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Securities Code: 2461

Date of issue: March 11, 2025

Start date of electronic provision measures: March 4, 2025

To Our Shareholders

1-1-8 Shibuya, Shibuya-ku, Tokyo

FAN Communications, Inc.

Koji Ninomiya, President and Representative Director

## Invitation to Attend the 26th Annual General Meeting of Shareholders

Thank you for your continued support and for the confidence you have placed in us.

We are pleased to inform you of the 26th Annual General Meeting of Shareholders, which has been scheduled as follows.

In convening this General Meeting of Shareholders, the Company has taken measures for the electronic provision of information that is the contents of the Information Materials for the General Meeting of Shareholders (matters to be provided electronically), which are posted on each of the following websites on the Internet, and we would appreciate it if you could access any of these websites and check the contents.

For this General Meeting of Shareholders, regardless of whether or not a request for delivery of the documents has been made, the Company will uniformly send a document containing the matters to be provided electronically to all shareholders.

[The Company's website]  
<https://www.fancs.com>



(Please access the above website and select "Investor Relations," "IR Releases/IR Materials," and "IR Releases" from the menu in that order, and check the "IR Releases.")

[Website for General Meeting of Shareholders materials]  
<https://d.sokai.jp/2461/teiji/>



[Website for the Tokyo Stock Exchange (Listed Company Search)]  
<https://www2.jpx.co.jp/tseHpFront/JJK020010Action.do?Show=Show>



(Please access the above TSE website, enter "Fan Communications" in the "Issue name (company name)" field or our securities code "2461" in the "Code" field, select "Basic information" and then "Documents for public inspection/PR information," and check the "Notice of General Shareholders Meeting/Informational Materials for a General Shareholders Meeting" in the "Filed information available for public inspection" field.)

Instead of attending the meeting in person, you may exercise your voting rights by any of the following methods. We ask that you exercise your voting rights after reviewing the Information Materials for the General Meeting of Shareholders.

[Exercising voting rights via postal mail]

Please indicate your approval or disapproval of the proposals on the enclosed shareholder voting form sent together with this notice, and return it by postal mail so that it arrives no later than Tuesday, March 25, 2025, at 6:00 p.m. (JST).

Please note that if you attend the venue on the day of the meeting, any prior voting will be treated as withdrawn.

[Exercising voting rights via the Internet, etc.]

Please access the company's website for exercising voting rights (<https://www.web54.net>), enter the "Voting Rights Use Code" and "Password" printed on the enclosed shareholder voting form sent together with this notice, follow the on-screen instructions, and indicate your approval or disapproval of the proposals by Tuesday, March 25, 2025, at 6:00 p.m. (JST).

When exercising voting rights via the Internet, etc., please review "Guidelines for Exercising Voting Rights via the Internet, etc." on page 4.

Details

1. Date and Time: Wednesday, March 26, 2025, at 10:00 a.m.  
(The reception desk opens at 9:30 a.m.)
2. Venue: Shibuya Solasta Conference 4D, Shibuya Solasta 4F,  
1-21-1 Dogenzaka, Shibuya-ku, Tokyo
3. Agenda

- Matters for reporting
1. Business report, consolidated financial statements, and audit reports of the Accounting Auditors and the Audit and Supervisory Board concerning the consolidated financial statements for the 26th business year (from January 1, 2024 to December 31, 2024)
  2. Non-consolidated financial statements for the 26th business year (from January 1, 2024 to December 31, 2024)

Matters for resolution

- Proposal No. 1: Appropriation of Retained Earnings
- Proposal No. 2: Election of Five (5) Directors (Excluding Directors Who Are Audit and Supervisory Board Members)
- Proposal No. 3: Election of Three (3) Directors Who Are Audit and Supervisory Board Members
- Proposal No. 4: Election of One (1) Substitute Director Who Is an Audit and Supervisory Board Member

Proposal No. 5: Issuance of Share Acquisition Rights as Stock Options for the Directors, Operating Officers, and Employees of the Company as Well as the Directors and Employees of Subsidiaries

4. Matters to be determined at the convocation of the meeting (information on the exercise of voting rights)
- (1) If you exercise your voting rights in writing (by mail) and do not indicate your approval or disapproval of the proposals, it will be treated as if you indicated your approval.
  - (2) If you exercise your voting rights more than once via the Internet, etc., the last exercise of voting rights shall be treated as a valid exercise of voting rights.
  - (3) If you exercise your voting rights both via the Internet, etc. and in writing (by post), the vote cast via the Internet, etc. will be treated valid, regardless of the date of arrival.

End of text.

Attending shareholders are requested to present the shareholder voting form on the day of the Meeting at the reception desk of the venue.

The following items among the items to be provided electronically are not included in the paper document to be sent pursuant to the provisions of laws and regulations and Article 13 of the Articles of Incorporation of the Company.

