

1Q Ending March 31, 2020

Results Briefing

The objective of the document is to provide information on the results of the fiscal year ending March 31, 2020 and not to offer investments in securities issued by Okasan Securities Group Inc. The document has been prepared based on data as of the end of June 2019. Okasan Securities Group Inc. does not accept responsibility for any omissions or errors in data, statements, etc. in this document. The opinions and forecasts included in the document are based on our judgments at the time of writing. We make no guarantees regarding the accuracy or completeness of the information, which is subject to change without notice.

July 30, 2019
OKASAN SECURITIES GROUP INC.



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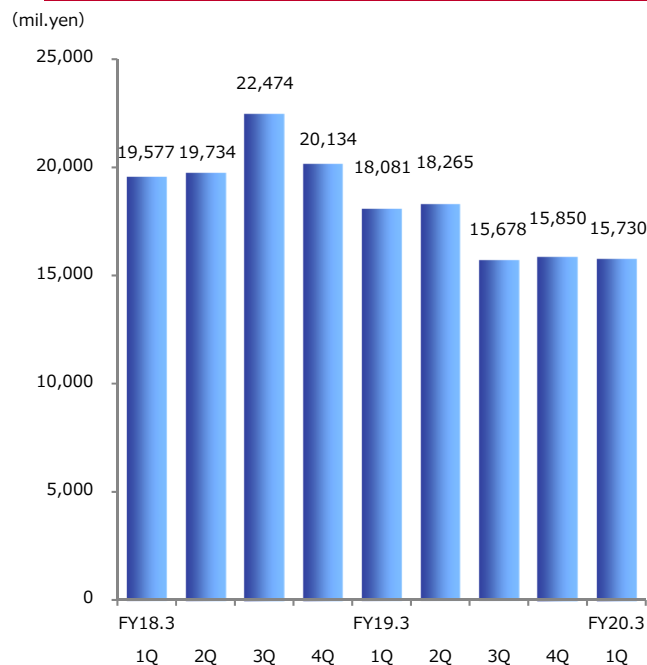
1 *Business Results Overviews (Consolidated)*

Financial Summary

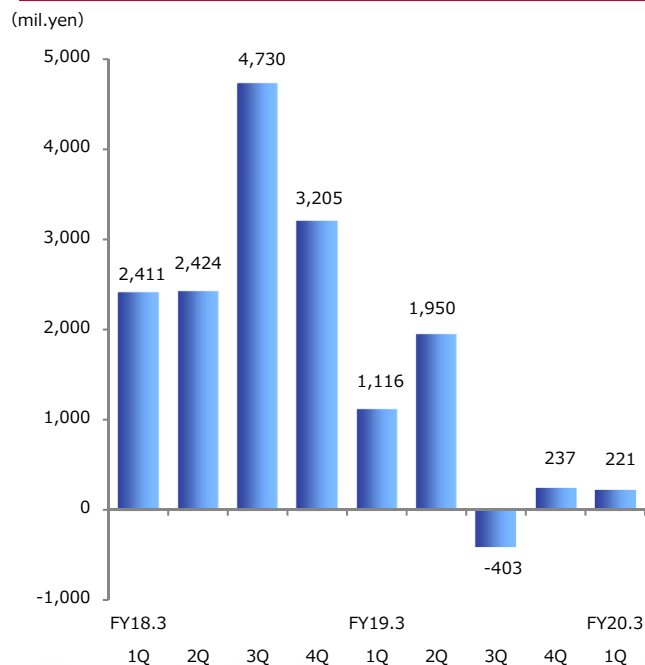
<Highlights>

- Operating revenues fell 13.0% year on year (YoY) to 15,730 million yen.
- Selling, general and administrative expenses decreased 8.0% YoY.
- Ordinary income fell 80.2% YoY to 221 million yen.
- Profit attributable to owners of parent was -137 million yen.

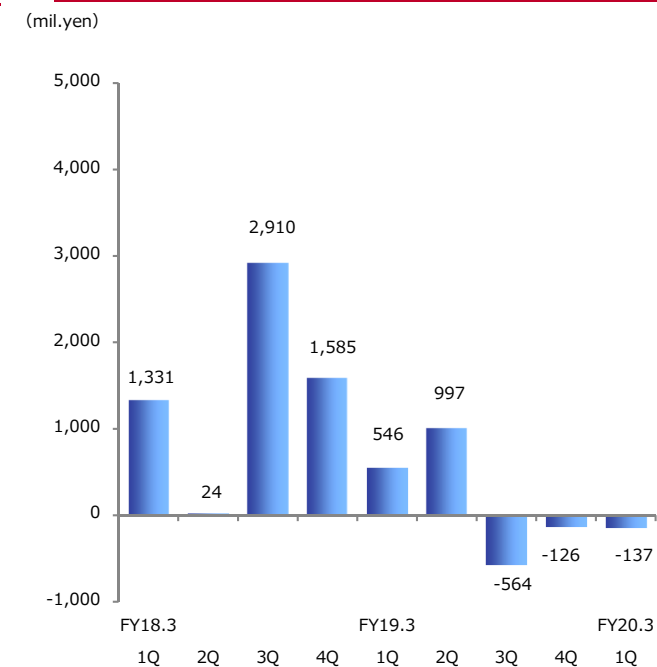
Operating revenues (quarterly)



Ordinary income (quarterly)



Profit attributable to owners of parent (quarterly)



Financial highlights of the 1st quarter fiscal year ending March 2020

(In millions of yen)

	FY19.3 1QTOTAL	FY20.3 1QTOTAL	増減率
Operating revenues	18,081	15,730	-13.0%
Net operating revenues	17,843	15,509	-13.1%
SG&A	16,850	15,508	-8.0%
Operating income	992	1	-99.9%
Ordinary income	1,116	221	-80.2%
Profit attributable to owners of parent	546	-137	—
EPS (YEN)	2.76	-0.69	—
BPS (YEN)	771.02	738.69	—
ROE (annualized)	1.4%	—	—

(In millions of yen)

	FY19.3				FY20.3	vs.FY19.3
	1Q	2Q	3Q	4Q	1Q	4Q
Operating revenues	18,081	18,265	15,678	15,850	15,730	-0.8%
Net operating revenues	17,843	17,946	15,402	15,611	15,509	-0.7%
SG&A	16,850	16,352	15,929	15,830	15,508	-2.0%
Operating income	992	1,594	-527	-219	1	—
Ordinary income	1,116	1,950	-403	237	221	-6.8%
Profit attributable to owners of parent	546	997	-564	-126	-137	—
EPS (YEN)	2.76	5.03	-2.85	-0.64	-0.69	—
BPS (YEN)	771.02	779.94	757.02	761.53	738.69	—

Operating Revenues

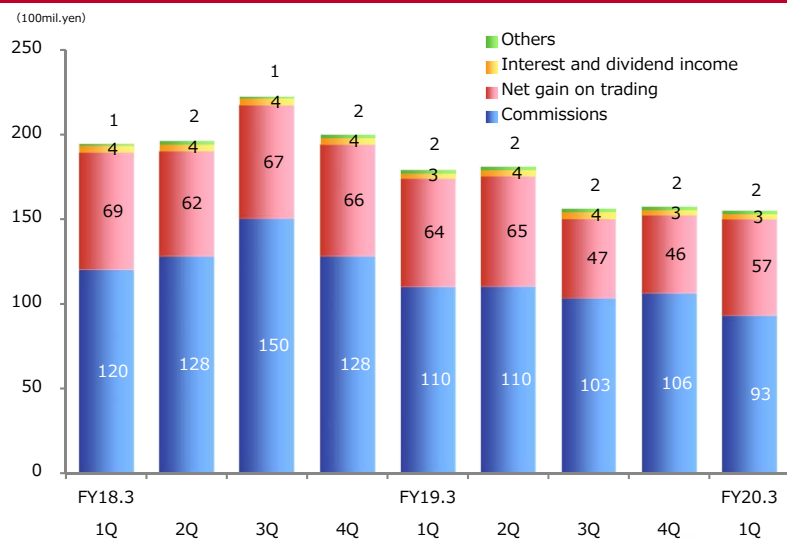
(In millions of yen)

	FY19.3	FY20.3	vs.FY19.3
	1QTOTAL	1QTOTAL	1QTOTAL
Commissions	11,054	9,350	-15.4%
Brokerage	4,018	3,335	-17.0%
Underwriting	203	73	-63.9%
Distribution	2,620	2,210	-15.6%
Others	4,211	3,730	-11.4%
Net gain on trading	6,426	5,779	-10.1%
Equities	4,298	2,267	-47.3%
Bonds	2,052	3,503	70.7%
Others	76	9	-87.9%
Interest and dividend income	388	376	-3.3%
Others	211	224	6.1%
Operating revenues	18,081	15,730	-13.0%

