

Business Report

FY 2015 (April 1, 2015 – March 31, 2016)



OAK
CAPITAL

Oak Capital Corporation

To Our Shareholders and Investors

I would like to express my deepest appreciation to all our shareholders and investors.

This fiscal year (April 1, 2015 – March 31, 2016) saw large fluctuations of the domestic stock markets. Global economy growth outlook became a point of concern during this period, and USA as well as other G7 countries made efforts to overcome the economic crisis, but issues such as terrorist attacks, global decrease of crude oil prices and refugee troubles caused by the turmoil in the Middle East contributed to the continued instability that also affected the domestic economy.

However, even though business performance of Japanese listed companies began to show signs of slowing down, they still achieved solid results, returning to the level from before the Lehman Brothers bankruptcy. And while multiple challenges, such as recovery from the Kumamoto earthquakes, remain, the improvements due to new innovative strategies of domestic businesses are being received well, and arouse high expectations of foreign investors.

The Japanese companies' demand for financing is predicted to increase further, due to their proactive growth strategies, mergers and acquisitions as well as innovative projects. As a result, we expect our equity financing underwriting business to become more significant as time passes.

We shall continue to fulfill our company's social responsibilities by providing funds and financial support to emerging businesses with strong expansion strategies, as well as by supporting revival and growth of enterprises.

Thank you for your continued support and encouragement.

June 2016

Hiroyasu Takei, Representative Director, Chairman and CEO

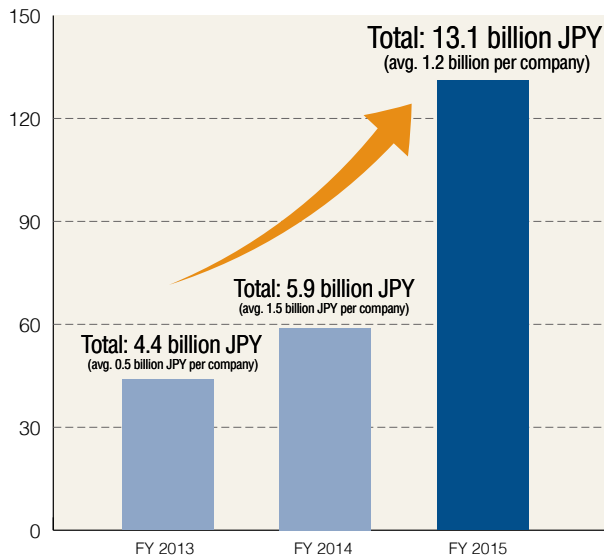
Summary of Business Results

During this fiscal year (April 1, 2015 – March 31, 2016) we have recorded operating revenue (net sales) of 5.461 billion JPY, operating income of 1.07 billion JPY, ordinary income of 0.96 billion JPY and current net income of 0.761 billion JPY.

In this fiscal year we concentrated on expanding our business through supporting financial and growth strategies of companies listed on emerging stock markets as well as small and mid-size listed firms, and making investments to aid business revitalization and innovation. As a result, we have provided equity financing to a total of 10 listed companies, with an average amount of 1.2 billion JPY in new shares and equity warrants per company. The total amount of our investments came up to 13.1 billion JPY – 2.2 times the amount in the previous business year.

Equity Financing Results

(Million of yen)



Growth Strategy

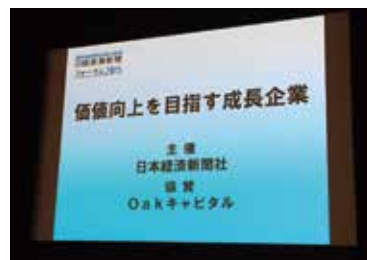
To achieve continuous growth, we are working to establish a stable income sources in addition to our investment banking business. We shall keep increasing our corporate and shareholder value, work to establish a balanced income structure, and continue to evolve as an investment bank.

Shareholder Returns

As we aim to further expand our business, we work to increase both our corporate value and the value for our shareholders. We shall continue to target the dividend payout ratio of 30% and ensure sufficient shareholder returns, including shareholder benefits.

Investor Relations

To spark interest in, and raise awareness of our business and investment efforts, we actively participate in programs aimed at institutional investors, events organized by Tokyo Stock Exchange and the media, and seminars hosted by stock companies, while also working to create chances to communicate with individual investors.



