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Securities Code: 3687

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To our shareholders

Satoshi Miki,  
Chief Executive Officer, Founder  
**Fixstars Corporation**  
3-1-1 Shibaura, Minato-ku, Tokyo

## Notice of the 23rd Annual General Meeting of Shareholders

We are pleased to announce the 23rd Annual General Meeting of Shareholders of Fixstars Corporation (the “Company”), which will be held as indicated below.

In convening this General Meeting of Shareholders, the Company has taken measures for providing information that constitutes the content of reference documents for the general meeting of shareholders, etc. (items for which measures for providing information in electronic format will be taken) in electronic format, and has posted the information on each of the following websites. Please access either of the websites to view the information.

The Company’s website:

<https://www.fixstars.com/ja/ir/stock/meeting> (in Japanese)

Please confirm under “2024.”

TSE website (Listed Company Search):

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

Please search by issue name (company name) “Fixstars” or securities code “3687” and select “Basic information” and “Documents for public inspection/PR information” in that order.

- In the event of any modifications to the items subject to measures for electronic provision, a statement to that effect and the items before and after the modifications will be posted on each of the websites mentioned above.
- A document stating the items subject to measures for electronic provision will be sent together with other documents to shareholders who have requested the document, but such document excludes major creditors, the accounting auditor, the outline of the system to ensure proper business operations and the status of their operation in the business report; consolidated statements of changes in equity and the notes to consolidated financial statements; non-consolidated balance sheets, non-consolidated statements of income, non-consolidated statements of changes in equity and the notes to non-consolidated financial statements; and the accounting audit report on non-consolidated financial statements, in accordance with the laws and regulations and Article 13 of the Articles of Incorporation of the Company. The consolidated financial statements and financial statements audited by the corporate auditors or the accounting auditor include the above consolidated statements of changes in equity, the notes to consolidated financial statements, non-consolidated balance sheets, non-consolidated statements of income, non-consolidated statements of changes in equity and the notes to non-consolidated financial statements, and the business report audited by the corporate auditors consists of the above major creditors, the accounting auditor and the outline of the system to ensure proper business operations and the status of their operation.

**If you exercise your voting rights in writing (by mail) or electromagnetically, such as via the Internet, please review the attached Reference Documents for the General Meeting of Shareholders, and exercise your voting rights by 7:00 p.m. on Tuesday, December 17, 2024 (JST).**

1. **Date and Time:** Wednesday, December 18, 2024, at 10:00 a.m. (JST)
2. **Venue:** TKP Garden City PREMIUM Tamachi  
4th Floor, msb Tamachi - Tamachi Station Tower S  
3-1-21 Shibaura, Minato-ku, Tokyo

3. **Purpose of the Meeting:**

**Matters to be reported:**

1. The Business Report and the Consolidated Financial Statements for the 23rd fiscal year (from October 1, 2023 to September 30, 2024), and the results of audits of the Consolidated Financial Statements by the Accounting Auditor and the Board of Corporate Auditors
2. The Non-consolidated Financial Statements for the 23rd fiscal year (from October 1, 2023 to September 30, 2024)

**Matters to be resolved:**

- Proposal No. 1** Appropriation of Surplus
- Proposal No. 2** Election of Nine Directors
- Proposal No. 3** Election of One Substitute Corporate Auditor
- Proposal No. 4** Revision of Remuneration Amount for Directors
- Proposal No. 5** Revision of Remuneration Amount for Corporate Auditors
- Proposal No. 6** Partial Revision of Restricted Share-based Remuneration Plan for Directors (Excluding Outside Directors)

- If you attend the meeting in person, please present the enclosed voting form at the reception.
- If no indication of approval or disapproval for a proposal is made on the voting form when voting rights are exercised in writing (by mail), it will be treated as an indication of approval.
- If you have exercised your voting rights both in writing (by mail) and via the Internet, etc., the exercise of voting rights via the Internet, etc., shall be deemed valid. If you have exercised your voting rights multiple times via the Internet, etc., the last exercise of voting rights shall be deemed valid.

