

Message from the President



As the only securities finance company in Japan, we will contribute to the development of the country's securities and financial markets.

Shigeki Kushida

Representative Executive Officer & President
Japan Securities Finance Co., Ltd.

Initiatives to Date Based on the Medium-Term Management Policy

FY2022 Results

In November 2021, the midpoint of the Sixth Medium-Term Management Plan (FY2020–FY2022), we formulated and released a Medium-Term Management Policy that took the Tokyo Stock Exchange market restructuring and other changes as an opportunity to expedite management transformation. In this policy, we set out clear medium-term management goals for ROE (4% by FY2022 and 5% by FY2025), and have since carried out management transformation by mobilizing the full resources of Group companies. As a result, ROE for FY2022, the final year of the Sixth Medium-Term Management Plan, was 4.36%, achieving the intermediate ROE goal of 4% set in the Medium-Term Management

Policy, based on growth in the profit contribution of securities financing, which we have steadily worked on (details on page 22: Message from the Officer Responsible for Corporate Strategy).

FY2023 First-Half Results

For the Seventh Medium-Term Management Plan (FY2023–FY2025), we set the management goals of 5% ROE and consolidated ordinary profit of ¥10 billion by FY2025. Results thus far show that we got off to a good start, led by securities financing. As of the midpoint of FY2023, we are on track to achieve the 5% ROE goal two years ahead of schedule.

Long-Term Management Vision

Given that our management efforts had achieved a certain level of success and we had reached a milestone, we believed it was appropriate to further organize our approach to management going forward. As such, our Board of Directors engaged in thorough discussions on that topic. As a result, we concluded that a two-tiered approach to management would be appropriate, setting out a long-term management vision, and then using that vision as a guide to formulate a medium-term management plan and a shareholder return policy based on specific business strategies. Accordingly, we recently formulated the “Long-Term Management Vision,” and based on that vision, upwardly revised the management goals of the Seventh Medium-Term Management Plan. We also formulated the new “Shareholder Return Policy during the Period of the Seventh Medium-Term Management Plan.” All of these were publicly announced in November 2023.

Long-Term Direction

As its long-term management direction, JSF will continue to agilely and flexibly address the trading needs of securities and financial market participants as Japan's only securities finance company. 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, JSF will continue striving to steadily strengthen its earnings base and pursue the stable and steady improvement of its capital efficiency, while remaining

mindful of the cost of equity, and will continue to work toward the steady improvement of ROE, keeping the 8% level in mind. At the same time, with regard to shareholder returns, JSF will maintain a total payout ratio of 100% during the period of its Seventh Medium-Term Management Plan, and strive to enhance shareholder returns thereafter as well.

Through these management efforts, JSF aims to establish a price to book ratio (PBR) exceeding 1.0 times. In addition, under its organizational design as a Company with a Nominating Committee, etc., JSF will strive to strengthen its corporate governance by tackling sustainability issues while focusing on further improvement of the effectiveness of deliberations of its Board of Directors and respective committees, the further enhancement of information disclosure, and the development of a robust human capital base.

Establishment of Corporate Message

In formulating the Long-Term Management Vision, JSF reaffirmed its targeted vision of the future. To communicate that vision to stakeholders inside and outside the Company, we established a new corporate message: “Be unique. Be a pioneer.” This expresses what we want to be—a company that agilely and flexibly addresses the trading needs of securities and financial market participants, while incorporating advances in financial technology in a constantly changing environment, as Japan's only securities finance company, thereby pioneering the future of both the market and JSF.

Message from the President

Seventh Medium-Term Management Plan

Set and Revised Management Goals

The Seventh Medium-Term Management Plan originally had the goals of ROE of 5% and consolidated ordinary profit of ¥10 billion by FY2025. However, in light of the Long-Term Management Vision and the JSF Group's performance so far in FY2023, we have revised these goals upward. Specifically, our new goals are to maintain ROE at a stable level above 5% and aim for further improvement, and to maintain consolidated ordinary profit at a stable level of over ¥10 billion and aim for further improvement.

