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Takamiya Co., Ltd.

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Listed on: Tokyo Stock Exchange Prime Market

Stock code: 2445

## Notice Regarding the Introduction of a Performance-Linked Stock Compensation Plan

We are pleased to announce that at the Board of Directors meeting held today, our company resolved to introduce a new performance-linked stock compensation plan, the "Board Benefit Trust-Restricted Stock (BBT-RS)" (hereinafter referred to as "the Plan"). Accordingly, we will submit a proposal regarding the Plan to the 56th Annual General Meeting of Shareholders (hereinafter referred to as "the General Meeting") scheduled to be held on June 26, 2024. We hereby inform you as follows.

### 1. Background and Purpose of the Introduction

The Board of Directors of our company has resolved to introduce the Plan at the General Meeting, subject to the approval of the shareholders regarding executive compensation. This decision aims to more clearly link the compensation of directors (excluding directors who are Audit and Supervisory Committee members and outside directors) and executive officers (hereinafter collectively referred to as "Directors, etc.") with the company's performance and stock value. By aligning the interests of Directors, etc., with those of the shareholders through sharing the benefits of stock price increases as well as the risks of stock price decreases, we seek to enhance their awareness of contributing to medium- to long-term performance improvement and the increase of corporate value.

It should be noted that at the 54th Annual General Meeting of Shareholders held on June 23, 2022, our company received approval for a separate annual compensation limit of up to 150 million yen for stock compensation-type stock options for directors, in addition to the compensation amount for directors approved at the same meeting. However, subject to the approval of the Plan by the shareholders at the General Meeting, we will abolish this compensation limit for stock compensation-type stock options and will no longer grant new stock compensation-type stock options in the future.

### 2. Overview of the Plan

#### (1) Overview of the Plan

The Plan is a performance-linked share-based remuneration plan under which the Company's shares purchased with cash contributions from the Company are acquired through a trust (hereinafter, the trust defined under the Plan is referred to as the "Trust"), and the Company's shares and cash amounts corresponding to the market value of the Company's shares (hereinafter referred to as "Shares and Cash") are provided to Eligible Directors through the Trust according to the Procedure for Providing Shares to Officers set out by the Company. Notably, under the Plan, two types of payments are made to Directors—ST payments and LT payments—and only LT payments are made to Executive Officers. Below are overviews of each type of payment.

