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(Securities code: 3696)

March 8, 2021

To Shareholders with Voting Rights:

Satoshi Takagi
President and Representative Director
CERES INC.
4-10-1 Yoga, Setagaya-ku, Tokyo

**NOTICE OF
THE 16th ANNUAL GENERAL MEETING OF SHAREHOLDERS**

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

We hereby inform you of the 16th Annual General Meeting of Shareholders of CERES INC. (the “Company”). The meeting will be held for the purposes as described below.

We hope that shareholders will consider refraining from attending the meeting this year to prevent the spread of the novel coronavirus disease (COVID-19) infection. Please therefore **exercise your voting rights in advance in writing or via the Internet** as much as possible. If you exercise your voting rights in writing or via the Internet, please review the attached Reference Documents for the General Meeting of Shareholders and exercise your voting rights **no later than 7:00 p.m. on Tuesday, March 23, 2021, Japan time**.

Measures for the Prevention of Spread of COVID-19

- We would like to ask shareholders who plan to attend this meeting to check the state of viral spread on the date of the meeting and your own health status and be mindful of taking actions such as wearing a face mask to prevent infections.
- We would like to ask attendees for their cooperation on the date of the meeting to take measures to prevent infections such as disinfecting their hands and fingers by spraying alcohol-based sanitizer and having their body temperature checked at the reception desk. An attendee who is found to have a fever or be in poor health may be asked to refrain from entering the meeting room.
- Operational staff will also wear a face mask and serve attendees.
- Should the meeting venue become unavailable due to the future infection status or other circumstances, the meeting will be held at 11:00 a.m. on the date of the meeting at the Company’s headquarters (the Company’s venue located on the 24th floor of Setagaya Business Square Tower). If the meeting venue changes to the above place, we will inform you on the Company’s website (address: <https://ceres-inc.jp/>). For shareholders who will attend the meeting, please make sure to check the Company’s website on the date of the meeting.

Your understanding and cooperation will be appreciated.

1. Date and Time: Wednesday, March 24, 2021 at 10:00 a.m. Japan time

2. Place: Miltos, Ivy Hall 2F located at
4-4-25 Shibuya, Shibuya-ku, Tokyo, Japan

3. Meeting Agenda:

- Matters to be reported:**
1. The Business Report and Consolidated Financial Statements for the Company's 16th Fiscal Year (January 1, 2020 - December 31, 2020), and results of audit by the Accounting Auditor and the Audit & Supervisory Board of the Consolidated Financial Statements
 2. Non-consolidated Financial Statements for the Company's 16th Fiscal Year (January 1, 2020 - December 31, 2020)

Proposals to be resolved:

- Proposal 1:** Appropriation of Surplus
- Proposal 2:** Partial Amendments to the Articles of Incorporation
- Proposal 3:** Election of 6 Directors (Excluding Directors Who Are Audit and Supervisory Committee Members)
- Proposal 4:** Election of 3 Directors Who Are Audit and Supervisory Committee Members
- Proposal 5:** Election of 1 Substitute Director Who Is an Audit and Supervisory Committee Member
- Proposal 6:** Determination of Amount of Remuneration for Directors (Excluding Directors Who Are Audit and Supervisory Committee Members)
- Proposal 7:** Determination of Amount of Remuneration for Directors Who Are Audit and Supervisory Committee Members
- Proposal 8:** Determination of Remuneration for Granting Restricted Shares to Directors (Excluding Directors Who Are Audit and Supervisory Committee Members and Outside Directors)

- ◎ When attending the meeting, please submit the enclosed Voting Rights Exercise Form at the reception desk.
- ◎ Of the documents to be provided with this convocation notice, System for ensuring appropriate business operations, Summary of the implementation status of the system for ensuring appropriate business operations, Non-consolidated Statements of Changes in Net Assets, and Notes to Non-consolidated Financial Statements are posted on the Company's website (<https://ceres-inc.jp/>), and therefore are not attached to this convocation notice in accordance with laws and regulations, and the Article 14 of the Company's Articles of Incorporation.
- The documents attached to this convocation notice are part of the Business Report audited by the Audit & Supervisory Board Members, and the Consolidated Financial Statements and the Non-consolidated Financial Statements audited by the Accounting Auditor and the Audit & Supervisory Board Members.
- ◎ Any updates to the Reference Documents for the General Meeting of Shareholders, the Business Report, the Non-consolidated Financial Statements and Consolidated Financial Statements will be posted on the Company's website (<https://ceres-inc.jp/>).

Reference Documents for the General Meeting of Shareholders

Proposals and References

Proposal 1: Appropriation of Surplus

The Company recognizes the continuous enhancement of corporate value and the return of profits to shareholders as important management issues. In order to enable proactive business investments that contribute to continuous enhancement of corporate value, the policy of the Company is to consider the return of profits to shareholders by paying dividends while keeping the balance between returning profits and maintaining a sound financial position and the internal reserves required for future business expansion. Based on this policy, the appropriation of surplus is proposed as follows.

- (1) Type of dividend property
Cash
- (2) Matters concerning the allotment of dividend property and the total amount
18 yen per share of common stock of the Company
Total dividends of 197,938,872 yen
- (3) Source of dividends
Retained earnings
- (4) Record date
December 31, 2020
- (5) Effective date of dividends of surplus
March 25, 2021

Proposal 2: Partial Amendments to the Articles of Incorporation

1. Reasons for amendments

The Company has decided to transition to a company with an audit and supervisory committee to strengthen its supervisory function of the Board of Directors by establishing the Audit and Supervisory Committee and granting the voting rights at the Board of Directors to Directors who are Audit and Supervisory Committee Members, thereby further enhancing its corporate governance. Accordingly, the Company will make necessary amendments to the Articles of Incorporation for the transition to a company with an audit and supervisory committee, such as newly establishing provisions concerning Directors who are Audit and Supervisory Committee Members and the Audit and Supervisory Committee, deleting the provisions concerning Audit & Supervisory Board Members and the Audit & Supervisory Board, and changing the term of office of Directors.

The Company will also add new items to the business objective and make necessary amendments to the format to prepare for future diversification of business activities.

2. Details of amendments

The details of amendments are as follows:

Partial amendments to the Articles of Incorporation in this proposal will come into effect at the conclusion of this General Meeting of Shareholders.

(Amendments are underlined.)

