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Securities code: 9424

June 1, 2022

To: Shareholders

Frank Seiji Sanda, Representative Director-Chairman  
**Japan Communications Inc.**  
1-28 Toranomom 4-chome, Minato-ku, Tokyo

## NOTICE OF THE 26TH ORDINARY GENERAL MEETING OF SHAREHOLDERS

We would like to notify you that the 26th Ordinary General Meeting of Shareholders of Japan Communications Inc. (the “Company”) will be held as follows.

In order to prevent the spread of the novel coronavirus (COVID-19) infection, you are kindly requested not to attend the meeting on the day of the meeting, but to exercise your voting rights in writing or via the Internet in advance so that your vote arrives by 6:00 p.m. on Monday, June 27, 2022.

We will require prior registration by lottery to attend the Meeting on the date, with the number of attending shareholders to be limited to a maximum of 20 persons.

For the method of exercising voting rights in writing or via the Internet, and registering in advance for attendance on the date, please refer to pages 2 to 5 of this document (available in Japanese only).

- 1. Date and time:** Tuesday, June 28, 2022 at 10:00 a.m. (JST)  
(Reception opens at 9:30 a.m.)
- 2. Venue:** Toranomom Towers Office 6F, Room 7  
1-28 Toranomom 4-chome, Minato-ku, Tokyo

### 3. Purposes

#### Items to be reported:

1. Report on the Business Report and the Consolidated Financial Statements for the 26th Fiscal Year (from April 1, 2021 to March 31, 2022) and Results of the Audits of Consolidated Financial Statements by the Financial Auditor and the Board of Corporate Auditors
2. Report on the Non-consolidated Financial Statements for the 26th Fiscal Year (from April 1, 2021 to March 31, 2022)

#### Items to be resolved:

- |                       |   |
|-----------------------|---|
| <b>Proposal No. 1</b> | Reduction of Capital and Capital Reserve and Appropriation of Surplus |
| <b>Proposal No. 2</b> | Partial Amendments to the Articles of Incorporation                   |
| <b>Proposal No. 3</b> | Election of Two Directors   |
| <b>Proposal No. 4</b> | Election of One Corporate Auditor                                     |
| <b>Proposal No. 5</b> | Election of Financial Auditor   |
| <b>Proposal No. 6</b> | Setting a Framework of Restricted Stock Remuneration for Directors    |

- If we amend the content of this Convocation Notice, and the content of the Business Report, Consolidated Financial Statements, Non-consolidated Financial Statements and Reference Documents for the General Meeting of Shareholders, which are attached to this Convocation Notice, we will notify you by posting the amendments (available in Japanese only) on our Company website (<https://www.j-com.co.jp/en>). We would appreciate your understanding in advance.

#### <Notice of the Resolution>

We will give Notice of the Resolution of this Ordinary General Meeting of Shareholders (available in Japanese only) by posting on our Company website (<https://www.j-com.co.jp/en>). We would appreciate your understanding in advance.

## Reference Documents for the General Meeting of Shareholders

### Proposal No. 1 Reduction of Capital and Capital Reserve and Appropriation of Surplus

In the current fiscal year, the Company attained profitability for the first time in seven fiscal years since the fiscal year ended March 31, 2015. However, the Company recorded a deficit of 6,817,531,274 yen in retained earnings brought forward at the end of the current fiscal year, due to accumulated losses since the fiscal year ended March 31, 2016, and it will take some time before this deficit can be resolved.

Therefore, the Company has decided to reduce the amount of capital and capital reserve and to appropriate surplus in order to eliminate the deficit and enhance the financial soundness of the Company.

Specifically, the amount of capital will be reduced in accordance with Article 447, paragraph (1) of the Companies Act, and the amount of capital reserve will be reduced in accordance with Article 448, paragraph (1) of the Companies Act, with them being transferred to other capital surplus, and the resulting increased other capital surplus will be transferred to retained earnings brought forward in accordance with Article 452 of the Companies Act to make up the deficit.

Since this transaction will not change the total number of shares issued and outstanding, but only the amount of capital and capital reserve will be reduced, thereby not affecting the number of shares held by shareholders. The decrease in the amount of capital and capital reserve is merely a transfer of account titles in the net assets section on the balance sheet and will not cause any change in the amount of the Company's net assets or net assets per share.

