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* In order to prevent spread of COVID-19, we ask that you register in advance your attendance on the day of the General Meeting of Shareholders. For procedures, please see page 3 (Even if you fail to register in advance, you may enter the venue).

* For this Extraordinary General Meeting of Shareholders, you will not be able to attend the meeting via the Internet or speak up by telephone, etc. on the day of the meeting. If you would like to attend the meeting on the day of the meeting, please do so after registering in advance.

* When attending the meeting, we ask you that you wear masks and take your temperature to enter the venue.

* Please understand in advance that we do not prepare any souvenirs for attending shareholders.

Securities code: 9749
November 18, 2022

To Shareholders with Voting Rights:

Satoyasu Sakashita
President & Representative Director
FUJI SOFT INCORPORATED
1-1 Sakuragi-cho, Naka-ku, Yokohama-shi,
Kanagawa

**NOTICE OF CONVOCATION OF
THE EXTRAORDINARY GENERAL MEETING OF SHAREHOLDERS**

Dear Shareholders:

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

This is to notify you that the Extraordinary General Meeting of Shareholders of FUJI SOFT INCORPORATED (the “Company”) will be held for the purposes as described below.

This Extraordinary General Meeting of Shareholders is to be held in accordance with a request from a shareholder. The presented proposals include that by the Company (Proposal 1), that by both the Company and the shareholder (Proposal 2), and that by the shareholder (Proposal 3). While the details of the proposals are shown in the Reference Documents for the General Meeting of Shareholders below, the Board of Directors of the Company is opposed to Proposal 3, the proposal only by the shareholder. For the opposition from the Board of Directors of the Company on Proposal 3, please see pages 25 to 26.

Instead of attending the meeting, you may exercise your voting rights in writing or by voting via the Internet. Please review the Reference Documents for the General Meeting of Shareholders as described hereinafter and exercise your voting rights by no later than 5:30 p.m. on Friday, December 2, 2022, Japan Time. You are requested to exercise your voting rights either by indicating your votes for or against the proposals on the enclosed Voting Rights Exercise Form and returning the form so that it will be received by the above deadline, or by accessing our designated website for exercising voting rights (<https://evote.tr.mug.jp/>) (Japanese only) and entering your votes by the above deadline, following the “Guidance for Exercising Your Voting Rights” as described hereinafter.

- 1. Date and Time:** Sunday, December 4, 2022 at 3:00 p.m., Japan time (reception starts at 2:00 p.m.)
- 2. Place:** FUJISOFT AKIBA HALL, 5F, FUJISOFT Akihabara Building,
3 Kandanebiki-cho, Chiyoda-ku, Tokyo
- 3. Meeting Agenda:**
 - Proposals to be resolved:**
 - <Proposal by the Company>**
 - Proposal 1:** Election of Three (3) Directors
 - < Proposal by the Company and a Shareholder>**
 - Proposal 2:** Election of Two (2) Directors
 - <Proposal by a Shareholder>**
 - Proposal 3:** Election of Two (2) Directors

- (1) If you submit a Voting Rights Exercise Form without indicating your approval or disapproval for any proposal, your vote for the proposal shall be counted as approval for Proposals 1 and 2 and disapproval for Proposal 3.
- (2) If you exercise your voting rights in advance via the Internet more than once, only your final vote shall be counted as valid.
- (3) If you exercise your voting rights in advance both via the Internet and by submitting a Voting Rights Exercise Form, your votes via the Internet shall be counted as valid.
- (4) Please note that if you exercise your voting rights in advance by submitting a Voting Rights Exercise Form or via the Internet and attend the meeting, the voting rights you have exercised in advance shall be invalidated.
- (5) You may exercise your voting rights by appointing one other shareholder with voting rights of the Company as your proxy. In this case, please note that the proxy must submit to the Company a document certifying authority of representation.
- (6) Any revisions to the Reference Documents for the General Meeting of Shareholders will be posted on the Company's website.
<https://www.fsi.co.jp/ir/soukai/meeting.html> (Japanese only)

* Live Stream at the General Meeting of Shareholders

This Extraordinary General Meeting of Shareholders will be streamed live via the Internet. For details, please confirm the "Guidance for Live Stream and Recorded Stream at the General Meeting of Shareholders" on page 7 (available in the Japanese version).

Viewing the live stream at this meeting will not come under attendance set forth in the Companies Act. Accordingly, you will not be able to exercise your voting rights or make any statements at all including questions via the Internet and by telephones on the day of the meeting. We ask that you exercise your voting rights by no later than 5:30 p.m., on Friday, December 2, 2022, Japan time, in writing or by voting via the Internet.

Guidance for Exercising Your Voting Rights

- If you exercise your voting rights in advance

Voting via the Internet, etc.:

Please enter your votes by no later than the voting deadline by following the instructions on the screen after reviewing the “Guidance for Excising Your Voting Rights via the Internet” available in the Japanese version. Voting deadline: Your votes must be entered by no later than 5:30 p.m., Friday, December 2, 2022, Japan time.

