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Securities Code: 9025
June 3, 2021

To our shareholders:

Tadahiko Konoike
Representative Director & President and Chief Executive Officer
Konoike Transport Co., Ltd.
4-3-9 Fushimimachi, Chuo-ku, Osaka

Notice of the 81st Annual General Meeting of Shareholders

We are pleased to announce the 81st Annual General Meeting of Shareholders of Konoike Transport Co., Ltd. (the "Company"), as stated below.
If you are unable to attend the meeting in person, you can exercise your voting rights in writing or on the Internet. In this case, please review the Reference Documents for General Meeting of Shareholders included in this notice and exercise your voting rights according to the instructions below no later than 5:45 p.m. on Wednesday, June 23, 2021 (JST).

1. Date and Time: Thursday, June 24, 2021, 10 a.m. (reception opens at 9 a.m.) (JST)
(The Company changed the record date of voting rights of the previous General Meeting of Shareholders from March 31 to June 18 by the resolution of the Board of Directors on May 20, 2020. In accordance with Article 12 of the Articles of Incorporation of the Company, the record date for voting rights of this General Meeting of Shareholders is March 31. As a result, there is a significant gap between the date of this year's General Meeting of Shareholders and the one of the corresponding previous General Meeting of Shareholders.)

2. Venue: Main Conference Room, Osaka Head Office of the Company
2nd Floor, HK Yodoyabashi Garden Avenue
4-3-9 Fushimimachi, Chuo-ku, Osaka

3. Purpose of the Meeting

Matters to be reported:

1. Business Report, Consolidated Financial Statements, and report on the result of the audit by the Financial Auditor and the Audit & Supervisory Board on Consolidated Financial Statements for the 81st fiscal year (from April 1, 2020 to March 31, 2021)
2. Non-consolidated Financial Statements for the 81st fiscal year (from April 1, 2020 to March 31, 2021)

Matters to be resolved:

Proposal No. 1 Partial Amendment to the Articles of Incorporation
Proposal No. 2 Election of Seven Directors
Proposal No. 3 Election of Two Audit & Supervisory Board Members
Proposal No. 4 Determination of the Amount of Remuneration for Granting Restricted Shares to Directors

Reference Documents for General Meeting of Shareholders

Proposal No. 1 Partial Amendment to the Articles of Incorporation

1. Reason for the proposal
   The Company has been proceeding with initiatives for the merchandising business, and carrying out the export and sale of Japanese food and beverages, hygiene products, etc. Under these circumstances, requests to handle alcoholic beverages have been increasing from overseas.
   The Company will partially amend the business purposes to obtain a wholesale business license for the import/export of alcoholic beverages and further expand operations by adding "Sales and trade business for alcoholic beverages" to the Articles of Incorporation.

2. Details of the amendment
   The details of the amendment are as follows:

(Amendments are underlined.)

Current Articles of Incorporation	Proposed amendment
Article 1 (Omitted) (Purpose) Article 2 Purposes of the Company are to carry on the following businesses. 1. - 16. (Omitted) 17. Sales and trade business for general machinery and equipment, electrical machinery and equipment, transportation machinery and equipment, industrial tools, and food 18. - 46. (Omitted) Article 3 - Article 45 (Omitted)	Article 1 (Unchanged) (Purpose) Article 2 Purposes of the Company are to carry on the following businesses. 1. - 16. (Unchanged) 17. Sales and trade business for general machinery and equipment, electrical machinery and equipment, transportation machinery and equipment, industrial tools, and food <u>and alcoholic beverages</u> 18. - 46. (Unchanged) Article 3 - Article 45 (Unchanged)

Proposal No. 2 Election of Seven Directors

The terms of office of all eight Directors will expire at the conclusion of this meeting. Therefore, the Company proposes the election of seven Directors, including three external Directors.
This proposal was approved at the Board of Directors meeting after its details were reported by the Personnel and Remuneration Committee, an advisory body to the Board of Directors chaired by an independent external Director.
The candidates for Director are as follows:

<table>
<tr><th>Candidate No.</th><th>Name
(Date of birth)</th><th>Career summary, position and responsibility in the Company
(Significant concurrent positions outside the Company)</th><th>Number of the Company's shares owned</th></tr>
<tr><td rowspan="2">1</td><td>Tadahiko Konoike
(November 7, 1953)

