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Securities code 1430

August 4, 2023

(Start date of electronic provision measures: August 3, 2023)

To our shareholders

30-16, Ogikubo 4-chome, Suginami-ku, Tokyo, Japan

First-corporation Inc.

Toshiaki Nakamura

President & Chief Executive Officer

Notice of Convocation of the 12th Ordinary General Meeting of Shareholders

We hereby inform you that the 12th Ordinary General Meeting of Shareholders of First-corporation Inc. will be held as described below.

For the convening of this Ordinary General Meeting of Shareholders, we will be using electronic provision, and matters concerning the measures for the electronic provision are posted on the following website on the Internet as the Notice of the 12th Ordinary General Meeting of Shareholders.

The Company's website

<https://www.1st-corp.com/ir/shareholder.html>

In addition to the above, the information is also posted on the following website on the Internet.

TSE website

<https://www2.jpx.co.jp/tseHpFront/JJK010010Action.do?Show=Show>

To view information regarding the convocation of the Ordinary General Meeting of Shareholders, please visit the website above, enter/search the name of the Company or its securities code, and choose "Basic information," "Documents for public inspection / PR information."

Voting rights may be exercised via the Internet or in writing, if you do not attend the meeting in person. Please read the reference documents for the general meeting of shareholders under the matters subject to measures for electronic provision and exercise your voting rights by following the guidance for exercising voting rights via the Internet or by postal mail no later than 5:45 p.m. on Thursday, August 24, 2023 (JST).

1. Date: Friday, August 25, 2023, 10:00 a.m. (Reception is scheduled to start at 9:30 a.m.)

2. Place: Conference room A, 2nd Floor of the Shinjuku Nomura Building,
26-2, Nishi-shinjuku 1-chome, Shinjuku-ku, Tokyo, Japan

3. Purpose of meeting

- Matters to be reported:
1. Contents of the business report and consolidated financial statements, and reports on the results of audits of the consolidated financial statements performed by Accounting Auditor and Audit & Supervisory Committee for the 12th fiscal year (June 1, 2022 – May 31, 2023)
 2. Report of the Financial Statements for the 12th Fiscal Year (from June 1, 2022 to May 31, 2023)

- Matters to be resolved:
- Proposal No. 1 Election of six Directors (excluding Directors serving as Audit and Supervisory Committee members)
 - Proposal No. 2 Election of three Directors serving as Audit and Supervisory Committee members
 - Proposal No. 3 Revision of the performance-linked stock remuneration system for Directors (excluding Directors serving as Audit and Supervisory Committee members and Outside Directors)

4. Items decided for the convocation of meeting

- (1) If you intend to exercise your voting rights at the meeting through a proxy, the proxy must be another shareholder of the Company with voting rights.
- (2) If you wish to exercise your voting rights diversely, you are required to send notice providing details and your reasons. Please note that you must ensure the notice arrives three days prior to the day of the General Meeting of Shareholders.

- Please be sure to bring this Notice of Convocation to the meeting.
- It is kindly requested that you present the enclosed voting form to the receptionist when you attend the meeting.
- We will be dressed casually (Cool Biz, or casual business attire) at the meeting, and we request that you follow suit if you attend the meeting in person.
- If there are any changes to the matters concerning the measures for the electronic provision, we will post the corrections on each website.
- For the General Meeting of Shareholders, paper-based documents containing matters concerning the measures for the electronic provision will be sent to all shareholders, whether or not they request the delivery of paper-based documents. In accordance with the relevant laws and Article 16 of the Company's Articles of Incorporation, the following items are not included in the documents accompanying this convocation notice.
 - (i) Systems for ensuring appropriate business operations noted in the business report and status of operation of the above system
 - (ii) Consolidated Financial Statements: Consolidated Statements of Changes in Shareholders' Equity and Notes to Consolidated Financial Statements
 - (iii) Financial Statements: Statements of Changes in Shareholders' Equity and Notes to Financial Statements
- There will be no souvenirs provided to the shareholders who attend the General Meeting of Shareholders. We ask for your kind understanding.

Reference Documents for the General Meeting of Shareholders

Proposal No. 1: Election of six Directors (excluding Directors serving as Audit and Supervisory Committee members)

The term of office of all of the six incumbent Directors (excluding those serving as the Audit and Supervisory Committee members; the same applies to this proposal) will expire at the conclusion of this General Meeting of Shareholders. Accordingly, we propose to appoint six Directors.

The selection of director candidates is discussed based on the following selection criteria in advance at the Nomination Review Meeting, having independent Outside Directors as its members, and a decision on such matters is made by the meeting of the Board of Directors after further examination. - Appropriately fulfilling the duty of care and the duty of loyalty in business execution. - Has the qualities that can contribute to the sustainable growth of the Company and the enhancement of corporate value over the medium to long term. - Has the ability to appropriately perform the Company's management

The candidates for director are as shown below.

