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Securities Code: 6194
November 26, 2021

To our shareholders:

Yoshihide Arai
President and CEO
Atrae, Inc.
1-10-10 Azabujuban, Minato-ku, Tokyo

Notice of the 18th Annual General Meeting of Shareholders

We are pleased to announce the 18th Annual General Meeting of Shareholders of Atrae, Inc. (the “Company”), which will be held as described below.

As a result of having carefully considered whether or not to hold this meeting to prevent the spread of the novel coronavirus disease (COVID-19), the Company has decided to hold this meeting at a reduced scale and take appropriate measures beforehand to avoid infection.

You may exercise your voting rights by mail or electromagnetic means (the Internet, etc.). Please examine the attached Reference Documents for General Meeting of Shareholders and return the enclosed voting form indicating your vote of approval or disapproval of the proposal **no later than 6:00 p.m. on Thursday, December 16, 2021 (JST)** or exercise your voting rights through the voting website.

- 1. Date and Time:** Friday, December 17, 2021, at 10:00 a.m. (JST) (Reception starts at 9:30 a.m.)
- 2. Venue:** Head Office of Atrae, Inc., 8F Conference Room
Joule A, 1-10-10 Azabujuban, Minato-ku, Tokyo

3. Purpose of the Meeting:

Matters to be reported:

1. Business Report, Consolidated Financial Statements, and Non-consolidated Financial Statements for the 18th fiscal year (from October 1, 2020 to September 30, 2021)
2. The results of audit of the Consolidated Financial Statements for the 18th fiscal year by the Financial Auditor and the Audit and Supervisory Committee

Matters to be resolved:

- Proposal No. 1** Amendment to the Articles of Incorporation
- Proposal No. 2** Election of Three Directors (Excluding Directors Who Are Audit and Supervisory Committee Members)
- Proposal No. 3** Election of Three Directors Who Are Audit and Supervisory Committee Members
- Proposal No. 4** Revision of Remuneration Amount for Directors (Excluding Directors Who Are Audit and Supervisory Committee Members)
- Proposal No. 5** Revision of Remuneration Payment Plan for Allotting Restricted Shares to Directors (Excluding Directors Who Are Audit and Supervisory Committee Members and Outside Directors)
- Proposal No. 6** Determination of Details of Remuneration, Etc. Relating to Share Acquisition Rights in Form of Share Options to Be Granted to Directors (Excluding Directors Who Are Audit and Supervisory Committee Members and Outside Directors)

Matters Prescribed for Convocation

- Exercising Voting Rights by Proxy

If you exercise your voting rights by proxy, you may designate one other shareholder holding voting rights of the Company to attend the meeting. Please note, however, that it is necessary to submit a document proving the authority of proxy.

- For those attending the meeting on the day, please submit the voting form enclosed with this notice at the reception desk.
- Of the documents that are to be provided upon giving this notice, certain details have been posted on the Company's website (<https://atrae.co.jp/en/>) in accordance with laws, regulations and Article 13 of the Company's Articles of Incorporation, and accordingly have not been included as part of the attached documentation of this notice. Such details include "Systems to Ensure Appropriate Business Operations and Overview of Operational Status of Such Systems" of the Business Report, "Consolidated Statements of Changes in Net Assets" and "Notes to Consolidated Financial Statements" of the Consolidated Financial Statements, and "Statements of Changes in Equity" and "Notes to Financial Statements" of the Financial Statements. Consequently, the documents attached to this notice consist of part of the Business Report that was audited by Audit and Supervisory Committee, and Consolidated Financial Statements and the Financial Statements that were audited by the Audit and Supervisory Committee and the Accounting Auditor during the preparation of their audit reports.
- If there are any amendments to the Reference Documents for the General Meeting of Shareholders, the Business Report, Consolidated Financial Statements and/or Financial Statements, these amendments will be posted on the Company's website (<https://atrae.co.jp/en/>).

Reference Documents for the General Meeting of Shareholders

Proposal No. 1 Amendment to the Articles of Incorporation

1. Reasons for proposal

The Company proposes to add Article 11, paragraph (2) to the Articles of Incorporation following the authorization for listed companies to hold a “Shareholders Meeting without a Designated Location” (so-called “virtual-only shareholders meeting”), subject to confirmation by the Minister of Economy, Trade and Industry and the Minister of Justice, in accordance with the “Act of Partial Revision of the Industrial Competitiveness Enhancement Act, etc.” (Act No. 70 of 2021), which came into effect on June 16, 2021. We believe that the virtual-only shareholders meeting will facilitate the attendance of many shareholders, including those in remote areas, and prevent the spread of infectious diseases such as COVID-19. In addition, the Company will make other necessary changes.

The amendments to Article 11, paragraph (2) of the Articles of Incorporation shall take effect on the conditions that this amendment is resolved at this meeting, and, pursuant to the ministerial ordinances of the Ministry of Economy, Trade and Industry and the Ministry of Justice, the Minister of Economy, Trade and Industry and the Minister of Justice confirm that such shareholders meeting without a designated location held by the Company falls under the requirements set forth by the said ministerial ordinances as something that contributes to strengthening industrial competitiveness, while giving consideration to securing interests of shareholders. The amendment shall take effect on the date that the aforementioned confirmation is received.

