



November 21, 2022

To all parties concerned,

Company Name: Hitachi Metals, Ltd.
Name of Representative: Mitsuaki Nishiyama
Chairperson, President, and CEO
(Code: 5486; Prime Market of the Tokyo Stock Exchange)
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Announcement of Issuance of Class Shares through Third-Party Allotment, Partial Amendment to the Articles of Incorporation, and Reduction in the Amount of Stated Capital, Capital Reserves and Retained Earnings Reserves

Hitachi Metals, Ltd. (the “Company”) announces that it resolved at its board of directors’ meeting held on November 21, 2022 to (i) issue Class A preferred shares (the “Class Shares”) through third-party allotment to K.K. BCJ-52 (the “Scheduled Allottee”) (the “Capital Increase through Third-Party Allotment”), (ii) partly amend the Articles of Incorporation to establish provisions concerning the Class Shares (the “Amendment to the Articles of Incorporation”), and (iii) reduce the amount of stated capital, capital reserves, and retained earnings reserves after the Capital Increase through Third-Party Allotment (the “Capital Reduction, etc.”), as below.

All of the Capital Increase through Third-Party Allotment, the Amendment to the Articles of Incorporation, and the Capital Reduction, etc. will be executed as of January 5, 2023, after the Company’s common shares is delisted, and the Share Consolidation (as defined below) takes effect as of January 4, 2023, and the Scheduled Allottee and Hitachi are made the only shareholders of the Company.

I. Capital Increase through Third-Party Allotment

1. Overview of offering

| | |
|--|--|
| (1) Payment date | January 5, 2023 |
| (2) Number of shares to be newly issued | 1 Class Shares |
| (3) Issue price | 139,730,950,936 yen per share |
| (4) Amount of funds to be procured | 139,730,950,936 yen |
| (5) Method of offering or allotment (Scheduled Allottee) | All of the Class Shares will be allotted to K.K. BCJ-52 through third-party allotment. |
| (6) Others | For details, please see Exhibit 1 “Conditions of Issuance of Class A Preferred Shares.” <ul style="list-style-type: none">The preferred dividend rate for the Class Shares is set at 5 % per year and the shareholders holding the Class Shares (the "Preferred Shareholders") or registered pledgees of the |

| | |
|--|---|
| | <p>Class Shares (the "Preferred Registered Share Pledgees") are entitled to receive dividends in priority to the holders of common shares or registered pledgees of common shares. If there is a shortfall in the amount of preferred dividends to the Preferred Shareholders or the Registered Preferred Share Pledgees in a given fiscal year, such shortfall shall be accumulated from the following fiscal year. The Class Shares are participating shares, and the Preferred Shareholders or Registered Preferred Share Pledgees are entitled to receive ordinary dividends in addition to the preferred Dividends.</p> <ul style="list-style-type: none"> • The Preferred Shareholders are entitled to, at any time and to the extent provided by laws and regulations, demand that the Company acquire the Class Shares for cash consideration • The Class Shares do not carry any put options or call options the consideration for which is common shares. • The Preferred Shareholders do not have voting rights at shareholders meetings. • Under the terms and conditions of the issuance of the Class Shares, any acquisition of the Class Shares by transfer must be approved by the Company's board of directors. <p>The issuance of Class Shares is subject to (1) the proposals on (i) the share consolidation to consolidate 57,055,299 shares of the Company's common shares into one share with the effective date being January 4, 2023 (the "Share Consolidation") and (ii) the partial amendment to the Articles of Incorporation to abolish the provisions concerning a reduction in the total number of authorized shares and the share units being approved at the extraordinary shareholders meeting to be held on December 9, 2022 (the "Extraordinary Shareholders Meeting (Share Consolidation)"), and the Share Consolidation and the amendment to the Articles of Incorporation taking effect; and (2) the proposals on the Capital Increase through Third-Party Allotment and the Amendment to the Articles of Incorporation being approved by an extraordinary resolution of a shareholders meeting (including a written resolution under Article 319, Paragraph 1 of the Companies Act), and the Amendment to the Articles of Incorporation taking effect.</p> |
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2. Purposes of and reasons for offering

As announced in the Company's press release dated September 26, 2022 titled "Announcement of Opinion in Support of the Tender Offer by K.K. BCJ-52 for the Shares of Hitachi Metals, Ltd., and Recommendation of Tender" and the press release dated October 26, 2022 titled "Announcement of Results of the Tender Offer by K.K. BCJ-52 for the Shares of Hitachi Metals, Ltd., and Change in a Major Shareholder and an Other Affiliate," the Scheduled Allottee contemplates a series of transactions for the purpose of making the Company its wholly-owned subsidiary (the "Transaction"). As part of the Transaction, the Scheduled Allottee first implemented a tender offer for the Company's common shares (the "Tender Offer") between September 27, 2022 and October 25, 2022, in order to acquire all of the Company's common shares (excluding the Company's common shares owned by Hitachi, Ltd. ("Hitachi") (228,221,199 shares) (the "Shares to Be Sold by Hitachi") and treasury shares owned by the Company); as a result, the Scheduled Allottee came to own 152,194,289 shares of the Company's common shares (voting right ownership ratio (Note): 35.60%) as of November 1, 2022 (the commencement date of the settlement of the Tender Offer).

