

April 14, 2021

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Announcement Regarding the Issuance of Euro-yen Denominated Convertible Bonds with Stock Acquisition Rights due 2026

The Company announces as follows that a resolution was passed at the Board of Directors meeting held on April 14, 2021, to issue euro-yen denominated convertible bonds with stock acquisition rights due 2026 in the aggregate face amount of 10 billion yen (hereinafter, “the Bonds with Stock Acquisition Rights”).

[Background and purpose for issuing the Bonds with Stock Acquisition Rights]

As a specialized trading company focusing on the business areas of “production equipment (production facilities and peripheral equipment, etc. within plants)” and “consumer goods (housing equipment and building materials, etc./general durable consumer goods, etc.),” the YAMAZEN Group is taking advantage of its wide range of products and services and engineering capabilities as well as its deep knowledge backed by past results and its know-how based problem-solving abilities to strengthen its competitiveness over the medium to long-term by supplementing and expanding its digital and logistics infrastructure with the intention of acquiring the largest market share and achieving sustainable growth in Japan and abroad as well as in each area.

As a result of strengthening the financial base through the previous “enhancement of the accumulation of capital” within the financial strategy, internal reserves steadily increased, and the standards set as guidelines for the net asset amount and capital adequacy ratio are close to being reached. Therefore, in addition to “enhancement of the accumulation of capital,” adopted so far, we will also emphasize “further improvements in capital efficiency” going forward.

In addition, it is anticipated that the movement to “curtail the cross-shareholdings policy” will further advance through revisions to the corporate governance code (CG code). The “curtailment of the cross-shareholdings policy” is an important management issue within the Company as well, and we will further emphasize the capital cost as a hurdle and carefully ascertain the impact on business relationships with trading partners while promoting compliance with the CG code.

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In addition, this document does not constitute an offering of the said bonds in any region including the United States. The said bonds may not be offered or sold in the United States except when registering the said bonds under the U.S. Securities Act of 1933 or receiving a registration exemption for the Bonds. In the event that securities are offered or sold in the United States, an English-language prospectus will be created and used based on the U.S. Securities Act of 1933. Furthermore, in this case, the said bonds will not be offered or sold in the United States.

Moreover, as it is expected that the corporate transition to a decarbonized society will advance at an accelerated rate, we recognize that it is necessary to firmly maintain our liquidity on hand to enable flexible investments directed at these business chances (investment opportunities) while also maintaining a firm financial base.

Based on the circumstances described above, we independently verified the intent to sell with the shareholders, who are thought to be counterparties actively supportive of the “curtailment of the cross-shareholdings policy.” As a result, we were able to verify with multiple shareholders the intent to sell a total of approximately 3.30 million shares, and the Company for its part advanced the “curtailment of the cross-shareholdings policy” with respect to the cross-holding status with these shareholders.

Accordingly, we limited the short-term impact on the supply of the Company’s shares due to the market sale of the Company’s shares resulting from the “curtailment of the cross-shareholdings policy” by the shareholder counterparties and secure the investment funds necessary to maintain the Company’s future growth while also acquiring treasury shares at the same time as issuing the bonds with stock acquisition rights in order to execute a flexible financial strategy to be able to adapt to changes in the management environment.

In addition, by aiming to acquire more treasury shares than the number which was verified with the shareholder counterparties as to their intent to sell, we mitigated the short-term impact on the supply of the Company’s shares through the issuing of the bonds with stock acquisition rights while also enhancing the redistribution of profits to all shareholders.

In this way the Company decided to issue the Bonds with Stock Acquisition Rights and acquire treasury shares as a way to simultaneously help promote compliance with the CG code, secure investment funds for growth, rebuild capital, and enhance the return to shareholders.

[Uses of the procured funds]

The approximately 10 billion yen in proceeds raised through the issuing of the Bonds with Stock Acquisition Rights are planned to be used as follows.

- (1) We plan to apply 6 billion yen as funds for the acquisition of treasury shares by March 31, 2022, for the purpose of promoting the curtailment of cross-shareholdings, executing flexible capital policies in response to changes in the management environment, improving capital efficiency, and enhancing shareholder returns.
- (2) We plan to apply the remaining balance after the amount listed in (1) above is subtracted from the total proceeds to improving productivity on a global basis and as system investment funds for operational efficiency by March 31, 2023.

Regarding the acquisition of treasury shares, concurrently with the resolution to issue the Bonds with Stock Acquisition Rights, today we are passing a resolution to set the upper limit on the total acquisition cost to 6 billion yen and the acquisition period from April 15, 2021, to March 31, 2022, as the framework for the acquisition of treasury shares.

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Furthermore, in the event that the treasury shares are acquired before the payment date of the Bonds with Stock Acquisition Rights, we plan to apply the issuing proceeds from issuing the Bonds with Stock Acquisition Rights to a portion of the funds on hand used to acquire the corresponding treasury shares. Moreover, because the acquisition of the treasury shares will be carried out in consideration of the market environment and other factors, the total purchasing amount may not reach the amount listed in (1) above. In such a case, we plan to apply a portion of the proceeds to investment funds for future growth.

[Objectives of this scheme (to issue the Bonds with Stock Acquisition Rights and obtain treasury shares)]

As a means to maintain financial solvency while improving capital efficiency and promoting the quick resolution of cross-shareholding interdependence, the Company decided to issue the Bonds with Stock Acquisition Rights, which possess the following features, from the perspective of the interests of all existing shareholders and improving the medium to long-term enterprise value.

