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Security Code: 4783

June 6, 2023

(Start date of electronic provision measures: May 30, 2023)

To Our Shareholders:

32-1 Nishi-Gotanda 4-chome, Shinagawa-ku, Tokyo
Nippon Computer Dynamics Co., Ltd.
President and Representative Director Osamu Shimojo

Notice of the 58th Ordinary General Meeting of Shareholders

We are pleased to notify you that the 58th Ordinary General Meeting of Shareholders of our company (the “Company”) will be held as follows.

The electronic provision measures are taken for the convocation of this General Meeting of Shareholders, and the matters subject to the electronic provision measures are available on the following website on the Internet.

The Company’s website (<https://www.ncd.co.jp/ir/stockholder-meeting/>)

The matters are also available on the following website on the Internet in addition to the above.

Tokyo Stock Exchange’s website (<https://www2.jpx.co.jp/tseHpFront/JJK010010Action.do?Show=Show>)

Please access the above website, enter and search “Nippon Computer Dynamics” in “Issue name (company name)” or the Company’s securities code “4783” in “Code,” and select “Basic information” and then “Documents for public inspection/PR information.”

In lieu of attending the meeting, you can exercise your voting rights in writing or via the Internet, etc., so please review the Reference Documents for the General Meeting of Shareholders and either indicate your approval or disapproval of the proposals on the enclosed Voting Rights Exercise Form and return it via mail so that it is received by 5:30 p.m. on Tuesday, June 27, 2023 (Japan time), or exercise your voting rights via the voting website designated by the Company (<https://evote.tr.mufg.jp/>) no later than the date and time set forth above.

- 1. Date and Time:** Thursday, June 28, 2023 at 10:00 a.m. (Reception opens at 9:00 a.m.) (Japan time)
- 2. Venue:** A meeting room in the Company's head office located on the 2nd Floor of Tokyo Nissan Nishi-Gotanda Building II, 32-1 Nishi-Gotanda 4-chome, Shinagawa-ku, Tokyo
- 3. Purpose of the Meeting:**
 - Matters to be reported 1. Business Report, Consolidated Financial Statements for the 58th Fiscal Year (from April 1, 2022 to March 31, 2023), and the results of audits of the Consolidated Financial Statements by the Accounting Auditor and the Audit and Supervisory Committee
 - Matters to be reported 2. Non-consolidated Financial Statements for the 58th Fiscal Year (from April 1, 2022 to March 31, 2023)
 - Matters to be resolved
 - Proposal No. 1 Partial Amendments to the Articles of Incorporation
 - Proposal No. 2 Election of Five Directors (Excluding Directors Serving as Audit and Supervisory Committee Members)
 - Proposal No. 3 Election of Three Directors Serving as Audit and Supervisory Committee Members
 - Proposal No. 4 Partial Amendments to the Performance-Based Stock Compensation Plan

© If any amendments are made to the matters subject to the electronic provision measures, the amendments will be posted on the respective websites that provide those matters.

Reference Documents for the General Meeting of Shareholders

Proposals and Reference Information

Proposal No. 1 Partial Amendments to the Articles of Incorporation

1. Reasons for the Proposal

The Company has established the purpose “Powering the world with passion.” This indicates the raison d’être of the Group, which is to realize a vibrant, exciting and cheerful society for everyone by solving social issues through unique technologies, services and dynamic thinking.

The Company proposes to change its official name to “NCD,” which has taken root as a popular name of the Company, at the start of the new medium-term management plan “Vision 2026,” while inheriting the spirit of the founding of the Company. This change of the trade name will reflect the Company’s determination to increase brand value and achieve sustainable growth through continuous unity of the Group companies in its pursuit of achieving its purpose.

This change of the trade name shall be implemented from January 1, 2024 in accordance with the supplementary provision. After the implementation date, the said supplementary provision shall be deleted from the Articles of Incorporation.

2. Details of Amendments

The details of the amendments are as follows:

(Amended parts are underlined.)

