

投資をまじめに、おもしろく。

MATSUI

松井証券

Integrated Report

2023

Corporate Slogan

As a reliable securities broker, we make investment fun and interesting.

MISSION

**Supporting the prosperous
lives of customers**

VISION

**Delivering valuable financial products
and services to retail investors**

VALUES | Code of Conduct

01 Customer-Driven

A constant awareness of who our customers are and the things they value is the core driver of our thoughts and actions. Understanding our customers is most important to us, and we pay keen attention to their voice to identify and solve their real pain points.

02 Evolving

We continue to evolve and adapt to changes in the business environment. We strive to learn constantly so as to increase our sensitivity, identify environmental changes, and have the flexibility to adapt accordingly. We pursue possibilities without insisting on outdated practices or clinging to past successes.

03 Commitment

We strive for the highest performance. We set goals, take proactive action, and are accountable. We are daring in the quest for high-quality results, and do our best.

04 Teamwork

We value teamwork to achieve results. We respect and understand individuality, and seek to grow together. We value fellowship and actively communicate, share, and exchange information and ideas. Through these ties and interactions, we generate value for our customers.

05 Fact-Based judgment

We make judgments based on discussions and facts. By emphasizing objectivity, we promote constructive discussions and boost the quality of our decision-making. We make maximum use of resources by establishing priorities and implementing them promptly.

06 Contributing to society

We comply with laws, regulations, and rules; we follow social norms, and act honestly and fairly with high ethical standards. We will contribute to the development of capital markets and fulfill our social responsibilities by using our business as a vehicle to help society overcome its issues. As good corporate citizens, we recognize diversity and pursue sustainable corporate activities, and in so doing strive to achieve harmony with society and build trust.

As a reliable securities broker,
we make investment fun and interesting.

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At Matsui Securities, we believe that investing should be fun and interesting and full of possibilities and we believe that new discoveries through investment can lead to a more prosperous life for each person.

We lower the barriers that prevent people from investing and change their negative images about investment; from “difficult to understand” to “easy to understand,” from “a little scary” to “want to try it.”

To that end, we always strive to be reliable securities broker and we continue to generate ideas that make investing more fun and interesting.

Our quest to make investing more accessible and attractive is only just beginning.

As a reliable securities broker, we make investment fun and interesting.

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Scope of Report

Matsui Securities Co., Ltd.

Period Covered

April 1, 2022–March 31, 2023 (FY2022)
(Includes some information from before and after the reporting period.)

Editorial Policy

This report is issued to our shareholders, investors, and other stakeholders with the aim of further deepening their understanding of our medium- to long-term growth potential and value creation process, and to create new opportunities for dialogue. In producing this report, we referenced the IFRS Foundation's *International Integrated Reporting Framework*.

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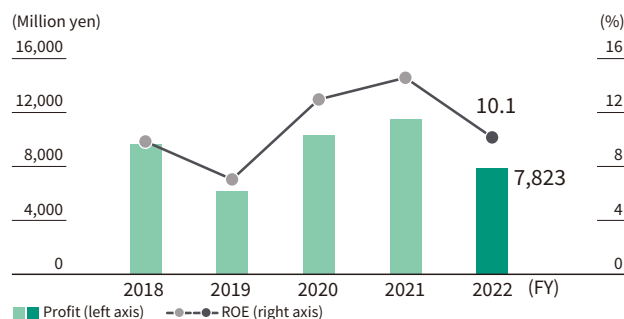
Forward-Looking Statements

Forecasts of business performance and other forward-looking statements in this report are based on information available at the time of writing and involve potential risks, uncertainties, and other factors. Actual results may differ materially from such forward-looking statements.

Matsui Securities at a Glance

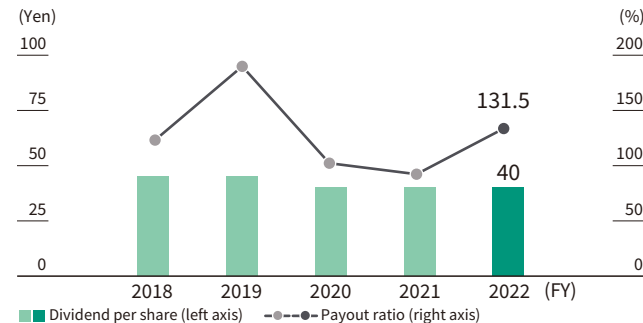
Our primary business is our online-based stock brokerage business, and our other businesses include our forex business and investment trust business. Guided by our corporate mission, “Supporting the prosperous lives of customers,” we deliver valuable financial products and services to retail investors.

Profit / ROE



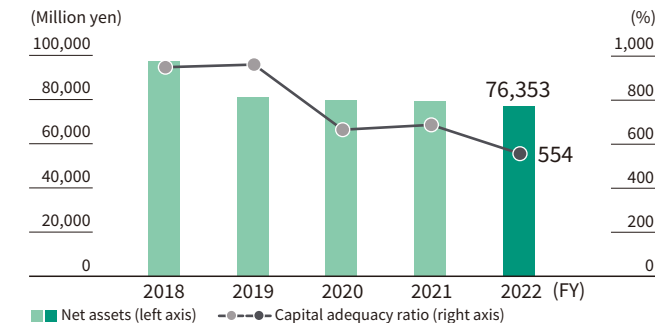
The Company aims to achieve return on equity (ROE) that exceeds the cost of shareholders' equity (currently estimated at 8%, based on the capital asset pricing model) over the medium to long term. ROE was 10.1% in FY2022.

Dividend per Share / Payout Ratio



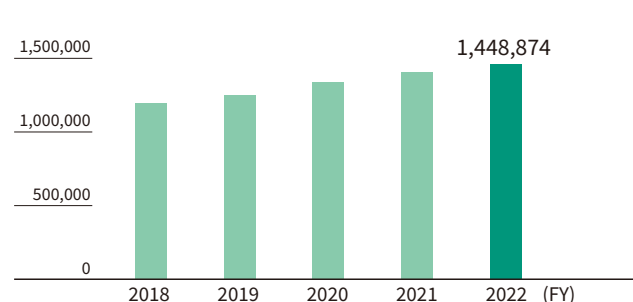
The Company seeks to realize a dividend-on-equity (DOE) ratio of 8% or more for each fiscal period as a dividend policy, and the Company is targeting a dividend payout ratio for each fiscal period of 60% or higher.

Net Assets / Capital Adequacy Ratio



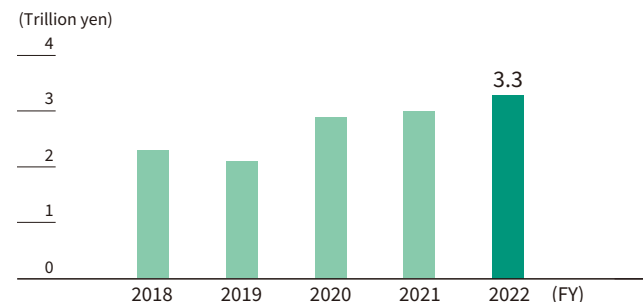
Financial instrument business operators are required by law to have a capital adequacy ratio of no less than 120%. Our capital adequacy ratio met that standard as of March 31, 2023.

Number of Accounts



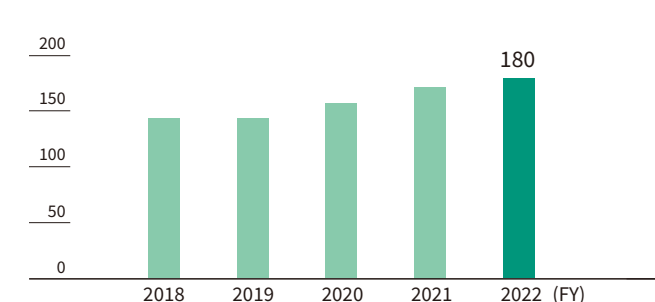
Transactions carried out by customers of online securities brokers continue to account for a growing portion of total retail equity trading value, with this figure now exceeding 90%. In FY2022 the number of accounts held with us surpassed 1.44 million and has consistently increased as customers migrate from face-to-face brokerage firms to online companies.

Deposit Assets



Deposit assets are also increasing amid the migration of customers to online securities brokers. The asset deposit balance reached 3.3 trillion yen as of March 31, 2023.

Employees



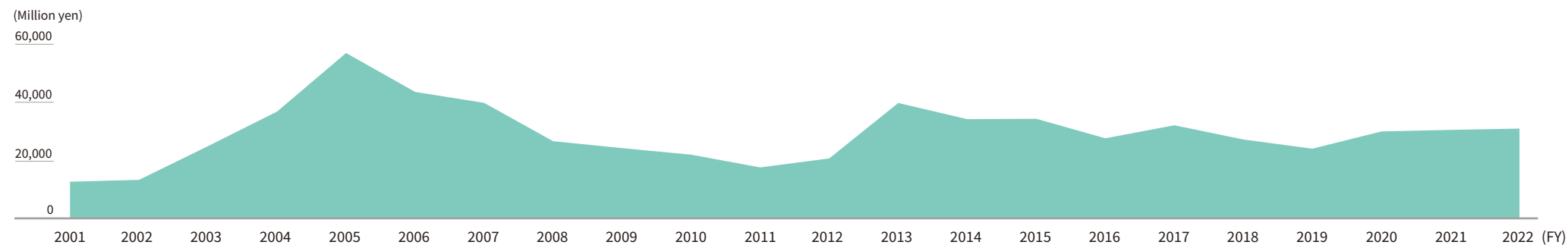
As our business continues to expand, each year we recruit new graduates, while also hiring people mid-career as necessary to ensure our organization has the talent it needs. As of March 31, 2023, we had 180 employees.

Our Journey of Value Creation

What does having a “prosperous life” mean to our customers? It means different things to different people, such as a life of financial prosperity, social engagement, or personal growth through learning. Over a century of business, we have transformed from a face-to-face securities company to an online brokerage firm. We will continue to evolve with the changing times. No matter how times change, our desire to support the prosperous lives of customers will never change. We promise to do our utmost to support the prosperous lives of each and every customer through the world of investment.



Operating Revenue



Message from the President

**“As a reliable securities broker, we make investment fun and interesting.”
—Inspired by our new corporate slogan, we are ramping up efforts toward steady growth and sustainability, as we seek to open up new horizons in the securities business.**



Akira Warita

President & CEO

In Pursuit of Ever-Stronger Ties with Stakeholders

Founded in 1918 as Matsui Fusakichi Shoten in the Nihonbashi area of Tokyo and incorporated in 1931, our company was renamed Matsui Securities Co., Ltd. in 2000. As well as being the first in Japan to offer full-fledged online trading services in 1998 and growing our online securities business, we became the first company in the industry to list on the First Section (now the Prime Market) of the Tokyo Stock Exchange in 2001. We offer a wide range of financial products and services for retail investors, including brokerage, futures and options, underwriting, public offerings and secondary offerings, investment trusts, and forex margin transactions. Guided by our corporate mission, “Supporting the prosperous lives of customers,” and our vision, “Delivering valuable financial products and services to retail investors,” we continue to provide customer experience value that is superior to other companies.

Japan’s online securities industry is now in a period of historic change. By total value, more than 90% of equity trading value by retail investors goes through online securities brokers, and there is a constant migration of equity assets from face-to-face brokerage firms to online brokers. At the same time, the recent elimination of brokerage commissions for Japanese equities by two of Japan’s major online securities brokers underscores the ongoing industry-wide transformation of online securities business models and revenue structures. Meanwhile, many other challenges demand attention, including contributing to environmental and social sustainability, harnessing digital transformation to improve business and operational efficiency, building systems for effective governance, and promoting diversity.

How do we deal with these issues, and what future do we envision for online securities? I believe that the answers to these questions lie in co-creation with our stakeholders. Indeed, the development and steady growth we have achieved thus far was made possible by the support of those many stakeholders, including customers, shareholders, business partners, participants in capital markets, local communities, and employees. If we are to make further progress, we will need more in-depth communication and stronger bonds of cooperation with those stakeholders.

Recognition of this fact led us to publish an integrated report for the first time. The report that you are now reading is not just an overview of the value creation process at the core of our business operations; it also serves as a candid and comprehensive overview of Matsui Securities’ present and future, including our take on the business climate, management policy and medium- to long-term management strategy, and sustainability initiatives. I encourage all stakeholders to read the report and deepen their understanding of the Company.

Message from the President

Michio Matsui's Philosophy: As Relevant Now as It Ever Was

In the late 1990s, my predecessor, then-President & CEO Michio Matsui, decided to start offering full-fledged online brokerage services and transformed the Company from a traditional local securities broker into a more advanced leading online securities broker. Of Japan's five major online securities brokers—Matsui, SBI, Rakuten, Monex, and au Kabucom—we are the only one to get our start in the conventional face-to-face securities business; all the others began in the online realm. Why were we able to digitally transform our business model and switch from face-to-face operations to online, while others were not? I believe the answer can be found in two values that have always been at the heart of our business.

The first value is our steadfast customer-oriented management style, which places the highest priority on providing value to customers. Typically, financial institutions serving retail investors tend to focus on what providers want to provide rather than understanding customers' needs and finding solutions. I believe this to be the result of the vast disparity in access to information, knowledge of financial products, and level of understanding, between businesses and customers in our industry, which is unlike industries such as daily necessities and consumer goods that have a more direct connection to people's everyday lifestyles.

The second value is our commitment to staying ahead of change. From an early stage, we were aware of the potential of the internet in securities trading, and transformed our own business in anticipation of the imminent changes in the business environment. Moving forward, to ensure that our customer-oriented management style, which places the highest priority on providing value to customers, and innovative business operations that are not bound by old methods, will continue to be part of our very DNA, we have incorporated these elements into the code of conduct we published in conjunction with our brand renewal in 2022.

Michio Matsui's business strategy was quite simple: specialize in the highly profitable Japanese equity brokerage business and concentrate the Company's resources there. Behind this strategy was his unwavering belief in and vision for the future of our industry and the markets. He believed that the money transfer from savings toward investment would encourage a wider range of new retail investors to participate in capital markets. By maintaining a presence as a major online securities broker, he reasoned, the Company should be able to grow together with the market. From this conviction, Michio Matsui created the slogan, "Today like yesterday, together with retail investors since the Company's establishment in 1918."

He also believed that solid business activities, such as maintaining a strong financial base, stable trading systems, and a customer-friendly support system, would help inspire confidence

among retail customers in investing and make Matsui Securities a more reliable choice. This, he decided, was the fundamental value we would provide, and he invested considerable energy into its establishment, thus solidifying our position as a major online securities broker.

"Michio's Matsui Securities" Becomes "Our Own Matsui Securities"

At the time, in view of his status as a member of the founding family and his achievements, Michio Matsui was well recognized throughout the industry and the media for turning around the Company's fortunes, as well as for being an influential figure in corporate management. Within the Company, his presence was inimitable. He has left big shoes to fill, so when I succeeded him as president in 2020, major changes were unavoidable. I saw it as my mission to uphold the corporate culture and values that Michio Matsui established, and to pass them on to subsequent generations. But we could not afford to rest on our laurels, and there was also the need to reform the Company's management structure and business strategies to stay abreast of the changing business environment and continue to achieve steady growth. First, we implemented organizational reforms.

The objective of the organizational reforms was to introduce a structure and culture of



Message from the President

autonomy and reproducibility, and to move away from reliance on particular key persons toward something all employees can feel a part of—more “Our Own Matsui Securities” than “Michio’s Matsui Securities.” Specifically, after presenting our management policies and targets to the entire Company, we set about building a framework that involved the departments in formulating management plans and empowered departments to cohesively pursue their own challenges and goals. Furthermore, we have sought to boost the sense of involvement and ownership in the business by reassigning authority in some areas from top management to department heads. We believe this will encourage department heads and employees to think and act with initiative. Furthermore, we made changes to our employee evaluation system accordingly.

