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Securities Code: 4973

June 2, 2022

To our shareholders:

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

Notice of the 51st Annual General Meeting of Shareholders

We are pleased to announce the 51st Annual General Meeting of Shareholders of JAPAN PURE CHEMICAL CO., LTD. (the “Company”), which will be held as indicated below.

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

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

Please indicate your approval or disapproval of the proposals on the enclosed Voting Right Exercise Form, and return it by postal mail to reach us no later than 5:45 p.m. on Thursday, June 16, 2022 (Japan Standard Time).

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

Please exercise your voting rights no later than 5:45 p.m. on Thursday, June 16, 2022 (Japan Standard Time).

[Disclosure on the Internet website]

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

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

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

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

- 1. Date and Time:** Friday, June 17, 2022, at 10:00 a.m. (Japan Standard Time) (The reception will start at 9:20 a.m.)
- 2. Venue:** Banquet Room Cassiopeia, 3rd floor, Hotel Metropolitan
6-1 Nishi-ikebukuro 1-chome, Toshima-ku, Tokyo

3. Purpose of the Meeting

Matters to be reported:

The Business Report and the Non-consolidated Financial Statements for the 51st fiscal year (from April 1, 2021 to March 31, 2022)

Matters to be resolved:

- Proposal No. 1** Amendment to the Articles of Incorporation
- Proposal No. 2** Election of Six Directors
- Proposal No. 3** Election of One Audit & Supervisory Board Member
- Proposal No. 4** Authorization for the Board of Directors of the Company to Determine Offering Terms for Share Acquisition Rights Issued as Share Options to Directors (excluding Outside Directors) and Employees on Particularly Favorable Terms

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

Reference Documents for General Meeting of Shareholders

Proposals and Reference Information

Proposal No. 1 Amendment to the Articles of Incorporation

1. Reasons for the Proposal

Since the revised provisions provided for in the proviso to Article 1 of the Supplementary Provisions of the Act Partially Amending the Companies Act (Act No. 70 of 2019) are to be enforced on September 1, 2022, the Company proposes to make the following changes to its Articles of Incorporation in preparation for the introduction of the system for providing informational materials for the general meeting of shareholders in electronic format.

- (1) Article 14 in the amended Articles of Incorporation below will stipulate that the Company shall take measures for providing information that constitutes the content of reference documents for the general meeting of shareholders, etc. in electronic format and will establish the provision to limit the scope of the items to be stated in the paper-based documents to be delivered to shareholders who requested the delivery of paper-based documents.
- (2) Since the provisions for Internet Disclosure and Deemed Provision of Reference Documents for the General Meeting of Shareholders, Etc. (Article 14 of the current Articles of Incorporation) will no longer be required, they will be deleted.
- (3) Accompanying the aforementioned establishment and deletion of provisions, supplementary provisions regarding the effective date, etc. will be established.

2. Details of the Amendment

The details of the amendment are as follows:

(Proposed amendments are underlined.)	
Current Articles of Incorporation	Proposed amendments
<p>Chapter 3 General Meeting of Shareholders</p> <p><u>Article 14. (Internet Disclosure and Deemed Provision of Reference Documents for the General Meeting of Shareholders, Etc.)</u></p> <p><u>In relation to the Company's convocation of a general meeting of shareholders, if it discloses information that is to be stated or presented in the reference documents for the general meeting of shareholders, business report, financial statements and consolidated financial statements through the Internet in accordance with the provisions prescribed by the Ministry of Justice Order, it may be deemed that the Company has provided this information to shareholders.</u></p> <p style="text-align: center;">(Newly established)</p>	<p>Chapter 3 General Meeting of Shareholders</p> <p><u>Article 14. (Measures, etc. for Providing Information in Electronic Format)</u></p> <p style="text-align: center;">(Deleted)</p> <ol style="list-style-type: none"> <u>1. When the Company convenes a general meeting of shareholders, it shall take measures for providing information that constitutes the content of reference documents for the general meeting of shareholders, etc. in electronic format.</u> <u>2. Among items for which the measures for providing information in electronic format will be taken, the Company may exclude all or some of those items designated by the Ministry of Justice Order from statements in the paper-based documents to be delivered to shareholders who requested the delivery of paper-based documents by the record date of voting rights.</u>

