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(Stock Exchange Code 6670)
June 9, 2022

To Shareholders with Voting Rights:

Yuji Takashima
Chairman & CEO
MCJ Co., Ltd.
6-14-53, Midori-cho, Kasukabe-shi,
Saitama

NOTICE OF CONVOCATION OF THE 24TH ANNUAL GENERAL MEETING OF SHAREHOLDERS

Dear Shareholders:

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

You are cordially invited to attend the 24th Annual General Meeting of Shareholders of MCJ Co., Ltd. (the “Company”). The meeting will be held for the purposes as described below.

If you are unable to attend the meeting, you may exercise your voting rights in writing or via the Internet. Please review the attached Reference Documents for the General Meeting of Shareholders, then either indicate your vote for or against the proposals on the enclosed Voting Rights Exercise Form and return it to us, or enter your vote on the website for the exercise of voting rights designated by the Company (<https://evote.tr.mufg.jp/>). In either case, please exercise your voting rights such that they are received no later than 6:00 p.m. Japan time on Thursday, June 23, 2022.

The Company also participates in the platform for exercising voting rights for institutional investors operated by ICJ, Inc.

1. Date and Time: Friday, June 24, 2022 at 10:30 a.m. Japan time
(Venue opens at 9:30 a.m.)

2. Place: Hall B at Otemachi PLACE Conference Center 2F at
2-3-1, Otemachi, Chiyoda-ku, Tokyo, Japan

* The number of available seats is limited this year as a result of securing wide spaces between seats in order to prevent the spread of COVID-19. Accordingly, we would like to apologize in advance that we have to deny your entry if the seats in Hall B are fully occupied.

3. Meeting Agenda:

- Matters to be reported:**
1. The Business Report, Consolidated Financial Statements for the Company’s 24th Fiscal Year (April 1, 2021 - March 31, 2022) and results of audits by the Accounting Auditor and the Board of Auditors on the Consolidated Financial Statements
 2. Non-consolidated Financial Statements for the Company’s 24th Fiscal Year (April 1, 2021 - March 31, 2022)

Proposals to be resolved:

- Proposal 1:** Appropriation of Surplus
Proposal 2: Partial Amendments to the Articles of Incorporation
Proposal 3: Election of One (1) Director
Proposal 4: Amount and Partial Revision of the Performance-linked Stock Remuneration Plan for Directors

When attending the meeting, please submit the enclosed Voting Rights Exercise Form at the reception desk of the venue.

4. Matters to be Disclosed on the Internet

Of the matters to be included in this Notice, pursuant to laws and regulations and the provisions of Article 19 of the Company's Articles of Incorporation, Notes to the Consolidated Financial Statements and Notes to the Non-consolidated Financial Statements are posted on the Company's website on the Internet and therefore are not included in the Attached Documents to this Notice.

The Attached Documents to this Notice are a portion of the Business Report, Consolidated and Non-consolidated Financial Statements audited by Auditors in their preparation of the Auditors' Report, and the Consolidated and Non-consolidated Financial Statements audited by Accounting Auditors in their preparation of the Accounting Auditors' Report.

5. Information on Exercising Your Voting Rights

If you are attending the General Meeting of Shareholders:

If you are attending the meeting, please bring the enclosed Voting Rights Exercise Form with you and submit it at the reception desk of the venue.

Attendees are kindly advised to arrive early at the venue to avoid congestion.

Date and time of the General Meeting of Shareholders:

10:30 a.m. Japan time on Friday, June 24, 2022 (Venue opens at 9:30 a.m.)

If you are not attending the General Meeting of Shareholders:

Exercising your voting rights in writing:

Please indicate your vote for or against the proposals on the enclosed Voting Rights Exercise Form and return it to the Administrator of Shareholder Registry of the Company so that it is received by the voting rights exercise deadline.

Voting rights exercise deadline:

Votes received by 6:00 p.m. Japan time on Thursday, June 23, 2022

Exercising your voting rights via the Internet:

Please access the **voting rights exercise website (<https://evote.tr.mufg.jp/>)** from your computer or smartphone, enter the code and password for exercising your voting rights, which are indicated on the enclosed Voting Rights Exercise Form, and register your vote for or against the proposals by following the on-screen instructions.

