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(Stock Exchange Code 4047)
June 10, 2020

To Shareholders with Voting Rights:

Jun'ichi Hasegawa
President
Kanto Denka Kogyo Co., Ltd.
3-2, Marunouchi 2-chome, Chiyoda-ku,
Tokyo, Japan

**NOTICE OF
THE 113TH ORDINARY GENERAL MEETING OF SHAREHOLDERS**

Dear Shareholders:

We would like to express our appreciation for your continued support and patronage.

We are pleased to inform you that we will hold the 113th Ordinary General Meeting of Shareholders of Kanto Denka Kogyo Co., Ltd. (the "Company") as described below.

If you are unable to attend the meeting, you can exercise your voting rights in writing. Please review the attached Reference Documents for the General Meeting of Shareholders, indicate your vote for or against the proposals on the enclosed Voting Rights Exercise Form and return it so that it is received by 5:30 p.m. on Thursday, June 25, 2020, Japan time.

- 1. Date and Time:** Friday, June 26, 2020, at 10:00 a.m. Japan time
- 2. Place:** 5F Conference Room, Headquarters of the Company
Yusen Building 3-2, Marunouchi 2-chome, Chiyoda-ku, Tokyo, Japan
- 3. Meeting Agenda:**
- Matters to be reported:**
1. The Business Report, Consolidated Financial Statements for the Company's 113th Fiscal Year (April 1, 2019–March 31, 2020) and results of audits by the Accounting Auditor and the Audit & Supervisory Board of the Consolidated Financial Statements
 2. Non-consolidated Financial Statements for the Company's 113th Fiscal Year (April 1, 2019–March 31, 2020)
- Proposals to be resolved:**
- Proposal 1:** Election of 9 Directors
- Proposal 2:** Election of 4 Auditors
- Proposal 3:** Election of 1 Substitute Auditor
- Proposal 4:** Determination of the Amount and Details of Stock-based Remuneration, etc. for Directors

1. When attending the meeting, please submit the enclosed Voting Rights Exercise Form at the reception desk.
2. On the day of the meeting, the Company will adopt "Cool Biz" attire. Shareholders are also encouraged to attend the meeting in light clothing.
3. Based on the provisions of laws and regulations as well as Article 14 of the Company's Articles of Incorporation, among the documents that should be provided along with this Notice, as the "Notes to the Consolidated Financial Statements" in the Consolidated Financial Statements and the "Notes to the Non-consolidated Financial Statements" in the Non-consolidated Financial Statements are posted on the Company's website (<https://www.kantodenka.co.jp/>), they are not included in this Notice. The above documents are, along with the other documents provided in this Notice, within the scope of audits of the Accounting Auditor and Auditors.

4. Should the Reference Documents for the General Meeting of Shareholders, the Business Report, the Consolidated Financial Statements and the Non-consolidated Financial Statements require revisions, the revised versions will be posted on the Company's website (<https://www.kantodenka.co.jp/>).

Reference Documents for the General Meeting of Shareholders

Proposals and References

Proposal 1: Election of 9 Directors

The terms of office of all 9 Directors will expire at the conclusion of this year's Ordinary General Meeting of Shareholders. Accordingly, the Company proposes the election of 9 Directors (including 3 Outside Directors).

The candidates for Director are as follows:

