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(Stock Exchange Code 8029)

March 7, 2023

(Materials provided electronically from March 6, 2023)

**To Shareholders with Voting Rights:**

Kazuhiro Tada  
President and Representative Director  
LOOK HOLDINGS INCORPORATED  
8-5-30 Akasaka, Minato-ku, Tokyo

**NOTICE OF  
THE 61st ORDINARY GENERAL MEETING OF SHAREHOLDERS**

Dear Shareholders:

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

You are hereby notified of the 61st Ordinary General Meeting of Shareholders of LOOK HOLDINGS INCORPORATED (the “Company”). The meeting will be held for the purposes described below.

For this General Meeting of Shareholders, we have taken measures for the electronic provision of the information contained in the Reference Documents for the General Meeting of Shareholders, etc. (items to be provided electronically). This information has been posted as “NOTICE OF THE 61st ORDINARY GENERAL MEETING OF SHAREHOLDERS” on the Company’s Internet website. Please access the website shown below to view the information.

The Company’s website: <https://www.look-holdings.jp/irinfo/kabushiki/meeting/> (in Japanese)

The items to be provided electronically are also posted on the website of the Tokyo Stock Exchange. Please access the website below (Tokyo Stock Exchange Listed Company Search), search by entering the issue name (company name) or the stock exchange code “8029,” and select “Basic information” then “Documents for public inspection / PR information” to view the information.

Tokyo Stock Exchange website (Listed Company Search):

<https://www2.jpx.co.jp/tseHpFront/JJK020010Action.do?Show=Show>

**As shareholders can exercise their voting rights by mail or via the Internet, etc., with regard to this meeting, from the perspective of novel coronavirus disease (COVID-19) countermeasures, we recommend that all shareholders exercise their voting rights in advance by mail or via the Internet, etc. wherever possible. Please review this notice and the Reference Documents for the General Meeting of Shareholders, posted among the items to be provided electronically, and exercise your voting rights no later than 5:00 p.m. (Japan time) on Tuesday, March 28, 2023.**

- 1. Date and Time:** Wednesday, March 29, 2023 at 10:00 a.m. Japan time
- 2. Place:** Hanautage Room, 2F, HOTEL GAJOEN TOKYO located at  
1 Chome-8-1 Shimomeguro Meguro-ku, Tokyo, Japan
- 3. Meeting Agenda:**
- Matters to be reported:**
1. The Business Report, Consolidated Financial Statements for the Company's 61st Fiscal Year (January 1, 2022 - December 31, 2022) and results of audits by the Accounting Auditor and the Board of Auditors of the Consolidated Financial Statements
  2. Non-consolidated Financial Statements for the Company's 61st Fiscal Year (January 1, 2022 - December 31, 2022)
- Proposals to be resolved:**
- Proposal 1:** Appropriation of Surplus
- Proposal 2:** Election of Five (5) Directors
- Proposal 3:** Election of Four (4) Auditors
- Proposal 4:** Renewal of Countermeasures against Large-Scale Purchase of The Company's Shares

#### **4. Exercise of Voting Rights**

(Treatment of multiple exercise of voting rights)

- (1) If voting rights are exercised redundantly through both mail and the Internet, etc., the vote received via the Internet, etc. will be considered the valid vote.
- (2) When exercising voting rights via the Internet, etc. multiple times, the last vote will be considered the valid vote.

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- ◎ When attending the meeting, please submit the enclosed Voting Rights Exercise Form at the reception desk.
  - ◎ The document sent to shareholders also serves as a paper copy of the items provided electronically, based on requests for a paper copy from shareholders. The following items are not included in this paper copy, in accordance with provisions of laws and regulations as well as Article 15 of the Company's Articles of Incorporation. This paper copy therefore forms a part of the documents audited by the Auditors and the Accounting Auditor when preparing their respective audit reports.
    - Systems for ensuring the appropriateness of business and the overview of the operating status of said systems
    - Basic policy on the control of the company
    - Notes to Consolidated Financial Statements
    - Notes to Non-consolidated Financial Statements
  - ◎ Information contained in the Reference Documents for the General Meeting of Shareholders, including the items above, is posted on the websites shown on the previous page.
  - ◎ Should the items provided electronically require revisions, the revised versions will be shown on each website on which the items are posted.

# Reference Documents for the General Meeting of Shareholders

## Proposals and References

### Proposal 1: Appropriation of Surplus

The basic policy of the Company is to distribute profits while considering the state of revenue as we endeavor to strengthen our financial structure and enhance internal reserves to facilitate proactive business development.

Based on this policy, the Company proposes that year-end dividends for the year under review be provided as detailed below.

(1) Type of dividend property

Cash

(2) Items related to the allocation of dividend property to shareholders and its total amount

60 yen per share of common stock of the Company

Total of 463,780,380 yen

(3) Date the distribution of surplus comes into effect

March 30, 2023

**Proposal 2:** Election of Five (5) Directors

The terms of office of all five (5) Directors will expire at the conclusion of this General Meeting of Shareholders. Accordingly, the election of five (5) Directors is proposed.

The candidates for Director are as follows:

No.	Name	Current positions and responsibilities at the Company		Attendance at the Board of Directors meetings
1	Kazuhiro Tada	President and Representative Director	[Reappointment]	100% (13 out of 13)
2	Haruo Shibuya	Managing Director	[Reappointment]	100% (13 out of 13)
3	Masaaki Saito	Director and Senior Operating Officer in charge of Accounting & Finance	[Reappointment]	100% (13 out of 13)
4	Kazunori Inoue	Director	[Reappointment] [External] [Independent]	100% (13 out of 13)
5	Ayako Akiba	Director	[Reappointment] [External] [Independent]	90% (9 out of 10)

No.	Name (Date of birth)	Career summary, positions, responsibilities and significant concurrent positions	Number of shares of the Company held
1	[Reappointment]  Kazuhiro Tada (January 2, 1965)	<p>March 1988      Joined the Company</p> <p>March 2013      Director and Operating Officer, General Manager of Boutique Division</p> <p>March 2013      Director, I.D. LOOK LTD. (to present)</p> <p>March 2015      President and Representative Director, the Company (to present)</p> <p>February 2017    President and Representative Director, LOOK Split Preparation Company (currently LOOK INCORPORATED)</p> <p>March 2019      Director, LOOK (H.K.) LTD. (to present)</p> <p>July 2019        Representative Director, Bisonte Italia Holding S.r.l. (to present)</p> <p>July 2019        Director, Il Bisonte S.p.A. (to present)</p> <p>[Significant concurrent positions]</p> <p>Director, I.D. LOOK LTD.</p> <p>Director, LOOK (H.K.) LTD.</p> <p>Representative Director, Bisonte Italia Holding S.r.l.</p> <p>Director, Il Bisonte S.p.A.</p>	69,319
<p>[Reason for nomination as a candidate for Director]</p> <p>Having served as President and Representative Director of the Company since 2015, Mr. Kazuhiro Tada has promoted efforts to grow the Group including enhancing revenue of existing businesses and developing new businesses, and contributed to the enhancement of its corporate value. The Company has continued to nominate him as a candidate for Director because it believes he has appropriately served his role in providing decisions on important matters and supervising the business execution of the Group, and will continue to contribute to the sustainable growth and further enhancement of the corporate value of the Group.</p>			
2	[Reappointment]  Haruo Shibuya (December 18, 1964)	<p>March 1987      Joined the Company</p> <p>January 2018      Managing Director and General Manager of Operational Headquarters, LOOK INCORPORATED</p> <p>January 2019      President and Representative Director and General Manager of Operational Headquarters, LOOK INCORPORATED</p> <p>March 2019      Director, the Company</p> <p>January 2020      Managing Director, the Company (to present)</p> <p>March 2020      Director, LOOK CHINA CO., LTD. (to present)</p> <p>March 2020      Director, I.D. LOOK LTD. (to present)</p> <p>March 2020      Director, Il Bisonte S.p.A. (to present)</p> <p>[Significant concurrent positions]</p> <p>Director, I.D. LOOK LTD.</p> <p>Director, LOOK CHINA CO., LTD.</p> <p>Director, Il Bisonte S.p.A.</p>	26,341
<p>[Reason for nomination as a candidate for Director]</p> <p>Having held important positions in sales departments, Mr. Haruo Shibuya has extensive experience and achievements as Managing Director and General Manager of Operational Headquarters of LOOK INCORPORATED from January 2018 and the President and Representative Director and General Manager of Operational Headquarters of the same company from January 2019. The Company has continued to nominate him as a candidate for Director because it believes that he will utilize his extensive experience and achievements in the overall management of the Group, and contribute to the sustainable growth and further enhancement of corporate value.</p>			

No.	Name (Date of birth)	Career summary, positions, responsibilities and significant concurrent positions	Number of shares of the Company held
3	<p>[Reappointment]</p> <p>Masaaki Saito (April 3, 1969)</p>	<p>March 1992      Joined the Company</p> <p>March 2017      Director and Operating Officer, General Manager of Management Planning Department, General Manager of Sales Personnel Division</p> <p>January 2018      Director, LOOK INCORPORATED (to present)</p> <p>January 2018      Director, A.P.C. JAPAN LTD. (to present)</p> <p>March 2018      Director, I.D. LOOK LTD. (to present)</p> <p>March 2019      Managing Director, LOOK (H.K.) LTD. (to present)</p> <p>March 2019      Director, LOOK CHINA CO., LTD. (to present)</p> <p>July 2019      Chairman, Il Bisonte S.p.A. (to present)</p> <p>January 2020      Director and Senior Operating Officer in charge of Accounting &amp; Finance, the Company</p> <p>January 2022      Director and Senior Operating Officer in charge of Accounting &amp; Finance, General Manager of Accounting &amp; Finance Division, the Company</p> <p>January 2022      Director, LOOK MODE INC. (to present)</p> <p>January 2022      Director, L.LOGISTICS INC. (to present)</p> <p>January 2023      Director and Senior Operating Officer in charge of Accounting &amp; Finance, the Company (to present)</p> <p>[Significant concurrent positions]</p> <p>Director, LOOK INCORPORATED</p> <p>Director, A.P.C. JAPAN LTD.</p> <p>Director, LOOK MODE INC.</p> <p>Director, L.LOGISTICS INC.</p> <p>Director, I.D. LOOK LTD.</p> <p>Managing Director, LOOK (H.K.) LTD.</p> <p>Director, LOOK CHINA CO., LTD.</p> <p>Chairman, Il Bisonte S.p.A.</p>	16,323
<p>[Reason for nomination as a candidate for Director]</p> <p>Having engaged in sales departments and the Management Planning department, Mr. Masaaki Saito has extensive experience and achievements including the formulation of management strategies for the Group as Director and General Manager of Management Planning Department from 2017, serving concurrently in important positions in other companies of the Group, and taking care of Accounting &amp; Finance from 2020. The Company has continued to nominate him as a candidate for Director because it believes that he will continue to utilize his experience and achievements in the overall management of the Group, and contribute to the sustainable growth and further enhancement of corporate value.</p>			