## Reference Documents for the General Meeting of Shareholders

### Proposal No. 1 Appropriation of Surplus

The Company considers the return of profits to shareholders as one of its top management priorities. Setting the target of a medium-term consolidated dividend payout ratio at 30%, it strives to return appropriate profits in line with shareholders' expectations while also giving consideration to securing sufficient internal reserves for future business development and putting the Company on a firmer footing.

We have celebrated our 10th anniversary of listing in April 2024. We would like to express our sincere gratitude for kind support and guidance of shareholders and other stakeholders.

To appreciate shareholders' continuing support, the Company proposes to pay year-end dividends for the 23rd fiscal year as follows, adding a commemorative dividend of ¥5 for the 10th anniversary of our listing to an ordinary dividend.

#### Year-end dividends

- (i) Type of dividend property  
To be paid in cash.
- (ii) Allotment of dividend property and their aggregate amount  
The Company proposes to pay a dividend of ¥19 per common share of the Company.  
(¥14 for ordinary dividend and ¥5 for commemorative dividend for the 10th anniversary of our listing)  
In this event, the total dividends will be ¥612,098,281.
- (iii) Effective date of dividends of surplus  
The effective date of dividends will be December 19, 2024.

## Proposal No. 2 Election of Nine Directors

The terms of office of all seven Directors will expire at the conclusion of this meeting. Therefore, the Company proposes to increase the number of Directors by two (including one outside Director) and elect nine Directors to strengthen management system and management supervisory function.

The candidates for Director are as follows:

Candidate No.	Name	Gender	Position and responsibility in the Company	Candidate attributes	Meetings of the Board of Directors attended
1	Satoshi Miki	Male	Chief Executive Officer, Founder	Reelection	13/13 (100%)
2	Minako Hori	Female	Director General Manager of Administration Division	Reelection	13/13 (100%)
3	Toshiyuki Hachisuka	Male	Director President of Solutions Company	Reelection	13/13 (100%)
4	Yoshiki Matsuda	Male	Executive Engineer	New election	—
5	Makoto Ishii	Male	Outside Director	Reelection Outside Independent	13/13 (100%)
6	Hiroaki Kabashima	Male	Outside Director	Reelection Outside Independent	13/13 (100%)
7	Yukino Enomoto	Female	Outside Director	Reelection Outside Independent	13/13 (100%)
8	Toshimichi Nozawa	Male	Outside Director	Reelection Outside Independent	10/10 (100%)
9	Noboru Hachimine	Male	—	New election Outside Independent	—

