

Securities Code : 8609

OKASAN SECURITIES GROUP INC.

Medium-term Business Plan

FY2023~2027

※ This Medium-term Business Plan is originally made in Japanese and translated into English. The English text is for reference purposes. If there is any conflict or inconsistency between these two texts, the Japanese text shall prevail.

March 24, 2023
OKASAN SECURITIES GROUP INC.

In formulating this Medium-term Business Plan

Since our founding in 1923, the Okasan Securities Group has refined its specialized investment and asset management services, focusing on the securities business based on the management philosophy of "Customer-First."

As we approach our 100th anniversary in April 2023, we have established a new medium-term business plan for the coming five years from FY2023 to FY2027, aiming to establish a management foundation which enables us to realize sustainable growth in the next 100 years. We remain grateful to our customers, employees, shareholders, business partners, and local communities who have supported us to date.

We are committed to fulfilling our mission to empathize with our customers' lives, support them in building up their assets for the future, and "connect" it to the next generation, and play a role as well to "connect" our customers with our business partners including allied partners by using a wide range of resources our group possesses, aiming to become a securities group deeply "connected" with diverse stakeholders. We look forward to your continued support.

SHINSHIBA Hiroyuki
President

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01

Basic Policies of the Medium-term Business Plan

1 Summary of the previous Medium-term Business plan (FY2020-FY2022)

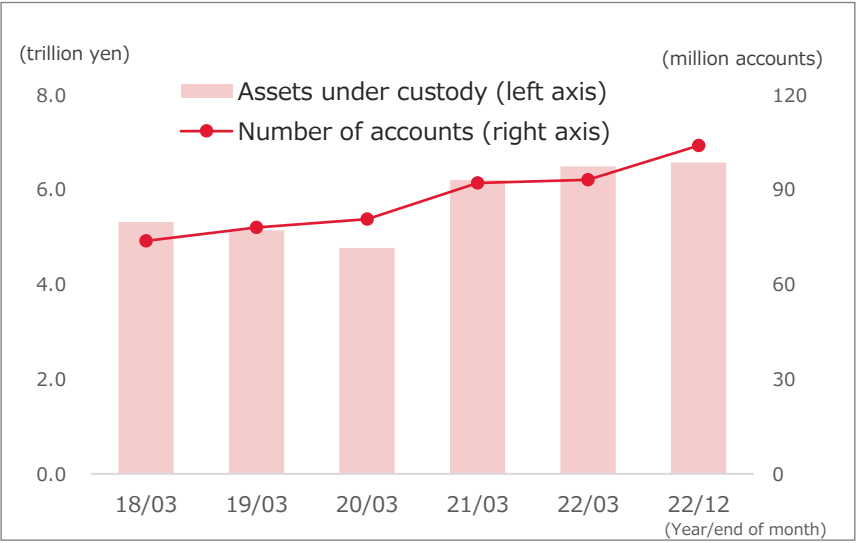
Basic Policies

Contents	Results
1 Customer-oriented Services Thoroughly implementing the Okasan-way of customer orientation by taking a customer perspective approach with our services	<ul style="list-style-type: none"> ● Instilled the concept of “CX Strategy” towards each employee to further foster awareness in customer-oriented services. As a result, we have seen an upward trend in net assets inflow provided by individual customers. ● Reduced store costs and created a close-knit community with our customers. This was achieved by expanding satellite offices, which strengthened customer relations and branch rationalization. ● “Satellite assets” continue to account for the majority of our customer assets under custody. Attracting more “core assets” remains to be our issue.
2 Creation of Shared Value Creating new revenue streams and improving cost efficiency by turning the Group’s resources into a platform	<ul style="list-style-type: none"> ● We have increased the number of customers by approximately 30% over the course of three years. Our operating bases expanded by business consolidation of Securities Japan and through business transfers from other companies within the industry. ● Through business integration between Okasan Securities and Okasan Online Securities, we combined the strengths of face-to-face and online services, creating a structure to flexibly respond to the increasingly diverse needs of our customers ● Okasan Asset Management became a joint venture with the SBI Group. The asset management business was strengthened by promoting a growth strategy that transcended the boundaries of the Group.
3 Digitalization Initiatives Service innovation and the provision of new value through the use of technology	<ul style="list-style-type: none"> ● Promoting improvements in customer service through the introduction of smartphones and tablet computers ● Establishing a remote working system that allows employees to work flexibly, regardless of time or location ● Cooperating with external services has become easier with digitalization being further established. This was achieved by replacing the core securities system from an in-house operation to a system widely used in the industry. ● Considering expanding into new markets that are expected to grow in the future, such as crowdfunding and STO businesses