No.	Name	Current Position and Responsibilities at the Company	Attendance at the Board of Directors' Meetings	Specialization					
				Corporate Management	Construction	Real Estate	Financial Accounting	Legal Affairs/ Risk Management	Governance
Reappointment 1	Toshiaki Nakamura	Representative Director and CEO, Head of Development Business Division	25/26 (96%)	•	•	•	—	—	•
Reappointment 2	Yutaka Saiga	Managing Director Head of Construction Division, in charge of Redevelopment Business	24/26 (92%)	—	•	•	—	—	—
Reappointment 3	Kazuo Yokoyama	Director Head of Administrative Division, General Manager, Production Management Dept., in charge of special assignments in Recruitment & Human Resources Development	26/26 (100%)	—	•	—	•	—	—
Reappointment 4	Hitomi Miyamoto	Director Head of Corporate Planning Office, in charge of Compliance	26/26 (100%)	—	—	—	•	•	•
Reappointment 5	Satoshi Fujimoto	Outside Director Independent Director	25/26 (96%)	•	—	—	—	•	•
Newly appointed 6	Hisao Shibayama	Outside Director Independent Director	—/— (—%)	•	—	•	—	—	•

No.	Name (Date of birth)	Brief career summary (Position and responsibilities at the Company and other current key positions)
1	<p style="text-align: center;">Reappointment</p> <p style="text-align: center;">Toshiaki Nakamura (November 21, 1950)</p>	<p>May 1979 Director of Nakamura Bisou Co., Ltd. October 1982 Established Nakawa Kogyo Co., Ltd. (current "First Cardea Co., Ltd."), Representative Director</p> <p>February 1990 Representative Director of Land Works Co., Ltd. May 2007 Established Nakamura Corp., Representative Director (to present)</p> <p>June 2011 Established First-corporation Inc., Representative Director and CEO</p> <p>November 2020 Director of First Evolution Inc. April 2021 Representative Director and CEO of the Company, Head of Development Business Division (to present)</p> <p>October 2021 Representative Director of First Evolution Inc. (to present)</p>
	No. of Company shares owned	2,117,560 shares
	<p><Reason for nomination as a candidate for Director> Since its founding, Mr. Toshiaki Nakamura has served as Representative Director and CEO, appropriately fulfills roles such as deciding important management matters and supervising business execution, while exerting leadership to expand the business of the Company and improve corporate value, and achieve great results. He has broad experience and knowledge, and achievement as a management, the Company has determined that he is suitable for further enhancement of corporate value and realization of sustainable growth, the Company therefore proposes him as a candidate for director.</p>	

No.	Name (Date of birth)	Brief career summary (Position and responsibilities at the Company and other current key positions)
2	<p style="text-align: center;">Reappointment</p> <p style="text-align: center;">Yutaka Saiga (February 6, 1956)</p>	<p>April 1979 Joined Tokai Kogyo Co., Ltd.</p> <p>May 2009 General Manager, Tokyo Head Office Construction Dept. of Tokai Kogyo Co., Ltd.</p> <p>November 2010 Executive Officer, Deputy Head of Tokyo Head Office of Tokai Kogyo Co., Ltd.</p> <p>November 2012 Executive Officer, Head of Construction Division of Tokai Kogyo Co., Ltd.</p> <p>March 2016 Joined the Company, General Manager, Sales & Technical Support Group, Construction Dept.</p> <p>June 2018 Head of Construction Division of the Company</p> <p>August 2018 Director of the Company, Head of Construction Division</p> <p>August 2019 Managing Director of the Company, Head of Construction Division</p> <p>June 2021 Managing Director of the Company, Head of Construction Division, General Manager of Redevelopment Business Dept.</p> <p>June 2022 Managing Director of the Company, Head of Construction Division, in charge of Redevelopment Business (to present)</p>
	No. of Company shares owned	9,400 shares
	<p><Reason for nomination as a candidate for Director></p> <p>As a Director, Mr. Yutaka Saiga appropriately fulfills roles such as deciding important management matters and supervising business execution, also, as the head of construction division, he has contributed significantly to the expansion of our business and the enhancement of corporate value.</p> <p>He has high expertise and knowledge, broad experience and achievement, the Company has determined that he is suitable for further enhancement of corporate value and realization of sustainable growth, the Company therefore proposes him as a candidate for director.</p>	

No.	Name (Date of birth)	Brief career summary (Position and responsibilities at the Company and other current key positions)
3	<div style="background-color: #cccccc; padding: 2px; display: inline-block; margin-bottom: 5px;">Reappointment</div> Kazuo Yokoyama (July 25, 1964)	<p>April 1987 Joined Tachikawa Unyu Co., Ltd. June 1990 Joined Daiwa Construction Co., Ltd. September 2003 Joined Nakawa Kogyo Co., Ltd. (current “First Cardea Co., Ltd.”) September 2011 Joined the Company, General Manager, Administrative Dept. May 2013 Director of the Company, General Manager, Construction Dept. June 2015 Director of the Company, General Manager, Product Management Dept. June 2016 Director of the Company, General Manager, Product Management Dept., in-charge of special assignments of Recruitment & Human Resources Development August 2016 Director of the Company General Manager, Product Management Dept., in charge of special assignments of Recruitment & Human Resources Development of General Affairs & Human Resources Dept. June 2018 Director of the Company, General Manager, Product Management Dept. of Finance & Accounting Division, in charge of special assignments of Recruitment & Human Resources Development February 2019 Director of the Company, General Manager, Product Management Dept. of Administrative Division, in charge of special assignments of Recruitment & Human Resources Development August 2021 Director of the Company, Head of Administrative Division, General Manager, Product Management Dept., in charge of special assignments of Recruitment & Human Resources Development (to present)</p>
	No. of Company shares owned	74,200 shares
	<p><Reason for nomination as a candidate for Director> As a Director, Mr. Kazuo Yokoyama appropriately fulfills roles such as deciding important management matters and supervising business execution, also, as the head of product management, he has contributed significantly to the expansion of our business and the enhancement of corporate value. He has high expertise and knowledge, broad experience and achievement, the Company has determined that he is suitable for further enhancement of corporate value and realization of sustainable growth, the Company therefore proposes him as a candidate for director.</p>	

