

JAPAN SECURITIES FINANCE CO., LTD.

Consolidated Financial Results for Fiscal 2019

Name : JAPAN SECURITIES FINANCE CO., LTD.

Listing : 1st Section, Tokyo Stock Exchange

Stock code number : 8511

Address : 1-2-10, Nihonbashi Kayaba-cho, Chuo-ku, Tokyo Japan, 103-0025

Phone : +81-3-3666-3184

(Millions of yen, rounded down to nearest million)

1. Consolidated Financial Results for Fiscal 2019 (April 1, 2019 – March 31, 2020)

(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 2019 | 29,101 | 19.7 | 4,129 | 3.7 | 4,894 | △3.0 | 3,556 | △5.6 |
| Fiscal 2018 | 24,321 | △7.6 | 3,981 | 2.6 | 5,046 | 7.7 | 3,765 | △10.9 |

Reference: Comprehensive Income: Fiscal 2019: △¥11,571million (—%) Fiscal 2018: ¥935million (△86.3%)

| | Net Income per Share | | Return on Equity | Recurring Income / Total Assets | Operating Income / Operating Revenues |
|--------------------|----------------------|-----------------------|------------------|------------------------------------|--|
| | EPS (Yen) | (Yen) (fully diluted) | ROE (%) | ROA (%) | (%) |
| Fiscal 2019 | 38.48 | — | 2.7 | 0.1 | 14.2 |
| Fiscal 2018 | 40.03 | — | 2.6 | 0.1 | 16.4 |

Reference: Equity in earnings/losses of affiliates: Fiscal 2019: ¥306million (Fiscal 2018: ¥248million)

(2) Consolidated Financial Position

| | Total assets | Net Assets | Equity Ratio | Net Assets per Share |
|--------------------|-------------------|-------------------|--------------|-------------------------|
| | (Millions of yen) | (Millions of yen) | (%) | (Yen) |
| Fiscal 2019 | 9,814,494 | 126,687 | 1.3 | 1,381.22 |
| Fiscal 2018 | 5,291,372 | 140,793 | 2.7 | 1,519.31 |

Reference: Shareholders Equity: Fiscal 2019: ¥126,687million (Fiscal 2018: ¥140,793million)

(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 2019 | 275,039 | △4,794 | △2,557 | 1,282,884 |
| Fiscal 2018 | 226,351 | △8,652 | △3,970 | 985,197 |

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 2018 | 11.00 | 11.00 | 22.00 | 2,072 | 55.0 | 1.4 |
| Fiscal 2019 | 11.00 | 11.00 | 22.00 | 2,039 | 57.2 | 1.5 |
| Fiscal 2020 (Forecast) | 11.00 | 11.00 | 22.00 | | 74.7 | |

The year-end dividend for the fiscal year ending March 31, 2020 will be approved at the Board of Directors meeting held in May.

3. Consolidated Estimated Figures for fiscal 2020(April 1,2020—March 31,2021)

(% change from previous year)

| | Operating Income | | Recurring Income | | Net Income | | Net Income per Share |
|-----------|-------------------|------------|-------------------|------------|-------------------|------------|----------------------|
| | (Millions of yen) | (% change) | (Millions of yen) | (% change) | (Millions of yen) | (% change) | EPS (Yen) |
| Full-year | 3,100 | △24.9 | 3,800 | △22.4 | 2,700 | △24.1 | 29.44 |

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
 - ① Changes in accounting policies caused by revision of accounting standards: No
 - ② Changes in accounting policies other than ①: No
 - ③ Changes in accounting estimates: No
 - ④ Restatement: No
- (3) Number of Issued Shares(common stock)
 - ① Number of issued shares (Including treasury stock)
as of Mar.31, 2020 : 100,000,000 as of Mar.31, 2019 : 100,000,000
 - ② Number of Treasury stocks
as of Mar.31, 2020 : 8,278,844 as of Mar.31, 2019 : 7,330,865
 - ③ Average number of shares
Fiscal 2019 : 92,429,784 Fiscal 2018 : 94,075,351

