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(Stock Exchange Code 4326)
September 6, 2022

To Shareholders with Voting Rights:

Noriaki Ishizuka
President and Representative Director
INTAGE HOLDINGS Inc.
Intage Akihabara Building
3 Kanda-neribeicho, Chiyoda-ku,
Tokyo, Japan

**NOTICE OF CONVOCATION OF
THE 50TH ANNUAL GENERAL MEETING OF SHAREHOLDERS**

Dear Shareholders:

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

The 50th Annual General Meeting of Shareholders of INTAGE HOLDINGS Inc. (the “Company”) will be held for the purposes as described below.

We advise our shareholders to consider whether to attend the meeting in person taking into account the status of the novel coronavirus disease (COVID-19) and your health condition as of the day of the meeting.

If you do not attend the meeting in person, please exercise your voting rights via the Internet or by mailing the Voting Rights Exercise Form.

Date and Time: Wednesday, September 28, 2022 at 10:00 a.m. Japan time

Place: Akiba Hall, 5F, Akiba Plaza, Fuji Soft
3 Kanda-neribeicho, Chiyoda-ku, Tokyo, 101-0022, Japan

Meeting Agenda:

- Matters to be reported:**
1. The Business Report, Consolidated Financial Statements for the Company’s 50th Fiscal Year (July 1, 2021 - June 30, 2022) and results of audits of the Consolidated Financial Statements by the Accounting Auditor and the Audit & Supervisory Committee
 2. Non-consolidated Financial Statements for the Company’s 50th Fiscal Year (July 1, 2021 - June 30, 2022)

Proposals to be resolved:

- Proposal No. 1:** Distribution of Surplus
- Proposal No. 2:** Partial Amendments to the Articles of Incorporation
- Proposal No. 3:** Election of Eight (8) Directors (excluding Directors serving as Audit & Supervisory Committee Members)
- Proposal No. 4:** Election of Four (4) Directors serving as Audit & Supervisory Committee Members
- Proposal No. 5:** Determination of Compensation to Grant Restricted Shares to Directors (Excluding Outside Directors and Directors serving as Audit & Supervisory Committee Members)

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(Notice)

- 1) Of the documents to be provided with this Notice of Convocation, “Major Sites of the Group,” “Status of Employees,” “Status of Major Creditors,” “Other Important Matters Concerning Current Status of the Group,” “Matters Concerning Share Acquisition Rights, etc.,” “Status of Accounting Auditor,” “Systems for Ensuring Appropriateness of Operations,” “Overview of Operational Status of Systems for Ensuring Appropriateness of Operations” and “Basic Policy on Control of the Company” in the Business Report, “Consolidated Statements of Changes in Net Assets” and “Notes to Consolidated Financial Statements” in the Consolidated Financial Statements and “Non-Consolidated Statements of Changes in Net Assets” and “Notes to Non-Consolidated Financial Statements” in the Non-Consolidated Financial Statements have been omitted, as they have been posted on the Company’s homepage (<https://www.intageholdings.co.jp>) in accordance with laws and regulations and Article 18 of the Articles of Incorporation of the Company.
- 2) In the event that revisions are required for the Reference Documents for the General Meeting of Shareholders, Business Report, Consolidated Financial Statements, or Non-consolidated Financial Statements, revised documents will be disclosed on the Company’s homepage.
- 3) The content of this convocation notice has been disclosed on the Company’s homepage prior to this convocation notice being sent via postal service with the aim of early disclosure.
- 4) We ask you to exercise your voting rights in advance via the Internet or by mailing the Voting Rights Exercise Form, taking into account the status of COVID-19 and your health condition.
- 5) No shareholder reception is scheduled after the Annual General Meeting of Shareholders. In addition, souvenirs will not be available for shareholders attending the Annual General Meeting of Shareholders. Your kind understanding would be appreciated.

#### Exercise of Voting Rights

- (1) If your voting rights are exercised via both the Internet and mail, the one via the Internet shall be treated as effective.
- (2) If your voting rights are exercised more than once via the Internet, the last vote shall be treated as effective.
- (3) Shareholders who intend a split exercise of voting rights are kindly asked to notify the Company to that effect and of the reason therefor by no later than three (3) days before the date of the Annual General Meeting of Shareholders.

#### Exercise of Voting Rights by Proxy

Shareholders may exercise their voting rights by appointing one other shareholder with voting rights of the Company as their proxy in accordance with Article 20 of the Articles of Incorporation of the Company. In this case, the shareholder or the proxy shall be required to submit a letter of proxy to the Company.

## Reference Documents for the General Meeting of Shareholders

### Proposal No. 1: Distribution of Surplus

The Company considers profit distribution to its shareholders as one of its highest management priorities. The basic policy is to conduct profit distribution using consolidated business results as a base and taking into consideration the balance between dividends and growth investments.

Regarding dividends for the 50th fiscal year, in consideration of consolidated business results for the fiscal year and the above policy, the Company proposes dividends of 38 yen per share. In this case, the ratio between profit attributable to owners of parent and dividends, or the consolidated dividend payout ratio, will be 44.0%.

1. Matters concerning year-end dividends (for the 50th fiscal year)
  - (1) Type of dividend property  
Cash
  - (2) Matters concerning the allotment of dividend property and the total amount  
38 yen per share of common stock  
Total amount of 1,508,312,302 yen
  - (3) Effective date of distribution of surplus  
September 29, 2022
2. Other matters concerning the distribution of surplus  
Not applicable.

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

1. Reasons for amendments

The amendment 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) have been enforced 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 Articles of Incorporation of the Company shall be amended as follows.

- (1) The proposed Article 18, Paragraph 1 provides that information contained in the Reference Documents for the General Meeting of Shareholders, etc. shall be provided electronically. The Company is deemed to have established such provisions in the Articles of Incorporation of the Company on September 1, 2022, in accordance with the provision in Article 10, Paragraph 2 of the “Act Prescribing Adjustments to the Relevant Acts to Coordinate with the Enforcement of the Act Partially Amending the Companies Act” (Act No. 71 of 2019).
- (2) The proposed Article 18, 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 Reference Documents for the General Meeting of Shareholders, Etc. (Article 18 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 transitional measures shall be established.

2. Details of amendments

The details of the amendments are as follows.

(Amended parts are underlined.)

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

| Current Articles of Incorporation | Proposed Amendments                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |
|-----------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| (Newly established)               | <p><u>Article 2 (Transitional Measures concerning Electronic Provision System)</u><br/> <u>Notwithstanding the provisions of Article 18 (Measures for Electronic Provision, Etc.), the Article 18 of the Articles of Incorporation before the proposed amendment (Internet Disclosure and Deemed Provision of Reference Documents for the General Meeting of Shareholders, Etc.) shall remain in force with respect to a general meeting of shareholders to be held on the last day of February 2023 or earlier.</u><br/> <u>2. This article shall be deleted after March 1, 2023 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></p> |

**Proposal No. 3:** Election of Eight (8) Directors (excluding Directors serving as Audit & Supervisory Committee Members)

The terms of office of all the seven (7) Directors (excluding Directors serving as Audit & Supervisory Committee Members) will expire at the conclusion of this Annual General Meeting of Shareholders. Accordingly, the election of eight (8) Directors (excluding Directors serving as Audit & Supervisory Committee Members) is proposed, increasing the number of Outside Directors with the aim of enhancing the independence and supervisory function of the Board of Directors.

