

Quarterly Securities Report for the Second Quarter of the 104th Fiscal Year (From July 1, 2019 to September 30, 2019)

Matsui Securities Co., Ltd.

1-4, Kojimachi, Chiyoda-ku, Tokyo

Representative: Michio MATSUI, President & CEO

Original Japanese Report was filed with the Director of the Kanto Local Finance Bureau on November 13, 2019 based on Article 24-4-7, Paragraph 1 of the Financial Instrument and Exchange Act.

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Notice to Readers 2: 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, results of operations and cash flows in accordance with accounting principles and practices generally accepted in countries and jurisdictions other than Japan.

Notice to Readers 3: The original Report is attached with a quarterly review report by PricewaterhouseCoopers Aarata LLC for the quarterly financial statements for the second quarter accounting period of the current fiscal year (from July 1, 2019 to

September 30, 2019) and the cumulative second quarter period of the current fiscal year (from April 1, 2019 to September 30, 2019) in the original Report.

Part 1. Company Information

1. Overview of Company

1) Summary of Business Results

Fiscal period	Cumulative second quarter period of 103 rd fiscal year	Cumulative second quarter period of 104 th fiscal year	103 rd fiscal year
Accounting Period	From April 1, 2018 to September 30, 2018	From April 1, 2019 to September 30, 2019	From April 1, 2018 to March 31, 2019
Operating revenue (millions of yen)	14,389	11,269	27,313
Net operating revenue (millions of yen)	13,777	10,384	25,999
Ordinary profit (millions of yen)	7,869	4,065	13,592
Profit (millions of yen)	5,465	2,806	9,562
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 (number of shares)	259,264,702	259,264,702	259,264,702
Net assets (millions of yen)	97,333	82,435	96,579
Total assets (millions of yen)	778,875	692,217	695,993
Basic earnings per share (yen)	21.28	10.93	37.24
Diluted earnings per share (yen)	21.26	10.91	37.20
Dividend paid per share(yen)	19.00	22.50	84.00
Equity-to-asset ratio (%)	12.5	11.9	13.9
Net cash provided by (used in) operating activities (millions of yen)	72,657	22,914	103,499
Net cash provided by (used in) investing activities (millions of yen)	(971)	(1,913)	(2,011)
Net cash provided by (used in) financing activities (millions of yen)	(84,475)	(21,373)	(101,650)
Cash and cash equivalents (millions of yen)	26,481	38,735	39,108

Fiscal period	Second quarter accounting period of 103 rd fiscal year	Second quarter accounting period of 104 th fiscal year
Accounting Period	From July 1, 2018 to September 30, 2018	From July 1, 2019 to September 30, 2019
Basic earnings per share (Yen)	9.87	5.58

Note 1: Operating revenue does not include consumption tax etc.

Note 2: Equity in earnings of affiliates if equity method is applied is not shown above because the Company does not have affiliates.

Note 3: 84 yen dividend paid per share for the 103rd fiscal year includes 39 yen of commemorative dividend for the 100th anniversary of the Company.

2) Description of Business

There were no significant changes in the description of business of the Company in the cumulative second quarter period of the current fiscal year.

2. Status of Business

1) Business Risks

Commencing from the quarterly securities reports related to the fiscal year ending March 31, 2020, the Company has applied the provisions in footnote (7) stated in Form 4-3 of the “Cabinet Office Order on Disclosure of Corporate Affairs” as amended pursuant to the “Cabinet Office Order Amending a Part of the Cabinet Office Order on Disclosure of Corporate Affairs” (Cabinet Office Order No. 3 of January 31, 2019).

In the cumulative second quarter period of the current fiscal year, of the matters related to status of business and status of accounting etc. as described in this quarterly securities report, there were no major risks which had arisen recognized by management as possibly having a material effect on the financial condition, results of operations, or cash flow conditions of the Company, and there are no material changes to the “Business Risks” described in the securities report for the preceding fiscal year ended March 31, 2019.

2) Management’s Discussion and Analysis of Financial Condition, Results of Operations, and Cash Flow Conditions

Commencing from the quarterly securities reports related to the fiscal year ending March 31, 2020, the Company has applied the provisions in footnote (8) stated in Form 4-3 of the “Cabinet Office Order on Disclosure of Corporate Affairs” as amended pursuant to the “Cabinet Office Order Amending a Part of the Cabinet Office Order on Disclosure of Corporate Affairs” (Cabinet Office Order No. 3 of January 31, 2019).

