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Stock Code: 3975
March 10, 2021

To Shareholders with Voting Rights:

Yasuhito Nakae
Representative Director & Group CEO
AOI TYO Holdings Inc.
2-2-24, Higashi-shinagawa, Shinagawa-ku,
Tokyo

Convocation Notice of the Fourth Ordinary General Meeting of Shareholders of AOI TYO Holdings Inc.

Dear Shareholder,

AOI TYO Holdings Inc. hereby announces that its fourth ordinary general meeting of shareholders will be convened as described below.

Although we will take measures at the venue to prevent infection from COVID-19, you are requested to exercise your voting rights in advance, whenever possible, either in writing or via the internet no later than 5:30 PM on Wednesday, March 24, 2021 (Japan Time) in order to prevent the spread of COVID-19. We urge caution in deciding to attend the meeting in person.

Meeting Details:

1. Date and Time	10:00 AM, Thursday, March 25, 2021	
2. Venue	Function room Yamabuki on 4F of Palace Hotel Tokyo 1-1-1 Marunouchi, Chiyoda-ku, Tokyo	
3. Agenda	Matters to Report	1. Report on the AOI TYO Holdings Inc. Period 4 (January 1, 2020 through December 31, 2020) business report, consolidated financial statements, and results of consolidated financial statement audits conducted by the independent financial statement auditor and the AOI TYO Holdings Audit and Supervisory Committee 2. Report on details of Period 4 financial statements (January 1, 2020 through December 31, 2020)
	Matters for Resolution	Item 1 Appropriation of Retained Earnings Item 2 Election of Five (5) Directors (Excluding Directors Serving as Members of the Audit and Supervisory Committee) Item 3 Election of Three (3) Directors Serving as Members of the Audit and Supervisory Committee Item 4 Election of One (1) Director Serving as a Substitute Member of the Audit and Supervisory Committee Item 5 Partial Amendments to Performance-linked Stock Compensation Plan for Directors (Excluding Directors Serving as Members of the Audit and Supervisory Committee and Outside Directors)

Notice to Shareholders

- If you are attending the meeting of shareholders in person, please bring the enclosed voting form to present at the registration desk.

- AOI TYO Holdings Inc. has published the following information on the Company's website (<http://aoityo.com/>) as provided by law and Article 18 of the Company's articles of incorporation. Accordingly, the information referenced below is not included in this convocation notice:
 - Matters related to subscription rights to company stock, status of independent financial statement auditor audit, and company systems and policies from the Company's business report
 - Statement of changes in shareholders' equity and notes to consolidated financial statements from the Company's consolidated financial statements
 - Statement of changes in shareholders' equity and notes to non-consolidated financial statements from the Company's non-consolidated financial statements.

Documents attached to this convocation notice reflect a portion of those items audited by the Company's Audit and Supervisory Committee and the independent financial statement auditor when preparing their respective audit reports.

Further, if corrections to general meeting of shareholders reference materials, business reports, financial statements, or consolidated financial statements are necessary, corrected information will be posted to the AOI TYO Holdings corporate website (<http://aoityo.com/en/index.html>).

General Meeting of Shareholders Reference Materials

Agenda and Reference Documents

Item 1 Appropriation of Retained Earnings

AOI TYO Holdings believes that returning profits to its shareholders is an important management concern. Therefore, the Company has made the following decision in consideration of securing sufficient internal reserves necessary for expanding its business in the future and strengthening the Company’s business infrastructure.

(1) Nature of Asset Distributed as Dividend

Cash

(2) Matters Related to Asset Distributed as Dividend and Total Amount Distributed

Per share of common stock of AOI TYO Holdings Inc.	JPY12
Total amount	JPY286,672,188

The annual dividend amount is JPY12 per share, including interim dividends.

(3) Effective Date of Allocation of Retained Earnings

March 26, 2021

Election of Five (5) Directors (Excluding Directors Serving as Members of the Audit and Supervisory Committee)

As of the conclusion of this ordinary general meeting of shareholders, all three (3) directors (excluding directors serving as members of the Audit and Supervisory Committee, hereinafter the same in this proposal) will reach the end of their terms of office. We propose the election of five (5) directors, adding two more Directors to further reinforce our management structure.

Our proposed candidates for director are as described below.



