

Non-Consolidated Financial Summary under Japanese GAAP for the Second Quarter of the Fiscal Year ends March 2020

Date: October 28, 2019

Company name (Securities code): Matsui Securities Co., Ltd. (8628)

Stock exchange listing: Tokyo

(URL <https://www.matsui.co.jp/en/>)

Representative: Michio MATSUI, President & CEO

Planned date of filing of the quarterly securities report: November 13, 2019

Planned date of dividend payment: November 22, 2019

Note: All figures are rounded off to the nearest millionth.

1. Non-consolidated financial summary for the second quarter of the fiscal year ends March 2020 (from April 1, 2019 to September 30, 2019)

1) Operating results

	Operating revenue		Net operating revenue		Operating profit		Ordinary profit	
	(Millions) of Yen	(Yr/Yr % change)	(Millions) of Yen	(Yr/Yr % change)	(Millions) of Yen	(Yr/Yr % change)	(Millions) of Yen	(Yr/Yr % change)
Second quarter of the fiscal year ends March 2020	11,269	-21.7	10,384	-24.6	3,987	-48.8	4,065	-48.3
Second quarter of the fiscal year ended March 2019	14,389	-1.4	13,777	-0.5	7,787	-2.6	7,869	-2.3
	Profit		Basic earnings per share		Diluted earnings per share			
	(Millions) of Yen	(Yr/Yr % change)	(Yen)		(Yen)			
Second quarter of the fiscal year ends March 2020	2,806	-48.6	10.93		10.91			
Second quarter of the fiscal year ended March 2019	5,465	-1.9	21.28		21.26			

2) Financial position

	Total assets (Millions of Yen)	Net assets (Millions of Yen)	Equity-to-asset ratio (%)	Net assets per share (Yen)
Second quarter of the fiscal year ends March 2020	692,217	82,435	11.9	320.17
Fiscal year ended March 2019	695,993	96,579	13.9	375.45

Owner's equity:

Second quarter of the fiscal year ends March 2020: 82,236 million yen

Fiscal year ended March 2019: 96,420 million yen

2. Dividends

	Dividend per share				
	First quarter (Yen)	Second quarter (Yen)	Third quarter (Yen)	Year end (Yen)	Annual (Yen)
Fiscal year ended March 2019	—	19.00	—	65.00	84.00
Fiscal year ends March 2020	—	22.50			
Fiscal year ends March 2020 (forecast)			—	22.50	45.00

Note: Revision of dividend forecasts from the latest announcement: None

Year-end dividend of 65.00 yen per share for the fiscal year ended March 2019 includes commemorative dividend of 39.00 yen (100th anniversary commemorative dividend).

3. Notes:

- 1) Accounting treatments specific to quarterly financial statements: None
- 2) Changes in accounting policies, changes in accounting estimates and retrospective restatement
 - (1) Changes in accounting policies based on revisions of accounting standard: None
 - (2) Changes in accounting policies other than ones based on revisions of accounting standard: None
 - (3) Changes in accounting estimates: None
 - (4) Retrospective restatement: None

3) Number of issued and outstanding shares (common stock)

- (1) Number of issued and outstanding shares (including treasury stock)

Second quarter of the fiscal year ends March 2020	259,264,702 shares
Fiscal year ended March 2019	259,264,702 shares
- (2) Number of treasury stock

Second quarter of the fiscal year ends March 2020	2,411,946 shares
Fiscal year ended March 2019	2,455,463 shares

(3) Average number of shares

Second quarter of the fiscal year ends March 2020	256,823,689 shares
Fiscal year ended March 2019	256,767,697 shares

Note: This quarterly financial summary is not subject to quarterly review procedures by certified public accountants or audit corporations.

Note: Explanation on appropriate use of business forecasts and other remarks

The business results of securities brokerage companies depend on the market situation considerably, which makes it difficult to forecast the future business results. Accordingly, the Company does not issue such forecast while it discloses its monthly business information instead of such forecasts.

Notice to Readers 1: This document is an English translation of summary information and financial statements with major notes presented in the original Japanese Financial Summary ("Kessan Tanshin" dated October 28, 2019).

Notice to Readers 2: This English translation is prepared for reference purposes only and does not constitute any offer or sale of securities or other similar action whether inside or outside Japan. If any questions arise in this document, please refer to the original Japanese Financial Summary.

Notice to Readers 3: The accompanying quarterly financial statements are prepared in conformity with accounting principles and practices generally accepted in Japan, which are different in certain respects from the application and disclosure requirements of International Financial Reporting Standards. The financial statements are not intended to present the financial position and results of operations in accordance with accounting principles and practices generally accepted in countries and jurisdictions other than Japan.

