

Note: This is an unofficial translation of the Japanese original version and is provided for your reference and convenience only. Where there are any discrepancies between the Japanese original and the translated document, the original Japanese document shall prevail.

To Our Shareholders:

Stock Code: 6741

May 22, 2026

Nippon Signal Co., Ltd.

5-1, Marunouchi, 1-Chome,

Chiyoda-ku, Tokyo

President & CEO & COO

Ryuichi Goto

**Notice of Convocation of the Ordinary General Meeting of
Shareholders for the 143rd Business Term**

Notice is hereby given that the Ordinary General Meeting of Shareholders for the 143rd Business Term of Nippon Signal Co., Ltd. (hereinafter referred to as the 'Company') will be held on the coming June 19.

Your attendance at the meeting is cordially requested.

In convening this Meeting, the Company has taken measures for electronic provision of the information that constitutes the Reference Documents for the General Meeting of Shareholders, etc. (matters subject to electronic provision) and posted the matters subject to electronic provision on the Company's website as the "Notice of Convocation of the Ordinary General Meeting of Shareholders for the 143rd Business Term." Please access the Company's website shown below to check this information.

The Company's website: <https://english.signal.co.jp/ir/>

In addition to the above, it is also posted on the following website on the Internet.

TSE website (Listed Company Search)

<https://www2.jpx.co.jp/tseHpFront/JJK020010Action.do?Show=Show>

Please access the above TSE website (Listed Company Search), enter Issue name (company name) or Code (6741), search for it, select "Basic information," "Documents for public inspection/PR information," and "Notice of General Shareholders Meeting /Informational Materials for a General Shareholders Meeting," and check it.

"Net de Shoshu (online convocation)" service (<https://s.srdb.jp/6741/>) (Japanese only)

1. Date and Time: Friday, June 19, 2026 at 10:00 a.m. (Japan time)
(Reception will start at 9:00 a.m.)

2. Venue: Hall D7, Tokyo International Forum,
5-1 Marunouchi 3-chome, Chiyoda-ku, Tokyo

3. Agenda for the Meeting:

[Matters for Reporting]

- 1 Reports on the contents of the Business Report and Consolidated Financial Statements for the 143rd Business Term (from April 1, 2025 to March 31, 2026), and reports on the Auditing Results of Accounting Auditor and Audit and Supervisory Committee regarding the Consolidated Financial Statements.
- 2 Reports on the content of the Financial Statements for the 143rd Business Term (from April 1, 2025 to March 31, 2026).

[Matters for Resolution]

- 1-Election of Five Directors (Excluding Directors who are Audit and Supervisory Committee Members)
- 2-Introduction of a Restricted Stock Compensation Plan for Directors (Excluding Directors who are Audit and Supervisory Committee Members and Outside Directors)

4. Matters decided in convening the Meeting:

- (1) The following items are not included in the printed materials sent to shareholders who made requests for provision of physical documents in accordance with applicable laws and regulations and Article 16 of the Articles of Incorporation of the Company. These omitted items are available on the Company's website.
 - Consolidated Statements of Changes in Net Assets
 - Notes to Consolidated Financial Statements
 - Statements of Changes in Net Assets
 - Notes to Financial Statements
- (2) Should you vote both in writing on the Voting Rights Exercise Form and via the Company's designated voting website, only your vote submitted online will be counted. Additionally, should you vote multiple times online, only the most recent vote will be considered valid.
- (3) Should you indicate neither approval nor disapproval of the proposal in the Cards for Exercise of Voting Rights, it shall be treated as an approval vote.

Guide to the Exercise of Voting Rights

Voting by postal mail:

Please indicate your approval or disapproval of each proposal on the enclosed Voting Rights Exercise Form and return it so that it is received by the exercise deadline.

Exercise deadline:

The Voting Form must be received by 5:05 p.m. on Thursday, June 18, 2026 (Japan time)

Voting via the Internet, etc.:

Please follow the instructions on the next page to indicate your vote for or against the proposals.