| No. | Name (Date of birth) | Past experience, positions, area of responsibility and significant concurrent positions | Number of shares of the Company held |
|-----|---|---|--|
| 1 | Jun'ichi Hasegawa (November 11, 1958) Reappointment | <p>January 2000 Joined the Company</p> <p>July 2004 General Manager, Fine Chemicals Sales Dept.-II</p> <p>June 2007 Executive Officer; General Manager, Fine Chemicals Sales Dept.-II</p> <p>June 2009 Director and Executive Officer; General Manager, Sales Div.</p> <p>January 2011 Director and Executive Officer; General Manager, Sales Div.; General Manager, Fine Chemicals Sales Dept.-I</p> <p>June 2011 Director and Executive Officer of the Company; Chairman and Managing Director, Kanto Denka Kogyo (Shanghai) Co., Ltd.</p> <p>June 2015 President</p> <p>June 2019 President; General Manager, Business Div. (to present) (In charge of Internal Auditing Dept., Operations Management Dept.)</p> <p>[Reasons for nomination of the candidate for Director] The Company has nominated Jun'ichi Hasegawa as a candidate for Director because Mr. Hasegawa has long experience in the sales division and at overseas subsidiaries, experience as a Director and broad insights concerning the overall management of the Company.</p> | 32,900 |
| 2 | Fuyuhiko Ishii (December 10, 1958) Reappointment | <p>April 1981 Joined the Company</p> <p>April 2002 General Manager, Shibukawa Development Research Lab.</p> <p>June 2005 General Manager, New Products Development Promotion Dept., New Products Development Div.</p> <p>June 2007 Executive Officer; Representative Director, Kanto Denka Korea Co., Ltd.</p> <p>June 2009 Executive Officer; General Manager, Fine Chemicals Sales Dept.-II</p> <p>April 2012 Executive Officer; General Manager, Research & Marketing Management Dept., New Products Development Div.</p> <p>April 2014 Executive Officer; General Manager, Development & Marketing Dept., New Products Development Div.</p> <p>June 2015 Executive Officer; Chairman and Managing Director, Kanto Denka Kogyo (Shanghai) Co., Ltd.</p> <p>April 2017 Executive Officer; Chairman, Kanto Denka Kogyo (Shanghai) Co., Ltd.</p> <p>June 2017 Director and Executive Officer; General Manager, Technical Div.</p> <p>June 2019 Director and Managing Executive Officer; General Manager, Technical Div.; General Manager, New Products Development Div. (to present) (In charge of Purchasing Dept.)</p> <p>[Reasons for nomination of the candidate for Director] The Company has nominated Fuyuhiko Ishii as a candidate for Director because Mr. Ishii has long experience in new products development and sales divisions as well as experience as a Director of the Company, and the Company's overseas subsidiary and broad insights in the overall management of the Company.</p> | 8,700 |

| No. | Name (Date of birth) | Past experience, positions, area of responsibility and significant concurrent positions | Number of shares of the Company held |
|-----|---|---|--|
| 3 | Takeaki Yajima (April 20, 1963) Reappointment | <p>April 1987 Joined The Dai-Ichi Kangyo Bank, Ltd. (currently Mizuho Bank, Ltd.)</p> <p>March 2003 General Manager of Tottori Branch, Mizuho Bank, Ltd.</p> <p>May 2005 Deputy General Manager, Consulting Coordination Department, Mizuho Bank, Ltd.</p> <p>April 2008 Deputy General Manager, Branch Department, Mizuho Bank, Ltd.</p> <p>April 2010 General Manager, Unit No. 8 of Branch Department, Mizuho Bank, Ltd.</p> <p>April 2012 General Manager of Tachikawa Branch, Mizuho Bank, Ltd.</p> <p>April 2014 General Manager, Branch Banking Department No. 2, Mizuho Bank, Ltd.</p> <p>April 2015 General Manager, Tokyo Main Office Department No. 1, Mizuho Bank, Ltd.</p> <p>June 2018 Corporate Adviser of the Company</p> <p>June 2018 Director and Executive Officer (to present) (In charge of Corporate Planning Dept., Overseas Business Development Dept.)</p> <p>[Reasons for nomination of the candidate for Director] The Company has nominated Takeaki Yajima as a candidate for Director because Mr. Yajima has long experience at financial institutions, experience as a Director of the Company, considerable knowledge in finance and accounting and broad insights concerning the overall management of the Company.</p> | 2,300 |
| 4 | Yasunari Yamaguchi (August 1, 1965) Reappointment | <p>April 1990 Joined the Company</p> <p>April 2009 General Manager, Production Dept.-I, Shibukawa Plant</p> <p>June 2013 General Manager, Corporate Planning Dept.</p> <p>June 2015 Executive Officer; Plant Manager, Mizushima Plant</p> <p>June 2019 Director and Executive Officer; Plant Manager, Shibukawa Plant</p> <p>November 2019 Director and Executive Officer; Plant Manager, Shibukawa Plant; General Manager, Production Engineering Dept., Shibukawa Plant (to present)</p> <p>[Reasons for nomination of the candidate for Director] The Company has nominated Yasunari Yamaguchi as a candidate for Director because Mr. Yamaguchi has long experience in engineering divisions, including plant operations and corporate planning division, as well as experience as Director, and has broad insights concerning the overall management of the Company.</p> | 3,600 |

