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Securities code: 1712  
May 6, 2022

**To Shareholders with Voting Rights:**

Hiroya Yamamoto  
President and Representative Director  
Daiseki Eco. Solution Co., Ltd.  
8-18 Meizencho, Mizuho-ku, Nagoya, Japan

**NOTICE OF  
THE 26th ANNUAL GENERAL MEETING OF SHAREHOLDERS**

Dear Shareholders:

We would like to express our appreciation for your continued support and patronage.

We hereby inform you that the 26th Annual General Meeting of Shareholders of Daiseki Eco. Solution Co., Ltd. (the “Company”) will be held as described below.

**If you are unable to attend the meeting on the day, you can exercise your voting rights in writing or via the Internet, etc. Please review the Reference Documents for the General Meeting of Shareholders below, and exercise your voting rights by Tuesday, May 24, 2022 at 5:30 p.m. Japan time.**

**1. Date and Time:** Wednesday, May 25, 2022 at 10:00 a.m. Japan time  
(Reception opens at 9:00 a.m.)

**2. Place:** 2F, Meeting Room, Daiseki Eco. Solution Head Office  
8-18 Meizencho, Mizuho-ku, Nagoya, Japan

**3. Meeting Agenda:**

- Matters to be reported:**
1. The Business Report and Consolidated Financial Statements for the Company’s 26th Fiscal Year (March 1, 2021 - February 28, 2022) and results of audits by the Accounting Auditor and the Audit and Supervisory Committee of the Consolidated Financial Statements
  2. Non-consolidated Financial Statements for the Company’s 26th Fiscal Year (March 1, 2021 - February 28, 2022)

**Proposals to be resolved:**

- Proposal 1:** Appropriation of Surplus
- Proposal 2:** Partial Amendments to the Articles of Incorporation
- Proposal 3:** Election of Two (2) Directors (excluding those who are Audit and Supervisory Committee Members)
- Proposal 4:** Election of Three (3) Directors who are Audit and Supervisory Committee Members
- Proposal 5:** Revision of Compensation Amount for Directors (excluding those who are Audit and Supervisory Committee Members) and Partial Amendments to the Restricted Stock Compensation Plan

If revisions are made to the Reference Documents for the General Meeting of Shareholders, Business Report, Non-consolidated Financial Statements or Consolidated Financial Statements, the revised matters will be posted on the Company's website (URL: <https://www.daiseki-eco.co.jp>).

## Reference Documents for the General Meeting of Shareholders

### Proposal 1: Appropriation of Surplus

Regarding the appropriation of surplus for the fiscal year under review, considering factors such as the financial results and business environment for the fiscal year under review, and taking into account the level of internal reserves, we have decided to pay out dividends as follows.

Matters regarding year-end dividend

(1) Type of dividend property

Cash

(2) Matters regarding allocation of dividend property to shareholders and the total amount thereof

5 yen per share of the Company's common shares

Total amount: 83,994,495 yen

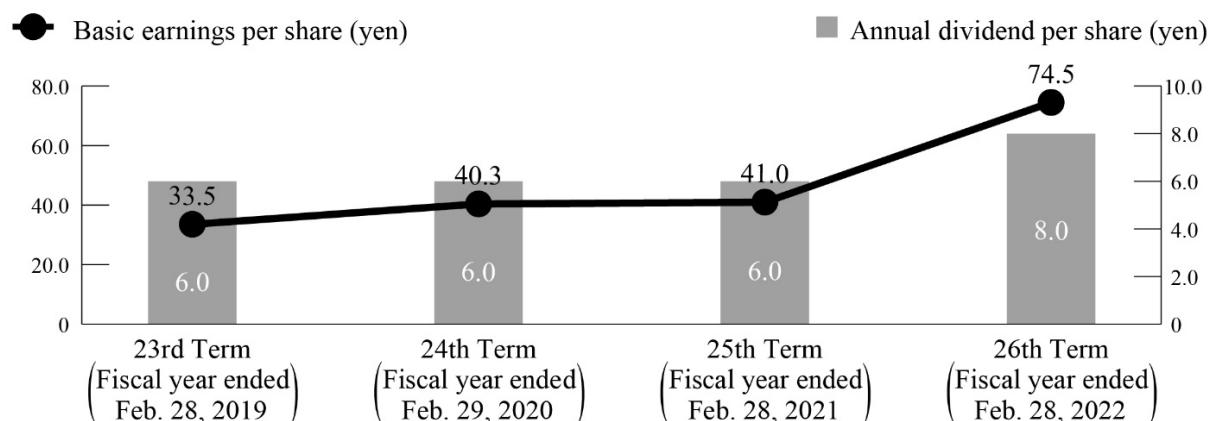
Including the interim dividend (3 yen per share), the annual dividend shall be 8 yen per share.