(1) "Consolidated Statement of Changes in Equity" and "Notes to the Consolidated Financial Statements" for the consolidated financial statements

(2) "Non-Consolidated Statement of Changes in Equity" and "Notes to the Non-Consolidated Financial Statements" for the non-consolidated financial statements

Accordingly, the consolidated financial statements and non-consolidated financial statements included in this document are a part of the documents which were audited by the Accounting Auditor in preparing their audit report and by the Audit and Supervisory Board in preparing their audit report.

In the event of any modification to the matters to be provided electronically, a notice to that effect and items before and after the modification will be posted on each of the above websites.

\*QR Code is a registered trademark of Denso Wave Incorporated.

## Guidelines for Exercising Voting Rights via the Internet, etc.

Please understand the following items upon exercising voting rights via the Internet, etc.

### 1. Website for exercising voting rights

You may exercise voting rights through the Internet, etc. only through the designated website for exercising voting rights below.

Address of website for exercising voting rights: <https://www.web54.net>



### 2. Exercising voting rights

(1) When exercising voting rights via the Internet, etc., please use the "Voting Rights Use Code" and "Password" included in the enclosed shareholder voting form sent together with this notice, follow the on-screen instructions, and indicate your approval or disapproval of the proposals.

(2) The deadline to exercising voting rights is Tuesday, March 25, 2025, at 6:00 p.m. (JST).

Please exercise voting rights as early as possible.

(3) If you exercise voting rights both via postal mail and the Internet, etc., the Company shall treat the vote through the Internet, etc. as valid. If you vote on the same items multiple times via the Internet, etc., the Company shall treat the most recent vote as valid.

(4) The shareholder shall be responsible for all fees that may arise from accessing the website for exercising voting rights, including fees from telecommunications carriers and providers (connection fees).

### 3. Handling of Password and Voting Rights Use Code

(1) The Password is an important item of information used to confirm that the person voting is the shareholder. Please handle this information as carefully as personal seals and PIN numbers.

(2) The Password will be rendered unusable if it is mistakenly entered a certain number of times. When you wish to receive a new Password, please follow the on-screen instructions.

(3) The Voting Rights Use Code included in the shareholder voting form is only usable for this General Meeting of Shareholders.

### 4. Questions regarding use of computers and other devices

(1) If you are unsure how to operate a computer or other devices in order to exercise voting rights through the above website, please contact the following number.

Stock Transfer Agency Web Support Desk by Sumitomo Mitsui Trust Bank, Limited  
[Phone] 0120 (652) 031 (hours of service: 9:00 a.m. to 9:00 p.m.)

(2) Please use the following number for other inquiries.

A. Shareholders with an account at a securities company

For shareholders who hold an account at a securities company, please send an inquiry to the securities company.

B. Shareholders without an account at a securities company (shareholders holding a special account)

Stock Transfer Agency Center, Sumitomo Mitsui Trust Bank, Limited

[Phone] 0120 (782) 031 (hours of service: 9:00 a.m. to 5:00 p.m. excluding Saturday, Sunday, and holidays)

### 5. Use of the Electronic Voting Platform (for institutional investors)

Institutional investors may also exercise their voting rights at this General Meeting of Shareholders via the Electronic Voting Platform operated by ICJ, Inc.

## Information Materials for the General Meeting of Shareholders

### Proposal No. 1: Appropriation of Retained Earnings

The following appropriation of retained earnings is proposed.

Matters concerning the year-end dividend

With regard to the year-end dividend for the 26th business year, the following appropriation of retained earnings is proposed, with consideration given to the business results of the fiscal year under review, future business development, etc.

(1) Type of dividend funds

Cash

(2) Matters concerning the allocation of dividend funds and total amount

It is proposed to pay a dividend of 19 yen per share of common stock of the Company.

The total dividend amount under this proposal is 1,258,720,151 yen.

(3) Date proposed for the dividend of retained earnings to take effect

March 27, 2025

Proposal No. 2: Election of Five (5) Directors (Excluding Directors Who Are Audit and Supervisory Board Members)

The term of office of all current six (6) Directors (excluding Directors who are Audit and Supervisory Board Members) will expire upon the conclusion of this General Meeting of Shareholders. The Company proposes the election of five (5) Directors (excluding Directors who are Audit and Supervisory Board Members) comprised of Masato Kato, who is a new candidate for Director, in addition to the current four (4) Directors remaining after excluding the two (2) Directors, Yasuyoshi Yanagisawa and Hiroshi Matsumoto, who will retire at the conclusion of this General Meeting of Shareholders.

