

Note: This document has been translated from a part of the Japanese original for reference purposes only. In the event of any discrepancy between this translated document and the Japanese original, the original shall prevail.
--

Securities Code: 3843
July 14, 2021

To Shareholders with Voting Rights

Atsuki Ishida
Representative Director and President
FreeBit Co., Ltd.
3-6 Maruyamacho, Shibuya-ku, Tokyo

NOTICE OF THE 21ST ORDINARY GENERAL MEETING OF SHAREHOLDERS

We are pleased to announce the 21st Ordinary General Meeting of Shareholders of FreeBit Co., Ltd. (the “Company”), which will be held as described below.

We ask that you consider refraining from attending the meeting in person, and exercise your voting rights in advance in writing by submitting the Voting Rights Exercise Form or via the Internet if possible. Please read the Reference Documents for the General Meeting of Shareholders and exercise your voting rights in advance in all possible circumstances.

- 1. Date and Time:** July 29, 2021 (Thursday), 10:00 a.m.
- 2. Venue:** Shibuya Mark City Building, 1-12-2, Dogenzaka, Shibuya-ku, Tokyo
Shibuya Excel Hotel Tokyu, 6F Planets Room
- 3. Agenda of the Meeting:**
Matters to be reported:
 1. Business Report, Consolidated Financial Statements for the Company’s 21st Fiscal Year (from May 1, 2020 to April 30, 2021) and Audit Reports for the Consolidated Financial Statements by the Accounting Auditor and the Audit & Supervisory Board
 2. Non-consolidated Financial Statements for the Company’s 21st Fiscal Year (from May 1, 2020 to April 30, 2021)

Proposal to be resolved:

- | | |
|-----------------------|--|
| Proposal No. 1 | Reduction in Legal Capital Surplus |
| Proposal No. 2 | Election of Six Directors |
| Proposal No. 3 | Election of One Audit & Supervisory Board Member |
| Proposal No. 4 | Determination of Remuneration for Granting Two Types of Restricted Shares to Directors (Excluding Outside Directors) |

- For those attending, please present the enclosed Voting Rights Exercise Form at the reception desk on arrival at the meeting.
- When attending by proxy, the proxy will be required to present documentary proof of his or her authority to exercise your voting rights in addition to the shareholder's Voting Rights Exercise Form at the reception desk. (You may name one shareholder who holds voting rights of the Company to act as proxy and exercise your voting rights in accordance with the provisions of Article 16 of the Company's Articles of Incorporation.)
- Of documents to be attached to this Notice, Significant Matters Forming The Basis For Preparing Consolidated Financial Statements and Other Notes of the Consolidated Financial Statements and Notes on Significant Accounting Policies and Other Notes of the Non-consolidated Financial Statements are posted on the Company's website (<https://www.freebit.com/>) to be offered to shareholders (available in Japanese only), pursuant to the provisions of the relevant laws and regulations and Article 14 of the Company's Articles of Incorporation.

Significant Matters Forming The Basis For Preparing Consolidated Financial Statements and Other Notes of the Consolidated Financial Statements and Notes on Significant Accounting Policies and Other Notes of the Non-consolidated Financial Statements are part of the Consolidated and Non-consolidated Financial Statements that the Accounting Auditor and Audit & Supervisory Board Members audited to prepare their respective Audit Reports.

- If there are any amendments to the Reference Documents for the General Meeting of Shareholders, the Business Report and/or the Consolidated and Non-consolidated Financial Statements, these amendments will be posted on the Company's website (<https://freebit.com/>) (available in Japanese only).
- If you exercise your voting rights both in writing and via the Internet, the vote cast via the Internet shall be considered valid.
- If you exercise your voting rights multiple times via the Internet, only the last vote cast shall be considered valid. When you exercise your voting rights more than once using multiple devices such as a PC, a smartphone, a tablet and/or a mobile phone, the last vote cast shall be considered valid regardless of the device.
- Gifts for shareholders will not be prepared.

Reference Documents for the General Meeting of Shareholders

Proposal No. 1 Reduction in Legal Capital Surplus

1. Reason for reduction in legal capital surplus

The Company proposes to reduce its amount of legal capital surplus and transfer the amount to other capital surplus pursuant to Article 448, paragraph (1) of the Companies Act, in order to ensure agility and flexibility with respect to its capital policy going forward.

2. Decrease in amount of legal capital surplus

(1) Amount of legal capital surplus to be reduced

The Company intends to decrease its legal capital surplus of ¥3,142,402,299 by ¥2,642,402,299, and transfer the entire amount of decrease to other capital surplus, thereby resulting in legal capital surplus of ¥500,000,000 subsequent to the decrease.

(2) Effective date of reduction in amount of legal capital surplus

September 6, 2021 (scheduled)

Proposal No. 2 Election of Six Directors

The terms of office of all six Directors will expire at the conclusion of this Ordinary General Meeting of Shareholders. Therefore, the Company proposes the election of six Directors.

