

**MITA SECURITIES CO., LTD.**

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Annual Report **2017**  
Corporate Profile **2018**

**MITA SECURITIES CO., LTD.**

## 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 produced this Annual Report 2017/ Corporate Profile 2018 to inform you of our business results, financial status, and business summary.

During the preceding fiscal year, we faced the rising geopolitical risks due to the war of words between US President Donald Trump and North Korean leader Kim Jong Un, however, the booming economy continued worldwide, and the business results of corporations expanded strongly. The stock market continued to rise steadily in a Goldilocks Economy which is when growth isn't too hot, causing inflation, nor too cold, creating a recession. The Japanese stock market hit a record high for the first time in 21 years and the stock indexes of the major Western countries also reached all-time high. Although the robust and well-performed markets worldwide continued until the end of 2017, the concerns over rise in US long-term rate and an outbreak of a trade dispute between US and China stirred up the stock markets from the beginning of 2018.

In such environment, we made a great effort to strengthen our flagship businesses, however, our dealing business slowed down due to the low market volatility until November 2017. Less attractive financial products also caused the slowdown of subscription and commission businesses. We only acquired a few investment banking deals and failed to achieve an outstanding result. Since the fraud of a delinquent factoring company was uncovered, our factoring business has been rapidly improving. However, other loan related businesses suffered the slow recovery.

However, after December 2017, our business environment and receiving business orders drastically changed upward, and our sluggish businesses recovered rapidly. Almost all of our business departments made good results which contributed to offset our past slowdown within that fiscal year.

We acquired EJ Consultancy Services in Singapore in August 2017, and we have successfully built the business base to expand our cross-border services.

As a result, we successfully achieved a surplus again for FY2017, and consequently our surplus has been continuing for 15 consecutive terms. As we made a huge profit for the proprietary investment in the previous fiscal year of 2016, our business result in FY2017 looks deteriorating compared with that of FY2016, however, we think we made a fairly good result at cruising speed aside from that special factor.

We are deeply thankful for our customers. We wouldn't have been able to keep running with 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, and we look forward to your continued patronage and support for us in the future.



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



## Financial Summary of FY2017 (Income Statement)

## Commissions

The total commission was ¥300,312K (108.4% YoY).

## Brokerage Commission

Although the stock market kept moving upward, the brokerage commission was ¥139,207K (120.3% YoY) as our equity brokerage was less active.

## Subscription/Underwriting Commission

The performance of our hedge funds was lackluster, so that the subscription/underwriting commission remained the almost same level as the previous fiscal year at ¥89,484K (102.2% YoY).

## Other Commission

The other commission decreased slightly to ¥71,620K (96.9% YoY) as the total asset of the investment funds did not go up.

## Trading Profit

The total trading profit was ¥1,751,961K (58.2% YoY).

## Stock Trading Profit

The stock trading profit was ¥1,423,809K (50.8% YoY). Compared to the previous fiscal year with that huge spot stock trading profit, the profit of this fiscal year decreased, however, our dealing business has been steadily expanding and the business result is exceeding that of last year.

## Bond Trading Profit

The bond trading profit increased drastically to ¥328,373K (160.4% YoY). It has been more than two years since we launched the bond trading team, and we have been successfully achieving a good result.

## Financial Revenue

The financial revenue increased to ¥778,554K (111.8% YoY).

We decided to include the factoring commission fee which used to be posted in the other operating revenue in the financial revenue from this fiscal year, and that is one of reasons why the financial revenue went up. The income of the securities loans also increased slightly, while the dividend income decreased.

## Other Operating Revenue

The other operating revenue was ¥261,981K (84.1% YoY). In addition to the TOB agent services and the advisory services, the real estate brokerage fee increased. As stated previously, the factoring commission fee was shifted from the other operating revenue to the financial revenue, and it pushed down the other operating revenue of this fiscal year.

## Financial Expenses

The financial expenses increased to ¥207,059K (137.5% YoY) as results of increase in our debt in accordance with huge expansion of the factoring service and our inferior bond issuance of ¥500,000K.

