

Summary of Financial Results for the Fiscal Year Ended March 31, 2024 [Japanese GAAP] (Consolidated)

May 7, 2024

Company name : Japan Securities Finance Co., Ltd. Listing : Tokyo Stock Exchange
 Securities code : 8511 URL: <https://www.jsf.co.jp>
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Scheduled date for annual general meeting: June 25, 2024

Scheduled date for commencement of dividend payments: June 4, 2024

Scheduled filing date of annual securities reports: June 27, 2024

Preparation of supplementary explanatory materials on financial statements: Yes

Convening of financial results briefing: Yes

(Millions of yen, rounded down to nearest million)

1. Consolidated Financial Results for Fiscal 2023 (April 1, 2023 - March 31, 2024)

(1) Consolidated Operating Results

(% change from year-on-year for those items)

	Operating revenues		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	(Millions of Yen)	(% change)	(Millions of Yen)	(% change)	(Millions of Yen)	(% change)	(Millions of Yen)	(% change)
Fiscal 2023	50,008	17.6	9,928	56.2	11,024	45.0	8,030	34.6
Fiscal 2022	42,518	41.1	6,354	1.9	7,601	6.1	5,966	15.3

(Note) Comprehensive income: Fiscal 2023: 15,465 millions of yen (342.9%) Fiscal 2022 : 3,491 millions of yen (△55.7%)

	Net income per share	Net income per share - diluted	Return on Equity	Ordinary profit / Total Assets	Operating profit / Operating Revenues
	(Yen)	(Yen)	ROE (%)	ROA (%)	(%)
Fiscal 2023	94.04	—	5.7	0.1	19.9
Fiscal 2022	67.76	—	4.4	0.1	14.9

(Reference) Equity method investment profit and loss: Fiscal 2023 : 556 millions of yen Fiscal 2022 : 523 millions of yen

(2) Consolidated Financial Position

	Total assets	Net assets	Shareholders' equity ratio	Net Assets per Share
	(Millions of Yen)	(Millions of Yen)	(%)	(Yen)
Fiscal 2023	13,744,765	144,606	1.1	1,725.62
Fiscal 2022	14,056,217	135,728	1.0	1,574.64

(Reference) Net worth Fiscal 2023 : 144,606 millions of yen Fiscal 2022 : 135,728 millions of yen

(3) Consolidated Statements of Cash Flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of the period
	(Millions of Yen)	(Millions of Yen)	(Millions of Yen)	(Millions of Yen)
Fiscal 2023	383,411	4,575	△ 6,624	1,977,628
Fiscal 2022	303,546	3,447	△ 5,786	1,596,264

2. Dividends

	Dividends per Share					Total Cash Dividends (Full-year) (Millions of Yen)	Dividends Payout Ratio (Consolidated) (%)	Dividends on Equity (Consolidated) DOE (%)
	1 st Quarter	2 nd Quarter	3 rd Quarter	Year-end	Annual			
	(Yen)	(Yen)	(Yen)	(Yen)	(Yen)			
Fiscal 2022	-	16.00	-	16.00	32.00	2,825	47.2	2.1
Fiscal 2023 (Plan)	-	17.00	-	30.00	47.00	4,017	50.0	2.8
Fiscal 2024 (Forecast)	-	35.00	-	35.00	70.00		69.0	

(Notes) The year-end dividend for the fiscal year ended March 31, 2024 will be approved at the Board of Directors meeting held in May.

Fiscal 2024 (Forecast) 2nd quarter: Ordinary dividend 32.00 yen Special dividend 3.00 yen

Fiscal 2024 (Forecast) End of the period: Ordinary dividend 32.00 yen Special dividend 3.00 yen

3. Consolidated Performance Forecast for Fiscal 2024 (April 1, 2024 – March 31, 2025)

(% change from the previous fiscal year)

	Operating profit		Ordinary profit		Profit attributable to owners of parent		Net income per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Full Year	9,300	△ 6.3	11,000	△ 0.2	8,500	5.8	101.44

(Note) See section “1. (3) Future Outlook” in the attached materials regarding the details.

* Notes

- (1) Changes in scope of significant consolidated subsidiaries (changes in the case of specified subsidiaries accompanying change in the scope of consolidation) : None
- (2) Changes in accounting policies and changes or restatement of accounting estimates
 - (i) Changes in accounting policies caused by revision of accounting standards : None
 - (ii) Changes in accounting policies other than (i) : None
 - (iii) Changes in accounting estimates : None
 - (iv) Restatements : None
- (3) Number of issued and outstanding shares (common stock)
 - (i) Number of issued and outstanding shares (including treasury stocks)
as of Mar. 31, 2024 : 88,000,000 as of Mar. 31, 2023 : 96,000,000
 - (ii) Number of treasury stock shares at end of the period
as of Mar. 31, 2024 : 4,199,877 as of Mar. 31, 2023 : 9,803,815
 - (iii) Average number of shares during the period
for annual year ended Mar. 31, 2024 : 85,399,335
for annual year ended Mar. 31, 2023 : 88,051,380

(Notes) The number of treasury stock shares deducted in the calculation of the number of issued and outstanding shares at the end of the period and the average number of issued and outstanding shares during the period includes the shares of the Company held by the Share Benefit Trust (BBT).

