

Securities Code: 4384  
September 27, 2019

To our shareholders:

Yasukane Matsumoto  
Representative Director, President and CEO  
**RAKSUL INC.**  
2-24-9 Kami-Osaki, Shinagawa-ku, Tokyo

## Notice of the 10th Annual General Meeting of Shareholders

You are cordially invited to attend the 10th Annual General Meeting of Shareholders (the “General Meeting of Shareholders”) of RAKSUL INC. (the “Company”), which will be held as indicated below.

If you are unable to attend the meeting in person, you may exercise your voting rights in writing or via electric means (the internet, etc.). Please examine the attached Reference Documents for General Meeting of Shareholders and exercise your voting rights by returning the voting form so as to be received no later than 7:00 p.m. on Wednesday, October 16, 2019 (JST), or via electric means (the internet, etc.) by 7:00 p.m. on Wednesday, October 16, 2019 (JST).

(Please refer to page 3 for details including the method for exercising your voting rights via electric means (the internet, etc.).)

1. **Date and Time:** Thursday, October 17, 2019 at 10:00 a.m. (JST)  
(Reception will open at 9:30 a.m.)
2. **Venue:** Conference Room L, 5F, Asahi-seimei Otemachi Building, 2-6-1, Otemachi, Chiyoda-ku, Tokyo  
(Please note that the venue is different from that of the previous year.)

### 3. Purpose of the Meeting

**Matter to be reported:** The Business Report and Financial Statements for the 10th Fiscal Year (from August 1, 2018 to July 31, 2019)

#### Matters to be resolved:

- Proposal No. 1:** Partial Amendments to the Articles of Incorporation
- Proposal No. 2:** Election of Seven (7) Directors (Excluding Directors Who Are Audit and Supervisory Committee Members)
- Proposal No. 3:** Election of Three (3) Directors Who Are Audit and Supervisory Committee Members
- Proposal No. 4:** Determination of Amount of Compensation for Directors (Excluding Directors Who Are Audit and Supervisory Committee Members)
- Proposal No. 5:** Determination of Amount of Compensation for Directors Who Are Audit and Supervisory Committee Members
- Proposal No. 6:** Determination of Amount of Compensation for Allotment of Restricted Stock to Directors (Excluding Directors Who Are Audit and Supervisory Committee Members)
- Proposal No. 7:** Determination of Amount of Compensation for Allotment of Restricted Stock to Directors Who Are Audit and Supervisory Committee Members

### 4. Exercise of Voting Rights

If you exercise your voting rights in duplicate, both in writing and via electric means (the internet, etc.), your vote exercised via electric means (the internet, etc.) shall be treated as valid.

If you exercise your voting rights via electric means (the internet, etc.) multiple times, only the last vote exercised shall be treated as valid.

- ⊙ If you are attending the meeting in person, please present the enclosed voting form at the reception desk.
- ⊙ Pursuant to the relevant laws and regulations and Article 13 of the Company's Articles of Incorporation, the following items are posted on the Company's website (<https://corp.raksul.com/en/ir/stock/>), and therefore not included in this notice. The documents provided with this notice constitute a part of the Business Report and Financial Statements audited by the Board of Corporate Auditors when preparing the Audit Report, as well as a part of the Financial Statements audited by the Financial Auditor when preparing the Financial Audit Report.
  - (1) Of the Business Report: Status of share acquisition rights, etc.; System to ensure the appropriateness of operations and the operational status of said system; Basic policy on control of the Company; and Policy on determination of dividends of surplus, etc.
  - (2) Of the Financial Statements: Statement of Changes in Shareholders' Equity and Notes to the Financial Statements
- ⊙ If any revisions are made to the Reference Documents for General Meeting of Shareholders, the Business Report or the Financial Statements, such revisions will be posted on the Company's website (<https://corp.raksul.com/en/ir/stock/>).

## Voting via Electric Means (the Internet, Etc.)

If you wish to exercise your voting rights via electric means (the internet, etc.), please examine “4. Exercise of Voting Rights” on the previous page, as well as the following items, and exercise your voting rights by 7:00 p.m. on Wednesday, October 16, 2019 (JST).

1. Website for exercising voting rights
  - (1) To exercise your voting rights via the internet, please access the website for exercising voting rights designated by the Company (<https://evote.tr.mufig.jp/>) using a computer or a smartphone. Please be aware, however, that the service is suspended daily from 2:00 a.m. to 5:00 a.m. (JST).  
(Note) You cannot exercise your voting rights using a feature phone, a personal digital assistant (PDA), a game console, or other such device.
  - (2) Depending on internet environments, some shareholders may not be able to use the service, in cases such as their use of firewall, antivirus software, or proxy server interfering with access to the service.
  - (3) Although the Company will accept all votes cast via the internet by 7:00 p.m. on Wednesday, October 16, 2019 (JST), you are cordially requested to exercise your voting rights as early as possible to facilitate the counting of votes. If you have any inquiries, please contact the helpdesk indicated in 4. below.
2. Method of exercising voting rights via the internet
  - (1) By computer
    - Please use the “Login ID” and “Temporary Password,” provided on the enclosed voting form, enter the above website for exercising your voting rights, and indicate your approval or disapproval for each proposal by following the instructions on the screen.
    - To prevent unauthorized access (so-called “spoofing”) and falsification of the details of votes by third persons other than you, you will be asked to change their “Temporary Password” on the website for exercising voting rights.
  - (2) By smartphone
    - You can exercise your voting rights by scanning the “Login QR Code,” provided on the enclosed voting form, using a smartphone to automatically access the website for exercising voting rights. (“Login ID” and “Temporary Password” will not be required.)
    - For security reasons, you are not allowed to use a QR code to exercise your voting rights more than once. You will be requested to enter the “Login ID” and “Temporary Password” when the same QR code is used more than once.
    - Depending on smartphone model, you may not be able to login with a QR code. If you are unable to login with the QR code, please exercise your voting rights by following the instructions in “2. (1) By computer” above.

\* QR code is a registered trademark of DENSO WAVE INCORPORATED.
3. Costs arising from accessing the website for exercising voting rights  
Please note that any costs arising from accessing the website for exercising voting rights (such as internet connection fees) shall be borne by the shareholders.
4. Contact  
Stock Transfer Agency Division, Mitsubishi UFJ Trust and Banking Corporation (helpdesk)  
Phone: 0120-173-027 (toll-free within Japan)  
Business hours: from 9:00 a.m. to 9:00 p.m. (JST)

[To Institutional Investors]

Institutional investors may use the “Voting Rights Electric Exercise Platform” operated by ICJ, Inc. in exercising the voting rights.

## Reference Documents for General Meeting of Shareholders

### Proposal No. 1: Partial Amendments to the Articles of Incorporation

#### 1. Reasons for the proposal

The Company intends to make necessary amendments to and deletions of its current Articles of Incorporation for the following reasons.

The amendments to the Articles of Incorporation in this proposal shall take effect at the conclusion of this meeting.