Further Strengthen the Loans for Margin Transactions Business and Securities Financing

In the Seventh Medium-Term Management Plan, we have outlined specific strategies and measures for achieving our management goals (details on page 20: Seventh Medium-Term Management Plan). The main pillar of the plan is to strengthen the loans for margin transactions business and securities financing.

The loans for margin transactions business is where JSF has its origins as infrastructure for Japan's securities and financial markets. It is one of our core businesses, accounting for a consistent portion of gross profit. We have long worked to expand the number of loanable stock issues and strengthen the procurement of stock to be used for stock lending. We will continue working to ensure stable operations and improve convenience in the loans for margin transactions business in line with the changing operating environments of stock markets. In addition, with an accurate grasp of the trading needs of market participants, we will explore measures to promote the use of loans for margin transactions, and work to bolster the foundation of the loans for margin transactions business by enhancing dissemination of information related to standardized margin transactions and loans for margin transactions.

In securities financing, needs for borrowing stock for use as collateral in various financial transactions and for lending stock to increase asset yields have fueled strong demand in recent years for government bond and equity repurchase agreement (repo) transactions. Demand for multi-currency cross-border transactions has also been rising. In securities financing, we have expanded transactions by agilely and flexibly addressing these diverse domestic and international needs as the connection point between markets in Japan and overseas. In recent years, we have actively participated in overseas conferences, which has helped to raise our international

profile, and have also been increasing our roster of clients and the number of transactions. We will continue to effectively utilize our expertise in financial and securities transactions to proactively meet diverse needs for domestic and international transactions and increase the number of clients, as well as the currencies and securities we handle in our transactions. In this way, we will enhance and expand our securities financing business and expand our earnings base (details on page 26: Securities Financing Centered on Loans for Margin Transactions).

Strengthening Our Human Resource Base

In the Seventh Medium-Term Management Plan, one of the key strategies for achieving our management goals is to strengthen human resource development and improve engagement. We will continue to set high management goals, and to make them achievable it is important to create a workplace environment in which diverse employees can fully demonstrate their individuality and strengths, enthusiastically and autonomously exploring and transforming their work, and grow as they accumulate experience and achievements. From this perspective, we established a Human Capital Policy as the basic policy for promoting human resource development and other initiatives related to human capital formation. The aim of this policy is to strengthen our human resource base, which is the source of corporate value creation.

The Human Capital Policy sets forth the following vision: (1) We respect the diverse values of our employees and will strive to provide opportunities and supportive environments so that diverse individuals can maximize their individuality and strengths and grow on their own through the performance of their work; (2) We will promote the creation of a comfortable work environment so that employees can engage in their work with peace of mind; and (3) We will improve our corporate vitality and organizational transformation capabilities and achieve more productive work styles by working to improve employee engagement. The policy also sets out our expectations for human resources and clarifies the details and direction of management's efforts going forward toward achieving this vision, in areas including recruitment, and training and career advice (details on page 34: Strengthening Human Resource Development and Improving Engagement).

Capital Management Policy

Up to now, in the Medium-Term Management Policy and the Seventh Medium-Term Management Plan, our management goal for ROE was 5%, based on our estimate of the cost of equity (estimated to be around 4.5%), and management has continued striving to achieve it. As I mentioned above, we are now working toward the new, upwardly revised management goal: maintain ROE at a stable level above 5% and aim for further improvement.

In terms of shareholder returns, during the period of the Seventh Medium-Term Management Plan, we will continue our policy of aiming to maintain a total payout ratio of 100% through dividends and flexible

implementation of share buybacks. We will increase dividends in FY2023, and for the period from FY2024 through FY2025 our policy is to pay dividends with a target payout ratio of 70%.

Through these management efforts, we aim to firmly establish a PBR exceeding 1.0 times.

