

Note: This document has been translated from a part of the Japanese original for reference purposes only. In the event of any discrepancy between this translated document and the Japanese original, the original shall prevail.

Securities Code: 4973

June 3, 2021

To our shareholders:

Masao Watanabe
Representative Director, Chairman and President
JAPAN PURE CHEMICAL CO., LTD.
3-10-18 Kitamachi, Nerima-ku, Tokyo

Notice of the 50th Annual General Meeting of Shareholders

We are pleased to announce the 50th Annual General Meeting of Shareholders of JAPAN PURE CHEMICAL CO., LTD. (the “Company”), which will be held as indicated below.

There are concerns surrounding the spread of the novel coronavirus (COVID-19) infection. To avoid the risk of infection of COVID-19, you are asked to consider refraining from attending the General Meeting of Shareholders in person and, instead, to exercise your voting rights beforehand in writing (by postal mail) or via the Internet.

[Exercising your voting rights in writing (by postal mail)]

Please indicate your approval or disapproval of the proposals on the enclosed Voting Right Exercise Form, and return it by postal mail to reach us no later than 5:45 p.m. on Thursday, June 17, 2021 (Japan Standard Time).

[Exercising your voting rights via the Internet, etc.]

Please exercise your voting rights no later than 5:45 p.m. on Thursday, June 17, 2021 (Japan Standard Time).

[Disclosure on the internet website]

Among the documents to be attached to this Notice, following documents are posted on the Company’s website in accordance with laws and regulations and the provisions of Article 14 of the Company’s Articles of Incorporation. As a consequence, the relevant documents are not included in the attached documents to the Notice.

1. “Share acquisition rights, etc. of the Company” included in the Business Report
2. “Notes to the Non-consolidated Financial Statements” included in the Non-consolidated Financial Statements

The Non-consolidated Financial Statements audited by the Audit & Supervisory Board Members and the Accounting Auditor and the Business Report audited by the Audit & Supervisory Board Members consist of each document mentioned in this Notice, and the “Share acquisition rights, etc. of the Company” and “Notes to the Non-consolidated Financial Statements” posted on the Company website.

The Company’s website <https://www.netjpc.com/>

1. Date and Time: Friday, June 18, 2021, at 10:00 a.m. (Japan Standard Time) (The reception will start at 9:20 a.m.)

2. Venue: Banquet Room Akebono, 2nd floor, Hotel Metropolitan
6-1 Nishi-ikebukuro 1-chome, Toshima-ku, Tokyo

3. Purpose of the Meeting

Matters to be reported:

The Business Report and the Non-consolidated Financial Statements for the 50th fiscal year (from April 1, 2020 to March 31, 2021)

Matters to be resolved:

Proposal No. 1 Election of Five Directors

Proposal No. 2 Election of One Audit & Supervisory Board Member

Proposal No. 3 Provision of Remuneration for Allotting Restricted Shares to Directors (excluding Outside Directors)

Proposal No. 4 Authorization for the Board of Directors of the Company to Determine Offering Terms for Share Acquisition Rights Issued as Share Options to Directors (excluding Outside Directors) and Employees on Particularly Favorable Terms

- When you attend the meeting, you are kindly requested to present the enclosed Voting Right Exercise Form at the reception.
- When attending by proxy, please submit a document authorizing the proxy with the Voting Right Exercise Form at the reception. As per Article 16 of the Company's Articles of Incorporation, the proxy shall be limited to one other shareholder who has the voting right at this General Meeting of Shareholders.
- If there are any amendments to the Reference Documents for General Meeting of Shareholders, the Business Report and/or the Non-consolidated Financial Statements, these amendments will be posted on the Company's website. (<https://www.netjpc.com/>)
- Organizing staff members will wear masks and gloves on the day of the meeting in order to prevent the spread of the COVID-19.

Reference Documents for General Meeting of Shareholders

Proposals and Reference Information

Proposal No. 1 Election of Five Directors

At the conclusion of this General Meeting of Shareholders, the terms of office of all currently serving Directors will expire. Therefore, the Company proposes the election of five Directors.

