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Securities code: 3299

March 4, 2022

To Shareholders with Voting Rights:

Shinichi Fujita
President
MUGEN ESTATE Co., Ltd.
1-9-7 Otemachi, Chiyoda-ku,
Tokyo, Japan

**NOTICE OF
THE 32ND ANNUAL GENERAL MEETING OF SHAREHOLDERS**

Dear Shareholders:

We would like to express our appreciation for your continued support and patronage.

We hereby inform you that the 32nd Annual General Meeting of Shareholders of MUGEN ESTATE Co., Ltd. (the “Company”) will be held as described below.

From the viewpoint of preventing the spread of COVID-19, we would like to ask you to consider exercising your voting rights in advance in writing or via the Internet, and to refrain from attending the meeting.

If you do not attend the meeting, please review the Reference Documents for the General Meeting of Shareholders below and exercise your voting rights in writing or via the Internet by 6:00 p.m. on Thursday, March 24, 2022 (Japan time) in accordance with the instructions provided below.

- 1. Date and Time:** Friday, March 25, 2022 at 10:00 a.m. Japan time
(Reception will open at 9:30 a.m.)
- 2. Place:** Third floor, Otemachi Sankei Plaza,
located at 1-7-2 Otemachi, Chiyoda-ku, Tokyo, Japan
- 3. Meeting Agenda:**
 - Matters to be reported:**
 1. The Business Report, Consolidated Financial Statements and Non-consolidated Financial Statements for the Company’s 32nd Fiscal Year (January 1, 2021 - December 31, 2021)
 2. Results of audits by the Accounting Auditor and the Audit & Supervisory Board of the Consolidated Financial Statements for the Company’s 32nd Fiscal Year
 - Proposals to be resolved:**
 - Proposal 1: Appropriation of Surplus
 - Proposal 2: Partial Amendments to the Articles of Incorporation
 - Proposal 3: Election of Four (4) Directors
 - Proposal 4: Election of Three (3) Audit & Supervisory Board Members
 - Proposal 5: Determination of Compensation for the Granting of Restricted Stock to Directors
 - Proposal 6: Changes in Details of Stock Compensation-Type Stock Options (Stock Acquisition Rights)

4. Information on the Exercise of Voting Rights

- (1) Exercise of voting rights in writing
Please indicate your approval or disapproval on the enclosed Voting Rights Exercise Form and return it to us so that it arrives by 6:00 p.m. on Thursday, March 24, 2022.
- (2) Exercise of voting rights via the Internet
Please access the Web site for exercising voting rights stated on the enclosed Voting Rights Exercise Form, and indicate your approval or disapproval each of the proposals by 6:00 p.m. on Thursday, March 24, 2022.
- (3) If you exercise your voting rights both in writing and via the Internet, we will treat the Internet vote as a valid exercise of your voting rights. If you exercise your voting rights multiple times via the Internet, only the last vote will be valid.

5. Matters in Connection with this Convocation

- (1) When exercising your voting rights by proxy, you are entitled to designate another shareholder of the Company, and please make a document evidencing his/her power of attorney. You are allowed to delegate only one (1) person as proxy.
- (2) When diversely (inconsistently) exercising your voting rights, there is a requirement to notify the Company of such intention, stating the reason for this, no later than three (3) days before the General Meeting of Shareholders.

(Requests to our shareholders)

- If you attend the meeting, please submit the enclosed Voting Rights Exercise Form at the reception desk on the day of the meeting.
- In order to save paper resources, please bring this Notice of the General Meeting of Shareholders with you.
- Please note that gifts will not be distributed to those attending the meeting.
- Of the documents to be attached to this notice, the “Notes to Consolidated Financial Statements” of the Consolidated Financial Statements and the “Notes to Non-consolidated Financial Statements” of the Non-consolidated Financial Statements are not included in the attached documents of this notice because they are posted on the Company’s website (<https://www.mugen-estate.co.jp/>), in accordance with laws and regulations and Article 18 of the Company’s Articles of Incorporation. The Consolidated Financial Statements and the Non-consolidated Financial Statements in the attached documents of this notice constitute a portion of the Consolidated Financial Statements and the Non-consolidated Financial Statements that were audited by the Accounting Auditor and the Audit & Supervisory Board Members in the preparation of the Audit Report by the Accounting Auditor and the Audit Report by the Audit & Supervisory Board.
- Any changes in the Reference Documents for the General Meeting of Shareholders, Business Report, Non-consolidated Financial Statements, or Consolidated Financial Statements will be posted on the Company’s website (<https://www.mugen-estate.co.jp/>).

