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Summary of Financial Results for the First Quarter Ended June 30, 2024 [Japanese GAAP] (Consolidated)

August 2, 2024

Company name : Japan Securities Finance Co., Ltd. Listing : Tokyo Stock Exchange
Securities code : 8511 URL: <https://www.jsf.co.jp>
Representative: (Title) Representative Executive Officer & President (Name) Shigeki Kushida
Contact Person: (Title) General Manager of Corporate Planning Dept. (Name) Katsuhiko Yamamoto
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Scheduled date for commencement of dividend payments: -
Preparation of supplementary explanatory materials on quarterly financial statements: Yes
Convening of quarterly financial results briefing: None

(Millions of yen, rounded down to nearest million)

1. Consolidated Financial Results for the First Quarter of Fiscal 2024 (April 1, 2024 - June 30, 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)
1st Quarter of Fiscal 2024	12,397	△9.8	3,379	8.0	3,681	9.4	3,380	37.8
1 st Quarter of Fiscal 2023	13,742	23.1	3,129	68.6	3,364	53.0	2,453	18.9

(Note) Comprehensive income: Fiscal 2024 1Q : △2,771 millions of yen (-%) Fiscal 2023 1Q : 4,825 millions of yen (794.8%)

	Net income per share	Net income per share - diluted
	(Yen)	(Yen)
1st Quarter of Fiscal 2024	40.34	—
1 st Quarter of Fiscal 2023	28.46	—

(Note) Due to changes in the presentation method during this 1st quarter consolidated cumulative period, the operating revenue, operating income, and respective growth rates for 1st Quarter of Fiscal 2023 have been revised to reflect the changes in presentation.

(2) Consolidated Financial Position

	Total assets	Net assets	Shareholders' equity ratio
	(Millions of Yen)	(Millions of Yen)	(%)
1st Quarter of Fiscal 2024	15,784,468	139,391	0.9
Fiscal 2023	13,744,765	144,606	1.1

(Reference) Net worth Fiscal 2024 1Q : 139,391 millions of yen Fiscal 2023 : 144,606 millions of yen

2. Dividends

	Dividends per Share				
	1 st Quarter (Yen)	2 nd Quarter (Yen)	3 rd Quarter (Yen)	Year-end (Yen)	Annual (Yen)
Fiscal 2023	-	17.00	-	30.00	47.00
Fiscal 2024	-				
Fiscal 2024 (Forecast)		42.00	-	42.00	84.00

(Note 1) Revision to most recently published dividend forecast: Yes

(Note 2) Fiscal 2024 (Forecast) 2nd quarter: Ordinary dividend 34.00 yen Special dividend 8.00 yen
Fiscal 2024 (Forecast) End of the period: Ordinary dividend 34.00 yen Special dividend 8.00 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	11,600	13.9	12,400	12.5	10,100	25.8	120.44

(Notes) Revision to most recently published performance forecast: Yes

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) Adoption of specified accounting methods for quarterly consolidated financial statements : None

(3) Changes in accounting policies and changes or restatement of accounting estimates

① Changes in accounting policies caused by revision of accounting standards : Yes

② Changes in accounting policies other than ① : None

③ Changes in accounting estimates : None

④ Restatements : None

(Note) See section “2. Quarterly Consolidated Financial Statements and Notes (3) Notes Regarding Quarterly Consolidated Financial Statements (Note on Changes to Accounting Policies)” in the attached materials regarding the details.

(4) Number of issued and outstanding shares (common stock)

① Number of issued and outstanding shares (including treasury stock)

as of Jun. 30, 2024 : 88,000,000 as of Mar. 31, 2024 : 88,000,000

② Number of treasury stock shares

as of Jun. 30, 2024 : 4,119,975 as of Mar. 31, 2024 : 4,199,877

③ Average number of shares (quarter-to-date)

for three months ended Jun. 30, 2024 : 83,804,665

for three months ended Jun. 30, 2023 : 86,203,358

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

Note: Review of the Japanese-language originals of the attached consolidated quarterly financial statements by certified public accountants or an audit firm: Yes (voluntary)

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 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 Current Quarter Results

(1) Review of Operating Results

(Financial and Economic Environment)

During the first quarter of the consolidated cumulative period (from April 1, 2024, to June 30, 2024), the economic environment continued to recover at a moderate pace against a backdrop of improved corporate earnings and inbound demand, despite continued concerns over downside risks to the economy due to the impact of financial policies in western countries and concerns over a slowdown in the Chinese economy.

