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(Stock Exchange Code 7545)
April 26, 2021

To Shareholders with Voting Rights:

Koichi Ohmura
President and Director
NISHIMATSUYA CHAIN Co., Ltd.
266-1, Sho, Shikito-cho, Himeji-shi, Hyogo,
Japan

**NOTICE OF
THE 65TH ANNUAL GENERAL MEETING OF SHAREHOLDERS**

Dear Shareholders:

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

We hereby announce that the 65th Annual General Meeting of Shareholders of NISHIMATSUYA CHAIN Co., Ltd. (the “Company”) will be held for the purposes as described below.

If you do not attend the meeting, you can exercise your voting rights with either of the methods below. Please review the attached Reference Documents for the General Meeting of Shareholders, and exercise your voting rights by 6:00 p.m. on Monday, May 17, 2021, Japan time.

[Exercise of Voting Rights in Writing]

Please indicate your vote for or against the proposals on the enclosed Voting Rights Exercise Form and return it so that it is received by the above exercise deadline.

[Exercise of Voting Rights via the Internet]

Please review the “Procedures for the Exercise of Voting Rights via the Internet” on page 3 when exercising voting rights via the Internet, and exercise your voting rights by the above exercise deadline.

- 1. Date and Time:** Tuesday, May 18, 2021 at 10:00 a.m. Japan time
- 2. Place:** Large Hall, 2nd Floor, Main Building, The Himeji Chamber of Commerce and Industry
43, Shimoderamachi, Himeji-shi, Hyogo, Japan
- 3. Meeting Agenda:**
 - Matters to be reported:** The Business Report and Financial Statements for the Company’s 65th Fiscal Year (February 21, 2020 - February 20, 2021)
 - Proposals to be resolved:**
 - Proposal 1:** Appropriation of Surplus
 - Proposal 2:** Partial Amendments to the Articles of Incorporation
 - Proposal 3:** Election of Five (5) Directors (Excluding Directors Serving as Audit & Supervisory Committee Members)
 - Proposal 4:** Election of Three (3) Directors Serving as Audit & Supervisory Committee Members
 - Proposal 5:** Determination of the Amount of Compensation, etc. for Directors (Excluding Directors Serving as Audit & Supervisory Committee Members)
 - Proposal 6:** Determination of the Amount of Compensation, etc. for Directors Serving as Audit & Supervisory Committee Members
 - Proposal 7:** Continuation of Policy for Responding to a Large-scale Purchase of the Company’s Share Certificates, etc. (Takeover Defense Measures)
 - Proposal 8:** Determination of Amount and Details of Stock Option Compensation for

Directors (Excluding Directors Serving as Audit & Supervisory Committee Members)

Proposal 9: Issuance of Subscription Rights to Shares as Stock Options to Employees

End

(Notes)

To prevent the spread of the novel coronavirus, we strongly recommend that, wherever possible, you refrain from attending this Annual General Meeting of Shareholders, and instead exercise your voting rights in writing or via the Internet.

In particular, we advise elderly shareholders, shareholders with underlying medical conditions, pregnant shareholders, and shareholders who are feeling unwell to exercise caution when attending the meeting.

In addition, to reduce the risk of contact infection, we will not be presenting souvenirs at this Annual General Meeting of Shareholders. We appreciate for your understanding.

If attending the meeting, we request that you first check the situation regarding the spread of infection as well as your own physical condition, and consider the prevention of infection through measures such as wearing a face mask.

Additionally, we request your cooperation with any measures we implement at the meeting venue to prevent infection, including taking the temperature of attendees.

Please note that any shareholders arriving at the venue who appear to be unwell or who fail to cooperate with measures to prevent infection, including the wearing of masks or having their temperature taken, may be asked to refrain from entering the Hall.

In the event that the venue or time of the meeting is unavoidably subject to change depending on the future situation, relevant information will be promptly posted on the Company's website (<https://www.24028.jp/>). Shareholders arriving at the venue on the date and time prior to any change (initially noted in this convocation notice) will be directed to the new location so that they are able to attend the Annual General Meeting of Shareholders at the new time. Nevertheless, we request that you check the above website prior to attending the meeting.

When attending the meeting, please submit the enclosed Voting Rights Exercise Form at the reception desk. Please bring this "Notice of Annual General Meeting of Shareholders" with you to save resources. Revisions to the Reference Documents for the General Meeting of Shareholders, the Business Report and Financial Statements will be posted on the Company's website (<https://www.24028.jp/>).

[Procedures for the Exercise of Voting Rights via the Internet]

If exercising voting rights via the Internet, please review the following items.

If attending the meeting, it is not necessary to complete the procedures for exercising voting rights in writing (using the Voting Rights Exercise Form) or via the Internet.

1. Voting Rights Exercise Website

- (1) Exercise of your voting rights via the Internet is possible only by accessing the Voting Rights Exercise Website designated by the Company (<https://evote.tr.mufg.jp/>) (in Japanese) from a computer, smartphone, or mobile phone. (Please note that access is unavailable from 2:00 a.m. to 5:00 a.m., Japan time, daily.)
- (2) The exercise of voting rights on the Voting Rights Exercise Website by computer or smartphone may not be possible in certain operating environments due to factors including the use of a firewall when accessing the Internet, the use of antivirus software, the use of a proxy server, or the lack of designation for TLS encrypted transmission.
- (3) When exercising your voting rights on a mobile phone, for security reasons, you cannot vote from a mobile phone that is incapable of TLS encrypted transmission or the transmission of phone ID information.
- (4) The exercise of voting rights via the Internet is possible until 6:00 p.m. on Monday, May 17, 2021, but please exercise your voting rights at an early opportunity, and if you have any questions, please contact the Help Desk described below in 5. "Inquiries."

2. Method of Exercising Voting Rights via the Internet

- (1) When using personal computers or mobile phones
 - On the Voting Rights Exercise Website (<https://evote.tr.mufg.jp/>) (in Japanese), please use the log-in ID and temporary password given on your Voting Rights Exercise Form and follow the on-screen instructions to indicate your approval or disapproval of each proposal.
 - To prevent unauthorized access by persons who are not qualified shareholders ("impersonation") and manipulation of voting details, please be aware that shareholders using this site will be asked to change their temporary passwords.
 - Every time a General Meeting of Shareholders is convened, new log-in IDs and temporary passwords will be issued.
- (2) When using smartphones
 - By reading the log-in QR code* shown on your Voting Rights Exercise Form with a smartphone, you will be automatically directed to the Voting Rights Exercise Website and be able to exercise your voting rights. (It is not necessary to enter the log-in ID and temporary password.)
*“QR code” is a registered trademark of DENSO WAVE INCORPORATED.
 - For security reasons, login with a QR code is permitted only once. From the second time, you will be required to enter the log-in ID and temporary password even when reading the QR code.
 - It might not be possible to log in with the QR code depending on your smartphone model. If you cannot log in with the QR code, please exercise your voting rights using the method described in 2. (1) "When using personal computers or mobile phones" above.

3. Treatment of Voting Rights Exercised Multiple Times

- (1) If voting rights are exercised in duplicate in writing (using the Voting Rights Exercise Form) and via the Internet, the vote submitted via the Internet shall be treated as valid.
- (2) If voting rights are exercised multiple times via the Internet, the final vote submitted shall be treated as valid. In instances where a shareholder exercises voting rights in duplicate via a computer, smartphone, or mobile phone, the final vote submitted shall be treated as valid.

4. Costs Incurred when Accessing the Voting Rights Exercise Website

Any costs incurred when accessing the Voting Rights Exercise Website (Internet connection fees, etc.) shall be borne by the shareholder. When using a mobile phone, etc. to vote, there will be costs such as packet communication fees or other fees for using the mobile phone, and these fees shall also be borne by the shareholder.

5. Inquiries

For inquiries on the use of a computer, etc., to exercise voting rights via the Internet, please contact the following.

Securities Business Division (Help Desk), Mitsubishi UFJ Trust and Banking Corporation
Phone (in Japanese): (0120) 173-027 (available from 9:00 a.m. to 9:00 p.m., toll free in Japan)

End

Reference Documents for the General Meeting of Shareholders

Proposals and References

Proposal 1: Appropriation of Surplus

The business environment surrounding the Company remains severe. However, based on stable and consistent profit returns to its shareholders, the Company proposes the year-end dividend for the fiscal year under review as described below in consideration of business performance, plans for new store openings and other factors.

1. Year-end dividend
 - (1) Type of dividend:
Cash dividend
 - (2) Matters related to the allocation of assets to be paid as dividends and the total amount of dividends:
The Company proposes paying a dividend of 12 yen per common share for a total of 747,583,308 yen. Combined with the interim dividend (11 yen per share), the total amount of the annual dividends for the fiscal year ended February 20, 2021 will be 23 yen per share.
 - (3) Effective date of payment of dividends from surplus:
May 19, 2021
2. Other matters related to the appropriation of surplus
 - (1) Item and amount of surplus to be increased:
General reserve: 6,735,000,000 yen
 - (2) Item and amount of surplus to be decreased:
Retained earnings brought forward: 6,735,000,000 yen

Proposal 2: Partial Amendments to the Articles of Incorporation

1. Reasons for the amendment

- (1) It is proposed that the Company transitions from a Company with an Audit & Supervisory Board to a Company with an Audit & Supervisory Committee with the aim of strengthening the oversight functions of the Board of Directors and further enhancing corporate governance. Necessary amendments will be made, including the establishment of new regulations pertaining to the Audit & Supervisory Committee and Audit & Supervisory Committee Members, and the abolition of regulations pertaining to the Audit & Supervisory Board and Audit & Supervisory Board Members.
- (2) A new regulation to limit the liability of Directors will be established to enable Directors to fully fulfil the roles expected of them. The consent of each Audit & Supervisory Board Member has been obtained for the establishment of this regulation.
- (3) Necessary amendments will be made to enable the Board of Directors to make decisions on matters such as payments of dividends from surplus in order to allow the flexible implementation of capital policies and dividend policies.
- (4) Amendments to the Articles of Incorporation contained in this Proposal will take effect at the conclusion of this Annual General Meeting of Shareholders.

2. Details of the Amendments

Details of the amendments are as follows.

(Amended parts are underlined.)

Current Articles of Incorporation	Proposed Amendments
Chapter I General Provisions	Chapter I General Provisions
Articles 1 to 3 (Omitted)	Articles 1 to 3 (Unchanged)
(Organs)	(Organs)
Article 4 In addition to the General Meeting of Shareholders and Directors, the Company shall establish the following organs. (1) Board of Directors (2) <u>Audit & Supervisory Board Members</u> (3) <u>Audit & Supervisory Board</u> (4) Accounting Auditor	Article 4 In addition to the General Meeting of Shareholders and Directors, the Company shall establish the following organs. (1) Board of Directors (2) <u>Audit & Supervisory Committee</u> (Deleted) (3) Accounting Auditor
Articles 5 to 18 (Omitted)	Articles 5 to 18 (Unchanged)
Chapter IV Directors and the Board of Directors	Chapter IV Directors and the Board of Directors
(Number of Directors)	(Number of Directors)
Article 19 The number of Directors of the Company shall not exceed <u>ten (10)</u> . (Newly established)	Article 19 The number of Directors of the Company <u>(excluding Directors serving as Audit & Supervisory Committee Members)</u> shall not exceed <u>seven (7)</u> . (2) <u>The number of Directors of the Company serving as Audit & Supervisory Committee Members shall not exceed four (4).</u>
(Method of Election)	(Method of Election)
Article 20 Directors shall be elected at the General Meeting of Shareholders. (2) (Omitted) (3) (Omitted) (Newly established)	Article 20 Directors shall be elected at the General Meeting of Shareholders, <u>differentiating Directors serving as Audit & Supervisory Committee Members from other Directors.</u> (2) (Unchanged) (3) (Unchanged) (4) <u>The effective term of a resolution concerning the election of Directors serving as substitute Audit & Supervisory Committee Members</u>

Current Articles of Incorporation	Proposed Amendments
<p>(Term of Office) Article 21 The terms of office of Directors shall expire upon the conclusion of the Annual General Meeting of Shareholders held with respect to the last business year ending within <u>two (2)</u> years following their election to office.</p> <p>(Newly established)</p> <p>(2) The terms of office of Directors elected to <u>increase the number of Directors</u> or as substitutes for Directors who retired prior to the expiration of their terms of office shall be the remainder of the terms of office of <u>other incumbent</u> Directors.</p> <p>(Representative Directors and Directors with Titles) Article 22 The Board of Directors shall, by resolution, elect Representative Directors.</p> <p>(2) The Board of Directors may, by resolution, elect President and Director and, as necessary, elect one (1) Chairman and Director and several Deputy Presidents and Directors, Senior Managing Directors and Managing Directors.</p> <p>Article 23 (Omitted)</p> <p>(Notice of Convocation of Meetings of the Board of Directors) Article 24 Notice of convocation of meetings of the Board of Directors shall be issued to each Director <u>and each Audit & Supervisory Board Member</u> at least three (3) days prior to the meeting.</p>	<p><u>shall expire upon the commencement of the Annual General Meeting of Shareholders held with respect to the last business year ending within two (2) years following their election to office.</u></p> <p>(Term of Office) Article 21 The terms of office of Directors <u>(excluding Directors serving as Audit & Supervisory Committee Members)</u> shall expire upon the conclusion of the Annual General Meeting of Shareholders held with respect to the last business year ending within <u>one (1)</u> year following their election to office.</p> <p>(2) The terms of office of Directors serving <u>as Audit & Supervisory Committee Members</u> shall expire upon the <u>conclusion of the Annual General Meeting of Shareholders held with respect to the last business year ending within two (2) years following their election to office.</u></p> <p>(3) The terms of office of Directors <u>serving as Audit & Supervisory Committee Members who have been elected as substitutes for Directors serving as Audit & Supervisory Committee Members</u> who retired prior to the expiration of their terms of office shall be the remainder of the terms of office of <u>the Directors serving as Audit & Supervisory Committee Members who retired.</u></p> <p>(Representative Directors and Directors with Titles) Article 22 The Board of Directors shall, by resolution, elect Representative Directors <u>from among Directors (excluding Directors serving as Audit & Supervisory Committee Members).</u></p> <p>(2) The Board of Directors may, by resolution, elect President and Director <u>from among Directors (excluding Directors serving as Audit & Supervisory Committee Members)</u> and, as necessary, elect one (1) Chairman and Director and several Deputy Presidents and Directors, Senior Managing Directors and Managing Directors.</p> <p>Article 23 (Unchanged)</p> <p>(Notice of Convocation of Meetings of the Board of Directors) Article 24 Notice of convocation of meetings of the Board of Directors shall be issued to each Director at least three (3) days prior to the meeting. However, in cases of urgent necessity, this period may be</p>