2. Details of change

The details of the change are as follows:

(Amendments are underlined.)

| Current Articles of Incorporation | Proposed amendments |
|--|--|
| <p>(Convocation)</p> <p>Article 11</p> <p>An annual general meeting of shareholders of the Company shall be convened no later than three months from the last day of the <u>business</u> year, and an extraordinary general meeting of shareholders shall be convened as necessary.</p> <p style="text-align: center;">(Newly established)</p> <p>Supplementary Provision</p> <p>(Transitional Measures for Exemption from Liability of Audit and Supervisory Board Members)</p> <p style="text-align: center;">(Omitted)</p> <p style="text-align: center;">(Newly established)</p> | <p>(Convocation)</p> <p>Article 11</p> <p>An annual general meeting of shareholders of the Company shall be convened no later than three months from the last day of the <u>fiscal</u> year and an extraordinary general meeting of shareholders shall be convened as necessary.</p> <p style="text-align: center;"><u>2 The Company may convene a shareholders meeting with no designated location.</u></p> <p>Supplementary Provision</p> <p>(Transitional Measures for Exemption from Liability of Audit and Supervisory Board Members)</p> <p style="text-align: center;"><u>Article 1</u> (Unchanged)</p> <p><u>(Transitional measures concerning the convocation of general meeting of shareholders)</u></p> <p><u>Article 2</u></p> <p><u>The effective date of the amendment to Article 11 (Convocation), Paragraph (2) shall be the day on which the Company receives confirmation from the Minister of Economy, Trade and Industry and the Minister of Justice that the Company's fully electronic general meeting of shareholders meets the requirements specified in the ministerial ordinances of the Ministry of Economy, Trade and Industry and the Ministry of Justice. Article 2 of this supplementary provision shall be deleted after the effective date.</u></p> |

Proposal No. 2 Election of Three Directors (Excluding Directors Who Are Audit and Supervisory Committee Members)

The terms of office of all three currently serving Directors (excluding Directors who are Audit and Supervisory Committee Members; applicable to the rest of this proposal) will expire at the conclusion of this general meeting of shareholders. Therefore, the Company proposes the election of three Directors. Moreover, this proposal has been considered by the Audit and Supervisory Committee, but there are no specific statements or objections.

The candidates for Director are as follows:

| Candidate No. | Name | Position | Candidate attributes |
|---------------|-----------------|-------------------|----------------------|
| 1 | Yoshihide Arai | President and CEO | Reelection |
| 2 | Toshiyuki Oka | Director CTO | Reelection |
| 3 | Hidekazu Suzuki | Director CFO | Reelection |

Reelection: Candidate for Director to be reelected

| Candidate No. | Name (Date of birth) | Career summary, and position and responsibility in the Company (Significant concurrent positions outside the Company) | Number of the Company's shares owned |
|---------------|--|---|--------------------------------------|
| 1 | Yoshihide Arai (July 29, 1974) Reelection | Apr. 1998 Joined Intelligence, Ltd. July 2000 Representative Director of insight partners Inc. Oct. 2003 Established the Company, President and CEO (current position) Mar. 2019 Outside Director of TokyoTsushin, Inc. (current position) July 2020 Representative Director and CEO of Altiri, Inc. (current position) [Significant concurrent positions outside the Company] Representative Director and CEO of Altiri, Inc. Outside Director of TokyoTsushin, Inc. | 2,314,800 shares |
| | | [Reasons for nomination as candidate for Director] Yoshihide Arai has served as representative of the Company since it was founded in 2003 and has many years of management experience. He has also realized decision making and management supervision for the Company, which carries out business in a wide range of fields. As he is the appropriate person for the further growth of the Company in the future, the Company has again judged him suitable as a candidate for Director. | |
| 2 | Toshiyuki Oka (August 31, 1984) Reelection | Apr. 2007 Joined the Company Apr. 2012 Director CTO (current position) [Significant concurrent positions outside the Company] None | 159,400 shares |
| | | [Reasons for nomination as candidate for Director] Toshiyuki Oka is CTO of the Company and has abundant experience and knowledge related to the development technology of internet services. Furthermore, he played an important role in the drafting, decision and execution of the management policy and business strategy as a Director. Therefore, the Company has again judged him suitable as a candidate for Director. | |
| 3 | Hidekazu Suzuki (July 18, 1982) Reelection | Apr. 2005 Joined Daiwa Securities SMBC Co. Ltd. (currently Daiwa Securities Co. Ltd.) Sept. 2018 Joined the Company Dec. 2018 Director CFO (current position) Oct. 2019 Outside Director of TSUKURUBA Inc. (current position) July 2020 Director CFO of Altiri, Inc. (current position) [Significant concurrent positions outside the Company] Director CFO of Altiri, Inc. Outside Director of TSUKURUBA Inc. | 5,200 shares |
| | | [Reasons for nomination as candidate for Director] Hidekazu Suzuki is CFO of the Company and has abundant insight and experience regarding finance, investing and financial strategy overall as he worked at a major financial institution for many years. He is the appropriate person to make decisions regarding important management matters in the future and supervise the execution of business. Therefore, the Company has again judged him suitable as a candidate for Director. | |

- Notes: 1. There is no special interest between any of the candidates and the Company.
2. The Company has entered into a directors and officers liability insurance policy as provided for in Article 430-3, paragraph (1) of the Companies Act with an insurance company. The insurance policy covers damages that may arise when the insured, including Directors of the Company, assumes liability for the execution of their duties or receives a claim related to the pursuit of such liability (excluding cases that are exempted under the insurance policy). In the event that each candidate is elected and assumes the office as a Director, they will be the insured under the policy. In addition, the Company plans to renew the policy with the same terms at the next renewal.

Proposal No. 3 Election of Three Directors Who Are Audit and Supervisory Committee Members

The terms of office of all three currently serving Directors who are Audit and Supervisory Committee Members will expire at the conclusion of this general meeting of shareholders. Therefore, the Company proposes the election of three Directors who are Audit and Supervisory Committee Members.

Moreover, the consent of the Audit and Supervisory Committee has been obtained for this proposal.