Current Articles of Incorporation	Proposed Amendments
Chapter I General Provisions	Chapter I General Provisions
Article 1 (Text omitted)	Article 1 (Unchanged)
Article 2 (Objective)	Article 2 (Objective)
The Company shall have the objective of engaging in the following business:	(Unchanged)
(1) The planning, development, production, sale, and leasing of internet content and systems	(1) - (9) (Unchanged)
(2) Information processing services and information provision services	
(3) The planning and production of advertising; and the advertising agency business	
(4) Internet-related consulting services	
(5) Mail order business	
(6) The acquisition, licensing of use, trading, and management of intangible property rights (copyrights, neighboring rights, patent rights, utility model rights, design rights, trademark rights, etc.)	
(7) Used goods trading business	
(8) Paid employment placement business	
(9) The business of the issuance, sale, and management of electronic money, other electronic value information, as well as prepaid payment methods; electronic payment system provision business; and fund transfer business	
(10) <u>Cryptocurrency</u> exchange business	(10) <u>Crypto-assets</u> exchange business
(11) <u>Cryptocurrency</u> -related business	(11) <u>Crypto-assets</u> related business
(12) Investment into various businesses (Newly established)	(12) (Unchanged)
(13) All business incidental to each of the preceding items	(13) <u>The purchase, management, and collection of receivables, and other financial services</u>
Article 3 - 4 (Text omitted)	(14) (Unchanged)
	Article 3 - 4 (Unchanged)

Current Articles of Incorporation	Proposed Amendments
<p>Chapter II Shares</p> <p>Article 5 - 11 (Text omitted)</p> <p>Chapter III General Meeting of Shareholders</p> <p>Article 12 - 13 (Text omitted)</p> <p>Article 14 (Deemed Provision Through Internet Disclosure of Reference Documents for the General Meeting of Shareholders, Etc.)</p> <p>The Company, in relation to the convening of general meetings of shareholders, may be deemed to have provided information relating to the matters that should be stated or displayed in the documents for the general meeting of shareholders, business reports, and financial statements through their disclosure by a method that uses the internet, in accordance with the provisions of Ministry of Justice ordinances.</p> <p>Article 15 - 17 (Text omitted)</p> <p>Chapter IV Directors and Board of Directors</p> <p>Article 18 (Text omitted)</p> <p>Article 19 (Number of Directors)</p> <p>The Company shall have at least three (3) directors.</p> <p>(Newly established)</p> <p>Article 20 (Appointment of Directors)</p> <ol style="list-style-type: none"> Directors shall be elected by resolution of a general meeting of shareholders. A resolution to elect a director shall be performed when shareholders with at least one-third of voting rights of shareholders who are able to exercise voting rights are in attendance, by the majority of such voting rights. A resolution to elect a director shall not be performed through cumulative voting. <p>Article 21 (Director Tenure)</p> <ol style="list-style-type: none"> The tenure of directors shall be until the conclusion of the annual general meeting of shareholders for the last business year out of the business years ending within <u>two (2) years</u> after their election. <u>The tenure of a director who has been elected due to an increase in the number of directors or as a substitute shall be until the end of the tenure of the other currently serving directors.</u> <p>(Newly established)</p>	<p>Chapter II Shares</p> <p>Article 5 - 11 (Unchanged)</p> <p>Chapter III General Meeting of Shareholders</p> <p>Article 12 - 13 (Unchanged)</p> <p>Article 14 (Deemed Provision Through Internet Disclosure of Reference Documents for the General Meeting of Shareholders, Etc.)</p> <p>The Company, in relation to the convening of general meetings of shareholders, may be deemed to have provided information relating to the matters that should be stated or displayed in the reference documents for the general meeting of shareholders, business reports, financial statements, <u>and consolidated financial statements</u> through their disclosure by a method that uses the internet, in accordance with the provisions of Ministry of Justice ordinances.</p> <p>Article 15 - 17 (Unchanged)</p> <p>Chapter IV Directors and Board of Directors</p> <p>Article 18 (Unchanged)</p> <p>Article 19 (Number of Directors)</p> <ol style="list-style-type: none"> The Company shall have at least three (3) directors <u>(excluding directors who are audit and supervisory committee members)</u>. <u>The Company shall have at least three (3) directors who are audit and supervisory committee members.</u> <p>Article 20 (Appointment of Directors)</p> <ol style="list-style-type: none"> Directors shall be elected by resolution of a general meeting of shareholders <u>by distinguishing directors who are audit and supervisory committee members from the other directors.</u> (Unchanged) (Unchanged) <p>Article 21 (Director Tenure)</p> <ol style="list-style-type: none"> The tenure of directors <u>(excluding directors who are audit and supervisory committee members)</u> shall be until the conclusion of the annual general meeting of shareholders for the last business year out of the business years ending within <u>one (1) year</u> after their election. <u>The tenure of directors who are audit and supervisory committee members shall be until the conclusion of the annual general meeting of shareholders for the last business year out of the business years ending within two (2) years after their election.</u> <u>The tenure of a director who is an audit and supervisory committee member and is elected as a substitute for a director who is an audit and supervisory committee member retiring before the expiration of his or her tenure shall be until the end of the tenure of the retiring director.</u>

Current Articles of Incorporation	Proposed Amendments
(Newly established)	4. <u>The effective term of the resolution for the election of a director who is a substitute audit and supervisory committee member elected in accordance with Article 329, paragraph (3) of the Companies Act shall be until the time of the commencement of the first annual general meeting of shareholders after his or her election.</u>
Article 22 (Representative Director and Directors With Special Titles)	Article 22 (Representative Director and Directors With Special Titles)
1. A Representative Director shall be selected by resolution of the Board of Directors.	1. A Representative Director shall be selected by resolution of the Board of Directors <u>from among directors (excluding directors who are audit and supervisory committee members).</u>
2. The Representative Director shall represent the Company and shall execute the business of the Company.	2. (Unchanged)
3. The Board of Directors, by resolution of the Board of Directors, shall select one (1) President, and in addition, may also select one (1) Chair, as well as one (1) or a small number of Vice Presidents, Senior Managing Directors, and Managing Directors as necessary.	3. The Board of Directors, by resolution of the Board of Directors, shall select one (1) President, and in addition, may also select one (1) Chair, as well as one (1) or a small number of Vice Presidents, Senior Managing Directors, and Managing Directors as necessary, <u>from among directors (excluding directors who are audit and supervisory committee members).</u>
Article 23 (Text omitted)	Article 23 (Unchanged)
Article 24 (Convocation Notice for Meetings of the Board of Directors)	Article 24 (Convocation Notice for Meetings of the Board of Directors)
A convocation notice for 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 date. However, this period may be shortened in an emergency.	A convocation notice for meetings of the Board of Directors shall be issued to each director at least three (3) days prior to the meeting date. However, this period may be shortened in an emergency.
Article 25 (Text omitted)	Article 25 (Unchanged)
Article 26 (Omission of Resolution of the Board of Directors)	Article 26 (Omission of Resolution of the Board of Directors)
The Company, in the event of all directors having agreed to a matter for resolution of the Board of Directors either in writing or by electromagnetic record, shall deem a resolution of the Board of Directors approving said matter for resolution as having been made. <u>However, this shall not apply in the case of an audit & supervisory board member having raised an objection.</u>	The Company, in the event of all directors having agreed to a matter for resolution of the Board of Directors either in writing or by electromagnetic record, shall deem a resolution of the Board of Directors approving said matter for resolution as having been made.
(Newly established)	Article 27 (Delegation of a Decision on the Execution of Important Operations)
	<u>Under Article 399-13, paragraph (6) of the Companies Act, the Company may delegate all or some of decisions concerning the execution of important operations (excluding matters listed in the items under paragraph (5) of said article) to directors by resolution of the Board of Directors.</u>
Article 27 (Minutes of Meetings of the Board of Directors)	Article 28 (Minutes of Meetings of the Board of Directors)
An overview of the proceedings at a meeting of the Board of Directors, the results thereof, as well as other matters prescribed in laws and ordinances shall be entered or recorded in the minutes, which shall be signed and stamped, or electronically signed by the directors <u>and audit & supervisory board members</u> who were in attendance.	An overview of the proceedings at a meeting of the Board of Directors, the results thereof, as well as other matters prescribed in laws and ordinances shall be entered or recorded in the minutes, which shall be signed and stamped, or electronically signed by the directors who were in attendance.
Article 28 (Text omitted)	Article 29 (Unchanged)
Article 29 (Director Remuneration, Etc.)	Article 30 (Director Remuneration, Etc.)
The remuneration, etc. of directors shall be prescribed by resolution of a general meeting of shareholders.	The remuneration, etc. of directors shall be prescribed by resolution of a general meeting of shareholders <u>by distinguishing from directors who are audit and supervisory committee members from the other directors.</u>
Article 30 (Text omitted)	Article 31 (Unchanged)