We have also worked to enhance the effectiveness of corporate governance and the compliance system, which are fundamental to sound management and business operations. In particular, based on our belief that it was essential to establish a new governance system to ensure the continued effectiveness of corporate governance after Michio Matsui stepped down, we transitioned to being a company with an Audit and Supervisory Committee and established the Nomination and Remuneration Committee.

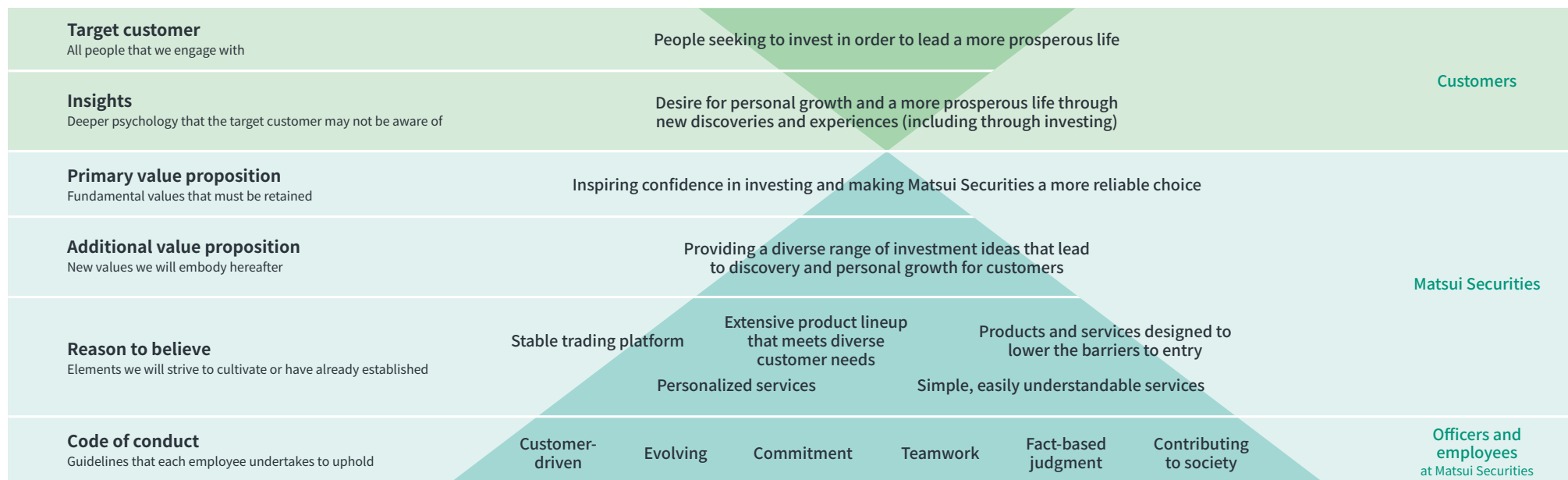
Renewal of the Matsui Brand to Reflect Our Emergence as “Our Own Matsui Securities”

We have always conducted regular consumer awareness surveys. Previously, these surveys have revealed that many people have a stronger impression of Matsui Securities as a face-to-face securities broker than online, particularly among people in their 20s through 40s. This was far removed from the brand image we wanted to convey. We needed to rectify the mismatch and come up with the words that accurately expressed the brand image we wanted to project to the world. However, we also knew that any new Matsui Securities brand would have to be clearly defined and shared by all of our employees if they were to feel part of “Our Own Matsui Securities” and incorporate that sense of belonging into their work. The corporate brand was overhauled in December 2022.

As part of that brand renewal, we drew up a brand equity pyramid* to identify the

* A conceptual structure that organizes and describes the various components of the brand, and provides the brand with a consistent direction.

Brand Equity Pyramid



Message from the President

elements needed to realize our corporate mission and vision. This pyramid formed the basis for updating our corporate slogan and logo. We wanted to keep long-standing forms of value (e.g., inspiring confidence in investing and making Matsui Securities a more reliable choice), but also to introduce a new value proposition that reflected our desire to make investment more immediate, more relevant to people—to make it an experience that leads to discovery and growth in their lives. In the end, we settled on “providing a diverse range of investment ideas.” To embody those values, we adopted a new corporate slogan, “As a reliable securities broker, we make investment fun and interesting.”

Making Investing Intellectually Stimulating

There is a preconception that investment is difficult and hard to understand, and this psychological barrier prevents many people from becoming investors. Also, even when encouraged to invest to prepare for living expenses after retirement, given that those who rely on a public pension alone could be left as much as 20 million yen short, there are still people who do not feel any urgency because they are not struggling at present. Thus, the number of people who actually start investing remains limited. The government has tried to shift the public’s focus away from saving and toward investing for more than two decades. Nevertheless, the fact that there has been no significant growth in the percentage of stocks and mutual funds among individuals’ financial assets is proof that this approach has been ineffective.

Changing people’s behavior requires a different approach. Our top priority is to remove the psychological barriers for the average potential investor. Rather than approaches that target anxieties about life after retirement, we believe it is better to encourage people to start investing by having them look at it as a kind of hobby to be enjoyed. Investing in financial products has an aspect of intellectual stimulation that involves gathering a variety of knowledge and information, and then channeling that information to achieve investment success.

When asked, many retail investors say they invest because it is fun. Certainly, getting into investing often leads to greater interest in matters that influence investment outcomes, such as economic, business, and market trends, the performance of various companies, international affairs, and statements by important social figures. In this way, investing in financial instruments is fun because it can lead to learning and the broadening of horizons.

I recall an attendee at one of our seminars saying, “I started investing in shares after turning 60. It has expanded my world, and every day is such fun.” Of course, the ideal investment outcome is to achieve substantial returns, but this investor was able to derive joy from even modestly profitable investments because it was a journey of discovery and

learning. Investing was a vehicle for living a full and rewarding life. Therefore, I think that to some extent investing is similar to pursuing a hobby.

Financial institutions including online securities brokers must maintain sound business management that lives up to customers’ trust. On the other hand, if investment is to become more popular, the industry also has to make investing fun. Our corporate slogan expresses our strong determination to pioneer new possibilities for investment by developing our business in a way that combines reliability as a financial institution and intellectual stimulation. Since we have tied our corporate mission, “Supporting the prosperous lives of customers,” and our vision, “Delivering valuable financial products and services to retail investors,” with our corporate slogan, we have ended up with a reliable compass providing us with a clear direction we can follow every day.

Similarly, organizational reforms and the brand renewal have further clarified our pathway to the future, and strengthened the bonds of unity between the organization and our employees. I believe that we will build on these efforts over the next few years and make genuine progress that embodies our corporate mission and moves us forward toward achieving our vision.

Three Basic Strategies for Fulfilling Our Corporate Slogan

At Matsui Securities, our management strategies are about bridging the gap between where we are now and our goals for the future; in other words, resolving the issues standing between us and those goals. We see challenges and strategies as two sides of the same coin, and efforts to surmount management challenges essentially form the strategies and measures that will drive the Company’s growth. Currently, we are focusing on three strategies targeting specific challenges in order to give shape to our mission, vision, and corporate slogan. These are (1) Expansion of our product and service lineup, (2) Ongoing improvement of service quality, and (3) Better communication with customers.

Expansion of Our Product and Service Lineup

To be the online securities broker of choice, we are working to develop financial products and services that meet the diverse needs of retail investors. It is essential that we meet the needs of investors of all ages, aspirations, and asset bases. Considering that more than 40% of our new accounts are opened by people in their 30s or younger, it is also important to broaden the gateways to investment by diversifying the range of financial products and services we offer, and above all, to eliminate the factors that cause new investors not to choose us.

Knowing this, we have worked to bolster our lineup, filling in areas that were lacking and

Message from the President



enabling us to offer more than just the standard array of products and services of a typical online securities broker. Over the past three years, we have strengthened our U.S. equity services and our margin transaction services for Japanese equities (such as off-floor cross trading and short-term margin transactions), and attracted a larger number of IPO deals. In particular, we have made U.S. equities a priority, and worked hard since launching that service in February 2022 to enhance essential services in U.S. equity brokerage, for instance by expanding the number of stocks dealt and allowing traders to choose U.S. dollars settlement in addition to yen settlement. As of August 2023, the total number of stocks dealt reached 3,000 U.S.-listed companies.

Meanwhile, we are also focused on underwriting IPOs, which are highly popular among retail investors, and we continue striving to grow our investment trust business in terms of both number of customers and value of assets under management (AUM). As a result of these efforts, in FY2022 we handled the third highest number of IPOs among online securities brokers, and we are within striking range of second place.

Ongoing Improvement of Service Quality

Constant quality improvement is a vital part of providing a superior user experience. In the online securities industry, the similarity between financial products offered from company to

company means we rely on service quality and the convenience of trading and information tools to demonstrate higher quality than our competitors and retain customers. For instance, our forex business, one of our major offerings, underwent major improvements, with service specifications raised wherever they were below those of our competitors. We also revisited our service concept, redefined our target customers, and conducted a brand renewal as well as forex-specific marketing activities. This has resulted in a significant expansion in the scale of business including increases in the number of customers, trading value, and margin balance. Forex revenues reached 2 billion yen in FY2022, and are thus beginning to contribute to the diversification of revenue sources.

As part of improving the convenience of our trading and information tools, we launched a new investment information tool, “Market Lab,” in July 2022. Previously, although we provided a variety of information, it was scattered across different websites, making crossover analysis difficult. Market Lab enables customers to centrally manage and analyze all the information available through existing tools, and aggregates a variety of information including market information, listed companies’ information and data from the *Japanese Listed Company Handbook*, issued quarterly by Toyo Keizai Inc., making it an optimal tool for corporate analysis and investment decisions. Market Lab thereby creates a user-friendly trading environment for customers to place orders. Moreover, we will continue to improve the functionality of our smartphone application for Japanese equities, and to pursue other service quality improvements in order to offer customers a better trading environment.

Better Communication with Customers

Knowing that pursuing closer ties with customers by providing an extensive range of useful investment information is conducive to increasing the value of the user experience, we have a variety of measures in place to deepen communication. For instance, in FY2022, we updated our website to reflect our renewed corporate brand, delivered information to help customers’ asset management via the video streaming platform “Money Satellite,” and doubled the headcount of representatives at our share trading helpline.

Measures in FY2023 include introduction of a repeating auto-trade function that enables 24-hour forex trading—a tremendous boost to service levels—and improvements to the trading environment by enabling simultaneous use of our smartphone application for Japanese equities with our high-tech trading tool “Net Stock High Speed.” We are also working to establish ourselves as the online securities broker that offers superior advisory services. To that end, we are strengthening consulting functions by harnessing a range of online and face-to-face resources, including call centers, online chat, support videos, and our

Message from the President

YouTube channel. We will continue to maximize user experience value by providing diverse information to help customers make informed investment decisions and manage their assets wisely and in a way that suits their investment needs and approaches.

Another area in which we stand apart from the competition is marketing. Here, our focus is on establishing credibility and recognition, which are of the utmost importance when it comes to acquiring new customers. For instance, we use our YouTube channel (which has more than 200,000 subscribers) to provide information designed to boost interest among first-time investors, thus helping to break down some of the common psychological barriers to investing. For example, we produce a popular series featuring the comedy duo “Magical Lovely,” who use their humor as a vehicle for breaking down complex investing and asset building knowledge and information to make it more easily digestible for everyday retail investors. As a result, there has been steadily growing interest in investing and recognition of the Matsui Securities brand.

Our View on the Elimination of Commissions on Japanese Share Trading

Two of Japan’s largest online securities brokers have eliminated brokerage commissions for the trading of shares in Japan-listed companies. However, we will not be following their lead; our basic policy is to deliver added value to customers not by slashing fees but by offering a larger product lineup and higher quality services. Charging nothing for your business is not a sustainable practice, and is quite different from, say, the strategic elimination of fees for some products and services. Updates to Japan’s NISA (tax-exempt individual savings account) program will come into effect in January 2024. We have announced a plan for a new NISA offering that does not charge fees for trading of Japanese and U.S. equities, and investment trusts. Under the new NISA framework, the investment limit is 3.6 million yen per year or 18 million yen in total. We believe that most customers will be able to use our service completely free of charge. The launch of the updated NISA program is a major event that may cause many people to consider investing, and we hope that our commission structure will convince them that Matsui Securities is the go-to firm for new NISA investments.

We believe that while commissions certainly are a factor in choosing a brokerage firm, they are not the only area in which firms must strive to attract customers. Given our role in handling customers’ valuable financial assets, trust and reliability are of utmost importance, while an attractive array of products and user-friendly trading tools are also essential, and it helps to have an abundance of investment information, guidance through the investment process, and trading support, too. Of course, customers appreciate campaigns and

promotions, but these should not be the be-all and end-all. Each of these various aspects brings value to the user experience, and is vital for us in terms of being the company of choice for customers. Rather than eliminating commissions, we believe that having consistently high-quality products and service quality will result in investors choosing Matsui Securities.

Challenges and Material Issues at Matsui Securities

If we are to continue our healthy, sustainable development long into the future, we cannot let our focus on implementing timely and appropriate growth strategies overshadow the importance of environmental, economic, and social sustainability, and indeed our own sustainability. Knowing that CSR is fundamental to corporate value, we have endeavored to build our business in a way that contributes to socioeconomic sustainability. In November 2022, we announced four material issues. These issues, which are most material to our business and corporate culture, were identified with reference to the Sustainability Accounting Standards Board (SASB) standards, the UN’s Sustainable Development Goals (SDGs), and other international guidelines.

The process began through dialogue with customers, shareholders, employees, and other stakeholders in order to gain an understanding of what they expect of us. We carefully identified the themes that related to socioeconomic development and the Company’s medium- to long-term growth, and referred them to the Board of Directors for extensive debate. Consequently, we arrived at the following four material issues: (1) Building a sound society, (2) Supporting investment and asset building, (3) Ensuring the wellbeing and diversity of our workforce, and (4) Maintaining a management structure to support business growth.

As birth rates have dropped and the healthy lifespan has grown in recent years, people are coming to realize the importance of building their own assets, which is leading to greater interest in investing. In response to these and other social trends, the Japanese government has gone all-out to help individuals build and manage assets, such as through the iDeCo (individual defined contribution pension plan) and Tsumitate NISA schemes. As a result, securities brokers have a greater responsibility than ever to offer products and services under these plans.

At Matsui Securities, we are tasked with supporting retail investors looking to invest and build up assets. To that end, we not only offer a broad lineup of financial products and services and a variety of easy-to-understand information, but also strive to improve access to financial markets and the fairness of securities markets. Moreover, as defined in our material issues, we contribute to building a sound society and support retail investors in their investment and asset building activities.

Message from the President

As part of strengthening the foundations of our business, we promote wellbeing and diversity in our workforce. For instance, we strive to recruit, retain, and develop a diverse workforce, which naturally includes supporting career opportunities for women, and we have various measures in place to foster human resources that have rich careers and advanced expertise, and to create a rewarding workplace environment.

To date, we have sought to establish a transparent management structure by building an effective governance system that leverages the checks-and-balances and advisory functions of outside directors, as well as a system for prompt and appropriate decision-making that supports dynamic business operations. Moving forward, we will enhance corporate governance to further increase the sophistication of our management structure for supporting business growth. In addition, to earn and retain the credibility that comes with being one of the industry's leading online securities brokers, and to uphold fairness and transparency in the securities market, we will harness our multi-layered compliance system to ensure adherence to laws and regulations in all aspects of our business and prevent unfair trading. Furthermore, we will maintain the stability and data security of our trading system—the very lifeline of any online securities company—by being thoroughly prepared against the possibility of system failures, cyberattacks, natural disasters, and information leaks, and by ensuring our systems are robust and stable.