Voting in writing:

Please return the Voting Rights Exercise Form with your votes by mail.

Voting deadline: The completed form must reach us by 5:30 p.m., Friday, December 2, 2022, Japan time.

- If you attend the meeting

In order to take appropriate measures to prevent the spread of COVID-19 according to the number of attendees, we ask that you register in advance by following the method as described below.

When you attend the meeting in person on the day of the meeting, we ask that you bring this notice of convocation and submit the enclosed Voting Rights Exercise Form at the reception desk.

Date and time: Sunday, December 4, 2022 at 3:00 p.m., Japan time

* Method of an application for attending at the venue

Please prepare the voting rights exercise document at hand and apply for your attendance by telephone or on the website.

(* Even if you fail to register in advance, you may enter the venue. However, your cooperation is appreciated.)

Application period: 10:00 a.m. on Friday, November 18, 2022 through 5:30 p.m. on Wednesday, November 30, 2022

Please inquire about your questions by telephone.

(1) Application by telephone

Telephone number of the secretariat of the General Meeting of Shareholders of the Company: 050-3000-2778

(2) Application on the website

Website URL: <https://www.fsi.co.jp/ir/soukai/meeting.html> (Japanese only)

* Please understand in advance that we do not prepare any souvenirs for attending shareholders.

* When attending the meeting, we ask you that you make sure to wear masks and take your temperature to enter the venue.

Reference Documents for the General Meeting of Shareholders

Proposals and References

<Proposal by the Company>

Proposal 1: Election of Three (3) Directors

1. Outline of the Proposal

Mr. Takao Tsuji, Mr. Hidetaka Nishina and Mr. Hikari Imai shall be elected as Directors.

2. Reason for the Proposal

As the Company has been managing its business taking into account corporate value improvement from the past, on February 10, 2022 the Company announced its medium-term management plan, which will end in the fiscal year ending December 31, 2024. We have strived to increase net sales and operating income as well as set management indicators taking into account capital efficiency as targets. We proposed the election of the current Directors based on a matrix of skills necessary for members of the Board of Directors of the Company at the 52nd Annual General Meeting of Shareholders of the Company held in March 2022 in the Company proposal. The election was supported and approved by shareholders. Then, we newly established the Corporate Value Committee based on talks with a variety of shareholders. The committee intends to seriously revalidate our managerial issues, such as our business policies, internal resource allocation, governance and dialogue with stakeholders, and develop a structure aiming at the enhancement of corporate value. The Corporate Value Committee has its policy to ensure an objective perspective by appointing outside advisors in addition to the attendees of the Board of Directors meetings. (The Company announced these initiatives in “New Establishment of the Corporate Value Committee” (Japanese only) announced on August 5, 2022.)

Under these circumstances, 3D OPPORTUNITY MASTER FUND, one of our shareholders (hereinafter referred to as the “Requesting Shareholder”), offered a shareholder proposal of the convocation of an extraordinary general meeting of shareholders pursuant to the provisions of Article 297, Paragraph 1 of the Companies Act and the election of four (4) Directors. For details of proposal by the Requesting Shareholder, please see Proposals 2 and 3.

The Company had advanced discussions on what its Board of Directors should be at the Corporate Value Committee before the receipt of the proposal by the Requesting Shareholder, and was proceeding with specific verification in order to strengthen corporate governance by the 53rd Annual General Meeting of Shareholders scheduled to be held in March 2023 at the latest. However, under these circumstances, we received a proposal from the Requesting Shareholder that requested the convocation of the extraordinary general meeting of shareholders and the election of Directors. Accordingly, we considered it necessary to present what we believed the composition of the Board of Directors should be if we hold the extraordinary general meeting of shareholders to confirm the intentions of shareholders about the composition of the Board of Directors of the Company. Therefore, based on the details of past verification we organized its point of view at that point in time as follows.

First of all, we discussed functions necessary for the Company’s Board of Directors at the Corporate Value Committee. As a result, we considered it more important to further strengthen a function to decide management strategies and policies and a supervisory function, while keeping functions to make decisions for the execution of individual businesses at the current Board of Directors, in deepening discussions toward further corporate value improvement and putting them into practice.

In addition, we believe it is necessary to strengthen the supervisory function including the perspectives of nomination, remuneration, etc. by Outside Directors more than before, after we divide the functions of the Management Conference (including the functions of the nomination, remuneration and ethics committees), which is currently established as a voluntary advisory committee of the Board of Directors, to the Nomination & Compensation Committee, the Governance & Ethics Committee, etc. Furthermore, we will also examine a structure in which these committees will be chaired by Outside Directors in order to enhance the objectiveness and transparency of procedures.

