

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. The Company assumes no responsibility for this document or for direct, indirect or any other forms of damages arising from this document.

Security code 2780

June 7, 2024

Start date of measures for electronic provision: June 4, 2024

To Our Shareholders

Takuji Ishihara, President and Representative Director
Komehyo Holdings Co., Ltd.
3-25-31 Osu, Naka-ku, Nagoya, Aichi, Japan

Notice of Convocation of the 46th Annual General Meeting of Shareholders

You are cordially informed that the 46th Annual General Meeting of Shareholders of Komehyo Holdings Co., Ltd. (the “Company”) will be held as described below.

When convening this general meeting of shareholders, the Company takes measures for providing information that constitutes the content of reference documents for the general meeting of shareholders, etc. (matters for which measures for providing information in electronic format are to be taken) in electronic format, and posts this information on the following websites. Please access one of them to review the information.

The Company’s website:

<https://komehyohds.com//ir/event/agm.html> (in Japanese)

Website for posted informational materials for the general meeting of shareholders:

<https://d.sokai.jp/2780/teiji/> (in Japanese)

Tokyo Stock Exchange (TSE) website (Listed Company Search):

<https://www2.jpx.co.jp/tseHpFront/JJK010010Action.do?Show=Show> (in Japanese)

(Access the TSE website by using the internet address shown above, enter “Komehyo Holdings” in “Issue name (company name)” or the Company’s securities code “2780” in “Code,” and click “Search.” Then, click “Basic information” and select “Documents for public inspection/PR information.” Under “Filed information available for public inspection,” click “Click here for access” under “[Notice of General Shareholders Meeting /Informational Materials for a General Shareholders Meeting].”)

If you are unable to attend the meeting in person, you may exercise your voting rights via the internet or in writing (by post). Please review the Reference Documents for the General Meeting of Shareholders, and exercise your voting rights by 7 p.m. on June 25, 2024 (Tuesday).

[If exercising of voting rights via the Internet]

Please read “Guide on exercise of voting rights” (in Japanese only), and exercise your voting rights by the deadline.

[If exercising of voting rights in writing (by post)]

Please indicate your approval or disapproval in Voting Right Exercise Form and return it by mail to have it delivered by the exercise deadline.

1. Date and time June 26, 2024 (Wednesday) 10:00 a.m. (Reception opens at 9:30 a.m.)

2. Venue Hotel Mielparque Nagoya Zuiun no Ma (Higashi) 2nd floor
3-16-16 Aoi Higashi-ku, Nagoya, Aichi, Japan

3. Agenda of the Meeting

Matters to be reported

1. Report on the 46th (from April 1, 2023 to March 31, 2024) business report, consolidated financial statements, and results of audit of the consolidated financial statements by Financial Auditor and Audit and Supervisory Committee
2. Report on the 46th (from April 1, 2023 to March 31, 2024) non-consolidated financial statements

Matters to be resolved

- Proposal No. 1** Election of Six Directors (Excluding Directors Who Are Audit and Supervisory Committee Members)
- Proposal No. 2** Election of Two Directors Who Are Audit and Supervisory Committee Members
- Proposal No. 3** Determination of Remuneration for Directors (Excluding Directors Who Are Audit and Supervisory Committee Members) to Grant Restricted Shares Thereto
- Proposal No. 4** Determination of Remuneration for Directors Who Are Audit and Supervisory Committee Members to Grant Restricted Shares Thereto

*** There is no gift prepared for this general meeting of shareholders. Thank you for your understanding on this matter.**

Notes:

- ◎ If you are attending the meeting in person, please submit Voting Right Exercise Form to the reception.
- ◎ If revisions to the matters for which measures for providing information in electronic format are to be taken arise, a notice of the revisions and the details of the matters before and after the revisions will be posted on each aforementioned website.

Among the matters for which measures for providing information in electronic format are to be taken, in accordance with the provisions of laws and regulations and Article 14 of the Articles of Incorporation of the Company, the following matters are not provided in the paper-based documents delivered to shareholders who have made a request for delivery of such documents.

- Status of share acquisition rights, etc.
- Status of Financial Auditor
- System to ensure properness of operations and the operation of the system
- Consolidated statement of changes in shareholder's equity and notes to consolidated financial statements
- Non-consolidated statement of changes in shareholder's equity and notes to non-consolidated financial statements

The Audit and Supervisory Committee and the Financial Auditor have audited the documents subject to audit, including the above matters.

