



June 30, 2022

To whom it may concern:

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 Representative: Eiji Sato, President and CEO
 (Code: 4626, listed on Prime Market of Tokyo Stock Exchange)

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Notice Regarding Issuance of New Shares as Restricted Stock Compensation System and Performance-Linked Stock Compensation System

Taiyo Holdings Co., Ltd. (hereinafter the “Company”) hereby announces that its Board of Directors resolved at a meeting held on June 30, 2022 to issue new shares (hereinafter the “Issuance”) as part of the restricted stock compensation system and performance-linked stock compensation system (hereinafter collectively the “System”).

1. Outline of the Issue

(1) Pay-in date	July 15, 2022
(2) Total number of shares to be issued	102,373 shares of common stock
(3) Issue price	2,903 yen per share
(4) Total issue value	297,188,819 yen
(5) Amount of funds raised	177,373,300 yen
(6) Offering or allotment method	41,273 shares will be allotted with specified transfer restrictions. 61,100 shares will be allotted in third-party allotment.
(7) Scheduled Allottees	Allotment with specified transfer restricted stock: Four executive directors of the Company 41,273 shares Third-party allotment: Three executive directors of the Company 61,100 shares
(8) Contribution method	Allotment with specified transfer restricted stock: Allottees exchange monetary claims for the shares Third-party allotment: Allottees purchase the shares with cash
(9) Other details	The Issuance is contingent upon the securities registration statement taking effect pursuant to the Financial Instruments and Exchange Act.

2. Purpose and Reason for the Issuance

The Issuance will be conducted as part of the System, which provides compensation to the Company's executive directors (as used in this press release, "executive directors" means the directors specified in Article 363, Paragraph 1 of the Companies Act) in order to further motivate them to contribute toward the sustainable enhancement of the Company's corporate value and to further promote the sharing of values between executive directors and shareholders. The System was approved by the Board of Directors at a meeting held on May 19, 2017 and by the shareholders at the 71st Ordinary General Shareholders Meeting held on June 21, 2017, as well as by the Board of Directors at a meeting held on May 13, 2021, and by the shareholders at the 75th Ordinary General Shareholders Meeting held on June 19, 2021. The overview of the System is described below.

<Overview of the System, etc.>

(1) Overview of the System

Under the System, the Company allots shares of common stock issued or disposed of by the Company to executive directors under conditions 1) through 4) below.

- 1) The total number of common stocks issued or disposed of by the Company under the transfer-restricted stock compensation system in one fiscal year shall be 80,000 shares. (hereinafter the "Restricted Stock Cap." The relevant upper limit, which had been 40,000 shares pursuant to the resolution of the 75th Ordinary General Shareholders Meeting held on June 19, 2021, was increased to 80,000 shares, reflecting a two-for-one split of the common stock conducted on October 1, 2021.), while the number of common stock issued or disposed of by the Company under the performance-linked stock compensation system in one fiscal year shall be 200,000 shares (hereinafter the "Performance Stock Cap." The relevant upper limit, which had been 100,000 shares pursuant to the resolution of the 75th Ordinary General Shareholders Meeting held on June 19, 2021, was increased to 200,000 shares, reflecting a two-for-one split of the common stock conducted on October 1, 2021.). The total number of common stock issued or disposed of by the Company under the System in one fiscal year shall be fewer than 2,840,000 shares (hereinafter the "Holdings Cap." The relevant upper limit, which had been 1,420,000 shares pursuant to the resolution of the 75th Ordinary General Shareholders Meeting held on June 19, 2021, was increased to 2,840,000 shares, reflecting a two-for-one split of its common stock conducted on October 1, 2021.) including common stock held by all executive directors of the Company eligible to receive the allotment of shares (limited to persons serving as executive directors when the allotment takes place).
- 2) The Restricted Stock Cap, Performance Stock Cap, and Holdings Cap may be adjusted in proportion to the split ratio/merger ratio, within reason, if the Company decides to undertake a stock split or reverse stock, or if it otherwise becomes necessary to adjust the cap.
- 3) The Company must determine the number of common shares to allocate for restricted stock compensation before determining the amount for performance-linked stock compensation.
- 4) The Board of Directors determines the amount that executive directors pay in for each common share allotted to them. Generally, the amount will be the closing price that the common stock fetches on the TSE as of the business day preceding the resolution date (the date on which the Board of Directors resolves the terms and conditions for applying to receive the common shares) or, if no trading is reported on that day, the day before that. The amount must always remain within a range that gives no artificial advantage to the executive directors receiving the common shares.

