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Securities code: 6157

June 1, 2022

To our shareholders

Hiroji Goto,  
President  
**NS TOOL Co., Ltd.**  
4-5-9 Minami Oi, Shinagawa-ku, Tokyo

## Notice of the 61st Ordinary General Meeting of Shareholders

We hereby announce that the 61st Ordinary General Meeting of Shareholders of NS TOOL Co., Ltd. (the “Company”) will be held as follows.

**Instead of attending the Meeting in person, shareholders can exercise their voting rights in writing or via the Internet. Please review the Reference Documents for the General Meeting of Shareholders below and confirm the “Guide to Exercising Voting Rights” on pages 2 to 3, being sure to exercise your voting rights by no later than 6:00 p.m. on Tuesday, June 21, 2022.**

- 1. Date and time** Wednesday, 10:30 a.m., June 22, 2022
- 2. Location** Conference Room 1 and 2, Twin building 4F, Ours Inn Hankyu  
1-50-5 Oi, Shinagawa-ku, Tokyo  
(Since the venue is different from the previous meeting, please refer to the “General Meeting of Shareholders Venue Guide” at the end of this document to ensure you go to the correct venue.)

### 3. Purpose

#### Reporting Matters

1. Report on Business Activities, Consolidated Financial Statements, and results of audits of Consolidated Financial Statements by the Accounting Auditor and the Audit & Supervisory Committee for the 61st fiscal year (from April 1, 2021 to March 31, 2022)
2. Report on the Non-Consolidated Financial Statements for the 61st fiscal year (From April 1, 2021 to March 31, 2022)

#### Resolutions

- |                       |  |
|-----------------------|--|
| <b>Proposal No. 1</b> | Appropriation of Surplus   |
| <b>Proposal No. 2</b> | Amendment to the Articles of Incorporation   |
| <b>Proposal No. 3</b> | Election of Four Directors (Excluding Directors Who Are Audit & Supervisory Committee Members)   |
| <b>Proposal No. 4</b> | Election of Two Directors Who Are Audit & Supervisory Committee Members  |
| <b>Proposal No. 5</b> | Determination of Remuneration for Allocation of Restricted Shares to Directors (Excluding Directors Who Are Audit & Supervisory Committee Members) |

- When considering whether to attend the Meeting in person, please check the situation at the time of the Meeting and your physical condition, and consider not attending in person if need be.
- When attending in person, please submit the enclosed voting rights exercise form to the reception desk. In addition, please bring this convocation notice to conserve resources.
- Among the documents to be provided in this convocation notice, the “Notes to Consolidated Financial Statements” and “Notes to Non-Consolidated Financial Statements” are posted on the Company’s website in accordance with laws and regulations and Article 14 of the Articles of Incorporation. Therefore, these documents are not provided in this convocation notice. The “Notes to Consolidated Financial Statements” and “Notes to Non-Consolidated Financial Statements” are part of the consolidated financial statements and non-consolidated financial statements audited by the Accounting Auditor and the Audit & Supervisory Committee.
- If amendments arise in the Reference Documents for the General Meeting of Shareholders, Report on Business Activities, Consolidated Financial Statements, and Non-Consolidated Financial Statements, the Company will publish them on its website.
- Please note that Company representatives will be wearing light, semi-formal attire (cool biz) on the day. We ask that shareholders also attend wearing light, semi-formal attire.
- We will not be providing gifts to shareholders attending the Meeting in person. Thank you for your understanding.  
Company website: <https://www.ns-tool.com>

## Reference Documents for the General Meeting of Shareholders

### Proposal No. 1 Appropriation of Surplus

The Company proposes the appropriation of surplus as follows:

#### 1. Year-end dividends

The Company has given consideration to matters including the business performance of the current fiscal year and future management environment, and it proposes to pay year-end dividends for the 61st fiscal year as follows:

Type of dividend property

Cash

Allotment of dividend property and their aggregate amount

Cash of ¥12.5 per share of the Company's common stock (ordinary dividend of ¥12.5)

Total dividends: ¥311,248,700

As a result, the annual dividend for the 61st fiscal year will be ¥22.5 per share of the Company's common stock, when combined with the interim dividend (¥10 per share of the Company's common stock) previously implemented.