No. of Shares Owned
39,700 shares

Board of Director Meeting
Attendance Record
100 percent (13 of 13
meetings)

1

Yasuhito Nakae

(DOB: April 28, 1967)

Re-
Election

Career Background, Positions Held Within the Company, Important Concurrent Positions

1991	April	Joined Aoi Advertising Promotion Inc. (currently AOI Pro. Inc.)
2006	July	Named executive officer
2008	June	Named senior executive officer and general manager, Production Division
2010	June	Named managing director
2015	February	Named representative director & president
2017	January	Named representative director, AOI TYO Holdings Inc.
2018	January	Named representative director, president & COO
2019	March	Named vice chair, Special Olympics Nippon Foundation (current position)
2019	April	Named external director, TSUNAGU GROUP HOLDINGS Inc. (current position)
2020	March	Named representative director, president & CEO, AOI TYO Holdings Inc.
2020	August	Named Director, Kabushiki Kaisha C-Seven Hayabusa (current position)
2021	January	Named representative director & group CEO

Reasons for Nomination as Candidate for Director

Mr. Yasuhito Nakae has served as representative director of the AOI TYO Holdings Group since its founding, leveraging his experience in leading AOI Pro. Inc. and its Group companies. He has reinforced the overwhelming position of the Group within the video advertising market amid impacts from COVID-19 by pursuing high-quality images, and actively promoted alliances as well as investments in the peripheral solutions business extended from video production. Based on the preceding, we believe Mr. Nakae will contribute to the growth of AOI TYO Holdings.



No. of Shares Owned
29,820 shares

Board of Director Meeting
Attendance Record
100 percent (13 of 13
meetings)

2

Hiroaki Uekubo

(DOB: January 1, 1970)

Re-
Election

Career Background, Positions Held Within the Company, Important Concurrent Positions

1992	April	Joined The Fuji Bank, Limited (currently Mizuho Bank, Ltd.)
2002	June	Joined TYO Inc. (currently xpd Inc.)
2005	July	Named general manager, Business Planning Department
2007	August	Named director and general manager, Business Strategy Division
2010	July	Named managing director and general manager, Business Strategy Division
2016	October	Named representative director & vice president
2017	January	Named managing director, AOI TYO Holdings Inc.
2020	March	Named representative director & vice president
2020	March	Named director, AOI Pro. Inc. (current position)
2021	January	Named director, TYO Inc. (currently xpd Inc.) (current position)
2021	January	Named representative director & group COO, AOI TYO Holdings Inc. (current position)
2021	January	Named board director, TYO Inc. (current position)

Reasons for Nomination as Candidate for Director

Leveraging his experience at financial institutions and as representative director & vice president of TYO Inc. (currently xpd Inc.), Mr. Hiroaki Uekubo has served as officer in charge of corporate planning, business management and human resources of the AOI TYO Holdings Group since its founding, and has accomplished his duties and responsibilities to minimize the impact on the Company from COVID-19 pandemic-induced fluctuations in the business climate. Based on the preceding, we believe Mr. Uekubo will continue to contribute to improving the corporate value of AOI TYO Holdings.



No. of Shares Owned
21,700 shares

Board of Director Meeting
Attendance Record
100 percent (13 of 13
meetings)

3

Satoshi Yuzurihara (DOB: June 2, 1965)

Re-
Election

Career Background, Positions Held Within the Company, Important Concurrent Positions

1988	April	Joined Dai-Ichi Kangyo Bank, Limited (currently Mizuho Bank, Ltd.)
2008	April	Named deputy general manager, Group Strategy Division, Mizuho Financial Group, Inc.
2010	January	Joined Aoi Advertising Promotion Inc. (currently AOI Pro. Inc.), named executive officer and general manager, Finance Department
2010	June	Named director
2011	April	Named managing director
2014	April	Named executive director
2014	December	Named representative director
2015	February	Named representative director & vice president
2017	January	Named executive director, AOI TYO Holdings Inc.
2019	March	Named executive director & CFO
2020	March	Named director, TYO Inc. (currently xpd Inc.) (current position)
2021	January	Named director & group CFO (current position)
2021	January	Named director, AOI Pro. Inc. (current position)
2021	January	Named board director, TYO Inc. (current position)
2021	January	Named director, TREE Digital Studio Inc. (current position)

Reasons for Nomination as Candidate for Director

Leveraging his experience at financial institutions and as representative director and vice president of AOI Pro. Inc., Mr. Satoshi Yuzurihara has served as officer in charge of finance and accounting of the AOI TYO Holdings Group since its founding, and has accomplished his duties and responsibilities to minimize the impact on the Company from COVID-19 pandemic-induced fluctuations in the economic climate. Based on the preceding, we believe Mr. Yuzurihara will continue to contribute to improving the corporate value of AOI TYO Holdings.



No. of Shares Owned
1,020 shares

Board of Director Meeting
Attendance Record

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4

Ippei Matsuo

(DOB: May 27, 1977)

New
Nominee

Career Background, Positions Held Within the Company, Important Concurrent Positions

2002	April	Joined ABeam Consulting Ltd.
2008	July	Joined TYO Inc. (currently xpd Inc.)
2014	August	Named executive officer and general manager, Business Planning Department
2017	January	Named general manager, Corporate Planning Department, AOI TYO Holdings
2018	March	Named auditor, MAZRI Inc. (current position)
2020	February	Named board director, C3Film Co., Ltd. (current position)
2021	January	Named corporate officer and general manager, Corporate Planning Department, AOI TYO Holdings (current position)
2021	January	Named auditor, TREE Digital Studio Inc. (current position)

Reasons for Nomination as Candidate for Director

Since his stint at TYO Inc. (currently xpd Inc.), Mr. Ippei Matsuo has held leadership positions mainly in corporate planning. He has a wealth of experience and track record in business management, and has actively contributed to the AOI TYO Holdings Group's development. We believe that his insight is indispensable for the Group to push ahead with its medium-term plan and business strategy and thus propose his election as director.