On April 20th 2023, the company cancelled 8 million of its treasury stock shares (common stocks) on 20th March 2023, pursuant to a resolution the Board of Directors . This reduced the number of issued and outstanding shares to 88 million shares.

[Reference] Non-consolidated Financial Results for Fiscal 2023 (April 1, 2023 - March 31, 2024)

(1) Non-consolidated Operating Results

(% change from year-on-year for those items)

	Operating revenues		Operating profit		Ordinary profit		Net income	
	(Millions of Yen)	(% change)	(Millions of Yen)	(% change)	(Millions of Yen)	(% change)	(Millions of Yen)	(% change)
Fiscal 2023	46,070	19.3	7,473	70.2	10,070	△2.0	7,885	△15.2
Fiscal 2022	38,631	45.3	4,390	3.4	10,274	73.3	9,302	104.9

	Net income per share (Yen)	Net income per share - diluted (Yen)
Fiscal 2023	92.33	—
Fiscal 2022	105.63	—

(2) Non-consolidated Financial Position

	Total assets (Millions of Yen)	Net assets (Millions of Yen)	Shareholders' equity ratio (%)	Net Assets per Share (Yen)
Fiscal 2023	12,469,435	129,003	1.0	1,539.22
Fiscal 2022	12,482,291	121,573	1.0	1,410.24

(Reference) Net worth Fiscal 2023 : 129,003 million Fiscal 2022 : 121,573 million

Note: Summary of financial results is not subject to review by a certified public accountant or an auditing firm.

Note: Explanation on proper use of business performance forecasts and other notes

The Company does not disclose earnings forecasts due to the fact that the performance of its securities finance business, the Group's core business, is significantly affected by trends in the stock market, interest rates, and other factors. Instead, for the purpose of disclosing information appropriate for the Group's type of business, we provide estimates calculated based the outstanding balance of the margin loans business and other assumptions.

Furthermore, financial results are disclosed as soon as reasonable estimates can be made for each quarter.

See section "1. (3) Future Outlook" in the attached materials regarding the details.

1. Qualitative Information on the Results in Fiscal Year Ending March 2024

(1) Review of Operating Results

(Financial and Economic Environment)

During the current consolidated cumulative period (from April 1, 2023 to March 31, 2024), the economic environment was characterized by downside risks due to the impact of monetary tightening in the United States and various European countries, concerns over a rapid slowdown in the Chinese economy and other factors. However, the economy continued to recover, supported by improvements in corporate earnings and inbound demand.

Looking at the stock market, the Nikkei 225 (closing price) started at 28,188 yen at the beginning of the period, and continued to rise, mainly driven by expectations over the various initiatives by listed companies to realize management that is conscious of capital costs and stock prices. In October, the market softened due to tensions in the Middle East, but rallied again in November on speculation of the end of US interest rate hikes and strong corporate performance. As the year progressed, such trends accelerated, with the index reaching 39,098 yen on February 22nd, its highest point on record in 34 years. Subsequently, despite the elimination of the BOJ's negative interest rate policy, relief prevailed in the market as the continuation of an accommodative financial environment was confirmed. As the result, the index rose to its highest point of the period, 40,888 yen and closed at 40,369 yen at the end of March.

Looking at the standardized margin trading purchase balance on the Tokyo market and other markets (TSE, NSE, and PTS) during this period, as stock prices rose, the balance gradually decreased, mainly due to profit-taking sales, from the 2.17 trillion yen range at the beginning of the period, to fall to the 1.96 trillion yen range on May 19th, its bottom for the period. However, the balance subsequently increased due to expectations for a rise in stock prices, reaching its peak for the period in the 2.84 trillion yen range on March 15th, and closed at 2.70 trillion range at the end of March. Meanwhile, the standardized margin trading sales balance increased from the 530 billion yen range at the beginning of the period to reach its peak for the period in the 780 billion yen range on May 19th. However, the balance subsequently decreased, reaching its bottom for the period in the 510 billion yen range on October 6th. Thereafter, as the stock price rose, the balance rallied again and closed at 690 billion yen range at the end of March.

(Results in Fiscal Year Ending March 2024)

Under this market environment, in the current consolidated cumulative period our Group posted an increase in consolidated operating revenue to 50,008 million yen (up 17.6% year-on-year), an increase in consolidated operating profits to 9,928 million yen (up 56.2% year-on-year), and an increase in consolidated ordinary profits to 11,024 million yen (up 45.0% year-on-year), due to an increase in margin transaction balances for both loans and securities lending, and continued to enjoy strong performance in securities financing business, mainly in Bond repo and gensaki transactions and equity repo transactions. Although the profit attributable to owners of parent for the quarter did not include the special profit that accompanied a change to the retirement benefit system recorded in the previous period, it increased to 8,030 million yen (up 34.6% year-on-year).