- (1) The Bonds with Stock Acquisition Rights do not pay interest (zero coupon) and will be issued such that the amount paid is greater than the bond face value, so the funds are raised through low interest costs and fund raising costs
- (2) In addition to being set with a conversion value which exceeds the market price, the Bonds with Stock Acquisition Rights have provisions concerning conversion restrictions and are designed with a high liability nature to limit the possibility of conversion to common shares in consideration of the existing shareholders
- (3) The return on equity (ROE), earnings-per-share (EPS), and other forms of capital efficiency are initially expected to rise due to the acquisition of treasury shares funded by the proceeds from issuing the Bonds with Stock Acquisition Rights

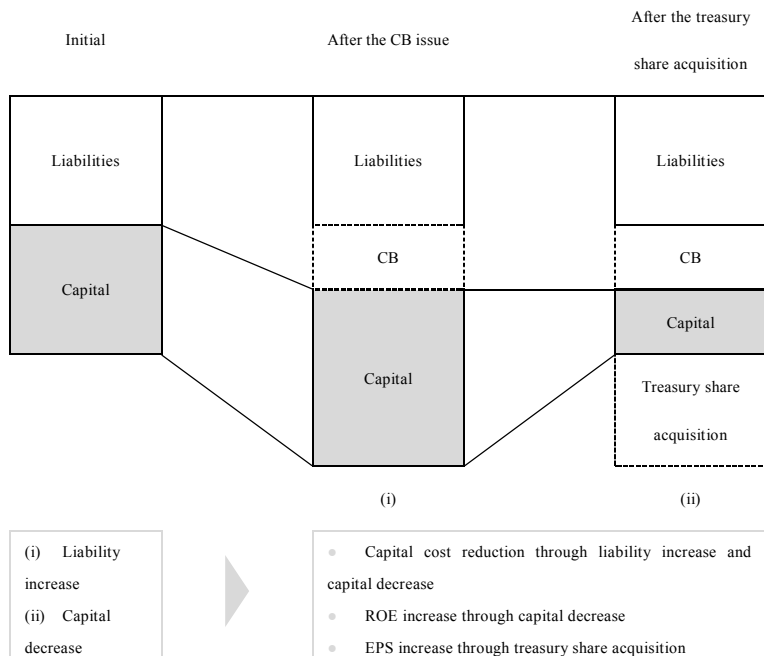
Moreover, as stated in the company press releases “Announcement Regarding the Determination of Matters Pertaining to Treasury Share Acquisition” and “Announcement Regarding the Purchase of Treasury Shares Through After Hours Treasury Share Purchase Transactions (ToSTNeT-3)” issued with today’s date, the Company resolved to establish a treasury share acquisition framework which sets the upper limit for the total acquisition cost to 6 billion yen on the same day that it resolved to issue the Bonds with Stock Acquisition Rights and also decided that the treasury shares will be acquired on April 15, 2021, through pre-announced after hours treasury share purchase transactions (ToSTNeT-3) which are equivalent to the upper limit on the total acquisition amount in the aforementioned acquisition framework for the total number of shares to be acquired. It is thought that combining the issuance of the Bonds with Stock Acquisition Rights with the acquisition of treasury shares enhances shareholder returns and improves capital efficiency while also making it possible to rapidly acquire treasury shares. In addition, we believe that this combination mitigates the short-term impact on the supply of Company shares resulting from the issuance of the Bonds with Stock Acquisition Rights and can smoothly execute fund raising. Furthermore, in the event that the number of shares acquired through the corresponding treasury share acquisition is less than the scheduled number of shares to be acquired, we plan to examine the acquisition of treasury shares

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from that day onward after considering the market environment and various regulations, etc.

Conceptual diagram for this scheme (issuance of convertible bonds with stock acquisition rights (CB) and the acquisition of treasury shares)



[About the conversion restriction provisions]

It refers to a provision which prevents investors from exercising the stock acquisition rights as long as the share price does not exceed a pre-fixed level of the conversion value for a fixed period. Under the Bonds with Stock Acquisition Rights, investors may, in principle, exercise the stock acquisition right in the quarters of the following calendar year, only (i) in the event that the closing price of the Company's common shares exceed 150% of the applied conversion value on the corresponding final trading day on 20 consecutive trading days ending on the final trading day of each calendar year quarter by April 30, 2024, (including that date) or (ii) in the case where the closing price of the Company's common shares exceeds 130% of the applied conversion value on the corresponding final trading day on 20 consecutive trading days ending on the final trading day of each calendar year quarter from May 1, 2024, (including that date) to January 30, 2026 (including that date). However, the stock acquisition right may be exercised at any time from January 31, 2026, to April 16, 2026.

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1. Bond name

YAMAZEN CORPORATION euro-yen denominated convertible bonds with stock acquisition rights due 2026 (hereinafter, referred to as “the Bonds with Stock Acquisition Rights,” the bonds alone are referred to as “the Bonds,” and the stock acquisition rights alone are referred to as “the Stock Acquisition Rights”)

2. Bond payment amount

100.5% of the face value of the Bonds (face value of the respective Bonds is 10 million yen)

3. Money paid in exchange for the stock acquisition rights

The payment of money shall not be required in exchange for the stock acquisition rights.

4. Bond payment date and issuing date

April 30, 2021 (London time, applies hereinafter unless there is a particular time designation.)

5. Matters regarding offering

(1) Offering method

An offering in overseas market centering around Europe and Asia (however, excluding the United States) on the basis of joint purchase and subscription in the total amount fully underwritten by managing underwriters (hereinafter, “Managing Underwriters”) with Nomura International plc as the sole book runner and lead underwriter. However, the purchasing application shall be submitted by 8 a.m. (Japan time) on the day following the date of execution of the underwriting agreement.

(2) Offering price for the bonds with stock acquisition rights (issuing price)

103.0% of the face value of the Bonds

6. Matters concerning the stock acquisition rights

(1) Type, details, and number of shares underlying the stock acquisition rights

(A) Type and details

Common shares of the Company (100 share units)

(B) Number

The number of common company shares delivered by the Company through the exercise of the stock acquisition rights shall be the number obtained by dividing the total amount of the face value of the Bonds pertaining to the exercise request by the conversion value described in (4) below. However, fractional amounts of less than one share occurring due to exercise shall be omitted, and cash-based adjustments shall not be performed.

