

Translation

Notice: This document is an excerpt translation of the original Japanese document and is only for reference purposes. In the event of any discrepancy between this translated document and the original Japanese document, the latter shall prevail.

Summary of Consolidated Financial Results for the Nine Months Ended December 31, 2023 (Based on Japanese GAAP)

January 30, 2024

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, Executive Officer, Senior General Manager, Treasury Planning Dept.

Phone: +81-3-3272-2222

Scheduled date to file Quarterly Securities Report: February 13, 2024

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, 2023 (from April 1, 2023 to December 31, 2023)

(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, 2023	60,846	21.7	59,360	21.3	10,120	–	11,384	–	9,782	291.6
December 31, 2022	49,997	(12.0)	48,920	(12.6)	(1,395)	–	(705)	–	2,498	(36.8)

(Note) Comprehensive income: Nine months ended December 31, 2023: ¥19,387 million [702.4%]

Nine months ended December 31, 2022: ¥2,416 million [(45.9) %]

	Earnings per share	Diluted earnings per share
	Yen	Yen
Nine months ended December 31, 2023	47.64	47.48
December 31, 2022	12.26	12.20

(Notes) 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 nine months ended December 31, 2022 have been reclassified to reflect this change.

(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, 2023	956,127	198,921	19.4	912.90
As of March 31, 2023	876,057	185,638	19.7	843.45

(Reference) Equity: As of December 31, 2023: ¥185,542 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 nine months ended December 31, 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 December 31, 2023	231,217,073 shares	As of March 31, 2023	231,217,073 shares
-------------------------	--------------------	----------------------	--------------------

Number of treasury shares at the end of the period

As of December 31, 2023	27,970,981 shares	As of March 31, 2023	26,086,296 shares
-------------------------	-------------------	----------------------	-------------------

Average number of shares outstanding during the period

Nine months ended December 31, 2023	205,314,486 shares	Nine months ended December 31, 2022	203,725,208 shares
-------------------------------------	--------------------	-------------------------------------	--------------------

* 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 December 31, 2023
Assets		
Current assets		
Cash and deposits	88,460	74,634
Segregated deposits	95,397	104,811
Segregated deposits for customers	92,150	101,680
Other segregated deposits	3,247	3,131
Trading products	240,344	217,536
Trading securities and other	239,927	217,149
Derivatives	417	387
Margin transaction assets	90,768	109,764
Margin loans	83,514	104,645
Cash collateral provided for securities borrowed in margin transactions	7,253	5,118
Loans secured by securities	234,769	320,538
Cash collateral provided for securities borrowed	4	-
Securities purchased under resale agreements	234,764	320,538
Advances paid	247	428
Short-term guarantee deposits	21,618	18,504
Accounts for non-delivered securities and others	16	29
Short-term loans receivable	110	2,115
Securities	1,189	-
Other current assets	12,336	5,217
Allowance for doubtful accounts	(30)	(41)
Total current assets	785,227	853,538
Non-current assets		
Property, plant and equipment	16,991	16,448
Intangible assets	9,224	8,230
Investments and other assets	64,613	77,910
Investment securities	57,663	70,919
Retirement benefit asset	2,542	2,515
Other	5,295	5,368
Allowance for doubtful accounts	(887)	(893)
Total non-current assets	90,829	102,588
Total assets	876,057	956,127

(Millions of yen)