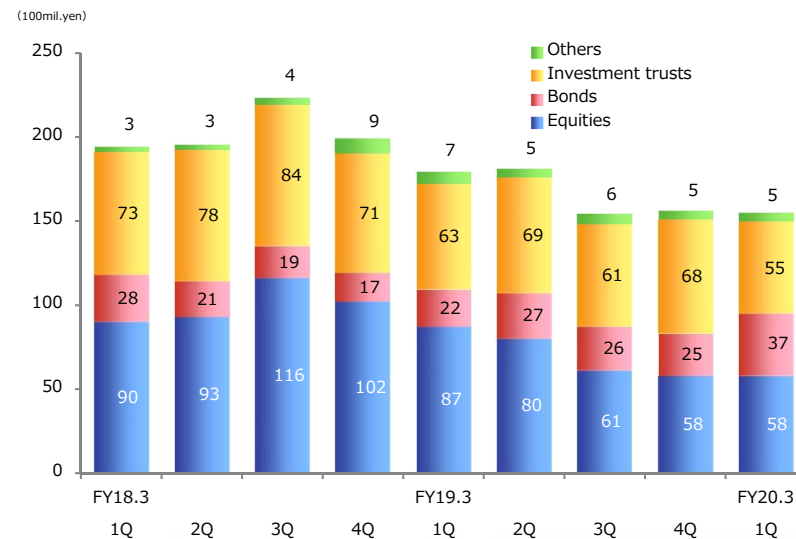
(In millions of yen)

	FY19.3				FY20.3	vs.FY19.3
	1Q	2Q	3Q	4Q	1Q	4Q
	11,054	11,027	10,303	10,610	9,350	-11.9%
	4,018	3,678	3,392	3,224	3,335	3.4%
	203	32	406	35	73	108.6%
	2,620	3,167	2,515	3,473	2,210	-36.4%
	4,211	4,149	3,989	3,876	3,730	-3.8%
	6,426	6,534	4,711	4,632	5,779	24.8%
	4,298	3,992	2,201	2,387	2,267	-5.0%
	2,052	2,593	2,481	2,351	3,503	49.0%
	76	-51	27	-105	9	-
	388	488	441	377	376	-0.3%
	211	214	222	229	224	-2.2%
	18,081	18,265	15,678	15,850	15,730	-0.8%

Quarterly change in operating revenues



Quarterly change in operating revenues by product



Fees and Commissions Received

- Brokerage commissions fell 17.0% YoY. Domestic equity brokerage commissions decreased.
- Underwriting fees fell 63.9% YoY.
- Distribution commissions fell 15.6% YoY due to lower sales of investment trusts.
- Other commissions declined 11.4% YoY.

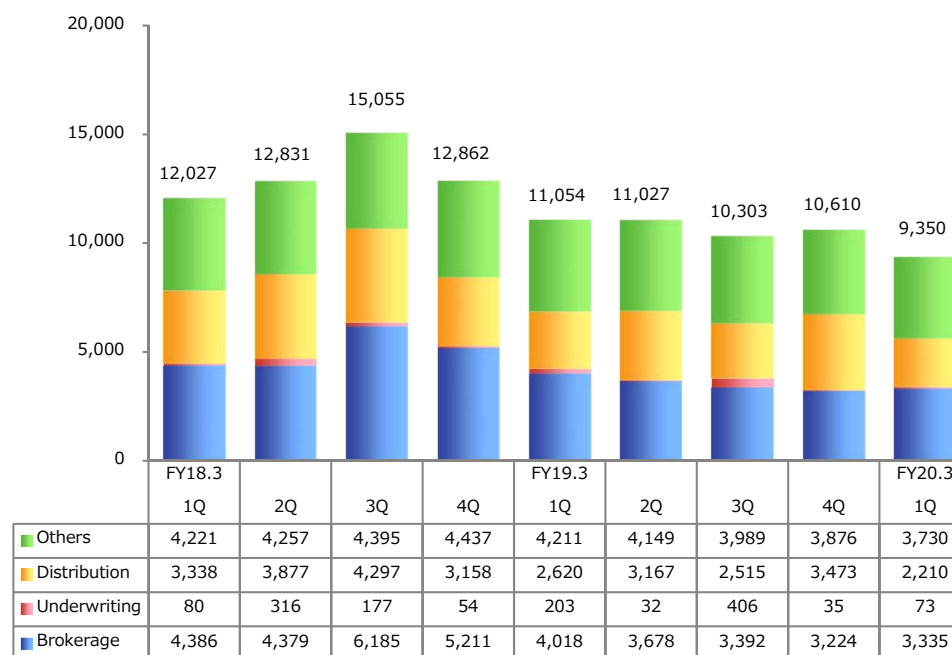
Fees and commissions received

(In millions of yen)

	FY19.3 1QTOTAL	FY20.3 1QTOTAL	vs.FY19.3 1QTOTAL
Brokerage	4,018	3,335	-17.0%
Equities	3,938	3,259	-17.2%
Bonds	1	0	-94.2%
Others	79	75	-5.1%
Underwriting	203	73	-63.9%
Equities	163	16	-89.8%
Bonds	40	56	41.5%
Distribution	2,620	2,210	-15.6%
Beneficiary Certificates	2,545	2,131	-16.3%
Others	4,211	3,730	-11.4%
Beneficiary Certificates	3,739	3,393	-9.2%
Total	11,054	9,350	-15.4%

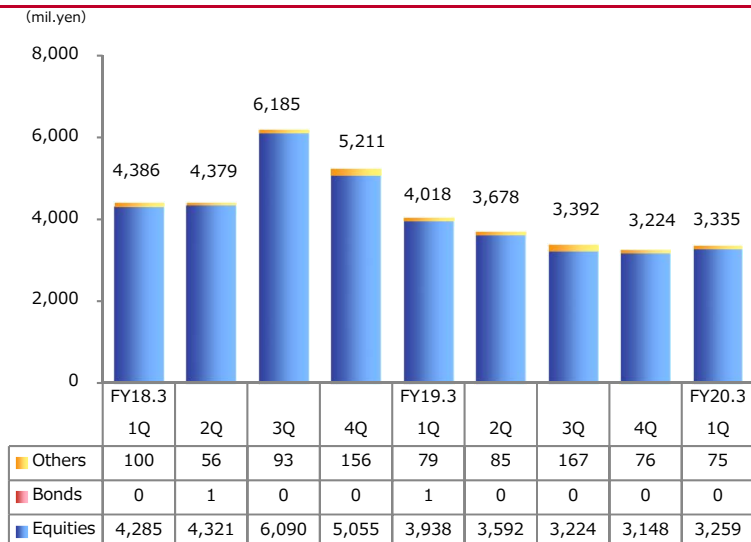
Fees and commissions received (quarterly)

(mil.yen)