(2) Total number of stock acquisition rights to be issued

The total number of rights is 1,000 and the number obtained by dividing the total face value of the Bonds

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pertaining to the certificates of the substitute bond with stock acquisition rights (Refers to the certificates of the bonds with stock acquisition rights issued with the appropriate verification and compensation in the event that the certificates of the Bonds with Stock Acquisition Rights (as defined in 7(7) below) are lost, stolen, or destroyed. The same shall apply hereinafter.) by 10 million yen

(3) Date of assignment for the stock acquisition rights

April 30, 2021

(4) Details and value of the assets invested when exercising the stock acquisition rights

- (A) When exercising the respective Stock Acquisition Rights, the Bonds pertaining to the corresponding Stock Acquisition Rights shall be invested, and the value of the corresponding Bonds shall be equivalent to that face value.
- (B) The conversion value shall initially be decided by the Representative Director, President and CEO of the Company based on the authorization of the Board of Directors and in consideration of investor demand and other market trends. However, the initial conversion value shall not fall below the product of multiplying 1.0 by the closing price of the Company's common shares (defined below) on the date of execution of the underwriting agreement signed between the Company and the Managing Underwriters described in 5(1) above pertaining to the Bonds with Stock Acquisition Rights.

The “closing price” of the Company’s common shares on a specific date is the closing price for regular transactions of the Company’s common shares on that date at the Tokyo Stock Exchange, Inc.
- (C) After the Bonds with Stock Acquisition Rights are issued, in the event that the Company issues the Company’s common shares at a payment amount which falls below the market value of the Company’s common shares or disposes of the Company’s common shares held by the Company, the conversion value shall be adjusted according to the following mathematical formula. Furthermore, the “existing number of issued shares” in the following mathematical formula is the total number of common shares issued by the Company (excluding those held by the Company).

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$$\begin{array}{rcccl}
& & & \text{Number of} & \text{Amount paid} \\
& & & \text{issued or} & \text{x per share} \\
& & & \text{disposed shares} & \\
& & + & \hline
& \text{Existing} & & & \\
& \text{number of} & & & \\
& \text{issued shares} & & & \\
& & + & & \\
& & \hline
& & \text{Market value} & & \\
\text{Conversion value} & = & \text{Conversion value} & \times & \\
\text{after adjustment} & & \text{before adjustment} & & \\
& & & \text{Existing number of issued} & \text{Number of issued or disposed} \\
& & & \text{shares} & \text{shares} \\
& & & + & \\
& & & &
\end{array}$$

Moreover, the conversion value may be adjusted as necessary when certain grounds arise such as when stock acquisition rights (including rights attached to bonds with stock acquisition rights), which can request the delivery of the Company's common shares, are issued by means of a split or consolidation of the Company's common shares or at a price which falls below the market value of the Company's common shares, or in case certain events arise.

(5) Capital and capital reserves which will increase in the event that shares are issued through the exercise of stock acquisition rights

The amount of the capital increase in the event that shares are issued through the exercise of stock acquisition rights shall be the product of 0.5 multiplied by the capital increase amount limit calculated in accordance with the provisions of Article 17 of the Regulation on Company Accounting, and fractional amounts of less than one yen occurring as a result of the calculation shall be rounded up to yield the final amount. The amount of the capital reserve increase shall be the amount obtained by subtracting the capital increase amount from the capital increase amount limit.

(6) Period during which the stock acquisition rights can be exercised

The period shall be set from May 14, 2021, to April 16, 2026 (local time at the location where exercise requests are received). However, in the event that (1) the Bonds are prematurely redeemed as described in 7(4) below, the period shall end on the third business day in Tokyo before the redemption date (However, this excludes Stock Acquisition Rights pertaining to the Bonds for which early redemption was not selected as described in 7(4)(B).), (2) the cancellation of the Bonds by purchase is done as described in 7(5) below, the period shall end at the time when the Bonds are canceled, or (3) the Bonds are accelerated as described in 7(6) below, the period shall end at the time of acceleration. In any of the cases described above, the stock acquisition rights cannot be exercised after April 16, 2026 (local time at the location where exercise requests are received).

Regardless of the above, in the event that the Company reasonably judges it to be necessary in order to conduct an organizational restructuring, etc. of the Company (defined in 7(4)(C)), the stock acquisition rights cannot be

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exercised during a period of up to 30 days specified by the Company, which will end within 14 days from the day following the effective date of the organizational restructuring, etc.

Moreover, the Stock Acquisition Rights cannot be exercised in the event that the day on which the exercise of the Stock Acquisition Rights take effect (or on the following business day in Tokyo in the event that the effective date is not a business day in Tokyo) corresponds to the reference date stipulated by the Company or the period from two business days in Tokyo before (or three business days in Tokyo before in the event that the corresponding shareholder confirmation date is not a business day in Tokyo) another date, stipulated in order to confirm a shareholder in relation to Article 151, Paragraph 1 of the Act on Book-Entry Transfer of Corporate Bonds and Shares (hereinafter, the “Shareholder Confirmation Date”), to the corresponding Shareholder Confirmation Date (or on the following business day in Tokyo in the event that the corresponding Shareholder Confirmation date is not a business day in Tokyo). However, in the event that the laws and regulations or customs concerning the delivery of shares pertaining to the exercise of the stock acquisition rights through the book-entry transfer system based on the Act on Book-Entry Transfer of Corporate Bonds and Shares are changed, the Company may modify the restrictions on the period in which the Stock Acquisition Rights can be exercised under this paragraph to reflect the corresponding changes.

