

ANNUAL REPORT

For Fiscal Year Ended March 31, 2022

Corporate Profile

The Okasan Securities Group Inc. is a standalone securities company that traces its roots back to 1923, and now it is a holding company with ten domestic companies and one overseas company. Okasan Securities Co., Ltd. serves as the leader of six domestic and overseas companies that conduct the Group's securities operations. It also maintains asset management operations centered on investment trusts, in addition to the support business, in which the Group provides system infrastructure primarily to group companies, as well as back office agency services and real estate management.

Its long year of experience in the securities industry has enlightened the Okasan Securities Group to the need to engage the communities it serves with face-to-face securities making and cutting-edge online trading technologies. The Group consistently offers optimal professional investment and asset management services, made possible by the development of innovative products and the generous provision of corporate, industry, and macroeconomic analysis.

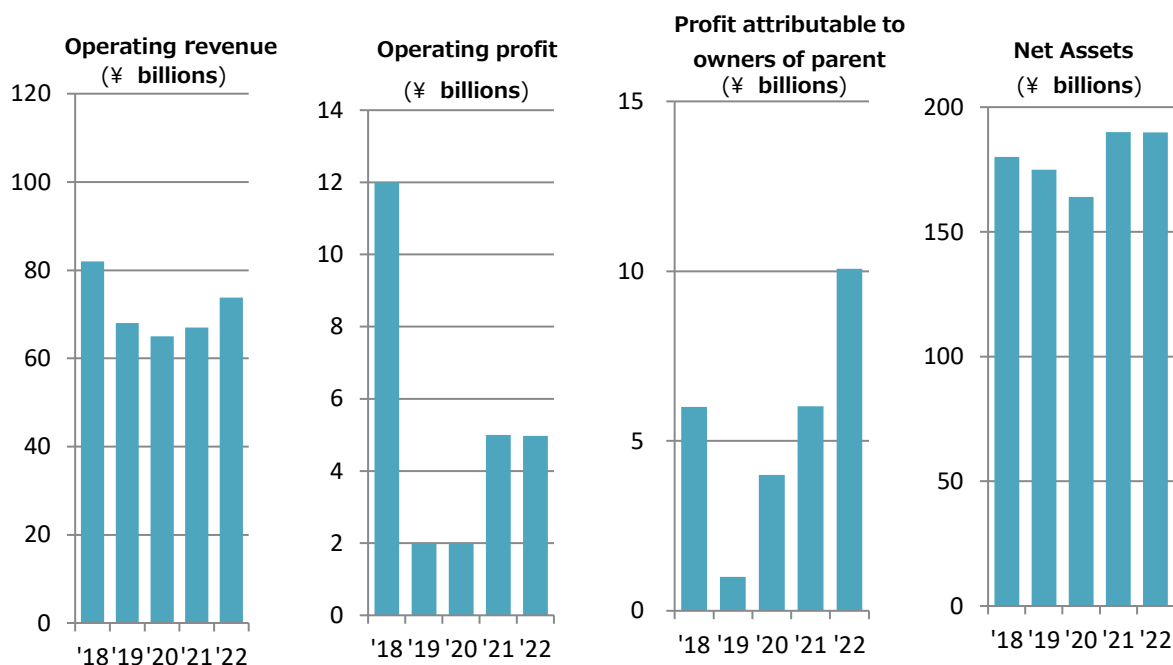
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Consolidated Financial Highlights

Okasan Securities Group Inc. and Consolidated Subsidiaries Years ended March 31, 2021 and 2022

	Millions of yen		Thousands of U.S.dollars ^(note)
	2022 (4/1/21~3/31/22)	2021 (4/1/20~3/31/21)	2022 (4/1/21~3/31/22)
Operating revenue	¥73,778	¥67,259	\$602,811
Operating profit	4,976	5,106	40,656
Profit attributable to owners of parent	10,073	6,017	82,302
Total assets	816,567	783,440	6,671,844
Net assets	189,860	190,304	1,551,270
Per share of common stock	Yen		U.S.dollars ^(note)
Basic net income	¥ 50.89	¥ 30.42	\$ 0.41
Cash dividends applicable to the year	15.00	15.00	0.12

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 at March 31, 2022, which was ¥122.39 to U.S.\$1.



Management Policy

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.

3. Important management indicator

It is important to generate stable profits irrespective of the market conditions. In keeping with this principle, the Group maintains a stable, consolidated return on equity (ROE) of 10% as a long-term business objective.

4. Management strategies, etc.

The Okasan Securities Group will accelerate business model reforms to establish systems that assure continuing growth based on the trust of its customers well beyond the April 2023 centennial of its founding. In the Medium-Term Management Plan launched in April 2020, we set several basic policies: providing customer-first service; creating shared value; and working on digitalization. These policies are intended to respond to growing diversification in customer needs and growing business opportunities. Focusing on retail business, we will pursue reforms in various spheres, including wholesale business and business alliances, and work to increase corporate value.

In this the second fiscal year of the Medium-Term Management Plan, Okasan Securities Group securities companies continued to work to improve customer experience (CX) value. To respond to diversifying customer needs, core company Okasan Securities Co., Ltd. implemented marketing-based reforms in its sales organization and established a new Products Solutions Division with goals that include enhancement of the product development structure. Okasan Securities also promoted office strategies to increase points of contact with customers. To strengthen capabilities of the Group, we completed the integration of Okasan Securities and Okasan Online Securities Co., Ltd. and advanced initiatives to deliver new added value by integrating in-person and online services. We also sought to expand our business foundations by forming a capital and business alliance with a company that operates a crowdfunding platform, among other steps. In addition, we made the decision to venture into the digital securities business with the goal of establishing a structure that will support the development and provision of products and services suited to the era of the digital shift.

Based on the Medium-Term Management Plan, the Group will continue to strive to be a company that achieves ongoing growth alongside society.

Okasan Securities Group Medium-Term Management Plan

1. Management philosophy

Customer-First

2. Reason for existence

As securities professionals, we provide optimal asset management services and contribute to customer asset building.

3. Social mission

(1) Customers

We seek to be a group of investment advising professionals focusing on advancing the best interests of our customers.

(2) Employees

We seek to be a company in which employees can take even greater pride to make the work of our employees as rewarding as possible.

(3) Shareholders

We strive to increase corporate value to meet the expectations of our shareholders.

(4) Local communities

We strive to provide added value to contribute to the growth of local communities.

4. Basic policies

(1) Providing customer-first services

We will thoroughly implement the Okasan Securities Group's customer-first philosophy by providing services from the customer's perspective.

(2) Creating shared value

We will create new revenue sources and increase cost efficiency by consolidating Group resources into a single platform.

(3) Working on digitalization

We will work to develop innovative services and to provide new value by making use of technologies.

5. Quantitative targets

ROE: 10%

Number of accounts: 1 million

Assets under custody: 10 trillion yen (as of March 31, 2023)

As we move toward the centennial of our founding in April 2023, we will build the foundations for achieving sustainable growth in our centennial year and beyond.

5. Business conditions and challenges the Company should address

The business environment in which the Group operates is entering an era of major turning point. Various developments, including a backlash against globalization, the progress of digital transformation (DX), and trends toward sustainability, point to a new era, one in which the existing order is breaking down. In the securities business in Japan, the business model itself is undergoing dramatic change, including changing commission structures, various systemic reforms, and a rapid digital shift. On the other hand, risk assets still account for a small percentage of personal financial assets in Japan compared to Europe and the United States. With growing need to lengthen asset lives in light of the coming era of 100-year lifespans, we believe considerable growth potential remains in the securities business based on the influx of new investors and new funds. Signs of change are already visible, centered on younger investors, and we expect to see expanding opportunities for growth in accordance with our own ability to adapt to change.

Under these conditions, based on the Medium-Term Management Plan (FY2020–2022), the Okasan Securities Group is advancing with reforms across a wide front. In our core retail business, we seek to realize One-to-One Marketing to provide services tailored to the increasingly diverse individual needs of our customers. By improving our capacity to provide added value in various ways, including consulting services that propose optimal portfolios for the entire assets and solutions businesses, we are developing business models that do not rely excessively on trading commissions on financial instruments. Speed and flexibility are vital to adapting to large-scale environmental changes. We have adopted a policy of improving the efficiency of management resources and service quality by departing from traditional approaches to dealing with all operations in-house. We will invest proactively in and develop our human resources to enhance competitive strengths and corporate value.

The securities business entails transforming change into energy. Times of dramatic change underscore the scale of our role. We intend to fulfill our social mission by contributing to the sustainability of society; by prioritizing and funding businesses that promote transformation; and by creating new flows of funds. In April 2023, the Okasan Securities Group will mark the centennial of its founding. We will continue to strive to be a company capable of making significant contributions, based on a sense of gratitude to all our customers, employees, and shareholders and to society at large.

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 eight directors (including three 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. Comprised of three Members—all outside directors—the Audit & Supervisory Committee 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 three 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 nine staff 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, 2022

I. Financial conditions and operating results

During this consolidated fiscal year, various factors weakened Japan's economic recovery, including the impact of states of emergency, quasi-states of emergency, and other emergency measures implemented in response to the COVID-19 pandemic. Partly due to supply constraints imposed by labor shortages, the global semiconductor shortage, and other factors, exports as well as mining and manufacturing production flagged, while the recovery in capital investment stalled. In the world outside Japan, despite employment recovery and positive trends in the US economy, the Chinese economic recovery slowed due to shortages of electric power and debt issues in the real estate sector, while the subsequent impact of Russia's invasion of Ukraine led to rising resource prices beginning in March and widening concerns of a global economic downturn.

In this environment, the Nikkei Stock Average (Nikkei 225), which had recovered temporarily to the 30,000-yen level in April 2021, trended bearish through the summer due to factors that included fears of rising inflation and rapid monetary tightening in the United States and concerns of an economic slowdown due to a new wave of COVID-19 in Japan. In early September, expectations of a new administration in response to the elections for the President of the Liberal Democratic Party of Japan, combined with a positive response to progress on COVID-19 vaccinations, pushed the Nikkei 225 back over 30,000 to 30,795.78 yen, its highest mark in roughly 31 years, before it slipped once again in the race of rising resource prices and the spread of the omicron variant of COVID-19. While apparent geopolitical risk and inflationary concerns generated by rising commodity market prices temporarily pushed the Nikkei 225 below 25,000 since the start of 2022, it recovered to 27,821.43 yen when trading ended for the fiscal year.

In foreign exchange markets, while the yen-dollar exchange rate had trended within a narrow band around 110 yen to the dollar through the end of September, the yen began to fall and the dollar to rise somewhat amid concerns for the normalization of US monetary policy. Since the start of the calendar year, yields of government bonds in the major economies of Europe and the United States rose in response to global increases in resource prices. The yield on 10-year Japanese government bonds also rose temporarily to 0.25%, its highest level in six years and two months, before the Bank of Japan's implementation of limit-order operations led to growing market awareness of differences in monetary policy directions between Japan and the United States. The yen fell to 125 yen to the dollar, its lowest level in six years and seven months. This raised concerns for the rapid devaluation of the yen at the end of the fiscal year; trading ended for the fiscal year at 121 yen to the dollar.

Through organizational reforms, Okasan Securities Co., Ltd., the core company in the Okasan Securities Group, sought to strengthen its structures for delivering optimal products and solutions to meet increasingly diverse customer needs. In addition, as part of office strategies intended to increase points of contact with customers, Okasan Securities opened two central offices in the Tokyo metropolitan area, the Nihonbashi Muromachi Head Office and the Tokyo Chuo Branch, as well as multiple satellite facilities. In January 2022, it merged with Okasan Online Securities Co., Ltd. alongside progress on the development of a service structure combining the strengths of both in-person consulting services and advanced online services. Through these measures and by providing new products through the launch of a CFD trading service for crypto assets and other efforts, Okasan Securities sought to meet a wide range of customer needs. Okasan Asset Management Co., Ltd. has worked to grow its assets under management through joint efforts with individual sales companies within the Group, developing and establishing attractive investment funds and providing information in the form of leaflets and video content customers will find easy to understand. Its net asset balance increased with publicly offered investment trusts, including the newly established US Next Vision Fund - Non Hedged and US Bio & Technology Equity Open.

Strategic efforts to broaden the foundations of our businesses include the formation of a capital and business alliance with a company that operates a crowdfunding platform for stock investments and our venture into the digital securities business with a target sales launch date within 2022. We have made progress on establishing the structures needed to develop and provide products and services suited to the era of the digital shift. We also implemented initiatives to help realize a sustainable society through our businesses, including activities to reduce our environmental impact, efforts to address climate change through analysis and disclosure based on the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD), and efforts to promote diversity.

II. Financial standing

Total assets at the end of the consolidated fiscal year under review stood at ¥816,567 million, up ¥33,126 million from the end of the previous consolidated fiscal year. Total liabilities at the end of the consolidated fiscal year under review stood at ¥626,706 million, up ¥33,570 million from the end of the previous consolidated fiscal year. Net assets at the end of the consolidated fiscal year under review stood at ¥189,860 million, down ¥443 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 ¥816,567 million, up ¥33,126 million from the end of the previous consolidated fiscal year. This was due mainly to increases of ¥17,933 million in cash and deposits, ¥15,348 million in trading products, ¥8,665 million in trade date accrual, and ¥7,787 million in short-term guarantee deposits, while investment securities decreased by ¥12,354 million.

2. Total liabilities

Total liabilities at the end of the consolidated fiscal year under review stood at ¥626,706 million, up ¥33,570 million from the end of the previous consolidated fiscal year. This was due mainly to increases of ¥67,817 million in trading products, ¥47,515 million in borrowings secured by securities, and ¥14,954 million in short-term borrowings, while trade date accrual decreased by ¥92,676 million.

3. Net assets

Net assets at the end of the consolidated fiscal year under review stood at ¥189,860 million, down ¥443 million from the end of the previous consolidated fiscal year. This was due mainly to decreases of ¥7,273 million in valuation difference on available-for-sale securities, and ¥420 million in non-controlling interests, despite an increase of ¥7,106 million in retained earnings.

III. Business results

Group operating revenue in the consolidated fiscal year under review was ¥73,778 million (109.7% of the figure for the previous year); net operating revenue was ¥72,597 million (109.8% of the figure for the previous year). SG&A expenses were ¥67,621 million (110.8 % of the figure for the previous year); ordinary profit was ¥6,898 million (92.9% of the figure for the previous year); and profit attributable to owners of parent was ¥10,073 million (167.4% of the figure for the previous year).

1. Fees and commissions received

Fees and commissions received totaled ¥46,598 million (106.3% of the figure for 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 1,694 million shares (89.3% of the level in the previous fiscal year) and the trading value was 3,414.7 billion yen (109.1% of the figure for the previous fiscal year) on the Tokyo Stock Exchange. Compared to the previous consolidated fiscal year, in which the value of transactions rose sharply backed by rising share prices, trading value on customers' behalf decreased, centered on individual investors in Okasan Securities Co.,Ltd., our core subsidiary.

Consequently, equity brokerage commission was ¥18,383 million (84.0% of the figure for the previous year). Bond brokerage commission was ¥0 million (6.6% the figure for the previous year). Other brokerage commission amounted to ¥582 million

(86.9% of the figure for the previous year). Total brokerage commission was ¥18,966 million (84.0% of the figure for the previous year).

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

During this consolidated fiscal year, the value of stock underwriting grew from the previous fiscal year due to the underwriting of large-scale issues and issues for which we were the lead underwriter. At the same time, in addition to the lead underwriting of local government bonds, FILP agency bonds, and corporate bonds, we have accumulated results of large-scale issues of corporate bonds to individual investors.

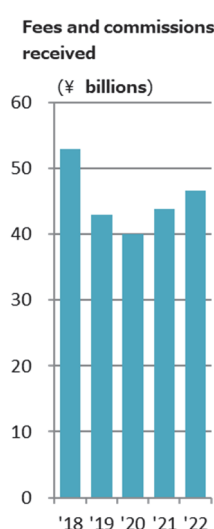
The resulting commissions on equity were ¥702 million (255.7% of the figure for the previous year). Commissions on bonds totaled ¥403 million (253.0% of the figure for the previous year). Total Commission for underwriting, secondary distribution and solicitation for selling and others for professional investors, related to both equity and bond transactions, amounted to ¥1,106 million (254.7% of the figure for the previous year).

(3)Fees for offering, secondary distribution and solicitation for selling and others for professional investors

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

Despite inflationary concerns centered on the United States and concerns about geopolitical issues, sales of publicly offered investment trusts during this consolidated fiscal year increased from the end of the previous consolidated fiscal year, supported by global economic recovery. In particular, funds targeting medical businesses likely to provide sustained growth and a fund investing in US tech firms newly introduced in the second half of this fiscal year played central roles in growing sales.

As a result, fees for offering, secondary distribution and solicitation for selling and others for professional investors totaled ¥11,005 million (158.6% of the figure for the previous year). Other fees and commissions received, related mainly to investment trusts, amounted to ¥15,520 million (111.6% of the figure for the previous year).



Fees and commissions received **Breakdown by category**

	2022<A> (4/1/21~3/31/22)	2021 (4/1/20~3/31/21)	Ratio <A>/
(Millions of yen except percentage)			
Brokerage commission	¥18,966	¥22,576	84.0
Equities	18,383	21,894	84.0
Bonds	0	11	6.6
Others	582	670	86.9
Underwriting fees and selling concessions	1,106	434	254.7
Equities	702	274	255.7
Bonds	403	159	253.0
Placement commissions	11,005	6,937	158.6
Other commissions	15,520	13,902	111.6
Total	46,598	43,850	106.3

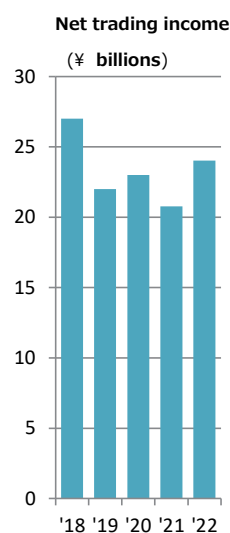
2. Net trading income

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 foreign bonds for customers.