| No. | Name (Date of birth) | Past experience, positions, area of responsibility and significant concurrent positions | Number of shares of the Company held |
|-----|---|--|--|
| 5 | Kazuki Niimi (September 22, 1960) New appointment | <p>April 1984 Joined Asahi Mutual Life Insurance Company</p> <p>April 2006 General Manager, Finance Unit, Asahi Mutual Life Insurance Company</p> <p>April 2010 General Manager, Accounting Unit, Asahi Mutual Life Insurance Company</p> <p>April 2013 General Manager, Bond Management Unit, Asahi Mutual Life Insurance Company</p> <p>April 2015 General Manager, Securities Management Dept., Asahi Mutual Life Insurance Company</p> <p>April 2016 General Manager, Financial Controller Dept., Asahi Mutual Life Insurance Company</p> <p>April 2020 General Manager, in charge of Financial Controller Dept., Asahi Mutual Life Insurance Company</p> <p>June 2020 Corporate Adviser of the Company (to present)</p> <p>[Reasons for nomination of the candidate for Director] The Company has nominated Kazuki Niimi as a candidate for Director because Mr. Niimi has long experience at a financial institution, considerable knowledge in finance and accounting, and broad insights on the overall management of the Company.</p> | 0 |
| 6 | Yuki Abe (January 21, 1969) New appointment | <p>April 1991 Joined the Company</p> <p>June 2009 Representative Director, Kanto Denka Korea Co., Ltd.</p> <p>April 2012 General Manager, Fine Chemicals Sales Dept.-II, Sales Div. of the Company</p> <p>June 2018 Executive Officer; General Manager of Osaka Branch Office (to present)</p> <p>[Reasons for nomination of the candidate for Director] The Company has nominated Yuki Abe as a candidate for Director because Mr. Abe has long experience in the Sales Div. and an affiliate of the Company, as well as broad insights on the overall management of the Company.</p> | 0 |
| 7 | Hideki Matsui (July 9, 1962) Reappointment Outside | <p>April 1987 Admitted as Attorney-at-Law</p> <p>April 1987 Joined Marunouchi Sogo Law Office</p> <p>October 2006 Outside Auditor, Kanebo Cosmetics Inc.</p> <p>September 2011 Co-Representative Attorney-at-law, Marunouchi Sogo Law Office (to present)</p> <p>June 2015 Outside Director of the Company (to present)</p> <p>[Significant concurrent position] Co-Representative Attorney-at-law, Marunouchi Sogo Law Office</p> <p>[Reasons for nomination of the candidate for Outside Director] Although Hideki Matsui has not been involved in corporate management other than as an outside officer, the Company has nominated him as a candidate for Outside Director because Mr. Matsui has engaged in corporate legal affairs as an attorney-at-law for many years, and the Company expects him to utilize his experience and broad insights for the management of the Company.</p> | 0 |