Reference documents for the general meeting of shareholders

Proposal No. 1 Election of Six Directors (Excluding Directors Who Are Audit and Supervisory Committee Members)

The terms of office of all of six Directors (excluding those who are Audit and Supervisory Committee Members) will expire at the conclusion of this general meeting. Therefore, the Company proposes the election of six Directors (excluding those who are Audit and Supervisory Committee Members).

With regard to this proposal, the Audit and Supervisory Committee of the Company has determined that all candidates for Director are suitable.

Candidates for Director (excluding those who are Audit and Supervisory Committee Members) are as follows:

Candidate No.	Name		Position in the Company	Status of attendance at Board of Directors meetings
1	Takuji Ishihara	Reelection	President, Representative Director and Executive Officer	100% (13/13)
2	Toshio Sawada	Reelection	Managing Director and Executive Officer	100% (13/13)
3	Yuya Yamauchi	Reelection	Director and Executive Officer	100% (13/13)
4	Masaru Hirauchi	Reelection Outside Independent	Director	100% (13/13)
5	Yoshiko Nakahara	Reelection Outside Independent	Director	100% (13/13)
6	Junji Takaoka	Reelection Outside	Director	100% (10/10)

Reelection: Candidate for Director to be reelected

Outside: Candidate for outside Director

Independent: Independent officer in accordance with stock exchange regulations

Candidate No.	Name (Date of birth)	Career summary, and position and responsibility in the Company and significant concurrent positions outside the Company	Number of the Company's shares owned
1	<p style="text-align: center;">Reelection Takuji Ishihara (September 21, 1972)</p>	<p>Apr. 1998 Joined the Company</p> <p>June 2009 Director, General Manager of Sales Planning Department and General Manager of WEB Business Office</p> <p>Apr. 2011 Managing Director and General Manager of Store Sales Division</p> <p>June 2012 Vice President, Representative Director and General Manager of Sales Division</p> <p>June 2013 President, Representative Director and General Manager of Sales Division</p> <p>June 2017 Director of Craft Co., Ltd.</p> <p>Dec. 2018 Director of SAHA KOMEHYO COMPANY LIMITED</p> <p>May 2019 Director of 4x4 Engineering Service Inc.</p> <p>June 2019 Director of KOMEHYO Auction Corp. (current position)</p> <p>Oct. 2020 President, Representative Director and Executive Officer of the Company (current position)</p> <p> President and Representative Director of Komehyo Co., Ltd. (current position)</p> <p>Apr. 2023 Chair of Japan Reuse Affairs Association (current position)</p>	323,200 shares
<p>Reasons for nomination as candidate for Director</p> <p>After serving as Manager of Brand Fashion Business and Director of Tire and Wheel Business he has been assuming office of Representative Director and President of the Company since 2013, taking charge of management demonstrating strong leadership. He has expertise in the management of reuse business. Moreover, since he has abundant experience and knowledge about overall management of the Group, the Company proposes his reelection as Director.</p>			

Candidate No.	Name (Date of birth)	Career summary, and position and responsibility in the Company and significant concurrent positions outside the Company	Number of the Company's shares owned
2	Reelection Toshio Sawada (November 20, 1957)	<p>Apr. 1980 Joined the Company</p> <p>June 1999 Director, Deputy General Manager of Sales Division and General Manager of Sales Department II</p> <p>June 2012 Representative Director of KOMEHYO Auction Corp. (current position)</p> <p>June 2013 President and Representative Director of KOMEHYO HONG KONG LIMITED</p> <p>Apr. 2018 Representative Director of The Association Against Counterfeit Product Distribution (current position)</p> <p>May 2019 Representative Director of Anti-Counterfeit Initiative Association (current position)</p> <p>Nov. 2019 Director of K-Brand Off Co., Ltd.</p> <p>Oct. 2020 Managing Director and Executive Officer of the Company (current position)</p> <p>June 2021 President and Representative Director of Craft Co., Ltd. (current position)</p> <p> President and Representative Director of Auto Parts Japan Co., Ltd. (current position)</p> <p> President and Representative Director of 4x4 Engineering Service Inc. (current position)</p> <p>Apr. 2024 General Manager of Tire and Wheel Business (current position)</p>	66,900 shares
<p>Reasons for nomination as candidate for Director</p> <p>Toshio Sawada has expertise in the management of reuse business serving as Representative Director of one of the subsidiaries of the Group. He has experience, track record and knowledge about the management of the Group. Since 1999, he has been contributing to the expansion of the business of the entire Group as Director of the Company utilizing his abundant management experience. From the viewpoint of corporate management, knowledge about the industry and sales, the Company judges that he is suitable and proposes his reelection as Director.</p>			

