Officer Compensation

The Company has established an officer compensation system designed to increase the management team's commitment to enhancing corporate value over the medium to long term. Compensation consists of three components: basic compensation, short-term performance-linked compensation, and medium- to long-term performance-linked stock compensation (recently revised). By linking compensation to business performance and share price, this structure ensures that the management team makes decisions from the same perspective as shareholders.

Basic Policy

Maintain a competitive level
- Provide rewards according to roles and responsibilities, as well as performance, and set compensation at an appropriate level to secure exceptional personnel

A compensation system emphasizing the improvement of corporate and shareholder value
- Link compensation to business performance to provide directors with incentives to achieve performance targets
- Structure compensation to encourage a common interest with shareholders by linking it to corporate value over the medium to long term

A fair and equitable compensation system
- Ensure that the process for determining compensation is objective and highly transparent

Compensation Structure

The Company's compensation for directors consists of basic compensation (fixed compensation), short-term performance-linked compensation (variable compensation) and medium- to long-term performance-linked stock compensation (variable compensation), considering the compensation level at other companies and other factors. Compensation for Audit & Supervisory Board members and outside directors consists exclusively of basic compensation due to the nature of their roles.

Basic compensation: Short-term performance-linked compensation: Medium- to long-term performance-linked stock compensation = 1.0: 0.8: 1.0*		
Fixed compensation	Variable compensation	
Basic compensation	Short-term performance-linked compensation	Medium- to long-term performance-linked stock compensation (Restricted stock compensation)

* For the highest ranking positions

Fixed Basic compensation

Basic compensation is determined for each rank and title based on responsibilities, taking into account external standards and other factors.

Variable Short-term performance-linked compensation (variable compensation)

- The standard amount is set as a percentage of basic compensation (fixed compensation) in accordance with rank and title.
- The amount paid out to individuals is determined within a range of 0–150% of the standard amount, in line with the achievement rate for the Company's performance benchmarks and the evaluation of individual missions.

Short-term performance benchmarks	Consolidated operating revenue, consolidated operating profit, profit attributable to owners of parent, and individual mission evaluation

Variable Medium- to long-term performance-linked stock compensation (restricted stock compensation)

- The standard amount is set as a percentage of basic compensation (fixed compensation) in accordance with rank and title.
- Based on the degree of achievement of the Company's performance targets and other factors, monetary compensation claims are granted within the range of 0.25–150% of the standard amount. Recipients contribute these claims in kind in exchange for restricted stock.

Allottees	Inside directors and executive officers of the Yamato Group (including subsidiaries)
Type of shares for issuance or disposal	Common shares
Total number of restricted shares	198,790 shares (Approximately 0.06% of the total number of issued shares as of March 31, 2026)
Transfer restriction period	From the date of delivery of the restricted shares until the date of retirement or resignation
Grounds for acquisition without compensation and return	In any of the circumstances specified by the Board of Directors apply, such as violations of laws and regulations or resignation during the term without justifiable reasons, the Company will withhold shares and cash or demand their return.
Medium- to long-term performance benchmarks	ROE, ROIC, relative TSR, ESG indicators, and individual mission evaluation

Medium- to long-term performance-linked stock compensation reflects not only financial results but also efforts to increase shareholder value and sustainability initiatives in the evaluation. This approach reinforces management's commitment to enhancing corporate value over the medium to long term.

Revision of Compensation System to Enhance Medium- to Long-Term Corporate Value

To strengthen our commitment to enhancing corporate value over the medium to long term, we have introduced a performance-linked post-delivery restricted stock compensation plan from the fiscal year ending March 2027, replacing the previous Board Benefit Trust plan. By granting shares that cannot be transferred until retirement based on the level of achievement of performance targets and other factors, we have established a more direct and highly effective compensation system to better link executive compensation to both business performance and shareholder value in order to take the same perspective as our shareholders in working to enhance corporate value over the medium to long term.