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Securities code: 3176  
December 1, 2022

**To Shareholders with Voting Rights:**

Masanobu Shintani  
President & CEO  
Sanyo Trading Co., Ltd.  
2-11, Kanda Nishiki-cho,  
Chiyoda-ku, Tokyo, Japan

**NOTICE OF  
THE 76TH 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 76th Annual General Meeting of Shareholders of Sanyo Trading Co., Ltd. (the “Company”) will be held as described below.

You can exercise your voting rights in writing or via the internet, etc. Please review the attached Reference Documents for the General Meeting of Shareholders, and exercise your voting rights no later than 5:15 p.m. on Wednesday, December 21, 2022, Japan time.

- 1. Date and Time:** Thursday, December 22, 2022 at 10:00 a.m., Japan time  
(Reception starts at 9:00 a.m.)
- 2. Place:** Banquet Hall “KUJAKU,”  
11th Floor, KKR HOTEL TOKYO  
1-4-1, Otemachi, Chiyoda-ku, Tokyo, Japan

**3. Meeting Agenda:**

- Matters to be reported:**
1. Business Report and Consolidated Financial Statements for the Company’s 76th Fiscal Year (October 1, 2021 - September 30, 2022), and results of audits of the Consolidated Financial Statements by the Accounting Auditor and the Audit and Supervisory Committee
  2. Non-Consolidated Financial Statements for the Company’s 76th Fiscal Year (October 1, 2021 - September 30, 2022)



**Proposals to be resolved:**

- Proposal 1:** Partial Amendments to the Articles of Incorporation
- Proposal 2:** Election of Seven (7) Directors (Excluding Those Concurrently Serving as Audit and Supervisory Committee Members)
- Proposal 3:** Election of One (1) Substitute Director Concurrently Serving as an Audit and Supervisory Committee Member
- Proposal 4:** Introduction of a Restricted Stock Compensation Plan for Directors (Excluding Outside Directors and Directors Concurrently Serving as Audit and Supervisory Committee Members)

When you attend the meeting, please submit the enclosed Voting Rights Exercise Form at the reception desk. In addition, please bring this notice and the attached Reference Documents for the General Meeting of Shareholders.

Among the documents that should be provided to the shareholders along with this notice, Notes to Consolidated Financial Statements and Notes to Non-consolidated Financial Statements are deemed to have been provided in writing to shareholders by being posted on the Company’s website (<https://www.sanyotrading.co.jp/english/>). The above matters are in the scope of the audit conducted by the Audit and Supervisory Committee and the Accounting Auditor in preparing the Audit Report and the Accounting Audit Report, respectively. Should the Reference Documents for the General Meeting of Shareholders, the Business Report, the Non-Consolidated Financial Statements, or the Consolidated Financial Statements require revisions, the revised versions will be posted on the Company’s website (<https://www.sanyo-trading.co.jp/english/>).

**On-demand streaming of the General Meeting of Shareholders**

The General Meeting of Shareholders will be partly streamed on demand later on the Company’s website.			
	<b>Date when streaming will be available</b>	Around Tuesday, December 27, 2022	<b>URL</b> <a href="https://v.srdb.jp/3176/2022soukai_vod/">https://v.srdb.jp/3176/2022soukai_vod/</a>
			
<b>&lt;Notes&gt;</b>			
<ul style="list-style-type: none"><li>■ The service may be unavailable depending on your device (e.g., PC), internet connection, line conditions, etc.</li><li>■ Communication expenses, etc. for viewing the video streaming will be borne by shareholders.</li><li>■ If the on-demand streaming is cancelled for some reason, it will be announced on the Company’s website.</li></ul>			

## Reference Documents for the General Meeting of Shareholders

### Proposal 1: Partial Amendments to the Articles of Incorporation

#### 1. Reasons for amendments

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) came into effect on September 1, 2022.

Accordingly, the Company’s Articles of Incorporation shall be amended as follows to correspond to the system of electronic provision of materials for the general meeting of shareholders.