Exercise deadline:

No later than 5:05 p.m. on Thursday, June 18, 2026 (Japan time)

Exercise of Voting Rights by Attending the General Meeting of Shareholders

Please submit the enclosed Voting Form at the reception desk.

Guide to the Exercise of Voting Rights via the Internet, etc.:

How to read the QR code

Scan the QR code on the Voting Form.

* QR Code is a registered trademark of DENSO WAVE INCORPORATED.

Entering your login ID and temporary password

- (1) Access the voting website (<https://soukai.mizuho-tb.co.jp/>).
- (2) Enter the "login ID and temporary password" printed on the Voting Form and click "Login."

Login

- 1 Enter the voting rights exercise code.
- 2 Click.

Change password

- 1 Enter the initial password.
- 2 Set a new password that will be actually used.
- 3 Click.

Please follow the on-screen instructions to indicate your vote for or against the proposals.

Notes on Exercise of Voting Rights via the Internet, etc.

- Costs incurred in accessing the voting rights exercise website (Internet connection fees, telecommunication fees, etc.) shall be borne by the shareholder.
- Depending on the Internet environment, you may not be able to use the voting rights exercise website.
- Should you vote both via the Internet, etc. and by postal mail, only your vote submitted via the Internet, etc. will be counted.
- Additionally, should you vote multiple times via the Internet, etc., only the most recent vote will be considered valid.

Inquiries regarding the voting rights exercise website

Stock Transfer Agency Department of Mizuho Trust & Banking Co., Ltd.

0120-768-524

Hours of operation: 9:00 a.m. to 9:00 p.m., excluding New Year holidays

For institutional investors: You can use the "Electronic Voting Platform" as a method for exercising your voting rights.

No.1 – Election of Five Directors (Excluding Directors who are Audit and Supervisory Committee Members)

The terms of all five Directors (Excluding Directors who are Audit and Supervisory Committee Members. The same shall apply hereinafter in this Proposal) will expire at the end of this General Meeting of Shareholders. Accordingly, the Company requests the election of five Directors.

The candidates for the Directors are as follows.

In addition, in selecting candidates for the Directors, the Company receives a recommendation by the “Appointment and Remuneration Committee,” a majority of the members of which are Independent Outside Directors, in order to enhance the objectivity and transparency in the decision-making process.

The Audit and Supervisory Committee confirmed that the process of selection of Directors who are not Audit and Supervisory Committee Members was appropriately conducted after reviewing the content of the deliberation by the Appointment and Remuneration Committee, which is attended by an Audit and Supervisory Committee Member, and therefore there are no special matters to be stated at the General Meeting of Shareholders according to the regulations of the Companies Act.

The Audit and Supervisory Committee also reviewed the remuneration etc. to be received by Directors who are not Audit and Supervisory Committee Members based on the deliberations of the Appointment and Remuneration Committee, which is attended by one Audit and Supervisory Committee Member, and confirmed that the decision-making procedures were appropriately conducted in accordance with the remuneration plan, and that there were no particular matters to be presented at the General Meeting of Shareholders pursuant to the provisions of the Companies Act.

No.	Name		Current status	Primary responsibilities	Attendance at the Board of Directors' Meetings
1	Reappointment	Hidehiko Tsukamoto	Executive Chairman	Overall management	13 / 13 meetings
2	Reappointment	Ryuichi Goto	President and Chief Executive Officer and Chief Operating Officer	Overall management	13 / 13 meetings
3	Reappointment	Toru Horie	Director and Deputy Chief Executive Officer	In charge of business administration General Manager, Global Strategy Division	10 / 10 meetings (Since assuming office on June 20, 2025)
4	Reappointment Outside Independent	Yoshiyuki Murata	Outside Director	—	12 / 13 meetings
5	New Appointment Outside Independent	Yoko Okawa	—	—	—

* “Criteria for the Independence of Outside Officers” is as described on page 14.

* The Company has entered into a directors and officers liability insurance agreement as stipulated in Article 430-3, Paragraph 1 of the Companies Act with an insurance company. The insurance covers damages to be borne by the insured parties that arise from the insured parties as individuals being subject to a claim for damages such as derivative lawsuits and third-party lawsuits. The candidates will be included as insured parties under the insurance agreement. The Company intends to renew the agreement with the above contents at the time of renewal in July 2026.