(2) Overview of restricted stock compensation system

Under the Restricted Stock Compensation System, the Company issues executive directors with monetary claims (hereafter "Transfer-restricted Stock Compensation Claims") they can use to purchase transfer-restricted stock of up to 300 million yen per year. After receiving their Transfer-restricted Stock Compensation Claims from the Company, the executive directors must pay the entirety of the monetary claims as in-kind contributions in exchange for receiving the common shares issued or disposed of by the Company.

Transfer-restricted Stock Compensation Claims are contingent on the following:

- (1) The executive directors agree to pay the entirety of the monetary claims they receive as in-kind contributions in proportion to the common shares issued or disposed of by the Company.
- (2) The executive directors sign an agreement with the Company concerning the allotment of transfer-restricted stock (the Restricted Stock Allotment Agreement).
- (3) Executive directors still hold the position of executive director as of the time immediately before the payment date for the shares newly issued or disposed of in connection with the allotment.
- (4) The issuance of new shares or disposition of treasury shares related to the allotment has not been withdrawn, suspended or canceled for other reasons.

In consideration of the conditions (1) and (2), of the 102,373 shares of common stock to be issued in the Issuance, the 41,273 shares that pertain to restricted stock compensation are deemed shares with specified transfer restrictions as defined in Article 54, Paragraph 1, of the Corporation Tax Act and in Article 84, Paragraph 1, of the Order for Enforcement of the Income Tax Act.

A summary of the Restricted Stock Allotment Agreement is provided in "(3) Summary of Restricted Stock Allotment Agreement."

In consideration of the executive directors' responsibilities and latest trends, the total value of the monetary claims the Company will provide as Restricted Stock Compensation Claims (hereinafter the "Monetary Claims") will be ¥119,815,519. This amount is considered sufficient to encourage executive directors to further promote the sharing of values between executive directors and shareholders and to motivate them to contribute toward the Company's corporate value in the medium-to-long term. The Monetary Claims will be exchanged for a total of 41,273 shares of common stock to be issued based on the transfer-restricted stock compensation system. The restriction period will last ten years starting from the date on which the issued shares of common stock are purchased. This restriction period was approved at the 71st Ordinary General Shareholders Meeting, held on June 21, 2017, and reapproved at the 75th Ordinary General Shareholders Meeting, held on June 19, 2021.

Under the Issuance, four executive directors designated as allottees under the restricted stock compensation system will receive 41,273 shares of common stock in exchange paying the entirety of their Monetary Claims against the Company as in-kind contributions.

(3) Summary of Restricted Stock Allotment Agreement

1) Period of agreement: July 15, 2022, to July 14, 2032

2) Condition for lifting restrictions

Restrictions on the transfer of the stock are released once the following condition is met: The restriction period for the executive director's allotted shares (as used in this section (3), "allotted shares" means the entirety the shares of the Company's common stock to be allotted to the executive director under the Restricted Stock Allotment Agreement) has elapsed (the restriction period may be adjusted if the executive director dies in office) and the executive director remained incumbent throughout the eligibility period (as used in this section (3), "eligibility period" means the period in which the executive directors are eligible to be paid Transfer-restricted Stock Compensation Claims, the period lasting from the day of the 76th Ordinary General Shareholders Meeting to the day before the 77th Ordinary General Shareholders Meeting.)

3) Provision for cases where executive directors retire during the eligibility period

If an executive director leaves office (or otherwise loses his/her status as executive director), the Company will immediately acquire, as a matter of course and for no consideration, the portion of the allotted shares for which restrictions still apply as per the previous paragraph, "2) Condition for lifting restrictions". This portion is the number of allotted shares that remains after subtracting the number of allotted shares that would become fully transferable had the executive director remained in office. The latter number is the product (rounding down to the nearest whole number) of (1) the number of allotted shares the executive director holds at the time he/she retired and (2) one twelfth of the number of elapsed months starting from the month following the month in which the 76th Ordinary General Shareholders Meeting was held and the month in which the executive director retires.

4) Acquisition of shares by the Company without compensation

Notwithstanding provisions including "3) Provision for cases where executive directors retire during the eligibility period" above, immediately after the restriction period has elapsed, the Company will acquire, as a matter of course and for no consideration, allotted shares that remain restricted.