Current Articles of Incorporation	Proposed Amendments
(Trade Name) Article 1 The name of the Company shall be “ <u>Nihon Computer Dynamics Kabushiki Kaisha</u> ,” and in English, “ <u>Nippon Computer Dynamics Co., Ltd.</u> ”	(Trade Name) Article 1 The name of the Company shall be “ <u>NCD Kabushiki Kaisha</u> ,” and in English, “ <u>NCD Co., Ltd.</u> ”
(Newly established)	(<u>Supplementary Provisions</u>) (<u>Transitional Measures for the Change of the Trade Name</u>) <u>The amendment to the provisions of Article 1 shall take effect from January 1, 2024, and this supplementary provision shall be deleted after the effective date.</u>


Proposal No. 2 Election of Five Directors (Excluding Directors Serving as Audit and Supervisory Committee Members)

The terms of office of all five current Directors (excluding Directors serving as Audit and Supervisory Committee Members) will expire at the close of this General Meeting of Shareholders. We therefore propose that the following five candidates for Director (excluding Directors serving as Audit and Supervisory Committee Members) be elected.


Additionally, the Audit and Supervisory Committee has declared that the candidates are qualified to be Directors of the Company.


The candidates for Director (excluding Directors serving as Audit and Supervisory Committee Members) are as follows:


Candidate No.	Name	Position at the Company at the time of this General Meeting of Shareholders	Attendance at Board of Directors meetings
1	Osamu Shimojo	<input type="checkbox"/> Reappointment President and Representative Director	100% (15/15 times)
2	Hiroshi Takagi	<input type="checkbox"/> Reappointment Director (Senior Managing Executive Officer)	100% (15/15 times)
3	Yusuke Kato	<input type="checkbox"/> Reappointment Director (Senior Managing Executive Officer)	93% (14/15 times)
4	Haruo Miyata	<input type="checkbox"/> Reappointment Outside Director	100% (15/15 times)
5	Masaaki Yasuoka	<input type="checkbox"/> Reappointment Outside Director	100% (15/15 times)

Candidate No. 1	Osamu Shimojo (Date of birth: January 19, 1958)	Number of the Company's shares owned	258,400 shares
	Past experience, positions and responsibilities in the Company (major concurrent positions)		
	Mar. 1986 Joined the Company		
	Oct. 1997 Manager of Hokkaido Branch		
	Nov. 2000 Director, Nippon System Research Corporation (currently NCD Technology Co., Ltd.) (present position)		
	Apr. 2005 President and Representative Director, Nihon System Research Co., Ltd. (currently NCD Technology Co., Ltd.) Director, NCD CHINA Co., Ltd. (present position)		
	June 2008 Director and Executive Officer of the Company		
	Apr. 2010 Manager, Second System Solution Division		
	Apr. 2012 President and Representative Director (present position)		
	May 2016 Director, ZEXIS CORPORATION		
	Feb. 2017 Director, East Ambition Co., Ltd.		
	Apr. 2021 In charge of Parking System Division of the Company (present position)		
	Jul. 2022 Director, NCD EST Co., Ltd. (present position)		
Reasons for nomination as candidate for Director			
Osamu Shimojo has served as President of the Company since April 2012. He has led the management of the Group with strong leadership and decision-making skills. Accordingly, the Company has judged that he will continue to further contribute to the sustainable growth and enhancement of the corporate value of the Group.			

Candidate No. 2	Hiroshi Takagi (Date of birth: July 4, 1968)	Number of the Company's shares owned	23,800 shares
	Past experience, positions and responsibilities in the Company (major concurrent positions)		
	Apr. 2016 Joined the Company Executive Officer of the Company		
	June 2016 Director of the Company (present position) in charge of IT Business Division		
	Feb. 2017 Director, East Ambition Co., Ltd.		
	Apr. 2017 In charge of IT Business Division and Information Management Division of the Company		
	Aug. 2017 Chairperson, NCD CHINA Co., Ltd. (present position)		
	Mar. 2018 Director, NCD Technology Co., Ltd.		
	Apr. 2018 President and Representative Director, NCD Technology Co., Ltd. (present position) General Manager of IT Business Division and in charge of Information Management Division and Management Support Office of the Company		
	May 2019 Director, ZEXIS CORPORATION (present position)		
	Apr. 2020 General Manager of IT Business Division of the Company		
	June 2021 Senior Managing Executive Officer of the Company (present position) General Manager of IT Business Division and in charge of DX (present position)		
Reasons for nomination as candidate for Director			
Hiroshi Takagi has a wealth of knowledge and expertise in IT business. Accordingly, the Company has judged that he can be expected to properly perform duties as Director of the Company and contribute to the enhancement of its corporate value.			

