

AVANT
GROUP



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To whom it may concern

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Notice Revision of Performance-Linked Stock Compensation Plan for Directors

The Board of Directors of AVANT GROUP resolved today to revise the performance-linked share compensation plan introduced for the Company's directors (excluding directors who are members of the Audit Committee and outside directors, as described below). The Board of Directors of the Company resolved at its meeting held today to change the performance-linked share compensation plan introduced for the Company's Directors (excluding Directors who are members of the Audit Committee and Outside Directors as described below) to a performance-linked share compensation plan (the 'Plan') under which the Company shares with restrictions on transfer are granted using a trust. AVANT GROUP has resolved to change the performance-linked share compensation plan to a performance-linked share compensation plan under which the Company's shares are granted with transfer restrictions using a trust (hereinafter referred to as the 'Plan'), and to submit a proposal for this to the 28th Annual General Meeting of Shareholders to be held on 25 September 2024 (hereinafter referred to as the 'General Meeting'). The following is an announcement of the resolution.

Notes

1. Revision of Performance-Linked Stock Compensation Plan

AVANT GROUP has decided to introduce a new medium-term performance-linked share-based compensation system for directors, excluding members of the Audit Committee and outside directors (hereinafter referred to as 'eligible directors'). The 27th Ordinary General Meeting of Shareholders of the Company held on 27 September 2023 approved the following changes to the medium-term performance-linked share-based compensation system for

directors, excluding members of the Audit Committee and outside directors ('Subject Directors'): the annual amount of monetary compensation claims to be paid shall not exceed ¥100,000 thousand, the annual number of shares to be delivered shall not exceed 60,000 shares per director per year and the total annual number of shares to be delivered by all Subject Directors shall not exceed 100,000 shares. (Hereafter, the resolution passed at the above General Meeting of Shareholders is referred to as the 'Original Resolution' and the performance-linked share-based compensation system based on the Original Resolution is referred to as the 'Original System'). .

This proposal, while maintaining the substance of the amount to be paid per financial year and the number of shares to be delivered to eligible directors approved by the Original Resolution, will replace the Original System with a plan whereby shares will be delivered to directors from the trust assets of a trust established by the Company, as described in 2 below, and whereby shares to be delivered to eligible directors will (The performance-linked share compensation plan under this proposal is hereinafter referred to as the 'Plan' and the details of the Plan are proposed to be left to the Board of Directors within the following scope). . This means that directors will not be able to buy or sell the shares delivered to them until they retire from office, allowing them to work on their incentives to increase corporate value for a longer period of time, including the period after the shares have been delivered.

The change to this system is subject to approval by the Shareholders' Meeting.

