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June 25, 2025

Company name:	Kyosan Electric Manufacturing Co.,Ltd. (Securities code: 6742; Tokyo Market)
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Notice Regarding Grant of Units as Performance-Based Stock Compensation

The Company hereby announces, as described below, that it adopted a resolution at the Board of Directors meeting held on June 25, 2025 that it would grant the right to receive the number of shares of common stock of the Company as calculated based on the achievement level of performance targets, etc., during the performance review period (hereinafter referred to as "Units") to Directors (excluding Non-Executive Directors; hereinafter referred to as "Eligible Directors") and Executive Officers of the Company under the performance-based stock compensation plan as the plan using performance share units (hereinafter referred to as "Plan") (hereinafter referred to as "Grant Resolution") and will notify the eligible persons.

1. Overview of disposition based on Units

(1) Type and number of shares to be disposed of	801,641 shares of common stock of the Company *This is the number of shares in cases where the achievement level of the performance targets under the Plan is highest (i.e., the number of shares is largest)
(2) Disposal price	484yen per share *The price is the closing price of the common stock of the Company on the Tokyo Stock Exchange on the business day (June 24, 2025) immediately preceding the date of the Grant Resolution.
(3) Total disposal price	387,994,244yen *This is the amount calculated by multiplying the number of shares assuming that the achievement level of the performance targets under the Plan is highest (i.e., the number of shares is largest) by the closing price of the common stock of the Company on the Tokyo Stock Exchange on the business day (June 24, 2025) immediately preceding the date of the Grant Resolution.
(4) Planned recipient	2 Directors *1 217,112 shares 12 Executive Officers *2 584,529 shares *1 Excluding Non-Executive Directors. *2 Excluding 2 Executive Officers concurrently serving as Directors
(5) Others	Regarding the grant of the Units, an extraordinary report under the Financial Instruments and Exchange Act has been submitted.

2. Purposes and reasons for the Units

The Company resolved at the Board of Directors meeting held on March 21, 2025 that it would introduce the Plan for the purpose of providing an incentive to sustainably improve the corporate value of the Company to Eligible Directors by more clearly associating their remuneration with the Company's performance and the value of shares of the Company and to further promote shared value between Eligible Directors and shareholders, and then at the 160th ordinary general meeting of shareholders held on June 25, 2025, the Company obtained approval for the grant of the remuneration under the Plan to Directors.

Furthermore, for the purpose of providing an incentive to sustainably improve the corporate value of the Company to Executive Officers by more clearly associating their remuneration with the Company's performance and the value of shares of the Company and to further promote shared value between Executive Officers and shareholders, the Company has also decided to grant the Units to Executive Officers of the Company.

The Company has recently resolved, at the Board of Directors meeting held on June 25, 2025, that it grants the Units to two Eligible Directors and 12 Executive Officers (collectively, hereinafter referred to as "Eligible Officers"), taking into account the purpose of the Plan, scope of duties of each of Eligible Officers and other relevant reasons.

<Overview of the Plan>

The evaluated period for the achievement of the performance target in relation to the units will be from April 1, 2025 through March 31, 2028 (hereinafter referred to as "Evaluation Period") and shares of the common stock of the Company will be granted based on the achievement level of performance indicators (indicators, etc., in relation to consolidated sales, etc., are used) specified according to the positions of Eligible Officers during the Evaluation Period.

(1) Method of determining the final number of shares to be granted

The final number of shares to be granted will be calculated as follows:

$$[\text{Final number of shares to be granted}] = [(\text{i}) \text{Base number of shares to be granted}] \times [(\text{ii}) \text{Payment ratio according to the achievement level of performance targets}] \times [(\text{iii}) \text{Tenure ratio}]$$

- (i) The base number of shares to be granted will be determined by the Board of Directors based on the base unit price for each Eligible Officer to be specified according to their position, etc.
- (ii) The achievement level of performance target will be calculated based on the achievement level of performance target, etc., for each Eligible Officer to be specified according to their position, etc.
- (iii) The tenure ratio will be calculated based on the ratio of the length in office of an Eligible Officer who was appointed during the Evaluation Period.

(2) Grounds for termination of rights

When an Eligible Director commits a certain misconduct specified by the Board of Directors or falls under any other grounds for which it is deemed reasonable to terminate the Units as specified by the Board of Directors of the Company before the time the right to the Units is established, the right to the Units will cease to exist. In the case where an Eligible Officer who has resigned or who dies or any other event specified by the Board of Directors occurs during a period after the commencement of the Evaluation Period and before the grant of

the shares of the Company, the Company may grant monetary compensation in an amount reasonably determined by the Board of Directors of the Company in lieu of the shares of the Company.

(3) Procedures at the time of reorganization, etc.

In the case where any matter related to a merger agreement under which the Company will become the dissolving company, a share exchange agreement or share transfer plan under which the Company will become a wholly-owned subsidiary, or other reorganization, etc., is approved by the general meeting of shareholders of the Company (or by the Board of Directors of the Company if approval of the general meeting of shareholders of the Company is not required for such reorganization, etc.) during a period after the commencement of the Evaluation Period and before the grant of the shares of the Company, the Company may grant monetary compensation in an amount reasonably determined by the Board of Directors of the Company in lieu of the shares of the Company.