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Securities Code: 8081

June 9, 2021

To our shareholders:

Nobuyuki Motohashi  
President and Representative Director  
**KANADEN CORPORATION**  
1-8-12, Harumi, Chuo-ku, Tokyo 104-6215  
Triton Square Z

## NOTICE OF THE 171ST ORDINARY GENERAL MEETING OF SHAREHOLDERS

We are pleased to announce the 171st Ordinary General Meeting of Shareholders of KANADEN CORPORATION (the “Company”), which will be held as described below.

If you are unable to attend the meeting in person, you may exercise your voting rights by postal mail, or via the Internet. After reviewing the attached Reference Documents for the General Meeting of Shareholders, please exercise your voting rights no later than the end of Company business hours (5:35 p.m.) on Wednesday, June 23, 2021 (Japan Standard Time).

- 1. Date and Time:** Thursday, June 24, 2021 at 10:00 a.m. (Japan Standard Time)
- 2. Venue:** 15th Floor, Office Tower Z, Harumi Island Triton Square  
Conference Room of Head Office, KANADEN CORPORATION,  
1-8-12, Harumi, Chuo-ku, Tokyo, Japan

**3. Purposes:**

**Items to be reported:**

1. Business Report and Consolidated Financial Statements for the 171st Term (from April 1, 2020 to March 31, 2021), as well as the results of audit of the Consolidated Financial Statements by the Accounting Auditor and the Audit & Supervisory Board
2. Non-Consolidated Financial Statements for the 171st Term (from April 1, 2020 to March 31, 2021)

**Items to be resolved:**

- Proposal 1:** Election of Nine (9) Directors
- Proposal 2:** Election of Two (2) Substitute Audit & Supervisory Board Members
- Proposal 3:** Partial Revision of Remuneration for Granting Restricted Shares to Directors (excluding Outside Directors)

## Reference Documents for the General Meeting of Shareholders

### Proposals and Reference Matters

#### **Proposal 1:** Election of Nine (9) Directors

At the conclusion of this General Meeting of Shareholders, the terms of office of all nine (9) current Directors will expire. Accordingly, based on the report from the Nomination and Compensation Advisory Committee, the Company proposes the election of nine (9) Directors.

The candidates for Directors are as follows:

No.	Name	Position and responsibilities of the Company	
1	Nobuyuki Motohashi	President (Representative Director)	Reelection
2	Futoshi Moriya	Director Executive Officer and Senior General Manager, Kansai District Office	Reelection
3	Akio Iguchi	Director Executive Officer and Senior General Manager, Business Management Office	Reelection
4	Takeshi Jin	Director	Reelection Outside Independent Nomination and Compensation
5	Yoshiro Nagashima	Director	Reelection Outside Independent Nomination and Compensation
6	Yayoi Ito		New election Outside Independent Nomination and Compensation
7	Hisataka Mori	Director Executive Officer and Branch Manager, Kyushu Branch Office	Reelection
8	Shinsuke Saito	Director Executive Officer and Senior General Manager, Transportation Division	Reelection
9	Hironori Saigusa	Director In charge of Internal Auditing Division	Reelection Nomination and Compensation

