**Disclaimer**: This is an English abridged translation of the original Notice of Convocation of the 109th Ordinary General Meeting of Shareholders of Matsui Securities Co., Ltd. written in Japanese (the "Original Japanese Notice"). It is prepared for reference purposes only and without any warranty as to its accuracy or otherwise. If any questions arise related to the completeness and accuracy of the information contained in the translation, please refer to the Original Japanese Notice.

June 3, 2025

To: Shareholders

President and Chief Executive Officer
Akira Warita
Matsui Securities Co., Ltd.
1-4, Kojimachi, Chiyoda-ku,
Tokyo, Japan

# Notice of Convocation of the 109th Ordinary General Meeting of Shareholders

You are hereby notified that the 109th Ordinary General Meeting of Shareholders of the Company will be held as set forth below.

We would appreciate your reviewing the reference materials enclosed herewith and sending us by return mail the enclosed proxy card or by the internet indicating your approval or disapproval of the Proposals by no later than June 27, 2025 5:30 p.m.

## Description

1. Date and Time:
   1:00 p.m. on Sunday, June 29, 2025

2. Place:
   Sumitomo Fudosan Hanzomon Ekimae Building 2F, Bellesalle Hanzomon
   1-6-4, Kojimachi, Chiyoda-ku, Tokyo, Japan

3. Agenda for the Meeting:

   Matters to be reported:

   Report on the business and the audited financial statements for the 109th fiscal period (from April 1, 2024 through March 31, 2025)

   Matters to be resolved:

| | |
|---|---|
| Proposal No.1: | Appropriation of Surplus |
| Proposal No.2: | Partial Amendments to the Articles of Incorporation |
| Proposal No.3: | Election of Five (5) Directors (Excluding Directors who are Audit & Supervisory Committee Members) |
| Proposal No.4: | Election of Three (3) Directors who are Audit & Supervisory Committee Members |
| Proposal No.5: | Determination of the Amount of Remuneration for Directors (Excluding Directors who are Audit & Supervisory Committee Members) |
| Proposal No.6: | Determination of the Amount of Remuneration for Directors who are Audit & Supervisory Committee Members |
| Proposal No.7: | Determination of the Amount and Details of Stock Options for Directors (Excluding Directors who are Audit & Supervisory Committee Members and Outside Directors) |

# Reference Materials for the Ordinary General Meeting of Shareholders

Proposals and Reference Matters

## Proposal No.1: Appropriation of Surplus

Matters concerning the year-end dividends:

The Company's capital policy focuses on harmonizing its three financial imperatives -maintaining an appropriate level of capital that strikes a balance between soundness and efficiency, making strategic investments that contribute to future growth, and returning profits to shareholders in a way that meets their expectations - and on pursuing growth in corporate value through these efforts. The Company's basic policy for returning profits to shareholders is to pay dividends every fiscal year in accordance with business performance. The level of dividends is determined based on a dividend payout ratio of 60% or more and a dividend on equity (DOE) ratio of 8% or more, after comprehensive consideration of factors such as the optimal level of equity capital to support the Company's core margin transaction business and the strategic investment environment.

The year-end dividends are as stated below:

1) Type of dividend

   Cash

2) Matters concerning allocation of dividend property and the total amount

   ¥18 in cash per common share

   Total amount is ¥4,634,020,674

   Annual dividend per share will be ¥40 including interim dividend of ¥22 that the Company has already paid.

3) Effective date of the distribution of surplus

   June 30, 2025

## Proposal No.2: Partial Amendments to the Articles of Incorporation

1) Reasons for Proposal
The Company will review the structure of the Board of Directors to have a majority of Outside Directors to enhance the monitoring system of the management. In addition, the Company will introduce an executive officer system in order to keep responding properly and timely in the business environment that is rapidly changing. In accordance with this, the Company will make the necessary changes to its Articles of Incorporation, including reducing the maximum number of Directors (excluding Directors who are Audit & Supervisory Committee Members), abolishing the provision for Directors with special titles, and changing the convocation authority and chairmanship of the General Meeting of Shareholders and Board of Directors meetings from the President to Directors previously appointed by the Board of Directors.