No.	Name (Date of birth)	Biography, status, and responsibilities	Number of the Company's shares held
1	<p>Reappointment</p> <p>Hidehiko Tsukamoto</p> <p>(September 15, 1958)</p> <p>Age: 67</p> <p>Years in office as Director: 14 years (at the end of this Meeting)</p> <p>Attendance at the Board of Directors' meetings: 13 / 13 (100%)</p>	<p>April 1982 Joined the Company</p> <p>May 2005 General Manager of AFC Systems Sales Dept. of AFC Systems Division</p> <p>June 2006 Executive Officer</p> <p>June 2010 Director and Managing Executive Officer</p> <p>June 2014 Deputy Chief Executive Officer</p> <p> Business Administration Headquarters</p> <p>April 2015 Representative Director Executive Vice President & Chief Operating Officer</p> <p>June 2016 President</p> <p>June 2020 Chief Executive Officer</p> <p>April 2021 Chief Operating Officer</p> <p>April 2026 Executive Chairman (to present)</p> <p>[Significant concurrent positions]</p> <p>None</p> <p>[Reason for nomination as a candidate for Director]</p> <p>Hidehiko Tsukamoto, as the Company's Representative Director, possesses a wealth of experience and achievements in leading the business management of the Company. We have determined that he is qualified to play an important role as the Company pursues business structural reforms to adapt to rapid changes in the business environment such as globalization and technical innovations since he is also well-versed in technical development and has contributed to creating new businesses and expanding business areas. Therefore, we have nominated him as a candidate to continue as a Director.</p>	161,700

There are no special interests between the Company and Hidehiko Tsukamoto.

No.	Name (Date of birth)	Biography, status, and responsibilities	Number of the Company's shares held
2	<p>Reappointment Ryuichi Goto (April 19, 1964) Age: 62</p> <p>Years in office as Director: 2 years (at the end of this Meeting)</p> <p>Attendance at the Board of Directors' meetings: 13 / 13 (100%)</p>	<p>June 1992 Joined the Company</p> <p>May 2011 General Manager of JR Sales Dept. of Railway Signal Systems Division</p> <p>June 2014 General Manager of Chubu Branch Office</p> <p>April 2019 Officer</p> <p>April 2020 Executive Officer and Chief General Manager of AFC Systems Division</p> <p>April 2023 Managing Executive Officer Responsible for Utsunomiya Plant Responsible for AFC Systems Division and Robotics & Sensing Division</p> <p>April 2024 Deputy in charge of business management Responsible for ICT solutions business and Responsible for branch offices</p> <p>June 2024 Director</p> <p>April 2025 Deputy Chief Executive Officer In charge of business management (to present) In charge of Monodukuri Responsible for branch offices</p> <p>April 2026 President and Chief Executive Officer (to present) Chief Operating Officer (to present)</p> <p>[Significant concurrent positions] None</p> <p>[Reason for nomination as a candidate for Director] Ryuichi Goto has achievements of leading our domestic business, having held positions including the manager of the Business Head Office handling railway signals and Automatic Fare Collection systems, and deep insight based on his broad knowledge. We have determined that he is qualified to lead the Company in expanding its business areas and enhancing its competitiveness. Therefore, we have nominated him as a candidate to continue as a Director.</p>	26,400

There are no special interests between the Company and Ryuichi Goto.

