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Securities code: 3918  
December 5, 2022

**To Shareholders with Voting Rights:**

Kunio Yokoyama  
Representative Director and President  
PCI Holdings, Inc.  
21-19, Toranomon 1 Chome, Minato-ku,  
Tokyo, Japan

**NOTICE OF  
THE 18TH ORDINARY GENERAL MEETING OF SHAREHOLDERS**

We are pleased to inform you that the 18th Ordinary General Meeting of Shareholders (the “Meeting”) of PCI Holdings, Inc. (the “Company,” together with its subsidiaries, the “Group”) will be held as described below. When attending the Meeting, we request that shareholders monitor the status of the COVID-19 pandemic and their physical condition on the date of the Meeting and carefully consider their options, including the exercise of their voting rights in writing or via the Internet.

If you will refrain from attending the Meeting, please review the Reference Documents for the General Meeting of Shareholders below and indicate your votes for or against the proposals in writing or via the Internet by 5:30 p.m. Japan time on Tuesday, December 20, 2022.

- 1. Date and Time:** Wednesday, December 21, 2022 at 10:00 a.m. Japan time
- 2. Place:** Trust City Conference Kyobashi  
4F Kyobashi Trust Tower  
1-3, Kyobashi 2 Chome, Chuo-ku, Tokyo, Japan
- 3. Meeting Agenda:**  
**Matters to be reported:**
  1. The business report and consolidated financial statements for the Company’s 18th 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 18th fiscal year (October 1, 2021 – September 30, 2022)

**Proposals to be resolved:**

- Proposal 1:** Appropriation of Surplus
- Proposal 2:** Partial Amendments to the Articles of Incorporation
- Proposal 3:** Election of Six (6) Directors (Excluding Directors Serving as Audit and Supervisory Committee Members)
- Proposal 4:** Election of Four (4) Directors Serving as Audit and Supervisory Committee Members
- Proposal 5:** Issuance of Share Acquisition Rights as Stock Options

- If you are physically attending the Meeting, please submit the enclosed Voting Rights Exercise Form to the reception.
- If you are exercising your voting rights by proxy, the number of proxies you may appoint is limited to one (1) shareholder who is a shareholder of the Company entitled to vote, in which case, the proxy is required to submit a letter of power of attorney to the Company.
- The following matters, which should be provided together with this Notice, are posted on the Company's website (<https://www.pci-h.co.jp/>) pursuant to laws and regulations and Article 18 of the Company's Articles of Incorporation, and are therefore not included in the attachments to this Notice.
  - (1) The consolidated statements of changes in equity and notes to the consolidated financial statements
  - (2) The non-consolidated statements of changes in equity and notes to the non-consolidated financial statements
  - (3) The "Systems to Ensure Appropriate Business Operations" and "Status of Operations of Systems to Ensure Appropriate Business Operations" in the business reportAccordingly, the attachments to this Notice are part of the documents audited by the Audit and Supervisory Committee and the accounting auditor in preparing their respective audit reports.
- Any revisions to the Reference Documents for the General Meeting of Shareholders, the business report, or the consolidated and non-consolidated financial statements will be posted on the Company's website (<https://www.pci-h.co.jp/>).

## Reference Documents for the General Meeting of Shareholders

### **Proposal 1:** Appropriation of Surplus

The Company believes the return of profits to shareholders to be one of its most significant management tasks. Taking future business development and other factors into account on the basis of maintaining stable dividends, the Company hereby proposes its year-end dividend for the 18th fiscal year as follows:

#### Year-end dividend

(1) Type of dividend property

Cash

(2) Allocation of dividend property and its total amount

16 yen per share of the Company's common shares at a total of 161,000,240 yen

As the Company paid 15 yen per share as an interim dividend, the annual dividend for the fiscal year under review will be 31 yen per share.

(3) Effective date of distribution of surplus

December 22, 2022

**Proposal 2: 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) was enforced on September 1, 2022. Accordingly, in order to prepare for the introduction of the system for electronic provision of materials for general meetings of shareholders, the Articles of Incorporation of the Company shall be amended as follows.

