

August 8, 2025

Company name:	Takasago Thermal Engineering Co., Ltd.
Name of representative:	Kazuhito Kojima, President and Representative Director (Securities code: 1969; Tokyo Market)
Inquiries:	Masatoshi Morino, Director and Executive Officer, Chief Executive Officer of Finance & Investor Relations Department (Telephone: +81-3-6369-8215)

## **Notice Regarding Introduction of Stock Compensation System for Officers and Employees of Overseas Subsidiaries**

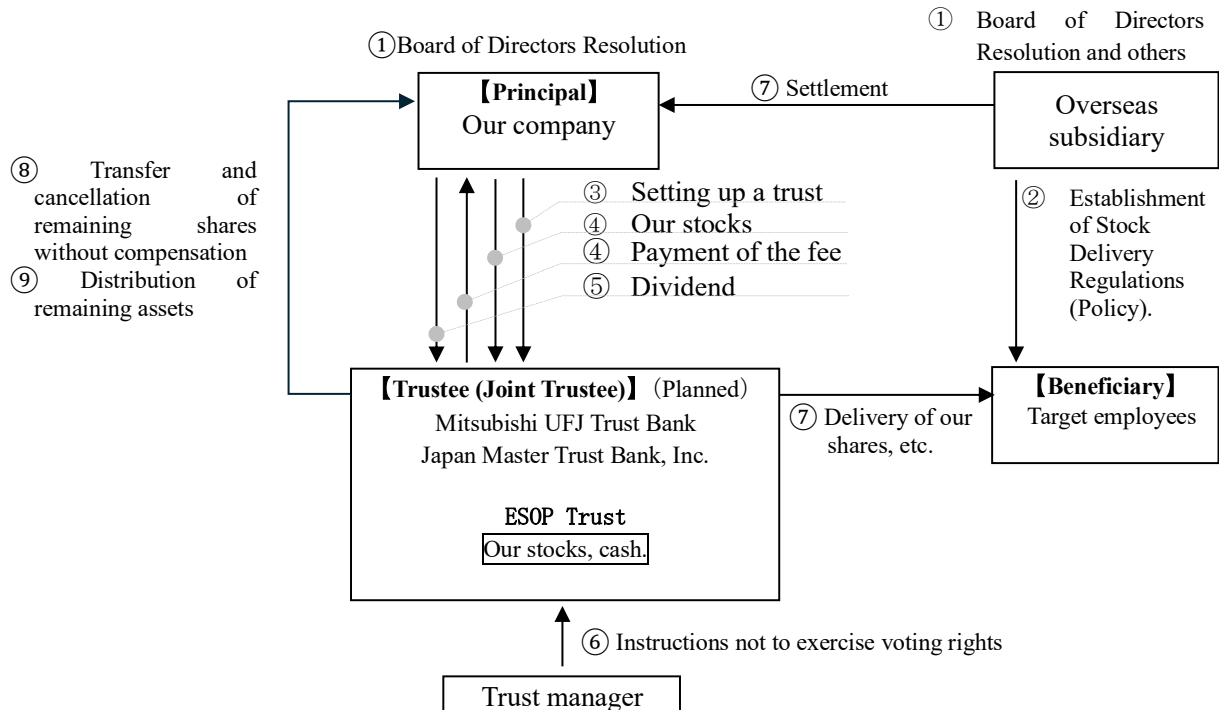
Takasago Thermal Engineering Co., Ltd. (the “Company”) hereby announces that, at the Board of Directors meeting held on August 8, 2025 to introduce a stock compensation system (hereinafter referred to as the “System”) utilizing an ESOP Trust for officers and employees of overseas subsidiaries who meet certain eligibility criteria (hereinafter referred to as “Eligible Personnel”), as outlined below.

### 1. Purpose of Introducing the System

(1) The Takasago Group has formulated its “Long-Term Vision 2040” to envision its ideal state in 2040, aiming for sustainable growth and value creation amid dramatic changes in the business environment. To enhance the sense of participation in management among officers and employees of our overseas subsidiaries and to motivate them to contribute to the Group’s corporate value, the Board of Directors resolved today to introduce a stock compensation system (hereinafter, “the System”) for eligible officers and employees (hereinafter, “Eligible Personnel”).

(2) The System utilizes an Employee Stock Ownership Plan (ESOP Trust), under which, based on predetermined stock compensation rules, the Company will, in principle, deliver and provide shares of the Company and cash equivalent to the proceeds from the sale of such shares (hereinafter, “Company Shares, etc.”) to Eligible Personnel after their retirement.

## 2. Overview of the System



- ①. The Company and its overseas subsidiaries will carry out necessary procedures, including board resolutions, for the introduction of the System.
- ②. Overseas subsidiaries will establish internal regulations for stock compensation.
- ③. The Company will contribute funds and establish an ESOP Trust for Eligible Personnel who meet beneficiary requirements.
- ④. The ESOP Trust will acquire Company shares from the Company (disposition of treasury shares) using the contributed funds.
- ⑤. Dividends on shares held in the ESOP Trust will be paid as with other Company shares.
- ⑥. Voting rights for shares held in the ESOP Trust will not be exercised during the trust period.
- ⑦. Eligible Personnel will be granted points based on their responsibilities, which will accumulate over time. Upon retirement, those who meet beneficiary requirements will receive cash equivalent to the proceeds from the sale of shares corresponding to a portion of their accumulated points, and the remaining points will be converted into Company shares and delivered.
- ⑧. If residual shares remain at the end of the trust period, the ESOP Trust may be continued through contract amendments and additional contributions. If not continued, the residual shares will be transferred to the Company without compensation and subsequently retired.
- ⑨. Residual dividends at the end of the trust period will be used for share acquisition if the trust is continued. If not, any excess over the reserve for trust expenses will be donated to a third-party organization with no conflict of interest.

\*Note: The ESOP Trust may terminate before the end of the trust period if all Company Shares, etc. are delivered to Eligible Personnel.\*

### 3. Summary of the Trust

Item	Details
Type of Trust	Trust other than money trust with specified sole investment (benefit trust)
Purpose	Incentive provision to Eligible Personnel
Settlor	Takasago Thermal Engineering Co., Ltd.
Trustee	Mitsubishi UFJ Trust and Banking Corporation (Co-trustee: The Master Trust Bank of Japan, Ltd.)
Beneficiaries	Eligible Personnel who meet beneficiary requirements
Trust Administrator	Certified public accountant with no conflict of interest with the Company or its subsidiaries
Trust Agreement Date	August 25, 2025 (planned)
Trust Period	August 25, 2025 – August 31, 2030 (planned)
System Start Date	January 1, 2026 (planned)
Voting Rights	Not exercised
Type of Shares Acquired	Common shares of the Company
Trust Fund Amount	240,000,000yen (planned, including trust fees and expenses)
Method of Share Acquisition	Acquisition from the Company (disposition of treasury shares)
Residual Property	Limited to the reserve for trust expenses after deducting share acquisition costs

\*Note: The above dates may be adjusted as necessary in accordance with applicable laws and regulations.\*

- End -