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Notice Concerning Issuance of Stock Options (Subscription Rights to Shares) to Employees

NISHIMATSUYA CHAIN Co., Ltd. (the "Company") hereby announces that the Company has resolved to propose a resolution requesting approval of the issuance of subscription rights to shares as stock options to the Company's employees without consideration and the delegation to the Board of Directors the authority to determine the subscription requirements for the subscription rights to shares at the 69th Annual General Meeting of Shareholders scheduled to be held on May 13, 2025 at the meeting of the Board of Directors held on today.

Note:

I. Reason for necessity of issuing the subscription rights to shares on particularly favorable conditions

Stock options will be implemented with the aim of enhancing sound management and social trust of the Company by bolstering employees' motivation and morale toward improving performance.

II. Details of issuance of the subscription rights to shares

1. Persons to whom the subscription rights to shares will be allotted

The Company's employees (persons who have newly become eligible as defined by the Company, etc.)

2. Class and number of shares to be issued upon exercise of the subscription rights to shares

Not exceeding 200,000 common shares of the Company.

In the event that the Company conducts a share split or share consolidation after the date of allotment of the subscription rights to shares, the number of shares subject to the subscription rights to shares shall be adjusted according to the following formula. Such adjustment, however, shall be made only to the number of shares subject to the subscription rights to shares which are not yet exercised at that point of time, and any fractions less than one (1) share resulting from the adjustment shall be rounded down.

$$\text{Number of shares after adjustment} = \text{Number of shares before adjustment} \times \text{Ratio of share split or share consolidation}$$

Also, in the event that the Company conducts a merger or share exchange with another company, or a company split, or in any other cases that for unavoidable reasons require the adjustment of the number of shares subject to the subscription rights to shares, the Company may adjust the number of shares to a reasonable extent.

3. Total number of the subscription rights to shares to be issued

Not exceeding 2,000 units. (The number of shares subject to each unit of the subscription

rights to shares shall be 100. However, in the event that the adjustment set forth in II.2. is made to the number of shares, adjustment shall be made in the same manner.)

4. Cash payment for the subscription rights to shares
   No cash payment shall be required for the subscription rights to shares.

5. Value of assets to be contributed upon exercise of the subscription rights to shares
   Assets to be contributed upon exercise of the subscription rights to shares shall be cash. The amount to be paid upon exercise of each unit of the subscription rights to shares shall be the amount obtained by multiplying the amount to be paid per share determined as set forth below (hereinafter referred to as the "Exercise Price") by the number of shares subject to each unit of the subscription rights to shares set forth in II.3.
   The Exercise Price shall be the highest of the amount multiplying 1.05 and the average closing price of the Company's common shares in regular trading at the Tokyo Stock Exchange on each day (excluding days with no transactions) of the month prior to the month including the day of issuance of the subscription rights to shares (fractions less than one (1) yen shall be rounded up to the nearest one (1) yen); the closing price of the Company's common shares in regular trading at the Tokyo Stock Exchange on the day of issuance of the subscription rights to shares (if there are no transactions on such day, the closing price of the immediately preceding day); or 2,353 yen (the exercise price of the Company's 33rd subscription rights to shares).
   In the event that the Company conducts a share split or share consolidation, the Exercise Price shall be adjusted according to the following formula, and any fractions less than one (1) yen resulting from such adjustment shall be rounded up to the nearest one (1) yen.

$$\text{Exercise Price after adjustment} = \text{Exercise Price before adjustment} \times \frac{1}{\text{Ratio of share split or share consolidation}}$$

   Also, the Company may adjust the Exercise Price in the event that the Company conducts a merger or share exchange with another company, or a company split.
   In the event that the Company issues new shares or disposes of treasury stock at a price lower than the market price (excluding securities to be acquired by the Company or securities with rights of requesting acquisition by the Company, both in exchange for delivery of the Company's common shares, or exercise of subscription rights to shares through which delivery of the Company's common shares may be requested), the Exercise Price shall be adjusted according to the following formula, and any fractions less than one (1) yen resulting from such adjustment shall be rounded up to the nearest one (1) yen.

$$\text{Exercise Price after adjustment} = \text{Exercise Price before adjustment} \times \frac{\text{Number of shares issued} + \dfrac{\text{Number of common shares newly issued} \times \text{Amount to be paid per share}}{\text{Share price of common shares before issuing new shares}}}{\text{Number of shares issued} + \text{Number of common shares newly issued}}$$

   In the formula above, "Number of shares issued" shall mean the number calculated by subtracting the number of treasury stock of common shares held by the Company from the total number of shares issued by the Company. In the event of disposal of treasury stock, "Number of common shares newly issued" and "Share price of common shares before issuing new shares" shall be replaced with "Number of treasury stock to be disposed of" and "Share price of common shares before disposal," respectively.

6. Exercise period of the subscription rights to shares
   From June 1, 2027 to May 31, 2030

7. Matters regarding capital stock and legal capital surplus to be increased by issuance of shares upon exercise of the subscription rights to shares

(1) In the event of new share issuance by exercising the subscription rights to shares, the amount of capital stock increased shall be half of the limit of increase in capital stock, etc. calculated in accordance with Article 17, Paragraph 1 of the Ordinance on Accounting of Companies, and any fractions less than one (1) yen resulting from such calculation shall be rounded up to the nearest one (1) yen.

