



**MITA SECURITIES CO., LTD.**

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Annual Report **2018**  
Corporate Profile **2019**

## MESSAGE FROM THE PRESIDENT &amp; CEO

We remain committed to full disclosure of our information in order to strengthen the relationship and trust with our clients and business partners.

We produce this Annual Report / Corporate Profile every year to inform you of our business results, financial status, and business summary.



During fiscal year 2018, Japanese economy continued its moderate upswing while the corporate revenues, the employment rate, and the income level showed continuous improvement, however, the global economy as a whole lost its momentum due to the economic slowdown of China reflected by the trade war between US and China in the latter half of FY2018. Uncertainty about the business performances of IT related companies was enhanced after Apple's revenues seemed to have peaked. British Parliament remained idle and the risk of No Deal Brexit was brought to light.

As for the monetary policies, FRB raised interest rates four times in 2018, supported by favorable US economic conditions. As a result, some emerging currencies declined substantially.

Under these circumstances, each securities company struggled with commission businesses. We also had a hard time with this, and as a result, commissions and bond trading profit declined. On the other hand, our stock trading business, as well as the investment banking services, achieved an excellent result. We also marked good results for real estate fund services and real estate brokerage services. The outstanding balance for the moneylending business increased and it contributed to our record high financial revenue.

As a result of offsetting the shortfall caused by commission businesses with our other strong businesses, we practically achieved the highest net profit in FY2018 since the burst of the Japanese bubble economy, and we could successfully continue to record a surplus for 16 consecutive terms.

We would not have been able to maintain the stable business result until today without our customers' warm supports. We would like to express our deep appreciation to our clients and business partners.

Fiscal year 2019 is our company's 70th milestone anniversary. We will concentrate on our works more than ever and make our best efforts to expand our company. We look forward to your continued patronage and support for us.



Kunihiko Mita  
President & CEO  
MITA SECURITIES Co., Ltd.



Financial Summary of FY2018 (Income Statement)

Commissions

The total amount of commissions decreased to ¥263MM (87.6% YoY). The details are as described below.

Brokerage Commission

Although the stock market kept moving upward gently until October 2018, the transaction volume was low due to less market enthusiasm. The investment mind completely deteriorated after the steep fall in stock prices at the end of year, and brokerage commission decreased to ¥111MM (80.2% YoY).

Subscription Commission

While the performances of global hedge funds deeply declined in 2018, those of our hedge funds were also lackluster. Subscription commission remained at the almost same level of the previous fiscal year as ¥69MM (93.8% YoY) due to a decrease in demand for our hedge funds.

Other Commission/Underwriting Commission

Other commission stood at ¥71MM (99.9% YoY) as the total assets of the investment funds remained almost unchanged. Underwriting commission was ¥9MM (65.4% YoY).

Trading Profit

Trading profit increased to ¥2,808MM (163.2% YoY).

Stock Trading Profit

Stock trading profit increased to ¥2,569MM (184.5% YoY). We were struggling with the stock trading business in the first half of FY2018, however, the performance improved drastically in the latter half of the fiscal year, and our profit hit the record high since the establishment of the dealing division. The trading profit for stock warrants also contributed substantially to stock trading profit.

Bond Trading Profit

Due to the deterioration in the market environment including the sharp decline of emerging market currencies and US Treasuries, bond trading profit largely decreased to ¥244MM (74.4% YoY).

Financial Revenue

Financial revenue increased to ¥932MM (119.7% YoY). Revenues of the money lending business and the margin transactions went up to ¥522MM (144.7% YoY) and to ¥195MM (126.6% YoY) respectively and offset the decline of factoring revenue.

Other Operating Revenue

Other operating revenue stood at ¥364MM (139.1% YoY). We served as the TOB agent for 5 deals in total, and we also served as the financial advisory agent for capital management policies and for cross-border M&A deals. Our fund establishment service went favorably, and we launched funds which invested in international real estates, and we also launched ones which utilized Real Estate Specified Joint Enterprise Act. Real estate brokerage commission revenue also increased.

Financial Expenses

Financial expenses increased to ¥270MM (130.8% YoY) due to an increase in interest paid to banks (¥169MM, 160.2% YoY) in line with the expansion of the outstanding balance for our money lending business. The interest paid for the subordinated bonds also increased and had an impact on financial expenses.

According to the above results, net operating income stood at ¥4,098MM (143.5% YoY).

Selling, General and Administrative Expenses

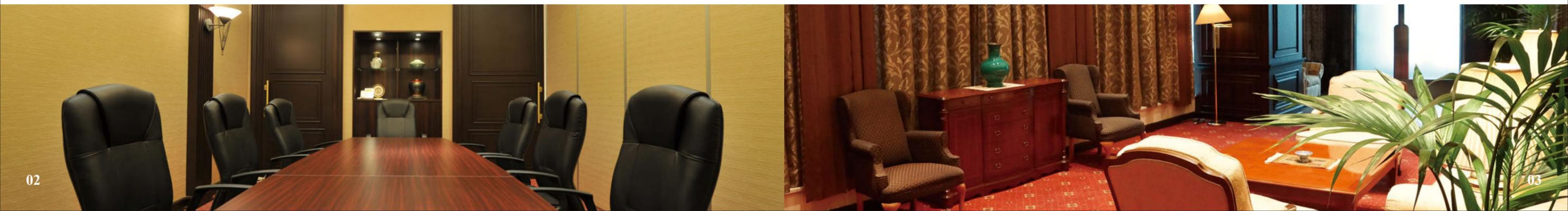
Selling, general and administrative expenses reached ¥2,876MM (121.2% YoY). There are two major factors for this increase. Transaction related expenses increased to ¥409MM (111.6% YoY) owing to the rise in the stock trade volume. Personnel expenses also increased to ¥1,987MM (124.8% YoY) due to the rise in reserve for bonuses.