| No. | Name (Date of birth) | Past experience, positions, area of responsibility and significant concurrent positions | Number of shares of the Company held |
|-----|--|---|--|
| 8 | Masaharu Sugiyama (June 20, 1954) Reappointment Outside | <p>November 1979 Joined Daiichi Audit Corporation (current Ernst & Young ShinNihon LLC)</p> <p>August 1983 Registered as Certified Public Accountant (CPA)</p> <p>May 2002 Representative Partner (current Senior Partner), Ernst & Young ShinNihon LLC</p> <p>August 2008 Councilor of Employee Council, Ernst & Young ShinNihon LLC</p> <p>August 2010 Audit Commissioner, Ernst & Young ShinNihon LLC</p> <p>August 2013 Chairman of Audit Committee, Ernst & Young ShinNihon LLC</p> <p>August 2014 Vice-Chairman of Employee Council, Ernst & Young ShinNihon LLC</p> <p>June 2016 Outside Director of the Company (to present)</p> <p>[Reasons for nomination of the candidate for Outside Director] Although he has not been involved in corporate management other than as an outside officer, the Company has nominated Masaharu Sugiyama as a candidate for Outside Director because Mr. Sugiyama has engaged in corporate accounting for many years as a Certified Public Accountant, and the Company expects him to utilize his experience and broad insights for the management of the Company.</p> | 0 |
| 9 | Hitoshi Habuka (March 25, 1957) Reappointment Outside | <p>April 1981 Joined Shin-Etsu Chemical Co., Ltd.</p> <p>March 2000 Retired from Shin-Etsu Chemical Co., Ltd.</p> <p>April 2000 Associate Professor, Department of Material Science and Chemical Engineering, Faculty of Engineering, Yokohama National University (current National University Corporation Yokohama National University)</p> <p>April 2002 Professor, Department of Chemical Engineering Science, Faculty of Engineering, National University Corporation Yokohama National University (to present)</p> <p>April 2017 Vice Dean, College of Engineering Science, National University Corporation Yokohama National University (to present)</p> <p>June 2019 Outside Director of the Company (to present)</p> <p>[Significant concurrent position] Professor, Department of Materials Science and Chemical Engineering, Faculty of Engineering, National University Corporation Yokohama National University Vice Dean, College of Engineering Science, National University Corporation Yokohama National University</p> <p>[Reasons for nomination of the candidate for Outside Director] The Company has nominated Hitoshi Habuka as a candidate for Outside Director because Dr. Habuka has worked at Shin-Etsu Chemical Co., Ltd. and has experience as an engineering advisor and guest researcher, etc. at other companies. Also, he has engaged in research and development for many years, and the Company expects him to utilize his experience and broad insights for the management of the Company.</p> | 0 |

(Notes)

1. Hideki Matsui, Masaharu Sugiyama and Hitoshi Habuka are all candidates for Outside Director and candidates for independent officer as stipulated by the rules of the Tokyo Stock Exchange.
2. Although Hideki Matsui belongs to the Marunouchi Sogo Law Office, with which the Company has a legal advisory retainer contract and to which it pays fees for legal services provided by attorneys, the Company paid only about ¥7 million for the fiscal year ended March 31, 2020, and this amount does not affect the independence of Mr. Matsui either from the Company or from the law office.
3. Although Masaharu Sugiyama belonged to Ernst & Young ShinNihon LLC, which is the Company's accounting auditor, he retired from the audit firm in June 2016. Although the Company pays compensation for audits conducted by the firm, the Company paid only ¥37 million for the fiscal year ended March 31, 2020, and this amount does not affect the independence of Mr. Sugiyama either from the Company or from the audit firm. Mr. Sugiyama has not been in charge of audits of the Company.
4. Hitoshi Habuka belongs to National University Corporation Yokohama National University, with which the Company has concluded a joint research agreement. Although the Company makes donations to the said university, the amount of donations was only ¥1 million for the fiscal year ended March 31, 2020, and this amount does not affect the independence of Mr. Habuka either from the Company or from the university.
5. The Company has an agreement with Hideki Matsui, Masaharu Sugiyama and Hitoshi Habuka to limit their liability as Outside Director on the basis of the provisions of Article 427, Paragraph 1, of the Companies Act with the liability limit set forth in the relevant law. In case Mr. Matsui, Mr. Sugiyama, and Mr. Habuka are elected as Outside Directors and assume office as such, the Company plans to continue to enter into a similar agreement with them.
6. The term of office of Hideki Matsui, Masaharu Sugiyama, and Hitoshi Habuka as Outside Directors of the Company upon the conclusion of this General Meeting of Shareholders will be five years, four years, and one year, respectively.