Current Articles of Incorporation	Proposed Amendments
<p>However, in cases of urgent necessity, this period may be shortened.</p> <p>(2) Meetings of the Board of Directors may be held without following the procedures for convocation with the unanimous agreement of Directors <u>and Audit & Supervisory Board Members.</u></p> <p>(Method of Resolution by the Board of Directors) Article 25 (Omitted)</p> <p>(2) The Company shall, when Directors unanimously agree on matters to be resolved by the Board of Directors, in writing or by electromagnetic record, deem such agreement to be the resolution of the Board of Directors. <u>However, this shall not apply if there is any objection by Audit & Supervisory Board Members.</u></p> <p>Article 26 (Omitted)</p> <p>(Newly established)</p> <p>(Newly established)</p> <p>Chapter V <u>Audit & Supervisory Board Members and Audit & Supervisory Board</u></p> <p>(Number of Audit & Supervisory Board Members) Article 27 <u>The number of Audit & Supervisory Board Members shall not exceed five (5).</u></p>	<p>shortened.</p> <p>(2) Meetings of the Board of Directors may be held without following the procedures for convocation with the unanimous agreement of Directors.</p> <p>(Method of Resolution by the Board of Directors) Article 25 (Unchanged)</p> <p>(2) The Company shall, when Directors unanimously agree on matters to be resolved by the Board of Directors, in writing or by electromagnetic record, deem such agreement to be the resolution of the Board of Directors.</p> <p>Article 26 (Unchanged)</p> <p>(Compensation, etc.) Article 27 <u>Property benefits received by Directors from the Company as compensation, bonuses, and other consideration for performance of duties shall be determined by resolution of the General Meeting of Shareholders, differentiating between Directors serving as Audit & Supervisory Committee Members and other Directors.</u></p> <p>(Exempting Directors from Liability) Article 28 <u>Pursuant to the provisions of Article 426, Paragraph 1 of the Companies Act, the Company may, by resolution of the Board of Directors, exempt Directors (including former Directors) from liability for damages due to negligence in the performance of their duties to the extent provided for by laws and regulations.</u></p> <p>(2) <u>Pursuant to the provisions of Article 427, Paragraph 1 of the Companies Act, the Company may enter into agreements with Directors (excluding Directors who are Executive Directors, etc.) to limit their liability for damages due to negligence in the performance of their duties. However, the limit of the liability under such agreements shall be the amount provided for by laws and regulations.</u></p> <p>Chapter V <u>Audit & Supervisory Committee</u></p> <p>(Deleted)</p>

Current Articles of Incorporation	Proposed Amendments
<p><u>(Method of Election)</u></p> <p><u>Article 28</u> <u>Audit & Supervisory Board Members shall be elected at the General Meeting of Shareholders.</u></p> <p><u>(2) The resolution for the election of Audit & Supervisory Board Members requires presence at the General Meeting of Shareholders by shareholders holding shares representing one-third or more of the voting rights of shareholders who may exercise voting rights, and shall be adopted by a majority thereof.</u></p>	(Deleted)
<p><u>(Term of Office)</u></p> <p><u>Article 29</u> <u>The terms of office of Audit & Supervisory Board Members shall expire upon the conclusion of the Annual General Meeting of Shareholders held with respect to the last business year ending within four (4) years following their election to office.</u></p> <p><u>(2) The terms of office of Audit & Supervisory Board Members who have been elected as substitutes for Audit & Supervisory Board Members who retired prior to the expiration of their terms of office shall be the remainder of the terms of office of the Audit & Supervisory Board Members who retired.</u></p>	(Deleted)
<p><u>(Full-time Audit & Supervisory Board Members)</u></p> <p><u>Article 30</u> <u>The Audit & Supervisory Board shall elect Full-time Audit & Supervisory Board Members from among Audit & Supervisory Board Members.</u></p>	(Deleted)
<p><u>(Notice of Convocation of Meetings of the Audit & Supervisory Board)</u></p> <p><u>Article 31</u> <u>Notice of convocation of meetings of the Audit & Supervisory Board shall be issued to each Audit & Supervisory Board Member at least three (3) days prior to the meeting. However, in cases of urgent necessity, this period may be shortened.</u></p> <p><u>(2) Meetings of the Audit & Supervisory Board may be held without following the procedures for convocation with the unanimous agreement of Audit & Supervisory Board Members.</u></p>	(Deleted)
<p><u>(Method of Resolution by the Audit & Supervisory Board)</u></p> <p><u>Article 32</u> <u>Resolutions of the Audit & Supervisory Board shall, unless otherwise stipulated by laws and regulations, be adopted by a majority of Audit & Supervisory Board Members.</u></p>	(Deleted)

Current Articles of Incorporation	Proposed Amendments
<p>(Audit & Supervisory Board Rules)</p> <p><u>Article 33</u> <u>Matters relating to the Audit & Supervisory Board shall be governed by the Audit & Supervisory Board Rules established by the Audit & Supervisory Board, in addition to laws and regulations, and the Articles of Incorporation.</u></p> <p>(Newly established)</p> <p>(Newly established)</p> <p>(Newly established)</p> <p>Chapter VI. Accounts</p> <p>Article <u>34</u> (Omitted)</p> <p>(Year-end Dividend)</p> <p><u>Article 35</u> <u>The Company may, by resolution of the General Meeting of Shareholders, pay monetary dividends from surplus (hereinafter, "Year-end Dividend") to shareholders or registered share pledgees listed or recorded in the latest shareholder registry as of February 20 each year.</u></p>	<p>(Deleted)</p> <p>(Notice of Convocation of Meetings of the Audit & Supervisory Committee)</p> <p><u>Article 29</u> <u>Notice of convocation of meetings of the Audit & Supervisory Committee shall be issued to each Audit & Supervisory Committee Member at least three (3) days prior to the meeting. However, in cases of urgent necessity, this period may be shortened.</u></p> <p><u>(2) Meetings of the Audit & Supervisory Committee may be held without following the procedures for convocation with the unanimous agreement of Audit & Supervisory Committee Members.</u></p> <p>(Method of Resolution by the Audit & Supervisory Committee)</p> <p><u>Article 30</u> <u>Resolutions of the Audit & Supervisory Committee of the Company require the presence of a majority of Audit & Supervisory Committee Members entitled to participate in the vote, and shall be adopted by a majority thereof.</u></p> <p><u>(2) Audit & Supervisory Committee Members who have a special interest in the resolutions set forth in the preceding paragraph are not eligible to participate in the vote.</u></p> <p>(Audit & Supervisory Committee Rules)</p> <p><u>Article 31</u> <u>Matters relating to the Audit & Supervisory Committee shall be governed by the Audit & Supervisory Committee Rules established by the Audit & Supervisory Committee, in addition to laws and regulations, and the Articles of Incorporation.</u></p> <p>Chapter VI. Accounts</p> <p>Article <u>32</u> (Unchanged)</p> <p>(Deleted)</p>

Current Articles of Incorporation	Proposed Amendments
<p>(Newly established)</p> <p>(Interim Dividend Payment) Article <u>36</u> The Company may, by resolution of the Board of Directors, make payment of dividends from surplus as stipulated in Article 454, Paragraph 5 of the Companies Act (hereinafter, “Interim Dividend Payment”) to shareholders or registered share pledgees listed or recorded in the latest shareholder registry as of August 20 each year.</p> <p>(Newly established)</p> <p>(Expiration Period for Dividend) Article <u>37</u> In the event that the <u>Year-end Dividend and Interim Dividend Payment are not collected within three (3) years from the payment commencement date</u>, the Company shall be exempt from its obligation to make the payment.</p> <p>(2) (Omitted)</p>	<p><u>(Organs Determining Payment of Dividends from Surplus, etc.)</u> Article <u>33</u> The Company may, by resolution of the Board of Directors, determine matters stipulated in each item of Article 459, Paragraph 1 of the Companies Act, including payment of dividends from surplus, etc., unless otherwise provided for by laws and regulations.</p> <p>(Interim Dividend) Article <u>34</u> The Company may, by resolution of the Board of Directors, make payment of dividends from surplus as stipulated in Article 454, Paragraph 5 of the Companies Act (hereinafter, “Interim Dividend”) to shareholders or registered share pledgees listed or recorded in the latest shareholder registry as of August 20 each year.</p> <p><u>(Record Date for Payment of Dividends from Surplus, etc.)</u> Article <u>35</u> The record date for the <u>Year-end Dividend of the Company shall be February 20 each year.</u> (2) <u>The record date for the Interim Dividend of the Company shall be August 20 each year.</u> (3) <u>The Company may establish a record date and pay dividends from surplus in addition to the preceding two paragraphs.</u></p> <p>(Expiration Period for Dividend) Article <u>36</u> In the event that the <u>type of dividend is cash</u>, the Company shall be exempt from its obligation to make the payment <u>if it is not collected within three (3) years from the payment commencement date.</u></p> <p>(2) (Unchanged)</p>

Proposal 3: Election of Five (5) Directors (Excluding Directors Serving as Audit & Supervisory Committee Members)

Subject to the approval of Proposal 2: Partial Amendments to the Articles of Incorporation, the Company will transition to a Company with an Audit & Supervisory Committee. The terms of office of all seven (7) Directors will expire at the conclusion of this Annual General Meeting of Shareholders. Accordingly, the election of five (5) Directors (excluding Directors serving as Audit & Supervisory Committee Members) is proposed.

This Proposal will take effect provided that the amendments to the Articles of Incorporation contained in Proposal 2: Partial Amendments to the Articles of Incorporation become effective.

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

Candidate No.	Name (Date of birth)	Career summary, positions, responsibilities and significant concurrent positions	Number of shares of the Company held
1	Yoshifumi Ohmura (February 7, 1955)	<p>March 1979 Completed master's degree at Graduate School of Engineering, Kyoto University</p> <p>April 1979 Joined Sanyo Special Steel Co., Ltd.</p> <p>September 1985 Joined the Company</p> <p>Director</p> <p>April 1990 Senior Managing Director</p> <p>May 1996 Deputy President and Representative Director</p> <p>May 2000 President and Representative Director</p> <p>August 2020 Chairman and Representative Director (to present)</p> <p>[Significant concurrent positions]</p> <p>President and Representative Director, Yuko Estate Co., Ltd.</p>	4,846,988
		<p>[Reasons for nomination as a candidate for Director]</p> <p>Mr. Yoshifumi Ohmura has directed the management of the Company during his tenure as President with strong leadership skills, and has grown the Company into one of the largest specialty store chains for baby and children's products in Japan. Following his appointment as Chairman, he has been involved in the management of the Company by providing appropriate advice and support to his successor President. The Company has judged that his wealth of experience and insight as a manager will continue to be essential for the growth of the Company, and proposes him as a candidate for Director.</p>	

Candidate No.	Name (Date of birth)	Career summary, positions, responsibilities and significant concurrent positions	Number of shares of the Company held
2	Koichi Ohmura (October 31, 1987)	<p>March 2010 Graduated from Faculty of Law, The University of Tokyo</p> <p>April 2010 Joined Mizuho Bank, Ltd.</p> <p>March 2014 Joined the Company</p> <p>May 2018 Manager of Corporate Planning Office</p> <p>August 2018 Manager of Corporate Planning Office and Deputy Manager of Store Operations Headquarters</p> <p>January 2019 Executive Officer, Manager of President's Assistant Office</p> <p>February 2019 Executive Officer, Manager of President's Assistant Office and Manager of Product Audit Department</p> <p>May 2019 Director, Executive Officer, Manager of President's Assistant Office and Manager of Product Audit Department</p> <p>June 2019 Director, Executive Officer, Manager of President's Assistant Office, Contoller and Manager of Product Audit Department</p> <p>January 2020 Director, Senior Executive Officer and Manager of President's Assistant Office</p> <p>August 2020 President and Representative Director (to present)</p>	3,752,400
<p>[Reasons for nomination as a candidate for Director]</p> <p>After joining the Company Mr. Koichi Ohmura gained a wide experience in the main operations of the Company. He had been assisting the previous President since assuming office as Manager of President's Assistant Office, and has engaged in management of the Company. During his tenure as Senior Executive Officer, he was in effect in charge of the business executed as the President and the results of the reforms he undertook in inventory and purchasing management were reflected in strong performance of the Company for the fiscal year under review. Since assuming office as President, he has been leading the management of the Company while strengthening the Internet sales business and overseas business. The Company has judged that his extensive knowledge, business execution capabilities and his ability to respond to change will continue to be essential for the management of the Company, and proposes him as a candidate for Director.</p>			

Candidate No.	Name (Date of birth)	Career summary, positions, responsibilities and significant concurrent positions	Number of shares of the Company held
3	Kazunori Sakamoto (August 27, 1958)	<p>March 1983 Completed master's degree at Graduate School of Engineering, Hiroshima University</p> <p>April 1983 Joined Matsushita Electric Industrial Co., Ltd. (currently Panasonic Corporation)</p> <p>July 2014 Joined the Company</p> <p>August 2014 Manager of Toy Product Department, Childcare Product Headquarters, Product Headquarters</p> <p>June 2015 Deputy Manager of Childcare Product Headquarters, Product Headquarters and Manager of Toy Product Department</p> <p>August 2017 Manager of Store Operations Headquarters</p> <p>September 2017 Executive Officer, Manager of Store Operations Headquarters</p> <p>May 2018 Director, Executive Officer, Manager of Store Operations Headquarters</p> <p>May 2019 Director, Managing Executive Officer, Manager of Store Operations Headquarters</p> <p>October 2020 Director, Managing Executive Officer, Manager of Store Operations Headquarters and Manager of West Japan Store Management Business Department</p> <p>March 2021 Director, Managing Executive Officer, Manager of Store Operations Headquarters (to present)</p>	-
		<p>[Reasons for nomination as a candidate for Director]</p> <p>Mr. Kazunori Sakamoto worked vigorously as a manager on the purchase of toys and other childcare products after joining the Company. At present, he directs and supervises store business operations as Manager of Store Operations Headquarters, and has achieved great results in areas such as reducing store management costs, including through staffing optimization, and improving the profitability of the Internet sales business. The Company has judged that his extensive insight and experience will continue to be essential for the management of the Company, and proposes him as a candidate for Director.</p>	