	As of March 31, 2023	As of December 31, 2023
Liabilities		
Current liabilities		
Trading products	238,809	298,849
Trading securities and other	238,786	298,776
Derivatives	22	73
Trade date accrual	24,314	48,086
Margin transaction liabilities	24,612	21,449
Margin borrowings	13,482	13,644
Cash received for securities sold in margin transactions	11,129	7,805
Borrowings secured by securities	108,711	78,061
Cash collateral received for securities lent	7,711	6,061
Securities sold under repurchase agreements	101,000	72,000
Deposits received	60,174	93,185
Guarantee deposits received	43,669	44,560
Payables for securities to receive over due for delivery	32	0
Short-term borrowings	152,897	130,517
Current portion of bonds payable	–	2,000
Income taxes payable	457	2,544
Provision for bonuses	1,819	950
Other current liabilities	4,519	6,249
Total current liabilities	660,017	726,456
Non-current liabilities		
Long-term borrowings	10,000	7,614
Deferred tax liabilities	8,855	12,763
Provision for retirement benefits for directors (and other officers)	209	139
Retirement benefit liability	5,798	5,630
Other noncurrent liabilities	4,289	3,728
Total non-current liabilities	29,153	29,875
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	757,205
Net assets		
Shareholders' equity		
Share capital	18,589	18,589
Capital surplus	37,273	37,959
Retained earnings	118,548	124,227
Treasury shares	(11,470)	(13,089)
Total shareholders' equity	162,940	167,687
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	8,039	15,745
Revaluation reserve for land	330	330
Foreign currency translation adjustment	816	1,090
Remeasurements of defined benefit plans	890	687
Total accumulated other comprehensive income	10,076	17,855
Share acquisition rights	421	266
Non-controlling interests	12,199	13,113
Total net assets	185,638	198,921
Total liabilities and net assets	876,057	956,127

(2) 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, 2022	Nine months ended December 31, 2023
Operating revenue		
Commission received	32,317	36,139
Brokerage commission	11,840	16,295
Commission for underwriting, secondary distribution and solicitation for selling and others for professional investors	441	1,018
Fees for offering, secondary distribution and solicitation for selling and others for professional investors	8,591	11,605
Other commission received	11,443	7,219
Net trading income	15,321	20,900
Financial revenue	1,660	2,560
Other operating revenue	698	1,244
Total operating revenue	49,997	60,846
Financial expenses	1,077	1,486
Net operating revenue	48,920	59,360
Selling, general and administrative expenses	50,316	49,239
Trading related expenses	8,620	7,962
Personnel expenses	24,874	24,784
Real estate expenses	5,981	5,766
Office expenses	5,681	6,409
Depreciation	1,915	2,380
Taxes and dues	845	970
Provision of allowance for doubtful accounts	(3)	18
Other	2,400	947
Operating profit (loss)	(1,395)	10,120
Non-operating income	855	1,376
Dividend income	741	824
Share of profit of entities accounted for using equity method	23	251
Gain on investments in investment partnerships	–	210
Other	90	89
Non-operating expenses	165	112
Interest expenses	20	22
Loss on valuation of investment securities	33	28
Share issuance costs	35	–
Other	77	62
Ordinary profit (loss)	(705)	11,384

(Millions of yen)

	Nine months ended December 31, 2022	Nine months ended December 31, 2023
Extraordinary income		
Gain on change in equity	2,771	–
Gain on sale of investment securities	291	1,309
Reversal of reserve for financial instruments transaction liabilities	–	374
Gain on reversal of share acquisition rights	–	68
Total extraordinary income	3,063	1,752
Extraordinary losses		
Impairment losses	–	248
Loss on sale of investment securities	28	14
Loss on valuation of investment securities	50	143
Provision of reserve for financial instruments transaction liabilities	1	–
Total extraordinary losses	80	405
Profit before income taxes	2,277	12,731
Income taxes - current	144	2,729
Income taxes - deferred	(363)	138
Total income taxes	(218)	2,867
Profit	2,496	9,864
Profit (loss) attributable to non-controlling interests	(2)	82
Profit attributable to owners of parent	2,498	9,782

Consolidated statement of comprehensive income (cumulative)

Nine months ended December 31

(Millions of yen)

	Nine months ended December 31, 2022	Nine months ended December 31, 2023
Profit	2,496	9,864
Other comprehensive income		
Valuation difference on available-for-sale securities	(123)	9,162
Foreign currency translation adjustment	341	274
Remeasurements of defined benefit plans, net of tax	(180)	(196)
Share of other comprehensive income of entities accounted for using equity method	(117)	283
Total other comprehensive income	(80)	9,522
Comprehensive income	2,416	19,387
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	4,010	17,560
Comprehensive income attributable to non-controlling interests	(1,594)	1,826