- (1) The proposed Article 18, Paragraph 1 provides that information contained in the reference materials for the general meeting of shareholders, etc. shall be provided electronically.
- (2) The purpose of the proposed Article 18, Paragraph 2 is to establish a provision to limit the scope of matters to be included in the paper copy to be sent to shareholders who have requested it.
- (3) The provisions related to the internet disclosure and deemed provision of the reference materials for the general meeting of shareholders, etc. (Article 18 of the current Articles of Incorporation) will become unnecessary and will therefore be deleted.
- (4) In line with the above establishment and deletion of the provisions, supplementary provisions related to transitional measures, etc. 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>(Internet Disclosure and Deemed Provision of the Reference Materials for the General Meeting of Shareholders, Etc.)</u>  <u>Article 18 The Company may, when convening a general meeting of shareholders, deem that it has provided information to shareholders pertaining to matters to be described or indicated in the reference materials for the general meeting of shareholders, business report, non-consolidated financial statements, and consolidated financial statements, by disclosing such information through the internet in accordance with the provisions provided in the Ordinance of the Ministry of Justice.</u></p>	<p>&lt;Deleted&gt;</p>



**Proposal 3:** Election of Six (6) Directors (Excluding Directors Serving as Audit and Supervisory Committee Members)

The terms of office of all six (6) Directors (excluding Directors serving as Audit and Supervisory Committee Members; the same shall apply hereinafter for this proposal) will expire at the conclusion of this Meeting. Accordingly, the election of six (6) Directors is proposed.

This proposal has been reviewed by the Company’s Audit and Supervisory Committee which deems that all candidates for Director are suitable.

The candidates for Director are as follows:

No.	Name (Date of birth)	Career summary and positions and responsibilities at the Company [Significant concurrent positions]	Number of shares of the Company held
1	Toyomi Amano (February 9, 1949)	April 1975      Joined Nihon NCR Co., Ltd. (currently NCR Japan, Ltd.) January 1996    Managing Director April 2005      Established M&S Co., Ltd. (currently the Company) Representative Director and President September 2012 Representative Director and President, PCI Solutions INC. December 2017 Representative Director and Chairman, the Company September 2018 Representative Director and Chairman, VSE Inc. (currently PRIVATECH Inc.) December 2019 Representative Director and Chairman, PCI Solutions INC. (current position) January 2020    Director and Chairman, PRIVATECH Inc. December 2020 Director, leafnet Co., Ltd. (current position) December 2020 Representative Director, Chairman and President, the Company January 2021    Chairman, SORD CORPORATION May 2021        Representative Director and President, Infinitec Co., Ltd. (currently PRIVATECH Inc.) December 2021 Chairman, PRIVATECH Inc. (current position) April 2022      Representative Director and Chairman, the Company (current position)	14,341
Reason for nomination as candidate for Director Toyomi Amano is the Company’s founder and has expanded the Company with outstanding leadership, resolution, and appropriate direction in its management. He also possesses a wealth of experience and achievements in the information services industry as well as insight and abilities in corporate management in general. Therefore, the Company has determined that he will be able to contribute to the sustainable growth of the Group and the enhancement of its corporate value and has nominated him again as a candidate for Director.			

No.	Name (Date of birth)	Career summary and positions and responsibilities at the Company [Significant concurrent positions]	Number of shares of the Company held
2	Kunio Yokoyama (August 4, 1956)	<p>April 1981      Joined The Sumitomo Bank, Ltd. (currently Sumitomo Mitsui Banking Corporation)</p> <p>February 2006      Executive Officer, Japan Post Holdings Co., Ltd.</p> <p>October 2007      Senior Managing Executive Officer</p> <p>October 2009      Executive Officer, Sumitomo Mitsui Banking Corporation</p> <p>April 2011      Managing Executive Officer</p> <p>May 2013      Deputy President Executive Officer, Sumitomo Mitsui Asset Management Company, Limited (currently Sumitomo Mitsui DS Asset Management Company, Limited)</p> <p>June 2013      Director and Deputy President Executive Officer</p> <p>April 2014      Representative Director, President and CEO</p> <p>June 2016      President &amp; CEO (Representative Executive Officer), Japan Post Co., Ltd. Director, Japan Post Holdings Co., Ltd.</p> <p>April 2021      Advisor, the Company</p> <p>December 2021      Director and Chairman, SORD CORPORATION (current position)</p> <p>December 2021      Director, the Company</p> <p>April 2022      Representative Director and President, the Company (current position)</p>	2,100
<p>Reason for nomination as candidate for Director</p> <p>Kunio Yokoyama possesses expert knowledge cultivated over years of service at financial institutions. He also has extensive insight and numerous achievements in corporate management in general. Since assuming the position of Representative Director and President in April 2022, he has appropriately managed the Board of Directors as its Chairman, enhanced its functions, and directed the management of the Group with strong leadership. Therefore, the Company has determined that he will be able to contribute to the sustainable growth of the Group and the enhancement of its corporate value and has nominated him again as a candidate for Director.</p>			



