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Securities code: 3762
June 8, 2022

To Shareholders with Voting Rights:

Takashi Yuri
President and CEO
TECHMATRIX CORPORATION
11-24 Mita 3-chome, Minato-ku,
Tokyo, Japan

**NOTICE OF
THE 38th ANNUAL GENERAL MEETING OF SHAREHOLDERS**

Dear Shareholders:

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

We hereby inform you that the 38th Annual General Meeting of Shareholders of TECHMATRIX CORPORATION (the “Company”) will be held as described below.

In order to prevent the infection and spread of COVID-19, we kindly request you to exercise your voting rights by mail or via the Internet in advance and refrain from attending the meeting in person on the day of the meeting regardless of your health condition.

Please exercise your voting rights in advance no later than 5:30 p.m. on Thursday, June 23, 2022, Japan time, after reviewing the “Reference Documents for the General Meeting of Shareholders” provided hereinafter.

- 1. Date and Time:** Friday, June 24, 2022 at 2:00 p.m. Japan time (Reception will start at 1:00 p.m.)
- 2. Place:** Conference Room “Akane” on 9th Floor, Kokusaikougyoumita No. 2 Building
11-24 Mita 3-chome, Minato-ku, Tokyo, Japan
- 3. Meeting Agenda:**
Matters to be reported:
 1. The Business Report and Consolidated Financial Statements for the Company’s 38th Fiscal Year (April 1, 2021 - March 31, 2022) and results of audits by the Accounting Auditor and the Audit & Supervisory Committee of the Consolidated Financial Statements
 2. Non-consolidated Financial Statements for the Company’s 38th Fiscal Year (April 1, 2021 - March 31, 2022)

Proposals to be resolved:

- Proposal 1:** Partial Amendments to the Articles of Incorporation
- Proposal 2:** Election of Seven (7) Directors (Excluding Directors Who Are Audit & Supervisory Committee Members)
- Proposal 3:** Determination of Remuneration for Performance-linked Monetary Remuneration for Directors (Excluding Directors Who Are Audit & Supervisory Committee Members and Outside Directors)
- Proposal 4:** Determination of Remuneration for Post-Delivery Type Performance-Linked Share Remuneration for Directors (Excluding Directors Who Are Audit & Supervisory Committee Members and Outside Directors)
- Proposal 5:** Revision to the Amount of Remuneration, etc. for Directors (Excluding Directors Who Are Audit & Supervisory Committee Members)
- Proposal 6:** Revision to the Amount of Remuneration, etc. for Directors Who Are Audit & Supervisory Committee Members



Reference Documents for the General Meeting of Shareholders

Proposals and References

Proposal 1: Partial Amendments to the Articles of Incorporation

The amended provisions stipulated in the proviso of Article 1 of the supplementary provisions of the “Act Partially Amending the Companies Act” (Act No. 70 of 2019) will be enforced on September 1, 2022. Accordingly, in order to prepare for the introduction of the system for electronic provision of materials for general meetings of shareholders, the Articles of Incorporation of the Company shall be amended as follows.

- (1) The proposed Article 15, Paragraph 1 provides that information contained in the reference documents for the general meeting of shareholders, etc. shall be provided electronically.
- (2) The purpose of the proposed Article 15, Paragraph 2 is to establish a provision to limit the scope of matters to be included in the paper copy to be sent to shareholders who have requested it.
- (3) The provisions related to the internet disclosure and deemed provision of the reference documents for the general meeting of shareholders, etc. (Article 15 of the current Articles of Incorporation) will become unnecessary and will therefore be deleted.
- (4) In line with the above establishment and deletion of the provisions, supplementary provisions related to the effective date, etc. shall be established.

The details of the amendments are as follows.

(Amended parts are underlined.)

Current Articles of Incorporation	Proposed Amendments
<p style="text-align: center;">Chapter 3 General Meeting of Shareholders</p> <p><u>(Internet Disclosure and Deemed Provision of Reference Documents for the General Meeting of Shareholders, Etc.)</u></p> <p><u>Article 15 The Company may, with regard to convocation of a general meeting of shareholders, deem that it has provided information to shareholders pertaining to matters to be described or indicated in the reference documents for the general meeting of shareholders, business report, non-consolidated financial statements, and consolidated financial statements, by disclosing such information through the internet in accordance with the provisions provided in the Ordinance of the Ministry of Justice.</u></p>	<p style="text-align: center;">Chapter 3 General Meeting of Shareholders</p> <p style="text-align: center;">(Deleted)</p>