Management’s discussion and analysis of financial condition, results of operation and cash flow conditions of the Company is provided below. Since the Company has only one segment which is its online securities brokerage service, description by segment has been omitted.

(1) Status and analysis of results of operations

The domestic stock market in the cumulative second quarter period started with the Nikkei Average trading slightly above 21,500 yen at the beginning of the period, which remained strong due to favorable U.S. economic indicators and the increase in crude oil prices, and in mid-April the Nikkei Average recovered to 22,000 yen for the first time in 4 months. However, after entering into May, stock prices entered a downturn trend given the U.S. government’s announcement of increasing the retaliatory tariffs against China, and in the beginning of June, the Nikkei Average temporarily fell below 20,300 yen. Thereafter, stock prices recovered against the background of speculations that the U.S. would lower interest rates; however, in the beginning of August, given that the U.S. announced that it would impose additional tariffs against China and the observations that the FRB would make a drastic cut in interest rates receded, the Nikkei Average declined again and remained at the level of around 20,500 yen. Going into September, stock prices began to rise again due to the announcement that the U.S-China ministerial-level meeting would recommence as well as the news of the ECB and FRB deciding on a monetary easing policy, and in mid-September, the Nikkei Average recovered to 22,000 yen for the first time in 5 months. Thereafter, after struggling to find direction and remaining around 22,000 yen, the Nikkei Average stock price ended September trading at slightly above 21,700 yen.

Under such market environment, total stocks etc. trading value in the two markets (the stock exchanges in Tokyo and Nagoya) decreased by 16% compared to the cumulative second quarter period of the preceding year. Individual investors who are our main customer base generally refrained from active trading given the uncertainty in the direction of stock markets, and total stock etc. brokerage trading value by individuals in the two markets in total decreased by 19% compared to the cumulative second quarter period of the preceding year. As a result, the percentage of the stock etc. brokerage trading value by individual investors in the two markets declined from 18% in the cumulative second quarter period of the preceding year to 17% in the same period this year. The aggregate stock etc. brokerage trading value of our company was sluggish, declining by 20% compared to the same period in the preceding year.

As new initiatives taken by our company in the cumulative second quarter period, we have endeavored to improve customer convenience by renewing the contents of stock market information and shareholder benefits information provided on our website, expanding our investment information services, as well as fully renewing the website “Net-stock Smart” used by our customers. Furthermore, regarding stocks and investment trusts, we started the new service of bearing all transfer fees which arise when transferring them from accounts at other brokerage firms to an account opened at our firm. Furthermore, with respect to futures transactions, transaction fee levels were reduced to the lowest fee level in the industry, and regarding FX, customer services were fully renewed and trading channels on PCs and smartphones have been revamped, and other efforts were made to expand our services such as by expanding transaction currency pairs and reducing the monetary units for currency transactions.

Under the above background, in the cumulative second quarter period of the current fiscal year, due to a decrease in the stocks etc. brokerage trading value, commissions received was 6,015 million yen (22.4% decrease from the cumulative second quarter period of the preceding fiscal year). Furthermore, due to a decrease in the average balance of customers’ long positions of margin transactions, net financial revenue was 3,766 million yen (29.6% decrease compared to the same period of the preceding fiscal year).

As a result, operating revenue was 11,269 million yen (21.7% decrease from the same period of the preceding fiscal year), and net operating revenue was 10,384 million yen (24.6% decrease from the same period of the preceding fiscal year). Furthermore, operating profit was 3,987 million yen (48.8% decrease from the same period of the preceding fiscal year), ordinary profit was 4,065 million yen (48.3% decrease from the same period of the preceding fiscal year), and second-quarter net profit was 2,806 million yen (48.6% decrease from the same period of the preceding fiscal year).

Revenue and expense items are as described below.

(Commissions received)

Commissions received was 6,015 million yen (22.4% decrease from the same period of the preceding fiscal year). Of this figure, commission to consignees was 5,681 million yen (23.1% decrease from the same period of the preceding fiscal year), mainly due to a 20% decrease (compared to the same period of the preceding fiscal year) in the stocks etc. brokerage trading value.

(Net trading income)

Net trading income was recorded a profit of 602 million yen, mainly due to FX trading profits.