No.	Name (Date of birth)	Career summary and positions and responsibilities at the Company [Significant concurrent positions]	Number of shares of the Company held
4	Naohiro Iguchi (August 21, 1972)	April 1996      Joined Future Technology, Inc. (currently SIOS Technology, Inc.) January 2008    Transferred to the Company Manager, Corporate Planning Office October 2009    General Manager, Corporate Planning Office December 2015   Director and General Manager, Administration Headquarters December 2016   Director, Syswave Corp. (currently PRIVATECH Inc.) February 2017   Director and General Manager, Corporate Planning Headquarters, the Company (current position) August 2017     Director, CLC corporation (currently PCI Solutions INC.) June 2018       Director, Safer Connected World Co., Ltd. (currently PCI Solutions INC.) May 2019        Director, Infinitec Co., Ltd. (currently PRIVATECH Inc.) January 2021    Corporate Auditor, SORD CORPORATION (current position)	39,477
<p>Reason for nomination as candidate for Director</p> <p>Naohiro Iguchi has been engaged in the corporate planning and administration divisions since joining the Company, and after serving as General Manager of the Corporate Planning Office, now serves as the Director responsible for the corporate planning division overall. He has a wealth of experience and insight in the corporate planning and administration divisions. Therefore, the Company has determined that he will be able to contribute to the sustainable growth of the Group and the enhancement of its corporate value and has nominated him again as a candidate for Director.</p>			

No.	Name (Date of birth)	Career summary and positions and responsibilities at the Company [Significant concurrent positions]	Number of shares of the Company held
5	Kazuya Sugizono (January 1, 1969)	<p>April 1993      Joined Hiroishi Accounting Office</p> <p>January 1995    Joined Three F Co., Ltd.</p> <p>February 1996    Joined Future Technology, Inc. (currently SIOS Technology, Inc.)</p> <p>April 2007      Manager, Administration Department, the Company</p> <p>April 2008      General Manager, Finance and Accounting Office</p> <p>June 2012      Director, PCI Solutions INC.</p> <p>November 2016    Corporate Auditor, Syswave Corp. (currently PRIVATECH Inc.)</p> <p>July 2017      Corporate Auditor, CLC corporation (currently PCI Solutions INC.)</p> <p>December 2017    Corporate Auditor, leafnet Co., Ltd. (current position)</p> <p>December 2017    Executive Officer and General Manager, Finance and Accounting Office, the Company</p> <p>February 2018    Executive Officer, General Manager, Finance and Accounting Headquarters</p> <p>September 2018    Corporate Auditor, VSE Inc. (currently PRIVATECH Inc.) (current position)</p> <p>June 2020      Corporate Auditor, Infinitec Co., Ltd. (currently PRIVATECH Inc.)</p> <p>December 2020    Director and General Manager, Administration Headquarters, the Company (current position)</p>	19,082
<p>Reason for nomination as candidate for Director</p> <p>Kazuya Sugizono has years of abundant operational experience and leadership ability in the finance, accounting and administration divisions. The Company has determined that he will be able to contribute to the sustainable growth of the Group and the enhancement of its corporate value and has nominated him again as a candidate for Director.</p>			

No.	Name (Date of birth)	Career summary and positions and responsibilities at the Company [Significant concurrent positions]	Number of shares of the Company held
6	* Taneki Ono (October 15, 1956)	September 1988    Joined Sullivan & Cromwell LLP (the USA) July 1997            Vice President, Goldman Sachs Japan Co., Ltd. November 2000    Managing Director November 2004    Partner Managing Director October 2011      Executive Officer, Sumitomo Mitsui Banking Corporation January 2015      Managing Executive Officer, SMBC Nikko Securities Inc. March 2016        Managing Director January 2017      First Executive Officer, JAPAN POST Co., Ltd. June 2017          Director, Toll Holdings Limited June 2018          Director, Toll Express Japan Co., Ltd. October 2018      Representative Director, JP TOLL LOGISTICS Co., Ltd. April 2021         Senior Managing Executive Officer, JAPAN POST HOLDINGS Co., Ltd. April 2021         Representative Director and President, Japan Post Capital Co., Ltd.	—
<p>Reason for nomination as candidate for Outside Director and the summary of the roles expected of him            Taneki Ono possesses expert knowledge and operational experience cultivated over years of service at financial institutions. In addition, he has been engaged in corporate management in several entities. He is particularly well versed in M&amp;A, creation of new businesses, and formulation of business strategies. The Company expects him to leverage his experience, etc., to supervise management in general, formulate M&amp;A strategies and create new businesses from a broad perspective, and provide effective advice for enhancing dialogue with investors. The Company therefore proposes that he be elected as an Outside Director.</p>			