An overview of business conditions in each segment during the period is as follows.

- Securities Finance Business

Operating revenues for securities financing services reached 46,049 million yen (up 19.3% year-on-year).

Looking at operating revenues by business segment, the operating revenue for margin transactions business reached 11,581 million yen (up 44.7% year-on-year). With an increase in margin transaction balances, with loan balances averaging 286.9 billion yen during the period (an increase of 32.2 billion yen year-on-year) and securities lending balances averaging 252.4 billion yen during the period (an increase of 63.4 billion yen year-on-year), both interest on loans and securities lending fees increased, resulting in increased revenues.

Operating revenue for the securities financing business reached 28,360 million yen (up 29.2% year-on-year). Among these, bond repo and gensaki transactions (24,593 million yen, up 29.9% year-on-year) increased significantly, reaching its highest on record due to continued strong transactional needs arising from tight supply and demand for government bonds. Equity repo transactions and the like

(1,799 million yen, up 17.6% year-on-year) increased as balances remained at high levels. General stock lending (1,083 million yen, up 35.6% year-on-year) and loans for negotiable margin transactions (250 million yen, up 67.8% year-on-year) increased due to a high level of outstanding balances accompanying the robust stock market. Retail loans (633 million yen, up 16.3% year-on-year) increased due to the robust stock market and increased balances as the result of successful improvements in product quality.

Other revenue came in at 6,107 million yen (down 29.3% year-on-year). This was due to a decline in profits from the sale of government bonds held as part of the portfolio replacement carried out in the previous period in our securities investment business, which was conducted from a standpoint of securing liquidity and strengthening the revenue base for our margin transaction business and securities financing business. However, operating expenses also decreased due to a decline in losses from the sale of foreign bonds held.

- Trust and Banking Business

Operating revenue for our trust banking business came in at 3,127 million yen (up 0.4% year-on-year). Custodian type trust services continued to perform well and trust fees increased.

- Real Estate Leasing Business

Operating revenue for our real estate leasing business reached 831 million yen (up 2.9% year-on-year).

[Reference]

Status of the Group's Operating Revenues by Business Sector

	Previous consolidated fiscal year (from April 1, 2022 to March 31, 2023)		Consolidated fiscal year under review (from April 1, 2023 to March 31, 2024)		Increase/Decrease	
	Amount (Millions of yen)	Composition ratio (%)	Amount (Millions of yen)	Composition ratio (%)	Amount (Millions of yen)	Ratio (%)
Securities Finance Business	38,594	90.8	46,049	92.1	7,454	19.3
Loans for margin transactions	8,003	18.8	11,581	23.2	3,577	44.7
Interest on loans	1,619	3.8	1,831	3.7	212	13.1
Interest on collateral money for securities borrowed	565	1.3	844	1.7	279	49.4
Premium charges	4,711	11.1	7,508	15.0	2,796	59.4
Lending fees	808	1.9	1,080	2.2	272	33.7
Securities financing	21,952	51.6	28,360	56.7	6,408	29.2
Loans for negotiable margin transactions	149	0.4	250	0.5	101	67.8
Equity repo transactions	1,529	3.6	1,799	3.6	269	17.6
Retail loans	544	1.3	633	1.3	88	16.3
General stock lending	799	1.9	1,083	2.2	284	35.6
Bond repo and gensaki transactions	18,929	44.5	24,593	49.2	5,664	29.9
Other	8,638	20.3	6,107	12.2	△ 2,531	△ 29.3
Trust and Banking Business	3,115	7.3	3,127	6.3	12	0.4
Interest on loans	32	0.1	36	0.1	3	11.2
Trust fees	1,347	3.2	1,530	3.1	183	13.6
Other	1,734	4.1	1,560	3.1	△ 174	△ 10.1
Real Estate Leasing Business	808	1.9	831	1.7	23	2.9
Total	42,518	100.0	50,008	100.0	7,489	17.6

Status of the Group's Transaction Balances by Business Sector (Average Balance)

	Previous consolidated fiscal year (from April 1, 2022 to March 31, 2023)	Consolidated fiscal year under review (from April 1, 2023 to March 31, 2024)	Increase/Decrease
	(billions of yen)	(billions of yen)	(billions of yen)
Loans for margin transactions	254.7	286.9	32.2
Securities loaned for margin transactions	188.9	252.4	63.4
Securities financing	11,473.9	12,984.0	1,510.0
Loans for negotiable margin transactions	18.8	34.7	15.8
Equity repo transactions	697.7	775.3	77.5
Retail loans	16.7	20.4	3.6
General stock lending	63.3	121.0	57.7
Bond repo and gensaki transactions	10,677.2	12,032.4	1,355.2
Trust Bank Loans	539.9	591.3	51.4

(2) Overview of Financial Status

(Features of the Group's Assets, Liabilities, and Cash flows)

The majority of assets consist of loans for margin transactions (operating loans), which fluctuate daily, deposits to the current account at the Bank of Japan (cash and deposits), collateral pledged for procurement of securities (cash collateral provided for securities borrowed, securities purchased under repurchase agreements) and securities held for the purpose of efficiently utilizing funds.