(Net financial revenue)

Net financial revenue derived from subtracting financial expenses from financial revenues was 3,766 million yen (29.6% decrease from the same period of the preceding fiscal year). This was mainly due to a decrease in the average balance of customers' long positions of margin transactions.

(Selling, general and administrative expenses)

Selling, general and administrative expenses increased by 6.8% compared to the same period of the preceding fiscal year to 6,397 million yen. This was mainly due to an increase in office cost (17.2% increase compared to the same period of the preceding fiscal year) resulting from an increase of administrative outsourcing expenses, an increase in depreciation expenses (18.5% increase compared to the same period of the preceding fiscal year) resulting from early depreciation of some of the assets, and an increase in real estate expenses (33.1% increase compared to the same period of the preceding fiscal year) resulting from an increase in maintenance fee related to a data center.

(Non-operating income and expenses)

Net non-operating income totaled 77 million yen. This was mainly due to dividend income of 79 million yen.

(2) Factors which have a material impact on results of operations

The main business of our company is stocks etc. brokerage trading business targeting individual investors, and of the revenue items, commissions received and in particular commission to consignees relating to the trading of stocks etc. have a material impact on the business performance of our company.

Furthermore, financial revenue arising mainly from margin transactions is a factor having a material impact on the business performance of our company. However, the level of such revenues is largely affected by the stock market environment.

(3) Status and analysis of financial conditions

As of the end of the second quarter accounting period of the current fiscal year, total assets was 692,217 million yen, a 0.5% decrease from the end of the preceding fiscal year. This was mainly due to a 117.0% increase in cash collateral pledged for securities borrowing on margin transactions compared to the end of the preceding fiscal year to 18,366 million yen and a 6.7% decrease in loans on margin transactions compared to the end of the preceding fiscal year to 181,091 million yen.

Total liabilities was 609,782 million yen, a 1.7% increase from the end of the preceding fiscal year. This was mainly due to a 5.9% decrease in guarantee deposits received compared to the end of the preceding fiscal year to 190,441 million yen resulting from changing the deposit method of guarantee deposits received concerning futures transaction to direct deposit method, and a 8.5% increase in deposits received compared to the end of the preceding fiscal year to 259,198 million yen.

Total net assets was 82,435 million yen, a 14.6% decrease from the end of the preceding fiscal year. In the cumulative second quarter period of the current fiscal year, the year-end dividends for the fiscal year ended March 2019 including commemorative dividend for the 100th anniversary of the Company, which is 16,693 million yen, was recorded, and at the same time a quarterly profit of 2,806 million yen was recorded.

The main assets of the Company are cash segregated as deposits for customers (included in cash segregated as deposits) where deposits received and guarantee deposits received etc. from customers are entrusted to trust banks, and margin transaction assets mainly comprised of loans on margin transactions. On the other hand, funds are being procured through short-term loans payable etc. for the purpose of allocating to loans on margin transactions. The main liabilities of our company are deposits received, guarantee deposits received and short-term loans payable.

As of the end of the second quarter accounting period of the current fiscal year, deposits received was 259,198 million yen, an 8.5% increase from the end of the preceding fiscal year, and guarantee deposits received was 190,441 million yen, a 5.9% decrease from the end of the preceding fiscal year. Cash segregated as deposits decreased by 0.9% from the end of the preceding fiscal year to 420,712 million yen. Furthermore, given a decrease in loans on margin transactions by 6.7% from the end of the preceding fiscal year to 181,091 million yen, short-term loans payable also decreased by 5.0% from the end of the preceding fiscal year to 92,900 million yen.

(4) Status and analysis of cash flows

The status of various cash flows for the cumulative second quarter period of the current fiscal year, and their underlying factors are described below.

(Cash flows from operating activities)

Cash flows from operating activities was plus 22,914 million yen (plus 72,657 million yen for the same period of the preceding fiscal year). The main factors behind this were a decrease/increase in advance paid/deposits received.

(Cash flows from investing activities)

Cash flows from investing activities was minus 1,913 million yen (minus 971 million yen for the same period of the preceding fiscal year). The main factor behind this was the purchase of intangible fixed assets.

(Cash flows from financing activities)

Cash flows from financing activities was minus 21,373 million yen (minus 84,475 million yen for the same period of the preceding fiscal year). The main factor behind this was dividends paid including commemorative dividend for the 100th anniversary of the Company.