(3) Effective date of dividends of surplus

May 26, 2022

For the Company's dividend policy, please refer to "(10) Policy on Dividends of Surplus" under "1. Status of the Corporate Group" of the Business Report on page 27 (available only in Japanese).

[Reference] Trends in annual dividend per share and basic earnings per share



## **Proposal 2: Partial Amendments to the Articles of Incorporation**

### 1. Reasons for the proposal

#### (i) Amendments due to the introduction of the system for electronic provision of materials for General Meetings of Shareholders

The amended provisions stipulated in the proviso of Article 1 of the supplementary provisions of the “Act Partially Amending the Companies Act” (Act No. 70 of 2019) will be enforced on September 1, 2022. Accordingly, in order to prepare for the introduction of the system for electronic provision of materials for General Meetings of Shareholders, the Articles of Incorporation of the Company shall be amended as follows.

- (1) The proposed Article 18, Paragraph 1 provides that information contained in the Reference Documents for the General Meeting of Shareholders, etc. shall be provided electronically.
- (2) The purpose of the proposed Article 18, Paragraph 2 is to establish a provision to limit the scope of matters to be included in the paper copy to be sent to shareholders who have requested it.
- (3) The provisions related to the internet disclosure and deemed provision of the Reference Documents for the General Meeting of Shareholders, etc. (Article 18 of the current Articles of Incorporation) will become unnecessary and will therefore be deleted.
- (4) In line with the above establishment and deletion of the provisions, supplementary provisions related to the effective date, etc. shall be established.

#### (ii) Reduction of the maximum number of Directors (excluding those who are Audit and Supervisory Committee Members)

In order to improve the efficiency of the management system and speed up the decision-making process in line with the introduction of the Executive Officer System, the maximum number of Directors (excluding those who are Audit and Supervisory Committee Members) will be reduced from seven (7) to four (4), and provisions for Directors with Titles will be changed.

#### (iii) Establishment of new provisions regarding the Executive Officer System

The Company shall introduce the Executive Officer System to further strengthen corporate governance and promote flexibility in business execution. In line with this introduction, provisions concerning Executive Officers will be added.

Amendments to the Articles of Incorporation pertaining to (i) above shall take effect in accordance with the supplementary provisions stated in (4), while the amendments to the Articles of Incorporation pertaining to (ii) and (iii) above shall take effect at the conclusion of this General Meeting.

2. Details of the amendments

The details of the amendments are as follows.

(Amendments are underlined.)

Current Articles of Incorporation	Proposed Amendments
<p>Chapter III. General Meeting of Shareholders</p> <p><u>(Internet Disclosure and Deemed Provision of Reference Documents for the General Meeting of Shareholders, Etc.)</u></p> <p><u>Article 18</u> The Company may, when convening a <u>General Meeting of Shareholders, deem that it has provided information to shareholders pertaining to matters to be described or indicated in the reference documents for the General Meeting of Shareholders, business report, non-consolidated financial statements, and consolidated financial statements, by disclosing such information through the internet in accordance with the provisions provided in the Ordinance of the Ministry of Justice.</u></p> <p>&lt;Newly established&gt;</p>	<p>Chapter III. General Meeting of Shareholders</p> <p>&lt;Deleted&gt;</p> <p><u>(Measures for Electronic Provision of Reference Documents for the General Meeting of Shareholders, etc.)</u></p> <p><u>Article 18</u> The Company shall, when convening a <u>General Meeting of Shareholders, provide information contained in the reference documents for the General Meeting of Shareholders, etc. electronically.</u></p> <p><u>2. Among the matters to be provided electronically, the Company shall not be required to include all or part of the matters stipulated in the Ordinance of the Ministry of Justice in the paper copy to be sent to shareholders who have requested it by the voting rights record date.</u></p>
<p>Chapter IV. Directors and Board of Directors (Number of Directors)</p> <p>Article 19 The Company shall have no more than <u>seven (7)</u> Directors (excluding</p>	<p>Chapter IV. Directors and Board of Directors (Number of Directors)</p> <p>Article 19 The Company shall have no more than <u>four (4)</u> Directors (excluding Directors</p>

