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[Translation]

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To Whom It May Concern

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Notice regarding Renewal of Countermeasures to Large-Scale Acquisitions of Tosei Shares (Takeover Defense Measures)

Tosei Corporation (the “Company”) renewed a plan for countermeasures to large-scale acquisitions of the shares in the Company (the “Former Renewed Plan”) by a resolution of the board of directors on January 25, 2018 and obtained shareholder approval at the ordinary general meeting of shareholders of the Company held on February 27, 2018 (the “Former Ordinary General Meeting of Shareholders”). The effective period of the Former Renewed Plan expires at the conclusion of the ordinary general meeting of shareholders for the last fiscal year ending within three years after the conclusion of the Former Ordinary General Meeting of Shareholders, and the Former Renewed Plan will become invalid at the conclusion of the 68th ordinary general meeting of shareholders of the Company to be held on February 25, 2021 (the “71th Ordinary General Meeting of Shareholders”).

Since the Company renewed the Former Renewed Plan, the we have been examining whether to renew the plan as well as the need to review the plan in light of changes in social and economic conditions, to secure and enhance our corporate value and the common interests of our shareholders. Prior to the expiration of the Former Renewed Plan, the Company announces that, the Company’s board of directors determined at the meeting held on January 25, 2021 to formally revise certain wordings to update the Former Renewed Plan and introduce a new plan (the introduction is to be referred to as the “Renewal,” and the renewed plan is to be referred to as the “Plan”) as a measure to prevent decisions on the Company’s financial and business policies from being controlled by persons deemed inappropriate (Article 118, Item 3(b) of the Enforcement Regulations of the Companies Act) under the basic policy regarding the persons who control decisions on the Company’s financial and business policies (as provided in Article 118, Item 3 of the Enforcement Regulations of the Companies Act; the “Basic Policy”). The Renewal will be subject to approval by the shareholders at the 65th Ordinary General Meeting of Shareholders.

Before the Former Renewed Plan becomes invalid, major changes from the Former Renewed Plan in the Renewal process are as follows:

- The maximum period when the Company may request the Acquirer to provide information is clearly set at 60 days.

- Words and phrases have been changed due to linguistic reasons.

At the board of directors meeting described above, nine directors in total including three outside director were in attendance and unanimously approved the Renewal and all of the Company's Audit & Supervisory Board Members, who are all outside Audit & Supervisory Board Members, were in attendance and did not raise any objections in respect of the Renewal.

I. Basic Policy Regarding the Persons Who Control Decisions on the Company's Financial and Business Policies

The Company believes that the persons who control decisions on the Company's financial and business policies need to be persons who fully understand the details of the Company's financial and business affairs and the source of the Company's corporate value and who will make it possible to continually and persistently ensure and enhance the Company's corporate value and, in turn, the common interests of its shareholders.

The Company believes that ultimately its shareholders as a whole must make the decision on any proposed acquisition that would involve a change of control of the Company. Also, the Company will not reject a large-scale acquisition of the shares in the Company if it will contribute to the corporate value of the Company and, in turn, the common interests of its shareholders.

Nonetheless, there are some forms of large-scale acquisition of shares that benefit neither the corporate value of the target company nor the common interests of its shareholders including those with a purpose that would obviously harm the corporate value of the target company and the common interests of its shareholders, those with the potential to substantially coerce shareholders into selling their shares; those that do not provide sufficient time or information for the target company's board of directors and shareholders to consider the details of the large-scale acquisition, or for the target company's board of directors to make an alternative proposal and those that require the target company to discuss or negotiate with the acquirer in order to procure more favorable terms for shareholders than those presented by the acquirer.

It is particularly necessary and essential for the persons who make decisions on the Company's financial and business policies to (i) maintain the system under which the Company group covers with its comprehensive capability various business fields and peripheral fields that allow the "integration of real estate and finance," which leads to maximization of the potential of the Company group, (ii) maintain employees who support those businesses with knowledge and experience specializing in real estate and finance, etc., (iii) maintain the Company's trust in the real estate industry that has been built up over a long period of time based on the establishment of the ability and information networks supporting various value creation technologies, and (iv) master knowhow that enables comprehensive business. Unless the acquirer of a proposed large-scale acquisition of the shares in the Company understands the source of the corporate value of the Company as well as the details of financial and business affairs of the Company and would ensure and enhance these elements over the medium-to-long term, the corporate value of the Company and, in turn, the common interests of its shareholders would be harmed.

The Company believes that persons who would make a large-scale acquisition of the shares in the Company in a manner that does not contribute to the corporate value of the Company or the common interests of its shareholders would be inappropriate as persons that control decisions on the Company's financial and business policies. The Company believes that it is necessary to ensure the corporate value of the Company

and, in turn, the common interests of its shareholders by taking necessary and reasonable countermeasures against a large-scale acquisition by such persons.

II. The Source of the Company's Corporate Value and Special Measures to Realize the Basic Policy

1. The Source of the Company's Corporate Value

Under the corporate philosophy of “creating new value and inspiration in all aspects of real estate as a global-minded group of seasoned professionals,” the Company group holds up the corporate message “Putting heart into the city” and aims to increase its corporate value by contributing to society by developing and revitalizing real estate for sustainable social development.

The Company group promotes a highly stable business portfolio through the six business fields it maintains, namely Revitalization, Development, Rental, Fund and Consulting, Hotel and Property Management.

The Company expects a high profit from Revitalization and Development Businesses through real estate purchase and sale transactions, while taking advantage of a stable profit from Rental, Fund and Consulting, Hotel and Property Management Businesses which are stock-type business models. By mutually complementing these six business fields, the Company has established a business infrastructure which allows the Company to flexibly respond to changing market trends.

Also, integration of the knowhow obtained through these businesses lead to greater success of many business projects of the Company, making this “six-businesses portfolio” the Company's distinctive and advantageous asset.

2. Measures to Enhance the Corporate Value

The Company group established its three-year medium-term management plan aiming to further increase the Company group's corporate value and is pushing ahead with business under the plan.

Established in 2017, the medium-term management plan “Seamless Growth 2020,” which extends from December 2017 to November 2020, aimed to achieve a record high profit before tax of ¥12 billion, and the Group has been making efforts toward the basic policies of achieving further growth of existing businesses, establishing new income-generating businesses, and initiatives for strengthening the business base that supports growth.

As a result of the above measures, the Group achieved ¥12 billion in profit before tax, one year ahead of schedule in the fiscal year ended November 30, 2019, the second year of the medium-term plan. In January 2020, the Group revised its target figure for the final year of the plan to ¥13 billion in profit before tax. However, as the aforementioned valuation loss was recorded due to the COVID-19 outbreak in the fiscal year under review, revenue, profit before tax, three-year average ROE, and three-year average profit growth ratio fell below the plan. With the ratio of real estate Trading business and stable businesses at 24:76 as a result of the aforementioned valuation loss (52:48 disregarding the valuation loss), the Group has achieved a firm financial base toward the stage of recovery and growth in the future by maintaining the level of equity ratio, ensuring liquidity on hand, and making other efforts.

In accordance with the expiration of the period of the previous medium-term management plan, the Group has formulated a new medium-term management plan “Infinite Potential 2023” kicked off in the fiscal year ending November 30, 2021, covering the period from December 2020 to November 2023.

Changes in the environment surrounding the real estate industry include global warming, a rise in awareness regarding corporate social responsibility, aging society with low birthrate, as well as new workstyles and diversifying lifestyles triggered by rapid advances in technology including DX and IT. With the awareness that real estate is a social infrastructure that supports life, the Group will genuinely work on social issues relating to real estate and push forward in pursuit of the infinite growth potential of the Group.

