



April 17, 2024

(Translation)

To Whom It May Concern,

Company name	Adastria Co., Ltd.
Representative	Osamu Kimura, Representative Director and President (Securities code: 2685 TSE Prime Market)
Inquiries	Itsuo Iwakoshi, Senior Executive Officer, General Manager of Administration Division (TEL: 03-5466-2060)

Notice Concerning Partial Revision of Performance-Linked Stock Compensation Plan for Directors

At a meeting held today, the Adastria Co., Ltd. ("Adastria" or "Company") Board of Directors resolved to partially revise the Company's performance-linked stock compensation plan ("Plan") for directors (excluding outside directors and non-residents of Japan). The Company adopted the Plan originally in 2016.

As separately disclosed in *Notice Concerning Transition to a Company with an Audit and Supervisory Committee*, published February 16, 2024, Adastria decided to transition to a company with an Audit and Supervisory Committee, subject to approval at the 74th annual general meeting of shareholders scheduled to be held on May 23, 2024 ("Shareholders' Meeting"). Accordingly, the Company intends to replace the existing compensation framework under the Plan with a proposal related to directors (excluding directors who are members of the Audit and Supervisory Committee and non-residents of Japan) post-transition ("Eligible Directors"), to be submitted at the Shareholders' Meeting.

1. Reasons for Plan Revision

The Company intends to revise the Plan in connection with the transition to a company with an Audit and Supervisory Committee. Further, said revision stems from a review of the director compensation framework, which is meant to provide incentives that encourage business transformation and ongoing enhancement of corporate value. This Plan revision will amend the maximum amount of money that the Company will contribute as compensation to Eligible Directors, as well as the maximum number of Company shares, etc., to be granted to Eligible Directors.

2. Plan Revision Details

(1) Plan Overview

The Plan is a stock compensation plan under which Company shares are acquired through a trust funded by Eligible Director compensation contributed by the Company to said Eligible Directors. Company shares and cash equivalent to the proceeds from the conversion of Company shares ("Company Shares, Etc.") are granted or paid ("Delivery") to Eligible Directors through the Trust in accordance with individual director roles and the degree of performance achievement during three consecutive fiscal years (from the fiscal year ending February 29, 2024 through the fiscal year ending February 28, 2026; "Plan Period," with each fiscal year defined as "Year Subject to Evaluation").

(2) Maximum Amount of Money to be Contributed by the Company

The Company will contribute up to a total of 2,250 million yen per Plan Period as compensation to Eligible Directors and establish a trust period of three years ("Trust") naming Eligible Directors who satisfy the requirements for beneficiaries as beneficiaries.

If, at the expiration of the Plan Period, the Board of Directors decides to extend the Plan Period, the Trust may be continued by amending the Trust agreement and conducting an additional trust instead of establishing a new Trust. In this case, the Plan Period shall be extended for a period equivalent to the existing Plan Period, and the period of the Trust shall also be extended for three years. The Company will make additional contributions within a total amount of 2,250 million yen for each extended Plan Period, continue to grant points to Eligible Directors during the extended Plan Period, and continue Delivery of Company Shares, Etc. during the extended Trust period.

However, in the case of such additional contribution, any Company shares (excluding Company shares equivalent to the points granted to Eligible Directors that have not yet been subject to Delivery) and monies (hereinafter referred to as "Remaining Shares, Etc.") remaining in the Trust assets at the end of the Plan Period before said extension, the sum of the amount of Remaining Shares, Etc. and the additional contribution to the Trust shall be within the limit of 2,250 million yen.

(3) Calculation Method for the Number of Company Shares, Etc. to be Acquired by Eligible Directors

The number of Company Shares, Etc. subject to Delivery to Eligible Directors is calculated* at a certain time each year based on cumulative points ("Cumulative Points") awarded in accordance with director roles in the Company and the Company's performance for the fiscal year in question in terms of year-on-year sales growth, achievement of operating income ratio targets, total shareholder return ("TSR"), and a comparison with the Tokyo Stock Price Index (TOPIX) growth rates. Upon retirement, the Eligible Director will receive Delivery of Company Shares, Etc. according to the number of Cumulative Points earned. One point shall be the equivalent of one share. If Company shares belonging to the Trust increase or decrease

due to a stock split, gratis allotment of shares, reverse stock split, etc., the Company will adjust the number of the Company shares subject to Delivery per point according to the ratio of said increase or decrease.

A maximum of 208,000 Company Shares, Etc. per year may be subject to Delivery to Eligible Directors by the Trust.

*The number of Company Shares, Etc. will vary between 0% and 200% according to year-on-year sales for the Year Subject to Valuation, achievement of operating income ratio targets, TSR, and a comparison with the TOPIX growth rate.

(4) Method and Timing of Delivery of the Company Shares, Etc. to Eligible Directors

In principle, Eligible Directors who satisfy the requirements as beneficiaries shall receive Delivery of Company Shares, Etc. based on Cumulative Points calculated in accordance with (3) above by completing the prescribed procedures for determining beneficiary rights when the individual in question retires from office as an Eligible Director. In accordance with the provisions of the Trust agreement, 50% of Company shares corresponding to the Cumulative Points (rounded down for shares less than one trading unit) will be subject to Delivery, and the Remaining Shares will be converted into cash in the Trust and paid out in an amount equivalent to the conversion price.

(5) Voting Rights for Shares Held in the Trust

To ensure neutrality toward management, voting rights may not be exercised during the Trust period for voting rights related to Company shares held in the Trust.

(6) Other Plan Details

Other details regarding the Plan shall be determined by the Board of Directors upon establishment of the Trust, amendments to the Trust agreement, or additional contributions made to the Trust.

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