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May 15, 2025

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Notice Concerning Continuation of Performance-Linked Stock-Based Allocation System for Management-Level Employees of the Company

MITSUBISHI KAKOKI (hereinafter, the "Company") hereby announces that, at a meeting of the Board of Directors held today, it resolved to continue the performance-linked stock-based allocation system (hereinafter, the "System") introduced in fiscal year 2024 for management-level employees of the Company.

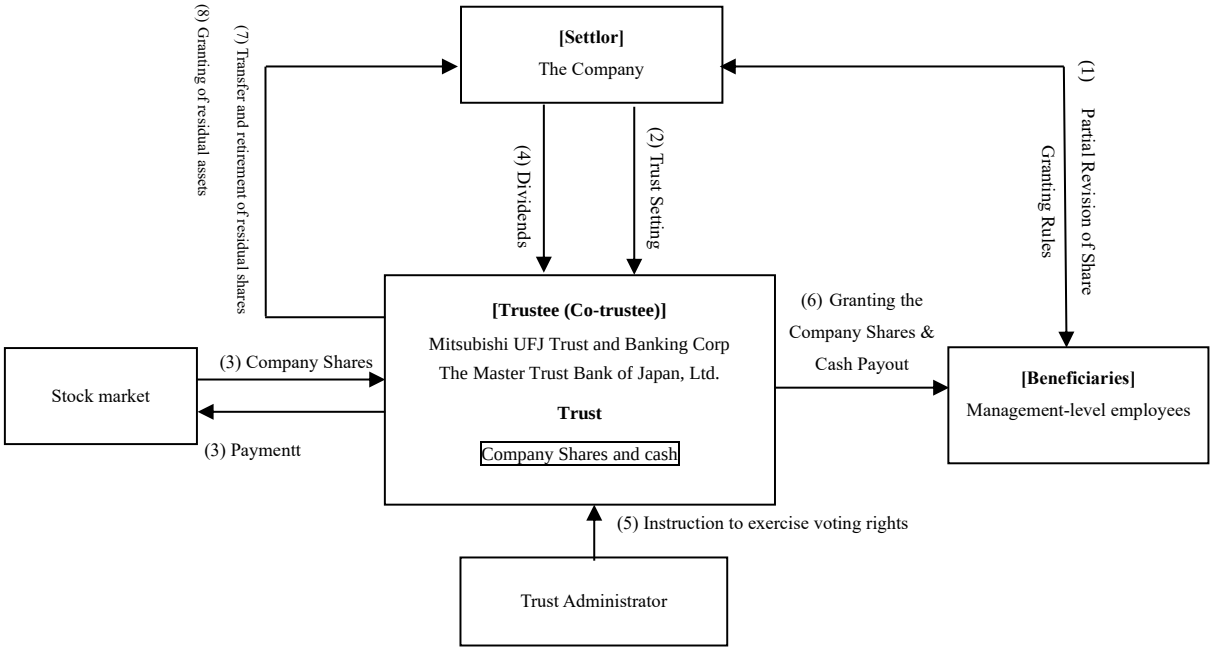
1. Continuation of the System

(1) The Company introduced the System with the aim of increasing the motivation of management-level employees to contribute to improving the Company's performance and enhancing corporate value over the medium/long term. The Company plans to continue the System through and beyond fiscal year 2025.

(2) A mechanism called an ESOP (Employee Stock Ownership Plan) trust for granting stocks (hereinafter, "ESOP Trust") has been adopted as the basis for the performance-linked stock-based executive allocation system for management-level employees. An ESOP Trust is an incentive plan based on the ESOP system used in the United States. It acquires and grants Company shares and pays out monetary amounts for those shares after they have been converted into cash (hereinafter, the "Company Shares, etc.)" to management-level employees who meet specific requirements based on pre-established share granting rules (hereinafter, "granting(ed)(s)") during their period of employment.

(3) The Company Shares, etc., granted to employees vary depending on the level of progress toward the goals of the Company set out in the Medium-Term Management Plan. Therefore, the period covering the System will, in principle, be three fiscal years corresponding to the period of the Company's Medium-Term Management Plan.

2. Overview of System



(1) The Company shall make partial amendments to its share granting rules as they pertain to the System once the necessary procedures have been carried out, including the passing of a resolution of the Board of Directors.

(2) The Company shall entrust additional funds, within the scope approved by the General Meeting of Shareholders, and extend the term of the trust (hereinafter, the "Trust") to which Eligible Directors, etc. who meet the beneficiary requirements shall be the beneficiaries.

(3) The trustee shall acquire the Company shares from the stock market during the pre-determined acquisition period using the entrusted funds (including those entrusted in "2)" above) in accordance with the instructions of the trust administrator.

(4) Dividends on the Company Shares under the Trust shall be paid in the same manner as those on other shares of the Company.

(5) Voting rights pertaining to the Company Shares under the Trust shall be exercised during the trust period in accordance with the instructions of the trust administrator.

(6) Management-level employees who meet the beneficiary requirements during the trust period shall be granted Company Shares, etc., by the Trust during their period of employment.

(7) If there are residual shares at the expiry of the trust period, the Company plans to either continue the Trust as part of the System or as a similar type of incentive plan, by making amendments to the trust agreement and additional contributions to the Trust, or the said residual shares shall be transferred from the Trust to the Company, and the Company will acquire these shares without compensation. Then, upon a resolution of the Board of Directors, the Company shall retire those shares.

(8) Upon the termination of the Trust, residual assets remaining after distribution to beneficiaries shall belong to the Company within the range of the reserve for trust expenses, calculated by deducting the funds for acquiring shares from the trust money. With regard to any portion in excess of the reserve for trust expenses, the Company plans to donate to organizations that have no interest in the Company and/or management-level employees who are would-be beneficiaries.

(Note)

If, during the trust period, there is a possibility that the number of shares under the Trust will fall short of the number of Company Shares, etc., that are to be granted to management-level employees who meet beneficiary requirements, or there is a possibility that the monetary funds in the trust property will be insufficient to pay fees and/or expenses under the trust, additional funds may be added to the Trust.

(Reference)

[Details of Trust Agreement]

(1) Trust type	Monetary trust other than an individually operated designated money trust (third-party benefit trust)
(2) Purpose of trust	Provide management-level employees with incentives
(3) Settlor	The Company
(4) Trustee	Mitsubishi UFJ Trust and Banking Corporation (Co-trustee: The Master Trust Bank of Japan, Ltd.)
(5) Beneficiary	Management-level employees who meet beneficiary requirements
(6) Trust administrator	A third party who has no interest in the Company (e.g., certified public accountant)
(7) Date of trust agreement	May 16, 2024
(8) Trust period	May 16, 2024 to August 31, 2028 (Tentatively to be extended to August 31, 2028 by the amended trust agreement dated May 23, 2025)
(9) Commencement of System	May 16, 2024
(10) Exercise of voting rights	The trustees shall exercise voting rights pertaining to the Company shares in accordance with the instructions of the trust administrator in such a way that reflects the status of voting rights of candidate beneficiaries.
(11) Type of shares to be acquired	Common shares of the Company
(12) Amount of additional trust money	210 million yen (including trust fees and expenses)
(13) Time period for acquiring additional shares	May 26, 2025 (tentative) to June 20, 2025 (tentative)
(14) Method of share acquisition	To be acquired from the stock market
(15) Rights holder	The Company

(16) Residual assets	The Company, as the rights holder, may receive residual assets within the extent of the reserve for trust expenses, which is calculated by deducting the funds to acquire shares from trust money

(Note)
The above tentative dates may be subject to change to a time that is more appropriate in consideration of various laws and regulations.