As a result of the above, cash and cash equivalents balance as at the end of the second quarter accounting period of the current fiscal year was 38,735 million yen (26,481 million yen at the end of the same period of the preceding fiscal year).

(5) Analyses of sources of capital and liquidity of funds

The Company's fund procurements are conducted mainly to respond to increase in loans on margin transactions, recurring loans on margin transactions are funded mainly by increase and decrease in short-term loans payable procured from financial institutions such as banks etc. In order to prepare for situations where loans on margin transactions increase significantly, the Company has made shelf registration so that it may flexibly procure funds through bond issues. However, as of the end of the second quarter accounting period of the current fiscal year, taking into account the levels of loans on margin transactions and internal reserves, a major portion of funds procurement was conducted by short-term loans payable including call money.

(6) Management policy and management strategy etc.

In the cumulative second quarter period of the current fiscal year, there were no material changes to our management policy and management strategy.

(7) Business issues and financial issues to be addressed

In the cumulative second quarter period of the current fiscal year, there were no material changes to our company's business issues and financial issues to be addressed, and no new business issues or financial issues have arisen.

(8) Research and Development (R&D) activities

Not applicable.

3) Critical Contracts for Operation

Not applicable.

3. Information about Reporting Company

1) Information about Shares etc.

(1) Total number of shares etc.

[1] Total number of shares

Class	Total shares authorized (number of shares)
Common stock	1,050,000,000
Total	1,050,000,000

[2] Issued shares

Class	Total number of issued shares at the end of second quarter accounting period of the current fiscal year (September 30, 2019)	Number of shares at the date of filing of this Report (November 13, 2019)	Name of stock exchange where shares are listed at or certified securities dealers association by which shares are registered	Contents
Common stock	259,264,702	259,264,702	Tokyo stock exchange (1 st section)	1 unit consists of 100 shares
Total	259,264,702	259,264,702	-	-

Note: Total number of issued shares at the date of filing of this Report does not include shares issued upon exercise of share acquisition rights from November 1, 2019 to the date of filing of this Report.

(2) Share acquisition rights

[1] Details of share option program

i. Sixth series of Matsui Securities Co., Ltd. share acquisition rights

Date of resolution	June 23, 2019
Persons eligible for the allotment and number of them	6 directors of the Company (excluding outside directors)
Number of the share acquisition rights	1,203
Class and number of shares subject to the share acquisition rights (shares)	Common stocks: 120,300 (Note 1)
Amount to be paid per share upon the exercise of each share acquisition rights (yen)	1
Exercise period for the share acquisition rights	From July 11, 2022 to July 10, 2025 (Note 2)
Issuance price and amount credited to equity capital in the event of share issuance upon the exercise of share acquisition rights (yen)	Note 3
Conditions for the exercise of the share acquisition rights	Note 4
Matters concerning the transfer of the share acquisition rights	The acquisition of the share acquisition rights through assignment shall require the approval of the board of directors of the Company.
Matters concerning the issuance of the share acquisition rights in connection with acts of reorganization	Note 5

Note: The table above shows the contents as of July 10, 2019, the date of issuance of the share acquisition rights.

Note 1: The number of shares that are the subject of each stock acquisition right shall be 100 (the “number of shares granted”). In the case where the Company conducts a share split, an allotment of shares without contribution or a reverse share split, the number of shares granted shall be adjusted according to the formula below. However, this adjustment will only apply to the number of shares that are the subject of the stock acquisition rights that have not yet been exercised up to that time. Fractional shares resulting from this adjustment shall be rounded down.

Number of shares acquired after adjustment = “Number of shares acquired before adjustment” multiplied by “ratio of share split or reverse share split”

The number of shares after adjustment shall become effective, in the case of a share split, on and after the day immediately following the record date of the relevant share split or, in the case of an allotment of shares without contribution or a reverse share split, on and after its effective date. In addition to the foregoing, in the case where the Company carries out a merger, company split or share exchange, or other equivalent cases requiring adjustment of the number of shares, the Company shall be able to adjust the number of shares granted by the Board of Directors.

Note 2: If the final day of the exercise period falls on a holiday of the Company, the final day shall be the working day immediately preceding the final day.

