

Securities Code: 3093
May 9, 2023

To our shareholders:

Eigo Nosaka, President & CEO
Treasure Factory Co., Ltd.
3 Kandaneribeicho, Chiyoda-ku, Tokyo

Notice of Convocation of the 28th Ordinary General Meeting of Shareholders

We are pleased to inform you that the 28th Ordinary General Meeting of Shareholders of the Company will be held, with details as follows.

In convening the general meeting of shareholders, measures are taken to provide information that constitutes the content of reference documents, etc. for the general meeting of shareholders in electronic format. Please visit the Company's website below for the information.

The Company's website: <https://www.treasurefactory.co.jp/ir/meeting.html>

The said matters for electronic provision of information is posted on the website of Tokyo Stock Exchange Inc. (TSE) below, in addition to the Company's website.

TSE website (Listed Company Search)
<https://www2.jpx.co.jp/tseHpFront/JJK010010Action.do?Show=Show>

(Please visit the TSE website above, enter/search "Treasure Factory" under "Issue name (company name)" or its securities code "3093" under "Code," and choose "Basic information," "Documents for public inspection / PR information" and "Notice of General Shareholders Meeting / Informational Materials for a General Shareholders Meeting.")

In lieu of attending the meeting in person, you may exercise your voting rights in writing (by mail) or via the Internet, etc. Please read the information materials for a general shareholders meeting posted under matters for electronic provision of information and follow the instructions below on exercise of voting rights.

Exercise of Voting Rights in Writing (by Mail)

Please indicate your approval or disapproval of the agenda items on the enclosed voting form and return it by 6:15 p.m. on Tuesday, May 23, 2023.

Exercise of Voting Rights via the Internet, etc.

Please access the website for the exercise of voting rights specified by the Company (URL: <https://www.web54.net>). Enter the voting code and password printed on the voting form and indicate your approval or disapproval of the agenda items, following the instructions on the screen by 6:15 p.m. on Tuesday, May 23, 2023.

Please peruse the Instructions for the Exercise of Voting Rights via the Internet, etc., to exercise your voting rights via the Internet, etc.

1. **Date and time:** 10:00 a.m., Wednesday, May 24, 2023 (Reception will open at 9:30 a.m.)
2. **Venue:** Room B in sola city Conference Center on the 1st floor of Ochanomizu sola city 4-6 Kandasurugadai, Chiyada-ku, Tokyo
3. **Matters constituting the purpose of the meeting:**
 - Matters to report:**
 1. Reports on contents of the Business Report for the 28th period (from March 1, 2022 to February 28, 2023) and Consolidated Financial Statements, and reports on audit results of Consolidated Financial Statements by the Accounting Auditors and the Board of Corporate Auditors
 2. Reports on contents of Financial Statements for the 28th period (from March 1, 2022 to February 28, 2023)
 - Matters for resolution:**
 - Agenda Item No. 1:** Dividend of Surplus
 - Agenda Item No. 2:** Election of Five Directors
 - Agenda Item No. 3:** Election of Two Auditors
 - Agenda Item No. 4:** Election of One Substitute Auditor
 - Agenda Item No. 5:** Appointment of Accounting Auditor
 - Agenda Item No. 6:** Determination of Directors' Remuneration in the Form of Restricted Stock Units
4. **Management decisions concerning the convocation of the meeting**
 - (Information regarding exercise of voting rights)**
 - (1) If voting rights are exercised and the voting form in writing (by mail) returned to the Company provides no indication of approval or disapproval with regard to the proposals, the shareholder shall be deemed to have expressed approval.
 - (2) If a vote is exercised in duplicate via the Internet, etc. or by using both a personal computer and smartphone, the Company shall handle the latest vote as an effective vote.
 - (3) If a vote is exercised in duplicate via the Internet, etc. and by using the voting form in writing (by mail), the Company shall handle the vote that arrives at the Company as an effective vote, whichever is later. If a vote exercised via the Internet, etc. and a vote exercised by using the voting form in writing (by mail) arrives at the Company on the same day, the Company shall handle the vote via the Internet, etc. as an effective vote.

