

(Securities Code: 3939)
December 3, 2021

Dear Shareholders:

Company Name: Kanamic Network Co., Ltd.
Representative: President & Representative
Director, Takuma Yamamoto
4-20-3 Ebisu, Shibuya-ku, Tokyo

Notice of Convocation of the 21st Ordinary General Meeting of Shareholders

You are cordially invited to attend the 21st Ordinary General Meeting of Shareholders of Kanamic Network Co., Ltd. (“the Company”) to be held as described below.

Please note, however, that in consideration of the continued COVID-19 pandemic, the Company’s directors will attend the meeting virtually (via a web conferencing system) and will not be physically present at the venue on the day of the meeting. Furthermore, we kindly ask shareholders to refrain from attendance at the venue, and we inform our shareholders that they may, in leu of attendance, exercise voting rights in writing (by postal mail) or via the internet. After considering the proposals presented in the attached Reference Documents, shareholders are requested to exercise their voting rights by one of the aforementioned methods by 6:00 pm JST on Tuesday, December 21, 2021.

Additionally, please note that the Ordinary General Meeting of Shareholders will be conducted in the Japanese language only and that no translation service will be made available.

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|-------------------|---|
| 1 . Date and Time | December 22, 2021 (Wed.), at 10:00 am JST (reception begins at 9:00 am) |
| 2 . Venue | 4-20-3 Ebisu, Shibuya-ku, Tokyo
Ebisu Garden Place Tower 4F, “SPACE 6” |
| 3 . Agenda | |
| Reporting Items | 1 . Business Update & Consolidated Financial Statements (and Audit Reports thereof) for the Company’s 21 st Fiscal Year (October 1, 2020 – September 30, 2021);
2 . Non-Consolidated Financial Statements for the Company’s 21 st Fiscal Year (October 1, 2020 – September 30, 2021) |
| Proposal Items | |
| Proposal No. 1: | Appropriation of Retained Earnings |
| Proposal No. 2: | Partial Amendment to the Articles of Incorporation |
| Proposal No. 3: | Election of (Nine) Directors |
| Proposal No. 4: | Proposal Regarding the Remuneration of Directors (Excluding External Directors) through Restricted Stock Compensation System |

If any amendments are made to the reference documents, the amended information will be disclosed on the Company's website (<https://www.kanamic.net/>).

< COVID-19 Safety Measures >




- We kindly ask shareholders to exercise voting rights in advance (in writing) and refrain from actual attendance at the venue on the day of the shareholders' meeting.
- COVID-19 safety measures may be revised due to changes in infection rates in the days leading up to the shareholders' meeting or as a result of relevant government announcements, etc. Information regarding any such changes will be disclosed on the Company's website (<https://www.kanamic.net/>).
- Shareholders who attend the shareholders' meeting are asked to wear masks and use the sanitizer dispensers at the entrance. Furthermore, staff will conduct temperature checks at the entrance.
- Staff will also wear masks.
- In the interest of social distancing, the number of seats available will be restricted to 30. Please understand that the following categories of individuals will not be admitted to the venue: individuals who arrive after the aforementioned capacity has already been reached, individuals who have a fever, and individuals who may be suffering from COVID-19.
- To shorten the time required for the shareholders' meeting (as a COVID 19 safety measure), detailed explanations on the Reporting Items (including the Audit Reports) and Proposal Items will be omitted. Accordingly, shareholders are requested to review information contained in the notice of convocation beforehand.



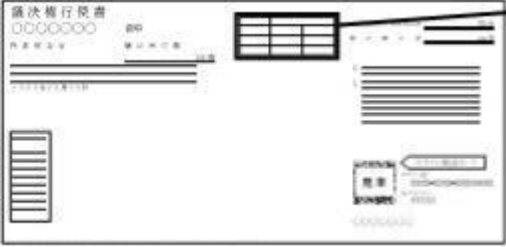
Information on the Exercise of Voting Rights

The right to vote at the General Meetings of Shareholders is an important right of shareholders. Please exercise your voting rights after reviewing the attached Reference Documents.

The following three methods are available for exercising voting rights.

