

Please note that the following is an unofficial English translation of the Japanese original text of the Notice of Convocation of the 125th Ordinary General Meeting of Shareholders of Akebono Brake Industry Co., Ltd. The Company provides this translation for reference purposes only and without any warranty as to its accuracy or otherwise. In the event of any discrepancy between this translation and the Japanese original, the latter shall prevail.

Securities Code: 7238

June 5, 2026

(Measures for Electronic Provision commencement date: May 29, 2026)

To Shareholders with Voting Rights

Akebono Brake Industry Co., Ltd.
5F, PMO Nihonbashi Muromachi, 1-13-7,
Nihonbashi Muromachi, Chuo-ku, Tokyo
President & CEO
Hiroshi Nagaoka

NOTICE OF CONVOCATION OF THE 125TH ORDINARY GENERAL MEETING OF SHAREHOLDERS

Akebono Brake Industry Co., Ltd. (the “Company”) announces and cordially invites you to attend the 125th Ordinary General Meeting of Shareholders, to be held as set forth below.

In convening this Ordinary General Meeting of Shareholders, the Company has taken measures for electronic provision, and the matters subject to the Measures for Electronic Provision are posted on the following website.

[Company’s website]

https://www.akebono-brake.com/english/ir/shareholder_stock/meeting.html

In addition to the above website, matters subject to the Measures for Electronic Provision are also posted on the website of the Tokyo Stock Exchange (TSE). Please access the TSE website (Listed Company Search) below, enter and search for “Akebono Brake Industry” in the “Issue name (company name)” field or “7238” in the “Code” field, and check the information posted upon selecting “Basic information,” “Documents for public inspection/PR information,” and “Notice of General Shareholders Meeting/Informational Materials for a General Shareholders Meeting.”

[TSE website (Listed Company Search)]

<https://www2.jpx.co.jp/tseHpFront/JJK020010Action.do?Show=Show>

You can exercise your voting rights by mail or via the Internet instead of attending the meeting. Please exercise your voting rights after reading the “Reference Documents for the General Meeting of Shareholders” contained in the matters subject to the Measures for Electronic Provision by 5:40 p.m. on Tuesday, June 23, 2026 (JST).

1. Date and Time	Wednesday, June 24, 2026 at 10:00 a.m. Reception will open at 9:00 a.m. (JST)
2. Place	Conference Hall, Ai-City (Headquarters), Akebono Brake Industry Co., Ltd., 5-4-71, Higashi, Hanyu City, Saitama

3. Purpose of the Meeting

Matters to be Reported

- (1) Business Report and Consolidated Financial Statements, as well as Results of the Audits of the Consolidated Financial Statements by the Independent Auditor and the Audit & Supervisory Committee for the 130th Business Term (From April 1, 2025 to March 31, 2026)
- (2) Non-Consolidated Financial Statements for the 130th Business Term (From April 1, 2025 to March 31, 2026)

Matters to be Resolved

- Proposal No. 1:** Election of Four (4) Directors (excluding Directors who are Audit & Supervisory Committee Members)
- Proposal No. 2:** Election of One (1) Director who is an Audit & Supervisory Committee Member
- Proposal No. 3:** Determination of the Amount of Remuneration and Specific Terms and Conditions concerning Share Acquisition Rights as Share-based Payment Stock Options for Directors (excluding Directors who are Audit & Supervisory Committee Members and Other Directors who are Non-Executive Directors)
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- Should any revisions be made to the matters subject to the Measures for Electronic Provision, they will be posted on each website listed above.

Decisions for the convocation

- (1) Should voting rights be exercised in duplicate both in writing and via electronic means (the Internet, etc.), the exercise via electronic means (the Internet, etc.) shall be deemed valid. If voting rights are exercised multiple times via electronic means (the Internet, etc.), the last exercise of voting rights shall be deemed valid.
- (2) Should your agreement or disagreement with the proposal not be indicated in the returned Voting Rights Exercise Form, it will be deemed as an indication of an “agreement” to the proposals of the Company.

Exercise of Voting Rights

The right to vote is an important right that allows the shareholders to participate in the management of the Company. We ask that shareholders exercise their voting rights after referring to the “Reference Documents for the General Meeting of Shareholders” contained in matters subject to the Measures for Electronic Provision.

Shareholders who will not attend the meeting

If you are unable to attend the meeting, you can exercise your voting rights by mail or via the Internet.

