

Securities Code: 7988

8th June, 2021

To our shareholders

5-3 Hikarinooka, Yokosuka-shi, Kanagawa

Nifco Inc.

Masaharu Shibao, President & Representative Director

NOTICE OF THE 69th ANNUAL GENERAL MEETING OF SHAREHOLDERS

We would like to announce that the 69th Annual General Meeting of Shareholders will be held as stated below.

Due to the recent novel coronavirus outbreak, the national government and prefectural governors have urged people to stay home in order to prevent the spread of the virus. In light of these circumstances and after careful consideration, we have decided to implement thorough infection-control measures at the upcoming General Meeting of Shareholders.

Since people are strongly encouraged not to go outside and in order to prevent the spread of infection, we strongly urge you to, if possible, exercise your voting rights either by mail or online prior to the General Meeting of Shareholders and refrain from attending the meeting in person regardless of your health condition.

Anyone who is not well (has flu-like symptoms, fatigue, shortness of breath or difficulty breathing, and/or a fever) on the day of the meeting will be refused entry into the venue.

Please exercise your voting rights using either of the following methods after reviewing the attached Reference Documents.

[Exercising Voting Rights by Mail]

Please indicate your vote for or against the resolutions on the enclosed proxy form which should be returned to the company to **reach us no later than 5:30 p.m. on June 23, 2021.**

[Exercising Voting Rights Online]

To exercise your voting rights online, please either scan the login QR code or access the Company's designated voting website (<https://soukai.mizuho-tb.co.jp/>). You can input your vote for or against the resolutions by following the on-screen guidance. **Please be sure to vote by no later than 5:30 p.m. on June 23, 2021.**

If you exercise your voting rights online, please confirm “Instructions for voting online” on page 5.

If there is no indication of approval or disapproval for particular resolutions, the shareholder will be construed as having approved the resolution in question.

-----Details of the Meeting -----

- 1 Date and Time: 10 a.m. on Thursday, June 24, 2021 (doors open at 9:30 a.m.)
- 2 Location: Mita NN Hall, B1 floor (1st basement), Mita NN Building, 4-1-23 Shiba, Minato-ku, Tokyo

This year there will be a lot fewer seats as in the last year and greater space between seats in order to prevent the spread of infections. Please note that you may be refused admission to the venue upon arrival due to limited seat availability.

- 3 Agenda: Reports: 1. The business report (1st April, 2020 – 31st March, 2021), and the consolidated accounts together with the report of the Statutory Auditors and the Public Accountants thereon.
2. The accounts (1st April, 2020 – 31st March, 2021)
- Resolutions: Resolution 1 Appropriation of retained earnings
- Resolution 2 Partial changes of the Articles of Incorporation
- Resolution 3 Election of six candidates for Director who are not Audit & Supervisory Committee Members
- Resolution 4 Election of three candidates for Director who are Audit & Supervisory Committee Members
- Resolution 5 Election of one candidate for Director who is an Audit & Supervisory Committee Member to fill a vacancy
- Resolution 6 Determining Amount of Remuneration for Directors who are not Audit & Supervisory Committee Members
- Resolution 7 Determining Amount of Remuneration for Directors who are Audit & Supervisory Committee Members
- Resolution 8 Determining Amount and Details of Performance-Linked Share-Based Compensation, etc., to Directors who are not Audit & Supervisory Committee Members, etc.
- 4 How to exercise your voting rights Please see “How to Exercise Your Voting Rights” on page 4.
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- If you attend the Annual General Meeting of Shareholders, please present the enclosed voting form to the receptionist at the meeting.
- Also, should there be any amendments to the Reference Documents, the business report, the accounts, or the consolidated accounts, they will be published on the Company's website.

Company's website (<https://www.nifco.com/>)

We will no longer offer gifts to or hold a social gathering for shareholders at the Annual General Meeting of Shareholders. We appreciate your understanding.

(Request for shareholders)

- If you exercise your voting rights using the proxy form, there will be a risk of infection from the process of returning the form and counting of votes. Accordingly, if you exercise your voting rights prior to the General Meeting of Shareholders, we would appreciate you voting online if at all possible.
- This year there will be a lot fewer seats as in the last year and greater space between seats in order to prevent the spread of infections. Please note that you may be refused admission to the venue upon arrival due to limited seat availability. Operations staff of the General Meeting of Shareholders will wear masks when receiving you after having their physical conditions checked, including measurement of body temperature.
- Operations staff of the General Meeting of Shareholders will wear masks when receiving you after having their physical conditions checked, including measurement of body temperature.
- We will install alcohol-based (hand) sanitizers for shareholders near the reception desk of the venue.
- When attending the meeting, please make sure to bring a mask and wear it. Shareholders who are not wearing a mask will be refused admission to the venue.
- After measurement of body temperature at the reception desk, anyone who has a fever or appears unwell may be refused entry into the venue and requested to go home.
- Doors at the venue may be opened for air ventilation.
- For this General Meeting of Shareholders, detailed explanations for the reports (including the audit report) and resolutions at the venue will be omitted from the viewpoint of reducing the meeting time to prevent the spread of COVID-19 infections. We would appreciate it if shareholders would read the notice of convocation prior to the General Meeting of Shareholders. Moreover, we would request that questions will be limited to one for each shareholder, and kept brief. Please note that when you ask a question, kindly move to the stand microphone in the venue before asking the question.

We may update the above measures in accordance with the spread of infections and announcements by the government, etc., before the General Meeting of Shareholders. You are also kindly requested to check the information we post on the Company's website (<https://www.nifco.com/>)



How to exercise your voting rights

Your ability to vote at the Annual General Meeting of Shareholders is an important right. Please read the attached Reference Documents before exercising your voting rights. You can use one of the following three methods to exercise your voting rights.



Online

Follow the instructions on the next page to vote on each resolution.

Exercise your voting rights by

 Wednesday, 23rd June, 2021
 5:30 p.m. (Online voting must be completed by this time.)



By mail

Fill out the enclosed proxy form to vote on each resolution and return it by mail.

Exercise your voting rights by

 Wednesday, 23rd June, 2021
 5:30 p.m. (The form must be returned by this time.)



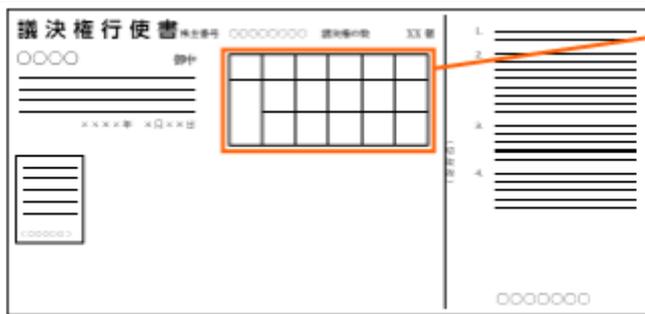
In person

Present the enclosed proxy form at the reception desk when attending the meeting.

Date and Time:

 Thursday, 24th June, 2021
 10:00 a.m.
 (Doors open at 9:30 a.m.)

How to fill out the proxy form



* The above image is for illustration purposes only. The actual form may vary.

Indicate your votes here.

Resolutions 3 and 4

- If you are voting for the appointment/reappointment of all candidates >> Enter a circle in the “**For**” box
- If you are voting against the appointment/reappointment of all candidates >> Enter a circle in the “**Against**” box
- If you are voting against the appointment/reappointment of some of the candidates >> Enter a circle in the box for “**For**” and write the number(s) associated with the candidate(s) you are voting against.

Resolutions 1, 2, 5, 6, 7 and 8

- If you are voting for the resolution >> Enter a circle in the “**For**” box
- If you are voting against the resolution >> Enter a circle in the “**Against**” box

If you exercise your voting rights both by mail and online, only the votes cast online will be considered valid. If you exercise your voting rights online more than once, only your last vote will be counted.

Instructions for voting online

Scanning your login QR code (Smart Vote)

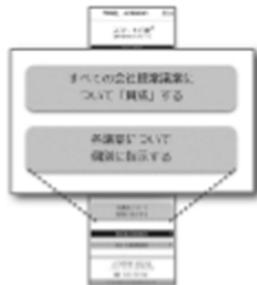
You can log in to the Voting Website without entering your voting rights exercise code and password.