Current Articles of Incorporation	Proposed Amendments
<p>Directors who are Audit and Supervisory Committee Members).</p> <p>2. The Company shall have no more than five (5) Directors who are Audit and Supervisory Committee Members.</p> <p>(Representative Director and Directors with Titles)</p> <p>Article 26 The Board of Directors shall, by resolution, elect a Representative Director.</p> <p>2. The Board of Directors may, by resolution, elect <u>one (1)</u> Chairman, <u>one (1)</u> President, <u>a few</u> Vice President, Senior Managing Directors and Managing Directors.</p> <p>&lt;Newly established&gt;</p> <p>Chapter V. Audit and Supervisory Committee</p> <p>Article <u>31</u> &lt;Omitted&gt;</p> <p>Chapter VI. Accounts</p> <p>Article <u>32</u> to <u>35</u> &lt;Omitted&gt;</p>	<p>who are Audit and Supervisory Committee Members).</p> <p>2. The Company shall have no more than five (5) Directors who are Audit and Supervisory Committee Members.</p> <p>(Representative Director and Directors with Titles)</p> <p>Article 26 The Board of Directors shall, by resolution, elect a Representative Director.</p> <p>2. The Board of Directors may, by resolution, elect the Chairman, the President, Vice Presidents, Senior Managing Directors and Managing Directors.</p> <p><u>(Executive Officers)</u></p> <p>Article 31 <u>The Board of Directors may, by resolution, elect Executive Officers and have them share the execution of business.</u></p> <p>2. <u>The Board of Directors may elect from among the Executive Officers Vice President Executive Officers, Senior Managing Executive Officers, and Managing Executive Officers.</u></p> <p>Chapter V. Audit and Supervisory Committee</p> <p>Article <u>32</u> &lt;Unchanged&gt;</p> <p>Chapter VI. Accounts</p> <p>Article <u>33</u> to <u>36</u> &lt;Unchanged&gt;</p>

Current Articles of Incorporation	Proposed Amendments
<p>&lt;Newly established&gt;</p>	<p><u>Supplementary provisions</u></p> <ol style="list-style-type: none"> <li data-bbox="831 255 1465 651">1. <u>The deletion of Article 18 (Internet Disclosure and Deemed Provision of Reference Documents for the General Meeting of Shareholders, Etc.) of the Articles of Incorporation before the amendments and the establishment of Article 18 (Measures for Electronic Provision of Reference Documents for the General Meeting of Shareholders, etc.) of the Articles of Incorporation after the amendments shall come into effect on September 1, 2022.</u></li> <li data-bbox="831 663 1465 972">2. <u>Notwithstanding the provisions of the preceding paragraph, Article 18 (Internet Disclosure and Deemed Provision of Reference Documents for the General Meeting of Shareholders, Etc.) of the Articles of Incorporation before the amendments shall remain in force with respect to a General Meeting of Shareholders held on a date on or before February 28, 2023.</u></li> <li data-bbox="831 983 1465 1173">3. <u>These supplementary provisions shall be deleted on March 1, 2023 or after the lapse of three months from the date of the General Meeting of Shareholders set forth in the preceding paragraph, whichever is later.</u></li> </ol>

**Proposal 3:** Election of Two (2) Directors (excluding those who are Audit and Supervisory Committee Members)

The terms of office of all six (6) Directors (excluding those who are Audit and Supervisory Committee Members; the same shall apply hereinafter in this proposal) will expire at the conclusion of this General Meeting. Accordingly, the Company proposes the election of two (2) Directors.

The summary of the Audit and Supervisory Committee's opinions on the election of Directors is as follows.

The Audit and Supervisory Committee conducted a review by examining factors including the qualifications of and status of business execution by each candidate, the effectiveness of the Board of Directors' supervisory function, and the level of improvement of corporate value. As a result, the Committee deemed that each candidate possesses profound expertise, extensive experience and the competence required of a Director, and it is therefore appropriate to elect the candidates as Directors.

