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Notice Concerning Determination and Introduction of a Remuneration System for Granting Restricted Stock to Directors

DAIICHI JITSUGYO CO., LTD. (the "Company") gained approval for the restricted stock remuneration system for Directors (excluding Outside Directors) of the Company at the 98th Annual General Meeting of Shareholders held on June 23, 2021.

As separately disclosed in the timely disclosure "Notice Concerning Transition to a Company with an Audit & Supervisory Committee" dated December 11, 2024, the Company plans to transition to a company with an Audit & Supervisory Committee subject to approval at the 102nd Annual General Meeting of Shareholders scheduled to be held on June 24, 2025 (hereinafter referred to as "this General Meeting of Shareholders").

The Company hereby announces that its Board of Directors resolved at its meeting held today to submit to this General Meeting of Shareholders a proposal regarding the determination of the restricted stock remuneration system for Directors (excluding Directors who are Audit & Supervisory Committee Members) of the Company and a proposal regarding the introduction of a restricted stock remuneration system for Directors who are Audit & Supervisory Committee Members of the Company, subject to the approval of the proposal to amend the Articles of Incorporation regarding such transition. The details are as described below.

1. Determination of the Restricted Stock Remuneration System for Directors (Excluding Directors Who are Audit & Supervisory Committee Members) (hereinafter referred to as the "System")

(1) Purpose of the System

The purpose of the System is to further enhance the motivation of Directors, including Outside Directors (excluding Directors who are Audit & Supervisory Committee Members), to contribute to the enhancement of the Group's corporate value over the medium to long term.

(2) Overview of the System

The Company will propose to this General Meeting of Shareholders that the persons eligible for payment under the System be Directors including Outside Directors (excluding Directors who are Audit & Supervisory Committee Members; hereinafter referred to as "Eligible Directors (i)") and the total amount of monetary remuneration claims to be provided for granting restricted stock be no more than 100 million yen per year (of which, 10 million yen per year will be provided for Outside Directors).

Eligible Directors (i) shall pay all monetary remuneration claims provided pursuant to a resolution of the Board of Directors of the Company as properties contributed in kind and receive common shares of the Company that shall be issued or disposed of. The total number of common shares of the Company to be issued or disposed of for this purpose shall not exceed 100,000 per year. (of which, 10,000 shares per year will be provided for Outside Directors. Provided, however, that if the Company conducts a stock split (including a gratis allotment of common shares of the Company) or reverse stock split of common shares of the Company, or if circumstances that require an adjustment to the total number of the Company's common shares to be issued or disposed of as restricted stock arise, on or after the date of the resolution at this General Meeting of Shareholders, the Company shall adjust the total

number within a reasonable scope.)

The amount to be paid in for each share shall be determined by the Board of Directors, based on the closing price of the Company's common shares on the Tokyo Stock Exchange for the business day immediately preceding each resolution by the Board of Directors (if the trading did not occur on the day, the closing price on the most recent preceding trading day) and within the scope not particularly advantageous to Eligible Directors (i) receiving the common shares.

In addition, the issuance or disposal of the Company's common shares, as well as the payment of monetary remuneration claims as properties contributed in kind, shall be subject to the conclusion of restricted stock allotment agreements including the details specified below (hereinafter referred to as the "Allotment Agreements") between the Company and Eligible Directors (i).

(i) Transfer restriction period

Eligible Directors (i) may not transfer, establish a security interest in, or otherwise dispose of the Company's common shares allotted based on the Allotment Agreements (hereinafter referred to as the "Allotted Shares") for a period of 30 years from the day of the share allotment based on the Allotment Agreements (hereinafter referred to as the "Transfer Restriction Period").

(ii) Treatment at the time of retirement

If Eligible Directors (i) retire from positions that fall under officers or employees of the Company or its subsidiaries and have been specified by the Board of Directors in advance prior to the expiration of the Transfer Restriction Period, the Company shall acquire the Allotted Shares without consideration as a matter of course, excluding cases where there are justifiable reasons for the retirement, such as expiration of the term of office or death.

(3) Conditions for determination of the System

The above determination is subject to approval by shareholders at this General Meeting of Shareholders.

2. Introduction of the Remuneration System for Granting Restricted Stock to Directors Who are Audit & Supervisory Committee Members

(1) Purpose of the introduction

The purpose of the introduction is to provide the Company's Directors who are Audit & Supervisory Committee Members (hereinafter referred to as "Eligible Directors (ii)") with incentives to prevent damage to the Company's corporate value and to maintain the Company's credibility, as well as to facilitate further value sharing with shareholders.

(2) Overview of the system

The Company will propose to this General Meeting of Shareholders that the remuneration paid for granting restricted stock to Eligible Directors (ii) be in the form of monetary remuneration claims and the total amount be no more than 10 million yen per year. The specific timing and allocation of payments to each Director who is an Audit & Supervisory Committee Member will be determined through consultation among the Directors who are Audit & Supervisory Committee Members.

Eligible Directors (ii) shall pay all monetary remuneration claims provided based on the above-mentioned consultation as properties contributed in kind and receive common shares of the Company that shall be issued or disposed of. The total number of common shares of the Company to be issued or disposed of for this purpose shall not exceed 10,000 per year. (Provided, however, that if the Company conducts a stock split (including a gratis allotment of common shares of the Company) or reverse stock split of common shares of the Company, or if circumstances that require an adjustment to the total number of the Company's common shares to be issued or disposed of as restricted stock arise, on or after the date of the resolution at this General Meeting of Shareholders, the Company shall adjust the total number within a reasonable scope.)

The amount to be paid in for each share shall be determined by the Board of Directors, based on the closing price of the Company's common shares on the Tokyo Stock Exchange for the business day immediately preceding each resolution by the Board of Directors (if the trading did not occur on the day, the closing price on the most recent preceding trading day) and within the scope not particularly advantageous to Eligible Directors (i) receiving the common shares.

In addition, the issuance or disposal of the Company's common shares, as well as the payment of monetary

remuneration claims as properties contributed in kind, shall be subject to the conclusion of restricted stock allotment agreements between the Company and Eligible Directors (ii) similar to the Allotment Agreements between the Company and Eligible Directors (i).

(3) Conditions for introduction of the system

The introduction of the above-mentioned system is subject to approval by shareholders at this General Meeting of Shareholders.