Proposal 2: Election of 4 Auditors

The terms of office of all 4 Auditors will expire at the conclusion of this year's Ordinary General Meeting of Shareholders. Accordingly, the Company proposes the election of 4 Auditors.

The candidate for Auditor is as follows. The Audit & Supervisory Board has previously given its approval to this proposal.

| No | Name (Date of birth) | Past experience, positions, and significant concurrent positions | Number of shares of the Company held |
|----|--|--|--|
| 1 | Takashi Suzuki (December 2, 1952) Reappointment | <p>April 1976 Joined the Company</p> <p>October 2002 General Manager, Production Dept.-II, Shibukawa Plant</p> <p>July 2005 General Manager, Production Quality Control Dept., Technical Div.</p> <p>June 2006 Deputy General Manager, and General Manager, Production Dept.-III, Shibukawa Plant</p> <p>June 2007 Executive Officer; Deputy General Manager, and General Manager, Production Dept.-III, Shibukawa Plant</p> <p>October 2008 Executive Officer; Deputy General Manager, General Manager, Production Dept.-III, and General Manager, Production Engineering Dept., Shibukawa Plant</p> <p>April 2009 Executive Officer; Vice Plant Manager, Shibukawa Plant</p> <p>June 2009 Executive Officer; Plant Manager, Shibukawa Plant</p> <p>June 2011 Director and Executive Officer; Plant Manager, Shibukawa Plant</p> <p>June 2013 Director and Managing Executive Officer; General Manager, Technical Div.</p> <p>April 2014 Director and Managing Executive Officer; General Manager, Technical Div.; General Manager, New Products Development Div.</p> <p>June 2015 Corporate Adviser of the Company; Representative Director and President of KANDEN KOSAN CO., LTD.</p> <p>June 2019 Full-time Auditor of the Company (to present)</p> <p>[Reasons for nomination of the candidate for Auditor] The Company has nominated Takashi Suzuki as a candidate for Auditor because Mr. Suzuki has long experience in the engineering division, including plant operations, research and development division as well as in the Company's subsidiary, and he also has experience as a Director and as an Auditor of the Company and broad insights in the overall management of the Company.</p> | 24,500 |
| 2 | Kunihiko Uramoto (August 24, 1959) Reappointment | <p>April 1982 Joined Asahi Mutual Life Insurance Co.</p> <p>December 2002 Joined the Company</p> <p>April 2008 General Manager, Personnel & General Affairs Dept.</p> <p>June 2011 Executive Officer; General Manager, Personnel & General Affairs Dept.</p> <p>June 2017 Senior Executive Officer; General Manager, Legal & General Affairs Dept.</p> <p>June 2018 Full-time Auditor (to present)</p> <p>[Reasons for nomination of the candidate for Auditor] The Company has nominated Kunihiko Uramoto as a candidate for Auditor because Mr. Uramoto has long experience at the personnel and legal & general affairs divisions (including investor relations) of the Company, experience as an Auditor of the Company, considerable knowledge in finance, accounting, and legal affairs, and broad insights in the overall management of the Company.</p> | 10,100 |