No.	Name (Date of birth)	Brief career summary (Position and responsibilities at the Company and other current key positions)
4	<p style="text-align: center;">Reappointment</p> <p style="text-align: center;">Hitomi Miyamoto (March 14, 1966)</p>	<p>March 1986 Joined Akai Electric Co., Ltd.</p> <p>November 1998 Manager, Finance & Accounting Dept. of Akai Electric Co., Ltd.</p> <p>August 2003 Joined Sansui Electric Co., Ltd., General Manager, Finance & Accounting Dept.</p> <p>September 2010 General Manager, Finance & Accounting Dept., General Manager, General Affairs Dept. of Sansui Electric Co., Ltd.</p> <p>December 2014 Joined the Company, Manager, Corporate Planning Office</p> <p>August 2015 General Manager, Internal Audit Office, Manager, Corporate Planning Office</p> <p>June 2016 General Manager, Internal Audit Office, General Manager, Corporate Planning Office</p> <p>February 2019 Executive Officer of the Company, General Manager, Corporate Planning Office, General Manager, Internal Audit Office</p> <p>August 2019 Director of the Company, Head of Corporate Planning Office, in charge of Internal Control</p> <p>August 2021 Director of the Company, Head of Corporate Planning Office, in charge of Compliance (to present)</p>
	No. of Company shares owned	9,600 shares
	<p><Reason for nomination as a candidate for Director></p> <p>As a Director, Ms. Hitomi Miyamoto appropriately fulfills roles such as deciding important management matters and supervising business execution, also, as the head of corporate planning, internal control and compliance, she has contributed significantly to the expansion of our business and the enhancement of corporate value.</p> <p>She has high expertise and knowledge, broad experience and achievement, the Company has determined that she is suitable for further enhancement of corporate value and realization of sustainable growth, the Company therefore proposes her as a candidate for director.</p>	

No.	Name (Date of birth)	Brief career summary (Position and responsibilities at the Company and other current key positions)
5	<p style="text-align: center;">Reappointment</p> <p style="text-align: center;">Satoshi Fujimoto (July 28, 1957)</p>	<p>April 1980 Joined The Fuji Bank, Ltd. (current “The Mizuho Bank, Ltd.”)</p> <p>July 1994 Senior Manager, Legal Dept. of The Fuji Bank, Ltd.</p> <p>April 2002 Deputy General Manager, Ootemachi 7th Sales Dept. of The Mizuho Corporate Bank, Ltd. (currently “The Mizuho Bank, Ltd.”)</p> <p>May 2004 General Manager, 1st Corporate Dept., General Manager, 3rd Corporate Dept. of The Mizuho Corporate Bank, Ltd.</p> <p>April 2008 Executive Officer, General Manager, 2nd Sales Dept. of The Mizuho Corporate Bank, Ltd.</p> <p>April 2010 Managing Executive Officer, in charge of Sales of The Mizuho Corporate Bank, Ltd.</p> <p>March 2012 Managing Director, Tokyo Tatemono Co., Ltd.</p> <p>March 2013 Administration Officer of The Mizuho Corporate Bank, Ltd.</p> <p>June 2013 Director, Managing Executive Officer of Sharp Corp.</p> <p>June 2015 Outside Corporate Auditor, Fuyo Auto Lease Co., Ltd.</p> <p>August 2015 Outside Director of the Company (to present)</p> <p>June 2017 Outside Corporate Auditor, Yasuda Logistics Corp. (to present)</p> <p> Outside Corporate Auditor, Nakamura Co., Ltd.</p> <p>June 2022 Outside Director, Nakamura Co., Ltd. (to present)</p>
	No. of Company shares owned	5,000 shares
<p><Reasons for nomination as a candidate for Outside Director and overview of expected roles></p> <p>Mr. Satoshi Fujimoto has deep insight and extensive knowledge based on his abundant experience as a management in financial institutions and business companies. Also, as an outside director, he is able to appropriately supervise the management of the Company and provide beneficial opinions.</p> <p>The Company expects that he will continue to fulfill his duties, including advice on the Company’s business management and the appropriate supervision of its operations. Accordingly, the Company proposes that he be re-elected as an Outside Director.</p>		

