

Annual Securities Report
Including Financial Statements
Under Japanese GAAP
For the Year
Ended March 31, 2018

Matsui Securities Co., Ltd.

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

Filed with the Director of the Kanto Local Finance Bureau

On June 18, 2018.

1. Company information

Part 1 Overview of company

1 Summary of business results

		Year Ended March 31, 2014	Year Ended March 31, 2015	Year Ended March 31, 2016	Year Ended March 31, 2017	Year Ended March 31, 2018
Operating revenue	(Millions of Yen)	39,883	34,306	34,435	27,727	32,210
Net operating revenue	(Millions of Yen)	38,738	32,893	33,003	26,499	30,480
Ordinary profit	(Millions of Yen)	27,175	22,202	21,833	15,044	18,632
Net profit	(Millions of Yen)	16,300	15,571	14,763	10,697	12,908
Equity in earnings of affiliates if equity method is applied	(Millions of Yen)	-	-	-	-	-
Capital stock	(Millions of Yen)	11,945	11,945	11,945	11,945	11,945
Total number of issued shares	(Shares)	269,264,702	269,264,702	259,264,702	259,264,702	259,264,702
Net assets	(Millions of Yen)	85,365	90,029	92,718	94,820	98,751
Total assets	(Millions of Yen)	688,353	817,183	663,425	770,716	836,318
Net assets per share	(Yen)	332.51	350.63	361.01	369.02	384.12
Dividend paid per share [Interim dividend paid per share]	(Yen)	50.00 [30.00]	40.00 [20.00]	45.00 [25.00]	33.00 [13.00]	44.00 [17.00]
Basic earnings per share	(Yen)	63.49	60.65	57.50	41.67	50.28
Diluted earnings per share	(Yen)	-	60.64	57.49	41.65	50.24
Equity-to-asset ratio	(%)	12.4	11.0	14.0	12.3	11.8
Rate of return on equity	(%)	19.6	17.8	16.2	11.4	13.4
Price-earnings ratio	(Times)	16.51	18.00	16.68	20.90	19.17
Payout ratio	(%)	78.8	66.0	78.3	79.2	87.5
Net cash provided by (used in) operating activities	(Millions of Yen)	(18,060)	21,871	43,431	11,510	(39,665)
Net cash provided by (used in) investing activities	(Millions of Yen)	(1,142)	2,068	(824)	(2,014)	(2,067)
Net cash provided by (used in) financing activities	(Millions of Yen)	25,910	(21,867)	(48,147)	(10,269)	51,908
Cash and cash equivalents	(Millions of Yen)	33,333	35,406	29,865	29,093	39,269
Number of employees [Average number of temporary workers]		124 [151]	120 [156]	121 [195]	123 [197]	130 [191]

Note:

1. The Company does not report diluted earnings per share of the year ended March 31, 2014 as there are no dilutive shares.
2. The term-end dividends (27 yen per share) which are included in the annual dividends for the fiscal year ended March 31, 2018 (44 yen per share) are pending until the payment is approved by the shareholder's meeting to be held on June 24, 2018.

2 Overview of affiliated entities

Not applicable.

3 Information about employees

(1) The Company

The Company employs 130 employees including 5 employees on temporary leave and 191 temporary workers. The average age of employees is 39.4, the average length of service of them is 12.9 years and the average annual compensation of them is 8,260 thousand yen.

(2) Employees' union

The Company is maintaining a good relationship with the Matsui Securities Co., Ltd. Employees' Union. The total number of union members is 95.

Part 2 Overview of business

1. Business risks

The material business risks that the Company recognizes as of March 31, 2018 are as follows:

1. Fluctuation of operating results: The operating result of the Company may fluctuate reflecting the nature of the Company's business.
2. Severe competition in securities brokerage business: The Company faces severe competition with various types of present and potential competitors.
3. Concentration on securities brokerage business: The Company concentrates its resources on its securities brokerage business, which may risk the Company's operating results when circumstances become unfavorable.
4. Risk related to margin transaction
 - 1) Dependence on margin transaction: Revenue of the Company considerably relies on margin transaction.
 - 2) Effect on the Capital Adequacy Ratio: The growth of the balance of margin transaction lowers the Company's capital adequacy ratio.
 - 3) Credit risk: The Company takes credit risks of its customers by providing margin transaction service.
 - 4) Liquidity risk: The Company requires operating cash to provide margin transaction service to its customers. The Company might face liquidity problems in fund procurement when the market situation becomes unfavorable.
5. Risk related to the system: The stability of the online brokerage system is crucial to the Company's business.
6. Market risk in underwriting business: The Company faces market risk in its underwriting business.
7. Protection of personal data: Personal Information Protection Law strictly requires the Company to protect personal data of customers and others.
8. Dependence on business partners: The operation of the Company's business significantly relies on outside business partners, mostly in the operation of its online brokerage system and the provision of trade information to its customers.
9. Dependence on specific executives: As the organization of the Company is relatively small, unexpected absence or accident of specific executives, especially Mr. Michio Matsui, CEO, may destabilize or damage the management of the business.
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 on 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.

11. Future regulations: New regulations may be introduced which negatively impact the Company's business.
12. Compliance: Violation of laws or regulations by the Company or its employees may cause legal punishment or deterioration of its reputation.
13. Disasters and others: If disasters occur such as; natural disasters like earthquakes, fire, long term power failure, pandemic disease, international dispute or terrorist attack occurs, the Company may face difficulty in continuing to provide services.
14. Others: There are no significant law suits in dispute that may have a material effect on the financial results as of March 31, 2018.

2. Critical contracts for operation

Not applicable.

3. Research and development activities

Not applicable.

Part 3 Information about facilities

1 Overview of capital expenditures, etc.

The Company has invested 1,783 million yen during the fiscal year ended March 31, 2018 mainly to acquire software to introduce new services and enhance capability of the system.

2 Major facilities

Offices	Location	Category	Book value (Millions of Yen)				Number of employees
			Buildings	Equipment	Software	Total	
Head office	Chiyoda-ku, Tokyo	Online trading systems, etc.	21	245	4,464	4,729	125 (23)
Sapporo Call Center	Chuo-ku, Sapporo City, Hokkaido	Call center equipment	7	5	1	13	5 (168)

Note:

1. The head office and the Sapporo Call Center are rented from other companies.
2. The number in parentheses under the number of employees shows the average number of temporary workers.

3 Planned additions, retirements, etc. of facilities

The Company plans to invest 2,000 million yen mainly in online securities trading systems to introduce new services and enhance capability of the system from April 2018 through March 2019. The Company has no plans to add or dispose of any major facilities.

Part 4 Information about reporting company

1 Information about shares, etc.

(1) Total number of shares, etc.

[1] Total number of shares

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

[2] Issued shares

	Total number of issued shares		Stock Exchange(s) Listed at	Details
	As of March 31, 2018	As of June 18, 2018 (Date of the 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	-	-

Total number of issued shares as of June 18, 2018 does not include shares issued upon exercise of share acquisition rights from June 1, 2018 to June 18, 2018.

(2) Share acquisition rights

[1] Details of share option program

First Series of Matsui Securities Co., Ltd. Share Acquisition Rights

Date of resolution	July 24, 2014
Persons eligible for the allotment and their number	Directors of the Company: 6 (excluding outside directors)
Number of the share acquisition rights (Units)	591 [561]
Class and number of shares subject to the share acquisition rights (Shares)	Common stock: 59,100 [56,100] Note 1
Amount to be paid per share upon the exercise of each share acquisition rights (Yen)	1
Exercise period for the share acquisition rights	From August 9, 2017 to August 8, 2020 Note 2
Issuance price and amount credited to equity capital in the event of share issuance upon the exercise of share acquisition rights (Yen)	Note 3
Conditions for the exercise of the share acquisition rights	Note 4
Matters concerning the transfer of the share acquisition rights	Note 5
Matters concerning the issuance of the share acquisition rights in connection with acts of reorganization	Note 6

Note: The table above shows the data as of March 31, 2018 excluding items shown in [] which are the data as of May 31, 2018. Other data have not been changed after the end of the fiscal year ended March 31, 2018.

Note:

1. The number of shares to be issued upon exercise of share acquisition rights is 100. The Company will adjust the number of shares to be issued in case it splits its shares, allots its shares without contribution and merges its shares. The Company will adjust the number of shares in case it acquires other companies, splits the corporation and exchanges its shares with other companies' shares including other equivalent cases.

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.
3. Issuance price of the share acquisition rights to be exercised from August 9, 2017 is 722 yen per share. Issuance price of the share acquisition rights to be exercised from August 9, 2018 is 703 yen per share. Issuance price of the share acquisition rights to be exercised from August 9, 2019 is 685 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.
4. (i) Persons allotted share acquisition rights are eligible to exercise only when they are active directors at the time of the exercise. However the Company may treat the rights of those who are out of the service of directors still effective when it finds reasonable grounds.
(ii) Persons allotted share acquisition rights are eligible to exercise their rights as follows.
 - 1) From August 9, 2017 to August 8, 2018: Within one third of the number of rights originally allotted.
 - 2) From August 9, 2018 to August 8, 2019: Within two thirds of the number of rights originally allotted.
 - 3) From August 9, 2019 to August 8, 2020: All rights can be exercised.
 (iii) Each one right cannot be partially exercised.
(iv) Other conditions of exercise are specified in the contracts between the Company and the persons to be allotted share acquisition rights.
5. The acquisition of the share acquisition rights through assignment shall require the approval of the board of directors of the Company.
6. In case of corporate reorganization including merger, corporate split and exchange of shares, the reorganized company will allot share acquisition rights to the persons who hold remaining rights according to the reorganization contracts. The terms of new rights will be determined in accordance with the terms of original rights.

Second Series of Matsui Securities Co., Ltd. Share Acquisition Rights

Date of resolution	July 27, 2015
Persons eligible for the allotment and their number	Directors of the Company: 6 (excluding outside directors)
Number of the share acquisition rights (Units)	680
Class and number of shares subject to the share acquisition rights (Shares)	Common stock: 68,000 Note 1
Amount to be paid per share upon the exercise of each share acquisition rights to shares (Yen)	1
Exercise period for the share acquisition rights	From August 12, 2018 to August 11, 2021 Note 2
Issuance price and amount credited to equity capital in the event of share issuance upon the exercise of share acquisition rights (Yen)	Note 3
Conditions for the exercise of the share acquisition rights	Note 4
Matters concerning the transfer of the share acquisition rights	Note 5
Matters concerning the issuance of the share acquisition rights in connection with acts of reorganization	Note 6

Note: The table above shows the data as of March 31, 2018.