No.	Name (Date of birth)	Career summary, positions, responsibilities and significant concurrent positions	Number of shares of the Company held
4	[Reappointment] [External] [Independent]  Kazunori Inoue (December 27, 1958)	<p>April 1983      Joined Itoman Corporation (currently MN Inter-Fashion Ltd.) February 2005      Representative Director, Tokyo Blouse Inc. June 2005      Outside Director, Hotta Sangyo K.K. (currently Marusho hotta Co., Ltd.) August 2006      Representative Director, Alps Kawamura Co., Ltd. July 2007      Representative Director, TK Consulting Inc. (currently LEADERS, Inc.) (to present) November 2011      Director, Dateya Co., Ltd. (to present) April 2012      Professor, Bunka Fashion Graduate University, Bunka Gakuen March 2018      Director, the Company (to present)</p> <p>[Significant concurrent positions] Representative Director, LEADERS, Inc. Director, Dateya Co., Ltd.</p>	0
<p>[Reason for nomination as a candidate for External Director and outline of expected roles] Having served for many years in the textile and apparel/fashion business, Mr. Kazunori Inoue has broad knowledge and insight. He has utilized these in the overall management of the Company as External Director of the Company and has provided opinions and advice from the independent position to enhance the adequacy and appropriateness of the decision making of the Company's Board of Directors. The Company has continued to nominate him as a candidate for External Director because it expects him to utilize his knowledge and insight in the overall management of the Company and provide supervision, opinions and advice from the independent position. The term of office of Mr. Kazunori Inoue as External Director of the Company will be five years at the conclusion of this General Meeting of Shareholders. If he is reappointed and assumes office, he will continue to be involved in procedures related to the nomination and compensation of Directors as a member of the Nomination and Compensation Committee.</p>			
5	[Reappointment] [External] [Independent]  Ayako Akiba (May 31, 1988)	<p>March 2016      Obtained a medical license April 2016      Tokyo Saiseikai Central Hospital, Tokyo Saiseikai, Social Welfare Organization Saiseikai Imperial Gift Foundation, Inc. April 2018      Division of Orthopedic Surgery, Keio University Hospital April 2019      Department of Orthopedics, Kawasaki Municipal Ida Hospital April 2020      Department of Orthopedics, International University of Health and Welfare, Mita Hospital February 2021      Division of Orthopaedic Surgery, National Center for Child Health and Development March 2022      Director, the Company (to present) April 2022      Division of Orthopedic Surgery, Keio University Hospital (to present) April 2022      Doctoral Course, Keio University School of Medicine (to present)</p> <p>[Significant concurrent positions] Doctor, Division of Orthopedic Surgery, Keio University Hospital</p>	0
<p>[Reason for nomination as a candidate for External Director and outline of expected roles, etc.] Ms. Ayako Akiba has deep knowledge as a working woman. It is important to bring a woman's perspective to management strategies because most of our customers are women. The Company has continued to nominate her as a candidate for External Director because it expects her to provide opinions and advice from a new perspective that is different from perspectives of other Directors who have deep knowledge of our business and industry. The term of office of Ms. Ayako Akiba as External Director of the Company will be one year at the conclusion of this General Meeting of Shareholders. If she is reappointed and assumes office, she will continue to be involved in procedures related to the nomination and compensation of Directors as a member of the Nomination and Compensation Committee.</p>			

- (Notes)
1. There is no special interest between each candidate for Director and the Company.
  2. Two candidates for Director, Mr. Kazunori Inoue and Ms. Ayako Akiba, are candidates for External Director. The Company has designated them as Independent Directors as set forth by Rule 436-2 of the Securities Listing Regulations of the Tokyo Stock Exchange, Inc. and notified the Exchange to that effect. If they are reelected as Director and assume that position, they will continue to be Independent Directors.
  3. In accordance with Article 427, Paragraph 1 of the Companies Act and the Articles of Incorporation, the candidates for Director, Mr. Kazunori Inoue and Ms. Ayako Akiba, have entered into agreements with the Company under which their liability for damages stipulated in Article 423, Paragraph 1 of the Companies Act shall be limited to the minimum amount

provided for in laws and regulations. If they are reelected as Director and assume this position, the Company plans to continue the above-mentioned liability limitation agreements.

4. The number of shares of the Company held includes those held in the name of the Board Members' Shareholding Association.
5. The Company has entered into a Directors and Officers liability insurance contract provided for in Article 430-3, Paragraph 1 of the Companies Act with an insurance company. If insured Directors are held liable for execution of their duties or receive a claim regarding the pursuance of their liability, the damage that may arise will be covered by the contract. If each candidate is appointed as a Director, they will be insured by the said insurance contract, and the Company plans to renew the said insurance contract at the time of next renewal during their terms of office.



(Reference) Skills matrix of candidates for Director

The skills matrix of candidates for Director is shown below.

Name	Positions and responsibilities	Company management / Corporate strategy	Internationality/ Overseas business	Brand business/ Marketing	Finance/ Accounting	Governance/ Risk management	Sustainability/ Diversity
Kazuhiro Tada	President and Representative Director	○	○	○	○	○	○
Haruo Shibuya	Managing Director	○	○	○		○	○
Masaaki Saito	Director and Senior Operating Officer in charge of Accounting & Finance	○	○		○	○	
Kazunori Inoue	External Director	○		○		○	
Ayako Akiba	External Director			○			○

\* The items listed above do not represent all of the knowledge and insight possessed by Directors.

**Proposal 3: Election of Four (4) Auditors**

The terms of office of all four (4) Auditors will expire at the conclusion of this General Meeting of Shareholders. Accordingly, the election of four (4) Auditors is proposed.

The Board of Auditors has given its approval to this proposal.

The candidates for Auditor are as follows:

No.	Name	Current positions at the Company		Attendance at the Board of Directors meetings	Attendance at the Board of Auditors meetings
1	Hirofumi Unosawa	Standing Statutory Auditor	[Reappointment]	100% (13 out of 13)	100% (14 out of 14)
2	Nobuyuki Mizuno	Operating Officer in charge of Personnel & General Affairs	[New appointment]		
3	Shigeta Hattori	Auditor	[Reappointment] [External] [Independent]	85% (11 out of 13)	86% (12 out of 14)
4	Tatsuo Morii		[New appointment] [External] [Independent]		

No.	Name (Date of birth)	Career summary, positions, responsibilities and significant concurrent positions	Number of shares of the Company held
1	<p>[Reappointment]</p> <p>Hirofumi Unosawa (November 1, 1963)</p>	<p>March 1987      Joined the Company</p> <p>January 2017    Operating Officer, General Manager of A.P.C. JAPAN LTD.</p> <p>January 2019    Director and Operating Officer, General Manager of Operation Division 1, Operational Headquarters, LOOK INCORPORATED</p> <p>July 2019        Director and Operating Officer, General Manager of Boutique Division, Operational Headquarters, LOOK INCORPORATED</p> <p>March 2021      Standing Statutory Auditor, the Company (to present)</p> <p>March 2021      Auditor, LOOK INCORPORATED (to present)</p> <p>March 2021      Auditor, A.P.C. JAPAN LTD. (to present)</p> <p>March 2021      Auditor, LOOK MODE INC. (to present)</p> <p>March 2021      Auditor, L.LOGISTICS INC. (to present)</p> <p>[Significant concurrent positions]</p> <p>Auditor, LOOK INCORPORATED</p> <p>Auditor, A.P.C. JAPAN LTD.</p> <p>Auditor, LOOK MODE INC.</p> <p>Auditor, L.LOGISTICS INC.</p>	9,358
<p>[Reason for nomination as a candidate for Auditor]</p> <p>Mr. Hirofumi Unosawa has extensive experience and achievements in overall businesses gained through his work in important positions in sales departments of other companies of the Group. He has appropriately supervised and audited the Group as Standing Statutory Auditor since 2021, concurrently serving as auditor of Group companies. The Company has continued to nominate him as a candidate for Auditor because it expects him to appropriately perform his duties as Auditor.</p>			