2) Details of Amendments
The details of the amendments are as follows.

(The underlined portions indicate the amendments)

| Current Articles of Incorporation | Proposed Amendments |
|---|---|
| Article 2 (Purpose)<br>The purpose of the Company shall be to engage in the following businesses | Article 2 (Purpose)<br>(Unchanged) |
| 1. through 2. (Omitted) | 1. through 2. (Unchanged) |
| 3. Intermediary, brokerage, or agency services for the entrustment of the sale and purchase of securities or market derivative transactions conducted in a financial instruments exchange market; and intermediary, brokerage, or agency services for the entrustment of the sale and purchase of securities or foreign market derivative transactions conducted in a foreign financial instruments market | 3. (Unchanged in English but there is minor revision that doesn't affect the meaning of the sentence in Japanese version.) |
| 4. through 35. (Omitted) | 4. through 35. (Unchanged) |
| Articles 3 through 12 (Omitted) | Articles 3 through 12 (Unchanged) |
| Article 13 (Convener and Chairperson of General Meetings of Shareholders)<br>The President & CEO (Member of the Board of Directors) shall convene a General Meeting of Shareholders and preside thereover, unless otherwise provided by laws and regulations. In case, however, the President & CEO is prevented by unavoidable circumstances from so acting, or in case the post of the President & CEO is vacant, another Director who is designated in accordance with the order predetermined by the Board of Directors shall convene the meeting and preside thereover. | Article 13 (Convener and Chairperson of General Meetings of Shareholders)<br>Unless otherwise provided by laws and regulations, a Director shall convene a General Meeting of Shareholders and preside thereover in accordance with the order predetermined by the Board of Directors. |
| Articles 14 through 16 (Omitted) | Articles 14 through 16 (Unchanged) |
| Article 17 (Number of Directors)<br>The number of Directors of the Company (excluding Directors who are Audit and Supervisory Committee Members) shall not exceed fifteen (15). | Article 17 (Number of Directors)<br>The number of Directors of the Company (excluding Directors who are Audit and Supervisory Committee Members) shall not exceed ten (10). |

| Current Articles of Incorporation | Proposed Amendments |
| --- | --- |
| 2. (Omitted.) | 2. (Unchanged) |
| Articles 18 through 19 (Omitted) | Articles 18 through 19 (Unchanged) |
| Article 20 (Representative Directors and Directors with specific Titles)<br>(Omitted)<br>2. The Board of Directors may appoint from among the members of the Board of Directors by its resolution, one (1) Chairperson of the Board of Directors, one (1) Vice Chairperson of the Board of Directors, one (1) President, President &CEO, a certain number of Senior Executive Vice Presidents, a certain number of Senior Executive Managing Directors, Senior Managing Director, a certain number of Managing Directors and a certain number of Executive Advisor from among the Directors (excluding Directors who are Audit and Supervisory Committee Members). | Article 20(Representative Directors)<br>(Unchanged)<br>(Deleted) |
| Article 21 (Board of Directors Meetings)<br>(Omitted)<br>2. Unless otherwise provided for by laws and regulations, the President & CEO shall convene a Board of Directors meeting and preside thereover. In case, however, the President & CEO is prevented by unavoidable circumstances from so acting, or in case the post of the President & CEO is vacant, another Director who is designated in accordance with the order predetermined by the Board of Directors shall convene the meeting and preside thereover. | Article 21 (Board of Directors Meetings)<br>(Unchanged)<br>2. Unless otherwise provided for by laws and regulations, a Director shall convene a Board of Directors meeting and preside thereover in accordance with the order predetermined by the Board of Directors. |
| 3. (Omitted.) | 3. (Unchanged) |
| Articles 22 through 36 (Omitted) | Articles 22 through 36 (Unchanged) |
| Additional Provisions Article 1 (Omitted) | Additional Provisions Article 1 (Unchanged) |

**Proposal No.3: Election of Five (5) Directors (Excluding Directors who are Audit & Supervisory Committee Members)**

The term of office of all directors (eleven (11) directors) will expire at the conclusion of the Ordinary General Meeting of Shareholders. Therefore, due to a review of the composition of the Board of Directors as a result of the introduction of the Executive Officer System, the number of Directors (excluding Directors who are Audit & Supervisory Committee Members) is to be reduced by six (6) and the election of five (5) Directors is hereby proposed.