Current Articles of Incorporation	Proposed Amendments
(Newly established)	<p data-bbox="810 232 1299 264"><u>(Measures for Electronic Provision, Etc.)</u></p> <p data-bbox="810 275 1398 465"><u>Article 15 The Company shall, when convening a general meeting of shareholders, provide information contained in the reference documents for the general meeting of shareholders, etc. electronically.</u></p> <p data-bbox="810 477 1398 745"><u>2. Among the matters to be provided electronically, the Company may choose not to include all or part of the matters stipulated in the Ordinance of the Ministry of Justice in the paper copy to be sent to shareholders who have requested it by the record date for voting rights.</u></p>
(Newly established)	<p data-bbox="810 801 1118 833"><u>Supplementary provisions</u></p> <p data-bbox="810 853 1406 1167"><u>1. The deletion of Article 15 before amendment (Internet Disclosure and Deemed Provision of Reference Documents for the General Meeting of Shareholders, Etc.) of the Articles of Incorporation and the establishment of Article 15 after amendment (Measures for Electronic Provision, Etc.) shall come into effect on September 1, 2022.</u></p> <p data-bbox="810 1178 1406 1529"><u>2. Notwithstanding the provisions of the preceding paragraph, Article 15 before amendment (Internet Disclosure and Deemed Provision of Reference Documents for the General Meeting of Shareholders, Etc.) of the Articles of Incorporation shall remain in force with respect to a general meeting of shareholders to be held on a date up to the end of February 2023.</u></p> <p data-bbox="810 1541 1406 1731"><u>3. These supplementary provisions shall be deleted on March 1, 2023 or after the lapse of three months from the date of the general meeting of shareholders set forth in the preceding paragraph, whichever is later.</u></p>

Proposal 2: Election of Seven (7) Directors (Excluding Directors Who Are Audit & Supervisory Committee Members)

The term of office of all seven (7) Directors (excluding Directors who are Audit & Supervisory Committee Members; hereinafter, the same shall apply throughout this Proposal) will expire at the conclusion of this Annual General Meeting of Shareholders. Accordingly, we hereby propose to elect seven (7) Directors. The seven (7) candidates for Director consist of five (5) males and two (2) females.


The Company recognizes that the highest priority issue is to improve its medium-to long-term corporate value through sustainable growth and enhanced stability of its business. Individuals with the following abilities are therefore selected as candidates for Director: familiar with the Company's business with strategic thinking; insightful into technological advances; knowledgeable about compliance and internal control; well-informed about the markets facing the Company; experienced and knowledgeable about corporate finance and management; and well-versed in corporate legal affairs with a high level of expertise.


The Company has established the "Personnel Committee," a voluntary committee that consists of President and two Outside Directors (Audit & Supervisory Committee Members who are Independent Officers). The Personnel Committee discusses and nominates candidates for election as Directors as well as discusses and decides on proposals on remuneration for Directors and Directors subject to removal. Based on the nomination proposal formulated by the Personnel Committee, the Board of Directors decides on candidates as a proposal to be submitted to the General Meeting of Shareholders.


In accordance with the "Policy for Determining the Opinions to Be Expressed at the General Meeting of Shareholders Regarding the Election, Removal or Resignation of Directors Who Are Not Audit & Supervisory Committee Members," the Audit & Supervisory Committee has expressed its opinion that each of the candidates is qualified to serve as Director of the Company after due consideration of his/her extensive experience and abilities in addition to the status of execution of his/her duties and the business performance during the fiscal year under review.

The candidates for Director are as follows:


No.	Name	Current positions and responsibilities at the Company
1	Takashi Yuri [Reappointment]	President Chief Executive Officer
2	Yoshihisa Yoda [Reappointment]	Director Senior Operating Officer Head of Application Services Business Unit
3	Takaharu Yai [Reappointment]	Director Senior Operating Officer Head of Information Infrastructure Business Unit Manager of Network Security Division
4	Takeshi Suzuki [Reappointment]	Director Operating Officer Deputy Head of Application Services Business Unit Manager of CRM Solution Division
5	Hiroaki Yasutake [Reappointment] [Outside] [Independent]	Director
6	Michi Kaifu [Reappointment] [Outside] [Independent]	Director
7	Ari Horie [Reappointment] [Outside] [Independent]	Director


No.	Name (Date of birth)	Career summary, positions, responsibilities, and significant concurrent positions	Number of shares of the Company held
1	 <p data-bbox="199 577 450 645">Takashi Yuri (September 24, 1960)</p> <p data-bbox="199 645 450 712">[Reappointment]</p> <p data-bbox="199 712 450 869">Attendance at the Board of Directors meetings: 100% (14/14)</p>	<p data-bbox="472 275 1275 342">April 1983 Joined Nichimen Corporation (currently Sojitz Corporation)</p> <p data-bbox="472 353 1275 387">June 1987 Transferred to the Company</p> <p data-bbox="472 398 1275 465">September 1996 General Manager of Advanced System Sales Department</p> <p data-bbox="472 477 1275 510">March 1998 Director</p> <p data-bbox="472 521 1275 555">March 2000 Joined the Company</p> <p data-bbox="472 566 1275 600">April 2000 President</p> <p data-bbox="472 611 1275 645">Director, FinancialCAD Corporation</p> <p data-bbox="472 656 1275 723">July 2004 President and Chief Executive Officer, the Company (to present)</p> <p data-bbox="472 734 1275 768">August 2007 Executive member, Ichigo LLC</p> <p data-bbox="472 779 1275 813">September 2007 Director, CROSS HEAD. (to present)</p> <p data-bbox="472 824 1275 857">August 2009 Director, CASAREAL, Inc.</p>	319,300 shares
<p data-bbox="199 880 1460 1066">[Reason for nomination as a candidate for Director] Mr. Takashi Yuri has served as President of the Company for many years and has driven forward the expansion of the Company's business performance through the management policy and strategy based on an accurate grasp of the business environment. He has a wealth of experience and outstanding knowledge of the overall management of the Company. Therefore, we propose to reelect him as a candidate for Director in order for the Group to achieve further growth.</p>			


