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To whom it may concern

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Announcement of Formulation of Medium-term Management Plan

Japan Securities Finance Co., Ltd. (hereinafter "JSF") has formulated its Seventh Medium-term Management Plan (FY2023-FY2025), which covers the three-year period from FY2023 to FY2025, as shown in the attached document.

JSF is pursuing initiatives to strengthen the foundation of our margin loan business and to diversify its revenue sources, while also buttressing the foundation of our competitiveness through the construction of a more efficient operational structure under the Sixth Medium-term Management Plan (formulated in March 2020). From the perspective of ensuring further commitment and transparency to achieve sustainable growth and to enhance our enterprise value over the medium and long term based on the advanced governance system as a Company with Nomination Committee, etc., JSF's Medium-term Management Policy was formulated in November 2021. We have also been pursuing management reform initiatives by mobilizing all the Group's resources to achieve our medium-term management goals.

As a result of these initiatives, for the current fiscal year 2022, ROE is estimated to be 4.27% based on the current estimated figures, and JSF is making steady progress toward achieving the interim target of 4% ROE set in the Medium-term Management Policy".

The recently formulated Seventh Medium-term Management Plan outlines JSF's management policies for the next three years and the strategies and measures that will embody these policies in order to achieve the medium-term management goal of 5% ROE by FY2025. In addition to our efforts to deepen and accelerate the management reform initiatives JSF has been pursuing, we will continue to enhance our organizational transformation and corporate vitality capabilities by ensuring diversity and developing our human resource base. This will allow us to respond in an agile and flexible manner to changes in the business environment.

JSF, under its corporate philosophy and the Seventh Medium-term Management Plan, will strive to be a distinctive and unique company that is agile and flexible enough to maintain strong financial soundness and achieves sustainable growth and enhances its enterprise value over the medium and longer term, as a securities finance company that supports the infrastructure function of the securities and financial markets.

We hope that our stakeholders will understand the direction of our management policy, and continue to lend their support and cooperation to our endeavors.

End of Document

Seventh Medium-term Management Plan (FY2023-FY2025)

1. Corporate Philosophy

As an institution specializing in securities finance, JSF has a mission to contribute to the development of the securities and financial market by proactively meeting the diverse needs of the securities and financial sectors and to enhance the long-term interests of users, while always maintaining a keen awareness of its public role.

2. Vision for JSF in the Future

JSF, under its corporate philosophy, will strive to be a distinctive and unique company that is agile and flexible enough to maintain strong financial soundness and achieves sustainable growth and enhances its enterprise value over the medium and longer term, as a securities finance company that supports the infrastructure function of the securities and financial markets.

3. Management Principles

- (1) To practice sound business management by thoroughly implementing compliance, corporate governance, and risk management under a solid governance structure and thereby establish solid credibility, while always maintaining a keen awareness of our social responsibilities as a securities finance company.
- (2) To enhance enterprise value while maintaining solid equity capital in order to ensure stability in management and the financial health required of a securities finance company that supports the infrastructure function of the securities and financial market, and to ensure profits are returned to shareholders.
- (3) To further enhance JSF's core margin loan business while also striving to strengthen and expand the finance- and securities-related services provided by JSF and Group companies and to further grow and solidify our business base.
- (4) To build a quick and efficient business management structure and strengthen our human resource base in order to address changes in the business environment in a quick and flexible manner, and to improve our corporate vitality and organizational transformation capabilities.

4. Management Goals

Aim to achieve consolidated recurring income of 10 billion yen and ROE of 5% by FY2025.

5. Strategies

(1) Enhance the margin loan business as part of the securities market infrastructure

To appropriately respond to changes in the environment surrounding the stock market and ensure the stable operation and improve the convenience of the margin loan business. Also, by accurately grasping the trading requirements of market participants, we will review measures to promote the use of loans for margin transactions, strengthen the dissemination of information related to standardized margin transactions and loans for margin transactions, and strive to strengthen the foundation of the margin loan business.

(2) Expand and strengthen securities financing business

JSF will effectively leverage its accumulated expertise in funds and securities transactions to proactively respond to diverse transactions with domestic and foreign financial instruments business operators, etc., and strengthen and expand its securities financing business by expanding the range of clients, target currencies and securities, etc., to increase revenue opportunities.

(3) Reinforce consolidated management of the Group

Pursue greater collaboration among Group companies in the areas of sales, risk management, and operational management, and otherwise strengthen the Group's consolidated management.

(4) Secure stable revenues and expand fund-raising methods through securities investment

Secure stable revenues from securities investments by reviewing the portfolio in an agile manner response to changes in the external environment under appropriate risk control. We will also work to expand stable funding methods, including foreign currency, in order to meet the diverse requirements of our clients.

(5) Pursue the development of new business

Leveraging its characteristics as a securities finance company, JSF will work to develop and materialize new business operations from a long-term perspective in cooperation with related parties and group companies both inside and outside the Company.

(6) Strengthen our operational management system

JSF once again confirms that compliance is positioned as a precondition for management in order to proactively respond to the social demands placed on the company and realize our corporate philosophy.

JSF will ensure the effectiveness of internal audits and further enhance risk management in response to the diversification and complexity of risks associated with financial operations to establish unwavering public trust.

(7) Buttress the foundation of our competitiveness through efficient operational efficiency

As transaction volume increases and operations become more complex, the company will strive to build an efficient operational structure by reviewing business processes and proactively utilizing digital technology to buttress the foundation of our competitiveness.

(8) Strengthen human resource development and improve engagement

Through our efforts to strengthen human resource development and rebuild our human resource portfolio, centered on ensuring diversity and strengthening professionalism and independence, as well as improving employee engagement, JSF will improve corporate vitality and organizational transformation.

(9) Promote sustainability

In addition to striving to further strengthen our business continuity structure so that we can stably fulfill our infrastructure function of the securities and financial market, JSF will also steadily address important issues related to sustainability, such as addressing climate change and environmental preservation.

Management Goals

Aim to achieve consolidated recurring income of 10 billion yen and ROE of 5% by FY2025.

Strategies