No.	Name (Date of birth)	Biography, status, and responsibilities	Number of the Company's shares held
3	<p style="text-align: center;">Reappointment Toru Horie (July 4, 1964) Age: 61</p> <p>Years in office as Director: 1 year (at the end of this Meeting)</p> <p>Attendance at the Board of Directors' meetings: 10 / 10 (100%) (since assuming office on June 20, 2025)</p>	<p>April 1988 Joined Fuji Bank (currently Mizuho Bank, Ltd.)</p> <p>April 2010 General Manager of International Business Promotion, Mizuho Corporate Bank, Ltd. (currently Mizuho Bank, Ltd.)</p> <p>October 2011 Managing Director & Chief Executive Officer of Mizuho Trust & Banking (Luxembourg) S.A.</p> <p>July 2016 General Manager of Trust Products Business Division, Mizuho Trust & Banking Co., Ltd.</p> <p>January 2021 Joined the Company Deputy Executive Officer General Manager of Corporate Strategy Dept.</p> <p>April 2022 Executive Officer and Chief General Manager of Overseas Division</p> <p>April 2023 Executive Officer and General Manager of Global Strategy Division (to present)</p> <p>April 2024 Managing Executive Officer Management Control Supervisor</p> <p>April 2025 In charge of business administration (to present)</p> <p>June 2025 Director (to present)</p> <p>April 2026 Deputy Chief Executive Officer (to present)</p> <hr/> <p>[Significant concurrent positions] None</p> <hr/> <p>[Reason for nomination as a candidate for Director] Toru Horie has a wealth of business management experience in areas such as finance and risk management in Japan and overseas, and has deep insight into overall management. We have determined that he is qualified to strengthen the business administration structure and enhance the competitiveness of the overseas business. Therefore, we have nominated him as a candidate to continue as a Director.</p>	17,400

There are no special interests between the Company and Toru Horie.

No.	Name (Date of birth)	Biography, status, and responsibilities		Number of the Company's shares held
4	<p>Reappointment Outside Independent</p> <p>Yoshiyuki Murata (July 19, 1954) Age: 71</p> <p>Years in office as Outside Director: 5 years (at the end of this Meeting)</p> <p>Attendance at the Board of Directors' meetings: 12 / 13 (92%)</p>	April 2009	President and Representative Director of TAISEI HOUSING CORPORATION	4,900
		April 2011	Executive Officer of TAISEI CORPORATION	
		April 2013	Managing Executive Officer of TAISEI CORPORATION	
		June 2013	Member of the Board of TAISEI CORPORATION	
		April 2015	President and Chief Executive Officer, Representative Director of TAISEI CORPORATION	
		June 2020	Vice Chairman, Representative Director of TAISEI CORPORATION	
		June 2021	Outside Director of the Company (to present) Director and Executive Vice President of DAIWA HOUSE INDUSTRY CO., LTD.	
		April 2022	Part-time Outside Director of Fujita Corporation (to present)	
June 2022	Representative Director and Executive Vice President of DAIWA HOUSE INDUSTRY CO., LTD. (to present)			
	<p>[Significant concurrent positions]</p> <p>Representative Director and Executive Vice President of DAIWA HOUSE INDUSTRY CO., LTD. Part-time Outside Director of Fujita Corporation</p>			
	<p>[Reason for nomination as a candidate for Outside Director and an outline of expected roles]</p> <p>Yoshiyuki Murata possesses a wealth of experience, achievements and knowledge as a manager. We expect him to use these capabilities for the benefit of the Company's management and exercise effective management supervisory function. Therefore, we have nominated him as a candidate to continue as an Outside Director.</p> <p>Yoshiyuki Murata will have served as an Outside Director for five years at the end of this General Meeting of Shareholders. A subsidiary of DAIWA HOUSE INDUSTRY CO., LTD., where Yoshiyuki Murata serves as Director and Executive Vice President, is a business partner of the Company. However, the transaction amount is immaterial (less than 0.1% of the consolidated net sales of the said company and of the Company), and we therefore believe that it does not affect his independence as an Outside Director.</p>			

1. There are no special interests between the Company and Yoshiyuki Murata.
2. Yoshiyuki Murata is an Outside Director candidate.
3. Yoshiyuki Murata meets the conditions of an Independent Officer as defined by Tokyo Stock Exchange, Inc.
4. TAISEI CORPORATION, where Yoshiyuki Murata served as Representative Director until June 2021, has received a cease and desist order from the Japan Fair Trade Commission in December 2020 on the grounds of violating the Antimonopoly Act in relation to construction work on the Chuo Shinkansen.