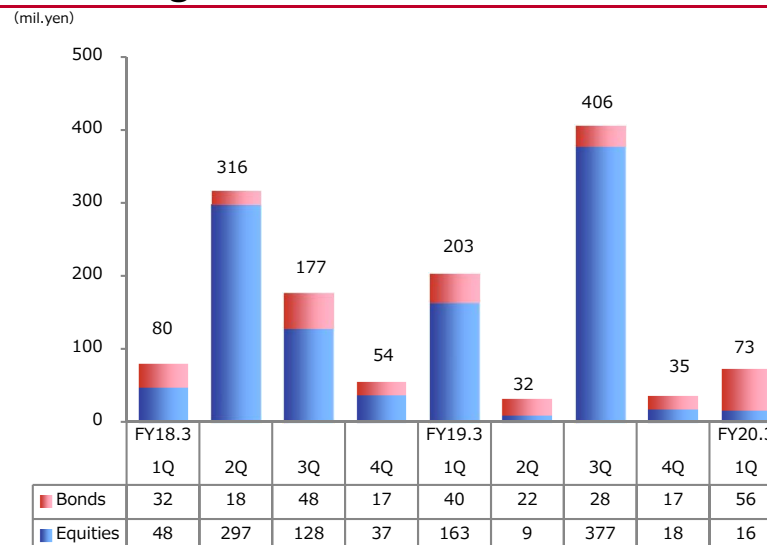


Fees and Commissions Received by Category

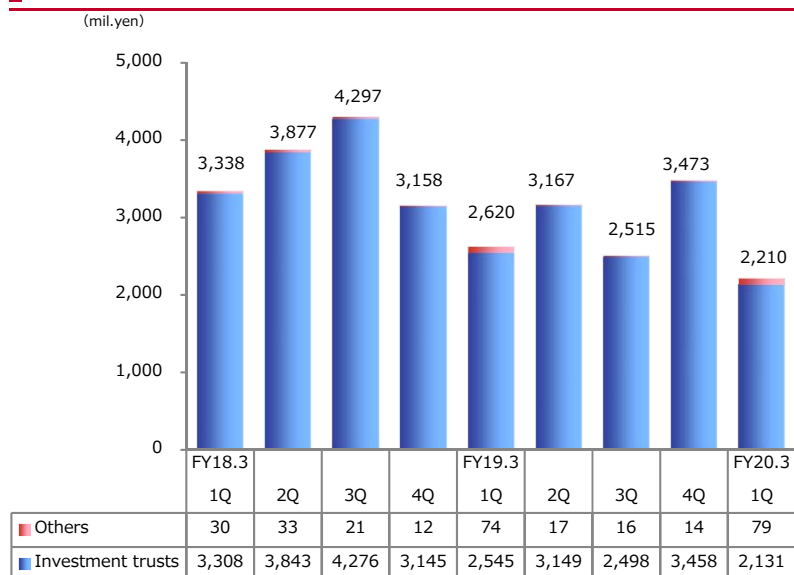
Brokerage



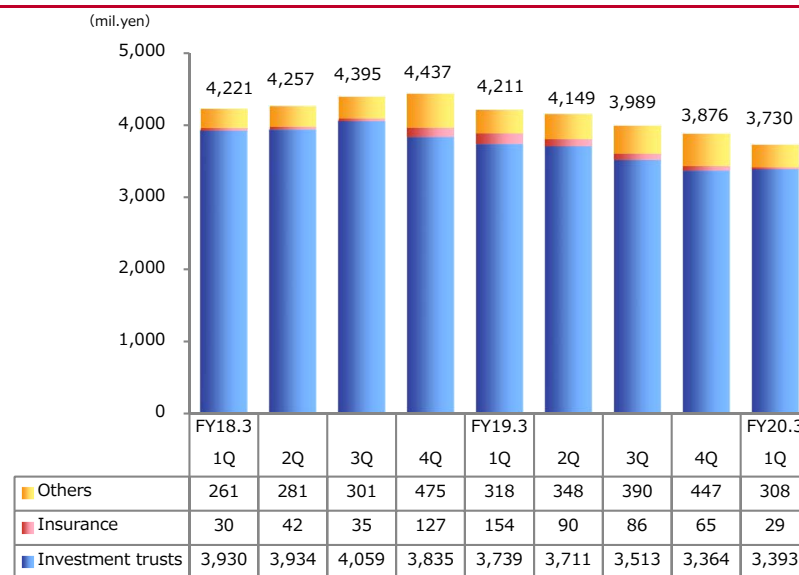
Underwriting



Distribution



Others



Net Trading Income

(In millions of yen)

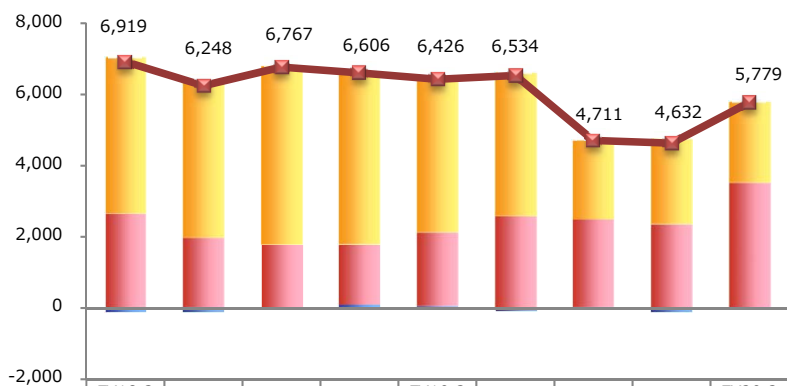
	FY19.3	FY20.3	vs.FY19.3
	1QTOTAL	1QTOTAL	1QTOTAL
Equities	4,298	2,267	-47.3%
Domestic equities	92	-18	-
Foreign equities	4,205	2,286	-45.6%
Bonds and others	2,052	3,503	70.7%
Domestic bonds	159	381	139.6%
Foreign bonds	1,893	3,121	64.9%
Others	76	9	-87.9%
Net gain on trading	6,426	5,779	-10.1%

(In millions of yen)

	FY19.3				FY20.3	vs.FY19.3
	1Q	2Q	3Q	4Q	1Q	4Q
	4,298	3,992	2,201	2,387	2,267	-5.0%
	92	-1	-47	-53	-18	-
	4,205	3,993	2,249	2,440	2,286	-6.3%
	2,052	2,593	2,481	2,351	3,503	49.0%
	159	384	-61	234	381	62.8%
	1,893	2,208	2,543	2,116	3,121	47.5%
	76	-51	27	-105	9	-
	6,426	6,534	4,711	4,632	5,779	24.8%

Net gain by Products

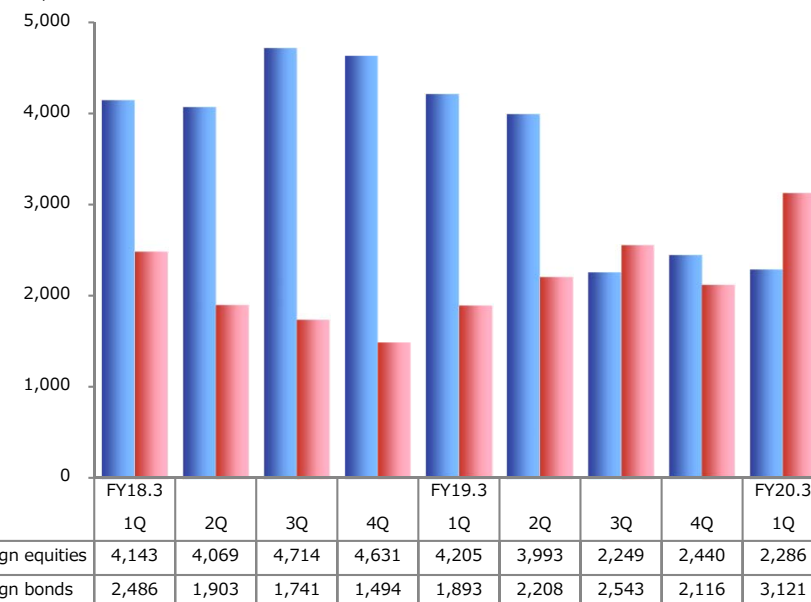
(mil.yen)



	FY18.3	2Q	3Q	4Q	FY19.3	2Q	3Q	4Q	FY20.3
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q
Equities	4,371	4,367	4,979	4,811	4,298	3,992	2,201	2,387	2,267
Bonds	2,645	1,974	1,794	1,664	2,052	2,593	2,481	2,351	3,503
Others	-97	-93	-5	131	76	-51	27	-105	9
Total	6,919	6,248	6,767	6,606	6,426	6,534	4,711	4,632	5,779

Net gain from foreign equities and bonds

(mil.yen)



SG&A : Selling, General and Administrative Expenses

(In millions of yen)

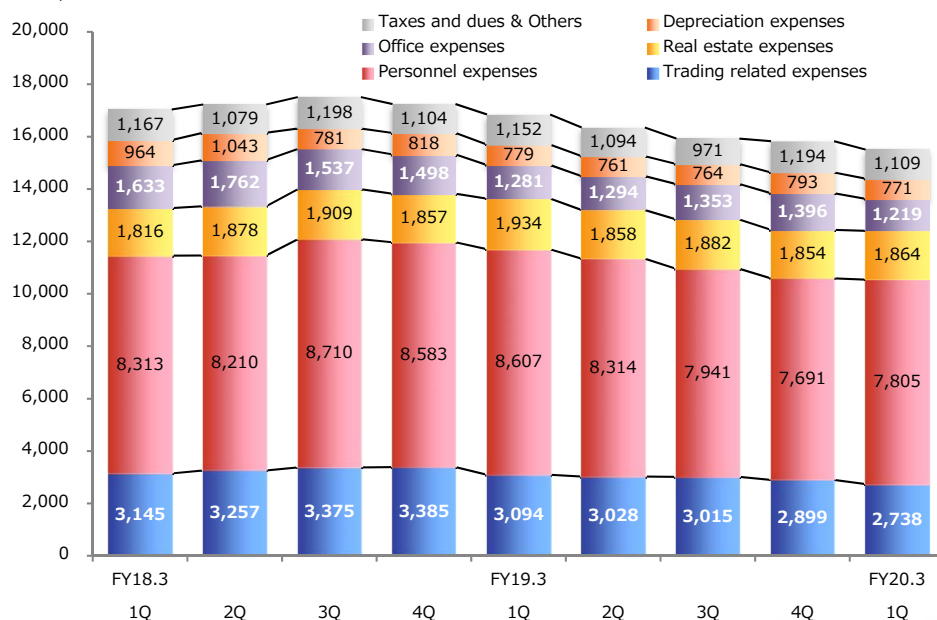
	FY19.3	FY20.3	vs.FY19.3
	1QTOTAL	1QTOTAL	1QTOTAL
Trading related expenses	3,094	2,738	-11.5%
Personnel expenses	8,607	7,805	-9.3%
Real estate expenses	1,934	1,864	-3.6%
Office expenses	1,281	1,219	-4.9%
Depreciation expenses	779	771	-1.1%
Taxes and dues	273	244	-10.9%
Others	879	865	-1.6%
SG&A	16,850	15,508	-8.0%

(In millions of yen)

	FY19.3				FY20.3	vs.FY19.3
	1Q	2Q	3Q	4Q	1Q	4Q
	3,094	3,028	3,015	2,899	2,738	-5.6%
	8,607	8,314	7,941	7,691	7,805	1.5%
	1,934	1,858	1,882	1,854	1,864	0.5%
	1,281	1,294	1,353	1,396	1,219	-12.7%
	779	761	764	793	771	-2.8%
	273	288	180	306	244	-20.3%
	879	806	791	888	865	-2.6%
	16,850	16,352	15,929	15,830	15,508	-2.0%

Change in net operating revenues and SG&A

(mil.yen)