No. of Shares Owned
4,180 shares

Board of Director Meeting
Attendance Record
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5

Koiso Wada (DOB: January 11, 1970)
(Current legal family name: Mizuno)

New
Nominee

Career Background, Positions Held Within the Company, Important Concurrent Positions

2004	February	Joined TYO Administration Inc.
2007	August	Joined TYO Inc. (currently xpd Inc.)
2010	July	Named corporate officer and general manager of finance, Finance and Accounting Department
2012	August	Named corporate officer and general manager, Finance Department
2017	January	Named general manager, Treasury & Accounting Department, AOI TYO Holdings
2019	July	Named general manager, Financial & Accounting Department, AOI TYO Holdings
2021	January	Named corporate officer and general manager, Financial & Accounting Department (current position)

Reasons for Nomination as Candidate for Director

Since her stint at TYO Inc. (currently xpd Inc.), Ms. Koiso Wada has held leadership positions mainly in financial affairs, and has contributed to improving the corporate value of AOI TYO Holdings Inc., leveraging her abundant knowledge in the area of finance and accounting. We believe that her insight is indispensable for the Group to push ahead with its medium-term plan and business strategy and thus propose her election as director.

Notes:

1. The Company has no special interest relations with the director candidates noted above.
2. Candidate Ms. Koiso Wada uses her maiden name, Wada, in her job although she has legally adopted her married name, Mizuno.
3. The Company has entered into a directors and officers liability insurance contract stipulated in Article 430-3 of the Companies Act. Candidates whose reappointment or appointment is approved will be named as the insured in this contract. The details of the contract are as outlined below:
 - (1) Scope of the insured
Board Members & Officers, employees in managerial positions, employees who have been named as codefendants with Board Members & Officers, and employees who have received claims for damages from other employees or workers dispatched from temp agencies on account of unfair labor practices, including harassment, of the Company or its subsidiaries, as well as spouses or legal heirs thereof
 - (2) Other details
 - Premiums: Paid in full by the Company
 - Insured events: Claims for damage filed by a third party, actions seeking liability, etc. filed by shareholders

Election of Three (3) Directors Serving as Members of the Audit and Supervisory Committee

As of the conclusion of this ordinary general meeting of shareholders, all three (3) directors serving as members of the Audit and Supervisory Committee will reach the end of their terms of office.

Accordingly, we propose the election of three (3) directors serving as members of the Audit and Supervisory Committee.

Prior consent for this proposal has been obtained from the Audit and Supervisory Committee.

Our proposed candidates for directors serving as members of the Audit and Supervisory Committee are as described below.



No. of Shares Owned
2,100 shares

Board of Director Meeting
Attendance Record
100 percent (13 of 13
meetings)

Audit and Supervisory Committee
Meeting Attendance Record
100 percent (13 of 13
meetings)

1

Yoshiharu Hagiwara (DOB: February 4, 1969)

Re-
Election

Career Background, Positions Held Within the Company, Important Concurrent Positions

1994	May	Registered as Judicial Scrivener
1997	April	Founded Beck One Partners General Office & Judicial Scrivener Hagiwara Yoshiharu Office (currently ALEX Counsel & Services), named representative judicial scrivener (current position)
2008	October	Named auditor, TYO Inc. (currently xpd Inc.)
2013	November	Named full-time auditor
2015	February	Named representative director, Alex Real Estate Co., Ltd. (current position)
2017	January	Named director & member of the Audit and Supervisory Committee, AOI TYO Holdings Inc. (current position)
2021	January	Named director, Hagijimu Yugen Kaisha (current position)

Reasons for Nomination as Candidate for Outside Director

As a judicial scrivener, Mr. Yoshiharu Hagiwara has specialized in business related to corporate legal affairs, including listing preparations for companies, organizational restructuring, and M&A, with a wealth of experience and insight in these areas. During the fiscal year under review, he has utilized his knowledge to appropriately oversee the legality, etc. of the execution of business by the directors of AOI TYO Holdings, and has accomplished his duties and responsibilities. Based on the preceding, we believe that as outside director, Mr. Hagiwara will continue to appropriately execute the duties of director serving as a member of the Audit and Supervisory Committee.