#### (1) Matters concerning reduction of capital

The Company proposes to reduce its capital by 4,028,440,885 yen out of the amount of capital of 4,528,440,885 yen as of March 31, 2022, and transfer the entire amount of the reduction to other capital surplus, resulting in the amount of capital thereafter being 500,000,000 yen.

- |   |                   |
|---|-------------------|
| (i) Amount of capital to be reduced             | 4,028,440,885 yen |
| (ii) Item and amount of surplus to be increased |                   |
| Other capital surplus                           | 4,028,440,885 yen |
| (iii) Effective date of capital reduction       | August 10, 2022   |

#### (2) Matters concerning reduction of capital reserve

The Company proposes to decrease its capital reserve by 2,789,090,389 yen out of the amount of capital reserve of 2,868,630,765 yen as of March 31, 2022, and transfer the entire amount of the reduction to other capital surplus, resulting in the amount of capital reserve thereafter being 79,540,376 yen.

- |   |                   |
|---|-------------------|
| (i) Amount of capital reserve to be reduced       | 2,789,090,389 yen |
| (ii) Item and amount of surplus to be increased   |                   |
| Other capital surplus                             | 2,789,090,389 yen |
| (iii) Effective date of capital reserve reduction | August 10, 2022   |

#### (3) Matters concerning appropriation of surplus

The Company proposes to transfer its other capital surplus arising from the reduction of the amount of capital and capital reserve to retained earnings brought forward to make up the deficit.

- |  |                   |
|--|-------------------|
| (i) Item and amount of surplus to be decreased             |                   |
| Other capital surplus                                      | 6,817,531,274 yen |
| (ii) Item and amount of surplus to be increased            |                   |
| Retained earnings brought forward                          | 6,817,531,274 yen |
| (iii) Effective date of appropriation of surplus           |                   |
| Effective date of reduction of capital and capital reserve |                   |

**Proposal No. 2** Partial Amendments to the Articles of Incorporation

1. Reasons for amendments

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 come into effect on September 1, 2022. Accordingly, in order to prepare for the introduction of the system for electronic provision of materials for general meetings of shareholders, the Company proposes to make the following necessary amendments to its Articles of Incorporation.

- (1) The purpose of the proposed Article 15, Paragraph 1 is to establish a provision to take measures for the electronic provision of the information contained in reference materials for general meetings of shareholders, etc.
- (2) The purpose of the proposed Article 15, Paragraph 2 is to establish a provision to limit the scope of matters to be included in the paper copy to be delivered to shareholders who have requested it.
- (3) The provisions related to disclosure through the Internet and deemed delivery of reference documents, etc. for general meetings of shareholders (Article 15 of the Current Articles of Incorporation) will become unnecessary and will therefore be deleted.
- (4) In accordance with the above new establishment and deletion, supplementary provisions concerning effective date, etc. will be established.

2. Details of proposed amendments

The details of proposed amendments are as follows.

(Amendments underlined)

| Current Articles of Incorporation   | Proposed Amendments  |
|---|--|
| Article 1 - Article 14 (Omitted)  | Article 1 - Article 14 (Unchanged)   |
| <p><u>Article 15 (Disclosure through the Internet and Deemed Delivery of Reference Documents, Etc. for General Meetings of Shareholders)</u></p> <p><u>When convening a general meeting of shareholders, it may be deemed that the Company has provided the shareholders with information relating to the matters that should be described or indicated in the reference documents for the general meeting of shareholders, business reports, non-consolidated financial statements, and consolidated financial statements, on the condition that such information is disclosed through the Internet in accordance with the ordinance of the Ministry of Justice.</u></p> | <Deleted>  |
| <Newly established>   | <p><u>Article 15 (Measures for Electronic Provision of Information, Etc.)</u></p> <p><u>1. When convening a general meeting of shareholders, the Company shall take measures for the electronic provision of information contained in reference materials for general meetings of shareholders.</u></p> <p><u>2. With respect to all or part of the matters for which materials for electronic provision of information are to be taken as specified by the Ordinance of the Ministry of Justice, the Company shall not be required to include such matters in the documents to be delivered to shareholders who have made a request for document delivery by the record date for voting rights.</u></p> |

