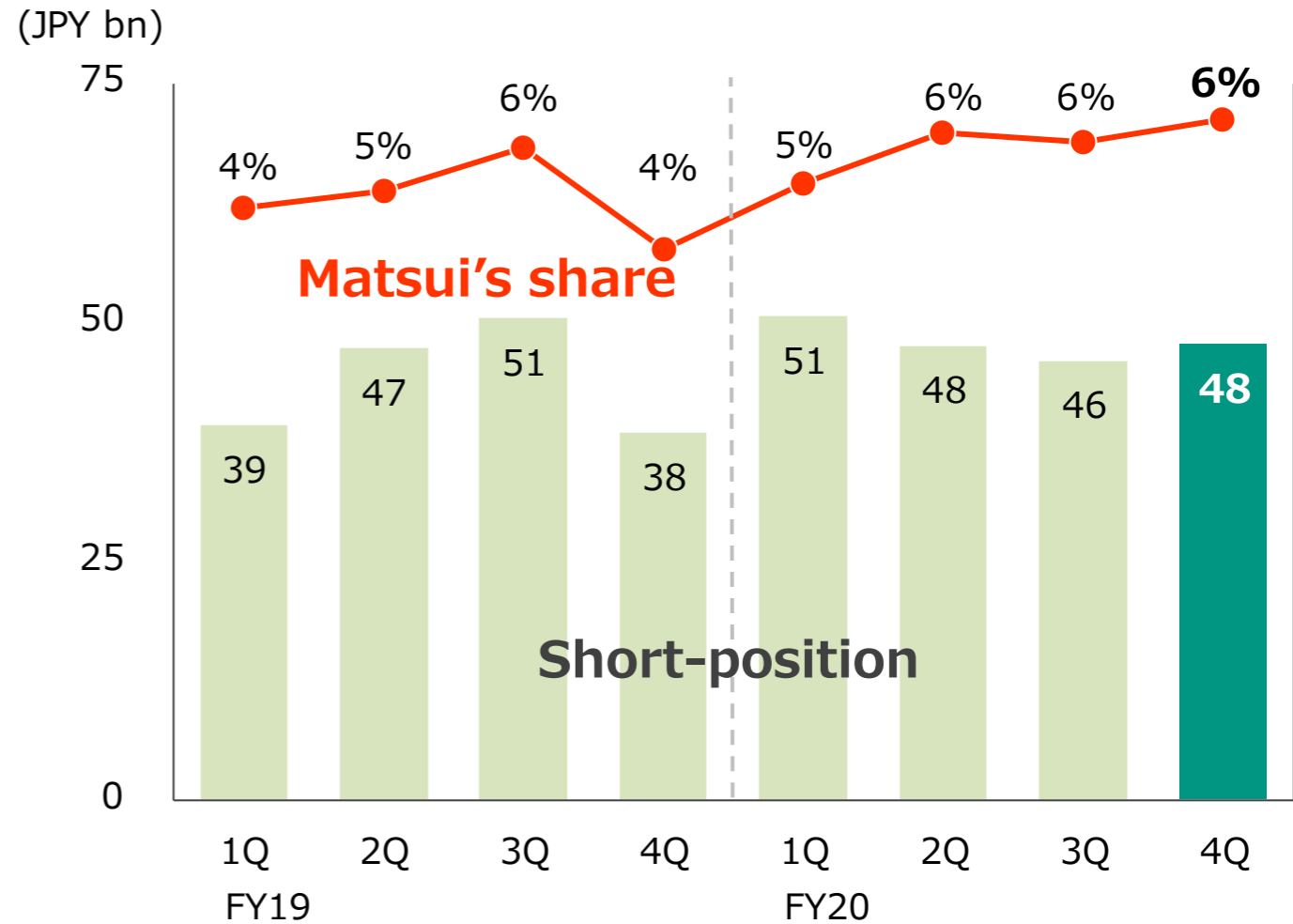
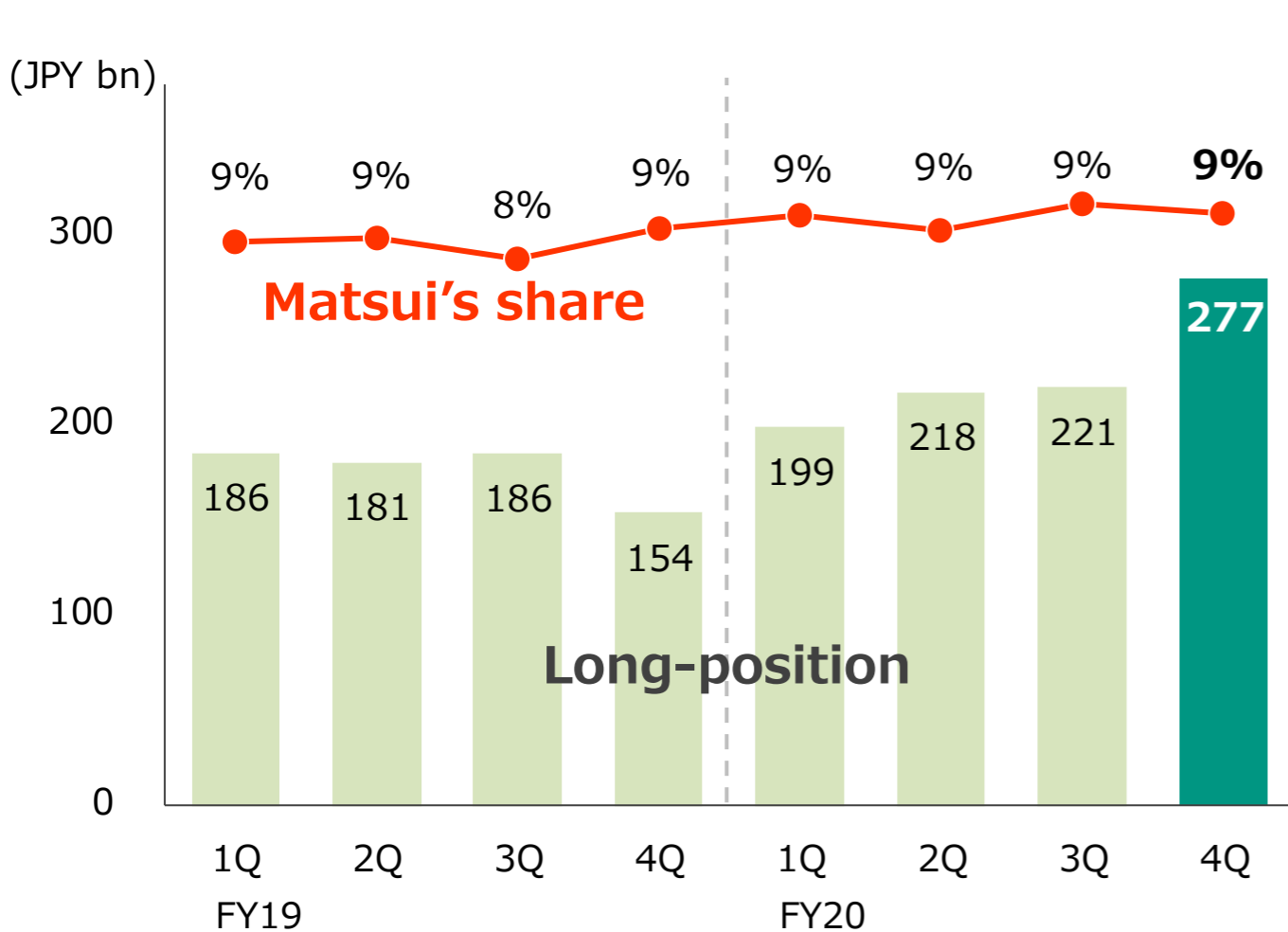
Retail equity trading value¹ and proportion to total equity trading value



