

Name of Listed Company: Yokogawa Electric Corporation  
 (URL: <https://www.yokogawa.com>) (Stock code: 6841, listed in TSE Prime Market)  
 Name and Position of the Representative:  
 Hitoshi Nara, President & CEO, Representative Executive Officer  
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 July 2, 2024

## Notice Regarding Disposal of Treasury Shares as Performance-Linked Stock Compensation

Yokogawa Electric Corporation (the "Company") announces that its Board of Directors has resolved on this date that to dispose of treasury shares as performance-linked stock compensation (Hereinafter referred to as the "Disposal of Treasury Shares" or the "Disposal"). Details are as follows.

### 1. Outline of Disposal

(1)	Disposal period	August 16, 2024
(2)	Type and number of shares to be disposed	66,600 shares of common stock of the Company
(3)	Disposal price	3,950 yen per 1 share
(4)	Total amount to be disposed	263.07 million yen
(5)	Allottees and number thereof, number of shares to be disposed	Directors of the Company (Excluding Outside Directors.): 3 persons 18,200 shares Directors of the Company (retired): 1 person 7,200 shares Vice President & Executive Officers who do not concurrently serve as Directors of the Company: 11 persons 26,100 shares Vice Presidents who do not concurrently serve as Directors of the Company (retired): 5 persons 15,100 shares
(6)	Other	The Disposal of Treasury Shares is conditional upon the securities registration statement under the Financial Instruments and Exchange Act becoming effective.

### 2. Purpose and Reason for the Disposal

At the meeting of the Board of Directors held on May 8, 2018, the Company introduced the Performance Share Unit Plan (Hereinafter referred to as the "Plan" or the "PSU Plan") as a performance-based stock compensation plan with the aim of providing timely and accurate incentives to the Company's directors (Excluding Outside Directors. Hereinafter referred to as "Eligible Directors.") and Vice President & Executive Officers (Hereinafter collectively referred to as "Eligible Directors, etc.") who do not concurrently serve as directors for the sustainable enhancement of the Company's corporate value over the medium to long term, aligning more clearly the link between the compensation of Eligible Directors and the Company's performance, and further strengthening the value sharing between Eligible Directors and shareholders.

In addition, in conjunction with the transition to a company with a nominating committee, etc. at the 148th Annual General Meeting of Shareholders held on June 18, 2024, the Company re-introduced the performance-based stock compensation plan similar to the Plan. Upon the re-introduction of the Plan, the scope of Eligible Directors, etc. was changed from the Company's Directors (Excluding Outside Directors.) and Vice Presidents who do not concurrently serve as directors to the Company's Vice President & Executive Officers from the fiscal year ended March 2025, and the Plan was reviewed and revised to a new PSU Plan in order to support the achievement of management indicators to be emphasized in the medium-term management plan to be formulated by the Company from the fiscal year ended March 2025 onward. For details of the revision of the PSU Plan, please refer to the "Notice Regarding Revision of Performance-Linked Stock Compensation Plan (Performance Share Unit Plan)" dated July 2, 2024.

At a meeting of the Compensation Committee and the Board of Directors held on July 2, 2024, the Company resolved to implement the Disposal of Treasury Shares by requiring 20 Eligible Directors, etc. to make an investment in kind of the monetary claims granted to such Eligible Directors, etc. as performance-based stock compensation during the period covered by the medium-term management plan "Accelerate Growth 2023" (3 fiscal years from the fiscal year ending March 2022 to the fiscal year ending March 2024. Hereinafter referred to as the "Subject Period").

As for the Disposal of Treasury Shares, the Board of Directors has decided to issue a total of 66,600 shares of common stock of the Company to Eligible Directors, etc., by granting monetary compensation claims totaling 263.07 million yen and making them contribute in kind, in accordance with the degree of achievement of the performance targets during the Target Period, etc.

### 3. Details of the Plan

#### (1) Overview

The PSU Plan is a performance-linked stock compensation plan, under which, each time formulate a new medium-term business plan of the Company, the target period of the medium-term business plan will be set as the Period of the Plan (each "Target Period"), and the Company's common stock (the "Company Shares") and money are paid as compensation for the Eligible Directors, etc., in accordance with the degree of achievement (Hereinafter referred to as "Conditions for Achieving Performance Targets".) of the Company's consolidated return on equity (Hereinafter referred to as "Actual ROE".) in the final business year of each Target Period.

#### (2) Structure

- i. At a meeting of the Board of Directors held within three months subsequent to the start of the initial fiscal year of a target period, the Company will make decisions on matters that include: (a) the target period, (b) base amounts of stock compensation determined for each position of the Eligible Directors ("Base Amounts of Stock Compensation Per Position"), (c) coefficients established beforehand by the Board of Directors in accordance with the Conditions for Achievement of Performance Objectives (the "Payment Rate"), and (d) means of handling matters if an Eligible Director retires or undergoes a change in position during a target period, and other requirements established beforehand by the Board of Directors pertaining to a respective mid-term business plan (collectively referred to as "Other Requirements").

