

Note: This document has been translated from a part of the Japanese original for reference purposes only. In the event of any discrepancy between this translated document and the Japanese original, the original shall prevail. The Company assumes no responsibility for this translation or for direct, indirect or any other forms of damages arising from the translation.

(Stock Exchange Code 7545)  
April 22, 2019

**To Shareholders with Voting Rights:**

Yoshifumi Ohmura  
President and Director  
**NISHIMATSUYA CHAIN Co., Ltd.**  
266-1, Sho, Shikito-cho, Himeji-shi, Hyogo,  
Japan

**NOTICE OF  
THE 63RD ANNUAL GENERAL MEETING OF SHAREHOLDERS**

Dear Shareholders:

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

You are cordially invited to attend the 63rd Annual General Meeting of Shareholders of NISHIMATSUYA CHAIN Co., Ltd. (the “Company”). The meeting will be held for the purposes as described below.

**If you are unable to attend the meeting, you can exercise your voting rights with either of the methods below. Please review the attached Reference Documents for the General Meeting of Shareholders, and exercise your voting rights by 6:00 p.m. on Monday, May 13, 2019, Japan time.**

[Exercise of Voting Rights in Writing]

Please indicate your vote for or against the proposals on the enclosed Voting Rights Exercise Form and return it so that it is received by the above exercise deadline.

[Exercise of Voting Rights via the Internet]

Please review the “Procedures for the Exercise of Voting Rights via the Internet” on page 2 when exercising voting rights via the Internet, and exercise your voting rights by the above exercise deadline.

- 1. Date and Time:** Tuesday, May 14, 2019 at 10:00 a.m. Japan time
- 2. Place:** Large Hall, 2nd Floor, Main Building, The Himeji Chamber of Commerce and Industry  
43, Shimoderamachi, Himeji-shi, Hyogo, Japan
- 3. Meeting Agenda:**
  - Matters to be reported:** The Business Report and Financial Statements for the Company’s 63rd Fiscal Year (February 21, 2018 - February 20, 2019)
  - Proposals to be resolved:**
    - Proposal 1:** Appropriation of Surplus
    - Proposal 2:** Election of Seven (7) Directors
    - Proposal 3:** Election of One (1) Audit & Supervisory Board Member
    - Proposal 4:** Issuance of Subscription Rights to Shares as Stock Options to Directors
    - Proposal 5:** Issuance of Subscription Rights to Shares as Stock Options to Employees

End

(Notes)

When attending the meeting, please submit the enclosed Voting Rights Exercise Form at the reception desk. Please bring this “Notice of Annual General Meeting of Shareholders” with you to save resources.

Revisions to the Reference Documents for the General Meeting of Shareholders, the Business Report and Financial Statements will be posted on the Company’s website (<https://www.24028.jp/>).

## [Procedures for the Exercise of Voting Rights via the Internet]

If exercising voting rights via the Internet, please review the following items.

If attending the meeting, it is not necessary to complete the procedures for exercising voting rights in writing (using the Voting Rights Exercise Form) or via the Internet.

### 1. Voting Rights Exercise Website

- (1) Exercise of your voting rights via the Internet is possible only by accessing the Voting Rights Exercise Website designated by the Company (<https://evote.tr.mufg.jp/>) (in Japanese) from a computer, smartphone, or mobile phone. (Please note that access is unavailable from 2:00 a.m. to 5:00 a.m., Japan time, daily.)
- (2) The exercise of voting rights on the Voting Rights Exercise Website by computer or smartphone may not be possible in certain operating environments due to factors including the use of a firewall when accessing the Internet, the use of antivirus software, the use of a proxy server, or the lack of designation for TLS encrypted transmission.
- (3) When exercising your voting rights on a mobile phone, for security reasons, you cannot vote from a mobile phone that is incapable of TLS encrypted transmission or the transmission of phone ID information.
- (4) The exercise of voting rights via the Internet is possible until 6:00 p.m. on Monday, May 13, 2019, but please exercise your voting rights at an early opportunity, and if you have any questions, please contact the Help Desk described below in 5. "Inquiries."

### 2. Method of Exercising Voting Rights via the Internet

- (1) When using personal computers or mobile phones
  - On the Voting Rights Exercise Website (<https://evote.tr.mufg.jp/>) (in Japanese), please use the log-in ID and temporary password given on your Voting Rights Exercise Form and follow the on-screen instructions to indicate your approval or disapproval of each proposal.
  - To prevent unauthorized access by persons who are not qualified shareholders ("impersonation") and manipulation of voting details, please be aware that shareholders using this site will be asked to change their temporary passwords.
  - Every time a General Meeting of Shareholders is convened, new log-in IDs and temporary passwords will be issued.
- (2) When using smartphones
  - By reading the log-in QR code\* shown on your Voting Rights Exercise Form with a smartphone, you will be automatically directed to the Voting Rights Exercise Website and be able to exercise your voting rights. (It is not necessary to enter the log-in ID and temporary password.)  
\*“QR code” is a registered trademark of DENSO WAVE INCORPORATED.
  - For security reasons, login with a QR code is permitted only once. From the second time, you will be required to enter the log-in ID and temporary password even when reading the QR code.
  - It might not be possible to log in with the QR code depending on your smartphone model. If you cannot log in with the QR code, please exercise your voting rights using the method described in 2. (1) "When using personal computers or mobile phones" above.