| Current Articles of Incorporation | Proposed Amendments  |
|-----------------------------------|--|
| Article 16 - Article 50 (Omitted) | Article 16 - Article 50 (Unchanged)  |
| <Newly established>               | <p data-bbox="986 237 1257 264" style="text-align: center;"><u>(Supplementary Provisions)</u></p> <ol style="list-style-type: none"> <li data-bbox="815 271 1439 454">1. <u>The amendments of Article 15 of the Articles of Incorporation shall come into effect as of September 1, 2022 (the "Effective Date"), when 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) shall become effective.</u></li> <li data-bbox="815 461 1439 678">2. <u>Notwithstanding the provisions of the preceding paragraph, Article 15 (Disclosure through the Internet and Deemed Delivery of Reference Documents, Etc. for General Meetings of Shareholders) of the Articles of Incorporation before amendments shall remain in effect for any general meeting of shareholders held on a date within six months from the Effective Date.</u></li> <li data-bbox="815 685 1439 833">3. <u>The supplementary provision shall be deleted after six months have elapsed from the Effective Date, or three months have elapsed from the date of a general meeting of shareholders as specified in the preceding paragraph, whichever is later.</u></li> </ol> |

**Proposal No. 3** Election of Two Directors

Among the Directors currently serving, the terms of office of three Directors Naohisa Fukuda, Ichiro Ido and Yoshihiko Yamada will expire at the conclusion of this meeting. Accordingly, we would like to propose the reelection of two Directors Naohisa Fukuda and Yoshihiko Yamada.

The candidates for Director are as follows:

| Candidate No.  | Name<br>(Date of birth)                           | Career summary, significant concurrent positions outside the Company, and position and responsibility as Director of the Company   | Number of the Company's shares owned |
|--|---|--|--------------------------------------|
| 1  | Naohisa Fukuda<br>(July 21, 1962)<br>(Reelection) | November 1982    Joined Maebashi Language Academy<br>July 1985        Founded Gunma Database Systems, Inc.<br>Representative Director and President<br>March 1986      Graduated from Faculty of Literature, The<br>University of Tokyo<br>June 1992        Completed Tuck School of Business (MBA) at<br>Dartmouth<br>July 1992        Joined Andersen Consulting (current<br>Accenture)<br>September 1993    Joined Apple Computer Japan, Inc. (current<br>Apple Japan, Inc.)<br>November 1997    Director of Business Operations<br>December 1999    Director of Marketing<br>June 2001        Vice President, Head Office (United States),<br>Apple Computer, Inc. (current Apple Inc.)<br>April 2002        Senior Vice President, the Company<br>June 2004        Director<br>July 2004        Chief Financial Officer<br>June 2006        Managing Director<br>March 2010       Representative Senior Managing Director<br>June 2012        Representative Director-Vice President<br>June 2015        Representative Director-President (current<br>position)<br>November 2018    Representative Director-President, my FinTech<br>Inc. (current position)<br>April 2021        Chairman (non-full-time), Maebashi Institute<br>of Technology (current position)<br>(Significant concurrent positions outside the Company)<br>President & Representative Director, my FinTech Inc.<br>Chairman (non-full-time), Maebashi Institute of Technology | 4,000 shares                         |
| Reasons for nomination as candidate for Director<br>Naohisa Fukuda has been involved in the management of some of the world's leading global companies and is well versed in computer technology, marketing and business strategy. He joined the Company in 2002 as a Vice President, and has accumulated extensive management experience, having served as Head of the Product Division, CFO, and Managing Director, as the successor to Frank Seiji Sanda, the Company's founder and Representative Director-President at the time. After becoming Representative Director-President in June 2015, he announced a new business strategy the following January 2016, which resulted in alliances with a number of partner companies. Since 2018, he has been promoting FinTech platform businesses, which will be the cornerstone of the Company's future growth, and he has demonstrated strong leadership as in serving in public positions considering the use of such business in recent years. Based on such track record and abilities, the Company judges that he will be appropriate to continue to serve as Director of the Company. |   |  |                                      |

