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Securities Code: 3657

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To our shareholders:

Teppei Tachibana, President & CEO

Pole To Win Holdings, Inc.

2-4-1 Nishi-Shinjuku, Shinjuku-ku, Tokyo

Notice of the 14th Annual General Meeting of Shareholders

We are pleased to announce the 14th Annual General Meeting of Shareholders of Pole To Win Holdings, Inc. (the “Company”), which will be held as indicated below.

When convening this General Meeting of Shareholders, the Company takes measures for providing information that constitutes the content of reference documents for the General Meeting of Shareholders, etc. (matters for which measures for providing information in electronic format are to be taken) in electronic format, and posts this information as “Notice of the 14th Annual General Meeting of Shareholders” on the websites shown below. Please access one of the websites by using the internet address shown below to review the information.

[The Company’s website]

<https://www.ir.phd.inc/stock2.html> (in Japanese only)

[General Meeting of Shareholders materials website]

<https://d.sokai.jp/3657/teiji/> (in Japanese only)

[TSE website (Listed Company Search)]

<https://www2.jpx.co.jp/tseHpFront/JJK020010Action.do?Show=Show>

(Access the TSE website by using the internet address shown above, enter “Pole To Win Holdings,Inc.” in “Issue name (company name)” or the Company’s securities code “3657” in “Code”, and click “Search”. Then, click “Basic information” and select “Documents for public inspection/PR information”. Under “Filed information available for public inspection”, click “Click here for access” under “[Notice of General Shareholders Meeting /Informational Materials for a General Shareholders Meeting]”).

Instead of attending the meeting in person, you may exercise your voting rights in writing or by the Internet, etc. Please review the Reference Documents for the General Meeting of Shareholders and exercise your voting rights by 6:00 p.m. on Wednesday, April 26, 2023 (JST).

- 1. Date and Time:** Thursday, April 27, 2023, at 10:00 a.m. (JST)
(Reception is scheduled to open at 9:30 a.m.)
- 2. Venue:** NS Sky-Conference Hall A&B, SHINJUKU NS Building, 30th floor
2-4-1 Nishi-Shinjuku, Shinjuku-ku, Tokyo
(The same building and floor as last year, but a different meeting hall)

3. Purpose of the Meeting

Matters to be reported:

1. The Business Report and the Consolidated Financial Statements for the 14th fiscal year (from February 1, 2022 to January 31, 2023), and the results of audits of the Consolidated Financial Statements by the Independent Auditor and the Audit and Supervisory Committee
2. The Non-consolidated Financial Statements for the 14th fiscal year (from February 1, 2022 to January 31, 2023)

Matters to be resolved:

<Company Proposals>

Proposal No. 1: Appropriation of Surplus

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

<Shareholder Proposals>

Proposal No. 3: Purchase of Treasury Shares

Proposal No. 4: Partial Amendments to the Articles of Incorporation (the Board of Directors)

Outlines of the agenda items pertaining to the shareholder proposals (Proposals No. 3 and No. 4) are as described in the Reference Documents for the General Meeting of Shareholders.

4. Matters Determined Concerning the Convocation

- (1) If you do not indicate a vote for or against a proposal on the returned voting form, this shall be treated as an approval vote for the Company proposals and a disapproval vote for the shareholder proposals.
- (2) If you exercise your voting rights via the Internet, etc. multiple times, the vote exercised last will be recorded as the effective vote.
- (3) Please note that your online vote will prevail should you exercise your voting rights both in writing (by post) and via the Internet, etc.

Attendees are requested to submit their voting form enclosed with this notice of convocation at the reception on the day of the meeting. If revisions to the matters subject to measures for electronic provision arise, a notice of the revisions and the details of the matters before and after the revisions will be posted on each aforementioned website.

* Please note that, from the standpoint of fairness between shareholders attending the General Meeting of Shareholders and shareholders unable to attend, the Company no longer distributes gifts to attending shareholders. We appreciate your kind understanding.