Exercising Voting Rights by Mail

Please indicate your agreement or disagreement with the proposal on the enclosed Voting Rights Exercise Form and send it by mail to the Company. Please note that no indication of agreement or disagreement with the proposal shall be deemed to be an indication of “agreement” to the proposals of the Company.

Deadline for Exercising Voting Rights: To arrive no later than 5:40 p.m. on Tuesday, June 23, 2026 (JST)

Exercising Voting Rights via the Internet

Please access the site for exercising voting rights (<https://soukai.mizuho-tb.co.jp/>) from your computer or smartphone and enter your vote for the proposal following instructions on screen.

Deadline for Exercising Voting Rights: No later than 5:40 p.m. on Tuesday, June 23, 2026 (JST)

Shareholders who will attend the meeting

When you attend the meeting, you are requested to present the enclosed Voting Rights Exercise Form at the reception desk upon arrival at the meeting.

* Attending the meeting by proxy

When shareholders exercise their voting rights by proxy, those voting rights may be exercised by one other shareholder who possesses voting rights of the Company. In such a case, however, it is a condition that either the Voting Rights Exercise Form, or a document that can provide proof of identity (copy of certificate of seal impression, driver’s license, etc.) be submitted together with a letter of consent that contains the signature or seal of the entrusting shareholder.

Date and Time: Wednesday, June 24, 2026, at 10:00 a.m. (JST)

REFERENCE DOCUMENTS FOR THE GENERAL MEETING OF SHAREHOLDERS

Proposals and Reference Matters

Proposal No. 1: Election of Four (4) Directors (excluding Directors who are Audit & Supervisory Committee Members)

The term of office of Directors (excluding Directors who are Audit & Supervisory Committee Members; the same applies in this proposal) Hiroshi Nagaoka, Masaaki Ando, Junichi Ebisuno and Takashi Komagata will expire at the conclusion of this Ordinary General Meeting of Shareholders. Accordingly, the Company proposes the election of four (4) Directors.

The details of the candidates for Director are as follows:

No.	Name (Date of Birth)	Career Summary, Assignments and Positions in the Company, and Significant Concurrent Positions	Number of the Company's Shares Held
1	 Hiroshi Nagaoka (March 16, 1962) <div style="border: 1px solid black; padding: 2px; width: fit-content; margin: 5px auto;">Reelection</div> Attendance at meetings of the Board of Directors 16/16 (100%)	April 1986 Joined Nissan Motor Co., Ltd. April 2014 Senior Vice President, Alliance Global Director, Customer Performance & CAE, Test Engineering, Nissan Motor Co., Ltd. April 2018 Senior Vice President, Alliance Global VP, Customer Performance & CAE, Test Engineering, Nissan Motor Co., Ltd. April 2019 Senior Vice President (Engineering), Mitsubishi Motors Corporation June 2019 Executive Officer, Senior Vice President (Engineering), Mitsubishi Motors Corporation December 2019 Executive Officer, Senior Vice President (Assistant to COO and Engineering), Mitsubishi Motors Corporation February 2020 Representative Executive Officer (Co-COO and Engineering), Mitsubishi Motors Corporation April 2021 Representative Executive Officer, Executive Vice President (Craftsmanship (<i>Monozukuri</i>)), Mitsubishi Motors Corporation April 2023 Representative Executive Officer, Executive Vice President (Engineering/Product Strategy/TCS/Design), Mitsubishi Motors Corporation November 2024 Part-Time Advisor, Japan Industrial Solutions Co., Ltd. (Current) January 2025 Executive Officer (Current) President & CEO, the Company (Current) Chairman, Akebono Brake Corporation (Current) February 2025 Representative Director, the Company (Current) September 2025 In charge, Internal Control, the Company (Current) [Assignments in the Company] CEO In charge, Internal Control [Significant Concurrent Positions] Chairman, Akebono Brake Corporation Part-Time Advisor, Japan Industrial Solutions Co., Ltd.	Common shares: 6,687

[Reason for selecting Mr. Hiroshi Nagaoka as the candidate for Director]
 Mr. Nagaoka has 38 years of manufacturing experience, mainly in product planning and development at major automobile companies, as well as extensive management experience both in and outside Japan. Considering this background, as Mr. Nagaoka is the best person who is capable of leading business expansion to support the Company's business turnaround and future growth, the Company has judged that he can continue contributing to the enhancement of corporate value of the Company and nominates him as a candidate for Director.

