

Translation

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Summary of Consolidated Financial Results for the Six Months Ended September 30, 2023 (Based on Japanese GAAP)

October 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

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Scheduled date to file Quarterly Securities Report: November 10, 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 six months ended September 30, 2023 (from April 1, 2023 to September 30, 2023)

(1) Consolidated operating results (cumulative)

(Percentages indicate year-on-year changes)

Six months ended	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	%
September 30, 2023	41,206	22.8	40,228	22.5	7,338	–	8,521	–	7,996	–
September 30, 2022	33,561	(9.3)	32,840	(9.8)	(925)	–	(216)	–	31	(98.7)

(Note) Comprehensive income: Six months ended September 30, 2023: ¥16,797 million [–%]

Six months ended September 30, 2022: ¥(1,931) million [–%]

Six months ended	Earnings per share	Diluted earnings per share
	Yen	Yen
September 30, 2023	38.88	38.75
September 30, 2022	0.16	0.16

(Notes) 1. Effective from the year ended March 31, 2023, the Okasan Securities Group Inc. and its subsidiaries (the “Group”) has changed its method of presentation, and figures in the consolidated operating results for the six months ended September 30, 2022 have been reclassified to reflect this change.

2. The year-on-year change in profit attributable to owners of parent for the six months ended September 30, 2023 is shown as “–” because the year-on-year change exceeds 1,000%.

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of September 30, 2023	986,360	198,332	18.8	898.86
As of March 31, 2023	876,057	185,638	19.7	843.45

(Reference) Equity: As of September 30, 2023: ¥185,248 million

As of March 31, 2023: ¥173,017 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, 2023	–	0.00	–	20.00	20.00
Year ending March 31, 2024	–	0.00			
Year ending March 31, 2024 (Forecast)			–	–	–

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

The dividend forecast for the fiscal year ending March 31, 2024 is still undecided.

3. Consolidated financial results forecasts for the fiscal year ending March 31, 2024 (from April 1, 2023 to March 31, 2024)

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 six months ended September 30, 2023

(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: None

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 September 30, 2023	231,217,073 shares	As of March 31, 2023	231,217,073 shares
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Number of treasury shares at the end of the period

As of September 30, 2023	25,125,189 shares	As of March 31, 2023	26,086,296 shares
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Average number of shares outstanding during the period

Six months ended September 30, 2023	205,640,320 shares	Six months ended September 30, 2022	200,639,275 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, 2024,” because of the difficulty in predicting future performance, the dividend forecast for the fiscal year ending March 31, 2024 is undecided.

Quarterly consolidated financial statements
(1) Consolidated balance sheet

(Millions of yen)

	As of March 31, 2023	As of September 30, 2023
Assets		
Current assets		
Cash and deposits	88,460	82,156
Segregated deposits	95,397	103,121
Segregated deposits for customers	92,150	99,960
Other segregated deposits	3,247	3,161
Trading products	240,344	233,066
Trading securities and other	239,927	232,998
Derivatives	417	67
Trade date accrual	–	16,471
Margin transaction assets	90,768	116,664
Margin loans	83,514	109,718
Cash collateral provided for securities borrowed in margin transactions	7,253	6,946
Loans secured by securities	234,769	306,606
Cash collateral provided for securities borrowed	4	–
Securities purchased under resale agreements	234,764	306,606
Advances paid	247	187
Short-term guarantee deposits	21,618	20,247
Accounts for non-delivered securities and others	16	36
Short-term loans receivable	110	232
Securities	1,189	189
Other current assets	12,336	6,207
Allowance for doubtful accounts	(30)	(40)
Total current assets	785,227	885,147
Non-current assets		
Property, plant and equipment	16,991	16,640
Intangible assets	9,224	8,812
Investments and other assets	64,613	75,760
Investment securities	57,663	68,864
Retirement benefit asset	2,542	2,525
Other	5,295	5,260
Allowance for doubtful accounts	(887)	(890)
Total non-current assets	90,829	101,213
Total assets	876,057	986,360

(Millions of yen)