Reference Documents for the General Meeting of Shareholders

Proposals and Reference Information

<Company Proposal>

Proposal No. 1: Appropriation of Surplus

The Company recognizes the return of profit to its shareholders as a key management issue. It has given consideration to a comprehensive range of matters, including the amount of internal reserves necessary for future business developments to maintain its growth, and the financial position of the Company group (the “Group”), and it proposes dividend payment as follows:

Year-end dividends

- (1) Type of dividend property
To be paid in cash.
- (2) Allotment of dividend property and their aggregate amount
The Company proposes to pay a dividend of ¥15 per common share of the Company.
In this event, the total dividends will be ¥559,892,550.
- (3) Effective date of dividends of surplus
The effective date of dividends will be April 28, 2023.

<Company Proposal>

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

At the conclusion of this Annual General Meeting of Shareholders, the terms of office of all seven Directors (excluding Directors who are Audit and Supervisory Committee Members; applicable to the rest of this proposal) will expire. Therefore, the Company proposes to elect eight Directors including one outside Director with the number of Directors increased by one in order to develop a governance structure that contributes to sustainable growth and increased corporate value over the medium to long term.

Nomination of the candidates for Director has passed through the deliberation process by the Nomination and Remuneration Committee. This proposal has been deliberated by the Audit and Supervisory Committee, but the committee did not find any matters requiring special mention.

The candidates for Directors are as follows:

Candidate No.	Name (Date of birth)	Career summary, and position and responsibility in the Company (Significant concurrent positions outside the Company)	Number of the Company's shares owned
1	Tamiyoshi Tachibana (February 4, 1951) Gender: Male [Reelection]	Oct. 1997 Director of Pole To Win Co., Ltd. (currently, Pole To Win, Inc.) Mar. 1998 Representative Director and Chairman Feb. 2009 Representative Director and Chairman of the Company (current position) Apr. 2010 Director and Chairman of Pole To Win Co., Ltd. (currently, Pole To Win, Inc.) Apr. 2013 Representative Director and Chairman Jan. 2016 Director of PTW International Holdings Limited (current position)	1,898,000 shares
<p>(Reasons for nomination as candidate for Director)</p> <p>Tamiyoshi Tachibana has been the driver of the Group's business since its founding. He recognized the potentials of outsourced debugging services and exerted a strong leadership in directing the management and contributed to the expansion of business.</p> <p>Looking ahead, he is expected to contribute to the development of the Group in the decision-making and appropriate supervision of management of the entire Group, and therefore the Company proposes that he be reelected as Director.</p>			
2	Tepei Tachibana (September 22, 1974) Gender: Male [Reelection]	Mar. 2004 Joined Pole To Win Co., Ltd. (currently, Pole To Win, Inc.) Aug. 2007 Executive Officer Aug. 2008 Director Apr. 2010 Director of the Company Jan. 2016 CEO of PTW International Holdings Limited Feb. 2018 President & CEO of the Company (current position) Jan. 2019 Chairman of PTW International Holdings Limited (current position) Oct. 2021 Director of Pole To Win Co., Ltd. (currently, Pole To Win, Inc.) Feb. 2022 Representative Director and CEO of Pole To Win, Inc. (current position)	1,206,400 shares
<p>(Reasons for nomination as candidate for Director)</p> <p>Tepei Tachibana has a proven record of playing a key role in setting up the business operation network of the Group's overseas subsidiaries. He also serves as Chairman of PTW International Holdings Limited that engages in overseas solution operations.</p> <p>Furthermore, he was appointed as President & CEO of the Company on February 1, 2018, and Representative Director and CEO of Pole To Win, Inc., which engages in domestic solution operations, in February 2022. Looking ahead, he is expected to propel the entire Group forward, and therefore the Company proposes that he be reelected as Director.</p>			

