

Note: This document has been translated from a part of the Japanese original for reference purposes only. In the event of any discrepancy between this translated document and the Japanese original, the original shall prevail.

Securities Code: 6706

June 10, 2022

To our shareholders:

Tadatoshi Kondo,
President and Representative Director
DKK Co., Ltd.
3-3-1 Marunouchi, Chiyoda-ku, Tokyo

Notice of the 96th Annual General Meeting of Shareholders

We hereby notify you of the 96th Annual General Meeting of Shareholders of the Company, which will be held as described below.

In addition, instead of attending on the day of the meeting, you may exercise your voting rights by either of the methods below. Please review the attached Reference Documents for the General Meeting of Shareholders, and exercise your voting rights.

[Voting in Writing (by Mail)]

Please indicate your approval or disapproval for each proposal on the enclosed voting form and return it to arrive by no later than 5:35 p.m. on Tuesday, June 28, 2022.

[Voting via the Internet, etc.]

Please enter your votes for or against the proposals on the voting rights exercise website designated by the Company (<https://www.web54.net>) and exercise your voting rights by no later than 5:35 p.m. on Tuesday, June 28, 2022.

If votes are submitted both in writing (by mail) and via the Internet, etc., the votes submitted via the Internet, etc. will be treated as valid. In addition, if votes are submitted multiple times via the Internet, etc., the votes submitted last will be treated as valid.

1. Date and Time: 10:00 a.m. on Wednesday, June 29, 2022 (reception opens at 9:00 a.m.)

2. Venue: Belle Salle Nishi-Shinjuku Hall
SUMITOMO FUDOSAN NISHI-SHINJUKU BLDG.3, 1st Floor, 4-15-3 Nishi-Shinjuku,
Shinjuku-ku, Tokyo

3. Purpose of the Meeting

Matters to be reported:

1. Business Report and Consolidated Financial Statements for the 96th Fiscal Year (April 1, 2021 to March 31, 2022), and results of audits of the Consolidated Financial Statements by the Financial Auditor and Audit & Supervisory Board
2. Non-consolidated Financial Statements for the 96th Fiscal Year (April 1, 2021 to March 31, 2022)

Matters to be resolved:

[Company Proposals (Proposal Nos. 1 to 4)]

Proposal No. 1: Appropriation of Surplus

Proposal No. 2: Amendment to the Articles of Incorporation

Proposal No. 3: Election of Nine Directors

Proposal No. 4: Election of One Substitute Audit & Supervisory Board Member

[Shareholder Proposals (Proposal Nos. 5 to 7)]

Proposal No. 5: Dismissal of One Audit & Supervisory Board Member

Proposal No. 6: Amendment to the Articles of Incorporation (Sale of Cross-Held Shares)

Proposal No. 7: Acquisition of Own Shares

The content of each proposal is provided in the attached Reference Documents for the General Meeting of Shareholders. The Board of Directors opposes the shareholder proposals (Proposal Nos. 5 to 7).

4. Guidance Concerning the Exercise of Voting Rights

Please refer to the “Guidance on Exercising Voting Rights” on page 4 (in Japanese only).

5. Precautions Concerning the Exercise of Voting Rights

If no indication of a vote for or against each proposal is provided on the voting form, it shall be treated as an indication of intention to vote “for” the Company proposals and “against” the shareholder proposals.

If attending the meeting on the day, please bring the enclosed voting form and submit it at the venue reception.

< Request to Shareholders >

- The above measures are subject to change owing to factors such as the status of the spread of infections during the period through to the day of the General Meeting of Shareholders and the details of announcements by the government, etc. Please also check information released on the Company’s website (<https://www.denkikogyo.co.jp/>).
- In the exercise of voting rights using the voting form, there is a risk of infection from the returning of the form by shareholders as well as the aggregation of votes. Accordingly, the Company requests that if exercising voting rights in advance, shareholders exercise voting rights via the Internet, etc. as much as possible.
- The Company requests that all shareholders attending the meeting at the venue bring and wear a mask.
- Alcohol disinfectant will be placed in the vicinity of the venue, for use by shareholders.
- We will take temperature near the entrance of the venue, and people who are found to have a fever or appear to be unwell may be refused entry and be asked to leave. From the perspective of preventing the spread of COVID-19, the Company strongly requests such persons to refrain from attending the General Meeting of Shareholders on the day.
- All staff involved in operating the General Meeting of Shareholders will have their health checked, including having their temperature measured, and will be wearing masks on the day of the meeting.
- From the perspective of shortening the time of the meeting as a means of preventing the spread of COVID-19, the Company will omit the matters to be reported (including the audit reports) and detailed explanations of proposals at this General Meeting of Shareholders. The Company requests that shareholders familiarize themselves with the content of this Notice in advance.
- The Company will not prepare any gifts for shareholders attending the General Meeting of Shareholders. Thank you in advance for your understanding.

If you wish to attend the meeting by proxy, please submit a letter of proxy proving the right to represent together with the voting form of the shareholder at the venue reception (proxies are limited to one other shareholder with voting rights at this General Meeting of Shareholders).

If there are any matters requiring correction in the contents of the Reference Documents for the General Meeting of Shareholders, Business Report, Non-consolidated Financial Statements or Consolidated Financial Statements, notice will be provided on the Company’s website (<https://www.denkikogyo.co.jp/>).

Of the documents provided with this Notice, the “Notes to Consolidated Financial Statements” and “Notes to Non-consolidated Financial Statements” are provided on the Company’s website (<https://www.denkikogyo.co.jp/>) pursuant to the provisions of laws and regulations and the Articles of Incorporation, and therefore are not provided in this Notice or its appendix. Furthermore, this Notice and its appendix and the above documents provided on the Company’s website have been audited by Audit & Supervisory Board Members and the Financial Auditor when preparing their Audit Reports and the Financial Audit Report, respectively.

The Company’s website (<https://www.denkikogyo.co.jp/>)

Reference Documents for the General Meeting of Shareholders

[Company Proposals (Proposal Nos. 1 to 4)]

Proposal No. 1: Appropriation of Surplus

The Company proposes the appropriation of surplus as follows:

Year-end dividends

The Company positions the return of profits to shareholders as an important management issue, and its basic policy is to pay stable and continuous dividends based on robust business management. The Company returns profits to shareholders through dividends through a method linked to business performance, while taking into consideration future business development. The Company plans to pay a year-end dividend for the fiscal year under review as follows, based on the above and comprehensively taking into consideration the outlook for the business environment, funding needs, and other factors.

1. Type of dividend property
Cash
2. Allotment of dividend property and their aggregate amount
¥60 per common share of the Company
Total dividends: ¥704,088,480
3. Effective date of dividends of surplus
June 30, 2022

Proposal No. 2: Amendment to the Articles of Incorporation

1. Reasons for the proposal

In order to clarify the management responsibilities of Directors and create a management structure capable of responding swiftly to changes in the management environment, Article 20 (Term of Office of Directors) of the current Articles of Incorporation will be changed such that the term of office of Directors is shortened from two years to one year. In accordance with this change, provisions related to adjustments to the term of office of Directors will be deleted.

