



April 17, 2025

To whom it may concern:

Company name: Seven & i Holdings Co., Ltd.  
Representative: Ryuichi Isaka,  
President and Representative Director  
(Code No. 3382/Prime Market of the Tokyo Stock Exchange)

**Revision of Compensation System for Directors and Audit & Supervisory Board Members, and  
Policy on Compensation of Directors and Audit & Supervisory Board Members**

At the Board of Directors meeting held on April 17, 2025, Seven & i Holdings Co., Ltd. (hereinafter, the “Company”) passed a resolution to revise (i) the amount of compensation for the Company’s directors (hereinafter, “Directors”), (ii) the compensation system for Directors and audit & supervisory board members of the Company (hereinafter, “Audit & Supervisory Board Members”), including introduction of a restricted stock unit plan (hereinafter, “RSU Plan”), for Directors (excluding outside Directors (hereinafter, “Outside Directors”)), and (iii) the policy on compensation of Directors and Audit & Supervisory Board Members.

Accordingly, the Company hereby announces, as set forth below, that it has decided to submit a proposal to revise the amount of compensation for Directors and a proposal to introduce the RSU Plan for Directors (excluding Outside Directors) to the 20th Annual Shareholders’ Meeting to be held on May 27, 2025 (hereinafter, the “20th Shareholders’ Meeting”).

**1. Revision to amount of compensation for Directors**

- (1) At the 1st Annual Shareholders’ Meeting held on May 25, 2006, the Company resolved that the compensation of the Company’s Directors shall not exceed ¥1 billion per year (however, not including the employee salaries paid to Directors who serve concurrently as employees; hereinafter, “Monetary Compensation Upper Limit”). Since then, the Company has paid Directors fixed compensation and bonuses as performance-based compensation, as monetary compensation within this upper limit. Separate from this Monetary Compensation Upper Limit, based on approval at the 14th Annual Shareholders’ Meeting held on May 23, 2019 and the 17th Annual Shareholders’ Meeting held on May 26, 2022, the Company introduced a performance-based and stock-based compensation system, for which the Company’s Directors (excluding Outside Directors) are eligible and under which Company shares and an amount of money equivalent to the converted value of Company shares are to be delivered and provided (hereinafter, “Performance-Based and Stock-Based Compensation System”), and such system has continued operating until now.
- (2) Despite the domestic and international management environment surrounding the Company having changed significantly, the Monetary Compensation Upper Limit has not been changed since it was set at the above mentioned 1st Annual Shareholders’ Meeting. However, it is

necessary that the Company further improve its corporate value and make management decisions, which are becoming increasingly complex, quickly by appointing executive personnel, regardless of nationality, who possess global experience and a high level of expertise in the Company's business fields to serve as Directors. To achieve this, it is necessary to set compensation levels that are competitive even in the global human resources market. Furthermore, to strengthen our commitment to improving our corporate value, it is necessary to set a wider range of the coefficient pertaining to bonuses used as performance-based compensation so that bonuses will be more affected by the link to business performance. In addition, with regard to Outside Directors, as their required roles have been increasing from the viewpoint of corporate governance, it is necessary to attract highly capable human resources in a stable manner from now on.

For these reasons, we are requesting approval to revise the Monetary Compensation Upper Limit to within JPY 2 billion per year (and to within JPY 0.5 billion per year for Outside Directors (out of the JPY 2 billion)—neither limit includes the portion of employee salaries paid to Directors who serve concurrently as employees) at the 20th Shareholders' meeting.

## **2. Introduction of RSU Plan**

- (1) As stated in the above (1) in 1. "Revision to amount of compensation for Directors", the Company has paid Directors fixed compensation and bonuses as performance-based compensation, as monetary compensation within the Monetary Compensation Upper Limit. In addition, separate from this Monetary Compensation Upper Limit, the Company introduced the Performance-Based and Stock-Based Compensation System, for which the Company's Directors (excluding Outside Directors) are eligible, and such system has continued operating until now.