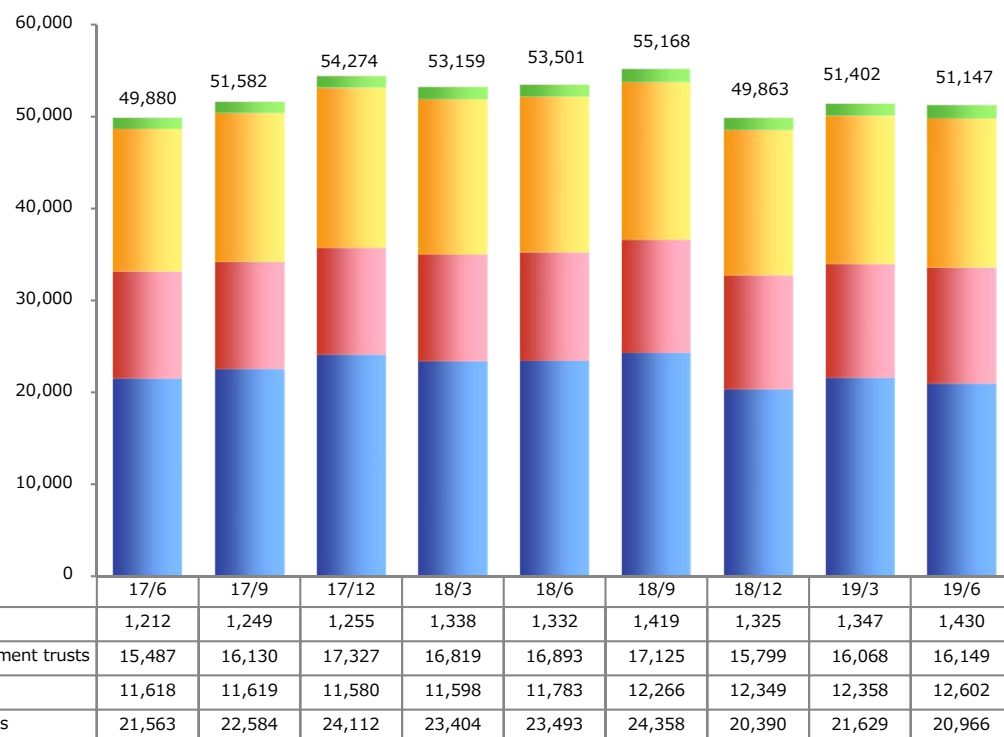
- **Trading-related expenses were down 11.5% YoY.**
- **Personnel expenses were down 9.3% YoY.**
- **Real estate expenses were down 3.6% YoY.**
- **Office expenses decreased 4.9% YoY.**
Depreciation expenses were down 1.1% YoY.
System-related expenses and similar expenses decreased.

Assets under custody (Consolidated)

- On a consolidated basis, customers' assets under custody decreased to 5,114.7 billion yen, down 25.5 billion yen from the end of the previous fiscal year.

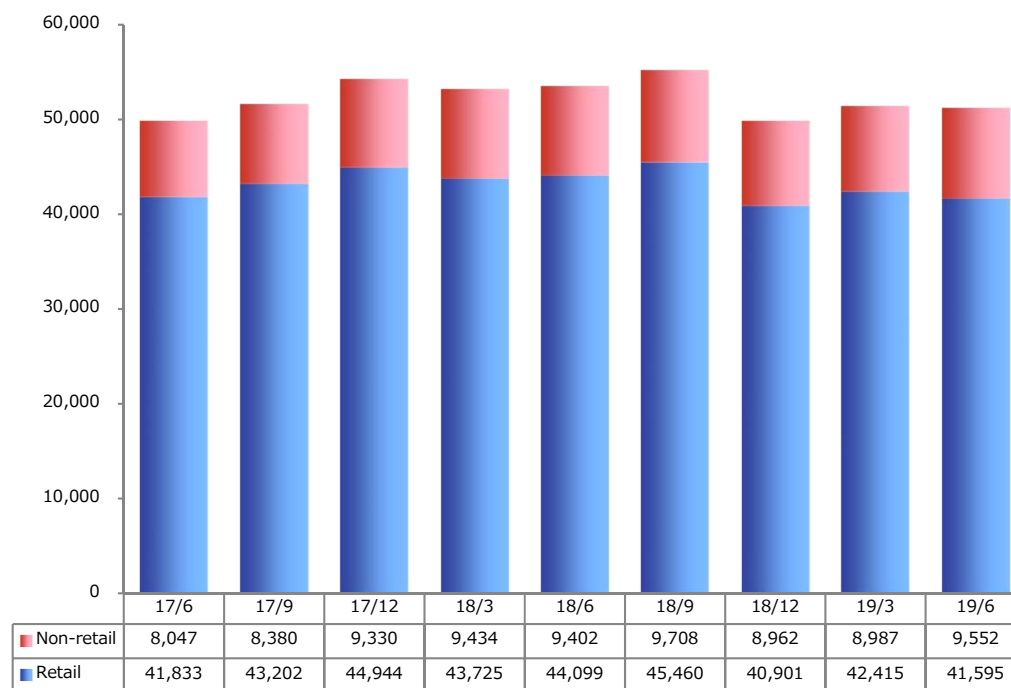
Assets under Custody

(100mil.yen)



Retail Assets under Custody

(100mil.yen)



Group status

Results by segment

Operating revenues

(In millions of yen)

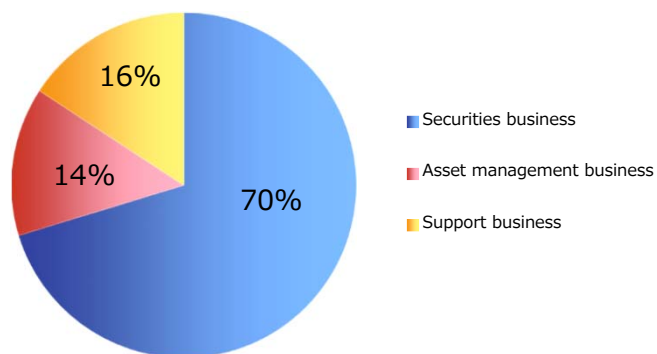
	FY19.3 1QTOTAL	FY20.3 1QTOTAL	vs.FY19.3 1QTOTAL
Securities business	16,024	13,740	-14.3%
Asset management business	2,833	2,725	-3.8%
Support business	3,091	3,081	-0.3%

Segment income(loss)

(In millions of yen)

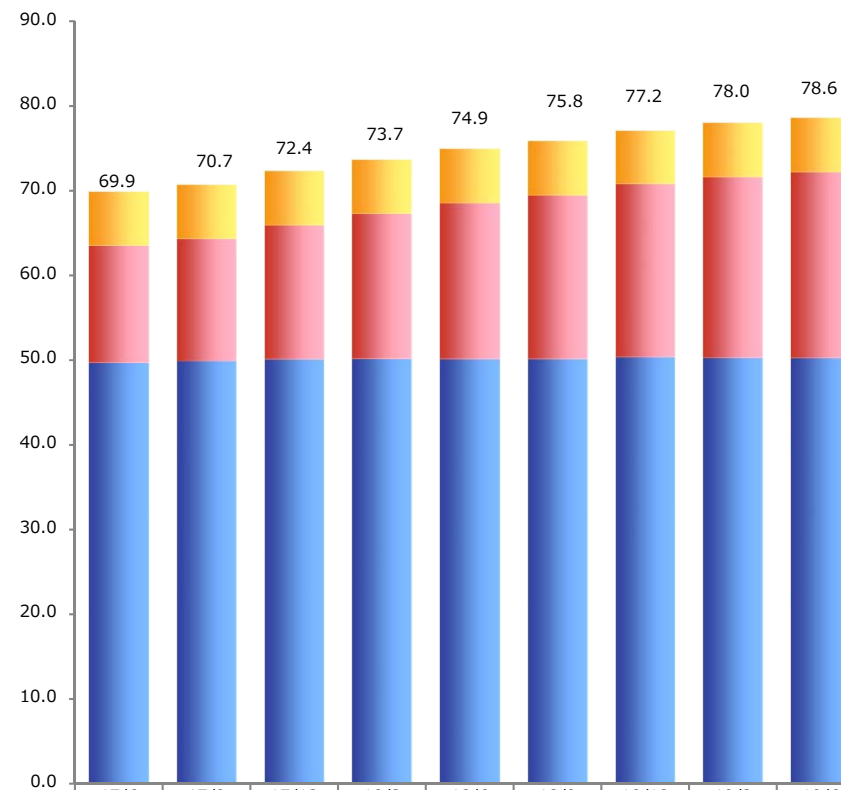
	FY19.3 1QTOTAL	FY20.3 1QTOTAL	vs.FY19.3 1QTOTAL
Securities business	711	-286	-
Asset management business	254	243	-4.3%
Support business	263	291	10.7%

Operating revenues



Number of accounts in the Group

(10,000 accounts)



	17/6	17/9	17/12	18/3	18/6	18/9	18/12	19/3	19/6
Other	6.4	6.4	6.4	6.4	6.4	6.4	6.3	6.4	6.4
Okasan Online Securities	13.8	14.4	15.8	17.1	18.4	19.3	20.4	21.3	21.9
Okasan Securities	49.7	49.8	50.1	50.1	50.1	50.1	50.3	50.2	50.2