As a result, the net operating income was ¥2,885,749K (69.7% YoY).

## Selling, General and Administrative Expenses

The selling, general and administrative expenses decreased to ¥2,404,637K (88.3% YoY).

The decrease of the personnel and administrative expenses related to the stock trading profit generated in the previous fiscal year contributed to this result.

As a result, the operating profit decreased to ¥481,111K (33.9% YoY), the ordinary profit was ¥481,234K (33.8% YoY), the income before income taxes was ¥483,168K (33.6% YoY), and the net income was ¥329,920K (38.2% YoY).

## Income Statement (April 1, 2017 through March 31, 2018)

(Unit: Thousands of Yen)

Accounts	Amounts	
<b>Operating Revenue</b>		<b>3,092,808</b>
Commissions		
Brokerage	139,207	
Underwriting/Solicitations for sales to specified investors	14,982	
Subscription/Distribution	74,501	
Others	71,620	300,312
Trading profit		1,751,961
Financial revenue		778,554
Other operating revenue		261,981
<b>Financial Expenses</b>		<b>207,059</b>
<b>Net Operating Income</b>		<b>2,885,749</b>
<b>Selling, General and Administrative Expenses</b>		<b>2,404,637</b>
Business related expenses	366,773	
Personnel expenses	1,591,282	
Real estate related expenses	38,502	
Office expenses	252,193	
Depreciation expenses	29,785	
Tax and dues	76,611	
Provision of allowance for doubtful accounts	22,091	
Others	27,398	
<b>Operating Profit</b>		<b>481,111</b>
<b>Non-operating income</b>		<b>23,755</b>
<b>Non-operating expenses</b>		<b>23,633</b>
<b>Ordinary Profit</b>		<b>481,234</b>
<b>Extraordinary profit</b>		<b>1,933</b>
<b>Income Before Income Taxes</b>		<b>483,168</b>
Income taxes		62,202
Income taxes adjustment		91,045
<b>Net Income</b>		<b>329,920</b>

Note: Fractions less than one thousand yen have been omitted.



Financial Summary of FY2017 (Balance Sheets)

Current Assets

The total current assets substantially increased to ¥36,109,576K (177.3% YoY). The main changes from the previous year are as follows.

- The trading products increased to ¥1,694,059K (126.0% YoY) as the system of the dealing division was enhanced and the balance in our dealing division rose at the end of fiscal year.
- The assets for margin transactions decreased to ¥4,922,033K (87.0% YoY) due to the decrease in the margin transactions. The short-term guarantee deposit decreased to ¥1,373,572K (79.6% YoY) as well.
- The short-term loans receivable substantially increased to ¥21,536,050K (312.9% YoY) as a result of the execution of a large securities loan.
- As the factoring service recovered drastically, the accounts receivable-monetary claims increased to ¥2,541,801K (303.7% YoY)
- The deferred tax assets decreased to ¥113,170K (55.4% YoY) as we reversed it for some portion.

Fixed Assets

The total fixed assets reached ¥2,021,431K (135.1% YoY). The investments and other assets increased to ¥1,938,224K (137.9% YoY) as we invested in subordinated securities when we securitized the loan receivables secured by the US real estates.

Current Liabilities

The total current liabilities increased to ¥31,580,414K (197.2% YoY). The main changes from the previous year are as follows.

- The debts for margin transactions were ¥3,779,472K (92.8% YoY) as a result of the decline of margin transactions.
- The deposits received decreased to ¥868,870K (58.7% YoY) as a result of the cash withdrawal of customers.
- The short-term debts increased to ¥23,840,000K (394.7% YoY) as a result of the execution of large loans.
- As a result of the recovery of factoring services, the accounts payable-monetary claims increased to ¥71,768K (154.0% YoY).
- The provision for bonuses decreased to ¥141,041K (33.1% YoY) as we did not have a huge spot profit like the previous year and went back to the business results at cruising speed.