- Notes:
1. The candidate for Director marked with an asterisk (\*) is newly nominated.
  2. There are no special interests between the candidates for Director and the Company.
  3. The number of shares of the Company held by each candidate for Director includes shares held through the officers' shareholding association as of September 30, 2022 (fractions of less than 1 share have been discarded).
  4. The Company has entered into a directors and officers liability insurance (D&O insurance) contract provided for in Article 430-3, Paragraph 1 of the Companies Act with an insurance company. The said insurance contract shall compensate for legal damages and litigation expenses to be borne by the insureds. Each candidate for Director will be included as the insured under this insurance contract. The Company intends to renew this insurance contract with the same contents when it is next due for renewal. Please refer to page 42 of the business report in Japanese for an overview, etc. of the contents of this insurance contract.
  5. Taneki Ono is a candidate for Outside Director.
  6. If the election of Taneki Ono is approved, the Company plans to enter into a contract with him to limit 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 based on the contract will be the minimum liability amount stipulated in Article 425, Paragraph 1 of the same Act.
  7. Taneki Ono satisfies the requirements for an independent director under the provisions of Tokyo Stock Exchange, Inc. If his election is approved as originally proposed, the Company plans to designate him as an independent director.

**Proposal 4:** Election of Four (4) Directors Serving as Audit and Supervisory Committee Members

The terms of office of all four (4) Directors serving as Audit and Supervisory Committee Members will expire at the conclusion of this Meeting. Accordingly, the election of four (4) Directors is proposed.

An approval of the Audit and Supervisory Committee has been obtained for this proposal.

The candidates for Director serving as an Audit and Supervisory Committee Member are as follows:

No.	Name (Date of birth)	Career summary and positions and responsibilities at the Company [Significant concurrent positions]	Number of shares of the Company held
1	* Hirokazu Ohira (September 15, 1952)	April 1975      Joined Ministry of Finance July 1997      Deputy Director of the Special Finance Division, Banking Bureau July 2001      Financial Trading Officer, Financial Markets Division, Planning and Coordination Bureau, Financial Services Agency July 2009      Director for Office of Inspection on Risk Management, Planning and Management Division, Inspection Bureau July 2011      Director for Risk Analysis Division, Inspection Bureau August 2012    Director, Financial Consulting Division, Deloitte Touche Tohmatsu LLC October 2017   Director and President, Regional financial laboratory (current position) April 2020      Representative Director, Business Management Support Organization (current position) [Significant concurrent position] Director and President, Regional financial laboratory	—
Reason for nomination as candidate for Outside Director serving as an Audit and Supervisory Committee Member and the summary of the roles expected of him Hirokazu Ohira has extensive knowledge and experience in financial administration, and is particularly well versed in business management systems, risk management and compliance at financial institutions. The Company expects that his experience, etc., will be fully utilized in strengthening the governance of the Group, and that he will supervise and audit management in general and provide effective advice. The Company therefore proposes that he be elected as an Outside Director serving as an Audit and Supervisory Committee Member.			



No.	Name (Date of birth)	Career summary and positions and responsibilities at the Company [Significant concurrent positions]	Number of shares of the Company held
3	* Masahiro Nomura (October 5, 1974)	<p>October 1998      Joined Asahi Audit Corp. (currently KPMG AZSA LLC)</p> <p>April 2002        Registered as a certified public accountant</p> <p>August 2007      Joined Partners Consulting Inc.</p> <p>November 2008   Registered as a certified public tax accountant</p> <p>November 2009   Joined Asahi &amp; Nagano Tax Corporation (currently ASAHI Tax Corporation)</p> <p>January 2012      Joined AGATA GLOBAL TAX CORPORATION</p> <p>December 2015   Established Avance Consulting Inc. Representative Director (current position)</p> <p>May 2018         Outside Corporate Auditor, GEOCODE Co., Ltd. (current position)</p> <p>November 2018   Outside Corporate Auditor, RBG Partners Inc. (current position)</p> <p>December 2020   Outside Corporate Auditor, RMD Partners Inc. (current position)</p> <p>June 2022        Executive Secretary, The Japanese Institute of Certified Public Accountants, Tokyo Chapter (current position)</p> <p>[Significant concurrent positions] Representative Director, Avance Consulting Inc. Outside Corporate Auditor, GEOCODE Co., Ltd. Outside Corporate Auditor, RBG Partners Inc. Outside Corporate Auditor, RMD Partners Inc. Executive Secretary, Japanese Institute of Certified Public Accountants, Tokyo Chapter</p>	—
<p>Reason for nomination as candidate for Outside Director serving as an Audit and Supervisory Committee Member and the summary of the roles expected of him</p> <p>Masahiro Nomura has been engaged as a certified public accountant and certified public tax accountant in financial auditing and management consulting for corporations, and has a high level of expertise and a wealth of experience in finance, accounting, and tax affairs. He is particularly well versed in accounting consulting, organizational restructuring, and M&amp;A-related due diligence. The Company expects him to leverage his experience, etc. to supervise and audit the Group's management in general and provide effective advice. The Company therefore proposes that he be elected as an Outside Director serving as an Audit and Supervisory Committee Member.</p>			