In the consolidated fiscal year under review, individual clients' domestic over-the-counter trading of foreign equities grew from the previous fiscal year. At the same time, value of sales of foreign bonds both for individual and corporate clients increased.

Consequently, total income on equity trading was ¥14,658 million (111.7% of the figure for the previous year). Total bond trading income was ¥9,561 million (121.3% of the figure for the previous year). Net trading income, including loss from other trading of ¥198 million (compared to loss of ¥240 million in the previous year), was ¥24,021 million (115.7% of the figure for the previous year).



Net trading income	(Millions of yen except percentage)		
	2022<A> (4/1/21~3/31/22)	2021 (4/1/20~3/31/21)	Ratio <A>/
Equities	¥14,658	¥13,125	111.7
Bonds	9,561	7,882	121.3
Others	-198	-240	-
Total	24,021	20,767	115.7

3. Net Financial revenue

Financial revenue amounted to ¥2,180 million (126.5% of the figure for the previous year). Financial expenses stood at ¥1,180 million (102.6% of the figure for the previous year). Net financial revenue—i.e., the difference between financial revenue and financial expenses—was ¥999 million (174.5% of the figure for 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 ¥978 million (106.6% of the figure for the previous year).

5. Selling, general, and administrative expenses

Due to higher expenses, including personnel expenses and office expenses, selling, general, and administrative expenses were ¥67,621 million (110.8% of the figure for the previous year).

6. Non-operating income / loss and extraordinary income / loss

Non-operating income amounted for ¥2,118 million due to the factors such as record of dividend income, while non-operating expenses amounted for ¥195 million. Extraordinary income amounted for ¥9,679 million due to factors including record of gain on sale of investment securities, while extraordinary loss amounted for ¥1,223 million.

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.

Based on the policies above, the Company set dividends for the fiscal year at ¥15 per share.

IV. Cash flows

Cash and cash equivalents (“cash” hereafter) at the end of the consolidated fiscal year was up ¥17,271 million from the end of the previous fiscal year to ¥79,789 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 ¥4,200 million, attributable mainly to the difference between cash inflows from ¥42,397 million of decrease/increase in loans/borrowings secured by securities, ¥15,354 million of profit before income taxes, as well as ¥10,361 million of decrease/increase in margin transaction assets/liabilities, and cash outflows from ¥48,874 million of decrease/increase in trading products-assets (liabilities), ¥9,581 million of loss (gain) on sale of investment securities, ¥7,787 million decrease (increase) in short-term guarantee deposits, as well as ¥6,111 million of increase(decrease) in deposits received.

<Cash flows from investing activities>

Cash provided by investment activities amounted to ¥7,041 million, due mainly to the cash inflows of ¥10,838 million on proceeds from sales of investment securities.

<Cash flows from financing activities>

Cash provided by financing activities amounted to ¥13,264 million, due mainly to the difference between cash inflows from a net increase(decrease) in short-term borrowings of ¥16,902 million and cash outflows of ¥2,963 million on dividends paid, as well as of ¥783 million on repayments of long-term borrowings.

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, 2021 to March 31, 2022 and the non-consolidated financial statements for the fiscal year from April 1, 2021 to March 31, 2022 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, 2021	As of March 31, 2022
Assets		
Current assets		
Cash and deposits	*3 69,013	*3 86,946
Segregated deposits	96,687	90,874
Segregated deposits for customers	94,630	87,760
Other segregated deposits	2,057	3,114
Trading products	212,318	227,666
Trading securities and other	*3 212,312	*3 227,583
Derivatives	6	83
Trade date accrual	—	8,665
Margin transaction assets	66,792	63,432
Margin loans	60,150	54,278
Cash collateral provided for securities borrowed in margin transactions	6,642	9,154
Loans secured by securities	223,361	228,480
Securities purchased under resale agreements	223,361	228,480
Advances paid	1,086	1,263
Short-term guarantee deposits	10,808	18,596
Accounts for non-delivered securities and others	—	85
Short-term loans receivable	141	107
Accrued revenue	3,718	4,060
Securities	2,509	2,500
Other current assets	2,578	2,421
Allowance for doubtful accounts	(0)	(16)
Total current assets	689,017	735,086
Non-current assets		
Property, plant and equipment	*1, *3 18,355	*1 18,071
Buildings, net	5,430	5,189
Equipment	1,139	1,186
Land	*6 10,797	*6 10,772
Lease assets, net	987	785
Construction in progress	0	137
Intangible assets	4,624	4,098
Software	3,820	3,076
Other	803	1,022
Investments and other assets	71,443	59,310
Investment securities	*2, *3 63,680	*2, *3 51,326
Long-term guarantee deposits	4,278	4,110
Long-term loans receivable	18	13
Retirement benefit asset	2,608	2,534
Deferred tax assets	63	657
Other	*2 2,303	1,562
Allowance for doubtful accounts	(1,510)	(893)
Total non-current assets	94,422	81,480
Total assets	783,440	816,567

(Millions of yen)

	As of March 31, 2021		As of March 31, 2022	
Liabilities				
Current liabilities				
Trading products		157,593		225,410
Trading securities and other		157,560		225,361
Derivatives		32		48
Trade date accrual		92,676		—
Margin transaction liabilities		18,442		25,421
Margin borrowings	*3	8,268	*3	14,098
Cash received for securities sold in margin transactions		10,173		11,323
Borrowings secured by securities		50,003		97,518
Cash collateral received for securities lent		848		1,518
Securities sold under repurchase agreements		49,154		96,000
Deposits received		67,299		61,423
Guarantee deposits received		42,198		37,002
Payables for securities to receive over due for delivery		2		17
Short-term borrowings	*3	123,559	*3	138,513
Income taxes payable		1,206		2,781
Provision for bonuses		2,060		2,020
Other current liabilities		5,332		5,500
Total current liabilities		560,375		595,610
Non-current liabilities				
Long-term borrowings	*3, *8	9,900	*3, *8	11,802
Lease liabilities		807		639
Deferred tax liabilities for land revaluation	*6	1,457	*6	1,457
Deferred tax liabilities		10,428		7,274
Provision for retirement benefits for directors (and other officers)		221		208
Retirement benefit liability		6,447		6,407
Other noncurrent liabilities		2,259		2,067
Total non-current liabilities		31,523		29,855
Reserves under special laws				
Reserve for financial instruments transaction liabilities	*7	1,237	*7	1,241
Total reserves under special laws		1,237		1,241
Total liabilities		593,136		626,706
Net assets				
Shareholders' equity				
Share capital		18,589		18,589
Capital surplus		23,841		23,848
Retained earnings		113,877		120,984
Treasury shares		(3,796)		(3,733)
Total shareholders' equity		152,512		159,689
Accumulated other comprehensive income				
Valuation difference on available-for-sale securities		13,739		6,466
Revaluation reserve for land	*6	401	*6	401
Foreign currency translation adjustment		114		477
Remeasurements of defined benefit plans		1,165		834
Total accumulated other comprehensive income		15,420		8,179
Stock acquisition rights		422		463
Non-controlling interests		21,948		21,528
Total net assets		190,304		189,860
Total liabilities and net assets		783,440		816,567

(ii) Consolidated statement of income and consolidated statement of comprehensive income

Consolidated statement of income

(Millions of yen)

	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2022
Operating revenue		
Commission received	43,850	46,598
Brokerage commission	22,576	18,966
Commission for underwriting, secondary distribution and solicitation for selling and others for professional investors	434	1,106
Fees for offering, secondary distribution and solicitation for selling and others for professional investors	6,937	11,005
Other commission received	13,902	15,520
Net trading income	20,767	24,021
Financial revenue	1,723	2,180
Other operating revenue	918	978
Total operating revenue	67,259	*1 73,778
Financial expenses	1,150	1,180
Net operating revenue	66,109	72,597
Selling, general and administrative expenses	61,002	67,621
Trading related expenses	10,434	11,606
Personnel expenses	*2 30,891	*2 32,978
Real estate expenses	7,458	8,195
Office expenses	4,970	7,039
Depreciation	3,188	2,949
Taxes and dues	1,017	1,323
Provision of allowance for doubtful accounts	(0)	40
Other	3,042	3,487
Operating profit	5,106	4,976
Non-operating income	2,499	2,118
Dividend income	1,061	1,570
Share of profit of entities accounted for using equity method	873	32
Foreign exchange gains	299	195
Other	264	319
Non-operating expenses	178	195
Interest expenses	44	38
Loss on valuation of investment securities	37	20
Loss on sale and retirement of non-current assets	15	54
Compensation expenses	36	0
Loss on sale of receivables	—	33
Settlement payments	25	4
Other	19	44
Ordinary profit	7,426	6,898

(Millions of yen)

	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2022
Extraordinary income		
Gain on sale of investment securities	67	9,585
Gain on sales of investments in capital of subsidiaries and associates	–	93
Gain on bargain purchase	7,108	–
Reversal of reserve for financial instruments transaction liabilities	44	–
Total extraordinary income	7,220	9,679
Extraordinary losses		
Loss on step acquisitions	4,394	–
Impairment losses	*3 1,810	*3 1,092
Loss on sale of investment securities	35	8
Loss on valuation of investment securities	232	114
Loss on valuation of golf club membership	–	4
Provision of reserve for financial instruments transaction liabilities	–	3
Total extraordinary losses	6,473	1,223
Profit before income taxes	8,174	15,354
Income taxes - current	1,613	4,134
Income taxes - deferred	224	119
Total income taxes	1,837	4,254
Profit	6,336	11,100
Profit attributable to non-controlling interests	319	1,027
Profit attributable to owners of parent	6,017	10,073

Consolidated statement of comprehensive income

(Millions of yen)

	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2022
Profit	6,336	11,100
Other comprehensive income		
Valuation difference on available-for-sale securities	7,149	(8,515)
Foreign currency translation adjustment	52	363
Remeasurements of defined benefit plans, net of tax	1,044	(334)
Share of other comprehensive income of entities accounted for using equity method	239	(110)
Total other comprehensive income	*1 8,485	*1 (8,596)
Comprehensive income	14,822	2,504
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	13,857	2,832
Comprehensive income attributable to non-controlling interests	964	(328)

(iii) Consolidated statement of changes in equity

For the fiscal year ended March 31, 2021

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	18,589	23,622	109,836	(3,814)	148,234
Changes during period					
Dividends of surplus			(1,975)		(1,975)
Profit attributable to owners of parent			6,017		6,017
Purchase of treasury shares				(0)	(0)
Disposal of treasury shares		3	(0)	19	21
Change in ownership interest of parent due to transactions with non-controlling interests		215		(0)	214
Net changes in items other than shareholders' equity					
Total changes during period	—	218	4,040	17	4,277
Balance at end of period	18,589	23,841	113,877	(3,796)	152,512

	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 beginning of period	6,991	401	62	125	7,579	358	8,274	164,447
Changes during period								
Dividends of surplus								(1,975)
Profit attributable to owners of parent								6,017
Purchase of treasury shares								(0)
Disposal of treasury shares								21
Change in ownership interest of parent due to transactions with non-controlling interests								214
Net changes in items other than shareholders' equity	6,747	—	52	1,040	7,840	63	13,674	21,578
Total changes during period	6,747	—	52	1,040	7,840	63	13,674	25,856
Balance at end of period	13,739	401	114	1,165	15,420	422	21,948	190,304

For the fiscal year ended March 31, 2022

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	18,589	23,841	113,877	(3,796)	152,512
Changes during period					
Dividends of surplus			(2,963)		(2,963)
Profit attributable to owners of parent			10,073		10,073
Purchase of treasury shares				(1)	(1)
Disposal of treasury shares		7	(2)	63	68
Change in ownership interest of parent due to transactions with non-controlling interests					—
Net changes in items other than shareholders' equity					
Total changes during period	—	7	7,106	62	7,176
Balance at end of period	18,589	23,848	120,984	(3,733)	159,689

	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 beginning of period	13,739	401	114	1,165	15,420	422	21,948	190,304
Changes during period								
Dividends of surplus								(2,963)
Profit attributable to owners of parent								10,073
Purchase of treasury shares								(1)
Disposal of treasury shares								68
Change in ownership interest of parent due to transactions with non-controlling interests								—
Net changes in items other than shareholders' equity	(7,273)	—	363	(331)	(7,240)	41	(420)	(7,620)
Total changes during period	(7,273)	—	363	(331)	(7,240)	41	(420)	(443)
Balance at end of period	6,466	401	477	834	8,179	463	21,528	189,860

(iv) Consolidated statement of cash flows

(Millions of yen)

	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2022
Cash flows from operating activities		
Profit before income taxes	8,174	15,354
Depreciation	3,188	2,949
Impairment losses	1,810	1,092
Increase (decrease) in allowance for doubtful accounts	(0)	(601)
Increase (decrease) in provision for bonuses	100	(40)
Increase (decrease) in provision for retirement benefits for directors (and other officers)	(30)	(13)
Increase (decrease) in retirement benefit liability	132	(40)
Decrease (increase) in retirement benefit asset	(1,371)	74
Increase (decrease) in reserve for financial instruments transaction liabilities	(44)	3
Interest and dividend income	(2,789)	(3,752)
Interest expenses	1,194	1,219
Foreign exchange losses (gains)	(741)	(800)
Loss (gain) on sale and retirement of property, plant and equipment	11	25
Loss (gain) on sale and retirement of intangible assets	2	24
Loss (gain) on sale of investment securities	(39)	(9,581)
Loss (gain) on valuation of investment securities	232	114
Loss (gain) on sales of investments in capital of subsidiaries and associates	—	(93)
Loss on valuation of golf club membership	—	4
Gain on bargain purchase	(7,108)	—
Loss (gain) on step acquisitions	4,394	—
Decrease (increase) in cash segregated as deposits for customers	4,400	6,870
Decrease (increase) in trading products - assets (liabilities)	89,015	(48,874)
Decrease/increase in margin transaction assets/liabilities	(15,320)	10,361
Decrease/increase in loans/borrowings secured by securities	(145,000)	42,397
Decrease (increase) in advances paid	183	(175)
Increase (decrease) in deposits received	16,931	(6,111)
Decrease (increase) in short-term guarantee deposits	(625)	(7,787)
Increase (decrease) in guarantee deposits received	6,105	(5,196)
Decrease (increase) in short-term loans receivable	(7)	34
Other, net	(4,072)	(1,634)
Subtotal	(41,273)	(4,179)
Interest and dividends received	2,679	3,566
Interest paid	(1,173)	(1,210)
Income taxes refund (paid)	(1,172)	(2,378)
Net cash provided by (used in) operating activities	(40,941)	(4,200)

(Millions of yen)

	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2022
Cash flows from investing activities		
Purchase of property, plant and equipment	(805)	(674)
Proceeds from sale of property, plant and equipment	0	18
Purchase of intangible assets	(2,050)	(1,535)
Purchase of investment securities	(2,088)	(1,354)
Proceeds from sale of investment securities	766	10,838
Proceeds from purchase of shares of subsidiaries resulting in change in scope of consolidation	*2 125	—
Proceeds from sales of investments in capital of subsidiaries and associates	—	140
Other, net	333	(391)
Net cash provided by (used in) investing activities	(3,717)	7,041
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	44,969	16,902
Proceeds from long-term borrowings	500	700
Repayments of long-term borrowings	(226)	(783)
Purchase of treasury shares	(0)	(1)
Dividends paid	(1,975)	(2,963)
Dividends paid to non-controlling interests	(10)	(91)
Purchase of shares of subsidiaries not resulting in change in scope of consolidation	(172)	—
Other, net	(479)	(498)
Net cash provided by (used in) financing activities	42,604	13,264
Effect of exchange rate change on cash and cash equivalents	805	1,166
Net increase (decrease) in cash and cash equivalents	(1,249)	17,271
Cash and cash equivalents at beginning of period	63,767	62,517
Cash and cash equivalents at end of period	*1 62,517	*1 79,789

[Notes]

(Significant accounting policies for preparation of consolidated financial statements)

1. Matters relating to the scope of consolidation

(1) Number of consolidated subsidiaries: 13

No. 2 OCP Investment Limited Partnership was newly established and included in the scope of consolidation from the fiscal year under review.

Okasan Online Securities Co., Ltd. was merged through absorption into Okasan Securities Co., Ltd., a subsidiary of the Company, effective January 1, 2022; therefore, it was removed from the scope of consolidation.

(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 net income (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: 1

Company name

Marukuni Securities Co., Ltd.

(2) 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 net income (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 the 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 gross-average method).

(ii) Equity securities, etc. without market value

They are mainly stated at cost using the gross-average cost or amortized cost (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 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 compensation and 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 tax effect accounting for the transition from the consolidated taxation system to the Group Tax Sharing system

The Company will transition from the consolidated taxation system to the Group Tax Sharing system in the fiscal year ending March 31, 2023. However, regarding the transition to the Group Tax Sharing System established under the "Act for Partial Amendment of the Income Tax Act, etc." (Act No. 8 of 2020) and items for which the taxation system of each separate entity was revised in line with the transition to the Group Tax Sharing System, in accordance with the treatment in Paragraph 3 of the "Practical Solution on the Treatment of Tax Effect Accounting for the Transition from the Consolidated Taxation System to the Group Tax Sharing System" (Practical Issues Task Force (PITF) No. 39, March 31, 2020), the provisions of Paragraph 44 of the "Implementation Guidance on Tax Effect Accounting" (ASBJ Guidance No. 28, February 16, 2018) are not applied, and the amounts of deferred tax assets and deferred tax liabilities are calculated based on the provisions of the Income Tax Act before the amendment.