Candidate No.	Name (Date of birth)	Career summary, positions, responsibilities and significant concurrent positions	Number of shares of the Company held
4	Yoshiaki Ohmura (November 17, 1959)	<p>March 1983 Graduated from Faculty of Engineering, Kyoto University</p> <p>April 1983 Joined Fujitsu Limited</p> <p>January 1991 Joined Shirahama Cast Iron Industrial Co., Ltd.</p> <p>November 2000 Joined Oyama Trading Co., Ltd. (currently Oyama Co., Ltd.)</p> <p>June 2015 Joined the Company</p> <p>September 2015 Manager of Business System Reformation Department, Administrative Headquarters</p> <p>February 2017 Executive Officer, Manager of Business System Reformation Department</p> <p>April 2017 Executive Officer, Deputy Manager of Product Headquarters and Manager of Business System Reformation Department</p> <p>February 2018 Executive Officer, President's Office (in charge of Shin-Osaka Headquarters) and Manager of Business System Reformation Department</p> <p>May 2018 Director, Executive Officer, Manager of Product Headquarters</p> <p>September 2019 Director, Executive Officer, Manager of Product Headquarters and Manager of Clothing Product Business Department</p> <p>January 2020 Director, Executive Officer, Manager of President's Office</p> <p>May 2020 Director, Executive Officer, Manager of President's Office and in charge of Logistics Department</p> <p>June 2020 Director, Executive Officer, Manager of President's Office, in charge of Logistics Department and in charge of Global Business Promotion Department (to present)</p>	22,106
		<p>[Reasons for nomination as a candidate for Director]</p> <p>Mr. Yoshiaki Ohmura significantly promoted the optimization and streamlining of work procedures at stores after joining the Company. He subsequently directed and supervised the development, purchase and sales of products as Manager of Product Headquarters. At present, he is directing and supervising logistics section and overseas business and is achieving great results in logistics cost reductions and the development of overseas customers while supporting the President as Manager of President's Office. The Company has judged that his wealth of experience and knowledge will continue to be essential for the management of the Company, and proposes him as a candidate for Director.</p>	

Candidate No.	Name (Date of birth)	Career summary, positions, responsibilities and significant concurrent positions	Number of shares of the Company held
5*	Yoshito Ishii (November 13, 1961)	<p>March 1984 Graduated from Faculty of Commerce and Economics, Kobe University of Commerce (currently University of Hyogo)</p> <p>April 1984 Joined the Company</p> <p>September 2008 Manager of No. 3 Product Development Department, Product Development Headquarters</p> <p>July 2010 Manager of Purchase Order Audit Office, Product Development Headquarters</p> <p>June 2011 Manager of No. 4 Product Department, Product Development Headquarters</p> <p>February 2013 Manager of Store Operations Department, Store Operations Headquarters</p> <p>February 2016 Manager of Kinki and Tokai Store Development Department, West Japan Store Development Business Department, Store Development Headquarters</p> <p>January 2017 Manager of West Japan Store Development Business Department and Manager of Kinki and Tokai Store Development Department</p> <p>February 2018 Executive Officer, Manager of West Japan Store Development Business Department</p> <p>November 2020 Executive Officer, Manager of West Japan and Hokkaido Store Development Business Department (to present)</p>	25,920
<p>[Reasons for nomination as a candidate for Director]</p> <p>Mr. Yoshito Ishii experienced the main operations of the Company, including product development, purchasing and sales, store management and store openings, after joining the Company. At present, he directs and supervises the opening of new stores in West Japan and Hokkaido as Manager of West Japan and Hokkaido Store Development Business Department, and has achieved great results in areas such as promoting the transition to large-scale stores. The Company has judged that his wealth of experience and insight is essential for the management of the Company in the future, and proposes him as a new candidate for Director.</p>			

(Notes)

1. “*” indicates a newly appointed candidate for Director.
2. There are no special interests between the candidates for Director and the Company.
3. The Company has entered into a contract with an insurance company for directors and officers liability insurance for which each candidate is included as an insured party as stipulated in Article 430-3, Paragraph 1 of the Companies Act. Under this insurance contract, compensation for damages, litigation costs and other expenses incurred by the insured party due to claims for damages resulting from any act (including omissions) based on the position of the insured party as directors and officers of a company, shall be covered. If this Proposal is approved as originally proposed, each candidate will continue to be included in said insurance contract as an insured party. The Company plans to renew said insurance contract during the candidates’ terms of office.

Proposal 4: Election of Three (3) Directors Serving as Audit & Supervisory Committee Members

Subject to the approval of Proposal 2: Partial Amendments to the Articles of Incorporation, the Company will transition to a Company with an Audit & Supervisory Committee. Accordingly, the election of three (3) Directors serving as Audit & Supervisory Committee Members is proposed.

The prior consent of the Audit & Supervisory Board has been obtained for this Proposal.

This Proposal will take effect provided that the amendments to the Articles of Incorporation contained in Proposal 2: Partial Amendments to the Articles of Incorporation become effective.

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

Candidate No.	Name (Date of birth)	Career summary, positions, responsibilities and significant concurrent positions	Number of shares of the Company held
1	Hidefumi Sugao (August 31, 1947)	<div>March 1972 Graduated from Faculty of Law, Hitotsubashi University</div> <div>March 1976 Graduated from Faculty of Social Sciences, Hitotsubashi University</div> <div>June 1982 Established SUGAO LAW OFFICE (currently SUGAO IWAMI LAW OFFICE) (to present)</div> <div>May 1994 Director, the Company (to present)</div> <div>June 2007 External Auditor, Sawai Pharmaceutical Co., Ltd.</div> <div>June 2012 External Director, Sawai Pharmaceutical Co., Ltd.</div> <div>June 2019 Retired as External Director, Sawai Pharmaceutical Co., Ltd.</div> <div>[Significant concurrent positions]</div> <div>Head, SUGAO IWAMI LAW OFFICE (Attorney)</div>	24,500
		<div>[Reasons for nomination as a candidate for Outside Director and outline of expected roles]</div> <div>The Company proposes Mr. Hidefumi Sugao as a candidate for Outside Director, because it has judged that he will be able to carry out the duties of Director serving as Audit & Supervisory Committee Member appropriately drawing on his wealth of experience and expertise as a lawyer, and he is also expected to contribute to strengthening the oversight functions of the Board of Directors and provide advice to management from an independent position from the management team. The term of office of Mr. Sugao as Outside Director of the Company will be twenty-seven (27) years at the conclusion of this Annual General Meeting of Shareholders.</div>	

Candidate No.	Name (Date of birth)	Career summary, positions, responsibilities and significant concurrent positions	Number of shares of the Company held
2	Satoshi Hamada (October 3, 1952)	<p>March 1976 Graduated from Faculty of Commerce and Management, Hitotsubashi University</p> <p>April 1976 Joined Chuo Audit Corporation</p> <p>August 1981 Joined Asahi & Co. (currently KPMG AZSA LLC)</p> <p>September 1984 Established Certified Public Accounting Firm Satoshi Hamada Business Accounting (to present)</p> <p>May 1994 Audit & Supervisory Board Member, the Company</p> <p>June 2005 External Statutory Auditor, WDB Co., Ltd. (currently WDB Holdings Co., Ltd.)</p> <p>September 2014 Established Certified Tax Accounting Firm Hamada Accounts (to present)</p> <p>June 2015 Outside Corporate Auditor, GLORY LTD.</p> <p>May 2016 Director, the Company (to present)</p> <p>June 2018 External Director, WDB Holdings Co., Ltd. (Audit and Supervisory Committee Member) (to present)</p> <p>June 2020 Outside Director (Audit & Supervisory Committee Member), GLORY LTD. (to present)</p> <p>[Significant concurrent positions]</p> <p>Head, Satoshi Hamada Business Accounting (Certified Public Accountant)</p> <p>Representative Partner, Certified Tax Accounting Firm Hamada Accounts (Certified Tax Accountant)</p> <p>External Director, WDB Holdings Co., Ltd. (Audit and Supervisory Committee Member)</p> <p>Outside Director (Audit & Supervisory Committee Member), GLORY LTD.</p>	-
		<p>[Reasons for nomination as a candidate for Outside Director and outline of expected roles]</p> <p>The Company proposes Mr. Satoshi Hamada as a candidate for Outside Director because it has judged that he will be able to carry out the duties of Director serving as Audit & Supervisory Committee Member appropriately drawing on his wealth of experience and expertise as a certified public accountant and certified tax accountant, and he is also expected to contribute to strengthening the oversight functions of the Board of Directors and provide advice to management from an independent position from the management team. The term of office of Mr. Hamada as Outside Director of the Company will be five (5) years at the conclusion of this Annual General Meeting of Shareholders.</p>	

Candidate No.	Name (Date of birth)	Career summary, positions, responsibilities and significant concurrent positions	Number of shares of the Company held
3	Kaoru Mori (May 16, 1961)	<p>March 1984 Graduated from Faculty of Economics, Keio University</p> <p>October 1986 Joined Chuo Audit Corporation</p> <p>September 1993 Joined Mitsuo Hasegawa Tax Accountant Office (currently San Tax Corporation)</p> <p>January 2006 Head, Hasegawa Mori Accounting Firm (currently San Tax Corporation)</p> <p>March 2010 External Auditor, Fukushin Electric Co., Ltd. (to present)</p> <p>May 2016 Audit & Supervisory Board Member, the Company (to present)</p> <p>July 2018 Established San Tax Corporation</p> <p>June 2019 Representative Partner, San Tax Corporation (to present)</p> <p>[Significant concurrent positions] Representative Partner, San Tax Corporation (Certified Public Accountant and Certified Tax Accountant) External Auditor, Fukushin Electric Co., Ltd.</p>	-
		<p>[Reasons for nomination as a candidate for Outside Director and outline of expected roles] The Company proposes Ms. Kaoru Mori as a candidate for Outside Director because it has judged that she will be able to carry out the duties of Director serving as Audit & Supervisory Committee Member appropriately drawing on her expertise as a certified public accountant and certified tax accountant, and she is also expected to contribute to strengthening the oversight functions of the Board of Directors and provide advice to management from an independent position from the management team. The term of office of Ms. Mori as Outside Audit & Supervisory Board Member of the Company will be five (5) years at the conclusion of this Annual General Meeting of Shareholders.</p>	

(Notes)

1. All candidates are new candidates for Director serving as Audit & Supervisory Committee Members.
2. All candidates are candidates for Outside Director, and the Company designated them as independent officers prescribed by the Tokyo Stock Exchange and has registered them with the Exchange.
3. The term of office of Audit & Supervisory Board Member Ms. Kaoru Mori will expire when the amendments to the Articles of Incorporation contained in Proposal 2: Partial Amendments to the Articles of Incorporation become effective.
4. There are no special interests between the candidates and the Company.
5. The Company holds shares in GLORY LTD., for which Mr. Satoshi Hamada serves as Outside Director (Audit & Supervisory Committee Member), but the shareholding ratio is less than one (1) percent. Likewise, the shareholding ratio of the Company's shares held by GLORY LTD. is less than one (1) percent.
6. The Company has entered into a contract with an insurance company for directors and officers liability insurance for which each candidate is included as an insured party as stipulated in Article 430-3, Paragraph 1 of the Companies Act. Under this insurance contract, compensation for damages, litigation costs and other expenses incurred by the insured party due to claims for damages resulting from any act (including omissions) based on the position of the insured party as directors and officers of a company, shall be covered. If this Proposal is approved as originally proposed, each candidate will continue to be included in said insurance contract as an insured party. The Company plans to renew said insurance contract during the candidates' terms of office.

Proposal 5: Determination of the Amount of Compensation, etc. for Directors (Excluding Directors Serving as Audit & Supervisory Committee Members)

At the 40th Annual General Meeting of Shareholders held on May 20, 1996, approval was granted for the amount of compensation, etc. for Directors to be set at a maximum of 200,000,000 yen per annum, effective to the present. However, if Proposal 2: Partial Amendments to the Articles of Incorporation is approved as originally proposed, the Company will transition to a Company with an Audit & Supervisory Committee at the conclusion of this Annual General Meeting of Shareholders.

Accordingly, it is proposed that the current upper limit of compensation, etc. for Directors be abolished and the amount of compensation, etc. for Directors (excluding Directors serving as Audit & Supervisory Committee Members) be set at a maximum of 300,000,000 yen per annum, and that decisions concerning the details of individual compensation, etc. for Directors (excluding Directors serving as Audit & Supervisory Committee Members) be delegated to the Board of Directors.

Currently, under the policy for determining the details of individual compensation, etc. for Directors, the Company determines the amount of individual monetary compensation for Directors engaged in the execution of business in consideration of matters such as each Director's position, business performance of department for which he or she is in charge and the overall company. No change to this policy is planned even after the transition to a Company with an Audit & Supervisory Committee.

The Company believes that the amount of compensation, etc. for Directors (excluding Directors serving as Audit & Supervisory Committee Members) requested in this Proposal is appropriate, taking into consideration matters such as the method of calculating individual monetary compensation stipulated under said policy, the number of people to receive payment, effective compensation levels in order to retain and secure diverse and excellent human resources, and the financial condition of the Company.

At present, there are seven (7) Directors (including two (2) Outside Directors). However, if Proposal 2: Partial Amendments to the Articles of Incorporation and Proposal 3: Election of Five (5) Directors (Excluding Directors Serving as Audit & Supervisory Committee Members) are approved as originally proposed, the number of Directors (Excluding Directors serving as Audit & Supervisory Committee Members) will be five (5).

This Proposal will take effect provided that the amendments to the Articles of Incorporation contained in Proposal 2: Partial Amendments to the Articles of Incorporation become effective.

Proposal 6: Determination of the Amount of Compensation, etc. for Directors Serving as Audit & Supervisory Committee Members

If Proposal 2: Partial Amendments to the Articles of Incorporation is approved as originally proposed, the Company will transition to a Company with an Audit & Supervisory Committee at the conclusion of this Annual General Meeting of Shareholders.

Accordingly, it is proposed that the upper limit of compensation, etc. for Directors serving as Audit & Supervisory Committee Members be set at a maximum of 30,000,000 yen per annum.

The Company believes that the amount of compensation, etc. requested in this Proposal is appropriate, taking into consideration that the amount of compensation, etc. for the current three (3) Audit & Supervisory Board Members (including two (2) Outside Audit & Supervisory Board Members) was set at a maximum of 30,000,000 yen per annum by resolution of the 49th Annual General Meeting of Shareholders held on May 17, 2005, and in view of matters such as the responsibilities of Audit & Supervisory Committee Members.

If Proposal 2: Partial Amendments to the Articles of Incorporation and Proposal 4: Election of Three (3) Directors Serving as Audit & Supervisory Committee Members are approved as originally proposed, the number of Directors serving as Audit & Supervisory Committee Members will be three (3), including three (3) Outside Directors.

This Proposal will take effect provided that the amendments to the Articles of Incorporation contained in Proposal 2: Partial Amendments to the Articles of Incorporation become effective.

Proposal 7: Continuation of Policy for Responding to a Large-scale Purchase of the Company's Share Certificates, etc. (Takeover Defense Measures)

At the Company's Board of Directors' meeting held on September 30, 2014, the Company resolved to introduce measures to respond to a large-scale purchase of the Company's share certificates, etc. (takeover defense measures), as basic policies on persons who control the decisions on the Company's financial and business policies (as defined in Article 118, Item 3 of the Ordinance for Enforcement of the Companies Act; the "Basic Policies") and measures to prevent decisions on the Company's financial and business policies from being controlled by a person inappropriate in light of the Basic Policies (as defined in Article 118, Item 3 (b) 2 of the Ordinance for Enforcement of the Companies Act), in order to protect and enhance the Company's corporate value and shareholders' common interests.

