

# ***ANNUAL REPORT***

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**For Fiscal Year Ended March 31, 2024**

## *Corporate Profile*

Okasan Securities Group Inc. provides investment and financial services with its roots back to 1923, and now consists of a holding company, 11 domestic and one overseas group companies. With a focus on securities business, we provide investment products, services and solutions that meet the needs of our clients. Each group company develops highly professional strategies while collaborating with one another to maximize the synergies and contribute to our customers' asset growth.

Starting with Okasan Securities, our core securities business arm, we offer the comprehensive strengths unique to a financial group developed in response to the needs of each era.

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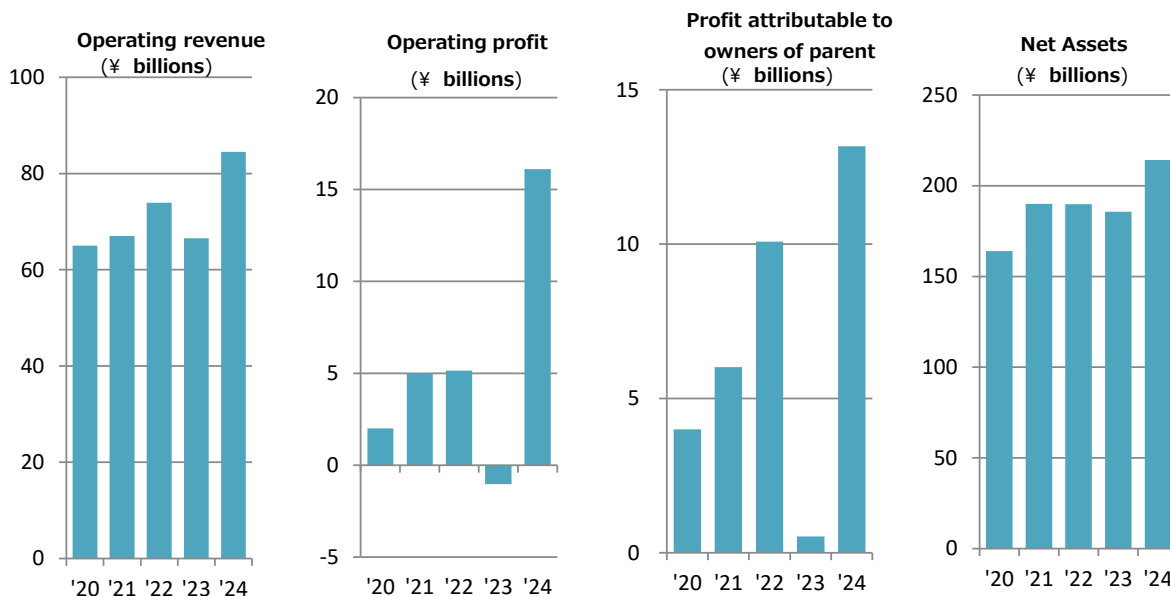
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## Consolidated Financial Highlights

### Okasan Securities Group Inc. and Consolidated Subsidiaries Years ended March 31, 2023 and 2024

	Millions of yen		Thousands of U.S. dollars (note)
	2024 (4/1/23~3/31/24)	2023 (4/1/22~3/31/23)	2024 (4/1/23~3/31/24)
Operating revenue .....	¥84,509	¥66,551	\$558,146
Operating profit .....	16,111	(1,034)	106,406
Profit attributable to owners of parent .....	13,167	529	86,962
Total assets .....	1,207,779	876,057	7,976,877
Net assets .....	214,156	185,638	1,414,411
Per share of common stock	Yen		U.S. dollars (note)
Basic net income .....	¥ 64.29	¥ 2.59	\$ 0.42
Cash dividends applicable to the year.....	30.00	20.00	0.20

Note: The translation of the yen amount into U.S. dollars is included solely for the convenience of the reader, using the prevailing exchange rate on March 29, 2024, which was ¥151.41 to U.S.\$1.



## Management Policy

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### Okasan Securities Group Inc. and Consolidated Subsidiaries

#### 1. Basic management policy for the Company

Okasan Securities Group Inc. manages a corporate group composed of a holding company and its Japanese and overseas consolidated subsidiaries. The Group strives to strengthen its enterprise value in a sustained manner through the provision of investment services centered on the securities business and asset management.

#### 2. Basic policy on the distribution of profits and dividends

The Group sees shareholder returns as an important gauge of management success and intend to distribute payouts in consideration of the earnings trends in tandem with the sustainability of stable dividends. Our policies call for harnessing internal reserves to enhance management structures and future business development. To implement this policy while balancing growth and shareholder returns as well as improving capital efficiency, the target for shareholder returns of a total payout ratio is set to 50% or higher. We have purchased approximately 2,000 million yen in treasury shares during this fiscal year.

#### 3. Important management indicator

The Group strives to achieve sustained growth and enhancement of corporate value over the medium- to long-term. As a particularly important management indicator, we state consolidated return on equity (ROE) of 8%.

#### 4. Management strategies, etc.

With the celebration of our 100th anniversary in April 2023 and the establishment of a management foundation that will enable us to achieve sustainable growth over the next 100 years, we strive to enhance corporate value through the basic policies of “Enhancement of One-to-One Marketing,” “Advancement of platforms,” and “Evolution of corporate branding” under our Medium-term Business Plan for the five-year period from April 2023 to March 2028.

During this consolidated fiscal year, the first fiscal year of the plan, Okasan Securities Co., Ltd. the core subsidiary promoted solution selling and concluded agreements to acquire the exchange listed Forex business from two companies in the same industry, thereby expanding our operating base. In addition, as we move forward with the transformation of our business model, it has also started initiatives to provide agency banking services using BaaS (Banking as a Service) and fund wrap services. By providing total consulting services that consider the entirety of our customers' assets, the Group aims to become our customers' main financial institution and expand our balance of assets under custody, including core assets, and our recurring revenue model.

We are strengthening our securities business functions by utilizing internal and external resources and expanding our platform strategy to provide securities services through a diverse range of sales channels by leveraging alliances, M&A, and other opportunities. The Group is committed to coexist and prosper through our unique network, leveraging the potential of the retail financial business.

We will continue to aim for further development as a securities group that contributes to "the lives of our customers" as finance professionals.

## **Okasan Securities Group Medium-term Business Plan**

### **<Purpose>**

To contribute to “the lives of our customers” as finance professionals

### **<Vision>**

To be the best partner for our customers by continuing to meet their individual needs through heartfelt services

### **● Basic policies**

#### **Goal:**

Reforming the business model to establish management foundations for sustained growth in the next 100 years

#### **Growth strategy:**

- Enhancement of One-to-One Marketing
- Advancement of platforms
- Evolution of corporate branding

Promoting digitalization across all domains to support realization of the growth strategy.

### **● Targets for key management indicators**

- Assets under custody: 10 trillion yen
- ROE: 8%
- Total payout ratio: 50%

(Purchasing at least 1 billion yen per year in treasury shares during the period covered by the Medium-term Business Plan until the PBR exceeds 1.0)

## **5. Business conditions and challenges the Company should address**

We have seen increasing uncertainty over events in Ukraine, the Middle East, and the Cold War dynamics between the US and China, which are shaking the world order. Japan's securities industry has seen a growing trend towards merges and alliances between companies - including other industries - amid the environmental changes, which calls for a necessity in swift and appropriate management decisions.

On the other hand, we see significant growth potential in the securities industry over the medium- to long-term. The norms (social conventions) of companies and consumers have changed over the years since the financial crisis of the Heisei era, and Japan is expected to emerge from its deflationary environment. With policy support, a positive attitude towards investment is being fostered, and there are expectations of a gradual shift towards risk assets and expansion of the investor base. In this context, we believe it is important to steadily capture the growth potential of the securities industry, based on changes in the roles required of securities companies and the added value they should provide. Under the current Medium-term Business Plan, we are strengthening our "One-to-One Marketing" in our core retail business, which involves taking a comprehensive view of each customer's overall assets and delivering the optimal solution from among a variety of financial products and solutions. We are also working to expand new services to meet diverse needs. Moreover, we plan to further improve customer experience (CX) by integrating skills and know-how cultivated by Okasan Online Securities, which merged with Okasan Securities in 2022, into our face-to-face sales.

Additionally, our Group aims to achieve "coexistence and co-prosperity" with a diverse range of securities companies. We seek to accelerate the deployment of "Securities as a Service" both within and outside the Group, delivering advanced services to a broader customer base.

As financial professionals, our Group's purpose is to "contribute to the lives of our customers", and we will strive to be a company that continues to grow and be trusted by our customers for the next 100 years. We also see contributing to the sustainability of society and local communities as part of our mission, and we aim to foster a diverse ecosystem - similar to a forest - together with our stakeholders.

## **6. Outline of corporate governance structure**

### **(1) Basic concepts regarding corporate governance**

To remain a company that retains society's trust, we have positioned corporate governance as a key management issue. By securing the rights and equality of shareholders, making the right decisions in a timely manner, and putting together the structures for business execution and appropriate management supervision and monitoring, we will fulfill our fiduciary duties and accountability to shareholders and forge cordial relationships with stakeholders.

### **(2) Structure of business execution**

Regarding the structure of business execution, the Board of Directors as the supreme decision-making organ on management makes decisions on items provided in laws and regulations and the articles of incorporation and maps out plans for the management strategy of the Group and supervises them. The President - CEO executes decisions of the Board of Directors and supervises overall management. The Board of Directors consists of six directors (including four directors who are Audit & Supervisory Committee members), which enables it to make quick decisions.

We also have set up the Management Conference. To strengthen the business management of the Group by clarifying the roles of both bodies, the Board of Directors makes management decisions and supervises management while the Management Conference is in charge of business execution. The Management Conference, according to the basic management policies adopted by the Board of Directors, deliberates on the laying out of specific policies, business execution plans, and other important managerial subjects.

### **(3) Management monitoring structure**

The Group has adopted the structure of a company with an Audit & Supervisory committee to enhance the transparency of decision-making and strengthen audit and supervisory functions through the involvement of outside directors in its management affairs. The total number of Audit & Supervisory Committee is four (one is a full-time director), and three are outside directors. The Committee is comprised of Audit & Supervisory Committee members, determines audit policies in accordance with laws and regulations and the Company's articles of incorporation, based on the rules for the Committee. The Committee also works to formulate audit opinions for Audit & Supervisory Committee members. Other member obligations include attendance at meetings of the Board of Directors and other important meetings; interviews with directors (excluding directors who serve concurrently as Audit & Supervisory Committee members); and the duty to review important approval documents to oversee decision-making by the Board of Directors and the state of business execution by directors. Audit & Supervisory Committee members also work with independent auditors and the divisions in charge of internal audits to help ensure effective and appropriate audits. Okasan Securities Group Inc. has entered into agreements with the four Audit & Supervisory Committee members to curtail their liabilities under Article 423, Paragraph 1 of the Companies Act, in accordance with Article 427, Paragraph 1 of the Act, to the minimum level specified by laws and regulations.

### **(4) Internal auditing structure**

As part of efforts to contribute to securing appropriate business operations such as reducing management risks and preventing wrongdoings, we have set up the Group Internal Audit Dept. and assigned eight staffs to this department. The Group Internal Audit Dept. makes up an audit plan in each fiscal year, periodically implements on-the-spot audits based on these plans and inspects documents when necessary. The results of the audits are presented regularly to the Board of Directors in the form of an audit report.

## Operating and Financial Review

### Okasan Securities Group Inc. and Consolidated Subsidiaries Years ended March 31, 2024

#### I. Financial conditions and operating results

During this consolidated fiscal year, despite Japan's economy exhibiting a trend towards a steady recovery with economic activity returning to normal, it became stagnant towards the latter half of the year. Consumer spending saw little improvement, with real wage staying negative. However, inbound consumption saw an all-time high in 2023 due to the increasing number of foreign tourists and the yen depreciation. As for industrial production, although semiconductor prices bottomed out and showed signs of recovery, it saw a slight decline after January 2024 with some automakers having to halt production and shipping.

In such environments, the Nikkei Stock Average (Nikkei 225) - starting at the 28,200-yen level in April 2023 - rose continuously. It was prompted by solid domestic corporate earnings, the economic recovery, and foreign capital inflow, which gained traction in the hope of improved capital efficiency after the Tokyo Stock Exchange implemented measures towards listed companies. In August, we saw risk aversion heightening with growing concerns about the deteriorating performances by major Chinese real estates, long-term monetary tightening in the US, and conditions surrounding the Middle East, which temporarily lead to a soft market by October. US stocks sore afterwards however, which triggered an uptrend; further depreciation of the yen and strong financial statements by semiconductor related companies had created a positive outlook on business expansion. The Nikkei 225 surged past its record for the first time in 34 years. It surpassed its major mark the of the 40,000-yen level in March and closed the fiscal year at 40,369.44 yen.

The bond market, with long-term yields starting at the 0.3% range in the beginning of April, saw an upward trend as a result of the Bank of Japan's (BoJ) Monetary Policy Meeting; a decision to conduct yield curve control with greater flexibility was made. Long-term yields briefly surpassed 0.9% from October to November. However, following the decline in US interest rates, domestic interest rates went on a decline as well. Although the BoJ announced the end of its negative interest rates regime in March, it also stated that the policy would be kept ultra-loose to support a fragile economic recovery. Long-term yields in Japan ended the fiscal year at 0.725%. The foreign exchange market on the other hand, saw a rapid shift in a weaker yen and a stronger dollar; what was once being traded above 130 yen to the dollar in April, reached the 151 yen level by October. This was in response to the differences in monetary policies between the Federal Reserve Board (FRB) and the BoJ. The yen had appreciated temporarily against the dollar towards the end of the year, but had depreciated even further, given the FRB's decision to fall back on an early interest rate-cut due to the robust US economy. Currency trading ended the fiscal year at the level of 151 yen to the dollar.

Under these conditions, the Okasan Securities Group worked to establish a management foundation that will enable the realization of sustainable growth, implemented by the five-year Medium-term Business Plan - which started this fiscal year. Okasan Securities Co., Ltd., a core subsidiary, hosted large-scale seminars celebrating the Group's 100th anniversary of its founding, created campaigns targeting customers, and strengthened "One-to-One Marketing" - one of its growth strategies - whilst maintaining the implementation of solution selling by adding services such as a comprehensive support system for inheritance. As part of enhancing its business foundation, it settled business transfer contracts on exchange listed Forex from two securities firms and promoted businesses that focused on the recurring revenue model; this includes the preparation on agency banking, which will utilize Banking as a Service (BaaS), and fund wrap services. Meanwhile, the Group worked on its first ever Security Token (ST) business collaboration. Named "Okasan Securities Group 100th anniversary ST bond," it was Japan's largest public offering ST bond issued towards individual investors.

We also enhanced our initiatives intended to help realize a sustainable society through the securities business. These include efforts to address climate change by working on net-zero greenhouse gas emissions by the Group, the promotion of human rights and diversity, contributions to solving social issues through finance, and the promotion of financial education.

## **II. Financial standing**

Total assets at the end of the consolidated fiscal year under review stood at ¥1,207,779 million, up ¥331,722 million from the end of the previous consolidated fiscal year. Total liabilities at the end of the consolidated fiscal year under review stood at ¥993,623 million, up ¥303,204 million from the end of the previous consolidated fiscal year. Net assets at the end of the consolidated fiscal year under review stood at ¥214,156 million, up ¥28,518 million from the end of the previous consolidated fiscal year.

### **1. Total assets**

Total assets at the end of the consolidated fiscal year under review stood at ¥1,207,779 million, up ¥331,722 million from the end of the previous consolidated fiscal year. This was due mainly to increases of ¥196,669 million in loans secured by securities, ¥44,169 million in trading products, ¥31,454 million in trade date accrual, ¥26,332 million in investment securities, and ¥19,708 million in margin transaction assets.

### **2. Total liabilities**

Total liabilities at the end of the consolidated fiscal year under review stood at ¥993,623 million, up ¥303,204 million from the end of the previous consolidated fiscal year. This was due mainly to increases of ¥199,864 million in trading products, ¥92,142 million in borrowings secured by securities, ¥23,576 million in deposits received, and ¥7,367 million in deferred tax liabilities, while trade date accrual decreased by ¥24,314 million.

### **3. Net assets**

Net assets at the end of the consolidated fiscal year under review stood at ¥214,156 million, up ¥28,518 million from the end of the previous consolidated fiscal year. This was due mainly to increases of ¥16,128 million in valuation difference on available-for-sale securities and ¥9,064 million in retained earnings.



### **III. Business results**

Group operating revenue in the consolidated fiscal year under review was ¥84,509 million (increased by 27.0% compared to the figure for the previous year); net operating revenue was ¥82,553 million (increased by 27.2% compared to the previous year). SG&A expenses were ¥66,442 million (increased by 0.8% compared to the previous year); ordinary profit was ¥18,061 million (42.8 times that of the previous year); and profit attributable to owners of parent was ¥13,167 million (24.9 times that of the previous year).

#### **1. Fees and commissions received**

Fees and commissions received totaled ¥49,948 million (increased by 21.5% compared to the previous year). The main components were as follows:

##### **(1) Brokerage commission**

During this consolidated fiscal year, the daily average trading volume (for domestic common stock) was 2,191 million shares (increased by 27.3% compared to the level in the previous fiscal year) and the trading value was ¥4,674.4 billion (increased by 33.6% compared to the figure for the previous fiscal year) on the Tokyo Stock Exchange. In response to a solid equity market, brokerage trading value amounted within Okasan Securities Co. Ltd., the Company's core subsidiary, increased compared to that of the previous consolidated fiscal year.

Consequently, equity brokerage commission was ¥23,607 million (increased by 52.0% compared to the previous year). Other brokerage commission amounted to ¥566 million (decreased by 10.0% compared to the previous year). Total brokerage commission was ¥24,173 million (increased by 49.6% compared to the previous year).

##### **(2) Commission for underwriting, secondary distribution and solicitation for selling and others for professional investors**

A look at stock underwriting during this consolidated fiscal year shows that compared to the previous consolidated fiscal year – where underwriting for major share offerings occurred, the value of underwriting declined. However, cases on serving as the lead underwriter frequented and resulted in the increase on commission. In the area of bond underwriting, we served as the lead underwriter for multiple large-scale bonds for individual investors, with the value of underwriting to increase especially for industrial bonds.

The resulting commissions on equity were ¥500 million (increased by 65.3% compared to the previous year). Commissions on bonds totaled ¥958 million (increased by 206.9% compared to the previous year). Total Commission for underwriting, secondary distribution and solicitation for selling and others for professional investors, related to both equity and bond transactions, amounted to ¥1,459 million (increased by 137.2% compared to the previous year).

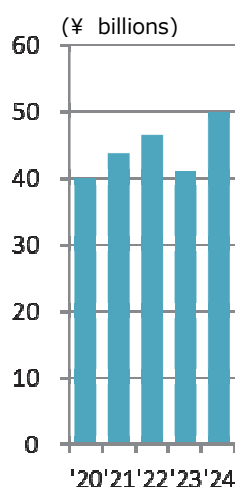
##### **(3) Fees for offering, secondary distribution, solicitation for selling and others for professional investors and other commission received**

Income related to investment trusts accounted for the bulk of our income from fees for offering, secondary distribution, solicitation for selling and others for professional investors and other commission received.

Sales of publicly offered investment trusts during this consolidated fiscal year increased year on year. Japanese stock funds that emphasize on high dividend yields were popular throughout the year due to a favorable domestic stock market. Funds that we started handling this year – including those on semiconductor firms and those focusing on high growth markets such as India and the surrounding regions – also gained popularity the latter half of the year.