The Performance-Based and Stock-Based Compensation System requires that the Company contribute up to a total of JPY 1.2 billion to a trust as compensation for a period of three (3) fiscal years designated by the Company (however, with respect to the fiscal year ended February 2019, compensation for a period of four fiscal years (including that fiscal year), and up to a total of JPY 1 billion). Furthermore, the number of points (number of shares) to be granted per fiscal year will be capped at 240,000 points (240,000 shares), and the number of shares to be acquired by the trust over a period of three fiscal years will be capped at 720,000 shares (however, for the fiscal year ended February 2019, the number of shares to be acquired by the trust over a four-year period (including that fiscal year) will be capped at 1,080,000 shares).(\*1) As performance-linked indicators, the Performance-Based and Stock-Based Compensation System will use indicators such as consolidated ROE, consolidated EPS, CO2 emissions, and employee engagement for each target fiscal year, which are to be determined separately by the Board of Directors.

(\*1) The points and number of shares related to the Performance-Based and Stock-Based Compensation System here are the numbers after adjustment conducted to account for the three-for-one split of common shares implemented on March 1, 2024.

- (2) As stated in the above (2) in 1. "Revision to amount of compensation for Directors", in order to appoint executive personnel who possess global experience and a high level of expertise in the Company's business fields to serve as Directors, it is necessary for the Company to set compensation levels that are competitive even in the global human resources market. However, currently, the Performance-Based and Stock-Based Compensation System only applies to persons who reside in Japan. As such, the Company requires a more flexible stock-based compensation system. Furthermore, to share value with shareholders and to provide further incentives for making sustainable improvements to the Company's corporate value, separate from the abovementioned Performance-Based and Stock-Based Compensation System, the Company also requires a restricted stock unit plan that is based on fulfillment of commitments over a certain period of time. Therefore, we are requesting approval at the 20th Shareholders' Meeting to introduce the RSU Plan for Directors (excluding Outside Directors;

hereinafter, “Eligible Directors”), as stated in 3. “Details of RSU Plan, etc.” below, and to deliver common shares in the Company (hereinafter, “Common Shares”) (or money in lieu of Common Shares in certain cases) separate from the monetary compensation and Performance-Based and Stock-Based Compensation System mentioned above.

### **3. Details of RSU Plan, etc.**

#### **(1) Details of RSU Plan**

The RSU Plan is a stock compensation plan that grants a specific number of units, which is designated by the Board of Directors in advance, to Eligible Directors and delivers a number of Common Shares or money in lieu of Common Shares (\*2) that is determined based on the number of vested units after the end of the Service Period (as defined below). Said delivery is subject to Eligible Directors having continuously served as Eligible Directors during the Service Period. “Plan Covered Period” refers to the specified number of fiscal years determined by the Board of Directors, and “Service Period” refers to the period starting from the Company’s first Annual Shareholders’ Meeting convened during the Plan Covered Period until the adjournment of the first Annual Shareholders’ Meeting convened after the end of the Plan Covered Period. Furthermore, the Plan Covered Period will be a period of three fiscal years or longer to be designated by the Board of Directors.

After the end of the Service Period, based on the vesting of units granted in advance, the Company will issue or dispose of Common Shares to Eligible Directors in one of the following ways. (\*3) (\*4) However, since the delivery of Common Shares to Eligible Directors will be made after the Service Period, at the time the RSU Plan is introduced, whether Common Shares will be delivered to each Eligible Director and the number of shares to be delivered have yet to be determined.

