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Company name: MARUDAI FOOD CO., LTD.
Name of representative: Yuji Sato, President and Representative Director
(Securities code: 2288; Prime Market Tokyo Stock Exchange)
Inquiries: Tomoaki Sano, Executive Officer, General Manager of General Affairs and Human Resources Dept.
(Telephone: +81-72-661-2514)

Notice Regarding Introduction of Performance-linked Share-based Remuneration System for Directors/Statutory Auditors

MARUDAI FOOD CO., LTD. (the “Company”) hereby announce that, at the Board of Directors meeting held today, we have resolved to introduce a performance-linked share-based remuneration system (hereinafter referred to as the “System”) using a trust structure, targeting the Company’s Directors (excluding Outside Directors, as outlined below). Accordingly, the Company will submit a proposal regarding the introduction of the System at the 77th Ordinary General Meeting of Shareholders scheduled to be held on June 26, 2025 (hereinafter referred to as the “Shareholders Meeting”). The details are as follows.

1. Introduction of the System

The remuneration of the Company’s Directors has traditionally consisted of “fixed remuneration” and “performance-linked remuneration.” The Company has now decided to introduce new performance-linked share-based remuneration under the System.

The purpose of the System is to further clarify the link between Directors’ remuneration and the Company’s performance and share value, and to encourage Directors to share both the benefits and risks of stock price fluctuations with shareholders. In doing so, the System aims to heighten Directors’ awareness of contributing to the Company’s medium- to long-term performance improvement and enhancement of corporate value.

With the introduction of the System, remuneration of the Company’s Directors will consist of “fixed remuneration,” “performance-linked remuneration,” and “performance-linked share-based remuneration” under the System.

The introduction of the System is subject to approval at the Shareholders Meeting.

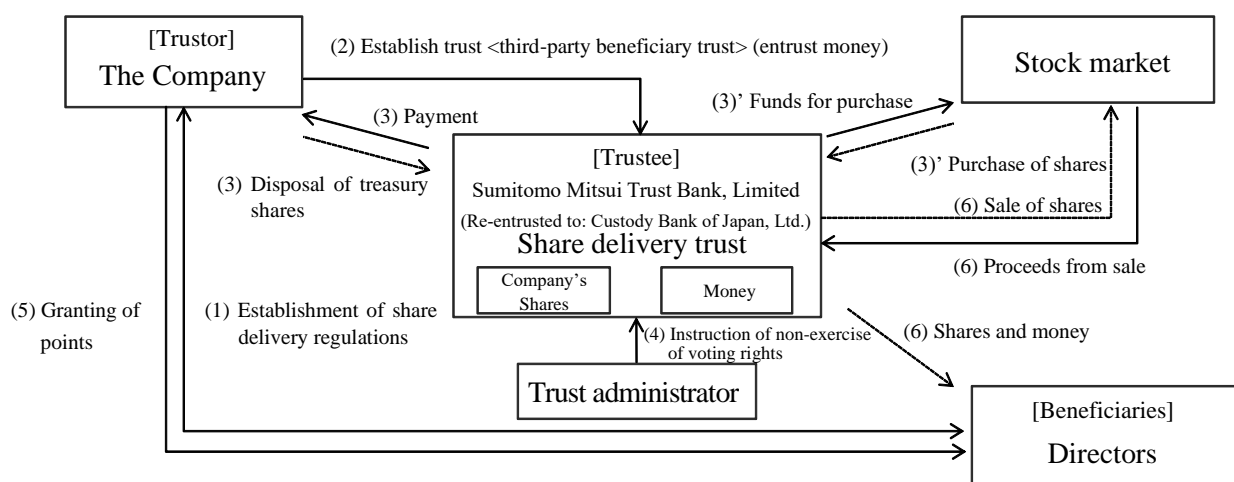
2. Overview of the System

(1) Structure of the System

The System is a share-based remuneration system under which a trust established through monetary contributions by the Company (hereinafter referred to as the “Trust”) acquires shares of the Company’s common stock (hereinafter referred to as the “Company’s Shares”), and the number of Company’s Shares equivalent to the number of points granted by the Company to each Director is delivered to them through the Trust.

The delivery of Company’s Shares under the System will be made to the Directors of the Company who serve during the approximately four-year period beginning on the day following the conclusion of this Ordinary General Meeting of Shareholders and ending on the date of the Ordinary General Meeting of Shareholders to be held in June 2029 (hereinafter referred to as the “Applicable Period”). However, as stated in (4) below, the Applicable Period may be extended. In principle, the Company’s Shares will be delivered to Directors at the time of their retirement.