Effective date of dividends of surplus

June 23, 2022

#### 2. Other appropriation of surplus

With regard to retained earnings, we request the following in order to strengthen our management base in preparation for future business development.

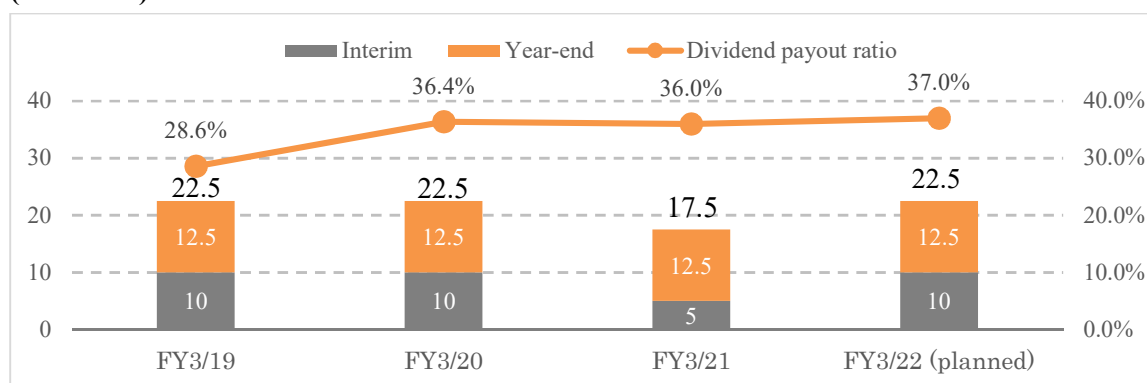
Item of surplus to be decreased and amount of decrease

Retained earnings brought forward: ¥600,000,000

Item of surplus to be increased and amount of increase

General reserve: ¥600,000,000

#### (Reference) Dividend Trends



\* The figures take into consideration the impact of the share split carried out on April 1, 2021.

\* The dividend payout ratios shown above have been calculated on a consolidated basis.

**Proposal No. 2 Amendment to the Articles of Incorporation**

1. Reasons for the proposal

Following the revised provisions provided for in the proviso to Article 1 of the Supplementary Provisions of the Act Partially Amending the Companies Act (Act No. 70 of 2019) are to be enforced on September 1, 2022, the Company proposes to make the following changes to its Articles of Incorporation because of the introduction of the system for providing informational materials for the general meeting of shareholders in electronic format.

- (1) Article 14 (Measures, etc. for Providing Information in Electronic Format), Paragraph 1 of the proposed amendment will be newly established because it is mandatory in the Articles of Incorporation to provide measures for electronic provision of information in the Reference Documents for the General Meeting of Shareholders.
- (2) Article 14 (Measures, etc. for Providing Information in Electronic Format), Paragraph 2 of the proposed amendment will be newly established so that the scope of the matters described in the documents to be delivered to shareholders who have requested the delivery of documents can be limited to the scope specified by Ministry of Justice ordinance among matters for taking measures for electronic provision of information in the Reference Documents for the General Meeting of Shareholders.
- (3) Once the system for providing informational materials for the general meeting of shareholders in electronic format is introduced, the provisions for Internet Disclosure and Deemed Provision of Reference Documents for the General Meeting of Shareholders, Etc. (Article 14 of the current Articles of Incorporation) will no longer be required; thus, they will be deleted.
- (4) Supplementary provisions regarding the effective date, etc. of the provisions to be newly established and deleted above will be established. This supplementary provisions shall be deleted after the due date has passed.

2. Details of the amendments

The details of amendments are presented below.

(Underlined text indicates changes.)