As a result, fees for offering, secondary distribution and solicitation for selling and others for professional investors totaled ¥14,419 million (increased by 34.6% compared to the previous year). Other commission received, related to mainly investment trusts, amounted to ¥9,896 million (decreased by 27.4% compared to the previous year).

Fees and commissions received



Fees and commissions received

### Breakdown by category

	2024 (4/1/23~3/31/24)	2023 (4/1/22~3/31/23)	Percent change
Brokerage commission	¥24,173	¥16,163	49.6
Equities	23,607	15,533	52.0
Bonds	-	0	-
Others	566	629	(10.0)
Underwriting fees and selling concession	1,459	615	137.2
Equities	500	302	65.3
Bonds	958	312	206.9
Placement commission	14,419	10,709	34.6
Other commission	9,896	13,631	(27.4)
Total	49,948	41,119	21.5

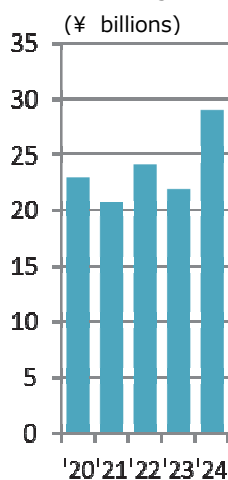
## 2. Net trading income

Income on equity trading is earned mainly from domestic over-the-counter trading of foreign equities, particularly US stocks. Income on bond trading arises mainly in conjunction with income from the handling of domestic and foreign bonds for customers and bond portfolio management.

In the consolidated fiscal year under review, individual clients' over-the-counter transactions of foreign securities increased from the previous fiscal year, due to a strong US stock market. Sales volume of foreign bonds however, decreased for both corporate and individual clients.

Consequently, total income on equity trading was ¥22,808 million (increased by 73.0% compared to the previous year). Total bond trading income was ¥6,496 million (decreased by 23.2% compared to the previous year). Net trading income, including loss from other trading of ¥164 million (profits of ¥299 million in the previous year), was ¥29,139 million (increased by 32.8% compared to the previous year).

Net trading income



### Net trading income

	2024 (4/1/23~3/31/24)	2023 (4/1/22~3/31/23)	Percent change
Equities, etc.	¥22,808	¥13,186	73.0
Bonds, etc.	6,496	8,461	(23.2)
Others	(164)	299	-
Total	29,139	21,947	32.8

### **3. Financial revenue**

Financial revenue amounted to ¥3,588 million (increased by 46.2% compared to the previous year). Financial expenses stood at ¥1,955 million (increased by 18.6% compared to the previous year). Net financial revenue—i.e., the difference between financial revenue and financial expenses—was ¥1,632 million (increased by 103.0% compared to the previous year).

### **4. Other operating revenue**

Other operating revenue—i.e., operating income other than that related to the financial products transaction business and incidental operations—stood at ¥1,832 million (increased by 77.8% compared to the previous year).

### **5. Selling, general, and administrative expenses**

Due to higher expenses, including office expenses and personnel expenses, selling, general, and administrative expenses were ¥66,442 million (increased by 0.8% compared to the previous year).

### **6. Non-operating income / expenses and Extraordinary income / losses**

Non-operating income amounted for ¥2,466 million, while non-operating expenses amounted for ¥515 million. Extraordinary income amounted for ¥2,275 million due to factors including record of gain on sale of investment securities, while extraordinary losses amounted for ¥2,138 million due to factors including record of impairment losses.

### **7. Dividends**

The Company sees shareholder returns as a critical management issue. Its basic policy is to maintain a stable dividend while distributing profits in line with earnings. It also calls for harnessing internal reserves to enhance management structures and future business development. To implement this policy while balancing growth and shareholder returns as well as improving capital efficiency, the target for shareholder returns of a total payout ratio is set to 50% or higher.

Based on the policy above, the Company has determined to pay dividends in this fiscal year of 30 yen per share of ordinary dividends. The Company purchased approximately 2,000 million yen in treasury shares during this fiscal year.

#### **IV. Cash flows**

Cash and cash equivalents (“cash” hereafter) at the end of the consolidated fiscal year was down ¥6,265 million from the end of the previous fiscal year to ¥77,771 million.

Presented below is information on each type of cash flow during the consolidated fiscal year under review and the underlying factors:

##### **<Cash flows from operating activities>**

Cash used in operating activities were ¥4,761 million, attributable mainly to the difference between cash inflows from ¥99,927 million on decrease (increase) in trading products - assets(liabilities), as well as ¥22,104 million on increase (decrease) in deposits received, and cash outflows of ¥104,526 million on decrease/increase in loans/borrowings secured by securities, ¥21,478 million on decrease/increase in margin transaction assets/liabilities, ¥13,670 million on decrease (increase) in cash segregated as deposits for customers, as well as ¥13,067 million on decrease (increase) in short-term loans receivable.

##### **<Cash flows from investing activities>**

Cash provided by investing activities amounted to ¥2,393 million, due mainly to the difference between the cash inflows of ¥4,211 million on proceeds from sale of investment securities, and cash outflows of ¥1,554 million on purchase of intangible assets.

##### **<Cash flows from financing activities>**

Cash used in financing activities amounted to ¥4,414 million, due mainly to the difference between cash inflows from a net increase (decrease) in short-term borrowings of ¥2,858 million, as well as proceeds from issuance of bonds of ¥1,980 million, and cash outflows of ¥4,102 million on dividends paid, ¥3,802 million on repayments of long-term borrowings, as well as ¥2,001 million on purchase of treasury shares.

## V. Financial information

### 1. Method of preparation of consolidated financial statements and non-consolidated financial statements

(1) The consolidated financial statements of the Company have been prepared in accordance with the provisions set forth in the “Cabinet Office Ordinance Concerning Financial Instruments Business” (Cabinet Office Ordinance No. 52 of 2007) and the “Uniform Accounting Standards for Securities Companies” (set by the board of directors of the Japan Securities Dealers Association dated November 14, 1974), based on the “Regulation on Terminology, Forms, and Preparation Methods of Consolidated Financial Statements” (Ministry of Finance Ordinance No. 28 of 1976) as well as the provisions of Articles 46 and 68 of the said Ordinance.

(2) The non-consolidated financial statements of the Company have been prepared based on the “Regulation on Terminology, Forms, and Preparation Methods of Financial Statements” (Ministry of Finance Ordinance No. 59 of 1963; hereinafter, the “Financial Statements Regulation”).

Further, the Company is deemed a special company submitting financial statements and prepares non-consolidated financial statements based on the provisions of Article 127 of the Financial Statements Regulation.

### 2. Audit attestation

Pursuant to the provisions of Article 193-2, Paragraph 1 of the Financial Instruments and Exchange Act, the consolidated financial statements for the fiscal year from April 1, 2023 to March 31, 2024 and the non-consolidated financial statements for the fiscal year from April 1, 2023 to March 31, 2024 of the Company have been audited by Crowe Toyo & Co.

### 3. Particular efforts to ensure the appropriateness of consolidated financial statements, etc.

The Company makes particular efforts to ensure the appropriateness of its consolidated financial statements. Specifically, in order to establish a system to properly understand the details of accounting standards, etc. and ensure the reliability of corporate information, the Company has joined the Financial Accounting Standards Foundation to collect information concerning accounting standards, implementation guidance, Practical Issues Task Force, and others.

In addition, the Company participates in open seminars sponsored by the Accounting Standards Board of Japan and the Financial Accounting Standards Foundation as well as seminars, etc. on the preparation of annual securities reports.

# 1. Consolidated financial statements and other information

## (1) Consolidated financial statements

### (i) Consolidated balance sheet

(Millions of yen)

	As of March 31, 2023		As of March 31, 2024	
Assets				
Current assets				
Cash and deposits	*3	88,460	*3	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	*3	239,927	*3	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	*1	16,991	*1	16,495
Buildings, net		4,781		4,542
Equipment		1,075		1,071
Land	*6	10,623	*6	10,603
Leased 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	*2,*3	57,663	*2,*3	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
<b>Liabilities</b>		
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	*3 13,482	*3 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	*3,*8 152,897	*3,*8 157,191
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	*3,*8 10,000	*3 6,728
Lease liabilities	306	174
Deferred tax liabilities for land revaluation	*6 1,527	*6 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 non-current liabilities	2,455	1,941
Total non-current liabilities	29,153	32,158
Reserves under special laws		
Reserve for financial instruments transaction liabilities	*7 1,247	*7 978
Total reserves under special laws	1,247	978
Total liabilities	690,418	993,623
<b>Net assets</b>		
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	*6 330	*6 330
Foreign currency translation adjustment	816	1,376
Remeasurements of defined benefit plans	890	1,951
Total accumulated other comprehensive income	10,076	27,827
Stock acquisition rights	421	266
Non-controlling interests	12,199	14,990
Total net assets	185,638	214,156
<b>Total liabilities and net assets</b>	<b>876,057</b>	<b>1,207,779</b>

## (ii) 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	*1 66,551	*1 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	*2 32,465	*2 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	*3 82	*3 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	*1 503	*1 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

## (iii) Consolidated statement of changes in equity

Fiscal year ended March 31, 2023

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at the beginning of the 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 the end of the period	18,589	37,273	118,548	(11,470)	162,940

	Accumulated other comprehensive income					Stock 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 the beginning of the 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 the end of the period	8,039	330	816	890	10,076	421	12,199	185,638

Fiscal year ended March 31, 2024

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at the beginning of the 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 the end of the period	18,589	37,959	127,612	(13,089)	171,072

	Accumulated other comprehensive income					Stock 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 the beginning of the 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 the end of the period	24,168	330	1,376	1,951	27,827	266	14,990	214,156

## (iv) 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 from acquisition of businesses	*2 5,084	—
Purchase for acquisition of businesses	—	*2 (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	*1 84,037	*1 77,771

[Notes]

(Significant accounting policies for preparation of consolidated financial statements)

1. Matters relating to the scope of consolidation

(1) Number of consolidated subsidiaries: 12

(2) Names, etc. of unconsolidated subsidiaries

The unconsolidated subsidiaries (Mitsui Securities Co., Ltd. and others) are all small in scale, and the influence of their combined total assets, operating revenue and profit (amounts proportional to equity) and retained earnings (amount proportional to equity) on the consolidated financial statements is minor. Accordingly, they are excluded from the scope of consolidation.

2. Matters relating to the application of the equity method

(1) Number of affiliates accounted for by the equity method

Number of affiliates accounted for by the equity method: 2

Company names

Marukuni Securities Co., Ltd. and SBI Okasan Asset Management Co., Ltd.

(2) Unconsolidated subsidiaries that are not accounted for by the equity method

The influence on the consolidated financial statements of the unconsolidated subsidiaries that are not accounted for by the equity method (Mitsui Securities Co., Ltd. and others) is minor even if they are excluded from the scope of application of the equity method, judging from their profit (amount proportional to equity) and retained earnings (amount proportional to equity), and they are not material even on a combined basis. Accordingly, they are excluded from the scope of application of the equity method.

3. Matters relating to the fiscal years, etc. of the consolidated subsidiaries

All consolidated subsidiaries close accounts on March 31, except for No. 1 OCP Investment Limited Partnership and No. 2 OCP Investment Limited Partnership, which close accounts at the end of February.

For No. 1 OCP Investment Limited Partnership and No. 2 OCP Investment Limited Partnership, financial statements as of the end of February are used, and, for purposes of the consolidated financial results, necessary adjustments have been made for material transactions that occurred during the period up to the consolidated balance sheet date.

4. Matters concerning accounting policies

(1) Standards and methods for valuation of securities, etc. for trading purposes

The fair value method is adopted for securities and derivatives, etc. for trading purposes.

(2) Standards and methods for valuation of securities, etc. for non-trading purposes

Held-to-maturity debt securities

They are stated at amortized cost (straight-line method).

Available-for-sale securities

(i) Securities other than equity securities, etc. without market value

They are recorded at fair value (net unrealized gains (losses) are booked directly under net assets, and the cost of securities sold is mainly calculated based on the moving-average method).

(ii) Equity securities, etc. without market value

They are mainly stated at cost determined by the moving-average cost method or amortized cost method (straight-line method). Investments in investment limited partnerships and similar partnerships (which are deemed as securities pursuant to Article 2, Paragraph 2 of the Financial Instruments and Exchange Act) are stated at the net value of equity based on the most recent financial statements available according to the financial reporting dates specified in the respective partnership agreements.

Derivatives

They are recorded at fair value.

(3) Method of depreciation for significant depreciable assets

(i) Property, plant and equipment (excluding leased assets)

The Company and its consolidated subsidiaries in Japan adopt the declining-balance method, and its consolidated subsidiaries outside Japan adopt the straight-line method.

However, the Company and its consolidated subsidiaries in Japan use the straight-line method for buildings (excluding building fixtures) acquired on and after April 1, 1998 and building fixtures and structures acquired on and after April 1, 2016.

The estimated useful lives for major asset classes are as follows:

Buildings, net                      3 to 50 years

Equipment                          3 to 15 years

(ii) Intangible assets (excluding leased assets)

The Company and its consolidated subsidiaries adopt the straight-line method. Software is amortized over an estimated internal useful life of 5 years.

(iii) Leased assets

The straight-line method is adopted by treating the lease period as the useful life and assuming a residual value of zero.

(4) Recognition standard for significant allowances

(i) Allowance for doubtful accounts

To prepare for credit losses from loans, etc., the Company and its consolidated subsidiaries in Japan provide for the amount of uncollectible receivables based on the estimated historical default rate for normal accounts, and based on specifically assessed amounts for doubtful accounts. The consolidated subsidiaries outside Japan provide for the amount of uncollectible receivables based on specifically assessed amounts for individual accounts.

(ii) Provision for bonuses

The Company and its consolidated subsidiaries recognize the amount to be borne for the fiscal year under review for the estimated amount of payment, as calculated based on the designated calculation method for each company, to provide for bonus payments to the employees.

(iii) Provision for retirement benefits for directors (and other officers)

To provide for the payment of lump-sum retirement benefits to their officers, some consolidated subsidiaries in Japan recognize the amount to be paid at the end of the period based on their respective internal rules.

(iv) Reserve for financial instruments transaction liabilities

Reserve for financial instruments transaction liabilities is recognized based on the provisions of the Financial Instruments and Exchange Act to cover possible losses incurred due to accidents in relation to transactions of securities and others or derivative transactions.

(5) Accounting treatment for retirement benefits

(i) Attribution method for estimated amounts of retirement benefits

In determining retirement benefit obligations, the benefit formula basis is used to attribute estimated amounts of retirement benefits to the period up to the end of the fiscal year under review.

(ii) Method of amortization of actuarial gains or losses

Actuarial gains or losses are amortized using the straight-line method over a fixed period (five years) within the average remaining service period of employees as of the time the cost is incurred during each fiscal year, with each amount recognized as an expense starting from the following fiscal year.



(6) Recognition standard for significant revenues

Brokerage commissions are primarily commissions received for the brokerage of equity transactions. Since the obligation to pass a buy or sell order to a secondary market is satisfied on the trade date, etc., revenue is recognized at such point in time.

Commissions for underwriting, secondary distribution and solicitation for selling and others for professional investors are those received from issuing companies, etc. for underwriting or secondary distribution of securities (limited to where a subscription period for the purchase or sale of securities is specified) or solicitation for selling and others for professional investors. Generally, by deeming that the obligation to underwrite, etc. is satisfied on the pricing date, revenue is recognized at such point in time.

Fees for offering, secondary distribution and solicitation for selling and others for professional investors are those received from underwriters, etc. for handling offerings or secondary distributions of securities, or private placement or solicitation for selling, etc. to professional investors. Generally, by deeming that the obligation to sell, etc. is satisfied on the subscription date for offering, etc., revenue is recognized at such point in time. In the case of beneficiary certificates traded in the buy/sell format, revenue is recognized in a manner similar to brokerage commissions.

With respect to administrative charges received for the management and administration of investment trusts, which are included in other commissions received, a certain percentage of the daily net asset value of an investment trust is recognized as daily revenue, in accordance with the trust agreement.

(7) Standard for translation of significant foreign currency-denominated assets or liabilities into Japanese yen

Receivables and payables denominated in foreign currencies are translated into yen at the spot foreign exchange rates on the consolidated balance sheet date, and gains or losses resulting from the translation are credited or charged to income. Assets and liabilities, and revenues and expenses of an overseas consolidated subsidiary are translated into yen at the spot foreign exchange rate on the consolidated balance sheet date, and gains or losses resulting from the translation are included in the 'Foreign currency translation adjustment' account under net assets.

(8) Significant hedge accounting methods

(i) Hedge accounting methods

The Company and some consolidated subsidiaries primarily apply the deferred hedge accounting method. Exceptional accounting treatment is applied for interest rate swaps that satisfy the requirements for such treatment.

(ii) Hedging instruments and hedged items

Hedging instruments: Interest rate swaps

Hedged items: Borrowings

(iii) Hedging policy

The Company and certain consolidated subsidiaries have entered into interest rate swap agreements for hedging interest rate risks associated with certain borrowings, and hedged items are identified for each agreement.

(iv) Method of assessing hedge effectiveness

Given that the interest rate swaps satisfy the requirements for exceptional accounting treatment, the assessment of effectiveness is omitted.

(9) Scope of cash and cash equivalents in the consolidated statement of cash flows

Cash and cash equivalents consist of cash on hand and deposits that can be withdrawn anytime, including those in checking accounts and savings accounts, as well as highly liquid investments with an insignificant risk of changes in value, which have maturities of three months or less when purchased (excluding trading products).

(10) Other significant matters for the preparation of consolidated financial statements

(i) Accounting treatment of consumption taxes

Consumption tax that is not tax-deductible and local consumption tax were expensed in the fiscal year under review.

(ii) Application of Group Tax Sharing System

The Company and some of its consolidated subsidiaries in Japan apply the Group Tax Sharing System.

(Significant accounting estimates)

1. Deferred tax assets (liabilities)

(1) Amounts recorded in the consolidated financial statements

(Millions of yen)

	As of March 31, 2023	As of March 31, 2024
Deferred tax assets	204	27
Deferred tax liabilities	8,855	16,223

(Note) The above amounts represent the amount after offsetting deferred tax assets and deferred tax liabilities for each taxable entity, and the amounts of deferred tax assets before offsetting against deferred tax liabilities were ¥1,359 million for the previous fiscal year, and ¥2,142 million for the fiscal year under review.

Of those amounts, the amounts of deferred tax assets (before offsetting against deferred tax liabilities) within the group subject to the Group Tax Sharing System were ¥1,143 million for the previous fiscal year and ¥2,036 million for the fiscal year under review.

(2) Methods of calculation

Deferred tax assets are recognized for future deductible temporary differences and tax-loss carryforwards to the extent it has become probable that future taxable income will allow them to be recovered. Deferred tax liabilities are recognized for future taxable temporary differences. The Company and certain consolidated subsidiaries in Japan adopt the Group Tax Sharing System and recoverability is determined by considering the estimated taxable income based on the future profitability of the group subject to the tax sharing system.

(3) Major assumptions

Estimates of future taxable income are calculated based on future business plans, with judgment and assumptions made by management by considering the external environments. Major assumptions in the business plans of the group subject to tax sharing system are the balance of assets under custody in the future and profitability relative to such assets, which are used in the projection of the operating revenue of Okasan Securities Co., Ltd., our core subsidiary. They are determined in light of past performance and the Medium-term business plan, as well as the current market environment.