- (i) Issuance or disposal of Common Shares as compensation, etc. to Eligible Directors without payment of money or provision of in-kind contribution assets (hereinafter, “Delivery without Consideration”).
  - (ii) Eligible Directors will be provided monetary compensation claims as compensation, etc. and will contribute all of the monetary compensation claims as in-kind contributions in exchange for the issuance or disposal of Common Shares (hereinafter, “In-kind Contributions”).
- (\*2) From the perspective of ensuring funds for tax payment, etc., a certain percentage of the number of shares that the Board of Directors deems appropriate will be delivered, but there may be cases in which no cash payments in lieu of delivery of Common Shares will be made.
- (\*3) If, during the Service Period, an Eligible Director loses his/her status as an Eligible Director for a reason that is deemed justifiable by the Company’s Board of Directors, the Company’s Board of Directors may reasonably adjust the number and timing of allotment of Common Shares to the Eligible Director.
- (\*4) However, if, before a date on which Company shares are to be delivered pursuant to the RSU Plan, an Eligible Director resigns due to death, the Company will pay money to the heirs of the Eligible Director in an amount reasonably calculated by the Company’s Board of Directors in lieu of delivery of Common Shares. Furthermore, if, before a date on which Company shares are to be delivered pursuant to the RSU Plan, a merger agreement in which the Company will be the dissolved company, a share exchange agreement or share transfer plan in which the Company will be a wholly owned subsidiary, a new incorporation-type company split plan or absorption-type company split agreement (limited to company split-type company splits) in which the Company will be the split company, a consolidation of shares in which the Company will be controlled by a specific shareholder, an acquisition of class shares subject to

class-wide call, or a demand for the sale of shares (hereinafter, “Organizational Restructuring”) is approved at a shareholders’ meeting of the Company (if shareholders’ meeting approval is not required for the Organizational Restructuring, then by the Company’s Board of Directors) (however, this is limited to the case where the effective date of the Organizational Restructuring is set to occur prior to a date on which Company shares are to be delivered pursuant to the RSU Plan), and if Eligible Directors will lose their status as Eligible Directors as a result of the Organizational Restructuring, then the Company will deliver to Eligible Directors money in an amount reasonably calculated by the Company’s Board of Directors in lieu of delivery of Common Shares prior to the effective date of the Organizational Restructuring.

(2) Maximum amount of compensation, etc. and maximum number of shares under the RSU Plan

The number of Common Shares that the Company will deliver to Eligible Directors under the RSU Plan will be up to 500,000 shares for each fiscal year (however, after completion of the Service Period, the Company may deliver the total number of Common Shares corresponding to the Service Period)(\*5). Furthermore, (i) in the case of a Delivery without Consideration, the maximum amount (including the amount of money to be paid in lieu of delivery of Common Shares) will be an amount calculated by multiplying the number of Common Shares to be delivered to Eligible Directors by the amount calculated based on the closing price of the Common Shares on Tokyo Stock Exchange, Inc. on the business day immediately preceding the day on which the Company’s Board of Directors passes a resolution concerning the RSU Plan to issue or dispose of Common Shares (if no transactions are made on that day, the closing price on the most recent trading day immediately preceding that day; hereinafter, “Company Stock Closing Price”), or another fairly appraised amount per share. In the case of (ii) In-kind Contributions, the maximum amount (including the amount of money to be paid in lieu of delivery of Common Shares) will be an amount calculated by multiplying the number of Common Shares to be delivered to Eligible Directors by the per-share amount to be paid, which is to be determined by the Company’s Board of Directors based on the Company Stock Closing Price and is to be an amount that is within a scope that is not particularly advantageous to the Eligible Directors who receive Common Shares (\*6).

(\*5) However, if the total number of Company shares issued increases or decreases due to a consolidation of shares or a stock split (including a gratis allotment of shares), the upper limit of shares to be delivered will be adjusted in proportion to the increase or decrease.