Current Articles of Incorporation	Proposed amendments
<p><u>Article 14. (Internet Disclosure and Deemed Provision of Reference Documents for the General Meeting of Shareholders, etc.)</u></p> <p><u>When the Company convenes a general meeting of shareholders, if it discloses information that is to be stated or indicated in the reference documents of the general meeting of shareholders, report on business activities, financial statements and/or consolidated financial statements through the internet in accordance with the provisions prescribed by the Ministry of Justice Order, it may be deemed that the Company has provided this information to shareholders.</u></p> <p>(Newly established)</p>	<p>(Deleted)</p> <p><u>Article 14. (Measures, etc. for Providing Information in Electronic Format)</u></p> <p>1. <u>When it convenes a general meeting of shareholders, the Company will take measures for providing information that constitutes the content of reference documents for the general meeting of shareholders, etc. in electronic format.</u></p> <p>2. <u>Among items for which the measures for providing information in electronic format will be taken, the Company may deem as unnecessary the inclusion of all or some of the items designated by the Ministry of Justice Order from statements in the paper-based documents to be delivered to shareholders who requested the delivery of paper-based documents by the record date of voting rights.</u></p>

Current Articles of Incorporation	Proposed amendments
<p style="text-align: center;">(Newly established)</p> <p><u>Supplementary Provisions</u> (Transitional Measures for Liability Exemption of Audit &amp; Supervisory Board Members)</p> <p style="text-align: center;">(Omitted) (Newly established)</p>	<p><u>Supplementary Provisions</u></p> <p><u>Article 1.</u> (Transitional Measures for Liability Exemption of Audit &amp; Supervisory Board Members)</p> <p style="text-align: center;">(Unchanged)</p> <p><u>Article 2.</u> (Transitional Measures for Providing Informational Materials for the General Meeting of Shareholders in Electronic Format)</p> <p><u>1. The deletion of Article 14 (Internet Disclosure and Deemed Provision of Reference Documents for the General Meeting of Shareholders, etc.) and new establishment of Article 14 (Measures, etc. for Providing Information in Electronic Format) will take effect on September 1, 2022.</u></p> <p><u>2. Notwithstanding the provisions of the preceding paragraph, Article 14 (Internet Disclosure and Deemed Provision of Reference Documents for the General Meeting of Shareholders, etc.) shall remain effective regarding any general meeting of shareholders held on a date within six months from the September 1, 2022.</u></p> <p><u>3. These Supplementary Provisions shall be deleted on the date when six months have elapsed from September 1, 2022 or three months have elapsed from the date of the general meeting of shareholders in the preceding paragraph, whichever is later.</u></p>

### Proposal No. 3 Election of Four Directors (Excluding Directors Who Are Audit and Supervisory Committee Members)

The term of office of all four Directors (excluding Directors who are Audit & Supervisory Committee Members; hereinafter the same shall apply for this Proposal) will expire at the conclusion of this General Meeting of Shareholders.

Therefore, the Company proposes the election of four Directors.

The Audit & Supervisory Committee has agreed with this Proposal because persons have been selected who can fulfill the roles expected of the Board of Directors.

The candidates for Director are as follows:

Candidate No.	Name	Current position and responsibility at the Company	Attribution
1	Hiroji Goto	President, in charge of sales	Reelection
2	Takashi Goto	Senior Executive Vice President, in charge of production/development	Reelection
3	Yuko Adachi	Managing Director, in charge of general affairs/administration (Information Supervisor)	Reelection
4	Satoru Toda	Director, General Manager of Corporate Planning Office and Administration Department	Reelection

**Reelection:** Candidate for Director to be reelected

- Notes:
1. Director candidate Hiroji Goto concurrently serves as Representative Director of G-Tech Co., Ltd., a wholly owned subsidiary of the Company, and CEO of NS TOOL Hong Kong Ltd., a wholly owned subsidiary of the Company, and the Company has a business relationship involving the sale of products, etc., with both companies.
  2. Director candidate Takashi Goto serves as Representative Director of NS Engineering Co., Ltd., a wholly owned subsidiary of the Company, and the Company has a business relationship involving product manufacturing consignment, etc., with this company.
  3. There are no special interests between other candidates and the Company.
  4. The Company shall conclude an officer liability insurance contract prescribed in Article 430-3, Paragraph 1 of the Companies Act with an insurance company that covers legal damages and legal costs, etc. incurred by the insured persons. However, there are certain reasons for coverage exclusion, such as damages arising from actions where the insured person has full knowledge of the action's illegality. All candidates are included in the insured persons of the insurance contract, and if the Proposal is approved as originally proposed and each candidate becomes a Director of the Company, he/she will continue to be included in the insured persons of the insurance contract. In addition, the Company plans to renew the insurance contract with the same terms in the middle of the term of office.

