



May 15, 2025

To Whom It May Concern:

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Notice Regarding Re-establishment of Framework for Compensation Under the Board Benefit Trust (BBT)

With respect to a performance-linked stock compensation plan (the “**Plan**”) approved at the 82nd Ordinary General Meeting of Shareholders held on June 19, 2017 and introduced, titled the Board Benefit Trust (BBT), the Company hereby announce as follows that, at the Board of Directors held today, we have decided to submit a proposal regarding re-establishment of framework for compensation, under the Plan, of the Directors (excluding Outside Directors; unless otherwise specified, the same will apply hereinafter) to the 90th Ordinary General Meeting of Shareholders to be held on June 25, 2025 (the “**General Meeting of Shareholders**”).

**1. Re-Establishment of Framework for Compensation under the Plan**

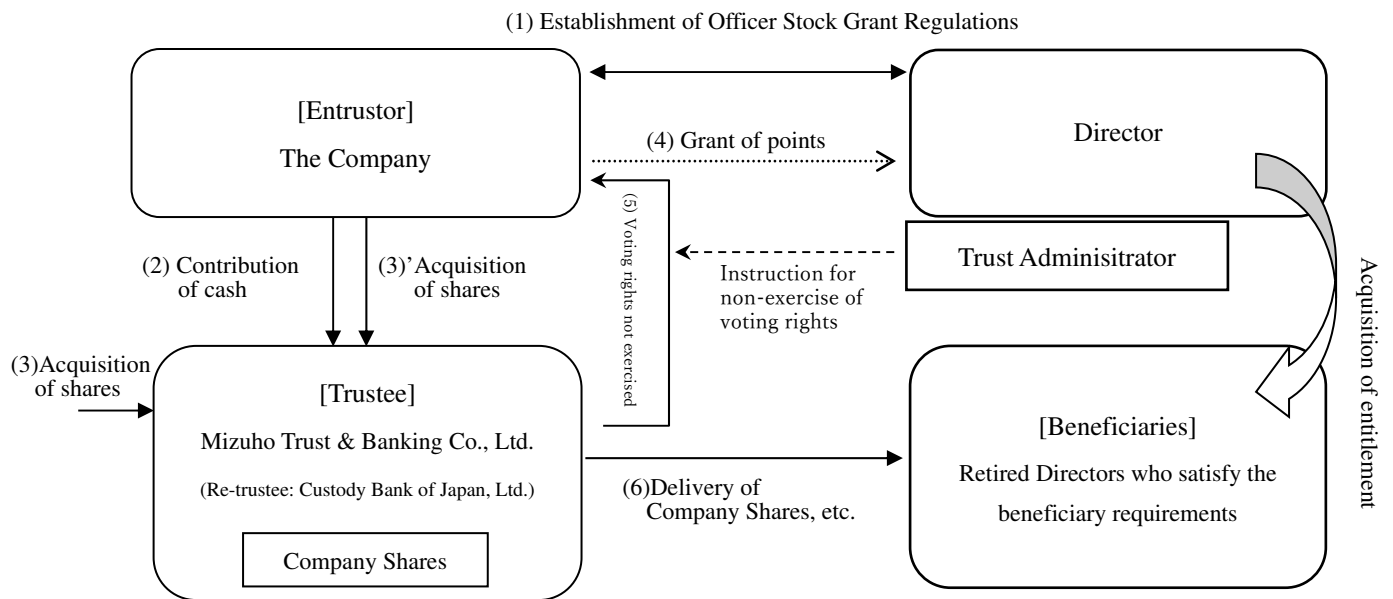
Previous framework for compensation under the Plan will be re-established (for details of the previous Plan, please refer to “Notice Concerning the Introduction of Share-Based Compensation Plan” announced dated May 12, 2017). This re-establishment is aiming for ensuring that it functions as an appropriate incentive to enhance the Company’s medium- to long-term corporate value and to further promote the sharing of value with shareholders. Specifically, in light of this purpose of re-establishing the framework for compensation, the Company hereby decided (i) to increase the proportion of stock-based compensation within Directors’ overall compensation, (ii) to raise the upper limit on the number of points that may be granted to Directors per fiscal year to 100,000 points in order to enhance the incentive for Directors to achieve medium- to long-term increases in the Company’s share price, (iii) to establish a specific method for calculating the amount of compensation to be paid to Directors under the Plan, and (iv) to remove the upper limit on the amount of cash that the Company may contribute to the BBT, taking into account the potential impact of fluctuations in the Company’s share price on the number of shares to be acquired by the BBT.