(\*6) However, as indicated in Note 4 above, if an Eligible Director resigns due to death before a date on which Company shares are to be delivered pursuant to the RSU Plan, the Company will pay money to the heirs of the Eligible Director in an amount reasonably calculated by the Company’s Board of Directors in lieu of delivery of Common Shares. In this case, rather than the Company Stock Closing Price, the multiplier will be an amount calculated based on the closing price of the Common Shares on the day the Eligible Director resigns (or, if no transactions are made on that day, the closing price on the most recent trading day immediately preceding that day) or another fairly appraised amount per share. Furthermore, if, before a date on which Company shares are to be delivered pursuant to the RSU Plan, an Organizational Restructuring is approved at a shareholders’ meeting of the Company (if shareholders’ meeting approval is not required for the Organizational Restructuring, then by the Company’s Board of Directors) (however, this is limited to the case where the effective date of the Organizational Restructuring is set to occur prior to a date on which Company shares are to be delivered pursuant to the RSU Plan), and if Eligible Directors will lose their status as Eligible Directors as a result of the Organizational Restructuring, then, as outlined in Note 4 above, the Company will deliver to Eligible Directors money in an amount reasonably calculated by the Company’s Board of Directors in lieu of delivery of Common Shares. Therefore, in such case, rather than the Company Stock Closing Price, the multiplier will be an amount calculated based

on the closing price of the Common Shares on the date of said approval (if no transactions are made on that day, the closing price on the most recent trading day immediately preceding that day) or another fairly appraised amount per share.

In addition, the maximum number of Common Shares that the Company will deliver to Eligible Directors under the RSU Plan is 500,000 shares for each fiscal year. This will represent approximately 0.02% of the total number of shares issued (as of February 28, 2025, after deducting the Company's treasury shares; the same shall apply hereinafter)(the percentage of the total number of shares delivered would be approximately 0.19% of the total number of shares issued if the maximum number of Common Shares would be delivered over a ten-year period); thus, the degree of dilution will be minor. Therefore, the Company considers that it is reasonable in light of the purpose of the RSU Plan.

(3) Malus and clawback

If an Eligible Director engages in serious misconduct or commits a violation, or the Board of Directors passes a resolution to change the Company's past financial statements due to material errors in accounting or accounting fraud, the Company may choose not to deliver all or a part of Company shares or money pursuant to the RSU Plan to that Eligible Director (malus) or may request the return of all or a part of the Company shares or money delivered to that Eligible Director (clawback).

**4. Revision of the Policy on Compensation of Directors and Audit & Supervisory Board Members**

At the Board of Directors meeting held today, a resolution to change the details of the policy on compensation for Directors and Audit & Supervisory Board Members), as stated in the attachment, was passed, conditional on the proposals for the amendment of the amount of compensation for Directors and for the introduction of the RSU Plan for Directors (excluding Outside Directors) above being approved as originally proposed at the 20th Shareholders' Meeting.

END

(Reference)

After the RSU Plan is introduced, it is expected that it will be implemented only for Eligible Directors who reside overseas. On the other hand, the Performance-Based and Stock-Based Compensation System will continue to be operated only for Eligible Directors who reside in Japan. Therefore, it is not expected, between the RSU Plan and the Performance-Based and Stock-Based Compensation System, that there will be an overlap regarding Directors who are eligible for them.

If the proposal for the introduction of the RSU Plan being approved as originally proposed at the 20th Shareholders' Meeting, Mr. Stephen Hayes Dacus is elected as a Director of the Company, and he is elected as President and Representative Director at the Board of Directors meeting following the 20th Shareholders' Meeting, then the person who is eligible for the RSU Plan will be him. In this case, the initial plan period for the RSU Plan will be the three fiscal years from FY2025 to FY2027, and the Service Period will be from the 20th Shareholders' Meeting to the adjournment of the Annual Shareholders' Meeting for FY2027.

## <<Seven & i Holdings Co., Ltd., Policy on Compensation of Directors and Audit & Supervisory Board Members>>

An outline of the policy for determining the details of individual compensation, etc. for Directors that was revised at the Board of Directors meeting held on April 17, 2025 and is to come into effect conditional on the proposals for the amendment of the amount of compensation for Directors and for the introduction of the RSU Plan for Directors (excluding Outside Directors) being approved as originally proposed at the 20th Annual Shareholders' Meeting to be held on May 27, 2025 ("20th Shareholders' Meeting") is as follows.