(Note): The “voting right ownership ratio” is calculated using as a denominator the number of voting rights (4,275,529 units) pertaining to the number of shares (427,552,987 shares), which is obtained after deducting the treasury shares owned by the Company (1,351,266 shares) and the Company’s shares equal to less than one unit owned by Hitachi (99 shares), which were not planned to be acquired through the Tender Offer, as of September 30, 2022 from the Company’s outstanding shares (428,904,352 shares) as of the same date, and is rounded to the second decimal place.

In addition, as announced in the Company’s press release titled “Announcement of Holding an Extraordinary Shareholders Meeting Related to Share Consolidation, Abolition of the Provisions regarding a Share Unit, and Partial Amendment to the Articles of Incorporation” published on November 22, 2022, while the Tender Offer has been completed, as the Scheduled Allottee was not able to acquire all of the Company’s common shares (excluding the Shares to Be Sold by Hitachi and the treasury shares owned by the Company) through the Tender Offer, the Scheduled Allottee requested that the Company implement the Share Consolidation in order to make the Scheduled Allottee and Hitachi the only shareholders of the Company (excluding the Company). Upon this request, taking into account that, among other matters, the Tender Offer, which was implemented as part of the Transaction, has been completed, the Company decided to implement the Share Consolidation to consolidate 57,055,299 shares of the Company’s common shares into one share as part of the Transaction, subject to the approval of the shareholders at the Extraordinary Shareholders Meeting (Share Consolidation), with the aim of making the Scheduled Allottee and Hitachi the only shareholders of the Company (excluding the Company) (the “Squeeze Out”). If the Share Consolidation takes effect, the number of the Company’s shares held by the shareholders other than the Scheduled Allottee and Hitachi as of January 4, 2023, will be a fractional share less than one share.

Furthermore, as announced in the Company’s press release dated September 26, 2022 titled “Announcement of Opinion in Support of the Tender Offer by K.K. BCJ-52 for the Shares of Hitachi Metals, Ltd., and Recommendation of Tender,” it is planned in the Transaction that the Company will, after completion of the Squeeze Out, repurchase all of the Company’s common shares owned by Hitachi after the Share Consolidation (the “Share Repurchase”), and thereby the Scheduled Allottee will ultimately make the Company its wholly-owned subsidiary.

In connection with the Share Repurchase, while the amount of money that the Company will deliver to Hitachi must be within the distributable amount as of the effective date of the Share Repurchase, the distributable amount of the Company before implementation of the Capital Increase through Third-Party Allotment and the Capital Reduction, etc. falls below the total amount of the consideration for the Share Repurchase. Therefore, as a result of consultations between the Company and the Scheduled Allottee, in order to secure a distributable amount required for the Share Repurchase, the Company will implement the Capital Increase through Third-Party Allotment by allotting the Class Shares to the Scheduled Allottee and the Capital Reduction, etc. under Article 447, Paragraph 1 and Article 448, Paragraph 1 of the Companies Act, and implement the Share Repurchase after the Capital Increase through Third-Party Allotment and the Capital Reduction, etc. take effect. The Capital Increase through Third-Party Allotment is a capital increase through third-party allotment to allot the Company’s shares to the Scheduled Allottee that was planned as part of the Transaction and enables the implementation of the Capital Reduction, etc. and the Share Repurchase.

It is assumed that all of the Capital Increase through Third-Party Allotment, the Capital Reduction, etc., and the Share Repurchase will be executed as of January 5, 2023, after the Share Consolidation is approved at the Extraordinary Shareholders Meeting (Share Consolidation) and the Company’s common shares is delisted, and the Share Consolidation takes effect as of January 4, 2023 and the Scheduled Allottee and Hitachi are made the only shareholders of the Company.

3. Amount, purpose of use, and scheduled time of paying-out of, funds to be procured

(1) Amount of funds to be procured

| | |
|--------------------------------|---------------------|
| (i) Total amount to be paid-in | 139,730,950,936 yen |
| (ii) Estimated issuance costs | 510,000,000 yen |
| (iii) Estimated net proceeds | 139,220,950,936 yen |

(Note) 1. The estimated issuance costs do not include consumption tax or the like

2. The estimated issuance costs include the amount equivalent to the registration and license tax, registration-related expenses, administration fees, attorney fees, and other costs and expenses.