Reference Documents for the General Meeting of Shareholders

Proposals and References

Proposal 1: Appropriation of Surplus

The Company considers the return of profits to shareholders as one of its most important management issues. Our basic policy is to continue to pay stable dividends while strengthening our financial position and enhancing internal reserves for long-term business expansion, and we will determine the distribution of profits by comprehensively taking into account the level of business performance and other factors. Furthermore, as announced in the “Notice on the Formulation of the Second Medium-Term Management Plan,” released on February 14, 2022, our financial foundations have been fortified under the First Medium-Term Management Plan, and we plan to address the strengthening of shareholder returns as a priority measure in the Second Medium-Term Management Plan. Accordingly, we have raised the targeted payout ratio, which was formerly around 20%, to 30% or higher.

Based on this policy, the Company proposes to pay a year-end dividend of 15 yen per share for the current fiscal year.

Matters concerning year-end dividend

- (1) Type of dividend property
Cash
- (2) Distribution of dividend property, and the total amount thereof
15 yen per common share of the Company
Total amount: 356,629,365 yen
- (3) Effective date of distribution of surplus
March 28, 2022

Proposal 2: Partial Amendments to the Articles of Incorporation

1. Reasons for the proposal

- (i) The amended provisions stipulated in the proviso of Article 1 of the supplementary provisions of the “Act Partially Amending the Companies Act” (Act No. 70 of 2019) will be enforced on September 1, 2022. Accordingly, the purpose of the proposed Article 18 is to newly establish a provision to provide information contained in the Reference Documents for the General Meeting of Shareholders, etc., electronically and to limit the scope of matters to be included in the paper copy to be sent to shareholders who have requested it. The provisions of Article 18 (Internet Disclosure and Deemed Provision of Reference Documents for the General Meeting of Shareholders, Etc.) of the current Articles of Incorporation will be deleted. In line with these amendments, supplementary provisions related to the effective date, etc., shall be established.
- (ii) To maintain and enhance the Board of Directors’ independent and objective supervisory functions of management, the proposed Article 23 will change Article 23 (Convener and Chairperson of the Board of Directors) of the current Articles of Incorporation, which states that only the President can become the Chairperson of the Board of Directors, to enable other Directors to become the Chairperson.
- (iii) The wording will be changed in conjunction with the above-mentioned amendments.

2. Details of amendments

The details of the amendments are as follows.

(Amended parts are underlined.)

Current Articles of Incorporation	Proposed Amendments
<p><u>(Internet Disclosure and Deemed Provision of Reference Documents for the General Meeting of Shareholders, Etc.)</u> <u>Article 18 The Company may, when convening a general meeting of shareholders, deem that it has provided information to shareholders pertaining to matters to be described or indicated in the reference documents for the general meeting of shareholders, business report, non-consolidated financial statements, and consolidated financial statements, by disclosing such information through the Internet in accordance with the provisions provided in the Ordinance of the Ministry of Justice.</u></p>	<p>(Deleted)</p>
<p>(Newly established)</p>	<p><u>(Measures for Electronic Provision, Etc.)</u> <u>Article 18 The Company shall, when convening a general meeting of shareholders, provide information contained in the reference documents for the general meeting of shareholders, etc. electronically.</u> <u>2. Among the matters to be provided electronically, the Company may choose not to include all or part of the matters stipulated in the Ordinance of the Ministry of Justice in the paper copy to be sent to shareholders who have requested it by the record date for voting rights.</u></p>