Looking at the stock market, the Nikkei Stock Average (closing price) began the period at 39,803 yen and reached the highest value for the period of 39,838 yen on April 2nd, before falling to its lowest value for the period of 37,068 yen on April 19th, due to retreating expectations for an interest rate cut by the FRB amid persistent inflation in the US, which particularly affected interest rate-sensitive semiconductor-related stocks. However, the market subsequently recovered, ending the period at 39,583 yen at the end of June, driven by strong corporate earnings.

Looking at the outstanding balance of standardized margin transactions on the Tokyo and other markets (Tokyo Stock Exchange, Nagoya Stock Exchange, and PTS), the outstanding balance of margin buying increased from 2.91 trillion yen at the beginning of the period to peak at 3.13 trillion yen during the stock price decline in April, then remained around 3 trillion yen to end at 2.97 trillion yen at the end of June. Meanwhile, the outstanding balance of margin selling decreased from 610 billion yen at the beginning of the period to bottom out at 520 billion yen during the stock price decline in April, due to buybacks, and then gradually increased with the rise in stock prices to end at 590 billion yen at the end of June.

(Results for the First Quarter of Fiscal Year Ending March 2025)

In the first quarter cumulative period, our group posted an increase in consolidated operating profit to ¥3,379 million (up 8.0% year-on-year), exceeding the forecast announced in May of this year. This was due to robust performance in security finance operations, such as loans for margin transactions and equity repo transactions, driven by a buoyant stock market and changes in interest rate conditions leading to increased demand for financing. Furthermore, in trust banking business, managed trust services, centered on asset-backed loan trusts, continued to perform strongly. As a result thereof, consolidated ordinary profit also increased to ¥3,681 million (up 9.4% year-on-year).

In addition, due to the recording of a gain on the sale of real estate held by the consolidated subsidiary as extraordinary income, the quarterly profit attributable to owners of the parent increased significantly to ¥3,380 million (up 37.8% year-on-year).

(millions of yen)

	Consolidated profits & losses	Year-on-year comparison	Rate of increase/decrease
Operating revenues	12,397	▲ 1,344	▲ 9.8%
Excluding premium charges	11,351	1,174	11.5%
Operating expenses	7,089	▲ 1,614	▲ 18.5%
Excluding premium charges	6,052	915	17.8%
Operating gross profit	5,308	269	5.4%
General and administrative expenses	1,929	19	1.0%
Operating profit	3,379	250	8.0%
Non-operating income	302	66	28.0%
Ordinary profit	3,681	316	9.4%
Extraordinary income	1,163	1,163	-%
Profit before income taxes etc.	4,845	1,480	44.0%
Profit attributable to owners of the parent	3,380	926	37.8%

(2) Overview of Financial Status
(Status of Assets, Liabilities, and Net Assets)

As of the end of the first quarter of the consolidated accounting period (June 30, 2024), total assets amounted to 15,784.4 billion yen (an increase of 2,039.7 billion yen from the previous fiscal year-end), total liabilities amounted to 15,645 billion yen (an increase of 2,044.9 billion yen from the previous fiscal year-end), and total net assets amounted to 139.3 billion yen (a decrease of 5.2 billion yen from the previous fiscal year-end).

The main factors for this are as follows.

- Assets:

Operating Loans decreased by 274 billion yen from the previous fiscal year-end, due to a reduction in lending at JSF Trust and Banking Co., Ltd.

Securities purchased under resale agreements increased by 1,592 billion yen from the previous fiscal year-end, due to an increase in bond gensaki transactions.

Cash collateral provided for securities borrowed increased by 746.9 billion yen from the previous fiscal year-end, due to an increase in bond repo transactions.

- Liabilities:

Securities sold under repurchase agreements increased by 2,309.8 billion yen from the previous fiscal year-end, due to an increase in bond gensaki transactions.

Cash collateral received for securities loaned decreased by 185.1 billion yen from the previous fiscal year-end, due to a decrease in securities lent for margin transactions in spite of an increase in bond repo transactions.

Borrowed money from trust accounts decreased by 80.5 billion yen from the previous fiscal year-end, due to a decrease in standby funds in the trust accounts at JSF Trust and Banking Co., Ltd.