 <p>If attending the General Meeting of Shareholders</p> <p>Please present the enclosed Voting Rights Exercise Form at the reception desk.</p> <hr/> <p style="text-align: center;">Date and Time</p> <p style="text-align: center;">Wednesday, December 22, 2021 10:00 a.m. (reception starts at 9:00 a.m.)</p>	 <p>If exercising voting rights by mail (postal mail)</p> <p>Please indicate your approval or disapproval of the proposals on the enclosed Voting Rights Exercise Form and return it to us</p> <hr/> <p style="text-align: center;">Exercise Period</p> <p style="text-align: center;">Arrival by Tuesday, December 21, 2021 No later than 6:00 p.m.</p>	 <p>If exercising voting rights via the internet</p> <p>Please follow the instructions on the next page to input your approval or disapproval of the proposals.</p> <hr/> <p style="text-align: center;">Exercise Period</p> <p style="text-align: center;">Webform Entry by Tuesday, December 21, 2021 No later than 6:00 p.m.</p>
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Information on how to fill out the Voting Rights Exercise Form



*The Voting Rights Exercise Form is a sample image.

Enter approval or disapproval for the proposals here.

Proposal No. 1, 2, 4

- If you approve: >> Put the mark "○" in the "贊" column.
- If you disapprove: >> Put the mark "○" in the "否" column.

Proposal No. 3

- If you approve all candidates: >> Put the mark "○" in the "贊" column.
- If you disapprove all candidates: >> Put the mark "○" in the "否" column.
- If you disapprove some candidates: >> Put the mark "○" in the "贊" column and enter the numbers of candidates you disapprove.

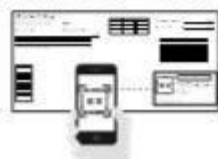
If you exercise your voting rights both in writing (postal mail) and via the internet, we will treat the latter as valid. If you exercise your voting rights multiple times via the internet, we will treat the last time as valid.

Guide to exercising voting rights via the Internet

How to vote using QR Code

You can log in to the website for exercising voting rights without entering your voting ID and password

- 1 Scan the QR code on the Voting Rights Exercise Form.



* "QR Code" is a registered trademark of DENSO WAVE INC.

- 2 Follow the instructions on the screen to enter your approval or disapproval.



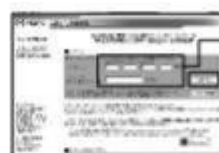
You may exercise your voting rights only once using QR Code.

If you wish to change the content of your vote after you have exercised your voting rights, please refer to the instructions on "How to vote with ID and Password"

How to Vote With ID and Password

Website for Exercising Voting Rights <https://evote.tr.mufg.jp/>

- 1 Enter above URL and click "次の画面へ" (see below twice (one time at the first screen and one time at the subsequent screen))
- 2 Enter the ID and (temporary) Password indicated on the Voting Rights Exercise Form.



Enter ID / (temporary) Password

Click "ログイン"

- 3 Specify a new password



Specify a New Password

Click "送信"

- 4 Follow the instructions on the screen to enter your approval or disapproval.

* The operation screen is a sample image.

Institutional investors can use the platform for electronic exercise of voting rights for institutional investors operated by ICJ, Inc.

Reference Documents for the General Meeting of Shareholders

Proposal No. 1: Appropriation of Retained Earnings

With regards to our dividend policy, our basic approach is to comprehensively consider both the adequacy of internal reserves and the objective of returning profits to our shareholders while responding flexibly to financial conditions and market trends.

Based upon this dividend policy and taking into account financial results for the Company's 21st Fiscal Year, we make the following proposal for the year-end dividend for the aforementioned fiscal year.