Nikkei Inc. Forum held on September 11, 2015
Oak Capital Corporation 155th Term Business Report



主催: 日本経済新聞社
協賛: Oakキャピタル

価値向上を目指す成長企業

本フォーラムでは、再生・躍進のための経営戦略と成長戦略をテーマに、現場の最新情報で議論されてきた方を対象とし、「新たな経営力」で企業を再興し、再成長を実現してきた事例を紹介する。また、企業価値向上と成長戦略について今後議論します。

日時: 2015年9月11日(金)
13:00-16:30(開場: 12:00)

会場: 日経ホール
〒100-0001 東京都千代田区千代田1-3-7

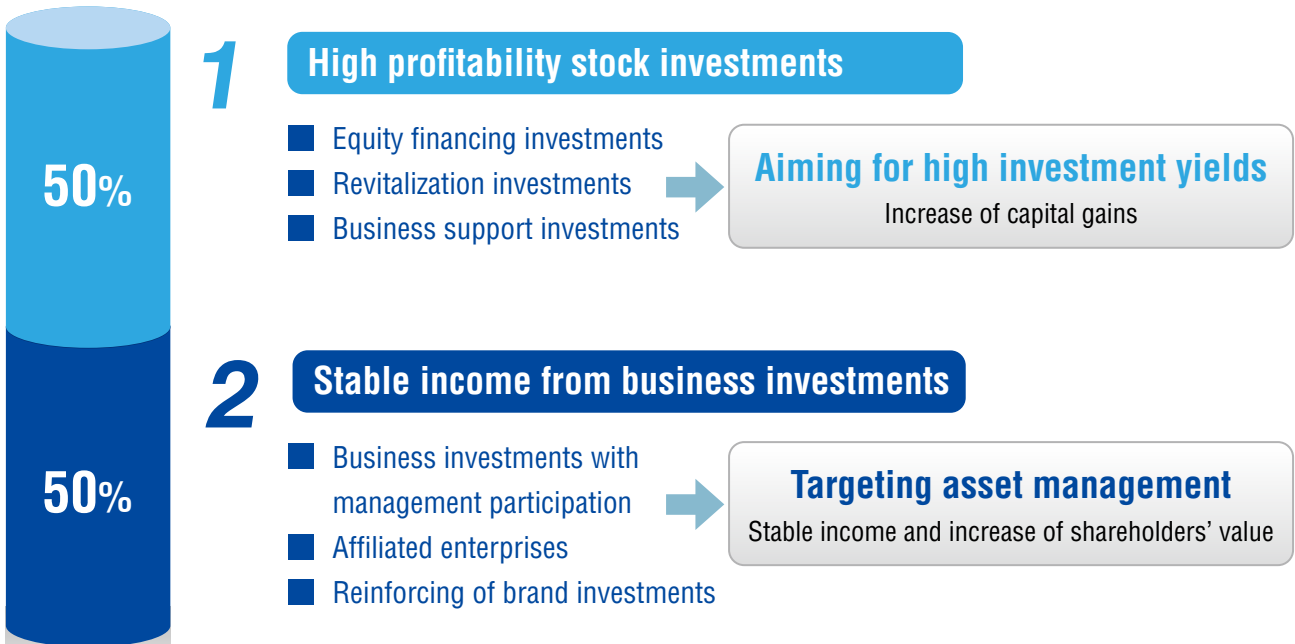
定員: 500名 参加費: 無料
参加者受付中

申し込み方法
申し込みは下記URLから
<http://oakcapital.co.jp/>

申し込み締切日: 9月4日(金)

- Increasing growth potential through investment diversification
- Reinforcing growth, profitability and stability through reorganization of profit structure

Stock investment and business investment as **two main pillars** of investment banking business



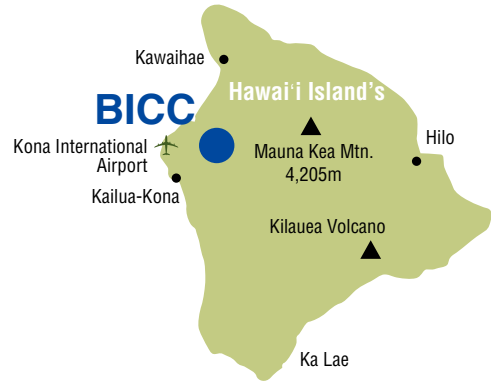
Total: **13.1 billion JPY**; **1.2 billion JPY** per company on average