[Translation for Reference Purposes Only]

No.	Name (Date of Birth)	Career Summary and Significant Concurrent Positions	Number of the Company's Shares Held
2	 Korekiyo Yanagisawa (February 8, 1963) <div style="border: 1px solid black; padding: 2px; width: fit-content; margin-top: 5px;">New Election</div>	April 1985 Joined Komatsu Ltd. April 2015 Executive Officer, Osaka Plant Manager, Production Division, Komatsu Ltd. April 2019 Senior Executive Officer (<i>Jomu</i>), Komatsu Ltd. April 2021 Senior Executive Officer (<i>Jomu</i>) President, Construction Equipment & Regional Marketing Division, Komatsu Ltd. April 2023 Senior Executive Officer (<i>Jomu</i>) President, Production Division, Komatsu Ltd. April 2025 Senior Executive Officer (<i>Senmu</i>) President, Production Division Responsible for Logistics, Komatsu Ltd. [Significant Concurrent Positions] None	Common shares: 0
<p>[Reason for selecting Mr. Korekiyo Yanagisawa as the candidate for Director] Since joining Komatsu Ltd. in 1985, Mr. Yanagisawa has proven experience in a wide range of areas, including manufacturing engineering, plant operations and marketing. In addition to playing core roles at plants in Japan, he has been responsible for manufacturing and management operations at facilities outside Japan, including India and the United States, and has extensive experience in global business operations. In recent years, he has served as Senior Executive Officer (<i>Senmu</i>) and President of the Production Division, leading efforts to strengthen the production foundations, including logistics. The Company has judged that he will be able to contribute to strengthening the Company's business foundation and enhancing corporate value by leveraging his extensive management experience both in and outside Japan and managerial perspectives, and therefore nominates him as a candidate for Director.</p>			

[Translation for Reference Purposes Only]

No.	Name (Date of Birth)	Career Summary, Assignments and Positions in the Company, and Significant Concurrent Positions	Number of the Company's Shares Held
3	 Junichi Ebisuno (August 24, 1982) <div style="border: 1px solid black; padding: 2px; width: fit-content; margin: 5px auto;">Reelection</div> Attendance at meetings of the Board of Directors 12/12 (100%)	April 2006 Joined Shin Nihon Kansa Hojin (currently: Ernst & Young ShinNihon LLC) August 2010 Joined GCA Savvian Corporation (currently: Houlihan Lokey, Inc.) October 2013 Joined Japan Industrial Solutions Co., Ltd. July 2018 Director, Japan Industrial Solutions Co., Ltd. July 2021 Managing Director, Japan Industrial Solutions Co., Ltd. June 2025 Director, the Company (Current) July 2025 Senior Managing Director, Japan Industrial Solutions Co., Ltd. (Current) [Significant Concurrent Positions] Senior Managing Director, Japan Industrial Solutions Co., Ltd.	Common shares: 0

[Reason for selecting Mr. Junichi Ebisuno as the candidate for Director]
 After working in a major audit firm and an M&A advisory company, Mr. Ebisuno is currently working for Japan Industrial Solutions Co., Ltd., an investment fund management company. He has professional knowledge regarding finance and accounting as a certified public accountant and has insight and abundant experience in corporate management. The Company has judged that he can continue to contribute to the business turnaround and the future growth of the Company and nominates him as a candidate for Director.

No.	Name (Date of Birth)	Career Summary, Assignments and Positions in the Company, and Significant Concurrent Positions	Number of the Company's Shares Held
4	 Takashi Komagata (May 6, 1976) <div style="border: 1px solid black; padding: 2px; width: fit-content; margin: 5px auto;">Reelection</div> <div style="border: 1px solid black; padding: 2px; width: fit-content; margin: 5px auto;">Outside Director</div> Attendance at meetings of the Board of Directors 16/16 (100%)	April 1999 Joined Sumitomo Bank, Ltd. (currently: Sumitomo Mitsui Banking Corporation) October 2000 Joined Asahi Arthur Andersen Ltd. (currently: PwC Japan Group) November 2002 Joined Nomura Securities Co., Ltd. October 2006 Joined Morgan Stanley Japan Securities Co., Ltd. (currently: Morgan Stanley MUFG Securities Co., Ltd.) February 2009 Joined Marunouchi Capital Inc. May 2011 Director, Japan Industrial Solutions Co., Ltd. January 2015 Managing Director, Japan Industrial Solutions Co., Ltd. December 2019 Member of the Board (Current), Co-Head of Investment Division (Current), Japan Industrial Solutions Co., Ltd. June 2024 Outside Director, the Company (Current) [Significant Concurrent Positions] Member of the Board, Japan Industrial Solutions Co., Ltd.	Common shares: 0