The candidates for Director are as follows:

No.	Name	Position in the Company	
1	Atsuki Ishida	Representative Director and President	Reelection
2	Takashi Shimizu	Director and Executive Vice President	Reelection
3	Koichi Tomomatsu	Director	Reelection
4	Ikuko Wada	Director	Reelection
5	Nobuyuki Idei	Outside Director	Reelection, Outside, Independent
6	Kazumasa Yoshida	Outside Director	Reelection, Outside, Independent

Candidate No.	Name (Date of birth)	Career summary, and position and responsibility in the Company			Number of the Company's shares held
1	Reelection Atsuki Ishida (June 18, 1972) 49 years old Number of attendance at the Board of Directors meetings: 18/18 (100%)	May	2000	Founder and Representative Director, President and CEO of the Company	3,513,518
		July	2004	Representative Director, Chairman and CEO	
		July	2005	Representative Director, President and CEO	
		Jan.	2015	Representative Director, President and CEO of FreeBit mobile inc.	
		Feb.	2015	Representative Director and Chairman of the Company	
		Apr.	2015	Director of Culture Convenience Club Co., Ltd.	
		May	2020	Representative Director and President, CEO and CTO of the Company (current position)	
		Oct.	2020	Representative Director and Chairman, and CEO of DREAM TRAIN INTERNET INC. (current position)	
		June	2021	Outside Director of PIA Corporation (current position)	
		(Significant concurrent positions outside the Company) Representative Director and Chairman, and CEO of DREAM TRAIN INTERNET INC. Outside Director of PIA Corporation [Securities Code: 4337]			
[Reason for nomination as candidate for Director] Since the establishment of the Company in May 2000, Atsuki Ishida, as one of its founding managers, has grown the Group, which includes three listed corporations, to its current scale. While serving as a director of Culture Convenience Club Co., Ltd., he has also served as CIO and CSO overseeing technologies such as its data system that is one of the largest data systems in Japan, gaining valuable experience and insight. In addition to being intimately familiar with the ICT that is indispensable for the expansion of the Group, he combines a managerial perspective that refuses to be swayed by preconceived ideas with the ability to get things done. While taking on the role of the commercialization of cutting-edge technologies such as AI and blockchain, he is striving to expand the Group. In order to facilitate the further growth of the Group, the Company proposes that he be reelected to continue to serve as Director.					

Candidate No.	Name (Date of birth)	Career summary, and position and responsibility in the Company		Number of the Company's shares held
2	<p>Reelection</p> <p>Takashi Shimizu (February 26, 1974) 47 years old</p> <p>Number of attendance at the Board of Directors meetings: 18/18 (100%)</p>	<p>May 2000 Founder and Director of the Company</p> <p>Aug. 2005 General Manager of Finance and Accounting Department</p> <p>July 2010 General Manager of Group Management Administration Headquarters and General Manager of Finance and Accounting Department of the Company</p> <p>Oct. 2011 Executive Officer (current position)</p> <p>Mar. 2015 Outside Director of Tone mobile inc.</p> <p>Apr. 2015 Representative Director and President of freebit investment inc. (current position)</p> <p>Apr. 2015 Representative Director and President of FreeBit Smart Works, inc (current position)</p> <p>July 2015 Executive Vice President of the Company (current position)</p> <p>July 2016 Representative Director and President of BEKKOAME INTERNET. INC. (current position)</p> <p>Sept. 2016 Director of EPARK Health Care, Inc. (currently Kusurinomadoguchi, Inc.)</p> <p>Sept. 2018 Director of ALC PRESS INC.</p> <p>June 2020 Director of GIGAPRIZE Co., Ltd. (current position)</p> <p>July 2020 General Manager of Administration Headquarters (current position)</p> <p>July 2020 Director of Full Speed Inc. (current position)</p> <p>Oct. 2020 Auditor of DREAM TRAIN INTERNET INC.</p> <p>May 2021 Representative Director and President of DREAM TRAIN INTERNET INC. (current position)</p>	<p>(Significant concurrent positions outside the Company) Director of GIGAPRIZE Co., Ltd. [Securities Code: 3830] Director of Full Speed Inc. [Securities Code: 2159] Representative Director and President of DREAM TRAIN INTERNET INC.</p>	117,918
<p>[Reason for nomination as candidate for Director]</p> <p>As one of the founders of the Company Takashi Shimizu has a record that encompasses being responsible for the engineering, administration and sales departments, resulting in an accumulation of knowledge that he puts to active use through his participation in the management of each of the Group, making an important contribution to the growth of the Group. Also, he serves concurrently as the President of freebit investment inc., which carries out investments, etc. in start-up companies, working to uncover new businesses that will be indispensable to the future development of the Group.</p> <p>In order to facilitate the further growth of the Group, the Company proposes that he be reelected to continue to serve as Director.</p>				