| No | Name (Date of birth) | Past experience, positions, and significant concurrent positions | Number of shares of the Company held |
|----|---|--|--|
| 3 | Naozumi Furukawa (December 22, 1944) Reappointment Outside | <p>April 1967 Joined Zeon Corporation June 1997 Director, Zeon Corporation June 1999 Senior Director, Zeon Corporation June 2001 Executive Director, Zeon Corporation June 2002 Chief Executive Director, Zeon Corporation June 2003 President and Chief Executive Officer, Zeon Corporation June 2006 Outside Auditor, The Yokohama Rubber Co., Ltd. June 2013 Chairman, Zeon Corporation (to present) March 2014 Outside Director, The Yokohama Rubber Co., Ltd. June 2015 Outside Auditor of the Company (to present)</p> <p>[Significant concurrent positions] Chairman, Zeon Corporation</p> <p>[Reasons for nomination of the candidate for Outside Auditor] The Company has nominated Naozumi Furukawa as Outside Auditor because Mr. Furukawa has engaged in the management of chemical manufacturers for many years and the Company expects Mr. Furukawa to utilize his experience and broad insights for the Company's audits.</p> | 0 |
| 4 | Kenichi Ikeda (December 23, 1962) New appointment Outside | <p>April 1986 Joined Asahi Mutual Life Insurance Company April 2011 General Manager, Insurance Unit, Office & System Management Div., Asahi Mutual Life Insurance Company April 2014 General Manager, Product Development Unit, Sales Planning Dept., Asahi Mutual Life Insurance Company April 2015 General Manager, Product Development Dept., Asahi Mutual Life Insurance Company April 2016 General Manager, Sales Planning Dept., Asahi Mutual Life Insurance Company April 2017 Executive Officer (In charge of Sales Planning Dept. and Product Development Dept.), Asahi Mutual Life Insurance Company April 2019 Executive Officer (In charge of Sales Planning Dept., Marketing Div., and Product Development Dept.), Asahi Mutual Life Insurance Company April 2020 Executive Officer (In charge of Risk Management Div. and Compliance Div.), Asahi Mutual Life Insurance Company (to present)</p> <p>[[Significant concurrent positions] Executive Officer, Asahi Mutual Life Insurance Company</p> <p>[Reasons for nomination of the candidate for Outside Auditor] The Company has nominated Kenichi Ikeda as a candidate for Outside Auditor because Mr. Ikeda has long experience at a financial institution and broad insights, which are expected to be utilized for the Company' audit.</p> | 0 |

(Notes)

1. Naozumi Furukawa and Kenichi Ikeda are both candidates for Outside Auditor and candidates for independent officer as stipulated by the rules of the Tokyo Stock Exchange.
2. The Company has an agreement with Naozumi Furukawa to limit his liability as Outside Auditor on the basis of the provisions of Article 427, Paragraph 1, of the Companies Act with the liability limit set forth in the relevant law. In case Mr. Furukawa is elected as Outside Auditor and assumes office as such, the Company plans to continue to enter into the same agreement with him. In addition, in case Kenichi Ikeda is elected as Outside Auditor and assumes office as such, the Company plans to enter into an agreement with Mr. Ikeda to limit his liability as Outside Auditor on the basis of the provisions of Article 427, Paragraph 1, of the Companies Act with the liability limit set forth in the relevant law.
3. The term of office of Naozumi Furukawa as Outside Auditor of the Company upon the conclusion of this General Meeting of Shareholders is five years.

Proposal 3: Election of 1 Substitute Auditor

The effective term of Substitute Auditor Naotaka Kawamata, who was elected at the 109th Ordinary General Meeting of Shareholders held on June 29, 2016, will expire at the beginning of this year's Ordinary General Meeting of Shareholders. Accordingly, to prepare for the case where the number of Auditors of the Company becomes insufficient in light of the legally stipulated number, the election of 1 Substitute Auditor is proposed.

Pursuant to Article 31 of the Company's Articles of Incorporation, this election shall be effective until the beginning of the ordinary general meeting of shareholders concerning the last business year that ends within four years after the election. The effectiveness of this election shall be able to be revoked only before the assumption of office by resolution of the Board of Directors with the approval of the Audit & Supervisory Board.

The candidate for Substitute Auditor is as follows. The Audit & Supervisory Board has previously given its approval to this proposal.

| Name (Date of birth) | Past experience, positions, and significant concurrent positions | Number of shares of the Company held |
|-----------------------------------|---|--|
| Naotaka Kawamata (May 1, 1965) | April 1994 Registered as Attorney-at-law April 1994 Joined Marunouchi Sogo Law Office April 2015 Practicing-Attorney-Professor for civil advocacy, the Legal Training and Research Institute of the Supreme Court of Japan June 2016 Outside Director, Torex Semiconductor Ltd. (to present) June 2017 Outside Director, Nippon Flour Mills Co., Ltd. (to present) November 2019 Member of the National Bar Examination Commission (Civil Code) (to present) [Significant concurrent positions] Attorney-at-law, Marunouchi Sogo Law Office Outside Director, Torex Semiconductor Ltd. Outside Director, Nippon Flour Mills Co., Ltd. Member of the National Bar Examination Commission (Civil Code) [Reasons for nomination of the candidate for Substitute Outside Auditor] The Company has nominated Naotaka Kawamata as a candidate for Substitute Outside Auditor because Mr. Kawamata possesses specialized knowledge and experience as an attorney-at-law and is adept in corporate legal affairs. | 0 |