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1. If you attend the meeting in person, please submit the voting rights exercise form to the receptionist.
 2. In accordance with the revised provisions of the Companies Act, the Company has decided to deliver paper-based documents to shareholders only if they request the delivery thereof by the record date and read the information concerning matters for electronic provision of information posted on each of the above websites. However, the Company will, regardless of the said request, uniformly deliver a document stating matters for the electronic provision of information for this general meeting of shareholders.

Of the matters for electronic provision of information, the following matters are not stated on the said document because they are posted on each of the relevant websites for which the above measures for electronic provision are taken in accordance with laws and regulations and the provisions of Article 18 of the Company's Articles of Incorporation.

- (1) Status of accounting auditors
- (2) Framework for ensuring the appropriateness of operations and the summary of its operational status
- (3) Consolidated statement of changes in equity and notes to consolidated financial statements
- (4) Non-consolidated statement of changes in equity and notes to non-consolidated financial statements

The items listed under (1) to (4) above are part of the Business Report, Consolidated Financial Statements and Financial Statements audited by auditors for preparing an Audit Report. The items listed under (3) and (4) are part of the Consolidated Financial Statements and Financial Statements audited by accounting auditors for preparing an Accounting Audit Report.

3. If any revisions are made to matters for the electronic provision of information, matters subject to the revisions and the said matters before and after the revisions will be posted on each relevant website for which the above measures for electronic provision are taken.

Reference Documents for the General Meeting of Shareholders

Agenda Item No. 1: Dividend of Surplus

Taking into account such factors as the Company's business results for the fiscal year under review and its future business development, the Company proposes to pay the year-end dividend below for the 28th period.

Matters concerning year-end dividend

- 1) Dividend asset
Cash
- 2) Matters concerning allocation of dividend to shareholders and total amount

25 yen per common share of the Company

Total dividend: 289,645,000 yen

(Note) Effective on March 1, 2023, the Company implemented a stock split at a ratio of two shares per one common share. As the record date for the year-end dividend for the fiscal year under review (28th period) was February 28, 2023, the dividend will be paid based on the number of shares before the said stock split.

- 3) Effective date of dividend of surplus
May 25, 2023

Agenda Item No. 2: Election of Five Directors

The term of office of Directors Eigo Nosaka, Jun Nosaka, Taku Sawada, Eiji Kobayashi, and Nobuo Suzuki will expire at the close of this Ordinary General Meeting of Shareholders.

Accordingly, the Company proposes that five Directors be elected.

The Director candidates are as follows.

Candidate number	Name (Date of birth)	Brief career summary, position, and main responsibilities at the Company (Significant concurrent positions)	Number of Company's shares held
1	Reappointed Eigo Nosaka (May 6, 1972)	May 1995 Founded Treasure Factory Y.K. (currently Treasure Factory Co., Ltd.) as President & CEO	3,977,200 shares
		December 1999 Reorganized the Company into a joint-stock company, founded Treasure Factory Co., Ltd. as President & CEO (incumbent)	
<p>Reason for the selection as a candidate for Director Mr. Eigo Nosaka has been President & CEO of the Company since its founding and has fulfilled his role effectively, including making important management decisions and supervising business execution. He has demonstrated leadership and made significant achievements toward the Company's goal of expanding its business and improving corporate value. Based on his good judgment as a business manager, rich experience and proven performance, the Company considers that Mr. Eigo Nosaka is competent to lead a further increase in corporate value and achieve sustainable growth, and proposes that he be reelected as a Director.</p>			
2	Reappointed Jun Nosaka (September 15, 1974)	April 1998 Joined Treasure Factory Y.K. (currently Treasure Factory Co., Ltd.)	439,500 shares
		December 1999 Director of the Company, General Manager of the Business Division	
		June 2003 Executive Director of the Company, General Manager of the Administration Division, and General Manager of Systems Department	
		March 2009 Executive Director of the Company, General Manager of the Sales Department, and General Manager of Systems Department	
		March 2011 Executive Director of the Company, General Manager of the Sales Department	
		March 2012 Executive Director of the Company	
		February 2014 Executive Director of the Company, General Manager of the Systems Department	
		March 2017 Executive Director of the Company (incumbent)	
<p>Reason for the selection as a candidate for Director Mr. Jun Nosaka has appropriately played such roles as a maker of important management decisions and supervisor of operations, and assisted the President as an Executive Director, thereby significantly contributing to the Company's business expansion and improvement of corporate value. Based on his extensive knowledge, experience and proven performance in overall management with a focus on sales and systems, the Company considers that Mr. Jun Nosaka is competent to lead a further increase in corporate value and achieve sustainable growth, and proposes that he be reelected as a Director.</p>			