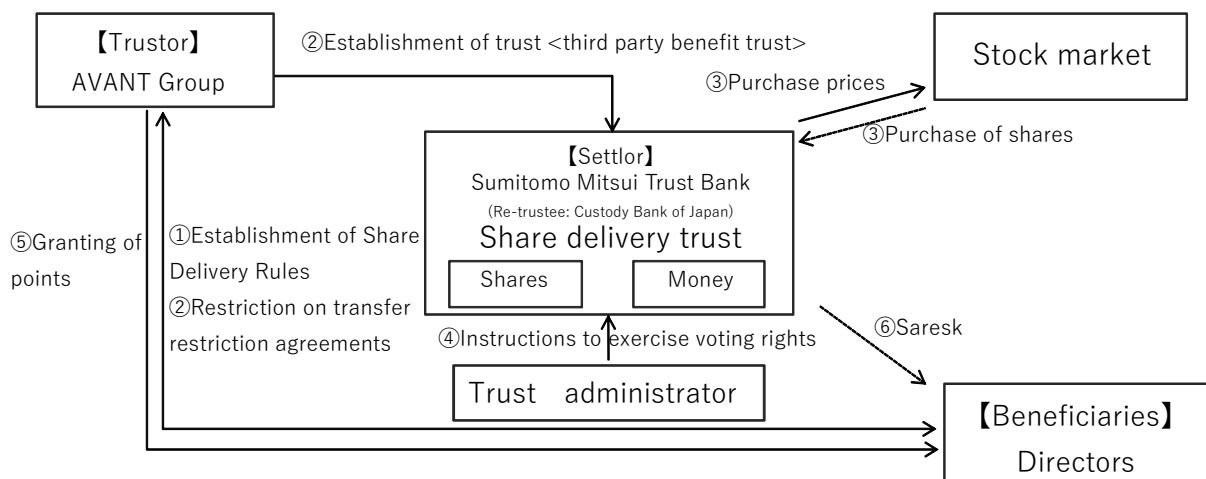
2. Overview of the Plan

(1) Structure of the Plan

"The Plan is a stock-based compensation plan under which a trust established by the Company with monetary contributions (hereinafter referred to as the "Trust") acquires the Company's ordinary stocks (hereinafter referred to as the "Company's Stocks"), and the Company's Stocks in the number equivalent to the number of points granted to each Director by the Company are delivered to each Director through the Trust (provided, however, that, as described in 3. below, the Company shall impose transfer restrictions on such stocks by concluding a transfer restriction agreement between the Company and each Director)."

In principle, the Company's stocks are delivered to Directors at a certain time in each business year during the trust period.

<Outline of the structure of the System>



- ① AVANT GROUP will establish stock delivery regulations for directors.
- ② AVANT GROUP establishes a stock delivery trust (third party benefit trust) with Directors as beneficiaries (the Trust). At that time, AVANT GROUP will entrust the trustee with an amount of money equivalent to the funds for the acquisition of stocks (however, within the amount approved by the General Meeting of Shareholders).
- ③ The trustee acquires a considerable number of the Company's stocks that are expected to be delivered in the future in a lump sum (by disposing of treasury stocks or by acquiring them from the stock exchange market (including after-hours trading)).
- ④ AVANT GROUP appoints a trust administrator (a person who is independent of the Company and its officers) who protects the interests of beneficiaries subject to the Stock Delivery Regulations and supervises the trustee throughout the trust period. With respect to the Company's stocks held in the Trust, the trust administrator shall instruct the trustee not to exercise voting rights, and the trustee shall not exercise voting rights throughout the trust period in accordance with such instruction.
- ⑤ AVANT GROUP will grant points to Directors in accordance with the Stock Delivery Regulations.
- ⑥ Directors who satisfy the requirements set forth in the Stock Delivery Regulations and the trust agreement pertaining to the Trust shall, as beneficiaries of the Trust, receive from the trustee the delivery of the Company's stocks in accordance with the points granted.
- ⑦ With respect to the Company's stocks delivered, a transfer restriction agreement will be concluded between the Company and the director in question for a transfer restriction period from the date of delivery to the date of retirement from the position of director of the Company.

Of the residual assets of the Trust at the time of the termination of the Trust, the Company plans to acquire all of the Company's stocks free of charge and cancel them by a resolution

of the Board of Directors.

In addition, the Company plans to donate a certain amount of money among the residual assets of the Trust at the time of the termination of the Trust to a specified public interest corporation that has no interest in the Company's directors, in accordance with the provisions of the Stock Delivery Regulations and the trust agreement in advance.

Sumitomo Mitsui Trust Bank, Limited, which will be the trustee under the System, will entrust (re-entrust) the management of the trust property to Japan Custody Bank, Ltd.

(2) Establishment of Trust

Subject to the approval of the introduction of the Plan at the General Meeting of Shareholders, the Company will establish the Trust by contributing the funds necessary for the Trust to acquire the number of the Company's stocks reasonably expected to be required for the Delivery in accordance with (6) below in advance for a certain period of time. As described in (5) below, the Trust will acquire the Company's stocks using the funds contributed by the Company.

Sumitomo Mitsui Trust Bank, Limited, which will be the trustee under the System, will entrust (re-entrust) the management of the trust property to Japan Custody Bank, Ltd.

(3) Trust period

The trust period shall be approximately four years from November 2024 (scheduled) to December 2028 (scheduled). However, the trust period may be extended as described in (4) below.