Voting rights exercise deadline:

Votes exercised by 6:00 p.m. Japan time on Thursday, June 23, 2022

Any revisions to the accompanying Reference Documents for the General Meeting of Shareholders, the Business Report, the Consolidated Financial Statements or the Non-consolidated Financial Statements will be posted on the Company's website.

■ The Company's website: <https://www.mcj.jp/>

Reference Documents for the General Meeting of Shareholders

Proposal 1: Appropriation of Surplus

Matters regarding year-end dividend:

The Company considers the enhancement of shareholder returns as one of its important management issues, and upholds the policy of performance-based dividend payment in accordance with the Company's business performance, aiming for a total payout ratio to become 30 to 40%, with the dividend payout ratio to be 30% or above of profit attributable to owners of parent.

In light of the Company's business performance for the 24th fiscal year and the above policy, the Company proposes a year-end dividend of ¥32 per share of the common stock.

- (1) Type of dividend property
Cash
- (2) Matters related to the allocation of dividend property and the total amount thereof
¥32 per share of the Company's common stock
Total amount: ¥3,145,764,128
- (3) Effective date of the dividends of surplus
Monday, June 27, 2022

Proposal 2: Partial Amendments to the Articles of Incorporation

1. Reason for the Proposal

- (1) Regarding Article 2 (Purpose), the revisions aim to remove businesses which are not currently being conducted or planning to be launched in the future for better organization.
- (2) The amendment to the Companies Act permits the electronic provision of Reference Documents for Shareholders Meetings, etc., and requires book-entry share issuing companies to stipulate in their articles of incorporation that they will provide the information contained in Reference Documents for Shareholders Meetings, etc., electronically from September 1, 2022 onward. Accordingly, the Company shall establish provisions to the effect that the Company shall take measures to provide information that is the content of reference documents for the General Meeting of Shareholders, etc. electronically and that the Company may limit the scope of matters to be included in written documents to be delivered to shareholders who have requested the delivery of written documents.

In addition, the current provisions on Internet Disclosure and Deemed Provision of Reference Documents for the General Meeting of Shareholders, etc. will be deleted as they are no longer necessary, and supplementary provisions regarding the effective date, etc. accompanying these changes shall be established.

2. Details of the Amendments

The details of the amendments are as follows.

(The underlined parts are the parts to be amended.)

Current Articles of Incorporation	Proposed Amendments
<p>(Purpose) Article 2. The purpose of the Company shall be to control and manage the business activities of domestic and overseas companies that engage in the following businesses, through the ownership of shares in such companies. 1 – 25. (Omitted) 26. Planning, design, production, processing, construction, supervision, procurement, import/export, renting, wholesale, and sale of the goods listed below, commissioned business of such activities, and providing information processing services for audio recording, video recording, etc. (1) – (2) (Omitted) <u>(3) Cosmetics, beauty products, and health-related products</u> <u>(4) Health and beauty devices</u> <u>(5) General foods, health foods, nutritionally-enriched foods, and potable water</u> <u>(6) Agricultural crops, livestock, and products processed from these materials</u> <u>(7) Agricultural equipment, construction materials, and other materials</u> <u>(8) Lumber, steel, plastics, and composite resin products</u> <u>(9) Remote learning textbooks and equipment</u> <u>(10) Refrigerating and freezing equipment</u></p>	<p>(Purpose) Article 2. The purpose of the Company shall be to control and manage the business activities of domestic and overseas companies that engage in the following businesses, through the ownership of shares in such companies. 1 – 25. (Unchanged) 26. Planning, design, production, processing, construction, supervision, procurement, import/export, renting, wholesale, and sale of the goods listed below, commissioned business of such activities, and providing information processing services for audio recording, video recording, etc. (1) – (2) (Unchanged) (Deleted) (Deleted) <u>(3) General foods, health foods, nutritionally-enriched foods, and potable water</u> (Deleted) <u>(4) Agricultural equipment, construction materials, and other materials</u> <u>(5) Lumber, steel, plastics, and composite resin products</u> <u>(6) Remote learning textbooks and equipment</u> <u>(7) Refrigerating and freezing equipment</u></p>