### 3. Treatment of Voting Rights Exercised Multiple Times

- (1) If voting rights are exercised in duplicate in writing (using the Voting Rights Exercise Form) and via the Internet, the vote submitted via the Internet shall be treated as valid.
- (2) If voting rights are exercised multiple times via the Internet, the final vote submitted shall be treated as valid. In instances where a shareholder exercises voting rights in duplicate via a computer, smartphone, or mobile phone, the final vote submitted shall be treated as valid.

### 4. Costs Incurred when Accessing the Voting Rights Exercise Website

Any costs incurred when accessing the Voting Rights Exercise Website (Internet connection fees, etc.) shall be borne by the shareholder. When using a mobile phone, etc. to vote, there will be costs such as packet communication fees or other fees for using the mobile phone, and these fees shall also be borne by the shareholder.

### 5. Inquiries

For inquiries on the use of a computer, etc., to exercise voting rights via the Internet, please contact the following.

Securities Business Division (Help Desk), Mitsubishi UFJ Trust and Banking Corporation  
Phone (in Japanese): (0120) 173-027 (available from 9:00 a.m. to 9:00 p.m., toll free in Japan)

End

# Reference Documents for the General Meeting of Shareholders

## Proposals and References

### Proposal 1: Appropriation of Surplus

The business environment surrounding the Company remains severe. However, based on stable and consistent profit returns to its shareholders, the Company proposes the year-end dividend for the fiscal year under review as described below in consideration of business performance, plans for new store openings and other factors.

1. Year-end dividend
  - (1) Type of dividend:  
Cash dividend
  - (2) Matters related to the allocation of assets to be paid as dividends and the total amount of dividends:  
The Company proposes paying a dividend of 11 yen per common share for a total of 696,994,441 yen. Combined with the interim dividend (10 yen per share), the total amount of the annual dividends for the fiscal year ended February 20, 2019 will be 21 yen per share.
  - (3) Effective date of payment of dividends from surplus:  
May 15, 2019
2. Other matters related to the appropriation of surplus
  - (1) Item and amount of surplus to be increased:  
General reserve: 882,000,000 yen
  - (2) Item and amount of surplus to be decreased:  
Retained earnings brought forward: 882,000,000 yen

**Proposal 2:** Election of Seven (7) Directors

The terms of office of all nine (9) Directors will expire at the conclusion of this Annual General Meeting of Shareholders. In order to strengthen the supervisory function of the Board of Directors and promote rapid decision-making, we would like to decrease the number of Directors by two (2), and hereby propose the election of seven (7) Directors.

The candidates are as follows.

Candidate No.	Name (Date of birth)	Career summary, positions, responsibilities and significant concurrent positions	Number of shares of the Company held
1	Yoshifumi Ohmura (February 7, 1955)	<p>March 1979 Completed master's degree at Graduate School of Engineering, Kyoto University</p> <p>April 1979 Joined Sanyo Special Steel Co., Ltd.</p> <p>September 1985 Joined the Company</p> <p>Director</p> <p>April 1990 Executive Director</p> <p>May 1996 Deputy President</p> <p>May 2000 President and Representative Director (to present)</p> <p>[Significant concurrent positions]</p> <p>President and Representative Director, Yuko Estate Co., Ltd.</p>	4,846,988
		<p>[Reasons for nomination as a candidate for Director]</p> <p>Mr. Yoshifumi Ohmura has directed the management of the Company for many years with strong leadership skills, and has grown the Company into one of the largest specialty store chains for baby and children's products in Japan. The Company has judged that his wealth of experience and insight as a manager will continue to be essential for the growth of the Company, and proposes him as a candidate for Director.</p>	

Candidate No.	Name (Date of birth)	Career summary, positions, responsibilities and significant concurrent positions	Number of shares of the Company held
2	Kazunori Sakamoto (August 27, 1958)	<p>March 1983 Completed master's degree at Graduate School of Engineering, Hiroshima University</p> <p>April 1983 Joined Matsushita Electric Industrial Co., Ltd. (currently Panasonic Corporation)</p> <p>July 2014 Joined the Company</p> <p>August 2014 Manager of Toy Product Department, General Merchandise Headquarters, Product Headquarters</p> <p>June 2015 Deputy Manager of General Merchandise Headquarters, Product Headquarters and Manager of Toy Product Department</p> <p>August 2017 Manager of Store Operations Headquarters</p> <p>September 2017 Executive Officer, Manager of Store Operations Headquarters</p> <p>May 2018 Director, Executive Officer, Manager of Store Operations Headquarters (to present)</p>	-
		<p>[Reasons for nomination as a candidate for Director]</p> <p>Mr. Kazunori Sakamoto worked vigorously as a manager on the purchase of toys and other childcare products after joining the Company. At present, he directs and supervises store business operations as Manager of Store Operations Headquarters, and has achieved great results in areas such as staffing optimization. The Company has judged that his extensive insight and experience will continue to be essential for the management of the Company, and proposes him as a candidate for Director.</p>	