(4) Impact on the consolidated financial statements for the fiscal year ending March 31, 2025

The recognition of deferred tax assets is judged based on the estimated amount of taxable income, which may be impacted by changes in uncertain future economic conditions and other factors. If the actual amount differs from the projection, it may have a material impact on the amount of deferred tax assets in the consolidated financial statements for the fiscal year ending March 31, 2025.

(Accounting standards, etc. issued but not yet applied)

- “Accounting Standard for Current Income Taxes” (ASBJ Statement No. 27, October 28, 2022)
- “Accounting Standard for Presentation of Comprehensive Income” (ASBJ Statement No. 25, October 28, 2022)
- “Guidance on Accounting Standard for Tax Effect Accounting” (ASBJ Guidance No. 28, October 28, 2022)

(1) Outline

The standards set forth which line to recognize corporate income tax, etc., in the cases where items of other comprehensive income are taxed, and the tax effect accounting for the sale of subsidiaries’ shares under the Group Tax Sharing System.

(2) Scheduled date of application

It is to be applied from the beginning of the fiscal year ending March 2025.

(3) Impact of the application of the relevant accounting standard, etc.

The Group is currently evaluating the impact of the application of the “Accounting Standard for Current Income Taxes” on the consolidated financial statements.

(Consolidated balance sheet)

\*1 The amounts of accumulated depreciation of property, plant and equipment are as follows.

(Millions of yen)

	As of March 31, 2023	As of March 31, 2024
Accumulated depreciation of property, plant and equipment	18,725	19,384

\*2 The following is information on unconsolidated subsidiaries and affiliates.

(Millions of yen)

	As of March 31, 2023	As of March 31, 2024
Investments and other assets, Investment securities	10,006	10,985

\*3 Assets pledged as collateral and collateralized liabilities are as follows.

As of March 31, 2023

(Millions of yen)

Collateralized liabilities		Assets pledged as collateral				
Type	Balance at the end of the period	Deposit	Trading securities and other	Property, plant and equipment	Investment securities	Total
Short-term borrowings	22,010	2,824	21,491	—	5,654	29,970
Margin borrowings	2,222	—	—	—	218	218
Long-term borrowings	—	—	—	—	—	—
Total	24,233	2,824	21,491	—	5,872	30,189

(Notes) 1. Amounts in the table above are based on the carrying values on the consolidated balance sheet.

2. In addition to the above, trading securities and other of ¥36,903 million and investment securities of ¥1,159 million are pledged as collateral for real-time gross settlement transactions, etc.

As of March 31, 2024

(Millions of yen)

Collateralized liabilities		Assets pledged as collateral				
Type	Balance at the end of the period	Deposit	Trading securities and other	Property, plant and equipment	Investment securities	Total
Short-term borrowings	31,044	2,931	30,688	—	10,768	44,388
Margin borrowings	3,435	—	—	—	257	257
Long-term borrowings	—	—	—	—	—	—
Total	34,479	2,931	30,688	—	11,025	44,645

(Notes) 1. Amounts in the table above are based on the carrying values on the consolidated balance sheet.

2. In addition to the above, trading securities and other of ¥23,560 million and investment securities of ¥2,268 million are pledged as collateral for real-time gross settlement transactions, etc.

- 4 The fair value of securities pledged as collateral, etc. is as follows. (Excluding \*3 above)

	(Millions of yen)	
	As of March 31, 2023	As of March 31, 2024
Securities sold in margin transactions	11,572	11,458
Securities pledged for margin borrowings	13,171	11,360
Securities lent under loan agreements	7,996	3,698
Securities sold under repurchase agreements	100,647	196,460
Substituted securities for guaranteed deposits payable (except those directly deposited by customers)	622	1,394
Other securities pledged as collateral	23,769	19,658

- 5 The fair value of securities received as collateral, etc. is as follows.

	(Millions of yen)	
	As of March 31, 2023	As of March 31, 2024
Securities deposited for margin loans	80,917	116,377
Securities borrowed in margin transactions	7,220	5,115
Securities borrowed under loan agreements	641	0
Securities bought under repurchase agreements	233,392	430,929
Substituted securities for guaranteed deposits receivable (limited to those for which consent for rehypothecation has been obtained)	117,358	147,231
Other securities deposited as collateral with the right to dispose freely	1,340	47,561

- \*6 Pursuant to the Act on Revaluation of Land (Act No. 34 promulgated on March 31, 1998), some consolidated subsidiaries have revaluated business-use land and record 'land revaluation gain/loss' under net assets.

- Method of revaluation: Revaluated based on a method provided in Article 2, Items 1, 3 and 5 of the Enforcement Ordinance Concerning Revaluation of Land (Cabinet Order No. 119 promulgated on March 31, 1998).
- Date of revaluation: March 31, 2002
- No difference is provided, as the fair value of land for which revaluation was performed exceeded the carrying value after revaluation as of the end of the fiscal year ended March 31, 2023 and the fiscal year ended March 31, 2024.

- \*7 The provision that provides for the reserve under the special law is as follows.

Reserve for financial instruments transaction liabilities: Article 46-5, Paragraph 1 of the Financial Instruments and Exchange Act

- \*8 Long-term borrowings include subordinated borrowings, provided in Article 176 of the "Cabinet Office Ordinance Concerning Financial Instruments Business" (Cabinet Office Ordinance No. 52 of 2007), as follows.

	(Millions of yen)	
	As of March 31, 2023	As of March 31, 2024
Current portion of long-term borrowings	2,000	4,000
Long-term borrowings	4,000	—

- 9 A consolidated subsidiary (Okasan Securities Co., Ltd.) has loan commitment agreements in place with six financial institutions (including participants through syndication) with the aim of developing a stable and flexible financing system and further strengthening financial management. Unused lines of credit under the relevant agreements are as follows.

	(Millions of yen)	
	As of March 31, 2023	As of March 31, 2024
Total amount of loan commitments	21,000	21,000
Borrowings outstanding	—	—
Balance	21,000	21,000

(Consolidated statement of income)

- \*1 Revenue from contracts with customers

Operating revenues are not shown with revenue from contracts with customers separated from other revenues. The amount of revenue from contracts with customers is included in “Notes, (Revenue recognition), 1. Information on breakdown of revenue from contracts with customers” in the consolidated financial statements.

- \*2 Personnel expenses include the following amounts.

	(Millions of yen)	
	Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2024
Provision for bonuses	1,832	2,822
Retirement benefit expenses	594	534
Provision for retirement benefits for directors (and other officers)	34	28

- \*3 Impairment losses

Fiscal year ended March 31, 2023

Notes are omitted due to immateriality.

Fiscal year ended March 31, 2024

The Group recognized impairment losses mainly for the following asset groups.

- (1) Major assets for which impairment loss is recognized

Location	Use	Type
Taito-ku, Tokyo	Business-use asset	Software, etc.
Chuo-ku, Tokyo	Business-use asset	Buildings, etc.

- (2) Background to recognition of impairment losses

With respect to asset groups for which profit or loss from operating activities have been continuously negative and systems, etc. for internal use for which the decision to discontinue use have been made, the carrying values of these asset groups were reduced to the recoverable values, and the amount of such reductions were recognized as impairment losses.

(3) Amounts of impairment losses

(Millions of yen)

Assets	Amount
Software	1,424
Buildings, net	96
Equipment	33
Intangible assets, Other	16
Investments and other assets, Other	4
Total	1,574

(4) Review of grouping assets

The Group has been grouping assets mainly according to the classification for management reporting. However, as described in “V. Financial information, 1. Consolidated financial statements and other information, (1) Consolidated financial statements, Notes (Segment Information),” the Group changed its reportable segments to a single segment starting the fiscal year ended March 31, 2024, and reviewed the grouping of assets from the perspective of consolidation.

As a result of this review, some of the asset groups of consolidated subsidiaries that were previously included in the Support Business segment have been combined with the related asset groups of Okasan Securities Co., Ltd., a consolidated subsidiary of the Company, to form a single asset group. In addition, assets that do not generate independent cash flows are treated as common assets.

(5) Method of determining recoverable value

The recoverable value for the assets of the Group is determined by their value in use. Since no cash flow is expected in the future, no specific discount rate is calculated, and the value in use is calculated as zero.

## (Consolidated statement of comprehensive income)

\*1 Reclassification adjustment and income tax relating to other comprehensive income (loss)

(Millions of yen)

	Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2024
Valuation difference on available-for-sale securities:		
Arising during the year	561	28,946
Reclassification adjustment	(297)	(1,922)
Before tax amount	264	27,024
Tax benefit (expense)	(6)	(8,209)
Valuation difference on available-for-sale securities	257	18,815
Revaluation reserve for land:		
Arising during the year	(70)	—
Foreign currency translation adjustment:		
Arising during the year	338	560
Remeasurements of defined benefit plans, net of tax:		
Arising during the year	300	1,810
Reclassification adjustment	(340)	(335)
Before tax amount	(40)	1,474
Tax benefit (expense)	84	(432)
Remeasurements of defined benefit plans, net of tax	44	1,042
Share of other comprehensive income of entities accounted for using equity method		
Arising during the year	(45)	686
Reclassification adjustment	(21)	(52)
Share of other comprehensive income of entities accounted for using equity method	(66)	634
Total other comprehensive income	503	21,052

## (Consolidated statement of changes in equity)

Fiscal year ended March 31, 2023

## 1. Matters concerning the type and total number of shares issued as well as the type and number of treasury shares

(Thousand shares)

	Number of shares at the beginning of the fiscal year ended March 31, 2023	Increase in the number of shares during the fiscal year ended March 31, 2023	Decrease in the number of shares during the fiscal year ended March 31, 2023	Number of shares at the end of the fiscal year ended March 31, 2023
Shares issued				
Common stock (Note) 1	208,214	23,002	—	231,217
Total	208,214	23,002	—	231,217
Treasury shares				
Common stock (Notes) 2, 3	10,221	21,197	5,332	26,086
Total	10,221	21,197	5,332	26,086

(Notes) 1. The increase in the number of common stock issued by 23,002 thousand shares is due to the issuance of new shares in relation to share exchange.

2. The increase in the number of treasury shares of common stock by 21,197 thousand shares consists of an increase of 14,739 thousand shares due to dividend in kind, an increase of 6,218 thousand shares due to purchase in accordance with resolution passed at the Board of Directors' meeting, an increase of 237 thousand shares due to change in ownership interest of consolidated subsidiaries, and an increase of 1 thousand shares due to purchase of shares less than one unit.
3. The decrease in the number of treasury shares of common stock by 5,332 thousand shares consists of a decrease of 4,627 thousand shares due to share exchange, a decrease of 589 thousand shares due to granting restricted shares as compensation, and a decrease of 115 thousand shares due to the exercise of stock acquisition rights.

## 2. Matters concerning stock acquisition rights and treasury stock acquisition rights

Classification	Breakdown of stock acquisition rights	Type of shares subject to stock acquisition rights	Number of shares subject to stock acquisition rights (shares)				Balance at the end of the fiscal year ended March 31, 2023 (Millions of yen)
			Beginning of the fiscal year ended March 31, 2023	Increase during the fiscal year ended March 31, 2023	Decrease during the fiscal year ended March 31, 2023	End of the fiscal year ended March 31, 2023	
Submitting company (Parent)	Stock acquisition rights as stock options	—	—	—	—	—	421
Total		—	—	—	—	—	421

## 3. Matters concerning dividends

## (1) Amount of dividends paid

(Resolved)	Type of shares	Total amount of dividends (Millions of yen)	Amount of dividend per share (yen)	Record date	Effective date
Board of Directors' meeting held on May 19, 2022	Common stock	2,966	15	March 31, 2022	June 8, 2022

(Note) The amount is presented after deducting the amount of dividends on treasury shares held by the consolidated subsidiaries of ¥35 million.



(2) Of the dividends whose record date fell in the fiscal year ended March 31, 2023, the following are those whose effective date falls in the fiscal year ending March 31, 2024

(Resolved)	Type of shares	Total amount of dividends (Millions of yen)	Source of dividends	Amount of dividend per share (yen)	Record date	Effective date
Board of Directors' meeting held on May 18, 2023	Common stock	4,102	Retained earnings	20	March 31, 2023	June 8, 2023

(Notes) 1. The amount of dividends on treasury shares held by the consolidated subsidiaries is not deducted.  
2. Dividends per share include ¥10 of commemorative dividend in celebration of the Company's 100th anniversary.

Fiscal year ended March 31, 2024

1. Matters concerning the type and total number of shares issued as well as the type and number of treasury shares

(Thousand shares)

	Number of shares at the beginning of the fiscal year ended March 31, 2024	Increase in the number of shares during the fiscal year ended March 31, 2024	Decrease in the number of shares during the fiscal year ended March 31, 2024	Number of shares at the end of the fiscal year ended March 31, 2024
Shares issued				
Common stock	231,217	—	—	231,217
Total	231,217	—	—	231,217
Treasury shares				
Common stock (Notes) 1, 2	26,086	2,854	962	27,978
Total	26,086	2,854	962	27,978

(Notes) 1. The increase in the number of treasury shares of common stock by 2,854 thousand shares consists of an increase of 2,836 thousand shares due to purchase in accordance with resolution passed at the Board of Directors' meeting, an increase of 15 thousand shares due to free acquisition of restricted shares as compensation, and an increase of 2 thousand shares due to purchase of shares less than one unit.  
2. The decrease in the number of treasury shares of common stock by 962 thousand shares consists of a decrease of 741 thousand shares due to granting restricted shares as compensation, and a decrease of 221 thousand shares due to the exercise of stock acquisition rights.

2. Matters concerning stock acquisition rights and treasury stock acquisition rights

Classification	Breakdown of stock acquisition rights	Type of shares subject to stock acquisition rights	Number of shares subject to stock acquisition rights (shares)				Balance at the end of the fiscal year ended March 31, 2024 (Millions of yen)
			Beginning of the fiscal year ended March 31, 2024	Increase during the fiscal year ended March 31, 2024	Decrease during the fiscal year ended March 31, 2024	End of the fiscal year ended March 31, 2024	
Submitting company (Parent)	Stock acquisition rights as stock options	—	—	—	—	—	266
Total		—	—	—	—	—	266

### 3. Matters concerning dividends

#### (1) Amount of dividends paid

(Resolved)	Type of shares	Total amount of dividends (Millions of yen)	Amount of dividend per share (yen)	Record date	Effective date
Board of Directors' meeting held on May 18, 2023	Common stock	4,102	20	March 31, 2023	June 8, 2023

(Notes) 1. The amount of dividends on treasury shares held by the consolidated subsidiaries is not deducted.

2. Amount of dividend per share includes ¥10 of commemorative dividend in celebration of the Company's 100th anniversary.

#### (2) Of the dividends whose record date fell in the fiscal year ended March 31, 2024, the following are those whose effective date falls in the fiscal year ending March 31, 2025

(Resolved)	Type of shares	Total amount of dividends (Millions of yen)	Source of dividends	Amount of dividend per share (yen)	Record date	Effective date
Board of Directors' meeting held on May 17, 2024	Common stock	6,097	Retained earnings	30	March 31, 2024	June 6, 2024

(Note) The amount of dividends on treasury shares held by the consolidated subsidiaries is not deducted.

(Consolidated statement of cash flows)

- \*1 Relationship between the ending balance of cash and cash equivalents and the amount of the items listed on the consolidated balance sheet

	(Millions of yen)	
	Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2024
Cash and deposits account	88,460	82,586
Time deposits with maturities of longer than three months, etc.	(4,422)	(4,814)
Cash and cash equivalents	84,037	77,771

- \*2 Major components of assets and liabilities relating to business purchases that use cash and cash equivalents as consideration  
Fiscal year ended March 31, 2023

Assets and liabilities relating to the purchase of online trade business from Marusan Securities Co., Ltd., the purchase price of the business and the proceed from the acquisition are as follows.

	(Millions of yen)
Current assets	9,639
Current liabilities	(14,724)
Business purchase price	—
Cash and cash equivalents	5,084
Proceed from acquisition of businesses	5,084

Fiscal year ended March 31, 2024

Assets and liabilities relating to the purchase of the customer management business of the financial instruments business from Shinbayashi Securities Co., Ltd., the purchase price of the business, and the payments for acquisition of businesses are as follows.

	(Millions of yen)
Current assets	1,879
Current liabilities	(1,626)
Business purchase price	253
Cash and cash equivalents	—
Payments for acquisition of businesses	253

(Lease transactions)

1. Finance lease transactions

Finance lease transactions without title transfer

(i) Details of leased assets

Property, plant and equipment

Mainly, computer terminals and communication equipment (“equipment”).

Intangible assets

Software.

(ii) Method of depreciation for leased assets

As described in “4. Matters concerning accounting policies, (3) Method of depreciation for significant depreciable assets” under (Significant accounting policies for preparation of consolidated financial statements).

2. Operating lease transactions

Future lease payments required under non-cancellable operating leases

(Millions of yen)

	As of March 31, 2023	As of March 31, 2024
One year or less	1,820	1,988
Over one year	2,566	7,481
Total	4,386	9,469

(Financial instruments)

1. Matters concerning financial instruments

(1) Management policy for financial instruments

The Group primarily engages in financial instruments business, which includes trading in securities, brokerage for trading in securities, underwriting and distribution of securities, public offering and secondary distribution of securities and private offering of securities. For the above-mentioned business, the Group uses its own financial resources and obtains financing through bank loans and call money, etc., as needed.

The Group makes short-term deposits and loans to customers for margin transactions for fund management purposes, and engages in securities trading for the Group's own accounts and others.

Regarding the trading business, the Group's primary aims are, with respect to transactions on the exchanges, to ensure the smooth execution of brokered transactions and contribute to the sound functioning of markets and, with respect to non-exchange traded transactions, to facilitate fair price formation and smooth distribution, as well as strive to reduce losses arising from transactions, etc.

Regarding derivative transactions, the Group uses interest rate swaps to hedge future fluctuations in interest rates and does not enter into interest rate swaps for trading or speculative purposes.

(2) Financial instruments and risks

Major financial assets held by the Group include cash and deposits, segregated deposits, trading products, margin transaction assets, loans secured by securities, and investment securities.

Deposits are subject to the credit risk of depositary financial institutions. Segregated deposits are mostly cash segregated as deposits for customers, which are segregated from the Group's own assets and entrusted to trust banks in accordance with the Financial Instruments and Exchange Act. Such entrusted funds are protected in accordance with the Trust Act.

Trading positions held in the trading business are made for meeting customers' various needs, complementing the market functions, and hedging the positions. The main risks that arise from such trading and possibly impact the financial position of the Group are market and counterparty risks. Market risk is the risk arising from future changes in the market value of stocks, interest rates and foreign currency exchange rates, and counterparty risk is the risk arising from default by the counterparty.

Margin transaction assets consist of margin loans to customers and cash deposits as collateral for securities borrowed from securities finance companies, and are exposed to the credit risk of counterparties. Loans secured by securities consist of transaction collateral pledged to counterparties for securities borrowed, and are exposed to counterparty risk. Meanwhile, investment securities are exposed to the issuer's credit risk and market risk, among other risks.

Major components of financial liabilities include trading products, margin transaction liabilities, borrowings secured by securities, deposits received, guarantee deposits received, and borrowings.

Margin transaction liabilities include proceeds from securities sold in margin transactions by customers and borrowings from securities finance companies. Borrowings secured by securities consist of transaction collateral received from counterparties for securities loaned and are received as collateral for a loan of bonds such as government bonds. Further, deposits received represent temporary unsettled amounts arising from transactions with customers, and guarantee deposits received include guarantee deposits for margin transactions received from customers. Certain financial liabilities, such as borrowings, are exposed to liquidity risk, which is the risk that the Group will become unable to make a payment on the due date. Additionally, certain liabilities are exposed to interest rate fluctuation risk associated with borrowings with variable interest rates.

