

Securities Code: 8051

June 2, 2021

To our shareholders:

Yuji NAGAO
Representative Director and President
YAMAZEN CORPORATION
2-3-16 Itachibori, Nishi-ku, Osaka

Notice of the 75th Annual General Meeting of Shareholders

We are pleased to announce the 75th Annual General Meeting of Shareholders of YAMAZEN CORPORATION (the “Company”), which will be held as stated below.

In the interests of preventing the spread of COVID-19, we request that all shareholders refrain from visiting the venue on the day of the general meeting of shareholders and instead exercise their voting rights in advance in writing or via the Internet. Please consider the Reference Documents for General Meeting of Shareholders below and exercise your voting rights no later than 5:30 p.m. on Wednesday, June 23, 2021 (JST).

- 1. Date and Time:** Thursday, June 24, 2021 at 10:00 a.m. (JST)
- 2. Venue:** 7th floor conference room in the Head Office of YAMAZEN CORPORATION
2-3-16 Itachibori, Nishi-ku, Osaka

3. Purpose of the Meeting

Matters to be reported:

- 1. Business Report, Consolidated Financial Statements for the 75th fiscal year (April 1, 2020 to March 31, 2021) and results of audits by the Accounting Auditor and the Audit and Supervisory Committee of the Consolidated Financial Statements.
- 2. Non-consolidated Financial Statements for the 75th fiscal year (April 1, 2020 to March 31, 2021)

Matters to be resolved:

- Proposal No. 1** Election of Seven Directors (Excluding Directors Who Are Audit and Supervisory Committee Members)
- Proposal No. 2** Election of One Substitute Director Who Is an Audit and Supervisory Committee Member
- Proposal No. 3** Re-establishment of the Performance-linked Share-based Remuneration Plan for Directors and Other Officers in Accordance with the Revision of the Companies Act

Reference Documents for General Meeting of Shareholders

Proposals and Reference Information

Proposal No. 1 Election of Seven Directors (Excluding Directors Who Are Audit and Supervisory Committee Members)

At the conclusion of this meeting, the terms of office of all eight Directors (excluding Directors who are Audit and Supervisory Committee Members; applicable to the rest of this proposal) will expire. Therefore, the Company will reduce the number of Directors by one to speed up the decision-making, and it proposes the election of seven Directors, including two outside Directors.

In addition, as a result of an examination, the Audit and Supervisory Committee judged that the candidate in this proposal is qualified.

The candidates for Director are as follows:

Candidate No.	Name	Candidate Attributes	Position and Responsibility in the Company	Years as Director (as of the Conclusion of this Meeting)	Attendance at Meetings of the Board of Directors in FY2020
1	Yuji NAGAO	Reelection	Representative Director, President & CEO	7 years	13/13 (100%)
2	Kimihisa SASAKI	Reelection	Representative Director, Executive Officer; President of General Sales H.Q.	1 year	10/10 (100%)
3	Masamichi YAMAZOE	Reelection	Director and Executive Officer; CIO, President of Corporate Planning H.Q. and CFO, President of Administration H.Q.	3 years	13/13 (100%)
4	Kenji GOSHI	Reelection	Director and Executive Officer; President of Industrial Tools & Equipment Division H.Q.	4 years	13/13 (100%)
5	Koji KISHIDA	Reelection	Director and Executive Officer; Vice President of General Sales H.Q. (in charge of overseas business); President of Total Factory Solutions Division H.Q. and General Manager of the International Department, Machine Tools Division H.Q.	3 years	13/13 (100%)
6	Hirofumi ISEKI	Reelection Outside Independent Officer	Outside Director	3 years	13/13 (100%)
7	Atsuko SUZUKI	Reelection Outside Independent Officer	Outside Director	1 year	10/10 (100%)

- Notes:
1. In addition to the number of meetings listed under “Attendance at Board of Directors meetings” above, there was one written resolution deemed to have been adopted by the Board of Directors based on the provisions of Article 370 of the Companies Act and Article 26 of the Articles of Incorporation of the Company.
 2. Since Kimihisa SASAKI and Atsuko SUZUKI were newly elected as Directors at the 74th Annual General Meeting of Shareholders (June 25, 2020), their attendance numbers are different from those of other Directors.
 3. The Company has entered into a liability insurance contract with an insurance company for officers, etc. as stipulated in Article 430-3, paragraph 1 of the Companies Act. This insurance policy covers the costs of disputes and damages incurred by the insured due to third party lawsuits, shareholder representative lawsuits, corporate lawsuits, etc., and the Company bears the full amount of all insurance premiums for the insured. Each candidate for Director to be considered in this proposal is already insured under the policy and will continue to be included in the policy if the candidate’s

reappointment is approved. In addition, when the policy is renewed, the Company plans to renew the policy with the same terms.