From the beginning of the fiscal year ending March 31, 2023, the Group will apply the "Practical Solution on the Accounting and Disclosure Under the Group Tax Sharing System" (PITF No. 42, August 12, 2021), which provides for the accounting treatment and disclosure of corporate and local income taxes, as well as tax effect accounting, when the Group Tax Sharing System is applied.

(Significant accounting estimates)

1. Impairment loss on non-current assets of Okasan Information Systems Co., Ltd.

(1) Major amounts recorded in the consolidated financial statements (amounts recorded as impairment loss)

(Millions of yen)

	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2022
Software	1,382	922
Leased assets	187	29
Intangible assets, Other	20	10
Buildings	8	—
Equipment	2	—

(2) Methods of calculation

Each asset group created primarily based on the classification for management accounting is grouped as the smallest unit that generates independent cash flows. For any asset group where there is an indication of impairment, the total amount of future cash flows before discounting from the relevant asset group is compared with its carrying value to judge whether or not to recognize impairment loss. Where it is judged that impairment needs to be recognized, the carrying value is reduced to the recoverable value and the amount of such reduction is recognized as impairment loss.

(3) Major assumptions

Major assumptions used for the measurement of future cash flows before discounting and the recoverable value are projected operating revenues and operating expenses that are incorporated in future cash flows before discounting as well as discount rates. Projected operating revenues and operating expenses are derived assuming that revenue from system usage fees, etc. and corresponding maintenance costs, etc. stay at the same level as in the fiscal year under review over the projection period for future cash flows. Discount rates are to reflect the risk of future cash flows deviating from the projected value and are based on a weighted average cost of capital of debt and equity financing costs based on the capital structure of the subsidiaries.

(4) Impact on the consolidated financial statements for the fiscal year ending March 31, 2023

The recognition of impairment loss on non-current assets is determined based on management's best estimate, 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 non-current assets in the consolidated financial statements for the fiscal year ending March 31, 2023.

2. Deferred tax assets (liabilities)

(1) Amounts recorded in the consolidated financial statements

(Millions of yen)

	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2022
Deferred tax assets	63	657
Deferred tax liabilities	10,428	7,274

(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 ¥3,009 million for the previous fiscal year, and ¥3,181 million for the consolidated financial year under review.

Of those amounts, the amounts of deferred tax assets (before offsetting against deferred tax liabilities) within the group subject to consolidated taxation were ¥2,441 million for the previous fiscal year and ¥2,598 million for the consolidated financial year under review.

(2) Methods of calculation

Deferred tax assets are recognized for future deductible temporary differences and tax-loss carry forwards 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 consolidated taxation system and recoverability is determined by considering the estimated taxable income based on the future profitability of the group subject to consolidated taxation.

(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 consolidated taxation 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 medium-term management plans as well as the current market environment.

(4) Impact on the consolidated financial statements for the fiscal year ending March 31, 2023

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, 2023.

(Changes in accounting policies)

1. Application of accounting standard, etc. for revenue recognition

The Accounting Standard for Revenue Recognition (ASBJ Statement No. 29, March 31, 2020) and others have been applied from the beginning of the consolidated financial year under review; accordingly, revenue is recognized in the amount expected to be received in exchange for the relevant goods or services when control of such promised goods or services is transferred to a customer. There is no impact from the change in this accounting policy.

In accordance with the transitional treatment provided in Paragraph 89-3 of the Accounting Standard for Revenue Recognition, a note to 'Revenue recognition' for the previous fiscal year is not provided.

2. Application of accounting standard for fair value measurement, etc.

The "Accounting Standard for Fair Value Measurement" (ASBJ Statement No. 30, July 4, 2019; hereinafter, the "Fair Value Measurement Accounting Standard") and others have been applied from the beginning of the consolidated financial year under review, and new accounting policies, etc. stipulated by the Fair Value Measurement Accounting Standard and others will be applied prospectively, in accordance with the transitional treatment provided in Paragraph 19 of the Fair Value Measurement Accounting Standard and Paragraph 44-2 of the "Accounting Standard for Financial Instruments" (ASBJ Statement No. 10, July 4, 2019). This has no impact on the consolidated financial statements.

Further, the Group decided to provide notes to the matters concerning the breakdown, etc. of the fair value of financial instruments by level and others in the notes to 'Financial instruments.' However, in accordance with the transitional treatment provided in Paragraph 7-4 of the "Implementation Guidance on Disclosures about Fair Value of Financial Instruments" (ASBJ Guidance No. 19, July 4, 2019), among such notes, those relating to the fiscal year ended March 31, 2021 are not provided.

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

- "Implementation Guidance on Accounting Standard for Fair Value Measurement" (ASBJ Guidance No. 31, June 17, 2021, Accounting Standards Board of Japan)

(1) Outline

In the "Implementation Guidance on Accounting Standard for Fair Value Measurement" (Accounting Standards Board of Japan, ASBJ Guidance No. 31), it is stated that, when said Guidance was announced on July 4, 2019, a review was to be conducted over roughly a one-year period after the announcement of the "Accounting Standard for Fair Value Measurement" as it was considered that a certain amount of time was required to hold discussions with relevant parties to review the 'fair value measurement of investment trusts' and the notes on the fair value of 'investments in partnerships, etc. for which a net amount according to share is recognized on the balance sheet' also needed to be reviewed to a certain extent. Accordingly, on June 17, 2021, the "Implementation Guidance on Accounting Standard for Fair Value Measurement" was revised and announced.

(2) Scheduled date of application

It is to be applied from the beginning of the fiscal period ending March 2023.

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

The Group is currently evaluating the impact of the application of the "Implementation Guidance on Accounting Standard for Fair Value Measurement" on the consolidated financial statements.

(Consolidated balance sheet)

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

	Previous fiscal year (March 31, 2021)	Fiscal year under review (March 31, 2022)
Accumulated depreciation of property, plant and equipment	¥17,391 million	¥18,085 million

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

	Previous fiscal year (March 31, 2021)	Fiscal year under review (March 31, 2022)
Investments and other assets, Investment securities	¥3,196 million	¥3,024 million
Investments and other assets, Other (investments in capital)	¥47 million	—

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

Previous fiscal year (March 31, 2021)

Collateralized liabilities		Assets pledged as collateral				
Type	Balance at the end of the period (Millions of yen)	Deposits (Millions of yen)	Trading securities and other (Millions of yen)	Property, plant and equipment (Millions of yen)	Investment securities (Millions of yen)	Total (Millions of yen)
Short-term borrowings	25,869	1,926	22,910	4,440	12,178	41,455
Margin borrowings	2,292	—	—	—	502	502
Long-term borrowings	200	—	—	—	356	356
Total	28,361	1,926	22,910	4,440	13,037	42,315

(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 ¥69,789 million and investment securities of ¥3,348 million are pledged as collateral for real-time gross settlement transactions, etc.

Fiscal year under review (March 31, 2022)

Collateralized liabilities		Assets pledged as collateral				
Type	Balance at the end of the period (Millions of yen)	Deposits (Millions of yen)	Trading securities and other (Millions of yen)	Property, plant and equipment (Millions of yen)	Investment securities (Millions of yen)	Total (Millions of yen)
Short-term borrowings	32,118	2,122	31,622	—	6,463	40,208
Margin borrowings	2,583	—	—	—	336	336
Long-term borrowings	70	—	—	—	196	196
Total	34,772	2,122	31,622	—	6,996	40,741

(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 ¥54,953 million and investment securities of ¥2,993 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)

	Previous fiscal year (March 31, 2021)	Fiscal year under review (March 31, 2022)
Securities sold in margin transactions	¥10,534 million	¥11,761 million
Securities pledged for margin borrowings	8,210	13,886
Securities lent under loan agreements	931	1,527
Securities sold under repurchase agreements	49,483	97,127
Substituted securities for guaranteed deposits payable (except those directly deposited by customers)	509	511
Other securities pledged as collateral	22,948	23,984

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

	Previous fiscal year (March 31, 2021)	Fiscal year under review (March 31, 2022)
Securities deposited for margin loans	¥58,472 million	¥51,467 million
Securities borrowed in margin transactions	6,328	8,972
Securities borrowed under loan agreements	121	276
Securities bought under repurchase agreements	222,552	230,532
Substituted securities for guaranteed deposits receivable (limited to those for which consent for re-hypothecation has been obtained)	76,052	83,160
Other securities deposited as collateral with the right to dispose freely	928	1,003

- *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 at the end of the fiscal year ended March 31, 2021 and the consolidated financial year ended March 31, 2022.

- *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:

	Previous fiscal year (March 31, 2021)	Fiscal year under review (March 31, 2022)
Long-term borrowings	¥6,000 million	¥6,000 million

- 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:

	Previous fiscal year (March 31, 2021)	Fiscal year under review (March 31, 2022)
Total amount of loan commitments	¥21,000 million	¥21,000 million
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.

	Previous fiscal year (from April 1, 2020 to March 31, 2021)	Fiscal year under review (from April 1, 2021 to March 31, 2022)
Provision for bonuses	¥1,898 million	¥2,020 million
Retirement benefit expenses	962	508
Provision for retirement benefits for directors (and other officers)	25	45

*3 Impairment losses

Previous fiscal year (from April 1, 2020 to March 31, 2021)

The Group recognized impairment loss mainly for the following asset group.

(1) Major assets for which impairment loss is recognized

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

(2) Background to recognition of impairment loss

With regard to the core securities system of Okasan Information Systems Co., Ltd., a consolidated subsidiary of the Company, impairment loss was recognized for the asset group for the said system as a result of the decision to transition to a new system in the second half of the year ending March 31, 2023.

(3) Impairment losses

Assets	Amount (Millions of yen)
Software	1,382
Leased assets	187
Intangible assets, Other	20
Buildings	8
Equipment	2
Total	1,602

(4) Method of grouping assets

Within the Group, assets are primarily grouped according to the classification for management reporting on the basis of each company.

(5) Method of determining recoverable value

The recoverable value for the assets of the Group is measured by their value in use, which is calculated by discounting future cash flows at a rate of 3.47%.

Fiscal year under review (from April 1, 2021 to March 31, 2022)

The Group recognized impairment loss mainly for the following asset group.

(1) Major assets for which impairment loss is recognized

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

(2) Background to recognition of impairment loss

As a result of the decision by OKASAN SECURITIES GROUP INC. to replace the current online trading system (ODIN-NT) and others with a new system, targeting January 2023, the carrying value of the relevant assets was reduced to the recoverable value and the amount of such reduction was recognized as impairment loss.

(3) Amounts of impairment loss

Assets	Amount (Millions of yen)
Software	922
Leased assets	29
Intangible assets, Other	10
Total	963

(4) Method of grouping assets

Within the Group, assets are primarily grouped according to the classification for management reporting on the basis of each company.

(5) Method of determining recoverable value

The recoverable value for the assets of the Group is determined by their value in use, which is calculated by discounting future cash flows at a rate of 3.58%.

(Consolidated statement of comprehensive income)

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

	Previous fiscal year (from April 1, 2020 to March 31, 2021)	Fiscal year under review (from April 1, 2021 to March 31, 2022)
Valuation difference on available-for-sale securities:		
Arising during the year	¥10,218 million	¥(2,652) million
Reclassification adjustment	69	(9,583)
Before tax amount	10,287	(12,235)
Tax benefit (expense)	(3,138)	3,720
Valuation difference on available-for-sale securities	7,149	(8,515)
Foreign currency translation adjustment:		
Arising during the year	52	363
Adjustment for retirement benefit:		
Arising during the year	1,462	(28)
Reclassification adjustment	40	(453)
Before tax amount	1,503	(481)
Tax benefit (expense)	(459)	147
Adjustment for retirement benefit	1,044	(334)
Share of other comprehensive gain (loss) of affiliates accounted for by the equity method:		
Arising during the year	263	(73)
Reclassification adjustment	(35)	(36)
Before tax amount	228	(110)
Tax benefit (expense)	10	—
Share of other comprehensive gain (loss) of affiliates accounted for by the equity method	239	(110)
Total other comprehensive income (loss)	8,485	(8,596)

(Consolidated statement of changes in equity)

Previous fiscal year (from April 1, 2020 to March 31, 2021)

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

	Number of shares at the beginning of the fiscal year ended March 31, 2021 (thousand shares)	Increase in the number of shares during the fiscal year ended March 31, 2021 (thousand shares)	Decrease in the number of shares during the fiscal year ended March 31, 2021 (thousand shares)	Number of shares at the end of the fiscal year ended March 31, 2021 (thousand shares)
Shares issued				
Common stock	208,214	—	—	208,214
Total	208,214	—	—	208,214
Treasury shares				
Common stock (Notes) 1, 2	10,426	6	50	10,382
Total	10,426	6	50	10,382

(Notes)1. The increase in the number of treasury shares of common stock by 6 thousand shares consists of an increase of 5 thousand shares due to an increase in the parent's equity through transactions with non-controlling interests, and an increase of 1 thousand shares as a result of the purchase of shares less than one unit.

2. The decrease in the number of treasury shares of common stock by 50 thousand shares consists of a decrease of 50 thousand shares due to the exercise of stock acquisition rights and a decrease of 0 thousand shares due to the sale of shares less than one unit.

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, 2021 (Millions of yen)
			Beginning of the fiscal year ended March 31, 2021	Increase during the fiscal year ended March 31, 2021	Decrease during the fiscal year ended March 31, 2021	End of the fiscal year ended March 31, 2021	
Submitting company (Parent)	Stock acquisition rights as stock options	—	—	—	—	—	422
Total		—	—	—	—	—	422

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, 2020	Common stock	1,975	10	March 31, 2020	June 8, 2020

(Note) The amount is presented after deducting the amount of dividends on treasury shares held by the consolidated subsidiaries of ¥23 million.

- (2) Of the dividends whose record date fell in the fiscal year ended March 31, 2021, the following are those whose effective date falls in the fiscal year ended March 31, 2022

(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 19, 2021	Common stock	2,999	Retained earnings	15	March 31, 2021	June 9, 2021

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

Fiscal year under review (from April 1, 2021 to March 31, 2022)

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

	Number of shares at the beginning of the fiscal year ended March 31, 2022 (thousand shares)	Increase in the number of shares during the fiscal year ended March 31, 2022 (thousand shares)	Decrease in the number of shares during the fiscal year ended March 31, 2022 (thousand shares)	Number of shares at the end of the fiscal year ended March 31, 2022 (thousand shares)
Shares issued				
Common stock	208,214	—	—	208,214
Total	208,214	—	—	208,214
Treasury shares				
Common stock (Notes) 1, 2	10,382	2	164	10,221
Total	10,382	2	164	10,221

(Notes)1. The increase in the number of treasury shares of common stock by 2 thousand shares is due to the purchase of shares less than one unit.

2. The decrease in the number of treasury shares of common stock by 164 thousand shares consists of a decrease of 164 thousand shares due to the exercise of stock acquisition rights and a decrease of 0 thousand shares due to the sale of shares less than one unit.

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, 2022 (Millions of yen)
			Beginning of the fiscal year ended March 31, 2022	Increase during the fiscal year ended March 31, 2022	Decrease during the fiscal year ended March 31, 2022	End of the fiscal year ended March 31, 2022	
Submitting company (Parent)	Stock acquisition rights as stock options	—	—	—	—	—	463
Total		—	—	—	—	—	463

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, 2021	Common stock	2,963	15	March 31, 2021	June 9, 2021

(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, 2022, the following are those whose effective date falls in the fiscal year ending March 31, 2023

(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 19, 2022	Common stock	3,002	Retained earnings	15	March 31, 2022	June 8, 2022

(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

	Previous fiscal year (from April 1, 2020 to March 31, 2021)	Fiscal year under review (from April 1, 2021 to March 31, 2022)
Cash and deposits account	¥69,013 million	¥86,946 million
Time deposits with maturities of longer than three months, etc.	(6,496)	(7,157)
Cash and cash equivalents	62,517	79,789

*2 Major components of assets and liabilities of the company that was newly consolidated as a result of the stock acquisition

Previous fiscal year (from April 1, 2020 to March 31, 2021)

The components of assets and liabilities of Securities Japan, Inc., which was newly consolidated as a result of the stock acquisition, as well as the relationship between the acquisition cost of Securities Japan, Inc. stock and the (net) payment for the acquisition of Securities Japan, Inc. stock, are as follows.

Current assets	32,991 million yen
Non-current assets	20,115
Current liabilities	(20,904)
Non-current liabilities	(5,264)
Non-controlling interests	(13,151)
Gain on bargain purchase	(7,108)
Shares held prior to the acquisition	(4,035)
Valuation under equity method before the acquisition	(5,590)
Reversal of valuation difference before the acquisition	890
Loss due to step acquisitions	4,394
Acquisition cost of the stock	2,336
Cash and cash equivalents	(2,461)
Net: Revenue due to the acquisition	(125)

Fiscal year under review (from April 1, 2021 to March 31, 2022)

Not applicable.

(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)

	Previous fiscal year (March 31, 2021)	Fiscal year under review (March 31, 2022)
One year or less	1,877	2,061
Over one year	5,584	5,243
Total	7,461	7,305

(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. The loss on proprietary trading positions estimated by VaR (Value at Risk) was ¥59 million at the end of the period (¥60 million for the fiscal year ended March 31, 2021), which was calculated using the historical method (holding period: one day, confidence interval: 99%, and observation period: 1,250 days). The Company ascertains the reliability and validity of the model through daily back-testing, which compares VaR with actual profit and loss. 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 value for cash and deposits, segregated deposits, receivables arising from unsettled trades, margin transaction assets, loans secured by securities, short-term guarantee deposits, margin transaction liabilities, borrowings secured by securities, deposits received, guarantee deposits received, and short-term borrowings approximates their book value as they are settled within a short period of time. Accordingly, notes are omitted.