- 1 . Form of payment of dividend:
Cash
- 2 . Amount to be distributed (per share and in total):
2.50 yen per common share of the Company,
118,552,735 yen in total
- 3 . Effective date of dividend:
December 23, 2021

Proposal No. 2: Partial Amendment to the Articles of Incorporation

- 1 . Reason for amending the Articles of Incorporation
 In light of plans for diversified business expansion going forward, it is proposed to make necessary amendments to Article 2. (Corporate Purpose).
- 2 . Details regarding proposed amendments to the Articles of Incorporation
 The proposed amendments are as follows:

(Underlined portions denote amendments)

Current Articles of Incorporation	Proposed Amendments
<p>Article 2. (Corporate Purpose)</p> <p>The purpose of the Company shall be to conduct the following business.</p> <p>1. to 25. (Text omitted) (New) (New)</p> <p>(New)</p>	<p>Article 2. (Corporate Purpose)</p> <p>The purpose of the Company shall be to conduct the following business.</p> <p>1. to 25. (Remains the same) <u>26. Operation of Pharmacies</u> <u>27. Sale of the following:</u> <u>pharmaceuticals, quasi-pharmaceutical products, medical equipment, hygiene products, nursing care supplies/equipment, daily necessities, and other products</u> <u>28. Manufacturing and sale of the following: dietary supplements, “healthy food products”, various foodstuffs, and skin care products</u></p>

Current Articles of Incorporation	Proposed Amendments
(New)	<u>29. Provide contractually-based clinical trial services (for pharmaceutical products, quasi-pharmaceutical products, skin care products, medical devices, and Foods for Specified Health Uses (FOSHU))</u>
(New)	<u>30. “Clinical-trial operations support” services for medical institutions</u>
(New)	<u>31. Operation of fitness clubs</u>
(New)	<u>32. Operation of massage clinics, sports facilities, esthetic salons, osteopathic clinics, chiropractic services, acupuncture clinics, and “relaxation rooms”</u>
(New)	<u>33. Dietary/wellness management services</u>
(New)	<u>34. Online sales / wholesale business</u>
(New)	<u>35. Operation of restaurants</u>
(New)	<u>36. Franchise agreements and management guidance services related to the preceding items</u>
26. to 28. (Text omitted)	37. to 39. (Remains the same)
<u>29. Operation of restaurants</u>	40. All other appropriate business
<u>30. All business related to the preceding items</u>	<u>41. All business related to the preceding items</u>

Proposal No. 3: Election of (Nine) Directors

The terms of office all nine Directors will expire at the close of this General Meeting of Shareholders.

Accordingly, we propose the election of nine Directors.

The candidates for Directors are as follows:

No.	Name/DOB	Brief Personal History, Position/Assignment, and Significant Concurrent Office	Number of shares of the Company held
1	Minoru Yamamoto December 18, 1953	Oct. 2000 Kanamic Network Established Representative Director and President Jan. 2007 Chairman (current position) Jan. 2010 Director at ASP-SaaS-IoT Cloud Consortium (current position) Sep. 2014 Representative Director of SHO Co., Ltd. (current position) Apr. 2019 Nexus Holdings Corporation, Director (current position) (Significant positions concurrently held) Representative Director of SHO Co., Ltd.	900,000
		(Reasons for making Mr. Yamamoto a candidate for Director) Mr. Minoru Yamamoto plays an important executive role, is the founder of the Company, and brings a wealth of experience/achievement to the table. Currently, as Chairman of the Board, he provides comprehensive and precise management advice backed by experience, and he is well suited to the role he plays in making important management decisions and supervising business operations. Therefore, he has been selected as a candidate for Director.	
2	Yoko Yamamoto May 17, 1950	Jun. 1992 Joined Kibousha Co., Ltd. Oct. 2002 Joined Kanamic Network Director and Vice President Jan. 2007 Representative Director and President Sep. 2014 Representative Director and Vice Chairman (current position)	1,400,000

<p>(Reasons for making Ms. Yamamoto a candidate for Director) Ms. Yoko Yamamoto has held an executive role since the founding of the Company, and brings a wealth of experience and achievement to the table. In recent years, she has, as Vice Chair of the Board, spearheaded management activities. Her consistent and methodical problem-solving efforts within her role as a general manager, her role in planning for employee education, and her legal affairs role have contributed to growth in the firm's enterprise value. And we expect continued strong leadership from her in the future. Therefore, she has been selected as a candidate for Director.</p>			
No.	Name/DOB	Brief Personal History, Position/Assignment, and Significant Concurrent Office	Number of shares of the Company held
3	<p>Takuma Yamamoto February 11, 1978</p>	<p>Apr. 2000 Joined Fujitsu System Solutions Ltd. (currently Fujitsu Ltd.) May. 2005 Joined Kanamic Network Executive Director Jan. 2007 Senior Executive Director Apr. 2011 Joint researcher, The Institute of Gerontology, University of Tokyo Apr. 2012 Visiting Researcher, National Cancer Center Sep. 2014 Representative Director and President of Kanamic Network (current position)</p>	6,684,000
<p>(Reasons for making Mr. Yamamoto a candidate for Director) Mr. Takuma Yamamoto has served in executive roles since he joined the Company and brings a wealth of experience and achievements to the table. Currently, as Representative Director and President of the Company, he spearheads management activities and has played a consistent executive role in determining the Company's overall direction, advancing the sales strategy, R&D Planning, and setting numerical objectives. He has thereby contributed to the enhancement of enterprise value, and we expect strong leadership from him in the future. Therefore, he has been selected as a candidate for Director.</p>			