(2) Specific purpose of use of funds to be procured

| Specific purpose of use | Amount | Scheduled time of paying-out |
|---|---------------------|------------------------------|
| (i) Funds to execute the Share Repurchase | 139,220,950,936 yen | January 2023 |

(Note) In order to secure further funds for the Share Repurchase, there is a possibility that in addition to the Capital Increase through Third-Party Allotment, the Scheduled Allottee will provide additional funds to the Company through investments, loans, subscription of corporate bonds (or combination thereof), or other methods in the future.

4. Stance regarding the reasonableness of the purpose of use of funds

The purpose of the Capital Increase through Third-Party Allotment is to secure funds and the distributable amount to execute the Share Repurchase. Accordingly, the Company intends to secure the distributable amount necessary for the Share Repurchase by executing the Capital Reduction, etc. after the effectuation of the Capital Increase through Third-Party Allotment and to appropriate all amounts of the funds to be procured under the Capital Increase through Third-Party Allotment as part of the funds for the Share Repurchase. Because both of these attempts are conducted as part of the Transaction by the Scheduled Allottee, the Company determined that the purpose of use is reasonable.

5. Reasonableness of the terms of issuance, etc.

(1) Calculation basis of the amount to be paid-in and specific content thereof

The Company has had a series of discussions with the Scheduled Allottee regarding the method and content of the capital contribution through the Capital Increase through Third-Party Allotment in order to realize fund procurement under the most favorable terms for the Company. As a result of a series of sincere discussions, the amount to be paid-in for the Class Shares was decided to be 139,730,950,936 yen per share. The Company deems the amount to be paid-in as reasonable because the amount was agreed between the Company and the Scheduled Allottee, who will be the sole shareholder of the Company upon the execution of the Share Repurchase.

Nevertheless, there is no objective market price for the Class Shares; further, the evaluation of class shares is very sophisticated and complex, and there can be a variety of views regarding their evaluation. Accordingly, because the Company cannot completely deny the possibility that the amount to be paid-in for the Class Shares will be deemed, under the Companies Act, particularly favorable for the Scheduled Allottee, the Company decided, for the sake of thoroughness, to issue the Class Shares on condition that it will obtain approval by a special resolution of a shareholders meeting (including a resolution in writing pursuant to Article 319, Paragraph 1 of the Companies Act) regarding a favorable issuance pursuant to Article 199, Paragraph 2 of the Companies Act. Upon the effectuation of the Share Consolidation on January 4, 2023, the Company intends to substitute the written consent of the

Scheduled Allottee and Hitachi, being the Company's shareholders at that time, for the special resolution of the shareholders meeting; accordingly, for the Capital Increase through Third-Party Allotment, the Company shall not hold a shareholders meeting constituted by those who are the Company's shareholders before the effectuation of the Share Consolidation.

- (2) Basis for the determination that the number of shares to be issued and the level of dilution of the shares are reasonable

The number of the Class Shares to be issued (1 share) is set at the amount necessary for the purpose of the Capital Increase through Third-Party Allotment, which is securement of the funds and the distributable amount for executing the Share Repurchase. Accordingly, the Company determined that the number of shares to be issued under the Capital Increase through Third-Party Allotment is reasonable.

Further, there will be no dilution of the Company's common shares held by existing shareholders as a result of the Capital Increase through Third-Party Allotment because the Class Shares are non-voting shares and do not carry any put options or call options the consideration for which is common shares.

6. Overview of the Scheduled Allottee

(1) Overview of the Scheduled Allottee

| | | |
|-----|---|--|
| (1) | Name | K.K. BCJ-52 |
| (2) | Location | 5F, Palace Building 1-1-1 Marunouchi, Chiyoda-ku, Tokyo |
| (3) | Name and title of representative | Yuji Sugimoto, Representative Director |
| (4) | Type of business | Acquire and own shares of the Company, and control and manage the Company's business activities |
| (5) | Amount of capital | 300,025,000 yen (as of October 26, 2022) |
| (6) | Date of foundation | April 23, 2021 |
| (7) | Major shareholders and shareholding ratio | G.K. BCJ-51 (Shareholding ratio: 100.00%) |
| (8) | Relationship between the Company and the Scheduled Allottee | |
| | Capital relationship | The Scheduled Allottee owns 152,194,289 shares of the Company's common shares as of today (November 21, 2022). |
| | Personnel relationship | Not applicable |
| | Transaction relationship | Not applicable |
| | Status as related party | Not applicable |

(Note) 1. The Scheduled Allottee is a wholly owned subsidiary of G.K. BCJ-51 in which an investment fund for which Bain Capital Private Equity, LP and its group provide investment advice, a fund managed, operated, and informed by Japan Industrial Partners, Inc. and a fund managed by Japan Industrial Solutions Co., Ltd. indirectly owned the entire stake.