Candidate No.	Name (Date of birth)	Career summary, position and responsibility in the Company, and significant concurrent positions outside the Company		Number of the Company's shares owned
1	Reelection Yuji NAGAO (December 25, 1954) [Years as Director (as of the conclusion of this meeting)] 7 years [Attendance at Board of Directors meetings] 13/13 (100%)	Apr. 1977	Joined the Company	41,200 shares
		Apr. 2011	Vice President; Vice President of Housing Equipment & Materials Division H.Q.	
		Apr. 2012	Vice President; Vice President of Housing Equipment & Materials Division H.Q. and General Manager in charge of Higashi Nippon Region	
		Apr. 2013	Senior Vice President; President of Housing Equipment & Materials Division H.Q. and General Manager in charge of Nishi Nippon Region	
		Apr. 2014	Senior Vice President; President of Housing Equipment & Materials Division H.Q.	
		June 2014	Director and Senior Vice President	
		Apr. 2015	Managing Director and Senior Vice President	
		Apr. 2016	Director and Executive Officer; President of Production Equipment	
		Apr. 2017	Representative Director, President & CEO (to present)	
		[Reasons for nomination as candidate for Director] Currently, Yuji NAGAO governs the Company and the Group as Representative Director and President of the Company, and exhibits strong leadership in executing the medium-term management plan, which is at the core of the Group's management based on his abundant experience. Taking into account the above facts, the Company determined that he is capable of contributing to the future enhancement of the Group's corporate value, and proposes that he again be elected as Director. [Special interests] There is no special interest between Yuji NAGAO and the Company.		
2	Reelection Kimihisa SASAKI (January 25, 1957) [Years as Director (as of the conclusion of this meeting)] 1 year [Attendance at Board of Directors meetings] 10/10 (100%)	Apr. 1980	Joined the Company	21,500 shares
		Apr. 2013	Vice President; Vice President of Osaka Regional H.Q.	
		Apr. 2015	Senior Vice President	
		Apr. 2016	Corporate Officer	
		Apr. 2017	Executive Officer; President of Osaka Regional H.Q.	
		Jun. 2017	Director and Executive Officer	
		Apr. 2018	Director and Executive Officer; President of Osaka Regional H.Q.	
		Jun. 2019	Resigned as Director Executive Officer	
		Apr. 2020	Executive Officer; President of General Sales H.Q. (to present)	
		Jun. 2020	Director	
Apr. 2021	Representative Director (to present)			
[Reasons for nomination as candidate for Director] Kimihisa SASAKI possesses abundant experience and a broad insight gained through his services as a supervisor of the General Sales H.Q. in control of all Company business operations, and in directing the general management of the General Sales H.Q. He currently serves as Representative Director of the Company. Taking into account the above facts, the Company determined that he is capable of contributing to the future enhancement of the Group's corporate value, and proposes that he again be elected as Director. [Special interests] There is no special interest between Kimihisa SASAKI and the Company.				

Candidate No.	Name (Date of birth)	Career summary, position and responsibility in the Company, and significant concurrent positions outside the Company		Number of the Company's shares owned
3	Reelection Masamichi YAMAZOE (March 10, 1960) [Years as Director (as of the conclusion of this meeting)] 3 years [Attendance at Board of Directors meetings] 13/13 (100%)	Apr. 1982 Apr. 2015 Apr. 2016 Apr. 2017 Nov. 2017 Apr. 2018 Jun. 2018 Apr. 2020	Joined the Company Vice President; General Manager of Legal & Credit Department of Administration H.Q. Corporate Officer; General Manager of International Administration Department of Administration H.Q. Corporate Officer; Vice President of Administration H.Q. and General Manager of International Administration Department Corporate Officer; President of Administration H.Q. Executive Officer; CFO Director and Executive Officer Director and Executive Officer; CIO, President of Corporate Planning H.Q. and CFO, President of Administration H.Q. (to present)	16,100 shares
	[Reasons for nomination as candidate for Director] Masamichi YAMAZOE possesses abundant experience and broad insight gained through his services as a supervisor of domestic and overseas legal affairs sections and current responsibility as a supervisor of the Corporate Planning H.Q. and Administration H.Q. Taking into account the above facts, the Company determined that he is capable of contributing to the future enhancement of the Group's corporate value, and proposes that he again be elected as Director. [Special interests] There is no special interest between Masamichi YAMAZOE and the Company.			
4	Reelection Kenji GOSHI (August 23, 1958) [Years as Director (as of the conclusion of this meeting)] 4 years [Attendance at Board of Directors meetings] 13/13 (100%)	Apr. 1982 Apr. 2013 Apr. 2014 Apr. 2016 Apr. 2017 Jun. 2017 Apr. 2018 Apr. 2020	Joined the Company Vice President; General Manager of Planning Department, Marketing Administrative Division of Industrial Tools & Equipment Division H.Q. Vice President; Vice President of Industrial Tools & Equipment Division H.Q., President of Marketing Administrative Division and General Manager of Planning Department Corporate Officer; Vice President of Industrial Tools & Equipment Division H.Q. (in charge of Japan), General Manager of Strategy Administrative Division of Production Equipment and General Manager of Business Promotion Department Executive Officer; CIO, President of Corporate Planning H.Q. and General Manager of Strategy Administrative Division of Production Equipment Director and Executive Officer Director and Executive Officer; President of Corporate Planning H.Q. Director and Executive Officer; President of Industrial Tools & Equipment Division H.Q. (to present)	18,700 shares
	[Reasons for nomination as candidate for Director] Kenji GOSHI possesses abundant experience and a broad insight gained through his services as a supervisor of the Corporate Planning H.Q. and current responsibility as a supervisor of the Industrial Tools & Equipment Division H.Q. Taking into account the above facts, the Company determined that he is capable of the formulation and promotion of future business strategies, and proposes that he again be elected as Director. [Special interests] There is no special interest between Kenji GOSHI and the Company.			