Reelection
[Attendance of Board of Directors Meetings]
15/15 (100%)</td><td>Apr. 1976 Joined Konoike Construction Co., Ltd.
Apr. 1981 Joined the Company
Dec. 1983 Managing Director
Dec. 1987 Senior Managing Director
Dec. 1989 Representative Director and Vice President
June 2003 Representative Director and President
Apr. 2018 Representative Director & President and Chief Executive Officer
Apr. 2021 Representative Director & President and Chief Executive Officer (current position)
(Significant concurrent positions outside the Company)
Representative Director and Vice President of Osaka Port Synthesis Distribution Center, Ltd.</td><td>2,515,340 shares</td></tr>
<tr><td colspan="3">[Reasons for nomination as candidate for Director]
Tadahiko Konoike has considerable experience and a proven track record of business management as the Representative Director of the Company over many years. Also, he has demonstrated excellent leadership as the President since 2003 to improve the corporate value of the Group.
The Company proposes his reelection as Director, having judged that he will fulfill his duties to improve the medium- to long-term corporate value of the Company.</td></tr>
<tr><td rowspan="2">2</td><td>Tadatsugu Konoike
(November 30, 1982)

Reelection
[Attendance of Board of Directors Meetings]
15/15 (100%)</td><td>Apr. 2006 Joined Sumitomo Mitsui Banking Corporation
Apr. 2013 Joined the Company
July 2014 General Manager of Corporate Planning Division
Apr. 2016 Executive Officer
Apr. 2017 Managing Executive Officer
June 2017 Director and Managing Executive Officer
Apr. 2018 Director and Senior Managing Executive Officer
Apr. 2019 Director and Senior Managing Executive Officer, New Business Development Administrator, Executive General Manager of New Business Development Division
Apr. 2021 Director and Senior Managing Executive Officer, Chief International Officer and Chief Technology Innovation Officer (current position)</td><td>1,596,000 shares</td></tr>
<tr><td colspan="3">[Reasons for nomination as candidate for Director]
Tadatsugu Konoike has considerable experience and a proven track record through his practical experience at a financial institution, and also in the corporate planning division and international logistics business of the Company. He is currently formulating and executing medium- to long-term business strategies as the administrative member of the Board of Directors in the international administration division and technology innovation division.
The Company proposes his reelection as Director, having judged that he will fulfill his duties to improve the medium- to long-term corporate value of the Company.</td></tr>
</table>

<table>
<tr><th>Candidate No.</th><th>Name
(Date of birth)</th><th colspan="2">Career summary, position and responsibility in the Company
(Significant concurrent positions outside the Company)</th><th>Number of the Company's shares owned</th></tr>
<tr><td rowspan="2">3</td><td>Eiji Nakayama
(October 29, 1958)

Reelection
[Attendance of Board of Directors Meetings]
15/15 (100%)</td><td>Apr. 1981
Oct. 2008
June 2009
June 2012
June 2014
Apr. 2016
June 2017
June 2018

Apr. 2021</td><td>Joined the Company
General Manager of Osaka-Nishi Branch
General Manager of Tokai Branch
Executive Officer
Director and Executive Officer
Director and Managing Executive Officer
Managing Executive Officer
Director and Managing Executive Officer, Chief Sales Officer
Director and Managing Executive Officer, Chief Sales Officer and Executive General Manager of Sales Division (current position)</td><td>13,800 shares</td></tr>
<tr><td colspan="4">[Reasons for nomination as candidate for Director]
Eiji Nakayama has considerable experience and a proven track record mainly in operations of domestic business divisions since joining the Company. He is currently formulating and executing medium- to long-term business strategies as the administrative member of the Board of Directors in the sales division.
The Company proposes his reelection as Director, having judged that he will fulfill his duties to improve the medium- to long-term corporate value of the Company.</td></tr>
<tr><td rowspan="2">4</td><td>Tetsuro Takeshima
(December 11, 1959)

Reelection
[Attendance of Board of Directors Meetings]
15/15 (100%)</td><td>Apr. 1982
June 2009
Sept. 2011