According to the above results, operating profit was ¥1,221MM (253.8% YoY), ordinary profit was ¥1,280MM (266.0% YoY), income before income taxes was ¥1,274MM (263.7% YoY), and net income was ¥997MM (302.4% YoY).

Income Statement (April 1, 2018 through March 31, 2019)

(Unit: Millions of Yen)

Accounts	Amounts	
<b>Operating Revenue</b>		<b>4,369</b>
Commissions		263
Brokerage	111	
Underwriting/Distribution/Solicitations for sales to specified investors	9	
Subscription/ Distribution/ Solicitations for sales to specified investors	69	
Others	71	
Trading profit		2,808
Financial revenue		932
Other operating revenue		364
<b>Financial Expenses</b>		<b>270</b>
<b>Net Operating Income</b>		<b>4,098</b>
<b>Selling, General and Administrative Expenses</b>		<b>2,876</b>
Business related expenses	409	
Personnel expenses	1,987	
Real estate related expenses	78	
Office expenses	208	
Depreciation expenses	28	
Tax and dues	140	
Provision of allowance for doubtful accounts	2	
Others	21	
<b>Operating Profit</b>		<b>1,221</b>
<b>Non-operating income</b>		<b>59</b>
<b>Ordinary Profit</b>		<b>1,280</b>
<b>Extraordinary Loss</b>		<b>5</b>
Provision of financial products transaction liabilities reserve	5	
<b>Income Before Income Taxes</b>		<b>1,274</b>
Income taxes	378	
Income taxes adjustment	△101	276
<b>Net Income</b>		<b>997</b>



Financial Summary of FY2018 (Balance Sheets)

Current Assets

The total amount of current assets decreased to ¥21,095MM (58.4% YoY). The main changes from the previous year are as follows.

- Trading products decreased to ¥1,321MM (78.0% YoY) as the outstanding balance in our dealing division declined at the end of fiscal year.
- Assets for margin transactions increased to ¥5,696MM(115.7% YoY) owing to the rise in the margin transactions. Short-term guarantee deposit also increased to ¥2,101MM (153.0% YoY).
- Short-term loans receivable substantially decreased to ¥6,255MM (29.0% YoY) as a result of the reimbursement of the large securities loan.
- As the major client for our factoring service terminated the business contract, accounts receivable-monetary claims decreased to ¥1,353MM (53.2% YoY).

Fixed Assets

The total amount of fixed assets stood at ¥2,045MM (101.1% YoY). As the accounting rules were amended from April 2018, both differed tax assets and differed tax liabilities were moved to fixed assets and fixed liabilities respectively. As a result, we posted ¥167MM for differed tax assets.

Current Liabilities

The total amount of current liabilities increased to ¥16,207MM (51.3% YoY). The main changes from the previous year are as follows.

- Trading products increased to ¥677MM (136.0% YoY) owing to an increase in the short position in Dealing Division at the end of fiscal year.
- Debts for margin transactions stood at ¥4,218MM (111.6% YoY) due to an increase in margin transactions, and guarantee deposits received increased to ¥1,451MM (142.2% YoY) as well
- Deposits received increased to ¥1,269MM(146.1% YoY) as a result of an increase in cash deposits from customers.
- Short-term debts substantially decreased to ¥5,680MM(23.8% YoY) due to the reimbursement of large loans and the decrease in the balance for factoring business.
- Although the balance for factoring business decreased, unpaid fees payable to our dealers and business partners increased, and accounts payable went up to ¥1,589MM(176.1% YoY). the accounts payable-monetary claims increased to ¥71,768K (154.0% YoY).
- Provision for bonuses increased to ¥413MM(293.0% YoY) in line with our good business results.

Fixed Liabilities

The total amount of fixed liabilities substantially decreased to ¥33MM (5.6% YoY) due to shifting the subordinated bond to current liabilities from fixed liabilities as the maturity term of the inferior bond with a face value of ¥500MM became within one year.

Net Assets

Net assets stood at ¥6,879MM (115.8% YoY). Our net assets keep breaking the records for the three consecutive terms.

