Annual Securities Report for the 106th Fiscal Year (From April 1, 2021 to March 31, 2022)

Matsui Securities Co., Ltd.

1-4, Kojimachi, Chiyoda-ku, Tokyo
Representative: WARITA Akira, President & CEO

Original Japanese Report was filed with the Director of the Kanto Local Finance Bureau on June 20, 2022 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, 2022.

Part 1. Company Information

1. Key financial data

1) Summary of Business Results

Fiscal year	102nd	103rd	104th	105th	106th
End of fiscal year	March 2018	March 2019	March 2020	March 2021	March 2022
Operating revenue (millions of yen)	32,210	27,313	24,150	30,082	30,616
Net operating revenue (millions of yen)	30,480	25,999	22,345	28,672	29,439
Ordinary profit (millions of yen)	18,632	13,592	9,016	12,919	12,791
Profit (millions of yen)	12,908	9,562	6,136	10,283	11,439
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)	98,751	96,579	80,285	79,213	78,719
Total assets (millions of yen)	836,318	695,993	708,314	961,791	879,394
Net assets per share (yen)	384.12	375.45	311.72	307.23	305.27
Dividend paid per share [Interim dividend paid per share] (yen)	44.00 [17.00]	84.00 [19.00]	45.00 [22.50]	40.00 [20.00]	40.00 [20.00]
Basic earnings per share (yen)	50.28	37.24	23.89	40.02	44.50
Diluted earnings per share (yen)	50.24	37.20	23.86	39.96	44.44
Equity-to-asset ratio (%)	11.8	13.9	11.3	8.2	8.9
Rate of return on equity (%)	13.4	9.8	7.0	12.9	14.5
Price-earnings ratio (times)	19.17	27.98	33.19	22.51	18.13
Payout ratio (%)	87.5	225.6	188.4	100.0	89.9
Net cash provided by (used in) operating activities (millions of yen)	(39,665)	103,499	60,195	(111,926)	50,821
Net cash provided by (used in) investing activities (millions of yen)	(2,067)	(2,011)	(2,749)	(1,607)	67
Net cash provided by (used in) financing activities (millions of yen)	51,908	(101,650)	(41,209)	117,986	(50,374)
Cash and cash equivalents (millions of yen)	39,269	39,108	55,345	59,798	60,312
Number of employees [Average number of temporary workers]	130 [191]	142 [195]	142 [216]	154 [195]	168 [201]
Total shareholder return [Comparison: Dividend-included TOPIX] (%)	115.7 [115.9]	134.3 [110.0]	110.9 [99.6]	127.9 [141.5]	121.7 [144.3]
Highest share price (yen)	1,087	1,318	1,057	986	947
Lowest share price (yen)	820	945	621	734	768

Note 1: Equity in earnings of affiliates if equity method is applied is not shown above because the Company does not have affiliates.

Note 2: The year-end dividend of 84.00 yen for the 103rd fiscal year includes 39.00 yen of commemorative dividend for the 100th anniversary of the Company.

Note 3: 40.00 yen dividend paid per share for the 106th fiscal year includes year-end dividend of 20.00 yen which is to be resolved at the ordinary general meeting of shareholders scheduled to be held on June 26, 2022.

Note 4: The highest and lowest share prices are quoted from the 1st section of the Tokyo Stock Exchange.

Note 5: "Accounting Standard for Revenue Recognition" (Accounting Standards Board of Japan (ASBJ) Statement No. 29, March 31, 2020) etc. have been applied from the beginning of the fiscal year ended March 31, 2022. Key financial data, etc. concerning the fiscal year ended March 31, 2022 are figures to which these accounting standards, etc. are applied.

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
May 1918	Matsui Fusakichi Shoten was established and became a general member of the Tokyo Stock Exchange.
March 1931	Matsui Shoten Co., Ltd. was incorporated.
December 1947	Trade name of the Company was changed to Matsui Securities.
August 1948	The Company was registered as a securities firm.
April 1949	MATSUI Takeshi 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	MATSUI Masatoshi became the third President & CEO.
June 1995	MATSUI Michio 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 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 1st 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.

Month and year	Event
April 2006	The Company revised its commission structure for stocks, futures and options trading to fit for broader types of investors.
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 “6th 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 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.
April 2020	The Company started “Toshin (Investment Trust) Monthly Cash Return Service” where a portion of trust fees of investment trusts are refunded in cash.
June 2020	WARITA Akira became the fifth President & CEO (current).
January 2021	The Company started “Short-term Margin Trading” service. The Company began a service of accepting on-line “cross-trading orders” which supports acquiring shareholders’ benefits rights etc.
February 2021	The Company renewed its FX services and commenced the new brand “MATSUI FX”.
March 2021	The Company started investment information media “Money Satellite”. The Company commenced providing a new smartphone application “Matsui Securities Stocks App”.
May 2021	The Company made stock trading commissions free-of-charge for the younger generations.
June 2021	The Company transitioned to a company with an audit and supervisory committee.
February 2022	The Company launched U.S. equity services.

Note: The Company's listing market was transitioned from the First Section to the Prime Market in accordance with the market restructuring of the Tokyo Stock Exchange on April 4, 2022.

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, 2022)

Number of employees	Average age (years old)	Average length of service (years)	Average annual compensation (thousands of yen)
168 (201)	39.6	12.0	9,153

Note 1: Number of employees is the number of workers including employees dispatched from other companies to the Company. Number of employees includes 2 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, 2022 is 119.

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, 2022.

(1) Basic management policy

The Company has upheld the corporate philosophy of "Supporting the prosperous lives of customers by providing financial products and services which have value to individual investors". The Company believes that in order to realize this corporate philosophy, it is most important to provide the value of superior customer experience, and is making efforts to provide financial products and services which satisfy the various needs of individual investors in order to support the customers' investments and asset formation.

(2) Target management indicators

The Company upholds the management objective to maximize profits as well as shareholder value by effectively utilizing its 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, 2022 was 14.5%, which increased from 12.9% in the preceding fiscal year against the background of appropriation for gain on sale of investment securities and gain on sale of non-current assets etc. The above-mentioned target has been achieved, and the Company will continue to strive to improve capital efficiency going forward in the mid- to long-term.

(3) Business environment

The Company has maintained efficient operations by concentrating management resources to the on-line business and promoting digital transformation (DX). Furthermore, the Company believes that it has gained stable support from customers 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. On-line centered communication has become pervasive under the COVID-19 pandemic environment, and the competitive advantage of the on-line business has been recognized not only for its operational efficiency but also as an advantageous business. This trend is expected to accelerate, and the Company's policy is to firmly continue to concentrate on the on-line based business model and to continue to refine our services.

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 over 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 30%, 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 6 main brokerage firms (i.e., Matsui Securities, SBI Securities, Rakuten Securities, au Kabucom Securities, MONEX, GMO CLICK 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, in the U.S. on-line brokerage industry, many large brokerage firms have successively announced making brokerage commissions free of charge, and also in the on-line brokerage industry in Japan, there were some moves towards making stock trading commissions partially free of charge, expanding the scope of such free-of-charge transactions, and making commissions free-of-charge for the younger generation. However, since the business environment and earning structure of on-line brokerage companies in the U.S differ largely from those in Japan, the trend towards partial reduction of commissions has been limited to those with small impact on profitability, and the effect on market shares of the main firms is also limited.

Given such trends, each of the competing companies have announced reexamination of their revenue structures, and are focusing expanding into businesses such as FX (foreign exchange margin trading), investment trusts, wholesale business, asset management business, crypto-currency related business, etc., and are expected to further proceed with the diversification of revenue sources, in order to strengthen services to enhance revenues from deposited assets and to lower dependence on revenues from stock brokerage commissions.

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.

(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, the Company began providing a new website for smartphones, and continued efforts to improve the “Matsui Securities Stocks App” and enhance trading convenience. Furthermore, the Company started to offer U.S. Stock services which is popular among individual investors. The Company will continue to expand the product lineup and take initiatives towards obtaining new customers, and continually enhance the business as a new source of revenues. Regarding IPO stocks which are popular among individual investors, as a result of the efforts made by the Company to enhance cooperation with venture capital companies and increase the number of underwritten transactions, the number of stock names handled increased by 2.5 times from the preceding fiscal year and the underwriting participation ratio also exceeded 40%.

[2] Expansion and improvement of other businesses

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 proceed with re-examination of the business structure. In particular, the FX business and investment trust business will be strengthened, and efforts will be made to diversify revenue sources. 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.

As to the Company's FX business, efforts were made to strengthen promotion of "Matsui Securities MATSUI FX", the brand based on the concept of "≪Anshin FX≫ where even beginners can easily start from small amounts". As a result of providing competitive services, such as by offering the lowest spread levels in the industry for all currency pairs and lowering the monetary units for trading to 1 currency unit, transaction volume expanded by 2 times compared to the preceding fiscal year. Going forward, the Company will make further efforts to continually strengthen the business.

As to the investment trusts business, the Company has continued to make efforts to expand and improve the service and to increase the assets deposit balance. In the current fiscal year, in addition to continuing PR activities and expanding the investment trusts handled, the service to return a part of the trust commission to customers was renewed and the "Toshin Monthly Point and Cash Return Service" was commenced. The Company believes that initiatives taken for the investment trust service will pave the way for future expansion of the asset service, and as a result of the above-mentioned efforts, the size of the assets deposit balance has doubled compared to the preceding fiscal year.

(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 in priority by the Company are as follows.

[1] 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 more than 40% of the total. In order to maintain and expand the Company's customer base in the long-term, improvement of name recognition among the current younger generation is important, and the Company will continue to make efforts to improve its brand and name recognition.

In the current fiscal year, the Company made efforts to improve name recognition by distributing TV commercials and posting advertisement of the Company name within the bench area of Tokyo Dome. Furthermore, the Company continued to strengthen promotions towards customers who experience life events such as employment, changing jobs, marriage, childbirth, child-raising, and retirement, and enhanced the contents of the special website "Life and Matsui" created under the concept of "take out all of your anxieties on Matsui", and also distributed promotion videos, and executed campaigns by utilizing SNS. As a new initiative, the Company enhanced promotion through advertisement projects tying up with a radio program of a popular comedian who has a close relationship with the Company as well as distributing TV commercials under the concept of "Anshin FX" for the FX service which was renewed in February 2021.

[2] Expansion and improvement of products and services

The 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. The competitive advantage of on-line within the securities business is intensifying, however, as there are new entrants from other industries, the competitive environment is becoming more severe. In order to be chosen by customers in such environment, the Company is making efforts to expand and improve products and services which satisfy the various needs of individual investors.

In the current fiscal year, the Company began offering the "Matsui Securities U.S. Stocks Service". The Company offers the lowest commission level in the industry, and has realized a service where even customers trading U.S. stocks for the first time may comfortably transact, by conforming the transaction website with the Japan stocks website which has a favorable reputation of being simple and easy to understand.

[3] Improvement of quality of service

As there are no large differences in the financial products offered by each of the on-line brokerage services, the Company believes it is important to take initiatives so that customers will feel that the Company is offering high value by providing more convenient transaction tools and services.

In the current fiscal year, the Company began offering a new website for smartphones, and also introduced "eKYC" upon opening of new accounts. By making the transactions and various procedures offered through the Company's PC website available on smartphone websites, it has become possible to complete the entire flow from opening accounts to executing transactions all on the smartphone.

Furthermore, the Company made efforts to improve the convenience of the "Matsui Securities Stocks App" which was renewed in March 2021 through continual improvement and expansion of functions and enhancement of the order placement function upon trading stocks.

[4] Enhancement of communication with customers

The Company is of the view that enhancing communication with customers by providing various information which will assist them to make investments in financial products will lead to improvement in the customer experience value.

In the current fiscal year, in the investment information media "Money Satellite", the Company enhanced provision of investment information to support asset management targeting from investment beginners to experienced investors. Also, the Company doubled the capacity of the "stocks trading consultation counter" which supports decision-making such as finding stock names and deciding the timing of transactions, taking into consideration the desires and investment stance of each customer, and established a system which can respond to more consultations.

[5] Securing stability of trading systems and enhancing security

Securing stability 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.

In the current fiscal year, for the purpose of enhancing security, the function of notifying by e-mail that a transaction account has been logged in and SMS authentication upon taking money withdrawal procedures were introduced.

[6] Enhancement of the company structure contributing to improvement of credibility as a financial institution

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, for U.S. stocks in which the Company has newly commenced business, a phone consultation counter “U.S. Stocks Support” was opened which is made available 24 hours a day free of charge, facilitating a customer support system so that customers may comfortably enter into transactions. The Company’s call center has acquired the highest “3-star” assessment under the “2021 Support Center Assessments (securities industry)” sponsored by HDI-Japan (Help Desk Institute) which is a third-party evaluation entity for 11 consecutive years.

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, 2022.

(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 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 and lending income, etc. earned from lending of funds and securities 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 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, interest rates or lending income 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 stock brokerage business as well as diversification of revenue sources by strengthening on-line based 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 main 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 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 2022, 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 of 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 or 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 margin loans 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 average index option trading (short positions), and FX (foreign exchange margin trading).

[3] Risk related to funds procurement

With respect to source of funding for margin loans 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 or damages, etc. which is incurred from cyber-attacks 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.

The Company has been making efforts to defend its systems from cyber-attacks. However, if such measures are not sufficient or adequate, and damages are incurred from cyber-attacks, there is a possibility that the system may become dysfunctional or customer information may be leaked etc. In such case, there may be adverse impact on the financial performance of the Company.

Furthermore, if system failure or cyber-attack occurs, or if the Company is not able to appropriately respond to system failures or cyber-attacks, 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 a 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.

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.

With respect to system-related parties including external contractors, the Company may grant them with certain authorities depending on the respective work to be performed, and monitors the status of the use of such authorities granted; however, if monitoring is not sufficient or adequate and unauthorized use of systems cannot be prevented, there is a possibility that confidence towards the Company's system may deteriorate and customers may be lost. In such case, there may be an adverse impact on the financial performance of the Company.

