

Quarterly Securities Report for the Second Quarter of the 106th Fiscal Year (From July 1, 2021 to September 30, 2021)

Matsui Securities Co., Ltd.

1-4, Kojimachi, Chiyoda-ku, Tokyo

Representative: WARITA Akira, President & CEO

Original Japanese Report was filed with the Director of the Kanto Local Finance Bureau on November 12, 2021 pursuant to 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, 2021 to September 30, 2021) and the cumulative second quarter period of the current fiscal year (From April 1, 2021 to September 30, 2021) in the original Report.

Part 1. Company Information

1. Overview of Company

1) Key Financial Data

| Fiscal period | Cumulative second quarter period of 105 th fiscal year | Cumulative second quarter period of 106 th fiscal year | 105 th fiscal year |
|--|---|---|--------------------------------------|
| Accounting Period | From April 1, 2020 to September 30, 2020 | From April 1, 2021 to September 30, 2021 | From April 1, 2020 to March 31, 2021 |
| Operating revenue (millions of yen) | 14,188 | 15,316 | 30,082 |
| Net operating revenue (millions of yen) | 13,440 | 14,747 | 28,672 |
| Ordinary profit (millions of yen) | 5,912 | 6,647 | 12,919 |
| Profit (millions of yen) | 5,488 | 6,397 | 10,283 |
| Equity in earnings of affiliates if equity method is applied (millions of yen) | - | - | - |
| Share capital (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) | 79,720 | 78,839 | 79,213 |
| Total assets (millions of yen) | 841,752 | 943,815 | 961,791 |
| Basic earnings per share (yen) | 21.36 | 24.89 | 40.02 |
| Diluted earnings per share (yen) | 21.33 | 24.85 | 39.96 |
| Dividend paid per share(yen) | 20.00 | 20.00 | 40.00 |
| Equity-to-asset ratio (%) | 9.4 | 8.3 | 8.2 |
| Net cash provided by (used in) operating activities (millions of yen) | (59,959) | 9,539 | (111,926) |
| Net cash provided by (used in) investing activities (millions of yen) | (33) | 890 | (1,607) |
| Net cash provided by (used in) financing activities (millions of yen) | 68,172 | (16,187) | 117,986 |
| Cash and cash equivalents (millions of yen) | 63,524 | 54,040 | 59,798 |

| Fiscal period | Second quarter accounting period of 105 th fiscal year | Second quarter accounting period of 106 th fiscal year |
|--------------------------------|---|---|
| Accounting Period | From July 1, 2020 to September 30, 2020 | From July 1, 2021 to September 30, 2021 |
| Basic earnings per share (Yen) | 13.16 | 9.51 |

Note 1: Equity in earnings of affiliates if equity method is applied is not shown above because the Company does not have affiliates.

Note 2: The “Accounting Standard for Revenue Recognition” (Accounting Standards Board of Japan (“ASBJ”) Statement No. 29, March 31, 2020), etc. are applied from the beginning of the first quarter accounting period and the second quarter accounting period of the current fiscal year. Major management indexes, etc. for the cumulative second quarter period of the current fiscal year are those after the application of this accounting standards, etc.

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. Overview of Business

1) Business Risks

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, 2021.

2) Management Analysis of Financial Position, Operating Results and Cash Flows

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.

Matters concerning the future within this section are matters which have been determined by the Company as of the end of the current quarterly accounting period.

(1) Status and analysis of results of operations

In the domestic stock market in the cumulative second quarter period of the current fiscal year, the Nikkei Average at the beginning of the period opened slightly above 29,400 yen, and then recovered to above 30,000 yen in the first half of April, but it failed to go higher given the non-stop spreading of infection of COVID-19 in Japan. In May, the Nikkei Average plummeted to the mid-level between 27,000 to 28,000 yen, given the global decline in high-tech stocks triggered by the rise in U.S. long-term interest rates, as well as concerns over the debate of early reduction of quantitative easing (tapering). Thereafter, the market entered a rising trend given the progress of vaccination and expectations towards normalization of the global economy, however, from July, the market entered a downturn given concerns that normalization of the economy will slow down given the global spreading of infection of the variants of the COVID-19, and the issuance of the declaration of status of emergency in Japan. Going into September, stock prices rose sharply and the Nikkei Average recovered to over 30,000 yen given expectations towards the new economic measures to be launched by the new prime minister given press reports of the intention of resignation of Prime Minister Suga. However, towards the latter half of September, stock prices declined given concerns over the default of Evergrande Group, China’s large real estate group, caution towards the rise in U.S. long-term interest rates, and the results of the LDP presidential election etc., and September trading ended with the Nikkei Average at slightly over 29,400 yen.