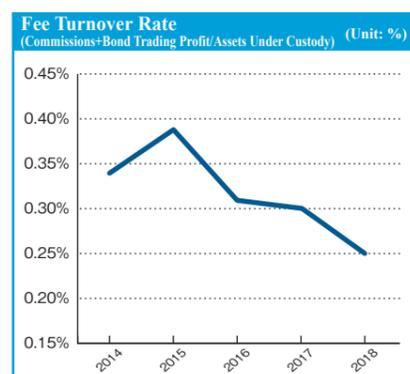
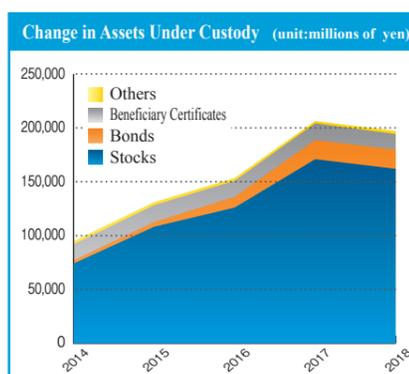
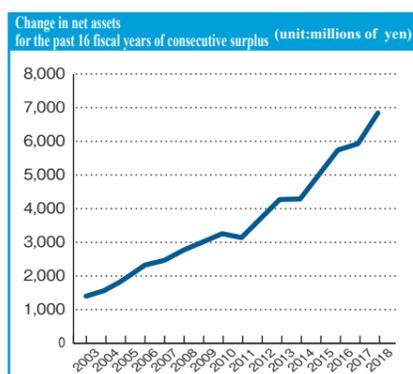
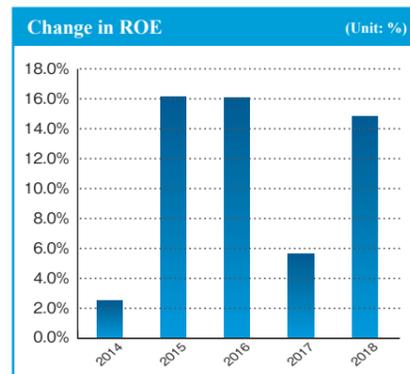
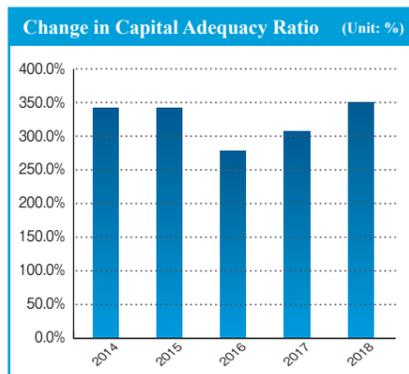
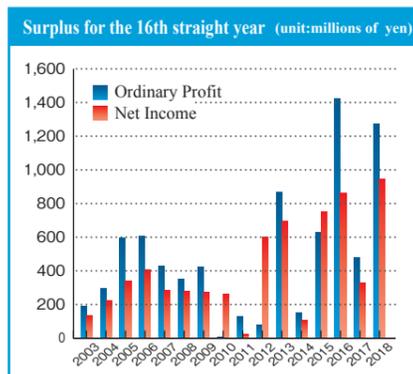
According to the above results, total assets stood at ¥23,140MM (44.4% YoY), and capital adequacy ratio reached 353.9% (307.1% at the end of previous fiscal year).

Balance Sheets (For the year ended on March 31, 2019)

(Unit: Millions of Yen)

Assets		Liabilities	
Accounts	Amounts	Accounts	Amounts
<b>Current Assets</b>	<b>21,095</b>	<b>Current Liabilities</b>	<b>16,207</b>
Cash and deposits	1,590	Trading products	677
Segregated cash and deposits	1,860	Liabilities for margin transactions	4,218
Trading products	1,321	Borrowings on margin transactions	4,081
Trade date accrual	702	Cash received for securities lending on margin transactions	137
Assets for margin transactions	5,696	Deposits received	1,269
Loans on margin transactions	4,139	Guarantee deposits received	1,451
Cash collateral pledged for securities borrowing on margin transactions	1,556	Short-term debts	5,680
Short-term guarantee deposits	2,101	Bonds to be redeemed within 1 year	500
Short-term loans receivables	6,255	Accounts payable-other	1,589
Accounts receivable-monetary claims	1,353	Income taxes payable	379
Other current assets	231	Provision for bonuses	413
Allowance for doubtful accounts	△ 16	Other current liabilities	27
<b>Fixed Assets</b>	<b>2,045</b>	<b>Fixed Liabilities</b>	<b>33</b>
Tangible fixed assets	58	Provision for retirement benefits	20
Intangible fixed assets	23	Performance-based provision for bonuses	3
Investments and other assets	1,963	Other noncurrent liabilities	10
Investment securities	201		
Investments in capital of subsidiaries and affiliates	908	<b>Reserves Under the Special Laws</b>	<b>19</b>
Long-term loans receivables	623	Reserve for financial products transaction liabilities	19
Long-term guarantee deposits	53	<b>Total Liabilities</b>	<b>16,261</b>
Long-term prepaid expenses	7	<b>Net Assets</b>	
Deferred tax assets	167	<b>Shareholders' Equity</b>	<b>6,879</b>
Other investments	98	Capital stock	500
Allowance for doubtful accounts	△ 96	Retained earnings	6,625
		Treasury stock	△245
		<b>Total Net Assets</b>	<b>6,879</b>
<b>Total Assets</b>	<b>23,140</b>	<b>Total Liabilities and Net Assets</b>	<b>23,140</b>

Financial Highlights



Company Executives (From June 2017 to June 2018)



**Kunihiro Mita / President & CEO**  
 1994 Graduated from the Faculty of Law at Sophia University  
 1994 Joined Nikko Securities (current SMBC Nikko Securities)  
 1998 Joined Mita Securities  
 2001 President & CEO of the Company



**Yuji Nakao / Board Director**  
 1982 Graduated from the Faculty of Economics at Saga University  
 1982 Joined Yamaichi Securities  
 1998 Joined Merrill Lynch Japan Securities (currently Bank of America Merrill Lynch Securities)  
 2002 Joined DLJ Direct SFG Securities (currently Rakuten Securities)  
 2004 Joined Mizuho Securities  
 2008 Joined Mita Securities  
 2012 Executive Director of the Company



**Tatehito Kadokura / Board Director**  
 1991 Graduated from the Faculty of Economics at Chuo University  
 1991 Joined Nikko Securities (currently SMBC Nikko Securities)  
 2002 Joined Japan Global Securities (currently Naito Securities)  
 2004 Joined Mita Securities  
 2009 Board Director of the Company



**Tsukasa Nakamoto / Board Director**  
 1998 Graduated from the Faculty of Computer Science at University of California  
 1998 Joined Atsugi Information System  
 2002 Joined United World Securities  
 2004 Joined Societe General Securities  
 2005 Joined Mita Securities  
 2017 Board Director of the Company