Management Emphasizing Cost of Capital to Maximize Shareholder Value

In response to the increasing calls of recent years for Japanese businesses to pay more attention to cost of capital, return on capital, and market valuation dynamics, the Tokyo Stock Exchange (TSE) issued requests to listed companies in March 2023 for “action to implement management that is conscious of cost of capital and stock price” and “promotion and disclosure of dialogue with shareholders.” Japan's Financial Services Agency (FSA) also announced an action plan for listed companies that includes capital efficiency improvement and bringing price-to-book-value ratios back above 1, effectively indicating that the FSA's stance on corporate governance reform is aligned with that of the TSE.

At Matsui Securities, cost of capital has been a key focus of business administration since long before it came to be more widely seen as an important part of management. At the same time, we have held ROE, which indicates the efficiency of capital/management resource use, to be the most important indicator relating to the generation of shareholder value. In 2017, we set 8% as our estimated cost of equity; our target for ROE is to exceed this figure over the

medium to long term (i.e., a positive equity spread). Since our listing in 2001, we have maintained one of the highest ROEs among securities brokers, with an average of 10.9% over the last five years.

Our approach to shareholder returns is that the Company should return to investors the equivalent of cost of equity in the form of cash dividends rather than focus excessively on capital accumulation. In keeping with that approach, we established a basic policy in September 2018 of aiming for a dividend payout ratio of at least 60% and a dividend on equity (DOE) ratio of at least 8%. We will continue to distribute profits as appropriate to reward our shareholders for their day-to-day support, taking into account factors such as business performance trends, the need to maintain sufficient internal reserves, and enhancement of shareholder value.

The above management stance and our profit return policy have been well received by shareholders, investors, and other participants in capital markets, and our stock price has generally remained steady over the past several years, albeit with some minor fluctuations. As of June 30, 2023, our shares traded at 794 yen, our price-to-book-value ratio was 2.78, and our price-to-earnings ratio was 21.6, a comparatively high figure for the Japanese securities industry, and we interpret these figures as a vote of confidence from our shareholders and investors.

Four Key Factors to Retain Stakeholders' Confidence

Looking to the Company's future, we believe there are four key factors to ensuring the continued confidence of our shareholders, investors, and other stakeholders: (1) Selection and concentration on profitable businesses, (2) Financial soundness and appropriate capital structure, (3) Balance between investment in growth and shareholder returns, and (4) Timely, appropriate, transparent information disclosure.

Selection and Concentration on Profitable Businesses

We will continue to concentrate management resources on internet-based business models in light of the current market's high expectations for online trading following the COVID-19 pandemic. In our product portfolio, we will work to solidify our business foundation in the equity brokerage business, which is our core earnings driver, while aggressively working to expand our customer base by attracting new customers and to strengthen the forex business and U.S. equity business, which have high potential as new sources of revenue.

Financial Soundness and Appropriate Capital Structure

We ensure financial soundness by bolstering internal reserves, ensuring our financing

Message from the President

stability, continuing to reduce costs, and providing shareholder returns as appropriate based on business performance, while focusing on maintaining optimal capital levels to support the margin transaction business.

Balance between Investment in Growth and Shareholder Returns

From the perspective of achieving sustainable improvement in ROE, we aim to maximize shareholder value by making capital, human resource, and marketing investments that will contribute to future earnings, without compromising our high dividend payout ratio. In terms of capital expenditures, we will allocate funds appropriately, focusing on strengthening and improving the specifications of trading systems in conjunction with the launch of new financial products and services. In doing so, we will strive to realize the benefits of our investments as soon as possible.

Timely, Appropriate, Transparent Information Disclosure

We recognize that the relationships of trust we have with our diverse range of stakeholders, including customers, shareholders, investors, and other participants in markets, are at the very core of our value creation process. As such, we strive to promote greater understanding of, and support for our activities by publishing information promptly and appropriately, with due consideration to accountability. Moreover, given that our business model is strongly impacted by the external environment, including trends in securities markets, government monetary policies, economic fluctuations, exchange rates, and interest rates, we will also disseminate news and information about the economy and society at large.

Supporting the Prosperous Lives of Customers

At present, the Japanese equity market is strong overall, buoyed by the recovery of economic activity following the abatement of the COVID-19 pandemic and the Bank of Japan's ongoing monetary easing policy. The climate with regard to asset management for retail investors is also gradually improving. One example of this is that the Japanese government's tax reform proposals for 2023 announced in December 2022 include the renewal of the NISA scheme as a permanent program.

Against this landscape, we revamped our corporate brand in December 2022 and coined a new corporate slogan: "As a reliable securities broker, we make investment fun and interesting." The slogan expresses our desire to not only continue to be a reliable securities broker while leveraging the wealth of investment-related knowledge and expertise amassed since the

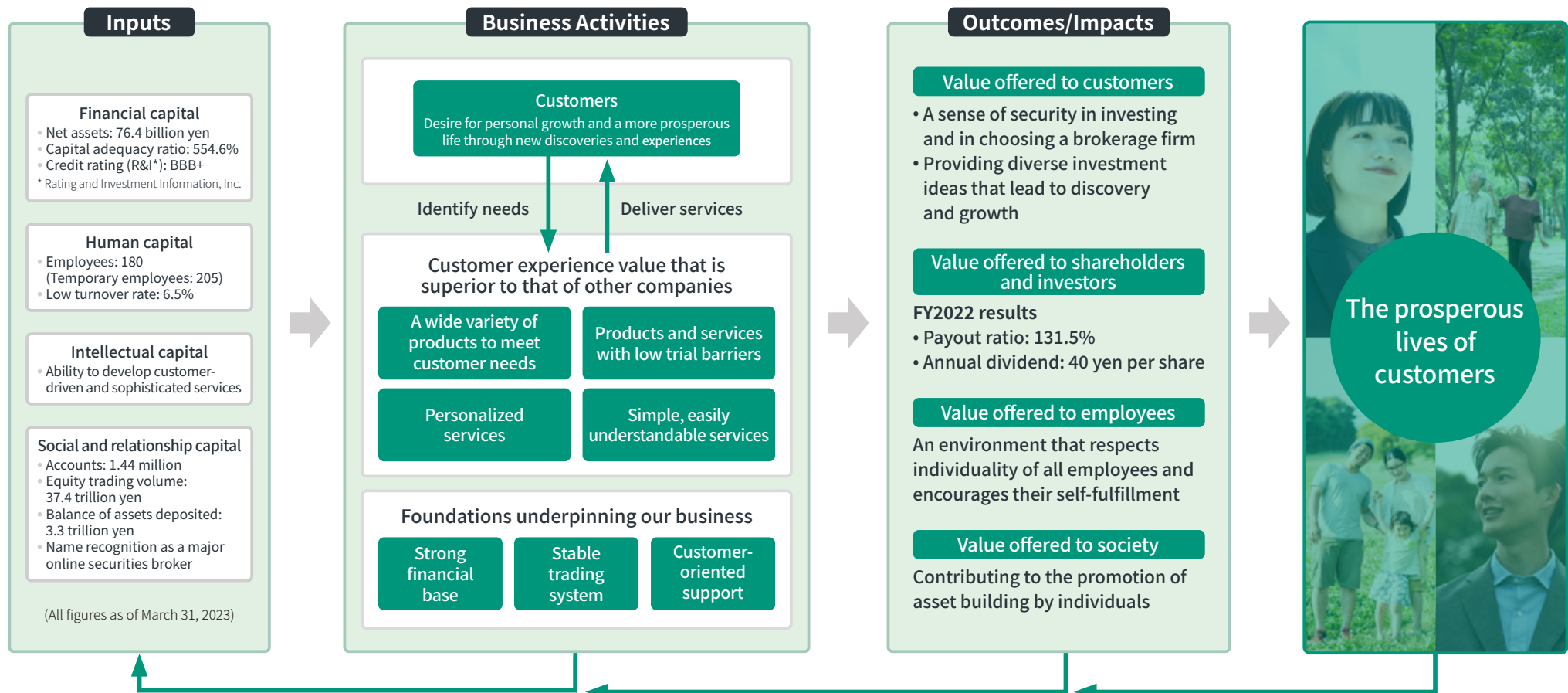
Company's inception, but also to offer investors a variety of ideas that make investing more fun and interesting, thereby leading to discovery and personal growth in their lives.

The turmoil caused by the COVID-19 pandemic led to widespread recognition of the effectiveness of online communication, making the advantages of our business model even clearer. The pandemic has largely subsided now, but uncertainties will continue to buffet our business, including heightened geopolitical risks posed by the protracted Russia-Ukraine conflict, global inflation, increased volatility in the financial and securities markets, and digital transformation of economies and industries. Guided by our corporate mission, "Supporting the prosperous lives of customers," we will pursue sustainable development not only for ourselves, but for society at large, thus earning the trust of all our stakeholders and fulfilling their expectations. On behalf of everyone at Matsui Securities, I offer my thanks to all stakeholders for their understanding and unwavering support.



The Value Creation Process

- MISSION** Supporting the prosperous lives of customers
- VISION** Delivering valuable financial products and services to retail investors
- VALUES** Customer-driven, evolving, commitment, teamwork, fact-based judgment, contributing to society



Material Issues

- (1) Sound development of society
- (2) Support for investment and asset building
- (3) Well-being and diversity of directors and employees
- (4) Management structure to support business growth

Business Strategy

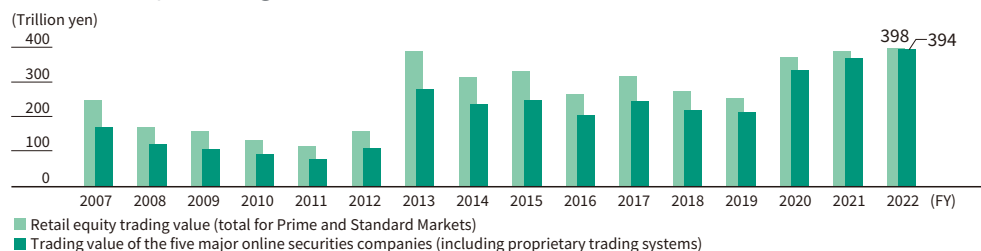
Business Overview

The Company focuses on the online-based stock brokerage business as its core business. In order to maintain and expand its share of equity trading value by individuals within the online 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. The stock brokerage business, which is the Company's main revenue source, is currently highly dependent on a portion of the customer base that has a 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 in the business environment, expansion of the Company's business operations is essential, and the Company's policy is to actively proceed with re-examination of its business structure. In particular, the forex business and investment trust business will be strengthened, and efforts will be made to diversify revenue sources.

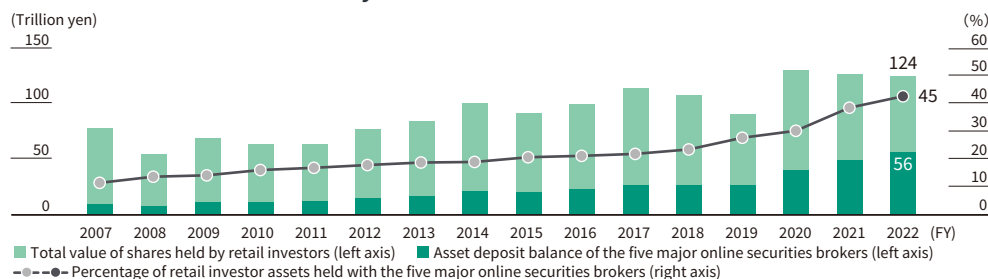
The Retail Investor Share Trading Market

Online stock brokerage services in Japan began in 1998. Since then, the proportion of customers of online brokerage firms within the total equity trading value by individual investors has continued to increase year-on-year, and currently makes up over 90%. On the other hand, the ratio of shareholdings of online brokerage firms' customers to total shareholdings held by individuals still remains at around 30%, even though this ratio is increasing year-to-year. The inflow of share assets from face-to-face brokerage firms to online brokerage firms is continuing, and we believe that there is still room going forward for further increases in equity trading value by individuals through online brokerage firms.

Retail Equity Trading Value



Total Value of Shares Held by Retail Investors



Business Environment Analysis

In the online securities industry, the five main brokerage firms (i.e., Matsui, SBI, Rakuten, au Kabucom, and Monex) continue to account for the majority of equity trading value by individuals, and there has been no significant change in the share and ranking of each company in terms of retail equity trading value. Trading commissions in the industry have decreased to their lowest levels, and as a result, the commission fee reduction race to gain customers had settled down. Taking on board the 2019 U.S. shift toward not charging brokerage commissions, brokerage firms in Japan have been following suit, such as by making stock trading commissions partially free of charge and expanding the scope of free-of-charge transactions. However, since the business environment and revenue structure of online brokerage companies differs between Japan and the U.S., the trend in Japan has been to only partially reduce commissions. Nevertheless, the recent announcement that two major companies are eliminating share brokerage commissions can be expected to have an impact on competition in the future.

Strengths	Weaknesses
<ul style="list-style-type: none"> • Online business model • Stable financial base • Commission structure that offers good value for money • Highly rated customer support • Stable trading system 	<ul style="list-style-type: none"> • Winning over customers from conglomerate groups • Diversification of revenue sources
Opportunities	Threats
<ul style="list-style-type: none"> • Grow the population of investors by encouraging the shift from saving to investing • Expand the range of products for retail investors (shares in U.S. stocks, crypto assets, etc.) • Inflation and consequent wage increases 	<ul style="list-style-type: none"> • Interest rate hikes in the U.S. and Europe • Possible revision of quantitative easing policies • Expansion of business by industry leaders • Introduction of completely commission-free trading by competitors

Business Strategy

Medium- to Long-Term Management Strategy

The Company has maintained efficient operations by concentrating the allocation of management resources on the online 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 a major online 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 that has been developed taking into account special

features of conducting operations without having shops on the ground. Online centered communication has become pervasive in lifestyles that have changed after the COVID-19 pandemic, and the competitive advantage of the online business has been recognized not only for its operational efficiency but also as a business with many advantages. This trend is expected to accelerate, and the Company's policy is to firmly continue to concentrate on the online-based business model and to continue to refine its services.

Main Challenges and Actions

Improvement of Brand and Name Recognition

Recognition is important for maintaining and expanding our customer base in the long term, so we will continue our efforts to improve brand and name recognition.

Actions in FY2022

- Renewed corporate brand; established slogan, "As a reliable securities broker, we make investment fun and interesting"
- Launched TV commercials starring a new brand ambassador who conveys seriousness, approachability, fun, and lightheartedness

Expanding the Lineup of Products and Services

Aiming to be the online securities broker of choice for a diverse range of investors in a highly competitive industry, we seek to eliminate the issues that cause new customers to choose others over us, and offer a full lineup of financial products and services that meet the diverse needs of retail investors.

Actions in FY2022

- Set commissions for U.S. equity trading services at the industry's lowest levels

Improvement of Quality of Service

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

Actions in FY2022

- Introduced "Market Lab," an investment information tool
- Made ongoing enhancements to functionality of our smartphone application for Japanese equities

Enhancement of Communication with Customers

We refine the value of the customer experience by not only enhancing our provision of useful investment information to help with investment and asset building, but also bolstering communication channels with customers, such as through phone-based support and an AI-powered chat tool.

Actions in FY2022

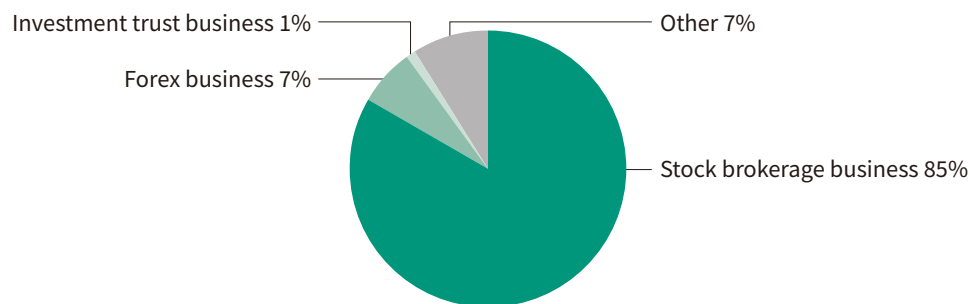
- Renewed website, centering on the new corporate brand
- Doubled the headcount of representatives at our share trading helpline

Business Strategy

Diversification of Revenue Structure

The stock brokerage business that is the Company's main revenue source is currently highly dependent on a portion of the customer base that has a 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 in the business environment, expansion of the Company's business operations is essential, and the Company's policy is to actively proceed with re-examination of the business structure. In particular, the forex business, U.S. equity business and investment trust business will be strengthened, and efforts will be made to diversify revenue sources. Furthermore, for businesses that require technology and expertise that the Company does not have, the Company intends to actively pursue alliances with outside firms.