Candidate No.	Name (Date of birth)	Career summary, and position and responsibility in the Company (Significant concurrent positions outside the Company)	Number of the Company's shares owned
3	Tetsuji Tsuda (June 22, 1973) Gender: Male [Reelection]	<p>Apr. 1996 Joined Kinbasha Co., Ltd. (currently, Undertree Tokyo Corporation)</p> <p>Mar. 1999 Joined NIC Autotec, Inc.</p> <p>Oct. 2001 Joined Pole To Win Co., Ltd. (currently, Pole To Win, Inc.)</p> <p>Oct. 2002 General Manager</p> <p>Oct. 2003 Executive Officer</p> <p>Dec. 2005 Representative Director and President</p> <p>Apr. 2010 Director of the Company (current position)</p> <p>Jan. 2016 Director of PTW International Holdings Limited</p> <p>Feb. 2020 Director and Chairman of Pole To Win Co., Ltd. (currently, Pole To Win, Inc.)</p> <p>Feb. 2022 Director of Pole To Win, Inc. (current position)</p>	689,600 shares
<p>(Reasons for nomination as candidate for Director)</p> <p>Tetsuji Tsuda has served as Director and President, and Director and Chairman of Pole To Win Co., Ltd. (currently, Pole To Win, Inc.), the main operating company of the Group's Testing/Verification & Evaluation business, where he has a proven record of playing a key role in setting up the services and reinforcing the management base as Japan's first debugging outsourcing provider.</p> <p>Looking ahead, he is expected to propel the domestic solution operations forward, and therefore the Company proposes that he be reelected as Director.</p>			
4	Joji Yamauchi (May 26, 1973) Gender: Male [Reelection]	<p>Apr. 1996 Joined Sapporo Shinkin Bank (currently, Hokkaido Shinkin Bank)</p> <p>July 1999 Joined K.K. Kyoiku Soken (currently, WAO Corporation)</p> <p>Mar. 2001 Joined Hudson Soft Company, Limited</p> <p>Jan. 2004 Joined @NetHome. Co., Ltd. (currently, Jupiter Telecommunications Co., Ltd.)</p> <p>Feb. 2005 Joined Honda Commtec Inc.</p> <p>Aug. 2005 Joined PITCREW CO., LTD.</p> <p>Dec. 2008 Director</p> <p>Dec. 2009 General Manager of Administration Department of the Company (current position)</p> <p>Apr. 2010 Director (current position)</p> <p>Sept. 2016 Representative Director and President of PITCREW CO., LTD.</p> <p>Feb. 2020 Representative Director and Chairman</p> <p>Oct. 2021 Director of Pole To Win Co., Ltd. (currently, Pole To Win, Inc.)</p> <p>Feb. 2022 Director and CFO of Pole To Win, Inc. (current position)</p>	17,520 shares
<p>(Reasons for nomination as candidate for Director)</p> <p>Joji Yamauchi has engaged in the finance and IR operations as the officer in charge of the Administration Department, where he has played a key role in maintaining and strengthening the business management framework. He has served as Representative Director and President, and Representative Director and Chairman of PITCREW CO., LTD., the main operating company of the Group's Internet Supporting business, and has worked to reinforce its management base.</p> <p>Looking ahead, he is expected to manage the administrative functions of the Company and to propel the domestic solution operations forward, and therefore the Company proposes that he be reelected as Director.</p>			

Candidate No.	Name (Date of birth)	Career summary, and position and responsibility in the Company (Significant concurrent positions outside the Company)	Number of the Company's shares owned
5	Kozo Matsumoto (August 4, 1965) Gender: Male [Reelection]	<p>Jan. 1994 Director of Pole To Win Limited (currently, Pole To Win, Inc.)</p> <p>Oct. 1997 Representative Director of Pole To Win Co., Ltd. (currently, Pole To Win, Inc.)</p> <p>Jan. 2000 Director of PITCREW Limited</p> <p>Jan. 2001 Representative Director of PITCREW CO., LTD.</p> <p>Sept. 2008 Director and Chairman</p> <p>Sept. 2009 Director of Pole To Win Co., Ltd. (currently, Pole To Win, Inc.)</p> <p>Feb. 2010 Director and Vice President of PITCREW CO., LTD.</p> <p>Jan. 2013 Representative Director and President of PITCREW COREOPS CO., LTD.</p> <p>Apr. 2013 Director of the Company (current position)</p> <p>Sept. 2016 Director of PITCREW CO., LTD.</p> <p>Sept. 2018 Representative Director and President of POLE TO WIN VIET NAM JOINT STOCK COMPANY (current position)</p>	2,280,680 shares
<p>(Reasons for nomination as candidate for Director)</p> <p>Kozo Matsumoto has been the driver of the Group's business since its founding. He was engaged in the launch of Testing/Verification & Evaluation service and Internet Supporting service that constitute the main services of the Group, and contributed to the establishment and expansion of the Group's business foundation.</p> <p>Looking ahead, he is expected to contribute to the enhancement of synergy among the Group companies and the development of new businesses, and therefore the Company proposes that he be reelected as Director.</p>			
6	Mitsutaka Motoshige (January 10, 1951) Gender: Male [Reelection]	<p>Sept. 1984 Joined Hudson Soft Company, Limited</p> <p>Mar. 1992 Director</p> <p>June 1998 Seconded to Manegi Co., Ltd. as Representative & Senior Managing Director</p> <p>Apr. 1999 Executive Officer of Hudson Soft Company, Limited</p> <p>Dec. 2004 Director of Pole To Win Co., Ltd. (currently, Pole To Win, Inc.)</p> <p>Dec. 2004 Representative Director of PITCREW CO., LTD.</p> <p>Dec. 2005 Director</p> <p>Aug. 2008 Representative Director and Vice Chairman of Pole To Win Co., Ltd. (currently, Pole To Win, Inc.)</p> <p>Feb. 2009 Director of the Company (current position)</p>	2,981,800 shares
<p>(Reasons for nomination as candidate for Director)</p> <p>Mitsutaka Motoshige has been the driver of the Group's business since its founding. With his experience as corporate manager in the game industry, he recognized the potentials of outsourcing services and contributed to establishing Testing/Verification & Evaluation business and Internet Supporting business as the Group's core services.</p> <p>His well-established wisdom and human network will continue to be beneficial for the development of the Group's business, and therefore the Company proposes that he be reelected as Director.</p>			