Candidate No.  
1

**Hiroji Goto**

(Date of birth: February 10, 1962)

Reelection

Number of years in office as a Director 33 years 9 months <Career summary, position and responsibility in the Company, and significant concurrent positions outside the Company>

Apr. 1986	Joined the Company
Oct. 1988	Director and Deputy General Manager of General Affairs Group
Apr. 1992	Managing Director
Jan. 1995	Executive Director, in charge of sales
Apr. 2011	Senior Executive Vice President, in charge of sales
Jan. 2013	CEO of NS TOOL Hong Kong Ltd. (present post)
Apr. 2013	President of the Company
Oct. 2016	President of the Company, in charge of sales (present post)
Apr. 2021	Representative Director of G-Tech Co., Ltd. (present post)
Nov. 2021	President and CEO of NS TOOL USA, Inc. (present post)

<Number of the Company's shares owned>

649,600 shares

**Reasons for nomination as candidate for Director**

With his wealth of experience and broad insight as a corporate manager, Hiroji Goto demonstrates strong leadership as President of the Company. He is also actively working on the development of new measures, etc., and he has been leading the Company and the entire Group. For these reasons, the Company continued to select him as candidates for Director.

Candidate No.  
2

**Takashi Goto**

(Date of birth: September 14, 1963)

Reelection

Number of years in office as a Director 33 years 9 months <Career summary, position and responsibility in the Company, and significant concurrent positions outside the Company>

Apr. 1984	Joined the Company
Oct. 1988	Director and Deputy General Manager of Production Department
Jan. 2002	Managing Director, in charge of production/development
Apr. 2009	President of NS Engineering Co., Ltd.
Apr. 2010	President of G-Tech Co., Ltd.
Apr. 2011	Executive Managing Director of the Company, in charge of production/development
Apr. 2013	Senior Executive Vice President of the Company
Apr. 2016	Representative Director of NS Engineering Co., Ltd. (present post)
Oct. 2016	Senior Executive Vice President, in charge of production/development (present post)
Jan. 2021	President of Makino Industry Co., Ltd. (present post)

<Number of the Company's shares owned>

649,600 shares

**Reasons for nomination as candidate for Director**

Takashi Goto leads the production and development departments of the Company and the Group, and he demonstrates strengths in cooperation with research institutes and the development of new technologies. In addition, he is promoting the development and automation of production facilities in-house. For these reasons, the Company continued to select him as candidates for Director.

Candidate No.

3

Yuko Adachi

(Date of birth: June 29, 1953)

Reelection

Number of years in office as a Director 20 years 10 months <Career summary, position and responsibility in the Company, and significant concurrent positions outside the Company>

	Apr. 1978	Joined AIU General Insurance Co., Ltd.
	Apr. 1985	Joined the Company
Attendance at Board of Directors meetings	Sept. 2001	Director and General Manager of General Affairs Department
14/14 meetings	Feb. 2002	Director and General Manager of General Affairs Department, and President of G-Tech Co., Ltd.
	June 2003	Director of the Company, President of G-Tech Co., Ltd.
	Apr. 2005	Managing Director of the Company (Information Supervisor)
	Nov. 2015	President of Makino Industry Co., Ltd.
	Oct. 2016	Managing Director of the Company, in charge of general affairs/administration (Information Supervisor) (present post)
	Apr. 2017	Chairman of Makino Industry Co., Ltd.
	Sept. 2020	Chairman and President of Makino Industry Co., Ltd.
	Jan. 2021	Chairman of Makino Industry Co., Ltd. (present post)

<Number of the Company's shares owned>

160,000 shares

**Reasons for nomination as candidate for Director**

As a chairman of a subsidiary and in charge of general affairs and general administration of the Company, Yuko Adachi has led the development of the Company and the Group's administration and has led compliance promotion efforts. For these reasons, the Company continued to select her as candidates for Director.