Under this market environment, total trading value of stocks etc. in the two markets (Tokyo and Nagoya stock exchanges) increased by 5% compared to the cumulative second quarter period of the preceding fiscal year. Also, with respect to individual investors who are our main customer base, trading volume increased given large fluctuations in stock prices in September, stock etc. brokerage trading value by individual investors in the two markets increased by 4% compared to the same period in the preceding fiscal year. The percentage of the stock etc. brokerage trading value by individual investors in the two markets was 22%,

which was more or less the same level to the cumulative second quarter period in the preceding fiscal year. Furthermore, the aggregate stock etc. brokerage trading value of the Company increased by 6% compared to the same period in the preceding fiscal year.

With respect to new initiatives by the Company in the cumulative second quarter period for the current fiscal year, regarding stock trading, transaction fees were made free of charge for young customers of 25 years old and under. Also, the functions were enhanced for the new smart phone application “Matsui Securities Stocks App”, making stocks lending service became available for use, and chart functions and ranking information were expanded. With respect to FX, the Company actively promoted the new brand “MATSUI FX”, and efforts were made to increase the customer base. For investment trusts, in addition to continuously conducting promotions, the Company expanded the investment trusts handled. Furthermore, through the investment information media “Money Satellite”, efforts were made to improve the quality of services by providing videos where young people and investment beginners may enjoy learning about asset management, and by distributing market-related videos useful for investment decisions on a timely-basis.

Under the above background, during the cumulative second quarter period, although stock etc. brokerage trading value increased by 6% compared to the cumulative second quarter period of the preceding year, commissions received was 8,719 million yen (0.8% decrease from the cumulative second quarter period of the preceding year) due to a decline in the brokerage commission rate, etc. Furthermore, due to increase of the average balance of long positions of margin transactions, net financial revenues increased by 33.5% to 5,653 million yen compared to that of the cumulative second quarter period of the preceding year.

As a result, operating revenue was 15,316 million yen (8.0% increase from the same period of the preceding year), and net operating revenue was 14,747 million yen (9.7% increase from the same period of the preceding year). Also, operating profit was 6,624 million yen (12.9 % increase from the same period of the preceding year), and ordinary profit was 6,647 million yen (12.4% increase from the same period of the preceding year). Also due to the gain on sale of investment securities recorded of 2,590 million yen, net profit was 6,397 million yen (16.6% increase from the same period of the preceding year). Although the COVID-19 infection problem has impacted the stock markets, apart from the impact on actual market trends, given the characteristic of the Company as an on-line securities company, it had no material effect on the Company’s business results.

Revenue and expense items are as described below.

(Commissions received)

Commissions received was 8,719 million yen (0.8% decrease from the same period of the preceding fiscal year). Of this figure, brokerage commission was 8,309 million yen (1.4% decrease from the same period of the preceding fiscal year) due to a decline in the brokerage commission rate, despite a 6% increase in stock etc. brokerage trading value.

(Net trading income)

Net trading income was recorded a profit of 374 million yen, mainly due to FX trading profits.

(Net financial revenue)

Net financial revenue derived from subtracting financial expenses from financial revenue was 5,653 million yen (33.5% increase from the same period of the preceding fiscal year). This was mainly due to an increase in the average balance of customers' long positions of margin transactions.

(Selling, general and administrative expenses)

Selling, general and administrative expenses increased by 7.3% compared to the same period of the preceding fiscal year to 8,123 million yen. This was mainly due to an increase in trading related expenses (14.2% increase compared to the same period of the preceding fiscal year) resulting from an increase in advertising costs.