Candidate No.	Name (Date of birth)	Career summary, and position and responsibility in the Company (Significant concurrent positions outside the Company)	Number of the Company's shares owned	
7	Deborah Kirkham (March 2, 1971) Gender: Female [Reelection]	Feb. 2008	Joined LucasArts Entertainment Company, Inc.	0 shares
		May 2009	Joined Bandai Namco Games America, Inc.	
		July 2010	President of Interactive Entertainment, e4e, Inc.	
		Oct. 2012	COO of PTW America, Inc.	
		Jan. 2016	COO of PTW International Holdings Limited	
		Jan. 2019	CEO (current position)	
		Apr. 2019	Director of the Company (current position)	
<p>(Reasons for nomination as candidate for Director)</p> <p>Deborah Kirkham has extensive management experience in the international games industry and played a key role in setting up operational frameworks for the Group's overseas subsidiaries. Since 2019, Deborah has served as CEO of PTW International Holdings Limited, driving steady growth and record profitability for the company in numerous countries around the world.</p> <p>As the officer in charge, Deborah is expected to continue to expand upon this success and foster new revenue streams throughout the Group's overseas subsidiaries; the Company therefore proposes that she be reelected as Director.</p>				
8	Toshimitsu Tsutsui (December 25, 1974) Gender: Male [New election] [Outside] [Independent]	Apr. 1997	Joined The Toyo Trust and Banking Company, Limited (currently, Mitsubishi UFJ Trust and Banking Corporation)	0 shares
		Apr. 2001	Joined Nippon Venture Capital Co., Ltd.	
		Nov. 2008	Joined NEPRO JAPAN Co., Ltd. (currently, NJ Holdings Inc.)	
		June 2010	Director and Managing Executive Officer, General Manager of Business Management Headquarters	
		Dec. 2012	Chief Executive Officer	
		Jan. 2023	Representative Director of G.P.C., Ltd. (current position)	
<p>(Reasons for nomination as candidate for outside Director and overview of expected roles)</p> <p>Toshimitsu Tsutsui has experience in the management of several companies, including representing listed companies, holds a certification in securities analysis, and has experience in venture capital. Based on the rich experience, his insight and background are expected to bring further diversity to the Company's Board of Directors, strengthen the Board of Directors' supervisory functions, and contribute to increasing corporate value through sound risk-taking. Therefore, the Company proposes that he be elected as outside Director.</p>				