## 2. Overview of Plan (*key revisions are underlined>*).

### (1) Overview of Plan

The Plan is a stock-based compensation system under which the shares of the Company are acquired through a trust (the “**Trust**”) established in accordance with the Plan, using funds contributed by the Company. Under the Company’s Officer Stock Grant Regulations, compensation is granted to Directors through the Trust in the form of (i) shares of the Company and (ii) cash in an amount equivalent to the market value of such shares as of the time of the Director’s retirement (collectively, the “**Company Shares, etc.**”). Generally, the Company Shares, etc. will be delivered upon the Director’s retirement.

#### < Framework of the Plan >



- (1) The Company will establish the “Officer Stock Grant Regulations” within the scope of the framework approved in the General Meeting of Shareholders.
- (2) The Company will contribute the cash within the scope of the approval of the General Meeting of Shareholders.
- (3) The Trust will acquire the Company Shares by using the funds contributed under (2) as the source of funds for the acquisition of the Company Shares through market transactions on a stock exchange or by subscribing to a disposition of the Company’s treasury shares (3)’.
- (4) The Company will grant points to Directors in accordance with the “Officer Stock Grant Regulations.”
- (5) The Trust will not exercise voting rights attached to Company Shares held in the Trust Account in accordance with the instructions of the trust administrator, who is independent from the Company.
- (6) The Trust will deliver Company Shares to those who have retired as Directors and who satisfy the beneficiary requirements set forth in the “Officer Stock Grant Regulations” (the “**Beneficiaries**”) in accordance with the number of points granted to such Beneficiaries. At such time, in relation to a certain portion of the Company Shares that the Beneficiary is entitled to receive, the Company may, in accordance with the requirements set forth in the Officer Stock Grant Regulations, make a cash payment to such Beneficiary equivalent to the market value of such shares as of the date of the Beneficiary’s retirement.

## **(2) Eligible Participants**

Directors (excluding Outside Directors)

## **(3) Trust Period**

From October 2017 until termination of the Trust (Note: no specific termination date is set for the Trust period; the Trust will remain in effect for as long as the Plan remains in effect. The Plan will terminate upon the delisting of the Company's shares, the abolition of the Company's Officer Stock Grant Regulations, or the occurrence of any other similar events.)

## **(4) Trust Amount**

The Company has introduced the Plan for the three fiscal years from the fiscal year ended March 31, 2018, through the fiscal year ended March 31, 2020 (the “**Initial Applicable Period**”; the Initial Applicable Period and each subsequent three-year period thereafter are each referred to as an “**Applicable Period**”) and for each Applicable Period. For the purpose of delivering the Company's Shares, etc. to the Directors under the Plan for the Initial Applicable Period, the Company contributed 105 million yen to the Trust as the funds for the acquisition of the Company's Shares, etc. by the Trust and established the Trust. The Trust used such funds to acquire 81,800 shares of the Company's stock. In addition, in August 2020, the Trust acquired 101,500 shares of the Company's stock through a cash contribution of 72 million yen, and in March 2024, it acquired 84,600 shares of the Company's stock through an additional cash contribution of 72 million yen.

Even after the end of each Applicable Period, and until the termination of the Plan, the Company will generally make a reasonable estimate of the number of Shares required to deliver Company Shares, etc. to Directors under the Plan for each Applicable Period, and will make additional cash contributions to the Trust as necessary to enable the Trust to acquire such shares in advance. As described in Item (5) below, since the maximum number of Shares of the Company that may be acquired by the Trust for each Applicable Period is 300,000 shares, the total trust amount to be contributed as the funds for the acquisition of the Company's Shares by the Trust is limited to the highest price of the Company's common stock in regular trading on the Tokyo Stock Exchange during the Applicable Period multiplied by 300,000. However, in the event that an additional contribution is made, if there are any shares of the Company or cash remaining in the trust assets (shares of the Company equivalent to the number of points granted to Directors for each Applicable Period up the immediately preceding one, excluding those for which delivery to Directors has not yet been completed, and cash; collectively, the “**Residual Shares, etc.**”) the Residual Shares, etc. will be used as the source of funds for the delivery of Company Shares, etc. under the Plan for subsequent Applicable Periods, and the amount of any additional contribution will be calculated taking into account the Residual Shares, etc. If the Company decides to make an additional contribution, it will disclose such decision in a timely and appropriate manner.

Note: The actual amount of cash contributed by the Company to the Trust will be the sum of the funds required to acquire shares as described above and the estimated amount of necessary expenses, including trust fees.

## **(5) Method and Number of Shares to be Acquired by Trust**

The Trust will acquire shares of the Company using funds contributed as described in Item (4) above, either through market transactions on a stock exchange or by subscribing to the disposition of the Company's treasury shares.

The maximum number of points that may be granted to Directors is 100,000 points per fiscal year, as described in Item (6) below. Therefore, the maximum number of Shares of the Company that may be acquired by the Trust for each Applicable Period is 300,000 shares. The details of each acquisition will be disclosed in a timely and appropriate manner.