At the 59th Annual General Meeting of Shareholders of the Company held on May 12, 2015 and the 62nd Annual General Meeting of Shareholders of the Company held on May 15, 2018 (the "62nd Annual General Meeting of Shareholders"), the Company received shareholders' approval and thus continued these measures (hereinafter, the measures to respond to a large-scale purchase of the Company's share certificates, etc. (takeover defense measures), approved by shareholders at the 62nd Annual General Meeting of Shareholders are referred to as "this Plan"), while the effective period of this Plan is up to the conclusion of the 65th Annual General Meeting of Shareholders of the Company to be held in May 2021 ("this General Meeting of Shareholders").

The Company has continued to consider the best option for this Plan, including whether or not to continue this Plan, as a measure for protecting and enhancing the Company's corporate value and shareholders' common interests, taking into consideration changes in social and economic trends, and various trends and the progress of discussions surrounding takeover defense measures.

As a result, at the Company's Board of Directors' meeting held on April 16, 2021, the Company confirmed its intention to continue the Basic Policies, and also resolved to continue this Plan as follows, as a measure to prevent decisions on the Company's financial and business policies from being controlled by a person inappropriate in light of the Basic Policies, subject to receiving shareholders' approval at this General Meeting of Shareholders.

Accordingly, we request shareholders' approval on the continuation of this Plan.

Furthermore, all Audit & Supervisory Board Members of the Company, including Outside Audit & Supervisory Board Members, attended the Company's Board of Directors' meeting on April 16, 2021, when it was resolved to continue takeover defense measures under this Plan, and all Audit & Supervisory Board Members expressed views approving the continuation of takeover defense measures under this Plan, subject to the specific implementation of this Plan being appropriately conducted.

In addition, the status of major the Company's shareholders as of February 20, 2021 is as shown in Reference Document 1 "Status of Major Shareholders," and at present, the Company has not received any notification or proposal, etc. on a large-scale purchase for the Company's share certificates, etc. from any specific third party.

1. Purpose of the continuation of this Plan

This Plan shall be continued with the objective of protecting and enhancing the Company's corporate value and shareholders' common interests, in accordance with the Basic Policies.

As set forth in the Basic Policies, the Company's Board of Directors believes that persons conducting a large-scale purchase of the Company's share certificates, etc., that will not contribute to the Company's corporate value and shareholders' common interests are inappropriate as persons controlling decisions on the Company's financial and business policies. In order to prevent decisions on the Company's financial and business policies being controlled by such an inappropriate person, and stop any large-scale purchases of share certificates, etc., that will run counter to the Company's corporate value and shareholders' common interests, the Company believes that it is necessary to ensure certain processes, namely to request the provision of necessary and sufficient information from the person conducting the large-scale purchase, to appropriately assess the effect of the purchase on the Company's corporate value and shareholders' common interests; for the Company's Board of Directors to evaluate and consider the effect of the business and management policies, etc., presented by the person conducting the large-scale purchase on the Company's corporate value and shareholders' common interests, and provide the results as reference for the judgment of shareholders; for the Company's Board of Directors to engage in negotiations and consultations with the person conducting the large-scale purchase regarding the Company's business and management policies, etc., and for the Company's Board of Directors to present an alternative proposal regarding business and management policies, etc., to shareholders, in addition to activating countermeasures against a large-scale purchase of the Company's share certificates, etc., in certain cases,

in order to prevent irreparable harm to the Company's corporate value and shareholders' common interests.

Furthermore, as of February 20, 2021, 31.69% of the total number of shares issued are held by Mr. Yoshifumi Ohmura, Chairman and Representative Director of the Company, asset management companies under his direct control, Koichi Ohmura, President and Representative Director of the Company and their relatives, etc. However, as a public company, the transfer of the Company's share certificates, etc., and the exercise of rights, including voting rights, are subject to the free shareholder will, and therefore the exercise of voting rights is conducted based on the judgment of individual shareholders, and may be transferred, succeeded to, or otherwise disposed of owing to the individual shareholders' will and circumstances, and so there is a possibility that diversification may progress in future, and future stability is not guaranteed.

In addition, there is a high likelihood that management expertise, etc. regarding the Company's unique business model of creating a chain of specialty stores for infants' and children's necessities, etc., may be exposed to the risk of a potential acquisition in future.

Taking these circumstances into consideration, it cannot be denied that there is a possibility of a large-scale purchase of the Company's share certificates, etc., being conducted in future that will harm corporate value and shareholders' common interests, and the Company's Board of Directors believes that, in the event of a large-scale purchase, the importance of securing the necessary information and time is no different from other companies, and therefore it is necessary to keep these prior measures in place.

For the above reasons, the Company has decided to continue this Plan, which establishes certain rules (the "Large-scale Purchase Rules") regarding the provision of information, etc., in the event that a large-scale purchase of share certificates, etc., is proposed, in order to ensure that any large-scale purchase of the Company's share certificates, etc., is conducted in accordance with certain reasonable rules, in addition to establishing procedures, etc., for activating countermeasures as a measure to prevent decisions on the Company's financial and business policies being controlled by a person inappropriate in light of the Basic Policies, in the event that a large-scale purchase is conducted by such a person.

2. Overview of this Plan

This Plan establishes rules in regard to purchases of share certificates, etc. (Note 1), issued by the Company whereby the total ownership ratio of share certificates, etc. (Note 4), of the holder (Note 2) and any joint holders (Note 3) will be 20% or more, any tender offer (Note 6) of share certificates, etc. (Note 5), issued by the Company whereby the total ownership ratio of share certificates, etc. (Note 8), of the person conducting the tender offer and any specially related parties (Note 7) will be 20% or more, or any agreement, etc., with other the Company's shareholders whereby, as a result, the total ownership ratio of share certificates, etc., of the holder and any joint holders will be 20% or more (refers to an agreement to jointly acquire or transfer the Company's share certificates, etc. (Note 9), or exercise voting rights or other rights as the Company's shareholders, and any other actions that constitute joint holders as defined in Article 27-23, Paragraph 5 and Paragraph 6 of the Financial Instruments and Exchange Act) (excludes those that have been approved by the Company's Board of Directors in advance; hereinafter, these actions are referred to as "large-scale purchases," and persons conducting a large-scale purchase are referred to as a "large-scale purchaser"). In order to ensure necessary and sufficient time and information for shareholders to make an appropriate judgment regarding whether or not to accept such a large-scale purchase, these rules enable the Company's Board of Directors to request the advance submission of information regarding the large-scale purchase (defined in 3. (1) b) "Provision of information" below) from a large-scale purchaser, evaluate and consider the large-scale purchase, negotiate the terms of the purchase, etc., with the large-scale purchaser, or present an alternative proposal to shareholders, etc., in addition to activating a gratis allotment of subscription rights to shares or other countermeasures recognized as appropriate at that time against the large-scale purchase, while respecting the recommendation of the Independent Panel to the maximum extent possible (please refer to the 3. (3) a) "Establishment of the Independent Panel" below for more information).

In addition, under this Plan, if the Company's Board of Directors judges that it is appropriate for practical reasons to directly confirm the shareholder will, in addition to consulting the Independent Panel, or if the Independent Panel recommends that a General Meeting of Shareholders be held, then a General Meeting of Shareholders shall be held for activating countermeasures, and the judgment of whether or not to activate the countermeasures shall be entrusted to the shareholder will.

In accordance with the Large-scale Purchase Rules, the large-scale purchaser may not commence the large-scale purchase until a resolution has been made regarding whether or not to activate the countermeasures at the Company's Board of Directors' meeting or the General Meeting of Shareholders.

Please refer to Reference Document 2 "Overview of this Plan" regarding the procedures of this Plan.

- Note 1 Share certificates, etc.: Refers to share certificates, etc., as defined in Article 27-23, Paragraph 1 of the Financial Instruments and Exchange Act.
- Note 2 Holder: Refers to a holder as defined in Article 27-23, Paragraph 1 of the Financial Instruments and Exchange Act, and includes persons deemed holders pursuant to Paragraph 3 of the same, and persons to whom the Company's Board of Directors recognizes that this applies.
- Note 3 Joint holder: Refers to a joint holder as defined in Article 27-23, Paragraph 5 of the Financial Instruments and Exchange Act, and includes persons deemed joint holders pursuant to Paragraph 6 of the same, and persons to whom the Company's Board of Directors recognizes that this applies.
- Note 4 Ownership ratio of share certificates, etc.: Refers to the ownership ratio of share certificates, etc., as defined in Article 27-23, Paragraph 4 of the Financial Instruments and Exchange Act. Furthermore, when calculating the ownership ratio of share certificates, etc., the most recently submitted document from among the annual securities report, quarterly securities report, and report on repurchase may be referred to in regard to the total number of shares issued (refers to the total number of shares issued defined in the same Paragraph).
- Note 5 Share certificates, etc.: Refers to share certificates, etc., as defined in Article 27-2, Paragraph 1 of the Financial Instruments and Exchange Act.
- Note 6 Tender offer: Refers to a tender offer as defined in Article 27-2, Paragraph 6 of the Financial Instruments and Exchange Act.
- Note 7 Specially related party: Refers to a specially related party as defined in Article 27-2, Paragraph 7 of the Financial Instruments and Exchange Act, and persons to whom the Company's Board of Directors recognizes that this applies. However, in regard to persons listed in Item 1 of the same, this excludes persons defined in Article 3, Paragraph 2 of the Cabinet Office Ordinance on Disclosure Required for Tender Offer for Share Certificates, etc., by Person Other than Issuer.
- Note 8 Ownership ratio of share certificates, etc.: Refers to the ownership ratio of share certificates, etc., as defined in Article 27-2, Paragraph 8 of the Financial Instruments and Exchange Act. Furthermore, when calculating the ownership ratio of share certificates, etc., the most recently submitted document from among the annual securities report, quarterly securities report, and report on repurchase may be referred to in regard to the total number of voting rights (refers to the total number of voting rights defined in the same Paragraph).
- Note 9 Share certificates, etc.: Refers to share certificates, etc., as defined in Article 27-23, Paragraph 1 of the Financial Instruments and Exchange Act.

3. Content of the Large-scale Purchase Rules

(1) Request for the provision of information from the large-scale purchaser

a) Submission of Letter of Intent to Purchase

If a large-scale purchaser attempts to conduct a large-scale purchase, he or she shall first submit to the Company's Board of Directors the following information, in a format prescribed by the Company, in Japanese: the name or company name of the large-scale purchaser, address, governing law of incorporation, name of representative, contact details in Japan, and other basic information regarding the large-scale purchaser, an overview of the large-scale purchase proposed by the large-scale purchaser and a Letter of Intent to Purchase containing a written pledge, etc., to comply with the Large-scale Purchase Rules (the "Letter of Intent").

b) Provision of information

Within ten (10) business days (excluding Saturdays, Sundays, and national holidays in Japan) of receiving the Letter of Intent, the Company's Board of Directors shall provide the large-scale purchaser with a list of the information he or she must provide in order for shareholders to make a judgment and the Company's Board of Directors to form an opinion (the "Large-scale Purchase Information"), and the large-scale purchaser shall promptly provide the information described in the list, in the format prescribed by the Company, in Japanese. The items that shall be requested in the Large-scale Purchase Information are as listed in 1) through 10) below.

- 1) Overview of the large-scale purchaser and his or her group (including joint holders, specially related parties, and each member and other constituent in the event of an association or fund; hereinafter, the same applies) (including specific name, business details, capital structure, financial information, etc.)
- 2) Objective, method, and details of the large-scale purchase (including the class and number of share certificates, etc., to which the large-scale purchase applies, the type and amount of consideration, timing of implementation, structure of related transactions, legality of the method of large-scale purchase, likelihood of implementation, and, in the event that the Company's share certificates, etc., are expected to be delisted after the large-scale purchase, notification to that effect and the reasons thereof, etc.)
- 3) Whether there has been any communication of intent with any third parties on the occasion of the large-scale purchase, and, if there has been any communication of intent, the details thereof
- 4) Calculation basis for the consideration for the large-scale purchase (including facts used as the basis for the calculation, method of calculation, information on any institution conducting the calculation, numerical data used in the calculation, the details of any synergies expected to arise owing to related transactions, etc.)
- 5) Backing for funds for the large-scale purchase (including the specific names of providers of funds (including any de facto providers), method of raising funds, details of any related transactions, etc.)
- 6) Management policies, including business plans, capital policies, dividend policies, and financial policies intended for the Company and the Group after the large-scale purchase
- 7) Policies related to the treatment of the Company's customers, business partners, employees, and other stakeholders after the large-scale purchase
- 8) Specific measures to avoid any conflict of interest with the Company's shareholders other than the large-scale purchaser
- 9) Whether there are any relationships with antisocial forces or terrorist organizations and, in the event that there is a relationship, the details thereof
- 10) Any other information reasonably judged necessary by the Company's Board of Directors or the Independent Panel.

Furthermore, the Company's Board of Directors shall disclose the fact that there was a large-scale purchase proposal and all or part of the information provided by the large-scale purchaser, if it is judged necessary for the judgment of shareholders, in a timely and appropriate manner. In addition, when it is reasonably judged that the provision of the Large-scale Purchase Information by the large-scale purchaser has been completed, the Company's Board of Directors shall notify the large-scale purchaser to that effect together with the beginning and end dates of the Period for Consideration defined in (2) below (the "Completion of Information Provision Notification"), and make timely and appropriate disclosure thereof.

- (2) Consideration of the large-scale purchase by the Company's Board of Directors, etc.

After making the Completion of Information Provision Notification, the Company's Board of Directors shall evaluate and consider whether or not the large-scale purchase by the large-scale purchaser will contribute to the protection and enhancement of the Company's corporate value and shareholders' common interests, based on the Large-scale Purchase Information received from the large-scale purchaser and information that the Company's Board of Directors has obtained for itself, etc., within the Period for Consideration defined below, and, shall negotiate the purchase terms, etc., with the large-scale purchaser and make an alternative proposal, etc. as necessary, in addition to considering whether or not to activate the countermeasures (hereinafter, this series of considerations shall be referred to as the "Consideration"), and shall thereby notify the large-scale purchaser of its opinion regarding the large-scale purchase as the Company's Board of Directors, and make a timely and appropriate disclosure thereof.

When conducting the Consideration, the Company's Board of Directors may consult the Independent Panel described in (3) "Recommendation of the Independent Panel" below, and may also receive advice from third parties independent from the Company's Board of Directors as necessary (including financial advisors, certified public accountants, attorneys, consultants, and other experts).