The Group engages in derivative transactions as part of comprehensive asset and liability management. Derivative transactions for trading purposes are broadly categorized into (i) derivatives listed on exchanges such as stock index futures and bond futures and their options, and (ii) over-the-counter derivatives such as forward foreign exchange transactions. For non-trading purposes, the Group uses interest rate swaps. Interest rate swaps are used to hedge future fluctuations in the interest rates on borrowings arising from higher interest rates in the market, and exceptional accounting treatment is applied where the requirements for such treatment are met. Interest rate swaps are exposed to interest rate fluctuation risk; however, the counterparties are limited to the lenders of the relevant loans that are being hedged.

(3) Risk management system for financial instruments

The Group strives to enhance its risk management system in the financial instruments business and take appropriate risk control measures, in order to maintain its management soundness and effectively use management resources.

The Company controls its purchase, sales and market risks associated with investment securities in accordance with investment securities management rules and others.

Okasan Securities Co., Ltd., the Group's core firm, controls market risk principally through position limits for each financial instrument, and counterparty risk principally through credit limits for each financial instrument. Primarily, departments that engage in trading on a daily basis check the position and gains or losses. Secondly, risk control department ascertains the position and the risks calculated by risk assessment departments and checks the status of compliance with the limits to ensure appropriate risk control. Margin transaction assets are controlled by daily credit management through the establishment of inception criteria for margin transactions and limits for open interest, as well as the receipt of collateral during times of market fluctuations, in accordance with customer management rules and others, in order to reduce the risks. Liquidity risk is controlled based on fund management plans in accordance with liquidity risk management rules and others. In addition, the Group has developed a system that enables us to act promptly as an organization in the event of a fund liquidity crisis, such as formulating a contingency plan on funding options.

Further, securities subsidiaries other than Okasan Securities Co., Ltd. also strive for appropriate risk control.

(4) Supplemental explanation on matters concerning fair value of financial instruments

The contract amounts, etc. of derivative transactions under matters concerning the fair value, etc. of derivatives are merely their notional contract amounts or notional amounts for the purpose of calculation, and do not represent the risk associated with the derivative transactions.

2. Matters concerning the fair value of financial instruments

The carrying values on the consolidated balance sheet, fair values, and differences between them are as follows. The fair values for cash and deposits, segregated deposits, receivables arising from unsettled trades, margin transaction assets, loans secured by securities, short-term guarantee deposits, short-term loans receivable, margin transaction liabilities, borrowings secured by securities, deposits received, guarantee deposits received, short-term borrowings, and current portion of bonds payable approximates their book values as they are settled within a short period of time. Accordingly, notes are omitted.

As of March 31, 2023

(Millions of yen)

	Carrying value on the consolidated balance sheet	Fair value	Difference
(1) Trading securities and other, Securities and Investment securities	281,751	281,751	—
Trading securities	239,927	239,927	—
Held-to-maturity debt securities	—	—	—
Available-for-sale securities	41,824	41,824	—
Total assets	281,751	281,751	—
(2) Trading securities and other	238,786	238,786	—
Trading securities	238,786	238,786	—
(3) Long-term borrowings (including those to be repaid within one year)	13,802	13,760	(41)
Total liabilities	252,588	252,546	(41)
Derivatives (*)	394	394	—

(\*) Derivative receivables and payables are presented on a net basis. Items that are net payables are shown in parentheses.

(Note) Equity securities, etc. without market value

(Millions of yen)

Classification	As of March 31, 2023
Unlisted equity securities (*1)	15,839
Investments in investment limited partnerships, etc. (*2)	1,189
Total	17,029

(\*1) Unlisted equity securities are not included in the scope of fair value disclosure pursuant to Paragraph 5 of the “Implementation Guidance on Disclosures about Fair Value of Financial Instruments” (ASBJ Guidance No. 19, March 31, 2020).

(\*2) Investments in investment limited partnerships are not included in the scope of fair value disclosure pursuant to Article 24-16 of the “Implementation Guidance on Accounting Standard for Fair Value Measurement” (ASBJ Guidance No. 31, June 17, 2021).

As of March 31, 2024

(Millions of yen)

	Carrying value on the consolidated balance sheet	Fair value	Difference
(1) Trading securities and other, Securities and Investment securities	350,009	350,009	—
Trading securities	284,461	284,461	—
Held-to-maturity debt securities	—	—	—
Available-for-sale securities	65,547	65,547	—
Total assets	350,009	350,009	—
(2) Trading securities and other	438,204	438,204	—
Trading securities	438,204	438,204	—
(3) Long-term borrowings (including those to be repaid within one year)	11,900	11,860	(39)
Total liabilities	450,104	450,064	(39)
Derivatives (*)	(417)	(417)	—

(\*) Derivative receivables and payables are presented on a net basis. Items that are net payables are shown in parentheses.

(Note) Equity securities, etc. without market value

(Millions of yen)

Classification	As of March 31, 2024
Unlisted equity securities (*1)	17,064
Investments in investment limited partnerships, etc. (*2)	1,430
Total	18,494

(\*1) Unlisted equity securities are not included in the scope of fair value disclosure pursuant to Paragraph 5 of the “Implementation Guidance on Disclosures about Fair Value of Financial Instruments” (ASBJ Guidance No. 19, March 31, 2020).

(\*2) Investments in investment limited partnerships are not included in the scope of fair value disclosure pursuant to Article 24-16 of the “Implementation Guidance on Accounting Standard for Fair Value Measurement” (ASBJ Guidance No. 31, June 17, 2021).

(Note)1. Scheduled redemption amounts of monetary claims and securities with maturity dates after the consolidated balance sheet date

As of March 31, 2023

(Millions of yen)

	Due within 1 year	1 to 5 years	5 to 10 years	Over 10 years
Cash and deposits	88,460	—	—	—
Segregated deposits	95,397	—	—	—
Trading securities and other, Securities and Investment securities				
Held-to-maturity debt securities				
Government bonds, local government bonds, etc.	—	—	—	—
Available-for-sale securities with maturities				
1. Debt securities				
Government bonds, local government bonds, etc.	—	—	—	—
2. Other	1,189	39	18	—
Margin transaction assets	90,768	—	—	—
Loans secured by securities	234,769	—	—	—
Short-term guarantee deposits	21,618	—	—	—
Short-term loans receivable	110	—	—	—
Total	532,312	39	18	—

As of March 31, 2024

(Millions of yen)

	Due within 1 year	1 to 5 years	5 to 10 years	Over 10 years
Cash and deposits	82,586	—	—	—
Segregated deposits	110,256	—	—	—
Trading securities and other, Securities and Investment securities				
Held-to-maturity debt securities				
Government bonds, local government bonds, etc.	—	—	—	—
Available-for-sale securities with maturities				
1. Debt securities				
Government bonds, local government bonds, etc.	—	—	—	—
2. Other	44	231	21	—
Margin transaction assets	110,476	—	—	—
Loans secured by securities	431,439	—	—	—
Short-term guarantee deposits	21,061	—	—	—
Short-term loans receivable	13,178	—	—	—
Total	769,044	231	21	—

(Changes in the method of presentation)

“Short-term loans receivable” is newly included in the note from the fiscal year ended March 31, 2024 due to the increased quantitative materiality. To reflect this change in presentation method, the figures for the fiscal year ended March 31, 2023 is also included.



(Note) 2. Scheduled repayment amounts of long-term borrowings and other interest-bearing debt after the consolidated balance sheet date

As of March 31, 2023

(Millions of yen)

	Due within 1 year	1 to 2 years	2 to 3 years	3 to 4 years	4 to 5 years	Over 5 years
Short-term borrowings	149,095	—	—	—	—	—
Long-term borrowings	3,802	5,172	2,812	1,616	400	—
Margin borrowings (Note)	13,482	—	—	—	—	—
Total	166,380	5,172	2,812	1,616	400	—

(Note) Margin borrowings are deemed to be settled within one year.

As of March 31, 2024

(Millions of yen)

	Due within 1 year	1 to 2 years	2 to 3 years	3 to 4 years	4 to 5 years	Over 5 years
Short-term borrowings	152,019	—	—	—	—	—
Long-term borrowings	5,172	2,812	2,016	1,900	—	—
Margin borrowings (Note)	12,839	—	—	—	—	—
Current portion of bonds payable	2,000	—	—	—	—	—
Total	172,031	2,812	2,016	1,900	—	—

(Note) Margin borrowings are deemed to be settled within one year.

### 3. Matters concerning the breakdown, etc. of the fair value of financial instruments by hierarchical level

The fair value of financial instruments is categorized into the three levels below based on the observability and materiality of the inputs used in measuring their fair value.

Level 1 fair value: Fair value measured based on (unadjusted) quoted prices for identical assets or liabilities traded in active markets

Level 2 fair value: Fair value measured using directly or indirectly observable inputs other than inputs used for Level 1

Level 3 fair value: Fair value measured using significant unobservable inputs

Where there are multiple inputs that have a significant impact on the measurement of fair value, the relevant fair value is classified in the lowest level of the fair value hierarchy among the levels that those inputs belong to.

#### (1) Financial instruments that are recorded on the consolidated balance sheet at fair value

As of March 31, 2023

(Millions of yen)

Classification	Fair value			
	Level 1	Level 2	Level 3	Total
Trading securities	234,338	5,588	—	239,927
Securities and Investment securities	40,824	1,000	—	41,824
Total assets	275,162	6,588	—	281,751
Trading securities and other	238,786	—	—	238,786
Total liabilities	238,786	—	—	238,786
Derivative where hedge accounting is not applied	343	51	—	395
Total derivatives	343	51	—	395

As of March 31, 2024

(Millions of yen)

Classification	Fair value			
	Level 1	Level 2	Level 3	Total
Trading securities	280,318	4,143	—	284,461
Securities and Investment securities	65,547	—	—	65,547
Total assets	345,865	4,143	—	350,009
Trading securities and other	438,204	—	—	438,204
Total liabilities	438,204	—	—	438,204
Derivative where hedge accounting is not applied	(418)	0	—	(417)
Total derivatives	(418)	0	—	(417)

(2) Financial instruments other than those that are recorded on the consolidated balance sheet at fair value

As of March 31, 2023

(Millions of yen)

Classification	Fair value			
	Level 1	Level 2	Level 3	Total
Long-term borrowings (including those to be repaid within one year)	—	13,760	—	13,760
Total liabilities	—	13,760	—	13,760

As of March 31, 2024

(Millions of yen)

Classification	Fair value			
	Level 1	Level 2	Level 3	Total
Long-term borrowings (including those to be repaid within one year)	—	11,860	—	11,860
Total liabilities	—	11,860	—	11,860

(Note) Explanation of the valuation techniques used in the measurement of fair value and the inputs for measuring fair value

Trading securities and other

Trading securities and other for which unadjusted market prices in actively-traded markets are available are categorized into Level 1 fair value. They include listed equity securities and government bonds, among other things.

Those for which published market prices are used but which are not traded in active markets are categorized into Level 2 fair value. They primarily include foreign bonds.

Where market prices are not available, fair value is measured by using valuation techniques, including the discounted present value method and option valuation models. Observable inputs are used in the valuation to the maximum extent possible, and inputs include indications among interbank dealers, current prices of related indices and volatilities. Cases where significant unobservable inputs are used in the measurement are categorized into Level 3 fair value, which primarily includes structured notes among foreign bonds.

Securities and Investment securities

With respect to securities and investment securities, those for which unadjusted market prices in actively-traded markets are available are categorized into Level 1 fair value, while those that are not traded in active markets are categorized into Level 2 fair value.

### Derivatives

As for derivatives, those for which unadjusted market prices in actively-traded markets are available are categorized into Level 1 fair value, which primarily includes bond futures and stock index futures.

For over-the-counter derivatives, which comprise the majority of derivative transactions, fair value is measured by using valuation techniques such as the Black-Scholes model. The main inputs used in such valuation techniques include interest rates and volatilities. Those valuation techniques are generally accepted by the market, and their main inputs are generally easy to observe in actively-traded markets. Derivative transactions that are valued using such valuation techniques and inputs are categorized into Level 2 fair value. They include over-the-counter equity options.

### Long-term borrowings (including those to be repaid within one year)

The total amount of interest and principal payments for the relevant borrowings for a maturity bucket is discounted to the present value at an interest rate that reflects the remaining tenor of those borrowings and credit risk, and such borrowings are categorized into Level 2 fair value.

The fair value of long-term borrowings with a variable interest rate for which the exceptional accounting method for interest rate swaps is applied is measured by discounting the total amount of interest and principal payments taken together with the relevant interest rate swaps at a current borrowing rate reasonably assumed for similar borrowings.

(Securities)

1. Those for trading purposes

Trading securities and other (Trading securities)

Valuation differences included in profit and loss are as follows.

(i) Assets

(Millions of yen)

	As of March 31, 2023	As of March 31, 2024
Equity securities and warrants	97	523
Debt securities	1,007	(508)
CP and CD	—	—
Other	(0)	407
Total	1,104	421

(ii) Liabilities

(Millions of yen)

	As of March 31, 2023	As of March 31, 2024
Equity securities and warrants	52	(18)
Debt securities	(3,062)	1,351
CP and CD	—	—
Other	(0)	—
Total	(3,010)	1,333

2. Those for non-trading purposes

Held-to-maturity debt securities

As of March 31, 2023

Not applicable.

As of March 31, 2024

Not applicable.

Available-for-sale securities

As of March 31, 2023

(Millions of yen)

Classification		Type	Carrying value on the consolidated balance sheet	Acquisition cost	Difference
Those that belong to current assets	Where the carrying values on the consolidated balance sheet exceed their acquisition costs	(1) Debt securities	—	—	—
		(i) Government bonds, local government bonds, etc.	—	—	—
		(ii) Corporate bonds	—	—	—
		(iii) Other	—	—	—
		(2) Other	189	72	117
		Subtotal	189	72	117
	Where the carrying values on the consolidated balance sheet do not exceed their acquisition costs	(1) Debt securities	—	—	—
		(i) Government bonds, local government bonds, etc.	—	—	—
		(ii) Corporate bonds	—	—	—
		(iii) Other	—	—	—
		(2) Other	1,000	1,000	—
		Subtotal	1,000	1,000	—
	Total		1,189	1,072	117
Those that belong to non-current assets	Where the carrying values on the consolidated balance sheet exceed their acquisition costs	(1) Equity securities	29,360	13,143	16,217
		(2) Debt securities	—	—	—
		(i) Government bonds, local government bonds, etc.	—	—	—
		(ii) Corporate bonds	—	—	—
		(iii) Other	—	—	—
		(3) Other	—	—	—
		Subtotal	29,360	13,143	16,217
	Where the carrying values on the consolidated balance sheet do not exceed their acquisition costs	(1) Equity securities	10,859	13,897	(3,037)
		(2) Debt securities	—	—	—
		(i) Government bonds, local government bonds, etc.	—	—	—
		(ii) Corporate bonds	—	—	—
		(iii) Other	—	—	—
		(3) Other	414	440	(25)
		Subtotal	11,274	14,338	(3,063)
	Total		40,634	27,481	13,153

As of March 31, 2024

(Millions of yen)

Classification		Type	Carrying value on the consolidated balance sheet	Acquisition cost	Difference
Those that belong to current assets	Where the carrying values on the consolidated balance sheet exceed their acquisition costs	(1) Debt securities	—	—	—
		(i) Government bonds, local government bonds, etc.	—	—	—
		(ii) Corporate bonds	—	—	—
		(iii) Other	—	—	—
		(2) Other	44	40	4
		Subtotal	44	40	4
	Where the carrying values on the consolidated balance sheet do not exceed their acquisition costs	(1) Debt securities	—	—	—
		(i) Government bonds, local government bonds, etc.	—	—	—
		(ii) Corporate bonds	—	—	—
		(iii) Other	—	—	—
		(2) Other	—	—	—
		Subtotal	—	—	—
	Total		44	40	4
Those that belong to non-current assets	Where the carrying values on the consolidated balance sheet exceed their acquisition costs	(1) Equity securities	64,952	24,767	40,184
		(2) Debt securities	—	—	—
		(i) Government bonds, local government bonds, etc.	—	—	—
		(ii) Corporate bonds	—	—	—
		(iii) Other	—	—	—
		(3) Other	253	92	160
		Subtotal	65,205	24,860	40,345
	Where the carrying values on the consolidated balance sheet do not exceed their acquisition costs	(1) Equity securities	296	365	(68)
		(2) Debt securities	—	—	—
		(i) Government bonds, local government bonds, etc.	—	—	—
		(ii) Corporate bonds	—	—	—
		(iii) Other	—	—	—
		(3) Other	—	—	—
		Subtotal	296	365	(68)
	Total		65,502	25,225	40,277

### 3. Available-for-sale securities sold

Fiscal year ended March 31, 2023

(Millions of yen)

Type	Proceeds from sale	Total gain on sale	Total loss on sale
(1) Equity securities	720	306	10
(2) Debt securities	—	—	—
(i) Government bonds, local government bonds, etc.	—	—	—
(ii) Corporate bonds	—	—	—
(iii) Other	—	—	—
(3) Other	2,636	18	16
Total	3,357	325	26

Fiscal year ended March 31, 2024

(Millions of yen)

Type	Proceeds from sale	Total gain on sale	Total loss on sale
(1) Equity securities	3,837	1,928	—
(2) Debt securities	—	—	—
(i) Government bonds, local government bonds, etc.	—	—	—
(ii) Corporate bonds	—	—	—
(iii) Other	—	—	—
(3) Other	1,373	8	14
Total	5,211	1,937	14

### 4. Securities for which impairment loss has been recorded

Fiscal year ended March 31, 2023

Impairment losses of ¥359 million were recognized for securities (¥89 million for equity securities in available-for-sale securities and ¥269 million for shares of subsidiaries and associates).

Fiscal year ended March 31, 2024

Impairment losses of ¥546 million were recognized for securities (¥531 million for equity securities in available-for-sale securities and ¥14 million for shares of subsidiaries and associates).

With regard to securities other than equity securities, etc. without market value, where the fair value as of the consolidated balance sheet date represents a decline by 50% or more from their acquisition cost, impairment loss is recorded, in principle. Where it represents a decline by 30% or more but less than 50%, impairment loss is recorded, except where recoverability is recognized. Further, as for equity securities, etc. without market value, any deviation from the business plans and financial conditions, etc. of each investee is considered comprehensively, and impairment loss is recorded where it is judged that it is not recoverable.