Candidates for the role of Director who is an Audit and Supervisory Committee Member are as follows:

| Candidate No. | Name | Position | Candidate attributes | | |
|---------------|------------------|--|----------------------|---------|-------------|
| | | | Reelection | Outside | Independent |
| 1 | Rumiko Ozasa | Full-time Audit and Supervisory Committee Member | Reelection | Outside | Independent |
| 2 | Takamasa Totsuka | Audit and Supervisory Committee Member | Reelection | Outside | Independent |
| 3 | Shingo Yukimaru | Audit and Supervisory Committee Member | Reelection | Outside | Independent |

Reelection: Candidate for Director to be reelected

Outside: Candidate for Outside Director

Independent: Candidate for independent officer as defined by Tokyo Stock Exchange

| Candidate No. | Name (Date of birth) | Career summary, and position and responsibility in the Company (Significant concurrent positions outside the Company) | Number of the Company's shares owned |
|--|--------------------------------|--|--------------------------------------|
| 1 | Rumiko Ozasa (July 4, 1975) | Apr. 1998 Joined NIPPON TELEGRAPH AND TELEPHONE CORPORATION | 400 shares |
| | Reelection | Dec. 2014 Full-time outside Audit and Supervisory Board Member of the Company | |
| | Outside | Dec. 2019 Outside Director, Full-time Audit and Supervisory Committee Member (current position) | |
| | Independent | [Significant concurrent positions outside the Company] None | |
| <p>[Reasons for nomination and outline of expected roles]</p> <p>Rumiko Ozasa has worked as a Full-time outside Audit and Supervisory Board Member of the Company for many years and has extensive knowledge and experience in the overall governance system of the Company. She has served as an Outside Director, Full-time Audit and Supervisory Committee Member of the Company for two years since her appointment in December 2019, providing appropriate advice on the Company's corporate functions. In addition, as the Chair of Nomination and Remuneration Committee, she has led the supervisory function in the process of selecting candidates for the Company's officers and determining officers' compensation, etc. from an objective and neutral standpoint. We expect that she will continue to contribute to improving the Company's corporate governance as a Full-time Audit and Supervisory Committee Member after her election. If she is elected, she will be involved in the election of candidates for Directors and the determination of compensation for Directors (and other officers) of the Company, etc., objectively and from a neutral position as a Chair of Nomination and Remuneration Committee.</p> <p>She has never in the past been involved in the management of a company except as an outside officer. However, the Company judges she will appropriately fulfill her duties as an Outside Director based on the above reasons.</p> | | | |

| Candidate No. | Name (Date of birth) | Career summary, and position and responsibility in the Company (Significant concurrent positions outside the Company) | Number of the Company's shares owned |
|---|---|--|--------------------------------------|
| 2 | <p>Takamasa Totsuka (June 23, 1974)</p> <p>Reelection</p> <p>Outside</p> <p>Independent</p> | <p>Apr. 1998 Joined Goldman Sachs (Japan) Ltd. (currently Goldman Sachs Japan Co., Ltd.)</p> <p>June 2005 Received a Master of Business Administration (MBA) at Harvard Business School</p> <p>Sep. 2005 Joined McKinsey & Company, Inc.</p> <p>May 2007 Established CNEXT Corporation (currently Veritas Inc.), Representative Director (current position)</p> <p>Dec. 2015 Outside Director of the Company</p> <p>May 2016 Established Auditrip Inc. (currently Curio Inc.), Representative Director (current position)</p> <p>Dec. 2019 Outside Director, Audit and Supervisory Committee Member of the Company (current position)</p> <p>[Significant concurrent positions outside the Company] Representative Director, Veritas Inc. Representative Director, Curio Inc.</p> | <p>– shares</p> |
| <p>[Reasons for nomination and outline of expected roles]</p> <p>Takamasa Totsuka has worked for many years at a major U.S. financial institution and thus has extensive knowledge and abundant experience in finance and corporate management. He also possesses a sincere personality as well as a high level of insight and skill. Based on his qualifications, we believe that he, as an Outside Director, will help the Board of Directors of the Company make proper decisions from various perspectives and further strengthen the supervisory function, and that he can appropriately perform his duties as an Outside Director. Therefore, the Company again judged him suitable to continue to be an Outside Director. He has served as an Outside Director, Audit and Supervisory Committee Member of the Company for two years since his appointment in December 2019, providing appropriate advice on the overall management and corporate functions of the Company. We expect that he will continue to contribute to improving the Company's corporate governance as an Audit and Supervisory Committee Member after his election. For these reasons, we propose that he continue to be elected as an Outside Director who is Audit and Supervisory Committee Member of the Company. If he is elected, he will be involved in the election of candidates for Directors and the determination of compensation for Directors (and other officers) of the Company, etc., objectively and from a neutral position as a Member of Nomination and Remuneration Committee.</p> | | | |

| Candidate No. | Name (Date of birth) | Career summary, and position and responsibility in the Company (Significant concurrent positions outside the Company) | Number of the Company's shares owned |
|---------------|---|--|--------------------------------------|
| 3 | Shingo Yukimaru (May 7, 1976) | Oct. 2001 Joined Toranomon Sougoh Law Firm (current position) Apr. 2010 Lecturer, Keio University Graduate School of Letters (current position) Dec. 2014 Outside Audit and Supervisory Board Member of the Company Dec. 2019 Outside Director, Audit and Supervisory Committee Member (current position) [Significant concurrent positions outside the Company] Attorney Lecturer, Keio University Graduate School of Letters | – shares |
| | <p>[Reasons for nomination and outline of expected roles]</p> <p>Shingo Yukimaru has abundant experience and broad insight as an attorney, and is well versed in corporate legal affairs. We believe that he, as an Outside Director, will help further strengthen the Company's supervisory function going forward, and that he can appropriately perform his duties as an Outside Director. Therefore, the Company judged him suitable to be an Outside Director. He has served as an Outside Director, Audit and Supervisory Committee Member of the Company for two years since his appointment in December 2019, providing appropriate advice on the overall management and corporate functions of the Company. We expect that he will continue to contribute to improving the Company's corporate governance as an Audit and Supervisory Committee Member after his election. For these reasons, we propose that he continue to be elected as an Outside Director who is Audit and Supervisory Committee Member of the Company. If he is elected, he will be involved in the election of candidates for Directors and the determination of compensation for Directors (and other officers) of the Company, etc., objectively and from a neutral position as a Member of Nomination and Remuneration Committee.</p> <p>He has never in the past been involved in the management of a company except as an outside officer. However, the Company judges he will appropriately fulfill his duties as an Outside Director based on the above reasons.</p> | | |

