

JAPAN SECURITIES FINANCE CO., LTD.

Consolidated Financial Results for Fiscal 2018

Name : JAPAN SECURITIES FINANCE CO., LTD.

Listing : 1st Section, Tokyo Stock Exchange

Stock code number : 8511

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(Millions of yen, rounded down to nearest million)

1. Consolidated Financial Results for Fiscal 2018 (April 1, 2018 – March 31, 2019)

(1) Consolidated Results of Operations

(% change from previous year)

	Operating Revenues		Operating Income		Recurring Income		Net Income	
	(Millions of yen)	(% change)	(Millions of yen)	(% change)	(Millions of yen)	(% change)	(Millions of yen)	(% change)
Fiscal 2018	24,321	△7.6	3,981	2.6	5,046	7.7	3,765	△10.9
Fiscal 2017	26,333	14.2	3,881	38.5	4,685	29.7	4,225	37.3

Reference: Comprehensive Income: Fiscal 2018: ¥935million (△86.3%) Fiscal 2017: ¥6,819million (—%)

	Net Income per Share	Net Income per Share	Return on Equity	Recurring Income / Total Assets	Operating Income / Operating Revenues
	EPS (Yen)	(Yen) (fully diluted)	ROE (%)	ROA (%)	(%)
Fiscal 2018	40.03	—	2.6	0.1	16.4
Fiscal 2017	44.25	—	3.0	0.1	14.7

Reference: Equity in earnings/losses of affiliates: ¥248million (Fiscal 2017: ¥123million)

(2) Consolidated Financial Position

	Total assets	Net Assets	Equity Ratio	Net Assets per Share
	(Millions of yen)	(Millions of yen)	(%)	(Yen)
Fiscal 2018	5,291,372	140,793	2.7	1,519.31
Fiscal 2017	4,960,161	143,811	2.9	1,518.78

Reference: Shareholders Equity: ¥140,793million (Fiscal 2017: ¥143,811million)

(3) Consolidated Cash Flows

	Cash Flows from Operating Activities	Cash Flows from Investing Activities	Cash Flows from Financing Activities	Cash and Cash Equivalents at end of Year
	(Millions of yen)	(Millions of yen)	(Millions of yen)	(Millions of yen)
Fiscal 2018	226,351	△8,652	△3,970	985,197
Fiscal 2017	△290,514	△4,440	△2,725	771,469

2. Dividends

	Dividends per Share			Total Cash Dividends (Full-year) (Millions of Yen)	Dividends Payout Ratio (Consolidated) (%)	Dividends on Equity (Consolidated) DOE (%)
	Interim (Yen)	Year-End (Yen)	Annual (Yen)			
Fiscal 2017	9.00	17.00	26.00	2,485	58.8	1.8
Fiscal 2018	11.00	11.00	22.00	2,072	55.0	1.4
Fiscal 2019 (Forecast)	11.00	11.00	22.00		63.7	

3. Consolidated Estimated Figures for fiscal 2019(April 1,2019—March 31,2020)

(% change from previous year)

	Operating Income		Recurring Income		Net Income		Net Income per Share EPS (Yen)
	(Millions of yen)	(% change)	(Millions of yen)	(% change)	(Millions of yen)	(% change)	
Full-year	3,600	△9.6	4,400	△12.8	3,200	△15.0	34.53

4. Others

- (1) Changes in the scope of important consolidation for subsidiaries (yes/no): No
 (2) Changes in accounting policies and changes or restatement of accounting estimates

- ①Changes in accounting policies caused by revision of accounting standards: No
 ②Changes in accounting policies other than ①: No
 ③Changes in accounting estimates: No
 ④Restatement: No

- (3) Number of Issued Shares(common stock)

- ①Number of issued shares (Including treasury stock)
 as of Mar.31, 2019 : 100,000,000 as of Mar.31, 2018 : 100,000,000
 ②Number of Treasury stocks
 as of Mar.31, 2019 : 7,330,865 as of Mar.31, 2018 : 5,311,432
 ③Average number of shares
 Fiscal 2018 : 94,075,351 Fiscal 2017 : 95,494,358

Consolidated Balance Sheets

【Assets】	<i>Fiscal 2017 Mar.31,2018</i>	<i>Fiscal 2018 Mar.31,2019</i>
	(millions of yen)	(millions of yen)
I Current Assets	4,161,486	4,776,406
Cash	777,895	990,670
Call Loans	95,000	100,000
Short-term Investments	60,817	238,643
Operating Loans	1,002,931	668,894
Receivables under resale agreements	—	546,542
Collateral Money for Securities Borrowed	2,168,170	2,137,589
Other Current Assets	57,790	94,802
Allowance for Doubtful Receivables	1,118	736
II Non-current Assets	798,674	514,965
Investments in Securities	787,231	505,163
Other Non-current Assets	12,121	10,035
Allowance for Doubtful Receivables	678	233
Total Assets	4,960,161	5,291,372