Previous fiscal year (March 31, 2021)

	Carrying value on the consolidated balance sheet (Millions of yen)	Fair value (Millions of yen)	Difference (Millions of yen)
(1) Trading securities and other, Securities and Investment securities (*1)	269,335	269,335	—
Trading securities	212,312	212,312	—
Held-to-maturity debt securities	—	—	—
Available-for-sale securities	57,023	57,023	—
Total assets	269,335	269,335	—
(2) Trading securities and other	157,560	157,560	—
Trading securities	157,560	157,560	—
(3) Long-term borrowings (including those to be repaid within one year)	13,073	13,099	26
Total liabilities	170,633	170,660	26
Derivatives (*2)	(26)	(26)	—

(*1) No market value is available for the following financial instruments, and it is considered extremely difficult to capture their fair value. Therefore, they are not included in “(1) Trading securities and other, Securities and Investment securities.” The carrying values on the consolidated balance sheet for the relevant financial instruments are as follows.

Classification	Fiscal year ended March 31, 2021 (Millions of yen)
Unlisted equity securities	8,355
Investments in investment limited partnerships, etc.	811
Total	9,166

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

Fiscal year under review (March 31, 2022)

	Carrying value on the consolidated balance sheet (Millions of yen)	Fair value (Millions of yen)	Difference (Millions of yen)
(1) Trading securities and other, Securities and Investment securities	271,896	271,896	—
Trading securities	227,583	227,583	—
Held-to-maturity debt securities	—	—	—
Available-for-sale securities	44,312	44,312	—
Total assets	271,896	271,896	—
(2) Trading securities and other	225,361	225,361	—
Trading securities	225,361	225,361	—
(3) Long-term borrowings (including those to be repaid within one year)	12,990	12,999	9
Total liabilities	238,351	238,361	9
Derivatives (*)	34	34	—

(*) 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

Classification	Fiscal year ended March 31, 2022 (Millions of yen)
Unlisted equity securities (*1)	8,392
Investments in investment limited partnerships, etc. (*2)	1,120
Total	9,513

(*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 27 of the “Implementation Guidance on Accounting Standard for Fair Value Measurement” (ASBJ Guidance No. 31, July 4, 2019).

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

Previous fiscal year (March 31, 2021)

	Due within one year (Millions of yen)	Over one year but within five years (Millions of yen)	Over five years but within ten years (Millions of yen)	Over ten years (Millions of yen)
Cash and deposits	69,013	—	—	—
Segregated deposits	96,687	—	—	—
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	2,509	532	115	—
Margin transaction assets	66,792	—	—	—
Loans secured by securities	223,361	—	—	—
Short-term guarantee deposits	10,808	—	—	—
Total	469,173	532	115	—

Fiscal year under review (March 31, 2022)

	Due within one year (Millions of yen)	Over one year but within five years (Millions of yen)	Over five years but within ten years (Millions of yen)	Over ten years (Millions of yen)
Cash and deposits	86,946	—	—	—
Segregated deposits	90,874	—	—	—
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	2,500	637	95	—
Margin transaction assets	63,432	—	—	—
Loans secured by securities	228,480	—	—	—
Short-term guarantee deposits	18,596	—	—	—
Total	490,831	637	95	—

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

Previous fiscal year (March 31, 2021)

	Due within one year (Millions of yen)	Over one year but within two years (Millions of yen)	Over two years but within three years (Millions of yen)	Over three years but within four years (Millions of yen)	Over four years but within five years (Millions of yen)	Over five years (Millions of yen)
Short-term borrowings	120,386	—	—	—	—	—
Long-term borrowings	3,173	740	2,840	4,340	1,980	—
Margin borrowings (Note)	8,268	—	—	—	—	—
Total	131,827	740	2,840	4,340	1,980	—

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

Fiscal year under review (March 31, 2022)

	Due within one year (Millions of yen)	Over one year but within two years (Millions of yen)	Over two years but within three years (Millions of yen)	Over three years but within four years (Millions of yen)	Over four years but within five years (Millions of yen)	Over five years (Millions of yen)
Short-term borrowings	137,325	—	—	—	—	—
Long-term borrowings	1,188	3,402	4,772	2,412	1,216	—
Margin borrowings (Note)	14,098	—	—	—	—	—
Total	152,611	3,402	4,772	2,412	1,216	—

(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 below three levels 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

Fiscal year under review (March 31, 2022)

Classification	Fair value (Millions of yen)			
	Level 1	Level 2	Level 3	Total
Trading securities	222,932	4,650	–	227,583
Securities and Investment securities	40,588	2,500	–	43,088
Total assets	263,521	7,150	–	270,672
Trading securities and other	225,273	–	–	225,273
Total liabilities	225,273	–	–	225,273
Derivatives where hedge accounting is not applied	42	(7)	–	34
Total derivatives	42	(7)	–	34

(Note) Investment trusts, etc. to which the transitional measures stipulated in Paragraph 26 of the “Implementation Guidance on Accounting Standard for Fair Value Measurement” (ASBJ Guidance No. 31, July 4, 2019) are applied are not included in the above table. The carrying values of such investment trusts, etc. on the consolidated balance sheet are financial assets of ¥1,224 million and financial liabilities of ¥88 million.

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

Fiscal year under review (March 31, 2022)

Classification	Fair value (Millions of yen)			
	Level 1	Level 2	Level 3	Total
Long-term borrowings (including those to be repaid within one year)	–	12,999	–	12,999
Total liabilities	–	12,999	–	12,999

(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 include 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)

	Previous fiscal year (March 31, 2021)	Fiscal year under review (March 31, 2022)
Equity securities and warrants	269	135
Debt securities	(693)	(3,787)
CP and CD	—	(0)
Other	—	—
Total	(423)	(3,652)

(ii) Liabilities

(Millions of yen)

	Previous fiscal year (March 31, 2021)	Fiscal year under review (March 31, 2022)
Equity securities and warrants	(5)	(21)
Debt securities	1,093	4,461
CP and CD	—	—
Other	—	(5)
Total	1,087	4,434

2. Those for non-trading purposes

Held-to-maturity debt securities

Previous fiscal year (March 31, 2021)

Not applicable.

Fiscal year under review (March 31, 2022)

Not applicable.

Available-for-sale securities

Previous fiscal year (March 31, 2021)

Classification		Type	Carrying value on the consolidated balance sheet (Millions of yen)	Acquisition cost (Millions of yen)	Difference (Millions of yen)
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	—	—	—
		Subtotal	—	—	—
	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	2,509	2,510	(0)
		Subtotal	2,509	2,510	(0)
	Total		2,509	2,510	(0)

Classification		Type	Carrying value on the consolidated balance sheet (Millions of yen)	Acquisition cost (Millions of yen)	Difference (Millions of yen)
Those that belong to non-current assets	Where the carrying values on the consolidated balance sheet exceed their acquisition costs	(1) Equity securities	33,269	7,291	25,978
		(2) Debt securities	—	—	—
		(i) Government bonds, local government bonds, etc.	—	—	—
		(ii) Corporate bonds	—	—	—
		(iii) Other	—	—	—
		(3) Other	400	275	124
		Subtotal	33,670	7,567	26,103
	Where the carrying values on the consolidated balance sheet do not exceed their acquisition costs	(1) Equity securities	20,307	20,883	(575)
		(2) Debt securities	—	—	—
		(i) Government bonds, local government bonds, etc.	—	—	—
		(ii) Corporate bonds	—	—	—
		(iii) Other	—	—	—
		(3) Other	534	543	(8)
		Subtotal	20,842	21,427	(584)
	Total		54,513	28,994	25,518

Fiscal year under review (March 31, 2022)

Classification		Type	Carrying value on the consolidated balance sheet (Millions of yen)	Acquisition cost (Millions of yen)	Difference (Millions of yen)
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	—	—	—
		Subtotal	—	—	—
	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	2,500	2,500	(0)
		Subtotal	2,500	2,500	(0)
	Total		2,500	2,500	(0)

Classification		Type	Carrying value on the consolidated balance sheet (Millions of yen)	Acquisition cost (Millions of yen)	Difference (Millions of yen)
Those that belong to non-current assets	Where the carrying values on the consolidated balance sheet exceed their acquisition costs	(1) Equity securities	22,577	7,221	15,356
		(2) Debt securities	—	—	—
		(i) Government bonds, local government bonds, etc.	—	—	—
		(ii) Corporate bonds	—	—	—
		(iii) Other	—	—	—
		(3) Other	548	406	142
		Subtotal	23,126	7,627	15,499
	Where the carrying values on the consolidated balance sheet do not exceed their acquisition costs	(1) Equity securities	18,010	20,192	(2,181)
		(2) Debt securities	—	—	—
		(i) Government bonds, local government bonds, etc.	—	—	—
		(ii) Corporate bonds	—	—	—
		(iii) Other	—	—	—
		(3) Other	675	730	(54)
		Subtotal	18,686	20,922	(2,236)
	Total		41,812	28,549	13,262

3. Available-for-sale securities sold

Previous fiscal year (from April 1, 2020 to March 31, 2021)

Type	Proceeds from sale (Millions of yen)	Total gain on sale (Millions of yen)	Total loss on sale (Millions of yen)
(1) Equity securities	208	72	—
(2) Debt securities	—	—	—
(i) Government bonds, local government bonds, etc.	—	—	—
(ii) Corporate bonds	—	—	—
(iii) Other	—	—	—
(3) Other	506	2	35
Total	714	75	35

Fiscal year under review (from April 1, 2021 to March 31, 2022)

Type	Proceeds from sale (Millions of yen)	Total gain on sale (Millions of yen)	Total loss on sale (Millions of yen)
(1) Equity securities	10,629	9,578	3
(2) Debt securities	—	—	—
(i) Government bonds, local government bonds, etc.	—	—	—
(ii) Corporate bonds	—	—	—
(iii) Other	—	—	—
(3) Other	209	11	5
Total	10,838	9,590	8

4. Securities for which impairment loss has been recorded

Previous fiscal year (from April 1, 2020 to March 31, 2021)

Impairment loss of ¥232 million was recognized for securities (¥232 million for equity securities in available-for-sale securities).

Fiscal year under review (from April 1, 2021 to March 31, 2022)

Impairment loss of ¥114 million was recognized for securities (¥114 million for equity securities in available-for-sale securities).

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

Previous fiscal year (March 31, 2021)

Classification	Type	Contract or notional amounts (Millions of yen)	Out of contract or notional amounts: Over one year (Millions of yen)	Fair value (Millions of yen)	Valuation gain (loss) (Millions of yen)
Market transactions	Stock index futures:				
	Sold	261	—	0	0
	Purchased	—	—	—	—
	Stock index options:				
	Sold	—	—	—	—
Over-the-counter transactions	Purchased	—	—	—	—
	Stock options traded over-the-counter:				
	Sold	2	—	5	(2)
	Purchased	1	—	5	4
Total		—	—	—	2

Fiscal year under review (March 31, 2022)

Classification	Type	Contract or notional amounts (Millions of yen)	Out of contract or notional amounts: Over one year (Millions of yen)	Fair value (Millions of yen)	Valuation gain (loss) (Millions of yen)
Market transactions	Stock index futures:				
	Sold	1,205	—	(58)	(58)
	Purchased	208	—	24	24
	Stock index options:				
	Sold	—	—	—	—
Over-the-counter transactions	Purchased	4	—	1	(2)
	Stock options traded over-the-counter:				
	Sold	0	—	1	(0)
	Purchased	2	—	6	4
Total		—	—	—	(33)

(ii) Debt securities

Previous fiscal year (March 31, 2021)

Classification	Type	Contract or notional amounts (Millions of yen)	Out of contract or notional amounts: Over one year (Millions of yen)	Fair value (Millions of yen)	Valuation gain (loss) (Millions of yen)
Market transactions	Bond futures:				
	Sold	—	—	—	—
	Purchased	5,293	—	(2)	(2)
	Bond futures options:				
	Sold	—	—	—	—
	Purchased	—	—	—	—
Total		—	—	—	(2)

Fiscal year under review (March 31, 2022)

Classification	Type	Contract or notional amounts (Millions of yen)	Out of contract or notional amounts: Over one year (Millions of yen)	Fair value (Millions of yen)	Valuation gain (loss) (Millions of yen)
Market transactions	Bond futures:				
	Sold	—	—	—	—
	Purchased	27,170	-	74	74
	Bond futures options:				
	Sold	—	—	—	—
	Purchased	—	—	—	—
Total		—	—	—	74

(iii) Foreign currency-related

Previous fiscal year (March 31, 2021)

Classification	Type	Contract or notional amounts (Millions of yen)	Out of contract or notional amounts: Over one year (Millions of yen)	Fair value (Millions of yen)	Valuation gain (loss) (Millions of yen)
Over-the-counter transactions	Foreign exchange forwards:				
	Sold				
	U.S. dollars	369	—	(6)	(6)
	Mexican peso	261	—	(6)	(6)
	Indian rupee	254	—	(3)	(3)
	Russian ruble	213	—	(4)	(4)
	South African rand	109	—	(1)	(1)
	Australian dollars	74	—	(1)	(1)
	Other	133	—	0	0
Total		—	—	—	(24)

Fiscal year under review (March 31, 2022)

Classification	Type	Contract or notional amounts (Millions of yen)	Out of contract or notional amounts: Over one year (Millions of yen)	Fair value (Millions of yen)	Valuation gain (loss) (Millions of yen)
Over-the-counter transactions	Foreign exchange forwards:				
	Sold				
	Mexican peso	427	—	(3)	(3)
	U.S. dollars	401	—	(2)	(2)
	South African rand	184	—	(0)	(0)
	Indian rupee	141	—	(4)	(4)
	Chinese yuan	38	—	(0)	(0)
	Brazil real	36	—	(1)	(1)
	Other	60	—	(0)	(0)
Total		—	—	—	(13)

(iv) Crypto-asset related

Previous fiscal year (March 31, 2021)

Not applicable.

Fiscal year under review (March 31, 2022)

Classification	Type	Contract or notional amounts (Millions of yen)	Out of contract or notional amounts: Over one year (Millions of yen)	Fair value (Millions of yen)	Valuation gain (loss) (Millions of yen)
Over-the-counter transactions	Crypto-asset CFD transactions				
	Sold	1	—	0	0
	Purchased	51	—	(0)	(0)
Total		—	—	—	(0)

(2) Those for non-trading purposes

Not applicable.

2. Derivative transactions to which hedge accounting is applied

Interest rate-related

Previous fiscal year (March 31, 2021)

Hedge accounting method	Type of transactions	Major hedged items	Contract or notional amounts (Millions of yen)	Out of contract or notional amounts: Over one year (Millions of yen)	Fair value (Millions of yen)
Exceptional accounting treatment of interest rate swaps	Interest rate swaps	Long-term borrowings	2,000	1,140	(Note)
	Fixed payment rate vs. receiving floating rate				

Fiscal year under review (March 31, 2022)

Hedge accounting method	Type of transactions	Major hedged items	Contract or notional amounts (Millions of yen)	Out of contract or notional amounts: Over one year (Millions of yen)	Fair value (Millions of yen)
Exceptional accounting treatment of interest rate swaps	Interest rate swaps	Long-term borrowings	2,000	1,742	(Note)
	Fixed payment rate vs. receiving floating rate				

(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 (Securities Omnibus 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

	Previous fiscal year (from April 1, 2020 to March 31, 2021)	Fiscal year under review (from April 1, 2021 to March 31, 2022)
Retirement benefit obligations at the beginning of the period	¥14,047 million	¥13,969 million
Service cost	764	766
Interest cost	3	12
Amount of actuarial gains or losses incurred	(155)	406
Amount of retirement benefits paid	(881)	(897)
Increase due to new consolidation	190	-
Retirement benefit obligations at the end of the period	13,969	14,258

(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

	Previous fiscal year (from April 1, 2020 to March 31, 2021)	Fiscal year under review (from April 1, 2021 to March 31, 2022)
Pension assets at the beginning of the period	¥8,968 million	¥10,130 million
Expected return on plan assets	43	48
Amount of actuarial gains or losses incurred	1,307	378
Employer contributions	260	262
Amount of retirement benefits paid	(449)	(434)
Pension assets at the end of the year	10,130	10,385

(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

	Previous fiscal year (March 31, 2021)	Fiscal year under review (March 31, 2022)
Retirement benefit obligations for the funded plan	¥7,920 million	¥8,249 million
Pension assets	(10,130)	(10,385)
	(2,209)	(2,136)
Retirement benefit obligations for the unfunded plan	6,049	6,009
Net of liabilities and assets for retirement benefits recorded on the consolidated balance sheet	3,839	3,873
Retirement benefit liability	6,447	6,407
Retirement benefit asset	2,608	2,534
Net of liabilities and assets for retirement benefits recorded on the consolidated balance sheet	3,839	3,873

(4) Amounts of retirement benefit expenses and their components

	Previous fiscal year (from April 1, 2020 to March 31, 2021)	Fiscal year under review (from April 1, 2021 to March 31, 2022)
Service cost	¥764 million	¥766 million
Interest cost	3	12
Expected return on plan assets	(43)	(48)
Amortization of actuarial gains or losses	40	(453)
Retirement benefit expenses in connection with the defined benefit pension plan	766	277

(5) Adjustment for retirement benefit

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

	Previous fiscal year (from April 1, 2020 to March 31, 2021)	Fiscal year under review (from April 1, 2021 to March 31, 2022)
Actuarial gains or losses	¥1,503 million	¥(481) million

(6) Accumulated adjustments for retirement benefits

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

	Previous fiscal year (March 31, 2021)	Fiscal year under review (March 31, 2022)
Unrecognized actuarial gains or losses	¥1,689 million	¥1,207 million

(7) Matters concerning pension assets

(i) Major components of pension assets

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

	Previous fiscal year (March 31, 2021)	Fiscal year under review (March 31, 2022)
Equity securities	39%	39%
General account	29	28
Debt securities	19	19
Other	13	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

	Previous fiscal year (March 31, 2021)	Fiscal year under review (March 31, 2022)
Discount rate	0.10%	0.21%
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 ¥195 million and ¥231 million for the fiscal years ended March 31, 2021 and 2022, respectively.