No.	Name (Date of birth)	Career summary, positions, responsibilities and significant concurrent positions	Number of shares of the Company held
2	[New appointment]  Nobuyuki Mizuno (October 14, 1965)	March 1989      Joined the Company March 2016      General Manager of Personnel & General Affairs Division January 2019      Operating Officer, General Manager of Personnel & General Affairs Division  January 2023      Operating Officer in charge of Personnel & General Affairs (to present)	7,894
[Reason for nomination as a candidate for External Auditor] Mr. Nobuyuki Mizuno has extensive experience and expert knowledge concerning personnel and labor, legal affairs, and compliance through many years of work in the Company's Personnel & General Affairs Division. The Company has nominated him as a candidate for Auditor because it expects him to utilize his extensive experience and expert knowledge, and appropriately perform his duties as Auditor.			
3	[Reappointment] [External] [Independent]  Shigeta Hattori (September 9, 1988)	December 2015      Registered as attorney (Tokyo Bar Association) December 2015      Joined Hattori Sougou Law Office March 2020      Auditor, the Company (to present) April 2020      Lecturer for Financial Instruments and Exchange Act, Keio University Law School (to present)  [Significant concurrent positions] Attorney, Hattori Sougou Law Office	200
[Reason for nomination as a candidate for External Auditor] Mr. Shigeta Hattori is an attorney with extensive knowledge and deep insight and expertise as a legal specialist, which he has utilized to appropriately supervise and audit as an External Auditor of the Company. The Company has continued to nominate him as a candidate for External Auditor because it expects him to continue to utilize these in the supervision and auditing of the management of the Group, and appropriately perform his duties as External Auditor. The term of office of Mr. Shigeta Hattori as External Director of the Company will be three years at the conclusion of this General Meeting of Shareholders.			
4	[New appointment] [External] [Independent]  Tatsuo Morii (April 17, 1964)	October 1989      Joined Audit firm Asahi Shinwa & Co. (currently KPMG AZSA LLC) March 1993      Registered as a certified public accountant May 2002      Partner, Asahi Audit Corp. (currently KPMG AZSA LLC) September 2009      Representative Partner, KPMG AZSA & Co. (currently KPMG AZSA LLC)  January 2022      President, Morii General CPA Office (to present) September 2022      Outside Auditor, TRAINOCATE Holdings Ltd. (to present)  [Significant concurrent positions] Certified Public Accountant, Morii General CPA Office Outside Auditor, TRAINOCATE Holdings Ltd.	0
[Reason for nomination as a candidate for External Auditor] Mr. Tatsuo Morii is a CPA with extensive experience and expert knowledge regarding all aspects of finance and accounting. The Company nominated him as a candidate for External Auditor because it expects him to utilize this extensive experience and expert knowledge, and appropriately perform his duties as External Auditor from a standpoint independent of the management of the Group.			

- (Notes)
1. There is no special interest between each candidate for Auditor and the Company.
  2. Candidate for Auditor Mr. Shigeta Hattori is a candidate for External Auditor. The Company has designated him as an Independent Auditor as set forth by Rule 436-2 of the Securities Listing Regulations of the Tokyo Stock Exchange, Inc. and notified the Exchange to that effect. If he is reelected as an Auditor and assumes his position, he will continue to be an Independent Auditor.
  3. Candidate for Auditor Mr. Tatsuo Morii is a candidate for External Auditor. If he is elected as an Auditor and assumes his position, he is expected to become an Independent Auditor based on the regulations of the Tokyo Stock Exchange, Inc.
  4. In accordance with Article 427, Paragraph 1 of the Companies Act and the Articles of Incorporation, candidates for Auditor Mr. Hirofumi Unosawa and Mr. Shigeta Hattori have entered into agreements with the Company under which their liability for damages stipulated in Article 423, Paragraph 1 of the Companies Act shall be limited to the minimum amount provided for in laws and regulations. If they are reelected as Auditor and assume their position, the Company plans to continue the above-mentioned liability limitation agreements.

5. In accordance with Article 427, Paragraph 1 of the Companies Act and the Articles of Incorporation, if candidates for Auditor Mr. Nobuyuki Mizuno and Mr. Tatsuo Morii are elected and assume their positions, the Company plans to enter into agreements with them under which their liability for damages stipulated in Article 423, Paragraph 1 of the Companies Act shall be limited to the minimum amount provided for in laws and regulations.
6. Candidate for Auditor Mr. Nobuyuki Mizuno plans to resign from his position as Operating Officer in charge of Personnel & General Affairs of the Company by the date of this General Meeting of Shareholders.
7. The number of shares of the Company held includes those held in the name of the Board Members' Shareholding Association and the Employees' Shareholding Association.
8. The Company has entered into a Directors and Officers liability insurance contract provided for in Article 430-3, Paragraph 1 of the Companies Act with an insurance company. If insured Auditors are held liable for execution of their duties or receive a claim regarding the pursuance of their liability, the damage that may arise will be covered by the contract. If each candidate is appointed as an Auditor, they will be insured by the said insurance contract, and the Company plans to renew the said insurance contract at the time of next renewal during their terms of office.

#### **Proposal 4: Renewal of Countermeasures against Large-Scale Purchase of The Company's Shares**

At the 58th Ordinary General Meeting of Shareholders held on March 27, 2020, shareholders approved a proposal regarding the renewal of “countermeasures against large-scale purchase of the company's shares” (hereinafter, the renewed countermeasures are referred to as the “Current Plan”), but the effective period of the Current Plan is until the conclusion of the 61st Ordinary General Meeting of Shareholders to be held on March 29, 2023.

As the expiration of the effective period of the Current Plan approaches, the Company has considered its stance toward the Current Plan as a measure for protecting and enhancing the corporate value of the Company and shareholders' common interests, taking into consideration changes in the market and business environments and the development of various trends and discussions surrounding large-scale acquisitions of shares since the introduction of the Current Plan. As a result, the Company has decided to renew the Current Plan (hereinafter, the “countermeasures against large-scale purchase of the company's shares” to be renewed are referred to as the “Plan”) to be effective subject to the approval at this General Meeting of Shareholders.

Furthermore, in renewing the Plan, the Company has revised all aspects of its content, based on recent court cases concerning response to large-scale acquisitions of shares, implementation trends and other factors. In addition, in the Plan, formal amendments have been made to certain words and phrases, including amending and streamlining certain terms.

The approval of shareholders is therefore requested for the renewal of the Plan.

##### **I. Basic Policies Regarding Control of the Company's Finance and Business Policies**

The Company believes that parties controlling decisions on the Company's financial and business policies must understand the sources of the Company's corporate value, and support the Company to secure and enhance its corporate value and shareholders' common interests in a continuous and sustainable manner.

As a listed company, the Company recognizes the free purchase and sale of the Company's shares, and even in the case of a large-scale purchase of shares, the Company will not automatically reject it, if it contributes to the Company's corporate value and shareholders' common interests. In addition, the Company believes that decisions related to purchase proposals accompanied by a transfer of control of the stock company should ultimately be made based on the will of the Company's shareholders.

Among large-scale purchases of shares, however, there are many that do not contribute to the corporate value of the target company and shareholders' common interests, including those that may cause clear harm to corporate value and shareholders' common interests in view of their objectives, etc., those that will effectively force shareholders to sell their shares, those that do not provide sufficient time and information for the Board of Directors and shareholders of the target company to analyze the details of the purchase, etc. and the Board of Directors of the target company to make an alternative proposal, and those where it is necessary for the target company to negotiate with the purchaser to secure terms that are more advantageous than those proposed by the purchaser.

The Company believes that if a party implements a large-scale purchase of the Company's shares that does not contribute to the Company's corporate value or shareholders' common interests, without a sufficient understanding of the sources of the Company's corporate value, including management policies, business characteristics, and relationships with different stakeholders, then this particular party is inappropriate to control decisions on the Company's financial and business policies, and our basic policy is to take commensurate measures to protect and enhance the Company's corporate value or shareholders' common interests.

##### **II. Initiatives that Contribute to Achieving the Company's Basic Policies**

###### **(1) Initiatives to Enhance the Company's Corporate Value and Shareholders' Common Interests**

Adhering to its philosophy that the “Customer Comes First,” the Company is committed to increasing customer satisfaction through fashion. Reflecting this commitment, we have sought to create new lifestyles and values and enhance people's everyday lives. In addition, we aim to fulfill the expectations of our shareholders through solid results while also enriching the lifestyles of working people. To this end, we strive to enhance medium- to long-term corporate value and shareholders' common interests. The Company participates in the fashion industry, where business operators need a highly creative sensibility to enable them to swiftly identify recent trends and changes in peoples' attitudes, and make proposals that make people's lifestyles more fulfilling. In order to operate a flourishing fashion business while remaining faithful to our highly refined sensibilities, it is essential that we possess a sufficient understanding of the relationships that have been built with the Company's employees, affiliated companies, clients, customers, and other stakeholders, who possess a high level of technical expertise and ability and rich sensibilities. At the same time, the Company is aware of its

corporate social responsibility to conduct business activities in a sincere and fair manner in accordance with laws and corporate ethics, in order to implement our basic management policies.

As a medium- to long-term management strategy, the Company will build a structure capable of securing stable profits without disrupting our prioritization of efficiency, by engaging in integrated planning, manufacturing and sales, and taking steps to enhance existing brands and develop new brands and businesses based on our understanding of the manufacturing and retail industries, with the aim of building deeper relationships with customers. In addition, the Company's basic management strategy is to create a flexible structure capable of responding quickly to unforeseen circumstances, and thus survive amid difficult global competition.

Under this basic strategy, the Company has identified four key measures in its medium-term business plan (2019–2023): 1) strengthening profitability in existing businesses, 2) expanding the e-commerce business, 3) actively developing new businesses, and 4) building a stable management base.

Specifically, regarding 1) strengthening profitability in existing businesses, the Company is endeavoring to strengthen profitability by effectively investing in its main imported brands in domestic and overseas businesses and engaging in further business expansion measures, as well as exiting unprofitable businesses. Next, regarding 2) expanding the e-commerce business, the Company is engaged in expanding sales through the implementation of measures such as integrating e-commerce and physical store membership and strengthening inventory-linking functions, as well as continually pursuing greater customer convenience, including the renewal of the Company's own website. Moreover, regarding 3) actively developing new businesses, the Company is continually considering and implementing the development of attractive brands and businesses focused on "fashion, food, living and beauty" from a worldwide perspective, including through M&A and business alliances, to respond to customer needs in Japan and overseas. Finally, regarding 4) building a stable management base, in addition to actively recruiting internationally-minded personnel, the Company provides education based on employee position, such as training for managers, mid-level employees, and young employees, to promote the development of personnel in touch with the social environment and management strategy. The Company also provides upskilling training according to employee occupation, such as fashion trend information training for merchandisers, and endeavors to develop highly-creative personnel and ensure that each individual employee practices thorough compliance.

The Group will strive to establish brand value that is impervious to changes in business conditions, and further expand sales. In addition, it will effectively invest management resources in highly-profitable brand businesses capable of generating sustainable profits, even in adverse business environments.

## (2) Initiatives to Enhance the Company's Corporate Value and Shareholders' Common Interests by Strengthening Corporate Governance

The Group perceives initiatives to enhance corporate governance as a key management issue. It will increase objectivity and transparency and engage in honest and fair business operations in accordance with laws and corporate ethics. To achieve this, the Company will endeavor to fulfill its accountability to shareholders and other stakeholders by increasing objectivity and transparency and clarifying management responsibilities based on the scale and nature of its business.