No. of Shares Owned
18,300 shares

Board of Director Meeting
Attendance Record
100 percent (13 of 13
meetings)

Audit and Supervisory Committee
Meeting Attendance Record
100 percent (13 of 13
meetings)

2

Kazuki Takada

(DOB: July 4, 1965)

Re-
Election

Career Background, Positions Held Within the Company, Important Concurrent Positions

1995	July	Named representative director, Accounting System Co., Ltd. (current position)
2002	December	Registered as certified tax accountant
2004	April	Opened Takada Accounting Office
2011	April	Named representative partner, TAKADA ACCOUNTING FIRI (current position)
2011	June	Named auditor, Aoi Advertising Promotion Inc. (currently AOI Pro. Inc.)
2016	June	Named director and member of the Audit and Supervisory Committee
2017	January	Named director & member of the Audit and Supervisory Committee, AOI TYO Holdings Inc. (current position)
2017	March	Named auditor, AOI Pro. Inc. (current position)

Reasons for Nomination as Candidate for Outside Director

As a certified tax accountant, Mr. Kazuki Takada has worked mainly in the areas of tax advisory service and formulation of management plans. In addition to his expertise as a tax accountant, he has a wealth of experience and knowledge in these areas. During the fiscal year under review, he has utilized this knowledge to appropriately oversee the legality, etc. of the execution of business by the directors of AOI TYO Holdings, accomplishing his duties and responsibilities. Based on the preceding, we believe that as outside director, Mr. Takada will continue to appropriately execute the duties of director serving as a member of the Audit and Supervisory Committee.



No. of Shares Owned
1,602 shares

Board of Director Meeting
Attendance Record
100 percent (13 of 13
meetings)

Audit and Supervisory Committee
Meeting Attendance Record
100 percent (13 of 13
meetings)

3

Takashi Kokubo

(DOB: January 18, 1974)

Re-
Election

Career Background, Positions Held Within the Company, Important Concurrent Positions

2000	October	Registered as attorney with Dai-Ichi Tokyo Bar Association
2000	October	Joined Nishimura & Partners (currently Nishimura & Asahi)
2006	April	Graduated from School of Law, Duke University, U.S.
2006	September	Worked for Cleary Gottlieb Steen & Hamilton LLP (New York City)
2008	December	Graduated from INSEAD, France
2009	February	Joined Integral Corporation
2011	October	Named auditor, TYO Inc. (currently xpd Inc.)
2014	March	Established Kokubo Law Office
2014	October	Named director, TYO Inc. (currently xpd Inc.) (current position)
2017	January	Named director and member of the Audit and Supervisory Committee AOI TYO Holdings Inc. (current position)
2017	January	Named outside director, AZOOM co., ltd. (current position)
2017	March	Established Legal professional corporation Kokubo Law Office, named representative partner (current position)
2017	August	Named outside auditor, AlpacaJapanCo.,Ltd. (current position)
2019	June	Named outside director, Suteki Nice Group Kabushiki Kaisha (currently Nice Corporation) (current position)
2020	June	Named external auditor, Oisix ra daichi Inc. (current position)

Reasons for Nomination as Candidate for Outside Director

As an attorney-at-law, Mr. Takashi Kokubo has consistently specialized in corporate legal affairs, including organizational restructuring, M&A, and corporate governance. His track record and insight as an attorney, supported by knowledge of finance acquired through his experience at an investment business company, are highly valued. During the fiscal year under review, he has utilized this knowledge to appropriately oversee the legality, etc. of the execution of business by the directors of AOI TYO Holdings, accomplishing his duties and responsibilities. Based on the preceding, we believe that as outside director, Mr. Kokubo will continue to appropriately execute the duties of director serving as a member of the Audit and Supervisory Committee.

Notes:

1. The Company has no special interest relations with the director candidates noted above.
2. The candidates are candidates for outside director as stipulated in Article 2, Paragraph 3, Item 7 of The Regulation for Enforcement of the Companies Act.
3. The Company has stipulated in the articles of incorporation that the Company shall enter into agreements with directors serving as members of the Audit and Supervisory Committee to limit their liability for damages to the minimum liability amount as provided by laws and regulations, pursuant to the provisions of Article 427, Paragraph 1 of the Companies Act, and has entered into said liability limitation agreements with each director serving as a member of the Audit and Supervisory Committee. In the event that each candidate is reelected, the Company intends to continue the said liability limitation agreements with each director.
4. Each candidate's term of office as director serving as a member of the Audit and Supervisory Committee will be four years at the conclusion of this ordinary general meeting of shareholders.
5. The Company has reported each candidate as an independent director in accordance with the stipulations of Tokyo Stock Exchange, Inc. If elected, the Company intends that each candidate shall continue as an independent director.
6. The Company has entered into a directors and officers liability insurance contract stipulated in Article 430-3 of the Companies Act. Candidates whose reappointment or appointment is approved will be named as the insured in this contract. The details of the contract are as outlined below:
 - (1) Scope of the insured
Board Members & Officers, employees in managerial positions, employees who have been named as codefendants with Board Members & Officers, and employees who have received claims for damages from other employees or workers dispatched from temp agencies on account of unfair labor practices, including harassment, of the Company or its subsidiaries, as well as spouses or legal heirs thereof
 - (2) Other details
 - Premiums: Paid in full by the Company
 - Insured events: Claims for damage filed by a third party, actions seeking liability, etc. filed by shareholders

Item 4

Election of One (1) Director Serving as a Substitute Member of the Audit and Supervisory Committee

The election of one (1) director serving as a substitute member of the Audit and Supervisory Committee is proposed in preparation for an event in which AOI TYO Holdings lacks the number of directors serving as members of the Audit and Supervisory Committee stipulated by laws and regulations. If the candidate assumes office as a substitute member of the Audit and Supervisory Committee, his term of office shall be the remaining term of his predecessor.