(Non-operating income and expenses)

Net non-operating income totaled 23 million yen. This was mainly due to dividend income of 47 million yen.

(Extraordinary income and expenses)

Net Extraordinary income totaled 2,569 million yen. This was mainly due to Gain on sale of investment securities of 2,590 million yen.

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

The main business of the Company is stocks etc. brokerage trading business targeting individual investors, and of the revenue items, commissions received and in particular brokerage commission relating to the trading of stocks etc. have a material impact on the business performance of the Company. Furthermore, financial revenue arising mainly from margin transactions is a factor having a material impact on the business performance of the Company. However, the level of such revenues is largely affected by the stock market environment.

(3) Status and analysis of financial conditions

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

As of the end of the second quarter accounting period, total assets was 943,815 million yen, a 1.9% decrease from the end of the preceding fiscal year. This was mainly due to a 30.1% decrease in cash collateral provided for securities borrowed to 21,226 million yen, as a result of a decrease in the procurement of securities required for short positions in customers' margin transaction due to a decrease in their short positions.

Total liabilities was 864,976 million yen, a 2.0% decrease from the end of the preceding fiscal year. This was mainly due to a 5.3% decrease in short-term borrowings to 196,900 million yen and a 19.4% decrease in cash received for securities sold in margin transactions to 38,529 million yen. Cash received for securities sold in margin transactions is the amount equivalent of sales proceeds for short positions on margin transactions by customers.

Total net assets was 78,839 million yen, a 0.5% 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 end of the fiscal year ended March 2021 which is 5,139 million yen, was recorded, and at the same time a quarterly profit of 6,397 million yen was recorded.

(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)

While decrease/increase in margin transaction assets/liabilities was minus 18,053 million yen, cash flows from operating activities was plus 9,539 million yen (minus 59,959 million yen for the cumulative second quarter period of the preceding fiscal year) due to profit before income taxes of 9,216 million yen, a decrease in loans secured by securities, and a decrease/increase in advance paid/deposits received, and a decrease in segregated deposits, etc.

(Cash flows from investing activities)

Cash flows from investing activities was plus 890 million yen (minus 33 million yen for the cumulative second quarter period of the preceding fiscal year). In the cumulative second quarter period of the current fiscal year, the purchase of intangible fixed assets which is 1,532 million yen, was recorded, and at the same time proceeds from sale of investment securities of 2,597 million yen was recorded.

(Cash flows from financing activities)

Cash flows from financing activities was minus 16,187 million yen (plus 68,172 million yen for the cumulative second quarter period of the preceding fiscal year). The main factor behind this was a net decrease in short-term borrowings.

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 54,040 million yen (63,524 million yen at the end of the cumulative second quarter 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 margin loans, recurring margin loans are funded mainly by increase and decrease in short-term borrowings procured from financial institutions such as banks etc. In order to prepare for situations where margin loans 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 margin loans and internal reserves, a major portion of funds procurement was conducted by short-term borrowings including call money.

Furthermore, the Company secures safety of procurement of funds by making overdraft agreement and/or commitment line agreement with multiple financial institutions.

There was no significant effect on procurement of funds due to the COVID-19 infection problem.

(6) Important accounting estimates and assumptions used for such estimates

In the cumulative second quarter period of the current fiscal year, there were no material changes to our important accounting estimates and assumptions used for such estimates.

(7) 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.

(8) 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 the Company's operational and financial issues to be addressed in priority, and no new operational or financial issues have arisen.

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

Not applicable.

3) Material Contracts, etc.

Not applicable.

3. Information about Reporting Company

1) Company's Shares, etc.

(1) Total number of shares etc.

[1] Authorized 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, 2021) | Number of shares at the date of filing of this Quarterly securities report (November 12, 2021) | Name of financial instruments exchange on which securities are listed or authorized financial instruments business association to which securities 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 quarterly securities report does not include shares issued upon exercise of share acquisition rights from November 1, 2021 to the date of filing of this quarterly securities report.

