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To Whom It May Concern

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Formulation and Public Release of the Long-term Management Vision Targeted by JSF

Pursuant to our “Medium-term Management Policy” formulated and publicly released on November 19, 2021, and our 7th Medium-term Management Plan based thereon, Japan Securities Finance Co., Ltd. (hereinafter “JSF”), in its capacity as a TSE Prime-listed company that supports the infrastructure of securities and financial markets, has set a management goal of achieving an ROE of 5% by the end of FY2025, while strengthening its corporate governance. Additionally, JSF has focused its management efforts on increasing its earning power and improving its capital efficiency. As a result of these initiatives, according to the FY2023 estimated performance figures calculated based on the financial results for the second quarter of FY2023, we now expect to achieve the 5% ROE goal set out in our Medium-term Management Policy in the current fiscal year, two years ahead of our expectation. In addition, the market's evaluation of JSF's corporate value has also steadily improved, with P/B ratios recently hovering around 1x (Reference).

In this way, given that JSF's management efforts to date have achieved a certain level of success and that we have reached a milestone, JSF now believes it is appropriate to reorganize its approach to future management, and its Board of Directors has engaged in repeated discussions with regard thereto.

As a result, JSF has reached the conclusion that it is appropriate to consider and publicly release a two-tiered approach that: (1) sets out the long-term management vision targeted by JSF, and (2) formulates, in line with this long-term management vision, a Medium-term Management Plan and a shareholder return policy based on specific business strategies.

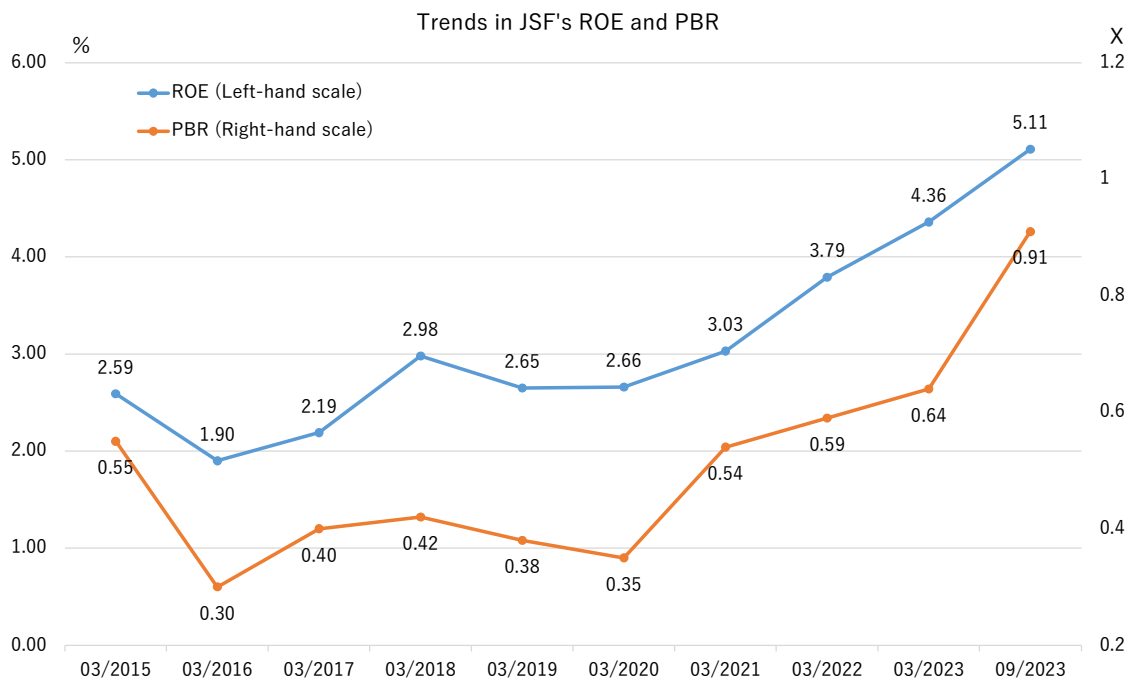
Accordingly, JSF recently formulated and publicly released the new “Long-term Management Vision Targeted by JSF” (Attachment 1), and based thereon, JSF has decided to upwardly revise its management goals for the 7th Medium-term Management Plan through FY2025 (Attachment 2), and to formulate a new “Shareholder Return Policy During the Period of the 7th Medium-term Management Plan” (Attachment 3).