Furthermore, the Corporate Value Committee reexamined a set of skills necessary for the Company’s

Board of Directors. As a result, we added “Capital market” to the skill set and in particular we determined that the importance of “Capital markets,” “Corporate management,” and “Legal affairs” was higher among the skill set. Accordingly, we considered it preferable to increase new Directors who have these skills, have experience and track record appropriate for an Outside Director, and have intentions to take aggressive actions as a Director in order to improve corporate value over the medium to long term.

Although the “Capital markets” item was not previously included in the skills necessary for the Company’s Director, we have newly added it as we consider it more necessary to examine the appropriateness of the Company’s future fund raising, capital allocation, investment and shareholder returns, from the viewpoint of investors based on the past dialogue with its shareholders.

With regard to the “Corporate management” item, we have determined that, in order to promote further examination of corporate value improvement, a talented person will be necessary who is involved in capital markets in a listed company and has experience in the corporate management at a position equivalent to a representative director such as strengthening corporate governance and promoting business reform.

With regard to the “Legal affairs” item likewise, we consider it a skill desired for not only Auditors but also members of the Board of Directors because it becomes necessary to introduce legal knowledge and experience when the Board of Directors, which is composed of Directors with a variety of backbone, deepens discussions so as to improve the Company’s corporate value. At the present stage in particular, we believe that we need a talented person who is well versed in the Companies Act which is fundamental to corporate governance, the Corporate Governance Code, and a variety of guidelines and has extensive business experience related to the above, as well as can determine and apply the above to the Company’s businesses in an appropriate manner.

Before additionally electing Outside Directors, we deliberated on the total number of Directors. We researched the number of directors of companies with board of company auditors with the market capitalization of 200 billion yen to 300 billion yen, almost the same size with the Company. The research found that the number of directors was 9 on average and 13 at the maximum. In addition, as an analysis covering all the listed companies revealed that companies with 14 or more directors accounted for only about 1% of the total, we believed that the number of Directors of the Company should not be in excess of 14, and that a Board of Directors with more than 14 Directors would be more detrimental to the flexible operation and substantive discussions than beneficial.

Based on the above, while the Board of Directors of the Company is currently composed of six (6) Inside Directors and three (3) Outside Directors, we will realize the composition of the Board of Directors where the number of Outside Directors (eight (8)) will become the majority of the total number of Directors (fourteen (14)) as a result of increasing the number of Outside Directors by additionally electing five (5) Outside Directors based on a set of skills necessary for the Board of Directors of the Company, while the total number of the Board of Directors will not become excessive. Through these initiatives, we believe that the above will be an optimal structure aiming at future corporate value improvement.

Based on the above results of examination at the Corporate Value Committee, the Company has decided to examine the additional election of candidates for Outside Director who have the above skills that the current Board of Directors is in need of so that Outside Directors will constitute a majority of the Board of Directors, before the terms of office of incumbent Directors expire. This is because strengthening the composition of the Board of Directors and improving its transparency is an urgent issue and the additional election will be conducive to strengthening activities at the Corporate Value Committee. The Management Conference (including the functions of the nomination, remuneration and ethics committees), the majority of which is composed of Independent Outside Directors and which is an advisory organ of the Board of Directors, conducted interviews with multiple candidates including those for Outside Directors proposed by the Requesting Shareholder, and evaluated and examined them in terms of whether they are appropriate from the above perspective. Based on the results of examination at the Management Conference, the election of five (5) candidates for Outside Director is proposed as the Company proposal. If these candidates for Outside Director are elected, the Company will have six (6) Inside Directors and eight (8) Outside Directors, Outside Directors will account for a majority of Directors and the number of Directors will be fourteen (14). In light of the above results of examination with regard to the composition of the Board of Directors, the additional election will lead to an appropriate structure of the Board of Directors.

From among the five (5) candidates for Outside Director, we propose the election of two (2) candidates in Proposal 2 that was also proposed by the Requesting Shareholder, and in this Proposal we present three

(3) candidates for Outside Director whose election is only proposed by the Company.