- 1 Scan the QR code shown at the right bottom corner of the proxy form.



* QR code is a registered trademark of Denso Wave Incorporated.

- 2 Follow the on-screen instructions to cast your votes.



When using Smart Vote, you can exercise your voting rights **only once**.

If you wish to change your vote after exercising your voting rights, access the PC site, log in using the voting rights exercise code and password shown on the proxy form, and vote again.

* You can access the PC site by scanning the QR code again.

Entering your voting rights exercise code and password

Voting Website <https://soukai.mizuho-tb.co.jp/>

- 1 Access the Voting Website.



Click "Proceed"

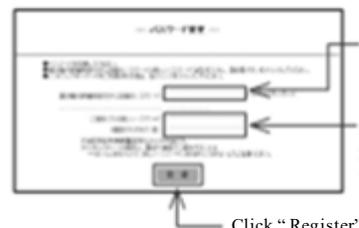
- 2 Enter the voting rights exercise code shown on the proxy form.



Enter the voting rights exercise code

Click "Next"

- 3 Enter the password shown on the proxy form.



Enter the initial password

Set a new password for yourself

Click "Register"

- 4 Follow the on-screen instructions to cast your votes.

* The above images are for illustration purposes only. Actual screens may vary.

If you have any questions about how to operate a PC, smartphone, or cell phone when voting online, please contact:

Internet Help Dial, Stock Transfer Agency Department, Mizuho
Trust & Banking Co., Ltd.

☎ 0120-768-524

(Hours: 9:00 a.m. – 9:00 p.m. on weekdays)

Institutional investors may use the Electronic Voting Platform for institutional investors operated by ICJ, Inc.

Reference Documents for the General Meeting of Shareholders

Resolution 1

Appropriation of retained earnings

Retained earnings will be appropriated as described below.

Matters concerning year-end dividend

With respect to the year-end dividend for the 69th fiscal year, the Company hereby proposes the following in consideration of the operating results for the year under review and future business development.

Form of dividend	Cash
Matters concerning allocation of dividend and total amount thereof	We propose to pay 28 yen per share as the year-end ordinary dividend (an ordinary dividend of 28 yen). Total dividend will be 2,852,749,312 yen . This will bring the annual dividend to 53 yen per share, including the interim dividend.
Effective date of dividends	25th June, 2021

(1) Reasons for this Resolution

- 1) The Company will transition to a company with an audit and supervisory committee from the perspective of making Audit & Supervisory Committee Members--who are in charge of auditing the execution of duties by Directors--members of the Board of Directors and giving them voting rights at the meetings of the Board of Directors, thereby enhancing the auditing and supervising functions of the Board of Directors and further strengthening corporate governance.

In accordance with this, the Company will establish new provisions for Audit & Supervisory Committee Members and the Audit & Supervisory Committee that are necessary for the transition to a company with an audit and supervisory committee, as well as delete provisions for Statutory Auditors and the Board of Statutory Auditors.

In addition, the Company will revise Article 23 (Limited liability agreement for External Directors) of the Articles of Incorporation, as provisions to enable the Board of Directors to exempt Directors from liability by its resolution within the scope stipulated by laws and regulations so that they can fully perform in their expected roles, as well as to enable the Company to conclude limited liability agreements with Directors who are not Executive Directors. Each Statutory Auditor's consent has been obtained for the revision of Article 23 (Limited liability agreement for External Directors) of the Articles of Incorporation. In addition, due to the transition to a company with an audit and supervisory committee, supplementary provisions will be established as a transitional measure for the deletion of provisions for exemption of Statutory Auditors from liability.

Moreover, a new provision will be established to enable the delegation of decision on important business executions to Directors for the purpose of realizing expeditious decision-making and flexible business execution.

Furthermore, for flexible capital and dividend policies, in order to enable the dividend of surplus, etc., by resolution of the Board of Directors in accordance with provision of Article 459, paragraph (1) of the Companies Act, Article 40 (Dividend of surplus) and Article 41 (Interim dividend) of the Articles of Incorporation will be revised as proposed.

- 2) The changes of the Articles of Incorporation by this resolution will take effect at the conclusion of this General Meeting of Shareholders.

(2) The content of changes

The content of changes are as follows.

(The underlined parts indicate changes.)

Current Articles of Incorporation		Proposed changes	
Chapter 1 General provisions		Chapter 1 General provisions	
Articles 1 - 4	(Provisions omitted)	Articles 1 - 4	(No change)
Chapter 2 Stock		Chapter 2 Stock	
Article 5	(Provisions omitted)	Article 5	(No change)
(Acquisition of own stock)		(Deleted)	
<u>Article 6 The Company may acquire its own stock through market transactions, among others, by resolution of the Board of Directors.</u>			
Articles <u>7 - 11</u>	(Provisions omitted)	Articles <u>6 - 10</u>	(No change)
Chapter 3 General Meeting of Shareholders		Chapter 3 General Meeting of Shareholders	
Articles <u>12 - 17</u>	(Provisions omitted)	Articles <u>11 - 16</u>	(No change)
Chapter 4 Directors and the Board of Directors		Chapter 4 Directors and the Board of Directors	
Article <u>18</u>	(Provisions omitted)	Article <u>17</u>	(No change)
(Number of Directors and their election)		(Number of Directors and their election)	
Article <u>19</u>	The number of Directors of the Company shall be no more than <u>twelve (12)</u> , and shall be elected by resolution of the General Meeting of Shareholders.	Article <u>18</u>	The number of Directors of the Company <u>(excluding those who are Audit & Supervisory Committee Members)</u> shall be no more than <u>eight (8)</u> ; <u>Directors who are Audit & Supervisory Committee Members shall be no more than three (3)</u> ; and they shall be elected by resolution of the General Meeting of Shareholders, <u>while distinguishing between Directors who are Audit & Supervisory Committee Members and other Directors.</u>
2.	The resolution for election in the preceding paragraph shall be approved by a majority of the voting rights, with the attendance of shareholders who have no less than one-third (1/3) of the voting rights of shareholders who may exercise their voting rights.	2.	The resolution for election in the preceding paragraph shall be approved by a majority of the voting rights, with the attendance of shareholders who have no less than one-third (1/3) of the voting rights of shareholders who may exercise their voting rights.
3.	The resolution for the election of Directors shall not be approved by cumulative voting.	3.	The resolution for the election of Directors shall not be approved by cumulative voting.
(Term of office of Directors)		(Term of office of Directors)	
Article <u>20</u>	The term of office of Directors shall be until the conclusion of the Annual General Meeting of Shareholders for the final fiscal year ending within one (1) year of their election.	Article <u>19</u>	The term of office of Directors <u>(excluding those who are Audit & Supervisory Committee Members)</u> shall be until the conclusion of the Annual General Meeting of Shareholders for the

