

April 14, 2025

To Whom It May Concern:

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Representative: Hiro Matsuoka, President & CEO
(Securities Code: 9602, Prime Market of Tokyo Stock
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Notice Relating to Introduction of Performance-Linked Share Remuneration Plan

TOHO CO., LTD. (the “Company”) hereby announces that, at the Board of Directors meeting held today, the Company has reviewed the executive remuneration plan, and resolved to introduce a performance-linked share remuneration plan (the “Plan”) and to submit a proposal related to the Plan to the 136th Annual General Meeting of Shareholders scheduled for May 29, 2025.

1. Purpose for the Introduction of the Plan

The Company has decided to introduce the Plan to the executive Directors among the Directors of the Company (excluding Directors who are Audit & Supervisory Committee Members and non-executive Directors) (the “Eligible Directors”) with the aim of further sharing value of the Directors and our shareholders by giving incentives to the Eligible Directors for sustainable growth in our corporate value, and clarifying the link between the Company performance and the Director’s remuneration.

2. Conditions for the Introduction of the Plan

As, in the Plan, the Company pays remuneration to the Eligible Directors, the introduction of the Plan will be subject to the approval of shareholders at the 136th Annual General Meeting of Shareholders regarding the provision of remuneration.

With regard to annual remuneration of the Company’s Directors (excluding Directors who are Audit & Supervisory Committee Members), the amount not exceeding ¥500 million per year was approved by resolution of the 127th Annual General Meeting of Shareholders held on May 26, 2016 (this does not, however, include employee salaries of Directors who serve concurrently as employees). In addition, it was approved by resolution of the 131th Annual General Meeting of Shareholders held on May 28, 2020, in remuneration framework that is separate to the remuneration framework described above, that (i) the Company may pay monetary compensation receivables, not exceeding ¥100 million per year, to the Eligible Directors for granting the restricted shares based on the restricted share plan, and (ii) the Company may pay the performance achievement bonus, not exceeding ¥100 million per year, to the Eligible Directors. At the 136th Annual General Meeting of Shareholders, the Company will propose the introduction of the Plan, which is a performance-linked share remuneration plan, to the Eligible Directors and setting a remuneration framework that is separate to each remuneration framework described above to grant restricted shares to the Eligible Directors pursuant to the Plan.

3. Overview of the Plan

The Plan shall be based on a performance evaluation period of the medium-term management plan formulated by the Company (the “Evaluation Period”). The Plan is a performance-linked share remuneration plan which uses a performance share unit. In the Plan, based on deliberation in the Governance Committee, the majority of which

consists of the Independent Outside Directors, the Board of Directors determines the base number of shares to be granted, the performance indicators and the performance targets thereof for each Eligible Director, and, after the Evaluation Period, the Company grants a number of the Company's common shares calculated according to the achievement of such performance targets to the Eligible Directors.

※The Evaluation Period and the performance indicators in the "TOHO Mid-Term Plan 2028" are as follows.

The Evaluation period: FY February 2026 to FY February 2028

The Performance Indicators: Consolidated Operating Profit + ROE+ESG Indicators (CO2 Reduction Targets and Engagement Scores)

Under the Plan, the Eligible Directors, pursuant to a resolution of the Board of Directors of the Company, (a) will receive the Company's common shares issued, or disposed of, by the Company with no need for paying money or granting contributed assets in kind as the Directors' compensation, etc., or (b) will make an in-kind contribution of all monetary compensation receivables to be granted under the Plan, and will receive the Company's common shares issued, or disposed of, by the Company.

The total number of the Company's common shares issued, or disposed of, under the Plan shall not exceed 50,000 per year, and the total amount of remuneration shall not exceed ¥500 million yen per year that is separate to the current remuneration framework (provided, however, that in the event the total number of issued Company's common shares increases or decreases due to a share consolidation or a share split (including allotment of the common shares of the Company without consideration), the maximum number of shares shall be adjusted in proportion to the total number of issued Company's common shares.).

In the case of (b) above, the amount to be paid per share shall be determined by the Board of Directors in a manner that is not especially advantageous to the Eligible Directors. The basis of said amount shall be the closing price of the Company's common shares on the Tokyo Stock Exchange, Inc. on the business day immediately preceding the date of the resolution of the Board of Directors; or, if there is no closing price on said business day, the closing price on the trading day immediately prior thereto.

In addition, the Company will impose transfer restrictions on the Company's common shares granted to the Eligible Directors pursuant to the Plan (the "Allotted Shares") based on an agreement (the "Transfer Restriction Agreement"), which shall include the following:

- (1) The Eligible Director shall not transfer, create a security interest in, or otherwise dispose of the Allotted Shares from the date of delivery of them to the date on which the Eligible Director retires or resigns from the position of the Company's Director or any other position determined by the Board of Directors of the Company.
- (2) The Company shall acquire the Allotted Shares without consideration if the Eligible Director violates any law and regulation, the Company rule or the Transfer Restriction Agreement, or falls under certain reasons specified by the Board of Directors of the Company.
- (3) In the event of any material fraudulence or violation by the Eligible Director within a certain period after the transfer restriction period, the Company may request such Eligible Director to return all or part of the Company's common shares equivalent to the Allotted Shares or any money equivalent thereto.

(Reference)

In the event that the proposal relevant to the Plan is approved at the 136th Annual General Meeting of Shareholders, the Company intends to introduce the performance-linked share remuneration plan similar to the Plan to the Executive Officers of the Company.