No.	Name (Date of birth)	Brief career summary (Position and responsibilities at the Company and other current key positions)	
6	<div style="background-color: #cccccc; padding: 2px; display: inline-block; margin-bottom: 5px;">Newly appointed</div> Hisao Shibayama (June 2, 1953)	April 1977 Joined Tokai Kogyo Co., Ltd. October 1987 Joined Tokyo Tatemono Co., Ltd. March 2005 Director and General Manager of Urban Redevelopment Promotion Department, Tokyo Tatemono Co., Ltd. June 2008 Managing Director and Division Director of Residential Development Division, Tokyo Tatemono Co., Ltd. June 2010 Managing Director and Division Director of International Business Division & Division Director of Residential Development Division, Tokyo Tatemono Co., Ltd. March 2012 Managing Director and Division Director of Residential Development Division, Tokyo Tatemono Co., Ltd. March 2013 Director, Senior Executive Managing Officer and Division Director of Residential Development Division, Tokyo Tatemono Co., Ltd. March 2015 Representative Director, Senior Executive Managing Officer, Division Director of Residential Development Division, Tokyo Tatemono Co., Ltd. December 2018 Director, Tokyo Tatemono Co., Ltd.	
		No. of Company shares owned	– shares
		<Reasons for nomination as a candidate for Outside Director and overview of expected roles> Mr. Hisao Shibayama has broad experience and deep insight acquired as an operator of business companies. He is expected to fulfill his duties, including advice on the Company's business management and appropriate supervision of its operations. Accordingly, the Company proposes that he be elected as the Company's new Outside Director.	

- (Notes)
1. No candidate has any relationship of special interest with the Company.
 2. Mr. Satoshi Fujimoto and Mr. Hisao Shibayama are nominees for the Outside Directors stipulated in item (vii), paragraph (3), Article 2 of the Ordinance for Enforcement of the Companies Act.
 3. Mr. Satoshi Fujimoto fulfills the requirements for an independent director specified by the Tokyo Stock Exchange and has been designated as the Company's independent director, which has been reported to the Tokyo Stock Exchange. Mr. Hisao Shibayama will also be designated as the Company's independent director, which will be reported to the Tokyo Stock Exchange.
 4. The Company has signed an agreement with Mr. Satoshi Fujimoto, which limits the liability for damages in paragraph (1), Article 423 of the Companies Act to the minimum amount specified by law. If Mr. Satoshi Fujimoto is elected, the Company will maintain this agreement with him. If the appointment of Mr. Hisao Shibayama is approved, the Company will sign a similar liability limitation agreement with him.
 5. Mr. Satoshi Fujimoto has been serving as an Outside Director of the Company since August 2015 and his term of office will be eight years at the conclusion of this Ordinary General Meeting of Shareholders.
 6. The Company has signed a liability insurance policy for directors and officers specified in paragraph (1), Article 430-3 of the Companies Act with an insurance company and will supplement the legal compensation for damage and litigation expenses to be paid by an insured person using the insurance. The candidates will be included in those insured by the policy. The insurance policy is scheduled to be renewed with the same coverage in the next renewal.

Proposal No. 2: Election of three Directors serving as Audit and Supervisory Committee members

The terms of office of all three Directors serving as Audit and Supervisory Committee members will expire at the conclusion of this General Meeting of Shareholders. Accordingly, we propose to appoint three Directors who serve as Audit and Supervisory Committee members.

The criteria for the nomination of a candidate for the Company’s Director who will serve as an Audit and Supervisory Committee member include profound insight, broad knowledge, and specialization used to appropriately supervise the Company’s business management, ability to accurately and fairly audit duties performed by Directors, and the ability to express neutral and objective opinions on audits. The Nominating Committee, having independent Outside Directors as its members, will discuss the nomination, which will be passed on to the Board of Directors for further examination before a decision is made.

The Audit and Supervisory Committee has already agreed to this proposal.

Candidates for Directors who serve as Audit and Supervisory Committee members are listed below.

No.	Name	Current Position and Responsibilities at the Company	Attendance at the Board of Directors' Meetings	Specialization					
				Corporate Management	Construction	Real Estate	Financial Accounting	Legal Affairs/ Risk Management	Governance
Newly appointed 1	Masami Fujikura	Safety and Quality Control Office Senior General Manager	—/— (—%)	—	•	—	—	—	•
Reappointment 2	Takaaki Morohashi	Outside Director Independent Director	Audit & Supervisory Committee member	25/26 (96%)	•	—	—	•	•
Reappointment 3	Kazuhiro Ueno	Outside Director Independent Director	Audit & Supervisory Committee member	26/26 (100%)	•	—	—	•	•

No.	Name (Date of birth)	Brief career summary (Position and responsibilities at the Company and other current key positions)	
1	<p data-bbox="264 360 416 389">Newly appointed</p> <p data-bbox="296 427 520 490">Masami Fujikura (November 26, 1956)</p>	<p data-bbox="584 208 707 237">April 1979</p> <p data-bbox="584 237 707 266">June 1994</p> <p data-bbox="584 266 707 295">April 2004</p> <p data-bbox="584 338 707 367">June 2007</p> <p data-bbox="584 409 707 439">July 2013</p> <p data-bbox="584 481 707 510">March 2014</p> <p data-bbox="584 553 707 582">June 2015</p> <p data-bbox="584 624 707 654">June 2023</p>	<p data-bbox="802 208 1230 237">Joined Ishihara International Co., Ltd.</p> <p data-bbox="802 237 1198 266">Joined MEIWA ESTATE Co., Ltd.</p> <p data-bbox="802 266 1270 329">Joined Goodish Co., Ltd. Deputy General Manager, Construction Department</p> <p data-bbox="802 329 1283 392">Joined REXIO Co., Ltd. General Manager, Construction Department</p> <p data-bbox="802 392 1359 454">Joined Satton Realdo Co., Ltd. General Manager, Construction Department</p> <p data-bbox="802 454 1329 517">Joined the Company. General Manager, Safety and Quality Control Office</p> <p data-bbox="802 517 1347 580">Executive Officer, General Manager, Safety and Quality Control Office</p> <p data-bbox="802 580 1302 642">Senior General Manager, Safety and Quality Control Office (to present)</p>
	No. of Company shares owned	9,000 shares	
<p data-bbox="256 712 770 741"><Reason for nomination as a candidate for Director></p> <p data-bbox="256 741 1359 898">Since joining the Company, Mr. Masami Fujikura has been providing instructions and audits at construction sites as a person responsible for practical operations in the safety and quality control section, and has been developing and executing plans to maintain and improve construction quality, thereby contributing significantly to the expansion of the scope of the Company's business and the enhancement of its corporate value.</p> <p data-bbox="256 898 1359 1025">He is well-versed and has extensive experience and deep insight in the areas of construction, design and quality control. The Company proposes that he be elected as a new member of the Audit & Supervisory Committee, as he is expected to appropriately fulfill his duties as Director concurrently serving as Audit & Supervisory Committee member.</p>			

