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Securities code: 2982  
March 9, 2022

**To Shareholders with Voting Rights:**

Hideo Tanaka  
President and CEO  
A.D.Works Group Co., Ltd.  
2-2-3, Uchisaiwai-cho, Chiyoda-ku,  
Tokyo, Japan

**NOTICE OF  
THE 2ND 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 2nd Annual General Meeting of Shareholders of A.D.Works Group Co., Ltd. (the “Company”) will be held as described below.

**If you do not attend the meeting, you can exercise your voting rights in writing or via the Internet, etc. Please review the Reference Documents for the General Meeting of Shareholders below and exercise your voting rights by 5:00 p.m. on Thursday, March 24, 2022, Japan time by following the guidance provided hereafter.**

**1. Date and Time:** Friday, March 25, 2022 at 10:00 a.m. Japan time  
(Reception starts at 9:30 a.m.)

**2. Place:** Bellesalle Onarimon Ekimae  
Sumitomo Fudosan Onarimon Ekimae Bldg. 1F  
6-17-21, Shimbashi, Minato-ku, Tokyo, Japan

**3. Meeting Agenda:**

- Matters to be reported:**
1. The Business Report and Consolidated Financial Statements for the Company’s 2nd Fiscal Year (January 1, 2021 – December 31, 2021) 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 2nd Fiscal Year (January 1, 2021 – December 31, 2021)

**Matters to be resolved:**

- Proposal 1:** Partial Amendments to the Articles of Incorporation
- Proposal 2:** Election of Six (6) Directors (Excluding Directors Who Are Audit & Supervisory Committee Members)
- Proposal 3:** Election of Four (4) Directors Who Are Audit & Supervisory Committee Members
- Proposal 4:** Continuation and Revision of the Share-Based Compensation Plan for Directors (Excluding Directors Who Are Audit & Supervisory Committee Members and Outside Directors), Etc.

## **Exercise of Voting Rights and Other Matters Regarding the Convocation**

- (1) Method of exercising voting rights  
To exercise your voting rights, please choose one of the three means of attending the meeting in person on the day of the meeting, sending the Voting Rights Exercise Form by mail, or via the Internet, etc.
- (2) Handling of the voting rights exercised multiple times  
If you exercise your voting rights both in writing and via the Internet, etc., your voting rights exercised via the Internet, etc. shall be deemed valid.  
If you exercise your voting rights multiple times via the Internet, etc., the last exercise of your voting rights will be deemed valid.
- (3) Exercise of the voting rights by proxy  
If you are unable to attend the meeting in person, another shareholder of the Company entitled to exercise voting rights may attend as your proxy. Please be advised that such proxy is required to submit a document certifying authority of the proxy.
- (4) Disclosure via the Internet  
Regarding documents to be provided with this Notice, since the following matters 1) to 5) are posted on the Company's website on the Internet (<https://www.adwg.co.jp/ir/library/index.html>) based on the provision of laws and regulations, and Article 17 of the Company's Articles of Incorporation, they are not included in the documents attached to this Notice. Therefore, the documents attached to this Notice are part of the Business Report, Consolidated Financial Statements, and Non-consolidated Financial Statements that were audited by the Audit & Supervisory Committee in preparing its audit report, and part of the Consolidated Financial Statements and Non-consolidated Financial Statements that were audited by the Accounting Auditor in preparing its audit reports.  
1) "Summary of the System to Ensure Appropriateness of Business Activities and Status of Operations Thereof" in the Business Report; 2) "Consolidated Statement of Changes in Equity" in the Consolidated Financial Statements; 3) "Notes to Consolidated Financial Statements" in the Consolidated Financial Statements; 4) "Non-consolidated Statement of Changes in Equity" in the Non-consolidated Financial Statements; and 5) "Notes to Non-consolidated Financial Statements" in the Non-consolidated Financial Statements
- (5) Attending in person on the day of the meeting  
When attending in person on the day of the meeting, please submit the enclosed Voting Rights Exercise Form at the reception desk of the meeting venue.
- (6) Revision of the documents, etc.  
Should the Reference Documents for the General Meeting of Shareholders, the Business Report, the Consolidated Financial Statements, and the Non-consolidated Financial Statements require revisions, the revised versions shall be posted on the Company's website on the Internet <https://www.adwg.co.jp/ir/library/index.html> (Japanese version only).

# Reference Documents for the General Meeting of Shareholders

## Proposals and References

### Proposal 1: Partial Amendments to the Articles of Incorporation

#### 1. Reasons for Amendments

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, the provisions to electronically provide information contained in the reference documents for the general meeting of shareholders, etc. and provisions to limit the scope of matters to be included in the paper copy to be sent to shareholders who have requested it shall be newly established, while the provisions related to the Internet disclosure and deemed provision of the reference documents for the general meeting of shareholders, etc. shall be deleted and the provisions related to the effective date, etc. shall be established.

#### 2. Details of Amendments

The details of the amendments are as follows:

(Amended parts are underlined.)


Current Articles of Incorporation	Proposed Amendments
<p><u>(Internet Disclosure and Deemed Provision of Reference Documents for the General Meeting of Shareholders, Etc.)</u></p> <p><u>Article 17 The Company may, when convening 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>&lt;Newly established&gt;</p>	<p>&lt;Deleted&gt;</p> <p><u>(Measures for Electronic Provision, Etc.)</u></p> <p><u>Article 17 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><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>

Current Articles of Incorporation	Proposed Amendments
<p>&lt;Newly established&gt;</p>	<p>(Supplementary Provisions)  <u>(Transitional Measures for Electronic Provision, Etc.)</u></p> <ol style="list-style-type: none"> <li>1. <u>The deletion of Article 17 (Internet Disclosure and Deemed Provision of Reference Documents for the General Meeting of Shareholders, Etc.) of the current Articles of Incorporation and the new establishment of the proposed Article 17 (Measures for Electronic Provision, Etc.) shall come into effect on the date of enforcement of 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) (the “Effective Date”).</u></li> <li>2. <u>Notwithstanding the provisions of the preceding paragraph, Article 17 of the current Articles of Incorporation shall remain in force with respect to a general meeting of shareholders to be held on a date within six months from the Effective Date.</u></li> <li>3. <u>These supplementary provisions shall be deleted after the lapse of six months from the Effective Date or the lapse of three months from the date of the general meeting of shareholders set forth in the preceding paragraph, whichever is later.</u></li> </ol>


**Proposal 2:** Election of Six (6) Directors (Excluding Directors Who Are Audit & Supervisory Committee Members)


The terms of office of all five (5) Directors (excluding Directors who are Audit & Supervisory Committee Members) will expire at the conclusion of this General Meeting of Shareholders. Accordingly, the Company proposes that the number of Directors (excluding Directors who are Audit & Supervisory Committee Members) be increased by one (1) in order to strengthen the management framework, and that six (6) Directors (excluding Directors who are Audit & Supervisory Committee Members) be elected.