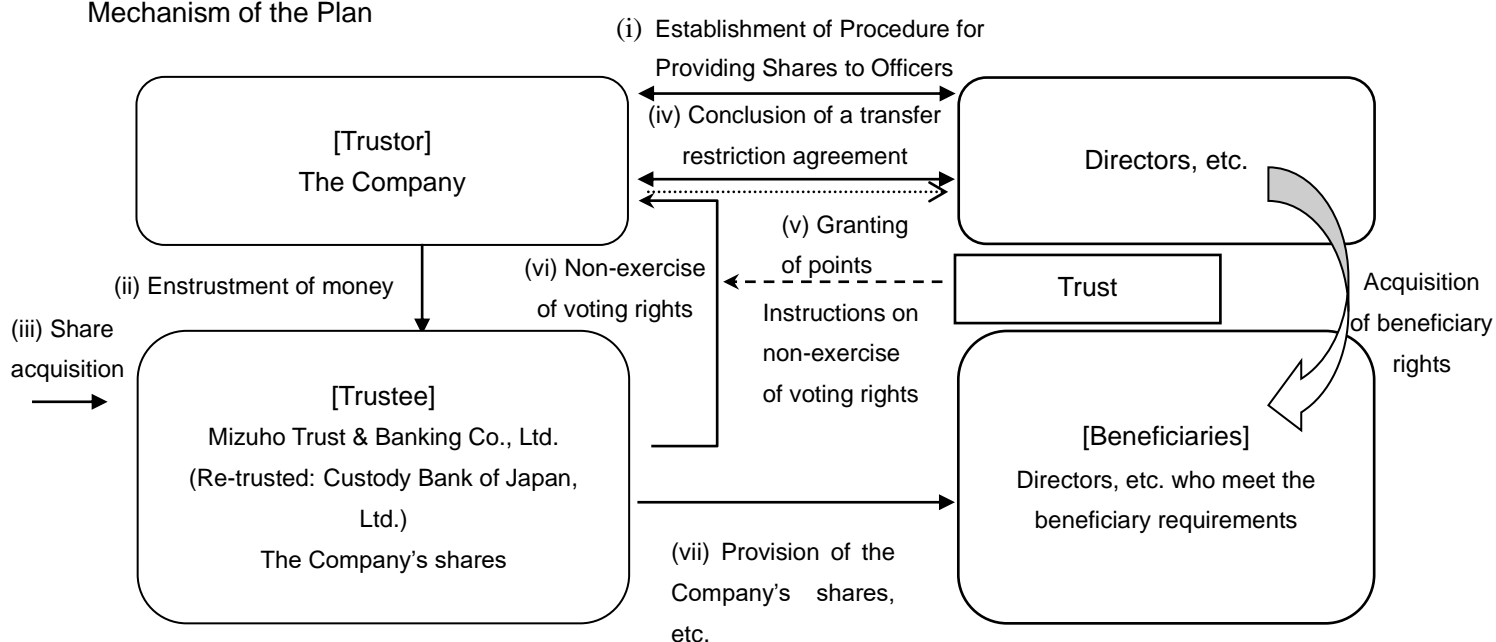
#### (i) ST payments

Regarding ST payments, in principle, Directors receive payments in the form of the Company's shares at a defined time each year, and payments in the form of cash amounts corresponding to the market value of the Company's shares upon retiring from office. When receiving ST payments in the form of the Company's shares (hereinafter referred to as "ST Shares") while they are in office, Directors must conclude a share transfer restriction agreement with the Company as described in 3. below before receiving said payment of ST Shares. The transfer restriction agreement prohibits Directors from disposing of ST Shares received while they are in office by transfer or other means until they retire from office.

(ii) LT payments

Regarding LT payments, in principle, Eligible Directors receive payments in the form of the Company's shares at a defined time at the end of each Defined Period (defined in (4) below), and payments in the form of cash amounts corresponding to the market value of the Company's shares upon retiring from office. When receiving LT payments in the form of the Company's shares (hereinafter referred to as "LT Shares") while they are in office, Eligible Directors must conclude a share transfer restriction agreement with the Company as described in 3. below before receiving said payment of LT Shares. The transfer restriction agreement prohibits Eligible Directors from disposing of LT Shares received while they are in office by transfer or other means until they retire from office.

Mechanism of the Plan



- (i) The Company will establish the Procedure for Providing Shares to Officers within the scope of the framework approved under this proposal.
- (ii) The Company will entrust cash within the scope approved under this proposal.
- (iii) The Trust will acquire the Company's shares by purchasing them through the stock exchange using cash contributed as described previously in (ii) or by receiving a portion of shares bought back by the Company.
- (iv) Eligible Directors must conclude a transfer restriction agreement that includes restrictions of transfers and other forms of disposition while they are in office, a clause for certain free acquisitions by the Company, and the like with the Company for the Company's shares received while they are in office.
- (v) The Company will grant points to Eligible Directors based on the Procedure for Providing Shares to Officers.
- (vi) The Trust will not exercise voting rights for the Company's shares in the Trust account under the direction of the trust administrator, who is independent from the Company.
- (vii) The Trust will pay the Company's shares commensurate with the number of points granted to Eligible Directors who fulfill the beneficiary requirements set out in the Procedure for Providing Shares to Officers at a defined time each year in the case of ST payments and at a defined time at the end of each Defined Period in the case of LT payments. Notably, when Eligible Directors satisfy the requirements set out in the Procedure for Providing Shares to Officers, they receive cash payments equivalent to the market value of the Company's shares when they retire from office at a fixed percentage of points.

## (2) Eligibility for the Plan

Directors (Directors who are Audit and Supervisory Committee Members and outside Directors among the other Directors are ineligible for the Plan) and Executive Officers

## (3) Trust period

From August 2024 (scheduled) until the Trust ends (Notably, there is no specific end date to the trust period for the Trust; the Trust continues as long as the Plan continues. The Plan will end when the Company's shares are delisted, the Procedure for Providing Shares to Officers is abolished, or the like.)

## (4) Trust amount

As conditions for adopting this proposal, the Company will introduce the Plan for the three fiscal years from the fiscal year ending March 31, 2025 to the fiscal year ending March 31, 2027 (hereinafter, this period of three fiscal years is referred to as the "Initial Defined Period," with the Initial Defined Period and periods lasting three fiscal years starting after the Initial Defined Period has elapsed referred to using the inclusive term "Defined Period"), and Defined Periods thereafter, and contribute the following cash amounts to the Trust to fund the acquisition of the Company's shares by the Trust in order to pay Shares and Cash to Eligible Directors.

First, when the Trust is created (August 2024 (scheduled)), the Company will create the Trust by contributing the cash amount equivalent to the estimated amount of funds needed for the Initial Defined Period. The upper limit of points to be granted to Eligible Directors under the Plan is 1,100,000 per three fiscal years as defined in (6) below; therefore, when the Trust is created, the Company will contribute an amount reasonably estimated as necessary to require the upper limit of 1,100,000 shares to the Trust in consideration of the closing price of the Company's shares at the end of regular trading hours of the Tokyo Stock Exchange immediately prior. For reference, using the closing price of ¥481 on May 23, 2024, the required amount of funds would be roughly ¥529 million.