Quantitative Targets

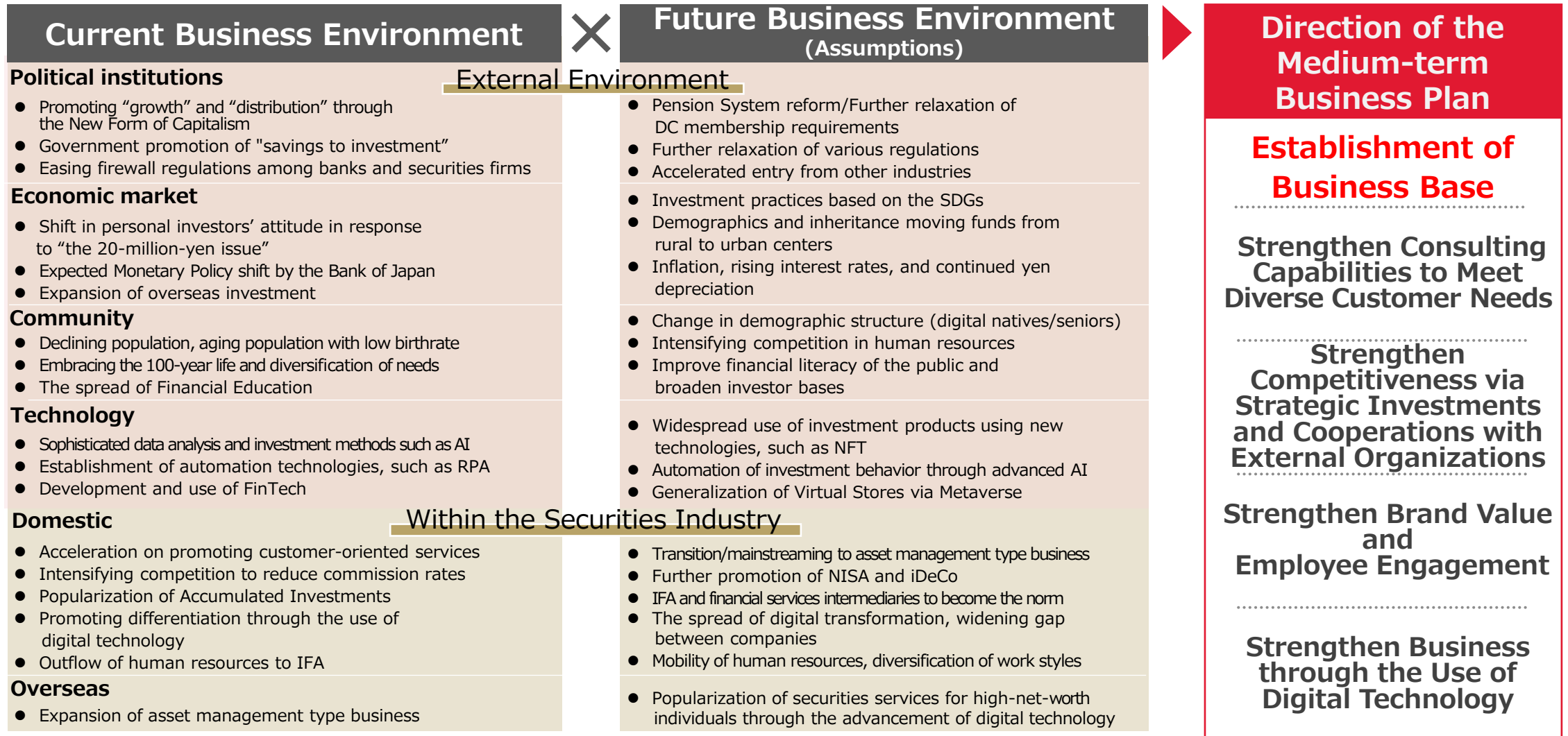
Item	Target	Track Record	Reference
ROE	10.0%	6.0% (FY2022)	2.4% (FY2020)
Number of accounts	1 million accounts	1.03 million accounts (FY2022)	0.8 million accounts (FY2020)
Assets under custody	10.0 trillion yen	6.5 trillion yen (FY2022)	4.7 trillion yen (FY2020)

Number of accounts and assets under custody



2 Recognition of Business Environment and Direction of Medium-term Business Plan

To establish a business base for sustainable growth, followings are required : strengthening consulting capabilities, competitiveness, employee engagement, and digitalization



3 Basic Policies of the Medium-term Business Plan

Purpose

Contributing to "customers' lives" as financial professionals

Vision

The best partner that continues to meet the needs of each and every customer with sincerity

Basic Policies of the Medium-term Business Plan

Goal

Transform the business model to establish a management foundation which enables us to realize sustainable growth in the next 100 years.

Growth Strategy

1 One to One Marketing Enhancement

Provide consulting services that meet the increasingly diverse needs of individual customers

2 Platform Advancement

Rather than sticking to a self-sufficient approach, we will enhance the added value of the platform by pursuing synergies through collaboration with external partners

3 Corporate Branding Evolution

By fostering a culture where a diverse group of people can thrive in, we will enhance our corporate value and become a corporate group that is trusted by all stakeholders

Promote "digitalization" in all areas to enhance the feasibility of growth strategies

4 Business Model Transformation

Business Portfolio Optimization

Expansion of stock-type business

- We aim to establish a business model that will continue to grow steadily alongside our customers by incorporating “core assets” *1 through consulting from a medium- to long-term perspective, while also expanding earnings in line with the balance of assets under custody

Development of flow-based business

- To meet our customers’ needs more accurately and promptly with regard to “satellite assets,” *2 we will continue to further refine our service capabilities by leveraging our market strengths which we have cultivated over the past 100 years

*1. core assets: assets to be managed stably over the medium- to long- term *2. satellite assets: assets to be actively managed over the short term

Cost Optimization

Enhancing cooperation outside the Group

- We aim to improve and strengthen our management structure by promoting fundamental structural reform; strengthening cooperations with organizations within and beyond the industry, rather than focusing on a self-sufficient approach

Pursuit of return on investment

- We aim to maximize return on investment by thoroughly selecting and concentrating business resources

02

Growth Strategy

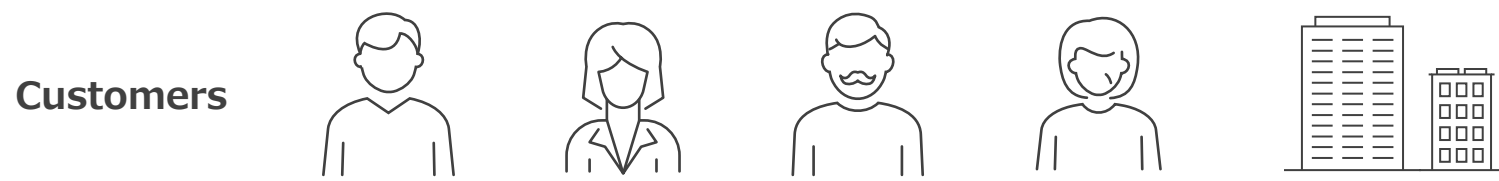
One to One Marketing Enhancement - "Connect" customers' assets