- (Notes)
1. There is no special interest between any of the candidates and the Company.
 2. Toshimitsu Tsutsui is a candidate for outside Director. While there is a business relationship between NJ Holdings Inc., where he served as President and CEO until September 2022, and the Group, the transaction value is minimal, accounting for less than 0.5% of the consolidated net sales of both parties, and the said company is not a major business partner. The Company considers that Toshimitsu Tsutsui is sufficiently independent from the Company.
 3. If the election of Toshimitsu Tsutsui is approved, the Company plans to enter into agreements with him pursuant to the provisions of Article 427, paragraph (1) of the Companies Act, to limit his liability for damages under Article 423, paragraph (1) of the Companies Act to the minimum liability amount provided for by laws and regulations.
 4. If the election of Toshimitsu Tsutsui is approved, the Company plans to submit notification to the Tokyo Stock Exchange that he is designated as an independent officer as provided for by the aforementioned Exchange.
 5. As provided for in Article 430-3, paragraph (1) of the Companies Act, the Company has concluded a Directors and Officers liability insurance policy with an insurance agency with all Directors as the insured persons. This insurance policy covers damages arising from claims for damages borne by the insured persons. If the election of each candidate is approved and they assume the office of Director, each of them will be included as an insured person in this insurance policy, and the policy will be renewed as long as they serve as Director.

(Reference) Experience and Expertise of Directors After the Conclusion of this Meeting (Skill Matrix)

Subject to the approval and adoption of Proposal No. 2 as originally proposed, the major experience and expertise of the Directors (including Directors who are currently Audit and Supervisory Committee Members) shall be as follows:

Name	Attribute	Experience/Expertise						
	Independent Outside	Corporate management	Industry knowledge	Sales	Services/ Technology	Finance/ Accounting	Risk management	Global management
Director								
Tamiyoshi Tachibana		●		●			●	
Teppeï Tachibana		●		●				●
Tetsuji Tsuda		●	●		●			
Joji Yamauchi		●				●	●	
Kozo Matsumoto		●		●	●			
Mitsutaka Motoshige		●	●			●		
Deborah Kirkham		●	●					●
Toshimitsu Tsutsui	○	●				●	●	
Directors Who Are Audit and Supervisory Committee Members								
Hajime Saito	○	●				●		●
Hisaaki Shirai	○	●	●				●	
Masaharu Tsutsumi	○	●		●				●
Hideaki Okamoto	○	●	●		●			

(Note) Up to three items of experience and expertise particularly expected from each Director are listed. The list does not represent every single item of knowledge and experience possessed by each candidate.

Proposals No. 3 and No. 4 were proposed by one shareholder.

Note that the outlines of the proposals and the reasons for the proposals are as set forth in the original text.

<Shareholder Proposal>

Proposal No. 3: Purchase of Treasury Shares

(1) Outline of the Proposal

Pursuant to Article 156, paragraph (1) of the Companies Act, within one year from the conclusion of this Annual General Meeting of Shareholders, the Company shall acquire up to 2,500,000 common shares of its stock at a total acquisition price of ¥2,000,000,000 by way of cash payment.

(2) Reasons for the Proposal

The Company's core business, outsourcing for game companies, does not require large capital investment and has high cash flow generation capability. Although profitability has deteriorated somewhat in recent years, this is due to repeated acquisitions of non-core businesses and does not indicate a deterioration in the profitability of the core business (we believe it is necessary to take a cautious approach to future acquisitions and to consider downsizing or withdrawing from the media contents business in the near term).

The Company is expected to continue to generate ample operating cash flow from its core business, and further increases in the ¥10 billion in cash assets are undesirable from the standpoint of maintaining and improving capital allocation discipline and capital efficiency, whereas there is great significance in enhancing dividends and purchases of treasury shares. We believe that the Company can return a total of ¥10 billion to shareholders over the next five years without incurring any opportunity loss on the business side. For this fiscal year, considering the current stock price situation, we propose a purchase of treasury shares as described in the outline of the proposal.

[Opinion of the Board of Directors of the Company]

The Board of Directors of the Company opposes this shareholder proposal.

<Reasons for the Opposition>

While aggressively investing in growth to achieve Group growth and increase corporate value, the Company also recognizes that returning profits to shareholders is an important management issue.

First, with regard to growth investment, as stated in "3. Future Business Strategy" in the "Supplementary Information to the Financial Results for the Fiscal Year Ended January 31, 2023" disclosed on March 14, 2023, our basic policy is to prioritize continuous growth investment through business investments well-balanced between debt and equity while generating cash flow from operations.