Candidate No.

4

Satoru Toda

(Date of birth: February 26, 1962)

Reelection

Number of years in office as a Director 2 years <Career summary, position and responsibility in the Company, and significant concurrent positions outside the Company>

	Apr. 1984	Joined Tokai Bank, Ltd. (current MUFG Bank, Ltd.).
	Oct. 2006	General Manager of Corporation Division 1, Yokohama Branch, Bank of Tokyo Mitsubishi UFJ
Attendance at Board of Directors meetings	Oct. 2009	Transferred to Mitsubishi UFJ Securities Co., Ltd. (currently Mitsubishi UFJ Morgan Stanley Securities Co., Ltd.)
14/14 meetings	Apr. 2010	Registered as a Certified Public Tax Accountant (Chiba Prefectural Tax Accountant's Association)
	June 2014	General Manager of Corporate Business Division 5, Mitsubishi UFJ Morgan Stanley Securities
	Apr. 2020	Joined the Company
	June 2020	Director and General Manager of CEO Office
	Feb. 2021	Director and General Manager of Administration Department
	July 2021	Director, General Manager of Corporate Planning Office and Administration Department (present post)

<Number of the Company's shares owned>

- shares

**Reasons for nomination as candidate for Director**

Based on his knowledge and experience regarding the Companies Act, the Financial Instruments and Exchange Act, and regulations related to listed companies through his many years of work at banks and securities companies, as well as his extensive international experience, Satoru Toda has made proposals that contribute to the management of the Company and promoted measures. For these reasons, the Company continued to select him as candidates for Director.



## Proposal No. 4 Election of Two Directors Who Are Audit & Supervisory Committee Members

The term of office of directors Naoko Fujisaki and Toshiaki Hiraga, who are Audit & Supervisory Committee Members, will expire at the conclusion of this General Meeting of Shareholders.

Therefore, the Company proposes the election of two Directors who are Audit & Supervisory Committee Members.

In addition, the consent of the Audit & Supervisory Committee has been obtained regarding this Proposal.

Candidates for the role of Director who is an Audit & Supervisory Committee Member are as follows:

Candidate No.	Name	Current position and responsibility at the Company	Attribution
1	Naoko Fujisaki	Independent External Director (Audit & Supervisory Committee Member)	<div style="border: 1px solid black; padding: 2px;">Reelection</div> <div style="border: 1px solid black; padding: 2px;">Independent</div> <div style="border: 1px solid black; padding: 2px;">External</div>
2	Toshiaki Hiraga	Independent External Director (Audit & Supervisory Committee Member)	<div style="border: 1px solid black; padding: 2px;">Reelection</div> <div style="border: 1px solid black; padding: 2px;">Independent</div> <div style="border: 1px solid black; padding: 2px;">External</div>

**Reelection:** Candidate for reelection as director

**External:** Candidate for external Director

**Independent:** Independent officer pursuant to stock exchange rules

- Notes:
- There is no special interest between any of the candidates and the Company.
  - Naoko Fujisaki and Toshiaki Hiraga are candidates for external Director. The Company has currently notified the Tokyo Stock Exchange that both directors are independent officers (external directors) pursuant to the provisions of the Tokyo Stock Exchange, and if the election of both as Directors who are Audit & Supervisory Committee Members is approved, the Company intends to continue to designate them as independent officers (external directors).
  - Naoko Fujisaki and Toshiaki Hiraga are currently external directors who are Audit & Supervisory Committee Members of the Company. Naoko Fujisaki's tenure will be six years at the conclusion of this General Meeting of Shareholders, and Toshiaki Hiraga's tenure will be six years.
  - The Company shall conclude an officer liability insurance contract prescribed in Article 430-3, Paragraph 1 of the Companies Act with an insurance company that covers legal damages and legal costs, etc. incurred by the insured persons. However, there are certain reasons for coverage exclusion, such as damages arising from actions where the insured person has full knowledge of the action's illegality. All candidates are included in the insured persons of the insurance contract, and if the Proposal is approved as originally proposed and each candidate becomes a Director of the Company, he/she will continue to be included in the insured persons of the insurance contract. In addition, the Company plans to renew the insurance contract with the same terms in the middle of the term of office.