- (1) The Company will shift to a company with an audit and supervisory committee to further reinforce its corporate governance by strengthening the supervisory function of the Board of Directors. Accordingly, as a procedure required to shift to a company with an audit and supervisory committee, the Company will establish new provisions concerning the Audit and Supervisory Committee and its members and delete the provisions on the Board of Corporate Auditors and Corporate Auditors. In addition, the supplementary provision will be established as transitional measures concerning deletion of the provision on exemption from liability for damages of Corporate Auditors.
- (2) The Company will establish a new provision on election of substitute Directors who are Audit and Supervisory Committee members to prepare for a contingency in which it does not have the number of Directors who are Audit and Supervisory Committee members required by laws and regulations.
- (3) The Company will establish a new provision enabling delegation of important business decisions to Directors to realize prompt decision-making and flexible business execution.
- (4) The Company will add corporate purposes to prepare for expansion and development of business in the future.  
The Company will renumber articles and make other amendments as necessary resulting from the above changes for improved readability.

#### 2. Details of the amendments

The details of the amendments are as follows:

(The underlines indicate texts to be changed.)	
Current Articles of Incorporation	Proposed Amendments
Chapter I General Provisions	Chapter I General Provisions
Article 1 (Omitted)	Article 1 (Unchanged)
(Purpose)	(Purpose)
Article 2 The purpose of the Company shall be to engage in the following business activities:	Article 2 The purpose of the Company shall be to engage in the following business activities:
(1) – (16) (Omitted)	(1) – (16) (Unchanged)
(17) Sale and purchase, exchange, leasing, management and operation of real estate, <u>as well as agency, brokerage and intermediary businesses therefor</u>	(17) Sale and purchase, exchange, leasing, management <u>and operation</u> of real estate
(18) Sale and purchase, exchange, rental, management and operation of goods, <u>as well as agency, brokerage and intermediary businesses therefor</u>	(18) Sale and purchase, exchange, rental, management <u>and operation</u> of <u>various</u> goods
(19) – (22) (Omitted)	(19) – (22) (Unchanged)
(23) Non-life insurance agency business and business relating to solicitation of life insurance	(23) Non-life insurance agency business and business relating to solicitation, <u>agency, intermediary, etc.</u> of life insurance
(24) – (25) (Omitted)	(24) – (25) (Unchanged)
(Newly established)	<u>(26) Financing and securities related businesses such as financial instruments business and financial instruments intermediary service</u>

Current Articles of Incorporation	Proposed Amendments
(Newly established)	<u>(27) Common taxicab operation business, common omnibus operation business, chartered omnibus operation business and particularly-contracted motor passenger transport business</u>
(Newly established)	<u>(28) Businesses related to medical, nursing, welfare, childcare and health and beauty services</u>
(Newly established)	<u>(29) Various broadcasting businesses</u>
(Newly established)	<u>(30) Environment and energy-related businesses</u>
(Newly established)	<u>(31) Businesses related to planning, designing, management, construction work and sale for construction, civil engineering, renovation, and machinery and equipment installation, as well as contracting services therefor</u>
(Newly established)	<u>(32) Businesses related to collection, transportation, disposal and recycling of general and industrial waste, as well as sale and import/export of recycled materials</u>
(Newly established)	<u>(33) Business related to development, manufacture, processing and sale of agricultural, marine and livestock foods, liquors and tobacco</u>
(Newly established)	<u>(34) Agency, brokerage, intermediary and mediation businesses related to the businesses of the preceding items</u>
<u>(26) – (28)</u> (Omitted)	<u>(35) – (37)</u> (Unchanged)
Article 3 (Omitted)	Article 3 (Unchanged)
(Composition of Organs)	(Composition of Organs)
Article 4 The Company shall have, in addition to the general meeting of shareholders and Directors, the following organs: (1) Board of Directors (2) <u>Corporate auditor(s)</u> (3) <u>Board of corporate auditors</u> (4) Financial Auditor	Article 4 The Company shall have, in addition to the general meeting of shareholders and Directors, the following organs: (1) Board of Directors (2) <u>Audit and Supervisory Committee</u> (Deleted) (3) Financial Auditor
Article 5 (Omitted)	Article 5 (Unchanged)
Chapter II Shares	Chapter II Shares
Article 6 – Article 10 (Omitted)	Article 6 – Article 10 (Unchanged)
Chapter III General Meeting of Shareholders	Chapter III General Meeting of Shareholders
Article 11 – Article 16 (Omitted)	Article 11 – Article 16 (Unchanged)
Chapter IV Directors and Board of Directors	Chapter IV Directors and Board of Directors
(Number of Directors)	(Number of Directors)
Article 17 The Company shall have not more than <u>eight (8)</u> Directors.	Article 17 The Company shall have not more than <u>eight (8)</u> Directors <u>(excluding Directors who are Audit and Supervisory Committee members).</u>
(Newly established)	<u>2 The Company shall have not more than four (4) Directors who are Audit and Supervisory Committee members.</u>

Current Articles of Incorporation	Proposed Amendments
<p>(Election of Directors)</p> <p>Article 18 Directors shall be elected by a <u>resolution of a general meeting of shareholders.</u></p> <p>2 (Omitted)</p> <p>3 (Omitted)</p> <p>(Newly established)</p>	<p>(Election of Directors)</p> <p>Article 18 Directors shall be elected by a resolution of a general meeting of shareholders, <u>while making a distinction between Directors who are Audit and Supervisory Committee members and the other Directors.</u></p> <p>2 (Unchanged)</p> <p>3 (Unchanged)</p> <p>4 <u>The Company may elect substitute Directors who are Audit and Supervisory Committee members to prepare for a contingency in which it does not have the number of Directors who are Audit and Supervisory Committee members required by laws and regulations.</u></p>
<p>(Term of Office of Directors)</p> <p>Article 19 The term of office of a Director shall expire at the conclusion of the annual general meeting of shareholders for the last fiscal year out of the business years terminating within one year after the election of the Director.</p> <p>(Newly established)</p> <p>(Newly established)</p> <p>(Newly established)</p>	<p>(Term of Office of Directors)</p> <p>Article 19 The term of office of a Director <u>(excluding Director who is an Audit and Supervisory Committee member)</u> shall expire at the conclusion of the annual general meeting of shareholders for the last fiscal year out of the business years terminating within one year after the election of the Director.</p> <p>2 <u>The term of office of a Director who is an Audit and Supervisory Committee member shall expire at the conclusion of the annual general meeting of shareholders for the last fiscal year out of the business years terminating within two years after the election of the Director.</u></p> <p>3 <u>The term of office of a substitute Director for a Director who is an Audit and Supervisory Committee member and retired prior to the completion of his/her term of office shall continue until the time the original term of office of the retired Director is to expire.</u></p> <p>4 <u>The resolution for election of a substitute Director who is an Audit and Supervisory Committee member elected in accordance with of Article 329, paragraph (3) of the Companies Act shall be effective until the beginning of the annual general meeting of shareholders for the last fiscal year out of the business years terminating within two years after the election of the Director.</u></p>
<p>(Representative Directors and Directors with Special Titles)</p> <p>Article 20 The Company shall elect a Representative Director by a resolution of the Board of Directors.</p> <p>2 (Omitted)</p> <p>3 The Board of Directors may elect, by its resolution, one Director and President, one or a small number of Director and Vice Presidents, Senior Managing Directors and Managing Directors.</p>	<p>(Representative Directors and Directors with Special Titles)</p> <p>Article 20 The Company shall elect a Representative Director <u>from among Directors (excluding Directors who are Audit and Supervisory Committee members)</u> by a resolution of the Board of Directors.</p> <p>2 (Unchanged)</p> <p>3 The Board of Directors may elect, by its resolution, one Director and President, one or a small number of Director and Vice Presidents, Senior Managing Directors and Managing Directors <u>from among Directors (excluding Directors who are Audit and Supervisory Committee members).</u></p>