The Company will make additional contributions to the Trust after the Initial Defined Period has elapsed and until the Plan ends—in principle, amounts deemed necessary for the Trust to acquire the Company's shares in advance are based on reasonable estimates of the required number of shares to pay Eligible Directors under the Plan for each Defined Period. However, when making these additional contributions, if any of the Company's shares (the Company's shares corresponding to the number of points granted to Eligible Directors for each Defined Period immediately prior, excluding outstanding payments to Eligible Directors) or cash (hereinafter referred to collectively as "Remaining Shares and Cash") remain in the Trust, they will be allocated to the funds for payments under the Plan for subsequent Defined Periods; the Company will factor in Remaining Shares and Cash when calculating amounts for additional contributions. The Company will make proper and timely disclosures when determining additional contributions.

Note: The amounts of money the Company actually contributes to the Trust correspond to estimated amounts for trust fees and other expenses in addition to the aforementioned funds for acquiring shares.

## (5) Method of acquisition of the Company's shares and number of shares acquired by the Trust

The Trust will acquire the Company's shares by purchasing them through the stock exchange using funds contributed as described previously in (4) or by receiving a portion of shares bought back by the Company.

Given that the upper limit of points to be granted to Eligible Directors is 1,100,000 per three fiscal years as defined in (6) below, the upper limit of the number of the Company's shares to be acquired by the Trust for each Defined Period is 1,100,000. The Company will make proper and timely disclosures as to the details of acquisitions of the Company's shares by the Trust.

## (6) Upper limit of Shares and Cash to be paid to Eligible Directors

Regarding ST payments to Directors, each fiscal year, Directors are granted a fixed number of points commensurate with their position and other factors based on the Procedure for Providing Shares to Officers.

Regarding LT payments to Eligible Directors, each fiscal year, Eligible Directors are initially granted

a fixed number of points commensurate with their position and other factors based on the Procedure for Providing Shares to Officers. In principle, the points initially granted to Eligible Directors each fiscal year for LT payments are adjusted using multipliers corresponding to the level of achievement of performance targets and the like at the end of each Defined Period.

The upper limit of the total number of points to be granted to Eligible Directors per three fiscal years (for the number of points for LT payments, the number of points after the aforementioned adjustments) is 1,100,000 (including 920,000 for directors). The Company determined this upper limit after comprehensive consideration of the current level of officer compensation, trends and future outlook for the number of Eligible Directors, and other factors. Accordingly, the Company deems this upper limit to be justifiable.

When paying Shares and Cash as described in (7) below, the number of points to be granted to Eligible Directors (for the number of points for LT payments, the number of points after the aforementioned adjustments) is converted at a rate of one of the Company's shares per point (However, if, after approval by the shareholders at this General Meeting of Shareholders, a stock split, stock dividend, reverse stock split, or similar action is carried out with respect to the company's shares, the maximum number of points, the number of points already granted, or the conversion ratio will be reasonably adjusted according to such ratio or other factors.).

The number of votes for the number of shares corresponding to the upper limit of the number of points to be granted to Directors per three fiscal years (for the number of points for LT payments, the number of points after the aforementioned adjustments) is 9,200, which constitutes roughly 1.98% of the total number of votes for the total number of shares issued (465,608 as of March 31, 2024).

The standard number of points for Directors for payments of Shares and Cash as described in (7) below is managed by distinguishing those for ST payments from those for LT payments; in principle, it is the number of points (for the number of points for LT payments, the number of points after the aforementioned adjustments) to be granted to Eligible Directors by the time beneficiary rights described in (7) below are finalized (hereinafter referred to as the "Final Number of Points").

#### (7) Provision of the Company's Shares, etc.

In principle, Directors who fulfill the beneficiary requirements undergo the requisite beneficiary finalization procedure to receive ST payments from the Trust at a defined time each year and LT payments from the Trust at a defined time at the end of each Defined Period in the form of the number of the Company's shares corresponding to the Final Number of Points determined as described previously in (6). In principle, Directors who fulfill the requirements set out in the Procedure for Providing Shares to Officers receive cash payments equivalent to the market value of the Company's shares when they retire from office at a fixed percentage instead of the Company's shares. In some cases, the Company's shares may be sold from the Trust to make these cash payments.

Additionally, in principle, Executive Officers who fulfill the beneficiary requirements undergo the requisite beneficiary finalization procedure to receive payments from the Trust at a defined time at the end of each Defined Period in the form of the number of the Company's shares corresponding to the Final Number of Points determined as described previously in (6). In principle, Executive Officers who fulfill the requirements set out in the Procedure for Providing Shares to Officers receive cash payments equivalent to the market value of the Company's shares when they retire from office at a fixed percentage instead of the Company's shares. In some cases, the Company's shares may be sold from the Trust to make these cash payments.