(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) and US stocks 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 business performance 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 business performance of the Company.

Also, with respect to U.S. shares trading, guarantee money is deposited to the stock agent appropriating the Company's own funds, and the Company is exposed to the credit risk of such stock agent (deposits received from customers are completely segregated from the Company's own funds and deposited with a trust bank). Therefore, the same risk exists as the risk regarding the guarantee money deposited with cover counterparties in relation to foreign exchange margin trading as described above.

(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 the Provision of Financial Services, 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 the Provision of Financial Services, 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, 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) Others

As of the end of the current fiscal year ended March 31, 2022, 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, 2022.

(1) Status and analysis of results of operations

In the domestic stock market in the current fiscal year, the Nikkei Average at the beginning of the period opened slightly above 29,400 yen, and then recovered to above 30,000 yen in April, and going into May, the Nikkei Average plummeted given the global decline in high-tech stocks triggered by the rise in U.S. long-term interest rates, as well as concerns over the debate of early reduction of quantitative easing (tapering). Thereafter, the market continued to be weak given concerns over the delay in normalization of the economy will slow down due to the global spreading of infection of the COVID-19 and the issuance of the declaration of status of emergency in Japan, and in August the Nikkei Average fell below 27,000 yen. In September, given heightened expectations towards new economic measures to be launched by the new prime minister candidate following press reports of the intention of resignation of Prime Minister Suga, stock prices rose sharply and the Nikkei Average again recovered to over 30,000 yen. However, in October the Nikkei Average declined to slightly above 27,500 yen, given concerns over the default of China's large real estate group, as well as the U.S. debt ceiling issue and concerns towards inflation given high crude oil prices. Thereafter, towards the end of the year, the index picked up backed by rise in U.S. stock indices, and rising expectations towards the Japanese government's economic policies; however, on the other hand, stock prices failed to move higher given concerns over spreading of infection of the COVID-19 Omicron variant and Prime Minister Kishida's statements regarding taxation of financial income etc. From January, stock prices fell in the background of growing U.S. inflation concerns and uncertainty over the outlook the Ukraine situation, and in the beginning of March the Nikkei Average dipped below 25,000 yen for the first time in 1 year and 4 months. Thereafter, the market picked up given expectations towards improvement of business performance of exporting companies given progress of the weak yen, and March trading ended with the Nikkei Average at slightly above 27,800 yen.

Under this market environment, total trading value of stocks etc. in the two markets (Tokyo and Nagoya stock exchanges) increased by 6% compared to the preceding fiscal year. Also, with respect to individual investors who are our main customer base, trading volume increased in the phase of large fluctuations in stock prices, and stock etc. brokerage trading value by individual investors in the two markets increased by 5% compared to the same period in the preceding fiscal year. The percentage of the stock etc. brokerage trading value by individual investors in the two markets was 22%, which was more or less the same level as the preceding fiscal year. Furthermore, the aggregate stock etc. brokerage trading value of the Company increased by 3% compared to the same period in the preceding fiscal year.

With respect to new initiatives by the Company for the current fiscal year, in order to maintain and enhance the long-term customer base, TV commercials were delivered and internet advertisements were strengthened, and the new FX brand “MATSUI FX” was actively promoted in efforts to raise name recognition. As to products and services, the handling of U.S. stocks service popular among individual investors was commenced. Also, in efforts to improve convenience, for smartphone users, a new website was launched and “eKYC” was introduced for opening of accounts, and new functions continued to be added to “Matsui Securities Stocks App” to enhance stock trade order functions. Furthermore, through the investment information media “Money Satellite”, efforts were made to enhance communication with customers by providing videos where young people and investment beginners may enjoy learning about asset management, and by distributing market-related videos useful for investment decisions on a timely-basis.

Given the above background, in the current fiscal year, although stocks etc. brokerage trading value increased, commissions received was 17,454 million yen (5.9% decrease compared to the preceding fiscal year) due to the decrease in the brokerage commission rate etc. Also, due to the increase in the average balance of customers’ long positions of margin transactions etc., net financial income increased by 19.6% compared to the preceding fiscal year to 11,108 million yen.

As a result, operating revenue was 30,616 million yen (1.8% increase from the preceding fiscal year), and net operating revenue was 29,439 million yen (2.7% increase from the preceding fiscal year). Also, operating profit was 12,772 million yen (0.4% decrease from the preceding fiscal year), ordinary profit was 12,791 million yen (1.0% decrease from the preceding fiscal year), however net profit was 11,439 million yen (11.2% increase from preceding fiscal year) due to gain on sales of investment securities of 2,590 million yen and gain on sales of non-current assets of 1,279 million yen were recorded.

Revenue and expense items are as described below.

(Commissions received)

Commissions received was 17,454 million yen (5.9% decrease from the preceding fiscal year). Of this figure, brokerage commission was 16,639 million yen (6.6% decrease from the preceding fiscal year) due to a decline in the brokerage commission rate, despite a 3% increase in stock brokerage trading value.

(Net trading income)

Net trading income was recorded a profit of 876 million yen, mainly due to FX trading profits.

(Net financial revenue)

Net financial revenue derived from subtracting financial expenses from financial revenues was 11,108 million yen (19.6% increase from the preceding fiscal year). This was mainly due to an increase in the average balance of customers’ long positions of margin transactions.

(Selling, general and administrative expenses)

Selling, general and administrative expenses increased by 5.2% compared to the preceding fiscal year to 16,667 million yen. This was mainly due to an increase

in trading related expenses (4.8% increase compared to the same period of the preceding fiscal year) resulting from an increase of advertisement expenses, etc., an increase in depreciation (12.0% increase compared to the same period of the preceding fiscal year) and an increase in personnel expenses (7.8% increase compared to the same period of the preceding fiscal year)

(Extraordinary income and losses)

Net extraordinary income totaled 3,680 million yen. This was mainly due to gain on sale of investment securities of 2,590 million yen and gain on sale of non-current assets of 1,279 million yen.

Against above backdrop, ROE (return on equity) for the current fiscal year was 14.5%. The Company has adopted the mid-term to long-term management objective to achieve ROE which exceeds the cost of shareholders' equity (8%). The ROE for the current fiscal year ended March 31, 2022 increased from 12.9% in the preceding fiscal year, mainly due to gains on sale of investment securities and non-current assets. As the above-mentioned target has been achieved, the Company will 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

The main assets of our company are customer-segregated fund trusts (included in segregated deposits) where deposits received and guarantee deposits received etc. from customers are entrusted to trust banks, and margin transaction assets mainly comprised of margin loans. On the other hand, funds are being procured through short-term borrowings etc. for the purpose of allocating to margin loans. 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, total assets was 879,394 million yen, an 8.6% decrease from the end of the preceding fiscal year. This was mainly due to a 16.5% decrease in margin loans compared to the end of the preceding fiscal year to 231,435 million yen, a 5.9% decrease in segregated deposits compared to the end of the preceding fiscal year to 530,512 million yen resulting from decreases in deposits received etc.

Total liabilities was 800,675 million yen, a 9.3% decrease from the end of the preceding fiscal year. This was mainly due to a 19.3% decrease in short-term borrowings compared to the preceding fiscal year to 167,850 million yen resulting from decreases in margin loans, a 7.9% decrease in deposits received compared to the end of the preceding fiscal year to 309,469 million yen.

Total net assets was 78,719 million yen, a 0.6% decrease from the end of the preceding fiscal year. In the current fiscal year, the total amount of year-end dividends for the fiscal year ended March 2021 and interim dividends for the

fiscal year ended March 2022, which is 10,280 million yen, was recorded, and at the same time a profit of 11,439 million yen was recorded.

(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 50,821 million yen (minus 111,926 million yen for the preceding fiscal year). The main factors behind this were an increase/decrease in assets/liabilities for margin transactions and a decrease in segregated deposits.

(Cash flows from investing activities)

Cash flows from investing activities was plus 67 million yen (minus 1,607 million yen for the preceding fiscal year). In the current fiscal year, purchase of intangible fixed assets, which is 2,999 million yen, and purchase of investment securities, which is 1,090 million yen, were recorded, and at the same time proceeds from sale of investment securities of 2,597 million yen and proceeds from sale of property, plant and equipment of 1,774 million yen were recorded.

(Cash flows from financing activities)

Cash flows from financing activities was minus 50,374 million yen (plus 117,986 million yen for the preceding fiscal year). The main factor behind this was a net decrease in short-term borrowings.

As a result of the above, cash and cash equivalents balance as at the end of the current fiscal year was 60,312 million yen (59,798 million 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 other businesses. In each fiscal year, the Company continues to provide on-line securities trading services, and continuously makes capital investments mainly in systems necessary for introduction of various new services and enhancement of capacity, and improvement of the trading system. On the other hand, cash on hand is also necessary for day-to-day business operations, and also the Company needs funds for margin loans which is its main business. 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.

The Company’s fund procurements are mainly conducted to correspond to the source of margin loans. Recurring margin loans 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 margin loans 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, 2022, taking into account the levels of margin loans and

internal reserves, a major portion of funds procurement was conducted by short-term borrowings including call money.

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

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, 2022 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. If internal reserves increase even after making returns to shareholders, it will use such funds effectively as sources for margin loans and for making capital investments.

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

The Company's financial statements are prepared in conformity with accounting principles and practices generally accepted in Japan. Upon preparing these financial statements, certain estimates and assumptions are used which impact the reported amounts of assets, liabilities, revenues and expenditures; however, there is a possibility that the figures based on these estimates and assumptions may differ from actual results.

Among the accounting estimates and assumptions used upon preparing the financial statements, the important ones are described under "5. Financial Information, 1. Financial Statements, etc. (1) Notes to financial statements (important accounting estimates)".

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 systems in order to continue to provide on-line securities trading services. In the current fiscal year, capital investment of 3,797 million yen were made mainly in systems necessary for introduction of various new services and enhancement 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, 2022 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.	54	1,004	6,855	7,913	157 [34]
Sapporo call center	Chuo-ku, Sapporo-shi, Hokkaido	Call center equipment	9	53	3	65	10 [164]

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, 2022 the Company plans to invest 3,900 million yen on systems for the fiscal year ends March 2023. 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, 2022)	Number of shares at the date of filing of this Report (June 20, 2022)	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 (1st section) (as of the end of the fiscal year) (Prime Market) (as of date of filling of this Report)	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, 2022 to the date of filing of this Report.

(2) Share acquisition rights

[1] Details of share option program

i. 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 *)	489
Class and number of shares subject to the share acquisition rights (shares) (Note *)	Common stocks: 48,900 (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 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, 2022) 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 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: 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"). (Hereinafter, the "effective date" shall refer to the effective date of an absorption-type merger for such mergers, the date of incorporation of a new company for incorporation-type mergers, the effective date of an absorption-type company split for such company splits, the effective date of incorporation of a new company for incorporation-type company splits, the effective share exchange date for share exchanges, and the date of incorporation of a wholly owning parent company through a stock transfer, for stock transfers. Same shall apply hereinafter.) 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 which shall be issued upon reorganization measures shall be determined in accordance with the contents of the current share acquisition rights.

ii. 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 *)	778
Class and number of shares subject to the share acquisition rights (shares) (Note *)	Common stocks: 77,800 (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, 2022) 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 "Fourth 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 "Fourth series of Matsui Securities Co., Ltd. share acquisition rights" with the "above table" appears in the Note 6 of "Fourth series of Matsui Securities Co., Ltd. share acquisition rights" to be understood as the above table here.

iii. 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, 2022) 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 "Fourth 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 "Fourth series of Matsui Securities Co., Ltd. share acquisition rights" with the "above table" appears in the Note 6 of "Fourth series of Matsui Securities Co., Ltd. share acquisition rights" to be understood as the above table here.

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

Date of resolution	July 27, 2020
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 *)	1,348
Class and number of shares subject to the share acquisition rights (shares) (Note *)	Common stocks: 134,800 (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, 2023 to August 17, 2026 (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, 2022) 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 "Fourth 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, 2023 is 743 yen per share. Issuance price of the share acquisition rights which can be exercised from August 19, 2024 is 726 yen per share. Issuance price of the share acquisition rights which can be exercised from August 19, 2025 is 708 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, 2023 to August 18, 2024: 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, 2024 to August 18, 2025: 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, 2025 to August 17, 2026: 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 "Fourth series of Matsui Securities Co., Ltd. share acquisition rights" with the "above table" appears in the Note 6 of "Fourth series of Matsui Securities Co., Ltd. share acquisition rights" to be understood as the above table here.

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

Date of resolution	July 13, 2021
Persons eligible for the allotment and number of them	8 directors of the Company (excluding directors who are members of the Audit and Supervisory Committee) (Note 1)
Number of the share acquisition rights (Note *)	1,530
Class and number of shares subject to the share acquisition rights (shares) (Note *)	Common stocks: 153,000 (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 July 29, 2024 to July28, 2027 (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, 2022) 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 "Fourth 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 29, 2024 is 648 yen per share. Issuance price of the share acquisition rights which can be exercised from July 29, 2025 is 633 yen per share. Issuance price of the share acquisition rights which can be exercised from July 29, 2026 is 617 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 (excluding directors who are members of the Audit and Supervisory Committee.) 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 29, 2024 to July 28, 2025: 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 29, 2025 to July 28, 2026: 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 29, 2026 to July 28, 2027: 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 "Fourth series of Matsui Securities Co., Ltd. share acquisition rights" with the "above table" appears in the Note 6 of "Fourth 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, 2022)

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	-	17	35	193
Number of shares held (units)	-	472,294	50,398	1,251,842
Ratio of number of shares held (%)	-	18.22	1.94	48.29

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	183	82	47,291	47,801	-
Number of shares held (units)	117,960	433	699,340	2,592,267	38,002
Ratio of number of shares held (%)	4.55	0.02	26.98	100.00	-

Note 1: Out of 2,171,646 treasury shares, 21,716 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 2,171,646 treasury shares are the same as that of shares substantially held by the Company.