| Candidate No.   | Name<br>(Date of birth)  | Career summary, significant concurrent positions outside the Company, and position and responsibility as Director of the Company  | Number of the Company's shares owned |
|---|--|---|--------------------------------------|
| 2   | Yoshihiko Yamada<br>(May 11, 1951)<br>(Reelection)<br>(Candidate for Outside Director) | <p>March 1974      Graduated from Faculty of Economics, Keio University</p> <p>April 1974      Joined Matsushita Electric Industrial Co., Ltd. (current Panasonic Holdings Corporation)</p> <p>April 2003      Vice President and Head of Systems Business Division, Panasonic AVC Networks Company</p> <p>June 2004      Executive Officer and Head of North America Headquarters<br/>Chairperson, Matsushita Electric Corporation of America</p> <p>April 2007      Managing Executive Officer, Matsushita Electric Industrial Co., Ltd. (current Panasonic Holdings Corporation)</p> <p>April 2010      In charge of Industry Sales</p> <p>June 2010      Managing Director</p> <p>June 2011      Representative Senior Managing Director</p> <p>January 2012    In charge of Devices</p> <p>April 2013      President, Automotive &amp; Industrial Systems Company</p> <p>April 2014      Representative Director-Vice President,<br/>In charge of Overseas Strategic Regions</p> <p>June 2016      Standing Advisor</p> <p>June 2016      Outside Director of the Company (current position)</p> <p>November 2017 Vice President, Gigafactory, Tesla, Inc.</p> <p>November 2019 Outside Director, Gogoro Inc. (Taiwan) (current position)</p> <p>April 2022      Outside Director, WOTA CORP. (current position)</p> <p>(Significant concurrent positions outside the Company)<br/>Outside Director, Gogoro Inc. (Taiwan)<br/>Outside Director, WOTA CORP.</p> | – shares                             |
| <p>Reasons for nomination as candidate for Outside Director and summary of expected roles</p> <p>Yoshihiko Yamada has extensive knowledge and experience gained as a manager of a leading Japanese electrical equipment company and as an executive of an American automobile manufacturer. He was appointed as an Outside Director of the Company in June 2016 and has been responsible for ensuring the reasonableness and appropriateness of the decision-making of the Company and supervise the execution of operations. The Company judges that he will be appropriate to continue to serve as Outside Director of the Company because, based on his track record and abilities, he is expected to ensure the reasonableness and appropriateness of the decision-making of the Company and supervise the execution of operations mainly from the standpoint of managing a global company.</p> |  |   |                                      |

- Notes:
1. There is no special interest between any candidates for Director and the Company.
  2. “Number of the Company’s shares owned” indicates the number of shares held as of March 31, 2022.
  3. Yoshihiko Yamada, candidate for Outside Director
    - (1) Yoshihiko Yamada is currently an Outside Director of the Company, and at the conclusion of this meeting, his tenure as Outside Director will have been six years.
    - (2) The Company and Yoshihiko Yamada have entered into an agreement to limit his liability for damages under Article 423, paragraph (1) of the Companies Act, in accordance with Article 427, paragraph (1) of the Act and the provisions of the Articles of Incorporation. The maximum amount of liability for damages under this agreement is the minimum liability amount provided for under Article 425, paragraph (1) of the Companies Act. If he is reelected, the Company plans to renew the aforementioned agreement with him.
    - (3) The Company has submitted a notification to the Tokyo Stock Exchange that Yoshihiko Yamada has been designated as an independent officer as provided for by the aforementioned exchange. After he assumes office, the Company plans to submit a notification to the Tokyo Stock Exchange concerning his continued designation as an independent officer.

**Proposal No. 4** Election of One Corporate Auditor

Among the Corporate Auditors currently serving, the term of office of Shinichi Inoue will expire at the conclusion of this meeting. Accordingly, we would like to propose the election of one Corporate Auditor.

The Board of Corporate Auditors agreed with this proposal.