The Audit & Supervisory Committee judged that all the candidates in this Proposal are suited to serve as Directors of the Company, based on the assessment of the execution of their duties and the business results for the fiscal year under review and other factors.

The candidates for Directors (excluding Directors serving as Audit & Supervisory Committee Members) are as follows:

| No. |                 | Name               | Gender | Positions and Responsibilities at the Company                                                                                          | Attendance at the meetings of the Board of Directors (Fiscal Year 2021) |
|-----|-----------------|--------------------|--------|----------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------|
| 1   | Reappointment   | Noriaki Ishizuka   | Male   | President and Representative Director                                                                                                  | 100% (18/18)                                                            |
| 2   | Reappointment   | Yoshiya Nishi      | Male   | Director and CWO in charge of Marketing Support (Healthcare)                                                                           | 100% (18/18)                                                            |
| 3   | Reappointment   | Kiyomi Miyauchi    | Male   | Director in charge of Marketing Support (Consumer Goods and Services) Overseas Business and Chief Senior Director of Overseas Business | 100% (18/18)                                                            |
| 4   | Reappointment   | Ayumi Higaki       | Female | Director in charge of Marketing Support (Consumer Goods and Services) Domestic Business                                                | 100% (18/18)                                                            |
| 5   | Reappointment   | Masaru Ohtakeguchi | Male   | Director in charge of Corporate Planning                                                                                               | 100% (18/18)                                                            |
| 6   | New appointment | Toru Takeuchi      | Male   | Executive Officer and General Manager, Corporate Management Division                                                                   | —                                                                       |
| 7   | New appointment | Atsuhiko Imai      | Male   | Outside Director<br>Independent Director                                                                                               | —<br>—                                                                  |
| 8   | New appointment | Hiroko Watanabe    | Female | Outside Director<br>Independent Director                                                                                               | —<br>—                                                                  |

(Note) If this Proposal and Proposal No. 4 are approved as originally proposed, the number of Outside Directors, including Outside Directors serving as Audit & Supervisory Committee Members, will be five (5), and the ratio of Outside Directors among the Company's Directors will be 42%.

# 1. Noriaki Ishizuka

Born on  
January 10, 1959  
63 years old

Reappointment

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|                                        |                                                    |
|----------------------------------------|----------------------------------------------------|
| Number of shares of the Company held   | 37,700 shares                                      |
| Term of office                         | 16 years                                           |
| Current positions and responsibilities | President and Representative Director, the Company |

## Past experience

|              |                                                               |
|--------------|---------------------------------------------------------------|
| April 1982   | Joined the Company                                            |
| June 2006    | Director and Deputy General Manager, Sales Group              |
| April 2008   | Director and Unit Director, Business Solutions Unit           |
| April 2009   | Director and General Manager, Sales Group                     |
| April 2011   | Director and General Manager, DCG and Services Business Group |
| April 2013   | Executive Director                                            |
| October 2013 | President and Representative Director, INTAGE Inc.            |
| June 2015    | Director, the Company                                         |
| June 2017    | Representative Director and Executive Vice President          |
| April 2019   | President and Representative Director (current position)      |

## Significant concurrent positions

Not applicable.

## Reasons for selecting Mr. Ishizuka as a candidate for Director

Mr. Noriaki Ishizuka assumed the office of Director of the Company in 2006, and has many years of management experience. In addition, as President and Representative Director of INTAGE Inc., the core company of the Group, he has been fulfilling his duties as Director, including contribution to the reinforcement of the company's business and improvement of its profitability. For these reasons, the Company, in an endeavor to further strengthen the Group's management foundation and enhance corporate value, has determined that he is an appropriate person to execute business. The Company therefore reselected him as a candidate for Director.

# 2. Yoshiya Nishi

Born on  
January 23, 1967  
55 years old

Reappointment

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|                                        |                                                                           |
|----------------------------------------|---------------------------------------------------------------------------|
| Number of shares of the Company held   | 120,000 shares                                                            |
| Term of office                         | 6 years                                                                   |
| Current positions and responsibilities | Director and CWO in charge of Marketing Support (Healthcare), the Company |

## Past experience

|               |                                                                                                 |
|---------------|-------------------------------------------------------------------------------------------------|
| June 1992     | Joined Social Survey Research Information Co., Ltd.                                             |
| December 1994 | Director, TM Marketing Inc. (in 2010, changed trade name to ANTERIO Inc.)                       |
| January 2005  | Vice President and Representative Director, TM Marketing Inc.                                   |
| March 2007    | President and Representative Director, TM Marketing Inc.                                        |
| July 2014     | Executive Officer in charge of Group Healthcare Solution, the Company                           |
| April 2015    | Executive Officer in charge of Group Healthcare Business                                        |
| May 2015      | Director, ASKLEP Inc.                                                                           |
| June 2016     | Director in charge of Group Healthcare Business, the Company                                    |
| April 2017    | Director in charge of Group Healthcare Business and responsible for promoting work style reform |
| April 2019    | President and Representative Director, INTAGE Healthcare Inc. (current position)                |
| June 2019     | Director and CWO in charge of Marketing Support (Healthcare), the Company (current position)    |

## Significant concurrent positions

President and Representative Director, INTAGE Healthcare Inc.

## Reasons for selecting Mr. Nishi as a candidate for Director

As President and Representative Director of INTAGE Healthcare Inc., Mr. Yoshiya Nishi has strengthened the business and improved profitability of the company, in addition to achieving global business development as the person in charge of the Group's Healthcare Business. He thus has a wealth of experience and knowledge regarding Healthcare Business of the Group. For these reasons, the Company, in an endeavor to further strengthen the Group's management foundation and enhance corporate value, has determined that he is an appropriate person to execute business. The Company therefore reselected him as a candidate for Director.