| | | |
|---|--|---|
|  <p>TB Group Inc. (TSE 2nd Section 6775) Finance underwriting: 170 million JPY (executed in April 2015) Engaged in LED lighting and ECO business, digital signing business, digital currency and store automation.</p> |  <p>Gala Inc. (TSE JQS 4777) Finance underwriting: 1.51 billion JPY (executed in May 2015) Global provider of smartphone games leveraging their experience in online gaming.</p> |  <p>Path Corp. (TSE M 3840) Finance underwriting: 1.5 billion JPY (executed in June 2015) Established a community market mail-order business and implementing a pro-active growth strategy leveraging synergies with existing businesses.</p> |
|  <p>Aeria Inc. (TSE JQS 3758) Finance underwriting: 1.21 billion JPY (executed in July 2015) Providing services for IT and gaming sectors leveraging their IT and network communications experience.</p> |  <p>Pixela Corp. (TSE 2nd Section 6731) Finance underwriting: 1.41 billion JPY (executed in August 2015) Engaged in business focused on themes of Internet of Things, automatic multilingual translation systems and AR/VR.</p> |  <p>Red Planet Japan (TSE JQS 3350) Finance underwriting: 2.01 billion JPY (executed in September 2015) Actively implementing expansion strategy on the domestic hotel market.</p> |
|  <p>Modulat Inc. (TSE JQG 3043) Finance underwriting: 0.3 billion JPY (executed in January 2016) Provider of IT solution services such as IT system architecture for major businesses.</p> |  <p>Hotto Link Inc. (TSE M 3680) Finance underwriting: 1.4 billion JPY (executed in January 2016) Provider of new market strategies leveraging their Big Data analysis capabilities.</p> |  <p>Softfront (TSE JQG 2321) Finance underwriting: 1.51 billion JPY (executed in February 2016) Provider of communication platforms and businesses fusing the internet and physical objects.</p> |
|  <p>Recomm Co., Ltd. (TSE JQS 3323) Finance underwriting: 0.6 billion JPY (executed in February 2016) Expanding into related fields leveraging their stable customer base and sales capabilities.</p> |  <p>Path Corp. (TSE M 3840) Finance underwriting: 1.5 billion JPY (executed in March 2016) Establishing a community market to grow their mail-order sales business.</p> | |



Hawai'i Island's leading resort golf club opened in 1997

Big Island Country Club



Hawai'i Island, the largest one of the Hawaiian Archipelago, is often affectionately referred to as "the Big Island", and is the birthplace of Kamehameha The Great, who unified the islands to establish the Kingdom of Hawaii.

The Big Island Country Club is located in Kailua-Kona, on a plateau 610 meters above sea level, near the western coast of Hawai'i Island. The area has very little rainfall, with an average of 300 fair weather days per year, providing a unique playing location with beautiful landscapes and refreshing breezes. This strategically challenging course was designed by Perry Dye.

The country club site covers more than 400 acres of land and is a home to Nene geese, a state bird of Hawaii and an endangered species with population of only around 1,000 birds. The course is also surrounded by lush vegetation, including Jacaranda trees sometimes called "the cherry trees of Hawaii", blooming en masse between March and May.



Clubhouse (planned construction)

A place to relax between plays while enjoying the breathtaking views of the Pacific Ocean and the Mauna Kea volcano. Equipped with showers, locker rooms and other amenities, and housing a pro shop stocked with high quality golf equipment and fresh produce from the on-site orchard and coffee farm.

Spacious lawns surrounding the clubhouse will be available for events and activities.



Orchard and Coffee Farm Development

We are planning to convert 230,000 m² (approx. 2,550,000 sqft) of land adjacent to the golf course into an orchard and a coffee farm.

Hawaiian fruits such as guava, pineapple, papaya and mango will be grown in the orchard, harvested and turned into delicious fruit jams. The orchard will also become a place of interaction with the local community, children and adults alike.



Real Estate Subdivision Lots

We plan to develop 470,000 m² (approx. 5,130,000 sqft) of land surrounding the golf course into subdivision lots with golf club memberships.

BICC Subdivision Lots:
99 lots with golf club membership
4,815 m² (51,800 sqft) per lot



