

Securities code: 5451

May 31, 2021

To our shareholders:

Satoshi Nitta
President and Representative Director
Yodogawa Steel Works, Ltd.
4-1-1 Minami-honmachi, Chuo-ku, Osaka

NOTICE OF THE 122ND ORDINARY GENERAL MEETING OF SHAREHOLDERS

You are hereby notified of the 122nd Ordinary General Meeting of Shareholders of Yodogawa Steel Works, Ltd. (the “Company”), which will be held as described below.

With regard to this year’s Ordinary General Meeting of Shareholders, having taken into account the continuing risk of infection with the novel coronavirus (COVID-19), and the safety and security of our shareholders, we humbly request that, if at all possible, you forgo attending the meeting on the day.

You may exercise your voting rights either by postal mail (voting form) or electronically (via the Internet). Please review the attached ‘Reference Documents for the General Meeting of Shareholders’ and we request that you exercise your rights no later than 5:00 p.m., Monday, June 21, 2021 (Japan Standard Time).

1. Date and Time: Tuesday, June 22, 2021 10:00 a.m. (Japan Standard Time)

2. Venue: Banquet Room “Tsuru,” 5th Floor, Hotel Nikko Osaka
1-3-3 Nishi-Shinsaibashi, Chuo-ku, Osaka

3. Purposes:

Items to be reported:

1. Business Report and Consolidated Financial Statements for the 122nd Term (from April 1, 2020 to March 31, 2021), as well as the results of audit of the Consolidated Financial Statements by the Accounting Auditor and the Audit & Supervisory Board.
2. Non-Consolidated Financial Statements for the 122nd Term (from April 1, 2020 to March 31, 2021)

Items to be resolved:

- Proposal 1:** Election of Six (6) Directors
Proposal 2: Election of One (1) Substitute Audit & Supervisory Board Member
Proposal 3: Determination of Remuneration for Allotment of Restricted Shares for Directors (excluding Outside Directors)

4. Exercise of Voting Rights:

You may exercise your voting rights by one of the following three (3) methods.

- (1) Exercise of voting rights by attendance at the General Meeting of Shareholders
Please submit the enclosed voting form to the receptionist on the day of the General Meeting of Shareholders.
Date and Time of the General Meeting of Shareholders: Tuesday, June 22, 2021, at 10:00 a.m. (Japan Standard Time)
- (2) Exercise of Voting Rights by Postal Mail
Please indicate your approval or disapproval of the proposals on the enclosed voting form and return it by postal mail to reach us no later than the deadline for exercising voting rights.
Deadline for exercising voting rights: To reach us no later than 5:00 p.m., Monday, June 21, 2021 (Japan Standard Time)
- (3) Exercise of Voting Rights via the Internet
Kindly peruse the “Guide to the Exercise of Voting Rights via the Internet” on page 3, and please exercise your voting rights by accessing the “Smart Exercise” or “Exercise of Voting Rights Website” (<https://soukai.mizuho-tb.co.jp/>) no later than the deadline for exercising voting rights.
Deadline for exercising voting rights: To input no later than 5:00 p.m., Monday, June 21, 2021 (Japan Standard Time)

Duplicate Exercises of Voting Rights

- i. In cases of duplicate exercise of voting rights both by using the voting form and by using the Internet, the exercise of the voting rights via the Internet shall be treated as valid.
- ii. In cases in which multiple exercises of voting rights have been made via the Internet, the most recent exercise of voting rights shall be treated as valid.

Guide to the Exercise of Voting Rights via the Internet

1. Exercise of Voting Rights by the “Smart Exercise”

- 1) Please read the QR code*¹ on the right-hand side of the enclosed Voting Form using a smartphone or similar device*², access the “Smart Exercise” website designated by the Company, and indicate your approval or disapproval of the proposals in accordance with the guidance on the screen (It is not necessary to enter the Exercise of Voting Rights Code and the Password).
- 2) The exercise of voting rights using “Smart Exercise” can only be performed once. In the event that you wish to revise the approval or disapproval indicated after exercising voting rights, you must use method 2. below to exercise your voting rights once again.

*1. QR Code is a registered trademark of DENSO WAVE INCORPORATED.)

*2. An application (or a feature) to read QR Codes will be required.

