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

November 11, 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 to file semi-annual securities report: November 13, 2024

Scheduled date for commencement of dividend payments: December 5, 2024

Preparation of supplementary explanatory materials on quarterly financial statements: Yes

Convening of quarterly financial results briefing: Yes (for institutional investors and analysts)

(Millions of yen, rounded down to nearest million)

1. Consolidated Financial Results for the Second Quarter of Fiscal 2024 (April 1, 2024 - September 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) |
| 2nd Quarter of Fiscal 2024 | 27,491 | 10.9 | 6,276 | 3.6 | 6,831 | 5.3 | 6,217 | 32.8 |
| 2 nd Quarter of Fiscal 2023 | 24,793 | 16.9 | 6,058 | 30.0 | 6,489 | 26.4 | 4,682 | 13.9 |

(Note) Comprehensive income: Fiscal 2024 2Q : -1,002 millions of yen (-%) Fiscal 2023 2Q : 8,552 millions of yen (420.8%)

| | Net income per share | Net income per share - diluted |
|--|----------------------|--------------------------------|
| | (Yen) | (Yen) |
| 2nd Quarter of Fiscal 2024 | 74.20 | — |
| 2 nd Quarter of Fiscal 2023 | 54.32 | — |

(Note) Due to changes in the presentation method during this 2nd quarter consolidated cumulative period, the operating revenue, operating income, and respective growth rates for 2nd 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) | (%) |
| 2nd Quarter of Fiscal 2024 | 12,505,834 | 140,409 | 1.1 |
| Fiscal 2023 | 13,744,765 | 144,606 | 1.1 |

(Reference) Net worth Fiscal 2024 2Q : 140,409 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 | - | 42.00 | | | |
| Fiscal 2024 (Forecast) | | | - | 42.00 | 84.00 |

(Note 1) Revision to most recently published dividend forecast: None

(Note 2) Fiscal 2024 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 | 11,400 | 12.0 | 12,400 | 12.5 | 10,100 | 25.8 | 120.90 |

(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 Sep. 30, 2024 : 88,000,000 as of Mar. 31, 2024 : 88,000,000

② Number of treasury stock shares

as of Sep. 30, 2024 : 4,502,876 as of Mar. 31, 2024 : 4,199,877

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

for six months ended Sep. 30, 2024 : 83,791,254

for six months ended Sep. 30, 2023 : 86,206,105

(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: Quarterly financial report is not subject to quarterly review by a certified public accountant or 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 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 second quarter of the consolidated cumulative period (from April 1, 2024 through September 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 regarding downside risks to the economy from the impact of financial policies in western countries and a slowdown in the Chinese economy, and worries regarding rising prices and middle east affairs. In addition, after the BOJ terminated its negative interest rate policy, the demand for cash increased as market interest rates began to rise.

Looking at the stock market, the Nikkei Stock Average (closing price) began the period at 39,803 yen and increased to the highest value on record of 42,224 yen on July 11th, driven by strong corporate earnings. After the BOJ announced an additional rate hike at the end of July, stock prices began to fall as the JPY rapidly weakened against the USD on the prediction of a narrowing of the interest rate gap between Japan and the U.S., reaching the lowest level for the period at 31,458 yen, with the largest decline on record on August 5th. The market then recovered rapidly, but stock prices remained volatile amid concerns over exchange rates and the ruling party's presidential election, ending at 37,919 yen at the end of September.

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 level, at the beginning of the period, hovering around 3 trillion yen level, then peaked at 3.15 trillion yen level in late July, and later declined during the steep decline in stock prices in August, to end at 2.41 trillion yen level at the end of September. Meanwhile, the outstanding balance of margin selling subsequently increased from 610 billion yen level at the beginning of the period to peak at 650 billion yen in early July. It bottomed out for the period at 320 billion yen level during the steep decline in stock prices in August, and then gradually recovered with the rise in stock prices to end at 500 billion yen level at the end of September.

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

In the second quarter cumulative period, our group posted an increase in its consolidated operating profit to 6,276 million yen (up 3.6% year-on-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 which lead 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, our consolidated ordinary profit also increased to 6,831 million yen (up 5.3% year-on-year).

