

## 11-Year Highlights (Consolidated)

(Millions of yen)

	FY2012	FY2013	FY2014	FY2015	FY2016	FY2017	FY2018	FY2019	FY2020	FY2021	FY2022
Operating revenue	17,675	19,566	20,300	22,035	23,066	26,333	24,321	29,101	30,924	30,138	42,518
Operating profit	1,787	2,568	3,025	2,558	2,802	3,881	3,981	4,129	4,777	6,235	6,354
Ordinary profit	2,557	3,119	4,230	3,349	3,611	4,685	5,046	4,894	5,558	7,164	7,601
Profit attributable to owners of parent	1,777	6,211	3,520	2,645	3,078	4,225	3,765	3,556	3,971	5,174	5,966
Comprehensive income	4,257	6,978	8,079	8,410	(469)	6,819	935	(11,571)	10,499	7,889	3,491
Net assets	118,590	135,227	137,145	142,030	139,712	143,811	140,793	126,687	135,166	137,996	135,728
Total assets	3,433,456	3,914,388	3,482,601	3,249,170	4,645,051	4,960,161	5,291,372	9,814,494	12,136,229	14,168,656	14,056,217
Net assets per share (Yen) <sup>1</sup>	1,274.67	1,260.43	1,373.93	1,467.01	1,452.63	1,518.77	1,519.30	1,381.22	1,473.24	1,545.03	1,574.64
Profit per share (Yen) <sup>1</sup>	19.10	60.35	33.94	26.90	31.90	44.24	40.02	38.47	43.28	56.61	67.76
Capital adequacy ratio (%) <sup>2</sup>	641.9	459.1	405.5	344.6	444.4	471.0	408.5	332.2	507.5	348.1	496.1
Return on equity (%)	1.52	4.89	2.59	1.90	2.19	2.98	2.65	2.66	3.03	3.79	4.36
Price-earnings ratio (Times)	37.89	9.91	22.36	16.80	18.55	14.75	14.58	12.81	18.43	16.27	15.01
Cash flows from operating activities	106,689	(27,055)	(58,989)	247,148	818,189	(290,514)	226,351	275,039	164,459	(122,304)	303,546
Cash flows from investing activities	(1,230)	(1,078)	(1,085)	(9,959)	(7,507)	(4,440)	(8,652)	(4,794)	2,230	4,907	3,447
Cash flows from financing activities	(1,310)	(1,610)	(6,207)	(3,604)	(1,902)	(2,725)	(3,970)	(2,557)	(2,031)	(5,088)	(5,786)
Cash and cash equivalents at end of year	114,258	93,069	26,787	260,371	1,069,150	771,469	985,197	1,252,884	1,417,543	1,295,058	1,596,264
Dividend payout ratio (%)	73.3	23.2	44.2	59.5	56.4	58.8	55.0	57.2	60.1	53.0	47.2
Number of employees [Average number of temporary workers] (Number)	258 [2]	295 [3]	289 [3]	282 [5]	281 [5]	281 [6]	281 [3]	272 [3]	272 [4]	264 [5]	268 [5]

1. In calculating net assets per share, Company shares held by the Board Benefit Trust (BBT) are included in the treasury stock deducted from the total number of shares issued and outstanding at the end of the fiscal year. These shares are also included in treasury shares deducted when calculating the average number of shares during the term when calculating profit per share.

2. The capital adequacy ratio (based on FIEA) is calculated for Japan Securities Finance Co., Ltd. only.

# Financial Section

Consolidated Financial Statements .....	68
Consolidated Balance Sheets .....	68
Consolidated Statement of Income .....	70
Consolidated Statement of Comprehensive Income .....	72
Consolidated Statement of Changes in Equity .....	73
Consolidated Statement of Cash Flows .....	76
Notes to Consolidated Financial Statements .....	78
Independent Auditor's Report .....	122

Disclaimer: This document is a translation of the Japanese original and is an excerpt of the section on consolidated financial statements. The Japanese original has been disclosed in Japan in accordance with the Japanese accounting standards and the Financial Instruments and Exchange Act. This document does not contain or constitute any guarantee and the Company will not compensate any losses and/or damage stemming from actions taken based on this document. In the event of any discrepancy between the Japanese original and this document, the Japanese original shall prevail.

## JAPAN SECURITIES FINANCE CO., LTD. AND CONSOLIDATED SUBSIDIARIES

### Consolidated Financial Statements

March 31, 2023

#### 1. Preparation Policy of the Consolidated and Non-consolidated Financial Statements

- (1) The consolidated financial statements of the Company are prepared in accordance with the “Ordinance on Terminology, Forms, and Preparation Methods of Consolidated Financial Statements” (Ordinance of the Ministry of Finance No. 28 of 1976).
- (2) The non-consolidated financial statements of the Company are prepared in accordance with the “Ordinance on Terminology, Forms, and Preparation Methods of Financial Statements (Ordinance of the Ministry of Finance No. 59, of 1963).

#### 2. Audit Certification

In accordance with the provisions of Article 193-2 (1) of the Financial Instruments and Exchange Act, the consolidated financial statements and the non-consolidated financial statements for the fiscal and business year (from April 1, 2022 to March 31, 2023) were audited by Crowe Toyo & Co.

#### 3. Special Effort to Ensure the Appropriateness of Consolidated Financial Statements, etc.

The Company is making special effort to ensure the appropriateness of the consolidated financial statements. Specifically, the Company has been a member of the Financial Accounting Standards Foundation and participated in training programs conducted by the organizations which determine accounting standards in order to ensure that the content of accounting standards is properly understood and that changes in accounting standards can be properly addressed.

1. Consolidated Financial Statements  
 (1) Consolidated Financial Statements  
 (i) Consolidated Balance Sheets

	Millions of yen		Thousands of U.S. dollars
	2023	2022	(Note) 2023
<b>ASSETS</b>			
Current assets			
Cash and deposits *1	¥ 1,598,274	¥ 1,299,070	\$ 12,018,912
Securities *1,*5	71,013	109,724	534,019
Operating loans *1,*3	955,550	891,485	7,185,670
Securities purchased under resale agreements	3,561,406	3,928,146	26,781,518
Cash collateral provided for securities borrowed	6,669,821	6,499,422	50,156,574
Other *1	405,951	355,293	3,052,727
Allowance for doubtful accounts	(165)	(133)	(1,244)
Total current assets	13,261,853	13,083,009	99,728,179
Non-current assets			
Property, plant and equipment			
Buildings and structures	9,044	9,039	68,010
Accumulated depreciation	(6,893)	(6,762)	(51,835)
Buildings and structures, net	2,150	2,276	16,174
Tools, furniture and fixtures	1,280	1,478	9,625
Accumulated depreciation	(699)	(1,268)	(5,260)
Tools, furniture and fixtures, net	580	210	4,365
Land *7	3,264	3,264	24,551
Construction in progress	1	304	7
Total property, plant and equipment	5,997	6,056	45,099
Intangible assets	916	960	6,893
Investments and other assets			
Investment securities *1,*4,*5	745,621	1,042,496	5,607,018
Bad debts	81	95	610
Retirement benefit asset	1,180	437	8,873
Other	40,648	35,696	305,676
Allowance for doubtful accounts	(81)	(95)	(610)
Total investments and other assets	787,450	1,078,629	5,921,568
Total non-current assets	794,364	1,085,646	5,973,561
<b>Total assets</b>	<b>¥ 14,056,217</b>	<b>¥ 14,168,656</b>	<b>\$ 105,701,740</b>

Note Method of translation of the financial statements is described in "(7) Financial Statement Translation" in "4. Significant accounting principles".

	Millions of yen		Thousands of U.S. dollars
	2023	2022	(Note) 2023
<b>LIABILITIES</b>			
Current liabilities			
Call money *1	¥ 2,190,400	¥ 1,858,400	\$ 16,471,649
Short-term borrowings *1	92,010	239,210	691,908
Current portion of long-term borrowings	1,000	—	7,519
Commercial papers	451,000	496,000	3,391,487
Securities sold under repurchase agreements	4,781,801	5,544,898	35,958,799
Cash collateral received for securities lent	5,073,776	4,706,496	38,154,429
Income taxes payable	750	879	5,640
Provision for bonuses	495	466	3,723
Provision for bonuses for directors and other officers	107	106	806
Borrowed money from trust account	871,335	1,031,412	6,552,376
Other	219,774	137,585	1,652,685
Total current liabilities	13,682,448	14,015,456	102,891,027
Non-current liabilities			
Long-term borrowings *1	232,700	4,000	1,749,887
Deferred tax liabilities	2,196	3,011	16,519
Deferred tax liabilities for land revaluation *7	74	74	557
Provision for share awards for directors and other officers	240	228	1,805
Retirement benefit liability	217	213	1,633
Asset retirement obligations	56	55	425
Derivatives liabilities	2,013	7,054	15,142
Other	542	563	4,076
Total non-current liabilities	238,040	15,202	1,790,047
<b>Total liabilities</b>	<b>13,920,489</b>	<b>14,030,659</b>	<b>104,681,074</b>
<b>NET ASSETS</b>			
Shareholders' equity			
Share capital	10,000	10,000	75,199
Capital surplus	8,878	8,878	66,769
Retained earnings	118,702	115,521	892,631
Treasury shares	(7,655)	(4,680)	(57,566)
Total shareholders' equity	129,925	129,719	977,033
Accumulated other comprehensive income			
Valuation difference on available-for-sale securities	(4,300)	9,920	(32,338)
Deferred gains or losses on hedges	9,782	(1,967)	73,561
Revaluation reserve for land *7	168	168	1,263
Remeasurements of defined benefit plans	152	156	1,145
Total accumulated other comprehensive income	5,802	8,277	43,632
<b>Total net assets</b>	<b>135,728</b>	<b>137,996</b>	<b>1,020,665</b>
<b>Total liabilities and net assets</b>	<b>14,056,217</b>	<b>14,168,656</b>	<b>105,701,740</b>

Note Method of translation of the financial statements is described in "(7) Financial Statement Translation" in "4. Significant accounting principles".

## (ii) Consolidated Statement of Income and Consolidated Statement of Comprehensive Income

## Consolidated Statement of Income

	Millions of yen		Thousands of U.S. dollars
	2023	2022	(Note) 2023
Operating revenue			
Interest on loans receivable	¥ 2,486	¥ 2,708	\$ 18,700
Interest income on securities purchased under resale agreements	10,683	5,714	80,339
Interest income on cash collateral provided for securities borrowed	2,553	2,250	19,204
Securities lending fees	12,844	9,457	96,592
Other operating revenue	13,949	10,006	104,899
Total operating revenue	42,518	30,138	319,737
Operating expenses			
Interest expenses	1,033	747	7,774
Interest expenses on securities sold under repurchase agreements	6,015	3,614	45,236
Securities borrowing fees	13,456	9,357	101,195
Other operating expenses	8,258	2,814	62,106
Total operating expenses	28,765	16,533	216,312
Operating gross profit	13,753	13,604	103,425
General and administrative expenses			
Remuneration, salaries and allowances	2,897	3,008	21,787
Retirement benefit expenses	169	248	1,270
Provision for bonuses	495	466	3,723
Provision for bonuses for directors and other officers	107	106	806
Provision for share awards for directors and other officers	49	36	368
Depreciation	682	1,195	5,128
Provision of allowance for doubtful accounts	17	—	133
Reversal of allowance for doubtful accounts	—	(571)	—
Other	2,981	2,876	22,419
Total general and administrative expenses *1	7,398	7,368	55,637
Operating profit	¥ 6,354	¥ 6,235	\$ 47,787

	Millions of yen		Thousands of U.S. dollars
	2023	2022	(Note) 2023
Non-operating income			
Interest income	¥ 247	¥ 294	\$ 1,859
Dividend income	207	186	1,561
Share of profit of entities accounted for using equity method	523	446	3,938
Gain on investments in investment partnerships	156	—	1,173
Miscellaneous income	122	31	924
Total non-operating income	1,257	959	9,457
Non-operating expenses			
Interest expenses	0	0	0
Commission for purchase of treasury shares	8	6	63
Loss on investments in money held in trust	—	14	—
Loss on investments in investment partnerships	2	4	15
Miscellaneous expenses	0	4	2
Total non-operating expenses	10	29	81
Ordinary profit	7,601	7,164	57,162
Extraordinary income			
Gain on sale of non-current assets *2	—	40	—
Gain on revision of retirement benefit plan	671	—	5,050
Total extraordinary income	671	40	5,050
Extraordinary losses			
Loss on retirement of non-current assets *3	—	41	—
Branch office relocation expenses	—	16	—
Total Extraordinary losses	—	58	—
Profit before income taxes	8,273	7,147	62,212
Income taxes - current	1,965	2,071	14,784
Income taxes - deferred	340	(98)	2,559
Total income taxes	2,306	1,972	17,343
Profit	¥ 5,966	¥ 5,174	\$ 44,869
Profit attributable to non-controlling interests	—	—	—
Profit attributable to owners of parent	¥ 5,966	¥ 5,174	\$ 44,869

Note Method of translation of the financial statements is described in “(7) Financial Statement Translation” in “4. Significant accounting principles”.

## Consolidated Statement of Comprehensive Income

	Millions of yen		Thousands of U.S. dollars
	2023	2022	(Note) 2023
Profit	¥ 5,966	¥ 5,174	\$ 44,869
Other comprehensive income			
Valuation difference on available-for-sale securities	(14,213)	(12,534)	(106,888)
Deferred gains or losses on hedges	11,749	15,010	88,357
Remeasurements of defined benefit plans, net of tax	(56)	206	(424)
Share of other comprehensive income of entities accounted for using equity method	45	32	342
<b>Total other comprehensive income *</b>	<b>(2,474)</b>	<b>2,714</b>	<b>(18,611)</b>
<b>Comprehensive income</b>	<b>¥ 3,491</b>	<b>¥ 7,889</b>	<b>\$ 26,257</b>
Comprehensive income attributable to			
Comprehensive income attributable to owners of parent	¥ 3,491	¥ 7,889	\$ 26,257
Comprehensive income attributable to non-controlling interests	¥ —	¥ —	\$ —

Note Method of translation of the financial statements is described in “(7) Financial Statement Translation” in “4. Significant accounting principles”.