Candidate No.	Name (Date of birth)	Career summary, and position and responsibility in the Company	Number of the Company's shares held
3	<p>Reelection</p> <p>Koichi Tomomatsu (February 1, 1979) 42 years old</p> <p>Number of attendance at the Board of Directors meetings: 13/13 (100%)</p>	<p>Apr. 2001 Joined Goodwill Group Inc.</p> <p>Apr. 2004 Area Marketing Manager of Supervision Department</p> <p>July 2006 General Manager of Sales Planning Department of Goodwill Co., Ltd.</p> <p>Nov. 2008 Joined Full Speed Inc.</p> <p>Nov. 2011 General Manager of Operation Supervision Department</p> <p>July 2013 Director</p> <p>July 2014 Board Member of For it Inc. (current position)</p> <p>Feb. 2015 Representative Director and President of Full Speed Inc.</p> <p>Dec. 2015 Director of THINKS Co., Ltd.</p> <p>Jan. 2017 Director of FULLSPEED TECHNOLOGIES INC. (current position)</p> <p>May 2017 Representative Director and President of Calmbold Inc. (currently CRAID Inc.)</p> <p>Sept. 2017 Director of Full Speed Link Inc.</p> <p>Dec. 2017 Director of Full Speed (China) Inc.</p> <p>July 2018 Director of CRAID Inc. (current position)</p> <p>May 2019 Representative Director and President of JobRoad Inc. (current position)</p> <p>May 2020 Representative Director and Chairman of Full Speed Inc. (current position)</p> <p>June 2020 Director of GIGAPRIZE Co., Ltd. (current position)</p> <p>July 2020 Director of the Company (current position)</p> <p>Oct. 2020 General Manager of Group Human Resources Headquarters of the Company (current position)</p> <p>(Significant concurrent positions outside the Company) Director of FULLSPEED TECHNOLOGIES INC. Director of CRAID Inc. Representative Director and President of JobRoad Inc. Representative Director and Chairman of Full Speed Inc. [Securities Code: 2159] Director of GIGAPRIZE Co., Ltd. [Securities Code: 3830]</p>	205
<p>[Reason for nomination as candidate for Director]</p> <p>Through his participation in the management of Group, Koichi Tomomatsu has been making an important contribution to the growth of the Group. He possesses extensive experience and knowledge related to business strategy. He is striving to promote and strengthen the management of the Group with his broad and advanced point of view, from the viewpoint of pursuing the sustainable growth of the Group.</p> <p>In order to facilitate the further growth of the Group, the Company proposes that he be reelected to continue to serve as Director.</p>			

Candidate No.	Name (Date of birth)	Career summary, and position and responsibility in the Company	Number of the Company's shares held
4	<p>Reelection</p> <p>Ikuko Wada (July 17, 1971) 49 years old</p> <p>Number of attendance at the Board of Directors meetings: 13/13 (100%)</p>	<p>Apr. 1994 Joined KINREI CORPORATION</p> <p>June 2004 Joined Aqua Clara, inc.</p> <p>Oct. 2008 Joined Fractalist inc. (currently UNITED, Inc.)</p> <p>May 2012 Joined the Company</p> <p>July 2014 General Manager of Group Management Administration Headquarters of the Company</p> <p>May 2016 Executive Officer (current position)</p> <p>Sept. 2016 Corporate Auditor of EPARK Health Care, Inc. (currently Kusurinomadoguchi, Inc.)</p> <p>Sept. 2018 Director of ALC PRESS INC.</p> <p>June 2020 Director of GIGAPRIZE Co., Ltd. (current position)</p> <p>June 2020 Director of FreeBit EPARK Health Care, Inc. (currently Kusurinomadoguchi, Inc.)</p> <p>July 2020 General Manager of Group Human Resources Headquarters of the Company</p> <p>July 2020 General Manager of Group Management Planning Headquarters of the Company (current position)</p> <p>July 2020 Director of Full Speed Inc. (current position)</p> <p>July 2020 Director of the Company (current position)</p> <p>(Significant concurrent positions outside the Company) Director of GIGAPRIZE Co., Ltd. [Securities Code: 3830] Director of Full Speed Inc. [Securities Code: 2159]</p>	2,905
<p>[Reason for nomination as candidate for Director]</p> <p>Ikuko Wada has a record that encompasses being responsible for the corporate planning, IR, human resources, legal, and finance and accounting departments. She has promoted strengthening the information management structure, training of personnel and business strategy, resulting in an accumulation of knowledge that she puts to active use through her participation in the management of each of the Group, and is striving to contribute to the growth of the Group.</p> <p>In order to facilitate the further growth of the Group, the Company proposes that she be reelected to continue to serve as Director.</p>			