Fixed Liabilities

The total fixed liabilities reached ¥600,265K (786.5% YoY) as a result of our inferior bond issuance of ¥500,000K

Net Assets

The total net assets reached ¥5,936,999K (103.1% YoY). Our net assets achieved the best record since our foundation.

According to the above results, the total assets reached ¥38,131,007K (174.4% YoY), and the capital adequacy ratio was 307.1%. (277.8% at the end of last fiscal year)

Balance Sheets (For the year ended on March 31, 2018)

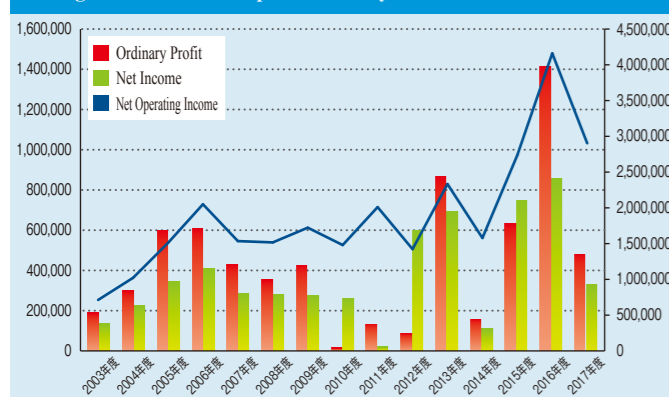
(Unit: Thousands of Yen)

Assets		Liabilities	
Accounts	Amounts	Accounts	Amounts
<b>Current Assets</b>	<b>36,109,576</b>	<b>Current Liabilities</b>	<b>31,580,414</b>
Cash and deposits	1,904,606	Trading products	498,118
Segregated cash and deposits	1,760,000	Trade date accrual	225,256
Trading products	1,694,059	Liabilities for margin transactions	3,779,472
Assets for margin transactions	4,922,033	(Borrowings on margin transactions)	(3,734,483)
(Loans on margin transactions)	(3,906,136)	(Cash received for securities lending on margin transactions)	(44,988)
(Cash collateral pledged for securities borrowing on margin transactions)	(1,015,896)	Deposits received	868,870
Short-term guarantee deposits	1,373,572	Guarantee deposits received	1,020,759
Short-term loans receivable	21,536,050	Short-term debts	23,840,000
Accounts receivable-monetary claims	2,541,801	Accounts payable-monetary claims	71,768
Income Tax Receivables	128,297	Accounts payable-other	830,626
Deferred tax assets	113,170	Provision for bonuses	141,014
Other current assets	173,881	Other current liabilities	304,528
Allowance for doubtful accounts	△37,898		
		<b>Noncurrent Liabilities</b>	<b>600,265</b>
		Corporate bonds	500,000
<b>Noncurrent Assets</b>	<b>2,021,431</b>	Deferred tax liabilities	47,016
Tangible fixed assets	65,126	Provision for retirement benefits	18,509
(Buildings)	55,735	Performance-based provision for bonuses	19,740
(Furniture and fixtures)	8,963	Other noncurrent liabilities	15,000
(Vehicles)	427		
Intangible fixed assets	18,080	<b>Reserves Under the Special Laws</b>	<b>13,327</b>
Investments and other assets	1,938,224	Reserve for financial products transaction liabilities	13,327
(Investment securities)	(197,103)	<b>Total Liabilities</b>	<b>32,194,007</b>
(Investments in capital of subsidiaries and Affiliates)	(1,056,272)	<b>Net Assets</b>	
(Long-term loans receivable)	(630,260)	<b>Shareholders' Equity</b>	<b>5,936,999</b>
(Long-term guarantee deposits)	(44,394)	Capital stock	500,000
(Other investments)	(103,931)	Retained earnings	5,682,295
(Allowance for doubtful accounts)	(△93,738)	(Legal retained earnings)	(92,109)
		(Other retained earnings)	(5,590,186)
		Treasury stock	△245,296
		<b>Total Net Assets</b>	<b>5,936,999</b>
<b>Total Assets</b>	<b>38,131,007</b>	<b>Total Liabilities and Net Assets</b>	<b>38,131,007</b>