No.	Name (Date of birth)	Career summary, positions, responsibilities, and significant concurrent positions	Number of shares of the Company held
2	 <p data-bbox="231 808 419 875">Yoshihisa Yoda (April 19, 1964)</p> <p data-bbox="231 902 419 936">[Reappointment]</p> <p data-bbox="193 969 458 1059">Attendance at the Board of Directors meetings: 100% (14/14)</p>	<p data-bbox="480 275 1238 342">April 1987 Joined Nichimen Corporation (currently Sojitz Corporation)</p> <p data-bbox="480 353 1027 387">March 1990 Transferred to the Company</p> <p data-bbox="480 398 1209 465">April 2000 Joined the Company as General Manager of Advanced System Sales Department</p> <p data-bbox="480 477 1209 544">June 2001 Director and General Manager of Advanced System Sales Department</p> <p data-bbox="480 555 1270 622">July 2004 Director, Operating Officer and General Manager of Advanced System Sales Department</p> <p data-bbox="480 633 1209 701">July 2005 Director, Operating Officer and Manager of Medical Systems Division</p> <p data-bbox="480 712 1257 779">June 2012 Director, Senior Operating Officer and Manager of Medical Systems Division</p> <p data-bbox="480 790 1265 880">April 2017 Director, Senior Operating Officer, Head of Application Services Business Unit and Manager of Medical Systems Division</p> <p data-bbox="480 891 914 925">April 2017 CEO, Ichigo LLC</p> <p data-bbox="480 936 1273 1037">April 2018 Director, Senior Operating Officer and Head of Application Services Business Unit, the Company (to present)</p> <p data-bbox="480 1048 1265 1115">President and Chief Executive Officer, NOBORI Ltd.</p> <p data-bbox="480 1126 1217 1193">CEO and Executive member, Ichigo LLC (to present)</p> <p data-bbox="480 1205 1002 1238">February 2019 Director, A-Line Co. Ltd.</p> <p data-bbox="480 1249 1217 1317">April 2022 Representative Director, PSP Corporation (to present)</p>	200,600 shares
<p data-bbox="199 1335 786 1368">[Reason for nomination as a candidate for Director]</p> <p data-bbox="199 1368 1441 1487">Mr. Yoshihisa Yoda has led the business related to the application services sector for many years and has played a leading role in launching, expanding and reforming the medical systems business. He has experience and outstanding knowledge of the overall management of the Company. Therefore, we propose to reelect him as a candidate for Director in order for the Group to achieve further growth.</p>			

No.	Name (Date of birth)	Career summary, positions, responsibilities, and significant concurrent positions	Number of shares of the Company held
3	 <p>Takaharu Yai (December 27, 1965)</p> <p>[Reappointment]</p> <p>Attendance at the Board of Directors meetings: 100% (14/14)</p>	<p>April 1988 Joined Nichimen Corporation (currently Sojitz Corporation)</p> <p>June 1993 Transferred to the Company</p> <p>May 2001 Joined the Company</p> <p>July 2005 General Manager of Network Integration Sales Department</p> <p>October 2007 Head of Network Security Sales Division</p> <p>August 2008 Manager of Network Security Division</p> <p>September 2008 Director, Cross Head</p> <p>June 2009 Director, Operating Officer and Manager of Network Security Division, the Company</p> <p>June 2012 Director, Senior Operating Officer and Manager of Network Security Division</p> <p>June 2015 Vice President, Cross Head (to present)</p> <p>April 2017 Director, Senior Operating Officer, Head of Information Infrastructure Business Unit and Manager of Network Security Division, the Company (to present)</p> <p>June 2020 Director, OCH Co., Ltd. (to present)</p>	128,600 shares
<p>[Reason for nomination as a candidate for Director]</p> <p>Mr. Takaharu Yai has led the business related to network security for many years and has played a leading role in expanding the Information Infrastructure Business Unit and making it our core business. He has experience and outstanding knowledge of the overall management of the Company. Therefore, we propose to reelect him as a candidate for Director in order for the Group to achieve further growth.</p>			

