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Securities Code: 9068

June 10, 2022

To our shareholders:

Toshiyuki Asai, President  
**Maruzen Showa Unyu Co., Ltd.**  
2-15 Minami-nakadori, Naka-ku, Yokohama

## Notice of the 120th Annual General Meeting of Shareholders

You are cordially invited to the 120th Annual General Meeting of Shareholders of Maruzen Showa Unyu Co., Ltd. (the “Company”), which will be held as described below.

Instead of attending the meeting in person, you may exercise your voting rights either in writing or via the Internet and other means. Please take your time to review the Reference Documents for the General Meeting of Shareholders shown below, and if you are exercising your voting rights by post mail, indicate your approval or disapproval of the proposals on the enclosed Voting Rights Exercise Form and return the form to us so that it arrives no later than 5:45 p.m. on Tuesday, June 28, 2022 (JST). If you are exercising your voting rights via the Internet, etc., please access the website designated by the Company for exercising voting rights (<https://evote.tr.mufg.jp>) and exercise your voting rights by 5:45 p.m. on Tuesday, June 28, 2022 (JST).

- 1. Date and Time:** Wednesday, June 29, 2022, at 10:00 a.m. (JST)
- 2. Venue:** Kannai Arai Hall  
11th Floor, Kannai Arai Building, 1-8 Onoe-cho, Naka-ku, Yokohama

### 3. Purpose of the Meeting

#### Items to be reported:

1. Business Report, Consolidated Financial Statements for the 120th fiscal year (from April 1, 2021 to March 31, 2022), and report on the results of the audit of the Consolidated Financial Statements by the Financial Auditor and the Audit and Supervisory Committee
2. Non-consolidated Financial Statements for the 120th fiscal year (from April 1, 2021 to March 31, 2022)

#### Items to be resolved:

- |                       |   |
|-----------------------|---|
| <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 Five Directors (Excluding Directors Who Are Audit and Supervisory Committee Members)  |
| <b>Proposal No. 4</b> | Election of Four Directors Who Are Audit and Supervisory Committee Members  |
| <b>Proposal No. 5</b> | Determination of Remuneration for the Allotment of Restricted Shares to Directors (Excluding Directors Who Are Audit and Supervisory Committee Members) |

- When you attend the meeting in person, please submit the enclosed Voting Rights Exercise Form to the receptionist at the meeting.
- “System to Ensure the Appropriateness of Business Activities and the Status of Operation Thereof” and “Basic Policy Regarding Control of the Company” in the Business Report, “Notes to Consolidated Financial Statements” and “Notes to Non-consolidated Financial Statements,” which are among the documents to be attached to this notice of Annual General Meeting of Shareholders, are posted on the Company’s website (<https://www.maruzenshowa.co.jp>) in accordance with applicable laws and regulations and the provisions of Article 17 of the Company’s Articles of Incorporation, and therefore are not included in the documents attached to this notice of Annual General Meeting of Shareholders.

Accordingly, the documents attached to this notice of Annual General Meeting of Shareholders are part of the Business Report, Consolidated Financial Statements, and Non-consolidated Financial Statements audited by the Audit and Supervisory Committee Members in preparing the Audit Report and by the Financial Auditor in preparing the Financial Audit Report.

- If any amendments are made to the Reference Documents for the General Meeting of Shareholders, the Business Report, the Consolidated Financial Statements, and the Non-consolidated Financial Statements, the amended information will be posted on the Company’s website on the Internet (<https://www.maruzenshowa.co.jp>).

<Countermeasures against the spread of COVID-19 infections>

There have been widespread infections of COVID-19 viruses. At this Annual General Meeting of Shareholders, measures will be taken to prevent infections in accordance with the situation as of the date of the meeting. Shareholders attending this Annual General Meeting of Shareholders are requested to be aware of the spread of infections and their own physical condition as of the date of the meeting, and to come to the meeting with due attention to infection prevention measures.

