

Stock Code: 9450

To Those Shareholders with Voting Rights

## NOTICE OF THE 22ND ANNUAL GENERAL MEETING

Proposed resolutions and reference matters

Item 1 Appropriation of Surplus

The appropriation of retained earnings will be as follows.

While recognizing that returning profits to shareholders is one of the most important management issues, Fibergate Inc. group believes that prioritizing investments for growth to expand recurring revenue and aiming to increase corporate value by expanding business results will lead to the greatest return to shareholders. The Group's policy of prioritizing investments for growth and aiming to expand business results will remain unchanged. However, at the end of the fiscal year, if net income at the beginning of the fiscal year exceeds the planned net income, the excess amount will be used as the source of funds, and the amount of dividends will be determined in consideration of the management and financial conditions in the fiscal year under review as well as the stability and continuity of dividends.

In light of the above, for the time being only the year-end dividend will be planned, and the year-end dividend of ¥4 per share held will be paid to shareholders of record at the end of the fiscal year.

Matters related to the year-end dividend

1. Type of assets to be distributed  
Cash
2. Matters concerning the allotment of the Dividend Property to shareholders and the total amount thereof  
4 yen per share of common stock  
Total dividend 81,536,512 yen
3. The date on which the said distribution of surplus will take effect  
September 29, 2021

1.Reason for the proposal

We will adopt Audit and Supervisory Committee system to further improve management transparency and accelerate decision-making by strengthening the supervisory functions of Director Board and strengthening corporate governance.

Accordingly, the Articles of Incorporation of the Company are subject to changes as required, including the establishment of new provisions concerning Audit and Supervisory Committee Member and the deletion of provisions concerning the Board of Auditors and Auditors.

In addition, the number of articles will be improved and the wording will be adjusted according to the above changes.

2.Details of the change

The details of the amendments to the Articles of Incorporation are as follows.

This proposal shall become effective at the conclusion of this general meeting.

(Underlined parts are changed)

Current Articles of Incorporation	Proposed changes
<p style="text-align: center;">Chapter 1 General Provisions</p> <p>(Organization)</p> <p>Article 4 The Corporation shall have the following organs in addition to the general meeting of shareholders and Director.</p> <p>(1)Director meeting</p> <p style="text-align: right;">(New clause)</p> <p><u>(2)Auditors</u></p> <p><u>(3)Board of Auditors</u></p> <p><u>(4)Accounting Auditors</u></p> <p>2 The Company may appoint an executive officer by a resolution of the Board of Director and delegate the business of the Company to execute such appointment.</p> <p>Articles 5 to 19 (Omitted)</p> <p style="text-align: center;">CHAPTER IV Director AND Director MEETINGS</p> <p>(Number)</p> <p>Article 20 Director of the Company shall be seven or less.</p> <p style="text-align: right;">(New clause)</p> <p>(Method of Appointment)</p> <p>Article 21 Director shall be elected by a resolution of a general meeting of shareholders.</p> <p>2 Resolutions for the election of Director shall be adopted by a majority of the votes of the shareholders present who hold one-third or more of the voting rights of the shareholders who are entitled to exercise their voting rights.</p> <p>3 Resolutions for the election of Director shall not be made by cumulative voting.</p> <p>(Term of Office)</p> <p>Article 22 The term of office of a Director shall expire at the conclusion of the ordinary general meeting of shareholders for the last business year ending within one (1) year from the time of its election.</p> <p style="text-align: right;">(New clause)</p>	<p style="text-align: center;">Chapter 1 General Provisions</p> <p>(Organization)</p> <p>Article 4 The Corporation shall have the following organs in addition to the general meeting of shareholders and Director.</p> <p>(1)Director meeting</p> <p><u>(2)Audit and Supervisory Committee</u></p> <p style="text-align: right;">(Deleted)</p> <p style="text-align: right;">(Deleted)</p> <p><u>(3)Accounting Auditors</u></p> <p>2 The Company may appoint an executive officer by a resolution of the Board of Director and delegate the business of the Company to execute such appointment.</p> <p>Articles 5 to 19 (as is)</p> <p style="text-align: center;">CHAPTER IV Director AND Director MEETINGS</p> <p>(Number of Director)</p> <p>Article 20 Director of the Company <u>(excluding those that are Audit and Supervisory Committee Member)</u> shall be 10 or less.</p> <p><u>2 The number of Director who are Audit and Supervisory Committee Member of the Company (hereinafter referred to as "Audit and Supervisory Committee Member") shall be five or less.</u></p> <p>(Appointment of Director)</p> <p>Article 21 Director shall be elected by a resolution of the general meeting of shareholders <u>separately from Audit and Supervisory Committee Member and other Director.</u></p> <p>2 Resolutions for the election of Director shall be adopted by a majority of the votes of the shareholders present who hold one-third or more of the voting rights of the shareholders who are entitled to exercise their voting rights.</p> <p>3 Resolutions for the election of Director of Audit and Supervisory Committee Member <u>who retire prior to the expiration of their terms of office</u> shall not be made by cumulative voting.</p> <p>(Term of Office of Director)</p> <p>Article 22 The term of office of a Director shall expire at the conclusion of the ordinary general meeting of shareholders for the last business year ending within one (1) year from the time of its election.</p> <p><u>2 Notwithstanding the provisions of the preceding paragraph, the term of office of an Audit and Supervisory Committee Member shall expire at the conclusion of the annual shareholders meeting for the last business year ending within two years from the time of its election.</u></p> <p><u>3 The term of office of a Audit and Supervisory Committee Member who is elected to fill a vacancy shall expire at the time when the term of office of the retiring Audit and Supervisory Committee Member expires.</u></p>