2. As the Company received an explanation from the Scheduled Allottee that it and its officers and major investors are not antisocial forces or do not have any relationship with antisocial forces and received its representation and warranty to that effect in the share subscription agreement, the Company has determined that neither the Scheduled Allottee nor its related parties are antisocial forces nor do they have any relationship with antisocial forces.

(2) Reasons for selecting the Scheduled Allottee

For the reasons for selecting the Scheduled Allottee, please see “2. Purposes of and reasons for offering” above.

(3) Policy of the Scheduled Allottee for holding shares

The Company received an explanation from the Scheduled Allottee that it intends to hold the Class Shares, which are the shares to be allotted, over the medium and long term.

(4) Confirmed matters regarding the existence of property required for the Scheduled Allottee to pay-in

According to the Scheduled Allottee, it will cover the funds required to be paid-in for the Capital Increase through Third-Party Allotment by an investment from G.K. BCJ-51, which owns all of the shares of the Scheduled Allottee, and borrowings from financial institutions.

The Company has confirmed written agreements on the borrowings from the financial institutions above and determined that the Scheduled Allottee has sufficient financial resources to pay-in for the Capital Increase through Third-Party Allotment.

7. Major shareholders and their shareholding ratio after offering

(1) Common shares

| Before the Capital Increase through Third-Party Allotment (as of January 4, 2023) | | After the Capital Increase through Third-Party Allotment |
|---|--------|--|
| Hitachi, Ltd. | 66.67% | Same as on the left |
| K.K. BCJ-52 | 33.33% | |

(Note) 1. The major shareholders and their shareholding ratio before the Capital Increase through Third-Party Allotment are stated based on the status of the Company’s shareholders as of the time when the Share Consolidation takes effect on January 4, 2023. The total number of fractions less than one share arising as a result of the Share Consolidation (1 share) is excluded from the basis of calculation of the shareholding ratio above, as voting rights are not granted to them until completion of the sales procedures under laws and regulations.

2. As the Class Shares have neither voting rights at a shareholders meeting nor call options or put options whose consideration is the Company’s common shares, the Company’s common shares will not be diluted, and the shareholding ratio of the Company’s common shares will not be changed.

(2) Class Shares

| Before the Capital Increase through Third-Party Allotment (as of January 4, 2023) | After the Capital Increase through Third-Party Allotment | |
|---|--|---------|
| Not applicable | K.K. BCJ-52 | 100.00% |

8. Future outlook

The Capital Increase through Third-Party Allotment has no impact on the Company’s performance.

9. Procedures under the corporate code of conduct

The Capital Increase through Third-Party Allotment does not require performance of the procedures under Article 432 of the Listing Regulations established by the Tokyo Stock Exchange, Inc.: receipt of

the opinion of an independent third party and confirmation of the intent of shareholders, as (i) its dilution ratio is less than 25%; and (ii) it does not change the controlling shareholders.

10. Last three-year business results and status of equity finance

(1) Last three-year business results (consolidated IFRS)

| | FY ended March 2020 | FY ended March 2021 | FY ended March 2022 |
|--|---------------------|---------------------|---------------------|
| Revenues | 881,402 million yen | 761,615 million yen | 942,701 million yen |
| Operating Income (loss) | △39,126 million yen | △49,213 million yen | 26,695 million yen |
| Income (loss) before Income Taxes | △40,614 million yen | △50,588 million yen | 32,740 million yen |
| Net Income (loss) attributable to Shareholders of the Parent Company | △37,648 million yen | △42,285 million yen | 12,030 million yen |
| Net Income (loss) attributable to Shareholders of the Parent Company per Share (Basic) | △88.05 yen | △98.90 yen | 28.14 yen |
| Dividends per share | 26.00 yen | 00.00 yen | 00.00 yen |
| Equity attributable to Shareholders of the Parent Company per share | 1,216.92 yen | 1,145.26 yen | 1,233.91 yen |

(2) Status of current number of issued shares and dilutive shares (as of November 21, 2022)

| | Number of shares | Percentage to the number of issued shares |
|---|--------------------|---|
| Number of issued shares | 428,904,352 shares | 100% |
| Number of dilutive shares at the current conversion price (exercise price) | — | — |
| Number of dilutive shares at the lower limit of conversion price (exercise price) | — | — |
| Number of dilutive shares at the upper limit of conversion price (exercise price) | — | — |

As announced in the press release “Announcement of Cancellation of Treasury Shares” published on November 21, 2022, the Company resolved at its board of directors meeting held on November 21, 2022 to cancel 1,357,569 shares of its treasury shares (all of the treasury shares held by the Company as of November 1, 2022) on January 3, 2023. Such cancellation of treasury shares is on condition that the proposal for the Share Consolidation is approved in its original form at the Extraordinary Shareholders Meeting (Share Consolidation), and the total number of issued shares of the Company after the cancellation will be 427,546,783 shares.