The Company's Board of Directors is currently composed of five (5) Directors, of whom two (2) are independent External Directors. The Board of Directors resolves important matters concerning management. The Company has also established the Nomination and Compensation Committee as an advisory body to the Board of Directors, to strengthen the supervisory function of the Board of Directors and further enhance the corporate governance system by ensuring the transparency and objectivity of evaluation and decision processes regarding the nomination and compensation of Directors. The majority of Nomination and Compensation Committee members consists of independent External Directors, with the aim of increasing transparency, objectivity, and fairness. Moreover, the term of office of Directors of the Company is set at one (1) year, to clarify Directors' management responsibility and strengthen the management structure, as well as to build a management structure able to respond swiftly to changes in the business environment.

The Board of Auditors is currently composed of four (4) Auditors, of whom two (2) are independent External Auditors. The Board of Auditors meets monthly, in principle, to receive reports on important matters concerning auditing and engage in discussions.

In addition to the above, the Company has established the Internal Audit Department to audit departments in the Group for compliance with laws, regulations, the Articles of Incorporation, and internal rules, and to promote improvements, and the Compliance Committee, chaired by a Director, to promote compliance systems across the whole Group.

The Company will continue to strive to enhance corporate governance and pursue the maximization of corporate value and shareholders' common interests.

### III. Details of the Plan (Initiatives to Prevent Parties Considered Inappropriate in View of the Basic Policy from Controlling Decisions on the Company's Financial and Business Policies)

#### 1. Objective of the Renewal of the Plan

The Plan shall be renewed in accordance with the basic policies described in the above item I., in order to protect and enhance the Company's corporate value and shareholders' common interests on an ongoing and sustainable basis.

As set forth in the basic policies described in the above item I., the Board of Directors of the Company believes that parties conducting Large-Scale Purchases, Etc. that will not contribute to the corporate value of the Company and shareholders' common interests are considered inappropriate as parties controlling decisions on the Company's financial and business policies. Accordingly, in order to prevent decisions on the Company's financial and business policies being controlled by such inappropriate parties, the Company believes a framework is required to prevent purchases that will violate the Company's corporate value and shareholders' common interests, by making it possible to secure the necessary information and time for shareholders to assess whether a purchase is inappropriate, etc. in the event of a large-scale purchase of the Company's shares, etc. and for the Company to engage in negotiations with the purchaser on shareholders' behalf. The Company has thus decided to renew the Current Plan as a reasonable framework for requiring parties conducting or attempting to conduct a large-scale purchase of the Company's shares, etc. to submit in advance necessary information regarding the Large-Scale Purchase, Etc. that the parties conducting or attempting to conduct the purchase, etc. are attempting to implement, in addition to ensuring the necessary time for the evaluation and analysis thereof, and negotiations with the purchaser.

The Company is not aware that its shares, etc. are subject to a Large-Scale Purchase, Etc., or that a proposal has been received for making its shares, etc. subject to a such a purchase.

#### 2. Overview of the Plan

The Plan sets forth takeover defense measures based on having set forth procedures that parties conducting or attempting to conduct a large-scale purchase of the Company's shares, etc. should comply with in order to protect and enhance the Company's corporate value and shareholders' common interests. These include ensuring awareness of the details of the Plan through timely disclosure on the Tokyo Stock Exchange, Inc., disclosure via the Company's business report and other statutory disclosure documents, posting on the Company's website, etc. The Plan establishes procedures that parties conducting or attempting to conduct a large-scale purchase of the Company's shares, etc. should comply with, and provides advance notice of the fact the Company may take countermeasures using a gratis allotment of share acquisition rights with discriminatory conditions if such parties do not comply with these procedures, or even in cases when they have complied with the procedures, as an exception when it is judged that the purchase, etc. will harm the Company's corporate value and shareholders' common interests.

#### 3. Details of the Plan

##### (A) Procedures Related to the Plan

##### (a) Applicable Large-Scale Purchases, Etc.

The Plan shall apply in cases when a purchase of the Company's share certificates, etc. falling under the below items 1), 2), or 3) or similar action (including proposals for such purchases; however, this excludes those approved in advance by the Board of Directors of the Company; hereinafter, these actions are referred to as "Large-Scale Purchase, Etc.") is conducted, and the party, alone or in concert or coordination with another party, conducting or attempting to conduct the Large-Scale Purchase, Etc. (hereinafter, referred to as a "Purchaser, Etc.") must comply with the procedures set forth in the Plan in advance.

- 1) Purchases of share certificates, etc.<sup>1</sup> issued by the Company in which a holders'<sup>2</sup> ownership ratio of share certificates, etc.<sup>3</sup> will be 20% or more;
- 2) Tender offers<sup>5</sup> for share certificates, etc.<sup>4</sup> issued by the Company in which the total of the ownership ratio of share certificates, etc.<sup>6</sup> pertaining to the tender offer and the ownership ratio of share certificates, etc. of any specially related parties<sup>7</sup> will be 20% or more;
- 3) An act that is (i) undertaken between a party endeavoring to acquire the Company's share certificates, etc., or a joint holder<sup>8</sup> or specially related party of such a party (referred to hereinafter in this paragraph as the "share certificate acquirer, etc.") and another shareholder (or shareholders; the same applies hereinafter in this paragraph) of the Company, that results in an agreement or other arrangement where the other shareholder becomes a joint holder with the share certificate acquirer, etc., or where a relationship is established in which the share certificate acquirer, etc. effectively gains control over the other shareholder, or vice versa, or where they act jointly or in concert;<sup>9</sup> and where (ii) the ratio of share certificates, etc. issued by the Company that are held by the share certificate



acquirer, etc. and the other shareholder, in total, reaches 20% or greater,<sup>10</sup> regardless of whether said act falls under 1) or 2) above.

(b) Advance Submission of “Letter of Intent” to the Company

With the exception of a Purchaser, Etc. recognized as friendly by the Board of Directors of the Company, the Purchaser, Etc. shall submit to the Board of Directors of the Company a legally-binding document in Japanese in the format prescribed by the Company (said document must be signed by, or bear the seal of, the representative of the Purchaser, Etc.) that includes a pledge to the effect that the Purchaser, Etc. will comply with the procedures set forth in the Plan when conducting the Large-Scale Purchases, Etc. (hereinafter, referred to as the “Letter of Intent”), ahead of the implementation of the Large-Scale Purchases, Etc.

Specifically, the “Letter of Intent” shall include the following information.

(i) Overview of the Purchaser, Etc.

- 1) Name or company name and address or location;
- 2) Name of representative;
- 3) Objective and business details in the case of a company, etc.;
- 4) Names and overview of major shareholders or major investors (top 10 in terms of shareholding ratio or investment ratio);
- 5) Names and overview of main providers of funds for the purchase
- 6) Contact details in Japan;
- 7) Governing law of incorporation.

(ii) Number of the Company’s share certificates, etc. actually held by the Purchaser, Etc. and the status of any transactions pertaining to the Company’s share certificates, etc. by the Purchaser, Etc. in the 60 days prior to submission of the Letter of Intent

(iii) Overview of the Large-Scale Purchases, Etc. proposed by the Purchaser, Etc. (including the class and number of the Company’s share certificates, etc. that the Purchaser, Etc. intends to acquire in the Large-Scale Purchases, Etc. and the objective of the Large-Scale Purchases, Etc. (acquisition of control or participation in management, pure investment or strategic investment, transfer of the Company’s share certificates, etc. to a third party after the Large-Scale Purchases, Etc., or in the event of a material proposal, etc.,<sup>11</sup> notification to that effect and the specific details thereof; furthermore, if there are multiple objectives, details of all objectives shall be provided.))

(iv) A pledge to comply with the procedures set forth in the Plan (must not contain conditions or reservations).

(c) Submission of the “Required Information”

After the submission of the “Letter of Intent” described in the above item (b), the Purchaser, Etc. shall comply with the following procedures, and submit to the Company the necessary and sufficient information, in Japanese, for shareholders to make a decision concerning the Large-Scale Purchase, Etc. (hereinafter, referred to as the “Required Information”).

Within ten (10) business days<sup>12</sup> (not including the initial day) of the submission of the “Letter of Intent,” the Company shall dispatch to the Purchaser, Etc. at their point of contact in Japan as described in the above item (b) (i) 6) an “Information List” that describes the information that should initially be submitted.

The Company shall establish a period of 60 days (not including the initial day) after the dispatch of the “Information List” as a period for the Company to request the submission of the Required Information from the Purchaser, Etc. and for the Purchaser, Etc. to submit the Required Information (hereinafter, referred to as the “Information Submission Period”), and once the Information Submission Period has expired, a period for evaluation, analysis, negotiation, opinion-forming, and creation of an alternative proposal, etc. by the Board of Directors of the Company (hereinafter, referred to as the “Board of Directors’ Evaluation Period”) shall immediately begin. Provided, however, that the Company may extend the Information Submission Period by up to 30 days (not including the initial day) as required in cases when the Company recognizes that a request was made from the Purchaser, Etc. to extend the Information Submission Period based on reasonable grounds. Furthermore, in cases where the Company judges that the information initially submitted by the Purchaser, Etc. is not sufficient to serve as the Required Information, it may request the submission of additional information within an appropriate time limit.

On the other hand, once the Company’s Board of Directors judges that the information submitted by the Purchaser, Etc. is sufficient to serve as the Required Information, it shall provide notification to the Purchaser, Etc. to the effect that the submission of the Required Information is completed, even if this occurs prior to the expiration of the Information Submission Period.

In this regard, regardless of the details and format, etc. of the Large-Scale Purchase, Etc., information related to each of the following items shall be included in part of the “Information List,” in principle.

