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Securities identification code: 5707

February 12, 2025

(Date of commencement of electronic provision measures: February 5, 2025)

To our shareholders:

Masahito Ito
Representative Director and President
Toho Zinc Co., Ltd.
3-18-19 Toranomom, Minato-ku, Tokyo

NOTICE OF THE EXTRAORDINARY GENERAL MEETING OF SHAREHOLDERS

The Extraordinary General Meeting of Shareholders of Toho Zinc Co., Ltd. (the “Company”) will be held as described below.

For the convocation of this general meeting of shareholders, the Company has taken measures for providing information electronically (the “electronic provision measures”) and has posted matters subject to the electronic provision measures on the following website as the “Notice of the Extraordinary General Meeting of Shareholders.”

The Company’s website: <https://www.toho-zinc.co.jp/eng/ir/>



In addition to the website shown above, the Company has also posted this information on the following website.

Tokyo Stock Exchange website (Listed Company Search):

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

To view the information, please access the website above, enter the Company’s name or securities code, and click “Search,” and then select “Basic information” and “Documents for public inspection/PR information” in this order.



When exercising your voting rights prior to the meeting in writing or via the Internet, etc., please review the Reference Documents for the General Meeting of Shareholders as described later, follow the next instructions and send or submit your votes.

Shareholders who have exercised their voting rights via the Internet will have a chance to be one of 1,000 winners to receive an electronic gift (worth ¥500) regardless of their approval or disapproval of the Proposals. Please scan the QR code to learn how to participate.



Voting in Writing

Please indicate your approval or disapproval of the Proposals on the enclosed voting form and return it by postal mail to reach us no later than 5:40 p.m., Wednesday, February 26, 2025 (Japan Standard Time).

Voting via the Internet, etc.

Please access the voting website designated by the Company (<https://evote.tr.mufg.jp/>), use the login ID and temporary password written on the enclosed voting form, and then indicate your approval or disapproval of the Proposals by following the instructions on the screen by no later than 5:40 p.m. Wednesday, February 26, 2025 (Japan Standard Time).

Please also confirm “Instructions for exercising voting rights via the Internet, etc.” when voting via the Internet, etc. (This only applies to those who received the Japanese version of this Notice.)

1. **Date and Time:** Thursday, February 27, 2025 at 10:00 a.m. (Japan Standard Time)
2. **Venue:** Bellesalle Roppongi Grand Conference Center (Sumitomo Fudosan Roppongi Grand Tower 9th Floor)
3-2-1 Roppongi, Minato-ku, Tokyo
(Please note that the venue has been changed from that of the 125th Ordinary General Meeting of Shareholders. When visiting the venue, please refer to the “Venue of General Meeting of Shareholders” at the end of this Notice. This only applies to those who received the Japanese version of this Notice. For your information, there is another facility with a confusingly similar name Bellesalle Roppongi in the neighborhood.)
3. **Purposes:**
Items to be resolved:
 - Proposal 1:** Partial Amendments to the Articles of Incorporation (1)
 - Proposal 2:** Issuance of Class A Preferred Shares Through Third-Party Allotment
 - Proposal 3:** Issuance of Class B Subordinated Shares Through Third-Party Allotment
 - Proposal 4:** Partial Amendments to the Articles of Incorporation (2)
 - Proposal 5:** Election of Three (3) Directors (Excluding Directors Who Are Audit and Supervisory Committee Members)

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- When attending the meeting on the day, please submit the enclosed Voting Rights Exercise Form at the reception desk.
 - Should the matters subject to the electronic provision measures require revisions, the revised versions shall be posted on the respective websites where these matters are posted.

Reference Documents for the General Meeting of Shareholders

Proposals and Reference Information

Proposal 1: Partial Amendments to the Articles of Incorporation (1)

1. Reasons for amendments

To newly establish provisions regarding the Class A Preferred Shares (defined in Proposal 2 and the same applies hereinafter) and the Class B Subordinated Shares (defined in Proposal 3 and the same applies hereinafter; the issuance of the Class A Preferred Shares and the Class B Subordinated Shares shall hereinafter collectively be referred to as the “Capital Increase Through Third-Party Allotment”) in order to issue the Class A Preferred Shares and the Class B Subordinated Shares based on a capital increase through third-party allotment of shares regarding to Proposals 2 and 3 and to increase the total number of authorized shares, the Company proposes to make the necessary amendments to the current Articles of Incorporation.

These amendments to the Articles of Incorporation are subject to the approval of Proposals 2 through 4 as originally proposed.

2. Details of the amendments

The details of the amendments are as follows.

(Amended sections are underlined)

Current Articles of Incorporation	Proposed Amendments
Chapter 1 General Provisions	Chapter 1 General Provisions
Article 1 to Article 4 (Omitted)	Article 1 to Article 4 (Unchanged)
Chapter 2 Shares	Chapter 2 Shares
(Total Number of Authorized Shares)	(Total Number of Authorized Shares <u>and Total Number of Authorized Class Shares</u>)
Article 5 The total number of shares authorized to be issued by the Company shall be <u>26,400,000</u> .	Article 5 The total number of shares authorized to be issued by the Company shall be <u>40,000,000</u> , and the total <u>number of shares in each class authorized to be issued by the Company shall be as follows.</u> <u>Common shares: 26,400,000</u> <u>Class A Preferred Shares: 3,000,000</u> <u>Class B Subordinated Shares: 18,000,000</u>
Article 6 (Omitted)	Article 6 (Unchanged)

Current Articles of Incorporation	Proposed Amendments
<p>(Number of Shares per Share Unit)</p> <p>Article 7</p> <p>The number of shares constituting one unit of shares of the Company shall be <u>100</u>.</p> <p>Article 8 to Article 12 (Omitted)</p> <p style="text-align: center;"><Newly Established></p> <p style="text-align: center;"><Newly Established></p>	<p>(Number of Shares per Share Unit)</p> <p>Article 7</p> <p>The number of shares constituting one unit of shares of the Company shall be <u>100 for common shares and the Class B Subordinated Shares and one (1) for the Class A Preferred Shares</u>.</p> <p>Article 8 to Article 12 (Unchanged)</p> <p style="text-align: center;"><u>Chapter 2-2</u> <u>Class A Preferred Shares</u></p> <p><u>(Dividends of Surplus)</u></p> <p><u>Article 12-2 (Class A Preferred Dividends)</u></p> <p><u>1. When distributing surplus with a date falling in a particular fiscal year as the record date, on or after the first day of the first fiscal year after one (1) year from the date of issue of the Class A Preferred Shares, the Company shall distribute surplus in cash as set forth in paragraph 2 of this Article for each Class A Preferred Share (the amount of cash to be paid per Class A Preferred Share as a result of such dividends shall hereinafter be referred to as the “Class A Preferred Dividends”), in accordance with the order of priority set forth in Article 12-11, to shareholders who hold the Class A Preferred Shares (hereinafter referred to as the “Class A Preferred Shareholders”) or registered pledgees of the Class A Preferred Shares (together with the Class A Preferred Shareholders, hereinafter collectively referred to as the “Class A Preferred Shareholders, Etc.”) who are specified or recorded in the final shareholder register on the record date for the distribution of surplus (hereinafter referred to as the “Dividend Record Date”). When the amount obtained by multiplying the Class A Preferred Dividends by the number of the Class A Preferred Shares to which each of the Class A Preferred Shareholders, Etc. is entitled results in a fraction of less than one (1) yen, such fraction shall be rounded off.</u></p> <p><u>2. (Amount of the Class A Preferred Dividends)</u></p> <p><u>(1) The amount of the Class A Preferred Dividends shall be calculated on a daily prorated basis, assuming 365 days in a year (or 366 days if such fiscal year is a leap year) for the actual number of days in the period from the first day</u></p>

Current Articles of Incorporation	Proposed Amendments
	<p><u>(including the first day) of the fiscal year in which such Dividend Record Date falls until such Dividend Record Date (including such Dividend Record Date) with regard to the amount obtained by multiplying the paid-in amount per Class A Preferred Share (or the adjusted amount if the amount is adjusted in accordance with items (3) and (4) of this paragraph; hereinafter referred to as the “Amount Equivalent to the Paid-In Amount”) by an annual rate of 9.0% (the division shall be conducted last, and calculated to the fifth decimal place and rounded off to the fourth decimal place). However, when distributing surplus (excluding the distribution of the Amount Equivalent to Class A Accumulated Unpaid Dividends set forth in paragraph 4 of this Article. Even if the amount of the Class A Preferred Dividends is calculated in accordance with item (2) of this paragraph, the amount of the Class A Preferred Dividends calculated in accordance with this item shall be deemed to have been distributed as a dividend of surplus) to the Class A Preferred Shareholders, Etc. with a record date prior to such Dividend Record Date, during the fiscal year in which such Dividend Record Date falls, the amount of the Class A Preferred Dividends pertaining to such Dividend Record Date shall be the amount obtained by deducting the total amount of dividends for each distribution.</u></p> <p><u>(2) Notwithstanding item (1) of this paragraph, if the Company acquires the Class A Preferred Shares during the period from the day following such Dividend Record Date (including such day) to the time when such dividends of surplus are paid, the amount of the Class A Preferred Dividend to be paid to each of the Class A Preferred Shareholders, Etc. in the dividends of surplus to be paid with such Dividend Record Date as the record date, shall be the amount calculated in accordance with item (1) of this paragraph, multiplied by the ratio obtained by dividing the number of the Class A Preferred Shares held or registered by such Class A Preferred Shareholders, Etc. immediately before the time when such</u></p>

Current Articles of Incorporation	Proposed Amendments
	<p><u>dividends of surplus are paid by the number of the Class A Preferred Shares held or registered by each of the Class A Preferred Shareholders, Etc. as of the end of such Dividend Record Date.</u></p> <p>(3) <u>If the Company issues or disposes (including allotment of shares without contribution and the same applies hereinafter in this item) of the Class A Preferred Shares by giving the Class A Preferred Shareholders the right to receive allotment, the Amount Equivalent to the Paid-In Amount shall be adjusted in accordance with the following formula. The “number of the Class A Preferred Shares issued before the allotment to the Class A Preferred Shareholders,” the “number of the Class A Preferred Shares to be issued through the allotment to the Class A Preferred Shareholders,” and the “number of the Class A Preferred Shares issued after the allotment to the Class A Preferred Shareholders” in the following formula are the numbers obtained by deducting the number of the Class A Preferred Shares held by the Company at the time of such issuance or disposal. In the event that the Company disposes of the Class A Preferred Shares held by the Company, the “number of the Class A Preferred Shares to be issued through the allotment to the Class A Preferred Shareholders” in the following formula shall be replaced by the “number of the Class A Preferred Shares held by the Company to be disposed of.” Any fraction of less than one (1) yen resulting from the adjustment shall be rounded off.</u></p>

Current Articles of Incorporation	Proposed Amendments
	$ \begin{array}{c} \text{Paid-in amount} \\ \text{after the} \\ \text{adjustment} \end{array} = \frac{ \begin{array}{c} \text{Amount} \\ \text{Equivalent} \\ \text{to the Paid-} \\ \text{In Amount} \\ \text{before the} \\ \text{adjustment} \end{array} \times \frac{ \begin{array}{c} \text{Number of the} \\ \text{Class A} \\ \text{Preferred} \\ \text{Shares issued} \\ \text{before the} \\ \text{allotment to the} \\ \text{Class A} \\ \text{Preferred} \\ \text{Shareholders} \end{array} }{ \begin{array}{c} \text{Number of the} \\ \text{Class A} \\ \text{Preferred} \\ \text{Shares issued} \\ \text{before the} \\ \text{allotment to the} \\ \text{Class A} \\ \text{Preferred} \\ \text{Shareholders} \end{array} } + \frac{ \begin{array}{c} \text{Amount to be} \\ \text{paid per share} \\ \text{when allotting} \\ \text{to the Class A} \\ \text{Preferred} \\ \text{Shareholders} \end{array} \times \frac{ \begin{array}{c} \text{Number of the} \\ \text{Class A} \\ \text{Preferred} \\ \text{Shares to be} \\ \text{issued through} \\ \text{the allotment} \\ \text{to the Class A} \\ \text{Preferred} \\ \text{Shareholders} \end{array} }{ \begin{array}{c} \text{Number of the} \\ \text{Class A} \\ \text{Preferred} \\ \text{Shares issued} \\ \text{after the allotment to the Class A Preferred} \\ \text{Shareholders} \end{array} } }{ \begin{array}{c} \text{Number of the Class A Preferred Shares issued} \\ \text{after the allotment to the Class A Preferred} \\ \text{Shareholders} \end{array} } $ <p> <u>If conducting allotment to the Class A Preferred Shareholders, the Amount Equivalent to the Paid-In Amount after the adjustment shall apply on and after the effective date of the allotment to the Class A Preferred Shareholders (or the day following the record date if a record date for the allotment to the Class A Preferred Shareholders has been set). If any other event similar to the allotment to the Class A Preferred Shareholders occurs, the Amount Equivalent to the Paid-In Amount shall be appropriately adjusted by a resolution of the Board of Directors.</u> </p> <p> <u>(4) If the Company conducts a share split or share consolidation with regard to the Class A Preferred Shares, the Amount Equivalent to the Paid-In Amount shall be adjusted in accordance with the following formula. The “number of the Class A Preferred Shares issued before share split or share consolidation” in the following formula shall be the number obtained by deducting the number of the Class A Preferred Shares held by the Company as of the time before such share split or share consolidation, and the “number of the Class A Preferred Shares issued after the share split or share consolidation” shall be the number obtained by deducting the number of the Class A Preferred Shares held by the Company as of the time after such share split or share consolidation. Any fraction of less than one (1) yen resulting from the adjustment shall be rounded off.</u> </p>