Liabilities consist mainly of marketable funding, such as call money and commercial paper, which can be adjusted on a daily basis to match fluctuating assets, as well as collateral accepted for securities lent.

Note that, within the security finance business, which has been a focus in recent years, bond repo and repurchase agreements have seen a significant increase in their balance in line with the growth of the business due to the large transaction lots. As such transactions are intermediary transactions that match the needs of lenders and borrowers, the assets (cash collateral provided for securities borrowed and securities purchased under resale agreements) and liabilities (cash collateral received for securities lent and securities sold under repurchase agreement) are accounted in both directions on the company's balance sheet. However, in such transactions, exposure is controlled by receiving and paying amounts equivalent to the bonds' market value as collateral for the bonds subject to the transactions, by conducting daily mark-to-market valuations during the term of the transactions, and by making appropriate margin calls (i.e., receiving and paying the difference between the cash collateral and a bond's market value). In addition, most of the counterparties are subject to debt assumptions by financial institutions with relatively high credit ratings or central clearing houses. These risk controls ensure that the increase in exposure and credit risk will be adequately controlled, even as assets and liabilities expand.

For other security finance operations, in addition to the same risk control measures as for bond repo and repurchase agreements, appropriate haircuts (weight) are set according to the volatility and market liquidity of the shares subject to transactions in order to ensure that the exposure is well controlled. In addition, under the framework of integrated risk management, the company weighs the amount of risk on a daily basis and manages this risk to keep it within the risk capital framework set based on the company's operational strength. Furthermore, we also monitor, on a daily basis, the exposure to each counterparty in times of stress to see that it is within a certain limit so as to constrain excessive exposure to certain counterparties.

Cash flows are mainly generated by the changes in assets and liabilities mentioned above, as well as by dividend payments and share buy-backs and disposals.

Cash and deposits in assets may increase or decrease significantly, depending on the status of standby funds in trust accounts in liabilities and the cash flow status of the Group as a whole.

No significant capital expenditure is planned at present.

(Status of Assets, Liabilities, and Net Assets)

As of the end of the consolidated accounting period (March 31, 2024), total assets amounted to 13,744.7 billion yen (a decrease of 311.4 billion yen year-on-year), total liabilities amounted to 13,600.1 billion yen (a decrease of 320.3 billion yen year-on-year), and total net assets amounted to 144.6 billion yen (an increase of 8.8 billion yen year-on-year).

The main factors for these are as follows.

- Assets:

Cash and deposits increased by 379.3 billion yen, year-on-year, due to an increase in deposits to the current account at the Bank of Japan.

Operating loans increased by 103.0 billion yen, year-on-year, due to an increase in the balance of loans for margin transactions at the end of the period.

Securities purchased under resale agreements increased by 1,192.2 billion yen, year-on-year, due to an increase in bond gensaki transactions.

Cash collateral provided for securities borrowed decreased by 1,716.7 billion yen, year-on-year, due to a decrease in the balance for bond repo transactions at the end of the period..

- Liabilities:

Call money and commercial paper respectively decreased by 325.6 billion yen and increased by 138.0 billion yen, year-on-year, as the result of flexible funding conducted in line with changes in loans and other assets on the asset side.

Securities sold under repurchase agreements increased by 1,167.5 billion yen, year-on-year, due to an increase in bond gensaki transactions.

Cash collateral received for securities loaned decreased by 1,311.3 billion yen, year-on-year, due to a decrease in bond repo transactions.

Borrowed money from trust accounts decreased by 131.2 billion yen, year-on-year, due to a decrease in standby funds in the trust accounts at JSF Trust and Banking Co., Ltd.

- Net assets:

Shareholders' equity increased by 1.4 billion yen, year-on-year, due to the recognition of profit attributable to owners of the parent.

Other accumulated comprehensive income increased by 7.4 billion yen year-on-year, as a result of an improvement in deferred gains or losses on hedges and unrealized gains or losses on available-for-sale securities incidental to price fluctuations in securities and other assets held.

(Status of cash flow)

As of the end of the consolidated accounting period (March 31, 2024), cash and cash equivalents amounted to 1,977.6 billion yen (an increase of 381.3 billion yen, year-on-year).

The status of each cash flow and their factors are as follows:

- Cash flow from operating activities

Net inflow by cash flow from operating activities was 383.4 billion yen (an over inflow of 303.5 billion yen, year-on-year), due to an increase in proceeds from the sale of government bonds, etc.

- Cash flow from investing activities

Net inflow by cash flow from investing activities was 4.5 billion yen (an over inflow of 3.4 billion yen, year-on-year), due to an increase in proceeds from the sale of investment securities etc.