Note 2: 4 units under the title of Japan Securities Depositary Center Inc. are included in “other institutions”.

(6) Major shareholders

(As of March 31, 2022)

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	33.77
Shokosha Ltd.	2-4-2, Nishikata, Bunkyo-ku, Tokyo	35,722	13.89
The Master Trust Bank of Japan, Ltd. (Trust account)	2-11-3, Hamamatsucho, Minato-ku, Tokyo	33,068	12.86
Custody Bank of Japan, Ltd. (Trust account)	1-8-12, Harumi, Chuo-ku, Tokyo	9,325	3.63
MATSUI Chizuko	Bunkyo-ku, Tokyo	5,321	2.07
MATSUI Michitaro	Bunkyo-ku, Tokyo	5,262	2.05
MIKI Chiaki	Republic of Singapore	5,262	2.05
MATSUI Yuma	Bunkyo-ku, Tokyo	5,262	2.05
MATSUI Michio	Bunkyo-ku, Tokyo	4,503	1.75
Custody Bank of Japan, Ltd. (Securities investment account)	1-8-12, Harumi, Chuo-ku, Tokyo	2,794	1.09
Total	-	193,330	75.20

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

(7) Voting rights

[1] Issued shares

(As of March 31, 2022)

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: 2,171,600	-	-
Shares with full voting rights (Other)	Common stock: 257,055,100	2,569,826	-
Shares less than 1 unit of shares	Common stock: 38,002	-	-
Total number of issued shares	Common stock: 259,264,702	-	-
Voting rights of all shareholders	-	2,569,826	-

Note 1 : 400 shares under the title of Japan Securities Depositary Center Inc. and 72,500 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 Depositary Center Inc. are included in "Number of voting rights." The 725 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, 2022)

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	2,171,600	-	2,171,600	0.84
Total	-	2,171,600	-	2,171,600	0.84

2) Acquisitions, etc. of Treasury Shares

Type of shares, etc.: Common stock.

(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

Not applicable.

(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, share exchange, or corporate split	-	-	-	-
Other (exercise of share acquisition rights)	133,300	101	-	-
Number of treasury shares held	2,171,646	-	2,171,646	-

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, 2022 to the date of filing of 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 40.00 yen including 20.00 yen interim dividends and 20.00 yen year-end dividends (as planned). As a result, the dividend payout ratio for the current fiscal year ended March 31, 2022 is 89.9% 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.

The Company will utilize effectively the capital with retained earnings 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 106th 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 27, 2021	5,141	20.00
Ordinary general meeting of shareholders scheduled to be held on June 26, 2022 (Note)	5,142	20.00

Note: This dividend is year-end dividend whose record date is March 31, 2022 and this is one of agenda of ordinary general meeting of shareholders scheduled to be held on June 26, 2022

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 14 directors, namely President & CEO WARITA Akira (Chairman), Managing Director UZAWA Shinichi, directors SATO Kunihiko, SAIGA Motoo, SHIBATA Masashi, HAGA Manako, TANAKA Takeshi, MATSUI Michitaro, IGAWA Motoo, ANNEN Junji, ONUKI Satoshi, directors who are members of the Audit and Supervisory Committee YAJIMA Hiroyuki, MOCHIZUKI Yasuo and KAI Mikitoshi (The proposal for "the election of 12 directors (excluding directors who are members of the Audit and Supervisory Committee)" has been submitted as a proposal (matters for resolution) at the ordinary general meeting of shareholders scheduled to be held on June 26, 2022, and if such proposal is passed, 10 directors (excluding directors who are members of the Audit and Supervisory Committee) who are directors as of the date of submission excluding IGAWA Motoo will be re-elected, and IMAI Takahito and HORI Toshiaki will be newly elected.), of which 6 directors, directors IGAWA Motoo, ANNEN Junji and ONUKI Satoshi and directors who are members of the Audit and Supervisory Committee YAJIMA Hiroyuki, MOCHIZUKI Yasuo and KAI Mikitoshi, are outside directors (The proposal for "the election of 12 directors (excluding directors who are members of the Audit and Supervisory Committee)" has been submitted as a proposal (matters for resolution) at the ordinary general meeting of shareholders scheduled to be held on June 26, 2022, and if such proposal is passed, 2 outside directors (excluding directors who are members of the Audit and Supervisory Committee) of the 3 outside directors excluding IGAWA Motoo will be re-elected, and HORI Toshiaki will be newly elected.). Outside directors (excluding directors who are members of the Audit and Supervisory Committee) give advice and recommendations based on their knowledge and experience regarding managerial decisions in general, ranging from the direction of the Company' management strategy to preparation of individual business plans, as

well as oversee business execution by inside directors from an independent standpoint. Furthermore, The Nomination and Compensation Committee which is comprised of the President & CEO WARITA Akira (Chairman) and the 3 outside directors, IGAWA Motoo, ANNEN Junji, and ONUKI Satoshi is consulted by the Board of Directors regarding particularly important matters such as appointment and dismissal, evaluations, and compensations, etc. of directors (The proposal for "the election of 12 directors (excluding directors who are members of the audit and supervisory committee)" has been submitted as a proposal (matters for resolution) at the ordinary general meeting of shareholders scheduled to be held on June 26, 2022, and if such proposal is passed, The Nomination and Compensation Committee will be comprised of the President & CEO WARITA Akira (Chairman), ONUKI Satoshi, ANNEN Junji and HORI Toshiaki.).

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 (excluding directors who are members of the Audit and Supervisory Committee.), 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 ONUKI Satoshi 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 2 persons who have the position of Managing Director or above, namely President & CEO WARITA Akira (Chairman) and Managing Director UZAWA Shinichi. 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 department.

The Company has chosen the form of a company with an audit and supervisory committee, and the audit system by the Audit and Supervisory Committee have the function to monitor management. In order to secure viability of such monitoring function, the Audit and Supervisory Committee 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 department in charge as necessary, and conduct audits of execution of duties by directors based on objective evaluations from an independent standpoint.

With respect to directors who are members of the Audit and Supervisory Committee, 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 Audit and Supervisory Committee consists a total of 3 outside directors who are members of the Audit and Supervisory Committee,

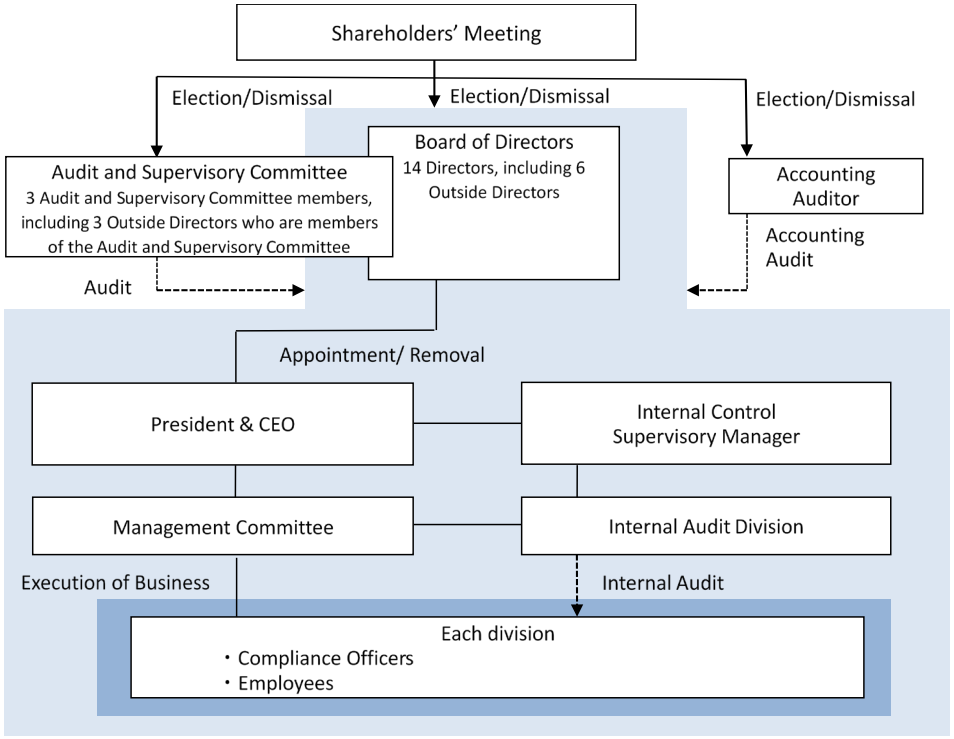
consisting of 1 standing member of the Audit and Supervisory Committee YAJIMA Hiroyuki, and 2 members MOCHIZUKI Yasuo, and KAI Mikitoshi. The Audit and Supervisory Committee enhances the effectiveness of audits and monitoring by exchanging opinions with inside and outside directors and cooperating in internal audits.

The Company has established an internal audit department 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 Audit and Supervisory Committee, and makes correction instructions and improvement requests etc. under their supervision. The results of internal audits are promptly reported to the Board of Directors.

The Company has entered into an officers' and directors' liability insurance policy with an insurance company under which its directors are the insured persons. The insurance policy covers damages (legal compensation for damages and litigation costs) which insured persons may become liable for in relation to the execution of duties or which may arise by receiving claims related to such pursuit of liability. The insured persons will not bear the insurance premiums.

Pursuant to the provisions of Article 427, Paragraph 1 of the Companies Act, the Company has signed agreements with outside directors 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)



The number of directors will be 15 if the proposal for the regular shareholders' meeting to be held on June 26, 2022 is approved.

ii. Reason for adopting the above organization

By resolution of the ordinary general meeting of shareholders held on June 27, 2021, the Company transitioned from a company with a board of corporate auditors to a company with an audit and supervisory committee as of the same date. This change is intended to strengthen the supervisory function of the board of directors, further enhance corporate governance, and further increase corporate value.

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 directors who are members of the Audit and Supervisory Committee have been appointed, and the Company believes that corporate governance is sufficiently functioning through supervision by such outside directors and the audits conducted by the Audit and Supervisory Committee.

[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 department has been established under the internal control supervisory manager. The compliance department seeks to secure the legality and appropriateness of day-to-day business, and cooperate with the compliance officer appointed at each department, and endeavors to raise the compliance consciousness in each department.

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 Audit and Supervisory Committee'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 Audit and Supervisory Committee and the internal officer in charge. Furthermore, a contact desk has been established within relevant internal department 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 department oversees risk control operations for all risks assumed by the Company, and is efficiently controlling risks in cooperation with each department. Credit control of individual transactions is specialized by the credit control department and system risk management is specialized by the risk management department. With respect to market risks and credit risks related to financial instruments, the finance department 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 department which is independent from the trading department 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 department is maintained and improved by conducting practices of effectiveness evaluation mainly through the internal audit department, 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 department as the department 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 department. The Company has also prescribed that both departments should cooperate in handling such matters. The person in charge regarding prevention of unreasonable demands shall cooperate with the general affairs department and compliance department depending on the nature of the anti-social force and contents of the unreasonable demand. The general affairs department and compliance department 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 department and the compliance department. 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 (excluding directors who are members of the Audit and Supervisory Committee) and that the number of directors who are members of the Audit and Supervisory Committee is 4 or less.

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

In order to allow for the directors 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 (including those persons who had been directors 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 20, 2022 (the date of filing of this Report) is as below.

13 males and 1 female (Ratio of female officers: 7 %)

Title	Name	Date of birth	Personal history		Term of office	Number of shares held (thousands of shares)
President & CEO	WARITA Akira	June 16, 1971	March 1994	Graduated Faculty of Commerce and Management, Hitotsubashi University.	Note 3	23
			April 1994	Joined Procter & Gamble Far East Inc.		
			January 1998	Joined Lehman Brothers Securities LLC.		
			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,		

Title	Name	Date of birth	Personal history		Term of office	Number of shares held (thousands of shares)
				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.		
			June 2020	President & CEO of the Company (current).		
Managing Director, Director in charge of Corporate Division	UZAWA Shinichi	July 19, 1973	March 1996	Graduated Faculty of Agriculture, The University of Tokyo.	Note 3	57
			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.		
			June 2020	Managing Director, General Manager of Finance Department, of the Company.		

Title	Name	Date of birth	Personal history		Term of office	Number of shares held (thousands of shares)
			August 2020	Managing Director, Director in charge of Corporate Division, of the Company (current).		
Director, Director in charge of IT Division	SATO Kunihiko	February 5, 1971	March 1989	Graduated Kanagawa Shoko High School.	Note 3	26
			April 1989	Joined Yamaichi Securities Co., Ltd.		
			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.		
			August 2020	Director, Director in charge of IT Division, General Manager of DX Department, of the Company.		
			November 2020	Director, Director in charge of IT Division, of the Company (current).		
Director, Director in charge of Legal and Compliance Division	SAIGA Motoo	August 11, 1970	March 1993	Graduated Faculty of Law, Osaka City University.	Note 3	7
			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.		

Title	Name	Date of birth	Personal history		Term of office	Number of shares held (thousands of shares)
			April 2019	Director, General Manager of Compliance Department, Director in charge of Internal Audit Office, of the Company.		
			August 2020	Director, Director in charge of Legal and Compliance Division, of the Company (current).		
Director, Director in charge of Business Development Division, Director in charge of IT Division (IT Strategy)	SHIBATA Masashi	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 Department, of the Company.		
			June 2020	Director, Director in charge of Business Development Department, of the Company.		
			August 2020	Director, Director in charge of Business Development Division, Director in charge of IT Division (IT Strategy), of the Company (current).		

Title	Name	Date of birth	Personal history		Term of office	Number of shares held (thousands of shares)
Director, Director in charge of Human Resources and General Affairs Division	HAGA Manako (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 Kleinwort 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.		
			June 2019	Elected as Director of the Company.		
			June 2020	Director, Director in charge of Corporate Administration & Human Resources Department, of the Company.		
			August 2020	Director, Director in charge of Human Resources and General Affairs Division, of the Company (current).		
Director, Director in charge of Sales and Marketing Division	TANAKA Takeshi	December 26, 1970	March 1995	Graduated School of Economics, Senshu University.	Note 3	-
			April 1995	Joined the Company.		