(Stock options)

1. Expenses and account titles

(Millions of yen)

	Previous fiscal year (from April 1, 2020 to March 31, 2021)	Fiscal year under review (from April 1, 2021 to March 31, 2022)
Personnel expenses in Selling, general and administrative expenses	85	103

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

(Millions of yen)

	Previous fiscal year (from April 1, 2020 to March 31, 2021)	Fiscal year under review (from April 1, 2021 to March 31, 2022)
Other in Non-operating income	—	0

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, 2022 are included, and the number of stock options presented represent the number of shares.

(i) Number of stock options

	1st	2nd	3rd	4th	5th	6th	7th
Non-vested: (shares)							
Outstanding as of March 31, 2021	–	–	–	–	–	–	–
Granted	–	–	–	–	–	–	307,500
Forfeited	–	–	–	–	–	–	–
Vested	–	–	–	–	–	–	307,500
Outstanding non-vested as of March 31, 2022	–	–	–	–	–	–	–
Vested: (shares)							
Outstanding as of March 31, 2021	78,500	153,800	118,100	170,900	243,800	304,800	–
Vested	–	–	–	–	–	–	307,500
Exercised	15,300	30,000	20,400	27,800	38,200	32,400	–
Forfeited	–	–	–	–	–	2,100	–
Outstanding non-exercised as of March 31, 2022	63,200	123,800	97,700	143,100	205,600	270,300	307,500

(ii) Price information

	1st	2nd	3rd	4th	5th	6th	7th
Exercise price (yen)	1	1	1	1	1	1	1
Average share price at exercise (yen)	423	423	424	423	423	424	–
Fair value price on grant date (yen)	715	383	614	403	331	280	356

4. Valuation method of the fair value of stock options

The method of estimating the fair value of stock options granted in the fiscal year ended March 31, 2022 is as follows.

(i) Applied measurement method: Black-Scholes formula

(ii) Major basic numerical values and estimation method

	7th
Stock price volatility (Note 1)	33.076%
Expected remaining term (Note 2)	4.9 years
Forecast dividend (Note 3)	¥15 per share
Risk-free interest rate (Note 4)	(0.125)%

(Notes)1. Stock price volatility is calculated based on actual stock prices from August 20, 2016 to July 14, 2021.

2. The remaining term is estimated based on the past tenure of directors, executive officers and corporate auditors of the Company and its subsidiaries, as well as their ages at the time of retirement.

3. Forecast dividend is based on actual dividends paid for the fiscal year ended March 31, 2021.

4. Risk-free interest rate is the yield of JGBs corresponding to the expected remaining term.

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

	Previous fiscal year (March 31, 2021)	Fiscal year under review (March 31, 2022)
Deferred tax assets		
Retirement benefit liability	¥1,491 million	¥1,620 million
Depreciation (Including impairment losses)	1,121	1,206
Tax loss carryforwards (Note 1)	2,129	1,088
Provision for bonuses	627	589
Asset retirement obligations	482	493
Reserve for financial instruments transaction liabilities	377	378
Allowance for doubtful accounts	460	277
Business tax	155	273
Impairment loss on land, etc.	239	247
Loss on valuation of investment securities	194	184
Stock acquisition rights (Share-based payment expenses)	128	141
Retirement benefits payable for directors (and other officers)	131	114
Social insurance expenses for provision for bonuses	90	83
Other	352	342
Subtotal of deferred tax assets	7,984	7,041
Valuation allowance for tax loss carryforwards (Note 1)	(2,051)	(771)
Valuation allowance for deductible temporary differences	(2,924)	(3,088)
Subtotal valuation allowance	(4,975)	(3,860)
Total deferred tax assets	3,009	3,181
Deferred tax liabilities		
Valuation difference on available-for-sale securities	(12,638)	(8,920)
Retirement benefit asset	(315)	(437)
Dividend receivable	(222)	(220)
Asset retirement obligations (retirement cost)	(167)	(171)
Other	(30)	(49)
Total deferred tax liabilities	(13,374)	(9,798)
Net deferred tax assets (liabilities)	(10,365)	(6,617)

(Note)1. The amount of tax loss carryforwards and the amounts of deferred tax assets thereof by the carry forward period
Previous fiscal year (March 31, 2021)

(Millions of yen)

	Within one year	Over one year but within two years	Over two years but within three years	Over three years but within four years	Over four years but within five years	Over five years	Total
Tax loss carryforwards (*1)	492	85	91	155	359	945	2,129
Valuation allowance	(489)	(85)	(91)	(137)	(359)	(887)	(2,051)
Deferred tax assets	2	—	—	17	—	57	(*2) 78

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

(*2) Deferred tax assets of ¥78 million were recorded for tax loss carryforwards of ¥2,129 million (the amount multiplied by the statutory tax rate). The main components of the deferred tax assets of ¥78 million are ¥10 million in deferred tax assets related to tax loss carryforwards of the Company and ¥50 million in deferred tax assets related to tax loss carryforwards of two companies that are members of the consolidated tax group for which the Company is the consolidated parent company. The tax loss carryforwards arose primarily as a result of the Company's net loss before tax for the fiscal years ended March 31, 2013 and 2019, and the net losses before tax for the fiscal year ended March 31, 2019 of two companies that are members of the consolidated tax group. 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 consolidated tax group.

Fiscal year under review (March 31, 2022)

(Millions of yen)

	Within one year	Over one year but within two years	Over two years but within three years	Over three years but within four years	Over four years but within five years	Over five years	Total
Tax loss carryforwards (*1)	85	36	30	36	338	560	1,088
Valuation allowance	(85)	(33)	(27)	(36)	(275)	(312)	(771)
Deferred tax assets	—	2	2	—	63	248	(*2) 316

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

(*2) Deferred tax assets of ¥316 million were recorded for tax loss carryforwards of ¥1,088 million (the amount multiplied by the statutory tax rate). The main components of the deferred tax assets of ¥316 million are ¥311 million in deferred tax assets related to tax loss carryforwards of one company that is a member of the consolidated tax group for which the Company is the consolidated parent company. The tax loss carryforward was primarily the result of net loss before tax for the fiscal years ended March 31, 2018, through March 31, 2021. 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 consolidated tax group.

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

	Previous fiscal year (March 31, 2021)	Fiscal year under review (March 31, 2022)
Statutory tax rate	30.5%	30.5%
(Adjustments)		
Expenses not deductible permanently, such as entertainment expenses	7.2	7.6
Income not taxable permanently, such as dividend income	(6.9)	(6.6)
Inhabitant tax levied per capita	1.0	0.6
Share of loss (profit) of entities accounted for using equity method	(3.1)	(0.0)
Change in valuation allowance	3.2	(5.3)
Difference in tax rates between consolidated subsidiaries	0.9	0.8
Gain on bargain purchase	(26.5)	—
Loss on step acquisitions	16.7	—
Other	(0.4)	0.2
Effective income tax rate after applying tax effect accounting	22.5	27.7

(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

	Previous fiscal year (from April 1, 2020 to March 31, 2021)	Fiscal year under review (from April 1, 2021 to March 31, 2022)
Balance at the beginning of the period	¥1,168 million	¥1,210 million
Increase due to acquisition of property, plant and equipment	41	61
Adjustments due to passage of time	10	10
Decrease due to fulfillment of asset retirement obligations	(21)	(58)
Other Increase	12	23
Balance at the end of the period	1,210	1,246

(Business combination)

(Transactions under common control)

(Absorption-type merger between consolidated subsidiaries)

At the Board of Directors meeting held on July 29, 2021, the Company passed a resolution for Okasan Securities Co., Ltd., a consolidated subsidiary of the Company, to absorb Okasan Online Securities Co., Ltd., and the absorption-type merger was carried out on January 1, 2022.

1. Outline of Business Combination

(1) Name and business of the entities subject to the business combination

(Surviving company in absorption-type merger)

Name: Okasan Securities Co., Ltd.

Description of business: Financial instruments business

(Dissolving company in absorption-type merger)

Name: Okasan Online Securities Co., Ltd.

Description of business: Financial instruments business

(2) Main purpose of business combination

The main purpose of the business combination was to strengthen the management foundation by effectively utilizing and streamlining the management resources of the entire group.

(3) Date of business combination

January 1, 2022

(4) Legal form of business combination

Absorption-type merger with Okasan Securities Co., Ltd. as the surviving company and Okasan Online Securities Co., Ltd. as the dissolving company.

(5) Company name following business combination

Okasan Securities Co., Ltd.

2. Outline of accounting treatment applied

This transaction was treated as a transaction under common control in accordance with the Accounting Standard for Business Combinations (ASBJ Statement No. 21, January 16, 2019) and Implementation Guidance on Accounting Standard for Business Combinations and Accounting Standard for Business Divestitures (ASBJ Guidance No. 10, January 16, 2019).

(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, 2021 was ¥68 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, 2022 was ¥105 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 ¥34 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)

	Previous fiscal year (from April 1, 2020 to March 31, 2021)	Fiscal year under review (from April 1, 2021 to March 31, 2022)
Carrying value on the consolidated balance sheet		
Balance at the beginning of the period	5,376	5,670
Changes during the period	293	(93)
Balance at the end of the period	5,670	5,576
Fair value at the end of the period	8,574	9,146

- (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

Fiscal year under review (from April 1, 2021 to March 31, 2022)

(Millions of yen)

	Reportable segments				Other	Total
	Securities Business	Asset Management Business	Support Business	Total		
Principal goods or services						
Stock certificates	19,451	—	—	19,451	—	19,451
Debt securities	838	—	—	838	—	838
Investment Trusts	15,538	9,416	—	24,954	—	24,954
Other	1,220	47	876	2,144	0	2,145
Revenue from contracts with customers	37,048	9,463	876	47,388	0	47,389
Other revenue (Note)	26,206	0	181	26,387	0	26,388
Revenue from external customers	63,255	9,463	1,058	73,776	1	73,778

(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)

	Fiscal year ended March 31, 2022
Receivables arising from contracts with customers (beginning balance)	2,562
Receivables arising from contracts with customers (ending balance)	3,053

(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]

1. Outline of reportable segments

The Group's reportable segments are components of the Group for which separate financial information is available and which are subject to periodic review by the Board of Directors to determine the allocation of management resources and evaluate performance.

Within the Group, under the Company, which is the holding company, the subsidiaries and associates of the Company are engaged in related business activities centered on the securities business. Their business activities are classified into three reportable segments: the Securities Business, the Asset Management Business, and the Support Business. The "Securities Business" includes the trading of securities, etc., and brokerage of trading, etc., underwriting and secondary offering of securities, initial public offering and secondary offering of securities, and handling of the private placement of securities, among others. The "Asset Management Business" includes investment management, investment advisory and agency services, and management and administration, etc., of the assets of investment partnerships, and the "Support Business" deals with information processing services, office work agency services, and real estate management, etc., for the Group and external customers.

2. Calculation method of operating revenue, profit or loss, assets, liabilities and other items by reportable segment

The accounting treatment for reported business segments is generally the same as that described in "Significant accounting policies for preparation of consolidated financial statements."

Profit by reportable segment is based on operating profit.

Inter-segment operating revenue and transfers are based on prevailing market prices.

3. Information on operating revenue, profit or loss, assets, liabilities and other items by reportable segment

Previous fiscal year (from April 1, 2020 to March 31, 2021)

(Millions of yen)

	Reportable segments				Adjustments (Note 1)	Amounts recorded in the consolidated financial statements (Note 2)
	Securities Business	Asset Management Business	Support Business	Total		
Operating revenue						
Operating revenue from external customers	57,202	9,046	1,009	67,258	1	67,259
Inter-segment operating revenue and transfers	3,569	65	11,846	15,481	(15,481)	–
Total	60,772	9,112	12,855	82,740	(15,480)	67,259
Segment profit	4,327	473	1,397	6,197	(1,091)	5,106
Segment assets	740,074	16,953	27,459	784,487	(1,047)	783,440
Segment liabilities	596,577	1,498	12,469	610,546	(17,409)	593,136
Others						
Depreciation	513	40	2,439	2,992	195	3,188
Financial revenue	2,019	0	–	2,019	(296)	1,723
Financial expenses	1,347	–	–	1,347	(196)	1,150
Share of profit of entities accounted for using equity method	873	–	–	873	–	873
Impairment losses	266	–	1,602	1,868	(58)	1,810
Investment amount in entities accounted for using equity method	1,542	–	–	1,542	–	1,542
Increase in property, plant and equipment and intangible assets	983	21	2,519	3,525	20	3,545

(Notes) 1. (1) Adjustment of segment profit of ¥(1,091) million includes the elimination of intersegment transactions, etc., of ¥2,603 million, and company overhead expenses of ¥(3,695) million that are not allocated to each reportable segment. Company overhead expenses are expenses incurred by the Company as a holding company.

(2) Adjustment of segment assets of ¥(1,047) million includes ¥(41,421) million for offsetting and elimination of inter-segment receivables and payables, etc., and ¥40,374 million of the corporate assets that are not allocated to each reportable segment. The corporate assets are assets of the Company as a holding company.

(3) Adjustment of segment liabilities of ¥(17,409) million includes ¥(40,276) million for offsetting and elimination of inter-segment receivables and payables, etc., and ¥22,866 million for the corporate liabilities that are not allocated to each reportable segment. The corporate liabilities are liabilities of the Company as a holding company.

2. Segment profit is adjusted for operating profit in the consolidated financial statements.

Fiscal year under review (from April 1, 2021 to March 31, 2022)

(Millions of yen)

	Reportable segments				Adjustments (Note 1)	Amounts recorded in the consolidated financial statements (Note 2)
	Securities Business	Asset Management Business	Support Business	Total		
Operating revenue						
Operating revenue from external customers	63,255	9,463	1,058	73,776	1	73,778
Inter-segment operating revenue and transfers	3,501	101	12,471	16,074	(16,074)	—
Total	66,757	9,564	13,529	89,851	(16,073)	73,778
Segment profit	5,338	362	449	6,151	(1,174)	4,976
Segment assets	759,735	17,447	29,295	806,478	10,088	816,567
Segment liabilities	617,065	1,592	13,106	631,763	(5,057)	626,706
Others						
Depreciation	671	37	2,028	2,737	211	2,949
Financial revenue	2,301	0	—	2,301	(121)	2,180
Financial expenses	1,195	—	—	1,195	(14)	1,180
Share of profit of entities accounted for using equity method	32	—	—	32	—	32
Impairment losses	153	—	997	1,151	(58)	1,092
Investment amount in entities accounted for using equity method	1,450	—	—	1,450	—	1,450
Increase in property, plant and equipment and intangible assets	1,090	52	2,075	3,219	38	3,257

(Notes) 1. (1) Adjustment of segment profit of ¥(1,174) million includes the elimination of inter-segment transactions, etc., of ¥2,806 million, and company overhead expenses of ¥(3,981) million that are not allocated to each reportable segment. Company overhead expenses are expenses incurred by the Company as a holding company.

(2) Adjustment of segment assets of ¥10,088 million includes ¥(27,631) million for offsetting and elimination of inter-segment receivables and payables, etc., and ¥37,720 million of corporate assets not allocated to each reportable segment. The corporate assets are assets of the Company as a holding company.

(3) Adjustment of segment liabilities of ¥(5,057) million includes ¥(26,285) million for offsetting and elimination of inter-segment receivables and payables, etc., and ¥21,228 million for corporate liabilities not allocated to each reportable segment. The corporate liabilities are liabilities of the Company as a holding company.

2. Segment profit is adjusted for operating profit in the consolidated financial statements.

[Related information]

Previous fiscal year (from April 1, 2020 to March 31, 2021)

1. Information by product and service

This information is omitted because the same information is disclosed in “[Segment information].”

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 under review (from April 1, 2021 to March 31, 2022)

1. Information by product and service

This information is omitted because the same information is disclosed in “[Segment information].”

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.

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

Previous fiscal year (from April 1, 2020 to March 31, 2021)

This information is omitted because the same information is disclosed in “[Segment information].”

Fiscal year under review (from April 1, 2021 to March 31, 2022)

This information is omitted because the same information is disclosed in “[Segment information].”

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

Previous fiscal year (from April 1, 2020 to March 31, 2021)

Not applicable.

Fiscal year under review (from April 1, 2021 to March 31, 2022)

Not applicable.

[Information on gain on bargain purchase by reportable segment]

Previous fiscal year (from April 1, 2020 to March 31, 2021)

In the Securities Business, gain on bargain purchase of ¥7,108 million was recorded due to the acquisition of additional shares of Securities Japan, Inc., which made it a subsidiary.

Fiscal year under review (from April 1, 2021 to March 31, 2022)

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

Previous fiscal year (from April 1, 2020 to March 31, 2021)

Not applicable.

Fiscal year under review (from April 1, 2021 to March 31, 2022)

Not applicable.

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

Previous fiscal year (from April 1, 2020 to March 31, 2021)

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 of the period (millions of yen)
Close relatives of officers	Yasuko Kato	—	—	—	(Held) Direct 0.02	Transfer of securities	Transfer of shares of affiliated companies (Note 1)	79	—	—

(Note 1) Terms and conditions of transactions and policy for determining the terms and conditions of transactions, etc.

The transaction amount was determined based on the price calculated by an independent third party.

Fiscal year under review (from April 1, 2021 to March 31, 2022)

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

Previous fiscal year (from April 1, 2020 to March 31, 2021)

Notes are omitted due to immateriality.