Current Articles of Incorporation	Proposed amendments
	<p><u>(Supplementary Provisions)</u></p> <ol style="list-style-type: none"> <li data-bbox="818 271 1398 600">1. <u>The deletion of Article 14 (Internet Disclosure and Deemed Provision of Reference Documents for the General Meeting of Shareholders, Etc.) in the pre-amended Articles of Incorporation and the establishment of the new Article 14 (Measures, etc. for Providing Information in Electronic Format) in the amended Articles of Incorporation shall be effective from the date of enforcement of the revised provisions provided for in the proviso to Article 1 of the Supplementary Provisions of the Act Partially Amending the Companies Act (Act No. 70 of 2019) (hereinafter referred to as the “Date of Enforcement”).</u> <li data-bbox="818 613 1385 752">2. <u>Notwithstanding the provisions of the preceding paragraph, Article 14 of the pre-amended Articles of Incorporation shall remain effective regarding any general meeting of shareholders held on a date within six months from the Date of Enforcement.</u> <li data-bbox="818 766 1406 900">3. <u>These Supplementary Provisions shall be deleted on the date when six months have elapsed from the Date of Enforcement or three months have elapsed from the date of the general meeting of shareholders in the preceding paragraph, whichever is later.</u>

Proposal No. 2 Election of Six Directors

At the conclusion of this General Meeting of Shareholders, the terms of office of all five currently serving Directors will expire. Therefore, the Company proposes an increase of membership by one outside Director to fortify the management system and the election of six Directors.

The candidates for Director are as follows:

Candidate No.	Name (Date of birth)	Career summary, position and responsibility in the Company, or significant concurrent positions outside the Company	Number of the Company's shares owned by the candidate
1	<div>Reelection</div> Masao Watanabe (January 26, 1940)	Apr. 1965 Joined Nihon Trading Co., Ltd. Oct. 1977 Deputy General Manager of Machinery Construction Division May 1986 Joined the Company; Director and President May 1999 Representative Director and President June 2009 Representative Director and Chairman Apr. 2020 Representative Director, Chairman and President Apr. 2022 Representative Director and Chairman (current position)	45,800
[Reasons for nomination as candidate for Director] Masao Watanabe has contributed to the development of the Company by making use of his abundant experience as a corporate manager. The Company expects that he will continue to contribute to further vitalization of the Company based on his abundant experience, track record, strong leadership and decisiveness. Therefore, the Company proposes his election as Director.			
2	<div>Reelection</div> Tomoyuki Kojima (August 9, 1972)	Apr. 1996 Joined the Company Oct. 2014 Deputy General Manager of Corporate Planning Division and Deputy General Manager of Business Planning Division Apr. 2016 General Manager of Corporate Planning Division Aug. 2016 General Manager of Corporate Planning Division and General Manager of Manufacturing Division Apr. 2019 General Manager of Corporate Planning Division and General Manager of Quality Assurance Division June 2020 Director and General Manager of Corporate Planning Division and General Manager of Quality Assurance Division June 2021 Managing Director Apr. 2022 Representative Director and President (current position)	20,400
[Reasons for nomination as candidate for Director] Since joining the Company, Tomoyuki Kojima has been involved in the technical, quality assurance and corporate planning divisions, etc., and has contributed to the Company. The Company expects that he will contribute to the sustainable improvement of the Company's corporate value. Therefore, the Company proposes his election as Director.			

Candidate No.	Name (Date of birth)	Career summary, position and responsibility in the Company, or significant concurrent positions outside the Company		Number of the Company's shares owned by the candidate
3	<div>New election</div> Motoki Watanabe (September 25, 1960)	Apr. 1983	Joined Fujitsu Limited	0
		Oct. 2004	General Manager of Second Accounting Division, Product Business Promotion Headquarters	
		June 2008	Deputy General Manager of Management Audit Division	
		June 2010	General Manager of Management Audit Division	
		Apr. 2012	Director and CFO of Fujitsu Systems East Limited	
		June 2014	Director and Managing Executive Officer and CFO of Fujitsu Marketing Limited	
		Oct. 2020	Executive Officer and CFO of Fujitsu Japan Limited	
		Apr. 2021	Executive Officer and Managing Director CFO	
		Apr. 2022	Senior Advisor of the Company (current position)	
		[Reasons for nomination as candidate for Director] Motoki Watanabe is expected to contribute to the sustainable improvement of the Company's corporate value by making use of the knowledge and experience in finance and accounting cultivated at other companies, as well as the knowledge of risk management and corporate governance in the Company's management. Therefore, the Company proposes his election as Director.		
4	<div>Reelection</div> <div>Outside Director</div> <div>Independent Officer</div> Kenjiro Hayashi (January 17, 1940)	Apr. 1962	Joined Nomura Securities Co., Ltd.	6,000
		Apr. 1965	Joined Nomura Research Institute, Ltd.	
		June 1993	Representative Director and Executive Vice President	
		June 2000	Adviser of NRI Data Services, Ltd.	
		June 2003	Outside Audit & Supervisory Board Member of the Company	
		June 2019	Outside Director (current position)	
		[Reasons for nomination as candidate for outside Director and expected roles] Kenjiro Hayashi has expert knowledge and experience in economics and finance in general. The Company proposes his election as outside Director in order to have him contribute to the management of the Company. By continuing in his role as outside Director, he is expected to make use of his broad knowledge and experience related to economics to enhance the Company's corporate value in the medium- to long-term by contributing to oversight of the management of the Company from an independent standpoint.		