(3) Status of recent share prices

(i) Status during last three years

| | FY ended March 2020 | FY ended March 2021 | FY ended March 2022 |
|---------------|---------------------|---------------------|---------------------|
| Opening price | 1,302 yen | 1,129 yen | 1,833 yen |
| Highest price | 1,802 yen | 1,896 yen | 2,175 yen |
| Lowest price | 951 yen | 984 yen | 1,755 yen |
| Closing price | 1,139 yen | 1,822 yen | 2,041 yen |

(ii) Status during last six months

| | 2022 June | July | August | September | October | November |
|---------------|--------------|-----------|-----------|-----------|-----------|-----------|
| Opening price | 2,073 yen | 2,050 yen | 2,043 yen | 2,090 yen | 2,175 yen | 2,172 yen |
| Highest price | 2,098 yen | 2,064 yen | 2,119 yen | 2,178 yen | 2,205 yen | 2,174 yen |
| Lowest price | 1,990 yen | 2,009 yen | 1,970 yen | 2,048 yen | 2,172 yen | 2,171 yen |
| Closing price | 2,053 yen | 2,046 yen | 2,093 yen | 2,175 yen | 2,172 yen | 2,171 yen |

(Note) The share prices in November 2022 are those until November 18, 2022.

(iii) Share prices on the business day before the day that the issuance was resolved

| | November 18, 2022 |
|---------------|-------------------|
| Opening price | 2,171 yen |
| Highest price | 2,172 yen |
| Lowest price | 2,171 yen |
| Closing price | 2,171 yen |

(4) Status of equity finance during the last three years

Not applicable.

11. Conditions for issuance

(1) Class and number of shares to be offered

Class A preferred share: 1 share

(2) Payment amount

139,730,950,936 yen per share

(3) Total payment amounts

139,730,950,936 yen

(4) Amounts of stated capital to be increased and capital reserves to be increased

Amount of stated capital to be increased 69,865,475,468 yen in total
Amount of capital reserves to be increased 69,865,475,468 yen in total

(5) Allottee and shares to be allotted

All of Class A preferred shares will be allotted to K.K. BCJ-52.

(6) Payment date

January 5, 2023

II. The Amendment to the Articles of Incorporation

1. Purpose of the Amendment to the Articles of Incorporation

In order to enable the issuance of the Class Shares stated in “I. Capital Increase through Third-Party Allotment” above, the Company will establish new provisions regarding the Class Shares in the Articles of Incorporation and make other necessary adjustments.

While the Amendment to the Articles of Incorporation requires approval by a resolution of a shareholders meeting, upon the effectuation of the Share Consolidation on January 4, 2023, the Company intends to substitute the written consent of the Scheduled Allottee and Hitachi, being the Company’s shareholders at that time, for the resolution of the shareholders meeting; accordingly, for the Amendment to the Articles of Incorporation, the Company shall not hold a shareholders meeting constituted by those who are the Company’s shareholders before the effectuation of the Share Consolidation.

2. Details of the Amendment to the Articles of Incorporation

The details of the Amendment to the Articles of Incorporation are per Exhibit 2 “Proposed Amendment to the Articles of Incorporation”.

3. Schedule of the Amendment to the Articles of Incorporation

- | | | |
|-----|--|---------------------------|
| (1) | Date of resolution by board of directors | November 21, 2022 |
| (2) | Date of resolution by shareholders meeting | January 4, 2023 (planned) |
| (3) | Effectuation date | January 5, 2023 (planned) |

III. The Capital Reduction, etc.

1. Purpose of the Capital Reduction, etc.

The Capital Reduction, etc. will be conducted in order to secure the distributable amounts to implement the Share Repurchase, and on condition that payment for the Capital Increase through Third-Party Allotment is made.

While the Capital Reduction, etc. requires approval by a resolution of a shareholders meeting, upon the effectuation of the Share Consolidation on January 4, 2023, the Company intends to substitute the written consent of the Scheduled Allottee and Hitachi, being the Company's shareholders at that time, for the resolution of the shareholders meeting; accordingly, for the Capital Reduction, etc., the Company shall not hold a shareholders meeting constituted by those who are the Company's shareholders before the effectuation of the Share Consolidation.