Note:

1. Same as Note 1 of "First Series of Matsui Securities Co., Ltd. Share Acquisition Rights"
2. Same as Note 2 of "First Series of Matsui Securities Co., Ltd. Share Acquisition Rights"
3. Issuance price of the share acquisition rights to be exercised from August 12, 2018 is 953 yen per share. Issuance price of the share acquisition rights to be exercised from August 12, 2019 is 937 yen per share. Issuance price of the share acquisition rights to be exercised from August 12, 2020 is 920 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.

4. (i) Persons allotted share acquisition rights are eligible to exercise only when they are active directors at the time of the exercise. However the Company may treat the rights of those who are out of the service of directors still effective when it finds reasonable grounds.
 - (ii) Persons allotted share acquisition rights are eligible to exercise their rights as follows.
 - 1) From August 12, 2018 to August 11, 2019: Within one third of the number of rights originally allotted.
 - 2) From August 12, 2019 to August 11, 2020: Within two thirds of the number of rights originally allotted.
 - 3) From August 12, 2020 to August 11, 2021: All rights can be exercised.
 - (iii) Each one right cannot be partially exercised.
 - (iv) Other conditions of exercise are specified in the contracts between the Company and the persons to be allotted share acquisition rights.
5. The acquisition of the share acquisition rights through assignment shall require the approval of the board of directors of the Company.
6. In case of corporate reorganization including merger, corporate split and exchange of shares, the reorganized company will allot share acquisition rights to the persons who hold remaining rights according to the reorganization contracts. The terms of new rights will be determined in accordance with the terms of original rights.

Third Series of Matsui Securities Co., Ltd. Share Acquisition Rights

Date of resolution	July 26, 2016
Persons eligible for the allotment and their number	Directors of the Company: 7 (excluding outside directors)
Number of the share acquisition rights (Units)	948
Class and number of shares subject to the share acquisition rights (Shares)	Common stock: 94,800 Note 1
Amount to be paid per share upon the exercise of each share acquisition rights (Yen)	1
Exercise period for the share acquisition rights	From August 11, 2019 to August 10, 2022 Note 2
Issuance price and amount credited to equity capital in the event of share issuance upon the exercise of share acquisition rights (Yen)	Note 3
Conditions for the exercise of the share acquisition rights	Note 4
Matters concerning the transfer of the share acquisition rights	Note 5
Matters concerning the issuance of the share acquisition rights in connection with acts of reorganization	Note 6

Note: The table above shows the data as of March 31, 2018.

Note:

1. Same as Note 1 of "First Series of Matsui Securities Co., Ltd. Share Acquisition Rights"
2. Same as Note 2 of "First Series of Matsui Securities Co., Ltd. Share Acquisition Rights"
3. Issuance price of the share acquisition rights to be exercised from August 11, 2019 is 738 yen per share.
Issuance price of the share acquisition rights to be exercised from August 11, 2020 is 721 yen per share.
Issuance price of the share acquisition rights to be exercised from August 11, 2021 is 704 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.
4. (i) Persons allotted share acquisition rights are eligible to exercise only when they are active directors at the time of the exercise. However the Company may treat the rights of those who are out of the service of directors still effective when it finds reasonable grounds.
 - (ii) Persons allotted share acquisition rights are eligible to exercise their rights as follows.
 - 1) From August 11, 2019 to August 10, 2020: Within one third of the number of rights originally allotted.
 - 2) From August 11, 2020 to August 10, 2021: Within two thirds of the number of rights originally allotted.
 - 3) From August 11, 2021 to August 10, 2022: All rights can be exercised.

- (iii) Each one right cannot be partially exercised.
- (iv) Other conditions of exercise are specified in the contracts between the Company and the persons to be allotted share acquisition rights.
- 5. The acquisition of the share acquisition rights through assignment shall require the approval of the board of directors of the Company.
- 6. In case of corporate reorganization including merger, corporate split and exchange of shares, the reorganized company will allot share acquisition rights to the persons who hold remaining rights according to the reorganization contracts. The terms of new rights will be determined in accordance with the terms of original rights.

Fourth Series of Matsui Securities Co., Ltd. Share Acquisition Rights

Date of resolution	July 27, 2017
Persons eligible for the allotment and their number	Directors of the Company: 8 (excluding outside directors)
Number of the share acquisition rights (Units)	1,291
Class and number of shares subject to the share acquisition rights (Shares)	Common stock: 129,100 Note 1
Amount to be paid per share upon the exercise of each share acquisition rights (Yen)	1
Exercise period for the share acquisition rights	From August 18, 2020 to August 17, 2023 Note 2
Issuance price and amount credited to equity capital in the event of share issuance upon the exercise of share acquisition rights (Yen)	Note 3
Conditions for the exercise of the share acquisition rights	Note 4
Matters concerning the transfer of the share acquisition rights	Note 5
Matters concerning the issuance of the share acquisition rights in connection with acts of reorganization	Note 6

Note: The table above shows the data as of March 31, 2018.

Note:

1. Same as Note 1 of "First Series of Matsui Securities Co., Ltd. Share Acquisition Rights"
2. Same as Note 2 of "First Series of Matsui Securities Co., Ltd. Share Acquisition Rights"
3. Issuance price of the share acquisition rights to be exercised from August 18, 2020 is 731 yen per share. Issuance price of the share acquisition rights to be exercised from August 19, 2021 is 717 yen per share. Issuance price of the share acquisition rights to be exercised from August 19, 2022 is 704 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.
4. (i) Persons allotted share acquisition rights are eligible to exercise only when they are active directors at the time of the exercise. However the Company may treat the rights of those who are out of the service of directors still effective when it finds reasonable grounds.
(ii) Persons allotted share acquisition rights are eligible to exercise their rights as follows.
 - 1) From August 18, 2020 to August 18, 2021: Within one third of the number of rights originally allotted.
 - 2) From August 19, 2021 to August 18, 2022: Within two thirds of the number of rights originally allotted.
 - 3) From August 19, 2022 to August 17, 2023: All rights can be exercised.
- (iii) Each one right cannot be partially exercised.
- (iv) Other conditions of exercise are specified in the contracts between the Company and the persons to be allotted share acquisition rights.
5. The acquisition of the share acquisition rights through assignment shall require the approval of the board of directors of the Company.
6. In case of corporate reorganization including merger, corporate split and exchange of shares, the reorganized company will allot share acquisition rights to the persons who hold remaining rights according to the reorganization contracts. The terms of new rights will be determined in accordance with the terms of original rights.

[2] Description of rights plan

Not applicable.

[3] 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.

	Issued shares (shares)		Capital Stock (Millions of Yen)		Legal capital surplus (Millions of Yen)		Note
	Change	Outstanding amount	Change	Outstanding Amount	Change	Outstanding amount	
February 3,2016	(10, 000,000)	259,264,702	-	11,945	-	9,793	Retirement of treasury shares

(5) Shareholding by shareholder category

(As of March 31, 2018)

	Shareholder category (1 unit = 100 shares)								Odd-lot Shares (Shares)
	National and municipal governments	Financial institutions	Securities companies	Other institutions	Foreign institutions and others		Individuals and others	Total	
					Share-holders other than individuals	Individuals			
Number of shareholders	-	29	34	158	214	32	35,856	36,323	-
Number of shares in possession (Unit)	-	483,692	43,567	1,249,343	183,740	306	631,835	2,592,483	16,402
Percentage of shares in possession (%)	-	18.66	1.68	48.19	7.09	0.01	24.37	100.00	-

Note:

- 25,086 units out of 2,508,633 treasury shares are included in the "Individuals and others" and 33 shares out of 2,508,633 treasury shares are included in "odd-lot shares".
- 4 units under the title of Japan Securities Depository Center Inc. are included in "other institutions".

(6) Major shareholders

(As of March 31, 2018)

Name	Address	Number of shares held (Thousands of shares)	Shareholding ratio (%) (excluding treasury shares)
Maruroku Ltd.	2-4-2, Nishikata, Bunkyo-ku, Tokyo	86,812	33.81
Shokosha Ltd.	2-4-2, Nishikata, Bunkyo-ku, Tokyo	35,722	13.91
The Master Trust Bank of Japan, Ltd. (Trust account)	2-11-3, Hamamatsucho, Minato-ku, Tokyo	20,912	8.14
Japan Trustee Services Bank, Ltd. (Trust account)	1-8-11, Harumi, Chuo-ku, Tokyo	11,205	4.36
Chizuko Matsui	Bunkyo-ku, Tokyo	5,321	2.07
Michitaro Matsui	Bunkyo-ku, Tokyo	5,262	2.05
Chiaki Matsui	Bunkyo-ku, Tokyo	5,262	2.05
Yuma Matsui	Bunkyo-ku, Tokyo	5,262	2.05
Michio Matsui	Bunkyo-ku, Tokyo	4,376	1.70
Trust & Custody Services Bank, Ltd. (Securities investment trust account)	Office Tower Z, Harumi Island Triton Square, Harumi 1-8-12, Chuo-ku, Tokyo	3,781	1.47
Total	-	183,914	71.63

Note:

- Because the Company was not able to verify the number of shares held by The Master Trust Bank of Japan, Ltd. (Trust account), Japan Trustee Services Bank, Ltd. (Trust account) and Trust & Custody Services Bank, Ltd. (Securities investment trust account) for their trustee businesses, the Company does not show these numbers.
- Chizuko Matsui who was a major shareholder as of March 31, 2017 is no longer a major shareholder as of March 31, 2018.

3. The Company has received the "Amendment Report on the Report as to Acquisition of Large Proportion of Shares" dated September 25, 2017 filed by Nomura Securities Co., Ltd. and Nomura Asset Management Co., Ltd. reporting that they jointly hold our shares as of September 15, 2017 as follows. However, these numbers are not included in the table above because we are not able to confirm the number of shares they hold as of the end of this fiscal period.