- Net assets:

Shareholders' equity increased by 0.9 billion yen from the previous fiscal year-end, due to the recognition of quarterly net income and the dividend payout.

Accumulated other comprehensive income decreased by 6.1 billion yen from the previous fiscal year-end, as a result of a decrease in an unrealized gains or losses on available-for-sale securities incidental to price fluctuations in securities held.

[Reference]

Status of the Group's Operating Revenues by Business Sector

	Previous 1 st Quarter Consolidated Cumulative period (from April 1, 2023 to June 30, 2023)		Current 1 st Quarter Consolidated Cumulative period (from April 1, 2024 to June 30, 2024)		Previous Consolidated Fiscal Year (Full Year) (from April 1, 2023 to March 31, 2024)	
	Amount (Millions of yen)	Composition ratio (%)	Amount (Millions of yen)	Composition ratio (%)	Amount (Millions of yen)	Composition ratio (%)
Securities Finance Business	12,856	93.6	11,240	90.7	46,300	92.1
Loans for margin transactions	4,687	34.1	2,233	18.0	11,581	23.0
Interest on loans	442	3.2	839	6.8	1,831	3.6
Interest on collateral money for securities borrowed	264	1.9	106	0.9	844	1.7
Premium charges	3,565	25.9	1,046	8.4	7,508	14.9
Lending fees	318	2.3	179	1.4	1,080	2.2
Securities financing	6,630	48.2	5,013	40.4	28,360	56.4
Loans for negotiable margin transactions	58	0.4	88	0.7	250	0.5
Equity repo transactions	422	3.1	746	6.0	1,799	3.6
Retail loans	146	1.1	183	1.5	633	1.3
General stock lending	266	1.9	388	3.1	1,083	2.2
Bond repo and gensaki transactions	5,737	41.7	3,606	29.1	24,593	48.9
Other	1,538	11.2	3,993	32.2	6,358	12.7
Trust and Banking Business	683	5.0	943	7.6	3,127	6.2
Interest on loans	10	0.1	16	0.1	36	0.1
Trust fees	364	2.7	412	3.3	1,530	3.0
Other	308	2.2	514	4.1	1,560	3.1
Real Estate Leasing Business	203	1.5	214	1.7	831	1.7
Total	13,742	100.0	12,397	100.0	50,259	100.0

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

	Previous 1 st Quarter Consolidated Cumulative period (from April 1, 2023 to June 30, 2023)	Current 1 st Quarter Consolidated Cumulative period (from April 1, 2024 to June 30, 2024)	Previous Consolidated Fiscal Year (Full Year) (from April 1, 2023 to March 31, 2024)
	(billions of yen)	(billions of yen)	(billions of yen)
Loans for margin transactions	279.8	432.8	286.9
Securities loaned for margin transactions	301.2	167.0	252.4
Securities financing	11,540.9	12,668.0	12,976.8
Loans for negotiable margin transactions	33.0	40.9	34.7
Equity repo transactions, etc.	796.3	831.4	775.3
Retail loans	18.5	23.1	20.4
General stock lending	125.6	77.5	121.0
Bond repo and gensaki transactions	10,567.3	11,694.8	12,025.3
Trust Bank Loans	503.1	289.0	591.3

(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.

Our loans for margin transactions business and our securities financing business performed at levels that exceeded our expectations in the cumulative first quarter period, and in the second quarter we will record extraordinary income from the sale of unlisted stock held by our company. Accordingly, we have revised our estimates upwards from the previously announced estimates (announced in May 2024).

<Estimates, etc.>

(Note) Revision of consolidated performance estimates, etc. in the current quarter: Yes

[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)
Previous Estimate (A)	9,300	11,000	8,500	101.44
Revised Estimate (B)	11,600	12,400	10,100	120.44
Increase/Decrease (B-A)	2,300	1,400	1,600	
Increase/Decrease Rate (%)	24.7	12.7	18.8	
(Reference) Actual Results in Previous Period (C)	10,180	11,024	8,030	94.04
Increase/Decrease (B-C)	1,419	1,375	2,069	
Increase/Decrease Rate (%)	13.9	12.5	25.8	

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

Average balance of margin transactions: Loans 420 billion yen (+90 billion yen),
Securities lending 180 billion yen

Margin transaction interest rates, etc. : Loan interest rate 0.81% per annum (+0.03%),
Securities borrowing fees 0% per annum,
Securities lending fees 0.4% per annum

(Note: Figures in parentheses are compared to the premise in the previously announced estimates.)