Reelection: Candidate for reelection as Director

New election: Candidate for new election as Director

Outside: Candidate for election as Outside Director

Independent: Independent Director as defined by the securities exchange

Nomination and Compensation: Nomination and Compensation Advisory Committee

No.	Name (Date of birth)	Career summary, position and responsibilities of the Company		Number of the Company’s shares owned
1	Reelection  Nobuyuki Motohashi (December 31, 1957)  Tenure 6 years Attendance to the Board of Directors meetings 13/13	Apr. 1980 June 2013  June 2015  June 2016	Joined the Company Executive Officer and Senior General Manager, Factory Automation Division, the Company Director and Senior General Manager, Factory Automation Division, the Company President and Representative Director, the Company (current position)	56,395
	Reasons for nomination as candidate for Director Nobuyuki Motohashi has been serving as President and Representative Director since 2016 and appropriately performing his duties such as making critical decisions concerning the business administration and supervising business operations. Also, he has led the Company with his distinguished leadership and knowledge to increase the corporate value. We recommend his reelection as a Director because he is essential to the Company’s sustainable growth.			
2	Reelection  Futoshi Moriya (September 25, 1962)  Tenure 1 year Attendance to the Board of Directors meetings 9/9	Apr. 1986 Apr. 2005  June 2013  Oct. 2013  Apr. 2016  June 2016  Apr. 2020  June 2020	Joined the Company General Manager, Factory Automation Systems Department 1, Kansai District Office, the Company General Manager, Factory Automation Systems Department 1, Factory Automation Division, the Company General Manager, Factory Automation Systems Department 1, Factory Automation Division, and General Manager, Asia Business Strategic Promotion Department, the Company Deputy General Manager, Factory Automation Division, the Company Executive Officer and Senior General Manager, Factory Automation Division, the Company Executive Officer and Senior General Manager, Kansai District Office, the Company Director, Executive Officer, and Senior General Manager, Kansai District Office, the Company (current position)  Significant concurrent positions outside the Company President and Representative Director, TECHNO-CREATE CORPORATION Representative Director, KANADEN TELESYS CORPORATION	12,831
	Reasons for nomination as candidate for Director Futoshi Moriya had been involved in the Factory Automation Systems business over many years, which is one of our major business segments. Based on that extensive experience and broad knowledge, he has worked to expand the business in Japan and overseas as a business manager. We recommend his reelection as a Director because he has an outstanding ability for driving business forward and is essential to the Company’s sustainable growth.			

No.	Name (Date of birth)	Career summary, position and responsibilities of the Company		Number of the Company's shares owned
3	Reelection  Akio Iguchi (November 4, 1957)  Tenure 3 years Attendance to the Board of Directors meetings 13/13	Apr. 1981 Apr. 2009 Apr. 2013 Apr. 2016 Apr. 2018 June 2018 Apr. 2020	Joined Mitsubishi Electric Corporation General Manager, Kanetsu Branch, Mitsubishi Electric Corporation General Manager, Chugoku Branch, Mitsubishi Electric Corporation General Manager, Chubu Branch, Mitsubishi Electric Corporation Joined the Company Director, Executive Officer, and Senior General Manager, Kansai District Office, the Company Director, Executive Officer, and Senior General Manager, Business Management Office, the Company (current position)	19,977
	Reasons for nomination as candidate for Director Akio Iguchi possesses extensive sales experience and achievements in the electronics field, having served in such posts as General Manager of branch offices at Mitsubishi Electric Corporation. With his knowledge and skills, he has been leading the efforts to strengthen the Company's sales capabilities and enhance its technological capabilities. We recommend his reelection as a Director because he is essential to the Company's sustainable growth.			
4	Reelection Outside Independent Nomination and Compensation  Takeshi Jin (March 21, 1938)  Tenure 6 years Attendance to the Board of Directors meetings 13/13	Apr. 1964 Apr. 1964 June 2003 July 2006 June 2015 Apr. 2016	Registered as an attorney with Daini Tokyo Bar Association Joined Shunzo Kobayashi & Tadao Imai Law Office (currently Chugai Godo Law Office). Outside Corporate Auditor, NIHON SHOKUHN KAKO CO., LTD. General Counsel, the Company (current position) Outside Director, the Company (current position) Outside Director, Tri Chemical Laboratories Inc. (current position) Significant concurrent positions outside the Company Outside Director, Tri Chemical Laboratories Inc.	1,593
	Reasons for nomination as candidate for Outside Director and expected roles We recommend the reelection of Takeshi Jin as an Outside Director because, although he has not been involved in corporate management, he is thoroughly familiar with corporate legal affairs as an attorney and has provided appropriate advice at the Company's Board of Directors meetings based on his experience of being an outside director and outside auditor at listed companies. We expect him to provide appropriate advice on compliance and governance, etc. At the conclusion of this General Meeting of Shareholders, his tenure as an Outside Director of the Company will have been six years. He has entered into a contract as consulting attorney with the Company. However, the amount of compensation is insignificant, and this contract does not compromise his independence. In addition, if his election is approved, the Company plans for him to be involved in advising on the selection of candidates for executives of the Company, executive remuneration, etc. from a neutral and objective standpoint as a member of the Nomination and Compensation Advisory Committee.			