Current Articles of Incorporation	Proposed Amendments
Article 21 (Omitted) (Newly established)	Article 21 (Unchanged) <u>2 Notwithstanding the preceding paragraph, Audit and Supervisory Committee members elected by the Audit and Supervisory Committee may convene the Board of Directors.</u>
(Notice of Meeting of the Board of Directors) Article 22 When convening a meeting of the Board of Directors, a notice shall be dispatched to each Director <u>and corporate auditor</u> at least three days before the date of such a meeting; provided, however, that this period may be reduced in case of urgency. (Newly established)	(Notice of Meeting of the Board of Directors) Article 22 When convening a meeting of the Board of Directors, a notice shall be dispatched to each Director at least three days before the date of such a meeting; provided, however, that this period may be reduced in case of urgency.  <u>2 With the consent of all Directors, a meeting of the Board of Directors may be held without following the convening procedures.</u>
Article 23 (Omitted)	Article 23 (Unchanged)
(Omission of Resolutions of the Board of Directors) Article 24 With regard to matters to be resolved by the Board of Directors, the Company shall deem that a resolution of the Board of Directors has been made in cases where all the Directors entitled to participate in the vote for those matters agree in writing or by electromagnetic records thereto; <u>provided, however, the preceding provision shall not apply when corporate auditors voice an objection.</u> (Newly established)	(Omission of Resolutions of the Board of Directors) Article 24 With regard to matters to be resolved by the Board of Directors, the Company shall deem that a resolution of the Board of Directors has been made in cases where all the Directors entitled to participate in the vote for those matters agree in writing or by electromagnetic records thereto.  (Delegation of Important Business Execution) <u>Article 25 Pursuant to the provision of Article 399-13, paragraph (6) of the Companies Act, the Company may delegate to Director all or part of decisions on important business execution (excluding matters stipulated in items of Article 399-13, paragraph (5) of the said Act) by a resolution of the Board of Directors.</u>
<u>Article 25 – Article 26</u> (Omitted)	<u>Article 26 – Article 27</u> (Unchanged)
(Remuneration, Etc. of Directors) <u>Article 27</u> Remuneration, bonuses and other economic benefits given by the Company in consideration for the execution of duties (hereinafter referred to as the “Remuneration, Etc.”) to Directors shall be determined <u>by</u> resolution of a general meeting of shareholders.	(Remuneration, Etc. of Directors) <u>Article 28</u> Remuneration, bonuses and other economic benefits given by the Company in consideration for the execution of duties (hereinafter referred to as the “Remuneration, Etc.”) to Directors shall be determined by resolution of a general meeting of shareholders, <u>while making a distinction between Directors who are Audit and Supervisory Committee members and the other Directors.</u>

Current Articles of Incorporation	Proposed Amendments
(Exemption of Directors from Liability) <u>Article 28</u> (Omitted) 2 The Company may enter into an agreement with Directors (excluding Executive Directors, or managers or any other employees of the Company) to limit their liability for damages stipulated in Article 423, paragraph (1) of the Companies Act in case of falling under the requirements specified in laws and regulations; provided, however, that the limitation of their liability for damages under such agreement shall be the minimum liability amount specified by laws and regulations.	(Exemption of Directors from Liability) <u>Article 29</u> (Unchanged) 2 The Company may enter into an agreement with Directors (excluding Executive Directors, <u>etc.</u> , or managers or any other employees of the Company) to limit their liability for damages stipulated in Article 423, paragraph (1) of the Companies Act in case of falling under the requirements specified in laws and regulations; provided, however, that the limitation of their liability for damages under such agreement shall be the minimum liability amount specified by laws and regulations.
Chapter V <u>Corporate Auditors and Board of Corporate Auditors</u> (Number of Corporate Auditors) <u>Article 29</u> The <u>Company</u> shall have not more than four (4) <u>corporate auditors</u> .	Chapter V <u>Audit and Supervisory Committee</u> (Deleted)
(Election of Corporate Auditors) <u>Article 30</u> Corporate auditors shall be elected by a resolution of <u>a general meeting of shareholders</u> .	(Deleted)
2 <u>Resolutions on the election of a corporate auditor shall be made by a majority of the votes of the shareholders present at the meeting where the shareholders holding at least one-third of the voting rights of the shareholders entitled to exercise their votes at such meetings are present.</u>	(Deleted)
(Term of Office of Corporate Auditors) <u>Article 31</u> The term of office of a corporate auditor shall expire <u>at the conclusion of the annual general meeting of shareholders for the last fiscal year ending within four years after the election of the corporate auditor.</u>	(Deleted)
2 The term of office of a corporate auditor elected as a substitute shall continue until the time the term of office of the corporate auditor who retired from office is to expire.	(Deleted)
(Full-time Corporate Auditors) <u>Article 32</u> The board of corporate auditors shall appoint full-time corporate auditor(s) by its resolution.	(Deleted)
(Notice of Meeting of the <u>Board of Corporate Auditors</u> ) <u>Article 33</u> When convening a meeting of the <u>board of corporate auditors</u> , a notice shall be dispatched to each <u>corporate auditor</u> at least three days before the date of such a meeting; provided, however, that this period may be reduced in case of urgency.	(Notice of Meeting of the <u>Audit and Supervisory Committee</u> ) <u>Article 30</u> When convening a meeting of the <u>Audit and Supervisory Committee</u> , a notice shall be dispatched to each <u>Audit and Supervisory Committee member</u> at least three days before the date of such a meeting; provided, however, that this period may be reduced in case of urgency.
2 With the consent of all <u>corporate auditors</u> , a meeting of the <u>board of corporate auditors</u> may be held without following the convening procedures.	2 With the consent of all <u>Audit and Supervisory Committee members</u> , a meeting of the <u>Audit and Supervisory Committee</u> may be held without following the convening procedures.

Current Articles of Incorporation	Proposed Amendments
(Regulations of the <u>Board of Corporate Auditors</u> ) Article 34 Matters pertinent to the <u>board of corporate auditors</u> shall be governed by the Regulations of the <u>Board of Corporate Auditors</u> as determined by the <u>board of corporate auditors</u> , in addition to laws and regulations and/or the Articles of Incorporation.	(Regulations of the <u>Audit and Supervisory Committee</u> ) Article 31 Matters pertinent to the <u>Audit and Supervisory Committee</u> shall be governed by the Regulations of the <u>Audit and Supervisory Committee</u> as determined by the <u>Audit and Supervisory Committee</u> , in addition to laws and regulations and/or the Articles of Incorporation.
(Remuneration, Etc. of Corporate Auditors) Article 35 The remuneration, etc. of corporate auditors shall be determined by a resolution of a <u>general meeting of shareholders</u> .	(Deleted)
(Exemption of Corporate Auditors from Liability) Article 36 The Company may, by a resolution of the Board of Directors, exempt corporate auditors (including former corporate auditors) from the liability for damages stipulated in Article 423, paragraph (1) of the Companies Act in case of falling under the requirements specified in laws and regulations, up to the amount that remains after deducting the minimum liability amount specified by laws and regulations from the amount of liability for damages. 2 The Company may enter into an agreement with corporate auditors to limit their liability for damages stipulated in Article 423, paragraph (1) of the Companies Act in case of falling under the requirements specified in laws and regulations; provided, however, that the limitation of their liability for damages under such agreement shall be the minimum liability amount specified by laws and regulations.	(Deleted)  (Deleted)
Chapter VI Financial Auditor Article 37 – Article 38 (Omitted)	Chapter VI Financial Auditor Article 32 – Article 33 (Unchanged)
(Remuneration, Etc. of Financial Auditor) Article 39 Remuneration, etc. of Financial Auditor shall be determined by Representative Director with the consent of the <u>board of corporate auditors</u> .	Remuneration, Etc. of Financial Auditor Article 34 Remuneration, etc. of Financial Auditor shall be determined by Representative Director with the consent of the <u>Audit and Supervisory Committee</u> .
Article 40 (Omitted)	Article 35 (Unchanged)
Chapter VII Accounts Article 41 – Article 44 (Omitted)	Chapter VII Accounts Article 36 – Article 39 (Unchanged)