June 2012
Apr. 2017
June 2018

Apr. 2020

Apr. 2021</td><td>Joined the Company
General Manager of Osaka Harbour Branch
General Manager of International Business Division (Osaka)
Executive Officer
Managing Executive Officer
Representative Director and Managing Executive Officer, Chief Administrative Officer
Representative Director and Managing Executive Officer, Chief Administrative Officer, Executive General Manager of Corporate Planning Division
Representative Director and Managing Executive Officer, Chief Administrative Officer and Officer in charge of ESG (current position)</td><td>16,200 shares</td></tr>
<tr><td colspan="4">[Reasons for nomination as candidate for Director]
Tetsuro Takeshima has considerable experience and a proven track record mainly in operations of domestic business divisions and human resource development for the entire Group since joining the Company. He is currently promoting corporate governance reinforcement and management efficiency improvement as the administrative member of the Board of Directors in the administration division.
The Company proposes his reelection as Director, having judged that he will fulfill his duties to improve the medium- to long-term corporate value of the Company.</td></tr>
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<table>
<tr><th>Candidate No.</th><th>Name
(Date of birth)</th><th>Career summary, position and responsibility in the Company
(Significant concurrent positions outside the Company)</th><th>Number of the Company's shares owned</th></tr>
<tr><td rowspan="2">5</td><td>Yoshihito Ota
(June 26, 1954)

Reelection
External
Independent Director
[Attendance of Board of Directors Meetings]
15/15 (100%)
[Tenure as external Director]
3 years</td><td>Apr. 1978 Joined KYOCERA Corporation
June 2003 Executive Officer
June 2010 Director and Managing Executive Officer
Dec. 2010 Senior Managing Executive Officer of Japan Airlines Co., Ltd.
Dec. 2015 Chairman of KYOCERA Communication Systems Co., Ltd.
Apr. 2017 Advisor
June 2018 External Director of the Company (current position)
Sept. 2019 Chairman of MTG Co., Ltd.
Dec. 2019 Director and Chairman of MTG Co., Ltd. (current position)
(Significant concurrent positions outside the Company)
Director and Chairman of MTG Co., Ltd.</td><td>0 shares</td></tr>
<tr><td colspan="3">[Reasons for nomination as candidate for external Director and expected roles]
Yoshihito Ota has been providing objective advice to the Company on overall operations based on his deep discernment, extensive experience, and superior abilities nurtured through serving as an executive in wide-ranging industries and organizations.
The Company proposes his reelection as external Director, expecting that he will provide supervision and advice on the execution of Directors' duties, based on his knowledge and experience.</td></tr>
<tr><td rowspan="2">6</td><td>Mika Masuyama
(January 6, 1963)

Reelection
External
Independent Director
[Attendance of Board of Directors Meetings]
15/15 (100%)
[Tenure as external Director]
2 years</td><td>Apr. 1985 Joined the Bank of Japan
Sept. 1991 International Marketing Director of Cap Gemini Sogeti
Nov. 1992 Senior Consultant of Gemini Consulting Japan
June 1997 Joined Egon Zehnder
Jan. 2004 Partner
Oct. 2016 President and Representative Partner of Masuyama & Company LLC (current position)
Mar. 2017 Outside Director (Audit and Supervisory Committee Member) of Suntory Beverage & Food Limited (current position)
Mar. 2019 Outside Director of KOKUYO Co., Ltd. (current position)
June 2019 External Director of the Company (current position)
(Significant concurrent positions outside the Company)
President and Representative Partner of Masuyama & Company LLC
Outside Director (Audit and Supervisory Committee Member) of Suntory Beverage & Food Limited
Outside Director of KOKUYO Co., Ltd.</td><td>0 shares</td></tr>
<tr><td colspan="3">[Reasons for nomination as candidate for external Director and expected roles]
Mika Masuyama possesses extensive experience and discernment in corporate governance, human resources and organizations, and M & A, as well as global knowledge of business management and economics. She has also been providing specialist advice for further strengthening the Company's corporate governance.
The Company proposes her reelection as external Director, expecting that she will provide supervision and advice on the execution of Directors' duties, based on her knowledge and experience.</td></tr>
</table>