No.	Name (Date of birth)	Career summary, positions, responsibilities and significant concurrent positions	Number of shares of the Company held
1	<p>Takao Tsuji (September 28, 1949)</p> <p>Male</p> <p>[New candidate] [Outside Director] [Independent Officer]</p>	<p>April 1973 Joined Nissho Iwai Corporation (present Sojitz Corporation)</p> <p>June 1999 Director, NISSHO ELECTRONICS CORPORATION</p> <p>March 2000 Outside Director, Fusion Communications Corp. (present Rakuten Communications Corp.)</p> <p>June 2001 Managing Director, NISSHO ELECTRONICS CORPORATION</p> <p>June 2002 Representative Director and President, NISSHO ELECTRONICS CORPORATION</p> <p>Since 2003 Consecutively served as a part-time lecturer of Shinshu University Graduate School of Management,; School of Business, Aoyama Gakuin University; Faculty of Commerce, Doshisha University; Management of Technology (MOT), Tokyo University of Science; Faculty of Economics, Soka University; and School of International Studies, Kwansei Gakuin University</p> <p>June 2009 Director and Chairman, NISSHO ELECTRONICS CORPORATION</p> <p>September 2009 Final Selection Committee Member, Public Application for Universe Open Laboratory, Japan Aerospace Exploration Agency (JAXA)</p> <p>July 2010 Advisor, Machine Division, Sojitz Corporation</p> <p>June 2013 External Director of the Board, JVCKENWOOD Corporation</p> <p>May 2014 Representative Director of the Board, President, Chief Operating Officer (COO), Chief Innovation Officer (CIO), and Chief Risk Officer (CRO), JVCKENWOOD Corporation</p> <p>June 2016 Representative Director of the Board, President, and Chief Executive Officer (CEO), JVCKENWOOD Corporation</p> <p>April 2018 Representative Director of the Board, Chairman of the Board, and Chief Executive Officer (CEO), JVCKENWOOD Corporation</p> <p>April 2019 Representative Director of the Board and Chairman of the Board, JVCKENWOOD Corporation</p> <p>June 2019 Outside Director, Dexerials Corporation</p> <p>July 2021 Special Advisor, JVCKENWOOD Corporation</p> <p>November 2021 Special Advisor, TACHIBANA ELETECH CO., LTD.</p> <p>December 2021 Chairman, Machine & Metal Industry Subcommittee, The Yokohama Chamber of Commerce and Industry</p> <p>June 2022 Outside Director, FEED ONE CO., LTD. (to the present)</p> <p>June 2022 Outside Director (Audit & Supervisory Committee Member), SNT Corporation (to the present)</p> <p>June 2022 Outside Director, TACHIBANA ELETECH CO., LTD. (to the present)</p>	0

No.	Name (Date of birth)	Career summary, positions, responsibilities and significant concurrent positions	Number of shares of the Company held
		<p>[Significant concurrent positions] Outside Director, FEED ONE CO., LTD. Outside Director (Audit & Supervisory Committee Member), SNT Corporation Outside Director, TACHIBANA ELETECH CO., LTD.</p> <p>[Reasons for nomination and expected roles] Mr. Takao Tsuji has experience as a representative director of listed companies over 10 years in the aggregate such as President, Chairman of the Board and CEO of NISSHO ELECTRONICS CORPORATION and JVCKENWOOD Corporation. Further, he served as part-time lecturers at multiple universities, worked on lectures on the development of corporate managers at outside organizations, and assumed office as outside director at multiple listed companies. At NISSHO ELECTRONICS CORPORATION, in which Mr. Takao Tsuji served as Representative Director and President, he converted the existing business related to computers into information communication infrastructure business using IP communication equipment, and established a firm position as a network integrator. At the same time, Mr. Takao Tsuji built a new business model in which the company made investment in a lot of startups mainly in Silicon Valley, expanded sales as a sales gateway in Japan, and significantly contributed to their listing. He took the initiative in moving the company from the Second Section of the Tokyo Stock Exchange to its First Section thanks to the business conversion, took the lead in the company going private as part of the group strategy, and otherwise practiced flexible corporate management mindful of a best owner applicable to environmental changes surrounding the business. In addition, at JVCKENWOOD Corporation, Mr. Takao Tsuji reviewed capital allocation, promoted reforming business structure, executed M&A and launched new business, etc. in order to enhance corporate value and achieved track record such as increased and stable performance, improved financial soundness and stable dividends. Furthermore, in the corporate governance reform of the company, he quickly worked on reinforcing corporate governance in both appearance and fact, such as making the Nomination and Remuneration Advisory Committee comprised solely of External Directors of the Board in 2015, and appointing an External Director of the Board as Chairman of the Board and developing an evaluation system for External Directors of the Board in 2016. He practiced governance reforms of a company saddled with a complicated history of corporate integration. In addition, in these activities he has the extensive experience in aggressive dialogue with capital markets as a representative of the listed company. We have determined that when we will proceed with corporate value improvement in the future, Mr. Takao Tsuji will fulfill his important roles of the Company's management and corporate value improvement from a neutral and objective position by taking advantage of his knowledge and extensive and deep experience as a corporate manager. Therefore, we nominate him as a candidate for Outside Director.</p>	