2. Details of the Capital Reduction, etc.

Pursuant to Article 447, Paragraph 1 and Article 448, Paragraph 1 of the Companies Act, the Company will reduce the amount of stated capital, capital reserves and retained earnings reserves, and transfer the amount of reductions in stated capital and capital reserves in full to "other capital surplus," and the amount of reduction in retained earnings reserves in full to "earned surplus carried forward," respectively.

(1) Reduction in the amount of stated capital

(i) Amount of stated capital to be reduced
The amount of stated capital after the Capital Increase through Third-Party Allotment (96,149,034,572 yen) will be reduced by 95,839,034,572 yen to 310,000,000 yen.

(ii) Amount of surplus to be increased
Other capital surplus 95,839,034,572 yen

(2) Reduction in the amount of capital reserves

(i) Amount of capital reserves to be reduced
The amount of capital reserves after the Capital Increase through Third-Party Allotment (106,564,945,078 yen) will be reduced by 106,487,445,078 yen to 77,500,000 yen.

(ii) Amount of surplus to be increased
Other capital surplus 106,487,445,078 yen

(3) Reduction in the amount of retained earnings reserves

(i) Amount of retained earnings reserves to be reduced
The amount of retained earnings reserves (6,570,889,776 yen) will be reduced by 6,570,889,776 yen to 0 yen.

(ii) Amount of surplus to be increased
Earned surplus carried forward 6,570,889,776 yen

3. Schedule of the Capital Reduction, etc.

| | | |
|-----|--|-----------------------------|
| (1) | Date of resolution by board of directors | November 21, 2022 |
| (2) | Public notice on creditors' objections | November 22, 2022 (planned) |

- | | | |
|-----|--|-----------------------------|
| (3) | Final due date for creditors' objections | December 22, 2022 (planned) |
| (4) | Date of resolution by shareholders meeting | January 4, 2023 (planned) |
| (5) | Effectuation date | January 5, 2023 (planned) |

4. Future prospects

The Capital Reduction, etc. has no impact on the business results of the Company.

End

[Translation]

Conditions of Issuance of Class A Preferred Shares

1. Class of shares to be offered
Class A preferred shares (“Class A Preferred Shares”)
2. Number of shares to be offered
One share
3. Payment amount for shares to be offered
139,730,950,936 yen per share (“Class A Payment Amount”)
4. Total payment amount
139,730,950,936 yen
5. Matters regarding stated capital and capital reserves to be increased

| | |
|-----------------------------------|--------------------|
| Stated capital to be increased: | 69,865,475,468 yen |
| Capital reserves to be increased: | 69,865,475,468 yen |
6. Method of allotment
One Class A Preferred Share will be allotted to K.K. BCJ-52 through third-party allotment.
7. Payment date
January 5, 2023
8. Dividends of surplus
 1. When the Company pays dividends of surplus, it shall pay to shareholders holding Class A Preferred Shares entered or recorded on the last shareholder register on the record date for the dividends (“Class A Preferred Shareholders”) or registered pledgees of Class A Preferred Shares (“Registered Pledgees of Class A Preferred Shares”) the amount equivalent to 5% of the Class A Payment Amount for one Class A Preferred Share (“Class A Preferred Dividends”), in preference to shareholders holding common shares entered or recorded on the last shareholder register on the same date (“Common Shareholders”) or registered pledgees of Common Shares (“Registered Pledgees of Common Shares”). However, if the Company pays all or part of the Class A Preferred Dividends to the Class A Preferred Shareholders or the Registered Pledgees of Class A Preferred Shares on the record date in the fiscal year, it shall be the amount after deducting the amount of such dividends.
 2. The amount of Class A Preferred Dividends in the fiscal year when Class A Preferred Shares were issued shall be the amount calculated by multiplying the Class A Preferred Dividends by the number of days from the day following the day when the Class A Preferred Shares were issued until the last day of such fiscal year on a 365-day-year pro-rated basis (any fractions less than one yen shall be rounded down).

3. Where the total amount of dividends of surplus per share paid to Class A Preferred Shareholders or Registered Pledges of Class A Preferred Shares in a given fiscal year does not reach the amount of Class A Preferred Dividends, such shortage of Class A Preferred Shares per share (“Cumulative Unpaid Class A Dividends”) shall be accumulated to the following fiscal year and thereafter.
4. For Class A Preferred Shareholders or Registered Pledges of Class A Preferred Shares, in addition to the Class A Preferred Dividends, the Company shall pay dividends of surplus in the same amount as those to be paid to Common Shareholders or Registered Pledges of Common Shareholders.