Title	Name	Date of birth	Personal history		Term of office	Number of shares held (thousands of shares)
			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 Department of the Company.		
			June 2020	Elected as Director, Director in charge of Customer Support Department and General Manager of Marketing Department, of the Company.		
			August 2020	Director, Director in charge of Sales and Marketing Division, of the Company (current).		
Director, Director in charge of Strategic Planning Division	MATSUI Michitaro	August 2, 1987	March 2013	Finished master course of Graduate School of Political Science, Waseda University.	Note 3	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.		
			June 2020	Elected as Director of the Company.		
			August 2020	Director, Director in charge of Strategic Planning Division, of the Company (current).		
Director	IGAWA Motoo	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)
				of the above company.		
			April 2006	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 Director of the Company (current).		
Director	ANNEN Junji	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 Director of the Company (current).		
Director	ONUKI Satoshi	February 10, 1955	March 1978	Graduated Faculty of Economics, Hitotsubashi University.	Note 3	-
			April 1978	Joined The Industrial Bank of Japan, Ltd.		

Title	Name	Date of birth	Personal history		Term of office	Number of shares held (thousands of shares)
			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.		
			June 2020	Elected as Director of the Company (current).		
Director (Standing member of the Audit and Supervisory Committee)	YAJIMA Hiroyuki	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 1st 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.		

Title	Name	Date of birth	Personal history		Term of office	Number of shares held (thousands of shares)
			June 2010	Elected as Corporate Auditor of the Company.		
			June 2021	Elected as Director (member of the Audit and Supervisory Committee) of the Company (current).		
Director (Member of the Audit and Supervisory Committee)	MOCHIZUKI Yasuo	May 28, 1956	March 1980	Graduated Faculty of Commerce and Management, Hitotsubashi University.	Note 5	-
			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 above bank.		
			April 2004	Joined Mochizuki CPA Office (current).		
			June 2008	Elected as Corporate Auditor of the Company.		
			June 2021	Elected as Director (member of the Audit and Supervisory Committee) of the Company (current).		
Director (Member of the Audit and Supervisory Committee)	KAI Mikitoshi	July 7, 1951	March 1976	Graduated Faculty of Law, The University of Tokyo.	Note 5	11
			April 1976	Joined Nippon Yusen Co., Ltd.		
			August 2000	Manager of New Frontier Group of the above company.		
			April 2003	Manager of Management Planning Group of the above company.		
			April 2007	Appointed as Corporate Officer of the above company.		
			June 2011	Elected as Corporate Auditor of the above company.		

Title	Name	Date of birth	Personal history		Term of office	Number of shares held (thousands of shares)
			June 2015	Appointed as Advisor of the above company.		
			April 2016	Appointed as Adviser of Japanese Foundation for Cancer Research.		
			June 2016	Elected as Corporate Auditor of the Company.		
			June 2021	Elected as Director (member of the Audit and Supervisory Committee) of the Company (current).		
Total						5,432

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

Note 2: Director (standing member of the Audit and Supervisory Committee) YAJIMA Hiroyuki, Directors (members of the Audit and Supervisory Committee) MOCHIZUKI Yasuo and KAI Mikitoshi are outside directors.

Note 3: The term of office for the directors (excluding directors who are members of the Audit and Supervisory Committee) starts at the conclusion of the ordinary general meeting of shareholders for the year ended March 2021 and ends at the conclusion of the ordinary general meeting of shareholders for the year ended March 2022.

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

Note 5: The term of office for the directors who are members of the Audit and Supervisory Committee starts at the conclusion of the ordinary general meeting of shareholders for the year ended March 2021 and ends at the conclusion of the ordinary general meeting of shareholders for the year ends March 2023.

Note 6: As a provision for the event of contingency falling below the number of directors who are members of the Audit and Supervisory Committee required by laws and regulations, the Company is appointing ANNEN Junji as one substitute for a director who is a member of the Audit and Supervisory Committee.

ii. Supplementary Information

The proposal for "the election of 12 directors (excluding directors who are members of the Audit and Supervisory Committee)", has been submitted as a proposal (matters for resolution) at the ordinary general meeting of shareholders scheduled to be held on June 26, 2022, and if such resolution is passed, for the status as of the date of submission of this report, 10 directors (excluding directors who are members of the Audit and Supervisory Committee) other than IGAWA Motoo will be re-elected, and the following 2 directors will be newly elected. As a result, the number of male and female officers will become 14 males and 1 female, and the ratio of female officers to the total number of officers will become 7%.

The term of office of directors after reappointment will be from the conclusion of the ordinary general meeting of shareholders for the fiscal year ended March 31, 2022 to the conclusion of the ordinary general meeting of shareholders for the fiscal year ends March 31, 2023.

Title	Name	Date of birth	Personal history		Term of office	Number of shares held (thousands of shares)
Director	IMAI Takahito	January 23, 1975	March 1997	Graduated Faculty of Economics, Tokyo Metropolitan University.	Note 2	2
			April 1997	Joined the Company.		
			March 2007	General Manager of Marketing Department of the Company.		
			April 2013	General Manager of Customer Support Department of the Company.		
			August 2020	General Manager of Strategic Planning Department of the Company (current).		
Director	HORI Toshiaki	January 23, 1956	March 1978	Graduated School of Commerce, Waseda University.	Note 2	-
			April 1978	Joined Takara Standard Co., Ltd.		
			May 1987	Joined QUICK Corp.		
			March 2004	Director, General Manager of Sales Division, of the above company.		
			March 2009	Managing Director, General Manager of Sales Division, of the above company.		
			March 2012	Senior Managing Director of the above company.		
			March 2016	Executive Vice President of the above company.		
			March 2019	Advisor of the above company.		
Total						2

Note 1: Director HORI Toshiaki is a candidate of outside director.

Note 2: The term of office of directors (excluding directors who are members of the Audit and Supervisory Committee) is from the conclusion of the ordinary general meeting of shareholders for the fiscal year ended March 31, 2022 to the conclusion of the ordinary general meeting of shareholders for the fiscal year ends March 31, 2023.

In addition, the following changes in directors are scheduled to take place after the ordinary general meeting of shareholders for the fiscal year ended March 31, 2022.

New title	Former title	Name	Date of transfer
Director, Director in charge of Sales and Marketing Division (In charge of Marketing and Invest Information Service)	Director, Director in charge of Sales and Marketing Division	TANAKA Takeshi	June 26, 2022
Director, Director in charge of Strategic Planning Division and General Manager of Strategic Planning Department	Director, Director in charge of Strategic Planning Division	MATSUI Michitaro	June 26, 2022
Director, Director in charge of Sales and Marketing Division (In charge of Customer Support and Corporate Institusion)	General Manager of Strategic Planning Department	IMAI Takahito	June 26, 2022

[2] Status of outside officers

The Company's outside directors (excluding directors who are members of the Audit and Supervisory Committee) 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 (excluding directors who are members of the Audit and Supervisory Committee) are also expected to oversee business execution of inside directors from an independent standpoint. The Company has 3 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. Furthermore, "the election of 12 directors (excluding directors who are members of the Audit and Supervisory Committee)" has been submitted as a proposal (matters for resolution) at the ordinary general meeting of shareholders scheduled to be held on June 26, 2022, and if such resolution is passed, 2 outside directors (excluding directors who are members of the Audit and Supervisory Committee) of the 3 other than IGAWA Motoo will be reappointed and HORI Toshiaki will be newly appointed.

The Company's outside directors who are members of the Audit and Supervisory Committee are expected to perform audits of business execution by directors from an independent standpoint as outside officers. The Company has 3 outside directors who are members of the Audit and Supervisory Committee. The Company has appointed the person as outside directors who are members of the Audit and Supervisory Committee 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 members of the Audit and Supervisory Committee of the Company are outside directors.

The Company's outside director who are member of the Audit and Supervisory Committee KAI Mikitoshi was an advisor to the Japanese Foundation for Cancer Research (the "Foundation") until July 2021, but has now retired. 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 with their close relatives, or with other legal entities where such persons have business execution positions or have a role as an outside officer. (The Company has proposed "Election of 12 Directors (excluding Directors who are members of Audit and Supervisory Committee)" as an agenda item (matter for resolution) for the ordinary general meeting of shareholders scheduled to be held on June 26, 2022. If the proposal is approved, two of the three outside directors other than IGAWA Motoo will be reappointed and HORI Toshiaki will be newly elected. HORI Toshiaki was an advisor to QUICK Corporation until March 2021, but has now retired. The Company and QUICK Corporation have transactions such as information provision services. The total amount of such transactions is less than 3% of the company's total annual sales and does not affect his independence.) IGAWA Motoo, an outside director, and YAJIMA Hiroyuki and KAI Mikitoshi, outside directors and members of the Audit and Supervisory Committee, own shares of the Company. For 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, 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 and the internal audits, audit and supervisory committee audits and accounting audits, and relationship with the internal control department

Outside directors receive reports regarding internal audit plans and the status of implementation of such plans, and cooperates with the internal audit department. All members of the Audit and Supervisory Committee are outside directors, and the Audit and Supervisory Committee share information and exchange opinions regarding accounting audits and compliance as needed, and cooperates with the accounting auditor and the compliance department.

With respect to mutual cooperation among internal audits, audit and supervisory committee audits and accounting audits, and the relationship between such audits and the internal control department, please refer to section "(3) Status of audits [2] ii".

(3) Status of audits

[1] Status of audits by the Audit and Supervisory Committee

In the audits conducted by the Audit and Supervisory Committee of the Company, the standing member of the Audit and Supervisory Committee is elected, information is efficiently gathered from within the Company, and close cooperation is maintained with the internal audit division. Also, the effectiveness of the audit is secured by having each member of the Audit and Supervisory Committee proactively express their opinions. Of the members of the Audit and Supervisory Committee, one person has a considerable amount of knowledge and expertise regarding finance and accounting.

Members of the Audit and Supervisory Committee attend the meeting of the Board of Directors and also grasps the status of corporate activities centered around internal audits and compliance, confirms the status of execution of individual businesses in cooperation with the relevant division as necessary, and conducts strict audits regarding the business execution by directors.

In the current fiscal year, the Company held 4 meetings of the Audit and Supervisory Committee, and the status of attendance of each member of the Audit and Supervisory Committee is as follows.

Name	Number of times attended
YAJIMA Hiroyuki	4 times
MOCHIZUKI Yasuo	4 times
KAI Mikitoshi	4 times

The Audit and Supervisory Committee formulated the audit policy and audit plan, confirmed the operational status of the whistle-blowing system, deliberated closing of accounts and dividends etc., approved the remuneration for the accounting auditor, and decided on audit methods and the method of recording the audits.

Furthermore, the standing member of the Audit and Supervisory Committee attended important meetings and inspected meeting minutes and approval documents, etc., and grasped the status of the Company centered on compliance. In the current fiscal year, the Audit and Supervisory Committee held 3 meetings with the internal audit division, and 12 meetings with the accounting auditor.

To note, by resolution passed at the ordinary general meeting of shareholders held on June 27, 2021, effective the same day the Company transitioned from a company with a board of corporate auditors to a company with an audit and supervisory committee. In the period from April 1, 2021 to June 27, 2021, the Company has held the Board of Corporate Auditors 2 times, and the status of attendance by individual corporate auditors was as follows.

Name	Number of times attended
YAJIMA Hiroyuki	2 times
MOCHIZUKI Yasuo	2 times
KAI Mikitoshi	2 times

The Board of Corporate Auditors formulated the audit policy and audit plan, prepared the audit report, deliberated closing of accounts and dividends etc., elected the accounting auditor, audited the contents of proposed matters to be discussed at the ordinary general meeting of shareholders, and confirmed the operational status of the whistle-blowing system.

Furthermore, the standing corporate auditor attended important meetings and inspected meeting minutes and approval documents, etc., and grasped the status of the Company centered on compliance. In the current fiscal year, the Board of Corporate Auditors held 1 meeting with the internal audit division, and 4 meetings with the accounting auditor.

[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 department as the internal audit manager, and internal 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 internal auditors are appointed from within the internal audit department 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 Board of Directors, and any issues which are pointed out are promptly corrected. In the current fiscal year ended March 31, 2022, internal audits were conducted 6 times.

ii. Mutual cooperation among internal audits, audit and supervisory committee's audits and accounting audits, and the relationship between these audits and the internal control department

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

The Audit and Supervisory Committee hear reports from the accounting auditor regarding the general outline of the auditing plan, items to be focused on in the audits, Key Audit Matters (KAM) and audit results etc., and also keeps close cooperation with the accounting auditor by making opportunities to periodically exchange opinions. Furthermore, as necessary, the Audit and Supervisory Committee also attend the accounting auditor to audits in distant places or on occasions when audit comments are given. The Audit and Supervisory Committee also asks the accounting auditor for reports regarding the audit implementation process as necessary. Also, the Audit and Supervisory Committee discuss the contents of the annual audit plan regarding internal audits with the internal audit department, and also maintains close cooperation with the internal audit department and compliance department, by sharing information with such departments, 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 department to secure the legality and appropriateness of business duties conducted by each department.

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

[3] Status of accounting audits

i. Name of the audit corporation

PricewaterhouseCoopers Aarata LLC

ii. Continuous audit term

23 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

OHTSUJI Ryutaro: Designated Limited Liability Partner, Engagement Partner

ASHIZAWA Tomoyuki: Designated Limited Liability Partner, Engagement Partner

iv. Composition of assistants in audit services

The assistants engaged in the accounting audit of the Company are 2 certified public accountants, and 14 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 Audit and Supervisory Committee 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 Audit and Supervisory Committee

The Company's the Audit and Supervisory Committee 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
36	2	38	2

Note: The contents of non-audit work at the Company are assurance engagements related to the segregated management of customer assets. In addition to the above compensation for the current fiscal year, there is an additional compensation of 2 million yen for the preceding fiscal year.

