

Annual Securities Report for the 104th Fiscal Year (From April 1, 2019 to March 31, 2020)

Matsui Securities Co., Ltd.

1-4, Kojimachi, Chiyoda-ku, Tokyo

Representative: Michio MATSUI, President & CEO

Original Japanese Report was filed with the Director of the Kanto Local Finance Bureau on June 26, 2020 pursuant to Article 24, Paragraph 1 of the Financial Instrument and Exchange Act.

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Notice to Readers 3: The original Annual Securities Report is attached with an audit report by PricewaterhouseCoopers Aarata LLC for the financial statements for the fiscal year ended March 31, 2020.

Part 1. Company Information

1. Overview of Company

1) Summary of Business Results

Fiscal year	100 th	101 st	102 nd	103 rd	104 th
End of fiscal year	March 2016	March 2017	March 2018	March 2019	March 2020
Operating revenue (millions of yen)	34,435	27,727	32,210	27,313	24,150
Net operating revenue (millions of yen)	33,003	26,499	30,480	25,999	22,345
Ordinary profit (millions of yen)	21,833	15,044	18,632	13,592	9,016
Profit (millions of yen)	14,763	10,697	12,908	9,562	6,136
Equity in earnings of affiliates if equity method is applied (millions of yen)	-	-	-	-	-
Share capital (millions of yen)	11,945	11,945	11,945	11,945	11,945
Total number of issued shares (shares)	259,264,702	259,264,702	259,264,702	259,264,702	259,264,702
Net assets (millions of yen)	92,718	94,820	98,751	96,579	80,285
Total assets (millions of yen)	663,425	770,716	836,318	695,993	708,314
Net assets per share (yen)	361.01	369.02	384.12	375.45	311.72
Dividend paid per share [Interim dividend paid per share] (yen)	45.00 [25.00]	33.00 [13.00]	44.00 [17.00]	84.00 [19.00]	45.00 [22.50]
Basic earnings per share (yen)	57.50	41.67	50.28	37.24	23.89
Diluted earnings per share (yen)	57.49	41.65	50.24	37.20	23.86
Equity-to-asset ratio (%)	14.0	12.3	11.8	13.9	11.3
Rate of return on equity (%)	16.2	11.4	13.4	9.8	7.0
Price-earnings ratio (times)	16.68	20.90	19.17	27.98	33.19
Payout ratio (%)	78.3	79.2	87.5	225.6	188.4
Net cash provided by (used in) operating activities (millions of yen)	43,431	11,510	(39,665)	103,499	60,195
Net cash provided by (used in) investing activities (millions of yen)	(824)	(2,014)	(2,067)	(2,011)	(2,749)
Net cash provided by (used in) financing activities (millions of yen)	(48,147)	(10,269)	51,908	(101,650)	(41,209)
Cash and cash equivalents (millions of yen)	29,865	29,093	39,269	39,108	55,345
Number of employees [Average number of temporary workers]	121 [195]	123 [197]	130 [191]	142 [195]	142 [216]
Total shareholder return [Comparison: Dividend-included TOPIX] (%)	91.9 [89.2]	86.9 [102.3]	99.5 [118.5]	114.3 [112.5]	95.6 [101.8]
Highest share price (yen)	1,170	1,040	1,087	1,318	1,057
Lowest share price (yen)	876	775	820	945	621

Note 1: Operating revenue does not include consumption tax, etc.

Note 2: Equity in earnings of affiliates if equity method is applied is not shown above because the Company does not have affiliates.

Note 3: The year-end dividend of 84.00 yen includes 39.00 yen of commemorative dividend for the 100th anniversary of the Company.

Note 4: 45.00 yen dividend paid per share for the 104th fiscal year includes year-end dividend of 22.50 yen which is to be resolved at the ordinary general meeting of shareholders scheduled to be held on June 28, 2020.

Note 5: The highest and lowest share prices are quoted from the 1st section of the Tokyo Stock Exchange.

2) Company History

The Company's history starts from Matsui Fusakichi Shoten which was established at Nihombashi, Tokyo in May 1918. It was reorganized as a legal person, Matsui Shoten Co., Ltd. in March 1931 which evolves to the present Company.

Month and year	Event
March 1931	Matsui Shoten Co., Ltd. was incorporated.
December 1947	Trade name of the Company was changed to Matsui Securities Co., Ltd.
August 1948	The Company was registered as a securities firm.
April 1949	Takeshi MATSUI became the second President & CEO. The Company became a regular member, which is now called a participant of general trading, of the reopened Tokyo Stock Exchange.
April 1968	The Company was granted a license under the former Securities and Exchange Law.
January 1979	The head office was relocated to 1-20-7, Nihombashi, Chuo-ku, Tokyo.
December 1987	Masatoshi MATSUI became the third President & CEO.
June 1995	Michio MATSUI became the fourth President & CEO.
April 1996	The Company eliminated stock custodian fees.
February 1997	The Company reduced trading commissions for shares traded on the OTC market, cutting them by one-half.
May 1998	The Company started "Netstock", first full-fledged on-line brokerage service in Japan. The Company started first on-line margin trading service in Japan. The Company started on-line Nikkei average futures option (long position) services.
December 1998	The Company was registered as a securities firm under article 28 of former Securities and Exchange Act.
October 1999	The Company introduced new brokerage fee structure ("Box Rate") following the total deregulation of brokerage fee.
June 2000	Trade name of the Company was changed to Matsui Securities Co., Ltd. (The change is in the Chinese characters pronounced as the same.).
September 2000	The Company revised its brokerage fee structure ("Box Rate") to charge tabled fixed commissions according to the tabled range of total value of trades in one day.
March 2001	The Company became a specified regular member, which is now called a participant of general trading, of Nagoya Stock Exchange.
April 2001	The Company introduced NetFx, an on-line foreign exchange margin trading service.
August 2001	The Company listed its shares on the first section of the Tokyo Stock Exchange (Securities Code: 8628). The Company deregulated its own internal rules with respect to the minimum guarantee amount for the margin trades.
December 2001	The Company won the 1 st Porter Prize promoted by the Graduate School of International Corporate Strategy, Hitotsubashi University.
May 2002	The Company overhauled its "Netstock" service. The Company entered into underwriting business.
September 2002	The Company introduced stock lending service ("Yokabu") which offers its customers lending fees for their securities deposited at the Company.
October 2002	The Company started offering MMF in foreign currencies. The Company started to accept underage minors' accounts.
November 2002	The Company started supporting donation between its customers' accounts.
April 2003	The Company revised its brokerage commission structure "Box Rate" which merged all brokerage commissions including stock and option trading commissions into "1 box" structure.
July 2003	The Company started services for unlimited margin trading.
November 2003	The Company started a service which enables customers to mail their securities to the Company using Japan Post's Yu-Pack service.
June 2004	The head office was relocated to and registered at 1-4, Kojimachi, Chiyoda-ku, Tokyo.
July 2004	The Company started services for selling in its unlimited margin trading.
April 2005	The Company started services for Nikkei average futures trading and services for selling in Nikkei average options trading.
July 2005	The Company opened Sapporo Call Center.
April 2006	The Company revised its commission structure for stocks, futures and options trading to fit for broader types of investors.

Month and year	Event
July 2006	The Company started services for “Nikkei 225 mini” trading.
September 2006	The Company introduced real time trading tool "Netstock High Speed".
November 2007	The Company started services for Nikkei average futures and options trading in the evening session. The Company started a service for real-time withdrawal of money fund, which enables customers to have their money deposited at the Company wired to their bank account at the time of request by them.
February 2008	The Company won “6 th Prize for the Enhancement of Individual Shareholder Base” by the Tokyo Stock Exchange’s “Listing Company Prizing Initiative”.
March 2009	The Company introduced real time information application "KABU touch" for smartphones.
January 2011	The Company abolished charging fees for small amount stock investments.
November 2011	The Company reduced its fees for Nikkei average futures trading to the lowest level among major on-line securities brokers.
January 2013	The Company introduced "Margin Trading Service for Day-trades" taking advantage of the newly relaxed deposit rules for margin trading.
March 2014	The Company introduced “Premium Short-Selling Services” for “Margin Trading Service for Day-trades”.
February 2015	The Company introduced “Futures Trading Service for Day-trades” limited to day-trades.
May 2015	The Company introduced new website for customers “Netstock Smart.”
October 2016	The Company totally overhauled its website.
November 2016	The Company started investment trust business and offering the portfolio offering service “Toshin Kobo”.
March 2018	The Company started “Night Trade” services for stock trading.
May 2018	The Company started services called “Best Match” to provide price improvement opportunities for customers in their stock trades.
April 2019	The Company renewed the FX trading platform for clients.
December 2019	The Company abolished commission for selling investment trusts. The Company broadened the scope of small-amount transactions available free of charge.

3) Description of Business

The Company’s main business is stock brokerage services for individual investors and the Company provides an on-line securities trading service. Specifically, the Company provides brokerage services of stocks, futures and options, provides services for underwriting, offering and secondary distribution and solicitation for selling, sells investment trusts, and provides FX (foreign exchange margin trading) services. Since the Company is a provider of on-line securities trading service comprising a single segment, segment information is omitted.

4) Overview of Affiliated Company

Not applicable.

5) Information about Employees

(1) About the Company

(As of March 31, 2020)

Number of employees	Average age (years old)	Average length of service (years)	Average annual compensation (thousands of yen)
142 (216)	39.9	12.9	7,381

Note 1: Number of employees is the number of workers including employees dispatched from other companies to the Company. Number of employees includes 3 employees on leave of absence.

Note 2: Average annual compensation includes bonus and extra wages.

Note 3: Number of temporary workers are shown in parenthesis and not included in the number of employees. Number of temporary workers are average number of workers at work for the recent 1 year.

Note 4: Information by each segment is omitted since the Company is a provider of on-line securities trading service comprising a single segment.

(2) About employees' union

Concerning the Company, Matsui Securities Co., Ltd. Employees' Union is organized which consists of employees of the Company and whose headquarters is located at the headquarters of the Company. The total number of union members as of March 31, 2020 is 108.

Labor-management relations are good and there are no matters worthy of special mention like a dispute between labor and management.

2. Business Overview

1) Management Policy, Business Environment, and Issues to be Addressed, etc.

Matters concerning the future within this section are matters which have been determined by the Company as of the end of the current fiscal year ended March 31, 2020.

(1) Basic management policy

The Company has upheld the corporate philosophy of "Supporting the rich lives of customers through provision of financial products and services which have value to individual investors" and has adopted the common value of "customer-centric approach" shared within the organization. The Company will make efforts to provide financial products and services which will satisfy the various needs of individual investors, in order to support customers' investments and asset formation, trying to think in the mindset of the customer.

(2) Target management indicators

The Company upholds the management objective to maximize profits as well as shareholder value by effectively utilizing its limited management resources. The Company is of the view that ROE (Return on Equity ratio) which indicates the efficiency of capital (i.e. degree of the effective use of management resources) is the most appropriate targeted management indicator. Furthermore, the Company has positioned ROE as an important indicator related to the continuous creation of shareholders value, and has adopted a mid-term to long-term management objective to achieve ROE which exceeds the cost of shareholders' equity (currently 8%).

The ROE for the current fiscal year ended March 31, 2020 was 7.0%, which decreased from 9.8% in the preceding fiscal year against the background of decrease in stock brokerage trading value etc. The above-mentioned target has not been achieved, but the Company will continue to strive to improve capital efficiency going forward in the mid- to long-term.

(3) The management environment

By concentrating management resources to the on-line brokerage business and taking a "selection and concentration" approach, the Company has maintained low-cost and efficient operations. As a result, the Company has kept its ordinary profit ratio at a level higher than those of competitors in the same industry. Furthermore, the Company believes that the reason why it has been receiving stable support from customers is due to 1) its strong brand and name recognition

as the pioneer on-line brokerage firm and its credibility based on it, 2) the easy-to-understand commission structure which is price competitive, 3) simple and easy-to-use trading tools, and 4) a full support system which has been developed taking into account special features of conducting operations without having shops on the ground.

In 1998, the Company was the first firm in Japan to start providing on-line stock brokerage services. Since then, the proportion of customers of on-line brokerage firms within the total stock brokerage trading value by individual investors has continued to increase year-on-year, and currently makes up for around 90%. On the other hand, the ratio of shareholdings of on-line brokerage firms' customers to total shareholdings held by individuals still remains at around 20%, even though such ratio is increasing year-to-year. The inflow of share assets from face-to-face brokerage firms to on-line brokerage firms is continuing, and we believe that there is still room going forward for increase of stock trading value by individuals through on-line brokerage firms.

In the on-line securities industry, with respect to stock trading value by individuals, an oligopoly by the 7 main brokerage firms (i.e. Matsui Securities, SBI Securities, Rakuten Securities, au Kabucom Securities, MONEX, GMO CLICK Securities, Okasan Online Securities) is continuing, and the shares of each firm's stock trading value for individuals have become immobilized reflecting their respective trading commission levels. Trading commissions in the industry have decreased to its lowest levels, and as a result, the commission fee reduction battle to gain customers had settled down in recent years. However, since the latter half of September 2019, in the U.S. on-line brokerage industry, large brokerage firms took the course of making brokerage commissions fully free of charge, and also in the on-line brokerage industry in Japan, there were movements towards making stock trading commissions partially free of charge, or expanding the scope of transactions enjoying free commissions. However, since the business environment and earning structure of on-line brokerage companies in the U.S differ largely from those in Japan, so far the trend in Japan has been confined to making margin transaction commissions free of charge in combination with an increase in margin transaction interest rates or a partial reduction of commissions where there is little impact on earnings. Given such a trend, the competing brokerage companies have been revisiting their earnings structures, and it is believed that these companies will move towards diversification of revenue sources even more than before, in order to reduce their dependence on stock trading commissions, by focusing on expanding business into areas such as FX (foreign exchange margin trading), investment trusts, wholesale business, investment business, and strengthening services which will increase profits from assets deposited by customers.

As a new trend in the industry in recent years, there are many new entrants coming in from other industrial sectors and FinTech ventures. The current business model of on-line brokerage firms, even though they may seem to have a wide customer base in terms of number of accounts, is in the state where most of their income is dependent on only a fraction of the customers who have high frequency of trading. The trend among new entrants is to aim for a long-tail business model and earn income by approaching a large number of customers, even though the size of assets held by each customer may be small. This challenging factor towards a new business model is a common issue facing the entire industry, including existing brokerage firms like the Company as well as new entrants.

With respect to the impact of spreading of infection of COVID-19, given the characteristic of the on-line brokerage business that transaction orders are taken on-line without facing customers and also as customers inquiries are processed over the phone or over the internet, the impact on the management environment etc. is limited. On the other hand, as a result of high volatility in the stock markets and FX markets, many individual investors have increased their investment activities and there are also many individual investors who have newly started to make investments, and total trading value as well as the number of new account openings at on-line brokerage companies have significantly increased. Also, the use of videos and on-line seminars has increased as a means of providing information to individual investors, and it is believed that this trend will continue to accelerate, even after COVID-19 settles down, as more consumers become used to on-line communication.

(4) Medium- to long-term management strategies

[1] Strengthening of the stock brokerage business

The Company focuses on the on-line based stock brokerage business as its core business. In order to maintain and expand its share of stock trading value by individuals within the on-line securities industry, the Company intends to continue developing and providing high value-added products and services which will contribute to customer satisfaction and strengthen its customer base going forward.

In the current fiscal year ended March 31, 2020, stocks trading commissions and interest rates were revised, and the scope of commission-free transactions for small value investments was expanded. Interest rates and stock lending commissions for the “one-day margin transaction” service dedicated to day trades was reduced. Also, the customer website was fully renewed, functional improvements were made to the trading tool “Net Stock High Speed”, in an effort to improve transaction convenience. Furthermore, the stock-lending service was expanded, and a new service was commenced where customers are able to receive interest from stock-lending by utilizing their shares put up for margin transactions (substitute securities).

[2] Expansion and improvement of products and services

The stock brokerage business which is the Company’s main revenue source is currently highly dependent on a portion of the customer base which has high frequency of trading, and as a result, the current situation is that there is a high correlation between stock market conditions and the Company’s business performance. In order to respond to long-term changes to the business environment, expansion of the Company’s business operations is indispensable, and the Company’s policy is to actively expand and improve on-line products and services while maintaining efficient operations at low costs. Furthermore, for businesses which require technology and expertise which the Company does not have, the Company’s policy is to actively pursue alliances with outside firms such as FinTech venture firms.

In particular, with respect to the investment trust service commenced in November 2016, the Company is making continuous efforts to expand and improve the service and to increase the assets deposit balance. In the current fiscal year ended March 31, 2020, the Company made sales commissions for all of its investment trust products free of charge, and it also announced commencement

of the “Toshin (Investment Trust) Monthly Cash Return Service”, a first service of its kind in Japan which returns a part of the trust commissions to the customers in cash, in an effort to reduce costs to customers who purchase and hold investment trusts. The Company also focused on acquiring customers from other brokerage firms, and commenced the service where the Company bears all of the transfer costs which arise when transferring investment trusts from other brokerage companies to the Company. The Company believes that efforts to enhance the investment trusts business will contribute to future expansion of asset services.

As to the Company’s FX business, the Company has conducted a full review of its business model in May 2017, and has switched from a brokerage model where all customer orders are covered, to a trading model where the Company, while holding proprietary positions, conducts cover trades by directly accessing the interbank market. Since then, the Company has been able to reduce cover costs and significantly improve profitability. Also, the Company has conducted a full renewal of its services and renewed the trading channels over PCs and smartphones, and also expanded currency pairs for trading and lowered the monetary units for trading. Going into the future, the Company intends to continue to strengthen its business by seeking expansion of trading volumes.

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

Upon implementing the basic management policy and medium- to long-term management strategies described in (1) and (4) above, operational and financial issues to be addressed by the Company are as follows.

[1] Expansion of customer base

On-line brokerage firms including the Company may seem to have a wide customer base in terms of the number of accounts, however, the ratio of active accounts to the entire number of accounts is low, and a large part of income is dependent on only a portion of the customers who have a high frequency of trading. Therefore, one issue which needs to be addressed going forward is to continue to expand its customer base. In the current fiscal year ended March 31, 2020, the Company has continued to make efforts to expand its customer base, by renewing the investment information contents provided on its website, making the website easy to use for even investment beginners by enhancing the information provided regarding shareholders’ benefits and investment trusts, and also by holding seminars and various events for investment beginners.

On the other hand, financial assets of individual investors deposited with face-to-face brokerage firms have continued to flow into the on-line securities industry, and the ratio of shareholding amounts of customers of on-line brokerage firms to total shareholding amounts of individual investors has been increasing year-on-year. Therefore, the Company has continued efforts to strengthen its trading services targeting those customers who have high frequency of trading, such as stocks, futures, and FX, as well as focusing on investment trusts which is an asset service for customers who are seeking asset formation for the future, although they may have low trading frequency.

Furthermore, within the area of investment trusts, by the transfer cost coverage service commenced in the current fiscal year and the “Toshin (Investment Trust) Monthly Cash Return Service” which was announced to commence, the Company will continue to promote the inflow of customers and assets from face-

to-face brokerage firms to on-line brokerage firms in order to acquire new customers.

[2] Improvement of name recognition

The Company's core customer base are individual investors of 50 years of age or older, who make up for half of the number of accounts, and nearly 80% of total assets deposited by customers. This condition is believed to be a common trend in the entire financial services industry for individual customers, and not only for the on-line securities industry. On the other hand, when looking at the breakdown of persons opening new accounts at the Company, customers in their 30's or younger make up for approximately 40% of the total, showing an inflow of younger generation customers. In order to maintain and expand the Company's customer base in the long-term, improvement of name recognition among the current younger generation in particular is important, and the Company will continue to make efforts to improve its brand and name recognition.

In the current fiscal year ended March 31, 2020, the Company has continued to strengthen promotions targeting customers who experience life events such as employment, changing jobs, marriage, childbirth, child-raising, and retirement, created a special website which distributes contents which are useful for asset formation depending on the various life events, distributed advertisement videos, and executed campaigns by utilizing SNS. Furthermore, in an effort to approach a new customer base, the Company tied up with media targeting working women "My Navi Woman", information media for child rearing "KIDSNA", and an application to make family photobooks called "nohana", and distributed contents related to asset formation targeting investment beginners.

[3] Securing stability of trading systems and expansion and improvement of trading tools

Securing safety of the trading system is the lifeline of on-line brokerage firms. In order to make customers comfortable to trade, the Company will seek to take measures to counter conceivable risks such as system failures, cyber-attacks, and natural disasters, as well as to secure capacity to prepare for increase in trading volume and ensure stable operations of the trading system. Furthermore, the Company plans to enhance trading tools taking into consideration the progress and proliferation etc. of IT technologies and provide a trading environment which matches the changes to trading styles of individual investors.

In the current fiscal year ended March 31, 2020, the Company focused on enhancing trading tools, by implementing a full renewal of its stock trading website making the design more user-friendly and expanding various functions, as well as renewing its FX trading channels on computers and smartphones. Also, the Company introduced the two-step authentication service through the use of phone number authentication with the objective to strengthen security at the time of login by customers.

[4] Strengthening of the compliance system and enhancement of the customer support system

The Company will make further efforts to strengthen its compliance system in order to maintain and improve its credibility as a financial institution. Furthermore, in order to deal with the expansion and improvement of business along with the expansion and improvement of products and services, taking into

account the unique features of operating without shops on ground, the Company will further enhance its customer support system through call centers.

In the current fiscal year, “AI Chat”, the chatbot service which utilizes artificial intelligence (AI) was introduced, and convenience was enhanced for the website as well as the customer support system during night time and on the weekends when the call centers are not available. Upon commencement of services, AI deals with inquiries related to the 3 categories of “Various Procedures”, “Taxation System and Filing Tax Returns”, and “Opening Accounts”. Going forward, it is intended to increase the categories which can be handled by AI. The Company’s call center has received the highest “3-star” evaluation for 9 consecutive years under the “2019 Support Center Assessments (securities industry)” sponsored by HDI-Japan (Help Desk Institute) which is an entity which evaluates third parties.

[5] Maintaining a low-cost structure

As the performance of the securities industry is largely affected by the trends in stock markets, stock brokerage commission income and interest income which are the main revenue sources of the Company may significantly fluctuate. Furthermore, various trading commissions in the securities industry have decreased to minimum levels, and although the fee reduction battle related to competition for acquiring customers had settled down during the past few years, given the trend in the U.S. towards making stock brokerage commissions free of charge, also in Japan there were moves towards making certain parts of stock brokerage commissions free of charge or expanding the scope of transactions already enjoying free commissions. Furthermore, given the continuous trend of new entrants into the market from other industries and FinTech ventures, there is still the possibility that the pricing war may heat up again. In order to continue to make profits under such environment, maintaining a low-cost structure is indispensable, and the Company will continue to strictly control costs.

2) Business Risks

Of the matters related to status of business and status of accounting etc. as described in the securities report, the main risks recognized by management as possibly having a significant impact on the financial condition, results of operations, and status of cash flow are as follows.

Matters concerning the future within this section are matters which have been determined by the Company as of the end of the current fiscal year ended March 31, 2020.

(1) High degree of dependence on the stock brokerage business

The Company has adopted the strategy to concentrate its management resources to the on-line based brokerage business, and the stock brokerage business for individual investors which is its core business and makes up for a large portion of the Company’s income. The Company’s main sources of revenues are stock brokerage commission income and interest income earned from lending funds to margin transaction customers, which make up for approximately 90% of the total operating income for the current fiscal year. Going into the future, if stock etc. brokerage trading value of individual investors or the balance of loans on margin transactions should decrease due to sluggish market conditions, the stock etc. brokerage trading value or lending amounts to margin trading customers of the Company should decline due to changes in the competitive environment, or commissions or interest rates are reduced due to the competitive environment,

there may be a material adverse effect on the business performance of the Company.