Current Articles of Incorporation	Proposed Amendments
(Newly established)	<p><u>(Transitional Measures Concerning Exemption from Liability for Damages of Corporate Auditors)</u></p> <p><u>Supplementary provision Pursuant to the provisions of Article 426, paragraph (1) of the Companies Act, the Company may, by a resolution of the Board of Directors, exempt corporate auditors (including former corporate auditors) from his/her liability for damages arising from neglecting his/her duties performed before the partial amendments to the Articles of Incorporation resolved at the 10th Annual General Meeting of Shareholders took effect, to the extent permitted by laws and regulations.</u></p>

**Proposal No. 2:** Election of Seven (7) Directors (Excluding Directors Who Are Audit and Supervisory Committee Members)

Subject to the approval and adoption of Proposal No. 1 “Partial Amendments to the Articles of Incorporation” as originally proposed, the Company will shift to a company with an audit and supervisory committee, and all seven (7) Directors will retire from office due to expiration of their terms of office when the amendments to the Articles of Incorporation take effect.

Therefore, the Company proposes the election of seven (7) Directors (excluding Directors who are Audit and Supervisory Committee members but including two (2) Outside Directors; applicable to the rest of this proposal). In addition, the resolution for this proposal can only take effect on condition that the amendments to the Articles of Incorporation of Proposal No. 1 take effect.

The candidates for Director are as follows:

Candidate No.	Name (Date of birth)	Career summary, and position and responsibility in the Company (Significant concurrent positions outside the Company)	Number of the Company's shares held
1	Yasukane Matsumoto (October 10, 1984)	April 2008 September 2009 September 2018 Joined A.T. Kearney Established the Company, and assumed office as Representative Director, President and CEO (to present) Outside Director at istyle, Inc. (to present)	4,935,000 shares
2	Yo Nagami (August 11, 1980)	April 2004 August 2006 September 2013 April 2014 October 2014 March 2019 Joined Mizuho Securities Co., Ltd. Joined Carlyle Japan LLC Joined DeNA Co., Ltd. Joined the Company, and assumed office as General Manager of Corporate Planning Department Director, CFO (to present) Outside Director at Link and Motivation Inc. (to present)	98,000 shares
3	Masaki Tabe (December 8, 1980)	April 2004 August 2007 August 2014 October 2016 August 2018 Joined MARUI GROUP CO., LTD. Joined TAKE AND GIVE. NEEDS Co., Ltd. Joined the Company, and assumed office as General Manager of Marketing Department Director, CMO (to present) Head of Advertising Business (to present)	2,500 shares
4	Kozo Fukushima (November 15, 1979)	July 2002 November 2006 July 2015 November 2016 October 2017 August 2018 Joined Future Architect, Inc. Joined The Boston Consulting Group Joined the Company, and assumed office as General Manager of Corporate Planning Department General Manager of Supply Chain Management Department Director, COO (to present) Head of Printing Business	35,500 shares
5	Yusuke Izumi (January 24, 1979)	June 2000 July 2005 March 2012 October 2015 October 2017 August 2018 Joined VISUAL JAPAN INC. Joined Morgan Stanley Japan Securities Joined DeNA Co., Ltd. Joined the Company, and assumed office as General Manager of Systems Department Director, CTO (to present) Head of Logistics Business	7,000 shares

Candidate No.	Name (Date of birth)	Career summary, and position and responsibility in the Company (Significant concurrent positions outside the Company)	Number of the Company's shares held
6	Genichi Tamatsuka (May 23, 1962)	<p>April 1985      Joined Asahi Glass Co., Ltd.</p> <p>July 1998        Joined IBM Japan, Ltd.</p> <p>December 1998    Joined FAST RETAILING CO., LTD.</p> <p>November 2002    President &amp; COO of FAST RETAILING CO., LTD.</p> <p>September 2005   Established Revamp Corporation, and assumed office as Representative Director</p> <p>March 2011       COO, Senior Executive Vice President at Lawson, Inc.</p> <p>May 2012        COO, Senior Executive Vice President, Member of the Board at Lawson, Inc.</p> <p>May 2013        COO, Representative Executive Officer, Member of the Board at Lawson, Inc.</p> <p>May 2014        President and CEO, Representative Director of Lawson, Inc.</p> <p>June 2016        Chairman and CEO, Representative Director of Lawson, Inc.</p> <p>March 2017       Outside Director at Yamaha Motor Co., Ltd. (to present)</p> <p>June 2017        President and CEO of DIGITAL HEARTS HOLDINGS Co., Ltd. (to present)</p> <p>September 2017   Outside Director at a dot co., ltd (to present)</p> <p>October 2017     Outside Director at the Company (to present)</p> <p>June 2019        Outside Director at transcocosmos inc. (to present)</p>	4,500 shares
7	* Yoshihiko Miyauchi (September 13, 1935)	<p>August 1960      Joined Nichimen Co., Ltd. (currently Sojitz Corporation)</p> <p>April 1964        Joined Orient Leasing Co., Ltd. (currently ORIX Corporation)</p> <p>March 1970       Director at Orient Leasing Co., Ltd.</p> <p>December 1980   Representative Executive Officer, President and Chief Executive Officer at Orient Leasing Co., Ltd.</p> <p>April 2000        Representative Executive Officer, Chairman and Chief Executive Officer at Orient Leasing Co., Ltd.</p> <p>June 2003        Director, Representative Executive Officer, Chairman and Chief Executive Officer at Orient Leasing Co., Ltd.</p> <p>April 2006        Outside Director at ACCESS CO., LTD. (to present)</p> <p>June 2014        Senior Chairman at ORIX Corporation (to present)</p> <p>June 2015        Outside Director at Mitsubishi UFJ Securities Holdings Co., Ltd. (to present)</p> <p>June 2017        Outside Director at Calbee, Inc. (to present)</p>	-

