

Securities Code: 2429  
March 5, 2024

To: Shareholders

Eikichi Iida  
Chairman and President  
**WORLD HOLDINGS CO., LTD.**  
11-2 Otemachi, Kokurakita-ku, Kitakyushu-shi, Fukuoka

## **NOTICE OF CONVOCATION OF THE 31<sup>st</sup> ORDINARY GENERAL MEETING OF SHAREHOLDERS**

We are pleased to announce that the 31st Ordinary General Meeting of Shareholders of WORLD HOLDINGS CO., LTD. (the “Company”), which will be held as described hereunder.

Reference materials and other information (electronically provided items) concerning this shareholders meeting are posted on the WORLD HOLDINGS website. Please visit the website to see this information.

Our website: <https://world-hd.co.jp/>

Electronically provided items can be viewed on the WORLD HOLDINGS website and on the website of the Tokyo Stock Exchange.

Tokyo Stock Exchange website (Listed company information service):  
<https://www2.jpx.co.jp/tseHpFront/JJK010010Action.do?Show=Show>

On the Tokyo Stock Exchange website, which is in Japanese, access WORLD HOLDINGS information by entering either “WORLD HOLDINGS” in the company name box or “2429” in the securities code box and clicking “search.” Next, click “basic information” and then “documents for viewing/PR information.” Shareholders meeting documents are in the “documents for viewing” section.

If you are unable to attend the meeting, you may exercise your voting rights by one of the two methods below. Please review the attached Reference Documents for General Meeting of Shareholders and submit your votes no later than 5:45 p.m., Thursday, March 21, 2024 (Japan time).

### **Exercise of voting rights in writing**

Please indicate your approval or disapproval for each agenda item on the voting rights exercise form that was sent with this notice of the shareholders meeting and return the form to us by the above deadline.

### **Exercise of voting rights via the internet**

Please access the Company’s designated shareholder voting website (<https://evote.tr.mufg.jp/>), follow the on-screen guidance, and enter your approval or disapproval for each agenda matter by the above deadline.

1. Date and Time: Friday, March 22, 2024 at 10:00 a.m. (Japan time)		
2. Venue:	Empire Room, 3rd floor, RIHGA Royal Hotel Kokura 2-14-2 Asano, Kokurakita-ku, Kitakyushu, Fukuoka	
3. Purposes:	Matters to be reported	<ol style="list-style-type: none"> <li>1. Business Report and Consolidated Financial Statements and Reports of Audit on Consolidated Financial Statements by Accounting Auditor and Audit &amp; Supervisory Board for the 31st Fiscal Year (from January 1, 2023 to December 31, 2023)</li> <li>2. Non-Consolidated Financial Statements for the 31st Fiscal Year (from January 1, 2023 to December 31, 2023)</li> </ol>
	Matters to be resolved	
	Proposal 1:	Election of Fifteen (15) Directors
	Proposal 2:	Election of Two (2) Audit & Supervisory Board Members
	Proposal 3:	Election of One (1) Substitute Audit & Supervisory Board Member
	Proposal 4:	Revision of Compensation for Directors
	Proposal 5:	Issuance of Stock Acquisition Rights as Tax-qualified Stock Options
	Proposal 6:	Issuance of Stock Acquisition Rights as Non-tax-qualified Stock Options
4. Matter to be resolved concerning the convocation of shareholders meetings (information about exercising voting rights)		
	(1)	When voting instructions are submitted by using a paper (sent by postal mail) voting rights exercise form, any item where no voting instruction is entered will be counted as a “yes” vote.
	(2)	When voting instructions are submitted using the internet more than once, the last voting instructions received will be counted.
	(3)	When a shareholder submits voting instructions using both the internet and a paper (sent by postal mail) voting rights exercise form, the internet voting instructions will be counted regardless of the order in which the two voting instructions were received.

If you are attending the meeting, please submit the enclosed voting rights exercise form to the reception desk upon arrival.

If there are revisions to electronically provided items, notification of the revisions and the information before and after revisions will be posted on the Company’s website and the Tokyo Stock Exchange website.

## Reference Documents for the General Meeting of Shareholders

### Proposal 1: Election of Fifteen (15) Directors

The terms of office of all fifteen (15) Directors will expire at the conclusion of this General Meeting of Shareholders. Accordingly, the Company proposes to elect fifteen (15) Directors including eight (8) Outside Directors.

The candidates for Director are as follows:

No.	Name (Date of birth)	Past experience, positions and responsibilities, and significant concurrent positions	Number of shares of the Company held
1	Eikichi Iida (May 5, 1956)	February 1981 Representative Director of Mikuni Industry Co., Ltd. (currently MIKUNI Co., Ltd.) February 1997 Director of the Company December 1997 Chairman of the Company May 1999 President of the Company July 2003 Director of Mikuni Industry Co., Ltd. (currently MIKUNI Co., Ltd.) (to present) July 2008 Representative Director of GEOGRAPHIC INFORMATION OF KYUSHU, INC. (to present) April 2010 Representative Director of WORLD RESIDENTIAL Co., Ltd. (to present) December 2011 Chairman and President of the Company (to present) January 2012 Director of Taiwan Human Resource Management (currently WORLD INTEC TAIWAN CO., LTD.) (to present) March 2014 Representative Director of World Wisteria Homes Co., Ltd. (currently WORLD RESIDENTIAL KANSAI CO., LTD.) (to present) March 2014 Representative Director of World iCity Co., Ltd. (to present) December 2014 Representative Director of Best IT Business Co., Ltd. (to present) August 2015 Representative Director of OMACHI Co., Ltd. (currently OMACHI WORLD Co., Ltd) (to present) March 2016 Representative Director of WORLD MIKUNI Co., Ltd. (currently RENOVE MIKUNI Co., LTD.) (to present) July 2019 Chairman of WORLD INTEC Co., Ltd. (to present) January 2020 Director of WORLD CAPITAL SOLUTION CO., LTD. (to present) March 2021 Director of Nichimo Real Estate Co., Ltd. (to present) June 2021 Chairman of WORLD STAFFING Co., Ltd. (to present) February 2022 Director of Dimples Co.,Ltd. (to present) May 2022 Director of DOT WORLD Co., LTD. (to present) May 2023 Representative Director of Nippon Gijutsu Center Co., Ltd.	496,500
<p><b>Reasons for nomination as a candidate for Director</b>                      Mr. Eikichi Iida has taken charge of management for more than 30 years since the establishment of the Company and served as Representative Directors of subsidiaries. He thus has considerable experience, achievements, and insight into company management. In addition, he is expected to demonstrate strong leadership skills developed through his steady efforts to tackle various management issues that contribute to enhancing the corporate value of World Holdings Group (the “Group”). The Company has therefore nominated him as a candidate for Director, believing that he is the right person for strengthening the management base of the Group.</p>			