### 3. Kiyomi Miyauchi

Born on  
August 15, 1959  
63 years old

Reappointment

|                                        |                                                                                                                                                     |
|----------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------|
| Number of shares of the Company held   | 15,518 shares                                                                                                                                       |
| Term of office                         | 5 years                                                                                                                                             |
| Current positions and responsibilities | Director in charge of Marketing Support (Consumer Goods and Services) Overseas Business and Chief Senior Director of Overseas Business, the Company |

#### Past experience

|              |                                                                                                                                                           |
|--------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------|
| April 1983   | Joined the Company                                                                                                                                        |
| April 2005   | General Manager, Global Research Division, Solution Group                                                                                                 |
| October 2007 | General Manager, Sales Division IX, Sales Group                                                                                                           |
| July 2008    | CEO, INTAGE (Thailand) Co., Ltd.                                                                                                                          |
| April 2014   | Executive Officer in charge of Overseas Business, ASEAN and India, the Company Representative, INTAGE Holdings Inc. Regional Office                       |
| January 2015 | Executive Officer in charge of Group Overseas Business, the Company                                                                                       |
| June 2015    | Senior Executive Officer in charge of Group Overseas Business                                                                                             |
| April 2016   | Senior Executive Officer and Chief Senior Director of Overseas Business in charge of Group Overseas Business                                              |
| June 2017    | Director and Chief Senior Director of Overseas Business in charge of Group Overseas Business                                                              |
| June 2019    | Director in charge of Marketing Support (Consumer Goods and Services) Overseas Business and Chief Senior Director of Overseas Business (current position) |

#### Significant concurrent positions

Not applicable.

#### Reasons for selecting Mr. Miyauchi as a candidate for Director

Mr. Kiyomi Miyauchi not only has experience in global research, but also has a proven track record in management at the Company's overseas bases, ASEAN and India to begin with, and has a wealth of experience and knowledge towards the Group's overseas business. For these reasons, the Company, in an endeavor to further strengthen the Group's management foundation and enhance corporate value, has determined that he is an appropriate person to execute business. The Company therefore reselected him as a candidate for Director.

### 4. Ayumi Higaki

Born on  
May 23, 1964  
58 years old

Reappointment

|                                        |                                                                                                      |
|----------------------------------------|------------------------------------------------------------------------------------------------------|
| Number of shares of the Company held   | 9,908 shares                                                                                         |
| Term of office                         | 3 years                                                                                              |
| Current positions and responsibilities | Director in charge of Marketing Support (Consumer Goods and Services) Domestic Business, the Company |

#### Past experience

|              |                                                                                                                                                                                               |
|--------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| April 1988   | Joined KAGOME CO., LTD.                                                                                                                                                                       |
| October 1995 | Joined the Company                                                                                                                                                                            |
| April 2007   | General Manager, Marketing Solution Division, Marketing Solution Unit                                                                                                                         |
| April 2013   | Executive Officer and General Manager, Marketing Innovation Group                                                                                                                             |
| July 2014    | Executive Officer in charge of Group Marketing Solution                                                                                                                                       |
| July 2015    | Senior Executive Officer in charge of Group Business Strategy<br>Director, INTAGE TECHNOSPHERE Inc.                                                                                           |
| April 2016   | Director, INTAGE Inc.                                                                                                                                                                         |
| April 2019   | Senior Executive Officer in charge of Marketing Support (Consumer Goods and Services) Domestic Business, the Company<br>President and Representative Director, INTAGE Inc. (current position) |
| June 2019    | Director in charge of Marketing Support (Consumer Goods and Services) Domestic Business, the Company (current position)                                                                       |

#### Significant concurrent positions

President and Representative Director, INTAGE Inc.

#### Reasons for selecting Ms. Higaki as a candidate for Director

As President and Representative Director of INTAGE Inc., Ms. Ayumi Higaki has strengthened the business and improved profitability of the company, in addition to engaging in R&D, sales, and corporate planning at the company in the past, especially achieving panel product development over many years at the company. She thus has a wealth of experience and knowledge regarding Marketing Support Business of the Group. For these reasons, the Company, in an endeavor to further strengthen the Group's management foundation and enhance corporate value, has determined that she is an appropriate person to execute business. The Company therefore reselected her as a candidate for Director.



## 5. Masaru Ohtakeguchi

Born on  
May 28, 1961  
61 years old

Reappointment

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|                                        |                                                       |
|----------------------------------------|-------------------------------------------------------|
| Number of shares of the Company held   | 10,582 shares                                         |
| Term of office                         | 2 years                                               |
| Current positions and responsibilities | Director in charge of Corporate Planning, the Company |

### Past experience

|                |                                                                        |
|----------------|------------------------------------------------------------------------|
| April 1985     | Joined the Company                                                     |
| April 2013     | Executive Officer and General Manager, DCG and Services Business Group |
| April 2014     | President and Representative Director, DOCOMO InsightMarketing, INC.   |
| April 2016     | Director, INTAGE Inc.                                                  |
| April 2019     | Senior Executive Officer in charge of Corporate Planning, the Company  |
| September 2020 | Director in charge of Corporate Planning (current position)            |

### Significant concurrent positions

Not applicable.

### Reasons for selecting Mr. Ohtakeguchi as a candidate for Director

As President and Representative Director of DOCOMO InsightMarketing, INC., Mr. Masaru Ohtakeguchi led the management of the company in addition to having served as several positions in personnel and sales divisions in INTAGE Inc., and thus has a wealth of experience and achievements. For these reasons, the Company, in an endeavor to further strengthen the Group's management foundation and enhance corporate value, has determined that he is an appropriate person to execute business. The Company therefore reselected him as a candidate for Director.

## 6. Toru Takeuchi

Born on  
April 17, 1963  
59 years old

New  
appointment

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|                                        |                                                                                   |
|----------------------------------------|-----------------------------------------------------------------------------------|
| Number of shares of the Company held   | 12,400 shares                                                                     |
| Term of office                         | —                                                                                 |
| Current positions and responsibilities | Executive Officer and General Manager, Corporate Management Division, the Company |

### Past experience

|              |                                                                                                                                                         |
|--------------|---------------------------------------------------------------------------------------------------------------------------------------------------------|
| April 1987   | Joined Saitama Bank, Ltd. (currently Saitama Resona Bank, Limited)                                                                                      |
| October 2017 | Joined the Company<br>General Manager, Corporate Finance Division                                                                                       |
| April 2018   | General Manager, Corporate Finance Division and General Manager, Internal Control and Risk Management Division                                          |
| April 2019   | General Manager, Corporate Management Division                                                                                                          |
| July 2020    | Executive Officer and General Manager, Corporate Management Division (current position)<br>Corporate Auditor, INTAGE Healthcare Inc. (current position) |

### Significant concurrent positions

Corporate Auditor, INTAGE Healthcare Inc.

### Reasons for selecting Mr. Takeuchi as a candidate for Director

After joining the Company, Mr. Toru Takeuchi has promoted initiatives related to finance and capital policies as General Manager of the Corporate Management Division, making use of knowledge and experience gained through his long years of career working for a financial institution, and thus has a wealth of experience and in-depth knowledge in corporate management in general. For these reasons, the Company, in an endeavor to further strengthen the Group's management foundation and enhance corporate value, has determined that he is an appropriate person to execute business. The Company therefore selected him as a candidate for Director.

## 7. Atsuhiko Imai

Born on  
December 4, 1960  
61 years old

New  
appointment

Outside  
Director

Independent  
Director

Number of shares of the Company held 0 shares  
Term of office —  
Current positions and responsibilities Not applicable.