(7) Other conditions for exercising the stock acquisition rights

- (A) Partial exercise of the respective Stock Acquisition Rights is not allowed.
- (B) The holder of the Bonds with Stock Acquisition Rights may exercise Stock Acquisition Rights only in the event that (i) the closing price of the Company’s common shares exceeds 150% of the applied conversion value on the corresponding final trading day on 20 consecutive trading days ending on the final trading day of each calendar year quarter by April 30, 2024, or (ii) in the case where the closing price of the Company’s common shares exceeds 130% of the applied conversion value on the corresponding final trading day on 20 consecutive trading days ending on the final trading day of each calendar year quarter from May 1, 2024, (including that date) to January 30, 2026 (including that date), the rights may be exercised during the period from the first day (However, this day is set to May 14, 2021 regarding the calendar year quarter which started on April 1, 2021, ((i) above) and May 1, 2024, regarding the calendar year quarter which starts on April 1, 2024 ((ii) above)) of the following calendar year quarter to the last day (However, this day is set to April 30, 2024 regarding the calendar year quarter which starts on April 1, 2024, ((i) above) and January 30, 2026 regarding the calendar year quarter which starts on January 1, 2026 ((ii) above)). However, the conditions for exercising the Stock Acquisition Rights described in this section (B) are not applied during periods (1), (2), and (3) below or during period (4) in which grounds for parity (defined below) occur.

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- I (i) During periods in which the Company's long-term issuing rating is BB+ or less according to the Japan Credit Rating Agency, Ltd. or its successor rating institution (hereinafter, "JCR"), the Company's long-term issuer rating is no longer rated by JCR, or the Company's long-term issuer rating is stopped or withdrawn by JCR or (ii) periods in which the Company's long-term issuer rating is BB+ or less according to the Rating and Investment Information, Inc. or its successor rating institution (hereinafter, "R&I"), the Company's long-term issuer rating is no longer rated by R&I, or the Company's long-term issuer rating is stopped or withdrawn by R&I
- II During the period after the Company issues notification of the early redemption of the Bonds as described in 7(4)(A) through (E) below (However, this excludes the Stock Acquisition Rights pertaining to Bonds for which early redemption was not selected as described in 7(4)(B) below)
- III As long as the Company does not prohibit the exercise of the Stock Acquisition Rights when conducting an organizational restructuring, etc. as described in (6) above, the period starting from the day on which the notification of the corresponding organizational restructuring, etc. is provided to holders of the Bonds with Stock Acquisition Rights according to the main terms of the Bonds with Stock Acquisition Rights and continuing until the effective date of the corresponding organizational restructuring, etc.
- IV The period starting from the next business day in Tokyo (including that date) following the day on which the Company notifies holders of the Bonds with Stock Acquisition Rights that grounds for parity have occurred and counting forward for 15 consecutive business days in Tokyo

"Trading day" refers to a day on which the Tokyo Stock Exchange, Inc. is open, excluding days on which the closing price is not announced.

"Grounds for parity" refers to the case in which (i) the calculation agent (defined below) decides that the price of the Bonds with Stock Acquisition Rights determined according to the main terms of the Bonds based on purchase price information for the Bonds provided by Bloomberg's Evaluated Pricing service (BVAL) or its successor service falls below 98% of the closing parity value (defined below) or (ii) in the case where the price described in (i) above cannot be obtained, a major financial institution selected by the Company decides that the purchasing price of the Bonds with Stock Acquisition Rights, presented according to the main terms of the Bonds with Stock Acquisition Rights, falls below 97% of the closing parity value or (iii) the calculation agent decides the price described in (i) above or the purchasing price described in (ii) above cannot be obtained on any of the five consecutive business days in Tokyo counting from three business days in Luxembourg and Tokyo after the date on which notification regarding the occurrence of the said grounds is received from holders of the Bonds with

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Stock Acquisition Rights

“Closing parity value” means the amount which is obtained by (i) dividing 10 million yen by the applied conversion value on the corresponding date and then (ii) multiplying that number by the closing price of the company’s common shares on the corresponding date.

The “calculation agent” refers to Mizuho Trust & Banking (Luxembourg) S.A.

(8) Delivery of stock acquisition rights through a succeeding company, etc. in the event that the Company conducts an organizational restructuring, etc.

- (A) In the event that an organization restructuring, etc. is conducted, the Company shall designate the succeeding company, etc. (defined below), have that company inherit the position of principal debtor of the Bonds with Stock Acquisition Rights according to the main terms of the Bonds with Stock Acquisition Rights and devote its utmost efforts to deliver new stock acquisition rights in lieu of the Stock Acquisition Rights. However, regarding the said succession and delivery, the prerequisites are (i) they must be executable under the applicable laws and regulations at that time, (ii) the required structure must be already built or possible to build, and (iii) the Company or succeeding company, etc. must be able to execute them without bearing any expenses (including taxes) which are unreasonable (as judged by the Company) when viewed from the entirety of the said organizational restructuring, etc. In such a case, the Company shall also devote the utmost efforts to have the succeeding company, etc. remain a publicly traded company in Japan on the effective date of the said organization restructuring, etc. The obligation to make an effort by the Company described in this section (A) does not apply in the case the Company delivers a certificate as described in 7(4)(C)(b) below.

The “succeeding company, etc.” is the other party in the organizational restructuring, etc. and is the company which takes over the Bonds with Stock Acquisition Rights and/or the Company’s obligations pertaining to the Stock Acquisition Rights.

- (B) The details of the stock acquisition rights of the succeeding company, etc. which are delivered according to the stipulations of (A) above are as follows.

I Number of stock acquisition rights

The number shall be the same as the number of the Stock Acquisition Rights pertaining to the Bonds with Stock Acquisition Rights remaining immediately before the effective date of the said organizational restructuring, etc.

II Type of shares underlying the stock acquisition rights

It shall be common shares of the succeeding company, etc.