Fiscal year under review (from April 1, 2021 to March 31, 2022)

Notes are omitted due to immateriality.

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

Previous fiscal year (from April 1, 2020 to March 31, 2021)

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 of the period (millions of yen)
Close relatives of officers	Yasuko Kato	—	—	—	(Held) Direct 0.02	Transfer of land	Transfer of land (Note 1)	12	—	—

(Note 1) Terms and conditions of transactions and policy for determining the terms and conditions of transactions, etc.

The transaction amount was determined based on the price calculated by an independent third party.

Fiscal year under review (from April 1, 2021 to March 31, 2022)

Not applicable.

(Per share information)

	Fiscal year ended March 31, 2021 (from April 1, 2020 to March 31, 2021)	Fiscal year ended March 31, 2022 (from April 1, 2021 to March 31, 2022)
Net assets per share	848.87 yen	847.85 yen
Earnings per share	30.42 yen	50.89 yen
Diluted earnings per share	30.26 yen	50.60 yen

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

	Fiscal year ended March 31, 2021 (from April 1, 2020 to March 31, 2021)	Fiscal year ended March 31, 2022 (from April 1, 2021 to March 31, 2022)
Earnings per share		
Profit attributable to owners of parent (millions of yen)	6,017	10,073
Amounts not attributable to shareholders of common stock (millions of yen)	—	—
Profit attributable to owners of the parent related to common stock (millions of yen)	6,017	10,073
Average number of shares of common stock outstanding during the period (thousand shares)	197,826	197,948
Diluted earnings per share		
Adjustment to profit attributable to owners of parent (millions of yen)	—	—
Increase in number of common shares (thousand shares)	1,009	1,138
(Of which, stock acquisition rights (thousand shares))	(1,009)	(1,138)
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.

	Fiscal year ended March 31, 2021 (March 31, 2021)	Fiscal year ended March 31, 2022 (March 31, 2022)
Total net assets (millions of yen)	190,304	189,860
Amount deducted from total net assets (millions of yen)	22,371	21,991
(Of which, stock acquisition rights (millions of yen))	(422)	(463)
(Of which, non-controlling interests (millions of yen))	(21,948)	(21,528)
Net assets related to common stocks at the end of the period (millions of yen)	167,932	167,868
Number of common stocks at the end of the period used in the calculation of net assets per share (thousand shares)	197,832	197,993

(Significant subsequent events)

(Determination of policy for making subsidiary wholly owned)

At a meeting of the Board of Directors held on May 26, 2022, the Company decided to make the subsidiaries of the Company, Okasan Niigata Securities Co., Ltd., Sanko Securities Co., Ltd., Sanen Securities Co., Ltd., Okasan Asset Management Co., Ltd., Okasan Business Service Co., Ltd., and Okasan Kogyo Co., Ltd. (hereinafter referred to as the “six target subsidiaries”), its wholly-owned subsidiaries during the fiscal year ending March 31, 2023.

1. Purpose of the conversions into wholly-owned subsidiaries

Under the ongoing Medium-term Management Plan (FY2020-FY2022), the Company has been working to optimize group-wide resources and further strengthen group governance. Based on this policy, the Company has decided to press ahead with the conversion of the six target subsidiaries into wholly-owned subsidiaries to consolidate the group’s management resources more robustly and conduct efficient and flexible group management. The Group will continue to strive for the sustainable enhancement of corporate value by establishing a structure that allows us to continue to grow and earn the trust of our customers beyond the 100th anniversary of our founding.

2. Method of the conversions into wholly-owned subsidiaries

The Company will make the six target subsidiaries wholly-owned subsidiaries through share exchanges and in-kind dividends. Specifically, the following steps will be taken to make the companies wholly-owned subsidiaries.

- (1) The Company will acquire the shares of the Company’s subsidiaries (Okasan Niigata Securities Co., Ltd., Sanko Securities Co., Ltd., Sanen Securities Co., Ltd., Okasan Asset Management Co., Ltd., Okasan Business Service Co., Ltd., and Okasan Kogyo Co., Ltd.) held by Okasan Securities Co., Ltd. through dividends in kind.
- (2) The Company will conduct a share exchange with Okasan Kogyo Co., Ltd., whereby the Company will become the wholly-owning parent company and Okasan Kogyo Co., Ltd. will become the wholly-owned subsidiary.
- (3) The Company will acquire the shares of the Company and the Company’s subsidiaries (Okasan Niigata Securities Co., Ltd., Sanko Securities Co., Ltd., Sanen Securities Co., Ltd., Okasan Asset Management Co., Ltd., and Okasan Business Service Co., Ltd.) held by Okasan Kogyo Co., Ltd. through dividends in kind.
- (4) The Company will conduct a share exchange with Okasan Niigata Securities Co., Ltd., Sanko Securities Co., Ltd., Sanen Securities Co., Ltd., and Okasan Business Service Co., Ltd., whereby the Company will become the wholly-owning parent company and the respective companies will become the wholly-owned subsidiaries.
- (5) The Company will acquire the shares of the Company and the Company’s subsidiaries (Securities Japan, Inc. and Okasan Asset Management Co., Ltd.) held by Okasan Niigata Securities Co., Ltd., Sanko Securities Co., Ltd., Sanen Securities Co., Ltd., and Okasan Business Service Co., Ltd., through dividends in kind. As a result, Okasan Asset Management Co., Ltd. will become a wholly-owned subsidiary whose shares are directly owned by the Company.

The dividend in kind described in (1) was approved and executed at the Ordinary General Meeting of Shareholders of Okasan Securities Co., Ltd. held on June 2, 2022, with an effective date of June 3, 2022.

With respect to the share exchange described in (2) above, at the respective meetings of the Board of Directors of the Company and Okasan Kogyo Co., Ltd. held on June 29, 2022, the share exchange was resolved and adopted to be carried out with an effective date of July 25, 2022, and the Company and Okasan Kogyo Co., Ltd. entered into the share exchange agreement on June 29, 2022. The outline of the share exchange is as described in “5. Outline of the Share Exchange with Okasan Kogyo Co., Ltd. (the “Share Exchange”).”

With respect to the share exchanges described in (2) and (4) above, the Company will conduct a simplified share exchange procedure under Article 796, Paragraph 2 of the Companies Act; however, the exchange ratio and other details of the share exchange described in (4) have yet to be determined. Due to the possibility that the Company’s shares become diluted as a result of these share exchanges, we intend to limit the impact of the dilution by implementing shareholder return measures, such as share repurchases, after the six target subsidiaries become wholly-owned subsidiaries.

3. Outline of the six target subsidiaries (as of March 31, 2022)

(1) Okasan Niigata Securities Co., Ltd.

Location	1-5-5 Ote-dori, Nagaoka-shi, Niigata
Description of business	Financial instruments business
Share capital	852 million yen
Number of shares outstanding	6,991,000 shares

(2) Sanko Securities Co., Ltd.

Location	3-2-2 Nihonbashi Kayabacho, Chuo-ku, Tokyo
Description of business	Financial instruments business
Share capital	300 million yen
Number of shares outstanding	295,000 shares

(3) Sanen Securities Co., Ltd.

Location	1-24-30 Meieki Minami, Nakamura-ku, Nagoya-shi, Aichi
Description of business	Financial instruments business
Share capital	150 million yen
Number of shares outstanding	1,608,700 shares

(4) Okasan Asset Management Co., Ltd.

Location	21F Kyobashi Edogrand, 2-2-1 Kyobashi, Chuo-ku, Tokyo
Description of business	Investment management business, investment advisory and agency business
Share capital	1,000 million yen
Number of shares outstanding	554,701 shares

(5) Okasan Business Service Co., Ltd.

Location	4-11-5 Nihonbashi Honcho, Chuo-ku, Tokyo
Description of business	Office work agency services, human resources dispatching
Share capital	100 million yen
Number of shares outstanding	2,000 shares

(6) Okasan Kogyo Co. Ltd.

Location	9-9 Koami-cho, Nihonbashi, Chuo-ku, Tokyo
Description of business	Real estate business, insurance agency business, etc.
Share capital	90 million yen
Number of shares outstanding	180,000 shares

4. Timing of the completion of the conversion of the six target subsidiaries into wholly-owned subsidiaries

The conversion of the six target subsidiaries into wholly-owned subsidiaries will be carried out during the fiscal year ending March 31, 2023.

5. Outline of the Share Exchange with Okasan Kogyo Co., Ltd. (the “Share Exchange”)

(1) Name of wholly-owned subsidiaries in share exchange

Okasan Kogyo Co., Ltd. (hereinafter, “Okasan Kogyo”)

(2) Purpose of the Share Exchange

The details are provided under “1. Purpose of the conversions into wholly-owned subsidiaries.”

(3) Method and effective date of the Share Exchange

The Share Exchange will be carried out with an effective date of July 25, 2022, after Okasan Kogyo obtaining the approval of the Share Exchange Agreement at the extraordinary general meeting of shareholders scheduled to be held on July 19, 2022, without the Company obtaining approval by resolution of a general meeting of shareholders, in accordance with the simplified share exchange procedure under Article 796, Paragraph 2 of the Companies Act.

(4) Exchange ratio by type of share and the calculation method and number of shares to be exchanged

(i) Exchange ratio by type of share

	The Company (wholly-owning parent company)	Okasan Kogyo (wholly-owned subsidiary)
Exchange Ratio for the Share Exchange	1	231.38
Number of shares to be exchanged upon the Share Exchange	Common stock of the Company: 6,478,640 shares (planned)	

Okasan Kogyo's shares held by the Company are not subject to the allocation of shares through the Share Exchange.

The allotment ratio for the Share Exchange may be changed upon consultation and agreement between the Company and Okasan Kogyo if the terms and conditions on which the calculation is based change materially.

The Company plans to appropriate treasury stock held by the Company to the common stock to be exchanged, and no new shares will be issued.

(ii) Calculation method of the share exchange ratio

In order to ensure the fairness and appropriateness of the share exchange ratio for the Share Exchange, the Company and Okasan Kogyo decided to request a third-party appraiser independent from the Company and Okasan Kogyo to calculate the share exchange ratio and selected TY Consulting Co., Ltd. ("TYC")

As for the Company's ratio, since the Company is listed on a financial instruments exchange and the market price of the Company's shares is available, TYC applied the market share price method to calculate the equity exchange ratio (the ratio is the volume-weighted average of closing prices on June 28, 2022 (valuation record date) and those for one week from the valuation record date and one month from the valuation record date, with other conditions factored in.)

As for the ratio of Okasan Kogyo, considering the fact that Okasan Kogyo is an unlisted company and its market share price is unavailable, as well as the fact that Okasan Kogyo is a consolidated subsidiary of the Company, the adjusted book value net asset method was applied to the calculation of the ratio in order to ensure objectivity, as well as a method to compare similar companies where such comparable companies exist.

The share exchange ratio was determined through discussions between the parties based on the results of these calculations.

The following table shows the valuation range of Okasan Kogyo's shares when the per-share value of the Company's common stock is set at 1 based on each of the above calculation methods.

Applied method		Share exchange ratio
The Company	Okasan Kogyo	
Market share price method	Adjusted book value net asset method	234.14 - 247.61
	Method of comparing with comparable companies	201.99 - 241.78

6. Outline of accounting treatment to be applied

These transactions will be treated as "transactions under common control, etc." in accordance with the Accounting Standard for Business Combinations (ASBJ Statement No. 21, January 16, 2019) and Implementation Guidance on Accounting Standard for Business Combinations and Accounting Standard for Business Divestitures (ASBJ Guidance No. 10, January 16, 2019.)

(Basic agreement concluded on the conversion of a subsidiary into a joint venture company)

On May 27, 2022, the Company concluded with SBI Holdings, Inc. ("SBI Holdings") a basic agreement on making a consolidated company of the Company, Okasan Asset Management Co., Ltd. (hereinafter, Okasan Asset Management) a joint venture company.

1. Purpose of the joint venture

While Japan's personal financial assets exceed ¥2,000 trillion, the need for asset formation and asset management is increasing. The asset management business has a high growth potential over the medium- to long-term, and how to capture this potential is an important perspective for the growth strategy of the Group.

Okasan Asset Management, a subsidiary of the Company, has been engaged in the asset management business for about 60 years since it was established in 1964 under the name Japan Investment Trust Management Co., Ltd. Okasan Asset Management draws on its accumulated know-how to provide attractive products that anticipate customer needs, and it has received numerous awards for its ingenious products and services. Okasan Asset Management has one of the largest distribution networks in Japan, with approximately ¥1.4 trillion in investment trusts under management and 193 distributors (all as of March 31, 2022), and it delivers investment products to investors through its main distributors, Okasan Securities Co. Ltd. and other Group securities companies, as well as through a variety of financial institutions. The Group plans to further expand the foundation of its Asset Management Business, looking to the future after marking its 100th anniversary in April 2023. The Group believes that the effective way to expand the foundation over the medium to long term is to develop products suitable for face-to-face consulting and strengthen sales through online channels. In addition, for further growth, the Group intends to shift away from a self-focused approach to pursue a highly agile and scalable growth strategy. In addition, the Group will openly collaborate with influential partners in the business development of each area. From this perspective, in the Asset Management Business as well, while the Group has been actively expanding sales outside the group to date, the Group has positioned collaboration with financial institutions with strong sales channels as a measure that should be promoted and thus has recognized the importance of deepening collaboration with stronger business partners.

Under such circumstances, the Company has recently reached a basic agreement with the SBI Group, a comprehensive online financial group, to make Okasan Asset Management a joint venture company. By pursuing a growth strategy that extends beyond group boundaries, the Company aims to strengthen its foundation and significantly increase the balance of assets under management, which the Company believes will result in the revenue from the Asset Management Business of the Group significantly exceeding the level before the collaboration.

The Company will build a firm position in the asset management business by supplying high-quality products through Okasan Asset Management and optimizing synergy generated through the SBI Group's approach to reaching a broad range of customers centered on those of its online channel.

2. Timing and method of forming the joint venture

The joint venture is expected to be formed by the end of March 2023. If a final agreement is concluded, SBI Holdings will acquire 51% of the shares of Okasan Asset Management through capital increase by third-party allotment of new shares via a subsidiary, etc., of SBI Holdings, and Okasan Asset Management will become an associate accounted for using the equity method. The details will be determined through discussions with SBI Holdings.

3. Outline of the consolidated subsidiary to be transferred

Name	Okasan Asset Management Co., Ltd.		
Location	21F Kyobashi Edogrand, 2-2-1 Kyobashi, Chuo-ku, Tokyo		
Title and name of	Katsushi Shiokawa, President		
Description of business	Investment management business, investment advisory and agency business		
Share capital	1,000 million yen		
Establishment	October 6, 1964		
Major Shareholders and shareholding ratio	Okasan Kogyo Co. Ltd.		45.7%
	OKASAN SECURITIES GROUP		31.5%
	Okasan Niigata Securities Co., Ltd.		7.2%
	Sanko Securities Co., Ltd.		4.6%
	Sanen Securities Co., Ltd.		4.6%
	Okasan Securities Co., Ltd.		3.4%
	Okasan Business Service Co., Ltd.		2.9%
	(As of March 31, 2022)		
(*) As described in “(Significant subsequent events), Determination of policy for making subsidiary wholly owned,” the Company’s Board of Directors decided, at its meeting held on May 26, 2022, to make the subsidiary a wholly-owned subsidiary.			
Relationship between the Company and said company	Capital relationship	The Company and its consolidated subsidiaries own 100% of the outstanding shares of said company.	
	Personnel relationship	The Company’s officers and employees have been appointed as the directors of said company.	
	Business relations	The Company has a business relationship with said company, including the lending of funds.	
Operating results and financial condition of said company for the past three years			
Accounting period	Fiscal year ended March 31, 2020	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2022
Net assets	14,030 million yen	14,532 million yen	14,777 million yen
Total assets	15,398 million yen	15,956 million yen	16,211 million yen
Net assets per share	25,294.50 yen	26,198.66 yen	26,640.36 yen
Operating revenue	10,220 million yen	9,047 million yen	9,463 million yen
Operating profit	869 million yen	527 million yen	444 million yen
Ordinary profit	899 million yen	594 million yen	570 million yen
Net profit	615 million yen	347 million yen	398 million yen
Earnings per share	897.68 yen	625.65 yen	717.63 yen
Dividend per share	40 yen	40 yen	40 yen

4. Outline of the parties to the basic agreement

Name	SBI Holdings, Inc.	
Location	1-6-1 Roppongi, Minato-ku, Tokyo	
Title and name of	Yoshitaka Kitao, Representative Director and President	
Description of business	Administration and management of corporate groups through holding shares, etc.	
Share capital	99,003 million yen (as of December 31, 2021)	
Total equity	1,571,388 million yen (consolidated as of December 31, 2021)	
Total assets	17,559,212 million yen (consolidated as of December 31, 2021)	
Establishment	July 8, 1999	
Major Shareholders and shareholding ratio	The Master Trust Bank of Japan, Ltd. (Trust Account)	13.97%
	Custody Bank of Japan, Ltd. (Trust Account)	5.22%
	The Northern Trust Company (AVFC) Account Non-treaty	5.13%
	The Bank of New York Mellon 140051	4.39%
	The Bank of New York Mellon 140042	2.74%
	Custody Bank of Japan, Ltd. (Trust Account 9)	2.28%
	Yoshitaka Kitao	1.64%
	State Street Bank West Client Treaty 505234	1.55%
	State Street Bank and Trust Company 505223	1.29%
	JP Morgan Chase Bank 385781	1.28%
	(As of September 30, 2021)	
Relationship between the Company and said company	Capital relationship	Not applicable.
	Personnel relationship	Not applicable.
	Business relations	A subsidiary of SBI Holdings, SBI SECURITIES Co., Ltd., sells financial products managed by Okasan Asset Management, a subsidiary of the Company.
	Related party status	Not applicable.

