



February 13, 2023

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## Notice Regarding Introduction of Restricted Stock Compensation System

We hereby announce the introduction of a restricted stock compensation system (the "System") resolved at the Board of Directors meeting held on today. The relevant proposal will be placed on the agenda for the 51st Annual General Meeting of Shareholders ("General Meeting of Shareholders") to be held on March 28, 2023 as follows.

### 1. Purpose of Introduction of the System, etc.

The System is introduced for directors of Company (excluding directors serving as members of the audit and supervisory committee and outside directors; referred to the "Eligible Directors") to clarify the linkage between compensation, Company's business performance and stock value, and to share not only the benefits of an increase in stock price but also the risk of a decline in stock price with shareholders, thereby making the Eligible Directors aware of the need to contribute to improvement of Company's business performance and corporate value over the medium to long term.

In introducing the System, monetary claims shall be paid to the Eligible Directors as compensation for the grant of restricted stock, the approval of shareholders shall be obtained for the payment as compensation at this General Meeting of Shareholders. At the 48th Annual General Meeting of Shareholders held on March 25, 2020, it was approved that the amount of remuneration for directors of Company shall be 200 million JPY or less per year (including an annual compensation of up to 10 million JPY for outside directors, however excluding salaries for employees of Directors who concurrently serve as employees). In addition, at the same Annual General Meeting of Shareholders, it was also approved that the Company would contribute up to 100 million JPY per subject period (three consecutive fiscal years) to a trust established under the "Board Benefit Trust (BBT)" (the "BBT System") as a performance-linked stock compensation system for directors of Company (excluding outside directors, part-time directors, and directors who are members of the audit and supervisory committee), separate from the above compensation amount for directors, and it was also approved the establishment of a compensation for Directors with a maximum total number of 67,000 points per fiscal year (--it is converted into 1 common share of Company per 1 point-- (however, after the approval of this proposal, if a stock split, gratis allotment of shares or reverse stock split, etc. is made with respect to Company shares, the maximum number of points and the number of points granted or conversion ratio will be reasonably adjusted according to the ratio, etc.)) under the Officers Share Benefit Rules, and remains so to present. At the General Meeting of Shareholders, the Company acquire the approval of shareholders for new introduction of the System in place of the current BBT System and establish a compensation limit for Eligible Directors in relation to the System separate from the above compensation limit.

## 2. Outline of the System

The total amount of monetary claims to be paid to Eligible Directors under the System shall be 50 million yen or less per year (not including the employee's salary for directors who also serve as employees), and the total number of shares of common stock to be newly issued or disposed of by the Company shall be 50,000 shares or less per year (provided, however, that in the event of a stock split (--including gratis allotment of common stock--) or reverse stock split of the Company's common stock with an effective date on or after the date of resolution of this General Meeting of Shareholders or reverse stock split, the total number shall be adjusted according to the split ratio or reverse stock split ratio, as appropriate, after the effective date of such stock split or reverse stock split.) .

At the 52nd fiscal year (January 1, 2023 to December 31, 2023), as a transition measure from the current BBT System, a monetary claim shall be paid for the grant of restricted stock related to this transition measures as a separate limit from the above compensation limit, and the total amount of the monetary claim shall be 20 million JPY or less, and the total number of shares of common stock to be newly issued or disposed of by the Company shall be 68,000 shares or less per year (provided, however, that in the event of a stock split (--including gratis allotment of common stock--) or reverse stock split of the Company's common stock with an effective date on or after the date of resolution of this General Meeting of Shareholders or reverse stock split, the total number shall be adjusted according to the split ratio or reverse stock split ratio, as appropriate, after the effective date of such stock split or reverse stock split.) .

Eligible Directors shall pay all monetary claims granted by the Company under the System as contribution in kind, and the Company shall issue or dispose of share of its common stock. The amount to be paid per share shall be determined in the Board of Directors meeting based on the closing price of the Company's common stock on the Tokyo Stock Exchange on the business day immediately preceding the date of resolution by each Board of Director meeting (or closing price of the immediately preceding trading day if any transaction was not concluded on that date), to the extent that is not particularly favorable to the Eligible Directors subscribing to such common stock.

Upon the issuance or disposal of share of common stock of the Company (the "Shares") under the System, the Company and the Eligible Directors shall enter into a restricted stock allotment agreement, which shall include the following items: (1) the Shares may not be transferred to a third party, created as a security interest, or otherwise disposed for a certain period of time (the "Restricted Transfer Period"), (2) upon the occurrence of certain events, the Company shall acquire the Shares without consideration.

The Shares will be managed in an exclusive account opened by the Eligible Directors at Nomura Securities Co., Ltd. designated by the Company during the Restricted Transfer Period so that the Shares cannot be transferred, created as a security interest, or otherwise disposed of during the Period.