Current Articles of Incorporation	Proposed Amendments
	$\frac{\text{Amount Equivalent to the Paid-In Amount after the adjustment}}{\text{Amount Equivalent to the Paid-In Amount before the adjustment}} = \frac{\text{Amount Equivalent to the Paid-In Amount before the adjustment}}{\text{Amount Equivalent to the Paid-In Amount before the adjustment}} \times \frac{\text{Number of the Class A Preferred Shares issued before share split or share consolidation}}{\text{Number of the Class A Preferred Shares issued after share split or share consolidation}}$ <p>In the case of a share split, the <u>Amount Equivalent to the Paid-In Amount after the adjustment</u> shall be applied from the day following the record date for such share split, and in the case of a share consolidation, the <u>Amount Equivalent to the Paid-In Amount after the adjustment</u> shall be applied from the effective date of such share consolidation (or the day after the record date if a record date for such consolidation of shares has been set).</p> <p>If any other event similar to a share split or share consolidation occurs, the <u>Amount Equivalent to the Paid-In Amount</u> shall be appropriately adjusted by a resolution of the Board of Directors.</p> <p>3. (Participation Provision)</p> <p>(1) When the Company distributes surplus to the <u>Common Shareholders, Etc. (defined in paragraph 1 of Article 12-11 and the same applies hereinafter)</u> after distributing the <u>Class A Preferred Dividends and the Amount Equivalent to Class A Accumulated Unpaid Dividends (defined in paragraph 4 of this Article)</u> to the <u>Class A Preferred Shareholders, Etc.</u>, the Company shall simultaneously pay the <u>Class A Preferred Shareholders, Etc. a dividend of surplus equal to the amount obtained by multiplying the dividend per common share by the Class A conversion ratio (the number obtained by dividing the total of the Amount Equivalent to the Paid-In Amount per Class A Preferred Share, the Amount Equivalent to Class A Accumulated Unpaid Dividends, and the Amount of the Daily Prorated Unpaid Class A Preferred Dividends (defined in paragraph 3 of Article 12-3) by the conversion price set forth in paragraphs 3 through 5 of Article 12-7, and the applies hereinafter) for each Class A Preferred Share (if the calculation results in a fraction of less than one (1) yen, the fraction of less than one (1) yen shall be rounded off).</u></p>

Current Articles of Incorporation	Proposed Amendments
	<p data-bbox="847 212 1442 918"><u>(2) Notwithstanding the provisions of paragraph 2 of this Article or any other provisions, in the event that the Company simultaneously pays dividends to the Class A Preferred Shareholders, Etc. in the same order as the Common Shareholders, Etc. of an amount equivalent to the dividend per common share multiplied by the Class A conversion ratio, for each Class A Preferred Share, even before the Amount Equivalent to Class A Accumulated Unpaid Dividends and the Class A Preferred Dividends are paid, the Company may pay dividends to Common Shareholders, Etc. In such case, the amount of dividends to the Class A Preferred Shareholders, Etc. shall not be allocated to the Amount Equivalent to Class A Accumulated Unpaid Dividends or Class A Preferred Dividends.</u></p> <p data-bbox="831 929 1155 958"><u>4. (Accumulation Provision)</u></p> <p data-bbox="858 969 1442 2072"><u>When the total amount of dividends of surplus per share paid to the Class A Preferred Shareholders, Etc. with a date falling in a certain fiscal year as the record date (excluding dividends of an amount equivalent to the Amount Equivalent to Class A Accumulated Unpaid Dividends that have been accumulated in accordance with this paragraph with respect to the Class A Preferred Dividends pertaining to each fiscal year prior to such fiscal year (defined below). In addition, even if the amount of the Class A Preferred Dividends is calculated in accordance with item (2) of paragraph 2 of this Article, a dividend of surplus of an amount of the Class A Preferred Dividends calculated in accordance with item (1) of paragraph 2 of this Article shall be deemed have been distributed) does not reach the amount of the Class A Preferred Dividends for such fiscal year (meaning the amount of the Class A Preferred Dividends calculated in accordance with item (1) of paragraph 2 of this Article, assuming that a dividend of surplus is distributed with the final day of such fiscal year as the record date. However, for the purposes of such calculation, the proviso of item (1) of paragraph 2 of this Article shall not be applied), the shortfall shall be accumulated from the first day of the fiscal year after such fiscal year (including such day) until the day of actual payment (including such day) at a</u></p>

Current Articles of Incorporation	Proposed Amendments
	<p><u>rate of 9.0% per annum, compounded annually. This calculation shall be calculated on a daily prorated basis, assuming 365 days in a year (or 366 days if such fiscal year is a leap year), the division shall be conducted last, and calculated to the fifth decimal place and rounded off to the fourth decimal place. The amount accumulated in accordance with this paragraph (hereinafter referred to as the “Amount Equivalent to Class A Accumulated Unpaid Dividends”) shall be distributed to the Class A Preferred Shareholders, Etc. in accordance with the order of priority set forth in Article 12-11. If there is Amount Equivalent to Class A Accumulated Unpaid Dividends pertaining to more than one fiscal year, such Amount Equivalent to Class A Accumulated Unpaid Dividends pertaining to the oldest fiscal year shall be distributed first. When the amount obtained by multiplying the Amount Equivalent to Class A Accumulated Unpaid Dividends to be distributed by the number of the Class A Preferred Shares to which each of the Class A Preferred Shareholders, Etc. is entitled results in a fraction of less than one (1) yen, such fraction shall be rounded off.</u></p>

Current Articles of Incorporation	Proposed Amendments
<p data-bbox="347 212 592 241" style="text-align: center;"><Newly Established></p>	<p data-bbox="818 212 1214 241"><u>(Distribution of Residual Property)</u></p> <p data-bbox="818 250 1358 280"><u>Article 12-3 (Distribution of Residual Property)</u></p> <p data-bbox="833 288 1437 1357"> <u>1. When distributing residual property, the Company shall pay in cash the Class A Preferred Shareholders, Etc. an Amount Equivalent to the Paid-In Amount per Class A Preferred Share, plus the Amount Equivalent to Class A Accumulated Unpaid Dividends and the amount equivalent to the daily unpaid preferred dividends for the Class A Preferred Shares set forth in paragraph 3 of this Article (hereinafter referred to as the “Class A Residual Property Distribution Amount”). However, for purposes of this paragraph, if the date on which residual property is distributed (hereinafter referred to as the “Distribution Date”) falls between the day following the Dividend Record Date (including such day) and the time when the dividends of surplus are distributed with such Dividend Record Date as the record date, the Amount Equivalent to Class A Accumulated Unpaid Dividends shall be calculated as if the dividends of surplus with such Dividend Record Date as the record date had not been distributed. When the amount obtained by multiplying the Class A Residual Property Distribution Amount by the number of the Class A Preferred Shares to which each of the Class A Preferred Shareholders, Etc. is entitled, results in a fraction of less than one (1) yen, such fraction shall be rounded off.</u> </p> <p data-bbox="833 1366 1139 1395"><u>2. (Participation Provision)</u></p> <p data-bbox="847 1404 1437 2072"> <u>(1) In the event of distributing the Company’s residual property, when there is residual property after the distribution of the Class A Residual Property Distribution Amount to the Class A Preferred Shareholders, Etc. in accordance with paragraph 1 of this Article, the residual property shall be distributed to the Common Shareholders, Etc. in priority to Class B subordinated shareholders and registered pledgees of the Class B Subordinated Shares (together with Class B subordinated shareholders, hereinafter collectively referred to as the “Class B Subordinated Shareholders, Etc.”), until the total amount of the residual property to be distributed to the Common Shareholders, Etc. in accordance with this item, together with the total Class A Residual</u> </p>

Current Articles of Incorporation	Proposed Amendments
	<p><u>Property Distribution Amount, reaches the net asset value on the balance sheet pertaining to the Company’s final fiscal year at the time of the occurrence of the cause of commencement of liquidation.</u></p> <p><u>(2) If there is residual property after the distribution of residual property to the Common Shareholders, Etc. in accordance with item (1) of this paragraph, the Company shall pay the Class A Preferred Shareholders, Etc., in the same order as the Common Shareholders, Etc. and the Class B Subordinated Shareholders, Etc., the amount obtained by multiplying the amount of residual property distributed per common share by the Class A conversion ratio (if the calculation results in a fraction of less than one (1) yen, the fraction of less than one (1) yen will be rounded off) per Class A Preferred Share.</u></p> <p><u>3. (Amount of the Daily Prorated Unpaid Preferred Dividends)</u></p> <p><u>The amount of the daily prorated unpaid preferred dividends per preferred share shall be the amount equivalent to the Class A Preferred Dividends, calculated in accordance with item (1) of paragraph 2 of Article 12-2, assuming that the Class A Preferred Dividends were paid with the Distribution Date as the record date, in the fiscal year that includes the Distribution Date (the amount of the daily prorated unpaid preferred dividends per Class A Preferred Share shall hereinafter be referred to as the “Amount of the Daily Prorated Unpaid Class A Preferred Dividends”).</u></p>

Current Articles of Incorporation	Proposed Amendments
<p><Newly Established></p>	<p><u>(Voting Rights)</u> <u>Article 12-4</u> <u>Unless otherwise provided for in laws and regulations, the Class A Preferred Shareholders shall not have any voting rights at General Meetings of Shareholders.</u></p>
<p><Newly Established></p>	<p><u>(Put Options, the Consideration for Which Is Cash)</u> <u>Article 12-5 (Put Options for Cash Consideration)</u> <u>1. The Class A Preferred Shareholders may, at any time on or after the date of issuance of the Class A Preferred Shares, demand that the Company acquire all or some of their Class A Preferred Shares for cash consideration (hereinafter referred to as the “Put Options for Cash Consideration” and the date of the demand for Put Options for Cash Consideration shall hereinafter be referred to as the “Date of Demand for Put Options for Cash Consideration”). The Company shall, in exchange for acquiring the Class A Preferred Shares pertaining to the Put Options for Cash Consideration, and to the extent permitted by laws and regulations, deliver to the Class A Preferred Shareholders, on the Date of Demand for Put Options for Cash Consideration, the Class A Preferred Share acquisition price set forth in paragraph 2 of this Article in cash. However, if multiple Class A Preferred Shareholders demand acquisition on the same Date of Demand for Put Options for Cash Consideration so that the total exceeds the distributable amount stipulated in Article 461, paragraph 2 of the Companies Act, the Class A Preferred Shares to be acquired shall be determined by proportional distribution, in proportion to the number of shares demanded by each of the Class A Preferred Shareholders.</u> <u>2. (Amount of Cash to be Delivered in Exchange for the Acquisition of the Class A Preferred Shares)</u> <u>The acquisition price of the Class A Preferred Shares means the amount obtained by multiplying the sum of the Amount Equivalent to the Paid-In Amount per Class A Preferred Share, the Amount Equivalent to Class A Accumulated Unpaid Dividends, and the Amount of the Daily Prorated Unpaid Class A Preferred Dividends on the Date of Demand for Put Options for Cash Consideration, by the number of the Class A Preferred Shares</u></p>

Current Articles of Incorporation	Proposed Amendments
	<p><u>pertaining to the Put Options for Cash Consideration. In the calculations in this Article, the calculation of the Amount Equivalent to Class A Accumulated Unpaid Dividends and the Amount of the Daily Prorated Unpaid Class A Preferred Dividends shall be conducted in accordance with paragraphs 1 and 3 of Article 12-3, and the Amount Equivalent to Class A Accumulated Unpaid Dividends and Amount of the Daily Prorated Unpaid Class A Preferred Dividends shall be calculated by replacing the “date on which residual property is to be distributed” and the “Distribution Date” in the calculation of the Amount Equivalent to Class A Accumulated Unpaid Dividends and the Amount of the Daily Prorated Unpaid Class A Preferred Dividends with the “Date of Demand for Put Options for Cash Consideration.” Furthermore, any fractions of less than one (1) yen in the cash to be delivered in exchange for the acquisition of the Class A Preferred Shares pertaining to the Put Options for Cash Consideration shall be rounded off.</u></p> <p><u>3. (Place for Accepting the Put Options for Cash Consideration)</u> <u>Shareholder register administrator: Securities Transfer Agency Division, Mitsubishi UFJ Trust and Banking Corporation</u></p> <p><u>4. (Method and Effect of the Put Options for Cash Consideration)</u> <u>The Put Options for Cash Consideration shall be made by delivering to the Company a document specifying the shares to be acquired, and shall become effective when the documents required for the Put Options for Cash Consideration arrive at the place for accepting the Put Options for Cash Consideration stated in paragraph 3 of this Article.</u></p>

Current Articles of Incorporation	Proposed Amendments
<Newly Established>	<p data-bbox="815 210 1410 241"><u>(Call Options, the Consideration for Which Is Cash)</u></p> <p data-bbox="815 248 1441 322"><u>Article 12-6 (Compulsory Acquisition for Cash Consideration)</u></p> <p data-bbox="815 329 1441 1039">1. <u>The Company may, at any time after the date of issuance of the Class A Preferred Shares and to the extent permitted by laws and regulations, acquire all or some of the Class A Preferred Shares from the Class A Preferred Shareholders for cash consideration at the compulsory acquisition price for Class A Preferred Shares set forth in paragraph 2 of this Article (hereinafter referred to as “Compulsory Acquisition for Cash Consideration”), upon reaching a date separately determined by the Board of Directors of the Company (hereinafter referred to as the “Date of Compulsory Acquisition for Cash Consideration”). In the event of acquiring some of the Class A Preferred Shares, when there are multiple Class A Preferred Shareholders, the Class A Preferred Shares to be acquired shall be determined by proportional distribution.</u></p>

