

Quarterly Securities Report for the Third Quarter of the 105th Fiscal Year (From October 1, 2020 to December 31, 2020)

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 February 12, 2021 pursuant to Article 24-4-7, Paragraph 1 of the Financial Instrument and Exchange Act.

Notice to Readers 1: This English translation is prepared for reference purposes only and does not constitute any offer or sale of securities or other similar action whether inside or outside Japan. If any questions arise in this document, please refer to the original Japanese Report. This document may contain forward-looking statements. These statements are based on our assumptions and beliefs at the end of the third quarter accounting period of the current fiscal year or at the time of filing of the original Report in light of the information available to us at the time. They are subject to risks and uncertainties. Should one or more of these risks or uncertainties materialize, or should underlying assumptions prove incorrect, actual results may vary materially from those we then anticipated. Given these risks and uncertainties, you are cautioned not to place undue reliance on forward-looking statements. We disclaim any obligation to update any of the forward-looking statements contained in this document to reflect future actual events or developments.

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 third quarter accounting period of the current fiscal year (From October 1, 2020 to December 31, 2020) and the cumulative third quarter period of the current fiscal year (From April 1, 2020 to December 31, 2020) in the original Report.

Part 1. Company Information

1. Overview of Company

1) Summary of Business Results

Fiscal period	Cumulative third quarter period of 104th fiscal year	Cumulative third quarter period of 105th fiscal year	104 th fiscal year
Accounting Period	From April 1, 2019 to December 31, 2019	From April 1, 2020 to December 31, 2020	From April 1, 2019 to March 31, 2020
Operating revenue (millions of yen)	17,360	21,570	24,150
Net operating revenue (millions of yen)	15,905	20,482	22,345
Ordinary profit (millions of yen)	6,370	9,172	9,016
Profit (millions of yen)	4,400	7,747	6,136
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)	78,546	76,656	80,285
Total assets (millions of yen)	770,789	872,496	708,314
Basic earnings per share (yen)	17.13	30.15	23.89
Diluted earnings per share (yen)	17.11	30.11	23.86
Dividend paid per share(yen)	22.50	20.00	45.00
Equity-to-asset ratio (%)	10.2	8.8	11.3

Fiscal period	Third quarter accounting period of 104th fiscal year	Third quarter accounting period of 105th fiscal year
Accounting Period	From October 1, 2019 to December 31, 2019	From October 1, 2020 to December 31, 2020
Basic earnings per share (Yen)	6.20	8.79

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.

2) Description of Business

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

2. Status of Business

1) Business Risks

In the cumulative third 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, 2020.

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

Management’s discussion and analysis of financial condition, results of operation 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

In the domestic stock market in this cumulative third quarter period, the Nikkei Average declined sharply from the end of February 2020 given caution towards global economic deterioration due to the spreading of infection of COVID-19, and slightly recovered thereafter, and the Nikkei Average for the cumulative third quarter period began from just above 18,600 yen. Going into April, stock prices entered an upward trend given decisions made by the FRB and other central banks around the world on large-scale monetary easing and economic stimulus measures. Furthermore, from May, stock prices rose due to increased expectations towards resumption of economic activities in Europe and the U.S. and lifting of the declaration of emergency in Japan, as well as hopes towards progress in vaccine development, and in early June the Nikkei Average recovered to 23,000 yen. Thereafter, stock prices failed to go higher given concerns towards re-spreading of infection of COVID-19 and increased uncertainty towards the future of additional U.S. economic stimulus measures. Going into November, given reports of progress in vaccine development and candidate Biden leading the U.S. presidential elections, stock prices increased significantly and recorded levels above 26,000 yen. In December, stock prices continued to fluctuate at high levels, and given the passing of resolutions to approve additional economic stimulus measures in the U.S. towards the end of the year, stock prices hit record highs for the first time in 30 years since 1990, and December trading ended with the Nikkei Average at slightly above 27,400 yen.

Under this market environment, total trading value of stocks etc. in the two markets (Tokyo and Nagoya stock exchanges) increased by 19% compared to the cumulative third quarter period of the preceding year. Also, with respect to individual investors who are our main customer base, trading volume increased due to increase in buying capacity given the rise in stock prices etc., and stock etc. brokerage trading value by individual investors in the two markets significantly increased by 50% compared to the same period in the preceding year. As a result, the percentage of the stock etc. brokerage trading value by individual investors in the two markets was 22%, a large increase compared to 17% in the cumulative third quarter period in the preceding year. Furthermore, the aggregate stock etc. brokerage trading value of the Company increased by 51% compared to the same period in the preceding year, as customers increased trading activities.