**(6) Method of Calculating Number of Company Shares, etc. to be delivered to Directors and its limit**

Each fiscal year, Directors will be granted a number of points determined in accordance with the Company's Officer Stock Grant Regulations, taking into consideration their position and other relevant factors. The total number of points granted to Directors per fiscal year will not exceed 100,000 points. This upper limit has been set based on a comprehensive assessment of the current level of Director compensation, the number of Directors, as well as future projections, and the Company considers such limit appropriate.

Each point granted to Directors will generally be converted into one share of the Company's common stock at the time of delivery of the Company Shares, etc. as described in Item (7) below. (However, if, following the approval of the General Meeting of Shareholders, a stock split, a gratis allotment of shares, a reverse stock split, or other similar corporate action is conducted with respect to the Company's shares, the Company will reasonably adjust the upper limit on the number of points, the number of points already granted, or the conversion ratio, as applicable, in accordance with the applicable ratio or other relevant factors.)

As of March 31, 2025, the number of voting rights corresponding to the maximum number of points that may be granted to Directors per fiscal year, which is equivalent to 1,000 voting rights, is approximately 0.16% of the total number of voting rights of the issued shares of the Company, which is 618,123 voting rights.

The number of points that will serve as the basis for the delivery of the Company's Shares, etc. in accordance with Item (7) below will generally be the total number of points granted to the relevant Director up to the time of retirement (such total number of points calculated in this manner is referred to below as the "**Finalized Number of Points**").

**(7) Delivery of Company Shares, etc.**

Upon retirement, a Director who meets the beneficiary requirements set forth in the Company's Officer Stock Grant Regulations will generally receive from the Trust, upon completion of the prescribed procedures for determining beneficiaries, the number of Company Shares equivalent to the number of Finalized Number of Points calculated in accordance with Item (6) above. At such time, in relation to a certain portion of the Company Shares that the Director is entitled to receive, the Company may, in accordance with the requirements set forth in the Officer Stock Grant Regulations, make a cash payment to such Director equivalent to the market value of such shares as of the date of the Director's retirement. (In such case, the Trust may sell the Company Shares in order to fund such cash payment.)

Notwithstanding the foregoing, even if a Director has been granted points, such Director will not be entitled to delivery of the Company Shares, etc. if such Director is (i) removed by a resolution of the General Meeting of Shareholders, (ii) retires due to certain misconduct during such Director's term of office, or (iii) engages in any inappropriate conduct during such Director's term of office that causes damage to the Company.

**(8) Exercise of Voting Rights**

The voting rights attached to the Company Shares held in the Trust Account will not, under any

circumstances, be exercised, in accordance with the instructions of the Trust administrator. This approach is intended to ensure neutrality in the Company's management in relation to the exercise of voting rights for Company Shares held in the Trust Account.

#### **(9) Treatment of Dividends**

Dividends on Company Shares held in the Trust Account will be received by the Trust and used to fund the purchase price for acquiring Company Shares and paying trust fees and other expenses associated with the trust administration of the Trust. If the Trust is terminated, dividends and any remaining funds in the Trust will be allocated to Directors then in office in proportion to the number of points held by each Director in accordance with the provisions of the Company's Officer Stock Grant Regulations.

#### **(10) Treatment upon Termination of Trust**

The Trust will terminate upon the delisting of the Company's shares, the abolition of the Company's Officer Stock Grant Regulations, or the occurrence of any other similar events.

Upon termination of the Trust, all remaining assets of the Trust consisting of Company Shares will be acquired by the Company without consideration and will be cancelled by a resolution of the Board of Directors. With respect to any cash remaining in the Trust at the time of termination, the amount remaining after deducting the amount payable to the Directors under Item (9) above will be returned to the Company.

#### **[Overview of Trust]**

(1) Name:	Board Benefit Trust (BBT)
(2) Entrustor:	The Company
(3) Trustee:	Mizuho Trust & Banking Co., Ltd. (re-entrusted by: Custody Bank of Japan, Ltd.)
(4) Beneficiaries:	Retired Directors who satisfy the beneficiary requirements provided in the Officer Stock Grant Regulation
(5) Trust Administrator:	A third party that has no conflict of interest with the Company has been selected.
(6) Types of trust:	Money trust other than cash trusts (third-party benefit trust)
(7) Date of conclusion of this trust agreement:	October 31, 2017
(8) Date on which the funds were entrusted:	October 31, 2017
(9) Period of Trust:	From October 31, 2017 until the Trust is terminated (No specific date has been set for the termination of the Trust; the Trust will continue as long as the Plan continues.)

End