The Company's Board of Directors shall establish a period as described in either a. or b. below, depending on the details of the large-scale purchase, as a period for conducting the Consideration (the "Period for Consideration"), and the large-scale purchaser may not commence the large-scale purchase until the Period for Consideration has passed (however, if the Company's Board of Directors decides to hold a General Meeting of Shareholders as described in 4. (1) c) below, then this shall apply until whether

or not to implement the countermeasures is determined at the Company's General Meeting of Shareholders).

- a. Purchases for which all share certificates, etc., of the Company will be purchased by tender offer with cash as the sole consideration (Japanese yen)
60 days from the day the Completion of Information Provision Notification is made (not including the first day)
- b. Large-scale purchases by methods other than those described in a.
90 days from the day the Completion of Information Provision Notification is made (not including the first day)

Even when the Period for Consideration expires, if the Company's Board of Directors judges that the Consideration has not been sufficiently conducted, it may decide to extend the Period for Consideration by its resolution by up to 30 days, after consulting the Independent Panel. If the Company's Board of Directors makes a resolution to extend the Period for Consideration, it shall notify the large-scale purchaser of the extension of the Period for Consideration and the reasons for the extension, and shall make a timely and appropriate disclosure thereof.

(3) Recommendation of the Independent Panel

a) Establishment of the Independent Panel

In order to eliminate arbitrary judgments by the Company's Board of Directors when activating countermeasures against a large-scale purchaser under this Plan, an Independent Panel comprising external persons independent from the Company's Board of Directors shall be established as an advisory body to the Company's Board of Directors (an overview of the rules of the Independent Panel are as described in Reference Document 3, "Overview of Independent Panel Rules"), and it shall make an assessment during the process.

The Independent Panel shall comprise three (3) or more members, and its members shall be appointed from among persons who are highly independent from the Company's Board of Directors, including Outside Directors, Outside Audit & Supervisory Board Members, external experts, etc. (including attorneys, certified public accountants, corporate managers with a track record, academic experts, etc., and other persons equivalent to the above) (Note 10). Please refer to Reference Document 4 "Career Summaries of the Independent Panel Members" regarding the candidates for members of the Independent Panel and their career summaries, etc., subject to shareholders' approval for the continuation of this Plan.

Note 10 In the event that Proposals 2 to 4 submitted to this General Meeting of Shareholders are approved as originally proposed and the Company transitions to a Company with an Audit & Supervisory Committee, members of the Independent Panel shall be appointed from among persons who are highly independent from the Company's Board of Directors, including Outside Directors and external experts, etc. (including attorneys, certified public accountants, corporate managers with a track record, academic experts, etc., and other persons equivalent to the above).

b) Consideration by the Independent Panel, etc.

The Independent Panel shall deliberate and consider matters consulted on by the Company's Board of Directors during the Period for Consideration, and shall make a recommendation to the Company's Board of Directors (in addition to a recommendation on whether or not to activate countermeasures, it shall include a recommendation regarding whether or not to implement any other matters consulted on by the Company's Board of Directors, etc.).

The Independent Panel shall engage in deliberation and consideration based on the Large-scale Purchase Information received through the Company's Board of Directors and other information provided by the large-scale purchaser, but if it is judged that the Large-scale Purchase Information and other information provided by the large-scale purchaser is insufficient for the deliberation and consideration, it may request additional information from the large-scale purchaser through the Company's Board of Directors, after determining an appropriate deadline for a reply.

In addition, in order to compare the Large-scale Purchase Information and other information provided by the large-scale purchaser with the Board of Directors' business plans, the evaluation of corporate value by the Company's Board of Directors, etc., the Independent Panel may also request from the Company's Board of Directors an opinion regarding the content of the Large-scale Purchase

Information and any other information provided by the large-scale purchaser (including an opinion to withhold any comments), any documents forming the basis thereof, an alternative proposal (when applicable), any other information that the Independent Panel appropriately judges as necessary, etc., after determining an appropriate deadline for a reply.

Furthermore, when engaging in deliberation and consideration, the Independent Panel may obtain advice from third parties independent from the Company's Board of Directors (including financial advisors, certified public accountants, attorneys, consultants, and other experts), as necessary, at the Company's expense.

When making its judgment, the Company's Board of Directors shall make a resolution while respecting the content of the recommendation of the Independent Panel to the maximum extent possible.

Furthermore, even after making a recommendation to the Company's Board of Directors, the Independent Panel may change the content of its recommendation, withdraw its recommendation, etc., in cases when there are changes in the facts that form the basis of the recommendation, such as cases when the large-scale purchaser cancels the large-scale purchase after the recommendation is made.

4. Countermeasures against the large-scale purchase

(1) Conditions for the activation of countermeasures

a) If the Large-scale Purchase Rules have been complied with

In regard to large-scale purchases of a scale that will have a significant impact on the Company's management, this Plan establishes certain procedures in order to ensure that shareholders have the necessary and sufficient information to make a judgment regarding whether or not to accept the large-scale purchase, such as the Large-scale Purchase Information, are provided with opportunities to receive any evaluations, opinions, and alternative proposals, etc., from the Company's Board of Directors based on negotiations with the large-scale purchaser, as well as have the necessary and sufficient time to consider these, from the perspective of protecting and enhancing the Company's corporate value and shareholders' common interests.

Accordingly, if the large-scale purchaser has complied with the Large-scale Purchase Rules, countermeasures shall not be activated, in principle.

However, even in cases when the large-scale purchaser has complied with the Large-scale Purchase Rules, if, after considering the details, etc., of the large-scale purchase based on the Large-scale Purchase Information, other information provided by the large-scale purchaser, and any other information obtained by the Company's Board of Directors for itself, the Company's Board of Directors deems that the large-scale purchase will clearly cause irreparable harm to the Company, and that taking countermeasures is appropriate, then the Company's Board of Directors shall make a resolution to activate countermeasures, while respecting the recommendation of the Independent Panel to the maximum extent possible. Here, cases when it is deemed that the large-scale purchase will clearly cause irreparable harm to the Company refers specifically to cases that meet one or more of the criteria described in any of 1) to 8) below.

- 1) Cases when the large-scale purchase is being conducted in order to increase the share price and the Company's related parties purchase the Company's share certificates, etc., at a high price, despite there being no intention to truly participate in the Company's management (a so-called green-mailer)
- 2) Cases when the large-scale purchase is being conducted in order to take temporary control of the Company's management and transfer intellectual property rights, expertise, confidential corporate information, main business partners and clients, and other assets necessary for the management of the Company's businesses to the large-scale purchaser or his or her group
- 3) Cases when the large-scale purchase is being conducted with the intention of taking control of the Company's management and subsequently diverting the Company's assets as collateral or repayment funds for the obligations of the large-scale purchaser or his or her group
- 4) Cases when the large-scale purchase is being conducted with the objective of taking temporary control of the Company's management and selling or otherwise disposing of real estate, marketable securities, and other highly valued assets, etc., that are not immediately related to the businesses of the Company and forcing the payment of a one-time high dividend using the proceeds from the disposal, or taking advantage of the opportunity created by the sudden increase in the share price to sell the Company's share certificates, etc., at a high price
- 5) Cases when the large-scale purchase is being conducted using a coercive method such as those that systematically restrict shareholders' opportunities or freedom to make a decision, as

represented by cases when the large-scale purchaser conducts the purchase by not purchasing all of the Company's share certificates, etc., in the initial purchase and setting unfavorable conditions for the second stage of the purchase (or does not make the conditions clear), thereby effectively forcing shareholders to sell shares (a so-called coercive two-stage purchase), etc.

- 6) Cases when the terms of the purchase are insufficient or inappropriate in view of the Company's corporate value (including the amount and type of purchase consideration, timing of the purchase, legality of the purchase method, likelihood of the implementation of the purchase, management policies and business plans after the purchase, policies related to the treatment of the Company's other shareholders and stakeholders after the purchase, etc.)
- 7) Cases when it is reasonably judged that the large-scale purchaser is inappropriate as a person controlling decisions on the Company's financial and business policies from the perspective of public order and moral standards, such as cases when the large-scale purchaser, its management, major shareholders, or investors include persons with a relationship to antisocial forces
- 8) Cases when the acquisition of control by the large-scale purchaser will cause harm to the Company's corporate value, including customers, business partners, the Company's employees, and other stakeholders of the Company essential to generate the Company's corporate value, and thereby significantly harm shareholders' common interests.

b) If the Large-scale Purchase Rules have not been complied with

If the large-scale purchaser does not comply with the Large-scale Purchase Rules, the Company's Board of Directors shall make a resolution to activate countermeasures, in order to protect and enhance the Company's corporate value and shareholders' common interests, while respecting the recommendation of the Independent Panel to the maximum extent possible.

c) Holding of a General Meeting of Shareholders

As described in a) "If the Large-scale Purchase Rules have been complied with" above, in principle, if the Large-scale Purchase Rules have been complied with, the Company's Board of Directors shall make a resolution on whether or not to activate countermeasures against the large-scale purchase while respecting the recommendation of the Independent Panel to the maximum extent possible. However, when making a resolution regarding whether or not to activate countermeasures under this Plan, in case it is deemed appropriate for practical reasons to directly confirm shareholder will in addition to consulting with the Independent Panel, or the Independent Panel recommends the holding of a General Meeting of Shareholders, upon taking various factors into consideration, including the content of the large-scale purchase by the large-scale purchaser, whether time permits to do so, in view of laws and regulations, and the duty of the care of a good manager, etc. of the Board of Directors, then the Company's Board of Directors may convene a General Meeting of Shareholders, and confirm shareholder will regarding whether or not to activate countermeasures. If the Company's Board of Directors decides to hold a General Meeting of Shareholders, it shall promptly disclose the fact that it has made this decision, and the reasons therefor and shall also convene a General Meeting of Shareholders as soon as is practically possible.

In addition, if a General Meeting of Shareholders is held, the Company's Board of Directors shall act in accordance with the judgment of shareholders at this General Meeting of Shareholders in regard to whether or not to activate the countermeasures.

Furthermore, if the Company's Board of Directors decides to hold a General Meeting of Shareholders, the large-scale purchaser may not commence the large-scale purchase until a proposal has been resolved regarding the activation of countermeasures at this General Meeting of Shareholders.

(2) Activation of countermeasures and details thereof

If the large-scale purchaser does not comply with the Large-scale Purchase Rules, or, even in cases when the large-scale purchaser has complied with the Large-scale Purchase Rules, if it is deemed that the large-scale purchase will clearly cause irreparable harm to the Company, and that taking countermeasures is appropriate, then the Company's Board of Directors shall activate countermeasures against the large-scale purchase, while respecting the recommendation of the Independent Panel to the maximum extent possible. In addition, if, in addition to consulting the Independent Panel, a General Meeting of Shareholders is held to confirm the shareholder will in regard to the activation of countermeasures, then the decision on whether or not to activate the countermeasures shall be made in accordance with the judgment of shareholders at this General Meeting of Shareholders.

As a specific countermeasure, the Company shall select an appropriate measure from a gratis allotment of subscription rights to shares or other measures permitted as the authority of the Company's

Board of Directors in laws and regulations and the Articles of Incorporation of the Company, in accordance with circumstances at that time. An overview of the subscription rights to shares in the event of a gratis allotment of subscription rights to shares is as shown in Reference Document 5 “Overview of Subscription Rights to Shares.”

Furthermore, even after the Company’s Board of Directors has decided to activate countermeasures, it may suspend or withdraw its resolution to activate countermeasures, after consulting the Independent Panel, in cases when it is no longer deemed that the large-scale purchase will clearly cause irreparable harm to the Company, owing to changes to, or withdrawal of the details of the large-scale purchase, other changes to the facts forming the basis of the activation of countermeasures, or other reasons, or in cases when it is judged that taking countermeasures is not appropriate.

In addition, if the resolution regarding the activation of countermeasures is suspended or withdrawn, the Company shall disclose to that effect in a timely and appropriate manner.

5. Effective period, discontinuation, and changes of this Plan

This Plan shall be continued subject to the proposal concerning the continuation of this Plan being approved at this General Meeting of Shareholders. The effective period of this Plan in case approval is obtained at this General Meeting of Shareholders shall be up to the conclusion of the Company’s Annual General Meeting of Shareholders pertaining to the final fiscal year ending within three (3) years of the approval of this resolution.

Even prior to the expiration of the effective period, if a resolution to discontinue this Plan is passed at the Company’s General Meeting of Shareholders, or if a resolution is passed to discontinue this Plan at the Company’s Board of Directors’ meeting, then this Plan shall be discontinued at that point.

In addition, even during the effective period of this Plan, this Plan may be amended or changed, with the approval of the Independent Panel, in such cases as when amendments to this Plan are appropriate because of the new establishment or alteration of laws and regulations related to this Plan, the rules of exchanges, etc., or cases when it is appropriate to amend words and phrases, including amendments and supplementations to spelling errors, missing words, etc., and these amendments will not cause any disadvantage to shareholders, and provided they do not run counter to the intent of the introduction and continuation of this Plan.

If this Plan is discontinued, amended, or changed, the Company’s Board of Directors shall make timely and appropriate disclosure of the fact that the discontinuation, amendment, or changes took place, together with the content and other related matters thereof.

6. Assessment of the Company’s Board of Directors regarding this Plan and the reasons thereof

(1) On the fact that this Plan is in accordance with the Basic Policies

If a large-scale purchase is to be conducted, this Plan makes it possible to secure the necessary and sufficient time and information for shareholders to make a judgment regarding whether or not to accept the large-scale purchase, and for the Company’s Board of Directors to present an alternative proposal, conduct negotiations with the large-scale purchaser, etc., on shareholders’ behalf, etc., and therefore is a measure that protects the Company’s corporate value and shareholders’ common interests, and is in accordance with the Basic Policies.

(2) On the fact that this Plan will not harm the common interests of the Company’s shareholders, and is not aimed at maintaining the position of the Company’s officers, etc., within the Company

For the reasons described below, the Company believes that this Plan will not harm the common interests of the Company’s shareholders and is not aimed at maintaining the position of the Company’s officers, etc., within the Company.

a) Conforms with various guidelines regarding takeover defense measures, etc.

This Plan completely fulfills the three principles set forth in the “Guidelines Regarding Takeover Defense for the Purpose of Protection and Enhancement of Corporate Value and Shareholder’s Common Interests” announced by the Ministry of Economy, Trade and Industry and the Ministry of Justice of May 27, 2005, namely 1) the principle of protecting and enhancing corporate value and the interests of shareholders as a whole; 2) the principle of prior disclosure and shareholder will; and 3) the principle of ensuring the necessity and reasonableness, and is also consistent with the intent of Article 440 of the Securities Listing Regulations of the Tokyo Stock Exchange (Matters to be Observed Pertaining to Introduction of Takeover Defense Measures). Furthermore, the content of this Plan also takes into consideration the intent of the “Takeover Defense Measures in Light of Recent Environmental Changes” announced by the Corporate Value Study Group on June 30, 2008, and

Principle 1.5 (Anti-Takeover Measures) and Supplementary Principle 1.5.1 of the “Corporate Governance Code” announced on June 1, 2015 by the Tokyo Stock Exchange.

b) Prioritizes shareholder will

The Company intends to continue this Plan subject to receiving the approval of shareholders at this General Meeting of Shareholders. In addition, as described in 5. “Effective period, discontinuation, and changes of this Plan” above, the effective period of this Plan shall be three (3) years, and even prior to the expiration of the effective period, if a resolution to discontinue this Plan is passed at the Company’s General Meeting of Shareholders, this Plan shall be discontinued at that point. Accordingly, shareholder will shall be respected in the continuation and discontinuation of this Plan.