Current Articles of Incorporation	Proposed changes
	<p>final fiscal year ending within one (1) year of their election.</p> <p>2. <u>The term of office of Directors who are Audit & Supervisory Committee Members shall be until the conclusion of the Annual General Meeting of Shareholders for the final fiscal year ending within two (2) years of their election.</u></p> <p>3. <u>The term of office of a Director who is an Audit & Supervisory Committee Member assumed by Director who is an Audit & Supervisory Committee Member to fill the vacancy of a Director who is an Audit & Supervisory Committee Member retiring before the expiration of the term of office shall be the remaining term of office of the retiring Director who is an Audit & Supervisory Committee Member.</u></p> <p>4. <u>The effect of preliminary election of a Director who is an Audit & Supervisory Committee Member to fill a vacancy shall be until the start of the Annual General Meeting of Shareholders for the final fiscal year ending within two (2) years of their election at the General Meeting of Shareholders.</u></p>
<p>(Election of Representative Directors and Executive Directors)</p> <p>Article <u>21</u> The Board of Directors shall elect Representative Directors by its resolution. Representative Directors shall supervise and execute the business of the Company.</p> <p>2. The Board of Directors may elect, by its resolution, one (1) Honorary Chairman, Chairman, and President, respectively, as well as Supreme Advisors, Counsellors, Vice Chairmen, Vice Presidents, Senior Executive Managing Directors, and Executive Managing Directors.</p>	<p>(Election of Representative Directors and Executive Directors)</p> <p>Article <u>20</u> The Board of Directors shall elect Representative Directors <u>from Directors (excluding those who are Audit & Supervisory Committee Members)</u> by its resolution. Representative Directors shall supervise and execute the business of the Company.</p> <p>2. The Board of Directors may elect, by its resolution, one (1) Honorary Chairman, Chairman, and President, respectively, as well as Supreme Advisors, Counsellors, Vice Chairmen, Vice Presidents, Senior Executive Managing Directors, and Executive Managing Directors <u>from Directors (excluding those who are Audit & Supervisory Committee Members).</u></p>
<p>(Remuneration for Directors)</p> <p>Article <u>22</u> Directors' remuneration, bonus, and other economic benefits received from the Company as consideration for the execution of duties (hereinafter, referred to as the "Remuneration") shall be determined by the resolution of the General Meeting of Shareholders.</p>	<p>(Remuneration for Directors)</p> <p>Article <u>21</u> Directors' remuneration, bonus, and other economic benefits received from the Company as consideration for the execution of duties (hereinafter, referred to as the "Remuneration") shall be determined by the resolution of the General Meeting of Shareholders, <u>while distinguishing between Directors who are Audit & Supervisory Committee Members and other</u></p>

Current Articles of Incorporation	Proposed changes
<p>(<u>Limited liability agreement</u> for <u>External</u> Directors) Article <u>23</u> (New)</p> <p>The Company may conclude an agreement with <u>External</u> Directors to limit their respective liability for damages referred to in Article 423, paragraph (1) of the Companies Act if they fall under the requirements stipulated by laws and regulation. Provided, however, that the limit of liability for damages under this agreement shall be the greater of either the amount determined in advance of no less than 20 million yen or the minimum total liability stipulated by laws and regulations.</p>	<p><u>Directors.</u> (<u>Exemption</u> of Directors from liability) Article <u>22</u> <u>In accordance with provisions of Article 426, paragraph (1) of the Companies Act, the Company may exempt, by the resolution of the Board of Directors, Directors (including those who used to be a Director) from liability for damages referred to in Article 423, paragraph (1) of the Act, subject to the limit of laws and regulations.</u></p> <p>2. The Company may conclude an agreement with Directors (<u>excluding those who are Executive Directors</u>) to limit their respective liability for damages referred to in Article 423, paragraph (1) of the Companies Act if they fall under the requirements stipulated by laws and regulations. Provided, however, that the limit of liability for damages under this agreement shall be the greater of either the amount determined in advance of no less than 20 million yen or the minimum total liability stipulated by laws and regulations.</p>
<p>(Method of resolution by the Board of Directors) Article <u>24</u> The resolution by the Board of Directors shall be made by a majority vote with the attendance of a majority of Directors who may vote.</p> <p>2. Regarding resolutions at the meeting of the Board of Directors, the Company shall deem that there is the resolution by the Board of Directors to approve the <u>resolutions</u> if all Directors (only those who may participate in voting for the <u>resolutions</u>) indicate their consent either in writing or electromagnetic record. <u>Provided, however, this shall not apply if a Statutory Auditor expresses an objection to the resolutions.</u></p>	<p>(Method of resolution by the Board of Directors) Article <u>23</u> The resolution by the Board of Directors shall be made by a majority vote with the attendance of a majority of Directors who may vote.</p> <p>2. <u>In the case of a proposal</u> by a Director regarding a matter <u>for</u> resolution at the meeting of the Board of Directors, the Company shall deem that there is the resolution by the Board of Directors to approve the <u>proposal</u> if all Directors (only those who may participate in voting for the matter) indicate their consent <u>for the proposal</u> either in writing or electromagnetic record.</p>
<p>(Convocation of the meeting of the Board of Directors) Article <u>25</u> The convocation notice for the meeting of the Board of Directors shall be sent to each Director <u>and Statutory Auditor</u> by five (5) days prior to the date of the meeting. Provided, however, that this period may be shortened in the case of emergency.</p> <p>(New)</p>	<p>(Convocation of the meeting of the Board of Directors) Article <u>24</u> The convocation notice for the meeting of the Board of Directors shall be sent to each Director by five (5) days prior to the date of the meeting. Provided, however, that this period may be shortened in the case of emergency.</p> <p>(<u>Delegation</u> of the decision on important business executions) Article <u>25</u> <u>Pursuant to provisions of Article 399-13, paragraph (6) of the Companies Act, the Company may delegate all or part of decisions on important business executions (excluding the matters listed in each item of the Article,</u></p>

Current Articles of Incorporation	Proposed changes
Article 26 (Provisions omitted)	<p><u>paragraph (5)) to Directors by the resolution of the Board of Directors.</u></p> <p>Article 26 (No change)</p>
Chapter 5 <u>Statutory Auditors and the Board of Statutory Auditors</u>	Chapter 5 <u>Audit & Supervisory Committee</u>
(Statutory Auditors and the Board of Statutory Auditors)	(Establishment of the Audit & Supervisory Committee)
Article 27 The Company shall have <u>Statutory Auditors and the Board of Statutory Auditors.</u>	Article 27 The Company shall have <u>an Audit & Supervisory Committee.</u>
(Number of Statutory Auditors and their election)	(Deleted)
Article 28 <u>The number of Statutory Auditors of the Company shall be no more than five (5), and shall be elected at the General Meeting of Shareholders.</u>	
2. <u>The resolution for election in the preceding paragraph shall be approved by a majority of the voting rights, with the attendance of shareholders who have no less than one-third (1/3) of the voting rights of shareholders who may exercise their voting rights.</u>	
(Term of office of Statutory Auditors)	(Deleted)
Article 29 <u>The term of office of Statutory Auditors shall be until the conclusion of the Annual General Meeting of Shareholders for the final fiscal year ending within four (4) years of their election, while the term of office of a Statutory Auditor assumed by a Statutory Auditor to fill a vacancy shall be the remaining term of office of the retiring Statutory Auditor.</u>	
(Remuneration for Statutory Auditors)	(Deleted)
Article 30 <u>Remuneration for Statutory Auditors shall be determined by resolution of the General Meeting of Shareholders.</u>	
(Limited liability agreement for External Statutory Auditors)	(Deleted)
Article 31 <u>The Company may conclude an agreement with External Statutory Auditors to limit their respective liability for damages referred to in Article 423, paragraph (1) of the Companies Act if they fall under the requirements stipulated by laws and regulation. Provided, however, that the limit of liability for damages under this agreement is the greater of either the amount determined in advance of no less than 10 million yen or the minimum total liability stipulated by laws and regulations.</u>	