The candidates for Directors are as follows:

No.	Name (Date of birth)	Career summary, positions and responsibilities (Significant concurrent positions)		Number of shares of the Company held
1	Toshihiko Ninomiya (May 10, 1961)	May 1996	Director, Daiseki Co., Ltd. (retired in February 2004)	165,160
	[Reappointment]	May 1999	Vice President, the Company	
	[Attendance at the Board of Directors meetings] 100% (19/19)	March 2000	President and Representative Director	
		March 2009	Director, Green Arrows Central Co., Ltd. (retired in March 2022)	
		June 2013	Director, Green Arrows Kyushu Co., Ltd. (retired in March 2022)	
		March 2021	Chairman and Representative Director, the Company (current position)	
[Reasons for nomination as candidate for Director] Based on his track record of leading the Company's management with his strong leadership skills, as well as his extensive insights and experience, the Company has deemed that he continues to be qualified as a Director.				



No.	Name (Date of birth)	Career summary, positions and responsibilities (Significant concurrent positions)	Number of shares of the Company held	
2	Hiroya Yamamoto (May 23, 1968)  [Reappointment]  [Attendance at the Board of Directors meetings] 100% (19/19)	March 2002	Joined Daiseki Co., Ltd.	143,840
		February 2004	Director and General Manager of Headquarters of Environmental Business, the Company	
		September 2007	Director, Green Arrows Holdings, Inc. (current position)	
		May 2008	Managing Director and General Manager of Headquarters of Environmental Business, the Company	
		October 2008	President and Representative Director, Green Arrows Central Co., Ltd. (retired in March 2022)	
		March 2012	President and Representative Director, Green Arrows Kyushu Co., Ltd. (retired in March 2022)	
		May 2013	Senior Managing Director and General Manager of Headquarters of Environmental Business, the Company	
		May 2017	Vice President and General Manager of Headquarters of Planning and Management	
		March 2021	President and Representative Director (current position)	
[Reasons for nomination as candidate for Director] Based on his track record of contributing greatly to the growth and development of the Company as Vice President and President, as well as his extensive insights and experience, the Company has deemed that he continues to be qualified as a Director.				

- Notes:
1. There are no special interests between any of the candidates and the Company.
  2. The Company has concluded a Directors and Officers liability insurance (D&O insurance) contract where all candidates for Directors are insured persons. For an overview of the said insurance, please refer to (Notes) 6. in “(1) Status of Directors” under “4. Matters Regarding Company Officers” of the Business Report on page 30 (available only in Japanese). All candidates for Directors shall continue to be insured persons under the said insurance if they are reelected. In addition, while the contract period of the said insurance contract ends on November 1, 2022, the Company plans to renew the said contract.
  3. For the table of skills (skills matrix) that lists each candidate’s skills, please refer to “[Reference] Composition of Directors” on page 14.

**Proposal 4:** Election of Three (3) Directors who are Audit and Supervisory Committee Members

The terms of office of all three (3) Directors who are Audit and Supervisory Committee Members will expire at the conclusion of this General Meeting. Accordingly, the Company proposes the election of three (3) Directors who are Audit and Supervisory Committee Members.

The Audit and Supervisory Committee has given its consent to the submission of this proposal.

The candidates for Directors who are Audit and Supervisory Committee Members are as follows:

No.	Name (Date of birth)	Career summary, positions and responsibilities (Significant concurrent positions)		Number of shares of the Company held
1	Miharu Hanamura (February 26, 1978)	October 2001	Joined Tohmatsu & Co. (currently Deloitte Touche Tohmatsu LLC)	—
	[Reappointment]	April 2005 August 2018 September 2018 May 2020	Registered as a certified public accountant Resigned from Deloitte Touche Tohmatsu LLC Opened Hanamura Miharu CPA Office (current position) Outside Director and Audit and Supervisory Committee Member, the Company (current position)	
	[Attendance at the Board of Directors meetings] 100% (19/19)			
	[Reasons for nomination as candidate for Outside Director and expected role]			
	She has engaged in the auditing operations of numerous listed companies, has extensive knowledge regarding accounting and internal control, and has made comments and recommendations. She has also made recommendations as a member of the Nomination and Compensation Committee, a voluntary advisory body of the Company. Based on the above, the Company has deemed that she continues to be qualified as an Outside Director who is an Audit and Supervisory Committee Member.			
	After she is elected, she can be expected to contribute to ensuring the soundness and appropriateness of decision-making by the Company's management and improving transparency, by participating in the Company's management from the standpoint of an Outside Director who is an Audit and Supervisory Committee Member. She can also be expected to contribute to the "promotion of diversity" in the Company, and to play a role as a member of the Nomination and Compensation Committee.			