**Reelection** Candidate for Director to be reelected

**New election** Candidate for Director to be newly elected

**Outside** Candidate for outside Director

**Independent** Independent officer as defined by the securities exchange

Candidate No.	Name (Date of birth)	Career summary, position and responsibility in the Company, and significant concurrent positions outside the Company	Number of the Company's shares owned
1 <u>Reelection</u>	Satoshi Miki (February 9, 1971)	<p>Oct. 1996      Joined LAC Co., Ltd.</p> <p>Apr. 1998      Director and Vice President of Softworld, Ltd. (currently Softworld Corporation)</p> <p>Aug. 2002      Founded Fixstars, Ltd. Chief Executive Officer</p> <p>Oct. 2002      Organization changed to Fixstars Corporation (currently the Company) Chief Executive Officer, Founder (current position)</p> <p>Oct. 2008      CEO of Fixstars Solutions, Inc.</p> <p>Oct. 2012      Director (current position)</p> <p>Feb. 2018      Representative Director and CEO of Fixstars Autonomous Technologies Corporation</p> <p>Aug. 2019      Representative Director and Chairman of Sleek Corporation (currently Sider Corporation)</p> <p>Oct. 2019      Representative Director and Chairman of Smart Opinion Inc. (current position)</p> <p>Dec. 2019      Director of Fixstars Autonomous Technologies Corporation (current position)</p> <p>Mar. 2020      Representative Director and CEO of Oscar Technology Corporation</p> <p>July 2021      Representative Director of NAGANO INNOVATION BASE ASSOCIATION (current position)</p> <p>Nov. 2021      Representative Director and Chairman of Fixstars Amplify Corporation (current position)</p> <p>Dec. 2021      Representative Director and Chairman of Oscar Technology Corporation (current position)</p> <p>May 2022      Director of Quantum Strategic industry Alliance for Revolution (current position)</p> <p>Aug. 2022      Representative Director and CEO of Sider Corporation (current position)</p> <p>Aug. 2022      Outside Director of Thinca Co.,Ltd. (current position)</p> <p>Mar. 2023      Representative Director and CEO of Drone Autopilot Lab Corporation (current position)</p> <p>Apr. 2024      Representative Director and CEO of Fixstars Investment Corporation (current position)</p>	3,849,700 shares
<p>(Reasons for nomination as candidate for Director)</p> <p>Satoshi Miki, the founder of the Company, has led management as Chief Executive Officer for many years since founding, and worked to grow the Company and enhance corporate value. The Company has nominated him as a candidate for Director as it has judged that his leadership and high level of knowledge related to management are indispensable for the sustainable enhancement of the corporate value of the Company.</p>			

Candidate No.	Name (Date of birth)	Career summary, position and responsibility in the Company, and significant concurrent positions outside the Company	Number of the Company's shares owned
2 <u>Reelection</u>	Minako Hori (June 17, 1978)	<p>Apr. 2001      Joined AGASTA CO., LTD.</p> <p>Sept. 2002     Director in charge of Administrative Department</p> <p>May 2007        Joined the Company General Manager of Administration Division</p> <p>Dec. 2007       Director and General Manager of Administration Division (current position)</p> <p>Aug. 2019       Director of Sleek Corporation (currently Sider Corporation) (current position)</p> <p>Dec. 2020       Director of Smart Opinion Inc. (current position)</p> <p>Dec. 2020       Director of Oscar Technology Corporation (current position)</p> <p>July 2021        Auditor of NAGANO INNOVATION BASE ASSOCIATION (current position)</p> <p>Oct. 2021       Director of Fixstars Amplify Corporation (current position)</p> <p>Mar. 2023       Director of Drone Autopilot Lab Corporation (current position)</p> <p>Apr. 2024       Director of Fixstars Investment Corporation (current position)</p>	319,800 shares
<p>(Reasons for nomination as candidate for Director)</p> <p>Minako Hori has consistently been in charge of the Administration Division since she joined the Company. Having worked on defining organizational structure and designing administrative systems, she has supported the Company's growth as Director and General Manager of Administration Division. The Company has nominated her as a candidate for Director as it has judged that her continued service as Director is essential for sustainably enhancing the corporate value of the Company.</p>			
3 <u>Reelection</u>	Toshiyuki Hachisuka (November 10, 1971)	<p>July 1998        Joined ALTECH CO., LTD.</p> <p>Dec. 2005        General Manager of ADS Information Management Department</p> <p>July 2007        Joined the Company General Manager of Sales Division</p> <p>Dec. 2008        Director and General Manager of Sales Division</p> <p>Oct. 2013        Director and General Manager of Solution Business Department</p> <p>June 2016        Director and Supervisor of Solution Business</p> <p>Feb. 2018        Director of Fixstars Autonomous Technologies Corporation</p> <p>Dec. 2019        Representative Director and Chairman (current position)</p> <p>Dec. 2021        Director and President of Solutions Company of the Company (current position)</p>	411,600 shares
<p>(Reasons for nomination as candidate for Director)</p> <p>Toshiyuki Hachisuka has supervised the Solution Business, which is a core business of the Company, and driven the overall growth of the Company's business for many years. The Company has nominated him as a candidate for Director as it has judged that his continued service as Director is essential for sustainably enhancing the corporate value of the Company.</p>			