Current Articles of Incorporation	Proposed Amendments
<p style="text-align: center;">Chapter V <u>Audit & Supervisory Board Members and Audit & Supervisory Board</u></p> <p>Article <u>31</u> (Establishment of <u>Audit & Supervisory Board Members and Audit & Supervisory Board</u>)</p> <p>The Company shall establish <u>audit & supervisory board members and an Audit & Supervisory Board</u>.</p> <p><u>Article 32 (Number of Audit & Supervisory Board Members) - 35 (Substitute Audit & Supervisory Board Members)</u> (Text omitted)</p> <p>Article <u>36</u> (Convocation Notice for Meetings of <u>Audit & Supervisory Board</u>)</p> <p>A convocation notice for meetings of the <u>Audit & Supervisory Board</u> shall be issued to each <u>audit & supervisory board member</u> at least three (3) days prior to the meeting date. However, this period may be shortened in an emergency.</p> <p>Article <u>37</u> (Full-Time <u>Audit & Supervisory Board Members</u>)</p> <p>The <u>Audit & Supervisory Board</u> shall select a full-time <u>audit & supervisory board member</u> from among <u>audit & supervisory board members</u>.</p> <p>Article <u>38</u> (Method of Resolution of the <u>Audit & Supervisory Board</u>)</p> <p>Unless otherwise prescribed in laws and ordinances, a resolution of the <u>Audit & Supervisory Board</u> shall be performed by the majority of the <u>audit & supervisory board members</u>.</p> <p>Article <u>39</u> (Minutes of <u>Audit & Supervisory Board Meetings</u>)</p> <p>An overview of the proceedings at a meeting of the <u>Audit & Supervisory Board</u>, the results thereof, as well as other matters prescribed in laws and ordinances shall be entered or recorded in the minutes, which shall be signed and stamped, or electronically signed by the <u>audit & supervisory board members</u> who were in attendance.</p> <p>Article <u>40</u> (<u>Audit & Supervisory Board Regulations</u>)</p> <p>Matters relating to the <u>Audit & Supervisory Board</u> shall be handled pursuant to laws and ordinances and these Articles of Incorporation, as well as the <u>Audit & Supervisory Board Regulations</u> prescribed at the <u>Audit & Supervisory Board</u>.</p> <p><u>Article 41 (Audit & Supervisory Board Member Remuneration, Etc.) - 42 (Exemption of Audit & Supervisory Board Member Liability)</u> (Text omitted)</p> <p style="text-align: center;">Chapter VI Accounting Auditor</p> <p>Article <u>43</u> (Text omitted)</p> <p>Article <u>44</u> (Election of an Accounting Auditor)</p> <p>An accounting auditor shall be elected by resolution of a general meeting of shareholders. <u>The Audit & Supervisory Board shall determine the details of proposals relating to the election of an accounting auditor.</u></p> <p>Article <u>45</u> (Text omitted)</p> <p>Article <u>46</u> (Accounting Auditor Remuneration, Etc.)</p> <p>Accounting auditor remuneration, etc., shall be prescribed by the Representative Director with the agreement of the <u>Audit & Supervisory Board</u>.</p>	<p style="text-align: center;">Chapter V <u>Audit and Supervisory Committee</u></p> <p>Article <u>32</u> (Establishment of <u>Audit and Supervisory Committee</u>)</p> <p>The Company shall establish <u>an Audit and Supervisory Committee</u>.</p> <p style="text-align: center;">(Deleted)</p> <p>Article <u>33</u> (Convocation Notice for Meetings of <u>Audit and Supervisory Committee</u>)</p> <p>A convocation notice for meetings of the <u>Audit and Supervisory Committee</u> shall be issued to each <u>audit and supervisory committee member</u> at least three (3) days prior to the meeting date. However, this period may be shortened in an emergency.</p> <p>Article <u>34</u> (Full-Time <u>Audit and Supervisory Committee Members</u>)</p> <p>The <u>Audit and Supervisory Committee</u> may, by its resolution, select a full-time <u>audit and supervisory committee member</u> from among <u>audit and supervisory committee members</u>.</p> <p>Article <u>35</u> (Method of Resolution of the <u>Audit and Supervisory Committee</u>)</p> <p>A resolution of the <u>Audit and Supervisory Committee</u> shall be performed by the majority of the <u>audit and supervisory committee members present when the majority of such members entitled to participate in the vote are present</u>.</p> <p>Article <u>36</u> (Minutes of <u>Audit and Supervisory Committee Meetings</u>)</p> <p>An overview of the proceedings at a meeting of the <u>Audit and Supervisory Committee</u>, the results thereof, as well as other matters prescribed in laws and ordinances shall be entered or recorded in the minutes, which shall be signed and stamped, or electronically signed by the <u>audit and supervisory committee members</u> who were in attendance.</p> <p>Article <u>37</u> (<u>Audit and Supervisory Committee Regulations</u>)</p> <p>Matters relating to the <u>Audit and Supervisory Committee</u> shall be handled pursuant to laws and ordinances and these Articles of Incorporation, as well as the <u>Audit and Supervisory Committee Regulations</u> prescribed at the <u>Audit and Supervisory Committee</u>.</p> <p style="text-align: center;">(Deleted)</p> <p style="text-align: center;">Chapter VI Accounting Auditor</p> <p>Article <u>38</u> (Unchanged)</p> <p>Article <u>39</u> (Election of an Accounting Auditor)</p> <p>An accounting auditor shall be elected by resolution of a general meeting of shareholders.</p> <p>Article <u>40</u> (Unchanged)</p> <p>Article <u>41</u> (Accounting Auditor Remuneration, Etc.)</p> <p>Accounting auditor remuneration, etc., shall be prescribed by the Representative Director with the agreement of the <u>Audit and Supervisory Committee</u>.</p>