2. Exercise of Voting Rights by the entry of the Exercise of Voting Rights Code and the Password

- 1) Please access the “Exercise of Voting Rights Website” (refer to the URL below), and enter the Exercise of Voting Rights Code and the Password printed on the enclosed voting form to log in, then indicate your approval or disapproval in accordance with the guidance on the screen. It is necessary for you to change your password when you log in for the first time.

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

- 2) The Exercise of Voting Rights Code and the Password (including the new password selected by yourself when asked to change it) shall be valid only for this Ordinary General Meeting of Shareholders.
- 3) Please be careful how you manage your password, as it is used as a means of confirming the identity of the shareholder exercising voting rights. Please be noted that the Company (shareholder registry administrator) will not contact you to ask for your password.
- 4) If you enter your password incorrectly for a certain number of times, the password will be locked and you will no longer be able to use it. If this occurs, please complete the procedures indicated in the guidance on the screen.

(Notes)

- The deadline for exercising voting rights is 5:00 p.m., Monday, June 21, 2021 (Japan Standard Time). Voting rights reaching the Company (shareholder registry administrator) before the deadline are valid, so we request that you kindly exercise them well in advance.
- In the event that voting rights are exercised both by using the voting form and via the Internet, only the vote performed via the Internet shall be deemed effective. If you exercise your voting rights more than once via the Internet, only your final vote shall be deemed effective.
- You shall bear your own expenses for connection to the Internet.
- Although operational checks have been carried out for the exercise of voting rights for common Internet connection devices, there is a possibility that you may be unable to access the site due to the device you are using and the situation at the time.

3. For your inquiries

If you have any inquiries, please contact the Securities Agent Dept. of Mizuho Trust & Banking Co., Ltd., which is the Company’s shareholder registry administrator, as shown below.

- 1) Inquiries regarding the operation of the “Smart Exercise” and “Exercise of Voting Rights Website”
Tel: 0120-768-524 (toll free only from Japan) (Business hours: 9 a.m. to 9 p.m. on weekdays)
- 2) Inquiries regarding share handling matters other than the above:
Tel: 0120-288-324 (toll free only from Japan) (Business hours: 9 a.m. to 5 p.m. on weekdays)

Reference Documents for the General Meeting of Shareholders

Items to be Resolved and Reference Documents

Proposal 1: Election of Six (6) Directors

The terms of office of all six (6) Directors will expire at the conclusion of this General Meeting of Shareholders. In that regard, the Company proposes the election of six (6) Directors.

The candidates for Directors are as follows:

No.	Name (Date of birth)	Career summary, position, responsibilities, and significant concurrent positions outside the Company	Number of the Company's shares owned
1	Satoshi Nitta (March 26, 1956)	<p>Apr. 1980 Joined the Company</p> <p>Nov. 2009 Was seconded to Sheng Yu Steel Co., Ltd.</p> <p>Sept. 2010 Was treated as General Manager of Sheng Yu Steel Co., Ltd.</p> <p>Apr. 2012 Senior Executive Officer, Senior General Manager Corporate Planning Division, General Manager of Overseas Business Planning Dept., and Supervisor of Steel Coil & Sheet Plants of the Company</p> <p>Apr. 2014 Senior Executive Officer of the Company President of YODOGAWA-SHENGYU (HEFEI) HIGH-TECH STEEL CO., LTD.</p> <p>June 2017 Director, Managing Executive Officer of the Company President of YODOGAWA-SHENGYU (HEFEI) HIGH-TECH STEEL CO., LTD.</p> <p>June 2018 President and Representative Director of the Company (Current Position)</p> <p>[Significant concurrent position outside the Company] President and Representative Director of Keiyo Tekko Futo Co., Ltd.</p>	11,317
<p>Reasons for selection as a candidate for Director</p> <p>Satoshi Nitta has worked mainly in the production and corporate planning department of steel-coil and sheet-related operations. Since he also has considerable operational experience relating to the management of overseas subsidiary companies, we request that he continue to be appointed as a Director to utilize his extensive experience and knowledge as a member of the Board of Directors of the Company.</p>			