No.	Name (Date of birth)	Past experience, positions and responsibilities, and significant concurrent positions	Number of shares of the Company held
2	Toru Iwasaki (June 19, 1953)	<p>April 1977      Joined Dai Nippon Printing Co., Ltd.</p> <p>February 1979      Joined Sony Corporation (currently Sony Group Corporation)</p> <p>June 2005      General Manager of Video Business Division of Television &amp; Video Business Division of Sony Corporation (currently Sony Group Corporation)</p> <p>April 2007      Executive Officer of Sony EMCS Corporation (currently Sony Global Manufacturing &amp; Operations Corporation)</p> <p>October 2010      Managing Officer of Sony EMCS Corporation (currently Sony Global Manufacturing &amp; Operations Corporation)</p> <p>December 2012      Joined the Company</p> <p>January 2013      Vice President, Executive Officer of the Company</p> <p>March 2013      Director, Vice President, Executive Officer of the Company</p> <p>July 2014      Director, in charge of Human Resource Business of the Company (to present)</p> <p>July 2019      Representative Director, President, Executive Officer of WORLD INTEC Co., Ltd. (to present)</p> <p>March 2020      Director of Advan Co., Ltd. (to present)</p> <p>June 2021      Director of WORLD STAFFING CO., LTD. (to present)</p> <p>May 2022      Representative Director of DOT WORLD Co., LTD. (to present)</p> <p>March 2023      Director of Dimples Co.,Ltd. (to present)</p>	6,000
<p><b>Reasons for nomination as a candidate for Director</b></p> <p>Mr. Toru Iwasaki, who had experience at companies outside the group, has been responsible for the Human Resources Business Division. He thus has considerable experience, achievements, and understanding of business strategy. The Company has therefore nominated him as a candidate for Director, believing that he is the right person for conducting the growth strategy of the Group.</p>			

No.	Name (Date of birth)	Past experience, positions and responsibilities, and significant concurrent positions	Number of shares of the Company held
3	Shigeru Nakano (November 9, 1957)	<p>April 1976      Joined Fuji Bank (currently Mizuho Bank, Ltd.)</p> <p>October 2002    General Manager of SENGENDAI Branch of Mizuho Bank, Ltd.</p> <p>March 2004      Joined the Company</p> <p>March 2007      Executive Officer of the Company</p> <p>February 2010    Audit &amp; Supervisory Board Member of Advan Co., Ltd. (to present)</p> <p>March 2010      Director, Executive Officer and Manager of Business Management Division of the Company</p> <p>April 2010       Audit &amp; Supervisory Board Member of WORLD RESIDENTIAL Co., Ltd. (to present)</p> <p>November 2012    Audit &amp; Supervisory Board Member of DOT INTERNATIONAL Co., Ltd. (currently DOT WORLD Co., LTD.) (to present)</p> <p>July 2014        Director, General Manager of Business Management Division of the Company (to present)</p> <p>February 2018    Audit &amp; Supervisory Board Member of SAIHI INFORMATION SERVICE CO., LTD. (currently WORLD SYSTEM SERVICE CO., LTD.) (to present)</p> <p>November 2018    Audit &amp; Supervisory Board Member of WORLD INTEC TAIWAN CO., LTD. (to present)</p> <p>July 2019        Director, Executive Officer of WORLD INTEC CO., LTD. (to present)</p> <p>May 2022        Audit &amp; Supervisory Board Member of WORLD STYLE CO., LTD. (to present)</p> <p>June 2022        Audit &amp; Supervisory Board Member of Creative Inc. (to present)</p>	7,000
<p><b>Reasons for nomination as a candidate for Director</b></p> <p>Mr. Shigeru Nakano, who had experience in financial institutions, has been responsible for the Corporate Management Division of the Group. He thus has considerable experience, achievements, and insight into company management. The Company has therefore nominated him as a candidate for Director, believing that he is the right person for conducting management and strengthening corporate governance of the Group.</p>			
4	Shinji Honda (July 10, 1965)	<p>July 1996        Joined K.K. Tie-up</p> <p>March 2001      President and Representative Director of Intellect Co., Ltd.</p> <p>February 2002    Joined the Company</p> <p>September 2002    Director of the Company</p> <p>February 2005    Managing Director of the Company</p> <p>March 2010      Director, Senior Managing Director, Executive Officer of the Company</p> <p>July 2014        Director, in charge of Human Resource Business (to present)</p> <p>June 2017        Representative Director of WORLD STAFFING CO., LTD. (to present)</p> <p>April 2019        Representative Director of JW SOLUTION CO., LTD. (to present)</p> <p>July 2021        Director, Executive Officer of WORLD INTEC CO., LTD. (to present)</p> <p>February 2022    Representative Director of Dimples Co.,Ltd.(to present)</p>	43,000
<p><b>Reasons for nomination as a candidate for Director</b></p> <p>Mr. Shinji Honda, who had experience at companies outside the group, has been responsible for the Human Resources Business Division of the Group. He thus has considerable experience, achievements, and understanding of business strategy. The Company has therefore nominated him as a candidate for Director, believing that he is the right person for conducting the growth strategy of the Group.</p>			

No.	Name (Date of birth)	Past experience, positions and responsibilities, and significant concurrent positions	Number of shares of the Company held
5	Katsuhiro Kuriyama (November 3, 1967)	<p>December 1994      Joined ACTIS Co., Ltd.</p> <p>April 1998          General Manager of Production Headquarters of ACTIS Co., Ltd.</p> <p>March 2001          President of Crystal US Co., Ltd.</p> <p>December 2001      Director of Nihon Aim Co., Ltd. (currently UT Aim Co., Ltd.)</p> <p>June 2006            Managing Director of Micro Engineering Inc.</p> <p>April 2007           Director of United Technology Holdings Co., Ltd. (currently UT Group Co., Ltd.)</p> <p>June 2014            Executive Officer of WORLD INTEC Co., Ltd.</p> <p>November 2014      Vice Chairman of ENGMANTEC CO., LTD. (to present)</p> <p>December 2014      Chairman of WORLD INTEC TAIWAN CO., LTD. (to present)</p> <p>March 2017          Director of WORLD INTEC Co., Ltd.</p> <p>April 2020           Director of TOHOEWORLD CO., LTD (to present)</p> <p>July 2021            President, Representative Director, Executive Officer of WORLD INTEC Co., Ltd. (to present)</p> <p>March 2022          Director, in charge of Human Resource Business of the Company (to present)</p> <p>June 2022           Representative Director of Creative Inc. (to present)</p> <p>May 2023            Director of Nippon Gijutsu Center Co., Ltd. (to present)</p> <p>July 2023            Representative Director of WORLD SYSTEM SERVICE CO., LTD. (to present)</p> <p>July 2023            Representative Director of CREATION VIEW CO., LTD. (to present)</p> <p>January 2024        Representative Director of WORLD RETECH CO., LTD. (to present)</p>	2,100
<p><b>Reasons for nomination as a candidate for Director</b>  Mr. Katsuhiro Kuriyama, who had experience at companies outside the group, has been responsible for the Human Resources Business Division of the Group. He thus has considerable experience, achievements, and understanding of business strategy. The Company has therefore nominated him as a candidate for Director, believing that he is the right person for conducting the growth strategy of the Group.</p>			
6	Masaaki Shiomi (October 27, 1965)	<p>April 1988          Joined Mitsui Bank (currently Sumitomo Mitsui Banking Corporation)</p> <p>April 2005          Manager of Kyushu Branch of RISA Partners, Inc.</p> <p>December 2008      Head of Principal Investment Office of Mitsubishi UFJ Lease &amp; Finance Company Limited</p> <p>March 2009          Managing Director of MUL Principal Investments Co., Ltd.</p> <p>May 2014            Managing Director of LUMICA CORPORATION</p> <p>May 2015            Joined the Company  General Manager of Business Development Division of the Company</p> <p>September 2015     Director of OMACHI Co., Ltd. (currently OMACHI WORLD Co., Ltd.) (to present)</p> <p>March 2020          Director, General Manager of Business Development Division of the Company (to present)</p> <p>May 2022            Director of Dimples Co.,Ltd. (to present)</p> <p>May 2023            Director of Nippon Gijutsu Center Co., Ltd. (to present)</p> <p>January 2024        Director, General Manager of Business Strategy Planning &amp; Management Division (to present)</p>	-
<p><b>Reasons for nomination as a candidate for Director</b>  Mr. Masaaki Shiomi, who had experience in financial institutions, has been responsible for the Corporate Development Division of the Group. He thus has considerable experience, achievements, and understanding of business strategy. The Company has therefore nominated him as a candidate for Director, believing that he is the right person for conducting the growth strategy of the Group.</p>			