No.	Name (Date of birth)	Career summary, positions and responsibilities (Significant concurrent positions)	Number of shares of the Company held
2	Satoshi Utsuki (February 22, 1954)  [Reappointment]  [Attendance at the Board of Directors meetings] 94.7% (18/19)	April 2007 Chief Manager, Environmental Policy Section, Environment Bureau, Aichi Prefecture April 2010 Section Chief, Resources Circulation Promotion Section, Environment Bureau, Aichi Prefecture April 2012 Supervisor of Resources Circulation Promotion, Environment Bureau, Aichi Prefecture April 2013 Technical Supervisor, Environment Bureau, Aichi Prefecture April 2014 Managing Director, Aichi Water and Greenery Public Corporation (Public Interest Incorporated Foundation) April 2015 Technical Advisor, Nagoya Branch Office, IDEA Consultants, Inc. (current position) May 2020 Outside Director and Audit and Supervisory Committee Member, the Company (current position)	-
<p>[Reasons for nomination as candidate for Outside Director and expected role]</p> <p>Although he has never been directly involved in corporate management, he has a long career of serving in positions at environmental authorities, and has made comments and recommendations from the viewpoint of the environment, safety, etc. He has also made recommendations as a member of the Nomination and Compensation Committee, a voluntary advisory body of the Company. Based on the above, the Company has deemed that he continues to be qualified as an Outside Director who is an Audit and Supervisory Committee Member.</p> <p>After he is elected, he can be expected to contribute to ensuring the soundness and appropriateness of decision-making by the Company's management and improving transparency, by participating in the Company's management from the standpoint of an Outside Director who is an Audit and Supervisory Committee Member. He can also be expected to play a role as a member of the Nomination and Compensation Committee.</p>			

No.	Name (Date of birth)	Career summary, positions and responsibilities (Significant concurrent positions)	Number of shares of the Company held	
3	Mikihiro Onishi (December 1, 1952)  [New appointment]	April 1982	Commendatory Researcher, Japan Society for the Promotion of Science	-
		April 1983	Lecturer, Faculty of Commerce, Meijo University	
		April 1986	Assistant Professor, Faculty of Commerce	
		April 1997	Professor, Faculty of Commerce	
		July 1998	Director and Vice President of Chubu Section, Japan Academy of Management	
		April 2000	Professor, Department of International Business Management Seminars, Faculty of Business Management, Meijo University (current position) Head of Department of International Business Management Seminars, Faculty of Business Management	
		August 2000	Professor, Management Course, Graduate School of Business (current position)	
	April 2007	Director, Knowledge Management Society of Japan (current position)		
<p>[Reasons for nomination as candidate for Outside Director and expected role]</p> <p>Although he has never been directly involved in corporate management, he has a long career of being involved in research and education relating to industrial organization theory, information industry theory, business analysis, knowledge management at the business school of a university, and he has also been active in various organizations. Based on the above, the Company has deemed that he is qualified as an Outside Director who is an Audit and Supervisory Committee Member.</p> <p>After he is elected, he can be expected to contribute to ensuring the soundness and appropriateness of decision-making by the Company's management and improving transparency, by participating in the Company's management from the standpoint of an Outside Director who is an Audit and Supervisory Committee Member. He can also be expected to play a role as a member of the Nomination and Compensation Committee.</p>				