In addition, since a system for providing informational materials for the General Meeting of Shareholders in electronic format will be introduced in line with the enforcement of revised provisions provided for in the proviso to Article 1 of the Supplementary Provisions of the Act Partially Amending the Companies Act (Act No. 70 of 2019) on September 1, 2022, the Company proposes to make the following changes to the Articles of Incorporation.

- (1) As the Company will be required to set forth provisions in the Articles of Incorporation to the effect that it shall take measures for providing information that constitutes the content of the Reference Documents for the General Meeting of Shareholders, etc. in electronic format, Article 15 (Measures, etc. for Providing Information in Electronic Format), paragraph 1 of the Proposed amendments will be newly established.
- (2) Among information constituting the content of the Reference Documents for the General Meeting of Shareholders, etc., for which measures for providing information in electronic format will be taken, in order to enable the Company to limit the scope of items provided in paper-based documents delivered to shareholders who have requested the delivery of paper-based documents to the scope set forth in the Ministry of Justice Order, Article 15 (Measures, etc. for Providing Information in Electronic Format), paragraph 2 of the Proposed amendments will be newly established.
- (3) Since the provisions of Article 15 (Internet Disclosure and Deemed Provision) of the current Articles of Incorporation will no longer be required when the system for providing informational materials for the General Meeting of Shareholders in electronic format is introduced, they will be deleted.
- (4) Supplementary provisions will be established in relation to the effectiveness of provisions to be newly established and deleted, as described above. Furthermore, these supplementary provisions will be deleted after a certain date has elapsed.

2. Details of the amendments

The details of the amendments are as follows:

(Underlined sections indicate changed parts.)

Current Articles of Incorporation	Proposed amendments
<p><u>Article 15 (Internet Disclosure and Deemed Provision)</u> <u>At the convocation of a general meeting of shareholders, the Company may deem to have provided shareholders with information to be stated or indicated in the reference documents for the general meeting of shareholders, the business report, the financial statements and the consolidated financial statements by disclosing such information via the Internet in accordance with the Ministry of Justice Order.</u></p> <p>(Newly established)</p>	<p>(Deleted)</p> <p><u>Article 15 (Measures, etc. for Providing Information in Electronic Format)</u> <u>At the convocation of a general meeting of shareholders, it shall take measures for providing information that constitutes the content of the reference documents for the general meeting of shareholders, etc. in electronic format.</u> <u>Among items for which the measures for providing information in electronic format will be taken, the Company shall not be required to include all or some of those items designated by the Ministry of Justice Order from statements in the paper-based documents to be delivered to shareholders who requested the delivery of paper-based documents by the record date of voting rights.</u></p>

Current Articles of Incorporation	Proposed amendments
<p>Article 20 (Term of Office of Directors)</p> <p>The term of office of each of the Directors shall expire at the close of the ordinary general meeting of shareholders held for the last business year that ends within two years from assumption of office.</p> <p><u>The term of office of a Director elected as an increase in the number of Directors or as a substitute for a Director who retires before the expiration of his or her term of office, shall expire at the expiration of the term of office of other Directors in office.</u></p> <p>(Newly established)</p> <p>(Newly established)</p>	<p>Article 20 (Term of Office of Directors)</p> <p>The term of office of each of the Directors shall expire at the close of the ordinary general meeting of shareholders held for the last business year that ends within one year from assumption of office.</p> <p>(Supplementary Provisions)</p> <p><u>Article 1 (Transitional Measures for Providing Informational Materials for the General Meeting of Shareholders in Electronic Format)</u></p> <p><u>The deletion of Article 15 (Internet Disclosure and Deemed Provision) of the Articles of Incorporation and new establishment of Article 15 (Measures, etc. for Providing Information in Electronic Format) of the Articles of Incorporation shall become effective on September 1, 2022.</u></p> <p><u>Notwithstanding the provision of the preceding paragraph, Article 15 of the Articles of Incorporation (Internet Disclosure and Deemed Provision) shall remain effective regarding any general meeting of shareholders held on a date within six months from September 1, 2022.</u></p> <p><u>The provisions of this article shall be deleted on the date when six months have elapsed from September 1, 2022, or three months have elapsed from the date of the general meeting of shareholders in the preceding paragraph, whichever is later.</u></p>

Proposal No. 3: Election of Nine Directors

If Proposal No. 2 “Amendment to the Articles of Incorporation” is approved and adopted as originally proposed, the term of office of Directors of the Company will be shortened from two years to one year, and the term of office of all nine Directors will expire at the conclusion of this General Meeting of Shareholders.

Accordingly, subject to the approval and adoption of Proposal No. 2 “Amendment to the Articles of Incorporation,” the Company proposes the election of nine Directors.

Furthermore, when selecting candidates for Director, the Company has received a report from the nominating committee, a voluntary committee with independent outside officers comprising a majority of its members.

The candidates for Director are as follows:

Candidate No.	Name	Position in the Company	
1	Tadatoshi Kondo	President and Representative Director	<u>Reelection</u>
2	Kazuhiro Ito	Director and Senior Executive Managing Officer	<u>Reelection</u>
3	Tsuyoshi Shimoda	Director and Managing Officer	<u>Reelection</u>
4	Takashi Asai	Director and Managing Officer	<u>Reelection</u>
5	Toshiro Kawahara	Director and Managing Officer	<u>Reelection</u>
6	Hidehiro Tsukano	Director	<u>Reelection</u> <u>Outside</u>
7	Jean-Francois Minier	Director	<u>Reelection</u> <u>Outside</u> <u>Independent</u>
8	Ryoko Takeda	Director	<u>Reelection</u> <u>Outside</u> <u>Independent</u>
9	Atsushi Takahashi	Director	<u>Reelection</u> <u>Outside</u> <u>Independent</u>

Reelection

Candidate for Director to be reelected

Outside

Candidate for Outside Director

Independent

Independent officer as defined by the securities exchange

Candidate No.	Name (Date of birth)	Career summary and position and responsibility in the Company	Number of the Company's shares owned
1	<p style="text-align: center;">Tadatoshi Kondo (August 28, 1971)</p> <p style="text-align: center;"><u>Reelection</u></p> <p style="text-align: center;">Attendance at Board of Directors meetings 20/20</p>	<p>Apr. 1995 Joins the Company</p> <p>Apr. 2016 Head of North America Promotion Division of Overseas Business Promotion Supervisory Division of the Company</p> <p>July 2018 Managing Officer, Full-time Deputy Head of Overseas Business Supervisory Division, Head of North America Business Division, and Head of Overseas Purchasing Division of the Company</p> <p>July 2019 Managing Officer, Head of Equipment Supervisory Division, Head of Mobile Communications Technology Division, Head of Fixed Communications Technology Division, and Head of Overseas Business Division of the Company</p> <p>June 2020 Director, Managing Officer, Head of Wireless R&D Center, Head of Equipment Supervisory Division, Head of Overseas Business Division, and in charge of New Business Promotion Office of the Company</p> <p>Apr. 2021 President and Representative Director of the Company (current position)</p>	5,200 shares
<p>[Reasons for nomination as candidate for Director]</p> <p>Tadatoshi Kondo has participated in sales operations in the telecommunications business in Japan and overseas, and since July 2018, he has worked on the development of overseas sales, primarily in North America, as Managing Officer of the Company, as well as participating in production management operations in the telecommunications business. In addition, since his appointment as Director of the Company in June 2020, and as President and Representative Director of the Company since April 2021, he has taken responsibility for all aspects of the Group's management, and has consistently demonstrated management skills from an advanced perspective. As a manager, he possesses broad expertise, and therefore the Company proposes his continued election as Director.</p>			