- (1) The proposed Article 17, 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 17, Paragraph 2 is to newly establish a provision to limit the scope of matters to be included in the paper copy to be delivered to shareholders who have requested it within the scope specified by the Ordinance of the Ministry of Justice.
- (3) The provisions related to the internet disclosure and deemed provision of the reference documents for the general meeting of shareholders, etc. (Article 17 of the current Articles of Incorporation) shall be deleted as they are no longer necessary under the system of electronic provision.
- (4) In line with the above new establishment and deletion of the provisions, supplementary provisions for transitional measures shall be established.

#### 2. Details of amendments

The details of the amendments are as follows.

(Amended parts are underlined.)

Current Articles of Incorporation	Proposed Amendments
<p><u>Article 17. Disclosure on the Internet and Provision of Reference Documents for Shareholders Meetings, Etc.</u>  <u>When convening a shareholders meeting, the Company may consider the information disclosed on the matters that should be specified or displayed in reference documents for the General Meeting of Shareholders, business reports, financial statements, and consolidated financial statements via methods that use the internet pursuant to the Ministry of Justice ordinance as having been provided to the shareholders.</u></p> <p style="text-align: center;">(Newly established)</p>	<p style="text-align: center;">(Deleted)</p> <p><u>Article 17. Measures for Electronic Provision, Etc.</u></p> <ol style="list-style-type: none"> <li><u>1. The Company shall, when convening a general meeting of shareholders, provide information contained in the reference documents for the general meeting of shareholders, etc. electronically.</u></li> <li><u>2. Among the matters to be provided electronically, the Company may choose not 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 record date for voting rights.</u></li> </ol>

Current Articles of Incorporation	Proposed Amendments
<p>(Newly established)</p>	<p><u>Supplementary Provisions</u></p> <ol style="list-style-type: none"> <li data-bbox="810 286 1398 667">1. <u>Article 17 of the Articles of Incorporation (Internet Disclosure and Deemed Provision of Reference Documents for the General Meeting of Shareholders, Etc.) shall remain in force with respect to general meetings of shareholders to be held on a date within six months from September 1, 2022, which is the date of enforcement of 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) (the “Effective Date”).</u></li> <li data-bbox="810 674 1398 860">2. <u>These supplementary provisions shall be deleted after the lapse of six months from the Effective Date or 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 2:** Election of Seven (7) Directors (Excluding Those Concurrently Serving as Audit and Supervisory Committee Members)

The terms of office of all Directors (excluding those concurrently serving as Audit and Supervisory Committee Members; the same shall apply hereinafter in this Proposal) will expire at the conclusion of this General Meeting of Shareholders. Accordingly, we propose to elect seven (7) Directors.

The Audit and Supervisory Committee has reported that there are no special matters to be pointed out in relation to this Proposal.

The candidates for Directors are as follows:

No.	Name	Current positions and responsibilities at the Company	Attendance at the Board of Directors meetings
1	Masanobu Shintani [Reappointment]	President & CEO	15/15 (100%)
2	Toshiaki Mizusawa [Reappointment]	Director & Executive Officer In charge of Administration Divisions	15/15 (100%)
3	Hiroshi Shirai [Reappointment]	Director & Executive Officer In charge of Administration Divisions and General Manager of Domestic Subsidiary Coordination Department	15/15 (100%)
4	Kenichi Shindo [Reappointment]	Director & Executive Officer In charge of Business Divisions	15/15 (100%)
5	Mitsuyasu Hirasawa [New appointment]	Senior Executive Officer of the Company General Manager supervising Industrial Products Business Unit, General Manager of New Business Development Department	–
6	Hiroataka Sugihara [Reappointment] [Outside] [Independent]	Outside Director	11/11 (100%)
7	Mitsuo Ogawa [New appointment] [Outside] [Independent]	–	–

Note: Mr. Hiroataka Sugihara's attendance at the Board of Directors meetings covers the meetings held after he took office as Director on December 22, 2021.

