

Securities Code: 4420  
(March 10, 2025)

To Our Shareholders:

Katsutoshi Hasegawa, President  
**eSOL Co., Ltd.**  
1-32-2, Honcho, Nakano-ku, Tokyo

## Notice of the 50th Annual General Meeting of Shareholders

It is our pleasure to inform you that the 50th Annual General Meeting of Shareholders of eSOL Co., Ltd. (the “Company”) will be held as indicated below.

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

[The Company’s Website]

<https://www.esol.co.jp/> (in Japanese)

(Please access the above website and select “IR Information,” “Stock Information,” and “General Meeting of Shareholders” from the menu, in that order.)

[Website for the General Meeting of Shareholders Materials]

<https://d.sokai.jp/4420/teiji/> (in Japanese)

[TSE website (Listed Company Search)]

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

(Please access the above TSE website, enter “eSOL” in “Issue name (company name)” or the Company’s securities code “4420” in “Code,” and click “Search.” Then, click “Basic information” and select “Documents for public inspection/PR information.” Under “Filed information available for public inspection,” click “Click here for access” under “Notice of General Shareholders Meeting/Informational Materials for a General Shareholders Meeting.”)

If you are unable to attend the meeting in person, the Company kindly requests that you review the Reference Documents for the General Meeting of Shareholders, and exercise your voting rights via the Internet or in writing (via postal mail) in accordance with the “Information on exercise of voting rights” by 5:30 p.m. on Thursday, March 27, 2025 (JST).

- 1. Date and Time:** Friday, March 28, 2025, at 10:00 a.m. (JST) (Reception opens at 9:30 a.m.)
- 2. Venue:** Harmony Hall, 3rd Floor of Harmony Square  
1-32-2, Honcho, Nakano-ku, Tokyo

### 3. Purpose of the Meeting:

#### Matters to be reported:

1. Business Report and Consolidated Financial Statements, and Audit Reports of Consolidated Financial Statements by the Financial Auditor and the Audit & Supervisory Committee for the 50th fiscal year (from January 1, 2024, to December 31, 2024)
2. Non-consolidated Financial Statements for the 50th fiscal year (from January 1, 2024, to December 31, 2024)

**Matters to be resolved:**

- |                       |  |
|-----------------------|--|
| <b>Proposal No. 1</b> | Appropriation of Surplus   |
| <b>Proposal No. 2</b> | Amendment to the Articles of Incorporation   |
| <b>Proposal No. 3</b> | Election of Six Vice Presidents (Excluding Vice Presidents Who Are Audit & Supervisory Committee Members)  |
| <b>Proposal No. 4</b> | Determination of Remuneration Under Performance-Linked Share-Based Remuneration Plan for Vice Presidents (Excluding Vice Presidents Who Are Audit & Supervisory Committee Members and Outside Vice Presidents) |

**4. Matters to be Determined at the Meeting (Information on Exercise of Voting Rights)**

1. If voting rights are exercised in writing (via postal mail) and do not indicate approval or disapproval of the proposals on the Voting Rights Exercise Form, they will be treated as if approval had been indicated.
2. If voting rights are exercised multiple times via the Internet, the last exercise of voting rights will be deemed valid.
3. If voting rights are exercised via the Internet and in writing (via postal mail) (duplicate votes), the votes exercised via the Internet will be deemed valid, regardless of the date of arrival.
4. If you are exercising your voting rights by proxy, one other shareholder with voting rights may attend the General Meeting of Shareholders as your proxy. However, please note that you will be required to submit a document certifying your proxy's authority of representation.
5. In the case of diverse exercise of voting right, please notify the Company in writing or by electromagnetic means of such intent and the reason thereof at least three days prior to the date of the General Meeting of Shareholders.

