

September 25, 2024

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## Notice Regarding the Introduction of a Medium- to Long-Term Performance-Linked Stock Compensation Plan

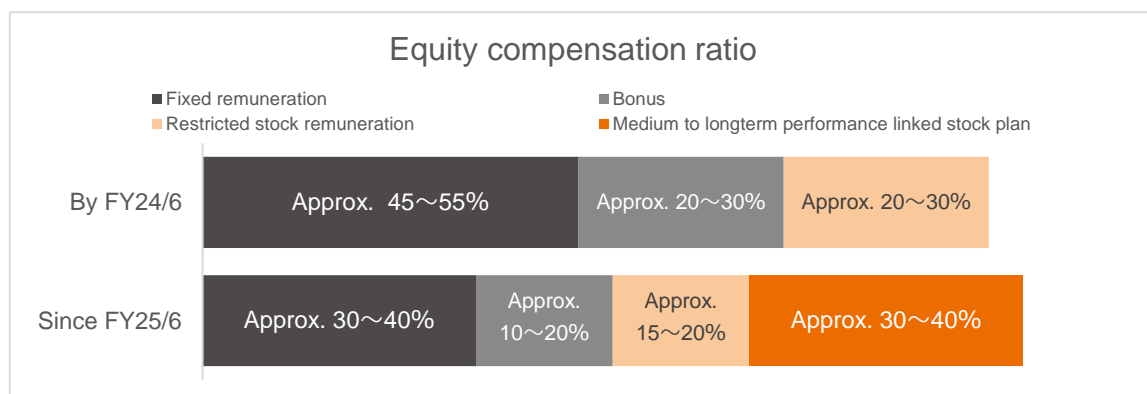
At the 20th Annual General Meeting of Shareholders held on September 25, 2024, our company resolved to introduce a medium- to long-term performance-linked stock compensation plan (Performance Share Unit System, hereinafter referred to as "the Plan") for directors (excluding outside directors and directors who are Audit and Supervisory Committee members, hereinafter referred to as "eligible directors" unless otherwise stated). We are pleased to announce the details as follows.

### 1. Reasons and Purpose for Introducing the Plan

In the medium-term management policy announced on August 9, 2024, our company emphasized the importance of lifetime value (LTV) along with annual performance growth targets as part of our business structure reform. We believe that by more effectively promoting this business structure reform and clarifying the link between directors' compensation, company performance, and the value of the company's stock, we can further strengthen the value-sharing relationship between the directors and our shareholders. Therefore, we have newly introduced the medium- to long-term performance-linked stock compensation plan as an incentive for directors to contribute to the sustainable enhancement of the company's corporate value.

As for the current compensation framework, at the 19th Annual General Meeting of Shareholders held on September 26, 2023, we received approval for the total amount of compensation for our directors (excluding directors who are Audit and Supervisory Committee members) to be capped at 600 million yen per year (of which up to 100 million yen is allocated for outside directors, excluding employee salaries for directors also serving as employees). Additionally, it was approved that the total amount of monetary claims granted as compensation for restricted stock, etc., would be capped at 400 million yen per year, with a maximum of 300,000 shares of restricted stock allocated to the directors in each fiscal year.

In introducing this Plan, we have reviewed the compensation allocation ratios and set them as shown in the "Compensation Composition Ratio" graph below.



## 2. Outline of the Plan

This Plan is a performance-linked compensation system for eligible directors, under which the Board of Directors sets numerical performance targets for a three-fiscal-year period (from July 1, 2024, to June 30, 2027, hereinafter referred to as the "evaluation period"). Based on the achievement level of these targets, (i) a certain number of the company's common shares (hereinafter referred to as "company shares") will be granted as compensation (hereinafter referred to as "stock-based compensation"), and (ii) a monetary amount to cover taxes related to the granting of company shares will also be provided (hereinafter referred to as "cash-based compensation"). This Plan is designed to award company shares and cash based on the achievement level of the performance targets. As such, at the time of introduction of the Plan, it is not yet determined whether company shares and cash will be awarded to each eligible director, nor the exact number of shares or the amount of cash to be awarded.

Under the Plan, the total number of company shares to be issued or disposed of for eligible directors during each evaluation period will be up to 350,000 shares (however, if a stock split or reverse stock split of the company's common shares occurs after the introduction of the Plan, the maximum number of shares will be adjusted accordingly based on the split or consolidation ratio). The total amount of company shares issued under the Plan, separate from the aforementioned monetary compensation framework, will be up to 1 billion yen per evaluation period, based on what is deemed reasonable considering the purpose of the Plan.

The specific timing and allocation of awards to each eligible director will be decided by the Board of Directors.

## 3. Contents of Compensation Under the Plan

### (1) Method of Calculating Compensation under the Plan

Under this Plan, the company will determine the number of company shares (hereinafter referred to as "allocated shares") to be granted to each eligible director by applying (i) the number of shares set for each director's position and (ii) the degree of achievement of the performance targets determined by the Board of Directors. The performance indicators used under this Plan will include: (a) indicators showing the state of profits, (b) the company's unique non-financial indicator called "OPI (Open Up Purpose Index)" reflecting the achievement of the company's purpose, and (c) indicators such as the engagement index, based on the company's management policies.

The company will either (a) provide monetary compensation claims (hereinafter referred to as "cash compensation claims") to each eligible director based on the number of company shares granted, and the eligible directors will then contribute the cash compensation claims as in-kind contributions, or (b) allocate company shares as stock-based compensation without requiring in-kind contributions from the eligible directors. In the case of method (a), the payment amount for the allocated company shares will be determined by the Board of Directors based on the closing price of the company's shares on the Tokyo Stock Exchange on the business day prior to the Board resolution (hereinafter referred to as the "allocation resolution"). If no transactions occurred on that day, the closing price from the most recent preceding trading day will be used, ensuring that the price is not particularly favorable to the eligible directors.

Additionally, to secure funds for tax payments related to the stock-based compensation, the company will provide monetary compensation in addition to the cash compensation claims corresponding to the stock-based compensation.

(2) In Case of Resignation Due to Death or Other Legitimate Reasons

In cases where a new eligible director is appointed, or where an eligible director resigns due to death or other legitimate reasons as recognized by the company, or where certain organizational restructuring of the company is approved by the shareholders' meeting, instead of the compensation described in (1), the company may, if necessary, provide shares or cash at a reasonable time and amount determined by the Board of Directors.

(3) Loss of Right to Receive Compensation under the Plan

Eligible directors will lose the right to receive compensation under the Plan if they engage in certain misconduct as determined by the Board of Directors or resign for reasons specified by the Board.

(4) Adjustments Due to Stock Splits or Consolidations

If the total number of issued shares of the company changes due to a stock split or consolidation (including the free allotment of shares) before the shares are granted or cash is paid under the Plan, the number of shares calculated under the Plan will be adjusted in accordance with the ratio of the split or consolidation.