No.	Name (Date of birth)	Brief career summary (Position and responsibilities at the Company and other current key positions)
2	<div style="background-color: #cccccc; padding: 2px; display: inline-block; margin-bottom: 5px;">Reappointment</div> Takaaki Morohashi (July 6, 1975)	October 2003 Passed the National Bar Examination. April 2004 Entered the Legal Training and Research Institute of Japan. October 2005 Registered as a lawyer, joined Tadashi Shimizu Law Firm. May 2013 Outside Corporate Auditor of the Company June 2014 Outside Director, RVH Inc. October 2015 Founded Rising Law Office Representative Partner (to present) August 2021 Audit and Supervisory Committee member of the Company (to present) June 2023 Polaris Holdings Co., Ltd. Outside member of Audit & Supervisory Committee (to present)
	No. of Company shares owned	76,320 shares
<p><Reasons for nomination as a candidate for Outside Director and overview of expected roles></p> <p>Mr. Takaaki Morohashi has profound understanding of corporate legal affairs and extensive specialized knowledge as a lawyer, appropriately supervises the Company's business management, and provides beneficial opinions as an Outside Director who is an Audit and Supervisory Committee member.</p> <p>The Company expects that he will continue to appropriately advise and supervise the Company's management and proposes that he be elected as an Outside Director who serves as an Audit and Supervisory Committee member.</p>		

No.	Name (Date of birth)	Brief career summary (Position and responsibilities at the Company and other current key positions)
3	<div style="background-color: #cccccc; padding: 2px;">Reappointment</div> Kazuhiro Ueno (March 8, 1977)	October 2001 Joined ShinNihon Audit Firm (current Ernst & Young Shinnihon LLC).
		January 2006 Joined Fuji Television Network, Inc.
		September 2009 Joined ShinNihon LLC (current Ernst & Young Shinnihon LLC).
		April 2019 Founded Kazuhiro Ueno CPA Office, President (to present)
		July 2019 Founded Kazuhiro Ueno Tax Accountant Office, President (to present)
		March 2020 External Auditor, Giftee, Inc. (to present)
		July 2020 Representative Partner, ES Next Audit Corporation (current “ES Next LLC”)
		October 2020 Representative Director, Leagress (to present)
	August 2021 Audit and Supervisory Committee member of the Company (to present)	
February 2022 Partner, ES Next Audit Corporation (current “ES Next LLC”) (to present)		
March 2022 Outside Director of KIYO Learning Co., Ltd. (to present)		
No. of Company shares owned		– shares
<Reasons for nomination as a candidate for Outside Director and overview of expected roles> Mr. Kazuhiro Ueno has extensive knowledge and broad experience in finance and accounting as certified public accountant and certified tax accountant and provides appropriate supervision over the Company’s management and valuable feedback as Outside Director concurrently serving as Audit & Supervisory Committee member. The Company expects that he will continue to appropriately advise and supervise the Company’s management and proposes that he be elected as an Outside Director who serves as an Audit and Supervisory Committee member.		

- (Notes)
- No candidate has any relationship of special interest with the Company.
 - Mr. Takaaki Morohashi and Mr. Kazuhiro Ueno are nominees for the Outside Directors stipulated in item (vii), paragraph (3), Article 2 of the Ordinance for Enforcement of the Companies Act.
 - Mr. Takaaki Morohashi and Mr. Kazuhiro Ueno fulfill the requirements for independent directors specified by the Tokyo Stock Exchange and have been designated as the Company’s independent directors, which have been reported to the Tokyo Stock Exchange.
 - The Company has signed an agreement with Mr. Takaaki Morohashi and Mr. Kazuhiro Ueno, which limits the liability for damages in paragraph (1), Article 423 of the Companies Act to the minimum amount specified by law. If Mr. Takaaki Morohashi and Mr. Kazuhiro Ueno are elected, the Company will maintain this agreement with them.
 - Mr. Takaaki Morohashi will have held his position as Outside Director concurrently serving as Audit & Supervisory Committee member for two years at the conclusion of this general meeting of shareholders and his term of office as Outside Auditor, which he assumed before taking office as Director, has been eight years and three months.
 - Mr. Kazuhiro Ueno will have held his position as Outside Director concurrently serving as Audit & Supervisory Committee member for two years at the conclusion of this general meeting of shareholders.
 - The Company has signed a liability insurance policy for directors and officers specified in paragraph (1), Article 430-3 of the Companies Act with an insurance company and will supplement the legal compensation for damage and litigation expenses to be paid by an insured person using the insurance. The candidates will be included in those insured by the policy. The insurance policy is scheduled to be renewed with the same coverage in the next renewal.