- Cash flow from financing activities

Net outflow by cash flow from investing activities was 6.6 billion yen (an over outflow of 5.7 billion yen, year-on-year), due to dividend payments and share buy-backs.

(3) Future Outlook

The Company does not disclose earnings forecasts due to the fact that the performance of its securities finance business, the Group's core business, is significantly affected by trends in the stock market, interest rates, and other factors. Instead, for the purpose of disclosing information appropriate for the Group's type of business, we provide estimates calculated based the outstanding balance of margin loans business and other assumptions.

As an extraordinary profit is expected to be recorded following the sale of a property owned by a subsidiary of the company, which is scheduled to take place during the first quarter, the net income attributable to owners of the parent in the estimated results below includes an extraordinary profit (approximately 1.2 billion yen) on this sale.

[Estimates for Consolidated Performance]
(Full Year)

	Operating profit	Ordinary profit	Profit attributable to owners of parent	Net income per share
	(millions of yen)	(millions of yen)	(millions of yen)	(yen)
Estimate (A)	9,300	11,000	8,500	101.44

(Reference) Actual Results in Previous Period (B)	9,928	11,024	8,030	94.04
Increase/Decrease (A-B)	△ 628	△ 24	469	
Increase/Decrease Rate (%)	△ 6.3	△ 0.2	5.8	

[Balances for Margin Transaction Business Serving as Premise for Estimates]

Average balance of margin transactions: Loans 330 billion yen,
Securities lending 180 billion yen

Margin transaction interest rates, etc. : Loan interest rate 0.78% per annum,
Securities borrowing fees 0% per annum,
Securities lending fees 0.4% per annum

2. Basic Approach to the choice of Accounting Standards

The group prepares its consolidated financial statements in accordance with Japanese GAAP, for the time being, taking into account inter-company comparability and the current status of international business development and financing.

2. Consolidated Financial Statements and Notes
(1) Consolidated Balance Sheet

	(millions of yen)	
	Fiscal 2022	Fiscal 2023
	as of Mar. 31, 2023	as of Mar. 31, 2024
Assets		
Current assets		
Cash and deposits	1,598,274	1,977,638
Call loans	—	20,000
Securites	71,013	185,801
Operating loans	955,550	1,058,630
Securities purchased under resale agreements	3,561,406	4,753,614
Cash collateral provided for securities borrowed	6,669,821	4,953,081
Other	405,951	164,699
Allowance for doubtful accounts	△ 165	△ 83
Total current assets	<u>13,261,853</u>	<u>13,113,382</u>
Non-current assets		
Property, plant and equipment		
Buildings and structures	9,044	9,062
Accumulated depreciation	△ 6,893	△ 7,001
Buildings and structures, net	<u>2,150</u>	<u>2,061</u>
Tools, furniture and fixtures	1,280	1,289
Accumulated depreciation	△ 699	△ 846
Tools, furniture and fixtures, net	<u>580</u>	<u>443</u>
Land	3,264	3,264
Construction in progress	1	-
Total property, plant and equipment	<u>5,997</u>	<u>5,769</u>
Intangible assets	916	677
Investments and other assets		
Investment securities	745,621	583,146
Bad debts	81	72
Retirement benefit asset	1,180	3,226
Other	40,648	38,563
Allowance for doubtful accounts	△ 81	△ 72
Total investments and other assets	<u>787,450</u>	<u>624,936</u>
Total non-current assets	<u>794,364</u>	<u>631,383</u>
Total Assets	<u>14,056,217</u>	<u>13,744,765</u>
Liabilities		
Current liabilities		
Call money	2,190,400	1,864,800
Short-term borrowings	92,010	92,010
Current portion of long-term borrowings	1,000	149,800
Commercial papers	451,000	589,066
Securities sold under repurchase agreements	4,781,801	5,949,364
Cash collateral received for securities lent	5,073,776	3,762,412
Income taxes payable	750	1,197
Provision for bonuses	495	562
Provision for bonuses for directors and other officers	107	116
Borrowed money from trust account	871,335	740,130
Other	219,774	126,345
Total current liabilities	<u>13,682,448</u>	<u>13,275,805</u>

	(millions of yen)	
	Fiscal 2022	Fiscal 2023
	as of Mar. 31, 2023	as of Mar. 31, 2024
Non-current liabilities		
Long-term borrowings	232,700	316,600
Deferred tax liabilities	2,196	5,416
Deferred tax liabilities for land revaluation	74	74
Allowance for share awards for directors and other officers	240	218
Retirement benefit liability	217	243
Asset retirement obligations	56	57
Derivatives liabilities	2,013	1,160
Other	542	581
Total non-current liabilities	238,040	324,353
Total Liabilities	13,920,489	13,600,158
Net Assets		
Shareholders' equity		
Share capital	10,000	10,000
Capital surplus	8,878	5,181
Retained earnings	118,702	121,036
Treasury shares	△ 7,655	△ 4,847
Total shareholders' equity	129,925	131,369
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	△ 4,300	1,214
Deferred gains or losses on hedges	9,782	10,369
Revaluation reserve for land	168	168
Remeasurements of defined benefit plans	152	1,484
Total accumulated other comprehensive income	5,802	13,236
Total net assets	135,728	144,606
Total liabilities and net assets	14,056,217	13,744,765