With respect to new initiatives by the Company in the cumulative third quarter period, for investment trusts, we commenced the “investment trust (toshin) monthly cash refund service” which is a service that refunds to customers in cash a portion of the trust fees, and continued to increase the product lineup. With respect to FX services, we made efforts to improve the service, such as by reducing spreads on all currency pairs, etc. Furthermore, we expanded the contents offered to customers by establishing a “Stock Trading Consultation Desk” to provide support on identifying stock names and timing of trading for stock investments, and also by commencing distribution of fun videos to learn about asset management. Also, in order to improve name recognition, efforts were made to strengthen promotions through TV commercials and putting up advertisements at Tokyo Dome.

Under the above background, during the cumulative third quarter period, commissions received was 13,210 million yen (a 40.9% increase from the cumulative third quarter period of the preceding year) due to an increase in the stocks etc. brokerage trading value. Furthermore, due to the increase in the average balance of long positions of margin transactions and increase in other net financial revenues, net financial revenues increased by 16.9% to 6,659 million yen compared to that of the cumulative third quarter period of the preceding year.

As a result, operating revenue was 21,570 million yen (a 24.2% increase from the same period of the preceding year), and net operating revenue was 20,482 million yen (a 28.8% increase from the same period of the preceding year). Also, operating profit was 9,101 million yen (a 45.6% increase from the same period of the preceding year), ordinary profit was 9,172 million yen (a 44.0% increase from the same period of the preceding year), and net profit was 7,747 million yen (a 76.1% increase from the same period of the preceding year). Operating revenue, net operating revenue, operating profit, ordinary profit, and net profit all sharply increased compared to the cumulative third quarter period of the preceding year. Although spreading of infection of COVID-19 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 13,210 million yen (a 40.9% increase from the same period of the preceding fiscal year). Of this figure, brokerage commission was 12,665 million yen (a 42.5% increase from the same period of the preceding fiscal year), mainly due to a 51% increase (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 611 million yen, mainly due to FX trading profits.

(Net financial revenue)

Net financial revenue derived from subtracting financial expenses from financial revenue was 6,659 million yen (a 16.9% 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 and an increase in other net financial revenue.

(Selling, general and administrative expenses)

Selling, general and administrative expenses increased by 17.9% compared to the same period of the preceding fiscal year to 11,381 million yen. This was mainly due to an increase in trading related expenses (a 31.5% increase compared to the same period of the preceding fiscal year) resulting from an increase in advertising costs and trading fees for stock exchanges.

(Non-operating income and expenses)

Net non-operating income totaled 71 million yen. This was mainly due to dividend income of 81 million yen.

(Extraordinary income and expenses)

Net Extraordinary income totaled 1,990 million yen. This was mainly due to gain on sales of investment securities of 1,994 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

As of the end of the third quarter accounting period, total assets was 872,496 million yen, a 23.2% increase from the end of the preceding fiscal year. This was mainly due to a 20.3% increase of cash segregated as deposits to 540,712 million yen resulting from an increase in deposits received and guarantee deposits received, and a 42.9% increase of loans on margin transactions to 220,517 million yen.

Total liabilities was 795,840 million yen, a 26.7% increase from the end of the preceding fiscal year. This was mainly due to a 22.7% increase in deposits received to 331,297 million yen, a 77.3% increase in short-term borrowings to 139,900 million yen resulting from an increase of loans on margin transactions and a 13.7% increase in guarantee deposits received to 241,753 million yen, .

Total net assets was 76,656 million yen, a 4.5% decrease from the end of the preceding fiscal year. In the cumulative third quarter period of the current fiscal year, the sum of the year-end dividends for the end of the fiscal year ended March 2020 and the interim dividend for the fiscal year ending March 2021, which is 10,919 million yen, was recorded, and at the same time a quarterly profit of 7,747 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 borrowings etc. for the purpose of allocating to loans on margin transactions. The main liabilities of the Company are deposits received, guarantee deposits received and short-term borrowings.