The candidates for Directors (excluding Directors who are Audit & Supervisory Committee Members) are as follows.

<table>
<tr><th>Candi-date number</th><th>Name<br>(Date of birth)<br>Number of shareholdings of the Company</th><th>Brief personal history, title and significant concurrent positions</th></tr>
<tr><td rowspan="2">1</td><td>Akira Warita<br>(Jun. 16, 1971)<br>55,300shares<br>[Reappointment]</td><td>Apr. 1994 Joined Procter&Gamble Far East Inc.<br>Jan. 1998 Joined Lehman Brothers Securities LLC<br>Sep. 1999 Joined UBS Securities Japan LLC<br>Apr. 2006 Joined the Company<br>May. 2006 General Manager of IR Office of the Company<br>Jun. 2006 Director of IR Office of the Company<br>May. 2011 Managing Director of Marketing Dept., Business Development Dept., and Customer Support Dept. of the Company<br>Apr. 2019 Senior Managing Director of Marketing Dept. and Customer Support Dept. of the Company<br>Jun. 2020 President & CEO of the Company (current)</td></tr>
<tr><td colspan="2">(Reasons for designation as a Director candidate)<br>Mr. Warita has engaged in the securities industry for a long period of time and has a wealth of insight into the securities business in general, including retail business, corporate finance and investment banking business. He has held a number of significant positions such as a Director of marketing, business development, investor relations and public relations in the Company. Since FY2020, he has been leading the overall management of the Company as a Representative Director. The Company believes that he is well qualified for the Director to contribute further to the sustainable growth and enhancement of corporate value of the Company.</td></tr>
<tr><td rowspan="2">2</td><td>Shinichi Uzawa<br>(Jul. 19, 1973)<br>102,570 shares<br>[Reappointment]</td><td>Apr. 1996 Joined New Oji Paper Co., Ltd<br>Aug. 2001 Joined the Company<br>May. 2004 General Manager of Finance Dept. of the Company<br>Jun. 2006 Director of Finance Dept. of the Company<br>Aug. 2020 Managing Director of Corporate Div. of the Company<br>Jun. 2024 Senior Managing Director of Corporate Div. of the Company (current)</td></tr>
<tr><td colspan="2">(Reasons for designation as a Director candidate)<br>Mr. Shinichi Uzawa has led Finance Department for a long period of time and has extensive experience and insight in the field of finance and accounting. He has extensive experience of securities settlement and has structured and strengthened credit management system. In addition, with regard to the IT system risk management, which is a key issue for online securities, he has led structuring and strengthening its system. He has extensive experience and broad insight to appropriately perform the Company's management. The Company believes that he is well qualified for the Director to enhance the corporate value of the Company.</td></tr>
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<tr><td rowspan="2">3</td><td>Michitaro Matsui<br>(Aug. 2, 1987)<br>0 shares<br><br>[Reappointment]</td><td>Apr. 2013 Joined QUICK Corp.<br>Apr. 2018 Joined the Company<br>Jan. 2019 Leader of CEO-Assigned project of the Company<br>Jun. 2020 Director of the Company<br>Aug. 2020 Director of Strategic Planning Div. of the Company<br>Apr. 2023 Director of the Company (current)</td></tr>
<tr><td colspan="2">(Reasons for designation as a Director candidate)<br>Mr. Michitaro Matsui has led restructuring of the corporate philosophy as a leader of CEO-Assigned project since he joined the Company. Since FY2020, he has been leading the Strategic Planning Division as a Director and has dedicated to the corporate planning and business administration of the Company. The Company believes that he is well qualified for the Director to take long-term perspective on the overall management of the Company as the representative of founding family and to contribute to further growth of the Company.</td></tr>
<tr><td rowspan="2">4</td><td>Satoshi Onuki<br>(Feb. 10, 1955)<br>0 shares<br>[Reappointment]<br>[Lead Outside Director]<br>[Independent Officer]</td><td>Apr. 1978 Joined The Industrial Bank of Japan, Ltd<br>Apr. 2002 Vice President of Mizuho Securities (USA)<br>Mar. 2006 Executive Officer of Mizuho Securities Co., Ltd.<br>Apr. 2009 Managing Director of DIAM Co., Ltd.<br>Apr. 2011 Vice President of Kowa Real Estate Investment Advisors Co., Ltd.<br>Jun. 2013 CEO of Kowa Real Estate Investment Advisors Co., Ltd.<br>Apr. 2018 Corporate Auditor of Kowa Real Estate Facilities Co., Ltd.<br>Jun. 2020 Outside Director of the Company (current)</td></tr>
<tr><td colspan="2">(Reasons for designation as an Outside Director candidate)<br>Mr. Satoshi Onuki has experienced management positions in securities and asset management industry such as CEO of investment advisory company, and he has extensive experience and broad insight on management of financial institutions. The Company believes that he is well qualified for the Outside Director to objectively supervise management affairs and provide advice on mid to long-term strategies of the Company and to appropriately evaluate and supervise the execution of business as a member of the Nomination and Compensation Committee.</td></tr>
<tr><td rowspan="2">5</td><td>Toshiaki Hori<br>(Jan. 23, 1956)<br>0 shares<br><br>[Reappointment]<br>[Outside Director]<br>[Independent Officer]</td><td>Apr. 1978 Joined Takara Standard Co., Ltd.<br>May. 1987 Joined QUICK Corp.<br>Mar. 2004 Director and General Manager of Sales Div. of QUICK Corp.<br>Mar. 2009 Managing Director and General Manager of Sales Div. of QUICK Corp.<br>Mar. 2012 Senior Managing Director of QUICK Corp.<br>Mar. 2016 Vice President of QUICK Corp.<br>Mar. 2019 Advisor of QUICK Corp.<br>Jun. 2022 Outside Director of the Company (current)</td></tr>
<tr><td colspan="2">(Reasons for designation as an Outside Director candidate)<br>Mr. Toshiaki Hori has extensive experience and broad insight obtained as he served as the Vice President in the financial information service company, and he has broad insight on the financial industry and has extensive experience in the field of sales & marketing and IT. The Company believes that he is well qualified for the Outside Director to objectively supervise management affairs and provide advice on the overall management of the Company and to appropriately evaluate and supervise the execution of business as a member of the Nomination and Remuneration Committee.</td></tr>
</table>