The candidates for Directors (excluding Directors who are Audit & Supervisory Committee Members) are as follows:

No.	Name (Date of birth)	Career summary, positions, responsibilities, and significant concurrent positions	Number of shares of the Company held
1	 Hideo Tanaka (February 7, 1950) [Reappointment]	April 1973      Joined Seibu Real Estate Co., Ltd. July 1991        Established Tanaka Fudosan Office October 1992    Joined Houseport Seiyo Co., Ltd. (currently Mizuho Realty Co., Ltd.) March 1993      Director of A.D.Works Co., Ltd. February 1995   Representative Director and President of A.D.Works Co., Ltd. (current position) April 2020      President and CEO of the Company (current position) [Significant concurrent positions] Representative Director and President of A.D.Works Co., Ltd. Representative Director and Chairman of A.D.Partners Co., Ltd. Representative Director and Chairman of A.D.Designbuild Co., Ltd. Director and Chairman of A.D.Works USA, Inc. Director and Chairman of ADW Management USA, Inc.	4,057,545
[Reason for nomination as candidate for Director] Mr. Hideo Tanaka has a proven track record of leading the real estate business of A.D.Works Co., Ltd. (whose sole transfer of shares established the Company) from its start-up phase to the position it has grown into today. The Company has nominated him as a candidate for Director as it believes that his wealth of management experience as Representative Director and President, as well as his deep insight into the real estate business are indispensable for increasing the corporate value of the Group.			

No.	Name (Date of birth)	Career summary, positions, responsibilities, and significant concurrent positions	Number of shares of the Company held
2	 Katsutoshi Hosoya (December 16, 1965)  [Reappointment]	<p>April 1990      Joined Kokusai Kogyo Co., Ltd.</p> <p>September 2002      Joined GAGA Communications Corporation (currently GAGA CORPORATION)</p> <p>June 2003      Joined Ikoma CB Richard Ellis K.K. (currently CBRE K.K.)</p> <p>April 2005      General Manager, Corporate Planning Department of Ikoma CB Richard Ellis K.K.</p> <p>April 2006      Controller, Financing and Accounting Department of CB Richard Ellis K.K. (currently CBRE K.K.)</p> <p>September 2009      General Manager, Administration Department of A.D.Works Co., Ltd.</p> <p>April 2010      Executive Officer, Chief Financial Officer (CFO), and General Manager, Corporate Management Department of A.D.Works Co., Ltd.</p> <p>June 2011      Director, CFO, and General Manager, Corporate Management Department of A.D.Works Co., Ltd.</p> <p>June 2014      Managing Director, CFO, and General Manager, Corporate Management Department of A.D.Works Co., Ltd.</p> <p>January 2016      Managing Director and CFO of A.D.Works Co., Ltd.</p> <p>July 2018      Managing Director, CFO, and General Manager of Equity Advisory Office of A.D.Works Co., Ltd.</p> <p>April 2020      Managing Director and CFO of A.D.Works Co., Ltd.</p> <p>April 2020      Managing Director and CFO of the Company (current position)</p> <p>January 2021      Director and Managing Executive Officer of A.D.Works Co., Ltd. (current position)</p> <p>[Significant concurrent positions]            Director and Managing Executive Officer of A.D.Works Co., Ltd.            Director of A.D.Partners Co., Ltd.            Director of A.D.Designbuild Co., Ltd.            Representative Director and President of Angel Torch Co., Ltd.            Representative Director and President of Jupiter Funding Co., Ltd.            Director, CFO and Secretary of A.D.Works USA, Inc.            Director, CFO and Secretary of ADW Management USA, Inc.</p>	211,077
<p>[Reason for nomination as candidate for Director]            Mr. Katsutoshi Hosoya has a wealth of business experience in staff divisions, including divisions at public companies and foreign-affiliated companies, and deep insight into corporate governance. The Company has nominated him as a candidate for Director as it expects that he will continue to contribute to increasing the Group's corporate value by having a track record of contribution to the growth of the Group through the planning and execution of financial strategies as CFO.</p>			

No.	Name (Date of birth)	Career summary, positions, responsibilities, and significant concurrent positions	Number of shares of the Company held
3	 Mitsuo Kimura (October 6, 1957) [Reappointment]	<p>April 1982      Joined The Sumitomo Trust and Banking Co., Ltd. (currently Sumitomo Mitsui Trust Bank, Limited)</p> <p>June 2005      Manager, Headquarters Real Estate Sales Department (Osaka) of The Sumitomo Trust and Banking Co., Ltd.</p> <p>June 2007      General Manager, Real Estate Sales Department of The Sumitomo Trust and Banking Co., Ltd.</p> <p>May 2009      Executive Director and General Manager, General Real Estate Consulting Services Department of The Sumitomo Trust and Banking Co., Ltd.</p> <p>April 2011      Executive Director and Manager of the Headquarters of The Sumitomo Trust and Banking Co., Ltd.</p> <p>September 2011      Representative Director and President of STB Real Estate Investment Management Co., Ltd. (currently Sumitomo Mitsui Trust Real Estate Investment Management Co., Ltd.)</p> <p>June 2014      Director and Managing Executive Officer of Sumitomo Mitsui Trust Realty Co., Ltd.</p> <p>April 2018      Senior Executive Officer and General Manager, Asset Solutions Business Division of A.D.Works Co., Ltd.</p> <p>June 2018      Managing Director and General Manager, Asset Solutions Business Division of A.D.Works Co., Ltd.</p> <p>April 2019      Managing Director and General Manager, Lease Properties Business Department of A.D.Works Co., Ltd.</p> <p>April 2020      Managing Director of A.D.Works Co., Ltd.</p> <p>April 2020      Managing Director of the Company (current position)</p> <p>January 2021      Director and Senior Managing Executive Officer of A.D.Works Co., Ltd. (current position)</p> <p>[Significant concurrent positions]  Director and Senior Managing Executive Officer of A.D.Works Co., Ltd.  Representative Director and President of JMR Asset Management Co., Ltd.  Director of A.D.Partners Co., Ltd.  Director of A.D.Designbuild Co., Ltd.</p>	81,959
<p>[Reason for nomination as candidate for Director]</p> <p>Mr. Mitsuo Kimura has a wealth of business and management experience at a major trust bank group and has deep insight into financial and real estate sectors. The Company has nominated him as a candidate for Director as it expects that he will promote further expansion and strengthening of the Group's businesses and continue to contribute to increasing the Group's corporate value.</p>			