### Past experience

April 1983 Joined The Kyowa Bank. Ltd. (currently Resona Bank, Limited)  
April 2013 Joined Inageya Co., Ltd.  
General Manager, Group Business Management Office and General Manager, Quality Management Office, Inageya Co., Ltd.  
June 2016 Director in charge of IR and General Manager of Administration Headquarters, Inageya Co., Ltd.  
January 2019 Joined Hoosiers Holdings Co., Ltd.  
April 2019 General Manager, Risk Management Division and General Manager, Internal Audit Office, Hoosiers Holdings Co., Ltd.  
May 2020 Auditor, Hoosiers Wellness & Sports Co., Ltd. (current position)  
Auditor, Hoosiers REIT Advisors Co., Ltd. (current position)  
June 2020 Auditor, Hoosiers Living Service Co., Ltd. (current position)  
Auditor, IEA Co., Ltd. (current position)  
May 2021 Auditor, Vermilion Capital Management Limited (current position)  
June 2021 Full-time Auditor, Hoosiers Holdings Co., Ltd.  
June 2022 Director and Full-time Audit & Supervisory Committee Member, Hoosiers Holdings Co., Ltd. (current position)

### Significant concurrent positions

Director and Full-time Audit & Supervisory Committee Member, Hoosiers Holdings Co., Ltd.

\* Hoosiers Wellness & Sports Co., Ltd., Hoosiers REIT Advisors Co., Ltd., Hoosiers Living Service Co., Ltd., IEA Co., Ltd. and Vermilion Capital Management Limited in the career summary above, for which Mr. Atsuhiko Imai serves concurrently as Auditor, are unlisted group companies of Hoosiers Holdings Co., Ltd.

### Reasons for selecting Mr. Imai as a candidate for Outside Director and expected roles

Mr. Atsuhiko Imai has long years of experience in business of a financial institution, and in addition, is well versed in operations of corporate administration departments including finance, IR, risk management, and internal audit, as a director of a business company. He has in-depth knowledge of financial strategies, risk management, corporate governance, etc. in particular. The Company expects that he will provide supervision on the management of the Company from an independent standpoint by providing advice as an Outside Director of the Company to secure properness and appropriateness of the decision making of the Board of Directors by utilizing his experience and knowledge, and that he will play an important role as a member of the Nomination and Compensation Committees, voluntary advisory committees, in deliberating and reporting to the Board of Directors on the nomination and compensation of Directors. The Company therefore selected him as a candidate for Outside Director.

## 8. Hiroko Watanabe

Born on  
May 28, 1955  
67 years old

New  
appointment

Outside  
Director

Independent  
Director

Number of shares of the Company held 0 shares  
Term of office —  
Current positions and responsibilities Not applicable.

### Past experience

June 2006 Representative Director and President, GE Healthcare Bio-Sciences Corporation  
August 2009 Director, GE Healthcare Japan Corporation  
March 2016 Representative Director and CEO, AccuRna Inc.  
Representative Director and President, Braizon Therapeutics, Inc.  
April 2017 Senior Director in charge of Corporate Marketing & Business Development, Thermo Fisher Scientific K.K.  
June 2018 Outside Auditor, HanaVax Inc. (current position)  
May 2019 Director and Vice President, OncoTherapy Science, Inc.

### Significant concurrent positions

Outside Auditor, HanaVax Inc.

### Reasons for selecting Ms. Watanabe as a candidate for Outside Director and expected roles

Ms. Hiroko Watanabe has long years of experience in operations of life science companies that have relations with the businesses of the Group, and also has experience in management of many corporations such as serving as representative director of business companies. In addition, she has abundant knowledge and experience in management of global companies. The Company expects that she will provide supervision on the management of the Company from an independent standpoint by providing advice as an Outside Director of the Company to secure properness and appropriateness of the decision making of the Board of Directors by utilizing her experience and knowledge, and that she will play an important role as a member of the Nomination and Compensation Committees, voluntary advisory committees, in deliberating and reporting to the Board of Directors on the nomination and compensation of Directors. The Company therefore selected her as a candidate for Outside Director.

- (Notes)
1. There are no special conflicts of interest between the candidates and the Company.
  2. Number of shares of the Company held by each candidate is as of June 30, 2022.
  3. Mr. Atsuhiko Imai and Ms. Hiroko Watanabe are candidates for Outside Director.
  4. If the election of Mr. Atsuhiko Imai and Ms. Hiroko Watanabe is approved as originally proposed, the Company intends to register them with the Tokyo Stock Exchange, Inc. as Independent Directors pursuant to the regulations of the aforementioned Exchange. Additionally, there are no special conflicts of interest between the Company and companies, etc. at which they hold a concurrent position, and in view of the “Independence criteria for Outside Directors” defined by the Company (described in p. 17), the Company deems them to be independent as Outside Directors.
  5. If the election of Mr. Atsuhiko Imai and Ms. Hiroko Watanabe is approved as originally proposed, the Company intends to enter into agreements with them for the purpose of limiting their liability for compensation for damages stipulated in Article 423, Paragraph 1 of the Companies Act, in accordance with the provisions of Article 427, Paragraph 1 of the same Act. The maximum liability limit under these agreements will be set to the amount stipulated by laws and regulations.
  6. The Company has concluded a directors and officers liability insurance contract with an insurance company, as stipulated in Article 430-3, Paragraph 1 of the Companies Act. In the event of a claim for damages by a shareholder or a third party arising from acts or omission in the course of duties of the insured as a director or an officer of the company during the term of the policy, the policy shall compensate for damages to be borne by the insured (legal damages and litigation expenses). Even in the event that a claim for damages is not actually made, the policy shall also compensate for expenses incurred by the insured to respond to situations in which a claim for damages may be made. However, the policy includes certain exemption clauses such as no compensation being given for damages attributable to acts in violation of laws or regulations that were carried out with knowledge of their illegality. The Company bears the entire premium. Mr. Noriaki Ishizuka, Mr. Yoshiya Nishi, Mr. Kiyomi Miyauchi, Ms. Ayumi Higaki, Mr. Masaru Ohtakeguchi, and Mr. Toru Takeuchi are included in the insured under this insurance policy as a Director or Executive Officer of the Company. If the election of each candidate is approved as originally proposed, he or she will continue to be included in the insured under the said insurance policy. In addition, Mr. Atsuhiko Imai and Ms. Hiroko Watanabe will be included in the insured under this insurance policy if their election is approved as originally proposed. The insurance policy will be renewed with the similar terms and conditions during their terms of office.

**Proposal No. 4:** Election of Four (4) Directors serving as Audit & Supervisory Committee Members

The terms of office of all the four (4) Directors serving as Audit & Supervisory Committee Members will expire at the conclusion of this Annual General Meeting of Shareholders. Accordingly, the election of four (4) Directors serving as Audit & Supervisory Committee Members is proposed.

The Audit & Supervisory Committee has given its approval to this Proposal.

