

【NEWS RELEASE】

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Sumitomo Mitsui Financial Group
Sumitomo Mitsui Banking Corporation
SMBC Nikko Securities Inc.

SMBC Group and Jefferies Announce Strategic Alliance

TOKYO, July 14, 2021 --- Sumitomo Mitsui Financial Group, Inc., Sumitomo Mitsui Banking Corporation (“SMBC”) and SMBC Nikko Securities Inc. (“SMBC Nikko”) (together hereafter referred to as “SMBC Group”) announced today that they have entered into a strategic alliance with Jefferies Financial Group Inc. (NYSE: JEF) (“Jefferies Financial”), the parent company of Jefferies Group LLC (“Jefferies Group”) (together hereafter referred to as “Jefferies”), to collaborate on future corporate and investment banking (“CIB”) business opportunities.

SMBC Group provides a one-stop solution to its corporate clients through SMBC and SMBC Nikko by leveraging a global network of 148 overseas offices, world-class product capabilities and a strong balance sheet. As disclosed in its Medium-Term Management Plan, SMBC Group is striving to “enhance overseas CIB business to improve asset / capital efficiency” and strengthening the overseas securities business has been among the top priorities.

Jefferies is the largest independent, full-service, global, investment banking firm headquartered in the U.S. and provides a full range of investment banking, capital markets, research and asset and wealth management services. In 2020, Jefferies achieved top 10 rankings in a variety of businesses, including but not limited to, global M&A, U.S. and European equity underwriting and U.S. leveraged loans. In addition to strong positioning within investment banking, Jefferies also has a leading global trading franchise and a diversified alternative asset management platform with \$30bn of net asset values or net asset value equivalent assets under management for Jefferies and their affiliated asset managers.

Through the strategic alliance, SMBC Group and Jefferies will collaborate across highly-accretive growth areas in their corporate and investment banking businesses. These initiatives are expected to strengthen the existing businesses of both firms, and enhance each firm’s ability to support its clients’ needs.

- **U.S. Sub-Investment Grade:** SMBC Group and Jefferies will co-work in the U.S. leveraged finance business to expand and scale our existing capacity across the Sub-IG client segment;
- **Global M&A:** SMBC Group and Jefferies will work together to jointly seek cross-border M&A opportunities involving Japanese companies; and
- **U.S. Healthcare Sector:** SMBC Group and Jefferies will jointly pursue investment banking, capital markets and financing opportunities in the U.S. Healthcare sector by leveraging both companies’ respective strengths.

As part of this strategic alliance, SMBC Group intends to acquire up to 4.9% of the existing publicly-traded shares of common stock of Jefferies Financial, reflecting an equity investment of up to approximately \$386 million based on the closing stock price of Jefferies Financial as of July 13, 2021, subject to receipt of required regulatory approvals.

Overview of Jefferies Financial Group Inc. and Jefferies Group LLC

Company Name	Jefferies Financial Group Inc. (NYSE: JEF)	Jefferies Group LLC
Headquarter	New York, United States	New York, United States
Year of Establishment	1968	1962
Business	Investment banking and capital markets, sales and trading, research, wealth management services, asset management and merchant banking	Investment banking and capital markets, sales and trading, research and wealth management services
Total assets (as of the end of May 2021)	USD 58.0 billion	USD 52.2 billion
Net revenues (twelve months ended May 2021)	USD 7.9 billion	USD 6.7 billion
Net income (twelve months ended May 2021)	USD 1.5 billion	USD 1.4 billion