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To Whom It May Concern:

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Notice Regarding the Formulation of the Medium-Term Management Plan and the Shareholder Return Policy

Japan Securities Finance Co., Ltd. (hereinafter “JSF”) hereby announces that it has formulated its 8th Medium-Term Management Plan for the three-year period from FY2026 through FY2028 as shown in Attachment 1. JSF has also formulated a Shareholder Return Policy for the period of the 8th Medium-Term Management Plan as set out in Attachment 2.

Guided by the 7th Medium-Term Management Plan (FY2023–FY2025) formulated in February 2023, and the Long-Term Management Vision Targeted by JSF formulated and published in November 2023, as a company listed on the Prime Market of TSE that supports the infrastructure functions of the securities and financial markets, we are pursuing management reform initiatives to achieve our management goals of stably maintaining a consolidated ordinary profit at a level exceeding 10 billion yen and ROE above 5%, while aiming for further improvement. In terms of business strategy, our efforts to diversify our revenue sources and establish multiple revenue streams have produced certain results. With our corporate governance initiatives, we have also strived to further enhance and otherwise strengthen the deliberations of the Board of Directors.

As a result, during the period of the 7th Medium-Term Management Plan, we steadily improved our consolidated ordinary profit and ROE, achieving levels that surpassed our management goals.

Moving forward, under our recently formulated 8th Medium-Term Management Plan and Shareholder Return Policy, JSF, as Japan’s only securities finance company supporting the infrastructure functions of the securities and financial markets, will further advance its efforts to become a distinct and unique company that operates with a high degree of agility and flexibility. Our goal is to achieve sustained growth and to enhance our corporate value while maintaining strong financial soundness and contributing to the development of the securities and financial markets.

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The 8th Medium-Term Management Plan (FY2026-FY2028)

1. Corporate Philosophy

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

2. Vision for JSF in the Future

JSF, as Japan's one and only securities finance company that supports the infrastructure function of the securities and financial markets, seeks to be a distinctive and unique company that is agile and flexible enough to achieve sustained growth and enhance its corporate value by maintaining strong financial soundness, through its contributions to the development of the securities and financial market.

3. Management Principles

- (1) Practice sound business management and establish unwavering social trust by thoroughly implementing compliance, corporate governance, and risk management under a solid governance structure, while always maintaining a keen awareness of our social responsibilities as a securities finance company.
- (2) Strive to enhance corporate 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 continue to enhance shareholder returns.
- (3) Further enhance the securities financing centered on loans for margin transactions, JSF's core business, while also striving to expand and strengthen the finance and securities related services provided by JSF and its group companies, to further grow and solidify our business base.
- (4) Build a quick and efficient business management structure in order to respond to changes in the business environment in an agile and flexible manner, seek to strengthen our human resource base, and improve our corporate vitality and organizational transformation capabilities.

4. Management Goals

JSF aims to achieve a consolidated ordinary profit of 15 billion yen and an ROE of 8% by FY2028.

5. Strategies

(1) Stable Operations and Enhanced Accessibility of the Loans for Margin Transactions as Part of the Securities Market Infrastructure

Continue to maintain a system that appropriately responds to changes in the environment surrounding the stock market in an effort to ensure stable operations and improve accessibility to loans for margin transactions. Also, disseminate proactive information regarding loans for margin transactions, accurately grasp the trading requirements of market participants, and make other efforts to promote the use of loans for margin transactions.

(2) Expansion of Securities Financing Centered on Further Strengthening of Securities Lending

JSF will effectively leverage its accumulated expertise in funds and securities transactions in an effort to expand revenue opportunities centered on the further strengthening of the security lending segment. JSF will achieve this by expanding its securities-focused trading, such as securities-for-securities transactions, and by enhancing its trading scheme development capabilities.

(3) Enhancing Presence and Recognition in Overseas Markets

With respect to loans for margin transactions and securities financing, JSF will strengthen its position as a major player in Asia by stepping up overseas promotions, actively participating in forums held by international financial market participants associations, and expanding the target markets and product offerings for cross-border transactions.

(4) Business Innovation and Operational Efficiency through Digital Technology Utilization

JSF will promote strategic IT investments aligned with changes in its business portfolio and actively deploy digital technologies centered on strategic IT investments and operational optimization, in an effort to strengthen its competitive foundation. Additionally, JSF will continue to pursue mid- to long-term initiatives for business innovation, including the practical implementation of distributed ledger technology (DLT) in transactions.

(5) Strengthening of Group Consolidated Management

JSF will strive to strengthen group consolidated management by promoting deeper collaboration with group companies across various areas, including sales, risk management, and administration.

(6) Strengthening the Human Resource Capabilities

JSF will strengthen its human resource capabilities by strategically recruiting and developing professionals to support Strategies (1) through (5), and by building a talent portfolio focused on diversity, expertise, and independence. By advancing diversity and inclusion and fostering a workplace environment conducive to employee engagement, JSF will enhance its corporate vitality and organizational transformation capabilities.

Shareholder Return Policy During the Period of the 8th Medium-Term Management Plan

To enhance shareholder returns, JSF will aim for a total payout ratio of 100% until it achieves an ROE of 8%, by flexibly paying dividends and repurchasing shares.

Dividends will be paid proactively, with a dividend payout ratio of around 70% as a guideline.

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