Prior consent for this proposal has been obtained from the Audit and Supervisory Committee.

Our proposed candidate for director serving as a substitute member of the Audit and Supervisory Committee is as described below.



No. of Shares Owned
0 shares

1

Tomohito Yamaki (DOB: March 27, 1960)

Career Background, Positions Held Within the Company, Important Concurrent Positions

1982	April	Joined The Hokkaido Takushoku Bank, Ltd.
1998	April	Joined BNP Paribas Bank
2008	June	Joined HOKKAN HOLDINGS LIMITED
2011	July	Joined Aoi Advertising Promotion Inc. (currently AOI Pro. Inc.), named General Manager of Group Management Division, Finance Department
2012	April	Named General Manager, Global Management Division, Corporate Department, AOI Pro. Inc.
2017	April	Internal Audit Department, AOI TYO Holdings Inc.
2019	February	Auditor, tko Inc. (current position)
2019	March	Named auditor, AOI Pro. Inc. (current position)
2019	March	Named auditor, C3Film Co., Ltd. (current position)

Reasons for Nomination as Candidate for Substitute Director

Mr. Tomohito Yamaki has expertise in corporate finance and accounting from his wealth of experience at financial institutions. Since joining AOI Pro. Inc. in July 2011, he has experienced international business and internal audits. By utilizing such insight and experience, we believe Mr. Yamaki will appropriately execute the duties of director serving as a member of the Audit and Supervisory Committee of AOI TYO Holdings.

Note: The Company has no special interest relations with the candidate noted above.

Partial Amendments to Performance-linked Stock Compensation Plan for Directors (Excluding Directors Serving as Members of the Audit and Supervisory Committee and Outside Directors)

1. Reason for the Proposal

The Company's 1st Annual General Meeting of Shareholders, held on March 28, 2018, approved a proposal to introduce a "Board Benefit Trust (BBT)" performance-linked stock compensation plan (the "Plan") for directors of the Company (excluding directors serving as members of the Audit and Supervisory Committee and outside directors) and directors of subsidiaries of the Company (refers to AOI Pro. Inc., hereinafter "AOI Pro.," and xpd Inc., hereinafter "xpd," formerly TYO Inc.; hereinafter these subsidiaries are collectively referred to as the "former eligible subsidiaries") (excluding directors who are not business execution directors; hereinafter, together with directors of the Company, referred to as "Former Eligible Directors"), and the Plan remains in force.

The Plan is designed to clarify the relationship between the compensation of the Former Eligible Directors and the business performance and share value of the Group, and increase Former Eligible Directors' awareness of contributing to enhancing the medium- to long-term business performance of the Group and maximizing corporate value, by ensuring they share not only the merits of an increase in the share value but also the risks of a decline in the share value with shareholders.

Effective January 4, 2021, the Company executed an incorporation-type company split of xpd, transferring part of its businesses to the newly established TYO Inc. (hereinafter "TYO"), and an absorption-type merger of xpd and four consolidated subsidiaries of the Company (Quark Tokyo Inc., ZEO Corporation, TYO Digital Works Inc., and TYO Public Relations Inc.) with xpd as the surviving company.

As a result of this Group restructuring (hereinafter "the Group Restructuring"), changes occurred with respect to the posts of some of the Former Eligible Directors of the Plan. The Company requests approval to amend the scope of directors eligible for the Plan to include directors of the Company (excluding directors serving as members of the Audit and Supervisory Committee and outside directors) and directors of AOI Pro., xpd and TYO (hereinafter, together with directors of the Company, referred to as "Eligible Directors"), in order to maintain the purpose of the Plan as stated above.

The proposed amendments to the scope of the Company's subsidiaries eligible for the Plan under this proposal are an adjustment in the scope of eligibility pursuant to the implementation of the Group Restructuring, and the content of the Plan will be substantively maintained. The proposed amendments are also in accord with the Company's policy regarding the determination of compensation, etc. for individual directors. They are, therefore, deemed appropriate. (Please refer to the <Reference> section below for the Company's policy regarding the determination of compensation, etc. for individual directors.)

Furthermore, the Company requests that the details of the amended Plan be left to the discretion of the Board of Directors, within the framework of Item 2. below.