No.	Name (Date of birth)	Career summary, positions, responsibilities, and significant concurrent positions	Number of shares of the Company held
4	 <p>Koji Kaneko (October 23, 1965)  [Reappointment]</p>	<p>April 1988      Joined ITOCHU Corporation  June 2001      Joined KPMG Business Advisory LLC  February 2002    General Manager, New Business Department of OHKI CORPORATION  June 2004      Joined Fund Creation Co., Ltd.  October 2004    Chief Executive Officer of Fund Creation REIT Advisers Co., Ltd.  September 2010   General Manager, Management Strategy Division of Daito Trust Construction Co., Ltd.  March 2013      Executive Officer and General Manager, Overseas Business Planning Office of A.D.Works Co., Ltd.  September 2013   Executive Officer and General Manager, Overseas Business Department of A.D.Works Co., Ltd.  July 2015       Senior Executive Officer and General Manager, Overseas Business Department of A.D.Works Co., Ltd.  June 2018       Director, Senior Executive Officer, and General Manager, Overseas Business Department of A.D.Works Co., Ltd.  April 2019       Director, Senior Executive Officer, and General Manager, Overseas Business Division of A.D.Works Co., Ltd.  April 2020       Director and Senior Executive Officer of the Company  October 2020     Director, Senior Executive Officer, Executive Manager, Overseas Business Division, and General Manager, Financial Products Development Department of A.D.Works Co., Ltd. (current position)  January 2021     Director of the Company (current position)</p> <p>[Significant concurrent positions]  Director, Senior Executive Officer, Executive Manager, Overseas Business Division, and General Manager, Financial Products Development Department of A.D.Works Co., Ltd.  Director, CEO and President of A.D.Works USA, Inc.  Director of ADW Management USA, Inc.  Director of JMR Asset Management Co., Ltd.</p>	44,734
<p>[Reason for nomination as candidate for Director]  Mr. Koji Kaneko has a track record of launching the US income property sales business at A.D.Works Co., Ltd. and growing it into a core business of the Group. He also has management experience at an asset management company of a listed REIT. The Company has nominated him as a candidate for Director as it expects that he will continue to contribute to increasing the Group's corporate value by having experience appropriate for managing and supervising business divisions.</p>			



No.	Name (Date of birth)	Career summary, positions, responsibilities, and significant concurrent positions	Number of shares of the Company held
5	 Toshiya Suzuki (November 9, 1964)  [Reappointment]	<p>April 1989      Joined Recruit Cosmos Co., Ltd. (currently COSMOS INITIA Co., Ltd.)</p> <p>January 2008    General Manager, Corporate Sales Section of AM Business Department of COSMOS INITIA Co., Ltd.</p> <p>November 2009   General Manager, Brokerage Business Department of COSMOS INITIA Co., Ltd.</p> <p>April 2011      General Manager, Solutions Business Department of COSMOS INITIA Co., Ltd.</p> <p>October 2013    General Manager, Solutions Business Department and General Manager, Investment Property Planning and Development Department of COSMOS INITIA Co., Ltd.</p> <p>October 2014    General Manager, Ownership Section of Leasing Business Department of COSMOS INITIA Co., Ltd.</p> <p>October 2015    Executive Officer and General Manager, Business Planning Office of A.D.Works Co., Ltd.</p> <p>April 2017      Executive Officer and General Manager, Business Planning Division of A.D.Works Co., Ltd.</p> <p>June 2018      Director, Executive Officer, and General Manager, Business Planning Division of A.D.Works Co., Ltd.</p> <p>July 2018      Director, Executive Officer, General Manager, Business Planning Division, and General Manager, Client Relations Department of A.D.Works Co., Ltd.</p> <p>April 2019      Director, Executive Officer, and General Manager, Investment Properties Business Division of A.D.Works Co., Ltd.</p> <p>June 2019      Director, Senior Executive Officer, and General Manager, Investment Properties Business Division of A.D.Works Co., Ltd.</p> <p>April 2020      Director, Senior Executive Officer, and Executive Manager, Investment Properties Business Division of A.D.Works Co., Ltd.</p> <p>April 2020      Director and Senior Executive Officer of the Company</p> <p>January 2021    Director of the Company (current position)</p> <p>January 2021    Director, Managing Executive Officer, and Executive Manager, Investment Properties Business Division of A.D.Works Co., Ltd. (current position)</p> <p>[Significant concurrent positions]            Director, Managing Executive Officer, and Executive Manager, Investment Properties Business Division of A.D.Works Co., Ltd.            Director of JMR Asset Management Co., Ltd.</p>	55,459
<p>[Reason for nomination as candidate for Director]</p> <p>Mr. Toshiya Suzuki has a wealth of experience in the real estate business, including brokerage, leasing, and development for corporations, etc., at a major real estate company. He has an excellent track record in the income property leasing, development, and sales businesses at A.D.Works Co., Ltd. The Company has nominated him as a candidate for Director as it expects that he will continue to contribute to increasing the Group's corporate value by having experience appropriate for managing and supervising business divisions.</p>			

No.	Name (Date of birth)	Career summary, positions, responsibilities, and significant concurrent positions	Number of shares of the Company held
6	 Hideharu Matsumoto (February 1, 1960)  [New appointment]	April 1983      Joined SUMITOMO LIFE INSURANCE COMPANY March 2009      General Manager, Real Estate Department of SUMITOMO LIFE INSURANCE COMPANY April 2012      Executive Officer and General Manager, Human Resources Department of SUMITOMO LIFE INSURANCE COMPANY April 2014      Senior Executive Officer and Senior General Manager, Compliance Department of SUMITOMO LIFE INSURANCE COMPANY July 2015      Managing Executive Officer of SUMITOMO LIFE INSURANCE COMPANY April 2019      Senior Managing Executive Officer of SUMITOMO LIFE INSURANCE COMPANY April 2021      Executive Adviser to SUMITOMO LIFE INSURANCE COMPANY July 2021      Special Adviser to SUMITOMO LIFE INSURANCE COMPANY (current position) Senior Managing Executive Officer of the Company (current position)  [Significant concurrent positions] Director, Senior Managing Executive Officer, Senior Executive Manager, Business Legal Affairs Division, and Senior Executive Manager, Human Resources Development Division of A.D.Works Co., Ltd. Representative Director and President of A.D.Designbuild Co., Ltd. Representative Director and President of Sumikawa Works Co., Ltd. Special Adviser to SUMITOMO LIFE INSURANCE COMPANY	-
[Reason for nomination as candidate for Director] Mr. Hideharu Matsumoto has a wealth of business experience at a major life insurance company and extensive experience as an institutional investor. He has a high level of knowledge of the financial sector, compliance, and SDGs management. The Company has nominated him as a candidate for Director as it expects that he will promote further expansion and strengthening of the Group's businesses based on his knowledge and contribute to increasing the Group's corporate value.			


- Notes:
1. There are no special interests between any of the candidates and the Company.
  2. The Company has entered into a directors and officers liability insurance agreement with an insurance company, making each candidate as the insured. (Details of the agreement are given below.) As the agreement is renewed every year, the Company plans to renew the agreement after its expiration, following the procedure required by the Companies Act.
    - Damages covered in the agreement are those that may arise due to the insured assuming liability for the execution of his or her duties or receiving a claim related to the pursuit of such liability. However, claims for damages caused by intent or gross negligence are not covered.
    - The insurance premiums are fully paid by the Company.
  3. The number of shares of the Company held by each candidate is as of January 1, 2022.

**Proposal 3: Election of Four (4) Directors Who Are Audit & Supervisory Committee Members**


The terms of office of all four (4) Directors who are Audit & Supervisory Committee Members will expire at the conclusion of this General Meeting of Shareholders. Accordingly, the Company proposes that the four (4) Directors who are Audit & Supervisory Committee Members be elected.


