Features of the officer remuneration system

The Articles of Incorporation stipulate that remuneration and other benefits for Directors shall be determined by a resolution of the General Meeting of Shareholders. Based on this, the remuneration and other benefits are determined within the maximum amount resolved at the General Meeting of Shareholders, taking into account position, tenure in office, business performance, and other factors in a comprehensive manner. In addition, to strengthen the fairness, transparency, and objectivity of procedures related to remuneration and other benefits, and to enhance corporate governance, the Nomination & Compensation Advisory Committee has been established, chaired by an Independent Outside Director and consisting of the President and Representative Director / Executive Officer and two Outside Directors. The Nomination & Remuneration Advisory Committee deliberates on matters raised by the Board of Directors, including the remuneration system for Directors and policies for determining remuneration, and the Board of Directors makes final decisions based on the contents of these deliberations.

For Directors* and Executive Officers, in addition to fixed compensation, we have introduced a performance-linked restricted stock compensation plan with the purpose of further aligning value with our shareholders. In this plan, compensation varies depending on the achievement of performance targets according to our Executive Remuneration Rules. Remuneration for other Directors (Outside Directors and Directors who are Audit & Supervisory Committee Members) consists of fixed compensation and restricted stock compensation.

* Excluding Outside Directors and Directors who are members of the Audit & Supervisory Committee

Officer remuneration structure

Fixed compensation: Base pay

+

Variable compensation: Restricted stock compensation

Covered	Performance-linked
Directors*1 and Executive Officers	Yes
Outside Directors	No
Directors who are Audit & Supervisory Committee Members	No

*1 Excluding Outside Directors and Directors who are members of the Audit & Supervisory Committee

Allocated stock ratio against performance targets

Performance targets (Profit attributable to owners of parent)*2	Allocated stock ratio
Less than 5% increase compared to the previous fiscal year	1.0x
More than 5% increase compared to the previous fiscal year	1.5x
More than 10% increase compared to the previous fiscal year	2.0x

*2 Effective July 7, 2025, the target was changed to operating profit.

Amount of officer remuneration (FY2025/3)

Category of officers	Total amount of remuneration, etc. (Millions of yen)	Total amount of remuneration, etc., by type (Millions of yen)			No. of eligible officers
		Fixed compensation	Performance-linked remuneration	Non-monetary remuneration, etc.	
Directors (excluding Audit & Supervisory Committee Members and Outside Directors)	121	105	15	–	3
Directors (Audit & Supervisory Committee Members, excluding Outside Directors)	10	8	–	2	1
Audit & Supervisory Board Members (excluding Outside Audit & Supervisory Board Members)	2	2	–	–	1
Outside Directors	19	15	–	3	6

Notes:
1. Based on a resolution at the 45th Annual General Meeting of Shareholders held on June 26, 2024, the Company transitioned to a company with an Audit & Supervisory Committee on the same day. The above number of members and amount of remuneration include those for one Director (Outside Director) who retired at the conclusion of the same Annual General Meeting of Shareholders, and three Audit & Supervisory Board Members (including two Outside Members). The number of members and amount of remuneration include one individual who, after retiring as a Director (Outside Director), was appointed on the same day as a Director who is a member of the Audit & Supervisory Committee (Outside Director). They also include one individual who, after retiring as an Audit & Supervisory Board Member (Outside Member), was appointed on the same day as a Director who is a member of the Audit & Supervisory Committee (Outside Director). Both are included under Outside Officers.
2. The above Audit & Supervisory Board Members include one member who retired at the conclusion of the 45th Annual General Meeting of Shareholders held on June 26, 2024. After retiring as an Audit & Supervisory Board Member at the conclusion of the same Annual General Meeting of Shareholders, the individual was appointed as a Director (Audit & Supervisory Committee Member). Accordingly, the number of members and amount of remuneration are recorded under Audit & Supervisory Board Members for the period served in that role, and under Directors (Audit & Supervisory Committee Members) for the period served in that role.
3. The total amount of remuneration and other benefits for Directors (excluding Audit & Supervisory Committee Members) does not include employee salaries for Directors concurrently serving as employees.
4. Non-monetary remuneration, etc., is the amount recorded as an expense in the fiscal year under review based on the restricted stock compensation plan.