Weddings in Hawaii

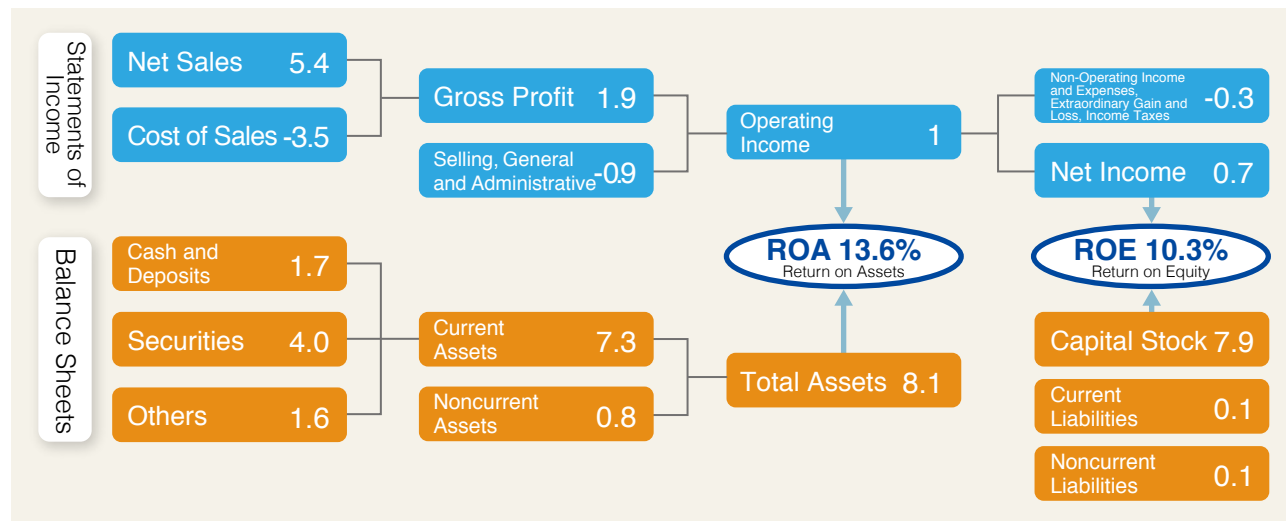
Overlooking the popular seaside resorts and with a vast golf course and Mauna Kea volcano in the background, underneath a blue sky and enjoying a refreshing breeze, the lawns surrounding the clubhouse will be a perfect place for a wedding to remember. After the ceremony, the reception party will surely be enriched by luxurious Christofle brand silver tableware.



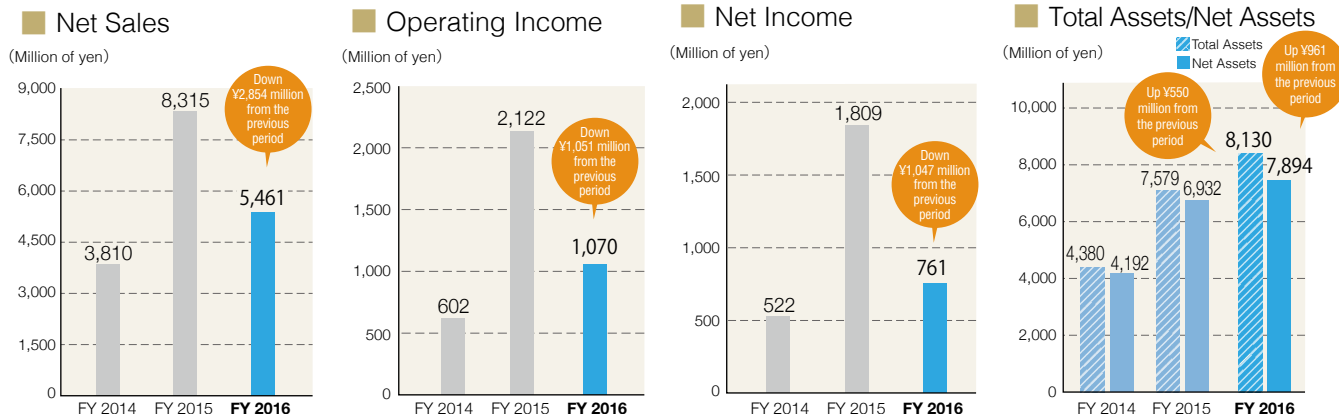
Non-Consolidated Financial Statements (Summary)

Note: Monetary amounts have been rounded off beyond the unit indicated.

Correlation Chart for the Statement of Income and Balance Sheet (Billions of Yen)



Operating Performance Trends



Non-Consolidated Financial Statements (Summary)

Balance Sheets

(Million of yen)

| | March 31, 2014 | March 31, 2015 |
|---|----------------|----------------|
| Assets | | |
| Current Assets | 7,137 | 7,351 |
| Noncurrent Assets | 437 | 761 |
| Property, Plant and Equipment | 58 | 60 |
| Intangible Assets | 3 | 2 |
| Investments and Other Assets | 375 | 699 |
| Deferred assets | 4 | 17 |
| Total Assets | 7,579 | 8,130 |
| Liabilities | | |
| Current Liabilities | 551 | 133 |
| Noncurrent Liabilities | 95 | 102 |
| Total Liabilities | 647 | 236 |
| Net Assets | | |
| Shareholders' Equity | 6,305 | 8,273 |
| Valuation and Translation Adjustments | 615 | △390 |
| Subscription Rights to Shares | 12 | 12 |
| Total Net Assets | 6,932 | 7,894 |
| Total Liabilities and Net Assets | 7,579 | 8,130 |

Point

Total Assets: Total assets amounted to ¥8,130 million at fiscal year-end, up ¥550 million from one year earlier. Principal reasons for the rise were increases in operational investment securities and short-term loans receivable, which boosted investment projects and business investments.

