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Securities Code: 4434

May 12, 2022

To our shareholders:

Ryo Oishi
President and Representative Director
Serverworks Co., Ltd.
1-21 Agebacho, Shinjuku-ku, Tokyo

Notice of the 23rd Annual General Meeting of Shareholders

We are pleased to announce the 23rd Annual General Meeting of Shareholders of Serverworks Co., Ltd. (the “Company”), which will be held as indicated below.

From the perspective of preventing the spread of novel coronavirus disease (COVID-19), this year we strongly encourage you to refrain from attending the meeting, regardless of your individual state of health, and exercise your voting rights in writing (by mail) or via the internet prior to the meeting.

Please review the attached Reference Documents for General Meeting of Shareholders, and exercise your voting rights by following the instructions described below, no later than 7:00 p.m. on Thursday, May 26, 2022 (JST).

In addition, the General Meeting of Shareholders will be streamed live online on the day of the meeting, to enable shareholders to watch it from their own homes or elsewhere. (For details, please refer to the instructions given below.)

- 1. Date and Time:** Friday, May 27, 2022, at 10:00 a.m. (JST)
- 2. Venue:** Tokyo Office ANNEX of the Company, B1F, Chuo Building
2-17 Kagurazaka, Shinjuku-ku, Tokyo

3. Purpose of the Meeting

Matters to be reported:

1. The Business Report, the Consolidated Financial Statements for the 23rd fiscal year (from March 1, 2021 to February 28, 2022) and the results of audits by the Financial Auditor and the Audit and Supervisory Committee of the Consolidated Financial Statements
2. The Non-consolidated Financial Statements for the 23rd fiscal year (from March 1, 2021 to February 28, 2022)

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 | Determination of Remuneration Pertaining to Basic Remuneration and Performance-linked Bonuses for Directors (Excluding Directors Who Are Audit and Supervisory Committee Members) |
| Proposal No. 4 | Determination of Remuneration for Granting Restricted Shares to Directors (Excluding Directors Who Are Audit and Supervisory Committee Members) |

4. Guide to Exercising Voting Rights

(1) When exercising your voting rights in writing

If exercising your voting rights in writing, please indicate your approval or disapproval on the enclosed voting form, and send it to us so that it is received by 7:00 p.m. on Thursday, May 26, 2022 (JST).

(2) When exercising your voting rights via the internet

If exercising your voting rights via the internet, please review the “Guide to Exercising Voting Rights via the Internet” on page 3 of this notice and exercise your voting rights by 7:00 p.m. on Thursday, May 26, 2022 (JST).

(3) When exercising your voting rights more than once

In the case of duplicate voting both in writing and via the internet, the one via the internet shall be deemed effective. In addition, in the case of voting twice or more times via the internet, the final exercise of voting rights shall be deemed effective.

- ◎ When attending the meeting, please submit the enclosed voting form at the reception desk.
- ◎ Among the documents to be provided with this notice, a part of the Business Report, Consolidated Financial Statements, Non-consolidated Financial Statements, Audit Report of the Audit and Supervisory Committee, Audit Report on Consolidated Financial Statements and Audit Report on Non-consolidated Financial Statements are posted on the Company’s website (<https://www.serverworks.co.jp/en/>) and are not included in this notice pursuant to laws and regulations, as well as Article 14 of the Company’s Articles of Incorporation. These items are included in the Business Report, Consolidated Financial Statements, and Non-consolidated Financial Statements audited by the Audit and Supervisory Committee and the Financial Auditor in the course of preparing their audit reports.
- ◎ Any corrections in the Reference Documents for General Meeting of Shareholders, Business Report, Consolidated Financial Statements, or Non-consolidated Financial Statements will be posted on the above-mentioned Company’s website.
- ◎ From the perspective of preventing the spread of COVID-19, this year we strongly encourage you to refrain from attending the meeting, regardless of your individual state of health, and exercise your voting rights in writing (by mail) or via the internet prior to the meeting.
- ◎ From the perspective of preventing the spread of infection, the number of seats inside the venue will be vastly limited compared with regular meetings because the chairs will be spaced at a certain distance apart from each other. Please be forewarned that we cannot guarantee that all shareholders who arrive at the venue will gain entry. Accordingly, we ask for your understanding and cooperation on this matter and encourage you to refrain from attending.
- ◎ The Company urges shareholders to exercise voting rights in advance by mail or via the internet (it is also possible from a smartphone) where possible.