Candidate No.	Name (Date of birth)	Career summary, and position and responsibility in the Company			Number of the Company's shares held
5	Reelection Outside Independent Nobuyuki Idei (November 22, 1937) 83 years old Number of attendance at the Board of Directors meetings: 18/18 (100%)	Apr.	1960	Joined Sony Corporation (currently Sony Group Corporation)	81,518
		Apr.	1995	Representative Corporate Executive Officer, President and CEO	
		June	2003	Representative Corporate Executive Officer, Chairman and Group CEO	
		Apr.	2006	Founder and CEO of Quantum Leaps Corporation	
		July	2007	Outside Director of the Company (current position)	
		Sept.	2011	Outside Director of Lenovo Group Limited (current position)	
		June	2013	Outside & Independent Director of Monex Group, Inc. (current position)	
		Apr.	2020	Founder, Representative Director and Chairman of Quantum Leaps Corporation (current position)	
		Nov.	2020	Director of Divtone Group (current position)	
		(Significant concurrent positions outside the Company)			
Founder, Representative Director and Chairman of Quantum Leaps Corporation					
Outside Director of Lenovo Group Limited					
Outside & Independent Director of Monex Group, Inc. [Securities Code: 8698]					
[Reason for nomination as candidate for Outside Director and outline of expected role]					
After working for many years as a representative of Sony Corporation, and in addition to serving as outside director at many corporations both in Japan and overseas, Nobuyuki Idei established Quantum Leaps Corporation to nurture the next generation of business leaders. By offering to the Company's management opinions and advice that leveraged his knowledge as an entrepreneur, he more than fulfilled the management supervisory function of his role of outside director, making an important contribution to the management of the Board of Directors.					
In order to facilitate the further growth of the Group, the Company expects him to supervise the management of the Group based on his insight and experience from an independent viewpoint, and proposes that he be reelected to continue to serve as Outside Director.					
Although the Company is enrolled in the corporate member organization that is operated by Quantum Leaps Corporation and pays the annual fee of three million yen, Nobuyuki Idei meets the Criteria for Election of Independent Officers established by the Company.					

Candidate No.	Name (Date of birth)	Career summary, and position and responsibility in the Company	Number of the Company's shares held
6	<p>Reelection Outside Independent</p> <p>Kazumasa Yoshida (August 20, 1958) 62 years old</p> <p>Number of attendance at the Board of Directors meetings: 18/18 (100%)</p>	<p>Oct. 1984 Joined Intel Corporation</p> <p>June 2003 Representative Director and President of Intel K.K.</p> <p>Dec. 2004 Vice President of Sales and Marketing Group of Intel Corporation</p> <p>Apr. 2012 Director of Gibson Guitar Corp. (currently Gibson Brands, Inc.)</p> <p>June 2012 Outside Director of Onkyo Corporation (currently Onkyo Home Entertainment Corporation) (current position)</p> <p>Feb. 2013 Director of Gibson Guitar Corporation Japan</p> <p>June 2013 Outside Director of CYBERDYNE Inc.</p> <p>June 2014 Outside Director of TDK Corporation</p> <p>June 2015 Outside Director of Mamezou Holdings Co., Ltd. (currently Mamezou K2TOP Holdings Corporation)</p> <p>July 2016 Outside Director of the Company (current position)</p> <p>Dec. 2017 Outside Director of Mynavi Corporation (current position)</p> <p>(Significant concurrent positions outside the Company) Outside Director of Onkyo Home Entertainment Corporation [Securities Code: 6628]</p>	3,518
<p>[Reason for nomination as candidate for Outside Director and outline of expected role]</p> <p>After serving as president of Intel Japan, as well as vice-president of Intel Corporation in the US, Kazumasa Yoshida has taken on the role of outside director at many corporations both in Japan and overseas. By offering to the Company's management opinions and advice that leveraged his knowledge as an entrepreneur, he more than fulfilled the management supervisory function of his role as outside director, and making an important contribution to the management of the Board of Directors.</p> <p>In order to facilitate the further growth of the Group, the Company expects him to supervise the management of the Group based on his insight and experience from an independent viewpoint, and proposes that he be reelected to continue to serve as Outside Director.</p>			

Notes:

- There is no special interest between any of the candidates for Director and the Company.
- Nobuyuki Idei and Kazumasa Yoshida are candidates for Outside Directors. The Company has designated them as Independent Officers as provided for by the Tokyo Stock Exchange and reported them as such to the exchange. If their reelection as Directors is approved, the Company plans to designate them as Independent Officers again.
- Candidates for Outside Directors Nobuyuki Idei and Kazumasa Yoshida currently serve as Outside Director of the Company. At the conclusion of this Meeting, their tenures since assuming office as Outside Directors will have been 14 years and five years, respectively.
- Candidates for Outside Directors Nobuyuki Idei and Kazumasa Yoshida currently serve as Outside Director of the Company. The Company has entered into limited liability agreements with them in which the maximum amount of their liability shall be equal to the minimum liability amount provided for in Article 425, paragraph (1) of the Companies Act. In the event that their reelection is approved, the Company plans to continue the said limited liability agreements with both of them.
- "Number of the Company's shares held" is the substantive number of shares, including the number of shares held through the shareholding association of officers as of April 30, 2021.
- The Company also intends to enter into a directors and officers liability insurance policy with an insurance company as provided for in Article 430-3, paragraph (1) of the Companies Act. Said policy is to provide coverage for legal damages and litigation costs should an insured party become subject to a claim for damages during the period of insurance coverage, arising due to actions he or she has taken based on his or her position. However, the aforementioned insurance policy shall not provide coverage for damages arising from actions such that have been deemed to involve illegal gain or benefit by the insured party, or criminal activity, malfeasance, or fraud, or violation otherwise of laws, regulations, or rules governing Directors. The full amount of the insurance premiums for all the insureds are borne by the Company. If each candidate assumes office as Director, the Company plans to include each of them as an insured in the insurance policy and renew the said policy as of April 1, 2022.

