

Quarterly Securities Report
Including Financial Statements
Under Japanese GAAP
For the Nine Months
Ended December 31, 2016

Matsui Securities Co., Ltd.

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

The original report in Japanese was filed with the Director of the Kanto Local Finance Bureau
On February 13, 2017

1 Company information

Part 1 Overview of company

1 Summary of business results

		Nine months ended December 31, 2015	Nine months ended December 31, 2016	Year ended March 31, 2016
Operating revenue	(Millions of Yen)	26,611	20,728	34,435
Net operating revenue	(Millions of Yen)	25,496	19,837	33,003
Ordinary income	(Millions of Yen)	17,264	11,239	21,833
Net income	(Millions of Yen)	11,898	7,778	14,763
Equity in earnings of affiliates if equity method is applied	(Millions of Yen)	—	—	—
Capital stock	(Millions of Yen)	11,945	11,945	11,945
Total number of issued shares	(Shares)	269,264,702	259,264,702	259,264,702
Net assets	(Millions of Yen)	90,016	91,991	92,718
Total assets	(Millions of Yen)	765,880	747,275	663,425
Basic earnings per share	(Yen)	46.34	30.30	57.50
Diluted earnings per share	(Yen)	46.33	30.29	57.49
Dividend paid per share	(Yen)	25.00	13.00	45.00
Equity-to-asset ratio	(%)	11.7	12.3	14.0

		Three months ended December 31, 2015	Three months ended December 31, 2016
Basic earnings per share	(Yen)	12.75	10.41

2 Description of business

There have been no significant changes in the business of the Company in the nine months ended December 31, 2016.

Part 2 Overview of business

1 Business risks

There have been no unusual changes in financial position, result of operations and cash flows of the Company in the nine months ended December 31, 2016.

There have been no significant changes in the business risks described in the Annual Securities Report of the Company as of March 31, 2016.

2 Critical contracts for operation

There have been no new significant contracts in the three months ended December 31, 2016.

Part3 Information about reporting company

1 Information about shares, etc.

(1) Total number of shares, etc.

(i) Total Number of shares

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

(ii) Issued shares

	Total number of issued shares		Stock Exchange Listed at	Details
	As of December 31, 2016 (End of the quarterly period)	As of February 13, 2017 (Date of filing of this Report)		
Common stock	259,264,702 shares	259,264,702 shares	Tokyo Stock Exchange (First Section)	1 unit consists of 100shares
Total	259,264,702 shares	259,264,702 shares	—	—

(2) Subscription rights to shares, etc.

No relevant items.

(3) Exercise, etc. of moving strike convertible bonds, etc.

No relevant items.

(4) Description of rights plan

No relevant items.

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

	Issued shares (shares)		Capital Stock (Millions of Yen)		Legal capital surplus (Millions of Yen)	
	Change	Outstanding amount	Change	Outstanding amount	Change	Outstanding amount
From October 1, 2016 to December 31, 2016	—	259,264,702	—	11,945	—	9,793

(6) Major shareholders

Information on the changes in major shareholders has been omitted for the three months ended December 31, 2016.

(7) Voting Rights

The following tables show the status of voting rights as of September 30, 2016 instead of those as of December 31, 2016 for the Company is not able to settle the list of shareholders as of December 31, 2016.

(i) Issued shares

(As of September 30, 2016)

	Number of shares	Number of voting rights
Shares without voting rights	—	—
Shares with limited voting rights (Treasury shares)	—	—
Shares with limited voting rights (Other than treasury shares)	—	—
Shares with full voting rights (Treasury shares)	(Treasury shares) Common stock 2,533,300	—
Shares with full voting rights (Other than treasury shares)	Common stock 256,715,700	2,565,951
Odd lot shares (1 lot = 100 shares)	Common stock 15,702	—
Total number of issued shares	259,264,702	—
Total number of voting rights	—	2,565,951

Note:

- 400 shares under the title of Japan Securities Depository Center Inc. and 120,600 shares of securities bought by customers using money loaned from the Company's own fund are included in "Shares with full voting rights (Other than treasury shares)." 4 voting rights under the title of Japan Securities Depository Center Inc. are included in "Shares with full voting rights (Other than treasury shares)". 1,206 voting rights of securities bought by customers using money loaned from the Company's own fund are not included in "Shares with full voting rights (Other than treasury shares)".
- 14 treasury shares are included in odd-lot shares.

(ii) Treasury shares, etc.

