



May 7, 2024

To Whom It May Concern:

Company: Japan Securities Finance Co., Ltd.
Representative Executive Officer & President: Shigeki Kushida
(Code No. 8511, TSE Prime)
Contact: Kentaro Hibi, General Manager, Corporate Governance Office
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Notice on the Implementation of a Company Stock Incentive Program for Employees

As stated in the press release “Notice on Employee Stock Incentive Plan” dated November 6, 2023, the Company has decided to grant employees of the Company shares of common stock (hereinafter, the “Company Stock”) issued by the Company (hereinafter, the “Company Stock Incentive Program for Employees”) in accordance with the Company’s performance for FY2023.

The Company’s performance in FY2023 exceeded an ROE of 5% and a consolidated ordinary profit of 10 billion yen, thereby enabling us to achieve our management target set out in our “Medium-term Management Policy” formulated in November 2021 and our Seventh Medium-term Management Plan (FY2023-FY2025) two years ahead of our expectations, whereby the Board of Directors passed a resolution for the implementation of the Company Stock Incentive Program for Employees at a meeting convened on May 7, 2024. The details of this are as follows.

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

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

(1) Improvement of Employee Job Satisfaction and Motivation

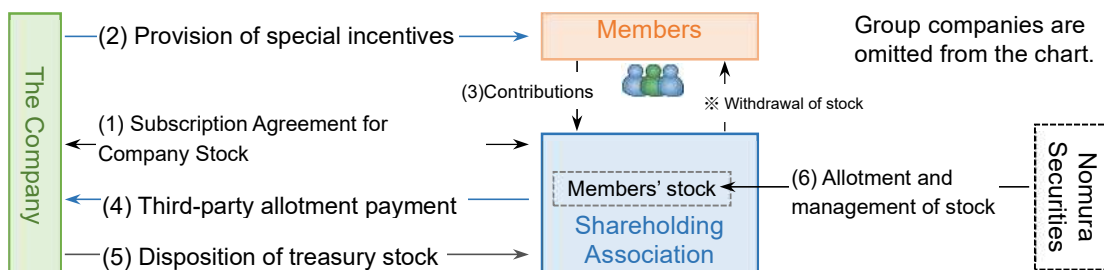
In our 7th Medium-term Management Policy, JSF seeks to maintain a stable ROE level of 5% or greater, and aims for the further improvement thereof. JSF also seeks to maintain a stable consolidated ordinary profit of over 10 billion yen, and also aims for further improvement thereof.

With the Company’s performance in FY2023 exceeding an ROE of 5% and a consolidated ordinary profit of 10 billion yen, the Company will provide Company Stock to our employees with the aim of improving their job satisfaction and motivation.

(2) Provide an Incentive for the Improvement of Corporate Value in the Medium to Long-term

JSF seeks to heighten interest in the improvement of its corporate value by having our employees hold the Company Stock, and seeks to improve its medium to long-term corporate value by promoting their sharing of value with all of our shareholders.

2. Overview of the Company Stock Incentive Program for Employees



(1) The Company and the Japan Securities Finance Employee Shareholding Association (hereinafter, the “Shareholding Association”) will enter into a Share 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 provided special incentive payments to the Shareholding Association.

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

(5) The Company will dispose of treasury stock to the Shareholding Association.

(6) The allotted Company Stock will be distributed to and managed on behalf of the Members of the Shareholding Association by Nomura Securities Co., Ltd., which has been outsourced with the shareholding operations by the Shareholding Association.

※ Members are able to withdraw their allotted Company Stock to their personal securities account as they choose in their discretion.

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, today the Company's Board of Directors passed a resolution for the disposition of 56,400 shares of its treasury stock holdings (3,245,689 shares as of March 31, 2024 (Note)) to the Shareholding Association. The following is an overview of the Shareholding Association where the shares will be allocated.

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| (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: | 429,788 shares (as of March 31, 2024) |
| (5) Shareholding ratio: | 0.48% (as of March 31, 2024) (Ratio of total shares issued) |

Today, pursuant to the Financial Instruments and Exchange Act, the Company also filed a securities registration statement regarding the aforementioned disposition of treasury stock . The number of shares subject to disposition (the number of shares to be offered) stated in this securities registration statement assumes the maximum number of shares if all employees of the Company join the Shareholding Association. Once the Board of Directors of the Shareholding Association passes a resolution at a meeting scheduled to be held today, May 7th, a sufficient period of time will be established for the implementation of promotion of enrollment to employees and the recruitment of applicants for membership in the Shareholding Association. Accordingly, there may be a small number of employees who do not actually join the Shareholding Association or who retire from the Shareholding Association, and as such 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.

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| <p>This document has been translated from the Japanese original for reference purposes only. Although Japan Securities Finance intends this to serve as a faithful translation of the Japanese original, it does not guarantee the accuracy and correctness of the translation, and encourages you to refer to the Japanese original.</p> |
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