Candidate No.	Name (Date of birth)	Career summary, position and responsibility in the Company, or significant concurrent positions outside the Company		Number of the Company's shares owned by the candidate
5	<div>Reelection</div> <div>Outside Director</div> <div>Independent Officer</div> Yasutoshi Ohata (August 28, 1951)	Sept. 2006	Representative Director of Mizuho Capital Partners Co., Ltd.	2,500
		Apr. 2011	Representative Director of Avergence Incorporated	
		Nov. 2011	Representative Director and President of West Holdings Corporation	
		Apr. 2012	Audit & Supervisory Board Member of Avergence Incorporated (current position)	
		Sept. 2012	Director of Kawanishi Holdings Inc.	
		Sept. 2015	Managing Director	
		Jan. 2016	Representative Director and President of EXSOLA MEDICAL Inc. (current position)	
		Sept. 2017	Senior Managing Director of Kawanishi Holdings Inc.	
		June 2019	Outside Director of the Company (current position)	
		Sept. 2020	Senior Managing Executive Officer of OLBA HEALTHCARE HOLDINGS, Inc. (current position)	
[Reasons for nomination as candidate for outside Director and expected roles] The Company proposes Yasutoshi Ohata's election as outside Director in order to have him contribute to the management of the Company, by making use of his broad knowledge and abundant experience related to international business, financial business and corporate management. By continuing in his role as outside Director, he is expected to make use of his broad knowledge and experience related to corporate management to enhance the Company's corporate value in the medium- to long-term by contributing to oversight of the management of the Company from an independent standpoint.				
6	<div>New election</div> <div>Outside Director</div> <div>Independent Officer</div> Isamu Kawashima (February 20, 1959)	Apr. 1981	Joined NEC Corporation	0
		Apr. 2009	General Manager of Corporate Controller Division	
		June 2011	General Manager of Corporate Controller Division, General Manager of Internal Control over Finance Reporting Division and Member of the Board	
		July 2011	Senior Vice President, CFO and Member of the Board	
		Apr. 2015	Executive Vice President, CFO and Member of the Board	
		Apr. 2017	Executive Vice President (Representative Director), CFO and Member of the Board	
		June 2018	Audit & Supervisory Board Member (current position)	
		Nov. 2020	Vice Chairperson of Japan Audit & Supervisory Board Members Association, Accounting Committee Chairperson (current position)	
		[Reasons for nomination as candidate for outside Director and expected roles] Isamu Kawashima has abundant knowledge and experience in finance and accounting in addition to abundant knowledge and experience in management as a manager of a business firm. The Company proposes his election as outside Director in order to have him contribute to the management of the Company. In his role as outside Director, he is expected to make use of his broad knowledge and experience related to corporate management and management strategy to enhance the Company's corporate value in the medium- to long-term by contributing to oversight of the management of the Company from an independent standpoint.		

- Notes:
1. There is no special interest between any of the candidates for Director and the Company.
 2. Kenjiro Hayashi is currently an outside Director of the Company, and at the conclusion of this meeting, his tenure will have been three years.