### 1. Basic views on compensation for Directors and Audit & Supervisory Board Members

The Company considers the compensation system for directors and audit & supervisory board members of the Company (the "Directors and Audit & Supervisory Board Members") to be "the important measures to take appropriate risk for the sake of continued growth of the medium- and long- term corporate value and sustainable growth of our group based on a basic view on corporate governance," and build and operate the system based on the points set forth below.

- Emphasis is placed on the link between the business performance and corporate value of our group, and establishing a system that further enhances the motivation and morale to contribute to the continuous improvement of business performance and corporate value over the medium to long term.
- To secure highly capable human resources who will enhance corporate governance through supervision and auditing of the execution of operations, and provide compensation levels and systems commensurate with responsibilities.
- To further improve the corporate value by securing human resources with global experience and advanced expertise in the Company's operating domains, establish compensation levels and compensation system to ensure competitiveness even in the global human resource markets.
- Ensure the objectivity and transparency of the compensation decision process, and establish a compensation system trusted by all stakeholders.
- With regard to the design of a specific compensation system for Directors and Audit & Supervisory Board Members, continue to consider tailoring it more appropriately in light of future trends in legal systems and society.

### 2. Compensation levels

The levels of compensation for Directors and Audit & Supervisory Board Members will be determined, taking into consideration various fundamentals in the business content and the business environment of the Company, with reference to the compensation levels of Directors and Audit & Supervisory Board Members in major companies of the same size as the Company based on market capitalization and revenues, etc.

### 3 Compensation composition

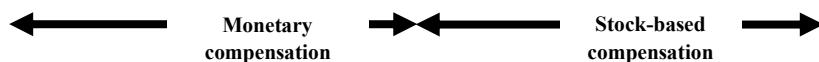
#### (1) Operating Directors

##### (a) Ratio of compensation composition

The ratio of compensation composition of operating Directors (\*1) generally is as follows: Due to its operating structure, the Company's performance-based and stock-based compensation system is currently only applicable to persons who reside in Japan. Also, to share value with stockholders and provide further incentive towards sustainable improvements to the Company's corporate value, separately from the abovementioned performance-based and stock-based compensation system, Mr. Dacus, as President,

Representative Director, and CEO (\*2) is also eligible for restricted stock units that are based on fulfillment of commitments over a certain period.

	Fixed compensation	Performance-based compensation		Restricted stock units
		Bonuses	Performance-based and stock-based compensation	
President, Representative Director, and CEO	13%	27%	-	60%
Other Representative Directors	35%	30%	35%	-
Directors	50%	25%	25%	-



(\*1) Calculated on the assumption that performance-based bonuses and performance-based and stock-based compensation are based on a standard compensation amount.

(\*2) Conditional on Mr. Dacus being appointed as a Director at the 20th Shareholders' Meeting and, furthermore, being appointed as President, Representative Director, and CEO at the Board of Directors meeting convened after the adjournment of the 20th Shareholders' Meeting. The same shall apply below with regard to the compensation for Mr. Dacus. The basic compensation ratio of fixed compensation, performance-based bonuses, and restricted stock units for Mr. Dacus generally is set at 1:2:4.5. However, the ratio of fixed compensation may be increased if the Company pays certain allowances to persons who reside overseas.

(b) Composition

(i) Fixed Compensation

- A fixed monetary compensation commensurate with the responsibilities of each position will be paid.
- Compensation will be paid monthly during the term of office.
- After deliberation and reporting by the Compensation Committee, and based on a decision by the Board of Directors, it is possible to pay certain allowances to persons who reside overseas as part of their base compensation.
- After deliberation and reporting by the Compensation Committee, and based on a decision by the Board of Directors, an executive allowance may be paid according to position.