The candidates for Director are as follows:

Candidate No.	Name (Date of birth)	Career summary, position and responsibility in the Company, or significant concurrent positions outside the Company		Number of the Company's shares owned by the candidate
1	<div style="text-align: center;">Reelection</div> <div style="text-align: center;">Masao Watanabe (January 26, 1940)</div>	Apr. 1965	Joined Nihon Trading Co., Ltd.	39,300
		Oct. 1977	Deputy General Manager of Machinery Construction Division	
		May 1986	Joined the Company; Director and President	
		May 1999	Representative Director and President	
		June 2009	Representative Director and Chairman	
		Apr. 2020	Representative Director, Chairman and President (current position)	
[Reasons for nomination as candidate for Director] Masao Watanabe has contributed to the development of the Company by making use of his abundant experience as a corporate manager. The Company expects that he will continue to contribute to further vitalization of the Company based on his abundant experience, track record, strong leadership and decisiveness. Therefore, the Company proposes his election as Director.				
2	<div style="text-align: center;">Reelection</div> <div style="text-align: center;">Satoru Kosaka (July 8, 1953)</div>	Apr. 1978	Joined FUJITSU LIMITED	9,700
		Dec. 1998	General Manager in charge of Finance and Accounting Group, Accounting Division, and General Manager in charge of IR, Public Relations Office	
		June 2000	General Manager of Accounting Division, Telecommunications Business Promotion Headquarters	
		June 2002	General Manager of Audit Division and Senior Manager of Audit & Supervisory Board Member Office	
		June 2006	Director, CFO and Managing Executive Officer of Fujitsu Access Limited	
		Apr. 2012	Full-time Audit & Supervisory Board Member of Fujitsu Systems West Limited	
		June 2014	Full-time Audit & Supervisory Board Member of the Company	
		June 2016	Director and General Manager of Finance and Accounting Division	
		June 2020	Managing Director (current position)	
[Reasons for nomination as candidate for Director] Satoru Kosaka is expected to contribute to the sustainable improvement of the Company's corporate value by making use of the knowledge and experience in finance and accounting cultivated at other companies, as well as the knowledge of IR activities in the Company's management. Therefore, the Company proposes his election as Director.				

Candidate No.	Name (Date of birth)	Career summary, position and responsibility in the Company, or significant concurrent positions outside the Company		Number of the Company's shares owned by the candidate
3	<div>Reelection</div> Tomoyuki Kojima (August 9, 1972)	Apr. 1996	Joined the Company	17,900
	Oct. 2014	Deputy General Manager of Corporate Planning Division and Deputy General Manager of Business Planning Division		
Apr. 2016	General Manager of Corporate Planning Division			
Aug. 2016	General Manager of Manufacturing Division			
Apr. 2019	General Manager of Corporate Planning Division and General Manager of Quality Assurance Division			
June 2020	Director and General Manager of Corporate Planning Division and General Manager of Quality Assurance Division (current position)			
[Reasons for nomination as candidate for Director] Since joining the Company, Tomoyuki Kojima has been involved in the technical and quality assurance, corporate planning divisions, etc., and has contributed to the Company. The Company expects that he will contribute to the sustainable improvement of the Company's corporate value. Therefore, the Company proposes his election as Director.				
4	<div>Reelection</div> <div>Outside Director</div> <div>Independent Officer</div> Kenjiro Hayashi (January 17, 1940)	Apr. 1962	Joined Nomura Securities Co., Ltd.	6,000
	Apr. 1965	Joined Nomura Research Institute, Ltd.		
June 1993	Representative Director and Executive Vice President			
June 2000	Adviser of NRI Data Services, Ltd.			
June 2003	Outside Audit & Supervisory Board Member of the Company			
June 2019	Outside Director (current position)			
[Reasons for nomination as candidate for outside Director and expected roles] Kenjiro Hayashi has expert knowledge and experience in economics and finance in general. The Company proposes his election as outside Director in order to have him contribute to the management of the Company. By continuing in his role as outside Director, he is expected to make use of his broad knowledge and experience related to economics to enhance the Company's corporate value in the medium- to long-term by contributing to oversight of the management of the Company from an independent standpoint.				