Candidate No.	Name (Date of birth)	Career summary, position and responsibility in the Company, and significant concurrent positions outside the Company	Number of the Company's shares owned
5	<p>Reelection</p> <p>Koji KISHIDA (September 2, 1960)</p> <p>[Years as Director (as of the conclusion of this meeting)] 3 years</p> <p>[Attendance at Board of Directors meetings] 13/13 (100%)</p>	<p>Apr. 1983 Joined the Company</p> <p>Apr. 2016 Corporate Officer; Vice President of Machine Tools Division H.Q. (in charge of overseas business), General Manager of International Department and President of YAMAZEN (KOREA) LTD.</p> <p>Oct. 2016 Corporate Officer; Vice President of Machine Tools Division H.Q. (in charge of overseas business) and President of YAMAZEN (KOREA) LTD.</p> <p>Apr. 2018 Executive Officer; President of Production Equipment Business H.Q.</p> <p>Jun. 2018 Director and Executive Officer</p> <p>Apr. 2020 Director and Executive Officer; Vice President of General Sales H.Q. (in charge of overseas business) and General Manager of the International Department, Machine Tools Division H.Q.</p> <p>Apr. 2021 Director and Executive Officer; Vice President of General Sales H.Q. (in charge of overseas business); President of Total Factory Solutions Division H.Q. and General Manager of the International Department, Machine Tools Division H.Q. (to present)</p>	14,200 shares
<p>[Reasons for nomination as candidate for Director] Koji KISHIDA currently serves as Vice President of the General Sales H.Q. in control of all Company business operations, and possesses abundant experience and a proven track record in relation to overseas businesses. Taking into account the above facts, the Company determined that he is capable of contributing to bolstering the global functions of the General Sales H.Q., and proposes that he again be elected as Director.</p> <p>[Special interests] There is no special interest between Koji KISHIDA and the Company.</p>			

Candidate No.	Name (Date of birth)	Career summary, position and responsibility in the Company, and significant concurrent positions outside the Company		Number of the Company's shares owned
6	<p>Reelection Outside Independent Officer</p> <p>Hirofumi ISEKI (September 30, 1947)</p> <p>[Years as Director (as of the conclusion of this meeting)] 3 years</p> <p>[Attendance at Board of Directors meetings] 13/13 (100%)</p>	<p>Apr. 1972</p> <p>Jun. 2002</p> <p>Jun. 2006</p> <p>Jun. 2010</p> <p>Jan. 2011</p> <p>Apr. 2015</p> <p>Jun. 2016</p> <p>Jun. 2018</p> <p>(Significant concurrent positions outside the Company)</p> <p>Not applicable</p>	<p>Joined The Daiwa Bank, Ltd. (currently Resona Bank, Limited)</p> <p>Full-time Audit & Supervisory Board Member (resigned in June 2006)</p> <p>Full-time Audit & Supervisory Board Member of Osaka Kiko Co., Ltd. (currently OKK Corporation)</p> <p>Director and Senior Managing Executive Officer</p> <p>Representative Director and President</p> <p>Director and Chairman</p> <p>Advisor (resigned in June 2017)</p> <p>Outside Director of the Company (to present)</p>	0 share
	<p>[Reasons for nomination as candidate for outside Director and overview of expected roles]</p> <p>Hirofumi ISEKI possesses keen insight and abundant experience gained through his service as a representative director and president at another company. The Company determines that it can be expected that his pertinent advice on matters concerning the overall management of the Company will improve the effectiveness of the decision-making and supervisory functions of the Board of Directors, and further enhance corporate governance for the Group, and propose that he again be elected as outside Director of the Company.</p> <p>[Special interests]</p> <p>There is no special interest between Hirofumi ISEKI and the Company.</p> <p>Notes: 1. Hirofumi ISEKI is a candidate for outside Director. Furthermore, he satisfies the requirements for an independent officer as provided for by the Tokyo Stock Exchange, and the Company has submitted notification to the aforementioned exchange concerning his appointment as an independent officer.</p> <p>2. Hirofumi ISEKI served as Representative Director and President of OKK Corporation until March 2015, and as Director and Chairman until June 2016. The Company and OKK Corporation have supply transactions for machine tools, with the transaction amount for such accounting for less than 1% of the consolidated net sales of the Company for the most recent fiscal year.</p> <p>3. Hirofumi ISEKI is currently an outside Director of the Company, and at the conclusion of this meeting, his tenure will have been three years.</p> <p>4. The Company has entered into an agreement with Hirofumi ISEKI to limit his liability for damages provided under Article 423, paragraph 1 of the Companies Act to the amount provided by laws and regulations. If his reelection is approved, the Company plans to maintain the aforementioned agreements with him.</p>			