Current Articles of Incorporation	Proposed Amendments
	<p data-bbox="831 212 1437 282"><u>2. (Amount of Cash Consideration for Compulsory Acquisition for Cash Consideration)</u></p> <p data-bbox="858 293 1437 1839"><u>The compulsory acquisition price of the Class A Preferred Shares means the amount obtained by multiplying the sum of the Amount Equivalent to the Paid-In Amount per Class A Preferred Share, the Amount Equivalent to Class A Accumulated Unpaid Dividends, and the Amount of the Daily Prorated Unpaid Class A Preferred Dividends on the Date of Compulsory Acquisition for Cash Consideration (however, if the Date of Compulsory Acquisition for Cash Consideration is before the date that is seven years after the issue date of the Class A Preferred Shares, this paragraph shall apply with the last day of the first fiscal year ending after such seven-year period as the Date of Compulsory Acquisition for Cash Consideration, and the same applies hereinafter in this paragraph), by the number of the Class A Preferred Shares pertaining to the Compulsory Acquisition for Cash Consideration. In the calculations in this Article, the calculation of the Amount Equivalent to Class A Accumulated Unpaid Dividends and the Amount of the Daily Prorated Unpaid Class A Preferred Dividends shall be conducted in accordance with paragraphs 1 and 3 of Article 12-3, and the Amount Equivalent to Class A Accumulated Unpaid Dividends and Amount of the Daily Prorated Unpaid Class A Preferred Dividends shall be calculated by replacing the “date on which residual property is to be distributed” and the “Distribution Date” in the calculation of the Amount Equivalent to Class A Accumulated Unpaid Dividends and the Amount of the Daily Prorated Unpaid Class A Preferred Dividends with the “Date of Compulsory Acquisition for Cash Consideration.” Furthermore, any fractions of less than one (1) yen in the cash to be delivered in exchange for the acquisition of the Class A Preferred Shares pertaining to the Compulsory Acquisition for Cash Consideration shall be rounded off.</u></p>

Current Articles of Incorporation	Proposed Amendments
<p data-bbox="347 210 592 241" style="text-align: center;"><Newly Established></p>	<p data-bbox="818 210 1437 282"><u>(Put Options, the Consideration for Which Is Common Shares)</u></p> <p data-bbox="818 291 1350 322"><u>Article 12-7 (Put Options for Common Shares)</u></p> <p data-bbox="833 331 1437 999">1. <u>The Class A Preferred Shareholders may, at any time on or after the date of issuance of the Class A Preferred Shares, demand that the Company acquire all or some part of their Class A Preferred Shares in exchange for delivery of the number of common shares (hereinafter referred to as the “Common Shares Subject to Class A Demand (Common Share Put Options)”) set forth in paragraph 2 of this Article (hereinafter referred to as the “Put Options for Class A Common Shares”). The Company shall, in exchange for acquiring Class A Preferred Shares pertaining to the Put Options for Class A Common Shares and to the extent permitted by laws and regulations, deliver to such Class A Preferred Shareholders the Common Shares Subject to Class A Demand (Common Share Put Options).</u></p> <p data-bbox="833 1008 1437 1120">2. <u>(Number of Common Shares to Be Delivered in Exchange for the Acquisition of the Class A Preferred Shares)</u></p> <p data-bbox="858 1128 1437 2074"><u>The number of common shares to be delivered in exchange for the acquisition of the Class A Preferred Shares shall be the number obtained by multiplying the sum of the Amount Equivalent to the Paid-In Amount per Class A Preferred Share, the Amount Equivalent to Class A Accumulated Unpaid Dividends, and the Amount of the Daily Prorated Unpaid Class A Preferred Dividends, by the number of the Class A Preferred Shares pertaining to the Put Options for Class A Common Shares, and then dividing by the amount obtained by dividing the conversion price set forth in paragraphs 3 through 5 of this Article, by four (4). In the calculations in this paragraph, the calculation of the Amount Equivalent to Class A Accumulated Unpaid Dividends and the Amount of the Daily Prorated Unpaid Class A Preferred Dividends shall be conducted in accordance with paragraphs 1 and 3 of Article 12-3, and the Amount Equivalent to Class A Accumulated Unpaid Dividends and Amount of the Daily Prorated Unpaid Class A Preferred Dividends shall be calculated by replacing the “date on which residual property is to be distributed” and the “Distribution Date” in the</u></p>

Current Articles of Incorporation	Proposed Amendments
	<p><u>calculation of the Amount Equivalent to Class A Accumulated Unpaid Dividends and the Amount of the Daily Prorated Unpaid Class A Preferred Dividends with the “effective date of Put Options for Class A Common Shares.” When the total number of common shares to be delivered in exchange for the acquisition of the Class A Preferred Shares pertaining to the Put Options for Class A Common Shares includes a fraction of less than one (1) share, such fraction shall be rounded down, and in this case, no cash shall be delivered as stipulated in Article 167, paragraph 3 of the Companies Act.</u></p> <p><u>3. (Initial Conversion Price)</u></p> <p><u>The conversion price shall be initially the closing price of common shares in regular trading on Tokyo Stock Exchange, Inc. (hereinafter referred to as “TSE”) on the trading day immediately preceding the date of the resolution to issue the Class A common shares.</u></p>

Current Articles of Incorporation	Proposed Amendments
	<p data-bbox="831 212 1214 241"><u>4. (Revision of Conversion Price)</u></p> <p data-bbox="858 250 1437 1276"><u>The conversion price shall be revised on the last day of May and the last day of November (hereinafter referred to respectively as the “Conversion Price Revision Date”) each year after the date of issuance of the Class A Preferred Shares to the closing price of common shares in regular trading on TSE on the Conversion Price Revision Date (or the closing price on the immediately preceding day if there is no closing price on the Conversion Price Revision Date) (hereinafter referred to as the “Revised Conversion Price”). However, when the Revised Conversion Price is lower than 520 yen (hereinafter referred to as the “Minimum Conversion Price”), the conversion price shall be the Minimum Conversion Price, and if the Revised Conversion Price is higher than the closing price (hereinafter referred to as the “Maximum Conversion Price”) for regular trading of common shares on TSE on the trading day immediately preceding the date of resolution to issue Class A common shares, the conversion price shall be the Maximum Conversion Price. If the conversion price is adjusted in accordance with paragraph 5 of this Article, the same adjustment shall be made to the Minimum Conversion Price or the Maximum Conversion Price.</u></p>

Current Articles of Incorporation	Proposed Amendments
	<p data-bbox="831 215 1246 241"><u>5. (Adjustment of Conversion Price)</u></p> <p data-bbox="847 253 1437 360"><u>(1) In the event that any of the circumstances listed below arise, the conversion price shall be adjusted as follows:</u></p> <p data-bbox="863 371 1437 1003"><u>(i) The conversion price shall be adjusted according to the following formula if conducting a share split or allotment of shares without contribution with respect to common shares. In the event of allotting shares without contribution, the “number of common shares issued before the split” in the following formula shall be replaced by the “number of common shares issued before the allotment without contribution (excluding common shares held by the Company at that time)” and the “number of common shares issued after the split” shall be replaced by the “number of common shares issued after the allotment without contribution (excluding common shares held by the Company at that time)”.</u></p> $\frac{\text{Conversion price after the adjustment}}{\text{Conversion price before the adjustment}} = \frac{\text{Conversion price before the adjustment}}{\text{Conversion price before the adjustment}} \times \frac{\text{Number of common shares issued before the split}}{\text{Number of common shares issued after the split}}$ <p data-bbox="903 1205 1437 1514"><u>The conversion price after the adjustment shall apply from the date immediately following the record date pertaining to the share split or the date on which the allotment of shares without contribution takes effect (or the date immediately following the record date if a record date relating to allotment of shares without contribution is established).</u></p> <p data-bbox="863 1525 1437 1675"><u>(ii) The conversion price shall be adjusted according to the following formula if conducting a share consolidation with respect to common shares.</u></p> $\frac{\text{Conversion price after the adjustment}}{\text{Conversion price before the adjustment}} = \frac{\text{Conversion price before the adjustment}}{\text{Conversion price before the adjustment}} \times \frac{\text{Number of common shares issued before the consolidation}}{\text{Number of common shares issued after the consolidation}}$ <p data-bbox="903 1928 1437 2040"><u>The conversion price after the adjustment shall apply from the date on which the share consolidation takes effect.</u></p>

Current Articles of Incorporation	Proposed Amendments
	<p>(iii) <u>If the Company issues common shares or disposes of common shares held by the Company for an amount to be paid-in that is lower than the market price per common share set forth in (iv) of this paragraph (excluding the allotment of shares without contribution, the acquisition of shares or stock acquisition rights (including those attached to bonds with stock acquisition rights and the same applies hereinafter in this paragraph) to be acquired in exchange for delivery of common shares, the exercise of stock acquisition rights for common shares, or the delivery of common shares as a result of a merger, share exchange, or corporate split), the conversion price shall be adjusted in accordance with the following formula (hereinafter referred to as the “Conversion Price Adjustment Formula”). In the event that property other than cash is the object of the contribution, the “amount to be paid-in per share” in the Conversion Price Adjustment Formula shall be the appropriate valuation of such property. The conversion price after the adjustment shall apply from the day following the payment due date (or the last day of such payment period if a payment period is specified) or from the day following the record date if a record date pertaining to the allotment to shareholders is set (hereinafter referred to as the “Shareholder Allotment Date”). In the event that the Company disposes of common shares held by the Company, the “number of common shares to be newly issued” shall be replaced by the “number of common shares held by the Company to be disposed of” and the “number of common shares held by the Company” shall be replaced by the “number of common shares held by the Company before the disposal,” respectively.</u></p> $ \begin{array}{c} \frac{\text{Conversion price after the adjustment}}{\text{Conversion price before the adjustment}} = \frac{\text{Conversion price before the adjustment}}{\text{Conversion price before the adjustment}} \times \frac{\frac{\text{Number of common shares issued - number of common shares held by the Company}}{\text{Number of common shares to be newly issued}} \pm \frac{\text{Number of common shares to be newly issued}}{\text{Market price per common share}}}{\frac{\text{Amount to be paid-in per share}}{\text{Market price per common share}}} \\ \frac{\text{Conversion price after the adjustment}}{\text{Conversion price before the adjustment}} = \frac{\text{Conversion price before the adjustment}}{\text{Conversion price before the adjustment}} \times \frac{\text{Number of common shares issued - number of common shares held by the Company} \pm \text{Number of common shares to be newly issued}}{\text{Market price per common share}} \end{array} $

Current Articles of Incorporation	Proposed Amendments
	<p><u>(iv)All of the shares to be issued or disposed of shall be deemed to have been acquired and common shares delivered according to the initial terms and conditions, on the payment due date for such shares (or the last day of the payment period if a payment period has been set and the same applies hereinafter in this item (iv)) if the Company issues or disposes of shares which, by causing the Company to acquire or by being acquired by the Company, entitle the holder to receive delivery of common shares at a conversion price per common share lower than the market price per common share set forth in item (4) of this paragraph (including cases of allotment of shares without contribution), on the date when the allotment of shares without contribution takes effect (or the record date if a record date for the allotment of shares without contribution has been set and the same applies hereinafter in this item (iv)) in the event that shares are allotted without contribution, or on the Shareholder Allotment Date if there is a Shareholder Allotment Date. The amount calculated using such price as the “amount to be paid-in per share” in the Conversion Price Adjustment Formula shall be the conversion price after the adjustment. The conversion price after the adjustment shall apply from the day following the payment due date, the day following the day on which such allotment takes effect in the event of the allotment of shares without contribution, or the day following the Shareholder Allotment Date if there is a Shareholder Allotment Date. Notwithstanding the above, if the consideration for common shares to be delivered upon acquisition is not fixed at the time of the above, the conversion price after the adjustment shall be calculated by deeming that all of the shares to be issued or disposed of at the time the consideration is fixed have been acquired and common shares delivered according to the terms and conditions at the time such consideration is fixed, and such conversion price shall apply from the day following the day on which the consideration is fixed.</u></p>

Current Articles of Incorporation	Proposed Amendments
	<p><u>(v) All stock acquisition rights to be issued shall be deemed to have been exercised or acquired and common shares delivered according to the initial terms and conditions, on the date of allotment of such stock acquisition rights if the Company issues stock acquisition rights that, when exercised or acquired by the Company, entitle the holder to receive delivery of common shares at a price for which the total of the amount paid-in for the stock acquisition rights per common share and the property to be contributed upon the exercise of the stock acquisition rights (in the event that property other than cash is the object of the contribution, the amount shall be the appropriate valuation of such property and the same applies hereinafter in this item (v)) is lower than the market price per common share set forth in item (4) of this paragraph (including cases of allotment of shares without contribution), on the date when the allotment of stock acquisition rights without contribution takes effect (or the record date if a record date for the allotment of stock acquisition rights without contribution has been set and the same applies hereinafter in this item (v)), or on the Shareholder Allotment Date if there is a Shareholder Allotment Date. The amount calculated using the total of the amount paid-in for the stock acquisition rights per common share and the price per common share of the property to be contributed upon the exercise of the stock acquisition rights as the “amount to be paid-in per share” in the Conversion Price Adjustment Formula shall be the conversion price after the adjustment. The conversion price after the adjustment shall apply from the day following the date of allotment of such stock acquisition rights, the day following the day on which such allotment takes effect in the event of the allotment of stock acquisition rights without contribution, or the day following the Shareholder Allotment Date if there is a Shareholder Allotment Date. Notwithstanding the above, if the consideration for common shares to be delivered upon acquisition or exercise is not fixed at the time of the above, the conversion price after the</u></p>