Candidate No.	Name (Date of birth)	Career summary, and position and responsibility in the Company and significant concurrent positions outside the Company	Number of the Company's shares owned
3	Reelection Yuya Yamauchi (October 18, 1977)	<p>Apr. 2000 Joined the Company</p> <p>Oct. 2018 Executive Officer, Deputy General Manager of Corporate Planning Division, General Manager of Corporate Planning Department and General Manager of Business Development Department</p> <p>Nov. 2019 President and Representative Director of K-Brand Off Co., Ltd. (current position) President and Representative Director of BRAND OFF LIMITED Chair of BRAND OFF LIMITED</p> <p>Oct. 2020 Executive Officer and General Manager of Corporate Planning Division of the Company</p> <p>June 2021 Director, Executive Officer and General Manager of Corporate Planning Division</p> <p>Apr. 2022 Director, Executive Officer and General Manager of Corporate Division</p> <p>Apr. 2023 Director and Executive Officer (current position)</p> <p>June 2023 Director and Vice President of Komehyo Co., Ltd. (current position)</p> <p>Apr. 2024 General Manager of Brand Fashion Business of the Company (current position) Director of The Association Against Counterfeit Product Distribution (current position) President and Representative Director of RECLO Inc. (current position)</p>	2,259 shares
<p>Reasons for nomination as candidate for Director</p> <p>Yuya Yamauchi was in charge of Corporate Planning Division of the Company leading the management of group companies. He has experience and broad discernment related to corporate management and business strategies. In addition, since 2021, he has been contributing to the Group's business promotion and the enhancement of corporate value as Director of the Company utilizing his extensive experience in management. Accordingly, the Company proposes his reelection as Director.</p>			

Candidate No.	Name (Date of birth)	Career summary, and position and responsibility in the Company and significant concurrent positions outside the Company	Number of the Company's shares owned
4	<p style="text-align: center;">Reelection Outside Independent Masaru Hirauchi (December 27, 1957)</p>	<p>1995 President of Sony Hong Kong Marketing Company</p> <p>Dec. 2002 President of Aiwa Business Center of Sony Corporation (currently Sony Group Corporation)</p> <p>July 2004 Vice President in charge of Business Development of adidas Japan K.K.</p> <p>Jan. 2006 Executive Officer in charge of Direct Business of UNIQLO CO., LTD.</p> <p>Apr. 2009 Representative Director and President of PUMA Japan K.K.</p> <p>Nov. 2010 Representative Director and President of Quantum Leaps Corporation</p> <p>Mar. 2016 Small & Medium Enterprises Advisor (in charge of Internationalization and Sales Channel Development) of Sales Channel Support Department of Organization for Small & Medium Enterprises and Regional Innovation, JAPAN (current position)</p> <p>June 2022 Outside Director of the Company (current position)</p>	100 shares
<p>Reasons for nominating as candidate for outside Director and summary of the expected roles Masaru Hirauchi has a record of serving as a corporate manager at a global corporation and possesses abundant experience and extensive insights. The Company judges that he can be expected to leverage his expert knowledge as a management consultant to provide appropriate advice and supervision for the Company's management from an independent and objective standpoint. Accordingly, the Company proposes his election as outside Director.</p>			
5	<p style="text-align: center;">Reelection Outside Independent Yoshiko Nakahara (October 16, 1965)</p>	<p>Apr. 1990 Securities Credit Evaluation Dept., Headquarters of Nomura Securities Co., Ltd.</p> <p>July 2009 Executive Director of Osaka Corporate Finance Dept. II, Investment Banking Division</p> <p>Sept. 2016 General Manager in charge of Group Finance Strategy Promotion, Global Finance and Accounting HQ of OMRON Corporation</p> <p>Mar. 2018 General Manager of Finance Dept., Global Finance and Accounting HQ</p> <p>Mar. 2020 Managing Director of OMRON Corporate Pension Fund</p> <p>June 2022 Outside Director of the Company (current position)</p> <p>Apr. 2023 General Manager of Corporate Pension Dept., Global Finance and Accounting HQ of OMRON Corporation</p>	100 shares
<p>Reasons for nominating as candidate for outside Director and summary of the expected roles Yoshiko Nakahara has abundant experience and insight in the field of investment banking, including financing and the capital market, finance and accounting, and M&A. The Company judges that she can be expected to contribute to improve management transparency and strengthen supervisory functions of the Board of Directors through carrying out activities based on her own experience and insight, and leverage her viewpoint as a woman to provide suggestions and advice from an independent and objective standpoint. She has never been involved in the management of a company, except as an outside Director. However, the Company proposes her election as outside Director for the reasons given above.</p>			