Candidate No.	Name (Date of birth)	Career summary, position and responsibility in the Company (Significant concurrent positions outside the Company)	Number of the Company's shares owned
7	Taisuke Fujita (July 11, 1970) Reelection External [Attendance of Board of Directors Meetings] 11/11 (100%) [Tenure as external Director] 1 year	Oct. 1991 Joined Tohmatsu & Co. (now Deloitte Touche Tohmatsu LLC) Nov. 2000 Joined Morgan Stanley Japan Securities (now Mitsubishi UFJ Morgan Stanley Securities Co., Ltd.) June 2002 Joined SPARX Asset Management Co., Ltd. Mar. 2006 Joined Taiyo Pacific Partners LP Feb. 2012 Established Unleash Capital Pte. Ltd. Dec. 2012 Joined Orbis Investments Management Ltd. Sept. 2014 Joined Asian Energy Investments, Pte. Ltd. May 2016 Joined Amundi Japan Ltd. July 2020 External Director of the Company (current position)	0 shares
	[Reasons for nomination as candidate for external Director and expected roles] Taisuke Fujita possesses extensive experience and discernment in Japanese and foreign investment market, and global insight on business management and economics. He has also been providing objective advice to the Company on overall operations. The Company proposes his reelection as external Director, expecting that he will provide supervision and advice on the execution of Directors' duties, based on his knowledge and experience.		

Notes:
1. Tadahiko Konoike serves as Representative Director and Vice President of Osaka Port Synthesis Distribution Center, Ltd., which conducts the same class of business as the Company, and so is in competition.
   The Company and Taisuke Fujita are under a consulting agreement from July 1, 2020 until June 30, 2021.
   There is no special interest between any other candidates and the Company.
2. Yoshihito Ota, Mika Masuyama, and Taisuke Fujita are candidates for external Director.
3. The Company has submitted notification to Tokyo Stock Exchange, Inc. concerning the appointment of Yoshihito Ota as an independent Director as provided for by the aforementioned exchange. If the proposal is passed and he assumes the office as external Director, the Company plans to reappoint him as an independent Director. Furthermore, Mika Masuyama satisfies the requirements for an independent Director as provided for by the Tokyo Stock Exchange and, if she assumes the office as external Director, the Company plans to submit notification concerning her appointment as an independent Director.
4. The attendance of Board of Directors meetings for Taisuke Fujita indicates the number since he was appointed as Director on July 31, 2020.
5. Pursuant to the provisions of Article 427, paragraph 1 of the Companies Act and the Articles of Incorporation, the Company has entered into an agreement with Yoshihito Ota, Mika Masuyama, and Taisuke Fujita to limit their liability for damages under Article 423, paragraph 1 of the Companies Act to the minimum liability amount provided for under laws and regulations. If Mr. Ota, Ms. Masuyama, and Mr. Fujita are elected in this Proposal, the Company plans to renew the agreement with them.
6. The Company has entered into a directors and officers liability insurance contract provided for in Article 430-3, paragraph 1 of the Companies Act with an insurance company. The outline of the said contract is stated in page 34 of Business Report (Japanese only). If the election of candidates for Director is approved, they will continue to be insured under the said insurance contract. In addition, the said insurance contract is expected to be renewed with the same contents at the next renewal.

Proposal No. 3 Election of Two Audit & Supervisory Board Members

Audit & Supervisory Board Member Mitsuhiro Nakatani will resign, and the terms of office of Audit & Supervisory Board Member Hideaki Domichi will expire at the conclusion of this meeting. Therefore, the Company proposes the election of two Audit & Supervisory Board Members.
This proposal was approved at the Board of Directors meeting after its details were reported by the Personnel and Remuneration Committee, an advisory body to the Board of Directors chaired by an independent external Director. In addition, prior consent of the Audit & Supervisory Board has been obtained for the submission of this proposal.
The candidates for Audit & Supervisory Board Member are as follows:

<table>
<tr><th>Candidate No.</th><th>Name
(Date of birth)</th><th colspan="2">Career summary and position in the Company
(Significant concurrent positions outside the Company)</th><th>Number of the Company's shares owned</th></tr>
<tr><td rowspan="2">1</td><td>Hiroaki Kobayashi
(June 22, 1959)

New election</td><td>Apr. 1983
June 2012
June 2013
Apr. 2015

Apr. 2016

Apr. 2018
Apr. 2019

Apr. 2021</td><td>Joined the Company
General Manager of Administration Department
General Manager of Accounting Department
Executive Officer, Deputy Executive General Manager of Finance/Accounting Division
Executive Officer, Executive General Manager of System Promotion Division, General Manager of System Sales Department
Executive Officer in charge of Auditing Office
Executive Officer, General Manager of Internal Auditors Office
Advisor (current position)</td><td>19,400 shares</td></tr>
<tr><td colspan="3">[Reasons for nomination as candidate for Audit & Supervisory Board Member]
Hiroaki Kobayashi has considerable experience and a proven track record required for sound and appropriate operation of the Company through this service as the administration division including the information system, and as the manager of the Internal Auditors Office since joining the Company. Therefore, the Company believes he will fulfill the duties appropriately and proposes his election as the Audit & Supervisory Board Member.</td></tr>
<tr><td rowspan="2">2</td><td>Chie Hoshi
(March 6, 1972)