Current Articles of Incorporation	Proposed Amendments
<p>(Convener and Chairperson of the Board of Directors)</p> <p>Article 23 Unless otherwise provided for in laws and regulations, <u>the President shall call and preside over the meeting of the Board of Directors. In the case of the absence of the President, the other Directors shall call and preside over the meeting in the order predetermined at the Board of Directors' meeting.</u></p>	<p>(Convener and Chairperson of the Board of Directors)</p> <p>Article 23 Unless otherwise provided for in laws and regulations, <u>a Director predetermined at the Board of Directors' meeting shall call and preside over the meeting of the Board of Directors. If the position of such Director is vacant or in the case of absence of the Director, the other Directors shall call and preside over the Board of Directors' meeting in the order predetermined at the Board of Directors' meeting.</u></p>
<p>(Newly established)</p>	<p><u>Supplementary Provisions</u></p> <p><u>Article 1 The deletion of Article 18 (Internet Disclosure and Deemed Provision of Reference Documents for the General Meeting of Shareholders, Etc.) of the Articles of Incorporation before amendments and the new establishment of Article 18 (Measures for Electronic Provision, Etc.) of the Articles of Incorporation after amendments shall come into effect as of September 1, 2022 (hereinafter, the "Effective Date").</u></p> <p><u>Article 2 Notwithstanding the provisions of the preceding article, Article 18 of the Articles of Incorporation before amendments shall remain in effect with respect to a general meeting of Shareholders to be held on a date within six (6) months from the Effective Date.</u></p> <p><u>Article 3 These supplementary provisions shall be deleted after the lapse of six (6) months from the Effective Date or the lapse of three (3) months from the date of the general meeting of shareholders set forth in the preceding article, whichever is later.</u></p>
<p><u>Supplementary provisions</u></p> <p>(Provision omitted)</p>	<p><u>Supplementary provisions (changed in Japanese characters)</u></p> <p>(The same as the current provision)</p>

Proposal 3: Election of Four (4) Directors

The terms of office of seven (7) Directors will expire at the conclusion of this General Meeting of Shareholders. In order to respond promptly to changes in the business environment surrounding the Company, we have decided to introduce the executive officer system and review the composition of the Board of Directors, with the aim of strengthening the supervisory function of the Board of Directors, as well as promoting the speeding up of management decision-making and the realization of agile business execution. Accordingly, we reduce the number of Directors by three (3), and propose the election of four (4) Directors (including two (2) Outside Directors). The candidates for Directors are as follows:

If this proposal is approved as originally proposed, the ratio of Independent Outside Directors on the Board of Directors will be at least one-third as required by the “Corporate Governance Code.”

No.	Name (Date of birth)	Career summary, positions, responsibilities, and significant concurrent positions	Number of shares of the Company held				
1	Susumu Fujita (May 2, 1948) [Reappointment]	<table border="0"> <tr> <td data-bbox="494 678 654 768">May 1990</td> <td data-bbox="654 678 1254 768">Established the Company President</td> </tr> <tr> <td data-bbox="494 768 654 857">March 2013</td> <td data-bbox="654 768 1254 857">Chairman (current)</td> </tr> </table>	May 1990	Established the Company President	March 2013	Chairman (current)	5,685,700
	May 1990	Established the Company President					
March 2013	Chairman (current)						
<p data-bbox="236 857 678 902">[Reason for nomination as candidate]</p> <p data-bbox="236 902 1423 981">Mr. Susumu Fujita has years of experience in the real estate industry and has significantly contributed to the development of the Company by taking the lead in management as the founder of the Company.</p> <p data-bbox="236 981 1423 1135">The Company nominates him as a candidate for Director because it has determined that, in light of the above, the fulfillment of his role in the decision-making of the Company’s important matters and the supervision of business execution will contribute to the sustained growth and the medium- to long-term enhancement of the corporate value of the Company.</p>							