Current Articles of Incorporation	Proposed changes
<p>(Full-time <u>Statutory Auditors</u>) Article <u>32</u> The <u>Board of Statutory Auditors</u> shall elect Full-time <u>Statutory Auditors</u> by its resolution.</p>	<p>(Full-time <u>Audit & Supervisory Committee Members</u>) Article <u>28</u> The <u>Audit & Supervisory Committee</u> may elect <u>Full-time Audit & Supervisory Committee Members</u> by its resolution.</p>
<p>(Convocation of the meeting of the <u>Board of Statutory Auditors</u>) Article <u>33</u> The convocation notice for the meeting of the <u>Board of Statutory Auditors</u> shall be sent to each <u>Statutory Auditor</u> by five (5) days prior to the date of the meeting. Provided, however, that this period may be shortened in the case of emergency.</p>	<p>(Convocation of the meeting of the <u>Audit & Supervisory Committee</u>) Article <u>29</u> The convocation notice for the meeting of the <u>Audit & Supervisory Committee</u> shall be sent to each <u>Audit & Supervisory Committee Member</u> by five (5) days prior to the date of the meeting. Provided, however, that this period may be shortened in the case of emergency.</p>
<p>(<u>Board of Statutory Auditors</u> Regulations) Article <u>34</u> Matters concerning the <u>Board of Statutory Auditors</u> shall be subject not only to laws and regulations or provisions of this Articles of Incorporation, but also to the <u>Board of Statutory Auditors</u> Regulations decided by the <u>Board of Statutory Auditors</u>.</p>	<p>(<u>Audit & Supervisory Committee</u> Regulations) Article <u>30</u> Matters concerning the <u>Audit & Supervisory Committee</u> shall be subject not only to laws and regulations or provisions of this Articles of Incorporation but also to the <u>Audit & Supervisory Committee</u> Regulations decided by the <u>Audit & Supervisory Committee</u>.</p>
<p>Chapter 6 Accounting Auditors Articles <u>35</u> - <u>37</u> (Provisions omitted)</p>	<p>Chapter 6 Accounting Auditors Articles <u>31</u> - <u>33</u> (No change)</p>
<p>(Remuneration for Accounting Auditors) Article <u>38</u> Remuneration for Public Accountants shall be determined by the Representative Director with the consent of the <u>Board of Statutory Auditors</u>.</p>	<p>(Remuneration for Accounting Auditors) Article <u>34</u> Remuneration for Public Accountants shall be determined by the Representative Director with the consent of the <u>Audit & Supervisory Committee</u>.</p>
<p>Chapter 7 Accounting Article <u>39</u> (Provisions omitted)</p>	<p>Chapter 7 Accounting Article <u>35</u> (No change)</p>
<p>(Dividend of surplus) Article <u>40</u> The Company <u>shall pay the dividend of surplus to shareholders or registered pledgees of shares listed or recorded in the final register of shareholders as of March 31 each year, pursuant to the resolution of the General Meeting of Shareholders.</u></p>	<p>(Dividend of surplus, etc.) Article <u>36</u> The Company <u>may determine, by resolution of the Board of Directors, matters stipulated in each item of Article 459, paragraph (1) of the Companies Act, including the dividend of surplus, unless otherwise specified by laws and regulations.</u></p>
<p>(Interim dividend) Article <u>41</u> The Company <u>may pay an interim dividend as stipulated in Article 454, paragraph (5) of the</u></p>	<p>(Record date for the dividend) Article <u>37</u> <u>The record date for the year-end dividend of the Company shall be March 31 each year.</u></p>

Current Articles of Incorporation		Proposed changes	
	<u>Companies Act to shareholders or registered pledgees of shares listed or recorded in the final register of shareholders as of September 30 each year, pursuant to the resolution of the Board of Directors.</u>		<p>2. <u>The record date for the interim dividend of the Company shall be September 30 each year.</u></p> <p>3. <u>In addition to the preceding two paragraphs, the Company may pay the dividend of surplus by determining the record date.</u></p>
Article <u>42</u>	(Provisions omitted)	Article <u>38</u>	(No change)
(New)			<p><u>Supplementary provisions</u> <u>(Transitional measures for exemption of Statutory Auditors from liability)</u> <u>In accordance with provisions of Article 426, paragraph (1) of the Companies Act, the Company may exempt, by resolution of the Board of Directors, those who used to be Statutory Auditors from liability for damages referred to in Article 423, paragraph (1) of the Act, subject to the limit of laws and regulations.</u> <u>This supplementary provision shall be deleted after a lapse of ten (10) years from June 24, 2021.</u></p>

Resolution 3

Election of six candidates for Director who are not Audit & Supervisory Committee Members

If Resolution 2 “Partial changes of the Articles of Incorporation” is approved in its original form, the Company will transition to a company with an audit and supervisory committee, and the terms of office of all (seven) Directors will expire when the changes of the Articles of Incorporation take effect.

Accordingly, we propose the election of six candidates as Director (excluding Directors who are Audit & Supervisory Committee Members; hereinafter, the same shall apply under this Resolution). This Resolution shall take effect on condition that changes of the Articles of Incorporation in Resolution 2 “Partial changes of the Articles of Incorporation” become effective.

The candidates for Director are as follows.

No.	Name		Position at the Company	Fields expected of Directors by the Company					
				Management strategy	Financial and capital policy	Overseas business	Legal affairs, risk management	IT DX	ESG, sustainability
1	Toshiyuki Yamamoto	Reappointment	Chairman & Representative Director CEO	○		○		○	○
2	Masaharu Shibao	Reappointment	President & Representative Director COO	○		○			
3	Toshiki Yauchi	Reappointment	Director, Senior Executive Managing Officer CSO & CIO	○	○		○		○
4	Yoshiko Nonogaki	Reappointment	External	Independent	External Directors	○		○	○
5	Brian K. Heywood	Reappointment	External	Independent	External Directors	○	○	○	
6	Masayuki Abe	New appointment	External	Independent	-			○	○

* CEO stands for Chief Executive Officer, COO for Chief Operating Officer, CSO for Chief Strategy Officer, and CIO for Chief Information Officer.

New appointment	New Director candidate	Reappointment	Reappointed Director candidate	External	External Director candidate	Independent	Independent Director pursuant to the regulations of the stock exchange
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No.

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Toshiyuki
Yamamoto(11th October,
1949)

Number of shares of the Company held 51,996

(Number of the Company's shares to be granted based on the share-based compensation plan) (39,896)

Number of years of service 9

Number of Board of Directors meetings attended 13 out of 13

[Career summary, position and assignment at the Company]**Reappointment**

April 1973	Joined the Company	June 2016	Chairman, President & Representative Director, CEO & COO of the Company
January 1995	Head of Sagami-hara Plant of the Company	June 2017	President & Representative Director, CEO & COO of the Company
June 2002	Executive Officer of the Company	June 2020	President & Representative Director, Chief Executive Officer (CEO) of the Company
April 2008	Executive Officer of the Company, President of Nifco America Corp.	April 2021	Chairman & Representative Director, Chief Executive Officer (CEO) of the Company (to present)
June 2012	President & Representative Director, COO of the Company		

[Significant concurrent positions]

None

Reasons for proposing the candidate for Director

Mr. Yamamoto is once again proposed as a candidate for Director due to his ability to execute business strategies with strong leadership in a timely and appropriate manner, as well as his broad experience of global management gained as the President & Representative Director of the Company from 2012, after obtaining experience as the Head of major domestic plants and the President of the Company's overseas subsidiary.

No.

2

Masaharu Shibao

(14th December,
1961)

Number of shares of the Company held 27,906

(Number of the Company's shares to be granted based on the share-based compensation plan) (23,006)

Number of years of service 5

Number of Board of Directors meetings attended 13 out of 13

[Career summary, position and assignment at the Company]**Reappointment**

April 1985	Joined the Company	June 2019	Director and Senior Executive Managing Officer, CMO, Head of Sales, In charge of Technology & Platform Business Division of the Company
April 2010	President of Nifco Deutschland GMBH	June 2020	Vice President & Representative Director, Head of Sales, Chief Operating Officer (COO) of the Company
June 2015	Executive Officer of the Company, President of Nifco America Corp.	April 2021	President & Representative Director, Chief Operating Officer (COO) of the Company (to present)
June 2016	Director and Executive Managing Officer, CMO, Head of Sales of the Company		

[Significant concurrent positions]

None

Reasons for proposing the candidate for Director

Mr. Shibao is once again proposed as a candidate for Director due to his global and diverse experience, insights and expertise cultivated through his long career in sales and as the President of the Company's subsidiaries in Europe and the U.S.

No.

3

Toshiki Yauchi (16th July 1961)

Number of shares of the Company held	18,156
(Number of the Company's shares to be granted based on the share-based compensation plan)	(16,256)
Number of years of service	3
Number of Board of Directors meetings attended	13 out of 13

[Career summary, position and assignment at the Company]

Reappointment

April 1985	Joined the Company	June 2019	Director and Senior Executive Managing Officer, Divisional General Manager of Corporate Strategy Division, In charge of Administration & Finance of the Company
July 2007	Divisional General Manager of Corporate Strategy Division of the Company		
June 2015	Executive Officer, Divisional General Manager of Corporate Strategy Division of the Company	April 2021	Director and Senior Executive Managing Officer, Head of Administration, Chief Strategy Officer (CSO), Chief Information Officer (CIO), In charge of Finance of the Company (to present)
June 2018	Director and Executive Managing Officer, Divisional General Manager of Corporate Strategy Division, In charge of Administration & Finance of the Company		

[Significant concurrent positions]

None

Reasons for proposing the candidate for Director

Mr. Yauchi is once again proposed as a candidate for Director due to his diverse experience, insights and expertise cultivated through his long career mainly in corporate strategy, and developing management strategies as the Divisional General Manager of the Corporate Strategy Division and being in charge of overall IR activities of the Company.