No.	Name (Date of birth)	Career summary, positions, responsibilities, and significant concurrent positions		Number of shares of the Company held
1	Masanobu Shintani (June 28, 1958)  [Reappointment]  [Attendance at the Board of Directors meetings] 15/15 (100%)	April 1982 October 2008 October 2010 January 2012 October 2012 December 2013 October 2014 December 2018	Joined the Company General Manager of Tokyo Rubber Business Unit 3 General Manager Assistant to Operational Headquarters President of Sanyo Corporation of America Executive Officer of the Company President of Sanyo Corporation of America Director & Executive Officer, General Manager of Operational Headquarters of the Company Director & Executive Officer, General Manager of Corporate Strategy Department President & CEO (present post)	40,000
[Reason for nomination as a candidate for Director] Mr. Masanobu Shintani has been involved in sales and planning for many years and has abundant experience at overseas offices including those in North America and Asia. The Company considers, therefore, that he can play a role of pushing ahead with business and management of the entire Group from a global perspective.				
2	Toshiaki Mizusawa (August 24, 1957)  [Reappointment]  [Attendance at the Board of Directors meetings] 15/15 (100%)	April 1982 May 2012 April 2013 December 2019 October 2020 December 2020 October 2022	Joined Taiyo-Kobe Bank (currently Sumitomo Mitsui Banking Corporation) Joined the Company General Manager of Credit Department Executive Officer supervising Administration Divisions, General Manager of Credit and Legal Department Executive Officer supervising Administration Divisions, General Manager of Personnel Division Director & Executive Officer, In charge of Administration Divisions, General Manager of Personnel Division Director & Executive Officer, In charge of Administration Divisions (present post)	4,900
[Reason for nomination as a candidate for Director] Mr. Toshiaki Mizusawa has gained extensive insight through his practical experience at a financial institution and at overseas offices, and is well versed in internal affairs due to his experience as General Manager of the Credit and Legal Department and General Manager of the Personnel Division of the Company. The Company considers, therefore, that he can play a role of pushing ahead with business and administration of the entire Group.				

No.	Name (Date of birth)	Career summary, positions, responsibilities, and significant concurrent positions	Number of shares of the Company held	
3	Hiroshi Shirai (January 8, 1959)  [Reappointment]  [Attendance at the Board of Directors meetings] 15/15 (100%)	April 1982	Joined the Company	13,600
		October 2006	President of Sanyo Corporation of America	
April 2009	General Manager of Tokyo Chemical Business Unit 2 of the Company			
October 2013	Executive Officer, General Manager of Corporate Planning Department			
October 2014	Executive Officer, General Manager of General Affairs Department			
October 2015	Executive Officer supervising Administration Divisions			
December 2017	Director & Executive Officer in charge of Administration Divisions			
October 2022	Director & Executive Officer, In charge of Administration Divisions, General Manager of Domestic Subsidiary Coordination Department (present post)			
[Reason for nomination as a candidate for Director] Mr. Hiroshi Shirai has worked at sales divisions, administration divisions and overseas subsidiaries for many years, and has extensive knowledge and insight. The Company considers, therefore, that he can play a role of pushing ahead with business and administration of the entire Group.				
4	Kenichi Shindo (April 26, 1961)  [Reappointment]  [Attendance at the Board of Directors meetings] 15/15 (100%)	April 1985	Joined the Company	27,400
		October 2006	General Manager of Machinery & Environmental Business Unit 1	
April 2009	General Manager of Machinery & Materials Business Unit			
October 2013	Executive Officer, General Manager of Machinery & Materials Business Unit			
December 2013	Executive Officer of the Company			
October 2016	Executive Officer, General Manager of Chemical Business Unit			
December 2018	Representative Director and President of Sanyo Machinery Co., Ltd.			
December 2019	Director & Executive Officer, In charge of Business Divisions, General Manager of Machinery & Environmental Business Unit			
June 2020	Director & Executive Officer, In charge of Business Divisions, General Manager of Machinery & Environmental Business Unit, General Manager of Scientific Instruments Department			
October 2021	Director & Executive Officer, In charge of Business Divisions (present post)			
[Reason for nomination as a candidate for Director] Mr. Kenichi Shindo has been involved in sales for many years and has abundant experience at an overseas office in North America. The Company considers, therefore, that he can play a role of pushing ahead with business and sales of the entire Group from a global perspective.				