(Note) 1. There are no particular conflicts of interest between any of the candidates and the Company.

2. Mr. Satoshi Onuki and Mr. Toshiaki Hori are candidates for outside director. If the election of Mr. Satoshi Onuki and Mr. Toshiaki Hori is approved, the Company will continue to designate them as independent directors as stipulated by the Tokyo Stock Exchange.

3. Mr. Satoshi Onuki and Mr. Toshiaki Hori are currently outside directors of the Company, and their terms of office as outside directors will be five years and three years, respectively, at the conclusion of the General Meeting of Shareholders.

4. The Company currently has entered into a liability limitation agreement with Mr. Satoshi Onuki and Mr. Toshiaki Hori, pursuant to Article 427, Paragraph 1 of the Companies Act, which limits their liability to the amount set forth in laws and regulations. In the event that the election of both Mr. Onuki and Mr. Toshiaki Hori is approved, the Company intends to continue such contracts with them.

5. The Company has entered into a directors' and officers' liability insurance policy with an insurance company to indemnify the insured for any damages (legal damages and litigation costs) that may be incurred by the insured as a result of being held liable for the performance of his/her duties or being subject to claims related to the pursuit of such liability. Each candidate will be included as an insured under such insurance policy. There is no premium burden for the insured. The insurance policy is scheduled to be renewed during the term of office with the same terms and conditions.

**Proposal No.4: Election of Three (3) Directors who are Audit & Supervisory Committee Members**

The terms of office of three (3) Directors, Takefumi Takahashi, Mikitoshi Kai and Nozomi Kogoma, who are Audit & Supervisory Board Members, will expire at the conclusion of the Ordinary General Meeting of Shareholders.

Therefore, the Company proposes the election of three (3) Directors who are Audit & Supervisory Committee Members.

The Company has obtained the consent of the Audit & Supervisory Committee for this proposal.