No.	Name (Date of birth)	Career summary, position and responsibilities of the Company	Number of the Company's shares owned
5	<p>Reelection Outside Independent Nomination and Compensation</p> <p>Yoshiro Nagashima (April 7, 1952)</p> <p>Tenure 5 years Attendance to the Board of Directors meetings 13/13</p>	<p>Apr. 1975      Joined The Mitsubishi Bank, Ltd. (currently MUFG Bank, Ltd.)</p> <p>May 2002      Regional Director, Toranomom Branch Office, MUFG Bank, Ltd.</p> <p>June 2004      Representative Director and President, Tokyo Diamond Collection Service Co., Ltd. (currently MU Frontier Servicer Co., Ltd.)</p> <p>Oct. 2005      Representative Director and Deputy President, MU Frontier Servicer Co., Ltd.</p> <p>June 2009      Standing Auditor, NIPPON CARBIDE INDUSTRIES CO., INC.</p> <p>June 2016      Outside Director, the Company (current position)</p> <p>June 2018      Outside Director, ZENKOKU HOSHO Co., Ltd. (current position)</p> <p>Significant concurrent positions outside the Company Outside Director, ZENKOKU HOSHO Co., Ltd.</p>	1,275
<p>Reasons for nomination as candidate for Outside Director and expected roles</p> <p>We recommend the reelection of Yoshiro Nagashima as an Outside Director because he has provided appropriate advice at the Company's Board of Directors meetings based on his experience as a corporate auditor and outside director at listed companies in addition to his experience as a corporate manager. We expect him to provide appropriate advice on business strategy, financial strategy, etc.</p> <p>At the conclusion of this General Meeting of Shareholders, his tenure as an Outside Director of the Company will have been five years.</p> <p>In addition, if his election is approved, the Company plans for him to be involved in advising on the selection of candidates for executives of the Company, executive remuneration, etc. from a neutral and objective standpoint as a member of the Nomination and Compensation Advisory Committee.</p>			

No.	Name (Date of birth)	Career summary, position and responsibilities of the Company		Number of the Company's shares owned
6	<p>New election Outside Independent Nomination and Compensation</p> <p>Yayoi Ito (March 1, 1964)</p>	<p>Apr. 1986</p> <p>July 1988</p> <p>Apr. 2008</p> <p>Apr. 2016</p> <p>Feb. 2017</p> <p>Apr. 2018</p> <p>May 2019</p> <p>Nov. 2020</p> <p>Apr. 2021</p>	<p>Joined NIPPON TELEGRAPH AND TELEPHONE CORPORATION</p> <p>Joined NTT DATA Communications Systems Corporation (currently NTT DATA Corporation)</p> <p>Head, Business Planning Promotion Office, Headquarter of Public System Business, NTT DATA Corporation</p> <p>Joined Microsoft Japan Co., Ltd. Senior Business Development Manager, Headquarter of Enterprise Partner Sales Division</p> <p>Joined YAMATO HOLDINGS CO., LTD. General Manager, Digital Innovation Promotion Office</p> <p>General Manager, Information Technology Strategy Department, YAMATO HOLDINGS CO., LTD.</p> <p>Joined UNIZO Holdings Company, Limited Managing Executive Officer</p> <p>Joined SG SYSTEMS CO.,LTD. Executive Officer, in charge of Corporate Planning (current position)</p>	-
		<p>Reasons for nomination as candidate for Outside Director and expected roles</p> <p>We recommend the election of Yayoi Ito as an Outside Director because, although she has not been involved in corporate management, she has extensive experience and insight regarding corporate planning and ICT. We expect her to provide appropriate advice to the Company's management on promoting digital transformation (DX). In addition, if her election is approved, the Company plans for her to be involved in advising on the selection of candidates for executives of the Company from a neutral and objective standpoint as a member of the Nomination and Compensation Advisory Committee.</p> <p>There are no business transactions conducted between the Company and SG SYSTEMS CO.,LTD.</p>		
7	<p>Reelection</p> <p>Hisataka Mori (June 15, 1960)</p> <p>Tenure 5 years Attendance to the Board of Directors meetings 13/13</p>	<p>Apr. 1983</p> <p>Apr. 2014</p> <p>Apr. 2016</p> <p>June 2016</p> <p>Apr. 2018</p> <p>June 2018</p> <p>Apr. 2019</p>	<p>Joined the Company</p> <p>Executive Officer and Branch Manager, Chubu Branch Office, the Company</p> <p>Executive Officer and Deputy Senior General Manager, Kansai District Office, the Company</p> <p>Director and General Manager, Management Strategy Office, the Company</p> <p>Director and General Manager, Business Promotion Office, the Company</p> <p>Director, Executive Officer, and General Manager, Business Promotion Office, the Company</p> <p>Director, Executive Officer, and Branch Manager, Kyushu Branch Office, the Company (current position)</p>	19,666
		<p>Reasons for nomination as candidate for Director</p> <p>Hisataka Mori has extensive experience in the Company's businesses and has demonstrated outstanding balanced judgment while heading our corporate planning functions as a Director. We recommend his reelection as a Director because his broad knowledge and experience are essential to the Company's sustainable growth.</p>		

