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Company name: YAMATO KOGYO CO., LTD.
Representative: Mikio Kobayashi
Representative Director, President
Securities code: 5444 (TSE Prime Market)
Contact: Akihiko Hanamoto
Executive Officer
(Phone: +81-79-273-1061)

Notice Concerning the Introduction of a Performance-Based Post-Delivery Restricted Stock Compensation Plan

YAMATO KOGYO CO., LTD. (the “Company”) hereby announces that, at a meeting of the Board of Directors held today, it reviewed its executive compensation system and resolved to introduce a performance-based post-delivery restricted stock compensation plan (the “Plan”). The Company has also decided to submit a proposal regarding the Plan to the 107th Annual Shareholders’ Meeting scheduled for June 26, 2026 (the “Shareholders’ Meeting”), as described below.

1. Purpose and Conditions for Introducing the Plan

(1) Purpose of introducing the Plan

The Plan will be introduced as a stock-based compensation plan under which the Company will deliver to its directors (excluding outside directors and part-time directors; the “Eligible Directors”) such number of the Company’s common shares subject to a specified transfer restriction period and provisions under which the Company may acquire such shares without consideration (the “Restricted Shares”) as will be determined based on the level of achievement of performance targets and other relevant factors during a predetermined single business year (the “Performance Evaluation Period”). The purpose of the Plan is to ensure that Eligible Directors share the benefits and risks of fluctuations in the Company’s share price with shareholders, and to further enhance their motivation to contribute to sustained increases in the Company’s share price and corporate value.

(2) Conditions for introducing the Plan

As the Plan involves the payment of monetary compensation claims as compensation to Eligible Directors for the allotment of Restricted Shares, its introduction is subject to shareholder approval for the payment of such compensation at the Shareholders’ Meeting.

The total amount of compensation for the Company’s directors was approved at up to 720 million yen per year (including up to 70 million yen per year for outside directors) at the 104th Annual Shareholders’ Meeting held on June 29, 2023. In addition, at the 102nd Annual Shareholders’ Meeting held on June 29, 2021, shareholders approved, separately from the aforementioned directors’ compensation, that the total amount of monetary compensation claims to be paid to Eligible Directors for the allotment of restricted shares would be up to 100 million yen per year, and that the maximum number of restricted shares to be allotted in each business year would be 30,000 shares. At the Shareholders’ Meeting, the Company intends to seek approval, after comprehensive consideration of the contributions of Eligible Directors and other relevant factors, to introduce the Plan as a new plan and to set the total amount of monetary compensation claims to be paid to Eligible Directors as compensation related to the Plan, separately from the aforementioned directors’ compensation, at a maximum of 150 million yen for each Applicable Period (as defined in 2.(3) below; the same applies hereinafter).

Subject to approval of the proposal regarding the Plan at the Shareholders’ Meeting, the Company will discontinue its current restricted stock compensation plan for Eligible Directors and will not make any further allotments of restricted shares thereunder; provided, however, that restricted shares already granted will continue to remain outstanding.

2. Details of the Plan

(1) Allotment and payment of Restricted Shares

The Company will pay monetary compensation claims to Eligible Directors as compensation within the total amount specified above, based on the level of achievement of performance targets and other relevant factors during the Performance Evaluation Period. Each Eligible Director will receive an allotment of Restricted Shares by making an in-kind contribution of the entirety of such monetary compensation claims.

The payment of monetary compensation claims will be subject to each Eligible Director's consent to the in-kind contribution described above and the execution of a restricted stock allotment agreement containing the provisions set forth in (4) below (provided, however, that no transfer restrictions shall be imposed on shares delivered pursuant to (3)② below).

(Reference) Initial Performance Evaluation Period

The initial Performance Evaluation Period is scheduled to be the 108th fiscal year (April 1, 2026, to March 31, 2027).

(2) Total number of Restricted Shares

The total number of Restricted Shares to be allotted to Eligible Directors shall be capped at 50,000 shares per Applicable Period.

However, on or after the date of the resolution on the proposal regarding the Plan, if a stock split (including a gratis allotment of the Company's common shares), a reverse stock split of the Company's common shares, or other similar events require an adjustment to the total number of Restricted Shares to be allotted, such total number of Restricted Shares may be reasonably adjusted.

The amount to be paid in for Restricted Shares shall be determined by the Company's Board of Directors, within a range not particularly favorable to the Eligible Directors who will subscribe for such Restricted Shares, based on the closing price of the Company's common shares on the Tokyo Stock Exchange on the business day immediately preceding the date of the resolution by the Board of Directors regarding the issuance or disposal of such Restricted Shares (or, if no transaction is executed on that day, the closing price on the immediately preceding trading day).