As of the end of the third quarter accounting period, deposits received was 331,297 million yen, an 22.7% increase from the end of the preceding fiscal year, and guarantee deposits received was 241,753 million yen, a 13.7% increase from the end of the preceding fiscal year. Accordingly, cash segregated as deposits increased by 20.3% from the end of the preceding fiscal year to 540,712 million yen. Furthermore, given an increase in loans on margin transactions by 42.9% from the end of the preceding fiscal year to 220,517 million yen, short-term borrowings also increased by 77.3% from the end of the preceding fiscal year to 139,900 million yen.

(4) 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 borrowings 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 third 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 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 spreading of infection of COVID-19.

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

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

(6) Management policy and management strategy etc.

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

(7) Operational and financial issues to be addressed in priority

In the cumulative third 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.

(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 third quarter accounting period of the current fiscal year (December 31, 2020)	Number of shares at the date of filing of this quarterly securities report (February 12, 2021)	Name of stock exchange where shares are listed at or certified securities dealers association by which shares are registered	Content
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 February 1, 2021 to the date of filing of this quarterly securities report.

(2) Share acquisition rights

[1] Details of share option program

Not applicable.

[2] Other information about share acquisition rights

Not applicable.

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

Not applicable.

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

Date	Change in number of issued 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 October 1, 2020 to December 31, 2020	-	259,264,702	-	11,945	-	9,793

(5) Major shareholders

Information of major shareholders is omitted because this quarterly accounting period is the third one for the current fiscal year.

(6) Voting rights

The following tables show the status of voting rights as of September 30, 2020, which is the latest date of record, because the Company is not able to settle and show the list of shareholders as of December 31, 2020.

[1] Issued shares

(As of September 30, 2020)

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: 2,316,700	-	-
Shares with full voting rights (Other)	Common stock: 256,921,200	2,568,554	-
Shares less than 1 unit of shares	Common stock: 26,802	-	-
Total number of issued shares	259,264,702	-	-
Voting rights of all shareholders	-	2,568,554	-

Note 1: 400 shares under the title of Japan Securities Depository Center Inc. and 65,800 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 658 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, 2020)

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 issued shares (%)
(Treasury shares held by the Company) Matsui Securities Co., Ltd.	1-4, Kojimachi, Chiyoda-ku, Tokyo	2,316,700	-	2,316,700	0.89
Total	-	2,316,700	-	2,316,700	0.89

2) Information about officers

Followings are the changes in officers' titles from June 26, 2020 when the Company filed its annual securities report for the preceding fiscal year ended March 31, 2020 to the end of the cumulative third quarter period excluding those described in the annual securities report.

New title	Former title	Name	Date of change
Managing Director, General Manager of Finance Department	Director, General Manager of Finance Department	UZAWA Shinichi	June 28, 2020
Director, Director in charge of Business Development Department	Director, Director in charge of Business Development Department and Director in charge of Corporate Administration & Human Resources Department	SHIBATA Masashi	June 28, 2020
Director, Director in charge of Corporate Administration & Human Resources Department	Director	HAGA Manako	June 28, 2020
Director, Director in charge of Customer Support Department and General Manager of Marketing Department	General Manager of Marketing Department	TANAKA Takeshi	June 28, 2020
Managing Director, Director in charge of Corporate Division	Managing Director, General Manager of Finance Department	UZAWA Shinichi	August 1, 2020
Director, Director in charge of IT Division, General Manager of DX Department	Director, Director in charge of System Department	SATO Kunihiko	August 1, 2020
Director, Director in charge of Legal and Compliance Division	Director, General Manager of Compliance Department, Director in charge of Internal Audit Office	SAIGA Motoo	August 1, 2020
Director, Director in charge of Business Development Division, Director in charge of IT Division (IT Strategy)	Director, Director in charge of Business Development Department	SHIBATA Masashi	August 1, 2020
Director, Director in charge of Human Resources and General Affairs Division	Director, Director in charge of Corporate Administration & Human Resources Department	HAGA Manako	August 1, 2020
Director, Director in charge of Sales and Marketing Division	Director, Director in charge of Customer Support Department and General Manager of Marketing Department	TANAKA Takeshi	August 1, 2020
Director, Director in charge of Strategic Planning Division	Director	MATSUI Michitaro	August 1, 2020
Director, Director in charge of IT Division	Director, Director in charge of IT Division, General Manager of DX Department	SATO Kunihiko	November 1, 2020

Note 1: On June 28, 2020, members of the Management Committee were changed from directors whose position is Senior Managing Director or above to directors whose position is Managing Director or above. Accordingly, UZAWA Shinichi became a member of the Management Committee in addition to above mentioned change in title.