In this plan, the Group sets out “pursue the Group's infinite growth potential” as the main policy, and will strive for further growth, business transformation through the use of digital technology, contribution to SDGs through business and promotion of ESG management to improve corporate value. Specifically, the Group aims to promote initiatives Group-wide by incorporating efforts on environmental/social issues in the individual measures of each business. The Revitalization Business aims to extend the service life of buildings by renovating existing real estate, as well as differentiate and improve profitability of products by creating added value through upgrades focusing on comfort and safety. The Development Business will incorporate elements such as eco-friendliness and crime prevention/disaster preparedness in product planning with aiming to increase the brand value of each product through product planning that will be supported by customers. Both the Revitalization Business and the Development Business will leverage IT to promote sales activities, strengthen decision-making capabilities in investments and Group-wide cooperation to reinforce the structure toward expanding business scale. In the Stock and Fee Business, the stable source of income, the Group will aim to expand business scale and improve profitability through initiatives such as providing high-quality services and enhancing customer satisfaction with a focus on ESG as well as reviews of operational processes by leveraging IT in each of the Rental Business, Fund and Consulting Business, Property Management Business and Hotel Business. Recognizing that the fusion of DX and real estate presents a new business opportunity, the Group will expand assets under management in the crowd funding business, commercialize an investment scheme using security tokens, and other projects as initiatives to create new income-generating models.

On the financial front, the Group will work on effective investments while strengthening funding capabilities and maintaining a sound financial structure to support the expansion in business scale and asset balance.

3. Strengthening of Corporate Governance

The Company Group aspires to be a valuable contributor to all kinds of our stakeholders in the society, including the shareholders, the employees, the business partners and others, by promptly and appropriately responding to the changes in the business environment and continuing operational activities which enable the Group to achieve a sound growth. For this purpose, the Group has placed the greatest importance on enhancement of corporate governance, and in particular, “fully cultivating compliance mind”, “enhancing risk management” and “conducting timely disclosure” as three key initiatives. Furthermore, the Group is determined to make efforts in a unified manner, from the top management down to each employee of the Group companies, led by the Board of Directors, to develop an internal control system as required by the Companies Act and the Financial Instruments and Exchange Act, as well as to set up a system which is redible to investors, as a financial instruments business operator.

Since the renewal of the Former Renewed Plan, the Group has been working to enhance the effectiveness of the governance function, bolstering the management oversight function by increasing the number of Outside Directors (of nine Directors, three Directors are Outside Directors; the group Company has reported all outside officers, including four Audit & Supervisory Board Members as "independent directors/auditors" pursuant to the listing regulations, etc. stipulated by the Tokyo Stock Exchange), and reinforcing Group governance led by a department that comprehensively manages the promotion of risk

management and compliance at Group companies. The Group will continue to enhance the effectiveness of corporate governance. In particular, as a Group organizational strategy in line with the business which is both expanding in scale and diversifying in nature, the Group will streamline and reconstruct the organization, further enhance the quality of internal control, and maintain an optimal corporate governance structure to extend Group-wide cooperation and comprehensive capabilities.

Furthermore, the Company group will actively promote business development and social contribution activities with an awareness of ESG (Environment, Society, Governance), and reinforce the Tosei Group's corporate brand befitting the firm position as a group of original comprehensive real estate companies and the attractiveness of our product brand that will be trusted by the market.

In this manner, the Company group works to enhance the value of the corporate group through steadily achieving the targets set out in the new medium-term management plan and realizing fair corporate governance in order to ensure and enhance the common interests of its shareholders.

III. Measures to Prevent Decisions on the Company's Financial and Business Policies from being Controlled by Persons Deemed Inappropriate Under the Basic Policy (the Plan)

1. Purpose of the Plan

The Plan is in line with the Basic Policy set out above in section I 'Basic Policy Regarding the Persons Who Control Decisions on the Company's Financial and Business Policies' for the purpose of ensuring and enhancing the corporate value of the Company and, in turn, the common interests of its shareholders.

As set out in the Basic Policy, the Company's board of directors believes that persons who would propose a large-scale acquisition of the shares in the Company in a manner that does not contribute to the corporate value of the Company or the common interests of its shareholders would be inappropriate to become persons who control decisions on the Company's financial and business policies. The purpose of the Plan is to prevent decisions on the Company's financial and business policies from being controlled by persons deemed inappropriate, to deter large-scale acquisitions that are detrimental to the corporate value of the Company and the common interests of its shareholders, and on the occasion that the Company receives a large-scale acquisition proposal from an acquirer, to enable the Company's board of directors to present an alternative proposal to the shareholders or ensure necessary time and information for the shareholders to decide whether or not to accept the large-scale acquisition, and to enable the board of directors to negotiate for the benefit of the shareholders.

The status of major shareholders of the Company as of November 30, 2020 is set out in Schedule "Major Shareholders of the Company," and as of that date, approximately 40.0% of the total number of the Company's issued (incl. 1,508,353 treasury shares) and outstanding shares are held by the representative director of the Company and his related parties (the "Company Officers").

The Company recognizes that the significance of listing is that it enables financing from a broader market than usual, and while the scale of the Company's business favorably expanded and the stock price shifted firmly after the public offering in the JASDAQ market in February 2004, the Company implemented a capital increase through a public offering and the like three times after the listing on JASDAQ. After the financial crisis occurred during the latter half of 2008, the real estate industry, in which the Company is engaged, faced a continued severe business environment, but the Company promoted measures to ensure the soundness of the financial position of the Company such as by furthering

replacement of inventory assets. In addition, in September 2009, the Company resolved the fourth issuance of stock acquisition rights as a measure to increase capital, and those stock acquisition rights were all exercised. Further, in July 2013, the Company implemented a capital increase through a public offering outside of Japan upon being listed in the Singapore Exchange. As a result of the implementation of these capital policies, the ratio of holding of issued and outstanding shares in the Company by the Company Officers (the “Shareholding Ratio”) has decreased from approximately 76.5%, which was the percentage immediately after the listing (as of May 31, 2004), by approximately 37 points in seven and a half years after the listing. In addition, 399,800 shares were issued through the exercise of the fifth series of stock acquisition rights (stock options) for officers and employees, which was resolved in October 2015, and the sixth series of stock acquisition rights (stock options) for officers and employees, which were resolved in April 2019, are scheduled to begin to be exercised in May 2021.

Accordingly, the Company rightfully recognizes the need for financing from the capital market for investments in new growing business or similar investments and amplification of equity capital, which would result in the expansion of the business field over the medium to long term. At the same time, the Company as a listed company is aware of the importance of ensuring and enhancing the liquidity of shares on a continuous basis. If financing or measures to enhance liquidity are attempted from such perspectives, the Shareholding Ratio of the Company Officers will relatively decrease.

Also, it is not unusual due to each shareholder’s circumstances that shares held by individual investors are dissipated through disposal of shares, including transfer. With regard to the Company Officers who are individual investors, it is considered that there is a possibility that the Shareholding Ratio might decrease and shares be dissipated in the future.

In light of these circumstances, it is possible that in the future the Shareholding Ratio of the Company Officers will gradually decrease while the liquidity of the shares issued by the Company will increase. The Company therefore cannot deny the possibility that large-scale acquisitions of the shares in the Company by persons who are inappropriate will be made in the future.

Furthermore, the Company also cannot deny the possibility that, as characteristics of the real estate industry, acts of large-scale acquisitions of the shares in the Company will be performed for purposes such as acquiring assets owned by the Company, especially when the stock price shifts unfavorably compared to the value of the owned assets and the like.

As of the date of this press release, the Company has not received any proposal of an act of large-scale acquisition of the shares in the Company that has not been approved by the Company.

2. Plan Outline

2.1 Plan Outline

(a) Purpose

The purpose of the Plan is, on the occasion that a proposal of large-scale acquisition of the shares in the Company is made, to ensure necessary and sufficient time and information for the shareholders to make appropriate decisions and to ensure opportunities to negotiate with the acquirer and the like, and thereby to deter takeovers that are against the corporate value of the Company and, in turn, the common interests of its shareholders, and to ensure and enhance the corporate value of the Company and the common

interests of its shareholders.

(b) Establishment of Procedures

The Plan sets out procedures necessary to achieve the purpose stated in (a) above, including requirements for acquirers to provide information in advance in the case that the acquirer intends to make an acquisition of 20% or more of the Company's share certificates¹ or other equity securities. In addition, an acquirer, etc. must not effect an acquisition until and unless the Company's board of directors resolves not to trigger the Plan if the procedures for the Plan has commenced. (See section 2.2 'Procedures for Triggering the Plan' below for details.)

