

March 20, 2023

To whom it may concern

Company: Japan Securities Finance Co., Ltd.
Representative Executive Officer & President: Shigeki Kushida
(Code No. 8511, TSE Prime)
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Notice from the Company's Audit Committee of the Reason for Not Filing a Lawsuit in
Response to a Shareholder's Request for Filing an Action

As notified in the "Shareholder's Request for Filing an Action" dated January 20, 2023, on January 19, 2023, Japan Securities Finance Co., Ltd.(the "Company") received a notice from the Company shareholders that a gain on the sale of the Company's securities was incorrectly accounted for in the Company's financial statements and the performance-linked remuneration, etc. calculated based on this was excessive, which notice was accompanied by a written request that Audit Committee Members file an action to enforce liability against each of the Executive Officers who received excessive performance-linked remuneration without legal cause (hereinafter "Request for Filing an Action"), seeking the return of the improper gains.

In response, the Company's Audit Committee has been investigating and reviewing whether or not there were improper gains described in the Request for Filing an Action in order to judge the appropriateness of the shareholders' claim.

As a result, the Company's Audit Committee has reached a unanimous opinion that the trading of the Company's securities is carried out on a regular basis as part of our ordinary course of business of securities investment operations. Accordingly, the Company's Audit Committee has determined that the gains from this sale should not be recognized as special income and therefore, it cannot be acknowledged that the fact of excessive recurring income, as well as over-calculated and paid performance-linked remuneration related to the recurring income, exists. Based on this, the Company's Audit Committee has decided not to file an action to enforce liability against the Executive Officers. The Committee has reported to the Board of Directors that a notification to this effect has been sent to the shareholders who made the request in accordance with Article 847, Paragraph 4 of the Companies Act.

End.