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To Whom It May Concern:

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Notice Regarding Revision of Performance-Linked Stock Compensation Plan

Japan Securities Finance Co., Ltd. (hereinafter, "JSF") hereby announces that JSF resolved to partially revise its performance-linked stock compensation plan at the Compensation Committee meeting held today. The revised plan (hereinafter, "the Plan") will now include "Board Benefit Trust-Restricted Stock (BBT-RS)" which imposes restrictions up until their retirement on the transfer of the shares granted to Executive Officers and Corporate Officers (hereinafter, "Executives").

1. Background and Purpose of the Revision

With a view to enhancing correlation with JSF's business performance and shareholder value, compensation for executives shall be comprised of fixed monthly compensation, performance-linked bonuses and stock compensation. As a long-term incentive, stock compensation will be provided through a Board Benefit Trust scheme (hereinafter, "the BBT Plan"). Under the BBT Plan, executives are awarded points based on the achievement of management targets outlined in JSF's medium-term management plan. Upon retirement, executives will receive JSF shares equivalent to the total number of points they have accumulated. (Note 1)

JSF's Compensation Committee has resolved to revise the Plan with the aims of further enhancing the performance linkage of stock compensation as well as ensuring a more transparent disclosure of information. Under the Plan, restricted shares corresponding to the number of points awarded will be granted to executives at a designated time each year. This change enables executives to hold voting rights and receive dividends during their tenure, thereby aligning their interests with those of shareholders. It should be noted that the method for determining the points is still based on the achievement of management targets outlined in JSF's medium-term management plan, and remains unchanged.

(Note 1) JSF decided to introduce the BBT Plan at the Board of Directors meeting held on May 12, 2016. This plan was approved at the 106th Annual General Meeting of Shareholders held on June 24, 2016. Initially, the BBT Plan was applicable to Directors (excluding Outside Directors) and Corporate Officers. However, following the approval of JSF's transition to a

Company with a Nominating Committee, etc., at the 109th Annual General Meeting of Shareholders held on June 25, 2019, the scope of the BBT Plan was revised to include Executive Officers and Corporate Officers.

2. Overview of the Plan and Details of the Revision from the BBT Plan

The Plan is a performance-linked stock compensation system in which JSF's shares are acquired through a trust (Note 2) using funds contributed by JSF. According to the Executive Stock Compensation Rules established by JSF, these shares, or an equivalent monetary amount converted at market value (hereinafter, "JSF Shares"), are granted to Executives through the trust.

The details of the revision from the BBT Plan are as follows. (For details of the BBT Plan, please refer to the "Agenda 5: Introduction of Performance-based Share Remuneration Plan for Directors in the "NOTICE OF THE 106th ORDINARY GENERAL MEETING OF SHAREHOLDERS" dated June 2, 2016 and the "Notice Regarding Additional Contributions to the Board Benefit Trust (BBT)" dated May 14, 2018).

Item	BBT Plan (Old)	The Plan (New)
Number of points granted to Executives that serve as the basis for the provision of JSF Shares (hereinafter, "Performance Points") (Note 3)	The cumulative number of points granted based on the performance in each fiscal year up until retirement	The number of points granted based on the performance in each fiscal year
Provision of JSF Shares	After retirement, Executives who have retired and meet the beneficiary requirements stipulated in the Executive Stock Compensation Rules will receive JSF Shares from the trust, in proportion to their Performance Points, by completing the necessary beneficiary confirmation procedures. (Notes 5, 6)	Executives who meet the beneficiary requirements stipulated in the Executive Stock Compensation Rules will receive by a certain time each year JSF Shares from the trust, in proportion to their Performance Points, by completing the necessary beneficiary confirmation procedures. (Notes 4, 5, 6)

(Note 2) Based on the BBT Plan, JSF has established a trust with Mizuho Trust & Banking Co., Ltd. serving as the trustee. Under the Plan, the contribution of stock acquisition funds by JSF,

the acquisition of JSF's shares, and the provision of shares to Executives will also be conducted through this trust (hereinafter, "the Trust"). In the period up until the termination of the Plan, in principle, JSF will make additional contributions to the Trust for each target period (a period of four fiscal years defined by JSF) to cover the reasonably estimated number of shares that will be required to be provided to Executives under the Plan. The Trust will then use these funds to acquire JSF's shares. It should be noted that stock acquisition funds will not be contributed and JSF's shares will not be acquired during the transition to the current Plan.