No.	Name (Date of birth)	Career summary, positions, responsibilities, and significant concurrent positions	Number of shares of the Company held
2	Shinichi Fujita (May 13, 1970) [Reappointment]	April 1997 Joined the Company February 2000 Director February 2001 Senior Managing Director January 2007 Senior Managing Director, General Manager, Administration Division January 2009 Senior Managing Director June 2010 Senior Managing Director, General Manager, Yokohama Branch January 2011 Senior Managing Director, General Manager, Administration Division and General Manager, Yokohama Branch January 2013 Senior Managing Director, General Manager, Administration Division March 2013 President (current) April 2021 General Manager, Development Business Division (current)	2,483,000
<p>[Reason for nomination as candidate]</p> <p>Mr. Shinichi Fujita has been involved in the Company's general affairs, accounting, and finance since he joined the Company, as well as acquiring detailed knowledge of a broad range of businesses of the Company while serving as the General Manager of the Yokohama Branch since its opening. He has also been a driving force behind the management of the Company since assuming the office of President in March 2013.</p> <p>The Company nominates him as a candidate for Director because it has determined that, in light of the above, the fulfillment of his role in the decision-making of the Company's important matters and the supervision of business execution will contribute to the sustained growth and the medium- to long-term enhancement of the corporate value of the Company.</p>			
3	Masashi Nitta (February 1, 1949) [Reappointment] [Outside] [Independent]	May 1990 Joined Tokyu Bunkamura, Inc. April 2003 Director, Executive General Manager, Cultural Business Headquarters April 2006 Managing Executive Director April 2008 Senior Managing Director July 2013 Senior Managing Executive Officer April 2014 Director, TOKYU THEATRE Orb April 2016 Corporate Advisor (part-time) May 2016 Corporate Advisor (part-time), the Company March 2017 Director (current)	3,000
<p>[Reason for nomination as candidate and expected roles]</p> <p>Mr. Masashi Nitta has been involved in the planning and management of one of Japan's leading cultural and artistic sectors for many years. Based on his extensive experience and achievements, he has provided appropriate opinions from an objective standpoint independent of the Company's management. Accordingly, the Company nominates him as a candidate for Outside Director because it has expected that he will continue to contribute to the sustained growth and the medium- to long-term enhancement of the corporate value of the Company.</p> <p>Mr. Masashi Nitta is not an executive or an officer of a specified associated service provider of the Company and he has not been such in the past ten years.</p>			

No.	Name (Date of birth)	Career summary, positions, responsibilities, and significant concurrent positions	Number of shares of the Company held
4	Mamoru Inoue (August 12, 1948) [Reappointment] [Outside] [Independent]	<p>April 1972 Joined Sumitomo Forestry Co., Ltd.</p> <p>April 2004 General Manager, Sales Management Department and Sales Administration Department, Sales Division</p> <p>June 2004 Executive Officer, Deputy Divisional Manager, Sales Division</p> <p>April 2006 Managing Executive Officer, Divisional Manager of Overseas Business Division</p> <p>June 2006 Director, Managing Executive Officer</p> <p>June 2008 Representative Director, Senior Managing Executive Officer</p> <p>June 2014 Outside Director, TOKYO BOARD INDUSTRIES CO., LTD.</p> <p>January 2020 Corporate Advisor (part-time), the Company</p> <p>March 2020 Director (current)</p>	500
<p>[Reason for nomination as candidate and expected roles]</p> <p>Mr. Mamoru Inoue has broad insight and abundant experience as a corporate manager in the housing-related field, and as an Outside Director of the Company, he has been appropriately fulfilling his role in the supervision of business execution, etc. Accordingly, the Company nominates him as a candidate for Outside Director because it has expected that he will continue to contribute to the sustained growth and the medium- to long-term enhancement of the corporate value of the Company.</p> <p>Mr. Mamoru Inoue is not an executive or an officer of a specified associated service provider of the Company and he has not been such in the past ten years.</p>			

- Notes:
1. There are no special interests between each candidate and the Company.
 2. Mr. Masashi Nitta and Mr. Mamoru Inoue are candidates for Outside Director.
The Company has designated Mr. Masashi Nitta and Mr. Mamoru Inoue as independent officers in accordance with the provisions of the Tokyo Stock Exchange and notified the Exchange as such. If the reappointments of Mr. Masashi Nitta and Mr. Mamoru Inoue are approved, they will be independent officers as stipulated by the Tokyo Stock Exchange.
 3. Mr. Masashi Nitta is currently an Outside Director of the Company. His term of office as an Outside Director will be five (5) years at the conclusion of this General Meeting of Shareholders.
 4. Mr. Mamoru Inoue is currently an Outside Director of the Company. His term of office as an Outside Director will be two (2) years at the conclusion of this General Meeting of Shareholders.
 5. Mr. Masashi Nitta and Mr. Mamoru Inoue, Outside Directors, have entered into an agreement with the Company to limit their liability for damages as provided for in Article 423, Paragraph 1 of the Companies Act, and the maximum amount of their liability under such agreement shall be the minimum liability amount provided for in laws and regulations. If the reappointments of Mr. Masashi Nitta and Mr. Mamoru Inoue are approved, the Company plans to continue the above agreement with each of them.
 6. The Company has entered into a directors and officers liability insurance (D&O insurance) contract with an insurance company as stipulated in Article 430-3, Paragraph 1 of the Companies Act to cover the legal damages and litigation expenses to be borne by the insured. If the appointment of each candidate is approved, they will be included in the insured of the relevant directors and officers liability insurance contract. The Company plans to renew the policy with the same contents at the next renewal.
 7. Mr. Shinichi Fujita, President, is the eldest son of Mr. Susumu Fujita, Chairman.
 8. The qualifications and nomination procedures for Directors are stipulated in the “Corporate Governance Guidelines,” which are available on the Company’s website (https://www.mugen-estate.co.jp/en/ir/management/governance/pdf/Corporate-Governance-Guidelines_20200324.pdf).
 9. The positions in the career summaries and the numbers of shares of the Company held of the candidates for Directors described above are as of February 28, 2022.