No.	Name (Date of birth)	Past experience, positions and responsibilities, and significant concurrent positions	Number of shares of the Company held
9	Souichi Kawamoto (September 19, 1957)	<p>April 1980      Joined Fukuoka SOGO Bank (currently, THE NISHI-NIPPON CITY BANK, LTD.)</p> <p>June 2008      Director, Deputy Head of Kita-Kyushu Regional Headquarters, General Manager of Kita-Kyushu Head Office, General Manager of Kokura Branch of THE NISHI-NIPPON CITY BANK, LTD.</p> <p>June 2010      Managing Director Head of Kita-Kyushu General Headquarters of THE NISHI-NIPPON CITY BANK, LTD.</p> <p>June 2012      Executive Director, Head of Kita-Kyushu General Headquarters of THE NISHI-NIPPON CITY BANK, LTD.</p> <p>June 2014      Deputy President (Representative Director), Head of Kitakyushu &amp; Yamaguchi Region, Regional Headquarters Management of THE NISHI-NIPPON CITY BANK, LTD.</p> <p>October 2016    Director, Executive Officer of Nishi-Nippon Financial Holdings, Inc.</p> <p>June 2019      Deputy President (Representative Director) of Nishi-Nippon Financial Holdings, Inc.</p> <p>April 2020      Deputy President (Representative Director), In charge of Regional Headquarters, the IT Planning &amp; Management Division, the Operations Planning &amp; Management Division, the Internal Audit Division of THE NISHI-NIPPON CITY BANK, LTD.</p> <p>June 2021      Executive Officer of Nishi-Nippon Financial Holdings, Inc. (to present)</p> <p>June 2021      Representative Director and President of The Kyushu Card Co., Ltd. (to present)</p> <p>June 2021      Representative Director and Chairman of Japan Payment Service CO., LTD. (to present)</p> <p>March 2022     Director of the Company (to present)</p>	-
<p><b>Reasons for nomination as a candidate for Outside Director and expected roles, etc.</b> Mr. Souichi Kawamoto has been engaged in management of financial institutions for many years. He is thus expected to make appropriate suggestions or give advice on our management based on his wide knowledge and experience from an objective position. The Company has therefore nominated him as a candidate for Outside Director.</p>			
10	Ichiro Ohno (November 27, 1956)	<p>April 1980      Joined CASIO COMPUTER CO., LTD.</p> <p>April 2000      TFT Manger of Device Division of CASIO COMPUTER CO., LTD.</p> <p>October 2002    Representative Director of Kochi CASIO CO., LTD. and Deputy General Manager of Device Division of CASIO COMPUTER CO., LTD.</p> <p>July 2003      Executive Officer, Deputy General Manager of Device Division of CASIO COMPUTER CO., LTD. and Representative Director of Kochi CASIO CO., LTD.</p> <p>January 2007    Executive Officer, General Manager of Device Division of CASIO COMPUTER CO., LTD. and General Manager of Hachioji Technical Center</p> <p>April 2010      Representative Director of ORTUS TECHNOLOGY CO., LTD.</p> <p>April 2013      Senior Managing Director of ORTUS TECHNOLOGY CO., LTD.</p> <p>April 2016      Advisor of ORTUS TECHNOLOGY CO., LTD.</p> <p>March 2023     Outside Director of the Company (to present)</p>	700
<p><b>Reasons for nomination as a candidate for Outside Director and expected roles, etc.</b> Mr. Ichiro Ono has many years of experience in the electronic device business of a large company and management experience as a senior executive. He is thus expected to make appropriate suggestions or give advice on our management based on his wide knowledge and experience from an objective position. The Company has therefore nominated him as a candidate for Outside Director.</p>			



No.	Name (Date of birth)	Past experience, positions and responsibilities, and significant concurrent positions	Number of shares of the Company held
11	Hirokazu Hasegawa (October 10, 1940)	<p>April 1963      Joined Hasegawa Buddhist Article Shop</p> <p>December 1966      Established K.K. Hasegawa Buddhist Altar (currently HASEGAWA Co., Ltd.). Senior Managing Director of said company</p> <p>April 1982      Representative Director and President of HASEGAWA Co., Ltd.</p> <p>April 2008      Representative Director and Chairman of HASEGAWA Co., Ltd.</p> <p>June 2008      President of Japan New Business Conference Associations</p> <p>June 2014      Advisor of HASEGAWA Co., Ltd. (to present)</p> <p>March 2021      Director of the Company (to present)</p>	-
<p><b>Reasons for nomination as a candidate for Outside Director and expected roles, etc.</b></p> <p>Mr. Hirokazu Hasegawa has been engaged in corporate management of HASEGAWA Co, Ltd. while successively worked as President of Japan New Business Conference Associations. He is thus expected to provide appropriate suggestions and advice, etc. on our management based on his wide knowledge and experience. The Company has therefore nominated him as a candidate for Outside Director, given that he is in an objective position, independent of the executive management of the Company.</p>			
12	Kazuyoshi Kimura (November 12, 1943)	<p>April 1967      Joined Nikko Securities Inc.(currently SMBC Nikko Securities Inc.)</p> <p>March 2000      Executive Vice President of Nikko Securities Inc.(currently SMBC Nikko Securities Inc.)</p> <p>June 2001      President of Nikko Asset Management Co., Ltd.</p> <p>June 2005      Executive Chairman of Nikko Cordial Securities Inc. (currently SMBC Nikko Securities Inc.)</p> <p>February 2007      Representative Executive Chairman of Nikko Cordial Corporation</p> <p>June 2011      Director of Hitachi Koki Co, Ltd.</p> <p>June 2012      Auditor of SPARX Asset Management Co., Ltd. (to present)</p> <p>June 2012      Director of DAIWA HOUSE INDUSTRY CO., LTD.</p> <p>November 2012      Director of BIC CAMERA INC.</p> <p>November 2012      Director of Kojima Co.,Ltd.</p> <p>September 2013      Chairman, President and Representative Executive Officer of Kojima Co.,Ltd.</p> <p>June 2020      Director, Supervisory Committee Member of SPARX Group Co., Ltd. (to present)</p> <p>September 2020      President of BIC CAMERA INC.</p> <p>September 2020      Director of Kojima Co.,Ltd.</p> <p>September 2022      Director of BIC CAMERA INC.</p> <p>March 2023      Director of the Company (to present)</p>	-
<p><b>Reasons for nomination as a candidate for Outside Director and expected roles, etc.</b></p> <p>Mr. Kazuyoshi Kimura has extensive knowledge of management due to his many years of management experience at SMBC Nikko Securities and BIC CAMERA. He is thus expected to make appropriate suggestions and give advice on our management based on his extensive knowledge and experience. The Company has therefore nominated him as a candidate for Outside Director, given that he is in an objective position, independent of the executive management of the Company.</p>			