Candidate No.	Name (Date of birth)	Career summary, position and responsibility in the Company, and significant concurrent positions outside the Company	Number of the Company's shares owned
7	<p>Reelection Outside Independent Officer</p> <p>Atsuko SUZUKI (September 9, 1962)</p> <p>[Years as Director (as of the conclusion of this meeting)] 1 year</p> <p>[Attendance at Board of Directors meetings] 10/10 (100%)</p>	<p>Apr. 1986 Joined Matsushita Electric Industrial Co., Ltd. (currently Panasonic Corporation)</p> <p>Apr. 2008 Director and Manager of the CSR Office (resigned in December 2014)</p> <p>Apr. 2010 Outside Director and Auditor, Nara Women's University (resigned in December 2012)</p> <p>Jan. 2015 Joined Asahi Breweries, Ltd.</p> <p>Apr. 2015 Manager of the Social Environment Department</p> <p>Oct. 2015 Manager of the Sustainability Promotion Section, Olympic/Paralympic Promotion Headquarters (concurrently held)</p> <p>Apr. 2017 Director and General Manager of the CSR Division of Asahi Group Holdings, Ltd.</p> <p>May 2019 Resigned from Asahi Breweries, Ltd.</p> <p>Jun. 2020 Outside Director of the Company (to present)</p> <p>(Significant concurrent positions outside the Company) Outside Director of ASAHI CO., LTD.; External Audit & Supervisory Board Member of Lion Corporation</p>	0 share
	<p>[Reasons for nomination as candidate for outside Director and overview of expected roles]</p> <p>Although Atsuko SUZUKI has not been directly involved in business administration other than being an outside Director, she does possess abundant experience and broad insight into strategic CSR/ESG development aimed at bolstering a company's social standing, namely in the form of past experience promoting diversity, formulating CSR policy and promoting ESG strategy at other companies.</p> <p>The Company determines that it can be expected that her active advice at meetings of the Board of Directors offering an independent perspective away from management involved in business operations will help tie CSR activities into the Company's business operations, and further enhance corporate governance for the Group, and propose that she again be elected as outside Director of the Company.</p> <p>[Special interests]</p> <p>There is no special interest between Atsuko SUZUKI and the Company.</p> <p>Notes: 1. Atsuko SUZUKI is a candidate for outside Director. Furthermore, she satisfies the requirements for an independent officer as provided for by the Tokyo Stock Exchange, and the Company has submitted notification to the aforementioned exchange concerning her appointment as an independent officer.</p> <p>2. Although Atsuko SUZUKI was involved in the execution of business at Panasonic Corporation through to December 2014, and the Company and Panasonic Corporation have supply transactions, the transaction amount for such accounting for less than 2% of the consolidated net sales of the Company for the most recent fiscal year.</p> <p>3. Atsuko SUZUKI is currently an outside Director of the Company, and at the conclusion of this meeting, her tenure will have been one year.</p> <p>4. The Company has entered into an agreement with Atsuko SUZUKI to limit her liability for damages provided under Article 423, paragraph 1 of the Companies Act to the amount provided by laws and regulations. If her reelection is approved, the Company plans to maintain the aforementioned agreements with her.</p>		

Reference Information

- Composition of the Board of Directors Following Election

If Proposal 1 is approved as proposed, the Board of Directors shall be composed as follows