No.	Name (Date of birth)	Career summary, positions, responsibilities, and significant concurrent positions	Number of shares of the Company held
5	Mitsuyasu Hirasawa (January 25, 1967)  [New appointment]  [Attendance at the Board of Directors meetings] –	April 1989      Joined the Company October 2012    General Manager of Industrial Products No. 2 Business Unit October 2014    General Manager of Industrial Products No. 1 Business Unit October 2015    General Manager of Industrial Products Business Unit October 2016    Executive Officer, General Manager of Industrial Products Business Unit October 2020    Executive Officer, General Manager supervising Industrial Products Business Unit, General Manager of New Business Development Department December 2020   Senior Executive Officer, General Manager supervising Industrial Products Business Unit, General Manager of New Business Development Department (present post)	0
[Reason for nomination as a candidate for Director] Mr. Mitsuyasu Hirasawa has been involved in sales for many years and has abundant experience at an overseas office in North America. The Company considers, therefore, that he can play a role of pushing ahead with business and sales of the entire Group from a global perspective.			



No.	Name (Date of birth)	Career summary, positions, responsibilities, and significant concurrent positions	Number of shares of the Company held
6	<p>Hiroataka Sugihara (August 6, 1956)</p> <p>[Reappointment] [Outside] [Independent]</p> <p>[Attendance at the Board of Directors meetings] 11/11 (100%)</p> <p>*The attendance above covers the meetings held after he took office as Director on December 22, 2021.</p>	<p>April 1981      Joined ITOCHU Corporation</p> <p>May 1994      Assistant to CEO for Asia Bloc (based in Hong Kong) of ITOCHU Corporation</p> <p>April 2004      General Manager of Financial Business Development Department, ITOCHU Corporation</p> <p>April 2005      Seconded to Orient Corporation (Executive Officer)</p> <p>July 2007      Acting General Manager of Financial Business Department and General Manager of Financial Retail Promotion Department, ITOCHU Corporation</p> <p>April 2008      General Manager of Finance, Real Estate, Insurance &amp; Logistics Management Planning Department, ITOCHU Corporation</p> <p>April 2010      Acting Manager of Financial &amp; Insurance Business Department, ITOCHU Corporation</p> <p>May 2010      Director (part-time) of POCKETCARD CO., LTD.</p> <p>April 2012      Assistant CEO for ASEAN &amp; Southwest Asia Bloc in charge of Corporate Planning, ITOCHU Corporation (based in Singapore)</p> <p>May 2014      Director, Vice President supervising Sales Group, POCKETCARD CO., LTD.</p> <p>March 2018      Vice President, Executive Officer, General Manager of Planning Headquarters, POCKETCARD CO., LTD.</p> <p>December 2021      Outside Director (part-time) of the Company (present post)</p>	0
<p>[Reason for nomination as a candidate for Outside Director and expected roles]</p> <p>Mr. Hiroataka Sugihara has gained a wealth of experience and knowledge by working at a trading company for many years, and has abundant experience of corporate management and organizational operations as a corporate manager. The Company considers, therefore, that he can continue to help improve the corporate value of the Company from an independent standpoint.</p> <p>He will have served as Outside Director of the Company for one (1) year at the conclusion of this General Meeting of Shareholders.</p>			

No.	Name (Date of birth)	Career summary, positions, responsibilities, and significant concurrent positions		Number of shares of the Company held
7	Mitsuo Ogawa (April 3, 1964)	April 1987	Joined Nippon Electrical Equipments Co., Ltd. (currently DENSO Corporation)	0
	[New appointment] [Outside] [Independent]	June 1991	Joined Sanwa Research Institute Corp. (currently Mitsubishi UFJ Research and Consulting Co., Ltd.)	
	[Attendance at the Board of Directors meetings] -	April 2000 March 2004	Joined PwC Consulting Co., Ltd. President of Craig Consulting (present post)	
[Reason for nomination as a candidate for Outside Director and expected roles] Mr. Mitsuo Ogawa has gained a high level of insight cultivated through human resources and organizational consulting experience for many years, and has abundant experience of corporate management and organizational operations as a corporate manager. The Company considers, therefore, that he can help improve the corporate value of the Company from an independent standpoint.				