Current Articles of Incorporation	Proposed Amendments
	<p><u>adjustment shall be calculated by deeming that all of the stock acquisition rights to be issued at the time the consideration is fixed have been exercised or acquired and common shares delivered according to the terms and conditions at the time such consideration is fixed, and such conversion price shall apply from the day following the day on which the consideration is fixed.</u></p> <p>(2) <u>In addition to the circumstances listed in item (1) of this paragraph, if falling under any of (i) through (iii) below, the Company shall appropriately adjust the conversion price after notifying the Class A Preferred Shareholders, Etc. in writing in advance to that effect, of the circumstance, the conversion price after the adjustment, the date of application and other necessary matters.</u></p> <p>(i) <u>When the conversion price needs to be adjusted due to a merger, share exchange, acquisition of all shares issued by another stock company through a share exchange, share transfer, absorption-type company split, succession to all or some of the rights and obligations held by another company with respect to its business through an absorption-type company split, or an incorporation-type company split.</u></p> <p>(ii) <u>When two or more reasons to adjust the conversion price arise in conjunction with each other, and the market price to be used to calculate the conversion price after the adjustment based on one of the reasons needs to consider the effect on the other reason.</u></p> <p>(iii) <u>When the conversion price needs to be adjusted due to the occurrence of any other event that causes or may cause a change in the number of common shares issued (excluding the number of common shares held by the Company).</u></p> <p>(3) <u>If any calculation is necessary when adjusting the conversion price, the conversion price shall be calculated to the second decimal place and rounded off to the first decimal place.</u></p> <p>(4) <u>The market price per common share to be used in the Conversion Price Adjustment Formula shall be the average (calculated to the second decimal place and rounded off to the first decimal place and the same applies hereinafter)</u></p>

Current Articles of Incorporation	Proposed Amendments
	<p data-bbox="906 215 1437 757"><u>of the volume weighted average price (hereinafter referred to as “VWAP”) of the trading volume of the Company’s common shares in regular trading published by TSE for the 30 consecutive trading days preceding the day on which the conversion price after the adjustment is applied (or the date of such announcement if a reason to adjust the conversion price is announced on the Company Announcements Service provided by TSE). A “trading day” means a day on which regular trading of the Company’s common shares is conducted on TSE, and does not include days on which a VWAP is not announced.</u></p> <p data-bbox="847 775 1437 1122">(5) <u>When, as a result of the calculation when adjusting the conversion price, the difference between the conversion price after the adjustment and the conversion price before the adjustment is less than 0.1 yen, the conversion price shall not be adjusted. However, any adjustment rendered unnecessary by this item shall be carried forward and taken into account when calculating any subsequent adjustment.</u></p> <p data-bbox="847 1133 1437 1279">(6) <u>The adjustment of the conversion price set forth in this Article shall not apply to the Class B Subordinated Shares of the Company issued on the same date as the Class A Preferred Shares.</u></p> <p data-bbox="831 1290 1437 1357">6. <u>(Place for Accepting the Put Options for Common Shares)</u></p> <p data-bbox="858 1368 1437 1482"><u>Shareholder register administrator: Securities Transfer Agency Division, Mitsubishi UFJ Trust and Banking Corporation</u></p>

Current Articles of Incorporation	Proposed Amendments
<p><Newly Established></p>	<p><u>7. (Method and Effect of the Put Options for Common Shares)</u> <u>The Put Options for Class A Common Shares shall be made by delivering to the Company a document specifying the target shares, and shall become effective when the documents required for the Put Options for Class A Common Shares arrive at the place for accepting put options for common shares stated in paragraph 6 of this Article.</u></p> <p><u>8. (Method of Delivery of Common Shares)</u> <u>The Company shall deliver common shares to a Class A Preferred Shareholder who has exercised the Put Options for Class A Common Shares by recording an increase in book-entry shares in the holdings column of the book-entry account register at Japan Securities Depository Center, Incorporated or the account management institution designated by the Class A Preferred Shareholder, after the Put Options for Class A Common Shares become effective.</u></p> <p><u>(Call Options, the Consideration for Which Is Common Shares)</u> <u>Article 12-8 (Compulsory Acquisition for Share Consideration)</u> 1. <u>The Company may, at any time on or after the first day of the first fiscal year after seven years from the date of issue of the Class A Preferred Shares, upon reaching a date separately determined by the Company’s Board of Directors (hereinafter referred to as the “Date of Compulsory Acquisition for Class A Share Consideration”), deliver common shares of the Company to the Class A Preferred Shareholders, Etc., in exchange for the acquisition of all or some of the Class A Preferred Shares and to the extent permitted by laws and regulations (hereinafter referred to as the “Compulsory Acquisition for Class A Share Consideration”). In the event of acquiring some of the Class A Preferred Shares, when there are multiple Class A Preferred Shareholders, the Class A Preferred Shares to be acquired from the Class A Preferred Shareholders shall be determined by proportional distribution.</u></p>

Current Articles of Incorporation	Proposed Amendments
	<p data-bbox="831 215 1437 282"><u>2. (Number of Common Shares to Be Delivered By Compulsory Acquisition for Share Consideration)</u></p> <p data-bbox="858 293 1437 1839"><u>The number of common shares to be delivered by the Company in exchange for the acquisition of the Class A Preferred Shares based on the Compulsory Acquisition for Class A Share Consideration shall be the number obtained by multiplying the sum of the Amount Equivalent to the Paid-In Amount per Class A Preferred Share, the Amount Equivalent to Class A Accumulated Unpaid Dividends, and the Amount of the Daily Prorated Unpaid Class A Preferred Dividends, by the number of the Class A Preferred Shares pertaining to Compulsory Acquisition for Class A Share Consideration, and then dividing by the amount obtained by dividing the conversion price set forth in paragraphs 3 through 5 of Article 12-7, by four (4). In the calculations in this paragraph, the calculation of the Amount Equivalent to Class A Accumulated Unpaid Dividends and the Amount of the Daily Prorated Unpaid Class A Preferred Dividends shall be conducted in accordance with paragraphs 1 and 3 of Article 12-3, and the Amount Equivalent to Class A Accumulated Unpaid Dividends and Amount of the Daily Prorated Unpaid Class A Preferred Dividends shall be calculated by replacing the “date on which residual property is to be distributed” and the “Distribution Date” in the calculation of the Amount Equivalent to Class A Accumulated Unpaid Dividends and the Amount of the Daily Prorated Unpaid Class A Preferred Dividends with the “Date of Compulsory Acquisition for Class A Share Consideration.” When the total number of common shares to be delivered in exchange for the acquisition of the Class A Preferred Shares pertaining to the Compulsory Acquisition for Class A Share Consideration includes a fraction of less than one (1) share, such fraction shall be rounded down, and in this case, no cash shall be delivered as stipulated in Article 167, paragraph 3 of the Companies Act.</u></p>

Current Articles of Incorporation	Proposed Amendments
<p><Newly Established></p>	<p><u>(Restrictions on Transfer)</u> <u>Article 12-9</u> <u>Approval by the Board of Directors of the Company must be obtained for the acquisition of the Class A Preferred Shares by transfer.</u></p>
<p><Newly Established></p>	<p><u>(Share Consolidation and Share Split, Allotment of Shares for Subscription, Etc.)</u> <u>Article 12-10</u> 1. <u>In the event of a share split or share consolidation, the Company shall conduct the split or consolidation according to the same ratio for both common shares and the Class A Preferred Shares, respectively.</u> 2. <u>In the event of granting shareholders, the right to receive an allotment of shares for subscription, the Company shall grant common shareholders the right to receive an allotment of common shares and the Class A Preferred Shareholders the right to receive an allotment of the Class A Preferred Shares according to the same ratio for both common shares and the Class A Preferred Shares, respectively.</u> 3. <u>In the event of allotting shares without contribution, the Company shall allot common shares without contribution to common shareholders and the Class A Preferred Shares without contribution to the Class A Preferred Shareholders, according to the same ratio for both common shares and the Class A Preferred Shares, respectively.</u> 4. <u>In the event of granting shareholders the right to receive an allotment of stock acquisition rights for subscription (stock acquisition rights includes those attached to bonds with stock acquisition rights), the Company shall grant common shareholders the right to receive an allotment of stock acquisition rights for common shares and the Class A Preferred Shareholders the right to receive an allotment of stock acquisition rights for the Class A Preferred Shares according to the same ratio for both common shares and the Class A Preferred Shares, respectively.</u></p>

Current Articles of Incorporation	Proposed Amendments
<Newly Established>	<p data-bbox="831 212 1441 562"> <u>5. In the event of allotting stock acquisition rights without contribution, the Company shall allot stock acquisition rights without contribution for common shares to common shareholders and stock acquisition rights without contribution for the Class A Preferred Shares to the Class A Preferred Shareholders, according to the same ratio for both common shares and the Class A Preferred Shares, respectively.</u> </p> <p data-bbox="831 571 1441 801"> <u>6. When the Company amends the Articles of Incorporation with respect to the number of shares per share unit, the Company shall amend the number of shares constituting one unit of common shares and the Class A Preferred Shares according to the same ratio.</u> </p> <p data-bbox="818 857 1029 891"> <u>(Order of Priority)</u> </p> <p data-bbox="818 898 970 931"> <u>Article 12-11</u> </p> <p data-bbox="831 938 1441 1406"> <u>Except for the cases set forth in item (2) of paragraph 3 of Article 12-2, the order of priority for the distribution of the Class A Preferred Dividends, the Amount Equivalent to Class A Accumulated Unpaid Dividends, and the dividends of surplus to shareholders holding common shares or registered pledgees of common shares (hereinafter collectively referred to as the “Common Shareholders, Etc.”), shall be as follows: (1) the Amount Equivalent to Class A Accumulated Unpaid Dividends, (2) Class A Preferred Dividends, and (3) dividends of surplus to Common Shareholders, Etc.</u> </p>
<Newly Established>	<p data-bbox="1059 1458 1198 1491"> <u>Chapter 2-3</u> </p> <p data-bbox="963 1498 1294 1532"> <u>Class B Subordinated Shares</u> </p>
<Newly Established>	<p data-bbox="818 1576 1082 1610"> <u>(Dividends of Surplus)</u> </p> <p data-bbox="818 1617 1366 1650"> <u>Article 12-12 (Class B Subordinated Dividends)</u> </p> <p data-bbox="831 1657 1441 1807"> <u>The Company shall not pay dividends of surplus to shareholders who hold the Class B Subordinated Shares (hereinafter referred to as the “Class B Subordinated Shareholders”).</u> </p>

Current Articles of Incorporation	Proposed Amendments
<p><Newly Established></p>	<p><u>(Put Options, the Consideration for Which Is Common Shares)</u></p> <p><u>Article 12-15 (Put Options for Common Shares)</u></p> <p><u>1. The Class B Subordinated Shareholders may, at any time on or after the date of issuance of the Class B Subordinated Shares, demand that the Company acquire all or some part of their Class B Subordinated Shares in exchange for delivery of the number of common shares (hereinafter referred to as the “Common Shares Subject to Class B Demand (Common Share Put Options)” set forth in paragraph 2 of this Article (hereinafter referred to as the “Put Options for Class B Common Shares”). The Company shall, in exchange for acquiring the Class B Subordinated Shares pertaining to the Put Options for Class B Common Shares and to the extent permitted by laws and regulations, deliver to such Class B Subordinated Shareholders the Common Shares Subject to Class B Demand (Common Share Put Options).</u></p> <p><u>2. (Number of Common Shares to Be Delivered in Exchange for the Acquisition of the Class B Subordinated Shares)</u></p> <p><u>The number of common shares to be delivered in exchange for the acquisition of the Class B Subordinated Shares shall be the number obtained by multiplying the number of the Class B Subordinated Shares pertaining to the Put Options for Class B Common Shares by the conversion ratio set forth in the next paragraph and thereafter. When the total number of common shares to be delivered in exchange for the acquisition of the Class B Subordinated Shares pertaining to the Put Options for Class B Common Shares includes a fraction of less than one (1) share, such fraction shall be rounded down, and in this case, no cash shall be delivered as stipulated in Article 167, paragraph 3 of the Companies Act.</u></p> <p><u>3. (Initial Conversion Ratio)</u></p> <p><u>The conversion ratio shall be initially 1.0.</u></p>

Current Articles of Incorporation	Proposed Amendments
	<p data-bbox="831 212 1246 241"><u>4. (Adjustment of Conversion Ratio)</u></p> <p data-bbox="847 250 1437 360"><u>(1) In the event that any of the circumstances listed below arise, the conversion ratio shall be adjusted as follows:</u></p> <p data-bbox="863 369 1437 1003"><u>(i) The conversion ratio shall be adjusted according to the following formula if conducting a share split or allotment of shares without contribution with respect to common shares. In the event of allotting shares without contribution, the “number of common shares issued before the split” in the following formula shall be replaced by the “number of common shares issued before the allotment without contribution (excluding common shares held by the Company at that time)” and the “number of common shares issued after the split” shall be replaced by the “number of common shares issued after the allotment without contribution (excluding common shares held by the Company at that time)”.</u></p> $\frac{\text{Conversion ratio after the adjustment}}{\text{Conversion ratio before the adjustment}} = \frac{\text{Conversion ratio before the adjustment}}{\text{Conversion ratio before the adjustment}} \div \frac{\text{Number of common shares issued before the split}}{\text{Number of common shares issued after the split}}$ <p data-bbox="906 1205 1437 1512"><u>The conversion ratio after the adjustment shall apply from the date immediately following the record date pertaining to the share split or the date on which the allotment of shares without contribution takes effect (or the date immediately following the record date if a record date relating to allotment of shares without contribution is established).</u></p> <p data-bbox="863 1525 1437 1675"><u>(ii) The conversion ratio shall be adjusted according to the following formula if conducting a share consolidation with respect to common shares.</u></p> $\frac{\text{Conversion ratio after the adjustment}}{\text{Conversion ratio before the adjustment}} = \frac{\text{Conversion ratio before the adjustment}}{\text{Conversion ratio before the adjustment}} \div \frac{\text{Number of common shares issued before the consolidation}}{\text{Number of common shares issued after the consolidation}}$ <p data-bbox="906 1928 1437 2040"><u>The conversion ratio after the adjustment shall apply from the date on which the share consolidation takes effect.</u></p>