Candidate No.	Name (Date of birth)	Career summary, and position and responsibility in the Company and significant concurrent positions outside the Company	Number of the Company's shares owned
6	Reelection Outside Junji Takaoka (June 29, 1981)	Dec. 2007 Consultant of Booz & Company July 2009 Manager of President's Office of Alibaba.com Japan Co., Ltd. June 2017 Representative Director and President of UsideU Inc. Sept. 2022 Co-Representative of BoostLab Co., Ltd. (current position) Dec. 2022 Advisor of UsideU Inc. June 2023 Outside Director of the Company (current position)	500 shares
Reasons for nominating as candidate for outside Director and summary of the expected roles Junji Takaoka possesses abundant experience and extensive insights in the field of IT. The Company judges that he can be expected to leverage his experience as a corporate manager at a global corporation to provide appropriate advice and supervision for the Company's management from an objective standpoint. Accordingly, the Company proposes his election as outside Director.			

- Notes:
1. There is no special interest between any of the candidates and the Company.
 2. Masaru Hirauchi, Yoshiko Nakahara and Junji Takaoka are candidates for outside Director. Among them, the Company has submitted notification to the Tokyo Stock Exchange and the Nagoya Stock Exchange that Mr. Hirauchi and Ms. Nakahara have been designated as independent officers as provided for by the aforementioned exchanges. If their reelection is approved, the Company plans for their designation as independent officers to continue.
 3. Masaru Hirauchi is currently outside Director of the Company, and at the conclusion of this general meeting, his tenure will have been two years.
 4. Yoshiko Nakahara is currently outside Director of the Company, and at the conclusion of this general meeting, her tenure will have been two years.
 5. Junji Takaoka is currently outside Director of the Company, and at the conclusion of this general meeting, his tenure will have been one year.
 6. Pursuant to the provisions of Article 427, paragraph (1) of the Companies Act, the Company has entered into agreements with Masaru Hirauchi, Yoshiko Nakahara and Junji Takaoka to limit their liability for damages as provided in Article 423, paragraph (1) of the same act. The maximum liability for damages under such agreement is either an amount that is one million yen, or the minimum amount of liability stipulated in Article 425, paragraph (1) of the Companies Act, whichever is higher. If their reelection is approved, the Company plans to renew the aforementioned agreements with them.
 7. The Company has entered into a directors and officers liability insurance policy as provided for in Article 430-3, paragraph (1) of the Companies Act with an insurance company. The policy will cover damages in the event that the insured, including the Company's Directors, are held liable for damages arising from their duties (unless a coverage exclusion in the insurance policy is applied). If each candidate is elected and assumes office as Director, they will be included as the insured under such insurance policy. The Company also plans to renew the insurance policy on the same terms at the time of the next renewal.

Proposal No. 2 Election of Two Directors Who Are Audit and Supervisory Committee Members

The terms of office of Directors who are Audit and Supervisory Committee Members Kazutoshi Torita and Miyuki Minamiru will expire at the conclusion of this meeting. Therefore, the Company proposes the election of two Directors who are Audit and Supervisory Committee Members.

In addition, prior consent of the Audit and Supervisory Committee has been obtained for this proposal.

Candidates for Director who are an Audit and Supervisory Committee Member are as follows:

Candidate No.	Name		Position in the Company	Status of attendance at Board of Directors meetings
1	Kazutoshi Torita	Reelection	Director (Full-time Audit and Supervisory Committee Member)	100% (13/13)
2	Miyuki Minamiru	Reelection Outside Independent	Director (Audit and Supervisory Committee Member)	100% (13/13)