(Note 3) Each point granted to Executives will be converted into one share of JSF's common stock, at a 1:1 ratio, upon the provision of JSF Shares (provided, however, that in the event of a stock split, stock dividend, or reverse stock split, etc., reasonable adjustments will be made in accordance with that ratio to the maximum number of points and the number of points already granted or the conversion ratio therefor). The maximum number of points per fiscal year is set at 188,000 points. It should be noted that this limit has not been changed under the recent revision.

(Note 4) In the event that Executives are granted JSF Shares during their tenure, they shall enter into a transfer restriction agreement with the company as described in Section 3 below (hereinafter, "the Transfer Restriction Agreement") prior to the granting of JSF Shares. As a result, the JSF Shares granted to Executives during their tenure will be subject to transfer restrictions up until their retirement.

(Note 5) If the requirements stipulated in the Executive Stock Compensation Rules are met, a certain percentage of compensation will be awarded in cash in an amount equivalent to the market value of the JSF Shares as of the time of retirement, in lieu of the granting of JSF Shares.

(Note 6) The handling of those Executives granted points who are subject to dismissal shall be conducted in accordance with the provisions of the Transfer Restriction Agreement and the decision of the Compensation Committee.

3. Overview of the Transfer Restriction Agreement Pertaining to the JSF Shares Provided to Executives

In cases where Executives are granted JSF Shares during their tenure, they shall enter into the Transfer Restriction Agreement with the JSF prior to the provision of JSF Shares. The Transfer Restriction Agreement will include, but not be limited to, the following content (Executives shall be granted JSF Shares on the condition that they enter into the Transfer Restriction Agreement).

① Content of Transfer Restrictions

Executives shall not transfer, create a security interest in, or otherwise dispose of the granted JSF Shares from the date they receive the shares through the date they retire from any position as an executive (provided, however, that if they are appointed as a director within three months after retiring as an executive, the restriction shall continue up through the date they retire from their position as a director).

② Acquisition without Compensation by JSF

If certain illegal or wrongful acts occur, or if the conditions for lifting the transfer restrictions as specified in section 3 below are not met, JSF shall acquire the JSF Shares without compensation.

③ Lifting of Transfer Restrictions

If an Executive retires from all positions as an executive for a legitimate reason (provided, however, that if they are appointed as a director within three months after retiring as an executive, this shall include the position of director) or retires due to death, the transfer restrictions shall be lifted at that time.

④ Handling in Cases of Organizational Restructuring, etc.

If matters related to a merger agreement under which JSF becomes an absorbed company or other organizational restructuring matters are approved at a shareholders' meeting or the like, the transfer restrictions shall be lifted by resolution of the JSF's Board of Directors as of the time immediately preceding the last business day prior to the effective date of such organizational restructuring.

During the transfer restriction period, the JSF Shares subject to transfer restrictions under the Transfer Restriction Agreement shall be managed in a dedicated account opened by the relevant Executive at a securities company designated by JSF, to ensure that they cannot be transferred, pledged, or otherwise disposed of during the transfer restriction period.

Furthermore, in addition to the foregoing, the Transfer Restriction Agreement shall set out the methods for declarations of intent and notifications pursuant to the Transfer Restriction Agreement, and the methods for amending the Transfer Restriction Agreement.

【Outline of the Trust】

① Name: Stock Benefit Trust (BBT-RS)

② Settlor: JSF

③ Trustee: Mizuho Trust & Banking Co., Ltd. (Sub-Trustee: Custody Bank of Japan, Ltd.)

④ Beneficiaries: Executives who meet the beneficiary requirements specified in the Executive Stock Compensation Rules

⑤ Trust Administrator: A third party with no vested interest in JSF, to be selected

⑥ Type of Trust: Pecuniary trust other than money trust (third-party benefit trust)

- ⑦ Date of Trust Agreement: August 15, 2016
- ⑧ Date Money is Placed in Trust: August 15, 2016
- ⑨ Trust Period: From August 15, 2016, until the trust is terminated (No specific termination date is set; the trust will continue as long as the system remains in place.)

End of Document

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