Name	Address	Shares in possession (Thousands of shares)	Shareholding ratio (%)
Nomura Securities Co., Ltd.	1-9-1, Nihonbashi, Chuo-ku, Tokyo	885	0.34
Nomura Asset Management Co., Ltd.	1-12-1, Nihonbashi, Chuo-ku, Tokyo	12,109	4.67
Total	-	12,994	5.01

(7) Voting rights

[1] Issued shares

(As of March 31, 2018)

	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 2,508,600	-
Shares with full voting rights (Other than treasury shares)	Common stock 256,739,700	2,566,447
Odd lot shares (1 unit = 100 shares)	Common stock 16,402	-
Total number of issued shares	259,264,702	-
Total number of voting rights	-	2,566,447

Note:

- 400 shares under the title of Japan Securities Depository Center Inc. and 95,000 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)." 950 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.

[2] Treasury shares, etc.

(As of March 31, 2018)

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	2,508,600	-	2,508,600	0.97
Total	-	2,508,600	-	2,508,600	0.97

2 Acquisitions, etc. of treasury shares

(1) Acquisitions by resolution of shareholders' meeting

Not applicable.

(2) Acquisitions by resolution of board of directors' meeting

Not applicable.

(3) Acquisitions not based on resolution of shareholders' meeting or board of directors' meeting

Item	Number of shares	Total value (Millions of Yen)
Acquisition of treasury shares during the year ended March 31, 2018	67	0
Acquisition of treasury shares from April 1, 2018 to June 18, 2018	-	-

Note: Acquisition of treasury shares from April 1, 2018 to June 18, 2018 does not include the purchase of odd-lot shares from June 1, 2018 to June 18, 2018.

(4) Disposals or holding of acquired treasury shares

Item	Year ended March 31, 2018		From April 1, 2018 to June 18, 2018	
	Number of shares	Total disposal price (Millions of Yen)	Number of shares	Total disposal price (Millions of Yen)
Treasury shares subscribed	-	-	-	-
Treasury shares retired	-	-	-	-
Treasury shares transferred by merger, stock exchanges or corporate split	-	-	-	-
Others (Exercising share acquisition rights)	24,800	19	3,000	2
Number of treasury shares	2,508,633	-	2,505,633	-

Note: The number of treasury shares from April 1, 2018 to June 18, 2018 does not reflect the change in the number of shares resulting from purchase of odd-lot shares and/or the exercise of share acquisition rights from June 1, 2018 to June 18, 2018.

3 Dividend Policy

The basic dividend policy of the Company is to pay out dividends based upon the followings subject to business performance and financial condition of the Company including the optimum level of capital to support the margin transaction services and strategic investment opportunities:

- 1) Dividend Payout Ratio: Between 60% and 100% inclusive, and
- 2) Dividend on Equity (DOE): 8% and above

The Company distributes the term-end dividend based on the resolution of the shareholder's meeting and the interim dividend based on the resolution of the board of directors' meeting. Interim dividend based on September 30 every year, depending on the resolution of the board of directors meeting, is permitted by the company's articles of incorporation.

Annual dividends per share for the fiscal year ended March 31, 2018 will be 44 yen including 17 yen interim dividends and 27 yen term-end dividends (payment of term-end dividends is subject to the resolution of the ordinary general meeting of shareholders to be held on June 24, 2018). As a result, the dividend payout ratio for the fiscal year ended March 31, 2018 was 87.5% and DOE for the same fiscal year was 11.7%. The Company considers the equity level is sufficiently high to support customers' margin transaction even in the case of sudden and rapid expansion of the margin trading, which enables the Company to offer the proposed amount of dividends.

Retained earnings are to be used to invest in online securities trading systems and to maintain working capital for margin transaction services to its customers.

Distribution of retained earnings for the fiscal year ended March 31, 2018 is as follows:

Date of resolution	Amount of dividend payment	Dividends per share
Board of directors' meeting held on October 26, 2017	4,364 million yen	17 yen
Ordinary general meeting of Shareholders to be held on June 24, 2018	6,932 million yen	27 yen

The Company plans to pay commemorative dividends amounting to 10 billion yen to celebrate the 100th anniversary of the Company's founding and to extend our gratitude for the support of shareholders. The dividend is to be paid in addition to the ordinary dividend for the year ends March 31, 2019. Effective date of the commemorative dividend will be the same as that of the ordinary term-end dividend.

4 Historical records of share price

Highest and lowest share price of each fiscal year in last five years		Year Ended March 31, 2014	Year Ended March 31, 2015	Year Ended March 31, 2016	Year Ended March 31, 2017	Year Ended March 31, 2018
	Highest (Yen)	1,355	1,200	1,170	1,040	1,087
	Lowest (Yen)	793	898	876	775	820

Note: The highest and lowest share prices are quoted from the 1st section of the Tokyo Stock Exchange.

Highest and lowest share price of each month in last six months		October 2017	November 2017	December 2017	January 2018	February 2018	March 2018
	Highest (Yen)	955	1,039	993	1,048	1,087	1,058
	Lowest (Yen)	846	945	933	961	978	934

Note: The highest and lowest share prices are quoted from the 1st section of the Tokyo Stock Exchange.

5 Information about officers

(As of June 18, 2018)

	Title	Number of shares in possession (Thousands of shares)
Michio Matsui	President and Chief Executive Officer	4,376
Hirohito Imada	Managing Director (General Manager of Corporate Administration and Human Resources Dept., Managing Director of Finance Dept.)	10
Takashi Moribe	Managing Director (Managing Director of Compliance Dept. and System Dept.)	46
Akira Warita	Managing Director (Director in charge of Marketing Dept. and Customer Support Dept., Managing Director of Business Development Dept.)	10
Kunihiko Sato	Director (Director in charge of System Dept.)	26
Shinichi Uzawa	Director (General Manager of Finance Dept.)	32
Motoo Saiga	Director (General Manager of Compliance Dept.)	2
Masashi Shibata	Director (General Manager of Business Development Dept.)	4
Motoo Igawa	Outside director	12
Junji Annen	Outside director	-
Hiroyuki Yajima	Standing Corporate Auditor	19
Yasuo Mochizuki	Corporate Auditor	-
Mikitoshi Kai	Corporate Auditor	4
Total	-	4,540

(Male: 13 Female: 0)

Note:

- 1: The Company appointed Mr. Yoshio Yoshida, a lawyer, as a substitute auditor in preparation for the vacancy of the incumbent auditors.
- 2: The re-appointment of the above-mentioned 10 directors and that of Mr. Hiroyuki Yajima as the Standing Corporate Auditor are the agenda of the shareholders' meeting to be held on June 24, 2018 and will be voted-on at that time.

Part 5 Financial information

1 Note on Financial Statements

Pursuant to the “Regulations of Financial Statements” (Ministry of Finance Ordinance No. 59, 1963) and its Article 2, the 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 Financial Statements”.

2 Note on independent audit

The financial statements for the fiscal year ended March 31, 2018 were audited by PricewaterhouseCoopers Aarata LLC based on the Article 193-2-1 of Financial Instruments and Exchange Act.

3 Note on consolidated financial statements

The consolidated financial statements of the Company are not prepared because the Company has no subsidiaries.

4 Remarkable efforts to ensure fair presentation of financial statements, etc.

The Company has undertaken remarkable efforts to ensure fair presentation of financial statements. The Company has joined the Financial Accounting Standards Foundation. Additionally, its staff participate in lectures and trainings provided by audit firms and/or other organizations in order to keep the knowledge and capability of the financial accounting team at sufficient levels to meet the requirements of rules and regulations.

Notice to readers:

The accompanying financial statements have been prepared in accordance with the provision set forth in the Corporation Law of Japan and the Financial Instruments and Exchange Act, and 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.

1 Financial statements, etc.

(1) Financial statements

[1] Balance sheet

(Millions of Yen)

	March 31, 2017	March 31, 2018
Assets		
Current assets		
Cash and deposits	25,743	36,256
Cash segregated as deposits	467,212	455,512
Money held in trust	5,950	5,813
Trading products:	1,408	2,258
Trading securities and other	0	0
Derivatives	1,408	2,258
Trade date accrual	15	-
Margin transaction assets:	245,202	310,574
Loans on margin transactions	237,047	308,037
Cash collateral pledged for securities borrowing on margin transactions	8,154	2,537
Loans secured by securities:	9,536	7,331
Cash collateral pledged for securities borrowed	9,536	7,331
Advances paid:	26	177
Advance payments for customers on trades	26	177
Advance payments for others	0	0
Cash paid for offering	28	93
Short-term guarantee deposits	1,648	3,352
Advance payments	2	15
Prepaid expenses	213	175
Accounts receivable – other	10	8
Accrued income – other	4,174	4,689
Deferred tax assets	203	272
Other	256	-
Allowance for doubtful accounts	(116)	(156)
Total current assets	761,510	826,368
Non-current assets		
Property, plant and equipment:	958	845
Buildings	Note 1 177	Note 1 159
Equipment	Note 1 347	Note 1 251
Land	434	434
Intangible assets:	4,118	4,465
Software	4,118	4,465
Other	0	0
Investments and other assets:	4,129	4,640
Investment securities	2,893	3,572
Investments in capital	8	8
Long-term loans receivable	499	440
Long-term guarantee deposits	314	324
Long-term prepaid expenses	17	14
Deferred tax assets	675	408
Long-term receivables	1,179	1,165
Other	93	92
Allowance for doubtful accounts	(1,549)	(1,384)
Total non-current assets	9,205	9,949
Total assets	770,716	836,318

(Millions of Yen)