## (iii) Consolidated Statement of Changes in Equity

Previous Fiscal Year (From April 1, 2021 to March 31, 2022)

	(Millions of yen)				
	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at April 1, 2021	¥ 10,000	¥ 8,878	¥ 113,133	¥ (2,407)	¥ 129,604
Cumulative effects of accounting changes			0		0
Restated balance at April 1, 2021	10,000	8,878	113,133	(2,407)	129,605
Changes arising during year					
Cash dividends			(2,786)		(2,786)
Net income attributable to owners of parent			5,174		5,174
Purchase of treasury share				(2,301)	(2,301)
Disposal of treasury share		0		28	28
Net changes other than stockholders' equity			2,387	(2,272)	114
<b>Total changes during the year</b>	<b>—</b>	<b>0</b>	<b>2,387</b>	<b>(2,272)</b>	<b>114</b>
<b>Balance at March 31, 2022</b>	<b>¥ 10,000</b>	<b>¥ 8,878</b>	<b>¥ 115,521</b>	<b>¥ (4,680)</b>	<b>¥ 129,719</b>

	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, 2021	¥ 22,432	¥ (16,978)	¥ 168	¥ (59)	¥ 5,562	¥ 135,166
Cumulative effects of accounting changes						0
Restated balance at April 1, 2021	22,432	(16,978)	168	(59)	5,562	135,167
Changes arising during year						
Cash dividends						(2,786)
Net income attributable to owners of parent						5,174
Purchase of treasury share						(2,301)
Disposal of treasury share						28
Net changes other than stockholders' equity	(12,512)	15,010	—	216	2,714	2,714
<b>Total changes during the year</b>	<b>(12,512)</b>	<b>15,010</b>	<b>—</b>	<b>216</b>	<b>2,714</b>	<b>2,829</b>
<b>Balance at March 31, 2022</b>	<b>¥ 9,920</b>	<b>¥ (1,967)</b>	<b>¥ 168</b>	<b>¥ 156</b>	<b>¥ 8,277</b>	<b>¥ 137,996</b>

## Current Fiscal Year (From April 1, 2022 to March 31, 2023)

	(Millions of yen)					
	Shareholders' equity					Total shareholders' equity
	Share capital	Capital surplus	Retained earnings	Treasury shares		
Balance at April 1, 2022	¥ 10,000	¥ 8,878	¥ 115,521	¥ (4,680)		¥ 129,719
Changes arising during year						
Cash dividends			(2,786)			(2,786)
Net income 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
	Accumulated other comprehensive income					
	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	Total net assets
Balance at April 1, 2022	¥ 9,920	¥ (1,967)	¥ 168	¥ 156	¥ 8,277	¥ 137,996
Changes arising during year						
Cash dividends						(2,786)
Net income attributable to owners of parent						5,966
Purchase of treasury share						(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

## Current Fiscal Year (From April 1, 2022 to March 31, 2023)

	(Thousands of U.S. dollars)					
	Shareholders' equity					Total shareholders' equity
	Share capital	Capital surplus	Retained earnings	Treasury shares		
Balance at April 1, 2022	\$ 75,199	\$ 66,769	\$ 868,712	\$ (35,198)		\$ 975,482
Changes arising during year						
Cash dividends			(20,950)			(20,950)
Net income attributable to owners of parent			44,869			44,869
Purchase of treasury share				(22,566)		(22,566)
Disposal of treasury share				198		198
Cancellation of treasury share						
Net changes other than stockholders' equity						
Total changes during the year	—	—	23,919	(22,368)		1,551
Balance at March 31, 2023	\$ 75,199	\$ 66,769	\$ 892,631	\$ (57,566)		\$ 977,033
	Accumulated other comprehensive income					
	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	Total net assets
Balance at April 1, 2022	\$ 74,598	\$ (14,795)	\$ 1,263	\$ 1,177	\$ 62,243	\$ 1,037,726
Changes arising during year						
Cash dividends						(20,950)
Net income attributable to owners of parent						44,869
Purchase of treasury share						(22,566)
Disposal of treasury share						198
Cancellation of treasury share						
Net changes other than stockholders' equity	(106,937)	88,357	—	(32)	(18,611)	(18,611)
Total changes during the year	(106,937)	88,357	—	(32)	(18,611)	(17,060)
Balance at March 31, 2023	\$ (32,338)	\$ 73,561	\$ 1,263	\$ 1,145	\$ 43,632	\$ 1,020,665

Note Method of translation of the financial statements is described in “(7) Financial Statement Translation” in “4. Significant accounting principles”.

## (iv) Consolidated Statement of Cash Flows

	Millions of yen		Thousands of U.S. dollars
			(Note)
	2023	2022	2023
Cash flows from operating activities			
Profit before income taxes	¥ 8,273	¥ 7,147	\$ 62,212
Depreciation	682	1,195	5,128
Loss (gain) on sale and retirement of non-current assets	5	(17)	45
Loss (gain) related to securities	1,530	251	11,512
Increase (decrease) in allowance for doubtful accounts	17	(571)	130
Increase (decrease) in provision for bonuses	28	7	212
Increase (decrease) in provision for bonuses for directors and other officers	0	(11)	2
Increase (decrease) in provision for share awards for directors and other officers	11	(3)	85
Increase (decrease) in retirement benefit liability	(739)	(346)	(5,560)
Interest and dividend income	(20,347)	(15,866)	(153,009)
Interest expenses	7,049	4,361	53,011
Share of loss (profit) of entities accounted for using equity method	(523)	(446)	(3,938)
Decrease (increase) in operating loans receivable	(64,064)	224,867	(481,761)
Net decrease (increase) in call loans	—	2,500	—
Net decrease (increase) in securities purchased under resale agreements	366,739	(926,289)	2,757,857
Net decrease (increase) in cash collateral provided for securities borrowed	(170,398)	(1,173,851)	(1,281,387)
Net increase (decrease) in call money	332,000	151,800	2,496,616
Net increase (decrease) in short-term borrowings	(147,200)	101,616	(1,106,933)
Net increase (decrease) in commercial papers	(45,000)	(117,000)	(338,396)
Net increase (decrease) in securities sold under repurchase agreements	(763,097)	1,353,090	(5,738,439)
Net increase (decrease) in cash collateral received for securities lent	367,279	677,793	2,761,912
Net increase (decrease) in cash collateral received for margin transactions	(19,829)	(15,407)	(149,116)
Net increase (decrease) in borrowed money from trust account	(160,077)	(112,050)	(1,203,768)
Net increase (decrease) in long-term borrowings	229,700	1,000	1,727,327
Purchase of short-term and long-term investment securities	(228,058)	(466,887)	(1,714,980)
Proceeds from sale and redemption of short-term and long-term investment securities	539,458	267,505	4,056,688
Other, net	62,003	(93,766)	466,263
Subtotal	295,443	(129,379)	2,221,716
Interest and dividends received	21,016	15,362	158,043
Interest paid	(6,999)	(4,171)	(52,631)
Income taxes paid	(11,911)	(8,191)	(89,570)
Income taxes refund	5,995	4,074	45,086
Net cash provided by (used in) operating activities	¥ 303,546	¥ (122,304)	\$ 2,282,644

	Millions of yen		Thousands of U.S. dollars
			(Note)
	2023	2022	2023
Cash flows from investing activities			
Purchase of investment securities	¥ (317)	¥ (645)	\$ (2,385)
Proceeds from sale and redemption of investment securities	4,402	6,296	33,103
Purchase of property, plant and equipment	(353)	(641)	(2,656)
Proceeds from sale of property, plant and equipment	—	48	—
Purchase of intangible assets	(285)	(153)	(2,144)
Other, net	1	2	9
Net cash provided by (used in) investing activities	3,447	4,907	25,926
Cash flows from financing activities			
Dividends paid	(2,786)	(2,786)	(20,950)
Purchase of treasury shares	(3,000)	(2,301)	(22,566)
Other, net	—	0	—
Net cash provided by (used in) financing activities	(5,786)	(5,088)	(43,516)
Effect of exchange rate change on cash and cash equivalents	—	—	—
Net increase (decrease) in cash and cash equivalents	301,206	(122,485)	2,265,053
Cash and cash equivalents at beginning of period	1,295,058	1,417,543	9,738,743
Cash and cash equivalents at end of period *	1,596,264	1,295,058	12,003,797

Note Method of translation of the financial statements is described in “(7) Financial Statement Translation” in “4. Significant accounting principles”.

## Notes to Consolidated Financial Statements

Japan Securities Financial Co., Ltd. and Consolidated Subsidiaries  
Year ended March 31, 2023

## (Basis of Presentation of the Consolidated Financial Statements)

## 1. Scope of consolidation

Number of consolidated subsidiaries: 2 companies

All two subsidiaries are consolidated.

Names of consolidated subsidiaries

JSF Trust and Banking Co., Ltd.

Nihon Building Co., Ltd.

## 2. Application of the equity method

Number of affiliates accounted for by the equity method: 2 companies

Name of the companies

Japan Information Processing Service Co., Ltd.

JSF Information Technology Co., Ltd.

## 3. Accounting periods of consolidated subsidiaries

The fiscal year end of consolidated subsidiaries is the same as the consolidated fiscal year end.

## 4. Significant accounting principles

## (1) Valuation standards and methodology for material assets

## (i) Securities

Available-for-sale-securities:

Securities other than for which there are no fair value:

Stated at fair value based on the quoted market price at the fiscal year end (with any unrealized gains or losses being reported directly as a component of shareholders' equity and the cost of any securities sold being computed by the moving average method)

Securities for which there are no fair value:

Stated at cost determined by the moving average method

## (ii) Derivatives

Stated at fair value

## (2) Depreciation and amortization methods for material depreciable assets

## (i) Property, plant and equipment

The Company and its subsidiaries provided depreciation principally by the declining-balance method based on the estimated useful lives, except for the buildings acquired on or after April 1, 1998 and the equipment attached to buildings and structures acquired on or after April 1, 2016, which are depreciated based on the straight-line method.

The estimated useful lives are as follows:

Buildings and structures 3-50 years

## (ii) Intangible assets

Straight-line method is applied.

Software for internal use is amortized by the straight-line method over the estimated useful life (5 to 7 years).

## (3) Basis of material allowances

## (i) Allowance for doubtful accounts

Allowance for doubtful accounts is measured at estimated recoverable amounts. For general receivables, the recoverable amounts are estimated by historical write-off ratio and for individual receivables such as receivables with default risk, the recoverable amounts are estimated individual basis.

## (ii) Provision for bonuses

Provision for bonuses is measured based on estimated amount of payment for employee bonuses.

## Notes to Consolidated Financial Statements

Japan Securities Financial Co., Ltd. and Consolidated Subsidiaries  
Year ended March 31, 2023

## (iii) Provision for bonuses for directors and other officers

Provision for bonuses for directors and other officers is measured based on estimated amount of payment for directors (including executive officers) bonuses.

## (iv) Provision for share awards for directors and other officers

Provision for share awards for directors and other officers is measured based on estimated amount of stock benefit obligation as of the end of the current fiscal year based on internal regulations for the payment of the Company's stock.

## (4) Accounting treatment for retirement benefits

## (i) The method of attributing expected retirement benefit

For calculating benefit obligation, the method of attributing expected retirement benefit to periods up to the end of current fiscal year is the benefit formula basis.

## (ii) The method of amortizing actuarial gains and losses, and past service costs

Actuarial gains and losses are amortized using the declining balance method within over average remaining years of service of the employees (15 years) from the following year in which the gains or losses are recognized.

Past service costs are recorded as expenses at the year in which the costs are recognized.

Consolidated subsidiaries apply a simplified method to calculate liabilities for retirement benefits and retirement benefit expenses, using required payment assuming retirement for personal reason at the end of the fiscal year as retirement benefit obligation.

## (5) Significant method of hedge accounting

## (i) Hedge accounting

In principle, deferral hedge accounting is applied. For Interest rate swaps, if they satisfy the requirements for treatment that incorporates swaps into underlying accounting items, they are accounted for by incorporating swaps into underlying accounting items.

## (ii) Hedge methods and hedged items

Hedge methods Interest rate swaps, foreign exchange contracts, etc.

Hedged items Securities, investment securities, borrowings, etc.

## (iii) Hedge policy

In accordance with the Group's internal rules for risk management, Hedging is used to hedge against the risk of future fluctuations in interest rates and foreign currency exchange rates, etc.

## (iv) Evaluation of hedge effectiveness

The Group compares market fluctuations of hedged items with those of hedge methods and evaluates the effectiveness of hedge based on the amount of fluctuation of both. However, for interest rate swaps which incorporating swaps into underlying accounting items, the evaluation of the effectiveness of hedge is omitted.

(Hedge relationships to which "Practical Solution on the Treatment of Hedge Accounting for Financial Instruments that Reference LIBOR" is applied)

Among the above hedge relationships, the exceptional treatment prescribed in the PITF is applied to all hedge relationships included in the scope of application of "Practical Solution on the Treatment of Hedge Accounting for Financial Instruments that Reference LIBOR" (PITF No. 40, March 17, 2023). The details of hedging relationships to which the PITF is applied are as follows.

Hedge accounting Deferral hedge accounting and for interest rate swaps, accounting for by incorporating swaps into underlying accounting items

Hedge methods Interest rate swaps

Hedged items Securities, investment securities, borrowings, etc.

Hedging transactions Offsetting market fluctuations or fixing cash flows

## (6) Cash and cash equivalents in the consolidated statements of cash flows

Cash and cash equivalents as stated in the consolidated statements of cash flows consist of cash in hand, readily available deposits, and any short-term liquid investments with a maturity not exceeding three months at the time of purchase whose value is not subject to significant fluctuation risk.



## Notes to Consolidated Financial Statements

Japan Securities Financial Co., Ltd. and Consolidated Subsidiaries  
Year ended March 31, 2023

## (7) Financial Statement Translation

The translations of the yen amounts into U.S. dollars are included solely for the convenience of the reader, using the prevailing exchange rate as of March 31, 2023, which was ¥132.98 to U.S. \$1. This translation should not be construed as a representation that the amounts shown could be converted into U.S. dollars at such rate.

## (Significant Accounting Estimates)

## Recoverability of deferred tax assets

(1) Deferred tax assets and liabilities in the accompanying consolidated balance sheet as of March 31, 2023 are as follows:

	Millions of yen		Thousands of
	2023	2022	U.S. dollars
Deferred tax assets	¥ 13,809	¥ 16,595	\$ 103,846
Deferred tax liabilities	16,006	19,607	120,366
Deferred tax liabilities (Net)	¥ 2,196	¥ 3,011	\$ 16,519

## (2) Information on the nature of significant accounting estimates for identified items

Deferred tax assets before offsetting with deferred tax liabilities are estimated based on the timing and amount of reversal of future deductible temporary difference in future consolidated financial year. These estimates may be affected by changes in uncertain economic conditions in the future, and if the actual timing and amount of the reversal of temporary differences differ from the estimates, it may have a significant impact on the amount of deferred tax assets in the consolidated financial statements for the following fiscal year.

## (Changes in Accounting Policies)

## (Application of "Implementation Guidance on Accounting Standards for Fair Value Measurement")

"Implementation Guidance on Accounting Standard for Fair Value Measurement" (ASBJ Guidance No. 31, June 17, 2021. Hereinafter referred to as the "Implementation Guidance") have been applied from the beginning of the year ended March 31, 2023, and in accordance with the transitional treatment stipulated in paragraph 27-2 of the Implementation Guidance, the new accounting policy stipulated by the Implementation Guidance will be prospectively applied.

As a result, investment securities, deferred tax liabilities, and valuation difference on available-for-sale securities increased by ¥2,623 million (\$19,729 thousand), ¥809 million (\$6,087 thousand), and ¥1,814 million (\$13,641 thousand), respectively, in the consolidated balance sheets for the current fiscal year.

In accordance with Paragraph 27-3 of the Implementation Guidance, in the note "Financial Instruments" the items regarding investment trusts with regard to the breakdown of the fair value of financial instruments by level, etc., are not presented those for the previous fiscal year.

## (Accounting Standards Not Yet Adopted)

"Accounting Standard for Current Income Taxes" (ASBJ Statement No. 27, October 28, 2022)

"Accounting Standard for Presentation of Comprehensive Income" (ASBJ Statement No. 25, October 28, 2022)

"Guidance on Accounting Standard for Tax Effect Accounting" (ASBJ Guidance No. 28, October 28, 2022, ASBJ)

## Notes to Consolidated Financial Statements

Japan Securities Financial Co., Ltd. and Consolidated Subsidiaries  
Year ended March 31, 2023

## (1) Overview

In February 2018, ASBJ issued ASBJ Statement No. 28, "Partial Amendments to Accounting Standard for Tax Effect Accounting", etc. (Hereinafter referred to as the "ASBJ Statement No. 28, etc."), which completed the transfer of practical guidelines on tax effect accounting at the JICPA to the ASBJ Accounting Standards Board. In the course of deliberation, the following two issues, which were to be reviewed again after the release of ASBJ Statement No. 28, etc., were discussed and published.

(i) Accounting section of tax expenses (taxation on other comprehensive income)

(ii) Tax effect on the sale of shares of subsidiaries, etc., (shares of subsidiaries or affiliates) when the group corporate taxation system is applied

## (2) Scheduled date of adoption

This accounting standard will be applied from the beginning of the fiscal year ending March 31, 2025.