5. Outline of the third-party allotment of new shares by the subsidiary

Details of the capital increase through the third-party allotment have not yet been determined as of the date of submission of the securities report.

6. Number of shares held by the subsidiary before and after the capital increase through third-party allotment and percentage of voting rights of all shareholders (planned)

	Before capital increase	After capital increase (planned)
Number of shares held	554,701 shares	554,701 shares
Percentage of voting rights of all shareholders	(*) 100.0%	49.0%
Relationship with the Company	Consolidated subsidiaries	Affiliates accounted for by the equity method

(*) As described in “(Significant subsequent events), Determination of policy for making subsidiary wholly owned,” the percentage of voting rights after the Company’s conversion of the subsidiary into a wholly-owned subsidiary.

(v) [Annexed consolidated detailed schedules]

[Schedule of bonds]

Not applicable.

[Schedule of borrowings, etc.]

Classification	Balance at the beginning of the period (Millions of yen)	Balance at the end of the period (Millions of yen)	Average interest rate (%)	Repayment due
Short-term borrowings	120,386	137,325	0.38	—
Current portion of long-term borrowings	3,173	1,188	0.85	—
Current portion of lease liabilities	466	399	3.28	—
Long-term borrowings (excluding current portion)	9,900	11,802	2.20	From 2023 to 2027
Lease liabilities (excluding current portion)	807	639	3.20	From 2023 to 2029
Other interest-bearing liabilities Margin borrowings	8,268	14,098	0.60	—
Total	143,001	165,452	—	—

(Notes)1. The average interest rate is the weighted average interest rate on the balance of borrowings and lease liabilities at the end of the fiscal year.

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

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

	Over one year but within two years (Millions of yen)	Over two years but within three years (Millions of yen)	Over three years but within four years (Millions of yen)	Over four years but within five years (Millions of yen)	Over five years (Millions of yen)
Long-term borrowings	3,402	4,772	2,412	1,216	—
Lease liabilities	349	161	72	44	11

[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, 2022

(Cumulative period)	1st Quarter	2nd Quarter	3rd Quarter	Fiscal year ended March 31, 2022
Operating revenue (millions of yen)	17,553	36,852	56,618	73,778
Profit (loss) before income tax (millions of yen)	674	4,176	6,495	15,354
Profit (loss) attributable to owners of parent (millions of yen)	433	2,496	3,954	10,073
Net profit per share (yen)	2.19	12.62	19.98	50.89

(Accounting periods)	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter
Net profit per share (yen)	2.19	10.42	7.36	30.90

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, 2021	As of March 31, 2022
Assets		
Current assets		
Cash and deposits	4,581	9,041
Short-term loans receivable	*3 4,800	*3 4,800
Accounts receivable - other	*3 1,579	*3 458
Other	528	597
Total current assets	11,489	14,896
Non-current assets		
Property, plant and equipment	3,507	3,438
Buildings, net	1,463	1,386
Equipment	18	27
Land	2,024	2,024
Intangible assets	6	8
Investments and other assets	84,387	78,647
Investment securities	*1 23,666	*1 17,612
Shares of subsidiaries and associates	58,165	58,165
Investments in other securities of subsidiaries and associates	851	1,104
Long-term guarantee deposits	1,507	1,532
Other	349	384
Allowance for doubtful accounts	(152)	(152)
Total non-current assets	87,901	82,093
Total assets	99,390	96,990

(Millions of yen)

	As of March 31, 2021	As of March 31, 2022
Liabilities		
Current liabilities		
Short-term borrowings	*1, *3 13,000	*3 10,972
Accounts payable - other	773	311
Accrued expenses	376	169
Income taxes payable	27	878
Provision for bonuses	14	22
Other	104	159
Total current liabilities	14,296	12,514
Non-current liabilities		
Long-term borrowings	*1 3,200	5,172
Guarantee deposits received	*3 1,570	*3 1,570
Deferred tax liabilities	3,441	1,647
Asset retirement obligations	45	45
Other noncurrent liabilities	313	278
Total non-current liabilities	8,570	8,714
Total liabilities	22,866	21,228
Net assets		
Shareholders' equity		
Share capital	18,589	18,589
Capital surplus		
Legal capital surplus	12,766	12,766
Other capital surplus	148	155
Total capital surplus	12,915	12,922
Retained earnings		
Legal retained earnings	3,224	3,224
Other retained earnings		
General reserve	30,000	30,000
Retained earnings brought forward	6,473	9,611
Total retained earnings	39,697	42,835
Treasury shares	(3,043)	(2,983)
Total shareholders' equity	68,159	71,364
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	7,942	3,934
Total valuation and translation adjustments	7,942	3,934
Stock acquisition rights	422	463
Total net assets	76,524	75,761
Total liabilities and net assets	99,390	96,990

(ii) Non-consolidated statement of income

(Millions of yen)

	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2022
Operating revenue		
Trademark fee income	1,008	1,089
Real estate lease revenue	1,408	1,542
Other sales	55	55
Financial revenue	3,151	5,189
Total operating revenue	*1 5,623	*1 7,877
Operating expenses		
Selling, general and administrative expenses	3,559	3,826
Trading related expenses	935	838
Personnel expenses	519	717
Real estate expenses	1,274	1,456
Office expenses	555	396
Depreciation	101	96
Taxes and dues	94	192
Other	80	128
Financial expenses	135	154
Total operating expenses	*1 3,695	*1 3,981
Operating profit	1,928	3,895
Non-operating income	*1 620	*1 680
Dividend income	603	644
Other	16	35
Non-operating expenses	*1 200	*1 245
Ordinary profit	2,348	4,331
Extraordinary income		
Gain on sale of non-current assets	—	—
Gain on sale of investment securities	61	6,185
Total extraordinary income	61	6,185
Extraordinary losses		
Loss on sale of investment securities	—	0
Loss on valuation of investment securities	107	—
Loss on valuation of shares of subsidiaries and associates	*2 860	—
Loss on support to subsidiaries and associates	*1 1,116	*1 2,633
Total extraordinary losses	2,083	2,634
Profit before income taxes	325	7,882
Income taxes - current	(67)	1,772
Income taxes - deferred	51	(28)
Total income taxes	(16)	1,744
Profit	342	6,137

(iii) Non-consolidated statement of changes in equity
For the fiscal year ended March 31, 2021

(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 beginning of period	18,589	12,766	145	12,912	3,224	30,000	8,130	41,354
Changes during period								
Dividends of surplus							(1,999)	(1,999)
Profit							342	342
Purchase of treasury shares								
Disposal of treasury shares			3	3				
Net changes in items other than shareholders' equity								
Total changes during period	—	—	3	3	—	—	(1,657)	(1,657)
Balance at end of period	18,589	12,766	148	12,915	3,224	30,000	6,473	39,697

	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 beginning of period	(3,061)	69,795	3,559	358	73,713
Changes during period					
Dividends of surplus		(1,999)			(1,999)
Profit		342			342
Purchase of treasury shares	(0)	(0)			(0)
Disposal of treasury shares	18	21			21
Net changes in items other than shareholders' equity			4,383	63	4,446
Total changes during period	18	(1,636)	4,383	63	2,810
Balance at end of period	(3,043)	68,159	7,942	422	76,524

For the fiscal year ended March 31, 2022

(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 beginning of period	18,589	12,766	148	12,915	3,224	30,000	6,473	39,697
Changes during period								
Dividends of surplus							(2,999)	(2,999)
Profit							6,137	6,137
Purchase of treasury shares								
Disposal of treasury shares			7	7				
Net changes in items other than shareholders' equity								
Total changes during period	—	—	7	7	—	—	3,138	3,138
Balance at end of period	18,589	12,766	155	12,922	3,224	30,000	9,611	42,835

	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 beginning of period	(3,043)	68,159	7,942	422	76,524
Changes during period					
Dividends of surplus		(2,999)			(2,999)
Profit		6,137			6,137
Purchase of treasury shares	(1)	(1)			(1)
Disposal of treasury shares	60	68			68
Net changes in items other than shareholders' equity			(4,008)	41	(3,967)
Total changes during period	59	3,205	(4,008)	41	(762)
Balance at end of period	(2,983)	71,364	3,934	463	75,761

[Notes]

(Significant accounting policies)

1. Valuation standards and methods for securities

(1) Shares of subsidiaries and affiliates

Stated at cost, as determined by the weighted 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 based on the market value, etc., on the balance sheet date (net unrealized gains (losses) are booked directly under net assets, and the cost of securities sold is calculated based on the gross-average method).

(ii) Equity securities, etc. without market value

Stated at cost, as determined by the weighted 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 main useful lives are as follows:

Buildings	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 tax effect accounting for the transition from the consolidated tax return filing system to the Group Tax Sharing System

The Company will transition from the consolidated tax return filing system to the Group Tax Sharing System in the following fiscal year. However, regarding the transition to the Group Tax Sharing System established under the “Act for Partial Amendment of the Income Tax Act, etc.” (Act No. 8 of 2020) and items for which the taxation system of each separate entity was revised in line with the transition to the Group Tax Sharing System, in accordance with the treatment in Paragraph 3 of the “Practical Solution on the Treatment of Tax Effect Accounting for the Transition from the Consolidated Taxation System to the Group Tax Sharing System” (Practical Issues Task Force (PITF) No. 39, March 31, 2020), the provisions of Paragraph 44 of the “Implementation Guidance on Tax Effect Accounting” (ASBJ Guidance No. 28, February 16, 2018) are not applied, and the amounts of deferred tax assets and deferred tax liabilities are calculated based on the provisions of the Income Tax Act before the amendment.

From the beginning of the next fiscal year, the Company will apply the Practical Solution on the Accounting and Disclosure Under the Group Tax Sharing System (PITF No. 42, August 12, 2021), which provides for the accounting treatment and handling of the disclosure of corporate and local income taxes, as well as tax effect accounting under the Group Tax Sharing System being applied.

(Significant accounting estimates)

Deferred tax assets (liabilities)

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

(Millions of yen)

	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2022
Deferred tax liabilities	3,441	1,647

The above deferred tax liabilities of ¥3,441 million for the previous fiscal year is the amount after offsetting deferred tax assets of ¥106 million and deferred tax liabilities of ¥3,548 million, and the deferred tax liabilities of ¥1,647 million for the fiscal year under review is the amount after offsetting deferred tax assets of ¥155 million and deferred tax liabilities of ¥1,803 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) 2. Deferred tax assets (liabilities)” in the consolidated financial statements.

(Changes in accounting policies)

1. Application of accounting standard, etc. for revenue recognition

Effective from the beginning of the fiscal year under review, the Company has applied the “Accounting Standard for Revenue Recognition” (ASBJ Statement No. 29, March 31, 2020) and other accounting standards and recognizes revenue at the amount expected to be received in exchange for promised goods or services when control of those goods or services is transferred to the customer. There is no impact from the change in this accounting policy.

2. Application of accounting standard for fair value measurement, etc.

The Company has applied the “Accounting Standard for Fair Value Measurement (ASBJ Statement No. 30, July 4, 2019; hereinafter, the “Fair Value Measurement Accounting Standard”) and other accounting standards from the beginning of the fiscal year under review, and the Company will apply new accounting policies provided by the Fair Value Measurement Accounting Standard prospectively, in accordance with the transitional treatment provided in Paragraph 19 of the Fair Value Measurement Accounting Standard and Paragraph 44-2 of the “Accounting Standard for Financial Instruments (ASBJ Statement No. 10, July 4, 2019). This has no impact on the non-consolidated financial statements.

(Non-consolidated balance sheet)

*1 Assets pledged as collateral

Assets pledged as collateral are as follows:

The value of assets pledged as collateral is based on the amount shown on the balance sheet.

	Fiscal year ended March 31, 2021 (March 31, 2021)	Fiscal year ended March 31, 2022 (March 31, 2022)
Assets pledged as collateral		
Investment securities	¥5,747 million	¥– million
Total	5,747	–
Collateralized debt obligations		
Short-term borrowings	¥2,660 million	¥– million
Long-term borrowings	200	–
Total	2,860	–

(Note) In addition to the above, investment securities pledged to financial institutions as collateral for the borrowings of subsidiaries and associates amounted to ¥2,465 million in the previous fiscal year and ¥456 million in the fiscal year under review.

2 The balance of guarantee obligations is as follows.

	Fiscal year ended March 31, 2021 (March 31, 2021)	Fiscal year ended March 31, 2022 (March 31, 2022)
Okasan Online Securities Co., Ltd. (Borrowings from financial institutions)	¥8,000 million	¥– million
Total	8,000	–

*3 Balance with subsidiaries and associates

Assets and liabilities relating to subsidiaries and associates include the following, in addition to those presented separately.

	Fiscal year ended March 31, 2021 (March 31, 2021)	Fiscal year ended March 31, 2022 (March 31, 2022)
Current assets		
Short-term loans receivable	¥4,800 million	¥4,800 million
Accounts receivable - other	1,048	457
Current liabilities		
Short-term borrowings	5,000	5,000
Non-current liabilities		
Guarantee deposits received	1,570	1,570

(Non-consolidated statement of income)

* 1 Transactions with subsidiaries and associates were as follows.

	Fiscal year ended March 31, 2021 (from April 1, 2020 to March 31, 2021)	Fiscal year ended March 31, 2022 (from April 1, 2021 to March 31, 2022)
Transaction amount from business transactions		
Operating revenue	¥5,570 million	¥7,861 million
Operating expenses	959	806
Transaction amount from non-business transactions	1,122	2,635

* 2 Loss on valuation of shares of subsidiaries and associates

Fiscal year ended March 31, 2021 (from April 1, 2020 to March 31, 2021)

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

Fiscal year ended March 31, 2022 (from April 1, 2021 to March 31, 2022)

Not applicable.

(Securities)

Shares of subsidiaries and associates

Fiscal year ended March 31, 2021 (March 31, 2021)

Carrying amount on the balance sheet of shares of subsidiaries and associates whose fair value is extremely difficult to determine

Classification	Fiscal year ended March 31, 2021 (Millions of yen)
Shares of subsidiaries	57,455
Shares of associates	709
Securities of other subsidiaries and associates	851

Fiscal year ended March 31, 2022 (March 31, 2022)

Carrying amount on the balance sheet of shares, etc., without market value

Classification	Fiscal year ended March 31, 2022 (Millions of yen)
Shares of subsidiaries	57,455
Shares of associates	709
Securities of other subsidiaries and associates	1,104

(Tax effect accounting)

1. Significant components of deferred tax assets and liabilities

	Fiscal year ended March 31, 2021 (March 31, 2021)	Fiscal year ended March 31, 2022 (March 31, 2022)
Deferred tax assets		
Loss on valuation of shares of subsidiaries and associates	¥3,340 million	¥3,340 million
Loss on valuation of investment securities	117	188
Share-based payment expenses	128	141
Retirement benefits payable for directors (and other officers)	94	83
Business tax	—	65
Depreciation (Including impairment losses)	68	61
Allowance for doubtful accounts	46	46
Tax loss carryforwards	286	45
Loss on valuation of golf club membership	41	41
Other	29	42
Subtotal of deferred tax assets	4,153	4,056
Valuation allowance for tax loss carryforwards	(276)	(42)
Valuation allowance for deductible temporary differences	(3,769)	(3,858)
Subtotal valuation allowance	(4,046)	(3,901)
Total deferred tax assets	106	155
Deferred tax liabilities		
Valuation difference on available-for-sale securities	(3,445)	(1,680)
Other	(102)	(122)
Total deferred tax liabilities	(3,548)	(1,803)
Net deferred tax assets (liabilities)	(3,441)	(1,647)

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

	Fiscal year ended March 31, 2021 (March 31, 2021)	Fiscal year ended March 31, 2022 (March 31, 2022)
Statutory tax rate	30.5%	30.5%
(Adjustments)		
Expenses not deductible permanently, such as entertainment expenses	159.9	12.5
Income not taxable permanently, such as dividend income	(295.7)	(20.1)
Inhabitant tax levied per capita	1.2	0.0
Change in valuation allowance	100.0	(1.3)
Other	(0.9)	0.4
Effective income tax rate after applying tax effect accounting	(5.0)	22.1

(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.

(Significant subsequent events)

(Determination of policy for making subsidiary wholly owned)

At a meeting of the Board of Directors held on May 26, 2022, the Company decided to make the subsidiaries of the Company, Okasan Niigata Securities Co., Ltd., Sanko Securities Co., Ltd., Sanen Securities Co., Ltd., Okasan Asset Management Co., Ltd., Okasan Business Service Co., Ltd., and Okasan Kogyo Co., Ltd., its wholly-owned subsidiaries during the fiscal year ending March 31, 2023.

Details are omitted since the same information is presented in “Notes (Significant subsequent events)” in the consolidated financial statements.

(Basic agreement concluded on the conversion of a subsidiary into a joint venture company)

On May 27, 2022, the Company concluded with SBI Holdings, Inc. a basic agreement on making a consolidated company of the Company, Okasan Asset Management Co., Ltd., a joint venture company.

Details are omitted since the same information is presented in “Notes (Significant subsequent events)” in the consolidated financial statements.

(iv) [Annexed detailed schedules]

[Detailed schedule of property, plant and equipment, etc.]