	March 31, 2017	March 31, 2018
Liabilities		
Current liabilities		
Trading products:	281	143
Derivatives	281	143
Trade date accrual	-	2
Margin transaction liabilities:	51,228	66,423
Borrowings on margin transactions	Note 2 5,932	Note 2 37,158
Cash received for securities lending on margin transactions	45,297	29,266
Loans payable secured by securities:	13,262	13,499
Cash received on debt credit transaction of securities	13,262	13,499
Deposits received:	272,048	253,016
Deposits from customers	266,444	245,810
Deposits for others	5,604	7,206
Guarantee deposits received	205,409	207,875
Accounts for non-received securities and others	-	8
Short-term loans payable	126,100	187,600
Unearned revenue	33	31
Accounts payable – other	672	732
Accrued expenses – other	903	1,107
Income taxes payable	2,417	3,659
Provision for bonuses	174	227
Total current liabilities	<u>672,527</u>	<u>734,322</u>
Non-current liabilities		
Long-term loans payable	150	50
Reserve for retirement bonuses for directors and auditors	204	204
Other	3	3
Total non-current liabilities	<u>358</u>	<u>258</u>
Reserves under special laws		
Reserve for financial products transaction liabilities	Note 4 3,012	Note 4 2,987
Total reserves under special laws	<u>3,012</u>	<u>2,987</u>
Total liabilities	<u>675,896</u>	<u>737,567</u>

(Millions of Yen)

	March 31, 2017	March 31, 2018
Net assets		
Shareholders' equity		
Capital stock	11,945	11,945
Capital surplus		
Legal capital surplus	9,793	9,793
Total capital surpluses	9,793	9,793
Retained earnings		
Legal retained earnings	159	159
Other retained earnings		
Retained earnings brought forward	72,859	76,268
Total retained earnings	73,018	76,426
Treasury shares	(1,915)	(1,896)
Total shareholders' equity	92,840	96,268
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	1,898	2,359
Total valuation and translation adjustments	1,898	2,359
Share acquisition rights	81	125
Total net assets	94,820	98,751
Total liabilities and net assets	770,716	836,318

[2] Statement of Income

(Millions of Yen)

	Year ended March 31, 2017		Year ended March 31, 2018	
Operating revenue				
Commission received		17,253		18,968
Commission to consignees		16,260		18,250
Commission for underwriting, secondary distribution and solicitation for selling and others for professional investors		13		14
Fee for offering, secondary distribution and solicitation for selling and others for professional investors		1		5
Other fees received		979		698
Net trading income		3		1,201
Financial revenue	Note 1	10,467	Note 1	12,040
Other operating revenue		4		2
Total operating revenue		<u>27,727</u>		<u>32,210</u>
Financial expenses	Note 2	1,228	Note 2	1,729
Net operating revenue		<u>26,499</u>		<u>30,480</u>
Selling, general and administrative expenses				
Trading related expenses	Note 3	4,345	Note 3	4,592
Personnel expenses	Note 4	2,227	Note 4	2,364
Real estate expenses	Note 5	891	Note 5	845
Office cost	Note 6	1,841	Note 6	2,104
Depreciation		1,267		1,549
Taxes and dues	Note 7	362	Note 7	406
Provision of allowance for doubtful accounts		311		(29)
Other		317		117
Total selling, general and administrative expenses		<u>11,560</u>		<u>11,949</u>
Operating profit		<u>14,939</u>		<u>18,532</u>
Non-operating income				
Dividend income		91		91
Other		18		14
Total non-operating income		<u>109</u>		<u>105</u>
Non-operating expenses				
Other		4		5
Total non-operating expenses		<u>4</u>		<u>5</u>
Ordinary profit		<u>15,044</u>		<u>18,632</u>
Extraordinary income				
Reversal of reserve for financial products transaction liabilities		337		25
Gain on sales of non-current assets	Note 8	1		-
Total extraordinary income		<u>338</u>		<u>25</u>
Extraordinary losses				
Loss on sales and retirement of non-current assets	Note 9	15	Note 9	1
Total extraordinary losses		<u>15</u>		<u>1</u>
Profit before income taxes		<u>15,367</u>		<u>18,656</u>
Income taxes – current		4,573		5,753
Income taxes – deferred		97		(6)
Total income taxes		<u>4,670</u>		<u>5,747</u>
Profit		<u>10,697</u>		<u>12,908</u>

[3] Statement of changes in equity

(Year ended March 31, 2017)

(Millions of Yen)

	Shareholders' equity						
	Capital stock	Capital surplus		Legal retained earnings	Retained earnings		Total retained earnings
		Legal capital surplus	Total capital surplus		General reserve	Retained earnings brought forward	
Balance at beginning of current period	11,945	9,793	9,793	159	4,250	66,384	70,793
Changes of items during period							
Dividends of surplus						(8,472)	(8,472)
Profit						10,697	10,697
Reversal of General reserve					(4,250)	4,250	-
Purchase of treasury shares							
Net changes of items other than shareholders' equity							
Total changes of items during period	-	-	-	-	(4,250)	6,475	2,225
Balance at end of current period	11,945	9,793	9,793	159	-	72,859	73,018

	Shareholders' equity		Valuation and translation adjustments		Share acquisition rights	Total net assets
	Treasury shares	Total shareholders' equity	Valuation difference on available-for-sale securities	Total valuation and translation adjustments		
Balance at beginning of current period	(1,915)	90,616	2,066	2,066	37	92,718
Changes of items during period						
Dividends of surplus		(8,472)				(8,472)
Profit		10,697				10,697
Reversal of General reserve		-				-
Purchase of treasury shares	(0)	(0)				(0)
Net changes of items other than shareholders' equity			(167)	(167)	44	(123)
Total changes of items during period	(0)	2,225	(167)	(167)	44	2,101
Balance at end of current period	(1,915)	92,840	1,898	1,898	81	94,820

(Year ended March 31, 2018)

(Millions of Yen)

	Shareholders' equity						
	Capital stock	Capital surplus			Retained earnings		
		Legal capital surplus	Other capital surplus	Total Capital surplus	Legal retained earnings	Other retained earnings Retained earnings brought forward	Total retained earnings
Balance at beginning of current period	11,945	9,793	-	9,793	159	72,859	73,018
Changes of items during period							
Dividends of surplus						(9,499)	(9,499)
Profit						12,908	12,908
Purchase of treasury shares							
Disposal of treasury shares			(1)	(1)			
Transfer of loss on disposal of treasury shares			1	1		(1)	(1)
Net changes of items other than shareholders' equity							
Total changes of items during period	-	-	-	-	-	3,409	3,409
Balance at end of current period	11,945	9,793	-	9,793	159	76,268	76,426

	Shareholders' equity		Valuation and translation adjustments		Share acquisition rights	Total net assets
	Treasury shares	Total shareholders' equity	Valuation difference on available-for-sale securities	Total valuation and translation adjustments		
Balance at beginning of current period	(1,915)	92,840	1,898	1,898	81	94,820
Changes of items during period						
Dividends of surplus		(9,499)				(9,499)
Profit		12,908				12,908
Purchase of treasury shares	(0)	(0)				(0)
Disposal of treasury shares	19	18				18
Transfer of loss on disposal of treasury shares		-				-
Net changes of items other than shareholders' equity			460	460	44	504
Total changes of items during period	19	3,427	460	460	44	3,931
Balance at end of current period	(1,896)	96,268	2,359	2,359	125	98,751

[4] Statement of cash flows

(Millions of Yen)

	Year ended march 31, 2017	Year ended march 31, 2018
Cash flows from operating activities		
Profit (loss) before income taxes	15,367	18,656
Depreciation	1,267	1,549
Increase (decrease) in allowance for doubtful accounts	310	(125)
Increase (decrease) in provision for bonuses	(74)	53
Increase (decrease) in reserve for financial products transaction liabilities	(337)	(25)
Interest and dividend income	(10,164)	(12,069)
Interest expenses	883	1,677
Loss (gain) on sales and retirement of non-current assets	13	1
Decrease (increase) in cash segregated as deposits	(91,400)	11,700
Net change in cash in trust	(1,300)	(200)
Decrease (increase) in trading products - assets (liabilities)	231	(987)
Decrease (increase) in trade date accrual	2	17
Decrease/increase in assets/liabilities for margin transaction	2,277	(50,177)
Decrease (increase) in loans secured by securities	(1,667)	2,205
Decrease/increase in advance paid/deposits received	71,774	(19,183)
Increase (decrease) in borrowings secured by securities	(1,576)	237
Increase (decrease) in guarantee deposits received	22,768	2,466
Decrease (increase) in short-term guarantee deposits	518	(1,704)
Other, net	(625)	695
Subtotal	8,268	(45,215)
Interest and dividend income received	9,832	11,590
Interest expenses paid	(874)	(1,485)
Income taxes paid	(5,716)	(4,556)
Net cash provided by (used in) operating activities	11,510	(39,665)
Cash flows from investing activities		
Purchase of property, plant and equipment	(118)	(9)
Proceeds from sales of property, plant and equipment	1	-
Purchase of intangible assets	(1,827)	(2,020)
Purchase of investment securities	(20)	(20)
Other, net	(50)	(17)
Net cash provided by (used in) investing activities	(2,014)	(2,067)
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	(2,000)	61,500
Proceeds from long-term loans payable	300	-
Repayments of long-term loans payable	(100)	(100)
Purchase of treasury shares	(0)	(0)
Proceeds from exercise of share options	-	0
Cash dividends paid	(8,469)	(9,492)
Net cash provided by (used in) financing activities	(10,269)	51,908
Effect of exchange rate change on cash and cash equivalents	0	(0)
Net increase (decrease) in cash and cash equivalents	(772)	10,176
Cash and cash equivalents at beginning of period	29,865	29,093
Cash and cash equivalents at end of period	Note 1 29,093	Note 1 39,269

Notes - Significant accounting policies

1. Valuation basis and method of securities and derivatives

(1) Securities and derivatives classified as trading products:

Securities and derivatives classified as trading products are carried at fair value.

(2) Securities not classified as trading products:

Other securities, such as available-for-sale securities, whose fair values are readily determinable:

Other securities, such as available-for-sale securities, whose fair values are readily determinable, are carried at fair value with unrealized gains or losses included as a component of net assets, net of applicable income taxes.

Other securities not publicly quoted:

Other securities not publicly quoted are stated at cost determined on the moving average method. Investments in investment funds are stated at the proportional net value of the Company's interest to the total fund interest.

2. Accounting policy for depreciation of assets

(1) Property, plant and equipment (excluding leased assets)

The Company applies the straight-line method. The useful life for depreciation is 15 to 40 years for buildings and 5 years for equipment.

