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May 15,2026

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Securities code	8157 (TSE Prime Market)
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Notice Regarding the Continuation and Partial Amendment of the Stock Compensation Plan for Directors of the Company

Tsuzuki Denki Co., Ltd. ("the Company") hereby announces that, at the Board of Directors meeting held on May 15, 2026, it resolved to submit to the 86th Annual General Meeting of Shareholders to be held on June 26, 2026 (the "General Meeting") a proposal (the "Proposal") concerning the continuation and partial amendment of the stock compensation plan that has been in place since fiscal 2017 (the "Plan"), which serves as an incentive plan for the Company's directors and executive officers, as described below.

1. Continuation of the Plan

(1) At the Board of Directors meeting held on May 15, 2026, the Company resolved to continue the Plan, with a partial amendment as described in 2. below, with the aim of improving medium- to long-term business performance, increasing corporate value, and enhancing shareholder-oriented awareness among management. (*)

(2) The amendment of the Plan is conditional upon receiving approval of the Proposal at the General Meeting.

(3) The Plan adopts a structure known as the Board Incentive Plan (BIP) trust for officers' compensation (the "Trust"). The BIP trust for officers' compensation is an incentive plan that, similarly to performance-linked stock compensation (Performance Share) plans and restricted stock compensation (Restricted Stock) plans found in Western markets, delivers shares to officers. Under the Plan, based on the stock compensation amount determined according to the basic compensation amount for each position and the degree of achievement of performance targets and other criteria, the Company's shares and a cash payment equivalent to the conversion

value of those shares (collectively, the "Company's shares, etc.") are delivered and provided (collectively, "delivery, etc.") to directors.

(4) The trust term of the current Plan, which expires at the end of September 2026, will be extended by three years through an amendment of the trust agreement. The subject period of the Plan after continuation will be the three fiscal years from the fiscal year ending March 31, 2027 through the fiscal year ending March 31, 2029.

(*) The Company has established a Nomination and Compensation Committee as an advisory body to the Board of Directors, which has deliberated on the continuation and partial amendment of the Plan.

2. Partial Amendment of the Plan

With the aim of further enhancing the awareness of the Company's directors (excluding outside directors and nonresidents of Japan) and executive officers (excluding nonresidents of Japan) regarding contributions to medium- to long-term business performance and the maximization of shareholder value, the Company has reviewed the stock compensation plan to ensure clear alignment with the Company's medium- to long-term management strategy. Specifically, the Plan will adopt a framework under which points are granted in accordance with the degree of achievement of performance targets and other criteria for each fiscal year. Subject to approval at the General Meeting, the following amendments to the existing Plan will be made upon continuation. The amendments described in (1) and (2) below relate to this change.

(1) Maximum amount of money to be contributed to the Trust by the Company

At the General Meeting, a resolution is planned to set the maximum amount that may be contributed to the Trust as compensation to directors per subject period at 240 million yen. If such resolution is approved, the trust money that the Company may contribute to the Trust as compensation to directors will be subject to this upper limit. The upper limit on the trust money represents the combined total of funds for the acquisition of the Company's shares by the Trust during the trust term and trust fees and trust expenses.

(2) Maximum number of the Company's shares, etc., to be delivered or otherwise provided to directors

At the General Meeting, a resolution is planned to set the maximum total number of points to be granted to directors per fiscal year at 30,000 points (the points granted to each director based on the basic compensation amount per fiscal year multiplied by the maximum value of the performance coefficient). If such resolution is approved, the maximum total number of points that may be granted to directors per fiscal year will be subject to this upper limit.

In addition, the maximum number of the Company's shares to be acquired by the Trust per subject period will be 90,000 shares, equivalent to the maximum total number of points per fiscal year multiplied by three (the number of years in the trust term). The number of shares to be delivered to directors will be subject to this upper limit on shares (90,000 shares).

(3) Method of calculating the Company's shares, etc., to be delivered to directors

With the aim of more clearly linking directors' compensation with business performance, sharing interests with shareholders, and further enhancing shareholder-oriented management awareness, points will be granted in accordance with the basic compensation amount for each position and the degree of achievement of performance targets and other criteria for each fiscal year (*).

(*) Performance coefficients will be determined within a range of 50% to 150% based on the degree of achievement of performance indicators and corporate value indicators set forth in the Company's medium-term management plan. For the initial subject period after continuation, the Company plans to use operating income, an engagement index, and total shareholder return (TSR) as such indicators.

Upon retirement (or upon the death of, or determination that an eligible director will become a nonresident of Japan), the Company's shares, etc., are delivered to such director at the rate of one share of the Company's stock per cumulative point granted. However, in the event of a stock split, reverse stock split, or similar event affecting the Company's shares during the trust term, the number of the Company's shares per point will be adjusted in accordance with the share split, consolidation ratio, or similar.

(4) Other

In addition to the foregoing, in line with past practice, the Company's executive officers (excluding nonresidents of Japan) are also planned to continue to be eligible under the Plan, and the same amendments described in (3) above are planned to be applied to the method of calculating the Company's shares, etc., to be delivered to executive officers. The maximum amount of trust money planned to be contributed to the Trust as compensation to executive officers per subject period will be 400 million yen, the maximum total number of points planned to be granted per subject period will be 150,000 points, and the maximum number of the Company's shares planned to be acquired by the Trust for delivery, etc., to executive officers will be capped at 150,000 shares per subject period — equivalent to the upper limit on the number of points per subject period.

Other than the foregoing, there are no changes to the content of the Plan. For details of the previous Plan, please refer to the "Notice Regarding the Continuation and Partial Amendment of the Stock Compensation Plan for Directors of the Company" dated May 12, 2023.

(Reference) Outline of the trust agreement

(i) Type of trust	Money trust other than money trust with specified single investment (other-beneficiary trust)
(ii) Purpose of trust	Granting incentives to directors and executive officers
(iii) Settlor	The Company
(iv) Trustee	Mitsubishi UFJ Trust and Banking Corporation (Co-Trustee: The Master Trust Bank of Japan, Ltd.)
(v) Beneficiaries	Directors and executive officers who satisfy the beneficiary requirements
(vi) Trust administrator	A third party with no conflict of interest with the Company (a certified public accountant)
(vii) Trust agreement date	November 21, 2017
(viii) Trust term	November 21, 2017 to the end of September 2026 (planned to be extended to the end of September 2029 through amendment of the trust agreement in August 2026)
(ix) Plan commencement date	November 21, 2017
(x) Exercise of voting rights	Voting rights shall not be exercised.
(xi) Vested beneficiary	The Company
(xii) Residual assets	The residual assets that the Company, as the vested beneficiary, may receive shall be limited to the trust expense reserve, calculated by deducting funds for share acquisitions from the trust money.