## (3) Effect of adoption

The amounts of the impact of applying "Accounting Standard for Current Income Taxes", etc., are under evaluation at this time.

## (Reclassification)

## (Consolidated Balance Sheets)

"Accounts payable-other" under "Current liabilities," which was independently presented in the previous fiscal year, is included in "Other" in the current consolidated fiscal year because it has become insignificant in terms of amount. To reflect this change in presentation, the consolidated financial statements for the previous fiscal year have been reclassified.

As a result, ¥128 million (\$963 thousand) presented as "Accounts payable-other" under "Current liabilities" in the consolidated balance sheet for the previous fiscal year has been reclassified as "Other."

## (Additional Information)

## (Transactions of Delivering the Company's Own Stock to Directors through Trust)

The Company has introduced a performance-based share remuneration plan called "Board Benefit Trust (BBT)" in order to further clarify the linkage between remuneration for directors (other than outside directors) and executive officers (collectively "directors") and the performance and share value of the Company, thereby enhancing their awareness of the need to contribute to the efforts to archive improved business performance and greater enterprise value in the medium to long term.

## 1. Outline of the plan

The Plan is a performance-based share remuneration plan under which the Company's shares will be acquired through a trust using money contributed by the Company and the Company's shares and the money equivalent to the market value of the shares will be delivered by the Trust to directors pursuant to the "Rules for Delivery of Shares to Directors" to be established by the board of directors.

In principle, the Shares, etc. will be delivered when he/she resigns as director.

## 2. Stock remaining in the trust

In accordance with the "Practical Solution on Transactions of delivering the Company's Own Stock to Employees etc. through Trust (ASBJ Practical Issue Task Force (PITF) No. 30, March 26, 2015)", the Company recorded assets and liabilities of the trust on the Company's balance sheet as assets and liabilities of the Company. The Company recorded own stocks in the trust as treasury stocks under net assets at book value in the trust excluding associated costs. The book value of the own stocks was ¥484 million (\$3,646 thousand) and the number of the stocks was 1,022 thousand shares as of March 31, 2023, and ¥511 million and the number of the stocks was 1,077 thousand shares as of March 31, 2022.

## Notes to Consolidated Financial Statements

Japan Securities Financial Co., Ltd. and Consolidated Subsidiaries  
Year ended March 31, 2023

(Notes to the Consolidated Balance Sheets)

\*1 Assets pledged as collateral and secured debt

Assets pledged as collateral are as follows:

	Millions of yen		Thousands of U.S. dollars
	2023	2022	2023
Securities	¥ 65,607	¥ 86,459	\$ 493,362
Operating loans	502,453	526,090	3,778,410
Investment securities	293,024	370,156	2,203,521

The above assets are pledged as collateral for the following obligations:

	Millions of yen		Thousands of U.S. dollars
	2023	2022	2023
Call money	¥ 280,000	¥ 250,000	\$ 2,105,579
Short-term borrowings	—	137,200	—
Long-term borrowings	229,700	—	1,727,327

For call money, short-term borrowings and long-term borrowings, in addition to the assets pledged as collateral above, a portion of the collateral according to 2 and 6 below is also pledged.

In addition, the following items are pledged as collateral for the clearing funds of Japan Securities Clearing Corporation and JASDEC DVP Clearing Corporation.

	Millions of yen		Thousands of U.S. dollars
	2023	2022	2023
Cash and deposits	¥ 25	¥ 25	\$ 187
Current assets (other)	378,375	230,004	2,845,359
Investment securities	5,875	1,222	44,183

2 Collateralized financial assets with rights of free disposal are as follows:

	Millions of yen		Thousands of U.S. dollars
	2023	2022	2023
Fair value of the securities receivable as collateral	¥ 2,904,598	¥ 2,519,083	\$ 21,842,371
Securities lent	147,985	182,137	1,112,838
Collateral provided	682,509	358,707	5,132,424
On hand	2,074,103	1,978,237	15,597,108

\*3 Credit line for financial instruments dealers and customers, and undrawn amount related to overdraft agreements, of the Company and JSF Trust and Banking Co., Ltd. are as follows:

	Millions of yen		Thousands of U.S. dollars
	2023	2022	2023
Total credit line	¥ 956,058	¥ 957,858	\$ 7,189,487
Drawn amount	97,300	63,680	731,688
Undrawn amount	¥ 858,758	¥ 894,178	\$ 6,457,798

Since some of these contracts expire without the rights exercised, the undrawn amount itself does not necessarily affect future cash flows.

## Notes to Consolidated Financial Statements

Japan Securities Financial Co., Ltd. and Consolidated Subsidiaries  
Year ended March 31, 2023

\*4 Items related to affiliated companies are as follows:

	Millions of yen		Thousands of U.S. dollars
	2023	2022	2023
Investment securities (stocks)	¥ 5,060	¥ 4,595	\$ 38,056

\*5 Balance sheet amount of securities lent under loan for consumption agreement, etc. are as follows:

	Millions of yen		Thousands of U.S. dollars
	2023	2022	2023
Securities	¥ 2,007	¥ 8,764	\$ 15,094
Investment securities	180,608	424,126	1,358,160

6 The fair value of the securities borrowed under loan for consumption agreement, etc. are as follows:

	Millions of yen		Thousands of U.S. dollars
	2023	2022	2023
The fair value of the securities borrowed	¥ 10,287,704	¥ 10,092,917	\$ 77,362,795
Securities loaned	9,613,304	9,565,616	72,291,352
Securities pledged as collateral	641,815	478,582	4,826,408
On hand	32,584	48,717	245,034

\*7 The Company revaluated its land at fair value, pursuant to the Law Concerning Land Revaluation (Law No.34 March 31, 1998) and its amendments (Law No.19 March 31, 2001) (the "Law"), and for net unrealized gain, tax equivalent is presented as "Deferred tax liabilities for land revaluation" under LIABILITIES and the amounts net of the tax equivalent is presented as "Revaluation reserve for land" under NET ASSETS.

Date of revaluation: March 31, 2002

Revaluation method to be prescribed on Article3, paragraph3 of the Law Concerning Land Revaluation:

The revaluation is calculated by making reasonable adjustments to the value calculated by the method specified and announced by the Commissioner of the National Tax Agency for calculating the value of land as the basis for calculating the taxable value of land as stipulated in Article 16 of the Land Value Tax Law based on Article 2, clause 4 of the Enforcement Order for the Law Concerning Revaluation of Land (Ordinance No. 119 March 31, 1998).

## Notes to Consolidated Financial Statements

Japan Securities Financial Co., Ltd. and Consolidated Subsidiaries

Year ended March 31, 2023

(Notes to the Consolidated Statements of Income)

\*1 Research and development expenses included in general and administrative expenses and manufacturing costs for the year are as follows:

	Millions of yen		Thousands of U.S. dollars
	2023	2022	2023
	¥ 0	¥ 40	\$ 0

\*2 Breakdown of gain on sale of non-current assets are as follows:

	Millions of yen		Thousands of U.S. dollars
	2023	2022	2023
Tools, furniture and fixtures	¥ —	¥ 40	\$ —

\*3 Breakdown of loss on retirement of non-current assets are as follows:

	Millions of yen		Thousands of U.S. dollars
	2023	2022	2023
Buildings and structures	¥ —	¥ 2	\$ —
Demolition and removal expenses	—	39	—

## Notes to Consolidated Financial Statements

Japan Securities Financial Co., Ltd. and Consolidated Subsidiaries

Year ended March 31, 2023

(Notes to the Consolidated Statements of Comprehensive Income)

\*1 Reclassification adjustments and tax effects related to other comprehensive income

	Millions of yen		Thousands of U.S. dollars
	2023	2022	2023
Valuation difference on available-for-sale securities:			
Arising during the year	¥ (22,004)	¥ (18,641)	\$ (165,475)
Reclassification adjustment	1,530	251	11,512
Before tax effect adjustment	(20,473)	(18,390)	(153,962)
Tax effect	6,260	5,855	47,074
Valuation difference on available-for-sale securities	(14,213)	(12,534)	(106,888)
Deferred gains or losses on hedges:			
Arising during the year	16,935	15,362	127,353
Reclassification adjustment	—	—	—
Before tax effect adjustment	16,935	15,362	127,353
Tax effect	(5,185)	(352)	(38,995)
Deferred gains or losses on hedges	11,749	15,010	88,357
Remeasurements of defined benefit plans:			
Arising during the year	(93)	319	(703)
Reclassification adjustment	(43)	1	(330)
Before tax effect adjustment	(137)	321	(1,034)
Tax effect	81	(115)	610
Remeasurements of defined benefit plans	(56)	206	(424)
Share of other comprehensive income of entities accounted for using equity method:			
Arising during the year	38	25	290
Reclassification adjustment	6	6	51
Share of other comprehensive income of entities accounted for using equity method	45	32	342
Total other comprehensive income	¥ (2,474)	¥ 2,714	\$ (18,611)

## Notes to Consolidated Financial Statements

Japan Securities Financial Co., Ltd. and Consolidated Subsidiaries  
Year ended March 31, 2023

(Notes to the Consolidated Statements of Changes in Net Assets)

Previous fiscal year (From April 1, 2021 to March 31, 2022)

## 1 Type and number of issued shares and treasury shares

Type of share	Number of shares at the beginning of the year	Increase	Decrease	(Thousands of shares)
				Number of shares at the end of the year
Shares outstanding Common stock	96,000	—	—	96,000
Treasury shares Common stock (Note)	4,252	2,490	59	6,683

Notes:

- Number of shares include shares which are held by the “Board Benefit Trust (BBT)” (1,137 thousands of shares at the beginning of the fiscal year and 1,077 thousands of shares at the end of the fiscal year)
- Increase of 2,489 thousands of shares is due to purchase of treasury shares and 1 thousands of shares is due to purchase of shares less than one unit.
- Decrease of 59 thousands of shares is due to delivery of treasury shares from the “Board Benefit Trust (BBT)” to respective person and 0 thousands of shares is due to sale of treasury shares less than one unit.

## 2 Stock acquisition rights, etc.

No items to report.

## 3 Dividends

## (1) Dividends paid

## (a) Dividends paid during the year ended March 31, 2022

The following was approved by the Board of Directors held on May 17, 2021.

(a) Total dividends	¥1,393 million
(b) Cash dividends per common share	¥15
(c) Record date	March 31, 2021
(d) Effective date	June 3, 2021

Note Total dividends include dividends of ¥17 million to shares which are owned by “Board Benefit Trust (BBT)”

The following was approved by the Board of Directors held on November 2, 2021.

(a) Total dividends	¥1,393 million
(b) Cash dividends per common share	¥15
(c) Record date	September 30, 2021
(d) Effective date	December 3, 2021

Note Total dividends include dividends of ¥16 million to shares which are owned by “Board Benefit Trust (BBT)”

## (2) Dividends to be paid after the balance sheet date but the record date for the payment belongs to the year ended March 31, 2022

The following was approved by the Board of Directors held on May 16, 2022.

(a) Total dividends	¥1,356 million
(b) Cash dividends per common share	¥15
(c) Record date	March 31, 2022
(d) Effective date	June 2, 2022

Note Total dividends include dividends of ¥16 million to shares which are owned by “Board Benefit Trust (BBT)”

## Notes to Consolidated Financial Statements

Japan Securities Financial Co., Ltd. and Consolidated Subsidiaries  
Year ended March 31, 2023

Current fiscal year (From April 1, 2022 to March 31, 2023)

## 1 Type and number of issued shares and treasury shares

Type of share	Number of shares at the beginning of the year	Increase	Decrease	(Thousands of shares)
				Number of shares at the end of the year
Shares outstanding Common stock	96,000	—	—	96,000
Treasury shares Common stock (Note)	6,683	3,175	55	9,803

Notes:

- Number of shares include shares which are held by the “Board Benefit Trust (BBT)” (1,077 thousands of shares at the beginning of the fiscal year and 1,022 thousands of shares at the end of the fiscal year)
- Increase of 3,174 thousands of shares is due to purchase of treasury shares and 0 thousands of shares is due to purchase of shares less than one unit.
- Decrease of 55 thousands of shares is due to delivery of treasury shares from the “Board Benefit Trust (BBT)” to respective person.
- The Company resolved at the Board of Directors meeting held on March 20, 2023 to cancel treasury stock in accordance with Article 178 of the Companies Act, but has not completed the cancellation procedures for the following treasury stock as of the end of the current fiscal year.
 

Book value	¥6,532 million (\$49,126 thousand)
Type of share	Common stock
Number of share	8,000 thousands of shares

 The cancellation procedures for the above treasury stock was completed on April 20, 2023.

## 2 Stock acquisition rights, etc.

No items to report.

## 3 Dividends

## (1) Dividends paid

## (a) Dividends paid during the year ended March 31, 2023

The following was approved by the Board of Directors held on May 16, 2022.

(a) Total dividends	¥1,356 million (\$10,197 thousand)
(b) Cash dividends per common share	¥15 (\$ 0.11)
(c) Record date	March 31, 2022
(d) Effective date	June 2, 2022

Note Total dividends include dividends of ¥16 million (\$123 thousand) to shares which are owned by “Board Benefit Trust (BBT)”

The following was approved by the Board of Directors held on November 7, 2022.

(a) Total dividends	¥1,429 million (\$10,752 thousand)
(b) Cash dividends per common share	¥16 (\$0.12)
(c) Record date	September 30, 2022
(d) Effective date	December 7, 2022

Note Total dividends include dividends of ¥16 million (\$123 thousand) to shares which are owned by “Board Benefit Trust (BBT)”

## (2) Dividends to be paid after the balance sheet date but the record date for the payment belongs to the year ended March 31, 2023

The following was approved by the Board of Directors held on May 15, 2023.

(a) Total dividends	¥1,395 million (\$10,495 thousand)
(b) Cash dividends per common share	¥16 (\$0.12)
(c) Record date	March 31, 2023
(d) Effective date	June 1, 2023

Note Total dividends include dividends of ¥16 million (\$123 thousand) to shares which are owned by “Board Benefit Trust (BBT)”

## Notes to Consolidated Financial Statements

Japan Securities Financial Co., Ltd. and Consolidated Subsidiaries  
Year ended March 31, 2023

(Note to the Consolidated Statements of Cash Flows)

The reconciliation between year-end balance of cash and cash equivalents and amounts stated in the consolidated balance sheets

	Millions of yen		Thousands of
	2023	2022	U.S. dollars
Cash and deposits	¥ 1,598,274	¥ 1,299,070	\$ 12,018,912
Time deposits with maturities of over three months	(10)	(10)	(75)
Certificate of deposits with maturities of over three months	(2,000)	(4,002)	(15,039)
Cash and cash equivalents	¥ 1,596,264	¥ 1,295,058	\$ 12,003,797

## Notes to Consolidated Financial Statements

Japan Securities Financial Co., Ltd. and Consolidated Subsidiaries  
Year ended March 31, 2023

(Financial Instruments)

1. Conditions of Financial instruments

(1) Management policy

The Company and a consolidated subsidiary, JSF Trust and Banking Co., Ltd. (“JSFTB”) mainly deal in financial instruments. The Company is engaged in providing loan services, mainly loans for margin transactions. The loans for margin transaction are loan services which are money lending or stock loan for settlement of standardized margin transactions. The transaction is strongly effected by security market condition, therefore, the Company raises money flexibly from short-term finance market, primarily from call market. The Company manages securities such as Japanese Government Bonds to manage the funds efficiently.

A consolidated subsidiary, JSFTB is engaged in providing credit services such as loans as banking business and finance and securities activities. JSFTB invests in highly liquid and safe-and-secure securities such as government bonds, local government bonds, public corporation bonds and government-backed bonds as securities investment activities and usually raises money through a trust account.