(2) Intangible assets (excluding leased assets)

The straight-line method is primarily applied. Software for in-house use is depreciated under the straight-line method based on an internal estimated useful life (within 5 years).

(3) Leased assets

Finance lease transactions that do not transfer the ownership to lessee.

Leased assets arising from transactions under finance lease contracts which do not transfer ownership to lessee are depreciated to residual value of zero by the straight-line method using the term of the contract as useful life.

3. Accounting policy for provisions

(1) Allowance for doubtful accounts

An allowance for doubtful accounts is provided for estimated uncollectible doubtful accounts at the amount specifically assessed and for general receivables at the amount computed based on historical loss experience.

(2) Provision for bonuses

Estimated amount of employees' bonuses is accrued.

(3) Reserve for financial products transaction liabilities

The Company accounts for a reserve for financial products transaction liabilities for possible customer losses by default of the securities company on securities transactions according to Article 46-5 of the Financial Instruments and Exchange Act.

4. Scope of cash and cash equivalents in statement of cash flows

"Cash and cash equivalents" in the statement of cash flow is defined as liquid funds including cash in hand, current account deposits and short-term investments which are subject to an insignificant risk of changes in values.

5. Other significant information for preparation of financial statements

Consumption taxes

National and local consumption taxes are separately recorded.

Notes – New accounting standards not yet applied

- Accounting Standard for Revenue Recognition, etc (Accounting Standards Board of Japan (“ASBJ”) Statement No.29, March 30, 2018)
- Implementation Guidance on Accounting Standard for Revenue Recognition (ASBJ Guidance No.30, March 30, 2018)

(1) Outline

These are comprehensive accounting standards for revenue recognition. Revenues are recognized based on the following five-step model.

Step 1. Identify the contract(s) with a customer

Step 2. Identify the performance obligations in the contract

Step 3. Determine the transaction price

Step 4. Allocate the transaction price to the performance obligations in the contract

Step 5. Recognize revenue when (or as) the entity satisfies the performance obligations

(2) Scheduled date of application

The Company plans to apply these standards from April 1, 2021.

(3) Effects of application of these standards

The effects of the application on the financial statements are currently being assessed.

Notes - Balance sheet

Note 1: Notes regarding accumulated depreciation of property, plant and equipment

(Millions of Yen)

	As of March 31, 2017	As of March 31, 2018
Buildings	476	494
Equipment	843	597
Total	1,320	1,091

Note 2: Notes regarding pledged assets

(As of March 31, 2017)

None of the assets are collateralized. The securities bought by customers using money loaned from the Company's own fund, of which fair value amounted to 652 million yen are collateralized for the borrowings on margin transactions. 11,051 million yen of the guarantee securities received from customers are collateralized for borrowings on margin transactions.

(As of March 31, 2018)

None of the assets are collateralized. The securities bought by customers using money loaned from the Company's own fund, of which fair value amounted to 1,278 million yen are collateralized for the borrowings on margin transactions. 20,193 million yen of the guarantee securities received from customers are collateralized for borrowings on margin transactions.

Note 3: Fair value of securities received and deposited are as follows.

(1) Notes regarding market value of securities pledged to counterparties

(Millions of Yen)

	As of March 31, 2017	As of March 31, 2018
1) Securities lent for customers' short positions in margin transactions	48,542	32,656
2) Collateralized securities for borrowings on margin transactions	5,928	37,670
3) Securities loaned out in securities loaned vs. cash transactions	22,420	15,823
4) Long-term guarantee securities deposited	7,437	11,322
5) Securities pledged as collateral for short-term guarantee	40,215	40,430

(2) Notes regarding market value of securities received as collateral from counterparties

(Millions of Yen)

	As of March 31, 2017	As of March 31, 2018
1) Securities received on customers' long positions in margin transaction	227,238	285,470
2) Securities borrowed on margin transactions	8,110	2,582
3) Securities received in securities borrowed vs. cash transactions	8,875	7,068
4) Guarantee securities received from customers	396,801	467,665
5) Securities received from customers as collateral for short-term guarantee	3,039	3,428

Note 4: Notes regarding reserves under special laws

Accounting of reserve for financial products transaction liabilities is based on Article 46-5 of the Financial Instruments and Exchange Act.

Notes - Statement of income

Note 1: Breakdown of financial revenue

	(Millions of Yen)	
	Year ended March 31, 2017	Year ended March 31, 2018
Interest on margin transactions	9,531	10,804
Revenue from securities loaned and borrowed vs. cash transactions	451	893
Other	485	343
Total	10,467	12,040

Note 2: Breakdown of financial expenses

	(Millions of Yen)	
	Year ended March 31, 2017	Year ended March 31, 2018
Interest expense on margin transactions	780	888
Expenses on securities loaned and borrowed vs. cash transactions	10	23
Interest expenses	28	54
Other	410	765
Total	1,228	1,729

Note 3: Notes regarding trading related expenses

	(Millions of Yen)	
	Year ended March 31, 2017	Year ended March 31, 2018
Commission fee	709	799
Membership fees for stock exchanges and securities associations	1,409	1,527
Communications expenses	1,672	1,699
Travel and transportation expenses	15	16
Advertisements	531	536
Entertainment expenses	11	15
Total	4,345	4,592

Note 4: Breakdown of personnel expenses

	(Millions of Yen)	
	Year ended March 31, 2017	Year ended March 31, 2018
Officer's compensations	280	304
Employees' salaries	750	789
Other compensations	810	803
Welfare expenses	168	180
Provision for bonuses	174	227
Share-based compensation expenses	44	62
Total	2,227	2,364

Note 5: Notes regarding real estate expenses

(Millions of Yen)

	Year ended March 31, 2017	Year ended March 31, 2018
Occupancy and rental fee	327	342
Equipment expenses	563	503
Total	891	845

Note 6: Notes regarding office cost

(Millions of Yen)

	Year ended March 31, 2017	Year ended March 31, 2018
Data processing and outsourcing cost of operations	1,835	2,098
Office supplies	5	6
Total	1,841	2,104

Note 7: Notes regarding taxes and dues

(Millions of Yen)

	Year ended March 31, 2017	Year ended March 31, 2018
Enterprise tax (portion on value added levy and capital levy)	312	356
Other	50	50
Total	362	406

Note 8: Notes regarding gain on sales of property, plant and equipment

(Millions of Yen)

	Year ended March 31, 2017	Year ended March 31, 2018
Equipment	1	-
Total	1	-

Note 9: Notes regarding loss on disposal and sales of property, plant and equipment

Loss on disposal

(Millions of Yen)

	Year ended March 31, 2017	Year ended March 31, 2018
Software	13	0
Other	1	1
Total	15	1

Notes - Statement of changes in equity

(Year ended March 31, 2017)

1. Notes regarding issued shares and treasury shares

(Number of shares)

	Number of shares as of April 1, 2016	Number of shares increased in the year ended March 31, 2017	Number of shares decreased in the year ended March 31, 2017	Number of shares as of March 31, 2017
Issued shares				
Common stock	259,264,702	-	-	259,264,702
Treasury shares				
Common stock	2,533,314	52	-	2,533,366

Note: Increase of treasury shares is a result of the purchase of odd-lot shares.

2. Notes regarding share acquisition rights, etc.

(Millions of Yen)

	As of March 31, 2017
Share acquisition rights (2014)	41
Share acquisition rights (2015)	28
Share acquisition rights (2016)	12
Total	81

Note: The share acquisition rights 2014, 2015 and 2016 have not been vested as of March 31, 2017.

3. Notes regarding dividend

(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

(2) Dividends whose effective date is in the year ending March 31, 2017

Date of resolution	Ordinary general meeting of shareholders to be held on June 25, 2017
Type of shares	Common stock
Source of dividends	Earned surplus
Amount of dividend payment	5,135 million yen
Dividends per share	20 yen
Date of record for dividends	March 31, 2017
Effective date	June 26, 2017

(Year ended March 31, 2018)

1. Notes regarding issued shares and treasury shares

(Number of shares)

	Number of shares as of April 1, 2017	Number of shares increased in the year ended March 31, 2018	Number of shares decreased in the year ended March 31, 2018	Number of shares as of March 31, 2018
Issued shares				
Common stock	259,264,702	-	-	259,264,702
Treasury shares				
Common stock	2,533,366	67	24,800	2,508,633

Note:

1. Increase of treasury shares is result of the purchase of odd-lot shares.
2. Decrease of treasury shares is result of exercise of the share acquisition rights.

2. Notes regarding share acquisition rights, etc.

(Millions of Yen)

	As of March 31, 2018
Share acquisition rights (2014)	34
Share acquisition rights (2015)	44
Share acquisition rights (2016)	30
Share acquisition rights (2017)	16
Total	125

Note:

1. 32 million yen out of total 34 million yen of share acquisition rights 2014 has not been vested at the end of the fiscal year ended March 31, 2018.
2. The share acquisition rights 2015, 2016 and 2017 have not been vested as of March 31, 2018.

3. Notes regarding dividend

(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

(2) Dividends whose effective date is in the year ending March 31, 2018 (to be resolved)

Date of resolution	Ordinary general meeting of shareholders to be held on June 24, 2018
Type of shares	Common stock
Source of dividends	Earned surplus
Amount of dividend payment	6,932 million yen
Dividends per share	27 yen
Date of record for dividends	March 31, 2018
Effective date	June 25, 2018

Notes - Statement of cash flows

Note 1: Reconciliation of ending balance of cash and cash equivalents with account balances on the balance sheet

	(Millions of Yen)	
	Year ended March 31, 2017	Year ended March 31, 2018
Cash and deposits	25,743	36,256
Money held in trust	5,950	5,813
Money held in trust whose purpose is to segregate guarantee deposits received	(2,600)	(2,800)
Cash and cash equivalents	29,093	36,269

Notes - Financial instruments

i) General information

1) Policies to handle Financial Instruments

The Company focuses on the stock trading of individual investors. The Company borrows operating capital from financial institutions to support margin transaction. When needed, The Company may procure operating capital in need by issuing straight bonds, and/or other appropriate measures.