No.	Name (Date of birth)	Career summary, positions, responsibilities and significant concurrent positions	Number of shares of the Company held
2	<p>Hidetaka Nishina (March 25, 1979)</p> <p>Male</p> <p>[New candidate] [Outside Director] [Independent Officer]</p>	<p>October 2002 Registered as attorney-at-law</p> <p>April 2003 Operations Department, Bank of Japan</p> <p>May 2006 Counsellor Office, Civil Affairs Bureau, Ministry of Justice</p> <p>January 2011 Partner attorney-at-law, Nakamura, Tsunoda & Matsumoto (to the present)</p> <p>June 2013 Outside Auditor, INES Corporation</p> <p>April 2014 Committee Member, JBA TIBOR Oversight Committee, Ippan Shadan Hojin (or General Incorporated Association) JBA TIBOR Administration</p> <p>March 2017 Outside Auditor, Nippon Aqua Co., Ltd. (to the present)</p> <p>June 2017 Outside Director, KITAMURA Co., Ltd.</p> <p>March 2019 Outside Auditor, Vario Secure Inc. (to the present)</p> <p>April 2019 Outside Director, KITAMURA HOLDINGS Co., Ltd. (unlisted company) (to the present)</p> <p>[Significant concurrent positions] Partner attorney-at-law, Nakamura, Tsunoda & Matsumoto Outside Auditor, Nippon Aqua Co., Ltd. Outside Auditor, Vario Secure Inc. Outside Director (Audit and Supervisory Committee Member), KITAMURA HOLDINGS Co., Ltd. (unlisted company)</p> <p>[Reasons for nomination and expected roles] Although Mr. Hidetaka Nishina has not previously participated in corporate management other than as an outside director or outside auditor, he has a wide range of insights and experience as an attorney-at-law. He worked over the years for a law firm that has strengths in the corporate legal affairs and the securities act fields, and has experience in working for governmental organizations, etc. In particular, he has a wide range of knowledge and extensive experience garnered through response to cases related to the Companies Act, a basis of corporate governance, as well as corporate governance at listed companies including the Corporate Governance Code and a variety of guidelines. Furthermore, he participated in many corporate acquisitions from the positions of third-party committee member, etc. He has deep insights in M&A and reorganization. Therefore, we have determined that Mr. Hidetaka Nishina will fulfill his important roles of examination for specific measures for the Company's management and corporate value improvement from a neutral and objective position. In addition, because Mr. Hidetaka Nishina has also extensive insights in internal control and compliance and track record of participating in corporate management as an outside officer at multiple listed companies, we have determined that he will fulfill his roles of improving transparency and strengthening supervisory function at the Board of Directors. Therefore, we nominate him as a candidate for Outside Director.</p>	0

No.	Name (Date of birth)	Career summary, positions, responsibilities and significant concurrent positions	Number of shares of the Company held
3	<p>Hikari Imai (July 23, 1949)</p> <p>Male</p> <p>[New candidate] [Outside Director] [Independent Officer]</p>	<p>April 1974 Joined Yamaichi Securities Co., Ltd.</p> <p>January 1986 Joined Morgan Stanley Japan Securities (present Mitsubishi UFJ Morgan Stanley Securities)</p> <p>April 1993 Joined Merrill Lynch Securities Co., Ltd.</p> <p>January 1999 Deputy Chairman, Merrill Lynch Japan Securities Co., Ltd. (present BofA Securities Japan Co., Ltd.)</p> <p>November2007 Director and Executive Vice President, RECOF Corporation</p> <p>April 2008 Representative Director and President, RECOF Corporation</p> <p>July 2010 Advisor, Ebara Foods Industry, Inc.</p> <p>April 2012 Outside Director, Olympus Corporation</p> <p>June 2015 Outside Director, CYBERDYNE, INC. (to the present)</p> <p>June 2016 Director (Outsider), PACIFIC METALS CO., LTD. (to the present)</p> <p>December 2016 Director and Chairman, 3DOM Inc. (present 3DOM Alliance Inc.)</p> <p>January 2019 Outside Director, GPSS Holdings, Inc. (present GPSS Engineering Inc.) (unlisted company) (to the present)</p> <p>November 2019 Outside Director (Audit & Supervisory Board Member), SHIMACHU CO., LTD.</p> <p>[Significant concurrent positions] Outside Director, CYBERDYNE, INC. Director (Outsider), PACIFIC METALS CO., LTD. Outside Director, GPSS Engineering Inc. (unlisted company)</p> <p>[Reasons for nomination and expected roles] Mr. Hikari Imai gave various managerial advice to a variety of corporate managers from the perspective of capital markets in his capacity as an investment banker at Merrill Lynch Japan Securities Co., Ltd., a major financial institution, and RECOF Corporation, an independent M&A advisory company. After that, he contributed to the practice of corporate management of business companies as an outside director at multiple listed companies. Furthermore, he has extensive track record and business experience in investment judgment at M&A projects at the execution phase of business strategies and strengthening risk management, etc. in addition to clarifying companies' managerial issues, offering specific solutions, and supporting the execution of reform.</p> <p>In particular, Mr. Hikari Imai has professional insights into capital markets gained from extensive experience in investment banking services at multiple securities companies and a wide range of knowledge and experience in extensive business areas including the IT business by giving managerial advice to various business companies and financial institutions.</p> <p>In addition, he has specific achievements from the perspective of maximizing corporate value and strengthening a corporate management base at listed companies: Previously, he promoted management reform as an Outside Director at Olympus Corporation, and made determinations objectively from a neutral standpoint that was not biased toward the interests of specific shareholders or the management team as a special member in projects with multiple candidates for management consolidation, including projects of SHIMACHU CO., LTD. and cocokara fine Inc.</p> <p>Mr. Hikari Imai has deep experience and insights into financial reform such as the soundness of assets including real estate and appropriate resource allocation, the improvement of corporate profit margin, growth strategy and corporate governance gained primarily from experience as a specialist in corporate finance, experience in many M&A projects and experience as an outside director at a variety of companies. We have determined that when we will proceed with corporate value improvement in the future, Mr. Hikari Imai will fulfill his important roles from a neutral and objective position by taking advantage of his knowledge and extensive and deep experience as a corporate manager. Therefore, we nominate him as a candidate for Outside Director.</p>	0