**Tadashi Chaki / Board Director**  
 1992 Graduated from the Faculty of Commerce at Waseda University  
 1992 Joined Nomura Securities  
 2008 Joined Mita Securities  
 2018 Board Director of the Company



**Shigenari Ishibashi / Board Director**  
 1992 Joined Aoyama Audit Corporation  
 1993 Graduated from the Faculty of Political Science and Economics at Meiji University  
 1997 Registered as a Certified Public Accountant  
 1998 Joined Credit Lyonnais Bank  
 2000 Joined Canadian Imperial Bank of Commerce (CIBC)  
 2003 Transferred to CIBC World Markets (Japan)  
 2017 Joined Mita Securities  
 2019 Board Director of the Company



**David Atkinson / Outside Board Director**  
 1987 Graduated from the Faculty of Japanese Language at Oxford University  
 1987 Joined Andersen Consulting  
 1990 Joined Solomon Brothers Securities  
 1992 Joined Goldman Sachs  
 1998 Managing Director of Goldman Sachs  
 2006 Partner of Goldman Sachs  
 2007 Resigned from Goldman Sachs  
 2009 Joined Konishi Decorative Arts & Crafts as Executive Director  
 2010 Chairman of Konishi Decorative Arts & Crafts  
 2011 President & Chairman of Konishi Decorative Arts & Crafts  
 2014 President of Konishi Decorative Arts & Crafts  
 2016 Company Outside Director of Mita Securities



**Yoshinobu Fujimoto / Corporate Auditor**  
 1989 Graduated from the Faculty of Law at Waseda University  
 1991 Registered with the Second Tokyo Bar Association  
 1991 Joined Asahi Koma Law Office (currently Nishimura & Asahi LPC)  
 1995 Graduated from University of Chicago Law School (LL.M.)  
 1996 Registered with the NY state Bar Association  
 2008 Company auditor of Mita Securities  
 (Currently he is Partner of Nishimura & Asahi LPC.)



**Yukihiko Shimizu / Corporate Auditor**  
 1995 Graduated from the Faculty of Engineering at Hokkaido University  
 1995 Joined Hokkaido Takushoku Bank  
 1998 Joined IBJ Securities (currently Mizuho Securities)  
 2000 Joined Nikko Solomon Smith Barney (currently City Group Securities)  
 2005 Joined Livedoor  
 2006 Vice President of Livedoor  
 Chairman of Kazaka Securities (currently Naito Securities)  
 President of Kazaka Financial Group  
 Executive Director of Cecile  
 Executive Director of Media Exchange  
 2008 Joined Mita Securities as Executive Director  
 2013 Company auditor of the Company



**Tatsuya Otsuki / Managing Director**  
 1991 Graduated from the Faculty of Business at Doshisha University  
 1991 Joined Fuji Bank (currently Mizuho Bank)  
 2000 Joined HSBC  
 2005 Joined Deutsche Bank  
 2006 Joined Capital Partners Securities  
 2016 Joined Mita Securities



**Yoshiki Iida / Managing Director**  
 2003 Graduated from the Faculty of Business at Toyo University  
 2003 Joined Okasan Securities  
 2006 Joined Japan M&A Management  
 2007 Joined Mita Securities



**Keisuke Tomoyori / Managing Director**  
 2002 Graduated from the Faculty of Economics at Musashi University  
 2006 Joined Nikko Cordial Securities  
 2009 Joined Mita Securities

Mission / Business Principles

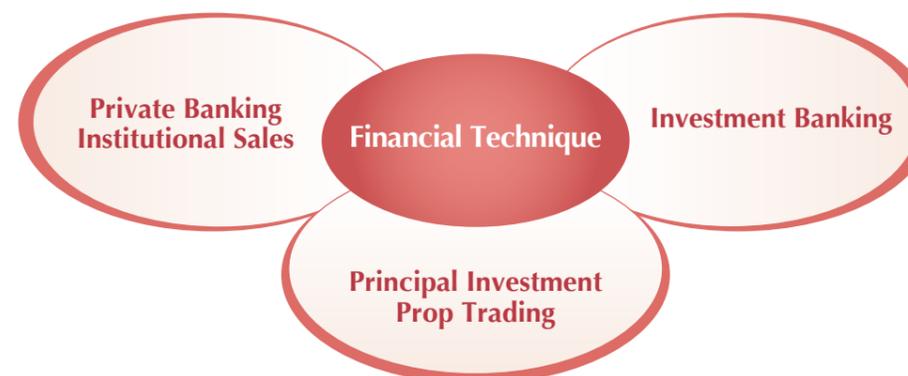
Mission

- » **Sincere** — Our Company's officers and employees act faithfully for our clients, business partners, laws and ordinances, and shareholders.
- » **Soft&Service** — Our Company's officers and employees provide high-value added businesses with our original business knowhow and the best services.
- » **Small, Slim&Speedy** — Our Company carries out speedy decision-making with our compact and lean organization.

All of the executives and employees share the concept of "Six S" as the fundamental principles, make the best effort to achieve our client's goals through the securities business, and furthermore, contribute to develop the sound Japanese economy.

