

# Annual Report 2020

Year ended March 31, 2020



**OAK**  

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**CAPITAL**

Oak Capital Corporation

## Top Message

### To Our Shareholders:

On behalf of Oak Capital, I hope this letter finds you all well and I would like to take this opportunity to sincerely thank all of you for your continued support.

In the fiscal year ended March 31, 2020, we continued to advance the diversification of our finance business, adding asset management to our businesses in investment banking and securities.

Meanwhile, the novel coronavirus (COVID-19) pandemic has had a major impact on the global economy to the extent of causing demand and profits in some sectors to evaporate in virtually an instant. If it takes time for pandemic to run its course, there is a risk of a chain reaction affecting the financial system and this continues to drive uncertainty in the future business outlook.

Amid this environment, the finance industry plays a vital role in supplying funds, and I believe expectations of our industry will continue to grow in this regard. Oak Capital will respond to changes in the business environment in a post-COVID-19 world while fulfilling its mission to help revitalize the Japanese economy through its three businesses areas of investment banking, securities, and asset management.

I look forward to your continued support and patronage.

**Hiroyasu Takei**

Representative Director, Chairman and CEO

June 2020

## Business Highlights

### Business Results Summary

Our consolidated earnings for the fiscal year under review are as follows. Our operating revenue (sales) amounted to 4,064 million JPY (up 82.2% year on year) reflecting the inclusion of North Energy Inc. and Sterling Securities Co., Ltd. in our consolidated results. In addition, selling, general and administrative expenses rose by 904 million JPY owing to increased hiring as part of our diversification strategy and other investments in growth. In addition, stagnation in the global economy due to impact of the COVID-19 pandemic affected the capital markets. This contributed to a 582 million JPY loss on sales of securities holdings and a 145 million JPY valuation loss on markdowns of securities holdings. As a result, we posted an operating loss of 1,660 million JPY (compared with a loss of 906 million JPY in the previous fiscal year); an ordinary loss of 1,890 million JPY (loss of 957 million JPY); and loss attributable to owners of parent company of 1,794 million JPY (loss of 979 million JPY).

On a non-consolidated basis, operating revenue (sales) amounted to 421 million JPY (down 80.6% year on year), and we posted an operating loss of 1,540 million JPY (loss of 863 million JPY in the previous year), an ordinary loss of 1,679 million JPY (loss of 757 million JPY), and a net loss of 1,511 million JPY (loss of 1,071 million JPY). We regret to report that given this performance we will be forgoing our year-end dividend for this year.

### Financial Highlights

#### Consolidated Balance Sheet

(Millions of yen)

Items	At March 31, 2019	At March 31, 2020
<b>Assets</b>		
<b>Current Assets</b>	<b>6,393</b>	<b>4,556</b>
<b>Noncurrent Assets</b>	<b>2,104</b>	<b>4,323</b>
Property, Plant and Equipment	285	1,547
Intangible Assets	242	507
Investments and Other Assets	1,577	2,267
<b>Deferred assets</b>	<b>—</b>	<b>11</b>
<b>Total Assets</b>	<b>8,498</b>	<b>8,891</b>
<b>Liabilities</b>		
<b>Current Liabilities</b>	<b>918</b>	<b>2,100</b>
<b>Noncurrent Liabilities</b>	<b>141</b>	<b>1,162</b>
<b>Total Liabilities</b>	<b>1,059</b>	<b>3,262</b>
<b>Net Assets</b>		
<b>Shareholders' Equity</b>	<b>7,803</b>	<b>5,749</b>
Accumulated Other Comprehensive Income	△364	△321
<b>Non-controlling Interests</b>	<b>—</b>	<b>200</b>
<b>Total Net Assets</b>	<b>7,439</b>	<b>5,628</b>
<b>Total Liabilities and Net Assets</b>	<b>8,498</b>	<b>8,891</b>

#### Consolidated Statements of Operations

(Millions of yen)

Items	Year ended March 31, 2019	Year ended March 31, 2020
<b>Net Sales</b>	<b>2,230</b>	<b>4,064</b>
<b>Gross Profit</b>	<b>105</b>	<b>256</b>
<b>Selling, General and Administrative</b>	<b>1,012</b>	<b>1,916</b>
<b>Operating Income</b>	<b>△906</b>	<b>△1,660</b>
<b>Ordinary Income</b>	<b>△957</b>	<b>△1,890</b>
Extraordinary Gain (Loss)	△10	296
<b>Profit (Loss) before Income Taxes</b>	<b>△968</b>	<b>△1,593</b>
Total Income Taxes	10	101
<b>Profit (loss) Attributable to Non-controlling Interests</b>	<b>—</b>	<b>99</b>
<b>Profit (Loss) Attributable to Owners of Parent</b>	<b>△979</b>	<b>△1,794</b>

#### Consolidated Statements of Cash Flows

(Millions of yen)