III Number of shares underlying the stock acquisition rights

The number of common shares of the succeeding company, etc. delivered through the exercise of the stock acquisition rights of the succeeding company, etc. shall be determined in consideration

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of the conditions of the said organizational restructuring, etc. and in reference to the main terms of the Bonds with Stock Acquisition Rights as well as in accordance with (i) and (ii) below. Furthermore, the conversion value shall be subject to the same adjustments as in (4)(C) above.

- (i) In the event of a merger, exchange of shares, or share transfer, the conversion value shall be determined so that the holders of the common shares in the Company in the number to be obtained if the Stock Acquisition Rights are exercised immediately before the effective date of the said organizational restructuring, etc., can receive the number of the common shares in the Company to be received in the said organizational restructuring, etc., at the time when the stock acquisition rights of the succeeding company, etc. are exercised immediately after the effective date of the said organizational restructuring, etc. When securities other than common shares or other assets of the succeeding company, etc. are delivered at the time of the said organizational restructuring, etc., the succeeding company, etc. shall make it possible to also receive a number of common shares of the succeeding company, etc. which is equal to the number obtained by dividing the value of the said securities or assets by the market value of the common shares of the succeeding company, etc.
- (ii) In the event of an organizational restructuring, etc. other than that described above, the conversion value shall be determined such that an economic benefit, which is equivalent to that obtained by the holder of the Bonds with Stock Acquisition Rights in the event that the Stock Acquisition Rights are exercised immediately before the effective date of the said organizational restructuring, etc., can be received when the stock acquisition rights of the succeeding company, etc. are exercised immediately after the effective date of the said organizational restructuring, etc.

IV Details and value of the assets invested when exercising the stock acquisition rights

At the time when the stock acquisition rights of the succeeding company, etc. are exercised, the succeeding Bonds shall be invested, and the value of the Bonds shall be an amount equivalent to the face value of the succeeding Bonds.

V Period during which the stock acquisition rights can be exercised

The period shall extend from the effective date of the said organizational restructuring, etc. (or a subsequent date within 14 days according to circumstances) to the date of expiration of the exercise period of the Stock Acquisition Rights stipulated in (6) above.

VI Other conditions for exercising the stock acquisition rights

Partial exercise of the respective stock acquisition rights of the succeeding company, etc. shall not be allowed. In addition, the exercise of the stock acquisition rights of the succeeding company, etc.

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shall be subject to the same restrictions described in (7)(B) above.

VII Capital and capital reserves which will increase in the event that shares are issued through the exercise of stock acquisition rights

The amount of the capital increase in the event that shares are issued through the exercise of stock acquisition rights of the succeeding company, etc. shall be the product of 0.5 multiplied by the capital increase amount limit calculated in accordance with the provisions of Article 17 of the Regulation on Company Accounting, and fractional amounts of less than one yen occurring as a result of the calculation shall be rounded up to yield the final amount. The amount of the capital reserve increase shall be the amount obtained by subtracting the capital increase from the capital increase amount limit.

VIII In the event that an organizational restructuring, etc. occurs

In the event that an organization restructuring, etc. occurs with respect to the succeeding company, etc., it shall be handled in the same manner as the Bonds with Stock Acquisition Rights.

IX Other

Fractional amounts of less than one share occurring due to the exercise of stock acquisition rights of the succeeding company, etc. shall be omitted, and cash-based adjustments shall not be performed. The stock acquisition rights of the succeeding company, etc. cannot be transferred separately from the succeeding Bonds.

- (C) In the event that the Company has the succeeding company, etc. take over or succeed the obligations of the Company based on the Bonds in accordance with the stipulations under (A) above, the Company shall comply with the main terms of the Bonds with Stock Acquisition Rights in addition to giving a guarantee for certain cases as stipulated in the main terms of the Bonds with Stock Acquisition Rights.

(9) Grounds for not requiring the payment of money in exchange for the stock acquisition rights

The Stock Acquisition Rights are attached to the convertible bonds with stock acquisition rights, they cannot be transferred separately from the Bonds, and the Bonds pertaining to the said Stock Acquisition Rights are invested at the time of the exercise of the Stock Acquisition Rights. In that way, the Bonds and the Stock Acquisition Rights are mutually and closely related, and also in consideration of the obtainable economic value through the value of the Stock Acquisition Rights and other issuing terms of the Bonds such as the interest rate and the payment amount, etc., the Company shall not require the payment of money in exchange for the Stock Acquisition Rights.

7. Matters regarding the bonds

(1) Total amount of the Bonds

Total amount which results from adding 10 billion yen and the total amount of the face value of the Bonds pertaining to the certificates of the substitute bonds with stock acquisition rights

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(2) Bond interest rate

The Bonds do not accrue interest.

(3) Redemption at maturity

Redeem 100% of the face value of the Bonds on April 30, 2026 (time of maturity).

(4) Early redemption of bonds

(A) Early redemption due to a cleanup clause

In the event that the total face value of the remaining Bonds falls below 10% of the total face value of the Bonds at the time of issue at any point in time before providing notice of early redemption as described in this section (A), the Company may make an early redemption of the remaining Bonds in whole (partial redemption not allowed) at 100% of the face value thereof after providing 30 to 60 days prior notice.

(B) Early redemption due to tax system changes

In the event that the Company is obligated to pay an additional amount described in (12)(A) below due to changes in the Japanese tax system, etc. and is unable to avoid the obligation to pay the required additional amount even after taking reasonable measures, the Company may make an early redemption of all (partial is not allowed) remaining Bonds at 100% of the face value thereof by providing 30 to 60 days prior notice to holders of the Bonds with Stock Acquisition Rights. However, the Company must not provide the said early redemption notice prior to 90 days before the first day on which the obligation to pay the said additional amount takes effect.