- Notes:
1. There is no special interest between any of the candidates and the Company.
 2. Rumiko Ozasa, Takamasa Totsuka and Shingo Yukimaru are candidates for Outside Directors.
 3. Rumiko Ozasa, Takamasa Totsuka, and Shingo Yukimaru are incumbent Outside Directors. Their term of office as Outside Director will have been two years for Rumiko Ozasa, six years for Takamasa Totsuka, and two years for Shingo Yukimaru at the conclusion of this Annual General Meeting of Shareholders. In addition, Rumiko Ozasa, Takamasa Totsuka, and Shingo Yukimaru are incumbent Directors who are Audit and Supervisory Committee Members. The term of office as Director who is an Audit and Supervisory Committee Member will have been two years at the conclusion of this Annual General Meeting of Shareholders for each of them.
 4. Pursuant to Article 427, paragraph (1) of the Companies Act, the Company has entered into an agreement with each of the Outside Directors to limit his/her liability for damages under Article 423, paragraph (1) of the Companies Act. The maximum amount of liability for damages under this agreement is the minimum liability amount provided for under laws and regulations. If the reelection of the three candidates is approved, the Company plans to continue the relevant agreements with them.
 5. The Company has entered into a directors and officers liability insurance policy as provided for in Article 430-3, paragraph (1) of the Companies Act with an insurance company. The insurance policy covers damages that may arise when the insured, including Outside Directors of the Company, assumes liability for the execution of their duties or receives a claim related to the pursuit of such liability (excluding cases that are exempted under the insurance policy). In the event that each candidate is elected and assumes the office as an Outside Director, they will be the insured under the policy. In addition, the Company plans to renew the policy with the same terms at the next renewal.
 6. The Company has submitted notification to the Tokyo Stock Exchange that each of the Outside Director has been designated as an independent officer as provided for by the aforementioned exchange. For each elected candidate, the Company plans to continue to designate each of them as an independent officer.

(Reference) Skill Matrix of the Directors assuming Proposals No. 2 and No. 3 are approved

The Board of Directors of the Company consists of a total of six Directors, including three Independent Outside Directors, which we believe is an adequate scale for holding effective discussions. We elect Directors who understand our corporate philosophy and have abundant experience, deep insight, and a high level of expertise suitable for serving as Directors of the Company. In addition, we elect Independent Outside Directors who can be expected to supervise business execution from an independent standpoint to ensure that the Board of Directors is structured with adequate size, composition, and diversity as a whole. The attributes that the Company seeks in candidates for Directors and the areas in which the Company particularly expects candidates for Directors to have abundant experience, deep insight, and a high level of expertise are as follows:

Of the six Directors, three will be Independent Outside Directors (accounting for 50%) and one will be female (16%). Of four members of the voluntary Nomination Committee and Remuneration Committee, three will be Independent Outside Directors (75%).

Areas of particular expectation for candidates for Directors (Skill Matrix)

| | Name | Yoshihide Arai | Toshiyuki Oka | Hidekazu Suzuki | Rumiko Ozasa | Takamasa Totsuka | Shingo Yukimaru |
|------------|---|-------------------|---------------|-----------------|--|--|--|
| Attributes | Title | President and CEO | Director CTO | Director CFO | Full-time Audit and Supervisory Committee Member | Audit and Supervisory Committee Member | Audit and Supervisory Committee Member |
| | Nomination Committee and Remuneration Committee | ○ | | | ○ | ○ | ○ |
| | Independent Outside Director | | | | ○ | ○ | ○ |
| Skills | Corporate management | ○ | ○ | ○ | | ○ | |
| | Entrepreneurship | ○ | | | | ○ | |
| | Experience in the industry | ○ | ○ | | | | |
| | Technology / Information Security | | ○ | | | | |
| | Finance / Accounting | | | ○ | | ○ | |
| | Corporate governance / Compliance | | | ○ | ○ | | ○ |
| | ESG | ○ | | ○ | | | |

* The above list does not represent all the knowledge, experience and abilities of the Directors.

Proposal No. 4 Revision of Remuneration Amount for Directors (Excluding Directors Who Are Audit and Supervisory Committee Members)

Concerning the amount of remuneration for Directors of the Company (excluding Directors who are Audit and Supervisory Committee Members; hereinafter, the same shall apply under this proposal), the Company received the approval at the 17th Annual General Meeting of Shareholders held on December 18, 2020, to set the amount of remuneration at ¥150 million or less per year (including ¥15 million or less per year for Outside Directors) that has been effective to date. In consideration of the contribution made by Directors to the Company and various circumstances, such as the recent economic situation, the Company proposes to revise the amount of remuneration for Directors to ¥300 million or less per year (including ¥30 million or less per year for Outside Directors).

As has previously been the case, the aforementioned amount of remuneration does not include the employee portion salaries for Directors who concurrently serve as employees. The Company requests shareholder approval of the remuneration limit in this proposal being separate from the remuneration limits as described in Proposals No. 5 and 6.

The Company established a policy for determining the details of remuneration, etc., for individual Directors at the meeting of the Board of Directors held on November 11, 2021, and its summary is described on page 41 of the Business Report. The Company intends not to change the policy even if this proposal is approved. The Company believes that this proposal is appropriate because it provides necessary and reasonable content for granting remuneration, etc., for individual directors, in line with the policy.

The Company currently has three Directors (with no Outside Directors), and if Proposal No. 2 is approved as originally proposed, it will have three Directors (with no Outside Directors).

Moreover, this proposal has been considered by the Audit and Supervisory Committee, but there are no specific statements or objections.