Guide to Exercising Voting Rights via the Internet

If you exercise your voting rights via the internet, please understand the matters described below in advance.

1. Website for exercise of voting rights

Exercising voting rights via the internet is possible only through the use of the following voting rights exercise website designated by the Company.

The website for the exercise of voting rights: <https://www.web54.net>

2. How to exercise voting rights

(1) For those using a computer

Please access the website above, enter the “voting code” and “password” indicated on the enclosed voting form, and follow the instructions on the screen to enter your votes for or against each proposal.

(2) For those using a smartphone

You can exercise your voting rights via the website for exercising voting rights for smartphones without entering your “voting code” and “password,” by scanning the “QR code for log in to the voting website for smartphones” printed on the enclosed voting form. If you wish to change your vote, it will be necessary to re-scan the QR code and re-enter the “voting code” and “password” shown on the voting form.

3. Handling of exercise of voting rights

- (1) You will be able to exercise your voting rights until 7:00 p.m., Thursday, May 26, 2022 (JST). We would appreciate your exercise at your earliest convenience.
- (2) In the case of duplicate voting both in writing and via the internet, the one via the internet shall be deemed effective. In addition, in the case of voting twice or more times via the internet, the final exercise of voting rights shall be deemed effective.
- (3) Fees charged by internet service providers and telecommunications carriers (such as connection charges) associated with using the website for the exercise of voting rights are to be borne by the shareholder.
- (4) Depending on the internet user environment, etc. of your computer or smartphone, you may not be able to use the website for the exercise of voting rights.

Online Live Streaming

The General Meeting of Shareholders will be streamed live online on the day of the meeting, to enable shareholders to watch it from their own homes or elsewhere.

1. Online live streaming

Pre-registration URL <https://code.mon.st/sw22agm/>

Scheduled start time of the live stream Friday, May 27, 2022, around 9:30 a.m.

2. How to watch the live stream

(1) If you use a computer

(i) (Pre-registration)

Please make sure that you have “Shareholder No.” in hand, which is printed on the enclosed voting form. Access the pre-registration URL above and click the viewership registration button to proceed to the registration form. Register your invitation code* and email address.

*Enter the invitation code by combining your 9-digit Shareholder No. and postal code.

e.g.) If your Shareholder No. is 012345678 and postal code is 123-4567, enter “0123456781234567.”

(ii) (Registration confirmation)

Confirm that you have received an email with the subject line “Notice of provisional registration for the 23rd Annual General Meeting of Shareholders of Serverworks Co., Ltd.” addressed to the registered email address. Click “URL for Confirm Registration” in the body of the email to complete the registration.

(iii) Confirm that you have received an email with the subject line “Notice of completion of registration for the 23rd Annual General Meeting of Shareholders of Serverworks Co., Ltd.” addressed to the email address mentioned in (ii).

(iv) (On the day of the meeting)

Click “URL for viewing” in the email “Notice of completion of registration” you received.

(v) Upon successful access, enter the “serial code” in the same email to log in* and view.

*Log-in to the website can be made from 9:00 a.m. on May 27, the day of the meeting.

(2) If you use a smartphone

(i) (Pre-registration)

Please make sure that you have “Shareholder No.” in hand, which is printed in the enclosed voting form. Access the above pre-registration URL and click the viewership registration button to proceed to the registration form.

Register your invitation code* and email address.

*Enter the invitation code by combining your 9-digit Shareholder No. and postal code.

e.g.) If your Shareholder No. is 012345678 and postal code is 123-4567, enter “0123456781234567.”