In addition, as described in 4. (1) c) “Holding of a General Meeting of Shareholders” above, the Board of Directors shall hold a General Meeting of Shareholders if it is judged to be appropriate for practical reasons or if there is a recommendation to do so from the Independent Panel, and shall confirm shareholder will in regard to whether or not to activate the countermeasures, and shareholder will shall be thus reflected.

In addition, in order to ensure that shareholders appropriately form an opinion when making a judgment regarding the discontinuation of this Plan, etc., a judgment of whether or not to sell the Company’s shares in response to a large-scale purchase, and when exercising voting rights, etc., at a General Meeting of Shareholders to judge whether or not to activate the countermeasures, the Company’s Board of Directors shall disclose to shareholders the Large-scale Purchase Information and other information provided by the large-scale purchaser at a time and with a method deemed appropriate by the Company’s Board of Directors, as described in 3. (1) “Request for the provision of information from the large-scale purchaser” above.

c) Systems are established to eliminate arbitrary judgments by the Board of Directors

1) Prioritizes the judgment of highly independent external persons

In order to eliminate arbitrary judgments by the Company’s Board of Directors, the Company has established an Independent Panel. If a large-scale purchase is conducted against the Company, then, as described in 3. (3) “Recommendation of the Independent Panel” above, the Independent Panel shall make a recommendation to the Company’s Board of Directors after deliberating and considering whether or not to activate the countermeasures against the large-scale purchase, etc., and the Company’s Board of Directors shall make a resolution while respecting this recommendation to the maximum extent possible, and therefore a system is ensured whereby the activation of countermeasures based on arbitrary judgments by the Board of Directors may be eliminated to the extent possible.

2) Establishes reasonable, objective criteria

As described in the above 4. “Countermeasures against the large-scale purchase,” countermeasures shall only be activated if the large-scale purchaser does not comply with the Large-scale Purchase Rules set forth in this Plan, or if the large-scale purchase satisfies an objective criteria that are determined reasonably and in detail as cases when the Company’s corporate value will be significantly harmed, and in this regard, a system is ensured whereby the arbitrary activation of countermeasures by the Company’s Board of Directors may be eliminated to the extent possible.

d) Not dead-hand or slow-hand type takeover defense measures

As described in 5. “Effective period, discontinuation, and changes of this Plan” above, this Plan may be discontinued by the Company’s Board of Directors, and therefore is not a dead-hand type takeover defense measure (Note 11). In addition, the Company has not adopted a staggered term system, and therefore this Plan is not a slow-hand type takeover defense measure (Note 12) either.

Note 11 Dead-hand type takeover defense measure: Refers to a takeover defense measure whose activation may not be prevented, even if a majority of the members of the Board of Directors are replaced.

Note 12 Slow-hand type takeover defense measure: Refers to a takeover defense measure whose activation requires time to prevent because the members of the Board of Directors cannot all be replaced at one time. In the event that Proposals 2 to 4 submitted to this General Meeting of Shareholders are approved as originally proposed and the Company transitions to a Company with an Audit & Supervisory Committee, the term of office

of the Company's Directors (excluding Directors serving as Audit & Supervisory Committee Members) will be one (1) year, and the term of office of Directors serving as Audit & Supervisory Committee Members will be two (2) years. However, these are the terms prescribed under the Companies Act, and are not intended to adopt a staggered term system.

7. Impact on shareholders and investors, etc.

(1) Impact of the continuation of this Plan on shareholders and investors, etc.

As a gratis allotment of subscription rights to shares, etc., will not be conducted when this Plan is continued, there will be no direct impact on shareholders' rights.

The objective of this Plan is to secure the necessary and sufficient time and information for shareholders and investors to judge whether or not to accept a large-scale purchase, to enable the Company's Board of Directors, who are currently responsible for the management of the Company, to evaluate the large-scale purchase and provide an opinion, etc., and, furthermore, to ensure opportunities for shareholders and investors to receive any alternative proposal. As a result, shareholders and investors shall be able to make an appropriate judgment regarding whether or not to accept the large-scale proposal with the necessary and sufficient time and information, and the Company believes that this will lead to protecting the common interests of shareholders and investors. Accordingly, the continuation of this Plan is a basis for shareholders and investors to make appropriate investment decisions, and the Company believes that this will contribute to protecting and enhancing the common interests of shareholders and investors.

Furthermore, as described in 4. "Countermeasures against the large-scale purchase" above, the Company's policy for responding to a large-scale purchase shall vary depending on whether or not the large-scale purchaser complies with the Large-scale Purchase Rules, and therefore shareholders and investors are advised to closely follow the actions of the large-scale purchaser.

(2) Impact on shareholders and investors when countermeasures are activated, etc.

If the large-scale purchaser does not comply with the Large-scale Purchase Rules, the Company's Board of Directors may conduct a gratis allotment of subscription rights to shares or other countermeasures permitted as the authority of the Company's Board of Directors in laws and regulations and the Articles of Incorporation of the Company, in order to protect the Company's corporate value and shareholders' common interests, but if the Company's Board of Directors decides to adopt specific countermeasures, it shall make a timely and appropriate disclosure in accordance with laws and regulations and the rules of exchanges.

If the Company's Board of Directors conducts a gratis allotment of subscription rights to shares as a countermeasure, there is a possibility that the large-scale purchaser may suffer a disadvantage in terms of their statutory rights or in economic terms, including a dilution of shares held. By contrast, owing to the structure of this countermeasure, shareholders other than the large-scale purchaser who is the target of the activation of countermeasures shall not suffer any dilution in shares of the Company held, etc., and are not expected to suffer any particular loss in terms of their statutory rights or in economic terms.

Furthermore, even after a resolution has been made to conduct a gratis allotment of subscription rights to shares as a countermeasure, and the shareholders to receive the gratis allotment of subscription rights to shares have been determined, the Company may suspend the gratis allotment of subscription rights to shares until the day prior to the effective date, or acquire the subscription rights to shares without consideration from the effective date of the gratis allotment of subscription rights to shares up to the day before the start of the exercise period. In such cases, there shall be no dilution in the per share value of the Company's shares, and therefore shareholders and investors who have bought or sold the Company's shares based on the assumption that the per share value of the Company's shares will be diluted may suffer a commensurate loss owing to fluctuations in the share price.

(3) Procedures required of shareholders if a gratis allotment of subscription rights to shares is conducted

Among measures that may be considered as countermeasures, if a gratis allotment of subscription rights to shares is conducted as described in Reference Document 5 "Overview of Subscription Rights to Shares," or if the Company acquires the subscription rights to shares, procedures related to shareholders are as follows.

a) Gratis allotment of subscription rights to shares

Shareholders eligible for the gratis allotment of subscription rights to shares will automatically become holders of subscription rights to shares on the effective date determined by the Company's Board of Directors, and therefore shareholders will not be required to conduct any special procedures

in accordance with the allotment.

However, the gratis allotment of subscription rights to shares shall be conducted for shareholders recorded in the shareholder register on a certain record date determined by the Company's Board of Directors, and therefore shareholders must be recorded in the shareholder register by the record date.

b) Exercise of the subscription rights to shares

If exercising subscription rights to shares, shareholders must pay a certain amount of money during the prescribed period to acquire the Company's shares. The Company shall separately notify shareholders of these procedures if it actually conducts a gratis allotment of subscription rights to shares, in accordance with laws and regulations, etc.

c) Acquisition of subscription rights to shares by the Company

If the Company acquires the subscription rights to shares in exchange for the Company's shares, shareholders holding subscription rights to shares who are eligible for the acquisition may receive delivery of the Company's shares as consideration for the acquisition of the subscription rights to shares by the Company, without the procedures related to exercising the subscription rights to shares, such as payment of an amount equivalent to the exercise price, etc., if the Company completes the necessary prescribed procedures for the acquisition of the subscription rights to shares. However, when the Company acquires the subscription rights to shares, it may ask shareholders to provide a document verifying that he or she is not the large-scale purchaser, etc.

End

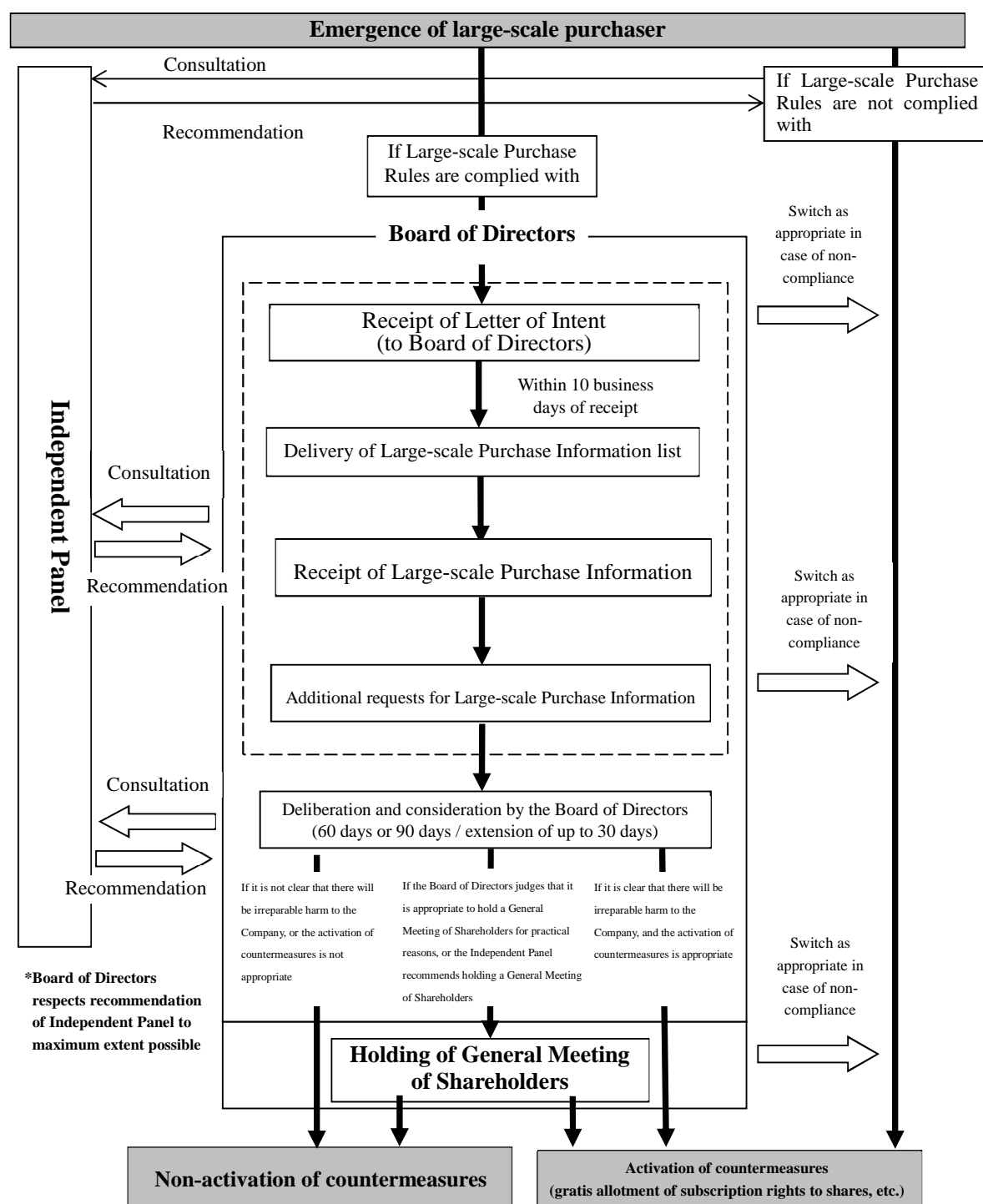
Status of Major Shareholders

As of February 20, 2021

Name or name of company	Number of shares held (thousand shares)	Ratio of shares held against total number of shares issued (%)
Yuko Estate Co., Ltd.	9,628	13.83
Yoshifumi Ohmura	4,846	6.96
Koichi Ohmura	3,752	5.39
The Master Trust Bank of Japan, Ltd. (Trust Account)	2,152	3.09
Mizuho Trust & Banking Co., Ltd., Retirement Benefit Trust, Mizuho Bank Account, Re-trust Trustee: Custody Bank of Japan, Ltd.	1,865	2.68
Sumitomo Realty & Development Co., Ltd.	1,420	2.04
Harima-Kyowa Co., Ltd.	1,200	1.72
Hiroko Ohmura	1,074	1.54
Custody Bank of Japan, Ltd. (Trust Account)	1,067	1.53
Izumi Akashika	1,006	1.44
Michiyo Mori	1,006	1.44

- * Numbers of shares less than 1,000 shares have been rounded down in the number of shares held.
- * The ratio of shares held against the total number of shares issued has been rounded off to the second decimal place.
- * In addition to the above, the Company also holds 7,290,247 treasury shares (10.47% of the total number of shares issued). Furthermore, 225,900 shares held by the Share Benefit Trust (J-ESOP) are not included in the number of treasury shares.

Overview of this Plan



The above flowchart has been prepared as a reference to aid understanding of the overview of the Large-scale Purchase Rules; please refer to the main text regarding the details of the Large-scale Purchase Rules.

Overview of Independent Panel Rules

1. Objective of establishment

The Independent Panel shall be established to guarantee the objectiveness, fairness, and reasonableness of judgments of the Board of Directors under this Plan, and to eliminate its arbitrary judgments.

2. Composition

The Independent Panel shall comprise three (3) or more members, and in order to make fair and reasonable judgments possible, members shall be appointed from among persons who are independent from the management team engaged in the business execution of the Company, including Outside Directors, Outside Audit & Supervisory Board Members, external experts, etc. (including attorneys, certified public accountants, corporate managers with a track record, academic experts, etc., and other persons equivalent to the above). (Note 13)

3. Term of office of members

(1) The term of office of members of the Independent Panel shall be from appointment up to the conclusion of the first Board of Directors' meeting held after the conclusion of the Annual General Meeting of Shareholders for the final fiscal year ending within one (1) year, and reappointment shall be permitted.

(2) The term of office of members of the Independent Panel appointed to supply an increase in members or act as a substitute shall be up to the expiration of the term of office of incumbent members.