The candidates for Directors who are Audit & Supervisory Committee Members are as follows:

<table>
<tr><th>Candi-date number</th><th>Name<br>(Date of birth)<br>Number of shareholdings of the Company</th><th colspan="2">Brief personal history, title and significant concurrent positions</th></tr>
<tr><td rowspan="2">1</td><td>Takefumi Takahashi<br>(Oct. 16, 1974)<br>1,500 shares<br><br>[Reappointment]</td><td>Apr. 2000<br>May. 2006<br>Apr. 2019<br><br>Jun. 2023</td><td>Joined the Company<br>Manager of Compliance Dept. of the Company<br>General Manager of Internal Audit Office of the Company<br>Director of the Company (the Audit & Supervisory Committee Members) (current)</td></tr>
<tr><td colspan="3">(Reasons for designation as a Director who is an Audit & Supervisory Committee Member candidate)<br>Mr. Takefumi Takahashi has many years of experience in the areas of compliance, internal audit, and inspection response of the Company, and is well versed in laws and regulations related to the securities industry, etc. and has professional insight, etc. He has served as the General Manager of the Internal Audit Office since April 2019 and as a full-time Audit Committee member since June 2023, and has been working to strengthen the Company's audit system. Based on his knowledge and experience accumulated to date, he is nominated as a candidate for director as a member of the Audit & Supervisory Committee because he is judged to be able to continue to appropriately perform duties such as auditing and supervision.</td></tr>
</table>

<table>
<tr><td rowspan="2">2</td><td>Nozomi Kogoma<br>(Jul. 31, 1980)<br>0 shares<br><br>[Reappointment]<br>[Outside Director]<br>[Independent Officer]</td><td>Apr. 2007 Joined Ernst & Young ShinNihon LLC<br>Apr. 2008 Joined Palace Capital Co., Ltd.<br>Nov. 2010 Established Nozomi Kogoma C.P.A.<br>Jun. 2016 Outside Auditor of UNITED, Inc. (current)<br>Jun. 2018 Outside Auditor of FIS Inc. (current)<br>Nov. 2019 Outside Director of Strike Co.,Ltd. (current)<br>Jun. 2023 Outside Director of the Company (the Audit & Supervisory Committee Members) (current)<br>Dec. 2024 Outside Auditor of FT Communications Co., Ltd. (current)</td></tr>
<tr><td colspan="2">(Reasons for designation as an Outside Director who is an Audit & Supervisory Committee Member candidate)<br>Ms. Nozomi Kogoma has extensive experience as a certified public accountant and sufficient insight of finance and accounting. She also has extensive experience such as outside director, outside corporate auditor of listed companies, and outside corporate auditor of unlisted financial institutions. The Company believes that she is well qualified for the Director who is an Audit & Supervisory Committee Member to conduct an audit on legality and validity of the management and business execution of the Company and conduct an independent and fair audit. Although she was not directly involved in corporate management other than as an Outside Director and an Outside Auditor, she was considered to be well qualified to appropriately perform the duties of an Outside Director who is an Audit & Supervisory Committee Member for the reasons stated above.</td></tr>
<tr><td rowspan="2">3</td><td>Megumi Shiomi<br>(Nov. 19, 1972)<br>0 shares<br>[New Candidate]<br>[Outside Director]<br>[Independent Officer]</td><td>Apr. 1995 Joined Procter&Gamble Far East Inc.<br>Apr. 1999 Finance Manager, Paper Products Div. of Procter&Gamble Far East Inc.<br>Apr. 2004 Finance Manager, Pet Food Div. of Procter&Gamble Far East Inc.<br>Apr. 2008 Country Finance Manager, Wella Div. (Salon Professional) of Procter&Gamble Far East Inc.<br>Apr. 2013 Joined GlaxoSmithKline K.K.<br>Finance Manager, General Care Div. of GlaxoSmithKline K.K.<br>Aug. 2017 Joined Mercer Japan Ltd.<br>Jul. 2018 Director, General Manager of Financial Management Dept. of Mercer Japan Ltd. (current)<br>Director, Mercer Investments Japan Ltd. (current)</td></tr>
<tr><td colspan="2">(Reasons for designation as an Outside Director who is an Audit & Supervisory Committee Member candidate)<br>Ms. Megumi Shiomi has many years of experience in key positions at foreign-affiliated daily necessities and pharmaceutical manufacturers, and currently serves as a director in charge of finance at the Japanese subsidiary of a foreign consulting firm. She has extensive experience and knowledge in business administration, finance, accounting, and internal auditing. She has also been actively involved in and contributed to Diversity & Inclusion activities as a female board member. As an Audit & Supervisory Committee Member who audits the legality and appropriateness of decisions on important management matters and business execution of the Company, we nominated her as a candidate for Outside Director as an Audit & Supervisory Committee Member in the expectation that she will conduct independent and fair audits and provide advice on the creation of a diverse and autonomous organization, which is a management goal.</td></tr>
</table>