Deposits from customers and guarantee deposits received are managed by trust funds in accordance with the requirements of the Financial Instruments and Exchange Act. The Company prioritizes safety in the management of its cash on hand. The cash is deposited in bank accounts or held as highly liquid investments.

The Company does proprietary trading in foreign exchange margin trading to gain trading income in the limited scale. The Company has the minimum range of trading operations in order to provide various services for online trading customers, and generally does not trade its own investments for earnings except for foreign exchange margin trading.

The Company borrows securities from other financial institutions for its customer's selling on margin trading. The Company loans securities held by the Company as collateral on its customer's margin trading to other financial institutions.

2) Details of financial instruments and risks arising from them

Financial assets of the Company mainly consist of cash segregated as deposits whose purpose is to secure deposits from customers and guarantee deposits received, and margin transaction assets which consist of loans on margin transactions. Cash segregated as deposits is mainly invested in call money and loan to bank account which are exposed to the credit risk of borrowers and interest rate risk. In addition, when invested in securities such as government bonds, it is also exposed to the risk of fluctuations in market value. Loans on margin transactions which are partially secured by the collateral from customers are exposed to the credit risk of customers. The Company procures cash through short-term loans payable, which is exposed to liquidity risk at the time of redemption.

Margin transaction liabilities consist of borrowings on margin transactions and cash received for securities lending on margin transactions.

Loans secured by securities are cash collateral pledged for securities borrowing from other financial institutions. Loans payable secured by securities are cash received on debt credit transaction of securities from other financial institutions.

Other securities are mainly listed securities held as investment which is exposed to the credit risk of their issuers and the fluctuation of fair value.

Derivatives in assets and liabilities are mainly the evaluation gain and loss in foreign exchange margin trading. The Company executes foreign exchange margin trade with its customers while also trades with other financial institutions to control the risk arising from the trade with customers. Position arising from uncovered trade with customers is exposed to the fluctuation of currencies although the Company basically covers all the position arising from the trade with customers at the end of each trade date.

3) Risk management

The Company sets rules concerning various risks. Market risk, credit risk and Capital Adequacy Ratio are calculated by the finance division in accordance with the Financial Instruments and Exchange Act which are reported to the board of directors periodically. Allowable risk of dealing is set in corporate rules.

The risk monitoring division monitors margin trading positions of customers at the individual customer level, individual stock name level and customers' total position level.

Dealings including cover trade and matching trade of customers' trades in the foreign exchange margin trading are executed by the algorithms defined beforehand to control risk arising from the fluctuation of currencies.

Liquidity risk related to the redemption of procured fund is managed by the finance division considering the cash flows related to loans on margin trading, brokerage operations and cash segregated as deposits.

4) Supplementary explanation on the fair value of financial instruments

Fair value of financial instruments is evaluated by the market price. If the market price is unattainable, a reasonably calculated value is used. Because this calculation requires the use of estimates, the value may vary according to the differences in the assumptions. Contract value and fair value of derivative trading shown in "Overview of securities and derivatives" themselves are not the indicator of market risk.

ii) Fair value of financial instruments

(Year ended March 31, 2017)

Book value and fair value of financial instruments and the differences between these values as of March 31, 2017 are given in the table below. Financial instruments whose fair value is extremely difficult to obtain are not included in the table. (See Note 2)

	Book value (millions of yen)	Fair value (millions of yen)	Difference (millions of yen)
(1) Cash and deposits	25,743	25,743	-
(2) Cash segregated as deposits	467,212	467,212	-
(3) Money held in trust	5,950	5,950	-
(4) Trading products and Investment securities	4,158	4,158	-
1) Trading securities and other	0	0	-
2) Derivatives	1,408	1,408	-
3) Investment securities	2,749	2,749	-
(5) Margin transaction assets	245,202	245,202	-
(6) Loans secured by securities	9,536	9,536	-
Total assets	757,800	757,800	-
(1) Trading products	281	281	-
Derivatives	281	281	-
(2) Margin transaction liabilities	51,228	51,228	-
(3) Loans payable secured by securities	13,262	13,262	-
(4) Deposits received	272,048	272,048	-
(5) Guarantee deposits received	205,409	205,409	-
(6) Short-term loans payable	126,100	126,100	-
Total liabilities	668,328	668,328	-

Note 1: Calculation method for fair value of financial instruments and details of securities and derivatives.

Assets

(1) Cash and deposits, (5) Margin transaction assets, (6) Loans secured by securities

These are items whose positions are usually settled in short term. The book value is regarded as fair value.

(2) Cash segregated as deposits, (3) Money held in trust

These are mostly trust asset and marked to market. The book value is regarded as fair value.

(4) Trading products and Investment securities

Fair value of the stock is based on the price in the securities exchanges. Fair value of foreign exchange margin trades is based on the spot rate of the currencies at the end of the fiscal period.

Liabilities

(1) Trading products

Fair value of the stock is based on the price in the securities exchanges, etc. Fair value of foreign exchange margin trading is based on the spot rate of the currencies at the end of the fiscal year.

(2) Margin transaction liabilities, (3) Loans payable secured by securities, (4) Deposits received, (5) Guarantee deposits received, (6) Short-term loans payable

These are items whose positions are usually settled in short term. The book value is regarded as fair value.

Note 2: Financial instruments whose fair value is extremely difficult to obtain are as follows.

Items	Book value (millions of yen)
“Other securities” which are not listed on securities exchanges, etc.	143

The fair value of ““Other securities” which are not listed on securities exchanges, etc.” is not included in “Assets (4) Trading products and Investment securities”, because they are not priced in markets, which makes it difficult to evaluate their fair value. Investments in investment funds are included in ““Other securities” which are not listed on securities exchanges, etc.”

Note 3: Estimated redemptions for monetary claims and securities with maturity dates after March 31, 2017

All monetary claims are scheduled due within one year.

Note 4: All monetary debts shown in the table above are scheduled due within one year.

(Year ended March 31, 2018)

Book value and fair value of financial instruments and the differences between these values as of March 31, 2018 are given in the table below. Financial instruments whose fair value is extremely difficult to obtain are not included in the table. (See Note 2)

	Book value (millions of yen)	Fair value (millions of yen)	Difference (millions of yen)
(1) Cash and deposits	36,256	36,256	-
(2) Cash segregated as deposits	455,512	455,512	-
(3) Money held in trust	5,813	5,813	-
(4) Trading products and Investment securities	5,676	5,676	-
1) Trading securities and other	0	0	-
2) Derivatives	2,258	2,258	-
3) Investment securities	3,417	3,417	-
(5) Margin transaction assets	310,574	310,574	-
(6) Loans secured by securities	7,331	7,331	-
Total assets	821,162	821,162	-
(1) Trading products	143	143	-
Derivatives	143	143	-
(2) Margin transaction liabilities	66,423	66,423	-
(3) Loans payable secured by securities	13,499	13,499	-
(4) Deposits received	253,016	253,016	-
(5) Guarantee deposits received	207,875	207,875	-
(6) Short-term loans payable	187,600	187,600	-
Total liabilities	728,557	728,557	-

Note 1: Calculation method for fair value of financial instruments and details of securities and derivatives

Assets

- (1) Cash and deposits, (5) Margin transaction assets, (6) Loans secured by securities

These are items whose positions are usually settled in short term. The book value is regarded as fair value.

- (2) Cash segregated as deposits, (3) Money held in trust

These are mostly trust asset and marked to market. The book value is regarded as fair value.

- (4) Trading products and Investment securities

Fair value of the stock is based on the price in the securities exchanges. Fair value of foreign exchange margin trades is based on the spot rate of the currencies at the end of the fiscal period.

Liabilities

(1) Trading products

Fair value of the stock is based on the price in the securities exchanges, etc. Fair value of foreign exchange margin trading is based on the spot rate of the currencies at the end of the fiscal year.

(2) Margin transaction liabilities, (3) Loans payable secured by securities, (4) Deposits received, (5) Guarantee deposits received, (6) Short-term loans payable

These are items whose positions are usually settled in short term. The book value is regarded as fair value.

Note 2: Financial instruments whose fair value is extremely difficult to obtain are as follows.

Items	Book value (millions of yen)
Other securities	
Unlisted stocks	89
Investment in investment funds	66

The fair value of "Other securities" is not included in "Assets (4) Trading products and Investment securities", because they are not priced in markets, which makes it difficult to evaluate their fair value.

Note 3: Estimated redemptions for monetary claims and securities with maturity dates after March 31, 2018

All monetary claims are scheduled due within one year.

Note 4: All monetary debts shown in the table above are scheduled due within one year.

Overview of securities and derivatives

i) Trading products

Derivatives

1. Derivatives to which hedge accounting is not applied

(Year ended March 31, 2017)

	Assets		Liabilities	
	Contract value (Millions of Yen)	Fair value (Millions of Yen)	Contract value (Millions of Yen)	Fair value (Millions of Yen)
Foreign exchange margin trading	48,552	1,408	8,468	281

Note:

1. Fair value of the foreign exchange margin trading is calculated with spot rate at the end of the fiscal year ended March 31, 2017.
2. The contract value of trading whose fair value is zero is included in "Assets".

(Year ended March 31, 2018)

	Assets		Liabilities	
	Contract value (Millions of Yen)	Fair value (Millions of Yen)	Contract value (Millions of Yen)	Fair value (Millions of Yen)
Foreign exchange margin trading	77,125	2,258	4,302	143

Note:

1. Fair value of the foreign exchange margin trading is calculated with spot rate at the end of the fiscal year ended March 31, 2018.
2. The contract value of trading whose fair value is zero is included in "Assets".

2. Derivatives to which hedge accounting is applied

Not applicable.

ii) Non-trading products

1) Shares of the Company's subsidiaries and investments in subsidiaries and/or affiliates

(Year ended March 31, 2017)

Not applicable.

(Year ended March 31, 2018)

Not applicable.