At present, the number of directors of the Company who shall be eligible for the Plan is three (3). If Proposal 2 is approved and passed as proposed, then five (5) directors of the Company shall be eligible for the Plan.

2. Amount of compensation, etc. under the amended Plan and referential information

(1) Overview of the Plan

The Plan is a performance-linked stock compensation system under which the Company's shares will be acquired through a trust (the "Trust") using money contributed by the Company (the Company established the Trust through the transfer of the position of entrustor of the trust established by AOI Pro. on September 1, 2015 (the "Pre-succession Trust"), and paid a certain settlement amount to AOI Pro. in line with the transfer of the position of entrustor in May 2018), and the Company's shares and money equivalent to the market value of the Company's shares (the "Company's shares, etc.") will be delivered to Eligible Directors through the Trust in accordance with the Officer Stock Benefit Regulations established by the Company and eligible subsidiaries. Eligible Directors will receive delivery of the Company's shares, etc., in principle, upon their retirement from office.

(2) Persons eligible for the Plan

Eligible Directors (directors of the Company serving as members of the Audit and Supervisory Committee and outside directors, and directors of eligible subsidiaries who are not business execution directors are not eligible for the Plan).

(3) Trust period

From May 2018 until the end of the Trust (In regard to the trust period of the Trust, the Trust shall continue without determining a specific expiration date as long as the Plan continues. The Plan shall end if the Company's shares are delisted or the Officer Stock Benefit Regulations are discontinued, etc.)

(4) Amount to be entrusted (amount of compensation, etc.)

The Company will apply the Plan to cover the four consecutive applicable service periods from the applicable service period corresponding to the fiscal year ended December 31, 2018 (for any given fiscal year, the applicable service period refers to the period from the date of the Annual General Meeting of Shareholders pertaining to the fiscal year before the relevant fiscal year, until the day before the Annual General Meeting of Shareholders pertaining to the relevant fiscal year; hereinafter the same applies) until the applicable service period corresponding to the fiscal year ending December 31, 2021 (hereinafter, this period is referred to as the "Initial Applicable Period," and the Initial Applicable Period and each period consisting of four consecutive applicable service periods starting after the Initial Applicable Period are each referred to as an "Applicable Period") and each subsequent Applicable Period, and the Company shall contribute to the Trust funds to acquire the Company's shares, in order to deliver the Company's shares, etc., to Eligible Directors.

During the Initial Applicable Period, the Company received the position of entrustor of the Pre-succession Trust from AOI Pro. in May 2018. As a settlement fee, the Company paid a certain amount to AOI Pro., in addition to contributing the necessary funds for the Initial Applicable Period. The Company contributed a total amount to the Trust of 534 million yen including the settlement fee (including 180 million yen as the portion for directors of the Company).

In addition, even after the Initial Applicable Period has passed, the Company shall make additional contributions to the Trust up to a maximum of 540 million yen (including 180 million yen as the portion for directors of the Company), in principle, for each Applicable Period until the Plan ends. However, when making these additional contributions, if there are shares in the Company (excluding those that correspond to points granted to Eligible Directors for any preceding Applicable Period and have not yet been delivered to the Eligible Directors) and money remaining in the trust assets ("Remaining Shares, etc."), the maximum total amount of the Remaining Shares, etc. (for the Company's shares, this shall be the book value on the final day of the directly preceding Applicable Period), and any additional contributions shall be 540 million yen (including 180 million yen as the portion for directors of the Company).

(5) Method of acquiring the Company's shares and number of shares to be acquired

In addition to the Company's shares remaining in the Pre-succession Trust when the position of entrustor was transferred to the Company, the Trust shall also acquire the Company's shares through the stock market or disposal of treasury stock by the Company, using the funds contributed as described in Item (4) above.

418,900 shares have been acquired during the Initial Applicable Period, including shares in the Company remaining in the Pre-succession Trust when the position of entrustor was transferred to the Company in May 2018.

(6) Maximum number of the Company's shares, etc., to be delivered to Eligible Directors and calculation method

Eligible Directors shall be granted a number of points for each Applicable Service Period determined in consideration of his or her rank, consolidated EBITDA, and consolidated ROE in the relevant fiscal year, based on the Officer Stock Benefit Regulations.

In regard to points granted to Eligible Directors, one point shall be converted into one share of common stock in the Company when the Company's shares, etc., are delivered as described in Item (7) below (however, in the event of stock split, gratis allotment of shares, or reverse stock split, etc., in relation to the Company's shares after this proposal is approved, in accordance with the ratio thereof, reasonable adjustment shall be made to the maximum number of points, the number of points already granted, or the conversion ratio).

When the Company's shares, etc., are delivered to an Eligible Director as described in Item (7) below, the number of points granted to the Eligible Director up to the time of his or her retirement shall be referred to, in principle (hereinafter, the number of points calculated in this way shall be referred as the "Final Number of Points").