Regardless of the above, in the event that the total face value of the remaining Bonds is 10% or more of the face value of the Bonds at the time of issue at the point in time when the required notification is provided, each holder of the Bonds with Stock Acquisition Rights has the right to select not to accept early redemption for the Bonds possessed by the said holders of the Bonds with Stock Acquisition Rights by notifying the Company by 20 days before the said redemption date. In this case, the Company shall not bear an obligation to pay the additional amount described in (12)(A) below with respect to the payment pertaining to the Bonds after the said redemption date, and the payment regarding the Bonds after the said redemption date shall be made after withholding or deducting the tax or public charges described in (12)(A) below.

(C) Early redemption due to organizational restructuring, etc.

In the event that an organizational restructuring, etc. occurred, but (a) the measures described in 6(8)(A) above cannot be carried out or (b) the Company delivers a certificate to the fiscal agent stating that the Company does not expect the succeeding company, etc. to be a publicly traded company in Japan on the effective date of the said organizational restructuring, etc. regardless of the reasons, the Company shall prematurely redeem all (partial is not allowed) remaining Bonds with the redemption

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amount described below on the redemption date (in principle, the required redemption date shall be a date up to the effective date of the said organizational restructuring, etc.) specified in the notification provided to the holders of the Bonds with Stock Acquisition Rights at least 14 business days in Tokyo in advance.

The redemption amount applied to the redemption above shall be calculated with a fixed method according to the redemption date and parity of the Bonds with Stock Acquisition Rights so that the amount reflects the interest rate at the time when the conversion value described in 6(4)(B) above is determined and the value of the Bonds with Stock Acquisition Rights at the time of the said redemption which takes into consideration the share price and volatility of the Company's common shares and other market trends. The minimum amount of the redemption amount calculated according to the said method shall be 100% of the face value of the Bonds, and the maximum amount shall be 170% of the face value of the Bonds (however, in the event that the redemption date is during the period from April 17 to April 29, 2026, the redemption amount shall be 100% of the face value of the Bonds). The details of the said method shall be determined by the Representative Director and President of the Company based on the authorization of the Company Board of Directors at the same time as the determination of the transfer value described in 6(4)(B) above.

“Organizational restructuring, etc.” refers to the adoption of a resolution at the Company's General Meeting of Shareholders (Board of Directors in the event that a resolution of the General Meeting of Shareholders is not required) to approve having another company take over the Company's obligations based on the Bonds or the Stock Acquisition Rights through (i) a merger between the Company and another company (includes consolidation-type mergers and absorption-type mergers, but excludes the case in which the company is the surviving company, same applies hereinafter), (ii) assignment of assets (limited to the case in which all or substantially all of the Company's assets are sold or transferred to another company and the Company's obligations based on the Bonds with Stock Acquisition Rights are transferred to the other party according to those conditions), (iii) company split (includes consolidation-type mergers and absorption-type mergers, but excludes the case in which the Company's obligations are transferred to the company splitting off), (iv) share exchange or share transfer (limited to the case in which the Company becomes the wholly-owned subsidiary of another company, same applies hereinafter) or (v) other corporate reorganization procedures under Japanese law.

(D) Early redemption due to delisting, etc.

In the event that (i) a tender offer for the Company's common shares is made by a party other than the Company (hereinafter, “Tender Offeror”) in accordance with the Financial Instruments and Exchange Act, (ii) the Company announces its intention to approve of the said tender offer in accordance with the Financial Instruments and Exchange Act, (iii) the Company or the Tender Offeror announces or admits

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in a tender offer statement, etc. that the Company's common shares may be delisted as a result of the acquisition of the Company's common shares through the said tender offer (However, this excludes the case in which the Company or the Tender Offeror announced that they would do best efforts to ensure that the Company continues to be a publicly traded company in Japan even after the said acquisition), and (iv) the Tender Offeror acquired the Company's common shares through the said tender offer, the Company shall prematurely redeem all (partial is not allowed) of the remaining Bonds in the redemption amount (the minimum amount shall be 100% of the face value of the Bonds, and the maximum amount shall be 170% of the face value of the Bonds. (However, in the event that the redemption date is during the period from April 17 to April 29, 2026, the redemption amount shall be 100% of the face value of the Bonds)) calculated according to a method which is equivalent to the redemption case described in (C) above on the redemption date specified in the said notification (the required redemption date shall be between 14 and 30 business days in Tokyo from the date of the said notification) after notifying the holders of the Bonds with Stock Acquisition Rights as soon as practically possible (However, within 14 days of the date of acquisition of the Company's common shares through the said tender offer).

Regardless of the above, in the event that the Company or the Tender Offeror announces in a tender offer statement, etc. that it plans to carry out an organizational restructuring, etc. or effect the grounds for a squeeze out (defined in (E) below) after the date of acquisition of the Company's common shares through the said tender offer, the Company's redemption obligation described in this section (D) shall not be applied. However, in the event that the said organizational restructuring, etc. or grounds for squeeze out do not occur within 60 days from the said acquisition date, the Company shall prematurely redeem all of the remaining Bonds (partial is not allowed) at the redemption amount described above on the redemption date specified in the said notification (the said redemption date shall be any day between 14 to 30 business days in Tokyo from the date of the said notification) after notifying the holders of the Bonds with Stock Acquisition Rights as soon as practically possible (however, within 14 days of the final day of the said 60 day period). In the event that the Company bears both the redemption obligation described in this section (D) and the redemption obligation described in (C) above or (E) below, the procedures in (C) above or (E) below shall be applied.