Candidate No.	Name (Date of birth)	Career summary, position and responsibility in the Company, and significant concurrent positions outside the Company		Number of the Company's shares owned
4 <u>New election</u>	Yoshiki Matsuda (May 28, 1982)	Mar. 2011	Assistant Professor at Materials Characterization Laboratory, the Institute for Solid State Physics, the University of Tokyo	9,000 shares
		June 2013	Joined the Company	
		Dec. 2018	Executive Engineer	
		Oct. 2021	Director of Fixstars Amplify Corporation (current position)	
(Reasons for nomination as candidate for Director) Yoshiki Matsuda has deep knowledge in the cutting-edge technologies. Since he joined the Company, he has been engaged in acquiring new technologies and developing new products and, in particular, has led the quantum computing business to contribute to the Company's growth. The Company has nominated him as a candidate for Director as it has judged that his service as Director is essential for sustainably enhancing the corporate value of the Company.				
5 <u>Reelection</u> <u>Outside</u> <u>Independent</u>	Makoto Ishii (November 27, 1955)  Number of years in office as an outside Director: 7 years (at the conclusion of this General Meeting of Shareholders)	Apr. 1980	Joined Sony Corporation (currently Sony Group Corporation)	– shares
		Apr. 2003	General Manager of LSI Design Division of Silicon & Architecture Center	
		Nov. 2008	General Manager of Hybrid System Solution Business Department, Semiconductor Business Division	
		Apr. 2012	President and Representative Director of Sony LSI Design Incorporated (currently Sony Semiconductor Solutions Corporation)	
		Dec. 2016	President and Chief Executive Officer of Holor Technology, Inc.	
		July 2017	Advisor of the Company	
		Dec. 2017	Outside Director (current position)	
		Jan. 2023	Executive Officer of Xloud Inc.	
		Apr. 2024	Business Director of SOLVBEST Co., Ltd. (current position)	
(Reasons for nomination as candidate for outside Director and overview of expected roles) Makoto Ishii has abundant knowledge gained from many years of experience in the semiconductor industry, and has experience and insight as a corporate manager. The Company has nominated him again as a candidate for outside Director as it expects him to provide supervision of the Company and advice on overall management from an objective perspective based on such experience and insight.				

Candidate No.	Name (Date of birth)	Career summary, position and responsibility in the Company, and significant concurrent positions outside the Company	Number of the Company's shares owned
6  Reelection Outside Independent	Hiroaki Kabashima (October 26, 1975)  Number of years in office as an outside Director: 5 years (at the conclusion of this General Meeting of Shareholders)	<p>Apr. 1998      Joined ING Life Insurance Co., Ltd. (currently NN Life Insurance Company, Ltd.)</p> <p>July 2000      Joined IQ3 Inc.</p> <p>June 2001      Joined Learning Technology Consulting Inc.</p> <p>Mar. 2002      Founded LTS, Inc. Director</p> <p>Dec. 2002      President (current position)</p> <p>Apr. 2019      Outside Director of OFFICE BANK, Inc.</p> <p>Aug. 2019      President of Assign Navi Inc. (currently LTS Link, Inc.)</p> <p>Dec. 2019      Outside Director of the Company (current position)</p> <p>Oct. 2022      Director of LTS Link, Inc. (current position)</p> <p>May 2023      Outside Director of MERCURY REALTECH INNOVATOR Inc. (currently MERCURY Inc.) (current position)</p> <p>Dec. 2023      Director of HCS HOLDINGS CO.,LTD. (currently HIBIYA COMPUTER SYSTEM CO., LTD.) (current position)</p>	– shares
(Reasons for nomination as candidate for outside Director and overview of expected roles) Hiroaki Kabashima has experience and insight as a manager of a listed company. To realize the sustainable enhancement of the corporate value of the Company, the Company has nominated him again as a candidate for outside Director as it expects him to offer advice and suggestions, particularly related to the Company's business and overall management, from his objective standpoint at Board of Directors meetings.			
7  Reelection Outside Independent	Yukino Enomoto (April 19, 1971)  Number of years in office as an outside Director: 3 years (at the conclusion of this General Meeting of Shareholders)	<p>Apr. 2000      Registered as an attorney at law (Yokohama Bar Association, currently Kanagawa Bar Association) Joined Yokohama Sogo Law Office</p> <p>Apr. 2007      Partner (current position)</p> <p>June 2019      Audit &amp; Supervisory Board Member of Kyosan Electric Manufacturing Co., Ltd. (current position)</p> <p>Dec. 2021      Outside Director of the Company (current position)</p>	– shares
(Reasons for nomination as candidate for outside Director and overview of expected roles) Although Yukino Enomoto has never been directly involved in corporate management, she has a wealth of experience and specialist knowledge as an attorney at law. To realize the sustainable enhancement of the corporate value of the Company, the Company has nominated her again as a candidate for outside Director as it expects her to use her experience and knowledge to offer appropriate advice and suggestions from perspectives of risk management, legal affairs, and compliance at Board of Directors meetings.			