Candidate number	Name (Date of birth)	Brief career summary, position, and main responsibilities at the Company (Significant concurrent positions)	Number of Company's shares held
3	Reappointed Taku Sawada (April 15, 1973)	April 1996 Joined Taihei-Jyutaku Corporation October 1999 Joined Treasure Factory Y.K. (currently Treasure Factory Co., Ltd.) June 2002 Purchasing Supervisor of the Company June 2003 General Manager of Purchasing Department and General Manager of the Store Development Department of the Company January 2004 General Manager of the Purchasing Department of the Company May 2004 Director of the Company, General Manager of the Purchasing Department March 2012 Director of the Company, General Manager of the Business Promotion Department March 2019 Director of the Company, Manager of Business Promotion Section (incumbent)	61,100 shares
		Reason for the selection as a candidate for Director As a Director of the Company, Mr. Taku Sawada has appropriately played such roles as a maker of important management decisions and supervisor of operations and helped improve the purchase operation, develop new businesses, and expand reuse-related businesses as the manager of the business promotion division, thereby significantly contributing to the Company's business expansion and improvement of corporate value. Based on his extensive knowledge, experience and proven performance in the reuse business and business operations, the Company considers that Mr. Taku Sawada is competent to lead a further increase in corporate value and achieve sustainable growth, and proposes that he be reelected as a Director.	
4	Reappointed Eiji Kobayashi (August 19, 1975)	July 1998 Joined PricewaterhouseCoopers Co., Ltd. October 2002 Joined the Company January 2004 General Manager of the Finance and Accounting Department of the Company March 2006 General Manager of the Administration Department of the Company May 2011 Director of the Company, General Manager of the Administration Department January 2012 Director of the Company, General Manager of the Administration Department, General Manager of the General Affairs Department March 2012 Director of the Company, General Manager of the Administration Department March 2017 Director of the Company, General Manager of the Corporate Planning Department March 2019 Director of the Company, Manager of the Corporate Planning Section (incumbent)	61,500 shares
		Reason for the selection as a candidate for Director As a Director of the Company, Mr. Eiji Kobayashi has appropriately played such roles as a maker of important management decisions and supervisor of operations, taken charge of overall corporate planning as the manager of the corporate planning division, and overseen the Company's financial affairs and accounting operation, thereby significantly contributing to the Company's business expansion and improvement of corporate value. Based on his extensive knowledge, experience and proven performance in corporate planning and management operation, the Company considers that Mr. Eiji Kobayashi is competent to lead a further increase in corporate value and achieve sustainable growth, and proposes that he be reelected as a Director.	

Candidate number	Name (Date of birth)	Brief career summary, position, and main responsibilities at the Company (Significant concurrent positions)	Number of Company's shares held
5	Reappointed Nobuo Suzuki (June 8, 1971)	April 1995 Joined Nippon Automation Co., Ltd.	8,000 shares
		September 1997 Joined Chiyoda Daiichi Kogyo Co., Ltd.	
January 2000 Managing Director of Chiyoda Daiichi Kogyo			
January 2004 President of Chiyoda Daiichi Kogyo (incumbent)			
May 2004 Director of the Company			
September 2004 Retired from the position of Director of the Company			
May 2006 Director of the Company (incumbent)			
Reason for the selection as a candidate for External Director and expected roles Mr. Nobuo Suzuki operates a manufacturing company, appropriately supervises the Company's business and provides beneficial opinions as an External Director from the perspective of corporate management in an industry different from the Company. The Company proposes that he be reelected as an External Director to continue supervising the Company's management to further increase corporate value and achieve sustainable growth. If Mr. Suzuki is reelected, he is expected to continue playing the role above.			