(2) In the event of new share issuance by exercising the subscription rights to shares, the amount of legal capital surplus increased shall be calculated by subtracting the amount of capital stock increased set forth in (1) above from the limit of increase in capital stock, etc. in (1) above.

8. Conditions for exercising the subscription rights to shares

(1) Those who received the allotment of the subscription rights to shares must be Directors, Audit & Supervisory Board Members, Executive Officers or employees of the Company or its subsidiaries and associates at the time of exercise of the subscription rights to shares.

(2) Notwithstanding the provision of the preceding item, those who received the allotment of the subscription rights to shares may exercise the subscription rights to shares in any of the following cases:

1) Retirement from Director, Audit & Supervisory Board Member, Executive Officer of the Company or its subsidiaries and associates due to expiration of their term of office
2) Mandatory age-limit retirement and other justifiable reasons
3) In case of a contract employee, retirement due to completion of the employment period set forth in the employment contract, provided, however, that continuous years of service of such employee for the Company must be five (5) years or more

(3) The successors of the persons who received the allotment of the subscription rights to shares shall not be able to exercise the subscription rights to shares.

(4) Other conditions for exercising the subscription rights to shares shall be determined by resolution of the Board of Directors.

9. Matters related to acquisition of the subscription rights to shares

(1) The Company may acquire without consideration and cancel the subscription rights to shares by resolution of the Board of Directors if a proposal for approval of a merger agreement where the Company becomes a dissolving company, proposal for approval of a share exchange agreement where the Company becomes a wholly-owned subsidiary, or proposal for approval of a share transfer plan is approved at the General Meeting of Shareholders.

(2) When those who received the allotment of the subscription rights to shares no longer satisfy the conditions to exercise the subscription rights to shares, the Company may acquire the subscription rights to shares of such persons without consideration and cancel them by resolution of the Board of Directors.

10. Restriction on transfer of the subscription rights to shares

Transfer of the subscription rights to shares shall require the approval of the Board of Directors.

11. Treatment of the subscription rights to shares upon implementation of reorganization

If the Company conducts a merger (limited to the case where the Company becomes a dissolving company as a result of the merger), absorption-type company split, incorporation-type company split, share exchange or share transfer (hereinafter collectively referred to as the "Reorganization Transaction"), under the following conditions, subscription rights to shares of a joint stock corporation specified in Article 236, Paragraph 1, Item 8 (a) through (e) of the Companies Act (hereinafter referred to as the "Reorganized Corporation") shall be delivered to holders of subscription rights to shares that remain in effect as of the effective date of the Reorganization Transaction (hereinafter referred to as the "Remaining Subscription Rights to Shares"). In such cases, the Remaining Subscription Rights to Shares shall expire, and the Reorganized Corporation shall issue new subscription rights to shares.

However, the foregoing shall be limited to cases where it is prescribed in the absorption-type merger agreement, incorporation-type merger agreement, absorption-type company split agreement, incorporation-type company split plan, share exchange agreement or share transfer plan that the subscription rights to shares of the Reorganized Corporation shall be issued under the following conditions:

(1) Number of the subscription rights to shares of the Reorganized Corporation to be delivered:
The same number of the subscription rights to shares shall be delivered as the number of the subscription rights to shares held by the holders of the Remaining Subscription Rights to Shares.

(2) Class of shares of the Reorganized Corporation subject to the subscription rights to shares:
Common shares of the Reorganized Corporation

(3) Number of shares of the Reorganized Corporation subject to the subscription rights to shares:
The number shall be determined in consideration of the conditions for the Reorganization Transaction.

(4) Value of assets to be contributed upon exercise of the subscription rights to shares:
The value of assets to be contributed upon exercise of the subscription rights to shares for delivery shall be the amount obtained by multiplying the Exercise Price after reorganization calculated through adjustments, taking into consideration the conditions for the Reorganization Transaction, by the number of shares of the Reorganized Corporation subject to such subscription rights to shares as determined in (3) above.

(5) Exercise period of the subscription rights to shares:
The period shall commence on the starting date of the exercise period of the Remaining Subscription Rights to Shares or the effective date of the Reorganization Transaction, whichever is later, and end on the expiration date of the exercise period of the Remaining Subscription Rights to Shares.

(6) Amount of increase in capital stock and legal capital surplus when new shares are issued upon exercise of the subscription rights to shares:
Amount of increase in capital stock and legal capital surplus shall be determined, taking into consideration the conditions of the Reorganization Transaction.

(7) Restriction on acquisition of the subscription rights to shares through transfer:
Acquisition of the subscription rights to shares through transfer requires approval of the Board of Directors of the Reorganized Corporation.

(8) Other conditions for exercising the subscription rights to shares:
The other conditions shall be determined in the same manner as described in II.8. above.

12. Other matters
Other matters related to the subscription rights to shares shall be determined by resolution of the Board of Directors.

III. Conditions for Suspension
The above matters will be discussed at the 69th Annual General Meeting of Shareholders scheduled to be held on May 13, 2025 regarding the "Issuance of Subscription Rights to Shares as Stock Options to Employees."