5) Management of shares

The allotted shares are managed in a dedicated account opened by the executive directors at SMBC Nikko Securities Inc. during the transfer restriction period so that the executive directors will be unable to execute a transfer, create a security interest or dispose of them during the restriction period. The executive directors shall agree on the management of the account.

6) Provision for corporate reorganization, etc.

The Company may cancel the restrictions on the allotted shares by resolution of the Board of Directors if (1) the Ordinary General Shareholders Meeting approves a corporate reorganization (or the Board of Directors does so, if Ordinary General Shareholders Meeting's approval is unnecessary), such as a merger agreement in which the Company becomes a non-surviving company or a share exchange agreement or a share transfer plan under which the Company becomes a wholly-owned subsidiary of another company, or (2) a change in controlling shareholder occurs. In the case of (1), the restrictions will be canceled immediately before the business day preceding the effective date of the corporate reorganization. In the case of (2), they will be canceled on the day on which the change in controlling shareholder occurs. If a corporate reorganization is approved or another event occurs during the eligibility period, the Company will immediately acquire, as a matter of course and for no consideration, the portion of the allotted shares for which restrictions still apply. This portion is the number of allotted shares that remains after subtracting the number of allotted shares that would become fully transferable had the event not occurred. The latter number is the product (rounding down to the nearest whole number) of (1) the number of allotted shares the executive director holds at the time and (2) one twelfth

of the number of elapsed months starting from the month following the month in which the 76th Ordinary General Shareholders Meeting was held and the month in which a corporate reorganization or a change in controlling shareholder occurs.

(4) Overview of performance-linked stock compensation system

For performance-linked stock compensation system, the Company provides to executive directors performance cash, which the executive directors use to purchase their allotted shares of common stock.

Once the eligibility period (meaning the period beginning from the date of the Ordinary General Shareholders Meeting held two years before the fiscal year in which the performance cash is paid and ending on the day before the Ordinary General Shareholders Meeting held in the fiscal year before then) has elapsed, executive directors who have received their performance cash pay this cash in exchange for common stock issued or disposed of by the Company. However, excluded from performance cash are all income tax, resident tax, and other taxes levied on the performance cash, all social security premiums connected with the performance cash, all payment handling fees, and any fractional portion (the rounded off portion); hereafter the same shall apply.

Performance cash is contingent on the following: (1) The executive directors undertake to exchange the entirety of their performance cash for their allotted common stock issued or disposed of by the Company, and (2) the executive directors sign an agreement with the Company concerning the performance-linked stock (the Performance-linked Stock Agreement).

However, it is possible that a law or judicial judgment prevents the Company from allotting common stock issued or disposed of by the Company to the executive directors in accordance with their performance-linked stock compensation. In such case, the recipients will receive their performance-linked stock compensation in cash only. When the number of shares in common stock issued or disposed of by the Company in accordance with the performance-linked stock compensation System exceeds the Performance Share Cap or the Holdings Cap, the Company will pay the portion in excess in cash, as opposed to shares.

Further, if an executive director transfers his/her right to receive performance-linked stock compensation to his/her heir as part of an inheritance process, the heir will receive the compensation in cash only.

A summary of the Performance-linked Stock Agreement is provided in “(5) Summary of Performance-linked Stock Agreement.”

In the Issuance, the Company will pay ¥401,302,000 of performance cash to the executive directors, this amount being within 3.4% of the profit attributable to owners of parent (¥11,803 million) as of the 76th fiscal year. This performance cash will be exchanged for 61,100 common shares to be issued as performance-linked stock compensation pursuant to the performance-linked stock compensation system. The restriction period will last three years starting from the date on which the issued shares of common stock are purchased. This restriction period was approved at the 71st Ordinary General Shareholders Meeting, held on June 21, 2017, and reapproved at the 75th Ordinary General Shareholders Meeting, held on June 19, 2021.

Under the Issuance, pursuant to the performance-linked stock compensation system three executive directors designated as allottees will receive 61,100 shares of common stock.

(5) Summary of Performance-linked Stock Agreement

1) Period of agreement: July 15, 2022, to July 14, 2025

2) Time when restrictions are lifted

Restrictions on the allotted shares (as used in this section (5), "allotted shares" means the common shares allotted pursuant to this agreement) will be lifted in their entirety once the restriction period elapses (the period may be adjusted at the shareholder's request if an inheritance process concerning the shareholder has commenced).