Candidate No.	Name (Date of birth)	Career summary, position and responsibility in the Company, or significant concurrent positions outside the Company	Number of the Company's shares owned by the candidate
5	<div> <div>Reelection</div> <div>Outside Director</div> <div>Independent Officer</div> </div> <p>Yasutoshi Ohata (August 28, 1951)</p>	<p>Sept. 2006 Representative Director of Mizuho Capital Partners Co., Ltd.</p> <p>Apr. 2011 Representative Director of Avergence Incorporated</p> <p>Nov. 2011 Representative Director and President of West Holdings Corporation</p> <p>Apr. 2012 Audit & Supervisory Board Member of Avergence Incorporated (current position)</p> <p>Sept. 2012 Director of Kawanishi Holdings Inc.</p> <p>Sept. 2015 Managing Director</p> <p>Jan. 2016 Representative Director and President of EXSOLA MEDICAL Inc. (current position)</p> <p>Sept. 2017 Senior Managing Director of Kawanishi Holdings Inc.</p> <p>June 2019 Outside Director of the Company (current position)</p> <p>Sept. 2020 Senior Managing Executive Officer of OLBA HEALTHCARE HOLDINGS, Inc. (current position)</p>	1,000
<p>[Reasons for nomination as candidate for outside Director and expected roles]</p> <p>The Company proposes Yasutoshi Ohata's election as outside Director in order to have him contribute to the management of the Company, by making use of his broad knowledge and abundant experience related to international business, financial business and corporate management.</p> <p>By continuing in his role as outside Director, he is expected to make use of his broad knowledge and experience related to corporate management to enhance the Company's corporate value in the medium- to long-term by contributing to oversight of the management of the Company from an independent standpoint.</p>			

- Notes:
1. There is no special interest between any of the candidates for Director and the Company.
 2. Kenjiro Hayashi is currently an outside Director of the Company, and at the conclusion of this meeting, his tenure will have been two years.
 3. Yasutoshi Ohata is currently an outside Director of the Company, and at the conclusion of this meeting, his tenure will have been two years.
 4. Pursuant to the provisions of Article 427, paragraph (1) of the Companies Act, the Company has entered into agreements with Kenjiro Hayashi and Yasutoshi Ohata to limit their liability for damages under Article 423, paragraph (1) of the same Act to the minimum liability amount provided for by Article 425, paragraph (1) of the same Act. If their election is approved, the Company plans to continue the respective agreements with each one of them.
 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 that may arise from the insured's assumption of liability incurred in the course of the performance of duties as an officer or a person at a certain position including Director of the Company, or receipt of claims pertaining to the pursuit of such liability (however, there are certain reasons for coverage exclusion, such as losses incurred from claims for damages arising from performance of an illegal act with full knowledge of its illegality). If each candidate is elected and assumes the office as Director, the Company will include every such Director as an insured in the insurance policy. In addition, the Company plans to renew the policy with the same terms at the next renewal.

Proposal No. 2 Election of One Audit & Supervisory Board Member

At the conclusion of this General Meeting of Shareholders, the terms of office of currently serving Audit & Supervisory Board Member Hiroshi Tokuoka will expire. Therefore, the Company proposes the election of one Audit & Supervisory Board Member. In addition, the consent of the Audit & Supervisory Board has been obtained for the submission of this proposal.

The candidate for Audit & Supervisory Board Member is as follows:

Name (Date of birth)	Career summary, position in the Company, or significant concurrent positions outside the Company	Number of the Company's shares owned by the candidate
<div>Reelection</div> <div>Outside Audit & Supervisory Board Member</div> <div>Independent Officer</div> Hiroshi Tokuoka (November 24, 1954)	Apr. 1977 Joined The Yasuda Mutual Life Insurance Company (currently Meiji Yasuda Life Insurance Company) Apr. 2005 General Manager, Corporate Assistance Office July 2008 Executive Officer, General Manager, Group Market Planning & Research Department Apr. 2011 Managing Executive Officer Apr. 2014 Senior Managing Executive Officer Apr. 2015 Representative Director and President of Meiji Yasuda System Technology Company Limited Apr. 2018 Audit & Supervisory Board Member of Spa Shirokane June 2019 Outside Audit & Supervisory Board Member of the Company (current position) Feb. 2021 Outside Director of BeeX Inc. (current position)	0
[Reasons for nomination as candidate for outside Audit & Supervisory Board Member] Hiroshi Tokuoka has expert knowledge and experience in corporate governance and systems. The Company proposes his election as outside Audit & Supervisory Board Member so he can leverage this knowledge and experience in the auditing of the Company.		