(Derivative transactions)

1. Derivative transactions to which hedge accounting is not applied

(1) Those for trading purposes

(i) Equity securities

As of March 31, 2023

(Millions of yen)

Classification	Type	Contract or notional amounts	Out of contract or notional amounts: Over one year	Fair value	Valuation gain (loss)
Market transactions	Stock index futures:				
	Sold	789	—	(15)	(15)
	Purchased	—	—	—	—
	Stock index options:				
	Sold	—	—	—	—
	Purchased	19	—	38	18
Over-the-counter transactions	Stock options traded over-the-counter:				
	Sold	4	—	5	(1)
	Purchased	8	—	40	32
Total		—	—	—	34

As of March 31, 2024

(Millions of yen)

Classification	Type	Contract or notional amounts	Out of contract or notional amounts: Over one year	Fair value	Valuation gain (loss)
Market transactions	Stock index futures:				
	Sold	37,265	—	(463)	(463)
	Purchased	—	—	—	—
	Stock index options:				
	Sold	—	—	—	—
	Purchased	7	—	2	(5)
Over-the-counter transactions	Stock options traded over-the-counter:				
	Sold	—	—	—	—
	Purchased	2	—	8	5
Total		—	—	—	(462)



## (ii) Debt securities

As of March 31, 2023

(Millions of yen)

Classification	Type	Contract or notional amounts	Out of contract or notional amounts: Over one year	Fair value	Valuation gain (loss)
Market transactions	Bond futures:				
	Sold	8,590	—	(0)	(0)
	Purchased	23,044	—	358	358
	Bond futures options				
	Sold	—	—	—	—
	Purchased	—	—	—	—
Total		—	—	—	357

As of March 31, 2024

(Millions of yen)

Classification	Type	Contract or notional amounts	Out of contract or notional amounts: Over one year	Fair value	Valuation gain (loss)
Market transactions	Bond futures:				
	Sold	—	—	—	—
	Purchased	148,242	—	49	49
	Bond futures options				
	Sold	—	—	—	—
	Purchased	—	—	—	—
Total		—	—	—	49

## (iii) Foreign currency-related

As of March 31, 2023

(Millions of yen)

Classification	Type	Contract or notional amounts	Out of contract or notional amounts: Over one year	Fair value	Valuation gain (loss)
Over-the-counter transactions	Foreign exchange forwards:				
	Sold				
	U. S. dollars	540	—	(5)	(5)
	Indian rupees	316	—	(8)	(8)
	Mexican pesos	288	—	(5)	(5)
	Australian dollars	70	—	(1)	(1)
	New Zealand dollars	24	—	(0)	(0)
	Brazilian reais	12	—	(0)	(0)
Total		—	—	—	(21)

As of March 31, 2024

(Millions of yen)

Classification	Type	Contract or notional amounts	Out of contract or notional amounts: Over one year	Fair value	Valuation gain (loss)
Over-the-counter transactions	Foreign exchange forwards:				
	Sold				
	U. S. dollars	1,117	—	(3)	(3)
	Indian rupees	325	—	(0)	(0)
	Mexican pesos	221	—	(5)	(5)
	Australian dollars	97	—	(0)	(0)
	Euros	32	—	(0)	(0)
	Brazilian reais	29	—	(0)	(0)
	Others	36	—	(0)	(0)
Total		—	—	—	(10)

## (iv) Crypto-asset related

As of March 31, 2023

(Millions of yen)

Classification	Type	Contract or notional amounts	Out of contract or notional amounts: Over one year	Fair value	Valuation gain (loss)
Over-the-counter transactions	Crypto-asset CFD transactions				
	Sold	17	—	(1)	(1)
	Purchased	18	—	0	0
Total		—	—	—	(0)

As of March 31, 2024

(Millions of yen)

Classification	Type	Contract or notional amounts	Out of contract or notional amounts: Over one year	Fair value	Valuation gain (loss)
Over-the-counter transactions	Crypto-asset CFD transactions				
	Sold	37	—	(7)	(7)
	Purchased	42	—	2	2
Total		—	—	—	(4)

## (2) Those for non-trading purposes

Not applicable.

## 2. Derivative transactions to which hedge accounting is applied

Interest rate-related

As of March 31, 2023

(Millions of yen)

Hedge accounting method	Type of transactions	Major hedged items	Contract or notional amounts	Out of contract or notional amounts: Over one year	Fair value
Exceptional accounting treatment of interest rate swaps	Interest rate swaps				
	Fixed payment rate vs. receiving floating rate	Long-term borrowings	2,000	1,570	(Note)

As of March 31, 2024

(Millions of yen)

Hedge accounting method	Type of transactions	Major hedged items	Contract or notional amounts	Out of contract or notional amounts: Over one year	Fair value
Exceptional accounting treatment of interest rate swaps	Interest rate swaps				
	Fixed payment rate vs. receiving floating rate	Long-term borrowings	2,000	1,398	(Note)

(Note) The instruments accounted for using the exceptional accounting treatment for interest rate swaps are treated together with long-term borrowings that are being hedged. Therefore, their fair value is presented together with that of the relevant long-term borrowings.

(Retirement benefits)

1. Outline of retirement benefit plans

The Group's main retirement benefit plans include a defined contribution retirement and pension plan (Comprehensive Securities type DC Okasan Plan), a corporate defined benefit pension plan and a retirement and severance plan that provides for lump-sum payment of benefits.

2. Defined benefit pension plan

(1) Reconciliation table of beginning balance and ending balance of retirement benefit obligations

(Millions of yen)

	Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2024
Retirement benefit obligations at the beginning of the period	14,258	12,998
Service cost	735	662
Interest cost	27	47
Amount of actuarial gains or losses incurred	(389)	(416)
Amount of retirement benefits paid	(1,053)	(1,139)
Decrease due to exclusion from consolidation	(579)	—
Other	—	4
Retirement benefit obligations at the end of the period	12,998	12,158

(Notes) 1. Certain consolidated subsidiaries adopt the simplified method for the calculation of retirement benefit obligations.

2. The retirement benefit expenses of the consolidated subsidiaries that adopt the simplified method are included in the above "service cost."

(2) Reconciliation table of beginning balance and ending balance of pension assets

(Millions of yen)

	Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2024
Pension assets at the beginning of the period	10,385	9,743
Expected return on plan assets	49	46
Amount of actuarial gains or losses incurred	(88)	1,393
Employer contributions	250	233
Amount of retirement benefits paid	(478)	(521)
Decrease due to exclusion from consolidation	(375)	—
Other	—	4
Pension assets at the end of the period	9,743	10,899

(3) Reconciliation table of the ending balances of retirement benefit obligations and pension assets with retirement benefit liability and retirement benefit asset recognized on the consolidated balance sheet

(Millions of yen)

	As of March 31, 2023	As of March 31, 2024
Retirement benefit obligations for the funded plan	7,598	7,127
Pension assets	(9,743)	(10,899)
	(2,144)	(3,772)
Retirement benefit obligations for the unfunded plan	5,400	5,031
Net of liabilities and assets for retirement benefits recorded on the consolidated balance sheet	3,255	1,259
Retirement benefit liability	5,798	5,418
Retirement benefit asset	2,542	4,159
Net of liabilities and assets for retirement benefits recorded on the consolidated balance sheet	3,255	1,259

(4) Amounts of retirement benefit expenses and their components

(Millions of yen)

	Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2024
Service cost	735	662
Interest cost	27	47
Expected return on plan assets	(49)	(46)
Amortization of actuarial gains or losses	(340)	(335)
Retirement benefit expenses in connection with the defined benefit pension plan	372	328

(5) Adjustment for retirement benefit

The items recognized in the adjustment for retirement benefits (before related tax effects) are as follows.

(Millions of yen)

	Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2024
Actuarial gains or losses	(40)	1,474

(6) Accumulated adjustments for retirement benefits

The items recognized in the accumulated adjustment for retirement benefits (before related tax effects) are as follows.

(Millions of yen)

	As of March 31, 2023	As of March 31, 2024
Unrecognized actuarial gains or losses	1,129	2,604

(7) Matters concerning pension assets

(i) Major components of pension assets

The percentage of each major category to the total pension assets is as follows.

	As of March 31, 2023	As of March 31, 2024
Equity securities	39%	43%
General account	27%	24%
Debt securities	20%	19%
Other	14%	14%
Total	100%	100%

(ii) Determination procedure of long-term expected rate of return

In determining the long-term expected rate of return on plan assets, the Company considers the current portfolio of plan assets, actual performance results, investment policy and market trend.

(8) Matters concerning the basis for the calculation of actuarial assumptions

Basis for the calculation of major actuarial assumptions

	As of March 31, 2023	As of March 31, 2024
Discount rate	0.40%	0.74%
Long-term expected rate of return	0.50%	0.50%

3. Defined contribution plan

The amount to be contributed by the Group to the defined contribution plan was ¥221 million and ¥205 million for the fiscal years ended March 31, 2023 and 2024 respectively.

(Stock options)

1. Expenses and account titles

(Millions of yen)

	Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2024
Personnel expenses in Selling, general and administrative expenses	27	—

2. Amount recognized as profit arising from forfeiting rights due to non-exercise of the rights

(Millions of yen)

	Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2024
Extraordinary income	—	68

3. Description, size and changes of stock options

(1) Description of stock options

Date of resolution	1st: June 26, 2015	2nd: June 29, 2016	3rd: June 29, 2017
Classification and number of grantees	6 Directors of the Company (excluding those who are members of the Audit and Supervisory Committee) 23 Directors of the Company's subsidiary (Okasan Securities Co., Ltd.)	5 Directors of the Company (excluding those who are members of the Audit and Supervisory Committee) 22 Directors of the Company's subsidiary (Okasan Securities Co., Ltd.)	5 Directors of the Company (excluding those who are members of the Audit and Supervisory Committee) 4 Directors of the Company's subsidiary (Okasan Securities Co., Ltd.) 17 Executive Officers of the Company's subsidiary (Okasan Securities Co., Ltd.)
Class and number of shares granted (Note)	129,400 shares of common stock	216,000 shares of common stock	144,700 shares of common stock
Grant date	July 13, 2015	July 14, 2016	July 14, 2017
Vesting conditions	No vesting conditions are attached.	No vesting conditions are attached.	No vesting conditions are attached.
Service period	Service period is not provided.	Service period is not provided.	Service period is not provided.
Exercise period	From July 14, 2015 to July 13, 2045	From July 15, 2016 to July 14, 2046	From July 15, 2017 to July 14, 2047

Date of resolution	4th: June 28, 2018	5th: June 27, 2019	6th: June 26, 2020
Classification and number of grantees	3 Directors of the Company (excluding those who are members of the Audit and Supervisory Committee) 7 Directors of the Company's subsidiary (Okasan Securities Co., Ltd.) 19 Executive Officers of the Company's subsidiary (Okasan Securities Co., Ltd.)	3 Directors of the Company (excluding Corporate Auditors who are members of the Audit and Supervisory Committee) 5 Directors of the Company's subsidiary (Okasan Securities Co., Ltd.) 20 Executive Officers of the Company's subsidiary (Okasan Securities Co., Ltd.)	4 Directors of the Company (excluding Corporate Auditors who are members of the Audit and Supervisory Committee) 5 Directors of the Company's subsidiary (Okasan Securities Co., Ltd.) 20 Executive Officers of the Company's subsidiary (Okasan Securities Co., Ltd.)
Class and number of shares granted (Note)	202,900 shares of common stock	261,300 shares of common stock	304,800 shares of common stock
Grant date	July 13, 2018	July 12, 2019	July 13, 2020
Vesting conditions	No vesting conditions are attached.	No vesting conditions are attached.	No vesting conditions are attached.
Service period	Service period is not provided.	Service period is not provided.	Service period is not provided.
Exercise period	From July 14, 2018 to July 13, 2048	From July 13, 2019 to July 12, 2049	From July 14, 2020 to July 13, 2050

Date of resolution	7th: June 29, 2021
Classification and number of grantees	3 Directors of the Company (excluding those who are members of the Audit and Supervisory Committee) 6 Directors of the Company's subsidiary (Okasan Securities Co., Ltd.) 28 Executive Officers of the Company's subsidiary (Okasan Securities Co., Ltd.)
Class and number of shares granted (Note)	307,500 shares of common stock
Grant date	July 14, 2021
Vesting conditions	No vesting conditions are attached.
Service period	Service period is not provided.
Exercise period	From July 15, 2021 to July 14, 2051

(Note) The figures represent the number of shares.

(2) Size and changes in stock options

Stock options that existed during the fiscal year ended March 31, 2024 are included, and the number of stock options presented represents the number of shares.

(i) Number of stock options

(Shares)

	1st	2nd	3rd	4th	5th	6th	7th
Non-vested:							
Outstanding as of March 31, 2023	—	—	—	—	—	—	—
Granted	—	—	—	—	—	—	—
Forfeited	—	—	—	—	—	—	—
Vested	—	—	—	—	—	—	—
Outstanding non-vested as of March 31, 2024	—	—	—	—	—	—	—
Vested:							
Outstanding as of March 31, 2023	59,400	116,400	89,200	132,300	190,800	232,200	275,700
Vested	—	—	—	—	—	—	—
Exercised	12,800	25,000	22,000	28,000	35,600	47,700	50,200
Forfeited	12,100	23,700	16,100	20,300	28,000	41,100	34,300
Outstanding non-exercised as of March 31, 2024	34,500	67,700	51,100	84,000	127,200	143,400	191,200

(ii) Price information

(Yen)

	1st	2nd	3rd	4th	5th	6th	7th
Exercise price	1	1	1	1	1	1	1
Average share price at exercise	461	461	462	462	462	461	461
Fair value price on grant date	715	383	614	403	331	280	356



4. Valuation method of the fair value of stock options

Not applicable.

5. Estimation method of the number of stock options vested

Since it is difficult to reasonably estimate the number of options that will be forfeited in the future, only the number of options actually forfeited is factored in.

(Tax effect accounting)

1. Significant components of deferred tax assets and liabilities

(Millions of yen)

	As of March 31, 2023	As of March 31, 2024
Deferred tax assets		
Retirement benefit liability	1,729	1,589
Depreciation (Including impairment losses)	1,164	1,316
Tax loss carryforwards (Note)	1,756	1,203
Provision for bonuses	554	862
Loss on valuation of investment securities	265	496
Asset retirement obligations	482	473
Enterprise tax	80	349
Reserve for financial instruments transaction liabilities	380	298
Allowance for doubtful accounts	280	297
Social insurance expenses for provision for bonuses	79	107
Share-based payment expenses	174	87
Loss on valuation of golf club membership	48	48
Retirement benefits payable for directors (and other officers)	38	32
Other	261	442
Subtotal of deferred tax assets	7,297	7,607
Valuation allowance for tax loss carryforwards (Note)	(1,711)	(1,099)
Valuation allowance for deductible temporary differences	(4,227)	(4,364)
Subtotal valuation allowance	(5,938)	(5,464)
Total deferred tax assets	1,359	2,142
Deferred tax liabilities		
Valuation difference on available-for-sale securities	(8,806)	(16,580)
Retirement benefit asset	(753)	(1,237)
Dividend receivable	(224)	(336)
Asset retirement obligations (retirement cost)	(152)	(147)
Other	(73)	(36)
Total deferred tax liabilities	(10,010)	(18,338)
Net deferred tax assets (liabilities)	(8,651)	(16,195)

(Note) The amount of tax loss carryforwards and the amounts of deferred tax assets thereof by the carry forward period  
As of March 31, 2023

(Millions of yen)

	Due within 1 year	1 to 2 years	2 to 3 years	3 to 4 years	4 to 5 years	Over 5 years	Total
Tax loss carryforwards (*1)	36	22	51	388	—	1,257	1,756
Valuation allowance	(32)	(20)	(51)	(388)	—	(1,218)	(1,711)
Deferred tax assets	4	2	—	—	—	39	(*2) 45

(\*1) Tax loss carryforwards is an amount multiplied by the statutory tax rate.

(\*2) Deferred tax assets of ¥45 million were recorded for tax loss carryforwards of ¥1,756 million (the amount multiplied by the statutory tax rate). The main component of the deferred tax assets of ¥45 million is ¥45 million in deferred tax assets related to tax loss carryforwards of the Company. The tax loss carryforward was primarily the result of net loss before tax for the fiscal year ended March 31, 2019. The deferred tax assets related to said tax loss carryforwards have been judged as recoverable in light of the taxable income forecast based on the future profitability of the entire tax sharing group.

As of March 31, 2024

(Millions of yen)

	Due within 1 year	1 to 2 years	2 to 3 years	3 to 4 years	4 to 5 years	Over 5 years	Total
Tax loss carryforwards (*1)	—	39	532	—	157	473	1,203
Valuation allowance	—	(39)	(532)	—	(144)	(382)	(1,099)
Deferred tax assets	—	—	—	—	13	90	(*2) 104

(\*1) Tax loss carryforwards is an amount multiplied by the statutory tax rate.

(\*2) Deferred tax assets of ¥104 million were recorded for tax loss carryforwards of ¥1,203 million (the amount multiplied by the statutory tax rate). The main component of the deferred tax assets of ¥104 million is ¥104 million in deferred tax assets related to tax loss carryforwards of the consolidated subsidiaries. The tax loss carryforward was primarily the result of net loss before tax for the fiscal year ended March 31, 2023. The deferred tax assets related to said tax loss carryforwards have been judged as recoverable in light of the taxable income forecast based on the future profitability.

(Changes in the method of presentation)

“Depreciation (including impairment losses)” and “Impairment losses (non-depreciable assets),” which were presented separately in the fiscal year ended March 31, 2023, have been consolidated and presented as “Depreciation (including impairment losses)” from the fiscal year ended March 31, 2024 from the perspective of improving visibility. In addition, “Enterprise tax” which was previously included in “Other” has been separately stated from the fiscal year ended March 31, 2024 due to the increased materiality. To reflect this change in presentation method, the notes have been reclassified for the fiscal year ended March 31, 2023.

## 2. The reconciliation between the statutory tax rate and the effective income tax rate after applying tax effect accounting

	As of March 31, 2023	As of March 31, 2024
Statutory tax rate	30.5 %	30.5 %
(Adjustments)		
Expenses not deductible permanently, such as entertainment expenses	7.7	0.8
Income not taxable permanently, such as dividend income	(6.0)	(0.7)
Inhabitant tax levied per capita	3.3	0.5
Share of loss (profit) of entities accounted for using equity method	(0.5)	(0.6)
Change in valuation allowance	63.6	(5.7)
Difference in tax rates between consolidated subsidiaries	8.8	0.6
Loss (gain) on change in equity	(27.9)	—
Other	1.2	0.0
Effective income tax rate after applying tax effect accounting	80.6	25.4

## 3. Accounting treatment of corporation and local corporation taxes or tax effect accounting thereof

The Company applies the Group Tax Sharing System. Accounting treatment and disclosure of corporation and local corporation taxes or tax effect accounting thereof are carried out in accordance with “Practical Solution on the Accounting and Disclosure Under the Group Tax Sharing System” (Practical Solution No. 42, August 12, 2021).

(Asset retirement obligations)

Asset retirement obligations recorded on the consolidated balance sheet

(1) Outline of asset retirement obligations

Asset retirement obligations are obligations to restore properties to their original state in connection with real estate lease contracts for stores, etc.

(2) Calculation of the amount of asset retirement obligations

The amount of asset retirement obligations is calculated using a discount rate of 0.00% to 2.33% based on an estimated useful life of mainly 25 years from the acquisition of the assets.

(3) Change in the total amount of asset retirement obligations

	(Millions of yen)	
	Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2024
Balance at the beginning of the period	1,246	1,207
Increase due to acquisition of property, plant and equipment	18	35
Adjustments due to passage of time	10	9
Decrease due to fulfillment of asset retirement obligations	(13)	(87)
Other Increase	(55)	96
Balance at the end of the period	1,207	1,260

(Business combination)

Transactions under common control

Additional purchase of subsidiaries' shares

(1) Outline of the transaction

(i) Name and business of the parties to the business combination

Name: Securities Japan, Inc.

Description of business: Financial instruments business

(ii) Date of business combination

Effective date: September 4, 2023

Deemed acquisition date: July 1, 2023

(iii) Legal form of business combination

Acquisition of shares from non-controlling interests

(iv) Company name following business combination

Company names will remain the same.