Candidate No.	Name (Date of birth)	Career summary, positions, responsibilities and significant concurrent positions		Number of shares of the Company held
3	Yoshiaki Ohmura (November 17, 1959)	March 1983	Graduated from Faculty of Engineering, Kyoto University	17,106
		April 1983	Joined Fujitsu Limited	
		January 1991	Joined Shirahama Cast Iron Industrial Co., Ltd.	
		November 2000	Joined Oyama Trading Co., Ltd. (currently Oyama Co., Ltd.)	
		June 2015	Joined the Company	
		September 2015	Manager of Business System Reformation Department, Administrative Headquarters	
		February 2017	Executive Officer, Manager of Business System Reformation Department	
		April 2017	Executive Officer, Deputy Manager of Product Headquarters and Manager of Business System Reformation Department	
		August 2017	Executive Officer, Deputy Manager of President's Office, Deputy Manager of Product Headquarters and Manager of Business System Reformation Department	
		February 2018	Executive Officer, President's Office (in charge of Shin-Osaka Headquarters) and Manager of Business System Reformation Department	
		May 2018	Director, Executive Officer, Manager of Product Headquarters (to present)	
[Reasons for nomination as a candidate for Director] Mr. Yoshiaki Ohmura worked on optimizing and streamlining work procedures at stores and achieved great results after joining the Company. At present, he directs and supervises the purchase and sales of products as Manager of Product Headquarters. The Company has judged that his wealth of experience and knowledge will continue to be essential for the management of the Company, and proposes him as a candidate for Director.				

Candidate No.	Name (Date of birth)	Career summary, positions, responsibilities and significant concurrent positions		Number of shares of the Company held
4	Mitsuaki Matsuo (December 15, 1960)	March 1983	Graduated from Faculty of Economics, Kyoto Sangyo University	23,800
		April 1983	Joined the Company	
		March 2008	Manager of Personnel Department, Administrative Headquarters	
		February 2011	Executive Officer, Manager of Personnel Department, Administrative Headquarters	
		May 2013	Director, Manager of Personnel Department	
		March 2015	Director, Manager of Administrative Headquarters	
		February 2016	Director, Manager of Store Operations Headquarters	
		August 2017	Director, Executive Officer, Manager of Recruitment and Personnel Management Affairs Headquarters	
		April 2018	Director, Executive Officer, Manager of Recruitment Department and Manager of Supervisor Management Department	
		October 2018	Director, Executive Officer, Manager of Product Audit Department	
		February 2019	Director, Executive Officer, Manager of North Kanto and Niigata Store Development Department, East Japan Store Development Business Department	
		March 2019	Director, Executive Officer, Manager of East Japan Store Development Business Department, Manager of North Kanto and Niigata Store Development Department, and Manager of East Japan Office (to present)	
		[Reasons for nomination as a candidate for Director] Mr. Mitsuaki Matsuo experienced a wide range of operations such as personnel management, store operations, recruitment, and product audit as a manager. At present, he directs and supervises the opening of new stores in East Japan as Manager of East Japan Store Development Business Department. The Company has judged that his wealth of experience and insight will continue to be essential for the management of the Company, and proposes him as a candidate for Director.		

Candidate No.	Name (Date of birth)	Career summary, positions, responsibilities and significant concurrent positions	Number of shares of the Company held
5 *	Koichi Ohmura (October 31, 1987)	<p>March 2010      Graduated from Faculty of Law, The University of Tokyo</p> <p>April 2010      Joined Mizuho Bank, Ltd.</p> <p>March 2014      Joined the Company</p> <p>May 2018        Manager of Corporate Planning Office</p> <p>August 2018    Manager of Corporate Planning Office and Deputy Manager of Store Operations Headquarters</p> <p>January 2019    Executive Officer, Manager of President's Assistant Office</p> <p>February 2019   Executive Officer, Manager of President's Assistant Office and Manager of Product Audit Department (to present)</p> <p>[Reasons for nomination as a candidate for Director] Mr. Koichi Ohmura gained a wide experience in the main operations of the Company and subsequently engaged in management as Manager of Corporate Planning Office after joining the Company. At present, he assists the President with business execution as Manager of President's Assistant Office. The Company has judged that his extensive knowledge extending to finance is essential for the management of the Company in the future, and proposes him as a candidate for Director.</p>	3,750,000
6	Hidefumi Sugao (August 31, 1947)	<p>March 1972      Graduated from Faculty of Law, Hitotsubashi University</p> <p>March 1976      Graduated from Faculty of Social Sciences, Hitotsubashi University</p> <p>June 1982        Established SUGAO LAW OFFICE (currently SUGAO IWAMI LAW OFFICE) (to present)</p> <p>May 1994        Director, the Company (to present)</p> <p>June 2007        External Auditor, Sawai Pharmaceutical Co., Ltd.</p> <p>June 2012        External Director, Sawai Pharmaceutical Co., Ltd. (to present)</p> <p>[Significant concurrent positions] Head, SUGAO IWAMI LAW OFFICE (Attorney) External Director, Sawai Pharmaceutical Co., Ltd.</p> <p>[Reasons for nomination as a candidate for Outside Director] The Company proposes Mr. Hidefumi Sugao as a candidate for Outside Director, because it has judged that he will be able to continue to carry out the duties of Outside Director appropriately drawing on his wealth of experience and expertise as a lawyer. The term of office of Mr. Sugao as Outside Director of the Company will be twenty-five (25) years at the conclusion of this Annual General Meeting of Shareholders.</p>	24,500



