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AIN HOLDINGS INC.

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(Securities code 9627: Tokyo Prime Market, Sapporo Securities Exchange)

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Revisions to Director Remuneration Amounts and Introduction of Restricted Stock Compensation Plan

At a meeting today, the Board of Directors of AIN HOLDINGS INC. (the "Company") approved revisions to director remuneration amounts and the introduction of a restricted stock compensation plan (the "Plan") following a review of the director remuneration system. A motion concerning the Plan for directors (excluding outside directors; "Eligible Directors") has been submitted for approval at the 53rd Annual General Meeting of Shareholders (the "Meeting of Shareholders") scheduled for July 28, 2022. Details are below.

1. Revisions to Remuneration Amounts for Directors

On July 30, 2013, the 44th Meeting of Shareholders approved annual remuneration for directors of up to ¥300 million (including up to ¥50 million for outside directors; excluding salaries paid to employees who are also serving concurrently as directors).

As its mission, the Company has been stepping up efforts to achieve the Group's materiality goals – "Contribute to local healthcare" and "Provide beauty and happiness" – and directors are expected to play a greater role and take more responsibility with respect to these goals. Amid these changes, the Nomination and Remuneration Committee and the Board of Directors conducted discussions about the suitability of the current director remuneration system, resulting in a decision to revise the system. With respect to monetary compensation, which comprises monthly remuneration and bonuses, the Company proposes to increase the transparency and objectivity of the decision-making process for bonuses, which are linked to earnings performance, and submit a motion to the Meeting of Shareholders requesting approval from shareholders to increase annual remuneration for directors to up to ¥500 million (including up to ¥50 million for outside directors) to provide greater scope for increasing motivation to attain earnings targets.

2. Purpose of Introducing the Plan, etc.

(1) Purpose of the Plan

Under the Plan, restricted stock will be allocated to Eligible Directors to provide incentive to sustainably increase the Company's corporate value and to promote greater sharing of value with shareholders.

(2) Conditions for the introduction of the Plan

Under the Plan, Eligible Directors will be allocated monetary compensation rights for the granting of restricted stock. As such, the Plan for providing this compensation is subject to shareholder approval at the Meeting of Shareholders. At the Meeting of Shareholders, the Company will request approval for compensation for Eligible Directors to cover these payments, separate to the approval for the increase in annual remuneration for directors described above in "1. Revisions to Remuneration Amounts for Directors."

(3) Summary of the Plan

Under the Plan, total monetary compensation rights to be allocated to Eligible Directors shall not exceed ¥50 million annually (excluding salaries paid to employees who are also concurrently serving as directors), and the total number of allocated newly issued or disposed common stocks shall not exceed 50,000 shares annually (however, the total number of common stocks shall be adjusted to a reasonable extent in the event of a stock split (including gratis allocation of common stocks of the Company) or reverse split of the Company's common stocks that occur on or after the resolution date of this proposal at the Meeting of Shareholders).

Eligible Directors shall pay all monetary compensation claims allocated by the Company as in-kind contributions in accordance with the Plan. In turn, they shall receive the Company's common stocks, to be either newly issued or disposed stocks.

The amount to be paid per share shall be determined by the Board of Directors based on the closing price of the Company's common stocks on the Tokyo Stock Exchange on the business day immediately preceding each date of resolution by the Board of Directors (or the closing price on the transaction day immediately prior if no transactions were made on the day in question), to the extent that the amount is not especially advantageous to the Eligible Directors receiving the common stocks. In addition, the issuance or disposal of common stocks in accordance with the plan ("the Stocks") shall be subject to the Eligible Directors entering into a Restricted Stock Allotment Agreement with the Company, which includes the following conditions: (1) Eligible Directors shall not transfer to third parties, create a security interest on, or otherwise dispose of the allotted the Stocks of the Company during a certain period (the restriction period), and (2) the Company may acquire the Stocks in question for no fee under certain circumstances.