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 Audit and Supervisory Committee

Regarding compensation of the accounting auditor proposed by the Board of Directors, the Company's Audit and Supervisory Committee has provided its consent under Article 399, Paragraph 1 and Paragraph 3 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 or companies 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

The Company's policy for determining the contents of directors' compensation etc. for each individual director (excluding directors who are members of the Audit and Supervisory Committee) is stipulated based on a resolution of the Board of Directors, and such contents are described below. Upon determining the contents of directors' compensation for each individual director, since the Nomination and Compensation Committee will review the contents from multiple perspectives including from the standpoint of consistency with the determination policy, the Board of Directors has determined that process is in line with the determination policy.

i. Basic Policy

With respect to the amounts of officers' compensation (excluding directors who are members of the Audit and Supervisory Committee), etc. and the policy regarding determination of the calculation method of officers' compensations (excluding directors who are members of the Audit and Supervisory Committee), the basic policy is that compensation for inside directors (consisting of the basic compensation and stock-compensation type stock options) is determined based on each director's position, roles and performance, and compensation for outside directors (excluding directors who are members of the Audit and Supervisory Committee) is composed of only the basic compensation, and no stock-compensation type stock options are issued from the standpoint of ensuring independence.

ii. Policy regarding determination of the basic compensation (monetary compensation) amounts etc. for each individual director

The basic compensations of the Company's directors (excluding directors who are members of the Audit and Supervisory Committee) are payable monthly in fixed remuneration amounts, and are determined taking into account the position, roles and performance of each individual director. The determination of basic compensation for each director for each fiscal year is delegated by the Board of Directors under resolution to the Nomination and Compensation Committee comprised of the representative director and all of the outside directors (excluding directors who are members of the Audit and Supervisory Committee) of the Company. Such determination is then made by the Nomination and Compensation Committee within the aggregate amount approved in a resolution of the general meeting of shareholders.

iii. Policy regarding the determination of the method of calculating the contents and amount or number of performance-linked compensation etc. and non-monetary compensation etc.

Officers' compensation (excluding directors who are members of the Audit and Supervisory Committee) 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-compensation type stock options. Upon calculating the fair value of such stock options, the stock price as of the time when the stock options are granted is 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. With respect to the number of stock-compensation type stock options to be granted, there is no specific prescribed calculation formula which are based on indexes which indicate the financial performance of the Company, and there are also no calculation formulas included in the conditions for rights exercise which are based on indexes which indicate business performance.

iv. The policy regarding the determination of the ratio of the amounts of basic compensation (monetary compensation) etc., performance-linked compensation etc., or non-monetary compensation etc. against the compensation amounts etc. for each individual director.

The Company's basic policy regarding the payment ratio of compensation etc. to inside directors is 70% basic compensation and 30% stock-compensation type stock options. However, given that the performance of the Company's main business is largely affected by the conditions etc. of the economic environment and market environment, the payment ratio may deviate from such basic policy.

v. Matters concerning the method of determination of the contents of compensations etc. for each individual director (excluding directors who are members of the Audit and Supervisory Committee).

The basic compensation amounts are decided by the Nomination and Compensation Committee within the scope approved by resolution of the general meeting of shareholders. With respect to stock-compensation type stock options, the Nomination and Compensation Committee makes a proposal for granting such stock options, and is decided by the Board of Directors.

Also, with respect to compensation for directors who are members of the Audit and Supervisory Committee, taking into account the independence upon auditing the execution of duties of directors, such compensation is determined within the scope of the aggregate amount prescribed by the general meeting of shareholders, and only the basic compensation amount is paid.

Also, the compensation for individual directors who are members of the Audit and Supervisory Committee are expected to be decided by consultation with directors who are members of the Audit and Supervisory Committee, and within the scope of the aggregate amount prescribed by resolution of the general meeting of shareholders.

The members of the Nomination and Compensation Committee are comprised of the President & CEO WARITA Akira (Chairman) and the 3 outside directors (excluding directors who are members of the Audit and Supervisory Committee), IGAWA Motoo, ANNEN Junji, and ONUKI Satoshi. The Company has proposed "Election of 12 Directors (excluding Directors who are members of the Audit and Supervisory Committee)" as a matter to be proposed (matters for resolution) at the ordinary general meeting of shareholders to be held on June 26, 2022. If the proposal is approved, two of the three outside directors (excluding those who are members of the Audit and Supervisory Committee) other than IGAWA Motoo will be reappointed and HORI Toshiaki will be newly elected. The Nomination and Compensation Committee will be composed of these three outside directors in addition to WARITA Akira. The Nomination and Compensation Committee will decide, based on delegation from the Board of Directors and under the above-mentioned determination policy, matters related to the compensations of individual directors (excluding directors who are members of the Audit and Supervisory Committee). The authority of the committee is to decide the contents of the basic compensation of directors, and to prepare a proposal of the contents for granting stock-compensation type stock options to directors to be deliberated and resolved at the Board of Directors. The reason for delegation of such authority is to aim to improve the transparency of procedures related to the compensation etc. of directors (excluding directors who are members of the Audit and Supervisory Committee).

With respect to the aggregate amounts of compensations of directors (excluding directors who are members of the Audit and Supervisory Committee), for basic compensations, it has been decided to be no more than 500 million yen per year (Of this amount, the amount for outside directors is not more than 50 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, 2021. For stock-option type compensation, the aggregate amount has been decided to be no more than 300 million yen per year (excluding directors who are members of the Audit and Supervisory Committee and outside directors) by a resolution of the ordinary general meeting of shareholders held on June 27, 2021, as a separate limit from the basic compensations. The maximum number of directors (excluding directors who are members of the Audit and Supervisory Committee) 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 (excluding directors who are members of the Audit and Supervisory Committee) of the Company is 11 persons as of the date of submission of the securities report.

The "Election of 12 Directors (excluding Directors who are members of the Audit and Supervisory Committee)" has been submitted as a proposal (matters for resolution) at the ordinary general meeting of shareholders scheduled to be held on June 26, 2022, and if such resolution is passed, the number of directors (excluding directors who are members of the Audit and Supervisory Committee) will be 12.

The aggregate amount of compensations of directors who are members of the Audit and Supervisory Committee 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 27, 2021. The maximum number of directors who are members of the Audit and Supervisory Committee subject to payment of basic compensation

is 4 persons as prescribed in the Articles of Incorporation, and the number of directors who are members of the Audit and Supervisory Committee is 3 persons as of the date of submission of the securities report.

With respect to activities of the Board of Directors within the process of deciding the compensation amounts for our Company's officers in the current fiscal year, in the board meeting held after the ordinary general meeting of shareholders held on June 27, 2021, the decision on matters related to the compensation of individual directors was delegated to the Nomination and Compensation Committee. Furthermore, in July 2021, the Board of Directors resolved to grant stock options based on the contents of grants proposed by the Nomination and Compensation Committee.

With respect to the activities of the Nomination and Compensation Committee, in June 2021, the committee decided the basic compensation for each individual director, and prepared a proposal for the contents of granting of stock options to be deliberated and resolved by the Board of Directors.

Officers' compensation of the Company does not include any performance-linked compensation. As a non-monetary compensation, 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 is taken into account, and the number of units granted to each individual director is decided also by taking into account the performance, roles and responsibilities 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 indexes indicating the Company's performance, and the conditions for exercising such rights also do not include any calculation formula based on indexes indicating the Company's performance.

The details of the Company's stock options are as stated in "4. Information about Reporting Company, 1) Information about Shares, etc."

[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 compensation	Performance-based compensation	Stock options	Non-monetary compensation, etc. of the above	
Directors (excluding directors who are members of the Audit and Supervisory Committee and outside directors)	294	223	-	71	71	8
Members of the Audit and Supervisory Committee (excluding outside directors)	-	-	-	-	-	-
Corporate auditors (excluding outside corporate auditors)	-	-	-	-	-	-
Outside officers	52	52	-	-	-	6

Note1: Effective June 27, 2021, the Company transitioned from a company with a board of corporate auditors to a company with an audit and supervisory committee.

Note2: The breakdown of the total amount of non-monetary compensation, etc. to directors (excluding directors who are members of the Audit and Supervisory Committee and outside directors) is stock options of 71 million yen.

[3] Total compensation for individual officers

Total compensation for individual officers is not stated because there is no one whose total amount of compensation, etc. is 100 million yen or more.

(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 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. All of the shares of Japan Exchange Group, Inc., listed shares held by the Company for pure investment purposes at the end of the preceding fiscal year, were sold during the current fiscal year.

[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	6	166
Shares other than unlisted shares	-	-

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

Not applicable.

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	2,475

	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	40	2,590	-

[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. 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, 2021 to March 31, 2022 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.

1) Financial Statements, etc.

(1) Financial statements

[1] Balance sheet

(Millions of Yen)

	Preceding fiscal year (March 31, 2021)	Current fiscal year (March 31, 2022)
Assets		
Current assets		
Cash and deposits	56,952	57,300
Segregated deposits	564,012	530,512
Money held in trust	2,846	3,012
Trading products	2,146	2,534
Trading securities and other	24	0
Derivatives	2,121	2,534
Trade date accrual	-	25
Margin transaction assets	282,931	235,567
Margin loans	277,143	231,435
Cash collateral provided for securities borrowed in margin transactions	5,788	4,132
Loans secured by securities	30,353	22,436
Cash collateral provided for securities borrowed	30,353	22,436
Advances paid	65	52
Advances paid for customers	65	52
Other advances paid	0	0
Deposits paid for underwritten offering, etc.	764	763
Short-term guarantee deposits	4,510	9,103
Advance payments	3	38
Prepaid expenses	177	206
Accounts receivable - other	89	79
Accrued revenue	4,480	5,090
Other	-	79
Allowance for doubtful accounts	(107)	(54)
Total current assets	949,221	866,742
Non-current assets		
Property, plant and equipment	1,608	1,264
Buildings, net	(Note 1) 273	(Note 1) 165
Equipment	(Note 1) 901	(Note 1) 1,097
Land	434	3
Intangible assets	5,618	6,858
Software	5,618	6,858
Other	0	0
Investments and other assets	5,345	4,529
Investment securities	3,490	2,008
Investments in capital	8	8
Long-term loans receivable	427	398
Guarantee deposits	464	335
Long-term prepaid expenses	65	145
Deferred tax assets	1,011	1,747
Long-term receivables	1,143	1,110
Other	89	87
Allowance for doubtful accounts	(1,353)	(1,307)
Total non-current assets	12,571	12,652
Total assets	961,791	879,394

(Millions of yen)

	Preceding fiscal year (March 31, 2021)	Current fiscal year (March 31, 2022)
Liabilities		
Current liabilities		
Trading products	219	508
Derivatives	219	508
Trade date accrual	39	-
Margin transaction liabilities	57,226	47,250
Margin borrowings	(Note 2) 9,406	(Note 2) 7,347
Cash received for securities sold in margin transactions	47,819	39,903
Borrowings secured by securities	23,160	21,409
Cash collateral received for securities lent	23,160	21,409
Deposits received	335,941	309,469
Deposits from customers	326,112	304,083
Other deposits received	9,829	5,386
Guarantee deposits received	248,255	244,992
Payables for securities to receive over due for delivery	2	28
Short-term borrowings	207,900	167,850
Unearned revenue	18	16
Accounts payable – other	981	1,462
Accrued expenses	1,373	1,284
Income taxes payable	3,658	2,839
Provision for bonuses	253	309
Other	368	5
Total current liabilities	879,393	797,420
Non-current liabilities		
Long-term borrowings	50	-
Other	201	185
Total non-current liabilities	251	185
Reserves under special laws		
Reserve for financial instruments transaction liabilities	(Note 4) 2,933	(Note 4) 3,070
Total reserves under special laws	2,933	3,070
Total liabilities	882,578	800,675

(Millions of yen)

	Preceding fiscal year (March 31, 2021)	Current fiscal year (March 31, 2022)
Net assets		
Shareholders' equity		
Share capital	11,945	11,945
Capital surplus		
Legal capital surplus	9,793	9,793
Other capital surplus	6	7
Total capital surplus	9,799	9,799
Retained earnings		
Legal retained earnings	159	159
Other retained earnings		
Retained earnings brought forward	57,046	58,205
Total retained earnings	57,205	58,364
Treasury shares	(1,743)	(1,642)
Total shareholders' equity	77,205	78,466
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	1,741	16
Total valuation and translation adjustments	1,741	16
Share acquisition rights	267	236
Total net assets	79,213	78,719
Total liabilities and net assets	961,791	879,394

[2] Statement of income

(Millions of yen)

	Preceding fiscal year (From April 1, 2020 to March 31, 2021)	Current fiscal year (From April 1, 2021 to March 31, 2022)
Operating revenue		
Commission received	18,557	17,454
Brokerage commission	17,812	16,639
Commission for underwriting, secondary distribution and solicitation for selling and others for professional investors	63	77
Fees for offering, secondary distribution and solicitation for selling and others for professional investors	0	0
Other commission received	681	738
Net trading income	828	876
Financial revenue	(Note 1) 10,696	(Note 1) 12,285
Other operating revenue	2	2
Total operating revenue	(Note 2) 30,082	(Note 2) 30,616
Financial expenses	(Note 3) 1,410	(Note 3) 1,177
Net operating revenue	28,672	29,439
Selling, general and administrative expenses		
Trading related expenses	(Note 4) 5,930	(Note 4) 6,214
Personnel expenses	(Note 5) 2,833	(Note 5) 3,054
Real estate expenses	(Note 6) 1,010	(Note 6) 1,052
Office expenses	(Note 7) 3,176	(Note 7) 3,322
Depreciation	2,121	2,376
Taxes and dues	(Note 8) 492	(Note 8) 515
Provision of allowance for doubtful accounts	94	(56)
Other	189	189
Total selling, general and administrative expenses	15,845	16,667
Operating profit	12,827	12,772
Non-operating income		
Dividend income	81	47
Gain on investments in investment partnerships	44	8
Other	18	22
Total non-operating income	144	77
Non-operating expenses		
Loss on investments in investment partnerships	48	48
Other	4	10
Total non-operating expenses	52	58
Ordinary profit	12,919	12,791
Extraordinary income		
Gain on sale of non-current assets	-	(Note 9) 1,279
Gain on sale of investment securities	1,994	2,590
Total extraordinary income	1,994	3,869
Extraordinary losses		
Loss on sale and retirement of non-current assets	(Note 10) 7	(Note 10) 52
Provision of reserve for financial instruments transaction liabilities	88	137
Total extraordinary losses	95	189
Profit before income taxes	14,818	16,471
Income taxes – current	4,682	5,006
Income taxes – deferred	(147)	26
Total income taxes	4,535	5,032
Profit	10,283	11,439