Furthermore, although the Company's policy is to actively proceed with strengthening the core stock brokerage business as well as expanding and improving on-line products and services such as the investment trust business and FX business, there is no assurance that such expansion of business may necessarily proceed as anticipated due to changes in market trends of the subject areas or due to changes to the competitive environment with other firms.

(2) Competition with other financial institutions

The Company's core business is the stock brokerage business for individual investors. However, the Company is facing a severe environment, as there are some competing companies engaged in the same business who are in a stronger position than the Company in terms of financial resources, technological capabilities, marketing capacity, service-related aspects, name recognition, and customer base, etc. In particular, there are many on-line brokerage firms who are offering lower brokerage commissions in order to acquire customers. Furthermore, following the trend last year in the U.S. on-line securities industry where large firms began to make stock brokerage commissions free of charge, there were moves among some on-line brokerage firms in Japan to make a part of stock brokerage commissions free of charge, or to expand the scope of transactions which were subject to free commissions. Also, in recent years, new entries into the market from other industry sectors and FinTech ventures have continued, and it is envisioned that the competitive environment will become more severe than before. Going into the future, if competition with other financial institutions escalates, there is a possibility that it may have an adverse effect on the Company's business, due to loss of existing customers to other firms, decrease in acquisition of new customers, and increase in advertisements and promotion costs required for acquiring customers.

(3) Risk related to margin transactions etc.

[1] The effect of margin transactions towards the capital-to-risk ratio

Financial instruments business operators are required to maintain a certain level of capital-to-risk ratio, based on the Financial Instruments and Exchange Act, the Cabinet Office Order on Financial Instruments Business etc., and the Financial Services Agency Public Notice on Establishment of Standards for Calculation of Financial Instruments Business Operators' Amount Equivalent to Market Risk, Amount Equivalent to Counterparty Risk, and Amount Equivalent to Basic Risk (hereinafter referred to as the "FSA Public Notice"). The capital-to-risk ratio means the ratio of the non-fixed assets portion of the capital amount to the total sum of the amount for covering possible risks which may accrue due to the fluctuation of prices of the securities held or other reasons (Article 46-6 of the Financial Instruments and Exchange Act).

Financial instruments business operators are required to maintain a capital-to-risk ratio of no less than 120% (Article 46-6, Paragraph 2 of the same Act), and as of the end of March 2020, the Company has maintained a sufficient level of capital-to-risk ratio.

Under the FSA Public Notice, the amount equivalent to counterparty risk is defined as 2% of margin transaction assets, and since increase in the balance of margin transactions will increase counterparty risk for the Company, it is a factor which will lower the capital-to-risk ratio. Going forward, if the balance of margin

transactions of the Company continues to increase, it will become necessary to procure capital in order to maintain the capital-to-risk ratio. At such time, if the Company is not able to procure sufficient capital, the Company will be forced to restrict provision of credit to customers. In such case, there is a possibility that the Company will lose the opportunity to earn stock brokerage commission income and interest income. Furthermore, if regulations are amended and the method of calculation of counterparty risk etc. is changed, it could possibly be a factor which decreases the capital-to-risk ratio.

[2] Credit risk towards customers

In margin transactions which is a prime revenue source for the Company, because such transactions require granting of credit to customers, there is a possibility that the Company may be exposed to credit risk of customers depending on changes to market conditions. In other words, when the customer incurs a loss from margin transactions and the value of the collateralized substitute securities falls, the value of the collateral deposited by the customer may become insufficient, and there is a possibility that loans on margin transactions made to customers cannot be fully recovered. In such case, there may be an adverse effect on the business performance of the Company.

Furthermore, there are similar risks in stock index future trading, Nikkei stock index option trading (short positions), and FX (foreign exchange margin trading).

[3] Risk related to funds procurement

With respect to source of funding for loans on margin transactions regarding standardized margin transactions, the Company borrows money from securities finance companies in addition to using self-procured funds. However, depending on the fluctuations in market conditions, the value of the securities etc. provided as collateral to securities finance companies may decrease, and additional collateral may be required, in which case borrowings etc. will need to be made by the Company on its own. Furthermore, regarding negotiable margin transactions, as normally there are more restrictions on borrowing funds compared to standardized margin transactions, currently such transactions are funded by bank borrowings etc. However, depending on movements in financial markets, the Company's business conditions, or downgrade of its credit ratings, there is a possibility that appropriate funding may not be achieved. Going into the future, depending on the level of cost of funding, there is a possibility that the Company's net financial income may deteriorate or it may become difficult to obtain required funding, in which case there is a possibility that use of negotiable margin transactions may be restricted. In such case, there may be an adverse effect on the business performance of the Company, or opportunities for earning for fee income or interest income may be lost.

Furthermore, upon repayment etc. of borrowings from financial institutions, depending on movements in financial markets, the Company's business conditions, or downgrade of its credit ratings, there is a possibility that refinancing of loans, or borrowing of new loans, or issue of bonds etc. may not be possible under proper conditions. In such case, there may be an adverse effect on the business performance of the Company.

(4) Risk related to systems

Stable systems operations is an important factor for an on-line stock brokerage business which processes information related to customer transactions in high

volumes at once, and if any system failure occurs and it fails to function, it may have material effect on the Company's business.

Such system failures may arise due to problems of hardware or software, or due to human error, or otherwise due to sudden increase in the number of accesses, communication line failure, computer viruses, computer crimes, or disasters etc. The systems used by the Company have been designed anticipating increase in the number of accesses, and measures such as system duplication have been taken in order to counter various conceivable risks. However, if a large volume of orders exceeding expectations is received, or if for some reason the system is damaged or ceases to operate, there is a possibility that orders from customers may not be properly processed. In such case, there may be an adverse effect on the business performance of the Company.

Furthermore, if system failure occurs, or if the Company is not able to appropriately respond to system failures, there is a possibility that the Company may be subject to punishment from the supervisory agencies or be held liable including being claimed for damages, and also there is the possibility that the Company's systems and the support system may lose credibility leading to reduction of customers. In such case, there may be an adverse effect on the business performance of the Company.

Also, if unexpected system processing or administrative processes caused by human factors such as erroneous operations or erroneous processing arise, or if such circumstances cannot be appropriately controlled, the system may fail to function or losses may be incurred associated with handling such function failure, and there is a possibility that it may have significant effect on the Company's business.

(5) Underwriting business

The Company is engaged in underwriting services for initial public offerings of shares etc. Upon underwriting securities, underwriting risk arises as the Company incurs underwriting responsibility. The Company determines underwriting amounts carefully so that shares are not left over in public offerings and secondary offerings; however, if the Company is not able to sell the securities which it underwrites, depending on the movements in the price of the remaining public offering or secondary offering shares, there is a possibility that losses may be incurred. Furthermore, if a scandal event arises with respect to a company for which the Company has conducted underwriting, there is a possibility that the Company's credibility may deteriorate or customers may be lost, or the Company may be held responsible and be claimed for damages by customers. In such case, there may be an adverse effect on the business performance of the Company.

(6) Handling of personal information

It is important for the Company in conducting business to prevent damages from improper acquisition or tampering of personal information or individual numbers of customers. The Company has taken adequate security measures to prevent the improper use of personal information etc. and has conducted internal administration and supervision of outsourcing contractors. However, in the case where personal information is leaked etc. in the future, there is a possibility that the Company may be claimed for compensation of damages or receive administrative punishment by the supervising agency, or the Company's credibility may significantly fall. In such case, it may have an adverse effect on the business performance of the Company.

Furthermore, there is a possibility that the decline in credibility towards security or information management at other brokerage firms, or firms which are engaged in e-commerce, may lead to the decline in credibility of the internet and also the Company's systems. In such case, it may have an adverse effect on the business performance of the Company.

(7) Contracts with external business operators

The Company has entered into business outsourcing contracts with many external business operators in relation to various business affairs. In particular, SCSK Corporation is an important outsourcing contractor of the Company, since the Company has entrusted operations and development of the stock trading system, as well as related back-office operations such as preparation of statutory books and processing of data etc. The Company has also entrusted the operation and development of automatic-updating type trading tools provided to customers to several external business operators. With respect to the handling of inquiries from customers at the Sapporo Center, it is being operated by workers dispatched from Transcosmos Inc. Furthermore, corporate information, market information, and stock information provided to customers are received from information service providers such as QUICK Corp.

In the case where an event occurs which requires such external business operators to interrupt or cease providing its services to the Company, and the Company is not able to promptly take alternative measures, there is a possibility that it may interfere with the Company's business. In particular, in the case where it becomes difficult to maintain a contractual relationship with SCSK Corporation, or if a problem occurs with the Company's systems due to a deterioration of the software development capacity of SCSK Corporation, or if such capacity becomes obsolete and it becomes difficult to maintain the confidence of customers, it will become necessary for the Company or a third party to newly build an alternative system. In such case, if appropriate alternative measures are not taken immediately, there is a possibility that the Company may need to cease providing services to customers, which may have an adverse effect on the business performance of the Company. Furthermore, the Company may be asked to increase expense payments to the external business operators due to revisions etc. of contracts with such operators, in which case, it may likewise have an adverse effect on the business performance of the Company.

Furthermore, if a breach of laws, regulations, and rules etc. by external business operators occurs, there is a possibility that the Company may receive punishment from the supervisory agencies, and also there is a possibility that the Company's social credibility may significantly decline. In such case, there may be an adverse effect on the business performance of the Company.

(8) FX (Foreign exchange margin trading)

For the purpose of offering FX (foreign exchange margin trading) service to customers and to make profits from such service, the Company engages in foreign exchange margin trading with customers, and at the same time, the Company also engages in foreign exchange margin trading with financial institution counterparties in order to control foreign currency risks. With respect to positions arising from transactions with customers, the Company is exposed to foreign exchange risks for positions held which are not covered by cover transactions; however, in principle, all positions are covered at the end of trading on each business day.

The Company has prescribed risk limit amounts for foreign exchange margin trading within its internal rules, and in principle, the Company seeks to manage foreign exchange risks by entering into cover transactions, marry transactions and other dealings based on preset algorithms.

However, despite having such a company policy, in cases where FX losses arise which exceed the assumptions made in the algorithms due to unexpected fluctuations in foreign exchange rates, there is a possibility that there may be an adverse effect on the financial condition of the Company.

Also, as the Company uses its own funds to deposit guarantee money to the cover counterparties, the Company is exposed to the credit risk of its cover counterparties (margin money from customers are completely segregated from the Company's own funds and deposited with a trust bank). Depending on future changes to economic conditions etc., if the credit risk of cover counterparties deteriorate, there is a possibility that it may have an adverse effect on the financial condition of the Company.

(9) Introduction of new regulations due to revisions in laws, regulations, and rules etc.

If new regulations are introduced with respect to business conducted by the Company, and revisions etc. are made to the Financial Instruments and Exchange Act, Act on Sales, etc. of Financial Instruments, Act on Prevention of Transfer of Criminal Proceeds, Act against Unjustifiable Premiums and Misleading Representations, Act on the Protection of Personal Information, Act on the Use of Numbers to Identify a Specific Individual in Administrative Procedures, or other laws, regulations, or rules etc., there is a possibility that the profitability of relevant businesses may decline. In such case, there may be an adverse effect on the business performance of the Company.

(10) Compliance with laws regulations, and rules etc.

The Company is regulated by the Financial Instruments and Exchange Act, Act on Sales, etc. of Financial Instruments, and other laws, regulations, and rules etc., and the Company has made efforts to strengthen its compliance system. However, if a breach of laws, regulations, and rules etc. occurs in the future, there is a possibility that the Company may receive punishment from the supervisory agencies, and also there is a possibility that the Company's social credibility may significantly decline. In such case, there may be an adverse effect on the business performance of the Company.

Furthermore, although the Company has taken measures to educate its officers and employees regarding compliance so that they comply with laws, regulations, and rules, if such measures do not function effectively and there is a acts of dishonesty or breach by an officer or employee of the Financial Instruments and Exchange Act or other laws, regulations, and rules, etc. such as insider trading, there is a possibility that such acts may lead to a decline in the credibility of the Company. In such case, there may be an adverse effect on the business performance of the Company.

(11) Natural disasters etc.

In order to prepare for cases where it becomes difficult to conduct normal business operations due to natural disasters, fires, epidemics (Please refer to (12)), etc., the Company has prepared a business continuity plan, organized related

manuals, and conducts periodic drills. However, if a natural disaster such as earthquakes etc., fires, long-term blackouts, epidemics, international disputes, or terrorist attacks occur, there may be an adverse effect on the business performance of the Company. In particular, as the Company's headquarters and main offices are located in the Tokyo metropolitan area, if a natural disaster occurs in the Tokyo metropolitan area, there is a possibility that the Company may be affected such as having to cease providing services. In such case, there may be an adverse effect on the business performance of the Company.

(12) About COVID19 (New Coronavirus)

With respect to the spreading of infection of COVID 19 in Japan which has become notable from February 2020, the Company has made efforts to prevent the spread of infection by restricting employees' contact with others within and outside of the Company, and by promoting staggered working hours and telework from home, and utilizing on-line meeting systems, based on the policies of the national and regional government. As for specific countermeasures, based on the business continuity plan, a task force has been established in March 2020 headed by the representative director and president and comprised of directors as members. However, depending on the type of work, some job duties cannot be performed from home, and in the case where a large number of employees are infected and cannot come to the office, there is a risk that significant delay may arise in dealing with customers, which may have a material effect on the financial performance of the Company.

(13) Others

As of the end of the current fiscal year ended March 31, 2020, no material law suits etc. have arisen.

3) Management's Discussion and Analysis of the Financial Condition, Results of Operations, and Cash Flows

The discussion and analysis of the Company's results of operations etc. from the Management's perspective are described below. Also, given that the Company has only one business segment, the on-line securities transaction service, segment information has been omitted.

Matters concerning the future within this section are matters which have been determined by the Company as of the end of the current fiscal year ended March 31, 2020.

(1) Status and analysis of results of operations

In the domestic stock market for the fiscal year ended March 31, 2020, the Nikkei Average commenced the period slightly above 21,500 yen, and initially performed steadily backed by favorable U.S. economic indices and the rise in crude oil prices. However, going into May, the Nikkei Average turned down given the announcement by the U.S. Government that it would impose sanction tax duties against China. Thereafter, stock prices temporarily recovered in the back of heightened expectations towards U.S. interest rate reductions, however, in August the U.S. announced the imposition of additional tariffs on China and the Nikkei Average turned down again to around 20,500 yen again. Going into September, stock prices began to rise given the announcement of recommencement of U.S.-China ministerial level discussions and the ECB and FRB decisions on monetary easing policies, and the Nikkei Average recovered to

22,000 yen in mid-September. Since then, stock prices turned to an upward trend due to anticipations towards progress in U.S.-China negotiations and the retreat of no-deal Brexit risk, and the Nikkei Average increased to above 24,000 yen in mid-December, the highest figures since October of 2018. However, since the latter half of January, stock prices began to fall due to concerns over the impact on the global economy of spreading of infection of COVID-19 which arose in China. Towards the end of February, given the spread of infection to Europe and the U.S., stock prices plunged in the back of even stronger sense of caution towards the deterioration of the global economy, and the Nikkei Average temporarily went below the 16,500 yen in mid-March. Thereafter, even though the Nikkei Average rebounded given the expansion of ETF purchases by the Bank of Japan and expectations towards a large-scale economic stimulus measures by the U.S., but the Nikkei Average ended March trading at 18,917 yen.

Under such market environment, total trading value of stocks etc. in the two markets (Tokyo and Nagoya stock exchanges) decreased by 9% compared to the end of the preceding fiscal year. Furthermore, individual investors who are the main customer base of the Company refrained from active trading due the uncertainty towards the future, and stock etc. brokerage trading value by individual investors in the two markets also decreased by 8% compared to the preceding fiscal year. As a result, the percentage of the stock etc. brokerage trading value by individual investors in the two markets was 18% which was approximately the same level as in the preceding fiscal year. Also, the aggregate stock etc. brokerage trading value of the Company was sluggish, and declined by 11% compared to the preceding year.

As new initiatives by the Company in the fiscal year ended March 31, 2020, commissions and interest rates for stock trading were revised, and the scope of small-amount transactions available free of charge was broadened, and interest rates and stock-lending commissions for the margin trading service called “one-day margin transaction service” were also reduced. Furthermore, the Company enhanced services by fully renewing the customer website, expanding stock-lending services, and commencing the service whereby the Company bears all of the transfer costs which arise when transferring stocks and investment trusts held at other securities firms to the Company. Regarding investment trusts, in an effort to reduce costs to the customers for purchasing and holding investment trusts, sales commissions were made fully free of charge, and the Company also announced the commencement of the “Toshin (Investment Trust) Monthly Cash Return Service” which is the first service in Japan where a portion of the trust fees are refunded in cash to the customer. Transaction fees for futures trading was lowered to the lowest level in the industry. Also, the Company made efforts to enhance FX services, by fully renewing transaction channels on PCs and smartphones, increasing currency pairs, and lowering transaction currency units.

Under the above background, during the fiscal year ended March 31, 2020, due to the decrease in the stocks etc. brokerage trading value, commissions received was 13,490 million yen (10.0% decrease compared to the preceding fiscal year). Also, net financial income decreased by 21.1% compared to the preceding fiscal year at 7,734 million yen. This was mainly due to a decrease in the average balance of customers’ long positions of margin transactions.

As a result, operating revenue was 24,150 million yen (11.6% decrease from the preceding fiscal year), and net operating revenue was 22,345 million yen (14.1% decrease from the preceding fiscal year). Also, operating profit was 8,909 million yen (33.8% decrease from the preceding fiscal year), ordinary profit was 9,016

million yen (33.7% decrease from the preceding fiscal year), and net profit was 6,136 million yen (35.8% decrease from preceding fiscal year). In comparison with previous fiscal year, operating revenue, net operating revenue, operating profit, ordinary profit, and net profit significantly decreased. There was no significant effect on the business results due to the spreading of infection of COVID-19.

Revenue and expense items are as described below.

(Commissions received)

Commissions received was 13,490 million yen (10.0% decrease from the preceding fiscal year). Of this figure, brokerage commission was 12,850 million yen (10.0% decrease from the preceding fiscal year), mainly due to an 11% decrease (compared to the preceding fiscal year) in the stocks etc. brokerage trading amount.

(Net trading income)

Net trading income was recorded a profit of 1,120 million yen, mainly due to FX trading profits.

(Net financial revenue)

Net financial revenue derived from subtracting financial expenses from financial revenues was 7,734 million yen (21.1% decrease from the preceding fiscal year). This was mainly due to a decrease in the average balance of customers' long positions of margin transactions.

(Selling, general and administrative expenses)

Selling, general and administrative expenses increased by 7.1% compared to the preceding fiscal year to 13,436 million yen. This was mainly due to an increase in office expenses (15.2% increase compared to the same period of the preceding fiscal year) resulting from an increase of data processing and outsourcing cost of operations, an increase in real estate expenses (30.3% increase compared to the same period of the preceding fiscal year) resulting from an increase in maintenance fee related to a data center, and an increase in depreciation expense (13.7% increase compared to the preceding fiscal year). Although exchange fees have decreased due to a decrease in stocks etc. brokerage trading amount, the trading related expenses have increased by 3.6% because of increases of advertisements associated with enhancement of promotion.

(Non-operating income and expenses)

Net non-operating income totaled 107 million yen. This was mainly due to dividend income of 121 million yen.

(Extraordinary income and losses)

Net extraordinary losses totaled 173 million yen. This was mainly due to loss on valuation of investments in securities of 160 million yen.

The Company has adopted the mid-term to long-term management objective to achieve ROE which exceeds the cost of shareholders' equity (currently 8 %). The ROE for the current fiscal year ended March 31, 2020 was 7.0% in the background of decrease in the average balance of customers' long positions of margin transactions and decrease in stock brokerage trading value etc. However,

the above-mentioned target has not been achieved, the Company will continue to make efforts to improve capital efficiency going forward in the mid- to long-term.

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

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

(3) Status and analysis of financial conditions

As of the end of the current fiscal year, total assets was 708,314 million yen, a 1.8% increase from the end of the preceding fiscal year. This was mainly due to a 5.8% increase in cash segregated as deposits compared to the end of the preceding fiscal year to 449,312 million yen resulting from increases in deposits received and guarantee deposits received etc., a 45.4% increase in cash and deposits compared to the end of the preceding fiscal year to 52,501 million yen, and a 122.9% increase in Loans secured by securities compared to the end of the preceding fiscal year to 21,188 million yen while a 20.5% decrease in loans on margin transactions compared to the end of the preceding fiscal year to 154,302 million yen.

Total liabilities was 628,029 million yen, a 4.8% increase from the end of the preceding fiscal year. This was mainly due to a 13.1% increase in deposits received compared to the end of the preceding fiscal year to 270,003 million yen. In addition, short-term borrowings was 78,900 million yen, a 19.3% decrease from the end of the preceding fiscal year resulting from decreases in loans on margin transactions.

Total net assets was 80,285 million yen, a 16.9% decrease from the end of the preceding fiscal year. In the current fiscal year, the total amount of year-end dividends for the end of the fiscal year ending March 2019 including commemorative dividend for the 100th anniversary of the Company and interim dividends for the fiscal year ending March 2020, which is 22,472 million yen, was recorded, and at the same time a profit of 6,136 million yen was recorded.

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

As of the end of the current fiscal year, deposits received was 270,003 million yen, a 13.1% increase from the end of the preceding fiscal year, and guarantee deposits received was 212,539 million yen, a 5.0% increase from the end of the preceding fiscal year. Accordingly, cash segregated as deposits increased by 5.8% from the end of the preceding fiscal year to 449,312 million yen. Furthermore, given a decrease in loans on margin transactions by 20.5% from the end of the preceding fiscal year to 154,302 million yen, short-term borrowings

also decreased by 19.3% from the end of the preceding fiscal year to 78,900 million yen.

(4) Analysis of status of cash flows

The status of various cash flows for the current fiscal year, and their underlying factors are described below.

(Cash flows from operating activities)

Cash flows from operating activities was plus 60,195 million yen (plus 103,499 million yen for the preceding fiscal year). The main factors behind this were an increase/decrease in assets/liabilities for margin transactions and an increase/decrease in advances paid and deposits received.

(Cash flows from investing activities)

Cash flows from investing activities was minus 2,749 million yen (minus 2,011 million yen for the preceding fiscal year). The main factor behind this was the purchase of intangible fixed assets.

(Cash flows from financing activities)

Cash flows from financing activities was minus 41,209 million yen (minus 101,650 million yen for the preceding fiscal year). The main factor behind this was a net decrease in short-term borrowings and dividend payment.

As a result of the above, cash and cash equivalents balance as at the end of the current fiscal year was 55,345 million yen (39,108million yen at the end of the preceding fiscal year).

(5) Analyses of sources of capital and liquidity of funds

The Company has positioned as its management strategy the strengthening of the stock brokerage business and expansion and improvement of its products and services. In each fiscal year, the Company continues to provide on-line securities trading services, and continuously makes capital investments were made centered on investments in systems necessary for introduction of various new services and enhancing of capacity and improvement of the trading system. Funds for growth is required in order to make such investments, and on the other hand, cash on hand is also necessary for day-to-day business operations. However, as of the end of the current fiscal year, both of these are fully covered within the scope of internal reserves.

The Company has secured sufficient levels of cash on hand to handle settlements of cash payments to customers in relation to stock brokerage transactions and debt credit transaction of securities etc. However the level is not necessarily stable depending on the status of day-to-day settlements etc. Furthermore, the Company secures safety of procurement of funds by making overdraft agreement and/or commitment line agreement with multiple financial Institutions.