- Notes:
1. There are no special interests between each of the above candidates and the Company.
  2. Mr. Hirotaka Sugihara is a candidate for Outside Director. The Company has registered him as an Independent Director in accordance with the regulations of the Financial Instruments Exchange. If his reappointment is approved, he will continue to serve as Independent Director.
  3. Mr. Mitsuo Ogawa is a candidate for Outside Director. The Company plans to register him as an Independent Director in accordance with the regulations of the Financial Instruments Exchange.
  4. Pursuant to the provisions of Article 427, Paragraph 1 of the Companies Act, the Company has entered into an agreement with Mr. Hirotaka Sugihara to limit his liability for damages as stipulated in Article 423, Paragraph 1 of the same Act. The maximum liability for damages under the agreement is the minimum liability amount stipulated in Article 425, Paragraph 1 of the Companies Act. If he is reappointed, the Company will maintain the agreement.
  5. If this Proposal is approved as originally proposed and Mr. Mitsuo Ogawa assumes the office of Outside Director, the Company will enter into an agreement with Mr. Ogawa, pursuant to Article 427, Paragraph 1 of the Companies Act, to limit his liability for damages as stipulated in Article 423, Paragraph 1 of the same Act. The maximum liability for damages under the agreement is the minimum liability amount stipulated in Article 425, Paragraph 1 of the Companies Act.
  6. The Company has entered into a directors and officers liability insurance (D&O insurance) contract that insures each Director (excluding those concurrently serving as Audit and Supervisory Committee Members). The insurance policy covers damages that may arise when the insured assumes liability for the execution of his or her duties or receives a claim related to the pursuit of such liability. If the candidates are elected Directors (excluding those concurrently serving as Audit and Supervisory Committee Members) and assume their office, they will be insured under the insurance contract. The Company plans to renew the insurance policy with the same contents the next time it expires.

**Proposal 3:** Election of One (1) Substitute Director Concurrently Serving as an Audit and Supervisory Committee Member

The Company proposes to elect one (1) Substitute Director concurrently serving as an Audit and Supervisory Committee Member in case the number of Directors concurrently serving as Audit and Supervisory Committee Members falls below the number required by laws and regulations.

The Audit and Supervisory Committee has given its consent to this Proposal.

The candidate for Substitute Director concurrently serving as an Audit and Supervisory Committee Member is as follows.

Name (Date of birth)	Career summary, positions, responsibilities, and significant concurrent positions	Number of shares of the Company held
Kiitsu Sugita (June 18, 1952)  [Outside] [Independent]  [Attendance at the Board of Directors meetings] –  [Attendance at the Audit and Supervisory Committee meetings] –	April 1971      Joined National Tax Agency July 2011      District Director of Mombetsu Tax Office July 2012      District Director of Kisarazu Tax Office July 2013      Retired from National Tax Agency August 2013    Representative of Kiitsu Sugita Certified Public Tax Accountant Office (present post)	0
<p>[Reason for nomination as a candidate for Substitute Outside Director concurrently serving as an Audit and Supervisory Committee Member]</p> <p>Mr. Kiitsu Sugita has never been involved directly in corporate management, but he is well versed in tax affairs as a certified public tax accountant. The Company considers, therefore, that he can properly carry out the duties as an Outside Director concurrently serving as an Audit and Supervisory Committee Member by supervising and auditing the management of the Company based on his insight and experience.</p>		

- Notes:
1. There are no special interests between Mr. Kiitsu Sugita and the Company.
  2. Mr. Kiitsu Sugita is a candidate for Substitute Outside Director.
  3. If Mr. Kiitsu Sugita assumes office of Director concurrently serving as an Audit and Supervisory Committee Member, the Company will register him as an Independent Director in accordance with regulations of the Financial Instruments Exchange.
  4. If Mr. Kiitsu Sugita assumes the office of Director concurrently serving as an Audit and Supervisory Committee Member, the Company will enter into an agreement with Mr. Sugita, pursuant to provisions of Article 427, Paragraph 1 of the Companies Act, to limit his liability for damages as stipulated in Article 423, Paragraph 1 of the same Act. The maximum liability for damages under the agreement is the minimum liability amount stipulated in Article 425, Paragraph 1 of the Companies Act.
  5. The Company has entered into a directors and officers liability insurance (D&O insurance) contract that insures each Director concurrently serving as an Audit and Supervisory Committee Member. The insurance policy covers damages that may arise when the insured assumes liability for the execution of his or her duties or receives a claim related to the pursuit