2) “Other securities” whose market price is available

(Year ended March 31, 2017)

	Type	Year ended March 31, 2017		
		Book value (Millions of Yen)	Acquisition cost (Millions of Yen)	Differences (Millions of Yen)
Those whose book value exceeds acquisition cost	(1) Stocks	2,749	13	2,736
	(2) Bonds	-	-	-
	(3) Others	-	-	-
	Sub total	2,749	13	2,736
Those whose book value does not exceed acquisition cost	(1) Stocks	-	-	-
	(2) Bonds	-	-	-
	(3) Others	-	-	-
	Sub total	-	-	-
Total		2,749	13	2,736

(Year ended March 31, 2018)

	Type	Year ended March 31, 2018		
		Book value (Millions of Yen)	Acquisition cost (Millions of Yen)	Differences (Millions of Yen)
Those whose book value exceeds acquisition cost	(1) Stocks	3,417	13	3,404
	(2) Bonds	-	-	-
	(3) Others	-	-	-
	Sub total	3,417	13	3,404
Those whose book value does not exceed acquisition cost	(1) Stocks	-	-	-
	(2) Bonds	-	-	-
	(3) Others	-	-	-
	Sub total	-	-	-
Total		3,417	13	3,404

3) “Other securities” sold during the current period

(Year ended March 31, 2017)

Not applicable.

(Year ended March 31, 2018)

Not applicable.

Notes - Share options, etc.

i) Cost of share options

	As of March 31, 2017 (Millions of Yen)	As of March 31, 2018 (Millions of Yen)
Share-based compensation expenses	44	62

ii) Details, scale and status of share options

1) Details of share options

Share options series 1

	Share acquisition rights to be exercised from August 9, 2017	Share acquisition rights to be exercised from August 9, 2018	Share acquisition rights to be exercised from August 9, 2019
Date of resolution	July 24, 2014		
Persons eligible for the allotment and their number	6 directors of the Company (excluding outside directors)		
Class and number of shares to be issued	Common stock 27,800 shares	Common stock 27,800 shares	Common stock 28,300 shares
Allotment date	August 8, 2014		
Conditions for exercising	Note 1		
Vesting period	From August 8, 2014 to August 8, 2017	From August 8, 2014 to August 8, 2018	From August 8, 2014 to August 8, 2019
Exercise period	From August 9, 2017 to August 8, 2020	From August 9, 2018 to August 8, 2020	From August 9, 2019 to August 8, 2020

Share options series 2

	Share acquisition rights to be exercised from August 12, 2018	Share acquisition rights to be exercised from August 12, 2019	Share acquisition rights to be exercised from August 12, 2020
Date of resolution	July 27, 2015		
Persons eligible for the allotment and their number	6 directors of the Company (excluding outside directors)		
Class and number of shares to be issued	Common stock 22,500 shares	Common stock 22,500 shares	Common stock 23,000 shares
Allotment date	August 11, 2015		
Conditions for exercising	Note 1		
Vesting period	From August 11, 2015 to August 11, 2018	From August 11, 2015 to August 11, 2019	From August 11, 2015 to August 11, 2020
Exercise period	From August 12, 2018 to August 11, 2021	From August 12, 2019 to August 11, 2021	From August 12, 2020 to August 11, 2021

Share options series 3

	Share acquisition rights to be exercised from August 11, 2019	Share acquisition rights to be exercised from August 11, 2020	Share acquisition rights to be exercised from August 11, 2021
Date of resolution	July 26, 2016		
Persons eligible for the allotment and their number	7 directors of the Company (excluding outside directors)		
Class and number of shares to be issued	Common stock 31,400 shares	Common stock 31,400 shares	Common stock 32,000 shares
Allotment date	August 10, 2016		
Conditions for exercising	Note 1		
Vesting period	From August 10, 2016 to August 10, 2019	From August 10, 2016 to August 10, 2020	From August 10, 2016 to August 10, 2021
Exercise period	From August 11, 2019 to August 10, 2022	From August 11, 2020 to August 10, 2022	From August 11, 2021 to August 10, 2022

Share options series 4

	Share acquisition rights to be exercised from August 18, 2020	Share acquisition rights to be exercised from August 19, 2021	Share acquisition rights to be exercised from August 19, 2022
Date of resolution	July 27, 2017		
Persons eligible for the allotment and their number	8 directors of the Company (excluding outside directors)		
Class and number of shares to be issued	Common stock 42,800 shares	Common stock 42,800 shares	Common stock 43,500 shares
Allotment date	August 17, 2017		
Conditions for exercising	Note 1		
Vesting period	From August 17, 2017 to August 17, 2020	From August 17, 2017 to August 18, 2021	From August 17, 2017 to August 18, 2022
Exercise period	From August 18, 2020 to August 17, 2023	From August 19, 2021 to August 17, 2023	From August 19, 2022 to August 17, 2023

Note 1: Persons allotted share acquisition rights are eligible to exercise only when they are active directors at the time of the exercise. However, the Company may treat the rights of those who are out of the service of directors still effective when it finds reasonable grounds.

2) Number of share options and their changes

Share options which existed during the year ended March 31, 2018 are shown in the tables below. The number of them is translated into the equivalent number of shares.

1) Number of share options

	Share options series 1	Share options series 2	Share options series 3	Share options series 4
Before the end of vesting period				
As of March 31, 2017	83,900	68,000	94,800	-
Granted	-	-	-	129,100
Forfeited	-	-	-	-
Vested	27,800	-	-	-
Unvested	56,100	68,000	94,800	129,100
After the end of vesting period				
As of March 31, 2017	-	-	-	-
Vested	27,800	-	-	-
Exercise of rights	24,800	-	-	-
Forfeited	-	-	-	-
Unvested	3,000	-	-	-

2) Price information

(Yen)

	Share options series 1 (Note 1)	Share options series 1 (Note 2)	Share options series 1 (Note 3)
Date of resolution	July 24, 2014	July 24, 2014	July 24, 2014
Exercise price (Yen)	1	1	1
Average stock price at the exercise of rights (Yen)	941	-	-
Fair value at the grant date (Yen)	721	702	684

Note:

1. Share options whose exercise period starts on August 9, 2017.
2. Share options whose exercise period starts on August 9, 2018.
3. Share options whose exercise period starts on August 9, 2019.

	Share options series 2 (Note 1)	Share options series 2 (Note 2)	Share options series 2 (Note 3)
Date of resolution	July 27, 2015	July 27, 2015	July 27, 2015
Exercise price (Yen)	1	1	1
Average stock price at the exercise of rights (Yen)	-	-	-
Fair value at the grant date (Yen)	952	936	919

Note:

1. Share options whose exercise period starts on August 12, 2018.
2. Share options whose exercise period starts on August 12, 2019.
3. Share options whose exercise period starts on August 12, 2020.

	Share options series 3 (Note 1)	Share options series 3 (Note 2)	Share options series 3 (Note 3)
Date of resolution	July 26, 2016	July 26, 2016	July 26, 2016
Exercise price (Yen)	1	1	1
Average stock price at the exercise of rights (Yen)	-	-	-
Fair value at the grant date (Yen)	737	720	703

Note:

1. Share options whose exercise period starts on August 11, 2019.
2. Share options whose exercise period starts on August 11, 2020.
3. Share options whose exercise period starts on August 11, 2021.

	Share options series 4 (Note 1)	Share options series 4 (Note 2)	Share options series 4 (Note 3)
Date of resolution	July 27, 2017	July 27, 2017	July 27, 2017
Exercise price (Yen)	1	1	1
Average stock price at the exercise of rights (Yen)	-	-	-
Fair value at the grant date (Yen)	730	716	703

Note:

1. Share options whose exercise period starts on August 18, 2020.
2. Share options whose exercise period starts on August 19, 2021.
3. Share options whose exercise period starts on August 19, 2022.

3) Evaluation method of fair value of share options allotted during the year ended

March 31, 2018

1) Evaluation method

Black-Scholes model

2) Main basic parameters and the method of their estimation

	Share options series 4 (Note 1)	Share options series 4 (Note 2)	Share options series 4 (Note 3)
Volatility	30.298% (Note 4)	31.037% (Note 5)	30.800% (Note 6)
Time to maturity	4.5 year	5.0 year	5.5 year
Dividend	33 yen / share	33 yen / share	33 yen / share
Risk free rate	(0.083%)	(0.076%)	(0.073%)

Note:

1. Share options whose exercise period starts on August 18, 2020.
2. Share options whose exercise period starts on August 19, 2021.
3. Share options whose exercise period starts on August 19, 2022.
4. Four year and a half historical volatility from February 18 2013 to August 17, 2017 is used.
5. Five year historical volatility from August 18, 2012 to August 17 2017 is used.
6. Five year and a half historical volatility from February 18, 2012 to August 17, 2017 is used.
7. Due to the lack of adequate data for the reasonable estimation, the Company regards share options to be exercised upon the middle point of the exercise period.
8. Based on the dividend distributed during the year ended March 31, 2017.
9. Average compound return of long term government bonds whose redemption time comes within before or after 3 months from the date of the end of the estimated time of maturity.

4) Estimation of the number of share options to be effective at the time of exercise

Due to the difficulty of the reasonable estimation of future forfeiture, the Company basically evaluates actual forfeiture only.

Notes - Tax effect accounting

i) Significant components of deferred tax assets and deferred tax liabilities

(Millions of Yen)

	As of March 31, 2017	As of March 31, 2018
Deferred tax assets		
Accrued enterprise tax	131	183
Excess of allowance for doubtful accounts	493	424
Reserve for retirement bonuses for directors and auditors	63	63
Reserve for financial products transaction liabilities	922	915
Provision for bonuses	54	70
Other	54	70
Total deferred tax assets	1,716	1,723
Deferred tax liabilities		
Valuation difference on available-for-sale securities	(838)	(1,042)
Other	(0)	(0)
Total deferred tax liabilities	(838)	(1,043)
Net balance of deferred tax assets	878	681

ii) The reconciliation between the nominal statutory income tax rate and the effective income tax rate reported in the statement of income

This note has been omitted since the difference between the nominal statutory income tax rate and the effective income tax rate is less than 5/100 of the nominal statutory income tax rate.

Notes - Segment information, etc.

(Segment information)

(Year ended March 31, 2017 and Year ended March 31, 2018)

Disclosures on segment information have been omitted, as the business of the Company consists of only a single segment of online brokerage services.

(Information associated with reportable segments)

(Year ended March 31, 2017)

Information for each product or service

Information for each product or service has been omitted as over 90% of operating revenue from outside customers on the non-consolidated statement of income is related to only a single segment.

