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(Stock Exchange Code 2354)  
April 28, 2022

**To Shareholders with Voting Rights:**

Naoto Endo  
President & Representative Director  
YE DIGITAL Corporation  
2-1-21 Komemachi, Kokurakita-ku,  
Kitakyushu

## **NOTICE OF CONVOCATION OF THE 45TH ANNUAL GENERAL MEETING OF SHAREHOLDERS**

Dear Shareholders:

We would like to express our appreciation for your continued support and patronage.

We hereby inform you that the 45th Annual General Meeting of Shareholders of YE DIGITAL Corporation (the “Company”) will be held for the purposes as described below.

Instead of attending the meeting, you may exercise your voting rights in writing or via the Internet. Please review the attached Reference Documents for the General Meeting of Shareholders and indicate your vote for or against the proposals on the enclosed Voting Rights Exercise Form and return it, or input your vote for or against the proposals on the website designated by the Company (<https://evote.tr.mufg.jp>). For either method, please ensure that you exercise your voting rights by 5:15 p.m. Japan time on Thursday, May 19, 2022.

- 1. Date and Time:** Friday, May 20, 2022 at 10:00 a.m. Japan time (Door will open at 9:00 a.m.)
- 2. Place:** Presentation Room on the 6th floor, YE DIGITAL Corporation  
AP L-tage Komemachi Building, 2-1-21 Komemachi, Kokurakita-ku, Kitakyushu

### 3. Meeting Agenda:

**Matters to be reported:** 45th fiscal year (from March 1, 2021 to February 28, 2022)

1. The Business Report, Consolidated Financial Statements, and results of audits by the Accounting Auditor and the Audit & Supervisory Board of the Consolidated Financial Statements
2. Non-consolidated Financial Statements

**Proposals to be resolved:**

- Proposal 1:** Appropriation of Surplus  
**Proposal 2:** Partial Amendments to the Articles of Incorporation  
**Proposal 3:** Election of 6 Directors  
**Proposal 4:** Election of 1 Audit & Supervisory Board Member  
**Proposal 5:** Revision of the Amount of Monetary Remuneration for Directors and Audit & Supervisory Board Members  
**Proposal 6:** Amount of Remuneration, Etc. Concerning Share Acquisition Rights as Stock Compensation-type Stock Options for Directors (Including Outside Directors) and Revision of Details Thereof

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- When attending the meeting, please submit the enclosed Voting Rights Exercise Form at the reception desk.
  - Should any revisions be required on matters stated on the Business Report, Consolidated Financial Statements, Non-consolidated Financial Statements, and the Reference Documents for the General Meeting of Shareholders, the revised versions will be posted on the Company's website (<https://www.ye-digital.com>).
  - To mitigate the risk of novel coronavirus infection, we will not distribute souvenirs to the shareholders attending the meeting this year. We appreciate your kind understanding in advance.

<Notice regarding the Novel Coronavirus Disease>

Shareholders planning on attending the meeting are kindly requested to pay attention to the epidemic situation as well as your physical condition on the day of the meeting, and to take infection prevention measures such as wearing a mask when attending. Shareholders not in good physical condition are advised to make decisions with the highest priority on their health.

In addition, we also take measures to prevent infection at the venue of the meeting such as temperature check at entrance, hand sanitizing and other measures. We appreciate your kind understanding and cooperation.

You may exercise your voting rights by mailing the enclosed Voting Rights Exercise Form or via the Internet, etc. Please make use of these methods for exercising your voting rights without participating in the meeting in person.

<Information on the System for Electronic Provision of Materials for General Meetings of Shareholders>  
The system for electronic provision of materials for general meetings of shareholders will be enforced on September 1, 2022.

Accordingly, starting with the next general meeting of shareholders (to be held in or after March 2023), materials for the general meetings of shareholders will be posted on the Company's website and shareholders will be sent a brief notice of convocation only (a notice stating the fact that the details of the meeting are available on the Company's website as well as the relevant URL and other information). Shareholders who wish to receive a paper copy of materials for the next and subsequent general meetings of shareholders may take the procedure of requesting a paper copy of the materials.

For the procedure of requesting a paper copy of materials for general meetings of shareholders, please contact the securities firm with which you have an account, or Mitsubishi UFJ Trust and Banking Corporation when you file the request with the transfer agent.