(c) Triggering of the Plan by Gratis Allotment of Stock Acquisition Rights

In cases such as where an acquirer does not follow the procedures set out in the Plan, or a large-scale acquisition of shares and other equity securities in the Company could harm the corporate value of the Company and, in turn, the common interests of its shareholders (see section 2.3 'Requirements for the Gratis Allotment of Stock Acquisition Rights' below for the details of the requirements), the Company will allot stock acquisition rights with (a) an exercise condition that does not allow the acquirer, etc. to exercise the rights (except where any exception event occurs) and (b) an acquisition provision to the effect that the Company may acquire the stock acquisition rights in exchange for shares and other equity securities in the Company from persons other than the acquirer, etc. (the outline of the stock acquisition rights to be allotted is set out below in 2.4 'Outline of the Gratis Allotment of Stock Acquisition Rights'; the relevant stock acquisition rights are hereinafter referred to as the "Stock Acquisition Rights"), by means of a gratis allotment of stock acquisition rights (*shinkabu yoyakuken mushou wariate*) to all shareholders, except the Company, at that time.

If a gratis allotment of Stock Acquisition Rights were to take place in accordance with the Plan and all shareholders other than the acquirer, etc. received the Company's shares as a result of those shareholders exercising or the Company acquiring the Stock Acquisition Rights, the ratio of voting rights in the Company held by the acquirer, etc. may be diluted by up to a maximum of 50%.

(d) Establishment of Mechanism Enhancing Rationale of the Plan

For matters such as the implementation or non-implementation of the gratis allotment of Stock Acquisition Rights or the acquisition of Stock Acquisition Rights, the Company will obtain an objective determination from the independent committee, which is composed of members who are independent from the management of the Company such as outside directors subject to the rules of the independent committee in order to eliminate arbitrary decisions by directors. In addition, the Company's board of directors may, if prescribed in the Plan, convene a meeting of shareholders and confirm the intent of the Company's shareholders regarding the implementation of the gratis allotment of the Stock Acquisition Rights.

Transparency with respect to the course of those procedures will be ensured by timely information disclosure to all of the Company's shareholders.

¹ The Company is no longer a company issuing share certificates since the electronic share certificate system came into effect; however, we use the term "share certificate" in the Plan in accordance with the provisions of the Financial Instruments and Exchange Act from the perspective that using descriptions in the Plan that are in accordance with the provisions of the Financial Instruments and Exchange Act will contribute to clarity and objectivity.

2.2 Procedures for Triggering the Plan

(a) Targeted Acquisitions

The Plan will be applied in cases where any purchase or other acquisition of share certificates, etc. of the Company that falls under (i) or (ii) below or any similar action (including a proposal for such action) (except for such action as the Company's board of directors separately determines not to be subject to the Plan; the "Acquisition") takes place.

- (i) A purchase or other acquisition that would result in the holding ratio of share certificates, etc. (*kabuken tou hoyuu wariai*)² of a holder (*hoyuusha*)³ totaling at least 20% of the share certificates, etc. (*kabuken tou*)⁴ issued by the Company; or
- (ii) A tender offer (*koukai kaitsuke*)⁵ that would result in the party conducting the tender offer's ownership ratio of share certificates, etc. (*kabuken tou shoyuu wariai*)⁶ and the ownership ratio of share certificates, etc. of a person having a special relationship (*tokubetsu kankei-sha*)⁷ totaling at least 20% of the share certificates, etc. (*kabuken tou*)⁸ issued by the Company.

The party intending to make the Acquisition (the "Acquirer") shall follow the procedures prescribed in the Plan.

(b) Submission of Acquirer's Statement

The Company will request the Acquirer to submit to the Company in the form separately prescribed by the Company a document that includes an undertaking that the Acquirer will comply with the procedures set out in the Plan (signed by or affixed with the name and seal of the representative of the Acquirer) and a qualification certificate of the person who signed or affixed its name and seal to that document (collectively, "Acquirer's Statement") before commencing or effecting the Acquisition. The Acquirer's Statement must include the name, address or location of headquarters, location of offices, governing law for establishment, name of the representative, contact information in Japan for the Acquirer and the outline of the intended Acquisition. The Acquirer's Statement and the Acquisition Document set out in (c) below must be written in Japanese.

(c) Request to the Acquirer for the Provision of Information

The Company will provide the Acquirer the format for the Acquisition Document (defined below), including a list of information that the Acquirer should provide to the Company, no later than 10 business

² Defined in Article 27-23.4 of the Financial Instruments and Exchange Act. The same is applied throughout this document.

³ Including persons described as a holder under Article 27-23.3 of the Financial Instruments and Exchange Act (including persons who are deemed to fall under the above by the board of directors of the Company). The same is applied throughout this document.

⁴ Defined in Article 27-23.1 of the Financial Instruments and Exchange Act. The same is applied throughout this document unless otherwise provided for.

⁵ Defined in Article 27-2.6 of the Financial Instruments and Exchange Act. The same is applied throughout this document.

⁶ Defined in Article 27-2.8 of the Financial Instruments and Exchange Act. The same is applied throughout this document.

⁷ Defined in Article 27-2.7 of the Financial Instruments and Exchange Act (including persons who are deemed to fall under the above by the board of directors of the Company); provided, however, that persons provided for in Article 3.2 of the Cabinet Office Regulations concerning Disclosure of a Tender Offer by an Acquirer other than the Issuing Company are excluded from the persons described in Article 27-2.7(i) of the Financial Instruments and Exchange Act. The same is applied throughout this document.

⁸ Defined in Article 27-2.1 of the Financial Instruments and Exchange Act.

days after receiving the Acquirer's Statement. The Acquirer must provide the Company's board of directors with the document in the form provided by the Company (the "Acquisition Document"), which includes the information described in each item of the list below ("Essential Information").

If the Company's board of directors receives the Acquisition Document, it will promptly send it to the Independent Committee (standards for appointing members, requirements for resolutions, resolution matters, and other matters concerning the Independent Committee are as described in Attachment 1 'Outline of the Rules of the Independent Committee' and business backgrounds and other matters regarding members of the Independent Committee at the time of the Renewal will be as described in Attachment 2 'Profiles of the Members of the Independent Committee'). If the Company's board of directors and the Independent Committee determine that the Acquisition Document does not contain sufficient Essential Information, it may set a reply period and request that the Acquirer additionally provide information. In such case, the Acquirer should additionally provide such information within the relevant time limit.

The Company defines 60 days from the day following the day when the Company's Board of Directors first provides the Acquirer with the format for the Acquisition Document as the maximum period when the Company's Board of Directors and the Independent Committee request the Acquirer to provide information and the Acquirer replies to the request ("Period for Providing Information"). Even if sufficient Essential Information is not provided, the Independent Committee Consideration Period (which will be described in (d) (ii) below) starts immediately when the maximum Period for Providing Information ends. The consideration shall be based on the information that has been provided up to that point of time. (If the Acquirer requests an extension of the period for a reasonable ground, the Company's board of directors and The Independent Committee may extend the period as necessary.)

- (i) Details (including name, capital structure, financial position, operation results, status of compliance with laws or ordinances, terms of previous transactions by the Acquirer similar to the Acquisition and effects on the corporate value of the target companies as a result of the transactions) of the Acquirer and its group (including Joint Holders⁹, persons having a special relationship, members (in the case of a fund) and persons having a special relationship with a person in relation to whom the Acquirer is the controlled corporation¹⁰)¹¹.
- (ii) The purpose, method and specific terms of the Acquisition (including the amount and type of consideration, the timeframe, the scheme of any related transactions, the legality of the Acquisition method, terms and conditions and the probability of the Acquisition).
- (iii) The amount and basis for the calculation of the purchase price of the Acquisition (including assumptions and the like).
- (iv) Financial support for the Acquisition (including the names of providers of funds (including all indirect providers of funds), financing methods and the terms of any related transactions and the like).