Candidate No. 3	Yusuke Kato (Date of birth: April 27, 1964)	Number of the Company's shares owned	7,600 shares
	Past experience, positions and responsibilities in the Company (major concurrent positions)		
	July 2018 Joined the Company, General Manager of General Affairs Department		
	Apr. 2019 Company Auditor, Yano Industrial Inc. (currently NCD EST Co., Ltd.) (present position)		
	May 2019 Company Auditor, NCD Technology Co., Ltd. (present position)		
	June 2019 Executive Officer of the Company		
	Apr. 2020 General Manager of Administration Division (present position)		
	May 2020 Director, ZEXIS CORPORATION (present position)		
	Director, NCD Pros Co., Ltd. (present position)		
	June 2020 Director of the Company (present position)		
	June 2021 Senior Managing Executive Officer of the Company (present position)		
Reasons for nomination as candidate for Director			
Yusuke Kato is well versed in general managerial work as a person in charge of administration division. Accordingly, the Company has judged that he can be expected to properly perform duties as Director of the Company and contribute to the enhancement of its corporate value.			

Candidate No. 4	Haruo Miyata (Date of birth: January 6, 1953)	Number of the Company's shares owned	1,000 shares
	Past experience, positions and responsibilities in the Company (major concurrent positions)		
	Apr. 1976 Joined YAMAZAKI BAKING CO., LTD.		
	July 1982 Joined AIU Insurance Company		
	Aug. 1987 Joined American Life Insurance Company (currently MetLife Insurance K.K.)		
	Jan. 2002 Vice-President, American Life Insurance Company (currently MetLife Insurance K.K.)		
	Aug. 2004 RVP & CIO in charge of life insurance, AIG East Asia Holdings Management, Inc.		
	Mar. 2009 Vice-President in charge of systems, American Life Insurance Company (currently MetLife Insurance K.K.)		
	Dec. 2012 Senior Vice-President & CTO, MetLife Insurance K.K.		
	June 2018 Outside Director of the Company (present position)		
Reasons for nomination as candidate for outside Director and summary of expected role			
The Company has judged that Haruo Miyata will fully play a role in the decision-making on important issues concerning the management and supervision of the execution of duties, etc. based on his wealth of experience in business management at MetLife Insurance K.K. At the close of this General Meeting of Shareholders, his term of office as Outside Director will have been five years.			



Candidate No. 5	Masaaki Yasuoka (Date of birth: January 10, 1956)	Number of the Company's shares owned	700 shares
	Past experience, positions and responsibilities in the Company (major concurrent positions)		
	Apr. 1979 Joined The Sanwa Bank, Ltd. (currently MUFG Bank, Ltd.)		
	May 2006 Executive Officer of Credit Supervision Division, The Bank of Tokyo-Mitsubishi UFJ, Ltd. (currently MUFG Bank, Ltd.)		
	June 2008 President and Representative Director, Mobit Co., Ltd. (currently SMBC Mobit Co., Ltd.)		
	June 2013 Full-time Auditor, Mitsubishi UFJ NICOS Co., Ltd.		
	Feb. 2015 Advisor, UNITIKA LTD.		
	Apr. 2015 Senior Managing Executive Officer, UNITIKA LTD.		
	June 2015 Representative Director, Senior Managing Executive Officer, UNITIKA LTD.		
	June 2020 Director (Audit and Supervisory Committee Member), DAISUE CONSTRUCTION CO., LTD. (present position)		
	June 2020 Outside Director of the Company (present position)		
Reasons for nomination as candidate for outside Director and summary of expected role			
The Company has judged that Masaaki Yasuoka will fully play a role in the decision-making on important issues concerning the management and supervision of the execution of duties, etc. based on his wealth of experience in business management in the financial industry and at general business operators. At the close of this General Meeting of Shareholders, his term of office as Outside Director will have been three years.			