- 1) Details of the Purchaser, Etc. and their group (including any joint holders, any specially related parties, and any members and other constituent members in the case of a fund) (including specific names, capital structure, business details, financial details, status of profit and loss, names and career summaries of officers, number of shares held, etc.);
- 2) Objective, method, and details of the Large-Scale Purchase, Etc. (including the type and amount of consideration for the Large-Scale Purchase, Etc., timing of the Large-Scale Purchase, Etc., structure of any related transactions, legality of the Large-Scale Purchase, Etc. method, and feasibility of the implementation of the Large-Scale Purchase, Etc.);
- 3) Basis for calculation of consideration for the Large-Scale Purchase, Etc. (including any facts forming the basis of the calculation, calculation method, numerical data used in the calculation, details of any synergies expected to arise as a result of transactions related to the Large-Scale Purchase, Etc., including the details of synergies allocated to minority shareholders, and, in the event that the views of a third party have been solicited in regard to the calculation, the name of the third party, an overview of their views, and their process for determining the amount based on these views);
- 4) Backing for funds required for the Large-Scale Purchase, Etc. (including the specific name of any providers of funds (including de facto providers), procurement method, and the details of any related transactions);
- 5) Information on past acquisitions and disposals of share certificates, etc. of the Company by the Purchaser, Etc..
- 6) If the Purchaser, Etc. has entered into any important agreements or arrangements on rental, hypothecation, sell-back and reservation on the sale and purchase for the Company’s shares, etc. (hereinafter the “Hypothecation Agreements, Etc.”), already held by the Purchaser, Etc., or the Purchaser, Etc. intends to conclude Hypothecation Agreements, Etc. in relation to the Company’s share certificates, etc. that they intend to acquire in the Large-Scale Purchase, Etc., the specific content thereof such as the type of such agreements/arrangements, contractual counterparts and the number of shares, etc., covered by said Hypothecation Agreements, Etc.;
- 7) Whether there has been any communication of intent with any third parties concerning the Large-Scale Purchase, Etc. and, if there has been a communication of intent, an overview of the details thereof and the relevant third parties;
- 8) In cases when there are plans to acquire more of the Company’s share certificates, etc. after the Large-Scale Purchase, Etc., the reasons and details thereof;
- 9) Management policies, business plans, capital policies, and dividend policies for the Company and the Group after the Large-Scale Purchase, Etc.;
- 10) Policies regarding the treatment, etc. of the Company’s employees, labor unions, business partners, clients, local communities, and other stakeholders of the Company after the Large-Scale Purchase, Etc.;
- 11) Specific measures to avoid conflicts of interest with other shareholders of the Company;
- 12) Information regarding any relationships with antisocial forces;
- 13) Any other information reasonably considered necessary by the Independent Committee.

(d) Analysis of the Details of the Purchase, Negotiation with the Purchaser, Etc., and the Presentation of an Alternative Proposal by the Board of Directors, etc.

After the Information Submission Period has expired, the Company shall establish a period as described in the following item 1) or 2) below, calculated from the date the Information Submission Period expires (not including the initial day in both cases), in accordance with the difficulty of evaluating the Large-Scale Purchase, Etc., as the Board of Directors’ Evaluation Period.

- 1) Up to 60 days for tender offers for all shares of the Company, where the consideration is in cash (Japanese yen) only;
- 2) Up to 90 days for other Large-Scale Purchases, Etc.

Furthermore, if the Company recognizes that the above Board of Directors’ Evaluation Period must be extended, the periods described in the above items 1) and 2) may be extended as necessary, up to a maximum of 30 days, after consulting the Independent Committee and respecting the recommendation thereof to the maximum extent possible. However, no more than one extension may be made, in principle. If the Board of Directors’ Evaluation Period is extended, the Company shall promptly disclose the reasons for the extension, the period of the extension, etc.

The Purchaser, Etc. may not commence the Large-Scale Purchase, Etc. until the Board of Directors of the Company resolves not to activate the countermeasures as described in the below item (f).

The Board of Directors of the Company shall establish an Independent Committee consisting only of External Directors and External Auditors of the Company and outside experts, who are independent of the management team of the Company, in order to guarantee the objectivity and fairness of its decision. The planned members of the Independent Committee at the time of this renewal are listed in Attachment 1. In addition, please refer to Attachment 2 for an overview of the Independent Committee Regulations. If a Purchaser, Etc. emerges, the Independent Committee shall make a recommendation to the Board of Directors of the Company regarding issues such as the appropriateness of activating countermeasures, following consultation regarding the appropriateness of activating countermeasures, etc. by the Board of Directors of the Company. In order to ensure that decisions by the Independent Committee are made in a way that will contribute to protecting and enhancing the corporate value of the Company and shareholders' common interests, the Independent Committee may obtain advice, at the Company's expense, from third parties who are independent of the management team engaged in the execution of business operations at the Company (including investment banks, securities companies, financial advisors, certified public accountants, attorneys, consultants, and other specialists).

During the Board of Directors' Evaluation Period, the Board of Directors of the Company and the Independent Committee shall sufficiently evaluate and analyze the Required Information submitted by the Purchaser, Etc. and analyze the details of the Large-Scale Purchase, Etc. by the Purchaser, Etc. from the perspective of protecting and enhancing the corporate value of the Company and shareholders' common interests, etc., while obtaining advice from external specialists, etc. who are independent from the Company as necessary. With maximum respect for the judgement of the Independent Committee regarding this evaluation and analysis, the Board of Directors of the Company shall carefully compile its views regarding the Large-Scale Purchase, Etc. as the Board of Directors of the Company, and notify the Purchaser, Etc. to that effect, while also publicly announcing these views to shareholders in a timely and appropriate manner. In addition, the Board of Directors of the Company may, as necessary, negotiate the terms and method of the Large-Scale Purchase, Etc. with the Purchaser, Etc. and, furthermore, present an alternative proposal to shareholders.

(e) Recommendation from the Independent Committee Regarding the Activation of Countermeasures

The Board of Directors of the Company shall ultimately determine whether or not to activate countermeasures based on the Plan, but in making this determination, the Board of Directors of the Company shall respect the recommendation of the Independent Committee to the maximum extent possible regarding whether countermeasures should be activated.

1) Cases when the Independent Committee Makes a Recommendation to Activate Countermeasures

The Independent Committee shall recommend the activation of countermeasures to the Board of Directors of the Company in (i) cases when the Purchaser, Etc. has not complied with the procedures prescribed in the above items (b) through (d) and where it is deemed appropriate to activate countermeasures, and (ii) cases when the Large-Scale Purchase, Etc. by the Purchaser, Etc. is judged to fall under any of the categories listed below or there are circumstances under which it may be reasonably considered that the Large-Scale Purchase, Etc. falls under any of these categories, or other factors, and it is also recognized that the activation of countermeasures would be appropriate; except in special circumstances, such as where it is necessary for the Purchaser, Etc. to continue to provide information or where it is necessary to continue discussions or negotiations with the Purchaser, Etc.

- (1) Cases when it is judged that, despite having no true intention to participate in corporate management, the Purchaser, Etc. is acquiring or attempting to acquire the Company's share certificates, etc. in order only to increase the share price and force parties related to the Company to purchase the Company's share certificates, etc. at a high price, or similar actions (a so-called green mailer);
- (2) Cases when it is judged that the Purchaser, Etc. is acquiring the Company's share certificates, etc. with the objective of taking temporary control of the management of the Company and transferring the important assets of the Company or companies in the Group to the Purchaser, Etc. or group companies of the Purchaser, Etc. (including, but not limited to assets of the Company or companies in the Group such as intellectual property rights required for the

management of business operations, expertise, confidential corporate information, and major business partners or clients);

- (3) Cases when it is judged that the Purchaser, Etc. is acquiring the Company's share certificates, etc. with the objective of acquiring control of the management of the Company and using assets of the Company or companies in the Group as collateral or repayment funds for the obligations of the Purchaser, Etc. or group companies of the Purchaser, Etc.;
- (4) Cases when it is judged that the Purchaser, Etc. is acquiring the Company's share certificates, etc. in order to take temporary control of the management of the Company, sell or otherwise dispose of real estate, marketable securities, or other high-value assets, etc. not immediately related to the businesses of the Company or companies in the Group, and use the proceeds from the disposal to pay a one-time high dividend or take advantage of the rapid increase in share price created by this one-time high dividend to sell the Company's share certificates, etc. at a high price, or similar actions;
- (5) Cases when it is judged that the purchase terms for the Company's share certificates, etc. proposed by the Purchaser, Etc. are insufficient or inappropriate in view of the intrinsic value of the Company (including, but not limited to the type and amount of consideration for the purchase, calculation basis for this amount, specific details of other terms (including the timing and method of the acquisition), legality and feasibility of the acquisition, etc.);
- (6) Cases when it is judged that the purchase method for the Company's share certificates, etc. proposed by the Purchaser, Etc. may limit shareholders' opportunity or freedom to make a decision and effectively force shareholders to sell the Company's share certificates, etc., including a so-called coercive two-tiered takeover (referring to cases such as those where share certificates, etc. are purchased by tender offer, etc., and the Purchaser, Etc. does not offer to purchase all of the Company's share certificates, etc. in the initial purchase, while setting unfavorable or unclear purchase terms for the second stage);
- (7) Cases when there is a serious risk that the Large-Scale Purchase, Etc. will adversely affect the corporate value of the Company and shareholders' common interests due to factors such as damage to relationships with employees, clients, business partners, local communities, and other stakeholders, or to the Company's brand power or technological capabilities, which are necessary and indispensable to the creation of corporate value for the Company.

## 2) Cases when the Independent Committee Makes a Recommendation not to Activate Countermeasures

In cases other than those set forth in the above item 1) above, the Independent Committee shall recommend that the Board of Directors of the Company does not activate countermeasures. However, even after making such a recommendation, the Independent Committee may issue a new recommendation to activate countermeasures in cases when the relevant facts, etc. that led to the previous recommendation have changed, and where there is now cause as set forth in 1) above.

In addition, the Independent Committee may recommend that the Board of Directors of the Company convenes a General Meeting of Shareholders to confirm the will of shareholders in cases when it judges that the will of shareholders should be confirmed regarding issues such as whether or not the Board of Directors of the Company shall activate countermeasures based on the Plan.