Platform Advancement - "Connect" Businesses

Corporate Branding Evolution - "Connect" with Stakeholders

One to One Marketing Enhancement (overview)

Achieving optimal services that match the explicit and implicit needs of each customer



Online



Face-to-Face



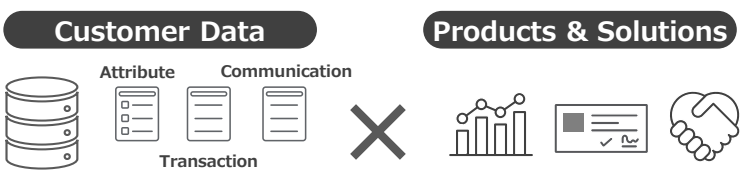
call

Accumulation of customer data

- Attribute Data
- Transaction Data
- Communication Data

Comprehensive support from specialist teams at the headquarters

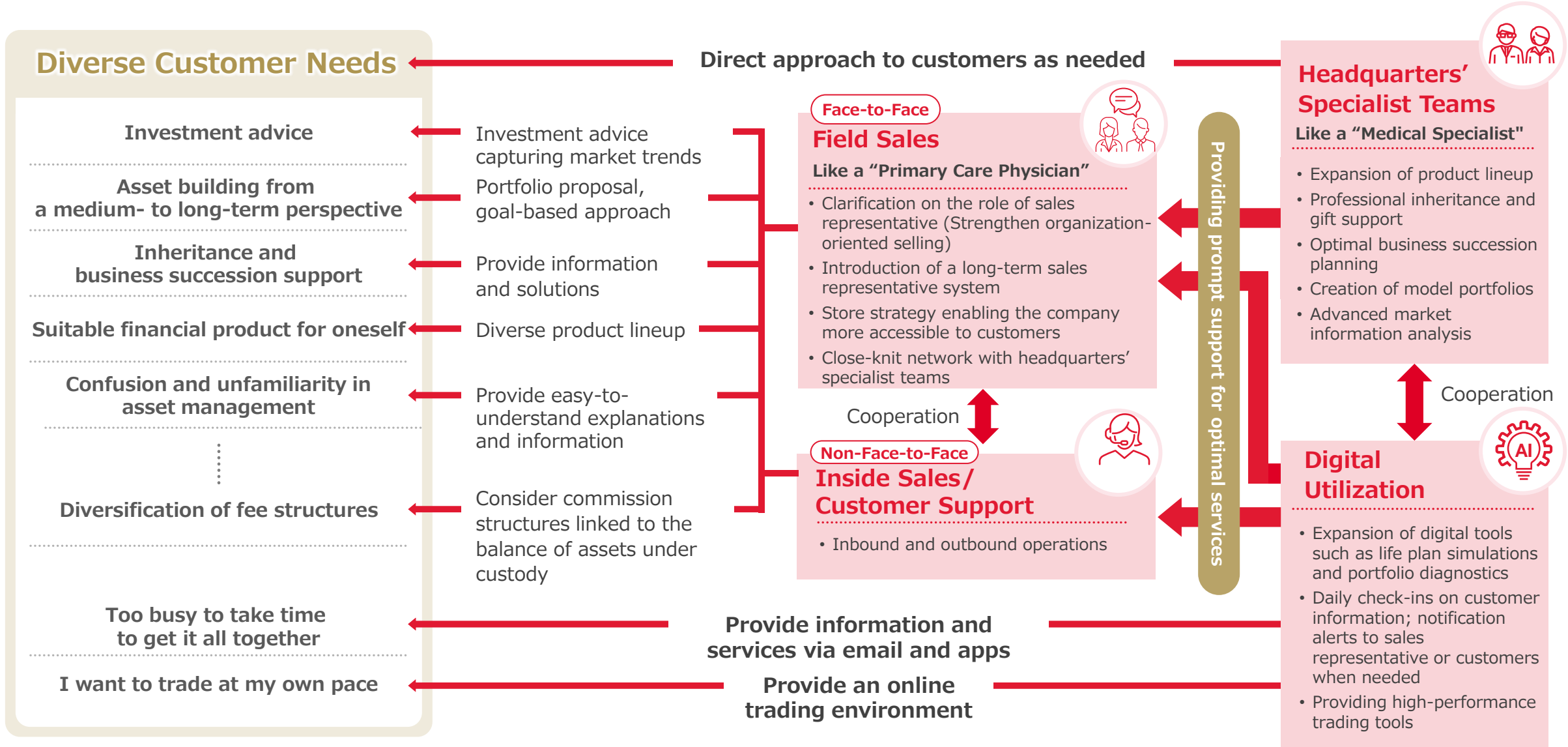
Database management, analysis and service planning