- (Notes)
1. None of the candidates for Director have any special interest in the Company.
 2. Haruo Miyata and Masaaki Yasuoka are candidates for Outside Director. The Company has designated them as Independent Directors under the provisions of the Tokyo Stock Exchange and has notified the Tokyo Stock Exchange to that effect. If they are reappointed, they will continue to be Independent Directors.
 3. If Haruo Miyata and Masaaki Yasuoka assume office as Directors, the Company plans to continue the agreements entered into with them to limit their liability for damages under Article 427, paragraph (1) of the Companies Act. The cap on the liability for damages under the agreements is the sum of the amount set forth in Article 425, paragraph (1) of the Companies Act.
 4. The Company has concluded the directors and officers liability insurance agreement provided for in Article 430-3, paragraph (1) of the Companies Act with an insurance company. In the event a claim for damages is submitted by a shareholder or a third party, etc., the insurance agreement will cover the damage, including damages and legal expenses to be borne by the insured. The candidates for Director will be covered by the insurance agreement. The Company plans to renew the insurance policy on the same terms and conditions at the time of its renewal.

Proposal No. 3 Election of Three Directors Serving as Audit and Supervisory Committee Member

The term of office of three of the four Directors serving as Audit and Supervisory Committee Members will expire at the close of this General Meeting of Shareholders. We therefore propose that the following three candidates for Director serving as Audit and Supervisory Committee Member be elected. Additionally, the Audit and Supervisory Committee has previously given its approval for this proposal.

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

Candidate No. 1	Katsuo Nakayama (Date of birth: May 9, 1965)	Number of the Company's shares owned	36,400 shares
	<p>Past experience, positions and responsibilities in the Company (major concurrent positions)</p> <p>Oct. 1991 Joined Showa Ota & Co. (currently Ernst & Young ShinNihon LLC)</p> <p>Mar. 1992 Registered as a certified public accountant</p> <p>June 2007 Outside Company Auditor of the Company</p> <p>June 2010 Director, ITFOR Inc. (present position)</p> <p>June 2015 Outside Director of the Company (Audit and Supervisory Committee Member) (present position)</p>		
<p>Reasons for nomination as candidate for outside Director and summary of expected role</p> <p>He is familiar with corporate finance as a certified public accountant, and the Company has judged that he will fulfill his responsibilities by expressing fair and objective opinions based on his extensive experience and deep insight. At the close of this General Meeting of Shareholders, his term of office as outside Director serving as Audit and Supervisory Committee Member will have been eight years. He also served as outside Company Auditor of the Company from 2007 to 2015.</p>			
Candidate No. 2	Shigeru Okuno (Date of birth: February 15, 1952)	Number of the Company's shares owned	- shares
	<p>Past experience, positions and responsibilities in the Company (major concurrent positions)</p> <p>Apr. 1985 Registered as an attorney</p> <p>Apr. 2004 Vice President, the Daini Tokyo Bar Association Executive Governor, the Japan Federation of Bar Associations</p> <p>Jan. 2007 Corporate Attorney of the Company</p> <p>Apr. 2007 Secretary General, the Daini Tokyo Bar Association</p> <p>May 2007 Secretary, the Japan Bar Association (present position)</p> <p>Dec. 2011 Mediation Committee Member, the Nuclear Damage Compensation Dispute Resolution Center (present position)</p> <p>Apr. 2017 Chairperson of the Permanent Committee, the Daini Tokyo Bar Association</p> <p>June 2017 Outside Director of the Company (Audit and Supervisory Committee Member) (present position)</p>		
<p>Reasons for nomination as candidate for outside Director and summary of expected role</p> <p>He has a professional perspective as an attorney, a wealth of experience in the legal community and a high level of insight, and the Company has judged that he will express fair and impartial opinions and fulfill his responsibilities by utilizing them. Although he has not been directly involved in corporate management in the past, the Company has judged that he will appropriately perform his duties as outside Director for the reasons above.</p>			