Candidate No.	Name (Date of birth)	Career summary, position and responsibility in the Company, and significant concurrent positions outside the Company	Number of the Company's shares owned
8  Reelection Outside Independent	Toshimichi Nozawa (January 7, 1972)  Number of years in office as an outside Director: 1 year (at the conclusion of this General Meeting of Shareholders)	<p>July 1996      Joined Recruit Co., Ltd.</p> <p>Oct. 1999      Joined Double Click, Inc</p> <p>Mar. 2003      Joined Google Japan, Inc. (currently Google Japan G.K.)</p> <p>Nov. 2005      Joined Alba co., Ltd.</p> <p>Aug. 2007      Joined Google Japan, Inc. (currently Google Japan G.K.)</p> <p>June 2014      Joined freee K.K.</p> <p>June 2015      Director of THECOO Inc.</p> <p>Nov. 2016      Outside Director of eMnet Japan. co. ltd.</p> <p>Aug. 2021      Director and General Manager of Member Success Division of THECOO Inc. (current position)</p> <p>Dec. 2023      Outside Director of the Company (current position)</p>	– shares
(Reasons for nomination as candidate for outside Director and overview of expected roles) Toshimichi Nozawa has a wealth of knowledge based on his many years of expertise in the field of human resources and recruitment in business companies. To realize the sustainable enhancement of the corporate value of the Company, the Company has nominated him again as a candidate for outside Director as it expects him to offer advice and suggestions, particularly related to the Company's recruitment and human resource development, from his objective standpoint at Board of Directors meetings.			
9  New election Outside Independent	Noboru Hachimine (June 22, 1967)	<p>Apr. 1991      Joined Mori Building Co., Ltd.</p> <p>Mar. 1994      Established Deca Legs Ltd. (currently DIGITAL HOLDINGS, Inc.) President and CEO</p> <p>Mar. 2020      Chairman of DIGITAL HOLDINGS, Inc. (current position)</p>	– shares
(Reasons for nomination as candidate for outside Director and overview of expected roles) Noboru Hachimine has experience and insight as a manager of a listed company. To realize the sustainable enhancement of the corporate value of the Company, the Company has nominated him as a candidate for outside Director as it expects him to offer advice and suggestions, particularly related to the Company's business and overall management, from his objective standpoint at Board of Directors meetings.			