<Overview of Structure of the System>



- (1) The Company will establish share delivery regulations for Directors.
- (2) The Company will establish a share delivery trust (third-party beneficiary trust) with Directors who acquire beneficial interests in accordance with (6) below as its beneficiaries (the Trust). In doing so, the Company entrusts the trustee with an amount of money corresponding to funds necessary to acquire shares (within the amount approved by the Shareholders Meeting of the Company).
- (3) The trustee will acquire, in a lump sum, a number of the Company's Shares expected to be delivered in the future, through disposal of treasury shares or from the stock market (including off-auction trading).
- (4) The Company will appoint a trust administrator (a party independent of the Company and the Company's Directors/Statutory Auditors) to protect the interests of the beneficiaries under the share delivery regulations and supervise the trustee throughout the trust period. Furthermore, the trust administrator will instruct beneficiaries not to exercise the voting rights of the Company's Shares held in the Trust. The beneficiaries shall comply with said instructions and not exercise the voting rights during the trust period.
- (5) The Company will grant points to Directors based on the share delivery regulations.
- (6) Directors fulfilling the conditions specified in the share delivery regulations and the trust agreement for the Trust will acquire beneficial interests in the Trust and, as trust beneficiaries, receive delivery of the Company's Shares from the trustee according to the number of points granted. Further, to the extent that certain conditions prescribed in the share delivery regulations or the trust agreement apply, the Company will sell a portion of the Company's Shares for delivery on the stock market and distribute proceeds therefrom.

At the termination of the Trust, all Company's Shares remaining as residual assets in the Trust are scheduled to be acquired by the Company without compensation and to be canceled by resolution of the Board of Directors.

As prescribed in the share delivery regulations and the trust agreement, the Company plans to donate a certain amount of the residual assets held by the Trust at the time of the termination of the Trust to a designated public interest corporation that has no conflicts of interest in the Directors of the Company.

Furthermore, Sumitomo Mitsui Trust Bank, Limited, the trustee under the System, will consign (re-entrust) the management of trust assets to Custody Bank of Japan, Ltd.

(2) Establishment of a trust

Subject to the approval of the introduction of the System at the Shareholders Meeting, the Company will establish the Trust by contributing the funds necessary for the Trust to acquire in advance, for a specified period, a reasonably estimated number of Company's Shares required for the deliveries described in (6) below. As outlined in (5) below, the Trust will use the funds contributed by the Company to acquire the Company's Shares.

Furthermore, Sumitomo Mitsui Trust Bank, Limited, the trustee under the System, will consign (re-entrust) the management of trust assets to Custody Bank of Japan, Ltd.

(3) Trust period

The trust period is scheduled to be approximately four years, from August 2025 (planned) to August 2029 (planned). However, the trust period may be extended as described in (4) below.

(4) Maximum amount of trust funds to be contributed to the Trust as funds for share acquisition

During the Applicable Period, the Company will contribute, as remuneration for Directors in office during that period, up to a total of 320 million yen as funds necessary to acquire the Company's Shares to be delivered to Directors under the System. The Trust will be established with Directors who acquire beneficial interests in accordance with (6)3 below as its beneficiaries. Using the monetary funds entrusted by the Company as its source, the Trust will acquire the Company's Shares either through the disposal of treasury shares by the Company or from the stock market (including off-auction trading).

Note: In addition to the funds for acquiring the Company's Shares mentioned above, the Company will also entrust funds to cover necessary expenses such as trust fees and trust administration fees.

Furthermore, by resolution of the Company's Board of Directors, the Applicable Period may be extended on each occasion for a period of up to approximately five years. In conjunction with such extensions, the term of the Trust may also be extended (including cases where the trust assets of the Trust are transferred to another trust established by the Company for the same purpose as that of the Trust, thereby effectively extending the trust period; the same applies hereinafter), allowing for the continuation of the System. In such cases, the Company may make additional contributions to the Trust, within a maximum amount calculated by multiplying 80 million yen by the number of years in the extended Applicable Period, as funds required to acquire additional Company's Shares to be delivered to Directors under the System. The granting of points and delivery of the Company's Shares described in (6) below will also continue accordingly (this also applies to any subsequent extensions).