The total maximum number of points to be granted to Eligible Directors for each Applicable Service Period shall be 418,900 points (including 139,600 points as the portion for directors of the Company). Therefore, the maximum number of shares of common stock of the Company to be

delivered to Eligible Directors for each Applicable Service Period shall be 418,900 shares (including 139,600 shares as the portion for directors of the Company). (However, in the event of stock split, gratis allotment of shares, or reverse stock split, etc., in relation to the Company's shares after this proposal is approved, reasonable adjustment shall be made, in accordance with the ratio thereof, to the maximum number of points, the number of points already granted, or the conversion ratio).

(7) Delivery of the Company's shares, etc.

If an Eligible Director retires and he or she fulfills the conditions for beneficiaries set forth in the Officer Stock Benefit Regulations, then after his or her retirement, the Eligible Director shall be delivered a number of the Company's shares corresponding to his or her Final Number of Points determined as described in Item (6) above from the Trust, in principle. However, if the conditions set forth in the Officer Stock Benefit Regulations are fulfilled, then a certain proportion may be paid as money converted at an amount equivalent to the market value of the Company's shares, instead of delivery of the Company's shares. Furthermore, in order to make a monetary payment, the Company's shares may be sold by the Trust.

The conditions for beneficiaries set forth in the Officer Stock Benefit Regulations include exclusions in the case of dismissal by resolution of the General Meeting of Shareholder, and in the case of resignation resulting from a breach of duty as a corporate officer.

(8) Exercise of voting rights

Voting rights pertaining to the Company's shares held in the Trust shall not be exercised, as a rule, pursuant to the instructions of the trust administrator. In this way, the neutrality of the exercise of voting rights pertaining to the Company's shares held in the Trust shall be ensured in regard to the management of the Company.

(9) Dividends

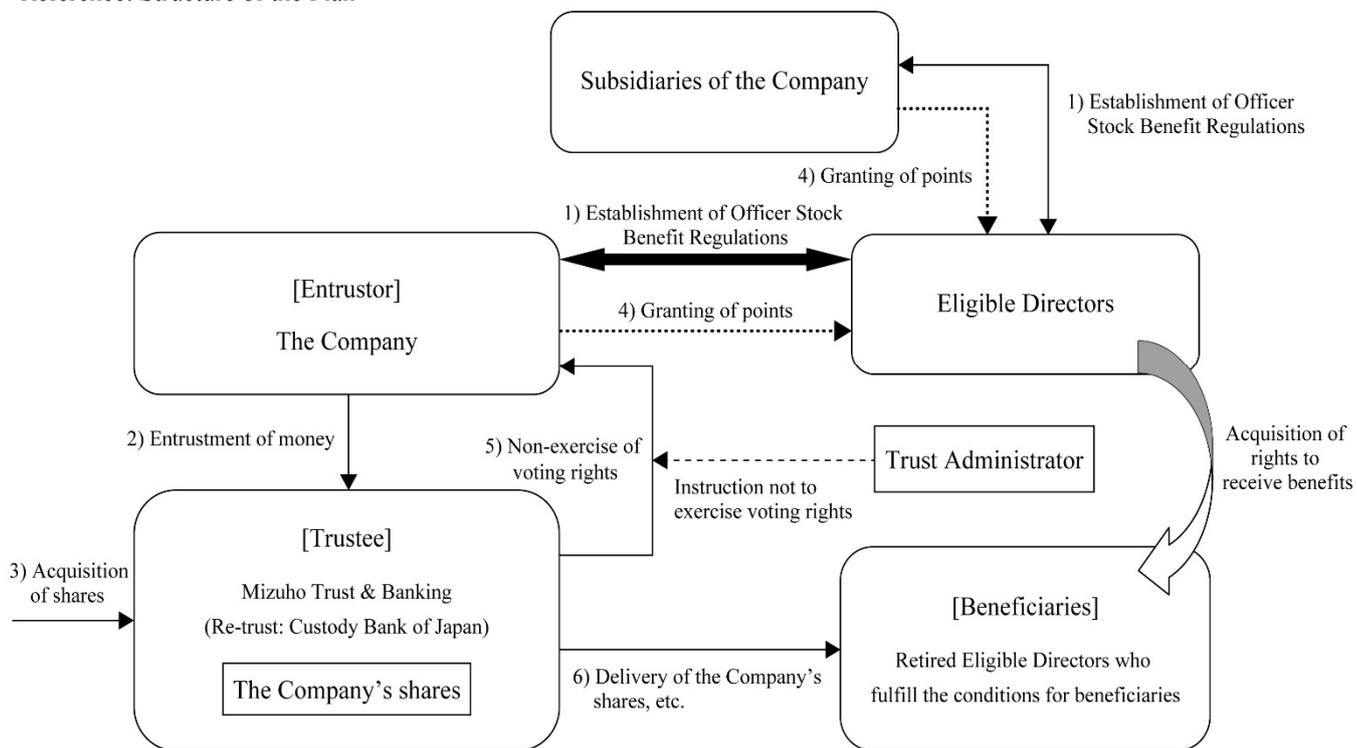
Dividends pertaining to the Company's shares held in the Trust shall be received by the Trust, and shall be used as acquisition funds for the Company's shares, trust compensation for the trustee of the Trust, etc. If the Trust ends, dividends, etc., remaining in the Trust shall be divided and paid to Eligible Directors in office at that time, in accordance with their respective number of points held.