Proposal No. 3 Election of One Audit & Supervisory Board Member

The term of office of Audit & Supervisory Board Member Kiyokazu Nagai will expire at the conclusion of this Ordinary General Meeting of Shareholders. Therefore, the Company proposes the election of one Audit & Supervisory Board Member. The consent of the Audit & Supervisory Board has been obtained for this proposal.

The candidate for Audit & Supervisory Board Member is as follows:

Name	Position in the Company	
Akihiro Matsuoka	—	New election, Outside, Independent

Name (Date of birth)	Career summary, and position and responsibility in the Company			Number of the Company's shares held
New election Outside Independent Akihiro Matsuoka (October 7, 1959) 61 years old Number of attendance at the Board of Directors meetings:	Apr.	1984	Joined KOKUSAI Securities Co., Ltd. (currently Mitsubishi UFJ Morgan Stanley Securities Co., Ltd.)	—
	Apr.	2001	General Manager of Underwriting Public Offering Department	
	May	2009	Head of Conflict of Interest Office, Compliance Management Department	
	Feb.	2012	Joined OOTOYA Holdings Co., Ltd. Deputy General Manager of Corporate Planning Dept.	
	Apr.	2014	General Manager of Corporate Planning Dept.	
	June	2015	Executive Officer, General Manager of Corporate Planning Dept.	
	June	2016	Director, General Manager of Corporate Planning Dept.	
—	(Significant concurrent positions outside the Company)			
—	None			
Number of attendance at the Audit & Supervisory Board meetings:	[Reason for nomination as candidate for Outside Audit & Supervisory Board Member] Akihiro Matsuoka possesses business experience in the financial sector and extensive experience and knowledge accumulated as a Director in the food and beverage industry. The Company proposes that he be elected because it expects to utilize his extensive business experience and deep insight in auditing of the Company. The Company deems that he will appropriately fulfil his duties as an Audit & Supervisory Board Member given his involvement in corporate management as a Director thus far.			

Notes:

1. There is no special interest between Akihiro Matsuoka and the Company.
2. Akihiro Matsuoka is a candidate for Outside Audit & Supervisory Board Member. If his election is approved, the Company plans to designate him as an Independent Officer as stipulated by the Tokyo Stock Exchange and report him as such to the exchange.
3. If the election of candidate for Outside Audit & Supervisory Board Member Akihiro Matsuoka is approved, pursuant to Article 427, paragraph (1) of the Companies Act, the Company plans to enter into an agreement with him to limit his liability for damages under Article 423, paragraph (1) of the same Act. The maximum amount of liability for damages under the agreement is the minimum liability amount provided for by Article 425, paragraph (1) of the same Act.
4. The Company also intends to enter into a directors and officers liability insurance policy with an insurance company as provided for in Article 430-3, paragraph (1) of the Companies Act. Said policy is to provide coverage for legal damages and litigation costs should an insured party become subject to a claim for damages during the period of insurance coverage, arising due to actions he or she has taken based on his or her position. However, the aforementioned insurance policy shall not provide coverage for damages arising from actions such that have been deemed to involve illegal gain or benefit by the insured party, or criminal activity, malfeasance, or fraud, or violation otherwise of laws, regulations, or rules governing Audit & Supervisory Board Members. The full amount of the insurance premiums for all the insureds are borne by the Company. If the candidate assumes office as Outside Audit & Supervisory Board Member, the Company plans to include him as an insured in the insurance policy and renew the said policy as of April 1, 2022.

Criteria for Election of Independent Officers

- (i) They shall not be an executive (including a non-executive director, Audit & Supervisory Board Member, etc.) of the Group.
- (ii) They shall not be an entity for which the Group is a major business partner, nor a major business partner of the Group.
- (iii) They shall not be a major lender to the Group.
- (iv) They shall not have received from the Group substantial monies or assets, other than directors' remuneration, in consideration for specialist services related to the law, finance or tax and suchlike.
- (v) They shall not be an accounting auditor of the Group, nor a certified public accountant that is an accounting advisor to the Group.
- (vi) They shall not have received substantial donations from the Group.
- (vii) They shall not be an entity of which the Group is a major shareholder, nor a major shareholder of the Group.
- (viii) They shall not have a cross-shareholding relationship with the Group.
- (ix) They shall not have a relationship involving mutual exchange of officers with the Group.
- (x) In cases where in (ii) to (ix) above the entity is an organization such as a corporation, any person affiliated with said organization.
- (xi) They shall not be close relatives (the spouse, or relatives within the second degree of kinship) of the person in (i) to (ix) above.
- (xii) The monetary amount in (iv) and (vi) above shall be deemed as "substantial" if it is more than ¥10 million.