- Notes:
1. New candidates for Director are indicated by an asterisk (\*).
  2. There is no special interest between any of the candidates and the Company.
  3. Reasons for nomination as candidates for Director
    - (1) Mr. Yasukane Matsumoto, as the founder of the Company, has led the Company with excellent foresight and strong leadership. He has also taken an initiative to establish the Company's business model of offering the B2B sharing platform. Accordingly, the Company judges that he is qualified to continue to make decisions regarding important management matters and to supervise business execution, and proposes his election as a Director.
    - (2) Mr. Yo Nagami has a wealth of knowledge, insight and experience in finance, investment and corporate financial strategies in general. As the CFO, he has taken charge of the capital policy and overall business administration to drive the Company's growth. Accordingly, the Company judges that he is qualified to continue to make decisions regarding important management matters and to supervise business execution, and proposes his election as a Director.
    - (3) Mr. Masaki Tabe has a wealth of knowledge, insight and experience in marketing strategies in general. As the CMO, he has taken charge of the overall marketing strategies ranging from acquisition of new customers to

- stabilization of the repeat purchase rate, whereby contributing to establishing the Company's customer base. Accordingly, the Company judges that he is qualified to continue to make decisions regarding important management matters and to supervise business execution, and proposes his election as a Director.
- (4) Mr. Kozo Fukushima has a wealth of knowledge, insight and experience in corporate planning and production control in general. As the COO, he has taken charge of corporate planning to contribute to streamlining the Company's organizational structure and establishing a supply system for its service. Accordingly, the Company judges that he is qualified to continue to make decisions regarding important management matters and to supervise business execution, and proposes his election as a Director.
  - (5) Mr. Yusuke Izumi has a wealth of knowledge, insight and experience in designing and development of IT services. As the CTO, he has taken charge of technology divisions overall to contribute to developing and improving the Company's businesses and services. Accordingly, the Company judges that he is qualified to continue to make decisions regarding important management matters and to supervise business execution, and proposes his election as a Director.
4. Mr. Genichi Tamatsuka and Mr. Yoshihiko Miyauchi are candidates for Outside Director.
  5. Reasons for nomination as candidates for Outside Director
    - (1) Mr. Genichi Tamatsuka can be expected to provide advice on the Company's overall management based on his wealth of experience and a wide range of knowledge and insight as corporate manager gained through his career of serving as manager at multiple listed companies. Accordingly, the Company judges that he is qualified to make decisions regarding important management matters and supervise business execution, and proposes his election as an Outside Director.
    - (2) Mr. Yoshihiko Miyauchi can be expected to provide advice on the Company's overall management based on his wealth of experience and a wide range of knowledge and insight as a corporate manager gained through his career of serving as a representative director of a listed company. Accordingly, the Company judges that he is qualified to make decisions regarding important management matters and supervise business execution, and proposes his election as an Outside Director.
  6. Mr. Genichi Tamatsuka is currently an Outside Director of the Company. At the conclusion of this meeting, his tenure since assuming office as Outside Director will have been two years.
  7. The Company has registered Mr. Genichi Tamatsuka as an independent officer as provided for by the Tokyo Stock Exchange. If his reappointment is approved, the Company will continue to designate him as an independent officer. In addition, Mr. Yoshihiko Miyauchi satisfies the requirements for an independent officer as provided for by the Tokyo Stock Exchange. If his election is approved, the Company plans to submit notification to the aforementioned exchange concerning his appointment as an independent officer.
  8. Pursuant to the provisions of Article 427, paragraph (1) of the Companies Act, the Company has entered into agreement with Mr. Genichi Tamatsuka to limit his liability for damages under Article 423, paragraph (1) of the same Act. If the reappointment of Mr. Genichi Tamatsuka is approved, the Company plans to renew the aforementioned agreement with him. In addition, the maximum amount of liability for damages under the aforementioned agreement is the minimum liability amount provided for under Article 425, paragraph (1) of the said Act. If the reappointment of Mr. Yoshihiko Miyauchi is approved, the Company plans to enter into the same limited liability agreement with him.
  9. "Number of the Company's shares held" is current as of July 31, 2019.
  10. The number of the Company's shares held by Mr. Genichi Tamatsuka includes the number of shares held by his asset management company.

## (Reference) Independence Criteria for Outside Directors of the Company

To ensure the independence of those who will serve as Outside Directors, thereby establishing a sound corporate governance system, the Company has set out the independence criteria for Outside Directors as follows. The Company shall deem an Outside Director to have independence from the Company and no conflict of interest with ordinary shareholders if said Outside Director is found not to fall under any of the following items as a result of an investigation conducted by the Company to a reasonably practicable extent.

### 1. Executives of the Company

An executive of the Company or its subsidiaries (hereinafter collectively referred to as the “Group”)

- An “executive” shall mean an executive director, an executive officer, an officer who executes the business of another legal entity or organization, an employee or any other related person.

### 2. Major business associates

#### (1) A major business partner of the Group or an executive thereof

- A “major business partner of the Group” shall mean a party who has made payments to the Group in a total amount that exceeds 2% of the Group’s annual consolidated net sales for the most recent fiscal year. If consolidated accounting is not adopted by the Group, the annual non-consolidated net sales for the year of the Company should be employed in place of the annual consolidated net sales for the year.

#### (2) A party who considers the Group as a major business partner or an executive thereof

- A “party who considers the Group as a major business partner” shall mean a party who has received payments from the Group in a total amount that exceeds 2% of the party’s annual consolidated net sales for the most recent fiscal year. If consolidated accounting is not adopted by the partner or executive, the annual non-consolidated net sales for the year of the partner or executive should be employed in place of the annual consolidated net sales for the year.

#### (3) A major lender of the Group or an executive thereof

- A “major lender of the Group” shall mean a lender from whom the Group has borrowed an amount that exceeds 2% of its total consolidated assets at the end of the most recent fiscal year. If consolidated accounting is not adopted by the Group, an amount of total non-consolidated assets of the Company should be employed in place of total consolidated assets for the year.

### 3. Professional service providers

#### (1) A consultant, accounting profession such as a certified public accountant or a certified public tax accountant, or legal profession such as an attorney-at-law who receives a large amount of monetary consideration or other property from the Group besides compensation as a director (if the recipient of such property is a legal entity, partnership or any other organization, a person who is a member of such organization)

- Receiving a “large amount of monetary consideration or other property” indicates cases when: (1) the professional service provider is an individual, and the total amount of such property received from the Group, excluding compensation as an officer, exceeds 10 million yen per year in the most recent fiscal year; or (2) the professional service provider is a legal entity, partnership or other such organization, and the total amount of such property received from the Group exceeds the higher of (a) 2% of the organization’s annual consolidated net sales or total annual income, or (b) 10 million yen, in the most recent fiscal year. If consolidated accounting is not adopted by said organization, the annual non-consolidated net sales for the year of said organization should be employed in place of the annual consolidated net sales for the year.

#### (2) A person who belongs to an audit firm appointed as Financial Auditor of the Group

### 4. Voting rights holders

#### (1) A party who directly or indirectly holds 10% or more of the Company’s total voting rights or an executive thereof

#### (2) A party of which the Group directly or indirectly holds 10% or more of the total voting rights or an executive thereof

5. Parties receiving donation or grant  
A person or a director of organization such as a legal entity or partnership that has received a large amount of donation or grant from the Group or an executive thereof  
- A “large amount of donation or grant” shall mean a donation or a grant at or in excess of 10 million yen per year.
6. Parties who have fallen under aforementioned items in the past  
(1) A party who has fallen under the item 1. above in the past ten years  
(2) A party who has fallen under the items 2. to 5. above in the past three years  
(3) A spouse or relative within the second degree of kinship of an important person who has fallen under the items 1. to 5. above  
- An “important person” shall mean an executive director, an executive officer, an officer or an employee who executes important business such as a head of business unit.