Candidate No. <b>1</b>	<b>Naoko Fujisaki</b>	(Date of birth: October 18, 1949)	Reelection Independent External
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Number of years in office as an external Director **<Career summary, position and responsibility in the Company, and significant concurrent positions outside the Company>**  
6 years Apr. 1968 Joined Sumitomo Bank, Ltd. (current Sumitomo Mitsui Banking Corporation)

Attendance at Board of Directors meetings  
14/14 meetings Oct. 1977 Joined MICRONICS JAPAN Co., Ltd.  
Dec. 2000 Director and General Manager of Accounting Department of MICRONICS JAPAN Co., Ltd.

Attendance at Audit & Supervisory Committee meetings  
14/14 meetings Oct. 2010 Executive Director and General Manager of Planning & Administration Division of MICRONICS JAPAN Co., Ltd.  
June 2016 Independent External Director (Audit & Supervisory Committee Member) of the Company (present post)

**<Number of the Company's shares owned>**  
2,000 shares

**Summary of reasons for selection as a candidate for external Director who is an Audit & Supervisory Committee Member and expected role**

Based on her broad insight and extensive experience as a director of a listed company, the Company expects that Naoko Fujisaki will provide appropriate recommendations and advice in terms of decision-making regarding business execution and supervision from the perspective of propriety and legality, and as an external Director who is an Audit & Supervisory Committee Member currently, she is performing appropriate audits from an objective perspective. For these reasons, the Company continued to select her as candidate for external Director. In addition, if she is elected, the Company intends to have her continue to serve as a Nomination and Remuneration Committee member from an objective and neutral standpoint in selecting candidates for officers of the Company and determining executive compensation, etc.

Candidate No. <b>2</b>	<b>Toshiaki Hiraga</b>	(Date of birth: December 19, 1973)	Reelection Independent External
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Number of years in office as an external Director **<Career summary, position and responsibility in the Company, and significant concurrent positions outside the Company>**  
6 years Apr. 1999 Registered as attorney-at-law (belonging to Tokyo Bar Association)

Attendance at Board of Directors meetings  
14/14 meetings Oct. 2007 Established law firm, Kitamura & Hiraga, Partner (present post)  
Mar. 2009 External Auditor of MS&Consulting, Co., Ltd.  
Apr. 2014 External Director of Polaris Capital Group Co., Ltd.  
June 2016 Independent External Director (Audit & Supervisory Committee Member) of the Company (present post)

Attendance at Audit and Supervisory Committee meetings  
14/14 meetings June 2016 External Auditor of Human Associates Holdings, Inc.  
June 2019 External Director (Audit & Supervisory Committee Member) of Human Associates Holdings, Inc.

**<Number of the Company's shares owned>**  
- shares

**Summary of reasons for selection as a candidate for external Director who is an Audit & Supervisory Committee Member and expected role**

Based on his advanced specialist knowledge and experience as an attorney-at-law, and his experience and knowledge as an external officer of another company, the Company expects that Toshiaki Hiraga will provide appropriate recommendations and advice in terms of decision-making regarding business execution and supervision from the perspective of propriety and legality, and as an external Director who is an Audit & Supervisory Committee Member currently, he is performing appropriate audits from an objective perspective. For these reasons, the Company continued to select him as candidate for external Director. In addition, if he is elected, the Company intends to have him continue to serve as a Nomination and Remuneration Committee member from an objective and neutral standpoint in selecting candidates for officers of the Company and determining executive compensation, etc.

<Reference>

Skills matrix concerning officers in case Proposal No. 3 and Proposal No. 4 are approved as proposed

No.	Name of director	Audit & Supervisory Committee Member	Nomination and Remuneration Committee	Required fields of expertise and specialization						
				General management	Sales and marketing	Development and production technologies	International business	Finance and accounting	Legal affairs and organizational compliance	ESG and sustainability
1	Hiroji Goto		●	●	●	●	●			
2	Takashi Goto			●	●	●				●
3	Yuko Adachi			●	●			●	●	●
4	Satoru Toda						●	●	●	
5	Hiroshi Tajima	●						●	●	●
6	Kazuo Fukuda	●					●	●	●	●
7	Naoko Fujisaki	●	●	●				●	●	
8	Toshiaki Hiraga	●	●	●					●	●
9	Kenichi Sasamoto	●		●				●	●	●

Note: Naoko Fujisaki, Toshiaki Hiraga, and Kenichi Sasamoto are external Directors.