4. Convocation procedures

The Chairperson of the Independent Panel selected by resolution of the Independent Panel or any of its members shall convene the Independent Panel at the request of a Representative Director of the Company.

5. Method of resolution

Resolutions of the Independent Panel shall be made unanimously, at meetings that all members are in attendance, in principle.

6. Authority

(1) Upon consultation by the Company's Board of Directors, the Independent Panel shall deliberate and consider the matters described in each of the following and shall make a recommendation to the Company's Board of Directors. Furthermore, each member of the Independent Panel shall engage in deliberation and consideration from the perspective of whether or not it runs counter to the protection and enhancement of the Company's corporate value and shareholders' common interests.

1) Whether or not to activate the countermeasures under this Plan (including whether or not to request the holding of a General Meeting of Shareholders)

2) Suspension or withdrawal of countermeasures under this Plan

3) Whether or not the information provided by the large-scale purchaser is necessary and sufficient

4) The scope of additional information when requesting the provision of additional information from the large-scale purchaser in accordance with (2) below

5) Whether or not to permit extensions to the Period for Consideration

6) Amendments and changes to this Plan within a scope that will not cause disadvantage to shareholders

7) Any other matters related to this Plan which the Company's Board of Directors has voluntarily consulted with the Independent Panel.

(2) When engaging in deliberation and consideration, if the Independent Panel judges that the Large-scale Purchase Information and other information received from the large-scale purchaser is insufficient, the Independent Panel may request the provision of additional information from the large-scale purchaser through the Company's Board of Directors.

7. Attendance at Independent Panel meetings

The Independent Panel may, as necessary, request that the Company's Directors, Audit & Supervisory Board Members, employees, etc., attend Independent Panel meetings, and may request necessary information. (Note 14)

8. Advice from third parties

When executing its duties, the Independent Panel may receive advice from third parties independent from the Company's Board of Directors, at the Company's expense (including financial advisors, certified public accountants, attorneys, consultants, and other experts).

End

- Note 13 In the event that Proposals 2 to 4 submitted to this General Meeting of Shareholders are approved as originally proposed and the Company transitions to a Company with an Audit & Supervisory Committee, this will be changed to “The Independent Panel shall comprise three (3) or more members, and in order to make fair and reasonable judgments possible, members shall be appointed from among persons who are independent from the management team engaged in the business execution of the Company, including Outside Directors, external experts, etc. (including attorneys, certified public accountants, corporate managers with a track record, academic experts, etc., and other persons equivalent to the above).”
- Note 14 In the event that Proposals 2 to 4 submitted to this General Meeting of Shareholders are approved as originally proposed and the Company transitions to a Company with an Audit & Supervisory Committee, this will be changed to “The Independent Panel may, as necessary, request that the Company’s Directors, employees, etc., attend Independent Panel meetings, and may request necessary information.”

Career Summaries of the Independent Panel Members

Hidefumi Sugao

[Career summary]

Born August 31, 1947

June 1982	Established SUGAO LAW OFFICE (currently SUGAO IWAMI LAW OFFICE) (to present)
May 1994	Outside Director, the Company (to present)
June 2007	External Auditor, Sawai Pharmaceutical Co., Ltd.
June 2012	External Director, Sawai Pharmaceutical Co., Ltd.
June 2019	Retired as External Director, Sawai Pharmaceutical Co., Ltd.

Mr. Hidefumi Sugao is an Outside Director as prescribed in Article 2, Item 15 of the Companies Act. There are no special interests between Mr. Sugao or the organizations he belongs to and the Company. Furthermore, Mr. Sugao is an independent officer as prescribed in Article 436-2 of the Securities Listing Regulations of the Tokyo Stock Exchange.

Satoshi Hamada

[Career summary]

Born October 3, 1952

April 1976	Joined Chuo Audit Corporation
August 1981	Joined Asahi & Co. (currently KPMG AZSA LLC)
September 1984	Established Certified Public Accounting Firm Satoshi Hamada Business Accounting (to present)
May 1994	Outside Audit & Supervisory Board Member, the Company
June 2005	External Statutory Auditor, WDB Co., Ltd. (currently WDB Holdings Co., Ltd.)
September 2014	Established Certified Tax Accounting Firm Hamada Accounts (to present)
June 2015	Outside Corporate Auditor, GLORY LTD.
May 2016	Outside Director, the Company (to present)
June 2018	External Director, WDB Holdings Co., Ltd. (Audit and Supervisory Committee Member) (to present)
June 2020	Outside Director (Audit and Supervisory Committee Member), GLORY Ltd. (to present)

Mr. Satoshi Hamada is an Outside Director as prescribed in Article 2, Item 15 of the Companies Act. There are no special interests between Mr. Hamada or the organizations he belongs to and the Company. The Company holds shares in GLORY LTD., for which Mr. Satoshi Hamada, serves as Outside Director (Audit and Supervisory Committee Member), but the shareholding ratio is less than one (1) percent. Likewise, the shareholding ratio of the Company's shares held by GLORY LTD. is less than one (1) percent. Furthermore, Mr. Hamada is an independent officer as prescribed in Article 436-2 of the Securities Listing Regulations of the Tokyo Stock Exchange.

Akio Sato

[Career summary]

Born February 4, 1966

April 1997	Registered as attorney (Daini Tokyo Bar Association)
March 2003	Established Sato Sogo Law Office (to present)
March 2008	Outside Corporate Auditor, POLA ORBIS HOLDINGS INC. (to present)
December 2008	External Director, GMO Payment Gateway, Inc. (to present)
April 2013	Part-time lecturer, Keio Business School (to present)
June 2015	Outside Director, Kirayaka Bank, Ltd. (to present)
July 2017	Outside Director, U-NEXT Co., Ltd. (currently USEN-NEXT HOLDINGS Co., Ltd.) (to present)

There are no special interests between Mr. Sato or the organizations he belongs to and the Company.

Overview of Subscription Rights to Shares

1. Shareholders eligible for allotment and number of subscription rights to shares to be allotted to shareholders
Subscription rights to shares shall be allotted to shareholders recorded in the final shareholder register on the record date determined by the Company's Board of Directors, in accordance with the ratio determined by the Company's Board of Directors, of one (1) or more subscription rights to shares per share held (however, this excludes common shares of the Company held by the Company).
2. Class and number of shares underlying the subscription rights to shares
The class of shares underlying the subscription rights to shares shall be common shares of the Company, and the number of common shares of the Company to be delivered when one (1) subscription right to shares is exercised shall be one (1) share. In addition, necessary adjustments shall be made if the Company conducts a share split or reverse share split, or in other cases.
3. Effective date of the gratis allotment
The effective date of the gratis allotment shall be separately determined by the Company's Board of Directors.
4. Amount of property to be contributed at exercise
The property to be contributed when exercising each subscription right to shares shall be cash, and the amount of property to be contributed when exercising subscription rights to shares shall be an amount determined by the Company's Board of Directors, of one (1) yen or more per common share of the Company.
5. Transfer restrictions
Acquisition of subscription rights to shares by transfer shall require the approval of the Company's Board of Directors.
6. Acquisition of subscription rights to shares by the Company
On a date determined by the Company's Board of Directors (the "Acquisition Date"), the Company may acquire all subscription rights to shares that remain unexercised by the day before the Acquisition Date (however, this excludes subscription rights to shares held by persons who may not exercise subscription rights to shares because they do not satisfy the exercise conditions set forth in 7. below), and deliver one (1) common share of the Company per subscription right to shares in exchange.
7. Exercise conditions of subscription rights to shares
The following persons may not exercise the subscription rights to shares: 1) the large-scale purchaser, 2) any joint holders of the large-scale purchaser, 3) any specially related parties of the large-scale purchaser, and 4) any persons who have acquired or succeeded to subscription rights to shares from a person falling under any of 1) through 3) above without the approval of the Company's Board of Directors. Other exercise conditions shall be determined by the Company's Board of Directors.
8. Exercise period, etc.
The exercise period of the subscription rights to shares and other necessary matters shall be separately determined by the Company's Board of Directors.

End

Proposal 8: Determination of Amount and Details of Stock Option Compensation for Directors (Excluding Directors Serving as Audit & Supervisory Committee Members)

In regard to the amount of compensation as stock options to Directors of the Company, it has been approved by the 51st Annual General Meeting of Shareholders held on May 15, 2007 that subscription rights to shares shall be issued to Directors within an annual amount of 68,520,000 yen (of which, 2,500,000 yen to Outside Directors), effective to the present. However, if Proposal 2: Partial Amendments to the Articles of Incorporation is approved as originally proposed, the Company will transition to a Company with an Audit & Supervisory Committee at the conclusion of his Annual General Meeting of Shareholders.

Accordingly, separate from the amount of compensation, etc. for Directors (excluding Directors serving as Audit & Supervisory Committee Members) requested in Proposal 5: Determination of the Amount of Compensation, etc. for Directors (Excluding Directors Serving as Audit & Supervisory Committee Members), the Company now requests approval for the issuance of subscription rights to shares to Directors (excluding Directors serving as Audit & Supervisory Committee Members) within an annual amount of 66,020,000 yen as the amount of stock option compensation, and requests approval for the issuance of subscription rights to shares within said amount as described below.

Currently, under the policy for determining the details of individual compensation, etc. for Directors, the number of stock options (subscription rights to shares) for each individual that are non-monetary compensation for Directors engaged in the execution of business is determined in consideration of each Director's position, etc. No change to this policy is planned even after the transition to a Company with an Audit & Supervisory Committee.

The Company believes that the amount of stock option compensation for Directors (excluding Directors serving as Audit & Supervisory Committee Members) requested in this Proposal is appropriate, taking into consideration matters such as the calculation method for non-monetary compensation for each individual as prescribed under said policy, the number of recipients, and the issue price of the subscription rights to shares.

At present, there are seven (7) Directors (including two (2) Outside Directors). However, if Proposal 2: Partial Amendments to the Articles of Incorporation and Proposal 3: Election of Five (5) Directors (Excluding Directors Serving as Audit & Supervisory Committee Members) are approved as originally proposed, the number of Directors (Excluding Directors serving as Audit & Supervisory Committee Members) will be five (5).

This Proposal will take effect provided that the amendments to the Articles of Incorporation contained in Proposal 2: Partial Amendments to the Articles of Incorporation become effective.

I. Reason to justify the issuance of subscription rights to shares as compensation to Directors (excluding Directors serving as Audit & Supervisory Committee Members)

Stock options will be implemented with the aim of enhancing sound management and social trust of the Company by bolstering motivation and morale of Directors (excluding Directors serving as Audit & Supervisory Committee Members) toward improving performance.

The subscription rights to shares will be issued for the purpose of stock options as compensation at the price described in II.4. below, and value of the assets to be contributed upon exercise of the subscription rights to shares is determined based on the market value as described in II.5. below.

II. Details of issuance of the subscription rights to shares

1. Persons to whom the subscription rights to shares will be allotted

The Company's Directors (persons who have newly assume office as Directors (excluding Directors serving as Audit & Supervisory Committee Members), etc.)

2. Class and number of shares to be issued upon exercise of the subscription rights to shares

Not exceeding 20,000 common shares of the Company per year.

In the event that the Company conducts a share split or share consolidation after the date of allotment of the subscription rights to shares, the number of shares subject to the subscription rights to shares shall be adjusted according to the following formula. Such adjustment, however, shall be made only to the number of shares subject to the subscription rights to shares which are not yet exercised at that point of time, and any fractions less than one (1) share resulting from the adjustment shall be rounded down.

$$\begin{array}{ccccc} \text{Number of shares} & & & & \\ \text{after adjustment} & = & \text{Number of shares} & \times & \text{Ratio of share split or} \\ & & \text{before adjustment} & & \text{share consolidation} \end{array}$$

Also, in the event that the Company conducts a merger or share exchange with another company, or a company split, or in any other cases that for unavoidable reasons require the adjustment of the number of shares subject to the subscription rights to shares, the Company may adjust the number of shares to a reasonable extent.

3. Total number of the subscription rights to shares to be issued

Not exceeding 200 units per year. (The number of shares subject to each unit of the subscription rights to shares shall be 100. However, in the event that the adjustment set forth in II.2. is made to the number of shares, adjustment shall be made in the same manner.)

4. Cash payment for the subscription rights to shares

No cash payment shall be required for the subscription rights to shares.

The issue amount shall be the amount calculated by the Black-Scholes Model as of the allotment date.

5. Value of assets to be contributed upon exercise of the subscription rights to shares

Assets to be contributed upon exercise of the subscription rights to shares shall be cash. The amount to be paid upon exercise of each unit of the subscription rights to shares shall be the amount obtained by multiplying the amount to be paid per share determined as set forth below (hereinafter referred to as the “Exercise Price”) by the number of shares subject to each unit of the subscription rights to shares set forth in II.3.

The Exercise Price shall be the highest of the amount multiplying 1.05 and the average closing price of the Company’s common shares in regular trading at the Tokyo Stock Exchange on each day (excluding days with no transactions) of the month prior to the month including the day of issuance of the subscription rights to shares (fractions less than one (1) yen shall be rounded up to the nearest one (1) yen); the closing price of the Company’s common shares in regular trading at the Tokyo Stock Exchange on the day of issuance of the subscription rights to shares (if there are no transactions on such day, the closing price of the immediately preceding day); or 1,336 yen (the Company’s 26th subscription rights to shares).

In the event that the Company conducts a share split or share consolidation, the Exercise Price shall be adjusted according to the following formula, and any fractions less than one (1) yen resulting from such adjustment shall be rounded up to the nearest one (1) yen.

$$\text{Exercise Price after adjustment} = \text{Exercise Price before adjustment} \times \frac{1}{\text{Ratio of share split or share consolidation}}$$

Also, the Company may adjust the Exercise Price in the event that the Company conducts a merger or share exchange with another company, or a company split.

In the event that the Company issues new shares or disposes of treasury stock at a price lower than the market price (excluding securities to be acquired by the Company or securities with rights of requesting acquisition by the Company, both in exchange for delivery of the Company’s common shares, or exercise of subscription rights to shares through which delivery of the Company’s common shares may be requested), the Exercise Price shall be adjusted according to the following formula, and any fractions less than one (1) yen resulting from such adjustment shall be rounded up to the nearest one (1) yen.

$$\text{Exercise Price after adjustment} = \text{Exercise Price before adjustment} \times \frac{\text{Number of shares issued} + \frac{\text{Number of common shares newly issued} \times \text{Amount to be paid per share}}{\text{Share price of common shares before issuing new shares}}}{\text{Number of shares issued} + \text{Number of common shares newly issued}}$$

In the formula above, “Number of shares issued” shall mean the number calculated by subtracting the number of treasury stock of common shares held by the Company from the total number of shares

issued by the Company. In the event of disposal of treasury stock, “Number of common shares newly issued” and “Share price of common shares before issuing new shares” shall be replaced with “Number of treasury stock to be disposed of” and “Share price of common shares before disposal,” respectively.