Note 3: Issuance price of the share acquisition rights which can be exercised from July 11, 2022 is 825 yen per share. Issuance price of the share acquisition rights which can be exercised from July 12, 2023 is 807 yen per share. Issuance price of the share acquisition rights which can be exercised from July 12, 2024 is 790 yen per share. The amount of capital to be increased due to the issuance of shares upon exercise of the share acquisition rights shall be a half of the maximum amount of capital increase, etc. which is calculated in accordance with Article 17, Paragraph 1 of the Corporation Accounting Regulations, and any fraction less than 1 yen arising from there shall be rounded up to the nearest 1 yen.

Note 4: 1) Persons allotted share acquisition rights are eligible to exercise only when they are active directors at the time of the exercise. However the Company may treat the rights of those who are out of the service of directors still effective when it finds reasonable grounds. 2) Persons allotted share acquisition rights are eligible to exercise their rights as follows: [1] From July 11, 2022 to July 11, 2023: Within one third of the number of rights originally allotted (Any fraction less than 1 right shall be rounded down.). [2] From July 12, 2023 to July 11, 2024: Within two thirds of the number of rights originally allotted (Any fraction less than 1 right shall be rounded down.). [3] From July 12, 2024 to July 10, 2025: All rights can be exercised. 3) Each one right cannot be partially exercised. 4) Other conditions of exercise are specified in the contracts between the Company and the persons to be allotted share acquisition rights.

Note 5: In the event of a merger (only in cases where the Company is dissolved as a result of the merger), an absorption-type company split or incorporation-type company split (only in respective cases where the Company becomes the splitting company), a share exchange or share transfer (only in respective cases where the Company becomes a wholly owned subsidiary) (Hereinafter, the foregoing shall be referred to collectively as “reorganization measures”), the Company shall issue stock acquisition rights as per a corporation described in Article 236, Paragraph 1, Items 8.1 through 8.5 of the Companies Act (the “reorganizing company”) to each stock acquisition right holder of stock acquisition rights remaining unexercised immediately before the effective date of reorganization measures (hereinafter, the “remaining stock acquisition rights”) (Hereinafter, the “effective date” shall refer to the effective date of an absorption-type merger for such mergers, the date of incorporation of a new company for incorporation-type mergers, the effective date of an absorption-type company split for such company splits, the effective date of incorporation of a new company for incorporation-type company splits, the effective share exchange date for share exchanges, and the date of incorporation of a wholly owning parent company through a stock transfer, for stock transfers. Same shall apply hereinafter.). However, the foregoing is conditional upon providing for the issuance of stock acquisition rights of the reorganizing company in the absorption-type merger agreement, the incorporation-type merger agreement, the absorption-type company split agreement, the incorporation-type company split plan, the share exchange agreement or the share transfer plan in accordance with the following items: 1) Number of the stock acquisition rights of the reorganizing company to be issued shall be the same number of the remaining stock acquisition rights held by each stock acquisition right holder. 2) Type of shares of the reorganizing company to be issued upon the exercise of the stock acquisition rights shall be the common stock of the reorganizing company. 3) Number of shares of the reorganizing company to be issued upon the exercise of the stock acquisition rights to be determined according to the content of the stock acquisition rights of the current stock acquisition rights taking into account the conditions, etc. of the reorganization measures. 4) Amount to be invested when exercising the stock acquisition rights shall be calculated by multiplying the post-reorganization exercise price (1 yen per share with respect to the shares issued upon exercise of each stock acquisition right which shall be issued upon reorganization measures) by the number of shares of the reorganizing company to be issued upon exercise of each stock acquisition right, which will be determined in accordance with the above item 3). 5) Exercise period for the stock acquisition rights to be issued upon reorganization measures shall be from either the commencement date for the exercise period of the stock acquisition rights set forth in “Exercise period for the share acquisition rights” in the above table, or the effective date of the reorganization measures, whichever is later, to the last day of the exercise period of the stock acquisition rights set forth in “Exercise period for the share acquisition rights” in the above table. During the exercise period for the stock acquisition rights which shall be issued upon reorganization measures each stock acquisition right holder can exercise on conditions by “Conditions for the exercise of the share acquisition rights” in the above table. 6) Transfer of the stock acquisition rights which shall be issued upon reorganization measures must be approved by the board of directors of the reorganizing company. 7) Matters regarding the amount of capital and capital reserve to be increased as a result of issuance of shares upon the exercise of the stock acquisition rights, conditions for exercising the

stock acquisition rights and conditions of acquisition of the stock acquisition rights shall be determined in accordance with the contents of the current share acquisition rights.

