

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.

Securities identification code: 7296
June 3, 2021

To our shareholders:

Yoshitaka Saito
President and Representative Director
F.C.C. CO., LTD.
7000-36 Nakagawa, Hosoe-cho, Kita-ku,
Hamamatsu-shi, Shizuoka

NOTICE OF THE 91ST ORDINARY GENERAL MEETING OF SHAREHOLDERS

You are cordially informed of the 91st Ordinary General Meeting of Shareholders of F.C.C. CO., LTD. (the “Company”), which will be held as described below.

Instead of attending the meeting in person, you may exercise your voting rights by postal mail or by electromagnetic method (using the Internet, etc.). Please review the attached Reference Documents for the General Meeting of Shareholders and exercise your voting rights no later than Monday, June 21, 2021 at 4:40 p.m. (Japan Standard Time).

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

2. Venue: Okura Act City Hotel Hamamatsu
“Heian” on the 4th floor
111-2 Itaya-machi, Naka-ku, Hamamatsu-shi, Shizuoka

3. Purposes:

Items to be reported:

1. Business Report and Consolidated Financial Statements for the 91st 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 and Supervisory Committee
2. Non-Consolidated Financial Statements for the 91st Term (from April 1, 2020 to March 31, 2021)

Items to be resolved:

- Proposal 1:** Appropriation of surplus
- Proposal 2:** Amendment to the Articles of Incorporation
- Proposal 3:** Election of three (3) Directors (excluding Directors who are Audit and Supervisory Committee Members)
- Proposal 4:** Revision of remuneration amount for Directors (excluding Directors who are Audit and Supervisory Committee Members)
- Proposal 5:** Determination of remuneration for granting restricted shares to Directors (excluding Directors who are Audit and Supervisory Committee Members)

Reference Documents for the General Meeting of Shareholders

Proposals and Reference Matters

Proposal 1: Appropriation of surplus

The Company positions the return of profits to shareholders as one of its most important management issues, and its basic policy is to maintain stable dividends, comprehensively taking into account factors including consolidated earnings and dividend payout, and working to raise corporate value by maintaining and strengthening competitiveness, as well as carrying out capital expenditure and research & development necessary for future growth.

The Company proposes the appropriation of surplus for the fiscal year under review as follows:

1. Matters related to year-end dividends

(1) Type of dividend property

Cash

(2) Allocation of dividend property and total amount thereof

20 yen per common share of the Company

Total amount of dividends: 993,755,960 yen

Including the interim dividend, the total amount of dividends for the fiscal year under review is 40 yen per share.

(3) Effective date of distribution of dividends of surplus

June 23, 2021

Proposal 2: Amendment to the Articles of Incorporation

1. Reasons for the proposal

- (1) In order to engage in the expansion of business areas and diversification going forward, we will make an addition to the purpose of business in Article 2 of the current Articles of Incorporation.
- (2) We will change the number of Directors in Article 19 of the current Articles of Incorporation from no more than 20 to no more than 12 with the aim of advancing the separation of the Board of Directors’ supervisory functions and business execution functions, and speeding up decision making.
- (3) In order to enable the agile handling of dividends of surplus, etc., we will make it possible to carry out dividends of surplus, etc. by resolution of the Board of Directors based on stipulations in Article 459, Paragraph 1 of the Companies Act by newly establishing Article 32 (Organizational body to determine dividends of surplus, etc.) and Article 33 (Record date for dividends of surplus) in the Articles of Incorporation in accordance with the proposed amendments, while at the same time removing Article 7 (Acquisition of own shares), Article 33 (Dividends of surplus) and Article 34 (Interim dividends) of the current Articles of Incorporation, which have overlapping content.

We will also implement changes made necessary by the new establishment and removal of articles stated above, such as changes to article numbers.

2. The proposed amendments

The proposed amendments are as follows.

(Underlined portions indicate amendments.)