(v) Other matters regarding the outline of the transaction

The Company acquired shares of the subsidiary held by non-controlling interests for the purpose of strengthening corporate governance through a capital structure review.

(2) Outline of accounting treatment applied

This transaction was treated as a transaction with non-controlling interests of transactions under common control in accordance with the "Accounting Standard for Business Combinations" and the "Implementation Guidance on Accounting Standard for Business Combinations and Accounting Standard for Business Divestitures."

(3) Matters regarding additional purchase of subsidiaries' shares

Breakdown of acquisition costs of the acquiree and the type of consideration

Consideration of the acquisition (cash and deposits) ¥273 million

(4) Matters regarding change in ownership interest of the Company for transactions with non-controlling interests

(i) Major reason for change in capital surplus

Additional purchase of subsidiaries' shares

(ii) Amount of capital surplus increased from the transaction with non-controlling interests

¥623 million

(Real estate for lease)

The Company and some of its consolidated subsidiaries have buildings, etc. (including land) for lease in Tokyo and other areas. Rental income from such rental properties in the fiscal year ended March 31, 2023 was ¥93 million (major rental income was recorded under operating revenue and major rental expenses were recorded under selling, general and administrative expenses). Rental income from such rental properties in the fiscal year ended March 31, 2024 was ¥104 million (major rental income was recorded under operating revenue, and major rental expenses were recorded under selling, general and administrative expenses), and impairment losses were ¥2 million (recorded under extraordinary losses).

The consolidated balance sheet amount, changes during the period, and fair value of such rental properties are as follows.

(Millions of yen)

	Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2024
Carrying value on the consolidated balance sheet		
Balance at the beginning of the period	5,576	5,253
Changes during the period	(322)	191
Balance at the end of the period	5,253	5,445
Fair value at the end of the period	8,748	8,999

(Notes) 1. The consolidated balance sheet amount is the acquisition cost less accumulated depreciation.

2. The fair value at the end of the fiscal year is the amount calculated by the Company mainly based on the “Real Estate Appraisal Standards” (including those adjusted using indices, etc.)

(Revenue recognition)

1. Information on breakdown of revenue from contracts with customers

The Group has a single segment. Information on the breakdown of revenue from contracts with customers by principal goods or services is as follows.

The Group previously reported information on the breakdown of revenue from contracts with customers by classifying it into four reportable segments of “Securities Business,” “Asset Management Business,” “Support Business,” and “Other.” However, the Group has changed to a single segment, starting the fiscal year ended March 31, 2024 as described in “Notes (Segment information).”

In accordance with the change, information on breakdown of revenue from contracts with customers for the fiscal year ended March 31, 2023 has also been stated according to the reportable segment after the change.

(Millions of yen)

	Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2024
Principal goods or services		
Stock certificates	16,148	24,436
Debt securities	501	994
Investment Trusts	22,846	23,237
Other	2,467	2,912
Revenue from contracts with customers	41,963	51,581
Other revenue (Note)	24,588	32,928
Revenue from external customers	66,551	84,509

(Note) “Other revenue” includes trading gains (losses) and financial income based on the accounting standards for financial instruments and rental income, etc., based on the accounting standards for lease transactions.

2. Information that provides a basis for understanding revenue from contracts with customers

The basis for understanding revenues from contracts with customers is described in “V. Financial information, 1. Consolidated financial statements - Notes (Significant accounting policies for preparation of consolidated financial statements), 4. Matters concerning accounting policies, (6) Recognition standard for significant revenues.”

3. Information for understanding revenue for the current and subsequent fiscal years

(1) Balances, etc., of contract assets and contract liabilities

(Millions of yen)

	As of March 31, 2023	As of March 31, 2024
Receivables arising from contracts with customers (beginning balance)	3,053	2,345
Receivables arising from contracts with customers (ending balance)	2,345	2,668

(2) Transaction prices allocated to remaining performance obligations

The Group has no material transactions for which an individual contract’s expected contract term exceeds one year. There are no material amounts of consideration arising from contracts with customers that are not included in the transaction price.

(Segment information)

[Segment information]

Fiscal year ended March 31, 2023

As described in (Matters regarding changes in reportable segments).

Fiscal year ended March 31, 2024

This information is omitted because the Group has a single segment, the “Securities Investment and Asset Management Businesses.”

(Matters regarding changes in reportable segments)

The Group previously classified its businesses into three reportable segments: “Securities Business,” “Asset Management Business,” and “Support Business.” However, the Group has been changed to one reportable segment, “Securities Investment and Asset Management Businesses,” starting the fiscal year ended March 31, 2024.

In accordance with the reorganization of Okasan Asset Management Co., Ltd. (currently SBI Okasan Asset Management Co., Ltd.) as an affiliate accounted for by the equity-method in November 2022, the Group reconsidered the reportable segments from the perspective of the Group’s business development, the allocation of management resources, and the actual state of its business management system and has determined that it is appropriate to manage the Group as a single segment, the “Securities Investment and Asset Management Businesses.”

The segment information for the fiscal year ended March 31, 2023 and the fiscal year ended March 31, 2024 is omitted due to this change.

[Related information]

Fiscal year ended March 31, 2023

1. Information by product and service

This information is presented in “Notes (Revenue recognition), 1. Information on breakdown of revenue from contracts with customers” in the consolidated financial statements.

2. Information by region

(1) Operating revenue

This information is omitted because operating revenue from external customers in Japan exceeds 90% of the operating revenue in the consolidated statement of income.

(2) Property, plant and equipment

This information is omitted because the amount of property, plant and equipment located in Japan exceeds 90% of the amount of property, plant and equipment in the consolidated balance sheet.

3. Information by major customer

This information is omitted because, in operating revenue from external customers, there are no specific customers that account for 10% or more of the operating revenues in the consolidated statement of income.

Fiscal year ended March 31, 2024

1. Information by product and service

This information is presented in “Notes (Revenue recognition), 1. Information on breakdown of revenue from contracts with customers” in the consolidated financial statements.

2. Information by region

(1) Operating revenue

This information is omitted because operating revenue from external customers in Japan exceeds 90% of the operating revenue in the consolidated statement of income.

(2) Property, plant and equipment

This information is omitted because the amount of property, plant and equipment located in Japan exceeds 90% of the amount of property, plant and equipment in the consolidated balance sheet.

3. Information by major customers

This information is omitted because, in operating revenue from external customers, there are no specific customers that account for 10% or more of the operating revenues in the consolidated statement of income.



[Information on impairment loss on non-current assets by reportable segment]

Fiscal year ended March 31, 2023

This information is omitted because the Company has a single segment, the “Securities Investment and Asset Management Businesses.”

Fiscal year ended March 31, 2024

This information is omitted because the Company has a single segment, the “Securities Investment and Asset Management Businesses.”

[Information on amortization and unamortized balance of goodwill by reportable segment]

Fiscal year ended March 31, 2023

Not applicable.

Fiscal year ended March 31, 2024

Not applicable.

[Information on gain on bargain purchase by reportable segment]

Fiscal year ended March 31, 2023

Not applicable.

Fiscal year ended March 31, 2024

Not applicable.

[Related parties]

Transactions with related parties

(1) Transactions between the company submitting consolidated financial statements and related parties

(a) Unconsolidated subsidiaries and associates of the company submitting consolidated financial statements

Fiscal year ended March 31, 2023

Not applicable.

Fiscal year ended March 31, 2024

Not applicable.

(b) Officers and major shareholders (limited to individuals) of the company submitting consolidated financial statements, etc.

Fiscal year ended March 31, 2023

Type	Name of company, etc.	Location	Capital or investment (Millions of yen)	Business or occupation	Voting Rights holding (held) ratio (%)	Relationship with interested parties	Transaction description	Transaction amount (Millions of yen)	Item	Balance at the end of the period (Millions of yen)
(Note) 1	SANTO., CO. LTD.	Chuo-ku, Tokyo	143	Services	(Held) Direct 2.54	Share exchange	Share exchange (Note) 2	1,530	—	—

Terms and conditions of transactions and policy for determining the terms and conditions of transactions, etc.

(Notes) 1. A company in which a director or a close relative thereof holds a majority of the voting rights.

2. A share exchange whereby the Company becomes the wholly-owning parent company and the Company's subsidiary becomes the wholly-owned subsidiary. Share exchange ratio is determined through discussion between the parties by referring to share value calculation prepared by a third-party. The transaction amount was calculated in accordance with the "Accounting Standard for Business Combinations" (ASBJ Statement No. 21, January 16, 2019) and the "Implementation Guidance on Accounting Standard for Business Combinations and Accounting Standard for Business Divestitures" (ASBJ Guidance No. 10, January 16, 2019).

Fiscal year ended March 31, 2024

Not applicable.

(2) Transactions between the consolidated subsidiaries of the company submitting consolidated financial statements and related parties

(a) Unconsolidated subsidiaries and associates of the company submitting consolidated financial statements

Fiscal year ended March 31, 2023

Notes are omitted due to immateriality.

Fiscal year ended March 31, 2024

Notes are omitted due to immateriality.

(b) Officers and major shareholders (limited to individuals) of the company submitting consolidated financial statements, etc.

Fiscal year ended March 31, 2023

Type	Name of company, etc.	Location	Capital or investment (Millions of yen)	Business or occupation	Voting rights holding (held) ratio (%)	Relationship with interested parties	Transaction description	Transaction amount (Millions of yen)	Item	Balance at the end of the period (Millions of yen)
Close relatives of officers	Yasuko Kato	—	—	—	(Held) Direct 0.02	Transfer of building and land	Transfer of building and land (Note)	291	—	—

(Note) Terms and conditions of transactions and policy for determining the terms and conditions of transactions, etc.

The transaction amount was determined based on the appraisal value calculated by an independent real estate appraiser.

Fiscal year ended March 31, 2024

Not applicable.

(Per share information)

(Yen)

	Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2024
Net assets per share	843.45	978.65
Earnings per share	2.59	64.29
Diluted earnings per share	2.58	64.08

(Note) 1. The basis for calculating earnings per share and diluted earnings per share is as follows.

(Millions of yen unless otherwise stated)

	Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2024
Earnings per share		
Profit attributable to owners of parent	529	13,167
Amounts not attributable to shareholders of common stock	—	—
Profit attributable to owners of the parent related to common stock	529	13,167
Average number of shares of common stock outstanding during the period (thousand shares)	204,269	204,796
Diluted earnings per share		
Adjustment to profit attributable to owners of parent	—	—
Increase in number of common shares (thousand shares)	1,093	697
(Of which, stock acquisition rights (thousand shares))	(1,093)	(697)
Outline of potential shares excluded from the calculation of diluted earnings per share due to the absence of dilutive effects	—	—

2. The basis for the calculation of net assets per share is as follows.

(Millions of yen unless otherwise stated)

	As of March 31, 2023	As of March 31, 2024
Total net assets	185,638	214,156
Amount deducted from total net assets	12,620	15,256
(Of which, stock acquisition rights)	(421)	(266)
(Of which, non-controlling interests)	(12,199)	(14,990)
Net assets related to common stock at the end of the period	173,017	198,899
Number of common stock at the end of the period used in the calculation of net assets per share (thousand shares)	205,130	203,238

(v) [Annexed consolidated detailed schedules]

[Schedule of bonds]

(Millions of yen unless otherwise stated)

Name of Company	Brand	Date of issue	Balance at the beginning of the period	Balance at the end of the period	Interest rate (%)	Collateral	Date of maturity
Okasan Securities Group Inc.	1st Series of Okasan Securities Group Unsecured Security Token Bond	December 20, 2023	—	2,000 (2,000)	1.00	Unsecured	December 20, 2024
Total	—	—	—	2,000 (2,000)	—	—	—

(Notes) 1. The amount in parentheses in the “Balance at the end of the period” column is the amount due within one year.

2. The amount due within five years after the consolidated closing date is as follows.

(Millions of yen)

Due within 1 year	1 to 2 years	2 to 3 years	3 to 4 years	4 to 5 years
2,000	—	—	—	—

[Schedule of borrowings, etc.]

(Millions of yen unless otherwise stated)

Classification	Balance at the beginning of the period	Balance at the end of the period	Average interest rate (%)	Repayment due
Short-term borrowings	149,095	152,019	0.40	—
Current portion of long-term borrowings	3,802	5,172	2.83	—
Current portion of lease liabilities	369	153	3.30	—
Long-term borrowings (excluding current portion)	10,000	6,728	0.96	From 2025 to 2028
Lease liabilities (excluding current portion)	306	174	2.55	From 2025 to 2029
Other interest-bearing liabilities				
Accounts payable	564	530	2.03	—
Long-term accounts payable (excluding current portion)	942	452	1.95	From 2025 to 2027
Margin borrowings	13,482	12,839	0.60	—
Total	178,564	178,069	—	—

(Notes) 1. The average interest rate is the weighted average interest rate on the balance at the end of the period.

2. Margin borrowings are deemed to be settled within one year.

3. The scheduled repayment amounts of long-term borrowings, lease liabilities (excluding current portion), and long-term accounts payable (excluding current portion) for the five years following the consolidated balance sheet date are as follows.

(Millions of yen)

	1 to 2 years	2 to 3 years	3 to 4 years	4 to 5 years	Over 5 years
Long-term borrowings	2,812	2,016	1,900	—	—
Lease liabilities	113	46	7	6	1
Long-term accounts payable	414	38	0	—	—

[Schedule of asset retirement obligations]

Since the amount of asset retirement obligations at the beginning and end of the fiscal year under review was not more than one percent of the total liabilities and net assets at the beginning and end of the fiscal year under review, this information is omitted pursuant to the provisions of Article 92-2 of the Consolidated Financial Statements Regulation.

(2) [Other]

Quarterly information, etc., for the fiscal year ended March 31, 2024

(Millions of yen unless otherwise stated)

(Cumulative period)	1st Quarter	2nd Quarter	3rd Quarter	Fiscal year ended March 31, 2024
Operating revenue	21,247	41,206	60,846	84,509
Profit before income tax	6,235	10,123	12,731	18,199
Profit attributable to owners of parent	5,201	7,996	9,782	13,167
Net profit per share (yen)	25.35	38.88	47.64	64.29

(Accounting periods)	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter
Net profit per share (yen)	25.35	13.56	8.73	16.66

## 2 Non-consolidated financial statements and other information

### (1) Non-consolidated financial statements

#### (i) Non-consolidated balance sheet

(Millions of yen)

	As of March 31, 2023	As of March 31, 2024
<b>Assets</b>		
Current assets		
Cash and deposits	12,971	17,877
Short-term loans receivable	*2 7,800	*2 6,700
Accounts receivable - other	*2 5,355	*2 447
Accrued revenue	*2 658	*2 825
Other	141	516
Total current assets	26,927	26,367
Non-current assets		
Property, plant and equipment	3,344	3,271
Buildings, net	1,303	1,229
Equipment	20	22
Land	2,020	2,020
Intangible assets	9	7
Investments and other assets	101,404	118,607
Investment securities	*1 28,712	45,520
Shares of subsidiaries and associates	69,269	69,528
Investments in other securities of subsidiaries and associates	1,685	1,853
Long-term guarantee deposits	*2 1,532	1,528
Other	343	343
Allowance for doubtful accounts	(138)	(167)
Total non-current assets	104,758	121,886
Total assets	131,685	148,254

(Millions of yen)

	As of March 31, 2023	As of March 31, 2024
<b>Liabilities</b>		
Current liabilities		
Short-term borrowings	6,172	8,172
Current portion of bonds payable	—	2,000
Accrued expenses	*2 119	*2 305
Income taxes payable	1	151
Provision for bonuses	19	26
Other	160	585
Total current liabilities	6,472	11,241
Non-current liabilities		
Long-term borrowings	6,000	6,728
Guarantee deposits received	*2 1,570	*2 1,699
Deferred tax liabilities	5,154	10,096
Asset retirement obligations	46	27
Other non-current liabilities	46	46
Total non-current liabilities	12,817	18,598
Total liabilities	19,290	29,839
<b>Net assets</b>		
Shareholders' equity		
Share capital	18,589	18,589
Capital surplus		
Legal capital surplus	12,766	12,766
Other capital surplus	9,794	10,093
Total capital surplus	22,560	22,860
Retained earnings		
Legal retained earnings	3,224	3,224
Other retained earnings		
General reserve	30,000	30,000
Retained earnings brought forward	30,788	27,018
Total retained earnings	64,012	60,242
Treasury shares	(3,930)	(5,786)
Total shareholders' equity	101,233	95,905
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	10,740	22,242
Total valuation and translation adjustments	10,740	22,242
Stock acquisition rights	421	266
Total net assets	112,395	118,414
Total liabilities and net assets	131,685	148,254



## (ii) Non-consolidated statement of income

(Millions of yen)

	Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2024
Operating revenue		
Trademark fee income	1,035	1,406
Real estate lease revenue	1,556	1,573
Other sales	58	56
Financial revenue	24,197	1,107
Total operating revenue	*1 26,848	*1 4,143
Operating expenses		
Selling, general and administrative expenses	4,000	4,149
Trading related expenses	717	887
Personnel expenses	707	676
Real estate expenses	1,475	1,524
Office expenses	826	761
Depreciation	90	84
Taxes and dues	109	148
Other	73	65
Financial expenses	156	144
Total operating expenses	*1 4,157	*1 4,293
Operating profit (loss)	22,691	(150)
Non-operating income	*1 933	*1 1,397
Dividend income	900	1,183
Gain on investments in investment partnerships	—	201
Other	33	12
Non-operating expenses	*1 274	*1 508
Loss on investments in investment partnerships	258	277
Compensation expenses	—	142
Other	16	88
Ordinary profit	23,350	739
Extraordinary income		
Gain on exchange from dividends in kind	*3 1,397	—
Gain on sale of investment securities	252	1,266
Other	—	68
Total extraordinary income	1,650	1,334
Extraordinary losses		
Loss on exchange from property dividend	*3 11	—
Loss on valuation of investment securities	—	370
Loss on valuation of golf club membership	—	0
Loss on valuation of shares of subsidiaries and associates	*2 269	*2 14
Loss on support to subsidiaries and associates	—	*1 1,000
Total extraordinary losses	281	1,386
Profit before income taxes	24,719	687
Income taxes - current	(6)	406
Income taxes - deferred	546	(50)
Total income taxes	539	355
Profit	24,179	332

## (iii) Non-consolidated statement of changes in equity

Fiscal year ended March 31, 2023

(Millions of yen)

	Shareholders' equity							
	Share capital	Capital surplus			Retained earnings			
		Legal capital surplus	Other capital surplus	Total capital surplus	Legal retained earnings	Other retained earnings		Total retained earnings
						General reserve	Retained earnings brought forward	
Balance at the beginning of the period	18,589	12,766	155	12,922	3,224	30,000	9,611	42,835
Changes during period								
Dividends of surplus							(3,002)	(3,002)
Profit							24,179	24,179
Purchase of treasury shares								
Disposal of treasury shares			(15)	(15)				
Changes by share exchanges			9,654	9,654				
Net changes in items other than shareholders' equity								
Total changes during period	—	—	9,638	9,638	—	—	21,177	21,177
Balance at the end of the period	18,589	12,766	9,794	22,560	3,224	30,000	30,788	64,012

	Shareholders' equity		Valuation and translation adjustments	Stock acquisition rights	Total net assets
	Treasury shares	Total shareholders' equity	Valuation difference on available -for-sale securities		
Balance at the beginning of the period	(2,983)	71,364	3,934	463	75,761
Changes during period					
Dividends of surplus		(3,002)			(3,002)
Profit		24,179			24,179
Purchase of treasury shares	(4,218)	(4,218)			(4,218)
Disposal of treasury shares	260	244			244
Changes by share exchanges	3,010	12,664			12,664
Net changes in items other than shareholders' equity			6,806	(42)	6,764
Total changes during period	(946)	29,868	6,806	(42)	36,633
Balance at the end of the period	(3,930)	101,233	10,740	421	112,395

	Shareholders' equity							
	Share capital	Capital surplus			Retained earnings			
		Legal capital surplus	Other capital surplus	Total capital surplus	Legal retained earnings	Other retained earnings		Total retained earnings
						General reserve	Retained earnings brought forward	
Balance at the beginning of the period	18,589	12,766	9,794	22,560	3,224	30,000	30,788	64,012
Changes during period								
Dividends of surplus							(4,102)	(4,102)
Profit							332	332
Purchase of treasury shares								
Disposal of treasury shares			299	299				
Changes by share exchanges								
Net changes in items other than shareholders' equity								
Total changes during period	—	—	299	299	—	—	(3,770)	(3,770)
Balance at the end of the period	18,589	12,766	10,093	22,860	3,224	30,000	27,018	60,242

	Shareholders' equity		Valuation and translation adjustments	Stock acquisition rights	Total net assets
	Treasury shares	Total shareholders' equity	Valuation difference on available-for-sale securities		
Balance at the beginning of the period	(3,930)	101,233	10,740	421	112,395
Changes during period					
Dividends of surplus		(4,102)			(4,102)
Profit		332			332
Purchase of treasury shares	(2,001)	(2,001)			(2,001)
Disposal of treasury shares	145	444			444
Changes by share exchanges		—			—
Net changes in items other than shareholders' equity			11,501	(155)	11,346
Total changes during period	(1,856)	(5,327)	11,501	(155)	6,019
Balance at the end of the period	(5,786)	95,905	22,242	266	118,414

[Notes]

(Significant accounting policies)

1. Valuation standards and methods for securities

(1) Shares of subsidiaries and affiliates

Stated at cost, as determined by the moving-average method.