New election
External
Independent Auditor</td><td>Apr. 1998
Sept. 2004
Apr. 2006
Apr. 2014</td><td>Registered as an attorney at law
Joined Tanabe & Partners
Partner (current position)
Member of the Defense Procurement Council (current position)</td><td>0 shares</td></tr>
<tr><td colspan="3">[Reasons for nomination as candidate for external Audit & Supervisory Board Member]
Chie Hoshi has never been involved in the management of a company; however, she possesses specialist knowledge as well as broad knowledge and experience in business practice for corporate law as a lawyer over many years. Therefore, the Company believes she will play the important role in the Company's audit from an independent standpoint and proposes her election as external Audit & Supervisory Board Member.</td></tr>
</table>

Notes:
1. There is no special interest between any of the candidates and the Company.
2. Chie Hoshi is a candidate for external Audit & Supervisory Board Member.
3. Chie Hoshi satisfies the requirements for an independent director/auditor as provided for by the Tokyo Stock Exchange and, if the proposal is passed and she assumes the office as external Audit & Supervisory Board Member, the Company plans to submit notification concerning her appointment as an independent Auditor.
4. Pursuant to the provisions of Article 427, paragraph 1 of the Companies Act, and the Articles of Incorporation, if Chie Hoshi is elected in this Proposal, the Company plans to enter into an agreement with her to limit her liability for damages under Article 423, paragraph 1 of the Companies Act to the minimum liability amount provided for under laws and regulations.
5. The Company has entered into a directors and officers liability insurance contract provided for in Article 430-3, paragraph 1 of the Companies Act with an insurance company. The outline of the said contract is stated in page 34 of Business Report (Japanese only). If the election of candidates for Audit & Supervisory Board Member is approved, they will be insured under the said insurance contract. In addition, the said insurance contract is expected to be renewed with the same contents at the next renewal.

Proposal No. 4 Determination of the Amount of Remuneration for Granting Restricted Shares to Directors

The 80th Annual General Meeting of Shareholders held on July 31, 2020 resolved that the amount of remuneration, etc. provided to Directors of the Company was to be a yearly amount of up to 800 million yen (of which the yearly amount for external Directors is up to 100 million yen, excluding the employee salaries of the Directors who serve concurrently as employees). Separately from the above, the 75th Annual General Meeting of Shareholders held on June 24, 2015 resolved that the Company should issue share acquisition rights as share remuneration-type share options to the Company's Directors excluding external Directors in an amount not exceeding 100 million yen per year.
For the purpose of providing the Directors (excluding external Directors, and hereinafter "Eligible Directors") with an incentive to continuously improve the Company's corporate value and promoting further shared value with shareholders, the Company will request shareholders' approval to abolish the remuneration relating to the share remuneration-type share options and, separately from the aforementioned, to grant restricted shares (hereinafter "restricted shares I") as remuneration, etc. to the Eligible Directors.

In addition, for the purpose of managing and handling the share remuneration plan integrally and efficiently, and promoting further shared value with shareholders, we will also request the following procedure (hereinafter referred to as "the transition measures"), where the Directors to be approved to be reelected by the Proposal No. 2 (hereinafter "reelected Eligible Directors" and, connected with Eligible Directors, hereinafter "Eligible Directors, etc.") will give up the unexercised portion of share acquisition rights as share remuneration-type share options, which the Company will obtain without contribution, whereas, in return, the Company will grant restricted shares (hereinafter "restricted shares II") of the same number of shares for share acquisition rights that the reelected Eligible Directors will relinquish.
The transition measures are to switch share acquisition rights as share remuneration-type share options granted to the reelected Eligible Directors in the previous fiscal years to restricted shares II, and therefore not to grant additional remuneration, while the transition measures will grant monetary remuneration claims to the reelected Eligible Directors in the form of property contributed in kind at the time of granting restricted shares II. Besides, the unexercised portion of share acquisition rights owned by the reelected Eligible Directors will be relinquished, and will never be exercised.
The remuneration amount for restricted shares II is separated from that for restricted shares I, effective only for the 82nd business year (from April 1, 2021 to March 31, 2022).