Name	Position and Responsibility in the Company	Outside Director	Independent Officer	New election
Yuji NAGAO	Representative Director, President & CEO			
Kimihisa SASAKI	Representative Director, Executive Officer; President of General Sales H.Q.			
Masamichi YAMAZOE	Director and Executive Officer; CIO, President of Corporate Planning H.Q. and CFO, President of Administration H.Q.			
Kenji GOSHI	Director and Executive Officer; President of Industrial Tools & Equipment Division H.Q.			
Koji KISHIDA	Director and Executive Officer; Vice President of General Sales H.Q. (in charge of overseas business); President of Total Factory Solutions Division H.Q. and General Manager of the International Department, Machine Tools Division H.Q.			
Hirofumi ISEKI	Outside Director	○	○	
Atsuko SUZUKI	Outside Director	○	○	
Satoshi MURAI	Director; Full-time Audit and Supervisory Committee Member			
Yoshinori TSUDA	Outside Director; Audit and Supervisory Committee Member	○	○	
Naoko NAKATSUKASA	Outside Director; Audit and Supervisory Committee Member	○	○	○

Proposal No. 2 Election of One Substitute Director Who Is an Audit and Supervisory Committee Member

Sachie KATO, a Director who is an Audit and Supervisory Committee Member, will resign at the conclusion of this meeting. As a result, Naoko NAKATSUKASA, who was elected as a substitute Director who is an Audit and Supervisory Committee Member at the 74th Annual General Meeting of Shareholders held on June 25, 2020, will succeed Sachie KATO as a Director who is an Audit and Supervisory Committee Member. Therefore, the Company again proposes the election of one substitute Director who is an Audit and Supervisory Committee Member to be ready to fill a vacant position should the number of Directors who are Audit and Supervisory Committee Members fall below the number required by laws and regulations.

The validity of the resolution for this proposal shall be until the commencement of the Annual General Meeting of Shareholders for the final business year ending within two years of this resolution, and can be nullified by resolution of the Board of Directors if the consent of the Audit and Supervisory Committee has been obtained; provided, however, that it is only in a time before assuming office.

In addition, the consent of the Audit and Supervisory Committee has been obtained for the submission of this proposal.

The candidate for substitute Director who is an Audit and Supervisory Committee Member is as follows:

Name (Date of birth)	Career summary and significant concurrent positions outside the Company	Number of the Company's shares owned
<p>New election Substitute Outside Director Independent Officer</p> <p>Yusaku AKASAKI (January 20, 1983)</p>	<p>Dec. 2008 Graduated from the Supreme Court Legal Training and Research Institute Registered with Osaka Bar Association Joined Chuo Sogo Law Office, P.C. (to present)</p> <p>Jun. 2018 Registered as attorney in the state of New York</p> <p>Apr. 2021 Part-time lecturer at the Graduate School of Law / Faculty of Law, Kyoto University (to present)</p> <p>(Significant concurrent positions outside the Company) Not applicable</p>	0 share

[Reasons for nomination as candidate for substitute outside Director who is an Audit and Supervisory Committee Member and overview of expected roles]

Although Yusaku AKASAKI has not been directly involved in business administration, he does possess abundant experience and broad insight gained as an attorney-at-law, mainly in corporate legal matters such as M&A, corporate scandals, and responses to shareholders' meetings, as well as in various other matters such as dispute resolution and general domestic and international transactions.

The Company expects that, should he be appointed as an outside Director of the Company who is an Audit and Supervisory Committee Member, he will be able to provide valuable advice and appropriate audits and supervision in deliberation on proposals at meetings of the Board of Directors in the fields of legal affairs and risk management, from an objective and neutral standpoint, based on his extensive knowledge and wealth of experience cultivated as a lawyer. The Company therefore proposes that he be newly elected as a substitute outside Director who is an Audit and Supervisory Committee Member.

[Special interests]

There is no special interest between Yusaku AKASAKI and the Company.

- Notes:
1. Yusaku AKASAKI is a candidate for substitute outside Director who is an Audit and Supervisory Committee Member. Furthermore, he satisfies the requirements for an independent officer as provided for by the Tokyo Stock Exchange and, should he be appointed as outside Director who is an Audit and Supervisory Committee Member, the Company plans to submit notification to the aforementioned exchange concerning his appointment as an independent officer.
 2. While Yusaku AKASAKI belongs to Chuo Sogo Law Office, P.C., to which the Company entrusts services and from which the Company receives legal advice from attorneys-at-law in the firm other than the candidate, the annual amount of consulting fees paid by the Company to the firm is less than ¥10 million.
 3. Should Yusaku AKASAKI be appointed as outside Director who is an Audit and Supervisory Committee Member, the Company plans to enter into an agreement with him to limit his liability for damages provided under Article 423, paragraph 1 of the Companies Act to the amount provided by laws and regulations.
 4. The Company has entered into a liability insurance contract with an insurance company for officers, etc. as stipulated in Article 430-3, paragraph 1 of the Companies Act. This insurance policy covers the costs of disputes and damages incurred by the insured due to third party lawsuits, shareholder representative lawsuits, corporate lawsuits, etc., and the Company bears the full amount of all insurance premiums for the insured. If Yusaku AKASAKI is appointed as an outside Director who is an Audit and Supervisory Committee Member, he will be included in the insurance policy.