- Notes:
1. If you attend the meeting, please submit the enclosed Voting Rights Exercise Form that will be sent together with this notice at the reception desk.
  2. For shareholders in a wheelchair, etc., dedicated space will be provided at the venue. Guidance will be available at the reception desk on the day of the meeting.
  3. In the event of any modification to the matters subject to measures for electronic provision, a notice will be posted on each of the above-mentioned Internet websites, both before and after the modification.
  4. In accordance with the Companies Act, in principle, you should confirm the matters subject to measures for electronic provision by accessing the websites, and we will deliver this information in paper-based documents only to shareholders who submit a request by the reference date for the delivery of paper-based documents. However, for this meeting, we will deliver paper-based documents stating the matters subject to measures for electronic provision uniformly to all shareholders regardless of whether they have requested them or not.
  5. In accordance with the provisions of laws and regulations and Article 15 of the Company's Articles of Incorporation, the following matters subject to measures for electronic provision are not stated in the delivered paper-based documents.
    - (i) "Financial Auditor," "An overview of the system and the operational status of the system to ensure the appropriateness of the business" and "Policy on decisions on dividends and other appropriation of surplus" in the business report
    - (ii) Consolidated Statement of Changes in Equity and Notes to Consolidated Financial Statements
    - (iii) Non-consolidated Statement of Changes in Equity and Notes to Non-consolidated Financial StatementsAccordingly, a business report, consolidated financial statements and non-consolidated financial statements included in this document are among the documents that were audited by the Financial Auditor in preparing the financial auditor's report and the Audit & Supervisory Committee in preparing the audit report.

**Information on accepting advance questions**

Before holding the 50th Annual General Meeting of Shareholders, we will accept your questions regarding the agenda for this meeting.

We plan to answer questions that we believe are of high interest to our shareholders on the day of the meeting.

While all questions are welcome, there is no guarantee that we will be able to answer them. Please note that we cannot answer questions individually.

**How to submit questions**

Please access the advance question form from the URL below and enter your shareholder number, name and question.

URL <https://forms.office.com/r/H89zxpHJXz>

**Deadline for advance questions**

Tuesday, March 25, 2025, 5:30 p.m.

### **Information on exercise of voting rights**

We believe in the importance of our shareholders' voting rights.

Please review the Reference Documents for the General Meeting of Shareholders before exercising your voting rights.

You may vote using one of the following three methods:

#### **Attending the General Meeting of Shareholders in person**

Please submit the Voting Rights Exercise Form at the reception desk.

Date and Time of the General Meeting of Shareholders: Friday, March 28, 2025, at **10:00 a.m. (JST)**

#### **Voting in writing (via postal mail)**

Please fill out the Voting Rights Exercise Form and send it back unstamped.

Votes arriving no later than Thursday, March 27, 2025, at **5:30 p.m. (JST)** are valid.

#### **Voting via the Internet**

Please follow the guidelines provided on the next page to exercise your voting rights.

Entries completed no later than Thursday, March 27, 2025, at **5:30 p.m. (JST)** are valid.

### **Method of filling out the Voting Rights Exercise Form**

Please state your approval or disapproval of the proposals.

Proposals No.1, No. 2 and No. 4

- Put a circle in the Approval column to express your approval.
- Put a circle in the Disapproval column to express your disapproval.

Proposal No. 3

- Put a circle in the Approval column if you approve all candidates.
- Put a circle in the Disapproval column if you disapprove all candidates.
- If you disapprove some of the candidates, put a circle in the Approval column and write the numbers of the candidates whom you disapprove.

If voting rights are exercised in writing (via postal mail) and also exercised via the Internet (duplicate votes), the votes exercised via the Internet will be deemed valid. If voting rights are exercised multiple times via the Internet, the final vote cast will be deemed valid.

## Voting via the Internet, etc.

### Scanning the QR code

If you scan the QR code, it will take you to the voting website without the need to input the login ID and tentative password listed in your Voting Rights Exercise Form.

1. Please scan the QR code on your Voting Rights Exercise Form.  
\* “QR code” is a registered trademark of DENSO WAVE INCORPORATED.
2. Please follow the instructions on the screen to state your approval or disapproval.

### Method of entering the login ID and tentative password

The voting website: <https://evote.tr.mufg.jp/> (in Japanese)

1. Please access the voting website.
2. Please input the login ID and tentative password listed in your Voting Rights Exercise Form, and click Login.  
Enter the login ID and tentative password.  
Click on Login.
3. Follow the instructions on the screen to state your approval or disapproval.