(2) Financial instruments and risks

Main financial instrument that the Company holds are trade loans receivable, collateral money for securities borrowed, short-term investments and investments in securities such as government bonds and equity securities. Collateral money for securities borrowed is the collateral for cash-secured bond lending transaction, cash-secured stock lending transaction and securities borrowed of loan on margin transactions. Main financial instrument that JSFTB holds are loans to government, other credit granting and securities such as government bonds, local government bonds, public corporation bonds and government-backed bonds. Trade loans receivable held by the Company and JSFTB are exposed to credit risks that caused from counterparties' default of contract. Securities are exposed to market risks. Regarding raising money such as call money and short-term borrowings of the Company and JSFTB, the liabilities are exposed to liquidity risks that caused from turmoil in the financial markets or a credit rating down.

The Company has entered into forward exchange contract for hedging currency exchange risk of bonds denominated in foreign currency and interest rate swaps for hedging interest rate risk of fixed-rate bonds. Hedge accounting is applied to the derivatives and the Company regularly monitors the hedge effectiveness whether the relationship between hedging derivatives and hedged assets are appropriate and the currency exchange risk and the interest rate risk of hedged items are offset by hedging derivatives.

JSFTB has entered into interest rate swaps for hedging fixed-rate loans, bonds and borrowings as a part of interest risk control (ALM). Hedge accounting is applied to the derivatives held for ALM purpose, and the Company regularly monitors the hedge effectiveness whether the relationship between hedging derivatives and hedged assets or liabilities are appropriate.

(3) Financial instruments risk management

The Company places risk management as top priority of management. Basic policy of risk management is approved at the Board of Directors, and various rules for risk management according to the basic policy are established for concrete risk management method or system. The Company regularly receives a report from JSFTB concerning its risk management.

(i) Integrated risk management

The Company quantizes the risk by Value at Risk (VaR) approach after allocating risk capital within equity capital, and controls the quantized risk amount within the allocated risk capital. Each business operation department controls a risk within the allocated risk capital, risk management department that is independent from each operational section quantizes the risk, monitors the risk management and reports to the management.

(ii) Credit risk

The Company manages all of the credit risk strictly to maintain and improve assets quality. The Risk Management Department evaluates credit risks according to the in-house rating and quantizes and controls the credit risk using the default rate by each in-house rating category. Stress tests are also performed for compensating the quantization control. The Risk Management Department evaluates customers or loans, and sets up the credit limits, while business operation department monitors the credit limit. Assets owned by business operation departments are assessed by themselves strictly. The Company receives collateral securities for each loan and reevaluates the securities daily to mitigate the collectability

## Notes to Consolidated Financial Statements

Japan Securities Financial Co., Ltd. and Consolidated Subsidiaries  
Year ended March 31, 2023

issues, and the Company collects the claims quickly through sale of the collaterals when the customer bankrupts.

## (iii) Market risk

The Risk Management Department quantizes and controls market risks, and performs stress tests to compensate the quantization control. Back-testing which is the test compared calculated VaR and estimated profit or loss by using the fixed portfolio is performed to test the reliability of the Company's market risk quantization model.

## (iv) Quantitative information of market risk

The Company calculates VaR of short-term investments and investments in securities by using Delta method (confidence interval: 99%, holding period: 10-240 days, observation period: 20 days-1 year (holding period and observation period are depending on purposes in holding)). Market risk amount (possible losses) of the Company is ¥6,220 million (\$46,774 thousand) as of March 31, 2023.

Because VaR is a statistical estimate of market risk amount at a particular probability using past market movement data, VaR may not capture the risk during radical market movements that are extreme in nature.

## (v) Liquidity risk

The Treasury Department of the Company seeks to diversify financing channels and to secure stable financing sources. For sound cash flow management, the Company develops cash flow forecast, understands the amount can be raised or future liquidity and also understands dates of a large payment concentration, the Company has a system to report to the management with daily cash flow status. The Company tries to hold enough liquidity, for example, to possess a certain amount of government bonds, makes a contingency plan and builds a company-wide emergency response system against contingencies. Liquidity stress tests are performed monthly for ascertaining whether consolidated liquidity held by the Company and JSFTB is adequate. At the "ALM Committee" held in every quarter, the Company develops cash flow forecast based on estimates of loans outstanding, studies policies for ALM (Asset Liability Management) such as revenue management for assets and liabilities of the Company and the Company has a system to report to the management.

## (vi) Subsidiary's risk control system

JSFTB basic policy of risk management is approved at the Board of Directors, and various rules for risk management according to the basic policy are established for concrete risk management method or system, and the Risk Management Department controls the risks totally. The Risk Management Department measures and monitors the risk quantity, collects and analyzes information and reports the risk condition to the management for maintaining the proper risk management.

JSFTB calculates market risk amount for all market transactions. Interest rate risk amount which is a major risk variable is calculated by VaR (Delta method; holding period: 1 year, confidence interval: 99%, observation period: 5 years). JSFTB market risk amount is ¥5,228 million (\$39,311 thousand) as of March 31, 2023.

## (4) Supplemental explanation regarding fair value of financial instruments

The fair value might differ if different assumptions are used because to measure fair value of financial instruments, variable factors are considered. In addition, the contract amounts of derivative transactions in the Notes to "Derivative" are not in themselves indicative of the market risk associated with derivative transactions.

## Notes to Consolidated Financial Statements

Japan Securities Financial Co., Ltd. and Consolidated Subsidiaries  
Year ended March 31, 2023

## 2. Fair value of financial instruments, etc.

Carrying amount in the consolidated balance sheets, fair values and differences are as follows:

Previous fiscal year (As of March 31, 2022)

	Millions of yen		
	Carrying amount	Fair value	Differences
(1) Operating loans	¥ 891,485		
Allowance for doubtful accounts *2	(90)		
	¥ 891,395	¥ 891,396	¥ 1
(2) Securities and investment securities *3			
Held-to-maturity securities	1,511	1,673	162
Available-for-sale securities	1,142,362	1,142,362	—
Assets total	¥ 2,035,268	¥ 2,035,432	¥ 164
Long-term borrowings	¥ 4,000	¥ 3,998	¥ (1)
Liabilities total	¥ 4,000	¥ 3,998	¥ (1)
Derivative transactions *4	¥ 5,686	¥ 5,686	¥ —

Notes:

\*1 Cash is omitted and deposits, call loans, securities purchased under resale agreements, cash collateral provided for securities borrowed, call money, short-term borrowings, commercial papers, securities sold under repurchase agreements and cash collateral received for securities lent are also omitted as most of these are settled in the short term and their fair value approximates their carrying amount.

\*2 General and specific allowance for operating loans is deducted.

\*3 The following financial instruments with no market prices are not included in "(2) Securities and investment securities". Carrying amount of those financial instruments are as follows:

Millions of yen	
Unlisted equity securities	
Other securities	¥ 1,765
Investments in affiliates	4,595
Investments in investment limited partnership	1,986

\*4 Net receivables and payables, which were derived from derivative transactions, are presented in net amounts, and any item for which the total becomes a net liability is indicated in parentheses.

## Notes to Consolidated Financial Statements

Japan Securities Financial Co., Ltd. and Consolidated Subsidiaries  
Year ended March 31, 2023

Current fiscal year (As of March 31, 2023)

	Millions of yen			
	Carrying amount	Fair value	Differences	
(1) Operating loans	¥ 955,550			
Allowance for doubtful accounts *2	(121)			
	¥ 955,429	¥ 955,426	¥	(2)
(2) Securities and investment securities *3				
Available-for-sale securities	808,123	808,123		—
Assets total	¥ 1,763,553	¥ 1,763,550	¥	(2)
Long-term borrowings *4	¥ 233,700	¥ 232,763	¥	(936)
Liabilities total	¥ 233,700	¥ 232,763	¥	(936)
Derivative transactions *5	¥ 15,839	¥ 15,839	¥	—

	Thousands of U.S. dollars			
	Carrying amount	Fair value	Differences	
(1) Operating loans	\$ 7,185,670			
Allowance for doubtful accounts *2	(910)			
	\$ 7,184,760	\$ 7,184,738	\$	(22)
(2) Securities and investment securities *3				
Available-for-sale securities	6,077,030	6,077,030		—
Assets total	\$ 13,261,791	\$ 13,261,769	\$	(22)
Long-term borrowings *4	\$ 1,757,407	\$ 1,750,363	\$	(7,043)
Liabilities Total	\$ 1,757,407	\$ 1,750,363	\$	(7,043)
Derivative transactions *5	\$ 119,109	\$ 119,109	\$	—

Notes:

\*1 Cash is omitted and deposits, call loans, securities purchased under resale agreements, cash collateral provided for securities borrowed, call money, short-term borrowings, commercial papers, securities sold under repurchase agreements and cash collateral received for securities lent are also omitted as most of these are settled in the short term and their fair value approximates their carrying amount.

\*2 General and specific allowance for operating loans is deducted.

\*3 The following financial instruments with no market prices are not included in “(2) Securities and investment securities”. Carrying amount of those financial instruments are as follows:

	Millions of yen	Thousands of U.S. dollars
Unlisted equity securities		
Other securities	¥ 1,786	\$ 13,436
Investments in affiliates	5,060	38,056
Investments in investment limited partnership	1,664	12,513

\*4 Current portion of long-term borrowings are included in long-term borrowings.

\*5 Net receivables and payables, which were derived from derivative transactions, are presented in net amounts, and any item for which the total becomes a net liability is indicated in parentheses.

## Notes to Consolidated Financial Statements

Japan Securities Financial Co., Ltd. and Consolidated Subsidiaries  
Year ended March 31, 2023

Note 1. Projected future redemption of monetary claim and securities with maturities after the end of the fiscal year

Previous fiscal year (As of March 31, 2022)

	Millions of yen				
	Due within one year	Due after one year through five years	Due after five years through ten years	Due after ten years	
Cash and deposits	¥ 1,299,070	¥ —	¥ —	¥ —	—
Operating loans	870,912	19,916	656		—
Securities purchased under resale agreements	3,928,146	—	—		—
Cash collateral provided for securities borrowed	6,349,422	150,000	—		—
Securities and investments securities					
Held-to-maturity securities (Government bonds)	—	—	—		1,500
Available-for-sale securities with maturities					
Bond securities					
1) Government bonds	6,000	65,767	51,400		395,000
2) Corporate bonds	100,319	311,619	34,275		—
3) Other	3,326	¥ 57,175	¥ 39,709	¥	29,511
Total	¥ 12,557,196	¥ 604,477	¥ 126,040	¥	426,011

Current fiscal year (As of March 31, 2023)

	Millions of yen				
	Due within one year	Due after one year through five years	Due after five years through ten years	Due after ten years	
Cash and deposits	¥ 1,598,274	¥ —	¥ —	¥ —	—
Operating loans	930,245	25,127	177		—
Securities purchased under resale agreements	3,561,406	—	—		—
Cash collateral provided for securities borrowed	6,469,821	200,000	—		—
Securities and investments securities					
Available-for-sale securities with maturities					
Bond securities					
1) Government bonds	7,400	54,767	37,000		266,500
2) Corporate bonds	58,429	277,965	3,000		—
3) Other	3,094	40,964	20,529		14,369
Total	¥ 12,628,671	¥ 598,824	¥ 60,707	¥	280,869

## Notes to Consolidated Financial Statements

Japan Securities Financial Co., Ltd. and Consolidated Subsidiaries

Year ended March 31, 2023

	Thousands of U.S. dollars			
	Due within one year	Due after one year through five years	Due after five years through ten years	Due after ten years
Cash and deposits	\$ 12,018,912	\$ —	\$ —	\$ —
Operating loans	6,995,379	188,957	1,333	—
Securities purchased under resale agreements	26,781,518	—	—	—
Cash collateral provided for securities borrowed	48,652,589	1,503,985	—	—
Securities and investments securities				
Available-for-sale securities with maturities				
Bond securities				
1) Government bonds	55,647	411,843	278,237	2,004,060
2) Corporate bonds	439,381	2,090,276	22,559	—
3) Other	23,271	308,053	154,382	108,053
<b>Total</b>	<b>\$ 94,966,700</b>	<b>\$ 4,503,117</b>	<b>\$ 456,513</b>	<b>\$ 2,112,114</b>

Note 2. Repayments schedule of long-term borrowings and other interest-bearing liabilities after the end of the fiscal year

Previous fiscal year (As of March 31, 2022)

	Millions of yen					
	Due within one year	Due after one year through two years	Due after two years through three years	Due after three years through four years	Due after four years through five years	Due after five years
Call money	¥ 1,858,400	¥ —	¥ —	¥ —	¥ —	¥ —
Short-term borrowings	239,210	—	—	—	—	—
Commercial paper	496,000	—	—	—	—	—
Securities sold under repurchase agreements	5,544,898	—	—	—	—	—
Cash collateral received for securities lent	4,706,496	—	—	—	—	—
Long-term borrowings	—	1,000	—	—	—	3,000
<b>Total</b>	<b>¥ 12,845,005</b>	<b>¥ 1,000</b>	<b>¥ —</b>	<b>¥ —</b>	<b>¥ —</b>	<b>¥ 3,000</b>

## Notes to Consolidated Financial Statements

Japan Securities Financial Co., Ltd. and Consolidated Subsidiaries

Year ended March 31, 2023

Current fiscal year (As of March 31, 2023)

	Millions of yen					
	Due within one year	Due after one year through two years	Due after two years through three years	Due after three years through four years	Due after four years through five years	Due after five years
Call money	¥ 2,190,400	¥ —	¥ —	¥ —	¥ —	¥ —
Short-term borrowings	92,010	—	—	—	—	—
Commercial paper	451,000	—	—	—	—	—
Securities sold under repurchase agreements	4,781,801	—	—	—	—	—
Cash collateral received for securities lent	5,073,776	—	—	—	—	—
Long-term borrowings	1,000	149,800	—	—	79,900	3,000
<b>Total</b>	<b>¥ 12,589,987</b>	<b>¥ 149,800</b>	<b>¥ —</b>	<b>¥ —</b>	<b>¥ 79,900</b>	<b>¥ 3,000</b>

	Thousands of U.S. dollars					
	Due within one year	Due after one year through two years	Due after two years through three years	Due after three years through four years	Due after four years through five years	Due after five years
Call money	\$ 16,471,649	\$ —	\$ —	\$ —	\$ —	\$ —
Short-term borrowings	691,908	—	—	—	—	—
Commercial paper	3,391,487	—	—	—	—	—
Securities sold under repurchase agreements	35,958,799	—	—	—	—	—
Cash collateral received for securities lent	38,154,429	—	—	—	—	—
Long-term borrowings	7,519	1,126,485	—	—	600,842	22,559
<b>Total</b>	<b>\$ 94,675,791</b>	<b>\$ 1,126,485</b>	<b>\$ —</b>	<b>\$ —</b>	<b>\$ 600,842</b>	<b>\$ 22,559</b>



## Notes to Consolidated Financial Statements

Japan Securities Financial Co., Ltd. and Consolidated Subsidiaries  
Year ended March 31, 2023

## 3. Breakdown of financial instruments by each fair value level

The fair value of financial instruments is classified into the following three levels, depending on the observability and materiality of the inputs used to measure fair value.

Level 1: Fair value based on quoted market prices for assets or liabilities that are the subject of the calculation of such fair value in an active market amongst the inputs to the measurement of observable fair value

Level 2: Fair value measured using inputs for the calculation of fair value other than Level 1 inputs amongst the inputs to the measurement of observable fair value

Level 3: Fair value measured using unobservable inputs for fair value calculations

Fair value is classified at the lowest priority level in the measurement of fair value among the levels to which each of those inputs belong where multiple inputs are used that have a significant impact on the measurement of fair value.