Note 2: TANAKA Takeshi was elected as a director on June 28, 2020 as planned, which is described in the annual securities report for the preceding fiscal year ended March 31, 2020. After this, his title was changed as described above.

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, 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 third quarter accounting period (From October 1, 2020 to December 31, 2020) and the cumulative third quarter period of the current fiscal year (From April 1, 2020 to December 31, 2020) 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, 2020)	Third quarter accounting period (December 31, 2020)
Assets		
Current assets		
Cash and deposits	52,501	46,980
Cash segregated as deposits	449,312	540,712
Money held in trust	2,844	2,846
Trading products	1,877	2,258
Trading securities and other	0	215
Derivatives	1,877	2,044
Trade date accrual	3	-
Margin transaction assets	161,594	229,881
Loans on margin transactions	154,302	220,517
Cash collateral pledged for securities borrowing on margin transactions	7,292	9,364
Loans secured by securities	21,188	29,875
Cash collateral pledged for securities borrowed	21,188	29,875
Advances paid	148	93
Cash paid for offering	354	346
Short-term guarantee deposits	3,378	3,384
Other	4,121	4,762
Allowance for doubtful accounts	(49)	(67)
Total current assets	697,272	861,071
Non-current assets		
Property, plant and equipment	1,410	1,425
Intangible assets	4,410	4,970
Software	4,410	4,970
Other	0	0
Investments and other assets	5,222	5,031
Investment securities	3,874	3,357
Other	2,753	3,024
Allowance for doubtful accounts	(1,405)	(1,350)
Total non-current assets	11,042	11,426
Total assets	708,314	872,496

	(Millions of yen)	
	Preceding fiscal year (March 31, 2020)	Third quarter accounting period (December 31, 2020)
Liabilities		
Current liabilities		
Trading products	120	151
Derivatives	120	151
Trade date accrual	-	33
Margin transaction liabilities	44,846	52,502
Borrowings on margin transactions	6,369	6,425
Cash received for securities lending on margin transactions	38,477	46,077
Borrowings secured by securities	14,782	22,905
Cash received on debt credit transaction of securities	14,782	22,905
Deposits received	270,003	331,297
Guarantee deposits received	212,539	241,753
Accounts for non-received securities and others	27	-
Short-term borrowings	78,900	139,900
Income taxes payable	1,707	2,293
Provision for bonuses	125	135
Other	1,580	1,725
Total current liabilities	<u>624,628</u>	<u>792,694</u>
Non-current liabilities		
Long-term borrowings	150	100
Reserve for retirement bonuses for directors	204	-
Other	202	201
Total non-current liabilities	<u>556</u>	<u>301</u>
Reserves under special laws		
Reserve for financial instruments transaction liabilities	2,845	2,845
Total reserves under special laws	<u>2,845</u>	<u>2,845</u>
Total liabilities	<u>628,029</u>	<u>795,840</u>
Net assets		
Shareholders' equity		
Share capital	11,945	11,945
Capital surplus	9,797	9,798
Retained earnings	57,841	54,669
Treasury shares	(1,794)	(1,752)
Total shareholders' equity	<u>77,789</u>	<u>74,660</u>
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	2,290	1,735
Total valuation and translation adjustments	<u>2,290</u>	<u>1,735</u>
Share acquisition rights	206	261
Total net assets	<u>80,285</u>	<u>76,656</u>
Total liabilities and net assets	<u>708,314</u>	<u>872,496</u>