Please contact the following for any questions regarding the method of voting via the Internet, including the use of PCs or smartphones.

Help Desk, Mitsubishi UFJ Trust and Banking Corporation Stock Transfer Agency  
**Phone: 0120-173-027** (9:00 a.m. to 9:00 p.m. (JST); toll free (Japan only))

## Reference Documents for the General Meeting of Shareholders

### Proposal No. 1      Appropriation of Surplus

The Company maintains a basic policy to return profits to its shareholders while giving consideration to the balance between securing sufficient internal reserves for future business development and a strong management base and having increased shareholder return.

In accordance with the above policy, the Company proposes to pay year-end dividends for the fiscal year as follows:

- (1) Type of dividend property  
To be paid in cash.
- (2) Allotment of dividend property and their aggregate amount  
¥4 per common share of the Company  
Total dividends: ¥75,975,416
- (3) Effective date of dividends of surplus  
March 31, 2025

## Proposal No. 2      Amendment to the Articles of Incorporation

### 1. Reasons for the amendment

Reasons of the amendment are as follows:

- (1) To use the terminology according to trends in the embedded software industry, the Company's main business, the Company proposes to change some expressions in the business purpose.
- (2) The Company's Articles of Incorporation stipulates that President shall be appointed as Chairperson of the Board of Vice Presidents. However, to establish more advanced corporate governance and promote the transparency of decision-making and the improvement of objectivity, the Company proposes to amend the Articles of Incorporation, which allows the appointment of an appropriate person from among Vice Presidents as the Chairperson of the Board of Vice Presidents.

### 2. Details for the amendment

Details of the amendment are as follows:

(The underlined part represents the proposed amendment.)

Current Articles of Incorporation	Proposed amendment
Chapter 1 General Provisions	Chapter 1 General Provisions
(Purpose) Article 2 The purpose of the Company shall be to engage in the following business activities:	(Purpose) Article 2 The purpose of the Company shall be to engage in the following business activities:
(1) Research and development, manufacturing and sales related to computer and computer-peripheral software and hardware	(1) Research and development, manufacturing and sales related to computer and computer-peripheral software and hardware
(2) <u>Contracted development</u> related to computer and computer-peripheral software and hardware	(2) <u>Provision of engineering services</u> related to computer and computer-peripheral software and hardware
(3) Dispatching of engineers related to item 2	(3) Dispatching of engineers related to item 2
(4) Consulting service related to those mentioned in the preceding items	(4) Consulting service related to those mentioned in the preceding items
(5) All businesses that are incidental to those mentioned in the preceding items	(5) All businesses that are incidental to those mentioned in the preceding items
Chapter 4 Directors and Board of Directors	Chapter 4 Directors and Board of Directors
(Convenor and chairperson of the Board of Vice Presidents) Article 22 The Board of Vice Presidents shall be convened and chaired by <u>President</u> unless otherwise stipulated by laws. Should <u>President</u> be incapacitated, another Vice President shall convene the meeting and act as the chairperson in such order as prescribed by the Board of Vice President in advance.	(Convenor and chairperson of the Board of Vice Presidents) Article 22 The Board of Vice Presidents shall be convened and chaired by <u>Vice President prescribed by the Board of Vice President in advance</u> unless otherwise stipulated by laws. Should <u>such Vice President</u> be incapacitated, another Vice President shall convene the meeting and act as the chairperson in such order as prescribed by the Board of Vice President in advance.

**Proposal No. 3** Election of Six Vice Presidents (Excluding Vice Presidents Who Are Audit & Supervisory Committee Members)

The terms of office of all seven Vice Presidents (excluding Vice Presidents who are Audit & Supervisory Committee Members; applicable to the rest of this proposal) will expire at the conclusion of this meeting. In that regard, the Company proposes the election of six Vice Presidents.

The Board of Vice Presidents has consulted the Nomination and Compensation Advisory Committee regarding this proposal, and has received a report confirming that each of the candidates is qualified to serve as a Vice President of the Company.