**Proposal No. 3:** Election of Three (3) Directors Who Are Audit and Supervisory Committee Members

Subject to the approval and adoption of Proposal No. 1 “Partial Amendments to the Articles of Incorporation” as originally proposed, the Company will shift to a company with an audit and supervisory committee, and all four (4) Corporate Auditors will retire from office due to expiration of their terms of office when the amendments to the Articles of Incorporation take effect.

Therefore, the Company proposes the election of three (3) Directors who are Audit and Supervisory Committee members.

The consent of the Board of Corporate Auditors for this proposal has been obtained in advance.

In addition, the resolution for this proposal can only take effect on condition that the amendments to the Articles of Incorporation of Proposal No. 1 take effect.

Candidates for the role of Director who is an Audit and Supervisory Committee member are as follows:

Candidate No.	Name (Date of birth)	Career summary, and position and responsibility in the Company (Significant concurrent positions outside the Company)	Number of the Company's shares held
1	* Naomi Mori (May 12, 1972)	October 1997 Joined Tohmatsu & Co. (currently Deloitte Touche Tohmatsu LLC) November 1998 Joined Asahi & Co. (currently KPMG AZSA LLC) December 2013 Joined Makoto Sato Accounting Office October 2014 Outside Corporate Auditor at the Company (to present)	10,000 shares
2	* Masahiro Kotosaka (January 14, 1982)	September 2004 Joined McKinsey & Company, Inc. April 2013 Associate Professor of College of Business Administration, Ritsumeikan University April 2015 Associate Fellow at the Fondation France-Japon de L'École des Hautes Études en Sciences Sociales March 2016 External Audit & Supervisory Board Member at Uzabase, Inc. April 2016 Associate Professor at Faculty of Policy Management, Keio University (to present) June 2017 Outside Corporate Auditor at the Company (to present) December 2018 Outside Director at euglena Co., Ltd. (to present) March 2019 External Director, Audit & Supervisory Committee Member at Uzabase, Inc. (to present)	-
3	* Junko Utsunomiya Name in the family register Junko Morita (June 21, 1971)	April 2000 Registered as attorney at law. and joined a law firm, Nagashima Ohno & Tsunematsu. October 2007 Temporarily transferred to Tokyo Stock Exchange, Inc. November 2011 Established Utsunomiya Law Office June 2012 Independent Statutory Auditor at START TODAY CO., LTD. (currently ZOZO, Inc.) (to present) April 2013 Independent Statutory Auditor at Solasto Corporation (to present) September 2013 Independent Director at Adventure Inc. (to present) February 2018 Established a law firm, Utsunomiya Shimizu & Haruki, and assumed office as Partner (to present) October 2018 Outside Corporate Auditor at the Company (to present)	-

- Notes:
1. New candidates for Director are indicated by an asterisk (\*).
  2. There is no special interest between any of the candidates and the Company.
  3. Ms. Naomi Mori, Mr. Masahiro Kotosaka and Ms. Junko Utsunomiya are candidates for Outside Director.
  4. Reasons for nomination as candidates for Outside Director

- (1) Ms. Naomi Mori is a certified public accountant who has expertise in finance and accounting as well as wealth of experience in auditing. The Company thus expects that she will reinforce the Company's governance system by leveraging such expertise and experience to audit and supervise the Company's overall management, and has appointed her as an Outside Director. Ms. Mori has never in the past been involved in the management of a

company except as an outside officer. However, the Company judges she will appropriately fulfill her duties as an Outside Director based on the above reasons.

- (2) Mr. Masahiro Kotosaka has wealth of experience in corporate management and consulting as well as professional knowledge and insight in business administration. The Company thus expects that he will contribute to reinforce the Company's governance system by monitoring and providing effective advice on the Company's overall management based on such experience, knowledge and insight, and has appointed him as an Outside Director.
  - (3) Ms. Junko Utsunomiya has considerable expertise and broad insight as an attorney-at-law and is an expert in corporate law. The Company thus expects that she will reinforce the Company's governance system by providing appropriate advice and suggestions regarding overall management, and has appointed her as an Outside Director. Ms. Utsunomiya has never in the past been involved in the management of a company except as an outside officer. However, the Company judges she will appropriately fulfill her duties as an Outside Director based on the above reasons.
5. Ms. Naomi Mori, Mr. Masahiro Kotosaka and Ms. Junko Utsunomiya are currently Outside Corporate Auditors of the Company. At the conclusion of this meeting, their tenures since assuming office as Outside Corporate Auditors will have been five years for Ms. Naomi Mori, two years and four months for Mr. Masahiro Kotosaka and one year for Ms. Junko Utsunomiya.
  6. The Company has registered Ms. Naomi Mori, Mr. Masahiro Kotosaka and Ms. Junko Utsunomiya as independent officers as provided for by the Tokyo Stock Exchange. If the election of these three Outside Director candidates is approved, the Company plans to submit notification to the aforementioned exchange concerning their appointment as independent officers.
  7. Pursuant to the provisions of Article 427, paragraph (1) of the Companies Act, the Company has entered into agreements with Ms. Naomi Mori, Mr. Masahiro Kotosaka and Ms. Junko Utsunomiya to limit their liability for damages under Article 423, paragraph (1) of the same Act. If the election of these candidates is approved, the Company plans to renew the aforementioned agreements with them. In addition, the maximum amount of liability for damages under the aforementioned agreement is the minimum liability amount provided for under Article 425, paragraph (1) of the said Act.
  8. "Number of the Company's shares held" is current as of July 31, 2019.

**Proposal No. 4:** Determination of Amount of Compensation for Directors (Excluding Directors Who Are Audit and Supervisory Committee Members)

The amount of compensation for Directors of the Company was determined to be up to 300 million yen a year (of which up to 30 million yen for Outside Directors) upon approval at the 9th Annual General Meeting of Shareholders held on October 18, 2018. Subject to the approval and adoption of Proposal No. 1 “Partial Amendments to the Articles of Incorporation” as originally proposed, the Company will shift to a company with an audit and supervisory committee.

In that regard, the Company proposes to determine an amount of compensation for Directors excluding Audit and Supervisory Committee members after the shift to a company with an audit and supervisory committee to be up to 300 million yen a year (of which up to 30 million yen for Outside Directors). The original proposal of the amount of compensation for Directors (excluding Directors who are Audit and Supervisory Committee members) will, as before, not include the employee salary portion of Directors who concurrently serve as employees.

The number of Directors is currently seven (of which two are Outside Directors). Subject to the approval and adoption of Proposal No. 1 “Partial Amendments to the Articles of Incorporation” and Proposal No. 2 “Election of Seven Directors (Excluding Directors Who Are Audit and Supervisory Committee Members)” as originally proposed, the number of Directors (excluding Directors who are Audit and Supervisory Committee members) will be seven (of which two are Outside Directors).

In addition, the resolution for this proposal can only take effect on condition that the amendments to the Articles of Incorporation of Proposal No. 1 take effect.