However, the said company has filed an action for the revocation of the order, and the case is now pending.

5. If Yoshiyuki Murata is elected as an Outside Director, the Company plans to enter into a limited liability agreement with him, which limits his liability for damages under Article 423, Paragraph 1 of the Companies Act. However, based on the agreement, the minimum liability amount will be the amount prescribed by laws and regulations.
6. Yoshiyuki Murata is scheduled to assume the position of part-time Director of Sumitomo Densetsu Co., Ltd. on June 24, 2026.

No.	Name (Date of birth)	Biography, status, and responsibilities	Number of the Company's shares held
5	New Appointment Outside Independent Yoko Okawa (May 23, 1973) Age: 53	<p>November 2007 Entered the Legal Training and Research Institute of the Supreme Court of Japan</p> <p>December 2008 Admitted to the bar Joined Yomogita Katsumi Law Office</p> <p>May 2015 Principal Attorney of Okawa Law Offices (to present)</p> <p>May 2023 Outside Director of NISSEN INC. (to present)</p>	0
		<p>[Significant concurrent positions] Principal Attorney of Okawa Law Offices Outside Director of NISSEN INC.</p>	
		<p>[Reason for nomination as a candidate for Outside Director and an outline of expected roles] Yoko Okawa is a legal expert and has a high level of specialized knowledge and experience in corporate legal affairs. We expect that she will offer advice on the Company's management and strategies, particularly from the perspective of laws and regulations, and exercise effective management supervisory function by making use of her deep insight into law. Therefore, we have nominated her as a new candidate as an Outside Director.</p>	

1. There are no special interests between the Company and Yoko Okawa.
2. Yoko Okawa is an Outside Director candidate.
3. Yoko Okawa meets the conditions of an Independent Officer as defined by Tokyo Stock Exchange, Inc.
4. If Yoko Okawa is elected as an Outside Director, the Company plans to enter into a limited liability agreement with her, which limits her liability for damages under Article 423, Paragraph 1 of the Companies Act. However, based on the agreement, the minimum liability amount will be the amount prescribed by laws and regulations.

(Reference)

Competence (knowledge, experience, and capabilities) required of Directors (including Directors who are Audit and Supervisory Committee Members)

The Group aims to continue being a provider that supports evolution of infrastructure with safe and trustworthy solutions. In order to lead sustainable business growth, the Company selects as candidates for Director those who possess strong acumen and experience as a corporate manager, deep insight into technological development surrounding the Company, capabilities to drive the expansion of business domains conducted on a global scale, and expert knowledge that contributes to corporate governance.

[Candidates for Director selected from within the Company]

Those who possess strong acumen for overall management, with knowledge regarding the business environment surrounding the Company and its industries, understanding of the Company's strengths and issues through manufacturing, technological research and development, marketing, and sales activities, and experience in management administration such as accounting, legal affairs, and risk management, and who can implement management appropriately from a medium- to long-term perspective to enhance the corporate value of the Company.

[Candidates for Outside Director]

Those who can provide advice on management strategies and perform an effective supervisory function on management by drawing on advanced and specialized knowledge and experience in fields other than the Group's business domains, and who meet the requirements for an independent director as stipulated by the Tokyo Stock Exchange.

In addition to the above, the Company secures diversity and balance as appropriate in the selection of candidates. The Company also maintains a majority of candidates for Outside Director among the candidates for Director, and includes at least one candidate for Outside Director that has had management experience at another company.

Skills Matrix of the Board of Directors of the Company is as follows.

◆Knowledge, experience, and capabilities of Directors (If the proposals are approved as originally proposed)

Name	Proposed title	Corporate management	Finance/Accounting	Risk management Legal affairs	Global experience	Technology R&D	Manufacturing	Sales Marketing
Hidehiko Tsukamoto	Representative Director	●		●	●	●	●	●
Ryuichi Goto	Representative Director	●		●	●	●	●	●
Toru Horie	Director	●	●	●	●			●
Yoshiyuki Murata	Director Independent Outside	●		●	●	●		●
Yoko Okawa	Director Independent Outside			●				
Yoshitaka Tokubuchi	Audit and Supervisory Committee Member	●	●	●			●	
Takashi Tokunaga	Audit and Supervisory Committee Member Independent Outside			●	●			
Masako Suzuki	Audit and Supervisory Committee Member Independent Outside	●		●				●
Toshihiko Aizawa	Audit and Supervisory Committee Member Independent Outside	●	●	●	●			●

The above table shows the areas of expertise of Directors the Company particularly expects.