The candidates for Director are as follows:

Candidate No.	Name (Date of birth)	Career summary, position and responsibility in the Company [Significant concurrent positions held]	Number of shares of the Company held
1	Re-election Koji Ninomiya (March 11, 1979)	<p>Apr. 2004    Joined the Company</p> <p>Jan. 2011    General Manager of ADN</p> <p>Mar. 2012    Promotion in the MC Business</p> <p>Mar. 2012    General Manager of ADN Business</p> <p>Apr. 2013    Operating Officer (current position)</p> <p>Mar. 2015    Director</p> <p>Mar. 2024    President (current position)</p> <p>(Position and responsibility in the Company)</p> <p>President, Operating Officer</p> <p>In charge of Internal Audit Office</p> <p>In charge of N-INE Promotion Department</p> <p>[Significant concurrent positions held]</p> <p>Director of FAN Communications Global, Inc.</p>	16,900
2	Re-election Takashi Yoshinaga (February 18, 1981)	<p>Apr. 2005    Joined the Company</p> <p>July 2008    General Manager of New Development for A8 Business</p> <p>Oct. 2011    General Manager of A8 Business</p> <p>Apr. 2013    Operating Officer (current position)</p> <p>Mar. 2015    Director (current position)</p> <p>(Position and responsibility in the Company)</p> <p>Director, Operating Officer</p> <p>In charge of Data Utilization Promotion Department</p> <p>In charge of Fan Marketing Promotion Department</p> <p>In charge of Influencer Marketing Promotion Department</p> <p>General Manager of Corporate Design</p> <p>General Manager of Business Support</p>	22,700

Candidate No.	Name (Date of birth)	Career summary, position and responsibility in the Company [Significant concurrent positions held]	Number of shares of the Company held
3	New appointment Masato Kato (November 7, 1983)	<p>Feb. 2009    Joined the Company</p> <p>Mar. 2012    General Manager of Sales Promotion in the ADN Business</p> <p>Jan. 2015    General Manager of nex8 Business</p> <p>July 2019    General Manager of AD Platform Business</p> <p>Apr. 2022    Operating Officer (current position)</p> <p>Apr. 2023    General Manager of Corporate Design</p> <p>Jan. 2025    General Manager of A8 Business (current position)</p> <p>(Position and responsibility in the Company) Operating Officer General Manager of A8 Business</p>	20,000

Candidate No.	Name (Date of birth)	Career summary, position and responsibility in the Company [Significant concurrent positions held]	Number of shares of the Company held
4	Re-election/ Outside director Kazusuke Obi (December 4, 1953)	<p>Sept. 1977    Joined Alfa Records Inc.</p> <p>Aug. 1988    Representative Director of Scitron &amp; Art Inc.</p> <p>Oct. 2002    Director of Digital Garage, Inc.</p> <p>July 2009    Executive Officer of Google LLC</p> <p>Dec. 2012    Regional Director, Japan of InMobi Japan Inc.</p> <p>Oct. 2015    Representative Director, Partner of Link Asia Capital K.K. (current position)</p> <p>Mar. 2017    Outside Auditor of Inbound Tech Inc. (current position)</p> <p>Nov. 2017    Representative Director of Cross Locations Inc. (current position)</p> <p>Mar. 2018    Outside Director of the Company (current position)</p> <p>June 2018    Outside Director of Future Venture Capital Co., Ltd.</p> <p>June 2018    Outside Director of infoNet inc. (current position)</p> <p>Apr. 2024    Outside Director of BRANU Inc. (current position)</p> <p>(Position and responsibility in the Company) Outside Director</p> <p>[Significant concurrent positions held] Representative Director and Partner of Link Asia Capital K.K. Outside Auditor of Inbound Tech Inc. Representative Director of Cross Locations Inc. Outside Director of infoNet inc. Outside Director of BRANU Inc.</p>	100



Candidate No.	Name (Date of birth)	Career summary, position and responsibility in the Company [Significant concurrent positions held]	Number of shares of the Company held
5	Re-election/ Outside director Satoshi Hoyano (January 11, 1962)	<p>Apr. 1984    Joined Fuji Xerox Co., Ltd.                   (currently FUJIFILM                   Business Innovation Corp.)</p> <p>Apr. 2000    Joined Livin' on the EDGE                   Co., Ltd. (currently LINE                   Corporation)</p> <p>Mar. 2003    Director of ex-marketing INC.</p> <p>Nov. 2004    Director of ValueClick Japan,                   Inc.</p> <p>Jan. 2006    Director of Cecile Co., Ltd.</p> <p>Feb. 2006    President of livedoor                   Marketing Inc.</p> <p>July 2008    President of So-net Media                   Networks Corporation                   (currently SMN Corporation)</p> <p>Nov. 2014    Representative Director of                   Horn Inc. (current position)</p> <p>Mar. 2018    Outside Director of the                   Company (current position)</p> <p>Nov. 2018    Chairman and                   Representative Director of                   GuideDent Co., Ltd. (Position and responsibility in the Company) Outside Director [Significant concurrent positions held] Representative Director of Horn Inc.</p>	50,000

- Notes: 1. There is no special interest between the candidates for Director and the Company.
2. Kazusuke Obi and Satoshi Hoyano are candidates for outside Director.
3. The Company elected Kazusuke Obi and Satoshi Hoyano for outside Directors because it expects that their wealth of managerial experience and vast knowledge will be reflected in the management of the Company. Both candidates for outside Director possess expert knowledge of Internet advertising and excellent track records of success in management. The Company expects that they will facilitate the advancement of the management of the Company. Therefore, the Company determined that they will properly carry out the role of outside Director.
4. Kazusuke Obi and Satoshi Hoyano have served as outside Directors of the Company since March 2018, making their tenure seven (7) years at the conclusion of this General Meeting of Shareholders.
5. Based on the provisions of Article 427, paragraph (1) of the Companies Act, the Company has signed an agreement with Kazusuke Obi and Satoshi Hoyano to limit liability under Article 423, paragraph (1) of the Companies Act. If they are re-elected,

these agreements will be renewed. The limit amount under the indemnity liability based on the subject agreement will be the statutorily stipulated minimum liability limit amount. However, the said limitation of liability will be available only if in the execution of the task giving rise to the subject liability due professional care has been exercised and no gross negligence has occurred.