⁹ Defined in Article 27-23.5 of the Financial Instruments and Exchange Act, including persons deemed as a Joint Holder under Article 27-23.6 of the Financial Instruments and Exchange Act (including persons who are deemed a Joint Holder by the Company's board of directors). The same is applied throughout this document.

¹⁰ Defined in Article 9.5 of the Order of the Enforcement of the Financial Instruments and Exchange Act.

¹¹ If an Acquirer is a fund, information relating to the matters described in (i) about each partner and other constituent members is required.

- (v) Details of communications regarding the Acquisition with a third party (if any).
 - (vi) Post-Acquisition management policy, administrative organization, business plan, capital, dividend and asset management policies for the Company and the Company group.
 - (vii) Post-Acquisition policies for the Company's shareholders (other than the Acquirer), employees, business partners, customers, and any other parties such as stakeholders in the Company.
 - (viii) Specific measures to prevent conflicts of interests between the Acquirer and other shareholders in the Company.
 - (ix) Any other information that the Independent Committee reasonably considers necessary.
- (d) Consideration of Acquisition Terms, Negotiation with the Acquirer, and Consideration of an Alternative Proposal

(i) Request to the Company's Board of Directors for the Provision of Information

If the Acquirer submits the Acquisition Document and any additional information that the Independent Committee requests (if any), the Independent Committee may set a reply period (up to sixty days as a general rule) taking into account the necessary time for the Company's board of directors to collect information and consider corporate valuation and other matters (including consideration by third-party experts as necessary) and request that the Company's board of directors present an opinion (including an opinion to refrain from giving such opinion; hereinafter the same) on the Acquirer's Acquisition terms, materials supporting such opinion, an alternative proposal (if any), and any other information that the Independent Committee considers necessary.

(ii) Independent Committee Consideration

The Independent Committee will conduct its consideration of the Acquisition terms, collection of information on the materials such as the management plans and business plans of the Acquirer and the Company's board of directors and comparison thereof, and consideration of any alternative plan presented by the Company's board of directors, and the like for a period of time that does not, as a general rule, exceed sixty days after the date on which the Independent Committee receives the information or the end of the information provision period, whichever comes earlier. (including the information additionally requested) from the Acquirer and (if the Independent Committee requests the Company's board of directors to provide information as set out in (i) above) the Company's board of directors (the period for information collection and consideration by the Independent Committee is hereinafter referred to as the "Independent Committee Consideration Period"). Further, if it is necessary in order to improve the terms of the Acquisition from the standpoint of ensuring and enhancing the corporate value of the Company and the common interests of its shareholders, the Independent Committee will directly or indirectly discuss and negotiate with the Acquirer.

In order to ensure that the Independent Committee's decision contributes to the Company's corporate value and, in turn, the common interests of its shareholders, the Independent Committee may, at the cost of the Company, obtain advice from independent third parties (including financial advisers, attorneys, certified public accountants, tax accountants, consultants or any other experts). If the Independent Committee directly or indirectly requests the Acquirer to provide materials for consideration or any other information, or to discuss and negotiate with the Independent Committee, the Acquirer must promptly respond to such request.

(e) Recommendation by the Independent Committee

The Independent Committee will make recommendations to the Company's board of directors as follows based on the abovementioned procedures.

(i) Recommendation for the Triggering of the Plan

If the Independent Committee determines that the Acquisition falls under any of the trigger events set out below in 2.3, 'Requirements for the Gratis Allotment of Stock Acquisition Rights' (collectively "Trigger Event") arises with respect to the Acquisition, the Independent Committee will recommend the implementation of the gratis allotment of Stock Acquisition Rights (the outline of the stock acquisition rights to be allotted is set out below in 2.4 'Outline of the Gratis Allotment of Stock Acquisition Rights') to the Company's board of directors except in any specific case where further disclosure of information by the Acquirer or discussion or negotiation with the Acquirer is necessary. If it is concerned that an Acquisition may fall under the Trigger Event (2) set out below in 2.3, 'Requirements for the Gratis Allotment of Stock Acquisition Rights,' the Independent Committee may recommend implementation of the gratis allotment of Stock Acquisition Rights subject to confirming the shareholders' intent in advance.

Notwithstanding the foregoing paragraph, even after the Independent Committee has already made a recommendation for the implementation of the gratis allotment of Stock Acquisition Rights, if the Independent Committee determines that either of the events in (A) or (B) below applies, it may make a new recommendation that (i) on or before the second business day prior to the ex-rights date with respect to the gratis allotment of Stock Acquisition Rights, the Company should suspend the gratis allotment of Stock Acquisition Rights, or (ii) from the effective date of the gratis allotment of Stock Acquisition Rights and until the day immediately prior to the commencement date of the exercise period of the Stock Acquisition Rights, the Company should acquire the Stock Acquisition Rights for no consideration.

(A) The Acquirer withdraws the Acquisition or the Acquisition otherwise ceases to exist after the recommendation.

(B) There is no longer any Trigger Event due to a change or the like in the facts or other matters on which the recommendation decision was made.

(ii) Recommendation for the Non-Triggering of the Plan

If the Independent Committee determines the Acquisition does not fall under either Trigger Event, the Independent Committee will recommend the non-implementation of the gratis allotment of Stock Acquisition Rights to the Company's board of directors, regardless of whether the Independent Committee Consideration Period has ended.

Notwithstanding the foregoing paragraph, even after the Independent Committee has already made one recommendation for the non-implementation of the gratis allotment of Stock Acquisition Rights, if there is a change in the facts or other matters on which the recommendation decision was made and a Trigger Event arises, the Independent Committee may make a new recommendation that the Company should implement the gratis allotment of Stock Acquisition Rights.

(iii) Extension of the Independent Committee Consideration Period

If the Independent Committee does not reach a recommendation for either the implementation or non-

implementation of the gratis allotment of Stock Acquisition Rights during the initial Independent Committee Consideration Period, the Independent Committee may, to the reasonable extent that it is considered necessary for actions such as consideration of the terms of the Acquirer's Acquisition, consideration of an alternative proposal and discussion and negotiation with the Acquirer, extend the Independent Committee Consideration Period (in principle up to 30 days in total).

If the Independent Committee Consideration Period is extended because of the above resolution, the Independent Committee will continue to collect information, deliberate and perform similar activities, and use its best efforts to make a recommendation for the implementation or non-implementation of the gratis allotment of Stock Acquisition Rights within the extended period.

(f) Resolutions by the Board of Directors

If any recommendation of the Independent Committee described above is made, the Company's board of directors, in exercising its role under the Companies Act, will pass a resolution relating to the implementation or non-implementation of a gratis allotment of Stock Acquisition Rights respecting that recommendation to the maximum extent. If a meeting of shareholders is convened in accordance with (g) below, the Company's board of directors will pass a resolution in accordance with the resolution at the meeting of shareholders.

(g) Convocation of the Shareholders Meeting

Upon the implementation of the gratis allotment of the Stock Acquisition Rights pursuant to the Plan, the Company's board of directors may convene a meeting of shareholders (the "Shareholders Meeting") and confirm the intent of the Company's shareholders regarding the implementation of the gratis allotment of the Stock Acquisition Rights, if (i) the Independent Committee recommends implementation of the gratis allotment of Stock Acquisition Rights subject to confirming the shareholders' intent in advance in accordance with (e)(i) above, or (ii) the applicability of Trigger Event (2) becomes an issue in respect of the Acquisition and the board of directors determines it appropriate to confirm the shareholders' intent taking into consideration the time required to convene the Shareholders Meeting or other matters pursuant to the duty of care of a director.

(h) Information Disclosure

When operating the Plan, the Company will disclose, in a timely manner, information on matters that the Company's board of directors considers appropriate including the progress of each procedure set out in the Plan (including the fact that the Acquirer's Statement and Acquisition Document have been submitted and the Independent Committee Consideration Period has commenced, and the fact that the Independent Committee Consideration Period has been extended, as well as the extended period and the reason for the extension), or an outline of recommendations made by the Independent Committee, an outline of resolutions by the Company's board of directors and an outline of resolutions at the Shareholders Meeting, in accordance with the applicable laws and ordinances or the regulations of the financial instruments exchange.