(Notes)

1. Although Naotaka Kawamata belongs to the Marunouchi Sogo Law Office, with which the Company has a legal advisory retainer contract and to which it pays fees for legal services provided by attorneys, the Company paid only about ¥7 million for the fiscal year ended March 31, 2020, and this amount does not affect the independence of Mr. Kawamata either from the Company or from the law office.
2. Naotaka Kawamata is a candidate for Substitute Outside Auditor.
3. In the case when the number of Auditors of the Company becomes insufficient in light of the legally stipulated number and Mr. Kawamata assumes office as an Outside Auditor, the Company plans to enter into an agreement with Mr. Kawamata to limit his liability as Outside Auditor on the basis of the provisions of Article 427, Paragraph 1, of the Companies Act with the liability limit set forth in the relevant law.

Proposal 4: Determination of the Amount and Details of Stock-based Remuneration, etc. for Directors

1. Reasons for proposal and the reason why the remuneration plan is considered appropriate

The remuneration for Directors of the Company consists of fixed remuneration and performance-linked compensation (bonuses). The Company seeks approvals in this Proposal to newly introduce a stock-based remuneration plan (hereinafter, the “Plan”) for eligible Directors (excluding Outside Directors as stated hereinafter). The Company requests our shareholders that the details of the Plan be left to the discretion of its Board of Directors within the framework set forth under the following item 2.

The purpose of the Plan is to clarify the link between the remuneration of Directors and the value of the Company's stock and to raise the Directors’ incentives to contribute to the improvement of medium- to long-term performance and the enhancement of corporate value by sharing profits and risks arising from fluctuations in stock prices with shareholders. Therefore, the Company believes that the remuneration system is appropriate.

This Proposal is made to provide a new stock-based remuneration for Directors (excluding Outside Directors, the same shall apply hereinafter) in office during the period of five years from the day following the date on which this Ordinary General Meeting of Shareholders is concluded until the date on which the Ordinary General Meeting of Shareholders to be held in June 2025 is concluded (hereinafter, the “Applicable Period”). The payment under the new stock-based remuneration plan for Directors is established separately from the Directors' remuneration as approved by the resolution of the 100th Ordinary General Meeting of Shareholders held on June 28, 2007 (Monthly remuneration of ¥24 million or less per month) as well as bonuses calculated based on the designated calculation method (0.8% of the ordinary income of the Company during the respective fiscal year with the maximum of ¥80 million annually; provided, however, that the bonuses will not be paid if the ordinary income of the Company during the respective fiscal year is less than ¥1.0 billion. Neither of the remuneration nor the bonuses include salaries paid to a Director as an employee).

If Proposal 1, “Election of 9 Directors” is approved as originally proposed, six Directors will become eligible for the Plan.

2. The amount and other details of the remuneration under the Plan

(1) Outline of the Plan

The Plan is a stock-based remuneration plan under which a trust established by the Company through contribution of money (hereinafter, the “Trust”) acquires the Company’s shares, and the number of Company’s shares, which is equivalent to the number of points granted to each Director by the Company, is issued to each Director through the Trust.

Also, the timing for an eligible Director to receive the issuance of the Company’s shares is when the Director retires, in principle.

| | | |
|------|--|---|
| i) | Eligible person of the Plan | Director of the Company (Excluding Outside Director) |
| ii) | Applicable Period | From the day following the conclusion of this Ordinary General Meeting of Shareholders until the date of conclusion of the Ordinary General Meeting of Shareholders held in June 2025 |
| iii) | The maximum amount of money contributed by the Company as a fund for the acquisition of the Company’s shares necessary for the issuance of shares to the eligible person set forth under i). during the Applicable Period set forth under ii). | A total of ¥70 million |
| iv) | Method to acquire the Company’s shares | Acquisition from the stock market (including off-floor trading) |
| v) | Maximum number of points granted to the eligible person set forth under i). | 20,000 points per business year |
| vi) | Criteria for granting points | Points are granted based on ranks, etc. |
| Vii) | Timing of issuing the Company’s shares to the eligible person set forth under i). | Upon retirement, in principle |