Business Principles

<b>Client Focus</b>	<b>Listen to our clients</b> We can find the best solutions eventually if we fully understand the essence of our clients' problems.
<b>Win-Win</b>	<b>Conduct businesses by which we can build a win-win relationship with every one of our clients, business partners, officers and employees, and shareholders</b> Only businesses which make every member engaged in projects happy can last longer.
<b>Reputation</b>	<b>Seek businesses which enhance our reputation</b> Reputation can be enhanced by our efforts with a proper attitude toward businesses.
<b>ROE</b>	<b>Achieve high profit by effective resource allocation</b> We manage our company with higher ROEs, enhance capital stock, and build a sound financial base.
<b>Compliance</b>	<b>Place importance on compliance</b> Management focusing on compliance is required naturally within this free market in principle.
<b>Teamwork</b>	<b>Set a high value on teamwork</b> We can provide the more appropriate business solution for our clients if our team can gain power by respecting each other's individuality among the team members.
<b>Adaptability, Creativity</b>	<b>Cherish adaptability and creativity</b> Personnel with high productivity can absorb the constantly changing trends of society and anticipate the future.
<b>Commitment</b>	<b>Deal with our services with absolute responsibility</b> Businesses without responsibility give troubles to various people including our clients, business partners, and his/her own team members.



Special Features of Mita Securities

We continue to achieve positive net income for 16 consecutive terms.

We have been continuing to achieve a surplus for 16 consecutive terms. We have been going through several difficult times, such as Lehman shock, European sovereign bond crisis, and the great east Japan earthquake. It has not been easy for us as a securities firm to remain in surplus for this period, however, we have been successfully able to stabilize our business results as we diversified our services broadly into various businesses, such as private banking, investment banking, money lending services, real estate related services, and dealing business, and moreover, we have a number of unique financial services and products which no one can find in other financial firms.

Fiduciary Duty

We have been posting a word of “Fiduciary Duty” in our yearly management plan since FY2003 and share this word among all our employees, as we always believe it is our crucial responsibility as professionals in a security firm to take care of our clients faithfully. Churning is executing excessive trades for an investment account of a client by a salesman in a securities company or a bank in order to generate commission from the account, and it has been criticized in the market as a matter of the sales attitude of financial products. Meanwhile, our asset turnover ratio\*of our clients is drastically low among the security industry, and it is only 0.25% per year (the actual result of FY2018).  
 \*Asset turnover ratio = (Commissions from clients + Bond trading profit) / Clients’ assets in custody

Lineup of our unique products and services

It is one of our strengths to have unique financial products and services, and we aim at further differentiation from other financial institutions. The time of “push sales strategy” in which securities firms sell their financial products to their customers for their own conveniences should be ended. We feel significant to offering products and services that our clients truly seek and acclaim. When we create new products and services, we try to deal with them with flexibility and speed, and we also carefully examine illegality of those products and services.

Venture Sprits

We value a freewheeling culture and challenging sprit. Our firm is made up by various types’ professionals, and it is indispensable for us to enjoy works by making the best use of our ingenuity in order to deal with creative works. Mita Securities was established in 1949 and it is obviously not a young company, however, we never forget our venture spirits inside our hearts.

Main Business Achievements after April, 2018

- We practically achieved the highest net profit in FY2018 since the burst of the Japanese bubble economy.
- We purchased the stock warrants of AnGes, Inc.
- We launched a residential real estate fund located in Yushima utilizing Real Estate Specified Joint Enterprise Act.
- We achieved IRR4.8% by selling the residence located in Minamiazabu which was structured by utilizing Real Estate Specified Joint Enterprise Act.
- We served as the TOB agent for Japan Asia Group Limited’s tender offer for the shares of Sanyo Homes Corporation.
- We served as the TOB agent for Maruman Korea Co., Ltd.’s tender offer for the shares of Maruman & Co., Ltd.
- We served as the TOB agent for Belluna Co., Ltd.’s tender offer for the shares of Sagami Group Holdings Co., Ltd.
- We served as the TOB agent for BMI Hospitality Services Limited’s tender offer for the shares of Gexeed Co., Ltd.
- We served as the TOB agent for Minami Aoyama Fudosan KK’s tender offer for the shares of Kosaido Co., Ltd.
- We launched a real estate fund investing in distressed properties in Houston, US.
- We served as the M&A advisory agent for a major Japanese restaurant company regarding acquisition of a restaurant chain in Singapore.
- We served as the financial advisory agent for capital management policies of a listed company.
- We received a mandate for structuring an event driven fund.
- We served as the M&A advisory agent regarding acquisition of a hospital.

Organization Chart



Wealth Management Services

■ Wealth Management Services of Mita Securities

Since 1949, we have been running the family business, and we are one of a few privately owned securities companies whose majority shares are owned by one family. While we keep our family business and we were also engaged in sustainable development of family businesses of our clients, we have obtained various knowhow and experiences of wealth management. Our wealth management team supports for the greater prosperity of our clients’ families by providing with the services which we ourselves actually have experienced. We believe it is our virtue, value, and pride to be able to keep a good relationship with our clients’ families for generations. We provide the most appropriate advice and services for the whole field of assets of our clients including asset management, inheritance, and business succession. With a mid- and long-term point of view, we commit to work diligently for the sake of our clients.

■ Asset Management

We support our clients’ asset management from the side. We provide broad and various investment products not only traditional financial products such as stocks, bonds, and investment trusts, but also products tailored for clients’ needs and special occasion products. We not only provide financial products, but also analyze individual stocks, financial products, and portfolios. We also calculate market value of the financial products, propose asset diversification, and give various financial advices.

■ Inheritance Strategy

It is essential to take enough time for inheritance measures in order to pass on the assets to the next generation. Moreover, we should keep it in mind to secure assets with high liquidity so that successors can pay inheritance tax without difficulty. (Tax payment measures) We especially need to be careful if the portion of assets with low liquidity in major proportions. We grasp the current condition and plan the best measure according to our clients’ intention, and we also provide our clients with simulation works for inheritance tax, advices for inheritance measures, and assessment of unlisted stocks. Nowadays we proceed with the research for inheritance measures with utilizing global schemes.