No.	Name (Date of birth)	Career summary, position and responsibilities of the Company		Number of the Company’s shares owned
8	Reelection  Shinsuke Saito (May 24, 1958)  Tenure 4 years Attendance to the Board of Directors meetings 13/13	Apr. 1981 Apr. 2008 Apr. 2009 Apr. 2014 Apr. 2017 June 2017 Apr. 2019	Joined Mitsubishi Electric Corporation Deputy General Manager, Chubu Branch Office, Mitsubishi Electric Corporation General Manager, Shikoku Branch Office, Mitsubishi Electric Corporation General Manager, Kyushu Branch Office, Mitsubishi Electric Corporation Joined the Company Director in charge of Transportation Division, the Company Director, Executive Officer, and Senior General Manager, Transportation Division, the Company (current position)	21,666
	Reasons for nomination as candidate for Director Shinsuke Saito possesses extensive sales experience and achievements in the electronics field, having served in such posts as General Manager of branch offices at Mitsubishi Electric Corporation. In addition, he has contributed significantly to the growth of the Company’s business based on that broad experience. We recommend his reelection as a Director because his knowledge and skills are essential to the Company’s sustainable growth.			
9	Reelection Nomination and Compensation  Hironori Saigusa (August 14, 1961)  Tenure 2 years Attendance to the Board of Directors meetings 13/13	Apr. 1985 Apr. 2005 Apr. 2013 Apr. 2015 Apr. 2016 Apr. 2018 June 2019 Oct. 2020	Joined the Company General Manager, Device Sales Department, Semiconductor & Device Division, the Company General Manager, Legal Affair Division, and General Manager, Export Administration Division, the Company Branch Manager, Kita-Kanto Branch Office, Factory Automation Division, the Company Executive Officer and General Manager, General Affairs and Personnel Office, the Company Executive Officer and Senior General Manager, Administration Head Office, the Company Director, Executive Officer, and Senior General Manager, Administration Head Office, the Company Director in charge of Internal Auditing Division, the Company (current position)	17,866
	Reasons for nomination as candidate for Director Hironori Saigusa has extensive experience in the Company’s businesses and has served as manager of administrative divisions. We recommend his reelection as a Director because we believe he possesses balanced judgment and that he is essential to the Company’s sustainable growth.			

- Notes:
1. There is no special interest between each candidate and the Company.
  2. The number of the Company's shares owned by each candidate includes those owned through the executive stock ownership program. (Fractional amounts of less than one share have been omitted.)
  3. Takeshi Jin, Yoshiro Nagashima and Yayoi Ito are candidates for Outside Directors.
  4. Takeshi Jin and Yoshiro Nagashima, candidates for Outside Director, satisfy the criteria for being an Independent Director as determined by the Tokyo Stock Exchange, Inc. The Company has therefore submitted an Independent Director Notification with the TSE to register them as Independent Directors. If their reelection is approved, they will continue to be independent Directors.
  5. Yayoi Ito, a candidate for Outside Director, satisfy the criteria for being an Independent Director as determined by the Tokyo Stock Exchange, Inc. If her election is approved, she will be an independent Director.
  6. The composition of the Nomination and Compensation Advisory Committee is the composition (planned) after this General Meeting of Shareholders.
  7. Yayoi Ito, a candidate for Outside Director, is scheduled to assume the office of outside director of SUMIKEN MITSUI ROAD CO.,LTD. at the conclusion of that company's annual general meeting of shareholders to be held on June 29, 2021.