The candidates for Vice Presidents are as follows:

Candidate No.	Name (Date of birth)	Career summary, and position and responsibility in the Company (Significant concurrent positions outside the Company)	Number of the Company's shares owned
1	Masaki Gondo (October 10, 1970)  [Reelection]	<p>Sept. 1996      Joined ERG Co., Ltd. (present the Company)</p> <p>Jan. 2010      Director of Technological Strategy Office of the Company</p> <p>Jan. 2012      General Manager of Technology Division</p> <p>Mar. 2017      Vice President and General Manager of Technology Division</p> <p>Jan. 2022      Vice President and General Manager of Software Division</p> <p>Mar. 2022      Senior Executive Vice President and General Manager of Software Division</p> <p>Jan. 2025      Senior Executive Vice President, CTO, in charge of Embedded Software Business and Quality Management Division (current position)</p>	167,923
	<p>[Reasons for nomination]</p> <p>After joining the Company in September 1996, Masaki Gondo started his career as an inhouse OS development engineer. Since then, he has been involved in the development of major products such as eT-Kernel and eMCOS, which are the Company's core technologies, and has played an active role in AUTOSAR, a global automotive software standardizing body, as one of the few architects in Japan. On the business side, he conducted the company-wide introduction of product management 15 years ago and has been acting as a driving force for both technology and business aspects. Since 2022, he has been in charge of the embedded software business and attained over ¥10 billion of sales as a single segment, which is the first Company record after the foundation. He has an adequate track record in the area of business as well. Considering his experience and insights gained through his past career, the Company believes that he is an appropriate person for the supervision of the execution of business of the Company, and has nominated him as a candidate for Vice President.</p>		

Candidate No.	Name (Date of birth)	Career summary, and position and responsibility in the Company (Significant concurrent positions outside the Company)	Number of the Company's shares owned
2	Nobuyuki Ueyama (January 20, 1963)  [Reelection]	<p>July 1999 Representative Vice President of eSIM Co., Ltd.</p> <p>Apr. 2001 Joined ERG Co., Ltd. (present the Company)</p> <p>Apr. 2001 General Manager of Embedded Products Division of the Company</p> <p>June 2001 Vice President and General Manager of Embedded Products Division</p> <p>Mar. 2008 Executive Vice President</p> <p>Mar. 2015 President of eSOL TRINITY Co., Ltd. (current position)</p> <p>Jan. 2017 Executive Vice President and General Manager of Embedded Products Division of the Company</p> <p>Mar. 2018 Representative of eSOL Europe S.A.S. (current position)</p> <p>Jan. 2022 Executive Vice President and General Manager of Business Management of Software Division of the Company</p> <p>Jan. 2025 Executive Vice President, in charge of Administration Headquarters and Corporate Communications Office (current position)</p> <p>(Significant concurrent positions outside the Company)</p> <p>President of eSOL TRINITY Co., Ltd. (current position)</p> <p>Representative of eSOL Europe S.A.S. (current position)</p>	209,421
<p>[Reasons for nomination]</p> <p>Nobuyuki Ueyama has years of sales experience in the embedded software industry and has a large connection with not only domestic companies but also overseas companies in the industry. He has been playing an important role in the Company's global development. Through his experience as the representative of the Company's subsidiary and a foreign-affiliated company, he has abundant experience and in-depth insights as a corporate manager. Considering his experience and insights gained through his past career, the Company believes that he is an appropriate person for the supervision of the execution of business of the Company, and has nominated him as a candidate for Vice President.</p>			