Expansion of product lineup and solution menu

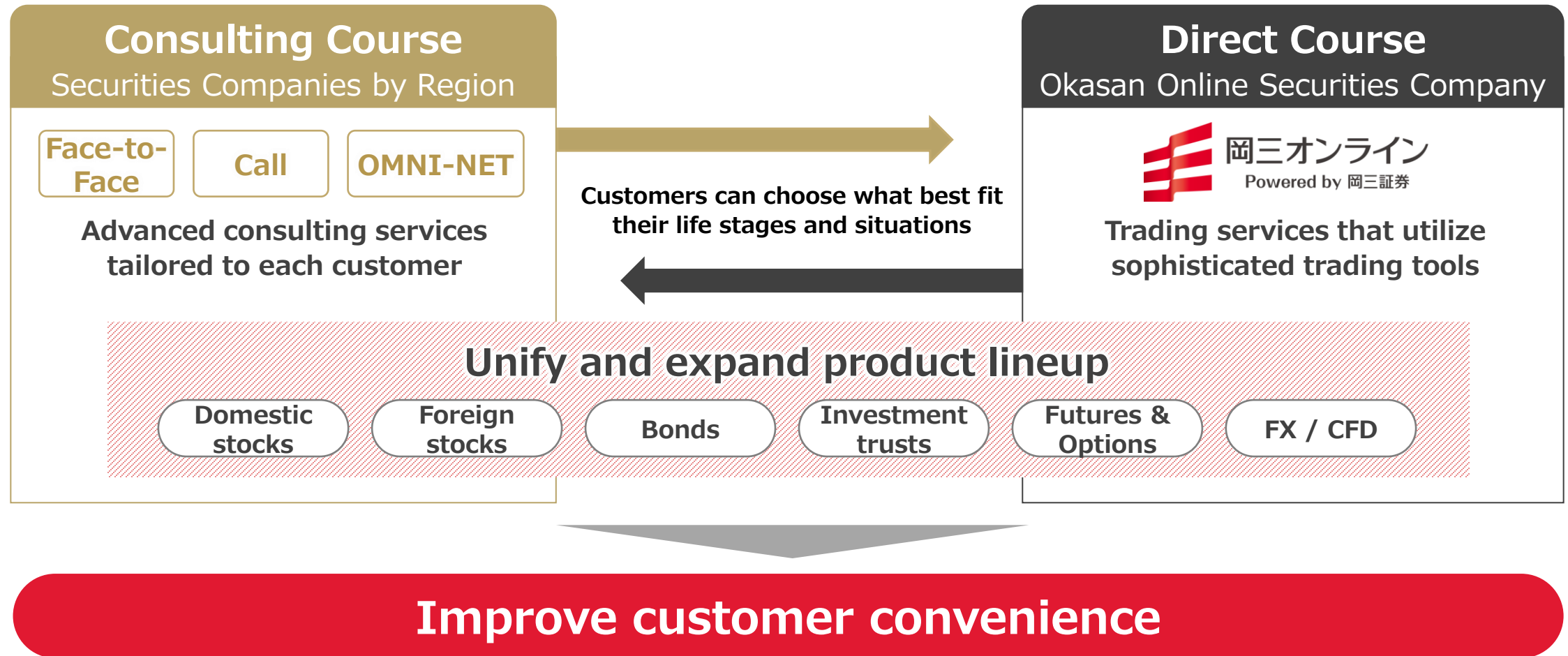
- Financial Products
- Inheritance Support
- Investment Information
- M&A, Business Succession
- Real Estate
- Securities-Backed Loan

Respond to Diversifying Customer Needs



Integration of face-to-face and non-face-to-face services

Customers are able to choose courses that best fit their life stages and situations.
We build relationships with our customers across generations-parents, children, and grandchildren-by providing a variety of channels.



Expand "stock-based" earnings by capturing "core assets"

By promoting "One-to-One Marketing," we aim to increase the balance of assets under custody, including "core assets" through comprehensive consulting services that consider our customers' overall assets: which in turn would increase "stock-based" revenue, generated from fees linked to the balance of assets under custody.

Comprehensive consulting services that encompasses the entire asset portfolio

- Other than selling individual products, we provide **comprehensive consulting services for all assets**, including inheritance and business succession
- **Expanding our product lineup and solution menu** to accurately meet the needs of a diverse range of customers
- **Introducing digital tools** to support high-value-added consulting

Acquiring "core assets"

- We will become **the primary financial institution** for our customers, offering comprehensive consulting services and expand the balance of assets under custody, including "core assets." Resulting in **an increase in Share of Wallet for each customer.**
- **We build business relationships across generations, connecting parents, children, and grandchildren,** by providing a range of services tailored to different life stages.

Expansion of "stock-based" revenue

- We are **expanding 'stock-based' revenue** generated from fees linked to the balance of assets under custody, in addition to our existing 'flow-based' revenue, which is primarily derived from 'satellite assets.'
- We are promoting **the expansion of products** for "core assets" and **considering diversifying our commission structure.**

Strengthen wholesale business

Strengthen wholesale business based on enhanced inter-organizational collaboration

Investment Banking as a Growth Business

Expand underwriting business

- Enhance proposition skills and cultivate relationships with issuers such as listed companies and companies expected to be listed
- We aim to become the issuer's first choice by maintaining a constant market share in the secondary market

Evolve solution business

- We are evolving our solution business to solve our customers' problems by strengthening our consulting capabilities in areas such as M&A advisory, business matching, and business succession

Further expansion of brokerage services

Strengthen product capabilities to meet investment needs

- Expanding product lineup by promoting cooperation from external organizations
- Strengthening product supply capabilities by expanding underwriting business

Disseminating useful information

- Expanding distinctive research, including macro analysis, strategy analysis, ESG research, and REITs
- Holding meetings with strategists, economists, and analysts in a timely manner, tailored to clients' needs