(E) Early redemption due to a squeeze out

In the event that a resolution is passed at the Company's General Meeting of Shareholders to acquire all of the Company's common shares after changing the Company's Articles of Association to make the Company's common shares into shares subject to class-wide call, a resolution is passed by the Company's Board of Directors to approve a request for the sale of shares to other Company shareholders through a special controlling shareholder of the Company, or a resolution is passed at the Company's General Meeting of Shareholders to approve a merger of the Company's common shares

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accompanied by delisting (hereinafter, “Grounds for Squeeze out”), the company shall prematurely redeem all (partial is not allowed) of the remaining Bonds in the redemption amount (the minimum amount shall be 100% of the face value of the Bonds, and the maximum amount shall be 170% of the face value of the Bonds (however, in the event that the redemption date is during the period from April 17 to April 29, 2026, the redemption amount shall be 100% of the face value of the Bonds).) calculated according to a method which is equivalent to the redemption case described in (C) above on the redemption date (The required redemption date shall be before the effective date pertaining to the said Grounds for Squeeze out and on any date between 14 and 30 business days in Tokyo from the date of the said notification. However, if the said effective date is less than 14 business days in Tokyo after the date of the said notification, the said redemption date will be moved up to a day before the said effective date.) specified in the said notice after notifying the holders of the Bonds with Stock Acquisition Rights as soon as practically possible (however, within 14 days of the occurrence of the said Grounds for Squeeze out).

- (F) In the event that the Company issues a notification of early redemption based on any of the points (A) through (E) above, the Company shall subsequently be unable to issue a notification of early redemption based on other grounds.

Moreover, in the event that the Company becomes obligated to issue a notification of early redemption based on (C) or (E) above or the grounds described in (D)(i) through (iv) above occur, the Company may not subsequently issue a notification of early redemption based on either (A) or (B) above.

(5) Cancellation of the bonds with stock acquisition rights by purchase

The Company may purchase, retain, or resell the Bonds with Stock Acquisition Rights as needed through the open markets or other methods, or the Company may cancel the Bonds pertaining to the said Bonds with Stock Acquisition Rights. Moreover, the subsidiaries of the Company may purchase, retain, or resell the Bonds with Stock Acquisition Rights as needed through the open markets or other methods, or the subsidiaries may deliver them to the Company in order to cancel the Bonds pertaining to the said Bonds with Stock Acquisition Rights.

(6) Acceleration

In the event of nonfulfillment of the provisions of the Bonds or noncompliance or other specific grounds stipulated in the main terms of the Bonds with Stock Acquisition Rights, when the holders of the Bonds with Stock Acquisition Rights have notified the fiscal agent described in (9) below of the acceleration of the Bonds as stipulated in the main terms of the Bonds with Stock Acquisition Rights, the Company shall be forced to accelerate the said Bonds and must immediately redeem the Bonds by paying the face value thereof with accrued interest (if any) added.

(7) Denomination of the bonds with stock acquisition rights

In regard to the Bonds with Stock Acquisition Rights, the registered bonds with stock acquisition rights under

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English law (hereinafter, “Certificates of the Bonds with Stock Acquisition Rights”) shall be issued.

(8) Restrictions on requesting conversion to certificates of unregistered bonds with stock acquisition rights

Requests cannot be made to convert Certificates of the Bonds with Stock Acquisition Rights to an unregistered form.

(9) Agent for fiscal, payment, transfer, and receiving request for exercise of stock acquisition rights pertaining to the bonds with stock acquisition rights

Mizuho Trust & Banking (Luxembourg) S.A. (fiscal agent)

(10) Registry administrator concerning the bonds with stock acquisition rights

Mizuho Trust & Banking (Luxembourg) S.A.

(11) Security and guarantees for bonds

The Bonds are issued without any security or guarantees.

(12) Special provisions

(A) Additional payment

In the event that it is legally necessary to withhold or deduct taxes or public charges imposed by the current or future nation of Japan or other Japanese tax sovereignty with respect to payments related to the Bonds, the Company shall, except in specific situations, pay to the holders of the Bonds with Stock Acquisition Rights an additional amount which is required so that the amount paid after the said withdrawal or deduction will become equal to the amount which would have been paid if the said withdrawal or deduction had not been present.

(B) Negative pledge

As long as the Bonds with Stock Acquisition Rights are outstanding, the Company or its major subsidiaries (defined in the main terms of the Bonds with Stock Acquisition Rights) shall not establish or continue any mortgages, pledges, or other security rights on any or all of the current or future property or assets of the Company or its major subsidiaries on behalf of foreign bond holders for the purpose of securing (1) payments with respect to foreign bonds (defined below), (2) payments based on guarantees with respect to foreign bonds, or (3) compensation with respect to foreign bonds or other payments based on similar obligations. However, this does not apply in the event that (a) a security which is the same security added to the said foreign bond, guarantee, compensation or other similar obligation is also added to the Bonds with Stock Acquisition Rights or (b) another security or guarantee approved by a special resolution of a meeting of the holders of the Bonds with Stock Acquisition Rights is also provided to the Bonds with Stock Acquisition Rights in advance or simultaneously.

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In this section, within bonds, debentures, notes, and other similar securities with a period of more than one year, “foreign bond” refers to (i) a security paid in a foreign currency, a security with an assigned right to receive payment in a foreign currency, or a security in which the majority of the total face value in yen is initially offered outside of Japan by the Company or the Company’s main subsidiary or through the approval of the Company or the Company’s main subsidiary and (ii) the market price is created in stock exchanges, over-the-counter markets, or other similar markets outside of Japan, the foreign bond is listed or regularly traded, or there are plans to do so.

8. Listed stock exchange

No relevant items.

9. Obtaining ratings

We have no plans to obtain ratings for the Bonds with Stock Acquisition Rights.

10. Other

We will not engage in stabilizing transactions with respect to the Company’s common shares.

END

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(Reference)

1. Fund usage

(1) Uses of the currently procured funds

The approximately 10 billion yen in proceeds raised through the issuing of the Bonds with Stock Acquisition Rights are planned to be used as follows.

