



May 9, 2023

To whom it may concern

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(Code No. 8511, TSE Prime)
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Notice on the Implementation of a Company Stock Incentive Program for Employees

As stated in the press release “Notice on a Company Stock Incentive Program for Employees” dated November 28, 2022, the Company had intended to grant to employees of the Company shares of common stock (hereinafter “Company Stock”) issued by the Company (hereinafter “Company Stock Incentive Program for Employees”) in accordance with the Company's performance for FY2022.

As a result of the Company's performance in FY2022 achieving its management target of an ROE of 4%, the Board of Directors passed a resolution at its May 9, 2023 meeting to implement the Company Stock Incentive Program for Employees. The details of this are as follows.

JSF, under its corporate philosophy and the Seventh Medium-term Management Plan (FY2023-FY2025), will strive to be a distinctive and unique company that is agile and flexible enough to maintain strong financial soundness as a securities finance company that supports the infrastructure function of the securities and financial markets, and to achieve sustainable growth and enhance its enterprise value over the medium and longer term.

1 . Aims and objectives of the Company Stock Incentive Program for Employees

(1) Improve Employee Job Satisfaction and Motivation

We are aiming to achieve an ROE of 4% in the period of our Sixth Medium-term Management Plan (until FY2022) and then an ROE of 5% in the period of the Seventh Medium-term Management Plan (FY2023-2025) as management targets based on the Medium-term Management Policy we announced in November 2021.

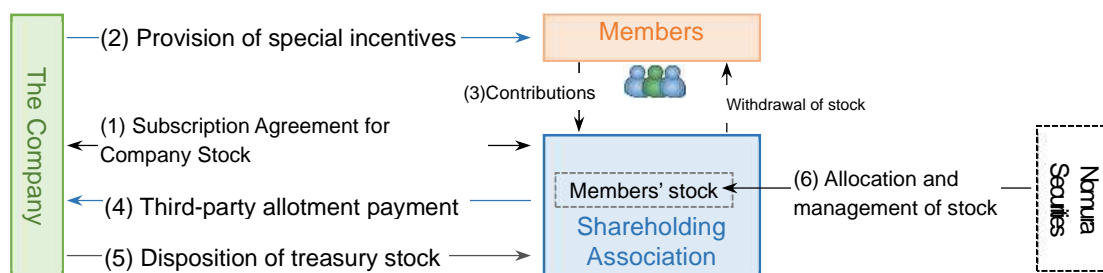
As a result of the Company's performance in FY2022 achieving its management target of 4% ROE, the Company will give Company Stock to our employees with the aim of improving their job satisfaction and motivation.

(2) Give an Incentive to Improve Corporate Value in the Medium- to Long-term

Our employees possessing shares in our company will further enhance their interest in

improving our corporate value. Furthermore, we will aim to improve our medium- to long term corporate value by promoting the sharing of value with our shareholders.

2 . Overview of the Company Stock Incentive Program for Employees



(1) The Company and the Japan Securities Finance Employee Shareholding Association (hereinafter “Shareholding Association”) will enter into a stock Subscription Agreement regarding the disposition and underwriting of treasury stock.

(2) The Company will provide special incentive payments to Company employees who are members of the Shareholding Association (hereinafter “Members”).

(3) Members will contribute the special incentive payments provided to the Shareholding Association.

(4) The Shareholding Association collects the special incentive funds contributed by Members and pays for the third-party allotment.

(5) Company disposes of treasury stock to the Shareholding Association.

(6) The allocated Company Stock is distributed to and managed for the members of the Shareholding Association through Nomura Securities Co., Ltd. to which the Shareholding Association outsources its shareholding operations.

Members are able to withdraw their allocated Company Stock to their personal securities account as they choose.

3 . Granting of Company Stocks under the Company Stock Incentive Program for Employees

In conjunction with the introduction of the Company Stock Incentive Program for Employees, the Company's Board of Directors passed a resolution today to dispose of 49,000 of its treasury share holdings (8,770,527 shares as of March 31, 2023 (Note)) to a Shareholding Association. The following is an overview of the Shareholding Association to which the shares will be allocated.

- (1) Name: Japan Securities Finance Employee Shareholding Association
- (2) Address: 1-2-10, Nihonbashi Kayabacho, Chuo-ku, Tokyo
- (3) Director: Takeharu Hitomi
- (4) Number of shares held: 375,588 shares (as of March 31, 2023)
- (5) Shareholding ratio: 0.39% (as of March 31, 2023) (Ratio of total shares issued)

(Note) However, as stated in the press release “Announcement regarding Cancellation of Treasury Stock” dated March 20, 2023, the Company cancelled 8 million shares of treasury stock on April 20, 2023, separately from the above disposition of treasury stock.

The Company has also filed a securities notice today regarding the aforementioned disposition of treasury stock based on the Financial Instruments and Exchange Act. The number of shares to be disposed of (the number of shares to be offered) stated in the securities notice assumes the maximum number of shares to be issued when all employees of the Company join the Shareholding Association. After a resolution is passed at a meeting of the Board of Directors of the Shareholding Association scheduled to be held today, May 9, a sufficient period of time will be given for employees to be notified of the plan, and a promotion will be held to solicit applicants for membership in the Shareholding Association. Therefore, there may be a small number of employees who do not actually join the Shareholding Association or who retire from the Shareholding Association, so the number of eligible participants may be less than the assumed maximum number of shares.

For details, please refer to the “Notice on Disposition of Treasury Stock by Third-Party Allotment” dated today.

This is the English translation of the document originally written in Japanese for non-Japanese convenience. Although Japan Securities Finance intends to faithfully translate the Japanese written documents into English version, the accuracy and correctness of translation are not guaranteed, so you are kindly encouraged to refer to the original Japanese version of the document.