8. The Company has entered into a directors and officers liability insurance policy as provided for in Article 430-3, paragraph (1) of the Companies Act with an insurance company. The policy covers losses, such as amount of indemnification and court costs, incurred in cases where an insured receives claims for damages from shareholders, a third party, etc. The candidates are included as insureds in the policy. In addition, when the policy is renewed, the Company plans to renew the policy with the same terms.



(Reference)

With regard to the composition of Directors, the Company selects individuals with extensive experience and knowledge in various fields, and seeks to improve the functioning of the Board of Directors, etc.

The main areas of specialist experience for the candidates for Directors are as follows.

No.	Name (Age)	Tenure (year)	Position and responsibilities	Main areas of specialist experience of the candidates									
				Management	Planning	Sales	Technology	Accounting & finance	Legal affairs	Auditing	Global	Human resources	ICT
1	Nobuyuki Motohashi (63)	6	President (Representative Director)	•	•	•	•			•	•		
2	Futoshi Moriya (58)	1	Director Executive Officer (Senior General Manager, Kansai District Office)	•	•	•	•				•		
3	Akio Iguchi (63)	3	Director Executive Officer (Senior General Manager, Business Management Office)	•	•	•	•						
4	Takeshi Jin (83)	6	Director (Outside)						•	•			
5	Yoshiro Nagashima (69)	5	Director (Outside)	•	•	•		•		•			
6	Yayoi Ito (57)	-			•		•					•	•
7	Hisataka Mori (60)	5	Director Executive Officer (Branch Manager, Kyushu Branch Office)	•	•	•	•				•		•
8	Shinsuke Saito (63)	4	Director Executive Officer (Senior General Manager, Transportation Division)	•	•	•							
9	Hironori Saigusa (59)	2	Director (In charge of Internal Auditing Division)	•		•		•	•	•	•	•	•

## Proposal 2: Election of Two (2) Substitute Audit & Supervisory Board Members

The Company would like to recommend the election of two (2) candidates for the position of Substitute Audit & Supervisory Board Member, in order to avoid a situation in which it may not have the legally required number of Audit & Supervisory Board Members.

The candidates for the position of Substitute Audit & Supervisory Board Member are listed below. Yukiharu Nagase is the candidate for substitute for Outside Audit & Supervisory Board Member Kozo Yamamura, and Akira Takeuchi is the candidate for substitute for Outside Audit & Supervisory Board Member Yutaka Nomiya.

The Audit & Supervisory Board has already given its consent to this proposal.

No.	Name (Date of birth)	Career summary and position of the Company	Number of the Company's shares owned
1	Yukiharu Nagase (October 25, 1970)	<p>Apr. 1993      Joined Mitsubishi Electric Corporation</p> <p>Apr. 2016      Manager, Corporate Administration Section, Corporate Administration Division, Kanagawa Branch Office, Mitsubishi Electric Corporation</p> <p>Apr. 2020      Manager, Compliance Group, Compliance Department, Corporate Marketing Group, Mitsubishi Electric Corporation (current position)</p>	-
<p>Reasons for nomination as candidate for Substitute Outside Audit &amp; Supervisory Board Member</p> <p>We recommend the election of Yukiharu Nagase as a Substitute Outside Audit &amp; Supervisory Board Member because, even though he has not been involved in corporate management, he has considerable knowledge and experience of corporate auditing through the supervision of group companies in his capacity as Manager of Compliance Department of Mitsubishi Electric Corporation's Corporate Marketing Group.</p> <p>It should be noted that the Company has business transactions with Mitsubishi Electric Corporation, and Mitsubishi Electric owns 26.85% of the Company's shares, excluding treasury shares.</p>			
2	Akira Takeuchi (April 19, 1961)	<p>Apr. 1984      Joined The Mitsubishi Bank, Ltd. (currently MUFG Bank, Ltd.)</p> <p>Sept. 2011      Branch Manager, Shinjuku Chuo Branch, The Mitsubishi Bank, Ltd.</p> <p>Sept. 2013      Joined TERAOKA SEISAKUSHO CO., LTD.</p> <p>Apr. 2014      General Manager, Accounting Division, TERAOKA SEISAKUSHO CO., LTD.</p> <p>Apr. 2017      General Manager, Management Planning Office, TERAOKA SEISAKUSHO CO., LTD.</p> <p>Apr. 2019      General Manager, Management Planning Office, and General Manager, Audit Office, TERAOKA SEISAKUSHO CO., LTD.</p> <p>Apr. 2021      General Manager, Management Planning Office, TERAOKA SEISAKUSHO CO., LTD. (current position)</p>	-
<p>Reasons for nomination as candidate for Substitute Outside Audit &amp; Supervisory Board Member</p> <p>We recommend the election of Akira Takeuchi as a Substitute Outside Audit &amp; Supervisory Board Member in view of his broad knowledge of finance and accounting gained from key positions at administrative section of TERAOKA SEISAKUSHO CO., LTD., as well as his long years of experience at financial institutions, even though he has not been involved in corporate management.</p> <p>Although the Company has a business relationship with TERAOKA SEISAKUSHO CO., LTD., the amount of business transactions is very small and the Company deems that there are no concerns over the independence of the candidate.</p>			