Breakdown of Net Operating Revenue (FY2022)



Initiatives to Diversify Our Revenue Structure

Forex Business

Previously, forex services were handled as ancillary to our Japanese equity business. Now, the launch of a separate forex organization within the Company and operational reforms have resulted in growth in the number of customers, trading value, and open interest balance, and a significant expansion in the scale of business. Revenues from the forex business reached 2 billion yen in FY2022, an indication that forex services are effectively supplementing the Company's core stock brokerage business and contributing to the diversification of revenue sources. On the back of competitive offerings such as the industry's lowest spreads for all trading currency pairs and a minimum trade value of one currency unit, trading has doubled year-on-year.

U.S. Equity Business

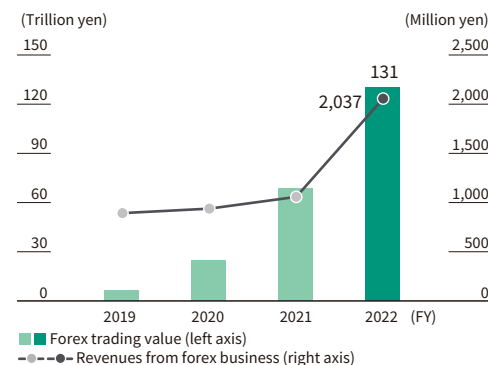
We added U.S. equity services to our lineup in February 2022, and we offer the lowest commission rates in Japan. We are working to bolster functions and services by expanding the

number of stocks dealt and launching foreign currency settlement services. Moving forward, we will grow customer numbers and trading value by enhancing our portfolio, such as by offering margin transactions and improving service quality, and thereby develop the U.S. equity business into a more substantial revenue source.

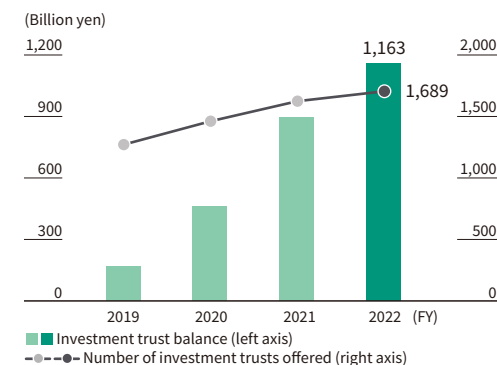
Investment Trust Business

We are working constantly to expand services and grow the asset deposit balance. In FY2022, we conducted a series of promotions and expanded the investment trusts we handle. These efforts will pave the way for further expansion of asset services in the future, and have already led to the successful growth of the asset deposit balance to over 100 billion yen.

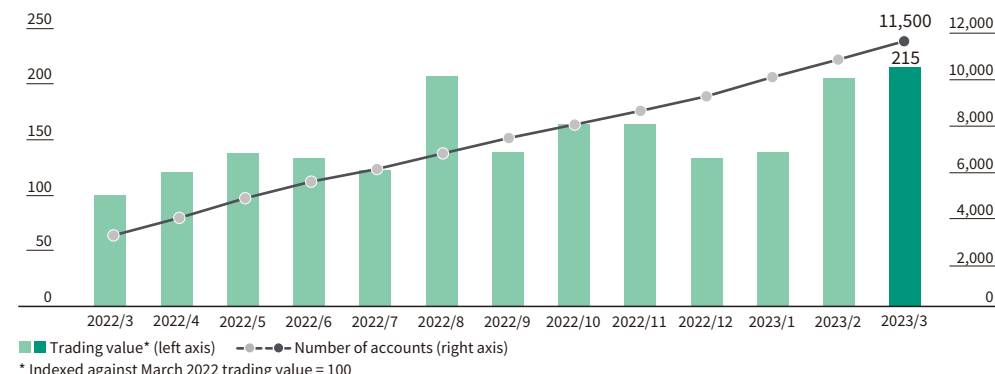
Forex Business



Investment Trust Business



U.S. Equity Business



Message from the CFO



Harnessing Our Stable Financial Base to Boost Market Presence

Shinichi Uzawa

Managing Director,
Director in charge of Corporate Division

Review of Performance in FY2022

In FY2022, several years of effort to diversify revenue sources came to fruition, enabling us to minimize the effects of downward pressure on net operating revenue and operating profit amid the lackluster business environment. We see our present earnings, in which strong revenues from the forex business helped offset declines in stock brokerage commissions and financial revenue, as an indication that our business strategy is having a positive effect.

At the same time, however, a number of obstacles to sustainable growth have become apparent. Previously, based on our approach of actively selecting which business areas we should concentrate on, we focused significant management resources on the stock brokerage business. While this did succeed in reducing costs and establishing an efficient operating framework, there is no denying that we have fallen behind in building a diversified product lineup that can meet a broad range of needs. Now, we recognize the urgent need to enhance and diversify our financial products and services to further ensure a stable revenue base.

Current and Medium- to Long-Term Business Environment

Today, given increased geopolitical risk and inflation, the business environment faces increased uncertainties. Nevertheless, as an online securities broker, our business is supported by favorable trends such as an increasing appetite for risk assets among retail investors in response to the weakening yen, the launch of policies designed to encourage asset building among individuals, and a greater portion of communication taking place online as a consequence of the COVID-19 pandemic. Furthermore, in the Japanese economy, there are increasing calls for companies to take actions that will lead to stock price growth, including paying greater attention to cost of capital and bringing price-to-book-value ratios back above 1.

Regarding market competition, we have the third largest market share in terms of trading value among online securities brokers, and it is now vital that we sustain that presence to ensure our credibility as a financial institution.

Recently, major securities brokers have shifted toward charging no brokerage commissions on share trades. We, too, are working to lower the barriers to investment by eliminating commissions for trades using NISA accounts (on shares in Japan- and U.S.-listed companies, and investment trusts), as well as by expanding our investment trust reward point program. We do not intend to follow others down the path of eliminating all brokerage commissions on share trading, but that also means it will be important for us to maintain a quality of service that satisfies retail investors. To that end, we have developed a low-cost, highly efficient business structure and have maintained a high rate of return. We believe that the best way to maintain high profitability and stand out from the pack is to meet the diverse needs of retail investors by leveraging our stable financial base to build a diversified portfolio that includes forex, shares in U.S.-listed companies, and other high-growth product categories.

Basic Financial Policy and Approach to Shareholder Returns

Our basic financial policy is to seek a balance between the three major financial concerns: maintaining an appropriate level of capital, investing for future growth, and returning profits to shareholders.

As a securities broker, we strive to maintain an appropriate level of capital by emphasizing capital efficiency with the goal of achieving ROE in excess of 8% (our estimated cost of equity) over the medium to long term. We achieved that goal in FY2022 with ROE of 10.1%, and also kept our capital adequacy ratio high at 554% (as of March 31, 2023). Moving forward, we remain committed to maintaining an optimal level of capital through sound financial discipline to support smooth business operations.

With regard to funding, most of our external funding is currently sourced through call money and other short-term borrowings in light of our present capital and levels of lending to margin trading customers. We will continue working to ensure funding flexibility and stability.

Message from the CFO

Regarding investing for growth, we recognize the importance of pursuing effective investments while keeping a close eye on the balance between risk and return, and we will invest funds with a view to driving the evolution and expansion of our business. In addition to investing to maintain IT systems and to keep up with regulatory changes, we will undertake capital expenditures mainly in system-related areas, such as engineering and upgrading software for the release of new products and services, developing and improving the trading environment for customers, and enhancing security. Following capital expenditures of around 3.8 billion yen in FY2022, we plan to make our largest ever system investments in FY2023, totaling around 4.8 billion yen. We also plan to allocate funds for venture capital investments that will help us participate in underwriting IPOs and other transactions, toward making better use of external resources to reinforce services and operational infrastructure, and for enhancing human capital.

Our basic policy on shareholder returns is to make returns as appropriate, taking into account business performance trends and the need to maintain sufficient internal reserves. Specifically, we aim for a dividend payout ratio of at least 60% and a dividend on equity (DOE) ratio of at least 8%. We will work to meet shareholders' expectations by achieving steady profit growth by making strategic investments and striving to ensure an appropriate corporate valuation on capital markets.

Our sound financial base is one of our competitive advantages. Having sufficient financial reserves enables us to undertake large-scale investments for the future without taking on external debt. We will continue to focus on increasing corporate and shareholder value while striking a balance between maintaining an appropriate level of capital, investing for growth, and returning profits to shareholders.

Medium- to Long-Term Growth Strategies

Our greatest asset in the pursuit of medium- to long-term growth is surely customers' trust in our management approach and past business performance. We have begun to fill gaps in our menu of services through the enhancement of forex services and the addition of U.S. equity services. Moving forward, we will maximize customer satisfaction by providing a wide variety of products and services that meet the needs of a broad spectrum of customers, from first-timers to core investors, while leveraging the wealth of tangible and intangible resources we have cultivated over the years.

As part of that effort, gaining broad recognition—not only from among our customers but the public at large—is a major contributor to customers' confidence in us and a vital asset for a financial institution. As such, accurate communication about the Company and the values and functions we provide to society and the economy at large will also be essential to executing our growth strategy.

To Our Stakeholders

The concept of “stakeholders” has evolved dramatically in recent years, becoming increasingly broad in scope amid greater awareness of the corporate responsibility to contribute to environmental and economic sustainability and to build systems for transparent governance. At Matsui Securities, for many years we have defined stakeholders to include not only customers and shareholders, but also employees and other participants in capital markets, and we have made a point of taking their views into account in our pursuit of sound corporate management. Given this, we believe that our FY2022 price-to-book-value ratio of 2.6 times indicates that our management approach has earned a certain level of recognition and confidence from the market. We will continue to uphold the transparency of disclosure that financial and capital markets demand, and we will engage in more in-depth dialogue with stakeholders and diligently apply the insights that we gain in our management and business operations.

Low birth rates and aging populations have raised concerns about the future of the securities business. I, however, am full of hope for Matsui Securities and the industry as financial literacy increases and more people, especially those among younger demographics, come to see investment as a potent means of building assets. As such, we are on the verge of an unprecedented expansion in investment.

Despite the current resurgence in competition on brokerage commissions, I believe that the industry structure of five major online securities brokers in Japan will remain largely unchanged for the time being due to relatively high barriers to entry, including the need for proprietary expertise and sophisticated operations systems. As one of the industry's leaders, we relish the challenge of further expanding our market presence and capturing ever-growing, ever-diversifying investment needs.

On behalf of the whole Matsui Securities team, I offer my thanks to all our stakeholders for their ongoing understanding and support.



Sustainability Basic Policy

Basic Approach to Sustainability

Governance

The Company has a system whereby the Board of Directors supervises important matters related to sustainability. The Board of Directors supervises the status of individual measures based on material issues (important issues that should be prioritized) that have a substantial impact on improving corporate value over the medium to long term, and the materialities are reviewed in response to changes in the business environment and other factors. In addition, the corporate planning department serves as the secretariat for promoting sustainability.

Sustainability Structure



Risk Management

Through the identification of materiality, the Company understands and evaluates the degree of impact of risks and opportunities facing the Company with regard to sustainability. The Board of Directors deliberates on the identification of materiality based on a draft formulated by the corporate planning department, which serves as the secretariat, and determines the content of materiality based on the results of the deliberation.

Indicators and Targets

The achievement of each of the materiality items and the measures taken against them is not necessarily quantitatively measurable. Nevertheless, as of March 31, 2023 we have set indicators and targets for “well-being and diversity of directors and employees.” See pages 27–30 for details.

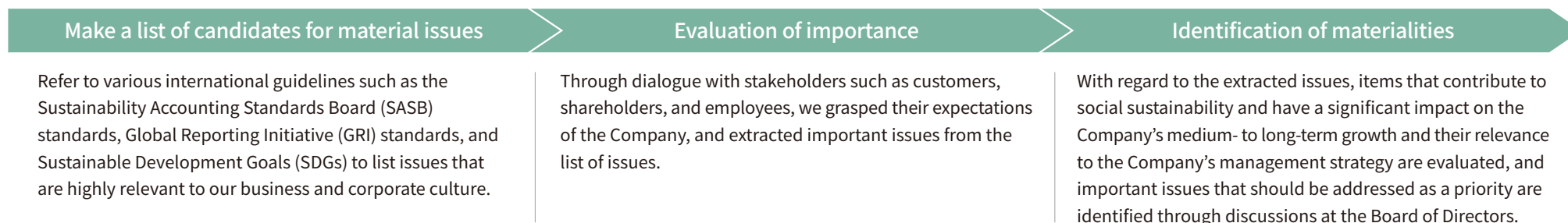
Strategy

As part of its strategy to promote sustainability, the Company is pursuing initiatives based on material issues. See page 20 for more information about our material issues.

Sustainability Basic Policy

Material Issues

Process for Identification of Material Issues



List of Material Issues

Category	Material issue	Corresponding SDGs
Business operations	Improving access to financial markets	
	Efforts to improve the fairness of the securities market	
	Support for investment and asset building	
	Providing easy-to-understand information	
Management foundation	Recruitment, retention, and development of diverse human resources	
	Develop diverse careers and expertise	
	Creating a rewarding work environment	
	Enhancement of corporate governance	
	Thorough compliance	
	Maintaining advanced information security	

Environment

Basic Approach to the Environment

The Company recognises that climate change can affect the business activities of various companies, which may indirectly impact its business through financial markets. Although the Company views that the direct impact of climate change on its business is limited in light of the characteristics of its business, the Company believes that one of its responsibilities as a good corporate citizen is to support the achievement of the UN's Sustainable Development Goals (SDGs) by protecting the global environment. The Company will collect and analyze data as necessary on the impact of climate change on its business, and seek to enhance the quality and quantity of our information disclosure.

Environmental Action System

The Company assess risks and revenue opportunities related to climate change as part of its initiatives relating to sustainability. See page 19, Basic Approach to Sustainability, for details on its system for pursuing sustainability.

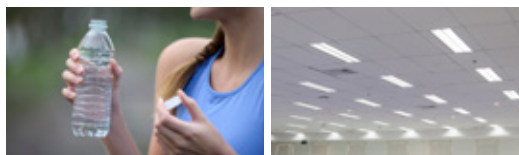
Energy Consumption

	FY2019	FY2020	FY2021	FY2022
Electricity used (kWh)	667,273	707,621	750,398	735,112
GHG emissions (t-CO ₂)	331	334	349	340

(Emissions disclosed are those categorized as Scope 2 under the Greenhouse Gas Protocol.)

Environmental Conservation Measures

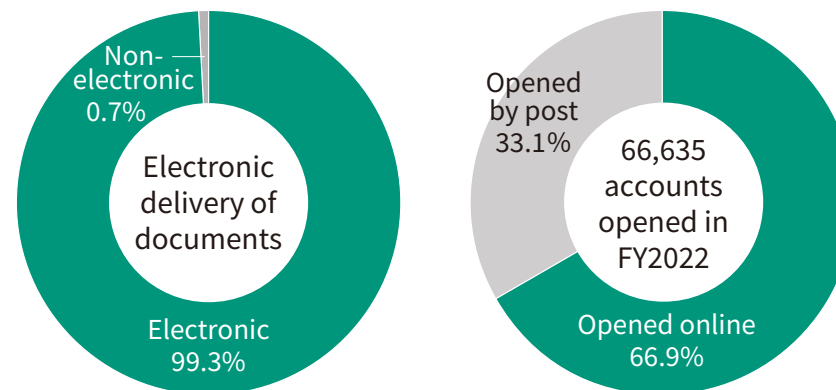
- Sourcing beverages that come in label-less PET bottles
- Encouraging reduced energy use through lower air-conditioning settings
- Replacing ceiling lighting with LED lighting



Digital Transformation

The Company pursues digital transformation of our business and maintains efficient operation structures.