02

Growth Strategy

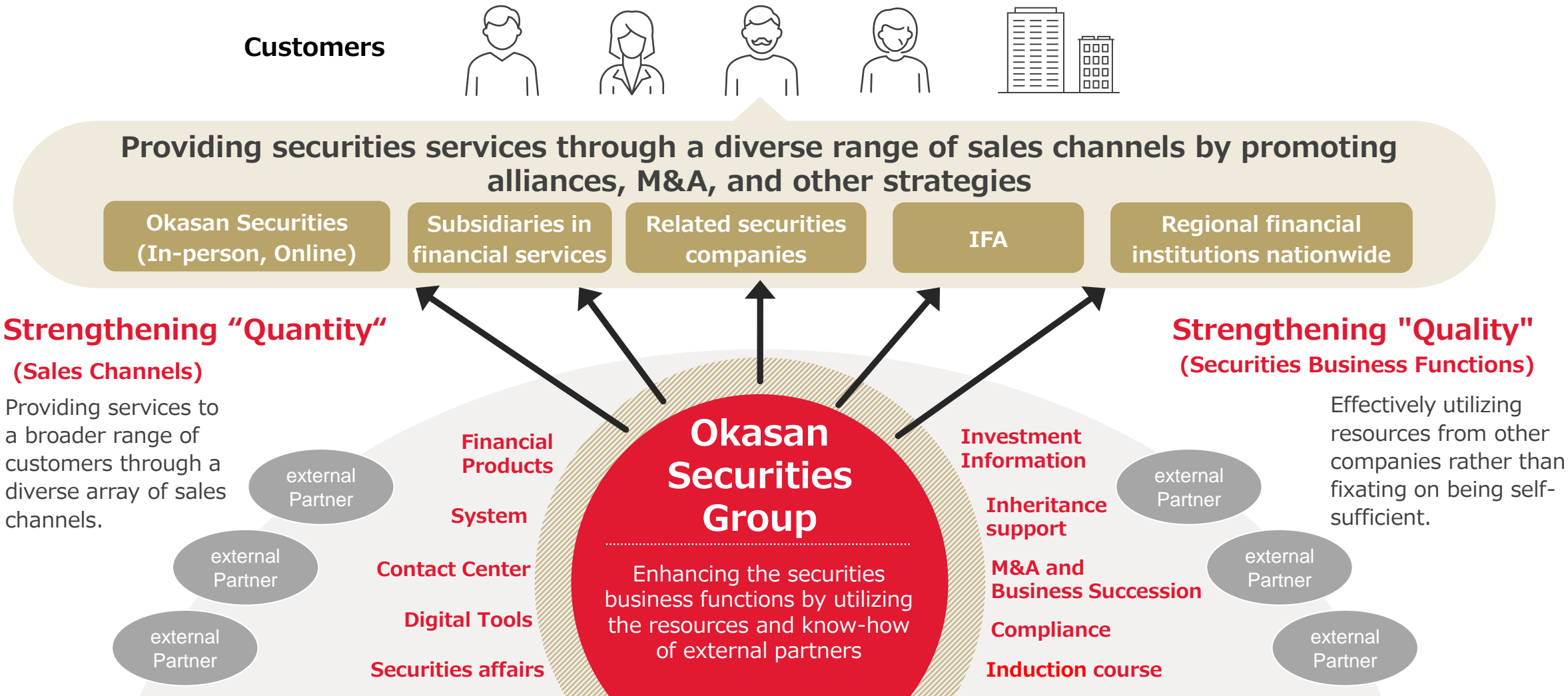
One to One Marketing Enhancement - "Connect" customers' assets

Platform Advancement - "Connect" Businesses

Corporate Branding Evolution - "Connect" with Stakeholders

Platform Advancement (overview)

Accelerating the expansion of 'Securities as a Service' to both within and outside of the Group by strengthening securities business functions



Strengthen “Quantity” and “Quality”

Provide advanced services to a wider array of customers by strengthening both “Quantity” and “Quality”

Strengthening “Quantity” (Sales Channels)

Building a unique securities network by leveraging the Group’s strength in “diversity”

Expanding and growing our channels

- Increased number of high-level sales representatives
- Expanding to new locations by opening satellite offices
- Implementing a more flexible and distinctive sales strategy by promoting an in-house company system
- Utilization of M&A and more

Cooperating with external channels

- Expanding partnerships with regional financial institutions and other organizations, utilizing our strength as an independent company
- Strengthen IFA business, which is expected to expand in the future
- Promoting strategies for related securities companies

Strengthening “Quality” (Securities Business Functions)

Creating highly competitive “added value” in the intensifying zero-commission competition

Sophistication of services

- Through collaboration with expert external companies, we will expand our product lineup and solution menu to provide more advanced services

Maximize return on investment through selection and concentration

- We aim to reduce costs in fields where differentiation is harder; utilizing other resources outside the company, while maximizing return investments by selecting and concentrating on our own resources in “strategic areas” such as human resources and funds