- Notes:
1. There is no special interest between each candidate and the Company.
  2. Yukiharu Nagase and Akira Takeuchi are candidates for Substitute Outside Audit & Supervisory Board Members.
  3. Yukiharu Nagase, candidate for Substitute Outside Audit & Supervisory Board Member, has been a person executing business of Mitsubishi Electric Corporation, a Specific Related Business, for the past 10 years. He has received compensation as an employee of Mitsubishi Electric Corporation for the past two years and he plans on doing the same in the future.
  4. Akira Takeuchi, candidate for Substitute Outside Audit & Supervisory Board Member, satisfies the criteria for being an Independent Director/Auditor as determined by the Tokyo Stock Exchange, Inc. If he assumes the office of Outside Audit & Supervisory Board Member, the Company plans to submit an Independent Director/Auditor Notification with the TSE to register him as Independent Auditor.

5. The Company has entered into a directors and officers liability insurance policy as provided for in Article 430-3, paragraph (1) of the Companies Act with an insurance company. The policy covers losses, such as amount of indemnification and court costs, incurred in cases where an insured receives claims for damages from shareholders, a third party, etc. If the candidates assume the office of Audit & Supervisory Board Member, they will be included as insureds in the policy. In addition, when the policy is renewed, the Company plans to renew the policy with the same terms.

**Proposal 3:** Partial Revision of Remuneration for Granting Restricted Shares to Directors (excluding Outside Directors)

At the 162nd Ordinary General Meeting of Shareholders held on June 28, 2012, the amount of remuneration etc. for the Company's Directors was approved at ¥300 million per annum or less (excluding employee salaries and bonuses of Directors who concurrently serve as employees). In addition, at the 168th Ordinary General Meeting of Shareholders held on June 20, 2018, the provision of remuneration for the allotment of restricted shares to Directors (excluding Outside Directors) of the Company (hereinafter, "Eligible Directors"), separately from the abovementioned remuneration framework, was resolved. The total value of monetary remuneration claims provided for the allotment of restricted shares to Directors shall be ¥50 million per annum or less (excluding employee salaries and bonuses of Directors who concurrently serve as employees), and the total number of common shares of the Company issued or disposed of under this plan shall be 100,000 shares per year or less.

The Company seeks the approval of the shareholders to make revisions to the Remuneration Plan for a manner of the allotment of restricted shares in (i) below, the incorporation of (a) and (b) below in (ii) and other necessary revisions.

In order to provide even further incentive for Eligible Directors to sustainably increase the Company's corporate value and to further promote shared values between Directors and shareholders, and also, because Article 202-2, paragraph (1) of the revised Companies Act, which will take effect on March 1, 2021, stipulates for a method that does not require payment of money or the provision of property contributed in kind when calling for persons to subscribe to shares of a listed company issued by such company as remuneration, etc. for directors, the Company proposes,

- (i) to allow the allotment of restricted shares in a manner that does not require the payment of money or the provision of property contributed in kind, and
- (ii) to make revisions regarding the restricted shares allotted to Eligible Directors, changing from a situation where Transfer Restrictions are lifted "depending on whether or not the Company has achieved the management target figures, set in advance at a meeting of the Board of Directors for each medium-long-term management plan," to where the following two situations coexist:
  - (a) Transfer Restrictions are lifted "depending on whether or not the Company has achieved the management target figures, set in advance at a meeting of the Board of Directors for each medium-long-term management plan" (hereinafter, "performance-based restricted share remuneration"), and
  - (b) Transfer Restrictions are lifted "on the condition that the Eligible Director has continuously served as a Director of the Company or in any other position determined by the Board of Directors of the Company during the restriction period" (hereinafter, "service-based restricted share remuneration"), and other necessary revisions.