Please note that you may exercise your voting rights for this Annual General Meeting of Shareholders in writing or electromagnetic means (Internet, etc.). Please consider using such means as well.

Any changes in the proceedings of the Annual General Meeting of Shareholders will be posted on the Company's website (<https://www.maruzenshowa.co.jp>), so please check the website before attending the meeting.

\* Please note that, this year also, we will not be offering souvenirs to shareholders attending the General Meeting of Shareholders. Your understanding is highly appreciated.

## Reference Documents for the General Meeting of Shareholders

### Proposal No. 1 Appropriation of Surplus

We consider the return of profit to our shareholders to be one of our most important management issues, and while adhering to our principle of maintaining stable dividends over the long term, we would like to make the following year-end dividend and other appropriation of surplus, taking into consideration the need for strengthening our corporate structure and development of future businesses.

1. Year-end dividend
  - (1) Type of dividend property  
To be paid in cash.
  - (2) Allotment of dividend property to shareholders and their aggregate amount  
The Company proposes to pay a dividend of ¥42.50 per common share of the Company.  
In this event, the total dividends will be ¥875,676,715.
  - (3) Effective date of dividends of surplus  
The effective date of dividends will be June 30, 2022.  
If this proposal is approved and adopted in its original form, the annual dividend, together with the interim dividend of ¥42.50 (ordinary dividend of ¥37.50 and commemorative dividend of ¥5), will be ¥85, an increase of ¥10 compared to the previous fiscal year.
2. Other appropriation of surplus
  - (1) Item of surplus to be decreased and amount of decrease  
Retained earnings brought forward: ¥5,900,000,000
  - (2) Item of surplus to be increased and amount of increase  
General reserve: ¥5,900,000,000

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

1. Reasons for the proposal

In connection with the scheduled enforcement of 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) on September 1, 2022, the system for providing informational materials for the general meeting of shareholders in electronic format will be introduced. The Company therefore will make the following changes to the Articles of Incorporation.

- (1) Given the requirement to stipulate that the Company shall take measures for providing information that constitutes the content of reference documents for the general meeting of shareholders, etc., in electronic format in the Articles of Incorporation, Article 17 (Measures, Etc. for Providing Information in Electronic Format), paragraph 1 in “Proposed amendments” will be newly established.
- (2) Among items for which the measures for provision in electronic format will be taken with respect to the information contained in the reference documents for the general meeting of shareholders, etc., in order to limit the scope of the items to be stated in the paper-based documents to be delivered to shareholders who requested the delivery of paper-based documents, to the scope designated by the Ministry of Justice Order, Article 17 (Measures, Etc. for Providing Information in Electronic Format), paragraph 2 in “Proposed Amendments” will be newly established.
- (3) Since Article 17 (Internet Disclosure and Deemed Provision of Reference Documents for the General Meeting of Shareholders, Etc.) in the current Articles of Incorporation will no longer be required when the system for providing informational materials for the general meeting of shareholders in electronic format is introduced, it will be deleted.
- (4) Supplementary provisions pertaining to the effectiveness of the aforementioned establishment and deletion of provisions will be established. These supplementary provisions shall be deleted after the due date has elapsed.

2. Details of amendments

Details of the amendments are as follows:

(Underlined parts indicate the amendments.)