Proposal 4: Election of Three (3) Audit & Supervisory Board Members

The terms of office of three (3) Audit & Supervisory Board Members will expire at the conclusion of this General Meeting of Shareholders. Accordingly, the election of three (3) Audit & Supervisory Board Members is proposed. The consent of the Audit & Supervisory Board has been obtained for this proposal. The candidates for Audit & Supervisory Board Members are as follows:

No.	Name (Date of birth)	Career summary, positions, and significant concurrent positions	Number of shares of the Company held
1	Katsumi Takeda (February 24, 1955) [Reappointment]	April 1978 Joined Sanyo Securities Co., Ltd. March 1998 Joined TOW CO., LTD September 2002 Director, General Manager, Administration Department November 2005 Joined Ichiyoshi Securities Co., Ltd. January 2011 Joined the Company March 2011 Audit & Supervisory Board Member (full-time) (current) March 2021 Audit & Supervisory Board Member, FUJI HOME Co., Ltd. (current)	8,000
	[Reason for nomination as candidate] Mr. Katsumi Takeda has long been engaged in operations related to the Financial Instruments and Exchange Act and the Companies Act in the securities industry and has considerable knowledge of the Financial Instruments and Exchange Act and the Companies Act, having been in charge of administrative divisions as a director of other listed companies. Since joining the Company, he has performed auditing duties for the Company Group as an Audit & Supervisory Board Member. Accordingly, the Company nominates him as a candidate for Audit & Supervisory Board Member because it has determined that he can be expected to provide advice and recommendations conducive to the further strengthening of the Company's auditing structure.		
2	Yoshihiro Okada (April 1, 1951) [Reappointment] [Outside] [Independent]	April 1974 Joined Tokyo Regional Taxation Bureau July 2005 District Director, Kuse Tax Office July 2009 District Director, Kanda Tax Office July 2011 Retired August 2011 Registered as Certified Tax Accountant March 2012 Audit & Supervisory Board Member, the Company (current) [Significant concurrent positions] Okada Yoshihiro Tax Accountant Office	1,700
	[Reason for nomination as candidate] Mr. Yoshihiro Okada, as a tax accountant, has professional knowledge of finance and accounting, as well as abundant experience and a high level of insight. The Company nominates him as a candidate for Outside Audit & Supervisory Board Member because it has determined that based on his knowledge and experience, he can be expected to continue providing advice and recommendations conducive to the further strengthening of the Company's auditing structure. Although Mr. Yoshihiro Okada has no experience of direct involvement in corporate management other than as an Outside Audit & Supervisory Board Member, the Company has determined that he can appropriately perform his duties as an Outside Audit & Supervisory Board Member for the reasons stated above.		

No.	Name (Date of birth)	Career summary, positions, and significant concurrent positions	Number of shares of the Company held
	Junji Tomita (March 24, 1948) [Reappointment] [Outside] [Independent]	April 1977 Registered as Attorney, Joined Nagano Law Office June 2011 Outside Audit & Supervisory Board Member, DIC Corporation September 2013 Audit & Supervisory Board Member, the Company (current) June 2015 Outside Audit & Supervisory Board Member, Sumitomo Bakelite Co., Ltd. [Significant concurrent positions] Nagano Law Office	4,800
3	<p>[Reason for nomination as candidate]</p> <p>Mr. Junji Tomita, as an attorney-at-law, has professional knowledge of corporate legal affairs and compliance, as well as abundant experience and a high level of insight. The Company nominates him as a candidate for Outside Audit & Supervisory Board Member because it has determined that based on his knowledge and experience, he can be expected to continue providing advice and recommendations conducive to the further strengthening of the Company's auditing structure.</p> <p>Although Mr. Junji Tomita has no experience of direct involvement in corporate management other than as an Outside Audit & Supervisory Board Member, the Company has determined that he can appropriately perform his duties as an Outside Audit & Supervisory Board Member for the reasons stated above.</p>		