Items	Year ended March 31, 2019	Year ended March 31, 2020
<b>Cash Flows from Operating Activities</b>	<b>△376</b>	<b>△1,102</b>
<b>Cash Flows from Investing Activities</b>	<b>△481</b>	<b>201</b>
<b>Cash Flows from Financing Activities</b>	<b>△539</b>	<b>74</b>
Effect of Exchange Rate Change on Cash and Cash Equivalents	22	△1
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	<b>△1,374</b>	<b>△828</b>
<b>Cash and Cash Equivalents at Beginning of Period</b>	<b>3,723</b>	<b>2,357</b>
<b>Increase in Cash and Cash Equivalents from Newly Consolidated Subsidiaries</b>	<b>9</b>	<b>240</b>
<b>Cash and Cash Equivalents at End of Period</b>	<b>2,357</b>	<b>1,770</b>

# Overviews of Oak Capital's Businesses

## Investment Banking Business

## Oak Capital Investment Co., Ltd.



Address: 6F South Building of Sumitomo Fudosan Aoyama Building, 8-10-24, Akasaka, Minato-ku, Tokyo, JAPAN Representative: Fuyuki Makino Representative Director

### Business Outline

#### ■ Investment Banking Business

(Investment Banking Business for Listed Companies)

- ◆ Equity finance investment
  - ◆ Business revitalization advisory services
  - ◆ M&A advisory services
  - ◆ Structured financing
  - ◆ Financial strategy advisory services
  - ◆ IPO support services
  - ◆ Growth strategy advisory services
  - ◆ IR strategy advisory services
- (Investment Business) ◆ IPO investments ◆ Value-raising investments

## Securities Business

## Sterling Securities Co., Ltd.



Address: 30F Kasumigaseki Building, 3-2-5 Kasumigaseki, Chiyoda-ku, Tokyo, JAPAN Representative: Takashi Inujima Representative Director and President

### Business Outline

#### ■ Securities Business

- ◆ FX for individual investors
- ◆ Product CFD
- ◆ Securities CFD

#### ■ Consulting Business

- ◆ Business strategy support
- ◆ IR support for listing companies

#### List of Licenses Held

Type I Financial Instruments Business, Type II Financial Instruments Business, Investment Advisory and Agency Business, Financial Futures Trading, Commodity Futures Trading

#### List of Memberships to Organizations

Japan Investor Protection Fund, Japan Securities Dealers Association, The Commodity Futures Association of Japan, Type II Financial Instruments Firms Association, The Financial Futures Agency of Japan

## Asset Management Business

## North Energy Inc.



Address: 4-1-3, Kitashijo Nishi, Chuo-ku, Sapporo, Hokkaido, JAPAN Representative: Takashi Komatsu Representative Director and President

### Business Outline

#### ■ Asset Investment Business

- ◆ Management and operation of solar power generation facilities
- ◆ Packaged sales for investors of solar and small-scale wind power generation systems
- ◆ Development and sale of FinTech platform business/managed asset products
- ◆ Fund management

# Report on IR Events

## IR Forum organized by Nikkei Inc. and Supported by Sterling Securities

Organized by Nikkei and supported by Sterling Securities, the Nikkei Business Innovation Forum was held on November 20, 2019 at JP Tower Hall & Conference (Marunouchi, Chiyoda Ward). The forum was held under the theme of “Growth Companies Aiming to Enhance Value: Future Outlook for Emerging Markets”, and was a huge success attracting an over-capacity 400 participants (approximately 800 people applied).



Many retail and institutional investors and corporate leaders attended a program that was of great interest to the participants. It featured a keynote address by Kiyohiro Sugishita, CEO of Sugishita Partners, Ltd.; presentations by the top executives of six listed companies that will lead the next generation; and a special presentation by Nikkei CNBC commentator Ryosuke Okazaki.

Going forward, Sterling Securities will continue to create opportunities to be a bridge between the markets and corporates and investors by holding and sponsoring events such as this forum.



ITの飛躍的な進展により、生活環境やビジネス環境も大きく変化をしています。人工知能や5G、キャッシュレスなど、様々なキーワードが飛び交ういま、企業の成長には何が求められるのか。本フォーラムでは価値向上のための「経営革新」と「成長戦略」をテーマに、現場の最前線で活躍されてきた経営者、経営者をお招きし、「新たな経営力」で成長する企業の本質を紹介すると共に、新興市場への投資などについて、今後を展望します。

### 価値向上を目指す成長企業 ～新興市場の今後の展望～

**日時：2019年11月20日(水)**  
13:00～16:30 (開場12:30)

**会場：JPタワー ホール**  
東京都千代田区丸の内二丁目4番2号 KITTE 4階

**定員：400名 参加費：無料**  
**参加者受付中**

お申し込み方法  
https://events.nikkei.co.jp/19915/ 

お問い合わせ先 事務局 | 本報発行部 | 本報事務局  
TEL 03-3545-2447 

申込締切日:2019年11月19日(火)