(Notes)

1. Figures for the “Number of shares of the Company held” are as of September 30, 2022.
2. There are no special interests between any of the candidates for Director and the Company.
3. When the Company nominates the candidates for Director, the Management Conference, a body that includes Outside Directors, deliberates in advance on the nomination pursuant to the Standard for Personnel Affairs of Officers.
4. The Company makes it a rule to nominate persons who can supervise and advise the Company from outside and impartial perspectives and who have high-level insight and a wealth of knowledge and experience in their particular areas, in addition to following the standards for independence of independent officers set forth in the regulations of the Tokyo Stock Exchange, as the standards for independence of an Outside Director.
5. Mr. Takao Tsuji, Mr. Hidetaka Nishina and Mr. Hikari Imai are the candidates for Outside Director. If they assume office as Outside Directors, they will become independent officers pursuant to the provisions of the Tokyo Stock Exchange.
6. If Mr. Takao Tsuji, Mr. Hidetaka Nishina and Mr. Hikari Imai assume office, the Company will enter into liability limitation agreements with them. The maximum liability limit under each agreement is 10 million yen or the amount provided by laws and regulations, whichever is greater, on the condition that they have respectively conducted their duties in good faith and without gross negligence.
7. The Company has entered into a directors and officers liability insurance (D & O Insurance) agreement stipulated in Article 430-3, Paragraph 1 of the Companies Act with all Directors as the insured to ensure that officers can fully perform their expected roles in the course of their duties and to allow the Company to obtain superior talent. If this proposal is approved as originally proposed and each candidate is appointed as Director, they will be the insured under the said insurance agreement. The said insurance agreement covers damage caused as a result of the insured Directors and officers assuming responsibilities regarding the execution of their duties or receiving claims pertaining to the pursuit of such responsibilities. Provided, however, that there are certain exemptions; for example, damage caused as a result of any conduct committed while knowing that the conduct is in violation of laws and regulations will not be covered. The insurance premiums, including those on riders, are fully borne by the Company and no substantial insurance premium is borne by the insured. The said insurance agreement provides for a deductible amount and damage up to the deductible amount shall not be covered. Also, the Company plans to renew the insurance agreement with the same terms and conditions at the time of the next renewal.

[Matrix of Skills Held by Directors and Auditors if Proposals 1 and 2 Are Approved]

◎ Area of particular expertise

Position	Name	Corporate management	Business administration	Human resources	IT system development	Product services	New businesses	Sales	Finance / Accounting	Legal affairs	Capital market
Director & Executive Adviser	Hiroshi Nozawa	◎	○	◎	◎	◎	◎	◎	○	○	
President & Representative Director	Satoyasu Sakashita	◎	○	○	◎	◎	○	○	○	○	
Director & Senior Executive Operating Officer	Tateyuki Oosako	○	○	○	◎	◎	○	○			
Director & Executive Operating Officer	Tadashi Tsutsui	○	◎	◎	○			○		○	
Director & Operating Officer	Mari Morimoto	○				○	○	◎			
Director & Operating Officer	Masashi Umetsu	○	◎		○			○	○		
Outside Director	Minoru Koyama	○	◎	○					○	○	
Outside Director	Tateki Oishi	○	○		○	◎	◎				
Outside Director	Tomoko Aramaki	○	○						◎		○
Outside Director	Takao Tsuji [Proposal 1]	◎	◎	○		○	◎	○	○	○	○
Outside Director	Hidetaka Nishina [Proposal 1]	○	○						○	◎	
Outside Director	Hikari Imai [Proposal 1]	○	○	○					◎	○	◎
Outside Director	Yuya Shimizu [Proposal 2]	○							◎		◎
Outside Director	Shintaro Ishimaru [Proposal 2]	○	○	○	◎	◎	○	○	○		
Standing Auditor	Hiroyuki Kimura	○	○		○	○	○	○	○	○	
Outside Auditor	Shigeo Ishii		○						◎		
Outside Auditor	Yukako Oshimi		○							◎	

<Proposal by the Company and a Shareholder>

Proposal 2: Election of Two (2) Directors

1. Outline of the Proposal

Mr. Yuya Shimizu and Mr. Shintaro Ishimaru shall be elected as Directors.