■ Business Inheritance Measures

It is a constantly critical issue how our client’s companies should be passed on to the next generation. If the stocks are unlisted, it would require substantial money for tax payment when transferring them. Therefore we need to plan carefully and execute it steadily for smooth business inheritance. It is also necessary to hedge risks for unexpected disease or death. The most important point of all is to clarify who will the successors. We ourselves experienced the business inheritance, and have been engaged in a number of cases for our clients as well. By making use of these experiences and achievements, we are confident in proposing realistic and flexible measures which meet our clients’ needs.

■ Capital Strategies/M&A

We propose our clients’ companies with the most appropriate solutions for even complicated issues by utilizing our new technologies and broad information networks, such as capital strategies or M&A. We can provide a wide range of services, such as consolidation of scattered stocks, inheritance of stocks to successors by controlling the voting rights, acquisition of international companies aiming for overseas expansion, M&A utilizing treasury stocks, unwinding cross-shareholding (block trades), and global reorganization. We utilize our total capability with our investment banking division, tax advisory team, and external professionals.

If there are any other requests, we make the best effort to fulfill our clients’ needs and requests as much as possible. By dealing with various requests from our clients proactively, our services have succeeded to expand and deepen. Requests from our clients are important sources for our company’s sustainable development.

■ Real Estate Services

We are qualified as a registered real estate broker, and received approval to launch real estate funds as a real estate specified joint enterprise operator. Our real estate team deals with our clients’ various needs for real estates. Its services include sales transactions of real estate and real estate trust beneficiary rights, efficient usages of real estates, and the establishment of real estate funds, by utilizing our features as a securities firm. We also provide information of international real estates and support sales transactions in response to the increasing needs for overseas real estates.

■ Fund Structuring Support

In case of forming funds (including partnership), it is necessary to follow various business regulations. We support our clients to form funds, such as business-oriented funds, funds to invest in securities, and real estate funds which meet our clients’ needs. We have track records for a number of private fund establishments.

■ Finance

We are qualified for the money lending business and can support fund raising for our clients. We endeavor to provide speedy and high-quality services so that we can meet our clients’ finance needs quickly. Our finance services include securities-backed loans and mortgage-backed loans, and especially investment trust-backed loans and mortgage-backed loans for overseas (mainly US) real estates are our unique services. We also possess the broad range of experiences and solutions for corporate finance, not only for individual clients. We provide the exclusive solutions to meet our clients’ needs by partnering with our investment banking division, including factoring services and purchasing stock acquisition rights.

■ Insurance

We try to deal with various risks surrounding our clients, and we propose schemes to hedge risks, which fit our clients’ life plans.

■ Other Services

- Block Trade  
We search counterparties for our clients’ block trades with our external business partners, when our clients are willing to sell or purchase a large amount of listed stocks at one time.
- Stock Lending  
Our clients can obtain negative interest per diems by lending their owned stocks.
- Standing Proxy Services  
If our clients are non-Japanese residents and willing to make transactions of Japanese securities, it is required for them to designate a standing proxy in Japan. We support those clients for non-resident transactions by becoming their standing proxy.

## Investment Banking Services

We provide various services for finance and business strategies as our main investment banking services. Our services include financial advisory services for rights offerings and M&A and TOB agent services. Especially we have strength in medium- and small-sized projects or special projects which major investment banks do not deal with proactively. We have been successfully accumulating experiences and the actual results steadily in these fields. We are building the business systems to enable us to invest, to lend money, or to accept securities by ourselves, so that we can deal with a wide range of our clients' finance demands with flexibility. We are now searching business partners who would introduce our services to a number of other clients on behalf of us. Those partners can utilize our company's infrastructures linked with various financial services and the network among our business partners by joining our Mita Partnership Program.

### Finance

We provide various clients including listed and unlisted companies, medical institutions, nursing care operators, dispensing pharmacies, company management, etc. with funds in various ways. We can propose the appropriate solutions even for the difficult projects which banks or other security companies do not deal with.

#### •Rights Offering (commitment type)

Rights offering is a new technique of a capital increase for listed companies, where share options are allotted to all shareholders without contribution. It has been attracting attention rapidly in recent years. We can deal with the commitment type of rights offering, which means we purchase all the share options which were not exercised by the shareholders and then we exercise all of them. With utilizing this scheme, listed companies can achieve capital increases without fail.

#### •Underwriting and Purchase of Securities

We have a number of track records for securitized products and purchase of listed companies' securities such as warrants issued by a third-party allocation. We provide tailored finance plans with lower costs in a speedy manner.

### Advisory

We provide comprehensive and tailor-made solutions, centered for listed companies, in order to meet the various requests of our clients, such as capital increase through shareholders' allocation, M&A, reorganization, business alliances, etc. We utilize our advantage of being a small team of elite professionals and show a strong presence in projects which major financial institutions do not deal with.

#### •Rights Offering

As stated earlier, we hold the top track record of market shares in Japan as financial advisor. We provide broad and maximum support including scheme design, financial assistance for shareholders, and assisting negotiations with public organizations.

#### •M&A Advisory Services

We provide various professional advisory services as well as company valuation, which are essential for execution of M&A. It is not realistic to pay all the huge investment cost of M&A by its own money. It is quite common that the company is forced to find some kind of way for fund raising with necessity, and we can arrange the best finance schemes for our clients at the same time with our M&A advisory services.