No.	Name (Date of birth)	Career summary and positions and responsibilities at the Company [Significant concurrent positions]	Number of shares of the Company held
4	* Takako Sakae (December 28, 1981)	<p>April 2005      Joined Ministry of Agriculture, Forestry and Fisheries</p> <p>September 2011      Passed the bar examination</p> <p>December 2012      Registered as an attorney at law (Dai-Ichi Tokyo Bar Association)</p> <p>December 2012      Joined IGAKI LAW OFFICE</p> <p>September 2019      Established Takako Sakae Law Office</p> <p>April 2022      Rejoined IGAKI LAW OFFICE (current position)</p> <p>[Significant concurrent position] IGAKI LAW OFFICE</p>	—
<p>Reason for nomination as candidate for Outside Director serving as an Audit and Supervisory Committee Member and the summary of the roles expected of her</p> <p>Takako Sakae has a high level of legal expertise and a wealth of experience as an attorney at law, though she has no direct experience in corporate management, and is particularly well verse in corporate legal affairs and compliance. The Company expects her to leverage her experience, etc. to supervise and audit the Group's management in general and provide effective advice. The Company therefore proposes that she be elected as an Outside Director serving as an Audit and Supervisory Committee Member.</p>			

- Notes:
1. The candidates for Director serving as an Audit and Supervisory Committee Member marked with an asterisk (\*) are newly nominated.
  2. There are no special interests between the candidates and the Company.
  3. Hirokazu Ohira, Akiko Takahara, Masahiro Nomura, and Takako Sakae are candidates for Outside Director.
  4. The number of shares of the Company held by each candidate includes shares held through the officers' shareholding association as of September 30, 2022 (fractions of less than 1 share have been discarded).
  5. The Company has entered into a directors and officers liability insurance (D&O insurance) contract provided for in Article 430-3, Paragraph 1 of the Companies Act with an insurance company. The said insurance contract shall compensate for legal damages and litigation expenses to be borne by the insureds. Each candidate will be included as the insured under this insurance contract. The Company intends to renew this insurance contract with the same contents when it is next due for renewal. Please refer to page 42 of the business report in Japanese for an overview, etc. of the contents of this insurance contract.
  6. Akiko Takahara is an Outside Director serving as an Audit and Supervisory Committee Member. At the conclusion of the Meeting, she will have served as an Outside Director for five years, during which she will have served as an Outside Director serving as an Audit and Supervisory Committee Member for four years.
  7. The Company has entered into a contract with Akiko Takahara to limit 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 based on the contract will be the minimum liability amount stipulated in Article 425, Paragraph 1 of the same Act. If the reelection of Akiko Takahara is approved, the Company plans to extend the said contract with her. If Hirokazu Ohira, Masahiro Nomura, and Takako Sakae are elected, the Company plans to enter into an identical liability limitation contract with each of them.

8. The Company has registered Akiko Takahara as an independent director under the provisions of Tokyo Stock Exchange, Inc. If her reelection is approved, the Company plans to continue to have her as an independent director. If Hirokazu Ohira, Masahiro Nomura, and Takako Sakae are elected, the Company plans to newly register them as independent directors with the said Exchange.

[Reference] Skills Matrix of the Board of Directors after this Meeting (to be determined)

Note: A matrix of the skills held by the Board of Directors may be summarized as below if the candidates stated in this Notice are elected as proposed.

Name	Position	Expertise and experience/areas of expectation						
		Corporate management	Business strategy	IT/Digital technology	New business/ M&A	Group administration	Financial/ Accounting/ Taxation	Governance/ Compliance/ Risk management
Toyomi Amano	Representative Director and Chairman	○		○	○			
Kunio Yokoyama	Representative Director and President	○	○		○			
Yasuhiro Horibe	Managing Director	○	○	○				
Naohiro Iguchi	Director	○			○	○		
Kazuya Sugizono	Director					○	○	○
Taneki Ono	Outside Independent Director	○	○		○			
Hirokazu Ohira	Outside Independent Audit and Supervisory Committee Member					○	○	○
Akiko Takahara	Outside Independent Audit and Supervisory Committee Member		○		○			○
Masahiro Nomura	Outside Independent Audit and Supervisory Committee Member				○		○	○
Takako Sakae	Outside Independent Audit and Supervisory Committee Member							○

\* The above list indicates the areas of expertise in which the candidates excel based on their experience and other factors and is not an exhaustive list of their knowledge.

\* Each candidate has been marked with a circle (○) in up to three main areas of their expertise and experience.