In addition, the gain on the sale of real estate held by the consolidated subsidiary was recorded extraordinary income in the first quarter of FY2024, and the sale of unlisted stocks held by JSF was recorded extraordinary income in the second quarter of FY2024, and accordingly, the quarterly profit attributable to owners of parent increased significantly to 6,217 million yen (up 32.8% year-on-year).

(millions of yen)

| | Consolidated profits & losses | Year-on-year comparison | Rate of increase/decrease |
|--|-------------------------------|-------------------------|---------------------------|
| Operating revenues (Excluding premium charges) | 25,211 | 5,306 | 26.7% |
| Including premium charges | 27,491 | 2,697 | 10.9% |
| Operating expenses (Excluding premium charges) | 15,164 | 5,018 | 49.5% |
| Including premium charges | 17,429 | 2,395 | 15.9% |
| Gross profit | 10,061 | 302 | 3.1% |
| General and administrative expenses | 3,785 | 83 | 2.3% |
| Operating profit | 6,276 | 218 | 3.6% |
| Non-operating income | 555 | 123 | 28.6% |
| Ordinary profit | 6,831 | 341 | 5.3% |
| Extraordinary income | 1,828 | 1,810 | -% |
| Profit before income taxes etc. | 8,660 | 2,151 | 33.1% |
| Profit attributable to owners of the parent | 6,217 | 1,534 | 32.8% |

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

As of the end of the second quarter of the consolidated accounting period (September 30, 2024), total assets amounted to 12,505.8 billion yen (a decrease of 1,238.9 billion yen from the previous fiscal year-end), total liabilities amounted to 12,365.4 billion yen (a decrease of 1,234.7 billion yen from the previous fiscal year-end), and total net assets amounted to 140.4 billion yen (a decrease of 4.1 billion yen from the previous fiscal year-end).

The main factors for this are as follows.

- Assets:

Operating loans decreased by 383.5 billion yen from the previous fiscal year-end, due to a reduction in lending at JSF Trust and Banking Co., Ltd.

Securities purchased under gensaki resale agreements increased by 259 billion yen from the previous fiscal year-end, due to an increase in bond gensaki transactions.

Cash collateral provided for securities borrowed decreased by 845.2 billion yen from the previous fiscal year-end, due to a decrease in bond repo transactions.

- Liabilities:

Securities sold under repurchase agreements increased by 221.9 billion yen from the previous fiscal year-end, due to an increase in bond gensaki transactions.

Cash collateral received for securities loaned decreased by 1,089.4 billion yen from the previous fiscal year-end, due to a decrease in bond repo transactions.

Borrowed money from trust accounts decreased by 172.9 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 3 billion yen from the previous fiscal year-end, due to the recognition of interim net income.

Other comprehensive accumulated income decreased by 7.2 billion yen from the previous fiscal year-end, as a result of decreases in unrealized gains on available-for-sale securities incidental to price fluctuations in securities held and deferred gains or losses on hedges.

[Reference]