(2) Share acquisition rights

[1] Details of share option program

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

| | |
|--|---|
| Date of resolution | July 13, 2021 |
| Persons eligible for the allotment and number of them | 8 directors of the Company (excluding outside directors and directors who are members of the Audit and Supervisory Committee.) |
| Number of the share acquisition rights (Note *) | 1,530 |
| Class and number of shares subject to the share acquisition rights (shares) (Note *) | Common stocks: 153,000 (Note 1) |
| Amount to be paid per share upon the exercise of each share acquisition rights (yen) (Note *) | 1 |
| Exercise period for the share acquisition rights (Note *) | From July 29, 2024 to July 28, 2027 (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 *) | Note 3 |
| Conditions for the exercise of the share acquisition rights (Note *) | Note 4 |
| Matters concerning the transfer of the share acquisition rights (Note *) | 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 *) | Note 5 |

Note *: The table above shows the contents as of July 28, 2021, 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 29, 2024 is 648 yen per share. Issuance price of the share acquisition rights which can be exercised from July 29, 2025 is 633 yen per share. Issuance price of the share acquisition rights which can be exercised from July 29, 2026 is 617 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 (excluding directors and outside directors who are members of the Audit and Supervisory Committee.) 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 29, 2024 to July 28, 2025: Within one third of the number of rights originally allotted (Fraction of less than 1 share acquisition rights shall be rounded down.). [2] From July 29, 2025 to July 28, 2026: Within two thirds of the number of rights originally allotted (including share acquisition rights which can already be exercised by [1]) (Fraction of less than 1 share acquisition rights shall be rounded down.). [3] From July 29, 2026 to July 28, 2027: 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 stock acquisition rights as 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 shall 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 (one (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, share capital and legal capital surplus

| Date | Change in number of outstanding shares | Total number of issued shares | Change in amount of Share capital (millions of yen) | Balance of Share capital (millions of yen) | Change in amount of legal capital surplus (millions of yen) | Balance of legal capital surplus (millions of yen) |
|---|--|-------------------------------|---|--|---|--|
| From July 1, 2021 to September 30, 2021 | - | 259,264,702 | - | 11,945 | - | 9,793 |

(5) Major shareholders

(As of September 30, 2021)

| 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 | 33.77 |
| Shokosha Ltd. | 2-4-2, Nishikata, Bunkyo-ku, Tokyo | 35,722 | 13.90 |
| The Master Trust Bank of Japan, Ltd. (Trust account) | 2-11-3, Hamamatsucho, Minato-ku, Tokyo | 30,942 | 12.04 |
| Custody Bank of Japan, Ltd. (Trust account) | 1-8-12, Harumi, Chuo-ku, Tokyo | 8,958 | 3.48 |
| MATSUI Chizuko | Bunkyo-ku, Tokyo | 5,321 | 2.07 |
| MATSUI Michitaro | Bunkyo-ku, Tokyo | 5,262 | 2.05 |
| MIKI Chiaki | Bunkyo-ku, Tokyo | 5,262 | 2.05 |
| MATSUI Yuma | Bunkyo-ku, Tokyo | 5,262 | 2.05 |
| MATSUI Michio | Bunkyo-ku, Tokyo | 4,503 | 1.75 |
| Custody Bank of Japan, Ltd. (Securities investment trust account) | 1-8-12, Harumi, Chuo-ku, Tokyo | 2,729 | 1.06 |
| Total | - | 190,773 | 74.21 |

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

(6) Voting rights

[1] Issued shares

(As of September 30, 2021)

| 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: 2,209,100 | - | - |
| Shares with full voting rights (Other) | Common stock: 257,017,200 | 2,569,177 | - |
| Shares less than 1 unit of shares | Common stock: 38,402 | - | - |
| Total number of issued shares | 259,264,702 | - | - |
| Voting rights of all shareholders | - | 2,569,177 | - |

Note 1: 400 shares under the title of Japan Securities Depository Center Inc. and 99,500 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)." The 4 voting rights under the title of Japan Securities Depository Center Inc. are included in "Number of voting rights." The 995 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, 2021)

| 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 | 2,209,100 | - | 2,209,100 | 0.85 |
| Total | - | 2,209,100 | - | 2,209,100 | 0.85 |

2) Directors (and other 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.