No.

4

Yoshiko Nonogaki (31st July 1957)

Number of shares of the Company held	-
(Number of the Company's shares to be granted based on the share-based compensation plan)	(- shares)
Number of years of service	2
Number of Board of Directors meetings attended	13 out of 13

[Career summary, position and assignment at the Company]

Reappointment

External

Independent

April 1980	Joined Sony Corporation (current Sony Group Corporation)	April 2013	Director of Global Diversity, Personnel HQ of the company
September 1992	President & Representative Director of Sony Poland	June 2015	External Director of Jolly-Pasta Co., Ltd.
April 2009	Manager of Planning & Marketing Department, Business & Professional Enterprise HQ of Sony Corporation (current Sony Group Corporation)	June 2019	External Director of the Company (to present)
		June 2020	Outside Director of GS Yuasa Corporation (to present)

[Significant concurrent positions]

Outside Director of GS Yuasa Corporation

Reasons for proposing the candidate for External Director and overview of expected roles

Ms. Nonogaki is proposed as a candidate for External Director because the Company expects her to reflect her broad experience in the marketing field cultivated through her career in a large corporation in the Company's management as External Director.

Moreover, her expected role will be to improve the quality of the Company's corporate governance, by reflecting her broad experience and insight in the marketing field cultivated through her career in a large corporation.

No.				Number of shares of the Company held	- shares
5	Brian Heywood	K.	(9th January 1967)	(Number of the Company's shares to be granted based on the share-based compensation plan)	(- shares)
				Number of years of service	1
				Number of Board of Directors meetings attended	10 out of 10

[Career summary, position and assignment at the Company]

Reappointment External Independent	August 1999	Vice President, Citibank, N.A.	March 2020	Outside Director of Roland DG Corporation (to present)
	January 2001	Taiyo Pacific Partners, L.P. Managing Partner and CEO (to present)	June 2020	External Director of the Company (to present)
	November 2014	External Director of Roland Corporation		Outside Director, Maxell Holdings, Ltd. (to present)

[Significant concurrent positions]

Managing Partner and CEO of Taiyo Pacific Partners, L.P.
 Outside Director of Roland DG Corporation, Outside Director of Maxell Holdings, Ltd.

Reasons for proposing the candidate for External Director and overview of expected roles

Mr. Heywood is proposed as a candidate for External Director because he has extensive experience and knowledge as a corporate management and investment expert, and the Company expects him to leverage his expertise in corporate management and perspective as a shareholder/investor in the Company's management. Moreover, his expected role will be to contribute to improving corporate value, by incorporating his perspective as a shareholder/investor.

No.				Number of shares of the Company held	- shares
6	Masayuki Abe		(5th October 1956)	(Number of the Company's shares to be granted based on the share-based compensation plan)	(- shares)
				Number of years of service	-
				Number of Board of Directors meetings attended	-

[Career summary, position and assignment at the Company]

New appointment External Independent	April 1980	Joined Kao Soap Co., Ltd. (current Kao Corporation)	March 2015	Executive Officer of the company
	March 2003	General Manager of Information Technology Group of the company	April 2018	Senior Advisor of General Digital Business Division (current General IT Division) of Toppan Forms Co., Ltd. (to present)
	May 2010	General Manager of Strategic Planning Division of the company		
	December 2013	Head-Information Systems of the company		

[Significant concurrent positions]

Senior Advisor of General IT Division of Toppan Forms Co., Ltd.

Reasons for proposing the candidate for External Director and overview of expected roles

Mr. Abe is proposed as a candidate for External Director because he has extensive experience and insight in the IT field cultivated through his career in a large corporation, and the Company expects him to leverage his expertise in the Company's management, even though he has never been directly involved in corporate management. Moreover, his expected role will be to promote the Company's management in the fields related to IT and DX.

- (Notes)
1. Masayuki Abe is a candidate as new Director.
 2. The Company has no special interests with Toshiyuki Yamamoto, Masaharu Shibao, Toshiki Yauchi, Yoshiko Nonogaki, or Masayuki Abe. Taiyo Pacific Partners, L.P., for which Brian K. Heywood serves as CEO, is a shareholder of the Company, and has concluded an advisory agreement with the Company for the purpose of providing advice and proposals for management and business strategies. The amount of transactions accounts for less than 1% of the consolidated sales of both the Company and the L.P., while services for the advisory agreement are provided by other members of the L.P.
 3. Yoshiko Nonogaki, Brian K. Heywood, and Masayuki Abe are candidates as External Directors.
 4. The Company designated and filed Yoshiko Nonogaki and Brian K. Heywood as independent officers pursuant to the regulations of Tokyo Stock Exchange, Inc. If this Resolution is passed and their reappointment is approved, they will continue to be independent officers. Masayuki Abe satisfies the requirements for an independent officer pursuant to the regulations of Tokyo Stock Exchange, Inc. The Company plans to designate and file him as an independent officer with the said Stock Exchange.
 5. Yoshiko Nonogaki will have served as External Director for two years at the close of this General Meeting of Shareholders. Brian K. Heywood will have served as External Director for one year at the close of this General Meeting of Shareholders.
 6. The Company has concluded an agreement with Yoshiko Nonogaki and Brian K. Heywood to limit their liability for damages referred to in Article 423, paragraph (1) of the Companies Act pursuant to the provision of the Articles of Incorporation. The limit of liabilities for damages under this agreement is the greater of either 20 million yen or the minimum total liability stipulated by laws and regulations. The Company plans to extend the aforementioned limited liability agreement if they are reappointed. In addition, if Masayuki Abe is appointed, the Company plans to conclude an agreement with him to limit his liability for damages referred to in Article 423, paragraph (1) of the Companies Act pursuant to the provision of the Articles of Incorporation. The limit of liabilities for damages under this agreement is the greater of either 20 million yen or the minimum total liability stipulated by laws and regulations.
 7. The Company has concluded a directors and officers liability insurance (D&O Insurance) policy covering all Directors, in accordance with provisions of Article 430-2, paragraph (1) of the Companies Act, for the Company to indemnify the expenses referred to in item (i) of the paragraph and the losses in item (ii) within the scope stipulated by laws and regulations (provided, however, that it shall exclude cases of obtaining illegal profits or benefits, or criminal acts, wrongful acts, fraudulent acts, or acts conducted while recognizing they are in violation of laws and regulations, rules or regulatory laws). If Resolution 2 for changing the Articles of Incorporation and this Resolution for reappointment of each candidate are approved, the Company will continue the agreement for each Director. In addition, if the election of Masayuki Abe is approved, the Company will conclude the same agreement with him.
 8. The number of shares of the Company held by each candidate includes the number of the Company's shares to be granted based on the share-based compensation plan (as of June 1, 2021).

[Particulars of the Company's shares to be granted based on the share-based compensation plan]

The Company introduced a performance-linked share-based compensation plan (hereinafter, referred to as the "Plan"), which grants the Company's shares to Company Directors (excluding External Directors and those who live abroad; hereinafter, the same shall apply) in FY2016. The Company's shares to be granted to each candidate based on the Plan shall consist of (a) the portion that is not linked to business performance and (b) the portion that is linked to business performance achieved over a certain time period. The number of shares to be granted to each candidate based on the Plan provided in this document only refers to the number of points granted based on the business performance which has become finalized at the moment. Specifically, the number of the Company's shares to be granted shows the total number of (a) points for the non-performance-linked compensation granted on or before June 1, 2021 and (b) points for the performance-linked compensation granted on June 1, 2020. The voting rights pertaining to the Company's shares to be granted based on the Plan shall not be exercised until the granting of the Company's shares to each candidate in the future. The Company's shares corresponding to 30% of the said shares to be granted will be sold on the market and proceeds from the sale of such shares will be granted to each candidate to secure funds for tax payment purposes.