- Notes:
1. There is no special interest between the candidate for Audit & Supervisory Board Member and the Company.
 2. Hiroshi Tokuoka is currently an outside Audit & Supervisory Board Member of the Company, and at the conclusion of this meeting, his tenure will have been two years.
 3. Pursuant to the provisions of Article 427, paragraph (1) of the Companies Act, the Company has entered into agreements with Hiroshi Tokuoka to limit their liability for damages under Article 423, paragraph (1) of the same Act to the minimum liability amount provided for by Article 425, paragraph (1) of the same Act. If his reelection is approved, the Company plans to continue the respective agreements with each one of him.
 4. 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 that may arise from the insured's assumption of liability incurred in the course of the performance of duties as an officer or a person at a certain position including Audit & Supervisory Board Member of the Company, or receipt of claims pertaining to the pursuit of such liability (however, there are certain reasons for coverage exclusion, such as losses incurred from claims for damages arising from performance of an illegal act with full knowledge of its illegality). If the candidate is elected and assumes the office as Audit & Supervisory Board Member, the Company will include him as an insured in the insurance policy. In addition, the Company plans to renew the policy with the same terms at the same renewal.

Proposal No. 3 Provision of Remuneration for Allotting Restricted Shares to Directors (excluding Outside Directors)

The amount of remuneration, etc. paid to Directors of the Company was approved as ¥300 million or less per year (including ¥30 million or less for outside Directors; however, which excludes employee salary portion paid to Directors who serve concurrently as employees) at the 42nd Annual General Meeting of Shareholders held on June 21, 2013, and has remained to the present. In addition, it was approved at the 43rd Annual General Meeting of Shareholders held on June 20, 2014, that separately from the amount of remuneration for Directors stated above, the amount of share-based remuneration for allotting share acquisition rights as share-based-remuneration-type share options to Directors (excluding outside Directors) shall be ¥50 million or less per year.

In order to further promote shared value between Directors of the Company (excluding outside Directors; “Eligible Directors”) and shareholders and to strengthen their motivation to contribute to enhancing the corporate value of the Company more than ever before, the Company proposes replacing its current allotment of share acquisition rights as share-based- remuneration-type share options with a restricted share-based remuneration plan (the “Plan”; ordinary shares granted to Eligible Directors under the Plan shall be referred to as “Restricted Shares”). Therefore, the Company requests approval to abolish the aforementioned share-based remuneration for allotting share acquisition rights as share-based-remuneration-type share options and newly pay remuneration for allotting Restricted Shares separately from the amount of remuneration for Directors stated above (¥300 million or less per year). Accordingly, on condition that this proposal is approved and adopted at this General Meeting of Shareholders, the provisions for the amount of remuneration as share-based-remuneration-type share options shall be abolished and going forward, the allotment of share acquisition rights as share-based- remuneration-type share options in accordance with such provisions shall not be carried out.

The number of Directors is currently seven (including two outside Directors). Subject to the approval and adoption of Proposal 1 as originally proposed at this General Meeting of Shareholders, the number of Directors will be five (including two outside Directors).

Details of the Restricted Shares granted to the Eligible Directors are as follows:

1. Number of Restricted Shares granted to Eligible Directors

The total number of ordinary shares to be issued or disposed of by the Company to grant the Restricted Shares shall be set at a number not exceeding 20,000 shares annually. The total amount of monetary remuneration to be paid to the Eligible Directors for allotting the Restricted Shares shall be set at an amount not exceeding ¥50 million annually (excluding the employee salary portion paid to Directors who serve concurrently as employees).