Proposal No. 4 Determination of Remuneration for Granting Two Types of Restricted Shares to Directors (Excluding Outside Directors)

The Company recognizes that a successor development plan (succession plan) that looks to the future is a significant issue in working for sustainable corporate growth. Furthermore, the Company will ensure in advance that this candidate will not be influenced by race, nationality, gender, age, etc., and understands that it is essential to spend the appropriate amount of time and resources to train this candidate and bestow the abilities needed as a manager.

Moreover, reinforcing the next-generation management personnel who will expand the corporate scale will eventually assist in increasing the Company's medium- to long-term corporate value.

The Company is making this proposal based on the consideration that an important measure to realize the above was to review its officer remuneration plan and for the purpose of redoubling its efforts to increase its corporate value and promoting the notion of further sharing value with its shareholders. In this proposal, the Company seeks to adopt a remuneration plan involving restricted shares linked to continuous years of service (the "Plan I") and a remuneration plan involving performance-linked restricted shares (the "Plan II," Plan I and Plan II together referred to as the "Plan") to be granted to the Company's Directors (excluding Outside Directors; the "Eligible Directors") as described below. This remuneration is to be treated separately from the amount of up to ¥500 million, which was approved as remuneration for the Company's Directors at the Extraordinary General Meeting of Shareholders held on May 6, 2003.

The specific timing and allocation of payment to each of the Eligible Directors shall be determined by resolution of the Board of Directors following advice from the Nomination and Remuneration Committee.

With respect to adoption of the Plan, the Company sought advice of the Nomination and Remuneration Committee, whose membership mainly consists of Outside Directors, with respect to ensuring that the Plan calls for appropriate Director remuneration and transparent decision-making processes. If Proposal 2 "Election of Six Directors" is approved as proposed, the number of Directors will be six at the conclusion of this Ordinary General Meeting of Shareholders, and the Eligible Directors under the Plan will be four at conclusion of the Meeting.

[Visualization of remuneration for Directors]

Before revision				After revision			
	Remuneration amount, etc.	Inside Director	Outside Director		Remuneration amount, etc.	Inside Director	Outside Director
Basic remuneration	Up to ¥500 million	○	○		Basic remuneration	Up to ¥500 million	○
				Continuous service-type restricted share-based remuneration	Up to 23,000 shares	○	—
				Performance-linked and restricted share-based remuneration	Up to 230,000 shares	○	—

Details for the Plan I (Continuous service-type restricted share-based remuneration)

The Plan I serves as a plan that entails delivery to each of the Eligible Directors the Company's common stock (restricted shares) subject to provisions such that include the lifting of transfer restrictions on the condition that a recipient continue to serve as a Company Director, etc. for a certain period of time. Issuance or disposal of the Company's common stock pursuant to this proposal shall be carried out by the Company, as follows, pursuant to Board of Directors resolution pertaining to such issuance or disposal.

- Method for issuance or disposal of the Company's common stock in a manner necessitating neither monetary payment nor provision of property contributed in kind to serve as remuneration, etc. for the Eligible Directors ("Delivery without Contribution")

The total number of shares of the Company's common stock issued or disposed of by means of the Delivery without Contribution approach shall amount to no more than 23,000 shares annually (however, said total number of shares shall be adjusted within a reasonable range if, on or after the date of this proposal's approval and resolution, the Company conducts a share split of the Company's common stock (including allotment of the Company's common stock without contribution) or a consolidation of such shares, or if there are grounds otherwise necessitating adjustment of the total number of shares of the Company's common stock to be issued or disposed of as restricted shares).

Although monetary payment is not required given that the transaction involves Delivery without Contribution, the amount of remuneration for the Eligible Directors is to be calculated on the basis of the closing price the Company's common stock on the Tokyo Stock Exchange on the business day prior to the date of the resolution of the respective Board of Directors resolution (or if there is no closing price on such date, then the closing price on the most recent trading day prior to that date) regarding the per-share allotment.

Furthermore, the Company and the Eligible Directors shall enter into an agreement on allotment of restricted shares encompassing the content below (the "Allotment Agreement"), with respect to the issuance or disposal of the Company's common stock enlisting the aforementioned method.

(1) Transfer Restriction Period

The Eligible Directors shall be subject to "Transfer Restrictions" such that they may neither transfer, create a security interest in, or otherwise dispose of the Company's common stock subject to allotment pursuant to the Allotment Agreement (the "Allotted Shares") during the period extending from the date of allotment of the restricted shares through to the date of an Eligible Director's resignation or retirement either from the position of Director of the Company, or from a position otherwise specified by the Company's Board of Directors (the "Transfer Restriction Period").

(2) Treatment on retirement from office

The Company shall automatically acquire the Allotted Shares without contribution, even if there are grounds deemed justifiable by the Company's Board of Directors, if an Eligible Director resigns or retires from any of the positions aforementioned in section (1) above, prior to conclusion of the period separately determined by the Company's Board of Directors (the "Period of Service").