Current Articles of Incorporation	Proposed Amendments
	<p>(iii) <u>If the Company issues common shares or disposes of common shares held by the Company for an amount to be paid-in that is lower than the market price per common share set forth in (iv) of this paragraph (excluding the allotment of shares without contribution, the acquisition of shares or stock acquisition rights (including those attached to bonds with stock acquisition rights and the same applies hereinafter in this paragraph) to be acquired in exchange for delivery of common shares, the exercise of stock acquisition rights for common shares, or the delivery of common shares as a result of a merger, share exchange, or corporate split), the conversion ratio shall be adjusted in accordance with the following formula (hereinafter referred to as the “Conversion Ratio Adjustment Formula”). In the event that property other than cash is the object of the contribution, the “amount to be paid-in per share” in the Conversion Ratio Adjustment Formula shall be the appropriate valuation of such property. The conversion ratio after the adjustment shall apply from the day following the payment due date (or the last day of such payment period if a payment period is specified) or from the day following the record date if a record date pertaining to the allotment to shareholders is set (hereinafter referred to as the “Shareholder Allotment Date”). In the event that the Company disposes of common shares held by the Company, the “number of common shares to be newly issued” shall be replaced by the “number of common shares held by the Company to be disposed of” and the “number of common shares held by the Company” shall be replaced by the “number of common shares held by the Company before the disposal,” respectively.</u></p> $ \begin{array}{c} \text{Conversion} \\ \text{ratio after the} \\ \text{adjustment} \end{array} = \begin{array}{c} \text{Conversion} \\ \text{ratio before} \\ \text{the adjustment} \end{array} \div \begin{array}{c} \frac{\text{(Number of} \\ \text{common shares} \\ \text{issued - number} \\ \text{of common} \\ \text{shares held by the} \\ \text{Company)}}{\pm} \end{array} \times \begin{array}{c} \frac{\text{Number of} \\ \text{common shares} \\ \text{to be newly} \\ \text{issued}}{\times} \end{array} \times \begin{array}{c} \text{Amount to} \\ \text{be paid-in} \\ \text{per share} \\ \hline \text{Market price per common} \\ \text{share} \end{array} $ <p style="text-align: center;"> $\frac{\text{(Number of common shares issued - number of} \\ \text{common shares held by the Company) + number of} \\ \text{common shares to be newly issued}}{\pm}$ </p>

Current Articles of Incorporation	Proposed Amendments
	<p><u>(iv)All of the shares to be issued or disposed of shall be deemed to have been acquired and common shares delivered according to the initial terms and conditions, on the payment due date for such shares (or the last day of the payment period if a payment period has been set and the same applies hereinafter in this item (iv)) if the Company issues or disposes of shares which, by causing the Company to acquire or by being acquired by the Company, entitle the holder to receive delivery of common shares at a conversion ratio per common share lower than the market price per common share set forth in item (4) of this paragraph (including cases of allotment of shares without contribution), on the date when the allotment of shares without contribution takes effect (or the record date if a record date for the allotment of shares without contribution has been set and the same applies hereinafter in this item (iv)) in the event that shares are allotted without contribution, or on the Shareholder Allotment Date if there is a Shareholder Allotment Date. The amount calculated using such price as the “amount to be paid-in per share” in the Conversion Ratio Adjustment Formula shall be the conversion ratio after the adjustment. The conversion ratio after the adjustment shall apply from the day following the payment due date, the day following the day on which such allotment takes effect in the event of the allotment of shares without contribution, or the day following the Shareholder Allotment Date if there is a Shareholder Allotment Date. Notwithstanding the above, if the consideration for common shares to be delivered upon acquisition is not fixed at the time of the above, the conversion ratio after the adjustment shall be calculated by deeming that all of the shares to be issued or disposed of at the time the consideration is fixed have been acquired and common shares delivered according to the terms and conditions at the time such consideration is fixed, and such conversion ratio shall apply from the day following the day on which the consideration is fixed.</u></p>

Current Articles of Incorporation	Proposed Amendments
	<p><u>(v) All stock acquisition rights to be issued shall be deemed to have been exercised or acquired and common shares delivered according to the initial terms and conditions, on the date of allotment of such stock acquisition rights if the Company issues stock acquisition rights that, when exercised or acquired by the Company, entitle the holder to receive delivery of common shares at a price for which the total of the amount paid-in for the stock acquisition rights per common share and the property to be contributed upon the exercise of the stock acquisition rights (in the event that property other than cash is the object of the contribution, the amount shall be the appropriate valuation of such property and the same applies hereinafter in this item (v)) is lower than the market price per common share set forth in item (4) of this paragraph (including cases of allotment of shares without contribution), on the date when the allotment of stock acquisition rights without contribution takes effect (or the record date if a record date for the allotment of stock acquisition rights without contribution has been set and the same applies hereinafter in this item (v)), or on the Shareholder Allotment Date if there is a Shareholder Allotment Date. The amount calculated using the total of the amount paid-in for the stock acquisition rights per common share and the price per common share of the property to be contributed upon the exercise of the stock acquisition rights as the “amount to be paid-in per share” in the Conversion Ratio Adjustment Formula shall be the conversion ratio after the adjustment. The conversion ratio after the adjustment shall apply from the day following the date of allotment of such stock acquisition rights, the day following the day on which such allotment takes effect in the event of the allotment of stock acquisition rights without contribution, or the day following the Shareholder Allotment Date if there is a Shareholder Allotment Date. Notwithstanding the above, if the consideration for common shares to be delivered upon acquisition or exercise is not fixed at the time of the above, the conversion ratio after the</u></p>

Current Articles of Incorporation	Proposed Amendments
	<p><u>adjustment shall be calculated by deeming that all of the stock acquisition rights to be issued at the time the consideration is fixed have been exercised or acquired and common shares delivered according to the terms and conditions at the time such consideration is fixed, and such conversion ratio shall apply from the day following the day on which the consideration is fixed.</u></p> <p>(2) <u>In addition to the circumstances listed in item (1) of this paragraph, if falling under any of (i) through (iii) below, the Company shall appropriately adjust the conversion ratio after notifying the Class B Subordinated Shareholders, Etc. in writing in advance to that effect, of the circumstance, the conversion ratio after the adjustment, the date of application and other necessary matters.</u></p> <p>(i) <u>When the conversion ratio needs to be adjusted due to a merger, share exchange, acquisition of all shares issued by another stock company through a share exchange, share transfer, absorption-type company split, succession to all or some of the rights and obligations held by another company with respect to its business through an absorption-type company split, or an incorporation-type company split.</u></p> <p>(ii) <u>When two or more reasons to adjust the conversion ratio arise in conjunction with each other, and the market price to be used to calculate the conversion ratio after the adjustment based on one of the reasons needs to consider the effect on the other reason.</u></p> <p>(iii) <u>When the conversion ratio needs to be adjusted due to the occurrence of any other event that causes or may cause a change in the number of common shares issued (excluding the number of common shares held by the Company).</u></p> <p>(3) <u>If any calculation is necessary when adjusting the conversion ratio, the conversion ratio shall be calculated to the fourth decimal place and rounded off to the third decimal place.</u></p>

Current Articles of Incorporation	Proposed Amendments
	<p>(4) <u>The market price per common share to be used in the Conversion Ratio Adjustment Formula shall be the average (calculated to the second</u></p>

Current Articles of Incorporation	Proposed Amendments
	<p><u>decimal place and rounded off to the first decimal place and the same applies hereinafter) of the VWAP of the trading volume of the Company’s common shares in regular trading published by TSE for the 30 consecutive trading days preceding the day on which the conversion ratio after the adjustment is applied (or the date of such announcement if a reason to adjust the conversion ratio is announced on the Company Announcements Service provided by TSE). A “trading day” means a day on which regular trading of the Company’s common shares is conducted on TSE, and does not include days on which a VWAP is not announced.</u></p> <p><u>(5) When, as a result of the calculation when adjusting the conversion ratio, the difference between the conversion ratio after the adjustment and the conversion ratio before the adjustment is less than 0.1%, the conversion ratio shall not be adjusted. However, any adjustment rendered unnecessary by this item shall be carried forward and taken into account when calculating any subsequent adjustment.</u></p> <p><u>(6) The adjustment of the conversion ratio set forth in this Article shall not apply to the Class A Preferred Shares of the Company issued on the same date as the Class B Subordinated Shares.</u></p>

Current Articles of Incorporation	Proposed Amendments
	<p data-bbox="831 215 1437 282"><u>5. (Place for Accepting the Put Options for Common Shares)</u></p> <p data-bbox="858 293 1437 360"><u>Securities Transfer Agency Division, Mitsubishi UFJ Trust and Banking Corporation</u></p> <p data-bbox="831 371 1437 439"><u>6. (Method and Effect of the Put Options for Common Shares)</u></p> <p data-bbox="858 450 1437 719"><u>The Put Options for Class B Common Shares shall be made by delivering to the Company a document specifying the target shares, and shall become effective when the documents required for the Put Options for Class B Common Shares arrive at the place for accepting put options for common shares stated in paragraph 5 of this Article.</u></p> <p data-bbox="831 730 1326 763"><u>7. (Method of Delivery of Common Shares)</u></p> <p data-bbox="858 775 1437 1155"><u>The Company shall deliver common shares to a Class B Subordinated Shareholder who has exercised the Put Options for Class B Common Shares by recording an increase in book-entry shares in the holdings column of the book-entry account register at Japan Securities Depository Center, Incorporated or the account management institution designated by the Class B Subordinated, after the Put Options for Class B Common Shares become effective.</u></p>

Current Articles of Incorporation	Proposed Amendments
<Newly Established>	<p data-bbox="815 215 1442 282"><u>(Call Options, the Consideration for Which Is Common Shares)</u></p> <p data-bbox="815 293 1442 360"><u>Article 12-16 (Compulsory Acquisition for Share Consideration)</u></p> <p data-bbox="831 371 1442 1160">1. <u>The Company may, at any time on or after the first day of the first fiscal year after seven years from the date of issue of the Class B Subordinated Shares, upon reaching a date separately determined by the Company’s Board of Directors (hereinafter referred to as the “Date of Compulsory Acquisition for Class B Share Consideration”), deliver common shares of the Company to the Class B Subordinated Shareholders, Etc., in exchange for the acquisition of all or some of the Class B Subordinated Shares and to the extent permitted by laws and regulations (hereinafter referred to as the “Compulsory Acquisition for Class B Share Consideration”). In the event of acquiring some of the Class B Subordinated Shares, when there are multiple Class B Subordinated Shareholders, the Class B Subordinated Shares to be acquired from the Class B Subordinated Shareholders shall be determined by proportional distribution.</u></p> <p data-bbox="831 1171 1442 1238">2. <u>(Number of Common Shares to Be Delivered By Compulsory Acquisition for Share Consideration)</u></p> <p data-bbox="855 1249 1442 1917"><u>The number of common shares to be delivered by the Company in exchange for the acquisition of the Class B Subordinated Shares based on the Compulsory Acquisition for Class B Share Consideration shall be the number obtained by multiplying the number of the Class B Subordinated Shares pertaining to the Put Options for Class B Common Shares by the conversion ratio set forth in paragraphs 3 and 4 of Article 12-15. When the total number of common shares to be delivered in exchange for the acquisition of the Class B Subordinated Shares pertaining to the Compulsory Acquisition for Class B Share Consideration includes a fraction of less than one (1) share, such fraction shall be rounded down, and in this case, no cash shall be delivered as stipulated in Article 167, paragraph 3 of the Companies Act.</u></p>

Current Articles of Incorporation	Proposed Amendments
<p data-bbox="347 212 592 241"><Newly Established></p>	<p data-bbox="818 212 1225 241"><u>(Restrictions on Transfer of Shares)</u></p> <p data-bbox="818 250 970 280"><u>Article 12-17</u></p> <p data-bbox="831 291 1437 400"><u>Approval by the Board of Directors of the Company must be obtained for the acquisition of the Class B Subordinated Shares by transfer.</u></p>
<p data-bbox="347 454 592 483"><Newly Established></p>	<p data-bbox="818 454 1437 521"><u>(Share Consolidation and Share Split, Allotment of Shares for Subscription, Etc.)</u></p> <p data-bbox="818 530 970 560"><u>Article 12-18</u></p> <ol data-bbox="831 571 1437 2072" style="list-style-type: none"> <li data-bbox="831 571 1437 763"><u>1. In the event of a share split or share consolidation, the Company shall conduct the split or consolidation according to the same ratio for both common shares and the Class B Subordinated Shares, respectively.</u> <li data-bbox="831 772 1437 1122"><u>2. In the event of granting shareholders, the right to receive an allotment of shares for subscription, the Company shall grant common shareholders the right to receive an allotment of common shares and the Class B Subordinated Shareholders the right to receive an allotment of the Class B Subordinated Shares according to the same ratio for both common shares and the Class B Subordinated Shares, respectively.</u> <li data-bbox="831 1131 1437 1435"><u>3. In the event of allotting shares without contribution, the Company shall allot common shares without contribution to common shareholders and the Class B Subordinated Shares without contribution to the Class B Subordinated Shareholders, according to the same ratio for both common shares and the Class B Subordinated Shares, respectively.</u> <li data-bbox="831 1444 1437 1917"><u>4. In the event of granting shareholders the right to receive an allotment of stock acquisition rights for subscription (stock acquisition rights includes those attached to bonds with stock acquisition rights), the Company shall grant common shareholders the right to receive an allotment of stock acquisition rights for common shares and the Class B Subordinated Shareholders the right to receive an allotment of stock acquisition rights for the Class B Subordinated Shares according to the same ratio for both common shares and the Class B Subordinated Shares, respectively.</u> <li data-bbox="831 1926 1437 2072"><u>5. In the event of allotting stock acquisition rights without contribution, the Company shall allot stock acquisition rights without contribution for common shares to common shareholders and stock</u>