The candidates for Directors serving as Audit & Supervisory Committee Members are as follows:

| No. | Name                              | Gender | Positions and Responsibilities at the Company                                                                | Attendance at the meetings of the Board of Directors (Fiscal Year 2021) |
|-----|-----------------------------------|--------|--------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------|
| 1   | New appointment<br>Toshio Odagiri | Male   | Commissioner                                                                                                 | —                                                                       |
| 2   | Reappointment<br>Hajime Nakajima  | Male   | Outside Director<br>Independent Director<br>Outside Director serving as Audit & Supervisory Committee Member | 100%<br>(18/18)                                                         |
| 3   | Reappointment<br>Yuzo Miyama      | Male   | Outside Director<br>Independent Director<br>Outside Director serving as Audit & Supervisory Committee Member | 100%<br>(18/18)                                                         |
| 4   | Reappointment<br>Shizuo Kashima   | Male   | Outside Director<br>Independent Director<br>Outside Director serving as Audit & Supervisory Committee Member | 100%<br>(18/18)                                                         |

(Note) If Proposal No. 3 and this Proposal are approved as originally proposed, the number of Outside Directors, including Outside Directors who are not serving as Audit & Supervisory Committee Members, will be five (5), and the ratio of Outside Directors among the Company's Directors will be 42%.

# 1. Toshio Odagiri

Born on  
January 14, 1962  
60 years old

New  
appointment

Number of shares of the Company held 19,362 shares  
Term of office —  
Current positions and responsibilities Commissioner, the Company

## Past experience

April 1984 Joined the Company  
April 2002 General Manager, Social Development Division  
April 2016 Executive Officer in charge of Corporate Strategy & Planning Division and Incubation Promotion Division  
April 2019 Director, INTAGE Healthcare Inc.  
July 2020 President and Representative Director, INTAGE RESEARCH Inc.  
July 2022 Commissioner, the Company (current position)

## Significant concurrent positions

Not applicable.

## Reasons for selecting Mr. Odagiri as a candidate for Director serving as Audit & Supervisory Committee Member

Mr. Toshio Odagiri has engaged in management of INTAGE RESEARCH Inc. as President and Representative Director, and thus has a wealth of experience and knowledge related to sales and corporate management in general. For these reasons, the Company, in an endeavor to further strengthen the Group's management foundation and enhance corporate value, has determined that he is an appropriate person to audit the execution of business. The Company therefore selected him as a candidate for Director serving as Audit & Supervisory Committee Member. If this Proposal is approved and he assumes office as Director serving as Audit & Supervisory Committee Member of the Company, he will retire from the position of Commissioner of the Company.

# 2. Hajime Nakajima

Born on  
December 7, 1955  
66 years old

Reappointment Outside  
Director Independent  
Director

Number of shares of the Company held 4,500 shares  
Term of office 6 years  
Current positions and responsibilities Outside Director serving as Audit & Supervisory Committee Member, the Company

## Past experience

April 1986 Appointed as judge  
April 1997 Judge, Tokyo District Court  
April 2002 General Manager, Administrative Bureau, Secretarial Training Institute, Supreme Court  
April 2004 General Manager of Training, The Training and Research Institute for Court Officials  
April 2005 Judge, Tokyo High Court  
March 2007 Retired as Judge, Tokyo High Court  
April 2007 Professor, Toin Law School  
June 2007 Registered as an Attorney  
June 2014 Substitute Corporate Auditor, the Company  
June 2015 Outside Corporate Auditor  
June 2016 Outside Director serving as Audit & Supervisory Committee Member (current position)  
June 2017 External Director, Toyo Sugar Refining Co., Ltd.  
April 2021 Guest Professor, Faculty of Law, Toin University of Yokohama (current position)

## Significant concurrent positions

Attorney-at-law  
Guest professor, Faculty of Law, Toin University of Yokohama

## Reasons for selecting Mr. Nakajima as a candidate for Outside Director serving as Audit & Supervisory Committee Member and expected roles

Mr. Hajime Nakajima is well versed in legal affairs, finance and accounting of corporations as an attorney-at-law, and possesses sufficient knowledge regarding governance of corporate management. He has been providing advice and suggestions as an Outside Director serving as Audit & Supervisory Committee Member of the Company to secure legality of the decision making of the Board of Directors. He has not been directly involved in corporate management other than as Outside Director or Outside Corporate Auditor. However, for the above reasons, the Company, in an endeavor to further strengthen the Group's management foundation and enhance corporate value, has determined that he is an appropriate person to supervise the execution of business, as well as conduct other duties. The Company also expects that he will provide appropriate advice and supervision on the management of the Group and play a leading role as a chairperson of the Nomination and Compensation Committees, voluntary advisory committees, in deliberating and reporting to the Board of Directors on the nomination and compensation of Directors. The Company therefore reselected him as a candidate for Outside Director serving as Audit & Supervisory Committee Member.

### 3. Yuzo Miyama

Born on  
February 28, 1955  
67 years old

Reappointment

Outside  
Director

Independent  
Director

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|                                        |                                                                               |
|----------------------------------------|-------------------------------------------------------------------------------|
| Number of shares of the Company held   | 2,100 shares                                                                  |
| Term of office                         | 5 years                                                                       |
| Current positions and responsibilities | Outside Director serving as Audit & Supervisory Committee Member, the Company |

#### Past experience

|                |                                                                                     |
|----------------|-------------------------------------------------------------------------------------|
| April 1983     | Registered as lawyer (Daiichi Tokyo BAR Association)                                |
| September 1986 | Established YUZO MIYAMA LAW OFFICE                                                  |
| July 2001      | Representative, MIYAMA LAW OFFICE (current position)                                |
| April 2007     | Outside Director, Ai Holdings Corporation (current position)                        |
| May 2016       | Member of the Independent Committee, the Company                                    |
| June 2017      | Outside Director serving as Audit & Supervisory Committee Member (current position) |

#### Significant concurrent positions

Attorney-at-law  
Outside Director, Ai Holdings Corporation

#### Reasons for selecting Mr. Miyama as a candidate for Outside Director serving as Audit & Supervisory Committee Member and expected roles

Mr. Yuzo Miyama possesses a wealth of experience and a high level of knowledge and expertise acquired through his long years of career as an attorney-at-law. He has been providing advice and suggestions as an Outside Director serving as Audit & Supervisory Committee Member of the Company to secure legality of the decision making of the Board of Directors. He has no experience in being directly involved in corporate management other than as Outside Director. However, for the above reasons, the Company, in an endeavor to further strengthen the Group's management foundation and enhance corporate value, has determined that he is an appropriate person to supervise the execution of business, as well as conduct other duties. The Company also expects that he will provide appropriate advice and supervision on the management of the Group and play an important role as a member of the Nomination and Compensation Committees, voluntary advisory committees, in deliberating and reporting to the Board of Directors on the nomination and compensation of Directors. The Company therefore reselected him as a candidate for Outside Director serving as Audit & Supervisory Committee Member.