3. Yasutoshi Ohata is currently an outside Director of the Company, and at the conclusion of this meeting, his tenure will have been three years.
4. Pursuant to the provisions of Article 427, paragraph (1) of the Companies Act, the Company has entered into agreements with Kenjiro Hayashi and Yasutoshi Ohata to limit their liability for damages under Article 423, paragraph (1) of the same Act to the minimum liability amount provided for by Article 425, paragraph (1) of the same Act. If their election is approved, the Company plans to continue the respective agreements with each one of them.
5. If the election of Isamu Kawashima is approved, the Company plans, pursuant to the provisions of Article 427, paragraph (1) of the Companies Act, to enter into agreements with him to limit his liability for damages under Article 423, paragraph (1) of the Companies Act to the minimum liability amount provided for by Article 425, paragraph (1) of the same Act.
6. The Company has entered into a directors and officers liability insurance policy as provided for in Article 430-3, paragraph (1) of the Companies Act with an insurance company. The policy covers losses that may arise from the insured's assumption of liability incurred in the course of the performance of duties as an officer or a person at a certain position including Director of the Company, or receipt of claims pertaining to the pursuit of such liability (however, there are certain reasons for coverage exclusion, such as losses incurred from claims for damages arising from performance of an illegal act with full knowledge of its illegality). If each candidate is elected and assumes the office as Director, the Company will include every such Director as an insured in the insurance policy. In addition, the Company plans to renew the policy with the same terms at the next renewal.

Proposal No. 3 Election of One Audit & Supervisory Board Member

The Company proposes the new election of one Audit & Supervisory Board Member to fortify and enrich the audit system. The consent of the Audit & Supervisory Board has been obtained for the submission of this proposal.

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

Name (Date of birth)	Career summary, position in the Company, or significant concurrent positions outside the Company	Number of the Company's shares owned by the candidate
<div>New election</div> <div>Outside Audit & Supervisory Board Member</div> <div>Independent Officer</div> Hiroshi Hayashi (February 9, 1960)	Apr. 1983 Joined Fujitsu Limited June 2006 General Manager of Global Human Resources Division, General Affairs and Human Resources Division Apr. 2014 VP, Head of Human Resources Division Apr. 2015 SVP, Head of Human Resources Division Apr. 2016 Executive Officer SVP, Head of Human Resources Division Apr. 2018 Executive Officer SEVP, CHRO/CHO and Head of Human Resources Division June 2019 Senior Advisor	0
[Reasons for nomination as candidate for outside Audit & Supervisory Board Member] Hiroshi Hayashi has expert knowledge and experience in international business, life overseas and human resources development. The Company proposes his election as outside Audit & Supervisory Board Member so he can leverage this knowledge and experience in the auditing of the Company.		

- Notes:
1. There is no special interest between the candidate for Audit & Supervisory Board Member and the Company.
 2. If the election of Hiroshi Hayashi is approved, the Company plans, pursuant to the provisions of Article 427, paragraph (1) of the Companies Act, to enter into agreements with him to limit his liability for damages under Article 423, paragraph (1) of the Companies Act to the minimum liability amount provided for by Article 425, paragraph (1) of the same Act.
 3. The Company has entered into a directors and officers liability insurance policy as provided for in Article 430-3, paragraph (1) of the Companies Act with an insurance company. The policy covers losses that may arise from the insured's assumption of liability incurred in the course of the performance of duties as an officer or a person at a certain position including Audit & Supervisory Board Member of the Company, or receipt of claims pertaining to the pursuit of such liability (however, there are certain reasons for coverage exclusion, such as losses incurred from claims for damages arising from performance of an illegal act with full knowledge of its illegality). If the candidate is elected and assumes the office as Audit & Supervisory Board Member, the Company will include him as an insured in the insurance policy. In addition, the Company plans to renew the policy with the same terms at the next renewal.

(Honorifics omitted)

	Watanabe, Ma.	Kojima	Watanabe, Mo.	Hayashi, K.	Ohata	Kawashima	Yamamoto	Tokuoka	Yokomatsu	Hayashi, H.
Corporate management, management strategy	○	○	○	○	○	○		○	○	○
Life overseas, global business	○		○		○	○	○			○
Legal affairs, risk management			○			○			○	
Finance, accounting			○	○	○	○	○			
Human resources development		○		○				○		○
Sales, marketing	○	○						○		
Technology, development		○							○	
Manufacturing (production, quality)		○							○	
IT (information technology)		○						○		
ESG (environmental, social and governance)	○	○	○	○	○	○	○			○

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

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

The issuance of share acquisition rights to eligible Directors without contribution represents non-monetary remuneration, etc. for Directors, and as the amount of said remuneration is not fixed, the Company also requests approval of the calculation method for the share acquisition rights to be allocated as remuneration.

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

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

2. Terms of issuance of share acquisition rights

(1) Persons to receive allotment of share acquisition rights

Eligible Directors and employees

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

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

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

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

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

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

(4) Cash payment in exchange for share acquisition rights

No cash payment required in exchange for share acquisition rights

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

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

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

closing price of the immediately preceding date), then the Exercise Amount shall be equal to the amount of the closing price on the date of issuance of share acquisition rights.