3) Management of shares

The allotted shares are managed in a dedicated account opened by the executive directors at SMBC Nikko Securities Inc. during the transfer restriction period so that the executive directors will be unable to execute a transfer, create a security interest or dispose of them during the restriction period. The executive directors shall agree on the management of the account.

4) Provision for corporate reorganization, etc.

The Company may lift the restrictions on the entirety of the allotted shares by resolution of the Board of Directors if (1) the Ordinary General Shareholders Meeting approves a corporate reorganization (or the Board of Directors does so, if Ordinary General Shareholders Meeting's approval is unnecessary), such as a merger agreement in which the Company becomes a non-surviving company or a share exchange agreement or a share transfer plan under which the Company becomes a wholly-owned subsidiary of another company, or (2) a change in controlling shareholder occurs. For (1), the restrictions will be canceled immediately before the business day preceding the effective date of the corporate reorganization. For (2), they will be canceled on the day on which the change in controlling shareholder occurs.

3. Amount of Proceeds, Their Use and Planned Disbursement Date

(1) Amount of Proceeds

1) Total amount paid in	177,373,300 yen
2) Estimated issuance costs	240,000 yen
3) Estimated net proceeds	177,133,300 yen

(Notes) 1. Of the shares issued in the Issuance, the 41,273 shares issued as restricted stock compensation will be paid for in kind (by monetary claims provided by the Company), not in cash.

2. The estimated issuance costs exclude consumption tax.

3. The issuance costs include the cost of producing the securities registration statement.

(2) Specific use of procured capital

As previously noted, the Issuance will be conducted as part of the two components of the stock compensation system (transfer-restricted stock compensation and performance-linked stock compensation), which provide compensation to executive directors in order to further motivate them to contribute toward the sustainable enhancement of the Company's corporate value and to further promote the sharing of values between executive directors and shareholders. The stock compensation system was approved at the 71st Ordinary General Shareholders Meeting, held on June 21, 2017, and at the 75th Ordinary General Shareholders Meeting, held on June 19, 2021.

The 41,273 shares to be issued as transfer-restricted stock compensation will be paid for in kind as assets to be contributed, not in cash. Specifically, they will be paid for by the monetary claims that the Company provides to executive directors (as restricted stock compensation) during the period from the day of the 76th Ordinary General Shareholders Meeting to the day before the 77th Ordinary General Shareholders Meeting. The ¥177,133,300 in estimated net proceeds pertains to performance-linked stock compensation. It is the amount that the Company would receive when the executive directors pay the entirety of their performance cash for the 76th fiscal year (excluding all income tax, resident tax, and other taxes levied on the cash, all social security premiums connected with the cash, all payment handling fees, and any amount less than the amount paid for one unit of the shares). From July 15, 2022, the net proceeds will be used as part of working capital.

Until paid, the cash will be held in the Company's deposit account.

4. Rationale for Use of Proceeds

The Issuance is not intended as a fund-raising measure. As explained in section 2 "Purpose and Reason for the Issuance," it is implemented as part of the stock compensation system, which itself is designed to further motivate executive directors to contribute toward the Company's corporate value and to further promote the sharing of values between executive directors and shareholders. This is justified because it will provide executive directors with an incentive over the medium to long term that will benefit the Company's corporate value and the interests of shareholders.

5. Reasonableness for Terms of Issuance

(1) Calculation basis of payment amounts and relevant details

The issue price for the Issuance was based on the value of the Company's common shares. This amount was ¥2,903, the closing price that the common shares fetched on the TSE on June 29, 2022, which was the business day preceding the date on which the Board of Directors approved the Issuance. The stock price on this date was reasonably representative of the Company's performance and market trends (and not, therefore, artificially advantageous) given that the common stock was listed and stable (there were no significant fluctuation events at the time).

The issue price is considered reasonable, and not artificially advantageous, in that it exceeds 90% of the stock price for the business day preceding the board's resolution and the average closing prices over the one-month period preceding the resolution (from May 30, 2022 to June 29, 2022), the three-month period preceding the resolution (March 30, 2022, to June 29, 2022), and the six-month period preceding the resolution (December 30, 2021, to June 29, 2022). For the one-month average closing price of ¥3,016 (all monetary amounts rounded to nearest yen), the issue price represents a discount of 3.75% (all percentages are rounded to two decimal places). For the three-month average closing price of ¥3,099, it represents a discount of 6.32%. For the six-month average closing price of ¥3,155, it represents a discount of 7.99%.