(2) Consolidated Income Statement and Consolidated Comprehensive Income Statement
(Consolidated Income Statement)

	(millions of yen)	
	Fiscal 2022 Apr. 1, 2022- Mar. 31, 2023	Fiscal 2023 Apr. 1, 2023- Mar. 31, 2024
Operating revenue		
Interest on loans receivable	2,486	2,895
Interest income on securities purchased under resale agreements	10,683	14,400
Interest income on cash collateral provided for securities borrowed	2,553	3,143
Securities lending fees	12,844	17,642
Other operating revenue	13,949	11,926
Total operating revenue	42,518	50,008
Operating expenses		
Interest expenses	1,033	2,452
Interest expenses on securities sold under repurchase agreements	6,015	7,514
Securities borrowing fees	13,456	18,986
Other operating expenses	8,258	3,662
Total operating expenses	28,765	32,615
Operating gross profit	13,753	17,392
General and administrative expenses		
Remuneration salary etc.	2,897	2,962
Retirement benefit expenses	169	179
Provision of allowance for bonus	495	562
Provision of allowance for bonus for directors and other officers	107	116
Provision of allowance for share awards for directors and other officers	49	32
Depreciation	682	626
Provision for allowance for doubtful accounts	17	—
Rebasal of allowance for doubtful accounts	-	△ 91
Other	2,981	3,075
Total general and administrative expenses	7,398	7,463
Operating profit	6,354	9,928
Non-operating income		
Interest income	247	251
Dividend income	207	242
Share of profit of entities accounted for using equity method	523	556
Gain on investments in investment partnerships	156	25
Other	122	48
Total non-operating income	1,257	1,124
Non-operating expenses		
Interest expense	0	0
Commission for purchase of treasury shares	8	10
Loss on investments in investment partnerships	2	17
Other	0	0
Total non-operating expenses	10	28
Ordinary profit	7,601	11,024
Extraordinary income		
Gain on sale of investments in securities	—	18
Gain on revision of retirement benefit plan	671	—
Total extraordinary income	671	18
Profit before income taxes	8,273	11,043
Income taxes - current	1,965	3,072
Income taxes - deferred	340	△ 59
Total income taxes	2,306	3,012
Profit	5,966	8,030
Profit attributable to non-controlling interests	—	—
Profit attributable to owners of parent	5,966	8,030

(Consolidated Statement of Comprehensive Income)

	(millions of yen)	
	Fiscal 2022	Fiscal 2023
	Apr. 1, 2022- Mar. 31, 2023	Apr. 1, 2023- Mar. 31, 2024
Profit	5,966	8,030
Other comprehensive income		
Net unrealized valuation difference on available-for-sale securities	△ 14,213	5,461
Deferred gains or losses on hedges	11,749	587
Remeasurements of defined benefit plans, net of tax	△ 56	1,277
Share of other comprehensive income of entities accounted for using equity method	45	108
Total other comprehensive income	△ 2,474	7,434
Comprehensive income	3,491	15,465
Comprehensive income attributable to owners of parent	3,491	15,465
Comprehensive income attributable to non-controlling interests	—	—

(3) Consolidated Statement of Changes of Net Assets
 Previous consolidated fiscal year (from April 1, 2022 to March 31, 2023)

(millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total Shareholders' equity
Balance at April 1, 2022	10,000	8,878	115,521	△ 4,680	129,719
Changes arising during the year					
- Cash dividends			△ 2,786		△ 2,786
- Profit attributable to owners of parent			5,966		5,966
- Purchase of treasury share				△ 3,000	△ 3,000
- Disposal of treasury share				26	26
- Net changes other than stockholders' equity					
Total changes during the year	-	-	3,180	△ 2,974	206
Balance at March 31, 2023	10,000	8,878	118,702	△ 7,655	129,925

(millions of yen)

	Accumulated other comprehensive income					Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Revaluation reserve for land	Remeasurements of defined benefit plans	Total accumulated other comprehensive income	
Balance at April 1, 2022	9,920	△ 1,967	168	156	8,277	137,996
Changes arising during the year						
- Cash dividends						△ 2,786
- Profit attributable to owners of parent						5,966
- Purchase of treasury shares						△ 3,000
- Disposal of treasury share						26
- Net changes other than stockholders' equity	△ 14,220	11,749	-	△ 4	△ 2,474	△ 2,474
Total changes during the year	△ 14,220	11,749	-	△ 4	△ 2,474	△ 2,268
Balance at March 31, 2023	△ 4,300	9,782	168	152	5,802	135,728