(ii) (Registration)

Confirm that you have received an email with the subject line “Notice of provisional registration for the 23rd Annual General Meeting of Shareholders of Serverworks Co., Ltd.” addressed to the registered email address. Click “URL for Confirm Registration” in the body of the email to complete the registration.

(iii) Confirm that you have received an email with the subject line “Notice of completion of registration for the 23rd Annual General Meeting of Shareholders of Serverworks Co., Ltd.” addressed to the same email address as in (ii).

(iv) (On the day of the meeting)

Click “URL for viewing” in the email “Notice of completion of registration” you received.

(v) Upon successful access, enter the “serial code” in the same email to log in* and view.

*Log-in to the site can be made on and after 9:00 a.m. on May 27, the day of the meeting.

3. Notes

- (1) You will not be able to exercise your voting rights via the live stream. Please exercise your voting rights in writing or via the internet in advance.
- (2) Please note that the Company will not be able to take questions via the live stream.
- (3) Any provider or telecommunication carrier fees (connection fees, etc.) for using the live stream via the internet shall be borne by the shareholder.
- (4) Depending on the internet user environment, etc. of your computer or smartphone, you may not be able to use the live stream via the internet.
- (5) For more information on the live streaming, please see the document on the website below:
<https://viewer.mon.st/pdf/lssm-notice.pdf>

Reference Documents for General Meeting of Shareholders

Proposal No. 1 Amendment to the Articles of Incorporation

1. Reasons for the proposal

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, in order to prepare for the introduction of the system for electronic provision of materials for the General Meeting of Shareholders, the Articles of Incorporation of the Company shall be amended as follows.

- (1) The proposed Article 14, Paragraph 1 provides that information contained in the Reference Documents for General Meeting of Shareholders, etc. shall be provided electronically.
- (2) The purpose of the proposed Article 14, Paragraph 2 is to establish a provision to limit the scope of matters to be included in the paper copy to be sent to shareholders who have requested it.
- (3) The provisions related to the internet disclosure and deemed provision of the Reference Documents for General Meeting of Shareholders, etc. (Article 14 of the current Articles of Incorporation) will become unnecessary and will therefore be deleted.
- (4) In line with the above establishment and deletion of the provisions, supplementary provisions related to the effective date, etc. shall be established.

2. Details of the amendment

The details of the amendment are as follows.

(Amendments are underlined)

Current Articles of Incorporation	Proposed Amendments
<p>CHAPTER III. GENERAL MEETING OF SHAREHOLDERS</p> <p><u>Article 14 (Internet Disclosure and Deemed Provision of Reference Documents for the Shareholders’ Meeting, Etc.)</u></p> <p><u>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 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 style="text-align: center;">(Newly established)</p>	<p>CHAPTER III. GENERAL MEETING OF SHAREHOLDERS</p> <p>(Deleted)</p> <p><u>Article 14 (Measures for Electronic Provision, Etc.)</u></p> <p><u>1. The Company shall, when convening a General Meeting of Shareholders, provide information contained in the Reference Documents for General Meeting of Shareholders, etc. electronically.</u></p> <p><u>2. Among the matters to be provided electronically, the Company shall not be required 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 style="text-align: center;">SUPPLEMENTARY PROVISIONS</p> <p>(Transitional Measures Concerning the Exemption of Liability for Audit & Supervisory Board Members)</p> <p>The Company may exempt an Audit & Supervisory Board Member (including a person who was formerly an Audit & Supervisory Board Member) stipulated in Article 423, paragraph (1) of the Companies Act from liabilities for damages arising out of conduct prior to the conclusion of the 22nd Annual General Meeting of Shareholders to the extent permitted by laws and regulations, in accordance with resolutions of the Board of Directors of the Company.</p> <p style="text-align: center;">(Newly established)</p>	<p style="text-align: center;">SUPPLEMENTARY PROVISIONS</p> <p><u>Article 1</u> (Transitional Measures Concerning the Exemption of Liability for Audit & Supervisory Board Members)</p> <p>The Company may exempt an Audit & Supervisory Board Member (including a person who was formerly an Audit & Supervisory Board Member) stipulated in Article 423, paragraph (1) of the Companies Act from liabilities for damages arising out of conduct prior to the conclusion of the 22nd Annual General Meeting of Shareholders to the extent permitted by laws and regulations, in accordance with resolutions of the Board of Directors of the Company.</p> <p><u>Article 2</u> (Transitional Measures Concerning Measures for Electronic Provision, Etc.)</p> <ol style="list-style-type: none"> 1. <u>The deletion of Article 14 of the current Articles of Incorporation and the establishment of the proposed Article 14 shall come into effect on September 1, 2022, which is the date of enforcement of 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).</u> 2. <u>Notwithstanding the provisions of the preceding paragraph, Article 14 of the current Articles of Incorporation shall remain in force with respect to a General Meeting of Shareholders to be held on a date within six months from September 1, 2022.</u> 3. <u>These supplementary provisions shall be deleted after the lapse of six months from September 1, 2022 or the lapse of three months from the date of the General Meeting of Shareholders set forth in the preceding paragraph, whichever is later.</u>

