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## **Notice Concerning Introduction of Restricted Shares Remuneration System**

As separately disclosed in the “Decision on the Transition to a Company with an Audit & Supervisory Committee” dated March 16, 2022 and the “Notice Concerning Partial Amendments to the Company's Articles of Incorporation” dated May 13, 2022, the Company has decided to make the transition to a Company with an Audit & Supervisory Committee on the condition that approval is obtained at the 23rd Annual General Meeting of Shareholders (hereinafter referred to as “the General Meeting of Shareholders”) scheduled to be held on June 21, 2022.

In line with this, the officers’ remuneration system was reviewed, and we resolved to introduce the remuneration system for restricted shares (hereinafter referred to as “the system”) at the Board of Directors meeting held today, and to submit a proposal regarding the system to the General Meeting of Shareholders. Details are as follows.

### 1. Purpose and Conditions of Introduction of the System

#### (1) Purpose of introduction

The system applies to directors who are not an Audit & Supervisory Committee member of the Company (excluding outside directors, hereinafter referred to as the “target director.”). The purpose of this system is to provide an incentive to continuously improve the corporate value of the Company and to promote further sharing of value with shareholders.

#### (2) Conditions for introduction

Since the system is to grant restricted shares as a remuneration, etc., of directors to the target director or to provide cash remuneration credits as a remuneration for granting restricted shares, the introduction of the system is subject to the approval of shareholders for the provision of such remuneration in the General Meeting of Shareholders.

At the 18th Annual General Meeting of Shareholders held on June 23, 2017, the amount of remuneration, etc., for directors of the Company was 360 million yen or less per year (including 36 million yen for outside directors) (however, this does not include salaries for employees of directors that also serve an employee.) Separately, at the 22nd Annual General Meeting of Shareholders held on June 22, 2021, it was approved that share acquisition rights, which is a share-based compensation type stock option to be exercised at the time of retirement, will be allotted to directors (excluding outside directors) in amounts not exceeding 36 million yen per year.

In line with the transition to a Company with an Audit & Supervisory Committee system in the General Meeting of Shareholders, the Company plans to submit a proposal regarding the amount of remuneration, etc., of directors who are not Audit & Supervisory Committee members, and directors who are Audit & Supervisory Committee members, respectively, and to request the approval of its shareholders for the

establishment of the remuneration limit pertaining to the system for the target director separately from such remuneration limit.

On the condition that the proposal relating to the system is approved and passed in the General Meeting of Shareholders, the Company will abolish the stock option plan for directors except for those already granted and will not issue new share acquisition rights as stock options for directors in the future.

## 2. Outline of the System

The granting of restricted shares under the system shall be carried out either (i) as remuneration etc. to directors by issuing or disposing of common shares of the Company, without requiring payment by cash or delivery of property, or (ii) by issuing cash remuneration claims to the target director and having the cash remuneration claims contribute in kind and issuing or disposing of the Company's common shares.

The total number of common shares of the Company to be issued or disposed of under the system shall be no more than 50,000 shares per year, and the total amount of remuneration shall be no more than 36 million yen per year, separately from the cash remuneration limit (however, should the total number of issued shares of the Company change due to consolidation of shares or split of shares (including allotment of shares without contribution), the maximum number shall be adjusted according to the ratio.)

In addition, if the Company issues or disposes of its common shares by the method described in (ii) above, the amount to be paid per share shall be determined in the Board of Directors based on the closing price of the Company's common shares on the Tokyo Stock Exchange on the business day prior to the Board of Directors resolution day pertaining to the issuance or disposal (if no transaction is made on that day, the closing price on the immediately preceding trading day) to the extent that it is not particularly advantageous to the target director.

In order to realize the sharing of shareholders' value over the medium to long term, which is one of the purposes of introducing the system, the transfer restriction period shall be the period from the date of delivery of the restricted shares to the date on which the target director resigns or retires from the position specified by the Company's director or other Board of Directors. The specific timing of payment and allocation to each target director will be determined by Board of Directors of the Company.

With respect to the grant of restricted shares under the system, the Company and the target director shall enter into an agreement for allotment of restricted shares (hereinafter referred to as the "Allotment Agreement"). The contents thereof shall include the following matters:

- i the target director may not transfer, create a security interest, or otherwise dispose of the shares during the period from the date of delivery of the restricted shares to the date when the target director resigns or retires from the position specified by the Company's director or other Board of Directors
- ii in the event of violation of laws and regulations, internal rules, or the Allotment Agreement, or any other event stipulated in the Board of Directors of the Company as one for which it is reasonable to acquire such shares without compensation, to acquire such shares without compensation as a matter of course

### (Reference)

As announced in the "Notice Regarding Disposal of Treasury Shares as Restricted Shares for Executive Officer and Certain Employees" dated the same day, restricted shares will also be granted to executive officers and certain employees of the Company.