From FY2026 as well, we will strive to steadily strengthen our earnings base and pursue stable and steady improvement of capital efficiency, while remaining mindful of the cost of equity. In this way, we will strive to continuously improve corporate value and enhance shareholder returns.

Message to Investors and Other Stakeholders

FY2023 is the first year of the Seventh Medium-Term Management Plan, and we have made an auspicious start in terms of performance. We still have many challenges to address in order to sustain growth and enhance our corporate value while maintaining strong financial soundness. However, as a distinct and unique financial

institution that operates with a high degree of agility and flexibility, we remain committed to contributing to the development of the securities and financial markets while holding dear the sentiments in our corporate message in the Long-Term Management Vision: Be unique. Be a pioneer. We look forward to your ongoing support.



History of the JSF Group

70 years of involvement in the development of Japan's securities market

Established in 1950 as an institution specializing in securities finance, JSF has provided infrastructure functions for Japan's securities market for more than 70 years through its core loans for margin transactions business. In addition, we have developed various services related to securities finance by keeping abreast of the evolution in client needs resulting from changing conditions in the securities and financial markets.

1950–1979

Supporting Japan's postwar period of high economic growth with institutional financing

We launched our loans for margin transactions business in 1951 when the margin transaction system was introduced. In 1968, when securities companies became subject to licensing, we established a lending system to meet market needs. As part of this system, we launched a bond financing business to facilitate the underwriting and circulation of public and corporate bonds.

1980–2012

Addressing rapid progress in securities markets, as well as global financial uncertainty and changes amid globalization

In order to fulfill our role as securities market infrastructure, in 1987 we built a network with securities companies and launched trading via our JSF Online System. With the implementation of measures to promote the "Japanese Big Bang" financial system reforms in 1998, we established JSF Trust and Banking Co., Ltd., whose business focuses on preservation trusts for cash segregated as deposits for customers for securities investments.

Since 2013

Serving as Japan's only finance and taking on

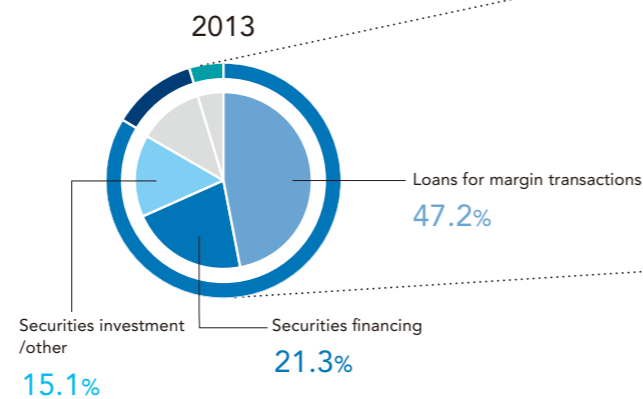
In 2013, following the integration of the cash equity markets of the Tokyo Stock Exchange and Osaka Securities Exchange, we merged with Osaka Securities Finance Co., Ltd. In the loans for margin transactions business, we started handling transactions for Nagoya Stock Exchange in 2017 and for proprietary trading systems (PTS) in 2019. Today, we are Japan's only securities finance company.