(ii) Performance-based bonuses

- Short-term incentive compensation will be a performance-based cash compensation that varies based on the Company's business performance and individual evaluations, etc., for the relevant fiscal year.
- Compensation will be paid annually after the Company's business performance and individual evaluations, etc., for the relevant fiscal year have been confirmed.
- Performance-based bonuses for Mr. Dacus, who is the President, Representative Director, and CEO, and those for other Directors, are designed somewhat differently considering the differences between their duties and responsibilities.

<Performance-based bonuses for Mr. Dacus, as the President, Representative Director, and CEO>

- The KPI (Key Performance Indicator), percentages, and evaluation objectives related to performance-based bonuses for Mr. Dacus will be determined by the Board of Directors. This decision by the Board of Directors will be based on reports received from the Compensation Committee, which deliberates taking into account the KPI that will be prioritized in the Company's new growth strategy and measures to reform the Company's capital structure and business, as well as the Company's previous KPI used for performance-based bonuses indicated below.
- With regard to the coefficient for bonuses used as performance-based compensation, the Company will set a wider range of the coefficient so that bonuses will be more affected by the link to business performance.

<Performance-based bonuses for other directors>

- The KPIs for performance-based bonuses is per the table below. In order to evaluate the capability of the main business to make a profit in cash during a given fiscal year and to incorporate the shareholder perspectives, consolidated net income is also used together as a KPI.

(Key Performance Indicators for performance-based bonuses)

KPI	Ratio	Purpose of Evaluation
(a) Consolidated Operating CF (excl. financial services)*	60%	Evaluation of profit-making capability in the main business in cash
(b) Consolidated Net Income	40%	Evaluation of the degree of achievement of budgeted net income

(The coefficient formula pertaining to performance-based bonuses)

Coefficient pertaining to performance-based bonuses = {(a) + (b)} × (c)

(a) "Consolidated operating CF (excl. financial services)\*" related coefficient × 60%

(b) "Consolidated net income" related coefficient × 40%

(c) "Individual evaluations" related coefficient

- When evaluating KPIs, the range of compensation of Representative Directors is set wider by using different coefficients pertaining to performance-based bonuses from other Directors, so that the compensation of Representative Directors will be more affected by the link to performance.
- The coefficients pertaining to performance-based bonuses will vary depending on, not only an evaluation of KPI, but also individual evaluations.

\* Management accounting figures based on NOPAT excluding financial services.

(iii) Performance-based and stock-based compensation

- Performance-based and stock-based compensation currently only is applicable to Directors who reside in Japan.
- Medium- and long-term incentive compensation is a performance-based and stock-based compensation that varies based on the Company's business performance, management indicators, non-financial indicators, etc. (the introduction of the BIP Trust system(\*) as a stock-based compensation system was resolved at the Annual Shareholders' Meeting held in May 2019).



- Performance-based and stock-based compensation will enhance sharing profits and risks with our shareholders who have medium- and long-term perspectives by granting points during the term of office based on which shares will be delivered.
- The initial covered period will be four fiscal years starting from the fiscal year ended February 29, 2020, and the subsequent covered periods will be per three fiscal years.
- Shares will be delivered to Directors upon their retirement.
- Points to be granted for each fiscal year will be calculated by multiplying the standard points based on their position by a coefficient pertaining to performance-based and stock-based compensation and will vary between 0% and 200% depending on the achievement level of targets, etc.
- The KPI for performance-based and stock-based compensation is per the table below. In order to incorporate medium- and long-term shareholder perspectives, consolidated ROE and consolidated EPS are used as indicators and the degree of the achievement will be evaluated.
- The Company, aiming for the balance of corporate value and social value, added a target to reduce the amount of CO2 emissions under the environmental declaration called “GREEN CHALLENGE 2050” made in May 2019, as the KPI for performance-based and stock-based compensation from the fiscal year ended February 28, 2021.
- The degree of improvement in employee engagement was added as the KPI for performance-based and stock-based compensation from the fiscal year ended February 28, 2023 to further promote the creation of an environment that allows various human resources to exercise their abilities.