Candidate No.	Name (Date of birth)	Career summary, positions, responsibilities and significant concurrent positions	Number of shares of the Company held
7	Satoshi Hamada (October 3, 1952)	<p>March 1976      Graduated from Faculty of Commerce and Management, Hitotsubashi University</p> <p>April 1976      Joined Chuo Audit Corporation</p> <p>August 1981    Joined Asahi &amp; Co. (currently KPMG AZSA LLC)</p> <p>September 1984   Established Certified Public Accounting Firm Satoshi Hamada Business Accounting (to present)</p> <p>May 1994      Audit &amp; Supervisory Board Member, the Company</p> <p>June 2005      External Statutory Auditor, WDB Co., Ltd. (currently WDB Holdings Co., Ltd.)</p> <p>September 2014   Established Certified Tax Accounting Firm Hamada Accounts (to present)</p> <p>June 2015      Outside Corporate Auditor, GLORY LTD. (to present)</p> <p>May 2016      Director, the Company (to present)</p> <p>June 2018      External Director, WDB Holdings Co., Ltd. (Audit and Supervisory Committee Member) (to present)</p> <p>[Significant concurrent positions]</p> <p>Head, Satoshi Hamada Business Accounting (Certified Public Accountant)</p> <p>Representative Partner, Certified Tax Accounting Firm Hamada Accounts (Certified Tax Accountant)</p> <p>External Director, WDB Holdings Co., Ltd. (Audit and Supervisory Committee Member)</p> <p>Outside Corporate Auditor, GLORY LTD.</p>	-
		<p>[Reasons for nomination as a candidate for Outside Director]</p> <p>The Company proposes Mr. Satoshi Hamada as a candidate for Outside Director, because it has judged that he will be able to continue to carry out the duties of Outside Director appropriately drawing on his wealth of experience and expertise as a certified public accountant and certified tax accountant. The term of office of Mr. Hamada as Outside Director of the Company will be three (3) years at the conclusion of this Annual General Meeting of Shareholders.</p>	

(Notes)

1. \* indicates a newly appointed candidate for Director.
2. There are no special interests between the candidates for Director and the Company. The Company holds shares in GLORY LTD., for which Mr. Satoshi Hamada, the candidate for Director, serves as Outside Corporate Auditor, but the shareholding ratio is less than one (1) percent. Likewise, the shareholding ratio of the Company's shares held by GLORY LTD. is less than one (1) percent.
3. Messrs. Hidefumi Sugao and Satoshi Hamada are candidates for Outside Director. The Company designated them as independent officers prescribed by the Tokyo Stock Exchange and has registered them with the Exchange.

**Proposal 3: Election of One (1) Audit & Supervisory Board Member**

The term of office of Audit & Supervisory Board Member Ms. Kaoru Mori will expire at the conclusion of this Annual General Meeting of Shareholders. Accordingly, we propose the election of one (1) Audit & Supervisory Board Member. The Audit & Supervisory Board has previously given its approval to this proposal.

The candidate is as follows.

Name (Date of birth)	Career summary, positions and significant concurrent positions	Number of shares of the Company held
Kaoru Mori (May 16, 1961)	March 1984      Graduated from Faculty of Economics, Keio University October 1986    Joined Chuo Audit Corporation September 1993   Joined Mitsuo Hasegawa Tax Accountant Office (currently San Tax Corporation) January 2006    Head, Hasegawa Mori Accounting Firm (currently San Tax Corporation) March 2010      External Auditor, Fukushin Electric Co., Ltd. (to present) May 2016        Audit & Supervisory Board Member, the Company (to present) July 2018        Established San Tax Corporation (to present) [Significant concurrent positions] Partner, San Tax Corporation (Certified Public Accountant and Certified Tax Accountant) External Auditor, Fukushin Electric Co., Ltd.	-
	[Reasons for nomination as a candidate for Outside Audit & Supervisory Board Member] The Company proposes Ms. Kaoru Mori as a candidate for Outside Audit & Supervisory Board Member, because it has judged that she will be able to continue to carry out the duties of Outside Audit & Supervisory Board Member appropriately drawing on her expertise as a certified public accountant and certified tax accountant. The term of office of Ms. Mori as Outside Audit & Supervisory Board Member of the Company will be three (3) years at the conclusion of this Annual General Meeting of Shareholders.	