The issue price was set in a manner consistent with the Japan Securities Dealers Association's policy on capital increases through third-party allotments.

(2) Rational for concluding that volume of shares to be issued and scale of dilution of shares are reasonable

In the Issuance, the Company will issue 102,373 shares, representing 1,021 voting rights (of these shares, 41,273, representing 410 voting rights, will be for restricted stock compensation, and 61,100, representing 611 voting rights, will be for performance-linked stock compensation). The additional shares represent 0.18% of the 58,083,128 of total issued shares as of March 31, 2022 (common shares of 58,083,128 shares; as of today, common shares of 58,083,128 shares) (those issued for restricted stock compensation represent 0.07% and those issued for performance-linked stock compensation represent 0.11% of total issued shares). They also represent 0.18% of the 563,187 voting rights (those issued for restricted stock compensation represent 0.07% and those issued for performance-linked stock compensation represent 0.11% of voting rights). The additional shares and share dilution are considered reasonable because the System will improve the Company's corporate value and benefit the interests of shareholders, in that it will incentivize executive directors to work toward the Company's corporate value and further promote the sharing of values between executive directors and shareholders.

6. Grounds for Choosing Allottees in Third-party Allotment of Common Shares as Performance-linked Stock Compensation

(1) Outline of Allottees

1) Outline of Allottees

Executive directors of the Company

Name	Three executive directors (Note)
Address	– (Note)
Role	Executive director

(Note) The names and addresses are undisclosed because disclosing this information is not conducive to the purpose of the Issuance (which is to incentivize the executive directors to work toward the sustainable enhancement of the Company's corporate value and identify with the interests of shareholders).

2) Allottees' interests in the Company

Executive directors

Capital equity relations (Note)	The three executive directors hold 530,760 shares of the Company's common shares.
Employment relations	The three executive directors serve the Company in said role.
Financial relations	Not applicable.
Technological or business relations	Not applicable.

(Notes) 1. Capital/equity interest: This disclosure is based on the shareholder registry as of March 31, 2022.

2. Confirming that allottees have no ties to organized crime: the Company investigated the allottees' career histories at the time they were appointed and, in the run-up to the Issuance, received from the allottees a written undertaking that they have no ties to organized crime. The written undertakings have been submitted to the TSE.

As its stock is listed on the Prime Market of the TSE, the Company has submitted to TSE a corporate governance report (dated June 20, 2022). As stated in Section IV ("Matters Concerning Internal Control Systems, etc.") under item 2. ("Basic Approach to the Eradication of Antisocial Forces and the Establishment of Related Systems") of the report, which contains our basic policy for preventing ties to organized crime, the Company believes that organized crime threatens public order and disrupts business. The report also outlines the Company's principles for dealing with any unlawful or improper demands; namely, the company will never acquiesce to such demands and will report any such demands to the police. The allottees accept this policy and adhere to it in discharging their directorial duties. For these reasons, the Company is satisfied that the allottees have no links to organized crime.

(2) Reasons for selection of allottees

Of the shares issued in the Issuance, the 61,100 shares issued under the performance-linked stock compensation system will be allotted entirely to the three executive directors who are eligible under the system. These individuals were selected on the basis that allotting the shares to them would lead to the sustained enhancement of the Company's corporate value and benefit the interests of shareholders, in that it would incentivize the executive directors to work toward the Company's corporate value over the medium to long term and identify with the interests of shareholders.

(3) Holding policy of allottees

The allottees have informed the Company that they intend to hold the shares allotted to them as performance-linked stock compensation (the total of these shares being 61,100) for the medium to long term on the belief that this will help them work toward the company's corporate value together with shareholders. As stated in section 2 ("Purpose and Reason for the Issuance"), the restriction period for the performance shares will last three years starting from the date on which the issued shares of common stock are purchased. However, this transfer restriction may be lifted at the shareholder's request if an inheritance process concerning the shareholder is underway.

The Company will obtain from the allottees written statements confirming that (1) they will provide the company with advance written notice if they intend to transfer all or some of the shares within two years of the date they pay for the shares, and that (2) in such a case they will consent to the Company disclosing their notice to the TSE and making it viewable to the general public.