The Company's fund procurements are conducted mainly to respond to increase in loans on margin transactions, however recurring loans on margin transactions are funded mainly by increase and decrease in short-term borrowings procured from financial institutions such as banks etc. In order to prepare for situations where loans on margin transactions increase significantly, the Company has made shelf registration so that it may flexibly procure funds though bond issues. However, as of the end of the current fiscal year ended March 31, 2020, taking

into account the levels of loans on margin transactions and internal reserves, a major portion of funds procurement was conducted by short-term borrowings including call money. There was no significant effect on procurement of funds due to the spreading of infection of COVID-19.

The Company has adopted the mid- to long-term management objective to achieve an ROE exceeding its cost of shareholders' equity, and regarding return to shareholders, the Company's policy is to payout dividends for amounts equivalent to the excess over cost of shareholders' equity. The Company's cost of shareholders' equity as of the end of the current fiscal year ended March 31, 2020 has been assumed to be 8% by making reference to a capital asset pricing model. In addition to achieving ROE exceeding 8% as the mid- to long-term management objective, as a dividend policy, the Company also seeks to realize a dividend-on-equity (DOE) ratio of 8% or more for each fiscal period. Furthermore, the Company is targeting a dividend payout ratio for each fiscal period of 60% or higher.

The Company has maintained its capital-to-risk ratio at a sufficient level as of the end of the current fiscal year ended March 31, 2020, and if internal reserves increase even after making returns to shareholders, it will use such funds effectively as sources for loans on margin transactions and for making capital investments.

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

The main account items in the Company's financial statements which are recorded based on estimates are the allowance for doubtful accounts and deferred tax assets on the balance sheet. With respect to allowance for doubtful accounts, the estimated uncollectible amount is booked by taking into consideration the historical credit loss ratio with respect to general accounts receivables, and the possibility of recovery for individual receivables with respect to doubtful accounts. The historical credit loss ratio of general accounts receivables is in principle calculated based on historical performance from the past three years. The amount of allowance for doubtful accounts may increase or decrease due to advances paid for margin transactions for each fiscal year going forward, or changes to historical credit loss ratios or judgements regarding the collectability of individual receivables depending on the status of collections of individual receivables.

For deferred tax assets, the future deductible temporary difference amount is recorded after carefully considering its collectability. The amount of deferred tax assets may change in the future, depending on the changes to future deductible temporary difference amounts for each fiscal period going forward as well as changes to judgements of collectability given changes to the size of future deductible temporary difference amounts and business environment.

There was no significant effect on the estimates for allowance for doubtful accounts and deferred tax assets due to the spreading of infection of COVID-19.

4) Critical Contracts for Operation

Not applicable.

5) Research and Development Activities

Not applicable.

3. Information about Facilities

1) Overview of Capital Expenditures, etc.

In each fiscal year, the Company makes necessary investments in its IT systems in order to continue to provide on-line securities trading services. In the current fiscal year, capital investment of 1,962 million yen were made centered on investments in systems necessary for introduction of various new services and enhancing of capacity and improvement of the trading system. Since the Company is a provider of on-line securities trading service comprising a single segment, descriptions by segment are omitted. Descriptions by segment are also omitted in “2) Major Facilities” and “3) Planned Additions, Retirements, etc. of Facilities” by the same reason.

2) Major Facilities

The major facilities and the allocation of employees of the Company as of March 31, 2020 are as follows.

Name of office	Location	Content of facilities	Book value (millions of yen)				Number of employees
			Buildings	Equipment	Software	Total	
Head office	Chiyoda-ku, Tokyo	On-line securities systems, etc.	35	606	4,403	5,044	134 [30]
Sapporo call center	Chuo-ku, Sapporo-shi, Hokkaido	Call center equipment	6	43	6	55	7[183]

Note 1: Head office and Sapporo call center are rented from other companies.

Note 2: Data center facilities managed by head office are included in head office.

Note 3: Number in [] of number of employees is number of average temporary employees at work.

3) Planned Additions, Retirements, etc. of Facilities

The Company invests on systems in each fiscal year to add new services, to enhance capability of its on-line securities systems and to upgrade them while keeping capability of on-line securities systems stable. As of March 31, 2020 the Company plans to invest 3,000 million yen on systems for the fiscal year ends March 2021. The Company plans no significant addition nor retirements, etc. of facilities.

4. Information about Reporting Company

1) Information about Shares, etc.

(1) Total number of shares, etc.

[1] Total number of shares

Class	Total shares authorized (number of shares)
Common stock	1,050,000,000
Total	1,050,000,000

[2] Issued shares

Class	Total number of issued shares at end of current fiscal year (March 31, 2020)	Number of shares at the date of filing of this Report (June 26, 2020)	Name of stock exchange where shares are listed at or certified securities dealers association by which shares are registered	Contents
Common stock	259,264,702	259,264,702	Tokyo stock exchange (1 st section)	1 unit consists of 100 shares
Total	259,264,702	259,264,702	-	-

Note: Total number of issued shares at the date of filing of this Report does not include shares issued upon exercise of share acquisition rights from June 1, 2020 to the date of filing of this Report.

(2) Share acquisition rights

[1] Details of share option program

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

Date of resolution	July 27, 2015
Persons eligible for the allotment and number of them	6 directors of the Company (excluding outside directors) (Note 1)
Number of the share acquisition rights (Note *)	230
Class and number of shares subject to the share acquisition rights (shares) (Note *)	Common stocks: 23,000 (Note 2)
Amount to be paid per share upon the exercise of each share acquisition rights (yen) (Note *)	1
Exercise period for the share acquisition rights (Note *)	From August 12, 2018 to August 11, 2021 (Note 3)
Issuance price and amount credited to equity capital in the event of share issuance upon the exercise of share acquisition rights (yen) (Note *)	Note 4
Conditions for the exercise of the share acquisition rights (Note *)	Note 5
Matters concerning the transfer of the share acquisition rights (Note *)	The acquisition of the share acquisition rights through assignment shall require the approval of the board of directors of the Company.
Matters concerning the issuance of the share acquisition rights in connection with acts of reorganization (Note *)	Note 6

Note *: The table above shows the contents at end of current fiscal year. There are no changes in these contents at the end of previous month (May 31, 2020) of the month when this Report is filed.

Note 1: The table above shows the contents as of Date of resolution.

Note 2: The number of shares that are the subject of each stock acquisition right shall be 100 (the "number of shares granted"). In the case where the Company conducts a share split, an allotment of shares without contribution or a reverse share split, the number of shares granted shall be adjusted according to the formula below. However, this adjustment will only apply to the number of shares that are the subject of the stock acquisition rights that have not yet been exercised up to that time. Fractional shares resulting from this adjustment shall be rounded down.

Number of shares acquired after adjustment = “Number of shares acquired before adjustment” multiplied by “ratio of share split or reverse share split”

The number of shares after adjustment shall become effective, in the case of a share split, on and after the day immediately following the record date of the relevant share split or, in the case of an allotment of shares without contribution or a reverse share split, on and after its effective date. In addition to the foregoing, in the case where the Company carries out a merger, company split or share exchange, or other equivalent cases requiring adjustment of the number of shares, the Company shall be able to adjust the number of shares granted by the board of directors.

Note 3: If the final day of the exercise period falls on a holiday of the Company, the final day shall be the working day immediately preceding the final day.

Note 4: Issuance price of the share acquisition rights which can be exercised from August 12, 2018 is 953 yen per share. Issuance price of the share acquisition rights which can be exercised from August 12, 2019 is 937 yen per share. Issuance price of the share acquisition rights which can 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.

Note 5: 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) 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 (Fraction of less than 1 share acquisition rights shall be rounded down). [2] From August 12, 2019 to August 11, 2020: Within two thirds of the number of rights originally allotted (including share acquisition rights which can already be exercised by [1]) (Fraction of less than 1 share acquisition rights shall be rounded down). [3] From August 12, 2020 to August 11, 2021: All rights can be exercised. 3) Each one right cannot be partially exercised. 4) Other conditions of exercise are specified in the contracts between the Company and the persons to be allotted share acquisition rights.

Note 6: In the event of a merger (only in cases where the Company is dissolved as a result of the merger), an absorption-type company split or incorporation-type company split (only in respective cases where the Company becomes the splitting company), a share exchange or share transfer (only in respective cases where the Company becomes a wholly owned subsidiary) (Hereinafter, the foregoing shall be referred to collectively as “reorganization measures”), the Company shall issue stock acquisition rights as per a corporation described in Article 236, Paragraph 1, Items 8.1 through 8.5 of the Companies Act (the “reorganizing company”) to each stock acquisition right holder of stock acquisition rights remaining unexercised immediately before the effective date of reorganization measures (hereinafter, the “remaining stock acquisition rights”). However, the foregoing is conditional upon providing for the issuance of stock acquisition rights of the reorganizing company in the absorption-type merger agreement, the incorporation-type merger agreement, the absorption-type company split agreement, the incorporation-type company split plan, the share exchange agreement or the share transfer plan in accordance with the following items: 1) Number of the stock acquisition rights of the reorganizing company to be issued shall be the same number of the stock acquisition rights as the remaining stock acquisition rights held by each stock acquisition right holder. 2) Type of shares of the reorganizing company to be issued upon the exercise of the stock acquisition rights shall be the common stock of the reorganizing company. 3) Number of shares of the reorganizing company to be issued upon the exercise of the stock acquisition rights shall be determined according to the content of the stock acquisition rights of the current stock acquisition rights taking into account the conditions, etc. of the reorganization measures. 4) Amount to be invested when exercising the stock acquisition rights shall be calculated by multiplying the post-reorganization exercise price (one (1) yen per share with respect to the shares issued upon exercise of each stock acquisition right which shall be issued upon reorganization measures) by the number of shares of the reorganizing company to be issued upon exercise of each stock acquisition right, which will be determined in accordance with the above item 3). 5) Exercise period for the stock acquisition rights to be issued upon reorganization measures shall be from either the commencement date for the exercise period of the stock acquisition rights set forth in “Exercise period for the share acquisition rights” in the above table, or the effective date of the reorganization measures, whichever is later, to the last day of the exercise period of the stock acquisition rights set forth in “Exercise period for the share acquisition rights” in the above table. During the Exercise period for the stock acquisition rights which shall be issued upon reorganization measures each stock acquisition right holder can exercise on conditions by “Conditions for the exercise of the share acquisition rights” in the above table. 6) Transfer of the stock acquisition rights which shall be issued upon reorganization measures must be approved by the board of directors of the reorganizing company. 7) Matters regarding the amount of capital and capital reserve to be increased as a result of issuance of shares upon the exercise of the stock acquisition rights, conditions for exercising the stock acquisition rights and conditions of acquisition of the stock acquisition rights shall be determined in accordance with the contents of the current share acquisition rights.

ii. Third series of Matsui Securities Co., Ltd. share acquisition rights

Date of resolution	July 26, 2016
Persons eligible for the allotment and number of them	7 directors of the Company (excluding outside directors) (Note 1)
Number of the share acquisition rights (Note *)	634
Class and number of shares subject to the share acquisition rights (shares) (Note *)	Common stocks: 63,400 (Note 2)
Amount to be paid per share upon the exercise of each share acquisition rights (yen) (Note *)	1
Exercise period for the share acquisition rights (Note *)	From August 11, 2019 to August 10, 2022 (Note 3)
Issuance price and amount credited to equity capital in the event of share issuance upon the exercise of share acquisition rights (yen) (Note *)	Note 4
Conditions for the exercise of the share acquisition rights (Note *)	Note 5
Matters concerning the transfer of the share acquisition rights (Note *)	The acquisition of the share acquisition rights through assignment shall require the approval of the board of directors of the Company.
Matters concerning the issuance of the share acquisition rights in connection with acts of reorganization (Note *)	Note 6

Note *: The table above shows the contents at the end of current fiscal year. There are no changes in these contents at the end of previous month (May 31, 2020) of the month when this Report is filed.

Note 1, Note 2 and Note 3: These notes are the same as Note 1, Note 2 and Note 3 of “Second series of Matsui Securities Co., Ltd. share acquisition rights”, respectively.

Note 4: Issuance price of the share acquisition rights which can be exercised from August 11, 2019 is 738 yen per share. Issuance price of the share acquisition rights which can be exercised from August 11, 2020 is 721 yen per share. Issuance price of the share acquisition rights which can 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.

Note 5: 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) 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 (Fraction of less than 1 share acquisition rights shall be rounded down). [2] From August 11, 2020 to August 10, 2021: Within two thirds of the number of rights originally allotted (including share acquisition rights which can already be exercised by [1]) (Fraction of less than 1 share acquisition rights shall be rounded down). [3] From August 11, 2021 to August 10, 2022: All rights can be exercised. 3) Each one right cannot be partially exercised. 4) Other conditions of exercise are specified in the contracts between the Company and the persons to be allotted share acquisition rights.

Note 6: This note is the same as Note 6 of “Second series of Matsui Securities Co., Ltd. share acquisition rights” with the “above table” appears in the Note 6 of “Second series of Matsui Securities Co., Ltd. share acquisition rights” to be understood as the above table here.

iii. Fourth series of Matsui Securities Co., Ltd. share acquisition rights

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

Note *: The table above shows the contents at end of current fiscal year. There are no changes in these contents at the end of previous month (May 31, 2020) of the month when this Report is filed.

Note 1, Note 2 and Note 3: These notes are the same as Note 1, Note 2 and Note 3 of “Second series of Matsui Securities Co., Ltd. share acquisition rights”, respectively.

Note 4: Issuance price of the share acquisition rights which can be exercised from August 18, 2020 is 731 yen per share. Issuance price of the share acquisition rights which can be exercised from August 19, 2021 is 717 yen per share. Issuance price of the share acquisition rights which can 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.

Note 5: 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) 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 (Fraction of less than 1 share acquisition rights shall be rounded down). [2] From August 19, 2021 to August 18, 2022: Within two thirds of the number of rights originally allotted (including share acquisition rights which can already be exercised by [1]) (Fraction of less than 1 share acquisition rights shall be rounded down). [3] From August 19, 2022 to August 17, 2023: All rights can be exercised. 3) Each one right cannot be partially exercised. 4) Other conditions of exercise are specified in the contracts between the Company and the persons to be allotted share acquisition rights.

Note 6: This note is the same as Note 6 of “Second series of Matsui Securities Co., Ltd. share acquisition rights” with the “above table” appears in the Note 6 of “Second series of Matsui Securities Co., Ltd. share acquisition rights” to be understood as the above table here.

iv. Fifth series of Matsui Securities Co., Ltd. share acquisition rights

Date of resolution	July 5, 2018
Persons eligible for the allotment and number of them	8 directors of the Company (excluding outside directors) (Note 1)
Number of the share acquisition rights (Note *)	1,129
Class and number of shares subject to the share acquisition rights (shares) (Note *)	Common stocks: 112,900 (Note 2)
Amount to be paid per share upon the exercise of each share acquisition rights (yen) (Note *)	1
Exercise period for the share acquisition rights (Note *)	From July 21, 2021 to July 20, 2024 (Note 3)
Issuance price and amount credited to equity capital in the event of share issuance upon the exercise of share acquisition rights (yen) (Note *)	Note 4
Conditions for the exercise of the share acquisition rights (Note *)	Note 5
Matters concerning the transfer of the share acquisition rights (Note *)	The acquisition of the share acquisition rights through assignment shall require the approval of the board of directors of the Company.
Matters concerning the issuance of the share acquisition rights in connection with acts of reorganization (Note *)	Note 6

Note *: The table above shows the contents at end of current fiscal year. There are no changes in these contents at the end of previous month (May 31, 2020) of the month when this Report is filed.

Note 1, Note 2 and Note 3: These notes are the same as Note 1, Note 2 and Note 3 of “Second series of Matsui Securities Co., Ltd. share acquisition rights”, respectively.

Note 4: Issuance price of the share acquisition rights which can be exercised from July 21, 2021 is 862 yen per share. Issuance price of the share acquisition rights which can be exercised from July 22, 2022 is 844 yen per share. Issuance price of the share acquisition rights which can be exercised from July 22, 2023 is 827 yen per share. The amount of capital to be increased due to the issuance of shares upon exercise of the share acquisition rights shall be a half of the maximum amount of capital increase, etc. which is calculated in accordance with Article 17, Paragraph 1 of the Corporation Accounting Regulations, and any fraction less than 1 yen arising from there shall be rounded up to the nearest 1 yen.

Note 5: 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) Persons allotted share acquisition rights are eligible to exercise their rights as follows: [1] From July 21, 2021 to July 21, 2022: Within one third of the number of rights originally allotted (Fraction of less than 1 share acquisition rights shall be rounded down). [2] From July 22, 2022 to July 21, 2023: Within two thirds of the number of rights originally allotted (including share acquisition rights which can already be exercised by [1]) (Fraction of less than 1 share acquisition rights shall be rounded down). [3] From July 22, 2023 to July 20, 2024: All rights can be exercised. 3) Each one right cannot be partially exercised. 4) Other conditions of exercise are specified in the contracts between the Company and the persons to be allotted share acquisition rights.

Note 6: This note is the same as Note 6 of “Second series of Matsui Securities Co., Ltd. share acquisition rights” with the “above table” appears in the Note 6 of “Second series of Matsui Securities Co., Ltd. share acquisition rights” to be understood as the above table here.

v. Sixth series of Matsui Securities Co., Ltd. share acquisition rights

Date of resolution	June 23, 2019
Persons eligible for the allotment and number of them	6 directors of the Company (excluding outside directors) (Note 1)
Number of the share acquisition rights (Note *)	1,203
Class and number of shares subject to the share acquisition rights (shares) (Note *)	Common stocks: 120,300 (Note 2)
Amount to be paid per share upon the exercise of each share acquisition rights (yen) (Note *)	1
Exercise period for the share acquisition rights (Note *)	From July 11, 2022 to July 10, 2025 (Note 3)
Issuance price and amount credited to equity capital in the event of share issuance upon the exercise of share acquisition rights (yen) (Note *)	Note 4
Conditions for the exercise of the share acquisition rights (Note *)	Note 5
Matters concerning the transfer of the share acquisition rights (Note *)	The acquisition of the share acquisition rights through assignment shall require the approval of the board of directors of the Company.
Matters concerning the issuance of the share acquisition rights in connection with acts of reorganization (Note *)	Note 6

Note *: The table above shows the contents at end of current fiscal year. There are no changes in these contents at the end of previous month (May 31, 2020) of the month when this Report is filed.

Note 1, Note 2 and Note 3: These notes are the same as Note 1, Note 2 and Note 3 of “Second series of Matsui Securities Co., Ltd. share acquisition rights”, respectively.

Note 4: Issuance price of the share acquisition rights which can be exercised from July 11, 2022 is 825 yen per share. Issuance price of the share acquisition rights which can be exercised from July 12, 2023 is 807 yen per share. Issuance price of the share acquisition rights which can be exercised from July 12, 2024 is 790 yen per share. The amount of capital to be increased due to the issuance of shares upon exercise of the share acquisition rights shall be a half of the maximum amount of capital increase, etc. which is calculated in accordance with Article 17, Paragraph 1 of the Corporation Accounting Regulations, and any fraction less than 1 yen arising from there shall be rounded up to the nearest 1 yen.

Note 5: 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) Persons allotted share acquisition rights are eligible to exercise their rights as follows: [1] From July 11, 2022 to July 11, 2023: Within one third of the number of rights originally allotted (Fraction of less than 1 share acquisition rights shall be rounded down). [2] From July 12, 2023 to July 11, 2024: Within two thirds of the number of rights originally allotted (including share acquisition rights which can already be exercised by [1]) (Fraction of less than 1 share acquisition rights shall be rounded down). [3] From July 12, 2024 to July 10, 2025: All rights can be exercised. 3) Each one right cannot be partially exercised. 4) Other conditions of exercise are specified in the contracts between the Company and the persons to be allotted share acquisition rights.

Note 6: This note is the same as Note 6 of “Second series of Matsui Securities Co., Ltd. share acquisition rights“ with the “above table” appears in the Note 6 of “Second series of Matsui Securities Co., Ltd. share acquisition rights” to be understood as the above table here.

[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.

Date	Change in number of outstanding shares	Total number of issued shares	Change in amount of Share capital (millions of yen)	Balance of Share capital (millions of yen)	Change in amount of capital surplus (millions of yen)	Balance of legal capital surplus (millions of yen)
February 3, 2016 (Note)	(10,000,000)	259,264,702	-	11,945	-	9,793

Note: Change in number of outstanding shares is a decrease by cancellation of treasury shares.

(5) Shareholding by shareholder category

(As of March 31, 2020)

Classification	Status of shares (1 unit of shares consists of 100 shares)			
	National and municipal governments	Financial institutions	Securities companies	Other institutions
Number of shareholders	-	35	32	227
Number of shares held (units)	-	451,041	57,900	1,252,404
Ratio of number of shares held (%)	-	17.40	2.23	48.31

Classification	Status of shares (1 unit of shares consists of 100 shares)				Status of shares less than 1 unit
	Foreign corporations, etc.		Individuals, etc.	Total	
	Shareholders other than individuals	Individuals			
Number of shareholders	197	64	53,669	54,224	-
Number of shares held (units)	84,452	368	746,187	2,592,352	29,502
Ratio of number of shares held (%)	3.26	0.01	28.78	100.00	-

Note 1: Out of 2,373,346 treasury shares, 23,733 units are included in the "Individuals and others" and 46 shares are included in "Status of shares less than 1 unit". Also, the number of 2,373,346 treasury shares are the same as that of shares substantially held by the Company.

Note 2: 4 units under the title of Japan Securities Depository Center Inc. are included in "other institutions".

(6) Major shareholders

(As of March 31, 2020)

Name	Address	Number of shares held (thousands of shares)	Ratio of number of shares held to the total number of issued shares (excluding treasury shares) (%)
Maruroku Ltd.	2-4-2, Nishikata, Bunkyo-ku, Tokyo	86,812	33.79
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	22,940	8.93
Japan Trustee Services Bank, Ltd. (Trust account)	1-8-11, Harumi, Chuo-ku, Tokyo	7,626	2.97
Chizuko MATSUI	Bunkyo-ku, Tokyo	5,321	2.07
Michitaro MATSUI	Bunkyo-ku, Tokyo	5,262	2.05
Chiaki MIKI	Bunkyo-ku, Tokyo	5,262	2.05
Yuma MATSUI	Bunkyo-ku, Tokyo	5,262	2.05

Name	Address	Number of shares held (thousands of shares)	Ratio of number of shares held to the total number of issued shares (excluding treasury shares) (%)
Michio MATSUI	Bunkyo-ku, Tokyo	4,429	1.72
SMBC Nikko Securities Inc.	3-3-1, Marunouchi, Chiyoda-ku, Tokyo	3,032	1.18
Total	-	181,667	70.72

Note: 1 The Number of shares held by The Master Trust Bank of Japan, Ltd. (Trust account) and Japan Trustee Services Bank, Ltd. (Trust account) for their trustee businesses are not described because the Company is not able to grasp them.

Note: 2 On “Change Report Pertaining to Report of Possession of Large Volume” put on public inspection dated September 19, 2019 describes Nomura Securities Co., Ltd. and its co-holder hold shares shown below as of September 13, 2019. However, the Company cannot confirm the number of shares effectively held by them as of March 31, 2020. By this reason these shareholdings are not included in the status of major shareholders shown above. The content of the Change Report is as shown below.