Candidate No.	Name (Date of birth)	Career summary, and position and responsibility in the Company (Significant concurrent positions outside the Company)	Number of the Company's shares owned
3	Katsutoshi Hasegawa (January 26, 1962)  [Reelection]	<p>Apr. 1982      Joined ERG Co., Ltd. (present the Company)</p> <p>Apr. 1997      General Manager of Software Division of the Company</p> <p>June 1999      Vice President and General Manager of Software Division</p> <p>Apr. 2001      Vice President and General Manager of Solution Engineering Division</p> <p>Apr. 2003      Executive Vice President</p> <p>Jan. 2005      Senior Executive Vice President</p> <p>Mar. 2013      President, in charge of Internal Audit Office</p> <p>Mar. 2015      Vice President and Chairman of eSOL TRINITY Co., Ltd. (current position)</p> <p>Jan. 2020      President, in charge of President's Office and Internal Audit Office of the Company</p> <p>Mar. 2020      President, in charge of President's Office, Internal Audit Office, Accounting, and Administration</p> <p>Jan. 2022      President, in charge of President's Office, Internal Audit Office, Administration Headquarters, and Accounting</p> <p>Jan. 2024      President, in charge of President's Office, Internal Audit Office, and Administration Headquarters</p> <p>Jan. 2025      President, in charge of President's Office and Internal Audit Office (current position)</p> <p>(Significant concurrent positions outside the Company)</p> <p>Vice President and Chairman of eSOL TRINITY Co., Ltd. (current position)</p>	347,374
<p>[Reasons for nomination]</p> <p>Katsutoshi Hasegawa joined the Company in April 1982 as a software engineer. Only 15 years later, highly valued for his career involving development operations and managerial skills, Mr. Hasegawa was appointed as General Manager of Software Division, responsible for the control of embedded software product development and engineering service. Also experienced General Manager of the present Sensing Solution Division and Director of Administration Division, he has extensive experience and broad knowledge related to the Company's overall businesses. The Company believes that his experience and insights gained through his past career will be beneficial to the management of the Company, and has nominated him as a candidate for Vice President.</p>			

Candidate No.	Name (Date of birth)	Career summary, and position and responsibility in the Company (Significant concurrent positions outside the Company)		Number of the Company's shares owned
4	Mitsunobu Yamada (October 21, 1974)  [Reelection]	Apr. 1995	Joined ERG Co., Ltd. (present the Company)	525,910
		Aug. 2007	General Manager of Logistics Engineering Division (present Sensing Device Division) of the Company	
		Mar. 2008	Vice President and General Manager of Logistics Engineering Division	
		Jan. 2025	Vice President, in charge of Sensing Solution Division, General Manager of Sensing Device Division (current position)	
[Reasons for nomination] Since joining the present Sensing Device Division of the Company in April 1995, Mitsunobu Yamada has consistently experienced the commercial distribution of the Division, ranging from the maintenance of hardware products such as in-vehicle printers and handy terminals to shipment and sales thereof. Mr. Yamada also has abundant knowledge related to not only the business of the Company but also competitors' products and industry trends. Considering his experience and insights gained through his past career, the Company believes that he is an appropriate person for the supervision of the execution of business of the Company, and has nominated him as a candidate for Vice President.				
5	Tomoyuki Uda (June 29, 1967)  [Reelection]	Aug. 1994	Joined AI Corporation	1,189
		Aug. 1997	Joined Lantronix, Inc.	
		Feb. 2003	Joined the Company	
		Jan. 2004	CEO of eSOL, Inc.	
		Mar. 2011	Joined Dassault Systèmes S.E.	
		July 2012	Joined ETAS K.K.	
		Jan. 2017	Joined Visteon Japan Ltd.	
		July 2019	Joined ANSYS Japan K.K.	
		July 2023	Executive Officer and Deputy General Manager of Business Management of Software Division of the Company	
		Mar. 2024	Vice President, Deputy General Manager of Business Management of Software Division	
		Jan. 2025	Vice President, CBO and General Manager of Business Management (current position)	
[Reasons for nomination] Tomoyuki Uda has extensive management experience in the embedded software industry with foreign companies. He has also played an important role in building and managing our sales structure. Considering his experience and insights gained through his past career, the Company believes that he is an appropriate person for the supervision of the execution of business of the Company, and has nominated him as a candidate for Vice President.				