Current Articles of Incorporation	Proposed Amendments
(Purpose) Article 2. The purpose of the Company shall be to engage in the following business activities: (1) – (4) (Text omitted) (Newly established) (Newly established) (5) – (9) (Text omitted) (Newly established) (Newly established) (10) All businesses that are incidental to those mentioned in the preceding items.	(Purpose) Article 2. The purpose of the Company shall be to engage in the following business activities: (1) – (4) (Unchanged) (5) <u>Manufacture and sale of electric and electronic machinery and apparatus.</u> (6) <u>Manufacture and sale of products for agriculture, environmental fields, and the energy industry, etc.</u> (7) – (11) (Unchanged) (12) <u>Manufacture and sale of food and beverage products, clothing, daily necessities and miscellaneous goods, and other goods.</u> (13) <u>Worker dispatch business.</u> (14) (Unchanged)
<u>(Acquisition of own shares)</u> Article 7. <u>The Company may, by resolution of the Board of Directors, acquire its own shares through market transactions as well as other means pursuant to the provisions of Article 165, Paragraph 2 of the Companies Act.</u>	(Deleted)
Articles 8. – 18. (Text omitted)	Articles 7. – 17. (Unchanged)

Current Articles of Incorporation	Proposed Amendments
<p>(Number of Directors)</p> <p><u>Article 19.</u></p> <ol style="list-style-type: none"> 1. The Company shall have not more than <u>twenty (20)</u> Directors. 2. The number of Directors who are Audit and Supervisory Committee Members out of the Directors referred to in the preceding paragraph shall not exceed five (5). <p><u>Articles 20. – 32.</u> (Text omitted)</p> <p>(Newly established)</p> <p>(Newly established)</p>	<p>(Number of Directors)</p> <p><u>Article 18.</u></p> <ol style="list-style-type: none"> 1. The Company shall have not more than <u>twelve (12)</u> Directors. 2. The number of Directors who are Audit and Supervisory Committee Members out of the Directors referred to in the preceding paragraph shall not exceed five (5). <p><u>Articles 19. – 31.</u> (Unchanged)</p> <p><u>(Organizational body to determine dividends of surplus, etc.)</u></p> <p><u>Article 32.</u></p> <p><u>Unless otherwise provided for by laws and regulations, the Company may, by resolution of the Board of Directors, determine dividends of surplus and other matters set forth in the items of Article 459, Paragraph 1 of the Companies Act.</u></p> <p><u>(Record date for dividends of surplus)</u></p> <p><u>Article 33.</u></p> <ol style="list-style-type: none"> 1. <u>The record date for year-end dividends of the Company shall be March 31 of each year.</u> 2. <u>The record date for interim dividends of the Company shall be September 30 of each year.</u> 3. <u>In addition to the provisions of the preceding two paragraphs, the Company may pay dividends of surplus by setting a record date.</u>
<p><u>(Dividends of surplus)</u></p> <p><u>Article 33.</u></p> <p><u>Dividends of surplus will be paid to shareholders and registered pledgees of shares who are recorded in the shareholder register at the end of March 31 each year.</u></p>	<p>(Deleted)</p>
<p><u>(Interim dividends)</u></p> <p><u>Article 34.</u></p> <p><u>The Company may pay an interim dividend by resolution of the Board of Directors to shareholders and registered pledgees of shares who are recorded in the shareholder register at the end of September 30 each year.</u></p>	<p>(Deleted)</p>
<p><u>Article 35.</u> (Text omitted)</p>	<p><u>Article 34.</u> (Unchanged)</p>

Proposal 3: Election of three (3) Directors (excluding Directors who are Audit and Supervisory Committee Members)

The terms of office of all nine (9) Directors (excluding Directors who are Audit and Supervisory Committee Members; applicable to the rest of this proposal) expire at the conclusion of this meeting.

In line with this, and to advance the separation of the Board of Directors' supervisory functions and business execution functions and speed up decision making, the Company requests the election of three (3) Directors.