【Liabilities and Net Assets】	<i>Fiscal 2017 Mar.31,2018</i>	<i>Fiscal 2018 Mar.31,2019</i>
	(millions of yen)	(millions of yen)
I Current Liabilities	4,792,452	5,115,112
Call Money	771,414	1,016,460
Short-term Borrowings	15,510	16,547
Commercial Paper	459,000	214,000
Payables under repurchase agreements	—	1,453,352
Collateral Money for Securities Lent	2,505,135	1,563,430
Borrowed Money from Trust Account	961,611	743,329
Other Current Liabilities	79,781	107,993
II Non-current Liabilities	23,897	35,467
Long-term Borrowings	3,000	4,000
Deferred Tax Liabilities	9,628	10,075
Liabilities for Retirement and Severance Benefits	41	41
Other Non-current Liabilities	11,227	21,350
Total Liabilities	4,816,350	5,150,579
I Shareholders' Equity	126,819	126,631
II Accumulated Other Comprehensive Income	16,991	14,161
Net Unrealized Gain on Other Securities	24,484	29,171
Deferred Losses on Hedges	7,242	14,133
Others	249	876
Total Net Assets	143,811	140,793
Total Liabilities and Net Assets	4,960,161	5,921,372

Consolidated Statement of Operations

	<i>Fiscal 2017</i> <i>Apr. 1, 2017-Mar. 31, 2018</i>	<i>Fiscal 2018</i> <i>Apr. 1, 2018-Mar. 31, 2019</i>
	(millions of yen)	(millions of yen)
Operating Revenues	26,333	24,321
Interest on Loans	3,014	2,698
Interest on Collateral Money for Securities Borrowed	1,665	1,509
Fees on Lending Securities	14,014	11,699
Other Operating Revenues	7,639	8,414
Operating Expenses	13,330	12,284
Interest on Borrowing & Commercial Paper	1,259	1,526
Fees on Borrowing Securities	10,406	8,970
Other Operating Expenses	1,664	1,787
Operating Profit	13,002	12,037
General and Administrative Expenses	9,121	8,056
Operating Income	3,881	3,981
Non-operating Revenues	814	1,081
Non-operating Expenses	9	15
Recurring Income	4,685	5,046
Extraordinary Profit	133	—
Extraordinary Loss	2	41
Net Income before Income Taxes	4,817	5,005
Current Income Taxes	938	842
Deffered Income Taxes	346	397
Net Income	4,225	3,765

Consolidated Average Outstanding Balance of Loans

	Fiscal 2017 Apr. 1, 2017- Mar. 31, 2018		Fiscal 2018 Apr. 1, 2018- Mar. 31, 2019		Increase(Decrease)	
	(billions of yen)	(% ratio)	(billions of yen)	(% ratio)	(billions of yen)	(% ratio)
Loans for Margin Transactions	350.1	52.2	284.2	35.7	65.9	18.8
General Loans	46.3	6.9	81.1	10.2	34.8	75.1
Loans for Negotiable Margin Transactions	10.0	1.5	10.6	1.3	0.5	5.9
Trust Bank Loans	273.5	40.8	431.2	54.1	157.7	57.7
Other Loans	0.1	0.1	—	—	0.1	—
Total	670.2	100.0	796.6	100.0	△ 126.4	△ 18.9
Securities Lent for Margin Transactions	366.1	—	261.6		104.5	28.6

Business Information for Consolidated Operating Revenues

	Fiscal 2017 Apr. 1, 2017- Mar. 31, 2018		Fiscal 2018 Apr. 1, 2018- Mar. 31, 2019		Increase(Decrease)	
	(millions of yen)	(% ratio)	(millions of yen)	(% ratio)	(millions of yen)	(% ratio)
Securities Finance Business	22,487	85.4	20,969	86.3	△ 1,518	△ 6.8
Loans for Margin Transactions	13,253	50.3	9,661	39.7	3,592	△ 27.1
(Interest on Loans)	2,225	8.5	1,799	7.4	△ 425	△ 19.1
(Interest on Collateral Money of Securities Borrowed)	1,073	4.1	708	2.9	△ 365	△ 34.0
(Fees on Lending Securities)	9,481	36.0	6,819	28.0	2,662	28.1
General Loans	917	3.5	1,242	5.1	324	35.4
Securities Lending	5,035	19.1	6,480	26.7	1,444	28.7
(Stocks)	1,458	5.5	1,517	6.2	59	4.1
(Bonds)	3,576	13.6	4,962	20.4	1,385	38.7
Other Business	3,281	12.5	3,586	14.8	△ 304	△ 9.3
Trust Banking Business	2,971	11.3	2,467	10.1	△ 504	△ 17.0
(Interest on Loans)	89	0.3	58	0.2	31	35.2
(Trust Charges)	741	2.8	746	3.1	△ 5	△ 0.7
(Others)	2,140	8.1	1,662	6.8	478	22.3
Real Estate Management Business	873	3.3	884	3.6	△ 11	△ 1.3
Total	26,333	100.0	24,321	100.0	2,011	7.6