(3) Requirements for delivery

The principal requirements for delivery are as follows:

- ① After establishing in advance the base number of shares and the method for calculating the level of achievement of performance targets, the Company shall deliver Restricted Shares to Eligible Directors after the end of the Applicable Period, in a number determined based on the level of achievement of performance targets during the Performance Evaluation Period and the length of service during the period commencing on the date of the Company's first Annual Shareholders' Meeting held after the commencement date of the Performance Evaluation Period and ending on the date of the Company's first Annual Shareholders' Meeting held after the expiration of the Performance Evaluation Period (the "Applicable Period").
- ② If an Eligible Director resigns from the position of director of the Company or any other position designated by the Board of Directors for justifiable reasons (excluding resignation due to death or illness) prior to the date of delivery of shares under the Plan, the Company's Board of Directors shall reasonably determine the timing of delivery of compensation, and shall deliver to such Eligible Director such number of shares as reasonably determined by the Board of Directors, within the total amount and total number of shares specified above as compensation related to the Plan.

If an Eligible Director resigns from the position of director of the Company or any other position designated by the Board of Directors due to death or illness prior to the date of delivery of shares under the Plan, the Company's Board of Directors shall reasonably determine the timing of delivery of compensation, and shall pay to such Eligible Director (or, in the case of resignation due to death, the heir succeeding to such Eligible Director) an amount of money reasonably determined by the Board of Directors, within the total amount specified above as compensation related to the Plan.

- ③ If, prior to the date of delivery of shares under the Plan, a proposal concerning a merger agreement in which the Company will become the disappearing company, a share exchange agreement or a share transfer plan in which the Company will become a wholly-owned subsidiary, or any other proposal relating to reorganization is approved at the Company's general meeting of shareholders (or by the Company's Board of Directors, if approval by a general meeting of shareholders is not required for such reorganization) (limited to cases where the effective date of such reorganization is scheduled to occur prior to the date of

delivery of shares under the Plan), the Company's Board of Directors shall reasonably determine the timing of delivery of compensation, and shall pay to the Eligible Directors an amount of money reasonably determined by the Board of Directors.

- ④ If an Eligible Director becomes subject to any forfeiture event deemed necessary to achieve the purpose of the stock compensation plan (as determined by the Board of Directors), such as resigning from the position of director of the Company or any other position designated by the Board of Directors without justifiable reasons (such as death) or engaging in certain misconduct, no Restricted Shares or money shall be delivered or paid to such Eligible Director under the Plan.

(4) Overview of the Restricted Stock Allotment Agreement

Upon the allotment of Restricted Shares, a restricted stock allotment agreement shall be entered into between the Company and each Eligible Director who will receive the allotment of Restricted Shares pursuant to a resolution of the Board of Directors (the "Allottee"). This agreement shall include the following provisions:

① Transfer Restriction Period

The Allottee may not transfer, pledge, grant a security interest in (including security by way of transfer), make a lifetime gift of, bequeath, or otherwise dispose of (collectively, the "Transfer Restrictions") the Restricted Shares allotted to him/her (the "Allotted Shares") to any third party during the period from the date of delivery of the Restricted Shares to the date on which the Allottee resigns from the position of director of the Company or any other position designated by the Board of Directors (the "Transfer Restriction Period").

② Acquisition of Restricted Shares without Consideration

If the Allottee resigns from the position of director of the Company or any other position designated by the Board of Directors prior to the expiration of the Transfer Restriction Period, the Company shall automatically acquire the Allotted Shares without consideration, unless the Board of Directors determines that there are justifiable reasons for such resignation.

③ Lifting of Transfer Restrictions

Upon the expiration of the Transfer Restriction Period, the Company shall lift the Transfer Restrictions on all of the Allotted Shares held by the Allottee at that time.

④ Treatment in the Event of Reorganization

If, during the Transfer Restriction Period, a proposal concerning a merger agreement in which the Company will become the disappearing company, a share exchange agreement or a share transfer plan in which the Company will become a wholly-owned subsidiary, or any other proposal relating to reorganization is approved at the Company's general meeting of shareholders (or by the Company's Board of Directors, if approval by a general meeting of shareholders is not required for such reorganization) (limited to cases where the effective date of such reorganization is scheduled to occur prior to the expiration of the Transfer Restriction Period), the Company shall, by resolution of the Board of Directors, lift the Transfer Restrictions on all of the Allotted Shares held by the Allottee as of the date of such approval, effective immediately prior to the effective date of such reorganization.

(Reference)

The Company also plans to provide a similar performance-based post-delivery restricted stock compensation to its executive officers.