Candidate No.	Name (Date of birth)	Career summary and position and responsibility in the Company	Number of the Company's shares owned
2	<p style="text-align: center;">Kazuhiro Ito (March 14, 1962)</p> <p style="text-align: center;">Reelection</p> <p style="text-align: center;">Attendance at Board of Directors meetings 19/20</p>	<p>Apr. 1985 Joins the Company</p> <p>Apr. 2009 Radio Frequency Sales Manager of Sales Supervisory Division II of the Company</p> <p>July 2015 Managing Officer and Sales Manager of Radio Frequency Supervisory Division of the Company</p> <p>June 2016 Director, Managing Officer, and Head of Radio Frequency Supervisory Division of the Company</p> <p>June 2018 Director, Managing Director, and Head of Radio Frequency Supervisory Division of the Company</p> <p>Apr. 2019 Director, Senior Executive Managing Officer, Head of Radio Frequency Supervisory Division, and in charge of Secretarial Section, Internal Control Administration Division, Administrative Supervisory Division, Safety and Quality Management Department, New Business Supervisory Division, Business Administration Department, Overseas Business Supervisory Division, Telecommunication Sales Supervisory Division, Branch Supervisory Division, Facility Engineering Supervisory Division, Technology Development Supervisory Division, Equipment Supervisory Division, and Radio Frequency Supervisory Division of the Company</p> <p>June 2020 Director, Managing Officer, and in charge of Radio Frequency Supervisory Division of the Company</p> <p>Apr. 2021 Director, Senior Executive Managing Officer, and in charge of Secretarial Section, Audit Office, Administrative Supervisory Division, Safety and Quality Management Division, Wireless R&D Center, Future R&D Center, Sales Planning Division, Overseas Business Division, Central Supervisory Division (excluding the Telecommunication Sales Division), Branch Supervisory Division, Facility Administration Supervisory Division, Equipment Supervisory Division, and Radio Frequency Supervisory Division of the Company</p> <p>June 2021 Director, Senior Executive Managing Officer, and in charge of General Affairs Division, Sales Planning Division, Overseas Business Division, Central Supervisory Division, Branch Supervisory Division, and Radio Frequency Supervisory Division of the Company</p> <p>Apr. 2022 Director, Senior Executive Managing Officer, and in charge of General Affairs Division and Sales Supervisory Division of the Company (current position)</p>	7,500 shares
<p>[Reasons for nomination as candidate for Director] Kazuhiro Ito has participated in sales operations in the radio frequency business, and since June 2016, he has taken responsibility for management as Director of the Company, as well as taking responsibility for all aspects of the Company's businesses as Director and Senior Executive Managing Officer of the Company since April 2021. He possesses ample experience at the Company and broad expertise, and therefore the Company proposes his continued election as Director.</p>			

Candidate No.	Name (Date of birth)	Career summary and position and responsibility in the Company	Number of the Company's shares owned
3	Tsuyoshi Shimoda (April 12, 1964) <div style="border: 1px solid black; display: inline-block; padding: 2px;">Reelection</div> Attendance at Board of Directors meetings 20/20	Apr. 1988 Joins the Company Apr. 2010 Technical Manager of Equipment Supervisory Division of the Company July 2012 Managing Officer, Deputy Supervisory Head of Equipment Supervisory Division, and Technical Manager of Equipment Supervisory Division of the Company June 2013 Director, Managing Officer, and Head of Equipment Supervisory Division of the Company Apr. 2017 Director, Managing Officer, Head of Equipment Supervisory Division, and Head of Overseas Business Supervisory Division of the Company Dec. 2017 Director, Managing Officer, and Head of Overseas Business Supervisory Division of the Company Apr. 2019 Director, Managing Officer, Head of Overseas Business Supervisory Division, and Deputy Supervisory Head of Administrative Supervisory Division of the Company Apr. 2021 Director and Managing Officer of the Company June 2021 Director, Managing Officer, and in charge of Information Systems Division, Safety and Quality Management Division, and Facility Administration Supervisory Division of the Company Apr. 2022 Director, Managing Officer, Head of Crisis Management Office, and in charge of Information Systems Division, Construction Supervisory Division, Facility Business Promotion Office, and Operation Management Supervisory Division of the Company (current position)	4,900 shares
[Reasons for nomination as candidate for Director] Tsuyoshi Shimoda has participated in technical and production operations in the telecommunications business, and has taken responsibility for management as Director of the Company since June 2013. In addition, he has participated in the expansion of overseas businesses since April 2017, and has also worked on creating information systems and risk management since June 2021. As such, he possesses ample experience at the Company and broad expertise, and therefore the Company proposes his continued election as Director.			

Candidate No.	Name (Date of birth)	Career summary and position and responsibility in the Company	Number of the Company's shares owned
4	Takashi Asai (May 1, 1972) <u>Reelection</u> Attendance at Board of Directors meetings 13/13	Apr. 1995 Joins the Company Apr. 2016 Head of Hokkaido Branch of Branch Supervisory Division of the Company Apr. 2017 Central Sales Manager of Branch Supervisory Division and Overseas Sales Manager of Overseas Business Supervisory Division of the Company Apr. 2019 Managing Officer, Head of Branch Supervisory Division, and Central Sales Manager of the Company Apr. 2020 Head of New Business Promotion Office of the Company May 2020 Head of Facility Engineering Supervisory Division, Head of Business Promotion Division, Head of Safety Management Department, and Head of Technology Division of the Company Apr. 2021 Managing Officer, Head of Administrative Supervisory Division, Head of Secretarial Section, and Head of Safety and Quality Management Division of the Company June 2021 Director, Managing Officer, Head of Administrative Supervisory Division, Head of Secretarial Section, and Head of Safety and Quality Management Division, and in charge of Corporate Planning Division, Human Resources Department, Finance Department, and Equipment Supervisory Division of the Company Apr. 2022 Director, Managing Officer, Head of President's Office, and in charge of Human Resources Department, Finance Department, and Radio Frequency Supervisory Division of the Company (current position)	2,400 shares
		[Reasons for nomination as candidate for Director] Takashi Asai has participated mainly in all aspects of branch sales and construction-related operations as Head of the Branch Supervisory Division and Head of the Facility Engineering Supervisory Division, and has taken responsibility for his duties as Head of the Administrative Supervisory Division since April 2021, as well as management as a Director of the Company since June 2021. In addition, he has taken responsibilities for corporate planning, finance, human resources strategy, etc., since June 2021, and possesses ample experience at the Company and broad expertise, and therefore the Company proposes his continued election as Director.	