The proposal has been approved in advance by the Audit & Supervisory Committee.

The candidates for Directors who are Audit & Supervisory Committee Members are as follows:

No.	Name (Date of birth)	Career summary, positions, responsibilities, and significant concurrent positions	Number of shares of the Company held
1	 Mamoru Sekiyama (August 14, 1949)  [Reappointment] [Outside] [Independent]	April 1974      Joined Marubeni Corporation April 2001      Senior Operating Officer, Utility Infrastructure Division and General Manager, Overseas Power Project Department of Marubeni Corporation April 2002      Corporate Vice President, Chief Operating Officer, Plant, Power & Infrastructure Division of Marubeni Corporation April 2005      Corporate Senior Vice President, Chief Operating Officer, Plant, Power & Infrastructure Projects Division of Marubeni Corporation June 2006      Corporate Senior Vice President, Member of the Board of Marubeni Corporation April 2007      Corporate Executive Vice President, Member of the Board of Marubeni Corporation April 2009      Senior Executive Vice President, Member of the Board of Marubeni Corporation April 2013      Vice Chairman of Marubeni Corporation April 2015      Corporate Adviser of Marubeni Corporation April 2015      Chairman of Marubeni Power Systems Corporation May 2016      Chairman of the Board, The Philippine Society of Japan, Inc.(current) June 2017      Outside Director of Astellas Pharma Inc. (current position) April 2020      Outside Director (Audit & Supervisory Committee Member) of the Company (current position)  [Significant concurrent positions] Outside Director of Astellas Pharma Inc. Chairman of The Philippine Society of Japan	-
[Reason for nomination as candidate for Outside Director who is an Audit & Supervisory Committee Member and expected roles] Mr. Mamoru Sekiyama has a wealth of experience, including international experience, and extensive knowledge accumulated as a corporate manager and outside director. The Company has nominated him as a candidate for Outside Director who is an Audit & Supervisory Committee Member as it expects that he will help strengthen the supervisory function of the Board of Directors by appropriately monitoring and supervising management at the Company.			

No.	Name (Date of birth)	Career summary, positions, responsibilities, and significant concurrent positions	Number of shares of the Company held
2	 Hisashi Tanaami (September 11, 1954)  [Reappointment] [Outside] [Independent]	April 1978      Joined Chiyoda Mutual Life Insurance Company (currently The Gibraltar Life Insurance Co., Ltd.) February 2001      Joined Matsui Securities Co., Ltd. June 2002      Director of Matsui Securities Co., Ltd. February 2004      Managing Director of Matsui Securities Co., Ltd. June 2005      Member of the Board of Auditors of Monex Beans, Inc. (currently Monex, Inc.) June 2005      Full-time Member of the Board of Auditors of Monex Beans Holdings, Inc. (currently Monex Group, Inc.) June 2007      Director of Monex, Inc. June 2007      Director of Monex Group, Inc. April 2008      Adjunct Lecturer, Faculty of Science and Engineering of Hosei University (current position) February 2011      Representative Director & Vice President of Monex, Inc. June 2013      Executive Officer of Monex Group, Inc. April 2017      Vice Chairman, Member of the Board of Monex, Inc. December 2019      Statutory Auditor of Japan Catalyst, Inc. (current position) January 2020      Outside Director (Audit & Supervisory Committee Member) of Tobila Systems Inc. (current position) April 2020      Outside Director (Audit & Supervisory Committee Member) of the Company (current position) June 2021      Part-time Director of Public Interest Foundation International Manpower Development Organization, Japan (current position)  [Significant concurrent positions] Statutory Auditor of Japan Catalyst, Inc. Outside Director (Audit & Supervisory Committee Member) of Tobila Systems Inc. Adjunct Lecturer, Faculty of Science and Engineering of Hosei University Part-time Director of Public Interest Foundation International Manpower Development Organization, Japan	-
[Reason for nomination as candidate for Outside Director who is an Audit & Supervisory Committee Member and expected roles] Mr. Hisashi Tanaami has a wealth of experience accumulated while working as a corporate manager and in investment banking business, etc., at securities companies, and a high level of knowledge of corporate governance. The Company has nominated him as a candidate for Outside Director who is an Audit & Supervisory Committee Member as it expects that he will help strengthen the supervisory function of the Board of Directors by appropriately monitoring and supervising management at the Company.			

No.	Name (Date of birth)	Career summary, positions, responsibilities, and significant concurrent positions	Number of shares of the Company held
3	 <p>Sachiko Awai (May 21, 1957)</p> <p>[Reappointment] [Outside] [Independent]</p>	<p>July 1984      Joined Japan Office of U.S. Meat Export Federation</p> <p>January 1991      Joined Estée Lauder Companies (currently ELC Japan K.K.)</p> <p>March 1997      Joined NIHON L'ORÉAL K.K.</p> <p>November 2004      Joined GUERLAIN (LVJ Group)</p> <p>May 2012      Joined fitfit, inc.</p> <p>May 2013      President and Representative Director of La Prairie Japan</p> <p>January 2019      General Manager, INCOCO Business Department of Newport Ltd.</p> <p>January 2019      Part Time Adviser, Natural Water Business Department of Harves Co., Ltd. (current position)</p> <p>June 2019      Outside Director (Audit &amp; Supervisory Committee Member) of A.D.Works Co., Ltd.</p> <p>April 2020      Outside Director (Audit &amp; Supervisory Committee Member) of the Company (current position)</p> <p>June 2020      Outside Director of INFOCOM CORPORATION (current position)</p> <p>[Significant concurrent positions] Part Time Adviser, Natural Water Business Department of Harves Co., Ltd. Outside Director of INFOCOM CORPORATION</p>	-
<p>[Reason for nomination as candidate for Outside Director who is an Audit &amp; Supervisory Committee Member and expected roles]</p> <p>Ms. Sachiko Awai has experience as a representative director of the Japanese branch of a global company and has a wealth of marketing experience for foreign brands built up over many years. The Company has nominated her as a candidate for Outside Director who is an Audit &amp; Supervisory Committee Member as it expects that she will help strengthen the supervisory function of the Board of Directors by appropriately monitoring and supervising management at the Company.</p>			