(Notes)

1. There are no special conflicts of interest between the Company and the candidates.
2. Details of matters concerning External Director candidate
 - (1) Mr. Nobuo Suzuki is an External Director candidate.
 - (2) His tenure as an External Director will be 17 years at the close of this Ordinary General Meeting of Shareholders.
 - (3) Mr. Suzuki has concluded a limited liability agreement provided for in Article 427, Paragraph 1 of the Companies Act with the Company. Under the agreement, the maximum amount of liability for damages provided for in Article 423, Paragraph 1 of the Companies Act is 2 million yen or the amount provided by laws and regulations, whichever is higher. If Mr. Suzuki is reappointed, the Company will continue the limited liability agreement with him.
 - (4) The Company has registered Mr. Suzuki as an Independent Officer pursuant to the provisions of the Tokyo Stock Exchange. The Company will continue to designate him as an Independent Officer if his reappointment is approved.
3. The Company has concluded an agreement on liability insurance for officers provided for in Article 430-3, Paragraph 1 of the Companies Act with an insurance company. Under the liability insurance agreement, statutory damages and litigation expenses to be paid by the insured will be compensated. The Company pays all insurance premiums for the insured. If each candidate assumes the position of Director, they will be included in the insured of the liability insurance agreement. The Company plans to renew the liability insurance agreement without any significant changes during the term of office.
4. The number of the Company's shares held by each candidate for Director indicates the number as of the end of the fiscal year under review, before the share split (two-for-one stock split) which was implemented as of March 1, 2023.

(For reference)

Director candidates selection and nomination procedures

- (1) In deciding the candidates for the Company's internal Director, the Company will comprehensively determine whether they have high-level management skills and expertise, etc. to contribute to achieving the Company's corporate philosophy and management policy as well as increasing the corporate value over the medium- to long-term, after which the Board of Directors will deliberate and decide on the candidates.
- (2) In deciding the candidates for the Company's External Director, the Company will comprehensively determine whether they have knowledge to contribute to the Company's management from a professional perspective, such as in management, legal, and financial accounting, and to fulfill their managerial and supervisory functions over the corporate management from an independent standpoint, after which the Board of Directors will deliberate and decide on the candidates.

Criteria for determining independence of External Directors

The Company selects its candidates for Independent External Director based on the independence criteria specified by the Tokyo Stock Exchange.

Agenda Item No. 3: Election of Two Auditors

The term of office of Auditors Masahiko Nagao and Hiroyasu Ishikawa will expire at the close of this Ordinary General Meeting of Shareholders.

Accordingly, the Company proposes that two Auditors be elected.

The Board of Corporate Auditors has consented to this agenda item.

The Auditor candidates are as follows.

Candidate number	Name (Date of birth)	Brief career summary and position at the Company (Significant concurrent positions)	Number of Company's shares held
1	Reappointed Masahiko Nagao (April 29, 1960)	April 1983 Jointed The Kyowa Bank, Ltd. April 1986 Jointed Showa Leasing Co., Ltd. April 2005 Manager of the Hiroshima Office of Showa Leasing April 2007 Manager of the Tachikawa Office of Showa Leasing May 2019 Full-time Auditor of the Company (incumbent)	0 shares
		Reason for selection as a candidate for External Auditor Mr. Masahiko Nagao provides appropriate advice and suggestions to ensure legal compliance by applying his extensive experience and knowledge of finance and accounting acquired in the financial service industry to audit operations of the Company. The Company proposes that he be elected as an External Auditor to continue supervising the Company's management to further increase corporate value and achieve sustainable growth. Although he has no experience dealing directly with corporate management other than as an External Director or External Auditor, the Company believes that he will be able to appropriately fulfill his role as External Auditor due to the above reasons.	
2	Reappointed Hiroyasu Ishikawa (June 22, 1959)	April 1992 Registered as attorney at law (Saitama Bar Association) Jointed Ishikawa Hiromitsu Law Office January 2000 Representative attorney of Ishikawa Sogo Law Office May 2006 Auditor of the Company (incumbent) April 2007 Representative attorney of Ark Law Office (incumbent) June 2007 Outside auditor of Bull-Dog Sauce Co., Ltd. June 2015 Outside Director of Bull-Dog Sauce Co., Ltd. (Audit and Supervisory Committee member) (incumbent)	8,000 shares
		Reason for selection as a candidate for External Auditor Mr. Hiroyasu Ishikawa provides appropriate advice and suggestions from the perspective of an expert as a lawyer at the Board of Directors' meetings to ensure the Company's legal compliance and improve its risk management and compliance. The Company proposes that he be elected as an External Auditor to continue supervising the Company's management to further increase corporate value and achieve sustainable growth. Although he has no experience dealing directly with corporate management other than as an External Director or External Auditor, the Company believes that he will be able to appropriately fulfill his role as External Auditor due to the above reasons.	