Current Articles of Incorporation	Proposed amendments
<p style="text-align: center;">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 17</u></p> <p><u>When the Company convenes a general meeting of shareholders, if it discloses information that is to be stated or presented in the reference documents for the general meeting of shareholders, business report, financial statements and 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 style="text-align: center;">(Newly established)</p>	<p style="text-align: center;">Chapter III General Meeting of Shareholders</p> <p style="text-align: center;">(Deleted)</p> <p>(Measures, etc. for Providing Information in Electronic Format)</p> <p><u>Article 17</u></p> <p><u>1. When the Company convenes a general meeting of shareholders, it shall 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><u>2. Among items for which the measures for providing information in electronic format will be taken, the Company is not required to state all or some of those items designated by the Ministry of Justice Order 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>(Supplementary Provisions)  (Transitional Measures for Exemption of Audit &amp; Supervisory Board Members from Liability)  (Text omitted)</p> <p>(Newly established)</p>	<p>(Supplementary Provisions)  (Transitional Measures for Exemption of Audit &amp; Supervisory Board Members from Liability)  <u>Article 1</u> (No amendments)  <u>(Transitional Measures for Providing Informational Materials for the General Meeting of Shareholders in Electronic Format)</u>  <u>Article 2</u>  1. <u>The deletion of Article 17 (Internet Disclosure and Deemed Provision of Reference Documents for the General Meeting of Shareholders, Etc.) in the Articles of Incorporation and the establishment of the new Article 17 (Measures, etc. for Providing Information in Electronic Format) in the Articles of Incorporation shall go into effect on September 1, 2022.</u>  2. <u>Notwithstanding the provision of the preceding paragraph, Article 17 of the Articles of Incorporation (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 September 1, 2022.</u>  3. <u>These provisions of this Article 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 Five Directors (Excluding Directors Who Are Audit and Supervisory Committee Members)

The terms of office of all five Directors (excluding Directors who are Audit and Supervisory Committee Members; applicable to the rest of this proposal) will expire at the conclusion of this meeting.

Therefore, the Company proposes the election of five Directors.

The Audit and Supervisory Committee has determined that the election of Director candidates was performed based on an appropriate nomination procedure, including the review by the voluntary Nomination and Remuneration Advisory Committee the majority of whose members are outside Directors, and that each candidate is suitable from the perspectives of the qualities of candidates, the status of business execution, and the composition of the Board of Directors among others.

The candidates for Director are as follows:

Candidate No.	Name (Date of birth)	Career summary, and position and responsibility in the Company (Significant concurrent positions outside the Company)	Number of the Company's shares owned
1	Toshiyuki Asai (June 27, 1945)	Mar. 1968      Joined the Company Oct. 1996      Head of Chubu Branch June 2001      Director June 2005      Managing Director June 2009      Representative Senior Management Director June 2012      President (current position) June 2020      President and Executive Officer (current position)	20,400 shares
		[Reasons for nomination as candidate for Director] Since assuming the position of President of the Company in 2012, he has been driving the business activities of the Company's group with strong leadership. He is nominated again as a candidate for Director because of such extensive experience and achievements he has gained.	
2	Hirotugu Okada (December 1, 1958)	Mar. 1982      Joined the Company June 2009      Head of Chubu Branch June 2015      Director Oct. 2015      Head of Kansai Branch June 2017      Managing Director June 2019      Representative Senior Management Director June 2019      General Manager of Sales Headquarters June 2020      Representative Director and Senior Management Executive Officer (current position)	11,000 shares
		[Reasons for nomination as candidate for Director] He has served as the general manager covering Chubu and Kansai areas for many years and has been deeply involved in the management of the Company's group as Representative Director. He is nominated again as a candidate for Director because of such extensive experience and achievements he has gained.	
3	Masahiro Nakamura (August 29, 1960)	July 1987      Joined the Company Apr. 1999      Head of Corporate Planning Office June 1999      Director June 2001      Managing Director June 2020      Director and Managing Executive Officer (current position) [Significant concurrent positions outside the Company] Representative Director and Chairman of KOKUSAI BULK TERMINAL CO., LTD.	221,000 shares
		[Reasons for nomination as candidate for Director] He has been deeply involved in the management of the Company's group as Managing Director for many years and, making the best use of his extensive experience and achievements in corporate management, he commits himself to the management of the Company's group as Representative Director and Chairman of Kokusai Bulk Terminal Co., Ltd., which became a consolidated subsidiary of the Company in 2019. He is nominated again as a candidate for Director because of this experience and commitment.	