2.3 Requirements for the Gratis Allotment of Stock Acquisition Rights

The requirements to trigger the Plan to implement a gratis allotment of Stock Acquisition Rights are as follows. As described above in (e) of 2.2, 'Procedures for Triggering the Plan,' the Company's board of directors will make a determination as to whether any of the following requirements applies to an

Acquisition for which the recommendation by the Independent Committee has been obtained.

Trigger Event (1)

The Acquisition is not in compliance with the procedures prescribed in the Plan (including cases that time and information reasonably necessary to consider the details of the Acquisition is not offered) and it is reasonable to implement the gratis allotment of Stock Acquisition Rights.

Trigger Event (2)

The Acquisition falls under any of the items below and it is reasonable to implement the gratis allotment of Stock Acquisition Rights.

- (a) An Acquisition that threatens to cause obvious harm to the corporate value of the Company and, in turn, the common interests of its shareholders through any of the following actions.
 - (i) A buyout of share certificates, etc. to require such share certificates, etc. to be compulsorily purchased by the Company or the Company's affiliates at a high price.
 - (ii) Management that achieves an advantage for the Acquirer to the detriment of the Company, such as temporary control of the Company's management for the low-cost acquisition of the Company's material assets.
 - (iii) Diversion of the Company's assets to secure or repay debts of the Acquirer or its group company.
 - (iv) Temporary control of the Company's management to bring about the disposal of high-value assets that have no current relevance to the Company's business and declaring temporarily high dividends from the profits of the disposal, or selling the shares at a high price taking advantage of the opportunity afforded by the sudden rise in share prices created by the temporarily high dividends.
- (b) Certain Acquisitions that threaten to have the effect of coercing shareholders into selling shares, such as coercive two-tiered tender offers (meaning acquisitions of shares including tender offers, in which no offer is made to acquire all shares in the initial acquisition, and acquisition terms for the second stage are set that are unfavorable or unclear).
- (c) Acquisitions to which the terms (including the amount and type of consideration, timeframe, legality of the Acquisition method, probability of the Acquisition being effected, and post-Acquisition management policies or business plans and policies dealing with the Company's other shareholders, employees, customers, business partners and any other stakeholders in the Company) are inadequate or inappropriate in light of the Company's intrinsic value.
- (d) Acquisitions that materially threaten to oppose the corporate value of the Company and, in turn, the common interests of shareholders, by destroying relationships with the Company's employees, customers, business partners and the like and the brand strength or the corporate culture of the Company, which are indispensable to the generation of the Company's corporate value.
- (e) An Acquisition to be effected by an Acquirer who is extremely inappropriate to acquire the control of the Company in terms of public order and morals in cases such as where a person related to an anti-social force is included in the management of or the major shareholders in the Acquirer.

2.4 Outline of the Gratis Allotment of Stock Acquisition Rights

The following is an outline of the gratis allotment of Stock Acquisition Rights scheduled to be implemented under the Plan.

(a) Number of Stock Acquisition Rights

The Company will implement a gratis allotment of Stock Acquisition Rights in the same number as the most recent total number of issued and outstanding shares in the Company (excluding the number of shares in the Company held by the Company at that time) on a certain date (the “Allotment Date”) that is separately determined in a resolution by the Company’s board of directors or general meeting of shareholders relating to the gratis allotment of Stock Acquisition Rights (the “Gratis Allotment Resolution”).

(b) Shareholders Eligible for Allotment

The Company will allot the Stock Acquisition Rights to shareholders, other than the Company, who are recorded in the Company’s last register of shareholders on the Allotment Date, at a ratio of one Stock Acquisition Right for each share in the Company held.

(c) Effective Date of Gratis Allotment of Stock Acquisition Rights

The effective date of the gratis allotment of Stock Acquisition Rights will be separately determined in the Gratis Allotment Resolution.

(d) Number of Shares to be Acquired upon Exercise of the Stock Acquisition Rights

The number of shares in the Company¹² to be acquired upon exercise of each Stock Acquisition Right (the “Applicable Number of Shares”) will, in principle, be one share.

(e) Amount to be Contributed upon Exercise of Stock Acquisition Rights

Contributions upon exercise of the Stock Acquisition Rights are to be in cash, and the amount per share in the Company to be contributed upon exercise of the Stock Acquisition Rights will be an amount separately determined in the Gratis Allotment Resolution within the range of a minimum of one yen and a maximum of the amount equivalent to one-half of the fair market value of one share in the Company. “Fair market value” means an amount equivalent to the average closing price (including quotations) for regular transactions of the common stock of the Company on the Tokyo Securities Exchange on each day during the three-month period prior to the Gratis Allotment Resolution (excluding the days on which trades are not made), with any fraction of a yen after such calculation to be rounded up to the nearest whole yen.

(f) Exercise Period of the Stock Acquisition Rights

The commencement date will be a date separately determined in the Gratis Allotment Resolution (this commencement date of the exercise period is referred to as the “Exercise Period Commencement Date”), and the period will, in principle, be a period from one month to six months long as separately determined

¹² Even if the Company becomes a company issuing class shares (Article 2, Item 13 of the Companies Act) in the future, both (i) the shares in the Company to be delivered upon exercise of Stock Acquisition Rights and (ii) the shares to be delivered in exchange for acquisition of Stock Acquisition Rights are the same class of shares of common stock that have been issued at the time of the 65th Ordinary General Meeting of Shareholders.

in the Gratis Allotment Resolution.

(g) Conditions for Exercise of Stock Acquisition Rights

Except where any exceptional event¹³ occurs, the following parties may not exercise the Stock Acquisition Rights (the parties falling under (I) through (VI) below are collectively referred to as “Non-Qualified Parties”):

- (I) Specified Large Holders;¹⁴
- (II) Joint Holders of Specified Large Holders;
- (III) Specified Large Purchasers;¹⁵
- (IV) Persons having a Special Relationship with Specified Large Purchasers;
- (V) Any transferee of, or successor to, the Stock Acquisition Rights of any party falling under (I) through (IV) without the approval of the Company’s board of directors; or
- (VI) Any Affiliated Party¹⁶ of any party falling under (I) through (V).

¹³ Specifically, the Company intends to set out that an “exceptional event” means when (x) the Acquirer cancels or revokes the Acquisition, or promises that it will not conduct any subsequent Acquisition, after the Gratis Allotment Resolution and the Acquirer or other Non-Qualified Parties dispose of their shares in the Company through a securities firm appointed and authorized by the Company to do so and (y) the Acquirer’s shareholding ratio determined by the Company’s board of directors (when calculating the shareholding ratio, Non-Qualified Parties other than the Acquirer and its Joint Holders are deemed to be the Acquirer’s Joint Holders, and Stock Acquisition Rights held by Non-Qualified Parties, the conditions of which have not been satisfied, are excluded) (the “Non-Qualified Parties Shareholding Ratio”) falls below the lower of (i) the Non-Qualified Parties’ Shareholding Ratio before the Acquisition, or (ii) 20%, the Acquirer or other Non-Qualified Parties making the disposal may exercise Stock Acquisition Rights to the extent that the number of shares to be issued or delivered upon exercise of the Stock Acquisition Rights is up to the number of shares disposed of and to the extent of the ratio under either (i) or (ii) above. Detailed conditions and procedures for exercise of Stock Acquisition Rights by Non-Qualified Parties will be determined separately by the Company’s board of directors.

¹⁴ “Specified Large Holder” means, in principle, a party who is a holder of share certificates, etc. issued by the Company and whose holding ratio of share certificates, etc. in respect of such share certificates, etc. is at least 20% (including any party who is deemed applicable to the above by the Company’s board of directors); provided, however, that a party that the Company’s board of directors recognizes as a party whose acquisition or holding of share certificates, etc., of the Company is not contrary to the Company’s corporate value or the common interests of shareholders or a certain other party that the board of directors determines in the Gratis Allotment Resolution is not a Specified Large Holder. The same is applied throughout this document.