No.	Name (Date of birth)	Career summary, positions, responsibilities, and significant concurrent positions	Number of shares of the Company held
4	 <p data-bbox="217 674 403 741">Ai Koike (April 21, 1985)</p> <p data-bbox="199 779 421 887">[New appointment] [Outside] [Independent]</p>	<p data-bbox="453 309 1302 1039"> April 2010    Joined Hakuodo Incorporated  May 2012    Joined Advantage Partners, LLP  November 2015    Joined Asuka Holdings Inc.  December 2019    Established The Breakthrough Partners GO FUND,  LLP (currently THE CREATIVE FUND, LLP)  General Partner (current position)  April 2021    Lecturer, Faculty of Art and Design of Kyoto  University of the Arts (current position)  September 2021    Mie DX Adviser, Mie DX Center of Mie Prefectural  Government (current position)  December 2021    Ad-hoc Member, Subcommittee on Cultural Economy,  Council for Cultural Affairs of the Agency for Cultural  Affairs (current position) </p> <p data-bbox="453 819 1302 1039"> [Significant concurrent positions]  General Partner of THE CREATIVE FUND, LLP  Lecturer, Faculty of Art and Design of Kyoto University of the Arts  Mie DX Adviser, Mie DX Center of Mie Prefectural Government  Ad-hoc Member, Subcommittee on Cultural Economy, Council for Cultural  Affairs of the Agency for Cultural Affairs </p>	-
<p data-bbox="193 1059 1442 1126">[Reason for nomination as candidate for Outside Director who is an Audit &amp; Supervisory Committee Member and expected roles]</p> <p data-bbox="193 1137 1465 1317">Ms. Ai Koike has experience such as advising on private equity investments and management improvements for investees. The Company has nominated her as a candidate for Outside Director who is an Audit &amp; Supervisory Committee Member as it expects that she will help strengthen the supervisory function of the Board of Directors by giving advice to the Group from an investor's perspective and appropriately monitoring and supervising management.</p>			

- Notes:
1. There are no special interests between any of the candidates and the Company.
  2. All of the candidates are candidates for Outside Director.
  3. The Company has entered into a directors and officers liability insurance agreement with an insurance company, making Mr. Sekiyama, Mr. Tanaami and Ms. Awai as the insured. If Ms. Koike is elected as Director who is an Audit & Supervisory Committee Member at this General Meeting of Shareholders, she will also be included in the insured under the same agreement. (Details of the agreement are given below.) As the agreement is renewed every year, the Company plans to renew the agreement after its expiration, following the procedure required by the Companies Act.
    - Damages covered in the agreement are those that may arise due to the insured assuming liability for the execution of his or her duties or receiving a claim related to the pursuit of such liability. However, claims for damages caused by intent or gross negligence are not covered.
    - The insurance premiums are fully paid by the Company.
  4. Pursuant to the Articles of Incorporation of the Company and Article 427, Paragraph 1 of the Companies Act, the Company has entered into liability limitation agreements with Mr. Sekiyama, Mr. Tanaami and Ms. Awai to limit their liabilities for damages under Article 423, Paragraph 1 of the same Act. The maximum liability limit under each agreement is the amount stipulated in laws and regulations. If the above-mentioned candidates are elected as Director who is an Audit & Supervisory Committee Member at this General Meeting of Shareholders, the Company will continue the agreements with them. In addition, if Ms. Koike is elected as Director who is an Audit & Supervisory Committee Member at this General Meeting of Shareholders, the Company will enter into the same liability limitation agreement with her.

5. The Company has registered Mr. Sekiyama, Mr. Tanaami and Ms. Awai as independent directors with the Tokyo Stock Exchange, Inc. If these candidates are elected as Director who is an Audit & Supervisory Committee Member at this General Meeting of Shareholders, the Company will continue to make them independent directors. In addition, if Ms. Koike is elected as Director who is an Audit & Supervisory Committee Member at this General Meeting of Shareholders, the Company will register her as independent director with the Tokyo Stock Exchange, Inc.
6. Mr. Sekiyama, Mr. Tanaami and Ms. Awai will have served for two years as Outside Director (Audit & Supervisory Committee Member) at the conclusion of this General Meeting of Shareholders. Furthermore, Ms. Awai has once served as Outside Director (Audit & Supervisory Committee Member) at the Company's subsidiary A.D.Works Co., Ltd.
7. Ms. Ai Koike's name on the family registry is Ai Fuchi.
8. The number of shares of the Company held by each candidate is as of January 1, 2022.

(Reference)

### Functions Matrix of the A.D.Works Group's Board of Directors

If Proposals 2 and 3 are approved as originally proposed, the functions matrix of the Company's Board of Directors will be as follows.

Knowledge: information learned with essential understanding;

Insight: assertion of thoughts based on knowledge

Level (○): the person is capable of giving a lecture at the Company or outside the Company on the theme marked with ○

	Outside Director				Outside Directors as a whole	Internal Executive Directors as a whole	Board of Directors as a whole
	Mamoru Sekiyama	Hisashi Tanaami	Sachiko Awai	Ai Koike			
Function category 1 (Requirements to be elected as Outside Director): Competence to fulfill the supervisory function (skills, experience, etc.)							
1) Corporate governance and risk management							
Insights into corporate governance	○	○	○		○	○	○
Experience and insights related to risk management (assessment and assertion)	○	○			○	○	○
Insights related to the stewardship code and engagement guidelines		○			○	○	○
Insights related to conflicts of interest between creditors / shareholders, and the management; insights related to related party transactions		○			○	○	○
Experience or insights related to the establishment and evaluation of internal control systems	○	○			○	○	○
Experience or insights related to the establishment and evaluation of information security		○			○		○
2) Compliance							
Knowledge of the Companies Act	○	○			○	○	○
Knowledge of the Financial Instruments and Exchange Act		○			○	○	○
Knowledge of disclosure and the rules of the exchanges		○			○	○	○
Knowledge of global laws	○				○	○	○
Knowledge of accounting standards and accounting audits		○			○	○	○
Knowledge of laws and regulations relevant to business areas	○				○	○	○



	Outside Director				Outside Directors as a whole	Internal Executive Directors as a whole	Board of Directors as a whole
	Mamoru Sekiyama	Hisashi Tanaami	Sachiko Awai	Ai Koike			
Function category 2 (Requirements to be elected as Outside Director): Functions contributing to increasing corporate value (skills, experience, etc.)							
1) Experience and knowhow related to corporate management							
Experience as a senior management team member at multiple companies and insights related to management		○	○	○	○	○	○
Experience as director at public companies and insights related to management	○	○	○		○		○
Successful achievements related to allocation of management resources (mainly in decision making on business portfolios)	○		○	○	○	○	○
Track record of management consulting for diverse companies				○	○		○
2) Experience and knowhow related to investment in companies and businesses *Board 3.0 item							
Track record as an investor (PE fund, VC, fund manager, etc.)		○		○	○		○
Successful achievements in starting up a business; successful achievement in setting up a new business	○			○	○	○	○
Successful achievements related to M&As and PMI	○	○		○	○	○	○
Business experience and insights related to the evaluation of corporate value	○			○	○		○
3) Experience and knowhow related to human resources policy and fund procurement							
Insights related to diversity			○	○	○		○
Successful achievements and insights related to diverse work styles and the designing of human resources systems		○			○		○
Successful achievements and insights related to diverse capital policies, stock policies, and fund procurement	○			○	○	○	○
Function category 3 (Requirements to be elected as Director, including Executive Director): Functions contributing to increasing corporate value (skills, experience, etc.)							
Insights into sustainability and ESG investments of corporations, SDGs and TCFD, etc.	○	○			○	○	○
Knowledge related to DX strategies, AI, etc.		○		○	○		○
Knowledge related to marketing strategies including digital marketing strategies			○	○	○		○
Track record, experience and insights related to the real estate business	○				○	○	○
Track record, experience and insights related to the wealth business			○		○	○	○
Track record, experience and insights related to other businesses	○	○	○	○	○	○	○
Track record, experience and insights related to organizational management	○	○	○		○	○	○
Global business network	○		○	○	○	○	○

**Proposal 4:** Continuation and Revision of the Share-Based Compensation Plan for Directors (Excluding Directors Who Are Audit & Supervisory Committee Members and Outside Directors), Etc.