No.	Name/DOB	Brief Personal History, Position/Assignment, Significant Concurrent Office	Number of shares of the Company held	
4	Keiji Yamamoto July 8, 1982	Apr. 2005	Joined Amana Images Inc. (currently Amana Inc.)	722,000
		Nov. 2008	Joined Kanamic Network	
Feb. 2014	Director and Section Manager of the Planning and Production Section			
Mar. 2014	Director and General Manager of the Planning and Production Department			
Sep 2014	Executive Director and General Manager of the Planning and Production Department			
Dec. 2019	Director and Vice President, General Manager of the Sales Department, and General Manager of the Planning and Production Department (current position)			
<p>(Reasons for making Mr. Yamamoto a candidate for Director) Mr. Keiji Yamamoto has been involved with the Planning and Production Department since joining the company, and he has a wealth of experience and knowledge related to the advertisement/digital media business. Currently, as the General Manager of the Planning and Production Department, he contributes to the development of digital media services while working to strengthen our system's user interface. We recognize the value of his experience and achievements and have therefore selected him as a candidate for director.</p>				
5	Ryuta Ishikawa July 18, 1972	Apr. 1995	Joined Nippon Computer Kaihatsu Ltd.	180,000
Jul. 2001	Joined Fujitsu System Solutions Ltd. (currently Fujitsu Ltd.)			
Apr. 2009	Joined Kanamic Network General Manager of the Development Department			
Feb. 2014	Director and General Manager of the Development Department (current position)			

<p>(Reasons for making Mr. Ishikawa a candidate for Director) Mr. Ryuta Ishikawa has been involved with the Development Department since joining the Company, and has a wealth of experience and knowledge in relation to the development of our systems. Currently, as the General Manager of the Development Department, he oversees systems development work and contributes to the development and functional enhancement of our systems as well as to the construction of quality control frameworks thereof. We judge that these experiences and achievements can be well utilized in an executive role and we have therefore selected him as a candidate for director.</p>			
No.	Name/DOB	Brief Personal History, Position/Assignment, and Significant Concurrent Office	Number of shares of the Company held
6	Kenya Wakabayashi April 22, 1969	Jun. 1999 Joined SFCG Co., Ltd. Jun. 2006 Executive Officer and General Manager of the Accounting Department Jun. 2007 Joined IFIS Japan Ltd. Director of the Management Department Dec. 2015 Joined Kanamic Network Manager, Administration Department Dec. 2017 General Manager of the Administration Department Dec. 2018 Director and General Manager of the Administration Department (current position)	510
<p>(Reasons for making Mr. Wakabayashi a candidate for Director) Mr. Kenya Wakabayashi has experience in (listed company) general management operations dating back to his previous employment, and he brings a wealth of experience and knowledge to the table, mainly in accounting. Currently, he is in charge of overall management operations as the General Manager of the Administration Department, and since he is expected to further promote and strengthen the Company's corporate governance framework, he has been selected as a candidate for director.</p>			