Candidate No.	Name (Date of birth)	Career summary and position and responsibility in the Company	Number of the Company's shares owned
5	<p style="text-align: center;">Toshiro Kawahara (March 9, 1967)</p> <p style="text-align: center;">Reelection</p> <p style="text-align: center;">Attendance at Board of Directors meetings 13/13</p>	<p>Apr. 1991 Joins NIPPON TELEGRAPH AND TELEPHONE CORPORATION</p> <p>July 1992 R&D Division of NTT Mobile Communications Network, Inc. (currently NTT DOCOMO, Inc.)</p> <p>July 2008 General Manager of Wireless Access Development Division of NTT DoCoMo, Inc. (currently NTT DOCOMO, Inc.)</p> <p>July 2019 Joins the Company; Full-time Head of Technology Development Supervisory Division</p> <p>Aug. 2019 Chief Researcher of Wireless R&D Center and Full-time Head of Technology Development Supervisory Division of the Company</p> <p>June 2020 Deputy Head of Wireless R&D Center of the Company</p> <p>Apr. 2021 Head of Wireless R&D Center of the Company</p> <p>June 2021 Director, Managing Officer, Head of Wireless R&D Center, and in charge of Future R&D Center of the Company</p> <p>Apr. 2022 Director, Managing Officer, Head of R&D Supervisory Center, and in charge of Equipment Supervisory Division of the Company (current position)</p>	1,400 shares
<p>[Reasons for nomination as candidate for Director] Toshiro Kawahara has participated in research and development and business expansion into new areas in 5G and other next-generation communications systems, and has taken responsibility for his duties as Head of the Wireless R&D Center of the Company since April 2021, as well as management as a Director of the Company since June 2021. He possesses ample experience at the Company and broad expertise, and therefore the Company proposes his continued election as Director.</p>			

Candidate No.	Name (Date of birth)	Career summary and position and responsibility in the Company	Number of the Company's shares owned
6	<p style="text-align: center;">Hidehiro Tsukano (March 21, 1958)</p> <p style="text-align: center;"> Reelection Outside </p> <p style="text-align: center;">Attendance at Board of Directors meetings 13/13</p>	<p>Apr. 1981 Joins FUJITSU LIMITED</p> <p>June 2009 Head of the Corporate Strategy Office of FUJITSU LIMITED</p> <p>May 2011 Corporate Executive Officer and Head of Corporate Strategy Office of FUJITSU LIMITED</p> <p>Apr. 2014 Managing Executive Officer and CFO of FUJITSU LIMITED</p> <p>June 2015 Director, Managing Executive Officer, and CFO of FUJITSU LIMITED</p> <p>Apr. 2016 Director, Senior Managing Executive Officer, and CFO of FUJITSU LIMITED</p> <p>Apr. 2017 Director, Corporate Executive Officer, Vice President, and CFO of FUJITSU LIMITED</p> <p>June 2017 Representative Director, Vice President, and CFO of FUJITSU LIMITED</p> <p>June 2019 Corporate Executive Officer and Vice Chairman of FUJITSU LIMITED</p> <p>May 2020 Advisor to NTT Advanced Technology Corporation</p> <p>June 2020 Outside Director of Kyoritsu Holdings Co., Ltd. (current position)</p> <p>Dec. 2020 Advisor to Tsukishima Kikai Co., Ltd.</p> <p>June 2021 Outside Corporate Auditor of Tsukishima Kikai Co., Ltd. (current position)</p> <p style="padding-left: 20px;">Outside Director of the Company (current position)</p> <p>July 2021 Head of IOWN Integrated Innovation Center of NIPPON TELEGRAPH AND TELEPHONE CORPORATION (current position)</p> <p>[Significant concurrent positions outside the Company] Outside Director of Kyoritsu Holdings Co., Ltd., Outside Corporate Auditor of Tsukishima Kikai Co., Ltd., and Head of IOWN Integrated Innovation Center of NIPPON TELEGRAPH AND TELEPHONE CORPORATION</p>	0 shares
<p>[Reasons for nomination as candidate for Director and overview of expected responsibilities] Hidehiro Tsukano possesses ample knowledge and experience and broad expertise related to business strategy and IR activities developed as CFO and other positions at a comprehensive IT service and equipment company. The Company expects that he will be able to utilize his experience and other qualities to provide advice on all aspects of the Company's management and thus contribute to enhancing management strategies, investor relations activities, and corporate governance, and therefore proposes his continued election as Outside Director.</p>			

Candidate No.	Name (Date of birth)	Career summary and position and responsibility in the Company	Number of the Company's shares owned
7	Jean-Francois Minier (November 20, 1970) <u>Reelection</u> <u>Outside</u> <u>Independent</u> Attendance at Board of Directors meetings 13/13	<p>Sept. 1992 Equity derivatives trader of Indosuez W.I. Carr Securities Ltd.</p> <p>Mar. 1995 Vice President and equity derivatives trader of Morgan Stanley & Co.</p> <p>Feb. 1997 Associate Director and Head of OTC Equity Derivatives Trading of NatWest Markets</p> <p>Mar. 1998 CEO Asia-Pacific and Tokyo Branch Manager of Dresdner Kleinwort</p> <p>Mar. 2009 In charge of Japanese company development of AVISA Partners and Representative Director and Chairman of Intime</p> <p>Apr. 2013 Managing Director and Head of Asia of Moore Group Limited and Advisor to Chairman for International Relations (pro bono) of Kyoto Prefectural Union of Agricultural Cooperatives</p> <p>Nov. 2013 Advisor to CEO Japan and Korea of Buhler Group</p> <p>Nov. 2016 Non-executive Director and in charge of Northeast Asia Corporate Development of First Names Group and Corporate Projects Director, Asia of UC RUSAL</p> <p>Mar. 2017 Executive Trustee of UENO GAKUEN (current position)</p> <p>Jan. 2019 Special Advisor to CEO of Les Rois Mages</p> <p>Apr. 2020 Outside Audit & Supervisory Board Member of Amuseum Parks Inc. (current position) and Managing Director of Kroll, LLC.</p> <p>June 2021 Outside Director of the Company (current position)</p> <p>Nov. 2021 Senior Advisor of Kroll, LLC.</p> <p>Dec. 2021 Representative Director of LES ROIS MAGES JAPON CO., LTD. (current position)</p> <p>May 2022 Regional Director of APAC of Audere International (current position)</p> <p>[Significant concurrent positions outside the Company] Executive Trustee of UENO GAKUEN, Outside Audit & Supervisory Board Member of Amuseum Parks Inc., Representative Director of LES ROIS MAGES JAPON CO., LTD. and Regional Director of APAC of Audere International</p>	0 shares
<p>[Reasons for nomination as candidate for Outside Director and overview of expected responsibilities] Jean-Francois Minier has ample knowledge and experience as well as broad expertise developed through his career to date at international financial institutions. The Company expects that he will be able to utilize his experience and other qualities to provide advice on all aspects of the Company's management and thus contribute to maintaining and improving the transparency and soundness of management and reinforcing corporate governance, and therefore proposes his continued election as Outside Director.</p>			