The candidates for Director are as follows:

No.	Name		Position	Responsibilities and significant concurrent positions outside the Company
1	Yoshitaka Saito	[For reelection]	President and Representative Director	
2	Kazuto Suzuki	[For reelection]	Managing Director	Head of business operation of motorcycles business, Head of business operation in ASEAN, Head of business operation in South America, Risk Management Officer and in charge of Racing of the Company
3	Atsuhiro Mukoyama	[For reelection]	Director	Head of business operation of automobiles business and in charge of Stacked Mold Technology Development of the Company

[For reelection] indicates candidates for reelection as Directors.

No.	Name (Date of birth)	Career summary, position and responsibilities (significant concurrent positions outside the Company)	Number of the Company's shares owned
1	<p data-bbox="336 611 550 719">Yoshitaka Saito (November 29, 1973) [For reelection]</p>	<p data-bbox="592 286 1211 1039"> Feb. 2009 Joined the Company Jan. 2011 President and Director of FCC (INDIANA) Mfg., LLC (currently FCC (INDIANA), LLC) President and Director of FCC (INDIANA), INC. (currently FCC (INDIANA), LLC) June 2011 Director of the Company Apr. 2012 Director, Head of business operation in North America of the Company President and Director of FCC (North America), INC. June 2012 Managing Director, Head of business operation in North America of the Company Apr. 2013 Managing Director, Head of business operation of motorcycles business of the Company Apr. 2014 Managing Director, Head of Purchasing, Head of business operation in China and Risk Management Officer of the Company June 2018 Senior Managing Director, in charge of Sales and Head of business operation in China of the Company Apr. 2019 Vice President and Representative Director and in charge of Alliance of the Company June 2020 President and Representative Director of the Company (incumbent) </p>	<p data-bbox="1329 647 1394 678">16,400</p>
<p data-bbox="309 1055 1377 1214"> Reasons for nomination as candidate for Director Yoshitaka Saito has held various positions, including Head of business operation in North America, Head of business operation of motorcycles business and Head of business operation in China, and since 2020 has been leading general group management as President and Representative Director. We have determined that he is qualified for the position from the perspective of the sustainable growth of the Group and the medium to long term increase in corporate value. Therefore, the Company requests his reelection as Director. </p>			