(f) Resolution by the Board of Directors or a General Meeting of Shareholders Held to Confirm the Will of Shareholders

The Board of Directors of the Company shall give maximum respect to the recommendation of the Independent Committee regarding issues such as the appropriateness of activating countermeasures, and shall make a resolution regarding the activation of countermeasures based on this recommendation.

In addition, the Board of Directors of the Company shall resolve to convene a General Meeting of Shareholders to confirm the will of shareholders<sup>13</sup> (hereinafter, a “Confirmatory General Meeting of Shareholders”) as soon as practically possible in cases when the Independent Committee recommends that a Confirmatory General Meeting of Shareholders is convened regarding the activation of countermeasures and cases when the Board of Directors of the Company judges that, based on the due care of a prudent manager of the Company’s Directors, shareholders should make a decision regarding whether to activate countermeasures based on the Plan.<sup>14</sup> In this case, the Board of Directors of the Company shall make a resolution regarding the activation of countermeasures in accordance with the resolution at this General Meeting of Shareholders.

(g) Information Disclosure

Under the operation of the Plan, the Company shall make timely disclosure of information including the progress of various procedures under the Plan (including the submission of the Letter of Intent and Required Information, the commencement of the Board of Directors’ Evaluation Period, the extension of the Information Submission Period or the Board of Directors’ Evaluation Period, and the length and cause of this extension), an outline of any recommendations, etc. from the Independent Committee, an outline of any resolutions by the Board of Directors of the Company, an outline of any resolutions by a Confirmatory General Meeting of Shareholders, and any other information considered appropriate by the Independent Committee or the Board of Directors of the Company, in accordance with the applicable laws and regulations and the rules of the Tokyo Stock Exchange, Inc.

(B) Specific Details of Countermeasures under the Plan

In principle, the Directors of the Company shall conduct a gratis allotment of share acquisition rights (hereinafter, the “Share Acquisition Rights”) as a countermeasure to be activated based on the resolution described in the above item (A) (f). However, if it is judged that it would be appropriate to activate other countermeasures permitted under the Companies Act, other laws and regulations, and the Articles of Incorporation of the Company, these other countermeasures may be adopted.

An overview of the gratis allotment of the Share Acquisition Rights is as provided in Attachment 3 “Overview of Gratis Allotment of Share Acquisition Rights.”

In addition, the Company shall make a shelf registration for the Share Acquisition Rights, in order to ensure the flexibility of the activation of countermeasures by issuing the Share Acquisition Rights.

(C) Cancellation or Withdrawal of Countermeasures

Even if the Board of Directors of the Company resolves to activate countermeasures in accordance with the procedures described in the above item (A) (f), the Board of Directors of the Company shall consult the Independent Committee once again regarding the appropriateness of maintaining countermeasures and consider the cancellation or withdrawal of countermeasures that have been activated, while obtaining advice from external specialists, etc. as necessary, in cases when 1) the Purchaser, Etc. has cancelled or withdrawn the Large-Scale Purchase, Etc. and the Large-Scale Purchase, Etc. no longer exists,<sup>15</sup> or 2) the facts, etc. forming the basis for the decision regarding whether to activate countermeasures have changed and circumstances are such that it is judged that maintaining countermeasures that have been activated would not be appropriate from the perspective of protecting and enhancing the Company’s corporate value and shareholders’ common interests.

Based on this consultation, the Independent Committee shall consider the appropriateness of maintaining the countermeasures, while obtaining advice from external specialists, etc. who are independent from the Company as necessary, and make a recommendation to the Board of Directors of the Company.

The Board of Directors of the Company shall respect the above recommendation of the Independent Committee to the maximum extent possible, and if, based on this recommendation, the Board of Directors of the Company determines that it would not be appropriate to maintain countermeasures from the perspective of protecting and enhancing the corporate value of the Company and shareholders’ common interests, the Board of Directors of the Company shall pass a normal resolution to cancel or withdraw from any activated countermeasures, by methods including cancelling the gratis allotment of Share Acquisition Rights up to the day before the ex-rights date of the gratis allotment of Share

Acquisition Rights, or by the Company acquiring the Share Acquisition Rights without consideration from the effective date of the gratis allotment of Share Acquisition Rights up to the day before the start date of the exercise period of the Share Acquisition Rights, and the Company shall also promptly disclose information to that effect.

#### 4. Effective Period of the Plan, Discontinuation, and Amendments

The effective period of the Plan shall be until the conclusion of the Ordinary General Meeting of Shareholders held with respect to the last business year ending within three (3) years from this General Meeting of Shareholders.

However, even prior to the end of this effective period, the Plan shall be discontinued if a resolution to discontinue the Plan is passed by the Board of Directors of the Company.

In addition, even during this effective period, the Company may, upon the approval the Independent Committee, amend or change the Plan, provided such amendments or changes are not contrary to the spirit of resolutions made at this General Meeting of Shareholders, such as in cases when it is appropriate to reflect in the Plan the new establishment, amendment, or discontinuation of laws, regulations, or rules of the Tokyo Stock Exchange, Inc., etc., cases when it is appropriate to amend the wording due to typographical errors or the like, and cases when such amendments or changes are not against the interests of the Company's shareholders. If the Plan is discontinued, amended, or changed, the Company shall promptly disclose information to that effect, as well as the details of the amendment or change (in the case of an amendment or change) and related matters.

If the Plan is discontinued or amended, the Company shall promptly disclose the fact that this discontinuation or amendment was implemented, the details thereof, and any other information recognized as appropriate by the Board of Directors of the Company, in accordance with applicable laws and regulations and financial instruments exchange regulations.

#### 5. Reasonableness of the Plan

##### (A) Satisfying All Requirements of the Guidelines Regarding Takeover Defense, Etc.

The Plan satisfies all three principles set forth in the "Guidelines Regarding Takeover Defense for the Purpose of Protection and Enhancement of Corporate Value and Shareholders' Common Interests" announced by the Ministry of Economy, Trade and Industry and the Ministry of Justice on May 27, 2005 (the principle of protecting and enhancing corporate value and the interests of shareholders as a whole, the principle of prior disclosure and shareholders' will, and the principle of ensuring the necessity). In addition, the Plan also takes into consideration the "Takeover Defense Measures in View of Recent Environmental Changes" announced by the Corporate Value Study Group of the Ministry of Economy, Trade and Industry on June 30, 2008. Furthermore, the Plan also takes into consideration content related to takeover defense measures in "Japan's Corporate Governance Code -Seeking Sustainable Corporate Growth and Increased Corporate Value over the Mid- to Long-Term-" announced by the Tokyo Stock Exchange on June 1, 2015 ([Principle 1.5 Anti-Takeover Measures] etc.).

##### (B) Being Introduced in Order to Protect and Enhance the Company's Corporate Value and Shareholders' Common Interests

As described in the above item 1. "Objective of the Renewal of the Plan," the Plan is being introduced in order to protect and enhance the corporate value of the Company and shareholders' common interests by making it possible to secure the necessary information and time for shareholders to assess whether to accept a Large-Scale Purchase, Etc., if a Large-Scale Purchase, Etc. is conducted for the Company's shares, or for the Board of Directors of the Company to present an alternative proposal, engage in negotiations with the Purchaser, Etc. on shareholders' behalf, etc.

##### (C) Prioritizing the Will of Shareholders

The Plan shall be renewed if the resolution to renew the Plan is approved and passed at this General Meeting of Shareholders.

Additionally, if the renewal of the Plan is passed, the effective period of the Plan shall be until the conclusion of the Ordinary General Meeting of Shareholders held with respect to the last business year ending within three (3) years from the conclusion of this General Meeting of Shareholders, and if a resolution is passed to discontinue the Plan by the Board of Directors of the Company, which is composed of Directors elected at a General Meeting of Shareholders of the Company, even prior to the end of the effective period of the Plan, the Plan shall be discontinued at that time, and therefore a mechanism is in place to ensure that the will of shareholders is sufficiently reflected in the renewal and discontinuation of the Plan.

Furthermore, as described in the above item 3. (A) (f) “Resolution by the Board of Directors or a General Meeting of Shareholders Held to Confirm the Will of Shareholders,” if a General Meeting of Shareholders is held to confirm the will of shareholders on whether to activate countermeasures based on the Plan, the Board of Directors of the Company shall make a resolution regarding the activation of countermeasures in accordance with the results of the resolution at this General Meeting of Shareholders, and so in this case the will of shareholders shall also be directly depended upon regarding the activation of countermeasures based on the Plan.

(D) Prioritizing the Decision of Highly Independent External Persons

When introducing the Plan, the Company shall establish an Independent Committee as an advisory body for Directors, to make resolutions and provide recommendations in an objective manner regarding the implementation of the Plan, including the activation of countermeasures, in order to eliminate arbitrary judgments by the Board of Directors of the Company.

The Independent Committee consists of three (3) members selected from among the Company’s External Directors, External Auditors, and outside experts, who are independent of the management team engaged in the execution of business operations at the Company.

In addition, the Company shall disclose information to shareholders regarding an overview of the decisions of the Independent Committee, as necessary.

As a result, a mechanism is in place to ensure that the Plan is implemented in a transparent manner that will contribute to the Company’s corporate value and shareholders’ common interests, while also preventing the arbitrary implementation of the Plan and activation of countermeasures by the Board of Directors of the Company.

(E) Establishment of Reasonable and Objective Activation Requirements

As described in the above items 3. (A) (e) and (f), the Plan is designed in such a way that it will not be activated unless reasonable and objective activation requirements are satisfied, and therefore a mechanism to prevent arbitrary activation by the Board of Directors of the Company has been ensured.

(F) Not a Dead-Hand Type or Slow-Hand Type Takeover Defense Measure

As described in the above item 4. “Effective Period of the Plan, Discontinuation, and Amendments,” the Plan may be discontinued at any time by the Board of Directors, which consists of Directors elected at the General Meeting of Shareholders of the Company. Accordingly, the Plan is not a dead-hand type takeover defense measure (takeover defense measures whose activation cannot be prevented, even if a majority of members of the Board of Directors are replaced). In addition, the term of office of Directors of the Company is one (1) year, and therefore the Plan is not a slow-hand type takeover defense measure (takeover defense measures whose activation requires time to prevent because Directors comprising the Board of Directors cannot all be replaced at once).