Proposal No. 3: Revision of the performance-linked stock remuneration plan for Directors (excluding Directors concurrently serving as Audit and Supervisory Committee members and Outside Directors)

1. Reason for the proposal and reasonable grounds for the proposal

The Company's proposal for the introduction of a performance-linked stock remuneration plan, Board Benefit Trust (BBT; hereinafter referred to as the "Existing BBT Plan"), for Directors (excluding Outside Directors) was approved at the 8th general meeting of shareholders held on August 23, 2019. Subsequently, with the transition to a company with an audit & supervisory committee, the Company's proposal for establishing the maximum amount of remuneration under the Existing BBT Plan for Directors (excluding Directors concurrently serving as Audit and Supervisory Committee members and Outside Directors; The same shall apply to this proposal unless noted otherwise) was approved at the 10th general meeting of shareholders held on August 26, 2021 (the resolution adopted at the above meeting shall be referred to as the "Original Resolution".)

At this meeting, the Company proposes to revise part of the Existing BBT plan to Board Benefit Trust-Restricted Stock (BBT-RS; hereinafter referred to as the "Plan") and restrict the transfer of shares provided to Directors until their retirement, with the aim of motivating Directors to increase their focus on improving corporate value. The Company considers that the content of the proposal is reasonable, for the following reasons: (1) The purpose of the proposal is, as with the Original Resolution, to empower the Directors to take ownership of their contribution to improving business performance and increasing corporate value over the medium- to long-term by further clarifying the link between Directors' remuneration and the Company's business performance and share value, and by making the Directors share not only the benefits of higher share prices but also risks of lower share prices with shareholders; (2) Report from the Company's Compensation Review Meeting to the effect that the introduction of the Plan is reasonable in light of the purpose of the Plan, effects of providing incentives toward improvement of the Company's business performance over the medium- to long-term, etc. was received; and (3) If approval is given to the proposal as drafted, it shall be in line with the policy (Please see below) regarding the determination of the content of remuneration, etc. for individual Directors (excluding Directors concurrently serving as Audit & Supervisory Committee members) to be resolved at a meeting of the Company's Board of Directors upon conclusion of this general meeting of shareholders. Moreover, a report from the Company's Compensation Review Meeting to the effect that the introduction of the Plan is reasonable in light of the purpose of the Plan, the effects of providing incentives toward the improvement of the Company's business performance over the medium to long term, etc. was received.

This proposal is outside the framework of remuneration, etc. (annual amount not exceeding 200 million yen (including annual amount not exceeding 20 million yen for Outside Directors); provided, however, that this does not include the employee's salary for a Director who concurrently holds an employee post) for Directors (excluding Directors serving as Audit and Supervisory Committee members) approved at the 10th general meeting of shareholders held on August 26, 2021, and approval on the actual calculation method for amounts of remuneration, etc. and actual content of remuneration, etc. is requested, in order to provide remuneration based on the Plan to the Company's Directors. Please leave the details of the Plan to the discretion of our Board of Directors within the range indicated in the paragraph 2 below.

If approval is given to Proposal 1 as drafted, the number of Directors subject to the Plan will be four.

Audit & Supervisory Committee expressed its opinion to the effect that the introduction of the Plan is reasonable in light of the purpose of the Plan and the decision process for the proposal at the Compensation Review meeting.

2. Specific calculation method and details of the amounts of remuneration, etc. under the Plan
(Major changes made to the Original Resolution are underlined.)

(1) Overview of the Plan

The Plan is a performance-linked stock compensation plan, under which the Company's shares are acquired through a trust established based on the Plan (hereinafter referred to as the "Trust") using funds provided by the Company and the Company's shares and cash equivalent to the market value of the Company's shares (hereinafter collectively referred to as the "Company's Shares") are provided to the Directors through the Trust according to the director share-based remuneration rules specified by the Company. The time when Directors shall receive the provision of shares of the Company's stock shall be a certain fixed period every year, and the time when a Director receives the payment of money in an amount equivalent to shares of the Company's stock calculated on a market price basis shall be at the time of his/her retirement from the position of Director, in principle. If a Director receives the provision of shares of the Company's stock during his/her tenure of office, the Director shall conclude a Transfer Restriction Agreement with the Company prior to such provision as described in 3. below. Based on the agreement, disposition by transfer, etc. of shares of Company's stock provided to the Director during his/her tenure shall be restricted until his/her retirement from the position of Director, in principle.

(2) Amount of trust

The Company has adopted the Existing BBT Plan for the five business years from the fiscal year ended May 31, 2020 to the fiscal year ending May 31, 2024 (this five-year-period shall be referred to as the "Initial Applicable Period" and each five-year-period that starts from the Initial Applicable Period shall be referred to as an "Applicable Period") and subsequent Applicable Periods. The Company has set up the Trust in order to provide Directors with shares of the Company's stock, and has contributed a sum of 111,600,000 yen as the fund for acquiring such shares through the Trust. The Trust shall continue to exist as the trust based on the revised Plan, pending approval.