- Notes:
1. There are no special interests between each candidate and the Company.
 2. Mr. Yoshihiro Okada and Mr. Junji Tomita are candidates for Outside Audit & Supervisory Board Member. The Company has designated Mr. Yoshihiro Okada and Mr. Junji Tomita as independent officers in accordance with the provisions of the Tokyo Stock Exchange and notified the Exchange as such. If the reappointments of Mr. Yoshihiro Okada and Mr. Junji Tomita are approved, they will be independent officers as stipulated by the Tokyo Stock Exchange.
 3. Mr. Yoshihiro Okada will have served as an Outside Audit & Supervisory Board Member of the Company for ten (10) years at the conclusion of this General Meeting of Shareholders.
 4. Mr. Junji Tomita will have served as an Outside Audit & Supervisory Board Member of the Company for eight (8) years and six (6) months at the conclusion of this General Meeting of Shareholders.
 5. Mr. Katsumi Takeda, Audit & Supervisory Board Member, and Mr. Yoshihiro Okada and Mr. Junji Tomita, Outside Audit & Supervisory Board Members, have entered into an agreement with the Company to limit their liability for damages as provided for in Article 423, Paragraph 1 of the Companies Act, and the maximum amount of their liability under such agreement shall be the minimum liability amount provided for in laws and regulations. If the reappointments of Mr. Katsumi Takeda, Mr. Yoshihiro Okada, and Mr. Junji Tomita are approved, the Company plans to continue the above agreement with each of them.
 6. The Company has entered into a directors and officers liability insurance (D&O insurance) contract with an insurance company as stipulated in Article 430-3, Paragraph 1 of the Companies Act to cover the legal damages and litigation expenses to be borne by the insured. If the appointment of each candidate is approved, they will be included in the insured of the relevant directors and officers liability insurance contract. The Company plans to renew the policy with the same contents at the next renewal.
 7. The positions in the career summaries and the numbers of shares of the Company held of the candidates for Audit & Supervisory Board Members described above are as of February 28, 2022.

The areas expected for Directors, Audit & Supervisory Board Members, and Executive Officers (skills matrix) are as follows:

	Name	Independence	Nomination and Compensation Committee	Corporate management	ESG	Sales	Finance and Accounting	Legal Affairs and Risk Management	Personnel and Labor Affairs
Director	Susumu Fujita			●		●			
	Shinichi Fujita		●	●	●		●		●
	Masashi Nitta	●	●	●				●	
	Mamoru Inoue	●	●	●		●			
Audit & Supervisory Board Member	Katsumi Takeda			●			●	●	●
	Yoshihiro Okada	●					●	●	
	Junji Tomita	●						●	●
Executive Officer	Toshiyuki Watanabe			●		●			
	Akira Okubo			●			●	●	●
	Keiji Shoda			●		●			
	Hideo Tokuhara					●			
	Masashi Fuse					●			
	Hiroaki Sato			●			●		
	Norihito Hosokawa			●	●		●	●	

Proposal 5: Determination of Compensation for the Granting of Restricted Stock to Directors

At the 17th Annual General Meeting of Shareholders held on March 27, 2007, the amount of compensation, etc., to the Directors of the Company was approved at not more than 500 million yen per year (excluding the employee salary portion), and at the 25th Annual General Meeting of Shareholders held on March 27, 2015, the amount of compensation, etc., relating to stock compensation-type stock options of not more than 90 million yen per year to the Directors (excluding the Outside Directors), separately from the above limit, was approved. At this time, to provide an incentive to the Company's Directors (excluding the Outside Directors, hereinafter, "Eligible Director(s)") to strive for the sustained enhancement of corporate value of the Company, while sharing even greater value with the shareholders, the Company additionally seeks the approval of the shareholders for the payment of compensation for the granting of a new restricted stock to the Eligible Directors, in lieu of the granting of stock compensation-type stock options, separately from each of the above limits. Furthermore, subject to the approval of this proposal, the Company will abolish the stock compensation-type stock option plan for Directors, except for those that have already been granted, and will not issue new stock acquisition rights as stock compensation-type stock options to Directors going forward.