Consolidated Balance Sheets

| 【Assets】 | <i>Fiscal 2018</i> <i>Mar.31,2019</i> | <i>Fiscal 2019</i> <i>Mar.31,2020</i> |
|--|--|--|
| | (millions of yen) | (millions of yen) |
| I Current Assets | 4,776,406 | 9,015,273 |
| Cash | 990,670 | 1,299,935 |
| Call Loans | 100,000 | 75,000 |
| Short-term Investments | 238,643 | 68,292 |
| Operating Loans | 668,894 | 687,679 |
| Receivables under resale agreements | 546,542 | 2,747,396 |
| Collateral Money for Securities Borrowed | 2,137,589 | 3,877,826 |
| Other Current Assets | 94,802 | 259,805 |
| Allowance for Doubtful Receivables | △ 736 | △ 662 |
| II Non-current Assets | 514,965 | 799,221 |
| Investments in Securities | 505,163 | 790,182 |
| Other Non-current Assets | 10,035 | 9,187 |
| Allowance for Doubtful Receivables | △ 233 | △ 148 |
| Total Assets | 5,291,372 | 9,814,494 |

| 【Liabilities and Net Assets】 | <i>Fiscal 2018 Mar.31,2019</i> | <i>Fiscal 2019 Mar.31,2020</i> |
|---|------------------------------------|------------------------------------|
| | (millions of yen) | (millions of yen) |
| I Current Liabilities | 5,115,112 | 9,648,590 |
| Call Money | 1,016,460 | 1,176,795 |
| Short-term Borrowings | 16,547 | 101,473 |
| Commercial Paper | 214,000 | 366,000 |
| Payables under repurchase agreements | 1,453,352 | 3,923,414 |
| Collateral Money for Securities Lent | 1,563,430 | 3,104,029 |
| Borrowed Money from Trust Account | 743,329 | 869,488 |
| Other Current Liabilities | 107,993 | 107,389 |
| II Non-current Liabilities | 35,467 | 39,216 |
| Long-term Borrowings | 4,000 | 3,000 |
| Deferred Tax Liabilities | 10,075 | 5,463 |
| Liabilities for Retirement and Severance Benefits | 41 | — |
| Other Non-current Liabilities | 21,350 | 30,753 |
| Total Liabilities | 5,150,579 | 9,687,807 |
| I Shareholders' Equity | 126,631 | 127,653 |
| II Accumulated Other Comprehensive Income | 14,161 | △ 965 |
| Net Unrealized Gain on Other Securities | 29,171 | 20,277 |
| Deferred Losses on Hedges | △ 14,133 | △ 20,308 |
| Others | △ 876 | △ 934 |
| Total Net Assets | 140,793 | 126,687 |
| Total Liabilities and Net Assets | 5,291,372 | 9,814,494 |

Consolidated Statement of Operations

| | <i>Fiscal 2018</i> <i>Apr. 1, 2018-Mar. 31, 2019</i> | <i>Fiscal 2019</i> <i>Apr. 1, 2019-Mar. 31, 2020</i> |
|--|---|---|
| | (millions of yen) | (millions of yen) |
| Operating Revenues | 24,321 | 29,101 |
| Interest on Loans | 2,698 | 2,168 |
| Interest on Collateral Money for Securities Borrowed | 1,509 | 2,307 |
| Fees on Lending Securities | 11,699 | 13,213 |
| Interest on Receivables under Resale Agreements | 1,030 | 3,019 |
| Other Operating Revenues | 7,383 | 8,393 |
| Operating Expenses | 12,284 | 16,835 |
| Interest on Borrowing & Commercial Paper | 1,526 | 1,251 |
| Fees on Borrowing Securities | 8,970 | 11,860 |
| Interest on Payables under Repurchase Agreements | 635 | 1,622 |
| Other Operating Expenses | 1,152 | 2,100 |
| Operating Profit | 12,037 | 12,266 |
| General and Administrative Expenses | 8,056 | 8,136 |
| Operating Income | 3,981 | 4,129 |
| Non-operating Revenues | 1,081 | 783 |
| Non-operating Expenses | 15 | 18 |
| Recurring Income | 5,046 | 4,894 |
| Extraordinary Profit | 0 | — |
| Extraordinary Loss | 41 | 36 |
| Net Income before Income Taxes | 5,005 | 4,857 |
| Current Income Taxes | 842 | 1,259 |
| Deffered Income Taxes | 397 | 41 |
| Net Income | 3,765 | 3,556 |

