

Translation

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## Summary of Consolidated Financial Results for the Nine Months Ended December 31, 2022 (Based on Japanese GAAP)

January 30, 2023

Company name: OKASAN SECURITIES GROUP INC.

Stock exchange listing: Tokyo, Nagoya

Stock code: 8609

URL: <https://www.okasan.jp/>

Representative: SHINSHIBA Hiroyuki, President

Inquiries: MIYAZAKI Nobuyuki, Senior General Manager, Treasury Planning Dept.

Phone: +81-3-3272-2222

Scheduled date to file Quarterly Securities Report: February 13, 2023

Scheduled date to commence dividend payments: –

Preparation of supplementary material on quarterly financial results: Yes

Holding of quarterly financial results meeting: None

(Amounts less than one million yen are rounded down)

### 1. Consolidated financial results for the nine months ended December 31, 2022 (from April 1, 2022 to December 31, 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	%
Nine months ended December 31, 2022	49,444	(12.7)	48,367	(13.3)	(1,948)	–	(705)	–	2,498	(36.8)
December 31, 2021	56,618	16.5	55,763	16.9	5,036	89.3	6,227	69.3	3,954	66.2

(Note) Comprehensive income: Nine months ended December 31, 2022: ¥2,416 million [(45.9)%]  
Nine months ended December 31, 2021: ¥4,468 million [(52.6)%]

	Earnings per share	Diluted earnings per share
	Yen	Yen
Nine months ended December 31, 2022	12.26	12.20
December 31, 2021	19.98	19.87

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of December 31, 2022	730,022	188,342	24.1	844.48
As of March 31, 2022	816,567	189,860	20.6	847.85

(Reference) Equity: As of December 31, 2022: ¥175,979 million  
As of March 31, 2022: ¥167,868 million

## 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	–	0.00	–		
Year ending March 31, 2023 (Forecast)				–	–

(Note) Revision to the forecast of cash dividends announced most recently: None

The dividend forecast for the fiscal year ending March 31, 2023 is still undecided.

## 3. Consolidated financial results forecasts for the fiscal year ending March 31, 2023 (April 1, 2022 - March 31, 2023)

The Okasan Securities Group Inc. and its subsidiaries (the “Group”) operates principally in the financial instruments business, and its financial results are likely to be affected by market fluctuations. Because of the nature of its business and the consequential difficulty in predicting its future performance, the Group does not disclose forecasts of financial results.

## 4. Notes

(1) Changes in significant subsidiaries during the nine months ended December 31, 2022  
(changes in specified subsidiaries resulting in the change in scope of consolidation): None

(2) Application of special accounting methods for preparing quarterly consolidated financial statements: None

(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: None

Changes in accounting estimates: None

Restatement of prior period financial statements: None

(4) Number of issued shares (common shares)

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

As of December 31, 2022	231,217,073 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 December 31, 2022	22,827,740 shares	As of March 31, 2022	10,221,299 shares
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Average number of shares outstanding during the period (cumulative from the beginning of the fiscal year)

Nine months ended December 31, 2022	203,725,208 shares	Nine months ended December 31, 2021	197,932,906 shares
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\* These quarterly consolidated financial results are outside the scope of quarterly review by certified public accountants or an audit firm.

\* Explanation of the proper use of financial results forecasts and other notes

As stated in “3. Consolidated financial results forecasts for the fiscal year ending March 31, 2023”, because of the difficulty in predicting the future performance, the dividend forecast for the fiscal year ending March 31, 2023 is still undecided.

**Quarterly consolidated financial statements**  
**Consolidated balance sheet**

(Millions of yen)

	As of March 31, 2022	As of December 31, 2022
<b>Assets</b>		
Current assets		
Cash and deposits	86,946	68,787
Segregated deposits	90,874	94,228
Segregated deposits for customers	87,760	91,040
Other segregated deposits	3,114	3,188
Trading products	227,666	181,316
Trading securities and other	227,583	181,202
Derivatives	83	114
Trade date accrual	8,665	–
Margin transaction assets	63,432	83,314
Margin loans	54,278	75,915
Cash collateral provided for securities borrowed in margin transactions	9,154	7,398
Loans secured by securities	228,480	181,252
Securities purchased under resale agreements	228,480	181,252
Advances paid	1,263	339
Short-term guarantee deposits	18,596	20,642
Accounts for non-delivered securities and others	85	38
Short-term loans receivable	107	100
Securities	2,500	1,000
Other current assets	6,481	11,022
Allowance for doubtful accounts	(16)	(14)
Total current assets	735,086	642,027
Non-current assets		
Property, plant and equipment	18,071	17,421
Intangible assets	4,098	5,444
Investments and other assets	59,310	65,129
Investment securities	51,326	57,510
Retirement benefit asset	2,534	2,413
Other	6,343	6,073
Allowance for doubtful accounts	(893)	(868)
Total non-current assets	81,480	87,994
<b>Total assets</b>	<b>816,567</b>	<b>730,022</b>

(Millions of yen)