Candidate No.	Name (Date of birth)	Career summary, and position and responsibility in the Company (Significant concurrent positions outside the Company)	Number of the Company's shares owned
6	Nobuhide Nakaido (November 1, 1946)  [Reelection] [Outside] [Independent]	<p>Apr. 1971      Joined Sumitomo Corporation</p> <p>Apr. 2005      Representative Vice President and Deputy President, Executive Officer</p> <p>June 2009      Representative Vice President, Chairman and President of Sumisho Computer Systems Corporation (present SCSK Corporation)</p> <p>Oct. 2011      President of SCSK Corporation</p> <p>June 2013      Representative Vice President and Chairman</p> <p>Apr. 2016      Vice President and Advisor</p> <p>Mar. 2019      Outside Vice President of the Company (current position)</p> <p>(Significant concurrent positions outside the Company)</p> <p>Outside Vice President of Ichigo Inc. (current position)</p> <p>Chairman of Japan Association for Chief Human Resource Officers (current position)</p> <p>Outside Vice President of Sourcenext Corporation (current position)</p> <p>External Director of JAC Recruitment Co., Ltd. (current position)</p>	—
<p>[Reasons for nomination and summary of expected role]</p> <p>Nobuhide Nakaido has abundant experience and in-depth insights as a corporate manager, and the Company believes that based on his experience and insights gained through his past career he can be expected to provide advice on the maintenance and improvement of the function to supervise the execution of business of the Company and on overall management. Therefore, the Company has nominated him as a candidate for Outside Vice President. The Company has also designated Mr. Nakaido as an independent officer because it considers that he is independent and there would be no possibility of a conflict of interest with general shareholders.</p>			

- Notes:
- There is no special interest between any of the candidates for Vice President and the Company.
  - Nobuhide Nakaido is a candidate for Outside Vice Presidents.
  - Nobuhide Nakaido is currently an Outside Vice President of the Company, and at the conclusion of this meeting, his tenure will have been six years.
  - Limited liability agreements with candidates for Outside Vice President  
The Company has entered into limited liability agreements with Outside Vice Presidents, and if Nobuhide Nakaido is reelected, the Company plans to renew this agreement with him. A summary of the agreement is as follows:
    - Pursuant to Article 427, paragraph (1) of the Companies Act, the Company enters into agreements with Outside Vice Presidents of the Company, to limit their liability for damages under Article 423, paragraph (1) of the same Act. The maximum amount of liability for damages under this agreement is the minimum liability amount provided for in laws and regulations. If the reelection of the Vice Presidents is approved, the Company plans to renew the aforementioned agreements with him.
    - The agreements allow the Company to limit the amount of liability for damages only when he has acted in good faith and without gross negligence in performing his duties giving rise to the said liabilities.
  - Summary of directors and officers liability insurance policy  
The Company has entered into a directors and officers liability insurance policy with an insurance company pursuant to Article 430-3, paragraph (1) of the Companies Act, and plans to renew the policy in December 2025. If the reelection of individual Vice Presidents is approved, the individual candidates for Vice Presidents will continue to be the insured.
    - Summary of insurance incidents covered  
The directors and officers liability insurance policy covers losses that may arise from the insured Vice Presidents assuming liability in connection with the execution of their duties or through receiving claims pertaining to the pursuit of such liability.
    - Insurance premiums  
The Company fully bears the insurance premiums.
  - Nobuhide Nakaido satisfies the requirements for an independent officer as provided for by the Tokyo Stock Exchange, and the Company has submitted notification to the aforementioned exchange that Mr. Nakaido has been designated as an independent officer as provided for by the aforementioned exchange. If the reelection of Mr. Nakaido is approved, the Company plans to submit notification to the Tokyo Stock Exchange concerning the continuance of his designation as an independent officer.

**Proposal No. 4** Determination of Remuneration Under Performance-Linked Share-Based Remuneration Plan for Vice Presidents (Excluding Vice Presidents Who Are Audit & Supervisory Committee Members and Outside Vice Presidents)

With regard to the amount of remuneration, etc. for Vice President (excluding Audit & Supervisory Committee Members) of the Company, it was approved at the 43rd Annual General Meeting of Shareholders held on March 29, 2018, that the annual remuneration, etc. shall be not more than ¥150 million (excluding employee salaries of Directors who concurrently serve as employees).

In addition, with regard to the amount of the remuneration to be paid to grant restricted shares (hereinafter referred to as the “Restricted Share Compensation”), it was approved at the 45th Annual General Meeting of Shareholders held on March 27, 2020, that the Company pays ¥40 million or less of monetary remuneration claim annually to the Company’s Vice Presidents (excluding Vice Presidents who are Audit & Supervisory Committee Members and Outside Vice Presidents. Hereinafter referred to as “Eligible Vice President(s)”).