Current Articles of Incorporation	Proposed Amendments
<p><u>(11) Luxury items such as alcohol and tobacco products</u></p> <p><u>(12) Home and commercial game software</u></p> <p><u>(13) Detergents, cleaning products, cleaning equipment, and environment beautification products</u></p> <p>27. (Omitted)</p> <p>28. Planning design, construction, systems development, and operation and management of the stores or facilities listed below, and franchising of such stores or facilities</p> <p>(1) – (4) (Omitted)</p> <p><u>(5) Saunas, rock bathing, carbonated baths, and other hot spring facilities</u></p> <p><u>(6) Facilities providing orthopedic and chiropractic services, as well as relaxation and healing services</u></p> <p><u>(7) Hotels, Japanese inns, and other lodging facilities</u></p> <p><u>(8) Fitness clubs</u></p> <p>29. Planning, <u>production, promotion</u>, operation, and management of events related to music, entertainment, fashion, sports, and culture</p> <p>30 – 36. (Omitted)</p> <p><u>37. Business related to damages insurance sales agent operations and life insurance recruitment</u></p> <p><u>38. Restaurant business</u></p> <p><u>39. Sales of publication materials</u></p> <p><u>40. Temp staff dispatching business</u></p> <p><u>41. Paid employment placement business</u></p> <p><u>42. Real estate sales, rentals, and management</u></p> <p><u>43. Planning, design, implementation, and management of civil engineering, construction, equipment installation, and interior/exterior finishing projects</u></p> <p><u>44. Design, development, supply, rental, leasing, sales, and maintenance related store equipment and furnishings, as well as store operations and operation systems</u></p> <p><u>45. Recruitment, unification, support, education, and guidance for franchise member stores and sales agents</u></p> <p><u>46. Market research for store openings, as well as operation planning for franchise stores and guidance and proxy operations related to store design</u></p>	<p>(Deleted)</p> <p><u>(8) Home and commercial game software</u> (Deleted)</p> <p>27. (Unchanged)</p> <p>28. Planning design, construction, systems development, and operation and management of the stores or facilities listed below, and franchising of such stores or facilities</p> <p>(1) – (4) (Unchanged)</p> <p>(Deleted)</p> <p><u>(5) Facilities providing orthopedic and chiropractic services, as well as relaxation and healing services</u></p> <p><u>(6) Hotels, Japanese inns, and other lodging facilities</u></p> <p><u>(7) Fitness clubs</u></p> <p>29. Planning, operation, and management of events related to music, entertainment, fashion, sports, and culture</p> <p>30 – 36. (Unchanged)</p> <p>(Deleted)</p> <p><u>37. Restaurant business</u></p> <p><u>38. Sales of publication materials</u> (Deleted) (Deleted)</p> <p><u>39. Real estate sales, rentals, and management</u> (Deleted)</p> <p><u>40. Design, development, supply, rental, leasing, sales, and maintenance related store equipment and furnishings, as well as store operations and operation systems</u></p> <p><u>41. Recruitment, unification, support, education, and guidance for franchise member stores and sales agents</u></p> <p><u>42. Market research for store openings, as well as operation planning for franchise stores and guidance and proxy operations related to store design</u></p>

Current Articles of Incorporation	Proposed Amendments
<p>47. Training of sports trainers and sports instructors</p> <p>48. Management and franchising of orthopedic clinics, chiropractic clinics, acupuncture and moxibustion clinics, relaxation salons, aesthetic salons, caregiving facilities, and day service facilities</p> <p>49. Rental, sales, and management of medical machinery, equipment, tools, and supplies</p> <p>50. Medical invoice business and contracted general medical office work</p> <p>51. The following operations for treatment facilities such as orthopedic clinics, acupuncture and moxibustion clinics, massage parlors (1) – (4) (Omitted)</p> <p>52. Coin laundromat management</p> <p>53. All other ancillary operations related to the above</p> <p>2. The Company may carry out additional business as necessary for the purpose of achieving the objectives of the operations above, including their ancillary and related operations.</p>	<p>43. Training of sports trainers and sports instructors</p> <p>44. Management and franchising of orthopedic clinics, chiropractic clinics, acupuncture and moxibustion clinics, relaxation salons, aesthetic salons, caregiving facilities, and day service facilities</p> <p>45. Rental, sales, and management of medical machinery, equipment, tools, and supplies</p> <p>46. Medical invoice business and contracted general medical office work</p> <p>47. The following operations for treatment facilities such as orthopedic clinics, acupuncture and moxibustion clinics, massage parlors (1) – (4) (Unchanged)</p> <p>48. Coin laundromat management</p> <p>49. All other ancillary operations related to the above</p> <p>2. (Unchanged)</p>
<p><u>(Internet Disclosure and Deemed Provision of Reference Documents for the General Meeting of Shareholders, etc.) Article 19</u></p> <p><u>When the company issues a convocation for a general meeting of shareholders, information the reference materials, calculation documents, business reports, and other balance sheet materials which should be disclosed to shareholders may be shared over the Internet in accordance with the regulations of the Ministry of Justice, at which time said materials will be considered disclosed.</u></p>	<p>(Deleted)</p>
<p>(New addition)</p>	<p><u>(Electronic Provision of General Meeting of Shareholders Meeting Materials)</u></p> <p><u>Article 19</u></p> <p><u>When the company issues a convocation for a general meeting of shareholders, electronic provision of materials will be carried out in accordance with Article 325-2 of the Companies Act.</u></p> <p><u>2. The Company may decide not to require to all or part of the matters for which it takes electronic provision measures, which are specified by the applicable ordinance of the Ministry of Justice, to be stated in the documents to be delivered to shareholders who have made a request for delivery of documents as provided for in Article 325-5 of the Companies Act by the record date.</u></p>