## Reference Documents for the General Meeting of Shareholders

**Proposal 1:** Appropriation of Surplus

Concerning year-end dividends for the 45th fiscal year, the Company proposes the following, in view of factors such as the business results for the current fiscal year and future business expansion.

(1) Type of dividend property

Cash

(2) Matters concerning allotment of dividend property and the total amount

¥5 per share of the Company's common stock.

In this case, the total amount of dividends will be ¥90,634,225.

(3) Effective date of appropriation of surplus

May 23, 2022

**Proposal 2: Partial Amendments to the Articles of Incorporation****1. Reasons for amendments**

- (1) For shareholders holding shares constituting less than one unit (100 shares), the Company will introduce a system for additional purchase of shares constituting less than one unit. Accordingly, provisions to that effect shall be newly established.
- (2) The amended provisions stipulated in the proviso of Article 1 of the supplementary provisions of the “Act Partially Amending the Companies Act” (Act No. 70 of 2019) will be enforced on September 1, 2022. Accordingly, in order to prepare for the introduction of a system for electronic provision of materials for general meetings of shareholders, the Articles of Incorporation of the Company shall be amended as follows.
  - (i) The proposed Article 16, Paragraph 1 stipulates that the Company shall take electronic provision measures for information contained in the reference documents for the general meeting of shareholders, etc.
  - (ii) The purpose of the proposed Article 16, Paragraph 2 is to establish a provision to limit the scope of matters to be included in the paper copy to be sent to shareholders who have requested it.
  - (iii) The provisions related to the internet disclosure and deemed provision of the reference documents for the general meeting of shareholders, etc. (Article 15 of the current Articles of Incorporation) will become unnecessary and will therefore be deleted.
  - (iv) In line with the above establishment and deletion of the provisions, supplementary provisions related to the effective date, etc. shall be established.
- (3) Changes to article numbers and other necessary changes will be made in conjunction with the above amendments.

**2. Details of amendments**

The details of the amendments are as follows.

(Amended parts are underlined.)

Current Articles of Incorporation	Proposed Amendments
<p>(Limitation on the Rights of Shareholders Holding Shares Constituting Less Than One Unit)</p> <p>Article 9. The Company’s shareholders may not exercise any rights other than those set forth below with respect to shares constituting less than one unit held by them.</p> <ol style="list-style-type: none"> <li>(1) The rights set forth in each item of Article 189, Paragraph 2 of the Companies Act;</li> <li>(2) The right to make a request pursuant to the provisions of Article 166, Paragraph 1 of the Companies Act; and</li> <li>(3) The right to receive an allotment of offered shares and offered share acquisition rights in proportion to the number of shares held by the shareholders.</li> </ol> <p>(Newly established)</p> <p>(Newly established)</p>	<p>(Limitation on the Rights of Shareholders Holding Shares Constituting Less Than One Unit)</p> <p>Article 9. The Company’s shareholders may not exercise any rights other than those set forth below with respect to shares constituting less than one unit held by them.</p> <ol style="list-style-type: none"> <li>(1) The rights set forth in each item of Article 189, Paragraph 2 of the Companies Act;</li> <li>(2) The right to make a request pursuant to the provisions of Article 166, Paragraph 1 of the Companies Act;</li> <li>(3) The right to receive an allotment of offered shares and offered share acquisition rights in proportion to the number of shares held by the shareholders; and</li> <li>(4) <u>The right to make a request stipulated in the following Article.</u></li> </ol> <p><u>(Additional Purchase of Shares Constituting Less Than One Unit)</u></p> <p><u>Article 10. The Company’s shareholders holding shares constituting less than one unit may request the Company to sell such number of shares that will constitute one unit when combined with the number of shares constituting less than one unit already held by such shareholders, as stipulated in the Share Handling Regulations.</u></p>