Current Articles of Incorporation	Proposed Amendments
Article <u>47</u> (Text omitted)	Article <u>42</u> (Unchanged)
Chapter VII Accounting	Chapter VII Accounting
Article <u>48 - 51</u> (Text omitted)	Article <u>43 - 46</u> (Unchanged)
(Newly established)	
(Newly established)	<p style="text-align: center;"><u>Supplementary Provisions</u></p> <p><u>Article 1 (Transitional Measure concerning Exemption from and Limitation of Liability of Audit & Supervisory Board Members)</u></p> <p>1. In the event of the requirements being met, which are prescribed in laws and ordinances for the liability of audit & supervisory board members (including former audit & supervisory board members) in Article 423, paragraph (1) of the Companies Act, the Company, by resolution of the Board of Directors, may exempt its audit & supervisory board members from liability by a maximum amount of that obtained by deducting the minimum amount of liability prescribed in laws and ordinances from the amount of liability, for acts before the partial amendments to the Articles of Incorporation come into effect by resolution in the 16th annual general meeting of shareholders of the Company held in March 2021.</p> <p>2. The agreements entered into with audit & supervisory board members (including former audit & supervisory board members) to limit their liability prescribed in Article 423, paragraph (1) of the Companies Act shall remain applicable to their acts before the partial amendments to the Articles of Incorporation come into effect by resolution in the 16th annual general meeting of shareholders of the Company held in March 2021, pursuant to the provision of Article 427, paragraph (1) of the act.</p>

Proposal 3: Election of 6 Directors (Excluding Directors Who Are Audit and Supervisory Committee Members)

If Proposal 2 “Partial Amendments to the Articles of Incorporation” is approved as proposed, the Company will transition to a company with an audit and supervisory committee. The term of office of all 7 Directors will expire at the conclusion of this General Meeting of Shareholders.

Accordingly, we propose the election of 6 Directors (excluding Directors who are Audit and Supervisory Committee Members). Director Mr. Shinya Hata will retire from the position at the conclusion of this General Meeting of Shareholders.

This proposal shall come into effect on the condition that the amendments to the Articles of Incorporation as per Proposal 2 “Partial Amendments to the Articles of Incorporation” become effective.

The candidates for Directors are as follows:

Mr. Hitoshi Tada is a candidate for Outside Director.

No.	Name	Current position and responsibility in the Company	
1	Satoshi Takagi	President and Representative Director	<div>Reelection</div>
2	Tetsuya Nozaki	Vice President and Director General Manager of Internet Business Division	<div>Reelection</div>
3	Yasuhiro Kobayashi	Managing Director General Manager of Administration Division	<div>Reelection</div>
4	Yusuke Shiga	Director Internet Business Division General Manager of Ad Marketing Business Department	<div>Reelection</div>
5	Norimitsu Yoshida	Director Internet Business Division General Manager of Vertical Media Business Department	<div>Reelection</div>
6	Hitoshi Tada	Outside Director	<div>Reelection</div> <div>Outside</div> <div>Independent</div>

No.	Name (Date of birth)	Career summary, positions and responsibilities (significant concurrent positions)		Number of shares of the Company held
1	Satoshi Takagi (November 9, 1971) <u>Reelection</u>	April 1994 February 2000 January 2003 January 2005 June 2016 July 2017 September 2017 August 2018 July 2020	Joined Nomura Securities Co., Ltd. Joined CyberAgent, Inc. Established Juno & Co., Inc; Director (current position) Established the Company; President and Representative Director (current position) Director, YUMEMI Inc. (current position) Outside Director, bitbank, inc. (current position) Established Mercury Inc.; President and Representative Director Director Established Diana Inc.; Director President and Representative Director, Mercury Inc. (current position)	525,900 shares
2	Tetsuya Nozaki (March 14, 1977) <u>Reelection</u>	December 2005 April 2007 April 2008 March 2009 March 2012 January 2018 August 2018 October 2018	Joined Interspace Co., Ltd. Joined the Company Executive Officer Director Vice President and Director; General Manager of Media Division Vice President and Director; General Manager of Internet Business Division (current position) Established Diana Inc.; Director Established BACCHUS INC.; Representative Director (current position)	106,300 shares
3	Yasuhiro Kobayashi (January 18, 1971) <u>Reelection</u>	April 1994 July 2004 October 2006 April 2017 February 2018 August 2018	Joined The Dai-ichi Mutual Life Insurance Company (currently The Dai-ichi Life Insurance Company, Limited) Joined Mitsubishi Securities Co., Ltd. (currently Mitsubishi UFJ Morgan Stanley Securities Co., Ltd.) Joined the Company; Director; General Manager of Administration Division Managing Director; General Manager of Administration Division (current position) Outside Director, Orb Inc. Established Diana Inc.; Audit & Supervisory Board Member	197,800 shares
4	Yusuke Shiga (April 27, 1987) <u>Reelection</u>	December 2010 January 2017 January 2018 August 2018 March 2019 July 2019	Joined the Company Executive Officer General Manager of Contents Media Business Department, Internet Business Division Established Diana Inc.; President and Representative Director (current position) Director, the Company (current position) General Manager of Ad Marketing Business Department, Internet Business Division (current position)	4,957 shares
5	Norimitsu Yoshida (April 7, 1980) <u>Reelection</u>	April 2003 October 2006 October 2009 March 2017 January 2018 March 2019	Joined CSK Network Systems, Inc. (currently SCSK Corporation) Joined DeNA Co., Ltd. Joined C.A.Mobile, Inc. (currently CAM, Inc.) Joined the Company; Executive Officer General Manager of Vertical Media Business Department, Internet Business Division (current position) Director (current position)	4,924 shares

No.	Name (Date of birth)	Career summary, positions and responsibilities (significant concurrent positions)	Number of shares of the Company held
6	Hitoshi Tada (June 29, 1955) <div> <div>Reelection</div> <div>Outside</div> <div>Independent</div> </div>	April 1978 Joined Nomura Securities Co., Ltd. June 1999 Director April 2003 Managing Director June 2003 Managing Executive Officer April 2006 Senior Managing Executive Officer October 2008 Executive Officer; Executive Vice President (Senior Managing Director) April 2009 Deputy President and Executive Officer June 2010 Deputy President and Executive Officer; CEO of Retail Division April 2011 Co-COO; Deputy President and Executive Officer April 2012 Director; Chairman and Executive Officer August 2012 Standing Advisor April 2013 Advisor, Nomura Research Institute, Ltd. June 2013 President and Representative Director, DSB Co., Ltd. December 2013 President and Representative Director, Japan Business Service Co., Ltd. April 2015 Chairman and Representative Director, DSB Information System Co., Ltd. December 2015 Chairman and Representative Director, DSB Sourcing Co., Ltd. April 2016 Chairman and Representative Director, Japan Business Service Co., Ltd. April 2017 Outside Director, the Company (current position) Consultant and Director, DSB Co., Ltd. June 2017 Consultant November 2017 Outside Director, Right-on Co., Ltd. (current position) August 2018 Audit & Supervisory Board Member, Mercury Inc. (current position) December 2018 Outside Director, TSUNAGU SOLUTIONS Inc. April 2019 Outside Director, TSUNAGU GROUP HOLDINGS Inc. (current position)	900 shares