<p>(Convener and Chairman of Director Meetings) Article 23 (Omission of Articles)</p> <p>(Notice of Calling of Director Meetings) Article 24 Notice of convocation of Director meetings shall be sent to the respective Director and auditors no later than three days prior to the date of such meeting. Provided, however, that this period may be shortened in case of emergency. <u>2 Director meetings may be held without the procedures for convocation with the consent of all Director and auditors.</u></p> <p>(Method of Resolution of Director Meetings) Article 25 (Omission of Articles)</p> <p>(Omission of Resolutions of Director Meetings) Article 26 (Omission of Articles)</p> <p>(New clause)</p> <p>(Minutes of Meetings of Director) Article 27 A summary of the proceedings at a meeting of Director and the outcome thereof, as well as matters stipulated by laws and regulations, shall be stated or recorded in the minutes, and the attending Director and auditors shall affix their names and seals or electronically sign them.</p> <p>(Rules for Director Meetings) Article 28 (Omission of Articles)</p> <p>(Titled Director) <u>Article 29 The Board of Director may, by resolution, select one (1) president of Director and one (1) vice president, Director, senior managing Director and managing Director from among the members.</u></p> <p>(Representative Director) Article 30 The president of Director shall represent the Company and supervise the business of the Company. <u>2 Two Director representing the Company may be appointed from among the titled Director set forth in the preceding article by a resolution of the Board of Director.</u> (Transition from Article 29 of the current Articles of Incorporation)</p>	<p>(Convener and Chairman of Director Meetings) Article 23 (Omission of Articles)</p> <p>(Notice of Calling of Director Meetings) Article 24 A notice of convocation of a Director meeting shall be sent to the respective Director no later than three days prior to the date of the meeting. Provided, however, that this period may be shortened in case of emergency.  (Deleted)</p> <p>(Method of Resolution of Director Meetings) Article 25 (As at present)</p> <p>(Omission of Resolutions of Director Meetings) Article 26 (As at present)</p> <p>(Delegation of Decisions on Execution of Business to Director) <u>Article 27 Pursuant to the provisions of Paragraph 6 of Article 399-13 of the Companies Act, the Company may delegate all or part of the decisions on the execution of material business (excluding the matters listed in the items of Paragraph 5 of the same article) to Director by resolution of the Board of Director.</u></p> <p>(Minutes of Meetings of Director) Article 28 A summary of the proceedings at a meeting of Director and the outcome thereof, as well as matters stipulated by law, shall be stated or recorded in the minutes, and Director present shall affix their names and seals thereto or electronically sign them.</p> <p>(Rules for Director Meetings) Article 29 (As at present)  (Change to Article 30(3) of the Articles of Incorporation)</p> <p>(Representative Director <u>and Titled Director</u>) Article 30 <u>The Corporation may, by a resolution of Director, select two representative Director from among those who are not Audit and Supervisory Committee Member.</u> <u>2 The Representative Director shall represent the Company and execute the business of the Company.</u> <u>3 The Board of Director may, by a resolution of the Board, select one (1) president of Director and one (1) vice president, senior managing Director and managing Audit and Supervisory Committee Member from among Director who are not OOC.</u></p> <p>(Remuneration for Director) Article 31 Remunerations for Director shall be determined by a resolution of a general meeting of shareholders <u>by distinguishing Audit and Supervisory Committee Member from other Director.</u></p> <p>(Exemption from Liability of Director) Article 32 Pursuant to the provisions of Paragraph 1 of Article 426 of the Companies Act, the Company may, by a resolution of Director</p>
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<p>(Remuneration)  Article 31 Remuneration, bonuses, and other property benefits (hereinafter referred to as "Remunerations") to be received from the Company in consideration of the execution of duties of Director shall be determined by a resolution of a general meeting of shareholders.</p> <p>(Exemption from Liability of Director)  Article 32 Pursuant to the provisions of Paragraph 1 of Article 426 of the Companies Act, the Company may, by a resolution of Director meeting, exempt a Director (including a person who was a Director) as set forth in Paragraph 1 of Article 423 of the Companies Act from liability for damages to the extent permitted by laws and regulations.  2 Pursuant to the provisions of Paragraph 1 of Article 427 of the Companies Act, the Company may enter into a contract limiting the liability for damages of the Board of Director (excluding those who are executive Director, etc.). Provided, however, that the maximum amount of liability for damages under such contract shall be the amount stipulated by laws and regulations.</p> <p>CHAPTER V Auditors and Board of Auditors</p> <p>(Number)  <u>Article 33 The number of auditors of the Company shall be five or less.</u></p> <p>(Method of Appointment)  <u>Article 34 Auditors shall be elected by a resolution of a general meeting of shareholders.</u>  2 <u>Resolutions for the election of Auditors shall be made by a majority of the votes of the shareholders present who hold one-third or more of the voting rights of the shareholders who are entitled to exercise their voting rights.</u></p> <p>(Term of Office)  <u>Article 35 Auditors' terms of office shall continue until the conclusion of the annual shareholders meeting for the last business year which ends within 4 years years from the time of their election.</u>  2 <u>The term of office of an auditor elected to fill a vacancy for an auditor who retired prior to the expiration of his or her term of office shall expire at the time when the term of office of the retiring auditor expires.</u></p> <p>(Board of Auditors)  <u>Article 36 Meetings of the Board of Auditors shall be convened by full-time auditors and shall be chaired by them.</u>  2 <u>A meeting of the Board of Corporate Auditors shall be convened to each Corporate Auditor no later than three days prior to the date of such meeting. Provided, however, that this period may be shortened in case of emergency.</u></p> <p>(Regulations on the Board of Auditors)  <u>Article 37 The operation of the board of Auditors and other matters shall be governed by the Regulations Governing the Board of Auditors as determined by the board of Auditors.</u></p> <p>(Remuneration, etc.)  <u>Article 38 Remunerations for Auditors shall be determined by a resolution of a general meeting of shareholders.</u></p>	<p>meeting, exempt a Director (including a person who was a Director) as set forth in Paragraph 1 of Article 423 of the Companies Act from liability for damages to the extent permitted by laws and regulations.  2 Pursuant to the provisions of Paragraph 1 of Article 427 of the Companies Act, the Company may enter into contracts to limit the liability for damages of Director (excluding those who are executive Director, etc.). Provided, however, that the maximum amount of liability for damages under such contract shall be the amount stipulated by laws and regulations.</p> <p>CHAPTER V Audit and Supervisory Committee Member MEETINGS</p> <p>(Deleted)</p> <p>(Deleted)</p> <p>(Deleted)</p> <p>(Deleted)</p> <p>(Deleted)</p> <p>(Deleted)</p> <p>(Deleted)</p> <p>(Deleted)</p> <p>(Deleted)</p>
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<p><u>(Exemption of Auditors from Liability)</u>  <u>Article 39 Pursuant to the provisions of Paragraph 1 of Article 426 of the Companies Act, the Company may, by resolution of the Board of Director, exempt any auditor (including former auditors) from liability for damages as set forth in Paragraph 1 of Article 423 of the Companies Act to the extent permitted by laws and regulations.</u>  <u>2 Pursuant to the provisions of Paragraph 1 of Article 427 of the Companies Act, the Company may enter into an agreement with an outside statutory auditor to limit liability for damages as set forth in Paragraph 1 of Article 423 of the same Act. Provided, however, that the maximum amount of liability for damages under such contract shall be the amount stipulated by laws and regulations.</u></p> <p><u>(Method of Resolution of Board of Auditors)</u>  <u>Article 40 Resolutions of the Board of Auditors shall be adopted by a majority of the Auditors, unless otherwise provided for in laws and regulations.</u></p> <p><u>(Minutes of Board of Auditors Meeting)</u>  <u>Article 41 The proceedings and results of the meeting of the Board of Corporate Auditors and other matters stipulated by law shall be stated or recorded in the minutes, and the Auditors present shall affix their names and seals or electronically sign the minutes.</u></p> <p>(New clause)</p>	<p>(Deleted)</p> <p>(Deleted)</p> <p><u>(Notice of Calling of Audit and Supervisory Committee Meetings)</u>  <u>Article 33 A notice of convocation of a Audit and Supervisory Committee Member meeting shall be sent to the respective Audit and Supervisory Committee Member no later than three days prior to the date of the meeting. Provided, however, that this period may be shortened in an emergency.</u></p> <p><u>(Method of Resolution of Audit and Supervisory Committee Meetings)</u>  <u>Article 34 Resolutions of a meeting of Audit and Supervisory Committee Member shall be made by a majority of Audit and Supervisory Committee Member present.</u></p> <p><u>(Minutes of Meetings of Audit and Supervisory Committee)</u>  <u>Article 35 A summary of the proceedings at a meeting of Audit and Supervisory Committee Member and the outcome thereof, as well as matters stipulated by law, shall be stated or recorded in the minutes, and Audit and Supervisory Committee Member present shall affix their names and seals thereto or electronically sign them.</u></p> <p><u>(Rules for Audit and Supervisory Committee Meetings)</u>  <u>Article 36 Matters concerning the Board of Audit and Supervisory Committee Member shall be governed by laws, regulations, and these Articles of Incorporation, as well as by the Regulations of the Board of Audit and Supervisory Committee Member as set forth by the Board of Audit and Supervisory Committee Member.</u></p>
<p>CHAPTER VI ACCOUNTING AUDITORS</p> <p><u>(Accounting Auditors)</u>  <u>Article 42 The Company shall have an independent auditor.</u></p> <p><u>(Method of Appointment)</u>  <u>Article 43 (Omission of Articles)</u></p>	<p>CHAPTER VI ACCOUNTING AUDITORS</p> <p>(Integration into Article 4 of the Amended Articles of Incorporation)</p> <p><u>(Appointment of Accounting Auditors)</u>  <u>Article 37 (As at present)</u></p>

<p>(Term of Office)                  Article 44 (Omission of Articles)                  (Remuneration, etc.)                  Article 45 Remunerations for independent auditors shall be determined by the president of Director with the consent of the board of auditors.</p> <p style="text-align: center;">CHAPTER VII CALCULATIONS</p> <p>Articles 46 to 49 (Omitted)</p> <p>(New clause)</p>	<p>(Term of Office of Accounting Auditors)                  Article 38 (As at present)                  (Remunerations for Accounting Auditors)                  Article 39 Remuneration of the independent auditor shall be determined by the <u>representative</u> Director with the consent of the board of <u>Audit and Supervisory Committee Member</u>.</p> <p style="text-align: center;">CHAPTER VII CALCULATIONS</p> <p>Articles 40 to 43 (as is)</p> <p><u>Supplementary Provisions</u></p> <p><u>(Transitional Measures Concerning Exemption of Auditors from Liability)</u></p> <p><u>1 The Company may, to the extent permitted by laws and regulations, exempt auditors (including former auditors) from liability for damages as set forth in Paragraph 1 of Article 423 of the Companies Act with respect to actions taken prior to the conclusion of the 22nd Ordinary General Meeting of Shareholders.</u></p> <p><u>2 Agreements to limit the liability for compensation for damages stipulated in Paragraph 1 of Article 423 of the Companies Act with respect to the acts of Outside Auditors (including those who were Outside Auditors) prior to the conclusion of the 22nd Ordinary General Meeting of Shareholders shall be governed by the provisions of Paragraph 2 of Article 39 of the Articles of Incorporation prior to the amendment by resolution of such Ordinary General Meeting of Shareholders.</u></p>
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Third Proposal Election of seven Director (excluding Audit and Supervisory Committee Member)

Reason for the proposal

Subject to the approval and approval of Proposal No. 2 "Partial Amendments to the Articles of Incorporation," we will shift to a corporation maintaining Audit and Supervisory Committee. Accordingly, the term of office of all six Director will expire at the conclusion of this general meeting, and we would like to ask for the election of seven Director (excluding Audit and Supervisory Committee Member).

If the proposal is approved as draft, two of the seven Director excluding Audit and Supervisory Committee Member will be independent directors as stipulated by the Tokyo Stock Exchange and the Sapporo Stock Exchange.

(Selection of Director Candidates)

Based on our corporate philosophy, we select candidates who embody this philosophy at a high-level and can be expected to contribute to the further development of the group as Director candidates. Our basic policy is to appoint them at the annual general meeting of shareholders for a one-year term.

Specifically, the Board of Directors selects candidates for Director who have extensive practical experience and expertise and are able to make appropriate management decisions and supervise them through leadership roles in the IT industry, financial industry, corporate management, legal affairs, administration, and consulting.

If the proposal for the election of Director is approved in accordance with the draft proposal at this general meeting, seven Director will assume office, but we believe that it is an appropriate size for the proper decision-making and supervision of management. We also emphasize the diversity of our Director, and we select two women out of seven Director candidates.

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Director candidates excluding Audit and Supervisory Committee Member are as follows.

