

Quarterly Securities Report  
Including Financial Statements  
Under Japanese GAAP  
For the Three Months  
Ended June 30, 2018

**Matsui Securities Co., Ltd.**

1-4, Kojimachi, Chiyoda-ku, Tokyo, Japan

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Filed with the Director of the Kanto Local Finance Bureau

On August 13, 2018

# **1 Company information**

## **Part 1 Overview of company**

### **1 Summary of business results**

	Three months Ended June 30, 2017	Three months Ended June 30, 2018	Year Ended March 31, 2018
Operating revenue (Millions of Yen)	7,215	7,462	32,210
Net operating revenue (Millions of Yen)	6,896	7,143	30,480
Ordinary profit (Millions of Yen)	4,016	4,216	18,632
Profit (Millions of Yen)	2,780	2,930	12,908
Equity in earnings of affiliates if equity method is applied (Millions of Yen)	-	-	-
Capital stock (Millions of Yen)	11,945	11,945	11,945
Total number of issued shares (Shares)	259,264,702	259,264,702	259,264,702
Net assets (Millions of Yen)	93,019	94,873	98,751
Total assets (Millions of Yen)	820,967	817,914	836,318
Basic earnings per share (Yen)	10.83	11.41	50.28
Diluted earnings per share (Yen)	10.82	11.40	50.24
Dividend paid per share (Yen)	-	-	44.00
Equity-to-asset ratio (%)	11.3	11.6	11.8

## **2 Description of business**

There have not been significant changes in the business of the Company in the three months ended June 30, 2018.

## **Part 2 Overview of business**

### **1 Business risks**

There have not been events which may significantly affect investors' consideration in the three months ended June 30, 2018 concerning business and financial position of the Company described in this Report.

There have not been any significant changes in the three months ended June 30, 2018 in the business risks described in the Annual Securities Report of the Company for the year ended March 31, 2018.

### **2 Critical contracts for operation**

Not applicable.

## Part 3 Information about reporting company

### 1 Information about shares, etc.

#### (1) Total number of shares, etc.

[1] Total Number of shares

Total Shares Authorized	
Common stock	1,050,000,000 shares
Total	1,050,000,000 shares

[2] Issued shares

	Total number of issued shares		Stock Exchange Listed at	Details
	As of June 30, 2018 (End of the quarterly period)	As of August 13, 2018 (Date of filing of this Report)		
Common stock	259,264,702 shares	259,264,702 shares	Tokyo Stock Exchange (First Section)	1 unit consists of 100shares
Total	259,264,702 shares	259,264,702 shares	-	-

Notes: Total number of issued shares as of August 13, 2018 does not include shares issued upon exercise of share acquisition rights from August 1, 2018 to August 13, 2018.

#### (2) Share acquisition rights

[1] Details of share option program  
Not applicable.

[2] Other information about share acquisition rights  
Not applicable.

#### (3) Exercises, etc. of moving strike convertible bonds, etc.

Not applicable.

#### (4) Changes in number of issued shares, stated capital, etc.

	Issued shares (shares)		Capital Stock (Millions of Yen)		Legal capital surplus (Millions of Yen)	
	Change	Outstanding amount	Change	Outstanding amount	Change	Outstanding amount
From April 1, 2018 to June 30, 2018	-	259,264,702	-	11,945	-	9,793

#### (5) Major shareholders

Information of major shareholders has been omitted because this quarterly period is the first one for the fiscal year ends March 31, 2019.

## (6) Voting Rights

The following table shows the status of voting rights as of March 31, 2018 because the Company is not able to settle the list of shareholders as of June 30, 2018.

### [1] Issued shares

( As of March 31, 2018 )

	Number of shares	Number of voting rights
Shares without voting rights	-	-
Shares with limited voting rights (Treasury shares, etc.)	-	-
Shares with limited voting rights (Other than treasury shares)	-	-
Shares with full voting rights (Treasury shares, etc.)	( Treasury shares ) Common stock 2,508,600	-
Shares with full voting rights (Other than treasury shares)	Common stock 256,739,700	2,566,447
Odd lot shares (1 lot = 100 shares)	Common stock 16,402	-
Total number of issued shares	259,264,702	-
Total number of voting rights	-	2,566,447

Note:

- 400 shares under the title of Japan Securities Depository Center Inc. and 95,000 shares of securities bought by customers using money loaned from the Company's own fund are included in "Shares with full voting rights (Other than treasury shares, etc.)." 4 voting rights under the title of Japan Securities Depository Center Inc. are included in "Shares with full voting rights (Other than treasury shares, etc.)". 950 voting rights of securities bought by customers using money loaned from the Company's own fund are not included in "Shares with full voting rights (Other than treasury shares, etc.)".
- 33 treasury shares are included in odd-lot shares.