For instance, for the transaction statements, balance statements, and other documentation that the Company, as a financial instrument business, is required to provide customers, it delivers them electronically, such as via online services, instead of mailing printed documents. Accounts can be opened online without paper documents, as well. Documents required for identity verification can be uploaded to the website, and information necessary for various procedures is provided via e-mail only after confirming authorized access, thus making processes paperless and more efficient. Through these measures, we help minimize environmental impact.



Sound Development of Society: Money Transfer from Savings toward Investment

Japan's Efforts to Shift from Saving to Investing

The government has consistently sought to encourage the population to move away from simply saving money toward investment and asset building. To this end, it has expanded the NISA scheme, improved the iDeCo system, and introduced the concept of asset building to school curricula. Despite these efforts over the past 20 years, there has been limited success in expanding the base of retail investors in Japan, given that the balance of Japanese individual stock and mutual fund balances has not significantly changed.

Why Does Society Need to Invest?

There are many reasons to invest. Common sense holds that we need to gradually build up assets over time to prepare for various milestones in life, including retirement. Investing is especially effective in times of low interest rates, as is recently the case in Japan; not only is it hard to make money from a savings account, but the real value of such assets actually diminishes due to inflation. Furthermore, the “20 million yen problem,” in which it is said that relying on a public pension alone could leave people as much as 20 million yen short of what they need to fund their living expenses after retirement, means that asset building is more important than ever before.

What Makes People Put Off Investing?

However, spreading the word that people need a 20 million yen nest egg to fund living expenses after retirement was not enough to expand the base of individual investors. It seems that exhortations to invest for the future or build up funds for retirement do not ring with any particular urgency among people who are not struggling at present, so messaging that sought to play on unease about the future failed to motivate people to begin making a serious effort to invest.

Thus, although there is growing awareness among Japan's working population of the 20 million yen problem and the need to build assets to prepare for retirement, there also remain stubborn preconceptions that investing is complex and opaque, which discourages many people from starting. Many people have told us that even if they want to start investing, they are unsure what to invest in or which financial products to buy. The first step is to choose a brokerage firm, but no investor is going to choose a firm without a suitable lineup of investment products. At Matsui Securities, we offer the following solutions.

Examples of Solutions

(1) A Full Range of Services to Meet Varied Needs

We offer a variety of products and services, including Japanese equities, U.S. equities, forex, mutual funds, futures, and options. While Japanese equities have traditionally been at the core of our services, we are constantly expanding our lineup to meet the needs of investors, and we now offer trading in forex, U.S. equities, and a growing variety of initial public offering (IPO) issues.



(2) Products and Services Designed to Lower the Barriers to Entry; Simple, Easily Understandable Services

As there are no large differences in the financial products offered by each of the online 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.



Downloaded
232,364 times

Average in-app rating
4.4 stars out of 5

Support for Investment and Asset Building: Support for Investors

Concerns Facing New Investors

Many first-time investors say that gathering information day-to-day and knowing where to get advice when in doubt is hard, and that this discourages them from investing.

“I’m interested in owning shares but I don’t have anyone to ask for advice.”

“There are many shares I want to find out about, so I’d like the Company to continue its advisory service.”

“I’d happily pay a fee for investment advice.”

“My friends have little interest in investment, and I can’t gather information effectively enough by myself.”

Examples of Solutions

We feel it is important to provide a variety of support for customers, and to really be there for them on their investment journey. By offering a range of information to help people invest in financial instruments and communicating closely with customers, we strive to enhance the value of the customer experience.

(1) Video-Based Basic Investment Knowledge and Commentary on Market Information

Every weekday, we publish up-to-date videos on a broad spectrum of investment topics, from the basics for beginners to commentary on market trends by traders and professional analysts with popular followings.



(2) A Variety of Support Channels

We offer support for investors through a variety of channels, including a telephone helpline, 24-hour online chat, and easy-to-follow video resources for everyone—beginners and beyond.

Channel	What customers say
Call center	<ul style="list-style-type: none"> • Choosing who you talk to is reassuring • I appreciate the attentive standard of service
Online chat	<ul style="list-style-type: none"> • More approachable than a phone helpline • Easy to use with the standardized questions provided
Video resources	<ul style="list-style-type: none"> • Video length is just right • Easy to understand for beginners

(3) Investment Advice

Investors often agonize over which shares to buy or sell, and when to do it, right up until the moment they hit the button. We provide help in making those investment decisions through a telephone consultation service offering expert advice with the human touch.



Awarded three stars (highest rating) on the 2023 HDI-Japan Help Desk Benchmark (in the security industries category), the 13th consecutive year to be awarded the rating.

Attentive Services to Turn Our Vision into Reality

We believe customers are happiest when their investments are successful. To help them achieve more successes, we have expanded the range of investment information we provide. We have launched Money Satellite, a streaming video website that provides information on markets and financial products and services, as well as videos full of ideas and helpful investing tidbits. Meanwhile, our official YouTube channel offers information to boost the interest of novice investors. For instance, we produce a popular series featuring the comedy duo Magical Lovely, who use their humor as a vehicle for breaking down complex financial information to be more easily digestible for everyday retail investors. Their videos have already surpassed 1.8 million views. At Matsui Securities, we will strive to offer “personalized services” that are closely aligned with each investor’s needs, in addition to the investment information we currently provide.

Customer-Oriented Business Conduct

Basic Approach to Maintaining Customer-Oriented Business Conduct

Under our corporate mission, “Supporting the prosperous lives of customers,” our vision is “Delivering valuable financial products and services to retail investors.” Based on this corporate mission and vision, we have established policies so that we can continue to realize customer-oriented business operations. We believe that actions taken to earn customers’ trust in keeping with this policy will contribute to attracting customers, as well as to their growth and satisfaction. To achieve further improvement in our operations, we will assess our initiatives regularly and review our policies as necessary.

Pursuing Customers’ Best Interests

Since the Company’s inception in 1918, we have journeyed together with, and been supported by, retail investors. In that time, we abandoned typical sales methods involving face-to-face customer visits and refused to engage in sales activities that did not serve customer needs. We were also among the first to introduce online trading. In this way, we strove to eliminate the disparity in the information available to retail investors and provide them with better access to capital markets by making share trading more convenient. Our ability to stay abreast of the times by breaking free from conventional norms and building new systems that meet the needs of customers was made possible by adhering to a clear code of conduct backed by high ethical standards. We have established and published six “Conduct Guidelines” to serve as a code of conduct for achieving sound business activities, including respect for the best interests of our clients, fair treatment of clients, and appropriate management of conflicts of interest.

Appropriate Management of Conflicts of Interest

Being independent of any corporate group enables the Company to avoid such conflicts of interest as recommending or selling products offered by other companies within the parent group in preference to competing products without a reasonable basis. Furthermore, we do not structure our own financial products. The only financial instruments we sell under consignment from financial institutions are investment trusts. To ensure any possible conflicts of interest with customers are properly managed, we avoid restricting ourselves to the products of specific investment trust management companies, and do not give priority to products with high customer fees when selecting, recommending or selling products, simply because those products might be more profitable for us. Instead, in suggesting products to customers we adhere to our basic policy and offer a wide range of product choices. We have a Policy for Management of Conflicts of Interest and a system for proper handling of transactions that enable us to avoid impairing the interests of our customers.

Clear Fee Structure

When providing financial products and services, we clearly disclose the details of fees and other costs to be borne by customers in pre-contract documentation, listed securities documentation, prospectuses, websites and other materials. These fees and other costs are determined based on the costs we incur in providing financial products and services, and in maintaining systems for providing such financial products and services. This entails an overall consideration of specific costs, including: trading participation fees paid to financial instrument exchanges; administrative costs associated with business operations such as the preparation of reports, etc.; personnel costs for customer service operators at call centers; costs associated with maintaining and improving financial products and services; system development and maintenance costs; costs associated with the development and maintenance of compliance systems required as a securities broker; and internal systems required as a business operating company.

Easily Understandable Disclosure of Important Information

When providing financial products and services, we disclose information on our website in an easy-to-understand manner so that customers can comprehend basic details about potential returns/losses, risk details, terms of trade, and other information needed to make investment decisions. In addition to the website, we also provide information through our call center. In every case, we strive to provide information that is clear, simple, and easily understandable, taking into consideration the customer’s financial knowledge, asset holdings, investment experience, and investment objectives. We do not sell or recommend packages that bundle multiple financial products and services.

Customer-Oriented Business Conduct

Delivering Appropriate Services to Our Customers

We have established an Investment Solicitation Policy specifying that when offering financial products and services, we will do our best to provide financial products and services that are appropriate given the customer's financial knowledge, asset holdings, investment experience, and investment objectives, and that we will endeavor to solicit investments that are aligned with the customer's intentions and actual circumstances. As such, we have put relevant policies into practice. With regard to the investment trust products we handle, we strive to provide all necessary information via our website, and ensure explanations are sufficient and easy to understand. Our basic policy is not to take on new investment trusts whose structure is deemed too complex for customers to fully understand, or whose merits of ownership we, as the vendor, cannot properly explain. Nor do we create such financial products ourselves. In addition, we have established criteria for taking on high-risk accounts. Based on the results of the screening process, the Company may decline to open an account in order to ensure the appropriate provision of services to customers.

Basic Policy on Sales of Investment Trusts

(1) We do not charge commissions for selling investment trusts

Customers incur trust fees over the duration of their investment trust holding, and we, as the vendor, receive a portion of those fees as an agency commission. Compared to face-to-face sales, selling investment trusts online involves lower administrative costs, which results in savings for us. As such we do not charge sales commissions.

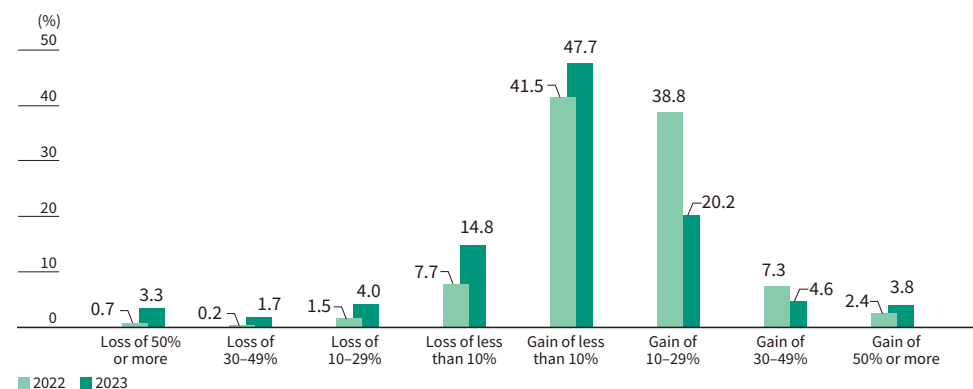
(2) We do not offer investment trusts with complicated structures

We do not offer investment trusts that we believe customers cannot fully comprehend based on the explanations provided on our website. This includes investment trusts that incorporate derivatives, such as currency-selection-type funds and covered calls. (Excludes listed products.)

Customer Gains/Losses on Investment Performance

We publish the percentages of investment trust customers who made gains and losses, sorted according to the size of the gain or loss. As of March 31, 2023, some 76.3% of those who purchased investment trusts through Matsui Securities made a gain on their investment.

Breakdown of Customers by Gain/Loss on Investment Performance



- Calculated based on the total return on the balance of investment trusts as of March 31, 2023. Includes all trusts held for the entire period since November 28, 2016, when Matsui Securities started handling investment trusts.
- Investment trusts do not include ETFs, listed REITs, U.S. dollar MMFs, and investment trusts purchased through the iDeCo individual-type defined contribution pension plan system.
- Graph shows the gain/loss rate distribution calculated by dividing the total return (as per the investment trusts' total return reporting system) by the valuation amount on the record date.
- Graph shows the proportion of customers (total customers = 100%) who made gains/losses on their investments, sorted by the size of the gain/loss.

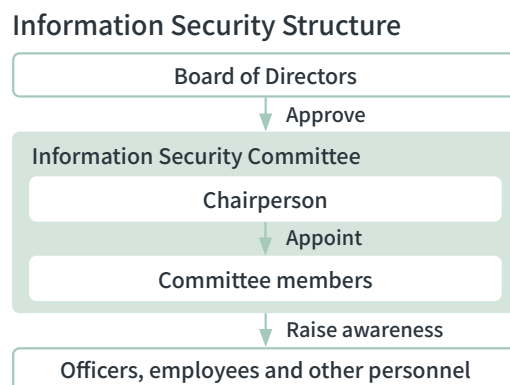
Information Security

Maintaining Advanced Information Security

In order to build greater trust in Matsui Securities as a financial institution, we have developed a full range of cybersecurity measures to prevent unauthorized use of customer accounts and access to personal data, and we work to ensure that our customers can trade safely and securely.

Information Security Structure

The Information Security Committee collects information, identifies problems, suggests countermeasures, and engages in other initiatives pertaining to information security. The Board of Directors appoints a director to head the committee, who in turn appoints committee members. Each of the Company's departments is represented by at least one committee member, and those members serve to raise awareness on information security matters in their respective departments.



Specific Initiatives

(1) Preventing Unauthorized Access

We defend against unauthorized access and attacks on the databases and servers that record our customers' personal information by operating robust firewalls and access monitoring systems. Additionally, we engage specialist organizations to conduct inspections to test for vulnerabilities.

(2) Preventing Unauthorized Use

We take the following measures to prevent unauthorized use of customers' accounts by malicious third parties. When a customer performs a transaction or withdrawal, we check not only the login ID and password but also the separate transaction PIN to ensure higher security. We are also highly cautious when reissuing passwords and transaction PINs. Even if a malicious third party impersonates a customer and requests a change of password or transaction PIN, we ensure that we sufficiently verify the customer's identity so that the third party cannot obtain unauthorized access. When logging into an account, if the incorrect login details are used more

than the permitted number of times, the account will be locked automatically, preventing any further login attempts.

(3) Preventing Unauthorized Withdrawals

Customers can only withdraw from their securities account to financial institutions that they have pre-registered with us. Furthermore, the account name at the withdrawing bank must match the account's name held with us. Otherwise, the withdrawal will be rejected.

(4) Preventing Falsification of Registered Information

Changing an account's registered name or address requires submitting a paper application, which we send to the current registered address, ID document(s), and proof of the customer's Individual Number (government-issued identification number). The procedure only goes ahead once the customer's identity has been verified.