Status of the Group's Operating Revenues by Business Sector

| | Previous 2 nd Quarter Consolidated Cumulative period (from April 1, 2023 to September 30, 2023) | | Current 2 nd Quarter Consolidated Cumulative period (from April 1, 2024 to September 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 | 23,001 | 92.8 | 24,941 | 90.7 | 46,300 | 92.1 |
| Loans for margin transactions | 6,967 | 28.1 | 4,805 | 17.5 | 11,581 | 23.0 |
| Interest on loans | 875 | 3.5 | 1,770 | 6.4 | 1,831 | 3.6 |
| Interest on collateral money for securities borrowed | 452 | 1.8 | 249 | 0.9 | 844 | 1.7 |
| Premium charges | 4,888 | 19.7 | 2,279 | 8.3 | 7,508 | 14.9 |
| Lending fees | 579 | 2.3 | 339 | 1.2 | 1,080 | 2.2 |
| Securities financing | 13,454 | 54.3 | 10,877 | 39.6 | 28,360 | 56.4 |
| Loans for negotiable margin transactions | 128 | 0.5 | 189 | 0.7 | 250 | 0.5 |
| Equity repo transactions | 875 | 3.5 | 1,629 | 5.9 | 1,799 | 3.6 |
| Retail loans | 299 | 1.2 | 383 | 1.4 | 633 | 1.3 |
| General stock lending | 523 | 2.1 | 698 | 2.5 | 1,083 | 2.2 |
| Bond repo and gensaki transactions | 11,626 | 46.9 | 7,976 | 29.0 | 24,593 | 48.9 |
| Other | 2,580 | 10.4 | 9,257 | 33.7 | 6,358 | 12.7 |
| Trust and Banking Business | 1,381 | 5.6 | 2,123 | 7.7 | 3,127 | 6.2 |
| Interest on loans | 18 | 0.1 | 72 | 0.3 | 36 | 0.1 |
| Trust fees | 744 | 3.0 | 809 | 2.9 | 1,530 | 3.0 |
| Other | 619 | 2.5 | 1,241 | 4.5 | 1,560 | 3.1 |
| Real Estate Leasing Business | 410 | 1.7 | 426 | 1.6 | 831 | 1.7 |
| Total | 24,793 | 100.0 | 27,491 | 100.0 | 50,259 | 100.0 |

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

| | Previous 2 nd Quarter Consolidated Cumulative period (from April 1, 2023 to September 30, 2023) | Current 2 nd Quarter Consolidated Cumulative period (from April 1, 2024 to September 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 | 274.1 | 423.1 | 286.9 |
| Securities loaned for margin transactions | 272.1 | 157.0 | 252.4 |
| Securities financing | 12,028.8 | 12,081.7 | 12,976.8 |
| Loans for negotiable margin transactions | 35.7 | 39.6 | 34.7 |
| Equity repo transactions, etc. | 787.3 | 802.4 | 775.3 |
| Retail loans | 19.1 | 24.2 | 20.4 |
| General stock lending | 124.2 | 56.0 | 121.0 |
| Bond repo and gensaki transactions | 11,062.4 | 11,159.4 | 12,025.3 |
| Trust Bank Loans | 546.8 | 195.6 | 591.3 |

(3) Future Outlook

The Company does not disclose earnings forecasts due to 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.

<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) | 11,600 | 12,400 | 10,100 | 120.44 |
| Revised Estimate (B) | 11,400 | 12,400 | 10,100 | 120.90 |
| Increase/Decrease (B-A) | -200 | - | - | |
| Increase/Decrease Rate (%) | -1.7 | - | - | |

| | | | | |
|---|--------|--------|-------|-------|
| (Reference) Actual Results in Previous Period (C) | 10,180 | 11,024 | 8,030 | 94.04 |
| Increase/Decrease (B-C) | 1,219 | 1,375 | 2,069 | |
| Increase/Decrease Rate (%) | 12.0 | 12.5 | 25.8 | |

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

Average balance of margin transactions: Loans 380 billion yen (-40 billion yen),
Securities lending 160 billion yen (-20 billion yen)
Margin transaction interest rates, etc.: Loan interest rate 0.94% per annum (+0.13%),
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 | Current 2Q |
| | as of Mar. 31, 2024 | as of Sep. 30, 2024 |
| Assets | | |
| Current assets | | |
| Cash and deposits | 1,977,638 | 1,910,054 |
| Call loans | 20,000 | 5,000 |
| Securites | 185,801 | 152,379 |
| Operating loans | 1,058,630 | 675,041 |
| Securities purchased under resale agreements | 4,753,614 | 5,012,635 |
| Cash collateral provided for securities borrowed | 4,953,081 | 4,107,869 |
| Other | 164,699 | 30,090 |
| Allowance for doubtful accounts | -83 | -115 |
| Total current assets | 13,113,382 | 11,892,954 |
| Non-current assets | | |
| Property, plant and equipment | 5,769 | 5,652 |
| Intangible assets | 677 | 581 |
| Investments and other assets | | |
| Investment securities | 583,146 | 568,231 |
| Bad debts | 72 | 67 |
| Retirement benefit asset | 3,226 | 3,370 |
| Deferred tax assets | — | 114 |
| Other | 38,563 | 34,930 |
| Allowance for doubtful accounts | -72 | -67 |
| Total investments and other assets | 624,936 | 606,646 |
| Total non-current assets | 631,383 | 612,880 |
| Total Assets | 13,744,765 | 12,505,834 |