(2) Securities of other subsidiaries and associates

Investments in investment limited partnerships (which are deemed as securities pursuant to Article 2, Paragraph 2 of the Financial Instruments and Exchange Act) are stated at the net value of equity based on the most recent financial statements available according to the financial reporting dates specified in the respective partnership agreements.

(3) Available-for-sale securities

(i) Securities other than equity securities, etc. without market value

They are recorded at fair value (net unrealized gains (losses) are booked directly under net assets, and the cost of securities sold is calculated based on the moving-average method).

(ii) Equity securities, etc. without market value

Stated at cost, as determined by the moving-average method.

Investments in investment limited partnerships and similar partnerships (which are deemed as securities pursuant to Article 2, Paragraph 2 of the Financial Instruments and Exchange Act) are stated at the net value of equity based on the most recent financial statements available according to the financial reporting dates specified in the respective partnership agreements.

2. Method of depreciation for non-current assets

(1) Property, plant and equipment

The declining-balance method is used.

However, buildings (excluding building fixtures) acquired on or after April 1, 1998 and building fixtures and structures acquired on or after April 1, 2016 are depreciated by the straight-line method.

The estimated useful lives for major asset classes are as follows:

Buildings, net	3 to 50 years
Equipment	3 to 8 years

(2) Intangible assets

The straight-line method is used.

Software is amortized over an estimated internal useful life of 5 years.

3. Recognition standard for allowances

(1) Allowance for doubtful accounts

The allowance for doubtful accounts is provided for losses on receivables estimated based on the historical bad debt ratio for general receivables and the estimated uncollectible receivable amount by considering the collectability for specific receivables such as doubtful receivables on the basis of each account receivable.

(2) Provision for bonuses

Provision for bonuses is provided for the payment of bonuses to employees and recorded at the estimated amount of bonuses to be provided for the fiscal year under review based on the Company's designated calculation method.

4. Recognition standard for significant revenues

The Company considers the granting of trademark rights as a performance obligation and recognizes revenue when the customer recognizes revenue.

5. Other significant matters that form the basis for the preparation of non-consolidated financial statements

(1) Hedge accounting methods

(i) Hedge accounting methods

In principle, deferred hedge accounting is used. Exceptional accounting treatment is applied for interest rate swaps that satisfy the requirements for such treatment.

(ii) Hedging instruments and hedged items

Hedging instruments: Interest rate swaps

Hedged items: Borrowings

(iii) Hedging policy

Interest rate swap transactions are carried out to hedge interest rate risks associated with certain borrowings, and hedged items are identified for each contract.

(iv) Method of assessing hedge effectiveness

Given that the interest rate swaps satisfy the requirements for exceptional accounting treatment, the assessment of effectiveness is omitted.

(2) Application of Group Tax Sharing System

The Company applies the Group Tax Sharing System.

(Significant accounting estimates)

Deferred tax assets (liabilities)

(1) Amount recorded in the non-consolidated financial statements

(Millions of yen)

	As of March 31, 2023	As of March 31, 2024
Deferred tax liabilities	5,154	10,096

The above deferred tax liabilities of ¥5,154 million for the previous fiscal year is the amount after offsetting deferred tax assets of ¥104 million and deferred tax liabilities of ¥5,258 million, and the deferred tax liabilities of ¥10,096 million for the fiscal year under review is the amount after offsetting deferred tax assets of ¥179 million and deferred tax liabilities of ¥10,275 million.

(2) Information on the details of significant accounting estimates for identified items

The method of calculating the amount in (1) is the same as that described in “Notes (Significant accounting estimates), 1. Deferred tax assets (liabilities)” in the consolidated financial statements.

(Non-consolidated balance sheet)

\*1 Assets pledged as collateral

Investment securities pledged to financial institutions as collateral for the borrowings of subsidiaries and associates amounted to ¥363 million in the previous fiscal year but there was none in the fiscal year ended March 31, 2024.

\*2 Balance with subsidiaries and associates

Assets and liabilities relating to subsidiaries and associates include the following, in addition to those presented separately.  
(Millions of yen)

	As of March 31, 2023	As of March 31, 2024
Short-term monetary receivables	7,983	7,639
Long-term monetary receivables	183	—
Short-term monetary payables	147	546
Long-term monetary payables	1,570	1,699

(Non-consolidated statement of income)

\*1 Transactions with associated companies are as follows.

(Millions of yen)

	Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2024
Transaction amount from business transactions		
Operating revenue	26,827	4,142
Operating expenses	860	658
Transaction amount from non-business transactions	1	1,150

\*2 Loss on valuation of shares of subsidiaries and associates

Fiscal year ended March 31, 2023

Loss on valuation of shares of subsidiaries and associates constitutes an impairment loss on the shares of subsidiaries.

Fiscal year ended March 31, 2024

Loss on valuation of shares of subsidiaries and associates constitutes an impairment loss on the shares of subsidiaries.

\*3 Gain on exchange from dividends in kind and loss on exchange from property dividend

Fiscal year ended March 31, 2023

As a result of acquiring the subsidiaries' shares, all of the Company's shares, and part of listed company shares held by Okasan Securities Co., Ltd., Okasan Kogyo Co., Ltd., Sanko Securities Co., Ltd., Sanen Securities Co., Ltd., Okasan Niigata Securities Co., Ltd., Okasan Business Service Co., Ltd., and Okasan Asset Management Co., Ltd. (currently SBI Okasan Asset Management Co., Ltd.) through dividends in kind, the difference between the carrying amount of the shares the Company received and the amount deemed to have been exchanged from the portion booked as subsidiaries' shares is recognized as follows: ¥1,397 million gain on exchange from dividends in kind was recognized as extraordinary income and ¥11 million loss on exchange from property dividend was recognized in extraordinary losses.

Fiscal year ended March 31, 2024

Not applicable.

(Securities)

Shares of subsidiaries and affiliates

As of March 31, 2023

Carrying amount on the balance sheet of shares, etc., without market value  
(Millions of yen)

Classification	As of March 31, 2023
Shares of subsidiaries	66,144
Shares of affiliates	3,125
Investments in other securities of subsidiaries and associates	1,685

As of March 31, 2024

Carrying amount on the balance sheet of shares, etc., without market value  
(Millions of yen)

Classification	As of March 31, 2024
Shares of subsidiaries	66,402
Shares of affiliates	3,125
Investments in other securities of subsidiaries and associates	1,853

(Tax effect accounting)

1. Significant components of deferred tax assets and liabilities

(Millions of yen)

	As of March 31, 2023	As of March 31, 2024
Deferred tax assets		
Loss on valuation of shares of subsidiaries and associates	3,422	3,426
Loss on valuation of investment securities	215	377
Share-based payment expenses	133	87
Depreciation (Including impairment losses)	58	57
Allowance for doubtful accounts	42	51
Compensation expenses	–	43
Loss on valuation of golf club membership	41	41
Tax loss carryforwards	90	23
Other	62	126
Subtotal of deferred tax assets	4,065	4,234
Valuation allowance for tax loss carryforwards	(44)	(23)
Valuation allowance for deductible temporary differences	(3,916)	(4,032)
Subtotal valuation allowance	(3,961)	(4,055)
Total deferred tax assets	104	179
Deferred tax liabilities		
Valuation difference on available-for-sale securities	(4,640)	(9,633)
Other	(618)	(642)
Total deferred tax liabilities	(5,258)	(10,275)
Net deferred tax assets (liabilities)	(5,154)	(10,096)

2. The reconciliation between the statutory tax rate and the effective income tax rate after applying tax effect accounting

	As of March 31, 2023	As of March 31, 2024
Statutory tax rate	30.5 %	30.5 %
(Adjustments)		
Expenses not deductible permanently, such as entertainment expenses	0.5	61.6
Income not taxable permanently, such as dividend income	(29.0)	(54.8)
Inhabitant tax levied per capita	0.0	0.4
Change in valuation allowance	0.2	13.7
Other	(0.0)	0.3
Effective income tax rate after applying tax effect accounting	2.2	51.7

(Business combination)

Transactions under common control

Notes are omitted since the same information is presented in “Notes (Business combination)” in the consolidated financial statements.

(Revenue recognition)

Information that provides a basis for understanding revenue from contracts with customers has been omitted from the notes because the same information is presented in “Notes (Significant accounting policies), 4. Recognition standard for significant revenues” in the non-consolidated financial statements.

(iv) [Annexed detailed schedules]

[Schedule of property, plant and equipment, etc.]

(Millions of yen)

	Type of assets	Balance at the beginning of the period	Increase during the period	Decrease during the period	Depreciation for the period	Balance at the end of the period	Accumulated depreciation
Property, plant and equipment	Buildings, net	1,303	3	3	74	1,229	4,100
	Equipment	20	10	0	7	22	453
	Land	2,020	—	—	—	2,020	—
	Total	3,344	13	3	82	3,271	4,553
Intangible assets	Software	9	0	—	2	7	1,748
	Other	0	—	—	0	0	15
	Total	9	0	—	2	7	1,763

[Schedule of provisions]

(Millions of yen)

Classification	Balance at the beginning of the period	Increase during the period	Decrease during the period	Balance at the end of the period
Allowance for doubtful accounts	138	29	—	167
Provision for bonuses	19	26	19	26

(2) [Components of major assets and liabilities]

This information is omitted because the consolidated financial statements are prepared.

(3) [Other]

Not applicable.



## VI. Summary of the share administration of the submitting company

Fiscal year	April 1 through March 31
Ordinary General Meeting of Shareholders	During June
Record date	March 31
Record date for dividends of surplus	March 31 and September 30
Number of shares per unit	100 shares
Purchase and sale of fractional shares	
Handling office	(Special account) 1-4-1 Marunouchi, Chiyoda-ku, Tokyo Sumitomo Mitsui Trust Bank, Limited Stock Transfer Agency Business Planning Department
Shareholder register administrator	(Special account) 1-4-1 Marunouchi, Chiyoda-ku, Tokyo Sumitomo Mitsui Trust Bank, Limited
Handling office	_____
Purchase and sales commissions	Amount separately determined as the amount equivalent to the commission fee for the entrustment of stock transactions
Method of public notice	The Company gives public notices in a digital format. However, if digital format is not possible due to accidents or other unavoidable circumstances, public notices will be published in The Nihon Keizai Shimbun. URL for public notice (the Company's website) <a href="https://www.okasan.jp">https://www.okasan.jp</a>
Special benefits for shareholders	For those who have opened a general securities account with Okasan Securities Co. Ltd. and deposited at least 100 shares of the Company's shares into such account, foreign securities trading account management fee will not be charged.

(Note) In connection with such fractional shares, shareholders of the Company shall not be entitled to exercise any rights other than those rights listed below:

- (1) Rights set forth in the items of Article 189, paragraph 2 of the Companies Act
- (2) Right to make requests pursuant to the provisions of Article 166, paragraph 1 of the Companies Act
- (3) Right to receive an allotment of shares for subscription or an allotment of stock acquisition rights for subscription in accordance with the number of shares held by the shareholder
- (4) Right to request the sale of the number of shares that, together with the number of shares less than one unit held by the shareholder, would constitute one unit of shares

## VII. Reference information of the submitting company

### 1. [Information on parent company, etc. of the submitting company]

The Company has no parent company, etc. as provided in Article 24-7, Paragraph 1 of the Financial Instruments and Exchange Act.

### 2. [Other reference information]

The following documents were submitted between the beginning of the fiscal year under review and the date of submission of the Annual Securities Report.

#### (1) Annual Securities Report and its attachments and confirmation letter

Fiscal year (85th Fiscal Term) (From April 1, 2022 to March 31, 2023); Submitted to the Director-General of the Kanto Local Finance Bureau on June 30, 2023

#### (2) Internal Control Report and its attachments

Submitted to the Director-General of the Kanto Local Finance Bureau on June 30, 2023

#### (3) Amendment Report for Annual Securities Report and confirmation letter

(The 84th Fiscal Term) (From April 1, 2021 to March 31, 2022); Submitted to the Director-General of the Kanto Local Finance Bureau on June 27, 2024

(The 85th Fiscal Term) (From April 1, 2022 to March 31, 2023); Submitted to the Director-General of the Kanto Local Finance Bureau on June 27, 2024

#### (4) Quarterly Report and confirmation letter

(First Quarter of the 86th Fiscal Term) (From April 1, 2023 to June 30, 2023); Submitted to the Director-General of the Kanto Local Finance Bureau on August 10, 2023

(Second Quarter of the 86th Fiscal Term) (From July 1, 2023 to September 30, 2023); Submitted to the Director-General of the Kanto Local Finance Bureau on November 10, 2023

(Third Quarter of the 86th Fiscal Term) (From October 1, 2023 to December 31, 2023); Submitted to the Director-General of the Kanto Local Finance Bureau on February 13, 2024

#### (5) Extraordinary Report

Submitted to the Director-General of the Kanto Local Finance Bureau on July 3, 2023

This is an Extraordinary Report pursuant to Article 19, Paragraph 2, Item 9-2 of the Cabinet Office Order on Disclosure of Corporate Affairs (Result of Exercise of Voting Rights at the General Meeting of Shareholders).

#### (6) Securities Registration Statement and its attachments

Submitted to the Director-General of the Kanto Local Finance Bureau on June 29, 2023

Submitted to the Director-General of the Kanto Local Finance Bureau on June 27, 2024

#### (7) Amendment Report of Securities Registration Statement

Submitted to the Director-General of the Kanto Local Finance Bureau on June 30, 2023

Submitted to the Director-General of the Kanto Local Finance Bureau on July 3, 2023

#### (8) Share Buyback Report

Submitted to the Director-General of the Kanto Local Finance Bureau on November 10, 2023, December 8, 2023, January 12, 2024, February 9, 2024, March 8, 2024, and April 12, 2024

**[Information on Guarantee Companies, etc. of the Submitting Company]**

Not applicable.

(English Translation)  
Independent Auditor's Report and Internal Control Audit Report

June 28, 2024

To the Board of Directors of  
Okasan Securities Group Inc.

Crowe Toyo & Co.  
Tokyo Office

Yuko Suzuki, CPA  
Designated Partner,  
Engagement Partner

Naoya Matsumoto, CPA  
Designated Partner,  
Engagement Partner

Mutsumi Ohashi, CPA  
Designated Partner,  
Engagement Partner

**<Consolidated Financial Statements Audit>**

**Opinion**

Pursuant to Article 193-2, Section 1 of the Financial Instruments and Exchange Act of Japan, we have audited the accompanying consolidated financial statements of Okasan Securities Group Inc. and its consolidated subsidiaries (the "Group") included in "Financial Information" for the fiscal year from April 1, 2023 to March 31, 2024, which comprise the consolidated balance sheet, the consolidated statements of income, comprehensive income, changes in equity, and cash flows, significant accounting policies for preparation of consolidated financial statements, other related notes, and the annexed consolidated detailed schedules.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of March 31, 2024, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with accounting principles generally accepted in Japan.

**Basis for Opinion**

We conducted our audit in accordance with auditing standards generally accepted in Japan. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Japan, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**Key Audit Matters**

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of the audit of the consolidated financial statements as a whole, and in forming the auditor's opinion thereon, and we do not provide a separate opinion on these matters.

Consideration of recoverability of deferred tax assets	
Key audit matter	How the scope of our audit addressed the key audit matter
<p>In the consolidated balance sheet, deferred tax assets of ¥27 million were recognized for the current fiscal year.</p> <p>As stated in the notes to the consolidated financial statements, “Significant Accounting Estimates 1. Deferred tax assets (liabilities)”, the amount of gross deferred tax assets before being offset by deferred tax liabilities amounted to ¥2,142 million, which is a net amount of gross deferred tax assets of ¥7,607 million recognized for deductible temporary differences including tax-loss carryforwards and valuation allowance of ¥5,464 million, was recorded. The companies that adopted the Group Tax Sharing System in Japan (the “group subject to the Group Tax Sharing System”), which include Okasan Securities Group Inc. and its certain domestic subsidiaries, for example, Okasan securities Co., Ltd. recorded deferred tax assets of ¥2,036 million before offsetting deferred tax liabilities.</p> <p>The Company estimated future taxable income of the group subject to the Group Tax Sharing System and recognized deferred tax assets to the extent that reversal of deductible temporary differences and offset using tax-loss carryforwards are expected to reduce future tax burden. The estimated future taxable income is based on the future business plan.</p> <p>Important assumptions of management's estimates in future business plan, which is used in forecasting the operating revenues of Okasan Securities Co., Ltd., a core subsidiary, are the balance of customers' assets in the future and the return rate on the customers' assets. Since these important assumptions are formulated based on the past performance and the current market environment, uncertainty in estimates and management's judgment may have a significant impact on the amount of deferred tax assets recorded.</p> <p>We, therefore, determined that the recoverability of deferred tax assets of the group subject to the Group Tax Sharing System is a key audit matter.</p>	<p>We performed the following audit procedures to verify the recoverability of deferred tax assets of the group subject to the Group Tax Sharing System after evaluating the design and effectiveness of related internal controls that the Company has established.</p> <ul style="list-style-type: none"> <li>● In order to evaluate the judgment of the classification of companies based on the “Implementation Guidelines on the Recoverability of Deferred Tax Assets”, we examined the rationality of the judgment by checking the past taxable income of the group subject to the Group Tax Sharing System and by taking account of the level of future taxable income.</li> <li>● Regarding deductible temporary differences etc., we verified them by reviewing related documents and examined the rationality of the schedule of the estimated year in which those differences are expected to be recovered or settled.</li> <li>● In order to assess the estimation of future taxable income, we performed the following audit procedures. <ul style="list-style-type: none"> <li>• We reviewed the minutes of the Board of Directors to ensure that the business plan on which the estimation of future taxable income is based has been approved by the Board of Directors.</li> <li>• In order to understand the important assumptions in the business plan, we inquired to the planning department.</li> <li>• In order to evaluate the rationality of important assumptions in the business plan, we verified the degree of achievement of the balance of assets under custody in the future and profitability relative to such assets, which were used in the projection of the operating revenues in previous years.</li> <li>• In order to evaluate the rationality of the future balance of assets under custody and the assumed trend in profitability of such asset which are used in the projection of the operating revenue of Okasan Securities Co., Ltd., we inquired to the management and the planning department, and compared the important assumptions with the past trends by type of customers' assets.</li> <li>• We evaluated the rationality by inquiring to the planning department about the outlook of market environment, which is the assumption of the business plan, and by comparing the current market environment with the economic environment forecast report released by an external organization.</li> </ul> </li> </ul>

## Other Information

The other information comprises the information included in Yukashoken-Houkokusho but does not include the consolidated financial statements, the non-consolidated financial statements and our audit report thereon. Management is responsible for preparation and disclosure of the other information. The Audit Committee is responsible for overseeing the duties of executive officers and directors in designing and operating the Group's reporting process of the other information.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

## **Management's and the Audit Committee's Responsibilities for the Consolidated Financial Statements**

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in Japan, and for designing and operating such internal control as management determines is necessary to enable the preparation and fair presentation of the consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern and disclosing, as required by accounting principles generally accepted in Japan, matters related to going concern.