No.	Name (Date of birth)	Career summary, positions, responsibilities, and significant concurrent positions	Number of shares of the Company held
4	 <p>Takeshi Suzuki (January 21, 1967)</p> <p>[Reappointment]</p> <p>Attendance at the Board of Directors meetings: 100% (14/14)</p>	<p>April 1989 Joined Nichimen Corporation (currently Sojitz Corporation)</p> <p>January 1992 Transferred to the Company</p> <p>April 2000 Joined the Company</p> <p>July 2005 General Manager of Advanced System Sales Department</p> <p>October 2007 Manager of CRM Solution Division</p> <p>June 2009 Operating Officer and Manager of CRM Solution Division</p> <p>June 2016 Director, Operating Officer and Manager of CRM Solution Division</p> <p>April 2017 Director, Operating Officer, Deputy Head of Application Services Business Unit and Manager of CRM Solution Division (to present)</p> <p>June 2017 Director, CASAREAL, Inc. (to present)</p> <p>July 2021 Director, WISESIGHT (THAILAND) CO., LTD. (to present)</p>	83,700 shares
<p>[Reason for nomination as a candidate for Director] Mr. Takeshi Suzuki has led the CRM solution business for many years and has served as Operating Officer to play a leading role in expanding the said business. He has experience and outstanding knowledge of the overall management of the Company. Therefore, we propose to reelect him as a candidate for Director in order for the Group to achieve further growth.</p>			

No.	Name (Date of birth)	Career summary, positions, responsibilities, and significant concurrent positions	Number of shares of the Company held
5	 <p>Hiroaki Yasutake (July 2, 1971)</p> <p>[Reappointment] [Outside] [Independent]</p> <p>Attendance at the Board of Directors meetings: 100 (14/14)</p>	<p>April 1997 Joined NIPPON TELEGRAPH AND TELEPHONE CORPORATION</p> <p>October 1998 Joined Rakuten, Inc. (currently Rakuten Group, Inc.)</p> <p>May 2005 Executive Officer, Rakuten, Inc.</p> <p>March 2007 Director and Executive Officer, Rakuten, Inc.</p> <p>April 2007 Director and Managing Executive Officer, Rakuten, Inc.</p> <p>June 2010 Director and Managing Executive Officer deputy in charge of DU, Rakuten, Inc.</p> <p>June 2013 Outside Director, the Company (to present)</p> <p>January 2014 Director and Managing Executive Officer in charge of DU, Rakuten, Inc. (currently Rakuten Group, Inc.)</p> <p>January 2016 Representative employee, Cardinal LLC (to present)</p> <p>September 2016 Co-founder and CSO, Junify Corporation (to present)</p> <p>February 2022 External Director, Money Forward, Inc. (to present)</p>	0 shares
<p>[Reason for nomination as a candidate for Outside Director and outline of expected role] Mr. Hiroaki Yasutake has a wealth of experience and outstanding knowledge in the Internet business and system development field. As we expect him to provide effective advice and opinions on the Company's management from a technological perspective and from a standpoint independent of the management team, we propose to reelect him as a candidate for Outside Director. He is currently registered as an Independent Officer of the Company.</p>			

No.	Name (Date of birth)	Career summary, positions, responsibilities, and significant concurrent positions	Number of shares of the Company held
6	 Michi Kaifu (March 12, 1960) [Reappointment] [Outside] [Independent] Attendance at the Board of Directors meetings: 100% (14/14)	April 1983 Joined Honda Motor Co., Ltd. June 1988 Joined Bain & Company, Inc. September 1989 Joined NIPPON TELEGRAPH AND TELEPHONE CORPORATION May 1996 Director, Business Development, NextWave Telecom Inc. August 1998 Chief Executive Officer, Started ENOTECH Consulting, Inc. (to present) June 2020 Outside Director, the Company (to present)	0 shares
<p>[Reason for nomination as a candidate for Outside Director and outline of expected role] Ms. Michi Kaifu has a wealth of experience and outstanding knowledge in the Internet business and emerging technologies field. As we expect her to provide effective advice and opinions on the Company's management from the perspective of management strategy as an entrepreneur and consultant and from a standpoint independent of the management team, we propose to reelect her as a candidate for Outside Director. She is currently registered as an Independent Officer of the Company.</p>			

No.	Name (Date of birth)	Career summary, positions, responsibilities, and significant concurrent positions	Number of shares of the Company held
7	 Ari Horie (May 22, 1972) [Reappointment] [Outside] [Independent] Attendance at the Board of Directors meetings: 100% (14/14)	June 1997 Joined International Business Machines Corporation 1999 Joined Prio, Inc. (currently Blucora, Inc.) 2000 Director of Marketing, Quious, Inc. 2001 Director of Product Marketing, Quaartz, Inc. (currently Appiant Technologies, Inc.) 2002 Chief Executive Officer, Started Amity International, LLC. January 2013 Founder and Chief Executive Officer, Women's Startup Lab, Inc. (to present) September 2019 Director, Japan Innovation Network (to present) June 2020 Outside Director, the Company (to present)	0 shares
<p>[Reason for nomination as a candidate for Outside Director and outline of expected role] Ms. Ari Horie offers a training program for women entrepreneurs in Silicon Valley, U.S. and has a wealth of experience and outstanding knowledge in fostering next-generation leaders based on entrepreneurship. As we expect her to provide effective advice and opinions on the Company's management from the perspective of women's advancement in workplace and from a standpoint independent of the management team, we propose to reelect her as a candidate for Outside Director. She is currently registered as an Independent Officer of the Company.</p>			

