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[Translation]

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To Whom It May Concern

Tosei Corporation

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## **Notice Regarding Introduction of Share-Based Remuneration Plan for Directors**

Tosei Corporation (the “Company”) hereby announces that the Board of Directors held today, reviewed the directors’ remuneration Plan and resolved to introduce a performance-linked restricted stock remuneration Plan (the “Plan I”) for the Company’s directors excluding the External Directors (the “Eligible Directors”), and a remuneration Plan to transfer-restricted stock unit (the “Plan II”) for the External Directors, and also resolved to submit proposals regarding these Plan I and Plan II to the 74th Ordinary General Meeting of the Shareholders scheduled for February 27, 2024 (the “Shareholders Meeting”). Accordingly, the Company provides the following information.

### I. The Plan I

#### 1. Purpose and Conditions of the Introduction of the Plan I

##### (1) Purpose of Introducing the Plan I

The Plan I will be introduced to clarify the link between the remuneration of the Eligible Directors and the Company's performance and share value, and to provide the Eligible Directors with an incentive to continuously improve the Company's corporate value, as well as to promote further value sharing between the Eligible Directors and the shareholders.

##### (2) Conditions for the Introduction of the Plan I

As, in the Plan I, the Company provides the Eligible Directors with restricted stock as remuneration, introduction of the Plan I is subject to the shareholder’s approval regarding the provision of such remuneration at the Shareholders Meeting.

The amount of remuneration, etc. of the Company's directors was approved (i) at the 70th Ordinary General Meeting of the Shareholders held on February 26, 2020 as no more than JPY 500 million (including no more than JPY 80 million for the External Directors) (not including salaries for services as employees for those Directors who serves as such) and separately from such remuneration amount, (ii) at the 69th Ordinary General Meeting of the Shareholders held on February 27, 2019 no more than JPY 100 million (including no more than JPY 10 million for the External Directors) for stock option remuneration.

At the Shareholders Meeting, the Company intends to ask for shareholders' approval for the introduction of the Plan I for the Eligible Directors newly, separate from the above-mentioned remuneration amount.

#### 2. Outline of the Plan I

The Plan I is performance-linked share-based remuneration Plan using Performance Share Units, in which the Board of Directors sets in advance numerical targets for the performance of the Company during each financial year of the Company (the “Evaluation Period”), and the Company’s common stock

(the “Common Stock”) calculated according to the degree of the numerical targets, etc. is granted. The Common Stock granted to the Eligible Directors is subject to transfer restrictions during a certain period. The Board of Directors of the Company will set performance indicators which is based on the Company's management policy including profit indicators. For your information, the performance indicator to be set during initial Evaluation Period will be consolidated pretax profits.

As under the Plan I, the Common Stock is delivered in accordance with the achievement level of the numerical performance targets, etc., at the time of introduction of the Plan I, it has not been determined whether or not the Common Stock is delivered to each Eligible Directors, nor the number of the Common Stock to be delivered.

The total number of the Common Stock to be issued or disposed of to the Eligible Directors under the Plan I shall not exceed 100,000 shares per year and the total amount of remuneration under the Plan I shall not exceed 200 million yen per year, which is separate from the remuneration amount set forth in I 1 (2) above. If, however, the total number of shares issued by the Company increases or decreases due to a reverse stock split or a share split (including the allotment of free shares), the above total number of the Common Stock shall be adjusted according to that ratio.

#### (1) Method of Granting Remuneration under the Plan I

Grant of the Common Stock under the Plan I shall be made by one of the following methods, in accordance with a resolution of the Board of Directors

- (a) The method in which the Common Stock is issued or disposed of as remuneration for directors without payment of cash or provision of property.
- (b) The method in which the Common Stock is issued or disposed of by provision of monetary remuneration claims by directors, which are provided to directors by the Company as contribution in kind.