Proposal No. 5 Revision of Remuneration Payment Plan for Allotting Restricted Shares to Directors (Excluding Directors Who Are Audit and Supervisory Committee Members and Outside Directors)

The Company received approval at the 16th Annual General Meeting of Shareholders held on December 18, 2019 (the “2019 Annual General Meeting”), to introduce the “Restricted Share-based Remuneration Plan” (the “Plan”) that covers Directors (excluding Directors who are Audit and Supervisory Committee members and Outside Directors; hereinafter referred to as the “Eligible Directors”) for the purpose of providing incentives to sustainably enhance the Company’s corporate value and promoting further shared value with shareholders. The approved details include that under the Plan, the total amount of monetary claims to be provided as restricted share-based remuneration to Eligible Directors (the “Monetary Remuneration Claims”) shall be ¥20 million or less per year (excluding the employee-portion salaries for Directors who concurrently serve as employees) with the maximum number of shares to be granted being 10,000 shares per year. (Provided, however, that in the case of a stock split of the Company’s common shares (including a gratis allotment of the Company’s common shares), a stock consolidation, or any other events requiring adjustments to the total number of common shares of the Company to be issued or disposed of as restricted shares, an adjustment within a reasonable range shall be made to the total number of such shares.)

Taking into consideration the contribution made by the Eligible Directors to the Company and various circumstances, such as the recent economic situation, the Company proposes to revise the total amount of the Monetary Remuneration Claims to be granted as restricted share-based remuneration to Eligible Directors to an amount not exceeding ¥300 million per year (excluding the employee-portion salaries for Directors who concurrently serve as employees) and the maximum number of shares to be granted to the Eligible Directors to 183,000 shares per year. (Provided, however, that in the case of a stock split of the Company’s common shares (, including a gratis allotment of the Company’s common shares,) a stock consolidation, or any other events requiring adjustments to the total number of common shares of the Company to be issued or disposed of as restricted shares on or after the date this proposal is approved and adopted, an adjustment within a reasonable range shall be made to the total number of such shares.) The monetary remuneration amount and the number of shares in this proposal are considered appropriate in light of the aforementioned purposes. The details of restricted shares to be granted to the Eligible Directors in accordance with this proposal are outlined in “(Outline of Restricted Shares)” below. There are no particular changes to the details from those approved at the 2019 Annual General Meeting except for the number of shares to be granted and the explicit statement that the Company will naturally acquire restricted shares whose transfer restrictions have not been lifted without consideration.

The Company established a policy for determining the details of remuneration, etc., for individual directors at the meeting of the Board of Directors held on November 11, 2021, and its summary is described on page 41 of the Business Report. The Company intends not to change the policy even if this proposal is approved. The Company believes that this proposal is appropriate because it provides necessary and reasonable content for granting remuneration, etc., for individual directors, in accordance with the policy, and because the maximum number of restricted shares to be allotted to the Eligible Directors in one year accounts for 0.6% of the total number of issued shares (6.8% of the total number of issued shares in the case where the Company issues the number of shares subject to the said maximum number of restricted shares over a period of ten years) and the dilution rate is insignificant.

The Company requests shareholder approval of the remuneration limit in this proposal being separate from the remuneration limits as described in Proposals 4 and 6. Currently, there are three Eligible Directors. If Proposal No. 2, “Election of Three Directors (Excluding Directors Who Are Audit and Supervisory Committee Members,” is approved as originally proposed, the number of Eligible Directors will be three. This proposal has been considered by the Audit and Supervisory Committee, but there are no specific statements or objections.

(Outline of Restricted Shares)

The Eligible Directors shall pay in all Monetary Remuneration Claims to be provided by the Company per this proposal based on the resolution of the Board of Directors of the Company, in the form of property contributed in kind, and in return, receive the Company's common shares to be issued or disposed of, whose total number shall be 183,000 shares or less annually. (Provided, however, that in the case of a stock split of the Company's common shares (including a gratis allotment of the Company's common shares), a stock consolidation, or any other events requiring adjustments to the total number of common shares of the Company to be issued or disposed of as restricted shares on or after the date this proposal is approved and adopted, an adjustment within a reasonable range shall be made to the total number of such shares.)

The amount to be paid in per share shall be determined by the Board of Directors based on the closing price of the Company's common share on the Tokyo Stock Exchange on the business day preceding the date of each resolution of the Board of Directors (if no transaction has been made on that day, the closing price on the most recent previous trading day), within a range that shall not be particularly advantageous to the Eligible Directors subscribing to the shares. Also, to issue or dispose of the Company's common shares, a restricted share allotment agreement (the "Allotment Agreement") including the following content shall be concluded between the Company and the Eligible Directors.

(1) Transfer restriction period

Eligible Directors shall not transfer, put up as collateral, or otherwise, dispose of (the "Transfer Restrictions") the Company's common shares allotted under the Allotment Agreement (the "Allotted Shares") for a period predetermined by the Board of Directors of the Company for a period between three to five years (the "Transfer Restriction Period.")

(2) Handling at the time of resignation or retirement

If, prior to the expiration of the Transfer Restriction Period, an Eligible Director resigns or retires from his/her position as a Director, Audit and Supervisory Board Member, employee and/or other equivalent positions of the Company and/or a subsidiary of the Company, the Company will naturally acquire the Allotted Shares without consideration, except when such resignation or retirement is due to death, company reasons, or any other legitimate reasons. If the Eligible Director resigns or retires from the above-mentioned positions due to death, company reasons, or any other legitimate reasons prior to the expiration of the Transfer Restriction Period, the Company shall reasonably adjust the number of the Allotted Shares to be acquired without consideration as necessary.

(3) Lifting of transfer restrictions

Notwithstanding the provisions of (1) above, the Company shall lift the Transfer Restrictions on all of the Allotted Shares upon expiration of the Transfer Restriction Period, provided that the Eligible Director has continuously held the position of Director, Audit and Supervisory Board Member, employee and/or other equivalent positions of the Company and/or a subsidiary of the Company during the Transfer Restriction Period. However, in this case, if there is a period when the Eligible Director is unable to work during the Transfer Restriction Period, the Company shall reasonably adjust the number of the Allotted Shares for which the Transfer Restrictions are to be lifted as necessary. If the Eligible Director resigns or retires from the positions stipulated in (2) above due to death, company reasons, or any other legitimate reasons stipulated in (2) above prior to the expiration of the Transfer Restriction Period, the Company shall reasonably adjust the number of the Allotted Shares for which the Transfer Restrictions are to be lifted and the timing at which the Transfer Restrictions are to be lifted as necessary.