- Notes:
1. Mr. Yoshihisa Yoda served as President and Chief Executive Officer of NOBORI Ltd., a consolidated subsidiary of the Company until March 31, 2022. NOBORI Ltd. merged with PSP Corporation effective April 1, 2022, with PSP Corporation as the surviving company and NOBORI Ltd. as the absorbed company. PSP Corporation is a consolidated subsidiary of the Company and Mr. Yoshihisa Yoda serves as its Representative Director. He also serves as the CEO and Executive member of Ichigo LLC, a consolidated subsidiary of the Company. Although the Company has transactions with these companies involving networking products and maintenance management, etc., the respective net sales to these companies account for a relatively small percentage (1% or less) of the Company's net sales, and terms and conditions applied to the transactions with these companies are the same as those with other companies.
 2. There is no special interest between any of the other candidates and the Company.
 3. Each of the candidates currently serves as Director of the Company. The Company has concluded a directors and officers liability insurance (D&O Insurance) contract with an insurance company, in which each of the candidates is included as the insured. The insurance contract shall cover any damages and legal costs to be borne by the insured as a result of a claim for damages due to any acts (including omissions) committed by the insured based on his/her position as an Officer, etc. of the Company. The insurance premiums for all the insured are fully paid by the Company. If the reappointment of the candidates is approved, each of them shall continue to be included as the insured under the insurance contract. The Company plans to renew the insurance contract with the same contents during their terms of office.
 4. Mr. Hiroaki Yasutake, Ms. Michi Kaifu and Ms. Ari Horie are candidates for Outside Director.
If the appointment of Mr. Hiroaki Yasutake, Ms. Michi Kaifu and Ms. Ari Horie is approved, the Company intends to register them as Independent Officers as set forth by the Tokyo Stock Exchange.
 5. Term of office of the candidates for Outside Director as Outside Directors of the Company:

The term of office of Mr. Hiroaki Yasutake as Outside Director of the Company will be nine (9) years at the conclusion of this General Meeting of Shareholders.

The term of office of Ms. Michi Kaifu as Outside Director of the Company will be two (2) years at the conclusion of this General Meeting of Shareholders.

The term of office of Ms. Ari Horie as Outside Director of the Company will be two (2) years at the conclusion of this General Meeting of Shareholders.

6. Mr. Hiroaki Yasutake served as Director of Rakuten, Inc. (currently Rakuten Group, Inc.) until January 10, 2016. Net sales to Rakuten, Inc. account for a relatively small percentage (1% or less) of the Company's net sales, and terms and conditions applied to the transactions with Rakuten, Inc. are the same as those with other companies. Therefore, there is no significant impact on his independence. In addition, the Company acquired a majority of its own common stock held by Rakuten, Inc. (currently Rakuten Group, Inc.) as the Company's treasury stock on August 21, 2015. As a result, Rakuten, Inc. ceased to be the other affiliated company of the Company.
7. Ms. Ari Horie is the Founder & CEO of Women's Startup Lab, Inc. and although the Company has transactions with Women's Startup Lab, Inc. to provide employee training, net sales to Women's Startup Lab, Inc. account for a relatively small percentage (1% or less) of the Company's net sales, and terms and conditions applied to the transactions with Women's Startup Lab, Inc. are the same as those with other companies. Therefore, there is no significant impact on her independence.

(Reference)

Officers' Skills Matrix

	Corporate management	Finance/Accounting	Legal/Risk management	Sales/Marketing	Industry knowledge/Technology	Internationalism	Human resources development/Diversity
Judgment criteria (3 years or more)	Management experience or experience as a full-time director	Finance/accounting knowledge and experience	Legal, risk management, internal control, and audit experience	Sales or marketing experience	Experience working in the Company's business markets or related markets	Experience in transactions with foreign countries or experience as an officer in an overseas company	Experience in human resources development and training or promoting diversity
Takashi Yuri	○			○	○	○	
Yoshihisa Yoda	○			○	○	○	
Takaharu Yai	○			○	○	○	
Takeshi Suzuki	○			○	○	○	
Hiroaki Yasutake	○			○	○	○	○
Michi Kaifu	○			○	○	○	○
Ari Horie	○			○	○	○	○
Hideyuki Sasaki	○	○	○	○		○	
Ken Takayama	○	○	○		○	○	
Ryota Miura	○		○				
Akio Sugihara	○			○	○	○	○

*The details stated represent the specific skills and expertise expected of each officer in particular and do not represent all of the skills and expertise possessed by each officer.