Reelection: Candidate for Director to be reelected

Outside: Candidate for outside Director

Independent: Independent officer in accordance with stock exchange regulations

Candidate No.	Name (Date of birth)	Career summary, and position and responsibility in the Company and significant concurrent positions outside the Company	Number of the Company's shares owned
1	<p style="text-align: center;">Reelection Kazutoshi Torita (December 10, 1961)</p>	<p>Mar. 1994 Joined the Company</p> <p>June 2003 Director and General Manager of Corporate Planning Office</p> <p>Oct. 2013 Director, Deputy General Manager of Administrative Division and General Manager of Accounting and Finance Department</p> <p>Apr. 2015 Director, Deputy General Manager of Administrative Division and General Manager of Investor Relations Strategy Office</p> <p>Apr. 2017 Director, in charge of Corporate Planning Department, Corporate Planning Division</p> <p>June 2020 Director (Full-time Audit and Supervisory Committee Member) (current position)</p> <p>Oct. 2020 Audit & Supervisory Board Member of Komehyo Co., Ltd. (current position) Audit & Supervisory Board Member of K-Brand Off Co., Ltd. (current position) Audit & Supervisory Board Member of KOMEHYO SHANGHAI LIMITED (current position)</p> <p>June 2021 Audit & Supervisory Board Member of Craft Co., Ltd. (current position) Audit & Supervisory Board Member of Auto Parts Japan Co., Ltd. (current position) Audit & Supervisory Board Member of 4x4 Engineering Service Inc. (current position)</p> <p>Aug. 2022 Audit & Supervisory Board Member of Selby Co., Ltd. (current position)</p> <p>June 2023 Audit & Supervisory Board Member of EVE CORPORATION (current position) Audit & Supervisory Board Member of Shellman Co., Ltd. (current position)</p> <p>Sept. 2023 Audit & Supervisory Board Member of Komehyo Lux Co., Ltd. (current position)</p>	57,800 shares
<p>Reasons for nomination as candidate for Director</p> <p>Since joining the Company, Kazutoshi Torita has been mainly engaged in corporate planning, IR and administration departments. As Director of the Company, he has been contributing to the enhancement of corporate value utilizing his abundant experience and extensive knowledge in management. In addition, since June 2020, he has been serving as Director who is Audit and Supervisory Committee Member of the Company. Accordingly, the Company judges that he continues to be appropriate as Director who is Audit and Supervisory Committee Member.</p>			

Candidate No.	Name (Date of birth)	Career summary, and position and responsibility in the Company and significant concurrent positions outside the Company	Number of the Company's shares owned
2	Reelection Outside Independent Miyuki Minamiru (August 16, 1972)	<p>Oct. 1998 Joined Chuo Audit Corporation (currently KPMG AZSA LLC) Nagoya Office</p> <p>Mar. 2002 Registered as Certified Public Accountant</p> <p>July 2005 Seconded to, Inspection Management Division, Tokai Local Finance Bureau, Ministry of Finance</p> <p>Jan. 2009 Joined Kagayaki Audit Corporation</p> <p>Apr. 2010 Registered and commencement of Certified Public Tax Accountant Business</p> <p>Established Minamiru Accounting Firm as Head (current position)</p> <p>June 2016 Outside Director and Audit and Supervisory Committee Member of the Company (current position)</p> <p>Apr. 2019 Auditor of Aichi Public University Corporation (current position)</p> <p>Nov. 2020 Outside Audit & Supervisory Board Member of Yamahachi Co., Ltd. (current position)</p> <p>Apr. 2023 Outside Audit & Supervisory Board Member of Taiyo Kisokogyo Co., Ltd.</p> <p>Apr. 2024 Outside Director and Audit and Supervisory Committee Member of Taiyo Kisokogyo Co., Ltd. (current position)</p>	300 shares
<p>Reasons for nominating as candidate for outside Director and summary of the expected roles</p> <p>Miyuki Minamiru has never had direct involvement in company management other than serving as outside officer. However, she has expertise in corporate accounting and taxation as a certified public accountant and certified public tax accountant, and she developed suitable discernment and experience relating to the auditing and supervising of corporate management from her experience at an audit corporation. Leveraging this experience, she has served as an outside Director who is an Audit and Supervisory Committee Member since June 2016, in which role, she has provided advice that has helped the Company make appropriate management judgments. Accordingly, the Company proposes her reelection as outside Director.</p>			