## **Proposal No. 5 Determination of Remuneration for Allocation of Restricted Shares to Directors (Excluding Directors Who Are Audit & Supervisory Committee Members)**

In order to provide incentives to Directors of the Company (excluding Directors who are Audit & Supervisory Committee Members; hereinafter referred to as “Eligible Directors”) to continuously improve the Company’s corporate value and to further share value with shareholders, the Company requests for the introduction of a remuneration system for allocating the Company’s common stock (hereinafter referred to as “restricted shares”) that contain provisions for a certain restriction period and gratis acquisition by the Company, etc., (hereinafter, referred to as “the System”) to replace the stock remuneration-type stock options.

The amount of remuneration of Eligible Directors was approved to be less than ¥500 million per year (excluding employee salary portion of directors serving concurrently as employees) at the 55th Ordinary General Meeting of Shareholders held on June 24, 2016, and at the 57th Ordinary General Meeting of Shareholders held on June 22, 2018, approval was received in regard to setting the amount of remuneration, etc., concerning stock acquisition rights as a stock remuneration-type stock options paid to the Eligible Directors at less than ¥100 million per year, separately from the above amount of remuneration, etc.

In this Proposal, the Company requests shareholders to approve the introduction of the System and the establishment of remuneration quotas related to the System for Eligible Directors separately from the amount of remuneration.

Accordingly, on the condition that the Proposal concerning the introduction of the System is approved at the General Meeting of Shareholders, the remuneration of stock remuneration-type stock options paid to Eligible Directors will be abolished, and stock acquisition rights will not be allocated as stock remuneration-type stock options in the future. (Stock remuneration-type stock options that have already been granted will remain.)

Currently there are four Directors (excluding Directors who are Audit & Supervisory Committee Members). If Proposal No. 3 is approved as originally proposed, there will be four Directors (excluding Directors who are Audit & Supervisory Committee Members).

The Audit & Supervisory Committee reviewed this Proposal and had no particular opinion.

### **1. Allocation of and payment for restricted shares**

Under the System, the Eligible Directors will be paid monetary compensation claims within the scope of the remuneration amount prescribed in 2. below as compensation for restricted shares, and the Eligible Directors will receive allocation of restricted shares by providing all of the monetary compensation claims as in-kind investment.

The payment amount per restricted share shall be determined by the Board of Directors to the extent that the amount is not particularly advantageous to the Eligible Directors who receive the restricted shares based on the closing price of the Company’s common stock on the Tokyo Stock Exchange (if there is no closing price on such date, the closing price of the closest preceding day) on the day prior to the date of resolution by the Board of Directors of the Company pertaining to the allocation. In addition, the above-mentioned monetary compensation claims shall be provided conditional upon the Eligible Directors agreeing to the above-mentioned in-kind investment and their concluding of the restricted share allocation agreement containing the content stipulated in 3. below.

### **2. Maximum amount of remuneration of monetary compensation claims and shares pertaining to the restricted stock-based remuneration system**

The total amount of monetary compensation claims paid to the Eligible Directors shall be less than ¥150 million per year (excluding employee salary portion of directors serving concurrently as employees), and the total number of common shares issued to or disposed of by the Eligible Directors shall be less than 100,000 shares per year.

However, the total number of restricted shares may be reasonably adjusted in case of stock split or reverse stock split of the Company's common stock after the resolution of this Proposal, or if it is necessary to adjust the total number of restricted shares allocated in accordance with these instances.