With the aim of strengthening the motivation of Eligible Vice Presidents of the Company for improving the medium- and long-term business performance and corporate value by sharing the merit and risk of the fluctuation of share prices with our shareholders, the Company would like to ask for approval for introducing performance share unit that grants restricted shares in the amount depending on the achievement level of the Company’s business performance targets determined at the Board of Vice Presidents of the Company as stock-type remuneration that is linked with the business performance of a single fiscal year (hereinafter referred to as the “System”), as a different remuneration scheme that is different from abovementioned one.

The Company provides Eligible Vice Presidents with a monetary remuneration claim based on the resolution of the Board of Vice Presidents of the Company, on the condition that he/she achieves the performance targets determined by the Board of Vice Presidents in advance and is assuming the position of the Vice President of the Company on the date of the resolution for the issuance of restricted shares, etc.

The specific timing for providing thereof and the allocation to each Eligible Director shall be deliberated by the Nomination and Compensation Advisory Committee and the Board of Vice Presidents shall make the final decision.

If this proposal is approved, the Company plans to revise the Policy on decisions on Vice Presidents’ Remuneration, etc. at the Board of Vice Presidents to be held after the conclusion of the general meeting to align with the content of the matter that was approved.

The number of Vice Presidents (excluding Vice Presidents who are Audit & Supervisory Committee Members) is currently seven (including two Outside Vice Presidents). Subject to the approval of Proposal 3, the number of Vice Presidents (excluding Vice Presidents who are Audit & Supervisory Committee Members) will be six (including one outside Vice President), and the number of Eligible Vice President for the System will be five.

A summary of the System is as follows, and we believe that the details are appropriate since it is designed to fulfill the aim above.

**1. Details of the Plan**

The Company decides the number of the Company’s common shares at the Board of Vice Presidents of the Company to be granted in the amount depending on the achievement level of numerical business performance targets, which were set by the Board of Vice Presidents of the Company in advance, during the fiscal year of the performance appraisal (hereinafter referred to as the “Performance Appraisal Period”).

For the issuance or disposal of the common shares of the Company, as a condition, an agreement on allotment of restricted shares that includes the content of Outline (5) (hereinafter referred to as the “Allotment Agreement”) shall be entered into between the Company and each Eligible Vice President. (The Company’s common shares allotted in accordance with the Allotment Agreement are hereinafter referred to as the “Shares.”)

The Company provides each Eligible Vice President with monetary remuneration for the payment of contribution in kind for the determined number of the common shares of the Company to be granted to each Eligible Vice President. Each Eligible Vice President shall pay all of the monetary remuneration claims in the form of property contributed in kind, and receive common shares of the Company.

The Company grants the Company's common shares of the number determined based on the achievement level of numerical business performance targets, which were set by the Board of Vice Presidents of the Company, during the performance appraisal period after the completion of the performance appraisal period.

(1) Performance Appraisal Period

In principle, the Performance Appraisal Period shall be the span of time from the start date of the fiscal year when Vice President of the Company began the provision of service (from the date of the Annual General Meeting of Shareholders until the date of the next Annual General Meeting of Shareholders) until the end of the fiscal year. However, if the Board of Vice Presidents deems it necessary, the Board of Vice Presidents may determine the Performance Appraisal Period within a reasonable duration.

(2) Terms of the provision and the number of shares granted

The Shares shall be provided only when Vice President of the Company attains the indicators for profits, sales and others in accordance with the Company's management policy, which is determined by the Board of Directors of the Company at the beginning of the Performance Appraisal Period. The number of shares granted shall be calculated based on the achievement status of the business performance targets.

(3) Treatment during reorganization, etc.

If, before the provision of the Shares, 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 Vice Presidents in cases where approval at the Company's General Meeting of Shareholders is not required in relation to the reorganization, etc.), the Company shall not grant the Shares.

(4) Summary of an agreement on allotment of restricted shares

(i) Conclusion of the Allotment Agreement

For the provision of the Shares, as a condition, an agreement on allotment of restricted shares shall be entered into between the Company and each Eligible Vice President. However, this does not apply to the Eligible Director who is serving the last term of the service provision period.