Current Articles of Incorporation	Proposed Amendments
<p>Article <u>10.</u> through Article <u>14.</u> (Omitted)</p> <p><u>(Internet Disclosure and Deemed Provision of Reference Documents for the General Meeting of Shareholders, Etc.)</u></p> <p><u>Article 15. The Company may, when convening a general meeting of shareholders, deem that it has provided information to shareholders pertaining to matters to be described or indicated in the reference documents for the general meeting of shareholders, business report, non-consolidated financial statements, and consolidated financial statements, by disclosing such information through the internet in accordance with the provisions provided in the Ordinance of the Ministry of Justice.</u></p> <p>(Newly established)</p>	<p>Article <u>11.</u> through Article <u>15.</u> (Unchanged)</p> <p>(Deleted)</p> <p><u>(Electronic Provision Measures, Etc.)</u></p> <p><u>Article 16. The Company shall, when convening a general meeting of shareholders, take electronic provision measures for information contained in the reference documents for the general meeting of shareholders, etc.</u></p> <p><u>2. Among the matters to be provided through electronic provision measures, the Company may choose not to include all or part of the matters stipulated in the Ordinance of the Ministry of Justice in the paper copy to be sent to shareholders who have requested it by the record date for voting rights.</u></p>
<p>Article <u>16.</u> through Article <u>45.</u> (Omitted)</p> <p>(Newly established)</p>	<p>Article <u>17.</u> through Article <u>46.</u> (Unchanged)</p> <p><u>(Supplementary Provisions)</u></p> <p><u>Article 1. The deletion of Article 15 (Internet Disclosure and Deemed Provision of Reference Documents for the General Meeting of Shareholders, Etc.) of the current Articles of Incorporation and the proposed new establishment of Article 16 (Electronic Provision Measures, Etc.) shall come into effect on September 1, 2022, the date of enforcement of the amended provisions stipulated in the proviso of Article 1 of the supplementary provisions of the Act Partially Amending the Companies Act (Act No. 70 of 2019) (the “Effective Date”).</u></p>

Current Articles of Incorporation	Proposed Amendments
	<p data-bbox="815 215 1401 432"><u>Article 2. Notwithstanding the provisions of the preceding paragraph, Article 15 of the current Articles of Incorporation shall remain in force with respect to a general meeting of shareholders to be held on a date within six months from the Effective Date.</u></p> <p data-bbox="815 465 1401 656"><u>Article 3. These supplementary provisions shall be deleted after the lapse of six months from the Effective Date or the lapse of three months from the date of the general meeting of shareholders set forth in the preceding paragraph, whichever is later.</u></p>

**Proposal 3:** Election of 6 Directors

The terms of office of all 6 Directors will expire at the conclusion of this Annual General Meeting of Shareholders. Accordingly, we propose that 6 Directors be elected.

The candidates for Directors are as follows:

No.	Name (Date of birth)	Career summary, positions, responsibilities, and significant concurrent positions	Number of shares of the Company held
1	Naoto Endo (March 5, 1955)	<p>March 1976      Joined YASKAWA Electric Manufacturing Co. Ltd. (currently YASKAWA Electric Corporation)</p> <p>February 1978      Transferred to the Company</p> <p>June 2002      Director</p> <p>May 2011      President &amp; Representative Director, YASKAWA Information Kyushu Co., Ltd. (currently YE DIGITAL Kyushu Corporation)</p> <p>March 2016      Senior Corporate Officer; Manager of Service Business Division, the Company</p> <p>March 2017      Executive Vice President; Manager of Service Business Division</p> <p>May 2018      President &amp; Representative Director (to present)</p>	10,000
	Reappointment	<p>[Reasons for nomination as candidate for Director]</p> <p>Mr. Endo has continued to be chosen as a candidate for Director so that he may utilize, in the areas of the Company's management, his extensive and wide experience and knowledge of overall management as a manager cultivated to this point, including serving as the person responsible for systems development and sales businesses, as Director of the Company, as President &amp; Representative Director of subsidiary YASKAWA Information Kyushu Co., Ltd. (currently YE DIGITAL Kyushu Corporation), and as President &amp; Representative Director of the Company from 2018.</p>	
2	Hiroharu Tamai (January 24, 1964)	<p>March 1986      Joined the Company</p> <p>September 2013      Associate Director, the Company</p> <p>March 2014      Associate Director; Manager of Solution Division 1</p> <p>June 2014      Corporate Officer; Manager of Solution Division 1</p> <p>September 2015      Corporate Officer; Manager of Solution Division 1 and Deputy Manager of Sales Division</p> <p>March 2018      Senior Corporate Officer; Manager of Embedded &amp; Control Systems Division</p> <p>March 2021      Chief Senior Corporate Officer; IoT Business Control Officer; Manager of Embedded &amp; Control Systems Division</p> <p>May 2021      Director &amp; Chief Senior Corporate Officer; IoT Business Control Officer; Manager of Embedded &amp; Control Systems Division (to present)</p>	6,000
	Reappointment	<p>[Reasons for nomination as candidate for Director]</p> <p>Mr. Tamai has continued to be chosen as a candidate for Director so that he may utilize, in the areas of the Company's management, his extensive experience and knowledge cultivated through his involvement in and serving as the person responsible for operations such as systems development and sales businesses.</p>	