1. Reason for Proposal and Reason Why Compensation is Appropriate

The Company introduced a Directors' share-based compensation plan (the "Plan") for Directors (excluding Directors who are Audit & Supervisory Committee Members, Outside Directors, and Directors who live overseas) of the Company, Directors (excluding Directors who are Audit & Supervisory Committee Members, Outside Directors, and Directors who live overseas) of A.D.Works Co., Ltd. ("ADW"), and the Representative Directors of the Company's subsidiaries, other than ADW, with the approval of shareholders at the 1st Annual General Meeting of Shareholders held on March 26, 2021. Applicable subsidiaries are those Company subsidiaries whose head office is located in Japan and who satisfy the condition that a resolution be passed at that company's shareholders meeting to determine the amount and details of the share-based compensation, etc. under the Plan for the Representative Director.

The trust established based on the Plan will end in August 2022. The Company wishes to continue the Plan in FY2022 and beyond, after making partial revisions, such as changing the content of the Plan to that for Directors (excluding Directors who are Audit & Supervisory Committee Members, Outside Directors, and Directors who live overseas) of the Company and the Representative Directors (excluding Representative Directors who live overseas) of the Company's subsidiaries, including ADW ("Applicable Subsidiaries" and together with the Company, the "Applicable Companies") (hereinafter collectively, "Directors, etc."), and hereby requests approval for this Proposal. This Proposal is to be approved separately from the monetary compensation for Directors (excluding Directors who are Audit & Supervisory Committee Members) of the Company approved at the 1st Annual General Meeting of Shareholders held on March 26, 2021.

The Company believes that the continuation of the Plan is appropriate as it is in line with the Policy for Determining Individual Compensation, etc. for Directors (Excluding Directors who are Audit & Supervisory Committee Members) established by the Board of Directors of the Company (described on page 22), and it believes that the continuation of the Plan will enable Directors, etc. to share the risks and benefits of stock price movements and their awareness of medium- to long-term profits with shareholders, as well as motivate Directors, etc. to improve its corporate value from a medium- to long-term perspective, and strengthen their motivation to manage with an awareness of business performance and stock value.

If Proposal 2: Election of Six (6) Directors (Excluding Directors Who Are Audit & Supervisory Committee Members) is approved as originally proposed, the number of Directors of the Company eligible for the Plan will be six (excluding Directors who are Audit & Supervisory Committee Members and Outside Directors). The number of Directors, etc. of the Applicable Subsidiaries eligible for the Plan is one.

2. Amount and Details of Compensation, etc. under the Plan

In view of the aims of enabling Directors, etc. to share the risks and benefits of stock price movements and their awareness of medium- to long-term profits with shareholders, as well as motivating Directors, etc. to improve the Company's corporate value from a medium- to long-term perspective and motivating them to manage with an awareness of business performance and stock value, the Company would like to partially revise the details of the previous Plan when continuing the Plan. The revised details will be as follows.

(1) Outline of the Plan

Under the share-based compensation plan, the Company shares are acquired by a trust established by the Company using Director compensation contributed by each of the Applicable Companies (as stated in (2) below) as the source, and upon a resolution of the Board of Directors of each of the Applicable Companies in each fiscal year during the trust period (expected to be approximately three years from May 18, 2022 to May 31, 2025, and the same applies hereinafter), the Company shall deliver and provide (“Deliver, etc.”) Company shares equivalent to a certain amount determined for each position and cash in the amount equivalent to the conversion value of Company shares (“Company Shares, etc.”) to Directors, etc. At the end of the trust period, the portion exceeding the reserve for trust expenses with regard to cash in the amount equivalent to the conversion value of Company shares from the realization of residual shares and the remaining dividends pertaining to the Company shares in the trust, will be paid to Directors, etc. If a proposal to continue the trust is submitted and approved at an annual general meeting of shareholders three years from now, the applicable period and the trust period may be extended to the extent approved by the resolution at the shareholders meeting, and the Plan may continue during the extended trust period.

1) Persons eligible for Delivery, etc. of Company Shares, etc. subject to this Proposal	- Directors (excluding Directors who are Audit & Supervisory Committee Members, Outside Directors, and Directors who live overseas) of the Company - Representative Directors of the Applicable Subsidiaries (excluding Representative Directors who live overseas)
2) Impact of Company shares subject to this Proposal on the total number of issued shares	
Maximum amount to be contributed by the Company	- The maximum amount to be contributed during the trust period is a total of 310 million yen
Maximum number of the Company Shares, etc. to be Delivered, etc. from the trust to Directors, etc. and method of acquisition of Company shares	- The maximum total number of Company Shares, etc. to be delivered to Directors, etc. during the trust period is 2.24 million shares, accounting for approximately 4.8% of the total number of issued shares (as of December 31, 2021, excluding treasury stock) - No dilution will occur as the Company plans to acquire Company shares from the stock market
3) Timing of the Delivery, etc. of Company Shares, etc. to Directors, etc. and restricted period for transfer	- January of each year. A three-year transfer restriction period (period during which no transfer, establishment of security interests or other disposition is permitted) will be established from the time of delivery for Company shares to be delivered to Directors, etc. through the Plan.

(2) Maximum total trust funds to be contributed to the trust and total number of shares to be acquired by the trust

The Company will contribute up to a total of 310 million yen as compensation to Directors, etc. during the trust period, and will establish a trust (the “Trust”) in which Directors, etc. who satisfy beneficiary requirements are beneficiaries. The Trust will acquire up to a maximum of 2.24 million Company shares from the stock market during the trust period, using the money entrusted to the Trust as the source, in accordance with instructions from the trust administrator. Cash equivalent to Company Shares, etc. delivered to Directors, etc. of the Applicable Subsidiaries will be paid to the Company by the Applicable Subsidiaries after the fact.

(3) Calculation method and maximum number of Company Shares, etc. to be Delivered, etc. to Directors, etc.

At the Board of Directors meetings of each of the Applicable Companies held in March of each year from 2022 to 2024, a resolution will be passed on the amount that will form the basis for calculating the number of Company Shares, etc. that Directors, etc. are entitled to be Delivered,

etc. by the Trust (the “Basic Amount for Calculating the Number of Shares to be Delivered”). The maximum total amount of the Basic Amount for Calculating the Number of Shares to be Delivered shall be 300 million yen per year.

The Basic Amount for Calculating the Number of Shares to be Delivered to be allocated to each Director, etc. is calculated by multiplying the Basic Amount for Calculating the Number of Shares to be Delivered determined at a meeting of the Board of Directors of each of the Applicable Companies in March of each year by the allocation ratio for each Director, etc. (\*1), and the Company Shares, etc. calculated in accordance with the following formula shall be the number of Company Shares, etc. to be Delivered, etc. to such Director, etc.