No.	Name (Date of birth)	Career summary, position and responsibilities (significant concurrent positions outside the Company)	Number of the Company's shares owned
2	<p data-bbox="368 987 523 1039">Kazuto Suzuki (May 27, 1961)</p> <p data-bbox="368 1070 523 1099">[For reelection]</p>	<p data-bbox="592 286 692 315">Apr. 1984</p> <p data-bbox="743 286 943 315">Joined the Company</p> <p data-bbox="592 324 692 353">Apr. 2009</p> <p data-bbox="743 324 1201 376">General Manager of Corporate Planning Office of the Company</p> <p data-bbox="592 385 692 414">June 2010</p> <p data-bbox="743 385 1190 465">Director, Head of business operation in China and South America and General Manager of Corporate Planning Office of the Company</p> <p data-bbox="592 474 692 504">June 2011</p> <p data-bbox="743 474 1190 584">Director, Head of business operation in China and South America, General Manager of Corporate Planning Office and Risk Management Officer of the Company</p> <p data-bbox="592 593 692 622">Jan. 2012</p> <p data-bbox="743 593 1190 674">Director, Head of business operation in China and South America and Risk Management Officer of the Company</p> <p data-bbox="592 683 692 712">Apr. 2012</p> <p data-bbox="743 683 1201 792">Director, Head of Production Engineering, Head of business operation in China and South America and Risk Management Officer of the Company</p> <p data-bbox="592 801 692 831">June 2012</p> <p data-bbox="743 801 1190 911">Director, Head of Production of Motorcycle Components, Head of Production Engineering and Head of business operation in China and South America of the Company</p> <p data-bbox="592 920 692 949">Apr. 2013</p> <p data-bbox="743 920 1201 1030">Director, Head of business operation of motorcycles business in Japan, Head of business operation in China and South America and Risk Management Officer of the Company</p> <p data-bbox="592 1039 692 1068">Apr. 2014</p> <p data-bbox="743 1039 1169 1178">Director, Head of business operation of motorcycles business, Head of business operation in ASEAN and India and Head of business operation in South America of the Company</p> <p data-bbox="592 1187 692 1216">Apr. 2016</p> <p data-bbox="743 1187 1182 1326">Director, Head of business operation of motorcycles business, Head of Production of Motorcycle Components, Head of business operation in ASEAN and Head of business operation in South America of the Company</p> <p data-bbox="592 1335 692 1364">June 2017</p> <p data-bbox="743 1335 1206 1473">Managing Director, Head of business operation of motorcycles business, Head of Production of Motorcycle Components, Head of business operation in ASEAN and Head of business operation in South America of the Company</p> <p data-bbox="592 1482 692 1512">June 2018</p> <p data-bbox="743 1482 1206 1621">Managing Director, Head of business operation of motorcycles business, Head of Production of Motorcycle Components, Head of business operation in ASEAN and South America and Risk Management Officer of the Company</p> <p data-bbox="592 1630 692 1659">Apr. 2019</p> <p data-bbox="743 1630 1201 1792">Managing Director, Head of business operation of motorcycles business, Head of business operation in ASEAN, Head of business operation in South America, Risk Management Officer and in charge of Racing of the Company (incumbent)</p>	4,600
<p data-bbox="308 1805 791 1834">Reasons for nomination as candidate for Director</p> <p data-bbox="308 1834 1396 1939">Kazuto Suzuki has held various positions, including Head of business operation in China, Head of business operation of motorcycles business and Head of business operation in ASEAN, and has extensive experience and knowledge in the production department. We have determined that he is qualified for the position from the perspective of the sustainable growth of the Group and the medium to long term increase in corporate value. Therefore, the Company requests his reelection as Director.</p>			

No.	Name (Date of birth)	Career summary, position and responsibilities (significant concurrent positions outside the Company)	Number of the Company's shares owned
3	Atsuhiko Mukoyama (July 31, 1963) [For reelection]	Apr. 1984 Joined the Company	3,700
		Apr. 2012 Head of Production of Automobile Components of the Company	
June 2012 Director, Head of Production of Automobile Components of the Company			
Apr. 2013 Director, Head of business operation of automobiles business of the Company			
Apr. 2015 Director, Head of Production Engineering and Head of Environment and Safety of the Company			
Apr. 2019 Director, Head of business operation of automobiles business and in charge of Stacked Mold Technology Development of the Company (incumbent)			
<p>Reasons for nomination as candidate for Director</p> <p>Atsuhiko Mukoyama has held various positions, including Head of Production of Automobile Components, Head of Production Engineering and Head of Environment and Safety, and has extensive experience and knowledge in the production engineering department. We have determined that he is qualified for the position from the perspective of the sustainable growth of the Group and the medium to long term increase in corporate value. Therefore, the Company requests his reelection as Director.</p>			

- Notes:
1. There is no special interest between the candidates and the Company.
 2. The Company has concluded a directors and officers liability insurance policy with an insurance company as stipulated in Article 430-3, Paragraph 1 of the Companies Act. This insurance policy covers the insured persons against losses incurred when accepting liability for the execution of their duties or when receiving claims in pursuit of this liability. If each candidate is elected and assumes the office as Director, the Company plans to include every such Director as an insured person in the insurance policy. Also, the next time this insurance policy comes up for renewal, the Company intends to renew it with the same content.

[Reference] Members of the Board of Directors after election

If Proposal 3 is approved and adopted as proposed, the Board of Directors will be comprised of the following members.