Even if the Company does not extend the Applicable Period as described above and decides not to continue the System, the term of the Trust may still be extended in cases where, at the expiration of the trust period, there are Directors who have already been granted points but have not yet retired. In such cases, the trust period may be extended until the relevant Director retires and the delivery of the Company's Shares is completed.

(5) Method of acquiring the Company's Shares by the Trust

The initial acquisition of the Company's Shares by the Trust is planned to be conducted within the maximum amount of the share acquisition funds outlined in (4) above, either through the disposal of treasury shares by the Company or from the stock market. However, the specific details of the acquisition method will be decided and disclosed after the resolution at the Shareholders Meeting.

Furthermore, if, due to an increase in the number of Directors or other factors, the number of Company's Shares held in the Trust is likely to be lower than the number of shares delivered according to points granted to Directors during the trust period, the Company will make additional contributions to the Trust within the maximum amount of trust funds outlined in (4) above and additionally acquire the Company's Shares.

(6) Method of calculating the Company's Shares delivered to Directors and maximum amount

1) Method for granting points to Directors

The Company will, pursuant to the share delivery regulations established by its Board of Directors, grant points to each Director according to their title and degree of achievement of performance targets, etc. on the point grant date during the trust period stipulated in the share delivery regulations.

However, the total number of points granted to Directors by the Company shall not exceed 32,000 points per fiscal year.

2) Delivery of the Company's Shares based on the number of points granted

Directors will receive the Company's Shares according to the number of points granted as described in 1) above and through the procedure described in 3) below. However, if a Director resigns for reasons other than those deemed unavoidable by the Company, such as illness or other circumstances recognized by the Company, the points granted up to that time shall be forfeited by resolution of the Board of Directors, and the Director shall not receive the Company's Shares corresponding to the forfeited points.

One point equates to one share of the Company's Shares. However, if a situation arises where it is deemed reasonable to make adjustments to the number of the Company's Shares to be delivered due to a share split, share consolidation, etc., the Company shall make adjustments to the number of the Company's Shares per point according to such split ratio, consolidation ratio, etc.

3) Delivery of the Company's Shares to Directors

Each Director, in principle, will acquire beneficial interests in the Trust by completing the prescribed procedure upon retirement and, as a beneficiary of the Trust, receive delivery of the Company's Shares described in 2) above from the Trust.

However, the Trust may convert a certain percentage of such Company's Shares into cash to enable the Company to withhold funds for payment of tax such as withholding income tax, and money may then be delivered in place of the Company's Shares. In addition, if the Company's Shares held in the Trust are converted into cash, for example, through settlement following an application for a tender offer, then money may be delivered in place of the Company's Shares.

(7) Exercising voting rights

Voting rights associated with the Company's Shares held in the Trust shall, under the instruction of the trust administrator, independent of the Company or any Directors/Statutory Auditors of the Company, not be exercised at all. This approach is intended to ensure neutrality toward the management of the Company with respect to the exercise of voting rights associated with the Company's Shares held in the Trust.

(8) Treatment of dividends

Dividends of the Company's Shares held in the Trust will be received by the Trust, and used for acquiring the Company's Shares as well as for the trust fees to be paid to the trustee of the Trust, and others.

(9) Treatment of the Company's Shares and money at termination of trust

At the termination of the Trust, all Company's Shares remaining as residual assets in the Trust are scheduled to be acquired by the Company without compensation and to be canceled by resolution of the Board of Directors.

As prescribed in the share delivery regulations and the trust agreement, the Company plans to donate a certain amount of the residual assets held by the Trust at the time of the termination of the Trust to a designated public interest corporation that has no conflicts of interest in the Directors of the Company.

(Reference) Overview of the trust agreement related to the Trust

Trustor	The Company
Trustee	Sumitomo Mitsui Trust Bank, Limited (Re-entrusted to: Custody Bank of Japan, Ltd.)
Beneficiaries	Directors of the Company who meet the beneficiary requirements
Trust administrator	To be selected from among third parties independent of the Company and the Company's Directors/Statutory Auditors
Exercise of voting rights	Voting rights related to shares held in the Trust will not be exercised during the trust period
Type of trust	Trust of money other than monetary trusts (third-party beneficiary trust)
Date of trust agreement	August 2025 (planned)
Trust period	August 2025 to August 2029 (planned)
Purpose of trust	To deliver the Company's Shares to beneficiaries based on the share delivery regulations