Candidate No. 3	Kenichi Enkaku (Date of birth: August 22, 1953)	Number of the Company's shares owned	4,600 shares
	Past experience, positions and responsibilities in the Company (major concurrent positions) Apr. 1978 Joined TOKYO GAS Co., Ltd. Apr. 2009 Executive Officer and Assistant to Chief Executive, Energy Solutions Division, TOKYO GAS Co., Ltd. Representative Director and Senior Executive, Energy Advance Co., Ltd. (currently Tokyo Gas Engineering Solutions Corporation) Apr. 2013 Executive Specialist and Assistant to Chief Executive, Energy Solutions Division, TOKYO GAS Co., Ltd. Representative Director & President, Energy Advance Co., Ltd. (currently Tokyo Gas Engineering Solutions Corporation) Apr. 2015 Representative Director, President & Executive Officer, TG Information Network Co., Ltd. (currently Tokyo Gas i Net Corp.) Apr. 2018 Adviser, TOKYO GAS Co., Ltd. June 2019 Outside Director of the Company (Audit and Supervisory Committee Member) (present position)		
Reasons for nomination as candidate for outside Director and summary of expected role The Company has judged that Kenichi Enkaku will fully play a role in the decision-making on important issues concerning the management and supervision of the execution of duties, etc. based on his wealth of experience in business management at Tokyo Gas i Net Corp. At the close of this General Meeting of Shareholders, his term of office as Outside Director serving as Audit and Supervisory Committee Member will have been four years.			

- (Notes)
1. None of the candidates have any special interest in the Company.
 2. The candidates are candidates for Outside Director. The Company has designated them as Independent Directors under the provisions of the Tokyo Stock Exchange and has notified the Tokyo Stock Exchange to that effect. If they are reappointed, they will continue to be Independent Directors.
 3. If the candidates assume office as Directors, the Company plans to continue the agreements entered into with them to limit their liability for damages under Article 427, paragraph (1) of the Companies Act. The cap on the liability for damages under the agreements is the sum of the amount set forth in Article 425, paragraph (1) of the Companies Act.
 4. The Company has concluded the directors and officers liability insurance agreement provided for in Article 430-3, paragraph (1) of the Companies Act with an insurance company. In the event a claim for damages is submitted by a shareholder or a third party, etc., the insurance agreement will cover the damage, including damages and legal expenses to be borne by the insured. The candidates for Director will be covered by the insurance agreement. The Company plans to renew the insurance policy on the same terms and conditions at the time of its renewal.

(Reference)

(Skill Matrix of Directors)

The expertise and experience of the Board of Directors if Proposals 2 and 3 are approved at this Ordinary General Meeting of Shareholders are as follows:

Name	Position	Expertise and experience						
		Corporate management	Financial accounting, finance	Legal affairs, compliance, risk management	Personnel and labor affairs	IT technologies	Industry experience	Sustainability
Osamu Shimojo	President and Representative Director	○		○	○		○	○
Hiroshi Takagi	Director, Senior Managing Executive Officer			○		○	○	○
Yusuke Kato	Director, Senior Managing Executive Officer		○	○	○			○
Haruo Miyata	Outside Director	○				○	○	○
Masaaki Yasuoka	Outside Director	○	○	○				○
Yuki Kobayashi	Director (Full-time Audit and Supervisory Committee Member)		○	○	○			○
Katsuo Nakayama	Outside Director (Audit and Supervisory Committee Member)	○	○				○	○
Shigeru Okuno	Outside Director (Audit and Supervisory Committee Member)			○	○			○
Kenichi Enkaku	Outside Director (Audit and Supervisory Committee Member)	○				○	○	○

Proposal No. 4 Partial Amendments to the Performance-Based Stock Compensation Plan

The Company has introduced a performance-based stock compensation plan (the “Plan”) starting from FY2018 to further clarify the linkage between compensation of Directors (excluding outside Directors and Directors serving as Audit and Supervisory Committee Members) and Executive Officers (collectively, “Directors, etc.”) and corporate performance and stock value of the Company, and to raise awareness of contributing to sustainable growth and increase of corporate value through improvement of medium- to long-term performance.