Margin Trading Balance

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

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

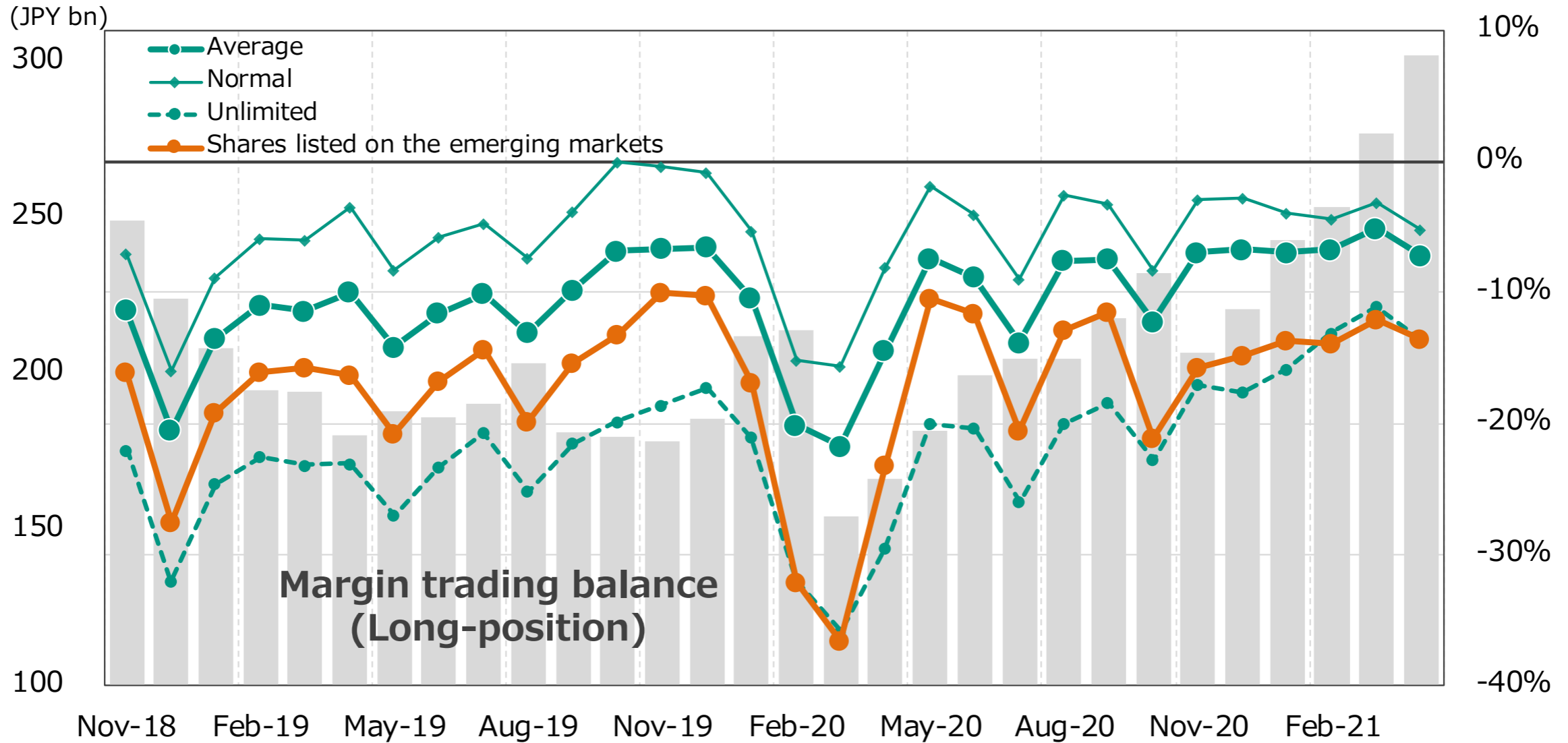


Source: TSE, Company Websites

Note1 : Balance as of the end of each quarter

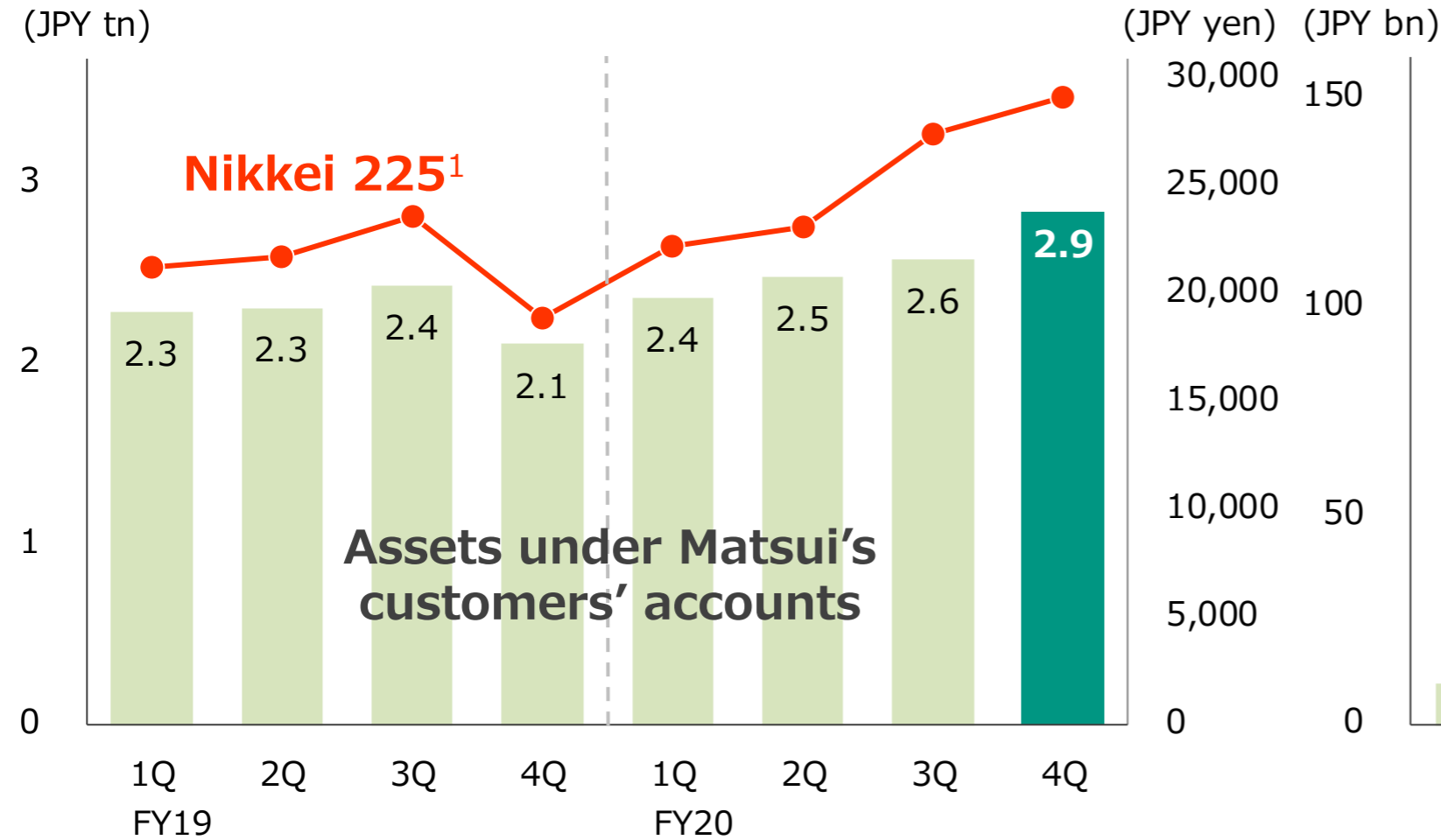
Note2 : Total market share in 2 major stock exchanges

Unrealized Losses (Long-position)