No.	Name (Date of birth)	Past experience, positions and responsibilities, and significant concurrent positions	Number of shares of the Company held	
13	Sadaharu Tezuka (August 14, 1968)	April 1992	Joined NIPPON TELEGRAPH AND TELEPHONE CORPORATION	-
		November 1995	Joined Sakura Research Institute, Ltd. (currently The Japan Research Institute, Limited.)	
		April 2019	Project Professor at Graduate School of Business Administration, Rikkyo University	
		April 2022	Professor at Faculty of Economics, Department of Business Management, Kokugakuin University (to present)	
		March 2023	Director of the Company (to present)	
<p><b>Reasons for nomination as a candidate for Outside Director and expected roles, etc.</b>  Mr. Sadaharu Tezuka has almost 30 years of experience as a management consultant, including activities involving management strategies, business plans, support for new businesses, investor relations support, programs to develop management skills and other activities. He is expected to use his many years of experience and broad knowledge to make appropriate suggestions and give advice on our management from a perspective that is independent of executives who conduct business operations. The Company has therefore nominated him as a candidate for Outside Director.</p>				
14	Kazumi Ono (August 11, 1963)	April 1986	Joined Nikkei Inc.	-
		August 1991	Joined Leo Burnett-Kyodo Company Ltd. (currently Beacon Communications K.K.)	
		April 1999	Joined Dentsu Kyushu Inc.	
		July 2003	General Manager of Marketing Department of Dentsu Kyushu Inc.	
		July 2015	Deputy Managing Director of Communication Design Division of Dentsu Kyushu Inc.	
		July 2018	Managing Director of Communication Design Division and Manager of Open Innovation Office of Dentsu Kyushu Inc.	
		January 2020	Managing Director of Integrated Marketing Division and Manager of New Business Development Office of Dentsu Kyushu Inc.	
		January 2021	Associate Managing Director of Integrated Solution Division and New Business Development Office of Dentsu Kyushu Inc.	
		January 2022	Director of Koga Management Institute Co., Ltd.	
		March 2022	Outside Director of the Company (to present)	
April 2022	Visiting professor at Global Innovation Center, Kyushu University (to present)			
<p><b>Reasons for nomination as a candidate for Outside Director and expected roles, etc.</b>  Ms. Kazumi Ono has been engaged in strategic planning for branding and marketing in major corporations for many years through her entire career, while working as a committee member of administrative organs and extra-governmental organizations. She is thus expected to make appropriate suggestions or give advice on our management based on her wide knowledge and experience. The Company has therefore nominated her as a candidate for Outside Director, given that she is in an objective position, independent of the executive management of the Company.</p>				

No.	Name (Date of birth)	Past experience, positions and responsibilities, and significant concurrent positions	Number of shares of the Company held
14	Kazumi Ono (August 11, 1963)	<p>April 1986      Joined Nikkei Inc.</p> <p>August 1991    Joined Leo Burnett-Kyodo Company Ltd. (currently Beacon Communications K.K.)</p> <p>April 1999      Joined Dentsu Kyushu Inc.</p> <p>July 2003      General Manager of Marketing Department of Dentsu Kyushu Inc.</p> <p>July 2015      Deputy Managing Director of Communication Design Division of Dentsu Kyushu Inc.</p> <p>July 2018      Managing Director of Communication Design Division and Manager of Open Innovation Office of Dentsu Kyushu Inc.</p> <p>January 2020    Managing Director of Integrated Marketing Division and Manager of New Business Development Office of Dentsu Kyushu Inc.</p> <p>January 2021    Associate Managing Director of Integrated Solution Division and New Business Development Office of Dentsu Kyushu Inc.</p> <p>January 2022    Director of Koga Management Institute Co., Ltd.</p> <p>March 2022     Outside Director of the Company (to present)</p> <p>April 2022      Visiting professor at Global Innovation Center, Kyushu University (to present)</p>	-
<p><b>Reasons for nomination as a candidate for Outside Director and expected roles, etc.</b></p> <p>Ms. Kazumi Ono has been engaged in strategic planning for branding and marketing in major corporations for many years through her entire career, while working as a committee member of administrative organs and extra-governmental organizations. She is thus expected to make appropriate suggestions or give advice on our management based on her wide knowledge and experience. The Company has therefore nominated her as a candidate for Outside Director, given that she is in an objective position, independent of the executive management of the Company.</p>			
*15	Hiroshi Hoshino (July 11, 1958)	<p>April 1982      Joined Nippon Yusen Kabushiki Kaisha (NYK Line)</p> <p>April 1984      Seconded to Nippon Cargo Airlines Co., Ltd.</p> <p>December 1988    Returned to NYK Line, Ltd.</p> <p>December. 1994    Associate Professor, Faculty of Business Administration, Kobe University</p> <p>April 1998      Team Manager, Business Planning Department of NYK Line</p> <p>April 2000      Associate Professor, Research Institute of Economics and Business Administration, Kobe University</p> <p>April 2003      Associate Professor, Graduate School of Economics, Kyushu University</p> <p>February 2006    Professor, School of Economics, Kyushu University (to present)</p> <p>April 2007      Dean and Deputy Dean of Faculty of Economics of Kyushu University Business School</p> <p>April 2011      Visiting Professor, Faculty of Maritime Science, Kobe University</p> <p>May 2011      Visiting Fellow, Columbia Business School, Columbia University</p> <p>February 2016    Visiting Professor, National Mae Fah Luang University, Thailand</p> <p>April 2019      Director, Yunus &amp; Shiiki Social Business Research Center, Kyushu University</p>	-
<p><b>Reasons for nomination as a candidate for Outside Director and expected roles, etc.</b></p> <p>Mr. Hiroshi Hoshino has served on many committees, including those for human resource development through research activities at universities, and as chairperson of administrative and local government bodies. He is expected to use his many years of experience and broad knowledge to make appropriate suggestions and give advice on our management from a perspective that is independent of executives who conduct business operations. The Company has therefore nominated him as a candidate for Outside Director.</p>			

