

Translation

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Summary of Consolidated Financial Results for the Three Months Ended June 30, 2024 (Based on Japanese GAAP)

July 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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Scheduled date to commence dividend payments: –
Preparation of supplementary material on financial results: Yes
Holding of financial results meeting: None

(Amounts less than one million yen are rounded down)

1. Consolidated financial results for the three months ended June 30, 2024 (from April 1, 2024 to June 30, 2024)

(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, 2024	21,117	(0.6)	20,640	(0.6)	3,952	(5.1)	4,333	(5.3)	3,309	(36.4)
June 30, 2023	21,247	34.7	20,766	34.7	4,163	–	4,573	–	5,201	–

(Note) Comprehensive income: Three months ended June 30, 2024: ¥3,791 million [(62.3)%]
Three months ended June 30, 2023: ¥10,055 million [–%]

	Earnings per share	Diluted earnings per share
	Yen	Yen
Three months ended June 30, 2024	16.28	16.23
June 30, 2023	25.35	25.26

(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, 2024	1,076,209	211,835	18.3	968.73
As of March 31, 2024	1,207,779	214,156	16.5	978.65

(Reference) Equity: As of June 30, 2024: ¥196,964 million
As of March 31, 2024: ¥198,899 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, 2024	–	0.00	–	30.00	30.00
Year ending March 31, 2025	–	–	–	–	–
Year ending March 31, 2025 (Forecast)	–	–	–	–	–

(Note) Revision to the forecast of cash dividends announced most recently: None
The dividend forecast for the fiscal year ending March 31, 2025 is still undecided.

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

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) Significant changes in the scope of consolidation during the period: None

(2) Adoption of accounting treatment specific to the preparation of quarterly consolidated financial statements: None

(3) Changes in accounting policies, changes in accounting estimates, and restatement

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 : None

(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, 2024	231,217,073 shares	As of March 31, 2024	231,217,073 shares
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Number of treasury shares at the end of the period

As of June 30, 2024	27,893,960 shares	As of March 31, 2024	27,978,115 shares
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Average number of shares outstanding during the period (cumulative from the beginning of the fiscal year)

Three months ended June 30, 2024	203,324,139 shares	Three months ended June 30, 2023	205,188,487 shares
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* Review of the Japanese-language originals of the attached quarterly consolidated financial statements by certified public accountants or an audit firm: None

* Proper use of earnings forecasts, and other special matters

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.

(Concerning review of the Japanese-language originals of the attached quarterly consolidated financial statements by certified public accountants or an audit firm)

The Company is scheduled to disclose the quarterly consolidated financial results with the review report attached after the completion of the review.

Scheduled disclosure date: August 7, 2024

Quarterly consolidated financial statements
(1) Consolidated balance sheet

(Millions of yen)

	As of March 31, 2024	As of June 30, 2024
Assets		
Current assets		
Cash and deposits	82,586	95,689
Segregated deposits	110,256	111,399
Segregated deposits for customers	107,160	108,200
Other segregated deposits	3,096	3,199
Trading products	284,513	240,097
Trading securities and other	284,461	240,092
Derivatives	51	5
Trade date accrual	31,454	15,451
Margin transaction assets	110,476	123,314
Margin loans	105,294	119,114
Cash collateral provided for securities borrowed in margin transactions	5,182	4,199
Loans secured by securities	431,439	334,166
Cash collateral provided for securities borrowed	0	-
Securities purchased under resale agreements	431,439	334,166
Advances paid	264	1,418
Short-term guarantee deposits	21,061	20,949
Accounts for non-delivered securities and others	25	133
Short-term loans receivable	13,178	13,878
Securities	44	45
Other current assets	6,595	6,503
Allowance for doubtful accounts	(53)	(22)
Total current assets	1,091,843	963,024
Non-current assets		
Property, plant and equipment	16,495	16,620
Intangible assets	6,861	6,793
Investments and other assets	92,578	89,771
Investment securities	83,996	81,203
Retirement benefit asset	4,159	4,152
Other	5,344	5,306
Allowance for doubtful accounts	(921)	(891)
Total non-current assets	115,936	113,185
Total assets	1,207,779	1,076,209

(Millions of yen)