	Type of assets	Balance at the beginning of the period (Millions of yen)	Increase during the period (Millions of yen)	Decrease during the period (Millions of yen)	Depreciation for the period (Millions of yen)	Balance at the end of the period (Millions of yen)	Accumulated depreciation (Millions of yen)
Property, plant and equipment	Buildings	1,463	13	5	84	1,386	3,948
	Equipment	18	16	0	8	27	442
	Land	2,024	—	—	—	2,024	—
	Total	3,507	29	5	93	3,438	4,390
Intangible assets	Leasehold interests in land	5	—	5	—	—	—
	Software	0	8	—	0	8	1,744
	Other	0	—	—	0	0	15
	Total	6	8	5	0	8	1,759

[Annexed detailed schedule of provisions]

Classification	Balance at the beginning of the period (Millions of yen)	Increase during the period (Millions of yen)	Decrease during the period (Millions of yen)	Balance at the end of the period (Millions of yen)
Allowance for doubtful accounts	152	—	—	152
Provision for bonuses	14	22	14	22

(2) [Components of major assets and liabilities]

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

(3) [Others]

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
<p>Purchase and sale of fractional shares</p> <p>Handling office</p> <p>Shareholder register administrator</p> <p>Handling office</p> <p>Purchase and sales commissions</p>	<p>(Special account) 1-4-1 Marunouchi, Chiyoda-ku, Tokyo Sumitomo Mitsui Trust Bank, Limited Stock Transfer Agency Business Planning Department</p> <p>(Special account) 1-4-1 Marunouchi, Chiyoda-ku, Tokyo Sumitomo Mitsui Trust Bank, Limited</p> <p>_____</p> <p>Amount separately determined as the amount equivalent to the commission fee for the entrustment of stock transactions</p>
Method of public notice	<p>The method of public notice of the Company shall be electronic public notice. Provided, however, that if there are unavoidable circumstances, such as an accident, that prevents public notice from being given by electronic means, notice shall be posted in the Nihon Keizai (Nikkei) Shimbun.</p> <p>URL for public notice (the Company's website) https://www.okasan.jp</p>
Special benefits for shareholders	<p>For those who have opened a general securities account with Okasan Securities Co. Ltd. and deposit the Company's shares into such account, a custody account management fee and foreign securities trading account management fee will not be charged.</p>

(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 (83rd Fiscal Term) (From April 1, 2020 to March 31, 2021); Submitted to the Director-General of the Kanto Local Finance Bureau on June 30, 2021
- (2) Internal Control Report and its attachments
Submitted to the Director-General of the Kanto Local Finance Bureau on June 30, 2021
- (3) Quarterly Report and Confirmation Letter
(First Quarter of the 84th Fiscal Term) (From April 1, 2021 to June 30, 2021); Submitted to the Director-General of the Kanto Local Finance Bureau on August 12, 2021
(Second Quarter of the 84th Fiscal Term) (From July 1, 2021 to September 30, 2021); Submitted to the Director-General of the Kanto Local Finance Bureau on November 11, 2021
(Third Quarter of the 84th Fiscal Term) (From October 1, 2021 to December 31, 2021); Submitted to the Director-General of the Kanto Local Finance Bureau on February 10, 2022
- (4) Extraordinary Report
Submitted to the Director-General of the Kanto Local Finance Bureau on July 1, 2021
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).
Submitted to the Director-General of the Kanto Local Finance Bureau on July 12, 2021
This is an Extraordinary Report pursuant to Article 19, Paragraph 2, Item 2-2 of the Cabinet Office Order on Disclosure of Corporate Affairs
Submitted to the Director-General of the Kanto Local Finance Bureau on July 29, 2021
This is an Extraordinary Report pursuant to Article 19, Paragraph 1 and Paragraph 2, Item 3 of the Cabinet Office Order on Disclosure of Corporate Affairs.
Submitted to the Director-General of the Kanto Local Finance Bureau on March 28, 2022
This is an Extraordinary Report pursuant to Article 19, Paragraph 2, Items 12 and 19 of the Cabinet Office Order on Disclosure of Corporate Affairs.
- (5) Amendment Report of Extraordinary Report
Submitted to the Director-General of the Kanto Local Finance Bureau on July 15, 2021
This is an Amendment Report pertaining to the Extraordinary Report submitted on July 12, 2021.
- (6) Securities Registration Statement and its attachments
Submitted to the Director-General of the Kanto Local Finance Bureau on June 29, 2022

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

Not applicable.

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

June 30, 2022

To the Board of Directors of
Okasan Securities Group Inc.

Crowe Toyo & Co.
Tokyo office

Akio Enokura, CPA
Designated Partner,
Engagement Partner

Naoya Matsumoto, CPA
Designated Partner,
Engagement Partner

Mutsumi Ohashi, CPA
Designated Partner,
Engagement Partner

<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, 2021 to March 31, 2022, 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 at March 31, 2022, 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.

Emphasis of Matter

Without qualifying our opinion, we draw attention to the notes to the consolidated financial statements, "Significant subsequent events".

(Decision of making subsidiaries wholly owned subsidiaries)

The Company resolved at the meeting of its Board of Directors on May 26, 2022 to proceed with the conversion of its subsidiaries, Okasan Niigata Securities Co., Ltd., Sanko Securities Co., Ltd., Sanen Securities Co., Ltd., Okasan Asset Management Co., Ltd., Okasan Business Service Co., Ltd., and Okasan Kogyo Co., Ltd. into wholly owned subsidiaries.

(Conclusion of a basic agreement for the conversion of a subsidiary into a joint venture)

The company signed a basic agreement with SBI Holdings Co., Ltd. on May 27, 2022 for the conversion of Okasan Asset Management Co., Ltd., a consolidated subsidiary of the Company, into a joint venture.

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 ¥657 million were recognized for the current fiscal year.</p> <p>As stated in the notes to the consolidated financial statements, "Significant Accounting Estimates 2. Deferred tax assets (liabilities)", the amount of gross deferred tax assets before being offset by deferred tax liabilities amounted to ¥3,181 million, which is a net amount of gross deferred tax assets of ¥7,041 million recognized for deductible temporary differences including tax loss carryforwards and valuation allowance of ¥3,860 million, was recorded. The companies that were adopted the consolidated taxation system in Japan (the "consolidated taxation group"), which include Okasan Securities Group Inc. and its certain domestic subsidiaries, for example, Okasan securities Co., Ltd. recorded deferred tax assets of ¥2,598 million before offsetting deferred tax liabilities.</p> <p>The Company estimated future taxable income of the consolidated taxation group 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</p>	<p>We have performed the following audit procedures to verify the recoverability of deferred tax assets after evaluating the effectiveness of the design and operation of related internal controls that the Company has established.</p> <ul style="list-style-type: none"> ● 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 consolidated taxation group. ● Regarding deductible temporary differences, etc., we verified them by reviewing related documents and examined the rationality of the estimated year in which those differences are expected to be recovered or settled. ● In order to assess the estimation of future taxable income, we have performed the following audit procedures. <ul style="list-style-type: none"> • We reviewed the minutes of the Board of Directors to ensure that the business plan on which the estimation of future taxable income

<p>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.</p> <p>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 consolidated taxation group as a key audit matter.</p>	<p>is based has been approved by the Board of Directors.</p> <ul style="list-style-type: none"> • In order to evaluate the rationality of important assumptions in the business plan, we verified the degree of achievement of the previous business plan. • In order to evaluate the balance of customers' assets in the future and the return rate on the customers' assets of Okasan Securities Co., Ltd., which are important assumptions in the business plan, we examined the rationality of the important assumptions by inquiring of the management and the planning department, and by comparing them with past trends. • We evaluated the rationality by inquiring of the planning department about the current 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.
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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 of 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, design and perform audit procedures responsive to those risks, and 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 the financial statements in Japan, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

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 at March 31, 2022 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 at March 31, 2022 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 internal control in Japan, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

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 as required by the Financial Instruments and Exchange Act of Japan for the conveniences of the reader.

(English Translation)
Independent Auditor's Report

June 30, 2022

To the Board of Directors of
Okasan Securities Group Inc.

Crowe Toyo & Co.
Tokyo office

Akio Enokura, CPA
Designated Partner,
Engagement Partner

Naoya Matsumoto, CPA
Designated Partner,
Engagement Partner

Mutsumi Ohashi, CPA
Designated Partner,
Engagement Partner

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 84th fiscal year from April 1, 2021 to March 31, 2022, 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 at March 31, 2022, 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.

Emphasis of Matter

Without qualifying our opinion, we draw attention to the notes to the non-consolidated financial statements, "Significant subsequent events".

(Decision of making subsidiaries wholly owned subsidiaries)

The Company resolved at the meeting of its Board of Directors on May 26, 2022 to proceed with the conversion of its subsidiaries, Okasan Niigata Securities Co., Ltd., Sanko Securities Co., Ltd., Sanen

Securities Co., Ltd., Okasan Asset Management Co., Ltd., Okasan Business Service Co., Ltd., and Okasan Kogyo Co., Ltd. into wholly owned subsidiaries.

(Conclusion of a basic agreement for the conversion of a subsidiary into a joint venture)

The company signed a basic agreement with SBI Holdings Co., Ltd. on May 27, 2022 for the conversion of Okasan Asset Management Co., Ltd., a consolidated subsidiary of the Company, into a joint venture.

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 of 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, and 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 the financial statements in Japan, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

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.

Crowe Toyo & Co.

Sumitomo Fudosan Kanda Bldg., 6F
Kandamitoshirocho7
Chiyoda-ku, Tokyo 101-0053
Japan

Main +81 (3)3295 1040
Fax +81 (3)3295 1993

www.crowe.com/jp/en-us

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 as required by the Financial Instruments and Exchange Act of Japan for the conveniences of the reader.

REFERENCE DATA

Okasan Securities Co., Ltd.
Non-consolidated financial statements
(1) Balance sheet

(Millions of yen)

	As of March 31, 2021	As of March 31, 2022
Assets		
Current assets		
Cash and deposits	26,053	34,687
Segregated deposits	39,954	71,113
Segregated deposits for customers	39,900	68,000
Other segregated deposits	54	3,113
Trading products	210,185	226,008
Trading securities and other	210,180	225,924
Derivatives	5	83
Trade date accrual	—	8,521
Margin transaction assets	35,418	42,514
Margin loans	30,450	35,102
Cash collateral provided for securities borrowed in margin transactions	4,967	7,412
Loans secured by securities	223,361	228,480
Securities purchased under resale agreements	223,361	228,480
Advances paid	779	1,147
Short-term guarantee deposits	9,058	18,202
Accounts for non-delivered securities and others	—	85
Short-term loans receivable	141	107
Accrued revenue	1,400	2,055
Other current assets	1,221	1,561
Allowance for doubtful accounts	(0)	(16)
Total current assets	547,575	634,472
Non-current assets		
Property, plant and equipment	2,322	2,325
Buildings, net	1,341	1,339
Equipment	695	702
Lease assets, net	285	283
Intangible assets	348	412
Software	216	285
Other	131	127
Investments and other assets	9,715	9,988
Investment securities	1,282	1,220
Long-term guarantee deposits	5,225	5,109
Deferred tax assets	1,886	2,055
Other	2,003	2,324
Allowance for doubtful accounts	(681)	(721)
Total non-current assets	12,386	12,727
Total assets	559,962	647,199

(Millions of yen)

	As of March 31, 2021	As of March 31, 2022
Liabilities		
Current liabilities		
Trading products	156,508	223,980
Trading securities and other	156,475	223,931
Derivatives	32	48
Trade date accrual	92,577	–
Margin transaction liabilities	8,969	21,770
Margin borrowings	687	11,514
Cash received for securities sold in margin transactions	8,281	10,255
Borrowings secured by securities	49,154	96,968
Cash collateral received for securities lent	–	968
Securities sold under repurchase agreements	49,154	96,000
Deposits received	42,130	45,137
Guarantee deposits received	10,947	32,419
Payables for securities to receive over due for delivery	0	17
Short-term borrowings	102,815	126,015
Accounts payable – other	1,870	834
Income taxes payable	399	390
Provision for bonuses	1,640	1,520
Other current liabilities	2,055	2,666
Total current liabilities	469,069	551,721
Non-current liabilities		
Long-term borrowings	6,700	6,500
Provision for retirement benefits	5,250	5,161
Asset retirement obligations	1,157	1,224
Other non-current liabilities	494	405
Total non-current liabilities	13,602	13,291
Reserves under special laws		
Reserve for financial instruments transaction liabilities	774	1,130
Total reserves under special laws	774	1,130
Total liabilities	483,446	566,142
Net assets		
Shareholders' equity		
Share capital	5,000	5,000
Capital surplus	29,199	32,553
Retained earnings	42,300	43,492
Total shareholders' equity	76,500	81,046
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	16	10
Total Valuation and translation adjustments	16	10
Total net assets	76,516	81,056
Total liabilities and net assets	559,962	647,199

(2) Statement of income

(Millions of yen)

	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2022
Operating revenue		
Commission received	29,441	30,577
Brokerage commission	16,777	12,425
Commission for underwriting, secondary distribution and solicitation for selling and others for professional investors	433	1,095
Fees for offering, secondary distribution and solicitation for selling and others for professional investors	6,266	9,788
Other commission received	5,963	7,268
Net trading income	19,756	22,600
Financial revenue	1,230	1,305
Financial expenses	973	865
Net operating revenue	49,454	53,618
Selling, general and administrative expenses	45,803	48,620
Trading related expenses	6,661	7,448
Personnel expenses	22,816	23,055
Real estate expenses	6,894	7,572
Office expenses	7,740	8,503
Depreciation	395	490
Taxes and dues	626	734
Other	668	815
Operating profit	3,650	4,998
Non-operating income	532	541
Non-operating expenses	83	72
Ordinary profit	4,099	5,467
Extraordinary income		
Gain on sale of investment securities	—	44
Reversal of reserve for financial instruments transaction liabilities	61	—
Total extraordinary income	61	44
Extraordinary losses		
Impairment losses	178	51
Total extraordinary losses	178	51
Profit before income taxes	3,983	5,460
Income taxes - current	1,368	586
Income taxes - deferred	(38)	169
Total income taxes	1,330	755
Profit	2,652	4,705

CORPORATE DATA

(At August, 2022)

Company Name

OKASAN SECURITIES GROUP INC.

Date of Establishment

August 25, 1944

Head Office

1-17-6 Nihonbashi, Chuo-ku,
Tokyo 103-8268, Japan

Muromachi Head Office

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

Phone Number

+81-3-3272-2222

Paid-in Capital

18,589 Million Yen

Subsidiaries

11 companies
2 investment limited partnerships

Listed Stock Exchanges

Tokyo Stock Exchange
Nagoya Stock Exchange

BOARD OF DIRECTORS

(At August, 2022)

Group CEO

SHINSHIBA Hiroyuki

Director

IKEDA Yoshihiro

Director

TANAKA Mitsuru

Director

AIZAWA Junichi

Director

HAYAKAWA Masahiro

Audit & Supervisory Committee Members

Outside Director

HIGO Seishi

Outside Director

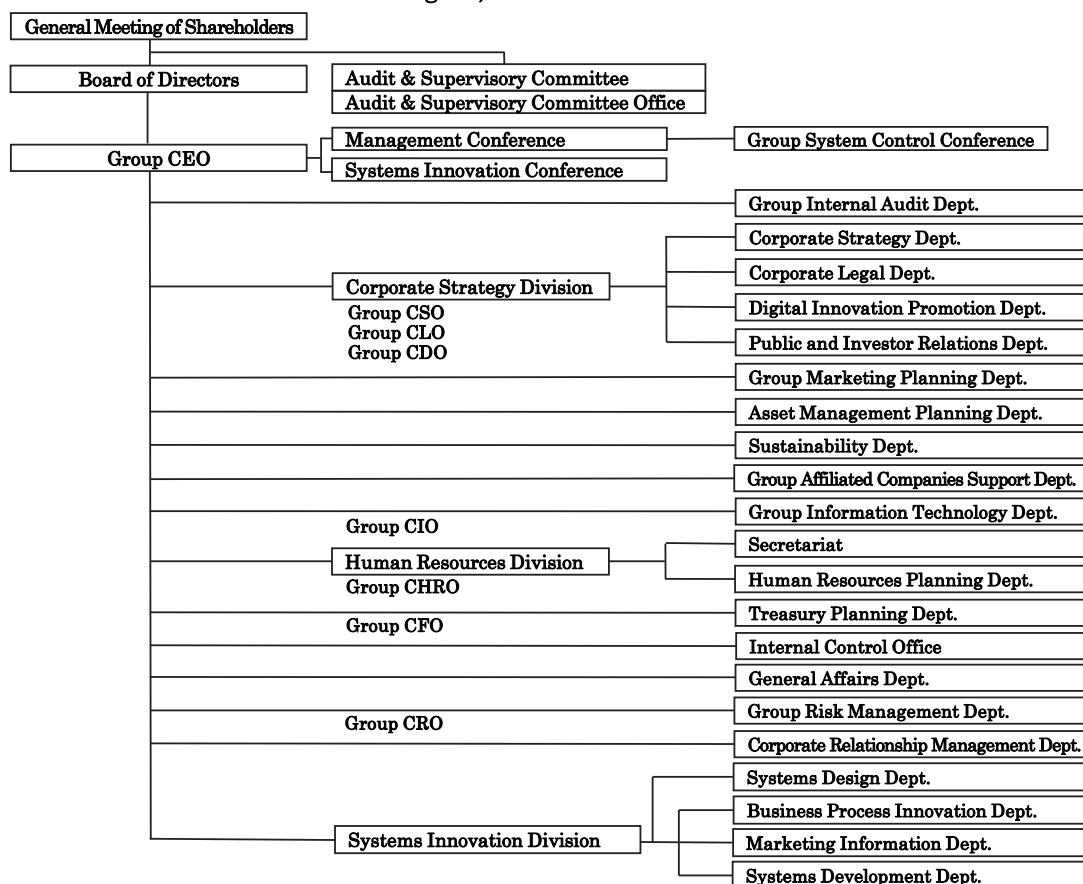
NAGAI Mikito

Outside Director

UJIHARA Kiyoshi

ORGANIZATIONAL CHART

(At August, 2022)



OKASAN SECURITIES GROUP INC.

www.okasan.jp