- (Notes) 1. There are no special interests between each candidate for Director and the Company.
2. Matters concerning the candidate for Outside Director are as follows.
- (1) Reasons for nomination as a candidate for Outside Director:
Mr. Hitoshi Tada has long served as an officer/representative at multiple corporations in the securities industry, and the Company believes that he will draw on his abundant experience and deep insight in securities practice in the management of the Company. The Company thus requests his election as Outside Director again.
- (2) Number of years since taking office as Outside Director:
Mr. Hitoshi Tada is currently an Outside Director of the Company, and his term of office as Outside Director will have been 3 years and 11 months at the conclusion of this General Meeting of Shareholders.
- (3) Independent Officer:
Mr. Hitoshi Tada is currently designated as an Independent Officer in accordance with the provisions of Tokyo Stock Exchange, Inc., and has been reported as such to the exchange. If his reelection is approved, he will continue to be an Independent Officer in accordance with the provisions of the exchange.
3. Liability limitation agreement:
The Company has entered into a liability limitation agreement with Mr. Hitoshi Tada to limit his liability for damages to the higher of 5 million yen or the minimum liability amount stipulated in laws and regulations. If his reelection is approved, the Company will continue the agreement with him.
4. Directors and officers liability insurance contract:
The Company enters into directors and officers liability insurance contracts in which the insurer promises to indemnify the Company's directors and officers, the insured under the contract, for any damage they might incur as a result of being held liable, or receiving a claim to hold them liable, for the execution of their duties. If the reelection of the above candidates for Directors is approved, each of them will be insured under the contract. The insurance premiums are fully paid by the Company.

Proposal 4: Election of 3 Directors Who Are Audit and Supervisory Committee Members

If Proposal 2 “Partial Amendments to the Articles of Incorporation” is approved and adopted as proposed, the Company will make the transition to a company with an audit and supervisory committee.

Accordingly, we propose the election of 3 Directors who are Audit and Supervisory Committee Members. The Audit & Supervisory Board has given its approval to this proposal.

This proposal shall come into effect on the condition that the partial amendments to the Articles of Incorporation as per Proposal 2 “Partial Amendments to the Articles of Incorporation” become effective.

The candidates for Directors who are Audit and Supervisory Committee Members are as follows, and all of them are candidates for Outside Directors.

If Proposal 2 “Partial Amendments to the Articles of Incorporation,” Proposal 3 “Election of 6 Directors (Excluding Directors Who Are Audit and Supervisory Committee Members)” and this proposal become effective, the Company will have 9 Directors, of which 4 will be Outside Directors.

No.	Name	Current position and responsibility in the Company	
1	Yoshindo Takahashi	Outside Audit & Supervisory Board Member	New election
			Outside
			Independent
2	Masataka Uesugi	Outside Audit & Supervisory Board Member	New election
			Outside
			Independent
3	Chise Kuwayama	Outside Audit & Supervisory Board Member	New election
			Outside
			Independent

No.	Name (Date of birth)	Career summary, positions and responsibilities (significant concurrent positions)		Number of shares of the Company held
1	Yoshindo Takahashi (March 9, 1940) New election Outside Independent	April 1962 December 1985 June 1994 June 1996 July 2000 October 2000 August 2007 October 2018	Joined Nomura Securities Co., Ltd. Director, Nomura Research Institute, Ltd. Vice President and Director Advisor President, Nomura School of Advanced Management Advisor, Executive Partners, Inc. (current position) External Director and Auditor, netprice.com, Ltd. (currently BEENOS Inc.) (current position) Outside Audit & Supervisory Board Member, the Company (current position) Outside Auditor, Tokyo Tsushin, Inc. (current position)	300 shares
2	Masataka Uesugi (July 31, 1965) New election Outside Independent	April 1995 April 1999 September 2000 June 2003 June 2013 November 2013 November 2014 March 2015 March 2016 June 2016	Registered as an attorney at law (Tokyo Bar Association) Joined Emori-Kawamori Law Office Established Uesugi Law Office Senior Partner, AmLec Law and Accounting Office (currently Kasumigaseki Law & Accounting Office) Outside Audit & Supervisory Board Member, Digital Arts Inc. Outside Auditor, Commerce One Holdings Inc. (current position) Outside Audit & Supervisory Board Member, the Company (current position) External Auditor, Aiming Inc. (current position) Senior Partner, Sakurada Dori Partners (current position) Outside Director (Audit & Supervisory Committee Member), Fullcast Holdings Co., Ltd. (current position) Outside Director (Audit & Supervisory Board Member), Digital Arts Inc. (current position)	-
3	Chise Kuwayama (May 2, 1971) New election Outside Independent	April 1995 November 2004 August 2008 March 2015 June 2019	Joined The Dai-ichi Mutual Life Insurance Company (currently The Dai-ichi Life Insurance Company, Limited) Joined Deloitte Touche Tohmatsu (currently Deloitte Touche Tohmatsu LLC) Registered as a Certified Public Accountant Outside Audit & Supervisory Board Member, the Company (current position) Auditor, YUMEMI Inc. (current position)	400 shares

- (Notes) 1. There is no special interest between each candidate for Director who is an Audit and Supervisory Committee Member and the Company.
2. Matters concerning the candidates for Outside Directors who are Audit and Supervisory Committee Members are as follows.
- (1) Reasons for nomination as candidates for Outside Directors who are Audit and Supervisory Committee Members:
- Mr. Yoshindo Takahashi is currently an Outside Audit & Supervisory Board Member of the Company. He has proven experience and broad insight mainly in the financial industry, and the Company believes that he can objectively supervise management based on such experience and insight and contribute to further strengthen the Company's governance structure from an independent perspective. The Company thus requests his election as Outside Director who is an Audit and Supervisory Committee Member.
 - Mr. Masataka Uesugi is currently an Outside Audit & Supervisory Board Member of the Company. He has a professional perspective as well as abundant experience and broad insight as an attorney at law, and the Company believes that he can fairly and objectively supervise management from a legal standpoint and contribute to further strengthen the Company's governance structure from an independent perspective. The Company thus requests his election as Outside Director who is an Audit and Supervisory Committee Member.
 - Ms. Chise Kuwayama is currently an Outside Audit & Supervisory Board Member of the Company. She has expertise in finance and accounting as a Certified Public Accountant, and the Company believes that she can objectively supervise management based on such expertise and contribute to further strengthen the Company's governance structure from an independent perspective. The Company thus requests her election as Outside Director who is an Audit and Supervisory Committee Member.
- (2) Number of years since taking office as Outside Audit & Supervisory Board Member:
Mr. Yoshindo Takahashi, Mr. Masataka Uesugi and Ms. Chise Kuwayama are currently Outside Audit & Supervisory Board Members of the Company, and their terms of office as Outside Audit & Supervisory Board Members will have been 13 years and 7 months, 7 years and 4 months and 6 years, respectively, at the conclusion of this General Meeting of Shareholders.
- (3) Independent Officers:
Mr. Yoshindo Takahashi, Mr. Masataka Uesugi and Ms. Chise Kuwayama are currently designated as Independent Officers in accordance with the provisions of Tokyo Stock Exchange, Inc., and have been reported as such to the exchange. If their election is approved, they will continue to be Independent Officers in accordance with the provisions of the exchange.
3. Limited liability agreement:
The Company has entered into liability limitation agreements with Mr. Yoshindo Takahashi, Mr. Masataka Uesugi and Ms. Chise Kuwayama to limit their liability for damages to the higher of 5 million yen or the minimum liability amount stipulated in laws and regulations. If their election is approved, the Company will once again enter into the same liability limitation agreements with them.
4. Directors and officers liability insurance contract:
The Company enters into directors and officers liability insurance contracts in which the insurer promises to indemnify the Company's directors and officers, the insured under the contract, for any damage they might incur as a result of being held liable, or receiving a claim to hold them liable, for the execution of their duties. If the election of the above candidates for Directors is approved, each of them will be insured under the contract. The insurance premiums are fully paid by the Company.