3. Content of restricted share allocation agreement

The restricted share allocation agreement (hereinafter referred to as the "Allocation Agreement") concluded between the Company and the Eligible Directors who will receive the restricted shares shall include the following:

(1) Details of transfer restrictions

The Eligible Directors who have received the allocation of restricted shares shall not be able to assign, pledge as collateral, or otherwise dispose of the Allocated Shares during the period up to the day he/she retires from the position of Director of the Company, Executive Officer, or Director of a Company's subsidiary from the date of allocation (however, if an Eligible Director retires within three months after the end of the business year of the issuance date of the Company's common stock (hereinafter referred to as "Allotted Shares") that has been allocated through this Allocation Agreement, and there is a date stipulated separately by the Company's Board of Directors on the day after three months have elapsed since the end of the said business year, than that date) (hereinafter referred to as the "Transfer Restriction Period").

(2) Lifting of the transfer restriction(s)

The Company will lift the transfer restrictions at the end of the Transfer Restriction Period for all allocated shares conditional upon the Eligible Directors who have been allocated restricted shares maintaining the position(s) set forth in (1) above continuously for the period specified by the Board of Directors of the Company (hereinafter referred to as the "Service Provision Period"). However, if the Eligible Directors lose the above position(s) before the expiration of the Service Provision Period for reasons that the Board of Directors of the Company deems legitimate, the number of Allotted Shares for which the transfer restriction will be lifted and the time of the lifting of the transfer restriction shall be reasonably adjusted as necessary.

(3) Acquisition of restricted shares free of consideration

In case of the allocated shares, the transfer restriction has not been lifted in accordance with the reasons for the cancellation of the transfer restriction set forth in (2) above at the time the Transfer Restriction Period of (1) above expires, the Company will acquire the restricted shares free of consideration as a matter of course.

(4) Handling of reorganization, etc.

If, during the Transfer Restriction Period, there is a merger agreement in which the Company is the non-surviving company, a share exchange agreement or a share transfer plan for which the Company becomes a wholly owned subsidiary, or other matters related to reorganization, etc. are approved at the Company's General Meeting of Shareholders (if approval by the Company's General Meeting of Shareholders is not required for such reorganization, etc., than approval of the Board of Directors of the Company), the transfer restriction will be lifted for the number of Allotted Shares reasonably determined based on the period from the start date of the Service Provision Period to the date of approval of the reorganization, etc. prior to the effective date of the reorganization, etc. In the case prescribed above, the Company will acquire, as a matter of course, the Allotted Shares, which have not yet been lifted, free of consideration immediately after the transfer restriction is lifted.

However, notwithstanding the above-mentioned provisions, if the effective date of the reorganization, etc. is up to three months after the end of the business year of the issuance date of the allocation, the Company will acquire, as a matter of course, all Allotted Shares for which the transfer restriction has not been lifted free of consideration prior to the effective date.

(5) Other matters

Other matters related to the Allocation Agreement shall be determined by the Board of Directors of the Company.

4. Reasons why the conditions for granting restricted shares based on this Proposal are appropriate

The Company will grant restricted shares to the Eligible Directors with the purpose of providing incentives to continuously improve the Company's corporate value and further share value with shareholders. The Company has established a policy on the determination of the content of remuneration,

etc. for each individual of Director at the Board of Directors meeting held on October 12, 2021, and the outline is described in the Report on Business Activities on page 26. If this Proposal is approved, the Company intends to revise policy to match the content approved, and to stipulate the content of stock compensation, calculation method, payment period, etc.

The maximum amount of remuneration of monetary compensation claims and shares related to the restricted stock-based remuneration system and other conditions for the issuance of restricted shares to Eligible Directors based on this Proposal are judged as appropriate considering that considering that the ratio of restricted shares to the total number of shares issued is 0.40% (in the case of issuance of the maximum number of shares with this transfer restriction for 10 years, the ratio to the number of shares outstanding is judged to be 3.99%) and its dilution rate is minor, the policy and other circumstances regarding the decision on the contents of remuneration, etc. by individual of directors of the Company after the scheduled change, as well as the above purposes and the Company's business conditions.

(Reference)

If this Proposal is approved at this Ordinary General Meeting of Shareholders, the Company will allocate the same restricted shares under the System to the Executive Officers of the Company and Directors of the Company's subsidiaries.