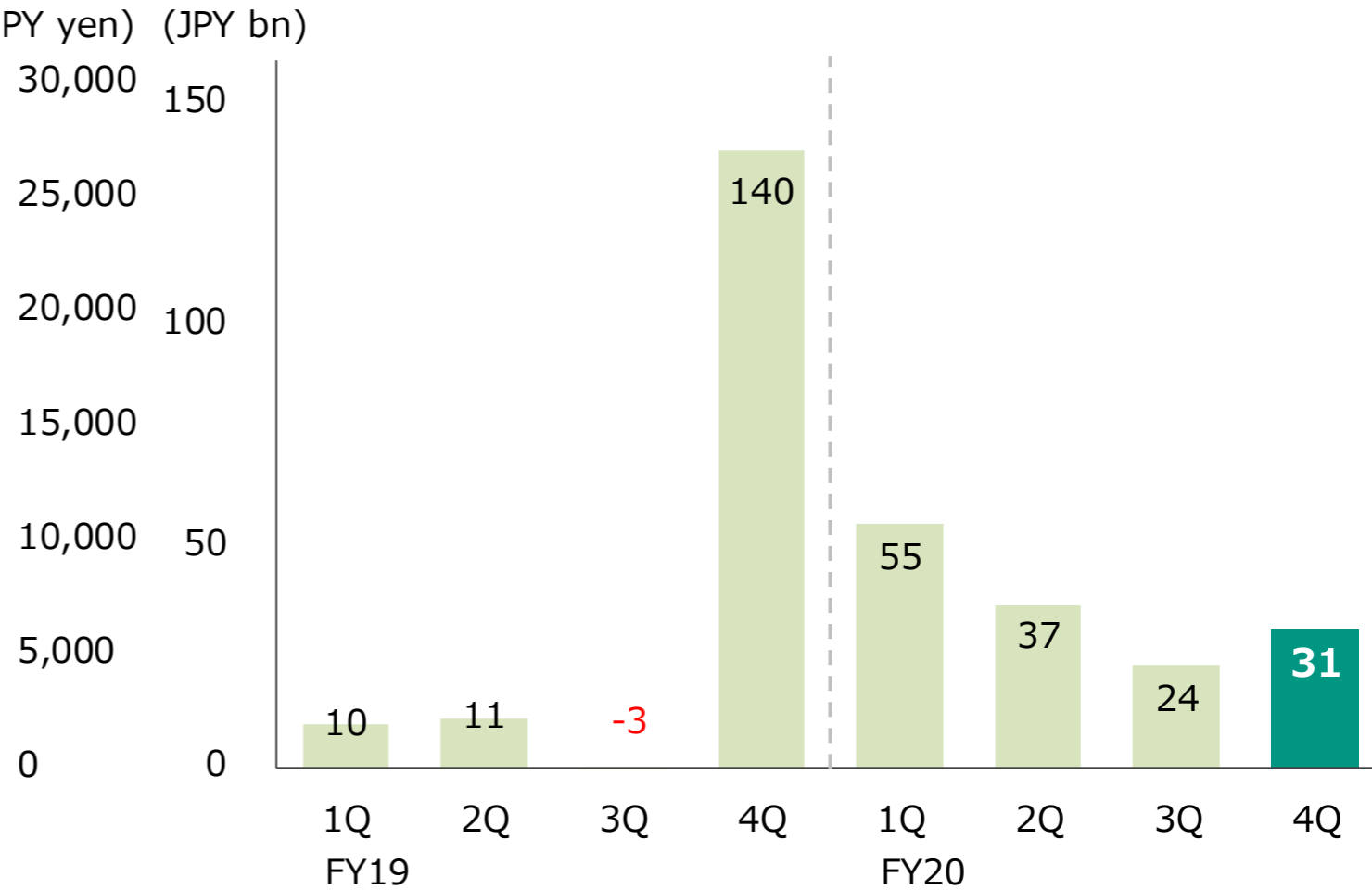


Assets under Customers' Accounts

Assets under Matsui's customers' accounts



Net inflow in cash and stocks²

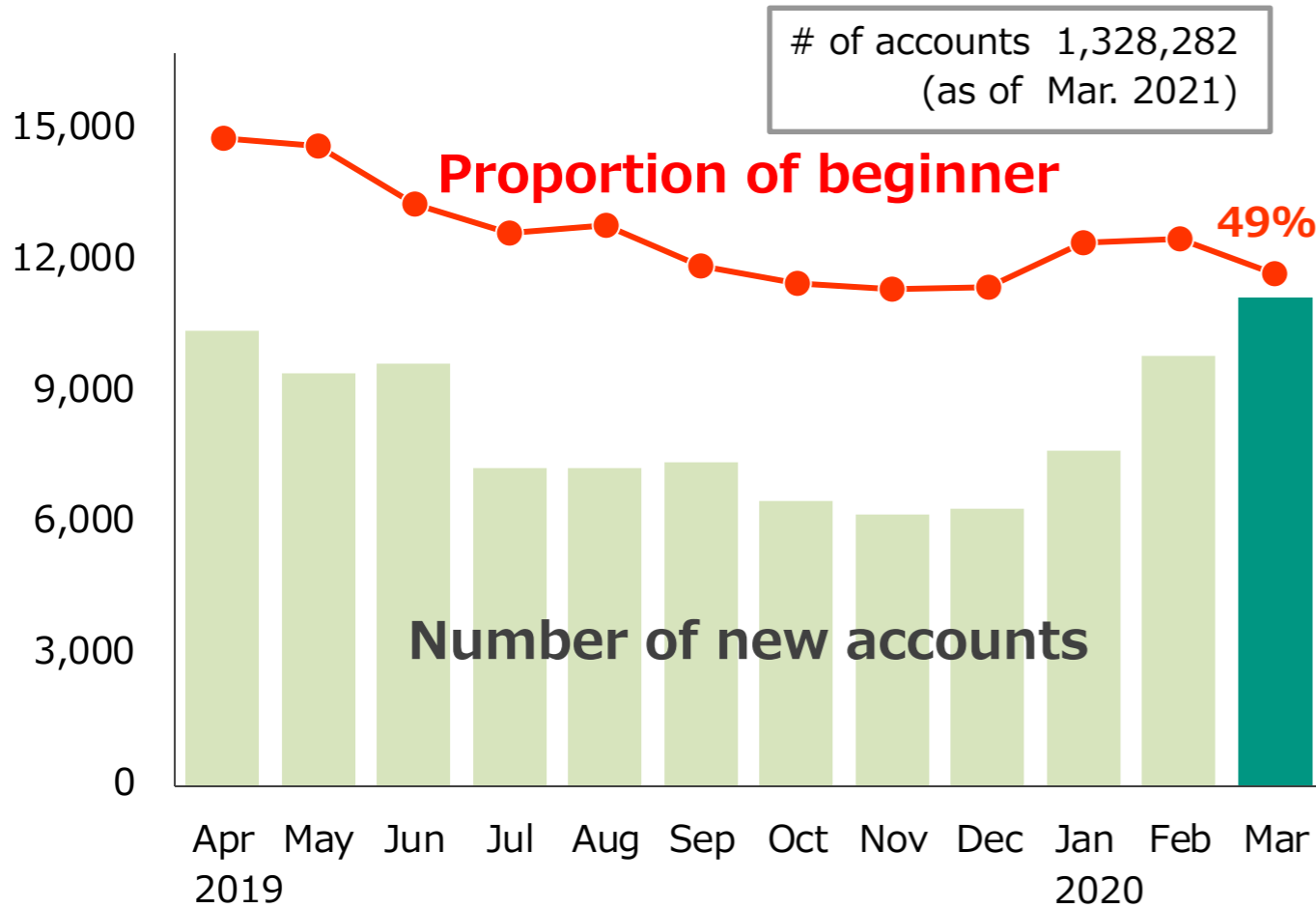


Note 1: Nikkei 225 is the closed price at the end of each quarter

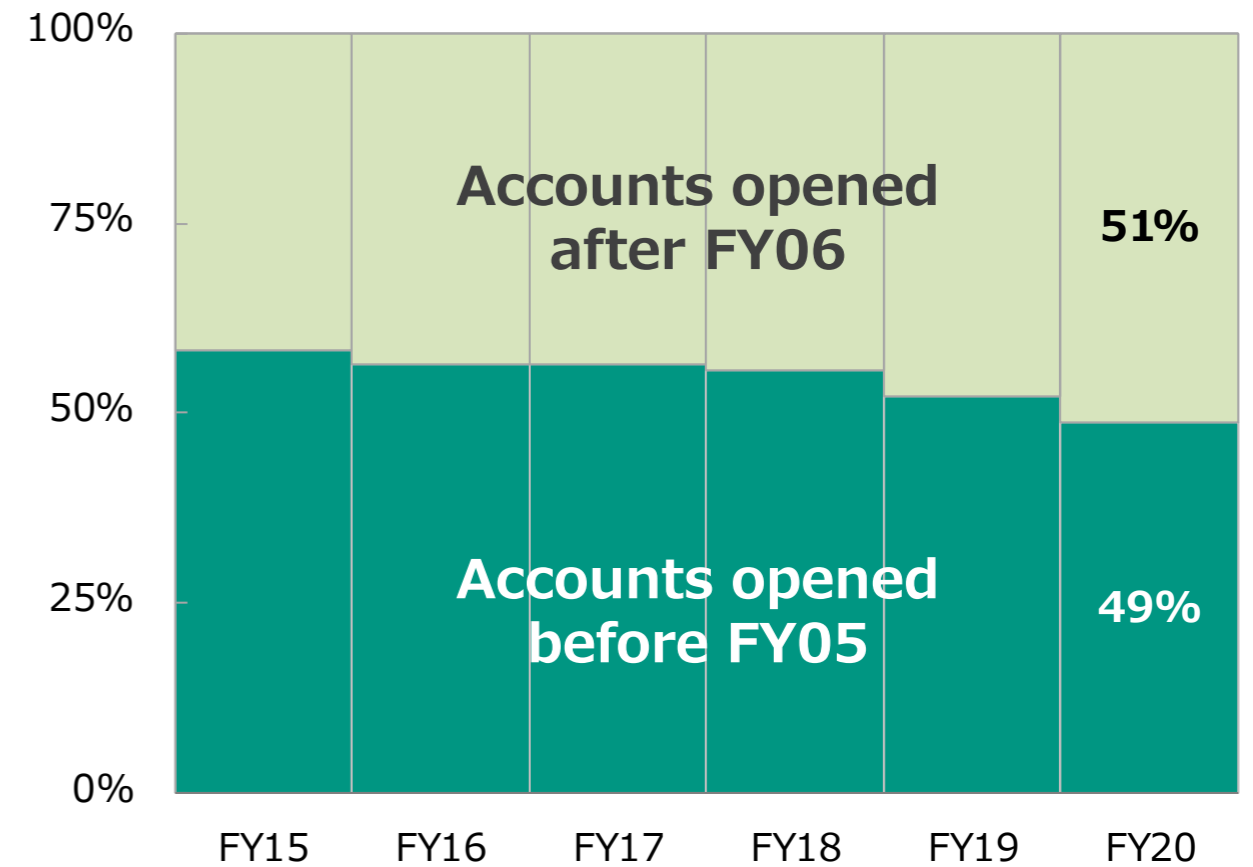
Note 2: Including the net inflow in mutual funds

Number of Accounts

Number of accounts at Matsui

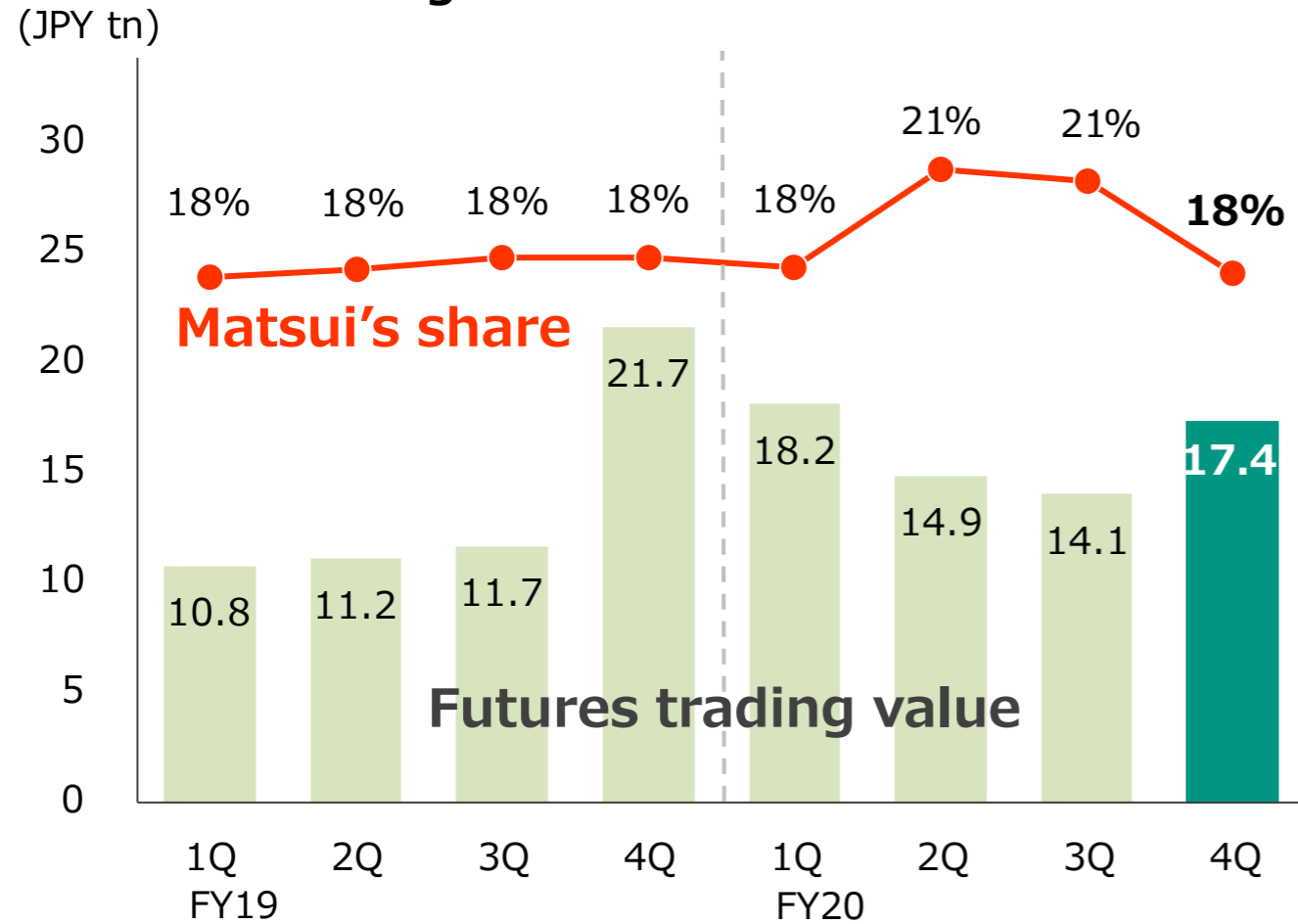


Breakdown of trading value¹ by customers opening the accounts in each fiscal year