Proposal 5: Election of 1 Substitute Director Who Is an Audit and Supervisory Committee Member

If Proposal 2 “Partial Amendments to the Articles of Incorporation” is approved and adopted as proposed, the Company will make the transition to a company with an audit and supervisory committee.

Accordingly, in preparation for the possibility of the number of Directors who are Audit and Supervisory Committee Members falling below the number prescribed in laws and regulations, we propose the election of 1 Substitute Director who is an Audit and Supervisory Committee Member. The Audit & Supervisory Board has given its approval to this proposal.

This proposal shall come into effect on the condition that the partial amendments to the Articles of Incorporation as per Proposal 2 “Partial Amendments to the Articles of Incorporation” become effective.

The candidate for Substitute Director who is an Audit and Supervisory Committee Member is as follows:

Name (Date of birth)	Career summary (significant concurrent positions)	Number of shares of the Company held
Ryota Suzuki (July 14, 1965) <div>New election</div> <div>Outside</div> <div>Independent</div>	April 1989 Joined Industrial Bank of Japan, Ltd. (currently Mizuho Bank, Ltd.)	-
	November 1999 Transferred to Kogin Securities Co., Ltd. (currently Mizuho Securities Co., Ltd.)	
	November 2002 Transferred to Japan Industrial Partners, Inc.	
	December 2002 Returned to Mizuho Securities Co., Ltd.	
	September 2004 Transferred to Polaris Principal Finance Co., Ltd. (currently Polaris Capital Group Co., Ltd.)	
	June 2008 Joined Mizuho Securities Shinko Principal Investment Co., Ltd. (currently Mizuho Securities Principal Investment Co., Ltd.)	
	July 2011 Managing Executive Officer, Mizuho Securities Principal Investment Co., Ltd.	
	April 2015 President and Director (current position)	

(Notes) 1. There is no special interest between the candidate for Substitute Director who is an Audit and Supervisory Committee Member and the Company.

2. Matters concerning the candidate for Substitute Outside Director who is an Audit and Supervisory Committee Member are as follows.

(1) Reasons for nomination as a candidate for Substitute Director who is an Audit and Supervisory Committee Member:

Mr. Ryota Suzuki has proven experience and broad insight mainly in the financial industry, and the Company believes that he can objectively supervise management based on such experience and insight and contribute to further strengthen the Company’s governance structure from an independent perspective.

(2) Independent Officer:

If Mr. Ryota Suzuki assumes the office of Outside Director who is an Audit and Supervisory Committee Member, the Company plans for him to be an Independent Officer in accordance with the provisions of Tokyo Stock Exchange, Inc.

3. Liability limitation agreement:

If Mr. Ryota Suzuki assumes the office of Director who is an Audit and Supervisory Committee Member, the Company plans to enter into a liability limitation agreement with him to limit his liability for damages to the higher of 5 million yen or the minimum liability amount stipulated in laws and regulations.

4. Directors and officers liability insurance contract:

The Company enters into directors and officers liability insurance contracts in which the insurer promises to indemnify the Company’s directors and officers, the insured under the contract, for any damage they might incur as a result of being held liable, or receiving a claim to hold them liable, for the execution of their duties. If Mr. Ryota Suzuki assumes the position of Director who is a substitute Audit and Supervisory Committee Member, he will also be insured under the contract. The insurance premiums are fully paid by the Company.

Proposal 6: Determination of Amount of Remuneration for Directors (Excluding Directors Who Are Audit and Supervisory Committee Members)

If Proposal 2 “Partial Amendments to the Articles of Incorporation” is approved and adopted as proposed, the Company will make the transition to a company with an audit and supervisory committee.

At the 9th Annual General Meeting of Shareholders held on March 28, 2014, the amount of remuneration for Directors of the Company was approved to be up to 300,000 thousand yen per year (not including an employee’s portion of salaries for Directors who concurrently serve as employees). However, in line with the transition to a company with an audit and supervisory committee, we propose to newly determine the amount of remuneration for Directors (excluding Directors who are Audit and Supervisory Committee Members), instead of the previous amount, to be up to 500,000 thousand yen per year (of which 30,000 thousand yen is for Outside Directors).

The above remuneration amount does not include an employee’s portion of salaries for Directors who concurrently serve as employees.

This proposal shall come into effect on the condition that the partial amendments to the Articles of Incorporation as per Proposal 2 “Partial Amendments to the Articles of Incorporation” become effective.

If Proposal 2 “Partial Amendments to the Articles of Incorporation” and Proposal 3 “Election of 6 Directors (Excluding Directors Who Are Audit and Supervisory Committee Members)” become effective, the Company will have 6 Directors (excluding Directors who are Audit and Supervisory Committee Members), of which 1 will be an Outside Director.

The above remuneration amount has been determined taking into account various factors such as changes in economic conditions. Also, before being submitted to this General Meeting of Shareholders, this proposal has been deliberated by the Nomination and Remuneration Advisory Committee, in which the majority of members are Independent Outside Directors. At the Board of Directors’ meeting held on February 19, 2021, the Company has established the “Directors’ Remuneration Policy,” which contains the policy for determining the details of remuneration for individual Directors (excluding Directors who are Audit and Supervisory Committee Members) based on the premise of the transition to a company with an audit and supervisory committee, subject to Proposal 2 “Partial Amendments to the Articles of Incorporation” of this General Meeting of Shareholders becoming effective. A summary of the “Directors’ Remuneration Policy” is outlined below. If this proposal is approved, the specific timing of payment and allocation to each Director (excluding Directors who are Audit and Supervisory Committee Members) shall be determined in line with the policy. We therefore believe that the content of this proposal is appropriate.