2. Reason for the Proposal

(Reason for the Proposal by the Company)

As stated in Proposal 1, the Company has decided to propose the election of five (5) candidates for Outside Director in the Company proposal. In this Proposal, from among five (5) candidates for Outside Director, we present two (2) candidates whose election was also proposed by the Requesting Shareholder (Mr. Yuya Shimizu and Mr. Shintaro Ishimaru), as we propose their election as well.

(Reason for the Proposal by the Shareholder)

For reasons for the proposal by the Requesting Shareholder, please see Proposal 3.

No.	Name (Date of birth)	Career summary, positions, responsibilities and significant concurrent positions	Number of shares of the Company held
1	<p>Yuya Shimizu (November 8, 1971)</p> <p>Male</p> <p>[New candidate] [Outside Director] [Independent Officer]</p>	<p>April 1994 Joined Tokyo Branch, Goldman Sachs Japan, Co., Ltd.</p> <p>May 2000 Joined MOORE STRATEGIC VALUE PARTNERS, LLC</p> <p>September 2003 Joined AC Capital, Inc.</p> <p>March 2004 Joined Asuka Asset Management Co., Ltd. (present Aizawa Asset Management Co., Ltd.)</p> <p>August 2005 Joined Jarmin Capital Co., Ltd.</p> <p>October 2007 Joined Dalton Investments Group</p> <p>February 2010 Representative Director, Dalton Advisory KK</p> <p>March 2011 Outside Director, SunTelephone Co., Ltd.</p> <p>January 2015 Cofounder & Senior Portfolio Manager, OTS Capital Management Limited</p> <p>January 2016 Representative Director & Chief Investment Officer, Hibiki Path Advisors Pte. Ltd. (Singapore)</p> <p>January 2016 Representative Director & Chief Investment Officer, Hibiki Path Advisors Pte. Ltd. (to the present)</p> <p>[Significant concurrent position] Representative Director & Chief Investment Officer, Hibiki Path Advisors Pte. Ltd. (Singapore)</p> <p>* Hibiki Path Advisors Pte. Ltd. (Singapore), at which Mr. Yuya Shimizu serves as Representative, has concluded discretionary investment management agreements with Hibiki Path Value Fund and Hibiki Path Aoba Fund holding 0.16% (in total) of the Company's stock as of August 31, 2022.</p> <p>[Reasons for nomination and expected roles] (Reasons for nomination by the Company of Mr. Yuya Shimizu as a candidate for Director) Mr. Yuya Shimizu has knowledge about securities and overall investment as he has engaged in a wide range of investment services over 15 years including non-performing bonds, real estate, privately traded stocks and stocks in Japan and Asia. Currently, he serves as Representative Director & Chief Investment Officer of Hibiki Path Advisors Pte. Ltd. (Singapore), one of our shareholders, which renders investment management services to make investment in shares of listed companies in Japan. Taking advantage of his extensive experience and deep knowledge about his initiatives to improve corporate value, as well as his experience in engagement with companies from an independent position, we have determined that Mr. Yuya Shimizu will fulfill his important roles of the improved transparency and strengthened supervisory function of the Board of Directors, as well as management and corporate value improvement from the perspective of capital markets. Therefore, we nominate him as a candidate for Outside Director.</p> <p>(Reasons for nomination by the Requesting Shareholder of Mr. Yuya Shimizu as a candidate for Director) Mr. Yuya Shimizu commenced his career as an investment professional starting with non-performing bonds and real estate investment. Since then, he has engaged in a wide range of investment services over 17 years including a privately traded stock and stocks in Japan and Asia. He served as President of an advisory subsidiary in Tokyo (Dalton Advisory KK) for the period from 2009 to 2014 at Dalton Investments and engaged in dialogue with a number of companies as a shareholder. Currently, he serves as Representative Director & Chief Investment Officer of Hibiki Path Advisors Pte. Ltd. and continues to make investment in stock of listed companies in Japan and engage in dialogue with them, with value investing as an investing technique. Accordingly, Mr. Yuya Shimizu has outstanding expert knowledge and experience regarding investment in real estate in Japan, capital costs in stock markets, and the way of corporate governance. He has professional knowledge valuable for the verification processes of management policies at the Committee. In addition, the proposer is convinced that his point of</p>	0

No.	Name (Date of birth)	Career summary, positions, responsibilities and significant concurrent positions	Number of shares of the Company held
		<p>view as an investor backed by the experience of extensive dialogue with other companies will provide huge value to the Company's Board of Directors.</p> <p>* The "Reason for nomination by the Requesting Shareholder of Mr. Yuya Shimizu as a candidate for Director" presents the English translation of the reason for proposal as submitted by the Requesting Shareholder in Japanese.</p>	