6. The Company designates Kazusuke Obi and Satoshi Hoyano as independent officers as defined by the stipulations of the Tokyo Stock Exchange and has submitted documentation to that effect to this exchange. If this proposal is approved, the Company plans to continue to designate both as independent officers.
7. The Company has signed a liability insurance agreement for executives with an insurance company as set forth in Article 430-3, paragraph (1) of the Companies Act. This insurance covers the legal damages and costs of disputes that the insured would incur were a claim for damages to be made in relation to acts performed based on their position with the Company. If each candidate's election is approved and they assume office, they will become an insured under the said insurance agreement. The full amount of the premiums for all of the insureds is borne by the Company based on the resolution passed at the meeting of the Board of Directors held on November 22, 2024. The insurance policy is scheduled to be renewed with the same contents at the next renewal.

Proposal No. 3: Election of Three (3) Directors Who Are Audit and Supervisory Board Members

The term of office of all three (3) Directors who are Audit and Supervisory Board Members will expire upon the conclusion of this General Meeting of Shareholders. Therefore, the Company proposes the election of three (3) Directors who are Audit and Supervisory Board Members. Furthermore, this proposal has received the approval of the Audit and Supervisory Board.

The candidates for Directors who are Audit and Supervisory Board Members are as follows:

Candidate No.	Name (Date of birth)	Career summary, position and responsibility in the Company [Significant concurrent positions held]	Number of shares of the Company held
1	Re-election Yoshikatsu Sato (July 21, 1967)	Nov. 2000    Joined the Company Oct. 2002    General Manager of Sales Department Apr. 2004    Operating Officer Jan. 2005    General Manager of Sales Headquarters Mar. 2005    Director Mar. 2018    Resigned as Director Mar. 2023    Director (Full-time Audit and Supervisory Board Member) (current position)	302,800
2	Re-election Tokiko Maruno (July 21, 1973)	Oct. 2002    Registered as lawyer (Dai-ichi Tokyo Bar Association) Oct. 2002    Joined Idesawa & Partners (current position) Nov. 2016    Outside Auditor of CHIIKISHINBUNSHA CO., LTD. (current position) June 2017    Outside Auditor of NICHIRYOKU Co., Ltd. June 2019    Outside Auditor of RAITO KOGYO CO., LTD. (current position) Mar. 2022    Outside Auditor of the Company Mar. 2023    Outside Director of the Company (Audit and Supervisory Board Member) (current position) [Significant concurrent positions held] Idesawa & Partners (lawyer) Outside Auditor of CHIIKISHINBUNSHA CO., LTD. Outside Auditor of RAITO KOGYO CO., LTD.	-

Candidate No.	Name (Date of birth)	Career summary, position in the Company [Significant concurrent positions and responsibilities]	Number of shares of the Company held
3	Re-election Masaaki Koizumi (October 4, 1964)	<p>Oct. 1987 Joined Eiwa Audit Corporation (currently KPMG AZSA LLC)</p> <p>Aug. 1991 Registered as certified public accountant</p> <p>Oct. 2003 Founded Koizumi C.P.A. Office Director of Koizumi C.P.A. Office (current position)</p> <p>June 2004 Auditor of Internet Initiative Japan Inc.</p> <p>Aug. 2006 Representative Partner of Futaba Audit Corporation</p> <p>Mar. 2008 Director of Lifenet Insurance Company</p> <p>Feb. 2015 Outside Auditor of K.R.S. Corporation</p> <p>June 2018 Outside Director of Monex Group, Inc. (Chairperson of the Audit Committee) (current position)</p> <p>Mar. 2023 Outside Director of the Company (Audit and Supervisory Board Member) (current position)</p> <p>[Significant concurrent positions held] Director of Koizumi C.P.A. Office Outside Director of Monex Group, Inc. (Chairperson of the Audit Committee)</p>	-

- Notes: 1. There is no special interest between the candidates and the Company.
2. Tokiko Maruno and Masaaki Koizumi are candidates for outside Director.
3. The reason why Tokiko Maruno was nominated as a candidate for Director who is an Audit and Supervisory Board Member and an outline of her expected role is because the Company expects that her high-level professional knowledge as an attorney at law will be reflected in the auditing of the Company. She has not been involved in the management of a company aside for serving as an outside officer in the past, however, the Company determined that she would properly carry out the role of Director who is an Audit and Supervisory Board Member due to the reasons above.
4. The reason why Masaaki Koizumi was nominated as a candidate for Director who is an Audit and Supervisory Board Member and an outline of his expected role is because

he is well versed in corporate management and corporate finance as a certified public accountant and the Company expects him to utilize this knowledge and experience to strengthen the Company's auditing system.