[Reason for selecting Mr. Takashi Komagata as the candidate for Outside Director and summary of expected roles]
 Mr. Komagata worked for major financial institutions and investment fund management companies and now serves as a Member of the Board and the Co-Head of the Investment Division at Japan Industrial Solutions Co., Ltd. As he has expertise and extensive experience in financial and corporate management, the Company expects him to continue to provide advice and supervision on management with a view toward future growth of the Company and nominates him as a candidate for Outside Director.

Notes: 1. Mr. Hiroshi Nagaoka is a Part-Time-Advisor, Mr. Junichi Ebisuno is a Senior Managing Director and Mr. Takashi Komagata is a Member of the Board of Japan Industrial Solutions Co., Ltd. and in relation to the issuance of Class A Shares, Japan Industrial Solutions Fund II, the General Partner of which is said company, entered into an investment agreement with the Company.

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2. Mr. Takashi Komagata is a candidate for Outside Director.
3. Mr. Takashi Komagata is currently Outside Director of the Company and will have served as Outside Director for two (2) years as of the conclusion of this Ordinary General Meeting of Shareholders.
4. The candidates do not hold Class A shares of the Company.
5. The Company has entered into a directors and officers liability insurance contract as stipulated in Article 430-3, Paragraph 1 of the Companies Act. The said insurance will compensate for any legal damages and dispute costs arising in the event a claim for compensation of damages is made against the insured person during the term of the insurance due to an act taken by the insured person based on his or her position. If the proposal is approved, each candidate will be included as the insured person in the aforesaid insurance contract.
6. Mr. Junichi Ebisuno and Mr. Takashi Komagata have entered into a contract limiting their liabilities with the Company and subject to approval of this proposal, the Company plans to continue the same contract. Below is an overview of the details of that contract.
Effective after entering into these agreements, should a Director (excluding Executive Directors, etc.) bear any liability arising from his or her act or omission and such Director performed his or her duty in good faith and without gross negligence in relation to such act or omission, his or her liabilities shall be limited to an amount equal to the higher of ¥1 million or the minimum amount of his or her obligation as stipulated under Article 425, Paragraph 1 of the Companies Act.
7. The number of the Company's shares held by Mr. Hiroshi Nagaoka includes shares beneficially held through the Officers' Shareholding Association.

[Translation for Reference Purposes Only]

Proposal No. 2: Election of One (1) Director who is an Audit & Supervisory Committee Member

The Company proposes to increase the number of Directors who are Audit & Supervisory Committee Members by one (1), to strengthen the audit structure. This proposal has already been approved by the Audit & Supervisory Committee.

The details of the candidate for Director who is an Audit & Supervisory Committee Member are as follows:

Name (Date of Birth)	Career Summary and Significant Concurrent Positions	Number of the Company's Shares Held
 Takao Watanabe (April 28, 1960) <div style="border: 1px solid black; padding: 2px; width: fit-content;">New Election</div>	April 1985 Joined the Company July 2016 Executive Officer (Current) In charge, Legal & General Affairs, the Company October 2017 In charge, HR, Legal & General Affairs, the Company October 2019 Head of the Corporate Division, the Company April 2022 Head of the Sustainability Implementation Division, the Company April 2023 Head of the Administration Division, the Company April 2026 Assistant to the CEO, the Company (Current) [Significant Concurrent Positions] None	Common shares: 52,239
<p>[Reason for selecting Mr. Takao Watanabe as the candidate for Director who is an Audit & Supervisory Committee Member]</p> <p>Since joining the Company in 1985, Mr. Watanabe has gained extensive experience over many years primarily in corporate divisions, including human resources, general affairs, legal affairs, intellectual property, and internal control, and possesses deep insight into the management of the Company. Since becoming an Executive Officer of the Company, he has been involved in management execution and has also played an important role during the Company's business turnaround phase, thereby contributing to the enhancement of corporate value. The Company has judged that he will be able to provide advice and supervision on management with a view toward future growth of the Company and nominates him as a candidate for Director who is an Audit & Supervisory Committee Member.</p>		