(Notes)

1. There are no special interests between the candidate for Audit & Supervisory Board Member and the Company.
2. Ms. Kaoru Mori is a candidate for Outside Audit & Supervisory Board Member. The Company designated her as independent officer prescribed by the Tokyo Stock Exchange and has registered her with the Exchange.

**Proposal 4:** Issuance of Subscription Rights to Shares as Stock Options to Directors

In regard to the amount of compensation as stock options to Directors, it has been approved by the 51st Annual General Meeting of Shareholders held on May 15, 2007 that subscription rights to shares shall be issued to Directors within an annual amount of 68,520,000 yen (of which, 2,500,000 yen to Outside Directors). We propose to issue the subscription rights to shares within such annual amount as described below.

Subject to the approval of Proposal 2, the number of Directors will be seven (7) (of which two (2) are Outside Directors).

**I. Reason to justify the issuance of subscription rights to shares as compensation to Directors**

Stock options will be implemented with the aim of enhancing sound management and social trust of the Company by bolstering Directors' motivation and morale toward improved performance.

The subscription rights to shares will be issued for the purpose of stock options as compensation at the price described in II.4. below, and value of the assets to be contributed upon exercise of the subscription rights to shares is determined based on the market value as described in II.5. below.

**II. Details of issuance of the subscription rights to shares**

**1. Persons to whom the subscription rights to shares will be allotted**

The Company's Directors (persons who newly assume office as Directors, etc.)

**2. Class and number of shares to be issued upon exercise of the subscription rights to shares**

Not exceeding 20,000 common shares of the Company per year.

In the event that the Company conducts a share split or share consolidation after the date of allotment of the subscription rights to shares, the number of shares subject to the subscription rights to shares shall be adjusted according to the following formula. Such adjustment, however, shall be made only to the number of shares subject to the subscription rights to shares which are not yet exercised at that point of time, and any fractions less than one (1) share resulting from the adjustment shall be rounded down.

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

Also, in the event that the Company conducts a merger or share exchange with another company, or a company split, or in any other cases that for unavoidable reasons require the adjustment of the number of shares subject to the subscription rights to shares, the Company may adjust the number of shares to a reasonable extent.

**3. Total number of the subscription rights to shares to be issued**

Not exceeding 200 units per year. (The number of shares subject to each unit of the subscription rights to shares shall be 100. However, in the event that the adjustment set forth in II.2. is made to the number of shares, adjustment shall be made in the same manner.)

**4. Cash payment for the subscription rights to shares**

No cash payment shall be required for the subscription rights to shares.

The issue amount shall be the amount calculated by the Black-Scholes Model as of the allotment date.

**5. Value of assets to be contributed upon exercise of the subscription rights to shares**

Assets to be contributed upon exercise of the subscription rights to shares shall be cash. The amount to be paid upon exercise of each unit of the subscription rights to shares shall be the amount obtained by multiplying the amount to be paid per share determined as set forth below (hereinafter referred to as the "Exercise Price") by the number of shares subject to each unit of the subscription rights to shares set forth in II.3.

The Exercise Price shall be the highest of the amount multiplying 1.05 and the average closing price of the Company's common shares in regular trading at the Tokyo Stock Exchange on each day (excluding days with no transactions) of the month prior to the month including the day of issuance of the subscription rights to shares (fractions less than one (1) yen shall be rounded up to the nearest

one (1) yen); the closing price of the Company's common shares in regular trading at the Tokyo Stock Exchange on the day of issuance of the subscription rights to shares (if there are no transactions on such day, the closing price of the immediately preceding day); or 1,336 yen.

In the event that the Company conducts a share split or share consolidation, the Exercise Price shall be adjusted according to the following formula, and any fractions less than one (1) yen resulting from such adjustment shall be rounded up to the nearest one (1) yen.

$$\text{Exercise Price after adjustment} = \text{Exercise Price before adjustment} \times \frac{1}{\text{Ratio of share split or share consolidation}}$$

Also, the Company may adjust the Exercise Price in the event that the Company conducts a merger or share exchange with another company, or a company split.

In the event that the Company issues new shares or disposes of treasury stock at a price lower than the market price (excluding securities to be acquired by the Company or securities with rights of requesting acquisition by the Company, both in exchange for delivery of the Company's common shares, or exercise of subscription rights to shares through which delivery of the Company's common shares may be requested), the Exercise Price shall be adjusted according to the following formula, and any fractions less than one (1) yen resulting from such adjustment shall be rounded up to the nearest one (1) yen.

$$\text{Exercise Price after adjustment} = \text{Exercise Price before adjustment} \times \frac{\text{Number of shares issued} + \frac{\text{Number of common shares newly issued} \times \text{Amount to be paid per share}}{\text{Share price of common shares before issuing new shares}}}{\text{Number of shares issued} + \text{Number of common shares newly issued}}$$

In the formula above, "Number of shares issued" shall mean the number calculated by subtracting the number of treasury stock of common shares held by the Company from the total number of shares issued by the Company. In the event of disposal of treasury stock, "Number of common shares newly issued" and "Share price of common shares before issuing new shares" shall be replaced with "Number of treasury stock to be disposed of" and "Share price of common shares before disposal," respectively.