Proposal No. 3 Re-establishment of the Performance-linked Share-based Remuneration Plan for Directors and Other Officers in Accordance with the Revision of the Companies Act

1. Reasons for the proposal and reasons why it is appropriate

At the 73rd Annual General Meeting of Shareholders held on June 26, 2019, the Company received approval for the introduction of a performance-linked share-based remuneration plan in the form of a Board Benefit Trust (BBT) (hereinafter referred to as “the Plan”) targeting Directors (excluding Directors who are Audit and Supervisory Committee Members and outside Directors; unless otherwise provided, the same applies hereinafter in this proposal) and Corporate Officers (hereinafter referred to as “Directors and Other Officers”). (Hereinafter, the resolution at the above meeting is referred to as the “Original Resolution.”) Following the enforcement on March 1, 2021 of the Act Partially Amending the Companies Act (Act No. 70 of 2019), the Company seeks approval to establish a new remuneration framework for performance-linked share-based compensation for Directors in place of the current remuneration framework related to the Plan.

This proposal is a procedural measure in accordance with the amendment of laws and regulations, and like the Original Resolution, it is intended to clarify the linkage between the remuneration of Directors and Other Officers and the Company’s business performance and share value, and to raise awareness of the need for Directors and Other Officers to contribute to improving business performance and increasing corporate value over the medium to long term by sharing with shareholders not only the benefits of share price increases but also the risks of share price declines. Since it is also consistent with the Company’s policy on the determination of the content of Directors’ individual remuneration, etc. (please refer to (ii) Remuneration, etc. for Directors, (3) Directors and Audit & Supervisory Board Members of the Company, 2. Current Status of the Company of the Business Report on p. 34 of this Notice), the Company believes that the content of this proposal is appropriate. As remuneration payments based on the Plan shall be made to Directors separate to the maximum remuneration amount (annual amount of JPY720 million or less) for Directors (excluding Directors who are Audit and Supervisory Committee Members) approved at the 70th Annual General Meeting of Shareholders held on June 24, 2016, the Company hereby requests shareholders’ approval concerning the amounts of compensation, etc. and the specific details put forth in this proposal. It is further proposed that the details of the Plan be left entirely to the discretion of the Board of Directors within the framework of 2. below.

At present, the Plan applies to six Directors, but if Proposal No. 1 is approved as originally proposed, the Plan shall apply to five Directors.

The resolution of this proposal shall take effect retroactively from March 1, 2021.

2. Amounts of remuneration, etc. and specific details pertaining to the Plan

(1) Overview of the Plan

The Plan is a performance-linked share-based remuneration plan under which the Company’s shares are acquired through a trust (hereinafter the trust that is established based on the Plan is referred to as the “Trust”) using money contributed by the Company as the financial funds, and the Directors and Other Officers are provided with the Company’s shares and an amount of money equivalent to the market value of the Company’s shares (the “Company’s Shares, etc.”) through the Trust, pursuant to the Share Benefit Regulations for Directors and Officers established by the Company. The Directors and Other Officers shall receive the Company’s shares, etc. upon their retirement, in principle.

(2) Persons eligible for the Plan

Directors (the Plan shall not apply to Directors who are Audit and Supervisory Committee Members and outside Directors) and Corporate Officers

(3) Trust period

From August 2019 until the termination of the Trust (Regarding the trust period of the Trust, the date of termination of the Trust shall not be specified and the Trust will continue as long as the Plan is not terminated. The Plan shall be terminated upon delisting of the Company’s shares or abolition of the Share Benefit Regulations for Directors and Officers, or in certain other cases.)

(4) Trust amount

The Company has introduced the Plan for the three business years from the year ended March 31, 2020 to the year ending March 31, 2022 (hereinafter, this three-business-year period and each three consecutive business years following it are referred to as “Applicable Period”), as well as each Applicable Period that follows, and has established the Trust with Directors and Other Officers who meet

the beneficiary requirements as the beneficiaries through a contribution of JPY198 million as funds for the current Applicable Period for the acquisition of shares to provide benefits to the Company's Directors and Other Officers based on the Plan. The Trust has acquired 180,000 shares of the Company for the current Applicable Period, using the money entrusted by the Company as a source of funds.