(Note) 1. There are no particular conflicts of interest between any of the candidates and the Company.
2. The name of Nozomi Kogoma in the family register is Nozomi Imaoka, and the name of Megumi Shiomi in the family register is Megumi Kawasaki.
3. Ms. Nozomi Kogoma and Ms. Megumi Shiomi are candidates for outside directors who are members of the Audit & Supervisory Committee. If the appointment of Ms. Nozomi Kogoma is approved, the Company will continue to designate her as an independent director, and if the appointment of Ms. Megumi Shiomi is approved, the Company will designate her as a new independent director in accordance with the provisions of the Tokyo Stock Exchange.
4. Ms. Nozomi Kogoma is currently an outside director of the Company, and her term of office as an outside director as a member of the Audit & Supervisory Committee will be two years at the conclusion of the Ordinary General Meeting of Shareholders.
5. The Company currently has liability limitation agreements with Mr. Takefumi Takahashi and Ms. Nozomi Kogoma, pursuant to Article 427, Paragraph 1 of the Companies Act, to limit their liabilities to the amount set forth in laws and regulations. If the election of each of them is approved, the Company plans to continue such contracts with each of them. If the election of Ms. Megumi Shiomi is approved, the Company will enter into a liability limitation agreement with her pursuant to Article 427, Paragraph 1 of the Companies Act up to the amount set forth in laws and regulations.
6. The Company has entered into a directors' and officers' liability insurance policy with an insurance company to cover damages (legal damages and litigation costs) that may be incurred by the insured as a result of being held liable for the performance of his/her duties or being subject to claims related to the pursuit of such liability, under the policy. The insurance policy shall cover any damages (legal damages and costs of litigation) that may arise from being held liable for or being sued for such liabilities. Each candidate will be included as an insured under such insurance policy. There is no premium burden for the insured. The insurance policy is scheduled to be renewed at the same terms during the term of office.

[Reference] Skill Matrix (Scheduled for after this General Meeting of Shareholders)

| Name<br>Position | Nomination Remuneration Committee member | Audit& Supervisory Committee member | Corporate manegement | Financial industry | Sales/ Marketing | IT/DX Information security | Finance & accounting | Legal affairs/ Compliance | Sustainability |
|---|---|---|---|---|---|---|---|---|---|
| **Akira Warita**<br>Representative Director<br>[Reappointment] | ○ | | ● | ● | ● | | ● | | |
| **Shinichi Uzawa**<br>Director<br>[Reappointment] | | | ● | ● | | ● | ● | | |
| **Michitaro Matsui**<br>Director<br>[Reappointment] | | | ● | ● | | | | | |
| **Satoshi Onuki**<br>Lead Outside Director<br>[Reappointment] | ◎ | | ● | ● | ● | | | | ● |
| **Toshiaki Hori**<br>Outside Director<br>[Reappointment] | ○ | | ● | ● | ● | ● | | | ● |
| **Takefumi Takahashi**<br>Director<br>(Standing Audit & Supervisory Committee Member)<br>[Reappointment] | | ○ | ● | ● | | | | ● | |
| **Takuto Kawanishi**<br>Outside Director<br>(Audit & Supervisory Committee Member) | | ◎ | ● | ● | | | | ● | ● |
| **Nozomi Kogoma**<br>Outside Director<br>(Audit & Supervisory Committee Member)<br>[Reappointment] | | ○ | ● | ● | | | ● | ● | ● |
| **Megumi Shiomi**<br>Outside Director<br>(Audit & Supervisory Committee Member)<br>[New Candidate] | | ○ | ● | | | | ● | | ● |

Note: ◎ indicates Chairman.