Candidate Number	Name	Position and responsibilities		Director meeting Attendance status
1	Masanori Inomata	President of the Representative Director		15 times/15 times (100%)
2	Taizou Matsumoto	Director vice president Group companies and company-wide management		15 times/15 times (100%)
3	Takafumi Hamauzu	Managing Director Corporate general manager of corporate planning office		15 times/15 times (100%)
4	Mie Ishimaru	Director General Manager of Corporate Administration Division and General Manager of Finance & Accounting Department		15 times/15 times (100%)
5	Nobuyuki Shinoda	Outside the Company	Independence	Director Chairperson of the compensation committee 15 times/15 times (100%)
6	Chikako Shimahata	Outside the Company	Independence	Director 11 times/11 times (100%)
7	Hisashi Kaneko	Managing Executive Officer General Manager of Sales Promotion Division and General Manager of Business Development Department		—



Candidate Number	Name (Date of Birth)	Brief personal history, position in us, and responsibility [status of important concurrent positions]	Own Number of our shares
1	Masanori Inomata (Born February 26, 1965) [Director candidates] <b>Reappointment</b> Attendance at Director meetings 15 times/15 times (100%)	<p>Arp. 1987      Joined Koa Fire and Marine Insurance. (currently Sompo Japan Insurance Inc.)</p> <p>Dec. 1995      Representative Director of My Net.</p> <p>Nov. 2003      President and Chief Executive Director of the Company (to present)</p> <p>Dec. 2008      Corporate Auditor of LEOC</p> <p>Jun. 2011      Representative Director of MI Corporation, Inc. (to present)</p> <p>Jan. 2020      Director of FG-Lab Inc. (current)</p> <p>Mar. 2020      Director of BizGenesis Inc. (current)</p> <p>Feb. 2021      Director of FG Smart Asset Inc. (current)</p> <p>Jul. 2021      President and CEO of Off-Grid Lab Inc. (current position)</p>	5,322,400 shares
	Reasons for Director Candidates	<p>Since our founding, we have served as president of the Representative Director, and throughout this time we have formed and cultivated a corporate culture that leads our development and gathers as many "thanks" as possible. We are continuing to grow our business results by guiding our group broadly in terms of the development of our business strategies, taking the initiative and taking the initiative. These achievements, experiences, and accumulated knowledge and contacts will continue to contribute to the decision-making of our Director association, as well as are useful for the global expansion of our business and the enhancement of corporate value, and we have made us a Director candidate.</p>	
	Special interest	There is no special interest between the company.	
Candidate Number	Name (Date of Birth)	Brief personal history, position in us, and responsibility [status of important concurrent positions]	Own Number of our shares
2	Taizou Matsumoto (Born August 30, 1964) [Director candidates] <b>Reappointment</b> Attendance at Director meetings 15 times/15 times (100%)	<p>Apr. 1990      Joined Sony Corporation (currently Sony Group Corporation)</p> <p>Nov. 1996      Representative Director of LibertNet Corporation</p> <p>Apr. 2000      Director of Giga Prize Corporation.</p> <p>Oct. 2009      Company's leading Director</p> <p>Jan. 2013      Executive Officer</p> <p>Sep. 2013      Senior managing Director</p> <p>Sep. 2018      Representative Director of Fibergate Tiwan Inc. (to present)</p> <p>                    Vice president of Director and general manager of the sales promotion division</p> <p>Jan. 2020      Representative Director and Chairman of FG-Lab Inc. (to present)</p> <p>Mar. 2020      Representative Director and Chairman of BizGenesis Inc. (to present)</p> <p>Jun. 2020      President and CEO of TM Asset (current position)</p> <p>Jul. 2020      Director Executive Vice President, Group Companies and Company-wide Headquarters (to present)</p> <p>Feb. 2021      President and CEO of FG Smart Asset Inc. (current position)</p>	1,092,400 shares
	Reasons for Director Candidates	<p>In addition to his abundant experience and achievements through many years of business execution in the telecommunications-related business, he has insight into management. We have decided to become a Director candidate because we and our Group companies strive to expand their businesses and continuously increase corporate value, and fulfill appropriate roles such as making decisions on important management matters and supervising the execution of business operations.</p>	
	Special interest	There is no special interest between the company.	

Candidate Number	Name (Date of Birth)	Brief personal history, position in us, and responsibility [status of important concurrent positions]	Own Number of our shares
3	<p>Takafumi Hamauzu</p> <p>(Born January 20, 1976)</p> <p>[Director candidates]</p> <p>Reappointment</p> <p>Attendance at Director meetings 15 times/15 times (100%)</p>	<p>Apr. 2000      Joined Areaquest Co., Ltd.</p> <p>Dec. 2000      Joined Venture Link Inc.</p> <p>Apr. 2007      Joined ORIX Capital Corporation</p> <p>Feb. 2011      General manager of the Corporate Planning Office</p> <p>Jun. 2011      President of Chintai Seikatsu Corporation</p> <p>Jan. 2013      Executive officer and general manager of the corporate planning office</p> <p>Mar. 2014      Senior executive officer and general manager of the business administration division</p> <p>Mar. 2016      Managing Director and general manager of the business administration division</p> <p>Oct. 2016      Managing executive officer and deputy general manager of the sales promotion division</p> <p>Sep. 2018      Managing Director and general manager of the business administration division</p> <p>Feb. 2021      Auditor of FG Smart Asset Inc. (current)</p> <p>Jul. 2021      Managing Director of General Manager of Corporate Planning Division (to present)</p>	37,800 shares
	Reasons for Director Candidates	<p>Since joining us, he has worked in the operations of the Corporate Planning Division and the Sales Division, and currently oversee the Corporate Planning Division. We have been mainly involved in making decisions on important management matters and supervising business execution, and have promoted the strengthening of management and sales divisions. We have extensive business expertise and general management knowledge, and are therefore qualified as Director of our company, and have been designated as candidates for Director.</p>	
	Special interest	There is no special interest between the company	
4	<p>Mie Ishimaru</p> <p>(Born November 2, 1969)</p> <p>[Director candidates]</p> <p>Reappointment</p> <p>Attendance at Director meetings 15 times/15 times (100%)</p>	<p>Nov. 1997      Joined Asahi Auditing Corporation (currently limited liability Azsa Auditing Corporation)</p> <p>Apr. 2003      Certificated Public Accountant</p> <p>May. 2011      Registered as a certified public tax accountant</p> <p>Jun. 2012      Director of Densan Corporation.</p> <p>Jul. 2018      Outside Director of Japanpara Co., Ltd. (current position)</p> <p>Sep.2018      Outside independent Director</p> <p>Sep. 2019      Deputy general manager of Director business administration division and the general manager of the finance and accounting department</p> <p>Jan. 2020      Auditor of FG-Lab Inc. (current)</p> <p>Mar. 2020      Auditor of BizGenesis Inc. (current)</p> <p>Jul. 2021      General Manager of Director Business Administration Division and General Manager of the Finance and Accounting Department (to present)</p>	8000 shares
	Reasons for Director Candidates	<p>Since joining our company, she has worked in the business administration department and currently oversee the business administration headquarters. She has been involved in overseeing the execution of business by the business management department and have been engaged in the management and supervision of the Finance and Accounting Department. As a certified public accountant, she is qualified as a Director because she has a wealth of careers and expertise, and she has become a candidate for Director.</p>	
	Special interest	There is no special interest between the company	

Candidate Number	Name (Date of Birth)	Brief personal history, position in us, and responsibility [status of important concurrent positions]		Own Number of our shares
5	Nobuyuki Shinoda  (Born August 30, 1951) [Candidates for external Director]	Apr. 1974	Joined Seibu Department Store Corporation.	3800 shares
		Mar. 1995	General Manager of Human Resources Division, Personnel Division, Ikebukuro Personnel Division, same company as above	
		Mar. 1997	Joined Loft Corporation	
		Sep. 2002	Executive Officer of Loft Corporation	
		May. 2008	Director Executive Officer and in charge of Corporate Planning of Loft Corporation	
		Mar. 2011	In charge of the Administration Division of Loft Corporation	
		Apr. 2016	Joined Citizen Retail Planning Corporation	
		Jun. 2016	Outside Independent Director (to present)	
		Jan. 2020	Chairman of our compensation committee (to present)	
	Reasons for Outside Director Candidates and Expected Roles	Based on the wealth of knowledge and experience in management cultivated to date, we expect to carry out supervision of our overall management and provide appropriate advice from an objective perspective, and have made the company an outside Director candidate. After appointment, we expect him to makes use of his expertise as an experienced manager to make comments at Director meetings, etc. on the formulation of management plans, etc. mainly from a managerial perspective, and to supervise the progress of management plans, etc.		
	Special interest	There is no special interest between the company.		

Candidate Number	Name (Date of Birth)	Brief personal history, position in us, and responsibility [status of important concurrent positions]		Own Number of our shares
6	Chikako Shimahata  (Born January 30, 1985) [Candidates for external Director]	Apr. 2007	Joined Sapporo Branch of Shinko Securities (currently Mizuho Securities)	No Shares
		Oct. 2012	Joined Japan Pension Service Sapporo West Pension Office	
		Apr. 2013	Registration as a certified social insurance and labor consultant	
		Apr. 2013	Pirika Office Representative of Labor Relations Office (to present)	
		Jun. 2020	Representative Director of Pirika Corporation (to present)	
		Sep. 2020	Outside Director of the Company (to present)	
	Reasons for Outside Director Candidates and Expected Roles	Shimahata is qualified as a certified social insurance and labor consultant and has a wealth of careers and expertise in personnel and labor affairs. In order to make use of this knowledge/experience in our Director committee system, we have appointed an outside Director candidate. We hope that she will utilize her expertise as a certified social insurance and labor consultant to strengthen the supervisory functions of management in general and the supervisory functions of conflicts of interest, mainly from a labor law perspective.		
	Special interest	There is no special interest between Mr. Shimabata and us.		