As of March 31, 2022

As of December 31, 2022

Liabilities		
Current liabilities		
Trading products	225,410	168,052
Trading securities and other	225,361	167,571
Derivatives	48	481
Trade date accrual	–	20,961
Margin transaction liabilities	25,421	20,999
Margin borrowings	14,098	10,161
Cash received for securities sold in margin transactions	11,323	10,837
Borrowings secured by securities	97,518	60,108
Cash collateral received for securities lent	1,518	10,108
Securities sold under repurchase agreements	96,000	50,000
Deposits received	61,423	78,093
Guarantee deposits received	37,002	46,415
Payables for securities to receive over due for delivery	17	25
Short-term borrowings	138,513	111,929
Income taxes payable	2,781	189
Provision for bonuses	2,020	718
Other current liabilities	5,500	3,943
Total current liabilities	595,610	511,437
Non-current liabilities		
Long-term borrowings	11,802	12,386
Deferred tax liabilities	7,274	6,875
Provision for retirement benefits for directors (and other officers)	208	206
Retirement benefit liability	6,407	5,982
Other noncurrent liabilities	4,163	3,547
Total non-current liabilities	29,855	28,999
Reserves under special laws		
Reserve for financial instruments transaction liabilities	1,241	1,242
Total reserves under special laws	1,241	1,242
Total liabilities	626,706	541,679
Net assets		
Shareholders' equity		
Share capital	18,589	18,589
Capital surplus	23,848	37,273
Retained earnings	120,984	120,516
Treasury shares	(3,733)	(10,091)
Total shareholders' equity	159,689	166,288
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	6,466	7,815
Revaluation reserve for land	401	401
Foreign currency translation adjustment	477	819
Remeasurements of defined benefit plans	834	655
Total accumulated other comprehensive income	8,179	9,691
Share acquisition rights	463	421
Non-controlling interests	21,528	11,941
Total net assets	189,860	188,342
Total liabilities and net assets	816,567	730,022

## Consolidated statement of income (cumulative) and consolidated statement of comprehensive income (cumulative)

### Consolidated statement of income (cumulative)

Nine months ended December 31

(Millions of yen)

	Nine months ended December 31, 2021	Nine months ended December 31, 2022
Operating revenue		
Commission received	35,214	32,317
Brokerage commission	14,721	11,840
Commission for underwriting, secondary distribution and solicitation for selling and others for professional investors	749	441
Fees for offering, secondary distribution and solicitation for selling and others for professional investors	8,098	8,591
Other commission received	11,644	11,443
Net trading income	19,035	14,768
Financial revenue	1,633	1,660
Other operating revenue	734	698
Total operating revenue	56,618	49,444
Financial expenses	854	1,077
Net operating revenue	55,763	48,367
Selling, general and administrative expenses	50,726	50,316
Trading related expenses	8,698	8,620
Personnel expenses	25,140	24,874
Real estate expenses	6,192	5,981
Office expenses	5,020	5,681
Depreciation	2,186	1,915
Taxes and dues	847	845
Provision of allowance for doubtful accounts	(4)	(3)
Other	2,645	2,400
Operating profit (loss)	5,036	(1,948)
Non-operating income	1,291	1,409
Dividend income	787	741
Share of profit of entities accounted for using equity method	35	23
Foreign exchange gains	198	558
Other	270	85
Non-operating expenses	101	165
Interest expenses	30	20
Loss on valuation of investment securities	12	33
Loss on sale and retirement of non-current assets	32	30
Share issuance costs	–	35
Other	25	47
Ordinary profit (loss)	6,227	(705)

(Millions of yen)

	Nine months ended December 31, 2021	Nine months ended December 31, 2022
<b>Extraordinary income</b>		
Gain on change in equity	–	2,771
Gain on sale of investment securities	289	291
Gain on sales of investments in capital of subsidiaries and associates	93	–
Reversal of reserve for financial instruments transaction liabilities	0	–
<b>Total extraordinary income</b>	<b>383</b>	<b>3,063</b>
<b>Extraordinary losses</b>		
Impairment losses	67	–
Loss on sale of investment securities	3	28
Loss on valuation of investment securities	44	50
Provision of reserve for financial instruments transaction liabilities	–	1
<b>Total extraordinary losses</b>	<b>115</b>	<b>80</b>
<b>Profit before income taxes</b>	<b>6,495</b>	<b>2,277</b>
Income taxes - current	1,497	144
Income taxes - deferred	711	(363)
<b>Total income taxes</b>	<b>2,209</b>	<b>(218)</b>
<b>Profit</b>	<b>4,286</b>	<b>2,496</b>
Profit (loss) attributable to non-controlling interests	332	(2)
<b>Profit attributable to owners of parent</b>	<b>3,954</b>	<b>2,498</b>

**Consolidated statement of comprehensive income (cumulative)**

Nine months ended December 31

(Millions of yen)

	Nine months ended December 31, 2021	Nine months ended December 31, 2022
Profit	4,286	2,496
Other comprehensive income		
Valuation difference on available-for-sale securities	340	(123)
Foreign currency translation adjustment	132	341
Remeasurements of defined benefit plans, net of tax	(235)	(180)
Share of other comprehensive income of entities accounted for using equity method	(54)	(117)
Total other comprehensive income	182	(80)
Comprehensive income	4,468	2,416
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	4,328	4,010
Comprehensive income attributable to non-controlling interests	140	(1,594)