## **Proposal 5: Issuance of Share Acquisition Rights as Stock Options**

Pursuant to the provisions of Articles 236, 238, and 239 of the Companies Act, the Company seeks approval to issue share acquisition rights as stock options for Directors (excluding Directors serving as Audit and Supervisory Committee Members, Outside Directors, and Part-time Directors), Executive Officers and employees of the Company, and Directors, Executive Officers and employees of the Company's subsidiaries for the reasons, etc. stated below, and to have the Board of Directors decide the subscription requirements for the share acquisition rights.

Approval was granted at the 16th Ordinary General Meeting of Shareholders held on December 18, 2020 for the amount of compensation to the Company's Directors (excluding Directors serving as Audit and Supervisory Committee Members) to be within 350 million yen per year. In addition, approval was granted at the 14th Ordinary General Meeting of Shareholders held on December 20, 2018 for monetary compensation claims granted in relation to shares with restrictions on transfer to be within 50 million yen per year. The Company also seeks approval for share acquisition rights to be allotted within the limit of 20 million yen per year as compensation to Directors (excluding Directors serving as Audit and Supervisory Committee Members, Outside Directors, and Part-time Directors), separately from the above compensation frameworks, for a limited time of within one year from the date of this Meeting.

In the event that Proposal 3: Election of Six (6) Directors (Excluding Directors Serving as Audit and Supervisory Committee Members) is approved as proposed, the number of eligible Directors will be five, excluding one Outside Director.

1. Reason why it is necessary to issue share acquisition rights as stock options on particularly advantageous terms

The purpose is to enhance corporate value by further elevating the motivation and morale of Directors (excluding Directors serving as Audit and Supervisory Committee Members, Outside Directors, and Part-time Directors), Executive Officers and employees of the Company, and Directors, Executive Officers and employees of the Company's subsidiaries for improving business performance.

2. Maximum number of share acquisition rights

The maximum number will be 1,000 units.

This includes a maximum of 200 units of share acquisition rights granted to Directors (excluding Directors serving as Audit and Supervisory Committee Members, Outside Directors, and Part-time Directors) of the Company and a maximum of 800 units granted to Executive Officers and employees of the Company and Directors, Executive Officers and employees of the Company's subsidiaries to be issued within one year from the date of this Meeting. The maximum numbers stated above are the numbers of share acquisition rights planned for allotment. If some eligible persons do not apply for subscription or other events cause the total number of share acquisition right allotments to decline, share acquisition rights shall be issued in the total number of units of actual allotment.

3. Exercisable period for the share acquisition rights

The period from the date on which two years have elapsed since the date of resolution of allotment until the date on which six years have elapsed since that date of resolution.

4. Class and number of shares underlying the share acquisition rights

The class of shares underlying the share acquisition rights will be common shares of the Company, and the number of shares per unit of stock acquisition right (hereinafter the “Number of Shares Granted”) shall be 100 shares.

Should the Company conduct a share split, gratis allotment of shares, or reverse share split after the conclusion of this Meeting, the Number of Shares Granted shall be adjusted according to the following formula, and any fraction resulting from the adjustment of less than 1 share shall be discarded.

$$\begin{array}{rcccl} \text{Number of Shares Granted after} & & \text{Number of Shares} & & \text{Ratio of share split, gratis} \\ \text{adjustment} & = & \text{Granted before} & \times & \text{allotment of shares, or reverse} \\ & & \text{adjustment} & & \text{share split} \end{array}$$

In the event of a share split or gratis allotment of shares, the Number of Shares Granted after adjustment shall be applied on and after the day following the record date of that share split or gratis allotment of shares, and in the event of a reverse share split, on and after the effective date of the reverse share split. However, in the event that a share split or gratis allotment of shares is conducted on the condition that a proposal to reduce the amount of surplus and increase share capital or reserve be approved by the Company’s general meeting of shareholders, and the record date of the share split or gratis allotment of shares is to be a date prior to the date of conclusion of that general meeting of shareholders, the Number of Shares Granted after adjustment shall be applied on and after the day following the date of conclusion of that general meeting of shareholders.

If the Company conducts an absorption-type merger or incorporation-type merger, or a share exchange or share transfer in which the Company becomes a wholly owned subsidiary, and the share acquisition rights are succeeded by the surviving entity, the Company may adjust the Number of Shares Granted in accordance with the ratio of the merger or other such corporate action as necessary.

When adjusting the Number of Shares Granted, the Company will notify or publicly announce the necessary information to each of the persons holding share acquisition rights recorded in the register of share acquisition rights (hereinafter “Share Acquisition Right Holders”) by the day immediately preceding the date on which the adjusted Number of Shares Granted is to be applied. However, if the Company is unable to notify or publicly announce accordingly by the day immediately preceding that application date, the Company shall do so promptly thereafter.