- (Notes)
- There is no special interest between any of the candidates and the Company.
  - Minako Hori's name in the family register is Minako Sato.
  - Makoto Ishii, Hiroaki Kabashima, Yukino Enomoto, Toshimichi Nozawa and Noboru Hachimine are candidates for outside Director.
  - The Company has entered into agreements, in accordance with Article 427, paragraph (1) of the Companies Act, with Makoto Ishii, Hiroaki Kabashima, Yukino Enomoto and Toshimichi Nozawa to limit their liabilities to compensate damages under Article 423, paragraph (1) of the Companies Act. The maximum amount of liability for damages under these agreements is the minimum liability amount provided for under Article 425, paragraph (1) of the Companies Act. If their reelection is approved, the Company plans to renew the aforementioned agreements with them. In addition, if Noboru Hachimine is elected, the Company plans to enter into the same agreement with him.
  - 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 summary of the policy is included in the Business Report (available in Japanese only). If the election of the candidates for Director is approved, each will be included in this insurance policy as an insured. In addition, when the policy is renewed, the Company plans to renew the policy with the same terms.

6. The Company has registered Makoto Ishii, Hiroaki Kabashima, Yukino Enomoto and Toshimichi Nozawa as independent officers as stipulated by the Tokyo Stock Exchange, Inc. If their reelection is approved, they will continue to be designated as independent officers. If the election of Noboru Hachimine is approved, the Company also plans to register him as an independent officer.
7. The number of shares of the Company held by Satoshi Miki includes the number of shares (545,000 shares as of September 30, 2024) held by his asset management company and the number of shares (800,000 shares as of September 30, 2024) held by Custody Bank of Japan, Ltd. (trust account) associated with the management and disposal trust agreement concluded on November 16, 2020.

### Proposal No. 3 Election of One Substitute Corporate Auditor

Since outside Corporate Auditor Yoji Nikaido will retire at the conclusion of this meeting due to resignation, Satoshi Saito, who was elected as substitute Corporate Auditor at the 20th Annual General Meeting of Shareholders held on December 23, 2021, will assume office as outside Corporate Auditor. Accordingly, in order to prepare for a possible situation in which the number of Corporate Auditors falls below the number required by laws and regulations, the Company proposes the election of one substitute Corporate Auditor.

The election above can be nullified by resolution of the Board of Directors if the consent of the Board of Corporate Auditors has been obtained; provided, however, that it is only in a time before assuming office as a Corporate Auditor. In addition, the consent of the Board of Corporate Auditors has been obtained for this proposal.

The candidate for substitute Corporate Auditor is as follows:

Name	Gender	Candidate attributes			
Chikami Yamazoe	Female	<table border="1"><tr><td>New election</td></tr><tr><td>Outside</td></tr><tr><td>Independent</td></tr></table>	New election	Outside	Independent
New election					
Outside					
Independent					

New election

Candidate for substitute Corporate Auditor to be newly elected

Outside

Candidate for outside Corporate Auditor

Independent

Candidate for independent officer as defined by the securities exchange

Name (Date of birth)	Career summary, position in the Company, and significant concurrent positions outside the Company	Number of the Company's shares owned
Chikami Yamazoe (October 28, 1980)	<p>Oct. 2007      Joined PricewaterhouseCoopers Aarata (currently PricewaterhouseCoopers Japan LLC)</p> <p>Apr. 2019      Established Chikami Yamazoe Accounting Office Director (current position)</p> <p>Mar. 2021      Standing Audit &amp; Supervisory Board Member of tripla Co., Ltd. (current position)</p> <p>Apr. 2023      Outside Audit &amp; Supervisory Board Member of Thinca Co.,Ltd. (current position)</p>	– shares