< Formula for Calculating Company Shares, etc. to be Delivered, etc. >

(Basic Amount for Calculating the Number of Shares to be Delivered allocated to each Director, etc. – cash in the amount equivalent to the conversion value (\*2)) ÷ base share price (\*3)

- \*1 The allocation ratio for each Director, etc. is calculated by dividing the position weight of each Director, etc. set forth in the table below by the total position weight of all Directors, etc. The higher position weighting will be used in the calculation for persons who concurrently serve as a Director of the Company and a Representative Director of an Applicable Subsidiary.

Position	Position Weight
Representative Director	50
Director with management positions	20
Director concurrently serving as an employee	12
Other Director	15
Representative Director of an Applicable Subsidiary	12

- \*2 Proceeds from the sale on the stock market of the number of Company shares equivalent to 50% (shares less than one unit are rounded down) of the value calculated by dividing the Basic Amount for Calculating the Number of Shares to be Delivered allocated to each Director, etc. by the closing price of Company shares in regular trading on the Tokyo Stock Exchange on December 1 (or the next trading day if December 1 is not a trading day)
- \*3 Closing price of Company shares in regular trading on the Tokyo Stock Exchange on December 31 (or the immediately preceding trading day if December 31 is not a trading day)

The maximum total number of Company shares to be delivered to Directors, etc. under the Plan shall be 2.24 million shares throughout the trust period. However, in the event of splitting or consolidating, etc. Company shares during the trust period, the maximum total number of the Company shares to be delivered to Directors, etc. will be adjusted according to the Company share split or consolidation ratio, etc.

- (4) Conditions, method and the timing of the Delivery, etc. of Company Shares, etc. to Directors, etc., and transfer restriction period, etc.

In January of each year from 2023 to 2025 during the trust period, if the following beneficiary requirements are satisfied, Directors, etc. may receive Delivery, etc. from the Trust of the number of Company Shares, etc. calculated in accordance with (3) above by undertaking the prescribed procedures for determining beneficiaries. Furthermore, a three-year transfer restriction period (period during which no transfer, establishment of security interests or other disposition is permitted) will be established in accordance with share delivery regulations from the time of delivery for Company shares to be delivered to Directors, etc. through the Plan (\*1). In addition, the Board of Directors of each of the Applicable Companies will decide whether or not to grant shares based on the achievement, failure to achieve, or the outlook for the achievement of a single-year profit plan, the plan for the next fiscal year, and the Medium-term Management Plan established by the Board of Directors of the Company.

1) Director, etc. as of December 31 each year from 2022 to 2024 during the trust period (including persons newly appointed as Director, etc. during the trust period)

2) Person who has not committed certain illegal acts while holding office

3) A resolution on the Basic Amount for Calculating the Number of Shares to be Delivered has been made at the Board of Directors meetings described in (3) above

\*1 If certain illegal acts take place during the transfer restriction period, the Company may demand that such Director, etc. involved pay monetary compensation equivalent to the forfeiture of the shares delivered that are subject to restrictions on transfer.

Furthermore, if the Trust ends upon the expiration of the trust period and if there are any residual shares in the Trust at that time, such shares will be converted into cash within the Trust and cash in the amount equivalent to the conversion value will be paid to each Director, etc. in accordance with the beneficiary rights ratio (\*2) for the portion exceeding the reserve for trust expenses (if the Company continues to use the Trust as a result of a proposal to continue the Trust being submitted and approved at an annual general meeting of shareholders three years from now, the residual shares will be used as compensation during the extended trust period). If the Trust ends upon the expiration of the trust period, the remaining dividends pertaining to the Company shares in the Trust, for the portion exceeding the reserve for trust expenses, will be paid to each Director, etc. in accordance with the beneficiary rights ratio (\*2).

\*2 The beneficiary rights ratio is calculated for each Director, etc. in office at the end of the trust period by dividing the amount accumulated during the trust period of the Basic Amount for Calculating the Number of Shares to be Delivered allocated in accordance with (3) above for each such Director, etc. by the total of the amount accumulated during the trust period of the Basic Amount for Calculating the Number of Shares to be Delivered allocated in accordance with (3) above for all Directors, etc. in office at the end of the trust period.

If all of Company Shares, etc. in the Trust are Delivered, etc. before the end of the trust period, the Trust will end and no Company Shares, etc. will be Delivered, etc. from the Trust after that point. However, if the value of Company Shares, etc. Delivered, etc. to Directors, etc. from the Trust falls short of the Basic Amount for Calculating the Number of Shares to be Delivered, the Company plans to pay Directors, etc. monetary compensation, separately from compensation under the Plan to the extent of the shortfall.

- (5) Handling of voting rights and dividends for the Company shares in the Trust  
Voting rights with regard to the Company shares in the Trust shall not be exercised during the trust period, in order to ensure neutrality with respect to management.

Dividends pertaining to the Company shares in the Trust will be received by the Trust and appropriated to the Trust's trust compensation and trust expenses.

For further details regarding the Plan, please refer to the "Notice Regarding Continuation of the Share-based Compensation Plan for Directors using a Trust" dated February 10, 2022.

(Reference)

Policy for Determining Individual Compensation, etc. for Directors (Excluding Directors who are Audit & Supervisory Committee Members)

- 1) Classification of Director compensation, etc.

The Company attaches great importance to the appropriateness of the amount of Director compensation paid to Directors (excluding Directors who are Audit & Supervisory Committee Members, and the same applies below unless otherwise indicated) as well as the appropriateness of the ratio of fixed compensation and performance-linked compensation.

The Company's Director compensation is divided into fixed compensation and performance-linked compensation as follows. Fixed compensation is a regular monthly compensation, whereas performance-linked compensation consists of a short-term performance-linked compensation (monetary bonus paid based on achievement of a single-year profit plan) and a long-term performance-linked compensation (long-term corporate value-linked compensation; Director share-based compensation linked to future improvements in corporate value).

The ratio is determined by taking into account factors such as each Director's position and responsibilities, the achievement of a single-year profit plan, and Director's contribution to future improvements in corporate value, following the process for determining Director compensation, etc. outlined in 4).

Only fixed compensation is paid to Outside Directors in light of their responsibilities, and long-term performance-linked compensation is not paid to Directors who live overseas.

- (i) Fixed compensation (regular monthly compensation)

[Factors to be considered]

Basic compensation. Determined following the process for determining Director compensation, etc. outlined in 4), depending on their position and responsibilities.

- (ii) Short-term performance-linked compensation (monetary bonus paid based on achievement of a single-year profit plan)

[Factors to be considered]

Determined following the process for determining Director compensation, etc. outlined in 4), depending on their position and responsibilities. Payment or non-payment is decided based on the achievement or failure to achieve a single-year profit plan established by the Board of Directors.

- (iii) Long-term performance-linked compensation (long-term corporate value-linked compensation; Director share-based compensation linked to future improvements in corporate value)

[Factors to be considered]

Determined following the process for determining Director compensation, etc. outlined in 4), based on the following calculation method, depending on their position, taking into consideration the contribution to future improvements in corporate value by Directors who meet the following

conditions for payment. Payment or non-payment is decided based on the achievement, failure to achieve, or the outlook for the achievement of a single-year profit plan, the plan for the next fiscal year, and the Medium-term Management Plan established by the Board of Directors.