6. Impact on Shareholders

(A) Impact on Shareholders and Investors when the Plan is Renewed

There shall be no actual issuance of Share Acquisition Rights when the Plan is renewed. Accordingly, the Plan shall not directly or concretely impact the statutory rights and economic interests pertaining to the Company’s shares held by shareholders and investors when it is renewed.

(B) Impact on Shareholders in Case of Gratis Allotment of Share Acquisition Rights

If the Board of Directors of the Company decides to activate countermeasures and conducts a gratis allotment of Share Acquisition Rights, the Share Acquisition Rights shall be allotted gratis to shareholders listed or recorded in the shareholder register on the allotment date, which will be separately determined, at a ratio of one (1) share acquisition right per share held. Based on this mechanism, the Company does not expect any direct or concrete impact on the statutory rights, economic rights, or economic interests pertaining to the Company’s shares held by shareholders and investors because although the economic value of each of the Company’s shares held by shareholders and investors shall be diluted at the time of the gratis allotment of the Share Acquisition Rights, there shall be no dilution to the economic value of the Company’s shares held as a whole, and there shall not be any dilution to the voting rights for each of the Company’s shares.

Furthermore, please note that investors who have conducted a sale or purchase based on the assumption that the economic value of each of the Company’s shares will be diluted may suffer a loss owing to fluctuations in the share price, because even in cases when the Board of Directors of the Company makes a resolution to conduct a gratis allotment of Share Acquisition Rights, the economic

value of each of the Company's shares held by shareholders and investors will not be diluted if the Board of Directors of the Company decides to cancel or withdraw from countermeasures that have been activated, in accordance with the procedures, etc. described in the above item 3. (C) "Cancellation or Withdrawal of Countermeasures."

In addition, it is expected that the statutory rights, etc. of the Purchaser, Etc. will be diluted if the Share Acquisition Rights are exercised or acquired because discriminatory conditions are expected to be attached, but even in this case, the Company does not expect any direct or concrete impact on the statutory rights or economic interests pertaining to the Company's shares held by shareholders and investors other than the Purchaser, Etc.

(C) Required Procedures for Shareholders for the Gratis Allotment of Share Acquisition Rights

If the Board of Directors of the Company resolves to conduct a gratis allotment of Share Acquisition Rights, it shall determine and publicly announce an allotment date. The Share Acquisition Rights shall be allotted gratis to shareholders listed or recorded in the shareholder register on the allotment date, but shareholders shall not be required to complete any transfer procedures as the shareholder register on the allotment date shall be created based on the Notice to All Shareholders provided to the shareholder register administrator of the Company by the Japan Securities Depository Center.

Since shareholders listed or recorded in the shareholder register on the allotment date will automatically become holders of the Share Acquisition Rights on the effective date of the gratis allotment of Share Acquisition Rights, application procedures shall not be necessary.

In addition, shareholders may be required to exercise the Share Acquisition Rights within the prescribed period in order to acquire new shares (this will require the payment of a certain amount of cash).

In addition to the above, please refer to the content of the disclosure or notification for the details of procedures related to the allotment method, exercise method, method of acquisition by the Company, etc., which the Company will provide in a timely, appropriate manner based on the applicable laws and regulations and financial instruments exchange regulations, after the Board of Directors of the Company has made a resolution regarding the gratis allotment of Share Acquisition Rights.



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1. As defined in Article 27-23, Paragraph 1 of the Financial Instruments and Exchange Act. Hereinafter, the same applies unless otherwise provided for.
  2. Includes parties included as holders pursuant to Article 27-23, Paragraph 3 of the Financial Instruments and Exchange Act.
  3. As defined in Article 27-23, Paragraph 4 of the Financial Instruments and Exchange Act. Hereinafter, the same applies.
  4. As defined in Article 27-2, Paragraph 1 of the Financial Instruments and Exchange Act. Hereinafter the same applies in item 2).
  5. As defined in Article 27-2, Paragraph 6 of the Financial Instruments and Exchange Act. Hereinafter, the same applies.
  6. As defined in Article 27-2, Paragraph 8 of the Financial Instruments and Exchange Act. Hereinafter, the same applies.
  7. Refers to specially related parties as defined in Article 27-2, Paragraph 7 of the Financial Instruments and Exchange Act. However, for parties listed in item (i) of the same paragraph, this excludes parties set forth in Article 3, Paragraph 2 of the Cabinet Office Order on Disclosure Required for Tender Offer for Share Certificates by Persons Other Than Issuers. Hereinafter, the same applies.
  8. Refers to joint holders as defined in Article 27-23, Paragraph 5 of the Financial Instruments and Exchange Act, and includes parties deemed joint holders based on Paragraph 6 of the same Article (including parties deemed joint holders by the Company's Board of Directors). Hereinafter, the same applies.
  9. The determination regarding whether or not "a relationship is established in which the share certificate acquirer, etc. effectively gains control over the other shareholder, or vice versa, or where they act jointly or in concert" shall be based on factors such as the existence of a current or past capital relationship (including a relationship of joint control), business alliance, trading or contractual relationship, concurrent service as a corporate officer, provision of funds, provision of credit, effective interests concerning the Company's share certificates, etc. through derivatives or stock loans, and direct or indirect effect on the Company by the share certificate acquirer, etc. and the other shareholder.
  10. The Board of Directors of the Company shall make a reasonable determination regarding whether or not an act designated in 3) has been carried out. The Company's Board of Directors may request shareholders to provide any necessary information, within the limits necessary to determine whether an act corresponds to the conditions set forth in 3).
  11. Refers to a material proposal, etc. as provided for in Article 27-26, Paragraph 1 of the Financial Instruments and Exchange Act, Article 14-8-2, Paragraph 1 of the Order for Enforcement of the Financial Instruments and Exchange Act, and Article 16 of the Cabinet Office Order on Disclosure of the Status of Large-Volume Holdings in Share Certificates. Hereinafter, the same applies unless otherwise provided for.
  12. A business day refers to a day other than those described in each item of Article 1, Paragraph 1 of the Act on Holidays of Administrative Organs. Hereinafter, the same applies.
  13. "Confirmatory General Meeting of Shareholders" refers not only to a General Meeting of Shareholders held in accordance with the Companies Act to resolve matters provided for under Article 295 of the Companies Act but also includes cases where a General Meeting of Shareholders is held to pass advisory resolutions on matters outside the scope of resolution provided for under the aforementioned article.
  14. At a "Confirmatory General Meeting of Shareholders," the will of shareholders shall be confirmed through an ordinary resolution, in principle. However, the Purchaser, Etc. and any parties considered by the Independent Committee to have a special interest in the Purchaser, Etc. concerning the relevant proposal may be excluded from the calculation of votes required to approve the proposal, upon comprehensive consideration of circumstances including the purpose, method, and details of the Large-Scale Purchase, Etc. and the possibility of a conflict of interests between the Purchaser, Etc. and general shareholders.
  15. This includes, for example, cases when the Purchaser, Etc. cancels or withdraws a Large-Scale Purchase, Etc. after its commencement (where the Large-Scale Purchase, Etc. is implemented through a tender offer, public notice of the withdrawal of the tender offer in accordance with the provisions of Article 27-11, Paragraph 2 of Financial Instruments and Exchange Act is required), submits a document pledging that, among other things, it will (x) refrain from implementing the Large-Scale Purchase, Etc. for a certain period of time, (y) reduce its shareholding ratio to a certain level within a certain period of time, (z) refrain from exercising its right to demand convocation of an extraordinary General Meeting of Shareholders for a certain period of time, and proceeds to fulfill this pledge.

## Attachment 1: (Independent Committee Member Career Summaries)

### Kazunori Inoue

April 1983	Joined Itoman Corporation (currently MN Inter-Fashion Ltd.)
February 2005	Representative Director, Tokyo Blouse Inc.
June 2005	Outside Director, Hotta Sangyo K.K. (currently Marusho hotta Co., Ltd.)
August 2006	Representative Director, Alps Kawamura Co., Ltd.
July 2007	Representative Director, TK Consulting Inc. (currently LEADERS, Inc.) (to present)
November 2011	Director, Dateya Co., Ltd. (to present)
April 2012	Professor, Bunka Fashion Graduate University, Bunka Gakuen
March 2018	Director, the Company (to present)

\* There is no special interest between Mr. Inoue and the Company.

### Ayako Akiba

March 2016	Obtained a medical license
April 2016	Tokyo Saiseikai Central Hospital, Tokyo Saiseikai, Social Welfare Organization Saiseikai Imperial Gift Foundation, Inc.
April 2018	Division of Orthopedic Surgery, Keio University Hospital
April 2019	Department of Orthopedics, Kawasaki Municipal Ida Hospital
April 2020	Department of Orthopedics, International University of Health and Welfare, Mita Hospital
February 2021	Division of Orthopaedic Surgery, National Center for Child Health and Development
March 2022	Director, the Company (to present)
April 2022	Division of Orthopedic Surgery, Keio University Hospital (to present)
April 2022	Doctoral Course, Keio University School of Medicine (to present)

\* There is no special interest between Ms. Akiba and the Company.

### Shigeta Hattori

December 2015	Registered as attorney (Tokyo Bar Association)
December 2015	Joined Hattori Sougou Law Office
March 2020	Auditor, the Company (to present)
April 2020	Lecturer for Financial Instruments and Exchange Act, Keio University Law School (to present)

\* There is no special interest between Mr. Hattori and the Company.