In addition, the Company shall naturally acquire, without consideration, the Allotted Shares for which the Transfer Restrictions have not been lifted in accordance with the provisions above.

(4) Handling at the time of organizational restructuring, etc.

Notwithstanding the provisions in (1) above, if matters relating to a merger agreement where the Company becomes a disappearing company, share exchange agreement where the Company becomes a wholly owned subsidiary, or any other organizational restructuring such as a share transfer plan are approved at the Company's general meeting of shareholders (or the Company's Board of Directors if approval by the

Company's general meeting of shareholders is not needed for organizational restructuring) during the Transfer Restriction Period, the Company, prior to the effective date of the said organizational restructuring, etc., will lift the Transfer Restrictions on the Allotted Shares with the number of shares that is reasonably determined taking into account the period from the starting date of the Transfer Restriction Period to the approval date of the said organizational restructuring, etc. based on the resolution of the Board of Directors of the Company. In addition, in the case provided for above, the Company shall acquire, naturally and without contribution, the Allocated Shares for which the Transfer Restrictions have not been lifted at the time immediately after the lifting of the Transfer Restrictions.

(5) Other matters to be determined by the Board of Directors

In addition to the above, the Allotment Agreement shall prescribe matters to be determined by the Board of Directors, including the methods of declaring intention and sending notification under the Allotment Agreement, and procedures to revise the Allotment Agreement.

Proposal No. 6 Determination of Details of Remuneration, Etc. Relating to Share Acquisition Rights in Form of Share Options to Be Granted to Directors (Excluding Directors Who Are Audit and Supervisory Committee Members and Outside Directors)

I Reason for proposal

The Company granted share acquisition rights in the form of share options to its Directors (excluding Directors who are Audit and Supervisory Committee Members and outside Directors) as resolved by the Board of Directors within the limit of ¥50 million (excluding employee portion salaries for Directors who concurrently serve as employees) per year for a period of one year from the day of the annual general meeting of shareholders for each business year as approved at the Company's 17th Annual General Meeting of Shareholders held on December 18, 2020.

On March 1, 2021, the Act Partially Amending the Companies Act (Act No. 70 of 2019) was enacted under which approval at a general meeting of shareholders is required for details of share acquisition rights to be granted as remuneration for Directors. In order to continue the current share option plan, the Company requests approval again for the following details of the share acquisition rights.

The share acquisition rights to be issued pursuant to this proposal (the "Share Acquisition Right(s)") will be granted as incentives to promote sustainable enhancement of corporate value linked to shareholder value in accordance with the policy for the determination of details of remuneration, etc., for individual Directors of the Company (excluding Directors who are Audit and Supervisory Committee Members) that was established by a resolution of the Board of Directors. The number of the Share Acquisition Rights to be granted should be determined by comprehensively taking into consideration various factors so that the Share Acquisition Rights will fully function as an incentive to promote sustainable enhancement of corporate value. The Company believes that this proposal is appropriate because the number of the Share Acquisition Rights to be granted is appropriate as remuneration, etc. for Directors (excluding Directors who are Audit and Supervisory Committee Members), and because the number of shares to be delivered assuming that the Company allocates the number of Share Acquisition Rights equivalent to the maximum number of Share Acquisition Rights for one year to the Directors and all the Share Acquisition Rights are exercised, accounts for 0.1% of the total number of issued shares (the number of shares to be delivered assuming that the Company allocates the number of Share Acquisition Rights equivalent to the maximum number of Share Acquisition Rights for ten years to the Directors and all the Share Acquisition Rights are exercised accounts for 1.6% of the total number of issued shares) and the dilution rate is insignificant. In this proposal, the Company requests shareholder approval of the remuneration limit separate from the remuneration limits described in Proposals 4 and 5.

The Company currently has three Directors (with no Outside Directors and excluding Directors who are Audit and Supervisory Committee Members.) If Proposal 2 is approved as originally proposed, it will have three directors (with no Outside Directors and excluding Directors who are Audit and Supervisory Committee Members).

This proposal has been considered by the Audit and Supervisory Committee, but there are no specific statements or objections.

II Details of share acquisition rights in form of share options to be granted to Company's Directors (excluding Directors who are Audit and Supervisory Committee Members and Outside Directors)

1. Class and number and calculation method of shares subject to the Share Acquisition Rights
45,000 shares of the Company's common shares shall be the upper limit for a period within one year following the date of the annual general meeting of shareholders for each business year; provided, however, that if the number of shares per the Share Acquisition Right is adjusted pursuant to the provisions of Paragraph (2), the number of shares subject to the Share Acquisition Rights shall be adjusted to the number obtained by multiplying the adjusted number of shares per the Share Acquisition Right by the number of the Share Acquisition Rights.

2. Number of the Share Acquisition Rights

450 unit(s) of the Share Acquisition Rights issued shall be the upper limit for a period within one year following the date of the annual general meeting of shareholders for each business year. The number of shares to be allotted per the Share Acquisition Right (the “Number of Allotted Shares”) shall be 100 shares; provided, however, that the Number of Allotted Shares may be adjusted pursuant to the following provisions.

- (1) If the Company conducts a stock split or a stock consolidation of common shares, the Number of Allotted Shares with respect to the unexercised Share Acquisition Rights shall be adjusted by the following formula. Fractions less than 0.01 shares arising as a result of such adjustment shall be rounded off and no cash adjustment shall be made. “Share Split Ratio” means the number obtained by dividing (x) the total number of issued common shares after the share split by (y) the total number of issued common shares before the share split. “Share Consolidation Ratio” means the number obtained by dividing (x) the total number of issued common shares after the share consolidation by (y) the total number of issued common shares before the share consolidation. Hereinafter, the same shall apply. The number of shares after adjustment shall apply (a) on or after the day immediately following the record date of allotment of the stock split stipulated in Article 183, Paragraph (2), Item (i) of the Companies Act in the event of the share split, or (b) on or after the day immediately following the effective date of the share consolidation in the event of the share consolidation.