(1) Financial instruments that are stated at fair value in the accompanying consolidated balance sheets  
Previous fiscal year (As of March 31, 2022)

Classification	Millions of yen			
	Fair value			Total
	Level 1	Level 2	Level 3	
<b>Securities and investment securities</b>				
Available-for-sale securities				
Equity securities	¥ 12,022	¥ —	¥ —	¥ 12,022
Bonds				
Government and local bonds, etc.	467,407	60,418	—	527,826
Corporate bonds	—	447,409	—	447,409
Other	80,764	44,836	—	125,600
Derivative transactions				
Currency-related	—	11	—	11
Interest-related	—	12,736	—	12,736
Debt-related	114	—	—	114
Assets total	¥ 560,308	¥ 565,412	¥ —	¥ 1,125,720
Derivative transactions				
Currency-related	¥ —	¥ 122	¥ —	¥ 122
Interest-related	—	6,111	—	6,111
Equity securities-related	943	—	—	943
Liabilities total	¥ 943	¥ 6,233	¥ —	¥ 7,176

Note Investment trusts of ¥29,504 million recorded on the consolidated balance sheets at fair value are not included in the table above in accordance with Paragraph 26 of the "Guidance on Accounting Standard for Fair Value Measurement" (ASBJ Guidance No. 31, July 4, 2019).

## Notes to Consolidated Financial Statements

Japan Securities Financial Co., Ltd. and Consolidated Subsidiaries  
Year ended March 31, 2023

## Current fiscal year (As of March 31, 2023)

Classification	Millions of yen			
	Fair value			Total
	Level 1	Level 2	Level 3	
<b>Securities and investment securities</b>				
Available-for-sale securities				
Equity securities	¥ 11,493	¥ —	¥ —	¥ 11,493
Bonds				
Government and local bonds, etc.	295,746	60,335	—	356,081
Corporate bonds	—	340,053	—	340,053
Other	13,317	59,270	—	72,587
Other	11,740	16,167	—	27,907
Derivative transactions				
Currency-related	—	1	—	1
Interest-related	—	17,866	—	17,866
Assets total	¥ 332,297	¥ 493,693	¥ —	¥ 825,991
Derivative transactions				
Currency-related	¥ —	¥ 28	¥ —	¥ 28
Interest-related	—	1,946	—	1,946
Equity securities-related	53	—	—	53
Liabilities total	¥ 53	¥ 1,974	¥ —	¥ 2,028

Classification	Thousands of U.S. dollars			
	Fair value			Total
	Level 1	Level 2	Level 3	
<b>Securities and investment securities</b>				
Available-for-sale securities				
Equity securities	\$ 86,428	\$ —	\$ —	\$ 86,428
Bonds				
Government and local bonds, etc.	2,223,995	453,715	—	2,677,710
Corporate bonds	—	2,557,174	—	2,557,174
Other	100,144	445,709	—	545,853
Other	88,287	121,575	—	209,863
Derivative transactions				
Currency-related	—	8	—	8
Interest-related	—	134,358	—	134,358
Assets total	\$ 2,498,855	\$ 3,712,542	\$ —	\$ 6,211,397
Derivative transactions				
Currency-related	\$ —	\$ 211	\$ —	\$ 211
Interest-related	—	14,639	—	14,639
Equity securities-related	405	—	—	405
Liabilities total	\$ 405	\$ 14,851	\$ —	\$ 15,257

## Notes to Consolidated Financial Statements

Japan Securities Financial Co., Ltd. and Consolidated Subsidiaries  
Year ended March 31, 2023

(2) Financial instruments other than that are stated at fair value in the accompanying consolidated balance sheets

Previous fiscal year (As of March 31, 2022)

Classification	Millions of yen			
	Fair value			
	Level 1	Level 2	Level 3	Total
Operating loans	¥ —	¥ 526,090	¥ 365,306	¥ 891,396
Securities and investment securities				
Held-to-maturity securities				
Government and local bonds, etc.	1,673	—	—	1,673
Assets total	¥ 1,673	¥ 526,090	¥ 365,306	¥ 893,070
Long-term borrowings	¥ —	¥ 3,998	¥ —	¥ 3,998
Liabilities total	¥ —	¥ 3,998	¥ —	¥ 3,998

Current fiscal year (As of March 31, 2023)

Classification	Millions of yen			
	Fair value			
	Level 1	Level 2	Level 3	Total
Operating loans	¥ —	¥ 502,453	¥ 452,973	¥ 955,426
Assets total	¥ —	¥ 502,453	¥ 452,973	¥ 955,426
Long-term borrowings (Note)	¥ —	¥ 232,763	¥ —	¥ 232,763
Liabilities total	¥ —	¥ 232,763	¥ —	¥ 232,763

Note Current portion of long-term borrowings are included in long-term borrowings.

Classification	Thousands of U.S. dollars			
	Fair value			
	Level 1	Level 2	Level 3	Total
Operating loans	\$ —	\$ 3,778,410	\$ 3,406,328	\$ 7,184,738
Assets total	\$ —	\$ 3,778,410	\$ 3,406,328	\$ 7,184,738
Long-term borrowings (Note)	\$ —	\$ 1,750,363	\$ —	\$ 1,750,363
Liabilities total	\$ —	\$ 1,750,363	\$ —	\$ 1,750,363

Note Current portion of long-term borrowings are included in long-term borrowings.

Note Explanation of valuation methods and inputs used to calculate fair value

#### Securities and investment securities

Securities and investment securities for which unadjusted quoted market prices in active markets are available are classified as Level 1 fair value. This mainly includes listed equities, listed mutual funds, and government bonds. If the market is not active, even if published quoted market prices are used, the market value is classified as Level 2 fair value. This mainly includes municipal bonds and corporate bonds. For mutual funds for which no market trading prices exist, reference prices are used as fair value and classified as Level 2 fair value if there are no material restrictions that would require compensation for the risk from market participants with respect to cancellation or repurchase requests.

## Notes to Consolidated Financial Statements

Japan Securities Financial Co., Ltd. and Consolidated Subsidiaries  
Year ended March 31, 2023

#### Operating loans

For operating loans with variable interest rates, the carrying amounts are used as the fair value because the fair value approximates the carrying amounts if the credit conditions of the borrowers have not changed significantly since the loans were made, as the variable interest rate reflects the market interest rates in a short period of time. For long-term loans with fixed interest rates, the fair value is calculated for each category based on the term by discounting the total amount of principal by the market interest rate. For short-term loans with fixed interest rates, the carrying amounts are used as the fair value because the fair value approximates the carrying amounts. The fair value of doubtful receivables is calculated based on the estimated amount of collection from collateral and guarantees, etc. and the fair value approximates the balance sheet amount on the end of consolidated fiscal year less the current estimated uncollectable amount, and such amounts are used as the fair value. Credit risk is considered in calculating these fair values, and if the impact of unobservable inputs is significant, the fair value is classified as Level 3; otherwise, the fair value is classified as Level 2.

#### Long-term borrowings

For long-term loans with variable interest rates, the carrying amount are used as fair value because the fair value approximates the carrying amount since the variable interest rate reflects the market interest rate in a short period of time and the Company's credit status has not changed significantly since the execution of the loans. For those with fixed interest rates are calculated using the discounted present value method based on the total amount of principal and interest rate that takes into account the remaining term of the debt and credit risk. When unobservable inputs are not used in the calculation of these fair values, or when the effect of such inputs is not significant, the fair value is classified as Level 2.

#### Derivative transactions

Stock index futures transactions are valued using quoted market prices and are classified as Level 1 because they are traded in active markets. The fair values of interest rate swaps and foreign exchange contracts are determined using the discounted present value method with observable inputs such as interest rates and foreign exchange rates, and are classified as Level 2.

## Notes to Consolidated Financial Statements

Japan Securities Financial Co., Ltd. and Consolidated Subsidiaries  
Year ended March 31, 2023

(Securities)

## 1. Held-to-maturity debt securities with market value

Previous fiscal year (As of March 31, 2022)

	Type	Millions of yen		
		Carrying amount	Fair value	Differences
Fair value exceeds the carrying amount	(1) Government bonds, local bonds, etc.	¥ 1,511	¥ 1,673	¥ 162
	(2) Corporate bonds	—	—	—
	(3) Other	—	—	—
	Subtotal	¥ 1,511	¥ 1,673	¥ 162
Fair value not exceed the carrying amount	(1) Government bonds, local bonds, etc.	¥ —	¥ —	—
	(2) Corporate bonds	—	—	—
	(3) Other	—	—	—
	Subtotal	¥ —	¥ —	—
<b>Total</b>	<b>¥ 1,511</b>	<b>¥ 1,673</b>	<b>¥ 162</b>	

Current fiscal year (As of March 31, 2023)

No items to report.

## 2. Available-for-sale securities with market value

Previous fiscal year (As of March 31, 2022)

	Type	Millions of yen		
		Carrying amount	Acquisition cost	Differences
Carrying amount exceeding acquisition cost	(1) Equity securities	¥ 11,708	¥ 3,890	¥ 7,818
	(2) Bonds			
	Government bonds, municipal bonds, etc.	266,390	250,879	15,511
	Corporate bonds	11,733	11,700	32
Carrying amount not exceeding acquisition cost	Other	42,943	40,264	2,679
	(3) Others	14,829	10,407	4,421
	Subtotal	¥ 347,606	¥ 317,142	¥ 30,463
	(1) Equity securities	¥ 313	¥ 345	(32)
Carrying amount not exceeding acquisition cost	(2) Bonds			
	Government bonds, local bonds, etc.	261,435	272,679	(11,243)
	Corporate bonds	435,675	436,495	(819)
	Other	82,656	85,229	(2,573)
Total	(3) Others	14,674	14,674	(0)
	Subtotal	¥ 794,756	¥ 809,424	¥ (14,668)
<b>Total</b>	<b>¥ 1,142,362</b>	<b>¥ 1,126,567</b>	<b>¥ 15,794</b>	

Note Consolidated balance sheet carrying amounts of ¥1,765 million for unlisted equity securities, and ¥1,986 million for investments in investment limited partnership are not included above because they do not have market prices and their fair value is extremely difficult to measure.

## Notes to Consolidated Financial Statements

Japan Securities Financial Co., Ltd. and Consolidated Subsidiaries  
Year ended March 31, 2023

Current fiscal year (As of March 31, 2023)

	Type	Millions of yen		
		Carrying amount	Acquisition cost	Differences
Carrying amount exceeding acquisition cost	(1) Equity securities	¥ 11,493	¥ 4,235	¥ 7,257
	(2) Bonds			
	Government bonds, municipal bonds, etc.	83,370	77,456	5,913
	Corporate bonds	82,512	82,490	21
Carrying amount not exceeding acquisition cost	Other	3,811	3,276	534
	(3) Others	27,380	21,648	5,732
	Subtotal	¥ 208,567	¥ 189,107	¥ 19,460
	(1) Equity securities	¥ —	¥ —	—
Carrying amount not exceeding acquisition cost	(2) Bonds			
	Government bonds, local bonds, etc.	272,711	290,256	(17,544)
	Corporate bonds	257,540	258,099	(558)
	Other	68,776	73,192	(4,416)
Total	(3) Others	526	542	(16)
	Subtotal	¥ 599,555	¥ 622,091	¥ (22,535)
<b>Total</b>	<b>¥ 808,123</b>	<b>¥ 811,199</b>	<b>¥ (3,075)</b>	

Note Consolidated balance sheet carrying amounts of ¥1,786 million (\$13,436 thousand) for unlisted equity securities, and ¥1,664 million (\$12,513 thousand) for investments in investment limited partnership are not included above because they do not have market prices and their fair value is extremely difficult to measure.

	Type	Thousands of U.S. dollars		
		Carrying amount	Acquisition cost	Differences
Carrying amount exceeding acquisition cost	(1) Equity securities	\$ 86,428	\$ 31,854	\$ 54,574
	(2) Bonds			
	Government bonds, local bonds, etc.	626,936	582,463	44,472
	Corporate bonds	620,486	620,323	163
Carrying amount not exceeding acquisition cost	Other	28,662	24,639	4,022
	(3) Others	205,902	162,796	43,105
	Subtotal	\$ 1,568,416	\$ 1,422,077	\$ 146,338
	(1) Equity securities	\$ —	\$ —	—
Carrying amount not exceeding acquisition cost	(2) Bonds			
	Government bonds, local bonds, etc.	2,050,774	2,182,710	(131,935)
	Corporate bonds	1,936,687	1,940,886	(4,198)
	Other	517,191	550,402	(33,210)
Total	(3) Others	3,961	4,082	(121)
	Subtotal	\$ 4,508,614	\$ 4,678,081	\$ (169,466)
<b>Total</b>	<b>\$ 6,077,030</b>	<b>\$ 6,100,158</b>	<b>\$ (23,127)</b>	

## Notes to Consolidated Financial Statements

Japan Securities Financial Co., Ltd. and Consolidated Subsidiaries

Year ended March 31, 2023

3. Available-for-sale securities sold during the fiscal year  
Previous fiscal year (From April 1, 2021 to March 31, 2022)

	Millions of yen		
	Proceeds from sale	Gross realized gains	Gross realized losses
(1) Equity securities	¥ 2,778	¥ 1,344	¥ 300
(2) Bonds			
Government bonds, local bonds, etc.	7,412	7	2
Corporate bonds	—	—	—
Other	7,869	57	277
(3) Others	3,832	46	1,127
	¥ 21,892	¥ 1,456	¥ 1,707

## Current fiscal year (From April 1, 2022 to March 31, 2023)

	Millions of yen		
	Proceeds from sale	Gross realized gains	Gross realized losses
(1) Equity securities	¥ —	¥ —	¥ —
(2) Bonds			
Government bonds, local bonds, etc.	155,348	4,854	101
Corporate bonds	47,904	52	212
Other	59,991	116	6,846
(3) Others	4,402	605	—
	¥ 267,646	¥ 5,629	¥ 7,160

	Thousands of U.S. dollars		
	Proceeds from sale	Gross realized gains	Gross realized losses
(1) Equity securities	\$ —	\$ —	\$ —
(2) Bonds			
Government bonds, local bonds, etc.	1,168,205	36,506	762
Corporate bonds	360,236	394	1,597
Other	451,134	878	51,484
(3) Others	33,103	4,552	—
	\$ 2,012,680	\$ 42,331	\$ 53,844

## 4. Reclassified securities for which the purpose of holding has changed

In the current fiscal year, the entire amount of government bonds (consolidated balance sheet amount: ¥1,510 million (\$11,362 thousand)), which were previously held to maturity, were changed to available-for-sale securities. This was due to a change in fund management policy. The impact of this change on the consolidated financial statements is immaterial.

## Notes to Consolidated Financial Statements

Japan Securities Financial Co., Ltd. and Consolidated Subsidiaries

Year ended March 31, 2023

## (Derivative Transactions)

## 1. Derivative transactions for which hedge accounting is not applied

## Currency-related

## Previous fiscal year (As of March 31, 2022)

Category	Nature of transaction	Millions of yen			
		Contract amounts	Of which within one year	Fair value	Gains or losses on valuation
Non-market transactions	Forward exchange contract:				
	Sell:				
	U.S. dollars	¥ 1,024	¥ —	¥ (34)	¥ (34)
	Euro	1,375	—	(61)	(61)
	Australian dollars	640	—	(24)	(24)
Buy:					
U.S. dollars	182	—	9	9	

## Current fiscal year (As of March 31, 2023)

Category	Nature of transaction	Millions of yen			
		Contract amounts	Of which within one year	Fair value	Gains or losses on valuation
Non-market transactions	Forward exchange contract:				
	Sell:				
	U.S. dollars	¥ 14	¥ —	¥ (0)	¥ (0)
	Euro	293	—	(8)	(8)
	Buy:				
U.S. dollars	686	—	(4)	(4)	

Category	Nature of transaction	Thousands of U.S. dollars			
		Contract amounts	Of which within one year	Fair value	Gains or losses on valuation
Non-market transactions	Forward exchange contract:				
	Sell:				
	U.S. dollars	\$ 109	\$ —	\$ (1)	\$ (1)
	Euro	2,204	—	(67)	(67)
	Buy:				
U.S. dollars	5,165	—	(37)	(37)	

## Notes to Consolidated Financial Statements

Japan Securities Financial Co., Ltd. and Consolidated Subsidiaries

Year ended March 31, 2023

## 2. Derivative transactions for which hedge accounting is applied

## (1) Currency derivatives

Previous fiscal year (As of March 31, 2022)

No items to report.

