

May 10th, 2022

To whom it may concern,

Company Name: T&K TOKA CO., LTD.  
Name of Representative: Yoshikatsu Masuda, President  
(Code Number: 4636, TSE Prime Market)  
Contact: Hideaki Sekine,  
Department Manager, Finance Department  
(Phone: 03-3963-0511)

### **Introduction of Stock Compensation System for Officers**

T&K TOKA CO., LTD. (the "Company") hereby announces that today, it has held a Board of Directors Meeting regarding the introduction of a stock compensation system using a trust (hereafter referred to as "the System") for our directors (as indicated below, this excludes directors who are Audit and Supervisory Committee Members and outside directors) . The board has reached a resolution to introduce this measure, and has decided to submit the proposal regarding the introduction of the System at the 80th Ordinary General Meeting of Shareholders (hereafter referred to as "the General Meeting of Shareholders") to be held on June 24th, 2022. As such, please find the details below.

#### Notice

##### 1. Introduction of the System

The compensation for directors (excluding directors who are Audit and Supervisory Committee Members and outside directors) has consisted of Base Compensation, Bonus, Restricted Stock Compensation, and Stock Options for Stock-linked Compensation. However, at this time we will introduce a new compensation system. Furthermore, in the event that the proposal regarding the introduction of this system is approved as proposed at the General Meeting of Shareholders, the following compensation types will be abolished: Restricted Stock Compensation and Stock Options for Stock-linked Compensation. Compensation based on these frameworks will not be issued thereafter (however, Restricted Stock Compensation will be abolished after the issuance of the monetary compensation claim as payment for job execution in the fiscal year ended March 31st, 2022, and the issuance of shares for Properties Contributed in Kind).

The purpose of the System is to better clarify the connection between the compensation of directors and the company performance/share value. By directors sharing the profits and risks of share price fluctuations with our shareholders, we aim to improve the commitment of directors in contributing to the development of medium to long-term performance, and increased corporate values. Our directors (excluding directors who are Audit and Supervisory Committee Members and outside directors) are subject to this compensation system.

Also, this compensation system shall be separate from the compensation limit (300 million yen per year or less (30 million yen per year or less for outside directors), excluding the employee portion of the salary) of directors (excluding directors who are Audit and Supervisory Committee Members) that was approved at the 75th Ordinary General Meeting of Shareholders held on June 22nd, 2017 .

With the above, the compensation for directors (excluding directors who are Audit and Supervisory Committee Members and outside directors) shall be comprised of Base Compensation, Bonus, and the Stock Compensation under the System.

The condition to introduce the System shall be based on the approval at the General Meeting of Shareholders.

## 2. The Outline of the System

### (1) The System Structure

The System is a stock compensation system under which a trust (hereafter referred to as "the Trust") established by capital funded by the company acquires the company's shares, and the Trust delivers to relevant directors a number of company shares equivalent to the number of points granted to the company directors.

Two types of points are granted based on the System: Fixed Points and Performance-based Points.

Fixed Points are granted based on positions held while a director holds a position during the Fixed Points period. The initial Fixed Points period shall be three years from the day after this Ordinary General Meeting of Shareholders to the General Meeting of Shareholders meeting date in 2025.

Performance-based Points are granted while a director holds a position during the Performance-based Points period, and are calculated based on the position held and the level of performance targets achieved. The initial Performance-based Points period shall be three fiscal years from the fiscal year ending March 31st, 2023 to the fiscal year ending March 31st, 2025 (hereafter, the Fixed Points Period and the Performance-based Points Period shall be generally or individually be referred to as the "Applicable Period").

In principle, directors shall receive the company shares at the time of their retirement from the position of director.

END