No.	Name (Date of birth)	Career summary, positions, responsibilities, and significant concurrent positions		Number of shares of the Company held
3	Hiromichi Hisano (September 18, 1960)	March 1984	Joined YASKAWA Electric Manufacturing Co. Ltd. (currently YASKAWA Electric Corporation)	5,500
		September 2012	Associate Director, the Company	
		June 2013	Director & Corporate Officer	
		March 2015	Director & Corporate Officer; Manager of Accounting Department and Manager of CSR Promotion Division	
		March 2016	Director & Corporate Officer; Manager of Administration Division	
		June 2018	Director & Senior Corporate Officer; Management Control Officer; Manager of Administration Division (to present)	
	Reappointment			
		[Reasons for nomination as candidate for Director] Mr. Hisano has continued to be chosen as a candidate for Director so that he may utilize, in the areas of the Company’s management, his experience and knowledge, including advanced knowledge of overall management, cultivated through his involvement in operations such as corporate planning and administration of the Company, based on his extensive and wide experience and knowledge cultivated at YASKAWA Electric Corporation.		
4	Yushi Noguchi (February 12, 1953)	April 1971	Joined NIPPON EXPRESS CO., LTD.	10,000
		April 1997	General Manager, Americas Region Information Systems Department, Head Office, NIPPON EXPRESS U.S.A., INC.	
		October 2006	General Manager, Sales Promotion Division, 3PL Division, NIPPON EXPRESS CO., LTD.	
		April 2007	Managing Associate Director; General Manager, Information Technology Promotion Division (CIO)	
		July 2014	Representative, GLIT CONSULTING LLC. (to present)	
		June 2016	Outside Director, the Company (to present)	
		July 2019	Representative Director, Glitter Friends Co., Ltd (to present)	
	Reappointment			
	Candidate for Outside Director			
	Candidate for Independent Officer	[Reasons for nomination as candidate for Outside Director and expected role] Mr. Noguchi has continued to be chosen as a candidate for Outside Director so that he may utilize, in the areas of the Company’s management, his extensive and wide experience and knowledge cultivated at NIPPON EXPRESS CO., LTD., its group company GLIT CONSULTING LLC., and Glitter Friends Co., Ltd. He is expected to adequately fulfill his duties in the areas of the Company’s management such as decisions on important matters and supervision of business execution.		
5	Shoichiro Shimoike (May 21, 1968)	March 1994	Joined YASKAWA Electric Corporation	—
		June 2014	Team Leader, Planning and Development Team, Smart Robotics Center, Technology and Development Division	
		March 2015	General Manager, Automatic Equipment Technology Department, Corporate R&D Center, Technology and Development Division	
		March 2018	Deputy Manager, ICT Strategy Promotion Division	
		May 2018	Outside Director, the Company (to present)	
	Reappointment	March 2022	Corporate Officer; Manager, ICT Strategy Promotion Division, YASKAWA Electric Corporation (to present)	
	Candidate for Outside Director	[Reasons for nomination as candidate for Outside Director and expected role] Although Mr. Shimoike has never been directly involved in corporate management, he has continued to be chosen as a candidate for Outside Director so that he may utilize, in the areas of the Company’s management, his extensive and wide experience and knowledge cultivated to this point through his involvement in operations such as systems development, research and development, technology planning, and production management at YASKAWA Electric Corporation. He is expected to adequately fulfill his duties in the areas of the Company’s management such as decisions on important matters and supervision of business execution.		