The Company has judged that it is appropriate to apply the Plan for sharing benefits and risks of stock price linkage with shareholders, and for further increasing incentives for Directors, etc. to achieve sustainable growth and increase corporate value. Therefore, the Company will continue the Plan during the applicable period of the new medium-term management plan commencing in FY2024 (from FY2024 to FY2026). After the end of that applicable period, the Plan may be continued in a new applicable period consisting of the three fiscal years corresponding to the new medium-term management plan by the resolution of the Board of Directors of the Company to the extent approved by the General Meeting of Shareholders.

Under the Plan, the Company will provide Directors, etc. with monetary compensation claims as property to be used to acquire the Company’s common stock and money to secure funds for tax payment. The number of shares of the Company’s common stock to be delivered to each Director, etc. under the Plan is currently 70% of the number obtained by multiplying the base number of shares to be delivered by the payment rate based on the degree of achievement of the medium- to long-term corporate performance targets, and the Company proposes to change it to 60%. The upper limit of the total amount of monetary compensation claims and money to be provided to Directors, etc. under the Plan remains 200 million yen, which was approved at the 55th Ordinary General Meeting of Shareholders held on June 29, 2020.

The Company has judged this proposal appropriate, since its content is consistent with the purpose of the Plan mentioned earlier and the policy for determining compensation of each Director, and in line with the recommendations of the Nomination and Compensation Committee of the Company.

If Proposal 2, "Election of Five Directors (Excluding Directors Serving as Audit and Supervisory Committee Members)," is approved and resolved, the number of Directors, etc. covered by the Plan will be three (3) Directors (excluding outside Directors) and seven (7) Executive Officers.

Overview of the Plan, Etc.

(1) Overview of the Plan

The Plan is a performance-based stock compensation plan (performance share unit) whereby monetary compensation claims for the delivery of the Company’s common stock and money to secure funds for tax payment are granted to Directors, etc. as their compensation for the applicable period, in accordance with the degree of achievement of corporate performance targets in the final fiscal year of the applicable period consisting of the three fiscal years corresponding to the medium-term management plan of the Company (the “applicable period”). The current applicable period is the three fiscal years from FY2024 to FY2026. The Plan may be continued for the three fiscal years corresponding to the new medium-term management plan as another applicable period after the end of the current applicable period.

Accordingly, since monetary compensation claims for the delivery of the Company’s common stock and money to secure funds for tax payment are to be provided to Directors, etc. in accordance with the degree of achievement of the above-mentioned corporate performance targets, the Company has not determined as of the introduction of the Plan whether these will be delivered or provided to each Director, etc., as well as the number of shares of the Company’s common stock to be delivered, and the amount of monetary compensation claims for the delivery of the Company’s common stock and money to be provided.

(2) Mechanism of the Plan

The Plan is implemented through the following procedures:

- [1] The Board of Directors determines the number of shares of the Company’s common stock to be delivered and the amount of money to be provided to each Director, etc. in accordance with the degree of achievement of corporate performance targets for the final fiscal year of the medium-term management plan, the position of those Directors, etc., and the formula described in the following paragraph (3).

- [2] The Company provides each Director, etc. with monetary compensation claims for the delivery of the Company's common stock in accordance with the number of shares of the Company's common stock to be delivered to each Director, etc. as determined in [1] above, and each Director, etc. acquires the Company's common stock by contributing all such monetary compensation claims in kind. The amount to be paid in for the Company's common stock shall be the closing price of the Company's common stock on the Tokyo Stock Exchange on the business day immediately preceding the date of the meeting of the Board of Directors to be held after the end of the applicable period pertaining to the issuance of shares or disposal of treasury shares for the purpose of such delivery (if the transaction is not closed on that date, the closing price on the immediately preceding trading day shall apply).
- [3] In connection with the delivery of the Company's common stock described in [2] above, each Director, etc. will incur a tax burden. In order to secure funds for tax payment, the Company provides each Director, etc. with the amount of money determined in [1] above in addition to the monetary compensation claims described in [2] above.