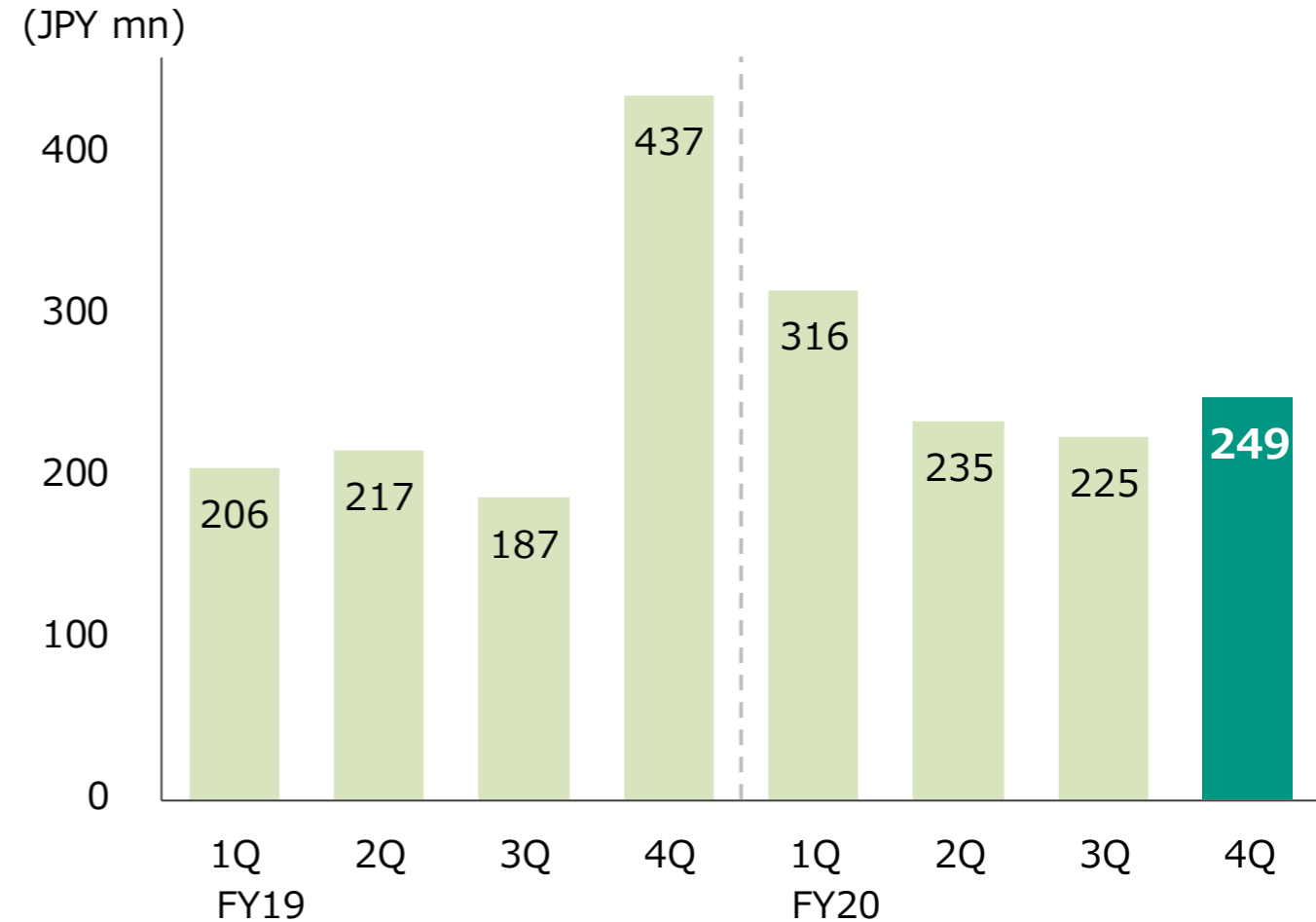


Note 1 : Excluding "Margin Trading Service for Day-trades"