No.	Name (Date of birth)	Career summary, positions, responsibilities, and significant concurrent positions	Number of shares of the Company held
6	Masamichi Miura (March 22, 1975)	October 2001 Registered as an attorney at law Joined Miura Okuda Iwamoto Law Office (currently Miura Okuda Sugihara Law Office) April 2007 Partner (to present) May 2018 Outside Director, the Company (to present)	—
	Reappointment	[Reasons for nomination as candidate for Outside Director and expected role] Although Mr. Miura has never been directly involved in corporate management, he has continued to be chosen as a candidate for Outside Director so that he may utilize, in the areas of the Company's management, his extensive and wide experience and knowledge as an attorney at law. He is expected to adequately fulfill his duties in the areas of the Company's management such as decisions on important matters and supervision of business execution with independence, from an objective viewpoint that considers overall corporate society, including laws and regulations, and without influence from the Company's ethics.	
	Candidate for Outside Director		
	Candidate for Independent Officer		

- (Notes)
- As stated in his career summary, a Director candidate, Mr. Shoichiro Shimoike is the Corporate Officer and Manager of the ICT Strategy Promotion Division of YASKAWA Electric Corporation, and said company holds 6,940 thousand shares of the Company's stock (shareholding ratio: 38.29%). The Company does not only contract for information processing operations of said company, but also conducts consigned development for software, etc., that is embedded in said company's products.
  - There are no special interests between the Company and the other Director candidates.
  - Director candidates, Messrs. Yushi Noguchi, Shoichiro Shimoike, and Masamichi Miura are candidates for Outside Directors. Furthermore, the Company has filed with the Tokyo Stock Exchange the registration of Messrs. Yushi Noguchi and Masamichi Miura as independent officers, as stipulated by the Exchange. If each of them is elected in this Proposal, the Company intends to file the same registration with the Exchange.
  - Independence of candidates for Outside Director as Outside Directors and Liability Limitation Agreements with Outside Directors
    - Independence of candidates for Outside Director
      - Mr. Yushi Noguchi will have been in office as Outside Director of the Company for five years and eleven months at the conclusion of this Annual General Meeting of Shareholders.
      - Messrs. Shoichiro Shimoike and Masamichi Miura will have been in office as Outside Director of the Company for four years at the conclusion of this Annual General Meeting of Shareholders.
      - Messrs. Yushi Noguchi and Masamichi Miura are not currently business executors or officers of any specified related business entity of the Company, nor have they held such positions within the past ten years.
      - Messrs. Yushi Noguchi and Masamichi Miura are not scheduled to receive a significant amount of cash or other assets (excluding compensation, etc., as Directors, Audit & Supervisory Board Members, or other equivalent positions) from the Company or any specified related business entity of the Company, nor have they received such payment within the past two years.
      - Mr. Shoichiro Shimoike is currently or was during the past ten years a business executor of YASKAWA Electric Corporation, a specified related business entity of the Company, has received salaries, etc. as an employee within the past two years, and is scheduled to receive such salaries in the future.
      - Messrs. Yushi Noguchi, Shoichiro Shimoike, and Masamichi Miura are not spouses, relatives within the third degree of kinship, or persons of equivalent relationships, with business executors or officers of the Company or any specified related business entity of the Company.
    - Improper business execution during term of office, prevention of said event, and subsequent response  
Not applicable.
    - Liability Limitation Agreements with Outside Directors  
For the Company to attract suitably capable personnel as Outside Directors, the Company provides in the Articles of Incorporation that the conclusion of agreements is allowed with Outside Directors to limit their liability for damages to within a certain range, and such liability limitation agreements have been concluded with Messrs. Yushi Noguchi, Shoichiro Shimoike, and Masamichi Miura. If each candidate is elected in this Proposal, the Company plans to continue with the conclusion of said liability limitation agreement.  
A summary of this agreement is as follows.  
Concerning liability in Article 423, Paragraph 1 of the Companies Act, subsequent to conclusion of this agreement, Outside Directors shall bear liability for damages with a maximum of the minimum liability limitation amount stipulated in Article 425, Paragraph 1 of the Companies Act, provided that duties were conducted in good faith and without gross negligence.
  - Directors and Officers Liability Insurance Contract

The Company has concluded a directors and officers liability insurance contract with an insurance company, designating Directors and Audit & Supervisory Board Members, excluding outside officers, as the insured, which will cover damage that may be incurred by the insured as a result of assuming responsibilities for the execution of their duties or receiving claims related to the pursuit of such responsibilities. Furthermore, the Directors whose election will be approved in this Proposal, excluding outside officers, will be insured under the insurance contract.