5. Amount of assets to be contributed upon exercise of share acquisition rights

The amount of assets to be contributed upon the exercise of each unit of share acquisition right shall be the amount to be paid in per share that may be delivered upon the exercise of the share acquisition rights (hereinafter “Exercise Price”), multiplied by the Number of Shares Granted. The Exercise Price shall be the amount obtained by multiplying by 1.05 the average closing price in ordinary trading of the Company’s common shares on the Tokyo Stock Exchange on each day (excluding no-trading days) of the month immediately preceding the month of the day in which the share acquisition rights are allotted (fractions of less than 1 yen will be rounded up). However, if this amount falls below the closing price in ordinary trading of the Company’s common shares on the Tokyo Stock Exchange on the date of allotment of the share acquisition rights (or, if no trades were made on that date, the closing price of the most recent prior date), that closing price shall be the Exercise Price.

However, in the event of any of i, ii, or iii below, the amount to be paid in shall be obtained by multiplying the Exercise Price adjusted according to each item by the number of shares underlying

each unit of share acquisition right. Fractions of less than 1 yen resulting from the adjustment will be rounded up.

i In the event that the Company conducts a share split or reverse share split

$$\text{Exercise Price after adjustment} = \frac{\text{Exercise Price before adjustment}}{\text{Ratio of share split or reverse share split}} \times 1$$

ii In the event that the Company issues shares for subscription or disposes of treasury shares at a price below market value (including share issuance via gratis allotment of shares and delivery of treasury shares, but excluding share issuance by exercise of share acquisition rights (including corporate bonds with share acquisition rights) and conversion of securities that are convertible into common shares of the Company)

$$\text{Exercise Price after adjustment} = \frac{\text{Exercise Price before adjustment} \times \left( \frac{\text{Number of shares already issued} + \frac{\text{Number of shares newly issued} \times \text{Amount to be paid in per share}}{\text{Share price before issuance of shares for subscription}}}{\text{Number of shares already issued} + \text{Number of shares newly issued}} \right)}{1}$$

However, the “number of shares already issued” in this formula shall be the total number of issued shares of the Company on the day immediately preceding the effective date of the above share issuance less the number of treasury shares held by the Company at that point. Also, for the disposal of treasury shares, the “number of shares newly issued” shall be interpreted as the number of treasury shares for disposal and the “share price before issuance of shares for subscription” as the share price before disposal of treasury shares. In addition, the “share price before issuance of shares for subscription” in this formula shall be the Exercise Price before adjustment, if the Company’s shares do not have a market price, and the last traded price immediately beforehand on the Company’s primary exchange if the Company’s shares do have a market price.

iii In the event of an absorption-type merger in which the Company becomes the surviving company, an absorption-type company split in which the Company is the successor company, a share exchange in which the Company becomes the wholly owning parent company, or other similar events requiring adjustment of the Exercise Price, the Company shall adjust the Exercise Price as necessary.

6. Increase in share capital and legal capital surplus in the case of issuance of shares through the exercise of share acquisition rights

- (1) When shares are issued through the exercise of share acquisition rights, the amount of share capital to increase shall be the amount obtained by multiplying the maximum amount of increase in share capital, etc. calculated in accordance with Article 17, Paragraph 1 of the Regulation on Corporate Accounting by 0.5. Fractions of less than 1 yen resulting from the calculation shall be rounded up.
- (2) When shares are issued through the exercise of share acquisition rights, the amount of legal capital surplus to increase shall be the maximum amount of increase in share capital, etc. stated in (1) above less the amount of share capital to increase determined in (1) above.

7. Restrictions on transfer of share acquisition rights

The approval of the Company's Board of Directors shall be required to acquire share acquisition rights by transfer.

8. Conditions for acquisition of share acquisition rights

(1) If any of the proposals i, ii, iii, iv, or v below are approved at a general meeting of shareholders of the Company (or resolved by the Company's Board of Directors if a resolution of the general meeting of shareholders is not required), the Company may acquire the share acquisition rights without consideration on a date to be separately determined by the Board of Directors.

i Proposal for approval of a merger agreement in which the Company will become the non-surviving company

ii Proposal for approval of a company split agreement or incorporation-type company split plan in which the Company will become the splitting company

iii Proposal for approval of a share exchange agreement or share transfer plan in which the Company will become a wholly owned subsidiary

iv Proposal for approval to change the Articles of Incorporation with a provision regarding all shares issued by the Company to the extent that acquiring them by transfer requires the Company's approval

v Proposal for approval to change the Articles of Incorporation with a provision regarding shares underlying share acquisition rights to the extent that acquiring them by transfer requires the Company's approval, or the Company acquires all shares of the relevant class by resolution of the general meeting of shareholders

(2) If a Share Acquisition Right Holder no longer satisfies the conditions for exercise of share acquisition rights set forth in 11. (1) below and is unable to exercise the share acquisition rights, or the Share Acquisition Right Holder passes away, the Company may acquire those share acquisition rights without consideration.

