

May 30, 2023

To All It May Concern,

Japan Securities Finance Co., Ltd.

Petition by Strategic Capital, Inc. for the Appointment of Inspector of Execution of Operations pursuant to Article 358 of the Companies Act, and the Status of Dialogue with that Company

Japan Securities Finance Co., Ltd. (hereinafter, "JSF") today announced that it has been notified by the Tokyo District Court that a Petition for the Appointment of Inspector of Execution of Operations (hereinafter, the "Petition") has been filed by Strategic Capital, Inc. (hereinafter, "SC") pursuant to Article 358 of the Companies Act.

According to SC's Petition for Appointment of Inspector of Execution of Operations provided by the Tokyo District Court, in essence, JSF's accounting procedures are claimed to be erroneous and the performance-linked remuneration of the Company's executive officers is claimed to be excessive. Therefore, SC has requested that the Tokyo District Court appoint an inspector to investigate the details of the accounting procedures adopted in cases where JSF recognizes gains on the sale of shares held by the Company (hereinafter, the "Accounting Procedures").

Prior to this Petition, SC has exercised its shareholder rights against JSF in a manner that has differed from other shareholders, such as by making certain shareholder proposals and requesting an extraordinary General Meeting of Shareholders pursuant to Article 316, Paragraph 2 of the Companies Act for the purpose of appointing an investigator. SC has stated that it plans to continue to so exercise its shareholder rights in the future as well. In addition, SC has unilaterally and negatively manipulated our reputation on a website specially established by SC, in advertisements in the media, and in social networking posts, by omitting context and by selectively quoting only a portion of discussions held with JSF.

JSF has worked diligently to engage in constructive dialogue with its investors, including SC, with the aim of achieving sustainable growth and increasing corporate value over the medium to long term, but unfortunately, the dialogue with SC has not been constructive. Also, shareholders other than SC, one after another, both domestic and foreign, have commented that they feel that the above-mentioned exercise of shareholder rights and manipulation of our reputation is damaging JSF's shareholder value, and have asked why shareholder proposals that are not considered to improve corporate value are repeatedly being put forward, to which we have struggled to provide an explanation.

Originally, instead of disclosing individual dialogues with shareholders, JSF adopted a fundamental policy of disclosing the overall picture of its dialogues with shareholders in the May 15, 2023 press release entitled "Company's Efforts to Respond to the Tokyo Stock Exchange's Request to Listed Companies, etc." However, in light of the above

circumstances, JSF has determined that disclosure of the status of our dialogue with SC has become unavoidable, and that it would be appropriate to organize and disclose as follows the information regarding the same.

We kindly request the understanding of all shareholders regarding this situation, and thank you in advance for your understanding.

JSF believes that dialogue with institutional investors is conducted with the aim of achieving sustainable growth and increasing corporate value over the medium to long term, in accordance with Basic Principle 5 of the Corporate Governance Code. Therefore, the question of what forms they would like such medium to long term vision to take, including the Company's business environment, management strategy, and sustainability, should be the most important theme in the dialogue conducted with investors. Based on this, JSF also has made every effort to achieve a constructive dialogue with SC, it has met with SC far more frequently than with other shareholders, and it has provided explanations regarding the Company's sustained growth and increase in corporate value over the medium to long term, as well as our track record, such as our sustained increases in ROE and total shareholder return, although there matters are still in progress.

However, SC has shown no interest in these explanations, and their discussions have focused on the so-called "amakudari" issue, resulting in a great deal of relentless conversation concerning the biographies and qualifications of each of the Company's officers. Based on their attitude regarding this dialogue, it appears that SC is not interested in the sustainable growth of the Company or the increase of our corporate value over the medium to long term, and it even seems that their sole interest is in eliminating management-class employees who come from the public sector, especially former employees of the Bank of Japan. Also, despite our statement that we would like to refrain from commenting on the issue of the Accounting Procedures because the matter is still pending before the court, they have repeatedly asked questions that appear to be for the purpose of gathering such information.

During the discussions, they repeatedly made statements that attacked the character of JSF's President, including his biography, and have damaged his social credibility. They have also frequently raised their voices loudly to interrupt the explanations provided by a Company's Executive Officer, they have demanded that the President remove the Executive Officer from the discussions, and their threatening behavior has otherwise been conspicuous and confrontational. Furthermore, they have made repeated requests for discussions that include all Executive Officers other than the President and the Executive Officer in charge, as well as with all outside directors.

In addition, SC has set up a special page on its website regarding the Company and posted on social media sites about the Company, selectively quoting statements made by the Company's management, including its outside directors and the President, to make unsubstantiated and definitive statements regarding the qualifications of management, and

has manipulated the Company's reputation by emphasizing these negative statements. We believe that these methods are intimidating and do not constitute a constructive dialogue.

Under these circumstances, we kindly request that investors understand that, despite the Company's efforts, it is extremely difficult to have a constructive dialogue with SC, and we further request that you make a well-balanced decision not solely based on the claims of SC, but also on the information communicated by the Company. Your support is greatly appreciated.

End.