However, the total number of such ordinary shares may, if the Company performs a share split of the Company’s ordinary shares (including allotment of the Company’s ordinary shares without contribution) or a consolidation of such shares with the effective date of the date of resolution at this General Meeting of Shareholders or later, be adjusted as necessary to the extent reasonable.

2. Payments in conjunction with issuing Restricted Shares

The Eligible Directors shall pay, every business year, in principle, all monetary remuneration claims to be provided in accordance with the resolution of the Board of Directors of the Company, in the form of property contributed in kind, and shall, in return, receive Restricted Shares that shall be issued or disposed of by the Company.

The amount to be paid in per Restricted Share issued or disposed of to the Eligible Directors under the Plan shall be determined by the Board of Directors based on the closing price of the Company’s ordinary shares on the Tokyo Stock Exchange on the business day immediately before the date of the Board of Directors where the offering terms for the ordinary shares is to be resolved (if there is no closing price on such date, the closing price on the closest preceding trading day) and as an amount within the extent that it will not be particularly advantageous to the Eligible Directors.

3. Restricted Shares granted to the Eligible Directors

An agreement on allotment of Restricted Shares that includes the content outlined below (the “Allotment Agreement”) shall be entered into between the Company and each Eligible Director.

(1) Restriction Period

An Eligible Director shall not transfer, create a security interest in, make an inter-vivos gift, or otherwise dispose of the Company's ordinary shares allotted under the Allotment Agreement (the "Allotted Shares") during the period from the payment date of the Allotted Shares until the time that the Eligible Director retires from the position of Director of the Company (the "Restriction Period"). The restriction described in the preceding sentence will hereinafter be referred to as the "Restriction."

(2) Conditions for lifting the Restrictions

The Company shall lift the Restriction of all of the Allotted Shares upon expiration of the Restriction Period, on the condition that the Eligible Director has remained in the position of Director of the Company throughout the period from the payment date of the Allotted Shares until the conclusion of the first Company's Annual General Meeting of Shareholders to be next held. However, if the Board of Directors of the Company judges there is a reason deemed justifiable, the timing of lifting the Restriction shall be adjusted.

In addition, if the Eligible Director retires from the position of Director during the period from the payment date of Allotted Shares until the conclusion of the first Company's Annual General Meeting of Shareholders to be next held, due to a justifiable reason or death, the Company shall adjust the number of the Allotted Shares on which the Restriction is to be lifted, and the timing of lifting as necessary to the extent reasonable.

(3) Reasons for acquisition of Allotted Shares without contribution

The Company shall automatically acquire the Allotted Shares without contribution if the Eligible Director retires from the position of Director during the period from the payment date of Allotted Shares until the conclusion of the first Company's Annual General Meeting of Shareholders to be next held, for an unjustifiable reason.

The Company shall automatically acquire without contribution the Allotted Shares whose Restriction has not been lifted at the expiry of the Restriction Period stipulated in (2) above.

(4) Treatment of reorganization, etc.

Notwithstanding the provisions of (1) above, if, during the Restriction Period, matters relating to a merger agreement in which the Company will be the disappearing company, a share exchange agreement or share transfer plan in which the Company will be 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 rationally adjust the number of the Allotted Shares on which the Restriction is to be lifted, and the timing of lifting as necessary by resolution of the Company's Board of Directors. In this event, the Company shall automatically acquire without contribution the Allotted Shares whose Restriction has not been lifted as of the time immediately after the Restriction was lifted.

(5) Other matters

Other matters regarding Allotment Agreement shall be determined by the Board of Directors of the Company.

To ensure that the Eligible Directors will not be able to transfer, create a security interest in, make an inter-vivos gift, or otherwise dispose of the shares allotted to the Eligible Directors under the Plan during the Restriction Period, the shares will be managed, during the Restriction Period, in dedicated accounts that the Eligible Directors open with a securities company designated by the Company.

4. Reasons why the content of this proposal is appropriate

The aim of granting restricted shares to Eligible Directors is to promote shared value with shareholders and to strengthen motivation to contribute to enhancing the corporate value of the Company more than ever before.