Candidate Number	Name (Date of Birth)	Brief personal history, position in us, and responsibility [status of important concurrent positions]	Own Number of our shares
7	Hisashi Kaneko (Born April 25, 1966) [Director candidates]  <span style="border: 1px solid red; padding: 2px;">New appointment</span>	Apr. 1989 Joined Ome Shinkin Bank Jul. 1994 Joined Osaka USEN Broadcasting Corporation. (currently USEN Corporation) Jun. 2019 Joined UCOM Corporation Oct. 2013 Joined the Company, General Manager of East Japan Sales Department, Condominium ISP Business Division Jul. 2015 Executive Officer, General Manager of East Japan Sales Department, Sales Division of the Company Jul. 2016 Senior Executive Officer, General Manager of East Japan Sales Department, Sales Division of the Company Feb. 2020 Managing Executive Officer, General Manager of Residence Wi-Fi Sales Dept., Sales Promotion Div. Feb. 2021 Director of FG Smart Asset Inc. (current) Jul. 2021 Senior Executive Officer, General Manager of Sales Promotion Division and General Manager of Business Development Department of the Company (to present)	110,800 shares
	Reasons for Director Candidates	In addition to his abundant experience and achievements through many years of business execution in the telecommunications-related business, he has insight into management. Since joining our company, he has worked in the operations of the sales department, and currently oversee the Sales Promotion Division. He was mainly involved in making decisions on important management matters and supervising the execution of business, and worked to strengthen the sales division. We have extensive business expertise and general management knowledge, and are therefore qualified as Director of our company, and have been designated as candidates for Director.	
	Special interest	There is no special interest between the company	

(NOTE)1. For "Number of Shares of the Company Owned," the numbers of shares held as of June 30, 2021 for the respective candidates are shown.

2. Nobuyuki Shinoda and Chikako Shimahata are candidates for outside independent Director. If both are elected as Director, we plan to continue to make them independent directors as stipulated by the Tokyo Stock Exchange and the Sapporo Stock Exchange.
3. Masayuki Shinoda and Chikako Shimahata, who are candidates for external Director, are now outside independent Director. The number of years since becoming an external Director will be five years for Nobuyuki Shinoda and one year for Chikako Shimahata as of the conclusion of the General Assembly.
4. We have an officer liability insurance contract with the insurance company, and each candidate shall be an insured person under such insurance contract.
5. We have stipulated in the Articles of Incorporation that we may enter into a limited liability contract with an outside Director to limit liability for damages as stipulated in Paragraph 1 of Article 423 of the Companies Act in accordance with the provisions of Paragraph 1 of Article 427 of the same Act in order to attract highly independent and appropriate human resources as an outside Director. As a result, Nobuyuki Shinoda and Chikako Shimahata have concluded a limited liability agreement with us to limit their liability to the amount stipulated by laws and regulations, and if the reappointment of both of them is approved, we plan to continue the above limited liability agreement.

Item 4: Election of three Director as Audit and Supervisory Committee Member

Reason for the proposal

Subject to the approval and approval of Proposal No. 2 "Partial Amendments to the Articles of Incorporation," we adopted a corporation maintaining Audit and Supervisory Committee. Therefore, we would like to ask for the appointment of three Director, who are Audit and Supervisory Committee Member.

The Board of Corporate Auditors has previously agreed to this proposal.

This proposal shall become effective upon the entry into force of Proposal No. 2, "Partial Amendments to the Articles of Incorporation."

The candidates for Director, a Audit and Supervisory Committee Member, are as follows.

Candidate Number		Name		In our company Status and Responsibilities	Director meeting Attendance status	Board of Auditors Attendance status
1	New appointment	Tetsuo Tatsuta		Head of the Internal Audit Office	—	—
2	New appointment	Tomohiro Obata	Outside the Company	Outside auditor	15 times/15 times (100%)	16 times/16 times (100%)
3	New appointment	Hiroshi Kamada	Outside the Company	Outside auditor	15 times/15 times (100%)	16 times/16 times (100%)

Candidate Number	Name (Date of Birth)	Brief personal history, position in and responsibility for us [Status of important concurrent positions]	Own Number of our shares
1	<p>Tetsuo Tatsuta (Born November 22, 1949) [Director candidates who are Audit and Supervisory Committee Member]</p> <p style="text-align: center; border: 1px solid red; color: red;">New appointment</p>	<p>Apr. 1973 Joined Hokkaido Bank Jul. 2002 Managing Director of KyokuichiLogi Corporation May. 2003 Executive Director of Markita Corporation May. 2005 Senior Managing Director of Marukita Corporation May. 2006 President and CEO of Markita Corporation Jun. 2014 Senior Managing Director of Kyokuichi Corporation June 2014 Director of Marukita Corporation Jun. 2014 Auditor of Kyokuichi Logi Corporation Jun. 2014 Auditor of Shokuhin Corporation Apr. 2017 Senior Managing Director of Kyokuichi Holdings Corporation May. 2017 Auditor of Marukita Corporation Oct. 2018 Joined the company Jun. 2019 Outside Auditor of Furano Regional Wholesale Market Corporation (current) Aug. 2019 General Manager of Internal Audit Office (to present)</p>	4000 shares
	<p>Reasons for making Director candidates who are Audit and Supervisory Committee Member</p>	<p>He has been engaged in the banking industry for many years and has played a role in supporting the Hokkaido economy. Based on the wealth of knowledge and experience related to management cultivated to date, we expect to be able to execute supervision and provide accurate advice on our overall management from an objective perspective. We also assume the position of General Manager of our Internal Audit Office, and we expect internal supervision from an internal audit perspective. As a result, we have decided to become a Director candidate, our Audit and Supervisory Committee Member.</p>	
	<p>Special interest</p>	<p>There is no special interest between the company.</p>	

Candidate Number	Name (Date of Birth)	Brief personal history, position in and responsibility for us [Status of important concurrent positions]	Own Number of our shares
2	<p>Tomohiro Obata (Born October 15, 1975) [Director candidates who are Audit and Supervisory Committee Member]</p> <p style="text-align: center; border: 1px solid red; color: red;">New appointment</p> <p style="display: flex; justify-content: space-around;"> <span style="border: 1px solid black; padding: 2px;">Outside the Company</span> <span style="border: 1px solid black; padding: 2px;">Independence</span> </p> <p>Attendance at Director meetings 15 times/15 times (100%) Attendance at Board of Corporate Auditors Meetings 16 times/16 times (100%)</p>	<p>Oct. 2015 Registered as an attorney at law(Second Tokyo Bar Association) Oct. 2005 Joined Hiraide Law Office (currently Hiraide, Takahashi Law Office) Jan. 2012 Representative of Ota-Obata General Law Office, jointly established at Tokyo Jun. 2013 Outside Auditor of RS Technology Corporation. (current) Nov. 2015 Outside Director of Tohoku Enterprise Co., Ltd. (current) Jun. 2016 Outside Auditor (to present) May 2020 Representative member of PLAZA General Law Office May 2021 Outside Auditor of Paradigm Shift Corporation (current)</p>	No Shares
	<p>Reasons for becoming a Audit and Supervisory Committee Member of Director candidates and expected roles</p>	<p>He is qualified as an attorney and has extensive career and expertise in legal affairs. In order to make use of this knowledge/experience in our Director committee system, we have appointed him as Audit and Supervisory Committee Member candidates. After appointment, We expect him to utilize his specialized knowledge as an attorney and make efforts to strengthen the supervisory functions of management in general and conflicts of interest in terms of legal affairs.</p>	
	<p>Special interest</p>	<p>There is no special interest between the company.</p>	

Candidate Number	Name (Date of Birth)	Brief personal history, position in and responsibility for us [Status of important concurrent positions]	Own Number of our shares		
3	<p>Hiroshi Kamada (Born February 20, 1957) [Director candidates who are Audit and Supervisory Committee Member]</p> <p style="text-align: center; color: red; border: 1px solid red; padding: 2px;">New appointment</p> <table border="1" style="margin-left: auto; margin-right: auto;"> <tr> <td style="padding: 2px;">Outside the Company</td> <td style="padding: 2px;">Independence</td> </tr> </table> <p>Attendance at Director meetings 15 times/15 times (100%) Attendance at Board of Corporate Auditors Meetings 16 times/16 times (100%)</p>	Outside the Company	Independence	<p>Apr. 1979 Admitted Hayasaka Accounting Office May. 1980 Joined French Bed Sales Corporation Apr. 1982 Joined the Hokkaido Shoko Guidance Center Apr. 1986 Registered as an SME management consultant (Commercial 208717) Apr. 2000 Joined the Hokkaido Small and Medium-Sized Enterprise General Support Center (currently a public benefit foundation). Apr. 2015 General Manager of Corporate Promotion Department of EGSC Apr. 2016 Counselor, Corporate Management Support Division of EGSC Apr. 2017 Representative of Office K (to present) Apr. 2017 Outside Auditor of the Company (to present)</p>	No Shares
Outside the Company	Independence				
	<p>Reasons for becoming a Audit and Supervisory Committee Member of Director candidates and expected roles</p>	<p>Based on his wealth of knowledge and experience in management cultivated to date, we expect him to carry out supervision of our overall management from an objective perspective and provide appropriate advice. He was appointed as an Outside Director Candidate. After appointment, we expect him to make use of his expertise as an experienced manager to make comments at Director meetings, etc. on the formulation of management plans, etc. mainly from a managerial perspective, and to supervise the progress of management plans, etc.</p>			
	<p>Special interest</p>	<p>There is no special interest between the company</p>			

(NOTE)

1. For "Number of Shares of the Company Owned," the numbers of shares held as of June 30, 2021 for the respective candidates are shown.
2. Tomohiro Obata and Hiroshi Kamada are candidates for external Director as Audit and Supervisory Committee Member. Should Mr. Tomohiro Obata and Mr. Keishi Kamada be elected as Director, we will continue to designate them as independent directors and auditors as stipulated by the Tokyo Stock Exchange and the Sapporo Stock Exchange.
3. Mr. Tomohiro Obata and Mr. Hiroshi Kamada are currently outside auditors of the Company. As of the conclusion of this general meeting, the number of years since their appointment as outside auditors will be five years and three months for Mr. Tomohiro Obata and four years and five months for Mr. Hiroshi Kamada.
4. We have an officer liability insurance contract with the insurance company, and each candidate shall be an insured person under such insurance contract
5. The Articles of Incorporation of the Company provide that the Company may enter into a limited liability agreement with an outside Director to limit liability for damages as set forth in Paragraph 1 of Article 423 of the Companies Act pursuant to the provisions of Paragraph 1 of Article 427 of the same Act, in order to enable the Company to attract highly independent and appropriate personnel as Outside Corporate Auditors. As a result, we have entered into limited liability agreements with Tomohiro Obata and Hiroshi Kamada that limit our liability for indemnities up to the amount stipulated by law. If Proposal No. 2 is approved and both appointments are approved, a limited liability contract similar to the above will be concluded as an outside Director.