Number of shares after adjustment = Number of shares before adjustment × Share Split Ratio or Share Consolidation Ratio

- (2) If the Company issues or disposes of subscription shares by way of shareholder allotment, conducts a gratis allotment of shares, a merger, a share exchange or a company split, or has other reasons deemed necessary to adjust the Number of Allotted Shares, the Company shall adjust the Number of Allotted Shares as it deems appropriate.
- (3) In the case where the Number of Allotted Shares is adjusted in accordance with this paragraph, the Company shall notify the holders of the Share Acquisition Rights (the “Optionees”) of (a) the said effect, (b) the reason for the adjustment, (c) the number of shares after adjustment, (d) the effective date of the adjustment and (e) other matters deemed necessary without delay after the determination of the matters related to the adjustment.

3. Paid-in amount for the Share Acquisition Rights

The Share Acquisition Rights will be issued free of charge.

4. Value of assets to be contributed upon exercise of the Share Acquisition Rights and method of the calculation thereof

The value of assets to be contributed upon exercise of one Share Acquisition Right shall be the amount obtained by multiplying the paid-in amount per share to be delivered upon exercise of such Share Acquisition Right by the Number of Allotted Shares (the “Exercise Price”).

The Exercise Price shall be the closing price of the Company’s common shares for regular transactions at the Tokyo Stock Exchange on the date of allotment of the Share Acquisition Rights (the “Allotment Date”) (if there is no closing price on such date, the closing price on the immediately preceding transaction date); provided, however, that the Exercise Price may be adjusted in accordance with the following items.

- (1) If the Company conducts a stock split or a stock consolidation of common shares or issues common shares by way of gratis allotment, the Exercise Price shall be adjusted with respect to the unexercised Share Acquisition Rights by the following formula. Fractions less than ¥1 arising as a result of such adjustment shall be rounded up. “Gratis Allotment Ratio” means the number obtained by dividing (x) the total number of issued common shares (excluding treasury shares) after the gratis allotment by (y) the total number of issued common shares (excluding treasury shares) before the gratis allotment. The

adjusted Exercise Price shall apply (a) at the same time when the adjusted number of shares applies in the case for the share split or the share consolidation as set forth in Paragraph 2., Item (1), or (b) on or after the day immediately following the effective date of the gratis allotment (or the record date for the allotment, if any) in the case for the gratis allotment.

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$$\text{Exercise Price after adjustment} = \text{Exercise Price before adjustment} \times \frac{1}{\text{Ratio of Share Split, Share Consolidation or Gratis Allotment}}$$

- (2) If the Company issues or disposes of shares at a paid-in amount lower than the market value (excluding gratis allotment of shares and excluding issuance or disposal due to occurrence of a cause of acquisition of dilutive shares, etc. and a merger, a share exchange and a company split), the Exercise Price of the unexercised Share Acquisition Rights shall be adjusted using the following formula. Fractions less than ¥1 arising as a result of such adjustment shall be rounded up. “Dilutive shares, etc.” means securities or rights with entitlement to acquire shares based on a request of a holder thereof or the Company or subject to occurrence of certain events, such as shares with put option, shares subject to call, share acquisition rights, bonds with share acquisition rights. “Cause of acquisition” means a request of a holder or the Company or certain events that cause the Company to deliver shares based on dilutive shares, etc.

The “market value” as referred to in this item means the average of the daily closing prices of the Company’s common shares for regular transactions at the stock exchange for a period of 30 transaction days (excluding days on which no closing prices are available) that commences 45th transaction day prior to the day on which the adjusted Exercise Price starts to apply. The average closing price shall be calculated to the second decimal place and rounded off to the first decimal place. The Exercise Price after adjustment made as set forth above shall start to apply (a) on the day immediately following the record date, if any, for subscription or allotment, or otherwise (b) on or after the day immediately following the effective date of issuance or disposal of shares (if the provisions of Article 209, Paragraph (1), Item (ii) of the Companies Act apply, the end of the period as prescribed therein).

$$\text{Exercise Price after adjustment} = \text{Exercise Price before adjustment} \times \frac{\text{Number of outstanding shares} + \frac{\text{Number of new issue shares} \times \text{Paid-in amount per share}}{\text{Market value}}}{\text{Number of outstanding shares} + \text{Number of new issue shares}}$$

The above formula shall be subject to the following provisions:

- (i) “Number of outstanding shares” means the total number of outstanding shares in the Company (excluding those owned by the Company) on the day immediately preceding the day on which the adjusted Exercise Price starts to apply; provided, however, that if the issuance or disposal of shares due to such adjustment event takes effect prior to the day immediately preceding the above application date, the number of shares so issued or disposed of shall not be included; and
 - (ii) If the adjustment is made due to the Company’s disposal of its treasury shares, “Number of new issue shares” shall be read as “Number of treasury shares disposed of.”
- (3) If the Company conducts a merger, a share exchange or a company split, or has any other reasons deemed necessary to adjust the Exercise Price, the Company shall adjust the Exercise Price as it deems appropriate.

- (4) If the Company decides that it makes no adjustment when it issues or disposes of shares by any ways other than shareholders allotment or gratis allotment, the adjustment pursuant to Item (2) of this paragraph will not be made.
- (5) In the case where the Exercise Price is adjusted in accordance with this paragraph, the Company shall notify the Optionees of (a) the said effect, (b) the reason for the adjustment, (c) the Exercise Price after adjustment, (d) the effective date of adjustment and (e) other matters deemed necessary without delay after the determination of matters related to the adjustment.

5. Exercise period of the Share Acquisition Rights

Exercise period of Share Acquisition Rights shall be any period prescribed by the Board of Directors of the Company within the range from the day on which two years have elapsed since the date of the resolution of the Board of Directors regarding the allocation of the Share Acquisition Rights to the day on which ten years have elapsed since the date of the resolution of the Board of Directors regarding the allocation of the Share Acquisition Rights; provided, however, that when the final day of the exercise period falls on a date when the Company is closed for business, the final day shall be the preceding business day.