The Eligible Directors, etc. shall provide all monetary remuneration claims arising from this proposal in the form of property contributed in kind and shall receive common shares of the Company that shall be issued or disposed of, based on the resolution of the Board of Directors of the Company. The amount to be paid in per share issued or disposed of shall be determined by the Board of Directors on the basis of the closing price of the Company's common shares on the Tokyo Stock Exchange on the business day immediately before each date of resolution by the Board of Directors (if there is no closing price on such date, the closing price on the closest preceding trading day) or any other amount within the extent that the amount will not be particularly advantageous to the Eligible Directors, etc..

Besides, the number of the Eligible Directors shall be four, provided Proposal No. 2 is approved as originally proposed, while the number of the current Eligible Directors is five. The number of the reelected Eligible Directors shall be four, provided Proposal No. 2 is approved as originally proposed.

1. Procedure for issuance or disposal of restricted shares
   The issuance or disposal of restricted shares based on this proposal shall be proceeded by providing monetary remuneration claims as remuneration, etc. to the Eligible Directors, etc., and providing all of the said monetary remuneration claims in the form of property contributed in kind by the Eligible Directors, who in turn shall receive issuance or disposal of the Company's common shares.

2. Maximum amount and maximum number of restricted shares granted to the Eligible Directors, etc.
   We propose the maximum amount and the maximum number of restricted shares I and restricted shares II shall be the following respectively, while specific allocation to each of the Eligible Directors, etc. shall be determined at the Board of Directors meeting.

[Restricted shares I]
Based on this proposal, total amount of monetary remuneration distributed for granting restricted shares I shall be within 100 million yen per year as a reasonable amount for the aforementioned purposes, and the total number of the Company's common shares issued or disposed of as restricted shares I shall be within 100,000 shares per year. (In the event of a share split (including the allotment of Company's common shares without consideration) or share consolidation of the Company's common shares with an effective date that is on or after the approval date of this proposal, the said total number of shares may be adjusted according to the ratio of the split or consolidation of shares.)
[Restricted shares II]
Based on this proposal, total amount of monetary remuneration distributed for granting restricted shares II shall be within 500 million yen as a reasonable amount for the aforementioned purposes, and the total number of the Company's common shares issued or disposed of as restricted shares II shall be within 300,000 shares. (In the event of a share split (including the allotment of Company's common shares without consideration) or share consolidation of the Company's common shares with an effective date that is on or after the approval date of this proposal, the said total number of shares may be adjusted according to the ratio of the split or consolidation of shares.)

3. Overview of restricted shares granted to the Eligible Directors, etc.
Before granting restricted shares based on this proposal, the Company and the Eligible Directors, etc. shall enter into restricted share allotment agreements (hereinafter "the allotment agreement I" for the agreement regarding restricted shares I and "the allotment agreement II" for the agreement regarding restricted shares II) including the following provisions.

<Overview of the allotment agreement I>

(1) The Eligible Directors are prohibited to transfer, create any right of security interest or otherwise dispose of (hereinafter "transfer restriction") the Company's common shares allotted by the allotment agreement I (hereinafter "the Allotted Shares I") in the period between the date of issuance of the Allotted Shares I and the date when the said Eligible Director resigns as Director of the Company or other positions designated by the Board of Directors of the Company, or retires from office (hereinafter "transfer restriction period").

(2) In the event that the Eligible Directors resigns as the positions designated in (1) above or retires from office before the period stipulated by the Board of Directors of the Company (hereinafter "service period") expires, the Company shall automatically acquire without contribution the Allotted Shares I, except in cases where there are justifiable grounds approved by the Board of Directors of the Company.

(3) The Company shall lift the transfer restrictions on all of the Allotted Shares I at the expiration of the transfer restriction period, on the condition that the Eligible Director continuously holds a position designated in (1) above during the service period. However, if the Eligible Director resigns from a position designated in (1) above or retires from office before the expiration of the service period due to the reason that the Board of Directors of the Company deems justifiable as designated in (2) above, the Company shall rationally adjust as needed the number of the Allotted Shares I on which the transfer restrictions are to be lifted.

(4) The Company shall automatically acquire without contribution the Allotted Shares I on which the transfer restrictions have not been lifted at the expiration of the transfer restriction period, based on the provision in (3) above.