When receiving payments in the form of the Company's shares while they are in office, Eligible Directors must conclude a share transfer restriction agreement with the Company as described in 3. below before receiving said payment of the Company's shares. The transfer restriction agreement prohibits Eligible Directors from disposing of the Company's shares received while they are in office by transfer or other means until they retire from office.

Additionally, Eligible Directors who have been granted points cannot acquire all or a portion of the rights to receive payments if the General Meeting of Shareholders or the Board of Directors pass a resolution to dismiss them, if they retire from office during their term because they committed certain illegal actions, if they committed inappropriate actions that damage the Company while in office, or the like.

#### (8) Exercising voting rights

Voting rights for the Company's shares in the Trust account will not be exercised uniformly under direction of the trust administrator. Depending on the method, the exercise of voting rights for the Company's shares in the Trust account is designed to ensure neutrality toward the Company's management.

#### (9) Treatment of dividends

Dividends for the Company's shares in the Trust account are received by the Trust and allocated to cash for acquiring the Company's shares, trust fees for trustees of the Trust, and the like. Notably, when the Trust ends, dividends and the like remaining in the Trust will be paid proportionally to the number of points held by each Eligible Director in office at that time according to the Procedure for Providing Shares to Officers.

#### (10) Treatment when the trust ends

The Trust will end when the Company's shares are delisted, the Procedure for Providing Shares to Officers is abolished, or the like.

The plan for the Company's shares among the remaining assets in the Trust when the Trust ends calls for the Company to acquire the shares at no charge, and for the Board of Directors to pass a resolution to retire the shares. The cash among the remaining assets in the Trust when the Trust ends will be paid to the Company after subtracting the cash to be paid to Eligible Directors as described previously in (9).

### 3. Overview of share transfer restriction agreement for the Company's shares paid to Eligible Directors

When receiving payments in the form of the Company's shares while they are in office, Eligible Directors must conclude a share transfer restriction agreement that includes the following content as an outline (hereinafter referred to as the "Share Transfer Restriction Agreement") with the Company before receiving said payment of the Company's shares (Eligible Directors must conclude the Share Transfer Restriction Agreement as a condition for receiving the Company's shares.). However, there are cases in which Eligible Directors may receive payment in the form of the Company's shares without concluding the Share Transfer Restriction Agreement, such as when they have already retired when the time for the payment comes.

#### (i) Details of transfer restrictions

Eligible Directors may not transfer, create a security interest in, or otherwise dispose of the Company's shares paid to them from the day they receive the shares until the day they retire from all positions equivalent to officer of the Company

#### (ii) Free acquisition by the Company

The Company acquires the corresponding shares at no charge when certain illegal acts have been committed or the requirements for lifting the transfer restrictions described in (iii) below have not been fulfilled

#### (iii) Lifting of transfer restrictions

Transfer restrictions are lifted when Eligible Directors retire from all positions equivalent to officer of the Company for justifiable reasons or retire from office due to their death

#### (iv) Treatment during reorganization, etc.

If, during the transfer restriction period, matters relating to a merger agreement in which the Company is the disappearing company or other reorganization, etc. are approved at the Company's General Meeting of Shareholders or the like, the Company shall lift the transfer restrictions immediately prior to—on the business day before—the date on which the reorganization, etc. becomes effective by resolution of the Board of Directors of the Company.

To prevent Eligible Directors from transferring, creating a security interest in, or otherwise disposing of the Company's shares subject to transfer restrictions under the Share Transfer Restriction Agreement during the transfer restriction period, the plan calls for the shares to be managed in dedicated accounts opened by Eligible Directors at the securities company designated by the

Company.

Additionally, the method for expressing intentions and giving notifications in the Share Transfer Restriction Agreement, the method for amending the Share Transfer Restriction Agreement, and other matters to be determined by the Board of Directors shall be laid out in the Share Transfer Restriction Agreement.

#### Overview of the Trust

1. Name: Board Benefit Trust-Restricted Stock (BBT-RS)
2. Settlor: The Company
3. Trustee: Mizuho Trust & Banking Co., Ltd. (Re-Trustee: Custody Bank of Japan, Ltd.)
4. Beneficiaries: Directors, etc. who meet the beneficiary requirements stipulated in the Executive Share Compensation Regulations
5. Trust Administrator: A third party with no conflicts of interest with the company is planned to be selected
6. Type of Trust: Monetary trust other than money trust (third-party benefit trust)
7. Date of Trust Agreement: August 2024 (planned)
8. Date of Money Trust: August 2024 (planned)
9. Trust Period: From August 2024 (planned) until the termination of the trust  
(No specific termination date is set, and the trust will continue as long as the Plan is in effect.)

(End)