- Notes: 1. Numbers with an asterisk (\*) are new candidates for Director.
2. None of the candidates for Directors has any special conflicts of interest with the Company.
  3. Mr. Yuji Shirakawa, Mr. Souichi Kawamoto, Mr. Ichiro Ono, Mr. Hirokazu Hasegawa, Mr. Kazuyoshi Kimura, Mr. Sadaharu Tezuka, and Ms. Kazumi Ono are the candidates for Outside Directors.
  4. Mr. Yuji Shirakawa, Mr. Souichi Kawamoto, Mr. Ohno Ichiro, Mr. Hirokazu Hasegawa, Mr. Kazuyoshi Kimura, Mr. Sadaharu Tezuka, and Ms. Kazumi Ono, our current Outside Directors, will have served as Outside Directors for two years, two years, one year, three years, one year, one year and two years, respectively, at the conclusion of this General Meeting of Shareholders.
  5. Mr. Yuji Shirakawa served as an executive officer, during the past 10 years, of The Bank of Fukuoka, Ltd., which is a specified related business operator (a major business partner) of the Company. His positions and responsibilities at the said bank are as described in the above column "Past experience, positions and responsibilities at the Company (Significant concurrent positions)." In fact, he resigned from the said bank in April 2021.  
Mr. Souichi Kawamoto served as an executive officer, during the past 10 years, of THE NISHI-NIPPON CITY BANK, LTD., which is a specified related business operator (a major business partner) of the Company. His positions and responsibilities at the said bank are as described in the above column "Past experience, positions and responsibilities at the Company (Significant concurrent positions)." In fact, he resigned from the said bank in June 2021.
  6. Pursuant to the provisions of Article 427, paragraph 1 of the Companies Act, the Company has entered into a liability limitation agreement with Mr. Yuji Shirakawa, Mr. Souichi Kawamoto, Mr. Ichiro Ono, Mr. Hirokazu Hasegawa, Mr. Kazuyoshi Kimura, Mr. Sadaharu Tezuka and Ms. Kazumi Ono to limit their liabilities for damages set forth in Article 423, paragraph 1 of the same Act. The cap on the liability for damages under the said agreement is the minimum liability amount set forth in Article 425, Paragraph 1 of the same Act. If they are reelected, the Company will renew the contract with each of them. The Company will also enter into the same liability limitation agreement with Mr. Hiroshi Hoshino, if they are elected.
  7. The Company has appointed Mr. Hirokazu Hasegawa, Mr. Kazuyoshi Kimura, Mr. Sadaharu Tezuka and Ms. Kazumi Ono as Independent Directors according to the rules of the Tokyo Stock Exchange. They will continue to be Independent Directors when reelected. Moreover, as required by the Tokyo Stock Exchange, the Company will register Mr. Hiroshi Hoshino as Independent Directors with the Tokyo Stock Exchange if they are elected because they meet the qualifications as Independent Directors with no risk of having conflicts of interests with general shareholders.

## Proposal 2: Election of Two (2) Audit & Supervisory Board Members

The term of office of Audit & Supervisory Board Members Kazuyuki Yamamura and Tetsuo Kato will expire at the conclusion of this General Meeting of Shareholders. Accordingly, the Company proposes the election of two (2) Audit & Supervisory Board Members .

The Company has obtained the consent of the Audit & Supervisory Board with respect to this proposal.

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

No.	Name (Date of birth)	Past experience, positions and responsibilities, and significant concurrent positions	Number of shares of the Company held
*1	Haruo Tanaka (May 7, 1958)	<p>April 1982      Joined Reiyukai Headquarters</p> <p>February 1996      Joined the Company</p> <p>January 2002      Manager of General Affairs and Accounting Department of the Company</p> <p>January 2005      Manager of General Affairs Department of the Company</p> <p>January 2009      Head of Internal Auditing Office of the Company</p> <p>January 2010      Manager of Legal Department of the Company (to present)</p> <p>July 2014      Manager of Legal Department of WORLD INTEC Co., Ltd.</p> <p>January 2017      Executive Officer and Manager of Legal Department of WORLD INTEC Co., Ltd. (to present)</p>	1,200
<p><b>Reasons for nomination as a candidate for Audit and Supervisory Board member</b></p> <p>Mr. Haruo Tanaka has been responsible for the Legal division of the Group. He thus has knowledge and experience with business operation. The Company has therefore nominated him as a candidate for Audit &amp; Supervisory Board member, believing that he is the right person for appropriately auditing business execution from an objective and fair standpoint.</p>			
2	Mitsuo Koga (December 1, 1946)	<p>April 1969      Joined Fushimi Certified Public Accountant Office</p> <p>January 1975      Joined Ernst &amp; Ernst Japan Accounting Office</p> <p>January 1978      Joined Tohmatsu Aoki &amp; Co. (currently Deloitte Touche Tohmatsu LLC)</p> <p>May 1995      Representative Partner of Tohmatsu &amp; Co. (currently Deloitte Touche Tohmatsu LLC)</p> <p>May 1995      Representative Director of Tohmatsu Consulting Co., Ltd. (currently Deloitte Tohmatsu Consulting LLC)</p> <p>October 1997      Representative Director of Deloitte Tohmatsu Venture Support Co. Ltd.</p> <p>February 2012      Representative Director of Koga Management Institute Research Co. Ltd. (to present)</p> <p>March 2012      Audit &amp; Supervisory Board Member of the Company (to present)</p> <p>February 2014      Standing Audit &amp; Supervisory Board Member of WORLD INTEC SPLIT PREPARATION COMPANY CO., LTD. of WORLD INTEC Co., Ltd. (currently WORLD INTEC Co., Ltd.) (to present)</p> <p>December 2015      Audit &amp; Supervisory Board Member of teno. Holdings Company Limited. (to present)</p>	-
<p><b>Reasons for nomination as a candidate for Audit and Supervisory Board member</b></p> <p>Mr. Mitsuo Koga has many years of experience as a certified public accountant, and has extensive knowledge into the company's auditing operations. The Company has therefore nominated him as a candidate for Outside Audit and Supervisory Board member based on his ability to appropriately perform the duties of an Outside Audit and Supervisory Board member. At the conclusion of this General Meeting of Shareholders, his tenure as an Audit &amp; Supervisory Board Member will have been twelve (12) years.</p>			

Notes: 1. Numbers with an asterisk (\*) are new candidates for Audit and Supervisory Board member.

2. None of the candidates for Audit and Supervisory Board members has any special conflicts of interest with the Company.
3. Mr. Mitsuo Koga is the candidate for Outside Audit and Supervisory Board member.
4. Pursuant to the provisions of Article 427, paragraph 1 of the Companies Act, the Company has entered into a liability limitation agreement with Mr. Mitsuo Koga to limit his liabilities for damages set forth in Article 423, paragraph 1 of the same Act. The cap on the liability for damages under the said agreement is the minimum liability amount set forth in Article 425, Paragraph 1 of the same Act. If this proposal is approved, the Company will renew the contract with Mr. Mitsuo Koga.