(4) Confirmation of assets required for payment by allottees

Performance-linked stock compensation for the 76th fiscal year to be provided to the executive directors, the allottees, will be used for assets required for payment by allottees. The allottees will be provided performance-linked stock compensation on condition that they undertake to exchange the entirety of the performance cash they receive for their allotted common shares issued or disposed of by the Company and that they sign the performance-linked stock Agreement. Hence, the Company is satisfied that the allottees will have an asset sufficient to purchase their allotted shares by the pay-in date.

7. Post-Issuance Major Shareholders and the Share Ratio

Before Issuance (March 31, 2022)	Shareholding ratio	After Issuance	Shareholding ratio
DIC Corporation	19.94	DIC Corporation	19.90
Kowa Co., Ltd.	12.91	Kowa Co., Ltd.	12.88
The Master Trust Bank of Japan, Ltd. (manages our trust account)	10.94	The Master Trust Bank of Japan, Ltd. (manages our trust account)	10.92
MISAKI ENGAGEMENT MASTER FUND	5.49	MISAKI ENGAGEMENT MASTER FUND	5.48
Custody Bank of Japan, Ltd. (manages trust account)	5.12	Custody Bank of Japan, Ltd. (manages trust account)	5.11
SMBC Trust Bank Ltd. (Sumitomo Mitsui Banking Corporation Retirement Benefit Trust Account)	3.96	SMBC Trust Bank Ltd. (Sumitomo Mitsui Banking Corporation Retirement Benefit Trust Account)	3.95
Shikoku Chemicals Corporation	2.64	Shikoku Chemicals Corporation	2.64
Toshin Yushi Co., Ltd.	1.91	Toshin Yushi Co., Ltd.	1.91
The Bank of New York Mellon 140042	1.87	The Bank of New York Mellon 140042	1.86
Takato Kawahara	1.43	Takato Kawahara	1.42

(Notes) 1. Share ratio is the percentage of the total shares outstanding, which is calculated by excluding the 1,728,465 shares the Company holds as treasury shares as of March 31, 2022. The treasury shares exclude 205,420 shares held by The Master Trust Bank of Japan, Ltd. (for the ESOP trust) as common shares in the Company.

2. Percentages are rounded to the second decimal place.

8. Outlook

The Issuance has no material impact on the forecasts for the current fiscal year.

9. Procedures pertaining to the Code of Corporate Conduct

As the dilution ratio for the Issuance is less than 25% and does not involve a change in controlling shareholders, it is not necessary to obtain an opinion from an independent third party or carry out procedures to confirm the intent of shareholders as provided for in Article 432 of the Securities Listing Regulations prescribed by the TSE.

10. Performance and Equity Finance over the Past Three Years

(1) Consolidated performance over the past three years

	FYE Mar 2020	FYE Mar 2021	FYE Mar 2022
Net sales	70,627 million yen	80,991 million yen	97,966 million yen
Operating income	9,136 million yen	13,943 million yen	17,958 million yen
Ordinary income	8,898 million yen	13,819 million yen	18,062 million yen
Profit attributable to owners of parent	3,749 million yen	9,529 million yen	11,803 million yen
Net income per share	66.01 yen	167.49 yen	209.13 yen
Dividend per share	65.10 yen	80.10 yen	69.55 yen
Net assets per share	1,217.11 yen	1,348.42 yen	1,522.11 yen

(Note) On October 1, 2021, the Company implemented a two-for-one common stock split. Net income per share and net assets per share are calculated based on the assumption that the stock split was conducted at the beginning of the fiscal year ended March 31, 2020. The dividends per share indicated above also reflect the implementation of the stock split.

(2) Outstanding shares and shares of potentially dilutive stock as of June 30, 2022

	Number of shares	Proportion to the number of shares outstanding
Total outstanding shares	Common shares 58,083,128	100.0%
Number of potentially dilutive shares based on a conversion price (exercise price) as of now	–	–%
Number of potentially dilutive shares at the lower limit of the conversion price (exercise price)	–	–%
Number of potentially dilutive shares at the upper limit of the conversion price (exercise price)	–	–%

(3) Recent stock trends

1) Stock trends over the past three years

	FYE Mar 2020	FYE Mar 2021	FYE Mar 2022
Starting price	1,865 yen	2,043 yen	3,025 yen
High	2,610 yen	3,345 yen	3,600 yen
Low	1,508 yen	1,845 yen	2,410 yen
Closing price	2,035 yen	3,015 yen	3,250 yen

(Note) On October 1, 2021, the Company implemented a two-for-one common stock split. Its stock prices before the implementation of the stock split have been adjusted and rounded to the nearest yen.