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

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

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

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

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

(6) Exercise period for share acquisition rights

From July 1, 2024 to June 30, 2027

(7) Exercise conditions of share acquisition rights

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

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

- (i) If a merger agreement in which the Company will be the disappearing company has been approved, or in the event of a proposal for approval of a company split agreement by which the Company will become a splitting company, or a proposal for share exchange agreement approval and a proposal for share transfer agreement by which the Company will become a wholly owned subsidiary has been approved at a General Meeting of Shareholders, the Company may obtain the share acquisition rights without contribution.
- (ii) If the share acquisition rights could not be exercised because the conditions stipulated in (7) (i) are not applicable prior to the exercise of the rights by the share acquisition right holder, the Company may acquire the said share acquisition rights held by the allottee without contribution.

(9) Restrictions on the transfer of share acquisition rights

Any acquisition of share acquisition rights by transfer shall be subject to the approval of the Board of Directors of the Company.

- (10) Item of share capital and legal capital surplus to increase when shares are issued upon exercise of share acquisition rights
- (i) The amount of share capital to increase when shares are issued upon exercise of the share acquisition rights shall be one half of the maximum amount of increases in share capital, etc. calculated according to Article 17, paragraph (1) of the Regulations on Corporate Accounting, and when any fraction less than one yen arises from such calculation, that amount shall be rounded up.
 - (ii) The amount of legal capital surplus to increase when shares are issued upon exercise of the share acquisition rights shall be the amount obtained by deducting the amount of share capital to increase set forth in (i) above from the maximum amount of increases in share capital, etc. described in (i).
- (11) Handling of share acquisition rights in the event that the Company conducts reorganization
- In the event that a contract or plan document prepared at the time of reorganization stipulates that share acquisition rights of the reorganized stock company as specified below are delivered, the share acquisition rights of the reorganized stock company as specified below shall be delivered in accordance with the ratio of the reorganization.
- (i) Merger (limited to cases in which the Company is to become extinct)
Stock company that survives the merger or the stock company incorporated as a result of the merger
 - (ii) Absorption-type company split
Stock company whose rights and obligations in part or all held related to the absorbed business is succeeded by a company conducting absorption-type company split
 - (iii) Incorporation-type company split
Newly established stock company through incorporation-type company split
 - (iv) Share exchange
Stock company that acquires all of the issued shares of a stock company with which the stock company exchanges shares
 - (v) Share transfer
Stock company that is established through share transfer
- (12) Handling of fractions
- Any fraction less than one share shall be discarded if the number of shares to be delivered to a share acquisition right holder who has exercised the share acquisition rights includes such fractions.
- (13) Method of measuring the fair value of share acquisition rights
- The Black-Scholes model shall be used to measure the fair value of the share acquisition rights based on the various conditions on the allotment date.
- (14) Other conditions shall be established by resolution of a Board of Directors' meeting scheduled to be held after this General Meeting of Shareholders.

3. Specific method of calculating remuneration, etc. of Directors

The monetary amount of the share acquisition rights to be issued as remuneration, etc. paid to Directors of the Company shall be calculated by multiplying the fair value of one share acquisition right for the allotment date calculated using the Black-Scholes model by the number of share acquisition rights to be allocated. If Proposal No. 2 "Election of Six Directors" is approved, the number of Directors who receive the allotment will be three. The number of share acquisition rights the Company allots to eligible Directors will be up to 120, and the remuneration for the Directors including the total fair value of the share acquisition rights shall be "an annual amount of up to ¥300 million (of which that for outside Directors is up to ¥30 million)" as approved at the 42nd Annual General Meeting of Shareholders held on June 21, 2013.

4. Reasons why the content of this proposal is appropriate

For the purpose and other details concerning the Company's issuance of share acquisition rights, refer to "1. Reason for the need to solicit subscribers for share acquisition rights on particularly favorable terms" above.

At a meeting of the Board of Directors held on February 19, 2021, the Company decided its policy for the determination of the details of remuneration, etc. for individual Directors and an overview of this was included on page 23 of the Business Report (in Japanese only). As the granting of share acquisition rights based on this proposal is in line with the policy, and as the shares issued by the exercise of the share acquisition rights amount to 0.47% of all issued shares and this dilution ratio is minimal, the content of this proposal is deemed to be appropriate.