[3] Statement of changes in equity

i. Preceding fiscal year (From April 1, 2020 to March 31, 2021)

(Millions of yen)

	Shareholders' equity						
		Capital surplus			Retained earnings		
	Share capital	Legal capital surplus	Other capital surplus	Total capital surplus	Legal retained earnings	Other retained earnings Retained earnings brought forward	Total retained earnings
Balance at beginning of period	11,945	9,793	4	9,797	159	57,682	57,841
Changes during period							
Dividends of surplus						(10,919)	(10,919)
Profit						10,283	10,283
Disposal of treasury shares			1	1			
Net changes in items other than shareholders' equity							
Total Changes during period	-	-	1	1	-	(636)	(636)
Balance at end of period	11,945	9,793	6	9,799	159	57,046	57,205

	Shareholders' equity		Valuation and translation adjustments		Share acquisition rights	Total net assets
	Treasury shares	Total shareholders' equity	Valuation difference on available-for-sale securities	Total valuation and translation adjustments		
Balance at beginning of period	(1,794)	77,789	2,290	2,290	206	80,285
Changes during period						
Dividends of surplus		(10,919)				(10,919)
Profit		10,283				10,283
Disposal of treasury shares	52	53				53
Net changes in items other than shareholders' equity			(549)	(549)	60	(488)
Total Changes during period	52	(583)	(549)	(549)	60	(1,071)
Balance at end of period	(1,743)	77,205	1,741	1,741	267	79,213

ii. Current fiscal year (April 1, 2021 to March 31, 2022)

(Millions of yen)

	Shareholders' equity						
		Capital surplus			Retained earnings		
	Share capital	Legal capital surplus	Other capital surplus	Total capital surplus	Legal retained earnings	Other retained earnings Retained earnings brought forward	Total retained earnings
Balance at beginning of period	11,945	9,793	6	9,799	159	57,046	57,205
Changes during period							
Dividends of surplus						(10,280)	(10,280)
Profit						11,439	11,439
Disposal of treasury shares			1	1			
Net changes in items other than shareholders' equity							
Total Changes during period	-	-	1	1	-	1,159	1,159
Balance at end of period	11,945	9,793	7	9,799	159	58,205	58,364

	Shareholders' equity		Valuation and translation adjustments		Share acquisition rights	Total net assets
	Treasury shares	Total shareholders' equity	Valuation difference on available-for-sale securities	Total valuation and translation adjustments		
Balance at beginning of period	(1,743)	77,205	1,741	1,741	267	79,213
Changes during period						
Dividends of surplus		(10,280)				(10,280)
Profit		11,439				11,439
Disposal of treasury shares	101	102				102
Net changes in items other than shareholders' equity			(1,725)	(1,725)	(30)	(1,755)
Total Changes during period	101	1,261	(1,725)	(1,725)	(30)	(494)
Balance at end of period	(1,642)	78,466	16	16	236	78,719

[4] Statement of cash flows

(Millions of yen)

	Preceding fiscal year (From April 1, 2020 to March 31, 2021)	Current fiscal year (From April 1, 2021 to March 31, 2022)
Cash flows from operating activities		
Profit (loss) before income taxes	14,818	16,471
Depreciation	2,121	2,376
Increase (decrease) in allowance for doubtful accounts	6	(98)
Increase (decrease) in provision for bonuses	128	56
Increase (decrease) in reserve for financial instruments transaction liabilities	88	137
Interest and dividend income	(10,705)	(12,241)
Interest expenses	1,336	1,110
Loss (gain) on sale and retirement of non-current assets	7	(1,227)
Loss (gain) on sale of investment securities	(1,994)	(2,590)
Decrease (increase) in segregated deposits	(114,700)	33,500
Decrease (increase) in trading products - assets (liabilities)	(170)	(100)
Decrease (increase) in trade date accrual	43	(64)
Decrease/increase in margin transaction assets/liabilities	(108,957)	37,388
Decrease (increase) in loans secured by securities	(9,164)	7,917
Decrease/increase in advance paid/deposits received	66,021	(26,459)
Increase (decrease) in borrowings secured by securities	8,377	(1,750)
Increase (decrease) in guarantee deposits received	35,716	(3,263)
Decrease (increase) in short-term guarantee deposits	(1,131)	(4,593)
Other, net	351	(420)
Subtotal	(117,808)	46,150
Interest and dividends received	10,074	11,629
Interest paid	(1,397)	(1,150)
Income taxes paid	(2,794)	(5,807)
Net cash provided by (used in) operating activities	(111,926)	50,821
Cash flows from investing activities		
Purchase of property, plant and equipment	(429)	(308)
Proceeds from sale of property, plant and equipment	-	1,774
Purchase of intangible assets	(2,638)	(2,999)
Purchase of investment securities	(468)	(1,090)
Proceeds from sale of investment securities	2,000	2,597
Other, net	(72)	93
Net cash provided by (used in) investing activities	(1,607)	67
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	129,000	(40,000)
Repayments of long-term borrowings	(100)	(100)
Proceeds from exercise of employee share options	0	0
Dividends paid	(10,914)	(10,274)
Net cash provided by (used in) financing activities	117,986	(50,374)
Effect of exchange rate change on cash and cash equivalents	(0)	(0)
Net increase (decrease) in cash and cash equivalents	4,453	514
Cash and cash equivalents at beginning of period	55,345	59,798
Cash and cash equivalents at end of period	(Note 1) 59,798	(Note 1) 60,312

[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 fair value.

(ii) Securities not classified as trading products

[i] Available-for-sale securities

<i> Securities other than stocks, etc. whose market value is not available

These securities 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> Stocks, etc. whose market value is not available

These securities are stated at cost determined by the moving-average method.

<iii>Investments in investment limited partnership, etc.

Investments in investment limited partnership, etc. 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 10 to 15 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 a securities company on securities transactions with an amount in accordance with Article 46-5 of the Financial Instruments and Exchange Act.

iv) Accounting policy for recording revenues and expenses

Brokerage commissions

The Company's main business is the stock brokerage business targeting individual investors, and have the obligation to perform brokerage of market sell and buy orders based on the transaction agreements etc. As such performance obligation is executed on the trade date, revenues are recognized at the timing of the trade date (at one point in time).

v) 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.

ii. Notes – Significant accounting estimates

i) Recoverability of deferred tax assets

(i) (Preceding fiscal year)

[i] Amount recorded in the financial statements for the current fiscal year

The amount of deferred tax assets is the same as the amount stated in 1) of "Notes – Tax effect accounting".

[ii] Information of significant accounting estimates for identified items

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.

(ii) (Current fiscal year)

[i] Amount recorded in the financial statements for the current fiscal year

The amount of deferred tax assets is the same as the amount stated in 1) of "Notes – Tax effect accounting".

[ii] Information of significant accounting estimates for identified items

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.

iii. Notes – Changes in Accounting Policies

i) Application of the Accounting Standard for Revenue Recognition etc.

The "Accounting Standard for Revenue Recognition" (Accounting Standards Board of Japan ("ASBJ") Statement No. 29, March 31, 2020; hereinafter referred to as the "Revenue Recognition Accounting Standard"), etc. has been applied from the beginning of the current fiscal year. As a result, the accounting treatment of some of the consideration payments made to customers, such as cash refunds, which were previously recorded as Selling, General and Administrative (SGA) expenses, has been changed to deduction from transaction price.

Furthermore, in applying the Revenue Recognition Accounting Standard etc., the Company has adopted the transitional treatment which is set forth in the proviso of Paragraph 84 of the Revenue Recognition Accounting Standard, which requires that the cumulative impact amount is calculated on the assumption that the new accounting policy is retrospectively applied to the accounting periods prior to the beginning of the current fiscal year, and such amount is to be added to or deducted from the amount of Retained Earnings of the beginning of the current fiscal year. The Company has adopted and applied this new accounting policy from the beginning balance of retained earnings of the current fiscal year. There is no impact amount effecting the beginning balance of retained earnings. Furthermore, the impact on commissions received and SGA expenses for the current fiscal year due to the application of the Revenue Recognition Accounting Standard etc. is negligible. Impact on per share information is negligible.

Also, in accordance with the transitional treatment set forth in Article 89-3 of the Revenue Recognition Accounting Standard, notes on "Revenue Recognition Related Matters" for the preceding fiscal year have been omitted.

ii) Application of the Accounting Standard for Fair Value Measurement etc.

The Company has applied the "Accounting Standard for Fair Value Measurement" (ASBJ Statement No. 30, July 4, 2019; hereinafter referred to as "Fair Value Measurement Accounting Standard"), etc. from the beginning of the current fiscal year. In accordance with the transitional treatment prescribed in Paragraph 19 of the Fair Value Measurement Accounting Standard and Paragraph 44-2 of the "Accounting Standard for Financial Instruments" (ASBJ Statement No. 10, July 4, 2019), a new accounting policy prescribed by the Fair Value Measurement Accounting Standard, etc. is applied prospectively. There is no impact on the financial statements.

Furthermore, under the notes regarding "Financial instruments", the Company has decided to add notes on matters related to the breakdown by the level of fair value of financial instruments. However, in accordance with the transitional handling prescribed under Paragraph 7-4 of the "Implementation Guidance on Disclosures about Fair Value of Financial Instruments" (ASBJ Statement Application Guideline No. 19, July 4, 2019), of such notes, those which related to the preceding fiscal year have been omitted.

iv. Notes – Unapplied Accounting Standards Etc.

i) "Implementation Guidance on Accounting Standard for Fair Value Measurement" (ASBJ Guidance No. 31; June 17, 2021)

(i) General description

The handling of fair value measurement of investment trusts and notes, and the handling of notes for the fair value of investments in partnerships etc. booked on the balance sheet by the proportional net value of the Company's interest holdings were prescribed.

(ii) Expected date of application

Expected to be applied from the beginning of the period which ends in March 2023.

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

There is no significant impact from the adoption of this accounting standard.

v. Notes – Balance Sheet Related

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

(Millions of Yen)

	Preceding fiscal year (March 31, 2021)	Current fiscal year (March 31, 2022)
Buildings, net	567	170
Equipment	885	574
Total	1,452	744

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 which amounted to 469 million yen are collateralized for the margin borrowings. 11,710 million yen of the guarantee securities received from customers are collateralized for margin borrowings.

(ii) Current fiscal year

None of the assets are collateralized. The securities bought by customers using money loaned from the Company's own fund which amounted to 395 million yen are collateralized for the margin borrowings. 6,913 million yen of the guarantee securities received from customers are collateralized for margin borrowings.

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

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

(Millions of yen)

	Preceding fiscal year (March 31, 2021)	Current fiscal year (March 31, 2022)
[1] Securities lent for customers' short positions in margin transactions	54,288	43,708
[2] Collateralized securities for margin borrowings	9,419	7,173
[3] Securities loaned out in debt credit transaction of securities	36,759	37,249
[4] Long-term guarantee securities deposited	8,194	9,660
[5] Securities pledged as collateral for short-term guarantee	5,819	6,415

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

(Millions of yen)

	Preceding fiscal year (March 31, 2021)	Current fiscal year (March 31, 2022)
[1] Securities received on customers' long positions in margin transaction	266,846	213,824
[2] Securities borrowed on margin transactions	5,674	4,028
[3] Securities received in debt credit transaction of securities	49,156	40,405
[4] Guarantee securities received from customers	508,940	538,379
[5] Securities received from customers as collateral for short-term guarantee	3,289	2,863

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, 2021)	Current fiscal year (March 31, 2022)
Maximum limit amount of overdraft and lending commitment	157,300	167,300
Executed amount	104,800	97,800
The balance	52,500	69,500

vi. Notes - Statement of income

(i) Note 1: Breakdown of financial revenue

(Millions of yen)

	Preceding fiscal year (From April 1, 2020 to March 31, 2021)	Current fiscal year (From April 1, 2021 to March 31, 2022)
Interest on margin transactions	9,320	10,848
Revenue from securities lending and borrowing	1,002	897
Other	373	540
Total	10,696	12,285

(ii) Note 2: Revenues generated from contracts with customers

Regarding operating revenue, revenues generated from contracts with customers are not classified separately from other revenues. The amount of revenues generated from contracts with customers are stated under "Notes (revenue recognition related matters) -1. Information on breakdown of revenues generated from contracts with customers" of the financial statements.