**Proposal No. 5:** Determination of Amount of Compensation for Directors Who Are Audit and Supervisory Committee Members

Subject to the approval and adoption of Proposal No. 1 “Partial Amendments to the Articles of Incorporation” as originally proposed, the Company will shift to a company with an audit and supervisory committee.

In that regard, the Company proposes to determine the amount of compensation for Directors who are Audit and Supervisory Committee members to be up to 50 million yen a year, taking into account their responsibilities, the recent economic conditions and other various factors.

Subject to the approval and adoption of Proposal No. 1 “Partial Amendments to the Articles of Incorporation” and Proposal No. 3 “Election of Three Directors Who Are Audit and Supervisory Committee Members” as originally proposed, the number of Directors who are Audit and Supervisory Committee members in regard to this proposal will be three (of which three are Outside Directors).

In addition, the resolution for this proposal can only take effect on condition that the amendments to the Articles of Incorporation of Proposal No. 1 take effect.

**Proposal No. 6:** Determination of Amount of Compensation for Allotment of Restricted Stock to Directors (Excluding Directors Who Are Audit and Supervisory Committee Members)

The amount of compensation for Directors of the Company was determined to be up to 300 million yen a year (of which up to 30 million yen for Outside Directors) upon approval at the 9th Annual General Meeting of Shareholders held on October 18, 2018. Subject to the approval and adoption of Proposal No. 1 “Partial Amendments to the Articles of Incorporation” as originally proposed, the Company will shift to a company with an audit and supervisory committee.

The Company hereby proposes to allot the Company’s common shares subject to a certain share transfer restriction period and conditions for the acquisition of such shares by the Company without contribution (hereinafter referred to as “Restricted Stock”) to Directors (excluding Directors who are Audit and Supervisory Committee members) of the Company (hereinafter referred to as “Eligible Directors”) as follows. The purposes of this proposal are to provide them an incentive aligned with sustainable improvement of the Company’s enterprise value and enhance their motivation more than ever before to contribute to increasing the Company’s share price and enterprise value.

In that regard, the Company also proposes to determine the total amount of monetary compensation receivables to be provided to Eligible Directors as Restricted Stock compensation and others to be up to 500 million yen a year (of which up to 50 million yen for Outside Directors; provided, however, that employee salaries of Directors who concurrently serve as employees are not to be included). The Company proposes to set this amount separately from that of compensation for Directors that is to be determined if Proposal No. 4 “Determination of Amount of Compensation for Directors (Excluding Directors Who Are Audit and Supervisory Committee Members)” is approved and adopted. The total amount of such monetary compensation receivables was, in principle, calculated assuming that the amount equivalent to the consideration for the execution of duties over three fiscal years will be paid in a lump sum in its first year. As the allotment of Restricted Stock is determined based on a comprehensive consideration of various matters including the level of contribution by Eligible Directors to the Company, the Company believes that the details of the allotment are appropriate.

The number of Directors is currently seven (of which two are Outside Directors). Subject to the approval and adoption of Proposal No. 1 “Partial Amendments to the Articles of Incorporation” and Proposal No. 2 “Election of Seven (7) Directors (Excluding Directors Who Are Audit and Supervisory Committee Members)” as originally proposed, the number of Directors (excluding Directors who are Audit and Supervisory Committee members) will be seven (of which two are Outside Directors).

In addition, the resolution for this proposal can only take effect on condition that the amendments to the Articles of Incorporation of Proposal No. 1 “Partial Amendments to the Articles of Incorporation” take effect. Please refer to the below for the overview of this plan.

1. Allotment and payment of Restricted Stock

The Company, pursuant to a resolution of the Board of Directors, shall provide monetary compensation receivables to Eligible Directors as Restricted Stock compensation, within the annual amount as described above. Each Eligible Director shall receive an allotment of Restricted Stock by making an in-kind contribution of all of the said monetary compensation receivables.

The paid-in amount for the Restricted Stocks shall be determined by the Board of Directors within a range that is not particularly advantageous to Directors subscribing to said Restricted Stocks, based on the closing price of the Company’s common shares on the Tokyo Stock Exchange on the business day prior to the resolution of the Board of Directors concerning the issuance or disposition thereof (or at the closing price on the immediately preceding trading day, if no trading is made on that day)

The aforementioned monetary compensation receivables shall be provided on the condition that Eligible Directors have agreed to the in-kind contribution stated above and have entered into a Restricted Stock allotment agreement as defined in 3. below.

2. Total number of Restricted Stock

The maximum amount of Restricted Stock to be allotted in each fiscal year shall be 133,000 shares (of which 13,000 shares to Outside Directors) for Eligible Directors.

However, the said total number of Restricted Stock may be reasonably adjusted if a share split (including allotment of shares without contribution) or a share consolidation of the Company’s common shares is

conducted, or any other similar event arises necessitating an adjustment to the total number of the Restricted Stock to be allotted on or after the day when this proposal is resolved.

3. Details of the Restricted Stock allotment agreement

Upon the allotment of the Restricted Stock, the Restricted Stock allotment agreement to be concluded with Eligible Directors receiving allotments based on a resolution of the Company's Board of Directors, shall include the following details:

(1) Details of transfer restrictions

Eligible Directors receiving allotments of Restricted Stock shall not dispose of the Restricted Stock allocated (hereinafter referred to as the "Allotted Stock") by means of transfer, creation of a pledge or mortgage, inter vivos gift, bequest, or any other method to a third party (hereinafter referred to as "Transfer Restrictions") during a period of three years or more as stipulated by the Board of Directors (hereinafter referred to as the "Restriction Period").

(2) Acquisition of Restricted Stock without contribution

The Company shall automatically acquire the Allotted Stock without contribution if an Eligible Director who has received an allotment of Restricted Stock retires or resigns from any position of director, advisor or employee of the Company or its subsidiaries and affiliates before the expiration of the Restriction Period, except if there are reasons deemed legitimate by the Board of Directors.

(3) Lifting of Transfer Restrictions

The Company shall lift Transfer Restrictions of all the Allotted Stock upon expiration of the Restriction Period, provided that an Eligible Director has remained in any position of director, advisor or employee of the Company or its subsidiaries or affiliates during the Restriction Period. If, however, said Director retires or resigns from any position of director, advisor or employee of the Company or its subsidiaries and affiliates before the expiration of the Restriction Period for reasons deemed legitimate by the Company's Board of Directors, the number of the Allotted Stock for which the Transfer Restrictions will be lifted and the timing of the lifting of Transfer Restrictions shall be reasonably adjusted as necessary. In such a case, the Company shall automatically acquire the Allotted Stock without contribution for which the Transfer Restrictions have not been lifted at the expiration of the Restriction Period pursuant to the provision above.

(4) Treatment upon organizational restructuring

If, during the Restriction Period, a proposal regarding a merger agreement under which the Company becomes the dissolving company, a share exchange agreement or share transfer plan under which the Company becomes a wholly owned subsidiary, or any other organizational restructuring is approved at a General Meeting of Shareholders of the Company (or approved by the Company's Board of Directors if an approval regarding the aforementioned organizational restructuring at a General Meeting of Shareholders is not required), the Company shall lift the Transfer Restrictions on a reasonably determined number of the Allotted Stock prior to the effective date of said organizational restructuring by a resolution of the Board of Directors, taking into consideration the period between the start of the Restriction Period and the date of approval of said organizational restructuring. In such a case, the Company shall automatically acquire the Allotted Stock without contribution for which the Transfer Restrictions have not been lifted at the expiration of the Restriction Period pursuant to the provision above.