- I We plan to apply 6 billion yen as funds for the acquisition of treasury shares by March 31, 2022, for the purpose of promoting the curtailment of cross-shareholdings, executing flexible capital policies in response to changes in the management environment, improving capital efficiency, and enhancing shareholder returns.
- II We plan to apply the remaining balance after the amount listed in (1) above being subtracted from the total proceeds for improving productivity on a global basis and as system investment funds for operational efficiency by March 31, 2023.

Regarding the acquisition of treasury shares, concurrently with the resolution to issue the Bonds with Stock Acquisition Rights, today we are passing a resolution to set the upper limit on the total acquisition cost to 6 billion yen and the acquisition period from April 15, 2021, to March 31, 2022, as the framework for the acquisition of treasury shares.

Furthermore, in the event that the treasury shares are acquired before the payment date of the Bonds with Stock Acquisition Rights, we plan to apply the issuing proceeds from issuing the Bonds with Stock Acquisition Rights to a portion of the funds on hand used to acquire the corresponding treasury shares. Moreover, because the acquisition of the treasury shares will be carried out in consideration of the market environment and other factors, the total purchasing amount may not reach the amount listed in (1) above. In such a case, we plan to apply a portion of the proceeds to investment funds for future growth.

(2) Changes in the use of previously procured funds

No relevant items.

(3) Outlook for the impact on earnings

There are no changes in the earnings forecast for the current period.

2. Profit sharing with shareholders, etc.

(1) Basic policy regarding profit sharing

The Company's basic policy is to return profits in consideration of the profit standards based on establishing a stable financial base, improving its profitability, and continuing to provide a stable dividend to all shareholders. Under this policy, we are comprehensively considering the consolidated performance for the current fiscal year and financial condition, etc. while calculating the dividend amount with the goal of a consolidated dividend

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payout ratio of 30% under the three year medium-term management plan.

(2) Approach to deciding the dividend

The Company's basic policy is to pay out surplus dividends two times a year in the form of an interim dividend and a year-end dividend. The

decision-making body for these surplus dividends is the Board of Directors.

(3) Usage of internal reserves

We will further enhance the shareholders' equity, apply the reserves to effective investments which will lead to sustainable business development, and increase the enterprise value through medium to long-term growth to meet the expectations of all shareholders.

(4) Dividend situation, etc. over the past three accounting periods

	Fiscal year ended March 31, 2018	Fiscal year ended March 31, 2019	Fiscal year ended March 31, 2020
Consolidated earnings per share	JPY 107.79	JPY 128.80	JPY 85.60
Annual dividend per share (Interim dividend per share)	JPY 32.50 (JPY 13.00)	JPY 36.00 (JPY 15.00)	JPY 30.00 (JPY 16.00)
Actual consolidated dividend payout ratio	30.2%	28.0%	35.0%
Consolidated Return on Equity	12.8%	13.8%	8.6%
Consolidated dividend on equity ratio	3.8%	3.8%	3.0%

NOTES:

1. The consolidated earnings per share is calculated based on the average number of shares during the period. Moreover, during the fiscal year ended March 31, 2020, the common shares in the Company held by the "Board Benefit Trust (BBT)" being introduced by the Company are included in the number of treasury shares which are deducted from the calculation of the average number of shares during the period.
2. The actual consolidated dividend payout ratio is the number resulting from dividing the annual dividend per share by the consolidated earnings per share.
3. The consolidated return on equity is the number resulting from dividing the profit attributable to owners of parent by the total consolidated net assets (average of the beginning and end of the fiscal year) after deducting the minority interest.

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4. The consolidated dividend on equity ratio is the number resulting from dividing the annual dividend per share by the consolidated net assets per share (average of the beginning and end of the fiscal year).

3. Other

(1) Specification of the distribution target

No relevant items.

(2) Dilution information by means of dilutive shares

This has not been calculated, because conversion value is undecided. This information will be announced after the conversion value is decided.

(3) Equity finance situation, etc. over the past three years

I Equity finance situation

No relevant items.

II Immediately prior share prices and trends over the past three accounting periods

	Fiscal year ended March 31, 2019	Fiscal year ended March 31, 2020	Fiscal year ended March 31, 2021	Fiscal year ending March 31, 2022
Opening price	JPY 1,111	JPY 1,182	JPY 899	JPY 1,042
High price	JPY 1,389	JPY 1,232	JPY 1,145	JPY 1,063
Low price	JPY 908	JPY 711	JPY 801	JPY 1,012
Closing price	JPY 1,167	JPY 901	JPY 1,042	JPY 1,048
Price-earnings ratio (consolidated)	9.06x	10.53x	-	-

NOTES:

1. The share price is from the First Section of the Tokyo Stock Exchange, Inc.
2. The share price for the fiscal year ending March 31, 2022 is displayed as of April 13, 2021.
3. The price-earnings ratio (consolidated) is the number resulting from dividing the share price at the end of the fiscal year (closing price) by the consolidated earnings per share for the relevant fiscal year. Furthermore, the ratios for the fiscal year ended March 31, 2021, and the fiscal year ending March 31, 2022, are not listed, because they are undetermined.

(4) About lockup

The Company has agreed not to issue common shares in the Company, securities which can be converted or

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exchanged for common shares in the Company, or securities which have been assigned rights to receive common shares in the Company without the prior written consent of Nomura International plc representing the Managing Underwriters until the 180 day period has passed after the payment date following the date of execution of the underwriting agreement pertaining to the Bonds with Stock Acquisition Rights (However, this excludes the issuance of the Bonds with Stock Acquisition Rights, the issuance or delivery of common shares in the Company through the exercise of the Stock Acquisition Rights attached to the Bonds with Stock Acquisition Rights, the issuance of common shares in the Company based on a share split, the sale or disposal of common shares in the Company based on a Board Benefit Trust for Directors and Corporate Officers of the Company, or the cases required by the laws of Japan, etc).

END

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