of such liability. If Mr. Kiitsu Sugita is elected and assumes the office of Director concurrently serving as an Audit and Supervisory Committee Member, he will be insured under the insurance contract.

[Reference] Expertise and Experience of Directors upon Approval of Proposals 2 and 3 as Proposed

Name			Gender	Corporate management	ESG/ Sustainability	International experience	Legal affairs / Risk management	Finance/ Accounting
Masanobu Shintani			Male	●	●	●		
Toshiaki Mizusawa			Male			●	●	●
Hiroshi Shirai			Male	●		●		●
Kenichi Shindo			Male	●	●	●		
Mitsuyasu Hirasawa			Male	●		●		
Hiroataka Sugihara		Outside	Male	●		●		
Mitsuo Ogawa		Outside	Male	●		●		
Yasuhiko Nishimura	Audit and Supervisory Committee Member		Male			●		●
Asako Hasegawa	Audit and Supervisory Committee Member	Outside	Female				●	●
Kuniaki Kobayashi	Audit and Supervisory Committee Member	Outside	Male			●	●	
Kiitsu Sugita	Substitute Audit and Supervisory Committee Member	Outside	Male					●

**Proposal 4:** Introduction of a Restricted Stock Compensation Plan for Directors (Excluding Outside Directors and Directors Concurrently Serving as Audit and Supervisory Committee Members)

In order to provide Directors (excluding Outside Directors and Directors concurrently serving as Audit and Supervisory Committee Members; (hereinafter referred to as “Eligible Director(s)”) an incentive to sustainably improve the Company’s corporate value and to further promote the sharing of value with shareholders, we propose to introduce a restricted stock compensation plan (hereinafter the “Plan”), in place of the current stock-based compensation stock option plan. Under the Plan, shares of the Company’s common stock with a transfer-restricted period and conditions for acquisition by the Company without contribution (hereinafter the “Restricted Shares”) shall be allotted to the Eligible Directors.

At the 73rd Annual General Meeting of Shareholders held on December 19, 2019, the maximum annual amount of 250 million yen was approved for remuneration, etc. to Directors (including 20 million yen for Outside Directors). Apart from this, at the 75th Annual General Meeting of Shareholders held on December 22, 2021, the maximum annual amount of 20 million was approved for remuneration, etc. related to the share acquisition rights as a stock option.

This Proposal is to seek shareholders’ approval for introducing the Plan and for setting a maximum annual amount of 20 million yen for monetary compensation claims for granting Restricted Shares to Eligible Directors, apart from the amount under the current compensation plan. In conjunction with this, on the condition that this Proposal of introducing the Plan is approved at this Annual General Meeting of Shareholders, we will abolish the current stock-based compensation stock option plan for Eligible Directors and hereafter discontinue the allotment of acquisition rights as a stock option. (The already granted acquisition rights will remain.)

The number of Directors will remain unchanged at seven (including two Outside Directors) even if Proposal 2 is approved as originally proposed.

1. Allotment and contributions for Restricted Shares

Under the Plan, the Company shall pay monetary compensation claims for granting Restricted Shares to Eligible Directors within the range of the compensation amount specified above, and the Eligible Directors shall receive the Restricted Shares by making in-kind contributions of all such monetary compensation claims.

The amount to be paid per share shall be determined by the Board of Directors of the Company based on the closing price of the common stock of the Company on the Tokyo Stock Exchange on the business day immediately preceding the date of the resolution of the Board of Directors regarding the allotment (or the closing price of the most recent trading day if no trading was effected on that date), within a range that is not especially advantageous to the Eligible Directors who will receive the Restricted Shares. The said monetary compensation claims shall be paid on the condition that the Eligible Directors agree to the above contribution-in-kind and have executed a restricted share allotment agreement that includes the details set forth in 3. below.