(ii) Restriction Period

The Eligible Vice President shall not transfer, create a security interest on, or otherwise dispose of the Allotted Shares for three years since the date of allotment based on the Allotment Agreement.

(iii) Terms for the lifting of transfer restrictions

The Company shall lift the transfer restrictions of all of the Shares upon expiration of the Restriction Period, on the condition that the Eligible Director has remained in the position in the Company or the Company's subsidiary throughout the Restriction Period.

(iv) Reason for the acquisition of shares without contribution

If it was confirmed that Eligible Vice President retires from the position in the Company or the Company's subsidiary or leaves the Company or the Company's subsidiary unless the reason is the expiration of the term of his/her office, compulsory retirement, death, or other justifiable reason, the Company shall acquire the full amount of such Allotted Shares without contribution. Other reasons for the acquisition of shares without contribution shall be defined based on the resolution of the Board of Vice Presidents of the Company.

(v) Treatment of resignation due to the expiration of the term of office

Notwithstanding the provisions of (ii) and (iii) above, if Eligible Vice President retires from the position in the Company or the Company's subsidiary or leaves the Company or the Company's subsidiary due to the expiration of the term of his/her office, compulsory

retirement, death, or other justifiable reason, the restriction is lifted as of the time of the resignation or retirement.

(vi) Treatment during reorganization, etc.

Notwithstanding the provisions of (ii) and (iii) 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 Vice Presidents 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 all of the Shares prior to the date on which the reorganization, etc. becomes effective.

(5) Other matters

Other matters related to the System shall be determined by the Board of Vice Presidents of the Company.

2. Upper limit on the amount of monetary remuneration claims and the number of shares granted

(1) Calculation of the amount of monetary remuneration claims

The amount of monetary remuneration claim provided to each Eligible Vice President is calculated by multiplying the number of the Shares granted by the share price at the time of the provision.

The share price at the time of the provision means the closing price of the Company's common shares on the Tokyo Stock Exchange on the business day immediately before the date of resolution by the Board of Vice Presidents of the Company regarding the payment of the Company's common shares (if there is no closing price on such date, the closing price on the closest preceding trading day).

(2) Upper limit on the amount of monetary remuneration claims and the number of shares granted

Under the System, the total amount of monetary remuneration claims shall not exceed 10% of the consolidated operating profit of each fiscal year, and the total number of common shares of the Company granted to Eligible Directors shall be not more than 150,000 shares per year.

(3) Share split and reverse share split, etc.

For the System, if on or after the day on which this proposal is resolved, the Company performs a share split, reverse share split, or allotment of shares without contribution of its common shares and the total number of the outstanding shares of the Company changes, reasonable adjustment shall be made for the number of shares granted and the amount of monetary remuneration claim provided to Eligible Vice Presidents as well as the abovementioned upper limit of the total number of the common shares of the Company.

[Reference] Skills possessed by each Vice President (skill matrix)

If Proposal 3 of this meeting is approved as originally proposed, the composition of the Board of Vice Presidents will be as follows.

Name	Position in the Company	Skills and Experience						
		Corporate Management	Sales, Public Relations and Marketing	IT Technology	Internationality	Finance Accounting	Legal Affairs, Risk Management	Human Resources
Masaki Gondo	President CEO and CTO	●	●	●	●	●	●	●
Nobuyuki Ueyama	Executive Vice President	●	●	●	●	●	●	●
Katsutoshi Hasegawa	Vice President and Advisor	●	●	●	●	●	●	●
Mitsunobu Yamada	Vice President		●	●				
Tomoyuki Uda	Vice President and CBO	●	●	●	●		●	●
Outside Independent Nobuhide Nakaido	Vice President	●			●	●	●	
Kenichiro Takano	Vice President and Audit & Supervisory Committee Member			●			●	
Outside Independent Hiroshi Takahashi	Vice President and Audit & Supervisory Committee Member	●				●		
Outside Independent Tomoyo Kazumi	Vice President and Audit & Supervisory Committee Member	●	●			●	●	●