¹⁵ “Specified Large Purchaser” means, in principle, a person who makes a public announcement of purchase, etc. (as defined in Article 27-2.1 of the Financial Instruments and Exchange Act; the same is applied throughout this Note 16) of share certificates, etc. (as defined in Article 27-2.1 of the Financial Instruments and Exchange Act; the same is applied throughout this Note 16) issued by the Company through a tender offer and whose ratio of ownership of share certificates, etc. in respect of such share certificates, etc. owned by such person after such purchase, etc. (including similar ownership as prescribed in Article 7.1 of the Order of the Enforcement of the Financial Instruments and Exchange Act) is at least 20% when combined with the ratio of ownership of share certificates, etc. of a person having a special relationship; provided, however, that a party that the Company’s board of directors recognizes as a party whose acquisition or holding of share certificates, etc. of the Company is not contrary to the Company’s corporate value or the common interests of shareholders or certain other party that the Company’s board of directors determines in the Gratis Allotment Resolution is not a Specified Large Purchaser. The same is applied throughout this document.

¹⁶ An “Affiliated Party” of a given party means a person who substantially controls, is controlled by, or is under common control with such given party (including any party who is deemed to fall under the above by the Company’s board of directors), or a party deemed by the Company’s board of directors to act in concert with such given party. “Control” means to “control the determination of the financial and business policies” (as defined in Article 3.3 of the Enforcement Regulations of the Companies Act) of other corporations or entities.

Further, nonresidents of Japan who are required to follow certain procedures under applicable foreign laws and ordinances to exercise the Stock Acquisition Rights may not as a general rule exercise the Stock Acquisition Rights (provided, however, that the Stock Acquisition Rights held by nonresidents will be subject to acquisition by the Company in exchange for shares in the Company subject to compliance with applicable laws and ordinances as set out in (ii) of paragraph (i) below, ‘Acquisition of the Stock Acquisition Rights by the Company’). In addition, anyone who fails to submit a written undertaking, in the form prescribed by the Company and containing representations and warranties regarding matters such as the fact that he or she satisfies the exercise conditions of the Stock Acquisition Rights, indemnity clauses and other covenants, may not exercise the Stock Acquisition Rights.

(h) Assignment of Stock Acquisition Rights

Any acquisition of the Stock Acquisition Rights by assignment requires the approval of the Company’s board of directors.

(i) Acquisition of Stock Acquisition Rights by the Company

- (i) At any time on or before the date immediately prior to the Exercise Period Commencement Date, if the Company’s board of directors deems that it is appropriate for the Company to acquire the Stock Acquisition Rights, the Company may, on a day that falls on a date separately determined by the Company’s board of directors, acquire all of the Stock Acquisition Rights for no consideration.
- (ii) On a day that falls on a date separately determined by the Company’s board of directors, the Company may acquire all of the Stock Acquisition Rights that have not been exercised before or on the day immediately prior to such date separately determined by the Company’s board of directors, that are held by parties other than Non-Qualified Parties and, in exchange, deliver shares in the Company in the number equivalent to the number of the Applicable Number of Shares for each Stock Acquisition Right.

Further, if, on or after the date upon which the acquisition takes place, the Company’s board of directors recognizes the existence of any party holding Stock Acquisition Rights other than Non-Qualified Parties¹⁷, the Company may, on a day falling on a date determined by the Company’s board of directors after the date upon which the acquisition described above takes place, acquire all of the Stock Acquisition Rights held by that party that have not been exercised by or on the day immediately prior to such date determined by the Company’s board of directors (if any) and, in exchange, deliver shares in the Company in the number equivalent to the number of the Applicable Number of Shares for every one Stock Acquisition Right. The same will apply thereafter.

- (j) Delivery of Stock Acquisition Rights in Case of Merger (*gappei*), Absorption-type Demerger (*kyushu bunkatsu*), Incorporation-type Demerger (*shinsetsu bunkatsu*), Share Exchange (*kabushiki koukan*), and Share Transfer (*kabushiki iten*)

These matters will be separately determined in the Gratis Allotment Resolution.

¹⁷ For example, the case of a person who initially had a Special Relationship with a Specified Large Purchaser but cancels the relationship with the Specified Large Purchaser after the triggering of the Plan and thereby is no longer a Non-Qualified Party.

- (k) Issuance of Certificates Representing the Stock Acquisition Rights
Certificates representing the Stock Acquisition Rights will not be issued.

- (l) Other

In addition to the above, the details of the Stock Acquisition Rights will be separately determined in the Gratis Allotment Resolution.

2.5 Effective Period, and Abolition, Revision or Amendment of the Plan

The effective period of the Plan (the “Effective Period”) will be the period until the conclusion of the ordinary general meeting of shareholders relating to the last fiscal year ending within three years after the conclusion of the 65th Ordinary General Meeting of Shareholders.

However, if, before the expiration of the Effective Period, the Company’s board of directors resolves to abolish the Plan, the Plan will be abolished at that time.

Further, the Company’s board of directors may revise or amend the Plan even during the Effective Period of the Plan in cases where any law, ordinance, or regulations or rules of a financial instruments exchange or the like concerning the Plan is established, amended or abolished and it is appropriate to reflect such establishment, amendment or abolition, cases where it is appropriate to revise the wording for reasons such as typographical errors and omissions, or cases where the revision or amendment does not cause any disadvantage to the Company’s shareholders subject to the approval of the Independent Committee.

If the Plan is abolished, revised, amended or the like, the Company will promptly disclose facts including the fact that such abolition, revision or amendment has taken place, and (in the event of a revision or amendment) the details of the revision, amendment and any other matters.

2.6 Revision Due to Amendment to Laws and Ordinances

The provisions of laws and ordinances referred to under the Plan are subject to the prevailing provisions as of January 25, 2018. If it becomes necessary after such date to revise the terms and conditions or definitions of terms set out in the paragraphs above due to the establishment, amendment or abolishment of laws and ordinances, the terms and conditions or definitions of terms set out in the paragraphs above will be read accordingly as required to a reasonable extent, taking into consideration the purposes of such establishment, amendment or abolishment.

III. Impact on Shareholders and Investors

3.1 Impact on Shareholders and Investors Upon the Renewal of the Plan

Upon the Renewal of the Plan, the Plan will have no direct or material impact on shareholders and investors because no actual gratis allotment of Stock Acquisition Rights will be implemented.

3.2 Impact on Shareholders and Investors at the Time of the Gratis Allotment of Stock Acquisition Rights

- (i) Procedures for Shareholders upon Gratis Allotment of Stock Acquisition Rights

If the Company's board of directors or general meeting of shareholders resolves to make a gratis allotment of Stock Acquisition Rights, it will also decide the Allotment Date in the same resolution and give public notice of this Allotment Date. In this case, the Company will make a gratis allotment of Stock Acquisition Rights to the shareholders who are recorded in the Company's last register of shareholders as of the Allotment Date (the "Entitled Shareholders") for one Stock Acquisition Right per share in the Company held by the Entitled Shareholders. All Entitled Shareholders will automatically become Stock Acquisition Right holders on the effective date of the gratis allotment of Stock Acquisition Rights, and no further procedures, such as applying for such gratis allotment, will be necessary.

In addition, even if the Company's board of directors has resolved to make a gratis allotment of Stock Acquisition Rights, the Company may, by respecting any recommendation of the Independent Committee described above in section (e)(i) of 2.2, 'Procedures for Triggering the Plan,' to the maximum extent, (i) on or before the second business day prior to the ex-rights date with respect to the gratis allotment of Stock Acquisition Rights, cancel the gratis allotment of Stock Acquisition Rights, or (ii) from the effective date of the gratis allotment of Stock Acquisition Rights and until the day immediately prior to the commencement date of the exercise period of the Stock Acquisition Rights, acquire the Stock Acquisition Rights for no consideration. In such cases, no dilution of the value per share in the Company held by the shareholders will result, and it is possible that any investors who have sold or bought the shares in the Company expecting to see such a dilution will suffer unexpected loss as a result of a fluctuation in the share price.