Current fiscal year (As of March 31, 2023)

Hedge accounting method	Nature of transaction	Hedged items	Millions of yen		
			Contract or notional amounts	Of which over one year	Fair value
*1	Forward exchange contract: Sell Euro	Investments securities	¥ 501	¥ —	¥ (12)

Note:

\*1 Deferred hedge accounting is applied.

Hedge accounting method	Nature of transaction	Hedged items	Thousands of U.S. dollars		
			Contract or notional amounts	Of which over one year	Fair value
*1	Forward exchange contract: Sell Euro	Investments securities	\$ 3,768	\$ —	\$ (96)

Note:

\*1 Deferred hedge accounting is applied.

## (2) Interest rate derivatives

Previous fiscal year (As of March 31, 2022)

Hedge accounting method	Nature of transaction	Hedged items	Millions of yen		
			Contract or notional amounts	Of which over one year	Fair value
*1	Interest rate swaps: Variable rate received for fixed rate	Securities and Investments securities	¥ 825,668	¥ 808,349	¥ 6,625
*2	Interest rate swaps: Variable rate received for fixed rate	Operating loans	¥ 98,427	¥ 19,180	¥ *3
	Variable rate paid for fixed rate	Long-term borrowings	¥ 3,000	¥ 3,000	¥ *3

Notes:

\*1 Deferred hedge accounting is applied.

\*2 The difference in amounts to be paid or received on interest rate swaps is recognized over the life of the agreements as an adjustment to interest expense.

\*3 For the assets and liabilities for which interest rate swap contracts are used to hedge the interest rate fluctuations, fair value of derivative financial instrument is included in fair value of the respective assets and liabilities as hedged items.

## Notes to Consolidated Financial Statements

Japan Securities Financial Co., Ltd. and Consolidated Subsidiaries

Year ended March 31, 2023

Current fiscal year (As of March 31, 2023)

Hedge accounting method	Nature of transaction	Hedged items	Millions of yen		
			Contract or notional amounts	Of which over one year	Fair value
*1	Interest rate swaps: Variable rate received for fixed rate	Securities and Investments securities	¥ 682,371	¥ 655,543	¥ 15,523
	Variable rate paid for fixed rate	Long-term borrowings	¥ 126,000	¥ 126,000	¥ 396
*2	Interest rate swaps: Variable rate received for fixed rate	Operating loans	¥ 14,385	¥ 14,385	¥ *3
	Variable rate paid for fixed rate	Long-term borrowings	¥ 29,100	¥ 29,100	¥ *3

Notes:

\*1 Deferred hedge accounting is applied.

\*2 The difference in amounts to be paid or received on interest rate swaps is recognized over the life of the agreements as an adjustment to interest expense.

\*3 For the assets and liabilities for which interest rate swap contracts are used to hedge the interest rate fluctuations, fair value of derivative financial instrument is included in fair value of the respective assets and liabilities as hedged items.

Hedge accounting method	Nature of transaction	Hedged items	Thousands of U.S. dollars		
			Contract or notional amounts	Of which over one year	Fair value
*1	Interest rate swaps: Variable rate received for fixed rate	Securities and Investments securities	\$ 5,131,382	\$ 4,929,638	\$ 116,734
	Variable rate paid for fixed rate	Long-term borrowings	\$ 947,510	\$ 947,510	\$ 2,984
*2	Interest rate swaps: Variable rate received for fixed rate	Operating loans	\$ 108,174	\$ 108,174	\$ *3
	Variable rate paid for fixed rate	Long-term borrowings	\$ 218,829	\$ 218,829	\$ *3

Notes:

\*1 Deferred hedge accounting is applied.

\*2 The difference in amounts to be paid or received on interest rate swaps is recognized over the life of the agreements as an adjustment to interest expense.

\*3 For the assets and liabilities for which interest rate swap contracts are used to hedge the interest rate fluctuations, fair value of derivative financial instrument is included in fair value of the respective assets and liabilities as hedged items.

## (3) Bond derivatives

Previous fiscal year (As of March 31, 2022)

Hedge accounting method	Nature of transaction	Hedged items	Millions of yen		
			Contract or notional amounts	Of which over one year	Fair value
*1	Bond futures: Sell	Investments securities	¥ 3,053	¥ —	¥ 114

Note \*1 Deferred hedge accounting is applied.

Current fiscal year (As of March 31, 2023)

No items to report.

## Notes to Consolidated Financial Statements

Japan Securities Financial Co., Ltd. and Consolidated Subsidiaries

Year ended March 31, 2023

## (4) Stock derivatives

Previous fiscal year (As of March 31, 2022)

Hedge accounting method	Nature of transaction	Hedged items	Millions of yen		
			Contract or notional amounts	Of which over one year	Fair value
*1	Stock index futures: Sell	Investments securities	¥ 8,984	¥ —	(943)

Note \*1 Deferred hedge accounting is applied.

Current fiscal year (As of March 31, 2023)

Hedge accounting method	Nature of transaction	Hedged items	Millions of yen		
			Contract or notional amounts	Of which over one year	Fair value
*1	Stock index futures: Sell	Investments securities	¥ 9,602	¥ —	(53)

Note \*1 Deferred hedge accounting is applied.

Hedge accounting method	Nature of transaction	Hedged items	Thousands of U.S. dollars		
			Contract or notional amounts	Of which over one year	Fair value
*1	Stock index futures: Sell	Investments securities	\$ 72,213	\$ —	(405)

Note \*1 Deferred hedge accounting is applied.

## Notes to Consolidated Financial Statements

Japan Securities Financial Co., Ltd. and Consolidated Subsidiaries

Year ended March 31, 2023

## (Retirement Benefits)

## 1. Outline of retirement benefit plans

The Company has defined benefit plans which consist of a defined benefit corporate pension plan and a lump-sum retirement benefit plan, and a defined contribution pension plan. The Company has established retirement benefit trust for the defined benefit corporate pension plan and the lump-sum retirement benefit plan.

Consolidated subsidiaries' main retirement plan is a defined benefit lump-sum retirement plan and the simplified method has been adopted for the calculation of retirement benefit liability and retirement benefit expenses for the plans.

## 2. Defined benefit plan

## (1) Reconciliation of changes in retirement benefit obligation (the following table excludes certain plans mentioned in (3))

	Millions of yen		Thousands of U.S. dollars
	2023	2022	2023
Retirement benefit obligation at beginning of year	¥ 9,187	¥ 9,421	\$ 69,089
Service cost	282	320	2,122
Interest cost	51	28	384
Actuarial gains and losses	(211)	(213)	(1,587)
Benefits paid	(308)	(369)	(2,321)
Past service costs incurred	(671)	—	(5,050)
Retirement benefit obligation at end of year	¥ 8,329	¥ 9,187	\$ 62,636

## (2) Reconciliation of changes in plan assets (the following table excludes certain plans mentioned in (3))

	Millions of yen		Thousands of U.S. dollars
	2023	2022	2023
Plan assets at beginning of year	¥ 9,624	¥ 9,482	\$ 72,376
Expected return on plan assets	192	189	1,447
Actuarial gains and losses	(304)	106	(2,290)
Employer contributions	278	119	2,091
Benefits paid	(281)	(273)	(2,114)
Plan assets at end of year	¥ 9,509	¥ 9,624	\$ 71,510

## (3) Reconciliation of changes in retirement benefit liability whose plans adopted the simplified method

	Millions of yen		Thousands of U.S. dollars
	2023	2022	2023
Retirement benefit liability at beginning of year	¥ 213	¥ 184	\$ 1,608
Retirement benefit expenses	36	51	275
Benefits paid	(32)	(22)	(247)
Contributions	(0)	(0)	(2)
Retirement benefit liability at end of year	¥ 217	¥ 213	\$ 1,633

## Notes to Consolidated Financial Statements

Japan Securities Financial Co., Ltd. and Consolidated Subsidiaries  
Year ended March 31, 2023

## (4) Reconciliation between retirement benefit obligation and plan assets and liability for retirement benefit and asset for retirement benefit recognized in consolidated balance sheets

	Millions of yen		Thousands of
	2023	2022	U.S. dollars
Funded retirement benefit obligation	¥ 8,329	¥ 9,187	\$ 62,636
Plan assets	(9,509)	(9,624)	(71,510)
	(1,180)	(437)	(8,873)
Unfunded retirement benefit obligation	217	213	1,633
Net liability and asset recognized in consolidated balance sheets	¥ (962)	¥ (223)	\$ (7,239)
	217	213	1,633
Liability for retirement benefit	¥ (1,180)	¥ (437)	\$ (8,873)
Net liability and asset recognized in consolidated balance sheets	¥ (962)	¥ (223)	\$ (7,239)

## (5) The components of retirement benefit expenses

	Millions of yen		Thousands of
	2023	2022	U.S. dollars
Service cost	¥ 282	¥ 320	\$ 2,122
Interest cost	51	28	384
Expected return on plan assets	(192)	(189)	(1,447)
Amortization of actuarial gains or losses	(43)	1	(330)
Past service costs recorded as expenses*1	(671)	—	(5,050)
Retirement benefit expenses calculated by the simplified method	36	51	275
Retirement benefit expenses	¥ (538)	¥ 212	\$ (4,046)

Note \*1 Past service costs recorded as expenses was recognized as a result of revision of the Company's retirement benefit plan, and is recorded as "Gain on revision of retirement benefit plan" in extraordinary income.

## (6) Remeasurements of retirement benefit plans before related tax effects

	Millions of yen		Thousands of
	2023	2022	U.S. dollars
Actuarial gains or losses	¥ (137)	¥ 321	\$ (1,034)
Total	¥ (137)	¥ 321	\$ (1,034)

## (7) Accumulated remeasurements of retirement benefit plans before related tax effects

	Millions of yen		Thousands of
	2023	2022	U.S. dollars
Unamortized actuarial gains or losses	¥ (172)	¥ (309)	\$ (1,294)
Total	¥ (172)	¥ (309)	\$ (1,294)

## Notes to Consolidated Financial Statements

Japan Securities Financial Co., Ltd. and Consolidated Subsidiaries  
Year ended March 31, 2023

## (8) Plan assets

## (a) Percentage by major category of plan assets

	2023	2022
Debt securities	26.9%	39.1%
Equity securities	33.7	34.3
General account	9.5	9.4
Other	29.9	17.2
Total	100.0%	100.0%

Note Plan assets as of March 31, 2023 and 2022 include the retirement benefit trust contributed for the years ended March 31, 2023 and 2022 which are 9.0% and 9.4% of total plan assets, respectively.

## (b) Determination procedure of long-term expected rate of return on plan assets

In determining long-term expected rate of return on plan assets, the Company considers the current and projected asset allocation, as well as current and future long-term rate of returns for various categories of the plan assets.

## (9) Basis for calculation of actuarial assumptions

The assumptions used in accounting for the above plans as of March 31, 2023 and 2022 are as follows:

	2023	2022
(a) Discount rate	0.9%	0.5%
(b) Long-term expected rate of return on plan assets	2.0%	2.0%
(c) Expected salary increase rate	5.2%	5.2%

## 3. Defined contribution plans

For the years ended March 31, 2023 and 2022, the amount to be paid by the Company and its consolidated subsidiaries to the defined contribution plans was ¥35 million (\$267 thousand) and ¥36 million, respectively.

## Notes to Consolidated Financial Statements

Japan Securities Financial Co., Ltd. and Consolidated Subsidiaries  
Year ended March 31, 2023

## (Tax Effect Accounting)

1. The principal components of deferred tax assets and deferred tax liabilities are as follows:

	Millions of yen		Thousands of
	2023	2022	U.S. dollars
Deferred tax assets:			2023
Accrued business tax	¥ 84	¥ 103	\$ 633
Accrued bonuses	152	143	1,145
Retirement benefit liability	575	843	4,325
Allowance for doubtful accounts	35	24	267
Deferred losses on hedges	4,876	10,259	36,672
Net unrealized loss on available-for-sale securities	7,907	5,003	59,464
Other	276	305	2,077
Subtotal	13,907	16,682	104,585
Valuation allowance	(98)	(87)	(738)
Deferred tax assets total	13,809	16,595	103,846
Deferred tax liabilities:			
Gain on evaluation of subsidiaries' assets	(154)	(154)	(1,165)
Net unrealized gain on other securities	(6,024)	(9,379)	(45,301)
Gain on evaluation of acquired assets by merger	(452)	(452)	(3,404)
Deferred loss on hedges	(9,193)	(9,390)	(69,137)
Other	(180)	(229)	(1,357)
Deferred tax liabilities total	(16,006)	(19,607)	(120,366)
Net deferred tax liabilities	¥ (2,196)	¥ (3,011)	\$ (16,519)

2. The reconciliation of the statutory tax rate and the effective tax rate when there is a significant difference

	2023	2022
Statutory tax rate	30.6%	30.6%
Equity in gains of affiliates	(1.9)	(1.9)
Expenses not deductible for tax purposes	0.5	0.5
Valuation allowance	0.1	(1.0)
Income not credited for tax purposes	(21.5)	(6.9)
Elimination of dividend income	19.5	5.6
Other	0.6	0.7
Effective tax rate	27.9%	27.6%

## (Revenue Recognition)

Information on the revenue recognition is omitted as revenue subject to the "Account Standards for Revenue Recognition" is immaterial for "Securities finance business," "Trust banking business" and "Real estate leasing business" which are conducted by the Group.

## Notes to Consolidated Financial Statements

Japan Securities Financial Co., Ltd. and Consolidated Subsidiaries  
Year ended March 31, 2023

## (Segment Information)

1. Outline of the reportable segments

The reportable segments of the Group are the business units for which the Group is able to obtain respective financial information separately in order for the Board of Directors to conduct periodic investigation to determine distribution of management resources and evaluate their business results.

"Securities finance business" conducted by the Company, "Trust banking business" conducted by JSF Trust and Banking Co., Ltd., a consolidated subsidiary and "Real estate leasing business" conducted by Nihon Building Co., Ltd., a consolidated subsidiary, are the Group's reportable segments.

"Securities finance business" is engaged in providing loan services, government and corporate bond financing and general loans, bond lending and stock lending. "Trust banking business" is engaged in providing trust services such as securities trust and banking services such as deposit or loan. "Real estate leasing business" is mainly engaged in providing services for leasing and managing real estate owned by the Group.

2. Calculation methods of operating revenue, profit or loss, assets, liabilities and other items for each reportable segment.

As the methods of accounting treatment for the reported business segments are the same as description in the "Basis of Presentation of the Consolidated Financial Statements".

Profits by reportable segments are based on ordinary profit base. Intersegment revenue and transfer are based on arms-length transactions.