\* A BIP (Board Incentive Plan) Trust is an incentive plan for officers established with reference to a performance share plan and a restricted share compensation plan in the U.S.

(Key Performance Indicators for performance-based and stock-based compensation)

KPIs	Ratio	Purpose of Evaluation
(a) Consolidated ROE	60%	Evaluation of profitability against equity
(b) Consolidated EPS	40%	Evaluation of net income from shareholders' viewpoint
(c) CO2 Emissions	See the formula below	Evaluation of the degree of promotion of reducing the environmental burden
(d) Employee engagement		Evaluation of the degree of improvement in Employee engagement(*)

(\*)Comprehensive evaluation by the Compensation Committee

< Coefficient formula pertaining to performance-based and stock-based compensation >

Coefficient pertaining to performance-based and stock-based compensation = {(a) + (b)} × {(c) + (d)}

(a) “Consolidated ROE” related coefficient × 60%

(b) “Consolidated EPS” related coefficient × 40%

(c) “CO2 emissions” related coefficient

(d) “Employee engagement” related coefficient

- When evaluating KPI, the range of compensation of Representative Directors is set wider by using different performance-based coefficients from other Directors, so that the compensation of Representative Directors will be more affected by the link to performance.

(iv) Restricted stock units

- The restricted stock units are applicable only to operating Directors who reside overseas (Mr. Dacus, as President, Representative Director, and CEO); thus, there will not be an overlap between these units and the Performance-Based and Stock-Based Compensation System mentioned in item (ii) above.
- Restricted stock units will be delivered as incentive-based compensation conditional on fulfillment of commitments over a certain period of time (a restricted stock unit (RSU) plan (\*1) is scheduled to be voted on at the 20th Shareholders' Meeting (\*2)).
- In the restricted stock unit plan, units for delivery of shares will be provided to Eligible Directors during the relevant Director's term in office, to share value with shareholders and to provide further incentives toward sustainable improvements to the Company's corporate value.
- The initial period of eligibility will be the three fiscal years from the fiscal year ending February 28, 2026.
- The delivery, etc. of shares, etc. to Eligible Directors shall be conducted based on a resolution to be passed at the Board of Directors meeting held after the adjournment of the first Annual Shareholders' Meeting convened after expiration of the aforementioned period of eligibility.

(\*1) A restricted stock unit plan is a system of stock compensation through which Eligible Directors are delivered a number of units determined by the Board of Directors in advance. Conditional on continuous fulfillment of duties as Eligible Directors, a specified number of shares, or the cash equivalent, is issued to Eligible Directors based on the number of vested units after the end of a specified period. Such specific period is the period from the Company's first Annual Shareholders' Meeting convened during the number of fiscal years specified by the Board of Directors to the adjournment of the first Annual Shareholders' Meeting convened after the conclusion of said number of fiscal years.

(\*2) The words "scheduled to be" and this note will be deleted after the resolutions at the 20th Shareholders' Meeting.

(c) Malus and Clawback

If a Director who is eligible for each type of compensation engages in serious misconduct or commits a violation, the Board of Directors passes a resolution to change the Company's past financial statements due to material errors in accounting or accounting fraud, or any similar events to be designated by the Board of Directors, depending on the nature of the relevant compensation, occurs, the Company may choose not to deliver or provide all or a part of each type of compensation (malus) or may request the return of all or a part of each type of compensation delivered or provided to that Director (clawback).

(2) Outside Directors and Audit & Supervisory Board Members

(a) Ratio of compensation composition

The compensation for Outside Directors and Audit & Supervisory Board is fixed compensation only as described in below (b).

(b) Composition

Fixed Compensation

- With an emphasis on further strengthening the independence of Outside Directors and Audit & Supervisory Board Members from management, the compensation of Outside Directors and Audit & Supervisory Board Members consists only of fixed compensation. Performance-based compensation (bonuses and stock-based

compensation) will not be paid to Outside Directors and Audit & Supervisory Board Members.