After the end of the Initial Applicable Period, we will rationally estimate the number of shares required for the Directors' compensation under the Plan and provide the Trust with additional funds deemed necessary for the advance acquisition by the Trust for, in principle, each Applicable Period until the end of the Plan.

In the case of providing such additional funds, if the Company's shares (those corresponding to the number of points given to Directors, excluding shares yet to be given to Directors) and funds remain in the Trust assets (hereinafter referred to as the "Remaining Shares"), the Remaining Shares will be allocated to the compensation under the Plan in each subsequent Applicable Period and the additional funds for the subsequent Applicable Periods will be calculated, taking into account the Remaining Shares.

We will announce any decision to provide additional funds in a timely and appropriate manner.

(3) Method of acquiring the Company's shares

As noted in the above paragraph (2), we plan to additionally provide the Trust with funds deemed necessary for the Trust to acquire in advance the number of shares reasonably expected to be required for Directors' compensation under the Plan in each Applicable Period, and the Trust plans to acquire the Company's shares using such funds. The Trust will acquire the Company's shares through the stock exchange or by undertaking the disposal of the Company's treasury shares.

We will disclose information about the acquisition of the Company's shares by the Trust in a timely and appropriate manner.

(4) Maximum number of shares of the Company's stock, etc. to be provided to Directors

The Directors receive points for each fiscal year in the number determined by considering their positions, level of achievement, and other factors pursuant to the director share-based remuneration rules. The maximum number of points given to Directors in each business year is 66,000. We have determined this number by comprehensively considering such factors as the level of remuneration currently paid to the Directors and the current and future trends in the number of the Directors, and we consider such a number appropriate.

Each point given to the Directors is converted to one common share of the Company when the Company's Shares are provided as stated in the paragraph (5) below (the maximum number of points and the number of points already given or the conversion ratio will be rationally adjusted for any stock split, allotment without contribution, or reverse stock split of the Company's shares after approval for the Proposal is given).

Regarding the points provided to Directors, the number of a Director's points that becomes the basis of providing the Company's shares in the paragraph (5) below is, in principle, the number of points given to the Director in each fiscal year (the points calculated in this way will be referred to as the "Finalized Number of Points").

(5) Specific calculation method for the provision of the Company's shares, etc. and amount of remuneration, etc.

Directors who meet the beneficiary requirements receive the Company's shares, in principle, in the number corresponding to the Finalized Number of Points specified in the above paragraph (4) from the Trust at a certain time of each year by going through specified procedure for finalizing a beneficiary. The Directors who meet the requirements specified in the director share-based remuneration rules may receive money equivalent to the market price of the Company's shares in lieu of the Company's shares. We may sell the Company's shares through the Trust to acquire funds for such monetary compensation.

If a Director receives the provision of shares of Company's stock during his/her tenure of office, the Director shall conclude a Transfer Restriction Agreement with the Company prior to such provision as described in 3. below. Based on the agreement, disposition by transfer, etc. of shares of Company's stock provided to the Director during his/her tenure shall be restricted until his/her retirement from the position of Director, in principle.

The amount of compensation received by the Directors will generally be determined by multiplying the total number of points given to the Directors by the book value per share of the Company's shares held by the Trust (the amount will be rationally adjusted for any stock split, allotment without contribution, or reverse stock split of the Company's shares based on the ratios in such transactions). In an exceptional case of paying money pursuant to the director share-based remuneration rules, the money will be added to the compensation if it is deemed appropriate.

Any Director who has been dismissed by resolution of the General Meeting of Shareholders, has retired due to misconduct committed during his/her term of office, or has inflicted damage on the Company due to an inappropriate act during his/her term of office will not be entitled to the compensation even after receiving points.

(6) Handling of dividends

Dividends of the Company's shares held in the Trust account will be received by the Trust and used to acquire the Company's shares and pay the trust fees, etc. to the trustee of the Trust. Any dividends, etc. remaining with the Trust when the Trust comes to an end will be distributed proportionally to Directors holding office at that time based on the number of points held by each of them pursuant to the director share-based remuneration rules.

3. Outline of transfer restriction agreement concerning shares of the Company's stock to be provided to Directors
If a Director receives the provision of shares of Company's stock during his/her tenure, the Director shall conclude a transfer restriction agreement with the Company prior to such provision. The said agreement (hereinafter referred to as the "Transfer Restriction Agreement") shall include the following content in outline. (Directors shall receive the provision of shares of the Company's stock on condition that they conclude a Transfer Restriction Agreement.) Provided, however, that shares of the Company's stock may be provided without concluding a Transfer Restriction Agreement to a Director who has already resigned from his post as Director at the time of such provision.

(i) Content of transfer restriction

A Director may not transfer, establish a security interest on, or otherwise dispose of shares of the Company's stock received during the period starting on the day of such provision and ending on the day of his/her resignation from all his/her executive positions in the Company.

(ii) Acquisition by the Company without compensation

In the event that there were certain illegal activities, etc. or that requirements to terminate the transfer restriction stated in (iii) below are not satisfied, the Company shall acquire the shares without compensation.

(iii) Termination of transfer restriction

If a Director resigns from all his/her executive positions in the Company due to appropriate reasons or due to his/her death, the transfer restriction shall be terminated at the time of such resignation, in principle.

(iv) Handling in the event of organizational restructuring, etc.