The candidate for Corporate Auditor is as follows:

| Name<br>(Date of birth)   | Career summary, significant concurrent positions outside the Company,<br>and position as Corporate Auditor of the Company   | Number of the<br>Company's shares<br>owned |
|---|---|--|
| <p style="text-align: center;">Shinichi Inoue<br/>(September 25, 1948)<br/>(Reelection)<br/>(Candidate for Outside<br/>Corporate Auditor)</p> | November 1970 Joined All Nippon Airways Co., Ltd. (current ANA HOLDINGS INC.)   | – shares                                   |
|   | June 1995 General Manager of Aircraft Operations Planning Department, Aircraft Operations Support Office, Aircraft Operations Division  |  |
|   | April 2001 General Manager of Human Resource Development Department, Business Promotion Office, Aircraft Operations Division  |  |
|   | July 2002 Head of Crew Office, Aircraft Operations Division   |  |
|   | July 2003 Deputy Director of Aircraft Operations Division   |  |
|   | April 2005 Vice President, Deputy Director of Aircraft Operations Division and Head of Aircraft Operational Training Office   |  |
|   | April 2006 Vice President, Deputy Director of Aircraft Operations Division  |  |
|   | April 2007 Senior Vice President and Deputy Director of Aircraft Operations Division  |  |
|   | April 2008 Senior Vice President and Director of Aircraft Operations Division   |  |
|   | June 2008 Director, Vice President and Director of Aircraft Operations Division   |  |
|   | April 2009 Managing Director, Vice President and Director of Aircraft Operations Division   |  |
|   | June 2010 Standing Corporate Auditor  |  |
|   | June 2014 Vice President, Japan Aircraft Pilot Association (Public Interest Incorporated Association)   |  |
|   | June 2016 Director, Japan Nuclear Safety Institute (General Incorporated Association)   |  |
|   | June 2018 President, Japan Aircraft Pilot Association (Public Interest Incorporated Association) (current position)   |  |
|   | June 2018 Outside Corporate Auditor of the Company (current position)   |  |
|   | April 2019 Auditor, Tokyo University of Science   |  |
|   | November 2021 Auditor, Tokyo University of Science (current position)<br>(Significant concurrent positions outside the Company)<br>President, Japan Aircraft Pilot Association (Public Interest Incorporated Association)<br>Auditor, Tokyo University of Science |  |

Reasons for nomination as candidate for Outside Corporate Auditor

Shinichi Inoue has extensive knowledge and experience gained as a manager and Standing Corporate Auditor in the airline industry. He was appointed as an Outside Corporate Auditor of the Company in June 2018 and has been responsible for conducting useful and effective audits based on his broad knowledge and ensuring the legality and reasonableness of the decision-making of the Company. Accordingly, the Company judges that he will be appropriate to continue to serve as Outside Corporate Auditor of the Company.

- Notes:
1. There is no special interest between the candidate for Corporate Auditor and the Company.
  2. “Number of the Company’s shares owned” indicates the number of shares held as of March 31, 2022.
  3. Shinichi Inoue is currently an Outside Corporate Auditor of the Company, and at the conclusion of this meeting, his tenure as Outside Corporate Auditor will have been four years.

4. The Company and Shinichi Inoue have entered into an agreement to limit his liability for damages under Article 423, paragraph (1) of the Companies Act, in accordance with Article 427, paragraph (1) of the Act and the provisions of the Articles of Incorporation. The maximum amount of liability for damages under this agreement is the minimum liability amount provided for under Article 425, paragraph (1) of the Companies Act. If he is reelected, the Company plans to renew the aforementioned agreement with him.
5. The Company has submitted a notification to the Tokyo Stock Exchange that Shinichi Inoue has been designated as an independent officer as provided for by the aforementioned exchange. After he assumes office, the Company plans to submit a notification to the Tokyo Stock Exchange concerning his continued designation as an independent officer.



**Proposal No. 5** Election of Financial Auditor

At the conclusion of this meeting, the terms of office of the currently serving Financial Auditors of the Company, Toshiaki Yamanoi and Takao Yamakawa will expire and they will resign from office. Therefore, the Company newly proposes the election of Financial Auditor.

This proposal is based on the decision of the Board of Corporate Auditors. The Board of Corporate Auditors nominated Jonan Audit & Co. as a candidate for the position of Financial Auditor because the Board of Corporate Auditors judged that Jonan Audit & Co. is suitable for the position of Financial Auditor of the Company, comprehensively taking into account the following: (1) Jonan Audit & Co. was founded, based on Jonan Certified Accountants Joint Office, to which currently serving Financial Auditors belong, and thus can maintain an appropriate auditing system; (2) Jonan Audit & Co. has expertise, independence, quality control system, etc. as Financial Auditor; and (3) the amount of audit fees is reasonable.