Proposal 3: Determination of Remuneration for Performance-linked Monetary Remuneration for Directors (Excluding Directors Who Are Audit & Supervisory Committee Members and Outside Directors)

The amount of monetary remuneration for Directors (excluding Directors who are Audit & Supervisory Committee Members) of the Company was approved at the Annual General Meeting of Shareholders held on June 26, 2020, as a fixed amount of remuneration of no more than 100 million yen per year (including 25 million yen per year for Outside Directors) (hereinafter, “Basic Remuneration Framework”). Separate to Basic Remuneration Framework (Basic Remuneration Framework is proposed to revise in Proposal 5), at the Annual General Meeting of Shareholders held on June 24, 2016, share acquisition rights that can be allocated as stock option remuneration were approved as being no more than 20 million yen per year (the total number of shares to be delivered will be no more than 200 per year, and the number of shares underlying that number will be no more than 20,000 per year of the Company’s common stock).

Shareholders are kindly asked to approve the establishment of a remuneration framework to deliver new performance-linked monetary remuneration, separate from Basic Remuneration Framework (the revised Basic Remuneration Framework if the revisions proposed in Proposal 5 are approved), stock option remuneration, and the remuneration framework proposed in Proposal 4 (subject to approval), for Directors of the Company (excluding Directors who are Audit & Supervisory Committee Members and Outside Directors, hereinafter, “Eligible Directors”), with the aim of providing incentives and clarifying the responsibilities of Directors to further improve performance.

The amount of monetary remuneration claims to be delivered by the Company to Eligible Directors under this plan will be no more than 60 million yen per year. Details regarding the specific allocation to each Eligible Director will be determined by the Board of Directors.

The Audit & Supervisory Committee has expressed no objection to the introduction of the plan in light of its purpose. The Company currently has 11 Directors (four (4) of whom are Directors who are Audit & Supervisory Committee Members, seven (7) of whom are Outside Directors). If Proposal 2 is approved as originally proposed, there will be 11 Directors (four (4) of whom are Directors who are Audit & Supervisory Committee Members, seven (7) of whom are Outside Directors).

1. Outline of the performance-linked monetary remuneration plan

The performance-linked monetary remuneration plan (hereinafter, the “Monetary Remuneration Plan”) is a performance-linked remuneration plan, under which numerical targets are set in advance for a period determined by the Board of Directors (hereinafter, the “Evaluation Period”; the initial Evaluation Period will be one fiscal year from April 1, 2022 to March 31, 2023, and the Evaluation Period will be each fiscal year thereafter.) and a monetary amount calculated based on the percentage of achievement of such numerical targets, etc. is delivered as remuneration, etc. for Eligible Directors. Therefore, under the Monetary Remuneration Plan, the monetary remuneration amount will be determined based on the percentage of achievement of numerical performance targets, etc., and at the time of introduction of the Monetary Remuneration Plan, a decision has not been made on whether such remuneration will be delivered to each Eligible Director and the amount of monetary remuneration to be delivered has not been finalized.

2. Content of remuneration, etc. under the Monetary Remuneration Plan

(1) Method of calculating remuneration, etc. under the Monetary Remuneration Plan

Under the Monetary Remuneration Plan, the Company will determine the amount of monetary remuneration to be delivered to each Eligible Directors by multiplying (i) the standard remuneration amount set for each Eligible Director position by (ii) the achievement of numerical performance targets determined by the Board of Directors, and (iii) the term of service ratio. The above-stated amount of monetary remuneration to be delivered to each of the Eligible Directors will be calculated in accordance with the following formula.

[Formula]

Amount of monetary remuneration to be delivered = Standard remuneration amount ((i)) × Achievement of performance targets ((ii)) × Term of service ratio ((iii))

- (i) “Standard remuneration amount” will be determined by the Board of Directors in accordance with Eligible Directors’ position.
 - (ii) “Achievement of performance targets,” with respect to the monetary remuneration amount to be delivered, will be determined by the Board of Directors in the range of 0% to 150%, depending on the percentage of achievement of the evaluation indicators determined by the Board of Directors for each fiscal year during the Evaluation Period.
 - (iii) “Term of service ratio” is the ratio of the number of months in office divided by the number of months in the Evaluation Period.
- (2) Maximum remuneration, etc. under the Monetary Remuneration Plan
The total amount of monetary remuneration to be delivered by the Company to the Eligible Directors for each Evaluation Period under the Monetary Remuneration Plan will be no more than 60 million yen.
- (3) Reasons for forfeiting the right to receive remuneration, etc. under the Monetary Remuneration Plan
Eligible Directors will forfeit all or part of their right to receive remuneration, etc. under the Monetary Remuneration Plan if certain misconduct determined by the Board of Directors takes place or Eligible Directors resign, etc. for certain reasons determined by the Board of Directors.

As stated above, the remuneration amount is within a reasonable range compared to the level at other companies in the same industry, and the Company has determined that delivering monetary remuneration under the Monetary Remuneration Plan is appropriate given that the Plan delivers incentives for further improvement in performance and clarifies responsibility.