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

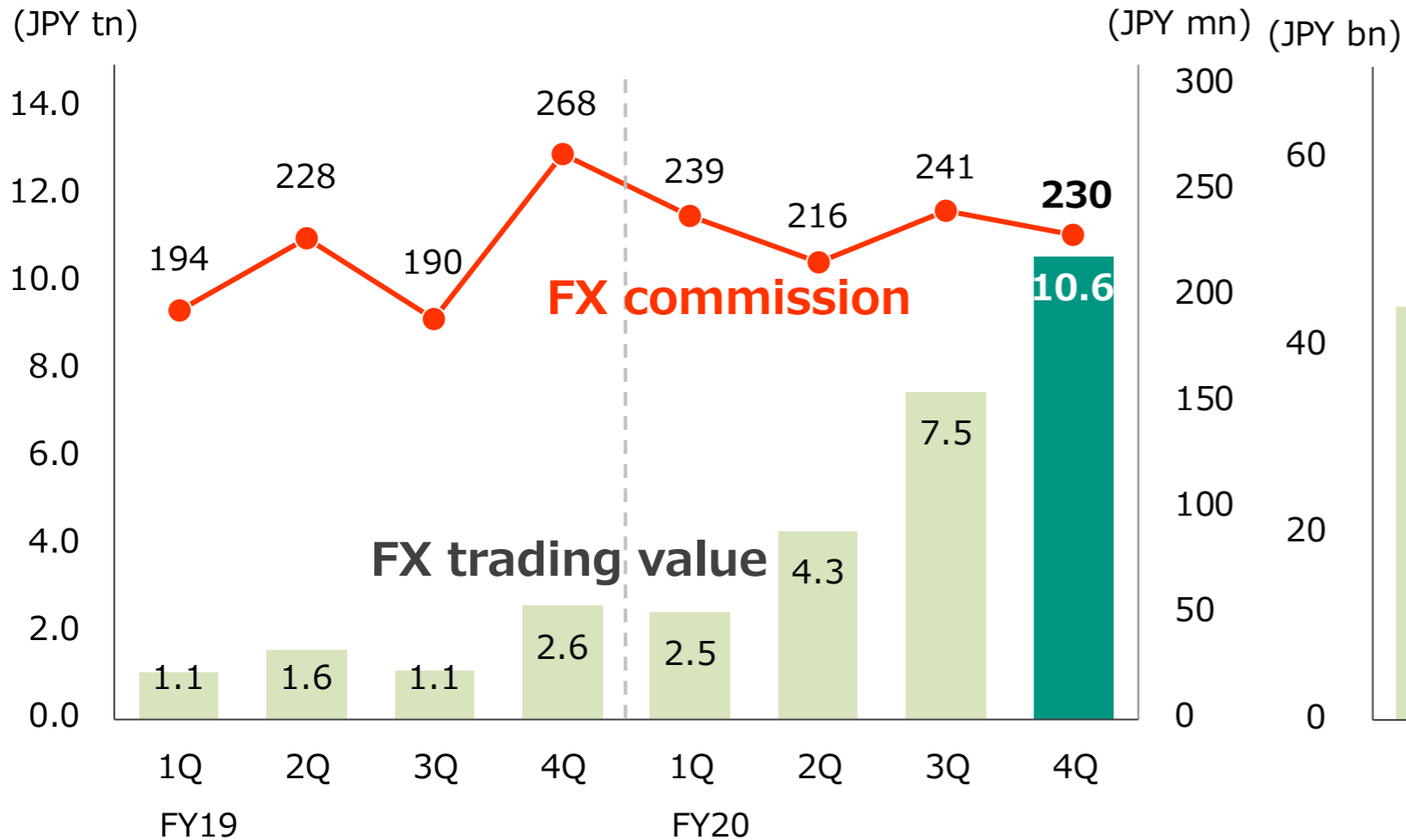


Commissions of Futures and Options

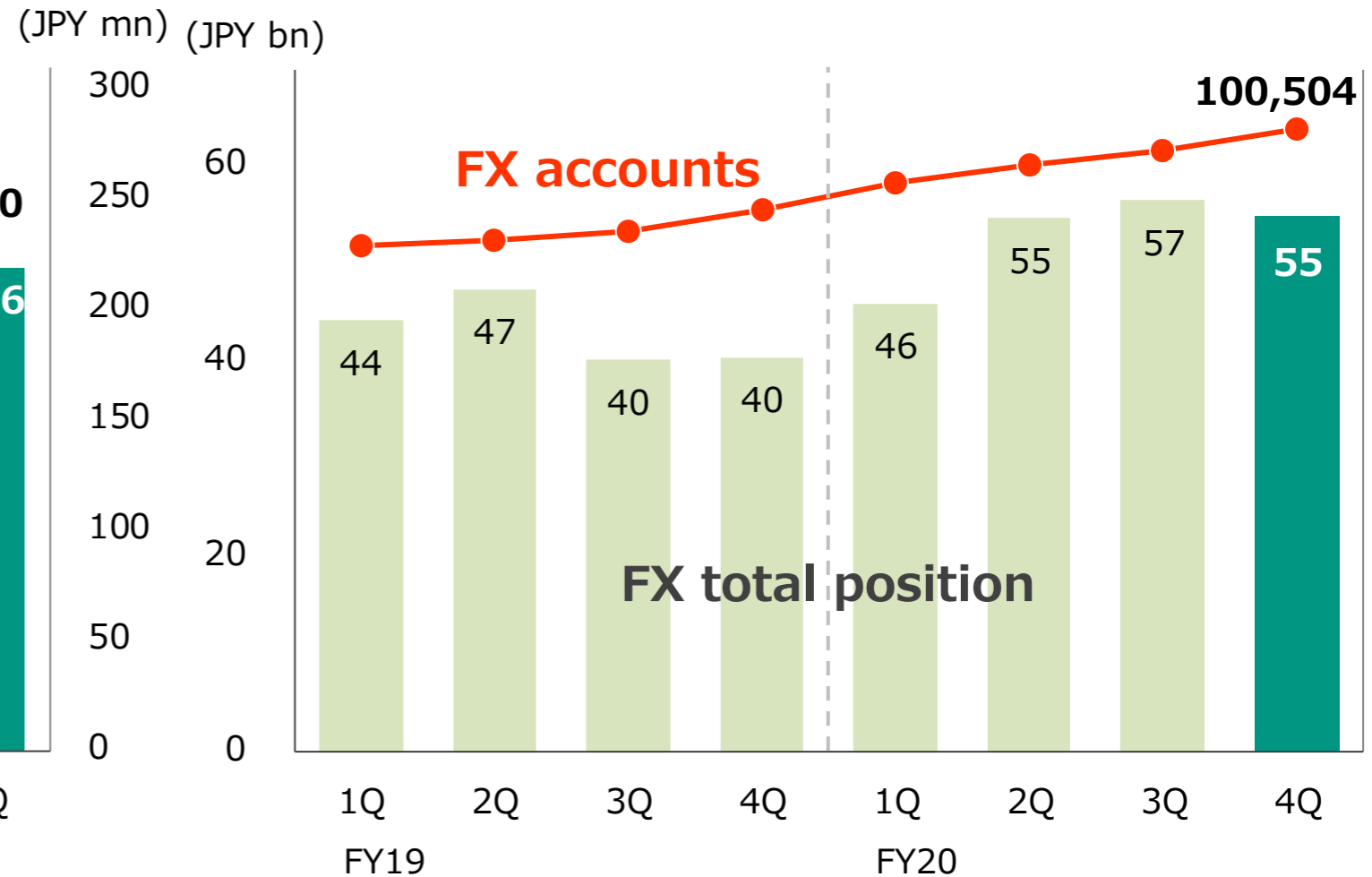


FX Margin Trading

FX trading value and commission

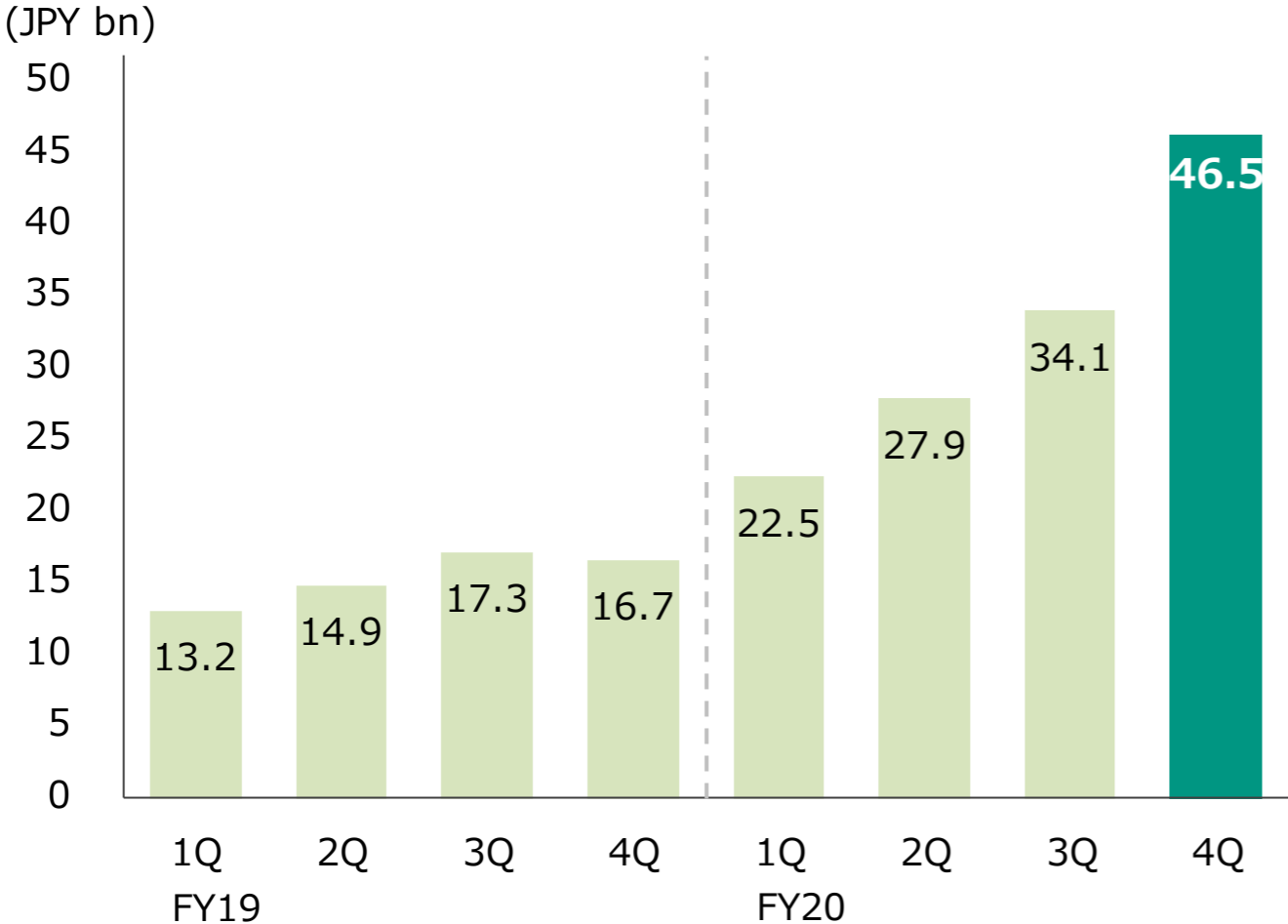