Statement of Income

(In millions of yen)

	FY19.3 1QTOTAL	FY20.3 1QTOTAL	vs.FY19.3 1QTOTAL
Operating revenues	18,081	15,730	-13.0%
Commissions	11,054	9,350	-15.4%
Net gain on trading	6,426	5,779	-10.1%
Interest and dividend income	388	376	-3.3%
Service fee and other revenues	211	224	6.1%
Interest expenses	238	220	-7.4%
Net operating revenues	17,843	15,509	-13.1%
SG&A	16,850	15,508	-8.0%
Operating income	992	1	-99.9%
Non-operating income	209	265	26.6%
Non-operating expenses	85	45	-47.2%
Ordinary income	1,116	221	-80.2%
Extraordinary gain	137	12	-91.0%
Extraordinary loss	2	62	※ -
Net profit, before taxes	1,252	171	-86.3%
Income taxes	238	223	-6.1%
Adjustment amount for income taxes	204	-92	-
Net profit	809	40	-95.0%
Profit attributable to non-controlling interests	263	177	-32.6%
Profit attributable to owners of parent (loss)	546	-137	-

(In millions of yen)

	FY19.3				FY20.3	vs.FY19.3
	1Q	2Q	3Q	4Q	1Q	4Q
Operating revenues	18,081	18,265	15,678	15,850	15,730	-0.8%
Commissions	11,054	11,027	10,303	10,610	9,350	-11.9%
Net gain on trading	6,426	6,534	4,711	4,632	5,779	24.8%
Interest and dividend income	388	488	441	377	376	-0.3%
Service fee and other revenues	211	214	222	229	224	-2.2%
Interest expenses	238	319	275	238	220	-7.6%
Net operating revenues	17,843	17,946	15,402	15,611	15,509	-0.7%
SG&A	16,850	16,352	15,929	15,830	15,508	-2.0%
Operating income	992	1,594	-527	-219	1	-
Non-operating income	209	404	76	544	265	-51.3%
Non-operating expenses	85	48	-48	87	45	-48.3%
Ordinary income	1,116	1,950	-403	237	221	-6.8%
Extraordinary gain	137	-0	0	4	12	200.0%
Extraordinary loss	2	13	78	43	62	44.2%
Net profit, before taxes	1,252	1,936	-481	198	171	-13.6%
Income taxes	238	489	10	273	223	-18.3%
Adjustment amount for income taxes	204	218	-53	-89	-92	-
Net profit	809	1,227	-437	13	40	207.7%
Profit attributable to non-controlling interests	263	229	126	140	177	26.4%
Profit attributable to owners of parent (loss)	546	997	-564	-126	-137	-

※) In case of percentage changes from the previous year being equal to or higher than 1,000%, they are not shown.

Balance Sheet Summary

(In millions of yen)

	FY19.3	FY20.3	vs.FY19.3
	4Q	1Q	4Q
Current assets	352,660	350,957	-1,703
Cash and deposits	71,227	71,851	624
Cash segregated as deposits	69,278	66,265	-3,013
Trading products	93,614	105,389	11,775
Receivables on margin transactions	32,430	32,994	564
Receivables on collateralized securities transactions	62,640	59,855	-2,785
Other current assets	23,468	14,601	-8,867
Fixed assets	73,040	71,098	-1,942
Tangible fixed assets	18,926	19,193	267
Intangible fixed assets	6,396	6,321	-75
Investments and other assets	47,716	45,582	-2,134
Total assets	425,700	422,055	-3,645

(In millions of yen)

	FY19.3	FY20.3	vs.FY19.3
	4Q	1Q	4Q
Current liabilities	226,447	228,070	1,623
Trading liabilities	64,668	49,019	-15,649
Payables on margin transactions	12,778	12,049	-729
Payables on collateralized securities transactions	91	27,145	27,054
Deposits received	39,463	41,311	1,848
Guarantee deposits received	30,078	31,274	1,196
Short-term borrowings	73,344	59,391	-13,953
Other current liabilities	6,022	7,879	1,857
Fixed liabilities	22,853	22,321	-532
Long-term borrowings	6,610	6,410	-200
Reserves for retirement benefits	6,459	6,432	-27
Other fixed liabilities	9,783	9,479	-304
Financial instruments transaction reserve	1,216	1,206	-10
Total liabilities	250,516	251,599	1,083
Common stock	18,589	18,589	-
Capital surplus	16,466	16,475	9
Retained earnings	109,165	106,072	-3,093
Treasury stock	-3,682	-3,653	29
Accumulated other comprehensive income	10,432	9,013	-1,419
Subscription rights to shares	310	272	-38
Minority interests	23,901	23,684	-217
Total net assets	175,183	170,456	-4,727
Total liabilities&net assets	425,700	422,055	-3,645

2 Reference Data

Performance by quarter (non-consolidated: Okasan Securities)

(In millions of yen)

	FY19.3 1QTOTAL	FY20.3 1QTOTAL	vs.FY19.3 1QTOTAL
Operating revenues	13,865	11,984	-13.6%
Commissions	7,265	6,048	-16.7%
Brokerage	2,933	2,538	-13.5%
Underwriting	202	73	-64.0%
Distribution	2,347	1,965	-16.3%
Others	1,782	1,471	-17.4%
Net gain on trading	6,349	5,668	-10.7%
Equities	4,300	2,230	-48.1%
Bonds	1,973	3,429	73.8%
Others	76	9	-87.9%
Interest and dividend income	249	266	6.7%
Financial expenses	211	187	-11.6%
Net operating revenues	13,653	11,796	-13.6%
SG&A	12,841	11,814	-8.0%
Trading related expenses	1,916	1,775	-7.3%
Personnel expenses	6,604	5,915	-10.4%
Real estate expenses	1,767	1,697	-4.0%
Administrative expenses	1,950	1,927	-1.2%
Depreciation expenses	119	109	-8.3%
Taxes and dues	158	147	-6.5%
Others	325	241	-25.8%
Operating income(loss)	811	-17	-
Non-operating income	44	146	230.4%
Non-operating expenses	48	16	-65.4%
Ordinary income	807	111	-86.2%
Extraordinary gain	10	-	-
Extraordinary loss	-	19	-
Net profit,before taxes	818	91	-88.8%
Income taxes	20	12	-36.9%
Adjustment amount for income tax:	284	55	-80.7%
Net profit	513	24	-95.3%

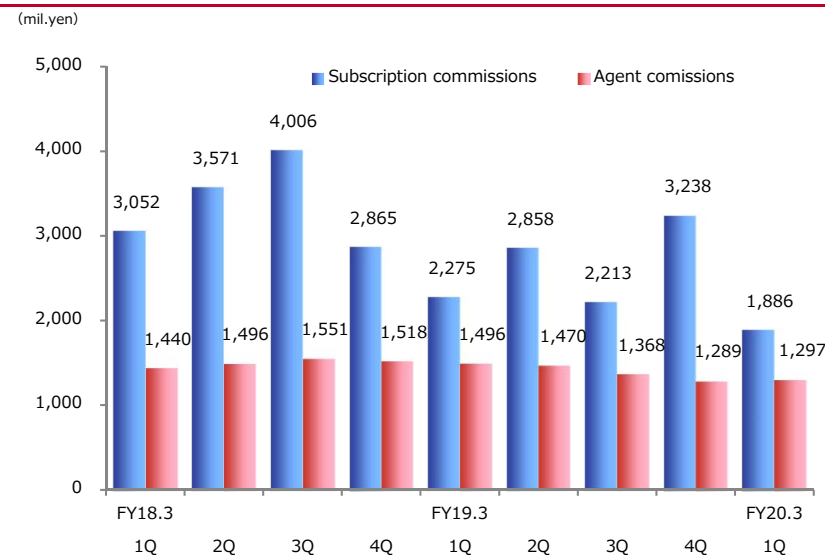
(In millions of yen)

	FY19.3				FY20.3	vs.FY19.3
	1Q	2Q	3Q	4Q	1Q	4Q
Operating revenues	13,865	14,041	11,786	12,110	11,984	-1.0%
Commissions	7,265	7,305	6,758	7,282	6,048	-16.9%
Brokerage	2,933	2,689	2,520	2,459	2,538	3.2%
Underwriting	202	32	405	35	73	108.6%
Distribution	2,347	2,875	2,229	3,253	1,965	-39.6%
Others	1,782	1,707	1,602	1,534	1,471	-4.1%
Net gain on trading	6,349	6,384	4,710	4,556	5,668	24.4%
Equities	4,300	3,918	2,270	2,354	2,230	-5.3%
Bonds	1,973	2,517	2,412	2,307	3,429	48.6%
Others	76	-51	27	-105	9	-
Interest and dividend income	249	351	316	271	266	-1.8%
Financial expenses	211	289	246	208	187	-10.1%
Net operating revenues	13,653	13,751	11,539	11,901	11,796	-0.9%
SG&A	12,841	12,428	12,186	11,760	11,814	0.5%
Trading related expenses	1,916	1,885	1,950	1,818	1,775	-2.4%
Personnel expenses	6,604	6,351	6,050	5,771	5,915	2.5%
Real estate expenses	1,767	1,724	1,722	1,690	1,697	0.4%
Administrative expenses	1,950	1,920	1,968	1,981	1,927	-2.7%
Depreciation expenses	119	123	118	119	109	-8.4%
Taxes and dues	158	176	132	148	147	-0.7%
Others	325	247	242	229	241	5.2%
Operating income(loss)	811	1,323	-647	141	-17	-
Non-operating income	44	40	72	101	146	44.6%
Non-operating expenses	48	22	-39	38	16	-57.9%
Ordinary income	807	1,342	-535	204	111	-45.6%
Extraordinary gain	10	-	-	-0	-	-
Extraordinary loss	-	-	-	-	19	-
Net profit,before taxes	818	1,342	-535	204	91	-55.4%
Income taxes	20	559	-522	304	12	-96.1%
Adjustment amount for income tax:	284	-100	403	-212	55	-
Net profit	513	883	-416	111	24	-78.4%