- (Notes)
1. There is no special interest between the candidate and the Company.
  2. Chikami Yamazoe is a candidate for substitute outside Corporate Auditor.
  3. Although Chikami Yamazoe has never been directly involved in corporate management, she has a wealth of experience and specialist knowledge as a certified public accountant. The Company has nominated her as a candidate for substitute Corporate Auditor as it has judged that she is capable of appropriately fulfilling her duties as outside Corporate Auditor of the Company using her experience and knowledge.
  4. If the substitute Corporate Auditor assumes office as Corporate Auditor, their term of office shall be from the time of their assumption of office until the expiration of the term of office of the Corporate Auditor who retired. However, this term shall not continue beyond the conclusion of the Annual General Meeting of Shareholders for the last fiscal year ending within four (4) years after the election of the substitute Corporate Auditor.
  5. If Chikami Yamazoe assumes the office of Corporate Auditor, the Company plans to enter into an agreement, in accordance with Article 427, paragraph (1) of the Companies Act, with her to limit her liability to compensate damages under Article 423, paragraph (1) of the Companies Act. The defined maximum amount of liability for damages is the minimum liability amount provided for under Article 425, paragraph (1) of the Companies Act.
  6. 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 summary of the policy is included in the Business Report (available in Japanese only). If Chikami Yamazoe assumes the office as Corporate Auditor, she will be included in this insurance policy as an insured. In addition, when the policy is renewed, the Company plans to renew the policy with the same terms.
  7. Chikami Yamazoe satisfies the requirements for an independent officer as stipulated by the Tokyo Stock Exchange. If she assumes the office of Corporate Auditor, the Company plans to register her as independent officer with the same Exchange.

#### **Proposal No. 4      Revision of Remuneration Amount for Directors**

With regard to the amount of remuneration for Directors of the Company, it was approved by resolution at the 12th Annual General Meeting of Shareholders held on December 20, 2013, that the annual remuneration shall be not more than ¥300,000 thousand (excluding employee salaries of Directors who concurrently serve as employees).

Subject to the approval and adoption of Proposal No. 2 as originally proposed, the number of Directors will increase by two. In addition, the remuneration needs to be set at a competitive level appropriate for the company size and business performance, and the roles and responsibilities of Directors have increased mainly due to changes in the economic situation and management environment. Taking into account these circumstances, the Company proposes revision of the remuneration amount for Directors.

The Company proposes to revise the total amount of annual remuneration paid for Directors to be not more than ¥500,000 thousand (of which, not more than ¥50,000 thousand for outside Directors) including bonuses.

The content of this proposal is essential and reasonable for implementing measures under the decision policy on the details of remuneration, etc. for individual directors in the Business Report (available in Japanese only).

Therefore, the Company believes that the content of this proposal is appropriate.

The amount of remuneration for Directors shall not include the employee salaries of Directors who concurrently serve as employees as before.

The number of Directors is currently seven (including four outside Directors). Subject to the approval and adoption of Proposal No. 2 as originally proposed, the number of Directors will be nine (including five outside Directors).

**Proposal No. 5      Revision of Remuneration Amount for Corporate Auditors**

The amount of remuneration for Corporate Auditors of the Company is the fixed basic remuneration only, and was approved by resolution at the Extraordinary General Meeting of Shareholders held on February 2, 2007, that the annual remuneration shall be not more than ¥15,000 thousand.

In order to further enhance the corporate governance, Corporate Auditors' responsibilities and expected roles have increased and are expected to expand. Accordingly, the Company proposes to revise the annual amount of remuneration for Corporate Auditors to be not more than ¥30,000 thousand, which is deemed appropriate.

The number of Corporate Auditors is currently three (all outside Corporate Auditors).

## **Proposal No. 6 Partial Revision of Restricted Share-based Remuneration Plan for Directors (Excluding Outside Directors)**

At the 18th Annual General Meeting of Shareholders held on December 19, 2019 (the “Initial General Meeting”), the Company obtained approval of the following: the Company’s Directors excluding outside Directors (the “Eligible Directors”) shall be provided remuneration to grant shares with transfer restrictions (“restricted shares”); the total amount of monetary remuneration claims offered to grant restricted shares shall be not more than ¥50,000 thousand per year; and the total number of common shares of the Company to be issued or disposed of as restricted shares shall be not more than 50,000 shares per year. The objectives of these were to provide the Eligible Directors with incentives for ensuring the sustained growth of the Company’s corporate value and to further share value between the Eligible Directors and shareholders.