- Notes:
1. There are no special interests between any of the candidates and the Company.
  2. Ms. Miharu Hanamura, Mr. Satoshi Utsuki and Mr. Mikihiro Onishi are candidates for Outside Directors.
  3. The Company has designated Ms. Miharu Hanamura and Mr. Satoshi Utsuki as Independent Directors and notified Tokyo Stock Exchange, Inc. and Nagoya Stock Exchange, Inc. accordingly. If both of them are elected as originally proposed, the Company plans to continue designating them as Independent Directors. Also, if Mr. Mikihiro Onishi is elected as originally proposed, the Company plans to designate him as a new Independent Director and notify the two exchanges accordingly.
  4. Ms. Miharu Hanamura and Mr. Satoshi Utsuki currently serve as Outside Directors who are Audit and Supervisory Committee Members of the Company. At the conclusion of this General Meeting, their terms of office as Outside Directors who are Audit and Supervisory Committee Members will be two years each.
  5. The Company has concluded an agreement with Ms. Miharu Hanamura and Mr. Satoshi Utsuki to limit their liability for damages stipulated in Article 423, Paragraph 1 of the Companies Act to the extent stipulated by laws and regulations, pursuant to provisions of Article 427, Paragraph 1 of the Companies Act and Articles of Incorporation of the Company. If both of them are elected as originally proposed, the Company plans to continue the said agreement with them. Also, if Mr. Mikihiro Onishi is elected as originally proposed, the Company plans to conclude the same agreement with him.
  6. The Company has concluded a Directors and Officers liability insurance (D&O insurance) contract where Ms. Miharu Hanamura and Mr. Satoshi Utsuki are the insured persons. For an overview of the said

insurance, please refer to (Notes) 6. in “(1) Status of Directors” under “4. Matters Regarding Company Officers” of the Business Report on page 30 (available only in Japanese). Ms. Miharu Hanamura and Mr. Satoshi Utsuki shall continue to be insured persons under the said insurance if they are reelected, while Mr. Mikihiro Onishi shall be an insured person under the said insurance if he is elected. In addition, while the contract period of the said insurance contract ends on November 1, 2022, the Company plans to renew the said contract.

7. For the table of skills (skills matrix) that lists each candidate’s skills, please refer to “[Reference] Composition of Directors” on page 14.

[Reference] Composition of Directors

Considering the number of Directors that will enable accurate and swift decision-making by the Board of Directors, as well as the overall balance of knowledge, experience, and abilities of the Board of Directors, from the perspective of selecting the right person for the right job, after a comprehensive consideration of the above factors, candidates for Directors are nominated.

Name	Title	Outside	Committees			Manag- ement	Opera- tions	FA	Sales	Techno- logy	Risks	Legal	Female
			Audit	Nomina- tion and Compen- -sation	Compli- ance								
Toshihiko Ninomiya	Chairman and Representative Director			○	○	●			●		●		
Hiroya Yamamoto	President and Representative Director			○	◎	●	●		●	●			
Miharu Hanamura	Director (Audit and Supervisory Committee Member)	○	◎	○				●			●	●	○
Satoshi Utsuki	Director (Audit and Supervisory Committee Member)	○	○	◎			●			●	●		
Mikihiro Onishi	Director (Audit and Supervisory Committee Member)	○	○	○		●		●				●	

\*Each Director has up to four fields for which they are expected to play an active role listed. \*◎ refers to the chairperson.

Management: Management and growth strategies

Operations: Industry knowledge, recycling, ESG

FA: Finance and accounting

Sales: Sales and marketing

Technology: Business development and technology development, manufacturing and production

Risks: Risk management

Legal: Legal, labor, human resources and IT affairs

**Proposal 5:** Revision of Compensation Amount for Directors (excluding those who are Audit and Supervisory Committee Members) and Partial Amendments to the Restricted Stock Compensation Plan

To further strengthen corporate governance and promote flexibility in business execution, the Company will introduce an Executive Officer System (please refer to Proposal 2). The said system was announced on April 5, 2022. In line with this introduction, the Company proposes partial amendments to the stock compensation system of restricted stock for Directors (excluding those who are Audit and Supervisory Committee Members) resolved at the 21st Annual General Meeting of Shareholders held on May 24, 2017. At the 20th Annual General Meeting of Shareholders held on May 25, 2016, it was resolved that the amount of compensation for Directors (excluding those who are Audit and Supervisory Committee Members) of the Company should not exceed 300 million yen per year. However, in line with the reduction of the maximum number of Directors (excluding those who are Audit and Supervisory Committee Members) to improve the efficiency of the management system and speed up the decision-making process of the Board of Directors, the Company proposes to revise the amount of compensation for Directors (excluding those who are Audit and Supervisory Committee Members) to up to 200 million yen per year, after taking into account various factors including the economic situation. Furthermore, the Company proposes that such matters as the specific amount and time of payment to each Director be determined by resolution of the Board of Directors.