Proposal 7: Determination of Amount of Remuneration for Directors Who Are Audit and Supervisory Committee Members

If Proposal 2 “Partial Amendments to the Articles of Incorporation” is approved and adopted as proposed, the Company will make the transition to a company with an audit and supervisory committee.

Accordingly, the Company requests that the amount of remuneration for Directors who are Audit and Supervisory Committee Members to be up to 50,000 thousand yen. The Company also proposes that matters such as specific amounts and the timing of payments for respective Directors who are Audit and Supervisory Committee Members be deliberated by the Directors who are Audit and Supervisory Committee Members.

If Proposal 2 “Partial Amendments to the Articles of Incorporation” and Proposal 4 “Election of 3 Directors Who Are Audit and Supervisory Committee Members” become effective, the Company will have 3 Directors who are Audit and Supervisory Committee Members, of which all will be Outside Directors.

The above remuneration amount has been determined taking into account various factors such as changes in economic conditions. Also, before submission to this General Meeting of Shareholders, this proposal has been deliberated by the Nomination and Remuneration Advisory Committee, in which the majority of members are Independent Outside Directors. We therefore believe that the content of this proposal is appropriate.

Proposal 8: Determination of Remuneration for Granting Restricted Shares to Directors (Excluding Directors Who Are Audit and Supervisory Committee Members and Outside Directors)

If Proposal 6 “Determination of Amount of Remuneration for Directors (Excluding Directors Who Are Audit and Supervisory Committee Members)” is approved and adopted as proposed, the remuneration for the Directors (excluding Directors who are Audit and Supervisory Committee Members) of the Company shall be up to 500,000 thousand yen per year (not including an employee’s portion of salaries for Directors who concurrently serve as employees). However, in addition to the above remuneration, the Company wishes to provide remuneration for the purpose of granting restricted shares to Directors (excluding Directors who are Audit and Supervisory Committee Members; hereinafter, “Eligible Directors”) in order to provide them incentive to sustainably increase the Company’s corporate value and further promote shared value between shareholders and them. At the 14th Annual General Meeting of Shareholders held on March 28, 2019, the Company obtained the approval for remuneration for granting the Restricted Shares to Directors (excluding Outside Directors). However, in line with the transition to a company with an audit and supervisory committee, we are now seeking approval for this proposal instead of the previously approved remuneration.

The remuneration to be paid to Eligible Directors for granting the Restricted Shares based on this proposal shall be monetary claims (hereinafter, the “Monetary Remuneration Claims”) and its total amount shall be up to 200,000 thousand yen per year, which is deemed reasonable in light of the aforementioned purpose. Provided, however, that the remuneration for granting the Restricted Shares shall not be paid to Directors who are Audit and Supervisory Committee Members and Outside Directors.

The above remuneration amount does not include an employee’s portion of salaries for Directors who concurrently serve as employees.

If Proposal 2 “Partial Amendments to the Articles of Incorporation” and Proposal 3 “Election of 6 Directors (Excluding Directors Who Are Audit and Supervisory Committee Members)” become effective, the Company will have 5 Directors (excluding Directors who are Audit and Supervisory Committee Members and Outside Directors). This proposal shall come into effect on the condition that the partial amendments to the Articles of Incorporation as per Proposal 2 “Partial Amendments to the Articles of Incorporation” become effective.

Eligible Directors shall pay all the Monetary Remuneration Claims to be provided under this proposal in the form of property contribution in kind, in accordance with the resolution of the Board of Directors of the Company, and shall, in return, receive shares of the Company’s common stock to be issued or disposed of by the Company. The total number of shares of the Company’s common stock to be issued or disposed of thereby shall be up to 20,000 shares per year (provided, however, that in the event of a stock split of the Company’s common stock (including allocation of shares of the Company’s common stock without contribution), a share consolidation thereof or any other event that requires adjustment of the total number of shares of the Company’s common stock to be issued or disposed of as the Restricted Shares, on or after the date of approval and adoption of this proposal, such total number shall be adjusted to the reasonable extent).

The amount to be paid in per share shall be determined by the Board of Directors based on the closing price of the Company’s common stock on the Tokyo Stock Exchange on the business day prior to the date of each resolution by the Board of Directors (if there is no closing price on such date, the closing price on the closest preceding trading day) within the extent that the amount will not be particularly advantageous to Eligible Directors who subscribe the shares of common stock. For such issuance or disposal of shares of the Company’s common stock thereby, an agreement on allocation of the Restricted Shares that includes the following provisions (hereafter, the “Allocation Agreement”) shall be entered into between the Company and each Eligible Director.

(1) Restriction Period

Eligible Directors shall not transfer, create a security interest on, or otherwise dispose of shares of the Company’s common stock to be allocated under the Allocation Agreement (hereafter, the “Allocated Shares”) for a period predetermined by the Board of Directors of the Company between 3 and 5 years from the date of allocation under the agreement (hereafter, the “Restriction Period”) (hereafter, the “Transfer Restrictions”).

(2) Treatment on resignation or retirement from the position

If an Eligible Director resigns or retires from the position of Director, executive officer who does not concurrently serve as a director, audit & supervisory board member, employee or any other equivalent position of the Company or its subsidiary before the expiration of the Restriction Period, the Company shall automatically acquire the Allocated Shares without contribution, unless the

reason for his/her resignation or retirement from office is the expiration of the term of his/her office, death or any other justifiable reason.

(3) Lifting of the Transfer Restrictions

Notwithstanding the provisions of (1) above, the Company shall lift the Transfer Restrictions of all of the Allocated Shares upon the expiration of the Restriction Period, on condition that the Eligible Director has remained in the position of director, executive officer who does not concurrently serve as a director, audit & supervisory board member, employee or any other equivalent position of the Company or its subsidiary throughout the Restriction Period. However, if the Eligible Director resigns or retires from the position defined in (2) above before the expiration of the Restriction Period due to the expiration of the term of his/her office, death or any other justifiable reason, the Company shall rationally adjust the number of the Allocated Shares on which the Transfer Restrictions are to be lifted, and the timing of lifting (based on conditions defined in (6) below, if the Allocation Agreement includes the provisions as described in “(6) Treatment in case of failure to meet the performance conditions” as needed). Furthermore, the Company shall automatically acquire without contribution the Allocated Shares on which the Transfer Restrictions have not been lifted as of the time immediately after the Transfer Restrictions were lifted, in accordance with the provisions above.

(4) Treatment during reorganization, etc.

Notwithstanding the provisions of (1) above, if, during the Restriction Period, matters relating to a merger agreement under which the Company is the disappearing company, a share exchange agreement, share delivery plan or share transfer plan in which the Company becomes a wholly-owned subsidiary of another company, or any other reorganization, etc. are approved at the Company's general meeting of shareholders (or at a meeting of the Board of Directors in case where approval at the Company's general meeting of shareholders is not required in relation to the reorganization, etc.), the Company shall lift the Transfer Restrictions on the Allocated Shares with the number of shares that is reasonably determined considering the period from the start date of the Restriction Period to the approval date of the reorganization, etc. prior to the date on which the reorganization, etc. becomes effective, by a resolution of the Board of Directors. Furthermore, the Company shall automatically acquire without contribution the Allocated Shares on which the Transfer Restrictions have not been lifted as of the time immediately after the Transfer Restrictions were lifted, in accordance with the provisions above.