5. Based on the statutes of Article 427, paragraph (1) of the Companies Act, Tokiko Maruno and Masaaki Koizumi have signed an agreement with the Company to limit liability under Article 423, paragraph (1) of the Companies Act. If they are re-elected, this agreement will be renewed. The limit amount under the indemnity liability based on the subject agreement will be the statutorily stipulated minimum liability limit amount. However, the said limitation of liability will be available only if in the execution of the task giving rise to the subject liability due professional care has been exercised and no gross negligence has occurred.
6. The Company designates Tokiko Maruno and Masaaki Koizumi as independent officers as defined by the stipulations of the Tokyo Stock Exchange and has submitted documentation to that effect to this exchange. If this proposal is approved, the Company plans to continue to designate them as independent officers.
7. The Company has signed a liability insurance agreement for executives with an insurance company as set forth in Article 430-3, paragraph (1) of the Companies Act. This insurance covers the legal damages and costs of disputes that the insured would incur were a claim for damages to be made in relation to acts performed based on their position with the Company. If each candidate's election is approved and they assume office, they will become an insured under the said insurance agreement. The full amount of the premiums for all of the insureds is borne by the Company based on the resolution passed at the meeting of the Board of Directors held on November 22, 2024. The insurance policy is scheduled to be renewed with the same contents at the next renewal.
8. Tokiko Maruno has served as an outside Auditor of the Company since March 2022 and as an outside Director of the Company (Audit and Supervisory Board Member) since March 2023, making her tenure three (3) years at the conclusion of this General Meeting of Shareholders.
9. Masaaki Koizumi has served as an outside Director (Audit and Supervisory Board Member) of the Company since March 2023, making his tenure two (2) years at the conclusion of this General Meeting of Shareholders.

(Reference)

Skill matrix for the Board of Directors after the General Meeting of Shareholders

The skill matrix of the Board of Directors in the event that the candidates described in this notice are elected as originally proposed is as follows.

Name	Position in the Company	Corporate management	Industry knowledge	Sales and marketing	New business development	Finance and accounting	Legal and risk management
Koji Ninomiya	Representative Director	•	•	•	•		
Takashi Yoshinaga	Director	•	•	•			
Masato Kato	Director		•	•	•		
Kazusuke Obi	Outside Director	•	•	•			
Satoshi Hoyano	Outside Director	•	•	•			
Yoshikatsu Sato	Audit and Supervisory Board Member	•	•	•	•		
Tokiko Maruno	Audit and Supervisory Board Member Outside Director						•
Masaaki Koizumi	Audit and Supervisory Board Member Outside Director					•	

Proposal No. 4: Election of One (1) Substitute Director Who Is an Audit and Supervisory Board Member

Currently, there are three (3) Directors who are Audit and Supervisory Board Members. It is proposed to elect one (1) substitute Director who is an Audit and Supervisory Board Member in advance in case a vacancy occurs.

Therefore, the Company proposes the election of one (1) substitute Director who is an Audit and Supervisory Board Member. Furthermore, this proposal has received the approval of the Audit and Supervisory Board.

The candidate for substitute Director who is an Audit and Supervisory Board Member is as follows:

Name (Date of birth)	Career summary, position and responsibility in the Company [Significant concurrent positions held]	Number of shares of the Company held
Kenji Yamada (May 3, 1958)	<p>Apr. 1982      Joined AIU Insurance Company</p> <p>Apr. 1994      Established Funtech Co., Ltd.</p> <p>June 1998      Outside corporate auditor of KENKO Mayonnaise Co., Ltd.</p> <p>Dec. 2001      Representative Director of Funtech Co., Ltd. (current position)</p> <p>June 2022      Outside Auditor of the Company [Significant concurrent positions held] Representative Director, Funtech Co., Ltd.</p>	1,700

- (Notes) 1. Funtech Co., Ltd., where the candidate serves in the position as Representative Director, is an insurance agency engaged in the business of the solicitation and administration for part of the property and casualty insurance agreements taken out by the Company.
2. In the subject fiscal year, the Company has paid to Funtech Co., Ltd. a total amount of 5,012,190 yen, which is comprised entirely of insurance premiums. Funtech Co., Ltd. accounts for under 0.08% of the consolidated net sales of the Company group.
3. Kenji Yamada is the candidate for substitute outside Director who is an Audit and Supervisory Board Member.
4. The reason why Kenji Yamada was nominated as a candidate for substitute Director who is an Audit and Supervisory Board Member and an outline of his expected role is because he is well versed in corporate management and risk management, and the Company expects him to utilize this knowledge and experience to strengthen the Company's auditing system.
5. In case Kenji Yamada is inaugurated as outside Director who is an Audit and Supervisory Board Member, it is planned to conclude an agreement between Kenji

Yamada and the Company based on the stipulations of Article 427, paragraph (1) of the Companies Act to limit the indemnity liability under Article 423, paragraph (1) of the Companies Act. The limit amount under the indemnity liability based on the subject agreement will be the statutorily stipulated minimum liability limit amount. However, the said limitation of liability will be available only if in the execution of the task giving rise to the subject liability due professional care has been exercised and no gross negligence has occurred.

