

August 29, 2023

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(TSE Prime Market, Code: 8892)
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Notice of Partial Revision of Performance-Based Stock Reward System for Directors

As announced today in the Notice Concerning Change in Fiscal Year End, Partial Amendments to Articles of Association, and Establishment of a Date of Record for the Convocation of Extraordinary General Meeting of Shareholders, ES-CON JAPAN Ltd. (“ES-CON JAPAN”) will change its fiscal year end, subject to approval at the Extraordinary General Meeting of Shareholders scheduled for November 29, 2023 (“this General Meeting of Shareholders”).

ES-CON JAPAN has resolved at today's board of directors meeting to propose, at this General Meeting of Shareholders, an agenda concerning the partial version of the performance-based stock reward system for directors (excluding directors (auditors), external directors, and non-executive directors) and (authorized) executive managing officers (“Directors, etc.”; the same applying hereinafter unless otherwise stated) introduced in FY2015 (“the System”; the trust agreement to be executed with Resona Bank, Ltd. with respect to the System is referred to as the “Trust Agreement”; the trust to be established in accordance with the Trust Agreement is referred to as the “Trust”), subject to the change in the Company's fiscal year end.

1. Background and purpose of this revision

While a partial revision in the System was approved at the 26th Regular General Meeting of Shareholders held March 26, 2021, in the event that the Partial Amendments to Articles of Association to be proposed at this General Meeting of Shareholders is approved as proposed, the Company's fiscal year end will change from December to March. In connection with this, we have resolved to review and partially revise the contents of the System, subject to shareholder approval, and have decided to submit this proposal to this General Meeting of Shareholders for approval. There will be no change in the maximum number of the ES-CON JAPAN shares to be granted to Directors, etc.

For more information on the previous version of the System, please refer to the “Notice of Introduction of Performance-based Stock Reward System for Directors” dated February 13, 2015; “Notice of Continuation and Partial Revision of Performance-based Stock Reward System for Directors” dated January 30, 2020; “Notice of Partial Correction of Notice of Continuation and Partial Revision of Performance-based Stock Reward System for Directors” dated March 13, 2020; and “Notice of Partial Revision of Performance-based Stock Reward System for Directors” dated February 24, 2021.

2. Details of revisions of the System

The System as it stands will be revised with respect to the following points, subject to approval at this General Meeting of Shareholders:

(Key revisions from the current version of the System)

Item	Before revision	After revision
Target period	Three fiscal years from the fiscal year ending December 2021 until the fiscal year ending <u>December 2023</u> and each subsequent period of three fiscal years	Three fiscal years from the fiscal year ending December 2021 until the fiscal year ending <u>March 2024</u> and each subsequent period of three fiscal years
Calculation method cap on number of shares of to be granted to ES-CON JAPAN's directors	Consolidated operating income and total shareholder return (TSR) shall be adopted as the calculation method. ES-CON JAPAN will assign points in accordance with the state of progress toward the goal for consolidated operating income based on the number of standard shares for each position stipulated at the beginning of the fiscal year ending December 2021. Annual points assigned annually to the subject parties will be accumulated in <u>the performance for the fiscal year ending December 2023</u> . Points are calculated by multiplying the accumulated annual points assigned by the rate of deviation between the Company's TSR and the <u>TSE1 Real Estate TOPIX</u> growth rate.	Consolidated operating income and total shareholder return (TSR) shall be adopted as the calculation method. ES-CON JAPAN will assign points in accordance with the state of progress toward the goal for consolidated operating income based on the number of standard shares for each position stipulated at the beginning of the fiscal year ending December 2021. Annual points assigned annually to the subject parties will be accumulated in <u>the performance for the fiscal year ending March 2024</u> . Points are calculated by multiplying the accumulated annual points awarded by the rate of deviation between the Company's TSR and the <u>TSE Prime Market Real Estate TOPIX Growth Rate</u> .

There will be no change in the maximum amount of the contribution or the maximum number of points that can be assigned per fiscal year.

[Reference] <Content of Trust Agreement>

- ① Name: Board benefit trust for executives
- ② Entrusting party: ES-CON JAPAN
- ③ Trustee: Resona Bank, Limited
Resona Bank, Limited will enter into a specific comprehensive Trust Agreement with Custody Bank of Japan, Ltd. The latter will be the re-trustee.
- ④ Beneficiaries: Directors, etc. who fulfill the specified requirements
- ⑤ Trust administrator: Third party having no interest in ES-CON JAPAN
- ⑥ Type of trust: Monetary trust other than a money trust (other interest trust)
- ⑦ Date of conclusion of trust agreement: April 1, 2015
- ⑧ Trust term: From April 1, 2015, to the closing of the Trust