[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.

Date	Change in number of outstanding shares	Total number of issued shares	Change in amount of capital stock (millions of yen)	Balance of capital stock (millions of yen)	Change in amount of legal capital surplus (millions of yen)	Balance of legal capital surplus (millions of yen)
From July 1, 2019 to September 30, 2019	-	259,264,702	-	11,945	-	9,793

(5) Major shareholders

(As of September 30, 2019)

Name	Address	Number of shares held (thousands of shares)	Ratio of number of shares held to the total number of issued shares (excluding treasury shares) (%)
Maruroku Ltd.	2-4-2, Nishikata, Bunkyo-ku, Tokyo	86,812	33.80
Shokosha Ltd.	2-4-2, Nishikata, Bunkyo-ku, Tokyo	35,722	13.91
The Master Trust Bank of Japan, Ltd. (Trust account)	2-11-3, Hamamatsucho, Minato-ku, Tokyo	23,038	8.97
Japan Trustee Services Bank, Ltd. (Trust account)	1-8-11, Harumi, Chuo-ku, Tokyo	10,387	4.04
Chizuko MATSUI	Bunkyo-ku, Tokyo	5,321	2.07
Michitaro MATSUI	Bunkyo-ku, Tokyo	5,262	2.05
Chiaki MATSUI	Bunkyo-ku, Tokyo	5,262	2.05
Yuma MATSUI	Bunkyo-ku, Tokyo	5,262	2.05
Michio MATSUI	Bunkyo-ku, Tokyo	4,429	1.72
Trust & Custody Services Bank, Ltd. (Securities investment trust account)	Tower Z, Harumi Triton Square, 1-8-12, Harumi, Chuo-ku, Tokyo	3,084	1.20
Total	-	184,578	71.86

Note: 1 The Number of shares held by The Master Trust Bank of Japan, Ltd. (Trust account), Japan Trustee Services Bank, Ltd. (Trust account) and Trust & Custody Services Bank, Ltd. (Securities investment trust account) for their trustee businesses are not described because the Company is not able to grasp them.

Note: 2 On "Change Report Pertaining to Report of Possession of Large Volume" put on public inspection dated September 19, 2019 describes Nomura Securities Co., Ltd. and its co-holders, Nomura International plc and Nomura Asset Management Co., Ltd., hold shares shown below as of September 13, 2019.

However, the Company cannot confirm the number of shares effectively held by them as of September 30, 2019. By this reason these shareholdings are not included in the status of major shareholders shown above. The content of the Change Report is as shown below.

Name	Address	Total number of shares, etc. held (thousands of shares or units)	Ratio of shares, etc. held (%)
Nomura Securities Co., Ltd.	1-9-1, Nihombashi, Chuo-ku, Tokyo	347	0.13

Name	Address	Total number of shares, etc. held (thousands of shares or units)	Ratio of shares, etc. held (%)
Nomura International plc	1 Angel Lane, London EC4R 3AB, United Kingdom	200	0.08
Nomura Asset Management Co., Ltd.	1-12-1, Nihombashi, Chuo-ku, Tokyo	14,023	5.41
Total	-	14,570	5.62

(6) Voting rights

[1] Issued shares

(As of September 30, 2019)

Classification	Number of shares	Number of voting rights	Content
Shares without voting rights	-	-	-
Shares with limited voting rights (Treasury shares etc.)	-	-	-
Shares with limited voting rights (Other)	-	-	-
Shares with full voting rights (Treasury shares etc.)	(Shares held by the Company) Common stock: 2,411,900	-	-
Shares with full voting rights (Other)	Common stock: 256,831,000	2,567,211	-
Shares less than 1 unit of shares	Common stock: 21,802	-	-
Total number of issued shares	259,264,702	-	-
Voting rights of all shareholders	-	2,567,211	-

Note 1: 400 shares under the title of Japan Securities Depository Center Inc. and 109,900 shares of securities bought by customers using money loaned from the Company's own fund are included in common stock of "Shares with full voting rights (Other)." 4 voting rights under the title of Japan Securities Depository Center Inc. are included in "Number of voting rights." 1,099 voting rights of securities bought by customers using money loaned from the Company's own fund are not included in "Number of voting rights."