	As of March 31, 2023	As of September 30, 2023
Liabilities		
Current liabilities		
Trading products	238,809	322,693
Trading securities and other	238,786	322,284
Derivatives	22	408
Trade date accrual	24,314	–
Margin transaction liabilities	24,612	26,204
Margin borrowings	13,482	12,674
Cash received for securities sold in margin transactions	11,129	13,530
Borrowings secured by securities	108,711	131,943
Cash collateral received for securities lent	7,711	5,943
Securities sold under repurchase agreements	101,000	126,000
Deposits received	60,174	85,998
Guarantee deposits received	43,669	44,280
Payables for securities to receive over due for delivery	32	2
Short-term borrowings	152,897	136,495
Income taxes payable	457	2,420
Provision for bonuses	1,819	2,537
Other current liabilities	4,519	5,276
Total current liabilities	660,017	757,852
Non-current liabilities		
Long-term borrowings	10,000	7,614
Deferred tax liabilities	8,855	11,997
Provision for retirement benefits for directors (and other officers)	209	131
Retirement benefit liability	5,798	5,669
Other noncurrent liabilities	4,289	3,889
Total non-current liabilities	29,153	29,301
Reserves under special laws		
Reserve for financial instruments transaction liabilities	1,247	873
Total reserves under special laws	1,247	873
Total liabilities	690,418	788,027
Net assets		
Shareholders' equity		
Share capital	18,589	18,589
Capital surplus	37,273	37,959
Retained earnings	118,548	122,441
Treasury shares	(11,470)	(11,088)
Total shareholders' equity	162,940	167,901
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	8,039	14,938
Revaluation reserve for land	330	330
Foreign currency translation adjustment	816	1,322
Remeasurements of defined benefit plans	890	755
Total accumulated other comprehensive income	10,076	17,346
Share acquisition rights	421	266
Non-controlling interests	12,199	12,818
Total net assets	185,638	198,332
Total liabilities and net assets	876,057	986,360

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

Consolidated statement of income (cumulative)

Six months ended September 30

(Millions of yen)

	Six months ended September 30, 2022	Six months ended September 30, 2023
Operating revenue		
Commission received	21,905	25,117
Brokerage commission	7,697	11,470
Commission for underwriting, secondary distribution and solicitation for selling and others for professional investors	206	849
Fees for offering, secondary distribution and solicitation for selling and others for professional investors	6,219	8,095
Other commission received	7,782	4,702
Net trading income	10,098	13,613
Financial revenue	1,082	1,673
Other operating revenue	474	801
Total operating revenue	33,561	41,206
Financial expenses	720	978
Net operating revenue	32,840	40,228
Selling, general and administrative expenses	33,765	32,889
Trading related expenses	5,668	5,227
Personnel expenses	16,693	16,562
Real estate expenses	4,009	3,864
Office expenses	3,790	4,295
Depreciation	1,399	1,578
Taxes and dues	549	694
Provision of allowance for doubtful accounts	(5)	13
Other	1,660	652
Operating profit (loss)	(925)	7,338
Non-operating income	812	1,244
Dividend income	712	787
Share of profit of entities accounted for using equity method	20	170
Gain on investments in investment partnerships	–	213
Other	79	73
Non-operating expenses	103	62
Interest expenses	14	15
Loss on valuation of investment securities	32	27
Settlement payments	23	1
Other	33	17
Ordinary profit (loss)	(216)	8,521

(Millions of yen)

	Six months ended September 30, 2022	Six months ended September 30, 2023
Extraordinary income		
Gain on sale of investment securities	275	1,268
Reversal of reserve for financial instruments transaction liabilities	0	374
Gain on reversal of share acquisition rights	–	68
Total extraordinary income	275	1,712
Extraordinary losses		
Loss on sale of investment securities	26	14
Loss on valuation of investment securities	50	96
Total extraordinary losses	77	110
Profit (loss) before income taxes	(18)	10,123
Income taxes - current	89	2,235
Income taxes - deferred	(201)	(214)
Total income taxes	(111)	2,020
Profit	93	8,102
Profit attributable to non-controlling interests	61	106
Profit attributable to owners of parent	31	7,996

Consolidated statement of comprehensive income (cumulative)

Six months ended September 30

(Millions of yen)

	Six months ended September 30, 2022	Six months ended September 30, 2023
Profit	93	8,102
Other comprehensive income		
Valuation difference on available-for-sale securities	(2,488)	8,098
Foreign currency translation adjustment	695	505
Remeasurements of defined benefit plans, net of tax	(120)	(131)
Share of other comprehensive income of entities accounted for using equity method	(112)	222
Total other comprehensive income	(2,025)	8,695
Comprehensive income	(1,931)	16,797
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	(1,121)	15,265
Comprehensive income attributable to non-controlling interests	(810)	1,532