(iii) Note 3: Breakdown of financial expenses

(Millions of yen)

	Preceding fiscal year (From April 1, 2020 to March 31, 2021)	Current fiscal year (From April 1, 2021 to March 31, 2022)
Interest expense on margin transactions	881	334
Expenses on securities lending and borrowing	249	223
Interest expenses	76	288
Other	205	332
Total	1,410	1,177

(iv) Note 4: Breakdown of trading related expenses

(Millions of yen)

	Preceding fiscal year (From April 1, 2020 to March 31, 2021)	Current fiscal year (From April 1, 2021 to March 31, 2022)
Commission fee	914	887
Membership fees for stock exchanges and securities associations	1,526	1,459
Communications expenses	1,903	1,929
Travel and transportation expenses	6	14
Advertisements	1,564	1,904
Entertainment expenses	17	21
Total	5,930	6,214

(v) Note 5: Breakdown of personnel expenses

(Millions of yen)

	Preceding fiscal year (From April 1, 2020 to March 31, 2021)	Current fiscal year (From April 1, 2021 to March 31, 2022)
Officer's compensations	255	275
Employees' salaries	963	1,095
Other compensations	1,008	1,037
Welfare expenses	214	236
Provision for bonuses	253	308
Share-based compensation expenses	113	71
Retirement benefit expenses	28	34
Total	2,833	3,054

(vi) Note 6: Breakdown of real estate expenses

(Millions of yen)

	Preceding fiscal year (From April 1, 2020 to March 31, 2021)	Current fiscal year (From April 1, 2021 to March 31, 2022)
Occupancy and rental fee	359	349
Equipment expenses	651	704
Total	1,010	1,052

(vii) Note 7: Breakdown of office expenses

(Millions of yen)

	Preceding fiscal year (From April 1, 2020 to March 31, 2021)	Current fiscal year (From April 1, 2021 to March 31, 2022)
Data processing and outsourcing cost of operations	3,169	3,318
Office supplies	7	5
Total	3,176	3,322

(viii) Note 8: Breakdown of taxes and dues

(Millions of yen)

	Preceding fiscal year (From April 1, 2020 to March 31, 2021)	Current fiscal year (From April 1, 2021 to March 31, 2022)
Enterprise tax (portion on value added levy and capital levy)	320	334
Other	172	182
Total	492	515

(ix) Note 9: Breakdown of gain on sale of non-current assets

	Preceding fiscal year (From April 1, 2020 to March 31, 2021)	Current fiscal year (From April 1, 2021 to March 31, 2022)
Land	-	1,326
Buildings, net	-	(49)
Equipment	-	1
Total	-	1,279

Note: Gains and losses on the sale of the same property are offset and presented as gain on sale of non-current assets in the statement of income.

(x) Note 10: Breakdown of loss on sale and retirement of non-current assets

[i] Loss on retirement

(Millions of yen)

	Preceding fiscal year (From April 1, 2020 to March 31, 2021)	Current fiscal year (From April 1, 2021 to March 31, 2022)
Software	3	5
Equipment	4	10
Other	0	0
Total	7	14

[ii] Loss on sale

(Millions of yen)

	Preceding fiscal year (From April 1, 2020 to March 31, 2021)	Current fiscal year (From April 1, 2021 to March 31, 2022)
Land	-	33
Buildings, net	-	4
Equipment	-	0
Total	-	37

vii. Notes - Statement of changes in equity

i) Preceding fiscal year (From April 1, 2020 to March 31, 2021)

(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)	2,373,346	-	68,400	2,304,946

Note: 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)	5
Share acquisition rights as stock options (2016)	28
Share acquisition rights as stock options (2017)	67
Share acquisition rights as stock options (2018)	84
Share acquisition rights as stock options (2019)	65
Share acquisition rights as stock options (2020)	17
Total	267

Note 1: Concerning balance of 22 million yen of share acquisition rights as stock options (2016) and balance of 57 million yen of share acquisition rights as stock options (2017), the first day of exercise period has not arrived.

Note 2: Concerning the share acquisition rights as stock options (2018), (2019) and (2020), the first day of exercise period has not arrived.

(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 28, 2020	Common stock	5,780	22.50	March 31, 2020	June 29, 2020
Board of directors' meeting held on October 27, 2020	Common stock	5,139	20.00	September 30, 2020	November 24, 2020

[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 scheduled to be held on June 27, 2021	Common stock	Retained earnings	5,139	20.00	March 31, 2021	June 28, 2021

ii) Current fiscal year (From April 1, 2021 to March 31, 2022)

(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)	2,304,946	-	133,300	2,171,646

Note: 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 (2017)	34
Share acquisition rights as stock options (2018)	61
Share acquisition rights as stock options (2019)	80
Share acquisition rights as stock options (2020)	43
Share acquisition rights as stock options (2021)	19
Total	236

Note 1: Concerning balance of 30 million yen of share acquisition rights as stock options (2017) and balance of 59 million yen of share acquisition rights as stock options (2018), the first day of exercise period has not arrived.

Note 2: Concerning the share acquisition rights as stock options (2019), (2020) and (2021), the first day of exercise period has not arrived.

(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 27, 2021	Common stock	5,139	20.00	March 31, 2021	June 28, 2021
Board of directors' meeting held on October 27, 2021	Common stock	5,141	20.00	September 30, 2021	November 22, 2021

[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 to the ordinary general meeting of shareholders scheduled to be held on June 26, 2022.

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 scheduled to be held on June 26, 2022	Common stock	Retained earnings	5,142	20.00	March 31, 2022	June 27, 2022

viii. 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, 2020 to March 31, 2021)	Current fiscal year (From April 1, 2021 to March 31, 2022)
Cash and deposits	56,952	57,300
Money held in trust	2,846	3,012
Cash and cash equivalents	59,798	60,312

ix. 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 segregated deposits) under which deposits from customers and guarantee deposits received etc. are deposited with trust banks, and margin transaction assets which are mainly margin loans. 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 fair value fluctuation risk. For margin loans, 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 margin loans. 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 margin borrowings borrowed from securities finance companies in order to be used for margin loans, and cash received for securities sold in 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 provided for securities borrowed from financial institutions etc. (Cash collateral provided for securities borrowed), and borrowings secured by securities are similarly cash collateral received for loaned securities to financial institutions etc. (cash collateral received for securities lent).

Short-term guarantee deposits are mainly collateral pledged to other financial institutions for the provision of services to customers and are exposed to the credit risk of the counterparties to which they are pledged.

Available-for-sale securities are mainly investments in investment limited partnership and are exposed to the credit risk of the issuers of stocks and other securities incorporated in the partnerships and the risk of fluctuations in the fair value of such stocks and other securities.

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 department 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 monthly 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 department 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 department manages cash flows together with the management of customer-segregated fund

trusts, taking into account the levels of margin loans 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 fair value of financial instruments

Upon calculating the fair value of financial instruments, 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 fair value of financial instruments

[i] Preceding fiscal year (March 31, 2021)

Recorded value on the balance sheet, fair value, and differences between them are as shown below. Also, financial instruments without market value are not included in the table below (Refer to Note 3.).

Item	Recorded value on the balance sheet (millions of yen)	Fair value (millions of yen)	Difference (millions of yen)
[1] Trading products and investment securities	4,620	4,620	-
[i] Trading securities and other	24	24	-
[ii] Derivatives	2,121	2,121	-
[iii] Available for sale securities	2,475	2,475	-
Total assets	4,620	4,620	-
[1] Trading products	219	219	-
[i] Derivatives	219	219	-
Total liabilities	219	219	-

Note 1: Notes to "Cash and deposits," " Segregated deposits," "Money held in trust," "Margin transaction assets," "Loans secured by securities," "Margin transaction liabilities," "Loans secured by securities," "Deposits received," "Guarantee deposits received" and "Short-term loans payable" are omitted because they are cash or the fair values approximate book values as they are usually settled within short periods.

Note 2: Matters related to evaluation method used to calculate fair value of financial instruments

1.Assets: [1] Trading products and investment securities: The fair value of stocks is based on the price on the stock exchange, etc. The fair value of foreign exchange margin transactions is calculated based on the spot exchange rate at the end of the current fiscal year.

2.Liabilities: [1] Trading products: The fair value of foreign exchange margin transactions is calculated based on the spot exchange rate at the end of the current fiscal year.

Note 3: Stocks and other securities without market value are not included in "[1] Trading products and investment securities". The balance sheet amounts of such financial instruments are as follows

Item	Recorded value on the balance sheet (millions of yen)
Available-for-sale securities	
Unlisted shares	166

Note 4: Investments in partnerships and other similar entities in which the Company's equity interest is recorded on the balance sheet as a net amount are omitted. The amount of such investments on the balance sheet is 849 million yen.

Note 5: 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 6: All monetary debts are scheduled due within 1 year.

[ii] Current fiscal year (March 31, 2022)

Recorded value on the balance sheet, fair value, and differences between them are as shown below. Also, financial instruments without market value are not included in the table below (Refer to Note 2.).

Item	Recorded value on the balance sheet (millions of yen)	Fair value (millions of yen)	Difference (millions of yen)
[1] Trading products and investment securities	2,652	2,652	-
[i] Derivatives	2,534	2,534	-
[ii] Available for sale securities	118	118	-
Total assets	2,652	2,652	-
[1] Trading products	508	508	-
[i] Derivatives	508	508	-
Total liabilities	508	508	-

Note 1: Notes to “Cash and deposits,” “ Segregated deposits,” “Money held in trust,” “Margin transaction assets,” “Loans secured by securities,” “Short-term guarantee deposits,” “Margin transaction liabilities,” “Loans secured by securities,” “Deposits received,” “Guarantee deposits received” and “Short-term loans payable” are omitted because they are cash or the fair values approximate book values as they are usually settled within short periods.

Note 2: Stocks and other securities without market value are not included in “[1] Trading products and investment securities”. The balance sheet amounts of such financial instruments are as follows

Item	Recorded value on the balance sheet (millions of yen)
Available-for-sale securities	
Unlisted shares	166

Note 3: Investments in partnerships and other similar entities in which the Company's equity interest is recorded on the balance sheet as a net amount are omitted. The amount of such investments on the balance sheet is 1,724 million yen.

Note 4: 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 5: All monetary debts are scheduled due within 1 year.

(iii) Matters regarding the breakdown of financial instruments by fair value level

The fair value of financial instruments is categorized into the following three levels, in accordance with the observability and importance of the inputs used in the fair value calculation.

Level 1 fair value: Of the observable inputs for calculation of fair value, fair value calculated using the market price of assets and liabilities for which the fair value is to be calculated which is formulated in an active market.

Level 2 fair value: Of the observable inputs for calculation of fair value, fair value calculated using inputs regarding the calculation of fair value other than the inputs in Level 1.

Level 3 fair value: Fair value calculated using non-observable inputs regarding the calculation of fair value.

If multiple inputs are being used which have a significant impact on the calculation of fair value, of the levels in which each of the inputs are included, the relevant fair value is classified under the lowest priority level for calculation of fair value.

[i] Financial Instruments recorded at fair value on the balance sheet

Classification	Fair value (millions of yen)			
	Level 1	Level 2	Level 3	Total
(1) Trading Products	-	2,534	-	2,534
Derivative transactions	-	2,534	-	2,534
Total Assets	-	2,534	-	2,534
(1) Trading Products	-	508	-	508
Derivative transactions	-	508	-	508
Total Liabilities	-	508	-	508

Note 1: Explanation of evaluation method used to calculate fair value and inputs for the calculation of fair value

Derivative transactions: The fair value of foreign exchange margin trading is calculated based on the spot exchange rate as of the end of the current fiscal year, and is categorized under Level 2 fair value.

Note 2: The fair value of investment trusts etc. are not included in the above. The amount of investment trusts etc. recorded on the balance sheet is 118 million yen.

[ii] Financial instruments other than those recorded on the balance sheet at fair value.

Not applicable.

x. 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)	Fair value (millions of yen)	Amount of contract, etc. (millions of yen)	Fair value (millions of yen)
Foreign exchange margin trading	63,896	2,121	37,368	219

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

(Current fiscal year)

Type	Assets		Liabilities	
	Amount of contract, etc. (millions of yen)	Fair value (millions of yen)	Amount of contract, etc. (millions of yen)	Fair value (millions of yen)
Foreign exchange margin trading	85,303	2,534	15,489	508

Note: Amount of contract whose fair 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, 2020 to March 31, 2021)

The Company does not have shares of subsidiaries nor affiliates.

[ii] Current fiscal year (From April 1, 2021 to March 31, 2022)

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	2,475	7	2,468
	[2] Bond	-	-	-
	[3] Other	-	-	-
	Subtotal	2,475	7	2,468
Securities whose recorded value on the balance sheet does not exceed acquisition cost	[1] Stock	-	-	-
	[2] Bond	-	-	-
	[3] Other	-	-	-
	Subtotal	-	-	-
Total		2,475	7	2,468

[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	-	-	-
	[2] Bond	-	-	-
	[3] Other	118	100	18
	Subtotal	118	100	18
Securities whose recorded value on the balance sheet does not exceed acquisition cost	[1] Stock	-	-	-
	[2] Bond	-	-	-
	[3] Other	-	-	-
	Subtotal	-	-	-
Total		118	100	18

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

[i] Preceding fiscal year

Classification	Amount of sale (millions of yen)	Total gain on sale(millions of yen)	Total loss on sale(millions of yen)
Stock	2,000	1,994	-
Total	2,000	1,994	-

[ii] Current fiscal year

Classification	Amount of sale (millions of yen)	Total gain on sale(millions of yen)	Total loss on sale(millions of yen)
Stock	2,597	2,590	-
Total	2,597	2,590	-

xi. Notes – Retirement benefits

i) Overview of retirement benefit system adapted

The Company adapts defined contribution pension plan.

ii) Defined contribution plan

Required amount of contribution by the Company to the plan is 28 million yen for the preceding fiscal year, and 34 million yen for the current fiscal year.

xii. Notes – Share options, etc.

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

	Preceding fiscal year (From April 1, 2020 to March 31, 2021)	Current fiscal year (From April 1, 2021 to March 31, 2022)
Share-based compensation expenses in selling, general and administrative expenses	113 million yen	71 million yen

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

(i) Contents of share options

[i] 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.

[ii] 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.

[iii] 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, 2017 to August 18, 2022
Exercise period	From August 18, 2020 to August 17, 2023	From August 19, 2021 to August 17, 2023	From August 19, 2022 to August 17, 2023

Note 1: 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] 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.		
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.