institution specializing in securities new challenges for growth

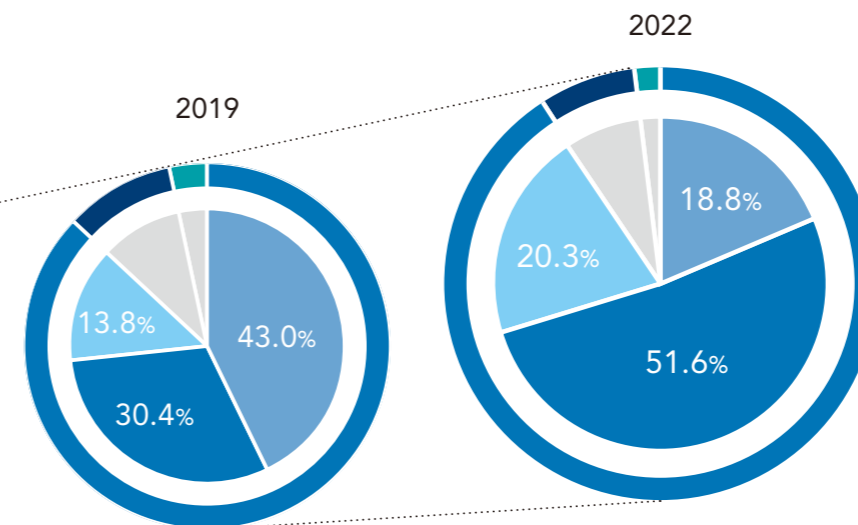
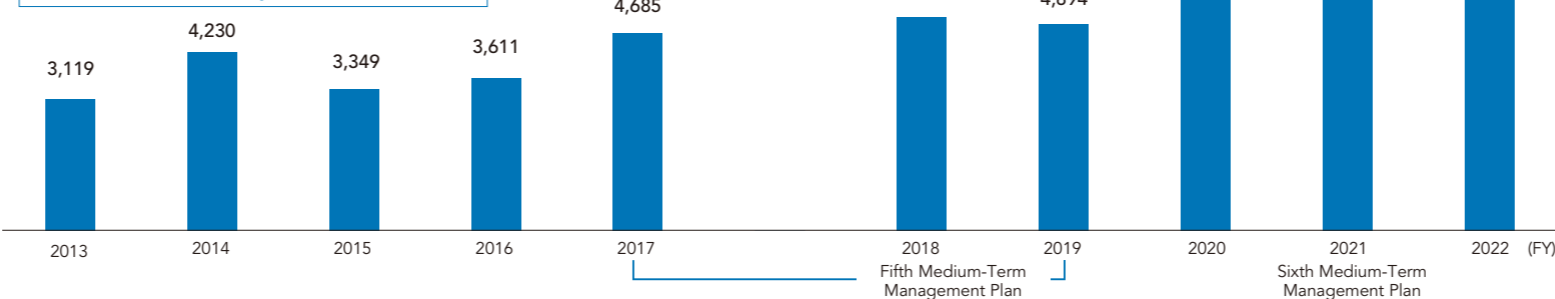
In 2019, JSF became a Company with a Nominating Committee, etc., thus separating oversight and execution, with the Board of Directors responsible for making timely management policy decisions and overseeing execution, and the executive side responsible for executing management plans. In 2023, we launched the Seventh Medium-Term Management Plan, covering the period from FY2023 through FY2025 (from April 1, 2023 to March 31, 2026).

Composition of Operating Revenue

- Securities finance business
- Trust banking business
- Real estate leasing business



Consolidated Ordinary Profit (Millions of yen)



The Strengths We Have Built

Loans for Margin Transactions Business

Only one in Japan

JSF is the only securities finance company in Japan that has been licensed to conduct loans for margin transactions business under the Financial Instruments and Exchange Act.

Business Partners

Network with domestic and overseas financial institutions

We are building business relationships with domestic and overseas financial institutions and institutional investors such as securities companies, banks and insurance companies. We also provide financial services for general businesses and individual investors.

Value Creation

Ability to build services by leveraging JSF strengths

Through many years of providing infrastructure functions in the securities and finance markets, we have cultivated both an accurate understanding of the needs of those engaged in market transactions and stable operational capabilities. In addition, owing to our relatively small size, the transaction services we have built are very agile and flexible.

Stable Credit Ratings

R&I, JCR S&P
AA- A

Over the years, we have secured high credit ratings, including an AA- rating from two rating agencies based in Japan and an A rating from a rating agency based outside Japan.