Candidate No.	Name (Date of birth)	Career summary and position and responsibility in the Company	Number of the Company's shares owned
8	Ryoko Takeda (July 5, 1970) <div style="border: 1px solid black; padding: 2px; display: inline-block; text-align: center;"> Reelection Outside Independent </div> Attendance at Board of Directors meetings 13/13	Apr. 1998 Registered as lawyer; joins Nishimura & Partners (currently Nishimura & Asahi) Dec. 2014 Special Counsel of City-Yuwa Partners (current position) Feb. 2016 Certified as Certified Fraud Examiner (CFE) Oct. 2016 Bar examiner and examiner for the preliminary bar examination (responsible for administrative acts) June 2017 Councilor of International Civil and Commercial Law Centre Foundation (current position) June 2020 External Audit & Supervisory Board Member of ALCONIX CORPORATION (current position) June 2021 Outside Director of the Company (current position) [Significant concurrent positions outside the Company] Special Counsel of City-Yuwa Partners, Councilor of International Civil and Commercial Law Centre Foundation, and External Audit & Supervisory Board Member of ALCONIX CORPORATION	0 shares
[Reasons for nomination as candidate for Outside Director and overview of expected responsibilities] Ryoko Takeda has been active in areas related to the core of corporate activities as an attorney at law, and the Company expects that she will be able to utilize her specialized knowledge, experience, and other qualities in the management of the Company, and therefore proposes her continued election as Outside Director. Furthermore, while she does not have experience of participating directly in corporate management, as an attorney at law she is well-versed in corporate law and possesses sufficient knowledge to govern corporate management, and therefore the Company has judged that she will be able to appropriately execute her duties as Outside Director.			
9	Atsushi Takahashi (October 13, 1976) <div style="border: 1px solid black; padding: 2px; display: inline-block; text-align: center;"> Reelection Outside Independent </div> Attendance at Board of Directors meetings 13/13	Oct. 2000 Joins Tohmatsu & Co. (currently Deloitte Touche Tohmatsu LLC) June 2004 Registered as certified public accountant July 2014 Partner of Deloitte Touche Tohmatsu LLC Aug. 2020 Representative member of Partners SG Audit Corporation (current position) Apr. 2021 Outside Audit & Supervisory Board Member of INGS Co., Ltd. (current position) June 2021 Outside Director of the Company (current position) Sept. 2021 Outside Director of ATSUMARU Inc. (current position) [Significant concurrent positions outside the Company] Representative member of Partners SG Audit Corporation, Outside Audit & Supervisory Board Member of INGS Co., Ltd., and Outside Director of ATSUMARU Inc.	0 shares
[Reasons for nomination as candidate for Outside Director and overview of expected responsibilities] Atsushi Takahashi has audited many companies as a certified public accountant, and the Company expects that he will be able to utilize his specialized knowledge, experience, and other qualities in the management of the Company, and therefore proposes his continued election as Outside Director. Furthermore, while he does not have experience of participating directly in corporate management, he possesses insight as a certified public accountant that he will be able to utilize in the audit systems of the Company from an independent, objective standpoint, and therefore the Company has judged that he will be able to appropriately execute his duties as Outside Director.			

- Notes:
1. There is no special interest between any of the candidates and the Company.
 2. Hidehiro Tsukano, Jean-Francois Minier, Ryoko Takeda, and Atsushi Takahashi are candidates for Outside Director as provided for in Article 2, paragraph (3), item (vii) of the Regulations for Enforcement of the Companies Act.
 3. Hidehiro Tsukano, Jean-Francois Minier, Ryoko Takeda, and Atsushi Takahashi are currently Outside Directors of the Company, and each of their terms of office will be one year at the conclusion of this General Meeting of Shareholders.
 4. The Company has designated Jean-Francois Minier, Ryoko Takeda, and Atsushi Takahashi as independent officers as stipulated in Article 436-2 of the Securities Listing Regulations of Tokyo Stock Exchange, Inc., and notified the exchange to that effect.
 5. Article 27 of the Company's Articles of Incorporation provides for the following: "Pursuant to the provisions of Article 427, paragraph (1) of the Companies Act, the Company may enter into agreements with Outside Directors to limit their liability for damages as stipulated in Article 423, paragraph (1) of the same; provided, however, that the maximum amount of liability for damages pursuant to this agreement shall be the amount stipulated in laws and regulations." Pursuant to these provisions, the Company has entered into a liability limitation agreement with Outside Director

candidates Hidehiro Tsukano, Jean-Francois Minier, Ryoko Takeda, and Atsushi Takahashi. A summary of the contents of these agreements is as follows: if an Outside Director is liable for damages to the Company as a result of neglect of his or her duties, the maximum amount of this liability for damages shall be the amount stipulated in laws and regulations or a certain higher amount, provided that the Outside Director executed the duties that were the cause of the liability in good faith and without gross negligence.

6. The Company has entered into an officers liability insurance contract with an insurance company as stipulated in Article 430-3, paragraph (1) of the Companies Act. This insurance contract will cover legal damages, litigation expenses, etc. borne by the insured parties, including Directors of the Company, in the event that a claim for damages is made against an insured party owing to actions performed by the insured party based on his or her position. If each of these candidates is elected and appointed as Director, they will become insured parties under the contract. In addition, the Company intends to renew the insurance contract with the same contents at the next time of renewal during the terms of office of each candidate.

The composition of the Board of Directors and a skills matrix of the main areas of expertise, experience, and knowledge of each Director in the event that Proposal No. 3 is approved and adopted as originally proposed at this General Meeting of Shareholders are as follows:

Name	Age	Corporate management strategy	Marketing and sales	Technology R&D DX	Internationality	Legal affairs Compliance and risk management	Finance Accounting	Human resources and labor affairs Human resources development	ESG Sustainability
Tadatoshi Kondo	50	●	●	●	●		●		
Kazuhiro Ito	60	●	●	●	●				
Tsuyoshi Shimoda	58	●	●	●	●		●		
Takashi Asai	50		●	●		●		●	●
Toshiro Kawahara	55			●	●				
Hidehiro Tsukano	64	●		●	●	●	●	●	●
Jean-Francois Minier	51	●		●	●	●	●		
Ryoko Takeda	51				●	●			●
Atsushi Takahashi	45					●	●		

Outside

Outside Director

Independent

Independent officer as defined by the securities exchange

Female

Female Director

Proposal No. 4: Election of One Substitute Audit & Supervisory Board Member

The effectiveness of the resolution electing Sadamu Yoshida as substitute outside Audit & Supervisory Board Member at the 95th Annual General Meeting of Shareholders held on June 29, 2021, will expire at the beginning of this General Meeting of Shareholders. Accordingly, in order to prepare for cases when the number of Audit & Supervisory Board Members falls short of the number required by laws and regulations, the Company proposes the renewed election of one substitute outside Audit & Supervisory Board Member.

Furthermore, the effectiveness of election under this proposal may be canceled by resolution of the Board of Directors, with the consent of the Audit & Supervisory Board, provided it is prior to the candidate's appointment.

In addition, the consent of the Audit & Supervisory Board has been obtained for this proposal.