(Notes)

1. There are no special conflicts of interest between the Company and the candidates.
 2. Details of matters concerning Mr. Masahiko Nagao, an External Auditor candidate
 - (1) Mr. Nagao is an External Auditor candidate.
 - (2) His tenure as an External Auditor will be four years at the close of this Ordinary General Meeting of Shareholders.
 - (3) Mr. Nagao has concluded a limited liability agreement provided for in Article 427, Paragraph 1 of the Companies Act with the Company. Under the agreement, the maximum amount of liability for damages provided for in Article 423, Paragraph 1 of the Companies Act is 2 million yen or the amount provided by laws and regulations, whichever is higher. If Mr. Nagao is reappointed, the Company will continue the limited liability agreement with him.
 - (4) The Company has registered Mr. Nagao as an Independent Officer pursuant to the provisions of the Tokyo Stock Exchange. The Company will continue to designate him as an Independent Officer if his reappointment is approved.
 3. Details of matters concerning Mr. Hiroyasu Ishikawa, an External Auditor candidate
 - (1) Mr. Ishikawa is an External Auditor candidate.
 - (2) His tenure as an External Auditor will be 17 years at the close of this Ordinary General Meeting of Shareholders.
 - (3) Mr. Ishikawa has concluded a limited liability agreement provided for in Article 427, Paragraph 1 of the Companies Act with the Company. Under the agreement, the maximum amount of liability for damages provided for in Article 423, Paragraph 1 of the Companies Act is 2 million yen or the amount provided by laws and regulations, whichever is higher. If Mr. Ishikawa is reappointed, the Company will continue the limited liability agreement with him.
 - (4) The Company has registered Mr. Ishikawa as an Independent Officer pursuant to the provisions of the Tokyo Stock Exchange. The Company will continue to designate him as an Independent Officer if his reappointment is approved.
 4. The Company has concluded an agreement on liability insurance for officers provided for in Article 430-3, Paragraph 1 of the Companies Act with an insurance company. Under the liability insurance agreement, statutory damages and litigation expenses to be paid by the insured will be compensated. The Company pays all insurance premiums for the insured. If each candidate assumes the position of Auditor, they will be included in the insured of the liability insurance agreement. The Company plans to renew the liability insurance agreement without any significant changes during the term of office.
 5. The number of the Company's shares held by each candidate for Auditor indicates the number as of the end of the fiscal year under review before the share split (two-for-one stock split) implemented as of March 1, 2023.
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(For reference)

Auditor candidates selection and nomination procedures

In deciding External Auditor candidates, the Company will comprehensively determine, based on relevant laws and regulations and internal regulations, etc., whether they have the extensive experience and knowledge and high-level expertise to perform audit operations appropriately. After obtaining the approval from the Board of Corporate Auditors, the Board of Directors will then deliberate and decide on the candidates.

Criteria for determining independence of External Auditors

The Company selects its candidates for Independent External Auditor based on the independence criteria specified by the Tokyo Stock Exchange.

Agenda Item No. 4: Election of One Substitute Auditor

The Company proposes that one Substitute Auditor be elected to prepare for a case in which the number of Auditors may fall short of the number stipulated by laws and regulations.

The result of the election of the Substitute Auditor shall be invalidated by a resolution of the Board of Directors with the consent of the Board of Corporate Auditors only if the resolution is adopted before the Substitute Auditor assumes the office.

The Board of Corporate Auditors has consented to this agenda item.

The Substitute Auditor candidate is as follows.

Name (Date of birth)	Brief career summary (Significant concurrent positions)	Number of Company's shares held
Akira Noguchi (July 29, 1951)	June 1977	0 shares
	December 1984	
	September 1990	
	May 2019	
Reason for selection as a candidate for Substitute External Auditor The Company proposes that Mr. Akira Noguchi be appointed as a Substitute External Auditor under the expectation that he will apply his extensive experience and wide range of knowledge as a corporate manager to the audit operations of the Company and provide appropriate advice and suggestions to ensure legal compliance.		