The candidate for Financial Auditor is as follows:

|         |   |  |
|---------|---|--|
| Name    | Jonan Audit & Co.   |  |
| Office  | Asai Building 3F, 1-9 Ebisu-minami 2-chome, Shibuya-ku, Tokyo |  |
| History | December 2020   | Founded Jonan Certified Accountants Joint Office                                   |
|         | July 2021   | Founded Jonan Audit & Co. with the members of the above Office as its core members |
| Profile | Capital   | 8,000,000 yen  |
|         | Staff   | six staff members (certified public accountant)                                    |

(as of March 31, 2022)

## **Proposal No. 6**      Setting a Framework of Restricted Stock Remuneration for Directors

The amount of remuneration, etc. for Directors of the Company was each approved for monetary remuneration (salary) of up to 480 million yen per year (not including the amount equivalent to employee salaries for Directors who concurrently serve as employees) at the 11th Ordinary General Meeting of Shareholders held on June 26, 2007, non-monetary remuneration (company housing) of up to 5 million yen per month at the 9th Ordinary General Meeting of Shareholders held on June 29, 2005, and non-monetary remuneration (stock options) of up to 80 million yen per year at the 15th Ordinary General Meeting of Shareholders held on June 21, 2011.

The Company proposes to introduce a plan to grant restricted stock to Directors as remuneration (the “Plan”), separately from monetary remuneration (salary) and non-monetary remuneration (company housing), for the purpose of providing Directors with incentives to work towards the sustainable enhancement of the Company’s corporate value and promoting further shared value between Directors and its shareholders by reinforcing the linkage between the remuneration of Directors and the value of the Company’s shares, and hereby request approval for the introduction of the Plan.

The Company currently has eight Directors (including six Outside Directors), but if Proposal No. 3 is approved as proposed, the Company will have seven Directors (including five Outside Directors).

If this proposal is approved as proposed, the aforementioned resolution of the Ordinary General Meeting of Shareholders concerning non-monetary compensation (stock options) will be abolished, and the Company will not issue stock options (stock acquisition rights) as remuneration to Directors going forward.

### 1. Overview of the Plan

- Under the Plan, Directors shall receive shares of the Company’s common stock issued or disposed of in accordance with a resolution of the Board of Directors, which shall also determine the specific timing and allocation of payments thereof to each Director.
- The total number of shares of the Company’s common stock to be issued or disposed of to Directors under the Plan shall not exceed 560,000 shares per year and 100 million yen per year. However, in the event of a stock split (including gratis allotment of shares of the Company’s common stock) or reverse stock split of the Company’s common stock with an effective date on or after the date on which this proposal is approved and passed, the Company can make adjustments to the reasonable extent necessary after such effective date.
- Directors shall not be required to pay any money, etc. in connection with the issuance or disposition of shares of common stock of the Company thereto under the Plan.
- In issuing or disposing of shares of the Company’s common stock to Directors under the Plan, the Company shall enter into a restricted stock allotment agreement (the “Allotment Agreement”) between the Company and the Directors that includes the following details.

#### (1) Transfer Restriction Period

Directors may not transfer the shares of common stock of the Company allotted under the Allotment Agreement (the “Allotted Shares”), grant a security interest therein, or dispose thereof in any other way for a period of five years (the “Transfer Restriction Period”) from the date of allotment (the “Allotment Date”) under the Allotment Agreement (the “Transfer Restrictions”).

#### (2) Grounds for Acquisition Without Contribution

If a Director retires or resigns from the position of Director of the Company during the Transfer Restriction Period, the Company shall automatically acquire without contribution all of the Allotted Shares on which the Transfer Restrictions have not been lifted at the time of such Director’s retirement or resignation, unless there is a reason that the Board of Directors deems justifiable. Other grounds for acquiring shares without contribution shall be as set forth in the Allotment Agreement based on a resolution of the Board of Directors of the Company.