- Notes:
1. There is no special interest between any of the candidates and the Company.
 2. Miyuki Minamiru is a candidate for outside Director. The Company has submitted notification to the Tokyo Stock Exchange and the Nagoya Stock Exchange that she has been designated as an independent officer as provided for by the aforementioned exchanges. If her reelection is approved, the Company plans for her designation as an independent officer to continue.
 3. Miyuki Minamiru is currently an outside Director who is an Audit and Supervisory Committee Member of the Company, and at the conclusion of this general meeting, her tenure will have been eight years.
 4. Pursuant to the provisions of Article 427, paragraph (1) of the Companies Act, the Company has entered into an agreement with Miyuki Minamiru to limit her liability for damages as provided in Article 423, paragraph (1) of the same act. The maximum liability for damages under such agreement is either an amount that is one million yen, or the minimum amount of liability stipulated in Article 425, paragraph (1) of the Companies Act, whichever is higher. If her reelection is approved, the Company plans to renew the aforementioned agreement with her.
 5. The Company has entered into a directors and officers liability insurance policy as provided for in Article 430-3, paragraph (1) of the Companies Act with an insurance company. The policy will cover damages in the event that the insured, including the Company's Directors, are held liable for damages arising from their duties (unless a coverage exclusion in the insurance policy is applied). If each candidate is elected and assumes office as Director who is an Audit and Supervisory Committee Member, they will be included as the insured under such insurance policy. The Company also plans to renew the insurance policy on the same terms at the time of the next renewal.

[Reference] Skills of officers

In the event that Proposal Nos. 1 and 2 are approved, the skills of Directors will be as follows.

Name	Position in the Company	Expertise of the candidate						
		Corporate management	Management strategy and planning	Marketing	Experience and knowledge in the industry	Business development and innovation	Global	IT / DX
Takuji Ishihara	President and Representative Director	○	○	○	○	○		
Toshio Sawada	Managing Director	○	○		○		○	
Yuya Yamauchi	Director	○	○	○	○	○	○	○
Masaru Hirauchi	[Independent] Outside Director	○	○	○		○	○	○
Yoshiko Nakahara	[Independent] Outside Director		○					
Junji Takaoka	Outside Director	○	○	○		○	○	○
Kazutoshi Torita	Director Full-time Audit and Supervisory Committee Member		○					
Miyuki Minamiru	[Independent] Outside Director Audit and Supervisory Committee Member							
Momoko Murase	[Independent] Outside Director Audit and Supervisory Committee Member							

Name	Position in the Company	Expertise of the candidate					
		Personnel strategy	Finance / Accounting	Legal / Risk management	Governance	ESG / Sustainability	Qualifications, etc.
Takuji Ishihara	President and Representative Director	○				○	MBA
Toshio Sawada	Managing Director						
Yuya Yamauchi	Director						
Masaru Hirauchi	[Independent] Outside Director						
Yoshiko Nakahara	[Independent] Outside Director		○		○	○	
Junji Takaoka	Outside Director						MBA
Kazutoshi Torita	Director Full-time Audit and Supervisory Committee Member		○		○		
Miyuki Minamiru	[Independent] Outside Director Audit and Supervisory Committee Member		○		○		CPA Tax accountant
Momoko Murase	[Independent] Outside Director Audit and Supervisory Committee Member			○	○		Lawyer

Proposal No. 3 Determination of Remuneration for Directors (Excluding Directors Who Are Audit and Supervisory Committee Members) to Grant Restricted Shares Thereto

With regard to the amount of remuneration, etc. for Directors (excluding Directors who are Audit and Supervisory Committee Members) of the Company, it was approved at the 37th Annual General Meeting of Shareholders held on June 24, 2015, that the annual remuneration, etc. shall be not more than ¥200 million (excluding employee salaries).

This system, which introduces a remuneration plan to grant restricted shares to Directors of the Company (excluding Directors who are Audit and Supervisory Committee Members. Hereinafter referred to as “Eligible Directors”), aims to promote value-sharing with shareholders and rise in public esteem with strengthened internal governance by improving Directors’ motivation to contribute to achieving the targets of the medium-term business plan, realizing sustainable growth, preventing the damage to corporate value and maintaining credibility from the viewpoint of the improvement of shareholders’ value while performing each role. Therefore, separately from the remuneration above, the Company would like to provide new remuneration to Eligible Directors for granting restricted shares.

The remuneration to be paid to Eligible Directors for granting restricted shares based on this proposal shall be monetary claim, and the total amount shall be not more than ¥60 million per year (of which not more than ¥6 million per year for outside Directors. However, excluding employee salaries of Directors who concurrently serve as employees). Specific timing for providing thereof and allocation of such remuneration to each Eligible Director shall be deliberated by the Nominating and Compensation Advisory Committee, and the Board of Directors shall make the final decision.