Resolution 4

Election of three candidates for Director who are Audit & Supervisory Committee Members

If Resolution 2 “Partial changes of the Articles of Incorporation” is approved in its original form, the Company will transition to a company with an audit and supervisory committee.

Accordingly, we propose the election of three candidates as Directors who are Audit & Supervisory Committee Members.

The Board of Statutory Auditors’ consent has been obtained for this Resolution.

This Resolution shall take effect on condition that changes of the Articles of Incorporation in Resolution 2 “Partial changes of the Articles of Incorporation” become effective.

The candidates for Directors who are Audit & Supervisory Committee Members are as follows.

No.	Name	Position at the Company	Fields expected of Directors by the Company					
			Management strategy	Financial and capital policy	Overseas business	Legal affairs, risk management	IT DX	ESG, sustainability
1	Junji Honda New appointment	Executive Managing Officer Head of Finance CFO		○				
2	Toshiyuki Arai New appointment External Independent	External Statutory Auditor (Part-time)				○		
3	Mitsuhiro Matsumoto New appointment External Independent	External Statutory Auditor (Part-time)		○				

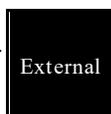
* CFO stands for Chief Financial Officer.



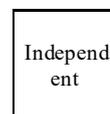
New Director candidate



Reappointed Director candidate



External Director candidate



Independent Director pursuant to the regulations of the stock exchange

No.			Number of shares of the Company held	25,289
1	Junji Honda	(10th November 1952)	(Number of the Company's shares to be granted based on the share-based compensation plan)	(11,289)
			Number of years of service	-
			Number of Board of Directors meetings attended	-

[Career summary, position and assignment at the Company]

New appointment

April 1988	Joined the Company	June 2015	Executive Managing Officer & CFO, Deputy Head of Administration, General Manager of Accounting Department of the Company
June 2002	Divisional General Manager of Accounting Department of the Company	April 2017	Executive Managing Officer & CFO, Head of Finance of the Company
June 2004	Executive Officer, Divisional General Manager of Accounting Department of the Company	April 2021	Executive Managing Officer, Head of Management Control, Chief Financial Officer (CFO) of the Company (to present)
April 2013	Executive Officer, Head of Global Management Control of the Company		
June 2014	Executive Managing Officer, Deputy Head of Administration, General Manager of Accounting Department of the Company		

[Significant concurrent positions]

None

Reasons for proposing the candidate for Director

Mr. Honda is proposed as a candidate for Director because he has considerable insight in finance and accounting by serving in Accounting and Corporate Administration Departments and supervising Finance & Accounting Department as CFO. He is proposed as a candidate for Director who is an Audit & Supervisory Committee Member because the Company expects him to reflect such knowledge and experience in playing an appropriate role for strengthening the Company's corporate governance after the transition to a company with an audit and supervisory committee.

No.			Number of shares of the Company held	-
2	Toshiyuki Arai	(5th February 1970)	(Number of the Company's shares to be granted based on the share-based compensation plan)	(- shares)
			Number of years of service	-
			Number of Board of Directors meetings attended	13 out of 13

[Career summary, position and assignment at the Company]

New appointment

External

Independent

April 1997	Registered as attorney-at-law (Tokyo Bar Association)	June 2013	Statutory Auditor (External) of the Company (to present)
February 2013	Established Arai Tokyo Law Office	June 2014	External Director of Spiber Inc. (to present)
		September 2019	Outside Audit & Supervisory Board Member of Moneytree KK (to present)

[Significant concurrent positions]

Attorney-at-law, Representative Lawyer of Arai Tokyo Law Office

External Director of Spiber Inc.

Outside Audit & Supervisory Board Member of Moneytree KK

Reasons for proposing the candidate for External Director and overview of expected roles

Mr. Arai is proposed as a candidate for External Director because he is well versed in laws in Japan and abroad as an attorney-at-law, and the Company expects him to conduct audits focusing on compliance in particular.

Moreover, his expected role will be to improve the quality of the Company's corporate governance, by conducting audits focusing on compliance in particular. He is proposed as a candidate for Director who is Audit & Supervisory Committee Member because the Company expects him to reflect his expertise and experience in playing an appropriate role for strengthening the Company's corporate governance after the transition to a company with an audit and supervisory committee.

No.	<h1 style="margin: 0;">3</h1> <h2 style="margin: 0;">Mitsuhiro Matsumoto</h2> <p style="margin: 0;">(7th May 1969)</p>	Number of shares of the Company held	600
		(Number of the Company's shares to be granted based on the share-based compensation plan)	(- shares)
		Number of years of service	-
		Number of Board of Directors meetings attended	12 out of 13

[Career summary, position and assignment at the Company]

New appointment	October 1992	Joined Aoyama Audit Corporation	September 2008	External Statutory Auditor (current Outside Director, Audit & Supervisory Committee Member) of Suzuki Co., Ltd. (to present)
External	April 1996	Registered as Certified Public Accountant		
Independent	October 1999	President of CPA, Matsumoto Accounting Office (current CPA, Tax Accountant, Matsumoto Accounting Office) (to present)	August 2014	External Statutory Auditor (current Outside Director, Audit & Supervisory Committee Member) of Hoden Seimitsu Kako Kenkyusho Co., Ltd. (to present)
			June 2019	External Statutory Auditor of the Company (to present)

[Significant concurrent positions]

President of CPA, Tax Accountant, Matsumoto Accounting Office
 Outside Director, Audit & Supervisory Committee Member of Suzuki Co., Ltd.
 Outside Director, Audit & Supervisory Committee Member of Hoden Seimitsu Kako Kenkyusho Co., Ltd.

Reasons for proposing the candidate for External Director and overview of expected roles

Mr. Matsumoto is proposed as candidate for External Statutory Auditor because he has broad knowledge and experience in auditing corporate management as a Certified Public Accountant, and the Company expects him to perform the Company's audits properly. Moreover, his expected role will be to improve the quality of the Company's corporate governance, by conducting audits focusing on accounting in particular. He is proposed as a candidate for Director who is an Audit & Supervisory Committee Member because the Company expects him to reflect such knowledge and experience in playing an appropriate role for strengthening the Company's corporate governance after the transition to a company with an audit and supervisory committee.

- (Notes)
1. There are no special interests between each candidate and the Company.
 2. Toshiyuki Arai and Mitsuhiro Matsumoto are candidates as External Director.
 3. If Junji Honda, Toshiyuki Arai, and Mitsuhiro Matsumoto are appointed, the Company plans to conclude an agreement with three of them to limit their liability for damages referred to in Article 423, paragraph (1) of the Companies Act pursuant to the provision of the Articles of Incorporation. The limit of liabilities for damages under this agreement is the greater of either 20 million yen or the minimum total liability stipulated by laws and regulations.
 4. Toshiyuki Arai and Mitsuhiro Matsumoto satisfy the requirements for an independent officer pursuant to the regulations of Tokyo Stock Exchange, Inc. The Company plans to designate and file them as independent officers with the said Stock Exchange.
 5. The Company has concluded a directors and officers liability insurance (D&O Insurance) covering all Directors, in accordance with provisions of Article 430-2, paragraph (1) of the Companies Act, for the Company to indemnify the expenses referred to in item (i) of the paragraph and the losses in item (ii) within the scope stipulated by laws and regulations (provided, however, that it shall exclude cases of obtaining illegal profits or benefits, or criminal acts, wrongful acts, fraudulent acts, or acts conducted while recognizing they are in violation of laws and regulations, rules or regulatory laws). If Resolution 2 for changing the Articles of Incorporation and this Resolution for appointment of each candidate are approved, the Company will conclude the same agreement with each Director.