Current Articles of Incorporation	Proposed Amendments
	<p><u>acquisition rights without contribution for the Class B Subordinated Shares to the Class B Subordinated Shareholders, according to the same ratio for both common shares and the Class B Subordinated Shares, respectively.</u></p> <p>6. <u>When the Company amends the Articles of Incorporation with respect to the number of shares per share unit, the Company shall amend the number of shares constituting one unit of common shares and the Class B Subordinated Shares according to the same ratio.</u></p>

Current Articles of Incorporation	Proposed Amendments
<p style="text-align: center;">Chapter 3 General Meeting of Shareholders</p> <p>Article 13 to Article 18 (Omitted)</p> <p style="text-align: center;"><Newly Established></p> <p>Article 19 to Article 44 (Omitted)</p> <p>(Prescription for Payment of Year-end Dividends) Article 45</p> <ol style="list-style-type: none"> 1. (Omitted) 2. Interest shall not be added to unpaid year-end dividends and interim dividends. <p>Supplementary Provisions (Omitted)</p>	<p style="text-align: center;">Chapter 3 General Meeting of Shareholders</p> <p>Article 13 to Article 18 (Unchanged)</p> <p><u>(General Meeting of Class Shareholders)</u> <u>Article 18-2</u></p> <ol style="list-style-type: none"> 1. <u>The provisions of Article 12 shall apply mutatis mutandis to the General Meeting of Class Shareholders to be held on the same day as the Ordinary General Meeting of Shareholders.</u> 2. <u>The provisions of Article 13, Article 14, Article 16, and Article 18 shall apply mutatis mutandis to the General Meeting of Class Shareholders.</u> 3. <u>The provisions of paragraph 1 of Article 15 shall apply mutatis mutandis to resolutions of General Meeting of Class Shareholders pursuant to the provisions of Article 324, paragraph 1 of the Companies Act, and the provisions of paragraph 2 of Article 15 shall apply mutatis mutandis to resolutions of General Meeting of Class Shareholders pursuant to the provisions of Article 324, paragraph 2 of the Companies Act.</u> <p>Article 19 to Article 44 (Unchanged)</p> <p>(Prescription for Payment of Year-end Dividends) Article 45</p> <ol style="list-style-type: none"> 1. (Unchanged) 2. Interest shall not be added to unpaid year-end dividends and interim dividends <u>for common shares.</u> <p>Supplementary Provisions (Unchanged)</p>

Proposal 2: Issuance of Class A Preferred Shares Through Third-Party Allotment

Pursuant to the provisions of Article 199 of the Companies Act, the Company intends to issue Class A preferred shares (hereinafter referred to as the “Class A Preferred Shares”) through a third-party allotment to a fund (hereinafter referred to as the “AP Fund”) serviced by Advantage Partners, Inc. (hereinafter referred to as “AP”) based on the reasons stated in 1. below and in accordance with the procedures described in 2. below.

The terms and conditions of the issuance of the Class A Preferred Shares have been carefully determined through repeated negotiations and discussions with the AP Fund, taking into account our business environment and financial condition. Based on a comprehensive consideration of these factors, the Company has determined that the issuance of the Class A Preferred Shares does not constitute a favorable issuance. However, since there are various perspectives on evaluating the value of class shares that do not have a market price, we are seeking approval by our shareholders for this Proposal in accordance with the provisions of Article 199, paragraphs 2 and 3, and Article 309, paragraph 2 of the Companies Act.

In addition, if the Class A Preferred Shares are allocated to the AP Fund and all of the Class A Preferred Shares are converted into the Company’s common shares at the minimum conversion price of ¥520, the dilution rate will be approximately 170.4%. Therefore, in accordance with Rule 432, item (2) of the Securities Listing Regulations stipulated by the Tokyo Stock Exchange, the Company also seeks confirmation of the intent of our shareholders at this Extraordinary General Meeting of Shareholders.

The issuance of the Class A Preferred Shares is subject to the approval of all Proposals as originally proposed.

1. Reasons for issuing class shares through a third-party allotment

I. Background and objectives

The Company is engaged in a business with a focus on the zinc and lead smelting and refining business, and has added the mineral resources business to its portfolio since 2010. The consolidated Group has 1,107 employees in the Smelting and Refining Business, Environment and Recycling Business, Mineral Resources Business, and Electronic Components and Materials and Advanced Materials Businesses.

In the Zinc Smelting and Refining Business, we faced a challenging business environment with significant market fluctuations and difficulties in passing on costs to prices, along with the recent persistence of high electricity and energy prices as well as the weak zinc ore price, resulting in zinc ore market conditions, resulting in a high-cost business structure. Against this backdrop, the Company’s inability to proceed with a review of its business structure, including capital investment, due to its low financial strength resulted in continued ordinary losses. As a countermeasure, although we have attempted to improve profitability by reducing production in response to declining domestic demand and increasing the proportion of recycled materials, the business remains low in profitability.

In the Mineral Resources Business, the Company entered the mining business by CBH Resources Limited in Australia in search of a long-term stable supply of ore for the Smelting and Refining Business and an alternative source of revenue to smelting and refining, which we believed was reasonable in light of the internal and external environment at the time. However, due to factors such as the mine’s complex ore body structure, challenging mining conditions, and high production costs, along with struggles to establish effective management and governance systems in Australia, the mine has experienced prolonged financial difficulties for many years. Regarding our mainstay Rasp Mine, we considered shifting to the next ore body following the end of excavation of the main ore body. However, we decided to close the mine by the end of 2024 due to lack of prospects for commercial viability, resulting in a large impairment loss in the fiscal year ended March 31, 2024. As for the Abra Mine, although we decided to participate, judging it to be a next-generation mine with limited investment requirements and high-quality prospects, factors such as surging energy prices, rising labor costs, and delays in mine development and operations caused by heavy rainfall led to a significant deterioration in both profitability and financing during the operation start-up stage. Although we had conservatively tested risk

scenarios in developing our Mineral Resources Business, the combination of geopolitical risks and major changes in the environment resulted in significant losses.

In addition to these factors, the withdrawal from the business in China has resulted in significant damage to the Company's financial base, resulting in a loss of over ¥46.0 billion for the fiscal year ended March 31, 2024. Consolidated total assets decreased by ¥47.8 billion year on year to ¥2.7 billion, and the total shareholders' equity/TA dropped to 2.5%. Although the Company entered into a commitment line agreement with financial institutions for a total of ¥11.0 billion (current agreement period: one month; a maximum extension until March 31, 2025) as of October 2024, the Company is in a very difficult financial condition.

We are keenly aware that the common factors behind these issues include delays in making decisive management decisions to fundamentally address unprofitable businesses, as well as investment decisions exceeding our financial capacity, which stemmed from a longstanding lack of corporate governance and a management structure that prioritized maintaining the status quo over pursuing reforms.

Under the new management structure renewed in June 2024, the Company has thoroughly understood the state of unprofitable businesses and the management issues that caused them, reallocated over-concentrated management resources to core and growth businesses, and developed a new business revitalization plan (hereinafter referred to as the "Business Revitalization Plan") to grow into a new Toho Zinc that pursues a corporate culture and mindset reform that embraces change. The content of the Business Revitalization Plan reflects the unanimous recognition of issues and strong will toward business revitalization by the Company and the AP Fund based on thorough discussions between both companies.

II. Overview of the Business Revitalization Plan

In order for the Company, whose financial base has been severely damaged, to get out of this situation and achieve dramatic business revitalization, it is essential to withdraw from and restructure unprofitable businesses, strengthen the profitability of core and growth businesses, normalize the financial base, and enhance the management system. Regarding unprofitable businesses, the Company has determined that it is essential to achieve business growth by withdrawing from and restructuring these businesses through structural reforms involving personnel reductions through voluntary retirement and reassignments, as well as actively investing in businesses with competitiveness and growth potential. To achieve this, it is indispensable to strengthen capital, which shall be impaired by large extraordinary losses, etc. associated with structural reforms during withdrawal and business restructuring, and secure continued support from financial institutions. It is also essential to issue the Class A Preferred Shares, issue the Class B Subordinated Shares to the AP Fund and Tatsumi Shokai Co., Ltd. (hereinafter referred to as "Tatsumi Shokai"), and form a business partnership with Hanwa Co., Ltd.

The Company is determined to make a major improvement in its financial position through the Capital Increase Through Third-Party Allotment, and to fundamentally revitalize its business by undertaking drastic structural reforms and selection and concentration of its businesses to build a strong business portfolio, and by implementing various measures based on the Business Revitalization Plan.

The Company will position the next five years as a business revitalization period, during which the Company will evolve into a corporate entity that will grow permanently. In the first half of this business revitalization period, the Company will complete the withdrawal from and restructuring of unprofitable businesses while working to strengthen core and growth businesses and expand revenue. In addition, during this period, we will work to create a new revenue model for permanent growth and to achieve market development. In these activities, we will pursue a corporate culture and mindset reform that embraces change, reconstruct our business portfolio from the perspectives of "Circular economy," "Carbon neutral," "Environmental technologies," and "Customer focused product development," as we aim to become a leading recycling company that supports social infrastructure.

III. Reasons for selecting the Capital Increase Through Third-Party Allotment

Before deciding to implement the Capital Increase Through Third-Party Allotment, the Company considered various funding methods in view of the impact on existing shareholders while attempting to stabilize our financial position. However, due to the urgent need to improve profitability and stabilize cash flows through structural reforms for a fundamental financial improvement, the Company believed that the most critical consideration is to swiftly and reliably secure the necessary capital funding and improve our financial position within the time desired by the Company.

In this regard, debt financing through borrowing from financial institutions or issuing bonds would take a considerable amount of time, and would not improve our financial position. Considering that we are currently requesting changes to terms and conditions of existing borrowings from financial institutions as mentioned above, these financing methods are neither realistic nor feasible. Therefore, we believe that equity financing to strengthen our equity capital is necessary and appropriate. In addition, with regards to the issuance of common shares through a capital increase by way of public offering targeted at general investors, the notes to the Company's consolidated financial statements for the three months ended June 30, 2024 include "Notes to the going concern assumption," making it difficult to reliably execute a capital increase through a public offering that requires underwriting examinations by securities firms, and thus the availability of funding would be uncertain after all. Therefore, we have determined that this option is not appropriate at present for the Company, which needs to secure a certain amount of funding with certainty. Regarding this point, gratis allotment of stock acquisition rights or allotment of shares to existing shareholders does not guarantee that all stock acquisition rights will be exercised or that shareholders will participate in the shareholder allotment, as this depends on shareholder decisions based on stock price trends, and thus the final amount of funds raised would be uncertain. Therefore, we have determined that this option is not appropriate at present for the Company, which needs to secure a certain amount of funding with certainty.

Moreover, we also considered the issuance of common shares through a capital increase by way of third-party allotment. However, given the Company's financial condition, which necessitates financial restructuring in the fiscal year ending March 31, 2025 under the assumption of a business revitalization plan including the withdrawal from and restructuring of unprofitable businesses, the feasibility was low, and there were no sponsor candidates based on the assumption of an actual issuance of common shares.

Other methods, such as conducting a so-called management buyout involving a tender offer, taking the Company private, and subsequently injecting additional capital, were also conceivable. However, it was judged that this approach is unrealistic as it could affect the Company's credibility with business partners following the take-private transaction. For existing shareholders, while opportunities to sell their shares would be secured, we anticipate that the execution of the Business Revitalization Plan, including the implementation of the Capital Increase Through Third-Party Allotment, will fundamentally improve and strengthen our financial condition and enhance corporate value through sustainable growth. Therefore, we believe it is more beneficial for the further enhancement of share value by maintaining the Company's listing and pursuing the Business Revitalization Plan rather than taking the Company private.

To resolve this situation, the Company conducted sponsor selection as described in "V. (1) Reasons for selecting the planned allottees" below. Through discussions and negotiations with the AP Fund and Tatsumi Shokai regarding financing through a capital increase by way of third-party allotment, the Company concluded that the Capital Increase Through Third-Party Allotment is the most suitable funding method given its difficult management conditions.