**Proposal No.5: Determination of the Amount of Remuneration for Directors (Excluding Directors who are Audit & Supervisory Committee Members)**

At the 105th Ordinary General Meeting of Shareholders held on June 27, 2021, the total amount of remuneration, etc. for the Company's current Directors (excluding Directors who are Audit & Supervisory Committee Members) was approved as an annual amount not exceeding 500 million yen.

The Company has decided to reduce the number of Directors (excluding Directors who are Audit & Supervisory Committee Members) in accordance with the introduction of the Executive Officer System. The total amount of remuneration for Directors (excluding Directors who are Audit & Supervisory Committee Members) shall be no more than 300 million yen per year (including no more than 50 million yen for Outside Directors, but not including the salary for employees of Directors who are also employees).

The current number of directors is eleven (11) (including two outside directors), but if Proposal No. 3 "Election of five (5) Directors (excluding Directors who are Audit & Supervisory Committee Members)" is approved as proposed, the number of Directors (excluding Directors who are Audit & Supervisory Committee Members) will be five (5) (including two outside directors). This proposal takes into consideration various circumstances, such as the amount of compensation paid to Directors (excluding Directors who are Audit & Supervisory Committee Members) in the past and the economic situation, and we believe that the content is reasonable.

**Proposal No.6: Determination of the Amount of Remuneration for Directors Who are Audit & Supervisory Committee Members**

At the 105th Ordinary General Meeting of Shareholders held on June 27, 2021, the total amount of remuneration, etc. for the Company's current Directors who are Audit & Supervisory Committee Members was approved as an annual amount not exceeding 50 million yen.

Considering the increasing importance of the responsibilities of directors who are Audit & Supervisory Committee Members due to recent changes in the economic situation and business environment, we would like to limit the total amount of compensation for directors who are Audit & Supervisory committee members to 100 million yen per year.

If Proposal No. 4, "Appointment of Three Directors directors who are Audit & Supervisory committee members," is approved as originally proposed, the number of directors who are Audit & Supervisory committee members will be four. This proposal takes into consideration various factors, including the economic situation, and we believe that its contents are appropriate.

**Proposal No.7: Determination of the Amount and Details of Stock Options for Directors (Excluding Directors who are Audit & Supervisory Committee Members and Outside Directors)**

At the 105th Ordinary General Meeting of Shareholders held on June 27, 2021, it was approved that the total amount of stock option remuneration for Directors (excluding Outside Directors) shall be 300 million yen or less per year, separately from the amount of remuneration for Directors.

In accordance with the above resolution of the General Meeting of Shareholders regarding the amount of stock option remuneration, the Company has established a system for granting stock acquisition rights upon exercise. As part of the remuneration for Directors (excluding Outside Directors), the Company allocates "stock options as stock-based compensation" in which the amount to be paid in per share to be delivered upon exercise of stock acquisition rights is one yen. The purpose of this system is to increase the linkage between the remuneration of Directors and the stock price and to align their interests with those of shareholders, thereby increasing their motivation and morale to raise the stock price and improve business performance.

With the introduction of the executive officer system, the Company has decided to reduce the number of directors (excluding directors who are Audit & Supervisory Committee Members). Accordingly, the total amount of compensation related to stock acquisition rights to be allocated to directors (excluding directors who are Audit & Supervisory committee members and outside directors) as stock options will be limited to 200 million yen per year.

As stated above, the stock options are "stock-based compensation stock options" and are based on a comprehensive consideration of various factors, such as the contribution of directors (excluding directors who are Audit & Supervisory committee members and outside directors) to the Company, and we believe that the amount is reasonable.

In addition, with respect to the stock acquisition rights as stock options, instead of payment of the amount to be paid, which is determined based on the fair value at the time of allotment, payment will be made by way of offsetting with the remuneration claims of Directors (excluding Directors who are Audit & Supervisory Committee Members and Outside Directors) granted on the condition that the person is in the position of Director of the Company on the date of resolution of the matters concerning the offering of stock acquisition rights and that the person enters into a stock acquisition right allotment agreement that includes the following details, based on the stock option remuneration under this proposal.