3. Information on operating revenue, profit or loss, assets, liabilities and other items for each reportable segment

Previous fiscal year (From April 1, 2021 to March 31, 2022)

	Millions of yen			
	Securities finance	Trust banking	Real estate leasing	Total
Revenues:				
Revenues to third parties	¥ 26,558	¥ 2,737	¥ 841	¥ 30,138
Intersegment revenues and transfers	28	222	445	696
Total	¥ 26,586	¥ 2,960	¥ 1,286	¥ 30,834
Segment profit	¥ 5,928	¥ 1,385	¥ 707	¥ 8,021
Segment assets	¥ 12,714,123	¥ 1,557,744	¥ 9,614	¥ 14,281,482
Others:				
Depreciation and amortization	¥ 993	¥ 104	¥ 96	¥ 1,194
Interest income	294	—	16	311
Extraordinary income	40	—	—	40
(Gain on sale of non-current assets)	(40)	(—)	(—)	(40)
Income taxes	1,371	361	241	1,974



## Notes to Consolidated Financial Statements

Japan Securities Financial Co., Ltd. and Consolidated Subsidiaries

Year ended March 31, 2023

Current fiscal year (From April 1, 2022 to March 31, 2023)

	Millions of yen			
	Securities finance	Trust banking	Real estate leasing	Total
Revenues:				
Revenues to third parties	¥ 38,594	¥ 3,115	¥ 808	¥ 42,518
Intersegment revenues and transfers	36	249	389	675
<b>Total</b>	<b>¥ 38,631</b>	<b>¥ 3,364</b>	<b>¥ 1,197</b>	<b>¥ 43,194</b>
<b>Segment profit</b>	<b>¥ 10,274</b>	<b>¥ 1,415</b>	<b>¥ 651</b>	<b>¥ 12,342</b>
Segment assets	¥ 12,482,291	¥ 1,758,123	¥ 7,788	¥ 14,248,203
Others:				
Depreciation and amortization	¥ 482	¥ 105	¥ 94	¥ 681
Interest income	247	—	13	260
Extraordinary income	671	—	—	671
(Gain on revision of retirement benefit plan)	(671)	(—)	(—)	(671)
Income taxes	1,644	439	221	2,306

	Thousands of U.S. dollars			
	Securities finance	Trust banking	Real estate leasing	Total
Revenues:				
Revenues to third parties	\$ 290,231	\$ 23,428	\$ 6,078	\$ 319,737
Intersegment revenues and transfers	274	1,873	2,930	5,078
<b>Total</b>	<b>\$ 290,505</b>	<b>\$ 25,301</b>	<b>\$ 9,008</b>	<b>\$ 324,815</b>
<b>Segment profit</b>	<b>\$ 77,267</b>	<b>\$ 10,642</b>	<b>\$ 4,902</b>	<b>\$ 92,812</b>
Segment assets	\$ 93,865,932	\$ 13,220,959	\$ 58,568	\$ 107,145,460
Others:				
Depreciation and amortization	\$ 3,625	\$ 793	\$ 707	\$ 5,126
Interest income	1,859	—	99	1,958
Extraordinary income	5,050	—	—	5,050
(Gain on revision of retirement benefit plan)	(5,050)	(—)	(—)	(5,050)
Income taxes	12,364	3,307	1,669	17,341

## Notes to Consolidated Financial Statements

Japan Securities Financial Co., Ltd. and Consolidated Subsidiaries

Year ended March 31, 2023

4. Reconciliation between total amounts of reportable segments and consolidated financial statements

Operating profit	Millions of yen		Thousands of U.S. dollars
	2023	2022	2023
Total segment profit	¥ 43,194	¥ 30,834	\$ 324,815
Elimination of intersegment transactions	(675)	(696)	(5,078)
Other	—	—	—
<b>Operating profit in consolidated financial statements</b>	<b>¥ 42,518</b>	<b>¥ 30,138</b>	<b>\$ 319,737</b>

Ordinary profit	Millions of yen		Thousands of U.S. dollars
	2023	2022	2023
Total segment profit	¥ 12,342	¥ 8,021	\$ 92,812
Elimination of intersegment transactions	(5,264)	(1,303)	(39,587)
Share of profit of entities accounted for using equity method	523	446	3,938
Other	—	—	—
<b>Ordinary profit in consolidated financial statements</b>	<b>¥ 7,601</b>	<b>¥ 7,164</b>	<b>\$ 57,162</b>

Assets	Millions of yen		Thousands of U.S. dollars
	2023	2022	2023
Total segment assets	¥ 14,248,203	¥ 14,281,482	\$ 107,145,460
Elimination of intersegment credits	(172,025)	(91,221)	(1,293,621)
Elimination of investments and capital	(24,913)	(26,268)	(187,349)
Other	4,953	4,664	37,250
<b>Total assets in consolidated financial statements</b>	<b>¥ 14,056,217</b>	<b>¥ 14,168,656</b>	<b>\$ 105,701,740</b>

## Notes to Consolidated Financial Statements

Japan Securities Financial Co., Ltd. and Consolidated Subsidiaries  
Year ended March 31, 2023

Other items	Millions of yen			Amounts in the consolidated financial statements
	Segment total	Adjustments		
<u>March 31, 2022</u>				
Depreciation and amortization	¥ 1,194	¥ 0	¥ 1,195	
Interest income	311	(16)	294	
Extraordinary income	40	—	40	
(Gain on sale of non-current assets)	(40)	(—)	(40)	
Income taxes	1,974	(2)	1,972	
<u>March 31, 2023</u>				
Depreciation and amortization	¥ 681	¥ 0	¥ 682	
Interest income	260	(13)	247	
Extraordinary income	671	—	671	
(Gain on revision of retirement benefit plan)	(671)	(—)	(671)	
Income taxes	2,306	0	2,306	

Other items	Thousands of U.S. dollars			Amounts in the consolidated financial statements
	Segment total	Adjustments		
<u>March 31, 2023</u>				
Depreciation and amortization	\$ 5,126	\$ 2	\$ 5,128	
Interest income	1,958	(99)	1,859	
Extraordinary income	5,050	—	5,050	
Gain on revision of retirement benefit plan	(5,050)	(—)	(5,050)	
Income taxes	17,341	1	17,343	

[Related information]

Previous fiscal year (From April 1, 2021 to March 31, 2022)

## 1. Information by products and services

Other items	Millions of yen			
	2022			
	Loans for margin transaction	Bond lending	Other	Total
Operating revenue to external customers	¥ 6,118	¥ 11,985	¥ 12,033	¥ 30,138

## 2. Geographic information

## (1) Operating revenue

Because revenues from external customers inside Japan are over 90% of operating revenue in the consolidated statement of income, the geographic information is not disclosed.

## (2) Property, plant and equipment

Because there are no property, plant and equipment outside Japan, the geographic information is not disclosed.

## 3. Information by major customers

Because no particular customer whose operating revenue is over 10% of operating revenue in the consolidated statement of income exists, the information by major customers is not disclosed.

## Notes to Consolidated Financial Statements

Japan Securities Financial Co., Ltd. and Consolidated Subsidiaries  
Year ended March 31, 2023

Current fiscal year (From April 1, 2022 to March 31, 2023)

## 1. Information by products and services

	Millions of yen			
	2023			
	Loans for margin transaction	Bond lending	Other	Total
Operating revenue to external customers	¥ 8,003	¥ 18,037	¥ 16,477	¥ 42,518

	Thousands of U.S. dollars			
	2023			
	Loans for margin transaction	Bond lending	Other	Total
Operating revenue to external customers	\$ 60,187	\$ 135,638	\$ 123,911	\$ 319,737

## 2. Geographic information

## (1) Operating revenue

Because revenues from external customers inside Japan are over 90% of operating revenue in the consolidated statement of income, the geographic information is not disclosed.

## (2) Property, plant and equipment

Because there are no property, plant and equipment outside Japan, the geographic information is not disclosed.

## 3. Information by major customers

Because no particular customer whose operating revenue is over 10% of operating revenue in the consolidated statement of income exists, the information by major customers is not disclosed.

[Information of impairment losses on fixed assets by reportable segments]

No items to report.

[Amortization and unamortized balance of goodwill by reportable segments]

No items to report.

[Negative goodwill incurred by reported segments]

No items to report.

[Information of related parties]

## 1. Business transactions with related parties

No items to report.

## 2. Note to significant affiliate companies

No items to report.

## Notes to Consolidated Financial Statements

Japan Securities Financial Co., Ltd. and Consolidated Subsidiaries  
Year ended March 31, 2023

## (Per Share Information)

	Yen		U.S. dollars
	2023	2022	2023
Net assets per share	¥ 1,574.64	¥ 1,545.03	\$ 11.84
Profit per share	67.76	56.61	0.5

## Notes:

1. Diluted profit per share for the previous and current fiscal year are not stated as there are no potential shares that have dilutive effect.

2. The basis for calculating net assets per share is as follows:

	Millions of yen		Thousands of U.S. dollars
	2023	2022	2023
Total net assets	¥ 135,728	¥ 137,996	\$ 1,020,665
Amount deducted from total net assets	—	—	—
Net assets applicable to common shareholders	¥ 135,728	¥ 137,996	\$ 1,020,665

	Number of shares (Thousands)	
	2023	2022
Number of common shares outstanding	96,000	96,000
Number of common treasury shares	9,803	6,683
Number of common shares outstanding on which net assets per share is calculated	86,196	89,316

3. The basis for calculating profit per share is as follows:

	Millions of yen		Thousands of U.S. dollars
	2023	2022	2023
Profit attributable to owners of parent	¥ 5,966	¥ 5,174	\$ 44,869
Profit not attributable to common shareholders	—	—	—
Profit applicable to common shareholders of the parent company	¥ 5,966	¥ 5,174	\$ 44,869

	Number of shares (Thousands)	
	2023	2022
Weighted average number of common shares	88,051	91,401

4. For calculating "Net assets per share", the Company's own stocks which are held by the trust (BBT) (1,077 and 1,022 thousands shares for previous and current fiscal year, respectively) are included in the treasury stocks which are excluded from the calculation of number of shares outstanding at end of year.

For calculating "Profit per share", the Company's own stocks which are held by the trust (BBT) (1,086 and 1,035 thousands shares for previous and current fiscal year, respectively) are included in the treasury stocks which are excluded from the calculation of weighted average number of shares.

## Notes to Consolidated Financial Statements

Japan Securities Financial Co., Ltd. and Consolidated Subsidiaries  
Year ended March 31, 2023

## (Subsequent Event)

## (Acquisition of treasury shares)

The Company's Board of Directors held on May 9, 2023 has resolved to acquire treasury shares pursuant to the provisions of Article 156 of the Companies Act, as applied by replacing the relevant terms pursuant to the provisions of Article 165, paragraph (3) of the same Act.

## 1. Reasons for the acquisition of treasury shares

The Company acquires treasury shares in accordance with Shareholder Return Policy, aim for a total return ratio of 100% on a cumulative basis from FY2021 through FY2025 by the flexible payment of dividends and acquisition of treasury shares.

## 2. Details of matters related to acquisition

## (1) Class of shares to be acquired

Common shares of the Company

## (2) Total number of shares that can be acquired

Up to 3,300,000 shares (3.8% of the total number of issued shares excluding treasury shares)

## (3) Total amount of share acquisition costs

UP to ¥3,300 million (\$24,815 thousand)

## (4) Acquisition period

From May 10, 2023 to March 31, 2024

## (Disposal of treasury shares)

The Company's Board of Directors held on May 9, 2023 has resolved to dispose of treasury shares through a third-party allotment.

## 1. Purpose and reasons for the disposal of treasury shares

The Company will grant the Company's common shares to its employees in accordance with the Company's performance in fiscal 2022, in an attempt to increase the job satisfaction and motivation of its employees and to provide incentives to increase the Company's corporate value over the medium to long term.

## 2. Details of matters related to disposal

## (1) Date of disposal

June 30, 2023

## (2) Class and number of shares to be disposed

Common shares of the Company 49,000 shares \*1

## (3) Disposal price

¥1,018 (\$7.65) per share

## (4) Total amount of shares to be disposed

¥49,882,000 (\$375 thousand) \*1

## (5) Method of disposal of treasury shares

Third-party allotment

## (6) Recipient of treasury shares to be disposed of

Employee stock ownership plan of the Company

## (7) Other

With respect to this disposal of treasury shares, the Company has filed a securities registration statement in accordance with the Financial Instruments and Exchange Act.

Notes to Consolidated Financial Statements  
Japan Securities Financial Co., Ltd. and Consolidated Subsidiaries  
Year ended March 31, 2023

Note \*1 The number and the total amount of shares to be disposed of are maximum values, and the actual number and the total amount of shares to be disposed of are expected to be fixed according to the number of members of the employee stock ownership plan of the Company after the completion of the promotion for admission to the employee stock ownership plan.

Supplementary Information to Consolidated Financial Statements  
Japan Securities Financial Co., Ltd. and Consolidated Subsidiaries  
Year ended March 31, 2023

(v) Supplementary Statements

[Detailed Schedule of Bonds]

No items to report.

[Detailed Schedule of Borrowings]

Classification	Millions of yen				
	2023				
	At the beginning of the fiscal year	At the end of the fiscal year	Average interest rates	Repayment due	
Short-term borrowings	¥ 239,210	¥ 92,010	0.020 %	—	
Long-term borrowings due within one year	—	1,000	0.120 %	—	
Lease obligation due within one year	—	—	—	—	
Long-term borrowings (except for due within one year)	4,000	232,700	0.049 %	—	From January 2025 To April 2031
Lease obligation (except for due within one year)	—	—	—	—	
Other interest-bearing liabilities:					
Call money (due within one year)	1,858,400	2,190,400	(0.013)%	—	
Commercial papers (due within one year)	496,000	451,000	0.004 %	—	
<b>Total</b>	<b>¥ 2,597,610</b>	<b>¥ 2,967,110</b>	<b>—</b>	<b>—</b>	

Notes:

1 Average interest rates are calculated based on the interest rates at the end of the fiscal year.

2 Cash collateral received for securities lent is excluded from other interest-bearing liabilities.

3 The amounts of long-term borrowings (except for due within one year) due within five years of the end of the fiscal year are as follows:

	Millions of yen			
	2023			
	Due after one year through two years	Due after two years through three years	Due after three years through four years	Due after four years through five years
Long-term borrowings	¥ 149,800	¥ —	¥ —	¥ 79,900

## Supplementary Information to Consolidated Financial Statements

Japan Securities Financial Co., Ltd. and Consolidated Subsidiaries

Year ended March 31, 2023

Classification	Thousands of U.S. dollars			
	2023			
	At the beginning of the fiscal year	At the end of the fiscal year	Average interest rates	Repayment due
Short-term borrowings	\$ 1,798,841	\$ 691,908	0.020 %	—
Long-term borrowings due within one year	—	7,519	0.120 %	—
Lease obligation due within one year	—	—	—	—
Long-term borrowings (except for due within one year)	30,079	1,749,887	0.049 %	From January 2025 To April 2031
Lease obligation (except for due within one year)	—	—	—	—
Other interest-bearing liabilities:				
Call money (due within one year)	13,975,033	16,471,649	(0.013)%	—
Commercial papers (due within one year)	3,729,884	3,391,487	0.004 %	—
<b>Total</b>	<b>\$ 19,533,839</b>	<b>\$ 22,312,453</b>	<b>—</b>	<b>—</b>

Notes:

1 Average interest rates are calculated based on the interest rates at the end of the fiscal year.

2 Cash collateral received for securities lent is excluded from other interest-bearing liabilities.

3 The amounts of long-term borrowings (except for due within one year) due within five years of the end of the fiscal year are as follows:

	Thousands of U.S. dollars			
	2023			
	Due after one year through two years	Due after two years through three years	Due after three years through four years	Due after four years through five years
Long-term borrowings	\$ 1,126,485	\$ —	\$ —	\$ 600,842

## [Detailed Schedule of Asset Retirement Obligations]

Pursuant to Article 92-2 of the Regulations for Consolidated Financial Statements, this information has been omitted because the balance of asset retirement obligations at the beginning and at the end of the fiscal year ended March 31, 2023 was less than 1/100th of the balance of liabilities and net assets at the beginning and at the end of the fiscal year ended March 31, 2023.