(5) Secure Handling of Personal Information

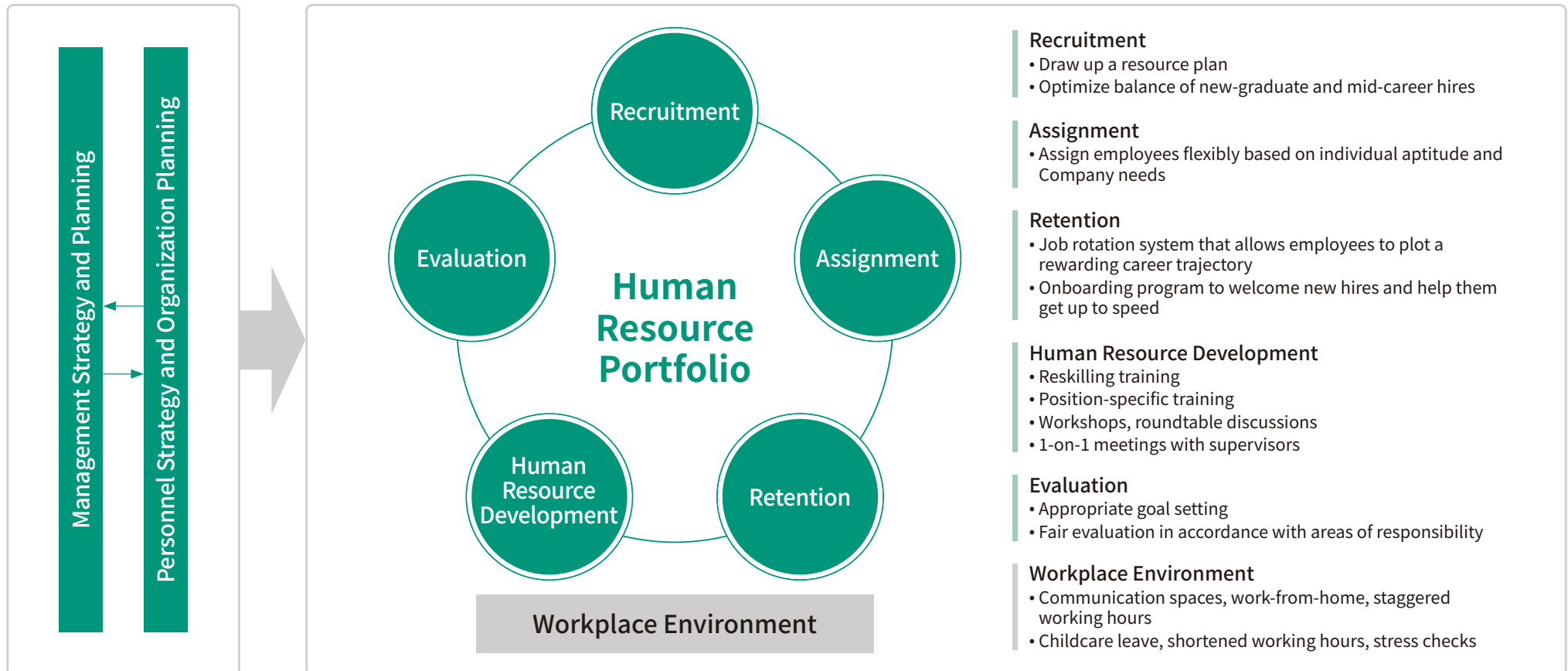
To ensure the proper handling of personal information, we have in-house regulations in accordance with the relevant laws and regulations. In addition to appointing a personal information officer, we clearly define the scope of personal data handled by officers and employees and set up a framework for quick reporting and communication in the case a breach or a potential breach of the Act on the Protection of Personal Information/in-house regulations is recognized. We provide appropriate training to officers and employees on matters to be considered when handling personal information and include rules regarding the confidentiality of personal information in our employment regulations. Furthermore, we control the areas where personal information is dealt with, preventing information leaks when transporting electronic storage media, deleting personal data, destroying equipment and electronic storage media, and limiting the scope of those with access to individual information databases. We also have a framework to protect information systems to handle such information as personal data from unauthorized external access and unauthorized software.

Human Capital

Basic Approach to Human Capital

Our basic policy is to promote the development of an organization with a diverse workforce, including people of all gender identities, ages, and professional backgrounds. We have also set an organizational goal of “becoming an organization in which each employee has a sense of ownership and is autonomous in learning and growing,” aiming for growth of the Company along with the growth of each individual.

Human Resource Strategy



Human Capital

Recruiting and Retaining a Diverse Range of Human Resources

In order to optimize the long-term age structure in the organization, we hire new graduates on an ongoing basis each year, and we also hire mid-career workers as needed to provide the immediate human resources required for the organization.

We are committed to providing onboarding support to help new graduates and mid-career hires become familiar with the organization and achieve results more quickly. Prior to joining the Company, prospective employees can work as interns and have regular opportunities for interviews with the human resources department and roundtable discussions with senior employees, which help to promote understanding of our businesses and allay any concerns. After joining the Company, we provide opportunities for interaction among employees, including team building, training on the financial industry, introductions and interaction opportunities with each department, and follow-up interviews for both new-graduate and mid-career hires.

As a result of these efforts, our employee turnover rate was 6.5% in FY2022, indicating that our workplaces are conducive to retention. We are committed to promoting diversity and inclusion in our organization, working styles, and work-life balance. In response to the enactment of Japan's Act on Promotion of Women's Participation and Advancement in the Workplace, which came into force in April 2022, we set targets for FY2027 that women should account for at least 35% of our employees and at least 15% of those in managerial positions. We have already achieved the latter, with 15.9% of such positions held by women in FY2022.

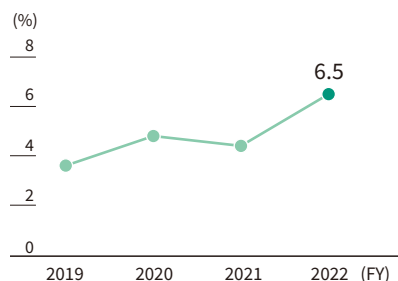
VOICE Interview with an Employee



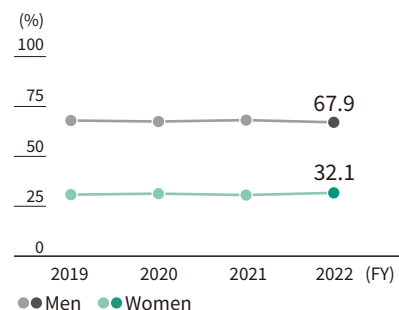
I joined Matsui Securities in 2019 as a mid-career hire. In working together with mid-career and new-graduate employees, it is highly stimulating to work with members who have different backgrounds. The Business Development Department includes people from outside the financial industry, and their flexibility and outside-the-box thinking lead to ideas beyond conventional ideas

and methods. One of the good points of our Company is the environment that is receptive to diverse views and opinions and encourages people to consider how to improve services and operations. Another positive is the job rotation system, through which employees can build up a diverse range of knowledge and skills, with even new-graduate hires able to gain experience in various departments. I am convinced that the mutual respect we all have for this diversity is the reason we enjoy such good chemistry.

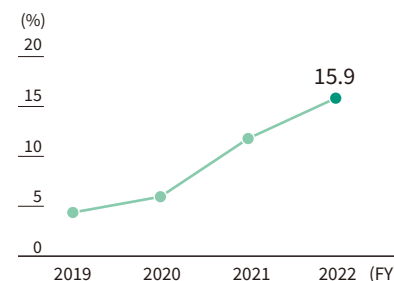
Turnover Rate



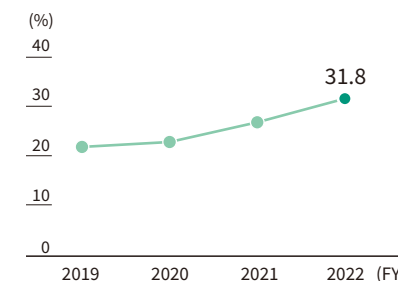
Gender Representation



Women in Management Positions



Mid-Career Hires in Management Positions



Human Capital

Building Diverse Careers and Developing Expert Human Resources

To foster people capable of success over the long term in a rapidly changing business environment, we have established a Company-wide training and reskilling system. We have clearly defined the skills that new employees should acquire each year and recommend a structured training program for mid-level employees. We also offer support in terms of time and money for professional development, such as covering the costs of external training and certification examinations. In addition, in order to develop human resources through diverse career paths, we have introduced a job rotation system that allows new graduates to experience work in multiple departments in their first ten years with the Company, and a professional system to ensure that employees are equipped with specialized skills. We work to maintain an environment conducive to professional development through internal training programs tailored to specific roles, such as training for managers, and external training programs on different themes. We also offer financial literacy training and incentives for acquiring qualifications. Moreover, we are eager to create an open organization where employees feel free to ask for advice, and we do so by encouraging employees to have one-on-one meetings with supervisors.

Evaluation

To support the growth of each employee and ensure fair evaluation, we have established accountability for each position. We have also introduced a 360-degree feedback system to encourage employees to contribute to each other's improvement.

VOICE

Interview with an Employee



My major at university was law, spurred by an interest in the work of attorneys. I also wanted to acquire specialist knowledge about how to make it easier for women to pursue long-term careers. Consequently, in my eighth year with the Company, I decided to attend law school while continuing to work. Through my studies, I learned how laws in Japan such as the Civil Code, the

Civil Execution Act, and the Civil Provisional Remedies Act are directly relevant to our business as a securities broker, and it occurred to me that it would benefit the Company if I qualified as an attorney. So that is what I did, and here I am today. I ended up switching from a managerial career track to the expert career track, but my career path was less a conscious decision to change life direction and more the result of doing what I was interested in. The role of people in expert positions goes beyond leveraging expertise and experience to carry out specific tasks. It includes supporting management decision making. We must promptly identify issues, organize relevant information, present concrete options, and provide advice to help managers make decisions. As such, managers are highly reliant on our abilities. Another important role is developing junior and mid-level employees. For instance, I train junior employees in the Compliance Department on topics including the Financial Instruments and Exchange Act, other related laws and regulations, and money laundering countermeasures.

Human Capital

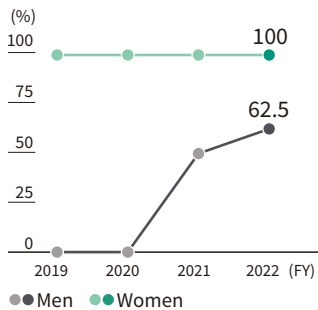
Creating a Rewarding Work Environment

We provide multipurpose spaces at our workplaces where employees can gather, exchange ideas and generate new value. These spaces are used for various purposes, including work meetings, break times and cross-department events, all of which facilitate employee communication.

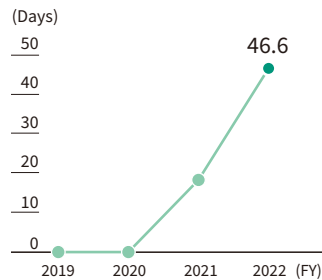
In addition, we strive to create a comfortable work environment through the use of a work-from-home system and staggered working hours, as well as by enhancing our childcare leave system and shortened working hour system. All employees are issued PCs and peripherals for remote work, and we are building systems to enable more flexible work styles. We are committed to employee health and ensuring a healthy working environment, and we offer stress checks, consultations with industrial physicians, partial subsidies for cancer screenings, and monetary assistance for gynecological clinic visits.

Moreover, we support the financial wellness of our employees by offering a corporate defined contribution pension plan, an incentive plan for employee stock ownership, and training programs and qualification incentive programs to promote financial literacy. Furthermore, as a company that supports child rearing, we have received certification from the Minister of Health, Labor and Welfare (Kurumin certification), and we strive to create a workplace environment where employees can safely give birth and raise children and achieve a good work-life balance.

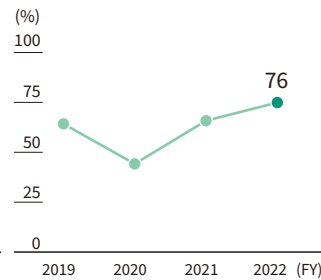
Percentage of Eligible Employees Taking Childcare Leave



Average Length of Parental Leave Taken by Male Employees



Percentage of Paid Leave Taken by Employees



Note: Average leave taken shown only for male employees; in general, women opt to take long-term childcare leave.

VOICE

Interview with Employees



I took parental leave in 2022. I had always wanted to be actively involved in childcare, so once my wife had a due date, I adjusted my work schedule in advance and worked with my team to make the necessary preparations. My colleagues were very cooperative, for which I am very grateful.

I took both childbirth and childcare leave, for a total of two years, and my coworkers were very supportive. In my case, an additional person was brought in to cover my workload so everything would be in good hands. During the leave period, I kept in touch with the personnel department and attended employee get-togethers, which helped ensure a smooth return to work. I continue to use the reduced working hour system, and I appreciate how the Company does its best to accommodate my wishes regarding my work style, for example by letting me work from home or adjust my working hours.

Corporate Governance

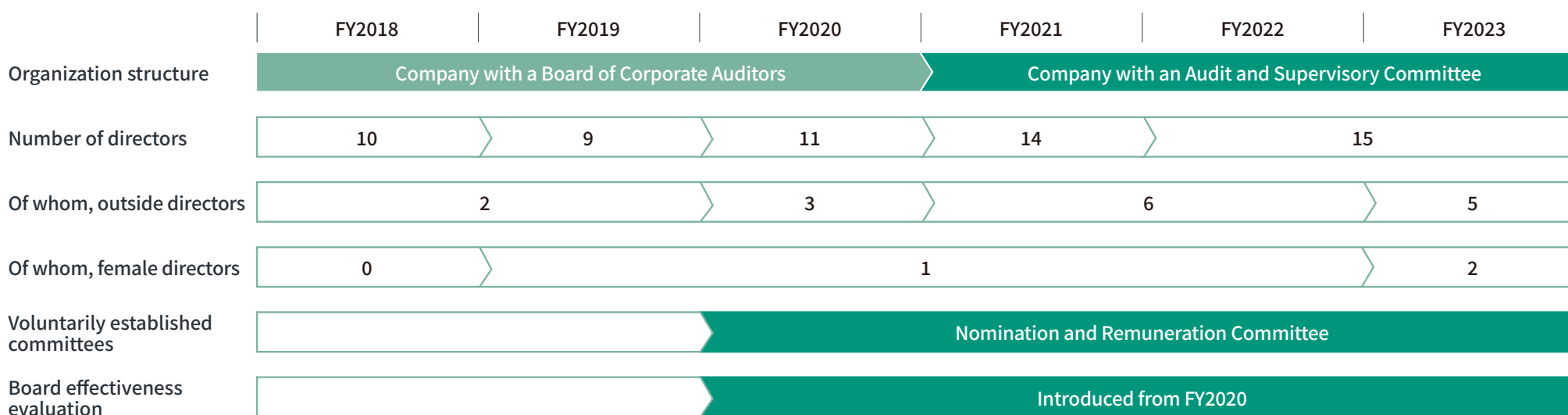
Basic Approach to Corporate Governance

The Company believes that corporate governance must be enhanced in order to achieve sustainable growth and increase corporate value over the medium to long term. Our basic policy is geared toward that end through three main precepts: developing and operating a highly efficient management system which can quickly, flexibly, and accurately respond to changes in the business environment; maintaining soundness of management and transparency of business conditions; and maintaining a relationship of trust with shareholders and other stakeholders.

How Our Corporate Governance System Has Evolved

The Company believes it is desirable that management decisions should be integrated with business execution in order to respond properly and in a timely manner in a business environment that is rapidly changing, and therefore has adopted a management structure mainly composed of executive directors who have advanced expertise in the business. With respect to monitoring

of the management, the Company appoints multiple outside directors and believes that the monitoring system is fully functioning through supervision by outside directors and audits by the Audit and Supervisory Committee.



Corporate Governance

Evaluating Board Effectiveness

To ensure the Company's management functions effectively, the Board of Directors conducts an analysis and evaluation of its effectiveness and, based on the results, implements the PDCA cycle to make improvements.

FY2021 Evaluation: Process and Outcomes

Evaluation Methods and Processes

The Board of Directors conducted a questionnaire survey of all directors to evaluate its effectiveness. The results were collated and common issues identified. Based on this information, Board then analyzed and evaluated its effectiveness through deliberations at Board meetings.

Elements Evaluated

- Roles, processes, and composition of the Board of Directors
- Board involvement in management strategy and risk management
- Board meeting operations (agenda setting, time for deliberation, preparation, support system)
- Committee roles, committee meeting operations (roles, membership, meeting frequency, content of deliberations)
- Stakeholder relations
- Self-assessment
- Analysis and evaluation results

Analysis and Evaluation Results

The Board determined that there were no major issues with regard to its effectiveness. It did, however, identify a need for greater shared awareness regarding the Board's composition, the role of the Nomination and Remuneration Committee, and management strategy. The Board of Directors will continue working to further increase its effectiveness.

