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To whom it may concern

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**Announcement of Formulation of Medium-term Management Policy**

Japan Securities Finance Co., Ltd. (hereinafter “JSF”) has formulated a new medium-term management policy for approximately the next five years, as indicated in the attachment.

Background of the medium-term management policy

JSF is striving to sustainably increase its earning power under the Sixth Medium-term Management Plan (formulated in March 2020) by effectively utilizing its human resources and other capital, while maintaining the strong financial soundness expected of key stakeholders in the securities market infrastructure. We are progressing toward this goal by advancing efforts to strengthen the foundation of our licensed business of loans for margin transactions while diversifying our sources of revenue, and by buttressing our competitiveness through the construction of a more efficient operational structure.

Major recent developments in our operating environment include the revision of the Corporate Governance Code and the conclusion of a review for reorganizing the market segments of the Tokyo Stock Exchange. In conjunction with these changes, all listed companies will be transitioned to the new market divisions in April 2022. As a listed company, JSF thus recognizes the need to further ensure transparency and to step up its commitment to achieving sustainable growth and medium/long-term enhancement of enterprise value through actions underpinned by a sophisticated system of governance.

We see this transformation of the landscape for listed businesses as an excellent opportunity to accelerate our ongoing actions in management reform. Accordingly, we have formulated the new medium-term management policy to deepen our dialogue with capital markets and meet the expectations of investors and shareholders.

Guided by our management philosophy and the new medium-term management policy, we will leverage the full strength of our group companies to realize the strong financial soundness required of a securities finance company that is a key player in the securities market infrastructure, attain the sustainable growth expected of a listed company, and enhance our enterprise value over the medium and long term.

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

## **Medium-term Management Policy**

### **1. Vision for JSF in the Future**

JSF, guided by its corporate philosophy, will strive to be a company that maintains strong financial soundness, achieves the sustainable growth expected of a listed company, and enhances its enterprise value over the medium and longer term, while firmly embracing the public roles expected of it as a securities finance company providing infrastructural functions to the securities market.

### **2. Medium-term Management Goals**

For its new medium-term management goals, JSF will aspire to attain an ROE of 4% during the period of the current medium-term management plan (ending with FY2022), and of 5% during the period of the next plan (FY2023–2025).

### **3. Strategies**

JSF will endeavor to attain the medium-term management goals by increasing its earning power and capital efficiency through diverse actions such as: 1) strengthening its securities finance business centered on loans for margin transactions, 2) reinforcing consolidated management of the group, and 3) improving operational efficiency.

With regard to shareholder returns, JSF will seek to further enhance them by striving for a total payout ratio of 100% on a cumulative basis in the years from FY2021 through FY2025 (achievement of 5% ROE target) through dividend payments and agile implementation of share repurchases. In the case of dividends, the annual per-share amount for FY2021 is, as announced on November 2, 2021, expected to be JPY30; as for the period from FY2022 through FY2025 (achievement of 5% ROE target), since JSF has set the aforementioned total payout ratio target, it will replace its established dividend policy (consolidated payout ratio of 60%) with a policy of actively aiming to pay an annual dividend per share of no less than JPY30.

### **4. Commitment to Corporate Governance**

We will expeditiously tackle the diverse challenges that need to be overcome in order to maintain the level of corporate governance expected of a listed company.

# ● Medium-term Management Policy: Positioning

## *Our changing environment*

The Corporate Governance Code has been revised, and the Tokyo Stock Exchange's market segments are to be reorganized in April 2022. These and other changes enjoin JSF as a listed company to further ensure transparency and step up its commitment to achieving sustainable growth and medium/long-term enhancement of enterprise value through actions underpinned by a sophisticated system of governance.

## *Formulating a medium-term management policy*

- ❑ We see the changes affecting listed companies as an excellent opportunity to accelerate our ongoing actions in management reform.
- ❑ We have formulated the new medium-term management policy to deepen our dialogue with capital markets and meet the expectations of investors and shareholders.

## **Aim of 6th Medium-term Management Plan:**

JSF is striving to sustainably increase its earning power by effectively utilizing its human resources and other capital, while maintaining the strong financial soundness expected of key stakeholders in the securities market infrastructure.

Vision for JSF in the future

Medium-term Management Policy  
(through FY2025)

Next Medium-term Management Plan  
(FY2023-2025)

6th Medium-term Management Plan  
(FY2020-2022)

# ● Medium-term Management Policy: Overview

## Corporate Philosophy

Long-term direction for realizing corporate philosophy

## Medium-term Management Policy

6th Medium-term Management Plan (FY2020-2022)

As an institution specializing in securities finance, JSF has a mission to contribute to the development of the securities 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.

### Vision for JSF in the Future

Be a company that **maintains strong financial soundness, achieves the sustainable growth expected of a listed company, and enhances its enterprise value over the medium and long term**, while firmly embracing the public roles expected of it as a securities finance company providing infrastructural functions to the securities market.

### Management Policy through 2025

Management goals (targets to be achieved)	<ul style="list-style-type: none"><li>❑ ROE of 4% during period of 6th Medium-term Business Plan (through FY2022)</li><li>❑ ROE of 5% during period of next plan (FY2023-2025)</li></ul>
Strategies	<ul style="list-style-type: none"><li>● Strengthen securities finance business centered on loans for margin transactions</li><li>● Reinforce consolidated management of the group</li><li>● Improve operational efficiency</li><li>● Further enhance shareholder returns (aim for total payout ratio of 100%)</li></ul>
Corporate Governance	<ul style="list-style-type: none"><li>● Expediently tackle the diverse challenges that need to be overcome in order to maintain the level of corporate governance expected of a listed company</li></ul>