

Translation

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Summary of Consolidated Financial Results for the Year Ended March 31, 2024 (Based on Japanese GAAP)

April 26, 2024

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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 Phone: +81-3-3272-2222
 Scheduled date of ordinary general meeting of shareholders: June 27, 2024
 Scheduled date to file Securities Report: June 28, 2024
 Scheduled date to commence dividend payments: June 6, 2024
 Preparation of supplementary material on financial results: Yes
 Holding of financial results meeting: Yes (for institutional investors and analysts)

(Amounts less than one million yen are rounded down)

1. Consolidated financial results for the year ended March 31, 2024 (from April 1, 2023 to March 31, 2024)

(1) Consolidated operating results

(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	%
Year ended										
March 31, 2024	84,509	27.0	82,553	27.2	16,111	–	18,061	–	13,167	–
March 31, 2023	66,551	(10.0)	64,902	(10.8)	(1,034)	–	421	(93.9)	529	(94.7)

(Note) Comprehensive income: Year ended March 31, 2024: ¥34,622 million [–%]
 Year ended March 31, 2023: ¥1,091 million [(56.4)%]

	Earnings per share	Diluted earnings per share	Profit attributable to owners of parent/equity	Ordinary profit/total assets	Operating profit/Operating revenue
	Yen	Yen	%	%	%
Year ended					
March 31, 2024	64.29	64.08	7.1	1.7	19.1
March 31, 2023	2.59	2.58	0.3	0.0	–

(Reference) Share of profit or loss of entities accounted for using equity method: Year ended March 31, 2024: ¥374 million
 Year ended March 31, 2023: ¥67 million

(Note) The year-on-year changes in “ordinary profit,” “profit attributable to owners of parent,” and “comprehensive income” for the year ended March 31, 2024 are shown as “–” because the year-on-year changes exceed 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 March 31, 2024	1,207,779	214,156	16.5	978.65
As of March 31, 2023	876,057	185,638	19.7	843.45

(Reference) Equity: As of March 31, 2024: ¥198,899 million
 As of March 31, 2023: ¥173,017 million

(3) Consolidated cash flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of period
Year ended	Millions of yen	Millions of yen	Millions of yen	Millions of yen
March 31, 2024	(4,761)	2,393	(4,414)	77,771
March 31, 2023	(1,359)	1,667	16,584	84,037

2. Cash dividends

	Annual dividends per share					Total cash dividends	Dividend payout ratio (Consolidated)	Ratio of dividends to net assets (Consolidated)
	1st quarter-end	2nd quarter-end	3rd quarter-end	Fiscal year-end	Total			
Year ended	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
March 31, 2023	–	0.00	–	20.00	20.00	4,102	772.2	2.4
March 31, 2024	–	0.00	–	30.00	30.00	6,097	46.7	3.3
Year ending March 31, 2025 (Forecast)	–	–	–	–	–		–	

(Note) The dividend forecast for the fiscal year ending March 31, 2025 is undecided.

3. Consolidated financial results forecasts for the fiscal year ending March 31, 2025 (from April 1, 2024 to March 31, 2025)

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 year ended March 31, 2024

(changes in specified subsidiaries resulting in the change in scope of consolidation): None

(2) 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

(3) Number of issued shares (common shares)

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

As of March 31, 2024	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 March 31, 2024	27,978,115 shares	As of March 31, 2023	26,086,296 shares
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Average number of shares outstanding during the period

Year ended March 31, 2024	204,796,172 shares	Year ended March 31, 2023	204,269,184 shares
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(Reference) Summary of non-consolidated financial results

Non-consolidated financial results for the year ended March 31, 2024 (from April 1, 2023 to March 31, 2024)

(1) Non-consolidated operating results (Percentages indicate year-on-year changes)

Year ended	Operating revenue		Operating profit		Ordinary profit		Profit	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
March 31, 2024	4,143	(84.6)	(150)	–	739	(96.8)	332	(98.6)
March 31, 2023	26,848	240.8	22,691	482.5	23,350	439.1	24,179	293.9

Year ended	Earnings per share	Diluted earnings per share
	Yen	Yen
March 31, 2024	1.62	1.62
March 31, 2023	117.63	117.01

(2) Non-consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of March 31, 2024	148,254	118,414	79.7	581.33
As of March 31, 2023	131,685	112,395	85.0	545.87

(Reference) Equity: As of March 31, 2024: ¥118,148 million
As of March 31, 2023: ¥111,973 million

* These consolidated financial results are outside the scope of audit procedures 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, 2025,” because of the difficulty in predicting future performance, the dividend forecast for the fiscal year ending March 31, 2025 is undecided.