Consolidated fiscal year under review (from April 1, 2023 to March 31, 2024)

(millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total Shareholders' equity
Balance at April 1, 2023	10,000	8,878	118,702	△ 7,655	129,925
Changes arising during the year					
- Cash dividends			△ 2,870		△ 2,870
- Profit attributable to owners of parent			8,030		8,030
- Purchase of treasury share				△ 3,802	△ 3,802
- Disposal of treasury share		9		77	87
- Cancellation of treasury share		△ 6,532		6,532	-
- Transfer from retained earnings to capital surplus		2,825	△ 2,825		-
- Net changes other than stockholders' equity					
Total changes during the year	-	△ 3,697	2,334	2,807	1,444
Balance at March 31, 2024	10,000	5,181	121,036	△ 4,847	131,369

(millions of yen)

	Accumulated other comprehensive income					Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Revaluation reserve for land	Remeasurements of defined benefit plans	Total accumulated other comprehensive income	
Balance at April 1, 2023	△ 4,300	9,782	168	152	5,802	135,728
Changes arising during the year						
- Cash dividends						△ 2,870
- Profit attributable to owners of parent						8,030
- Purchase of treasury share						△ 3,802
- Disposal of treasury share						87
- Cancellation of treasury share						-
- Transfer from retained earnings to capital surplus						-
- Net changes other than stockholders' equity	5,515	587	-	1,331	7,434	7,434
Total changes during the year	5,515	587	-	1,331	7,434	8,878
Balance at March 31, 2024	1,214	10,369	168	1,484	13,236	144,606

(4) Consolidated Cash Flow Statement

	(millions of yen)	
	Fiscal 2022	Fiscal 2023
	as of Mar. 31, 2023	as of Mar. 31, 2024
Cash flows from operating activities		
Profit before income taxes	8,273	11,043
Depreciation	682	626
Loss (gain) on sale and retirement of non-current assets	5	0
Loss (gain) related to securities	1,530	509
Increase (decrease) in allowance for loan losses	17	(91)
Increase (decrease) in provision for bonuses	28	67
Increase (decrease) in provision for bonuses for directors and other officers	0	8
Increase (decrease) in provision for share awards for directors and other officers	11	(21)
Increase (decrease) in retirement benefit liability	(739)	(2,020)
Interest and dividend income	(20,347)	(25,308)
Interest expenses	7,049	9,967
Share of loss (profit) of entities accounted for using equity method	(523)	(556)
Decrease (increase) in operating loans receivable	(64,064)	(103,079)
Net decrease (increase) in call loans	—	(20,000)
Net decrease (increase) in securities purchased under resale agreements	366,739	(1,192,208)
Decrease (increase) in cash collateral provided for securities borrowed	(170,398)	1,716,739
Net increase (decrease) in call money	332,000	(325,600)
Net increase (decrease) in short-term borrowings	(147,200)	—
Net increase (decrease) in commercial papers	(45,000)	138,066
Net increase (decrease) in securities sold under repurchase agreements	(763,097)	1,167,562
Increase (decrease) in cash collateral received for securities lent	367,279	(1,311,363)
Net increase (decrease) in cash collateral received for margin transactions	(19,829)	(14,938)
Net increase (decrease) in borrowed money from trust account	(160,077)	(131,204)
Net increase (decrease) in long-term borrowings	229,700	232,700
Purchase of short-term and long-term investment securities	(228,058)	(557,408)
Proceeds from sale and redemption of short-term and long-term investment securities	539,458	602,205
Other, net	62,003	173,533
Subtotal	295,443	369,231
Interest and dividends received	21,016	24,579
Interest paid	(6,999)	(9,417)
Income taxes paid	(11,911)	(10,813)
Income taxes refund	5,995	9,830
Net cash provided by (used in) operating activities	303,546	383,411
Cash flows from investing activities		
Purchase of investment securities	(317)	(238)
Proceeds from sale and redemption of securities	4,402	4,954
Purchase of property, plant and equipment	(353)	(78)
Purchase of intangible assets	(285)	(62)
Other, net	1	—
Net cash provided by (used in) investing activities	3,447	4,575
Cash flows from financing activities		
Dividends paid	(2,786)	(2,870)
Purchase of treasury shares	(3,000)	(3,802)
Proceeds from disposal of treasury shares	—	49
Net cash provided by (used in) financing activities	(5,786)	(6,624)
Effect of exchange rate change on cash and cash equivalents	—	—
Net increase (decrease) in cash and cash equivalents	301,206	381,363
Cash and cash equivalents at beginning of period	1,295,058	1,596,264
Cash and cash equivalents at end of period	1,596,264	1,977,628

(5) Notes Regarding Quarterly Consolidated Financial Statements
(Notes Regarding Going Concern Assumptions)
Not applicable.

(Segment Information)

I. Overview of reporting segments

The group's reporting segments are components of the Group for which separate financial information is available and which are regularly subjected to review by the Board of Directors to determine the allocation of management resources and to evaluate their performance.