However, long-term performance-linked compensation is not paid to Directors who live overseas. Directors eligible for long-term performance-linked compensation are hereinafter referred to as “Directors Eligible for Long-Term Performance-Linked Compensation.”

[Calculation method]

The Basic Amount for Calculating the Number of Shares to be Delivered to be allocated to each of the Directors Eligible for Long-Term Performance-Linked Compensation is first calculated by multiplying the Basic Amount for Calculating the Number of Shares to be Delivered determined by the Board of Directors in March each year (the amount that forms the basis for calculating the number of Company Shares, etc. (defined in 3), and the same applies below) that Directors qualifying as Directors Eligible for Long-Term Performance-Linked Compensation and the Representative Directors of the Company’s subsidiaries who meet certain conditions (“Applicable Subsidiaries”) (collectively, “All Directors, etc. Eligible for Long-Term Performance-Linked Compensation”) may receive Delivery, etc. from the trust established for this share-based compensation plan) by the allocation ratio for each of the Directors Eligible for Long-Term Performance-Linked Compensation (\*1), and then the number of Company Shares, etc. to be Delivered, etc. is calculated in accordance with the following formula.

< Formula for Calculating Company Shares, etc. to be Delivered, etc. >

(Basic Amount for Calculating the Number of Shares to be Delivered allocated to each of the Directors Eligible for Long-Term Performance-Linked Compensation – cash in the amount equivalent to the conversion value (\*2)) ÷ base share price (\*3)

\*1 The allocation ratio for each of the Directors Eligible for Long-Term Performance-Linked Compensation is calculated by dividing the position weight of each of the Directors Eligible for Long-Term Performance-Linked Compensation set forth in the table below by the total position weight of All Directors, etc. Eligible for Long-Term Performance-Linked Compensation. The higher position weighting will be used in the calculation for persons who concurrently serve as a Director of the Company and a Representative Director of an Applicable Subsidiary.

Position	Position Weight
Representative Director	50
Director with management positions	20
Director concurrently serving as an employee	12
Other Director	15
Representative Director of an Applicable Subsidiary	12

\*2 Proceeds from the sale on the stock market of the number of Company shares equivalent to 50% (shares less than one unit are rounded down) of the value calculated by dividing the Basic Amount for Calculating the Number of Shares to be Delivered allocated to each of the Directors Eligible for Long-Term Performance-Linked Compensation by the closing price of Company shares in regular trading on the Tokyo Stock Exchange on December 1 (or the next trading day if December 1 is not a trading day)

\*3 Closing price of Company shares in regular trading on the Tokyo Stock Exchange on December 31 (or the immediately preceding trading day if December 31 is not a trading day)

[Granting conditions]

In January of each year during the trust period, if the following beneficiary requirements are satisfied, the Directors Eligible for Long-Term Performance-Linked Compensation may receive Delivery, etc. from the trust of the number of Company Shares, etc. calculated in accordance with the above formula by undertaking the prescribed procedures for determining beneficiaries. Furthermore, a three-year transfer restriction period (period during which no transfer, establishment of security interests or other disposition is permitted) will be established in accordance with share delivery regulations from the time of delivery for Company shares to be delivered to the Directors Eligible for Long-Term Performance-Linked Compensation. In addition, the Board of Directors of the Company will decide whether or not to grant shares based on the achievement, failure to achieve, or the outlook for the achievement of a single-year profit plan, the plan for the next fiscal year, and the Medium-term Management Plan established by the Board of Directors of the Company.

- a) Director, etc. as of December 31 each year during the trust period (including persons newly appointed as Director during the trust period)
- b) Person who has not committed certain illegal acts while holding office
- c) A resolution on the Basic Amount for Calculating the Number of Shares to be Delivered has been made at the Board of Directors meetings

## 2) Fixed compensation and short-term performance-linked compensation

Fixed compensation and short-term performance-linked compensation are monetary compensation.

The maximum annual monetary compensation for Directors that is made up of fixed compensation and short-term performance-linked compensation is subject to approval by a resolution of a shareholders meeting.

Of this, fixed compensation is an amount determined following the process for determining Director compensation, etc. outlined in 4), taking into account the factors to be considered in 1) (i), and is paid monthly.

Short-term performance-linked compensation is an amount determined following the process for determining Director compensation, etc. outlined in 4), taking into account the factors to be considered in 1) (ii), and is paid in January each year (and at other times if resolved by the Board of Directors).

## 3) Long-term performance-based compensation

Long-term performance-based compensation is share-based compensation, and is paid by delivering or providing (“Delivery, etc.”) Company shares and in cash in the amount equivalent to the conversion value of Company shares (“Company Shares, etc.”), in accordance with the resolution of a shareholders meeting.

The maximum annual share-based compensation and the maximum number of shares to be delivered, etc. for Directors Eligible for Long-Term Performance-Linked Compensation is subject to approval by a resolution of a shareholders meeting.

Long-term performance-linked compensation takes the form of the number of Company Shares, etc. determined following the process for determining Director compensation, etc. outlined in 4), based on the calculation method and granting conditions in 1) (iii), taking into account the factors to be considered in 1) (iii), and is Delivered, etc. in January each year.



4) Process for determining Director compensation, etc.

To ensure the appropriateness of Director compensation, Director compensation, etc. is determined according to the following process.

- I The Board of Directors resolves to delegate decisions on Director compensation for each Director to the President and CEO, on the condition that he or she respects the report by the CG Committee.
- II An external expert (Mercer Japan Ltd.) provides information to the CG Committee on the following matters.
  - i. Recent director compensation trends
  - ii. Review of the Company's Director compensation policy
  - iii. Review of the Company's process for determining Director compensation
  - iv. Review of the Company's Director compensation level and mix in previous years
  - v. Review of the Company's Director compensation level proposal and mix in the fiscal year in question
- III Based on consultations by the Board of Directors, the CG Committee deliberates the proposed Director compensation for each Director after receiving the information set forth in II, and passes a resolution on the proposed Director compensation for each Director. However, Committee members who are not Directors shall not participate in the resolution.
- IV The CG Committee reports the resolution to the President and CEO.
- V The President and CEO decides on the Director compensation for each Director, respecting the report from the CG Committee, and reports his or her decision to the Board of Directors.

Compensation for Directors who are Audit & Supervisory Committee Members is determined through consultation with Directors who are Audit & Supervisory Committee Members within the scope of total compensation determined by a resolution of a shareholders meeting.

The above-stated "Policy for Determining Individual Compensation, etc. for Directors (excluding Directors who are Audit & Supervisory Committee Members)" is a policy that will be adopted after the close of the 2nd Annual General Meeting of Shareholders to be held on March 25, 2022. The current policy is included in the section, "4. Matters Concerning Company Directors (2) Compensation, etc. for Directors" of the attached Business Report (Japanese version only).