(3) Method of calculating the number of shares of the Company's common stock to be delivered and the amount of money to be provided to Directors, etc. under the Plan

The Company calculates the number of shares of the Company's common stock to be delivered to each Director, etc. based on the formula in [1] below, and the amount of money to be provided to each Director, etc. to secure funds for tax payment based on the formula in [2] below.

- [1] Number of shares of the Company's common stock to be delivered to each Director, etc.
 = Base number of shares to be delivered (*1) × Performance-based payment rate (*2) × 60%
- [2] Amount of money to be provided to each Director, etc.
 = (Base number of shares to be delivered (*1) × Performance-based payment rate (*2) – Number of shares of the Company's common stock calculated in [1] above) × Stock price at the time of delivery (*3)
- (*1) Amount determined in accordance with compensation standards based on the position of the applicable Director, etc. / Base stock price × 3 (number of fiscal years)
 The base stock price shall be the closing price of the Company's common stock on the Tokyo Stock Exchange on the business day immediately preceding the date of the Ordinary General Meeting of Shareholders of the Company held in the first fiscal year of the applicable period (if the transaction is not closed on that date, the closing price on the immediately preceding trading day shall apply). If the calculated number of shares to be delivered includes shares less than one unit, the shares less than one unit shall be omitted.
- (*2) The performance-based payment rate ranges from 0% to 150% depending on the degree of achievement of targets, with the level corresponding to company performance targets for Directors, etc. as 100%.
- (*3) The closing price of the Company's common stock on the Tokyo Stock Exchange on the business day immediately preceding the date of the meeting of the Board of Directors to be held after the end of the applicable period pertaining to the issuance of shares or disposal of treasury shares for the purpose of delivery of the Company's common stock under the Plan (if the transaction is not closed on that date, the closing price on the immediately preceding trading day).

(4) The upper limit of the total amount of monetary compensation claims and money under the Plan and the total number of shares to be delivered

During the applicable period under the Plan, the total amount of monetary compensation claims and money to be provided to Directors, etc. shall not exceed 200 million yen, and the total number of shares of the Company's common stock to be delivered shall not exceed 300,000 shares. If the total amount of monetary compensation claims and money to be provided to Directors, etc. or the total number of shares of the Company's common stock to be delivered to Directors, etc. exceeds the upper limit, the amount of monetary compensation claims and money or the number of shares of the Company's common stock to be delivered to each Director, etc. shall be reduced by a reasonable method to treat the said total amount of monetary compensation claims and money or the total number of shares of the Company's common stock that exceeds the upper limit, such as proportional distribution.

(5) Requirements for the delivery of shares under the Plan

Under the Plan, the Company's common stock shall be delivered to Directors, etc. if the following requirements for the delivery of shares are met at the end of the applicable period.

- [1] The person served as Director, etc. during the applicable period

[2] The person has not committed a certain kind of misconduct

[3] Other requirements that are deemed necessary to achieve the purpose of the stock compensation plan

(Note 1) A Director, etc. who retired during the applicable period shall receive the delivery of the number of shares of the Company's common stock in proportion to the number of months in office during the applicable period (unless the term of office is less than 12 months).

(Note 2) A Director, etc. who assumed the office during the applicable period shall receive the delivery of the number of shares of the Company's common stock in proportion to the number of months in office during the applicable period.

(Note 3) A Director, etc. who retired due to death during the applicable period shall receive the delivery of the number of shares of the Company's common stock in proportion to the number of months in office during the applicable period.

(6) Treatment in reorganization, etc.

In the event that a merger agreement under which the Company becomes an absorbed company, a share exchange agreement or share transfer plan under which the Company becomes a wholly owned subsidiary, or any other matter relating to reorganization, etc. is approved by the General Meeting of Shareholders of the Company (or the Board of Directors of the Company in the case of the reorganization, etc. that does not require the approval of the General Meeting of Shareholders of the Company) during the applicable period, the amount of money calculated based on the method of calculating the amount of monetary compensation claims and money pertaining to the Plan mentioned above may be provided for the number of shares of the Company's common stock reasonably determined by the resolution of the Board of Directors of the Company based on the period from the commencement date of the applicable period to the approval date of the reorganization, etc. prior to the effective date of the reorganization, etc.