### Proposal 3: Election of One Substitute Audit & Supervisory Board Member

To prepare for cases where the number of Audit & Supervisory Board Members falls short of the requisite number stipulated by laws and regulations, in accordance with Article 329, Paragraph 3 of the Companies Act, the Company proposes the preliminary election of one (1) substitute Audit & Supervisory Board Member.

The Company has obtained the consent of the Audit & Supervisory Board with respect to this proposal.

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

Name (Date of birth)	Past experience, positions and responsibilities, and significant concurrent positions	Number of shares of the Company held	
Akihiro Igawa (September 16, 1963)	October 1998	Joined Kabushiki Kaisha Shinpatsu Sunrise	200
	February 2003	Joined the Company	
	February 2008	General Manager of Kikuyo Office of the Company	
	May 2015	In charge of Safety & Health of WORLD INTEC CO., LTD.	
	March 2017	General Manager of Safety & Health Office of WORLD INTEC CO., LTD. (to present)	
April 2020	General Manager of Safety & Health Office of the Company (to present)		
<b>Reasons for nomination as a candidate for Audit and Supervisory Board member</b>			
Mr. Akihiro Igawa is in charge of the business office and is responsible for the Group's health and safety department. He thus has knowledge and experience with business operation. The Company has therefore nominated him as a candidate for substitute Audit & Supervisory Board member, believing that he is the right person for appropriately auditing business execution from an objective and fair standpoint.			

Note: The candidate for substitute Audit & Supervisory Board member has no special conflicts of interest with the Company.

#### **Proposal 4: Revision of Compensation for Directors**

At the 14th Ordinary General Meeting of Shareholders held on March 22, 2007, a resolution was approved to limit the amount of remuneration for Directors to 200 million yen per year, and this amount has remained unchanged to date. However, in consideration of various circumstances, including subsequent changes in economic conditions, the Company proposes to change the amount of remuneration for Directors to no more than 500 million yen per year (including 50 million yen for Outside Directors). The amount of remuneration does not include the employee salaries of Directors who serve concurrently as employees.

This proposal was determined by the Board of Directors after consultation and report to the Nomination and Compensation Advisory Committee, taking into consideration the Company's business scale, executive compensation system and its payment level, the current number of executives and future prospects, and other factors, is judged to be appropriate.

Information about the Company's policy for determining remuneration of individual directors is on the page 23 of the business report.

Currently, there are 15 Directors (including eight Outside Directors). If Proposal 1 is approved as proposed, there will be 15 Directors (including eight Outside Directors).

## **Proposal 5: Issuance of Stock Acquisition Rights as Tax-qualified Stock Options**

Pursuant to the provisions of Articles 236, 238 and 239 of the Companies Act, the Company proposes approval to give the directors the authority to determine the terms of stock acquisition rights, issued as tax-qualified stock options, to be distributed to directors (excluding outside directors) of the Company and its subsidiaries and employees of the Company and its subsidiaries.

### **I. Reason for the need to grant stock options with favorable terms**

The stock options are to be granted for the purposes of motivating directors (excluding outside directors) of the Company and its subsidiaries and employees of the Company and its subsidiaries to increase consolidated sales and earnings of the Group as a whole, improving the ability to recruit skilled people, and contributing to the growth of corporate value.

### **II. Recipients of the stock options**

Directors (excluding outside directors) of the Company and its subsidiaries and employees of the Company and its subsidiaries

### **III. Need for determining the maximum number of and payment for the stock options with terms that can be determined based on items approved at the shareholders meeting**

#### **1. Maximum number of stock options with terms that can be determined based on the proposal to be submitted at the shareholders meeting**

The maximum number of stock options is 3,000 as stated in the following item IV.

The maximum number of shares to be issued upon exercise of the stock options allocated to directors (excluding outside directors) is 1,000.

The maximum number of shares of the Company's common stock that can be granted due to the exercise of the stock options is 300,000, including a maximum of 100,000 shares for stock options exercised by directors (excluding outside directors). If the number of shares granted is adjusted (defined below) as explained in the following item IV 1., the new maximum will be the number of shares granted after adjustment multiplied by the maximum number of stock options.

#### **2. No payment is required for the stock options with terms that can be determined based on the proposal to be submitted at the shareholders meeting**

### **IV. Stock option terms that can be determined based on the proposal to be submitted at the shareholders meeting**

#### **1. Class and number of shares to be issued upon exercise of the stock options**

The class of the shares to be issued upon exercise of the stock options is common stock of the Company, and the number of shares to be issued upon exercise of the stock options is 100 shares for each stock option.

The number of shares granted will be adjusted using the following formula if, after the conclusion of the shareholders meeting, the Company conducts a common stock split (including gratis allocations of common stock of the Company, the same applied hereafter) or a stock consolidation. Any fraction of less than one share resulting from the adjustment is discarded.

$$\text{Number of shares granted after adjustment} = \text{Number of shares granted before adjustment} \times \text{Ratio of stock split or stock consolidation}$$

Furthermore, after the conclusion of the shareholders meeting, if the Company merges with another company or conducts a divestiture or if there are any other similar events that require an adjustment of the number of shares granted, the Company will perform this adjustment in an appropriate manner within reasonable limits.

When the number of shares granted is adjusted, the Company must notify every holder of the stock options in the register of stock options or make a public announcement, of the required items by no later than the day before the adjusted number of shares granted becomes effective. However, if the Company is unable to perform this notification or public announcement by this day, a notice or public announcement must be conducted promptly afterward.

#### **2. Value of assets to be contributed upon the exercise of the stock options**

The value of assets to be contributed when a stock option is exercised is the number of shares granted multiplied by the amount paid per share (the "exercise price").

The exercise price is the higher of (1) 1.05 multiplied by the average closing price for ordinary trading of the Company's common stock on the Tokyo Stock Exchange for every trading day (except days when the



Company's stock was not traded) in the month prior to the month of the day the stock options were allocated with any fraction of one yen rounded up or (2) the closing price on the day the stock options were allocated (or the nearest prior closing price if the Company's stock was not traded on the allocation day). However, the exercise price is subject to adjustments as prescribed in the following item 3.

3. Adjustment of the exercise price

If the Company takes an action concerning its common stock described in the following items 1 or 2 on or after the day the stock options are allocated, the adjustment price will be adjusted by using the following applicable exercise price adjustment formula. Any fraction of less than one yen is rounded up.

1) Stock split or stock consolidation

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

2) Issuance of stock or disposal of treasury shares at a price below the market price

(excludes the sale of treasury shares in accordance with Article 194 of the Companies Act (demand for sale of number of shares less than one unit by a shareholder holding less than one unit) and excluding the conversion of securities that are or can be converted into the Company's common stock or the exercise of stock options (including stock options attached to bonds) with the right to receive the Company's common stock)

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

i. In this formula, the number of issued shares is the number of shares of common stock issued after deducting common stock held as treasury shares.

ii. If treasury shares are used for the stock distributed when a stock option is exercised, the number of newly issued shares in this formula is instead the number of treasury shares used.