The proportion of Outside Directors in the Board of Directors will be 42.9%.

Name		Position
Yoshitaka Saito		President and Representative Director
Kazuto Suzuki		Managing Director
Atsuhiro Mukoyama		Managing Director
Ryujiro Matsumoto		Director Audit and Supervisory Committee Member (full time)
Yoshinori Tsuji	[Outside] [Independent]	Director Audit and Supervisory Committee Member
Masahide Sato	[Outside] [Independent]	Director Audit and Supervisory Committee Member
Kazumoto Sugiyama	[Outside] [Independent]	Director Audit and Supervisory Committee Member

[Outside] indicates Outside Directors.

[Independent] indicates Independent Directors as stipulated by the Tokyo Stock Exchange.

Summary of the Company's new remuneration system for officers

Supplementary explanation for Proposal 4 and Proposal 5

The Company is introducing a new remuneration system for officers with the goal of sustainably increasing corporate value and further promoting shared value with shareholders.

Proposal 4 and Proposal 5 respectively propose that remuneration for Directors (excluding Directors who are Audit and Supervisory Committee Members) comprise basic remuneration, remuneration based on individual assessment, performance-based bonus, and share-based remuneration.

Remuneration type	Details of remuneration	Form of payment	Limit on remuneration
Basic remuneration	Fixed amount paid monthly based on position, etc.	Cash	Proposal 4 Limit on remuneration: No more than 300 million yen per year
Remuneration based on individual assessment	Paid based on an assessment of contribution to business performance		
Performance-based bonus	Paid in accordance with consolidated operating profit for the business year		
Share-based remuneration	Grant of restricted shares	Shares	Proposal 5 Limit on remuneration: No more than 50,000 shares within a total value of 100 million yen per year

Note: The limit on remuneration for Directors who are Audit and Supervisory Committee Members remains at no more than 90 million yen per year as resolved at the 86th Ordinary General Meeting of Shareholders held on June 22, 2016.

Policy regarding the determination of details of remuneration, etc. for individual Directors is as follows.

1. Basic policy

The Company's remuneration for Directors is a remuneration system that is linked to business performance and shareholder benefit so that it can function as a sound and appropriate incentive for sustainable growth. The Company's basic policy on remuneration for individual Directors is to pay reasonable levels based on factors such as work responsibilities. Remuneration for Directors (excluding Directors who are Audit and Supervisory Committee Members) comprises basic remuneration, remuneration based on individual assessment, performance-based bonus, and share-based remuneration. Remuneration for Directors who are Audit and Supervisory Committee Members comprises only basic remuneration considering the duties involved in this role.

2. Basic remuneration

Basic remuneration is a fixed monthly remuneration paid in cash and is determined comprehensively taking into account factors including position, work responsibilities, and levels at other companies.

3. Remuneration based on individual assessment and performance-based bonus

Remuneration based on individual assessment is cash remuneration based on factors such as a qualitative assessment of the individual Director's contribution to business performance which is paid monthly as an addition to basic remuneration in the following business year.

Performance-based bonuses are cash remuneration that reflect key performance indicators (KPI) aimed at enhancing awareness regarding improving business performance each business year. An

amount calculated in accordance with consolidated operating profit for each business year is paid as bonus at a fixed time each year.

4. Share-based remuneration

Share-based remuneration is the granting of common shares subject to transfer restrictions (“restricted shares”) until the time of retirement at a fixed time each year with the purpose of promoting shared value with shareholders.

5. Ratio of remuneration

This is considered by the Nomination and Remuneration Advisory Committee using remuneration levels, etc. at companies of a similar size and that belong in the same sector and business category as the Company as benchmarks. The target ratio of different types of remuneration, etc. at standard times is basic remuneration : remuneration based on individual assessment : performance-based bonus : share-based remuneration = 65:10:15:10.