6. The Company has signed a liability insurance agreement for executives with an insurance company as set forth in Article 430-3, paragraph (1) of the Companies Act. This insurance covers the legal damages and costs of disputes that the insured would incur were a claim for damages to be made in relation to acts performed based on their position with the Company. The insured of the said liability insurance agreement for executives are the Directors of the Company, and Kenji Yamada will become an insured party of such insurance agreement if he assumes office as an outside Director who is an Audit and Supervisory Board Member. The full amount of the premiums for all of the insureds is borne by the Company based on the resolution passed at the meeting of the Board of Directors held on November 22, 2024. The insurance policy is scheduled to be renewed with the same contents at the next renewal.



Proposal 5: Issuance of Share Acquisition Rights as Stock Options for the Directors, Operating Officers, and Employees of the Company as Well as the Directors and Employees of Subsidiaries

It is proposed based on the stipulations of Articles 236, 238, and 239 of the Companies Act, to issue in accordance with the summary stated below, share acquisition rights as stock options for the Directors (excluding Directors who are Audit and Supervisory Board Members and outside Directors), Operating Officers, and employees of the Company as well as the Directors and employees of subsidiaries, with the determination of matters concerning the subscription to the said share acquisition rights to be committed to the discretion of the Board of Directors.

Additionally, based on the stipulations of Article 361 of the Companies Act, this proposal is proposed to issue share acquisition rights within an annual range of 90,000 thousand yen as stock options as stated above as remuneration, etc., for Directors (excluding Directors who are Audit and Supervisory Board Members and outside Directors) of the Company.

#### 1. Proposal outline

##### (1) Reasons for the necessity to offer share acquisition rights at preferential conditions

It is proposed to issue share acquisition rights for no consideration as stock options for Directors (excluding Directors who are Audit and Supervisory Board Members and outside Directors), Operating Officers, and employees of the Company as well as the Directors and employees of subsidiaries in order to heighten motivation and morale with respect to enhancing the business results of the Company.

##### (2) Issuance of share acquisition rights as remuneration, etc. for Directors of the Company (excluding Directors who are Audit and Supervisory Board Members and outside Directors)

Remunerations within an annual range of ¥300,000 thousand (including up to 30,000 thousand yen for outside Directors, excluding employee allowances for employees serving as Directors) for Directors of the Company (excluding Directors who are Audit and Supervisory Board Members) was approved at the 24th Annual General Meeting of Shareholders held on March 29, 2023. In addition to the said annual remunerations for Directors of the Company (excluding Directors who are Audit and Supervisory Board Members), it is proposed to issue share acquisition rights as stock options within an annual range of 90,000 thousand yen. In addition, for the concerned share acquisition rights, the Company has decided it is appropriate to set a maximum of 90,000 thousand yen, which is equivalent to 30% of the upper limit of monetary compensation, to increase the weighting of stock compensation for Directors who actually execute operations as prescribed in the Company's policy on Director compensation.

The amount of share acquisition rights proposed for issuance for Directors (excluding Directors who are Audit and Supervisory Board Members and outside Directors) of the Company corresponds to the fair value per share acquisition right calculated on the allotment date of the share acquisition rights (to be calculated using the Black-Scholes model) multiplied by the total number of share acquisition rights issued for the Directors of the Company incumbent on the allotment date.

There are currently six (6) Directors (excluding Directors who are Audit and Supervisory Board Members) (two (2) of which are outside Directors). However, this number will change to five (5) (two (2) of which will be outside Directors) if Proposal No. 2 is approved, and three (3) Directors are planned to be granted this options.

##### (3) Policy on Director compensation

The Company has a compensation system that is linked to shareholder profits so as to sufficiently function as an incentive to work toward continuous improvement of corporate value. The basic policy

of the Company is to set compensation for individual Directors (excluding Directors who are Audit and Supervisory Board Members) at an appropriate level based on their responsibilities. Compensation is comprised of “basic compensation” as monetary compensation and “stock compensation” as non-monetary compensation. Outside Directors (excluding Directors who are Audit and Supervisory Board Members) with supervisory functions are only paid basic compensation based on their duties. The policy for determining each compensation is as follows:

- (i) Basic compensation is fixed monthly compensation. It is determined by the Nomination and Compensation Advisory Committee based on a comprehensive consideration of various factors according to position and responsibilities, including the levels paid at other companies, the Company's performance, and the level of employee salaries.
- (ii) Stock compensation is paid for the purpose of increasing motivation and morale with respect to improving the Company's performance. Share acquisition rights are allocated as stock options, and the upper limit is determined by resolution at the General Meeting of Shareholders. The Nomination and Compensation Advisory Committee determines the amount allocated to individual Directors based on a comprehensive consideration of various factors according to position and responsibilities, including the levels paid at other companies, the Company's performance, the level of employee salaries, and the number of shares already owned. Stock compensation is weighted toward Directors that actually execute operations.