- Notes:
1. There are no special interests between Mr. Takao Watanabe and the Company.
 2. Mr. Takao Watanabe does not hold Class A shares of the Company.
 3. The Company has entered into a directors and officers liability insurance contract as stipulated in Article 430-3, Paragraph 1 of the Companies Act. The said insurance will compensate for any legal damages and dispute costs arising in the event a claim for compensation of damages is made against the insured person during the term of the insurance due to an act taken by the insured person based on his or her position. If the proposal is approved, Mr. Takao Watanabe will be included as the insured person in the aforesaid insurance contract.
 4. In addition, subject to approval of the election of Mr. Takao Watanabe, the Company plans to enter into a contract with him limiting his liabilities. Below is an overview of the details of that contract.
Effective after entering into these agreements, should a Director (excluding Executive Directors, etc.) bear any liability arising from his or her act or omission and such Director performed his or her duty in good faith and without gross negligence in relation to such act or omission, his or her liabilities shall be limited to an amount equal to the higher of ¥1 million or the minimum amount of his or her obligation as stipulated under Article 425, Paragraph 1 of the Companies Act.
 5. The number of the Company's shares held by Mr. Takao Watanabe includes shares beneficially held through the Officers' Shareholding Association.

[Translation for Reference Purposes Only]

(Reference)

Skill Matrix of Directors (to be appointed) after this Ordinary General Meeting of Shareholders

The Company believes that the composition of the Board of Directors needs to be well-balanced with knowledge, experience, and abilities that will contribute to business turnarounds and to the enhancement of corporate value over the medium to long term. Accordingly, we have currently defined such knowledge, experience, and abilities as “Business Turnaround,” “Corporate Management,” “Industry Knowledge,” “Research and Development,” “*Monozukuri* (manufacturing excellence and quality),” “Sales and Purchasing,” “Finance and Accounting,” “Legal, Governance and Compliance,” and “Global Experience.” The Company has appointed Inside Directors with industry knowledge and Outside Directors with a high level of expertise in their respective fields and experience in business turnaround. The knowledge, experience, and abilities of each Director are as follows.

Name	Position		Business Turnaround	Corporate Management	Industry Knowledge	Research and Development	Monozukuri (manufacturing excellence and quality)	Sales and Purchasing	Finance and Accounting	Legal/ Governance/ Compliance	Global Experience
Hiroshi Nagaoka	Representative Director, Executive Officer, President & CEO		●	●	●	●	●				●
Korekiyo Yanagisawa	Director, Executive Vice President			●	●		●	●			●
Junichi Ebisuno	Director	CPA	●	●	●				●		
Takashi Komagata	Outside Director		●	●	●				●		
Takao Watanabe	Director, Audit & Supervisory Committee Member				●					●	
Hiroaki Tanji	Outside Director, Audit & Supervisory Committee Member	Independent	●	●	●	●	●		●		●
Shigeyuki Kawamoto	Outside Director, Audit & Supervisory Committee Member	Independent /Attorney	●	●	●					●	
Tomohiro Katayama	Outside Director, Audit & Supervisory Committee Member	Independent /Attorney/ CPA	●		●				●	●	

* Business Turnaround and Corporate Management do not include experience in the Company’s group.

* The above table does not show all the knowledge, experience, and abilities of each Director.

Proposal No. 3: Determination of the Amount of Remuneration and Specific Terms and Conditions concerning Share Acquisition Rights as Share-based Payment Stock Options for Directors (excluding Directors who are Audit & Supervisory Committee Members and Other Directors who are Non-Executive Directors)

The Company established the maximum amount of medium-term share acquisition rights as share-based payment stock options for its Directors (excluding Directors who are Audit & Supervisory Committee Members and Other Directors who are Outside Directors) at ¥40 million per year, with the maximum number of medium-term share acquisition rights to be allotted per year to not exceed 1,700, and the maximum amount of long-term share acquisition rights as share-based payment stock options at ¥80 million per year, with the maximum number of long-term share acquisition rights to be allotted per year to not exceed 3,400, as approved at the 120th Ordinary General Meeting of Shareholders on June 24, 2021 (hereinafter collectively referred to as the “Maximum Amount and Maximum Number”).