6. Method for determining details of remuneration, etc.

Regarding items related to remuneration for officers, remuneration for Directors (excluding Directors who are Audit and Supervisory Committee Members) is decided by resolution of the Board of Directors within the scope of the maximum amount approved by the General Meeting of Shareholders after receiving recommendations from the Nomination and Remuneration Advisory Committee, of which Outside Directors form a majority, to ensure appropriateness and the objectivity and transparency of the decision making process. Remuneration for Directors who are Audit and Supervisory Committee Members is determined through discussions among Directors who are Audit and Supervisory Committee Members within the scope of the maximum amount approved by the General Meeting of Shareholders.

The determination of the specific amount of remuneration for individual Directors has been entrusted to the President and Representative Director by resolution of the Board of Directors and the President and Representative Director makes these decisions based on recommendations from the Nomination and Remuneration Advisory Committee.

Proposal 4 and Proposal 5, which are proposed on page 12 through 14, are in accordance with the policy stated above.

Proposal 4: Revision of remuneration amount for Directors (excluding Directors who are Audit and Supervisory Committee Members)

The amount of remuneration for Directors (excluding Directors who are Audit and Supervisory Committee Members; applicable to the rest of this proposal) was resolved to be no more than 500 million yen per year (not including employee salaries for Directors who serve concurrently as employees) at the 86th Ordinary General Meeting of Shareholders held on June 22, 2016. However, the Company proposes that this amount of remuneration be adjusted to no more than 300 million yen per year in accordance with revisions to the composition of the Board of Directors and remuneration system for officers. Within the scope of this amount of remuneration, the Company will pay a fixed amount of basic remuneration, as well as remuneration based on individual assessment and performance-based bonuses. The specific allocation to each Director will be determined by the Board of Directors after receiving recommendations from the Nomination and Remuneration Advisory Committee.

As this proposal is decided by the Board of Directors comprehensively taking into account factors including the size of the Company's business, remuneration systems, and remuneration levels, and after receiving recommendations from the Nomination and Remuneration Advisory Committee, it is deemed to be appropriate.

Additionally, the Company proposes that remuneration for Directors does not include employee salaries for Directors who serve concurrently as employees.

If Proposal 3 is approved and adopted as proposed, the number of Directors will be three (3).

Proposal 5: Determination of remuneration for granting restricted shares to Directors (excluding Directors who are Audit and Supervisory Committee Members)

If Proposal 4 is approved and adopted as proposed, remuneration for Directors of the Company (excluding Directors who are Audit and Supervisory Committee Members) will be no more than 300 million yen per year. At this time, with the purpose of providing Directors (excluding Directors who are Audit and Supervisory Committee Members; hereafter “Eligible Directors”) with an incentive for sustainably increasing the corporate value of the Company and further promoting shared value with shareholders, the Company requests approval to grant new remuneration, etc. to Eligible Directors as restricted shares, separately from the aforementioned limit on remuneration. There are currently nine (9) Eligible Directors but if Proposal 3 is approved and adopted as proposed, the number of Eligible Directors will be three (3).

1. Method for the issuance and disposal of restricted shares

The issuance and disposal of restricted shares based on this proposal shall be carried out through a method in which monetary remuneration claims are provided to Eligible Directors as remuneration, etc., and Eligible Directors shall contribute all such monetary remuneration claims as property contributed in kind and shall, in return, receive common shares of the Company that shall be issued or disposed of by the Company.

2. Limit on amount of monetary remuneration claims and number of restricted shares

The total amount of monetary remuneration to be paid to the Eligible Directors for the purpose of granting them restricted shares based on this proposal shall be not more than 100 million yen per year, an amount considered to be appropriate based on the aforementioned purpose, and the total number of common shares of the Company to be issued or disposed of as restricted shares based on this proposal shall be not more than 50,000 shares per year (however, if, on or after the day on which this proposal is approved and adopted, the Company performs a share split (including allotment of shares without contribution) or a share consolidation of its common shares, the relevant total number shall be reasonably adjusted in accordance with the share split or share consolidation ratio). Also, the specific allocation to each Eligible Director shall be determined by the Board of Directors after receiving recommendations from the Nomination and Remuneration Advisory Committee.

