Translation - Original text in Japanese

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Company name: CHORI CO., LTD.
Representative: Tatsuyuki Sakoda, President, CEO & COO
(Code: 8014, Tokyo (Prime Market))
Inquiries: Kazuyoshi Matsuura
Manager, Corporate Management Dept.
(+81-3-5781-6201)

Notice Regarding the Revision of the Executive Compensation System

CHORI CO., LTD. (the "Company") hereby announces that, at its Board of Directors meeting held on April 28, 2026, it resolved to review its executive compensation system and revise the amount and structure of compensation for Directors and Executive Officers (hereinafter referred to as the "Revision"), as well as to revise the policy for the determination of the content of individual compensation for Directors.

1. Purpose of the Revision

The Company's corporate philosophy is "As members of the global community, we will work for the betterment of society. We take pride in being fair and sincere, and in continuing to offer superb service in order to deliver superior customer satisfaction." In order to realize this corporate philosophy, the Company formulated and disclosed, on April 28, 2026, a three-year Medium-Term Management Plan, Chori Innovation Plan 2028 covering fiscal years 2026 to 2028.

With respect to the Company's compensation system, we have determined that it is necessary for the system to function as an appropriate incentive to support the achievement of these objectives and the sustainable enhancement of the Company's medium- to long-term corporate value, while further promoting value sharing with our shareholders. Accordingly, under the leadership of the Governance Committee, we have examined the appropriate structure of the compensation system for Directors and Executive Officers.

As a result of these deliberations, we concluded that it is necessary to further strengthen incentives for Directors and Executive Officers to enhance the Company's medium- to long-term corporate value, as well as to improve transparency for shareholders and other stakeholders. Based on this conclusion, the Company has resolved to revise the compensation system for its Directors and Executive Officers.

2. Overview of the Revision

The compensation of the Company's Directors and Executive Officers (excluding Directors who are Audit & Supervisory Committee Members and Outside Directors; the same shall apply hereinafter) consists of base compensation, bonuses, and Board Benefit Trust-Restricted Stock. Under this revision, the Company has decided to implement the changes outlined below. These changes were determined based on a recommendation from the Governance Committee, taking into account the results of an objective compensation market survey conducted by external experts, which reviewed trends among listed companies in Japan of a similar size and within the same industry as the Company.

(1) Compensation Structure

In order to further strengthen incentives for Directors and Executive Officers to enhance the Company's medium- to long-term corporate value, the Company will increase the proportion of share-based compensation trust within total compensation.

Specifically, the ratio of base compensation, bonuses, and Board Benefit Trust-Restricted Stock will be revised as set forth below.

Item	Before the Revision	After the Revision
Compensation Ratio	Base compensation: Bonuses: Board Benefit Trust-Restricted Stock = 45: **45**: **10**	Base compensation: Bonuses: Board Benefit Trust-Restricted Stock = 45: **35**: **20**

(2) Evaluation Indicator and Calculation Method for Bonuses

With the objective of aligning the compensation paid to Directors and Executive Officers with the annual performance targets set forth in the Medium-Term Management Plan, the Company has adopted operating profit as the performance evaluation indicator for bonuses, replacing profit before income taxes.

Specifically, the performance evaluation indicator for bonuses will be revised as outlined below.

Item	Before the Revision	After the Revision
Evaluation Indicator (Bonuses)	**Profit before income taxes**	**Operating profit**

In addition, from the perspective of encouraging incentives for upside performance while fulfilling accountability to shareholders and other stakeholders, the Company will revise the range of bonus fluctuations in accordance with the achievement level for the performance evaluation indicator.

(3) Evaluation Indicators for Board Benefit Trust-Restricted Stock

In order to further strengthen incentives for Directors and Executive Officers to improve capital efficiency and enhance share price performance, the Company has adopted ROE and relative TSR as the financial performance evaluation indicators for the Board Benefit Trust-Restricted Stock, replacing cumulative profit before income taxes. In addition, with the aim of enhancing incentives for the medium- to long-term enhancement of corporate value, the Company has newly adopted employee engagement and the ratio of female managers as non-financial performance evaluation indicators.

Specifically, the performance evaluation indicators for the Board Benefit Trust-Restricted Stock will be revised as set forth below.