Candidate No.	Name (Date of birth)	Career summary, and position and responsibility in the Company (Significant concurrent positions outside the Company)	Number of the Company's shares owned
4	Kenichi Ishikawa (September 19, 1953)	Mar. 1978      Joined the Company	6,300 shares
		June 2007      General Manager of Accounting Division	
		June 2012      Director	
		June 2017      Managing Director	
		June 2020      Director and Managing Executive Officer (current position)	
[Reasons for nomination as candidate for Director] He has been engaged in accounting operations for many years, and served as General Manager of the Accounting Division of the Company. He also has been involved in the management of the Company's group as a Managing Director in charge of areas including accounting, related operations and information systems. He is nominated again as a candidate for Director because of these achievements.			
5	Yuichi Ando (April 15, 1965)	Mar. 1989      Joined the Company	6,000 shares
		Apr. 2013      General Manager of Sales Planning Division	
		Apr. 2016      General Manager of Sales Planning Division and General Manager of 3PL Business Division	
		June 2017      Director	
		June 2019      Managing Director	
		June 2019      Deputy General Manager of Sales Headquarters	
		June 2020      Director and Managing Executive Officer (current position)	
		Apr. 2021      General Manager of Sales Headquarters (current position)	
[Reasons for nomination as candidate for Director] He serves as the head of the Company's sales departments and has extensive knowledge and experience in the sales operations and 3PL business as General Manager of the Sales Headquarters. He is nominated again as a candidate for Director because of such knowledge and experience.			

- Notes:
1. There is no special interest between any of the candidates and the Company.
  2. In accordance with Article 430-3, paragraph (1) of the Companies Act, the Company has entered into a directors and officers liability insurance policy with an insurance company, and an outline of the contents of the said insurance policy is as described in page 15 of the Business Report (in Japanese only). If the elections of candidates for Director are approved, the candidates will continue to be included as the insured in the said policy. In addition, the Company plans to renew the said insurance policy with the same terms at the next renewal time.

**Proposal No. 4** Election of Four Directors Who Are Audit and Supervisory Committee Members

The terms of office of all four Directors who are Audit and Supervisory Committee Members will expire at the conclusion of this meeting. Therefore, the Company proposes the election of four Directors who are Audit and Supervisory Committee Members.

In addition, prior consent of the Audit and Supervisory Committee has been obtained in regard to this proposal.

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

Candidate No.	Name (Date of birth)	Career summary and position in the Company (Significant concurrent positions outside the Company)	Number of the Company's shares owned
1	Yasuhiro Shibuya (February 3, 1961)	Apr. 1983      Joined The Bank of Yokohama, Ltd. Apr. 2010      Executive Officer and General Manager of Credit Department May 2012      Executive Officer June 2013      Director and Executive Officer Apr. 2016      Director June 2016      Full-time Audit & Supervisory Board Member (outside Audit & Supervisory Board Member) of the Company June 2020      Director (Full-time Audit and Supervisory Committee Member) (current position) [Significant concurrent positions outside the Company] Outside Audit & Supervisory Board Member of Yurindo Co., Ltd.	800 shares
[Reasons for nomination as candidate for Director] He is nominated as a candidate for Director because of his proven achievements as a full-time Audit and Supervisory Committee Member of the Company in ensuring the adequacy and appropriateness of decision-making by the Board of Directors and the Audit and Supervisory Committee, based on his experience of deep involvement in management as a director and executive officer of the other company.			
2	Akinobu Naito (December 12, 1948)	Apr. 1971      Joined Mitsubishi Corporation July 1998      President of CALIFORNIA OILS CORP. June 2002      Representative Director and President of KOKUSAI BULK TERMINAL CO., LTD. June 2002      Representative Director and President of KF Co., Ltd. June 2009      Counselor of KOKUSAI BULK TERMINAL CO., LTD. June 2011      Outside Director of the Company June 2020      Outside Director (Audit and Supervisory Committee Member) (current position)	-
[Reasons for nomination as candidate for outside Director and expected roles, etc.] He is nominated again as a candidate for outside Director in order to reflect his extensive experience and broad insight as a corporate manager at other companies in the management of the Company, and to further strengthen the corporate governance of the Company.			