Officers' Compensation

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' compensation (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 in the form of 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.

Officers' Compensation Structure

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 economic environment and market environment, the payment ratio may deviate from such basic policy.

Composition of Officers' Compensation

Basic compensation (70%)	Stock compensation (30%)
Fixed compensation (100%)	

The Method to Determine the Contents of Officers' Compensation

The basic compensation of the Company's directors (excluding directors who are members of the Audit and Supervisory Committee) is payable monthly in fixed remuneration amounts, and is 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 Remuneration 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 Remuneration Committee within the aggregate amount approved in a resolution of the general meeting of shareholders.

Total Amount of Directors' Compensation

Category of officer	Total amount of compensation (Million yen)	Total amount of compensation by type (Million yen)		Total number of eligible officers
		Fixed compensation	Non-monetary compensation, etc.	
Directors (excl. Audit and Supervisory Committee members) [of whom, outside directors]	362 [24]	273 [24]	89 [—]	13 [4]
Directors (Audit and Supervisory Committee members) [of whom, outside directors]	34 [34]	34 [34]	— [—]	3 [3]

Message from an Outside Director



I will support the maximization of corporate and shareholder value by facilitating effective governance based on an open corporate culture.

Satoshi Onuki

Outside Director

Focus on Effective Governance and Management Strategy

I began my career at the Industrial Bank of Japan, Ltd. (currently Mizuho Bank, Ltd.) in 1978. I gained experience in all aspects of finance, later serving as Vice President of Mizuho Securities (USA) and President & CEO of Kowa Real Estate Investment Advisors Co., Ltd. In 2020, I was appointed to the Board of Directors of Matsui Securities as an outside director, and in that role I have been working to improve governance and to help develop and implement effective management strategies.

Also in 2020, a new management structure took effect with the retirement of Michio Matsui

as president and the appointment of Akira Warita. In June 2021, Matsui Securities became a company with an audit and supervisory committee, with the aim of further strengthening governance. In the process of transitioning to the new structure and redesigning various systems, the directors held in-depth discussions about the Company's vision and future, returning to the basics of its mission as a listed company.

I would like to spotlight one particular characteristic of Matsui Securities' corporate governance: decisions are made promptly and appropriately based on the frank exchange of opinions at Board meetings. The Company's Board of Directors comprises 15 members, five of whom are outside directors. External parties have commented that this Board size is somewhat large given that there are only 180 employees; however, I believe that this number is generally appropriate considering the nature of its business and the need for directors with specialist expertise.

The Board is functioning smoothly, but the question of what value outside directors can bring to the Company and to society is still under debate. How can individual companies like Matsui Securities incorporate the provisions of Japan's Corporate Governance Code, which is highly regarded by foreign investors, into their governance? Indeed, all listed companies must reconsider the position and role of outside directors, and show the world that Japanese companies are changing for the better.

The Process of Creating Original Value to Stand Out from the Competition

I judge Matsui Securities' management to be headed in the right direction. The Company has been able to keep its position as the third-largest brokerage in the domestic industry precisely because it pursues a unique management strategy instead of simply following the two leading online firms. For example, it recently made clear that it would not copy the two firms' moves to stop charging brokerage commissions on Japanese equity trading. The decision to eschew unprofitable strategies/measures was the correct one given the Company's size, which is not conducive to economies of scale.

Another example of sound judgment by the President and the management team is the refusal to lean too heavily on medium- to long-term forecasts and visions and their focus on ensuring that the Company's business operations are agile and responsive to changes in the economy, society, and financial markets. The financial world is constantly changing, and circumstances never stay the same for long; even the most intricate medium- to long-term strategies are prone to become outdated before they can be implemented. Moreover, setting

Message from an Outside Director

budgets raises the risk of distracting people with issues like using up allocated funds or staying under budget, thereby drawing attention away from real priorities like responding rapidly to market changes and customer needs. That is why Matsui Securities does not release a medium-term business plan or make fixed asset allocations to specific strategies. Of course, business investment for future growth is essential, so the Company has formulated a management plan covering the next 18 months, taking into account medium- and long-term trends in financial markets, such as the aging of retail investors, a flourishing digital game industry, and increasing interest in investment against the background of rising inflation. In addition to its corporate rebranding and updates to systems, the Company is dedicating significant management resources to building a diversified portfolio centered on the three pillars of Japanese equities, U.S. equities, and forex.

Matsui Securities has been well regarded by markets, as its stock price shows, and I recognize this to be the result of a commitment to ensuring returns to shareholders. In keeping with its basic stance that the bulk of profits can be distributed as dividends, management prioritizes expansion of shareholder returns. I believe this is very important. It is not a sound business strategy to accumulate funds for a merger or acquisition that may or may not happen in five or ten years' time. Successful M&As are rare worldwide, in fact, many companies have conglomerate disadvantages that make corporate governance difficult as a consequence of M&A.

A company's chief concern is how to incorporate processes for maximizing shareholder value into its management and how to then in turn ensure this leads to stock price growth. Also, overemphasizing only the monitoring role of outside directors is not a good way of sustaining stock price. I believe that the most important responsibility of outside directors is to support the expansion of corporate and shareholder value by fulfilling their advisory role.

Finding New Business Opportunities by Having a Keen Eye on How the Markets Change








From the perspective of Matsui Securities' outside directors, the next few years will be a trying time. We are called upon to help bolster governance and business management by appropriately advising internal directors from broad perspectives. While the Company's basic policy of targeting organic growth based on its existing business core remains unchanged, the Company also needs to expand its risk appetite and pursue investments more aggressively, including those for venture capital. The Company is committed to pioneering the next growth stage under thorough risk management while keeping a close eye on the changing nature of financial markets.

In the three years since the new management structure took effect, Matsui Securities' leadership succession has proceeded smoothly, which is virtually unprecedented in the industry. Board meetings are filled with lively and fair debates, based on which decisions on important matters are made. All directors apply ingenuity and creativity in their collective effort to formulate and implement policies. This culture can be attributed to the President's sincere management stance and the Company's commitment to integrity fostered over many years. President Warita proactively provides information to outside directors and sincerely answers questions about the financial industry and the state of competition, which affords us a deeper understanding of the financial situation in Japan and around the world. I feel that his qualities and the corporate culture directly enhance our ability to fulfill our roles as outside directors and encourage the sharing of ideas among all directors.

The simplicity of the business models of online brokerage firms also makes them highly resilient. In recent years, these companies' relatively low-cost pull-type business characteristics have served as a significant advantage over face-to-face brokerage firms. I believe that Matsui Securities can further expand its market presence by harnessing these tailwinds and continuing to invest in businesses that drive organic growth. Together with my four outside director colleagues, I am determined to guide Matsui Securities in maximizing the economic and social value that it provides through practical advice that takes into account industry and market trends.










Board of Directors (As of June 25, 2023)

Name and title	Reasons for appointment	Areas of expertise and experience							Other information
		Corporate management	Finance industry	Marketing	IT, DX, InfoSec	Finance, accounting, business	Legal affairs, compliance	HR, labor affairs	
Akira Warita President & CEO 	<p>Akira Warita has many years of experience in the securities industry and a wealth of insight into all aspects of the securities business, including retail operations. He has led the overall management of the Company as President & CEO since FY2020, and has been reappointed with the expectation that he will continue to contribute to sustainable growth and enhancement of corporate value.</p>	●	●	●		●			Board of Directors meeting attendance: 100% Years at the Company: 17 years Shares held: 33,700 Nomination and Remuneration Committee member
Shinichi Uzawa Managing Director, Director in charge of Corporate Division 	<p>Shinichi Uzawa has led the Finance Department for many years and has extensive experience in corporate management, including in finance, accounting, and securities settlement operations; and establishment and strengthening of credit management and system risk management systems. The Company deems him to be well qualified to contribute to the enhancement of corporate value.</p>	●	●			●	●		Board of Directors meeting attendance: 100% Years at the Company: 17 years Shares held: 68,570
Kunihiko Sato Director, Director in charge of IT Division and General Manager of System Department 	<p>Kunihiko Sato has led the development and operation of the Company's trading systems since the early days of online trading, and has led the IT Division for many years. He is deeply familiar with securities systems and all aspects of online trading. As an online securities broker, the Company deems his experience and insight to be indispensable.</p>	●	●			●			Board of Directors meeting attendance: 100% Years at the Company: 17 years Shares held: 25,940
Motoo Saiga Director, Director in charge of Legal and Compliance Division 	<p>Motoo Saiga is deeply familiar with laws and regulations related to the securities industry, and has extensive expert insight, including from his experience at Osaka Securities Exchange. For many years, he has been leading initiatives to strengthen compliance, which is one of the Company's priority management issues. The Company deems him to be well qualified to continue measures to bolster compliance.</p>	●	●					●	Board of Directors meeting attendance: 100% Years at the Company: 7 years Shares held: 6,100
Masashi Shibata Director, Director in charge of Business Development Division, Director in charge of IT Division (IT Strategy) 	<p>Masashi Shibata has many years of experience in systems and business development. He has pioneered various new businesses and services, and led the digital transformation of operations. The Company deems him to be capable of continuing to drive innovation and contributing to growth strategy planning and execution.</p>	●	●			●		●	Board of Directors meeting attendance: 100% Years at the Company: 6 years Shares held: 4,137
Manako Haga Director, Director in charge of Human Resources and General Affairs Division and General Manager of Human Resources and General Affairs Department 	<p>Manako Haga has many years of experience in the securities and mutual fund industry, and extensive insight into areas including finance, business planning, business process development and human resource development. She has led the Human Resources and General Affairs Division since FY2020. The Company expects her to continue to drive employee and organizational growth and new value creation.</p>	●	●				●	●	Board of Directors meeting attendance: 100% Years at the Company: 4 years Shares held: 5,000
Takeshi Tanaka Director, Director in charge of Sales and Marketing Division (Marketing Department and Investment Information Service Department) 	<p>Takeshi Tanaka has many years of experience and extensive insight in the securities industry, and has demonstrated his ability in areas including compliance, customer support and marketing. He has led the Sales and Marketing Division since FY2020. The Company deems him to be capable of contributing to ongoing growth strategy planning and execution.</p>	●	●	●				●	Board of Directors meeting attendance: 100% Years at the Company: 3 years Shares held: 0
Michitaro Matsui Director 	<p>Michitaro Matsui has led a project under the direct supervision of the President to transform mindsets throughout the Company, and overseen corporate planning and management since FY2020. He has the long-term perspective of a representative of the founding family, and the Company expects his continued involvement in its overall management to contribute to growth strategy planning and execution.</p>	●	●						Board of Directors meeting attendance: 100% Years at the Company: 3 years Shares held: 5,262,400

Please visit our website for the work history of each Board member:
<https://www.matsui.co.jp/company/information/officer/profile/>

Board of Directors

Name and title	Reasons for appointment	Areas of expertise and experience							Other information
		Corporate management	Finance industry	Marketing	IT, DX, InfoSec	Finance, accounting, business	Legal affairs, compliance	HR, labor affairs	
Takato Imai Director, Director in charge of Sales and Marketing Division (Customer Support Department and Corporate Finance Department), Director in charge of Strategic Planning Division and General Manager of Strategic Planning Department	 <p>Takato Imai has many years of experience and insight in the securities industry; and has demonstrated his ability in securities systems operations, customer support, and sales and systems departments as well as marketing. He also has experience overseeing corporate planning and management operations. The Company expects him to contribute to growth strategy planning and execution.</p>	●	●	●	●			●	Board of Directors meeting attendance: 100% Years at the Company: 1 year Shares held: 2,423
Satoshi Onuki Outside Director	 <p>Satoshi Onuki has management experience in the securities and investment management industries, broad knowledge of all aspects of the financial industry, and extensive experience in the management of financial institutions. The Company expects him to objectively fulfill a supervisory and advisory role for management, and to accurately assess and supervise business execution as a member of the Nomination and Remuneration Committee.</p>	●	●	●					Board of Directors meeting attendance: 100% Years at the Company: 3 years Shares held: 0 Nomination and Remuneration Committee member
Junji Annen Outside Director	 <p>Junji Annen is an experienced attorney, has taught law at a number of universities, and possesses a high degree of legal acumen. The Company expects him to continue to provide independent, objective oversight of management, and to accurately assess and supervise business execution as a member of the Nomination and Remuneration Committee.</p>	●						●	Board of Directors meeting attendance: 94% Years at the Company: 9 years Shares held: 0 Nomination and Remuneration Committee member
Toshiaki Hori Outside Director	 <p>Toshiaki Hori has served as an executive vice president in the financial information services industry and has extensive managerial experience and insight. He has broad knowledge of all aspects of the financial industry and experience in marketing and IT.</p>	●	●	●	●				Board of Directors meeting attendance: 100% Years at the Company: 1 year Shares held: 0 Nomination and Remuneration Committee member
Takefumi Takahashi Director (Standing member of the Audit and Supervisory Committee)	 <p>Takefumi Takahashi is deeply familiar with laws and regulations related to the securities industry, and has extensive expert insight in areas including compliance, internal auditing and inspection. In light of his experience of strengthening the audit system at the Internal Audit Office, an initiative he has led since FY2019, the Company deems him to be well qualified to lead ongoing audit system upgrades.</p>		●					●	Board of Directors meeting attendance: — Audit and Supervisory Committee meeting attendance: — New appointment Shares held: 1,400
Mikitoshi Kai Director (Member of the Audit and Supervisory Committee)	 <p>Mikitoshi Kai has experience as a corporate auditor of listed companies, and has served as a director of the Japan Audit & Supervisory Board Members Association. He has extensive insight regarding auditing operations. The Company expects him to conduct fair, independent audits in his role of auditing and supervising the legality and appropriateness of decisions on important management matters and business execution.</p>	●		●				●	Board of Directors meeting attendance: 94% Audit and Supervisory Committee meeting attendance: 100% Years at the Company: 2 years Shares held: 11,198
Nozomi Kogoma Director (Member of the Audit and Supervisory Committee)	 <p>Nozomi Kogoma is a CPA with extensive specialist experience in finance and accounting, and holds positions as an outside director and an outside audit and supervisory board member of several listed companies. The Company expects her to conduct fair, independent audits in her role of auditing and supervising the legality and appropriateness of decisions on important management matters and business execution.</p>	●						●	Board of Directors meeting attendance: — Audit and Supervisory Committee meeting attendance: — New appointment Shares held: 0

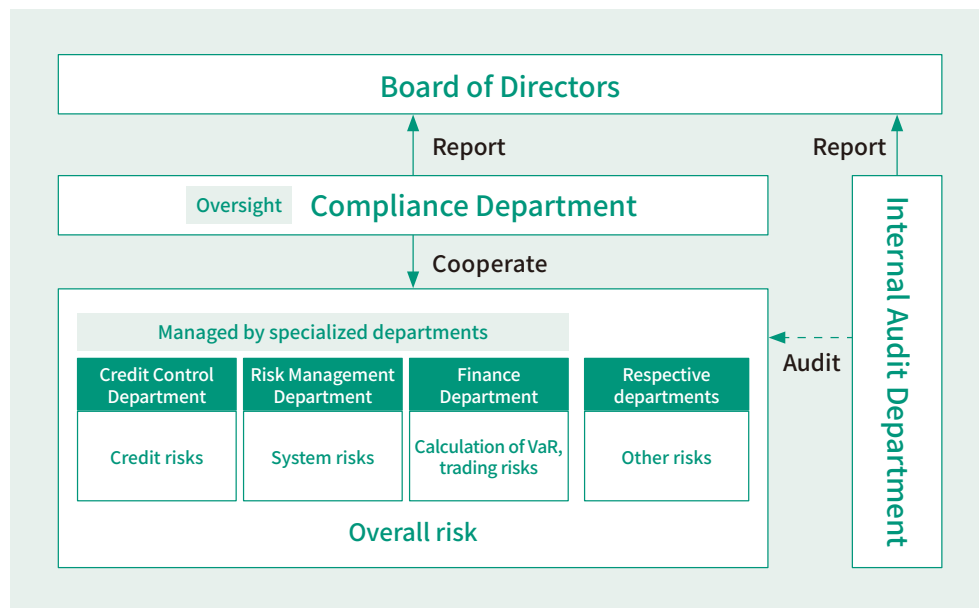
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Risk Management

Basic Approach to Risk Management

The Company believes that the identification and appropriate management and monitoring of business risks by the Board of Directors is vital to achieving management objectives, and as such, has established the following risk management system. The Compliance Department oversees the Company's overall risk management operations, and manages risk effectively in cooperation with each department. Credit control of individual transactions is handled by the dedicated Credit Control Department, while system risk management is handled by the dedicated System Risk Management Department. The Finance Department quantitatively manages market risks and credit risks related to financial instruments by calculating value at risk (VaR) and the capital adequacy ratio based in accordance with the Financial Instruments and Exchange Act. The Finance Department, independent of the trading department, also quantitatively manages risks related to trading businesses, and reports as necessary to the internal control supervisor. The Internal Audit Department evaluates the status of risk throughout the Company, prepares an annual internal audit plan, and reports to the Board of Directors. Board members oversee Company-wide risk management based on reports on the results of internal audits, as well as reports from the various departments.