Proposal No. 5: Establishment of monetary remuneration for Director (excluding Audit and Supervisory Committee Member)

At the extraordinary general meeting of stockholders held on March 31, 2017, the amount of compensation for our Director was resolved to be within 150 million yen per year, which is the current date.

Now, subject to the approval and approval of Proposal No. 2 "Partial Amendments to the Articles of Incorporation," we will shift to a corporation maintaining Audit and Supervisory Committee Member Committee.

Accordingly, in order to establish the amount of remuneration for Director (excluding Director that are Audit and Supervisory Committee Member) as a result of the transition to a corporation maintaining the board of Audit and Supervisory Committee Member, we will abolish the provisions concerning the amount of remuneration for the present Director and, in consideration of various circumstances including economic conditions, will determine that the amount of monetary remuneration for Director (excluding Director that are Audit and Supervisory Committee Member) shall not exceed ¥350 million per annum (of which, the amount of external Director shall not exceed ¥50 million per annum).

If this proposal is approved, Director meeting after the conclusion of this general meeting is scheduled to change Director (excluding Audit and Supervisory Committee Member) part of the decision-making policy regarding the content of individual remuneration for Director to be consistent with the approved content.

This agenda determines the remuneration framework for Director (excluding Director that are Audit and Supervisory Committee Member) to the extent reasonable, taking into account economic conditions, our size, the number of Director and the level of other companies. In addition, as mentioned above, we are planning to change the decision-making policy regarding the content of Director individual remunerations, etc., and in order to determine the content of individual remunerations, etc. for Director in accordance with the changed policy, we have determined that this proposal is both necessary and reasonable.

In addition, the salary for an employee Director concurrently serving as an employee shall not be included in the amount of compensation for a Audit and Supervisory Committee Member (excluding a salary for an employee). If Proposal No. 2 "Partial Amendments to the Articles of Incorporation" and Proposal No. 3 "Appointment of seven Director (excluding Director as Audit and Supervisory Committee Member)" are approved and passed as originally proposed, the number of Director (excluding Audit and Supervisory Committee Member) will be seven (including two outside Director). There are six Director before the change.

This proposal shall become effective upon the entry into force of Proposal No. 2, "Partial Amendments to the Articles of Incorporation."

Proposal No. 6: Establishment of monetary compensation for Director which is a Audit and Supervisory Committee Member

Subject to the approval and approval of Proposal No. 2 "Partial Amendments to the Articles of Incorporation," we will move to a corporation maintaining Audit and Supervisory Committee.

Accordingly, upon the transition to a corporation maintaining the board of Audit and Supervisory Committee Member, the amount of compensation for Director which is Audit and Supervisory Committee Member shall be not more than ¥60 million per annum, taking into account the duties and responsibilities of Director.

This proposal determines Audit and Supervisory Committee Member compensation framework for Director within a reasonable scope, taking into account the responsibilities of Director who are Audit and Supervisory Committee Member and the level of compensation (excluding Director who are), and we judge that it is necessary and appropriate.

If Proposal No. 2 "Partial Amendments to the Articles of Incorporation" and Proposal No. 4 "Election of Three Audit and Supervisory Committee Member Members of Director" are approved and passed as originally proposed, three Director will be Audit and Supervisory Committee Member.

This proposal shall become effective upon the entry into force of Proposal No. 2, "Partial Amendments to the Articles of Incorporation."

Proposal No. 7: Decisions on remuneration for short-term stock remuneration for directors other than directors who are Audit and Supervisory Committee Members

The amount of remuneration for directors other than directors who are members of the Audit and Supervisory Committee will be less than ¥350 million per annum (of which the amount of remuneration for outside directors is less than ¥50 million per annum, but does not include the salary for employees and directors who serve concurrently as employees) if we approve Proposal No. 5 as proposed in the original Proposal. Now, we request that directors other than directors who are members of the Audit and Supervisory Committee (excluding outside directors; hereinafter referred to as the "Target Directors") introduce incentives to achieve sustainable improvement of our corporate value by clarifying the linkage between the remuneration of directors and the company's business performance and the value of our stockholders. At the same time, we request the introduction of the new remuneration system (hereinafter referred to as the "Share Remuneration" in Item 8) for the purpose of promoting the further improvement of corporate value between our Target Directors and shareholders.

At the meeting of the Board of Directors held on February 12, 2021, we established a policy for determining individual remuneration and other matters for each director. If the proposal is approved, the contents of the policy will be changed as described in item 9 at the end of the agenda. The Proposal is required and reasonable to provide Target Directors personal remuneration, etc. in accordance with the Policy, and accounts for approximately 0.07% of the total number of outstanding shares (as of June 30, 2021) that are issued or disposed of in Target Directors per year in accordance with the Proposal. For this reason, I believe the content of this agenda item is reasonable.

If Proposal No. 3 is approved and passed in accordance with the draft, Target Directors will be five.

In addition, this proposal shall become effective on the condition that the amendment to the Articles of Incorporation takes effect on Proposal No. 2.

1. Outline of This system

This system shall deliver to Target Directors after the termination of each Vesting period the number of our Common Shares (hereinafter referred to as the "Our stock") calculated in accordance with the method set forth in 3(1) below, provided that Target Directors has such status as determined by our directors or the Board of Directors for the period from the date of the annual general meeting of shareholders to the date of the annual general meeting of shareholders held in the following year (each such period shall be referred to as the "Vesting period").

2. Maximum amount of remuneration for This system and maximum number of shares

Based on this proposal, the maximum amount of remuneration for Vesting period to be paid to Target Directors shall be ¥50 million or less, and the total number of Our stock for Vesting period to be issued or disposed of by Target Directors shall be 15,000 or less. In the event the total amount of grants or the total number of granted shares calculated according to the calculation method stipulated in 3(1) below is likely to exceed the maximum amount or the maximum number of shares, the number of shares to be delivered to each Target Directors shall be reduced by a reasonable method, such as pro rata, to the extent not exceeding the maximum amount or the maximum number of shares. In addition, in the event the total number of outstanding shares of the Company increases or decreases as a result of the consolidation of shares or the split of shares (including the gratuitous allotment of shares. The same shall apply hereinafter) after the date on which this proposal is approved and passed, the maximum number of shares shall be adjusted by multiplying the ratio of the consolidation or split (or allotment). In addition, the specific timing and distribution of payments to individual Target Directors shall be determined by the Board of Directors.

3. Content of Remuneration, etc. in This system

(1) Calculation of Remuneration in This system

In This system, we will determine the number of Our stock to be delivered to the respective Target Directors in accordance with the calculation methods set forth below.

We hold new shares after the expiration of the respective Vesting period to deliver Our stock in accordance with This system.

In accordance with a resolution of the Board of Directors (hereinafter referred to as the "Resolution of Board of Directors Delivered") to decide whether to issue treasury shares or to dispose of treasury shares, the Company will issue or dispose of Target Directors of Our stock without requiring the payment of money by Target Directors.

[Method for calculating the amount of remuneration, etc. in This system]

Amount of remuneration, etc. to be granted to Target Directors      Final number of shares delivered (①) × Market value of Our stock (②)

※Provided, however, that this shall not exceed the maximum amount stipulated in 2 above.

① Number of Shares Last Delivered

The number of shares to be finally delivered shall be the number of shares calculated by multiplying Base Number of Shares Delivered calculated by dividing the base amount of share compensation (hereinafter referred to as the "Base amount of stock compensation by rank of directors") determined for each position of Target Directors by the base share price stipulated in (a) below (provided, however, that any fraction less than one share resulting from the calculation shall be discarded. Hereinafter referred to as the "Base Number of Shares Delivered") by the term of office ratio and the position adjustment ratio, and shall be calculated according to the following formula. Provided, however, that this shall be within the maximum number of shares stipulated in 2 above.

Number of Shares Last Delivered =  $\frac{\text{Base Number of Shares Delivered(i)} \times \text{Percentage of tenure (iii)} \times \text{Position Adjustment Ratio (iii)}}{\text{Adjustment Ratio (iii)}}$

i. Base Number of Shares Delivered

Base Number of Shares Delivered is calculated by the following formula (however, any fraction less than one share resulting from the calculation shall be discarded):

Base Number of Shares Delivered =  $\frac{\text{Base amount of stock compensation by rank of directors (A)}}{\text{Standard stock price (a)}}$

A Base amount of stock compensation by rank of directors

Base amount of stock compensation by rank of directors shall determine the specific amount of shares to be delivered to each director by rank at the meeting of the Board of Directors.

1 Base stock price

The Base Stock Price shall be the closing price of Our stock's ordinary transactions on the Tokyo Stock Exchange on the business day prior to the date of the resolution of the Board of Directors at the beginning of Vesting period (if no such transaction is effected on the same day, the closing price on the most recent trading day prior thereto).

ii. Percentage of tenure

The number of shares to be issued according to the tenure of office will be prorated according to the following formula. Any new appointment or resignation in the middle of a month shall be deemed to have served in January and calculated accordingly.