(Reference) Composition of the Board of Directors (if each candidate is elected at this Annual General Meeting of Shareholders)

Name	New appointment /Reappointment	Current Title	Corporate Management	Business Strategy	IT DX	Diversity and Human Resources Development	Finance and Accounting	Legal Affairs and Risk Management
Naoto Endo	Reappointment	President & Representative Director	●	●	●	●		
Hiroharu Tamai	Reappointment	Director & Chief Senior Corporate Officer	●	●	●	●		
Hiromichi Hisano	Reappointment	Director & Senior Corporate Officer		●		●	●	●
Yushi Noguchi	Reappointment	Outside Director and Independent Officer	●	●	●	●		
Shoichiro Shimoike	Reappointment	Outside Director		●	●	●		
Masamichi Miura	Reappointment	Outside Director and Independent Officer				●		●

**Proposal 4:** Election of 1 Audit & Supervisory Board Member

The term of office of Outside Audit & Supervisory Board Member, Mr. Masayuki Hirayama will expire at the conclusion of this Annual Meeting of Shareholders. Accordingly, the election of 1 Audit & Supervisory Board Member is proposed.

This Proposal has received the approval of the Audit & Supervisory Board.

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

Name (Date of birth)	Career summary, positions, and significant concurrent positions	Number of shares of the Company held
Yoichi Sagara (August 30, 1962)	March 1990      Joined YASKAWA Electric Corporation August 2006      Seconded to YASKAWA Electric America, Inc. September 2011      Section Manager responsible for Affiliate Management, Corporate Planning Office, YASKAWA Electric Corporation March 2014      Seconded to YASKAWA EUROPE GmbH March 2019      General Manager, Business Planning Department, Robotics Division, YASKAWA Electric Corporation March 2021      General Manager responsible for Internal Control, Audit Department March 2022      General Manager, Audit Department (to present)	—
New appointment		
Candidate for Outside Audit & Supervisory Board Member		
	[Reasons for nomination as candidate for Outside Audit & Supervisory Board Member] Although Mr. Sagara has never been directly involved in corporate management, he has been chosen as a candidate for Outside Audit & Supervisory Board Member to utilize in the audit system of the Company his specialized knowledge and experience cultivated at YASKAWA Electric Corporation.	

- (Notes)
- As stated in his career summary, a candidate for Outside Audit & Supervisory Board Member, Mr. Yoichi Sagara is the General Manager of the Audit Department of YASKAWA Electric Corporation, and said company holds 6,940 thousand shares of the Company's stock (shareholding ratio: 38.29%). The Company does not only contract for information processing operations of said company, but also conducts consigned development for software, etc., that is embedded in said company's products.
  - Mr. Yoichi Sagara is a candidate for Outside Audit & Supervisory Board Member.
  - Independence of a candidate for Outside Audit & Supervisory Board Member as an Outside Audit & Supervisory Board Member and a Liability Limitation Agreement with an Outside Audit & Supervisory Board Member
    - Independence of a candidate for Outside Audit & Supervisory Board Member
      - Mr. Yoichi Sagara is currently or was during the past 10 years a business executor of YASKAWA Electric Corporation and its subsidiary, specified related business entities of the Company, has received salaries, etc. as an employee within the past two years, and is scheduled to receive such salaries in the future.
      - Mr. Yoichi Sagara is not a spouse, a relative within the third degree of kinship, or a person of equivalent relationships, with business executors or officers of the Company or any specified related business entity of the Company.
    - Improper business execution during term of office, prevention of said event, and subsequent response  
Not applicable.
    - Liability Limitation Agreements with Outside Audit & Supervisory Board Members  
For the Company to attract suitably capable personnel as Outside Audit & Supervisory Board Members, the Company provides in the Articles of Incorporation that the conclusion of agreements is allowed with Outside Audit & Supervisory Board Members to limit their liability for damages to within a certain range. If Mr. Yoichi Sagara is elected in this Proposal, the Company plans to conclude said liability limitation agreement with him.  
A summary of this agreement is as follows.  
Concerning liability in Article 423, Paragraph 1 of the Companies Act, subsequent to conclusion of this agreement, Outside Audit & Supervisory Board Members shall bear liability for damages with a maximum of the minimum liability limitation amount stipulated in Article 425, Paragraph 1 of the Companies Act, provided that duties were conducted in good faith and without gross negligence.