#### (3) Lifting of Transfer Restrictions

Notwithstanding the provisions of (1) above, the Company shall lift the Transfer Restrictions of the Allotted Shares at the proportion specified in each of the following items upon the expiration of each such period, provided that the Director continues to hold the position of Director of the Company until

the end of the period specified in each such item (each such lifting for each period is hereinafter referred to as “Each Lifting of Transfer Restrictions”).

- A. Two years from the date of allocation: one-fourth of the number of the Allotted Shares
- B. Three years from the date of allocation: one-fourth of the number of the Allotted Shares
- C. Four years from the date of allocation: one-fourth of the number of the Allotted Shares
- D. Five years from the date of allocation: all of the Allotted Shares for which the Transfer Restrictions have not been lifted as of the expiration of the period to the left

However, if a Director makes a request (the “Request”) to the effect that he/she does not wish to lift Each Lifting of Transfer Restrictions by the last day of the period set forth in each such item, Each Lifting of Transfer Restrictions shall not be lifted at the end of each such period for which the Request is made. In such case, upon the expiration of the period following each such period (however, if the Request is made again by the last day of the next period, it shall be for the following period and the same shall apply thereafter) for which the Request is made, the Transfer Restriction shall be lifted with respect to the Allotted Shares in a proportion equal to the aggregate of the proportion of each such item for each period (in the case of the Transfer Restrictions having not yet been lifted before the expiration of the period set forth in D. above, all of the Allotted Shares are applicable) for which the Transfer Restrictions were not lifted as a result of the Request.

In the event that a Director resigns from the position of Director of the Company during the Transfer Restriction Period due to death or a serious injury or illness that makes it difficult for him/her to continue to provide services as a Director of the Company, the Transfer Restrictions shall be lifted with respect to all of the Allotted Shares that have not been lifted as of the time immediately following such resignation, provided that he/she continues to be a Director of the Company for the period from the Allotment Date to such resignation.

In addition, the Company shall automatically acquire without contribution all of the Allotted Shares for which the Transfer Restrictions have not been lifted in accordance with the above provisions at the time the Transfer Restriction Period expires.

(4) Treatment upon Organizational Restructuring, etc.

Notwithstanding the provisions of (1) above, if, during the Transfer Restriction Period, a general meeting of shareholders of the Company (however, in cases where organizational restructuring, etc. does not require approval at a general meeting of shareholders, the Board of Directors does) approves a merger agreement under which the Company will cease to exist, a share exchange agreement or share transfer plan under which the Company will become a wholly owned subsidiary, or any other matters relating to organizational restructuring, the Transfer Restrictions shall be lifted with respect to the number of the Allotted Shares reasonably determined based on the period from the Allotment Date until the date of approval of such organizational restructuring, prior to the effective date of such restructuring, upon resolution by the Board of Directors.

In addition, in the case provided above, the Company shall automatically acquire without contribution all of the Allotted Shares for which the Transfer Restrictions have not yet been lifted as of the time immediately following the lifting of the Transfer Restrictions in accordance with the provisions above.

(5) Other Matters

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

The shares allocated to Directors under the Plan shall be managed in dedicated accounts opened by the Directors at a securities company designated by the Company during the Transfer Restriction Period so that they can not be transferred, have a security interest granted over them, or otherwise disposed of during the Transfer Restriction Period.

2. Reasons Why the Details of This Proposal Are Appropriate

The Plan allocates restricted shares to Directors, with the aim of promoting further shared value with shareholders and increasing their willingness to contribute to the enhancement of the Company’s corporate value to a greater extent than in the past.

At the Board of Directors meeting held on February 4, 2021, a policy for determining Directors' remuneration, etc. was resolved, the details of which are described on pages 24 to 26 of this document (available in Japanese only), and the Board of Directors, at its meeting held on May 10, 2022, resolved to revise such policy, subject to approval of the proposal as proposed at this Shareholders' Meeting, the details of which are described below (Policy for Determining Directors' Remuneration, etc. (as revised)).

This proposal is necessary and appropriate in order to grant remuneration, etc. to Directors in accordance with the revised policy thereof, and the Company believes that the details of this proposal is reasonable because the amount of the value of the Company's common stock to be issued or disposed of to Directors under the Plan, evaluated at the market price as of the date of the resolution of the Board of Directors concerning the allotment, shall be within the maximum annual amount as stated in 1. above, and the ratio of the total number of shares to be issued to Directors in one fiscal year to the total number of shares outstanding (as of April 30, 2022) shall be 0.3%, which indicates the dilution ratio is minimal.