(10) End of the Trust

The Trust shall end in the event of circumstances arising whereby the Company's shares are delisted, the Officer Stock Benefit Regulations are discontinued, etc.

All the Company's shares in the Trust's remaining assets when the Trust ends shall be acquired by the Company, without consideration, and cancelled by resolution of the Board of Directors. Money in the Trust's remaining assets when the Trust ends shall be paid to the Company, after deducting money to be paid to Eligible Directors as described in Item (9) above.

<Reference: Structure of the Plan>



- 1) The Company and subsidiaries of the Company shall establish Officer Stock Benefit Regulations within the scope of the framework approved in this proposal and proposals for compensation of subsidiaries of the Company.
- 2) The Company shall entrust money to the Trust, within the scope approved in this proposal.
- 3) In addition to the Company's shares remaining in the Pre-succession Trust when the position of entrustor was transferred to the Company, the Trust shall also acquire the Company's shares through the stock market or disposal of treasury stock by the Company, using the money entrusted in the above item 2) as funds.
- 4) The Company and subsidiaries of the Company shall grant points to Eligible Directors based on the Officer Stock Benefit Regulations.
- 5) The Trust shall not exercise voting rights pertaining to the Company's shares held in the Trust, in accordance with the instructions of the trust administrator, who shall be independent from the Company.
- 6) The Trust shall deliver the Company's shares to retired Eligible Directors who fulfill the conditions for beneficiaries set forth in the Officer Stock Benefit Regulations ("beneficiaries"), in accordance with the number of points granted to the beneficiary. However, if the Eligible Director fulfills the conditions set forth in the Officer Stock Benefit Regulations, then, for a certain proportion of points, an amount of money equivalent to the market value of the Company's shares may be paid.

<Reference: The Company's Policy Regarding the Determination of Compensation, etc. for Individual Directors (Summary)>

Compensation for the Company's directors (excluding directors serving as members of the Audit and Supervisory Committee and outside directors) shall be composed of basic compensation, comprising a fixed portion and a performance-variable portion, and performance-linked stock compensation (a Board Benefit Trust).

The amount of basic compensation shall be within the scope of the compensation limit of 500 million yen approved at the Annual General Meeting of Shareholders held on March 28, 2018. Basic composition shall be composed of (i) a fixed portion paid monthly in cash, determined each year in accordance with each director's rank and management ability, and (ii) a performance-variable portion paid monthly in cash, determined in accordance with factors including the degree to which the targets for consolidated net sales and operating profit were achieved in the previous fiscal year, and the director's contribution in his or her area of responsibility.

Meanwhile, performance-linked stock compensation is designed to clarify the relationship between the compensation of the directors and the business performance and share value of the Group, and increase directors' awareness of contributing to enhancing the medium- to long-term business performance of the Group and maximizing corporate value, by ensuring they share not only the merits of an increase in the share value but also the risks of a decline in the share value with shareholders. The number of shares and the amount of money to be delivered shall be determined based on a consideration of factors including consolidated EBITDA and consolidated ROE, which the Group regards as key management indicators for the growth of its business scale, stronger earning capacity and enhanced return on investment, as well as factors such as the rank of each director. The shares and money constitute performance-linked stock compensation shall be delivered, in principle, after the eligible director's retirement from office, provided that the director has satisfied conditions including that the retirement is not due to a breach of duties as an officer.

The performance-variable portion of basic compensation for directors (excluding directors serving as members of the Audit and Supervisory Committee and outside directors) shall, in principle, be no more than approximately 25% of the fixed portion. The Company's policy regarding performance-linked stock compensation shall be to set it at a proportion that will function appropriately as an incentive to sustainably enhance corporate value, based on factors including the amount of basic compensation and rank of each director, the Group's performance, and the level of the Company's share price.

Representative director & Group CEO shall prepare a proposal for the basic compensation for each director, premised on the policy above. Taking account of the report of the Nomination and Compensation Committee and the opinion of the Audit and Supervisory Committee, the Board of Directors shall delegate determination on this proposal to the representative director & Group CEO. The Nomination and Compensation Committee shall conduct a subsequent evaluation of this process. The amount of performance-linked stock compensation for each director shall be determined in accordance with the policy above, and the Officer Stock Benefit Regulations established by separate resolution of the Board of Directors. No delegation of decision authority to the representative director & Group CEO or other person shall be made for performance-linked stock compensation.