

Quarterly Securities Report
Including Financial Statements
Under Japanese GAAP
For the Three Months
Ended December 31, 2017

Matsui Securities Co., Ltd.

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

Filed with the Director of the Kanto Local Finance Bureau

On February 13, 2018

1 Company information

Part 1 Overview of company

1 Summary of business results

		Nine months ended December 31, 2016	Nine months ended December 31, 2017	Year ended March 31, 2017
Operating revenue	(Millions of Yen)	20,728	22,327	27,727
Net operating revenue	(Millions of Yen)	19,837	22,023	26,499
Ordinary income	(Millions of Yen)	11,239	13,200	15,044
Net income	(Millions of Yen)	7,778	9,136	10,697
Equity in earnings of affiliates if equity method is applied	(Millions of Yen)	—	—	—
Capital stock	(Millions of Yen)	11,945	11,945	11,945
Total number of issued shares	(Shares)	259,264,702	259,264,702	259,264,702
Net assets	(Millions of Yen)	91,991	94,953	94,820
Total assets	(Millions of Yen)	747,275	882,122	770,716
Basic earnings per share	(Yen)	30.30	35.58	41.67
Diluted earnings per share	(Yen)	30.29	35.56	41.65
Dividend paid per share	(Yen)	13.00	17.00	33.00
Equity-to-asset ratio	(%)	12.3	10.8	12.3

		Three months ended December 31, 2016	Three months ended December 31, 2017
Basic earnings per share	(Yen)	10.41	13.89

2 Description of business

There have been no significant changes in the business of the Company in the nine months ended December 31, 2017.

Part 2 Overview of business

1 Business risks

The event shown below which occurred in the nine months ended December 31, 2017 may cause a material business risk to the Company.

The Company has changed the policy of covering customers' positions in foreign exchange margin trading. In new scheme the Company does not necessarily cover all the customers' positions and the Company trades with not only one but several counterparties.

The description of the business risk related to the foreign exchange margin trading shown in the annual securities report for the year ended March 31, 2017 was replaced with the following description.

10. Risk related to foreign exchange margin trading: The Company trades foreign exchange transactions with several counterparties to cover positions held through foreign exchange margin trading with its customers. The Company takes credit risk of these counterparties to its guarantee deposits offered to them. The Company tries to control market risk through covering and matching customers' trades by following the corporate rules although unexpected events in the foreign exchange market may bring financial damage to the Company.

2 Critical contracts for operation

Not applicable.

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, 2017 (End of the quarterly period)	As of February 13, 2018 (Date of filing of this Report)		
Common stock	259,264,702 shares	259,264,702 shares	Tokyo Stock Exchange (First Section)	1 unit consists of 100 shares
Total	259,264,702 shares	259,264,702 shares	—	—

Notes: Total number of issued shares (As of February 13, 2018) does not include the number of issued shares by the exercise of the subscription rights to shares from February 1, 2018 to February 13, 2018.

(2) Subscription rights to shares, etc.

Not applicable.

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

Not applicable.

(4) Description of rights plan

Not applicable.

(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, 2017 to December 31, 2017	—	259,264,702	—	11,945	—	9,793

(6) Major shareholders

Information about major shareholders has been omitted for the three months ended December 31, 2017.

(7) Voting Rights

The following tables show the status of voting rights as of September 30, 2017 instead of those as of December 31, 2017 for the Company is not able to settle the list of shareholders as of December 31, 2017.

(i) Issued shares

(As of September 30, 2017)

	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 2,533,400	—
Shares with full voting rights (Other than treasury shares)	Common stock 256,715,400	2,565,637
Odd lot shares (1 lot = 100 shares)	Common stock 15,902	—
Total number of issued shares	259,264,702	—
Total number of voting rights	—	2,565,637

Note:

- 400 shares under the title of Japan Securities Depository Center Inc. and 151,700 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)". 1,517 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)".
- 33 treasury shares are included in odd-lot shares.

(ii) Treasury shares, etc.