	As of March 31, 2024	As of June 30, 2024
Liabilities		
Current liabilities		
Trading products	438,673	323,802
Trading securities and other	438,204	323,569
Derivatives	469	233
Margin transaction liabilities	22,774	19,098
Margin borrowings	12,839	12,730
Cash received for securities sold in margin transactions	9,934	6,367
Borrowings secured by securities	200,854	140,121
Cash collateral received for securities lent	3,850	15,121
Securities sold under repurchase agreements	197,004	125,000
Deposits received	83,750	100,828
Guarantee deposits received	39,752	42,998
Payables for securities to receive over due for delivery	46	4
Short-term borrowings	157,191	194,356
Current portion of bonds payable	2,000	2,000
Income taxes payable	5,752	1,956
Provision for bonuses	2,825	993
Other current liabilities	6,864	6,004
Total current liabilities	960,485	832,164
Non-current liabilities		
Long-term borrowings	6,728	6,328
Deferred tax liabilities	16,223	15,884
Provision for retirement benefits for directors (and other officers)	145	138
Retirement benefit liability	5,418	5,392
Other noncurrent liabilities	3,643	3,335
Total non-current liabilities	32,158	31,078
Reserves under special laws		
Reserve for financial instruments transaction liabilities	978	1,130
Total reserves under special laws	978	1,130
Total liabilities	993,623	864,374
Net assets		
Shareholders' equity		
Share capital	18,589	18,589
Capital surplus	37,959	37,948
Retained earnings	127,612	124,824
Treasury shares	(13,089)	(13,042)
Total shareholders' equity	171,072	168,320
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	24,168	24,616
Revaluation reserve for land	330	528
Foreign currency translation adjustment	1,376	1,689
Remeasurements of defined benefit plans	1,951	1,810
Total accumulated other comprehensive income	27,827	28,644
Share acquisition rights	266	229
Non-controlling interests	14,990	14,640
Total net assets	214,156	211,835
Total liabilities and net assets	1,207,779	1,076,209

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

Consolidated statement of income (cumulative)

Three months ended June 30

(Millions of yen)

	Three months ended June 30, 2023	Three months ended June 30, 2024
Operating revenue		
Commission received	12,363	12,976
Brokerage commission	6,053	6,392
Commission for underwriting, secondary distribution and solicitation for selling and others for professional investors	560	409
Fees for offering, secondary distribution and solicitation for selling and others for professional investors	3,491	3,224
Other commission received	2,258	2,950
Net trading income	7,711	6,790
Financial revenue	794	928
Other operating revenue	378	422
Total operating revenue	21,247	21,117
Financial expenses	480	476
Net operating revenue	20,766	20,640
Selling, general and administrative expenses	16,603	16,688
Trading related expenses	2,654	2,606
Personnel expenses	8,240	8,319
Real estate expenses	1,948	2,160
Office expenses	2,210	2,154
Depreciation	786	731
Taxes and dues	375	381
Provision of allowance for doubtful accounts	9	(30)
Other	379	364
Operating profit	4,163	3,952
Non-operating income	430	446
Dividend income	108	151
Share of profit of entities accounted for using equity method	80	213
Gain on investments in investment partnerships	215	–
Other	26	81
Non-operating expenses	20	65
Interest expenses	8	5
Loss on sale and retirement of non-current assets	3	14
Compensation expenses	–	20
Other	8	24
Ordinary profit	4,573	4,333

(Millions of yen)

	Three months ended June 30, 2023	Three months ended June 30, 2024
Extraordinary income		
Gain on sale of investment securities	1,268	1,291
Reversal of reserve for financial instruments transaction liabilities	373	–
Gain on reversal of share acquisition rights	68	–
Total extraordinary income	1,711	1,291
Extraordinary losses		
Impairment losses	–	43
Loss on sale of investment securities	14	–
Loss on valuation of investment securities	35	30
Provision of reserve for financial instruments transaction liabilities	–	152
Total extraordinary losses	49	225
Profit before income taxes	6,235	5,399
Income taxes - current	838	1,780
Income taxes - deferred	148	(126)
Total income taxes	986	1,654
Profit	5,249	3,744
Profit attributable to non-controlling interests	47	435
Profit attributable to owners of parent	5,201	3,309

Consolidated statement of comprehensive income (cumulative)

Three months ended June 30

(Millions of yen)

	Three months ended June 30, 2023	Three months ended June 30, 2024
Profit	5,249	3,744
Other comprehensive income		
Valuation difference on available-for-sale securities	4,392	(367)
Revaluation reserve for land	–	197
Foreign currency translation adjustment	358	312
Remeasurements of defined benefit plans, net of tax	(74)	(138)
Share of other comprehensive income of entities accounted for using equity method	129	42
Total other comprehensive income	4,806	46
Comprehensive income	10,055	3,791
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	9,106	4,125
Comprehensive income attributable to non-controlling interests	949	(334)