| | (millions of yen) | |
|---|---------------------|---------------------|
| | Fiscal 2023 | Current 2Q |
| | as of Mar. 31, 2024 | as of Sep. 30, 2024 |
| Liabilities | | |
| Current liabilities | | |
| Call money | 1,864,800 | 1,832,500 |
| Short-term borrowings | 92,010 | 92,010 |
| Current portion of long-term borrowings | 149,800 | 149,800 |
| Commercial papers | 589,066 | 435,022 |
| Securities sold under repurchase agreements | 5,949,364 | 6,171,266 |
| Cash collateral received for securities lent | 3,762,412 | 2,672,974 |
| Income taxes payable | 1,197 | 1,442 |
| Provision for bonuses | 562 | 575 |
| Provision for bonuses for directors and other officers | 116 | — |
| Borrowed money from trust account | 740,130 | 567,203 |
| Other | 126,345 | 118,358 |
| Total current liabilities | <u>13,275,805</u> | <u>12,041,152</u> |
| Non-current liabilities | | |
| Long-term borrowings | 316,600 | 316,600 |
| Deferred tax liabilities | 5,416 | 2,477 |
| Deferred tax liabilities for land revaluation | 74 | 74 |
| Allowance for share awards for directors and other officers | 218 | 201 |
| Retirement benefit liability | 243 | 260 |
| Asset retirement obligations | 57 | 58 |
| Derivatives liabilities | 1,160 | 4,017 |
| Other | 581 | 584 |
| Total non-current liabilities | <u>324,353</u> | <u>324,272</u> |
| Total Liabilities | <u>13,600,158</u> | <u>12,365,425</u> |
| Net Assets | | |
| Shareholders' equity | | |
| Share capital | 10,000 | 10,000 |
| Capital surplus | 5,181 | 5,194 |
| Retained earnings | 121,036 | 124,710 |
| Treasury shares | -4,847 | -5,513 |
| Total shareholders' equity | <u>131,369</u> | <u>134,392</u> |
| Accumulated other comprehensive income | | |
| Valuation difference on available-for-sale securities | 1,214 | -3,583 |
| Deferred gains or losses on hedges | 10,369 | 8,048 |
| Revaluation reserve for land | 168 | 168 |
| Remeasurements of defined benefit plans | 1,484 | 1,383 |
| Total accumulated other comprehensive income | <u>13,236</u> | <u>6,016</u> |
| Total net assets | <u>144,606</u> | <u>140,409</u> |
| Total liabilities and net assets | <u>13,744,765</u> | <u>12,505,834</u> |

(2) Quarterly Consolidated Income Statement and Quarterly Consolidated Comprehensive Income Statement
(Quarterly Consolidated Income Statement)
(Six Months Ended September 30, 2024)

| | (millions of yen) | |
|---|---|--|
| | Previous 2Q Apr.1,2023- Sep.30,2023 | Current 2Q Apr.1,2024- Sep.30,2024 |
| Operating revenue | | |
| Interest on loans receivable | 1,398 | 2,619 |
| Interest income on securities purchased under resale agreements | 6,699 | 3,254 |
| Interest income on cash collateral provided for securities borrowed | 1,503 | 4,351 |
| Securities lending fees | 9,914 | 4,471 |
| Other operating revenue | 5,276 | 12,794 |
| Total operating revenue | 24,793 | 27,491 |
| Operating expenses | | |
| Interest expenses | 620 | 6,316 |
| Interest expenses on securities sold under repurchase agreements | 3,299 | 2,012 |
| Securities borrowing fees | 10,625 | 4,886 |
| Other operating expenses | 488 | 4,213 |
| Total operating expenses | 15,033 | 17,429 |
| Gross profit | 9,759 | 10,061 |
| General and administrative expenses | 3,701 | 3,785 |
| Operating profit | 6,058 | 6,276 |
| Non-operating income | | |
| Dividend income | 149 | 174 |
| Share of profit of entities accounted for using equity method | 249 | 340 |
| Gain on investments in investment partnerships | 12 | 41 |
| Other | 33 | 26 |
| Total non-operating income | 445 | 582 |
| Non-operating expenses | | |
| Commission for purchase of treasury shares | 2 | 2 |
| Loss on investments in investment partnerships | 11 | 24 |
| Other | 0 | 0 |
| Total non-operating expenses | 13 | 27 |
| Ordinary profit | 6,489 | 6,831 |
| Extraordinary income | | |
| Gain on sale of non-current assets | — | 1,163 |
| Total extraordinary income | 18 | 664 |
| Profit before income taxes | 6,508 | 8,660 |
| Income taxes - current | 1,803 | 2,302 |
| Income taxes - deferred | 22 | 140 |
| Total income taxes | 1,826 | 2,442 |
| Profit | 4,682 | 6,217 |
| Profit attributable to non-controlling interests | — | — |
| Profit attributable to owners of parent | 4,682 | 6,217 |