02

Growth Strategy

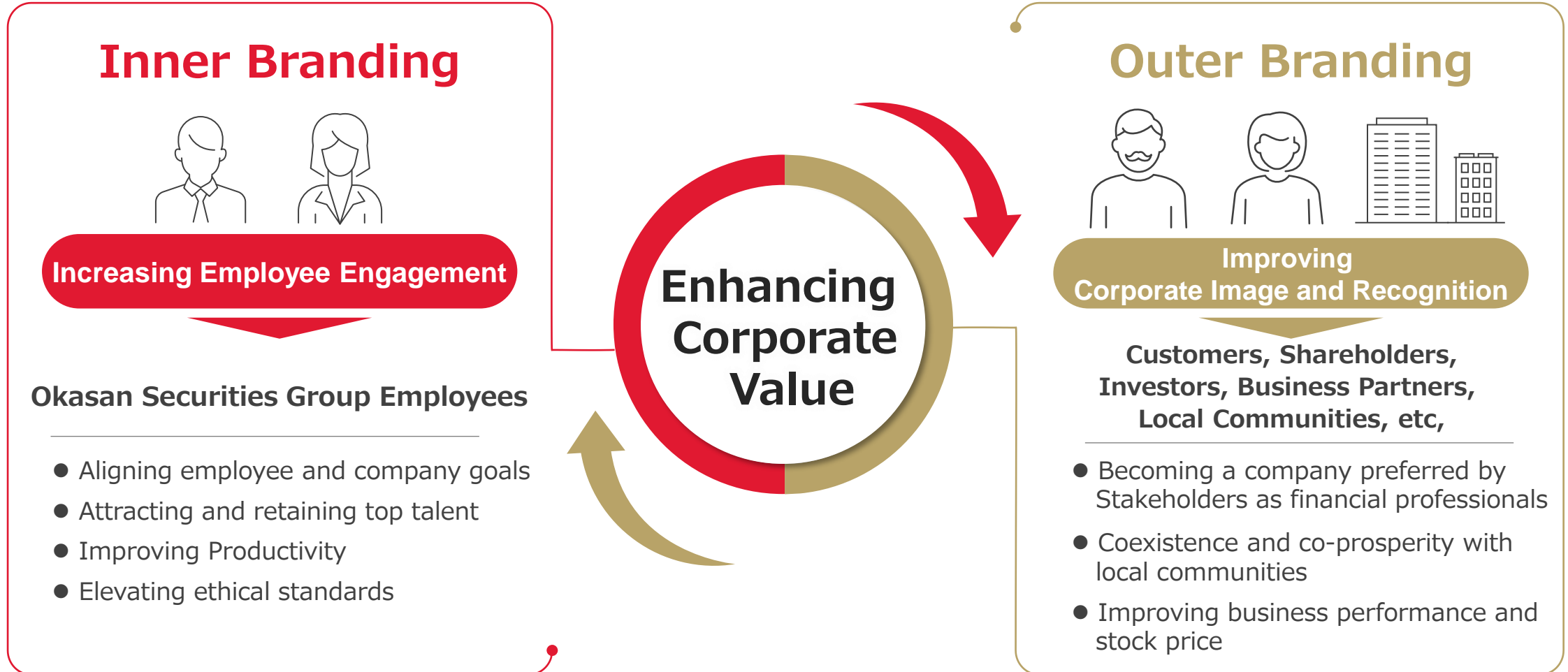
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Evolution of Corporate Branding (overview)

Enhancing corporate value, achieved by a synergistic effect between "inner branding" and "outer branding"



Strengthening Inner Branding

To be a company where employees work with greater “pride,” we strive under the principle that “a company must first be chosen by its employees to be chosen by the customers.”



Realization of personal growth

- Realization of career paths according to individual aptitudes and aspirations
- Promoting professional growth by providing diverse educational opportunities
- Providing mechanisms to support growth and providing a place to utilize enhanced capabilities



Pay for Job, Pay for Performance

- Shifting to a compensation system that allows for flexible choices in work styles and roles
- Providing a system that allows employees of all ages to receive compensation based on their responsibilities and achievements
- Achieving high levels of compensation



Creating a positive working environment

- Enabling flexible working styles that matches the individual's preferences and life stages, and offer the choosing of roles and responsibilities
- Providing a flexible working environment via digital technology
- Visualizing engagement and focusing on management to implement improvement.



Sharing the company's future vision

- Have a deepened understanding of management policies and communicate to improve autonomy
 - ✓ Strengthening information dissemination by top management
 - ✓ Promoting dialogue between management and employees
 - ✓ Utilizing stock-based compensation and other methods to foster a sense of participation in management

Revamping the human resources management system to achieve the four elements

Strengthening Outer Branding

Enhance the brand image and attract "Okasan fans"



- Further CX improvement (sustained improvement of customer satisfaction)
- Providing services with greater added value
- Promoting constructive dialogue
- Enhancing information disclosure
- Balanced investment in growth and shareholder returns
- Creating new business opportunities through synergy with leveraging mutual strengths
- Achieving coexistence and co-prosperity with local communities through initiatives to improve social and environmental problems
- Enhancing PR activities
- Updating corporate websites and launching effective TV commercials

03

Reinforcement of Management Control System

Reinforcement of Management Control System

Enhancing Corporate Governance

- Reinforcing compliance structure
- Strengthening risk management
- Deepening commitment to fiduciary duty

"Centralization" of Corporate Functions and "Decentralization" of Profit-making Functions

- Promoting an in-house company system to further promote customer-oriented sales
- Centralization of human resources and financial management

Selection and Concentration, Appropriate Cost Control

- Reallocating management resources from non-strategic to strategic areas
- Enhancing and strengthening the management structure through cost structure optimization

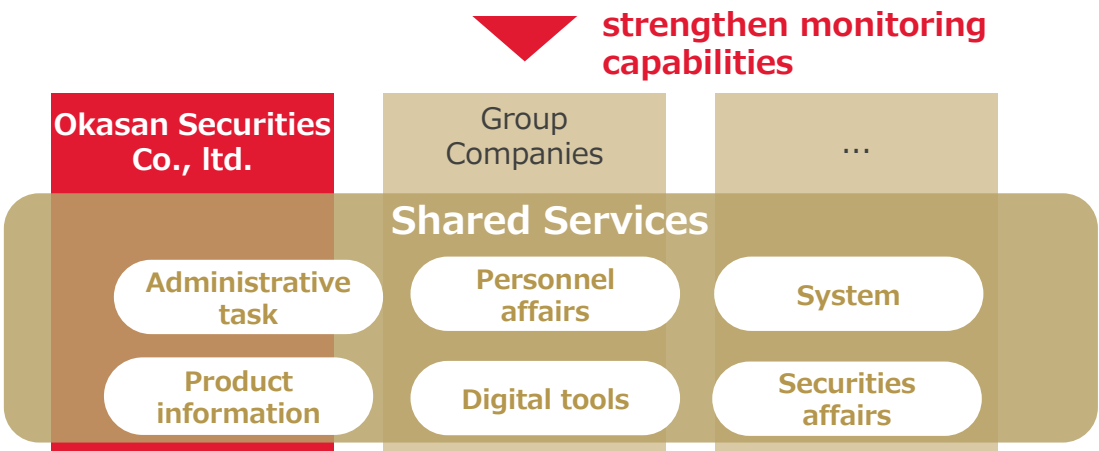
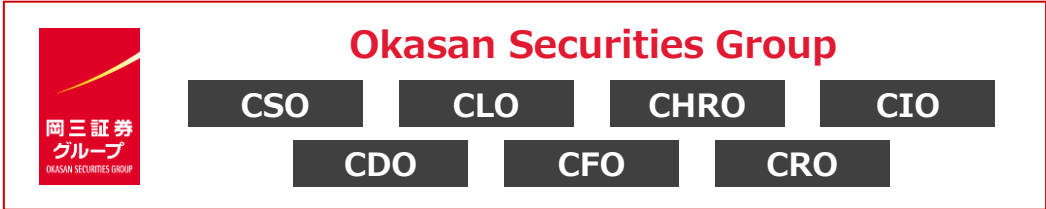
Developing Core Personnel