(4) Maximum amount of trust money to be contributed to the Trust as funds to acquire stocks

During the Plan Period, the Company will contribute up to a total of 400,000,000 yen as compensation for Directors who are in office during the Plan Period as funds for acquiring the Company's stocks necessary for delivering the Company's stocks to Directors under the Plan, and establish the Trust with Directors who satisfy certain requirements as beneficiaries. The Trust will acquire the Company's stocks using the money entrusted by the Company as the source of funds by way of receiving treasury stocks from the Company or by way of acquiring them from the stock exchange market (including after-hours trading).

Note: The actual amount of money to be entrusted by the Company to the Trust is the total of the estimated amount of necessary expenses such as trust fees and trust administrator fees in addition to the funds for acquiring the Company's stocks described above.

The Company's Board of Directors may decide to extend the Applicable Period for a period not exceeding five (5) business years on a case-by-case basis, and in conjunction with this, the Company may extend the trust period of the Trust (including substantially extending the trust period by transferring the trust property of the Trust to a trust established by the Company for the same purpose as the Trust; the same shall apply hereinafter) and continue the Plan. In this case, the Company will additionally contribute to the Trust the amount of money up to the amount calculated by multiplying the number of business years during the Applicable Period of the extension by 100,000 thousand yen as funds for the additional acquisition of the Company's stocks necessary to be delivered to Directors under the Plan during the Applicable Period of the extension, and continue to grant points and deliver the Company's stocks as described in (6) below.

(5) Method of acquisition of the Company's stocks by the Trust

The initial acquisition of the Company's stocks by the Trust is planned to be by the disposal of treasury stocks from the Company or from the stock exchange market within the upper limit of the funds for acquiring stocks as described in (4) above. The details of the method of acquisition will be decided and disclosed after the resolution of the General Meeting of Shareholders.

During the trust period, if there is a possibility that the number of the Company's stocks in the Trust will fall short of the number of stocks corresponding to the number of points to be granted to Directors during the trust period due to an increase in the number of Directors or other reasons, the Company may entrust additional money to the Trust and acquire additional Company stocks within the upper limit of the trust money in (4) above.

(6) Calculation method and upper limit of the Company's stocks to be delivered to Directors

(1) Method of granting points to Directors

AVANT GROUP shall grant points to each Director based on his / her position and the degree of achievement of performance targets, etc. on the point granting date (in principle, each business year) specified in the Stock Delivery Regulations during the trust period, in accordance with the Stock Delivery Regulations established by the Board of Directors of the Company.

However, the total number of points granted by the Company to Directors shall not exceed 100,000 points per business year (however, 60000 points per Director).

The calculation method of the points granted to each Director during the initial Applicable Period is as follows (provided, however, that if the total number of points calculated by this

calculation method exceeds the upper limit of the total number of points mentioned above, it will be adjusted by a method such as proration).

"The points to be granted to each Director shall consist of two parts: a part to grant points at the end of the Evaluation Period on the condition that the Company's stock price has increased from the beginning of the Evaluation Period (hereinafter referred to as "Part I"); and a part to grant points calculated in accordance with the growth rate of the Company's stock during the Evaluation Period (hereinafter referred to as "Part II")." The evaluation period for each part is from October of each year to September of the following year. The outline of each part is as follows.

i) Part I

In Part I, the average closing price of the Company's stocks on the Tokyo Stock Exchange for the month immediately preceding the month in which the Evaluation Period begins is compared with the average closing price of the Company's stocks on the Tokyo Stock Exchange for the month in which the Evaluation Period ends, and points are granted on the condition that the latter exceeds the former.

ii) Part II

Under Part II, the number of points to be granted to each Eligible Director after the end of the Evaluation Period shall be determined by multiplying the base amount by a performance-linked coefficient determined in accordance with the growth rate of the Company's stocks, which is a representative indicator of the Company's corporate value, and dividing the result by the unit price of the Company's stocks prescribed in the Stock Delivery Regulations. The Company's stock growth rate is calculated by dividing the Company's Total Shareholder Return (TSR) during the Evaluation Period by the growth rate of the Tokyo Stock Price Index (TOPIX) during the Evaluation Period.