After the Company became a company with an audit and supervisory committee on June 27, 2021, on the same day, it was decided that directors who are members of the Audit and Supervisory Committee would be excluded from outside directors who are members of the Nomination and Compensation Committee. Also, on the same day, at the Audit and Supervisory Committee, full-time member of the Audit and Supervisory Committee YAJIMA Hiroyuki was elected to be chairman of the committee. Furthermore, on the same day, outside director IGAWA Motoo was replaced by outside director ONUKI Satoshi as the leading independent outside director.

4. Financial information

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, pursuant to 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, 2021 to September 30, 2021) and the cumulative second quarter period of the current fiscal year (from April 1, 2021 to September 30, 2021) 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.

1) Quarterly Financial Statements etc.

(1) Quarterly financial statements

[1] Quarterly balance sheet

| | (Millions of Yen) | |
|--|---|---|
| | Preceding fiscal year (March 31, 2021) | Second quarter accounting period (September 30, 2021) |
| Assets | | |
| Current assets | | |
| Cash and deposits | 56,952 | 51,106 |
| Segregated deposits | 564,012 | 557,912 |
| Money held in trust | 2,846 | 2,934 |
| Trading products | 2,146 | 2,131 |
| Trading securities and other | 24 | 0 |
| Derivatives | 2,121 | 2,131 |
| Trade date accrual | - | 10 |
| Margin transaction assets | 282,931 | 285,841 |
| Margin loans | 277,143 | 280,818 |
| Cash collateral provided for securities borrowed in margin transactions | 5,788 | 5,023 |
| Loans secured by securities | 30,353 | 21,226 |
| Cash collateral provided for securities borrowed | 30,353 | 21,226 |
| Advances paid | 65 | 84 |
| Deposits paid for underwritten offering, etc. | 764 | 705 |
| Short-term guarantee deposits | 4,510 | 5,258 |
| Other | 4,749 | 5,704 |
| Allowance for doubtful accounts | (107) | (74) |
| Total current assets | 949,221 | 932,837 |
| Non-current assets | | |
| Property, plant and equipment | 1,608 | 1,644 |
| Intangible assets | 5,618 | 5,745 |
| Software | 5,618 | 5,745 |
| Other | 0 | 0 |
| Investments and other assets | 5,345 | 3,589 |
| Investment securities | 3,490 | 1,258 |
| Other | 3,208 | 3,677 |
| Allowance for doubtful accounts | (1,353) | (1,347) |
| Total non-current assets | 12,571 | 10,978 |
| Total assets | 961,791 | 943,815 |

| | (Millions of yen) | |
|---|--|---|
| | Preceding fiscal year (March 31, 2021) | Second quarter accounting period (September 30, 2021) |
| Liabilities | | |
| Current liabilities | | |
| Trading products | 219 | 190 |
| Derivatives | 219 | 190 |
| Trade date accrual | 39 | - |
| Margin transaction liabilities | 57,226 | 42,082 |
| Margin borrowings | 9,406 | 3,553 |
| Cash received for securities sold in margin transactions | 47,819 | 38,529 |
| Borrowings secured by securities | 23,160 | 25,669 |
| Cash collateral received for securities lent | 23,160 | 25,669 |
| Deposits received | 335,941 | 342,218 |
| Guarantee deposits received | 248,255 | 249,903 |
| Payables for securities to receive over due for delivery | 2 | - |
| Short-term borrowings | 207,900 | 196,900 |
| Income taxes payable | 3,658 | 2,865 |
| Provision for bonuses | 253 | 109 |
| Other | 2,740 | 1,877 |
| Total current liabilities | 879,393 | 861,813 |
| Non-current liabilities | | |
| Long-term borrowings | 50 | - |
| Other | 201 | 189 |
| Total non-current liabilities | 251 | 189 |
| Reserves under special laws | | |
| Reserve for financial instruments transaction liabilities | 2,933 | 2,974 |
| Total reserves under special laws | 2,933 | 2,974 |
| Total liabilities | 882,578 | 864,976 |
| Net assets | | |
| Shareholders' equity | | |
| Share capital | 11,945 | 11,945 |
| Capital surplus | 9,799 | 9,799 |
| Retained earnings | 57,205 | 58,462 |
| Treasury shares | (1,743) | (1,670) |
| Total shareholders' equity | 77,205 | 78,536 |
| Valuation and translation adjustments | | |
| Valuation difference on available-for-sale securities | 1,741 | 75 |
| Total valuation and translation adjustments | 1,741 | 75 |
| Share acquisition rights | 267 | 228 |
| Total net assets | 79,213 | 78,839 |
| Total liabilities and net assets | 961,791 | 943,815 |