Proposal 4: Determination of Remuneration for Post-Delivery Type Performance-Linked Share Remuneration for Directors (Excluding Directors Who Are Audit & Supervisory Committee Members and Outside Directors)

The amount of monetary remuneration for Directors (excluding Directors who are Audit & Supervisory Committee Members) of the Company was approved at the Annual General Meeting of Shareholders held on June 26, 2020, as a fixed amount of remuneration of no more than 100 million yen per year (including 25 million yen per year for Outside Directors) (hereinafter, “Basic Remuneration Framework”). Separate to Basic Remuneration Framework (Basic Remuneration Framework is proposed to revise in Proposal 5), at the Annual General Meeting of Shareholders held on June 24, 2016, share acquisition rights that can be allocated as stock option remuneration were approved as being no more than 20 million yen per year (the total number of shares to be delivered will be no more than 200 per year, and the number of shares underlying that number will be no more than 20,000 per year of the Company’s common stock).

Shareholders are kindly asked to approve the establishment of a remuneration framework to deliver new post-delivery type performance-linked shares, separate from Basic Remuneration Framework (the revised Basic Remuneration Framework if the revisions proposed in Proposal 5 are approved), stock option remuneration, and the remuneration framework proposed in Proposal 3 (subject to approval), for Directors of the Company (excluding Directors who are Audit & Supervisory Committee Members and Outside Directors, hereinafter, “Eligible Directors”), with the aim of providing incentives and clarifying the responsibilities of Directors to further improve performance, and promoting further value sharing with shareholders by providing incentives in the form of share-based remuneration to improve the Company’s corporate value.

The number of shares to be delivered by the Company to Eligible Directors under this share-based remuneration plan will be no more than 60,000 shares per year, and the amount of monetary remuneration claims to be paid will be no more than 60 million yen per year. Details regarding the specific allocation to each Eligible Director will be determined by the Board of Directors.

The Audit & Supervisory Committee has expressed no objection to the introduction of the plan in light of its purpose. The Company currently has 11 Directors (four (4) of whom are Directors who are Audit & Supervisory Committee Members, seven (7) of whom are Outside Directors). If Proposal 2 is approved as originally proposed, there will be 11 Directors (four (4) of whom are Directors who are Audit & Supervisory Committee Members, seven (7) of whom are Outside Directors).

1. Outline of the performance-linked share remuneration plan

The post-delivery type performance-linked share remuneration plan (performance share-based unit plan) (hereinafter, the “Shared-based Remuneration Plan”) is a performance-linked remuneration plan, under which numerical targets are set in advance for a period determined by the Board of Directors (hereinafter, the “Evaluation Period”; the initial Evaluation Period will be one fiscal year from April 1, 2022 to March 31, 2023, and the Evaluation Period will be each fiscal year thereafter) and the number of shares of common stock in the Company calculated based on the percentage of achievement of such numerical targets, etc. is granted as remuneration, etc. for Eligible Directors. Therefore, under the Shared-based Remuneration Plan, the number of shares of common stock based on the percentage of achievement of numerical performance targets, etc. will be delivered, and at the time of introduction of the Shared-based Remuneration Plan, a decision has not been made on whether such remuneration will be delivered to each Eligible Director and the number of shares to be delivered has not been finalized.

In addition, for the purpose of issuing or disposing the shares of common stock of the Company under this Plan, an agreement on the allotment of restricted stock (hereinafter, the “Allotment Agreement”), which includes the following terms in general, will be entered into between the Company and the Eligible Directors.

- (1) Eligible Directors may not transfer, establish collateral of, or otherwise dispose of the common stock of the Company allocated to them under the Allotment Agreement (“Allotted Shares”) during a period of three years or more to be determined by the Board of Directors (hereinafter, “Transfer Restriction Period”) (hereinafter, “Transfer Restrictions”).

- (2) If Eligible Directors violate laws and regulations, internal rules or the Allotment Agreement, or if there arises reasonable grounds for the Company, as determined by the Board of Directors, to acquire shares without consideration, the Company will acquire such shares without consideration.
- (3) If matters related to a merger agreement in which the Company is to be the absorbed company, a share exchange agreement or a share transfer plan in which the Company is to become a wholly-owned subsidiary, or other organizational restructuring, etc., are approved by the General Meeting of Shareholders of the Company (or by the Board of Directors of the Company, where such organizational restructuring, etc. does not require approval of the General Meeting of Shareholders of the Company) during the Transfer Restriction Period, the Company will, by the resolution of the Board of Directors, lift the Transfer Restrictions for all of the Allotted Shares prior to the effective date of such organizational restructuring, etc.

2. Content of remuneration, etc. under the Shared-based Remuneration Plan

(1) Method of calculating remuneration, etc. under the Shared-based Remuneration Plan

Under the Plan, the Company will determine the number of shares to be allotted to each Eligible Directors by multiplying (i) the standard number of shares to be delivered set for each Eligible Director position by (ii) the achievement of numerical performance targets determined by the Board of Directors, and (iii) the term of service ratio.