(5) In addition to the provisions defined from (2) to (4) above, if any of the following occurs during the Restriction Period, the Company shall automatically acquire the Allocated Shares without contribution as of the time of the occurrence.

- In case where an Eligible Director is sentenced to imprisonment or more severe punishment
- In case where a petition for commencement of bankruptcy proceedings, civil rehabilitation proceedings or any other similar proceedings is filed against an Eligible Director
- If a petition for seizure, provisional seizure, provisional disposition, compulsory execution or auction is filed against an Eligible Director, or if an Eligible Director is subject to the disposition of delinquency of taxes or public dues.
- When the Board of Directors determines it is appropriate to acquire all of the allotted shares with no consideration because the Eligible Directors violated either laws and regulations, the Company's internal rules, or important points under the Allocation Agreement

(6) Treatment in case of failure to meet the performance conditions

If performance conditions predetermined by the Board of Directors of the Company are not met by the expiration date of the Restriction Period, the Company shall acquire all of the Allocated Shares without contribution.

(7) Other matters to be determined by the Board of Directors

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

Before being submitted to this General Meeting of Shareholders, this proposal has been deliberated by the Nomination and Remuneration Advisory Committee, in which the majority of members are Independent Outside Directors. As mentioned above, at the Board of Directors' meeting held on February 19, 2021, the

Company has established the “Directors’ Remuneration Policy,” which contains the policy for determining the details of remuneration for individual Directors (excluding Directors who are Audit and Supervisory Committee Members) based on the premise of the transition to a company with an audit and supervisory committee, subject to Proposal 2 “Partial Amendments to the Articles of Incorporation” of this General Meeting of Shareholders becoming effective. A summary of the “Directors’ Remuneration Policy” is outlined below. The Monetary Remuneration Claims and Restricted Shares to be granted based on this proposal shall be in line with the policy. If this proposal is approved, the specific timing of payment and allocation to each Eligible Director shall be determined in line with the “Directors’ Remuneration Policy.” We therefore believe that the content of this proposal is appropriate.

In addition to Eligible Directors, the Company plans to pay the Restricted Share-based remuneration, similar to the one for the Eligible Directors, to directors of the Company’s subsidiaries, executive officers who do not concurrently serve as directors of the Company and its subsidiaries as well as employees of the Company, and newly issue or dispose of shares of the Company’s common stock.

[Reference]

At the Board of Directors' meeting held on February 19, 2021, the Company has established the "Directors' Remuneration Policy," which contains the policy for determining the details of remuneration for individual Directors (excluding Directors who are Audit and Supervisory Committee Members) based on the premise of the transition to a company with an audit and supervisory committee, subject to Proposal 2 "Partial Amendments to the Articles of Incorporation" of this General Meeting of Shareholders becoming effective. A summary of the policy is outlined below:

1. Basic policy of Directors' remuneration

- Remuneration for Directors shall be determined based on each Director's background, career, duties, responsibilities and the like, taking into account the Company's business performance and management environment.
- The remuneration is intended to increase the motivation of Directors to contribute to the improvement of the Company's business performance continuously over the medium- to long-term and an increase in the overall value of the Group in order to meet expectations of shareholders.
- The Company shall work on to provide a competitive level of remuneration so as to secure diverse and talented human resources capable of practicing the Company's corporate philosophy.
- In order to ensure objectivity and transparency, not only the remuneration system for Directors but also remuneration for individual Directors shall be deliberated and supervised by the Nomination and Remuneration Advisory Committee, a voluntary advisory body in which the majority of members are Outside Directors.

2. Basic components of Directors' remuneration

From the perspectives of maintaining and improving corporate governance as well as putting the basic policy into practice, remuneration for the Company's Directors (excluding Directors who are Audit Supervisory Committee Members and Outside Directors) consists of 3 types: (i) fixed basic remuneration, (ii) bonus as a short-term incentive and (iii) share-based remuneration (restricted stock awards) as a medium- to long-term incentive. The ratio of the 3 types of remuneration shall be determined based on the positions of Directors. In light of their expected roles, only fixed basic remuneration shall be paid to Outside Directors.

3. Policy for determining amounts of the 3 types of remuneration, etc.

(1) Basic remuneration (fixed remuneration)

The amount of basic remuneration shall be determined by comprehensively taking into account factors such as each Director's position, full-time or part-time status, background, past salaries and remuneration level, assigned area and job description, as well as remuneration levels within the same industry.

(2) Bonus

When determining the bonus for each individual Director (excluding Directors who are Audit and Supervisory Committee Members and Outside Directors), his/her position, the amount of basic remuneration to be paid to him/her in the business year concerned, his/her level of contribution during that business year, performance and growth rate of the business unit he/she is responsible for, etc. shall be taken into consideration, and from the perspective of the nature of the bonus as a short-term incentive remuneration and the sharing of benefits with shareholders, the bonus shall correspond to the level of achievement in comparison against the forecasted consolidated profit (profit attributable to owners of parent) announced around February of each year as part of the earnings forecasts, as determined by the Board of Directors.

(3) Share-based remuneration (restricted stock awards)

In order to give Directors an incentive to sustainably enhance the Company's corporate value as well as to further promote the creation of shared value with shareholders, the Monetary Remuneration Claims for granting the Restricted Shares shall be paid as remuneration for Directors. The total number of shares to be granted and total amount of the Monetary Remuneration Claims to be paid for granting such shares as remuneration to each Director (excluding Directors who are Audit and Supervisory Committee

Members and Outside Directors; hereinafter, “Eligible Directors”) are up to 20,000 shares and 200,000 thousand yen per year, respectively. Based on such a premise, the number of shares and amount of the Monetary Remuneration Claims to be granted to each Eligible Director shall be determined taking into account factors such as the amount of basic remuneration to be paid to him/her in the business year concerned, his/her level of contribution in that business year, performance and growth rate of the business unit he/she is responsible for, and price trends of the Company’s common stock. Provided, however, that the share-based remuneration shall be paid on condition that the Group reports consolidated profit (profit attributable to owners of parent) in the business year concerned.

4. Process of determining Directors’ remuneration, etc.

The amounts of basic remuneration and bonus for individual Directors (excluding Directors who are Audit and Supervisory Committee Members) of the Company shall be determined by the President and Representative Director delegated by the Board of Directors after such processes as mutual evaluation of Directors, deliberations and formulation of the original proposals by the Nomination and Remuneration Advisory Committee and determination of the total amount of each remuneration by the Board of Directors. Meanwhile, the amount of share-based remuneration (restricted stock awards) and number of shares to be granted to each Eligible Director shall be determined by the Board of Directors after the deliberations and formulation of the original proposal by the Nomination and Remuneration Advisory Committee.