After the expiration of the current Applicable Period, the Company will continue to make additional contributions of up to JPY300 million for each Applicable Period until the termination of the Plan. However, in the case of making such additional contributions, if the Company's shares (excluding a number of the Company's shares that have not yet been provided to Directors and Other Officers equivalent to points granted to them) and money remain in the Trust on the final day of the Applicable Period immediately preceding the Applicable Period in which the additional contribution is to be made (such shares and money are collectively referred to as the "Remaining Shares, etc."), the total amount of the Remaining Shares, etc. (the amount for the Company's shares shall be the market value on the final day of the immediately preceding Applicable Period) and additionally contributed money shall not exceed the upper limit for which the approval obtained, by this proposal. When the Company decides to make additional contributions, it shall make a disclosure in a timely and appropriate manner.

- (5) Acquisition method of the Company's shares by the Trust and number of shares to be acquired

The Trust shall acquire the Company's shares through the stock market on which the Company's shares are listed or by way of subscribing to the disposition of the Company's treasury shares, using the money contributed in accordance with (4) above as the funds. Since the maximum number of points to be granted to Directors and Other Officers is 125,000 points per business year, the maximum number of Company shares to be acquired by the Trust for each Applicable Period is 125,000 shares.

- (6) Upper limit on the number of the Company's Shares, etc. to be provided to Directors and Other Officers

For each business year, Directors and Other Officers shall be granted the number of points determined by taking into consideration the title, the degree of achievements in performance and other factors in accordance with the Share Benefit Regulations for Directors and Officers. The total number of points granted to Directors per business year shall be limited to 54,000 points, and the total number of points granted to Corporate Officers per business year shall be limited to 71,000 points. This was decided by comprehensively considering the current level of remuneration for officers, trends in the number of Directors and Other Officers, future prospects, and other factors, and the Company judged that it is appropriate.

Each point granted to the Directors and Other Officers shall be converted into one common share of the Company at the time of the provision of the Company's Shares, etc. as explained in (7) below (provided, however, in case where the Company's shares become the subject of a share split, allotment of share without contribution, or consolidation of shares, etc. after this proposal is approved, the upper limit on the number of points, the accumulated number of points granted, or the conversion rate shall be adjusted in a reasonable manner in proportion to the relevant ratio, etc.).

The ratio of the number of shares corresponding to the maximum number of points per business year granted to Directors and Other Officers (125,000 shares) to the total number of shares issued (as of March 31, 2021, after deduction of treasury shares) is approximately 0.13%. The number of points for Directors and Other Officers used as the basis for the provision of the Company's Shares, etc. described in (7) below shall be the accumulated points granted to Directors and Other Officers by the time of their retirement, multiplied by a prescribed value (that shall not exceed 1) set based on reason for retirement, in principle (hereinafter referred to as the "Defined Number of Points" for the points calculated in this manner).

- (7) Provision of the Company's Shares, etc.

If a Director or Other Officer retires and fulfills the beneficiary requirements stipulated in the Share Benefit Regulations for Directors and Officers, the Director or Other Officer may receive the Company's shares from the Trust after his/her retirement in accordance with the Defined Number of Points as explained in (6) above, in principle, by completion of the prescribed procedures to become a beneficiary. However, if the requirements stipulated in the Share Benefit Regulations for Directors and Officers are fulfilled, they will receive, in a certain proportion, monetary benefits equivalent to the market value of the Company's shares in lieu of the Company's shares. The Trust may sell the Company's shares in order to provide the monetary benefits.

Directors and Other Officers who have been granted points will not be able to acquire the right to receive benefits if they are dismissed by a resolution of the General Meeting of Shareholders, if they resign due to certain misconduct during their term of office, or if they commit inappropriate acts that cause damage to the Company during their term of office.

The amounts of remuneration, etc. to be received by Directors and Other Officers shall be based on the total number of points granted to the Directors and Other Officers multiplied by the book value per share of the Company's shares held by the Trust at the time the points are granted (however, in cases where the Company's shares become the subject of a share split, allotment of share without contribution, or consolidation of shares, etc. after this proposal is approved, adjustments shall be made in a reasonable manner in proportion to the relevant ratio, etc.). In addition, in cases where money is exceptionally provided in accordance with the provisions of the Share Benefit Regulations for Directors and Officers, such amount shall be added if deemed appropriate.