The Group has three reporting segments: the company's securities finance business, and the trust and banking business of JSF Trust and Banking Co., Ltd., and the real estate leasing business of Nihon Building, which are consolidated subsidiaries.

In the securities finance business, the company provides loans for margin transactions, bond financing & general loans, and lending services such as bond service and stock lending. The trust and banking business includes securities trust services and banking services such as deposits and loans. The real estate leasing business is mainly comprised of the leasing and management of properties owned by the group.

II. Method of determining reporting segments

The accounting method used for the reporting segments are the same as those used in the preparation of the consolidated financial statements.

III. Information on the amount of operating revenue and profits or losses for each reporting segment

Previous consolidated fiscal year (from April 1, 2022 to March 31, 2023)

(millions of yen)

	Securities finance business	Trust and banking business	Real estate leasing business	Total
Operating revenue				
Revenue from sales to outside customers	38,594	3,115	808	42,518
Internal operating revenues or balance of transfers among segments	36	249	389	675
Total	38,631	3,364	1,197	43,194
Segment profit (ordinary profit)	10,274	1,415	651	12,342
Segment assets	12,482,291	1,758,123	7,788	14,248,203
Others				
- Depreciation	482	105	94	681
- Interest income	247	-	13	260
- Tax expense	1,644	439	221	2,306

Consolidated fiscal year under review (from April 1, 2023 to March 31,2024)

(millions of yen)

	Securities finance business	Trust and banking business	Real estate leasing business	Total
Operating revenue				
Revenue from sales to outside customers	46,049	3,127	831	50,008
Internal operating revenues or balance of transfers among segments	21	141	391	554
Total	46,070	3,269	1,223	50,562
Segment profit (ordinary profit)	10,070	1,855	713	12,638
Segment assets	12,469,435	1,360,088	8,721	13,838,245
Others				
- Depreciation	441	97	87	626
- Interest income	251	-	6	257
- Tax expense	2,203	567	242	3,013

- IV. Differences between the total amount of profits or losses for each reporting segment and amount recorded in the consolidated income statement, and the main content of these differences (matters related to difference adjustments)

(millions of yen)

Operating revenue	Previous consolidated fiscal year	Consolidated fiscal year under review
Total for reporting segments	43,194	50,562
Elimination of inter-segment transactions	△ 675	△ 554
Other adjustments	-	-
Operating revenue in the consolidated income statement	42,518	50,008

(millions of yen)

Ordinary profit	Previous consolidated fiscal year	Consolidated fiscal year under review
Total for reporting segments	12,342	12,638
Elimination of inter-segment transactions	△ 5,264	△ 2,171
Equity in gains of affiliates	523	556
Other adjustments	-	-
Ordinary profit in the consolidated income statement	7,601	11,024

(millions of yen)

Assets	Previous consolidated fiscal year	Consolidated fiscal year under review
Total for reporting segments	14,248,203	13,838,245
Elimination of inter-segment offsetting receivables	△ 172,025	△ 75,842
Equity in gains of affiliates	△ 24,913	△ 24,913
Other adjustments	4,953	7,276
Assets in the consolidated income statement	14,056,217	13,744,765

(millions of yen)

Others	Total for reporting segments		Adjustments		Amount in the consolidated income statement	
	Previous consolidated fiscal year	Consolidated fiscal year under review	Previous consolidated fiscal year	Consolidated fiscal year under review	Previous consolidated fiscal year	Consolidated fiscal year under review
Depreciation	681	626	0	0	682	626
Interest income	260	257	△ 13	△ 6	247	251
Tax expense	2,306	3,013	0	△ 0	2,306	3,012

(Per Share Information)

(yen)

	Previous consolidated fiscal year (April 1, 2022 to March 31, 2023)	Consolidated fiscal year under review (April 1, 2023 to March 31, 2024)
Net assets per share	1,574.64	1,725.62
Net income per share	67.76	94.04

(Note) 1 Diluted net income per share is not shown, as no dilutive shares exist.

2 The basis for the calculation of the net income per share is as follows:

(yen)

	Previous consolidated fiscal year (April 1, 2022 to March 31, 2023)	Consolidated fiscal year under review (April 1, 2022 to March 31, 2023)
Profit attributable to owners of parent (million yen)	5,966	8,030
Profit unattributable to shareholders of common stocks (million yen)	-	-
Profit on common stocks attributable to owners of parent (million yen)	5,966	8,030
Average number of shares of common stocks during the period (thousand shares)	88,051	85,399

3 In the calculation of net assets per share, the number of treasury stock shares deducted from the number of issued and outstanding shares at the end of the period includes the shares of the Company held by the Share Benefit Trust (BBT).

Also, in the calculation of net income per share, the number of treasury stock shares deducted from the average number of issued and outstanding shares during the period are included. (Previous consolidated fiscal year: 1,035 thousand shares Consolidated fiscal year under review: 961 thousand shares)

(Significant Subsequent Events)

Not applicable.