(As of September 30, 2017)

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	2,533,400	—	2,533,400	0.98
Total	—	2,533,400	—	2,533,400	0.98

2 Information about officers

There have been no changes to the Company's officers except for the details described in the Annual Securities Report filed on June 19, 2017 after the filing date in the nine months ended December 31, 2017.

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, 2017 (from October 1, 2017 to December 31, 2017) and nine months ended December 31, 2017 (from April 1, 2017 to December 31, 2017) were reviewed by PricewaterhouseCoopers Aarata LLC in accordance with the Article 193-2-1 of Financial Instruments and Exchange Act.

3 Note on quarterly consolidated financial statements

The consolidated financial statements of the Company are not prepared for nine months ended December 31, 2017 because the company does not have subsidiaries.

Notice to readers:

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

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

1 Quarterly Financial Statements

[1] Quarterly Balance Sheet

(Millions of Yen)

	March 31, 2017	December 31, 2017
Assets		
Current Assets		
Cash and deposits	25,743	19,462
Cash segregated as deposits	467,212	543,512
Money held in trust	5,950	5,813
Trading products:	1,408	1,257
Trading securities and other	0	0
Derivatives	1,408	1,257
Trade date accrual	15	10
Margin transaction assets:	245,202	285,935
Loans on margin transactions	237,047	277,225
Cash collateral pledged for securities borrowing on margin transactions	8,154	8,711
Loans secured by securities:	9,536	8,254
Cash collateral pledged for securities borrowed	9,536	8,254
Advances paid	26	61
Cash paid for offering	28	199
Short-term guarantee deposits	1,648	3,344
Other	4,859	4,795
Allowance for doubtful accounts	(116)	(144)
Total current assets	761,510	872,500
Non-current assets		
Property, plant and equipment	958	875
Intangible assets:	4,118	4,223
Software	4,118	4,223
Other	0	0
Investments and other assets:	4,129	4,524
Investment securities	2,893	3,563
Other	2,785	2,457
Allowance for doubtful accounts	(1,549)	(1,496)
Total non-current assets	9,205	9,622
Total assets	770,716	882,122

(Millions of Yen)

	March 31, 2017	December 31, 2017
Liabilities		
Current liabilities		
Trading products:	281	284
Derivatives	281	284
Margin transaction liabilities:	51,228	53,978
Borrowings on margin transactions	5,932	7,751
Cash received for securities lending on margin transactions	45,297	46,227
Loans payable secured by securities:	13,262	13,976
Cash received on debt credit transaction of securities	13,262	13,976
Deposits received	272,048	343,975
Guarantee deposits received	205,409	240,172
Accounts for non-received securities and others	—	0
Short-term loans payable	126,100	128,100
Income taxes payable	2,417	1,789
Provision for bonuses	174	157
Other	1,608	1,416
Total current liabilities	672,527	783,849
Non-current liabilities		
Long-term loans payable	150	100
Reserve for retirement bonuses for directors and auditors	204	204
Other	3	3
Total non-current liabilities	358	308
Reserves under special laws		
Reserve for financial products transaction liabilities	3,012	3,012
Total reserves under special laws	3,012	3,012
Total liabilities	675,896	787,168
Net assets		
Shareholders' equity		
Capital stock	11,945	11,945
Capital surplus	9,793	9,793
Retained earnings	73,018	72,654
Treasury shares	(1,915)	(1,901)
Total shareholders' equity	92,840	92,490
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	1,898	2,351
Total valuation and translation adjustments	1,898	2,351
Subscription rights to shares	81	112
Total net assets	94,820	94,953
Total liabilities and net assets	770,716	882,122

[2] Quarterly Statement of Income

(Millions of Yen)