The Audit Committee is responsible for overseeing the duties of executive officers and directors in designing and operating the Group's financial reporting process.

## **Auditor's Responsibilities for the Audit of the Consolidated Financial Statements**

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion from an independent standpoint. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with auditing standards generally accepted in Japan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. The selection and application of audit procedures are at the auditor's discretion. Additionally, we obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.
- Consider internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances for our risk assessments, while the purpose of the audit of the consolidated financial statements is not expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation in accordance with accounting principles generally accepted in Japan.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Audit Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Audit Committee with a statement that we have complied with the ethical requirements regarding independence that are relevant to our audit of financial statements in Japan, all relationships and other matters that may reasonably be thought to bear on our independence, and the details if there are countermeasures to eliminate obstructive factors or safeguards to mitigate obstructive factors to an acceptable level.

From the matters communicated with the Audit Committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be

expected to outweigh the public interest benefits of such communication.

## <Internal control audit>

### Opinion

Pursuant to Article 193-2, Section 2 of the Financial Instruments and Exchange Act of Japan, we have audited the accompanying Management's Report on Internal Control Over Financial Reporting for the consolidated financial statements as of March 31, 2024 of Okasan Securities Group Inc. ("Management's Report").

In our opinion, Management's Report referred to above, which represents that the internal control over financial reporting as of March 31, 2024 of Okasan Securities Group Inc. is effective, presents fairly, in all material respects, the result of management's assessment of internal control over financial reporting in accordance with standards for assessment of internal control over financial reporting generally accepted in Japan.

### Basis for Opinion

We conducted our internal control audit in accordance with auditing standards on internal control over financial reporting generally accepted in Japan. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of Internal Control section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the financial statements in Japan, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Management's and the Audit Committee's Responsibilities for Management's Report

Management is responsible for designing and operating internal control over financial reporting, and for the preparation and fair presentation of Management's Report in accordance with standards for assessment of internal control over financial reporting generally accepted in Japan.

The Audit Committee is responsible for monitoring and verifying the design and operation of internal control over financial reporting.

Internal control over financial reporting may not prevent or detect misstatements.

### Auditor's Responsibilities for the Audit of Internal Control

Our objectives are to obtain reasonable assurance about whether Management's Report is free from material misstatement, and to issue an auditor's report that includes our opinion from an independent standpoint.

As part of an audit in accordance with auditing standards on internal control generally accepted in Japan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Perform audit procedures to obtain audit evidence relating to the result of management's assessment of internal control over financial reporting in Management's Report. The design and performance of audit procedures for internal control audits is based on our judgement in consideration of the materiality of the effect on the reliability of financial reporting.
- Consider the overall presentation of Management's Report with regards to the scope, procedures, and result of the assessment of internal control over financial reporting including descriptions by management.
- Obtain sufficient appropriate audit evidence regarding the result of management's assessment of internal control over financial reporting in Management's Report. We are responsible for the direction, supervision, and performance of the audit of Management's Report. We remain solely responsible for our audit opinion.

We communicate with the Audit Committee regarding, among other matters, the planned scope and timing of the internal control audit, the results of the internal control audit, any significant deficiencies in internal control that we identify, and the results of corrective

measures for such significant deficiencies.

We also provide the Audit Committee with a statement that we have complied with the ethical requirements regarding independence that are relevant to our audit of financial statements in Japan, all relationships and other matters that may reasonably be thought to bear on our independence, and the details if there are countermeasures to eliminate obstructive factors or safeguards to mitigate obstructive factors to an acceptable level.

**<Audit Fee>**

“The amounts of audit fee based on audit and attestation services and non-audit services for Crowe Toyo & Co. and any institutes under the same network with us are provided in “Outline of Corporate Governance, etc. (3) [Audit Structure]” in “Summary of the submitting company.”

**Interest Required to Be Disclosed by the Certified Public Accountants Act of Japan**

Our firm and its designated engagement partners do not have any interest in the Group which is required to be disclosed pursuant to the provisions of the Certified Public Accountants Act of Japan.

Notes to the Readers of Independent Auditor’s Report

This is an English translation of the independent auditor’s report attached to the Yukashoken-Houkokusho, as required by the Financial Instruments and Exchange Act of Japan for the convenience of the reader.



(English Translation)  
Independent Auditor's Report

June 28, 2024

To the Board of Directors of  
Okasan Securities Group Inc.

Crowe Toyo & Co.  
Tokyo Office

Yuko Suzuki, CPA  
Designated Partner,  
Engagement Partner

Naoya Matsumoto, CPA  
Designated Partner,  
Engagement Partner

Mutsumi Ohashi, CPA  
Designated Partner,  
Engagement Partner

**<Non-Consolidated Financial Statements Audit>**

**Opinion**

Pursuant to Article 193-2, Section 1 of the Financial Instruments and Exchange Act of Japan, we have audited the accompanying non-consolidated financial statements of Okasan Securities Group Inc. (the "Company") included in "Financial Information" for the 86th fiscal year from April 1, 2023 to March 31, 2024, which comprise the non-consolidated balance sheet, the non-consolidated statements of income and changes in equity, significant accounting policies, other related notes, and the annexed detailed schedules.

In our opinion, the accompanying non-consolidated financial statements present fairly, in all material respects, the non-consolidated financial position of the Company as of March 31, 2024, and its non-consolidated financial performance for the year then ended in accordance with accounting principles generally accepted in Japan.

**Basis for Opinion**

We conducted our audit in accordance with auditing standards generally accepted in Japan. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Non-Consolidated Financial Statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the non-consolidated financial statements in Japan, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**Key Audit Matters**

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the non-consolidated financial statements of the current period. These matters were addressed in the context of the audit of the non-consolidated financial statements as a whole, and in forming the auditor's opinion thereon, and we do not provide a separate opinion on these matters.

**Recoverability of deferred tax assets**

This information is omitted because the content is the same as that of the key audit matters (consideration of recoverability of deferred

tax assets) described in the audit report of the consolidated financial statements.

### **Other Information**

The other information comprises the information included in Yukashoken-Houkokusho but does not include the consolidated financial statements, the non-consolidated financial statements and our audit report thereon. Management is responsible for preparation and disclosure of the other information. The Audit Committee is responsible for overseeing the duties of executive officers and directors in designing and operating the entity's reporting process of the other information.

Our opinion on the non-consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the non-consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the non-consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

### **Management's and the Audit Committee's Responsibilities for the Non-Consolidated Financial Statements**

Management is responsible for the preparation and fair presentation of these non-consolidated financial statements in accordance with accounting principles generally accepted in Japan, and for designing and operating such internal control as management determines is necessary to enable the preparation and fair presentation of the non-consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the non-consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern and disclosing, as required by accounting principles generally accepted in Japan, matters related to going concern.

The Audit Committee is responsible for overseeing the duties of executive officers and directors in designing and operating the financial reporting process.

### **Auditor's Responsibilities for the Audit of the Non-Consolidated Financial Statements**

Our objectives are to obtain reasonable assurance about whether the non-consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion from an independent standpoint. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these non-consolidated financial statements.

As part of an audit in accordance with auditing standards generally accepted in Japan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the non-consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks. The selection and application of audit procedures are at the auditor's discretion. Additionally, obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.
- Consider internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances for our risk assessments, while the purpose of the audit of the non-consolidated financial statements is not expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the non-consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the non-consolidated financial statements, including the disclosures, and whether the non-consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation in accordance with accounting principles generally accepted in Japan.

We communicate with the Audit Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Audit Committee with a statement that we have complied with the ethical requirements regarding independence that are relevant to our audit of financial statements in Japan, all relationships and other matters that may reasonably be thought to bear on our independence, and the details if there are countermeasures to eliminate obstructive factors or safeguards to mitigate obstructive factors to an acceptable level.

From the matters communicated with the Audit Committee, we determine those matters that were of most significance in the audit of the non-consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

#### **<Audit Fee>**

The details of audit fee are provided in the auditor's report of the consolidated financial statements.

#### **Interest Required to Be Disclosed by the Certified Public Accountants Act of Japan**

Our firm and its designated engagement partners do not have any interest in the Group which is required to be disclosed pursuant to the provisions of the Certified Public Accountants Act of Japan.

#### Notes to the Readers of Independent Auditor's Report

This is an English translation of the independent auditor's report attached to the Yukashoken-Houkokusho, as required by the Financial Instruments and Exchange Act of Japan for the convenience of the reader.

## *REFERENCE DATA*

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- Okasan Securities Co., Ltd. Non-consolidated financial statements -

## (1) Balance sheet

(Millions of yen)

	As of March 31, 2023	As of March 31, 2024
<b>Assets</b>		
Current assets		
Cash and deposits	51,005	32,624
Segregated deposits	76,449	85,903
Segregated deposits for customers	73,200	82,800
Other segregated deposits	3,249	3,103
Trading products	239,325	282,666
Trading securities and other	238,908	282,615
Derivatives	417	51
Trade date accrual	—	31,283
Margin transaction assets	69,849	88,741
Margin loans	63,951	84,642
Cash collateral provided for securities borrowed in margin transactions	5,898	4,099
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	44	32
Short-term guarantee deposits	20,621	20,893
Short-term loans receivable	110	13,178
Accrued revenue	2,204	2,895
Other current assets	1,722	1,588
Allowance for doubtful accounts	(30)	(53)
<b>Total current assets</b>	<b>696,072</b>	<b>991,193</b>
Non-current assets		
Property, plant and equipment	2,159	2,050
Buildings, net	1,273	1,221
Equipment	703	747
Lease assets, net	182	81
Intangible assets	527	476
Software	399	348
Other	127	128
Investments and other assets	7,820	7,766
Investment securities	965	931
Long-term guarantee deposits	4,904	4,001
Deferred tax assets	118	686
Other	2,576	2,896
Allowance for doubtful accounts	(744)	(749)
<b>Total non-current assets</b>	<b>10,507</b>	<b>10,294</b>
<b>Total assets</b>	<b>706,579</b>	<b>1,001,488</b>

(Millions of yen)

	As of March 31, 2023	As of March 31, 2024
<b>Liabilities</b>		
Current liabilities		
Trading products	237,889	437,827
Trading securities and other	237,868	437,358
Derivatives	21	469
Trade date accrual	24,450	–
Margin transaction liabilities	20,822	18,060
Margin borrowings	10,957	9,009
Cash received for securities sold in margin transactions	9,864	9,051
Borrowings secured by securities	108,214	200,581
Cash collateral received for securities lent	7,214	3,577
Securities sold under repurchase agreements	101,000	197,004
Deposits received	45,206	59,359
Guarantee deposits received	39,503	35,518
Payables for securities to receive over due for delivery	32	46
Short-term borrowings	140,515	147,375
Accounts payable	386	1,918
Income taxes payable	276	4,161
Provision for bonuses	1,410	2,330
Other current liabilities	2,854	3,342
Total current liabilities	621,561	910,522
Non-current liabilities		
Long-term borrowings	4,000	–
Provision for retirement benefits	5,012	4,742
Asset retirement obligations	1,217	1,153
Other non-current liabilities	263	192
Total non-current liabilities	10,493	6,088
Reserves under special laws		
Reserve for financial instruments transaction liabilities	1,136	843
Total reserves under special laws	1,136	843
Total liabilities	633,191	917,453
<b>Net assets</b>		
Shareholders' equity		
Share capital	5,000	5,000
Capital surplus	32,553	32,553
Retained earnings	35,818	46,450
Total shareholders' equity	73,371	84,004
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	16	30
Total Valuation and translation adjustments	16	30
Total net assets	73,388	84,034
Total liabilities and net assets	706,579	1,001,488

## (2) Statement of income

(Millions of yen)

	Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2024
Operating revenue		
Commission received	29,486	39,496
Brokerage commission	11,443	16,550
Commission for underwriting, secondary distribution and solicitation for selling and others for professional investors	614	1,457
Fees for offering, secondary distribution and solicitation for selling and others for professional investors	9,542	12,923
Other commission received	7,885	8,563
Net trading income	20,895	27,828
Financial revenue	1,996	3,002
Total operating revenue	52,378	70,326
Financial expenses	1,371	1,714
Net operating revenue	51,006	68,611
Selling, general and administrative expenses	51,822	54,431
Trading related expenses	7,856	8,536
Personnel expenses	23,781	25,682
Real estate expenses	7,463	7,323
Office expenses	10,514	10,465
Depreciation	475	487
Taxes and dues	661	870
Other	1,068	1,065
Operating profit (loss)	(815)	14,180
Non-operating income	218	193
Non-operating expenses	90	497
Ordinary profit (loss)	(687)	13,877
Extraordinary income		
Gain on sale of investment securities	—	0
Reversal of reserve for financial instruments Transaction liabilities	—	292
Total extraordinary income	—	293
Extraordinary losses		
Provision of reserve for financial instruments transaction liabilities	6	—
Impairment losses	79	143
Total extraordinary losses	85	143
Profit (Loss) before income taxes	(772)	14,027
Income taxes - current	(243)	3,969
Income taxes - deferred	1,934	(575)
Total income taxes	1,690	3,394
Profit (Loss)	(2,463)	10,632

## ***CORPORATE DATA***

### **Company Name**

OKASAN SECURITIES GROUP INC.

### **Date of Establishment**

August 25, 1944

### **Head Office**

2-2-1 Nihonbashi Muromachi, Chuo-ku,  
Tokyo 103-0022, Japan

### **Kabutocho Office**

1-4 Nihonbashi Kabutocho, Chuo-ku,  
Tokyo 103-0026, Japan

### **Phone Number**

+81-3-3272-2222

### **Paid-in Capital**

18,589 Million Yen

### **Subsidiaries**

10 companies

2 investment limited partnerships

### **Listed Stock Exchanges**

Tokyo Stock Exchange

Nagoya Stock Exchange

## ***BOARD OF DIRECTORS***

### **Group CEO**

SHINSHIBA Hiroyuki

### **Director**

IKEDA Yoshihiro

### **Audit & Supervisory Committee Members**

### **Director**

IMAMURA Kaoru

### **Outside Director**

HIGO Seishi

### **Outside Director**

UJIHARA Kiyoshi

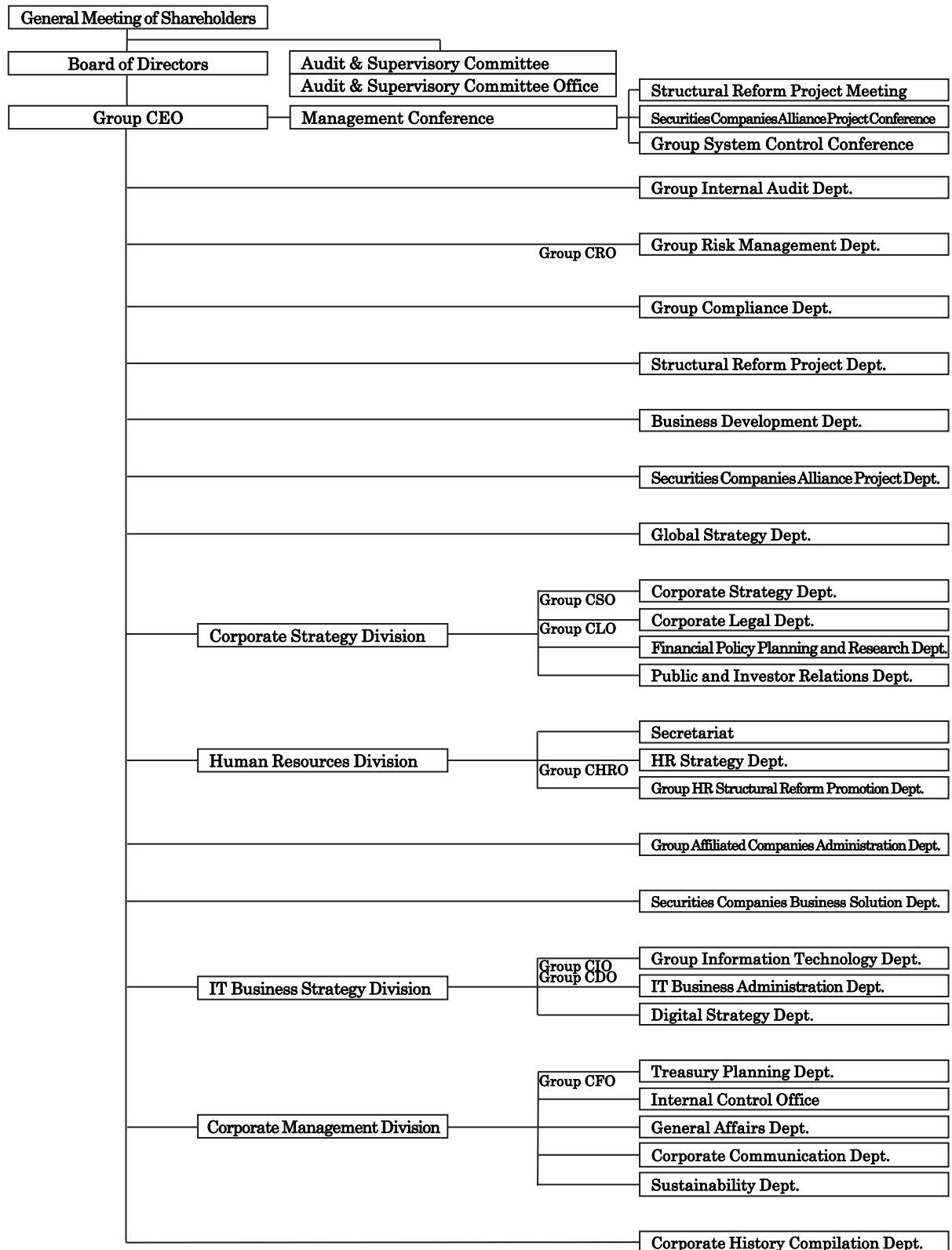
### **Outside Director**

YOSHIDA Shinichi

(Data above is as of August, 2024)



# ORGANIZATIONAL CHART



(Data above is as of August, 2024)

OKASAN SECURITIES GROUP INC.

[www.okasan.jp](http://www.okasan.jp)