

Translation

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Summary of Consolidated Financial Results for the Three Months Ended June 30, 2022 (Based on Japanese GAAP)

July 27, 2022

Company name: OKASAN SECURITIES GROUP INC.
 Stock exchange listing: Tokyo, Nagoya
 Stock code: 8609 URL <https://www.okasan.jp/>
 Representative: President SHINSHIBA Hiroyuki
 Senior General Manager, Treasury Planning MIYAZAKI Nobuyuki
 Inquiries: Dept. TEL 03-3272-2222
 Scheduled date to file Quarterly Securities Report: August 10, 2022
 Scheduled date to commence dividend payments: –
 Preparation of supplementary material on quarterly financial results: Yes
 Holding of quarterly financial results meeting: No

(Amounts less than one million yen are rounded down)

1. Consolidated financial results for the three months ended June 30, 2022 (from April 1, 2022 to June 30, 2022)

(1) Consolidated operating results (cumulative)

Percentages indicate year-on-year changes

	Operating revenue		Net operating revenue		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Three months ended June 30, 2022	15,789	(10.1)	15,427	(10.7)	(1,530)	–	(1,440)	–	(772)	–
Three months ended June 30, 2021	17,553	15.0	17,268	15.2	767	142.1	955	73.8	433	(17.7)

	Earnings per share		Diluted earnings per share	
	Yen		Yen	
Three months ended June 30, 2022	(3.90)		–	
Three months ended June 30, 2021	2.19		2.18	

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of June 30, 2022	713,146	184,499	22.9	824.60
As of March 31, 2022	816,567	189,860	20.6	847.85

2. Cash dividends

	Annual dividends per share				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Fiscal year-end	Total
	Yen	Yen	Yen	Yen	Yen
Year ended March 31, 2022	–	0.00	–	15.00	15.00
Year ending March 31, 2023	–	–	–	–	–
Year ending March 31, 2023 (Forecast)	–	–	–	–	–

3. Notes

- (1) Changes in significant subsidiaries during the three months ended June 30, 2022
 (changes in specified subsidiaries resulting in the change in scope of consolidation): No
- (2) Application of special accounting methods for preparing quarterly consolidated financial statements: No
- (3) Changes in accounting policies, changes in accounting estimates, and restatement of prior period financial statements
- Changes in accounting policies due to revisions to accounting standards and other regulations: Yes
- Changes in accounting policies due to other reasons: No
- Changes in accounting estimates: No
- Restatement of prior period financial statements: No

(4) Number of issued shares (common shares)

Total number of issued shares at the end of the period (including treasury shares)

As of June 30, 2022	208,214,969 shares	As of March 31, 2022	208,214,969 shares
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Number of treasury shares at the end of the period

As of June 30, 2022	10,146,941 shares	As of March 31, 2022	10,221,299 shares
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Average number of shares during the period (cumulative from the beginning of the fiscal year)

Three months ended June 30, 2022	198,018,384 shares	Three months ended June 30, 2021	197,840,934 shares
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Quarterly consolidated financial statements
Consolidated balance sheets

(Millions of yen)

	As of March 31, 2022	As of June 30, 2022
Assets		
Current assets		
Cash and deposits	86,946	88,745
Segregated deposits	90,874	83,775
Segregated deposits for customers	87,760	80,700
Other segregated deposits	3,114	3,075
Trading products	227,666	225,271
Trading securities and other	227,583	225,185
Derivatives	83	85
Trade date accrual	8,665	–
Margin transaction assets	63,432	68,294
Margin loans	54,278	61,448
Cash collateral provided for securities borrowed in margin transactions	9,154	6,846
Loans secured by securities	228,480	138,034
Securities purchased under resale agreements	228,480	138,034
Advances paid	1,263	710
Short-term guarantee deposits	18,596	18,084
Accounts for non-delivered securities and others	85	355
Short-term loans receivable	107	109
Securities	2,500	3,597
Other current assets	6,481	6,328
Allowance for doubtful accounts	(16)	(11)
Total current assets	735,086	633,296
Non-current assets		
Property, plant and equipment	18,071	17,902
Intangible assets	4,098	4,234
Investments and other assets	59,310	57,712
Investment securities	51,326	49,124
Retirement benefit asset	2,534	2,526
Other	6,343	6,954
Allowance for doubtful accounts	(893)	(892)
Total non-current assets	81,480	79,849
Total assets	816,567	713,146

(Millions of yen)