## **Attachment 2 (Overview of Independent Committee Regulations)**

### **Overview of Independent Committee Regulations**

1. The Independent Committee shall be established by resolution of the Board of Directors of the Company, as an advisory body for the Board of Directors.
2. The Independent Committee shall have three (3) members, who shall be selected by resolution of the Board of Directors of the Company from among External Directors, External Auditors, or outside experts who are independent of the management team engaged in the execution of business operations at the Company, in order to facilitate fair and neutral decisions.
3. The terms of office of members of the Independent Committee shall expire upon the conclusion of the Ordinary General Meeting of Shareholders held with respect to the last business year ending within three (3) years from their election, or a date separately agreed upon between the members and the Company. However, this shall not apply in cases otherwise provided for by resolution of the Board of Directors of the Company.
4. A Representative Director of the Company or each member of the Independent Committee shall convene meetings of the Independent Committee.
5. The Chair of the Independent Committee shall be mutually elected by each member.
6. In principle, resolutions of the Independent Committee shall be passed by the votes of a majority of members, at meetings when all members are in attendance. However, if any member is unable to act or there are other special circumstances, resolutions shall be passed by the votes of a majority of members in attendance, at meetings when a majority of members are in attendance.
7. After being consulted by the Board of Directors of the Company, the Independent Committee shall deliberate and make resolutions regarding the matters in each of the following items, and, in principle, the Independent Committee shall make recommendations to the Board of Directors consisting of the content of those resolutions, together with the reasons and basis thereof.
  - (1) The appropriateness of activating countermeasures under the Plan;
  - (2) The cancellation of or withdrawal from countermeasures under the Plan;
  - (3) The discontinuation and amendment of the Plan (excluding formal matters);
  - (4) Designated matters on which the Independent Committee may act under the Plan;
  - (5) Any other matters related to the Plan about which the Board of Directors of the Company consults the Independent Committee.Furthermore, when deliberating and passing resolutions at meetings of the Independent Committee, each member of the Independent Committee shall do so solely from the perspective of whether it will contribute to the corporate value of the Company and shareholders' common interests.
8. The Independent Committee may, as necessary, request the attendance of Directors, Auditors, employees, or other persons deemed necessary, and the submission of views and explanations on matters that it chooses.
9. When executing its duties, the Independent Committee may obtain advice from investment banks, securities companies, attorneys, certified public accountants, consultants, and other external specialists at the Company's expense.

## Attachment 3 (Overview of Gratis Allotment of Share Acquisition Rights)

### Overview of Gratis Allotment of Share Acquisition Rights

#### 1. Total Number of Share Acquisition Rights to be Allotted

The total number of Share Acquisition Rights to be allotted shall be the same as the final total number of issued shares of the Company (however, this excludes the number of the Company's shares held by the Company) as of the allotment date (hereinafter, referred to as the "Allotment Date") determined separately by resolution of the Board of Directors regarding the gratis allotment of Share Acquisition Rights (hereinafter, referred to as the "Resolution on Gratis Allotment of Share Acquisition Rights").

#### 2. Shareholders Eligible for Allotment

The Share Acquisition Rights shall be allotted gratis to shareholders listed or recorded in the final shareholder register on the Allotment Date at a ratio of one (1) Share Acquisition Right per share of common stock of the Company held (however, this excludes the Company's shares held by the Company at this moment).

#### 3. Effective Date of the Gratis Allotment of Share Acquisition Rights

The effective date of the gratis allotment of Share Acquisition Rights shall be a date separately determined by the Resolution on Gratis Allotment of Share Acquisition Rights.

#### 4. Class and Number of Shares Entitled to Share Acquisition Rights

The class of shares entitled to the Share Acquisition Rights shall be shares of the Company's common stock, and the number of shares entitled to each Share Acquisition Right shall be one (1) share (hereinafter, referred to as the "Applicable Number of Shares"). If, however, the Company conducts a share split, consolidation of shares, etc., the required adjustments shall be made.

#### 5. Type and Amount of Property to be Contributed Upon Exercise of the Share Acquisition Rights

Contributions to be made upon exercise of the Share Acquisition Rights shall be in cash, and the amount of property per share of common stock of the Company to be contributed when exercising the Share Acquisition Rights shall be one (1) yen.

#### 6. Transfer Restrictions on the Share Acquisition Rights

The approval of the Board of Directors of the Company shall be required for the transfer of the Share Acquisition Rights.

#### 7. Exercise Conditions of the Share Acquisition Rights

The following parties shall not be able to exercise the Share Acquisition Rights, in principle: 1) the Purchaser, Etc., 2) joint holders of the Purchaser, Etc., 3) specially related parties of the Purchaser, Etc., or 4) parties (including their joint holders and specially related parties) to whom the Share Acquisition Rights have been transferred or who have succeeded to the Share Acquisition Rights from parties described in categories 1) through 3) above, without obtaining the approval of the Board of Directors of the Company, or 5) related parties<sup>16</sup> of any party falling under categories 1) through 4) above (hereinafter, these parties are collectively referred to as "Unqualified Parties"<sup>17</sup>). Furthermore, the details of the exercise conditions of the Share Acquisition Rights shall be separately determined by the Resolution on Gratis Allotment of Share Acquisition Rights.

When determining whether a party is an Unqualified Party,<sup>18</sup> the Board of Directors of the Company shall request the opinion of the Independent Committee, and respect the judgement of the Independent Committee to the maximum extent possible.

Parties not resident in Japan, for whom designated procedures are required to exercise share acquisition rights under the applicable foreign laws and regulations, shall also not be able to exercise the Share Acquisition Rights,

in principle. (However, the Share Acquisition Rights held by parties not resident in Japan shall be eligible for acquisition by the Company in exchange for shares of the Company, subject to compliance with the applicable laws and regulations, as described in 8. 2) below.) Moreover, parties that fail to submit a written pledge in the format prescribed by the Company that includes a representations and warranties clause on matters such as the fulfillment of conditions for the exercise of the Share Acquisition Rights, an indemnity clause, and other pledge clauses, shall also not be able to exercise the Share Acquisition Rights.

8. Acquisition of the Share Acquisition Rights by the Company

- 1) The Company may, at any time up to the day preceding the start date of the exercise period, acquire all the Share Acquisition Rights without consideration on a date determined separately by the Board of Directors of the Company, should the Board of Directors of the Company deem it appropriate for the Company to acquire the Share Acquisition Rights.
- 2) The Company may, on a date separately determined by the Board of Directors of the Company, acquire all of the Share Acquisition Rights held by parties other than Unqualified Parties remaining unexercised on the day prior to the aforementioned date determined by the Board of Directors of the Company, and deliver the Applicable Number of Shares of the Company's common stock per Share Acquisition Right in exchange. If the Board of Directors of the Company determines that parties other than Unqualified Parties are among those who hold Share Acquisition Rights after the date of said acquisition,<sup>19</sup> the Company may acquire all of the Share Acquisition Rights held by said parties remaining unexercised on the day prior to the aforementioned date determined by the Board of Directors of the Company, on a date determined by the Board of Directors of the Company after the date of said acquisition, and deliver the Applicable Number of Shares of the Company's common stock per Share Acquisition Right in exchange. The same shall also apply thereafter.
- 3) The Company may, after the effective date of the gratis allotment of Share Acquisition Rights, on a date separately determined by the Board of Directors of the Company, acquire all of the Share Acquisition Rights held by Unqualified Parties, and in exchange, deliver share acquisition rights that cannot be exercised by Unqualified Parties, in principle,<sup>20</sup> of a number equivalent to the number of the Share Acquisition Rights acquired. In some cases, these share acquisition rights may carry an acquisition clause enabling the Company to acquire them in exchange for a reasonable consideration, in some circumstances, after the elapse of a certain period of time.<sup>21</sup> The details of these share acquisition rights shall be determined by the Resolution on Gratis Allotment of Share Acquisition Rights.

In addition to the above, the details of the acquisition conditions of the Share Acquisition Rights shall be separately determined by the Resolution on Gratis Allotment of Share Acquisition Rights.

9. Acquisition without Consideration When Cancelling the Activation of Countermeasures, etc.

The Company may acquire all Share Acquisition Rights without consideration if the Board of Directors of the Company resolves to cancel or withdraw from countermeasures that have been activated, or in other cases separately determined by the Resolution of the Board of Directors of the Company on Gratis Allotment of Share Acquisition Rights.

10. Exercise Period of the Share Acquisition Rights, etc.

The details of the exercise conditions of the Share Acquisition Rights shall be separately determined by the Resolution on Gratis Allotment of Share Acquisition Rights.

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16. A “related party” of a party refers to a party that effectively controls such a party, a party controlled by such a party, or a party under common control with such a party (including parties deemed to fall under this category by the Board of Directors of the Company), or a party deemed by the Board of Directors of the Company to be acting jointly or in concert with such a party. Furthermore, “control” refers to “controlling determinations on the financial and business policies” of the other company, etc. (defined in Article 3, Paragraph 3 of the Regulation for Enforcement of the Companies Act). When defining the “related party” in the case of a partnership or other fund, the circumstances to be considered include the substantial identity of the fund manager, etc.
  17. However, parties for which the Board of Directors of the Company considers that their acquisition or holding of the Company’s share certificates, etc. will not harm the Company’s corporate value or shareholders’ common interests, and other parties separately determined by the Resolution of the Board of Directors of the Company on Gratis Allotment of Share Acquisition Rights, shall not be deemed Unqualified Parties.
  18. Where it is unclear whether a party corresponds to an Unqualified Party, the Board of Directors of the Company may request that party to provide information, etc. necessary to determine the matter.
  19. For example, it is possible that a party that was initially a specially related party of the Purchaser, Etc. may cease to correspond to an Unqualified Party after the activation of the Plan due to the dissolution of the relationship with the Purchaser, Etc.
  20. However, in certain cases, conditions may be attached under which an Unqualified Party may exercise these share acquisition rights. For example, it may be determined that, in cases when the Purchaser, Etc. cancels or withdraws a Large-Scale Purchase, Etc. after its commencement (where the Large-Scale Purchase, Etc. is implemented through a tender offer, public notice of the withdrawal of the tender offer in accordance with the provisions of Article 27-11, Paragraph 2 of Financial Instruments and Exchange Act is required), submits a document pledging that, among other things, it will (x) refrain from implementing the Large-Scale Purchase, Etc. for a certain period of time, (y) reduce its shareholding ratio to a certain level within a certain period of time, (z) refrain from exercising its right to demand convocation of an extraordinary General Meeting of Shareholders for a certain period of time, and proceeds to fulfill this pledge, the Purchaser, Etc. and other Unqualified Parties may exercise up to a certain proportion of the share acquisition rights they hold.
  21. This period is anticipated to be 10 years from the day when the Share Acquisition Rights are delivered.