(Notes)

1. There are no special conflicts of interest between the Company and the Substitute External Auditor candidate.
2. Details of matters concerning the Substitute External Auditor
 - (1) Mr. Akira Noguchi is the Substitute External Auditor candidate.
 - (2) The Company has concluded a limited liability agreement provided for in Article 427, Paragraph 1 of the Companies Act with each External Auditor. Under the agreement, the maximum amount of liability for damages provided for in Article 423, Paragraph 1 of the Companies Act is 2 million yen or an amount provided by laws and regulations, whichever is higher. If Mr. Noguchi assumes the position of Auditor, the Company will sign a limited liability agreement with him.
 - (3) If Mr. Noguchi assumes the position of Auditor, the Company will designate him as an Independent Officer pursuant to the provisions of the Tokyo Stock Exchange and register him as such with the exchange.
3. The Company has concluded an agreement on liability insurance for officers provided for in Article 430-3, Paragraph 1 of the Companies Act with an insurance company. Under the liability insurance agreement, statutory damages and litigation expenses, etc. to be paid by the insured will be compensated. The Company pays all insurance premiums for the insured. If Mr. Noguchi assumes the position of Auditor, he will be included in the insured for the liability insurance agreement. The Company plans to renew the liability insurance agreement without any significant changes during the term of office.

(For reference)

Auditor candidates selection and nomination procedures

In deciding External Auditor candidates, the Company will comprehensively determine, based on relevant laws and regulations and internal regulations, etc., whether they have the extensive experience and knowledge and high-level expertise to perform audit operations appropriately. After obtaining the approval from the Board of Corporate Auditors, the Board of Directors will then deliberate and decide on the candidates.

Criteria for determining independence of External Auditors

The Company selects its candidates for Independent External Auditor based on the independence criteria specified by the Tokyo Stock Exchange.

Agenda Item No. 5: Appointment of Accounting Auditor

The term of office of Accounting Auditor of the Company, KPMG AZSA LLC, will expire and it will retire from the position of Accounting Auditor at the close of this Ordinary General Meeting of Shareholders. Accordingly, the Company proposes that new Accounting Auditor be appointed.

This agenda item is based on the decision of the Board of Corporate Auditors.

Moreover, the Board of Corporate Auditors has elected Avantia G.P. as a candidate for Accounting Auditor due to the following reasons: 1) Audits from new perspectives that are appropriate for the Company's business situation can be expected; and 2) The Company judges, based on a comprehensive consideration, that Avantia G.P. has the quality control system, independence, expertise, audit framework, audit fee, etc. that are necessary for Accounting Auditor of the Company.

The outline of the candidate for Accounting Auditor is as follows.

(As of March 1, 2023)

Name	Avantia G.P.		
Office	Principal office	3-8, Sanban-cho, Chiyoda-ku, Tokyo	
History	Established in May 2008		
Overview	Employee composition	Partner	16
		Certified Public Accountant (CPA)	52
		Junior CPA	52
		Others	37
		Total	157
	Number of listed companies involved	34	

(Note) If Avantia G.P. is appointed as Accounting Auditor, the Company will enter into an agreement with Avantia G.P. to limit its liability for damages under Article 423, Paragraph 1 of the Companies Act, pursuant to the provisions of Article 427, Paragraph 1 of the same Act. Limits on liability for damages under the said agreement shall be set at 2 million yen or the minimum liability amount provided for in Article 425, Paragraph 1 of the said Act, whichever is higher.

Agenda Item No. 6: Determination of Directors' Remuneration in the Form of Restricted Stock Units

The amount of remuneration, etc. to be paid to Directors of the Company has been set at no more than 300 million yen per year (of which 20 million yen for External Directors) based on the resolution passed at the 25th Ordinary General Meeting of Shareholders held on May 26, 2020 (provided, however, employee wages of Directors who double as employees are not included).

For the purpose of providing incentives to Directors (excluding External Directors. Hereinafter, "Eligible Directors") for continuously improving the corporate value of the Company and further promoting value sharing with its shareholders, the Company proposes to pay new remuneration in the form of restricted stock units to Eligible Directors, separately from the aforementioned amount of remuneration.