Note 2: 46 treasury shares held by the Company are included in "Shares less than 1 unit of shares".

[2] Treasury shares etc.

(As of September 30, 2019)

Name of shareholders	Address of shareholders	Treasury shares held by the Company's own name	Treasury shares held by other person's name	Total number of shares held	Ratio of number of shares held to total number of outstanding shares (%)
(Treasury shares held by the Company) Matsui Securities Co., Ltd.	1-4, Kojimachi, Chiyoda-ku, Tokyo	2,411,900	-	2,411,900	0.93
Total	-	2,411,900	-	2,411,900	0.93

2) Information about officers

There were no changes to the Company's officers in the cumulative second quarter period of the current fiscal year, after the date of the filing of the Annual Securities Report for the preceding fiscal year, excluding those described in the Annual Securities Report.

4. Financial information

1) Prefaces

(1) About preparation method of quarterly financial statements

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

(2) About certification by accounting auditors

Quarterly financial statements for the second quarter accounting period (from July 1, 2019 to September 30, 2019) and the cumulative second quarter period of the current fiscal year (from April 1, 2019 to September 30, 2019) were reviewed by PricewaterhouseCoopers Aarata LLC based on the Article 193-2, Paragraph 1 of the Financial Instruments and Exchange Act.

(3) About consolidated quarterly financial statements

Consolidated quarterly financial statements of the Company are not prepared because the Company has no subsidiaries.

2) Quarterly Financial Statements etc.

(1) Quarterly financial statements

[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 account	(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	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

i. 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	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	<u>14,389</u>	<u>11,269</u>
Financial expenses	<u>612</u>	<u>885</u>
Net operating revenue	<u>13,777</u>	<u>10,384</u>
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	<u>5,990</u>	<u>6,397</u>
Operating profit	<u>7,787</u>	<u>3,987</u>
Non-operating income		
Dividend income	79	79
Other	5	11
Total non-operating income	<u>84</u>	<u>90</u>
Non-operating expenses		
Other	2	13
Total non-operating expenses	<u>2</u>	<u>13</u>
Ordinary profit	<u>7,869</u>	<u>4,065</u>
Extraordinary losses		
Loss on sales and retirement of non-current assets	1	2
Loss on valuation of investment securities	-	20
Total extraordinary losses	<u>1</u>	<u>22</u>
Profit before income taxes	<u>7,868</u>	<u>4,043</u>
Income taxes – current	2,339	1,151
Income taxes – deferred	64	85
Total income taxes	<u>2,403</u>	<u>1,236</u>
Profit	<u>5,465</u>	<u>2,806</u>

[3] Quarterly statement of cash flows

(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)
Cash flows from operating activities		
Profit (loss) before income taxes	7,868	4,043
Depreciation	837	992
Increase (decrease) in allowance for doubtful accounts	65	(83)
Increase (decrease) in provision for bonuses	(127)	(123)
Interest and dividend income	(6,001)	(4,697)
Interest expenses	587	856
Loss (gain) on sales and retirement of non-current assets	1	2
Loss (gain) on valuation of investment securities	-	20
Decrease (increase) in cash segregated as deposits	(21,500)	3,800
Decrease (increase) in trading products - assets (liabilities)	674	(472)
Decrease (increase) in trade date accrual	(23)	(1)
Decrease/increase in assets/liabilities for margin transaction	43,203	8,518
Decrease (increase) in loans secured by securities	1,399	(2,025)
Decrease/increase in advance paid/deposits received	32,298	20,398
Increase (decrease) in borrowings secured by securities	(4,341)	2,096
Increase (decrease) in guarantee deposits received	17,103	(11,888)
Decrease (increase) in short-term guarantee deposits	(214)	(32)
Other, net	(703)	(398)
Subtotal	71,125	21,004
Interest and dividend income received	5,633	4,402
Interest expenses paid	(629)	(781)
Income taxes paid	(3,471)	(1,712)
Net cash provided by (used in) operating activities	72,657	22,914
Cash flows from investing activities		
Purchase of property, plant and equipment	(27)	(232)
Purchase of intangible assets	(944)	(1,437)
Purchase of investment securities	-	(252)
Other, net	0	9
Net cash provided by (used in) investing activities	(971)	(1,913)
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	(77,500)	(4,950)
Proceeds from long-term borrowings	-	300
Repayments of long-term loans payable	(50)	(50)
Purchase of treasury shares	(0)	(0)
Proceeds from exercise of share options	0	0
Cash dividends paid	(6,925)	(16,673)
Net cash provided by (used in) financing activities	(84,475)	(21,373)
Effect of exchange rate change on cash and cash equivalents	0	(0)
Net increase (decrease) in cash and cash equivalents	(12,789)	(373)
Cash and cash equivalents at beginning of period	39,269	39,108
Cash and cash equivalents at end of period	(Note 1) 26,481	(Note 1) 38,735