(Reference) Criteria for the Independence of Outside Officers

The Company prescribes the following criteria for the independence of Outside Officers to objectively determine the independence of Outside Officers. If an Outside Officer falls under any of the following items, the Company determines that the Outside Officer is not sufficiently independent from the Company.

An Outside Officer designated as an Independent Officer as stipulated under the Tokyo Stock Exchange, Inc. shall endeavor to maintain independence as prescribed in this Criteria until resignation. If the Outside Officer loses his/her independence, the Outside Officer shall notify the Company in advance (or as soon as possible after an event under unavoidable circumstances).

- 1. A person who is, or has been in the past 10 years, a business executor (*1) or Non-executive Director at the Group (i.e., the Company or its subsidiaries).**
- 2. Any person (party) who falls under any of the following items (1) to (8) in the past three years.**
 - (1) A party for whom the Group is a major business partner (*2) or a business executor of such party
 - (2) A major business partner of the Group (*3) or a business executor of such partner
 - (3) A consultant, accounting professional, or legal professional who has received a significant amount of money (*4) or other property from the Group other than officer remunerations (if a party who receives such property is a corporation, association, or any other entity, a party who belongs to the relevant entity)
 - (4) A current major shareholder of the Group (*5) or a business executor of such shareholder
 - (5) A business executor of a corporation that is a current major shareholder of the Group (*5)
 - (6) A person who belongs to the appointed audit firm for the statutory audit of the Group
 - (7) A business executor of an entity whose Outside Officer is also a business executor of the Group
 - (8) A person, an officer or other business executor of a corporation, association, or any other entity who receives a large amount of donation or grant (*6) from the Group
- 3. If a person who falls under 1. and 2. above is a key person (*7), close relatives (spouse, first or second degree relatives) of such person**
- 4. A person who has assumed the office of Outside Officer for eight years or more in total**

- (*1) A business executor refers to a person who executes the duties of a Director (excluding an Outside Director), Executive Officer, or employee, etc.
- (*2) A party for whom the Group is a major business partner refers to a party who has business transactions with the Group, with total amount of sales in any of the fiscal year within the last three fiscal years exceeding 2% of the consolidated net sales of such business partner. Such business partner shall include its parent company and important subsidiaries if such business partner is a corporation.
- (*3) A major business partner of the Group refers to a party with whom the Group has business transactions, with total amount of sales in any of the fiscal year within the last three fiscal years exceeding 2% of the consolidated net sales of the Group, or a party who has made a loan to the Group in the amount at 2% or more of the consolidated net assets of the Company at the end of the most recent fiscal year. Such business partner shall include its parent company and important subsidiaries if such business partner is a corporation.
- (*4) A significant amount of money refers to the yearly average money exceeding 10 million yen over the three most recent fiscal years.
- (*5) A major shareholder refers to a shareholder who holds, directly or indirectly, 10% or more of the total voting rights. Such major shareholder shall include its parent company or important subsidiaries if such major shareholder is a corporation.
- (*6) A large amount of donation or grant refers to a yearly average amount exceeding 10 million yen over the three most recent fiscal years.
- (*7) A key person refers to a Director, Corporate Officer, Executive Officer, business executor who serves as a General Manager or in a higher rank, or business executor who has authority equivalent to that of a General Manager or higher position.

No.2 – Introduction of a Restricted Stock Compensation Plan for Directors (Excluding Directors who are Audit and Supervisory Committee Members and Outside Directors)

It was approved at the 140th Ordinary General Meeting of Shareholders held on June 23, 2023 that the amount of remuneration, etc. for Directors of the Company (excluding Directors who are Audit and Supervisory Committee Members) shall be up to 500 million yen per year (up to 36 million yen for Outside Directors).