(As of September 30, 2016)

Name of shareholders	Address	Treasury shares held by the Company's own name	Treasury shares held by other person's name	Total number of shares held	Shareholding Ratio (%)
(Treasury shares held by the Company) Matsui Securities Co., Ltd.	1-4, Kojimachi, Chiyoda-ku, Tokyo, Japan	2,533,300	—	2,533,300	0.98
Total	—	2,533,300	—	2,533,300	0.98

2 Information about officers

Following is the change in the officers' title after June 20, 2016 when the Company filed its Annual Securities report for the year ended March 31, 2016. The Number of officers by gender after the Ordinary General Meeting of Shareholders held on June 26, 2016 is as follows.

Male: 12 Female: 0

New title	Former title	Name	Date of change
Managing Director (Managing Director of Compliance Dept. and System Dept.)	Managing Director (Director in charge of Compliance Dept. and Managing Director of System Dept.)	Takashi Moribe	June 26, 2016

Part4 Financial Information

1 Note on quarterly Financial Statements

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

2 Note on independent audit

The quarterly financial statements for the three months ended December 31, 2016 (from October 1, 2016 to December 31, 2016) and nine months ended December 31, 2016 (from April 1, 2016 to December 31, 2016) were reviewed by PricewaterhouseCoopers Aarata LCC in accordance with the Article 193-2-1 of Financial Instruments and Exchange Law.

3 Note on quarterly consolidated financial statements

The consolidated financial statements of the Company are not prepared for nine months ended December 31, 2016 because there is not a subsidiary.

Notice to readers:

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

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

1 Quarterly Financial Statements

[1] Quarterly Balance Sheet

(Millions of Yen)

	March 31, 2016	December 31, 2016
Assets		
Current Assets		
Cash and deposits	26,569	14,836
Cash segregated as deposits	375,812	502,212
Money held in trust	4,596	5,650
Trading products:	1,817	1,291
Trading securities and other	0	0
Derivatives	1,817	1,291
Trade date accrual	17	14
Margin transaction assets:	232,043	202,161
Loans on margin transactions	228,152	190,278
Cash collateral pledged for securities borrowing on margin transactions	3,890	11,883
Loans secured by securities:	7,869	6,082
Cash collateral pledged for securities borrowed	7,869	6,082
Advances paid	23	30
Cash paid for offering	—	21
Short-term guarantee deposits	2,166	1,943
Other	4,312	4,299
Allowance for doubtful accounts	(7)	(109)
Total current assets	655,217	738,431
Non-current assets		
Property, plant and equipment	953	955
Intangible assets:	2,999	3,545
Software	2,999	3,545
Other	0	0
Investments and other assets:	4,256	4,345
Investment securities	3,119	3,041
Other	2,486	3,056
Allowance for doubtful accounts	(1,348)	(1,753)
Total non-current assets	8,208	8,844
Total assets	663,425	747,275

(Millions of Yen)

	March 31, 2016	December 31, 2016
Liabilities		
Current liabilities		
Trading products:	458	361
Derivatives	458	361
Margin transaction liabilities:	35,793	56,360
Borrowings on margin transactions	5,452	5,447
Cash received for securities lending on margin transactions	30,341	50,913
Loans payable secured by securities:	14,838	6,557
Cash received on debt credit transaction of securities	14,838	6,557
Deposits received	200,271	308,346
Guarantee deposits received	182,641	223,368
Accounts for non-received securities and others	44	—
Short-term loans payable	128,050	54,100
Income taxes payable	3,551	1,207
Provision for bonuses	248	126
Other	1,258	1,103
Total current liabilities	567,151	651,528
Non-current liabilities		
Long-term loans payable	—	200
Reserve for retirement bonuses for directors and auditors	204	204
Other	3	3
Total non-current liabilities	208	408
Reserves under special laws		
Reserve for financial products transaction liabilities	3,349	3,349
Total reserves under special laws	3,349	3,349
Total liabilities	570,707	655,284
Net assets		
Shareholders' equity		
Capital stock	11,945	11,945
Capital surplus	9,793	9,793
Retained earnings	70,793	70,099
Treasury shares	(1,915)	(1,915)
Total shareholders' equity	90,616	89,922
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	2,066	2,001
Total valuation and translation adjustments	2,066	2,001
Subscription rights to shares	37	68
Total net assets	92,718	91,991
Total liabilities and net assets	663,425	747,275

[2] Quarterly Statements of Income

(Millions of Yen)