**13:00～13:40 特別講演**

**これからの時代に勝つ投資**

スガシタパートナーズ 代表取締役 菅下 清廣 氏

13:40～14:00 企業講演1

**Fintech×SaaSモデルで創る資産プラットフォームの未来**

丸正 株式会社 代表取締役 藤田 直也 氏

14:00～14:20 企業講演2

**識学が目指す「真」の働き方改革**

識学 株式会社 代表取締役 安藤 広文 氏

14:20～14:40 企業講演3

**6期連続平均25%成長中! 独自データ×AIマーケティング革命**

ビザラ 株式会社 代表取締役 飛鳥 貴雄 氏




**15:00～16:30 特別講演**

**日本人の投資戦略**

BHCNBCコメンタリー 岡崎 良介 氏

14:50～15:10 企業講演4

**テクノロジーを駆使した不動産テック企業としての業界革新**

AMBITZEN 株式会社 代表取締役 野村 一貴 氏

15:10～15:30 企業講演5

**多様性と新しい価値の創発**

日本郵政グループ 株式会社 代表取締役 藤田 一貴 氏

15:30～15:50 企業講演6

**リスク検知に特化したビッグデータ**

エルダス 株式会社 代表取締役 菅原 貴弘 氏

主催 日本経済新聞社 イベント・企画ユニット

協賛 スターリング証券

## Corporate Data As of June 25, 2020

### ■ Corporate Data

Company Name:	Oak Capital Corporation
Founded:	1868
Incorporated:	1918
Capital Stock:	¥4,282 million
Stock Exchange Listing:	2nd Section of Tokyo Stock Exchange 3113 (Listed in 1949)
Brokerage Lead Manager:	Daiwa Securities Co., Ltd.
Independent Public Accountant:	Nihombashi Corporation Certified Public Accountants
Correspondent Banks:	Sumitomo Mitsui Banking Corporation, MUFG Bank, Ltd., Mizuho Bank Ltd.

### ■ Board of Directors and Corporate Auditors

Representative Director, Chairman and CEO	Hiroyasu Takei
Director	Tsutomu Akita Head of Administration and Control Division
Director	Fuyuki Makino
Director*1	Tomoyasu Ozeki Former Partner of Accenture Corp.
Director*1	Yoshinori Uda Former Representative Director and Vice President of NTT DoCoMo, Inc.
Standing Corporate Auditor	Hideya Takahashi
Corporate Auditor*2	Makoto Sakai Lawyer
Corporate Auditor*2	Sonomi Ueno Lawyer and Certified Public Accountant

\*1. Outside director, as provided in Article 2-15 of the Companies Act

\*2. Outside corporate auditor, as provided in Article 2-16 of the Companies Act

## Share Information As of March 31, 2020

Total Number of Authorized Shares	150,000,000
Total Number of Issued Shares	53,675,037
Number of Shareholders	23,249

### Major Shareholders

Name of shareholders	Ownership of shares (Thousands of shares)	Share ownership ratio (%)
Hiroyasu Takei	1,909	3.56
An individual shareholder	1,635	3.05
Kyowa Seika Co., Ltd.	1,160	2.16
An individual shareholder	1,050	1.96
An individual shareholder	878	1.64
An individual shareholder	660	1.23
An individual shareholder	550	1.03
SBI Securities Co., Ltd.	443	0.83
An individual shareholder	360	0.67
An individual shareholder	350	0.65

Note: Percentage shareholding calculations exclude treasury stock (39,888 shares).

## Memo for Shareholders

Fiscal year:	From April 1 to March 31 of the following year
General Ordinary Meeting of Shareholders:	June of each year
Date for confirming shareholders to receive dividends:	March 31 (September 30 for interim dividends)
Shareholder registry administrator:	2-5, Kasumigaseki 3-chome, Chiyoda-ku, Tokyo 100-6026, JAPAN IR Japan, Inc. Phone: +81-3-3519-6720

#### ● Providing notification of changes in address, acquisitions of shares less than a single trading unit, additional purchases, etc.

Shareholders should please notify the securities firm with which they hold an account. Shareholders who have opened special accounts because they do not have a securities firm account should notify Sumitomo Mitsui Trust Bank, Limited, which is the account management institution for special accounts.

#### ● Notice of kanji characters used in shareholders' names and addresses

In line with the digitalization of stock share certificates, in the case where the kanji characters used in shareholders' names and addresses include those that are not designated by the stock transfer system of Japan Securities Depository Center, Inc. (JASDEC), all or a portion of such characters will be changed to characters as designated by JASDEC or katakana and entered into the shareholders' register. We request your understanding that due to this process, names and addresses in communications sent to shareholders may use characters designated by JASDEC. Shareholders are requested to contact the securities firm with which they hold an account for inquiries regarding the names and addresses that have been registered.