Value Creation Process

- Social Issues**
- Population decline/aging
 - Globalization
 - Progress of digitalization
 - Restructuring of market segments and updates to Japan's Corporate Governance Code and Stewardship Code
 - Introduction of a new NISA system by the Japanese government to encourage stable asset formation

Inputs

Financial Capital

- High degree of financial soundness
External credit ratings: R&I: AA-
JCR: AA-
S&P: A
- Capital adequacy ratio (based on FIEA) 496% (March 31, 2023)

Intellectual Capital

- Ability to build securities finance services
- Risk management expertise accumulated over many years
- Stable and highly productive operational system

Human Capital

- Talent with knowledge and experience in securities and finance, including operation of systems for loans for margin transactions, building of securities financing and trust banking services, and risk management
- Securing highly diverse human resources through proactive and consistent hiring of experienced talent in addition to new graduates
- Using telework and other methods to create a comfortable work environment that enables diverse work styles
- Talent that can build risk management and securities finance services
Number of employees: 268 (consolidated)

Social and Relationship Capital

- Long track record (73 years) and trust built in operating a securities finance business
- Network with domestic and overseas financial institutions and institutional investors such as securities companies, banks and insurance companies
- Business operations through participation in the settlement systems of central banks and clearing houses

Material Issues

Environmental

- Reduce environmental impact

Social

- Promote academic research activities and financial and economic education activities
- Promote diversity and develop human resources
- Respect human rights and prohibit discrimination
- Enhance functions as infrastructure for Japan's securities and financial markets
- Contribute to overseas securities and financial market infrastructure

Governance

- Strive to enhance governance as a Company with a Nominating Committee, etc.
- Implement the risk appetite framework (RAF)
- Stably operate business that is not affected by disasters, etc. (BCP)
- Operate business based on a high awareness of compliance

BUSINESS MODEL

JSF's Unique Position

- Japan's only company that handles loans for margin transactions
- Neutrality through not belonging to any particular corporate group
- Network with domestic and overseas financial institutions
- Many years of high credit ratings

Business Domains

In our loans for margin transactions business, we respond to changes in the environment facing stock markets and to transaction needs. In securities financing, we meet the various liquidity needs of our clients. In our securities investment business, we aim to secure stable earnings through appropriate risk control, and work to expand our fund procurement methods. In the trust banking business, we are working to meet our clients' asset protection needs in new areas.

Outputs

- Provision of liquidity through securities finance functions
- Operational stability and improved convenience of the loans for margin transactions business
- Strengthening and enhancement of securities financing by expanding the range of clients, currencies and securities, etc.
- Securing of stable revenues from securities investments by reviewing the portfolio in an agile manner; expansion of stable funding methods, including using foreign currencies
- Strengthening and enhancement of the lineup of custodial trusts, including customer asset preservation trusts and ABL trusts, and the related transaction network

Establishing a governance system to demonstrate our public role and expertise as a financial institution

Corporate Governance

Risk appetite framework (RAF)

Cyber Security

Business Continuity Plan (BCP)

Outcomes

Vision of the Future Targeted by JSF

As Japan's only securities finance company supporting the infrastructure functions of securities and financial markets, JSF aims to be a distinct and unique company that operates with a high degree of agility and flexibility. It will achieve sustainable growth and enhance its corporate value, while maintaining strong financial soundness and contributing to the development of securities and financial markets.

Social Value

- Contributing to market liquidity
- Highly resilient, stable business operations
- Responding to client needs according to changes in the securities and financial markets

Economic Value

FY2025 Goals (Consolidated)
ROE: Maintain at a stable level above **5%** and aim for further improvement.
Consolidated ordinary profit: Maintain at a stable level of **over ¥10 billion** and aim for further improvement.

FY2022 Results (Consolidated)

• Operating revenue	¥42.5 billion
• Ordinary profit	¥7.6 billion
• Profit attributable to owners of parent	¥5.9 billion
• ROE	4.36%

Message from the Chairperson of the Board



I will work to improve the board's effectiveness from a long-term perspective to increase corporate value.