The candidate for substitute Audit & Supervisory Board Member is as follows:

Name (Date of birth)	Career summary and position in the Company		Number of the Company's shares owned
Ryuichi Hirai (July 22, 1950)	Apr. 1973	Joins Nihon Cement Co., Ltd. (currently Taiheiyo Cement Corporation)	0 shares
	Apr. 2004	Overseas Company Vice President and General Manager, Marketing & Trading Department, Overseas Company of Taiheiyo Cement Corporation	
	Apr. 2006	Advisor, Overseas Company Vice President, and General Manager, Marketing & Trading Department, Overseas Company of Taiheiyo Cement Corporation	
	Apr. 2008	Managing Executive Officer and Overseas Company President of Taiheiyo Cement Corporation	
	June 2008	Director, Managing Executive Officer, and Overseas Company President of Taiheiyo Cement Corporation	
	June 2010	Director, Managing Executive Officer, and Senior General Manager, International Business Division of Taiheiyo Cement Corporation	
	Apr. 2012	Representative Director, Senior Executive Officer, and Senior General Manager, International Business Division of Taiheiyo Cement Corporation	
	Apr. 2013	Director of Taiheiyo Cement Corporation	
	June 2013	Counselor of Taiheiyo Cement Corporation	
	June 2015	Outside Director of SWCC SHOWA HOLDINGS CO., LTD.	
Oct. 2018	Deputy Representative Director of DIRECTFORCE (current position)		
<p>[Reasons for nomination as candidate for substitute outside Audit & Supervisory Board Member] Ryuichi Hirai has been selected as a candidate for substitute outside Audit & Supervisory Board Member because the Company has judged that if he is appointed as Audit & Supervisory Board Member, he will be able to utilize his abundant experience and broad expertise as a manager in the audit systems of the Company.</p>			

- Notes:
1. There is no special interest between the candidate and the Company.
 2. Ryuichi Hirai is a candidate for substitute outside Audit & Supervisory Board Member.
 3. Article 33-2 of the Company's Articles of Incorporation provides for the following: "Pursuant to the provisions of Article 427, paragraph (1) of the Companies Act, the Company may enter into agreements with outside Audit & Supervisory Board Members to limit their liability for damages as stipulated in Article 423, paragraph (1) of the same; provided, however, that the maximum amount of liability for damages pursuant to this agreement shall be the amount stipulated in laws and regulations." Pursuant to these provisions, the Company intends to enter into a liability limitation agreement with substitute outside Audit & Supervisory Board Member Ryuichi Hirai when he is appointed as Audit & Supervisory Board Member.

A summary of the contents of this agreement is as follows: if an outside Audit & Supervisory Board Member is liable for damages to the Company as a result of neglect of his or her duties, the maximum amount of this liability for damages shall be the amount stipulated in laws and regulations or a certain higher amount, provided that the outside Audit & Supervisory Board Member executed the duties that were the cause of the liability in good faith and without gross negligence.
 4. The Company has entered into an officers liability insurance contract with an insurance company as stipulated in Article 430-3, paragraph (1) of the Companies Act. This insurance contract will cover legal damages, litigation expenses, etc. borne by the insured parties, including Audit & Supervisory Board Members of the Company, in the event that a claim for damages is made against an insured party owing to actions performed by the insured party based on his or her position. If Ryuichi Hirai is appointed as Audit & Supervisory Board Member, he will become an insured party under the contract. In addition, the Company intends to renew the insurance contract with the same content at the next time of renewal.

5. Ryuichi Hirai satisfies the criteria for an independent officer as stipulated in Article 436-2 of the Securities Listing Regulations of Tokyo Stock Exchange, Inc., and if he is appointed as outside Audit & Supervisory Board Member, the Company intends to designate him as an independent officer and notify the exchange to that effect.

Shareholder Proposals (Proposal Nos. 5 to 7)

Proposal Nos. 5 to 7 have been submitted by one shareholder (300 voting rights) (the “Proposing Shareholder”) (these proposals are hereinafter referred to as the “Shareholder Proposals”). The Board of Directors of the Company opposes these Shareholder Proposals.

The following content of the proposals (summary of the proposals) and the reasons for the proposals are provided as written in the relevant sections on the shareholder proposal form submitted by the Proposing Shareholder.

Proposal No. 5 Dismissal of One Audit & Supervisory Board Member

(1) Summary of the proposal

Audit & Supervisory Board Member Toshio Akahane will be dismissed.

(2) Reasons for the proposal

The document “Internal Investigation Based on Internal Report, Initiatives to Prevent Recurrence, and Treatment,” which the Company disclosed in June 2021, was based on the premise of an investigation by the Audit & Supervisory Board. It was stated that Standing Audit & Supervisory Board Member Toshio Akahane was directly involved in the investigation, but the investigation of “unclear spending on social expenses” by Mikio Matsuzawa, the former President, was limited to an investigation of social expenses for the three years prior to Mr. Matsuzawa’s retirement, and was therefore ineffectual.

There was absolutely no disclosure of the specific details of the “unclear spending on social expenses.” It is reasonable to think that “unclear spending on social expenses” by Mr. Matsuzawa had become normalized, but this investigation neglected to investigate the past.

Currently, the Company also pays management consulting fees to the individual office of a former Director who participated in “transactions with a potential conflict of interest,” as stated in the aforementioned document. Of the four Audit & Supervisory Board Members currently in service, Mr. Akahane was the only Audit & Supervisory Board Member who was directly involved in the aforementioned investigation by the Audit & Supervisory Board, and who was in a position to know about the details of the Company’s transactions with the former Director who participated in “transactions with a potential conflict of interest.”

Opinion of the Board of Directors of the Company

Oppose	The Board of Directors of the Company opposes this Shareholder Proposal.
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Audit & Supervisory Board Member Toshio Akahane performs appropriate activities as an Audit & Supervisory Board Member of the Company, and the Board of Directors of the Company believes that it is most appropriate for the Company that he continues to perform his duties as Audit & Supervisory Board Member.

In the reason for the Shareholder Proposal, it is indicated that there is a concern that the investigation by the Audit & Supervisory Board disclosed in “Internal Investigation Based on Internal Report, Initiatives to Prevent Recurrence, and Treatment,” dated June 22, 2021, was insufficient. However, in this investigation, the Audit & Supervisory Board conducted a sufficient investigation, with the assistance of an external attorney at law, and it confirmed the facts and analyzed the causes and responsibilities. Upon receiving the results of the investigation and recommendations from the Audit & Supervisory Board, the Board of Directors formulated and executed measures to prevent recurrence and implemented treatment for the related parties based on the results of the investigation. Accordingly, the Board of Directors has judged that there are no grounds for the dismissal of the Audit & Supervisory Board, nor Audit & Supervisory Board Member Toshio Akahane, who participated in the investigation as a member of the Audit & Supervisory Board.