[4] Notes

i. Notes – Quarterly statement of cash flows

i) Note1: Reconciliation of ending balance of cash and cash equivalents with account balances on the balance sheet

(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)
Cash and deposits	23,493	35,891
Money held in trust	5,788	2,844
Money held in trust whose purpose is to segregate guarantee deposits received	(2,800)	-
Cash and cash equivalents	26,481	38,735

ii. Notes – Equity

i) Cumulative second quarter period of the preceding fiscal year (From April 1, 2018 to September 30, 2018)

(i) Dividend payment

Resolution	Class of shares	Total amount of dividends (millions of yen)	Dividend per share (yen)	Record date	Effective date	Source of dividends
Ordinary general meeting of shareholders held on June 24, 2018	Common stock	6,932	27.00	March 31, 2018	June 25, 2018	Retained earnings

(ii) Dividends whose date of record is in the cumulative second quarter period of the current fiscal year and whose effective date is after the end of the second quarter accounting period of the current fiscal year

Resolution	Class of shares	Total amount of dividends (millions of yen)	Dividend per share (yen)	Record date	Effective date	Source of dividends
Board of directors' meeting held on October 26, 2018	Common stock	4,879	19.00	September 30, 2018	November 22, 2018	Retained earnings

- ii) Cumulative second quarter period of the current fiscal year (From April 1, 2019 to September 30, 2019)

(i) Dividend payment

Resolution	Class of shares	Total amount of dividends (millions of yen)	Dividend per share (yen)	Record date	Effective date	Source of dividends
Ordinary general meeting of shareholders held on June 23, 2019	Common stock	16,693	65.00	March 31, 2019	June 24, 2019	Retained earnings

Note: Dividend per share includes 39 yen of commemorative dividend for the 100th anniversary of the Company.

- (ii) Dividends whose date of record is in the cumulative second quarter period of the current fiscal year and whose effective date is after the end of the second quarter accounting period of the current fiscal year

Resolution	Class of shares	Total amount of dividends (millions of yen)	Dividend per share (yen)	Record date	Effective date	Source of dividends
Board of directors' meeting held on October 28, 2019	Common stock	5,779	22.50	September 30, 2019	November 22, 2019	Retained earnings

iii. Notes – Segment information etc.

i) Segment information

Since the Company has only one segment which is its online securities brokerage service, disclosures on segment information has been omitted.

iv. Notes – Financial instruments

Not applicable.

v. Notes – Securities

Not applicable.

vi. Notes – Derivatives

Not applicable.

vii. Notes – Per share information

Basic earnings per share and diluted earnings per share with their respective bases of calculation are as follows.

Item	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)
(1) Basic earnings per share (yen)	21.28	10.93
(Calculation basis)		
Net Profit (millions of yen)	5,465	2,806

Item	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)
Net Profit not attributed to common stock(millions of yen)	-	-
Net Profit attributed to common stock (millions of yen)	5,465	2,806
Average number of common stock outstanding (number of shares)	256,767,697	256,823,689
(2)Diluted earnings per share (yen) (Calculation basis)	21.26	10.91
Adjustment to the Net Profit (millions of yen)	-	-
Increase in common stock (number of shares)	255,301	313,277
Overview of significant changes from the end of the preceding fiscal year in the share acquisition rights or others without dilution effects which are not considered in the calculation of diluted earnings per share	-	-

3) Notes - Other

At the meeting held on October 28, 2019, the board of directors of the Company resolved to distribute interim dividends for shareholders recorded on September 30, 2019. The details are as follows.

Amount of dividend payment	5,779 million yen
Dividend paid per share	22.50 yen
Effective date	November 22, 2019

Part 2. Information about Company which Provides

Guarantee to Reporting Company

Not Applicable.