

Translation

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Company: Roland Corporation

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Notice Regarding the Change of Stock Compensation Plan for the Directors, Etc.

Roland Corporation (the “Company”) resolved to introduce a new stock compensation plan (the “Plan”) for the directors of the Company and the executive officers that entered into an entrustment agreement with the Company (collectively, the “Directors, Etc.”) consisting of the performance-based stock compensation (performance share unit, hereinafter referred to as the “PSU”) and the share unit with a restriction on transfer (restricted stock unit, hereinafter referred to as the “RSU”) in place of the current board benefit trust system based on the trust agreement entered into with Resona Bank, Limited (the “Trust”), at the board of directors held on the date of this Notice.

Therefore, the Company hereby announces that proposal regarding the introduction of the Plan shall be submitted for approval at the 50th ordinary general meeting of shareholders to be held on March 30, 2022 (the “General meeting of shareholders”). The details are as follows.

1. Details of the Plan

- (1) The Company has been implementing the Trust for the Directors’ Etc. from the fiscal year starting on January 1, 2017 to date, with the aim of raising awareness of contributions to medium- to long-term performance improvement and enhancement of the value of the Company by articulating the correlation between the compensation of the Directors’ Etc. and the performance and shareholder value of the Company.
- (2) The Company shall introduce the Plan on the condition that the proposal regarding the compensation paid to the executives is approved at the General meeting of shareholders, with the aim of raising awareness of contributions to medium- to long-term performance improvement and enhancement of the value of the Company and its group even more for further global business development and growth.
- (3) The Plan consists of the performance-based stock compensation (PSU) where the number of stocks to be delivered fluctuates according to the degree of achievement of performance conditions set in advance, and stock compensation to be granted subsequently subject to continuous engagement (RSU). Those who are subject to the Plan shall be provided the stocks of the Company and an amount equivalent to the market price thereof (the “Stocks of the Company, Etc.”) in exchange for an in-kind contribution of all monetary

remuneration claims provided by the Company in accordance to the Plan.

- (4) The Directors, Etc. other than the outside directors of the Company shall be provided performance-based stock compensation corresponding to the degree of achievement of the performance goal in the midterm business plan of the Company, and the outside directors of the Company shall be granted fixed stock compensation for their positions.

2. Content of the Plan

(1) Overview of the Plan

The Plan shall be implemented to deliver the Stocks of the Company, Etc. according to the position held and the degree of achievement of the performance goal for each fiscal year for the period of 3 fiscal years subject to the midterm business plan of the Company (the “Target Period”). However, the first Target Period after the introduction of the Plan shall be a period of 4 fiscal years from 2022 to 2025, since the current midterm business plan will last until the fiscal year ending on December 31, 2022 (the “First Target Period”).

The Directors, Etc. other than the outside directors of the Company shall be granted performance-based stock compensation corresponding to the degree of achievement of the performance goal in the midterm business plan of the Company, and the outside directors of the Company shall be granted fixed stock compensation for their positions.

(2) Procedure for introduction of the plan

The Company shall submit the resolution to amend the maximum amount of contributions and the maximum number of the units which the Directors, Etc. are eligible to receive (as prescribed in (6) below) and other necessary matters regarding the Plan to the General meeting of shareholders for approval.

If the Plan is to be implemented continuously, the Company shall make decisions on each of the above matters by the resolution at the board of directors, to the extent approved by the General meeting of shareholders.

(3) Persons subject to the Plan (Requirements)

On the condition that the following requirements are satisfied at the end of the Target Period, the Stocks of the Company, Etc. corresponding to the units granted, shall be delivered to the Directors, Etc. at the time of their retirement (at the end of the Target Period for non-residents of Japan) in principle, after completion of prescribed procedure:

- (i) Such person was one of the Directors, Etc. during the Target Period (including those who newly became one of the Directors, Etc. during Target Period);
- (ii) Such person has left the position of the Directors, Etc. (excluding non-residents of Japan) (*);
- (iii) Such person did not commit certain illegal acts, etc. during his/her tenure of office; and
- (iv) Other requirements deemed necessary to achieve the purpose as a stock compensation plan.

* Even if the Directors, Etc. lose their position as the Directors, Etc. of the Company during the period, common stocks of the Company or money, or both in the number or amount calculated by a reasonable method determined by the board of directors of the Company shall be delivered or paid at the time determined by the board of directors of the Company within the limit of the amount or number to be paid or delivered, depending on the reasons for losing such position, to the extent that such position was lost for reasons predetermined by the board of directors of the Company and such Directors, Etc. meet the criteria of the term of office set for each position by the board of directors of the Company. If the

compensation, etc. based on the Plan is to be paid before the end of period due to retirement of the Directors, Etc., the closing price of the common stocks of the Company at the Tokyo Stock Exchange on the business date preceding the date of the board of directors of the Company at which a resolution regarding such payment is made (closing price on the date immediately preceding such date if there was no trade on such date) shall be used for calculation of the number of stocks to be delivered or the amount of money to be paid to such Directors, Etc. In the event that the Directors, Etc. decease during the period of the Plan, all of the stocks of the Company corresponding to the units granted up to that time shall be paid to the heirs of such Directors, Etc. in the form of money equivalent to the market price of the stocks of the Company promptly after such decease, in place of delivering of the stocks of the Company.