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

	(millions of yen)	
	Fiscal 2023 as of Mar. 31, 2024	Current IQ as of Jun. 30, 2024
Assets		
Current assets		
Cash and deposits	1,977,638	1,983,277
Call loans	20,000	5,000
Securites	185,801	176,583
Operating loans	1,058,630	784,574
Securities purchased under resale agreements	4,753,614	6,345,651
Cash collateral provided for securities borrowed	4,953,081	5,699,996
Other	164,699	135,570
Allowance for doubtful accounts	△ 83	△ 156
Total current assets	13,113,382	15,130,498
Non-current assets		
Property, plant and equipment	5,769	5,691
Intangible assets	677	621
Investments and other assets		
Investment securities	583,146	600,268
Bad debts	72	70
Retirement benefit asset	3,226	3,293
Deferred tax assets	—	168
Other	38,563	43,925
Allowance for doubtful accounts	△ 72	△ 70
Total investments and other assets	624,936	647,656
Total non-current assets	631,383	653,969
Total Assets	13,744,765	15,784,468

(millions of yen)

	Fiscal 2023 as of Mar. 31, 2024	Current IQ as of Jun. 30, 2024
Liabilities		
Current liabilities		
Call money	1,864,800	1,875,100
Short-term borrowings	92,010	92,010
Current portion of long-term borrowings	149,800	149,800
Commercial papers	589,066	576,686
Securities sold under repurchase agreements	5,949,364	8,259,246
Cash collateral received for securities lent	3,762,412	3,577,286
Income taxes payable	1,197	877
Provision for bonuses	562	274
Provision for bonuses for directors and other officers	116	—
Borrowed money from trust account	740,130	659,591
Other	126,345	132,831
Total current liabilities	13,275,805	15,323,703
Non-current liabilities		
Long-term borrowings	316,600	316,600
Deferred tax liabilities	5,416	3,129
Deferred tax liabilities for land revaluation	74	74
Allowance for share awards for directors and other officers	218	201
Retirement benefit liability	243	255
Asset retirement obligations	57	58
Derivatives liabilities	1,160	486
Other	581	568
Total non-current liabilities	324,353	321,373
Total Liabilities	13,600,158	15,645,077
Net Assets		
Shareholders' equity		
Share capital	10,000	10,000
Capital surplus	5,181	5,194
Retained earnings	121,036	121,874
Treasury shares	△ 4,847	△ 4,762
Total shareholders' equity	131,369	132,306
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1,214	△ 5,978
Deferred gains or losses on hedges	10,369	11,461
Revaluation reserve for land	168	168
Remeasurements of defined benefit plans	1,484	1,433
Total accumulated other comprehensive income	13,236	7,084
Total net assets	144,606	139,391
Total liabilities and net assets	13,744,765	15,784,468

(2) Quarterly Consolidated Income Statement and Quarterly Consolidated Comprehensive Income Statement
(Quarterly Consolidated Income Statement)
(Three Months Ended June 30, 2024)

	(millions of yen)	
	Previous 1Q Apr.1,2023- Jun.30,2023	Current 1Q Apr.1,2024- Jun.30,2024
Operating revenue		
Interest on loans receivable	698	1,217
Interest income on securities purchased under resale agreements	3,230	1,591
Interest income on cash collateral provided for securities borrowed	774	1,646
Securities lending fees	6,199	2,319
Other operating revenue	2,839	5,623
Total operating revenue	13,742	12,397
Operating expenses		
Interest expenses	248	2,460
Interest expenses on securities sold under repurchase agreements	1,564	761
Securities borrowing fees	6,441	2,369
Other operating expenses	448	1,497
Total operating expenses	8,703	7,089
Operating gross profit	5,039	5,308
General and administrative expenses	1,910	1,929
Operating profit	3,129	3,379
Non-operating income		
Dividend income	143	168
Share of profit of entities accounted for using equity method	76	102
Gain on investments in investment partnerships	9	41
Other	7	7
Total non-operating income	236	319
Non-operating expenses		
Loss on investments in investment partnerships	0	17
Other	0	0
Total non-operating expenses	0	17
Ordinary profit	3,364	3,681
Extraordinary income		
Gain on sale of non-current assets	—	1,163
Total extraordinary income	—	1,163
Profit before income taxes	3,364	4,845
Income taxes - current	765	1,208
Income taxes - deferred	145	256
Total income taxes	911	1,464
Profit	2,453	3,380
Profit attributable to non-controlling interests	—	—
Profit attributable to owners of parent	2,453	3,380