At a meeting of the Board of Directors held on February 19, 2021, policy for the determination of the details of remuneration, etc. for individual Directors was decided and an overview of this was included on page 22 of the Business Report (in Japanese only). However, at a meeting of the Board of Directors held on May 19, 2021, this policy was revised subject to approval of this proposal at this General Meeting of Shareholders. Details of this are included in the [Policy on determining the details of remuneration, etc., for officers] below. This proposal is deemed both necessary and justified for granting remuneration, etc. to individual Directors in line with said revised policy. Also, as the value of the Restricted Shares is the market value of said shares at the close of the day that the relevant resolution of the Board of Directors to grant them is made, which is within the scope of the yearly maximum, and as the Restricted Shares amount to 0.32% of all issued shares (if the maximum number of Restricted Shares is issued over a 10-year period, it will amount to 3.17% of all issued shares) and this dilution ratio is minimal, the content of this proposal is deemed to be justified.

[Policy on determining the details of remuneration, etc., for officers]

1. Policy on determination

Policy regarding the determination of the amount of remuneration, etc. for officers of the Company and methods for determining this amount is stipulated in the separately prescribed Regulations for Directors' Remuneration and, provided it is within the scope of the maximum amount of remuneration approved at a General Meeting of Shareholders; the Board of Directors entrusts the determination of Director remuneration to the Nomination and Remuneration Advisory Committee; and Audit & Supervisory Board Member remuneration is determined through consultation with Audit & Supervisory Board Members. Remuneration, etc. of outside Directors consists only of basic remuneration from the perspective of securing their independence.

2. Maximum amount of remuneration for officers

The amount of remuneration, etc. paid to Directors of the Company was approved as ¥300 million or less per year (including ¥30 million or less for outside Directors; however, which excludes employee salary portion paid to Directors who concurrently serve as employees) at the 42nd Annual General Meeting of Shareholders held on June 21, 2013, and has remained to the present. In addition, it was approved at the 50th Annual General Meeting of Shareholders held on June 18, 2021 that separately from the amount of remuneration for Directors stated above, the amount of remuneration for allotting Restricted Shares to Directors (excluding outside Directors) shall be ¥50 million or less per year.

The amount of remuneration for Audit & Supervisory Board Members was approved as ¥30 million or less per year at the 35th Annual General Meeting of Shareholders held on June 23, 2006.

3. Details of remuneration, etc. for individual Directors (excluding outside Directors)

In order to further enhance Directors' motivation and morale to continuously improve operating results and enhance corporate value in the medium to long term by sharing the benefits and risks of fluctuations in share price with shareholders, Director remuneration shall comprise 80%–90% monetary remuneration (around 50%–60% of which is basic remuneration corresponding to position and job responsibilities, etc., and around 30% of which is short-term performance-related remuneration determined based on the previous fiscal year's operating results and an assessment of individual performance) and 10%–20% share-based remuneration as a medium- to long-term incentive. Monetary remuneration shall be fixed monthly remuneration, and it shall be determined through comprehensive consideration that also takes into account a balance of employee salary and bonuses, general norms, etc.

Regarding share-based remuneration, the Company will introduce a restricted share-based remuneration plan and tax-qualified share options and these will be granted at a set time each year, taking into account position and job responsibilities, etc.

The Board of Directors shall entrust the determination of the monetary remuneration amount and share-based remuneration for Directors to the Nomination and Remuneration Advisory Committee (a committee of three members comprising two independent outside Directors and one Representative Director with an independent outside Director as chair).

Proposal No. 4 Authorization for the Board of Directors of the Company to Determine Offering Terms for Share Acquisition Rights Issued as Share Options to Directors (excluding Outside Directors) and Employees on Particularly Favorable Terms

The Company requests approval for share acquisition rights as share options to be issued without contribution to Directors (excluding outside Directors; “Eligible Directors”) and employees of the Company, pursuant to the provisions of Articles 236, 238 and 239 of the Companies Act, and for the authority to determine the offering terms to be delegated to the Company’s Board of Directors.