(3) Lifting of the Transfer Restrictions

The Company shall lift the Transfer Restrictions that have been imposed on all of the Allotted Shares upon conclusion of the Transfer Restriction Period, on the condition that the Eligible Director has remained in the position of Director of the Company, or in a position otherwise specified by the Company's Board of Directors, throughout the Period of Service.

(4) Acquisition without consideration by the Company

The Company may automatically acquire the Allotted Shares in their entirety or a portion thereof without contribution if, during the Transfer Restriction Period, an Eligible Director who has received allotment of restricted shares has been in violation of laws and regulations or if there are grounds otherwise specified by the Company's Board of Directors.

In addition, such Allotted Shares shall be forfeited without contribution upon death of an Eligible Director occurring subsequent to initiation of the period of eligibility through to the final date of the Period of Service.

(5) Treatment in the case of the Company's reorganization, etc.

If, during the Transfer Restriction Period, matters relating to a merger agreement under which the Company is the merged company, or otherwise a share exchange agreement or a share transfer plan under which the Company becomes a wholly-owned subsidiary, or other reorganization, etc., gains approval of the Company's General Meeting of Shareholders (or at a meeting of the Company's Board of Directors in cases where approval at the Company's General Meeting of Shareholders is not required in relation to said reorganization, etc.), the Company shall, per resolution of the Company's Board of Directors, lift the Transfer Restrictions on a reasonably determined number of the Allotted Shares, prior to the date on which said reorganization, etc. becomes effective. In addition, the Company shall automatically acquire without contribution the Allotted Shares of which the transfer Restrictions have not been lifted as of the time immediately after the Transfer Restrictions were lifted in accordance with the provision above.

(6) Other matters

Other matters related to the Allotment Agreement shall be determined by the Company's Board of Directors.

The Company established a policy on making decisions regarding specifics of Director remuneration, etc. at its meeting of the Board of Directors held on June 30, 2021. An overview of that policy has been presented on pages 43 to 44 of the Business Report (in Japanese). Because the granting of the restricted shares pursuant to this proposal aligns with said policy, the Company does not intend to change said policy even if this proposal gains approval. The total maximum number of shares the Company's common stock subject to issuance or disposal by the Eligible Directors under the Plan (23,000 shares annually) is equivalent to approximately 0.1% of the total 23,414,000 issued Company shares (as of April 30, 2021). The Company accordingly deems it appropriate to grant the Allotted Shares given that the rate of dilution is negligible.

Details for the Plan II (Performance-linked and restricted share-based remuneration)

The Plan II is a performance-linked share-based remuneration plan that grants a number of the Company's common stock to each of the Eligible Directors as restricted shares. The number of common stock is calculated using the level of achievement of the evaluation indicators, etc., which were set in advance by the Company's Board of Directors and are used during the period specified by the Company's Board of Directors (the "Evaluation Period"; The initial Evaluation Period is the period of three fiscal years from the fiscal year ending April 30, 2022 to the fiscal year ending April 30, 2024.). In Principle, the Company shall carry out issuance or disposal of its performance-linked restricted shares upon conclusion of the Evaluation Period, enlisting the following method, pursuant to Board of Directors resolution pertaining to such issuance or disposal.

- Method for issuance or disposal of the Company's common stock in a manner necessitating neither monetary payment nor provision of property contributed in kind to serve as remuneration, etc. for the Eligible Directors ("Delivery without Contribution")

The total number of shares of the Company's common stock issued or disposed of by means of Delivery without Contribution shall amount to no more than 230,000 shares annually (however, said total number of shares shall be adjusted within a reasonable range if, on or after the date of this proposal's approval and resolution, the Company conducts a share split of the Company's common stock (including allotment of the Company's common stock without contribution) or a consolidation of such shares, or if there are grounds otherwise necessitating adjustment of the total number of shares of the Company's common stock to be issued or disposed of as restricted shares).

Although monetary payment is not required given that the transaction involves Delivery without Contribution, the amount of remuneration for the Eligible Directors is to be calculated on the basis of the closing price the Company's common stock on the Tokyo Stock Exchange on the business day prior to the date of the resolution of the respective Board of Directors resolution (or if there is no closing price on such date, then the closing price on the most recent trading day prior to that date) regarding the per-share allotment.

At the point in time of adopting the Plan II, the Company will not have determined whether or not to deliver such shares to each of the Eligible Directors, nor will it have determined the number of shares to be delivered,

given that delivery of the Company's common stock to the Eligible Directors is not carried out until after conclusion of the Evaluation Period.

Within the limit of the approval of this proposal, the Plan shall continue to cover respective fiscal years subsequent to the initial Evaluation Period, from which point the Company intends to implement the remuneration plan involving performance-linked restricted shares under new Evaluation Periods over multiple consecutive fiscal years.

(1) Method for calculating the number of shares of the Company's common stock to be delivered to the Directors

The Company shall calculate the number of shares of its common stock to be delivered to each Eligible Director based on the formula below.

