



May 30, 2023

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
(E-mail :info@jsf.co.jp)

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.

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. Please refer to our website* for details and circumstances.

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.

(* URL)

https://www.jsf.co.jp/english/media/PressReleaseE_230530_kensayaku.pdf

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