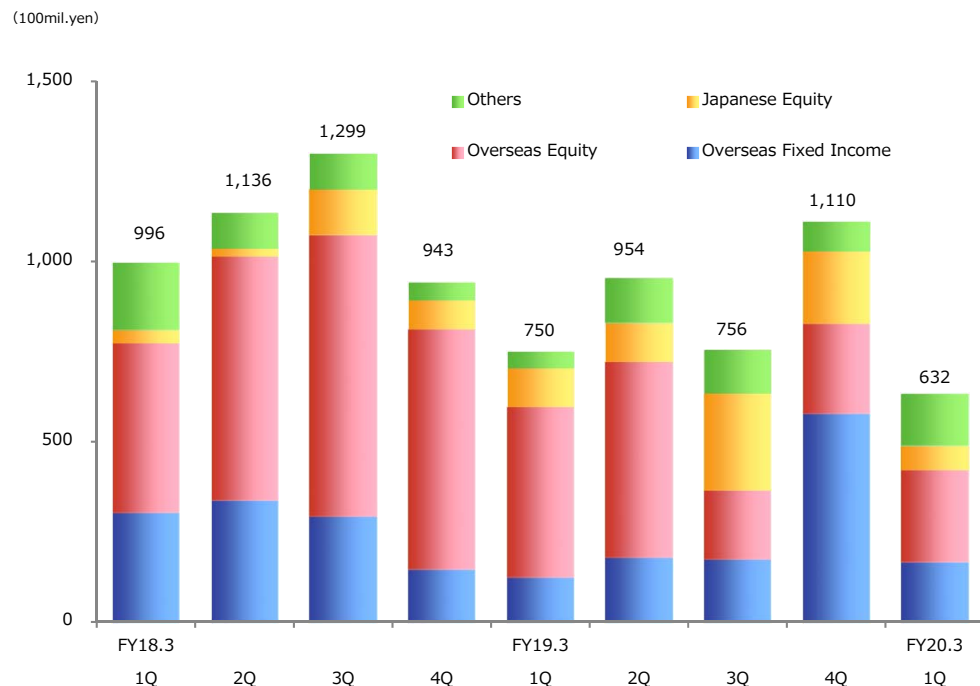
Investment trusts / Foreign bonds(non-consolidated: Okasan Securities)

- Investment trust sales (FY cumulative) fell 15.7% YoY to 63.2 billion yen.
- Subscription commissions (FY cumulative) fell 17.1% YoY to 1,886 million yen.
Agent commissions (FY cumulative) fell 13.3% YoY to 1,297 million yen.
- Foreign bond sales (FY cumulative) rose 30.8% YoY to 83.6 billion yen, due mainly to increased sales of foreign currency bonds to retail investors.

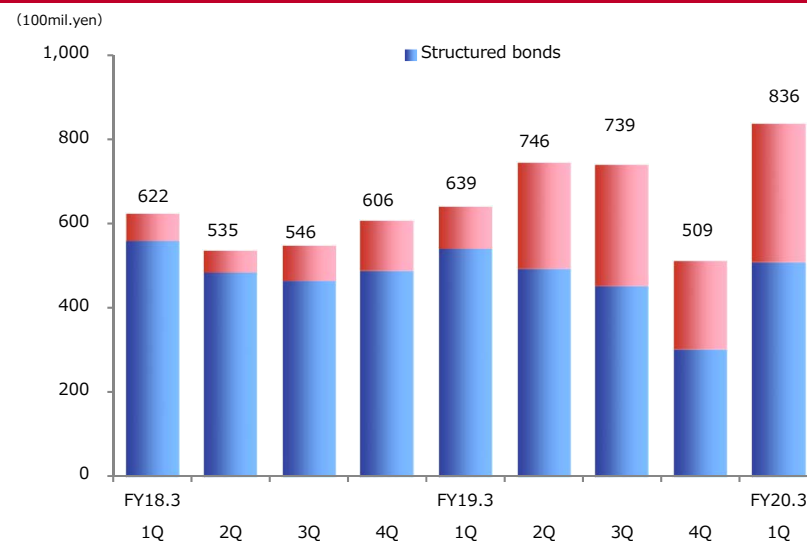
Investment trusts commissions



Investment trusts sales amount



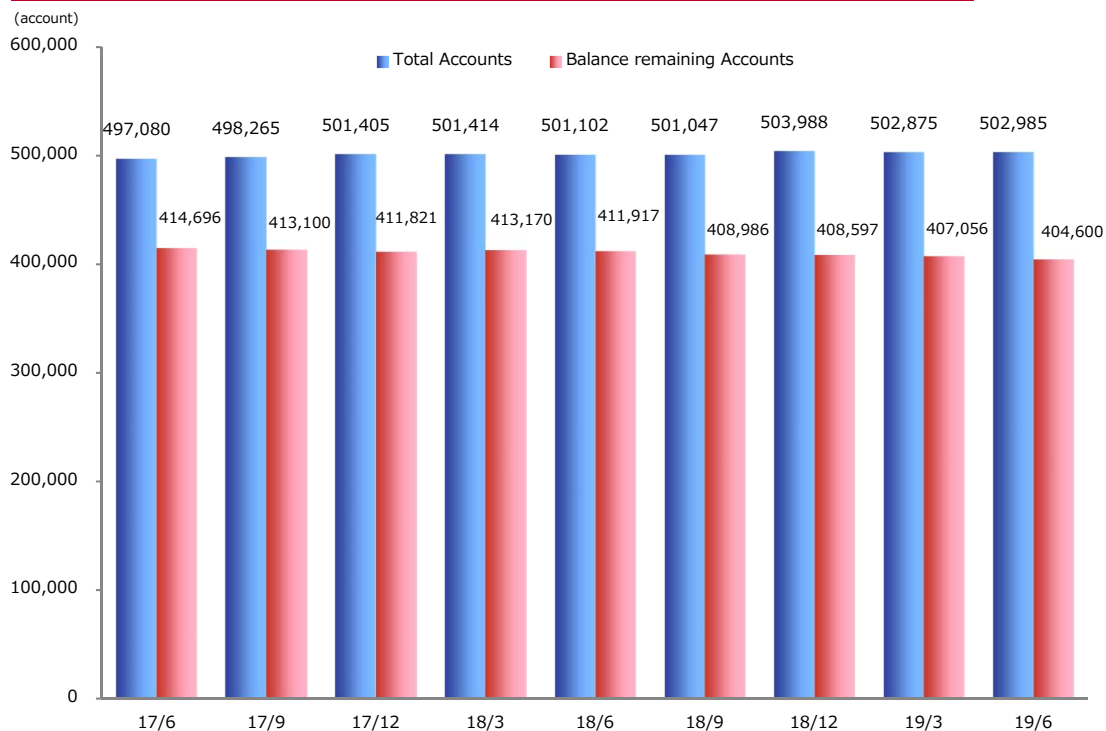
Foreign bonds sales amount



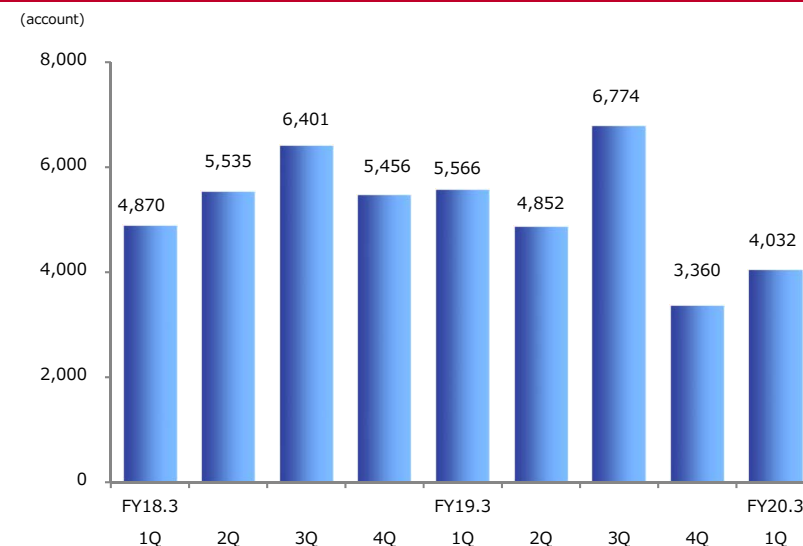
Number of accounts (non-consolidated: Okasan Securities)

- The total number of customer accounts stood at **502,985**.
The number of accounts with remaining balances stood at **404,600**.
- The number of new customer accounts opened (1Q) was **4,032**.
- Online accounts (**65,095** accounts) accounted for **12.9%** of the total number of customer accounts.