**Proposal 5:** Revision of the Amount of Monetary Remuneration for Directors and Audit & Supervisory Board Members

The amount of basic remuneration for Directors was approved to be up to ¥10 million per month at the 24th Annual General Meeting of Shareholders held on June 13, 2002.

In addition, the amount of basic remuneration for Audit & Supervisory Board Members was approved to be up to ¥3 million per month at the 23rd Annual General Meeting of Shareholders held on May 15, 2001.

The Company changed its management structure, including the composition of Directors, at the above-mentioned Annual General Meeting of Shareholders, and strives to attract and retain talented people by such means as enhancing corporate governance. Meanwhile, Outside Directors are now expected to play a more extensive role and shoulder a greater burden, and Audit & Supervisory Board Members are now required to have expertise and assume increased responsibility. Moreover, the Company should be ready to flexibly respond to future revisions to its executive remuneration plan. In light of these circumstances, at this Annual General Meeting of Shareholders, the Company proposes to change the maximum amount of monetary remuneration for Directors and Audit & Supervisory Board Members from a monthly amount to an annual amount, and to revise the amount of monetary remuneration for Directors to up to ¥200 million per year (including up to ¥20 million per year for Outside Directors; excluding the amount of employee salaries payable to Directors who concurrently serve as employees) and the amount of monetary remuneration for Audit & Supervisory Board Members to up to ¥50 million per year.

Moreover, the Company has resolved at its Board of Directors meeting on the policy for determining Directors' remuneration, and the overview of the policy is as described on pages 15 and 16 of the Japanese version of the Notice. The amount of remuneration, etc. related to this Proposal is judged to be aligned with the policy and appropriate.

Currently, there are six (6) Directors (including three (3) Outside Directors). If Proposal 3 is approved as originally proposed, the Company will have six (6) Directors (including three (3) Outside Directors), and the number of Directors will remain unchanged.

Furthermore, remuneration for each Audit & Supervisory Board Member will be determined within the range not exceeding the monetary remuneration amount stated above by consultation among Audit & Supervisory Board Members. Currently, there are three (3) Audit & Supervisory Board Members (including two (2) Outside Audit & Supervisory Board Members), and the number of Audit & Supervisory Board Members will remain unchanged after this Annual General Meeting of Shareholders.

**Proposal 6:** Amount of Remuneration, Etc. Concerning Share Acquisition Rights as Stock Compensation-type Stock Options for Directors (Including Outside Directors) and Revision of Details Thereof

**1. Reason for this Proposal**

The Company introduced a stock compensation-type stock option plan in 2015. Subsequently, at the 40th Annual General Meeting of Shareholders held on June 13, 2017, it was approved that the amount of such remuneration shall be up to ¥100 million per year (including up to ¥10 million for Outside Directors; excluding the amount of employee salaries payable to Directors who concurrently serve as employees) and that the number of share acquisition rights shall be up to 1,500 units (including up to 150 units for Outside Directors), and they have remained unchanged to date.

The Act Partially Amending the Companies Act (Act No. 70 of 2019), effective as of March 1, 2021, has clarified the matters to be resolved at a general meeting of shareholders with respect to the granting of share acquisition rights as remuneration for Directors. In addition, the management structure, including the composition of Directors, was changed at the above-mentioned Annual General Meeting of Shareholders. Under these circumstances, with the aim of further boosting the motivation and morale to enhance the Company's business performance and corporate value among Directors and operating business with a greater emphasis on the interests of shareholders, the Company proposes to increase the amount of remuneration, etc. concerning share acquisition rights as stock compensation-type stock options for the Company's Directors (including Outside Directors) to up to ¥200 million per year (including up to ¥20 million for Outside Directors; excluding the amount of employee salaries payable to Directors who concurrently serve as employees).

Furthermore, in conjunction with this revision of the amount of remuneration, the Company also proposes to partly revise the details of share acquisition rights, including the total number of share acquisition rights, and to allot them as stock compensation-type stock options, which were approved at the 40th Annual General Meeting of Shareholders held on June 13, 2017, as stated below.