If a general meeting of shareholders, etc. of the Company approves a merger agreement under which the Company will become a non-surviving company or other matters regarding organizational restructuring during the transfer restriction period, the transfer restriction shall be terminated immediately prior to the start of the business day immediately preceding the effective date of such organizational restructuring, etc. based on a resolution of the Board of Directors.

The shares of the Company's stock subject to transfer restriction based on the Transfer Restriction Agreement shall be managed in a dedicated account opened by the Director with a securities firm designated by the Company, so as not to allow the establishment of a security interest or disposition of the shares during the transfer restriction period.

In addition to the above, the content of the Transfer Restriction Agreement shall include methods of indication of intention and notification, method of revision of the Transfer Restriction Agreement, and other matters determined by the Board of Directors.

<For reference: Policy regarding determination of the content of remuneration, etc. for individual Directors (excluding Directors concurrently serving as Audit & Supervisory Committee members) to be resolved at a meeting of the Company's Board of Directors upon approval of the proposal>

1. Basic policy

The Company's basic policy for the remuneration of Directors (excluding Directors serving as Audit and Supervisory Committee members) is to operate a system linked to shareholder returns that effectively functions as an incentive for Directors to ensure the achievement of the Group's sustainable growth and the increase of its medium- and long-term corporate value, within the range approved by resolution of the General Meeting of Shareholders.

2. Composition of remuneration

The remuneration for Directors (excluding Directors serving as Audit and Supervisory Committee members) consists of basic compensation, bonuses, and performance-linked stock remuneration. However, Outside Directors do not receive performance-linked stock remuneration in view of their independence from business execution and their function of overseeing the Board of Directors.

3. Policy for determining the amount of basic compensation paid individually to Directors

The basic compensation is a monthly fixed amount, which is determined based on criteria such as the Director's title, responsibilities, business management capabilities, an evaluation of performance and results of each Director and the levels of employee salaries. However, the amount of basic compensation paid to Outside Directors is determined while comprehensively taking into account the background, experience, and other qualifications of each Outside Director.

4. Policy for determining the amounts of bonuses paid individually to Directors

Bonuses are performance-linked remuneration distributed in June of each year using consolidated ordinary income for each fiscal year as the performance indicator (reference indicator). The amounts are determined based on the basic compensation of each Director not serving as an Audit and Supervisory Committee member using the level of achievement of targeted consolidated ordinary income as a reference.

5. Policy for determining the details of performance-linked remuneration and the method of calculating the amounts of this remuneration

Performance-linked remuneration is provided in the form of shares of the Company's stock (Board Benefit Trust (BBT-RS)), which is intended to be an incentive motivating Directors to contribute to the medium- and long-term improvement of the Group's business performance and the increase of its corporate value by clearly connecting the remuneration of Directors (excluding Directors serving as Audit and Supervisory Committee members and Outside Directors) to the Company's performance and stock value. The performance indicator shall be ordinary income on a consolidated basis for each fiscal year, and points calculated by multiplying the number of points awarded based on the title of each Director by a coefficient of achievement of the targeted ordinary income shall be given to each Director (excluding Directors concurrently serving as Audit & Supervisory Committee members and Outside Directors) on the day of general meeting of shareholders in each year. Transfer restriction shall be placed on the shares of the Company's stock corresponding to the number of points until the Director resigns (provided, however, a certain portion shall be paid in cash in the amount equivalent to the realization value of the Company's shares, and the time for such payment shall be the time of the Director's resignation, in principle), and such shares shall be delivered every September.

6. Policy for determining the percentage of each type of remuneration paid individually to Directors

The percentage of each type of remuneration for Directors (excluding Directors serving as Audit and Supervisory Committee members) is not specified due to fluctuations corresponding to changes in the Company's business performance and stock value.

7. Matters concerning decisions on the details of the remuneration paid individually to Directors

The Compensation Review Meeting, a majority of whose members are independent Outside Directors, examines the details of the remuneration paid individually to Directors (excluding Directors serving as Audit and Supervisory Committee members) based on criteria such as the Director's title, responsibilities, and performance, the accumulation of internal reserves, and the results of evaluations of medium-term prospects and the Director's contribution to the Company. The Board of Directors then determines the amount of remuneration, taking into account the reports on the Compensation Review Meeting's evaluations to ensure objectivity, transparency and fairness.

[Reference]

Criteria for Determining the Independence of Independent Outside Directors

We assess the independence of our Outside Directors based on the criteria for independence established by financial instrument exchanges and acknowledge their independence if they meet all of the following requirements.

1. is not an executive of the Company or any of its subsidiaries,
2. is not a Director or accounting adviser if he/she is an Audit and Supervisory Committee member, who is not an executive of the Company or any of its subsidiaries,
3. is not an executive, including a Director who is not an executive, of the parent company of the Company,
4. is not a Corporate Auditor of the Company's parent company,
5. is not an executive or Director who is not an executive of a sister company of the Company,
6. is not currently a principal shareholder or an executive of a principal shareholder of the Company,
7. is not a major business partner or an executive of a major business partner of the Company,
8. is not a party for which the Company is its major business partner or an executive of such a party,
9. is not receiving a large amount of remuneration as a consultant, accounting expert, or legal expert from the Company other than director compensation (including a case in which a corporation, association, or other organizations, to which an Outside Director of the Company belongs, is receiving remuneration), and
10. is not a spouse or a relative within the second degree of kinship of an executive, etc. corresponding to the above 1 to 9.