In order to prevent Eligible Directors during the Restriction Period from transferring, creating a mortgage on or otherwise disposing of Restricted Stock to be allotted to them under the Plan, such Restricted Stock are planned to be managed during the Restriction Period in their dedicated accounts to be opened by Eligible Directors at SMBC Nikko Securities Inc.

(Reference)

Following the conclusion of the General Meeting of Shareholders, the Company also plans to introduce a compensation plan by utilizing the Restricted Stock for some of the Company's employees for the same purpose as that for which the Plan is introduced.

**Proposal No. 7:** Determination of Amount of Compensation for Allotment of Restricted Stock to Directors Who Are Audit and Supervisory Committee Members

Subject to the approval and adoption of Proposal No. 1 “Partial Amendments to the Articles of Incorporation” as originally proposed, the Company will shift to a company with an audit and supervisory committee.

The Company hereby proposes to allot the Company’s common shares subject to a certain share transfer restriction period and conditions for the acquisition of such shares by the Company without contribution (hereinafter referred to as “Restricted Stock”) to Directors who are Audit and Supervisory Committee members of the Company (hereinafter referred to as “Eligible Directors”) as follows. The purposes of this proposal are to instill among such Eligible Directors a shared interest with the shareholders, to provide an incentive to increase the Company’s enterprise value by preventing damage to the Company’s enterprise value, and to thereby ensure appropriate supervisory function of making objective judgments on the adequacy of business execution.

In that regard, the Company requests the shareholders’ approval for this proposal to determine the total amount of monetary compensation receivables to be provided to Eligible Directors as Restricted Stock compensation and others to be up to 50 million yen a year. The Company proposes to set this amount separately from that of compensation for Directors who are Audit and Supervisory Committee members that is to be determined if Proposal No. 5 “Determination of Amount of Compensation for Directors Who Are Audit and Supervisory Committee Members” is approved and adopted. The total amount of such monetary compensation receivables was, in principle, calculated assuming that the amount equivalent to the consideration for the execution of duties as Audit and Supervisory Committee members over three fiscal years will be paid in a lump sum in its first year.

As the allotment of Restricted Stock is determined taking into consideration the importance of responsibilities assumed by Eligible Directors of the Company, the Company believes that the details of the allotment are appropriate. Subject to the approval and adoption of Proposal No. 1 “Partial Amendments to the Articles of Incorporation” and Proposal No. 3 “Election of Three (3) Directors Who Are Audit and Supervisory Committee Members” as originally proposed, the number of Directors who are Audit and Supervisory Committee members will be three (of which three are Outside Directors). In addition, the resolution for this proposal can only take effect on condition that the amendments to the Articles of Incorporation of Proposal No. 1 “Partial Amendments to the Articles of Incorporation” take effect. Please refer to the below for the overview of this plan.

1. Allotment and payment of Restricted Stock

The Company, pursuant to discussions among Directors who are Audit and Supervisory Committee members, shall provide monetary compensation receivables to Eligible Directors as Restricted Stock compensation, within the annual amount as described above. Each Eligible Director shall receive an allotment of Restricted Stock by making an in-kind contribution of all of the said monetary compensation receivables.

The paid-in amount for the Restricted Stocks shall be determined by the Board of Directors within a range that is not particularly advantageous to Directors subscribing to said Restricted Stocks, based on the closing price of the Company’s common shares on the Tokyo Stock Exchange on the business day prior to the resolution of the Board of Directors concerning the issuance or disposition thereof (or at the closing price on the immediately preceding trading day, if no trading is made on that day)

The aforementioned monetary compensation receivables shall be provided on the condition that Eligible Directors have agreed to the in-kind contribution stated above and have entered into a Restricted Stock allotment agreement as defined in 3. below.

2. Total number of Restricted Stock

The maximum amount of Restricted Stock to be allotted in each fiscal year shall be 13,000 shares for Eligible Directors.

However, the said total number of Restricted Stock may be reasonably adjusted if a share split (including allotment of shares without contribution) or a share consolidation of the Company's common shares is conducted, or any other similar event arises necessitating an adjustment to the total number of the Restricted Stock to be allotted on or after the day when this proposal is resolved.

3. Details of the Restricted Stock allotment agreement

Upon the allotment of the Restricted Stock, the Restricted Stock allotment agreement to be concluded with Eligible Directors receiving allotments based on a resolution of the Company's Board of Directors, shall include the following details:

(1) Details of transfer restrictions

Eligible Directors receiving allotments of Restricted Stock shall not dispose of the Restricted Stock allocated (hereinafter referred to as the "Allotted Stock") by means of transfer, creation of a pledge or mortgage, inter vivos gift, bequest, or any other method to a third party (hereinafter referred to as "Transfer Restrictions") during a period of three years or more as stipulated by the Board of Directors (hereinafter referred to as the "Restriction Period").

(2) Acquisition of Restricted Stock without contribution

The Company shall automatically acquire the Allotted Stock without contribution if an Eligible Director who has received an allotment of Restricted Stock retires or resigns from any position of director, advisor or employee of the Company or its subsidiaries and affiliates before the expiration of the Restriction Period, except if there are reasons deemed legitimate by the Board of Directors.

(3) Lifting of Transfer Restrictions

The Company shall lift Transfer Restrictions of all the Allotted Stock upon expiration of the Restriction Period, provided that an Eligible Director has remained in any position of director, advisor or employee of the Company or its subsidiaries or affiliates during the Restriction Period. If, however, said Director retires or resigns from any position of director, advisor or employee of the Company or its subsidiaries and affiliates before the expiration of the Restriction Period for reasons deemed legitimate by the Company's Board of Directors, the number of the Allotted Stock for which the Transfer Restrictions will be lifted and the timing of the lifting of Transfer Restrictions shall be reasonably adjusted as necessary. In such a case, the Company shall automatically acquire the Allotted Stock without contribution for which the Transfer Restrictions have not been lifted at the expiration of the Restriction Period pursuant to the provision above.

(4) Treatment upon organizational restructuring

If, during the Restriction Period, a proposal regarding a merger agreement under which the Company becomes the dissolving company, a share exchange agreement or share transfer plan under which the Company becomes a wholly owned subsidiary, or any other organizational restructuring is approved at a General Meeting of Shareholders of the Company (or approved by the Company's Board of Directors if an approval regarding the aforementioned organizational restructuring at a General Meeting of Shareholders is not required), the Company shall lift the Transfer Restrictions on a reasonably determined number of the Allotted Stock prior to the effective date of said organizational restructuring by a resolution of the Board of Directors, taking into consideration the period between the start of the Restriction Period and the date of approval of said organizational restructuring. In such a case, the Company shall automatically acquire the Allotted Stock without contribution for which the Transfer Restrictions have not been lifted at the expiration of the Restriction Period pursuant to the provision above.

In order to prevent Eligible Directors during the Restriction Period from transferring, creating a mortgage on or otherwise disposing of Restricted Stock to be allotted to them under the Plan, such Restricted Stock are planned to be managed during the Restriction Period in their dedicated accounts to be opened by Eligible Directors at SMBC Nikko Securities Inc.