Information for each region

1) Revenues from external customers

There is no relevant item as the Company does not earn any overseas revenues.

2) Property, plant and equipment

There is no relevant item as the Company does not hold any overseas property, plant and equipment.

Information for each of main customers

Information for each of main customers has been omitted as no outside customer individually provides over 10% of the operating revenue from outside customers on the non-consolidated statement of income.

(Year ended March 31, 2018)

Information for each product or service

Information for each product or service has been omitted as over 90% of operating revenue from outside customers on the non-consolidated statement of income is related to only a single segment.

Information for each region

1) Revenues from external customers

There is no relevant item as the Company does not earn any overseas revenues.

2) Property, plant and equipment

There is no relevant item as the Company does not hold any overseas property, plant and equipment.

Information for each of main customers

Information for each of main customers has been omitted as no outside customer individually provides over 10% of the operating revenue from outside customers on the non-consolidated statement of income.

(Disclosure of impairment loss on non-current assets for each reportable segment)

Disclosure of impairment loss on non-current assets for each reportable segment has been omitted, as the business of the Company consists of only a single segment of online brokerage service.

(Amortization and unamortized balance of goodwill for each reportable segment)

Not applicable.

(Information about gain on bargain purchase for each reportable segment)

Not applicable.

Notes - Equity in earnings (losses) of affiliates if equity method is applied

Equity method is not applied as there is not an affiliated company.

Notes - Related parties

(Year ended March 31, 2017)

Trades with related parties

Officers and major individual shareholders of the Company, etc.

(Millions of Yen)

Type	Name	Address	Capital stock	Business Involved	Holding of the Company's voting right	Relationship details	Trade details	Trading volume	Balances to the related party
Companies whose voting rights are held by the officers of the Company and their relatives	Shokosha Ltd.	Bunkyo-ku, Tokyo	50	Sales, rental and management of real estate	Shokosha Ltd. directly holds 13.92% of voting rights of the Company.	Rental of real estate	Rental of real estate	14	-

Note:

1. Shokosha Ltd. is also a principal institutional shareholder.
2. The rental of real estate described above is rental from Shokosha Ltd. to be used as the Company's dormitory for employees. The rental fee the Company pays to Shokosha Ltd. is determined based on current leasing rates in the area.

Information on controlling company and important affiliated companies

Not applicable.

(Year ended March 31, 2018)

Trades with related parties

Officers and major individual shareholders of the Company, etc.

(Millions of Yen)

Type	Name	Address	Capital stock	Business Involved	Holding of the Company's voting right	Relationship details	Trade details	Trading volume	Balances to the related party
Companies whose voting rights are held by the officers of the Company and their relatives	Shokosha Ltd.	Bunkyo-ku, Tokyo	50	Sales, rental and management of real estate	Shokosha Ltd. directly holds 13.92% of voting rights of the Company.	Rental of real estate	Rental of real estate	14	-

Note:

1. Shokosha Ltd. is also a principal institutional shareholder.
2. The rental of real estate described above is rental from Shokosha Ltd. to be used as the Company's dormitory for employees. The rental fee the Company pays to Shokosha Ltd. is determined based on current leasing rates in the area.

Information on controlling company and important affiliated companies

Not applicable.

Notes - Per share information

	Year ended March 31, 2017	Year ended March 31, 2018
Net assets per share	369.02 Yen	384.12 Yen
Basic earnings per share	41.67 Yen	50.28 Yen
Diluted earnings per share	41.65 Yen	50.24 Yen

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

Items	Year ended March 31, 2017	Year ended March 31, 2018
Basic earnings per share		
Net income (Millions of Yen)	10,697	12,908
Net income not attributed to common stock (Millions of Yen)	-	-
Net income attributed to common stock (Millions of Yen)	10,697	12,908
Average number of shares of common stock outstanding (Shares)	256,731,362	256,741,264
Diluted earnings per share		
Increase of common stock (Shares)	115,714	199,670
[Of the above, share acquisition rights (Shares)]	[115,714]	[199,670]
Significant changes in the diluted securities which are not considered in the calculation of diluted earnings per share	-	-

Notes - Significant events after reporting period

Not applicable.

[5] Annexed detailed schedules

i) Annexed detailed schedule of securities

According to the Article 124 of Regulations on Financial Statements, a detailed list of investment securities whose book value as of March 31, 2018 totals less than 1/100 of the total assets is omitted.

ii) Annexed detailed schedule of property, plant and equipment, etc.

(Millions of Yen)

		As of April 1, 2017	Increase in the current period	Decrease in the current period	As of March 31, 2018	Accumulated Depreciation and Amortization	Depreciation expensed in the current period	Net value of assets
Property, plant and equipment	Buildings	653	0	0	653	494	18	159
	Equipment	1,190	8	349	848	597	103	251
	Land	434	-	-	434	-	-	434
	Total	2,278	8	350	1,936	1,091	121	845
Intangible assets	Software	17,518	1,775	598	18,696	14,231	1,428	4,465
	Other	20	-	-	20	20	-	0
	Total	17,538	1,775	598	18,716	14,251	1,428	4,465
Long-term prepaid expenses		23	2	1	25	11	6	14

Note: The increase in equipment and software is due to the capitalization of upgrade costs for the online securities trading system "Netstock" or due to acquisitions in response to the introduction of new services during the current year.

iii) Annexed detailed schedule of corporate bonds

Not applicable.

iv) Annexed detailed schedule of borrowings

Item	As of April 1, 2017 (Millions of Yen)	As of March 31, 2018 (Millions of Yen)	Average Interest Rate (%)	Maturity
Short-term loans payable	126,000	187,500	0.14	-
Long-term loans payable to be repaid within 1 year	100	100	0.60	-
Long-term lease liabilities to be repaid within 1 year	-	-	-	-
Long-term loans payable excluding those to be repaid within 1 year	150	50	0.60	July 31, 2019
Long-term lease liabilities excluding those to be repaid within 1 year	-	-	-	-
Other interest-bearing liabilities: Borrowings on margin transactions to be repaid within 1 year	5,932	37,158	0.60	-
Total	132,182	224,808	-	-

Note:

1. "Average Interest Rate" is the weighted average interest rate as of March 31, 2018.
2. Long-term borrowing within 5 years after March 31, 2018 is planned as follows:

(Millions of Yen)

Item	Over 1 year and Within 2 years	Over 2 year and Within 3 years	Over 3 year and Within 4 years	Over 4 year and Within 5 years
Long-term borrowings	50	-	-	-

v) Annexed detailed schedule of provisions

(Millions of Yen)

Item	Balance as of April 1, 2017	Increase	Decrease		Balance as of March 31, 2018
			Appropriation	Others	
Allowance for doubtful accounts	1,665	221	96	250	1,540
Provision for bonuses	174	227	174	-	227
Reserve for financial products transaction liabilities	3,012	-	-	25	2,987

Note:

1. The decrease (others) of allowance for doubtful account is mainly due to reversal from revaluation of the allowance and the collection of the doubtful accounts.
2. The decrease of reserve for financial products transaction liabilities is a reversal of the amount exceeding the regulatory requirement.

vi) Annexed detailed schedule of asset retirement obligations

The annexed detailed schedule of asset retirement obligations has been omitted as asset retirement obligations are less than 1/100 of total liabilities and net assets on consolidated balance sheet both as of April 1, 2017, and as of March 31, 2018.

(2) Components of major assets and liabilities

[1] Assets

i) Cash and deposits

	Book value (Millions of Yen)
Cash in hand	0
Cash at banks	36,256
Demand deposits	29,667
Ordinary deposits	6,563
Segregated deposits	26
Total	36,256

ii) Cash segregated as deposits

	Book value (Millions of Yen)
Trusted money segregated for customers as fiduciary assets	443,000
Trusted money segregated for customers' foreign exchange margin trading	12,500
Other	12
Total	455,512

iii) Margin transaction assets

	Book value (Millions of Yen)
Loans on margin transactions	308,037
Cash collateral pledged for securities borrowing on margin transactions	2,537
Total	310,574

[2] Liabilities**i) Margin transaction liabilities**

	Book value (Millions of Yen)
Borrowings on margin transactions	37,158
Japan Securities Finance Co., Ltd.	37,158
Cash received for securities lending on margin transactions	29,266
Total	66,423

ii) Deposits received

	Book value (Millions of Yen)
Deposits from customers	245,810
Deposits for others	7,206
Total	253,016

iii) Guarantee deposits received

	Book value (Millions of Yen)
Guarantee deposits received concerning margin transaction	171,917
Guarantee deposits received concerning futures transaction	20,086
Other	15,873
Total	207,875

iv) Short-term loans payable

	Book value (Millions of Yen)
Sumitomo Mitsui Banking Corporation	28,000
Sumitomo Mitsui Trust Bank, Ltd.	25,000
Mizuho Bank, Ltd.	20,000
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	20,000
The Hachijuni Bank, Ltd.	7,000
The Shizuoka Bank, Ltd.	5,000
The Norinchukin Bank	5,000
Resona Bank, Ltd.	5,000
Others	19,500
Call money	53,000
Long-term loans payable due within one year	100
Total	187,600

(3) Other information

Quarterly operating revenue and others for the fiscal year ended March 31, 2018

	Three months Ended June 30, 2017	Six months Ended September 30, 2017	Nine months Ended December 31, 2017	Year Ended March 31, 2018
Operating revenue (Millions of Yen)	7,215	14,586	23,327	32,210
Net operating revenue (Millions of Yen)	6,896	13,852	22,023	30,480
Profit before income taxes (Millions of Yen)	4,016	8,050	13,200	18,656
Profit (Millions of Yen)	2,780	5,570	9,136	12,908
Basic earnings per share (Yen)	10.83	21.70	35.58	50.28

	Three months ended June 30, 2017	Three months ended September 30, 2017	Three months ended December 31, 2017	Three months ended March 31, 2018
Basic earnings per share (Yen)	10.83	10.87	13.89	14.69

2. Information about company which provides guarantee to reporting company

Not applicable.

Note: The Original Annual Securities Report includes the audit report by PricewaterhouseCoopers Aarata LLC for the financial statements for the year ended March 31, 2018.