(Quarterly Consolidated Comprehensive Income Statement)
(Six Months Ended September 30, 2024)

| | (millions of yen) | |
|---|---|--|
| | Previous 2Q Apr.1,2023- Sep.30,2023 | Current 2Q Apr.1,2024- Sep.30,2024 |
| Profit | 4,682 | 6,217 |
| Other comprehensive income | | |
| Net unrealized valuation difference on available-for-sale securities | -5,172 | -4,806 |
| Deferred gains or losses on hedges | 9,023 | -2,321 |
| Remeasurements of defined benefit plans, net of tax | -8 | -99 |
| Share of other comprehensive income of entities accounted for using equity method | 26 | 6 |
| Total other comprehensive income | 3,870 | -7,220 |
| Comprehensive income | 8,552 | -1,002 |
| Comprehensive income attributable to owners of parent | 8,552 | -1,002 |
| 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 second 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 113 million yen over the previous method, but had no impact on segment income (ordinary income).

I. Six Months Ended September 30, 2023 (from April 1, 2023 to September 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 | 23,001 | 1,381 | 410 | 24,793 |
| Internal operating revenues or balance of transfers among segments | 10 | 68 | 196 | 274 |
| Total | 23,011 | 1,450 | 606 | 25,067 |
| Segment profit (ordinary profit) | 6,587 | 857 | 373 | 7,818 |

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 | 7,818 |
| Elimination of inter-segment transactions | -1,578 |
| Equity in gains of affiliates | 249 |
| Other adjustments | - |
| Ordinary profit in the quarterly consolidated income statement | 6,489 |

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

II. Six Months Ended September 30, 2024 (from April 1, 2024 to September 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 | 24,941 | 2,123 | 426 | 27,491 |
| Internal operating revenue or balance of transfers among segments | 56 | 51 | 196 | 305 |
| Total | 24,998 | 2,174 | 623 | 27,796 |
| Segment profit (ordinary profit) | 6,456 | 1,017 | 365 | 7,839 |

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 | 7,839 |
| Elimination of inter-segment transactions | -1,347 |
| Equity in gains of affiliates | 340 |
| Other adjustments | — |
| Ordinary profit in the quarterly consolidated income statement | 6,831 |

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

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

Based on the resolution of the Board of Directors meeting held on May 7, 2024, the Company disposed of 54,800 shares of treasury stock through third-party allocation to JSF Employees Stock Ownership Plan, with June 26, 2024 as the payment deadline, resulting in an increase of 12 million yen in capital surplus and a decrease of 74 million yen in treasury stock.

In addition, at the Board of Directors meeting held on May 7 and August 2, 2024, the Company resolved to acquire up to 1,900,000 shares of its own stock for a total acquisition cost of 3 billion yen between May 8, 2024 and March 31, 2025, and has acquired 382,400 shares for 749 million yen

between May and September 2024.

As a result of these actions, among others, the Company's capital surplus was 5,194 million yen and treasury stock was 5,513 million yen at the end of the second quarter of the current fiscal year.

(Notes Regarding Going Concern Assumptions)

Not applicable.

(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, 113 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)

Not applicable.