Naotaka Obata

Outside Director, Chairperson of the Board, Nomination Committee Chairperson, Remuneration Committee Chairperson

In 2019, JSF transitioned to a "Company with a Nominating Committee, etc." structure, which is designed to clearly separate management supervision and execution. Under this structure, the two main missions of the Board of Directors are to formulate the Company's management policies and to supervise executive officers to ensure that they are executing business appropriately based on those policies. To make sure that the board can effectively fulfill that role, five of the seven members of the board are outside directors who are independent from the Company, and the chairperson of the Board of Directors and the chairpersons of the Nomination Committee, Remuneration Committee and Audit Committee are all outside directors. I have served as the chairperson of the board and as chairperson of the Nomination Committee and Remuneration Committee for the past four years. We outside directors have worked to fulfill our role from an objective standpoint with an outsider's point of view, bearing in mind JSF's corporate philosophy of contributing to the development of the securities market while always maintaining a keen awareness of its public role.

I mentioned in last year's integrated report that as chairperson of the Board of Directors, I have always had a mindset of maximizing its effectiveness as a "monitoring board." Fortunately, JSF's Board of Directors is supported by the diverse knowledge of its directors, and meaningful discussions take place in a free and open atmosphere. Executive management seriously considers the issues raised and opinions pointed out by the Board of Directors, and provides feedback to the board.

Going forward, I want to continue to lead in a way that vitalizes discussion at board meetings.

About the Long-Term Management Vision

JSF adopted its Medium-Term Management Policy at the Board of Directors meeting in November 2021. In the Seventh Medium-Term Management Plan based on that policy, the Company set a management goal of 5% ROE by 2025. Management's efforts since then have produced notable successes. Among these, the Company expects to achieve 5% ROE two years ahead of schedule based on estimates of performance for FY2023. This can be seen as a significant milestone for management. Consequently, the Company recognized the need to further consolidate its approach to management. Following extensive discussions by the Board of Directors from a long-term perspective, in November 2023 the Company formulated and released its Long-Term Management Vision. In this vision, the Company has declared that it will strive to steadily strengthen its earnings base and pursue stable and steady improvement of capital efficiency, while remaining mindful of the cost of equity, and will continue to work toward the steady improvement of ROE, keeping the 8% level in mind. In addition, more extensive discussions were conducted regarding a corporate message that would clearly communicate the Vision of the

Future Targeted by JSF, which is to be a distinct and unique company that operates with a high degree of agility and flexibility, achieving sustainable growth and enhancing its corporate value, while maintaining strong financial soundness. Guided by the Long-Term Management Vision, we then revised the Seventh Medium-Term Management Plan and formulated a shareholder return policy for the period of the plan, and publicly announced both.

Enhancing and Strengthening Corporate Governance to Improve Corporate Value

Following a review of the composition of the Board of Directors from the viewpoint of creating a diverse board with multiple layers of skills, the number of outside directors was increased by two (net increase) in 2022, and a second woman outside director was appointed in 2023. Backed by their varied careers and knowledge, the newly added outside directors have actively contributed opinions and suggestions, and we are now seeing just how important diversity is.

In the area of sustainability, JSF is focusing on promoting industry-academia collaboration and contributing to the

infrastructure of securities and financial markets, including overseas. I intend to leverage my position as an outside director to support these efforts, in addition to other initiatives such as the Company's initiatives to address climate change.

Improving the Effectiveness of the Board of Directors

To further increase the effectiveness of the Board of Directors, annual evaluations are conducted to identify issues related to the operation of the board, and the board works in cooperation with its secretariat to make improvements. Responses to the questionnaire in the effectiveness evaluation indicated that the two new directors appointed in FY2022 increased the diversity of opinions. Using those opinions for reference, board members have been working with the secretariat of the Board of Directors to create a meeting environment that encourages lively discussions. Initiatives include enhancing training to acquire knowledge of the Company's business, holding regular meetings for outside directors to enable them to share information with one another, and creating opportunities for outside directors and department heads to exchange opinions. In Board of Directors and committee meetings, supervisory and executive sides of management deepen discussion on important matters while mutually making proposals and raising points of contention in a three-step process: (1) issues are delineated and freely discussed, (2) drafts are discussed, and (3) resolutions and disclosure methods are deliberated, which leads to a final conclusion. This approach is of great significance in the sense that it ensures effectiveness in the oversight of business execution.