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

The terms of office of three Directors (excluding Directors who are Audit and Supervisory Committee Members; hereinafter, the same applies in this proposal) will expire at the conclusion of this Annual General Meeting of Shareholders. Accordingly, the election of three Directors is proposed.

The candidates for Directors are as follows:

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	Ryo Oishi (July 20, 1973) [Reelection]	Apr. 1996 Joined Marubeni Corporation Dec. 2000 Representative Director of Web Senka Limited (currently the Company) May 2014 Director of Sky365 Co., Ltd. Dec. 2018 Representative Director, President of the Company (current position) (Significant concurrent positions outside the Company) Not applicable.	2,868,200 shares
[Reasons for nomination as a candidate for Director] Ryo Oishi has been responsible for management of the Company serving as Representative Director for many years since December 2000. He has abundant experience and insight and has achieved sufficient results. The Company, therefore, proposes his reelection as Director with the expectation that he will demonstrate outstanding management skills.			
2	Takashi Hashiba (March 24, 1978) [Reelection]	Apr. 2000 Joined GLOBAL FOOD CREATORS Co., LTD. Apr. 2006 Joined the Company Mar. 2010 Subleader of Sales Group and Product Manager Oct. 2011 General Manager of Sales Department Mar. 2013 General Manager of AWS Business Department Oct. 2013 Director (current position) Sept. 2014 General Manager of Cloud Integration Division Mar. 2015 General Manager of Cloud Integration Department May 2017 Director of Sky365 Co., Ltd. Sept. 2017 General Manager of Sales Department of the Company Mar. 2018 General Manager of Sales Department I Nov. 2018 General Manager of Sales Department II Mar. 2019 General Manager of Sales Department (current position) Jul. 2021 Representative Director, President of G-gen Co., Ltd. (current position) (Significant concurrent positions outside the Company) Representative Director of G-gen Co., Ltd.	199,368 shares
[Reasons for nomination as a candidate for Director] Takashi Hashiba has engaged in management of the Company for many years, particularly in the area of business expansion. He has been serving as Director since October 2013. He has abundant experience and knowledge and has achieved sufficient results mainly in sales and technology departments. The Company, therefore, proposes his reelection as Director with the expectation that he will demonstrate outstanding management skills.			