The number of Directors is currently nine (9) (including two (2) outside Directors). Subject to the approval and adoption of Proposal 1 as originally proposed, the number of Directors will be nine (9) (including three (3) outside Directors).

1. Payment, etc. in relation to the issuance or disposal of restricted shares  
The allotment of restricted shares shall, in accordance with this proposal be made by issuing or disposing of common shares of the Company without requiring payment of money or the provision of property contributed in kind as remuneration, etc. to the Eligible Directors.
2. Maximum amount and maximum number of restricted shares to be allotted to Eligible Directors  
The total amount of common shares of the Company to be issued or disposed of as restricted shares pursuant to this proposal shall be no more than ¥30 million per year for "performance-based restricted share remuneration" and no more than ¥30 million per year for "service-based restricted share remuneration," for a total of no more than ¥50 million per year. The total number of common shares of the Company to be issued or disposed of as a result of the above shall be no more than 60,000 shares per year for "performance-based restricted share remuneration" and no more than 60,000 shares per year for "service-based restricted share remuneration," for a total of 100,000 shares per year or less (however, if, on or after the day on which this proposal is approved and adopted, the Company performs a share split (including allotment of shares without contribution) or a reverse

share split of its common shares, or any other reason arises necessitating an adjustment to the total number of common shares of the Company issued or disposed of for the purposes of restricted shares, the relevant total number shall be reasonably adjusted). The Board of Directors will decide on the specific allotment to each Eligible Director.

Upon the allotment of restricted shares, common shares will be issued or treasury stock shall be disposed of as compensation, etc., to the Company's Directors, and no cash payment, etc., will be required. However, the amount of remuneration for each Eligible Director shall be calculated based on the closing price of the Company's common stock on the Tokyo Stock Exchange on the business day immediately preceding the date of the resolution of each Board of Directors meeting (or the closing price of the immediately preceding business day if no trading is conducted on the same day).

3. Outline of the performance-based restricted shares to be allotted to Eligible Directors

In allotting performance-based restricted shares under this proposal, the Company and the Eligible Directors shall enter into an allotment agreement for restricted shares (hereinafter, "Allotment Agreement 1") that includes the following details.

- (1) During the restriction period, Eligible Directors shall not transfer, create a security interest on, or otherwise dispose of the common shares of the Company allotted under the Allotment Agreement 1 (hereinafter, the "Allotted Shares 1"). (Hereinafter, the "Transfer Restriction 1")

The restriction period shall be determined by the Board of Directors at between one year and five years, so as to match the period of the medium-long-term management plan.

- (2) Depending on the level of achievement of the management target figures, set in advance at a meeting of the Board of Directors for each medium-long-term management plan, the Transfer Restriction 1 on all or part of the Allotted Shares 1 shall be lifted when the restriction period expires, and following that, Eligible Directors may freely transfer the Allotted Shares 1 for which the Transfer Restriction 1 has been lifted.
- (3) If an Eligible Director loses the position of Director of the Company before the restriction period expires, the Company shall automatically acquire such Allotted Shares 1 without contribution, except in cases where the Company's Board of Directors deems there to be reasonable justification for the loss of position. Conversely, if the Company's Board of Directors believes there to be reasonable justification, in the event that a Director of the Company loses their position, the Transfer Restriction 1 on all or part of the Allotted Shares 1 shall be lifted at the point at which the restriction period expires.
- (4) The Company shall automatically acquire without contribution the Allotted Shares 1 on which the Transfer Restriction 1 has not been lifted in accordance with the provisions of (2) and (3) above at the expiration of the restriction period.
- (5) If, during the restriction period, matters relating to a merger agreement in which the Company is the disappearing company, a share exchange agreement or share transfer plan in which the Company becomes a wholly owned subsidiary, or other reorganization, etc. are approved at the Company's General Meeting of Shareholders (or at a meeting of its Board of Directors in cases where approval at the Company's General Meeting of Shareholders is not required in relation to the reorganization, etc.), the Company shall, by resolution of the Board of Directors of the Company, prior to the effective date of such reorganization, etc., lift the Transfer Restriction 1 for all of the Allotted Shares 1 held by the Eligible Directors on the date of approval of such organizational restructuring, etc.
- (6) In the case stipulated in (5) above, the Company shall automatically acquire without contribution the Allotted Shares 1 on which the Transfer Restriction 1 has not yet been lifted at the time immediately after the Transfer Restriction 1 is lifted in accordance with the provisions of (5) above.
- (7) Other than the items (1) to (6) above, the method for expressing intentions and giving notifications in the Allotment Agreement 1, the method for amending the Allotment Agreement 1, and other matters to be determined by the Board of Directors shall be stipulated in the Allotment Agreement 1.