No.	Name/DOB	Brief Personal History, Position/Assignment, and Significant Concurrent Office	Number of shares of the Company held
7	Tadao Kakizoe April 10, 1941	Jul. 1975 Joined the National Cancer Center Jan. 1992 Director of the National Cancer Center Hospital Jul. 1992 President of the National Cancer Center Apr. 2002 Chairman of Japan Cancer Society Mar. 2007 Chairman of Japan Cancer Society (current role) Apr. 2007 President Emeritus, National Cancer Center Jun. 2009 Specially Appointed Professor, Graduate School of Nursing, St. Luke's International University Jun. 2011 External Director, Terumo Corporation Jun. 2011 External Director, Nippon Television Network Corporation (currently Nippon Television Holdings, Inc.) (current position) Feb. 2014 Director, Kanamic Network (Significant positions concurrently held) Chairman of Japan Cancer Society (current role)	180,000
(Reasons for making Mr. Kakizoe a candidate for External Director) Mr. Tadao Kakizoe has outstanding insight into and extensive experience in the medical field, so we believe that he will, as an External Director, be able to provide useful advice to the management team. Therefore, he has been selected as a candidate for External Director.			

No.	Name/DOB	Brief Personal History, Position/Assignment, and Significant Concurrent Office	Number of shares of the Company held
8	Shinji Fukukawa March 8, 1932	<p>Apr. 1955 Joined the Ministry of International Trade and Industry</p> <p>Jun. 1986 Administrative Vice Minister, Ministry of International Trade and Industry</p> <p>Dec. 1988 Advisor, Global Industrial and Social Progress Research Institute (current position)</p> <p>Nov. 2002 Japan Industrial Partners, Inc. (current position)</p> <p>Mar. 2003 Trustee, Toyo University Incorporated Educational Institution</p> <p>Dec. 2011 Chairman, Jetstar Japan Co., Ltd.</p> <p>Dec. 2012 Chairman of Toyo University Incorporated Educational Institution</p> <p>Jun. 2014 Director, KDDI Corporation (current position)</p> <p>Jul. 2014 Director, Kanamic Network (current position)</p> <p>Apr. 2015 Chairman Emeritus, Jetstar Japan Co., Ltd.</p> <p>Jul. 2016 Corporation Management Committee, KPMG AZSA LLC</p> <p>Jul. 2017 Public Interest Oversight Board, KPMG AZSA LLC (current position)</p> <p>Dec. 2018 Chancellor, Toyo University Incorporated Educational Institution (current position)</p> <p>(Significant positions concurrently held) Chancellor, Toyo University Incorporated Educational Institution (current position)</p>	180,000

<p>(Reasons for making Mr. Fukukawa a candidate for External Director) Mr. Shinji Fukukawa has outstanding insight into and extensive experience in the communications industry, so we believe that he will, as an External Director, be able to provide useful advice to the management team. Therefore, he has been selected as a candidate for External Director.</p>			
No.	Name/DOB	Brief Personal History, Position/Assignment, and Significant Concurrent Office	Number of shares of the Company held
9	Kazuo Futagawa December 2, 1956	<p>Apr. 1980 Joined the Ministry of Health, Labour and Welfare</p> <p>Sep. 2012 Minister's Secretariat, Ministry of Health, Labor and Welfare</p> <p>Jul. 2014 Director of Health Policy Bureau, Ministry of Health, Labor and Welfare</p> <p>Oct. 2015 Administrative Vice Minister, Ministry of Health, Labor and Welfare</p> <p>Jul. 2017 Retired from Ministry of Health, Labor and Welfare</p> <p>Aug. 2018 Special Advisor to the Cabinet for Social Security Reform Policy</p> <p>Jun. 2020 Director, Toray Industries, Inc. (current position)</p> <p>Dec. 2020 Director, Kanamic Network (current position)</p>	—
<p>(Reasons for making Mr. Futagawa a candidate for External Director) Mr. Kazuo Futagawa has a wealth of experience and deep insight stemming from his time as a government official in the health care, social security, and labor fields. Accordingly, we believe that he will, as an External Director, be able to provide useful advice to the management of the Company. Therefore, he has been selected as a candidate for External Director.</p>			

Notes:

1. No special interest exists between the Company and any of the above candidates for Director.
2. Mr. Tadao Kakizoe, Mr. Shinji Fukukawa, and Mr. Kazuo Futagawa are candidates for External Director.
3. Mr. Tadao Kakizoe, Mr. Shinji Fukukawa, and Mr. Kazuo Futagawa have been registered as Independent Directors (as defined by Article 436-2 of the Securities Listing Regulations of Tokyo Stock Exchange, Inc) and the Company intends for them to remain Independent Directors should their appointments be approved.
4. Based on the Article 427, Paragraph (1) of the Companies Act, the Company previously entered into contracts with Mr. Tadao Kakizoe, Mr. Shinji Fukukawa, and Mr. Kazuo Futagawa

- respectively, to limit their liability under Article 423, Paragraph (1) of the Companies Act such that total liability is limited to the aggregate sum of the amounts stipulated in each item of Article 425, Paragraph (1) of the Companies Act (this agreement is premised upon the pertaining Director acting in good faith and not committing “gross negligence”). If their appointments are approved, the Company plans to extend the aforementioned contract.
5. The Company has entered into a Directors’ Liability Insurance Policy with an insurance company (as provided for in Article 430-3, paragraph (1) of the Companies Act), which covers all Directors. This policy covers any damages, legal fees etc. that arise as a result of an insured Director’s liability in relation to the execution of his or her duties, or claims related to the pursuit of such liability. Each candidate successfully appointed as Director will be insured under this policy, and the Company intends to renew this policy during their time in office.
 6. Mr. Tadao Kakizoe’s time in office as an External Director will have been 7 years and 10 months as of the closing of this General Meeting of Shareholders.
 7. Mr. Shinji Fukukawa’s time in office as an External Director will have been 7 years and 5 months as of the closing of this General Meeting of Shareholders.
 8. Mr. Kazuo Futagawa’s time in office as an External Director will have been 1 year as of the closing of this General Meeting of Shareholders.
 9. The number of shares of the Company held by each candidate for Director (stated above) is as of September 30, 2021.

(Reference) Skill Matrix for Directors/ Auditors’

(1) The main expertise and experience of the directors (candidates) are as follows.

	Name	Skill					
		Corporate Leadership Experience	Industry Experience	IT / DX	Accounting	Legal affairs/risk management	ESG
Directors (candidates)	Minoru Yamamoto	○	○	○	○		○
	Yoko Yamamoto	○	○		○	○	○
	Takuma Yamamoto	○	○	○	○	○	○
	Keiji Yamamoto		○	○			○
	Ryuta Ishikawa		○	○			
	Kenya Wakabayashi				○	○	○
	Tadao Kakizoe	○	○				
	Shinji Fukukawa	○	○	○			○
	Kazuo Futagawa	○	○			○	○
Auditors	Kyoichi Oyo				○	○	
	Toshio Imatani				○	○	
	Tsunehisa Chiba				○	○	○

*Some areas of particular skill for each person are noted but the above list does not represent all the knowledge and experience of each person.

*Currently serving auditors are also included in the skill matrix above.

(2) Composition of the Board of Directors / Committee Membership

	Name	Gender	External Director	Nomination Committee	Compensation Committee
Directors (candidates)	Minoru Yamamoto	Male			
	Yoko Yamamoto	Female			
	Takuma Yamamoto	Male		○	○
	Keiji Yamamoto	Male			
	Ryuta Ishikawa	Male			
	Kenya Wakabayashi	Male			
	Tadao Kakizoe	Male	External	○	○
	Shinji Fukukawa	Male	External	○	○
Auditors	Kazuo Futagawa	Male	External		
	Kyoichi Oyo	Male	External		
	Toshio Imatani	Male	External		
	Tsunehisa Chiba	Male			

*The Company is not a “company with a nominating committee” under Article 2-12 of the Companies Act, and therefore the nominating committee and compensation committees noted above are voluntary

Proposal No. 4: Proposal Regarding the Renumeration of Directors (Excluding External Directors) through Restricted Stock Compensation System

At the 15th Ordinary General Meeting of Shareholders, which was held on December 24th, 2015, approval was obtained to compensate Directors of the Company in an amount which is not more than 500 million yen annually (this amount does not include the portion of compensation which accounts for employee salary for Directors who concurrently serve as employees).