(ii) Procedures for Exercising Stock Acquisition Rights

The Company will deliver, as a general rule, a document necessary to be submitted for the exercise of the Stock Acquisition Rights (in the form prescribed by the Company and containing necessary matters such as the terms and number of the Stock Acquisition Rights for exercise and the exercise date for the Stock Acquisition Rights, as well as representations and warranties regarding matters such as that the shareholders themselves satisfy the exercise conditions of the Stock Acquisition Rights, indemnity clauses and other covenants, and information necessary to allocate shares of the Company to the account of the Entitled Shareholders) and other documents necessary for the exercise of the Stock Acquisition Rights to the Entitled Shareholders. After the gratis allotment of Stock Acquisition Rights, the shareholders will be issued, as a general rule, one share in the Company per Stock Acquisition Right upon submitting these necessary documents during the exercise period of Stock Acquisition Rights and, as a general rule, by paying in a prescribed manner as the exercise price for the Stock Acquisition Rights an amount equivalent to the exercise price separately determined in the Gratis Allotment Resolution, which will be an amount within the range of one yen and one-half of the fair market value of the Company's stock per Stock Acquisition Right.

If the Company's shareholders do not exercise their Stock Acquisition Rights or pay the amount equivalent to the exercise price, the shares they hold in the Company will be diluted by the exercise of Stock Acquisition Rights by other shareholders.

However, it is also possible for the Company to acquire the Stock Acquisition Rights of all shareholders other than Non-Qualified Parties and, in exchange, deliver shares in the Company, in accordance with the procedures set out in (iii) below. If the Company carries out such acquisition procedures, all shareholders other than Non-Qualified Parties will, in principle, come to receive shares in the Company without exercising their Stock Acquisition Rights or paying an amount equivalent to the exercise price

and, in principle, there will be no subsequent dilution of the shares in the Company they hold.

(iii) Procedures for the Acquisition of Stock Acquisition Rights by the Company

If the Company's board of directors determines to acquire the Stock Acquisition Rights, the Company will acquire the Stock Acquisition Rights in accordance with the statutory procedures from the shareholders other than Non-Qualified Parties, on the day that falls on the date separately determined by the Company's board of directors and, in principle, deliver shares in the Company in exchange. In this case, the shareholders concerned will, in principle, come to receive one share in the Company for each Stock Acquisition Right as consideration for the acquisition by the Company of those Stock Acquisition Rights, without paying an amount equivalent to the exercise price. However, in such case, the shareholders concerned will be separately requested to provide information necessary to allocate shares of the Company to the account of the Entitled Shareholders and submit, in the form prescribed by the Company, a written undertaking including representations and warranties regarding matters such as the fact that they are not Non-Qualified Parties, indemnity clauses and other covenants.

In addition to the above, the Company will disclose information to or notify all of its shareholders with respect to the particulars of the allotment method, exercise method and method for acquisition by the Company after these matters are determined in the Gratis Allotment Resolution, so we request that shareholders check these details at that time.

IV. Decisions by the Company's Board of Directors Regarding Measures Described Above and Reasons for the Decisions

1. Special Measures to Realize the Basic Policy (Measures Set Out in II Above).

The new medium-term management plan and other measures such as the efforts to enhance the corporate value and the strengthening of corporate governance set out in II above were established as specific measures to continuously and sustainably enhance the corporate value of the Company and, in turn, the common interests of its shareholders, and these are the exact measures to realize the Basic Policy.

These measures, therefore, are in accordance with the Basic Policy and correspond with the corporate value of the Company and, in turn, the common interests of its shareholders and are not for the purpose of maintaining the positions of the corporate officers of the Company.

2. Measures to Prevent Decisions on the Company's Financial and Business Policies from being Controlled by Persons Deemed Inappropriate Under the Basic Policy (Measures Set Out in III Above)

2.1 The Measures are in Accordance with the Basic Policy

The Plan is in line with the Basic Policy and for the purpose of maintaining the corporate value of the Company and, in turn, the common interests of its shareholders by ensuring the necessary time and information is made available for the shareholders to decide whether or not to accept the Acquisition of share certificates, etc. of the Company and for the Company's board of directors to present an alternative proposal to the shareholders, and by enabling the Company's board of directors to negotiate with the Acquirer for the benefit of the shareholders when the Acquisition is to be effected.

2.2 The Measures are not Detrimental to Common Interests of the Company's Shareholders and not for Purpose of Maintaining Positions of the Company's Corporate Officers

The Company believes that the Plan is not detrimental to the common interests of the Company's shareholders and not for the purpose of maintaining the positions of the corporate officers of the Company because of the reasons set out below.

(i) Satisfying the Requirements of the Guidelines Regarding Takeover Defense Measures

The Plan fully satisfies the three principles set out in the Guidelines Regarding Takeover Defense for the Purposes of Protection and Enhancement of Corporate Value and Shareholders' Common Interests released by the Ministry of Economy, Trade and Industry and the Ministry of Justice on May 27, 2005

(ii) Placing High Value on the Intent of Shareholders

The Renewal of the Plan will be made subject to shareholder approval at the 65th Ordinary General Meeting of Shareholders.

The Company's board of directors may, under certain circumstances, confirm the intent of the Company's shareholders at the Shareholders Meeting regarding the need to trigger the Plan.

Further, as set out in section III.2.5 'Effective Period, and Abolition, Revision or Amendment of the Plan,' the Plan is subject to a so-called sunset clause setting the Effective Period of approximately three years and if, even before the expiration of the Effective Period of the Plan, the Company's board of directors resolves to abolish the Plan, the Plan will be abolished at that time. In this regard, the life of the Plan depends on the intent of the Company's shareholders.

(iii) Emphasis on the Decisions of Independent Parties Such As Outside Directors and Information Disclosure

The Company must obtain a recommendation from the Independent Committee, composed only of members who are independent, such as outside directors, when making decisions for triggering the Plan.

Further, information disclosure must be made to shareholders regarding the outline of the decisions by the Independent Committee, which ensures a mechanism to carry out transparent operation of the Plan in a manner that is in accordance with the corporate value of the Company and, in turn, the common interests of its shareholders.

(iv) Establishment of Reasonable Objective Requirements

As set out above in section III.2.3, 'Requirements for the Gratis Allotment of Stock Acquisition Rights,' the Company believes that the Plan is established so that it will not be triggered unless reasonable and objective requirements have been satisfied, and ensures a structure to eliminate arbitrary triggering by the Company's board of directors.

(v) Obtaining Advice of Third-Party Experts

As set out above in (d)(ii) of section III.2.2 'Procedures for Triggering the Plan,' if an Acquirer has emerged, the Independent Committee may, at the cost of the Company, obtain advice from independent third parties (including financial advisers, certified public accountants, attorneys, tax accountants,

consultants or any other experts). This is a mechanism to more firmly secure the fairness and objectivity of the decisions by the Independent Committee.

(vi) No Dead-Hand or Slow-Hand Takeover Defense Measures

The Plan may be abolished by a meeting of the board of directors composed of directors who are nominated by a person who acquires a large number of share certificates, etc. and appointed at the Company's general meeting of shareholders. Therefore, the Plan is not a dead-hand takeover defense measure (a takeover defense measure in which even if a majority of the members of the board of directors are replaced, the triggering of the measure cannot be stopped). Also, as the Company has not adopted a system of staggered terms of office for the directors, the Plan is not a slow-hand takeover defense measure either (a takeover defense measure in which triggering takes more time to stop due to the fact that all members of the board of directors cannot be replaced at once).

--- End of Document ---

Attachment 1

Outline of the Rules of the Independent Committee

- The Independent Committee will be established by resolution of the Company's board of directors.
- There will be no less than three members in the Independent Committee, and the Company's board of directors shall elect the members from (i) outside directors of the Company, (ii) outside Audit & Supervisory Board Members of the Company, or (iii) other outside experts, in each case someone who is independent from the management that executes the business of the Company. However, such experts must be experienced corporate managers, former government employees, parties with knowledge of the investment banking industry, parties with knowledge of the Company's business, lawyers, certified public accountants, researchers whose research focuses on the Companies Act or the like, or parties of similar qualifications, and must have executed with the Company an agreement separately specified by the Company's board of directors that contains a provision obligating the experts to exercise their duty of care to the Company or a similar provision.
- Unless otherwise determined by a resolution of the Company's board of directors, the term of office of members of the Independent Committee will be until the conclusion of the ordinary general meeting of shareholders relating to the last fiscal year ending within three years after the 65th Ordinary General Meeting of Shareholders. However, the term of office of any member of the Independent Committee who is an outside director or outside Audit & Supervisory Board Member of the Company will end at the same time when they cease to be an outside director or outside Audit & Supervisory Board Member (except in the case of their re-appointment).