At the meeting of the Board of Directors held on September 12, 2025, the Company resolved that share-based payment stock options as medium-term performance-based remuneration and share-based payment stock options as long-term performance-based remuneration (hereinafter collectively referred to as the “Stock Options”) will be granted in a lump sum for the three fiscal years from the fiscal year ended March 31, 2026 to the fiscal year ending March 31, 2028 (hereinafter the “Applicable Period”), which constitute the applicable period of the Medium-Term Business Plan announced by the Company in the “Announcement Regarding the Formulation of the Medium-Term Business Plan” dated August 7, 2025 (hereinafter the “Medium-Term Business Plan”), and that the number of share acquisition rights exercisable will be determined based on the degree of achievement of the Company’s performance targets for the Applicable Period set forth in the Medium-Term Business Plan (hereinafter the “Method”) (Note 1). However, since the Maximum Amount and Maximum Number were not sufficient to allow for the lump-sum grant of the Stock Options for the entire Applicable Period, the Company granted to its Directors (Executive Directors) Stock Options corresponding to a portion of the Applicable Period within the scope of the Maximum Amount and Maximum Number, as announced in the “Announcement Regarding Final Conditions of Share-based Payment Stock Options (Share acquisition rights)” dated October 14, 2025. This proposal requests approval to designate the Directors eligible to be granted the Stock Options as “Directors (excluding Directors who are Audit & Supervisory Committee Members and Other Directors who are Non-Executive Directors)” (hereinafter referred to as the “Relevant Directors”), and to change the Maximum Amount and Maximum Number as set forth below in order to address the shortfall in the grant of the Stock Options resulting from the change to the Method.

Note 1: Prior to the change to the Method, the number of the Stock Options to be granted to the Relevant Directors was determined according to the degree of achievement of the Company’s performance targets. In contrast, following the change to the Method, the number of the Stock Options that may be exercised by the Relevant Directors will be determined according to the degree of achievement of the Company’s performance targets.

Changes to the medium-term share acquisition rights as share-based payment stock options

Item	Current maximum	Revised maximum
Maximum amount of remuneration	Up to ¥40 million per year	Up to ¥80 million per year
Maximum number of share acquisition rights	1,700 rights per year	7,400 rights per year (Note 2)
Maximum number of shares to be issued or transferred upon exercise of the share acquisition rights	170,000 shares per year	740,000 shares per year

Note 2: The maximum number of share acquisition rights is calculated by dividing the revised annual maximum amount of remuneration by ¥10,900, the fair value of the medium-term share acquisition rights as share-based stock options, which is calculated based on the average price per common share of the Company in 2025 (¥109).

[Translation for Reference Purposes Only]

Changes to the long-term share acquisition rights as share-based payment stock options

Item	Current maximum	Revised maximum
Maximum amount of remuneration	Up to ¥80 million per year	Up to ¥160 million per year
Maximum number of share acquisition rights	3,400 rights per year	14,700 rights per year (Note 3)
Maximum number of shares to be issued or transferred upon exercise of the share acquisition rights	340,000 shares per year	1,470,000 shares per year

Note 3: The maximum number of share acquisition rights is calculated by dividing the revised annual maximum amount of remuneration by ¥10,900, the fair value of the long-term share acquisition rights as share-based stock options, which is calculated based on the average price per common share of the Company in 2025 (¥109).

The above changes are intended to strengthen incentives toward achieving the Medium-Term Business Plan. The Company aims to appropriately reflect the medium- to long-term management efforts of the Relevant Directors in their remuneration, thereby enhancing their motivation and morale to increase the Company's share price and improve business performance through more appropriate management, and realize management that meets the expectations of shareholders.

The Company's policy for determining the details of remuneration for individual Directors is scheduled to be revised at a meeting of the Board of Directors to be held after the conclusion of this Ordinary General Meeting of Shareholders, as described on page 35 (in Japanese only), subject to this proposal being approved as originally proposed. Remuneration, etc. relating to share acquisition rights as share-based payment stock options for each Relevant Director under this proposal will be granted in accordance with such revised policy. The Company has determined that the proposed remuneration limits are necessary, reasonable and appropriate in light of such factors as the standards for individual calculation, ratio levels and the number of eligible individuals. In addition, after the end of the Applicable Period, the Company intends to consider seeking approval again for further revisions to the Maximum Amount and Maximum Number, taking into account the status of formulation of the medium-term business plan that will succeed the current Medium-Term Business Plan.