Name	Address	Total number of shares, etc. held (thousands of shares or units)	Ratio of shares, etc. held (%)
Nomura Securities Co., Ltd.	1-9-1, Nihombashi, Chuo- ku, Tokyo	347	0.13
Nomura International plc	1 Angel Lane, London EC4R 3AB, United Kingdom	200	0.08
Nomura Asset Management Co., Ltd.	1-12-1, Nihombashi, Chuo-ku, Tokyo	14,023	5.41
Total	-	14,570	5.62

(7) Voting rights

[1] Issued shares

(As of March 31, 2020)

Classification	Number of shares	Number of voting rights	Content
Shares without voting rights	-	-	-
Shares with limited voting rights (Treasury shares)	-	-	-
Shares with limited voting rights (Other)	-	-	-
Shares with full voting rights (Treasury shares)	(Shares held by the Company) Common stock: 2,373,300	-	-
Shares with full voting rights (Other)	Common stock: 256,861,900	2,567,896	-
Shares less than 1 unit of shares	Common stock: 29,502	-	-
Total number of issued shares	Common stock: 259,264,702	-	-
Voting rights of all shareholders	-	2,567,896	-

Note 1 : 400 shares under the title of Japan Securities Depository Center Inc. and 72,300 shares of securities bought by customers using money loaned from the Company’s own fund are included in common stock of “Shares with full voting rights (Other).” The 4 voting rights under the title of Japan Securities Depository Center Inc. are included in “Number of voting rights.” The 723 voting rights of securities bought by customers using money loaned from the Company’s own fund are not included in “Number of voting rights.”

Note 2: 46 treasury shares held by the Company are included in “Shares less than 1 unit of shares”.

[2] Treasury shares, etc.

(As of March 31, 2020)

Name of shareholders	Address of shareholders	Treasury shares held by the Company's own name	Treasury shares held by other person's name	Total number of shares held	Ratio of number of shares held to total number of outstanding shares (%)
(Treasury shares held by the Company) Matsui Securities Co., Ltd.	1-4, Kojimachi, Chiyoda-ku, Tokyo	2,373,300	-	2,373,300	0.92
Total	-	2,373,300	-	2,373,300	0.92

2) Acquisitions, etc. of Treasury Shares

Acquisitions of common stock pursuant to Article 155, Item 7 of the Companies Act

(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 amount of value (millions of yen)
Acquisition of treasury shares during the current fiscal year	83	0
Acquisition of treasury shares during the following fiscal year	-	-

Note: "Acquisition of treasury shares during the following fiscal year" does not include the number of shares acquired concerning purchase of shares less than 1 unit of shares from June 1, 2020 to the date when the Company files this Report.

(4) Disposals or holding of acquired treasury shares

Classification	Current fiscal year		Following fiscal year	
	Number of shares	Total amount disposed (millions of yen)	Number of shares	Total amount disposed (millions of yen)
Acquired treasury shares offered for subscriber	-	-	-	-
Acquired treasury shares cancelled	-	-	-	-
Acquired treasury shares transferred concerning merger, stock exchange or corporate split	-	-	-	-
Other (exercise of share acquisition rights)	82,200	62	-	-
Number of treasury shares held	2,373,346	-	2,373,346	-

Note: "Number of treasury shares held" does not include the number of shares acquired concerning purchase of shares less than 1 unit of shares nor that of disposal of shares by the exercise of share acquisition rights from June 1, 2020 to the date when the Company files this Report.

3) Dividend Policy

The Company recognizes returning profit to shareholders is one of important management themes. The basic policy of the Company is to pay out dividends based on the business results. The Company seeks to meet shareholders' expectation through the pursuit to the expansion of the corporate value by strategic investments which contribute to the new growth. As the dividend policy, the Company pays dividend every year based upon the followings comprehensively considering business performance and optimum level of equity to support margin transaction services and strategic investment opportunities: 1) Dividend Payout Ratio is to be 60% or above and also 2) Dividend on Equity (DOE) is to be 8% or above.

The Company distributes the year-end dividend based on the resolution of the general meeting of shareholders 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 current fiscal year will be 45.00 yen including 22.50 yen interim dividends and 22.50 yen year-end dividends (as planned). As a result, the dividend payout ratio for the current fiscal year ended March 31, 2020 is 188.4% and DOE is 13.1%, which are in accordance with the basic policy. The Company determined the dividend level considering that the equity level is sufficiently high to support to deal with the case of sudden and rapid expansion of the margin trading services.

Dividends for the current fiscal year exceed profit for the current fiscal year. In case internal residue increases even after the Company returns profit to shareholders, the Company utilizes effectively the capital with retained earnings brought forward from the previous fiscal years, by investing them on on-line securities trading system and by allocating them as working capital required to enhance margin trading services (loans to customers for their margin trading by the Company's own fund, etc.).

Dividends of surplus whose record date falls in the current fiscal year (the 104th fiscal year) is as follows.

Date of resolution	Total amount of dividends (millions of yen)	Dividend per share (yen)
Board of directors meeting held on October 28, 2019	5,779	22.50
Ordinary general meeting of shareholders scheduled to be held on June 28, 2020 (Note)	5,780	22.50

Note: This dividend is year-end dividend whose record date is March 31, 2020 and this is one of agenda of ordinary general meeting of shareholders scheduled to be held on June 28, 2020.

4) Status of Corporate Governance, etc.

(1) Overview of Corporate Governance

[1] The Company's basic approach towards corporate governance

The Company has adopted a basic management policy for achieving sustainable growth and mid- to long-term improvement of corporate values, by developing and operating a highly efficient management system which can quickly, flexibly, and accurately respond to changes in the business environment, by maintaining soundness of management and transparency of business conditions, and by maintaining a relationship of trust with shareholders and other stakeholders. The

Company intends to enhance corporate governance in order to realize the basic management policy.

[2] Overview of the corporate governance system and the reason for adopting the system

i. Overview of the Company's corporate governance system

The Company has established a Board of Directors as the decision-making and supervising organization for management, and the Management Committee as the organization to control overall business execution based on decisions made by the Board of Directors. A regular meeting of the Board of Directors is held once a month, and extraordinary meetings of the Board of Directors are held as necessary. In addition to making decisions on important matters related to management, the Board of Directors receives reports on the status of execution of business from each Director as well as detailed reports on the status of progress of business plans etc., and monitors business conditions. The Board of Directors consists of 9 directors, namely President & CEO Michio MATSUI, Senior Managing Director Akira WARITA, and directors Kunihiro SATO, Shinichi UZAWA, Motoo SAIGA, Masashi SHIBATA, Manako HAGA, Motoo IGAWA and Junji ANNEN (at the ordinary general meeting of shareholders scheduled to be held on June 28, 2020, a proposal (matters for resolution) for "election of 11 directors" has been submitted, and if it is approved, of the 9 directors, 8 directors other than Michio MATSUI will be reelected, and Takeshi TANAKA, Michitaro MATSUI and Satoshi ONUKI shall be newly elected as directors, resulting in 11 directors being appointed. In addition, Akira WARITA will be appointed as President & CEO of the Company after the ordinary general meeting of shareholders at the same day.), of which two directors, Motoo IGAWA and Junji ANNEN, are outside directors (If the proposal (matters for resolution) of the ordinary general meeting of shareholders scheduled to be held on June 28, 2020 is approved, the number of outside directors will be 3 with Satoshi ONUKI participating as a new director.). Outside directors give advice and recommendations based on their knowledge and experience regarding managerial decisions in general, ranging from the direction of the Company's management strategy to preparation of individual business plans, as well as oversee business execution by inside directors from an independent standpoint. Furthermore, outside directors are consulted directly by the President & CEO regarding particularly important matters such as appointment and dismissal, evaluations, and compensations, etc. of directors.

With respect to inside directors, the Company has appointed persons who not only have a high degree of expertise in their respective fields, but who are also suitable for promoting a highly efficient management system which can respond quickly, flexibly, and accurately to changes in the management environment. With respect to outside directors, the Company has appointed persons that can objectively oversee management from an independent standpoint without being biased by the interests of top management or specific interested parties, and who also have extensive knowledge and insight. The Company has appointed Motoo IGAWA as the leading independent outside director, established a system for such director to take the lead in communications and adjustments with top management.

The Management Committee is composed of two persons who have the position of Senior Managing Director or above, namely President & CEO Michio MATSUI and Senior Managing Director Akira WARITA (Michio MATSUI

will retire from the member of the Management Committee, as a result of his retirement as President & CEO on the conclusion of the above-mentioned ordinary general meeting of shareholders. Akira WARITA will be appointed as President & CEO of the Company on the same day of and after the ordinary general meeting of the shareholders scheduled to be held on June 28, 2020.). Based on the basic management policy decided by the Board of Directors, the Management Committee discusses important matters related to management in order to establish general execution policies, and also manages business execution in general.

With respect to decision-making and business execution other than by the Board of Directors, the “Document Approval Rules” clearly stipulates the authorities related to decisions and approvals for decision-making bodies and decision-making persons, which are the Management Committee, the President & CEO, the supervising director, the director-in-charge, and the heads of each division.

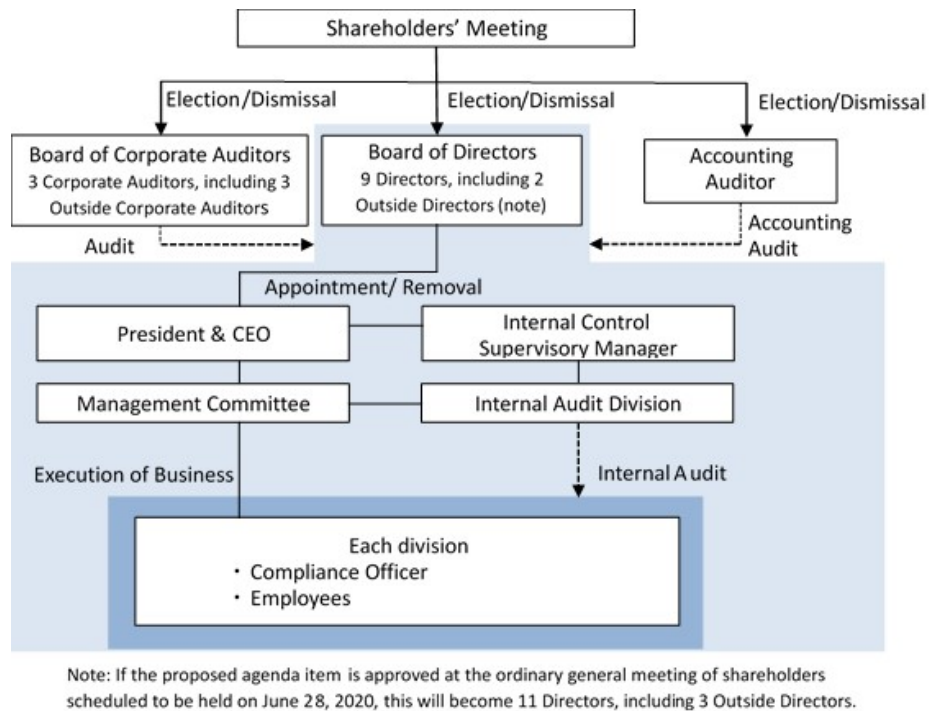
The Company has chosen the form of a company with a Board of Corporate Auditors, and the corporate auditors and the audit system have the function to monitor management. In order to secure viability of such monitoring function, the corporate auditors grasp the status of Company activities by mainly focusing on internal audits and compliance, and confirm the status of individual business executions in cooperation with the relevant division in charge as necessary, and conduct audits of execution of duties by directors based on objective evaluations from an independent standpoint.

With respect to corporate auditors, the Company has appointed persons that recognize the roles and responsibilities of the Company within society, without being biased by the interests of top management or specific interested parties, and who have extensive knowledge and insight. The Board of Corporate Auditors consists a total of 3 outside corporate auditors, consisting of 1 standing corporate auditor Hiroyuki YAJIMA, and 2 corporate auditors Yasuo MOCHIZUKI, and Mikitoshi KAI. The Board of Corporate Auditors enhances the effectiveness of audits and monitoring by exchanging opinions with inside and outside directors and cooperating in internal audits.

The Company has established an internal audit division which seeks to maintain soundness of proper execution of business. The persons in charge of internal audits maintain independence under the oversight of a full-time dedicated manager, and also closely cooperates with the director-in-charge and the standing corporate auditor, and makes correction instructions and improvement requests etc. under their supervision. The results of internal audits are promptly reported to the directors and corporate auditors.

Pursuant to the provisions of Article 427, Paragraph 1 of the Companies Act, the Company has signed agreements with outside directors and outside corporate auditors limiting liabilities for damages as set forth under Article 423, Paragraph 1 of the same Act. The limit amount for liability for damages under such agreements is the amount prescribed under laws and regulations.

(Diagram of Business Execution, Monitoring, and Internal Control at the Company)



ii. Reason for adopting the above organization

The Company is of the view that in order to deal with a rapidly changing business environment in a timely and appropriate manner, it is desirable to operate the Company by integrating both management judgement and business execution, and has adopted a management organization composed mainly by inside directors who have high levels of expertise. Furthermore, on the issue of monitoring of management, multiple outside directors and outside corporate auditors have been appointed, and the Company believes that corporate governance is sufficiently functioning through supervision by such outside directors and the audits conducted by outside corporate auditors.

[3] Other matters related to corporate governance

i. Status of development of an internal control system and risk management system

The Company has prepared a compliance manual so that directors and employees may be sure to comply with laws, regulations, and rules etc., and the Company has also organized internal rules in order to ensure proper and efficient business operations as a financial instruments business operator. Furthermore, in each business unit, a sales manager and internal control manager is appointed to ensure legal and regulatory compliance at the respective business unit.

The Company has prescribed that one director shall be appointed as the internal control supervisory manager, and a compliance division has been established under the internal control supervisory manager. The compliance division seeks to secure the legality and appropriateness of day-to-day business, and cooperate

with the compliance officer appointed at each division, and endeavors to raise the compliance consciousness in each division.

Regarding the appropriateness of business, a system has been established whereby after-the-fact verifications are implemented by conducting periodic audits, and when a problem is found, appropriate improvement measures are taken. Also, internal audits are conducted under mutual cooperation with the corporate auditor's audits and accounting auditor's audits.

The Company has introduced an internal whistle-blowing system where the reporting destination is a third-party entity commissioned by the Japan Securities Dealers Association. If a whistle-blowing report is received by the third-party entity, a report is received by the outside corporate auditor and the internal officer in charge. Furthermore, a contact desk has been established within relevant internal divisions to receive direct reports regarding illegal acts etc. within the Company. These systems have been clearly established within internal rules and posted on the intranet etc. in order to promote dissemination among employees. Also, disadvantageous treatment of whistleblowers is prohibited within the internal rules.

The compliance division oversees risk control operations for all risks assumed by the Company, and is efficiently controlling risks in cooperation with each division. Credit control of individual transactions is handled by the credit control division. With respect to market risks and credit risks related to financial instruments, the finance division is quantitatively managing such risks by calculating risk amounts and the capital-to-risk ratio based on the "Financial Instruments and Exchange Act". With respect to the Company's trading businesses, the finance division which is independent from the trading division is quantitatively managing such risks, and providing necessary reports to the internal control supervisory manager.

With respect to internal control related to financial reporting, the effectiveness of the business process centered on the finance division is maintained and improved by conducting practices of effectiveness evaluation mainly through the internal audit division, as well as through the evaluation processes and internal audits etc.

ii. **Basic approach towards the elimination of anti-social forces and status of implementation**

The company fully recognizes the importance of the stabilization and maintenance of social order, and believes that dealing with anti-social forces in accordance with laws, regulations and other norms and without listening to the undue requests by anti-social forces is the meaning of compliance itself. The Company will eliminate all relationships with anti-social forces including any transaction relationships, and deal with them taking a firm attitude.

The company has formulated a code of ethics so that directors and employees may comply with laws, regulations, and other norms and deal with anti-social forces taking a firm attitude, and has also developed internal rules, a compliance manual, and other handling manuals so that the Company may deal with anti-social forces as an entire organization. Furthermore, the Company conducts training regarding the code of ethics and compliance aiming to develop compliance consciousness among its directors and employees, as well as training related to how to deal with anti-social forces and how to manage information related to anti-social forces, in order to enlighten the directors and employees of such matters.

The Company has appointed a person in charge regarding prevention of unreasonable demands, and has mandated the general affairs division as the division responsible for dealing with anti-social forces, while cases where a customer is an anti-social forces (including cases where there is such doubt) are to be handled by the compliance division. The Company has also prescribed that both divisions should cooperate in handling such matters. The person in charge regarding prevention of unreasonable demands shall cooperate with the general affairs division and compliance division depending on the nature of the anti-social force and contents of the unreasonable demand. The general affairs division and compliance division makes efforts to gather information regarding anti-social forces on a day-to-day basis and mutually shares such information, and also constructs a database which compiles such information, and is excluding all relationships with anti-social forces at all times. Furthermore, the Company has built a close cooperative relationship with external specialized organizations, including the police department, the National Center for Removal of Criminal Organizations, the Security Policy Center of Japan Securities Dealers Association, and the Securities and Exchange Surveillance Commission etc. Also, the Company has signed agreements with multiple corporate legal advisors who have a high degree of expertise, and has developed a system where it can obtain advice and support from multiple perspectives.

In the case where there is doubt that a customer or other transaction counterparty may be an anti-social force, the Company will attempt to promptly dissolve such relationship based on instructions from the general affairs division and the compliance division. Furthermore, in the case where unreasonable demands are received from an anti-social force, the situation shall be handled in accordance with established internal rules and manuals etc., and external organizations and corporate legal advisors shall be consulted to seek advice and support. At the same time, all available civil legal measures will be taken against any anti-social force which has made unreasonable demands, and if any damages are incurred, the Company will handle the matter appropriately without hesitating to take criminal actions.

iii. **Fixed number of directors**

The Articles of Incorporation has stipulated that the Company shall have up to 15 directors.

iv. **Resolution requirements for appointment of directors**

The Articles of Incorporation has stipulated that a resolution for appointment of directors of the Company shall require attendance of at least one-thirds (1/3) of the shareholders who have voting rights, and that approval of such resolution shall require a majority vote, and also that it shall not be based on cumulative voting.

v. **Acquisition of treasury shares**

With respect to the acquisition of treasury shares, in order to allow for flexible execution of various management measures such as financial policies in response to changes to economic conditions, based on the provisions in Article 165, Paragraph 2 of the Companies Act, the Company has stipulated in its Articles of Incorporation that it may acquire treasury shares through open market transactions based on a resolution of the Board of Directors.

vi. Interim dividends

With respect to interim dividends, in order to allow for flexible return of profits to shareholders, based on Article 454, Paragraph 5 of the Companies Act, the Company has stipulated in its Articles of Incorporation to allow for payment of interim dividends by a resolution of the Board of Directors.

vii. Exemption of liability of directors and corporate auditors

In order to allow for the directors and corporate auditors to fully fulfill their roles which are expected of them upon execution of duties, pursuant to provisions of Article 426, Paragraph 1 of the Companies Act, the Company has stipulated in its Articles of Incorporation that it may, to the extent permitted under laws and regulations, exempt the liabilities of directors and corporate auditors (including those persons who had been directors or corporate auditors in the past) as provided for in Article 423, Paragraph 1 of the Companies Act, by a resolution of the Board of Directors.

(2) Status of officers

[1] List of officers

i. List of officers

List of officers as of June 26, 2020 (the date of filing of this Report) is as below.

11 males and 1 females (Ratio of female officers: 8 %)

Title	Name	Date of birth	Personal history		Term of office	Number of shares held (thousands of shares)
President & CEO	Michio MATSUI	March 22, 1953	March 1976	Graduated Faculty of Economics, Hitotsubashi University.	Note 3	4,429
			April 1976	Joined Nippon Yusen Co., Ltd.		
			April 1987	Joined the Company.		
			December 1988	Elected as Director of the Company.		
			October 1990	Managing Director, General Manager of Marketing Division of the Company.		
			June 1995	President & CEO of the Company (current).		
Senior Managing Director, Director in charge of Marketing Department and Director in charge of Customer	Akira WARITA	June 16, 1971	March 1994	Graduated Faculty of Commerce and Management, Hitotsubashi University.	Note 3	10
			April 1994	Joined Procter & Gamble Far East Inc.		
			January 1998	Joined Lehman Brothers Securities LLC.		

Title	Name	Date of birth	Personal history		Term of office	Number of shares held (thousands of shares)
Support Department			September 1999	Joined UBS Securities Japan LLC.		
			April 2006	Joined the Company.		
			May 2006	General Manager of IR Office of the Company.		
			June 2006	Elected as Director, General Manager of IR Office, Director in charge of Business Corporations, of the Company.		
			May 2011	Managing Director, General Manager of CEO Office and General Manager of Marketing Department, Supervising Director of Business Development Department, RTGS Business Department and Customer Support Department, of the Company.		
			June 2017	Managing Director, Director in charge of Marketing Department and Director in charge of Customer Support Department, Supervising Director of Business Development Department, of the Company.		
			April 2019	Senior Managing Director, Director in charge of Marketing Department and Director in charge of Customer Support Department, of the Company (current).		
Director, Director in charge of System Department	Kunihiko SATO	February 5, 1971	March 1989	Graduated Kanagawa Shoko High School.	Note 3	26
			April 1989	Joined Yamaichi Securities Co., Ltd.		

Title	Name	Date of birth	Personal history		Term of office	Number of shares held (thousands of shares)
			September 1998	Joined the Company.		
			September 2004	General Manager of System Department of the Company.		
			June 2006	Elected as Director, General Manager of System Development Department and Director in charge of System Quality Management, of the Company.		
			May 2011	Director, Director in charge of System Department, of the Company (current).		
Director, General Manager of Finance Department	Shinichi UZAWA	July 19, 1973	March 1996	Graduated Faculty of Agriculture, The University of Tokyo.	Note 3	38
			April 1996	Joined New Oji Paper Co., Ltd.		
			March 2000	Finished master course of Graduate School of Agricultural and Life Sciences, The University of Tokyo.		
			August 2001	Joined the Company.		
			May 2004	General Manager of Finance Department of the Company.		
			June 2006	Elected as Director, General Manager of Finance Department and Director in charge of Crisis Management, of the Company.		
			March 2007	Finished professional degree course of Graduate School of International Corporate Strategy, Hitotsubashi University.		
			April 2012	Director, General Manager of Finance Department, of the Company (current).		
Director, General Manager of	Motoo SAIGA	August 11, 1970	March 1993	Graduated Faculty of Law, Osaka City University.	Note 3	6

Title	Name	Date of birth	Personal history		Term of office	Number of shares held (thousands of shares)
Compliance Department, Director in charge of Internal Audit Office			April 1993	Joined Osaka Securities Exchange.		
			March 2000	Finished master course of Graduate School of Law, Kobe University.		
			February 2002	Joined the Company.		
			March 2007	General Manager of Compliance Department of the Company.		
			June 2016	Elected as Director, General Manager of Compliance Department, of the Company.		
			April 2019	Director, General Manager of Compliance Department, Director in charge of Internal Audit Office, of the Company (current).		
Director, Director in charge of Business Development Department and Director in charge of Corporate Administration & Human Resources Department	Masashi SHIBATA	June 8, 1978	March 2001	Graduated School of Commerce, Waseda University.	Note 3	4
			April 2001	Joined the Company.		
			April 2012	General Manager of Business Development Department and General Manager of RTGS Business Department of the Company.		
			December 2012	General Manager of Business Development Department of the Company.		
			June 2017	Elected as Director, General Manager of Business Development Department, of the Company.		
			April 2019	Director, Director in charge of Business Development Department and Director in charge of Corporate Administration & Human Resources		

Title	Name	Date of birth	Personal history		Term of office	Number of shares held (thousands of shares)
				Department, of the Company (current).		
Director	Manako HAGA (Note 4)	September 2, 1963	March 1986	Graduated Faculty of Social Sciences, Hitotsubashi University.	Note 3	5
			April 1986	Joined JP Morgan, Morgan Trust Bank Ltd.		
			September 1989	Joined James Capel Pacific Ltd.		
			April 1992	Joined S.G. Warburg Securities (Japan) Inc.		
			May 1995	Joined Klienwort Benson Investment Management KK.		
			July 1998	Joined Merrill Lynch Investment Managers Co., Ltd.		
			May 2002	Joined Fidelity Investments Japan Ltd.		
			March 2006	General Manager of Finance Department, Fidelity Investments Japan Ltd. and Fidelity Securities KK.		
			June 2016	Elected as Director, General Manager of Finance Department and Business Manager of CEO Office, Fidelity Investments Japan Ltd. and Fidelity Securities KK.		
			June 2017	Advisor of the Company.		
			November 2017	Joined British School in Tokyo (current).		
			June 2019	Elected as Director of the Company (current).		
Director	Motoo IGAWA	January 3, 1950	March 1973	Graduated Faculty of Economics, Kyoto University.	Note 3	16
			April 1973	Joined Nippon Yusen Co., Ltd.		
			April 2003	Corporate Officer of the above company.		
			June 2005	Elected as Managing Director		

Title	Name	Date of birth	Personal history		Term of office	Number of shares held (thousands of shares)
			April 2006	of the above company. Director, Managing Corporate Officer of the above company.		
			June 2007	Elected as President & CEO of NYK Trading Corporation.		
			June 2013	Director, Advisor, of the above company.		
			June 2014	Advisor of the above company.		
			June 2014	Elected as Outside Director of the Company (current).		
Director	Junji ANNEN	August 12, 1955	March 1979	Graduated Faculty of Law, The University of Tokyo.	Note 3	-
			August 1982	Appointed as Assistant Professor, School of Law, Hokkaido University.		
			April 1985	Appointed as Assistant Professor, Faculty of Law, Seikei University.		
			February 1992	Registered as lawyer. Joined Akira WATANABE Law Office (current).		
			April 1993	Appointed as Professor, Faculty of Law, Seikei University.		
			April 2004	Appointed as Professor, Graduate School of Legal Apprenticeship, Seikei University.		
			December 2007	Appointed as Professor, Chuo Law School, Chuo University (current).		
			June 2014	Elected as Outside Director of the Company (current).		
			June 2017	Elected as Outside Director of Tokyo Electric Power Company Holdings, Inc. (current).		