Current Articles of Incorporation	Proposed Amendments
<p data-bbox="395 241 571 271">(New addition)</p>	<p data-bbox="810 241 1107 271"><u>Supplementary provisions</u></p> <p data-bbox="810 271 1404 555"><u>The deletion of Article 19 (Internet Disclosure and Deemed Provision of Reference Documents for the General Meeting of Shareholders, etc.) of the Articles of Incorporation before amendment and the new establishment of Article 19 (Electronic Provision of Materials for the General Meeting of Shareholders) of the Articles of Incorporation after amendment will come into effect on September 1, 2022 (hereinafter: Implementation Date).</u></p> <p data-bbox="810 591 1404 808"><u>2. Notwithstanding the provisions of the previous clause, Article 19 of the Articles of Incorporation before amendment (Internet Disclosure and Deemed Provision of Reference Documents for the General Meeting of Shareholders, etc.) will remain in effect for any General Meeting of Shareholders held less than 6 months after the Implementation Date.</u></p> <p data-bbox="810 844 1404 992"><u>3. These supplementary provisions will be automatically deleted either after 6 months has passed from the Implementation Date or after 3 months has passed following a General Meeting of Shareholders as described in the previous clause.</u></p>

Proposal 3: Election of One (1) Director

The goal of this request to elect a new director is to strengthen the diversity of the board of Directors and the supervision of the management by adding a female outside director. In addition, the term for this new director will end at the same time as other currently appointed directors, in accordance with the Company's Articles of Incorporation. The candidate for Director is as follows:

No.	Name	Gender	Current Positions and Responsibilities in the Company
1	Unemi Yamaguchi [New Appointment] [Outside Director Candidate] [Independent Director]	Female	-

No.	Name (Date of birth)	Past experience, positions, responsibilities and significant concurrent positions	Number of shares of the Company held
1	Unemi Yamaguchi (November 26, 1962) [New Appointment] [Outside Director Candidate] [Independent Director]	<p>April 1985 Joined John Swire & Sons (Japan) Ltd.</p> <p>June 1993 Section chief, Sales Promotion Section at Sales Headquarters, Apple Computer Co., Ltd. (currently Apple Japan, Inc.)</p> <p>January 1998 Appointed head of the Corporate Planning Headquarters Advertising Department at Compaq Computer Co., Ltd. (now HP Japan Inc.)</p> <p>October 2002 Appointed head of the Marketing Headquarters at Japan People Software Co., Ltd. (now Oracle Corporation Japan)</p> <p>July 2003 Appointed head of the Consumer Business Headquarters Marketing Department at Japan Telecom Co., Ltd. (now SoftBank Group Corp.)</p> <p>June 2005 Appointed head of the New Business Development Department at LogiCool Co., Ltd.</p> <p>February 2008 Appointed the general manager of the General Business Marketing General Headquarters at Microsoft Co., Ltd. (now Microsoft Japan Co., Ltd.)</p> <p>July 2010 Appointed head of the Partner Business Promotion Department in the Partner Sales Headquarters of EMC Japan Co., Ltd. (now Dell Technologies Japan Inc.)</p> <p>January 2018 Appointed executive officer and secondary business general manager in the ICT Business Headquarters at Ricoh Company, Ltd.</p> <p>April 2018 Appointed representative director at Ricoh IT Solutions Co., Ltd.</p> <p>April 2020 Appointed representative at U. Academy (current post)</p>	0
<p>[Reasons for Selection as an Outside Director Candidate]</p> <p>Ms. Unemi Yamaguchi has extensive experience in business planning, marketing, and project management operations at global companies within the ICT field, as well as thorough knowledge of corporate management from her work. We request her appointment as an outside director in recognition for the beneficial advice she has provided to the Group regarding general management issues, growth strategy, and future business expansion.</p>			