The remuneration amounts above do not include the employee salary portion attributable to employees concurrently serving as Directors.

Furthermore, the Company currently has seven (7) Directors, including four (4) Outside Directors. However, if Proposal No. 1, "Election of Four (4) Directors (excluding Directors who are Audit & Supervisory Committee Members)," is approved as originally proposed, the number of Relevant Directors will become two (2).

Terms and conditions of the medium-term and long-term share acquisition rights to be granted to Relevant Directors as share-based payment stock options are as follows. Except for the maximum number of share acquisition rights and the maximum number of shares to be issued or transferred upon exercise of the share acquisition rights, the terms and conditions set forth below are the same as those approved at the 120th Ordinary General Meeting of Shareholders.

[Translation for Reference Purposes Only]

<Terms and conditions of the medium-term share acquisition rights to be granted to Relevant Directors as share-based payment stock options>

1. Maximum number of share acquisition rights

The number of share acquisition rights to be allotted per year shall not exceed 7,400.

2. Class and number of shares to be issued or transferred upon exercise of the share acquisition rights

The number of shares to be issued or transferred upon the exercise of each share acquisition right shall be 100 common shares of the Company, which is subject to the upper limit of 740,000 common shares of the Company to be issued or transferred per year.

In the event of a share split or a share consolidation of the Company's common share after the allocation of share acquisition rights, the number of shares to be issued or transferred upon the exercise of the share acquisition rights shall be adjusted according to the following formula.

However, such adjustment shall be made only to the number of shares for the share acquisition rights then not yet exercised, and any resulting fractions of less than one share shall be discarded.

Number of shares after adjustment = Number of shares before adjustment × Ratio of share split or share consolidation

If, after the allocation of share acquisition rights, the Company carries out a merger (*kyushu-gappei or shinsetsu-gappei*) or a demerger (*kyushu-bunkatsu or shinsetsu-bunkatsu*), or if the Company becomes a wholly owning parent company upon a share-for-share exchange with another company, the Company may adjust the number of shares, as necessary.

3. Amount to be paid upon allotment of share acquisition rights

The amount to be paid in per share acquisition right shall be an amount determined by the Company's Board of Directors on the basis of the fair value of the share acquisition rights calculated on the allotment date using the Black-Scholes model. In allotting the share acquisition rights, payment of the amount determined on the basis of the fair value of share acquisition rights shall be replaced with payment by way of offsetting the payment obligation of the Directors against the corresponding remuneration receivables of the Directors pertaining to the medium-term share acquisition rights allotted to them as share-based payment stock options.

4. Value of property contributed upon exercise of share acquisition rights

The amount to be paid per share upon the exercise of share acquisition rights shall be ¥1 per share.

5. Exercisable period of the share acquisition rights

The exercisable period of the share acquisition rights shall be three (3) years (or the period stipulated in 7. (1) below in the event that, before the three (3) years have passed, the holder of the share acquisition rights who is a Director and/or an Executive Officer of the Company resigns from all said positions, or the said person dies) that begin on the day when three (3) years have passed from the day immediately following the allotment date of the share acquisition rights (in the event that, before the three (3) years have passed, the holder of the share acquisition rights who is a Director and/or an Executive Officer of the Company resigns from all said positions, or the said person dies, the day immediately following the date of such an event). The specific dates of such period shall be determined by the Company's Board of Directors.

6. Restrictions on transfer of the share acquisition rights

Any transfer of the share acquisition rights shall be subject to the approval of the Company's Board of Directors.

7. Conditions for exercising of the share acquisition rights

(1) For the holder of the share acquisition rights who is a Director and/or an Executive Officer of the Company, in the case that he or she resigns from all said positions, the period during which he or she can exercise the rights shall be limited to the ten (10) days beginning one (1) day after the day of the said resignation. However, this limitation shall not apply in the event of the death of the holder of the share acquisition rights.

(2) A holder of the share acquisition rights may not exercise them partially.