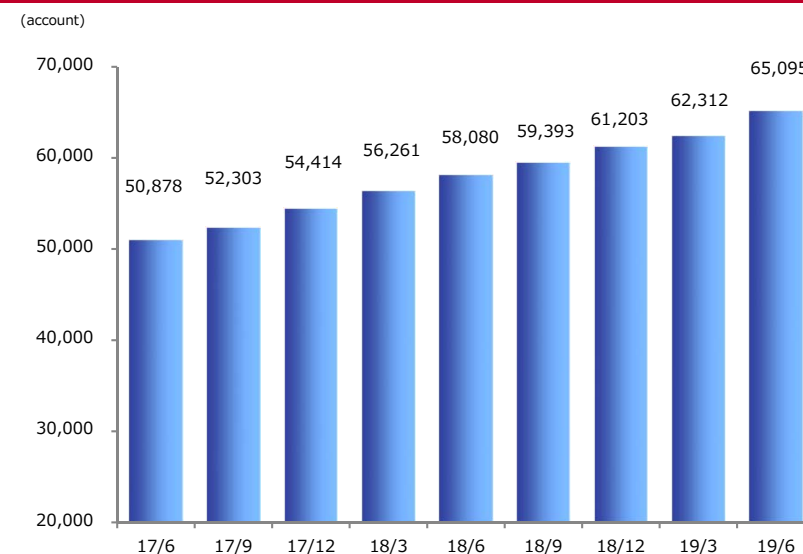
Number of customer accounts



Number of new accounts



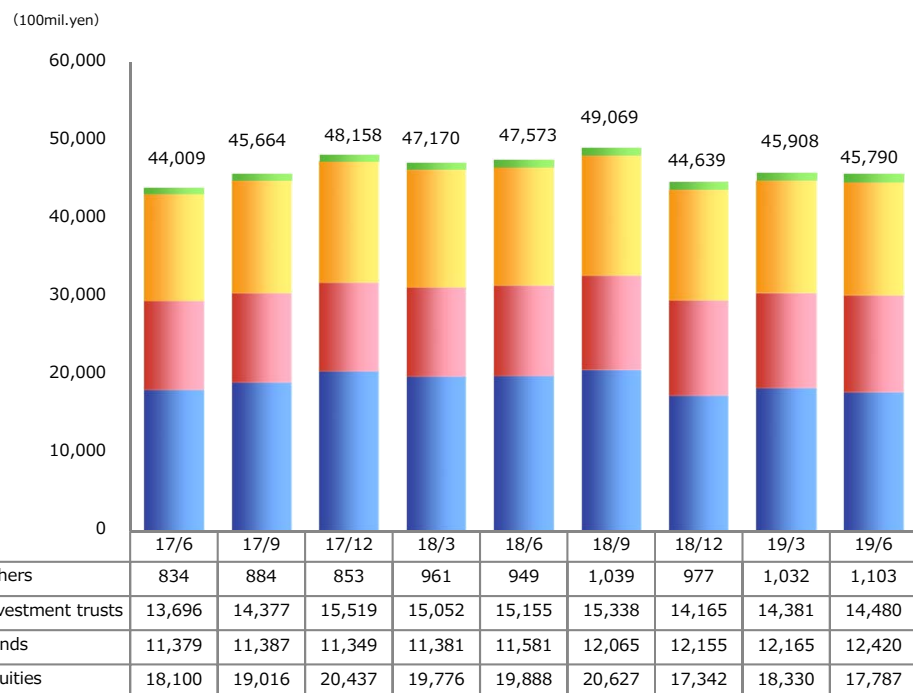
Number of online accounts



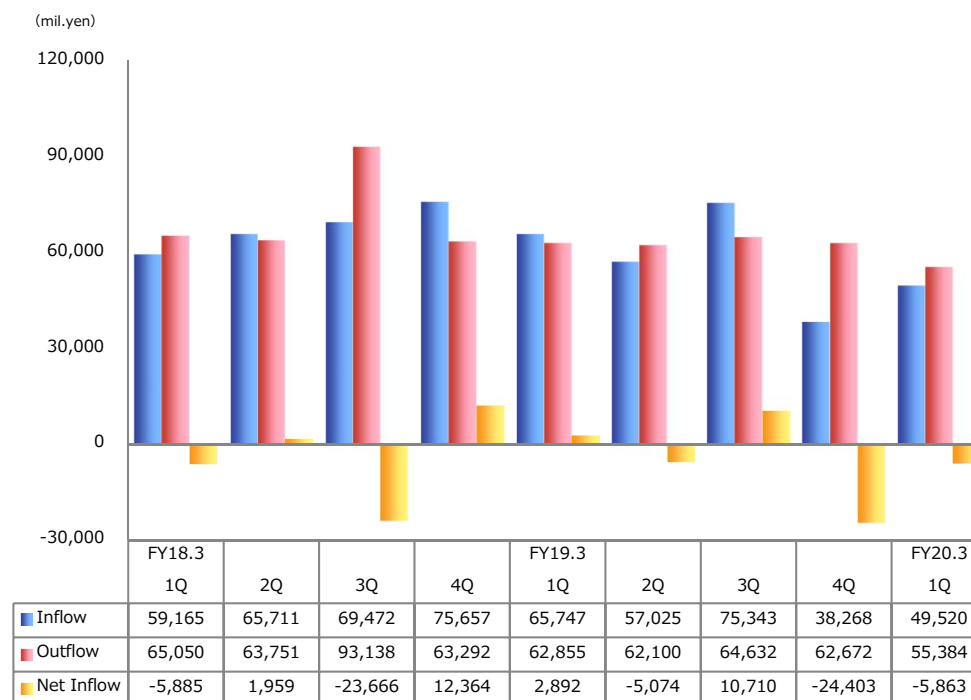
Assets under custody / Net inflow of assets (non-consolidated: Okasan Securities)

- Customers' assets under custody at Okasan Securities decreased 11.8 billion yen from the end of the previous fiscal year to 4,579.0 billion yen.
- Net inflow/outflow of assets (sum of inflow/outflow of cash and securities; individuals only) for 1Q in this fiscal year was an outflow of 5,863 million yen.

Assets under Custody



Net inflow of assets (Individuals)



Capital Adequacy Requirement Ratio (non-consolidated: Okasan Securities)

- The capital adequacy ratio decreased 11.2 percentage points from the end of the previous fiscal year to 432.0%.

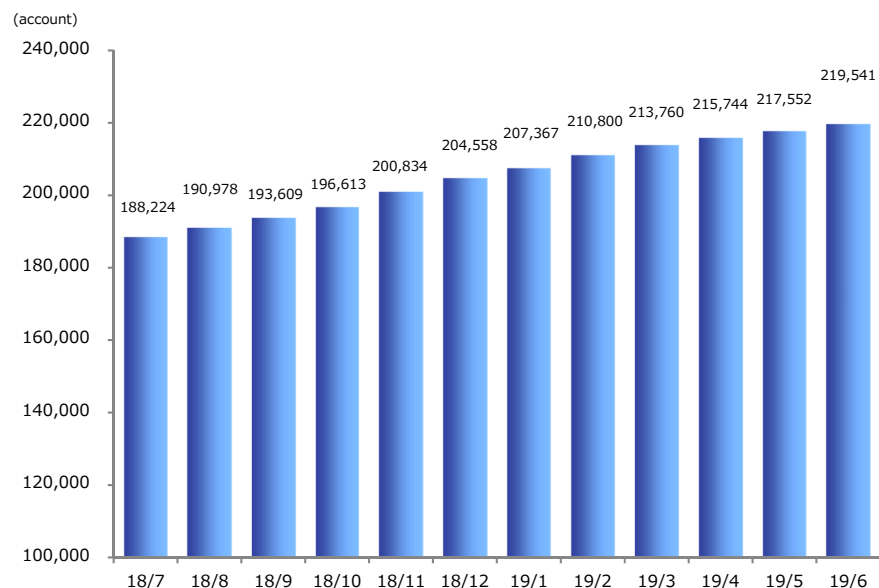
(In millions of yen)

		FY19.3				FY20.3		vs.FY19.3	
		1Q	2Q	3Q	4Q	1Q	4Q		
Basic items	(A)	79,868	80,752	80,336	76,448	76,472		24	
Complementary items	Appraisal gains (losses) etc.	18	31	10	4	7		3	
	Security transaction responsibility reserve	836	836	836	836	836	-		
	General provision for loan losses	14	14	14	11	-		-11	
	Short-term subordinated debt	6,000	6,000	6,000	4,000	4,000		-	
Total	(B)	6,868	6,881	6,860	4,852	4,843		-9	
Assets to be deducted	(C)	11,949	12,086	11,653	11,902	12,243		341	
Unfixed equity capital	(A) + (B) - (C)	(D)	74,788	75,548	75,543	69,397	69,072		-325
Risk equivalents	Market risk equivalents		2,628	1,979	2,283	2,087	2,780		693
	Customer risk equivalents		1,161	1,202	830	988	907		-81
	Basic risk equivalents		12,649	12,756	12,711	12,582	12,297		-285
	Total	(E)	16,438	15,938	15,824	15,657	15,985		328
Capital adequacy ratio	(D) / (E) × 100 (%)		454.9%	473.9%	477.3%	443.2%	432.0%		-11.2 p