As part of a revision of the “Directors’ Renumeration System”, the Company now proposes to establish a new renumeration system for granting Restricted Stock to the Company’s directors (excluding External Directors; hereinafter, “Eligible Directors”). Under the proposed system, “claims to receive renumeration from the Company” (claims worth a specified monetary amount which are to be returned to the Company in exchange for common shares of the Company) would be paid to directors in an amount that falls within the confines of the aforementioned limit. The proposed system aims to provide “Eligible Directors” with incentive to strive to affect sustainable improvement in the Company’s enterprise value, while also further promoting shared interests with the Company’s shareholders. Under this proposal, the following would be established as features of the new system: (1) a “transfer restriction period” in relation to the allotted shares and (2) an allowance for a forced reacquisition of the allotted shares by the Company (without consideration) in the event certain circumstances arise. Furthermore, the total monetary amount of “claims to receive renumeration from the Company” paid to “Eligible Directors” under the new system would not exceed 90 million yen annually (however, this amount does not include the portion of compensation which accounts for employee salary for Directors who concurrently serve as employees).

The number of Directors as of the commencement of this General Meeting of Shareholders is 9 (including 3 External Directors). And assuming “Proposal No. 3: Election of (Nine) Directors” is approved exactly as proposed, this number will remain the same.

[Details of and Limits on Restricted Shares Allocated to Eligible Directors]

1. Allocation of Restricted Shares

Under the proposed system, after the Company pays “claims to receive renumeration from the Company” (claims to receive renumeration in a specified monetary amount which shall fall within the aforementioned annual limits), the “Eligible Directors” who were paid the claims will return the entirety of these claims

to the Company as “investment assets in kind” in exchange for common shares of the Company allotted through issuance of new stock or through the disposition of treasury stock. Furthermore, the “purchase price per share” (the number by which the monetary amount of the “claims to receive remuneration from the Company” shall be divided to determine how many shares shall be allotted to the “Eligible Directors” in exchange for the return of the claims) will be decided by the Board of Directors based on the closing price of the Company’s common shares on the Tokyo Stock Exchange on the business day immediately preceding the date of each resolution of the Board of Directors (or the closing price on the most recent trading date if no transactions took place on that date), within an extent that such “purchase price per share” would not be especially beneficial to the “Eligible Director” allotted such common stock.

In addition, prior to payment of “claims to receive remuneration from the Company”, it will be required that the “Eligible Director” agree to use the claims paid to them as “investment assets in kind” in an exchange in which they return them to the Company in exchange for restricted stock of the Company as detailed in the preceding paragraph. It will also be required that the Company enter into a “restricted stock allocation agreement” with the “Eligible Persons” stipulating adherence to the provisions laid out in (3.) below.

2. Total Number of Restricted Shares

The total number of restricted shares issued or disposed of within the course of a fiscal year shall not exceed 150,000 shares.

However, this upper limit shall be adjusted, in a reasonable manner, according to the ratio of any stock split (including the allotment of the Company’s common shares without any contribution) or reverse stock split that should occur on or after the date that this proposal is approved.

3. Contents of the Restricted Stock Allocation Agreement

Upon issuance or disposal of common shares of the Company (as well as upon issuance of “claims to receive remuneration from the Company”), it will be required that the Company enter into a restricted stock allocation agreement (hereinafter “the allocation agreement”) with “Eligible Directors” stipulating the following:

(1) Transfer Restriction Period

The “transfer restriction period” shall begin on the date in which the “Eligible Director” is allocated the restricted shares and continue until the date in which the “Eligible Director” resigns or retires from a certain position or office within the

Company or one of its subsidiaries at the General Meeting of Shareholders upon the conclusion of the elected term of office (this position or office shall be stipulated, in advance, by the Board of Directors and is hereinafter referred to as “the position”).

(2) Transfer Restrictions

During the “Transfer Restriction Period”, transfer of the allotted shares to a third party, posting of the shares as collateral, gifting of the shares (inter vivos), bequeathing of the shares (transferring the shares upon the Eligible Director’s death via a will, etc.), and all other forms of disposal of the shares are prohibited.