Our Service Life Cycle Solutions Business provides quality consulting, game testing/verification & evaluation, software third party verification, environment construction and transition support, monitoring, customer support, anti-fraud, and BPR* support, etc. that occur in the process of the lifecycle of planning, development, release, operation, and improvement of services and products. This business comprises (1) Domestic Solutions, (2) Overseas Solutions, and (3) Media Contents. In this business, Domestic Solutions, Overseas Solutions, and Media Contents work together to holistically provide the services customers desire. This collaboration creates a cycle of business expansion. Therefore, we will accelerate growth by investing in both Domestic Solutions and Overseas Solutions, which are core businesses, and in Media Contents, which is a new business.

In particular, in the Media Contents business, we also receive orders for animation production and graphic production for games, etc., with a focus on "IP 360° development," in which IP (intellectual property) is developed into animation, games, music, stage shows and theater, apparel, Metaverse, WEBTOON (vertical color comics for smartphones), etc. We are expanding this business by investing in order to increase our capacity of receiving orders for animation and graphic production, and to develop IP into the fields of music, stage shows, and theater.

The Group also strives to invest in growth to strengthen its management base. In integrating Group companies, we are actively investing in our centers and IT systems to enhance positive impact from integration, and we are also driving to improve working environments.

Next, we recognize shareholder return as another important management issue. Concerning dividends, with our target dividend payout ratio of 25%, we have maintained payout ratios in the range of 22.0% to 31.2% since we went public in October 2011, and we are striving to continuously increase dividends. With regard to purchases of treasury shares, based on the recognition that these are part of our shareholder return measures, we have been making timely and appropriate decisions and executing these purchases by resolution of the Board of Directors. As of now, the Company is in the process of purchasing up to 800,000 treasury shares for a total of ¥700,000,000 based on a resolution made on December 9, 2022.

As stated in the aforementioned disclosure, the Company has reduced its net cash by utilizing interest-bearing debt and purchasing treasury shares in the fiscal year ended January 31, 2023, and will continue its efforts to improve ROE and return profits to shareholders in order to increase corporate value. In addition, as investment in new businesses involves venture elements, we believe it is important to ensure flexible investment funds and financial stability.

Accordingly, in light of the Company's growth investment strategy and basic capital policy described above, we believe that a hasty resolution and execution of a treasury share purchase, such as the one sought by this shareholder proposal by setting the timing and amount of the purchase, would likely result in a decline in financial stability, loss of investment opportunities, a decrease in the number of shares in circulation, and other disadvantages, and thus would not be appropriate.

For these reasons, the Board of Directors of the Company opposes this shareholder proposal.

(Reference) Shareholder Returns to Date

	(Millions of yen)				
	Fiscal year ended January 31, 2020	Fiscal year ended January 31, 2021	Fiscal year ended January 31, 2022	Fiscal year ended January 31, 2023	Fiscal year ending January 31, 2024
Dividends paid	416	454	492	528	559
Value of treasury shares purchased	-	-	125	410	563
Total	416	454	617	938	1,122
Total payout ratio	23.3%	21.4%	27.8%	118.0%	57.5%
Dividends per share (Yen)	12	13	14	15	16
Dividend payout ratio	25.4%	23.2%	23.9%	70.8%	30.3%

- (Notes)
1. Dividends paid and the value of treasury shares purchased are actual amounts recorded for each fiscal year.
 2. The figures for the fiscal year ending January 31, 2024, are estimates, and there is no guarantee that their final values will match those above.
 3. The Company is in the process of purchasing up to 800,000 treasury shares for a total of ¥700,000,000 based on a resolution at a meeting of the Board of Directors held on December 9, 2022. The value of treasury shares purchased for the fiscal year ending January 31, 2024, is ¥700,000,000 less ¥136,374,900 already acquired in the fiscal year ended January 31, 2023.
 4. Dividends per share and dividend payout ratio are calculated based on the fiscal year in which the resolution was adopted.

* BPR: An abbreviation for Business Process Re-engineering. This is the process of fundamentally reviewing and optimizing business processes by restructuring business flows, organizational structure, information systems, and other elements.

<Shareholder Proposal>

Proposal No. 4: Partial Amendments to the Articles of Incorporation (the Board of Directors)

(1) Outline of the Proposal

The Company's Articles of Incorporation shall state that "for as long as the Company remains a publicly traded company, the Company shall target having the majority of the Board of Directors consist of independent outside Directors, including individuals with diverse backgrounds and skills."