No.	Name (Date of birth)	Career summary, position, responsibilities, and significant concurrent positions outside the Company	Number of the Company's shares owned
2	Toshio Kumamoto (March 13, 1963)	<p>Apr. 1986 Joined the Company</p> <p>June 2011 General Manager of General Affairs Dept. of the Company</p> <p>Sept. 2012 General Manager of General Affairs Dept. and General Manager of General Affairs Dept. of Tokyo Branch of the Company</p> <p>Apr. 2014 Executive Officer, General Manager Kure Plant and General Manager of General Affairs Dept. Kure Plant of the Company</p> <p>June 2016 Senior Executive Officer, General Manager Administration Division, General Manager of General Affairs Dept. and General Manager of General Affairs Dept. of Tokyo Branch of the Company</p> <p>June 2017 Senior Executive Officer, Senior General Manager Administration Division, General Manager of General Affairs Dept., General Manager of General Affairs Dept. of Tokyo Branch, in charge of affiliated companies of the Company</p> <p>June 2018 Director, Managing Executive Officer, Senior General Manager Administration Division, General Manager of General Affairs Dept., General Manager of General Affairs Dept. of Tokyo Branch, in charge of affiliated companies of the Company</p> <p>Apr. 2019 Director, Managing Executive Officer, Senior General Manager Administration Division, General Manager of General Affairs Dept., General Manager of General Affairs Dept. of Tokyo Branch, Senior General Manager Corporate Planning Division, General Manager of Overseas Business Planning Dept., in charge of affiliated companies of the Company</p> <p>June 2019 Director, Managing Executive Officer, Senior General Manager Administration Division, General Manager of General Affairs Dept., General Manager of General Affairs Dept. of Tokyo Branch, in charge of affiliated companies of the Company (Current Position)</p>	5,747
<p>Reasons for selection as a candidate for Director</p> <p>Toshio Kumamoto has worked mainly in the general affairs department. Since he also has considerable operational experience as a leader of main plants, we request that he continue to be appointed as a Director to utilize his extensive experience and knowledge as a member of the Board of Directors of the Company.</p>			

No.	Name (Date of birth)	Career summary, position, responsibilities, and significant concurrent positions outside the Company	Number of the Company's shares owned
3	Tadashi Hattori (July 16, 1958)	<p>Apr. 1982 Joined the Company</p> <p>June 2011 General Manager of Sales Dept. - 1 of Sales Division of the Company</p> <p>Apr. 2012 Executive Officer, General Manager Sales Division, General Manager of Sales Dept. - 1, and Branch Manager of Tokyo of the Company</p> <p>Apr. 2015 Executive Officer, General Manager Sales Division, and General Manager of Sales Dept. - 1 of the Company</p> <p>June 2016 Senior Executive Officer of the Company President and Representative Director of YODOKO SHOJI CO., LTD.</p> <p>June 2019 Director, Managing Executive Officer, Senior General Manager of the Sales Division, General Manager of Sales Dept. - 1 and Sales Dept. - 2, and Branch Manager of Tokyo of the Company</p> <p>Apr. 2020 Director, Managing Executive Officer, Senior General Manager of the Sales Division, General Manager of Sales Dept. - 1, and Branch Manager of Tokyo of the Company</p> <p>Oct. 2020 Director, Managing Executive Officer, Senior General Manager of the Sales Division, and Branch Manager of Tokyo of the Company</p> <p>Apr. 2021 Director, Managing Executive Officer, Senior General Manager of the Sales Division, and in charge of Development Division of the Company (Current Position)</p>	8,747
<p>Reasons for selection as a candidate for Director</p> <p>Tadashi Hattori has worked mainly in the sales department of steel-coil and sheet-related operations. Since he also has considerable operational experience relating to the management of subsidiary companies, we request that he continue to be appointed as a Director to utilize his extensive experience and knowledge as a member of the Board of Directors of the Company.</p>			
4	Mitsuaki Yuasa (June 30, 1946)	<p>Sept. 1973 Registered as Certified Public Accountant</p> <p>June 2006 Retired from KPMG AZSA & Co. (currently KPMG AZSA LLC)</p> <p>July 2006 Opened Mitsuaki Yuasa CPA Office (Current Position)</p> <p>June 2008 Outside Audit & Supervisory Board Member of the Company</p> <p>Nov. 2008 Outside Member of the Board of WORLD Co., Ltd.</p> <p>June 2009 Outside Audit & Supervisory Board Member of Sojitz Corporation</p> <p>June 2016 Retired from Outside Audit & Supervisory Board Member of the Company</p> <p>June 2018 Outside Director of the Company (Current Position)</p>	0
<p>Reasons for selection as a candidate for Outside Director and overview of expected role</p> <p>Mitsuaki Yuasa has experience as Outside Officer at listed companies in addition to considerable knowledge of finance and accounting and a wide range of insight from his many years of experience as a Certified Public Accountant. We request that he continue to be appointed as an Outside Director so that such experience and knowledge can be reflected in the management of the Company. He has not been directly involved with the management of a company other than serving as an outside officer. However, he has considerable expertise involving finance, and accounting matters as a Certified Public Accountant. Since he has sufficient knowledge to deal with these matters, the Company believes that he will be able to properly perform the duties of an Outside Director. After his appointment, we expect him to fulfill the above role.</p>			