This proposal has been established by the Board of the Directors after a comprehensive consideration of factors including the Company's business scale, the policy on determining the amount of compensation, etc. received by Directors, the level of compensation, the maximum number of Directors (excluding those who are Audit and Supervisory Committee Members), and future trends. Accordingly, the Board of Directors has deemed that this proposal is appropriate.

The policy on determining the amount of compensation, etc. received by Directors is described on pages 31 and 32 of the Business Report (available only in Japanese).

Although there are currently six (6) Directors (excluding those who are Audit and Supervisory Committee Members), if Proposal 3 is approved as originally proposed, there will be two (2) Directors (excluding those who are Audit and Supervisory Committee Members).

The Audit and Supervisory Committee reviewed this proposal and raised no objection.

**Specifics of restricted stock under the system**

The stock compensation system is one where Directors (excluding those who are Audit and Supervisory Committee Members; hereinafter referred to as "Eligible Directors") and Executive Officers of the Company are paid monetary compensation receivables of within 120 million yen per year as compensation for restricted stock, in accordance with a resolution of the Company's Board of Directors. Each Eligible Director and Executive Officer shall make in-kind contributions of all the monetary compensation receivables and shall, in return, receive the Company's common shares that are to be issued or disposed of. The total number of common shares of the Company that are to be issued or disposed of in this manner shall not exceed 60,000 shares per year. (However, on or after the day this proposal is approved, if a stock split of the Company's common shares (including allotment of the Company's common shares without contribution) or a reverse stock split thereof occurs, or if there is any other reason that necessitates an adjustment to the Company's common shares to be issued or disposed of as restricted stock, the total number may be reasonably adjusted.)

The amount to be paid in per such share shall be the closing price of the Company's common shares at the Tokyo Stock Exchange on its business day preceding the day when the relevant resolution is made by the Company's Board of Directors (or, if the stock's trading is not closed, the closing price on the day when such trading is closed immediately before). Regarding the issuance or disposal of the Company's common shares upon such payment, a contract on the allotment of shares with transfer restrictions (hereinafter referred to as the "Allotment Contract") that includes the following provisions shall be concluded between the Company and an Eligible Director or an Executive Officer.

(1) Transfer Restriction Period

An Eligible Director or an Executive Officer shall not transfer, create a security interest in or otherwise dispose of the Company's common shares that are allotted in accordance with the Allotment Contract (hereinafter referred to as the "Allotted Shares") during a period of thirty (30) years from the date of allotment (hereinafter referred to as the "Transfer Restriction Period") under the Allotment Contract. (Such restrictions are hereinafter collectively referred to as "Transfer Restrictions.")

(2) Handling in Case of Retirement

If an Eligible Director or an Executive Officer retires from his or her position as Director, Executive Officer, Executive Officer not concurrently serving as Director, Auditor, employee, advisor, consultant or any other position equivalent thereto of the Company or a subsidiary thereof before the Transfer Restriction Period expires, except in cases such as the expiration of his or her term, death or other reasons deemed justifiable by the Board of Directors, the Company may automatically acquire the Allotted Shares without any compensation therefor.

(3) Handling in Case of Reorganization

Notwithstanding the provision of (1) above, in the case where a proposal for a merger agreement whereby the Company will be absorbed, a share exchange agreement or a stock transfer plan whereby the Company will become a wholly-owned subsidiary or other forms of reorganization of the Company is approved by the Company's General Meeting of Shareholders (or the Company's Board of Directors when such reorganization does not require approval of the Company's General Meeting of Shareholders) during the Transfer Restriction Period, the Company will, by resolution of the Board of Directors, lift the Transfer Restrictions during the period from the start date of the Transfer Restriction Period to the day of approval of such reorganization, prior to the effective date of such reorganization. In addition, in the case prescribed above, immediately after the Transfer Restrictions are lifted, the Company may automatically acquire the Allotted Shares for which Transfer Restrictions have not been lifted, without any compensation therefor.

(4) Other Matters Determined by the Board of Directors

In addition to the above, a method of manifestation of intention or notification under the Allotment Contract, a method of revising the Allotment Contract and other matters determined by the Board of Directors shall constitute the provisions of the Allotment Contract.