Risk Management System



Major Risks

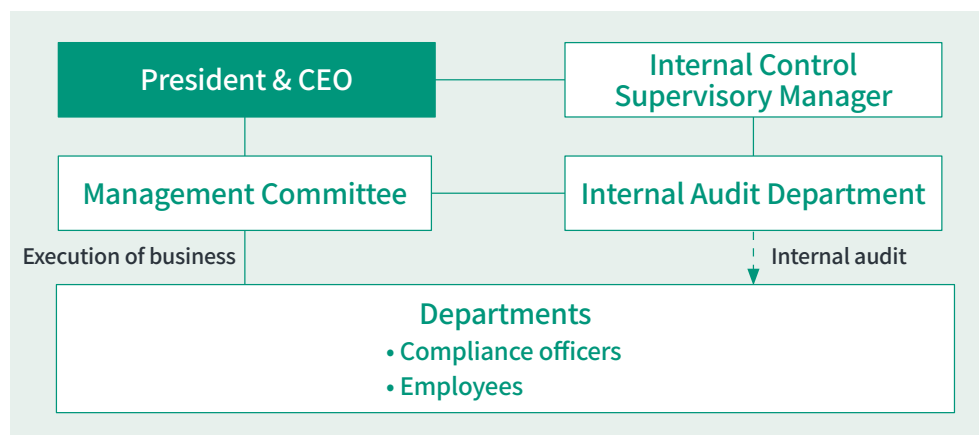
Category	Summary
Business portfolio risks	The Company's main sources of revenues are stock brokerage commission income and interest and lending income, etc. earned from lending of funds and securities to margin transaction customers. In particular, revenue from Japanese share trading accounts for approximately 80% of total operating revenue. If the equity 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 be reduced due to the competitive environment, there may be a material adverse effect on the business performance of the Company.
Credit risks	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 in 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.
System risks	The systems used by the Company have been designed 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 addition, the Company grants authorization to related parties, including outside contractors, to connect to the system according to their respective duties and monitors their use of the system. However, if this is not sufficient or appropriate and the Company is unable to prevent unauthorized use of the system, there is a possibility that customer information may be leaked.
Cyber security risks	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.

Compliance

Basic Approach to Compliance

Ensuring thorough compliance falls under one of the material issues of Matsui Securities. We have formulated a compliance manual to guide all directors and employees in complying with laws and regulations, as well as in-house regulations, thus ensuring proper, efficient business operations as a financial instruments business operator. Moreover, each of our business units is assigned an operations manager and an internal control manager to oversee compliance with laws and regulations.

Compliance System



Internal Whistle-Blowing System

The Company has introduced an internal whistle-blowing system through which reports can be made to a third party commissioned by the Japan Securities Dealers Association. When the third party receives a whistle-blowing report, a separate report is made to the Audit and Supervisory Committee and the Internal Audit Department. Furthermore, a contact desk has been established within the Internal Audit Department to receive direct reports regarding illegal acts, etc. within the Company. These systems are clearly defined in internal rules and posted on the intranet, etc. in order to ensure that employees are aware of them. Also, disadvantageous treatment of whistleblowers is prohibited in internal rules.

Preventing Unfair Trade Practices

We constantly monitor customers' transactions to ensure that they do not constitute unfair trade practices as defined in the Financial Instruments and Exchange Act. If we identify a potential violation of laws or regulations, we alert the customer promptly. If the suspect trade practices are not corrected despite our alert, or if the potential violation is particularly serious, we suspend or restrict the customer's ability to trade as required by law, regulations and/or rules. Moreover, to help prevent unfair trade practices from occurring, we have prepared an FAQ to help customers gain a proper understanding.

Initiatives to Combat Money Laundering and Terrorism Financing

We recognize that the prevention of money laundering and terrorist financing is an important management issue, and we are committed to preventing the Company and its officers and employees from engaging in or being involved in money laundering and terrorism financing. To that end, we have established internal regulations and are developing a framework based on laws and regulations such as the Act on Prevention of Transfer of Criminal Proceeds and the *Guidelines for Anti-Money Laundering and Combating the Financing of Terrorism* published by the Financial Services Agency.

Financial and Non-Financial Data

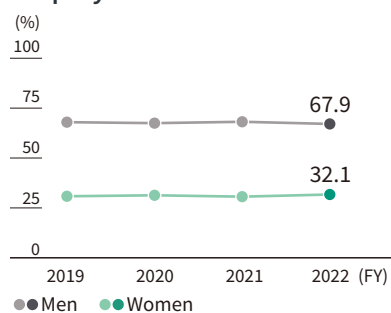
11-Year Summary

(Million yen)

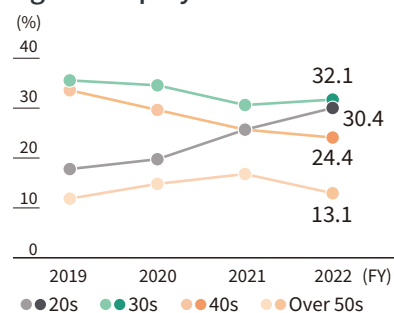
	FY2012	FY2013	FY2014	FY2015	FY2016	FY2017	FY2018	FY2019	FY2020	FY2021	FY2022
Market Data											
Stock trading value (Trillion yen)	12.8	40.6	36.8	38.9	34.7	35.6	28.4	25.2	37.4	38.4	37.4
Market share (%)	9	12	11	13	13	11	11	10	10	9	10
Brokerage commission rate (Basis points)	7.8	4.9	5.3	4.4	4.6	5.0	4.3	4.7	4.6	3.9	3.4
Financial Data											
Operating revenue	20,799	39,883	34,306	34,435	27,727	32,210	27,313	24,150	30,082	30,616	31,071
Net operating revenue	19,915	38,738	32,893	33,003	26,499	30,480	25,999	22,345	28,672	29,439	28,415
Commission received	14,165	27,349	21,167	21,742	17,253	18,968	14,986	13,490	18,557	17,454	16,067
Brokerage commission	13,072	26,180	20,025	20,414	16,260	18,250	14,285	12,850	17,812	16,639	15,157
(Shares and ETFs)	11,635	23,867	18,022	18,898	15,249	17,144	13,260	11,803	16,787	15,618	14,001
Other commission received	1,088	1,164	1,139	1,278	979	698	652	593	681	738	857
Net trading income	(26)	11	8	6	3	1,201	1,214	1,120	828	876	2,345
Net financial revenue	5,770	11,373	11,713	11,250	9,239	10,310	9,798	7,734	9,286	11,108	10,003
Selling, general and administrative expenses	9,719	11,648	10,806	11,258	11,560	11,949	12,547	13,436	15,845	16,667	17,067
Ordinary profit	10,245	27,175	22,202	21,833	15,044	18,632	13,592	9,016	12,919	12,791	11,253
Profit	6,427	16,300	15,571	14,763	10,697	12,908	9,562	6,136	10,283	11,439	7,823
Total assets	610,804	688,353	817,183	663,425	770,716	836,318	695,993	708,314	961,791	879,394	976,026
Net assets	80,841	85,365	90,029	92,718	94,820	98,751	96,579	80,285	79,213	78,719	76,353
ROE (%)	8.2	19.6	17.8	16.2	11.4	13.4	9.8	7.0	12.9	14.5	10.1
Payout ratio (total return) (%)	79.9	78.8	66.0	78.3	79.2	87.5	120.8	188.4	100.0	89.9	131.5
Capital adequacy ratio (%)	846	771	843	1,035	1,035	871	947	959	663	685	554

Non-Financial Data

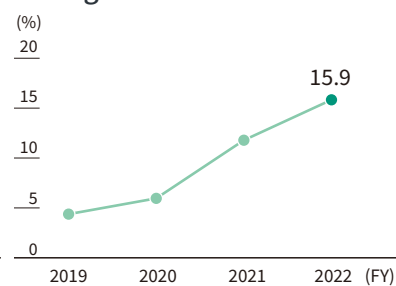
Employee Gender Balance



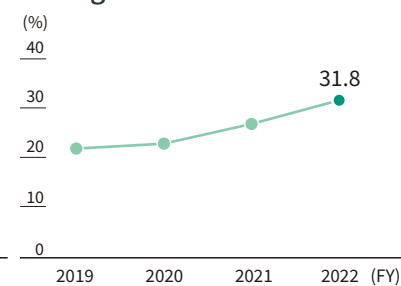
Age of Employees



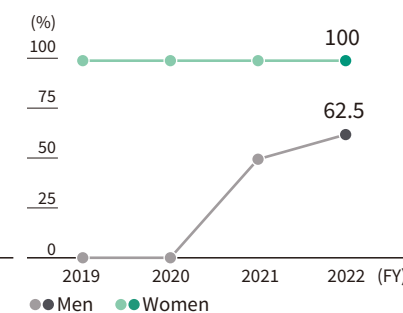
Women in Management Positions



Mid-Career Hires in Management Positions



Utilization Rate of Childcare Leave



Stock Information (As of March 31, 2023)

Shares

Total number of issued shares **259,264,702** (including 2,059,846 in treasury stock)

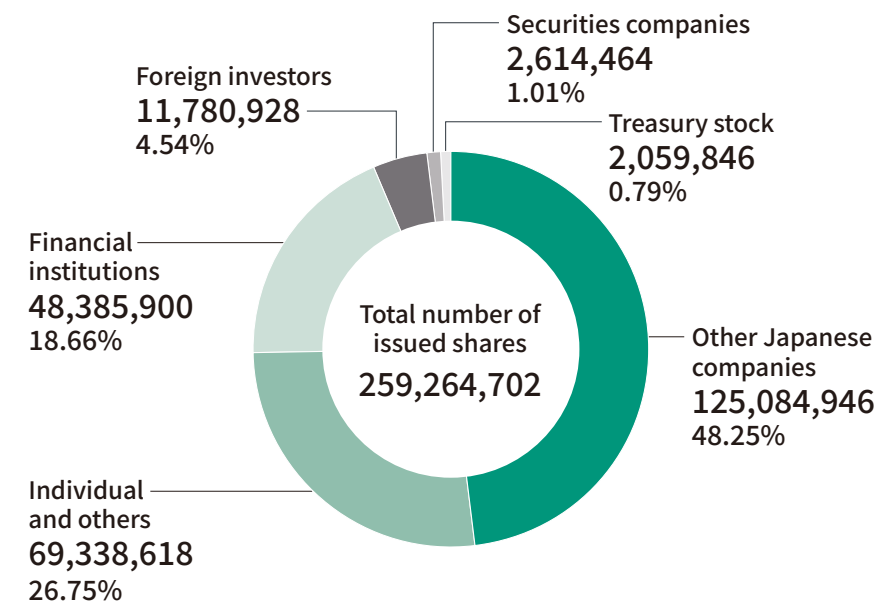
Shareholders **52,840** (up 1,164 yoy)

Major Shareholders

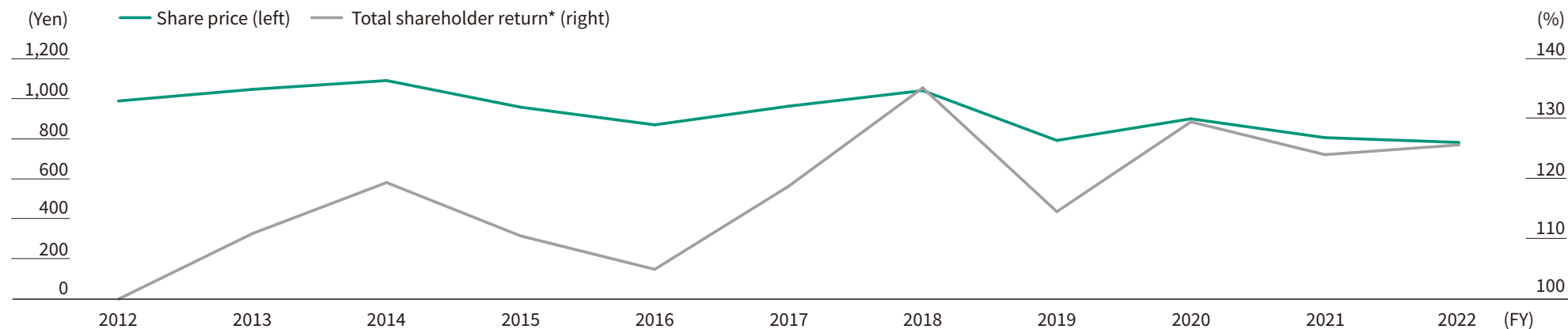
Name	Number of shares owned (Thousand)	Ownership (%)
Maruroku Ltd.	86,812	33.75
Shokosha Ltd.	35,722	13.89
The Master Trust Bank of Japan, Ltd. (trust account)	33,725	13.11
Custody Bank of Japan, Ltd. (trust account)	12,395	4.82
Chizuko Matsui	5,321	2.07
Michitaro Matsui	5,262	2.05
Chiaki Miki	5,262	2.05
Yuma Matsui	5,262	2.05
Michio Matsui	4,545	1.77
STATE STREET BANK WEST CLIENT-TREATY 505234	1,619	0.63

Note: Treasury stock is excluded when calculating ownership ratio.

Component Ratio of Shareholders



Share Price / Total Shareholder Return



* Calculated relative to share price as of March 31, 2013

Corporate Profile

Company Overview

Trade name	Matsui Securities Co., Ltd.
Representative	Akira Warita, President & CEO
Established	May 1918
Incorporated	March 1931
Capital	11,945 million yen (As of March 31, 2023)
Head office	1-4, Koji-machi, Chiyoda-ku, Tokyo 102-0083, Japan
Employees	180 (As of March 31, 2023)
Shares issued	259,264,702 (As of March 31, 2023)
Share trading unit	100
Financial instruments exchange memberships	Tokyo Stock Exchange: General trading participant; Osaka Exchange: Trading participant; Nagoya Stock Exchange: General trading participant; Fukuoka Stock Exchange: Special member; Sapporo Securities Exchange: Special member
Business description	Financial instruments business operator as per the Financial Instruments and Exchange Act (Kanto Local Finance Bureau (FIBO) No. 164)
Association memberships	Japan Securities Dealers Association, Financial Futures Association of Japan
Corporate affiliation	Matsui Securities is independent, and is not affiliated with any other companies.

投資をまじめに、おもしろく。

MATSUI

松井証券

Matsui Securities Co., Ltd.

1-4, Koji-machi, Chiyoda-ku, Tokyo 102-0083, Japan

Tel. +81 (0)3-5216-0606

<https://www.matsui.co.jp/company/>