(Notes)

1. There are no special interests between the candidate and the Company.
2. The Company has entered into a directors and officers liability insurance contract with an insurance company, as stipulated in Article 430-3, Paragraph 1 of the Companies Act, designating Directors, Auditors, executive officers and employees in managerial or supervisory positions at the Company (hereinafter "Directors, etc.") as well as Directors, etc. of the Company's subsidiaries as the insured. In the event of the Directors, etc. being liable for damages arising from their duties, the said insurance contract shall compensate for damages and legal expenses to be borne by them. Provided, however, that there are certain exemptions so that the appropriateness of the execution of duties by the Directors, etc. is

not impaired; for example, damage caused as a result of any conduct committed while knowing that the conduct is in violation of laws and regulations shall not be covered. The candidates for Directors will be insured under the insurance contract.

The Company bears the entire premium. The term of the contract is one year, and the Company plans to renew the contract before its expiration in accordance with the resolution of the Board of Directors.

3. Roles expected to be played by the candidates for Outside Director Ms. Unemi Yamaguchi, if elected as Outside Directors of the Company

The Company expects Outside Directors to assume the roles and responsibilities of: reviewing, from the perspective of general shareholders independent of the management team, if the business plans and strategies for achieving such plans developed by the management team in charge of the execution of business operations are acceptable or not, and providing beneficial advice based on his/her insight that he/she acquired through his/her experience in corporate management in other companies; verifying and evaluating the validity of the outcomes of the management, and appropriately reflecting the evaluation results in the election and dismissal of the management team members and decision on their remuneration; and supervising important decision-making of the Board of Directors and proposals from the management team in terms of whether there are any issues including conflicts of interests and biased decisions.

4. Liability limitation agreement with Outside Directors

Pursuant to the provisions of Article 427, Paragraph 1 of the Companies Act, the Company plans to enter into an agreement with Ms. Unemi Yamaguchi to limit her liability for damages under Article 423, Paragraph 1 of the same Act. The maximum amount of liability for damages pursuant to the aforesaid agreement is the greater of a predetermined amount of ¥300,000 or more or an amount stipulated by laws and regulations.

5. Independent Director

Ms. Unemi Yamaguchi is an Independent Directors as stipulated by the Tokyo Stock Exchange and is registered as such at the said exchange.

(Reference)

Major skills (knowledge, ability and experience) and specialties of the candidates for Directors and current Auditors

No.	Name	Position and Role at the Company	Major Skills and Specialties							
			Corporate Management	Experience in Core Business and Industry	Global Experience	Finance & Accounting	Legal & Compliance	Personnel & talent development	IT & Digital	ESG (Environmental, Social, and Governance)
1	Yuji Takashima	Representative Director, Chairman CEO	•	•					•	
2	Motoyasu Yasui	Representative Director, President, and COO	•	•	•	•				•
3	Takeshi Asagai	Director Chief Administrative officer	•				•	•		•
4	Kenji Ishito	Director CFO	•			•	•			
5	Katsunori Ura	Outside Director Advisory Member	•				•			•
6	Gideon Franklin	Outside Director Advisory Member	•		•	•				•
7	Shoichi Miyatani	Outside Director Advisory Member	•		•			•	•	•
8	Unemi Yamaguchi	(New Candidate)	•	•	•			•	•	
9	Shoichi Horiguchi	Permanent Auditor		•			•		•	
10	Hiroyuki Aso	Outside Auditor Advisory Member	•			•				•
11	Kazuma Yasuda	Outside Auditor Advisory Member	•		•			•		•

(Notes)

1. The skills in the above table do not represent all the skills and specialties that each person possesses.
2. No. 8 is the candidate for Director in this proposal.