[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, 2020 to September 30, 2020) | Cumulative second quarter period of the current fiscal year (From April 1, 2021 to September 30, 2021) |
| Operating revenue | | |
| Commission received | 8,789 | 8,719 |
| Brokerage commission | 8,425 | 8,309 |
| Commission for underwriting, secondary distribution and solicitation for selling and others for professional investors | 26 | 42 |
| Fees for offering, secondary distribution and solicitation for selling and others for professional investors | - | 0 |
| Other commission received | 338 | 369 |
| Net trading income | 414 | 374 |
| Financial revenue | 4,984 | 6,222 |
| Other operating revenue | 1 | 1 |
| Total operating revenue | <u>14,188</u> | <u>15,316</u> |
| Financial expenses | <u>749</u> | <u>569</u> |
| Net operating revenue | <u>13,440</u> | <u>14,747</u> |
| Selling, general and administrative expenses | | |
| Trading related expenses | 2,684 | 3,064 |
| Personnel expenses | 1,356 | 1,439 |
| Real estate expenses | 513 | 495 |
| Office expenses | 1,566 | 1,582 |
| Depreciation | 1,042 | 1,179 |
| Taxes and dues | 261 | 287 |
| Provision of allowance for doubtful accounts | 59 | (27) |
| Other | 90 | 103 |
| Total selling, general and administrative expenses | <u>7,570</u> | <u>8,123</u> |
| Operating profit | <u>5,869</u> | <u>6,624</u> |
| Non-operating income | | |
| Dividend income | 56 | 47 |
| Other | 7 | 11 |
| Total non-operating income | <u>63</u> | <u>58</u> |
| Non-operating expenses | | |
| Loss on investments in investment partnerships | 19 | 29 |
| Other | 2 | 6 |
| Total non-operating expenses | <u>21</u> | <u>34</u> |
| Ordinary profit | <u>5,912</u> | <u>6,647</u> |
| Extraordinary income | | |
| Gain on sale of non-current assets | - | 22 |
| Gain on sale of investment securities | 1,994 | 2,590 |
| Total extraordinary income | <u>1,994</u> | <u>2,612</u> |
| Extraordinary losses | | |
| Loss on sale and retirement of non-current assets | 0 | 3 |
| Provision of reserve for financial instruments transaction liabilities | - | 41 |
| Total extraordinary losses | <u>0</u> | <u>44</u> |
| Profit before income taxes | <u>7,906</u> | <u>9,216</u> |
| Income taxes – current | 2,399 | 2,697 |
| Income taxes – deferred | 19 | 122 |
| Total income taxes | <u>2,417</u> | <u>2,819</u> |
| Profit | <u>5,488</u> | <u>6,397</u> |