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	Hiroyuki Oshio (August 4, 1971) [Reelection]	<p>Apr. 1995 Joined Marubeni Corporation</p> <p>Feb. 2001 Joined Digital Publishing Japan Co., Ltd. (currently Celartem Technology Inc.)</p> <p>Apr. 2001 Senior Vice President of DPJ USA, Inc. (currently Celartem Inc.)</p> <p>Oct. 2003 President and Director of Trans Media Communications Limited</p> <p>Oct. 2013 Joined the Company as General Manager of Business Development Department</p> <p>Aug. 2014 Director (current position)</p> <p>Sept. 2014 General Manager of Shared Service Division</p> <p>Mar. 2015 General Manager of Shared Service Department</p> <p>May 2017 Director of Sky365 Co., Ltd. (Significant concurrent positions outside the Company)</p> <p>Not applicable.</p>	78,828 shares
<p>[Reasons for nomination as a candidate for Director]</p> <p>Hiroyuki Oshio has engaged in management of the Company, particularly in the area of administration. He has been serving as Director since August 2014. He has abundant experience and knowledge and has achieved sufficient results mainly in finance and accounting and corporate planning departments. The Company, therefore, proposes his reelection as Director with the expectation that he will make outstanding management decisions.</p>			

- Notes:
1. There is no special interest between each candidate for Director and the Company.
 2. Outline, etc. of directors and officers liability insurance agreement
The Company has entered into a directors and officers liability insurance agreement (hereinafter referred to as the "D&O insurance") with an insurance company, as stipulated in Article 430-3, Paragraph (1) of the Companies Act. The D&O insurance will cover damage that may be suffered by any of the Company's Directors (Directors and Directors who are Audit and Supervisory Committee Members) due to their assuming liability borne by their execution of duties or receiving a claim for the pursuit of such liability (excluding, however, damage which falls under exemptions stipulated in the insurance policy). The candidates are incumbent Directors and are included in the insured of the D&O Insurance Policy. If each of the candidates is elected and assumes office, they will be included in the insured of the D&O Insurance Policy. The D&O insurance premiums are fully borne by the Company. The term of the current D&O insurance policy is one year, and the Company will renew it upon resolution by the Board of Directors before the expiration of said term.

(Reference) Areas of specialization and experiences of Candidates for Directors (skills matrix)

If the candidates nominated in this notice are elected as originally proposed, the skills matrix of all Directors will be as below. Directors who are Audit and Supervisory Committee Members were elected at the 22nd Annual General Meeting of Shareholders held on May 28, 2021.

Name	Position (planned or current)	Corporate management and management strategies	Sales and marketing	Risk manage ment and governa nce	Finance, account ing and mone - tary affairs	Human resource strate - gies and develop - ment	Intern - tional business	Knowledge of IT and digital industry
Ryo Oishi	President and Representative Director	○	○	○		○		○
Takashi Hashiba	Director	○	○	○		○		○
Hiroyuki Oshio	Director	○		○	○	○		○
Mikiya Inoue	Outside Director Full-time Audit and Supervisory Committee Member	○		○	○		○	○
Yuko Tanaka	Outside Director Audit and Supervisory Committee Member	○		○	○	○		○
Ichiro Terajima	Outside Director Audit and Supervisory Committee Member	○				○	○	○
Hikari Fujimoto	Outside Director Audit and Supervisory Committee Member	○		○	○			○

Proposal No. 3 Determination of Remuneration Pertaining to Basic Remuneration and Performance-linked Bonuses for Directors (Excluding Directors Who Are Audit and Supervisory Committee Members)

In conjunction with our transition to a company with Audit and Supervisory Committee, it was approved at the 22nd Annual General Meeting of Shareholders held on May 28, 2021 that the annual maximum amount of remuneration, etc. for Directors (excluding Directors who are Audit and Supervisory Committee Members; hereinafter, the same applies) of the Company paid as basic fixed remuneration (excluding, however, employee salaries for Directors concurrently serving as employees) was to be ¥300 million, and that the specific amounts for each Director, timing of payments, etc. would be determined by resolutions of the Board of Directors.