Resolution 5

Election of one candidate for Director who is an Audit & Supervisory Committee Member to fill a vacancy

If Resolution 2 “Partial changes of the Articles of Incorporation” is approved in its original form, the Company will transition to a company with an audit and supervisory committee.

Accordingly, to prepare for a contingency in which the Company does not have the number of Directors who are Audit & Supervisory Committee Members required by laws and regulations, the Company proposes to elect one candidate as Director who is Audit & Supervisory Committee Member to fill a vacancy.

The Board of Statutory Auditors’ consent has been obtained for this Resolution.

This Resolution shall take effect on condition that changes of the Articles of Incorporation in Resolution 2 “Partial changes of the Articles of Incorporation” become effective.

The candidate for Director who is Audit & Supervisory Committee Member to fill a vacancy is as follows.

Masakazu Wakabayashi (30th January 1963) Number of shares of the Company held - shares

[Career summary]

October 1988	Joined Century Corporation	Audit	May 2008	Representative Partner of Yasumori Audit Corporation (to present)
December 1997	Partner of Century Corporation	Audit		
April 2007	Joined Yasumori Corporation	Audit		

[Significant concurrent positions]

None

Reasons for proposing the candidate for External Director to fill a vacancy and overview of reasons for expectations

Mr. Wakabayashi is proposed as a candidate for External Director because the Company judges him to have sufficient insight to audit corporate management as a Certified Public Accountant.

Moreover, his expected role will be to leverage his knowledge and experience in the Company’s audit system. He is proposed as a candidate for Director who is an Audit & Supervisory Committee Member to fill a vacancy because the Company expects him to reflect his expertise and experience in playing an appropriate role for strengthening the Company’s corporate governance after the transition to a company with an audit and supervisory committee.

- (Notes) 1. There are no special interests between Masakazu Wakabayashi and the Company.
2. Masakazu Wakabayashi is a candidate for External Director to fill a vacancy. If the candidate becomes External Director, the Company will designate and file him as an independent officer pursuant to the regulations of Tokyo Stock Exchange, Inc.
3. The Company has concluded an agreement with External Directors to limit their respective liability for damages referred to in Article 423, paragraph (1) of the Companies Act pursuant to the provision of the Articles of Incorporation. The limit of liability for damages based on this agreement is the greater of either 20 million yen or the minimum total liability stipulated by laws and regulations.
The Company also plans to conclude a limited liability agreement with Masakazu Wakabayashi as an External Director if he is elected as an External Director.
4. The Company has concluded a directors and officers liability insurance (D&O Insurance) covering all Directors, in accordance with provisions of Article 430-2, paragraph (1) of the Companies Act, for the Company to indemnify the expenses referred to in item (i) of the paragraph and the losses in item (ii) within the scope stipulated by laws and regulations (provided, however, that it shall exclude cases of obtaining illegal profits or benefits, or criminal acts, wrongful acts, fraudulent acts, or acts conducted while recognizing they are in violation of laws and regulations, rules or regulatory laws). The Company also plans to conclude the same agreement with Masakazu Wakabayashi if he is elected as an External Director.

Resolution 6

Determining Amount of Remuneration for Directors who are not Audit & Supervisory Committee Members

The remuneration of Directors of the Company has been no more than 400 million yen per annum since it was decided by resolution of the 55th Annual General Meeting of Shareholders held on June 27, 2007. If Resolution 2 “Partial changes of the Articles of Incorporation” is approved, the Company will transition to a company with an audit and supervisory committee, and therefore needs to determine the new upper limit on the payment of remuneration for Directors who are not Audit & Supervisory Committee Members after the transition.

Considering the existing upper limit on payment for remuneration of Directors and various factors including economic conditions, we propose the upper limit on their remuneration to be no more than 460 million yen per annum (of which no more than 60 million yen for External Directors).

We also propose that the remuneration of Directors who are not Audit & Supervisory Committee Members shall not include the salary as an employee for Directors concurrently serving as employees.

The current number of Directors is seven (of which three are External Directors). If Resolutions 2 and 3 are approved in their original forms, the number of Directors who are not Audit & Supervisory Committee Members subject to this Resolution will be six (of which three are External Directors).

Moreover, this Resolution shall take effect on condition that changes of the Articles of Incorporation under Resolution 2 become effective.

We submitted this Resolution after the deliberation of the Nomination, Compensation and Governance Committee, having judged that the amount of remuneration was appropriate, taking into account the fairness of calculating the amount of remuneration under this Resolution and the purpose of introduction, among others.

Resolution 7

Determining Amount of Remuneration for Directors who are Audit & Supervisory Committee Members

If Resolution 2 “Partial changes of the Articles of Incorporation” is approved, the Company will transition to a company with an audit and supervisory committee, and therefore, Directors who are Audit & Supervisory Committee Members will not only conduct audits previously done by Statutory Auditors, but also participate in resolutions of the Board of Directors as Director, and supervise the execution of duties by other Directors. Accordingly, in order to have an appropriate remuneration level for their duties, we propose to set the upper limit on the payment no more than 90 million yen per annum for the remuneration of Directors who are Audit & Supervisory Committee Members.

If Resolutions 2 and 4 are approved in their original forms, the number of Directors who are Audit & Supervisory Committee Members subject to this Resolution will be three.

Please note that this Resolution shall take effect on condition that changes of the Articles of Incorporation under Resolution 2 become effective.

We submitted this Resolution after the deliberation of the Nomination, Compensation and Governance Committee, having judged that the amount of remuneration was appropriate, taking into account the fairness of calculating the amount of remuneration under this Resolution and the purpose of introduction, among others.

Resolution 8

Determining Amount and Details of Performance-Linked Share-Based Compensation, etc., to Directors who are not Audit & Supervisory Committee Members, etc.

1. Reasons for this Resolution and reasons for determining this remuneration to be appropriate

The Company has maintained a share-based compensation plan covering Directors and Executive Officers (hereinafter referred to as the “Plan”) whose introduction was approved by the 64th Annual General Meeting of Shareholders held on June 24, 2016. If Resolution 2 “Partial changes of the Articles of Incorporation” is approved in its original form, the Company will transition to a company with an audit and supervisory committee. Accordingly, the Company requests approval for abolishing the current limit on remuneration for Directors and Executive Officers under the Plan; establishing a new limit on remuneration based on the Plan for Directors who are not Audit & Supervisory Committee Members and Executive Officers (excluding External Directors and those living overseas; hereinafter they are collectively referred to as “Directors who are not Audit & Supervisory Committee Members, etc.”); and continuing the Plan after partly revising it.

As with the current limit on remuneration under the Plan, this limit on remuneration will be established separately from the limit on remuneration requested for approval under Resolution 6 “Determining Amount of Remuneration for Directors who are not Audit & Supervisory Committee Members.”

The Plan aims at defining the relationship between the remuneration of Directors who are not Audit & Supervisory Committee Members, etc., and the Company’s share value, and providing an incentive for increasing mid and long-term business performance and corporate value, and we believe the Plan is suitable for achieving these objectives.

If Resolution 3 “Election of six candidates as Director who are not Audit & Supervisory Committee Members” is approved in its original form, Directors who are not Audit & Supervisory Committee Members, etc., eligible under the Plan will be three Directors who are not Audit & Supervisory Committee Members and nine Executive Officers.

This Resolution shall take effect on condition that changes of the Articles of Incorporation in Resolution 2 “Partial changes of the Articles of Incorporation” become effective.

2. Amount of remuneration and details of the Plan

(1) Overview of the Plan

The Plan is a share-based compensation plan, under which a trust purchases the Company’s shares using remuneration of Directors who are not Audit & Supervisory Committee Members, etc., to be contributed by the Company as resources so as to grant and provide (hereinafter, referred to as “Grant, etc.”) the Company’s shares and cash corresponding to realization value of the Company’s shares (hereinafter, referred to as “Company’s Shares, etc.”) to the Directors who are not Audit & Supervisory Committee Members, etc.

The Company extended the Plan using a trust that was entrusted with cash contributed by the Company (hereinafter, referred to as the “Trust”) with a two-year trust period that covered two fiscal years from the fiscal year ended March 2020 to the fiscal year ended March 2021 (the period covered by the Plan shall hereinafter be referred to as the “Targeted Period”). However, the Company will change the Targeted Period to fiscal years covered by the Medium to Long-Term Management Plan for three consecutive

fiscal years starting with the fiscal year to which the grant date of performance base points belongs.