#### •Stock Option

We provide listed companies and companies planning initial public offerings with consulting services to implement various stock options, and we also deal with opening and management of specific accounts used for exercising stock options.

#### •TOB Agent Services

As a general rule, it is required to appoint a security company as TOB agent when considering acquiring stocks of the listed company more than a certain number off the market. We have abundant experience and track records of TOB as TOB agent. We provide comprehensive supports including scheme design of TOB and various administrative works.

### Other Services

#### •Standing Proxy Services

If our client is a non-Japanese resident and willing to make transactions of Japanese securities, or if shareholders or corporate bondholders move out of Japan, it is required to designate a standing proxy in Japan. We serve as standing proxy while there is only a limited number of securities companies that can handle this standing proxy services, and we make the best effort to meet our clients' business needs.

#### •Securitization

There are methods to achieve fundraising by dividing assets into small-lot and securitizing them. We provide a full range of services including the first scheme design, setting up funds, intermediary or mediator services, and the final exit.

## Money Lending Business

One of our other services is money lending business, and we deal with funding needs of clients, such as listed companies' owners. We also support fund raising for medical institutions with our factoring services.

### Securities-backed Loans

We provide loans by accepting listed stocks, investment funds, and foreign bonds as collateral. The registration names of those shares will be unchanged, so that clients can utilize their own stocks without losing their rights of shareholders.

### Factoring/Loans for Medical Institutions

We purchase the accounts receivables of medical consultation fees, dispensing fees, and nursing care charges from medical institutions. We also provide loans to medical institutions. We started this factoring business in 2003, and now we are one of the factoring service companies with the longest history of achievements.

## Real Estate Services

We try to meet our clients' needs for searches and selling of real estate properties and other requests relating to real estate in our Real Estate Division. We are qualified as a registered real estate broker, and as a real estate specified joint enterprise operator, and we are making approaches toward the real estate market from a fair and neutral point of view as a securities firm. We also develop real estate investment products originally and are increasing the investment choices of our clients as we try to provide unique real estate businesses.

### Real Estate Intermediary

We search buyers or properties for our clients' needs of selling or purchase of real estate, and give our clients the one-stop services including negotiations and executions.

We try to gather original information given from our special sources or from our close relationship with real estate companies, other than Internet information already on the market.

### Intermediary of Real Estate Trust Beneficiary Rights

We deal with intermediary services of real estate trust beneficiary. We support a series of transactions including research for real estate and submitting its report, preparation of documents based on the Financial Instruments and Exchange Law, preparation of transaction agreements, settlement services, etc.

### Forming and Selling of Real Estate Funds

We are a securities company qualified as a real estate specified joint enterprise operator, and we provide smaller-sized real estate products based on the aforementioned regulations. Forming original funds which meet our clients' needs is one of our strengths, and we deal with other securitization needs based on laws other than Real Estate Specified Joint Enterprise Law. Creating the schemes is supported by our tax accountants, lawyers, etc. and is achieved with a high-level of performance.

### Real Estate Loans

We provide loans backed by clients' real estate properties which can be both domestic and overseas, and that is the most significant feature among our services. We try to grant loans with a term of a minimum of one week from receiving loan applications, so please contact us for any urgent requests.

### Other Real Estate Solution Business

We provide solutions relating to various real estate businesses including effective use and value-up of clients' properties.

## Proprietary Trading

### Stock Dealing Business

We have top-class stock dealing members among middle-class securities firms. They are focusing of the proprietary trading with stocks, futures, and option trades. We also placed the dealing division in Singapore, and it has been contributing to our good business results.

### Proprietary Investment

We believe we should also be an investor before we offer investment opportunities to our customers. We earnestly search various investment opportunities globally and would invest in attractive financial products at our own risk.

### Bond Trading Business

We have highly experienced bond dealers in our dealing division. They purchase good bonds from outside and sell them to our customers, and they also engaged in distributing bonds to other securities firms. We have been able to provide various types of bonds to our customers as a result of our abundant relationship with investment banks and frequent participation in the clearing house that specializes in the settlement of securities transactions.



**Compliance**

**Compliance Structure of Mita Securities**

We are a financial instrument business operator who is an important player in this financial market, therefore we not only ensure strict compliance with all laws and regulations, but also need to develop the sufficient internal control structure in order to protect investors and to secure fairness of the market. Compliance is a top management priority for our company.

**Governance**

Our governance framework is as shown below.

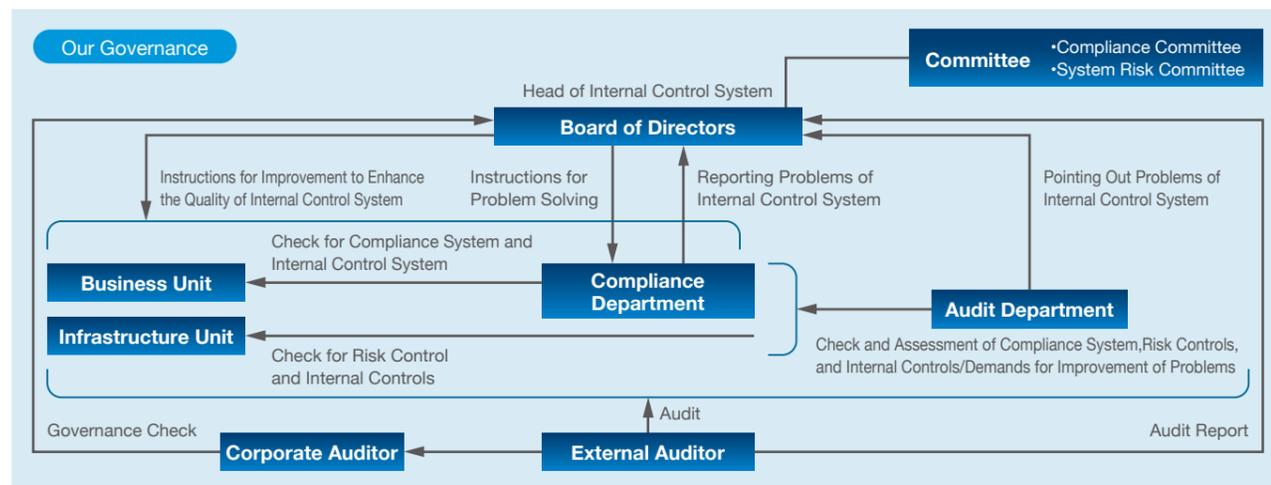
The Board of Directors has a role with a full responsibility for the internal control system. It has a responsibility to enhance the quality of the internal controls by receiving reports and evaluations from the corporate management department, the audit department, the auditors, the accounting auditor, or others.