(Policy for Determining Directors' Remuneration, etc. (as revised))

1. Basic Views on Directors' Remuneration, etc.

Since its founding in 1996, the Company has propounded and implemented the MVNO, an innovative business model, having developed its business with, such as an interconnection with major mobile operators in 2007 and deregulation for MVNO business in 2016. In order to drive business growth in these new domain, those who can compete in the global marketplace are required. For this reason, the Board of Directors of the Company believes that remuneration, etc. for Directors should not be based on the traditional framework set out by traditional Japanese companies, but should be in line with levels seen in the global human resources market. Specifically, the levels of remuneration, etc. for Directors should be an amount that allows those who can compete in the global markets to devote themselves to the Company's businesses without undue sacrifice or burden to themselves or their families. In light of all this, the Board of Directors of the Company aims to ensure that the role played by remuneration, etc. for Directors functions as a sound incentive for sustainable growth, rather than an incentive toward the pursuit of short-term profits. With regard to the indicators judging whether or not the Company has achieved sustainable growth, they should be based on qualitative indicators, in lieu of quantitative ones, as the Company is currently in the process of evolving its MVNO business models and establishing its business foundation.

2. Composition, etc. for Remuneration, etc. for Directors

Remuneration, etc. for the Company's Directors comprises monetary remuneration (salary), non-monetary remuneration (company housing) and non-monetary remuneration (restricted stock), and the proportion of each type of remuneration shall not be specified.

Of those types, monetary remuneration (salary) is a fixed monthly cash payment as basic remuneration.

Non-monetary remuneration (company housing) corresponds to the Company's portion of a Director's company housing rent, which accrues in a fixed monthly amount, but is not paid directly to Directors.

Since non-monetary remuneration (restricted stock) is subject to the market environment, accounting systems and other factors under which the Company's stock is listed, the issuance thereof is not definite each year, and the Board of Directors will determine at that time whether or not to do so.

3. Policy for Determining Monetary Remuneration (Salary)

Of the above remuneration types, the determination of monetary remuneration (salary) is left entirely to the discretion of Frank Seiji Sanda, Representative Director-Chairman, by resolution of the Board of Directors, within the upper limit of the total amount of remuneration approved by a general meeting of shareholders (480 million yen per year (not including the amount equivalent to employee salaries of Directors who concurrently serve as employees)). The upper limit of such total amount of remuneration was resolved at the 11th Ordinary General Meeting of Shareholders held on June 26, 2007, and the number of Directors at the conclusion of such Meeting was seven (including four Outside Directors).

Frank Seiji Sanda, Representative Director-Chairman, is responsible for the Company's performance as an executive director who has authority to represent the Company, and he intends to determine the amount of monetary remuneration that is appropriate as an incentive, based on the roles and responsibilities that Directors assume as the execution of their important duties.

4. Policy for Determining Non-monetary Remuneration (Company Housing)

Of the above remuneration types, the determination of non-monetary remuneration (company housing) is based on internal regulations established by the Board of Directors, within the upper limit of the total amount of remuneration approved by a general meeting of shareholders (5 million yen per month). The upper limit of such total amount of remuneration was resolved at the 9th Ordinary General Meeting of Shareholders held on June 29, 2005, and the number of Directors at the conclusion of such Meeting was nine (including five Outside Directors). The Board of Directors has a policy of determining non-monetary remuneration (company housing) in consideration of commuting convenience and living conditions, in principle, for the purpose of securing personnel necessary for the Company's growth and providing such personnel with a living environment in which they can fully demonstrate their abilities.

5. Policy for Determining Non-monetary Remuneration (Restricted Stock)

Of the above remuneration types, with respect to the determination of non-monetary remuneration (restricted stock), the Board of Directors has a policy of determining the total number of shares of restricted stock to be issued, in consideration of the dilution ratios of the Company's shares, and, in turn, determining the appropriate number thereof to be granted as an incentive, based on the respective roles and responsibilities assumed by Directors.