The Company has recently reviewed its Directors remuneration system in general, and decided to pay to executive Directors performance-linked bonuses, in addition to basic remuneration (fixed remuneration) for Directors of the Company, as cash remuneration, for the purposes of making the linkage between operational targets and remuneration clear and having Directors commit to results of operations, as well as restricted share remuneration as non-cash remuneration (which pertains to Proposal No. 4 “Determination of Remuneration for Granting Restricted Shares to Directors (Excluding Directors Who Are Audit and Supervisory Committee Members)”). Accordingly, the Company proposes to revise the upper limit of remuneration, which is the annual maximum amount of ¥300 million as basic fixed remuneration as mentioned above, and make the total amounts paid as remuneration as a whole not more than ¥300 million annually, the same amount as the limit of aforementioned basic remuneration, within the limit of which the annual maximum amount of basic remuneration shall be ¥210 million and annual maximum amount of performance-linked bonuses shall be ¥30 million (however, both of which exclude employee salaries for Directors concurrently serving as employees).

At the Board of Directors meeting held on April 14, 2022, the Company adopted a policy concerning the determination of the details of remuneration, etc. of individual Directors (excluding Directors who are Audit and Supervisory Committee Members). This proposal is in line with said policy, and is necessary and reasonable, and has been approved by the Board of Directors after giving consideration to levels in society, the Company’s profit levels, etc. The Company has judged, therefore, that it is appropriate.

The specific amounts and timing of payments will be determined by the Board of Directors.

The number of Directors covered by this proposal is three, and the number of Directors covered by this proposal will continue to be three if Proposal No. 2 is approved as originally proposed.

Proposal No. 4 Determination of Remuneration for Granting Restricted Shares to Directors (Excluding Directors Who Are Audit and Supervisory Committee Members)

At the 22nd Annual General Meeting of Shareholders held on May 28, 2021, it was approved that the annual maximum amount of remuneration, etc. for Directors (excluding Directors who are Audit and Supervisory Committee Members; hereinafter, the same applies) of the Company was to be ¥300 million (excluding, however, employee salaries for Directors concurrently serving as employees) at the 22nd Annual General Meeting of Shareholders held on May 28, 2021. If above Proposal No. 3 “Determination of Remuneration Pertaining to Basic Remuneration and Performance-linked Bonuses for Directors (Excluding Directors Who Are Audit and Supervisory Committee Members)” is approved, the total amounts of remuneration paid to Directors will be not more than ¥300 million annually, within the limit of which the annual maximum amount of basic remuneration will be ¥210 million and the annual maximum amount of performance-linked bonuses shall be ¥30 million. In addition to the foregoing, the Company requests for approval for payment of new remuneration for granting restricted shares to Directors (excluding outside Directors; hereinafter referred to as “Eligible Directors”) of the Company within the limit of the annual amount of ¥300 million mentioned above for the purposes of providing them with incentives to aim for sustainable growth of the Company’s corporate value and further promoting sharing of value with shareholders.

Ordinary shares of the Company shall be issued or delivered to Eligible Directors by delivering all monetary remuneration claims paid pursuant to this proposal as property contributed in kind, and the total amounts of cash remuneration paid to Eligible Directors pursuant to this proposal to grant restricted shares shall be not more than ¥60 million annually, which is deemed appropriate in light of the above purposes. In addition, the total annual number of ordinary shares issued or delivered by the Company based on the foregoing shall be up to 30 thousand; provided, however, that, if the total number of shares issued by the Company increases or decreases due to consolidation or split of shares (including allotment of shares without contribution), the upper limit number shall be adjusted according to the ratio. The Board of Directors will determine the per share amount to be paid in for said issuance or delivery based on the closing price of ordinary shares of the Company on the Tokyo Stock Exchange on the business day immediately preceding the date of resolution at each Board of Directors meeting (if transactions are not executed on that day, the closing price on the most recent trading day preceding that day), within the range of amounts that is not particularly advantageous to Eligible Directors.

The specific allocation to each Eligible Director will be determined by the Board of Directors.

The number of Eligible Directors is currently three, and the number of Eligible Directors will continue to be three if Proposal No. 2 is approved as originally proposed.

In addition, when granting restricted shares under this proposal, the Company shall execute a restricted share allotment agreement with each Eligible Director, which, in summary, contains the following provisions (hereinafter referred to as the “Allotment Agreement”).