6. Exercise period of the subscription rights to shares  
From June 1, 2021 to May 31, 2025
7. Matters regarding capital stock and legal capital surplus to be increased by issuance of shares upon exercise of the subscription rights to shares
  - (1) In the event of new share issuance by exercising the subscription rights to shares, the amount of capital stock increased shall be half of the limit of increase in capital stock, etc. calculated in accordance with Article 17, Paragraph 1 of the Ordinance on Accounting of Companies, and any fractions less than one (1) yen resulting from such calculation shall be rounded up to the nearest one (1) yen.
  - (2) In the event of new share issuance by exercising the subscription rights to shares, the amount of legal capital surplus increased shall be calculated by subtracting the amount of capital stock increased set forth in (1) above from the limit of increase in capital stock, etc. in (1) above.
8. Conditions for exercising the subscription rights to shares
  - (1) Those who received the allotment of the subscription rights to shares must be Directors, Audit & Supervisory Board Members or Executive Officers of the Company or its subsidiaries and associates at the time of exercise of the subscription rights to shares. However, this provision shall not apply to the cases where there are justifiable reasons such as retirement due to expiration of their term of office.

- (2) The successors of the persons who received the allotment of the subscription rights to shares shall not be able to exercise the subscription rights to shares.
  - (3) Other conditions for exercising the subscription rights to shares shall be determined by resolution of the Board of Directors.
9. Matters related to acquisition of the subscription rights to shares
- (1) The Company may acquire without consideration and cancel the subscription rights to shares by resolution of the Board of Directors if a proposal for approval of a merger agreement where the Company becomes a dissolving company, proposal for approval of a share exchange agreement where the Company becomes a wholly-owned subsidiary, or proposal for approval of a share transfer plan is approved at the General Meeting of Shareholders.
  - (2) When those who received the allotment of the subscription rights to shares no longer satisfy the conditions to exercise the subscription rights to shares, the Company may acquire the subscription rights to shares of such persons without consideration and cancel them by resolution of the Board of Directors.
10. Restriction on transfer of the subscription rights to shares
- Transfer of the subscription rights to shares shall require the approval of the Board of Directors.
11. Treatment of the subscription rights to shares upon implementation of reorganization
- If the Company conducts a merger (limited to the case where the Company becomes a dissolving company as a result of the merger), absorption-type company split, incorporation-type company split, share exchange or share transfer (hereinafter collectively referred to as the “Reorganization Transaction”), under the following conditions, subscription rights to shares of a joint stock corporation specified in Article 236, Paragraph 1, Item 8 (a) through (e) of the Companies Act (hereinafter referred to as the “Reorganized Corporation”) shall be delivered to holders of subscription rights to shares that remain in effect as of the effective date of the Reorganization Transaction (hereinafter referred to as the “Remaining Subscription Rights to Shares”). In such cases, the Remaining Subscription Rights to Shares shall expire, and the Reorganized Corporation shall issue new subscription rights to shares. However, the foregoing shall be limited to cases where it is prescribed in the absorption-type merger agreement, incorporation-type merger agreement, absorption-type company split agreement, incorporation-type company split plan, share exchange agreement or share transfer plan that the subscription rights to shares of the Reorganized Corporation shall be issued under the following conditions:
- (1) Number of the subscription rights to shares of the Reorganized Corporation to be delivered:  
The same number of the subscription rights to shares shall be delivered as the number of the subscription rights to shares held by the holders of the Remaining Subscription Rights to Shares.
  - (2) Class of shares of the Reorganized Corporation subject to the subscription rights to shares:  
Common shares of the Reorganized Corporation
  - (3) Number of shares of the Reorganized Corporation subject to the subscription rights to shares:  
The number shall be determined in consideration of the conditions for the Reorganization Transaction.
  - (4) Value of assets to be contributed upon exercise of the subscription rights to shares:  
The value of assets to be contributed upon exercise of the subscription rights to shares for delivery shall be the amount obtained by multiplying the Exercise Price after reorganization calculated through adjustments, taking into consideration the conditions for the Reorganization Transaction, by the number of shares of the Reorganized Corporation subject to such subscription rights to shares as determined in (3) above.
  - (5) Exercise period of the subscription rights to shares:  
The period shall commence on the starting date of the exercise period of the Remaining Subscription Rights to Shares or the effective date of the Reorganization Transaction, whichever is later, and end on the expiration date of the exercise period of the Remaining Subscription Rights to Shares.

- (6) Amount of increase in capital stock and legal capital surplus when new shares are issued upon exercise of the subscription rights to shares:  
Amount of increase in capital stock and legal capital surplus shall be determined, taking into consideration the conditions of the Reorganization Transaction.
  - (7) Restriction on acquisition of the subscription rights to shares through transfer:  
Acquisition of the subscription rights to shares through transfer requires approval of the Board of Directors of the Reorganized Corporation.
  - (8) Other conditions for exercising the subscription rights to shares:  
The other conditions shall be determined in the same manner as described in II.8. above.
12. Other matters
- Other matters related to the subscription rights to shares shall be determined by resolution of the Board of Directors.