Percentage of tenure =  $\frac{\text{Total number of months in office during Vesting period}}{\text{Aggregate number of months of Vesting period}}$

iii. Position Adjustment Ratio

In order to adjust the number of shares to be delivered in the event of a change in position, the number of shares corresponding to such position will be calculated according to the following formula. In the event of a change in position in the middle of a month, the employee shall be deemed to have served in the new position in January and calculated accordingly.

Position Adjustment Ratio =  $\frac{\text{Base amount of stock compensation by rank of directors of initial position} \times \text{number of months of initial position} + \text{Base amount of stock compensation by rank of directors of post after change} \times \text{number of months in office after change}}{\text{Aggregate number of months in office during Vesting period of the initial position} \times \text{Base amount of stock compensation by rank of directors} \times \text{Vesting period of the initial position}}$

② Market value of Our stock

Closing price of Our stock's ordinary transactions on the Tokyo Stock Exchange on the Business Day prior to Resolution of Board of Directors Delivered Day (if no such transaction has been effected on the same day, the closing price on the most recent trading day prior thereto).

(2) Conditions for Share Delivery under This system

This system shall issue a Our stock to Target Directors upon completion of the respective Vesting period and fulfillment of the requirements for issuance of the following Our stock.

- ① That he or she has served during Vesting period as a director of the Company or as a member of the Board of Directors of the Company;
- ② The absence of certain misconduct as determined by our Board of Directors

③ Consolidated ordinary income of our grouping was recorded in the settlement of accounts for the fiscal year in which Vesting period inception date belongs

④ Requirements determined by our Board of Directors and deemed necessary to achieve the purpose of the share-based compensation plan.

(3) Treatment of Retirement, etc. during Vesting period

Notwithstanding the provisions of (2) above, in the event Target Directors resigns or retires from any of the directors of the Company or any of the positions designated by the Board of Directors of the Company for any reason deemed justifiable by the Board of Directors during Vesting period, or in the event that the Board of Directors of the Company deems that there are justifiable grounds to do so, the Company may, within the scope of the above-mentioned limit of remuneration, pay the amount of money reasonably determined by the Board of Directors in light of the number of months in which Target Directors is in office, in lieu of the delivery of Our stock.

(4) Handling in organizational restructuring, etc.

Notwithstanding the provisions of (2) above, if, after the commencement of Vesting period, the matters related to the merger agreement in which we become an extinguished company, the share exchange agreement or the share transfer plan in which we become a wholly-owned subsidiary, and other organizational restructuring are approved at the general meeting of shareholders of the Company (or, if the approval of the general meeting of shareholders of the Company is not required for such organizational restructuring, the Company's board of directors), we may, within the scope of the above-mentioned remuneration, pay the amount of money reasonably determined in light of the period from the date of commencement of Our stock until the date of approval of such organizational restructuring, etc.

(5) Adjustment by consolidation or split of shares

In the event the total number of outstanding shares of the Company increases or decreases due to the consolidation of shares or a split of shares before the delivery of shares or the payment of money based on This system, the number of shares relating to the calculation of This system shall be adjusted by multiplying the ratio of the consolidation/split (or allotment).

[Outline of the policy for determination of individual remuneration, etc. of directors after the change]

① Basic Policy on Determination of Compensation for Directors and Corporate

Auditors

In the medium-to-long term, our compensation for directors will enable us to continuously increase our corporate value. The Company's basic policy is to pay a sufficient and appropriate level as compensation for the burden of management responsibilities with the aim of enhancing incentives to contribute to improving business performance.

The Remunerations for Directors (excluding Outside Directors) other than Audit & Supervisory Committee Members consist of fixed remuneration paid in accordance with their position, short-term stock remuneration paid in accordance with the achievement of the Annual Performance Objectives, and long-term stock remuneration paid in accordance with the achievement of the Long-Term Management Objectives. The target allocation ratio of fixed remuneration, short-term stock remuneration, and long-term stock remuneration shall be 70%: 10%: 20%, and the amount of remuneration is determined based on the position, performance evaluation, and remuneration standards of each Director. Remuneration for directors serving on the Audit and Supervisory Committee and outside directors, etc. consists of fixed remuneration and long-term stock remuneration from the viewpoint of their role and independence. The allocation ratio of fixed remuneration and long-term stock remuneration for outside directors other than Audit and Supervisory Committee members is set at 80%: 20%, as the standard for each director's position and remuneration

The amount of remuneration is determined.

Fixed compensation

Fixed remuneration is determined according to position and is paid monthly in cash.

b stock grants

• Short-term stock compensation

Directors other than Audit & Supervisory Committee Members (excluding Outside Directors) shall be provided with the number of common shares of us (hereinafter referred to as the "Our stock") calculated in advance according to the method stipulated in the preceding paragraph after the end of the applicable period, provided that the applicable directors shall hold the position determined by our directors or our Board of Directors during the period from the date of the annual general meeting of shareholders to the date of the annual general meeting of shareholders held in the following year. Consolidated ordinary income, which is a numerical target for our short-term business administration, is set as a short-term numerical target, and will be paid if such numerical target is achieved.

• Long-term stock compensation

The Board of Directors shall be granted a Our stock of the number calculated in the manner prescribed in advance after the end of the annual general meeting of shareholders for the period from the date of the annual general meeting of shareholders to the date of the annual general meeting of shareholders held two years thereafter, provided that the relevant director has such position as determined by the Board of Directors of the Company or the Board of Directors of the Company. The payment will be made when Our stock price growth rate, which is a numerical target for our long-term management control, exceeds 1.0.

②Matters concerning the delegation of determination of the contents of remuneration, etc. for individual directors, and other methods for determination of the contents of remuneration, etc. for individual directors

• Name and position of the person to be delegated, and the president in charge

Masanori Inomata

• Contents of the authority to delegate

The details of the delegated authority are the determination of the amount of remuneration, etc. for directors or the method of calculation thereof.

• Measures to Ensure Proper Exercise of Authority

The President and Representative Director shall determine the foregoing upon receipt of a report from the Compensation Committee, which is composed of a majority of the members of the Board of Directors, within the maximum amount of remuneration approved by the General Meeting of Shareholders.

Proposal No. 8: Decisions on remuneration for long-term stock remuneration for directors other than Directors who are Audit and Supervisory Committee Members

The amount of remuneration for directors other than directors who are members of the Audit and Supervisory Committee will not exceed ¥350 million per year (including ¥20 million per year for outside directors, but not including the salary for employees and directors who serve concurrently as employees) if we approve Proposal No. 5 as originally proposed. Now, we request that directors other than directors who are members of the Audit and Supervisory Committee (hereinafter referred to as "Target Directors") adopt the long-term remuneration system (hereinafter referred to as the "long-term remuneration system") in order to provide incentives for sustainable improvement of corporate value by clarifying the linkage between the remuneration of directors and the company's business performance and the value of the Company, and to promote the sharing of value between Target Directors and shareholders and shareholders (hereinafter referred to as the "long-term remuneration system") to be approved separately from the above and Proposal No. 7 (hereinafter referred to as the "Target Directors").

At the meeting of the Board of Directors held on February 12, 2021, we established a policy for determining individual remuneration and other matters for each director. If the proposal is approved, the contents of the policy will be changed as described in item 9 at the end of the agenda. The Proposal is required and reasonable to provide Target Directors personal remuneration, etc. in accordance with the Policy, and accounts for approximately 0.1% of the total number of outstanding shares (as of June 30, 2021) that are issued or disposed of in Target Directors per year in accordance with the Proposal. For this reason, I believe the content of this agenda item is reasonable.

If Proposal No. 3 is approved and passed as proposed, Target Directors will be seven (including two outside directors).

In addition, this proposal shall become effective on the condition that the amendment to the Articles of Incorporation takes effect on Proposal No. 2.

1. Outline of This system

This system shall deliver to Target Directors after the termination of each Vesting period the number of our Common Shares (hereinafter referred to as the "Our stock") calculated in accordance with the method set forth in 3(1) below, provided that Target Directors has such status as determined by our directors or the Board of Directors for the period from the date of the annual general meeting of shareholders to the date of the annual general meeting of shareholders held two years from the date of the annual general meeting of shareholders (each such period shall be referred to as the "Vesting period").

2. Maximum amount of remuneration for This system and maximum number of shares

Based on this proposal, the maximum amount of remuneration for Vesting period to be paid to Target Directors shall be ¥100 million (including ¥10 million for all Outside Directors), and the total number of Our stock for Vesting period to be issued or disposed of by Target Directors shall be 23,000 shares (including 1400 shares for all Outside Directors). In the event the total amount of grants or the total number of granted shares calculated according to the calculation method stipulated in 3(1) below is likely to exceed the maximum amount or the maximum number of shares, the number of shares to be delivered to each Target Directors shall be reduced by a reasonable method, such as pro rata, to the extent not exceeding the maximum amount or the maximum number of shares. In addition, in the event the total number of outstanding shares of the Company increases or decreases as a result of the consolidation of shares or the split of shares (including the gratuitous allotment of shares. The same shall apply hereinafter) after the date on which this proposal is approved and passed, the maximum number of shares shall be adjusted by multiplying the ratio of the consolidation or split (or allotment). In addition, the specific timing and distribution of payments to individual Target Directors shall be determined by the Board of Directors.

3. Content of Remuneration, etc. in This system

(1) Calculation of Remuneration in This system

In This system, we will determine the number of Our stock to be delivered to the respective Target Directors in accordance with the calculation methods set forth below.

After the expiration of each Vesting period, based on a resolution of the Board of Directors (hereinafter referred to as the "Resolution of Board of Directors Delivered") to determine the issuance of new shares or the disposition of treasury shares to be held in order to deliver Our stock in accordance with This system, we will issue or dispose of Our stock to Target Directors without requiring payment of money by Target Directors.