No.	Name (Date of birth)	Career summary, position, responsibilities, and significant concurrent positions outside the Company	Number of the Company's shares owned
5	* Sadao Kobayashi (December 11, 1951)	<p>Apr. 1974 Joined Mitsubishi Plastics, Inc. (currently Mitsubishi Chemical Corporation)</p> <p>Apr. 2010 Executive Officer, General Manager of Nagahama Plant and General Manager of Santo Plant of Mitsubishi Plastics, Inc.</p> <p>Apr. 2011 Director of the Board and Managing Executive Officer of Mitsubishi Plastics, Inc., and Managing Executive Officer of Mitsubishi Chemical Holdings Corporation</p> <p>Apr. 2015 Representative Director and Senior Managing Executive Officer of Mitsubishi Plastics, Inc.</p> <p>Apr. 2017 Advisor to Mitsubishi Chemical Corporation</p> <p>June 2019 Advisor to Japan Excel-Management Consulting Co., Ltd. (JEMCO) (Current Position)</p>	0
<p>Reasons for selection as a candidate for Outside Director and overview of expected role</p> <p>Sadao Kobayashi has extensive experience as a manager of a listed company, including leadership of overseas group companies, and a wide range of insight based on his many years of experience in the manufacturing and production technology sectors. The Company proposes that he be appointed as an Outside Director so that his independent viewpoints from outside the Company can be applied to the management of the Company for contributing to its further development. After his appointment, we expect him to fulfill the above role.</p>			
6	* Katsuyuki Kuse (March 12, 1963)	<p>Apr. 1991 Registered as Attorney</p> <p> Joined KANSAI LAW & PATENT OFFICE</p> <p>Aug. 1993 Joined Kudawara & Kuse Law Offices, Partner</p> <p>June 2009 Member of Committee on Intellectual Property Rights of Japan Federation of Bar Associations (Current Position)</p> <p>Sept. 2010 Representative Attorney of Kudawara & Kuse Law Offices (Current Position)</p> <p>June 2013 Japan Intellectual Property Association Lecturer (Current Position)</p> <p>Apr. 2019 Osaka Bar Association, Intellectual Property Committee Chair</p>	0
<p>Reasons for selection as a candidate for Outside Director and overview of expected role</p> <p>Katsuyuki Kuse has tremendous experience as an attorney at law and insight into a wide range of corporate legal matters, particularly intellectual property rights. The Company proposes that he be elected as an Outside Director so that his independent viewpoints from outside the Company can be applied to the management of the Company for contributing to further enhancement of the Company's corporate governance and the further revitalization of the Board of Directors. He has not been directly involved with the management of a company other than serving as an outside officer. However, he has considerable expertise involving legal matters as an attorney at law. Since he has sufficient knowledge to deal with these matters, the Company believes that he will be able to properly perform the duties of an Outside Director. After his appointment, we expect him to fulfill the above role.</p>			