The number of Directors is currently 6 (excluding Directors who are Audit and Supervisory Committee Members) (including 3 outside Directors). Subject to the approval and adoption of Proposal 1, “Election of Six Directors (Excluding Directors Who Are Audit and Supervisory Committee Members)” as originally proposed, the number of Directors will be 6 (excluding Directors who are Audit and Supervisory Committee Members) (including 3 outside Directors).

Furthermore, based on a resolution of the Board of Directors of the Company, Eligible Directors shall pay in all monetary claims provided to them under this proposal, as property contributed in kind, and in return, shall receive the issuance or disposal of common shares of the Company. The total number of common shares of the Company to be issued or disposed of through this process shall be at most 50,000 shares per year (at most 5,000 shares per year for outside Directors) (however, if, on or after the date of approval and resolution of this proposal, the Company conducts share splits of common shares of the Company (including allotment of common shares of the Company without contribution), consolidation of such shares, or in any other event in which the total number of common shares of the Company to be issued or disposed of as restricted shares requires adjustment, said total number shall be adjusted within a reasonable range).

The amount to be paid in per share shall be determined by the Board of Directors based on the closing price of the Company’s common shares on the Tokyo Stock Exchange on the business day immediately before each date of resolution by the Board of Directors (if there is no closing price on such date, the closing price on the closest preceding trading day) or any other amount within the extent that the amount will not be particularly advantageous to Eligible Directors who subscribe common shares. For the issuance or disposal of the common shares of the Company and the payment of monetary claims as property contributed in kind, as its condition, an agreement on allotment of shares with transfer restrictions that includes the provisions as summarized below (the “Allotment Agreement”) shall be entered into between the Company and Eligible Directors. In addition, the Company considers the upper limit of remuneration amount based on this proposal, the total number of the Company’s common shares to be issued or disposed and other conditions for granting restricted shares to Eligible Directors based on this proposal appropriate because they were determined based on the purpose mentioned above, the Company’s business conditions, the policy on the determination of the details of individual remuneration, etc. for the Company’s Directors (please refer to “The 46th Business Report of the Company, 2. Current conditions of the Company (iv) Remuneration, etc. for Directors a. Policy on determination on the details of Officers’ remuneration, etc.” for the content of the policy.) and other various circumstances. Provided that this proposal is approved, the Company will revise the policy in accordance with the content of this proposal.

[Outline of details of the Allotment Agreement]

(1) Transfer restriction period

During the period that is between 3 to 30 years from the day on which shares are allotted under the Allotment Agreement, specified in advance by the Board of Directors of the Company (hereinafter referred to as the “Restriction Period”), the Eligible Directors shall not transfer, create a security interest on, or otherwise dispose of the common shares of the Company allotted under the Allotment Agreement (hereinafter referred as Allotted Shares) (hereinafter referred to as the “Transfer Restriction”).

(2) Treatment on retirement from the position or resignation from a company

If an Eligible Director, before the Restriction Period expires, resigns or retires from one of the positions of officers and employees of the Company or any of its subsidiaries that are determined by the Board of Directors in advance, the Company shall automatically acquire such Allotted Shares without contribution, unless the reason for his/her retirement from office or the company is the expiration of the term of his/her office, death, or other reason deemed justifiable.

(3) Lifting of transfer restrictions

Notwithstanding the provisions of (1) above, the Company shall lift the Transfer Restrictions on all of the Allotted Shares upon expiration of the Restriction Period, on the condition that the Eligible Director has remained in one of the positions of officers and employees of the Company or any of its subsidiaries determined by the Board of Directors in advance throughout the Restriction Period. However, if the Eligible Director retires from the position designated in (2) above or resigns the company before the expiration of the Restriction Period due to the reason deemed justifiable as set forth in (2) above or death, the Company shall rationally adjust the number of the Allotted Shares on which the transfer restrictions are to be lifted and the timing of lifting as needed. Following the provisions above, the Company shall automatically acquire without contribution the Allotted Shares on which the transfer restrictions have not been lifted as of the time immediately after the transfer restrictions were lifted.

(4) Treatment during reorganization, etc.