[Method for calculating the amount of remuneration, etc. in This system]

$$\begin{array}{l} \text{Amount of} \\ \text{remuneration, etc. to be} \\ \text{granted to Target} \\ \text{Directors} \end{array} = \begin{array}{l} \text{Final number of shares delivered } \textcircled{1} \\ \textcircled{2} \end{array} \times \text{Market value of Our stock}$$

※ Provided, however, that this shall not exceed the maximum amount stipulated in 2 above.

①Number of Shares Last Delivered

The number of shares to be finally delivered shall be the number of shares calculated by multiplying Base Number of Shares Delivered calculated by dividing the base amount of share compensation (hereinafter referred to as the "Base amount of stock compensation by rank of directors") determined for each position of Target Directors by the base share price stipulated in (a) below (provided, however, that any fraction less than one share resulting from the calculation shall be discarded. Hereinafter referred to as the "Base Number of Shares Delivered") by the term of office ratio and the position adjustment ratio, and shall be calculated according to the following formula. Provided, however, that this shall be within the maximum number of shares stipulated in 2 above.

$$\text{Number of Shares Last Delivered} = \frac{\text{Base Number of Shares Delivered(i)} \times \text{Percentage of tenure (iii)} \times \text{Position Adjustment Ratio (iii)}}{\text{Adjustment Ratio (iii)}}$$

i. Base Number of Shares Delivered

Base Number of Shares Delivered is calculated by the following formula (however, any fraction less than one share resulting from the calculation shall be discarded):

$$\text{Base Number of Shares Delivered} = \frac{\text{Base amount of stock compensation by rank of directors (a) Base share price (b)}}{\text{Base share price (b)}}$$

A Base amount of stock compensation by rank of directors

Base amount of stock compensation by rank of directors shall determine the specific amount of shares to be delivered to each director by rank at the meeting of the Board of Directors.

1 Base stock price

The Base Stock Price shall be the closing price of Our stock's ordinary transactions on the Tokyo Stock Exchange on the business day prior to the date of the resolution of the Board of Directors at the beginning of Vesting period (if no such transaction is effected on the same day, the closing price on the most recent trading day prior thereto).

ii. Percentage of tenure

The number of shares to be issued according to the tenure of office will be prorated according to the following formula. Any new appointment or resignation in the middle of a month shall be deemed to have served in January and calculated accordingly.

$$\text{Percentage of tenure} = \frac{\text{Total number of months in office during Vesting period}}{\text{Aggregate number of months of Vesting period}}$$

iii. Position Adjustment Ratio

In order to adjust the number of shares to be delivered in the event of a change in position, the number of shares corresponding to such position will be calculated according to the following formula. In the event of a change in position in the middle of a month, the employee shall be deemed to have served in the new position in January and calculated accordingly.

$$\text{Position Adjustment Ratio} = \frac{\text{Base amount of stock compensation by rank of directors of initial position} \times \text{number of months of initial position} + \text{Base amount of stock compensation by rank of directors of post after change} \times \text{number of months in office after change}}{\text{Aggregate number of months in office during Base amount of stock compensation by rank of directors} \times \text{Vesting period of the initial position}}$$

②Market value of Our stock

Closing price of Our stock's ordinary transactions on the Tokyo Stock Exchange on the Business Day prior to Resolution of Board of Directors Delivered Day (if no such transaction has been effected on the same day, the closing price on the most recent trading day prior thereto).

(2)Conditions for Share Delivery under This system

This system shall issue a Our stock to Target Directors upon completion of the respective Vesting period and fulfillment of the requirements for issuance of the following Our stock.

- ①That he or she has served during Vesting period as a director of the Company or as a member of the Board of Directors of the Company;
- ②The absence of certain misconduct as determined by our Board of Directors
- ③In our share price growth rate for the fiscal year in which Vesting period commencement date belongs (hereinafter referred to as the "Target business year")  
To exceed 1.0

The stock price growth rate is calculated by the following formula.

$$\text{The stock price growth rate} = \frac{B \div A}{D \div C}$$

A: Simple averages of Our stock closing prices in the fourth quarter of the immediately preceding fiscal year for Target business year

B: Simple averages of Our stock closing prices in the fourth quarter of Target business year

C: Simple averages of the closing price ("Closing price of shares of other companies in the same industry") of common trades of shares of other companies in the same industry on the Tokyo Stock Exchange in the



fourth quarter of the fiscal year immediately preceding Target business year

- D: Plain Closing price of shares of other companies in the same industry in the fourth quarter of Target business year  
Homogeneous value

※"Other companies in the same industry" refers to the group of companies designated by our Board of Directors in consideration of the nature of business and the size of the company.

④Requirements determined by our Board of Directors and deemed necessary to achieve the purpose of the share-based compensation plan.

(3)Treatment of Retirement, etc. during Vesting period

Notwithstanding the provisions of (2) above, in the event Target Directors resigns or retires from any of the directors of the Company or any of the positions designated by the Board of Directors of the Company for any reason deemed justifiable by the Board of Directors during Vesting period, or in the event that the Board of Directors of the Company deems that there are justifiable grounds to do so, the Company may, within the scope of the above-mentioned limit of remuneration, pay the amount of money reasonably determined by the Board of Directors in light of the number of months in which Target Directors is in office, in lieu of the delivery of Our stock.

(4)Handling in organizational restructuring, etc.

Notwithstanding the provisions of (2) above, if, after the commencement of Vesting period, the matters related to the merger agreement in which we become an extinguished company, the share exchange agreement or the share transfer plan in which we become a wholly-owned subsidiary, and other organizational restructuring are approved at the general meeting of shareholders of the Company (or, if the approval of the general meeting of shareholders of the Company is not required for such organizational restructuring, the Company's board of directors), we may, within the scope of the above-mentioned remuneration, pay the amount of money reasonably determined in light of the period from the date of commencement of Our stock until the date of approval of such organizational restructuring, etc.

(5)Adjustment by consolidation or split of shares

The total number of outstanding shares of us is the consolidation of shares or the split of shares by the time of the delivery of shares or the payment of money based on This system.

In the event of an increase or decrease due to shares (including allotment of shares without contribution. The same shall apply hereinafter), the number of shares relating to the calculation of This system shall be adjusted by multiplying the ratio of consolidation and split.

(6)Summary of Shares with Restriction on Transfer to be Delivered Pursuant to This system

In delivering Our stock to be delivered under This system, a Restriction on Transfer share allocation contract (hereinafter referred to as the "This allocation agreement") shall be concluded between us and Target Directors, including the following matters.

- ① With respect to Our stock allocated by This allocation agreement (hereinafter referred to as the "Allocated Shares"), Target Directors shall not transfer, create a security interest or otherwise dispose of such Target Directors from the date of allotment of Allocated Shares to the date on which such OOG resigns or retires from office or retires from the position determined by the Company's Board of Directors or the Company's Board of Directors (provided, however, that in the event that such resignation or retirement occurs no later than three months after the lapse of the business year containing the date of allotment of Allocated Shares and no later than six months after the end of such business year, such date shall be separately determined by the Company's Board of Directors) (such date shall hereinafter be referred to as the "Period of Restriction on Transfer").
- ② We terminate Restriction on Transfer of all Allocated Shares upon the expiration of Period of Restriction on Transfer.
- ③ In the event of a breach of laws, regulations, internal rules, or This allocation agreement or for any other reason for which it is appropriate to acquire Allocated Shares free of charge, we shall automatically acquire Allocated Shares free of charge.
- ④ Notwithstanding the provisions of ① above, in the event that, during Period of Restriction on Transfer, the merger agreement in which we shall become an extinguished company, the share-for-share exchange agreement in which we shall become a wholly-owned subsidiary company, the share-for-share transfer plan, and other matters related to organizational restructuring are approved at our general meeting of shareholders (or, in the event such reorganization does not require the approval of our general meeting of shareholders, at the meeting of our board of directors), we shall, by a resolution of our board of directors, terminate Restriction on Transfer for all of Allocated Shares prior to the effective date of such reorganization, etc.

Proposal No. 9: Decisions on Remuneration for Directors Who Are Audit and Supervisory Committee Members in Relation to Share Remuneration

The amount of remuneration paid to Directors who are Audit and Supervisory Committee Members will be no more than ¥60 million per annum if Proposal No. 6 is approved in accordance with the draft proposal. However, in order to provide incentives for Directors who are Audit and Supervisory Committee Members (hereinafter referred to as "Target Directors") to prevent damages to our corporate value and maintain trust through the sharing of value with shareholders, please approve the introduction of a new stock-based remuneration system (hereinafter referred to as "This system") for Target Directors in a framework separate from the above-mentioned remuneration framework.

This proposal is necessary and reasonable in order to provide Target Directors individual compensation, etc. in accordance with the above objectives, and the total number of outstanding shares up to the maximum number of shares to be issued or disposed of by Target Directors in one year based on this proposal.

As of June 30, 2021, it accounted for approximately 0.02% of the total. For this reason, I believe the content of this agenda item is reasonable.

If Proposal No. 4 is approved and passed as proposed, Target Directors will be three.

In addition, this proposal shall become effective on the condition that the amendment to the Articles of Incorporation takes effect on Proposal No. 2.

1. Outline of This system

This system shall deliver to Target Directors after the termination of each Vesting period the number of our Common Shares (hereinafter referred to as the "Our stock") calculated in accordance with the method set forth in 3(1) below, provided that Target Directors has such status as determined by our directors or the Board of Directors for the period from the date of the annual general meeting of shareholders to the date of the annual general meeting of shareholders held two years from the date of the annual general meeting of shareholders (each such period shall be referred to as the "Vesting period").