- Notes:
1. Asterisk (*) indicates a new candidate for Director.
 2. There is no particular business or other relationship between any of the candidates and the Company.
 3. Number of Years since the Candidates for Outside Directors were appointed as Outside Directors of the Company
As of the date of the conclusion of this General Meeting of Shareholders, Mitsuaki Yuasa will have served as Outside Directors of the Company for a period of three (3) years.
 4. Director candidates Mitsuaki Yuasa, Sadao Kobayashi and Katsuyuki Kuse are candidates for election as Outside Directors. A notice has been submitted to the Tokyo Stock Exchange that these three candidates are designated as Independent Officers in accordance with the regulations of this exchange.
 5. The Company has agreement with Mitsuaki Yuasa respectively that limit his liability as prescribed in Article 423, Paragraph 1 of the Companies Act, in accordance with Article 427, Paragraph 1 of the Companies Act and the Company's Articles of Incorporation. The liability limit in this agreement is the higher of 8 million yen or the minimum limit on liability in Article 425, Paragraph 1 of the Companies Act, and in case he is re-elected, the Company plans to

continue such agreement with him. If Sadao Kobayashi and Katsuyuki Kuse are elected, the Company plans to enter into the same limited liability agreements with them.

6. The Company shall enter into a liability insurance agreement with an insurance company for Directors, Officers, and others, as provided for in Article 430-3, Paragraph 1 of the Companies Act, and the insurance policy covers damages and litigation expenses incurred by the insureds due to claims for damages arising from the insured's acts (including omissions) committed by the insureds in the course of their duties as Director and Officers of the Company. Each candidate will be included as an insured person under this insurance policy. The Company plans to renew this insurance policy with the same terms and conditions during the term of office.

Proposal 2: Election of One (1) Substitute Audit & Supervisory Board Member

The Company proposes that one (1) substitute Audit & Supervisory Board Member be elected to prepare for a case where the number of the members of Audit & Supervisory Board falls below the number stipulated by laws and regulations.

The Audit & Supervisory Board has given its consent to this proposal.

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

Name (Date of birth)	Career summary and significant concurrent position outside the Company	Number of the Company's shares owned
Ichiro Inui (March 2, 1952)	Nov. 1976 Joined Asahi & Co. (currently KPMG AZSA LLC) Sept. 1980 Registered as Certified Public Accountant June 2000 Appointed as Partner June 2008 Appointed as Board Member Sept. 2010 Appointed as Internal Auditor July 2014 Opened Inui Certified Public Accountant Office (Current Position)	0
Reasons for selection as a candidate for substitute Outside Audit & Supervisory Board Member Ichiro Inui has considerable knowledge of finance and accounting from his many years of experience as a Certified Public Accountant. He was asked to become an Outside Audit & Supervisory Board Member candidate in order to utilize this knowledge in the Company's auditing activities. He has not been directly involved with the management of a company. However, he has considerable expertise involving finance, and accounting matters as a Certified Public Accountant. Since he has sufficient knowledge to deal with these matters, the Company believes that he will be able to properly perform the duties of an Outside Audit & Supervisory Board Member.		

- Notes:
1. There is no particular business or other relationship between the candidate as above and the Company.
 2. Ichiro Inui is a candidate for election as a substitute Outside Audit & Supervisory Board Member.
 3. Ichiro Inui fulfills the requirements as an Outside Audit & Supervisory Board Member.
 4. If Ichiro Inui is elected as Outside Audit & Supervisory Board Member, the Company plans to submit notification to Tokyo Stock Exchange, Inc. that he is designated as an Independent Officer in accordance with the regulations of this exchange.
 5. If Ichiro Inui is elected as Outside Audit & Supervisory Board Member, in accordance with the Company's Articles of Incorporation and Article 427, Paragraph 1 of the Companies Act, the Company plans to establish an agreement with this individual that limit his liability as prescribed in Article 423, Paragraph 1 of the Companies Act. The liability limit in this agreement will be the higher of 8 million yen or the minimum limit on liability in Article 425, Paragraph 1 of the Companies Act.
 6. The Company shall enter into a liability insurance agreement with an insurance company for Directors, Officers, and others, as provided for in Article 430-3, Paragraph 1 of the Companies Act, and the insurance policy covers damages and litigation expenses incurred by the insured due to claims for damages arising from the insured's acts (including omissions) committed by the insured in the course of their duties as Director and Officers of the Company. If Ichiro Inui is appointed as Outside Audit & Supervisory Board Member, he will be included as an insured person under this insurance policy. The Company plans to renew this insurance policy with the same terms and conditions during the term of office.