The amount to be paid per share in the case of the method described in (b) above shall be determined by the Board of Directors based on the closing price of the Common Stock on the Tokyo Stock Exchange on the business day preceding the date of the resolution of the Board of Directors regarding the issuance or disposal (if no transactions were concluded on that date, the closing price on the immediately preceding trading day) to the extent not particularly favorable to the directors.

#### (2) Conditions of Delivering Shares

Under the Plan I, the Company will deliver the Common Stock to the Eligible Directors (including those newly appointed after the start of the Evaluation Period) after the Evaluation Period, if the following requirements are met.

- (a) There has been no specified misconduct determined by the Board of Directors of the Company.
- (b) Fulfilment of other requirements determined by the Board of Directors of the Company to be necessary to achieve the purpose of the performance-linked restricted stock remuneration Plan.

Under the Plan I, after the commencement of the Evaluation Period and before delivery of the Common Stock, (i) in case that the Eligible Directors resign or retire from the position of the Company's Director or any other position determined by the Board of Directors of the Company due to death, or other reasons deemed legitimate by the Board of Directors, (ii) in case that a merger agreement in which the Company will become the absorbed company, a stock exchange agreement or a stock transfer plan in which the Company will become the wholly-owned subsidiary, or any other matter related to organizational restructuring, etc., (the “Organizational Restructuring”) is approved in the General Meeting of the Shareholders (or if approval in the General Meeting of the Shareholders is not required in relation to such Organizational Restructuring, then the Board of Directors' meeting) ,and (iii) in case the Board of Directors of the Company deemed that there are any reasonable reasons, the Company may pay the amount of cash determined reasonably by the Board of Directors at the reasonable time determined by the Board of Directors in lieu of the Common Stock, if necessary.

#### (3) Outline of Transfer Restrictions, etc.

For the delivery of the Common Stock under the Plan I, the Company shall enter into a restricted transfer share allotment agreement with each of the Eligible Directors, which shall include the following matters in summary.

(a) The Eligible Directors shall not transfer, create a security interest on or otherwise dispose of the Common Stock allotted pursuant to such allocation agreement during the period from the date of delivery of such Common Stock until the date the Eligible Directors retire or resign from their position as the director of the Company or other position determined by the Board of Directors of the Company (the "Restricted Transfer Period I").

(b) The Company shall lift the transfer restriction of all the allotted Common Stock as of the expiry of the Restricted Transfer Period I.

(c) The Company shall acquire such Common Stock without compensation in the event that the Eligible Directors violate laws, regulations, internal rules or the relevant allotment agreement or in the other events that the Eligible Directors fall under matters about which the Board of Directors of the Company determines that it is appropriate to acquire such Common Stock without compensation.

(d) Notwithstanding the provisions of (a) above, the Company shall, during the Transfer Restriction Period I, the Organizational Restructuring is approved by the Company's General Meeting of the Shareholders (or if approval in the General Meeting of the Shareholders is not required in relation to such Organizational Restructuring, then the Board of Directors' meeting), transfer restrictions on all such Common Stock will be lifted by resolution of the Board of Directors of the Company prior to the effective date of the Organizational Restructuring.

## II. The Plan II

### 1. Purpose and Conditions of the Introduction of the Plan II

#### (1) Purpose of Introducing the Plan II

The Plan II will be introduced to provide the External Directors with incentives to continuously improve the Company's corporate value and to promote further value sharing between the External Directors and shareholders.

#### (2) Conditions of Introducing the Plan II

As, in the Plan II, the Company provides the External Directors with restricted stock as remuneration, introduction of The Plan II is subject to the shareholder's approval regarding provision of such remuneration at the Shareholders Meeting.

As set forth in I 1 (2) above, the amount of remuneration, etc. of the External Directors was approved (i) at the 70th Ordinary General Meeting of the Shareholders held on February 26, 2020 as no more than JPY 80 million (not including salaries for services as employees for those Directors who serves as such) and separately from such remuneration amount, (ii) at the 69th Ordinary General Meeting of the Shareholders held on February 27, 2019 no more than JPY 10 million for stock option remuneration.