The issuance of share acquisition rights to eligible Directors without contribution represents non-monetary remuneration, etc. for Directors, and as the amount of said remuneration is not fixed, the Company also requests approval of the calculation method for the share acquisition rights to be allocated as remuneration. If Proposal No. 1 “Election of Five Directors” is approved, the number of Directors who receive the allotment will be three. The number of share acquisition rights the Company allots to eligible Directors will be up to 120, and the remuneration for the Directors including the total fair value of the share acquisition rights shall be “an annual amount of up to ¥300 million (of which that for outside Directors is up to ¥30 million)” as approved at the 42nd Annual General Meeting of Shareholders held on June 21, 2013.

1. Reason for the need to solicit subscribers for share acquisition rights on particularly favorable terms

The Company will issue share acquisition rights without contribution to eligible Directors and employees with the intent of further promoting shareholder-focused management in addition to further enhancing motivation and morale to improve the operating results.

2. Terms of issuance of share acquisition rights

(1) Persons to receive allotment of share acquisition rights

Eligible Directors and employees

(2) Class and number of shares underlying the share acquisition rights

The upper limit of ordinary shares to be allotted is 30,000 shares.

In the event the Company performs a share split or consolidation of shares, the number of shares underlying the share acquisition rights shall be adjusted according to the following formula when the share split or consolidation of shares becomes effective. However, such adjustment shall be made with regard to the number of the shares underlying the share acquisition rights that have not been exercised at such time and that, if any fraction less than one share arises as a result of such adjustment, such fraction shall be discarded.

$$\frac{\text{Number of shares after adjustment}}{\text{Number of shares before adjustment}} = \frac{\text{Number of shares before adjustment}}{\text{Number of shares before adjustment}} \times \frac{\text{Share split or consolidation ratio}}{\text{Share split or consolidation ratio}}$$

(3) Total number of share acquisition rights to be issued

The upper limit is 300 share acquisition rights. (the number of ordinary shares per share acquisition right will be 100 shares. Provided, however, that if the Company has adjusted the shares set forth in (2) above, it will similarly adjust the number of shares per share acquisition right.)

(4) Cash payment in exchange for share acquisition rights

No cash payment required in exchange for share acquisition rights

(5) Amount of assets to be contributed upon exercise of the share acquisition rights (exercise amount)

Amount of assets to be contributed when share acquisition rights are exercised shall be the amount to be paid in per share that can be delivered by exercising each of the share acquisition rights (the “Exercise Amount”), multiplied by the anticipated number of shares granted upon exercise of the said share acquisition right.

The Exercise Amount will be the average closing price of the Company's ordinary shares on the Tokyo Stock Exchange on each day of the month (excluding any date when the transaction was not concluded) prior to the month, to which the date when the share acquisition rights are issued belongs, multiplied by 1.03. Any fraction less than one yen shall be rounded up to the nearest one yen. Provided, however, that if such calculated price is lower than the closing price on the date of issuance of share acquisition rights (if no transactions are conducted on this date, it shall be the closing price of the immediately preceding date), then the Exercise Amount shall be equal to the amount of the closing price on the date of issuance of share acquisition rights.

In addition, after the Company issues share acquisition rights, if the Company issues new shares at a price lower than the market price at the time (excluding the case where the issuance of new shares is made pursuant to the exercise of the share acquisition rights) or disposes of its treasury shares, the Exercise Amount shall be adjusted in accordance with the formula shown below, and any fraction less than one yen arising therefrom shall be rounded up to the nearest one yen.

$$\begin{array}{c} \text{Exercise} \\ \text{Amount after} \\ \text{adjustment} \end{array} = \begin{array}{c} \text{Exercise} \\ \text{Amount before} \\ \text{adjustment} \end{array} \times \frac{\begin{array}{c} \text{Number of} \\ \text{shares already} \\ \text{issued} \end{array} + \frac{\begin{array}{c} \text{Number of} \\ \text{newly issued} \\ \text{shares} \end{array} \times \begin{array}{c} \text{Paid-in amount} \\ \text{per share} \end{array}}{\begin{array}{c} \text{Fair value per share} \\ \text{Number of shares} \\ \text{already issued} \end{array} + \begin{array}{c} \text{Number of newly issued} \\ \text{shares} \end{array}}$$

In the numbers of shares listed above, "Number of shares already issued" refers to the total number of the Company's issued shares minus the total number of treasury shares held by the Company, and if the Company disposes of treasury shares, "Number of newly issued shares" shall be read alternatively as "Number of treasury shares disposed."