(2) Reasons for the Proposal

We believe that the diversity and independence of boards of directors are essential in the management of modern publicly traded companies. A diverse board of directors refers to one that is able to make management decisions from a wide range of perspectives, including skills, experience, age, nationality, and gender, while an independent board of directors refers to one with at least a majority of independent outside directors.

Principle 4.8 of Japan's Corporate Governance Code states that "Independent directors should fulfill their roles and responsibilities with the aim of contributing to sustainable growth of companies and increasing corporate value over the mid- to long-term. Companies listed on the Prime Market should therefore appoint at least one-third of their directors as independent directors (two directors if listed on other markets) that sufficiently have such qualities. Irrespective of the above, if a company listed on the Prime Market believes it needs to appoint the majority of directors as independent directors based on a broad consideration of factors such as the industry, company size, business characteristics, organizational structure and circumstances surrounding the company, it should appoint a sufficient number of independent directors." In addition, Principle 4.7 of Japan's Corporate Governance Code states that one of the roles and responsibilities of independent outside directors is "appropriately representing the views of minority shareholders and other stakeholders in the boardroom from a standpoint independent of the management and controlling shareholders."

Although four of the Company's 11 Directors are outside Directors, which fulfills the requirements under the principles of Japan's Corporate Governance Code, we believe that by more proactively having a majority of Directors as outside Directors, the Company can improve capital efficiency, return profits to shareholders, and establish a governance structure that will contribute to its sustainable growth and increase its corporate value over the medium to long term.

In addition to the number of outside Directors, the qualifications of outside Directors must be such that they can contribute to the Company's sustainable growth and medium- to long-term improvement of corporate value, and in this regard, it is desirable to appoint women as well as people with high levels of experience and skills as investors and analysts as Directors.

Regarding the appointment of women as Directors, we fully agree with the statement in the Practical Guidelines for Corporate Governance Systems issued by the Ministry of Economy, Trade and Industry that "companies with no female directors should actively consider appointing female directors, while ensuring the quality of their board members."

Second, regarding the appointment of people with high levels of experience and skills as investors and analysts as Directors, we believe that this is an effective means of bringing the perspective of outside investors and shareholders to the Board of Directors, while at the same time contributing to the enhancement of corporate value through sound risk-taking. The Ministry of Economy, Trade and Industry's Practical Guidelines for Corporate Governance Systems also states that "one option is to appoint people with knowledge and expertise regarding capital market-aware management as outside directors." The common interpretation is that bankers and accountants are responsible for the finance portion of the skill matrix, but from the perspective of encouraging sound risk-taking, expertise in accounting and debt markets alone is not sufficient, and that is where the importance of equity market professionals lies.

[Opinion of the Board of Directors of the Company]

The Board of Directors of the Company opposes this shareholder proposal.

<Reasons for the Opposition>

The Company recognizes that ensuring the diversity and independence of the Board of Directors is an important issue, and has recently appointed one independent outside Director in April 2020 and one in April 2022. Currently, of its 11 Directors, four are independent, including one standing female Director who is a U.S. citizen. The Company's independent outside Directors have become more diverse over the years, including one with management experience at an IT-related company, one who is an attorney at law and has experience in corporate management, one who has experience working in multiple countries at a trading company and in corporate management, and one who is a doctor of engineering and has experience in corporate management at an overseas company.

By incorporating perspectives based on a variety of experiences, we believe that the Board of Directors' discussions have become livelier and, accordingly, its effectiveness has improved. However, we believe that this effect is not solely due to diversity, but is largely due to the acquisition of the right human resources at the right time.

In order to improve the effectiveness of the Board of Directors, the Company intends to continue to secure diversity and independence in the Board of Directors, and at this Annual General Meeting of Shareholders, a proposal has been submitted for the appointment of a new independent outside Director who is a securities analyst and has experience working for a venture capital firm.

We believe that the hasty appointment of independent outside Directors for the purpose of securing headcount, as per this shareholder proposal, will not improve the effectiveness of the Board of Directors. Accordingly, we believe that this shareholder proposal is not appropriate as a provision of the Company's Articles of Incorporation because it could serve the purpose of blindly adding headcount for independent outside Directors, and that it is not appropriate to include the word "target," which is difficult to be defined without ambiguity, in the Company's Articles of Incorporation, which are the fundamental rules of the Company.

For these reasons, the Board of Directors of the Company opposes this shareholder proposal.