## 2. Outline of the share acquisition rights

### (1) Persons eligible to be allotted share acquisition rights

Directors (excluding Directors who are Audit and Supervisory Board Members and outside Directors), Operating Officers, and employees of the Company as well as Directors and employees of subsidiaries

### (2) Share classes and number of shares underlying the share acquisition rights

Shares of common stock of the Company up to a maximum limit of 100,000 shares. The maximum number of share acquisition rights to be allotted to Directors (excluding Directors who are Audit and Supervisory Board Members and outside Directors) of the Company is 100,000 shares of common Company stock.

Notably, in case of a split or reverse split of the shares of the Company, the number of shares under the share acquisition rights shall be adjusted according to the following formula. However, such adjustment shall be made only with respect to the number of shares underlying unexercised share acquisition rights at that time. Fractions of one share resulting from the adjustment will be truncated.

Number of shares after adjustment = Number of shares before adjustment x Split ratio/Reverse-split ratio

Moreover, in case of a corporate merger of the Company with a different entity, a corporate split-off of the Company, or the Company is made a fully-owned subsidiary of a different entity through a share exchange or share transfer, respectively assuming succession to the share acquisition rights after such an event, adjustments to the number of shares will be made as found necessary by resolution of the Board of Directors.

### (3) The total number of share acquisition rights

Limited to 1,000 share acquisition rights. Out of this number, the share acquisition rights for allotment to Directors (excluding Directors who are Audit and Supervisory Board Members and outside Directors) of the Company shall be limited to a maximum of 1,000 share acquisition rights.

(The number of shares underlying one share acquisition right shall be 100 shares. However, in case of an adjustment pursuant to item (2), the same adjustment shall apply.)

(4) Amount payable for share acquisition rights

The share acquisition rights shall be issued for no consideration.

(5) Exercise price of the share acquisition rights

The amount payable per one share acquisition right at exercise shall correspond to the amount to be determined as set out below that is payable per share of stock underlying the share acquisition rights ("Exercise Price"), multiplied by the number shares of stock underlying one share acquisition right as determined in item (3).

The exercise price shall be the average of the closing prices of shares of common stocks of the Company observed in trading on a financial instruments exchange on each day (excluding days on which no trading contracts are concluded) of the month prior to the month that contains the date of issuance of the share acquisition rights, multiplied by 1.05 (fractions of a yen shall be rounded up to one yen).

However, if the said amount is lower than the closing price on the issuance date of the share acquisition rights (if no closing price is posted on the subject date, the closing price on the nearest previous date), the closing price on the issuance date of the share acquisition right shall be the exercise price. The total annual amount of the issue price of new shares or the transfer price of shares for exercising share acquisition rights (total amount exercised including other share acquisition rights) shall not exceed 12 million yen.

Notably, in case of a split or reverse split of the shares of the Company on or after the issuance date, the exercise price will be adjusted according to the following formula. Fractions of one yen resulting from the adjustment will be rounded up to one yen.

$$\begin{array}{rcccl} \text{Exercise} & & \text{Exercise price} & & 1 \\ \text{price after} & = & \text{before} & \times & \\ \text{adjustment} & & \text{adjustment} & & \text{Split ratio/Reverse-split ratio} \end{array}$$

Furthermore, if the Company issues new shares of stock or disposes of treasury stock (excluding disposal due to exercise of share acquisition rights) at a price below market price, the exercise price will be adjusted according to the following formula. Fractions of one yen resulting from the adjustment will be rounded up to one yen.

$$\begin{array}{rcccl} \text{Exercise} & \text{Exercise} & \text{Number of} & \text{Number of} & \\ \text{price after} & \text{price} & \text{shares} & \text{shares newly} & \times \text{ Subscription price payable per share} \\ \text{adjustment} & \text{before} & \text{outstanding} & \text{issued} & \\ & \text{adjustment} & & & \\ & & & & \text{Price per share before issuance of new shares} \\ & & & & \hline & & & & \text{Number of shares outstanding + Number of shares newly issued} \end{array}$$

For the purposes of the above formula, "Number of shares outstanding" shall mean the number of shares of common stock of the Company issued on the day before the exercise price after adjustment is applied less the number of shares of common stock of the Company held as treasury stock by the Company on that day. If the Company disposes of treasury stock and an adjustment is made, "Number of shares newly issued" shall be read down to "Number of disposed treasury stock."

Moreover, in case of a corporate merger of the Company with a different entity, a corporate split-off of the Company, or the Company is made a fully-owned subsidiary of a different entity through a share exchange or share transfer, respectively assuming succession to the share acquisition rights after such an event, adjustments to the exercise price will be made as found necessary by resolution of the Board of Directors.