Item	Before the Revision	After the Revision
Evaluation Indicators (Board Benefit Trust-Restricted Stock)	**Cumulative profit before income taxes**	**ROE, Relative TSR*, Employee Engagement, and Ratio of Female Managers**

* Relative TSR (TSR (Total Shareholder Return): The Company's TSR / the growth rate of TOPIX (including dividends). The evaluation period is the duration of the Medium-Term Management Plan (three years).

(4) Decision-Making Body for the Determination of Individual Compensation

Under the compensation system prior to this revision, the specific individual amounts of bonuses were determined by the President, CEO & COO, based on delegation from the Board of Directors and following deliberations by the Governance Committee.

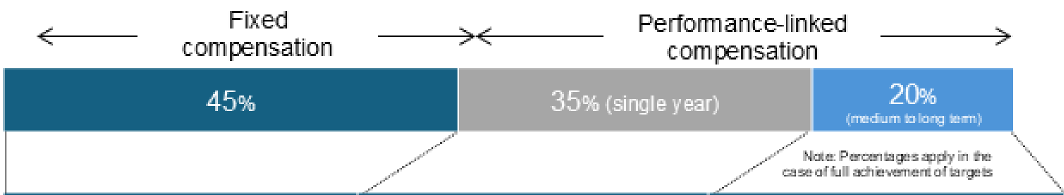
In order to further enhance transparency in the compensation determination process, the Company has decided to revise the process such that the Board of Directors will determine the specific individual amounts and details of all compensation, including bonuses.

Specifically, the decision-making body for determining the specific individual amounts and details of compensation will be revised as described below.

Items	Before the Revision	After the Revision
Base compensation	Board of Directors	Board of Directors (Unchanged)
Bonuses	**President, CEO & COO**	**Board of Directors**
Board Benefit Trust-Restricted Stock	Board of Directors	Board of Directors (Unchanged)

3. Overview of the Executive Compensation System

Following the changes, an overview of the Company's executive compensation system is as follows.



	Base Compensation	Bonuses	Board Benefit Trust-Restricted Stock
Compensation type	Fixed compensation	Short-term incentive compensation Linked to performance in relevant business year	Medium- to long-term incentive compensation Linked to degree of achievement of the Medium-term Management Plan
Eligible recipients	• Directors who are not Audit & Supervisory Committee members • Directors who are Audit & Supervisory Committee members • Outside Directors	• Directors who are not Audit & Supervisory Committee members — —	• Directors who are not Audit & Supervisory Committee members — —
Grant Method	Cash	Cash	Shares and cash
Evaluation indicators (Variable compensation)	—	• Operating Profit	• ROE • Relative TSR (Total Shareholder Return) • Employee Engagement • Ratio of Female Managers
Maximum amount of compensation	Directors who are not Audit & Supervisory Committee members: No more than ¥300 million annually (Resolution passed at the 69th Ordinary General Meeting of Shareholders held on June 15, 2016) (Number of Personnel: 7) Directors who are Audit & Supervisory Committee members: No more than ¥100 million annually (Resolution passed at the 69th Ordinary General Meeting of Shareholders held on June 15, 2016) (Number of Personnel: 3)		Directors who are not Audit & Supervisory Committee members: <Maximum number of points> The maximum number of points that may be granted to Directors during each applicable term (the adjusted number of points after the end of each term) is the number of points obtained by multiplying the number of fiscal years during the applicable term by 80,000 points (of which, 40,000 points are for Directors). (Resolved at the 76th Ordinary General Meeting of Shareholders held on June 16, 2023) (Number of Personnel: 3)
Grant and calculation method	Directors who are not Audit & Supervisory Committee members: Monthly fixed compensation based on position	• Paid at a certain time of the year • Amount calculated according to operating profit for each fiscal year	Position-based points prescribed in the Officers' Share Benefit Regulations are tentatively granted to each Director for each fiscal year based on his or her position. In principle, after the completion of the Medium-Term Management Plan, the number of performance-linked points is finalized by multiplying the position-based points by a performance-linked coefficient. This coefficient is calculated as the weighted average of coefficients derived from the respective achievement levels for the Company's performance indicators specified in the Medium-Term Management Plan, namely ROE, relative TSR, employee engagement, and the ratio of female managers. Based on the finalized number of points, the Company provides, in principle, Company shares equivalent to one share for each point.

4. Policy for the Determination of the Content of Individual Compensation for Directors

The Company hereby revises the policy for determining the details of remuneration for individual Directors as set forth below.