The term of office of a member of the Independent Committee who is elected as a substitute for a member of the Independent Committee who retires before the expiration of the term will be until the expiration of the term of office of the retiring member of the Independent Committee.
- The Independent Committee will make decisions on the matters listed below and make recommendations to the Company's board of directors containing the details of and reasons for the decisions. Respecting such recommendations by the Independent Committee to the maximum extent possible, the Company's board of directors shall make decisions regarding the implementation or non-implementation of a gratis allotment of Stock Acquisition Rights as an organization under the Companies Act (or, if the Shareholders Meeting otherwise resolves to implement the gratis allotment of Stock Acquisition Rights as set out in (a) below, in accordance with such resolution by the Shareholders Meeting). Each member of the Independent Committee and each director of the Company must make such decisions solely from the perspective of whether or not the corporate value of the Company and the common interests of its shareholders will be enhanced, and they must not serve the purpose of their own interests or those of the management of the Company.
 - (a) The implementation or non-implementation of the gratis allotment of Stock Acquisition Rights.
 - (b) The cancellation of the gratis allotment of Stock Acquisition Rights or the gratis acquisition of Stock Acquisition Rights.

- (c) Any other matters that are for determination by the Company's board of directors in respect to which it has consulted the Independent Committee.
- In addition to the matters prescribed above, the Independent Committee may conduct the matters listed below.
 - (a) Determination whether the Acquisition should be made subject to the Plan.
 - (b) Determination of the information that the Acquirer and the Company's board of directors should provide to the Independent Committee, and the deadline for the provision of that information.
 - (c) Examination and consideration of the terms of the Acquirer's Acquisition.
 - (d) Discussion and Negotiation with the Acquirer.
 - (e) Request for an alternative proposal to, and consideration of the alternative proposal by, the Company's board of directors.
 - (f) Determination regarding extension of the Independent Committee Consideration Period.
 - (g) Determination whether the Shareholders Meeting should be convened regarding the implementation of the gratis allotment of the Stock Acquisition Rights.
 - (h) Approval of revision or amendment of the Plan.
 - (i) Any other matters prescribed in the Plan that the Independent Committee may conduct.
 - (j) Any matters that the Company's board of directors separately determines that the Independent Committee may conduct.
- The Independent Committee may, at the Company's expense, obtain advice from an independent third party (including financial advisers, attorneys, certified public accountants, tax accountants, consultants and other experts) or conduct similar actions.
- Any member of the Independent Committee may convene a meeting of the Independent Committee when an Acquisition arises, or at any other time.
- As a general rule, resolutions of meetings of the Independent Committee shall pass with a majority when all of the members of the Independent Committee are in attendance (including attendance via video conference or telephone conference). However, in unavoidable circumstances a resolution may pass with a majority of voting rights when a majority of the members of the Independent Committee are in attendance.

--- End of Document ---

Attachment 2

Profiles of the Members of the Independent Committee

The following three persons will be the members of the Independent Committee upon the Renewal.

Kenichi Shohtoku

Business Background

Oct. 1995	Joined Asahi & Co., Ltd. (the predecessor of KPMG AZSA LLC)
Sep. 1999	Seconded to Arthur Andersen & Co., Kuala Lumpur Office
Sep. 2002	Joined SCS Global Accounting Co., Ltd. (the predecessor of SCS Global Consulting (S) Pte Ltd)
Nov. 2003	Representative Director of SCS Global Accounting Co., Ltd. (current position)
Sep. 2005	Director of O-RID GLOBAL BPO PTE. LTD.
Dec. 2010	Outside Audit & Supervisory Board Member of ROKI TECHNO CO., LTD.
Feb. 2012	Director of the Company (current position)
Jan. 2013	Outside Audit & Supervisory Board Member of ROKI GROUP HOLDINGS CO., LTD. (current position)

*Mr. Kenichi Shohtoku is an outside director as set out in Article 2, Item 15 of the Companies Act.

Mr. Shohtoku does not have any special interest in the Company and there is no business relationship between Mr. Shohtoku and the Company.

Hiroyuki Kobayashi

Business Background

Apr. 1987	Joined the Industrial Bank of Japan, Ltd. (the predecessor of Mizuho Bank, Ltd.)
Apr. 2000	Seconded to Mizuho Securities Co., Ltd.
Apr. 2003	Head of Advisory Department IV of Mizuho Securities Co., Ltd.
Jun. 2005	Joined Sophia Corporation
Apr. 2006	Vice President and Director of Sophia Corporation
Dec. 2006	Joined Mizuho Securities Co., Ltd.
Jun. 2008	Deputy Head of Corporate Planning Department of Mizuho Securities Co., Ltd.
Dec. 2011	Head of Corporate Communications Department of Mizuho Securities Co., Ltd.
Apr. 2014	Senior Corporate Officer attached to Head of Corporate Investment Services & Retail Business Division of Mizuho Securities Co., Ltd.
Apr. 2015	Head of Wealth Management Division, Retail & Business Banking Division of Mizuho Securities Co., Ltd.
Apr. 2017	President & CEO of Social Capital Management, Inc. (current position)

Feb. 2018	Director of the Company (current position)
Apr. 2018	Vice President and Director of Precious Square, Inc. (current position)
Jun. 2019	Outside Auditor of Tohto Suisan Co., Ltd. (current position)
Aug. 2019	Director of SEIWA Co., Ltd. (the predecessor of SEIWA HOLDINGS Co., Ltd.) (current position)
Dec. 2020	Representative Director of WATASU, Inc. (current position)

*Mr. Hiroyuki Kobayashi is an outside director as set out in Article 2, Item 15 of the Companies Act.

Mr. Kobayashi does not have any special interest in the Company and there is no business relationship between Mr. Kobayashi and the Company.

Masao Yamanaka

Business Background

Apr. 1997	Registered as attorney-at-law (Daini Tokyo Bar Association)
Jan. 2003	Established Yamanaka Law Office
Apr. 2008	Joined RENAISS Law Office (current position)
May 2012	Outside Auditor of Chiyoda Co., Ltd. (current position)
Jun. 2015	Outside Auditor of System Location Co., Ltd. (current position)
Jun. 2018	Outside Director of ACE SECURITIES CO., LTD. (current position)

*Mr. Masao Yamanaka is an outside director as set out in Article 2, Item 15 of the Companies Act.

Mr. Yamanaka does not have any special interest in the Company and there is no business relationship between Mr. Yamanaka and the Company.

Schedule

Major Shareholders of the Company

Major shareholders of the Company as of November 30, 2020 are as follows.

Name of Shareholder	Status of shareholding in the Company	
	Number of shares held	Shareholding ratio (%)
Seiichiro Yamaguchi	12,885,500	27.31
Zeus Capital Limited	6,000,000	12.71
QUINTET PRIVATE BANK (EUROPE) S.A.107704	3,777,400	8.00
SSBTC CLIENT OMNIBUS ACCOUNT	1,804,400	3.82
The Master Trust Bank of Japan, Ltd. (Trust Account)	1,523,200	3.22
Custody Bank of Japan, Ltd. (Trust Account)	851,900	1.80
GOLDMAN SACHS & CO. REG	843,223	1.78
Government of NORWAY	835,929	1.77
NORTHERN TRUST CO.(AVFC) RE IEDU UCITS CLIENTS NON LENDING 15 PCT TREATY ACCOUNT	778,400	1.65
SMBC Nikko Securities Inc.	628,700	1.33

(Note) The holding ratio has been calculated by deducting the treasury shares (1,508,353 shares) and rounding it down to the second decimal place.