Regarding the above points, the Company's Audit and Supervisory Committee (consisting of three Directors, including two Outside Directors), which is a body delegated by shareholders to supervise management, has reviewed and discussed various aspects over several months with the management team from multiple perspectives, including reviewing the terms and conditions of the issuance and determining the content of requests for cooperation to business partners, financial institutions, and other stakeholders, as the Capital Increase Through Third-Party Allotment would cause significant potential share dilution of approximately

299.8% for existing shareholders. At the meeting of the Board of Directors held on December 18, 2024, the Audit and Supervisory Committee expressed its opinion that the necessity and appropriateness of the Capital Increase Through Third-Party Allotment (including submitting related proposals to an extraordinary general meeting of shareholders) are recognized considering the following factors: (1) It understands the management's decision to urgently implement structural reforms to improve profitability; (2) the Business Revitalization Plan was formulated with the advice of external experts in legal, financial and accounting matters while ensuring the legality and validity of its content and formulation process from an early stage; (3) the terms and conditions of the issuance of the Capital Increase Through Third-Party Allotment were determined after verification of their validity by the commissioned third-party evaluation organization, Plutus Consulting Co., Ltd. (hereinafter referred to as "Plutus Consulting"); and (4) the implementation of the Capital Increase Through Third-Party Allotment is subject to approval by a special resolution at the Company's general meeting of shareholders, thereby such implementation shall be made after directly confirming the intentions of existing shareholders. In expressing the above opinion, the Audit and Supervisory Committee also stated that (1) the Capital Increase Through Third-Party Allotment involves highly complex elements, and careful explanations, particularly regarding the disadvantages such as dilution, should be provided to ensure that all shareholders can appropriately exercise their voting rights, and (2) the Zinc Smelting and Refining Business, which is scheduled for major equipment shutdowns, is the Company's founding business with a long history, and the Company must fully consider the likely negative impacts on various stakeholders and fulfill its social responsibilities.

IV. Reasonableness of the terms and conditions of the issuance and other factors

(1) Basis of the calculation of the amount to be paid in and its specific details

In determining the terms and conditions of the issuance of the Capital Increase Through Third-Party Allotment, in order to ensure fairness, the Company requested Plutus Consulting, a third-party valuation organization independent of the Company, AP, AP Fund, Tatsumi Shokai, and the Company's financial institutions, to analyze the value of the Class A Preferred Shares and the Class B Subordinated Shares, and obtained from Plutus Consulting a valuation report for the Class A Preferred Shares and the Class B Subordinated Shares. Plutus Consulting conducted a value analysis of the Class A Preferred Shares and the Class B Subordinated Shares using the Monte Carlo Simulation, a general valuation model, based on certain assumptions, including the expected price range of the Company's common shares, stock price volatility, planned dividend amounts, risk-free interest rates, the Company's actions (principal redemption of the Class A Preferred Shares approximately seven years after issuance, etc.), and the actions of the allottees (converting the Class A Preferred Shares into common shares if the stock price exceeds the conversion price, etc.; and exercising the right to acquire common share consideration for the Class B Subordinated Shares approximately seven years after issuance, and converting them into common shares and selling them, etc.). The results of the value analysis of the Class A Preferred Shares and the Class B Subordinated Shares based on the assumed stock price range of the Company's common shares calculated using the DCF method are as follows.

[Class A Preferred Shares]

Total amount: approximately ¥2,820 million to ¥3,450 million

Amount per share: approximately ¥940 to ¥1,150

[Class B Subordinated Shares]

Total amount: approximately ¥3,375 million to ¥4,725 million

Amount per share: approximately ¥192 to ¥269

On the other hand, if based on the assumed price range of the Company's common shares calculated using the market price method, the value analysis results show that the Class A Preferred Shares are valued at approximately ¥2,650 to ¥3,070 per share and the Class B Subordinated Shares at approximately ¥347 to ¥380 per share, which deviate significantly from their face values. However, if based on the assumed price

range of the Company's common shares calculated using the DCF method, the amounts to be paid in for the Class A Preferred Shares (¥1,000 per share) and the Class B Subordinated Shares (¥256.60 per share) fall within the range of the value analysis results, as described above. In addition, if the acquisition rights to exchange the Class A Preferred Shares for common shares as consideration at the initial conversion price are exercised, the holders of the Class A Preferred Shares will theoretically acquire the Company's shares for ¥188 per share, and the discount rate of such acquisition equivalent amount will be 75.0% of the closing price of the Company's common shares on the Tokyo Stock Exchange on December 17, 2024, which was ¥752. If the acquisition rights are exercised at the minimum conversion price of ¥520, the Company's shares would theoretically be acquired for ¥130 per share, and the discount rate of such acquisition equivalent amount will be approximately 82.7% of the closing price of ¥752. Similarly, with respect to the Class B Subordinated Shares, the holders of the Class B Subordinated Shares will be able to acquire the Company's shares for ¥256.6 per share, and the discount rate of such acquisition equivalent amount will be approximately 65.9% of the closing price of ¥752.

Taking into consideration, in a comprehensive manner, the factors including the above class share valuation report and the fact that the terms and conditions of the issuance of the Class A Preferred Shares and the Class B Subordinated Shares were determined through careful negotiations and discussions with the planned allottees, taking into account the business environment and financial condition of the Company, the Company has determined that the issuance of the above class shares does not constitute a favorable issuance.

- (2) Basis for determining that the number of shares to be issued and the scale of share dilution are reasonable
- The 175,368 voting rights of the Class B Subordinated Shares to be issued in connection with the Capital Increase Through Third-Party Allotment represent approximately 129.5% of the Company's total voting rights of 135,449 as of September 30, 2024. In addition, although the Class A Preferred Shares do not have voting rights, under the agreement with the AP Fund, the Class A Preferred Shares will, in principle, have acquisition rights that allow the holders of the Class A Preferred Shares to acquire, at any time after the first day of the first fiscal year that comes after one year from the date of issuance, the number of shares of the Company's common shares calculated as "redemption value at the acquisition date / (conversion price / 4)" per Class A Preferred Share. Furthermore, the Class B Subordinated Shares also have acquisition rights with common shares as consideration. The exercise of these acquisition rights will result in a potential dilution rate of approximately 299.8% of voting rights due to the issuance of the Class A Preferred Shares and the Class B Subordinated Shares. In addition, if in the future the AP Fund, as the holder of the Class A Preferred Shares, retains the Class A Preferred Shares without immediately exercising all or part of the acquisition rights to obtain the Company's common shares after the first day of the first fiscal year that comes after one year from the date of issuance, and the equivalent amount of cumulative unpaid dividends or the amount of prorated unpaid preferred dividends on the Class A Preferred Shares arises or increases, the dilution rate could potentially become even higher.

Accordingly, the issuance of the Class A Preferred Shares (and the Class B Subordinated Shares) and the exercise of the acquisition rights will result in share dilution. However, the Company believes that, even considering the significant dilution caused by the Capital Increase Through Third-Party Allotment, executing the Capital Increase Through Third-Party Allotment is deemed rational based on the following factors: (1) The Capital Increase Through Third-Party Allotment enables the fundamental improvement and strengthening of our financial position, as well as the securing of restructuring costs necessary for executing the Business Revitalization Plan; (2) obtaining funds through the Capital Increase Through Third-Party Allotment contributes to the strengthening of the Company's business foundation and achieving stable growth; (3) as stated in "V. (1) Reasons for selecting the planned allottees" below, no sponsor demonstrated a willingness to invest under better conditions than the AP Fund during a proper and fair sponsor selection process; (4) Tatsumi Shokai, as the Company's important business partner, will make a joint investment with the AP Fund and offer its investment in subordinated shares, further strengthening

our equity capital; (5) the realized dilution rate immediately after the Capital Increase Through Third-Party Allotment is approximately 129.5%, while the timing for conversion of the Class A Preferred Shares and the Class B Subordinated Shares into common shares by their holders, as agreed with the AP Fund and Tatsumi Shokai, is, in principle, after the first day of the first fiscal year that comes after one year from the date of issuance as described above, and adjustments to the conversion price of the Class A Preferred Shares only occur at intervals of no more than once in six months, reflecting certain considerations against abrupt dilution; and (6) the execution of the Business Revitalization Plan is expected to increase future shareholder returns.

V. Reasons for selecting the planned allottees, etc.

(1) Reasons for selecting the planned allottees

As stated in “I. Background and objectives” above, in order to escape from the current difficult business environment, it is essential to steadily implement the key measures in the Business Revitalization Plan. As described in “III. Reasons for selecting the Capital Increase Through Third-Party Allotment” above, before deciding to implement the Capital Increase Through Third-Party Allotment, the Company considered various funding methods in view of concern over the impact on existing shareholders while attempting to stabilize our financial position. However, due to the urgent need to improve profitability and stabilize cash flows through structural reforms for a fundamental financial improvement, the Company believed that the most critical consideration is to swiftly and reliably secure the necessary funds and improve our financial position within the time desired by the Company. We concluded that it is essential to obtain certain capital funding and business-related support from external investors to secure the necessary funds and resources. Based on these ideas, in order to specifically search for and discuss with external investors, we have appointed Nishimura & Asahi (Gaikokuho Kyodo Jigyo) and PwC Advisory LLC as our legal advisor and financial advisor, respectively, and we have decided to request several financial investors and business companies to consider investing in the Company as sponsor candidates, and to search for external investors who can provide capital funds to the Company from February 2024 onward.

Regarding the search for specific sponsors, we requested multiple financial investors with experience in supporting the revitalization phase and the capability to consider funding at the required level of capital funds, as well as several business companies with both a trading relationship with the Company and the capability to consider funding at the required level of capital funds, to explore the possibility of investing in the Company. As a result of this search, in June 2024, we received initial letters of intent from several financial investors and business companies indicating that they may consider investing in the Company. Among these candidates, we proceeded with more detailed discussions with several companies that proposed the possibility of investing to implement the business revitalization plan we were considering, and starting in July 2024, these companies conducted due diligence.

Subsequently, based on the results of due diligence, we received more concrete investment proposals from each company from September to October 2024. In seeking to maximize the amount of funds to be raised, we explored the possibility of investment through a consortium of multiple parties, including the AP Fund and Tatsumi Shokai. However, assuming the investment with the involvement of all parties while aiming to maximize the funding amount could result in a higher dilution rate than under the current investment terms and conditions, and the burden on shareholders and investors would be greater. Therefore, in order to avoid placing a heavy burden on our shareholders and investors, we held many careful discussions as much as possible with multiple parties, including the AP Fund and Tatsumi Shokai, regarding the funding amount. As a result of these negotiations, we reached an agreement with the AP Fund and Tatsumi Shokai that secures sufficient funding while controlling dilution and having the least impact on stakeholders.

AP is an investment fund management company that manages and operates the AP Fund. As a pioneer in Japan’s private equity market, it started providing services such as sourcing, analyzing, and advising on investment opportunities for Japan’s first buyout fund in 1997. It is a domestic independent service

provider that has been a leader in establishing the private equity market in Japan since its inception. The funds serviced by AP have a track record of more than 70 investments and are among the most experienced in the industry, particularly excelling in business revitalization projects, where they have facilitated consensus building among internal and external stakeholders and fostered management and employee engagement to successfully achieve business revitalization. Under its philosophy of “nurturing our portfolio companies to remain resolutely competitive and contribute to the solution of global environmental and social issues even after they have left our funds,” AP has proposed specific management support measures for the Company, including: (1) consensus building and ongoing support for related parties during the business revitalization period, (2) steady implementation of business withdrawal and restructuring and project support in executing investments for re-growth, (3) active support in maintaining and expanding competitiveness with existing customers and acquiring new customers, (4) creation of a system to develop management personnel as a growing company, (5) introduction of management discipline through visualization of indicators, and (6) DX support.

While we are well aware that the burden on our shareholders and investors will be significant, in light of the above characteristics of AP and its investment track record up until now, we are confident that AP can provide the advice and governance support necessary to execute the Business Revitalization Plan, and we have come to the conclusion that accepting the investment from the AP Fund is the best option available to us at this time as a partner to enhance the Company’s corporate value. Thus, we have decided to accept the investment from the AP Fund.

In addition to accepting the investment from the AP Fund, we also approached our business partner Tatsumi Shokai regarding an investment proposal, and it agreed to co-invest with the AP Fund by underwriting the Class B Subordinated Shares under the same terms and conditions with those of the issuance of the Class B Subordinated Shares, with an investment amount of ¥0.5 billion. Tatsumi Shokai has expressed its support for strengthening the Company’s capital as a business partner and its intention to comprehensively support our supply chain by leveraging its know-how, scale, and network accumulated over 100 years as a comprehensive logistics company.

(2) The planned allottees’ policy for holding

Regarding the policy for holding the allocated shares, we have been informed that the AP Fund intends to hold both the Class A Preferred Shares and the Class B Subordinated Shares on a medium-term basis, while Tatsumi Shokai intends to hold them on a long-term basis, regardless of the form of the shares held. However, the AP Fund’s basic policy is to convert the Class A Preferred Shares and the Class B Subordinated Shares into common shares, and if the Company’s common shares are issued as a result of these conversions, it plans to sell the shares while considering the performance of the Group, dividend situation, and market trends. According to the AP Fund, following the Capital Increase Through Third-Party Allotment, it does not intend to transfer common shares converted from the preferred shares in a manner that would reduce its total voting rights below 50.1% prior to the completion of the Company’s refinancing in accordance with the underwriting agreement, and depending on market trends and the Company’s financial condition, it may exercise its right to request monetary consideration.