6. Exercise period of the subscription rights to shares

From June 1, 2023 to May 31, 2025

7. Matters regarding capital stock and legal capital surplus to be increased by issuance of shares upon exercise of the subscription rights to shares

(1) In the event of new share issuance by exercising the subscription rights to shares, the amount of capital stock increased shall be half of the limit of increase in capital stock, etc. calculated in accordance with Article 17, Paragraph 1 of the Ordinance on Accounting of Companies, and any fractions less than one (1) yen resulting from such calculation shall be rounded up to the nearest one (1) yen.

(2) In the event of new share issuance by exercising the subscription rights to shares, the amount of legal capital surplus increased shall be calculated by subtracting the amount of capital stock increased set forth in (1) above from the limit of increase in capital stock, etc. in (1) above.

8. Conditions for exercising the subscription rights to shares

(1) Those who received the allotment of the subscription rights to shares must be Directors, Audit & Supervisory Board Members or Executive Officers of the Company or its subsidiaries and associates at the time of exercise of the subscription rights to shares. However, this provision shall not apply to the cases where there are justifiable reasons such as retirement due to expiration of their term of office.

(2) The successors of the persons who received the allotment of the subscription rights to shares shall not be able to exercise the subscription rights to shares.

(3) Other conditions for exercising the subscription rights to shares shall be determined by resolution of the Board of Directors.

9. Matters related to acquisition of the subscription rights to shares

(1) The Company may acquire without consideration and cancel the subscription rights to shares by resolution of the Board of Directors if a proposal for approval of a merger agreement where the Company becomes a dissolving company, proposal for approval of a share exchange agreement where the Company becomes a wholly-owned subsidiary, or proposal for approval of a share transfer plan is approved at the General Meeting of Shareholders.

(2) When those who received the allotment of the subscription rights to shares no longer satisfy the conditions to exercise the subscription rights to shares, the Company may acquire the subscription rights to shares of such persons without consideration and cancel them by resolution of the Board of Directors.

10. Restriction on transfer of the subscription rights to shares

Transfer of the subscription rights to shares shall require the approval of the Board of Directors.

11. Treatment of the subscription rights to shares upon implementation of reorganization

If the Company conducts a merger (limited to the case where the Company becomes a dissolving company as a result of the merger), absorption-type company split, incorporation-type company split, share exchange or share transfer (hereinafter collectively referred to as the “Reorganization Transaction”), under the following conditions, subscription rights to shares of a joint stock corporation specified in Article 236, Paragraph 1, Item 8 (a) through (e) of the Companies Act (hereinafter referred to as the “Reorganized Corporation”) shall be delivered to holders of subscription rights to shares that remain in effect as of the effective date of the Reorganization Transaction (hereinafter referred to as the “Remaining Subscription Rights to Shares”). In such cases, the Remaining Subscription Rights to Shares shall expire, and the Reorganized Corporation shall issue new subscription rights to shares. However, the foregoing shall be limited to cases where it is prescribed in the absorption-type merger agreement, incorporation-type merger agreement, absorption-type company split agreement,

incorporation-type company split plan, share exchange agreement or share transfer plan that the subscription rights to shares of the Reorganized Corporation shall be issued under the following conditions:

- (1) Number of the subscription rights to shares of the Reorganized Corporation to be delivered:
The same number of the subscription rights to shares shall be delivered as the number of the subscription rights to shares held by the holders of the Remaining Subscription Rights to Shares.
- (2) Class of shares of the Reorganized Corporation subject to the subscription rights to shares:
Common shares of the Reorganized Corporation
- (3) Number of shares of the Reorganized Corporation subject to the subscription rights to shares:
The number shall be determined in consideration of the conditions for the Reorganization Transaction.
- (4) Value of assets to be contributed upon exercise of the subscription rights to shares:
The value of assets to be contributed upon exercise of the subscription rights to shares for delivery shall be the amount obtained by multiplying the Exercise Price after reorganization calculated through adjustments, taking into consideration the conditions for the Reorganization Transaction, by the number of shares of the Reorganized Corporation subject to such subscription rights to shares as determined in (3) above.
- (5) Exercise period of the subscription rights to shares:
The period shall commence on the starting date of the exercise period of the Remaining Subscription Rights to Shares or the effective date of the Reorganization Transaction, whichever is later, and end on the expiration date of the exercise period of the Remaining Subscription Rights to Shares.
- (6) Amount of increase in capital stock and legal capital surplus when new shares are issued upon exercise of the subscription rights to shares:
Amount of increase in capital stock and legal capital surplus shall be determined, taking into consideration the conditions of the Reorganization Transaction.
- (7) Restriction on acquisition of the subscription rights to shares through transfer:
Acquisition of the subscription rights to shares through transfer requires approval of the Board of Directors of the Reorganized Corporation.
- (8) Other conditions for exercising the subscription rights to shares:
The other conditions shall be determined in the same manner as described in II.8. above.

12. Other matters

Other matters related to the subscription rights to shares shall be determined by resolution of the Board of Directors.

Proposal 9: Issuance of Subscription Rights to Shares as Stock Options to Employees

We propose to issue subscription rights to shares as stock options to the Company's employees without consideration, and to delegate to the Board of Directors the authority to determine the subscription requirements for the subscription rights to shares as described below.

I. Reason for necessity of issuing the subscription rights to shares on particularly favorable conditions

Stock options will be implemented with the aim of enhancing sound management and social trust of the Company by bolstering employees' motivation and morale toward improving performance.

II. Details of issuance of the subscription rights to shares

1. Persons to whom the subscription rights to shares will be allotted

The Company's employees (persons who have newly become eligible as defined by the Company, etc.)

2. Class and number of shares to be issued upon exercise of the subscription rights to shares

Not exceeding 200,000 common shares of the Company.

In the event that the Company conducts a share split or share consolidation after the date of allotment of the subscription rights to shares, the number of shares subject to the subscription rights to shares shall be adjusted according to the following formula. Such adjustment, however, shall be made only to the number of shares subject to the subscription rights to shares which are not yet exercised at that point of time, and any fractions less than one (1) share resulting from the adjustment shall be rounded down.

$$\begin{array}{ccccc} \text{Number of shares} & & & & \\ \text{after adjustment} & = & \text{Number of shares} & \times & \text{Ratio of share split or} \\ & & \text{before adjustment} & & \text{share consolidation} \end{array}$$

Also, in the event that the Company conducts a merger or share exchange with another company, or a company split, or in any other cases that for unavoidable reasons require the adjustment of the number of shares subject to the subscription rights to shares, the Company may adjust the number of shares to a reasonable extent.

3. Total number of the subscription rights to shares to be issued

Not exceeding 2,000 units. (The number of shares subject to each unit of the subscription rights to shares shall be 100. However, in the event that the adjustment set forth in II.2. is made to the number of shares, adjustment shall be made in the same manner.)

4. Cash payment for the subscription rights to shares

No cash payment shall be required for the subscription rights to shares.

5. Value of assets to be contributed upon exercise of the subscription rights to shares

Assets to be contributed upon exercise of the subscription rights to shares shall be cash. The amount to be paid upon exercise of each unit of the subscription rights to shares shall be the amount obtained by multiplying the amount to be paid per share determined as set forth below (hereinafter referred to as the "Exercise Price") by the number of shares subject to each unit of the subscription rights to shares set forth in II.3.

The Exercise Price shall be the highest of the amount multiplying 1.05 and the average closing price of the Company's common shares in regular trading at the Tokyo Stock Exchange on each day (excluding days with no transactions) of the month prior to the month including the day of issuance of the subscription rights to shares (fractions less than one (1) yen shall be rounded up to the nearest one (1) yen); the closing price of the Company's common shares in regular trading at the Tokyo Stock Exchange on the day of issuance of the subscription rights to shares (if there are no transactions on such day, the closing price of the immediately preceding day); or 1,336 yen (the Company's 27th subscription rights to shares).

In the event that the Company conducts a share split or share consolidation, the Exercise Price shall be adjusted according to the following formula, and any fractions less than one (1) yen resulting from such adjustment shall be rounded up to the nearest one (1) yen.

$$\text{Exercise Price after adjustment} = \text{Exercise Price before adjustment} \times \frac{1}{\text{Ratio of share split or share consolidation}}$$

Also, the Company may adjust the Exercise Price in the event that the Company conducts a merger or share exchange with another company, or a company split.

In the event that the Company issues new shares or disposes of treasury stock at a price lower than the market price (excluding securities to be acquired by the Company or securities with rights of requesting acquisition by the Company, both in exchange for delivery of the Company's common shares, or exercise of subscription rights to shares through which delivery of the Company's common shares may be requested), the Exercise Price shall be adjusted according to the following formula, and any fractions less than one (1) yen resulting from such adjustment shall be rounded up to the nearest one (1) yen.

$$\text{Exercise Price after adjustment} = \text{Exercise Price before adjustment} \times \frac{\text{Number of shares issued} + \frac{\text{Number of common shares newly issued} \times \text{Amount to be paid per share}}{\text{Share price of common shares before issuing new shares}}}{\text{Number of shares issued} + \text{Number of common shares newly issued}}$$

In the formula above, "Number of shares issued" shall mean the number calculated by subtracting the number of treasury stock of common shares held by the Company from the total number of shares issued by the Company. In the event of disposal of treasury stock, "Number of common shares newly issued" and "Share price of common shares before issuing new shares" shall be replaced with "Number of treasury stock to be disposed of" and "Share price of common shares before disposal," respectively.

6. Exercise period of the subscription rights to shares
From June 1, 2023 to May 31, 2025
7. Matters regarding capital stock and legal capital surplus to be increased by issuance of shares upon exercise of the subscription rights to shares
 - (1) In the event of new share issuance by exercising the subscription rights to shares, the amount of capital stock increased shall be half of the limit of increase in capital stock, etc. calculated in accordance with Article 17, Paragraph 1 of the Ordinance on Accounting of Companies, and any fractions less than one (1) yen resulting from such calculation shall be rounded up to the nearest one (1) yen.
 - (2) In the event of new share issuance by exercising the subscription rights to shares, the amount of legal capital surplus increased shall be calculated by subtracting the amount of capital stock increased set forth in (1) above from the limit of increase in capital stock, etc. in (1) above.
8. Conditions for exercising the subscription rights to shares
 - (1) Those who received the allotment of the subscription rights to shares must be Directors, Audit & Supervisory Board Members, Executive Officers or employees of the Company or its subsidiaries and associates at the time of exercise of the subscription rights to shares.
 - (2) Notwithstanding the provision of the preceding item, those who received the allotment of the subscription rights to shares may exercise the subscription rights to shares in any of the following cases:
 - 1) Retirement from Director, Audit & Supervisory Board Member, Executive Officer of the Company or its subsidiaries and associates due to expiration of their term of office
 - 2) Mandatory age-limit retirement and other justifiable reasons
 - 3) In case of a contract employee, retirement due to completion of the employment period set forth in the employment contract, provided, however, that continuous years of service of such employee for the Company must be five (5) years or more

- (3) The successors of the persons who received the allotment of the subscription rights to shares shall not be able to exercise the subscription rights to shares.
 - (4) Other conditions for exercising the subscription rights to shares shall be determined by resolution of the Board of Directors.
9. Matters related to acquisition of the subscription rights to shares
- (1) The Company may acquire without consideration and cancel the subscription rights to shares by resolution of the Board of Directors if a proposal for approval of a merger agreement where the Company becomes a dissolving company, proposal for approval of a share exchange agreement where the Company becomes a wholly-owned subsidiary, or proposal for approval of a share transfer plan is approved at the General Meeting of Shareholders.
 - (2) When those who received the allotment of the subscription rights to shares no longer satisfy the conditions to exercise the subscription rights to shares, the Company may acquire the subscription rights to shares of such persons without consideration and cancel them by resolution of the Board of Directors.
10. Restriction on transfer of the subscription rights to shares
- Transfer of the subscription rights to shares shall require the approval of the Board of Directors.
11. Treatment of the subscription rights to shares upon implementation of reorganization
- If the Company conducts a merger (limited to the case where the Company becomes a dissolving company as a result of the merger), absorption-type company split, incorporation-type company split, share exchange or share transfer (hereinafter collectively referred to as the “Reorganization Transaction”), under the following conditions, subscription rights to shares of a joint stock corporation specified in Article 236, Paragraph 1, Item 8 (a) through (e) of the Companies Act (hereinafter referred to as the “Reorganized Corporation”) shall be delivered to holders of subscription rights to shares that remain in effect as of the effective date of the Reorganization Transaction (hereinafter referred to as the “Remaining Subscription Rights to Shares”). In such cases, the Remaining Subscription Rights to Shares shall expire, and the Reorganized Corporation shall issue new subscription rights to shares. However, the foregoing shall be limited to cases where it is prescribed in the absorption-type merger agreement, incorporation-type merger agreement, absorption-type company split agreement, incorporation-type company split plan, share exchange agreement or share transfer plan that the subscription rights to shares of the Reorganized Corporation shall be issued under the following conditions:
- (1) Number of the subscription rights to shares of the Reorganized Corporation to be delivered:
The same number of the subscription rights to shares shall be delivered as the number of the subscription rights to shares held by the holders of the Remaining Subscription Rights to Shares.
 - (2) Class of shares of the Reorganized Corporation subject to the subscription rights to shares:
Common shares of the Reorganized Corporation
 - (3) Number of shares of the Reorganized Corporation subject to the subscription rights to shares:
The number shall be determined in consideration of the conditions for the Reorganization Transaction.
 - (4) Value of assets to be contributed upon exercise of the subscription rights to shares:
The value of assets to be contributed upon exercise of the subscription rights to shares for delivery shall be the amount obtained by multiplying the Exercise Price after reorganization calculated through adjustments, taking into consideration the conditions for the Reorganization Transaction, by the number of shares of the Reorganized Corporation subject to such subscription rights to shares as determined in (3) above.
 - (5) Exercise period of the subscription rights to shares:
The period shall commence on the starting date of the exercise period of the Remaining Subscription Rights to Shares or the effective date of the Reorganization Transaction, whichever is later, and end on the expiration date of the exercise period of the Remaining Subscription Rights to Shares.

- (6) Amount of increase in capital stock and legal capital surplus when new shares are issued upon exercise of the subscription rights to shares:
Amount of increase in capital stock and legal capital surplus shall be determined, taking into consideration the conditions of the Reorganization Transaction.
 - (7) Restriction on acquisition of the subscription rights to shares through transfer:
Acquisition of the subscription rights to shares through transfer requires approval of the Board of Directors of the Reorganized Corporation.
 - (8) Other conditions for exercising the subscription rights to shares:
The other conditions shall be determined in the same manner as described in II.8. above.
12. Other matters
- Other matters related to the subscription rights to shares shall be determined by resolution of the Board of Directors.

End