1. Quarterly financial statements and major notes

1) Quarterly balance sheet

	(Millions of Yen)	
	Preceding fiscal year (March 31, 2019)	Second quarter accounting period (September 30, 2019)
Assets		
Current Assets		
Cash and deposits	36,120	35,891
Cash segregated as deposits	424,512	420,712
Money held in trust	2,988	2,844
Trading products:	1,260	1,693
Trading securities and other	0	0
Derivatives	1,260	1,693
Trade date accrual	5	7
Margin transaction assets:	202,490	199,458
Loans on margin transactions	194,027	181,091
Cash collateral pledged for securities borrowing on margin transactions	8,463	18,366
Loans secured by securities:	9,507	11,532
Cash collateral pledged for securities borrowed	9,507	11,532
Advances paid	44	49
Cash paid for offering	84	143
Short-term guarantee deposits	3,329	3,361
Other	5,065	5,576
Allowance for doubtful accounts	(129)	(41)
Total current assets	685,275	681,225
Non-current assets		
Property, plant and equipment	1,255	1,396
Intangible assets:	4,514	4,755
Software	4,514	4,755
Other	0	0
Investments and other assets:	4,948	4,841
Investment securities	3,710	3,454
Other	2,619	2,772
Allowance for doubtful accounts	(1,381)	(1,385)
Total non-current assets	10,718	10,992
Total assets	695,993	692,217

(Millions of Yen)

	Preceding fiscal year (March 31, 2019)	Second quarter accounting period (September 30, 2019)
Liabilities		
Current liabilities		
Trading products:	164	125
Derivatives	164	125
Margin transaction liabilities:	45,488	50,974
Borrowings on margin transactions	4,016	3,677
Cash received for securities lending on margin transactions	41,473	47,296
Loans payable secured by securities:	7,878	9,974
Cash received on debt credit transaction of securities	7,878	9,974
Deposits received	238,794	259,198
Guarantee deposits received	202,329	190,441
Accounts for non-received securities and others	0	14
Short-term loans payable	97,800	92,900
Income taxes payable	1,832	1,252
Provision for bonuses	178	55
Other	1,723	1,423
Total current liabilities	596,188	606,356
Non-current liabilities		
Long-term loans payable	-	200
Reserve for retirement bonuses for directors	204	204
Other	179	179
Total non-current liabilities	383	583
Reserves under special laws		
Reserve for financial products transaction liabilities	2,843	2,843
Total reserves under special laws	2,843	2,843
Total liabilities	599,414	609,782
Net assets		
Shareholders' equity		
Capital stock	11,945	11,945
Capital surplus	9,796	9,796
Retained earnings	74,177	60,291
Treasury shares	(1,856)	(1,823)
Total shareholders' equity	94,061	80,209
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	2,358	2,027
Total valuation and translation adjustments	2,358	2,027
Share acquisition rights	160	199
Total net assets	96,579	82,435
Total liabilities and net assets	695,993	692,217

2) Quarterly statement of income

(1) Cumulative second quarter period

(Millions of Yen)

	Cumulative second quarter period of the preceding fiscal year (From April 1, 2018 to September 30, 2018)	Cumulative second quarter period of the current fiscal year (From April 1, 2019 to September 30, 2019)
Operating revenue		
Commission received	7,756	6,015
Commission to consignees	7,391	5,681
Commission for underwriting, secondary distribution and solicitation for selling and others for professional investors	6	6
Fee for offering, secondary distribution and solicitation for selling and others for professional investors	18	28
Other fees received	341	301
Net trading income	670	602
Financial revenue	5,961	4,651
Other operating revenue	1	1
Total operating revenue	14,389	11,269
Financial expenses	612	885
Net operating revenue	13,777	10,384
Selling, general and administrative expenses		
Trading related expenses	2,058	2,052
Personnel expenses	1,223	1,333
Real estate expenses	423	564
Office cost	1,123	1,316
Depreciation	837	992
Taxes and dues	189	145
Provision of allowance for doubtful accounts	65	(83)
Other	71	78
Total selling, general and administrative expenses	5,990	6,397
Operating profit	7,787	3,987
Non-operating income		
Dividend income	79	79
Other	5	11
Total non-operating income	84	90
Non-operating expenses		
Other	2	13
Total non-operating expenses	2	13
Ordinary profit	7,869	4,065
Extraordinary losses		
Loss on sales and retirement of non-current assets	1	2
Loss on valuation of investment securities	-	20
Total extraordinary losses	1	22
Profit before income taxes	7,868	4,043
Income taxes – current	2,339	1,151
Income taxes – deferred	64	85
Total income taxes	2,403	1,236
Profit	5,465	2,806

3) Notes on quarterly financial statements

(1) (Notes - Uncertainties of entity's ability to continue as going concern)

Not applicable.

(2) (Notes when there are significant changes in amounts of shareholders' equity)

Not applicable.

(3) (Notes - Accounting treatments specific to quarterly financial statements)

Not applicable.

(4) (Notes - Changes in accounting policies, accounting estimates and retrospective restatement)

Not applicable.