(4) Treatment in the event of organizational restructuring, etc.

If matters concerning a merger agreement in which the Company is the disappearing company, share exchange agreement or share transfer plan in which the Company becomes an wholly-owned subsidiary and other organizational restructuring are approved at the general meeting of shareholders of the Company (or at the board of directors of the Company if such organizational restructuring does not require approval at the general meeting of shareholders of the Company) during the Target Period, the Company may, regarding the reasonable number of stocks of the Company decided in consideration of the period from the commencement date of the Target Period to the date of approval of such organizational restructuring, pay the amount calculated based on the calculation method for monetary remuneration claims and money for tax payment relating to the stock compensation prior to the effective date of such organizational restructuring, following the resolution of the board of directors of the Company.

(5) Calculation method of the number of the Stocks of the Company, Etc. to be delivered to the Directors, Etc.

The number of the stocks of the Company (including those subject to delivering in the form of money) to be delivered to the Directors, Etc. shall be decided according to the number of units granted. One stock of the Company shall be granted for one unit and any fraction of less than one unit shall be rounded off. In the event that the number of the stocks of the Company subject to the Plan increases or decreases due to a stock split, allotment of stocks without contribution, consolidation of stocks and other similar acts, the Company shall make adjustments to the number of stocks of the Company to be delivered for each unit and the maximum number of stocks to be delivered as described in (6) below according to the degree of such increase or decrease.

The number of units to be granted to the Directors, Etc. during the Target Period shall be calculated as follows. In case of a new appointment as the Directors, Etc. or a change in position during the Target Period, the number of units to be granted shall be adjusted according to the term of office, etc.

(i) Directors, Etc. excluding the outside directors of the Company

Units shall be granted according to the position held and the degree of achievement of the performance targets in each fiscal year during the Target Period. The final number of units to be granted shall be determined by multiplying the cumulative total of the units granted for each fiscal year by the raising rate or discount rate according to the degree of achievement of the performance targets in the final fiscal year during the Target Period after the Target Period ends.

* Index of the performance targets shall be the performance targets in the midterm business plan of the Company (such as consolidated ROIC (return on invested capital*)) and will fluctuate within the range of 0 to 100% according to the degree of achievements of such goals.

* Consolidated ROIC (all numbers are on a consolidated basis) = Net operating profit after tax / ((Balance of the invested capital (*) at the beginning of the period + Balance of the invested capital at the end of the period) / 2)

(*) Invested capital = Working capital (Trade receivables + Inventory assets – Trade payables) + Fixed assets

(ii) Outside directors of the Company

The final number of units to be granted shall be determined by the cumulative total of the units granted based on the positions held in each fiscal year during the Target Period, on the condition that such outside director belonged to the Company during the evaluation period.

(6) Maximum number of the Stocks of the Company, Etc. to be delivered to the Directors, Etc.

The maximum number of the Stocks of the Company for contribution etc. based on the Plan during the First Target Period shall be 160,000 stocks, (out of which 16,000 stocks shall be the maximum limit for the outside directors). The total maximum amount of monetary remuneration claims provided to Directors, Etc. to issue Stocks of the Company shall be the amount calculated by multiplying 160,000 stocks (out of which 16,000 stocks shall be the maximum limit for the outside directors) by the stock price as at the time of issuance. In case the Plan is continued, the maximum number of stocks to be delivered to Directors, Etc. based on the Plan as remuneration shall be 120,000 stocks, (out of which 12,000 stocks shall be the maximum limit for the outside directors). The total maximum amount of monetary remuneration claims provided to Director's Etc. to issue Stocks of the Company shall be the amount calculated by multiplying 120,000 stocks (out of which 12,000 stocks shall be the maximum limit for the outside directors) by the stock price as at the time of issuance. In the event of the adjustment of units as described in the first paragraph of (5) above, the maximum number of stocks to be delivered shall also be adjusted according to such adjustment.

*¹ Stock price as at the time of issuance shall mean the closing price of the Stock of the Company on the Tokyo Stock Exchange on the business day preceding the date of resolution of the Board of Directors pertaining to the issuance or disposition of stocks to be delivered as remuneration (or the closing price on the immediately preceding trading day if no trading is held on that day).

(7) Delivering of the Stocks of the Company, Etc. to the Directors, Etc.

In case the Directors, Etc. satisfy the requirements set forth in the Rules on Stock Compensation, they are provided the stocks of the Company equivalent to 70 % (for non-residents of Japan, the ratio shall be decided in accordance with the laws and regulations of the country of residence) of the number corresponding to the number of units granted in principle, after completion of prescribed procedure. Regarding the number of stocks of the Company corresponding to the remaining units, an amount equivalent to the market value of the stocks of the Company shall be paid in place of the stocks of the Company, from the viewpoint of securing the funds for tax payment. There is a possibility that the stocks of the Company will be sold in the Plan in order to make such payment.

3. Others

With regard to the trust agreement entered into with Resona Bank, Limited, any points regarding each eligible person during the fiscal years before the fiscal year ending on December 31, 2021 shall be managed and such trust agreement shall continue until payment for all eligible persons is completed.

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