(5) The Company shall automatically acquire without contribution the Allotted Shares I in cases where there are justifiable grounds for the reasons designated by the Board of Directors of the Company for acquisition without contribution of the Allotted Shares I including breach of laws and regulations, company rules, and the allotment agreement I.

(6) Notwithstanding the provision of (1) above, if, during the transfer restriction period, matters relating to a merger agreement in which the Company is the disappearing company, a share exchange agreement or

share transfer plan in which the Company becomes a wholly owned subsidiary, or other reorganization, etc. are approved at the Company's General Meeting of Shareholders (or the Board of Directors in cases where approval at the Company's General Meeting of Shareholders is not required in relation to the said reorganization, etc.), the Company shall, by resolution of the Board of Directors of the Company, lift the transfer restrictions on the Allotted Shares I with the number of shares that is reasonably determined prior to the date on which the reorganization, etc. becomes effective.

(7) In cases specified in (6) above, the Company shall automatically acquire without contribution the Allotted Shares on which the transfer restrictions have not been lifted as of the time immediately after the transfer restrictions were lifted based on the provision of (6) above.

<Overview of the allotment agreement II>

(1) The reelected Eligible Directors are prohibited to transfer, create any right of security interest or otherwise dispose of (hereinafter "transfer restriction") the Company's common shares allotted by the allotment agreement II (hereinafter "the Allotted Shares II") in the period between the date of issuance of the Allotted Shares II and the date when the said reelected Eligible Director resigns as both Director and Executive Officer of the Company (hereinafter "transfer restriction period").

(2) The Company shall lift the transfer restrictions on all of the Allotted Shares II at the expiration of the transfer restriction period.

(3) The Company shall automatically acquire without contribution the Allotted Shares II in cases where there are justifiable grounds for the reasons designated by the Board of Directors of the Company for acquisition without contribution of the Allotted Shares II including breach of laws and regulations, company rules, and the allotment agreement II.

(4) Notwithstanding the provision of (1) above, if, during the transfer restriction period, matters relating to a merger agreement in which the Company is the disappearing company, a share exchange agreement or share transfer plan in which the Company becomes a wholly owned subsidiary, or other reorganization, etc. are approved at the Company's General Meeting of Shareholders (or the Board of Directors in cases where approval at the Company's General Meeting of Shareholders is not required in relation to the reorganization, etc.), the Company shall, by resolution of the Board of Directors of the Company, lift the transfer restrictions on all of the Allotted Shares II prior to the date on which the reorganization, etc. becomes effective.

4. Reason why granting restricted shares is reasonable

In order to provide an incentive to continuously improve the Company's corporate value and to promote further shared value with shareholders, the Company shall grant restricted shares I as a part of remuneration, etc. to the Eligible Directors, as well as restricted shares II as a part of remuneration, etc. to the reelected Eligible Directors as the transition measures from the share remuneration-type share options plan.

The Board of Directors meeting held on May 20, 2021 resolved that the Company should adopt restricted shares with the transfer restriction lifted at the time of resignation of Director (for the overview, please refer to page 34 and subsequent pages of Business Report) (Japanese only) under the ongoing policy of employing remuneration plan linked to share prices as a policy regarding determination of contents of Director's individual remuneration, etc.. Granting restricted shares I based on this proposal complies with the aforementioned policy.

Furthermore, through granting restricted shares II as a part of the transition measures, the share remuneration plan shall be managed and handled integrally and efficiently.

In addition, the total amount of remuneration paid for granting restricted shares based on this proposal shall be within the maximum amount stated in 2. above. Restricted shares I to be granted based on this Proposal shall account for 0.17% of the total shares issued (1.75% of the total shares issued in case of issuing the maximum number of restricted shares I for ten consecutive years), causing the dilution rate to be immaterial. As for restricted shares II, due to relinquishment of share acquisition rights for the same number of shares to be issued upon exercise as restricted shares II to be granted, there shall be no substantive dilution.

Consequently, we consider granting restricted shares based on this proposal is reasonable. The Personnel and Remuneration Committee also considers granting restricted shares based on this proposal is reasonable.

(Reference)
The Company plans to grant restricted shares to the Executive Officers of the Company.
Besides, for the Executive Officers of the Company who hold share acquisition rights as share remuneration-type share options, the Company plans to take the same measures as the transition measures.