1) Persons eligible for Grant, etc. of Company's Shares, etc. subject to this Resolution	<ul style="list-style-type: none"> • Directors who are not Audit & Supervisory Committee Members (excluding External Directors and those who live abroad) • Executive Officers (excluding those who live abroad)
2) Potential impact of the Company's shares subject to this Resolution on the total number of outstanding shares of the Company	
Upper limit of cash to be contributed by the Company (as stated in (2) below)	<ul style="list-style-type: none"> • The amount obtained by multiplying 400 million yen by the number of years of the trust period • The upper limit for the three fiscal years that are the trust period that starts from the fiscal year under review shall be 1,200 million yen in total.
Upper limit of the total number of the Company's Shares, etc., to be acquired by Directors who are not Audit & Supervisory Committee Members, etc., and method of acquiring the Company's shares (as stated in (3) below)	<ul style="list-style-type: none"> • The upper limit of points to be granted to Directors who are not Audit & Supervisory Committee Members, etc., for each fiscal year shall be 160,000 points. • The number of shares obtained by converting at 1 point = 1 share is approximately 0.16% of the total shares outstanding (as of 31st March, 2021, net of treasury shares). • The Company's shares will be acquired on the share market or from the Company (sale of treasury shares).
3) Details of criteria for achieving performance (as stated in (3) below)	<p>It shall be changed within 0% to 200%, according to the achievement of Medium to-Long Term Management Plan targets (operating cash flow, ROIC and TSR, etc.) in the last fiscal year of the Medium to-Long Term Management Plan.</p>
4) The timing of Grant, etc., of the Company's Shares, etc., to Directors who are not Audit & Supervisory Committee Members, etc. (as stated in (4) below)	<p>In principle, after retirement</p> <p>* If a Director who is not an Audit & Supervisory Committee Member, etc., is deceased, cash equivalent of realization value of Company's shares shall be paid to their heir.</p>
5) Grounds of demand for repayment of the granted amount	<p>If a person eligible for share grant falls under the prescribed conditions, including retirement due to illegal activities or one's own convenience within one year from the fixing date of beneficiary rights, the Company may demand repayment.</p>

(2) Upper limit of cash to be contributed by the Company

The Plan's trust period after the extension shall be approximately three years from September 2021 (scheduled) to August 2024 (scheduled). The Company will contribute trust money with the upper limit of 1,200 million yen for the trust period (approx. three years), while Directors who are not Audit & Supervisory Committee Members, etc., meeting the requirements for beneficiaries will be beneficiaries.

The Company will establish the Trust (including the extension of the trust period in the third paragraph of this (2); hereinafter, the same shall apply). The said upper limit of trust funds to be contributed to the Trust shall be the total of the funds to purchase the Company shares through the Trust, trust fee, and expenses during the trust period. The Trust shall, according to the custodian's instructions, purchase Company's shares on the share market or from the Company (sale of treasury share) using trust funds as resources.

During the trust period, the Company shall grant points to Directors who are not Audit & Supervisory Committee Members, etc. (as stated in (3) below), and the Trust shall provide the Grant, etc., of the Company's Shares, etc.

Upon the close of the trust period of the Trust, instead of setting up a new Trust, the Trust may be continued by changing the trust agreement and implementing an additional trust (the said method will be applied for the trust period that starts from the fiscal year under review). For each extended trust period, the Company shall provide an additional contribution up to a total of the amount obtained by multiplying 400 million yen by the number of years of the said trust period, and during the extended trust period, it shall continue to issue points to Directors are not Audit & Supervisory Committee Members, etc., and the Trust shall continue to provide the Grant, etc., of Company's Shares, etc. If there are Company's shares (excluding Company's shares equivalent to points granted to Directors who are not Audit & Supervisory Committee Members, etc., and for which the Grant, etc., has not been completed) and cash as of the last day of the former trust period (hereinafter, referred to as "Remaining Shares, etc.") in case of an additional contribution, such Remaining Shares, etc., shall be succeeded to the Trust that is extended. The total of Remaining Shares, etc., and trust funds to be additionally contributed to shall be up to the amount obtained by multiplying 400 million yen by the number of years of said trust period.

If there is a serving Director who is not an Audit & Supervisory Committee Member, etc., that may meet the requirements for beneficiaries at the close of the Trust, points will not be granted after that to such Director who is not an Audit & Supervisory Committee Member, etc. However, the trust period of the Trust may be extended up to 10 years until such Director who is not an Audit & Supervisory Committee Member retires, and granting of the Company shares, etc., to such Director who is not an Audit & Supervisory Committee Member is completed.

(3) Method of calculating the number of Company's shares to be acquired by Directors who are not Audit & Supervisory Committee Members, etc., and upper limit

The number of the Company's shares subject to the Grant, etc., to Directors who are not Audit & Supervisory Committee Members, etc., shall be determined according to the number of points granted each year.

In principle, in June of each year during the trust period, "fixed points" according to their positions and "performance base points" changing according to performance established for each position shall be granted to Directors who are not Audit & Supervisory Committee Members, etc.

For "performance base points," in principle, in June immediately after the end of the Targeted Period, "performance-linked points" are calculated by multiplying the number of "base performance points" by the performance-linked coefficient according to the degree of achievement of performance targets in the Medium Term Management Plan during the said Targeted Period. The performance-linked coefficient shall be changed within 0% to 200%, after having been decided according to the achievement of the targets (operating cash flow, ROIC and TSR, etc.) during the Targeted Period.

At the retirement of each Director who is not an Audit & Supervisory Committee member, etc., the Grant,

etc., of the Company's Shares, etc., shall be executed according to the accumulated number of "fixed points" and "performance-linked points" ("performance base points" if before calculating performance-linked points).

One point shall equal one Company share. In the event that Company's shares increase or decrease due to a share split or a consolidation of share and an adjustment of points is determined to be fair, the Company shall adjust the number of Company's shares per point according to the ratio of the share split or the consolidation of share.

The upper limit of points to be granted to Directors who are not Audit & Supervisory Committee Members, etc., for each fiscal year shall be 160,000 points.

- (4) The Method and Timing of Grant, etc., of Company's Shares, etc., to Directors who are not Audit & Supervisory Committee Members, etc.

Directors who are not Audit & Supervisory Committee Members, etc., who meet beneficiary criteria shall be eligible for the Grant, etc., of the number of Company's Shares, etc., calculated based on (3) above based on specified procedures to determine the beneficiary after retirement, in principle. At this time, Directors who are not Audit & Supervisory Committee Members, etc., shall be eligible for the Grant, etc., of Company's shares equivalent to 70% of Accumulated Points (fractional shares are rounded down), and remaining points shall be realized in the Trust to pay Directors who are not Audit & Supervisory Committee Members, etc. in the form of cash equivalent to realization value in order to secure funds for tax payment.

If a Director who is not an Audit & Supervisory Committee Member, etc., dies during their service, all Company shares corresponding to Accumulated Points granted as of that date shall be realized in the Trust and paid to the heir of the said Director who is not an Audit & Supervisory Committee Member, etc., in the form of cash equivalent to realization value.

- (5) Voting rights of Company's shares held in the Trust

The Company's shares held in the Trust shall not include the right to exercise voting rights during the trust period, in order to ensure the neutrality of the management.

- (6) Treatment of dividend of retained earnings of the Company's shares held in the Trust

Dividend of retained earnings of Company's shares held in the Trust shall be received by the Trust to be appropriated for its trust fee and expenses. If there is any dividend remaining at the close of the Trust after using dividends for trust fee and expenses, such dividend shall be paid to Directors, etc. who meet given beneficiary criteria and become beneficiaries of the Trust based on the trust agreement at the close of the Trust.

- (7) Other details of the Plan

Other details of the Plan shall be determined by the Board of Directors each time the Trust is set up, a trust agreement is changed, and an additional contribution is made to the Trust.