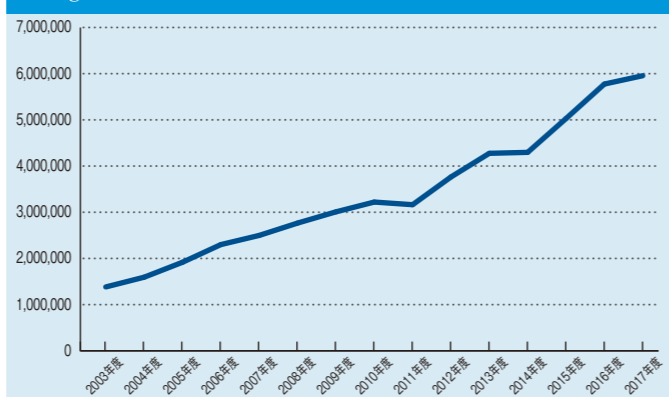
Note: Fractions less than one thousand yen have been omitted.

Financial Highlights

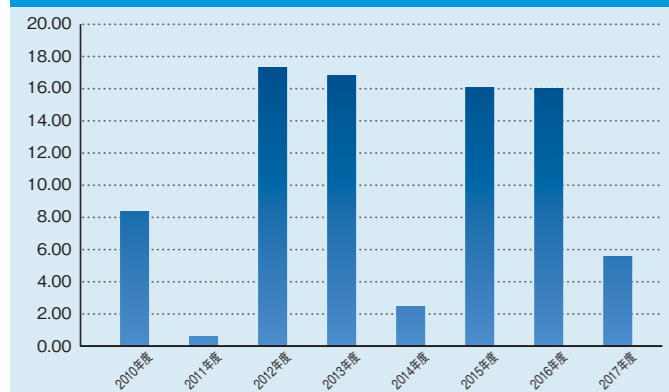
Change in Profits for the past 15 fiscal years (Unit: Thousands of Yen)



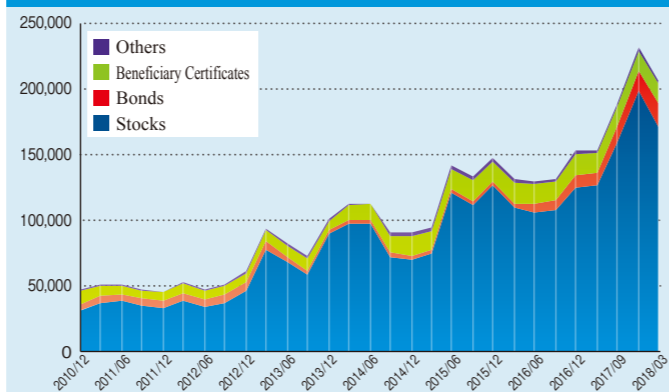
Change in Net Asset (Unit: Thousands of Yen)



Change in ROE (Unit: %)



Change in Assets Under Custody (Unit: Millions of Yen)



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 / Senior Executive 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 / Executive 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