- Number of Company shares to be delivered to each Eligible Director

Standard number of shares^(*1) × Payment multiplier^(*2)

- *1 The standard number of shares is decided in advance by the Company's Board of Directors upon having consulted with the Nomination and Remuneration Committee.
- *2 Upon having consulted with the Nomination and Remuneration Committee, the Board of Directors sets the payment multiplier to a value ranging from 0% to 100% depending on the extent to which the respective performance evaluation benchmarks for the Evaluation Period have been achieved.

(2) Delivery requirements

The Company shall make delivery of its common stock to each Eligible Director when the following requirements for delivery of the Company's common stock have been met, upon conclusion of the Evaluation Period.

- (i) The intended recipient has been serving as a Director of the Company or otherwise serving in a position specified by the Company's Board of Directors during the Evaluation Period
- (ii) The intended recipient has not engaged in specified improper conduct
- (iii) The intended recipient satisfies other requirements deemed necessary by the Company's Board of Directors

Such delivery shall be revoked without contribution upon death of an intended recipient occurring subsequent to initiation of the period of eligibility through to the final date of the Evaluation Period.

(3) Treatment in the case of the Company's reorganization, etc.

The Company may, per resolution of the Company's Board of Directors, make monetary payment of an amount reasonably calculated by the Company's Board of Directors if, during the Evaluation Period, matters relating to a merger agreement under which the Company is the merged company, or otherwise a share exchange agreement or a share transfer plan under which the Company becomes a wholly-owned subsidiary, or other reorganization, etc., gains approval of the Company's General Meeting of Shareholders (or at a meeting of the Company's Board of Directors in cases where approval at the Company's General Meeting of Shareholders is not required in relation to said reorganization, etc.). In such cases, prior to the effective date of said reorganization, etc., the Company's Board of Directors shall reasonably calculate the amount of monetary payment as a monetary amount equivalent to a number of shares of the Company's common stock, which in turn has been reasonably determined taking into account the period of time from the date of initiating the performance Evaluation Period through to the date of approval for said reorganization, etc. Meanwhile, such monetary payment shall be made in lieu of making delivery of such common stock of the Company, within the maximum number of shares under the Plan.

(4) Overview of transfer restrictions, etc. imposed on the Company's common stock to be delivered to the Eligible Directors

The Company and the Eligible Directors shall enter into an agreement on allotment of restricted shares encompassing the content below (the "Allotment Agreement"), with respect to the delivery of the Company's common stock based on this proposal.

- (i) Transfer Restriction Period

The Eligible Directors shall be subject to “Transfer Restrictions” such that they may neither transfer, create a security interest in, or otherwise dispose of the Company’s common stock subject to allotment pursuant to the Allotment Agreement (the “Allotted Shares”) during the period extending from the date of allotment of the restricted shares through to the date of an Eligible Director’s resignation or retirement either from the position of Director of the Company, or from a position otherwise specified by the Company’s Board of Directors (the “Transfer Restriction Period”).

(ii) Lifting of the Transfer Restrictions

The Company shall lift the Transfer Restrictions that have been imposed on all of the Allotted Shares upon conclusion of the Transfer Restriction Period, on the condition that the Eligible Director has remained in the position of Director of the Company, or in a position otherwise specified by the Company’s Board of Directors, throughout the Period of Service.

(iii) Acquisition without consideration by the Company

The Company may automatically acquire the Allotted Shares in their entirety or a portion thereof without contribution if, during the Transfer Restriction Period, a Director who has received allotment of restricted shares has been in violation of laws and regulations or if there are grounds otherwise specified by the Company’s Board of Directors.

(iv) Treatment in the case of the Company’s reorganization, etc.

If, during the Transfer Restriction Period, matters relating to a merger agreement under which the Company is the merged company, or otherwise a share exchange agreement or a share transfer plan under which the Company becomes a wholly-owned subsidiary, or other reorganization, etc., gains approval of the Company’s General Meeting of Shareholders (or at a meeting of the Company’s Board of Directors in cases where approval at the Company’s General Meeting of Shareholders is not required in relation to said reorganization, etc.), the Company shall lift the Transfer Restrictions on all the Allotted Shares, prior to the date on which said reorganization, etc. becomes effective.

(v) Other matters

Other matters related to the Allotment Agreement shall be determined by the Company’s Board of Directors.

The Company established a policy on making decisions regarding specifics of Director remuneration, etc. at its meeting of the Board of Directors held on June 30, 2021. An overview of that policy has been presented on pages 43 to 44 of the Business Report (in Japanese). Because the granting of the Company’s common stock pursuant to this proposal aligns with said policy, the Company does not intend to change said policy even if this proposal gains approval. The total maximum number of shares the Company’s common stock subject to issuance or disposal by the Eligible Directors under the Plan (230,000 shares annually) is equivalent to approximately 1% of the total 23,414,000 issued Company shares (as of April 30, 2021). The Company accordingly deems it appropriate to grant said shares given that the rate of dilution is negligible.