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August 13, 2024

To whom it may concerns

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Name of representative: Koichi Kameda, Representative Director and President (Securities code: 141A, TSE Growth Market)
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Notice Concerning Introduction of Performance-based Restricted Shares Compensation Plan

At a meeting of the Board of Directors held on August 13, 2024, the Company reviewed its executive compensation system and resolved to introduce a performance-based restricted shares compensation plan (the "Plan"), and the Company hereby announces that it has decided to submit a proposal concerning the Plan to the 10th Ordinary General Meeting of Shareholders scheduled to be held on September 27, 2024 (the "General Meeting of Shareholders"), as follows.

1. Purpose and Conditions for Introducing the Plan

(1) Purpose of the introduction

The purpose of the Plan is to provide incentives to the Company's Directors (excluding Outside Directors, "Eligible Directors") to continuously improve the Company's corporate value and shareholder value over the medium to long term, to promote further value sharing with shareholders, and to clarify the linkage between performance targets, etc. and compensation, thereby ensuring their commitment to the Company's business performance.

(2) Conditions for the introduction

Since the Plan is to grant performance-based restricted shares to Eligible Directors as compensation, or to grant monetary compensation claims for the grant of performance-based restricted shares as compensation, the introduction of the Plan is subject to obtaining the approval of shareholders for the payment of such compensation at the General Meeting of Shareholders.

The amount of compensation, etc. for the Company's Directors was approved as an annual amount not exceeding 500 million yen at the 1st Ordinary General Meeting of Shareholders held on June 17, 2016, and at this General Meeting of Shareholders, the Company plans to seek approval from shareholders to set a compensation limit for the Plan for Eligible Directors within the aforementioned annual compensation limit of 500 million yen.

2. Overview of the Plan

The grant of performance-based restricted shares under the Plan shall be made either by issuing or disposing of shares of common stock of the Company without requiring payment of money or delivery of assets as compensation to the Directors, or by providing monetary compensation claims to the Eligible Directors and having them contribute such monetary compensation claims in kind, and then issuing or disposing of shares of common stock of the Company.

The total number of shares of the Company's common stock to be issued or disposed of under this Plan shall not exceed 40,000 shares per year, and the total amount of compensation shall not exceed 100 million yen per year within the current compensation limit of 500 million yen per year (however, if the total number of issued shares of the Company increases or decreases due to a reverse stock split or stock split (including gratis allotment of shares), the maximum number of shares shall be proportionally adjusted accordingly).

In addition, the amount to be paid per share in the case of in-kind contributions shall be determined by the Board of Directors based on the closing price of the Company's common stock on the Tokyo Stock Exchange on the business day immediately preceding the date of resolution by the Board of Directors regarding the issuance or disposal (or the closing price on the most recent trading day preceding that date if no trading was conducted on that date), within the scope that is not particularly advantageous to the Eligible Directors.

The period of restriction on transfer shall be a period determined by the Board of Directors of the Company. The specific timing and allocation of payments to each Eligible Director shall be determined by the Board of Directors of the Company after deliberation by the Nomination and Compensation Advisory Committee, respecting the opinions of the Committee.

In addition, when granting performance-based restricted shares under the Plan, a Performance-based Restricted Shares Allotment Agreement (the "Allotment Agreement") shall be concluded between the Company and the Eligible Directors, and the contents of the Allotment Agreement shall include the following items.

(i) Eligible Directors shall not transfer, create security interests in, or otherwise dispose of the shares during a period to be determined by the Board of Directors of the Company

(ii) Subject to the condition that the Eligible Director has continuously served as a Director of the Company or in any other position determined by the Board of Directors of the Company during the service period determined by the Board of Directors of the Company, and has achieved the performance targets, etc. (indicators showing the status of profits, indicators showing the status of the market price of shares, indicators showing the status of sales and other indicators based on the management policy of the Company) during the period determined by the Board of Directors of the Company, and that the transfer restrictions on all shares delivered under the Plan shall be lifted upon the expiration of the transfer restriction period

(iii) In the event of a violation of laws, regulations, internal rules, or the Allotment Agreement, or any other event specified by the Board of Directors of the Company as a reason why it is appropriate to acquire such shares for no consideration, and in the event that the performance targets, etc. set by the Board of Directors of the Company as of the expiration of the transfer restriction period cannot be achieved and the transfer restriction is not lifted, the shares concerned shall naturally be acquired by the Company without consideration

(Reference)
Subject to the approval of the proposal regarding the Plan at the General Meeting of Shareholders, the Company plans to grant restricted shares to its employees and to officers and employees of its subsidiaries.