In addition, regarding the relationship with the individual office of a former Director, the Company has entered into an agreement to obtain advice from the former Director, concerning sales and marketing operations, such as acquiring new customers, but the former Director is not involved in decisions related to management, and has absolutely no relationship to the management consulting. There is also no impact on management. There are no issues related to corporate governance, and the Company has obtained valuable benefits, such as the expansion of existing businesses and the creation of new businesses. Based on the above, the Board of Directors of the Company believes that Audit & Supervisory Board Member Toshio Akahane sufficiently performs his duties as Audit & Supervisory Board Member, and should not be dismissed.

Opinion of the Audit & Supervisory Board of the Company

Oppose	The Audit & Supervisory Board of the Company opposes this Shareholder Proposal.
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With regard to the “investigation by the Audit & Supervisory Board” (the “Audit & Supervisory Board investigation”) described in “Internal Investigation Based on Internal Report, Initiatives to Prevent Recurrence, and Treatment” disclosed by the Company on June 22, 2021, it was decided that the Audit & Supervisory Board would lead the investigation because Directors were among the related parties, as a result of deliberations at a meeting of the Audit & Supervisory Board of the Company held on April 19, 2021, concerning an internal report submitted on April 15, 2021.

The areas, applicability, methods, and other details of the investigation in the Audit & Supervisory Board investigation were planned by Outside Audit & Supervisory Board Members, to ensure the independence and neutrality of the investigation, and were also unanimously approved by all members of the Audit & Supervisory Board. In addition, in order to supplement the legal opinions of the Audit & Supervisory Board, the investigation was also conducted with legal advice and other forms of support from an attorney at law, based on a request made to an external legal office with no special interest relationship with the Company.

In the actual investigation (interviews, etc.), multiple Audit & Supervisory Board Members, including outside Audit & Supervisory Board Members, participated in the investigation. Interviews were conducted with all Directors and related parties concerning the matters identified in the internal report, and evidence related to social expenses was checked.

Information was subsequently shared as necessary between Audit & Supervisory Board Members concerning the status, results, etc., of the investigation, and the views of all Audit & Supervisory Board Members were reflected in the acknowledgment of facts that were confirmed in the investigation, proposals for improvement based on these facts, etc.

The Audit & Supervisory Board at the time submitted multiple reports, including interim reports, to the Board of Directors concerning the audit results, and received the understanding of all Directors, excluding some Directors (parties involved in the matters being investigated) at a meeting of the Board of Directors.

Based on the above, the Audit & Supervisory Board recognizes that in the Audit & Supervisory Board investigation, a fair investigation was conducted from a neutral and objective perspective.

Below, an explanation of the results of the Audit & Supervisory Board investigation related to unclear spending on social expenses and transactions with a potential conflict of interest, etc., is provided.

First, owing to the fact that there was an extremely large number of documents related to the investigation of unclear spending on social expenses and that it would require considerable time to compare and confirm evidence related to payments, the Audit & Supervisory Board at the time decided to prioritize the investigation of spending over the previous three years, which was the period indicated in the internal report, and make a judgment concerning whether or not to conduct a retrospective investigation of the period prior to that based on the results of the investigation.

As a result of the investigation, the facts related to almost all of the payments were confirmed, and there were grounds for the majority of the payments. There were some payments for which the Audit & Supervisory Board was unable to confirm the facts owing to ambiguity in the memories of related parties, but these were insignificant, both in terms of the number of cases and the amount of money. In addition, although it was recognized that there was some inappropriate spending in the payments for which the facts were confirmed, the amounts were small, so measures were taken based on the view that the money had already been returned to the Company through the voluntary repayment of officer remuneration and that damages incurred by the Company had already been recovered. In addition, based on objective documentation, no other cases have been discovered that can be judged to be inappropriate spending.

In addition, the Audit & Supervisory Board at the time judged that the amount (total amount) of social expenses by the President could not be judged to be an excessively high amount, nor in violation of any laws or regulations, when compared with general operating companies, taking into consideration the circumstances under which the President was required to gather information, exchange opinions, etc., from a variety of different aspects, within the context of rapid changes in the business environment surrounding the Company, including changes in the competitive environment in the telecommunications industry.

Based on the above results of the investigation, the Audit & Supervisory Board at the time came to the conclusion that there were no grounds to pursue any statutory liability in relation to the spending on social expenses of the former President for the reason of having caused damages to the Company, and that an investigation of the period prior to the past three years was not necessary. The current Audit & Supervisory Board has also reconfirmed the facts and subsequently confirmed the above judgment and conclusion.

Next, regarding transactions with a potential conflict of interest, at the time, the facts were confirmed by comparing related documents and evidence, interviews with related parties, and other methods, by multiple Audit & Supervisory Board Members, including Outside Audit & Supervisory Board Members. All Audit & Supervisory Board Members shared information concerning the results, and also obtained a legal opinion from an external attorney's office, as part of the analysis by the Audit & Supervisory Board.

As a result, the Audit & Supervisory Board at the time determined that, in relation to the applicable transactions: (1) although formally the transactions fell under the category of transactions with a conflict of interest and approval was not obtained from the Board of Directors, there was no substantial conflict of interest and the Company did not incur any damages because they were standard transactions that were conducted with other companies with the same conditions (the arrangement of local transportation methods, accommodation, etc., for officers and employees on business trips overseas), and the Company only paid the actual expenses (the counterparty did not receive any profit such as commissions, etc.), and (2) these transactions were the settlement of out-of-pocket expenses and were not classed as substantive transactions, and therefore did not fall under the category of transactions with a conflict of interest and there were no particular issues other than the failure to complete the approval procedures for the former. The current Audit & Supervisory Board also reconfirmed the facts and subsequently confirmed this judgment.

Based on the above, in the Audit & Supervisory Board investigation, a fair investigation was conducted under a system whose independence and neutrality was ensured, and, as described above, a clear conclusion was obtained in relation to the inappropriate spending on social expenses and the suspicion of transactions with a conflict of interest. As part of this process, Audit & Supervisory Board Member Toshio Akahane sufficiently performed his duties as Audit & Supervisory Board Member, and the Audit & Supervisory Board believes that there are no reasons under which he should be dismissed for being unqualified as an Audit & Supervisory Board Member of the Company.

Proposal No. 6 Amendment to the Articles of Incorporation (Sale of Cross-Held Shares)

(1) Summary of the proposal

The following chapter and articles will be newly established in the Articles of Incorporation of the Company.

(Underlined sections indicate changed parts.)

Current Articles of Incorporation	Proposed amendments
(Newly established)	<u>Chapter 8: Sale of Cross-Held Shares</u> <u>Article 41 (Sale of Cross-Held Shares)</u> <u>The Company shall dispose of all cross-held shares by</u> <u>March 31, 2023.</u>

(2) Reasons for the proposal

According to the Annual Securities Report for the 95th fiscal year (April 1, 2020 to March 31, 2021) submitted by the Company on June 30, 2021, the Company holds cross-held shares in 20 companies, equivalent to an amount of ¥5,142 million recorded on the balance sheet as of March 31, 2021, and the value of these cross-held shares accounted for approximately 19% of the total market capitalization of the Company as of April 8. Cross-held shares, which are non-core assets with high volatility compared with their returns, are a cause of the Company's long-term stagnation in return on equity (ROE) and the fact that the price-to-book value ratio (P/B ratio) is below 1x, along with the bloated cash and deposits of the Company, and have caused the Company's cost of capital to increase.