## 2. Total number of Restricted Shares

The maximum number of Restricted Shares to be allotted to Eligible Directors in each fiscal year shall be 20,000 shares. However, in the event of a stock split or reverse stock split of the Company's common stock after the date of the resolution of this Proposal, or in the event that the total number of Restricted Shares to be allotted needs to be adjusted, the total number of such Restricted Shares may be adjusted reasonably.

## 3. Restricted Share Allotment Agreement

The Company and Eligible Directors shall conclude a Restricted Share Allotment Agreement (hereinafter the "Allotment Agreement"), which includes the following details.

### (1) Transfer restriction

The Eligible Directors who have been granted the Restricted Shares, during the period between the date of allotment and the date of retirement from their positions as directors or executive officers of the Company (hereinafter the "Transfer Restriction Period"), may not transfer, pledge, grant a security interest in, or make a living donation, bequest, or any other disposition of the shares of the common stock of the Company allotted under the Restricted Share Allotment Agreement (hereinafter the "Allotted Shares") to any third party.

### (2) Release from transfer restriction

The Company shall release the transfer restriction on all of the Allotted Shares upon the expiration of the Transfer Restriction Period, provided that Eligible Directors who have been granted the Restricted Shares have held the positions stated in (1) above for a period determined by the Board of Directors of the Company (hereinafter the "Service Period"). However, if an Eligible Director resigns from the position stated in (1) above before the expiration of the Service Period for reasons deemed justifiable by the Board of Directors of the Company, the number of the Allotted Shares to be released from the transfer restriction and the time when the transfer restriction is released shall be reasonably adjusted as necessary.

### (3) Acquisition of Restricted Shares without contribution

The Company shall naturally acquire the Allotted Shares for which the transfer restrictions have not been released according to (2) above at the time of expiration of the Transfer Restriction Period defined in (1) above without contribution.

### (4) Treatment in the event of organizational restructuring, etc.

If a merger agreement in which the Company will be the absorbed company, a share exchange agreement or a share transfer plan in which the Company will become a wholly owned subsidiary, or any other matter related to organizational restructuring or the like is approved at a General Meeting of Shareholders of the Company (or by the Board of Directors, where such organizational restructuring or the like does not require approval of the General Meeting of Shareholders) during the Transfer Restriction Period, the Company shall, by resolution of the Board of Directors, release the transfer restrictions for the Allotted Shares of reasonable number based on the period from the

commencement date of the Service Period to the date of approval of the relevant organizational restructuring or the like prior to the effective date of such organizational restructuring or the like. In such case, immediately subsequent to the release of the transfer restrictions, the Company shall naturally acquire the Allotted Shares for which the transfer restrictions have not been released without contribution.

(5) Other matters

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

4. Reasons for appropriateness of the conditions for the grant of Restricted Shares under this Proposal  
Restricted Shares shall be granted to Directors with an aim of providing Directors an incentive to sustainably improve the Company's corporate value and to further promote the sharing of value with shareholders.

As outlined on page 33–35 of the Business Report (available in Japanese only), the Company has established a policy for determining remunerations, etc. for individual Directors. The grant of Restricted Shares under this Proposal is in line with this Policy, and if this Proposal is approved, the Company plans to revise the Policy and stipulate the details of stock-based compensation, calculation method, the timing of payment, etc. in order to make it consistent with the approved details. In addition, the value of the Restricted Shares, evaluated at the market price as of the date of the resolution of the Board of Directors regarding the allotment, is within the maximum annual amount indicated in 1. above, and the ratio of the Restricted Shares to the total number of issued shares is 0.07% (0.7% of the total number of issued shares if the maximum number of the Restricted Shares were issued over 10 years). The dilution ratio is minimal, and therefore the Company has determined that the grant of the Restricted Shares is appropriate.

(Reference)

If this Proposal is approved at this Annual General Meeting of Shareholders, we plan to allot restricted shares of the same kind as the Plan to our Executive Officers.