Initiatives in the Nomination Committee

In FY2022, the Nomination Committee discussed improving the transparency of the nomination process for management executives and in-house human resource development with a view to the selection of management executives.

Among these discussions, for the succession plan for the current Representative Executive Officer & President, in January 2023 the Board of Directors approved and announced a policy that the Company will consider candidates from a preliminary list of internal candidates, including experienced mid-career hires, but not public sector candidates, who possess the requisite qualifications for the position. This policy stemmed from an informal exchange of opinions between the Nomination Committee and executive management in the summer of 2022, in which the Nomination Committee suggested that it would be appropriate to have discussions from the viewpoint that the requisite qualities and qualifications for the president may change depending on the status of the Company's business development. The executive team had similarly become aware of this issue, and because there was a consensus between the supervisory and executive sides regarding a basic approach, subsequent discussions in the Nomination Committee led to approval and announcement of the policy. Since JSF's business portfolio has centered on loans for margin transactions, which are part of the infrastructure supporting the securities market, the Company's management has been led by individuals with public-sector backgrounds. However, given that the Company's business strategy going forward is to pursue business development with securities financing and other businesses positioned as growth areas, it will place greater emphasis on knowledge and experience related to the

securities finance business, including technological innovation, and therefore concluded that considering people from inside the Company was appropriate. Based on this direction, the committee's policy is to move forward with discussions on a specific preliminary list of succession candidates and the requisite qualifications, and to narrow the candidates down to a short list.

To ensure the effectiveness of management succession planning, it is important to develop a pool of internal talent. To that end, the Nomination Committee has discussed a specific approach to cultivation of internal talent, and the results were announced on the Company website. Human resource strategy is one of the pillars of the Seventh Medium-Term Management Plan, and the Nomination Committee has raised issues with the executive side, such as the necessity of developing suitable talent for the Company's lines of business, and these issues have been reflected in the management plan.

Initiatives in the Remuneration Committee

The Remuneration Committee decides on the remuneration of directors and executive officers, as well as officer remuneration policies and other matters. In its officer remuneration system, the Company has been working to enhance the linkage between executive officer remuneration and performance, and has made changes including properly reflecting the degree of progress and achievement of the management goals in the medium-term management plan in bonuses. In FY2023, the Company took the start of the new medium-term management plan as an opportunity to revise the performance-linked remuneration of executive officers to ensure that incentives are consistent with our management policy. Bonuses are a short-term incentive, with consolidated profit attributable to owners of parent used as the reference indicator to clarify management responsibility each fiscal year, while share-based remuneration is positioned as a long-term incentive using ROE and consolidated ordinary profit—the management goals of the Seventh Medium-Term Management Plan—as the reference indicators. With the goal of reflecting both the performance of the Company as a whole and each individual's contribution to that performance, bonuses are divided into a part linked to the Company's performance and a part based on individual evaluations.

The Seventh Medium-Term Management Plan was revised in November 2023, but only necessary changes were made to the reference values for share-based remuneration based on projected progress toward the management goals. No changes were made to the basic structure of the reference indicators for bonuses and share-based remuneration.

Approach of the Board of Directors Going Forward

The recently announced Long-Term Management Vision was the outcome of extensive discussions by the Board of Directors from a long-term perspective on matters such as the direction of our management policy regarding the realization of the Company's corporate philosophy and its targeted vision of the future. The Company will continue to respond flexibly to changes in the securities and financial markets. Through free and open discussions, the Board of Directors will formulate management policies, supervise business execution, and take appropriate steps to strengthen corporate governance, firmly determined to fulfill its role as a "monitoring board."

