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Focus Systems

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To whom it may concern:

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Notice Regarding Revision of the Amount of Monetary Compensation and the Restricted Stock Compensation Plan for Directors

Focus Systems Corporation (the "Company") hereby announces that, at the meeting of board of directors of the Company held today, the Company reviewed the executive remuneration plan and resolved to revise (i) the amount of monetary remuneration for directors and (ii) the restricted stock compensation plan (the "Plan". The revision to the amount of monetary remuneration and the revision to the Plan are hereinafter collectively referred to as the "Revision of the Compensation Plan"). The Company also resolved to submit proposals regarding the Revision of the Compensation Plan to the 50th Annual General Meeting of Shareholders scheduled to be held on June 29, 2026 (the "General Meeting of Shareholders").

1. Purpose and Conditions of the Revision of the Compensation Plan

The Company has decided to implement the Revision of the Compensation Plan with the purpose of setting compensation levels that enables directors of the Company to maintain a higher level of motivation in order to realize the Company's management philosophy and business strategies, while seeking enhance mid- to long-term corporate value and strengthening incentives to promote further value sharing with shareholders. In implementing the Revision of the Compensation Plan, deliberations were conducted by the Company's compensation advisory committee, which is composed of a majority of independent outside directors and also chaired by an independent outside director. The committee repeatedly examined an appropriate compensation structure aligned with the Company’s business scale and management environment, making use of objective indicators such as compensation surveys conducted by external professional institutions. Following the recommendation of the committee, the Company’s Board of Directors resolved the Revision of the Compensation Plan.

The Revision of the Compensation Plan is subject to obtaining the approval of shareholders at the General Meeting of Shareholders regarding the proposal concerning compensation for the Company's Directors.

2. Overview of the Revision of the Compensation Plan

(1) Revision of the Amount of Monetary Compensation

The amount of basic compensation (the "Basic Compensation"), which is the monthly fixed compensation paid to the Company's directors, was approved at the Company's 24th Annual General Meeting of Shareholders held on June 29, 2000, at an amount not exceeding JPY 30 million per month (excluding salaries for employee portions of the Directors concurrently serving as employees). With respect to bonuses for the Directors (the "Bonuses"), the Bonuses have been paid upon obtaining approval from shareholders at each Annual General Meeting of Shareholders for the total amount of the Bonuses according to the degree of achievement of performance conditions set by the Company.

Based on the purpose of the Revision of the Compensation Plan, the amount of the Basic Compensation and the Bonuses for the Company's Directors shall be set an amount not exceeding JPY 430 million per year (of which an amount not exceeding JPY 30 million is for outside directors per year).

However, in order to maintain their independent position responsible for overseeing management, outside directors shall be excluded from the Bonuses and the Plan and shall receive only the Basic Compensation. Consistent with prior practice, salaries for employee portions of the Directors concurrently serving as employees shall be excluded from this amount of compensation.

(2) Revision of the Compensation Amount under the Plan

The Plan, which is separate from the amount of monetary compensation set forth in (1) above, was approved at the 44th Annual General Meeting of Shareholders held on June 29, 2020, for the purpose of providing directors (excluding outside directors; hereinafter the "Eligible Directors") with an incentive to sustainably enhance the Company's corporate value and to further promoting value sharing between the Eligible Directors and shareholders. The approval included (i) the payment of monetary compensation for the granting of restricted stock,(ii) the total amount of monetary compensation to be paid for the granting of restricted stock to be not exceeding JPY 20 million per year, (iii) the total number of the Company's common shares to be issued or disposed of as restricted stock to be not more than 26 thousand shares per year and (iv) Eligible Directors shall, based on a resolution of the Company's Board of Directors, contribute all of their monetary compensation claims as property in-kind and receive issuance or disposal of the Company's common shares.

Pursuant to the Revision of the Compensation Plan, the total number of the Company's common shares to be issued or disposed of to the Eligible Directors under the Plan shall not be more than 35.5 thousand shares per year (provided, however, that in the case where the total number of issued shares by the Company increases or decreases due to a consolidation of shares or splitting of shares (including allotment of shares without contribution), the maximum number of shares shall be adjusted in accordance with the ratio of such consolidation of shares or splitting of shares.). The amount shall not be exceeding JPY 50 million per year, and the delivery of stock shall be made either without requiring payment of money or contribution of property in-kind, or by granting the Eligible Directors monetary compensation claims and having such claims contributed in-kind.

There are no other changes to the contents of the Plan.

The compensation related to the Plan shall be separate from the amount of monetary compensation set forth in (1) above.

(For Reference) Composition of Compensation for Directors (Excluding Outside Directors)

The types of compensation for the Company's Directors (excluding outside directors) consist of monetary compensation (Basic Compensation, Bonuses (short-term incentive)) and non-monetary compensation (restricted stock compensation under the Plan (long-term incentive)), and from the perspective of functioning as an incentive for mid- to long-term enhancement of corporate value, the following proportions are set as a benchmark based on a model case in which standard performance targets are achieved. Variable compensation refers to the Bonuses and the restricted stock compensation.

・The ratio of the Basic Compensation to the variable compensation shall be approximately 7:3.

・The ratio of the Bonuses to the restricted stock compensation shall be approximately 6:4.

*The above ratios represent indicative allocation ratios assuming achievement of standard performance targets, and actual allocation ratio may vary due to fluctuations in performance or changes in executive composition, etc.