(Quarterly Consolidated Comprehensive Income Statement)
(Three Months Ended June 30, 2024)

	(millions of yen)	
	Previous 1Q Apr. 1, 2023- Jun. 30, 2023	Current 1Q Apr. 1, 2024- Jun. 30, 2024
Profit	2,453	3,380
Other comprehensive income		
Net unrealized valuation difference on available-for-sale securities	6,552	△ 7,208
Deferred gains or losses on hedges	△ 4,195	1,091
Remeasurements of defined benefit plans, net of tax	△ 4	△ 49
Share of other comprehensive income of entities accounted for using equity method	18	14
Total other comprehensive income	2,371	△ 6,152
Comprehensive income	4,825	△ 2,771
Comprehensive income attributable to owners of parent	4,825	△ 2,771
Comprehensive income attributable to non-controlling interests	—	—

(3) Notes Regarding Quarterly Consolidated Financial Statements
(Note on Changes to Accounting Policies)

(Application of "Accounting Standards for Corporate, Inhabitant and Enterprise Taxes, etc.")

We have applied the "Accounting Standards for Corporate, Inhabitant and Enterprise Taxes, etc." (Business Accounting Standard No. 27 of October 28, 2022; hereinafter referred to as "Revised Accounting Standards of 2022") from the beginning of this first quarter consolidated accounting period.

Regarding the amendments related to the classification of corporate tax accounting (taxation on other comprehensive income), we have followed the transitional treatment specified in the proviso to Paragraph 20-3 of the Revised Accounting Standards of 2022 and the transitional treatment specified in the proviso to Paragraph 65-2(2) of the "Guidance on the Application of Accounting Standards for Tax Effect Accounting" (Guidance on Business Accounting Standard Application No. 28 of October 28, 2022; hereinafter referred to as "Revised Application Guidance of 2022"). This has had no impact on the quarterly consolidated financial statements.

Furthermore, regarding the amendments related to the review of treatment in consolidated financial statements when deferring taxes on gains and losses arising from the sale of subsidiary shares among consolidated companies for tax purposes, the Revised Application Guidance of 2022 has been applied since the beginning of the first quarter consolidated accounting period. This change in the accounting policy has been retroactively applied, and the quarterly consolidated financial statements for the previous quarter and the consolidated financial statements for the previous fiscal year have been restated accordingly. This change had no impact on the quarterly consolidated financial statements of the previous year or the consolidated financial statements of the previous fiscal year.

(Segment Information)

As set out in the Note on Changes to Presentation Method, from this first quarter consolidated cumulative period, we have reclassified "interest received" from deposits to banks and others as "operating revenue." Accordingly, we retroactively reclassified this as "operating revenue" in the prior first quarter cumulative period as well. This increased "operating revenue" by 60 million yen over the previous method, but had no impact on segment income (ordinary income).

I. Three Months Ended June 30, 2023 (from April 1, 2023 to June 30, 2023)

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

(millions of yen)

	Securities Finance Business	Trust and Banking Business	Real Estate Leasing Business	Total
Operating Revenue				
Revenue from sales to outside customers	12,856	683	203	13,742
Internal operating revenues or balance of transfers among segments	6	39	97	142
Total	12,862	722	300	13,884
Segment profit (ordinary profit)	4,259	414	193	4,867

2. Difference between the total amount of profits or losses for each reporting segment and amount recorded in the quarterly consolidated income statement, and the main content of this difference (matters related to difference adjustments)

(millions of yen)

Profits	Amount
Total for reporting segments	4,867
Elimination of inter-segment transactions	△1,578
Equity in gains of affiliates	76
Other adjustments	-
Ordinary profit in the quarterly consolidated income statement	3,364

3. Information on impairment losses on fixed assets or goodwill, etc., for each reporting segment
Not applicable.

II. Three Months Ended June 30, 2024 (from April 1, 2024 to June 30, 2024)

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

(millions of yen)