To provide Directors of the Company (excluding Directors who are Audit and Supervisory Committee Members and Outside Directors; hereinafter referred to as “Eligible Directors”) with an incentive to improve the corporate value of the Company and to further promote the sharing of value with shareholders, the Company will introduce a Restricted Stock Compensation Plan. Accordingly, the Company requests approval to establish a new remuneration framework for the allotment of restricted stock within the scope of the above-mentioned remuneration framework.

The remuneration to be provided to the Eligible Directors pursuant to this Proposal shall consist of either (1) shares of the Company’s common stock or (2) monetary remuneration claims as properties contributed in kind for the acquisition of shares of the Company’s common stock, and the Eligible Directors shall receive the issuance or disposition of shares of the Company’s common stock based on a resolution of the Board of Directors of the Company.

The total amount of shares of the Company’s common stock or monetary remuneration claims to be provided to the Eligible Directors based on this Proposal shall be up to 100 million yen per year. Furthermore, (1) if shares of the Company’s common stock are granted to the Eligible Directors as remuneration pursuant to this Proposal without granting monetary remuneration claims, such shares of the Company’s common stock shall be issued or disposed of as remuneration for directors and shall not require any cash payment in exchange therefor. The amount of the above remuneration to be provided to the Eligible Directors shall be calculated based on the closing price of the Company’s common stock on the Tokyo Stock Exchange on the business day immediately preceding the date of each resolution of the Board of Directors concerning the issuance or disposition of such shares of the Company’s common stock (or, if no trading is effected on such date, the closing price on the most recent preceding trading day), in order to determine the amount per share of the Company’s common stock to be issued or disposed of.

On the other hand, (2) if monetary remuneration claims are granted as remuneration to the Eligible Directors pursuant to this Proposal as properties contributed in kind for the acquisition of shares of the Company’s common stock, all of the monetary remuneration claims granted pursuant to this Proposal shall be contributed as properties contributed in kind, and the Eligible Directors shall receive the issuance or disposition of such shares of the Company’s common stock. In such case, the amount to be paid per share of the Company’s common stock shall be determined by the Board of Directors, based on the closing price of the Company’s common stock on the Tokyo Stock Exchange on the business day immediately preceding the date of each resolution of the Board of Directors concerning the issuance or disposition of such shares of the Company’s common stock (or, if no trading is effected on such date, the closing price on the most recent preceding trading day), within a range that is not especially favorable to the Eligible Directors receiving such shares of the Company’s common stock.

The total number of shares of the Company's common stock to be issued or disposed of to the Eligible Directors pursuant to this Proposal shall be up to 200,000 shares per year. However, if a stock split of the Company's common stock (including a gratis allotment of shares of the Company's common stock) or a consolidation of shares is effected with an effective date falling on or after the date of approval and adoption of this Proposal, the total number of shares may be adjusted, on or after the effective date thereof, within a reasonable range as necessary in accordance with the applicable split ratio, consolidation ratio, or the like.

The specific timing of payment and allocation to each Eligible Director shall be determined by the Board of Directors after receiving a report from the Appointment and Remuneration Committee.

Currently, the Company has five Directors (excluding Directors who are Audit and Supervisory Committee Members), including two Outside Directors. If Proposal No. 1 is approved and adopted as originally proposed, the Company will continue to have five Directors (excluding Directors who are Audit and Supervisory Committee Members), including two Outside Directors, and three Directors will be eligible under this Plan.

Pursuant to this Proposal, the issuance or disposition of shares of the Company's common stock to the Eligible Directors, and the granting of monetary remuneration claims to be contributed in kind therefor, shall be subject to the execution of a restricted stock allotment agreement between the Company and each Eligible Director (the "Allotment Agreement"), which shall include the provisions set forth below.