・Overview of the Content of the Decision-Making Policy
The compensation of the Company's Directors (excluding Directors who are Audit & Supervisory Committee Members; the same shall apply hereinafter) is designed to be aligned with shareholder interests and to function effectively as an incentive for the sustainable enhancement of corporate value. In determining individual compensation for each Director, the Company adopts a basic policy of ensuring an appropriate level that takes into account position, responsibilities, and performance, while maintaining transparency in the compensation determination process.
Specifically, Directors' compensation consists of three components: monthly base compensation, annual bonuses, and the Board Benefit Trust-Restricted Stock (BBT-RS). Compensation is determined within the compensation limits resolved at the General Meeting of Shareholders and is set at an appropriate level.
Among these components, fixed monetary compensation is paid on a monthly basis, with the annual standard amount determined according to each Director's role and position and allocated over 12 months.
Policies regarding bonuses, which represent performance-linked monetary compensation, and the Board Benefit Trust-Restricted Stock (BBT-RS), which represents performance-linked non-monetary compensation, are described below.
With respect to compensation for Outside Directors, in light of their roles and independence, compensation consists solely of fixed monetary compensation determined according to their respective roles, which is allocated over 12 months and paid on a monthly basis.

・Method for Calculating the Amount of Performance-Linked Compensation or the Number of Points
The Company provides performance-linked compensation to its Directors (excluding Directors who are Audit & Supervisory Committee Members) in the form of the Board Benefit Trust-Restricted Stock (BBT-RS).
Bonuses are designed to function as an incentive for achieving the Medium-Term Management Plan. Taking into account factors such as the Company's operating profit performance for the relevant fiscal year (¥13.0 billion for fiscal year 2025), the bonus amount is calculated by applying a coefficient, reflecting such performance and other relevant factors, to a standard amount determined for each position. Bonuses are paid annually at a fixed time each year.
The Board Benefit Trust-Restricted Stock (BBT-RS) was introduced pursuant to a resolution of the 76th Ordinary General Meeting of Shareholders held on June 16, 2023. This system is intended to more clearly link the compensation of Directors and other officers with the Company's performance and share value, and to enhance their awareness of contributing to medium- to long-term improvement in performance and corporate value by sharing not only the benefits of share price increases but also the risks of share price declines with shareholders.
Under this system, position-based points prescribed in the Officers' Share Benefit Regulations are tentatively granted to each Director for each fiscal year based on his or her position. In principle, after the completion of the Medium-Term Management Plan, the number of performance-linked points is finalized by multiplying the position-based points by a performance-linked coefficient. This coefficient is calculated as the weighted average of coefficients derived from the respective achievement levels for the Company's performance indicators specified in the Medium-Term Management Plan, namely ROE, relative TSR, employee engagement, and the ratio of female managers.
Based on the finalized number of points, the Company provides, in principle, Company shares equivalent to one share for each point, as well as a monetary amount equivalent to the market value of such shares. The timing of the provision of Company shares is, in principle, a certain time after the end of each relevant performance period. The performance periods consist of the three fiscal years from the fiscal year ending March 31, 2024 to the fiscal year ending March 31, 2026 (the "Initial Performance Period"), as well as any periods separately determined in advance by the Board of Directors to commence after the Initial Performance Period, which shall be no shorter than one fiscal year and no longer than five fiscal years (each, a "Performance Period"). The monetary payment equivalent to the market value of Company shares is, in principle, provided at the time of retirement.

・Policy on the Ratio of Compensation by Type for Directors
With respect to the ratio of compensation by type for Directors (excluding Directors who are Audit & Supervisory Committee Members), the Company determines such ratios by resolution of the Board of Directors following deliberations by the Governance Committee.
When the targets for the Company's performance indicators for bonuses and the Board Benefit Trust-Restricted Stock (BBT-RS) are achieved at 100%, the compensation ratio for Directors is set at approximately 45% base compensation to 55% performance-linked compensation (including non-monetary compensation). Within performance-linked compensation, the ratio of bonuses to the Board Benefit Trust-Restricted Stock (BBT-RS) is approximately 35%: 20%.

・Policy on Procedures for Determining the Specific Details of Individual Compensation
With respect to the compensation of Directors (excluding Directors who are Audit & Supervisory Committee Members), the Company determines the specific details of individual compensation by resolution of the Board of Directors, following deliberations by the Governance Committee.