Proposal 3: Determination of Remuneration for Allotment of Restricted Shares for Directors (excluding Outside Directors)

At the 105th Ordinary General Meeting of Shareholders held on June 29, 2004, the amount of remuneration for Directors of the Company was set at 240 million yen or less per year, and at the 107th Ordinary General Meeting of Shareholders held on June 29, 2006, the Company resolved that the amount of remuneration for Directors of the Company (excluding Outside Directors) in the form of share acquisition rights as share remuneration-type share options be limited to 35 million yen per year, separate from the amount of remuneration for the above-mentioned Directors (excluding employee salaries for Directors who are also employees).

As part of the review of the remuneration system for Directors (and other officers), in order to further share the benefits and risks of share price fluctuations with shareholders and to increase their motivation to contribute to the increase in the share price and the enhancement of corporate value, the Company proposes to allot ordinary shares of the Company to Directors (excluding Outside Directors; hereinafter referred to as “Eligible Directors”) as described below subject to a certain period of restriction on transfer and with provisions outlining the grounds for share acquisition by the Company without consideration (hereinafter referred to as “Restricted Shares”).

Consequently, the above provision on the amount of remuneration in the form of share acquisition rights as share remuneration-type share options shall be abolished, and in its place, the total amount of monetary remuneration claims to be paid to the Eligible Directors as remuneration for Restricted Shares shall be set to an amount not exceeding 35 million yen per year (excluding employee salaries for Directors who are also employees). The allotment of Restricted Shares was determined by comprehensively taking into consideration various matters, including the ratio of monetary and share-based remuneration in the Company’s remuneration for Directors, the degree of contribution by the Eligible Directors, and the level of remuneration for Directors at listed companies, and we believe that the content of the allotment is appropriate.

In addition, subject to the approval of this proposal, no share acquisition rights will be issued thereafter in accordance with the stipulations on the amount of remuneration in the form of share acquisition rights as share remuneration-type share options described above.

The Company currently has six (6) Directors (including three (3) Outside Directors), and if Proposal 1 is approved, the number of Directors will be six (6) (including three (3) Outside Directors).

Specific Details and Maximum Number of Restricted Shares to be Transferred to Eligible Directors

1. Allotment of Restricted Shares and Payment

The Company shall, based on a resolution of the Board of Directors of the Company, provide monetary remuneration claims to the Eligible Directors within the range of the above annual amount as remuneration related to the Restricted Shares, and each Eligible Director shall receive an allotment of the Restricted Shares by granting all of such monetary remuneration claims in the form of an in-kind contribution.

The amount to be paid in for the Restricted Shares shall be determined by the Board of Directors of the Company based on the closing price of the ordinary shares of the Company on the Tokyo Stock Exchange on the business day immediately preceding the day of the resolution of the Board of Directors of the Company regarding the issuance or disposal of such shares (or, if no trading is conducted on that day, the closing price of the immediately preceding business day), to the extent that the amount is not particularly advantageous to the Eligible Directors who receive such Restricted Shares.

The above monetary remuneration claims shall be paid on the condition that the Eligible Directors have consented to the above-mentioned contribution in kind and that they have executed an allotment agreement of Restricted Shares that includes the details set forth in 3. below.

2. Total Number of Restricted Shares

The 15,000 total Restricted Shares to be allotted to the Eligible Directors shall be the maximum number of Restricted Shares to be allotted in each fiscal year.

In the event of a stock split or reverse stock split of the Company’s ordinary shares after the date of resolution of this proposal (including share allotment without consideration of the Company’s ordinary shares), or in the

event that the total number of shares with restricted transfer to be allotted needs to be adjusted in accordance with such cases, the total number of such Restricted Shares may be reasonably adjusted.

3. Details of the Restricted Shares Allotment Agreement

Upon the allotment of the Restricted Shares, an allotment agreement for Restricted Shares to be concluded between the Company and the Eligible Directors receiving the allotment of Restricted Shares in accordance with a resolution of the Board of Directors of the Company shall include the following details.

(1) Details of Transfer Restrictions

Eligible Directors who have received an allotment of Restricted Shares may not transfer to third parties, pledge, create a security interest in, make a living will, bequeath, or engage in any other act of disposition (hereinafter referred to as “Transfer Restrictions”) of the Restricted Shares allocated to them (hereinafter referred to as “Allotted Shares”) to a third party during the period from the date of delivery of the Restricted Shares to the date of retirement from either the position of Director or Executive Officer of the Company (hereinafter referred to as “Restriction Period”).