[Outline of the Allotment Agreement]

(1) Transfer Restriction Period

The Eligible Directors shall not transfer to any third party, create any security interest in, make any inter vivos gift of, or otherwise dispose of any shares of the Company's common stock allotted pursuant to the Allotment Agreement (the "Allotted Shares") during the period from the date of allotment until the date on which such Eligible Director retires or resigns from the position of Director of the Company or any other position designated by the Board of Directors of the Company (the "Transfer Restriction Period").

(2) Conditions for Lifting the Transfer Restriction

Subject to the condition that the Eligible Director continuously held the position of Director of the Company or any other position designated by the Board of Directors of the Company during the period predetermined by the Board of Directors of the Company (the "Service Period"), the transfer restrictions on all of the Allotted Shares shall be lifted upon the expiration of the Transfer Restriction Period.

However, if an Eligible Director retires or resigns during the Transfer Restriction Period due to a reason deemed justifiable or by reason of death, the number of Allotted Shares for which the transfer restrictions are to be lifted and the timing of such lifting shall be reasonably adjusted as necessary.

(3) Reason for Acquisition without Consideration

If an Eligible Director retires or resigns during the Transfer Restriction Period

without justifiable cause, the Company shall automatically acquire the Allotted Shares without consideration. In addition, if, at the time the transfer restrictions are lifted as provided in (2) above, there remain any Allotted Shares for which the transfer restrictions have not been lifted, the Company shall automatically acquire such Allotted Shares without consideration. Any other grounds for acquisition without consideration shall be set forth in the Allotment Agreement in accordance with a resolution of the Board of Directors of the Company.

(4) Malus and Clawback Clause

The Company shall provide that, during the Transfer Restriction Period and after the lifting of the transfer restrictions, if the Board of Directors of the Company determines that an Eligible Director has materially violated any applicable laws and regulations or internal rules and regulations, or if certain events specified by the Board of Directors of the Company occur, including serious accounting misconduct or significant losses, the Company may acquire without consideration all or part of the Allotted Shares or shares of the Company's common stock for which the transfer restrictions have been lifted that were allotted to such Eligible Director, or require such Eligible Director to pay an amount equivalent to the value of the Allotted Shares or shares of the Company's common stock for which the transfer restrictions have been lifted.

(5) Treatment in the Event of Organizational Restructuring, etc.

Notwithstanding the provisions of (1) above, if, during the Transfer Restriction Period, a merger agreement under which the Company becomes a dissolved company, a share exchange agreement or share transfer plan under which the Company becomes a wholly owned subsidiary, or any other matter relating to organizational restructuring is approved at a general meeting of shareholders of the Company (or, where approval at a general meeting of shareholders is not required for such organizational restructuring, by the Board of Directors of the Company), the Company shall, by resolution of the Board of Directors, reasonably adjust as necessary the number of Allotted Shares for which the transfer restrictions are to be lifted and the timing of such lifting. In such case, if, at the time the transfer restrictions are lifted, there remain any Allotted Shares for which the transfer restrictions have not been lifted, the Company shall automatically acquire such Allotted Shares without consideration.

(6) Other Matters

Any other matters relating to the Allotment Agreement shall be determined by the Board of Directors of the Company.

[Reasons why the payment of remuneration based on this Proposal is appropriate]

The stock remuneration plan pursuant to this Proposal is intended to provide the Eligible Directors with an incentive to enhance the corporate value of the Company and to further promote the sharing of value with shareholders. The maximum amount of remuneration under this Proposal, the total number of shares of the Company's common stock to be issued or disposed of, and other conditions for the granting of restricted shares to the Eligible Directors pursuant to this Proposal have been

determined in consideration of the foregoing purposes, the Company's business conditions, and various other circumstances. Accordingly, the Company believes that the payment of remuneration pursuant to this Proposal is reasonable and appropriate.

In addition, the Company resolved, at the meeting of the Board of Directors held on June 23, 2017, a policy for determining the details of individual remuneration, etc. for Directors. Subject to the approval of this Proposal, however, the Company intends to amend such policy so that it conforms to the contents of this Proposal.

(Reference)

If this Proposal is approved and adopted, the Company also intends to grant restricted shares substantially similar to those described above to Executive Officers who do not concurrently serve as Directors of the Company.