[3] Quarterly statement of cash flows

| | (Millions of yen) | |
|---|---|---|
| | Cumulative second quarter period of the preceding fiscal year (From April 1, 2020 to September 30, 2020) | Cumulative second quarter period of the current fiscal year (From April 1, 2021 to September 30, 2021) |
| Cash flows from operating activities | | |
| Profit (loss) before income taxes | 7,906 | 9,216 |
| Depreciation | 1,042 | 1,179 |
| Increase (decrease) in allowance for doubtful accounts | 38 | (38) |
| Increase (decrease) in provision for bonuses | (41) | (144) |
| Increase (decrease) in reserve for financial instruments transaction liabilities | - | 41 |
| Interest and dividend income | (4,997) | (6,219) |
| Interest expenses | 702 | 529 |
| Loss (gain) on sale and retirement of non-current assets | 0 | (20) |
| Loss (gain) on sale of investment securities | (1,994) | (2,590) |
| Decrease (increase) in Segregated deposits | (52,300) | 6,100 |
| Decrease (increase) in trading products - assets (liabilities) | (504) | (15) |
| Decrease or increase in trade date accrual | 484 | (49) |
| Decrease/increase in margin transaction assets/liabilities | (60,084) | (18,053) |
| Decrease (increase) in loans secured by securities | (5,175) | 9,126 |
| Decrease/increase in advance paid/deposits received | 23,628 | 6,257 |
| Increase (decrease) in borrowings secured by securities | 7,605 | 2,510 |
| Increase (decrease) in guarantee deposits received | 21,878 | 1,648 |
| Decrease (increase) in short-term guarantee deposits | 287 | (748) |
| Other, net | (368) | (921) |
| Subtotal | <u>(61,895)</u> | <u>7,810</u> |
| Interest and dividends received | 4,230 | 5,706 |
| Interest paid | (708) | (503) |
| Income taxes paid | (1,587) | (3,473) |
| Net cash provided by (used in) operating activities | <u>(59,959)</u> | <u>9,539</u> |
| Cash flows from investing activities | | |
| Purchase of property, plant and equipment | (164) | (202) |
| Proceeds from sale of property, plant and equipment | - | 142 |
| Purchase of intangible assets | (1,812) | (1,532) |
| Purchase of investment securities | (32) | (245) |
| Proceeds from sale of investment securities | 2,000 | 2,597 |
| Other, net | (25) | 131 |
| Net cash provided by (used in) investing activities | <u>(33)</u> | <u>890</u> |
| Cash flows from financing activities | | |
| Net increase (decrease) in short-term borrowings | 74,000 | (11,000) |
| Repayments of long-term borrowings | (50) | (50) |
| Proceeds from exercise of employee share options | 0 | 0 |
| Dividends paid | (5,778) | (5,137) |
| Net cash provided by (used in) financing activities | <u>68,172</u> | <u>(16,187)</u> |
| Effect of exchange rate change on cash and cash equivalents | (0) | (0) |
| Net increase (decrease) in cash and cash equivalents | <u>8,180</u> | <u>(5,758)</u> |
| Cash and cash equivalents at beginning of period | <u>55,345</u> | <u>59,798</u> |
| Cash and cash equivalents at end of period | <u>(Note 1) 63,524</u> | <u>(Note 1) 54,040</u> |

[4] Notes

i. Notes - Changes in accounting policies

- Application of the Accounting Standard for Revenue Recognition etc.

The "Accounting Standard for Revenue Recognition" (ASBJ Statement No. 29, March 31, 2020; hereinafter referred to as the "Revenue Recognition Accounting Standard"), etc. has been applied from the beginning of the first quarter accounting period of the current fiscal year. As a result, the accounting treatment of some of the consideration payments made to customers, such as cash refunds, which were previously recorded as Selling, General and Administrative (SGA) expenses, has been changed to deduction from transaction prices.

Furthermore, in applying the Revenue Recognition Accounting Standard etc., the Company has adopted the transitional treatment which is set forth in the proviso of Paragraph 84 of the Revenue Recognition Accounting Standard, which requires that the cumulative impact amount is calculated on the assumption that the new accounting policy is retrospectively applied to the accounting periods prior to the beginning of the first quarter accounting period of the current fiscal year, and such amount is to be added to or deducted from the amount of Retained Earnings of the beginning of the first quarter accounting period of the current fiscal year. The Company has adopted and applied this new accounting policy from the beginning balance of retained earnings of the current fiscal year. There is no impact amount effecting the beginning balance of retained earnings. Furthermore, the impact on commissions received and SGA expenses for the cumulative second quarter period of the current fiscal year due to the application of the Revenue Recognition Accounting Standard etc. is negligible. Also, in accordance with the transitional treatment set forth in Paragraph 28-15 of the "Accounting Standard for Quarterly Financial Reporting" (ASBJ Statement No. 12, March 31, 2020), information on the breakdown of revenue arising from contracts with customers for the cumulative second quarter period of the previous fiscal year is not presented.

- Application of the Accounting Standard for Fair Value Measurement etc.