(Reference)

Standards for Independence for Election of Outside Directors or Outside Auditors

The Company established the following requirements as standards to determine whether Outside Directors or Outside Auditors (hereinafter referred to collectively as “Outside Officers”) are qualified to be regarded as independent of the Company's management with no concerns of conflict of interests with general shareholders.

1. An Outside Officer shall not be a person who is, or who has been within the 10 years preceding appointment, an executive director, executive officer, manager or other employee (hereinafter referred to collectively as “Executive, etc.”) of the Company or its current affiliated company (hereinafter referred to collectively as the “Group”), or be a spouse, relative within the second degree of kinship or cohabiting relative of such person.
2. An Outside Officer shall not be a person who falls under any of the following categories.
 - 1) A person who is, or who has been within the last 5 years, an Executive, etc. of a company that is currently a major shareholder (a shareholder holding 10% or more of voting rights; the same applies below) of the Company
 - 2) A person who is, or has been within the last 5 years, an Executive, etc. of a company for which the Company is currently a major shareholder
 - 3) A person who has directly received ¥10 million or more of remuneration or monies or other properties, including as a consideration for execution of business or transaction, from the Group in any of the last 5 fiscal years
Note that the actual situation will be carefully reviewed if the person indirectly received such remuneration, monies or other properties.
 - 4) An Executive, etc. of a company or other entity whose amount of payment or receipt of consideration for business or transactions with the Group accounts for 2% or more of the annual consolidated gross sales of the company or other entity in any of the last 5 fiscal years
 - 5) An Executive, etc. of a company or other entity that has received donations or subsidies of ¥10 million or more from the Group in any of the last 5 fiscal years
 - 6) An Executive, etc. of a company or other entity or its subsidiary that accepts a director or auditor from the Group
 - 7) An Executive, etc. of a financial institution or other major creditor that is critical for the Company's financing and upon which the Company is dependent to a degree that it is irreplaceable (hereinafter referred to as “Major Creditor, etc.”), or a person who was an Executive, etc. of a current Major Creditor, etc. of the Company within the last 3 years
 - 8) A certified public accountant currently serving as Accounting Auditor of the Group, or a member, partner or employee of an audit corporation currently serving as Accounting Auditor of the Group
 - 9) A certified public accountant who served as Accounting Auditor of the Group within the last 3 years, or a member, partner or employee of an audit corporation that served as Accounting Auditor of the Group within the last 3 years who was actually in charge of auditing of the Group (including those who have already resigned or retired)
 - 10) An attorney, certified public accountant, tax accountant or other consultant who does not fall under the category of 8) or 9) above, and who has received ¥10 million or more per year of monetary or other property benefits other than remuneration as an officer from the Group in any of the last 3 fiscal years
 - 11) A person who is a member, partner or employee of a law firm, audit corporation, tax accountant corporation, consulting firm or other professional advisory firm (hereinafter referred to collectively as “Firm”) that does not fall under the category of 8) or 9) above, that has received payment of 2% or more of its consolidated gross sales from the Group in the immediately preceding fiscal year, and that has the Group as its major client
 - 12) A spouse, relative within the second degree of kinship or cohabiting relative, or a person similar to the foregoing, of a person stipulated in any of 1) through 7) above (excluding employees) (“A person similar to the foregoing” means a person who has a relationship, such as having a personal interest, that is reasonably considered to prevent him/her from fulfilling his/her duties as Independent Director or Independent Auditor; the same applies below)
 - 13) A spouse, relative within the second degree of kinship or cohabiting relative, or a person similar to

the foregoing, of a person stipulated in any of 8) through 11) above

3. An Outside Officer shall not be an interested individual who shares the same livelihood as those falling under 1 above.
4. In addition, an Outside Officer shall not have any other circumstances that are reasonably considered to prevent him/her from fulfilling his/her duties as Independent Director or Independent Auditor.
5. An Outside Officer shall continue to maintain the requirements for independence and neutrality stipulated in 1 through 4 above after assuming the office.