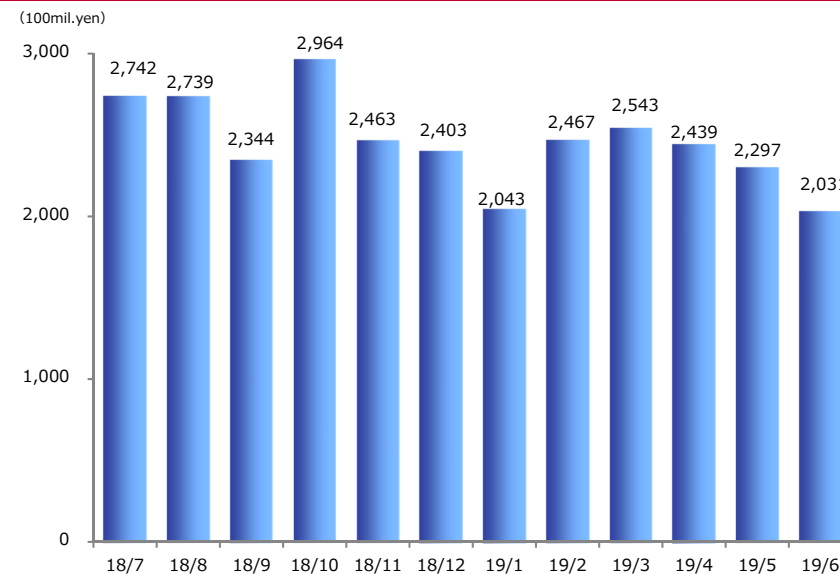
(Note) Short-term subordinated debt consists of subordinated borrowing.

(Reference Data) Okasan Online Securities Data

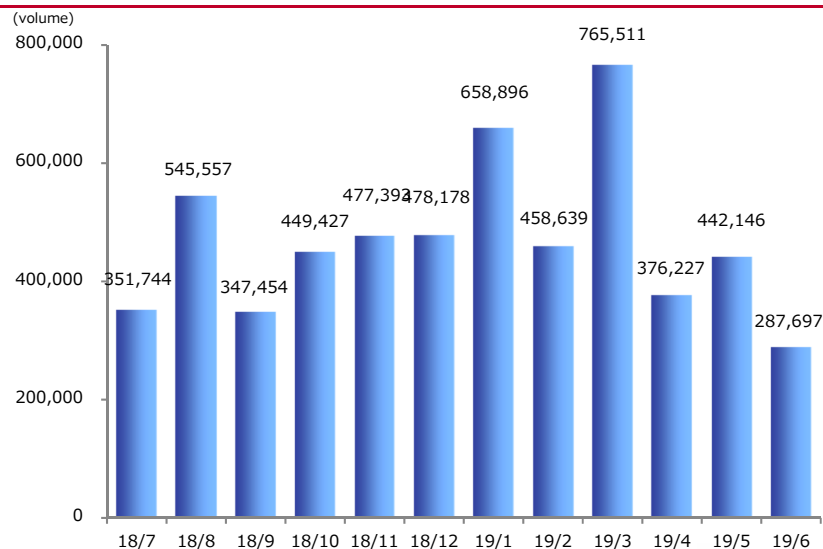
Number of customer accounts



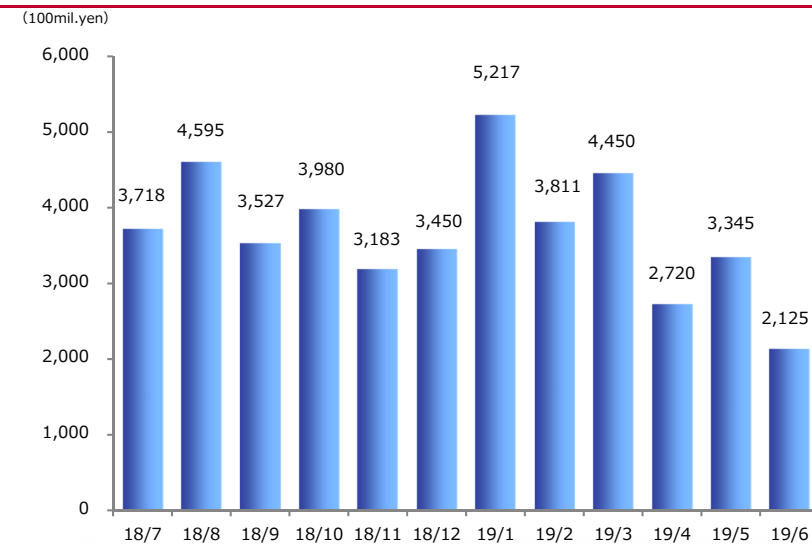
Domestic sales amount of equities by month



“Click 365” trading volume



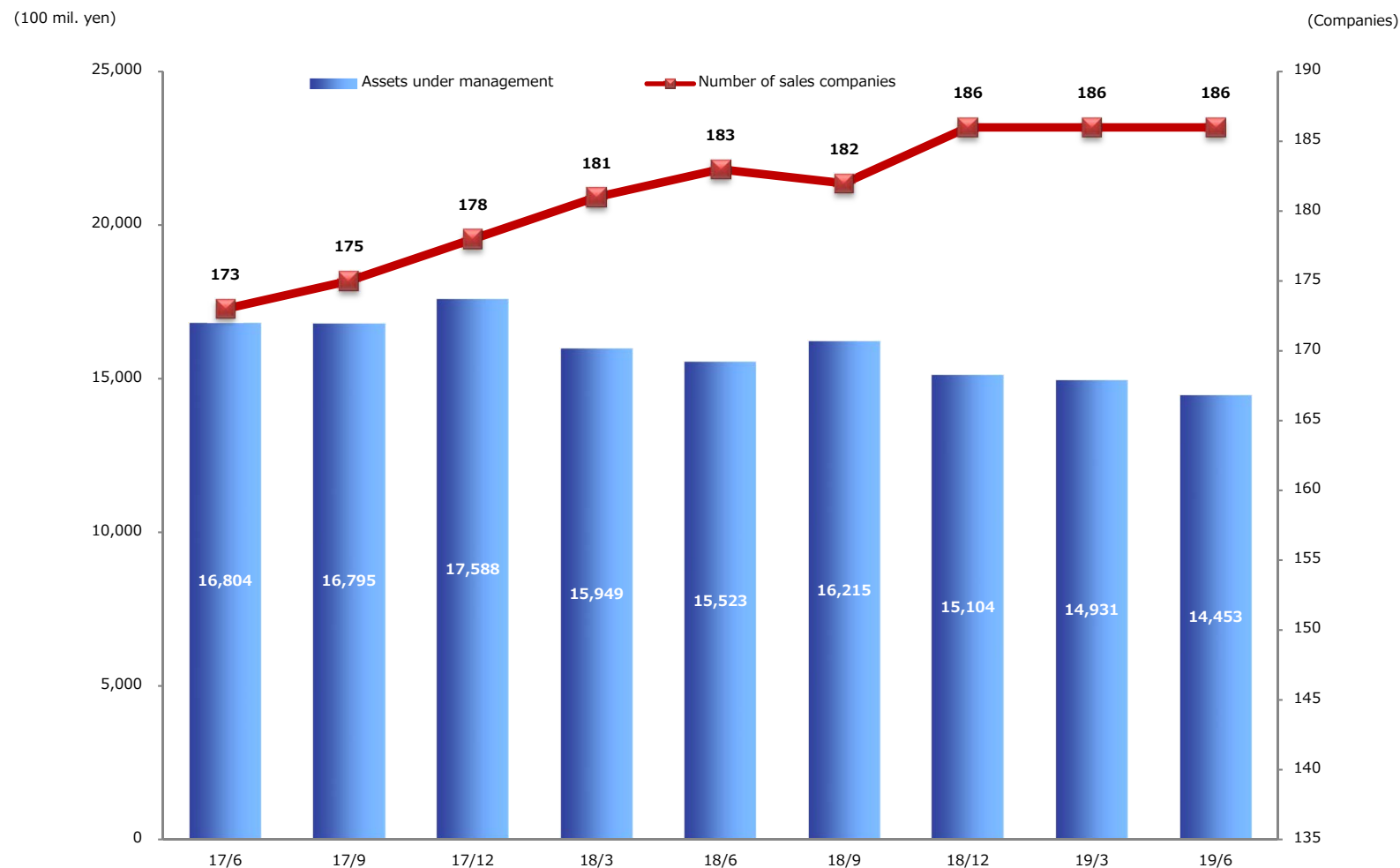
“Click 365” contract amount



(Reference Data) Okasan Asset Management Data

- Okasan Asset Management's balance of investment trusts managed fell 47.8 billion yen from the end of the previous fiscal year to 1,445.3 billion yen.

Assets managed and number of sales companies



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