Consolidated financial statements
Consolidated balance sheet

(Millions of yen)

	As of March 31, 2023	As of March 31, 2024
Assets		
Current assets		
Cash and deposits	88,460	82,586
Segregated deposits	95,397	110,256
Segregated deposits for customers	92,150	107,160
Other segregated deposits	3,247	3,096
Trading products	240,344	284,513
Trading securities and other	239,927	284,461
Derivatives	417	51
Trade date accrual	–	31,454
Margin transaction assets	90,768	110,476
Margin loans	83,514	105,294
Cash collateral provided for securities borrowed in margin transactions	7,253	5,182
Loans secured by securities	234,769	431,439
Cash collateral provided for securities borrowed	4	0
Securities purchased under resale agreements	234,764	431,439
Advances paid	247	264
Short-term guarantee deposits	21,618	21,061
Accounts for non-delivered securities and others	16	25
Short-term loans receivable	110	13,178
Accrued revenue	3,482	4,418
Securities	1,189	44
Other current assets	8,854	2,177
Allowance for doubtful accounts	(30)	(53)
Total current assets	785,227	1,091,843
Non-current assets		
Property, plant and equipment	16,991	16,495
Buildings, net	4,781	4,542
Equipment	1,075	1,071
Land	10,623	10,603
Lease assets, net	511	277
Intangible assets	9,224	6,861
Software	8,616	6,167
Other	608	693
Investments and other assets	64,613	92,578
Investment securities	57,663	83,996
Long-term guarantee deposits	3,610	3,689
Long-term loans receivable	11	10
Retirement benefit asset	2,542	4,159
Deferred tax assets	204	27
Other	1,468	1,616
Allowance for doubtful accounts	(887)	(921)
Total non-current assets	90,829	115,936
Total assets	876,057	1,207,779

(Millions of yen)

	As of March 31, 2023	As of March 31, 2024
Liabilities		
Current liabilities		
Trading products	238,809	438,673
Trading securities and other	238,786	438,204
Derivatives	22	469
Trade date accrual	24,314	–
Margin transaction liabilities	24,612	22,774
Margin borrowings	13,482	12,839
Cash received for securities sold in margin transactions	11,129	9,934
Borrowings secured by securities	108,711	200,854
Cash collateral received for securities lent	7,711	3,850
Securities sold under repurchase agreements	101,000	197,004
Deposits received	60,174	83,750
Guarantee deposits received	43,669	39,752
Payables for securities to receive over due for delivery	32	46
Short-term borrowings	152,897	157,191
Current portion of bonds payable	–	2,000
Income taxes payable	457	5,752
Provision for bonuses	1,819	2,825
Other current liabilities	4,519	6,864
Total current liabilities	660,017	960,485
Non-current liabilities		
Long-term borrowings	10,000	6,728
Lease liabilities	306	174
Deferred tax liabilities for land revaluation	1,527	1,527
Deferred tax liabilities	8,855	16,223
Provision for retirement benefits for directors (and other officers)	209	145
Retirement benefit liability	5,798	5,418
Other noncurrent liabilities	2,455	1,941
Total non-current liabilities	29,153	32,158
Reserves under special laws		
Reserve for financial instruments transaction liabilities	1,247	978
Total reserves under special laws	1,247	978
Total liabilities	690,418	993,623
Net assets		
Shareholders' equity		
Share capital	18,589	18,589
Capital surplus	37,273	37,959
Retained earnings	118,548	127,612
Treasury shares	(11,470)	(13,089)
Total shareholders' equity	162,940	171,072
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	8,039	24,168
Revaluation reserve for land	330	330
Foreign currency translation adjustment	816	1,376
Remeasurements of defined benefit plans	890	1,951
Total accumulated other comprehensive income	10,076	27,827
Share acquisition rights	421	266
Non-controlling interests	12,199	14,990
Total net assets	185,638	214,156
Total liabilities and net assets	876,057	1,207,779

Consolidated statement of income and consolidated statement of comprehensive income

Consolidated statement of income

(Millions of yen)

	Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2024
Operating revenue		
Commission received	41,119	49,948
Brokerage commission	16,163	24,173
Commission for underwriting, secondary distribution and solicitation for selling and others for professional investors	615	1,459
Fees for offering, secondary distribution and solicitation for selling and others for professional investors	10,709	14,419
Other commission received	13,631	9,896
Net trading income	21,947	29,139
Financial revenue	2,453	3,588
Other operating revenue	1,030	1,832
Total operating revenue	66,551	84,509
Financial expenses	1,649	1,955
Net operating revenue	64,902	82,553
Selling, general and administrative expenses	65,936	66,442
Trading related expenses	10,979	10,720
Personnel expenses	32,465	33,216
Real estate expenses	7,920	7,652
Office expenses	8,014	8,926
Depreciation	2,694	3,222
Taxes and dues	1,096	1,357
Provision of allowance for doubtful accounts	13	30
Other	2,751	1,316
Operating profit (loss)	(1,034)	16,111
Non-operating income	1,687	2,466
Dividend income	1,481	1,779
Share of profit of entities accounted for using equity method	67	374
Gain on investments in investment partnerships	–	201
Other	138	111
Non-operating expenses	231	515
Interest expenses	28	28
Loss on investments in investment partnerships	56	49
Loss on sale and retirement of non-current assets	35	59
Compensation expenses	–	289
Share issuance costs	35	–
Settlement payments	23	9
Other	52	78
Ordinary profit	421	18,061

(Millions of yen)

	Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2024
Extraordinary income		
Gain on change in equity	2,771	–
Gain on sale of investment securities	317	1,937
Reversal of reserve for financial instruments transaction liabilities	–	269
Gain on reversal of share acquisition rights	–	68
Total extraordinary income	3,089	2,275
Extraordinary losses		
Impairment losses	82	1,577
Loss on sale of investment securities	28	14
Loss on valuation of investment securities	359	546
Loss on valuation of golf club membership	–	0
Provision of reserve for financial instruments transaction liabilities	6	–
Total extraordinary losses	476	2,138
Profit before income taxes	3,034	18,199
Income taxes - current	326	5,727
Income taxes - deferred	2,120	(1,097)
Total income taxes	2,446	4,629
Profit	587	13,570
Profit attributable to non-controlling interests	57	402
Profit attributable to owners of parent	529	13,167

Consolidated statement of comprehensive income

(Millions of yen)

	Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2024
Profit	587	13,570
Other comprehensive income		
Valuation difference on available-for-sale securities	257	18,815
Revaluation reserve for land	(70)	–
Foreign currency translation adjustment	338	560
Remeasurements of defined benefit plans, net of tax	44	1,042
Share of other comprehensive income of entities accounted for using equity method	(66)	634
Total other comprehensive income	503	21,052
Comprehensive income	1,091	34,622
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	2,427	30,918
Comprehensive income attributable to non-controlling interests	(1,336)	3,704

Consolidated statement of changes in equity

For the fiscal year ended March 31, 2023

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	18,589	23,848	120,984	(3,733)	159,689
Changes during period					
Dividends of surplus			(2,966)		(2,966)
Profit attributable to owners of parent			529		529
Purchase of treasury shares				(9,775)	(9,775)
Disposal of treasury shares		(308)		390	82
Change in ownership interest of parent due to transactions with non-controlling interests		3,728		(64)	3,663
Changes by share exchanges		10,003		1,713	11,717
Net changes in items other than shareholders' equity					
Total changes during period	–	13,424	(2,436)	(7,736)	3,251
Balance at end of period	18,589	37,273	118,548	(11,470)	162,940

	Accumulated other comprehensive income					Share acquisition rights	Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Revaluation reserve for land	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income			
Balance at beginning of period	6,466	401	477	834	8,179	463	21,528	189,860
Changes during period								
Dividends of surplus								(2,966)
Profit attributable to owners of parent								529
Purchase of treasury shares								(9,775)
Disposal of treasury shares								82
Change in ownership interest of parent due to transactions with non-controlling interests								3,663
Changes by share exchanges								11,717
Net changes in items other than shareholders' equity	1,573	(70)	338	55	1,897	(42)	(9,329)	(7,473)
Total changes during period	1,573	(70)	338	55	1,897	(42)	(9,329)	(4,221)
Balance at end of period	8,039	330	816	890	10,076	421	12,199	185,638

For the fiscal year ended March 31, 2024

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	18,589	37,273	118,548	(11,470)	162,940
Changes during period					
Dividends of surplus			(4,102)		(4,102)
Profit attributable to owners of parent			13,167		13,167
Purchase of treasury shares				(2,001)	(2,001)
Disposal of treasury shares		62		382	444
Change in ownership interest of parent due to transactions with non-controlling interests		623			623
Changes by share exchanges					–
Net changes in items other than shareholders' equity					
Total changes during period	–	685	9,064	(1,619)	8,131
Balance at end of period	18,589	37,959	127,612	(13,089)	171,072