- Establishing a talent management system
- Developing a succession plan
(Cross-Organizational Development)

“Centralization” and “Decentralization”

Centralization of corporate functions

Promote the centralization and standardization (consolidation) of corporate functions to enhance management efficiency, improve quality, and strengthen monitoring capabilities

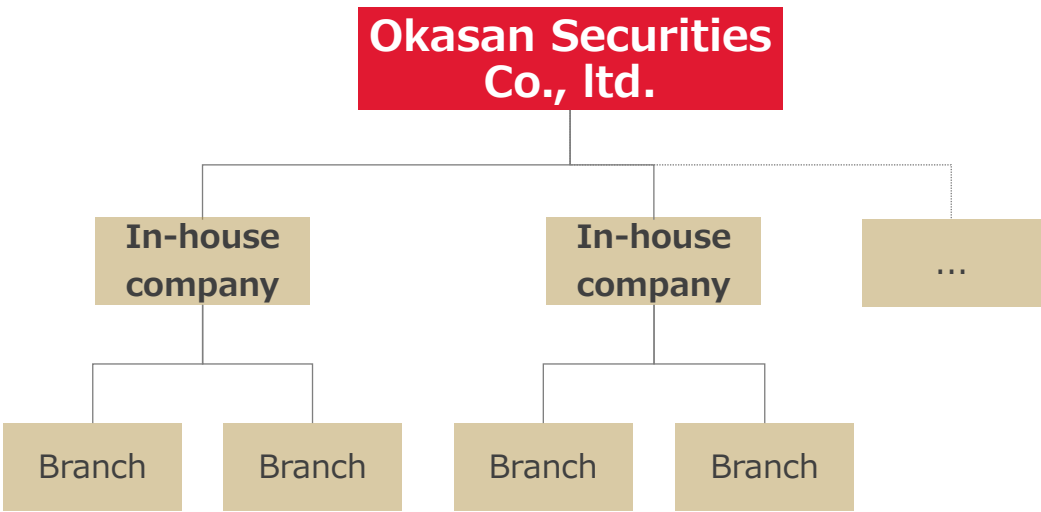


- By leveraging advanced shared services, we enhance the service levels of corporate functions and streamline operations
- Enhancing monitoring capabilities to ensure that all group companies are aligned and moving in the same direction

Decentralization of Profit Functions*

Delegate (decentralize) authority to each company to facilitate highly agile sales strategies that leverage the characteristics of each area and business domain.

* Reforms are at the core subsidiary Okasan Securities Co.



- Each in-house company has the authority to formulate and execute sales policies, assign personnel, and more
- Head office oversees and manages each in-house company
- Considering making the Group’s securities companies into in-house companies.


04









Sustainability Initiatives

Sustainability Initiatives

Establish materiality (key issues) to contribute to the sustainable growth of society and develop as one

Materiality of the Group key issues

Business			
theme	policy	major initiatives and related items	contribution to the SDGs
Customers' future	<p>For a long and prosperous future of our customers</p> <p>We provide optimal financial services to each and every customer, including the working-age and youth</p>	<ul style="list-style-type: none"> Asset formation, investment and management support in an era of declining birthrates and longevity Enhancing Customer Experience Value = Customer Experience (CX) Provision of information on financial investments 	   
Social construction	<p>For the realization of a sustainable society</p> <p>Through our business activities, we work to address social issues including climate change and minimize environmental impact, while contributing to local communities</p>	<ul style="list-style-type: none"> Underwriting and selling of Sustainable Bonds Management and selling of ESG-related funds Dissemination of information on sustainable investment 	  
Innovation	<p>For Service Improvement through Innovation</p> <p>By promoting digital innovation through the utilization of technology and AI, we will deliver information tailored to each customer's needs and provide attentive service</p>	<ul style="list-style-type: none"> Improving customer service and convenience Improving access to financial services 	 

Management Basis			
theme	policy	major initiatives and related items	contribution to the SDGs
Personnel	<p>For creating a workplace where employees thrive</p> <p>Advanced knowledge, expertise, and ethics are indispensable as professionals providing high added value to customers. We will further promote the development of human resources, which is our greatest management resource, and improve the work environment.</p>	<ul style="list-style-type: none"> Cultivate employees to enhance customer experience value = customer experience (CX) Diversity and inclusion (Empowering diverse talent) Improve employee experience value = employee experience (EX) Best company worth working for 	   
Financial basis	<p>For financial soundness and improving corporate value</p> <p>We maintain a strong financial base as the foundation for our development and strive to improve corporate value over the medium- to long-term.</p>	<ul style="list-style-type: none"> Sound Financial Base Improve ROE 	 
Governance	<p>For stronger governance</p> <p>We have established a system to ensure proper corporate governance and business execution to control various risks in management.</p>	<ul style="list-style-type: none"> Corporate governance Risk management FD, compliance Strengthen system infrastructure 	 

Initiatives that contribute to solving social issues

The securities business itself is capable of contributing to the sustainability of society, which is done by evaluating and financially supporting businesses in the market that strive to solving social issues.