FX total position and accounts

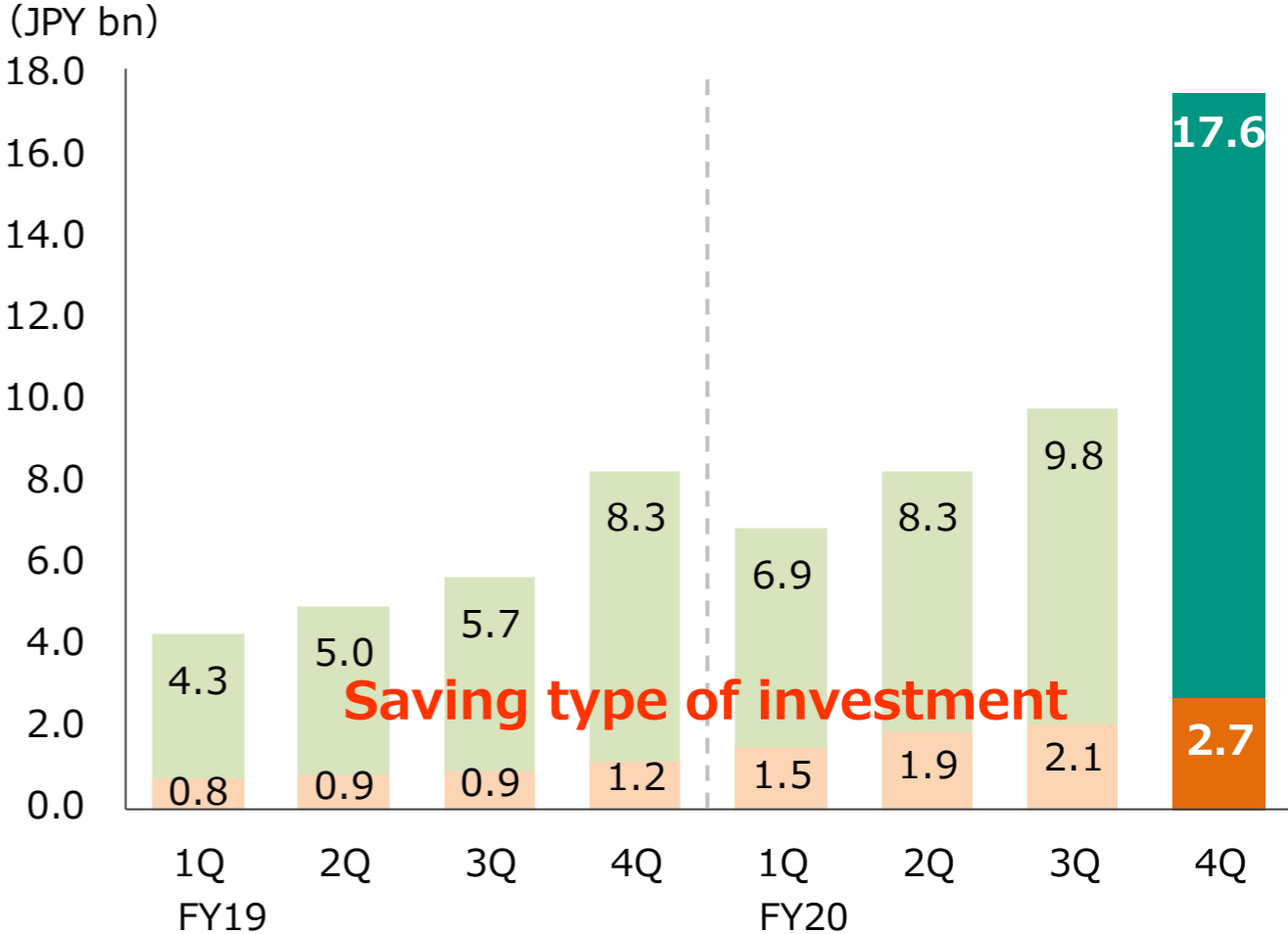


Mutual Fund

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

Re-new its Brand and enhance the promotion for new customers acquisition

◆ New Brand of “MATSUI FX” (Feb. 2021)