2) Stock trends over the past six months

	2022: January	February	March	April	May	June
Starting price	3,575 yen	3,390 yen	3,025 yen	3,235 yen	3,105 yen	3,220 yen
High	3,600 yen	3,410 yen	3,375 yen	3,315 yen	3,305 yen	3,240 yen
Low	3,180 yen	2,935 yen	2,790 yen	2,960 yen	3,010 yen	2,703 yen
Closing price	3,360 yen	3,065 yen	3,250 yen	3,115 yen	3,260 yen	2,903 yen

(Note) The stock prices for June 2022 are those as of June 29, 2022.

3) Stock trend on the business day preceding resolution date for issuance

	June 29, 2022
Starting price	2,899 yen
High	2,937 yen
Low	2,893 yen
Closing price	2,903 yen

(4) Equity finance over the past three years

1) Stock compensation with specified transfer restrictions and by third-party allotment

Pay-in date	July 16, 2019
Total issue value	192,435,750 yen
Issue price	3,250 yen per share
Number of outstanding shares upon subscription	Common shares: 28,910,436
Number of shares issued upon this subscription	Common shares: 59,211
Total number of outstanding shares after the subscription	Common shares: 28,969,647
Allottees	Shares to be allocated with specified transfer restrictions: Five executive directors of the Company: 37,511 shares Shares to be allocated by third-party allotment: Five executive directors of the Company: 21,700 shares
Initial use of fund at time of issuance	Shares to be allocated with specified transfer restrictions: The Company will receive no monetary asset, as the allottees will pay in kind. Shares to be allocated by third-party allotment: Some of the asset will be used as working capital.
Planned disbursement period upon issuance	From July 16, 2019
State of allocation as of today	The entire amount is allocated in accordance with the use of the proceeds.

(Note) On June 27, 2019, the Company exchanged one share of common stock for every Series II Class A share and, on the same day, retired all Series II Class A shares.

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2) Stock compensation with specified transfer restrictions and by third-party allotment

Pay-in date	July 16, 2020
Total issue value	143,409,350 yen
Issue price	4,970 yen per share
Number of outstanding shares upon subscription	Common shares: 28,969,647
Number of shares issued upon this subscription	Common shares: 28,855
Total number of outstanding shares after the subscription	Common shares: 28,998,502
Allottees	<p>Shares to be allocated with specified transfer restrictions: Three executive directors of the Company: 16,755 shares</p> <p>Shares to be allocated by third-party allotment: Three incumbent executive directors of the Company: 9,800 shares Two former executive directors of the Company: 2,300 shares The two former executive directors were incumbent between the 73rd and 74th Ordinary General Shareholders Meetings (June 22, 2019, to June 20, 2020) and left their office between the 74th Ordinary General Shareholders Meeting and July 1, 2020.</p>
Initial use of fund at time of issuance	<p>Shares to be allocated with specified transfer restrictions: The Company will receive no monetary asset, as the allottees will pay in kind.</p> <p>Shares to be allocated by third-party allotment: Some of the asset will be used as working capital.</p>
Planned disbursement period upon issuance	From July 16, 2020
State of allocation as of today	The entire amount is allocated in accordance with the use of the proceeds.

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3) Stock compensation with specified transfer restrictions, stock compensation by third-party allotment

Pay-in date	July 16, 2021
Total issue value	26,075,500 yen
Issue price	5,250 yen per share
Number of outstanding shares upon subscription	Common shares: 28,998,502
Number of shares issued upon this subscription	Common shares: 43,062
Total number of outstanding shares after the subscription	Common shares: 29,041,564
Allottees	Shares to be allocated with specified transfer restrictions: Three incumbent executive directors of the Company: 15,862 shares Shares to be allocated by third-party allotment: Three incumbent executive directors of the Company: 27,200 shares
Initial use of fund at time of issuance	Shares to be allocated with specified transfer restrictions: The Company will receive no monetary asset, as the allottees will pay in kind. Shares to be allocated by third-party allotment: Some of the asset will be used as working capital.
Planned disbursement period upon issuance	From July 16, 2021
Planned disbursement period upon issuance	The entire amount is allocated in accordance with the use of the proceeds.

11. Issuance Schedule

June 30, 2022 (Thursday): Issuance approved by Board of Directors

July 15, 2022 (Friday): Pay-in date (Schedule)