#### [Payment Rate]

Actual ROE	Payment Rate
Less than 8%	0%
From 8% to less than 11%	$(25 + (\text{Actual ROE} \times 100 - 8) / 3 \times 25)\%$
From 11% to less than 14%	$(50 + (\text{Actual ROE} \times 100 - 11) / 3 \times 50)\%$
14% or higher	100%

- ii. The Company will decide on the base amount of Compensation for each respective Eligible Director (the "Individual Base Compensation Amount") calculated by multiplying the Base Amount of Stock Compensation Per Position by the Payment Rate, in accordance with the Conditions for Achievement of Performance Objectives and premised on Other Requirements, such that are pursuant to resolutions of a meeting of the Board of Directors held within two months from the date on which the first annual general meeting of shareholders is held subsequent to the conclusion of a target period.

- iii. The Company will deliver, to respective Eligible Directors, Company Shares equivalent to the value for the amount corresponding to 60% of the Individual Base Compensation Amount divided by the payment amount for the Company Shares (however, amounts of shares less than 100 will be discarded). When the Company delivers the Company Shares, it will do so through a share issuance or through a disposal of treasury shares.

In such a case, the Company will grant, to the Eligible Directors, monetary compensation receivables equal to the amount calculated by multiplying the number of shares to be delivered to the Eligible Directors by the payment amount (the "Amount of Monetary Receivables Corresponding to Payment Amount"). The Eligible Directors, by providing said shares in the form of property contributed in kind, will receive delivery of Company Shares. The payment amount for the Company Shares described above will be the fair price of the Company Shares on the date of payment, such as the closing price of the Company Shares on the Tokyo Stock Exchange on the business day prior to the date on which the Company held the meeting of the Board of

Directors where the allotment of shares has been decided (if no trades are made on that day then the price will be the closing price on the most recent trading day prior to that date).

In addition, the Company will make monetary payment to the respective Eligible Directors of an amount corresponding to 40% of the Individual Base Compensation Amount (the "Compensation Amount Paid Monetarily"), considering income taxes and other such obligations incurred by the Eligible Directors.

- iv. The maximum monetary amount of the combined total Amount of Monetary Receivables Corresponding to Payment Amount and total Compensation Amount Paid Monetarily (the "PSU Compensation Amount") granted to the Eligible Directors will be no more than 600 million yen per fiscal year, and the total number of Company Shares delivered to the Eligible Directors will be no more than 900 thousand shares per fiscal year. However, as detailed in 3. below, the Company intends to provide Compensation pertaining to the PSU Plan to Eligible Directors as a lump-sum payment upon conclusion of the third fiscal year as consideration for their performance of duties during the target period of a mid-term business plan (generally three fiscal years). The PSU Compensation Amount will essentially amount to no more than 200 million yen per fiscal year, and the number of shares to be delivered will be no more than 300 thousand shares.

Moreover, if there are concerns that the total Individual Base Compensation Amount will exceed 600 million yen, the amount will be reduced to the maximum on a pro-rata basis or using other means. Also, the Company will decrease the number of Company Shares to be delivered to respective Eligible Directors on a pro-rata basis or using other rational means, to ensure that maximums are not exceeded, if there are concerns that delivering the number of Company Shares set forth in aforementioned item (iii), could result in a situation where the maximum total number of Company Shares delivered to an Eligible Director, 900 thousand shares, is exceeded.

- v. Irrespective of aforementioned item (iii), the Company will make monetary payment equal to the combined amount of the Amount of Monetary Receivables Corresponding to Payment Amount, which is calculated in a manner similar to deliver Company Shares for resident Eligible Directors, and the Compensation Amount Paid Monetarily to Eligible Directors in cases where an Eligible Director is a non-resident.
- vi. The Board of Directors will make decisions on the specific delivery and payment dates for and relevant distribution of Company Shares and monetary sums that are to be delivered and paid to respective Eligible Directors on the basis of the aforementioned items (ii) to (v).

### (3) Clawback provisions, etc.

The Company has established clawback provisions enabling it to demand uncompensated refund of monetary amounts corresponding to full or partial numbers of Company Shares delivered or cash paid to an Eligible Director as compensation pertaining to the PSU Plan, if a situation arises involving substantial accounting improprieties or significant losses.

The Board of Directors stipulates specifics of the PSU Plan in regulations pertaining to the PSU Plan, upon having been deliberated on by the Compensation Advisory Committee, with respect to matters that include trigger clauses of clawback provisions and other specific details, handling of organizational restructuring, etc. (handling of Base Amounts of Stock Compensation Per Position in the event of a share split or share consolidation), Other Requirements, and requirements for situations where aforementioned item (v), (2) applies.

### 4. Basis for calculating the amount to be paid in and specific details thereof

The calculation of the amount to be paid in for the Plan is based on the "3. Details of the Plan" of the number of shares to be granted, and in order to eliminate arbitrariness, the disposal price is set at 3,950 yen, which is the closing price of the Company's common shares on the Prime Market of the Tokyo Stock Exchange on July 1, 2024 (the business day immediately preceding the date of the Board of Directors' resolution). This is the market share price immediately prior to the date of the Board of Directors' resolution, and the Company believes that it is reasonable and does not constitute a particularly favorable amount.

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