Furthermore, since the Medium-term Management Policy formulated and publicly released on November 19, 2021, has, for all intents and purposes, fulfilled its role, we have decided to expansively incorporate this policy into our recently developed Long-term Vision and the like.

Based on our corporate philosophy and its recently formulated Long-term Management Vision and revised the 7th Medium-Term Management Plan, JSF, in its capacity as a securities finance company that takes on an infrastructural function in securities and financial markets, is determined to continue to mobilize the collective efforts of its Group companies to achieve sustainable growth and the enhancement of corporate value over the medium- and long-term, while maintaining strong financial soundness.

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<Reference> Trends in JSF's ROE and PBR



* ROE as of the end of 09/2023 was calculated based on the FY2023 estimated performance figures.

Long-term Management Vision Targeted by JSF

1. Vision of the Future Targeted by JSF

As Japan's only securities finance company supporting the infrastructural functions of securities and financial markets, JSF aims to be a distinct and unique company, with a high degree of agility and flexibility, that achieves sustainable growth and enhances its corporate value, while maintaining strong financial soundness, through its contributions to the development of securities and financial markets.

2. Corporate Message

Be unique. Be a pioneer.

3. Long-term Direction

As Japan's only securities finance company, in the future as well, JSF will continue to agilely and flexibly address the trading needs of securities and financial market participants. Through its contributions to market development, JSF will seek to concentrate the collective efforts of its Group companies to sustain growth and enhance its corporate value, while maintaining strong financial soundness.

Under this management direction, in the future as well, JSF will strive to steadily strengthen its earnings base and seek the stable and steady improvement of its capital efficiency, while remaining mindful of the cost of capital, and will continue to work towards the steady improvement of its ROE, keeping the 8% level in mind.

At the same time, with regard to shareholder returns, JSF will continue to maintain a total payout ratio of 100% during the period of its 7th Medium-Term Management Plan (the three fiscal years from FY2023 through FY2025), and will fully strive to enhance shareholder returns thereafter as well.

Through these management efforts, JSF aims to establish a market valuation with a PBR in excess of 1x.

In addition, under its organizational design as a company with a nomination committee, etc., JSF will strive to strengthen its corporate governance by tackling sustainability issues while focusing on the further improvement of the effectiveness of the deliberations by its Board of Directors and respective committees, the further enhancement of the disclosure of information, and the formation of a deep human capital base.

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Revision of Management Goals under the 7th Medium-Term Management Plan

Based on its long-term vision and its performance in FYE March 2024, JSF has upwardly revised its management goals, as follows, under the 7th Medium-Term Management Plan.

ROE: Maintain a stable level above 5% and aim for further improvement.

Consolidated recurring income: Maintain a stable level of over 10 billion yen and aim for further improvement.

(Reference) Management Goals Prior to Revision

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

*In conjunction with the above-mentioned revisions, JSF has not made any changes to the basic structure of its officers' bonuses and the reference indexes and reflection methods for equity-based remuneration, but has made the required changes to the standard values based on the estimated progress of equity-based remuneration.

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Shareholder Return Policy
During the Period of the 7th Medium-term Management Plan

With respect to shareholder returns, from a viewpoint of further enhancement, JSF will continue its policy of aiming for a total payout ratio of 100% on a cumulative basis in the years from FY2023 through FY2025, through the payment of dividends and the flexible implementation of share repurchases.

With regard to the payment of dividends, traditionally JSF has been very proactive, and for FY2023 it will increase its dividend to JPY44, and in the period from FY2024 through FY2025, it will proactively pay dividends, aiming for a payout ratio of 70%.

(Reference) Shareholder Returns Policy Prior to Revision

With regard to shareholder returns, in the period from FY2021 through FY2025, JSF seeks to achieve a total payout ratio of 100% on a cumulative basis, through payment of dividends and the flexible implementation of share repurchases.

With regard to the payment of dividends, JSF is actively seeking to pay an annual dividend per share of no less than JPY30.

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