Candidate No.	Name (Date of birth)	Career summary and position in the Company (Significant concurrent positions outside the Company)	Number of the Company's shares owned
3	Akio Sato (December 20, 1950)	Oct. 1979      Joined Shinko Audit Corporation Mar. 1983      Registered as a certified public accountant June 2007      Joined Shin Nihon & Co. (currently, Ernst & Young ShinNihon LLC) June 2008      Chief Representative of Akio Sato Accounting Office (current position) June 2017      Outside Audit & Supervisory Board Member of the Company June 2019      Outside Director June 2020      Outside Director (Audit and Supervisory Committee Member) (current position)	-
[Reasons for nomination as candidate for outside Director and expected roles, etc.] Although he has not been involved in corporate management other than as an outside officer, he has profound expertise and experience through his activities as a certified public accountant and has contributed to the Company's financial soundness and accuracy as an outside Director of the Company, and therefore he is nominated again as a candidate for outside Director.			
* 4	Izumi Kuwano (August 1, 1964)	Apr. 1993      Joined Tamanoyu Co., Ltd. Apr. 1995      Senior Managing Director Oct. 2003      President and Representative Director (current position) June 2012      Outside Director of The Oita Bank, Ltd. June 2014      Outside Director of Kyushu Railway Company (current position)	-
[Reasons for nomination as candidate for outside Director and expected roles, etc.] She has abundant experience and broad knowledge attained as a corporate manager of other companies over many years. She is nominated as a candidate for outside Director as she is expected to contribute to the sustainable growth and corporate value enhancement of the Company, leveraging her insight.			

- Notes:
1. New candidates for Director are indicated by an asterisk (\*).
  2. There is no special interest between any of the candidates and the Company.
  3. Akinobu Naito, Akio Sato and Izumi Kuwano are the candidates for outside Director.
  4. Akinobu Naito and Akio Sato are currently outside Directors of the Company, and at the conclusion of this meeting, their tenure will have been 11 years and three years, respectively.
  5. The Company has entered into agreements with both Akinobu Naito and Akio Sato to limit their liability for damages under Article 423, paragraph (1) of the Companies Act, pursuant to the provisions of Article 427, paragraph (1) of the same Act. The maximum amount of liability for damages under said agreements is the minimum liability amount stipulated by laws and regulations. If the reelections of both Akinobu Naito and Akio Sato are approved, the Company plans to renew said agreements. In addition, if Izumi Kuwano is newly elected, the Company plans to enter into the same agreement as that with the aforementioned two persons with her.
  6. The Company has submitted notification to the Tokyo Stock Exchange that both Akinobu Naito and Akio Sato have been designated as independent officers as provided for by the aforementioned exchange. If the reelections of both persons are approved, the Company plans for their designation as independent officers to continue. In addition, if Izumi Kuwano is newly elected, the Company plans to submit notification concerning her designation as an independent officer.
  7. In accordance with Article 430-3, paragraph (1) of the Companies Act, the Company has entered into a directors and officers liability insurance policy with an insurance company, and an outline of the contents of the said insurance policy is as described in page 15 of the Business Report (in Japanese only). If the elections of candidates for Director who are Audit and Supervisory Committee Members are approved, the candidates will be included as the insured in the said policy. In addition, the Company plans to renew the said insurance policy with the same terms at the next renewal time.