	Nine months ended December 31, 2015	Nine months ended December 31, 2016
Operating revenue		
Commission received	16,744	12,883
Commission to consignees	15,732	12,140
Commission for underwriting, secondary distribution and solicitation for selling and others for professional investors consignees	50	5
Fee for offering, secondary distribution and solicitation for selling and others for professional investors	0	1
Other fees received	962	737
Net trading income	5	2
Financial revenue	9,858	7,840
Other operating revenue	4	4
Total operating revenue	26,611	20,728
Financial expenses	1,116	892
Net operating revenue	25,496	19,837
Selling, general and administrative expenses		
Trading related expenses	3,518	3,191
Personnel expenses	1,643	1,677
Real estate expenses	668	666
Office cost	1,289	1,348
Depreciation	866	939
Taxes and dues	222	277
Provision of allowance for doubtful accounts	10	507
Other	103	97
Total selling, general and administrative expenses	8,320	8,704
Operating income	17,176	11,133
Non-operating income		
Dividend income	76	91
Other	12	18
Total non-operating income	88	109
Non-operating expenses		
Other	0	2
Total non-operating expenses	0	2
Ordinary income	17,264	11,239
Extraordinary income		
Gain on sales of investment securities	1,012	—
Gain on sales of non-current assets	—	1
Total extraordinary income	1,012	1
Extraordinary losses		
Provision of reserve for financial products transaction liabilities	516	—
Loss on sales and retirement of non-current assets	6	4
Total extraordinary losses	522	4
Profit before income taxes	17,755	11,236
Income taxes – current	5,747	3,442
Income taxes – deferred	110	16
Total Income taxes	5,857	3,458
Profit	11,898	7,778

Notes

Notes –Additional information

The Company has applied “Revised Implementation Guidance on Recoverability of Deferred Tax Assets” (ASBJ Guidance No.26, March 28, 2016) from the three months ended June 30, 2016.

Notes - Quarterly Statements of cash flows

The Company does not prepare the quarterly statement of cash flows for the nine months ended December 31, 2016.

Depreciation including the intangible assets of nine months ended December 31, 2016 is as follows.

	Nine months ended December 31, 2015	Nine months ended December 31, 2016
Depreciation	866 million yen	939 million yen

Notes-Equity

(Nine months ended December 31, 2015)

1. Dividend payment

Date of resolution	Ordinary general meeting of shareholders held on June 28, 2015	Board of directors' meeting held on October 26, 2015
Type of shares	Common stock	Common stock
Amount of dividend payment	5,135 million yen	6,418 million yen
Dividends per share	20 yen	25 yen
Date of record for dividends	March 31, 2015	September 30, 2015
Effective date	June 29, 2015	November 24, 2015
Source of dividends	Retained earnings	Retained earnings

2. Dividends for which effective date is after December 31, 2015

No relevant items.

(Nine months ended December 31, 2016)

1. Dividend payment

Date of resolution	Ordinary general meeting of shareholders held on June 26, 2016	Board of directors' meeting held on October 27, 2016
Type of shares	Common stock	Common stock
Amount of dividend payment	5,135 million yen	3,338 million yen
Dividends per share	20 yen	13 yen
Date of record for dividends	March 31, 2016	September 30, 2016
Effective date	June 27, 2016	November 24, 2016
Source of dividends	Retained earnings	Retained earnings

2. Dividends for which effective date is after December 31, 2016

No relevant items.

Notes-Segment Information, etc.

(Segment information)

Disclosures on segment information are omitted, as the business of the Company consists of only a single segment of online brokerage service.

Notes-Financial instruments

Deposits received and Short-term loans payable are important in Company's business and there are significant changes in their book value between March 31, 2016 and December 31, 2016. However, disclosures on financial instruments are omitted, as the difference between book value and fair value of them is not material.

Notes-Securities

No relevant items.

Notes-derivatives

No relevant items.

Notes-Per Share Information

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

Items	Nine months ended December 31, 2015	Nine months ended December 31, 2016
(1) Basic earnings per share (Yen)	46.34	30.30
(Calculation basis)		
Net income (Millions of Yen)	11,898	7,778
Net income not attributed to common stock (Millions of Yen)	—	—
Net income attributed to common stock (Millions of Yen)	11,898	7,778
Average number of shares of common stock outstanding(Shares)	256,731,434	256,731,371
(2) Diluted earnings per share (Yen)	46.33	30.29
(Calculation basis)		
Net income on the statements of income (Millions of Yen)	—	—
Increase of common stock (Shares)	58,753	98,798
Significant changes in the residual securities which are not considered in the calculation of diluted earnings per share	—	—

Notes- Significant events after reporting period

No relevant items.

2 Other information

At the meeting held on October 27, 2016, the board of directors of the Company resolved to distribute interim dividends with record date dated September 30, 2016.

The details are as follows:

Amount of dividend payment	3,338 million yen
Dividends per share	13 yen
Effective date	November 24, 2016

2 Information about company which provides guarantee to reporting company

No relevant items.

Note: The Original Quarterly Securities Report includes the quarterly review by PricewaterhouseCoopers Aarata LLC for the quarterly financial statements for the three months ended December 31, 2016 and for the nine months ended December 31, 2016.