[v] 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.

[vi] Seventh series of share acquisition rights

	Share acquisition rights which can be exercised from August 18, 2023	Share acquisition rights which can be exercised from August 19, 2024	Share acquisition rights which can be exercised from August 19, 2025
Date of resolution	July 27, 2020		
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: 44,700 shares	Common stock: 45,000 shares	Common stock: 45,100 shares
Allotment date	August 17, 2020		
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, 2020 to August 17, 2023	From August 17, 2020 to August 18, 2024	From August 17, 2020 to August 18, 2025
Exercise period	From August 18, 2023 to August 17, 2026	From August 19, 2024 to August 17, 2026	From August 19, 2025 to August 17, 2026

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.

[vii] Eighth series of share acquisition rights

	Share acquisition rights which can be exercised from July 29, 2024	Share acquisition rights which can be exercised from July 29, 2025	Share acquisition rights which can be exercised from July 29, 2026
Date of resolution	July 13, 2021		
Persons eligible for the allotment and their number (Note 1)	8 directors of the Company (excluding directors who are members of the Audit and Supervisory Committee)		
Number of share acquisition rights (Note 1) (Note 2)	Common stock: 50,800 shares	Common stock: 50,900 shares	Common stock: 51,300 shares
Allotment date	July 28, 2021		
Conditions for exercising	Persons allotted share acquisition rights are eligible to exercise only when they are active directors (excluding directors who are members of the Audit and Supervisory Committee) 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 28, 2021 to July 28, 2024	From July 28, 2021 to July 28, 2025	From July 28, 2021 to July 28, 2026
Exercise period	From July 29, 2024 to July 28, 2027	From July 29, 2025 to July 28, 2027	From July 29, 2026 to July 28, 2027

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, 2022) 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

	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	Seventh series of share acquisition rights	Eighth series of share acquisition rights
Before vesting							
At end of preceding fiscal year (number of share)	-	32,000	86,300	112,900	120,300	134,800	-
Granted	-	-	-	-	-	-	153,000
Forfeited	-	-	-	-	-	-	-
Vested	-	32,000	42,800	37,400	-	-	-
Unvested amount	-	-	43,500	75,500	120,300	134,800	153,000
After vesting							
At end of preceding fiscal year (number of shares)	5,400	9,100	14,300	-	-	-	-
Vested	-	32,000	42,800	37,400	-	-	-
Exercise of rights	5,400	41,100	51,700	35,100	-	-	-
Forfeited	-	-	-	-	-	-	-
Unexercised amount	-	-	5,400	2,300	-	-	-

[ii] Price information

	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)	-	-	919
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)	-	923	803
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)	924	802	-
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)	803	-	-
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.

	Seventh series of share acquisition rights (Note 1)	Seventh series of share acquisition rights (Note 2)	Seventh series of share acquisition rights (Note 3)
Date of resolution	July 27, 2020	July 27, 2020	July 27, 2020
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)	742	725	707

Note 1: Seventh series of share acquisition rights which can be exercised from August 18, 2023.
Note 2: Seventh series of share acquisition rights which can be exercised from August 19, 2024.
Note 3: Seventh series of share acquisition rights which can be exercised from August 19, 2025.

	Eighth series of share acquisition rights (Note 1)	Eighth series of share acquisition rights (Note 2)	Eighth series of share acquisition rights (Note 3)
Date of resolution	July 13, 2021	July 13, 2021	July 13, 2021
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)	647	632	616

Note 1: Eighth series of share acquisition rights which can be exercised from July 29, 2024.
Note 2: Eighth series of share acquisition rights which can be exercised from July 29, 2025.
Note 3: Eighth series of share acquisition rights which can be exercised from July 29, 2026.

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

	Eighth series of share acquisition rights (Note 1)	Eighth series of share acquisition rights (Note 2)	Eighth series of share acquisition rights (Note 3)
Volatility of shares	(Note 4) 25.457%	(Note 5) 25.435%	(Note 6) 26.478%
Estimated time to maturity (Note 7)	4.5 years	5.0 years	5.5 years
Estimated dividend (Note 8)	40 yen per share	40 yen per share	40 yen per share
Risk free rate (Note 9)	Minus 0.136%	Minus 0.127%	Minus 0.128%

Note 1: Eighth series of share acquisition rights which can be exercised from July 29, 2024.
Note 2: Eighth series of share acquisition rights which can be exercised from July 29, 2025.
Note 3: Eighth series of share acquisition rights which can be exercised from July 29, 2026.
Note 4: Volatility of shares are calculated based on the historical record for the 4 years and a half (From January 27, 2017 to July 28, 2021).
Note 5: Volatility of shares are calculated based on the historical record for the 5 years (From July 29, 2016 to July 28, 2021).
Note 6: Volatility of shares are calculated based on the historical record for the 5 years and a half (From January 29, 2016 to July 28, 2021).
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 2021 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.

xiii. 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, 2021)	Current fiscal year (March 31, 2022)
Deferred tax assets		
Accrued enterprise tax	197	149
Excess of allowance for doubtful accounts	420	391
Share based compensation expenses	82	72
Reserve for financial instruments transaction liabilities	898	940
Provision for bonuses	77	95
Other	151	150
Total deferred tax assets	1,825	1,798
Deferred tax liabilities		
Valuation difference on available-for-sale securities	(768)	(7)
Other	(45)	(43)
Total deferred tax liabilities	(813)	(51)
Net deferred tax assets	1,011	1,747

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.

xiv. Notes – Revenue recognition

i) Information on the breakdown of revenue generated from contracts with customers.

(i) Current fiscal year (From April 1, 2021 to March 31, 2022)

(Millions of yen)

	On-line securities trading service
Revenue generated from contracts with customers	17,454
Commission received	17,454
Brokerage commission	16,639
Equity & ETF, etc.	15,618
Futures & Options	1,021
Other	815
Other revenue	13,163
Financial revenue	12,285
Net trading income	876
Other operating revenue	2
Total operating revenue	30,616

ii) The basis for understanding revenues

The basis for understanding revenues is described in "Notes - Significant accounting policies: iv) Accounting policy for recording revenues and expenses".

xv. Notes – Segment information, etc.

i) Segment information

(i) Preceding fiscal year (From April 1, 2020 to March 31, 2021)

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, 2021 to March 31, 2022)

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, 2020 to March 31, 2021)

[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, 2021 to March 31, 2022)

[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.

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

Not applicable.

xvii. Notes – Related parties

i) Preceding fiscal year (From April 1, 2020 to March 31, 2021)

(i) Trades with related parties

[i] Officers and major shareholders of the Company (solely in case of individual), 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	10	-	-

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 was rental of real estate owned by Shokosha Ltd. for 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. Furthermore, the real estate rental contract with this company was terminated at the end of the current fiscal year.

(ii) Notes on parent company and important related companies

Not applicable.

ii) Current fiscal year (From April 1, 2021 to March 31, 2022)

(i) Trades with related parties

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

Not applicable.

(ii) Notes on parent company and important related companies

Not applicable.

xviii. Notes – Per share information

	Preceding fiscal year (From April 1, 2020 to March 31, 2021)	Current fiscal year (From April 1, 2021 to March 31, 2022)
Net assets per share	307.23 yen	305.27 yen
Basic earnings per share	40.02 yen	44.50 yen
Diluted earnings per share	39.96 yen	44.44 yen

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

Item	Preceding fiscal year (From April 1, 2020 to March 31, 2021)	Current fiscal year (From April 1, 2021 to March 31, 2022)
Basic earnings per share		
Net profit (millions of yen)	10,283	11,439
Net profit not attributed to common stock (millions of yen)	-	-
Net profit attributed to common stock (millions of yen)	10,283	11,439
Average number of shares of common stock outstanding (number of shares)	256,932,039	257,047,881
Diluted earnings per share		
Increase of common stock (number of shares)	381,089	375,943
[Of the above, share acquisition rights (number of shares)]	[381,089]	[375,943]
Outline of diluted securities which are not considered in the calculation of diluted earnings per share due to the lack of diluting effect	-	

xix. 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 beginning of period	Increase in current period	Decrease in current period	Balance at end of period	Accumulated depreciation and amortization	Depreciation expensed at current period	Net Balance at end of period
Property, plant and equipment							
Buildings	840	17	522	335	170	24	165
Equipment	1,786	410	525	1,671	574	211	1,097
Land	434	-	432	3	-	-	3
Total property, plant and equipment	3,060	427	1,478	2,009	744	235	1,264
Intangible assets							
Software	21,807	3,390	23	25,175	18,316	2,145	6,858
Other	20	-	10	11	11	-	0
Total intangible assets	21,827	3,390	32	25,185	18,327	2,145	6,858
Long term prepaid expenses	89	111	15	185	41	28	145

Note: The increase of equipment and software is mainly due to the investment on facilities necessary for introduction of various new services, enhancement 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 beginning of period (millions of yen)	Balance at end of period (millions of yen)	Average interest rate (%)	Date of maturity
Short-term borrowings	207,800	167,800	0.13	-
Long-term borrowings due within 1 year	100	50	0.60	-
Long-term lease liabilities due within 1 year	-	-	-	-
Long-term borrowings excluding those due within 1 year	50	-	-	-
Long-term lease liabilities excluding those due within 1 year	-	-	-	-
Other interest-bearing liabilities:				
Margin borrowings due within 1 year	9,406	7,347	0.60	-
Total	217,356	175,197	-	-

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

v. Annexed detailed schedule of provisions

(Millions of yen)

	Balance at beginning of period	Increase	Decrease		Balance at end of period
			Appropriation	Other	
Allowance for doubtful accounts	1,460	66	42	121	1,362
Provision for bonuses	253	309	252	1	309
Reserve for financial instruments transaction liabilities	2,933	137	-	-	3,070

Note1: The decrease (other) of allowance for doubtful account is mainly due to reversal from revaluation of the allowance.

Note2: Decrease (other) in provision for bonuses for the current period is the difference between the estimated amount to be paid and the actual amount paid.

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.

(2) Components of Major Assets and Liabilities

[1] Assets

i. Cash and deposits

Item	Amount of value (millions of yen)
Cash in hand	0
Cash at banks	57,300
Demand deposits	53,794
Ordinary deposits	3,470
Segregated deposits	35
Total	57,300

ii. Segregated deposits

Item	Amount of value (millions of yen)
Customer - segregated fund trusts	518,000
Trusted money segregated for customers' foreign exchange margin trading	12,500
Other	12
Total	530,512

iii. Margin transaction assets

Item	Amount of value (millions of yen)
Margin loans	231,435
Cash collateral pledged for securities borrowing on margin	4,132
Total	235,567

[2] Liabilities

i. Margin transaction liabilities

Item	Amount of value (millions of yen)
Margin borrowings	7,347
Japan Securities Finance Co., Ltd.	7,347
Cash received for securities sold in margin transactions	39,903
Total	47,250

ii. Deposits received

Item	Amount of value (millions of yen)
Deposits from customers	304,083
Other deposits received	5,386
Total	309,469

iii. Guarantee deposits received

Item	Amount of value (millions of yen)
Guarantee deposits received concerning margin transaction	214,391
Guarantee deposits received concerning futures transaction	25
Other	30,577
Total	244,992

iv. Short-term borrowings

Item	Amount of value (millions of yen)
Sumitomo Mitsui Trust Bank, Ltd.	25,000
MUFJ Bank, Ltd.	23,000
Sumitomo Mitsui Banking Corporation	13,000
Mizuho Bank, Ltd.	10,000
Hachijuni Bank, Ltd.	7,000
Other	19,800
Call money	70,000
Long-term borrowings due within one year	50
Total	167,850

(3) Other Information

[1] Quarterly information for the current fiscal year, etc.

Cumulative period	1st quarter	2nd quarter	3rd quarter	Current fiscal year
Operating revenue (millions of yen)	7,476	15,316	23,181	30,616
Net operating revenue (millions of yen)	7,181	14,747	22,341	29,439
Profit before income taxes (millions of yen)	5,693	9,216	12,505	16,471
Quarterly (annual) profit (millions of yen)	3,954	6,397	8,677	11,439
Basic quarterly (annual) earnings per share (yen)	15.38	24.89	33.76	44.50

Accounting period	1st quarter	2nd quarter	3rd quarter	4th quarter
Basic earnings per share (yen)	15.38	9.51	8.87	10.75

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	March 31
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 the 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 105th fiscal year from April 1, 2020 to March 31, 2021 (Filed with the director of Kanto Local Finance Bureau on June 21, 2021.)

(2) Internal Control Report

For the 105th fiscal year from April 1, 2020 to March 31, 2021 (Filed with the director of Kanto Local Finance Bureau on June 21, 2021.)

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

For the 1st quarter of the 106th fiscal year from April 1, 2021 to June 30, 2021 (Filed with the director of Kanto Local Finance Bureau on August 13, 2021.)

For the 2nd quarter of the 106th fiscal year from July 1, 2021 to September 30, 2021 (Filed with the director of Kanto Local Finance Bureau on November 12, 2021.)

For the 3rd quarter of the 106th fiscal year from October 1, 2021 to December 31, 2021 (Filed with the director of Kanto Local Finance Bureau on February 10, 2022.)

(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 28, 2021.)

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 July 13, 2021.)

(5) Amendment Reports and Confirmation Letter for Annual Securities Reports

The 105th fiscal year from April 1, 2020 to March 31, 2021 (Filed with the director of Kanto Local Finance Bureau on May 30, 2022.)

(6) 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 29, 2021.)

(7) Shelf Registration Statement (Bonds) and accompanying documents

Filed with the director of Kanto Local Finance Bureau on November 19, 2021.

(8) Amended Shelf Registration Statement (Bonds)

Amended Shelf Registration Statement for the Shelf Registration Statement (Bonds) filed with the director of Kanto Local Finance Bureau on November 19, 2021 (Filed with the director of Kanto Local Finance Bureau on May 30, 2022.)

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

Not Applicable.