- Compensation will be paid monthly during the term of office.
- Executive allowance according to their position may be paid based on the resolution by the Board of Directors' meeting after deliberation and reporting by the Compensation Committee.

#### 4 Compensation Governance

##### (1) Compensation Committee

The Company has established a compensation committee to ensure objectivity and transparency in the procedures for deciding the compensation of officers, etc. (Directors, Audit & Supervisory Board Members, and Executive Officers). The committee's chair and the majority of its members are Independent Outside Directors, and all of its members are Directors.

##### (2) Method of determining compensation

The Policy on Compensation of Directors and Audit & Supervisory Board Members, the basic policy on compensation of Directors and Audit & Supervisory Board Members, is determined by the Board of Directors following deliberations by the Compensation Committee. The amount of compensation of each Director is deliberated on by the Compensation Committee in accordance with the evaluation of each Director's function, degree of contribution, and the Group's results, as well as the degree of achievement of KPI, and then determined by the Board of Directors based on reports received from the Compensation Committee.

The compensation of each Audit & Supervisory Board Member is determined through discussions by the Audit & Supervisory Board Members.

#### 5 Compensation limit for Directors and Audit & Supervisory Board Members

The amount of compensation of Directors and Audit & Supervisory Board Members is decided within the following compensation limits determined at the Shareholders' Meeting.

The Company has already abolished the severance payment system for Directors and Audit & Supervisory Board Members, and no severance payments will be paid to Directors and Audit & Supervisory Board Members.

##### (1) Directors

- Monetary compensation

Not more than ¥2.0 billion per year (and to within ¥0.5 billion per year for Outside Directors (out of the ¥2 billion)—neither limit includes employee salaries paid to Directors who serve concurrently as employees)

(Scheduled to be resolved at the 20th Shareholders' Meeting)

- (\*) The word "scheduled to be" and this note will be deleted after the resolutions at the 20th Shareholders' Meeting.

- Stock-based compensation

- Performance-based and stock-based compensation

Three fiscal years / ¥1.2 billion or less (not more than ¥0.4 billion per fiscal year)

The upper limit of the total points to be granted per fiscal year: 240,000 points(\*) (1 point = 1 share of common share)

(Resolved at the 17th Annual Shareholders' Meeting held on May 26, 2022, separately from monetary compensation. As per a resolution at that Annual Shareholders' Meeting, the number of points to be allotted per fiscal year to be within 80,000 points. However, due to the three-for-one split of common shares implemented on March 1, 2024, this

has been adjusted to within 240,000 points.)

- Restricted stock units

500,000 shares per fiscal year (however, after the end of the appointment term, the Company may deliver the total number of common shares corresponding to that term) In the case of (1) delivery of shares, etc. without consideration, the maximum amount will be an amount calculated by multiplying the amount calculated based on the closing price of the common shares in the Company (“Common Shares”) on Tokyo Stock Exchange, Inc. on the business day immediately preceding the day on which the Company’s Board of Directors passes a resolution concerning the RSU Plan to issue or dispose of Common Shares (“Company Stock Closing Price”) or another fairly appraised amount per share, by the number of Common Shares to be delivered to Eligible Directors. In the case of (2) a contribution in kind, the maximum amount will be the amount calculated by multiplying the per-share amount to be paid, which is to be determined by the Company’s Board of Directors based on the Company Stock Closing Price and is to be an amount that is within a scope that is not particularly advantageous to the Eligible Directors who receive Common Shares by the number of Common Shares to be delivered to Eligible Directors.

(Scheduled to be resolved on separately from monetary compensation and performance-based and stock-based compensation at the 20th Shareholders’ Meeting (\*))

(\*) The words “scheduled to be” and this note will be deleted after the resolutions at the 20th Shareholders’ Meeting.

(2) Audit & Supervisory Board Members

- Monetary compensation

Not more than ¥200 million per year

(Resolved at the 14th Annual Shareholders’ Meeting held on May 23, 2019)