(3) Forced Reacquisition of the Shares by the Company (without consideration)

If, prior to the end date of the term of service (a term of service distinct from the elected term of office and equivalent to a number of fiscal years predetermined by the Board of Directors and hereinafter referred to as “the service period”), the Eligible Director resigns or retires from “the position” (excluding cases where there were reasonable grounds to do so), the Company shall, ipso facto, forcibly reacquire the allotted shares (without making any payment for them). However, if the Board of Directors judges that the Eligible Director resigned or retired from “the position” prior to the conclusion of “the service period” due to a legitimate reason, then the transfer restriction on the allotted shares may, instead, be lifted through approval of the Board of Directors.

That said, immediately following the conclusion of the “transfer restriction period” as defined in (1.) above, any allotted shares for which the transfer restriction has not been lifted in accordance with (4.) below, will, ipso facto, be reacquired by the Company (without making any payment for them).

(4) Lifting of the Transfer Restrictions

The Company will lift the transfer restrictions on all of the allotted shares when the “transfer restriction period” concludes (when the Eligible Director resigns or retires at the General Meeting of Shareholders upon the conclusion of the term of office), provided that the Eligible Director has held “the position” for the duration of “the service period”. However, even if “the position” was held for the duration of “the service period”, if it is the case that the Eligible Director thereafter resigned or retired from “the position” before the conclusion of the “transfer restriction period” (retired or resigned while in office, i.e.: retired or resigned between General Shareholders Meetings instead of at a General Shareholders Meeting) and without justifiable grounds for doing so, then the Company will not lift the transfer

restrictions on the allotted shares even though the Eligible Director held “the position” for the duration of “the service period”.

(5) Provisions Applicable in the Event of a Corporate Reorganization etc.

If at any point during the “transfer restriction period”, a merger agreement under which the Company will become the acquired (and thereby extinguished) company, a share exchange agreement under which the Company will become a wholly owned subsidiary, or another reorganization etc. has been approved by the General Meeting of Shareholders (or by the Company’s Board of Directors if such reorganization etc. does not require the approval of the General Meeting of Shareholders) then the Company may, prior to the effective date of the reorganization and through a resolution of its Board of Directors, lift the transfer restrictions on the allotted shares.

(6) Other Matters

Other matters concerning the Allotment Agreement shall be determined by the Company’s Board of Directors.

[Reference]

If this resolution is approved, the policy regarding decisions on remuneration for individual Directors shall be as follows.

1 . Basic Policies

The basic policy is for remuneration of Company Directors to sufficiently function as incentive for affecting sustained growth in enterprise value and for the level of remuneration paid to individual Directors to be appropriate in light of their responsibilities, degree of contribution to the Company, and position.

Remuneration of directors shall consist of fixed compensation (monetary remuneration) and equity compensation (non-monetary remuneration). However, remuneration of External Directors shall consist only of fixed compensation (monetary remuneration), in consideration of their particular roles.

2 . Policy on fixed compensation (monetary remuneration)

Fixed compensation (monetary remuneration) for each individual director shall be decided based upon that Director’s responsibilities, degree of contribution to the Company, and position. And the determination shall be made in light of comprehensive consideration of the Company’s financial results and employee salaries.

Fixed compensation (monetary remuneration) for directors shall fall within the

annual limits approved by the General Meeting of Shareholders and shall be divided into and paid as fixed monthly installments.

3. Policy on equity compensation (non-monetary remuneration)

For the purpose of providing directors (excluding External Directors) with incentive for affecting medium and long-term growth in enterprise value, stock of the Company will be granted to Eligible Directors (to an extent that falls within the limits approved by the General Meeting of Shareholders).

The monetary value / number of shares of the Company to be granted to each individual director (excluding External Directors)—or the monetary value of the shares to be granted measured as a percentage of fixed compensation—as well as other terms/conditions, including the timing of the allocation, shall be decided by the Board of Directors in light of considerations including the Director's position, the Director's responsibilities, the Director's years of service, and the Company's financial results.

4. Matters regarding the delegation of authority to decide on compensation

Decisions regarding the compensation for each individual Director shall be delegated to the President of the Company (through a resolution of the Board of Directors). Having been delegated this authority, the President shall serve as the Chair of a voluntarily established compensation committee (a 3-person committee composed of the President and 2 external directors); and this committee will make decisions on each individual Director's compensation. The authority of this voluntarily established compensation committee shall be to determine the fixed compensation amount for each individual Director.

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