**Proposal 5:** Issuance of Subscription Rights to Shares as Stock Options to Employees

We propose to issue subscription rights to shares as stock options to the Company's employees without consideration, and to delegate to the Board of Directors the authority to determine the subscription requirements for the subscription rights to shares as described below.

**I. Reason for necessity of issuing the subscription rights to shares on particularly favorable conditions**

Stock options will be implemented with the aim of enhancing sound management and social trust of the Company by bolstering employees' motivation and morale toward improved performance.

**II. Details of issuance of the subscription rights to shares**

**1. Persons to whom the subscription rights to shares will be allotted**

The Company's employees (persons who have newly become eligible as defined by the Company, etc.)

**2. Class and number of shares to be issued upon exercise of the subscription rights to shares**

Not exceeding 200,000 common shares of the Company.

In the event that the Company conducts a share split or share consolidation after the date of allotment of the subscription rights to shares, the number of shares subject to the subscription rights to shares shall be adjusted according to the following formula. Such adjustment, however, shall be made only to the number of shares subject to the subscription rights to shares which are not yet exercised at that point of time, and any fractions less than one (1) share resulting from the adjustment shall be rounded down.

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

Also, in the event that the Company conducts a merger or share exchange with another company, or a company split, or in any other cases that for unavoidable reasons require the adjustment of the number of shares subject to the subscription rights to shares, the Company may adjust the number of shares to a reasonable extent.

**3. Total number of the subscription rights to shares to be issued**

Not exceeding 2,000 units. (The number of shares subject to each unit of the subscription rights to shares shall be 100. However, in the event that the adjustment set forth in II.2. is made to the number of shares, adjustment shall be made in the same manner.)

**4. Cash payment for the subscription rights to shares**

No cash payment shall be required for the subscription rights to shares.

**5. Value of assets to be contributed upon exercise of the subscription rights to shares**

Assets to be contributed upon exercise of the subscription rights to shares shall be cash. The amount to be paid upon exercise of each unit of the subscription rights to shares shall be the amount obtained by multiplying the amount to be paid per share determined as set forth below (hereinafter referred to as the "Exercise Price") by the number of shares subject to each unit of the subscription rights to shares set forth in II.3.

The Exercise Price shall be the highest of the amount multiplying 1.05 and the average closing price of the Company's common shares in regular trading at the Tokyo Stock Exchange on each day (excluding days with no transactions) of the month prior to the month including the day of issuance of the subscription rights to shares (fractions less than one (1) yen shall be rounded up to the nearest one (1) yen); the closing price of the Company's common shares in regular trading at the Tokyo Stock Exchange on the day of issuance of the subscription rights to shares (if there are no transactions on such day, the closing price of the immediately preceding day); or 1,336 yen.

In the event that the Company conducts a share split or share consolidation, the Exercise Price shall be adjusted according to the following formula, and any fractions less than one (1) yen resulting from such adjustment shall be rounded up to the nearest one (1) yen.

$$\text{Exercise Price after adjustment} = \text{Exercise Price before adjustment} \times \frac{1}{\text{Ratio of share split or share consolidation}}$$

Also, the Company may adjust the Exercise Price in the event that the Company conducts a merger or share exchange with another company, or a company split.

In the event that the Company issues new shares or disposes of treasury stock at a price lower than the market price (excluding securities to be acquired by the Company or securities with rights of requesting acquisition by the Company, both in exchange for delivery of the Company's common shares, or exercise of subscription rights to shares through which delivery of the Company's common shares may be requested), the Exercise Price shall be adjusted according to the following formula, and any fractions less than one (1) yen resulting from such adjustment shall be rounded up to the nearest one (1) yen.

$$\text{Exercise Price after adjustment} = \text{Exercise Price before adjustment} \times \frac{\text{Number of shares issued} + \frac{\text{Number of common shares newly issued} \times \text{Amount to be paid per share}}{\text{Share price of common shares before issuing new shares}}}{\text{Number of shares issued} + \text{Number of common shares newly issued}}$$

In the formula above, "Number of shares issued" shall mean the number calculated by subtracting the number of treasury stock of common shares held by the Company from the total number of shares issued by the Company. In the event of disposal of treasury stock, "Number of common shares newly issued" and "Share price of common shares before issuing new shares" shall be replaced with "Number of treasury stock to be disposed of" and "Share price of common shares before disposal," respectively.