## 4. Shizuo Kashima

Born on  
November 30, 1958  
63 years old

Reappointment

Outside  
Director

Independent  
Director

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|                                        |                                                                               |
|----------------------------------------|-------------------------------------------------------------------------------|
| Number of shares of the Company held   | 0 shares                                                                      |
| Term of office                         | 4 years                                                                       |
| Current positions and responsibilities | Outside Director serving as Audit & Supervisory Committee Member, the Company |

### Past experience

|                |                                                                                                                                                                                            |
|----------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| March 1982     | Joined Arthur Young & Company, Tokyo Office                                                                                                                                                |
| March 1985     | Registered as Certified Public Accountant                                                                                                                                                  |
| June 1987      | Transferred to International Business Department of Asahi Shinwa Kaikeisha Audit Firm due to the integration of Arthur Young & Company and Asahi Shinwa Kaikeisha Audit Firm               |
| October 1992   | Established Kashima Certified Public Accountant Office                                                                                                                                     |
| December 1992  | Registered as Certified Tax Accountant;<br>Established Kashima Certified Tax Accountant Office;<br>Head, Kashima Certified Tax Accountant Office (current position)                        |
| March 2002     | Representative Director, Horwath Japan Corporation (currently Minato Trust Corporation)                                                                                                    |
| September 2002 | Established Kashima & Komiyama Certified Public Accountant Office;<br>Representative Certified Public Accountant, Kashima & Komiyama Certified Public Accountant Office (current position) |
| December 2008  | Corporate Auditor, MIKI TOURIST CO., LTD. (current position)                                                                                                                               |
| April 2010     | Corporate Certified Public Accountant, the Company (up to March 2018)                                                                                                                      |
| June 2018      | Outside Director serving as Audit & Supervisory Committee Member (current position)                                                                                                        |

### Significant concurrent positions

Certified Public Accountant  
Certified Tax Accountant  
Corporate Auditor, MIKI TOURIST CO., LTD.

### Reasons for selecting Mr. Kashima as a candidate for Outside Director serving as Audit & Supervisory Committee Member and expected roles

Mr. Shizuo Kashima possesses considerable insight in finance and accounting as a certified public accountant and certified tax accountant and sufficient knowledge regarding corporate management. He has been providing advice and suggestions as an Outside Director serving as Audit & Supervisory Committee Member of the Company to secure legality of the decision making of the Board of Directors. For the above reasons, the Company, in an endeavor to further strengthen the Group's management foundation and enhance corporate value, has determined that he is an appropriate person to supervise the execution of business, as well as conduct other duties. The Company also expects that he will provide appropriate advice and supervision on the management of the Group and play an important role as a member of the Nomination and Compensation Committees, voluntary advisory committees, in deliberating and reporting to the Board of Directors on the nomination and compensation of Directors. The Company therefore reselected him as a candidate for Outside Director serving as Audit & Supervisory Committee Member.

- (Notes)
1. There are no special conflicts of interest between the candidates and the Company.
  2. Number of shares of the Company held by each candidate is as of June 30, 2022.
  3. Mr. Hajime Nakajima, Mr. Yuzo Miyama, and Mr. Shizuo Kashima are candidates for Outside Director serving as Audit & Supervisory Committee Member.
  4. Mr. Hajime Nakajima, Mr. Yuzo Miyama, and Mr. Shizuo Kashima have been designated as Independent Director pursuant to the regulations of the Tokyo Stock Exchange, Inc. and registered with the aforementioned Exchange as such, and if their election is approved as originally proposed, they will continue to be designated as Independent Director. Additionally, there are no special conflicts of interest between the Company and companies, etc. at which each candidate holds a concurrent position, and in view of the “Independence criteria for Outside Directors” defined by the Company (described in p. 17), the Company deems them to be independent as Outside Directors.
  5. Mr. Shizuo Kashima served as Corporate Certified Public Accountant of the Company and Trust Administrator of the Performance-Linked Stock Compensation Plan for Directors of the Company until March 31, 2018, and the compensations paid to him were less than 1.5 million yen per year. In view of the “Independence Criteria for Outside Directors” defined by the Company, the Company deems him to be independent as an Outside Director.
  6. Pursuant to the provisions of Article 427, Paragraph 1 of the Companies Act, the Company has concluded liability limitation agreements with Mr. Hajime Nakajima, Mr. Yuzo Miyama, and Mr. Shizuo Kashima, limiting their liability under Article 423, Paragraph 1 of the same Act. The maximum liability limit under this agreement has been set to the amount stipulated by laws and regulations. If this Proposal is approved as originally proposed, the Company plans to continue the above agreements with them.
  7. The Company has concluded a directors and officers liability insurance contract with an insurance company, as stipulated in Article 430-3, Paragraph 1 of the Companies Act. In the event of a claim for damages by a shareholder or a third party arising from acts or omission in the course of duties of the insured as a director or an officer of the company during the term of the policy, the policy shall compensate for damages to be borne by the insured (legal damages and litigation expenses). Even in the event that a claim for damages is not actually made, the policy shall also compensate for expenses incurred by the insured to respond to situations in which a claim for damages may be made. However, the policy includes certain exemption clauses such as no compensation being given for damages attributable to acts in violation of laws or regulations that were carried out with knowledge of their illegality. The Company bears the entire premium. Mr. Hajime Nakajima, Mr. Yuzo Miyama, and Mr. Shizuo Kashima are included in the insured under this insurance policy as a Director of the Company. If the election of each candidate is approved as originally proposed, he or she will continue to be included in the insured under the said insurance policy. In addition, Mr. Toshio Odagiri will be included in the insured under this insurance policy if his election is approved as originally proposed. The insurance policy will be renewed with the similar terms and conditions during their terms of office.
  8. A fact was found out that MIKI TOURIST CO., LTD., for which Mr. Shizuo Kashima has been serving as Corporate Auditor since December 2008, inappropriately received benefits exploiting the Go To TRAVEL campaign. Mr. Kashima was not aware of the fact until the discovery of the incident. However, he has provided suggestions from a perspective of legal compliance as well as compliance management in normal times, and expressed opinions aiming to prevent recurrence after the discovery of the incident. As such, he has executed his duties appropriately.