The current number of Directors is eleven (11) (excluding Directors who are Audit & Supervisory Committee Members). If Proposal No. 3 is approved as proposed, the number of Directors (excluding Directors who are Audit & Supervisory Committee Members) will be five (5). The number of eligible persons is three (3), excluding two (2) Outside Directors.

**1. Individuals eligible to receive stock acquisition rights:**

Directors of the Company (excluding Directors who are Audit & Supervisory Committee Members and Outside Directors)

**2. Terms of the stock acquisition rights:**

**(1) Class of shares that are the subject of the stock acquisition rights**

The class of shares that are the subject of the stock acquisition rights shall be common stock of the Company.

**(2) Number of shares that are the subject of the stock acquisition rights**

Number of shares that are the subject of each stock acquisition right shall be 100. If it becomes appropriate to make an adjustment to the number of shares to be granted as a result of a share split, allotment of shares without contribution, reverse share split, or similar action taken by the Company, the number of shares shall be adjusted to the reasonable extent.

**(3) Total number of stock acquisition rights**

4,000 units shall be the maximum number of units that can be issued within a year from the date of the Ordinary General Meeting of Shareholders for each fiscal year.

**(4) Amount to be paid for the stock acquisition rights**

Amount to be paid for the stock acquisition rights is determined at the Board of Directors of the Company based on a fair value as calculated using a Black-Scholes model or other appropriate method as at the date of the allotment of the stock acquisition rights. This amount shall be offset by the Company against the compensation receivable of the relevant Director of the same amount.

**(5) Value of the asset to be contributed upon the exercise of the stock acquisition rights**

Payment required for the exercise of stock acquisition rights shall be made in cash. The exercise price per share shall be ¥1 and the total payment required shall be an

amount obtained by multiplying ¥1 by the Subject Number of Shares.

**(6) Period during which the stock acquisition rights can be exercised**

This shall be a period as determined by the Board of Directors of the Company within the range from the day when two (2) years have elapsed since the following the date of the allotment of the stock acquisition rights to the day when eight (8) years have elapsed since the following the date of the allotment of the stock acquisition rights.
If the final day of the exercise period falls on a holiday of the Company, the final day shall be the working day immediately preceding the final day.

**(7) Restriction on assignment of the stock acquisition rights through transfers**

The acquisition of the stock acquisition rights through assignment shall require the approval of the Board of Directors of the Company.

**(8) Terms of exercise of the stock acquisition rights**

The grantee must be a director or an executive officer of the Company at the time of exercising the stock acquisition rights. However, this shall not apply if he/she retires due to the expiration of his/her term of office or if the Board of Directors recognizes any other reasonable reason.

**(9) Terms and conditions of stock acquisition rights**

The Company may acquire stock acquisition rights without compensation if the following proposals are approved at a General Meeting of Shareholders of the Company (if a resolution of the General Meeting of Shareholders is not required, the Board of Directors of the Company shall so resolve).

a) Proposal for approval of a merger agreement in which the Company will be the absorbed company
b) Proposal for approval of the split agreement or split plan in which the Company will be the splitting company
c) Proposal for approval of share exchange agreement or share transfer plan under which the Company will become a wholly owned subsidiary
d) Proposal for approval of an amendment to the Articles of Incorporation of the Company to add an article to the effect that, as a feature of all shares the Company issues, an approval of the Company for acquisition of such shares through transfer is required
e) Proposal for approval of an amendment to the Articles of Incorporation of the Company to add an article to the effect that, as a feature of shares to be issued upon exercise of offered subscription rights to shares, an approval of the Company for acquisition of such shares through transfer is required, or the Company shall acquire all of such class shares by resolution at an ordinary General Meeting of Shareholders

**(10) Other terms of the stock acquisition rights**

The particulars in (1) to (9) above and the other terms of the stock acquisition rights shall be specified at a meeting of the Board of Directors to be held to determine the terms of the subscription to the stock acquisition rights.