[Translation for Reference Purposes Only]

- (3) Any other terms and conditions for exercising the share acquisition rights shall be determined by a resolution of the Company's Board of Directors.
8. Matters concerning the acquisition of share acquisition rights
 - (1) In the case that a proposal for approval of a merger contract under which the Company is to be the dissolving company is approved at the Company's Ordinary General Meeting of Shareholders, or in the case that a proposal for approval of a share-for-share exchange contract or a share transfer plan under which the Company is to become a wholly-owned subsidiary is approved at the Company's Ordinary General Meeting of Shareholders, the Company may acquire share acquisition rights without consideration on the date separately to be determined by the Company's Board of Directors.
 - (2) In the case that a holder of the share acquisition rights or his or her heir no longer fulfills the conditions for the exercise of the share acquisition rights, the Company may acquire such share acquisition rights without consideration on the date separately to be determined by the Company's Board of Directors.

<Terms and conditions of the long-term share acquisition rights to be granted to Relevant Directors as share-based payment stock options>

1. Maximum number of share acquisition rights
The number of share acquisition rights to be allotted per year shall not exceed 14,700.
2. Class and number of shares to be issued or transferred upon exercise of the share acquisition rights
The number of shares to be issued or transferred upon the exercise of each share acquisition right shall be 100 common shares of the Company, which is subject to the upper limit of 1,470,000 common shares of the Company to be issued or transferred per year.
In the event of a share split or a share consolidation of the Company's common share after the allocation of share acquisition rights, the number of shares to be issued or transferred upon the exercise of the share acquisition rights shall be adjusted according to the following formula.
However, such adjustment shall be made only to the number of shares for the share acquisition rights then not yet exercised, and any resulting fractions of less than one share shall be discarded.

Number of shares after adjustment = Number of shares before adjustment × Ratio of share split or share consolidation

If, after the allocation of share acquisition rights, the Company carries out a merger (*kyushu-gappei or shinsetsu-gappei*) or a demerger (*kyushu-bunkatsu or shinsetsu-bunkatsu*), or if the Company becomes a wholly owning parent company upon a share-for-share exchange with another company, the Company may adjust the number of shares, as necessary.

3. Amount to be paid upon allotment of share acquisition rights
The amount to be paid in per share acquisition right shall be an amount determined by the Company's Board of Directors on the basis of the fair value of the share acquisition rights calculated on the allotment date using the Black-Scholes model. In allotting the share acquisition rights, payment of the amount determined on the basis of the fair value of share acquisition rights shall be replaced with payment by way of offsetting the payment obligation of the Directors against the corresponding remuneration receivables of the Directors pertaining to the long-term share acquisition rights allotted to them as share-based payment stock options.
4. Value of property contributed upon exercise of share acquisition rights
The amount to be paid per share upon the exercise of share acquisition rights shall be ¥1 per share.
5. Exercisable period of the share acquisition rights
The exercisable period of the share acquisition rights shall be thirty (30) years (or the period stipulated in 7. (1) below in the event that, before the thirty (30) years have passed, the holder of the share acquisition rights who is a Director and/or an Executive Officer of the Company resigns from all said positions, or the said person dies). The specific dates of such period shall be determined by the Company's Board of Directors.
6. Restrictions on transfer of the share acquisition rights

[Translation for Reference Purposes Only]

Any transfer of the share acquisition rights shall be subject to the approval of the Company's Board of Directors.

7. Conditions for exercising of the share acquisition rights
 - (1) For the holder of the share acquisition rights who is a Director and/or an Executive Officer of the Company, the period during which he or she can exercise the rights shall be limited to the ten (10) days beginning one (1) day after the day when he or she resigns from all said positions. However, this limitation shall not apply in the event of the death of the holder of the share acquisition rights.
 - (2) A holder of the share acquisition rights may not exercise them partially.
 - (3) Any other terms and conditions for exercising the share acquisition rights shall be determined by a resolution of the Company's Board of Directors.

8. Matters concerning the acquisition of share acquisition rights
 - (1) In the case that a proposal for approval of a merger contract under which the Company is to be the dissolving company is approved at the Company's Ordinary General Meeting of Shareholders, or in the case that a proposal for approval of a share-for-share exchange contract or a share transfer plan under which the Company is to become a wholly-owned subsidiary is approved at the Company's Ordinary General Meeting of Shareholders, the Company may acquire share acquisition rights without consideration on the date separately to be determined by the Company's Board of Directors.
 - (2) In the case that a holder of the share acquisition rights or his or her heir no longer fulfills the conditions for the exercise of the share acquisition rights, the Company may acquire such share acquisition rights without consideration on the date to be separately determined by the Company's Board of Directors.