The Company has applied the "Accounting Standard for Fair Value Measurement" (ASBJ Statement No. 30, July 4, 2019; hereinafter referred to as "Fair Value Measurement Accounting Standard"), etc. from the beginning of the first quarter accounting period of the current fiscal year. In accordance with the transitional treatment prescribed in Paragraph 19 of the Fair Value Measurement Accounting Standard and Paragraph 44-2 of the "Accounting Standard for Financial Instruments" (ASBJ Statement No. 10, July 4, 2019), a new accounting policy prescribed by the Fair Value Measurement Accounting Standard, etc. is applied prospectively. There is no impact on the quarterly financial statements.

ii. 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, 2020 to September 30, 2020) | Cumulative second quarter period of the current fiscal year (From April 1, 2021 to September 30, 2021) |
|---------------------------|--|--|
| Cash and deposits | 60,678 | 51,106 |
| Money held in trust | 2,846 | 2,934 |
| Cash and cash equivalents | 63,524 | 54,040 |

iii. Notes – Equity

i) Cumulative second quarter period of the preceding fiscal year (From April 1, 2020 to September 30, 2020)

(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 28, 2020 | Common stock | 5,780 | 22.50 | March 31, 2020 | June 29, 2020 | 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 27, 2020 | Common stock | 5,139 | 20.00 | September 30, 2020 | November 24, 2020 | Retained earnings |

- ii) Cumulative second quarter period of the current fiscal year (From April 1, 2021 to September 30, 2021)

(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 27, 2021 | Common stock | 5,139 | 20.00 | March 31, 2021 | June 28, 2021 | 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 27, 2021 | Common stock | 5,141 | 20.00 | September 30, 2021 | November 22, 2021 | Retained earnings |

iv. Notes – Segment information etc.

i) Segment information

Disclosures on segment information are omitted since the Company is a provider of on-line securities trading service comprising a single segment.

v. Notes – Financial instruments

Not applicable.

vi. Notes – Securities

Not applicable.

vii. Notes – Derivatives

Not applicable.

viii. Notes – Revenue recognition

Disclosures on segment information have been omitted since the Company is a provider of on-line securities trading service comprising a single segment. The following table provides information on the breakdown of revenue generated from contracts with customers.

Cumulative second quarter period of the current fiscal year (from April 1, 2021 to September 30, 2021)

(Millions of yen)

| | On-line securities trading service |
|---|------------------------------------|
| Revenue generated from contracts with customers | 8,719 |
| Commission received | 8,719 |
| Brokerage commission | 8,309 |
| Equity & ETF, etc. | 7,864 |
| Futures & Options | 445 |
| Other | 410 |
| Other revenue | 6,597 |
| Financial revenue | 6,222 |
| Net trading income | 374 |
| Other operating revenue | 1 |
| Total operating revenue | 15,316 |

ix. 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, 2020 to September 30, 2020) | Cumulative second quarter period of the current fiscal year (From April 1, 2021 to September 30, 2021) |
|--|--|--|
| (1)Basic earnings per share (yen) | 21.36 | 24.89 |
| (Calculation basis) | | |
| Net profit (millions of yen) | 5,488 | 6,397 |
| Net profit not attributed to common stock(millions of yen) | - | - |
| Net profit attributed to common stock (millions of yen) | 5,488 | 6,397 |
| Average number of common stock outstanding (number of shares) | 256,910,223 | 257,009,606 |
| (2)Diluted earnings per share (yen) | 21.33 | 24.85 |
| (Calculation basis) | | |
| Adjustment to the net profit (millions of yen) | - | - |
| Increase in common stock (number of shares) | 365,196 | 364,426 |
| 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 | - | - |

2) Notes - Other

At the meeting held on October 27, 2021, the board of directors of the Company resolved to distribute interim dividends for shareholders recorded on September 30, 2021. The details are as follows.

| | |
|----------------------------|-------------------|
| Amount of dividend payment | 5,141 million yen |
| Dividend paid per share | 20.00 yen |
| Effective date | November 22, 2021 |

Part 2. Information about reporting company's guarantor,
etc.

Not applicable.