

July 17, 2019

Notice regarding the Issuance of New Shares as Compensation with Restriction on Transfer

At the meeting of the board of directors held today, our company has resolved to issue new shares as compensation with restriction on transfer (hereinafter referred to as “the issuance of new shares”) as follows.

1. Outline of the issuance

(1) Due date of payment	August 2, 2019
(2) Type and number of shares issued	42,000 common shares of our company
(3) Issuance price	841 yen per share
(4) Total issuance amount	35,322,000 yen
(5) The shares to be allocated to	6 directors of our company ^{*1} (39,000 shares) and 1 auditor of our company ^{*2} (3,000 shares) ^{*1} : excluding outside directors ^{*2} : excluding outside auditors
(6) Other	Regarding the issuance of new shares, we submitted a security notice in accordance with the Financial Instruments and Exchange Act.

2. Purpose of and reason for the issuance

At the meeting of the board of directors held on May 17, 2019, our company resolved to adopt a compensation system for issuing shares with restriction on transfer (hereinafter referred to as “the system”) to directors (excluding outside directors) and auditors (excluding outside auditors) of our company, for the purpose of making our company’s directors (excluding outside directors) and auditors (excluding outside auditors) share the merits and risks of share price fluctuations with shareholders and motivating them to increase share price and corporate value. At the 39th annual meeting of shareholders held on June 27, 2019, it was approved that the total amount of compensation to be paid in the form of shares with restriction on transfer to directors (excluding outside directors) of our company is up to 200 million yen, said amount for auditors (excluding outside auditors) of our company is up to 10 million yen, the total number of shares with restriction on transfer to be allocated to directors (excluding outside directors) of our company in each fiscal year is up to 200,000, said number for auditors (excluding outside auditors) of our company is up to 10,000, the transfer-restricted period for shares with restriction on transfer is specified by the board of directors of our company and is not less than 3 years, and so on.

Today, as compensation in the form of shares with restriction on transfer for a period from the date of the 39th annual meeting of shareholders to the 40th annual meeting of shareholders to be held in June 2020, we have resolved to provide 6 directors (excluding outside directors) and 1 auditor (excluding outside auditors) (hereinafter referred to as “share receivers”) with monetary compensation claims amounting to 35,322,000 yen in accordance with a resolution of the board of directors of our company and an agreement after discussions by the board of auditors, and allocate 42,000 common shares as specific shares with restriction on transfer to the share receivers, as the share receivers will contribute said monetary compensation claims in kind. The amount of monetary compensation claims for each share receiver is determined while comprehensively considering the contribution level of each share receiver, etc. In addition, said monetary compensation claims will be paid under the condition that each share receiver concludes a contract for allocation of shares with restriction on transfer including the following contents (hereinafter

referred to as “the allocation contract”) with our company, etc.

The transfer-restricted period is set at 30 years, so that share receivers will be able to share the merits and risks of share price fluctuations with shareholders and will be motivated to increase share price and corporate value for as long as possible.

3. Outline of the allocation contract

(1) Transfer-restricted period

August 2, 2019 to August 1, 2049

During the above transfer-restricted period (hereinafter referred to as “the transfer-restricted period”), share receivers shall not conduct the transfer, creation of a pledge, creation of a mortgage, advancement, bequest, or the like for shares with restriction on transfer allocated to said share receivers (hereinafter referred to as “the allocated shares”) to a third party (said restriction will be hereinafter referred to as “the restriction on transfer”).

(2) Free acquisition of shares with restriction on transfer

If any of the share receivers resigns or retires from a post of a director, an auditor, an executive officer, or an employee of our company or our company’s subsidiary (hereinafter collectively referred to as “our corporate group”) before the first annual meeting of shareholders of our company since the start of the transfer-restricted period, our company will acquire the allocated shares free of charge at the time of said resignation or retirement, unless otherwise specified by the board of directors of our company. If the restriction on transfer is not lifted in accordance with the following clause (3) regarding the reason for lifting the restriction on transfer at the time of expiration of the transfer-restricted period for some of the allocated shares, our company will acquire said shares free of charge immediately after said expiration.

(3) Lifting of the restriction on transfer

Under the condition that share receivers keep working as a director, an auditor, an executive officer, or an employee of our corporate group until the first annual meeting of shareholders of our company since the start of the transfer-restricted period, our company will lift the restriction on transfer for all of the allocated shares held by the share receivers as of the expiration of the period. If a share receiver resigns or retires from a post of a director, an auditor, an executive officer, or an employee of our corporate group for a reason considered as reasonable by the board of directors (such as the expiration of a term of office) before the expiration of the transfer-restricted period, our company will lift the restriction on transfer of the allocated shares whose number is calculated by dividing the number of months from July 2019 to the month including the day on which said share receiver has resigned or retired from a post of a director, an auditor, an executive officer, or an employee of our corporate group by 12 (if the quotient exceeds 1, the number will be deemed to be 1) and multiplying it by the number of the allocated shares held by the share receiver (fractions less than 1 will be rounded off), immediately after said resignation or retirement.

(4) Provision regarding the management of shares

Each share receiver shall create an account for posting or recording the allocated shares in SMBC Nikko Securities Inc. with a method designated by our company, and store or keep said allocated shares in said account until the restriction on transfer is lifted.

(5) Handling of the allocated shares during organizational restructuring, etc.

If a bill regarding organizational restructuring or the like, such as a merger contract with our company being absorbed and a share exchange or transfer contract with our company being a 100% subsidiary,

is approved at a general meeting of shareholders of our company (or the board of directors of our company, if it is unnecessary to obtain an approval at a general meeting of shareholders of our company) during the transfer-restricted period, our company will lift the restriction on transfer of the allocated shares whose number is calculated by dividing the number of months from July 2019 to the month including the day of said approval by 12 (if the quotient exceeds 1, the number will be deemed to be 1) and multiplying it by the number of the allocated shares held by the share receiver on the day of said approval (fractions less than 1 will be rounded off), just before the business day before the enforcement of said organizational restructuring or the like.

In this case, our company will acquire all of the allocated shares whose restriction on transfer has not been lifted in accordance with the above provision on the business day before the enforcement of said organizational restructuring or the like, free of charge.

4. Grounds and details of calculation of the payment amount

The issuance price of new shares has been set at 841 yen, which is the closing price of the common shares of our company at the Tokyo Stock Exchange on the business day (July 16, 2019) before the date of resolution of the board of directors of our company, in order to eliminate arbitrariness. This is the market share price just before the resolution of the board of directors of our company, and we believe that this price is reasonable and not advantageous.