Dialogue with Newly Appointed Outside Directors



Kensuke Futagoishi
Outside Director

Takayoshi Yamakawa
Outside Director

Q. First, please tell us a little about your backgrounds and experience.

Futagoishi: I have been in the banking industry for many years. After gaining experience in various departments, including corporate sales at a major bank, I moved to IY Bank Co, Ltd. (currently Seven Bank, Ltd.) in 2003, where I served as president from 2010 to 2018. During that time, I focused on expanding the number of ATMs installed as social infrastructure and providing digital services to address changing client needs. I aim to draw on my corporate management and other experience to help supervise the implementation of JSF's management policies and to support the creation of a governance system capable of responding flexibly to changes in the operating environment.

Yamakawa: After working at an IT device manufacturer, I made a career change, joining a consulting firm in 1995. In 2000, I co-founded Dream Incubator, where I served as president from 2006 to 2020. Currently, I provide advice on corporate management and other matters at Business Producer LLC. As digitalization progresses in the financial market, I believe my experience in corporate management and knowledge of digital transformation will be useful in identifying new business opportunities.

Q. How has your impression of JSF changed since your appointment to the board?

Yamakawa: What honestly surprised me was that securities financing, which began as a new business after the global financial crisis of 2008, has grown so large. Previously, I had thought that loans for standardized margin transactions was the Company's core business. Many companies work to

establish new businesses, but achieving success is extremely difficult. I am amazed that JSF's securities financing business, which has only been in operation for 10 years, now accounts for about 40% of the Company's profit.

Futagoishi: My impression of JSF was that it is a solid company with a strong public role, as indicated by its corporate philosophy of contributing to the development of the securities and financial markets. Having attended various meetings, including Board

of Directors meetings, over the past year, I feel that in addition to its solid governance and business execution, the Company takes advantage of its relatively small size to respond agilely to changes in the environment.

Q. Please tell us about the activities and discussions of the Board of Directors and the three statutory committees.

Futagoishi: The focus of activities at Board of Directors meetings in FY2022 was discussion of the Seventh Medium-Term Management Plan. This plan covers one of the most critical periods in JSF's history. The Company needs to transform its corporate culture in order to provide new value as it shifts from its former focus on its public role. In meetings of the Board of Directors and the statutory committees, there have been lively discussions on topics such as how to develop human resources responsive to change, and how to encourage employees to internalize the president's ideas in the management plan. As a result, I feel that a well-thought-out plan has been formulated, especially for human resource strategy. I also think great care is being taken by the secretariat to facilitate these discussions.

Yamakawa: Because the Board of Directors is made up of members with diverse backgrounds, discussion on any given matter involves a multi-faceted approach, enabling comprehensive judgment and decision-making. Having people with a wide range of knowledge giving candid recommendations makes for lively discussion. Also, because the secretariat has explained the points for discussion to members of the board and the committees in advance of each meeting, discussions are well defined and focused. Discussions also lead to quick action. For example, in response to a request from the Tokyo Stock Exchange to listed companies at the end of March 2023, the Board of Directors conducted a series of discussions, leading to the issuance of a news release on May 15 detailing the Company's initiatives.

Q. What points do you think are key for the JSF Group to achieve medium- to long-term growth?

Yamakawa: Looking at the condition of the Company over the last few years, I feel that stronger governance and earnings growth have generated synergy. Internationalization and digitalization have also progressed in Japan's financial market, so it is important that the Company respond agilely to these external changes in its pursuit of sustainable growth. I intend to apply my experience and knowledge for the Company's growth, in ways such as offering suggestions for using digital transformation to develop new businesses and improve business efficiency.

Futagoishi: As I mentioned before, I think the key will be strengthening human resource development and improving engagement, which is one of the strategies in the Seventh Medium-Term Management Plan. To ensure the effectiveness of the management succession plan announced in April 2023, it is necessary to strengthen the human resource base, centered on ensuring diversity and strengthening professionalism and independence. As a member of the Board of Directors, I would like to focus my efforts on building a system that supports the Company in helping employees grow by taking on challenges, thereby enabling further growth.