2. Overview of the Class A Preferred Shares

- (1) Name of shares
Toho Zinc Co., Ltd. Class A Preferred Shares
- (2) Number of shares for subscription
3,000,000 shares
- (3) Amount to be paid in for shares for subscription
¥1,000 per share

- (4) Share capital and legal capital surplus to increase
 Share capital: ¥1,500,000,000 (¥500 per share)
 Legal capital surplus: ¥1,500,000,000 (¥500 per share)
- (5) Total amount to be paid in
 ¥3,000,000,000
- (6) Paid-in period
 February 28, 2025 to March 13, 2025
- (7) Issuance method
 The Class A Preferred Shares of 3,000,000 shares will be allocated by way of a third-party allotment as follows.
- | | |
|--|------------------|
| Investment Limited Partnership Advantage Partners Fund VII | 1,261,164 shares |
| APCP VII, L.P. | 579,660 shares |
| CJIP (AP) VII, L.P. | 388,926 shares |
| JBO (AP) VII, L.P. | 587,283 shares |
| AP Reiwa F7-A, L.P. | 75,027 shares |
| AP Reiwa F7-B, L.P. | 107,940 shares |
- (8) Details of the Class A Preferred Shares
 Please refer to Proposal 1 “Partial Amendments to the Articles of Incorporation (1)” for the details of the Class A Preferred Shares.

Proposal 3: Issuance of Class B Subordinated Shares Through Third-Party Allotment

Pursuant to the provisions of Article 199 of the Companies Act, the Company intends to issue Class B subordinated shares (hereinafter referred to as the “Class B Subordinated Shares”) through a third-party allotment to the AP Fund and Tatsumi Shokai based on the reasons stated in 1. below and in accordance with the procedures described in 2. below.

The terms and conditions of the issuance of the Class B Subordinated Shares have been carefully determined through repeated negotiations and discussions with the AP Fund and Tatsumi Shokai, taking into account our business environment and financial condition. Based on a comprehensive consideration of these factors, the Company has determined that the issuance of the Class B Subordinated Shares does not constitute a favorable issuance. However, since there are various perspectives on evaluating the value of class shares that do not have a market price, we are seeking approval by our shareholders for this Proposal in accordance with the provisions of Article 199, paragraphs 2 and 3, and Article 309, paragraph 2 of the Companies Act.

In addition, the dilution rate for the Class B Subordinated Shares, which is calculated based on the Company’s total voting rights of 135,449 as of September 30, 2024 as a denominator, is approximately 129.5%. Therefore, in accordance with Rule 432, item (2) of the Securities Listing Regulations stipulated by the Tokyo Stock Exchange, we also seek confirmation of the intent of our shareholders at this Extraordinary General Meeting of Shareholders. The issuance of the Class B Subordinated Shares is subject to the approval of Proposals 1, 2, and 4 as originally proposed.

1. Reasons for issuing class shares through a third-party allotment

Please refer to “1. Reasons for issuing class shares through a third-party allotment” as stated in Proposal 2.

2. Overview of the Class B Subordinated Shares

(1) Name of shares

Toho Zinc Co., Ltd. Class B Subordinated Shares

(2) Number of shares for subscription

17,537,026 shares

(3) Amount to be paid in for shares for subscription

¥256.60 per share

(4) Share capital and legal capital surplus to increase

Share capital: ¥2,250,000,437.5 (¥128.30 per share)

Legal capital surplus: ¥2,250,000,437.5 (¥128.30 per share)

(5) Total amount to be paid in

¥4,500,000,875

(6) Paid-in period

February 28, 2025 to March 13, 2025

(7) Issuance method

The Class B Subordinated Shares of 17,537,026 shares will be allocated by way of a third-party allotment as follows.

Investment Limited Partnership Advantage Partners Fund VII	6,553,204 shares
APCP VII, L.P.	3,012,004 shares
CJIP (AP) VII, L.P.	2,020,920 shares
JBO (AP) VII, L.P.	3,051,614 shares
AP Reiwa F7-A, L.P.	389,852 shares
AP Reiwa F7-B, L.P.	560,873 shares
Tatsumi Shokai Co., Ltd.	1,948,559 shares

(8) Details of the Class B Subordinated Shares

Please refer to Proposal 1 “Partial Amendments to the Articles of Incorporation (1)” for the details of the Class B Subordinated Shares.

Proposal 4: Partial Amendments to the Articles of Incorporation (2)

1. Reasons for amendments

To enable the issuance of common shares through the exercise of the acquisition rights to exchange the Class A Preferred Shares and the Class B Subordinated Shares for common shares as consideration, the Company proposes to make the necessary amendments to the current Articles of Incorporation.

These amendments to the Articles of Incorporation (2) are subject to the approval of Proposals 1 through 3 as originally proposed and the issuance of all the Class A Preferred Shares and the Class B Subordinated Shares.

2. Details of the amendments

The details of the amendments are as follows.

(Amended sections are underlined)

Current Articles of Incorporation	Proposed Amendments												
<p style="text-align: center;">Chapter 1 General Provisions</p> <p>Article 1 to Article 4 (Omitted)</p> <p>(Total Number of Authorized Shares and Total Number of Authorized Class Shares)</p> <p>Article 5</p> <p>The total number of shares authorized to be issued by the Company shall be <u>40,000,000</u>, and the total number of shares in each class authorized to be issued by the Company shall be as follows.</p> <table style="width: 100%; border: none;"> <tr> <td style="padding-right: 20px;">Common shares:</td> <td style="text-align: right;"><u>26,400,000</u></td> </tr> <tr> <td>Class A Preferred Shares:</td> <td style="text-align: right;">3,000,000</td> </tr> <tr> <td>Class B Subordinated Shares:</td> <td style="text-align: right;">18,000,000</td> </tr> </table> <p>Article 6 to Article 45 (Omitted)</p> <p>Supplementary Provisions (Omitted)</p>	Common shares:	<u>26,400,000</u>	Class A Preferred Shares:	3,000,000	Class B Subordinated Shares:	18,000,000	<p style="text-align: center;">Chapter 1 General Provisions</p> <p>Article 1 to Article 4 (Unchanged)</p> <p>(Total Number of Authorized Shares and Total Number of Authorized Class Shares)</p> <p>Article 5</p> <p>The total number of shares authorized to be issued by the Company shall be <u>70,000,000</u>, and the total number of shares in each class authorized to be issued by the Company shall be as follows.</p> <table style="width: 100%; border: none;"> <tr> <td style="padding-right: 20px;">Common shares:</td> <td style="text-align: right;"><u>70,000,000</u></td> </tr> <tr> <td>Class A Preferred Shares:</td> <td style="text-align: right;">3,000,000</td> </tr> <tr> <td>Class B Subordinated Shares:</td> <td style="text-align: right;">18,000,000</td> </tr> </table> <p>Article 6 to Article 45 (Unchanged)</p> <p>Supplementary Provisions (Unchanged)</p>	Common shares:	<u>70,000,000</u>	Class A Preferred Shares:	3,000,000	Class B Subordinated Shares:	18,000,000
Common shares:	<u>26,400,000</u>												
Class A Preferred Shares:	3,000,000												
Class B Subordinated Shares:	18,000,000												
Common shares:	<u>70,000,000</u>												
Class A Preferred Shares:	3,000,000												
Class B Subordinated Shares:	18,000,000												

Proposal 5: Election of Three (3) Directors (Excluding Directors Who Are Audit and Supervisory Committee Members)

In order to enhance its management structure and internal control function, the Company proposes the election of three (3) Directors (excluding Directors who are Audit and Supervisory Committee Members).

This Proposal to elect Directors can only take effect after the completion of the issuance of the Class A Preferred Shares and the Class B Subordinated Shares.

The candidates for Directors are as follows:

Candidate No.	Name (Gender) (Date of Birth)	Career Summary, Position and Responsibility in the Company, and Significant Concurrent Positions Outside the Company	Number of the Company's Shares Owned
1	Toru Indo (Male) (December 17, 1973)	<p>Apr. 1996 Joined Tohmatsu & Co. (currently Deloitte ToucheTohmatsu LLC)</p> <p>Jan. 2003 Joined PricewaterhouseCoopers Financial Advisory Services Co., Ltd. (currently PwC Advisory LLC)</p> <p>Mar. 2005 Joined Advantage Partners, Inc.</p> <p>Mar. 2015 Director, Fasford Technology Co., Ltd.</p> <p>June 2015 Director, LL Holdings Co., Ltd. (currently Wavedash Co., Ltd.)</p> <p>Sep. 2015 Director, Fasford Technology Co., Ltd.</p> <p>June 2018 Corporate Auditor, Wavedash Co., Ltd.</p> <p>Mar. 2021 Director, Via Mechanics, Ltd. (current position)</p> <p>Apr. 2021 Representative Director, Sustainable Battery Solutions Co., Ltd. (currently Energywith Co., Ltd.)</p> <p>June 2021 Representative Director, Sustainable Battery Holdings Co., Ltd. (current position)</p> <p>Dec. 2021 Director, Energywith Co., Ltd.</p> <p>Oct. 2022 Director, Energywith Co., Ltd. (current position)</p> <p>Feb. 2024 Representative Director, AP78 Co., Ltd. (current position)</p> <p>Oct. 2024 Representative Director, AP81 Holdings Co., Ltd. (current position)</p> <p>(Significant Concurrent Positions Outside the Company) Partner, Advantage Partners, Inc. Director, Via Mechanics, Ltd. Representative Director, Sustainable Battery Holdings Co., Ltd. Director, Energywith Co., Ltd. Representative Director, AP78 Co., Ltd. Representative Director, AP81 Holdings Co., Ltd.</p>	- shares
Tenure as Director at the end of the General Meeting of Shareholders: - Year			
(Reasons for nomination as candidate for Outside Director and overview of expected roles) Mr. Toru Indo possesses a wealth of experience and insight in company management, gained through his operational experience at an audit firm, a consulting firm, and investment fund operators. Based on the above, the Company judges that he is an indispensable talent to strengthen the function of the Board of Directors and to enhance the sustainable corporate value of the Group, and therefore proposes to elect him as Director.			

Candidate No.	Name (Gender) (Date of Birth)	Career Summary, Position and Responsibility in the Company, and Significant Concurrent Positions Outside the Company	Number of the Company's Shares Owned	
2	Koji Tanaka (Male) (September 28, 1987)	Apr. 2016 Joined McKinsey & Company Aug. 2024 Joined Advantage Partners, Inc. (Significant Concurrent Position Outside the Company) Vice President, Advantage Partners, Inc.	- shares	
		Tenure as Director at the end of the General Meeting of Shareholders: - Year		
		(Reasons for nomination as candidate for Outside Director and overview of expected roles) Mr. Koji Tanaka possesses a wealth of experience and insight in company management, gained through his operational experience at a consulting firm and an investment fund operator. Based on the above, the Company judges that he is an indispensable talent to strengthen the function of the Board of Directors and to enhance the sustainable corporate value of the Group, and therefore proposes to elect him as Director.		

Candidate No.	Name (Gender) (Date of Birth)	Career Summary, Position and Responsibility in the Company, and Significant Concurrent Positions Outside the Company	Number of the Company's Shares Owned	
3	Hiroyuki Miyamoto (Male) (December 30, 1989)	Apr. 2013 Joined Mitsubishi Corporation July 2015 Joined Industrial Growth Platform, Inc. May 2022 Joined Advantage Partners, Inc. Dec. 2022 Director, Ecolocity Co., Ltd. May 2023 Director, Ecolocity Co., Ltd. (current position) (Significant Concurrent Position Outside the Company) Senior Associate, Advantage Partners, Inc. Director, Ecolocity Co., Ltd.	- shares	
		Tenure as Director at the end of the General Meeting of Shareholders: - Year		
		(Reasons for nomination as candidate for Outside Director and overview of expected roles) Mr. Hiroyuki Miyamoto a wealth of experience and insight in company management, gained through his operational experience at a large trading company, a consulting firm, and a fund operator. Based on the above, the Company judges that he is an indispensable talent to strengthen the function of the Board of Directors and to enhance the sustainable corporate value of the Group, and therefore proposes to elect him as Director.		

- (Notes)
- Each candidate is a candidate for Outside Director.
 - If the election of Mr. Toru Indo, Mr. Koji Tanaka, and Mr. Hiroyuki Miyamoto is approved, pursuant to the provisions of Article 427, paragraph 1 of the Companies Act, the Company plans to enter into agreements with them to limit the liability for damages under Article 423, paragraph 1 of the same Act. The maximum amount of liability for damages under this agreement is the minimum liability amount provided for under laws and regulations.
 - There is no special interest between any of the candidates and the Company.
 - The Company has entered into a directors and officers liability insurance contract pursuant to the provisions of Article 430-3, paragraph 1 of the Companies Act with an insurance company. The insurance policy will cover legal compensation and litigation costs to be borne by the insured. If the Proposal is approved, each candidate for Director of the Company will be included as the insured under the insurance policy.

(Reference) Expertise and experiences of Directors (skill matrix)

Director attribute Name Position	Strategies (Business revitalization/ Corporate transformation)	Finance/ Tax/ Fund management/ IR	Procurement/ Recycling	Technology Development/ Production management	Sales/ Marketing	IT/DX	Human capital	Legal/ Compliance	Governance/ ESG
Masahito Ito Representative Director	●			●	●	●			●
Yoshikazu Sato Director	●		●		●			●	●
Outside/Independent Yutaka Washizu Director	●				●		●	●	●
New appointment/Outside Toru Indo Director	●	●	●					●	●
New appointment/Outside Koji Tanaka Director	●			●	●	●	●		●
New appointment/Outside Hiroyuki Miyamoto Director	●	●				●	●	●	●
Outside/Independent Takeshi Aono Director (Audit and Supervisory Committee Member)	●	●						●	●
Outside/Independent Yukiko Nakagawa Director (Audit and Supervisory Committee Member)	●				●		●		●
Shigeru Iizuka Director (Audit and Supervisory Committee Member)	●			●		●			●

Reelection Director candidate for reelection
 New appointment Director candidate for new appointment
 Outside Outside Director or Outside Director candidate
 Independent Independent officer or independent officer candidate in accordance with the provisions of Tokyo Stock Exchange, Inc.

The document ends here.