(2) The maximum amount of the money contributed by the Company

Initial trust period for the Trust is approximately five years, and during the Applicable Period, the Company contributes a maximum total of not more than ¥70 million as remuneration for Directors in office during the Applicable Period as a fund to acquire the Company’s shares required to be issued to Directors pursuant to the Plan. The Trust is established by designating the Directors satisfying certain criteria as a

beneficiary. The Trust acquires the Company's shares on the stock market (including off-floor trading) using the money contributed by the Company as the underlying funds.

Note: The actual amount of money entrusted by the Company in the Trust is an aggregate of estimated amount of necessary expenses such as trust fee, commission for trust administrator, etc. in addition to funds to acquire the Company's shares above.

Also, based on the resolution of the Board of Directors of the Company, the Applicable Period may be extended as necessary by setting a period of time not exceeding five years, and as a result, the trust period of the Trust may be extended to continue the Plan (including an effective extension of the trust period by transferring the assets in the Trust to another trust with the same purpose as the Trust set by the Company, hereinafter the same shall apply). In this case, the Company shall make an additional contribution to the Trust in the amount of money not more than an amount calculated by the number of years of the extended Applicable Period multiplied by 14 million yen, as additional funds to acquire the Company's shares necessary for issuance to Directors under the Plan, and the Company shall continue to grant the points set forth under (3), as well as the Company's shares.

In addition, even when the Applicable Period is not extended and the Plan is not continued as stated above, if there is a Director who has not yet retired from office despite having been already granted with points at the time of the expiration of the trust period, the trust period of the Trust may be extended until the said Director retires and the issuance of the Company's shares is completed.

(3) Calculation method of the Company's shares issued to the Director and the maximum number thereof

i) Method of granting points to the Director, etc.

The Company shall grant each Director the points corresponding to ranks, etc., as of the date points are granted as provided for under the rules on share issuance during the trust period, pursuant to the rules on share issuance determined by the Board of Directors of the Company.

However, the total number of points vested in the Director by the Company shall be a maximum of 20,000 points per one business year.

ii) The issuance of the Company's shares corresponding to the number of points granted.

The Director receives the issuance of the Company's shares in accordance with the number of points vested as set forth under i) above, based on the procedures set forth under iii) as follows.

In addition, one point is equivalent to one share of the Company. However, in the event of stock split, stock consolidation, etc. or in the event that the adjustment in the number of the Company's shares to be issued is deemed reasonable, the reasonable adjustments shall be made based on the ratio of such stock split or stock consolidation.

iii) Issuance of the Company's shares to the Director

The issuance of the Company's shares to each Director as stated in ii) above are conducted through the Trust by each Director completing designated procedures to finalize a beneficiary registration at the time of his/her retirement as Director.

However, of such shares, a specific portion of the Company's shares may be sold and converted into cash in the Trust and paid in cash in lieu of the Company's shares in order for the Company to withhold funds to pay taxes including withholding income tax. Also, in the event where the Company's shares are converted into cash, including where the Company's shares in the Trust are settled upon participation in a tender offer, etc., the Company may issue in cash in lieu of the Company's shares.

(4) The exercising of voting rights

The voting rights pertaining to the Company's shares in the Trust shall not be exercised without exception, in accordance with the instructions of the trustee who is independent from the Company and the

Company's officers. In such a way, the Company aims to secure neutrality to the management of the Company, with respect to exercising the voting rights pertaining to the Company's shares in the Trust.

(5) Treatment of dividends

The Trust shall receive dividends pertaining to the Company's shares in the Trust, and the dividends are allocated to expenses including for the acquisition costs of the Company's shares and the trust fee for the trustee pertaining to the Trust.