**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



**Shigenari Ishibashi / Managing 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



**Yoshiaki 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

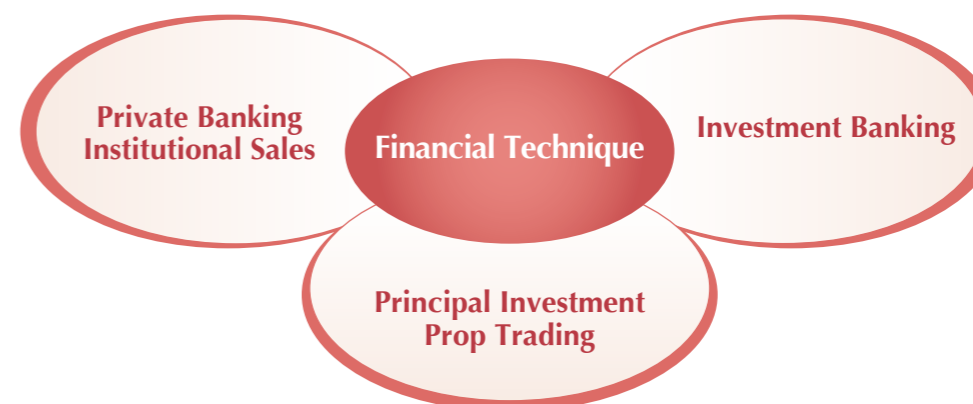
Mission

- » **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 15 consecutive terms.

Our surplus has been continuing for 15 consecutive terms. We have been going through several difficult times, such as Lehman shock, European sovereign bond crisis, and the great east Japan earthquake, and obviously it has not been easy for us, a securities firm, to remain in surplus during 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.

This attitude and consciousness can be seen in our own business data consequently.

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 0.30% per year.

We also seldom propose our clients to switch the investment funds or hedge funds, therefore the unrealized profit ratio of investment funds of our clients is +10.4%, which substantially exceeds the market average rate. (As of the end of FY2017)

\*Asset turnover ratio = Commissions from clients / Clients’ assets in custody

\*Unrealized profit ratio of clients’ investment funds = Market value of client’s investment funds/Book value of client’s investment funds

### Lineup of our unique products and services

It is our one of 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 also carefully examine illegality of those products and services.

We provide loans secured by US real estates and securitize those loan receivables. We also provide loans secured by securities, such as investment funds and foreign bonds. We created the fund to restore values of Kyomachiya in Kyoto. We purchase medical accounts receivable securitized bonds. In that manner, we aim at producing further unique products and services one after another.

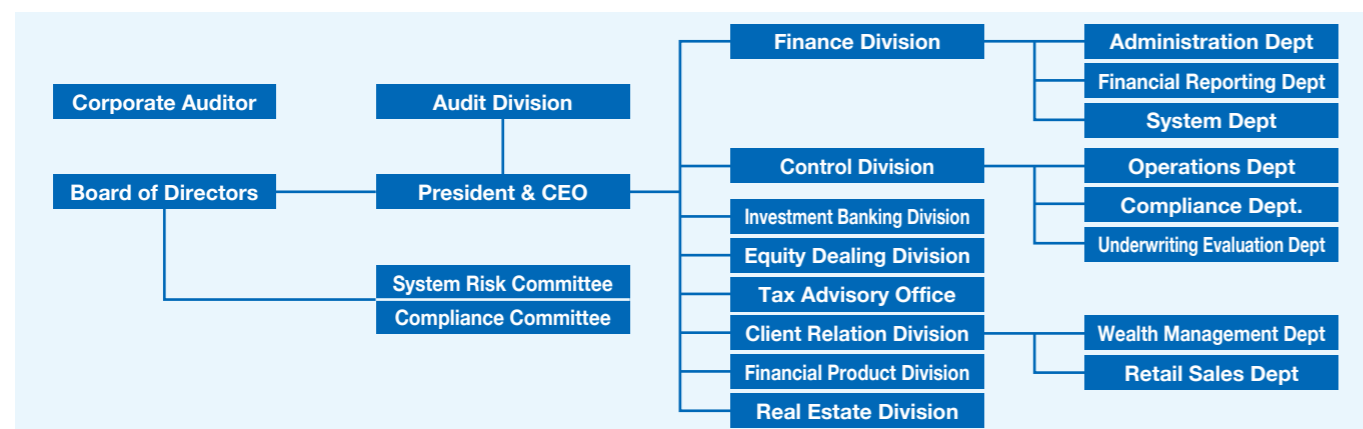
### Venture Sprits

We value a freewheeling culture and challenging spirit. 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. Our company was established in 1949 and it is not a young company, however, we never forget our venture spirits inside our hearts.