Title	Name	Date of birth	Personal history		Term of office	Number of shares held (thousands of shares)
Standing Corporate Auditor	Hiroyuki YAJIMA	December 30, 1953	March 1976	Graduated Faculty of Law, Hitotsubashi University.	Note 5	21
			April 1976	Joined Kirin Brewery Co., Ltd.		
			March 2000	General Manager of 1 st Sales Promotion Department, Nagoya Branch Office of the above company.		
			September 2002	General Manager of Distribution Department, Tokai Regional Headquarters of the above company.		
			March 2007	Principal of Management Auditing Department of the above company.		
			March 2008	Elected as Corporate Auditor of Kirin Techno-System Co., Ltd.		
			June 2010	Elected as Corporate Auditor of the Company (current).		
Corporate Auditor	Yasuo MOCHIZUKI	May 28, 1956	March 1980	Graduated Faculty of Commerce and Management, Hitotsubashi University.	Note 6	-
			April 1980	Joined the Bank of Mitsubishi Ltd.		
			February 1991	Manager of Planning Management Section, New York Branch of the above bank.		
			April 2003	Deputy Manager of Global Service Center and Manager of General Affairs Section of the bank.		
			April 2004	Joined Mochizuki CPA Office (current).		
			June 2008	Elected as Corporate Auditor of the Company (current).		
Corporate Auditor	Mikitoshi KAI	July 7, 1951	March 1976	Graduated Faculty of Law, The	Note 6	11

Title	Name	Date of birth	Personal history		Term of office	Number of shares held (thousands of shares)
			April 1976	University of Tokyo.		
			August 2000	Joined Nippon Yusen Co., Ltd.		
			April 2003	Manager of New Frontier Group of the above company.		
			April 2007	Manager of Management Planning Group of the above company.		
			June 2011	Appointed as Corporate Officer of the above company.		
			June 2015	Elected as Corporate Auditor of the above company.		
			April 2016	Appointed as Adviser of the above company.		
			June 2016	Appointed as Adviser of Japanese Foundation for Cancer Research (current).		
			June 2016	Elected as Corporate Auditor of the Company (current).		
Total						4,566

Note 1: Directors Motoo IGAWA and Junji ANNEN are outside directors.

Note 2: Standing Corporate Auditor Hiroyuki YAJIMA, Corporate Auditors Yasuo MOCHIZUKI and Mikitoshi KAI are outside corporate auditors.

Note 3: The term of office for the directors starts at the conclusion of the ordinary general meeting of shareholders for the year ended March 2019 and ends at the conclusion of the ordinary general Meeting of shareholders for the year ended March 2020.

Note 4: The name of Manako HAGA in the family register is Manako NAGANAWA.

Note 5: The term of office for the corporate auditor starts at the conclusion of the ordinary general meeting of shareholders for the year ended March 2018 and ends at the conclusion of the ordinary general meeting of shareholders for the year ends March 2022.

Note 6: The term of office for the corporate auditors starts at the conclusion of the ordinary general meeting of shareholders for the year ended March 2016 and ends at the conclusion of the ordinary general meeting of shareholders for the year ended March 2020.

Note 7: As a provision for the event of contingency falling below the number of corporate auditors required by laws and regulations, the Company is appointing one substitute corporate auditor. This substitute corporate auditor is a substitute outside auditor whose personal history is as shown below.

Name	Date of birth	Personal history		Number of shares held (thousands of shares)
Yoshio YOSHIDA	July 24, 1958	April 1998	Registered as lawyer.	-
		April 1999	Joined Yamada Tsukasa Law Office.	
		January 2005	Joined Torikai Law Office.	
			Partner of the above law office.	

Name	Date of birth	Personal history		Number of shares held (thousands of shares)
		March 2006	Elected as Director, Foundation of Supporting Employment, a public interest incorporated foundation (current).	
		October 2006	Elected as Outside Corporate Auditor of Svenson Company.	
		December 2011	Elected as Outside Corporate Auditor of MAGASseek Corporation.	
		March 2018	Elected as Outside Corporate Auditor of Svenson Holdings (current).	
		May 2018	Representative Lawyer of Yoshida Law Office (current).	

ii. Supplementary Information

The Company is proposing agenda “Election of 11 directors” and “Election of 2 corporate auditor” to the ordinary general meeting of shareholders scheduled to be held on June 28, 2020. On the resolution of these agenda, 8 directors excluding Michio MATSUI and 2 corporate auditor Yasuo MOCHIZUKI and Mikitoshi KAI on the list above will be reelected and 3 director shown below will be newly elected. Michio MATSUI who is President & CEO at the date of the filing of this Report will retire on the conclusion of the above-mentioned ordinary general meeting of shareholders. As a result, the number of male and female officers will become 13 males and 1 female, and the ratio of female officers to the total number of officers will become 7%.

The term of office of officers to be reelected will be from the conclusion of the ordinary general meeting of shareholders for the fiscal year ended on March 2020 to the conclusion of the ordinary general meeting of shareholders for the fiscal year ends March 2021, and the term of office of corporate auditors to be reelected will be from the conclusion of the ordinary general meeting of shareholders for the fiscal year ended on March 2020 to the conclusion of the ordinary general meeting of shareholders for the fiscal year ends March 2024.

Title	Name	Date of birth	Personal history		Office term	Number of shares held (thousands of shares)
Director	Takeshi TANAKA	December 26, 1970	March 1995	Graduated School of Economics, Senshu University.	Note 2	-
			April 1995	Joined the Company.		
			July 2005	General Manager of Marketing Department of the Company.		
			January 2006	Resigned from the Company.		
			November 2009	Joined the Company, member of Compliance Group.		
			April 2013	General Manager of Marketing		

Title	Name	Date of birth	Personal history		Office term	Number of shares held (thousands of shares)
				Department of the Company (current).		
Director	Michitaro MATSUI	August 2, 1987	March 2013	Finished master course of Graduate School of Political Science, Waseda University.	Note 2	5,262
			April 2013	Joined QUICK Corp.		
			April 2018	Joined the Company.		
			June 2018	Member of Compliance Department of the Company.		
			January 2019	Leader of CEO-Assigned Project of the Company. (current)		
Director	Satoshi ONUKI	February 10, 1955	March 1978	Graduated Faculty of Economics, Hitotsubashi University.	Note 2	-
			April 1978	Joined The Industrial Bank of Japan, Ltd.		
			April 2002	Vice President of Mizuho Securities (USA).		
			July 2003	Joint Head of Fixed Income Group of Mizuho Securities Co., Ltd.		
			March 2006	Appointed as Executive Officer, Head of Fixed Income Group, of the above company.		
			April 2009	Elected as Managing Director of DIAM Co., Ltd.		
			April 2011	Elected as Vice President of Kowa Real Estate Investment Advisors Co., Ltd.		
			June 2013	Elected as President & CEO of Kowa Real Estate Investment Advisors Co., Ltd.		
			April 2018	Elected as Corporate Auditor of Kowa Real Estate Facilities Co., Ltd. (current)		
Total						5,262

Note 1: Director Satoshi ONUKI is a candidate of outside director.

Note 2: Term of office for the directors will be from the conclusion of the ordinary general meeting of shareholders for the year ended March 2020 to the conclusion of the ordinary general meeting of shareholders for the year ends March 2021.

Also, the Company plans to make a change in positions of directors as follows, after the conclusion of the ordinary general meeting of shareholders for the year ended March 2020.

New title	Former title	Name	Date of change
President & CEO	Senior Managing Director, Director in charge of Marketing Department and Director in charge of Customer Support Department	Akira WARITA	June 28, 2020

[2] Status of outside officers

The Company's outside directors are expected to give advice and recommendations based on their knowledge and expertise regarding management decisions in general, spanning from decisions of the direction of the Company's management strategy to preparation of individual business plans. The outside directors are also expected to oversee business execution of inside directors from an independent standpoint. The Company has two outside directors who have been appointed as persons capable of contributing to management with their abundant experience and wide knowledge and expertise, and without being biased by the interests of top management or specific interested parties. On the resolution of agenda proposed by the company to the ordinary general meeting of shareholders scheduled to be held on June 28, 2020, the Company will have three outside directors.

The Company's outside corporate auditors are expected to perform audits of business execution by directors from an independent standpoint. The Company has three outside corporate auditors who have been appointed as outside corporate auditors who fairly recognize the roles and responsibilities of companies within society and who are capable of giving consideration to the interests of general shareholders, without being biased by the interests of top management or specific interested parties. All of the corporate auditors of the Company are outside corporate auditors.

The Company's outside corporate auditor Mikitoshi KAI is an advisor to the Japanese Foundation for Cancer Research (the "Foundation"), and the Company has made donations to the Foundation in the past. Furthermore, the Company and the Foundation have entered into an agreement regarding health examinations for the Company's officers and employees; however, the contract amount is not large, and there is no risk that such amount may affect judgments by shareholders and investors. Other than stated above, there are no personnel, funding, technological or transactional relationships between the Company and outside directors or outside corporate auditors, or with their close relatives, or with other legal entities where such persons have business execution positions or have a role as an outside officer. Also, outside director Motoo IGAWA, outside corporate auditors Hiroyuki YAJIMA and Mikitoshi KAI have shareholdings in the Company. For details of the number of shares held, please refer to "[1] List of officers".

Although the Company has not adopted any independence-related criteria or policies for appointing outside directors or outside corporate auditors, upon making such appointments, the Company makes reference to the judgment criteria of the Tokyo Stock Exchange related to independence of independent officers.

[3] Mutual cooperation for supervision and audits between outside directors or outside corporate auditors and the internal audits, corporate auditor's audits and accounting audits, and relationship with the internal control division

Outside directors and outside corporate auditors receive reports regarding internal audit plans and the status of implementation of such plans, and cooperates with the internal audit division. Outside corporate auditors share information and exchange opinions regarding accounting audits and compliance as needed, and cooperates with the accounting auditor and the compliance division.

With respect to mutual cooperation among internal audits, corporate auditor's audits and accounting audits, and the relationship between such audits and the internal control division, please refer to section "(3) Status of audits [2] ii".

(3) Status of audits

[1] Status of audits by corporate auditors

Audits by corporate auditors of the Company are conducted from an independent position by three outside corporate auditors including one corporate auditor who has sufficient knowledge of finance and accounting matters. The Board of Corporate Auditors actively and positively express opinions to ensure effectiveness of audits.

In principle, all of the corporate auditors attend meetings of the Board of Directors, and also grasps the status of Company activities centered on internal audits and compliance, and cooperates with relevant divisions in charge as necessary in order to confirm the status of individual business execution, and strictly audits the execution of duties of by directors.

In the current fiscal year, the Company held 5 meetings of the Board of Corporate Auditors, and the status of attendance of each corporate auditor was as follows.

Name	Number of times held	Number of times attended
Hiroyuki YAJIMA	5 times	5 times
Yasuo MOCHIZUKI	5 times	5 times
Mikitoshi KAI	5 times	5 times

The Board of Corporate Auditors has deliberated matters related to the formation of audit policies and the audit plan, preparation of the audit report, appointment of the accounting auditor, compensation of the accounting auditor, auditing of contents proposed for resolution at the general meeting of shareholders, operational status of internal reporting system, closing of financial accounts, and dividends etc.

Furthermore, the standing corporate auditor attended important meetings such as meetings of the Board of Directors and the compliance officers' meetings, and inspected meeting minutes and the financial statements, and grasped the status of the Company centered on compliance. To note, in the current fiscal year ended March 31, 2020, meetings with the internal audit division were conducted 8 times, and meetings with the accounting auditor were conducted 11 times.

[2] Status of internal audits

i. Organization, staffing, and procedures of internal audits

The internal audit organization is composed of the head of internal audit division as the internal audit manager, and auditors appointed by the internal audit manager are deployed under such manager. In order to ensure the appropriateness of internal audits, in principle, multiple suitable auditors are appointed from within the internal audit division depending on the contents of the audit. Also, in order to facilitate the homogeneity of the quality of audits, the Company has adopted a system of appointing at least two full-time auditors. The audit plans are reported in advance to the Board of Directors, and internal audit reports are prepared immediately after completion of internal audits and are submitted to the directors and corporate auditors, and any issues which are pointed out are promptly corrected. In the current fiscal year ended March 31, 2020, internal audits were conducted 7 times.

ii. Mutual cooperation among internal audits, corporate auditor's audits and accounting audits, and the relationship between these audits and the internal control division

The internal audit division gathers information necessary for conducting internal audits by sharing information with the compliance division, and highly effective internal audits are conducted by making reference to the status of implementation of supervision and instructions by the compliance division to each division. Furthermore, the internal audit division holds discussions with the corporate auditors upon formulating the annual audit plan, and also cooperates closely with the corporate auditors in relation to the status of individual internal audits through reporting and communications. The internal audit division also cooperates closely with the accounting auditor, and exchanges opinions with them as needed.

Corporate auditors hear reports from the accounting auditor regarding the general outline of the auditing plan, items to be focused on in the audits, and audit results etc., and also keeps close cooperation with the accounting auditor by making opportunities to periodically exchange opinions. Furthermore, as necessary, corporate auditors also attend the accounting auditor to audits in distant places or on occasions when audit comments are given. The corporate auditor also asks the accounting auditor for reports regarding the audit implementation process to be used for the corporate auditors' own audits as necessary. Also, the corporate auditors discuss the contents of the annual audit plan regarding internal audits with the internal audit division, and also maintains close cooperation with the internal audit division and compliance division, by sharing information with such divisions, and by constantly being informed of the status of individual internal audits as well as the status of implementation of supervision and instructions conducted by the compliance division to secure the legality and appropriateness of business duties conducted by each division.

The accounting auditor maintains close cooperation with the internal audit division and corporate auditors through exchange of opinions, and also conducts effective audits by requesting each division to disclose or submit necessary documents.

[3] Status of accounting audits

i. Name of the audit corporation

PricewaterhouseCoopers Aarata LLC

ii. Continuous audit term

21 years from the fiscal year ended March 31, 2000 including the audit term (from fiscal year ended March 31, 2000 to fiscal year ended March 31, 2006) of Chuo Aoyama Audit Corporation, which belonged to the same network.

iii. Certified public accountants who executed services

Naoaki KOBAYASHI: Designated Limited Liability Partner, Engagement Partner

Ryutaro OHTSUJI: Designated Limited Liability Partner, Engagement Partner

iv. Composition of assistants in audit services

The assistants engaged in the accounting audit of the Company are 3 certified public accountants, and 17 other persons.

v. Policy and reason for selection of the audit corporation

The Company believes that its accounting auditor must have sufficient knowledge, expertise, and capacity to conduct audits appropriate for a listed company, and a system which can fully maintain the independence and high quality of audits. From this perspective, the Company has determined that PricewaterhouseCoopers Aarata LLC is an audit corporation which can appropriately implement the Company's audit and has appointed the firm as the accounting auditor.

The Board of Corporate Auditors evaluates the appropriateness and validity of auditing activities conducted by the accounting auditor by hearing and receiving reports on the status of implementation of audits, and also confirms the independence and professionalism of the accounting auditor by exchange of opinions etc. Upon reappointing the accounting auditor, a verification is made on whether such reappointment is adequate by comparison with the policies for determining dismissal and non-reappointment of the accounting auditor.

The Company's policy for determining dismissal or non-reappointment of the accounting auditor may depend on the Company's own circumstances, or in the case where there is a breach of laws, regulations, or rules, or if actions are taken which are against public order or morality by the accounting auditor, and it is determined appropriate to dismiss or not reappoint the accounting auditor, such a decision will be made.

vi. Evaluation of the audit corporation by the corporate auditors and the Board of Corporate Auditors

The Company's corporate auditors and the Board of Corporate Auditors conduct evaluations of the audit corporation. Taking into consideration on the audit activities of the audit corporation, results of inspections conducted by external organizations, and the status of response to the governance code of the audit corporation in the current fiscal year, the appropriateness of reappointing the

audit corporation was evaluated, and it was decided to reappoint the audit corporation.

[4] Details of auditors' compensation

i. Compensation towards auditing certified public accountants etc.

Preceding fiscal year (millions of yen)		Current fiscal year (millions of yen)	
Compensation based on audit certification work	Compensation based on non-audit work	Compensation based on audit certification work	Compensation based on non-audit work
33	2	33	2

Note: The contents of non-audit work at the Company are the assurance engagements related to the segregated management of customer assets.

ii. Compensation towards the same network as the auditing certified public accountants etc. (excluding i)

Not applicable.

iii. Details of compensation based on other significant audit certification work

Not applicable.

iv. Policy for deciding on auditors' compensations

Not applicable, however, the decision is made taking into account the size and features of the business of the Company.

v. The reason for approval of compensation of the accounting auditor by the Board of Corporate Auditors

Regarding compensation of the accounting auditor proposed by the Board of Directors, the Company's Board of Corporate Auditors has provided its consent under Article 399, Paragraph 1 of the Companies Act, because it has determined that the compensation amount was adequate, as a result of having discussed the accounting auditor's audit plan, the status of execution of duties of accounting audits, and the basis of calculation of the compensation estimate, taking into account the Company's business contents and size, and information regarding companies within the same industry of the same size etc.

(4) Officers' Compensation Etc.

[1] Matters related to officers' compensations etc. and policy regarding determination of the calculation method of officers' compensations

With respect to the amounts of officers' compensation and the policy regarding determination of the calculation method of officers' compensations, the basic policy is that compensation for insider directors (consisting of the basic compensation and stock options) is determined based on each director's roles and performance, and compensation for outside directors is composed of only the basic compensation and no stock options are issued from the standpoint of ensuring independence. Based on such policy, regarding the directors' compensation for each fiscal year, the Board of Directors resolves to entrust such determination to the President & CEO Michio MATSUI, and such compensations are determined by the President & CEO within the scope of the aggregate amount prescribed by resolution of the general meeting of shareholders, and by taking into consideration the opinions of outside directors. With respect to the compensation for corporate auditors, taking into consideration independence

required for auditing the performance of duties by directors, corporate auditors are paid only the basic compensation in accordance with whether such person is full-time or part-time corporate auditor, and within the scope of the aggregate amount prescribed by resolution of the general meeting of shareholders.

The person having authority to determine the amounts of officers' compensation and the calculation method therefor is President & CEO Michio MATSUI, and individual compensation amounts for each director is decided under his discretion, within the limit of the aggregate amounts resolved at the general meeting of shareholders. Michio MATSUI who is President & CEO at the date of filing of this Report will retire on the conclusion of the ordinary general meeting of shareholders scheduled to be held on June 28, 2020, however, the person having authority to determine the amounts of officers' compensation and the calculation method after his retirement is undecided at the date of filing of this Report. Individual compensation for each corporate auditor is decided by consultation among the corporate auditors, within the limit of the aggregate amount resolved at the general meeting of shareholders.

With respect to the aggregate amounts of compensations of directors, for basic compensations, it has been decided to be no more than 500 million yen per year (however, this does not include the portion paid as salaries for employees, regarding directors who are also employees) by a resolution at the ordinary general meeting of shareholders held on June 27, 2004. For stock-option type compensation, the aggregate amount has been decided to be no more than 300 million yen per year (excluding outside directors) by a resolution of the ordinary general meeting of shareholders held on June 25, 2017, as a separate limit from the basic compensations. The maximum number of directors subject to payment of such basic compensation and stock-option type compensation is 15 persons as prescribed in the Articles of Incorporation, and the number of directors of the Company is 9 persons as of the date of submission of the securities report. In the proposed agenda items (matters for resolution) for the ordinary general meeting of shareholders scheduled to be held on June 28, 2020, a proposal has been submitted for "Appointment of 11 persons to the Board of Directors", and if such proposal is approved, the number of directors will become 11 directors.

The aggregate amount of compensations of corporate auditors has been decided to be no more than 50 million yen per year based on a resolution at the ordinary general meeting of shareholders held on June 1, 2001. The maximum number of corporate auditors subject to payment of basic compensation is 4 persons as prescribed in the Articles of Incorporation, and the number of corporate auditors is 3 persons as of the date of submission of the securities report.

Officers' compensation of the Company does not include any performance-linked compensation; however, for the purpose of raising motivation and morale towards improving business performance, inside directors are granted stock options. Upon calculating the fair value of such stock options, the stock price as of the time when the stock options are granted are taken into account, and the number of units granted to each individual director is decided also by taking into account the performance of each director, the same as for determining basic compensations. However, regarding the number of units to be granted, there is no prescribed specific calculation formula based on indices indicating the Company's performance, and the conditions for exercising such rights also do not include any calculation formula based on indices indicating the Company's performance.

The activity of the Board of Directors within the process of determining the compensation amount for officers of the Company for the current fiscal year was to decide based on resolution, before the beginning of the current fiscal year, to delegate determination of the compensation for individual officers to the President & CEO Michio MATSUI. The officers' compensations were determined based on discussions between the President & CEO and outside directors. Furthermore, during the current fiscal year and before the beginning of the next following fiscal year, officers' compensations were determined for the next following fiscal year in the same manner.