**(Reference) Areas of specialization (skills) and experience of Director candidates and Executive Officers**

|                                                            | Name               | Corporate management | Business strategy | Finance and accounting | Personnel and labor affairs<br>Human resource strategy | Global | IT DX | ESG Diversity | Legal affairs and risk management | R&D Business development |
|------------------------------------------------------------|--------------------|----------------------|-------------------|------------------------|--------------------------------------------------------|--------|-------|---------------|-----------------------------------|--------------------------|
| Directors                                                  | Noriaki Ishizuka   | -                    | ●                 |                        | ●                                                      |        | ●     | ●             |                                   | ●                        |
|                                                            | Yoshiya Nishi      | -                    | ●                 |                        | ●                                                      | ●      |       | ●             |                                   | ●                        |
|                                                            | Kiyomi Miyauchi    | -                    | ●                 |                        |                                                        | ●      |       |               |                                   | ●                        |
|                                                            | Ayumi Higaki       | -                    | ●                 |                        |                                                        |        | ●     |               |                                   | ●                        |
|                                                            | Masaru Ohtakeguchi | -                    | ●                 |                        | ●                                                      |        |       |               |                                   | ●                        |
|                                                            | Toru Takeuchi      | -                    |                   |                        | ●                                                      |        |       |               | ●                                 |                          |
|                                                            | Atsuhiko Imai      | ●                    |                   |                        | ●                                                      |        |       |               | ●                                 |                          |
| Hiroko Watanabe                                            | ●                  | ●                    |                   |                        |                                                        | ●      |       |               |                                   |                          |
| Directors serving as Audit & Supervisory Committee Members | Toshio Odagiri     | -                    | ●                 |                        |                                                        |        |       |               | ●                                 |                          |
|                                                            | Hajime Nakajima    |                      |                   | ●                      | ●                                                      |        |       |               | ●                                 |                          |
|                                                            | Yuzo Miyama        |                      |                   | ●                      |                                                        | ●      |       |               | ●                                 |                          |
|                                                            | Shizuo Kashima     |                      |                   | ●                      |                                                        | ●      |       |               | ●                                 |                          |
| Executive Officers                                         | Shinobu Aiba       | -                    | ●                 |                        |                                                        |        | ●     |               |                                   | ●                        |
|                                                            | Akio Narita        | -                    |                   |                        |                                                        | ●      |       | ●             |                                   |                          |
|                                                            | Junichiro Hasegawa | -                    |                   |                        |                                                        | ●      | ●     |               |                                   | ●                        |

(Note) The area of specialization (skill) and experience of “Corporate management” covers Outside Directors only.

**(Reference) Independence Criteria for Outside Directors**

The Company determines that Outside Directors possess independence only in the event that they do not fall under any of the following items at present or at any time within the last ten (10) years.

1. A business executing person of the Company or a company in the Group
2. A person or business executing person of an entity in case the Company or a company in the Group is a major transaction partner of the person or entity (\*1), or a person or business executing person of an entity that is a major transaction partner of the Company or a company in the Group (\*2)
3. A consultant, accounting specialist, or legal specialist who receives large amounts of money or other assets (\*3) aside from Director remuneration from the Company or a company in the Group (In the event that the one receiving such assets is an organization such as a corporation or partnership, etc., this applies to a person belonging to the organization in question.)
4. A business executing person of a major shareholder of the Company (major shareholders within the top 10)
5. A business executing person of a major lender of the Company or the Group (banks within the top 2 lenders)
6. A close relative of any of those in the previous 5 items (excluding those not considered to be important)

\*1 “In case the Company or a company in the Group is a major transaction partner of the person or entity” refers to any case where the person or entity received a payment of 2% or more of consolidated net sales of the person or entity over the most recent fiscal year from the Company or a company in the Group.

\*2 “A person or business executing person of an entity that is a major transaction partner of the Company or a company in the Group” refers to any person or entity that made a payment of 2% or more of consolidated net sales of the Company over the most recent fiscal year toward the Company or a company in the Group.

\*3 “Large amounts” refers to the amount of 10 million yen or more per year in the case of an individual, and the amount of 2% or more of consolidated net sales of the entity over the most recent fiscal year in the case of an entity.

**Proposal No. 5:** Determination of Compensation to Grant Restricted Shares to Directors (Excluding Outside Directors and Directors serving as Audit & Supervisory Committee Members)

It was approved at the 44th Annual General Meeting of Shareholders held on June 17, 2016, that the annual maximum amount of compensation, etc. for Directors (excluding Directors serving as Audit & Supervisory Committee Members) of the Company was to be 300 million yen (however, this does not include the employee salary portion of Directors who serve concurrently as employees). In addition, it was approved at the 47th Annual General Meeting of Shareholders held on June 26, 2019, that, separately from the above compensation, we contribute money to a trust in the maximum amount of 480 million yen for each covered period (meaning five fiscal years starting from the fiscal year ended June 30, 2020 to the fiscal year ending June 30, 2024, and every five years commencing after the expiration of said five years, respectively) as a fund to purchase shares of the Company for the purpose of delivering shares of the Company, etc. (meaning shares of the Company and money in the amount equivalent to the amount of proceeds from cash conversion of shares of the Company) to persons eligible for the Performance-Linked Stock Compensation Plan (meaning Directors of the Company and Group companies (excluding Outside Directors and Directors serving as Audit & Supervisory Committee Members of the Company) and Executive Officers of the Company and Group companies (excluding Executive Officers who have entered into an employment agreement with the Company or a Group company)), and that up to 400,000 points are granted to the said eligible persons for each covered period, which will be converted into one common share of the Company per point in principle, and shares of the Company will be delivered at the time of retirement in principle.

This time, the Company requests approval for payment of new compensation to grant restricted shares to Directors (excluding Outside Directors and Directors serving as Audit & Supervisory Committee Members; hereinafter, “Eligible Directors”) of the Company within the limit of the above annual amount of 300 million yen, as part of a revision to the Director compensation system, for the purpose of providing incentives to aim for sustainable growth of the Company’s corporate value and further promoting value sharing with shareholders. In contrast to the above Performance-Linked Stock Compensation Plan under which shares are delivered at the time of retirement, restricted shares impose restrictions on Eligible Directors so that they cannot transfer shares for a certain period of time after such Directors are granted shares at an earlier stage. We believe that introducing this system in addition to the Performance-Linked Stock Compensation Plan will contribute to more value sharing between Eligible Directors and shareholders.

In accordance with this Proposal, compensation to be paid to Eligible Directors to grant restricted shares shall be monetary claims, and the total amount of such compensation shall be up to 90 million yen annually (however, this does not include the employee salary portion of Directors who serve concurrently as employees), which is included in the limit of the above annual amount of 300 million yen. In addition, the Board of Directors will determine the specific timing of payment and allocation to each Eligible Director after deliberation by the Compensation Committee.

The number of Eligible Directors will be six (6), if Proposal No. 3 “Election of Eight (8) Directors (excluding Directors serving as Audit & Supervisory Committee Members)” is approved as originally proposed.

In addition, Eligible Directors shall pay all the monetary claims provided under this Proposal as property contributed in kind and receive issuance or disposal of common shares of the Company pursuant to the resolution of the Board of Directors of the Company. The total number of common shares of the Company issued or disposed of through this process shall be up to 50,000 shares annually (provided, however, that the total number shall be adjusted to the extent reasonable, if share split (including gratis allotment of common shares of the Company) or consolidation of shares of common shares of the Company is carried out, or any other event arises that requires adjustment to the total number of common shares of the Company to be issued or disposed of as restricted shares after the date of approval of this Proposal).