	As of March 31, 2022	As of June 30, 2022
Liabilities		
Current liabilities		
Trading products	225,410	169,328
Trading securities and other	225,361	169,310
Derivatives	48	17
Trade date accrual	–	16,712
Margin transaction liabilities	25,421	19,703
Margin borrowings	14,098	10,256
Cash received for securities sold in margin transactions	11,323	9,447
Borrowings secured by securities	97,518	56,234
Cash collateral received for securities lent	1,518	2,234
Securities sold under repurchase agreements	96,000	54,000
Deposits received	61,423	77,263
Guarantee deposits received	37,002	38,713
Payables for securities to receive over due for delivery	17	21
Short-term borrowings	138,513	113,072
Income taxes payable	2,781	277
Provision for bonuses	2,020	579
Other current liabilities	5,500	5,130
Total current liabilities	595,610	497,037
Non-current liabilities		
Long-term borrowings	11,802	13,398
Deferred tax liabilities	7,274	6,501
Provision for retirement benefits for directors (and other officers)	208	208
Retirement benefit liability	6,407	6,326
Other noncurrent liabilities	4,163	3,933
Total non-current liabilities	29,855	30,368
Reserves under special laws		
Reserve for financial instruments transaction liabilities	1,241	1,241
Total reserves under special laws	1,241	1,241
Total liabilities	626,706	528,647
Net assets		
Shareholders' equity		
Share capital	18,589	18,589
Capital surplus	23,848	23,850
Retained earnings	120,984	117,245
Treasury shares	(3,733)	(3,705)
Total shareholders' equity	159,689	155,979
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	6,466	5,254
Revaluation reserve for land	401	401
Foreign currency translation adjustment	477	915
Remeasurements of defined benefit plans	834	775
Total accumulated other comprehensive income	8,179	7,346
Share acquisition rights	463	434
Non-controlling interests	21,528	20,738
Total net assets	189,860	184,499
Total liabilities and net assets	816,567	713,146

Consolidated statements of income (cumulative) and consolidated statements of comprehensive income (cumulative)

Consolidated statements of income (cumulative)

(Millions of yen)

	Three months ended June 30, 2021	Three months ended June 30, 2022
Operating revenue		
Commission received	11,153	10,807
Brokerage commission	4,686	3,830
Commission for underwriting, secondary distribution and solicitation for selling and others for professional investors	108	37
Fees for offering, secondary distribution and solicitation for selling and others for professional investors	2,543	3,159
Other commission received	3,815	3,780
Net trading income	5,610	4,245
Financial revenue	531	498
Other operating revenue	258	237
Total operating revenue	17,553	15,789
Financial expenses	285	362
Net operating revenue	17,268	15,427
Selling, general and administrative expenses	16,501	16,957
Trading related expenses	2,844	2,798
Personnel expenses	8,168	8,445
Real estate expenses	2,130	1,995
Office expenses	1,411	1,937
Depreciation	785	692
Taxes and dues	275	257
Provision of allowance for doubtful accounts	(1)	(5)
Other	887	835
Operating profit (loss)	767	(1,530)
Non-operating income	223	141
Dividend income	128	111
Share of profit of entities accounted for using equity method	7	6
Foreign exchange gains	67	3
Other	19	19
Non-operating expenses	35	52
Interest expenses	11	7
Loss on sale and retirement of non-current assets	14	8
Settlement payments	1	18
Other	7	18
Ordinary profit (loss)	955	(1,440)

(Millions of yen)

	Three months ended June 30, 2021	Three months ended June 30, 2022
Extraordinary income		
Gain on sale of investment securities	7	0
Reversal of reserve for financial instruments transaction liabilities	–	0
Total extraordinary income	7	0
Extraordinary losses		
Impairment losses	22	–
Loss on sale of investment securities	–	21
Loss on valuation of investment securities	265	28
Provision of reserve for financial instruments transaction liabilities	0	–
Total extraordinary losses	289	50
Profit (loss) before income taxes	674	(1,490)
Income taxes - current	224	(101)
Income taxes - deferred	(69)	(606)
Total income taxes	155	(707)
Profit (loss)	518	(782)
Profit (loss) attributable to non-controlling interests	85	(10)
Profit (loss) attributable to owners of parent	433	(772)

Consolidated statements of comprehensive income (cumulative)

(Millions of yen)

	Three months ended June 30, 2021	Three months ended June 30, 2022
Profit (loss)	518	(782)
Other comprehensive income		
Valuation difference on available-for-sale securities	(1,172)	(1,815)
Foreign currency translation adjustment	(0)	438
Remeasurements of defined benefit plans, net of tax	(78)	(60)
Share of other comprehensive income of entities accounted for using equity method	(41)	(82)
Total other comprehensive income	(1,291)	(1,520)
Comprehensive income	(773)	(2,303)
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	(517)	(1,605)
Comprehensive income attributable to non-controlling interests	(255)	(697)