Proposal 4: Amount and Partial Revision of the Performance-linked Stock Remuneration Plan for Directors

1. Reason and justification for the proposal

The Company has introduced a “Board Benefit Trust (BBT),” a performance-linked stock remuneration plan (hereinafter referred to as “the Plan”) for the Company’s Directors (excluding Outside Directors; the same applies hereinafter unless otherwise indicated) and Executive Officers, as well as some Directors of the Company’s subsidiaries (excluding Outside Directors; hereinafter referred to collectively as “Eligible Officers”), for which approval was received at the 22nd Annual General Meeting of Shareholders on June 24, 2020.

The Plan is aimed at increasing Eligible Officers’ awareness of enhancing performance in the medium to long term and contributing to growing corporate value, by clarifying the link between Eligible Officers’ remuneration and the Company’s performance and share price, and allowing them to share with all shareholders in both the merits of increases in share price and the risks of share price declines.

The Company has recently reviewed the officers’ remuneration plan and increased the percentage of officers’ remuneration comprised by the Plan in order to link officer remuneration levels more closely with factors such as the degree of achieving the targets in the Medium-term Management Plan and increase the incentive to achieve the targets. In conjunction with this, the Company requests approval to revise the maximum amount of funds to be contributed and the maximum number of points to be granted in each Plan Period as described in 2 below.

This proposal is based on the above-mentioned purpose, and the Company has judged that the content of this proposal is necessary and appropriate. If this proposal is approved, the Company plans to partially change its policy for deciding the content of individual remuneration, etc. for Directors of the Company so that it is consistent with the approved content (please refer to pages 33 to 41 of the Business Report (in Japanese only)).

At present, the Company has four Directors (excluding Outside Directors), and four Directors will be eligible for the Plan.

2. Details of the revision

Shares of the Company are acquired by a trust (the trust established based on the Plan, hereinafter “the Trust”) in the number that is reasonably estimated to be required for granting the Company’s shares, etc. in each time period (i.e., the three-year period defined below in 3 (4)). The Company proposes to revise the maximum amount of funds to be contributed by the Company to 920 million yen (of which 540 million yen shall be for Directors of the Company) from 360 million yen (of which 210 million yen shall be for Directors of the Company), and the total number of points to be granted to Eligible Officers in each time period to 760,000 points (of which 450,000 points shall be for the Directors of the Company) from 450,000 points (of which 255,000 points shall be for the Directors of the Company).

3. Overview after the revision of the Plan

(1) Overview

The Plan is a performance-linked stock remuneration plan, where shares of the Company are acquired by a trust using funds contributed by the Company. Through the Trust, Eligible Officers shall receive shares of the Company and money equivalent to the fair value of shares of the Company (hereinafter “the Company’s shares, etc.”), based on the Regulations on the Granting of Shares to Officers established by the Company.

As a rule, Eligible Officers shall receive the Company’s shares, etc. after the conclusion of each time period indicated in (4) below.

(2) Officers eligible under the Plan

The Company’s Directors and Executive Officers, and some Directors of the Company’s subsidiaries. (Outside Directors shall not be eligible under the Plan.)

(3) Trust period

The trust period shall be from November 24, 2020 until the Trust terminates. (No specific termination date shall be set for the trust period, and the Trust shall continue to exist until the Plan is terminated. The Plan shall be terminated in the event that the Company’s shares are delisted, or through abolition of the Regulations on the Granting of Shares to Officers, etc.)

(4) Trust amount

Subject to approval of this proposal, the Company will contribute money to the Trust as additional funds

necessary for the Trust to acquire shares of the Company ahead of the defined period in the number that is reasonably estimated to be required for granting the Company's shares, etc. in accordance with (6) and (7) below. The Trust will use the additional funds contributed by the Company to acquire shares of the Company as described in (5) below.

Specifically, the Company shall introduce the Plan for the period of three fiscal years comprising the fiscal year ending on March 31, 2023, and the fiscal year ending on March 31, 2025, and each three fiscal year period thereafter (hereinafter each three fiscal year period is referred to as a "Plan Period"). The Company shall contribute the following amounts of money as additional funds for the acquisition of shares of the Company by the Trust, for the purposes of granting the Company's shares, etc. to Eligible Officers.

As a rule, the Company shall contribute additional funds not exceeding 920 million yen (of which 540 million yen shall be for Directors of the Company) in each subsequent Plan Period, until such time as the Plan terminates. However, where, at the time of contribution of additional funds, the assets held by the Trust still contain shares of the Company (except in the case of shares of the Company equivalent to confirmed points in (6) below, where these have not yet been granted to Eligible Officers) or money (hereinafter "Remaining Shares, etc."), the sum of the value of the Remaining Shares, etc. (the book value on the final day of the Plan Period immediately preceding, in the case of the Company's shares) and the additional funds contributed, shall not exceed 920 million yen (of which 540 million yen shall be for Directors of the Company).