	Accumulated other comprehensive income					Share acquisition rights	Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Revaluation reserve for land	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income			
Balance at beginning of period	8,039	330	816	890	10,076	421	12,199	185,638
Changes during period								
Dividends of surplus								(4,102)
Profit attributable to owners of parent								13,167
Purchase of treasury shares								(2,001)
Disposal of treasury shares								444
Change in ownership interest of parent due to transactions with non-controlling interests								623
Changes by share exchanges								–
Net changes in items other than shareholders' equity	16,128	–	560	1,061	17,750	(155)	2,791	20,386
Total changes during period	16,128	–	560	1,061	17,750	(155)	2,791	28,518
Balance at end of period	24,168	330	1,376	1,951	27,827	266	14,990	214,156

Consolidated statement of cash flows

(Millions of yen)

	Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2024
Cash flows from operating activities		
Profit before income taxes	3,034	18,199
Depreciation	2,697	3,222
Impairment losses	82	1,577
Increase (decrease) in allowance for doubtful accounts	22	57
Increase (decrease) in provision for bonuses	(189)	1,004
Increase (decrease) in provision for retirement benefits for directors (and other officers)	6	(64)
Increase (decrease) in retirement benefit liability	(404)	(379)
Decrease (increase) in retirement benefit asset	(7)	(1,616)
Increase (decrease) in reserve for financial instruments transaction liabilities	6	(269)
Interest and dividend income	(3,945)	(5,387)
Interest expenses	1,677	1,983
Loss (gain) on sale and retirement of property, plant and equipment	5	26
Loss (gain) on sale and retirement of intangible assets	17	30
Loss (gain) on sale of investment securities	(298)	(1,923)
Loss (gain) on valuation of investment securities	89	546
Decrease (increase) in cash segregated as deposits for customers	(4,390)	(13,670)
Decrease (increase) in trading products - assets (liabilities)	33,701	99,927
Decrease/increase in margin transaction assets/liabilities	(24,214)	(21,478)
Decrease/increase in loans/borrowings secured by securities	4,902	(104,526)
Decrease (increase) in advances paid	1,016	(15)
Increase (decrease) in deposits received	(9,554)	22,104
Decrease (increase) in short-term guarantee deposits	(3,021)	706
Increase (decrease) in guarantee deposits received	5,781	(3,968)
Decrease (increase) in short-term loans receivable	(2)	(13,067)
Other, net	(2,240)	4,015
Subtotal	4,774	(12,966)
Interest and dividends received	3,946	4,944
Interest paid	(1,654)	(1,992)
Income taxes refund (paid)	(8,425)	5,253
Net cash provided by (used in) operating activities	(1,359)	(4,761)

(Millions of yen)

	Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2024
Cash flows from investing activities		
Purchase of securities	(1,000)	–
Proceeds from sale of securities	2,500	1,000
Purchase of property, plant and equipment	(295)	(164)
Proceeds from sale of property, plant and equipment	304	18
Purchase of intangible assets	(7,490)	(1,554)
Purchase of investment securities	(1,292)	(1,122)
Proceeds from sale of investment securities	857	4,211
Proceed for acquisition of businesses	5,084	–
Payments for acquisition of businesses	–	(253)
Other, net	2,999	257
Net cash provided by (used in) investing activities	1,667	2,393
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	11,743	2,858
Proceeds from long-term borrowings	2,000	1,900
Repayments of long-term borrowings	(1,188)	(3,802)
Proceeds from issuance of bonds	–	1,980
Income from capital increase of consolidated subsidiaries	9,965	–
Purchase of treasury shares	(2,500)	(2,001)
Proceeds from sales of shares of parent held by subsidiaries	40	–
Dividends paid	(2,966)	(4,102)
Dividends paid to non-controlling interests	(91)	(16)
Purchase of shares of subsidiaries not resulting in change in scope of consolidation	(1)	(273)
Other, net	(416)	(957)
Net cash provided by (used in) financing activities	16,584	(4,414)
Effect of exchange rate change on cash and cash equivalents	(8)	516
Net increase (decrease) in cash and cash equivalents	16,883	(6,265)
Cash and cash equivalents at beginning of period	79,789	84,037
Increase (decrease) in cash and cash equivalents resulting from exclusion of subsidiaries from consolidation	(12,635)	–
Cash and cash equivalents at end of period	84,037	77,771