The Company will pay Eligible Directors a monetary remuneration claim of an amount calculated by multiplying the number of shares to be allotted to Eligible Directors by the amount to be paid in for the Company's shares of common stock to be allotted, and allot shares of common stock to each Eligible Director in exchange for each Eligible Directors' contribution in kind of such monetary remuneration claim. The amount to be paid in for the Company's shares of common stock to be allotted shall be an amount determined by the Board of Directors, within a scope in which the amount is not particularly favorable to Eligible Directors, based on the closing price of ordinary transactions of shares of common stock of the Company on the Tokyo Stock Exchange on the business day immediately preceding each date of the resolution by the Board of Directors pertaining to the determination of the above-stated allocation (or, if there was no trade on such day, the closing price on the immediately preceding day on which there was any trade). The above-stated amount of monetary remuneration claims to be paid to each of the Eligible Directors and the number of shares to be allotted will be calculated in accordance with the following formula.

[Formula]

Number of shares to be allotted = Standard number of shares to be delivered ((i)) × Achievement of performance targets ((ii)) × Term of service ratio ((iii))

- (i) "Standard number of shares to be delivered" will be determined by the Board of Directors in accordance with Eligible Directors' position.
- (ii) "Achievement of performance targets," with respect to the number of shares to be allotted, will be determined by the Board of Directors in the range of 0% to 150%, depending on the percentage of achievement of the evaluation indicators determined by the Board of Directors for each fiscal year during the Evaluation Period.
- (iii) "Term of service ratio" is the ratio of the number of months in office divided by the number of months in the Evaluation Period.

(2) Maximum remuneration, etc. under the Share-based Remuneration Plan

The number of shares to be delivered by the Company to the Eligible Directors for each Evaluation Period under the Share-based Remuneration Plan will be no more than 60,000 shares in total, and the amount of monetary remuneration claims to be paid will be no more than 60 million yen in total.

(3) Reasons for forfeiting the right to receive remuneration, etc. under the Share-based Remuneration Plan

Eligible Directors will forfeit all or part of their right to receive remuneration, etc. under the Share-based Remuneration Plan if certain misconduct determined by the Board of Directors takes place or Eligible Directors resign, etc. for certain reasons determined by the Board of Directors.

(4) Adjustments due to a share consolidation or split, etc.

In the event that by the time the shares are delivered under the Share-based Remuneration Plan, the total number of issued shares of the Company has increased or decreased due to a share consolidation or a share split (including the allotment of shares without contribution, and the same applies hereinafter), the number of shares relating to the calculation for the Plan will be adjusted by multiplying the ratio of the share consolidation or the share split.

As stated above, the amount to be paid in for the Allotted Shares is an amount within a scope that is not particularly favorable, and the Company has determined that delivering Allotted Shares under the Share-based Remuneration Plan is appropriate given that the dilution rate is also minor and the Plan delivers incentives for further improvement in performance and clarifies responsibility.

Proposal 5: Revision to the Amount of Remuneration, etc. for Directors (Excluding Directors Who Are Audit & Supervisory Committee Members)

The maximum amount of remuneration for Directors (excluding Directors who are Audit & Supervisory Committee Members; hereinafter, the same shall apply in this proposal) was resolved at the Annual General Meeting of Shareholders held on June 26, 2020, as no more than 100 million yen per year (including 25 million yen per year for Outside Directors). Within this context, the Company proposes to revise the maximum amount of remuneration for Directors to up to 160 million yen per year (including 35 million yen for Outside Directors), in line with the recent review of the officer compensation system, taking into consideration the balance between performance-linked remuneration and basic remuneration, and in light of recent trends in the Company's performance and the compensation levels of directors at other companies in the same industry, and to make the level of officer remuneration more attractive for candidates for Directors. The Company proposes that the amount of remuneration, etc. for Directors does not include remuneration as employees concurrently serving as Director.

The Company believes that this revision is appropriate, in line with the recent review of the officer compensation system, taking into comprehensive consideration factors such as the balance between performance-linked remuneration and basic remuneration, as well as recent trends in the Company's performance and the compensation levels of directors at other companies in the same industry.

The Audit & Supervisory Committee has expressed no objection in light of past performance trends, the appropriateness of remuneration in comparison to other companies in the same industry to secure excellent personnel, and recent changes in economic conditions and the business environment, etc.

The Company currently has seven (7) Directors (including three (3) Outside Directors). If Proposal 2 is approved as originally proposed, there will be seven (7) Directors (including three (3) Outside Directors).

Proposal 6: Revision to the Amount of Remuneration, etc. for Directors Who Are Audit & Supervisory Committee Members

The maximum amount of remuneration for Directors who are Audit & Supervisory Committee Members was resolved at the Annual General Meeting of Shareholders held on June 19, 2015, as no more than 35 million yen per year. Within this context, the Company proposes to revise the maximum amount of remuneration for Directors who are Audit & Supervisory Committee Members to up to 50 million yen per year, in light of recent trends in the Company's performance and the compensation level of directors at other companies in the same industry, and to make the level of officer remuneration more attractive for candidates for Directors who are Audit & Supervisory Committee Members, given that actual payments of remuneration is approaching the maximum amount of remuneration.

The Company believes that this revision is appropriate, taking into comprehensive consideration factors such as recent trends in the Company's performance and the compensation levels of directors at other companies in the same industry.

The Company currently has four (4) Directors who are Audit & Supervisory Committee Members (including four (4) Outside Directors).