If the Company performs a share split or consolidation of shares after the issuance of the share acquisition rights, the Exercise Amount will be adjusted according to the following formula when the share split or consolidation of shares becomes effective, and any fraction of less than one yen resulting from the adjustment will be rounded up to the nearest one yen.

$$\begin{array}{c} \text{Exercise Amount after} \\ \text{adjustment} \end{array} = \begin{array}{c} \text{Exercise Amount before} \\ \text{adjustment} \end{array} \times \frac{1}{\begin{array}{c} \text{Share split or consolidation} \\ \text{ratio} \end{array}}$$

(6) Exercise period for share acquisition rights

From July 1, 2023 to June 30, 2026

(7) Exercise conditions of share acquisition rights

- (i) Individuals receiving an allotment of share acquisition rights ("share acquisition right holders") must have standing as a Director, Audit & Supervisory Board Member, or employee of the Company at the time of exercise of their rights. However, in the event of retirement due to expiry of term, mandatory retirement, or other justifiable grounds, this provision will not apply for a period of one year after the loss of that position.
- (ii) Share acquisition rights may not be transferred by succession.
- (iii) Share acquisition rights may not be offered for pledge or disposed of in any other way.

(8) Reasons and terms for acquisition of share acquisition rights

- (i) If a merger agreement in which the Company will be the disappearing company has been approved, or in the event of a proposal for approval of a company split agreement by which the Company will become a splitting company, or a proposal for share exchange agreement approval and a proposal for share transfer agreement by which the Company will become a wholly owned subsidiary has been approved at a General Meeting of Shareholders, the Company may obtain the share acquisition rights without contribution.

- (ii) If the share acquisition rights could not be exercised because the conditions stipulated in (7) (i) are not applicable prior to the exercise of the rights by the share acquisition right holder, the Company may acquire the said share acquisition rights held by the allottee without contribution.
- (9) Restrictions on the transfer of share acquisition rights

Any acquisition of share acquisition rights by transfer shall be subject to the approval of the Board of Directors of the Company.
- (10) Item of share capital and legal capital surplus to increase when shares are issued upon exercise of share acquisition rights
 - (i) The amount of share capital to increase when shares are issued upon exercise of the share acquisition rights shall be one half of the maximum amount of increases in share capital, etc. calculated according to Article 17, paragraph (1) of the Regulation on Corporate Accounting, and when any fraction less than one yen arises from such calculation, that amount shall be rounded up.
 - (ii) The amount of legal capital surplus to increase when shares are issued upon exercise of the share acquisition rights shall be the amount obtained by deducting the amount of share capital to increase set forth in (i) above from the maximum amount of increases in share capital, etc. described in (i).
- (11) Handling of share acquisition rights in the event that the Company conducts reorganization

In the event that a contract or plan document prepared at the time of reorganization stipulates that share acquisition rights of the reorganized stock company as specified below are delivered, the share acquisition rights of the reorganized stock company as specified below shall be delivered in accordance with the ratio of the reorganization.

 - (i) Merger (limited to cases in which the Company is to become extinct)
Stock company that survives the merger or the stock company incorporated as a result of the merger
 - (ii) Absorption-type company split
Stock company whose rights and obligations in part or all held related to the absorbed business is succeeded by a company conducting absorption-type company split
 - (iii) Incorporation-type company split
Newly established stock company through incorporation-type company split
 - (iv) Share exchange
Stock company that acquires all of the issued shares of a stock company with which the stock company exchanges shares
 - (v) Share transfer
Stock company that is established through share transfer
- (12) Handling of fractions

Any fraction less than one share shall be discarded if the number of shares to be delivered to a share acquisition right holder who has exercised the share acquisition rights includes such fractions.
- (13) Method of measuring the fair value of share acquisition rights

The Black-Scholes model shall be used to measure the fair value of the share acquisition rights based on the various conditions on the allotment date.
- (14) Other conditions shall be established by resolution of a Board of Directors' meeting scheduled to be held after this General Meeting of Shareholders.