4. Outline of the service-based restricted shares to be allotted to Eligible Directors

In allotting service-based restricted shares under this proposal, the Company and the Eligible Directors shall enter into an allotment agreement for restricted shares (hereinafter, "Allotment Agreement 2") that includes the following details.

- (1) During the restriction period, Eligible Directors shall not transfer, create a security interest on, or otherwise dispose of the common shares of the Company allotted under the Allotment Agreement 2 (hereinafter, the “Allotted Shares 2”). (Hereinafter, the “Transfer Restriction 2”)  
The restriction period shall be determined by the Board of Directors at between one year and five years.
- (2) If an Eligible Director loses the position of Director of the Company or any other position determined by the Board of Directors of the Company before the restriction period expires, the Company shall automatically acquire such Allotted Shares 2 without contribution, except in cases where the Company’s Board of Directors deems there to be reasonable justification for the loss of position.
- (3) The Company shall lift the Transfer Restriction 2 on all of the Allotted Shares 2 upon expiration of the restriction period, on the condition that the Eligible Director has continuously served as a Director of the Company or in any other position determined by the Board of Directors of the Company during the restriction period. However, if the Eligible Director loses any of the positions stipulated in (2) above before the expiration of the restriction period for reasons that the Company’s Board of Directors deems justifiable as stipulated in (2) above, the number of the Allotted Shares 2 to be released from the Transfer Restriction 2 and the time of release of the Transfer Restriction 2 shall be reasonably adjusted as necessary.
- (4) The Company shall automatically acquire without contribution the Allotted Shares 2 on which the Transfer Restriction 2 has not been lifted in accordance with the provisions of (3) above at the expiration of the restriction period.
- (5) If, during the restriction period, matters relating to a merger agreement in which the Company is the disappearing company, a share exchange agreement or share transfer plan in which the Company becomes a wholly owned subsidiary, or other reorganization, etc. are approved at the Company’s General Meeting of Shareholders (or at a meeting of its Board of Directors in cases where approval at the Company’s General Meeting of Shareholders is not required in relation to the reorganization, etc.), prior to the effective date of such reorganization, etc., the Company shall lift the Transfer Restriction 2 by a resolution of the Board of Directors of the Company for all of the Allotted Shares 2 held by Eligible Directors on the date at which the reorganization, etc. is approved.
- (6) In the case stipulated in (5) above, the Company shall automatically acquire without contribution the Allotted Shares 2 on which the Transfer Restriction 2 has not been lifted at the time immediately after the Transfer Restriction 2 is lifted in accordance with the provisions of (5) above.
- (7) Other than the items (1) to (6) above, the method for expressing intentions and giving notifications in the Allotment Agreement 2, the method for amending the Allotment Agreement 2, and other matters to be determined by the Board of Directors shall be stipulated in the Allotment Agreement 2.

The Company established a policy for determining the details of remuneration, etc. for each individual Director at the Board of Directors meeting held on February 25, 2021. The Company plans to change this policy so that it is aligned with this proposal, subject to the approval of this proposal. In addition, as stated above, the Company has determined that the allotment of Allotted Shares 1 and Allotted Shares 2 is reasonable because the amount of the value of the Allotted Shares 1 and Allotted Shares 2, evaluated at the market price as of the date of the resolution of the Board of Directors regarding the allotment is within the upper limit of the annual amount stated above (¥50 million or less in total) and the dilution rate is insignificant.