The Board of Directors will determine the per share amount to be paid based on the closing price of common shares of the Company at 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 that is not an amount particularly advantageous to Eligible Directors who subscribe for said common shares. Issuance or disposal of common shares of the Company and provision of monetary claims as property contributed in kind through this process shall be subject to conclusion of a restricted share allotment agreement between the Company and an Eligible Director, which contains the following details (hereinafter, the “Allotment Agreement”). The Company believes that the upper limit amount of compensation stipulated in this Proposal, and the total number of common shares of the Company issued or disposed of and other conditions to grant restricted shares to Eligible Directors under this Proposal are appropriate as they have been determined in consideration of the purposes stated above, business performance of the Company, the policy for determining details of compensation, etc.

for individual Directors of the Company (which is to be revised as prescribed in [Reference] below, if this Proposal is approved, so that the policy will be consistent with the approved details) and other circumstances.

Moreover, if this Proposal is approved as originally proposed, the Company intends to introduce a restricted-share compensation system similar to this system for Executive Officers who do not serve concurrently as Director of the Company (excluding Executive Officers who have entered into an employment agreement with the Company).

[Summary of the Allotment Agreement]

- (1) Period of restriction on transfer  
Eligible Directors may not transfer, create a security interest on, or otherwise dispose of (hereinafter, the "Transfer Restriction") common shares of the Company which have been allotted under an Allotment Agreement (hereinafter, the "Allotted Shares") during the period from the day on which the allotment is made based on the Allotment Agreement to the time immediately after retirement or resignation from the position predetermined by the Board of Directors of the Company among positions as officer or employee of the Company or the Company's subsidiaries (hereinafter, the "Transfer Restriction Period").
- (2) Treatment at the time of retirement or resignation  
If an Eligible Director retires or resigns from their position predetermined by the Board of Directors of the Company among positions as officer or employee of the Company or the Company's subsidiaries before the expiration of the period predetermined by the Board of Directors of the Company (hereinafter, the "Service Period"), the Company will automatically and gratuitously acquire their Allotted Shares unless such retirement or resignation is due to expiration of the term, death, or any other legitimate reason.
- (3) Removal of Transfer Restriction  
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 predetermined by the Board of Directors of the Company among positions as officer or employee of the Company or the Company's subsidiaries during the Service Period on a continuous basis; provided, however, that the number of the Allotted Shares for which the Transfer Restriction is removed and the timing when the Transfer Restriction is removed shall be reasonably adjusted as necessary if (i) the Eligible Director retires or resigns from the position predetermined by the Board of Directors of the Company among positions as officer or employee of the Company or the Company's subsidiaries before the Service Period expires due to a legitimate reason; or (ii) the Eligible Director retires or resigns from the position predetermined by the Board of Directors of the Company among positions as officer or employee of the Company or the Company's subsidiaries after the expiration of the Service Period but before the expiration of the Transfer Restriction Period due to a reason other than any legitimate reason. In addition, the Company will automatically and gratuitously acquire the Allotted Shares for which the Transfer Restriction has not yet been removed as of the time immediately after the time when the Transfer Restriction is removed pursuant to the above provisions.
- (4) Treatment in the event of organizational restructuring, etc.  
Notwithstanding the provisions of (1) above, if a merger agreement based on which the Company becomes a disappearing company, a share exchange agreement or a share transfer plan based on which the Company becomes a wholly owned subsidiary, or any other matter concerning organizational restructuring is 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, by a resolution of the Board of Directors of the Company, remove the Transfer Restriction for the reasonably determined number of the Allotted Shares in light of the period between the date of commencement of the Transfer Restriction Period and the date of approval of said organizational restructuring, etc., prior to the effective date of said organizational restructuring, etc. In addition, the Company will automatically and gratuitously acquire the Allotted Shares for which the Transfer Restriction has not yet been removed as of the time immediately after the time when the Transfer Restriction is removed in the case of the above provisions.
- (5) Other matters  
Other matters related to the Allotment Agreement shall be determined by the Board of Directors of the Company.

[Reference] Overview of policy for determining details of compensation, etc. for individual Directors  
(Excerpt from “Corporate Governance Basic Policy”)

Article 22 (Directors’ Compensation, etc.)

1. Compensation, etc. for Directors (excluding Outside Directors and Directors serving as Audit & Supervisory Committee Members) shall consist of the following “monetary compensation” and “share-based compensation.”
  - (1) Monetary compensation

The following monetary compensation shall be provided within the range of compensation approved by a resolution at a General Meeting of Shareholders.

    - (i) “Basic compensation”

Determined according to job rank, role, duties, etc. of each Director.
    - (ii) “Performance-linked monetary compensation”

Calculated by summing the amount calculated by multiplying the base amount which uses consolidated operating income in the previous fiscal year as an indicator by a predetermined factor according to job ranks and the amount derived from individual evaluation depending on actual performance in their role.
  - (2) Share-based compensation

The following share-based compensation shall be provided as part of the share-based compensation system introduced by a resolution at a General Meeting of Shareholders.

    - (i) “Performance-linked share-based compensation”

Points shall be granted according to a Director’s job rank and the degree of achievement of performance targets, and shares of the Company and money in the amount equivalent to the amount of proceeds from cash conversion of shares of the Company in accordance with the cumulative number of points shall be provided through a trust, as a general rule, at the time of retirement.
    - (ii) “Transfer-restricted share-based compensation”

Shares of the Company, transfer of which is restricted for a certain period of time, shall be provided according to a Director’s job rank.
2. A Director in charge shall create a draft concerning the amount, the timing of payment, allocation, and other specific details of compensation, etc. for Directors (excluding Outside Directors and Directors serving as Audit & Supervisory Committee Members) in accordance with a resolution at a General Meeting of Shareholders. “Basic compensation,” “performance-linked monetary compensation” and “performance-linked share-based compensation” shall be determined, upon delegation by the Board of Directors, by a committee concerning compensation (hereinafter, “Compensation Committee” in this article), whose members are President and Representative Director, Directors serving as Audit & Supervisory Committee Members and independent Outside Directors (the majority of the members is independent Outside Directors), which is separately established. Meanwhile, “transfer-restricted share-based compensation” shall be determined by the Board of Directors after deliberation by the Compensation Committee.
3. In regard to compensation of each Director (excluding Outside Directors and Directors serving as Audit & Supervisory Committee Members), the ratio of compensation which is linked with performance over the medium to long term, as well as the ratio between monetary compensation and share-based compensation, shall be determined appropriately in total consideration of such factors as job ranks, job responsibility, performance, and the degree of achievement of targets, so that such compensation shall function as a sound incentive toward sharing of value with shareholders and sustainable growth.
4. Compensation, etc. for Outside Directors and Directors serving as Audit & Supervisory Committee Members shall consist only of basic compensation in light of the nature of their job duties. The amount, the timing of payment, allocation, and other specific details of compensation, etc. for Outside Directors (excluding Directors serving as Audit & Supervisory Committee Members) shall be determined by the Compensation Committee upon delegation by the Board of Directors, within the range of compensation approved by a resolution at a General Meeting of Shareholders; and such details of compensation, etc. for Directors serving as Audit & Supervisory Committee Members shall be determined through discussion by Directors serving as Audit & Supervisory Committee Members within the range of compensation approved by a resolution at a General Meeting of Shareholders.