### [2] Treasury shares, etc.

( As of March 31, 2018 )

Name of shareholders	Address	Treasury shares held by the Company's own name	Treasury shares held by other person's name	Total number of shares held	Shareholding ratio (%)
(Treasury shares held by the Company ) Matsui Securities Co., Ltd.	1-4, Kojimachi, Chiyoda-ku, Tokyo, Japan	2,508,600	-	2,508,600	0.97
Total	-	2,508,600	-	2,508,600	0.97

## 2 Information about officers

There have not been changes to the Company's executives from June 18, 2018 when the Company filed its Annual Security Report to the end of this quarterly period excluding those described in the Annual Security Report.

## **Part 4 Financial information**

### **1 Note on quarterly financial statements**

Pursuant to Article 54 and 73 of the “Regulations of Quarterly Financial Statements” (Cabinet Office Ordinance No. 63, 2007), the quarterly financial statements of the Company are prepared in accordance with the “Cabinet Office Ordinance Concerning Financial Instruments Business” (Cabinet Office Ordinance No. 52, 2007) and the “Uniform Accounting Standards of Securities Business” (set by the board of governors of the Japan Securities Dealers’ Association, November 14, 1974) along with the “Regulations of Quarterly Financial Statements”.

### **2 Note on independent audit**

The quarterly financial statements for the three months ended June 30, 2018 (from April 1, 2018 to June 30, 2018) were reviewed by PricewaterhouseCoopers Aarata LLC in accordance with the Article 193-2-1 of Financial Instruments and Exchange Act.

### **3 Note on quarterly consolidated financial statements**

The consolidated financial statements of the Company are not prepared because the Company has no subsidiaries.

#### **Notice to readers:**

The accompanying quarterly financial statements have been prepared in accordance with the provision set forth in the Corporation Law of Japan and the Financial Instruments and Exchange Act, and in conformity with accounting principles and practices generally accepted in Japan, which are different from International Financial Reporting Standards in certain aspects of application and disclosure requirements.

The quarterly financial statements are not intended to present the financial position, results of operations and cash flows in accordance with accounting principles and practices generally accepted in countries or jurisdictions other than Japan.

# 1 Quarterly Financial Statements

## (1) Quarterly Balance Sheet

(Millions of Yen)

	March 31, 2018	June 30, 2018
<b>Assets</b>		
Current assets		
Cash and deposits	36,256	28,290
Cash segregated as deposits	455,512	463,512
Money held in trust	5,813	5,788
Trading products:	2,258	1,970
Trading securities and other	0	83
Derivatives	2,258	1,887
Margin transaction assets:	310,574	294,676
Loans on margin transactions	308,037	288,729
Cash collateral pledged for securities borrowing on margin transactions	2,537	5,947
Loans secured by securities:	7,331	4,591
Cash collateral pledged for securities borrowed	7,331	4,591
Advances paid	177	170
Cash paid for offering	93	83
Short-term guarantee deposits	3,352	3,469
Other	4,886	5,196
Allowance for doubtful accounts	(156)	(156)
Total current assets	826,096	807,589
Non-current assets		
Property, plant and equipment:	845	838
Intangible assets:	4,465	4,627
Software	4,465	4,627
Other	0	0
Investments and other assets:	4,912	4,860
Investment securities	3,572	3,727
Other	2,724	2,532
Allowance for doubtful accounts	(1,384)	(1,399)
Total non-current assets	10,222	10,326
Total assets	836,318	817,914

(Millions of Yen)

	March 31, 2018	June 30, 2018
<b>Liabilities</b>		
Current liabilities		
Trading products:	143	165
Derivatives	143	165
Trade date accrual	2	26
Margin transaction liabilities:	66,423	33,702
Borrowings on margin transactions	37,158	3,905
Cash received for securities lending on margin transactions	29,266	29,796
Loans payable secured by securities:	13,499	11,160
Cash received on debt credit transaction of securities	13,499	11,160
Deposits received	253,016	273,824
Guarantee deposits received	207,875	220,475
Accounts for non-received securities and others	8	-
Short-term loans payable	187,600	177,100
Income taxes payable	3,659	1,182
Provision for bonuses	227	53
Other	1,870	2,109
Total current liabilities	734,322	719,797
Non-current liabilities		
Long-term loans payable	50	50
Reserve for retirement bonuses for directors and auditors	204	204
Other	3	3
Total non-current liabilities	258	258
Reserves under special laws		
Reserve for financial products transaction liabilities	2,987	2,987
Total reserves under special laws	2,987	2,987
Total liabilities	737,567	723,042
Net assets		
Shareholders' equity		
Capital stock	11,945	11,945
Capital surplus	9,793	9,793
Retained earnings	76,426	72,424
Treasury shares	(1,896)	(1,894)
Total shareholders' equity	96,268	92,268
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	2,359	2,466
Total valuation and translation adjustments	2,359	2,466
Share acquisition rights	125	139
Total net assets	98,751	94,873
Total liabilities and net assets	836,318	817,914