At the Shareholders Meeting, the Company intends to ask for shareholders' approval for the introduction of the Plan II for the External Directors newly, separate from the remuneration amount mentioned in II 1 (2) above.

### 2. Outline of the Plan II

The Plan II is a stock-based remuneration plan under which the Common Stock are granted to the External Directors on the condition that they continue to hold the position of the External Directors of the Company during each fiscal year of the Company (the "Subject Period"). The Common Stock granted to the External Directors is subject to transfer restrictions during a certain period. However, if the performance conditions set by the Board of Directors of the Company are not achieved, no Common Stock shall be delivered for such Subject Period.

The total number of the Common Stock to be issued or disposed of to the External Directors under the Plan II shall not exceed 10,000 shares per year and the total amount of remuneration under the Plan II shall not exceed 20 million yen per year, which is separate from the remuneration amount set forth in II 1(2) above. If, however, the total number of shares issued by the Company increases or decreases due to a reverse stock split or a share split (including the allotment of free shares), the above total number of the Common Stock shall be adjusted according to the ratio.

(1) Method of Granting of Remuneration under the Plan II

Grant of the Common Stock under the Plan II shall be made in the same method as described in I 2(1) above, based on a resolution of the Board of Directors.

(2) Conditions for the Delivering Shares

Under the Plan II, the Company will deliver the Common Stock to the External Directors (including newly appointed after the start of the Subject Period)

after the Subject Period, if the following requirements are met.

(a) There has been no specified misconduct as determined by the Board of Directors of the Company.

(b) Continuously holding the position of external directors of the Company during the Subject Period and achieving the performance conditions determined by the Board of Directors of the Company and fulfillment of such other requirements determined by the Board of Directors to be necessary to achieve the purpose of the Plan II.

Under the Plan II, after the commencement of the Subject Period and before delivery of the Common Stock, (i) in case that the External Directors resign from the position of the External Directors due to death, or other reasons deemed legitimate by the Board of Directors, (ii) in case that the Organizational Restructuring is approved in the General Meeting of the Shareholders (or if approval in the General Meeting of the Shareholders is not required in relation to such Organizational Restructuring, then the Board of Directors' meeting), and (iii) in case the Board of Directors of the Company deemed that there are any reasonable reasons, the Company may pay the amount of cash determined reasonably by the Board of Directors at the reasonable time determined by the Board of Directors in lieu of the Common Stock, if necessary.

(3) Outline of Transfer Restrictions, etc.

For the delivery of the Common Stock under the Plan II, the Company shall enter into a restricted transfer share allotment agreement with each of the External Directors, which shall include the following matters in summary.

(a) The External Directors shall not transfer, create a security interest on or otherwise dispose of the Common Stock allotted pursuant to such allocation agreement during the period from the date of delivery of such Common Stock until the date the External Directors retire from their position as the External director of the Company (the "Restricted Transfer Period II").

(b) The Company shall lift the transfer restriction of all the allotted Common Stock as of the expiry of the Restricted Transfer Period II.

(c) The Company shall acquire the Common Stock without compensation in the event that the External Directors violate laws, regulations, internal rules or the relevant allotment agreement or in the other events that the External Directors fall under matters about which the Board of Directors of the Company determined that it is appropriate to acquire the Common Stock without compensation.

(d) Notwithstanding the provisions of (a) above, if, during the Restriction Period II, the Organizational Restructuring is approved by the Company's General Meeting of the Shareholders (or if approval in the General Meeting of the Shareholders is not required in relation to such Organizational Restructuring, then the Board of Directors' meeting), transfer restrictions on all such Common Stock will be lifted by resolution of the Board of Directors of the Company prior to the effective date of the Organizational Restructuring.

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