	Nine months ended December 31, 2016	Nine months ended December 31, 2017
Operating revenue		
Commission received	12,883	13,751
Commission to consignees	12,140	13,232
Commission for underwriting, secondary distribution and solicitation for selling and others for professional investors	5	9
Fee for offering, secondary distribution and solicitation for selling and others for professional investors	1	2
Other fees received	737	508
Net trading income	2	743
Financial revenue	7,840	8,832
Other operating revenue	4	1
Total operating revenue	20,728	23,327
Financial expenses	892	1,304
Net operating revenue	19,837	22,023
Selling, general and administrative expenses		
Trading related expenses	3,191	3,375
Personnel expenses	1,677	1,770
Real estate expenses	666	635
Office cost	1,348	1,563
Depreciation	939	1,146
Taxes and dues	277	295
Provision of allowance for doubtful accounts	507	41
Other	97	98
Total selling, general and administrative expenses	8,704	8,923
Operating profit	11,133	13,099
Non-operating income		
Dividend income	91	91
Other	18	13
Total non-operating income	109	104
Non-operating expenses		
Other	2	3
Total non-operating expenses	2	3
Ordinary profit	11,239	13,200
Extraordinary income		
Gain on sales of non-current assets	1	—
Total extraordinary income	1	—
Extraordinary losses		
Loss on sales and retirement of non-current assets	4	0
Total extraordinary losses	4	0
Profit before income taxes	11,236	13,200
Income taxes – current	3,442	3,985
Income taxes – deferred	16	79
Total Income taxes	3,458	4,064
Profit	7,778	9,136

Notes

Notes - Quarterly Statement of cash flows

The Company does not prepare the quarterly statement of cash flows for the nine months ended December 31, 2017. Depreciation including the amortization of intangible assets for the nine months ended December 31, 2016 and 2017 is as follows.

	Nine months ended December 31, 2016	Nine months ended December 31, 2017
Depreciation	939 million yen	1,146million yen

Notes-Equity

(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 whose date of record is in the nine months ended December 31, 2016 and whose effective date is after December 31, 2016.

Not applicable.

(Nine months ended December 31, 2017)

1. Dividend payment

Date of resolution	Ordinary general meeting of shareholders held on June 25, 2017	Board of directors' meeting held on October 26, 2017
Type of shares	Common stock	Common stock
Amount of dividend payment	5,135 million yen	4,364 million yen
Dividends per share	20 yen	17 yen
Date of record for dividends	March 31, 2017	September 30, 2017
Effective date	June 26, 2017	November 24, 2017
Source of dividends	Retained earnings	Retained earnings

2. Dividends whose date of record is in the nine months ended December 31, 2017 and whose effective date is after December 31, 2017.

Not applicable.

Notes-Segment Information, etc.

(Segment information)

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

Notes-Financial instruments

Not applicable.

Notes-Securities

Not applicable.

Notes-derivatives

Not applicable.

Notes-Per Share Information

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

Items	Nine months ended December 31, 2016	Nine months ended December 31, 2017
(1) Basic earnings per share (Yen)	30.30	35.58
(Calculation basis)		
Net income (Millions of Yen)	7,778	9,136
Net income not attributed to common stock (Millions of Yen)	—	—
Net income attributed to common stock (Millions of Yen)	7,778	9,136
Average number of shares of common stock outstanding(Shares)	256,731,371	256,737,384
(2) Diluted earnings per share (Yen)	30.29	35.56
(Calculation basis)		
Net income on the statements of income (Millions of Yen)	—	—
Increase of common stock (Shares)	98,798	178,508
Significant changes in the residual securities which are not considered in the calculation of diluted earnings per share because they don't have diluting effect.	—	—

Notes- Significant events after reporting period

Not applicable.

2 Other information

At the meeting held on October 26, 2017, the board of directors of the Company resolved to distribute interim dividends with record date dated September 30, 2017.

The details are as follows:

Amount of dividend payment	4,364 million yen
Dividends per share	17 yen
Effective date	November 24, 2017

2 Information about company which provides guarantee to reporting company

Not applicable.

Note: The Original Quarterly Securities Report includes the quarterly review by PricewaterhouseCoopers Aarata LLC for the quarterly financial statements for the three months ended December 31, 2017 and for the nine months ended December 31, 2017.