(ii) Delivery of the Company's stocks in accordance with the number of points granted

Directors shall receive the Company's stocks according to the number of points granted in (1) above in accordance with the procedures in (3) below. One point is equivalent to one stock of the Company. However, in the event that it is deemed reasonable to adjust the number of the Company's stocks per point for the Company's stocks, such as a stock split or stock consolidation, the Company will make a reasonable adjustment in accordance with such stock split ratio or stock consolidation ratio.

(iii) Delivery of the Company's stocks to Directors

Each Director shall, in principle, acquire the beneficial interests of the Trust and receive the

delivery of the Company's stocks from the Trust each business year during the trust period on the condition that he / she enters into a transfer restriction agreement with the Company as described in 3. below and goes through other prescribed procedures.

However, if the Company's stocks in the Trust are converted into cash, such as in the case where the Company's stocks in the Trust are settled after the Company's stocks in the Trust are tendered in the Tender Offer, the Company may deliver money (such converted amount) in lieu of the Company's stocks.

(7) Exercise of voting rights

The voting rights pertaining to the Company's stocks in the Trust shall not be exercised uniformly in accordance with the instructions of the trust administrator who is independent of the Company and its officers. This method is intended to ensure the neutrality of the Company's management regarding the exercise of voting rights pertaining to the Company's stocks in the Trust.

(8) Treatment of dividends

Dividends on the Company's stocks held in the Trust will be received by the Trust and used for the acquisition price of the Company's stocks, trust fees for the trustee of the Trust, etc.

(9) Treatment of the Company's stocks and money upon termination of the trust

Of the residual assets of the Trust at the time of the termination of the Trust, the Company plans to acquire all of the Company's stocks free of charge and cancel them by a resolution of the Board of Directors.

In addition, the Company plans to donate a certain amount of money among the residual assets of the Trust at the time of the termination of the Trust to a specified public interest corporation that has no interest in the Company's directors, in accordance with the provisions of the Stock Delivery Regulations and the trust agreement in advance.

3. Transfer Restriction Agreement for the Company's Stocks to be Delivered to Directors

Upon the issuance of the Company's stocks under 2. (6) (ii) above, a transfer restriction agreement shall be concluded between the Company and the Directors, and the content of the agreement shall include the following matters:

- ① Directors shall not transfer, create a security interest on, or otherwise dispose of the Company's stocks delivered under the Plan during the period from the day on which they are delivered to the day on which they retire from the position of Director or Executive Officer of the Company.

- ② AVANT GROUP may acquire the Company's stocks free of charge in the event of certain events.
- ③ Conditions for cancellation of transfer restrictions set in advance by the Board of Directors of the Company

However, if a Director retires due to the expiration of his / her term of office or other justifiable reasons by the date of the first Ordinary General Meeting of Shareholders held after the end of the Applicable Period, ordinary stocks without restriction on transfer will be delivered for the Company's stocks to be delivered on or after the date of retirement. In addition, a certain proportion of the Company's stocks may be sold and converted into cash by the Trust for the purpose of withholding the funds for tax payment such as withholding income tax, and may be delivered in cash instead of the Company's stocks.

(Reference) Overview of the trust agreement for the Trust

Settlor	AVANT Group Corporation
Trustee	Sumitomo Mitsui Trust Bank (Re-trust: Custody Bank of Japan, Ltd.)
Beneficiary	Directors who satisfy the beneficiary requirements
Trust administrator	Plan to select a third party that is independent of AVANT Group and its officers
Exercise of voting rights	Throughout the period of the trust, the voting rights of the Shares held in the trust will be exercised by the Trustee based on instructions from the trust administrator.
Type of trust	Trust of money other than “money trust” (third party benefit trust)
Date of the trust agreement	November 2024 (planned)
Term of the Trust	November 2024 - December 2028 (planned)
The purpose of the trust;	Delivery of the Company's stocks to beneficiaries in accordance with the Stock Delivery Regulations

Ends