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May 22, 2025

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Name of representative:	Yuta Arisawa, Representative Director and CEO (Securities code: 5208; TSE Prime Market)
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Notice Regarding Revision of Restricted Stock Compensation Plan for Directors

Arisawa Mfg. Co., Ltd. (the “Company”) hereby announces that it has resolved, at a meeting of the Board of Directors held on May 22, 2025, to propose the revision of restricted stock compensation plan for directors (the “Plan”) at the 77th Ordinary General Meeting of Shareholders (the “Shareholders’ Meeting”) scheduled to be held on June 26, 2025 as follows.

1. The outline of revision of the Plan

It was resolved at the 56th Ordinary General Meeting of Shareholders held on June 29, 2004 that the total amount of remuneration for Directors should be no more than 30 million yen per month (excluding the employee salaries of directors who also serve as employees). It was also resolved at the 73rd Ordinary General Meeting of Shareholder on June 25, 2021 that remuneration to be paid for the grant of restricted stock to be issued only to the internal directors was approved to be 50 million yen or less per year, and that the number of common shares of the Company shall be 50,000 or less shares.

In light of the above, the Company has decided to extend the grant of restricted stock as compensation, which was previously limited to inside Directors, to outside Directors as well, under the following system, with the aim of further promoting value sharing between all Directors of the Company and shareholders and raising awareness of the importance of contributing to the sustainable improvement of our corporate value.

In conjunction with the addition of outside Directors as Eligible Directors, the Company would like to increase the total amount of remuneration to be paid for the grant of restricted shares from the current annual amount of 50 million yen or less to 60 million yen or less, and to increase the total number of shares of common stock of the Company to be granted from the current 50,000 shares or less to 60,000 shares or less.

2. Derails of the Plan

i) Details

Stock-based compensation (non-monetary remuneration) shall be restricted stock compensation, and is programmed to lift restrictions on transfer upon retirement for the purpose of building awareness of contributions to sustainably increasing the Company's corporate value by clarifying the linkage between the Company's stock value and compensation and sharing returns and risks due to fluctuations in the value of stocks with shareholders.

The Eligible Directors (Internal and Outside Directors) pay all monetary compensation claims as contributed properties in kind for granting restricted shares to be paid based on the resolution of the Company's Board of Directors and receive issuance or disposal of the Company's common shares. The number of shares to be allocated to each Eligible Director, corresponding to individually determined base amount, is determined by the Board of Directors based on the report of the Assignment and Remuneration Advisory Committee.

- ii) Amount of monetary compensation claims under the Plan and the maximum number of shares to be allocated

The amount of monetary compensation claims to be paid to the Eligible Directors shall be 60 million yen or less per year, and the number of the Company's shares to be allotted shall be 60,000 shares or less per year.

- iii) Payment amount per share

The payment amount per share shall be an amount not particularly favorable to the Eligible Directors 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 the resolution by the Board of Directors (if no transaction is made on that day, the closing price on the trading day immediately before that day).

- iv) Transfer Restricted Period

The Eligible Directors shall not transfer, have any security interest created thereon or otherwise dispose of the Company's common shares (the "Allotted Stock") during the period from the payment due date of the Allotted Stock under the restricted stock allotment agreement to the point of time immediately after the time of retirement from the position predetermined by the Company's Board of Directors among the positions of officers and employees of the Company or its subsidiaries (the "Transfer Restricted Period").

- v) Lifting of transfer restriction

During the period which is predetermined by the Company's Board of Director (the "Service Provision Period"), under the condition that the Eligible Directors continuously hold the positions specified in item (iv) above, the transfer restriction shall be lifted on the whole Allotted Stock at the time when the Transfer Restricted Period expires. However, in the event that the Eligible Directors resign from the positions specified in item (iv) above before the Service Provision Period expires due to the expiration of their term of office, death, or other legitimate reasons, the Company shall reasonably adjust, as necessary, the number of the Allotted Shares subject to the lifting of transfer restrictions and the timing of such lifting. In addition, the Company has the right, without consideration, to acquire all the Allotted Stock on which the transfer restriction is not lifted at the time immediately after the expiration of the transfer restriction period in accordance with the above provisions.

- vi) Other content

The treatment of the Plan at the time of organizational restructuring, etc., the treatment of stock split or reverse stock split related to the allotted shares, and other matters will be determined at the Company's Board of Directors.

3. Conditions for the revision of the Plan

The revision described above is subject to shareholder approval at the Shareholders' Meeting.