4. Exercise period

The exercise period begins on the first day of the month following the month two years after the month of the day of the stock allocation and ends on March 22, 2034.

5. Conditions for exercising the stock options

When a stock option is exercised, the holder of the stock option must be a director or employee of the Company or any of its subsidiaries. However, former directors of the Company or a subsidiary who left because they reached the end of their term of office and former employees of the Company or a subsidiary who left because they reached the mandatory retirement age are exempt from this requirement.

6. Matters pertaining to capital stock and legal capital surplus that would increase upon stock issuance by the exercise of the stock options

(1) The increase in capital stock when new shares are issued upon the exercise of stock options is 50% of the maximum limit of a capital increase as calculated in accordance with Article 17, Paragraph 1 of the Corporate Accounting Rules. Any fraction of less than one yen arising from the calculation will be rounded up.

(2) The increase in legal capital surplus when new shares are issued upon exercise of the stock options is the maximum increase in capital in item (1) above less the increase in capital stock as stipulated in item (1) above.

7. Restrictions on the transfer of stock options

Transfers of ownership of stock options require the prior approval of the Company's Board of Directors.

8. Conditions for the Company to acquire the stock options

(1) When a stock option holder is no longer qualified to exercise a stock option due to the provisions of the item 5 above, the Company can acquire that individual's stock options without compensation.

(2) If the shareholders of the Company approve a proposal for a merger in which the Company is dissolved, a proposal for an approval of a company split agreement or an incorporation-type company split plan under which the Company is the splitting company, a contract for an exchange of stock that makes the Company a wholly owned subsidiary or a proposal for a stock transfer plan, the Company can acquire the

stock options without compensation.

9. Other terms for the stock options will be determined separately by resolutions of the Company's Board of Directors.
10. Policy for determining terms for distribution of stock options of the restructured company following a reorganization

If the Company conducts a merger (only when the Company becomes a dissolving company), absorption-type or incorporation-type company split (in either type, only when the Company becomes a splitting company), or a share exchange or transfer (in either case, only when the Company becomes a wholly owned subsidiary) (the "corporate reorganization"), the Company will grant the stock options of the stock company described in Article 236, Paragraph 1, Item 8 (a) to (e) of the Companies Act (the "restructured company"), as appropriate, to any stock option holders who hold the remaining stock options immediately before the date of the implementation of the corporate reorganization (the effective date of the absorption-type merger in the case of an absorption-type merger, the date of establishment of the company established by a consolidation-type merger in the case of a consolidation-type merger, the effective date of the absorption-type company split in the case of an absorption-type company split, the date of establishment of the splitting company in the case of an incorporation-type company split, the effective date of the share exchange in the case of a share exchange, or the date of establishment of the wholly-owning parent company upon the share transfer in the case of a share transfer; the same applies hereinafter), as appropriate, only to the extent that the absorption-type merger agreement, consolidation-type merger agreement, absorption-type company split agreement, incorporation-type company split plan, share exchange agreement, or share transfer plan provided for the issuance of the stock options of the restructured company according to the provisions of the respective items below:

- (1) Number of stock options of the restructured company to be issued  
The same number as the remaining stock options held by the stock option holders.
  - (2) Class of shares of the restructured company for the stock options of the restructured company  
Common shares of the restructured company.
  - (3) Number of shares of the restructured company for the stock options of the restructured company  
Will be determined in accordance with the provisions of item 1 above, taking into consideration the terms for the corporate reorganization and any other related matters.
  - (4) Value of assets to be contributed upon the exercise of the stock options  
The value of assets to be contributed upon the exercise of the respective stock options issued by the restructured company is the amount obtained by multiplying the amount paid in after the restructuring, which is obtained by adjusting the exercise price described in item 2 above by the number of shares of the restructured company for the stock options of the restructured company, which is determined according to item (3) above, taking into consideration the terms for the corporate reorganization and any other related matters.
  - (5) Exercise period  
The period starts from either the first date of the exercise period in item 4 above or the effective date of the corporate reorganization, whichever comes later, and expire upon the date of expiration of the exercise period in item 4 above.
  - (6) Matters pertaining to capital stock and legal capital surplus that would increase upon stock issuance by the exercise of stock options  
Will be determined in accordance with the provisions of item 6 above.
  - (7) Restrictions on the transfer of stock options  
Transfers of ownership of stock options require the prior approval of the Board of Directors of the restructured company.
  - (8) Conditions to acquire the stock options  
Will be determined in accordance with the provisions of item 8 above.
  - (9) Other conditions for the exercise of stock options  
Will be determined in accordance with the provisions of item 5 above and item 12 below.
11. Agreement on fractions of one share resulting from the exercise of stock options  
Any fraction of one share included in the shares issued to the stock option holders who exercise their stock options is discarded.
  12. Other conditions for the exercise of stock options  
If a stock option holder forfeits the right to exercise a stock option, the holder can no longer exercise the right.

## **Proposal 6: Issuance of Stock Acquisition Rights as Non-tax-qualified Stock Options**

Pursuant to the provisions of Articles 236, 238 and 239 of the Companies Act, the Company proposes approval to give the directors the authority to determine the terms of stock acquisition rights, issued as non-tax-qualified stock options, to be distributed to directors (excluding outside directors) of the Company.

### **I. Reason for the need to grant stock options with favorable terms**

The stock options are to be granted for the purposes of motivating directors (excluding outside directors) of the Company to increase consolidated sales and earnings of the Group as a whole, and contributing to the growth of corporate value.

### **II. Recipients of the stock options**

Directors (excluding outside directors) of the Company

### **III. Need for determining the maximum number of and payment for the stock options with terms that can be determined based on items approved at the shareholders meeting**

#### **1. Maximum number of stock options with terms that can be determined based on the proposal to be submitted at the shareholders meeting**

The maximum number of stock options is 3,000 as stated in the following item IV.

The maximum number of shares of the Company's common stock that can be granted due to the exercise of the stock options is 300,000. If the number of shares granted is adjusted (defined below) as explained in the following item IV 1., the new maximum will be the number of shares granted after adjustment multiplied by the maximum number of stock options.

#### **2. No payment is required for the stock options with terms that can be determined based on the proposal to be submitted at the shareholders meeting**

### **IV. Stock option terms that can be determined based on the proposal to be submitted at the shareholders meeting**

#### **1. Class and number of shares to be issued upon exercise of the stock options**

The class of the shares to be issued upon exercise of the stock options is common stock of the Company, and the number of shares to be issued upon exercise of the stock options is 100 shares for each stock option.

