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Notice Concerning Introduction of Restricted Stock-Based Remuneration Plan

BUFFALO INC. (the "Company") hereby announces that it has resolved, at a meeting of the Board of Directors held today, to revise its officer remuneration plan and introduce a restricted stock-based remuneration plan (the "Plan") for Directors and Executive Officers of the Company. The details are described below.
Furthermore, the Company plans to submit a proposal regarding the introduction of the Plan for Directors to the 39th Annual General Meeting of Shareholders scheduled to be held on June 25, 2025 (the "General Meeting of Shareholders").

1. Purpose and conditions for introducing the Plan

(1) Purpose for introducing the Plan

The Plan is introduced for the Company's Directors (including Directors Who Are Audit and Supervisory Committee Members; the "Eligible Directors") and the Company's Executive Officers (the "Eligible Executive Officers"; together with the Eligible Directors, the "Eligible Officers") with the aim of sustainably improving the Company's corporate value and further promoting sharing of value with shareholders.

(2) Conditions for introducing the Plan

The Plan is designed to grant restricted stock as remuneration, etc. or pay monetary remuneration claims for the grant of restricted stock as remuneration to the Eligible Directors. Therefore, the introduction of the Plan for the Eligible Directors is subject to the approval of shareholders at the General Meeting of Shareholders regarding the payment of such remuneration.
At the 37th Annual General Meeting of Shareholders held on June 26, 2023, it was approved that the amount of remuneration, etc. for the Company's Directors (excluding Directors Who Are Audit and Supervisory Committee Members) shall be ¥300 million or lower per year (including ¥50 million or lower per year for outside Directors, but not including salaries and bonuses as employees for those concurrently serving as employees and Directors), and the amount of remuneration, etc. for the Company's Directors Who Are Audit and Supervisory Committee Members shall be ¥50 million or lower per year. At the General Meeting of Shareholders, the Company plans to request shareholders' approval to establish a remuneration limit for the Eligible Directors under the Plan, separately from the aforementioned remuneration limit.
In addition, the Company has already resolved to issue its common shares to the Eligible Executive Officers based on the Plan.

2. Outline of the Plan

The grant of restricted stock under the Plan shall be made to the Eligible Directors in either of the following methods: (i) issuing or disposing of the Company's common shares without requiring cash payment or delivery of property as remuneration, etc. for Directors, or (ii) paying monetary remuneration claims to the Eligible Directors, which will be delivered as property contributed in kind by the Eligible Directors to issue or dispose of

the Company’s common shares. For the Eligible Executive Officers, the grant shall be made in the method described in (ii) above (provided that the “Eligible Directors” shall be read as the “Eligible Executive Officers”). The total number of the Company’s common shares to be issued or disposed of based on the Plan shall be 25,000 shares or lower per year for each Director of the Company (excluding Director Who is Audit and Supervisory Committee Member and outside Director) and 20,000 shares or lower per year for each Director Who is Audit and Supervisory Committee Member (excluding part-time Director Who is Audit and Supervisory Committee Member). The total amount of remuneration shall be ¥50 million or lower per year for each Director of the Company (excluding Director Who is Audit and Supervisory Committee Member and outside Director) and ¥40 million or lower per year for each Director Who is Audit and Supervisory Committee Member (excluding part-time Director Who is Audit and Supervisory Committee Member) (however, if the total number of issued shares of the Company increases or decreases due to stock consolidation or stock split (including allotment of shares without contribution), the maximum number may be adjusted according to the ratio).
In the case where the Company’s common shares are issued or disposed of in the method described in (ii) above, the amount to be paid per share shall be an amount determined by the Board of Directors within a range that will not be particularly advantageous for the Eligible Officer, based on the closing price of the Company’s common shares on the Tokyo Stock Exchange on the business day before the date of resolution at each Board of Directors meeting regarding issuance or disposal (if there are no trades on that day, the closing price on the most recent preceding trading day).

In order to achieve the sharing of value with the shareholders over the medium to long term, which is one of the purposes of introducing the Plan, the transfer restriction period shall be a period of three to five years as determined by the Board of Directors of the Company. The specific timing and allocation of payments to each Eligible Officer shall be determined by the Board of Directors of the Company with respect to the remuneration for Directors (excluding Directors Who Are Audit and Supervisory Committee Members and outside Directors) and the Eligible Executive Officers of the Company, and through discussions by Audit and Supervisory Committee Members of the Company with respect to the remuneration for Directors Who Are Audit and Supervisory Committee Members (excluding part-time Directors Who Are Audit and Supervisory Committee Members).
Upon the grant of restricted stock under the Plan, the Company shall enter into an agreement on allotment of restricted stock (the “Allotment Agreement”) with the Eligible Officers, which shall include the following items:

(i) The Eligible Officers shall not transfer, pledge, or otherwise dispose of the shares for a period of three to five years as determined by the Board of Directors of the Company.
(ii) In the event of a violation of laws and regulations, internal rules or the Allotment Agreement, or other circumstances deemed appropriate by the Board of Directors of the Company for acquiring the shares without consideration, the Company shall automatically acquire the shares without consideration.

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