Accordingly, in order to quickly reduce the Company's cross-held shares, it is proposed that provisions be established in the Articles of Incorporation to the effect that the Company will be required to dispose of all cross-held shares by a certain deadline.

Opinion of the Board of Directors of the Company

Oppose	The Board of Directors of the Company opposes this Shareholder Proposal.
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In order to further strengthen its management foundations, the Company's basic policy is to not hold "cross-held shares" except when the significance of holding them is recognized, taking into consideration changes in the environment surrounding Japan's Corporate Governance Code and the level of impact on financial indicators from the risk of fluctuation in share prices. This basic policy is described in "Notification Concerning Policy for the Reduction of Cross-Held Shares," disclosed on November 10, 2021.

In accordance with this policy of reduction, the Company is endeavoring to reduce cross-held shares, and will continue to actively work on reducing cross-held shares in the future. In addition, in the aforementioned "Notification Concerning Policy for the Reduction of Cross-Held Shares," the Company provided targets for the reduction of cross-held shares based on the number of stocks. In addition to these targets, as described in the "Corporate Governance Report" disclosed on May 12, 2022, the Company has also set forth targets for the reduction of cross-held shares based on the monetary amount. The Company intends to use funds obtained from the reduction of cross-held shares as funds for various measures that it will promote under the medium-term business plan (from April 2022 to March 2025), which starts in fiscal 2022.

On the other hand, cross-held shares are also an asset of the Company, and it cannot be denied that there is a risk that it would not contribute to maximizing the interests of shareholders to establish a provision in the Articles of Incorporation to forcefully dispose of assets in a short period of less than one year, despite the fact that circumstances may occur where the share prices of these stocks stagnate on the market and the demand for funds above a certain level is not necessarily high, etc.

In addition, the Articles of Incorporation constitute the fundamental regulations for the organization and activity of a stock company, and it is inappropriate to make the content of this Shareholder Proposal, which forcefully determines the method and timing of the disposal of assets, the fundamental regulations of the Company. As such, the Board of Directors of the Company believes that it is not necessary to set forth provisions such as those in the Shareholder Proposal in the Articles of Incorporation. The Board of Directors of the Company believes that it is appropriate for shareholders to make decisions concerning the appropriateness of the medium-term business plan of the Company, which sets forth the reduction of cross-held shares and various policies to implement using funds from the reduction of cross-held shares, through proposals for the election of Directors.

Proposal No. 7 Acquisition of Own Shares

(1) Summary of the proposal

Pursuant to the provisions of Article 156, paragraph (1) of the Companies Act, the Company will acquire a total of up to 1,215,900 common shares for a total acquisition amount of up to ¥2,848,840,000, in exchange for the delivery of cash, within one year of the conclusion of this Annual General Meeting of Shareholders (provided, however, that if the total acquisition amount permitted in the Companies Act (the “Distributable Amount,” as set forth in Article 461 of the Companies Act) is less than the maximum total acquisition amount, the maximum total acquisition amount shall be the maximum total acquisition amount permitted in the Companies Act).

(2) Reasons for the proposal

In February 2022, the Company announced the acquisition of its own shares, but the scale of this acquisition was extremely insufficient, and did not reflect its financial position, whereby the Company has excess capital, with an equity ratio in excess of 80%. The total amount of highly liquid assets held by the Company that do not contribute to its core businesses, such as cash and deposits and cross-held shares, is in excess of ¥20.0 billion, and made up approximately 80% of the total market capitalization as of April 8, 2022. The Company’s policy will be to utilize interest-bearing debt on the scale of ¥10.0 billion in the future, and it has plentiful funds for the acquisition of its own shares.

The Company has closed its eyes to the “misappropriation of the Company” by the former President, Mr. Matsuzawa. The Company spent around ¥150 million on the production of a radio program hosted by Mr. Matsuzawa that had extremely limited impact on its businesses, and pays management consulting fees to the individual office of a former Director who was involved in “transactions with a potential conflict of interest.” According to the media, the Company is also considering a joint investment with an investment company where the former Director in question serves as a senior executive. Meanwhile, the share price of the Company has consistently remained at a P/B ratio of less than 1x.

The aggregate amount proposed is equivalent to 10.4% of the total market capitalization, and is consistent with the cost of shareholders’ equity (as of April 8), as indicated on the Bloomberg Terminal, which is used by many institutional investors.

Opinion of the Board of Directors of the Company

Oppose	The Board of Directors of the Company opposes this Shareholder Proposal.
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In the Medium- and Long-Term Management Strategy formulated in March 2021, the Company set forth its intention to enhance capital efficiency, improve the composition of the balance sheet, and strengthen shareholder returns, and on February 10, 2022, the Company disclosed its Capital Allocation, as its basic approach to capital policy. Then, as described in the “Notification Concerning the Determination of Matters Related to the Acquisition of Own Shares and Policy Regarding the Cancellation of Own Shares” disclosed on the same day, the Company determined that it would acquire its own shares on an unprecedented scale (maximum acquisition amount of ¥2.5 billion and a maximum number of shares to be acquired of 1.10 million shares, with an acquisition period of February 14, 2022 to December 31, 2022) and formulated a policy regarding the cancellation of its own shares, as part of the Capital Allocation aimed at strengthening growth investment and shareholder returns.

As described above, the Company has already made it clear that it will strengthen shareholder returns and change its dividend policy, and it recognizes the acquisition of its own shares as an effective method among shareholder return measures. However, the Board of Directors of the Company believes that it is best for the implementation of these efforts to be performed in a timely, appropriate manner based on the responsibilities and judgment of the Board of Directors of the Company, comprehensively taking into consideration factors such as business performance, the necessity of investment, and financial position, and never forgetting to ensure continuous growth for the future. The Board of Directors of the Company made a decision concerning the aforementioned acquisition of the Company’s own shares while comprehensively considering these factors, based on the Medium- and Long-Term Management Strategy and Capital Allocation, and it believes that the level thereof is necessary and sufficient, while the content is reasonable, from the perspective of the balance between ensuring financial discipline and shareholder returns.

On the other hand, the large-scale acquisition of the Company’s own shares in the Shareholder Proposal must be considered to be based on a short-term perspective that does not take the Company’s financial position into consideration. The Board of Directors of the Company has judged that if such a proposal is passed, there is a risk that it will harm the financial stability of the Company, and as a result, will not contribute to enhancing the corporate value of the Company over the medium and long term.

Furthermore, the radio program in the reason for the proposal is a measure aimed at enhancing the Company’s name value and contributing to recruitment activities in new businesses operated by the Company, including promoting the sale of 5G products and local 5G, and it is not personal in nature. In addition, regarding the relationship with the individual office of a former Director, the Company has entered into an agreement to obtain advice from the former Director, particularly concerning sales and marketing operations, such as acquiring new customers, but the former Director is not involved in decisions related to management, and has absolutely no relationship to the management consulting. There is also no impact on management. The statement that the Company is also considering a joint investment with an investment company where the former Director in question serves as a senior executive is also not true.