9. Distribution of residual assets

1. When the Company distributes residual assets in connection with its dissolution, it shall pay to Class A Preferred Shareholders or Registered Pledges of Class A Preferred Shares the sum of the Class A Payment Amount and the Cumulative Unpaid Class A Dividends (the “Distributed Amount of Class A Preferred Residual Assets”) per Class A Preferred Share in preference to Common Shareholders or Registered Pledges of Common Shares.
2. If the amount of residual assets per share to be distributed to Class A Preferred Shareholders or Registered Pledges of Class A Preferred Shares is insufficient to fully pay the Distributed Amount of Class A Preferred Residual Assets, the Company shall distribute the residual assets prorated to the Distributed Amount of Class A Preferred Residual Assets to Class A Preferred Shareholders or Registered Pledges of Class A Preferred Shares.
3. The Company shall not distribute residual assets to Class A Preferred Shareholders or Registered Pledges of Class A Preferred Shares other than what is provided for in this paragraph.

10. Put option in exchange for money

Class A Preferred Shareholders may at any time demand that the Company acquire all or part of their Class A Preferred Shares in exchange for money, to the extent provided for by laws and regulations (the day on which the demand is made shall be hereinafter referred to as the “Class A Preferred Share Acquisition Demand Date”). Upon such demand, the Company shall deliver to the Class A Preferred Shareholders the sum of the Class A Payment Amount and the Cumulative Unpaid Class A Dividends (the “Class A Redemption Price”) per Class A Preferred Share in exchange for acquiring all or part of their Class A Preferred Shares, to the extent of the distributable amount under Article 461, Paragraph 2 of the Companies Act as of the Class A Preferred Share Acquisition Demand Date. However, if the total amount of the Class A Redemption Price of the Class A Preferred Shares for which acquisition demand was made on the Class A Preferred Share Acquisition Demand Date exceeds the distributable amount, the Class A Preferred Shares to be acquired by the Company shall be prorated according to the number of shares for which acquisition demand was made.

11. Restriction on share transfer

In order to acquire Class A Preferred Shares through transfer, the approval of the board of directors must be obtained.

12. Voting rights

Class A Preferred Shareholders shall have no voting rights at shareholders meetings.

13. Elimination of a resolution of a class shareholders meeting

1. For a decision under Article 199, Paragraph 4 and Article 238, Paragraph 4 of the Companies Act, no resolution of any class shareholders meeting shall be required.
2. If the Company engages in any of the acts listed in the items of Article 322, Paragraph 1 of the Companies Act, no resolution of any class shareholders meeting shall be required, except where amendments to the Articles of Incorporation under item (i) of said paragraph is made.

End

[Translation]

Proposed Amendment to the Articles of Incorporation

(The underlined portions indicate amendments.)

| Before amendment | After amendment |
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| Article 6 (Total number of authorized shares) The total number of authorized shares of the Company shall be <u>28</u> shares. | Article 6 (Total number of authorized shares <u>and total number of authorized shares in a class</u>) The total number of authorized shares of the Company shall be <u>29 shares, and the total number of authorized shares in a class of common shares shall be 28 shares, and the total number of authorized shares in a class of Class A Preferred Shares shall be 1 share.</u> |
| (Newly established) | <u>Chapter 2-2 Common Shares</u> |
| (Newly established) | <u>Article 8-2 (Elimination of a resolution of a class shareholders meeting)</u> <u>For a decision under Article 199, Paragraph 4 and Article 238, Paragraph 4 of the Companies Act, no resolution of a class shareholders meeting consisting of shareholders holding common shares (“Common Shareholders”) shall be required.</u> <u>If the Company engages in any of the acts listed in the items of Article 322, Paragraph 1 of the Companies Act, no resolution of a class shareholders meeting consisting of Common Shareholders shall be required, except where amendments to the Articles of Incorporation under item (i) of said paragraph is made.</u> |
| (Newly established) | <u>Chapter 2-3 Class A Preferred Shares</u> |
| (Newly established) | <u>Article 8-3 (Dividends of surplus)</u> <u>When the Company pays dividends of surplus, it shall pay to shareholders holding Class A Preferred Shares entered or recorded on the last shareholder register on the record date for the dividends (“Class A Preferred Shareholders”) or registered pledgees of Class A Preferred Shares (“Registered Pledgees of Class A Preferred Shares”) the amount equivalent to 5% of the Class A Payment Amount for one Class A Preferred Share (“Class A Preferred Dividends”), in preference to Common Shareholders entered or recorded on the last shareholder register on the same date or registered pledgees of Common Shares (“Registered Pledgees of Common Shares”). However, if the Company pays all or part of the Class A Preferred Dividends to the Class A Preferred Shareholders or the Registered Pledgees of Class A Preferred Shares on the record date in the fiscal year, it shall be the amount after deducting the amount of such dividends.</u> |

The amount of Class A Preferred Dividends in the fiscal year when Class A Preferred Shares were issued shall be the amount calculated by multiplying the Class A Preferred Dividends by the number of days from the day following the day when the Class A Preferred Shares were issued until the last day of such fiscal year on a 365-day-year pro-rated basis (any fractions less than one yen shall be rounded down).