The number of shares granted will be adjusted using the following formula if, after the conclusion of the shareholders meeting, the Company conducts a common stock split (including gratis allocations of common stock of the Company, the same applied hereafter) or a stock consolidation. Any fraction of less than one share resulting from the adjustment is discarded.

$$\text{Number of shares granted after adjustment} = \frac{\text{Number of shares granted before adjustment}}{\text{Ratio of stock split or stock consolidation}} \times \text{Ratio of stock split or stock consolidation}$$

Furthermore, after the conclusion of the shareholders meeting, if the Company merges with another company or conducts a divestiture or if there are any other similar events that require an adjustment of the number of shares granted, the Company will perform this adjustment in an appropriate manner within reasonable limits.

When the number of shares granted is adjusted, the Company must notify every holder of the stock options in the register of stock options or make a public announcement, of the required items by no later than the day before the adjusted number of shares granted becomes effective. However, if the Company is unable to perform this notification or public announcement by this day, a notice or public announcement must be conducted promptly afterward.

#### **2. Value of assets to be contributed upon the exercise of the stock options**

The value of assets to be contributed when a stock option is exercised is the number of shares granted multiplied by the amount paid per share (the "exercise price").

The exercise price is the higher of (1) 1.05 multiplied by the average closing price for ordinary trading of the Company's common stock on the Tokyo Stock Exchange for every trading day (except days when the Company's stock was not traded) in the month prior to the month of the day the stock options were allocated with any fraction of one yen rounded up or (2) the closing price on the day the stock options were allocated (or the nearest prior closing price if the Company's stock was not traded on the allocation day). However, the exercise price is subject to adjustments as prescribed in the following item 3.

#### **3. Adjustment of the exercise price**

If the Company takes an action concerning its common stock described in the following items 1 or 2 on or after

the day the stock options are allocated, the adjustment price will be adjusted by using the following applicable exercise price adjustment formula. Any fraction of less than one yen is rounded up.

1) Stock split or stock consolidation

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

2) Issuance of stock or disposal of treasury shares at a price below the market price

(excludes the sale of treasury shares in accordance with Article 194 of the Companies Act (demand for sale of number of shares less than one unit by a shareholder holding less than one unit) and excluding the conversion of securities that are or can be converted into the Company's common stock or the exercise of stock options (including stock options attached to bonds) with the right to receive the Company's common stock)

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

i. In this formula, the number of issued shares is the number of shares of common stock issued after deducting common stock held as treasury shares.

ii. If treasury shares are used for the stock distributed when a stock option is exercised, the number of newly issued shares in this formula is instead the number of treasury shares used.

4. Exercise period

10 years from the allocation date

5. Conditions for exercising the stock options

When a stock option is exercised, the holder of the stock option must be a director the Company or any of its subsidiaries. However, former directors of the Company who left because they reached the end of their term of office are exempt from this requirement.

6. Matters pertaining to capital stock and legal capital surplus that would increase upon stock issuance by the exercise of the stock options

(1) The increase in capital stock when new shares are issued upon the exercise of stock options is 50% of the maximum limit of a capital increase as calculated in accordance with Article 17, Paragraph 1 of the Corporate Accounting Rules. Any fraction of less than one yen arising from the calculation will be rounded up.

(2) The increase in legal capital surplus when new shares are issued upon exercise of the stock options is the maximum increase in capital in item (1) above less the increase in capital stock as stipulated in item (1) above.

7. Restrictions on the transfer of stock options

Transfers of ownership of stock options require the prior approval of the Company's Board of Directors.

8. Conditions for the Company to acquire the stock options

(1) When a stock option holder is no longer qualified to exercise a stock option due to the provisions of the item 5 above, the Company can acquire that individual's stock options without compensation.

(2) If the shareholders of the Company approve a proposal for a merger in which the Company is dissolved, a proposal for an approval of a company split agreement or an incorporation-type company split plan under which the Company is the splitting company, a contract for an exchange of stock that makes the Company a wholly owned subsidiary or a proposal for a stock transfer plan, the Company can acquire the stock options without compensation.

9. Other terms for the stock options will be determined separately by resolutions of the Company's Board of Directors.

10. Policy for determining terms for distribution of stock options of the restructured company following a reorganization

If the Company conducts a merger (only when the Company becomes a dissolving company), absorption-type or incorporation-type company split (in either type, only when the Company becomes a splitting company), or a share exchange or transfer (in either case, only when the Company becomes a wholly owned subsidiary) (the

“corporate reorganization”), the Company will grant the stock options of the stock company described in Article 236, Paragraph 1, Item 8 (a) to (e) of the Companies Act (the “restructured company”), as appropriate, to any stock option holders who hold the remaining stock options immediately before the date of the implementation of the corporate reorganization (the effective date of the absorption-type merger in the case of an absorption-type merger, the date of establishment of the company established by a consolidation-type merger in the case of a consolidation-type merger, the effective date of the absorption-type company split in the case of an absorption-type company split, the date of establishment of the splitting company in the case of an incorporation-type company split, the effective date of the share exchange in the case of a share exchange, or the date of establishment of the wholly-owning parent company upon the share transfer in the case of a share transfer; the same applies hereinafter), as appropriate, only to the extent that the absorption-type merger agreement, consolidation-type merger agreement, absorption-type company split agreement, incorporation-type company split plan, share exchange agreement, or share transfer plan provided for the issuance of the stock options of the restructured company according to the provisions of the respective items below:

- (1) Number of stock options of the restructured company to be issued  
The same number as the remaining stock options held by the stock option holders.
  - (2) Class of shares of the restructured company for the stock options of the restructured company  
Common shares of the restructured company.
  - (3) Number of shares of the restructured company for the stock options of the restructured company  
Will be determined in accordance with the provisions of item 1 above, taking into consideration the terms for the corporate reorganization and any other related matters.
  - (4) Value of assets to be contributed upon the exercise of the stock options  
The value of assets to be contributed upon the exercise of the respective stock options issued by the restructured company is the amount obtained by multiplying the amount paid in after the restructuring, which is obtained by adjusting the exercise price described in item 2 above by the number of shares of the restructured company for the stock options of the restructured company, which is determined according to item (3) above, taking into consideration the terms for the corporate reorganization and any other related matters.
  - (5) Exercise period  
The period starts from either the first date of the exercise period in item 4 above or the effective date of the corporate reorganization, whichever comes later, and expire upon the date of expiration of the exercise period in item 4 above.
  - (6) Matters pertaining to capital stock and legal capital surplus that would increase upon stock issuance by the exercise of stock options  
Will be determined in accordance with the provisions of item 6 above.
  - (7) Restrictions on the transfer of stock options  
Transfers of ownership of stock options require the prior approval of the Board of Directors of the restructured company.
  - (8) Conditions to acquire the stock options  
Will be determined in accordance with the provisions of item 8 above.
  - (9) Other conditions for the exercise of stock options  
Will be determined in accordance with the provisions of item 5 above and item 12 below.
11. Agreement on fractions of one share resulting from the exercise of stock options  
Any fraction of one share included in the shares issued to the stock option holders who exercise their stock options is discarded.
12. Other conditions for the exercise of stock options  
If a stock option holder forfeits the right to exercise a stock option, the holder can no longer exercise the right.

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