2. Maximum amount of remuneration for This system and maximum number of shares

Pursuant to this proposal, the maximum amount of share fees for the respective Vesting period to be paid to Target Directors shall be ¥20 million and the total number of Our stock relating to the respective Vesting period to be issued or disposed of by Target Directors shall be 4000 shares or less. In the event the total amount of grants or the total number of granted shares calculated according to the calculation method stipulated in 3(1) below is likely to exceed the maximum amount or the maximum number of shares, the number of shares to be delivered to each Target Directors shall be reduced by a reasonable method, such as pro rata, to the extent not exceeding the maximum amount or the maximum number of shares. In addition, in the event the total number of outstanding shares of the Company increases or decreases as a result of the consolidation of shares or the split of shares (including the gratuitous allotment of shares. The same shall apply hereinafter) after the date on which this proposal is approved and passed, the maximum number of shares shall be adjusted by multiplying the ratio of the consolidation or split (or allotment). In addition, the specific timing and allocation of payments to individual Target Directors will be determined through Target Directors consultations.

3. Content of Remuneration, etc. in This system

(1) Calculation of Remuneration in This system

In This system, we will determine the number of Our stock to be delivered to the respective Target Directors in accordance with the calculation methods set forth below.

After the expiration of each Vesting period, based on a resolution of the Board of Directors (hereinafter referred to as the "Resolution of Board of Directors Delivered") to decide on the issuance of new shares or the disposal of treasury shares to be held in order to deliver Our stock in accordance with This system, we will issue or dispose of Our stock to Target Directors without requiring payment of money by Target Directors.

[Method for calculating the amount of remuneration, etc. in This system]

$$\begin{array}{l} \text{Amount of} \\ \text{remuneration, etc. to be} \\ \text{granted to Target} \\ \text{Directors} \end{array} = \begin{array}{l} \text{Final number of shares delivered (①)} \times \text{Market value} \\ \text{of Our stock (②)} \end{array}$$

※ Provided, however, that this shall not exceed the maximum amount stipulated in 2 above.

① Number of Shares Last Delivered

The number of shares to be finally delivered shall be the number of shares calculated by multiplying Base Number of Shares Delivered calculated by dividing the base amount of share compensation (hereinafter referred to as the "Base amount of stock compensation by rank of directors") determined for each position of Target Directors by the base share price stipulated in (a) below (provided, however, that any fraction less than one share resulting from the calculation shall be discarded. Hereinafter referred to as the "Base Number of Shares Delivered") by the term of office ratio and the position adjustment ratio, and shall be calculated according to the following formula. Provided, however, that this shall be within the maximum number of shares stipulated in 2 above.

$$\begin{array}{l} \text{Number of Shares} \\ \text{Last Delivered} \end{array} = \begin{array}{l} \text{Base Number of Shares Delivered(i)} \times \text{Percentage of tenure (iii)} \times \text{Position} \\ \text{Adjustment Ratio (iii)} \end{array}$$

i. Base Number of Shares Delivered

Base Number of Shares Delivered is calculated by the following formula (however, any fraction less than one share resulting from the calculation shall be discarded):

$$\begin{array}{l} \text{Base Number of} \\ \text{Shares Delivered} \end{array} = \begin{array}{l} \text{Base amount of stock} \\ \text{compensation by rank of} \\ \text{directors (A)} \\ \text{Standard stock price (a)} \end{array}$$

A Base amount of stock compensation by rank of directors

Base amount of stock compensation by rank of directors shall determine the specific amount of shares to be delivered to each director by rank at the meeting of the Board of Directors.

1 Base stock price

The Base Stock Price shall be the closing price of Our stock's ordinary transactions on the Tokyo Stock Exchange on the business day prior to the date of the resolution of the Board of Directors at the beginning of Vesting period (if no such transaction is effected on the same day, the closing price on the most recent trading day prior thereto).

ii. Percentage of tenure

The number of shares to be issued according to the tenure of office will be prorated according to the following formula. Any new appointment or resignation in the middle of a month shall be deemed to have served in January and calculated accordingly.

$$\text{Percentage of tenure} = \frac{\text{Total number of months in office during Vesting period}}{\text{Aggregate number of months of Vesting period}}$$

iii. Position Adjustment Ratio

In order to adjust the number of shares to be delivered in the event of a change in position, the number of shares corresponding to such position will be calculated according to the following formula. In the event of a change in position in the middle of a month, the employee shall be deemed to have served in the new position in January and calculated accordingly.

$$\text{Position Adjustment Ratio} = \frac{\text{Base amount of stock compensation by rank of directors of initial position} \times \text{number of months of initial position} + \text{Base amount of stock compensation by rank of directors of post after change} \times \text{number of months in office after change}}{\text{Aggregate number of months in office during Vesting period} \times \text{Base amount of stock compensation by rank of directors of initial position}}$$

② Market value of Our stock

Closing price of Our stock's ordinary transactions on the Tokyo Stock Exchange on the Business Day prior to Resolution of Board of Directors Delivered Day (if no such transaction has been effected on the same day, the closing price on the most recent trading day prior thereto).

(2) Conditions for Share Delivery under This system

This system shall issue a Our stock to Target Directors upon completion of the respective Vesting period and fulfillment of the requirements for issuance of the following Our stock.

- ① That he or she has served during Vesting period as a director of the Company or as a member of the Board of Directors of the Company;
- ② The absence of certain misconduct as determined by our Board of Directors
- ③ In our share price growth rate for the fiscal year in which Vesting period commencement date belongs (hereinafter referred to as the "Target business year")

Must have exceeded 1.0%

The company stock price growth rate is calculated by the following formula.

$$\text{The company stock price growth rate} = \frac{\text{B} \div \text{A}}{\text{D} \div \text{C}}$$

- A: Simple averages of the company stock closing prices in the fourth quarter of the immediately preceding fiscal year for Target business year
- B: Simple averages of the company stock closing prices in the fourth quarter of Target business year

- C: Tokyo Securities brokerage in the fourth quarter of the fiscal year immediately preceding Target business year  
Closing price of common transactions of shares of other companies in the same trade at a closing place (hereinafter referred to as "the same trade, etc.")  
"Closing price of shares of the Company." Simple mean of
- D: Plain Closing price of shares of other companies in the same industry in the fourth quarter of Target business year  
Homogeneous value

※ "Other companies in the same industry" refers to the group of companies designated by our Board of Directors in consideration of the nature of business and the size of the company.

④ Requirements determined by our Board of Directors and deemed necessary to achieve the purpose of the share-based compensation plan.

(3) Treatment of Retirement, etc. during Vesting period

Notwithstanding the provisions of (2) above, in the event Target Directors resigns or retires from any of the directors of the Company or any of the positions designated by the Board of Directors of the Company for any reason deemed justifiable by the Board of Directors during Vesting period, or in the event that the Board of Directors of the Company deems that there are justifiable grounds to do so, the Company may, within the scope of the above-mentioned limit of remuneration, pay the amount of money reasonably determined by the Board of Directors in light of the number of months in which Target Directors is in office, in lieu of the delivery of The company stock.

(4) Handling in organizational restructuring, etc.

Notwithstanding the provisions of (2) above, if, after the commencement of Vesting period, the matters related to the merger agreement in which we become an extinguished company, the share exchange agreement or the share transfer plan in which we become a wholly-owned subsidiary, and other organizational restructuring are approved at the general meeting of shareholders of the Company (or, if the approval of the general meeting of shareholders of the Company is not required for such organizational restructuring, the Company's board of directors), we may, within the scope of the above-mentioned remuneration, pay the amount of money reasonably determined in light of the period from the date of commencement of The company stock until the date of approval of such organizational restructuring, etc.

(5) Adjustment by consolidation or split of shares

The total number of outstanding shares of us is the consolidation of shares or the split of shares by the time of the delivery of shares or the payment of money based on This system.

In the event of an increase or decrease due to shares (including allotment of shares without contribution. The same shall apply hereinafter), the number of shares relating to the calculation of This system shall be adjusted by multiplying the ratio of consolidation and split.

(6) Summary of Shares with Restriction on Transfer to be Delivered Pursuant to This system

In delivering the company stock to be delivered under This system, a Restriction on Transfer share allocation contract (hereinafter referred to as the "This allocation agreement") shall be concluded between us and Target Directors, including the following matters.

- ① With respect to The company stock allocated by This allocation agreement (hereinafter referred to as the "Allocated Shares"), Target Directors shall not transfer, create a security interest or otherwise dispose of such Target Directors from the date of allotment of Allocated Shares to the date on which such OOG resigns or retires from office or retires from the position determined by the Company's Board of Directors or the Company's Board of Directors (provided, however, that in the event that such resignation or retirement occurs no later than three months after the lapse of the business year containing the date of allotment of Allocated Shares and no later than six months after the end of such business year, such date shall be separately determined by the Company's Board of Directors) (such date shall hereinafter be referred to as the "Period of Restriction on Transfer").
- ② We terminate Restriction on Transfer of all Allocated Shares upon the expiration of Period of Restriction on Transfer.
- ③ In the event of a breach of laws, regulations, internal rules, or This allocation agreement or for any other reason for which it is appropriate to acquire Allocated Shares free of charge, we shall automatically acquire Allocated Shares free of charge.
- ④ Notwithstanding the provisions of ① above, in the event that, during Period of Restriction on Transfer, the merger agreement in which we shall become an extinguished company, the share-for-share exchange agreement in which we shall become a wholly-owned subsidiary company, the share-for-share transfer plan, and other matters related to organizational restructuring are approved at our general meeting of shareholders (or, in the event such reorganization does not require the approval of our general meeting of shareholders, at the meeting of our board of directors), we shall, by a resolution of our board of directors, terminate Restriction on Transfer for all of Allocated Shares prior to the effective date of such reorganization, etc.