The corporate management department examines the status of compliance and risk controls of the business department, and checked every day if there are any violations of laws and ordinances and risk control-related problems. If any, it requests the business departments for improvement and also reports these important issues to the Board of Directors.

The audit department periodically examines and assesses the quality and functions of the internal control system of the corporate management department. If necessary, it conducts improvement of the problems for the corporate management department, the business department, and the administrative department, and it points out the problems and lists demands for improvement to the Board of Directors.

The auditors have a role for the governance inspection for the Board of Directors, and examine if the Board of Directors is managed legally and appropriately or if there are any violations of the duty of a prudent custodian to the Company. If there are any problems associated with the above, the auditors send a list of demands for improvement to the Board of Directors or conduct the predefined necessary procedures.

The accounting auditor conducts auditing for the appropriateness of our accounting process and the appropriate indication of the financial statements. Our accounting auditor is SeishinShisei & Co. currently.



**Compliance with All Laws and Regulations**

It is essential for all officers and employees in the securities companies to comply with the compliance with all laws and regulations. However, due to the existence of broad and various regulations in the securities industry, it is likely for us to have a brush with the laws and regulations without consciousness. In order for our officers and employees not to breach the compliance with all laws and regulations, we periodically conduct the training programs for them aiming to enhance their understanding for the compliance. We also display our internal regulations on our intranet so that our officers and employees can easily browse them.

The corporate management department checks the compliance system every day, and the audit department conducts internal audits based on the audit plan. If there are any violation of the laws and regulations, the audit department conducts the quick and appropriate procedures, and improves the problems.

Moreover, we place the Compliance Committee under the Board of Directors, and this committee examines our overall compliance system with expertise.

**Internal Control System**

Any financial instrument business operator is required to check client management, sales personnel management, transaction management, transaction inspection, underwriting examination, compliance inspection system, lawsuits against clients, administrative management, information control, and external business contractor management. We also manage a Chinese Wall and the information control related to the clients systematically.

**Risk Control System**

We analyze various risks including transaction risks, operational flow risks, and system risks, and we pay close attention to those risk management so that we can eliminate or limit risks in advance. It is most important to prevent risks before they actually happen. But if we actually fail to eliminate them, it is reported to the Board of Directors through the manager of corporate management department, and the Board of Directors conducts risk management in order to deal with it appropriately and quickly.

Moreover, we place the System Risk Committee under the Board of Directors, and this committee periodically examines our overall system risks, and improves them if necessary.

As for the risk of sudden natural disasters, we plan the BCP (Business Continuity Plan) and aim to avoid the risks. We also conduct trainings in order to be able to continue our businesses in emergency situations to the greatest degree possible.

**Company Overview**



Company Name:	MITA SECURITIES Co., Ltd.
Registration:	Director of Kanto Local Finance Bureau (Financial instruments firms) No.175 Moneylender / Tokyo Governor (6) No.27088 Registered Real Estate Broker / Minister of Land, Infrastructure, Transport and Tourism (1) No.9342 Real Estate Specified Joint Enterprises / Commissioner of the FSA•Minister of Land, Infrastructure and Transport No.76
Commencement of Operation:	July 1949
Capital:	¥500,000,000
Major Shareholder:	Kunihiro Mita
President & CEO:	Kunihiro Mita
Overseas Subsidiary:	EJ Consultancy Services Pte.Ltd.
Office addresses:	(Head Office) 3-11, Nihonbashi-kabutocho, Chuo-ku, Tokyo 〒103-0026 Tel +81-3-3666-0011 Fax +81-3-3668-7350 (Osaka Branch) 1-7-15, Minami-honmachi, Chuo-ku, Osaka City, Osaka 〒541-0054 Tel +81-6-6260-5670 Fax +81-6-6260-0882 (Singapore Branch) 07-03/04 112 Robinson Road Singapore 068902 Tel +65-6692-8325 (Subsidiary) Mita Securities Global Consulting Pte. Ltd. 105 Cecil Street #25-01/04 The Octagon Singapore 069534 (Subsidiary) EJ Consultancy Services Pte. Ltd. 105 Cecil Street #25-01/04 The Octagon Singapore 069534
Membership in Associations:	Japan Securities Dealers Association Tokyo Real Estate Association Japan Financial Services Association
Membership in Exchanges:	The Tokyo Stock Exchange•The Osaka Stock Exchange
Membership in Investor Protection Funds:	Japan Investor Protection Funds
Accounting Auditor:	SeishinShisei & Co. / OAKFIELD & ASSOCIATES
	(As of June, 2019)