(2) Acquisition of Restricted Shares Without Consideration

If an Eligible Director who has been allotted Restricted Shares resigns from his or her position as either a Director or an Executive Officer of the Company on or after the commencement date of the Restriction Period until the day before the date of the first Ordinary General Meeting of Shareholders of the Company, the Company shall, unless there are reasons that the Company’s Board of Directors deems justifiable, automatically acquire such Allotted Shares without consideration.

In addition, if there are any Allotted Shares for which Transfer Restrictions have not been lifted in accordance with the provisions on reasons for lifting the Transfer Restrictions in (3) below at the time that Restriction Period in (1) above expires, the Company shall automatically acquire them without consideration.

(3) Lifting of Transfer Restrictions

The Company may, on the condition that the Eligible Director who has received the allotment of Restricted Shares has remained in the position of Director or Executive Officer of the Company continuously from the commencement date of the Restriction Period until the date of the first Ordinary General Meeting of Shareholders of the Company, lift the Transfer Restrictions on all of the Allotted Shares upon expiration of the Restriction Period.

However, if such Eligible Director resigns from his or her position as either Director or Executive Officer of the Company by the day before the date of the first Ordinary General Meeting of Shareholders of the Company that comes after the commencement date of the Restriction Period for reasons that the Board of Directors of the Company deems justifiable, the Company shall reasonably adjust the number of the Allotted Shares on which the Transfer Restrictions are to be lifted, and the timing of lifting as needed.

(4) Treatment During Reorganization, etc.

If, during the Restriction Period, proposals relating to a merger agreement in which the Company is the disappearing company, a share exchange agreement or share transfer plan in which the Company becomes a wholly owned subsidiary, or other reorganization, etc. are approved at the Company’s General Meeting of Shareholders (or at a meeting of its Board of Directors in cases where approval at the Company’s General Meeting of Shareholders is not required in relation to the reorganization, etc.), the Company shall lift the Transfer Restrictions on the Allotted Shares with the number of shares that is reasonably determined considering the period from the start date of the Restriction Period to the date of approval of the said reorganization, etc. prior to the date on which the reorganization, etc. becomes effective, by resolution of the Board of Directors of the Company.

In this case, in accordance with the above stipulations, the Company shall automatically acquire without consideration the Allotted Shares on which the Transfer Restrictions have not been lifted as of the time immediately after the Transfer Restrictions were lifted.

<For Your Reference>

- (1) Partial Revision of the Policy for Determining the Composition of Individual Remuneration for Directors
- The Company's Board of Directors, at its meeting held on June 14, 2019, established a policy for determining the details of remuneration for each individual Director. However, prior to submission of this proposal at this General Meeting of Shareholders, the Board of Directors of the Company, at a meeting held on April 23, 2021, partially revised the said policy, subject to the allotment of the Restricted Shares, as follows.
- The determination of the details of individual remuneration of Directors based on the said revised policy will be applied to remuneration from July 2021 onward, subject to the approval of this proposal at this General Meeting of Shareholders.
- * Contents of partial revision (underlined parts below)
- <Remuneration of Directors>
- Non-monetary remuneration (restricted share remuneration, excluding Outside Directors)
- In the "Regulations on Restricted Share Remuneration" established by resolution of the Board of Directors, the base amount to be granted is set according to the position of the employee, and the method of calculating the number of shares to be granted by individual is set.
- <Percentage of Director Remuneration by Type (excluding Outside Directors)>
- The percentage of each type of remuneration to Internal Directors based on the calculation method stipulated in the "Regulations on Remuneration for Directors and Executive Officers" and the "Regulations on Restricted Share Remuneration" is set to be generally within the following range.
- Monetary remuneration (fixed remuneration portion): Approx. 50–70%, Monetary remuneration (performance-linked portion): Approx. 15–30%, Non-monetary remuneration (restricted share remuneration): Approx. 15–20%
- (2) After the conclusion of this General Meeting of Shareholders, the Company plans to allot shares with the same Transfer Restrictions as those described above to the Company's Executive Officers.