The Eligible Directors will contribute all monetary compensation claims, which will be provided in accordance with this proposal, as property contributed in kind, and receive the issue or disposal of the Company's common shares. The total amount of monetary compensation to be paid to Eligible Directors, in accordance with this proposal for the granting of restricted stock will be not more than 100 million yen per year, which is deemed reasonable in light of the purpose described above. Additionally, the total number of the Company's common shares to be issued or disposed of shall be not more than 120,000 shares per year. However, if the total number of issued shares of the Company should change due to a share consolidation or a share split (including an allotment of the Company's shares without contribution), the maximum number of shares shall be adjusted according to such ratio. The amount to be paid in per share for the issuance or disposal of the Company's common shares shall be based on the closing price of the Company's common shares on the Tokyo Stock Exchange on the business day preceding the date of each resolution by the Board of Directors (if there is no trading on that day, the closing price on the most recent prior trading day), and determined by the Board of Directors within a range that is not particularly advantageous to the Eligible Directors.

Additionally, the specific allocation to each Eligible Director will be determined by the Board of Directors, upon deliberation by the Nomination and Compensation Committee.

Currently, the number of Eligible Directors is five (5), and if Proposal 3 is approved as proposed, the number of Eligible Directors shall be two (2).

Furthermore, the granting of restricted stock in accordance with this proposal shall be conditional upon the conclusion of an allotment agreement pertaining to restricted stock (hereinafter, the "Allotment Agreement") between the Company and the Eligible Directors, which shall include the following details in outline.

- (1) An Eligible Director may neither transfer, create a security interest on, nor otherwise dispose of the Company's common shares allotted under the Allotment Agreement (hereinafter, the "Allotted Shares"), from the date of its granting until the day of resignation or retirement (however, with regard to the case in which the Eligible Director resigns or retires within three months after the fiscal year to which the date of granting the Allotted Shares belongs, if the Board of Directors of the Company specifies another date that falls within six months after such fiscal year, then such specified date) of the Eligible Director from the position of Director of the Company or from another position defined by the Board of Directors of the Company (hereinafter, the "Transfer Restriction Period"). (The restriction described in the preceding sentence will hereinafter be referred to as the "Transfer Restriction.")
- (2) If the Eligible Director resigns or retires from the position provided in paragraph (1) above prior to the expiry of the period defined by the Board of Directors of the Company (hereinafter, the "Service Period"), excluding cases where the Eligible Director resigns or retires for reasons deemed legitimate by the Company's Board of Directors, the Company shall acquire the Allotted Shares as a matter of course, without any compensation.
- (3) On the condition that an Eligible Director continuously serves in the position provided in paragraph (1) above throughout the Service Period, the Company shall lift the Transfer Restriction regarding all Allotted Shares at the time of expiration of the Transfer Restriction Period. In case an Eligible Director resigns or retires from the position provided in paragraph (1) above prior to the expiry of the Service Period for reasons deemed legitimate by the Company's Board of Directors as provided in paragraph (2) above, the number

of the Allotted Shares for which the Transfer Restriction will be lifted, shall be adjusted, as necessary, to a reasonable extent.

- (4) The Company shall acquire the Allotted Shares, for which the Transfer Restriction has not been lifted based on the provision of paragraph (3) above, as of the expiration of the Transfer Restriction Period, as a matter of course, without any compensation.
- (5) The Company shall acquire the Allotted Shares, as a matter of course, without any compensation, in the event of a violation of laws and regulations, internal rules, or the Allotment Agreement by an Eligible Director, or in the event of other grounds set forth by the Company's Board of Directors as deemed reasonable for the Company to acquire the Allotted Shares without any compensation, during the Transfer Restriction Period.
- (6) Notwithstanding the provision of paragraph (1) above, in the event that matters relating to a merger agreement with the Company as the absorbed company, a share exchange agreement or share transfer plan with the Company as a wholly owned subsidiary, or other reorganization, etc., are approved by the Company's General Meeting of Shareholders (or by the Board of Directors of the Company in case the reorganization, etc., does not require approval of the General Meeting of Shareholders) during the Transfer Restriction Period, the Company shall lift the Transfer Restriction, by the resolution of the Board of Directors, prior to the effective date of the reorganization, etc., for the Allotted Shares in a reasonable quantity calculated based on the period between the starting date of the Service Period and the date of approval of the reorganization, etc.
- (7) In the cases provided in paragraph (6) above, the Company shall acquire the Allotted Shares for which the Transfer Restriction has not been lifted, even at the point of time immediately following the lifting of the Transfer Restriction in accordance with the provision of (6) above, as a matter of course, without any compensation.