The amount to be paid in per issued or disposed share shall be determined by the Board of Directors based on the closing price of the Company’s common shares on the Tokyo Stock Exchange on the business day immediately before each date of each resolution by the Board of Directors (if there is no closing price on such date, the closing price on the closest preceding trading day) within the extent that the amount will not be particularly advantageous to Eligible Directors.

3. Outline of restricted shares to be granted to Eligible Directors

When granting restricted shares based on this proposal, an agreement on allotment of restricted shares that includes the content outlined below (the “Allotment Agreement”) shall be entered into between the Company and Eligible Directors.

- (1) Eligible Directors shall not transfer, create a security interest on, or otherwise dispose of (collectively “Transfer Restrictions”) the common shares of the Company allotted under the Allotment Agreement (the “Allotted Shares”) for the period from the date the Allotted Shares are granted to the date that said Eligible Director resigns or retires as a Director of the Company or any other such position stipulated by the Company’s Board of Directors (the “Restriction Period”).
- (2) In the event an Eligible Director resigns or retires from a position stated in (1) above before the completion of a period determined by the Company’s Board of Directors (the “Service Provision Period”), the Company shall acquire, by rights, without contribution the Allotted Shares, excluding cases where the reason is recognized as justifiable by the Company’s Board of Directors.

- (3) The Company shall lift the Transfer Restrictions of all of the Allotted Shares upon expiration of the Restriction Period, on the condition that the Eligible Director has remained in the position stated in (1) above continuously throughout the Service Provision Period. However, if the Eligible Director retires or resigns from the position stated in (1) above before the completion of the Service Provision Period due to a reason that is recognized as justifiable by the Company's Board of Directors, as stated in (2) above, the Company shall rationally adjust the number of the Allotted Shares on which the Transfer Restrictions are to be lifted as needed.
- (4) The Company shall acquire, by rights, without contribution the Allotted Shares on which the Transfer Restriction has not been lifted at the expiration of the Restriction Period in accordance with the provision of (3) above.
- (5) The Company shall acquire, by rights, without contribution the Allotted Shares in the event of a violation of laws and regulations, internal rules, or the Allotment Agreement, or any other reason determined by the Company's Board of Directors as a justifiable reason for acquiring the Allotted Shares without contribution.
- (6) Notwithstanding the provision of (1) above, if, during the Restriction Period, matters 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 Service Provision Period to the date of approval of the reorganization, etc. prior to the date on which the reorganization, etc. becomes effective, by resolution of the Board of Directors of the Company.
- (7) In cases provided for in (6) above, the Company shall acquire, by rights, without contribution the Allotted Shares on which the Transfer Restriction has not been lifted as of the time immediately after the Transfer Restriction was lifted in accordance with the provisions in (6) above.

4. Justifiable reasons for granting restricted shares

The Company will grant restricted shares as remuneration, etc. to Eligible Directors with the purpose of providing Eligible Directors with an incentive for sustainably increasing the corporate value of the Company and further promoting shared value with shareholders.

Also, as the value of the restricted shares allotted based on this proposal was evaluated using the market value of said shares at the close of the day that the relevant resolution of the Board of Directors was made, which is within the scope of the yearly maximum stated in 2. above, and as the number of restricted shares granted based on this proposal amount to 0.09% of all issued shares (if the maximum number of restricted shares is issued over a 10-year period, it will amount to 0.9% of all issued shares) and this dilution ratio is minimal, the granting of restricted shares based on this proposal is deemed to be justifiable.

(Reference)

The Company plans to grant restricted shares in a similar manner to the above to the Company's Managing Officers on condition that Proposal 5 is approved and adopted as proposed.