6. Conditions, etc. for exercise of the Share Acquisition Rights

(1) Conditions for exercise of Share Acquisition Rights

- (i) The exercise of the Share Acquisition Rights shall be subject to the condition that none of the acquisition events provided for in each item of Paragraph 7 has occurred with respect to the Share Acquisition Rights to be exercised or the Optionee intending to exercise the Share Acquisition Rights. No exercise of the Share Acquisition Rights for which an acquisition event has occurred is permitted unless the Company's Board of Directors specifically approves the exercise of such Share Acquisition Rights.
- (ii) The Share Acquisition Rights may be exercised in increments of one unit of the Share Acquisition Rights and each Share Acquisition Rights may not be partially exercised.

(2) Inheritance

The Share Acquisition Rights may be exercised on the condition that the Optionee is still alive. If the Optionee is dead, the Share Acquisition Rights may not be inherited or exercised unless the Company's Board of Directors specifically approves the exercise of the Share Acquisition Rights within three months from the Optionee's death.

7. Events where Company may acquire the Share Acquisition Rights

The Company may acquire the Share Acquisition Rights in accordance with the following Items. If the Company acquires the Share Acquisition Rights for which any of the acquisition events set forth in the following items have occurred, such Share Acquisition Rights shall be acquired as of the date determined separately by the Board of Directors. The Company may acquire all or part of the Share Acquisition Rights for which any of the acquisition events set forth in the following items have occurred. If the Company acquires part of the Share Acquisition Rights, the Company shall determine the number of Share Acquisition Rights to be acquired by the resolution of the Board of Directors.

- (1) If any proposal for approval of an absorption-type merger or incorporation-type merger pursuant to which the Company will become a disappearing company, an absorption-type company split or incorporation-type company split pursuant to which the Company will become a splitting company, or a share exchange or a share transfer pursuant to which the Company will become a wholly-owned subsidiary (collectively, the "Reorganization") is, in accordance with laws and regulations or the Articles of Incorporation of the Company, approved at a general meeting of shareholders of the Company (if consent of all the shareholders is required instead of the resolution of the general meeting of shareholders, by consent of all the shareholders, or if neither of them is required, by a resolution of the Board of Directors), the Company may acquire the Share Acquisition Rights without any consideration.

- (2) If an Optionee loses all the following positions, the Company may acquire the unexercised Share Acquisition Rights without any consideration:
 - (i) Director or Audit and Supervisory Board Member of the Company or its subsidiary (meaning a subsidiary of the Company as defined in Article 2, Item 3 of the Companies Act and hereinafter simply referred to as the “Subsidiary”);
 - (ii) Employee of the Company or the Subsidiary; and
 - (iii) A counsel, advisor, consultant or others who has a continuous contractual relationship such as entrustment or consignor agreement with the Company or the Subsidiary, regardless of their title.
- (3) If any of the following events occurs, the Company may acquire the unexercised Share Acquisition Rights without any consideration:
 - (i) If an Optionee is sentenced to imprisonment or a severe punishment;
 - (ii) If an Optionee competes with the Company or the Subsidiary in any manner whatsoever such as directly or indirectly incorporating a corporation that is engaged in business that competes with the Company or the Subsidiary, or assuming office of officer or becoming an employee of such corporation unless the Optionee obtains prior written approval from the Company;
 - (iii) If an Optionee discredits the Company or a Subsidiary due to the Optionee’s breach of laws or other misconduct;
 - (iv) If an Optionee is subject to a petition for attachment, provisional attachment, a provisional disposition, execution or auction, or receives a disposition for delinquency of taxes and public dues;
 - (v) If an Optionee becomes unable, or admits to its creditors its inability, to pay its debts generally as such debts become due or any note or check drawn or accepted by an Optionee is dishonored;
 - (vi) If a petition is filed by or against an Optionee for the commencement of bankruptcy proceedings, civil rehabilitation proceedings, or any other proceedings similar thereto;
 - (vii) If it is found that an Optionee is an anti-social force (meaning an organized crime group, organized crime group member, quasi organized crime group member, organized crime group-associated company, corporate extortionist, or any other group or individual that pursues economic benefits by using violence, force or any fraudulent means; hereinafter the same shall apply) or has any relationship or involvement with an anti-social force through providing funds, etc.; or
 - (viii) If an Optionee breaches these terms and conditions or an agreement executed with the Company with respect to the Share Acquisition Rights.
- (4) If any of the following events occurs when an Optionee has the position of Director or Audit and Supervisory Board Member or employee of the Company or the Subsidiary (including the case where the Optionee gains such position after the issuance of the Share Acquisition Rights), the Company may acquire the unexercised Share Acquisition Rights without any consideration:
 - (i) If the Optionee is subject to applicable disciplinary action prescribed by the Company’s or the Subsidiary’s rules of employment; or
 - (ii) If the Optionee breaches its obligations to the Company or the Subsidiary such as a duty of loyalty as a Director.
- (5) The Company may acquire the Share Acquisition Rights that are not subject to inheritance without consideration. In this case, it shall suffice to give to any one heir of the deceased Optionee who is deemed by the Company to be appropriate the notice, which should be given to share acquisition rights holders as required under the provisions of Article 273, Paragraph (2) or Article 274, Paragraph (3) of the Companies Act; provided, however, that if such notice is not required by virtue of interpretation of laws and regulations, the Company may omit giving such notice and acquire the relevant Share Acquisition Rights without any consideration.

8. Restriction on transfers of the Share Acquisition Rights

Transfer of the Share Acquisition Rights shall require approval of the Board of Directors.

9. Other details of share acquisition rights

Other matters concerning the share acquisition rights that are not specified in Paragraphs 1 through 8 above will be determined at the meeting of the Company's Board of Directors determining the subscription terms of the share acquisition rights.