[2] Quarterly statement of income

i. Cumulative third quarter period

	(Millions of yen)	
	Cumulative third quarter period of the preceding fiscal year (From April 1, 2019 to December 31, 2019)	Cumulative third quarter period of the current fiscal year (From April 1, 2020 to December 31, 2020)
Operating revenue		
Commission received	9,374	13,210
Brokerage commission	8,886	12,665
Commission for underwriting, secondary distribution and solicitation for selling and others for professional investors	9	51
Fees for offering, secondary distribution and solicitation for selling and others for professional investors	36	0
Other fees received	442	494
Net trading income	832	611
Financial revenue	7,153	7,747
Other operating revenue	1	1
Total operating revenue	<u>17,360</u>	<u>21,570</u>
Financial expenses	<u>1,455</u>	<u>1,088</u>
Net operating revenue	<u>15,905</u>	<u>20,482</u>
Selling, general and administrative expenses		
Trading related expenses	3,119	4,102
Personnel expenses	1,974	2,033
Real estate expenses	848	755
Office expenses	2,016	2,344
Depreciation	1,455	1,576
Taxes and dues	217	374
Provision of allowance for doubtful accounts	(87)	52
Other	114	144
Total selling, general and administrative expenses	<u>9,656</u>	<u>11,381</u>
Operating profit	<u>6,249</u>	<u>9,101</u>
Non-operating income		
Dividend income	121	81
Other	14	11
Total non-operating income	<u>135</u>	<u>92</u>
Non-operating expenses		
Other	13	21
Total non-operating expenses	<u>13</u>	<u>21</u>
Ordinary profit	<u>6,370</u>	<u>9,172</u>
Extraordinary income		
Gain on sales of investment securities	-	1,994
Total extraordinary income	<u>-</u>	<u>1,994</u>
Extraordinary losses		
Loss on sales and retirement of non-current assets	11	4
Loss on valuation of investment securities	20	-
Total extraordinary losses	<u>31</u>	<u>4</u>
Profit before income taxes	<u>6,339</u>	<u>11,162</u>
Income taxes – current	1,833	3,400
Income taxes – deferred	106	15
Total income taxes	<u>1,939</u>	<u>3,415</u>
Profit	<u>4,400</u>	<u>7,747</u>

[3] Notes

i. Notes – Quarterly statement of cash flows

The Company does not prepare the quarterly statement of cash flows for the cumulative third quarter period of the current fiscal year. Depreciation expenses (including the amortization of intangible assets) for the cumulative third quarter periods are as follows.

	(Millions of yen)	
	Cumulative third quarter period of the preceding fiscal year (From April 1, 2019 to December 31, 2019)	Cumulative third quarter period of the current fiscal year (From April 1, 2020 to December 31, 2020)
Depreciation	1,455	1,576

ii. Notes – Equity

i) Cumulative third quarter period of the preceding fiscal year (From April 1, 2019 to December 31, 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
Board of directors' meeting held on October 28, 2019	Common stock	5,779	22.50	September 30, 2019	November 22, 2019	Retained earnings

Note: Dividend per share of ordinary general meeting of shareholders held on June 23, 2019 includes 39.00 yen of commemorative dividend for the 100th anniversary of the Company.

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

Not applicable.

- ii) Cumulative third quarter period of the current fiscal year (From April 1, 2020 to December 31, 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
Board of directors' meeting held on October 27, 2020	Common stock	5,139	20.00	September 30, 2020	November 24, 2020	Retained earnings

- (ii) Dividends whose date of record is in the cumulative third quarter period of the current fiscal year and whose effective date is after the end of the third quarter accounting period of the current fiscal year
Not applicable.

iii. 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.

iv. Notes – Financial instruments

Short-term borrowings is important in Company's business operation and there was a significant change in the book value as of December 31, 2020 compared to the book value as of March 31, 2020. However, disclosure on financial instruments is omitted, as the difference between the book value and the market value of short-term borrowings at the end of the first quarter accounting period of the current fiscal year and the difference between them at the end of preceding fiscal year are immaterial.

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 third quarter period of the preceding fiscal year (From April 1, 2019 to December 31, 2019)	Cumulative third quarter period of the current fiscal year (From April 1, 2020 to December 31, 2020)
(1)Basic earnings per share (yen)	17.13	30.15
(Calculation basis)		
Net profit (millions of yen)	4,400	7,747
Net profit not attributed to common stock(millions of yen)	-	-
Net profit attributed to common stock (millions of yen)	4,400	7,747
Average number of common stock outstanding (number of shares)	256,842,945	256,922,800
(2)Diluted earnings per share (yen)	17.11	30.11
(Calculation basis)		
Adjustment to the net profit (millions of yen)	-	-
Increase in common stock (number of shares)	311,089	371,504
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 27, 2020, the board of directors of the Company resolved to distribute interim dividends for shareholders recorded on September 30, 2020. The details are as follows.

Amount of dividend payment	5,139 million yen
Dividend paid per share	20.00 yen
Effective date	November 24, 2020

Part 2. Information about Company which Provides
Guarantee to Reporting Company

Not applicable.