Consolidated Average Outstanding Balance of Loans

| | Fiscal 2018 Apr. 1, 2018- Mar. 31, 2019 | | Fiscal 2019 Apr. 1, 2019- Mar. 31, 2020 | | Increase(Decrease) | |
|--|---|--------------|---|--------------|--------------------|------------|
| | (billions of yen) | (% ratio) | (billions of yen) | (% ratio) | (billions of yen) | (% ratio) |
| Loans for Margin Transactions | 284.2 | 35.7 | 219.9 | 28.7 | △64.2 | △ 22.6 |
| General Loans | 81.1 | 10.2 | 72.6 | 9.5 | △ 8.4 | △10.4 |
| Loans for Negotiable Margin Transactions | 10.6 | 1.3 | 10.4 | 1.4 | 0.1 | 1.8 |
| Trust Bank Loans | 431.2 | 54.1 | 473.8 | 61.8 | 42.5 | 9.9 |
| Other Loans | — | — | — | — | △ — | △ — |
| Total | 796.6 | 100.0 | 766.4 | 100.0 | 30.1 | 3.8 |
| Securities Lent for Margin Transactions | 261.6 | | 333.9 | | 72.3 | 27.7 |

Business Information for Consolidated Operating Revenues

| | Fiscal 2018 Apr. 1, 2018- Mar. 31, 2019 | | Fiscal 2019 Apr. 1, 2019- Mar. 31, 2020 | | Increase(Decrease) | |
|---|---|--------------|---|--------------|--------------------|-------------|
| | (millions of yen) | (% ratio) | (millions of yen) | (% ratio) | (millions of yen) | (% ratio) |
| Securities Finance Business | 20,969 | 86.3 | 25,369 | 87.1 | 4,399 | 21.0 |
| Loans for Margin Transactions | 9,661 | 39.7 | 12,517 | 43.0 | △ 2,856 | △ 29.6 |
| (Interest on Loans) | 1,799 | 7.4 | 1,420 | 4.9 | 379 | 21.1 |
| (Interest on Collateral Money of Securities Borrowed) | 708 | 2.9 | 1,178 | 4.0 | 469 | 66.3 |
| (Fees on Lending Securities) | 6,819 | 28.0 | 9,662 | 33.2 | 2,843 | 41.7 |
| General Loans | 1,242 | 5.1 | 1,312 | 4.5 | 70 | 5.7 |
| Securities Lending | 6,480 | 26.7 | 7,308 | 25.1 | △ 828 | △ 12.8 |
| (Stocks) | 1,517 | 6.2 | 1,015 | 3.5 | 502 | 33.1 |
| (Bonds) | 4,962 | 20.4 | 6,293 | 21.6 | 1,331 | 26.8 |
| Other Business | 3,586 | 14.8 | 4,230 | 14.5 | 644 | 18.0 |
| Trust Banking Business | 2,467 | 10.1 | 2,832 | 9.8 | △ 365 | △ 14.8 |
| (Interest on Loans) | 58 | 0.2 | 50 | 0.2 | 7 | 12.5 |
| (Trust Charges) | 746 | 3.1 | 784 | 2.7 | 38 | 5.1 |
| (Others) | 1,662 | 6.8 | 1,997 | 6.9 | 335 | 20.2 |
| Real Estate Management Business | 884 | 3.6 | 899 | 3.1 | 14 | 1.6 |
| Total | 24,321 | 100.0 | 29,101 | 100.0 | 4,780 | 19.7 |