Point

Total Net Assets: As of the fiscal year-end, total net assets were ¥7,894 million, up ¥961 million. The rise was mainly attributable to the exercise of the ninth stock acquisition rights, which had been allocated to the Company's shareholders, and to the posting of net income.

Statements of Income

(Million of yen)

| | Years ended March 31 | |
|-------------------------------------|----------------------|-------|
| | 2014 | 2015 |
| Net Sales | 8,315 | 5,461 |
| Gross Profit | 3,121 | 1,986 |
| Selling, General and Administrative | 998 | 916 |
| Operating Income | 2,122 | 1,070 |
| Ordinary Income | 1,862 | 906 |
| Extraordinary Gain | 115 | — |
| Extraordinary Loss | 3 | 0 |
| Income before Income Taxes | 1,974 | 905 |
| Total Income Taxes | 165 | 144 |
| Net Income | 1,809 | 761 |

Consolidated Statements of Cash Flow

(Million of yen)

| | Years ended March 31 | |
|---|----------------------|--------|
| | 2014 | 2015 |
| Cash Flows from Operating Activities | 2,609 | △1,906 |
| Cash Flows from Investing Activities | △36 | △1,749 |
| Cash Flows from Financing Activities | 315 | 1,188 |
| Effect of Exchange Rate Change on Cash and Cash Equivalents | 0 | △32 |
| Net Increase (Decrease) in Cash and Cash Equivalents | 2,888 | △2,500 |
| Cash and Cash Equivalents at Beginning of Period | 1,349 | 4,237 |
| Cash and Cash Equivalents at End of Period | 4,237 | 1,737 |

Point

Gross Profit: Reflecting our success in boosting the corporate value of existing investees, gross profit amounted to ¥1,986 million, and return on investment was 56.9%.

Point

Cash Flows from Operating Activities: Owing to an increase in equity financing projects for listed companies, operational investment securities rose, leading to cash flow from operating activities of negative ¥1,906 million.

Corporate Data

■ Corporate Data

As of March 31, 2016

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,
Mizuho Bank Ltd.

■ Board of Directors and Corporate Auditors

As of June 23, 2016

Representative Director, Chairman and CEO Hiroyasu Takei

Director of the Board Tsutomu Akita Head of Administration and Control Division

Director of the Board Fuyuki Makino Head of Investment Banking Department

Director of the Board*1 Tomoyasu Ozeki Partner of Accenture Corp.

Director of the Board*1 Yoshinori Uda Former Representative Director &
Vice President of NTT DoCoMo, Inc.

Senior Managing Director Yasuyuki Kido Investment Banking Department

Managing Director Yasunori Isomura Business Investment Department

Managing Director Kazuhiro Hosoda Business Investment Department

Managing Director Seiichi Kodama Head of IR and PR Office

Standing Corporate Auditor Hideya Takahashi

Corporate Auditor*2 Makoto Sakai Lawyer

Corporate Auditor*2 Motosuke Hirose

Corporate Auditor*2 Sonomi Ueno Lawyer and Certified Public Accountant

Share Information As of March 31, 2016

Total Number of Authorized Shares.....150,000,000

Total Number of Issued Shares..... 53,675,037

Number of Shareholders.....23,364

Major Shareholders

| Name of shareholders | Ownership of shares | Share ownership ratio |
|------------------------------------|---------------------|-----------------------|
| An individual shareholder | 2,274 | 4.24 |
| LMI Co., LTD. | 2,248 | 4.19 |
| SBI SECURITIES Co., Ltd. | 959 | 1.79 |
| Hiroyasu Takei | 895 | 1.67 |
| Japan Securities Finance Co., Ltd. | 731 | 1.36 |
| Tsubame Industries Co., Ltd. | 587 | 1.10 |
| Goldman Sacks International | 400 | 0.75 |
| An individual shareholder | 383 | 0.71 |
| An individual shareholder | 360 | 0.67 |
| An individual shareholder | 255 | 0.48 |

Note) Percentage shareholding calculations exclude treasury stock (32,674 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 26th floor, Kasumigaseki Building, 2-5, Kasumigaseki 3-chome, Chiyoda-ku, Tokyo 100-6026, JAPAN
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.

*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