(6) Exercise period of the share acquisition rights

The exercise period of the share acquisition rights shall continue for four years, beginning at the start of the month following the day that marks the passage of three years after the allotment date of the share acquisition rights.

(7) Conditions for exercise of the share acquisition rights

- (i) Persons who have share acquisition rights allotted to them (hereinafter "Share Acquisition Right Allottees") must at the time of the share acquisition right exercise hold a position as Director, Operating Officer, Audit and Supervisory Board Member, or employee of the Company or a subsidiary or affiliate of the Company. However, the above condition is not applicable when a legitimate reason for non-application exists in the judgment of the Board of Directors.
- (ii) Other conditions are prescribed in the "Share Acquisition Right Grant Agreement" to be concluded between the Company and a Share Acquisition Right Allottee based on the resolutions of this General Meeting of Shareholders and the Board of Directors.

(8) Reasons and conditions for acquisition of share acquisition rights

If a Share Acquisition Right Allottee is rendered unable to exercise share acquisition rights due to the loss of position as Director, Operating Officer, Audit and Supervisory Board Member, or employee of the Company or a subsidiary or affiliate of the Company, the Company shall be able to recover free of charge the subject share acquisition rights from such Share Acquisition Right Allottee.

(9) Matters concerning increases in capital and capital reserves in case of share issuance associated with the exercise of share acquisition rights

- (i) The increase in the amount of capital due to the issuance of shares associated with the exercise of share acquisition rights shall correspond to one-half of the capital, etc., increase limit amount calculated in accordance with Article 17, paragraph (1), of the Regulation on Corporate Accounting. Fractions of one yen resulting from the calculation shall be rounded up to one yen.
- (ii) The increase in the amounts of capital reserves in case of issuance of shares associated with the exercise of share acquisition rights shall correspond to the balance of the capital, etc., increase limit amount stated in item (i) above less the capital increase amount stated in item (i) above.

(10) Restrictions on the acquisition of share acquisition rights by assignment

Acquisition of share acquisition rights by assignment shall require the approval of the Board of Directors of the Company.

(11) Truncation of fractional shares resulting from the exercise of share acquisition rights

Fractions of a share associated with the number of shares deliverable to Share Acquisition Right Allottees shall be truncated.

(12) Handling in case of reorganization

If the Company merges (limited to cases wherein the Company becomes a non-surviving company), conducts an absorption-type split or an incorporation-type split, or conducts a share exchange or share transfer (collectively "Reorganization"), share acquisition rights of a corporation described in Article 236, paragraph (1), items (viii) (a) through (e) of the Companies Act (hereinafter the "Reorganized Company") shall be granted to Share Acquisition Right Allottees holding share acquisition rights that remain unexercised (hereinafter "Remaining Share Acquisition Rights") immediately before the date when the Reorganization takes effect based on the following conditions. In such a case, the Company shall be able to recover Remaining Share Acquisition Rights free of charge, and share acquisition rights of the Reorganized Company shall be newly issued. However, this shall be limited to cases

where issuance of share acquisition rights of the Reorganized Company in accordance with the conditions below is set forth in the absorption-type merger agreement, incorporation-type merger agreement, absorption-type demerger agreement, incorporation-type demerger plan, share exchange agreement or share transfer plan (hereinafter "Reorganization Agreement, etc."), and in the event that the provisions of the Reorganization Agreement, etc. differ from the provisions below, the provisions of the Reorganization Agreement, etc. shall take precedence.

(i) Number of share acquisition rights to be delivered of the Reorganized Company

Numbers shall match the respective numbers of the Remaining Share Acquisition Rights held by the Share Acquisition Right Allottees.

(ii) Share types of the Reorganized Company underlying the share acquisition rights

Shares of common stock of the Reorganized Company.

(iii) Number of shares of the Reorganized Company underlying the share acquisition rights

To be determined in accordance with item (2) above with consideration of the terms, etc. of Reorganization.

(iv) Exercise price to be paid at exercise of share acquisition rights

To be determined in accordance with item (5) above with consideration of the terms, etc., of Reorganization.

(v) Exercise period of share acquisition rights

The period from the later of the start date of the exercise period for Remaining Share Acquisition Rights prescribed in item (6) above and the effective date of the Reorganization, until the last day of the exercise period for Remaining Share Acquisition Rights prescribed in item (6) above.

(vi) Matters concerning increases in capital and capital reserves in case of share issuance associated with the exercise of share acquisition rights

To be determined in accordance with item (9) above.

(vii) Restrictions on the acquisition of share acquisition rights by assignment

Acquisition of share acquisition rights by assignment shall require the approval of the Reorganized Company.

(viii) Reasons and conditions for acquisition of share acquisition rights

To be determined in accordance with item (8) above.

(ix) Other conditions concerning the exercise of share acquisition rights

To be determined in accordance with item (7) above.

(13) Other features of share acquisition rights

As to other features of the share acquisition rights, matters concerning subscription to the share acquisition rights are determined by the Board of Directors.

End of text.