[Reference] Skills Matrix of Directors upon Conclusion of this General Meeting of Shareholders

Name	Position	Outside	Corporate management	Sales & marketing	Finance & accounting	Legal affairs & compliance	Global	Industrial knowledge	ESG & sustainability
Toshiyuki Asai	President		○	○				○	
Hirotsugu Okada	Representative Director		○	○				○	
Masahiro Nakamura	Director		○				○	○	
Kenichi Ishikawa	Director		○		○			○	○
Yuichi Ando	Director			○		○		○	
Yasuhiro Shibuya	Director (Full-Time Audit and Supervisory Committee Member)		○		○	○			
Akinobu Naito	Director (Audit and Supervisory Committee Member)	○	○				○		
Akio Sato	Director (Audit and Supervisory Committee Member)	○			○	○			
Izumi Kuwano	Director (Audit and Supervisory Committee Member)	○	○						○

Position represents current positions.

**Proposal No. 5** Determination of Remuneration for the Allotment of Restricted Shares to Directors (Excluding Directors Who Are Audit and Supervisory Committee Members)

At the 118th Annual General Meeting of Shareholders held on June 26, 2020, the amount of remuneration for the Company's Directors other than Directors who are Audit and Supervisory Committee Members was approved as no more than ¥260 million per year (of which, no more than ¥10 million per year for outside Directors; provided, however, that it does not include the employee salary of a Director who is an employee). For the purpose of providing the Company's Directors other than Directors who are Audit and Supervisory Committee Members (excluding outside Directors; hereinafter, "Eligible Directors") with an incentive to promote the sustainable enhancement of corporate value of the Company, and making further progress in sharing value with shareholders, the Company would like to newly allot restricted shares to the Eligible Directors as remuneration, etc., separate from the framework of remuneration described above, and requests the approval thereto.

The allotment of restricted shares based on this proposal shall be implemented using either of the following methods based on the resolution of the Board of Directors.

- (1) Method of issuing or disposing common shares of the Company without the need for payment of cash or provision of property contributed in kind as remuneration, etc., to the Eligible Directors; or
- (2) Method of paying monetary remuneration claim as remuneration, etc., to the Eligible Directors who deliver all of the aforesaid monetary remuneration claim as property contributed in kind to receive the issuance or disposal of common shares of the Company ("In-kind Contribution Issuance").

The total number of the Company's common shares to be issued or disposed to the Eligible Directors based on this proposal shall be a maximum of 20,000 shares per year and the total amount of such remuneration shall be ¥50 million per year as an amount suitable in light of the purpose described above. However, if the Company's total number of shares issued and outstanding increases or decreases due to a stock consolidation or a stock split (including gratis allotment of shares), the aforementioned maximum number of shares shall be adjusted according to the ratio thereof.

The amount of payment per share in the case of In-kind Contribution Issuance will be determined by the Board of Directors based on the closing price of common shares of the Company at the Tokyo Stock Exchange on the business day immediately preceding the date of each resolution by the Board of Directors (if there is no trading on the date, the closing price of the most recent trade date prior to that date) and to the extent that there is no particular advantage for the Eligible Directors.

Based on the discussion at the Nomination and Remuneration Advisory Committee meeting, an opinion has been received from the Audit and Supervisory Committee that it has reviewed this proposal from perspectives including the effect of incentive toward promoting sustainable growth and enhanced corporate value of the Company and the ratio of cash remuneration and treasury stock remuneration, and has consequently judged that the contents of this proposal are appropriate.

The Board of Directors shall determine the specific allocation to each Eligible Director after deliberation thereof by the Nomination and Remuneration Advisory Committee.

There are currently five Eligible Directors, and if Proposal No. 3 is approved as proposed, the Company will continue to have five Eligible Directors.

When implementing the allotment of restricted shares based on this proposal, the Company and the Eligible Directors shall enter into a restricted shares allotment agreement ("Allotment Agreement") that generally includes the following contents.

