



April 16, 2025

(Translation)

To Whom It May Concern,

Company name	Adastria Co., Ltd.
Representative	Osamu Kimura, Representative Director and President (Securities code: 2685 TSE Prime Market)
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Notice Concerning Partial Revision of Performance-Linked Stock Compensation Plan for Directors

At a meeting held today, the Adastria Co., Ltd. ("Company") board of directors resolved to submit a proposal ("Proposal") to continue and partially revise the Company's performance-linked stock compensation plan ("Stock Compensation Plan") for directors (excluding directors who are members of the Audit and Supervisory Committee, outside directors, and non-residents of Japan; same below). The Stock Compensation Plan was adopted in 2016 and the Proposal, as described below, will be submitted to the 75th General Meeting of Shareholders, scheduled for May 29, 2025.

1. Reasons for Plan Revision

The Company formulated a medium-term management plan ("Management Plan") and designed the Stock Compensation Plan to motivate directors to achieve the Management Plan and improve Company performance over the medium to long term. However, we desire to further raise awareness of the need to enhance Company performance and increase corporate value reflecting our desire to grow our business and strengthen our management systems under a new organizational structure. To this end, we plan to partially revise the Stock Compensation Plan with respect to the method for calculating the share exchange ratio related to the number of Company shares granted to Company directors.

2. Stock Compensation Plan Revision Details

The Company intends to amend the calculation method under the current Stock Compensation Plan for calculating Company shares and cash equivalent to the proceeds from the conversion of Company shares ("Company Shares, Etc.") granted or paid to directors.

(1) Plan Overview

The Stock Compensation Plan is a stock compensation plan under which Company shares are acquired through a trust funded by director compensation contributed by the Company to said directors. Company Shares, Etc. are delivered to the directors through a trust in accordance with individual director roles and the degree of performance achievement during three consecutive fiscal years (each fiscal year defined in the Proposal as “Year Subject to Evaluation”).

(2) Calculation Method for the Number of Company Shares, Etc. to be Acquired by Directors

The number of Company Shares, Etc. to deliver to directors is calculated based on points granted at a certain time each year in accordance with director roles in the Company and the Company's performance for the fiscal year in question in terms of year-on-year sales growth, achievement of operating income ratio targets, total shareholder return ("TSR"), and a comparison with the Tokyo Stock Price Index (TOPIX) growth rate.

The Company proposes to revise the financial indicators and add new non-financial indicators the calculation method for Company Shares, Etc. to be delivered to directors. The objective of this revision is to further motivate directors to achieve the Management Plan and improve Company performance over the medium to long term, as well as accomplish a major component of the Company's Sustainability policy, which is to encourage people to shine. Specifically, the Company intends to base the calculation of points granted to directors under the Stock Compensation Plan in accordance with a comparison of Company TSR and TOPIX, consolidated ROE performance compared with the ROE target, achievement of non-financial indicators (employee satisfaction score), and year-on-year performance for our own e-commerce site's gross merchandise value. One point shall be the equivalent of one share. If Company shares belonging to the trust in question increase or decrease due to a stock split, gratis allotment of shares, reverse stock split, etc., the Company will adjust the number of the Company Shares, Etc. subject to delivery per point according to the ratio of said increase or decrease.

● Stock Compensation Plan Revision Details (underlines indicate changes)

Type	Before Revision	After Revision
Calculation Method for the Number of Company Shares, Etc. to be Acquired by Directors	<ul style="list-style-type: none">• The number of Company Shares, Etc. will vary according to <u>year-on-year sales and operating income ratio compared with goals</u>, as well as a comparison of Company TSR with the Tokyo Stock Exchange Stock Price Index (TOPIX) growth rate• The number of shares will be determined within a range of 0% to 200%.	<ul style="list-style-type: none">• The number of Company Shares, Etc. will vary according to an annual comparison of the Company's TSR to the TOPIX growth rate, <u>the achievement of consolidated ROE targets, the achievement of non-financial indicators (employee satisfaction scores), and year-on-year performance for gross merchandise value growth rate.</u>• The number of shares will be determined within a range of 0% to 200%.

There are no other changes to the details of this program. For more on the previous Stock Compensation Plan, see *Notice Concerning Adoption of a Performance-Linked Share Compensation System for Directors* (published April 4, 2016), *Notice of Continuation of Stock Incentive Plan and Acquisition of Additional Shares* (published April 17, 2019), *Notice Concerning Partial Revision of Performance-Linked Stock Compensation Plan for Directors* (published April 15, 2020), *Notice Concerning Partial Revision of Performance-Linked Stock Compensation Plan for Directors* (published April 20, 2022), *Notice Regarding Continuation and Partial Revision of Performance-Linked Stock Compensation Plan for Directors* (published April 19, 2023), and *Notice Concerning Partial Revision of Performance-Linked Stock Compensation Plan for Directors* (published April 17, 2024).

The Company will contribute no new funds, nor will the above-mentioned trust acquire Company shares, in connection with this revision.

● **Major details of the Stock Compensation Plan approved by shareholders at the 74th Ordinary General Meetings of Shareholders**

Type	Details
Stock Compensation Plan Period	Three fiscal years, beginning with the fiscal year ending on February 29, 2024, and extending through the fiscal year ending February 28, 2026
Persons Eligible for Delivery of Company Shares, Etc. Under the Plan	Company directors (excluding directors who are members of the Audit and Supervisory Committee, outside directors, and non-residents of Japan)
Maximum Amount of Money to be Contributed by the Company and Method of Company Share Acquisition	<ul style="list-style-type: none"> • 2,250 million yen over three fiscal years • Company Shares shall be acquired on the stock market or from the Company (treasury stock disposition).
Maximum Number of Company Shares, Etc. to be acquired by the Company	<ul style="list-style-type: none"> • A maximum of 624,000 shares in total over three years (208,000 shares per year)
Timing of Delivery of Company Shares, Etc. to Directors	In principle, upon retirement of the director in question.
Voting Rights for Shares Held in the Trust	To ensure neutrality toward management, voting rights may not be exercised during the trust period

End