[2] Total compensation and subtotal of compensation for each type of compensation for each class of officers and number of each class of officers subject to payment

Type	Total amount of compensation (millions of yen)	Total amount of compensation by types (millions of yen)			Total number of officers subject to payment
		Fixed remuneration	Performance-based compensation	Stock options	
Directors (excluding outside directors)	346	236	-	110	9
Corporate auditors (excluding outside directors)	-	-	-	-	-
Outside officers	42	42	-	-	5

[3] Total compensation for individual officers

Name	Total amount of compensation (millions of yen)	Class of officers	Company classification	Subtotal of compensation for each types of compensation (millions of yen)		
				Fixed compensation	Performance-based compensation	Stock options
Michio MATSUI	121	Director	The filling Company	90	-	31

Note: Only those whose total compensation is 100 million yen or higher are shown.

(5) Status of Shareholding

[1] The criteria and concept for classification of investment shares

The Company classifies investment shares held from the perspective of investment yield etc. and not for strategic reasons as investment shares held for pure investment purposes. The Company classifies Investment shares held for strategic purposes regardless of their direct investment yield etc. for business alliances or based on other rational management objectives as investment shares held for purposes other than pure investment purposes.

The investment shares held by the Company for pure investment purposes as of the end of the current fiscal year ended March 31, 2020 were shares of Japan Exchange Group Inc. (JPX) which are listed shares. The Company has held shares of JPX from prior to its listing in relation to its securities business, and continues to hold such shares even after JPX listed from the perspective of being able to obtain a certain level of dividend yield, and a part of such holdings have been sold in the market taking into account the stock price levels etc. Furthermore, the Company in principle does not hold listed shares for strategic-holding purposes,

however, the Company in some cases holds shares for strategic purposes such as for business alliances or for other rational management objectives. Shares held by the Company for strategic purposes are comprised of shares which the Company came to hold in relation to its brokerage business such as shares of the stock exchanges, and shares of venture capital firms etc. which are strong in FinTech and which may potentially contribute to the expansion of the Company's services. As of the end of the current fiscal year, such shares were all unlisted shares.

[2] Investment shares held for purposes other than pure investment purposes

- i. Holding policy and method of verifying the reasonableness of holdings, and the contents of verification by the Board of Directors regarding the appropriateness for holding individual stock names

Descriptions are omitted because the shares held for purposes other than pure investment purposes are unlisted shares.

- ii. Number of shares and recorded value on the balance sheet

	Number of names	Recorded value on the balance sheet (millions of yen)
Unlisted shares	5	149
Shares other than unlisted shares	-	-

- i) Investment shares whose number of shares increased in current fiscal year

	Number of names	Total amount of acquisition cost concerning increase of number of shares (millions of yen)	Reason for the increase of number of shares
Unlisted shares	1	200	Investment on a Fintech venture company.
Shares other than unlisted shares	-	-	-

- ii) Investment shares whose number of shares decreased in current fiscal year

Not applicable.

- iii. Information concerning number and recorded value on balance sheet, etc. of specific investment shares and shares regarded as investment shares in possession

Not applicable.

[3] Investment shares held for pure investment purposes

Classification	Current fiscal year		Preceding fiscal year	
	Number of names	Total recorded value on the balance sheet (millions of yen)	Number of names	Total recorded value on the balance sheet (millions of yen)
Unlisted shares	-	-	-	-
Shares other than unlisted shares	1	3,306	1	3,422

	Current fiscal year		
	Total amount of dividends received (millions of yen)	Total amount of profit and/or loss from sales (millions of yen)	Total amount of evaluation gain and/or loss (millions of yen)
Unlisted shares	-	-	-
Shares other than unlisted shares	116	-	3,293

[4] Investment shares whose purposes for holding were changed from pure investment purposes to purposes other than pure investment purposes

Not applicable.

[5] Investment shares whose purposes for holding were changed from purposes other than pure investment purposes to pure investment purposes

Not applicable.

5. Financial information

1) Prefaces

(1) About preparation method of financial statements

Financial statements of the Company are prepared in accordance with the “Regulations of Financial Statements” (Ministry of Finance Ordinance No. 59, 1963) and, pursuant to the Article 2 of the “Regulations of Financial Statements”, also in accordance with the “Cabinet Office Order Concerning Financial Instruments Business” (Cabinet Office Order No.52, 2007) and the “Uniform Accounting Standards of Securities Business” (set by the board of directors of the Japan Securities Dealers Association, November 14, 1974).

(2) About certification by accounting auditors

Financial statements for the fiscal year from April 1, 2019 to March 31, 2020 were audited by PricewaterhouseCoopers Aarata LLC based on the Article 193-2, Paragraph 1 of the Financial Instruments and Exchange Act.

(3) About consolidated financial statements

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

(4) Special efforts to ensure fair presentation of financial statements, etc.

The Company has undertaken special efforts to ensure appropriateness of its financial statements, etc. Specifically, the Company has joined the Financial Accounting Standards Foundation, a public interest incorporated foundation, and its staff participates in trainings, etc. provided by its audit firm and/or other organizations to develop a system to properly grasp the contents of financial standards, etc.

2) Financial Statements, etc.

(1) Financial statements

[1] Balance sheet

	(Millions of Yen)	
	Preceding fiscal year (March 31, 2019)	Current fiscal year (March 31, 2020)
Assets		
Current assets		
Cash and deposits	36,120	52,501
Cash segregated as deposits	424,512	449,312
Money held in trust	2,988	2,844
Trading products	1,260	1,877
Trading securities and other	0	0
Derivatives	1,260	1,877
Trade date accrual	5	3
Margin transaction assets	202,490	161,594
Loans on margin transactions	194,027	154,302
Cash collateral pledged for securities borrowing on margin transactions	8,463	7,292
Loans secured by securities	9,507	21,188
Cash collateral pledged for securities borrowed	9,507	21,188
Advances paid	44	148
Advance payments for customers on trades	44	148
Advance payments for others	0	0
Cash paid for offering	84	354
Short-term guarantee deposits	3,329	3,378
Advance payments	2	11
Prepaid expenses	201	271
Account receivables – other	21	78
Accrued income	4,609	3,678
Other	232	83
Allowance for doubtful account	(129)	(49)
Total current assets	685,275	697,272
Non-current assets		
Property, plant and equipment	1,255	1,410
Buildings	(Note 1) 311	(Note 1) 285
Equipment	(Note 1) 510	(Note 1) 691
Land	434	434
Intangible assets	4,514	4,410
Software	4,514	4,410
Other	0	0
Investments and other assets	4,948	5,222
Investment securities	3,710	3,874
Investments in capital	8	8
Long-term loans receivable	433	453
Guarantee deposits	345	337
Long-term prepaid expenses	12	39
Deferred tax assets	564	623
Long-term receivables	1,166	1,204
Other	91	90
Allowance for doubtful accounts	(1,381)	(1,405)
Total non-current assets	10,718	11,042
Total assets	695,993	708,314

	(Millions of yen)	
	Preceding fiscal year (March 31, 2019)	Current fiscal year (March 31, 2020)
Liabilities		
Current liabilities		
Trading products	164	120
Derivatives	164	120
Margin transaction liabilities	45,488	44,846
Borrowings on margin transactions	(Note 2) 4,016	(Note 2) 6,369
Cash received for securities lending on margin transactions	41,473	38,477
Borrowings secured by securities	7,878	14,782
Cash received on debt credit transaction of securities	7,878	14,782
Deposits received	238,794	270,003
Deposits from customers	235,374	266,096
Deposits for others	3,420	3,906
Guarantee deposits received	202,329	212,539
Accounts for non-received securities	0	27
Short-term borrowings	97,800	78,900
Unearned revenue	18	18
Accounts payable – other	583	238
Accrued expenses	1,121	1,324
Income taxes payable	1,832	1,707
Provision for bonuses	178	125
Total current liabilities	<u>596,188</u>	<u>624,628</u>
Non-current liabilities		
Long-term borrowings	-	150
Reserve for retirement bonuses for directors	204	204
Other	179	202
Total non-current liabilities	<u>383</u>	<u>556</u>
Reserves under special laws		
Reserve for financial instruments transaction liabilities	(Note 4) 2,843	(Note 4) 2,845
Total reserves under special laws	<u>2,843</u>	<u>2,845</u>
Total liabilities	<u>599,414</u>	<u>628,029</u>

	(Millions of yen)	
	Preceding fiscal year (March 31, 2019)	Current fiscal year (March 31, 2020)
Net assets		
Shareholders' equity		
Share capital	11,945	11,945
Capital surplus		
Legal capital surplus	9,793	9,793
Other capital surplus	3	4
Total capital surpluses	<u>9,796</u>	<u>9,797</u>
Retained earnings		
Legal retained earnings	159	159
Other retained earnings		
Retained earnings brought forward	74,019	57,682
Total retained earnings	<u>74,177</u>	<u>57,841</u>
Treasury shares	(1,856)	(1,794)
Total shareholders' equity	<u>94,061</u>	<u>77,789</u>
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	2,358	2,290
Total valuation and translation adjustments	<u>2,358</u>	<u>2,290</u>
Share acquisition rights	160	206
Total net assets	<u>96,579</u>	<u>80,285</u>
Total liabilities and net assets	<u>695,993</u>	<u>708,314</u>

[2] Statement of income

	(Millions of yen)	
	Preceding fiscal year (From April 1, 2018 to March 31, 2019)	Current fiscal year (From April 1, 2019 to March 31, 2020)
Operating revenue		
Commission received	14,986	13,490
Brokerage commission	14,285	12,850
Commission for underwriting, secondary distribution and solicitation for selling and others for professional investors	21	10
Fee for offering, secondary distribution and solicitation for selling and others for professional investors	27	36
Other fees received	652	593
Net trading income	1,214	1,120
Financial revenue	(Note 1) 11,112	(Note 1) 9,539
Other operating revenue	2	2
Total operating revenue	<u>27,313</u>	<u>24,150</u>
Financial expenses	(Note 2) 1,314	(Note 2) 1,805
Net operating revenue	<u>25,999</u>	<u>22,345</u>
Selling, general and administrative expenses		
Trading related expenses	(Note 3) 4,408	(Note 3) 4,566
Personnel expenses	(Note 4) 2,661	(Note 4) 2,607
Real estate expenses	(Note 5) 870	(Note 5) 1,134
Office expenses	(Note 6) 2,385	(Note 6) 2,747
Depreciation	1,691	1,923
Taxes and dues	(Note 7) 340	(Note 7) 296
Provision of allowance for doubtful accounts	56	(28)
Other	136	192
Total selling, general and administrative expenses	<u>12,547</u>	<u>13,436</u>
Operating profit	<u>13,451</u>	<u>8,909</u>
Non-operating income		
Dividend income	126	121
Other	19	12
Total non-operating income	<u>145</u>	<u>133</u>
Non-operating expenses		
Other	4	25
Total non-operating expenses	<u>4</u>	<u>25</u>
Ordinary profit	<u>13,592</u>	<u>9,016</u>
Extraordinary income		
Reversal of Reserve for financial instruments transaction liabilities	144	-
Gain on sales of non-current assets	(Note 8) 0	-
Total extraordinary income	<u>144</u>	<u>-</u>
Extraordinary losses		
Loss on sales and retirement of non-current assets	(Note 9) 12	(Note 9) 11
Loss on valuation of investment securities	-	160
Provision of reserve for financial instruments transaction liabilities	-	2
Total extraordinary losses	<u>12</u>	<u>173</u>
Profit before income taxes	<u>13,724</u>	<u>8,843</u>
Income taxes – current	4,046	2,735
Income taxes – deferred	116	(28)
Total income taxes	<u>4,162</u>	<u>2,707</u>
Profit	<u>9,562</u>	<u>6,136</u>

[3] Statement of changes in equity

i. Preceding fiscal year (From April 1, 2018 to March 31, 2019)

(Millions of yen)

	Shareholders' equity						
	Share capital	Capital surplus			Retained earnings		
		Legal capital surplus	Other capital surplus	Total capital surplus	Legal retained earnings	Other retained earnings	Total retained earnings
					Retained earnings brought forward		
Balance at the beginning of current period	11,945	9,793	-	9,793	159	76,268	76,426
Changes during period							
Dividends of surplus						(11,811)	(11,811)
Profit						9,562	9,562
Purchase of treasury shares							
Disposal of treasury shares			3	3			
Net changes of items other than shareholders' equity							
Total Changes during period	-	-	3	3	-	(2,249)	(2,249)
Balance at the end of current period	11,945	9,793	3	9,796	159	74,019	74,177

(Millions of yen)

	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 the beginning of current period	(1,896)	96,268	2,359	2,359	125	98,751
Changes during period						
Dividends of surplus		(11,811)				(11,811)
Profit		9,562				9,562
Purchase of treasury shares	(0)	(0)				(0)
Disposal of treasury shares	40	43				43
Net changes of items other than shareholders' equity			(0)	(0)	35	35
Total Changes during period	40	(2,206)	(0)	(0)	35	(2,172)
Balance at the end of current period	(1,856)	94,061	2,358	2,358	160	96,579

ii. Current fiscal year (April 1, 2019 to March 31, 2020)

(Millions of yen)

	Shareholders' equity						
	Share capital	Capital surplus			Retained earnings		
		Legal capital surplus	Other capital surplus	Total capital surplus	Legal retained earnings	Other retained earnings	Total retained earnings
					Retained earnings brought forward		
Balance at the beginning of current period	11,945	9,793	3	9,796	159	74,019	74,177
Changes during period							
Dividends of surplus						(22,472)	(22,472)
Profit						6,136	6,136
Purchase of treasury shares							
Disposal of treasury shares			1	1			
Net changes of items other than shareholders' equity							
Total Changes during period	-	-	1	1	-	(16,336)	(16,336)
Balance at the end of current period	11,945	9,793	4	9,797	159	57,682	57,841

(Millions of yen)

	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 the beginning of current period	(1,856)	94,061	2,358	2,358	160	96,579
Changes during period						
Dividends of surplus		(22,472)				(22,472)
Profit		6,136				6,136
Purchase of treasury shares	(0)	(0)				(0)
Disposal of treasury shares	62	64				64
Net changes of items other than shareholders' equity			(69)	(69)	47	(22)
Total Changes during period	62	(16,273)	(69)	(69)	47	(16,294)
Balance at the end of current period	(1,794)	77,789	2,290	2,290	206	80,285

[4] Statement of cash flows

	(Millions of yen)	
	Preceding fiscal year (From April 1, 2018 to March 31, 2019)	Current fiscal year (From April 1, 2019 to March 31, 2020)
Cash flows from operating activities		
Profit (loss) before income taxes	13,724	8,843
Depreciation	1,691	1,923
Increase (decrease) in allowance for doubtful accounts	(30)	(56)
Increase (decrease) in provision for bonuses	(49)	(53)
Increase (decrease) in Reserve for financial instruments transaction liabilities	(144)	2
Interest and dividend income	(11,177)	(9,602)
Interest expenses	1,272	1,748
Loss (gain) on sales and retirement of non-current assets	12	11
Loss (gain) on valuation of investment securities	-	160
Decrease (increase) in cash segregated as deposits	31,000	(24,800)
Net change in cash in trust	2,800	-
Decrease (increase) in trading products - assets (liabilities)	1,019	(661)
Decrease (increase) in trade date accrual	(7)	2
Decrease/increase in assets/liabilities for margin transaction	87,149	40,254
Decrease (increase) in loans secured by securities	(2,176)	(11,681)
Decrease/increase in advance paid/deposits received	(14,089)	31,104
Increase (decrease) in borrowings secured by securities	(5,621)	6,904
Increase (decrease) in guarantee deposits received	(5,546)	10,210
Decrease (increase) in short-term guarantee deposits	22	(49)
Other, net	(384)	191
Subtotal	99,466	54,450
Interest and dividend income received	11,113	10,410
Interest paid	(1,275)	(1,808)
Income taxes paid	(5,805)	(2,857)
Net cash provided by (used in) operating activities	103,499	60,195
Cash flows from investing activities		
Purchase of property, plant and equipment	(327)	(276)
Proceeds from sales of property, plant and equipment	0	-
Purchase of intangible assets	(1,531)	(2,028)
Purchase of investment securities	(140)	(449)
Other, net	(13)	4
Net cash provided by (used in) investing activities	(2,011)	(2,749)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	(89,750)	(18,950)
Proceeds from long-term borrowings	-	300
Repayments of Long-term borrowings	(100)	(100)
Purchase of treasury shares	(0)	(0)
Proceeds from exercise of share options	0	0
Dividends paid	(11,800)	(22,459)
Net cash provided by (used in) financing activities	(101,650)	(41,209)
Effect of exchange rate change on cash and cash equivalents	0	(0)
Net increase (decrease) in cash and cash equivalents	(162)	16,237
Cash and cash equivalents at beginning of period	39,269	39,108
Cash and cash equivalents at end of period	(Note 1) 39,108	(Note 1) 55,345

[5] Notes

i. Notes - Significant accounting policies

i) Valuation basis and valuation method of securities and derivatives

(i) Securities and derivatives classified as trading products

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

(ii) Securities not classified as trading products

[i] Available-for-sale securities whose market value is available

Available-for sale securities whose market value is available are stated by the price quoted in the markets, etc. with unrealized gains or losses included as a component of net assets, net of applicable income taxes. The acquisition cost of sale is calculated by the moving-average method.

[ii] Available-for-sale securities whose market value is not available

Available-for-sale securities whose market value is not available are stated at cost determined by the moving-average method. Investments in investment business limited partnership are stated at the proportional net value of the Company's interest to the total fund interest.

ii) Accounting policy for depreciation (including amortization) of assets

(i) 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.

(ii) 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).

(iii) Leased assets

[i] 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.

iii) Accounting policy for provisions and reserves

(i) 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.

(ii) Provision for bonuses

Estimated amount of employees' bonuses is accrued.

(iii) Reserve for financial instruments transaction liabilities

The Company accounts for a Reserve for financial instruments transaction liabilities for possible customer losses by default of the securities company on securities transactions with an amount in accordance with Article 46-5 of the Financial Instruments and Exchange Act.

iv) 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.

v) Other important information for preparation of financial statements

(i) Consumption taxes

National and local consumption taxes are separately recorded.

ii. Notes – Unapplied Accounting Standards Etc.

- Accounting Standard for Revenue Recognition, etc. (Accounting Standards Board of Japan (“ASBJ”) Statement No. 29, March 31, 2020)
- Implementation Guidance on Accounting Standard for Revenue Recognition (ASBJ Guidance No. 30, March 31, 2020)

i) General description

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

ii) Expected date of application

Expected to be applied from the beginning of the period which ends in March 2022.

iii) Impact of application of such accounting standards etc.

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

- “Accounting Standards for Fair Value Measurement” (ASBJ Statement No. 30, July 4, 2019)
- “Implementation Guidance on Accounting Standard for Fair Value Measurement” (ASBJ Statement Application Guideline No. 31, July 4, 2019)

- “Accounting Standard for Financial Instruments” (ASBJ Statement No. 10, July 4, 2019)
- “Implementation Guidance on Disclosures about Fair Value of Financial Instruments” (ASBJ Statement Application Guideline No. 19, March 31, 2020)

i) **General description**

In order to improve comparability with established international accounting standards, the “Accounting Standards for Fair Value Measurement” and the “Implementation Guidance on Accounting Standard for Fair Value Measurement” (hereinafter “Fair Value Measurement Accounting Standards Etc.”) were developed, and guidance regarding the calculation method of fair value was established. The Fair Value Measurement Account Standards Etc. are applicable to the fair value for the following items.

- Financial instruments as defined under the “Accounting Standards for Financial Instruments”.

Furthermore, the “Implementation Guidance on Disclosures about Fair Value of Financial Instruments” has been revised, and annotation requirements such as breakdown by the level of fair value of financial instruments was established.

ii) **Expected date of application**

Expected to be applied from the beginning of the fiscal period ending March 31, 2022.

iii) **Impact of application of such accounting standards etc.**

The impact amount was in the process of being assessed as at the time of preparation of the relevant financial statements.

“Accounting Standard for Accounting Policy Disclosures, Accounting Changes and Error Corrections” (ASBJ Statement No. 24, March 31, 2020)

i) **General description**

The purpose of this accounting standard is to provide a general overview of adopted principles and procedures of accounting processes, in the case where relevant accounting standards etc. have not been clearly established.

ii) **Expected date of application**

Expected to be applied from the end of the fiscal period ending March 31, 2021.

“Accounting Standard for Disclosure of Accounting Estimates” (ASBJ Statement No. 31, March 31, 2020)

i) **General description**

The purpose of this accounting standard is to prompt disclosure of information which will contribute to the understanding of the readers of financial statements with respect to the contents of accounting estimates disclosed for the relevant year, particularly where there is risk that such estimates may have a significant effect on the financial statements of the following fiscal year.

ii) Expected date of application

Expected to be applied from the end of the fiscal period ending March 31, 2021.

iii. Notes - Balance Sheet Related

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

	(Millions of Yen)	
	Preceding fiscal year (March 31, 2019)	Current fiscal year (March 31, 2020)
Buildings	512	540
Equipment	669	783
Total	1,180	1,323

ii) Note 2: Notes regarding pledged assets

(i) Preceding fiscal year

None of the assets are collateralized. The securities bought by customers using money loaned from the Company's own fund, of which market value amounted to 740 million yen are collateralized for the borrowings on margin transactions. 9,558 million yen of the guarantee securities received from customers are collateralized for borrowings on margin transactions.

(ii) Current fiscal year

None of the assets are collateralized. The securities bought by customers using money loaned from the Company's own fund, of which market value amounted to 438 million yen are collateralized for the borrowings on margin transactions. 6,657 million yen of the guarantee securities received from customers are collateralized for borrowings on margin transactions.

iii) Market value of securities received and deposited are as follows.

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

	(Millions of yen)	
	Preceding fiscal year (March 31, 2019)	Current fiscal year (March 31, 2020)
[1] Securities lent for customers' short positions in margin transactions	44,368	40,079
[2] Collateralized securities for borrowings on margin transactions	3,941	6,289
[3] Securities loaned out in debt credit transaction of securities	19,393	28,026
[4] Long-term guarantee securities deposited	5,399	10,620
[5] Securities pledged as collateral for short-term guarantee	38,028	3,940

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

	(Millions of yen)	
	Preceding fiscal year (March 31, 2019)	Current fiscal year (March 31, 2020)
[1] Securities received on customers' long positions in margin transaction	175,005	123,060
[2] Securities borrowed on margin transactions	8,385	7,042
[3] Securities received in debt credit transaction of securities	13,505	32,065
[4] Guarantee securities received from customers	416,258	320,070
[5] Securities received from customers as collateral for short-term guarantee	2,717	2,190

iv) Note 4: Notes regarding reserves under special laws

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

v) Note 5:

The Company makes overdraft agreement and/or commitment line agreement with multiple financial institutions from the perspective of efficiency of procuring working capital and safety of financing. The balance of unexecuted loans of overdraft agreement and/or commitment line agreement is as follows.