- (1) Eligible Directors who have received the allotment of common shares of the Company under the Allotment Agreement (such shares as "Allotted Shares") shall not transfer, set a right of pledge or take any other action of disposal ("Transfer Restriction") during a period from the date of issuance of Allotted Shares to the date the Eligible Director retires from the post of Director or other position of the Company prescribed by the Board of Directors, or leaves his/her job (provided, however, that if retiring from post or leaving job before three months have elapsed after the fiscal year in which the date of issuance of Allotted Shares has elapsed, and if there is a date separately prescribed by the Company's Board of Directors within six months after the aforesaid fiscal year has elapsed, such prescribed date) (such period as "Transfer Restriction Period").

- (2) In the event an Eligible Director who retires from the post prescribed in (1) above or leaves his/her job prior to the expiry of the period prescribed by the Company's Board of Directors ("Service Provision Period"), the Company shall purchase the Allotted Shares at no cost, of course, except when there is a reason deemed appropriate by the Board of Directors of the Company.
- (3) On condition that Eligible Directors continue to hold the post prescribed in (1) above during the Service Provision Period, Transfer Restriction with respect to all of the Allotted Shares will be lifted at the expiry of the Transfer Restriction Period. However, in the event an Eligible Director retires from the post prescribed in (1) or leaves his/her job prior to the expiry of the Service Provision Period due to a reason deemed appropriate by the Board of Directors prescribed in (2) above, the Company shall make reasonable adjustments, as needed, to the number of Allotted Shares for which the Transfer Restriction is to be lifted.
- (4) The Company shall purchase at no cost, of course, the Allotted Shares for which the Transfer Restriction has not been lifted based on the provision of (3) above as of the expiry of the Transfer Restriction Period.
- (5) The Company shall purchase the Allotted Shares at no cost, of course, if, during the Transfer Restriction Period, an Eligible Director corresponds to a situation set out by the Company's Board of Directors due to a violation of laws, regulations, internal rules or the Allotment Agreement or any other reason for purchasing the Allotted Shares at no cost.
- (6) Notwithstanding the provision of (1) above, if, during the Transfer Restriction Period, any matters related to a merger agreement in which the Company is the absorbed company, to a share exchange agreement or share transfer plan in which the Company is to be the wholly owned subsidiary, or to other organizational restructuring, etc., are approved at a general meeting of shareholders of the Company (or by the Board of Directors of the Company in cases where the approval of the general meeting of shareholders of the Company is not required in regard to such organizational restructuring, etc.), the Company shall, based on the resolution of the Board of Directors of the Company, lift the Transfer Restriction with respect to the number of Allotted Shares reasonably set prior to the effective date of the said organizational restructuring, etc.
- (7) In the case provided in (6) above, the Company shall purchase at no cost, of course, the Allotted Shares for which the Transfer Restriction has not been lifted even at the time immediately after the Transfer Restriction is lifted based on the provision of (6) above.

[Reasons underlying the reasonableness of the allotment of restricted shares]

This proposal is made to allot restricted shares as remuneration, etc., for Eligible Directors for the purpose of providing an incentive for the Eligible Directors to promote the sustainable enhancement of corporate value of the Company and making further progress in sharing value with shareholders.

The Company set forth the policy on the determination of contents of remuneration, etc., by individual for Directors (excluding Directors who are Audit and Supervisory Committee Members) at its Board of Directors meeting held on February 8, 2021, and an overview of the policy is as stated in pages 15 and 16 of the Business Report (in Japanese only). If this proposal is approved, the Company plans on revising the said policy in accordance with the contents of this proposal. In addition, the percentage of the maximum number of shares to be issued or disposed in a year based on this proposal to the total number of shares issued and outstanding (as of March 31, 2022) is 0.1%, signifying a minimal dilution rate.

Therefore, the Company judges that the contents of this proposal are reasonable.

(Reference)

On condition that this proposal is approved, the Company plans on allotting restricted shares also to Executive Officers of the Company.