Easy and friendly for beginners to trade

- ✓ Able to trade from 100 yen per unit
- ✓ Narrowest spreads among the industry
- ✓ Night-time customer support
- ✓ Selectable leverage ratio

松井証券
MATSUI FX

◆ TV Commercial (Mar. 2021)

<https://youtu.be/LYq0Qdf5rbE>



https://youtu.be/s_bqFmLhqS8

Introduce “Cross-trade order” in Feb.

◆ Benefits of “Cross-trade order”

- ✓ Able to use for receiving shareholder gift and rolling over the margin balance
- ✓ Easy to order
- ✓ First among the online brokers by ordering through website¹

【Cross-trade order among the major online brokers】

	Matsui	SBI	Rakuten	MONEX
Order through online	○	×	×	×
Eligible for margin trade	○	×	×	×
Real-time trade	○	×	×	×

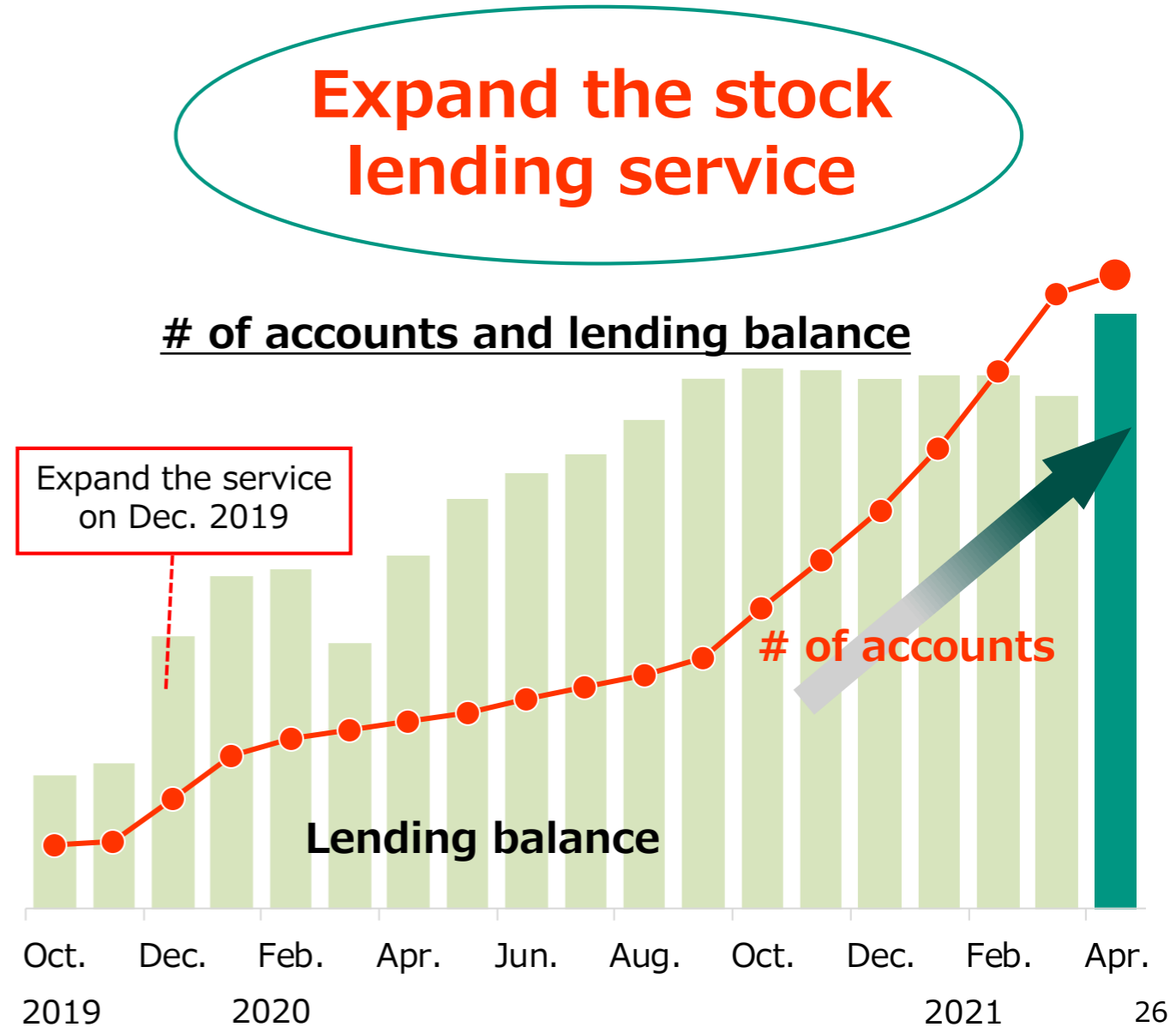
Intend to strengthen lending business

◆ Promotion to customers

- ✓ Send service leaflet to customers
- ✓ Telemarketing for non-users
- ✓ Continue campaign program

◆ Operational improvements

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



Leverage its network to expand the business

◆ LP Investment in venture capitals

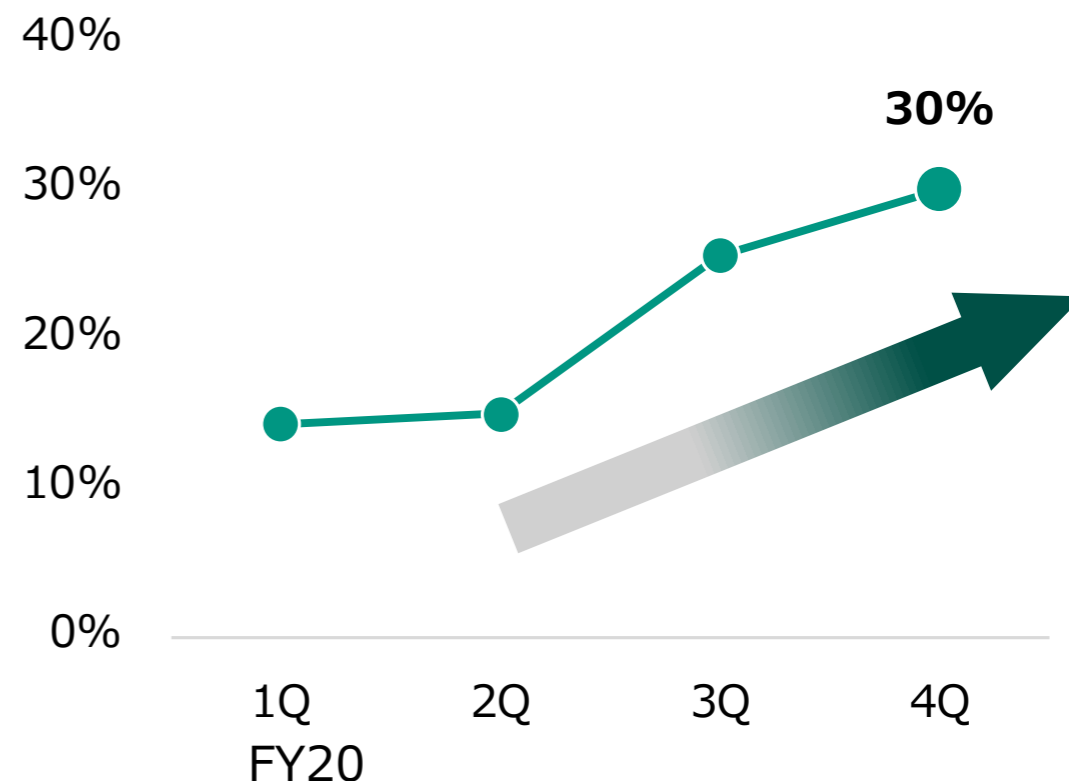
- ✓ Expand our network to reach IPO candidates