## (2) Quarterly Statement of Income

(Millions of Yen)

	Three months ended June 30, 2017	Three months ended June 30, 2018
Operating revenue		
Commission received	4,334	4,034
Commission to consignees	4,152	3,848
Commission for underwriting, secondary distribution and solicitation for selling and others for professional investors	2	5
Fee for offering, secondary distribution and solicitation for selling and others for professional investors	0	17
Other fees received	179	164
Net trading income	138	364
Financial revenue	2,743	3,064
Other operating revenue	0	0
Total operating revenue	7,215	7,462
Financial expenses	320	319
Net operating revenue	6,896	7,143
Selling, general and administrative expenses		
Trading related expenses	1,093	1,042
Personnel expenses	581	610
Real estate expenses	216	210
Office cost	508	569
Depreciation	363	413
Taxes and dues	101	101
Provision of allowance for doubtful accounts	20	14
Other	49	47
Total selling, general and administrative expenses	2,931	3,006
Operating profit	3,964	4,136
Non-operating income		
Dividend income	49	79
Other	3	1
Total non-operating income	52	80
Non-operating expenses		
Other	0	0
Total non-operating expenses	0	0
Ordinary profit	4,016	4,216
Extraordinary losses		
Loss on sales and retirement of non-current assets	0	0
Total extraordinary losses	0	0
Profit before income taxes	4,016	4,216
Income taxes - current	1,106	1,116
Income taxes - deferred	131	170
Total income taxes	1,236	1,285
Profit	2,780	2,930

## **Notes**

### **Notes - Additional information**

(Application of "Partial revision of 'Accounting Standards for Tax Effect Accounting'", etc.)  
"Partial revision of 'Accounting Standards for Tax Effect Accounting'" (Corporate Accounting Standard No. 28, February 16, 2018), etc., has been applied from the beginning of the first quarter of this fiscal year, and deferred tax assets are displayed in the categories of investments and other assets.

### **Notes - Quarterly statement of cash flows**

The Company does not prepare the quarterly statement of cash flows for the three months ended June 30, 2018. Depreciation including the amortization of intangible assets for the three months ended June 30, 2018 is as follows.

	Three months ended June 30, 2017	Three months ended June 30, 2018
Depreciation	363 million yen	413 million yen

### **Notes - Equity**

(Three months ended June 30, 2017)

#### 1. Dividend payment

Date of resolution	Ordinary general meeting of shareholders held on June 25, 2017
Type of shares	Common stock
Amount of dividend payment	5,135 million yen
Dividends per share	20 yen
Date of record for dividends	March 31, 2017
Effective date	June 26, 2017
Source of dividends	Retained earnings

#### 2. Dividends whose effective date is after June 30, 2017

Not applicable.

(Three months ended June 30, 2018)

#### 1. Dividend payment

Date of resolution	Ordinary general meeting of shareholders held on June 24, 2018
Type of shares	Common stock
Amount of dividend payment	6,932 million yen
Dividends per share	27 yen
Date of record for dividends	March 31, 2018
Effective date	June 25, 2018
Source of dividends	Retained earnings

#### 2. Dividends whose effective date is after June 30, 2018

Not applicable.

**Notes - Segment information, etc.**

(Segment information)

Disclosures on segment information have been omitted, as the business of the Company consists of only a single segment of online brokerage services.

**Notes - Financial instruments**

Not applicable.

**Notes - Securities**

Not applicable.

**Notes - Derivatives**

Not applicable.

**Notes - Per share information**

The basic earnings per share and diluted earnings per share with their respective bases of calculation are as follows:

Items	Three months ended June 30, 2017	Three months ended June 30, 2018
(1)Basic earnings per share (Yen)	10.83	11.41
(Calculation basis)		
Profit (Millions of Yen)	2,780	2,930
Profit not attributed to common stock (Millions of Yen)	-	-
Profit attributed to common stock (Millions of Yen)	2,780	2,930
Average number of common stock outstanding (Shares)	256,731,314	256,759,069
(2)Diluted earnings per share (Yen)	10.82	11.40
(Calculation basis)		
Adjustment to the profit (Millions of Yen)	-	-
Increase of common stock (Shares)	138,436	227,851
Significant changes in the share acquisition rights or others without dilution effects which are not considered in the calculation of diluted earnings per share	-	-

**2 Other information**

Not applicable.

**2 Information about company which provides guarantee to reporting company**

Not applicable.

**Note: The Original Quarterly Securities Report includes the quarterly review by PricewaterhouseCoopers Aarata LLC for the quarterly financial statements for the three months ended June 30, 2018.**