Based on this agenda item, a monetary claim shall be used for Eligible Directors' remuneration in the form of restricted stock units (hereinafter, "Monetary Compensation Claim"). The aggregate amount shall be no more than 30 million yen per year (provided, however, that employee wages of Directors who double as employees are not included), based on the Company's judgment that this amount is reasonable in view of the above purposes. Moreover, the actual timing and amount of payment to each Eligible Director shall be determined by the Board of Directors upon examination by the Nomination and Compensation Committee.

The number of Directors is currently six (including two External Directors), and it will be six (including two External Directors) subject to approval of Agenda No. 2 as proposed.

Moreover, based on a resolution of the Board of Directors of the Company, Eligible Directors shall deliver to the Company all the Monetary Compensation Claim created according to this Proposal as assets contributed in kind, and receive shares of the Company's common stock issued or disposed of. The aggregate number of shares of the Company's common stock to be issued or disposed of according to this Proposal shall be no more than 30,000 shares per year; provided, however, that the said aggregate number of shares shall be adjusted to a reasonable extent if there is a stock split of the Company's common stock (including a gratis allotment of shares) or reverse stock split or if other unavoidable circumstances necessitate an adjustment to the number of shares to be issued or disposed of as restricted stock.

The amount of payment per share shall be determined by the Board of Directors based on the closing price of the Company's common stock on Tokyo Stock Exchange on the business day immediately preceding the day of each resolution of the Board of Directors (if no transaction is concluded on this date, it shall be the closing price of the immediately preceding date) and within the scope which is not particularly advantageous to Eligible Directors who will subscribe to shares of the Company's common stock.

Moreover, the issuance or disposition of shares of the Company's common stock shall be conditional on conclusion of a restricted stock grant agreement between the Company and each Eligible Director (hereinafter, the "Agreement") which shall contain the following provisions.

[Outline of the content of the Agreement]

(1) Transfer restriction period

An Eligible Director may not, for three years from the payment date (hereinafter, "Transfer Restriction Period"), transfer, create a security interest in or otherwise implement the disposition of shares of the Company's common stock granted (hereinafter, the "Granted Shares") in accordance with the Agreement (hereinafter, "Transfer Restriction").

(2) Lifting of Transfer Restriction

On the condition that an Eligible Director has continued to serve as a Director of the Company during the Transfer Restriction Period, the Transfer Restriction on all Granted Shares shall be lifted upon expiry of the Transfer Restriction Period; provided, however, that if an Eligible Director resigns as a Director of the Company during the Transfer Restriction Period due to his/her death or other reasons which the Board of Directors of the Company considers reasonable, the number of Granted Shares subject to the lifting of the Transfer Restriction and the timing thereof shall be reasonably adjusted as necessary.

(3) Acquisition of restricted stock without consideration

Upon expiry of the Transfer Restriction Period, the Company shall naturally acquire all the Granted Shares on which the Transfer Restriction is not lifted without consideration.

Moreover, if an Eligible Director resigns, etc. without a justifiable reason prior to the expiry of the Transfer Restriction Period, the Company shall naturally acquire all the Granted Shares without consideration.

(4) Handling at the time of corporate restructuring, etc.

If the general meeting of shareholders of the Company approves during the Transfer Restriction Period a merger agreement under which the Company will become a non-surviving company, a share exchange agreement or a share transfer plan based on which the Company will become a wholly owned subsidiary or other matters regarding corporate restructuring (if the approval of the general meeting of shareholders is not required, approval of the Board of Directors), the Transfer Restriction shall be lifted by resolution of the Board of Directors prior to the effective date of the said corporate restructuring, etc. for the number of Granted Shares to be reasonably determined in consideration of the period between the month in which the payment date belongs and the month in which the date of approval of the said corporate restructuring, etc. belongs. Moreover, in the case stipulated above, the Company will naturally acquire all Granted Shares without consideration for which the Transfer Restriction is not lifted, at the time immediately after the lifting of the Transfer Restriction.

(5) Others

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

The Company plans to make changes, in line with the Proposal, to the policy on determining the content of Directors' remuneration, etc. which was resolved at the meeting of the Board of Directors held on February 24, 2021, subject to approval of the Proposal. Moreover, the Company considers that the granting of the shares will be appropriate because the amount of payment is within the scope that is not particularly advantageous to Eligible Directors and because the dilution rate is immaterial, as stated above.