## Main Business Achievements after April, 2017

- We acquired EJ Consultancy Services in Singapore and it became our subsidiary company.
- We served as the financial advisory agent for the cross-border M&A deal.
- We served as the TOB agent for Powertech Technology Japan Inc’s tender offer for shares of Tera Probe, Inc(listed in TSE Mothers).
- We served as the TOB agent for Aqua Strategic Investment Limited Partnership’s tender offer for shares of SEVENSEAS HOLDINGS CO., LTD(listed in TSE 2nd Section).
- We served as the TOB agent for Maruman Korea Co., Ltd.’s tender offer for shares of Maruman & Co., Ltd(listed in TSE JASDAQ Standard).
- We served as the TOB agent for Belluna Co., Ltd.’s tender offer for shares of SAGAMI GROUP HOLDINGS Co., Ltd(listed in TSE 1st Section).
- We launched two Kyomachiya reconstruction funds utilizing Real Estate Specified Joint Enterprise Act, to aim at the restoration of Kyomachiya.
- We purchased the warrants of TRADERS HOLDINGS CO., LTD.
- We launched three CLOs backed by loans secured by US real estates.
- We became an agent for US stock trades.

## 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.

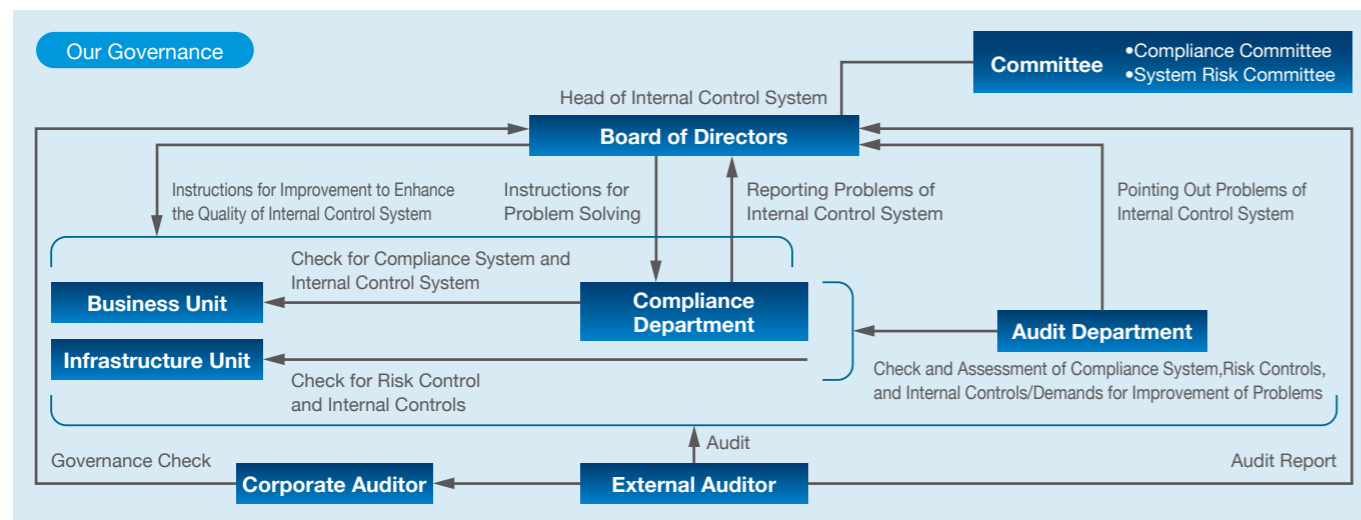
The Board of Directors has a role with a full responsibility for the internal control system. It has a responsibility to enhance the quality of the internal controls by receiving reports and evaluations from the corporate management department, the audit department, the auditors, the accounting auditor, 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:** Kunihiko Mita  
**President & CEO:** Kunihiko Mita  
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 Tel +65-6396-8329 Fax +65-6294-6559  
**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, 2018)

