

April 18, 2025

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President and Representative Director: Masahiko Tenbo

(Listing Code: 4714 Prime Market of the TSE)

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Notice Regarding Revision of Executive Remuneration and Introduction of Performance-Linked Restricted Stock Remuneration System

We hereby announce that our Board of Directors, at its meeting held on April 18, 2025, resolved to revise the executive remuneration system and to introduce a restricted stock remuneration system (hereinafter referred to as the “System”). A proposal regarding the System is scheduled to be submitted for approval at the 40th Annual General Meeting of Shareholders (hereinafter referred to as the “Shareholders Meeting”), to be held on May 23, 2025, as outlined below.

1. Purpose and Conditions of Introduction of the System

(1) Purpose of Introduction

The System is intended to provide incentives to directors of the Company (excluding outside directors, hereinafter referred to as the “Eligible Directors”) to enhance the Company’s corporate value on a sustainable basis, and to further promote value sharing with our shareholders.

(2) Conditions of Introduction

Under the System, monetary remuneration claims will be granted to Eligible Directors as remuneration for the allocation of restricted shares, or restricted shares will be directly granted as remuneration. Therefore, implementation of the System is conditional upon shareholder approval at the Shareholders Meeting.

The current total amount of remuneration for directors was approved at the 24th Annual General Meeting of Shareholders held on May 26, 2009, not to exceed 300 million yen per year (excluding salaries for employees who also serve as directors). However, at the upcoming Shareholders Meeting, the Company will seek separate shareholder approval to establish a new remuneration framework specifically for the System, in addition to the existing limit.

In addition, subject to approval of the relevant proposal at the Shareholders Meeting, the Company will abolish the current stock option system for directors (excluding those already granted) and will no longer issue new stock acquisition rights as stock options to directors.

2. Overview of the System

Under the System, the issuance or disposal of restricted shares will be conducted through either of the following methods:

Issuance or disposal of common shares of the Company to Eligible Directors without requiring payment or provision of property (as remuneration), or granting monetary remuneration claims to Eligible Directors, who will contribute such claims in-kind in exchange for common shares of the Company.

The maximum number of shares of common stock to be issued or disposed of annually under the System will be limited to 260,000 shares. The maximum total amount of remuneration under this System shall be no more than 100 million yen per year and shall also be capped at 1.5% of the Company's consolidated ordinary income (separate from the existing monetary remuneration limit). If the number of outstanding shares changes due to a stock split, reverse split, or stock dividend, the maximum number of shares will be adjusted proportionally.

If common shares are issued or disposed of under Method (2) above, the per-share payment amount shall be determined by the Board of Directors based on the closing price of the Company's common stock on the Tokyo Stock Exchange on the business day prior to the resolution date (or the most recent closing price if no transaction occurred on that day), and shall not be particularly advantageous to the Eligible Directors.

In order to achieve the objective of long-term value sharing with shareholders, the transfer restriction period shall continue from the date the restricted shares are granted until the day the Eligible Director retires or resigns from the position as a director or another position as defined by the Company's Board of Directors.

The specific timing and allocation of the grants to each Eligible Director will be determined by the Board of Directors based on the deliberation and recommendations of the Nomination and Remuneration Advisory Committee.

Additionally, when restricted shares are granted under the System, a restricted share allotment agreement (hereinafter the "Allotment Agreement") will be executed between the Company and each Eligible Director. The Allotment Agreement will include, but is not limited to, the following provisions:

Eligible Directors may not transfer, pledge, or otherwise dispose of the restricted shares during the restriction period (from the grant date to the retirement or resignation date from the defined position).

If the Eligible Director violates laws, internal rules, or the Allotment Agreement, or if other circumstances as defined by the Board of Directors arise that reasonably justify forfeiture, the Company shall be entitled to acquire the shares without remuneration.

3. Application to Directors of Subsidiaries

Subject to the approval of the proposal regarding the System at the Shareholders Meeting, the Company also intends to apply a similar restricted stock remuneration system to directors of its subsidiaries.

Note : This document has been translated (machine-translated) from a part of the Japanese original for reference purposes only. In the event of any discrepancy between this translated document and the Japanese original, the original shall prevail.