The reason why the granting of restricted stock has been deemed reasonable

To provide an incentive to the Eligible Directors to strive for the sustained enhancement of corporate value of the Company, while sharing even greater value with the shareholders, the Company proposes the payment of compensation for the granting of restricted stock to the Eligible Directors.

At the meeting of the Board of Directors held on February 15, 2021, the Company determined the policy on the determination of individual compensation, etc., for Directors, and if this proposal is approved, the Board of Directors plans to amend the contents of this policy and provide for the granting of restricted stock compensation to the Directors as compensation, etc. Therefore, this proposal has been drafted to be necessary and reasonable for granting restricted stock in line with the said policy after amendment. Furthermore, the ratio of the maximum number of shares to be issued or disposed of per year based on this proposal to the total number of shares issued (as of December 31, 2021) is 0.49%, and thus the resulting ratio of dilution will be insignificant.

For the above reasons, the Company has deemed that the content of this proposal is reasonable.

(Reference)

On the condition that this proposal is approved, the Company also plans to grant restricted stock to the Company's Executive Officers.

Proposal 6: Changes in Details of Stock Compensation-Type Stock Options (Stock Acquisition Rights)

The Company seeks the approval of shareholders to change the terms and conditions of issuance of stock compensation-type stock options for Directors (excluding Outside Directors), which were approved at the 25th Annual General Meeting of Shareholders of the Company held on March 27, 2015.

In order to respond promptly to changes in the business environment surrounding the Company, the Company introduced an executive officer system in November 2021 with the aim of strengthening the supervisory function of the Board of Directors, as well as promoting the speeding up of management decision-making and the realization of agile business execution, and will expand opportunities for the promotion of human resources to increase employee motivation and revitalize its organization. Among the details of the stock compensation-type stock options (stock acquisition rights) resolved at the time of issue outlined in paragraph (6), “stock acquisition rights holders may exercise his/her stock acquisition rights only up to ten (10) days from the day following the later of the date on which he/she lost his/her position as a Director or an Audit & Supervisory Board Member of the Company or its subsidiaries” is given as a condition for the exercise of the stock acquisition rights. At this time, in conjunction with the introduction of the executive officer system, the Company proposes to change this condition so that when a Director becomes an Executive Officer, he/she may exercise his/her stock acquisition rights at the time of retirement as an Executive Officer.

Currently, the number of Directors eligible for the issuance of stock compensation-type stock options (stock acquisition rights) is five (5), and if Proposal 3 is approved as proposed, the number of eligible Directors shall be two (2). In that case, the three (3) Directors who will be retiring will continue to serve as Executive Officers.

The details of the amendments are as follows.

(Amended parts are underlined.)

Current Details of Stock Acquisition Rights	Details of Stock Acquisition Rights after the Amendments
<p>(6) Those who have been allotted stock acquisition rights (hereinafter, “stock acquisition rights holders”) may exercise his/her stock acquisition rights only up to ten (10) days from the day following the later of the date on which he/she lost his/her position as a Director or an Audit & Supervisory Board Member of the Company or its subsidiaries.</p> <p>Other conditions for the exercise of stock acquisition rights shall be determined by the Board of Directors of the Company.</p>	<p>(6) Those who have been allotted stock acquisition rights (hereinafter, “stock acquisition rights holders”) may exercise his/her stock acquisition rights only up to ten (10) days from the day following the later of the date on which he/she lost his/her position as a Director, an Audit & Supervisory Board Member, or an Executive Officer of the Company or its subsidiaries.</p> <p>Other conditions for the exercise of stock acquisition rights shall be determined by the Board of Directors of the Company.</p>