The Company may contribute funds to the Trust in multiple installments to the extent that cumulative amount of contributions during the Plan Period reaches the maximum limit described above. The Company shall make appropriate and timely disclosure of any decision to contribute additional funds.

(5) Methods of acquiring shares of the Company, and the number of shares to be acquired

Shares of the Company shall be acquired by the Trust in open market transactions on a stock exchange, or through acceptance of disposal of the Company's treasury stock, and funded using the money contributed in accordance with the provisions of (4) above.

The details of acquisition of shares of the Company by the Trust shall be disclosed in an appropriate and timely manner.

(6) Method for calculating the number of the Company's shares, etc. to be granted to Eligible Officers

For each fiscal year, each Eligible Officer shall be granted a certain number of points, to be determined based on rank, in accordance with the Regulations on the Granting of Shares to Officers. The number of points granted to Eligible Officers shall be adjusted after the conclusion of each Plan Period, based on the degree of achievement of performance targets. The total number of points for Eligible Officers, after adjustment, shall be no more than 760,000 points (of which 450,000 points shall be for Directors of the Company) in each Plan Period. These numbers have been determined upon comprehensive consideration of the current levels of officers' remuneration, trends in the number of Eligible Officers, and forecasts for the future, and are deemed appropriate.

The adjusted number of points granted to Eligible Officers shall be converted into the number of the Company's shares, etc. granted in accordance with the provisions of (7) below, at the ratio of 1 share of the Company's common stock for 1 point. (However, where, subsequent to approval of this proposal, the shares of the Company undergo a stock split, allotment of shares without contribution or stock consolidation, etc., the maximum number of points and the number of points already granted, or the ratio for conversion into shares, shall be adjusted within reasonable bounds based on the ratio of the stock split, etc.)

As a rule, the number of points pertaining to each Eligible Officer, that forms the basis for the granting of the Company's shares, etc. in accordance with the provisions of (7) below, shall be the number of points granted to the Eligible Officer during each Plan Period (hereinafter the "confirmed number of points").

(7) Granting the Company's shares, etc.

Eligible Officers who have fulfilled the requirements for eligible beneficiaries shall, as a rule, receive from the Trust a number of the shares of the Company based on the confirmed number of points determined in accordance with the provisions of (6) above, after the conclusion of the Plan Period. However, in cases where the requirements established in the Regulations on the Granting of Shares to Officers have been fulfilled, Eligible Officers shall receive a certain proportion of money in place of shares of the Company, in an amount equivalent to the fair value of the shares. The Trust may sell shares of the Company in order to pay this money.

Even if an Eligible Officer has been granted points, he or she will not be entitled to the right to receive benefits if a General Meeting of Shareholders or a meeting of the Board of Directors resolves to dismiss him or her, if he or she resigns due to certain improper conduct during his or her term, or if he or she engages in

inappropriate behavior that causes damages to the Company during his or her term.

(8) Exercise of voting rights

The voting rights of shares of the Company held within the account of the Trust shall not be exercised, under the direction of the administrator of the Trust. This method is designed to ensure the neutrality of the exercise of voting rights held in the Trust account, with respect to the Company's management.

(9) Treatment of dividends

Dividends pertaining to shares of the Company held within the account of the Trust shall be received by the Trust, and shall be allocated to pay for the acquisition of shares of the Company, as well as for trust fees payable to the trustee of the Trust. On the termination of the Trust, any dividend monies, etc. remaining in the Trust shall be distributed to the Eligible Officers in office at that time, in proportion to the number of points held by each.

(10) Treatment on termination of the Trust

The Trust shall terminate in the event that the shares of the Company are delisted, or due to reasons such as the abolition, etc. of the Regulations on the Granting of Shares to Officers.

At the time of the termination of the Trust, it is planned that all shares of the Company among the residual assets of the Trust shall be acquired by the Company free of charge, and canceled by resolution of the Board of Directors. All money among the residual assets of the Trust shall be paid to the Company, with the exception of the money to be paid to Eligible Officers in accordance with the provisions of (9) above.