Notwithstanding the provisions of (1) above, if, during the Restriction Period, matters relating to a merger agreement in which the Company is the disappearing company, a share exchange agreement or share transfer plan in which the Company becomes a wholly owned subsidiary, or other reorganization, etc. are approved at the Company’s General Meeting of Shareholders (or at a meeting of its Board of Directors in cases where approval at the Company’s General Meeting of Shareholders is not required in relation to the reorganization, etc.), the Company shall lift the transfer restrictions on the Allotted Shares with the number of shares that is reasonably determined considering the period from the start date of the Restriction Period to the date of approval of the reorganization, etc. prior to the date on which the reorganization, etc. becomes effective, by resolution of the Board of Directors of the Company. In cases specified above, the Company shall automatically acquire without contribution the Allotted Shares on which the transfer restrictions have not been lifted as of the time immediately after the transfer restrictions were lifted.

(5) Other matters

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

Proposal No. 4 Determination of Remuneration for Directors Who Are Audit and Supervisory Committee Members to Grant Restricted Shares Thereto

With regard to the amount of remuneration for Directors who are Audit and Supervisory Committee Members of the Company, it was approved at the 37th Annual General Meeting of Shareholders held on June 24, 2015, that the annual remuneration, etc. shall be not more than ¥30 million.

This system, which introduces a remuneration plan to grant restricted shares to Directors who are Audit and Supervisory Committee Members, aims to promote value-sharing with shareholders and rise in public esteem with strengthened internal governance by improving Directors' motivation to contribute to achieving the targets of the medium-term business plan, realizing sustainable growth, preventing the damage to corporate value and maintaining credibility from the viewpoint of the improvement of shareholders' value while performing each role. Therefore, separately from the remuneration above, the Company would like to provide new remuneration for granting restricted shares.

The remuneration to be paid to Directors who are Audit and Supervisory Committee Members for granting restricted shares based on this proposal shall be monetary claim, and the total amount shall be not more than ¥10 million per year (of which not more than ¥3 million per year for outside Directors). Specific timing for providing thereof and allocation of such remuneration to each Director who are Audit and Supervisory Committee Member shall be deliberated and determined by Directors who are Audit and Supervisory Committee Members.

The number of Directors who are Audit and Supervisory Committee Members is currently 3 (including 2 outside Directors). Subject to the approval and adoption of Proposal 4, "Election of Two Directors Who Are Audit and Supervisory Committee Members" as originally proposed, the number of Directors who are Audit and Supervisory Committee Members will be 3 (including 2 outside Directors).

Directors who are Audit and Supervisory Committee Members shall pay all monetary claims to be provided under this proposal in the form of property contributed in kind, in accordance with the resolution of the Board of Directors of the Company, and shall, in return, receive common shares of the Company that shall be issued or disposed of by the Company. The total number of common shares of the Company to be issued or disposed shall be not more than 4,000 shares per year (not more than 400 shares per year for outside Directors). However, if, on or after the day on which this proposal is approved and adopted, the Company performs a share split (including allotment of shares without contribution) or a reverse share split of its common shares, or any other reason arises necessitating an adjustment to the total number of the common shares of the Company issued or disposed as restricted shares, the total number shall be reasonably adjusted.

The amount to be paid in per share shall be determined by the Board of Directors based on the closing price of the Company's common shares on the Tokyo Stock Exchange on the business day immediately before each date of resolution by the Board of Directors (if there is no closing price on such date, the closing price on the closest preceding trading day) or any other amount within the extent that the amount will not be particularly advantageous to Directors who are Audit and Supervisory Committee Members of the Company and subscribe common shares. For the issuance or disposal of the common shares of the Company and the payment of monetary claims as property contributed in kind, as its condition, an agreement on allotment of shares with transfer restrictions of which provisions are similar to the Allotment Agreement listed on Proposal 3, "Determination of Remuneration for Directors (Excluding Directors Who Are Audit and Supervisory Committee Members) to Grant Restricted Shares Thereto" between the Company and Directors who are Audit and Supervisory Committee Members. In addition, the Company considers the upper limit of remuneration amount based on this proposal, the total number of the Company's common shares to be issued or disposed and other conditions for granting restricted shares to Directors who are Audit and Supervisory Committee Members based on this proposal appropriate because they were determined based on the purpose mentioned above, the Company's business conditions, the policy on the determination of the details of individual remuneration, etc. for the Company's Directors (please refer to "The 46th Business Report of the Company, 2. Current conditions of the Company (iv) Remuneration, etc. for Directors a. Policy on determination on the details of Officers' remuneration, etc." for the content of the policy.) and other various circumstances.