Moreover, the Company has resolved at its Board of Directors meeting on the policy for determining Directors' remuneration, and the overview of the policy is as described on pages 15 and 16 of the Japanese version of the Notice. The amount of remuneration, etc. related to this Proposal is judged to be aligned with the policy and appropriate.

Currently, there are six (6) Directors (including three (3) Outside Directors). If Proposal 3 is approved as originally proposed, the Company will have six (6) Directors (including three (3) Outside Directors), and the number of Directors will remain unchanged.

**2. Details of remuneration, etc. (specific details of share acquisition rights to be issued as stock options)**

**(1) Total number of share acquisition rights**

The maximum number of share acquisition rights to be issued in each fiscal year shall be 2,500 units (including 250 units for Outside Directors).

**(2) Class and number of shares to be issued upon exercise of share acquisition rights**

The class of shares to be issued upon exercise of the share acquisition rights shall be common stock of the Company, and the number of shares to be issued upon exercise of each share acquisition right (the "Number of Shares Granted") shall be 100 shares.

However, in the case where the Company carries out a stock split (including a gratis allotment of common stock of the Company; hereinafter the same shall apply) or a stock consolidation of its common stock after the date of resolution of this Proposal (the "Resolution Date"), the Number of Shares Granted shall be adjusted according to the following formula. Fractions less than one share resulting from such adjustment shall be rounded down.

$$\begin{array}{ccccc} \text{Number of Shares Granted} & & \text{Number of Shares Granted} & & \text{Ratio of stock split or} \\ \text{after adjustment} & = & \text{before adjustment} & \times & \text{consolidation} \end{array}$$

Furthermore, in addition to the preceding, the Company may make appropriate adjustments to the Number of Shares Granted within a reasonable range in the case where the Company conducts a merger, company split, share exchange, share delivery, or other action that necessitates to adjust the Number of Shares Granted.

(3) Value of assets to be contributed upon exercise of share acquisition rights

The value of assets to be contributed upon exercise of share acquisition rights shall be the amount obtained by multiplying the exercise price of ¥1 per share to be granted upon exercise of each share acquisition right by the Number of Shares Granted.

(4) Exercise period of share acquisition rights

The exercise period shall be determined by the Board of Directors of the Company and shall be a period of up to 30 years from the day following the date of allotment of the share acquisition rights.

(5) Restriction on the acquisition of share acquisition rights through transfer

Any acquisition of share acquisition rights through transfer shall require the approval of the Board of Directors of the Company.

(6) Amount to be paid for share acquisition rights

The amount to be paid for each acquisition right shall be the fair value of the share acquisition right computed by a fair calculation method based on the Black-Scholes model on the allotment date of the share acquisition rights. Provided, however, that the Company shall grant recipients to be allotted the share acquisition rights monetary remuneration equivalent to the total amount to be paid for the share acquisition rights and allow them to use the remuneration claim to offset the amount to be paid for the share acquisition rights.

(7) Conditions for the exercise of share acquisition rights

The holders of share acquisition rights may exercise the share acquisition rights within a period of five (5) years from the day following the day on which they lose their position as Director, Audit & Supervisory Board Member, or employee of the Company during the exercise period of the share acquisition rights.

(8) Matters concerning the acquisition of share acquisition rights

1) In the event that a merger agreement under which the Company becomes a disappearing company, a company split agreement or a company split plan under which the Company becomes a split company, or a share exchange agreement, a share delivery plan, or a share transfer plan under which the Company becomes a wholly-owned subsidiary is approved at a general meeting of shareholders (or by a resolution of the Board of Directors if an approval at a general meeting of shareholders is not required), the Company may acquire all of the share acquisition rights without consideration on a day separately determined by the Board of Directors of the Company.

2) In the event that, prior to the exercise of share acquisition rights by the holders of the share acquisition rights, the share acquisition rights become unexercisable pursuant to the provisions set forth in (7) above, the Company may acquire the unexercisable share acquisition rights without consideration on a day separately determined by the Board of Directors of the Company.

(9) Other terms and conditions for the offering of share acquisition rights

Other details of share acquisition rights shall be determined at the meeting of the Board of Directors that determines the terms and conditions for the offering of share acquisition rights.

[Reference]

The Company also plans to allocate share acquisition rights with the same conditions set forth in 2. (2) through (9) above to the Company's Corporate Officers as with Directors as stock compensation-type stock options, upon resolution by the Board of Directors.