6. Exercise period of the subscription rights to shares  
From June 1, 2021 to May 31, 2025
7. Matters regarding capital stock and legal capital surplus to be increased by issuance of shares upon exercise of the subscription rights to shares
  - (1) In the event of new share issuance by exercising the subscription rights to shares, the amount of capital stock increased shall be half of the limit of increase in capital stock, etc. calculated in accordance with Article 17, Paragraph 1 of the Ordinance on Accounting of Companies, and any fractions less than one (1) yen resulting from such calculation shall be rounded up to the nearest one (1) yen.
  - (2) In the event of new share issuance by exercising the subscription rights to shares, the amount of legal capital surplus increased shall be calculated by subtracting the amount of capital stock increased set forth in (1) above from the limit of increase in capital stock, etc. in (1) above.
8. Conditions for exercising the subscription rights to shares
  - (1) Those who received the allotment of the subscription rights to shares must be Directors, Audit & Supervisory Board Members, Executive Officers or employees of the Company or its subsidiaries and associates at the time of exercise of the subscription rights to shares.
  - (2) Notwithstanding the provision of the preceding item, those who received the allotment of the subscription rights to shares may exercise the subscription rights to shares in any of the following cases:
    - 1) Retirement from Director, Audit & Supervisory Board Member, Executive Officer of the Company or its subsidiaries and associates due to expiration of their term of office
    - 2) Mandatory age-limit retirement and other justifiable reasons
    - 3) In case of a contract employee, retirement due to completion of the employment period set forth in the employment contract, provided, however, that continuous years of service of



such employee for the Company must be five (5) years or more

- (3) The successors of the persons who received the allotment of the subscription rights to shares shall not be able to exercise the subscription rights to shares.
  - (4) Other conditions for exercising the subscription rights to shares shall be determined by resolution of the Board of Directors.
9. Matters related to acquisition of the subscription rights to shares
  - (1) The Company may acquire without consideration and cancel the subscription rights to shares by resolution of the Board of Directors if a proposal for approval of a merger agreement where the Company becomes a dissolving company, proposal for approval of a share exchange agreement where the Company becomes a wholly-owned subsidiary, or proposal for approval of a share transfer plan is approved at the General Meeting of Shareholders.
  - (2) When those who received the allotment of the subscription rights to shares no longer satisfy the conditions to exercise the subscription rights to shares, the Company may acquire the subscription rights to shares of such persons without consideration and cancel them by resolution of the Board of Directors.
10. Restriction on transfer of the subscription rights to shares

Transfer of the subscription rights to shares shall require the approval of the Board of Directors.
11. Treatment of the subscription rights to shares upon implementation of reorganization

If the Company conducts a merger (limited to the case where the Company becomes a dissolving company as a result of the merger), absorption-type company split, incorporation-type company split, share exchange or share transfer (hereinafter collectively referred to as the “Reorganization Transaction”), under the following conditions, subscription rights to shares of a joint stock corporation specified in Article 236, Paragraph 1, Item 8 (a) through (e) of the Companies Act (hereinafter referred to as the “Reorganized Corporation”) shall be delivered to holders of subscription rights to shares that remain in effect as of the effective date of the Reorganization Transaction (hereinafter referred to as the “Remaining Subscription Rights to Shares”). In such cases, the Remaining Subscription Rights to Shares shall expire, and the Reorganized Corporation shall issue new subscription rights to shares. However, the foregoing shall be limited to cases where it is prescribed in the absorption-type merger agreement, incorporation-type merger agreement, absorption-type company split agreement, incorporation-type company split plan, share exchange agreement or share transfer plan that the subscription rights to shares of the Reorganized Corporation shall be issued under the following conditions:

  - (1) Number of the subscription rights to shares of the Reorganized Corporation to be delivered:

The same number of the subscription rights to shares shall be delivered as the number of the subscription rights to shares held by the holders of the Remaining Subscription Rights to Shares.
  - (2) Class of shares of the Reorganized Corporation subject to the subscription rights to shares:

Common shares of the Reorganized Corporation
  - (3) Number of shares of the Reorganized Corporation subject to the subscription rights to shares:

The number shall be determined in consideration of the conditions for the Reorganization Transaction.
  - (4) Value of assets to be contributed upon exercise of the subscription rights to shares:

The value of assets to be contributed upon exercise of the subscription rights to shares for delivery shall be the amount obtained by multiplying the Exercise Price after reorganization calculated through adjustments, taking into consideration the conditions for the Reorganization Transaction, by the number of shares of the Reorganized Corporation subject to such subscription rights to shares as determined in (3) above.
  - (5) Exercise period of the subscription rights to shares:

The period shall commence on the starting date of the exercise period of the Remaining Subscription Rights to Shares or the effective date of the Reorganization Transaction, whichever

is later, and end on the expiration date of the exercise period of the Remaining Subscription Rights to Shares.

- (6) Amount of increase in capital stock and legal capital surplus when new shares are issued upon exercise of the subscription rights to shares:

Amount of increase in capital stock and legal capital surplus shall be determined, taking into consideration the conditions of the Reorganization Transaction.

- (7) Restriction on acquisition of the subscription rights to shares through transfer:

Acquisition of the subscription rights to shares through transfer requires approval of the Board of Directors of the Reorganized Corporation.

- (8) Other conditions for exercising the subscription rights to shares:

The other conditions shall be determined in the same manner as described in II.8. above.

12. Other matters

Other matters related to the subscription rights to shares shall be determined by resolution of the Board of Directors.

End