Invest in 9 VCs

Continue to leverage the network

IPO participation
Target to over 40%

IPO underwriting participation



Start to exchange for "d POINTs" provided by NTT DoCoMo which is widely used in daily life

SAVE

- ✓ Earn points according to the balance of mutual fund
- ✓ Use of Matsui credit cards

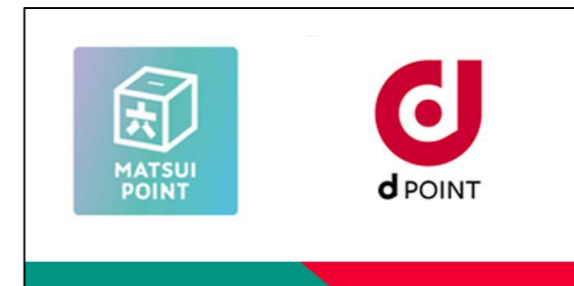


「MATSUI SECURITIES CARD」



USE/INVEST

- ✓ Invest for mutual fund
- ✓ Exchange for "d POINTs"
- ✓ Exchange for various products (Amazon gift certificate, etc.)



Introduce new trading application in March



Total number of
downloads:
Over 40,000

Plan to introduce new function
of stock lending service in May

⇒ All transaction is completed
on smartphone

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

◆ Establish new website specialized for video contents (introduce in March)

- ✓ 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

<https://www.youtube.com/watch?v=r2nh7y6aAC4>



Start TV commercial since Oct. 2020

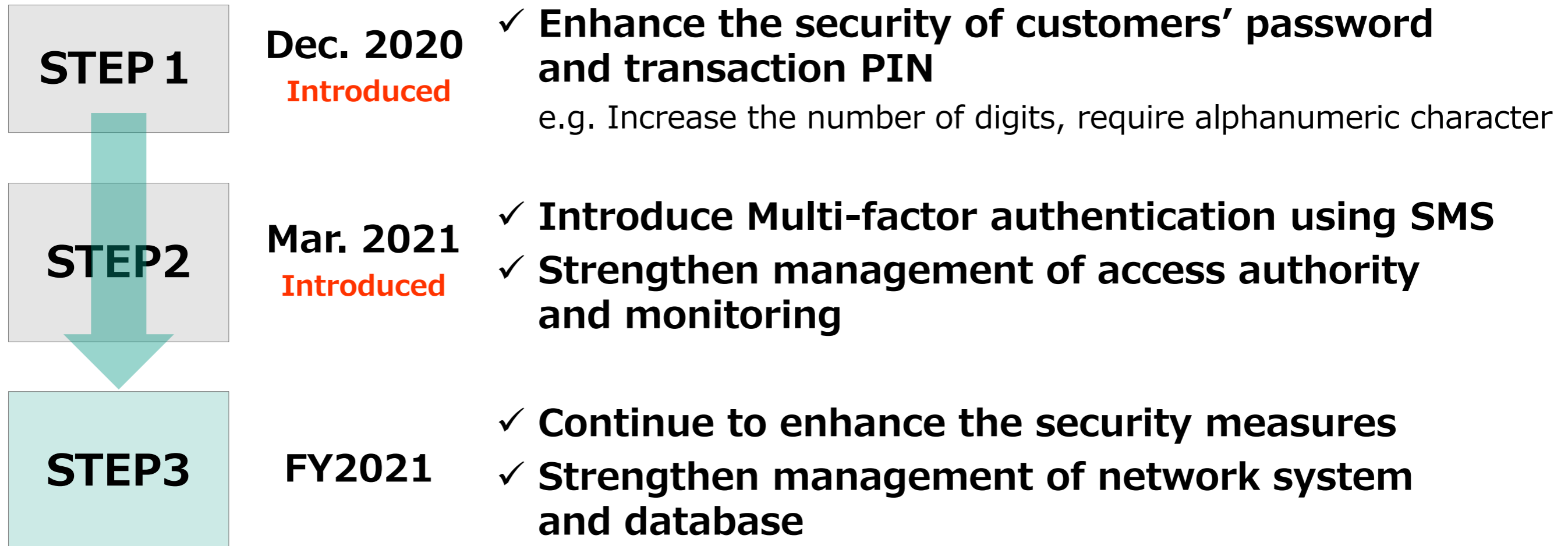
Support asset building for young generations

New commission structure (since May 6th)

Trading value / day	26 and above	25 or under
Up to 500,000 Yen	0 Yen	0 Yen
Up to 1 million Yen	1,000 Yen	
Up to 2 million Yen	2,000 Yen	
Add 1,000 Yen for every 1 million Yen of trading		
Over 100 million Yen	100,000 Yen (upper limit)	

Note: Tax excluded

Enhance the security measures continuously to protect customers' assets



Aim for sustainable growth of society and companies

◆ Transition to a Company with Audit and Supervisory Committee

- ✓ Independent Outside Directors: One-third or more
- ✓ Fortify the Board's Supervisory function

◆ Support diverse work styles

- ✓ 100% return rate from maternity leave (FY2020)
- ✓ Short working hours for child-care
- ✓ Hourly paid leave
- ✓ Certified by MHLW as the Company supporting employee's child-care

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Summary of Financial Results

(JPY mn)

	FY2019				FY2020			
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q
Operating Revenues	5,556	5,713	6,091	6,790	7,164	7,024	7,381	8,512
Net operating revenues	5,153	5,231	5,521	6,440	6,830	6,610	7,042	8,190
SG & A	3,239	3,158	3,259	3,780	3,853	3,717	3,811	4,464
Operating income	1,915	2,073	2,262	2,660	2,977	2,893	3,232	3,726
Ordinary income	1,996	2,069	2,306	2,646	3,034	2,878	3,260	3,747
Net income	1,374	1,433	1,594	1,736	2,108	3,381	2,258	2,536
Ordinary income ratio	36%	36%	38%	39%	42%	41%	44%	44%
Matsui's trading value (JPY tn)	6.0	5.7	6.0	7.5	9.3	8.5	9.0	10.7
Average margin balance (JPY bn)	226	229	229	233	219	252	265	289

Breakdown of Revenues

(JPY mn)

	FY2019				FY2020			
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q
Commissions	3,005	3,010	3,359	4,116	4,671	4,118	4,421	5,347
Brokerage	2,843	2,837	3,205	3,964	4,517	3,908	4,240	5,147
Equity & ETF	2,637	2,620	3,018	3,527	4,200	3,674	4,015	4,898
Futures & Options	206	217	187	437	316	235	225	249
Others	142	159	141	151	154	184	155	188
Net trading income	284	318	230	288	225	189	197	217
Interest & dividend income	2,266	2,385	2,502	2,387	2,268	2,717	2,763	2,948
Interest expenses	403	482	570	350	334	415	339	322
Net interest income	1,864	1,902	1,932	2,037	1,934	2,302	2,424	2,626

Breakdown of SG&A

(JPY mn)

	FY2019				FY2020			
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q
Trading related expenses	974	1,078	1,067	1,446	1,378	1,306	1,418	1,828
Stock exchanges and securities	280	262	268	353	387	367	367	405
Communications expenses	424	418	426	467	464	466	470	503
Advertisement	105	220	191	418	303	258	342	661
Personnel expenses	687	646	640	633	703	652	677	801
Occupancy & rental	282	282	285	286	274	240	241	255
Data processing & office supplies	637	678	700	731	797	769	778	832
Depreciation	546	446	463	468	495	547	535	544
Taxes and dues	76	69	72	79	103	157	114	117
Provision of allowance for doubtful accounts	△ 11	△ 72	△ 3	59	56	3	△ 6	42
Others	48	30	35	78	48	41	54	45
Total SG & A	3,239	3,158	3,259	3,780	3,853	3,717	3,811	4,464

The material is intended to provide the financial results for the quarter ended 31 March 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 April 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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