(8) Exercise of voting rights

The voting rights of the Company's shares within the Trust account shall not be exercised without exception in accordance with the instruction of the trust administrator. This is intended to ensure the neutrality in the Company's management in relation to the exercise of voting rights of the Company's shares within the Trust account.

(9) Handling of dividends

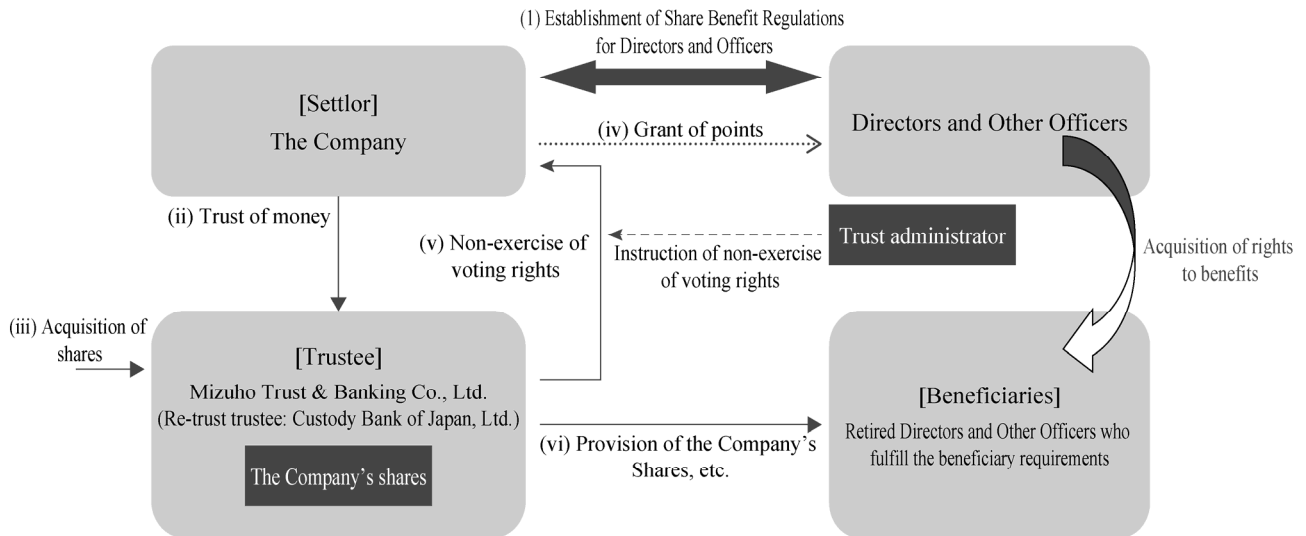
The dividends of the Company's shares within the Trust account shall be received by the Trust and mainly used for the acquisition of the Company's shares or trust fees to the trustee pertaining to the Trust. In case the Trust is terminated, dividends etc. remaining in the Trust shall be provided to the Directors and Other Officers then in office in proportion to the number of points that each of them holds, pursuant to the provisions of the Share Benefit Regulations for Directors and Officers.

(10) Handling the termination of the Trust

The Trust shall be terminated with the occurrence of an event such as delisting of the Company's shares or abolition of the Share Benefit Regulations for Directors and Officers.

The Company's shares in the residual assets of the Trust at the time of the termination of the Trust shall be wholly acquired by the Company without contribution, and canceled by resolution of the Board of Directors. As for the monetary portion of the residual assets of the Trust at the time of the termination of the Trust, the amount remaining after deducting the amount to be paid to Directors and Other Officers according to (9) above shall be provided to the Company.

<Reference: Structure of the Plan>



- (i) The Company will establish the “Share Benefit Regulations for Directors and Officers” within the scope of the framework approved regarding this proposal.
- (ii) The Company will entrust the money within the limit of the approval of this proposal.
- (iii) The money entrusted as described in (ii) is used by the Trust as financial funds for acquisition of the Company’s shares through the stock market on which the Company’s shares are listed or by subscribing to the Company’s treasury shares disposed.
- (iv) The Company will grant points to Directors and Other Officers based on the “Share Benefit Regulations for Directors and Officers.”
- (v) In accordance with the instruction of the trust administrator independent of the Company, the Trust shall not exercise the voting rights for the Company’s shares within the Trust account.
- (vi) The Trust will provide the retired Directors and Other Officers who fulfill the beneficiary requirements stipulated in the “Share Benefit Regulations for Directors and Officers” (the “Beneficiaries”) with the Company’s shares in proportion to the number of points that each of the Beneficiaries have been respectively granted. However, if the Directors and Other Officers fulfill the requirements stipulated in the “Share Benefit Regulations for Directors and Officers,” the Trust will provide them with an amount of money equivalent to the market value of the Company’s shares for a certain proportion of their points.