## Supplementary Information to Consolidated Financial Statements

Japan Securities Financial Co., Ltd. and Consolidated Subsidiaries

Year ended March 31, 2023

## (2) Other

Quarterly information for the current fiscal year

Cumulative period	Millions of yen			
	2023			
	First quarter	Second quarter	Third quarter	Fourth quarter
Operating revenue	¥ 11,092	¥ 21,081	¥ 31,638	¥ 42,518
Profit before income taxes	2,870	5,806	8,256	8,273
Profit attributable to owners of parent	2,063	4,110	5,911	5,966

	Yen			
	2023			
	First quarter	Second quarter	Third quarter	Fourth quarter
Profit per share (Cumulative period)	¥ 23.10	¥ 46.09	¥ 66.71	¥ 67.76
Profit per share (Quarterly period)	23.10	22.98	20.59	0.64

Cumulative period	Thousands of U.S. dollars			
	2023			
	First quarter	Second quarter	Third quarter	Fourth quarter
Operating revenue	\$ 83,418	\$ 158,531	\$ 237,919	\$ 319,737
Profit before income taxes	21,588	43,665	62,087	62,212
Profit attributable to owners of parent	15,518	30,911	44,457	44,869

Cumulative period	U.S. dollars			
	2023			
	First quarter	Second quarter	Third quarter	Fourth quarter
Profit per share (Cumulative period)	\$ 0.17	\$ 0.34	\$ 0.50	\$ 0.50
Profit per share (Quarterly period)	0.17	0.17	0.15	0.00



**Crowe Toyo & Co.**  
Sumitomo Fudosan Kanda Bldg.,6F  
Kandamitoshirocho7  
Chiyoda-ku, Tokyo 101-0053  
Japan  
Main +81 (3)3295 1040  
Fax +81 (3)3295 1993  
www.crowe.com/jp/en-us



**Crowe Toyo & Co.**  
Sumitomo Fudosan Kanda Bldg.,6F  
Kandamitoshirocho7  
Chiyoda-ku, Tokyo 101-0053  
Japan  
Main +81 (3)3295 1040  
Fax +81 (3)3295 1993  
www.crowe.com/jp/en-us

## Independent Auditor's Report

To the Board of Directors  
Japan Securities Finance Co., Ltd.

### Opinion

We have audited the consolidated financial statements of Japan Securities Finance Co., Ltd. and its subsidiaries (the Group), which comprise the consolidated balance sheet as at March 31, 2023, and the consolidated statement of income, comprehensive income, changes in equity and cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies, and the annexed consolidated detailed schedules.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at March 31, 2023, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with accounting principles generally accepted in Japan.

### Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in Japan. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the ethical requirements in Japan, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	How the scope of our audit addressed the key audit matter
<p>Assessment of the effectiveness of hedge accounting</p> <p>As of March 31, 2023, Japan Securities Finance Co., Ltd. (hereinafter referred to as "the Company") holds assets under management of 71,013 million yen of short-term investments on current assets, and 745,621 million yen of investments in securities on investments and other assets. Since these securities are exposed to interest rates risk, currency exchange risk, and various other risks, the Company monitors market conditions and endeavors to reduce market risk by hedging operations through derivatives transactions and others.</p> <p>In addition, the Company applies hedge accounting using a variety of hedging instruments to hedge the risk as described in</p>	<p>In regard to examining the effectiveness of hedge accounting, we mainly performed the following audit procedures based on the "Accounting Standards for Financial Instruments" and the "Practical Guidelines for Accounting for Financial Instruments".</p> <ol style="list-style-type: none"> <li>1. In order to evaluate the risk management policy and internal control design and operational related to hedging transactions, we discussed with management based on domestic and overseas economic and financial conditions. Additionally, we evaluated the results of the company's examination by inspecting the minutes of the board of directors and the management meeting.</li> <li>2. At the start of implementation of hedging, we evaluated the effectiveness of hedging</li> </ol>

[Notes] (Derivative Transactions). Among derivative transactions, hedge accounting is applied to a wide range of transactions such as exchange contract transactions, interest rate swap transactions, bond futures transactions, and stock index futures transactions, and the diversification of hedging methods is progressing.

Since the Company is a specialized institution of securities finance and functions as an infrastructure in the securities market, there is a high demand for maintaining financial soundness and high creditworthiness by applying hedge accounting against various risks faced. For the qualitative point of view, evaluating the effectiveness of hedge accounting is highly important.

Based on the risk management policy set by the management, various hedging transactions are composed by advanced schemes using many inputs such as interest rates, currency exchange rates and stock indexes, and these are highly dependent on the judgment of the management. In addition, in order to apply hedge accounting, it is determined in accordance with "Accounting Standards for Financial Instruments" (Corporate Accounting Standard No. 10) and "Practical Guidelines for Accounting for Financial Instruments" (Accounting System Committee Report No. 14), and requirements of effectiveness of hedge accounting are needed to be satisfied. However, the cases applied are diverse and complex. The decision requires careful judgment in the market and valuation methods.

Based on the above, we determined the assessment of the effectiveness of hedge accounting is particularly important in the consolidated financial statements for the current fiscal year and constitutes a key audit matter.

accounting mainly focusing on the following points.

- Compliance with risk management policies and others in accordance with the terms of hedging implementation.
- Documentation of hedging instruments, hedged items and methods for determining the effectiveness of hedge accounting, and evaluation of internal approval.
- Examination of applicability of hedge accounting by evaluating the correlation between hedged items and hedging instruments.

3. We evaluated whether the high effectiveness of hedge accounting was continuously maintained, mainly focusing on the following points, by taking regular measures after the start of hedging transactions.

- Assessing whether the validity is judged and documented once every 6 months in accordance with the "Practical Guidelines for Accounting for Financial Instruments" according to the same method established at the start of hedging transactions.
- Identification of inputs such as interest rates used in determining the effectiveness of hedge accounting and comparison with available external information.
- Examining the effectiveness of hedge accounting by assessing the correlation between hedged items and hedging instruments.

### Other Information

The other information comprises the information included in the Report and Accounts that contains audited consolidated financial statements but does not include the consolidated financial statements and our auditor's report thereon.

We have concluded that the other information does not exist. Accordingly, we have not performed any work related to the other information.



**Crowe Toyo & Co.**  
Sumitomo Fudosan Kanda Bldg.,6F  
Kandamitoshirocho7  
Chiyoda-ku, Tokyo 101-0053  
Japan  
Main +81 (3)3295 1040  
Fax +81 (3)3295 1993  
www.crowe.com/jp/en-us



**Crowe Toyo & Co.**  
Sumitomo Fudosan Kanda Bldg.,6F  
Kandamitoshirocho7  
Chiyoda-ku, Tokyo 101-0053  
Japan  
Main +81 (3)3295 1040  
Fax +81 (3)3295 1993  
www.crowe.com/jp/en-us

#### **Responsibilities of Management, the Audit Committee**

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with accounting principles generally accepted in Japan, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern using the going concern basis of accounting, disclosing, as applicable, matters related to going concern in accordance with accounting principles generally accepted in Japan.

The Audit Committee is responsible for overseeing the execution of the duties of Directors related to designing and operating the Group's financial reporting process.

#### **Auditor's Responsibilities for the Audit of the Consolidated Financial Statements**

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with auditing standards generally accepted in Japan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks. The audit procedures shall be selected and applied as determined by the auditor. In addition, sufficient and appropriate audit evidence shall be obtained to provide a basis for our opinion.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate whether the presentation and disclosure of the consolidated financial statements are in accordance with accounting principles generally accepted in Japan, the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Audit Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence in Japan, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Audit Committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

#### **Interest Required to Be Disclosed by the Certified Public Accountants Act of Japan**

Our firm and its designated engagement partners do not have any interest in the Group which is required to be disclosed pursuant to the provisions of the Certified Public Accountants Act of Japan.

#### **Convenience Translation**

Our audit also comprehended the translation of Japanese yen amounts into United States dollar amounts and, in our opinion, such translation has been made in conformity with the basis stated in Note to the consolidated financial statements. Such United States dollar amounts are presented solely for the convenience of readers outside Japan.



**Crowe Toyo & Co.**  
Sumitomo Fudosan Kanda Bldg.,6F  
Kandamitoshirocho7  
Chiyoda-ku, Tokyo 101-0053  
Japan  
Main +81 (3)3295 1040  
Fax +81 (3)3295 1993  
[www.crowe.com/jp/en-us](http://www.crowe.com/jp/en-us)

辻村 英樹

Shigeki Tsujimura  
Designated Partner,  
Engagement Partner  
Certified Public Accountant

後藤 春洋

Shuyo Goto  
Designated Partner,  
Engagement Partner  
Certified Public Accountant

水戸 信之

Nobuyuki Mito  
Designated Partner,  
Engagement Partner  
Certified Public Accountant

Crowe Toyo & Co.  
Tokyo, Japan  
June 29, 2023



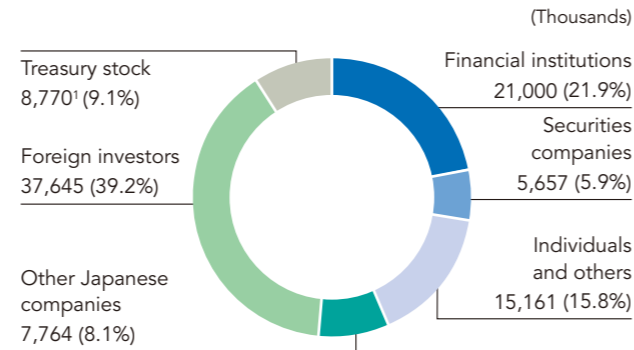
# Shareholder and Investor Information (As of March 31, 2023)

## Share Information

Total number of authorized shares	200,000,000
Total number of issued and outstanding shares	96,000,000 <sup>1</sup>
Number of shareholders	10,561

1. Total before the retirement of 8,000,000 shares of treasury stock on April 20, 2023, upon which the total became 88,000,000 shares issued and outstanding.

## Shares Held by Shareholder Type

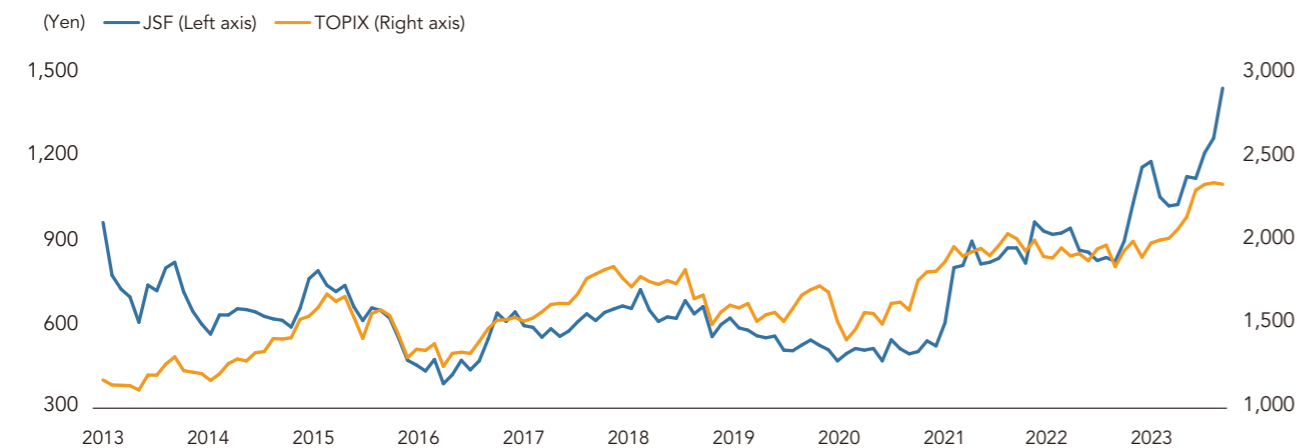


## Major Shareholders (Top 10)

	Number of shares held (Thousands)	Shareholding ratio <sup>2</sup> (%)
THE SFP VALUE REALIZATION MASTER FUND LTD.	12,624	14.47
The Master Trust Bank of Japan, Ltd. (Trust account)	10,214	11.70
Capital Market Promotion Foundation	4,654	5.33
THE CHASE MANHATTAN BANK, N.A. LONDON SPECIAL OMNIBUS SECS LENDING ACCOUNT	4,307	4.93
Mizuho Bank, Ltd.	3,536	4.05
Custody Bank of Japan, Ltd. (Trust account)	3,480	3.99
INTERTRUST TRUSTEES (CAYMAN) LIMITED SOLELY IN ITS CAPACITY AS TRUSTEE OF JAPAN-UP	3,109	3.56
INTERTRUST TRUSTEES CAYMAN LIMITED AS TRUSTEE OF JAPAN-UP UNIT TRUST	1,725	1.97
STATE STREET BANK WEST CLIENT - TREATY 505234	1,670	1.91
BNYM AS AGT/CLTS 10 PERCENT	1,479	1.69

2. The shareholding ratio has been calculated based on the total number of shares issued and outstanding less the total number of shares of treasury stock held by the Company as of March 31, 2023 (8,770,527).

## Share Price



# Company Information (As of March 31, 2023)

## Company Profile

Name	Japan Securities Finance Co, Ltd.
Representative	Shigeki Kushida, Representative Executive Officer & President
Head office	1-2-10 Nihonbashi-Kayabacho, Chuo-ku, Tokyo 103-0025, Japan
Established	July 1927
Incorporated	February 1950 (Newly launched as a securities finance company)
Capital	¥10 billion
Stock listing	Tokyo Stock Exchange Prime Market
Main business	Securities finance business based on the Financial Instruments and Exchange Act (Loans for margin transactions, securities financing, and securities investment)

## Website

A variety of information about the JSF Group, including Company profile, news releases, financial details and IR information, is available on our website, which is optimized for smartphone viewing.

We also offer an e-mail notification service for registered users, providing timely updates on news releases and IR announcements.

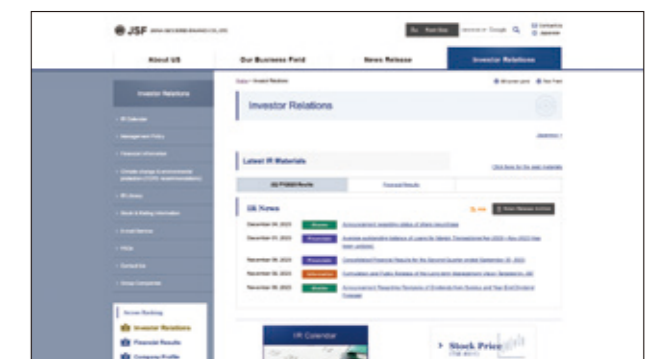
<https://www.jsf.co.jp/english/about/>

## Corporate Website



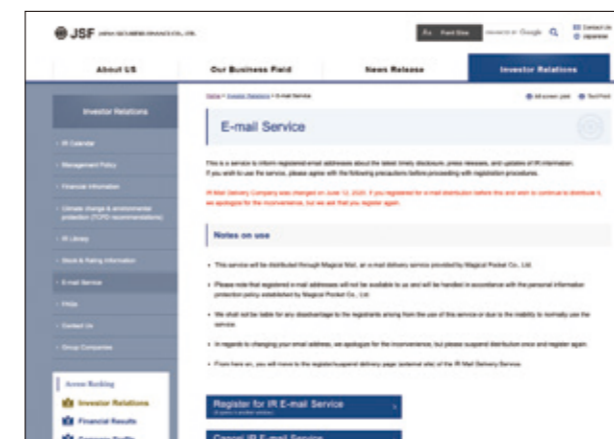
<https://www.jsf.co.jp/english/>

## Investor Relations



<https://www.jsf.co.jp/english/ir/>

## E-mail Notification Service



<https://www.jsf.co.jp/english/ir/mail/>

## Loans for Margin Transactions



<https://www.taisyaku.jp/english/>