Combined with our own commitments, we aim to solving social issues by promoting the usage of a different scope through the securities business.

Our own Commitments

Environmental Initiatives

Reduction of greenhouse gas (GHG) emissions

- Further GHG reduction by substituting with renewable energy to power electricity

Enhancement and sophistication of information disclosure

- Proactively disclose and inform climate change impacts and more

Diversity Promotion

Institutional and environmental development

- Provide diverse working styles and growth opportunities according to life events and circumstances

Culture building

- Creating a corporate culture in which each employee can demonstrate one's strengths and "uniqueness"

Initiatives through the Securities Business

Contributing to solving social issues through finance

Underwriting of SDGs bonds

- By underwriting SDGs bonds issued by international organizations and local governments, we aim to address social issues such as poverty eradication, the environment, and reconstruction in conflict zones.
- Contribute to the expansion of the SDGs bond market by conducting investor and issuer engagement

Expansion of ESG funds offerings

- Establish, manage and sell local support funds
- Establish and expand sales of funds that contribute to solving social issues
- Donate through trust fees

Promoting Financial Education

- Contribute to the development of capital markets by offering "financial education-related programs," and supporting the improvement of financial literacy, including that of future generations

05

Targets for Key Management Indicators

Targets for Key Management Indicators

Stakeholder	Item	Target for FY2028 March	(Reference) Current status	
Customer	Assets under custody	¥10.0 Trillion	¥6.5 trillion	(As of December 2022)
	Investment trust assets under custody	¥3.0 trillion	¥1.7 trillion	(As of December 2022)
	Customer satisfaction indicator*1	7.0 pt	6.1 pt	(Mar 2022 survey)
Employee	Employee engagement*1 [Desire to continue working for the company]	Sustainable improvement of the score	—	(Measurement started in 2023)
	Number of salesperson*1	2,000	1,497	(As of December 2022)
Business Partner	Number of companies utilizing the platform	130	52	(As of February 2023)
	Number of contracted IFA corporation	100	39	(As of February 2023)
	Number of companies utilizing the system	30	13	(As of February 2023)
Shareholder	ROE(Return on Equity)	8.0 %	6.0 %	(FY2022 March)
	Total dividend payout ratio	50.0%	29.5%	(FY2022 March)
	Cost coverage ratio*2	30.0 %	15.5%	(As of December 2022)

*1. Data of Okasan Securities(core securities company)on standalone basis

*2. Ratio of “recurring fee revenue/SG&A” in Okasan Securities Marketing Management Division

Shareholder Return Policies

We have established new policies for the introduction of the total payout ratio and an ongoing share repurchases program, in addition to the existing basic policy of maintaining and continuing stable dividends while considering company performance

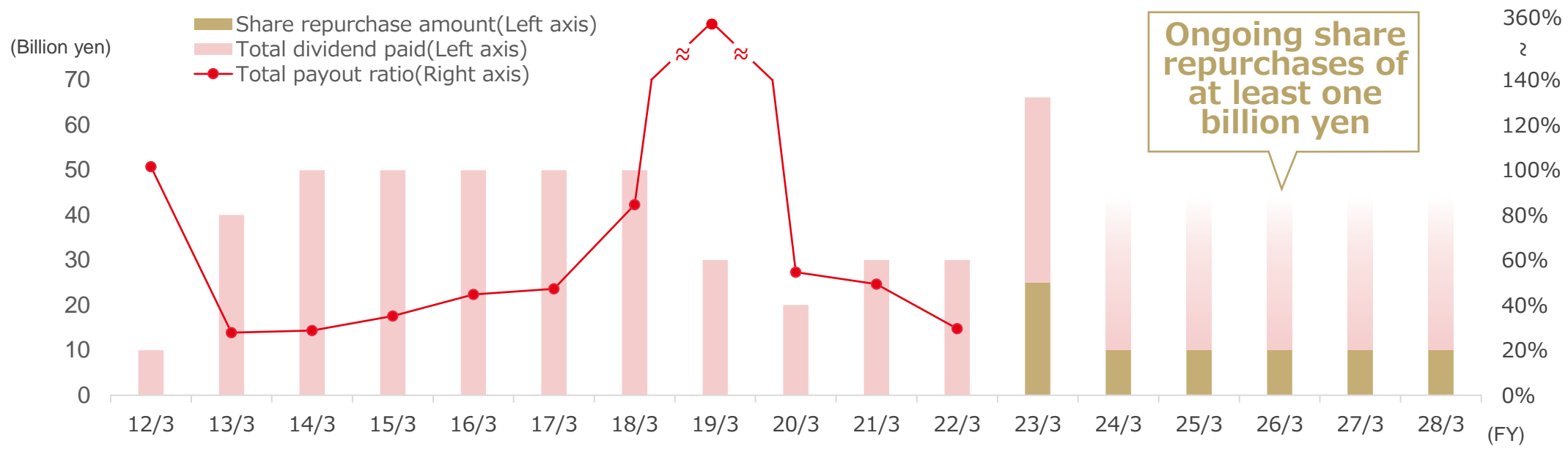
Introduction of the total payout ratio

To achieve a balance between growth and returns and to improve capital efficiency, we have set the *total payout ratio at 50% or more as an index for shareholder return.

*Total dividend payout ratio
= (Total dividends paid + Share repurchase amount) / Net income attributable to owners of the parent

Ongoing share repurchases

Over the course of the Medium-term Business Plan, we will **conduct yearly share repurchases of at least one billion yen until the PBR exceeds 1.0**



OKASAN SECURITIES GROUP INC.