	Securities Finance Business	Trust and Banking Business	Real Estate Leasing Business	Total
Operating Revenue				
Revenue from sales to outside customers	11,240	943	214	12,397
Internal operating revenue or balance of transfers among segments	22	28	98	149
Total	11,262	972	312	12,547
Segment profit (ordinary profit)	4,243	444	237	4,925

2. Difference between the total amount of profit or loss for each reporting segment and the amount recorded in the quarterly consolidated income statement, and the main content of the difference (matters related to difference adjustments)

(millions of yen)

Profit	Amount
Total for reporting segments	4,925
Elimination of inter-segment transactions	△1,347
Equity in gains of affiliates	102
Other adjustments	—
Ordinary profit in the quarterly consolidated income statement	3,681

3. Information on impairment losses on fixed assets or goodwill, etc., for each reporting segment
Not applicable.

(Notes Regarding Going Concern Assumptions)

Not applicable.

(Notes in the Event of Significant Changes in Shareholders' Equity)

Not applicable.

(Note on the Quarterly Consolidated Statement of Cash Flows)

No quarterly consolidated statement of cash flows has been prepared for the cumulative first quarter consolidated period. However, the depreciation expense for the cumulative first quarter consolidated period (including the amortization of intangible fixed assets excluding goodwill) is as follows.

	Previous 1Q Apr.1,2023- Jun.30,2023	Current 1Q Apr.1,2024- Jun.30,2024
Depreciation	162million of yen	128million of yen

(Note on Changes to Presentation Method)

In the past, our company has classified "interest received" from deposits to banks and other financial institutions as "non-operating revenue," and in the consolidated statement of income for the previous 1st quarter consolidated cumulative period, 60 million yen in "interest received" was classified as "non-operating revenue." .

Since, however, the depositing of funds is also part of our ordinary business activities in ALM (Asset-Liability Management), and since the monetary importance of interest income has increased with the rise in deposit interest rates, from this 1st quarter consolidated cumulative period, we have reclassified "interest received" as "operating revenue," similarly to revenues from other transactions based on ALM.

(Significant Subsequent Events)

(Sale of investment securities)

At the Board of Directors meeting held on July 17, 2024, we resolved to sell one unlisted stock holding, and the sale was completed on July 23, 2024.

As a result thereof, we anticipate recording a gain on the sale of investment securities in the amount of 664 million yen as extraordinary income for the cumulative second quarter of the fiscal year ending March 2025.

(Expansion of share repurchase limit)

The Company, at a meeting of its Board of Directors convened on August 2, 2024, approved the expansion of its share repurchase limit as set out below, pursuant to the provisions of Article 156 of the Companies Act, as applied by reading in accordance with the provisions of Article 165, Paragraph 3 of that Act.

1. Reason for expansion of share repurchase limit

Based on the estimated full-year consolidated financial results for the first quarter of FY 2024 as released today in the summary of the financial results, the Board of Directors has decided to expand the repurchase limit under the shareholder return policy (which targets a total payout ratio of 100% on a cumulative basis from FY 2023 to FY 2025, through the payment of dividends and the flexible implementation of share repurchases, whereby dividends will be aggressively paid out at a targeted dividend payout ratio of 70%).

2. Modified repurchase plan (changes are underlined)

- | | |
|---|--|
| 1) Stock to be repurchased | JSF common stock |
| 2) Aggregate shares to be repurchased | <u>1.9 million shares</u> (maximum, increased by 200,000 shares)
(<u>2.2%</u> of total shares outstanding, excl. treasury stock) |
| 3) Aggregate amount of repurchase price | <u>JPY3.0 billion</u> (maximum, increased by JPY400 million) |
| 4) Repurchase period | May 8, 2024 – March 31, 2025 |

Reference:

1. Repurchase plan as resolved at Board of Directors meeting on May 7, 2024

- | | |
|---|--|
| 1) Stock to be repurchased | JSF common stock |
| 2) Aggregate shares to be repurchased | 1.7 million shares (maximum)
(2.0% of total shares outstanding, excl. treasury stock) |
| 3) Aggregate amount of repurchase price | JPY2.6 billion (maximum) |
| 4) Repurchase period | May 8, 2024 – March 31, 2025 |

2. Cumulative progress on stock repurchase as of August 2, 2024, pursuant to the above resolution

- | | |
|---|----------|
| 1) Accumulated shares repurchased | 0 shares |
| 2) Accumulated amount of repurchase price | 0 yen |