- (1) Eligible Directors may not transfer, pledge as collateral, or otherwise dispose of their ordinary shares of the Company allotted to them under the Allotment Agreement (hereinafter referred to as the “Allotted Shares”) (hereinafter referred to as “Transfer Restriction”) during the period from the date of delivery of the Allotted Shares to the date on which the Eligible Director retires from his/her position as Director of the Company or any other position designated by the Board of Directors of the Company or resigns from the Company (however, if the Eligible Director retires from his/her position or resigns from the Company by the time before the lapse of three months from the beginning of the fiscal year in which the date of delivery of the Allotted Shares falls and if there is any day within six months from the beginning of said fiscal year separately specified by the Board of Directors of the Company, then, that day) (hereinafter referred to as the “Transfer Restriction Period”).
- (2) If an Eligible Director retires from his/her position in (1) above or resigns from the Company before the expiration of the period specified by the Board of Directors of the Company (hereinafter referred to as the “Service Period”), the Company will naturally acquire his/her Allotted Shares gratuitously unless such retirement or resignation is due to any reason that the Board of Directors of the Company determines legitimate.
- (3) The Company will remove the Transfer Restriction for all the Allotted Shares of an Eligible Director upon the expiration of the Transfer Restriction Period, on the condition that the Eligible Director has been in the position in (1) above during the Service Period on a continuous basis; provided, however, that, if the Eligible Director retires from their position in (1) above or resigns from the Company before the expiration of the Service Period due to any reason that the Board of Directors of the Company determines legitimate as in (2) above, the Company will reasonably adjust the number of the Allotted Shares for which the Transfer Restriction is removed, as necessary.
- (4) The Company will naturally acquire the Allotted Shares on which the Transfer Restriction has not been removed pursuant to the provisions of (3) above as of the expiration of the Transfer Restriction Period gratuitously.
- (5) The Company will naturally acquire the Allotted Shares of an Eligible Director gratuitously if any of the reasons set forth by the Board of Directors of the Company as reasons for which it is appropriate for the Company to acquire the Allotted Shares gratuitously has become applicable to said Eligible Director during the Transfer Restriction Period. Such reasons include, but not limited to, violation of laws and regulations and breach of internal rules or the Allotment Agreement.
- (6) Notwithstanding the provisions of (1) above, if a merger agreement based on which the Company becomes a disappearing company, a share exchange agreement based on which the Company becomes a wholly owned subsidiary company, or any matter concerning organizational restructuring, etc., including a share transfer plan, has been approved by the General Meeting of Shareholders of the Company (however, if approval of the General Meeting of Shareholders of the Company is not required for said organizational restructuring, etc., then, the Board of Directors of the Company) during the Transfer Restriction Period, the Company will remove the Transfer Restriction for the reasonably determined number of the Allotted Shares by a resolution of the Board of Directors of the Company, prior to the effective date of said organizational restructuring, etc.

- (7) In the event stipulated in (6) above, the Company will naturally acquire the Allotted Shares on which the Transfer Restriction has not yet been removed as of the time immediately after the time when the Transfer Restriction was removed pursuant to the provisions of (6) above gratuitously.

[Reasons that granting restricted shares is appropriate]

The purpose of this proposal is to pay remuneration for granting restricted shares to Eligible Directors for the purposes of providing them with incentives to aim for sustainable growth of the Company's corporate value and further promoting sharing of value with shareholders.

The Company has established a policy concerning the determination of the details of remuneration, etc. of individual Directors (excluding Directors who are Audit and Supervisory Committee Members) at the Board of Directors meeting held on February 19, 2021, and the overview of the policy is as described in page 9 of the Business Report (available in Japanese only). It was resolved at the Board of Directors meeting held on April 14, 2022 to revise said policy, and the granting of restricted shares under this proposal is in line with the revised policy, and is necessary and reasonable. In addition, the ratio of the maximum number of shares issued or delivered in a year pursuant to this proposal to the total number of shares issued and outstanding (as of February 28, 2022) is 0.39%. As such, the dilution factor is insignificant.

Therefore, the Company has judged that the contents of this proposal are appropriate.