	(Millions of Yen)	
	Preceding fiscal year (March 31, 2019)	Current fiscal year (March 31, 2020)
Maximum limit amount of overdraft and lending commitment	159,250	157,300
Executed amount	47,750	58,800
The balance	111,500	98,500

iv. Notes - Statement of income

(i) Note 1: Breakdown of financial revenue

	(Millions of yen)	
	Preceding fiscal year (From April 1, 2018 to March 31, 2019)	Current fiscal year (From April 1, 2019 to March 31, 2020)
Interest on margin transactions	10,018	8,422
Revenue from debt credit transaction of securities	666	679
Other	428	438
Total	11,112	9,539

(ii) Note 2: Breakdown of financial expenses

	(Millions of yen)	
	Preceding fiscal year (From April 1, 2018 to March 31, 2019)	Current fiscal year (From April 1, 2019 to March 31, 2020)
Interest expense on margin transactions	520	1,008
Expenses on debt credit transaction of securities	43	152
Interest expenses	22	6
Other	729	640
Total	1,314	1,805

(iii) Note 3: Breakdown of trading related expenses

	(Millions of yen)	
	Preceding fiscal year (From April 1, 2018 to March 31, 2019)	Current fiscal year (From April 1, 2019 to March 31, 2020)
Commission fee	710	702
Membership fees for stock exchanges and securities associations	1,237	1,163
Communications expenses	1,725	1,735
Travel and transportation expenses	14	18
Advertisements	655	934
Entertainment expenses	68	14
Total	4,408	4,566

(iv) Note 4: Breakdown of personnel expenses

	(Millions of yen)	
	Preceding fiscal year (From April 1, 2018 to March 31, 2019)	Current fiscal year (From April 1, 2019 to March 31, 2020)
Officer's compensations	325	278
Employees' salaries	982	884
Other compensations	871	989
Welfare expenses	212	196
Provision for bonuses	178	125
Share-based compensation expenses	78	110
Retirement benefit expenses	14	25
Total	2,661	2,607

(v) Note 5: Breakdown of real estate expenses

	(Millions of yen)	
	Preceding fiscal year (From April 1, 2018 to March 31, 2019)	Current fiscal year (From April 1, 2019 to March 31, 2020)
Occupancy and rental fee	349	355
Equipment expenses	522	779
Total	870	1,134

(vi) Note 6: Breakdown of office expenses

	(Millions of yen)	
	Preceding fiscal year (From April 1, 2018 to March 31, 2019)	Current fiscal year (From April 1, 2019 to March 31, 2020)
Data processing and outsourcing cost of operations	2,378	2,739
Office supplies	7	8
Total	2,385	2,747

(vii) Note 7: Breakdown of taxes and dues

(Millions of yen)

	Preceding fiscal year (From April 1, 2018 to March 31, 2019)	Current fiscal year (From April 1, 2019 to March 31, 2020)
Enterprise tax (portion on value added levy and capital levy)	291	241
Other	49	55
Total	340	296

(viii) Note 8: Breakdown of gain on sales of non-current assets

(Millions of yen)

	Preceding fiscal year (From April 1, 2018 to March 31, 2019)	Current fiscal year (From April 1, 2019 to March 31, 2020)
Equipment	0	-
Total	0	-

(ix) Note 9: Breakdown of loss on sales and retirement of non-current assets

[i] Loss on retirement

(Millions of yen)

	Preceding fiscal year (From April 1, 2018 to March 31, 2019)	Current fiscal year (From April 1, 2019 to March 31, 2020)
Software	11	11
Other	1	0
Total	12	11

v. Notes - Statement of changes in equity

i) Preceding fiscal year (From April 1, 2018 to March 31, 2019)

(i) Notes regarding issued shares and treasury shares

	Beginning of current fiscal year	Increase	Decrease	End of current fiscal year
Issued shares				
Common stock (number of shares)	259,264,702	-	-	259,264,702
Treasury shares				
Common stock (number of shares)	2,508,633	130	53,300	2,455,463

Note 1: Increase of treasury shares is result of the purchase of shares less than 1 unit of shares.

Note 2: Decrease of treasury shares is result of exercise of the share acquisition rights.

(ii) Notes regarding share acquisition rights, etc.

(Millions of yen)

Item	Balance at the end of current fiscal year
Share acquisition rights as stock options (2014)	18
Share acquisition rights as stock options (2015)	35
Share acquisition rights as stock options (2016)	48
Share acquisition rights as stock options (2017)	40
Share acquisition rights as stock options (2018)	19
Total	160

Note 1: Concerning balance of 18 million yen of share acquisition rights as stock options (2014) and balance of 35 million yen of share acquisition rights as stock options (2015), the first day of exercise period has not come.

Note 2: Concerning the share acquisition rights as stock options (2016), (2017) and (2018), the first day of exercise period has not come.

(iii) Notes regarding dividend

[i] Dividend payment

Resolution	Class of shares	Total amount of dividends (millions of yen)	Dividend per share (yen)	Record date	Effective date
Ordinary general meeting of shareholders held on June 24, 2018	Common stock	6,932	27.00	March 31, 2018	June 25, 2018
Board of directors' meeting held on October 26, 2018	Common stock	4,879	19.00	September 30, 2018	November 22, 2018

[ii] Dividends whose record date is in the current fiscal year and whose effective date is in the following fiscal year

Resolution	Class of shares	Source of dividends	Total amount of dividends (millions of yen)	Dividend per share (yen)	Record date	Effective date
Ordinary general meeting of shareholders held on June 23, 2019	Common stock	Retained earnings	16,693	65.00	March 31, 2019	June 24, 2019

Note: Dividend per share includes 39.00 yen of commemorative dividend for the 100th anniversary of the Company.

ii) Current fiscal year (From April 1, 2019 to March 31, 2020)

(i) Notes regarding issued shares and treasury shares

	Beginning of current fiscal year	Increase	Decrease	End of current fiscal year
Issued shares				
Common stock (number of shares)	259,264,702	-	-	259,264,702
Treasury shares				
Common stock (number of shares)	2,455,463	83	82,200	2,373,346

Note 1: Increase of treasury shares is result of the purchase of shares less than 1 unit of shares.

Note 2: Decrease of treasury shares is result of exercise of the share acquisition rights.

(ii) Notes regarding share acquisition rights, etc.

(Millions of yen)

Item	Balance at the end of current fiscal year
Share acquisition rights as stock options (2015)	20
Share acquisition rights as stock options (2016)	39
Share acquisition rights as stock options (2017)	72
Share acquisition rights as stock options (2018)	56
Share acquisition rights as stock options (2019)	19
Total	206

Note 1: Concerning balance of 20 million yen of share acquisition rights as stock options (2015) and balance of 39 million yen of share acquisition rights as stock options (2016), the first day of exercise period has not come.

Note 2: Concerning the share acquisition rights as stock options (2017), (2018) and (2019), the first day of exercise period has not come.

(iii) Notes regarding dividend

[i] Dividend payment

Resolution	Class of shares	Total amount of dividends (millions of yen)	Dividend per share (yen)	Record date	Effective date
Ordinary general meeting of shareholders held on June 23, 2019	Common stock	16,693	65.00	March 31, 2019	June 24, 2019
Board of directors' meeting held on October 28, 2019	Common stock	5,779	22.50	September 30, 2019	November 22, 2019

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

[ii] Dividends whose record date is in the current fiscal year and whose effective date is in the following fiscal year

A proposal (matters for resolution) for dividend for common stock as shown below has been submitted at the ordinary general meeting of shareholders scheduled to be held June 28, 2020.

Resolution	Class of shares	Source of dividends	Total amount of dividends (millions of yen)	Dividend per share (yen)	Record date	Effective date
Ordinary general meeting of shareholders held on June 28, 2020	Common stock	Retained earnings	5,780	22.50	March 31, 2020	June 29, 2020

vi. Notes – Statement of cash flow

i) Note1: Reconciliation of ending balance of cash and cash equivalents with account balances on the balance sheet

(Millions of yen)

	Preceding fiscal year (From April 1, 2018 to March 31, 2019)	Current fiscal year (From April 1, 2019 to March 31, 2020)
Cash and deposits	36,120	52,501
Money held in trust	2,988	2,844
Cash and cash equivalents	39,108	55,345

vii. Notes – Financial instruments

(i) Matters related to the status of financial instruments

[i] The Company's policy of approach towards financial instruments

The Company's main business is the stock brokerage business towards individual investors, and in order to provide margin transaction services as a part of such business, with respect to recurring funds procurement to respond to increase and decrease in loans, the Company mainly depends on borrowings from financial institutions, and also issue bonds etc. as necessary.

On the other hand, with respect to deposits and guarantee deposits received from customers, such funds are managed in customer-segregated fund trusts pursuant to the "the Financial Instruments and Exchange Act". Furthermore, regarding funds management, importance is placed on safety of funds, and funds are managed in bank deposits and highly liquid financial assets.

Furthermore, as a part of the trading business, the Company is engaged in dealing operations of foreign exchange margin trading within a certain scope with the aim to making profits. Other trading business is conducted within the scope necessary to offer services to customers, and in principle, the Company does not conduct trading merely for the purpose of making profits.

Otherwise, the Company borrows securities from other financial institutions etc. for stock lending etc. associated with selling positions of margin transactions by customers. Also, the Company lends to other financial institutions securities received in return for own lending associated with margin transaction lending as well as securities etc. borrowed from customers as a part of services to them. These securities borrowed from customers are also served for stock lending associated with other customer's margin transaction for making short position.

[ii] Financial instruments and related risks

The main financial assets held by the Company are customer-segregated fund trusts (included in cash segregated as deposits) under which deposits from customers and guarantee deposits received etc. are deposited with trust banks, and margin transaction assets which are mainly loans on margin transactions. Customer-segregated fund trusts are managed focusing on safety by investing mainly in call loans and banking book loans to trust bank, however, such investments are exposed to credit risk of the investment destination. Furthermore, in the case of investing in securities such as government bonds, there is exposure to market value fluctuation risk. For loans on margin transactions, collateral is received from customers, so there is exposure to the customers' credit risk. The Company procures funds by short-term borrowings etc., mainly to be used for loans on margin transactions. Regarding the procured funds, there is liquidity risk if such funds are not prepaid on the payment due date due to cash position issues.

Margin transaction liabilities are borrowings on margin transactions borrowed from securities finance companies in order to be used for loans on margin transactions, and cash received for securities lending on margin transactions which is the amount equivalent of sales proceeds for short positions on margin transactions by customers.

Loans secured by securities are cash collateral pledged for securities borrowed from financial institutions etc. (cash collateral pledged for securities borrowed), and borrowings secured by securities are similarly cash collateral received for

loaned securities to financial institutions etc. (cash received on debt credit transaction of securities).

Other securities are mainly listed shares held for pure investment purposes, and the Company is exposed to credit risk of the issuer and market value fluctuation risk.

Derivatives transactions for financial assets and financial liabilities are mainly the amounts equivalent to unrealized gains and losses in foreign exchange margin trading. The Company conducts foreign exchange margin trading with customers, for the purpose of providing foreign exchange margin trading service to its customers and to make profits from such service. At the same time, in order to control related FX fluctuation risk, the Company also engages in foreign exchange margin trading with financial institution counterparties. For uncovered portions of positions arising from transactions with customers, the Company is exposed to FX fluctuation risk for such uncovered positions; however, in principle, all positions with customers are fully covered as at the end of trading on each business day.

[iii] Risk management system related to financial instruments

The risk management systems related to various risks of the Company are defined in internal rules, and also the finance division is quantitatively managing market risks and credit risks by calculating risk amounts and the capital-to-risk ratio based on the “Financial Instruments and Exchange Act”, and such status is periodically being reported to the Board of Directors. Furthermore, risk limit amounts for dealing operations etc. are prescribed in internal rules.

With respect to risks related to margin transactions, the credit control division manages the status of margin transaction positions of the entire Company, and monitors the liquidity status of individual stock names, in addition to monitoring the credit condition of individual customers.

Regarding transactions for foreign exchange margin trading, based on internal rules etc., in principle, efforts are made to control FX fluctuation risks by entering into cover transactions, marry transactions and other dealings based on preset algorithms.

Regarding liquidity risk for repayment of procured funds, the finance division manages cash flows together with the management of customer-segregated fund trusts, taking into account the levels of loans on margin transactions and the receipt and payment of funds in relation to the stock brokerage business.

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

[iv] Supplementary explanation regarding matters related to the market value of financial instruments

The market value of financial instruments include market value based on market prices, and where there is no market price, reasonably calculated values. Upon calculating such values, since certain assumptions are adopted, if differing assumptions are used, such value may differ. Furthermore, with respect to contract amounts etc. related to derivative transactions referred to in the notes to

“Notes – Overview of securities and derivatives”, the amounts themselves are not indicators of market risks related to derivative transactions.

(ii) Matters related to market value of financial instruments

[i] Preceding fiscal year (March 31, 2019)

Recorded value on the balance sheet, market value, and differences between them are as shown below. Also, financial instruments whose market value is very difficult to obtain are not included in the table below (Refer to Note 2.).

Item	Recorded value on the balance sheet (millions of yen)	Market value (millions of yen)	Difference (millions of yen)
[1] Cash and deposits	36,120	36,120	-
[2] Cash segregated as deposits	424,512	424,512	-
[3] Money held in trust	2,988	2,988	-
[4] Trading products and investment securities	4,683	4,683	-
[i] Trading securities and other	0	0	-
[ii] Derivatives	1,260	1,260	-
[iii] Available for sale securities	3,422	3,422	-
[5] Margin transaction assets	202,490	202,490	-
[6] Loans secured by securities	9,507	9,507	-
Total assets	680,300	680,300	-
[1] Trading products	164	164	-
[i] Derivatives	164	164	-
[2] Margin transaction liabilities	45,488	45,488	-
[3] Borrowings secured by securities	7,878	7,878	-
[4] Deposits received	238,794	238,794	-
[5] Guarantee deposits received	202,329	202,329	-
[6] Short-term borrowings	97,800	97,800	-
Total liabilities	592,454	592,454	-

Note 1: Calculation method of market value of financial instruments and matters concerning securities and derivatives: (A) Notes concerning assets: [1] Cash and deposits, [5] Margin transaction assets and [6] Loans secured by securities are usually settled in short term and their market value is close to recorded value on the balance sheet. By this reason, market value is represented by its record value on the balance sheet. [2] Cash segregated as deposits and [3] Money held in trust are evaluated and recorded on the balance sheet by mainly the market value of trusted assets and their market value is close to recorded value on the balance sheet. By this reason, market value is represented by its record value on the balance sheet. Among [4] Trading products and investment securities, market price of securities are based on the price quoted on markets, etc. Market price of foreign exchange margin trading is calculated based on the spot exchange rate at the end of current fiscal year. For notes concerning securities and derivatives by purpose of holding, reference is made to the “Notes – Overview of securities and derivatives.” (B) Notes concerning liabilities: Among [1] Trading products, foreign exchange margin trading is calculated based on the spot exchange rate at the end of current fiscal year. For notes concerning securities and derivatives by purpose of holding, reference is made to the “Notes – Overview of securities and derivatives.” [2] Margin transaction liabilities, [3] Borrowings secured by securities, [4] Deposits received, [5] Guarantee deposits received and [6] Short-term borrowings are usually settled in short term and their market value is close to recorded value on the balance sheet. By this reason, market value is shown by their recorded value on the balance sheet.

Note 2: Financial instruments whose market value is quite difficult to obtain.

Item	Recorded value on the balance sheet (millions of yen)
Available-for-sale securities	
Unlisted shares	109
Investment on investment business limited partnership	179

Note: These financial instruments do not have market price, which makes it quite difficult to obtain their market value. By this reason these are not included in “[4] Trading products and investment securities” among assets.

Note 3: Note on scheduled amount of redemptions after the record date of financial statements for monetary claims and securities which have maturity dates: All of monetary claims are expected to be redeemed within 1 year.

Note 4: All monetary debts are scheduled due within one year.

[ii] Current fiscal year (March 31, 2020)

Recorded value on the balance sheet, market value, and differences between them are as shown below. Also, financial instruments whose market value is very difficult to obtain are not included in the table below (Refer to Note 2.).

Item	Recorded value on the balance sheet (millions of yen)	Market value (millions of yen)	Difference (millions of yen)
[1] Cash and deposits	52,501	52,501	-
[2] Cash segregated as deposits	449,312	449,312	-
[3] Money held in trust	2,844	2,844	-
[4] Trading products and investment securities	5,183	5,183	-
[i] Trading securities and other	0	0	-
[ii] Derivatives	1,877	1,877	-
[iii] Available for sale securities	3,306	3,306	-
[5] Margin transaction assets	161,594	161,594	-
[6] Loans secured by securities	21,188	21,188	-
Total assets	692,622	692,622	-
[1] Trading products	120	120	-
[i] Derivatives	120	120	-
[2] Margin transaction liabilities	44,846	44,846	-
[3] Borrowings secured by securities	14,782	14,782	-
[4] Deposits received	270,003	270,003	-
[5] Guarantee deposits received	212,539	212,539	-
[6] Short-term borrowings	78,900	78,900	-
Total liabilities	621,190	621,190	-

Note 1: Calculation method of market value of financial instruments and matters concerning securities and derivatives: (A) Notes concerning assets: [1] Cash and deposits, [5] Margin transaction assets and [6] Loans secured by securities are usually settled in short term and their market value is close to recorded value on the balance sheet. By this reason, market value is represented by its record value on the balance sheet. [2] Cash segregated as deposits and [3] Money held in trust are evaluated and recorded on the balance sheet by mainly the market value of trusted assets and their market value is close to recorded value on the balance sheet. By this reason, market value is represented by its record value on the balance sheet. Among [4] Trading products and investment securities, market price of securities are based on the price quoted on markets, etc. Market price of foreign exchange margin trading is calculated based on the spot exchange rate at the end of current fiscal year. For notes concerning securities and derivatives by purpose of holding, reference is made to the “Notes – Overview of securities and derivatives.” (B) Notes concerning liabilities: Among [1] Trading products, foreign exchange margin trading is calculated based on the spot exchange rate at the end of current fiscal year. For notes concerning securities and derivatives by purpose of holding,

reference is made to the “Notes – Overview of securities and derivatives.” [2] Margin transaction liabilities, [3] Borrowings secured by securities, [4] Deposits received, [5] Guarantee deposits received and [6] Short-term borrowings are usually settled in short term and their market value is close to recorded value on the balance sheet. By this reason, market value is shown by their recorded value on the balance sheet.

Note 2: Financial instruments whose market value is quite difficult to obtain.

Item	Recorded value on the balance sheet (millions of yen)
Available-for-sale securities	
Unlisted shares	149
Investment on investment business limited partnership	419

Note: These financial instruments do not have market price, which makes it quite difficult to obtain their market value. By this reason these are not included in “[4] Trading products and investment securities” among assets.

Note 3: Note on scheduled amount of redemptions after the record date of financial statements for monetary claims and securities which have maturity dates: All of monetary claims are expected to be redeemed within 1 year.

Note 4: All monetary debts are scheduled due within one year.

viii. Notes – Overview of securities and derivatives

i) Trading related securities and derivatives

(i) Derivative trading

[i] Derivative trading for which hedge accounting is not applied

(Preceding fiscal year)

Type	Assets		Liabilities	
	Amount of contract, etc. (millions of yen)	Market value (millions of yen)	Amount of contract, etc. (millions of yen)	Market value (millions of yen)
Foreign exchange margin trading	40,135	1,260	5,056	164

Note 1: Market value of foreign exchange margin trading is calculated based spot rate of exchange at the end of current fiscal year.

Note 2: Amount of contract whose market value falls in zero is represented as assets.

(Current fiscal year)

Type	Assets		Liabilities	
	Amount of contract, etc. (millions of yen)	Market value (millions of yen)	Amount of contract, etc. (millions of yen)	Market value (millions of yen)
Foreign exchange margin trading	42,288	1,877	8,226	120

Note 1: Market value of foreign exchange margin trading is calculated based spot rate of exchange at the end of current fiscal year.

Note 2: Amount of contract whose market value falls in zero is represented as assets.

[ii] Derivative trading for which hedge accounting is applied

Not applicable.

ii) Other than trading related securities and derivatives

(i) Shares of subsidiaries and affiliates

[i] Preceding fiscal year (From April 1, 2018 to March 31, 2019)

The Company does not have shares of subsidiaries nor affiliates.

[ii] Current fiscal year (From April 1, 2019 to March 31, 2020)

The Company does not have shares of subsidiaries nor affiliates.

(ii) Available-for-sale securities

[i] Preceding fiscal year

Classification		Recorded value on balance sheet (millions of yen)	Acquisition cost (millions of yen)	Difference (millions of yen)
Securities whose recorded value on the balance sheet exceeds acquisition cost	[1] Stock	3,422	13	3,409
	[2] Bond	-	-	-
	[3] Other	-	-	-
	Subtotal	3,422	13	3,409
Securities whose recorded value on the balance sheet does not exceed acquisition cost	[1] Stock	-	-	-
	[2] Bond	-	-	-
	[3] Other	-	-	-
	Subtotal	-	-	-
Total		3,422	13	3,409

[ii] Current fiscal year

Classification		Recorded value on balance sheet (millions of yen)	Acquisition cost (millions of yen)	Difference (millions of yen)
Securities whose recorded value on the balance sheet exceeds acquisition cost	[1] Stock	3,306	13	3,293
	[2] Bond	-	-	-
	[3] Other	-	-	-
	Subtotal	3,306	13	3,293
Securities whose recorded value on the balance sheet does not exceed acquisition cost	[1] Stock	-	-	-
	[2] Bond	-	-	-
	[3] Other	-	-	-
	Subtotal	-	-	-
Total		3,306	13	3,293

(iii) Available-for-sale securities sold during current fiscal year

[i] Preceding fiscal year

Not applicable.

[ii] Current fiscal year

Not applicable.

(iv) Impaired securities

The Company has recorded 160 million yen loss on revaluation of available-for-sale securities.

ix. Notes – Retirement benefits

i) Overview of retirement benefit system adapted

The Company adapted defined contribution pension plan.

ii) Defined contribution plan

Required amount of contribution by the Company to the plan is 14 million yen for the preceding fiscal year, and 25 million yen for the current fiscal year.

x. Notes – Share options, etc.

i) Amount of cost of share options and item for which it is accounted

	Preceding fiscal year (From April 1, 2018 to March 31, 2019)	Current fiscal year (From April 1, 2019 to March 31, 2020)
Share-based compensation expenses in selling, general and administrative expenses	78 million yen	110 million yen

ii) Contents, scale and status of movement of share options

(i) Contents of share options

[i] First series of share acquisition rights

	Share acquisition rights which can be exercised from August 9, 2017	Share acquisition rights which can be exercised from August 9, 2018	Share acquisition rights which can be exercised from August 9, 2019
Date of resolution	July 24, 2014		
Persons eligible for the allotment and their number(Note 1)	6 directors of the Company (excluding outside directors)		
Number of share acquisition rights (Note 1) (Note 2)	Common stock: 27,800 shares	Common stock: 27,800 shares	Common stock: 28,300 shares
Allotment date	August 8, 2014		
Conditions for exercising	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.		
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

Note 1: The table above shows the contents at the date of resolution.

Note 2: Number of share acquisition rights are represented by the number of shares.

[ii] Second series of share acquisition rights

	Share acquisition rights which can be exercised from August 12, 2018	Share acquisition rights which can be exercised from August 12, 2019	Share acquisition rights which can be exercised from August 12, 2020
Date of resolution	July 27, 2015		
Persons eligible for the allotment and their number(Note 1)	6 directors of the Company (excluding outside directors)		
Number of share acquisition rights (Note 1) (Note 2)	Common stock: 22,500 shares	Common stock: 22,500 shares	Common stock: 23,000 shares
Allotment date	August 11, 2015		
Conditions for exercising	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.		
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

Note 1: The table above shows the contents at the date of resolution.

Note 2: Number of share acquisition rights are represented by the number of shares.

[iii] Third series of share acquisition rights

	Share acquisition rights which can be exercised from August 11, 2019	Share acquisition rights which can be exercised from August 11, 2020	Share acquisition rights which can be exercised from August 11, 2021
Date of resolution	July 26, 2016		
Persons eligible for the allotment and their number(Note 1)	7 directors of the Company (excluding outside directors)		
Number of share acquisition rights (Note 1) (Note 2)	Common stock: 31,400 shares	Common stock: 31,400 shares	Common stock: 32,000 shares
Allotment date	August 10, 2016		
Conditions for exercising	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.		
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

Note 1: The table above shows the contents at the date of resolution.

Note 2: Number of share acquisition rights are represented by the number of shares.