9. Handling of share acquisition rights in the event of merger, absorption-type company split, incorporation-type company split, share exchange, and share transfer

In the event that the Company carries out a merger (limited to where the Company is the non-surviving company), absorption-type or incorporation-type company split (limited to where the Company becomes the splitting company in either case), or share exchange or share transfer (limited to where the Company becomes a wholly owned subsidiary in either case; hereinafter collectively referred to as the "Reorganization"), the Share Acquisition Right Holders holding share acquisition rights that remain (hereinafter, "Remaining Share Acquisition Rights") immediately before the effective date of the Reorganization (referring to the effective date of absorption-type mergers, the incorporation date of the company established in an incorporation-type merger, the effective date of absorption-type company splits, the incorporation date of the company established in an incorporation-type company split, the effective date of share exchanges, and the incorporation date of the wholly owning parent company established by share transfer for a share transfer) shall receive delivery of share acquisition rights in the stock companies listed in Article 236, Paragraph 1, Item 8, a. to e. of the Companies Act (hereinafter "Reorganized Company") in each case. However, this shall be on the condition that the absorption-type merger agreement, incorporation-type merger agreement, absorption-type company split agreement, incorporation-type company split agreement, share exchange agreement, or share transfer plan stipulate that share acquisition rights in the Reorganized Company shall be delivered under the following terms:

- (1) Number of share acquisition rights in the Reorganized Company to be delivered  
The number equivalent to that of the Remaining Share Acquisition Rights held by the Share Acquisition Right Holders shall be delivered in each case.
  - (2) Class of shares in the Reorganized Company underlying share acquisition rights  
Common shares in the Reorganized Company
  - (3) Number of shares in the Reorganized Company underlying share acquisition rights  
To be decided applying 4. above mutatis mutandis after taking into account the terms, etc. of the Reorganization.
  - (4) Amount of assets to be contributed upon exercise of share acquisition rights
    - i The amount of assets to be contributed upon the exercise of each unit of share acquisition right delivered shall be amount obtained by multiplying the amount to be paid in after the reorganization by the number of shares in the Reorganized Company underlying the said share acquisition right as decided according to (3) above.
    - ii The amount to be paid in after reorganization shall be the amount obtained by adjusting the Exercise Price set forth in 5. above after taking into account the terms, etc. of the Reorganization.
  - (5) Exercisable period for the share acquisition rights  
From either the starting date of the exercisable period of the share acquisition rights in 3. above or the effective date of the Reorganization, whichever is later, until the expiry date of the exercisable period of the share acquisition rights in 3. above.
  - (6) Increase in share capital and legal capital surplus in the case of issuance of shares through the exercise of share acquisition rights  
To be decided applying 6. above mutatis mutandis.
  - (7) Restrictions on acquisition of share acquisition rights by transfer  
The approval by resolution of the Reorganized Company's Board of Directors shall be required to acquire share acquisition rights by transfer.
  - (8) Conditions for acquisition of share acquisition rights  
To be decided applying 8. above mutatis mutandis.
  - (9) Other conditions on the exercise of share acquisition rights  
To be decided applying 11. below mutatis mutandis.
10. Arrangement for fractions of less than 1 share resulting from the exercise of share acquisition rights  
Any fractions of less than 1 share in the number of shares delivered to a Share Acquisition Right Holder who has exercised a share acquisition right will be discarded.
11. Other conditions on the exercise of share acquisition rights
- (1) The Share Acquisition Right Holder must hold the position of Director, Executive Officer, Corporate Auditor, or employee of the Company or its subsidiary at the time of exercise of a share acquisition right as well, unless there is a valid reason for exercising rights after retirement or resignation permitted by the Board of Directors.
  - (2) Share acquisition rights shall not be permitted to be inherited in the event of the demise of a Share Acquisition Right Holder.

12. Amount to be paid in for share acquisition rights

No payment of cash shall be required in exchange for share acquisition rights.

13. Reasons why the granting of share acquisition rights is deemed reasonable

In addition to the purposes stated above in “1. Reason why it is necessary to issue share acquisition rights as stock options on particularly advantageous terms,” taking into account the fact that the shares to be issued upon the exercise of share acquisition rights will account for around 1.0% of the total number of issued shares with the rate of dilution being immaterial, the Company has determined that the granting of these share acquisition rights is reasonable. The policy regarding decisions related to the content of compensation, etc. of individual Directors of the Company is as stated on page 43 of the business report in Japanese. As the granting of share acquisition rights based on this proposal aligns with this policy, the approval of this proposal does not require the Company to change the said policy.