Where the total amount of dividends of surplus per share paid to Class A Preferred Shareholders or Registered Pledges of Class A Preferred Shares in a given fiscal year does not reach the amount of Class A Preferred Dividends, such shortage of Class A Preferred Shares per share ("Cumulative Unpaid Class A Dividends") shall be accumulated to the following fiscal year and thereafter.

For Class A Preferred Shareholders or Registered Pledges of Class A Preferred Shares, in addition to the Class A Preferred Dividends, the Company shall pay dividends of surplus in the same amount as those to be paid to Common Shareholders or Registered Pledges of Common Shareholders.

Article 8-4 (Distribution of residual assets)

When the Company distributes residual assets in connection with its dissolution, it shall pay to Class A Preferred Shareholders or Registered Pledges of Class A Preferred Shares the sum of the Class A Payment Amount and the Cumulative Unpaid Class A Dividends (the "Distributed Amount of Class A Preferred Residual Assets") per Class A Preferred Share in preference to Common Shareholders or Registered Pledges of Common Shares.

If the amount of residual assets per share to be distributed to Class A Preferred Shareholders or Registered Pledges of Class A Preferred Shares is insufficient to fully pay the Distributed Amount of Class A Preferred Residual Assets, the Company shall distribute the residual assets prorated to the Distributed Amount of Class A Preferred Residual Assets to Class A Preferred Shareholders or Registered Pledges of Class A Preferred Shares.

The Company shall not distribute residual assets to Class A Preferred Shareholders or Registered Pledges of Class A Preferred Shares other than what is provided for in this article.

Article 8-5 (Put option in exchange for money)

Class A Preferred Shareholders may at any time demand that the Company acquire all or part of their Class A Preferred Shares in exchange for

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| | <p><u>money, to the extent provided for by laws and regulations (the day on which the demand is made shall be hereinafter referred to as the “Class A Preferred Share Acquisition Demand Date”). Upon such demand, the Company shall deliver to the Class A Preferred Shareholders the sum of the Class A Payment Amount and the Cumulative Unpaid Class A Dividends (the “Class A Redemption Price”) per Class A Preferred Share in exchange for acquiring all or part of their Class A Preferred Shares, to the extent of the distributable amount under Article 461, Paragraph 2 of the Companies Act as of the Class A Preferred Share Acquisition Demand Date. However, if the total amount of the Class A Redemption Price of the Class A Preferred Shares for which acquisition demand was made on the Class A Preferred Share Acquisition Demand Date exceeds the distributable amount, the Class A Preferred Shares to be acquired by the Company shall be prorated according to the number of shares for which acquisition demand was made.</u></p> <p><u>Article 8-6 (Restriction on share transfer)</u> <u>In order to acquire Class A Preferred Shares through transfer, the approval of the board of directors must be obtained.</u></p> <p><u>Article 8-7 (Voting rights)</u> <u>Class A Preferred Shareholders shall have no voting rights at shareholders meetings.</u></p> <p><u>Article 8-8 (Elimination of a resolution of a class shareholders meeting)</u> <u>For a decision under Article 199, Paragraph 4 and Article 238, Paragraph 4 of the Companies Act, no resolution of a class shareholders meeting consisting of Class A Preferred Shareholders shall be required.</u> <u>If the Company engages in any of the acts listed in the items of Article 322, Paragraph 1 of the Companies Act, no resolution of a class shareholders meeting consisting of Class A Preferred Shareholders shall be required, except where amendments to the Articles of Incorporation under item (i) of said paragraph is made.</u></p> |
| (Newly established) | <p><u>Article 14-2 (Class shareholders meeting)</u> <u>Article 10 shall apply <i>mutatis mutandis</i> to class shareholders meetings to be held on the same day as annual shareholders meetings.</u> <u>Articles 11, 12, and 13 shall apply <i>mutatis mutandis</i> to class shareholders meetings.</u></p> |

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| | <p><u>Article 14, paragraph (1) shall apply <i>mutatis mutandis</i> to class shareholders meetings under Article 324, Paragraph 1 of the Companies Act.</u></p> <p><u>Article 14, paragraph (2) shall apply <i>mutatis mutandis</i> to class shareholders meetings under Article 324, Paragraph 2 of the Companies Act.</u></p> |
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