Meanwhile, subject to the approval and adoption of Proposal No. 2 as originally proposed, the number of Eligible Directors will increase by one. In addition, the remuneration needs to be set at a competitive level appropriate for the company size and business performance, and the roles and responsibilities of Directors have increased mainly due to changes in the economic situation and management environment. Taking into account these circumstances, the Company requests approval for the following amendments: (i) separately from monetary remuneration framework indicated in Proposal No. 4 “Revision of Remuneration Amount for Directors,” the total amount of monetary remuneration claims offered to the Eligible Directors to grant restricted shares shall be increased to not more than ¥200,000 thousand per year; and (ii) the total number of common shares of the Company to be issued or disposed of as restricted shares shall be increased to not more than 100,000 shares per year; provided, however, that in the case where the total number of shares issued by the Company increases or decreases due to a reverse stock split or stock split (including allotment of shares without contribution), the maximum number of shares shall be adjusted in accordance with the ratio of the stock split or reverse stock split.

The aim of this proposal is to provide the Eligible Directors with incentives for ensuring the sustained growth of the Company’s corporate value and to further share value between the Eligible Directors and shareholders, in light of the increased number of the Eligible Directors. The grant of restricted shares based on this proposal is essential and reasonable for implementing measures under the decision policy on the details of remuneration, etc. for individual directors in the Business Report (available in Japanese only).

Therefore, the Company believes that the content of this proposal is appropriate.

The number of the Eligible Directors is currently three. Subject to the approval and adoption of Proposal No. 2 as originally proposed, the number of the Eligible Directors will be four.

Except for the above matters, there are no changes to the contents approved at the Initial General Meeting.

For the issuance or disposal of the common shares of the Company as restricted share-based remuneration, an agreement on allotment of restricted shares (the “Allotment Agreement”) shall be entered into between the Company and each Eligible Director. The summary of the Allotment Agreement is as follows:

- (1) The Eligible Director shall not transfer, create a security interest on, or otherwise dispose of the common shares of the Company allotted under the Allotment Agreement (the “Allotted Shares”), for a period of minimum three years as determined by the Board of Directors of the Company, or a period from the date of granting the Allotted Shares to the date on which the relevant Eligible Director retires or resigns from the position of director of the Company or other position prescribed by the Company’s Board of Directors (the “Restriction Period”). The restrictions described in the preceding sentence will hereinafter be collectively referred to as the “transfer restrictions.”
- (2) If the Eligible Director retires or resigns from the position designated in (1) above before the period determined by the Company’s Board of Directors (the “Service Period”) expires, the Company shall automatically acquire such Allotted Shares without contribution, unless there is a reason the Directors of the Company deem justifiable.
- (3) Notwithstanding the provisions of (1) above, the Company shall lift the transfer restrictions of all of the Allotted Shares upon expiration of the Restriction Period, on the condition that the Eligible Director has continued to be in the position designated in (1) above throughout the Service Period. However, if the Eligible Director retires or resigns from the position designated in (1) above before the expiration of the Service Period due to the reason the Board of Directors of the Company deems justifiable as set forth in (2) above, 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.

- (4) The Company shall automatically acquire without contribution the Allotted Shares on which the transfer restrictions have not been lifted at the expiration of the Restriction Period in accordance with the provisions of (3) above.
- (5) 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 Service 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.
- (6) In cases specified in (5) 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 in accordance with the provisions of (5) above.
- (7) The method for expressing intentions and giving notifications in the Allotment Agreement, amendments to the Allotment Agreement, and other matters to be determined by the Board of Directors shall be laid out in the Allotment Agreement.