[iv] Fourth series of share acquisition rights

	Share acquisition rights which can be exercised from August 18, 2020	Share acquisition rights which can be exercised from August 19, 2021	Share acquisition rights which can be exercised from August 19, 2022
Date of resolution	July 27, 2017		
Persons eligible for the allotment and their number(Note 1)	8 directors of the Company (excluding outside directors)		
Number of share acquisition rights (Note 1) (Note 2)	Common stock: 42,800 shares	Common stock: 42,800 shares	Common stock: 43,500 shares
Allotment date	August 17, 2017		
Conditions for exercising	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.		
Vesting period	From August 17, 2017 to August 17, 2020	From August 17, 2017 to August 18, 2021	From August 17, 2018 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: The table above shows the contents at the date of resolution.

Note 2: Number of share acquisition rights are represented by the number of shares.

[v] Fifth series of share acquisition rights

	Share acquisition rights which can be exercised from July 21, 2021	Share acquisition rights which can be exercised from July 22, 2022	Share acquisition rights which can be exercised from July 22, 2023
Date of resolution	July 5, 2018		
Persons eligible for the allotment and their number(Note 1)	8 directors of the Company (excluding outside directors)		
Number of share acquisition rights (Note 1) (Note 2)	Common stock: 37,400 shares	Common stock: 37,400 shares	Common stock: 38,100 shares
Allotment date	July 20, 2018		
Conditions for exercising	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.		

	Share acquisition rights which can be exercised from July 21, 2021	Share acquisition rights which can be exercised from July 22, 2022	Share acquisition rights which can be exercised from July 22, 2023
Vesting period	From July 20, 2018 to July 20, 2021	From July 20, 2018 to July 21, 2022	From July 20, 2018 to July 21, 2023
Exercise period	From July 21, 2021 to July 20, 2024	From July 22, 2022 to July 20, 2024	From July 22, 2023 to July 20, 2024

Note 1: The table above shows the contents at the date of resolution.

Note 2: Number of share acquisition rights are represented by the number of shares.

[vi] Sixth series of share acquisition rights

	Share acquisition rights which can be exercised from July 11, 2022	Share acquisition rights which can be exercised from July 12, 2023	Share acquisition rights which can be exercised from July 12, 2024
Date of resolution	June 23, 2019		
Persons eligible for the allotment and their number(Note 1)	6 directors of the Company (excluding outside directors)		
Number of share acquisition rights (Note 1) (Note 2)	Common stock: 40,000 shares	Common stock: 40,100 shares	Common stock: 40,200 shares
Allotment date	July 10, 2019		
Conditions for exercising	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.		
Vesting period	From July 10, 2019 to July 10, 2022	From July 10, 2019 to July 11, 2023	From July 10, 2019 to July 11, 2024
Exercise period	From July 11, 2022 to July 10, 2025	From July 12, 2023 to July 10, 2025	From July 12, 2024 to July 10, 2025

Note 1: The table above shows the contents at the date of resolution.

Note 2: Number of share acquisition rights are represented by the number of shares.

(ii) Scale of share acquisition rights and their status of movement

Share acquisition rights which existed during the current fiscal year (year ended March, 2020) are shown in the tables below and number of these rights is translated into the equivalent number of shares.

[i] Number of share acquisition rights

	First series of share acquisition rights	Second series of share acquisition rights	Third series of share acquisition rights	Fourth series of share acquisition rights	Fifth series of share acquisition rights	Sixth series of share acquisition rights
Before vesting						
At end of preceding fiscal year (number of share)	28,300	45,500	94,800	129,100	112,900	-
Granted	-	-	-	-	-	120,300
Forfeited	-	-	-	-	-	-
Vested	28,300	22,500	31,400	-	-	-
Unvested amount	-	23,000	63,400	129,100	112,900	120,300
After vesting						
At end of preceding fiscal year	-	-	-	-	-	-

	First series of share acquisition rights	Second series of share acquisition rights	Third series of share acquisition rights	Fourth series of share acquisition rights	Fifth series of share acquisition rights	Sixth series of share acquisition rights
(number of shares)						
Vested	28,300	22,500	31,400	-	-	-
Exercise of rights	28,300	22,500	31,400	-	-	-
Forfeited	-	-	-	-	-	-
Unexercised amount	-	-	-	-	-	-

[ii] Price information

	First series of share acquisition rights (Note 1)	First series of share acquisition rights (Note 2)	First series of share acquisition rights (Note 3)
Date of resolution	July 24, 2014	July 24, 2014	July 24, 2014
Exercise price (yen)	1	1	1
Average market price of shares at time of exercise of share acquisition rights (yen)	-	-	878
Fair value at grant date (yen)	721	702	684

Note 1: First series of share acquisition rights which can be exercised from August 9, 2017.

Note 2: First series of share acquisition rights which can be exercised from August 9, 2018.

Note 3: First series of share acquisition rights which can be exercised from August 9, 2019.

	Second series of share acquisition rights (Note 1)	Second series of share acquisition rights (Note 2)	Second series of share acquisition rights (Note 3)
Date of resolution	July 27, 2015	July 27, 2015	July 27, 2015
Exercise price (yen)	1	1	1
Average market price of shares at time of exercise of share acquisition rights (yen)	-	878	-
Fair value at grant date (yen)	952	936	919

Note 1: Second series of share acquisition rights which can be exercised from August 12, 2018.

Note 2: Second series of share acquisition rights which can be exercised from August 12, 2019.

Note 3: Second series of share acquisition rights which can be exercised from August 12, 2020.

	Third series of share acquisition rights (Note 1)	Third series of share acquisition rights (Note 2)	Third series of share acquisition rights (Note 3)
Date of resolution	July 26, 2016	July 26, 2016	July 26, 2016
Exercise price (yen)	1	1	1
Average market price of shares at time of exercise of share acquisition rights (yen)	877	-	-
Fair value at grant date (yen)	737	720	703

Note 1: Third series of share acquisition rights which can be exercised from August 11, 2019.

Note 2: Third series of share acquisition rights which can be exercised from August 11, 2020.

Note 3: Third series of share acquisition rights which can be exercised from August 11, 2021.

	Fourth series of share acquisition rights (Note 1)	Fourth series of share acquisition rights (Note 2)	Fourth series of share acquisition rights (Note 3)
Date of resolution	July 27, 2017	July 27, 2017	July 27, 2017
Exercise price (yen)	1	1	1
Average market price of shares at time of exercise of share acquisition rights (yen)	-	-	-
Fair value at grant date (yen)	730	716	703

Note 1: Fourth series of share acquisition rights which can be exercised from August 18, 2020.

Note 2: Fourth series of share acquisition rights which can be exercised from August 19, 2021.

Note 3: Fourth series of share acquisition rights which can be exercised from August 19, 2022.

	Fifth series of share acquisition rights (Note 1)	Fifth series of share acquisition rights (Note 2)	Fifth series of share acquisition rights (Note 3)
Date of resolution	July 5, 2018	July 5, 2018	July 5, 2018
Exercise price (yen)	1	1	1
Average market price of shares at time of exercise of share acquisition rights (yen)	-	-	-
Fair value at grant date (yen)	861	843	826

Note 1: Fifth series of share acquisition rights which can be exercised from July 21, 2021.

Note 2: Fifth series of share acquisition rights which can be exercised from July 22, 2022.

Note 3: Fifth series of share acquisition rights which can be exercised from July 22, 2023.

	Sixth series of share acquisition rights (Note 1)	Sixth series of share acquisition rights (Note 2)	Sixth series of share acquisition rights (Note 3)
Date of resolution	June 23, 2019	June 23, 2019	June 23, 2019
Exercise price (yen)	1	1	1
Average market price of shares at time of exercise of share acquisition rights (yen)	-	-	-
Fair value at grant date (yen)	824	806	789

Note 1: Sixth series of share acquisition rights which can be exercised from July 11, 2022.

Note 2: Sixth series of share acquisition rights which can be exercised from July 12, 2023.

Note 3: Sixth series of share acquisition rights which can be exercised from July 12, 2024.

iii) Procedure of estimating fair value of share acquisition rights allotted during current fiscal year

(i) Evaluation method applied
Black-Scholes model

(ii) Main basic parameters and the procedure of their estimations

	Sixth series of share acquisition rights (Note 1)	Sixth series of share acquisition rights (Note 2)	Sixth series of share acquisition rights (Note 3)
Volatility of shares	(Note 4) 23.013%	(Note 5) 23.705%	(Note 6) 24.366%
Estimated time to maturity	4.5 years	5.0 years	5.5 years
Estimated dividend	45 yen per share	45 yen per share	45 yen per share
Risk free rate (Note 9)	Minus 0.230%	Minus 0.233%	Minus 0.237%

Note 1: Sixth series of share acquisition rights which can be exercised from July 11, 2022.

Note 2: Sixth series of share acquisition rights which can be exercised from July 12, 2023.

Note 3: Sixth series of share acquisition rights which can be exercised from July 12, 2024.

Note 4: Volatility of shares are calculated based on the historical record for the 4 years and a half (From January 11, 2015 to July 10, 2019).

Note 5: Volatility of shares are calculated based on the historical record for the 5 years (From July 11, 2014 to July 10, 2019).

Note 6: Volatility of shares are calculated based on the historical record for the 5 years and a half (From January 11, 2014 to July 10, 2019).

Note 7: Due to the lack of adequate data for the reasonable estimation, the Company regards share acquisition rights to be exercised upon the middle point of the exercise period.

Note 8: Considering the status of past record of dividend payments, the value as same as the ordinary dividend for the fiscal year ended March 2019 is used.

Note 9: Average compound return of long term government bonds whose redemption time falls on the period within 3 months before or 3 months after the date when the estimated time to maturity passes from the grant date of share acquisition rights.

iv) Procedure of estimating number of share acquisition rights which will be vested

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

xi. Notes – Tax effect accounting

i) Details of major components of deferred tax assets and deferred tax liabilities by their origins

	(Millions of yen)	
	Preceding fiscal year (March 31, 2019)	Current fiscal year (March 31, 2020)
Deferred tax assets		
Accrued enterprise tax	103	96
Excess of allowance for doubtful accounts	438	421
Reserve for retirement bonuses for directors	63	63
Share based compensation expenses	49	63
Reserve for financial instruments transaction liabilities	871	871
Provision for bonuses	55	38
Other	83	133
Total deferred tax assets	1,661	1,685
Deferred tax liabilities		
Valuation difference on available-for-sale securities	(1,044)	(1,011)
Other	(53)	(52)
Total deferred tax liabilities	(1,097)	(1,063)
Net deferred tax assets	564	623

ii) Details of major components which caused discrepancy 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.

xii. Notes – Segment information, etc.

i) Segment information

(i) Preceding fiscal year (From April 1, 2018 to March 31, 2019)

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

(ii) Current fiscal year (From April 1, 2019 to March 31, 2020)

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

ii) Notes - Information associated with reportable segments

(i) Preceding fiscal year (From April 1, 2018 to March 31, 2019)

[i] 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.

[ii] Information for each region

(Revenues from external customers)

Information is not applicable as the Company does not earn revenue from external customers located overseas.

(Property, plant and equipment)

Information is not applicable as the Company does not have any overseas property, plant and equipment.

[iii] 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 in the non-consolidated statement of income.

(ii) Current fiscal year (From April 1, 2019 to March 31, 2020)

[i] 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.

[ii] Information for each region

(Revenues from external customers)

Information is not applicable as the Company does not earn revenue from external customers located overseas.

(Property, plant and equipment)

Information is not applicable as the Company does not have any overseas property, plant and equipment.

[iii] 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 in the non-consolidated statement of income.

iii) 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, since the Company is a provider of on-line securities trading service comprising a single segment.

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

Not applicable.

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

Not applicable.

xiii. Notes – Equity in earnings (losses) of affiliates if equity method is applied

Not applicable.

xiv. Notes – Related parties

i) Preceding fiscal year (From April 1, 2018 to March 31, 2019)

(i) Trades with related parties

[i] Officers and major shareholders of the Company (in case of individual only), etc.

Type	Name	Location	Share capital	Business involved	Holding of the Company's voting rights
Companies half or more of 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.

Company's relationship with related party	Trade details	Trading volume	Balance sheet account	Balance at end of fiscal year
Rental of real estate	Rental contract of real estate	14	-	-

Note 1: Trading volume does not include consumption tax, etc.

Note 2: Shokosha Ltd. is also a principal institutional shareholder.

Note 3: Conditions of contract and the policy of determining conditions of contract: Trade described above is rental of real estate owned by Shokosha Ltd. 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 neighboring area.

(ii) Notes on parent company and important related companies

Not applicable.

ii) Current fiscal year (From April 1, 2019 to March 31, 2020)

(i) Trades with related parties

[i] Officers and major shareholders of the Company (in case of individual only), etc.

Type	Name	Location	Share capital	Business involved	Holding of the Company's voting rights
Companies half or more of 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 13.91% of voting rights of the Company.

Company's relationship with related party	Trade details	Trading volume	Balance sheet account	Balance at end of fiscal year
Rental of real estate	Rental contract of real estate	14	-	-

Note 1: Trading volume does not include consumption tax, etc.

Note 2: Shokosha Ltd. is also a principal institutional shareholder.

Note 3: Conditions of contract and the policy of determining conditions of contract: Trade described above is rental of real estate owned by Shokosha Ltd. 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 neighboring area.

(ii) Notes on parent company and important related companies

Not applicable.

xv. Notes – Per share information

	Preceding fiscal year (From April 1, 2018 to March 31, 2019)	Current fiscal year (From April 1, 2019 to March 31, 2020)
Net assets per share	375.45 yen	311.72 yen
Basic earnings per share	37.24 yen	23.89 yen
Diluted earnings per share	37.20 yen	23.86 yen

Note: Respective bases of calculation for basic earnings per share and diluted earnings are as follows.

Item	Preceding fiscal year (From April 1, 2018 to March 31, 2019)	Current fiscal year (From April 1, 2019 to March 31, 2020)
Basic earnings per share		
Net profit (millions of yen)	9,562	6,136
Net profit not attributed to common stock (millions of yen)	-	-
Net profit attributed to common stock (millions of yen)	9,562	6,136
Average number of shares of common stock outstanding (number of shares)	256,785,336	256,855,048
Diluted earnings per share		
Increase of common stock (number of shares)	285,307	316,036
[Of the above, share acquisition rights (number of shares)]	[285,307]	[316,036]
Outline of diluted securities which are not considered in the calculation of diluted earnings per share due to the lack of diluting effect	-	-

xvi. Notes - Significant events after reporting period
Not applicable.

[6] Annexed detailed schedules

i. Annexed detailed schedule of securities

i) Investment securities

Pursuant to Article 124 of Regulations on Financial Statements, a detailed list of investment securities is omitted because their total value recorded on the balance sheet at the end of current fiscal year is equal to or less than 1/100 of total value of assets.

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

(Millions of yen)

	Balance at the beginning of current period	Increase in current period	Decrease in current period	Balance at the end of current period	Accumulated depreciation and amortization	Depreciation expensed at current period	Net Balance at the end of current period
Property, plant and equipment							
Buildings	823	3	0	825	540	29	285
Equipment	1,178	297	1	1,474	783	115	691
Land	434	-	-	434	-	-	434
Total property, plant and equipment	2,435	299	1	2,733	1,323	145	1,410
Intangible assets							
Software	19,138	1,685	1,440	19,383	14,973	1,779	4,410
Other	20	-	0	20	20	-	0
Total intangible assets	19,158	1,685	1,440	19,403	14,993	1,779	4,410
Long term prepaid expenses	19	45	12	52	13	10	39

Note: The increase of equipment and software is mainly due to the investment on facilities necessary for introduction of various new services, enhancing of capacity and improvement of the trading system.

iii. Annexed detailed schedule of corporate bonds

Not applicable.

iv. Annexed detailed schedule of borrowings

Item	Balance at the beginning of current period (millions of yen)	Balance at the end of current period (millions of yen)	Average interest rate (%)	Date of maturity
Short-term borrowings	97,750	78,800	0.09	-
Long-term borrowings due within 1 year	50	100	0.60	-
Long-term lease liabilities due within 1 year	-	-	-	-
Long-term borrowings excluding those due within 1 year	-	150	0.60	July 31, 2022
Long-term lease liabilities excluding those due within 1 year	-	-	-	-

Item	Balance at the beginning of current period (millions of yen)	Balance at the end of current period (millions of yen)	Average interest rate (%)	Date of maturity
Other interest-bearing liabilities: Borrowings on margin transactions due within 1 year	4,016	6,369	0.60	-
Total	101,816	85,419	-	-

Note 1: Average interest rate is weighted average interest rate at the end of period.

Note 2: Long-term borrowing within 5 years after March 31, 2020 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	100	50	-	-

v. Annexed detailed schedule of provisions

(Millions of yen)

	Balance at the beginning of current period	Increase	Decrease		Balance at the end of current period
			Appropriation	Other	
Allowance for doubtful accounts	1,510	170	28	198	1,454
Provision for bonuses	178	125	178	-	125
Reserve for financial instruments transaction liabilities	2,843	2	-	-	2,845

Note: The decrease (other) of allowance for doubtful account is mainly due to reversal from revaluation of the allowance.

vi. Annexed detailed schedule of asset retirement obligations

The annexed detailed schedule of asset retirement obligations has been omitted as value of them is equal to or less than 1/100 of the total of liabilities and net assets on the balance sheet at the beginning and end of the current fiscal year.

3) Components of Major Assets and Liabilities

(1) Assets

[1] Cash and deposits

Item	Amount of value (millions of yen)
Cash in hand	0
Cash at banks	52,500
Demand deposits	38,707
Ordinary deposits	13,754
Segregated deposits	38
Total	52,501

[2] Cash segregated as deposits

Item	Amount of value (millions of yen)
Trusted money segregated for customers as fiduciary assets	439,000
Trusted money segregated for customers' foreign exchange margin trading	10,300
Other	12
Total	449,312

[3] Margin transaction assets

Item	Amount of value (millions of yen)
Loans on margin transactions	154,302
Cash collateral pledged for securities borrowing on margin	7,292
Total	161,594

(2) Liabilities

[1] Margin transaction liabilities

Item	Amount of value (millions of yen)
Borrowings on margin transactions	6,369
Japan Securities Finance Co., Ltd.	6,369
Cash received for securities lending on margin transactions	38,477
Total	44,846

[2] Deposits received

Item	Amount of value (millions of yen)
Deposits from customers	266,096
Deposits for others	3,906
Total	270,003

[3] Guarantee deposits received

Item	Amount of value (millions of yen)
Guarantee deposits received concerning margin transaction	186,695
Guarantee deposits received concerning futures transaction	549
Other	25,295
Total	212,539

[4] Short-term borrowings

Item	Amount of value (millions of yen)
Sumitomo Mitsui Trust Bank, Ltd.	25,000
MUFJ Bank, Ltd.	20,000
Mizuho Bank, Ltd.	5,000
Sumitomo Mitsui Banking Corporation	5,000
Other	3,800
Call money	20,000
Long-term borrowings due within one year	100
Total	78,900

4) Other Information

(1) Quarterly information for the current fiscal year, etc.

Cumulative period	1 st quarter	2 nd quarter	3 rd quarter	Current fiscal year
Operating revenue (millions of yen)	5,556	11,269	17,360	24,150
Net operating revenue (millions of yen)	5,153	10,384	15,905	22,345
Profit before income taxes (millions of yen)	1,976	4,043	6,339	8,843
Quarterly (annual) profit (millions of yen)	1,374	2,806	4,400	6,136
Basic quarterly (annual) earnings per share (yen)	5.35	10.93	17.13	23.89

Accounting period	1 st quarter	2 nd quarter	3 rd quarter	4 th quarter
Basic earnings per share (yen)	5.35	5.58	6.20	6.76

6. Overview of Operational Procedures for Shares

Fiscal year	From April 1 to March 31
Ordinary general meeting of shareholders	Within 3 months from the next day to the end of each fiscal year
Record date of dividend from surplus	September 30 and March 31
Number of shares of 1 unit of shares	100 shares
Purchase of shares less than 1 unit of shares	
Venue of purchase	(Special Account) Marunouchi 1-4-1, Chiyoda-ku, Tokyo Stock Transfer Agency Business Planning Department, Sumitomo Mitsui Trust Bank, Limited
Shareholder registry administrator	(Special Account) Marunouchi 1-4-1, Chiyoda-ku, Tokyo Sumitomo Mitsui Trust Bank Limited
Agency	-
Fee for purchase	Amount specified separately as the equivalent of fee concerning stock brokerage
Public notification measures	The Company does public notification electrically. In case any accidents or other inevitable incidents prevent the electric notification by the Company, the Company publishes the notification on Nikkei Shimbun Newspaper. Electric Notifications are on the Company's website whose address is as below: https://www.matsui.co.jp/
Shareholders' benefit	Not applicable

Note: Shareholders of shares less than 1 unit of shares cannot exercise rights other than followings for the shares in their possession: [1] Rights listed in each item in Article 189, paragraph 2 of the Companies Act [2] The right for the request based on the rule of Article 166, paragraph 1 of the Companies Act [3] The right for the allocation of offering of stocks or share acquisition rights in proportion to number of shares in possession of shareholders.

7. Reference Information of Reporting Company

1) Information about Parent Company, etc. of Reporting Company

The Company does not have a parent company, etc. as defined in Article 24-7, Paragraph 1 of the Financial Instrument and Exchange Act.

2) Other Reference Information

The Company has filed documents below from the start date of the current fiscal year to the date of filing of this Report.

(1) Annual Securities Report and its attachments, Confirmation Letter for Annual Securities Report

For the 103rd fiscal year from April 1, 2018 to March 31, 2019 (Filed with the director of Kanto Local Finance Bureau on June 17, 2019.)

(2) Internal Control Report

For the 103rd fiscal year from April 1, 2018 to March 31, 2019 (Filed with the director of Kanto Local Finance Bureau on June 17, 2019.)

(3) Quarterly Securities Report and Confirmation Letter for Quarterly Securities Report

For the 1st quarter of the 104th fiscal year from April 1, 2019 to June 30, 2019 (Filed with the director of Kanto Local Finance Bureau on August 13, 2019.)

For the 2nd quarter of the 104th fiscal year from July 1, 2019 to September 30, 2019 (Filed with the director of Kanto Local Finance Bureau on November 13, 2019.)

For the 3rd quarter of the 104th fiscal year from October 1, 2019 to December 31, 2019 (Filed with director of Kanto Local Finance Bureau on February 13, 2020.)

(4) Extraordinary Securities Report

Extraordinary Securities Report in pursuant to the rule set in Article 19, Paragraph 2, item 9-2 of the Cabinet Office Order on Disclosure of Corporate Affairs (Results of the exercise of voting rights in the shareholders' meeting) (Filed with the director of Kanto Local Finance Bureau on June 24, 2019.)

Extraordinary Securities Report in pursuant to the rule set in Article 19, Paragraph 2, item 2-2 of the Cabinet Office Order on Disclosure of Corporate Affairs (Issuance of share acquisition rights as stock options) (Filed with the director of Kanto Local Finance Bureau on June 24, 2019.)

(5) Amended Extraordinary Securities Report

Amended Extraordinary Securities Report for Extraordinary Securities Report in pursuant to the rule set in Article 19, Paragraph 2, item 2-2 of the Cabinet Office Order on Disclosure of Corporate Affairs (Issuance of share acquisition rights as stock options) described in (4) above (Filed with the director of Kanto Local Finance Bureau on July 11, 2019.)

(6) Shelf Registration Statement (Bonds) and attached documents

(Filed with the director of Kanto Local Finance Bureau on November 21, 2019.)

Part 2. Information about Company which Provides

Guarantee to Reporting Company

Not Applicable.