No.	Name (Date of birth)	Career summary, positions, responsibilities and significant concurrent positions	Number of shares of the Company held
2	<p>Shintaro Ishimaru (January 15, 1954)</p> <p>Male</p> <p>[New candidate] [Outside Director] [Independent Officer]</p>	<p>April 1976 Joined Dai-Ichi Kangyo Bank, Ltd. (present Mizuho Bank, Ltd.)</p> <p>February 1998 President & CEO, DKB Data Services (NY)</p> <p>August 2003 General Manager of Taipei Branch, Mizuho Corporate Bank, Ltd. (present Mizuho Bank, Ltd.) Chairman, The Japanese Chamber of Commerce & Industry Taipei</p> <p>June 2006 Executive Officer, ITOCHU Corporation</p> <p>October 2006 General Manager of IT Planning Division, ITOCHU Corporation Managing Executive Officer & Executive Vice President of Financial Business, Real Estate, Insurance Business, & Logistic Company, ITOCHU Corporation</p> <p>April 2009 Assistant to Officer in charge of Specific Services, ITOCHU Corporation</p> <p>April 2011 CIO & Assistant to Officer in charge of Specific Services, ITOCHU Corporation</p> <p>May 2011 CIO & Executive Vice President of General Products & Realty and ICT Company, ITOCHU Corporation</p> <p>April 2012 Audit & Supervisory Board Member, ITOCHU Techno-Solutions Corporation</p> <p>June 2013 Delegated Outside Advisor in charge of IT strategy of General Products & Realty Company, ITOCHU Corporation</p> <p>July 2019</p> <p>[Reasons for nomination and expected roles] (Reasons for nomination by the Company of Mr. Shintaro Ishimaru as a candidate for Director)</p> <p>Mr. Shintaro Ishimaru has experience taking part in management as Chief Information Officer (CIO) of a listed company, as well as has an understanding of the industry in which the Company operates and deep knowledge about information development, both of which are necessary to realize swift management decision. Therefore, we have determined that Mr. Shintaro Ishimaru will fulfill his important roles of the Company's management and corporate value improvement and nominate him as a candidate for Outside Director.</p> <p>(Reasons for nomination by the Requesting Shareholder of Mr. Shintaro Ishimaru as a candidate for Director)</p> <p>Mr. Shintaro Ishimaru served as General Manager of IT Planning Department and other positions of Mizuho Holdings, Inc. and after that he successively served as General Manager of IT Planning Division, Managing Executive Officer in charge of Financial Business, Real Estate, Insurance Business, & Logistics Company, and CIO of ITOCHU Corporation. ITOCHU Corporation is a corporation that has realized value growth by pursuing business and capital efficiency. Specifically, it realized high ROE by improved business efficiency and reinvestment, its stock price increased about 5 times (Note 8) over the past 10 years, and it became the top domestic trading house on a market capitalization basis. Having the above past careers, Mr. Shintaro Ishimaru has knowledge conducive to improving business and capital efficiency at the Company. In addition, as Mr. Shintaro Ishimaru also has experience serving as Audit & Supervisory Board Member of ITOCHU Techno- Solutions Corporation, he has outstanding expert knowledge and experience backed by practice regarding the corporate management of an IT service provider. The proposer believes that Mr. Shintaro Ishimaru has professional knowledge valuable for the verification processes of management policies at the Committee, and that he will provide huge value to the Company's Board of Directors.</p> <p>* The "Reason for nomination by the Requesting Shareholder of Mr. Shintaro Ishimaru as a candidate for Director" presents the English translation of the reason for proposal as submitted by the Requesting Shareholder in Japanese.</p>	0

(Notes)

1. Figures for the “Number of shares of the Company held” are as of September 30, 2022.
2. There are no special interests between any of the candidates for Director and the Company other than those stated in the text.
3. When the Company nominates the candidates for Director, the Management Conference, a body that includes Outside Directors, deliberates in advance on the nomination pursuant to the Standard for Personnel Affairs of Officers.
4. The Company makes it a rule to nominate persons who can supervise and advise the Company from outside and impartial perspectives and who have high-level insight and a wealth of knowledge and experience in their particular areas, in addition to following the standards for independence of independent officers set forth in the regulations of the Tokyo Stock Exchange, as the standards for independence of an Outside Director.
5. Mr. Yuya Shimizu and Mr. Shintaro Ishimaru are the candidates for Outside Director. If they assume office as Outside Directors, they will become independent officers pursuant to the provisions of the Tokyo Stock Exchange.
6. If Mr. Yuya Shimizu and Mr. Shintaro Ishimaru assume office, the Company will enter into liability limitation agreements with them. The maximum liability limit under each agreement is 10 million yen or the amount provided by laws and regulations, whichever is greater, on the condition that they have respectively conducted their duties in good faith and without gross negligence.
7. The Company has entered into a directors and officers liability insurance (D & O Insurance) agreement stipulated in Article 430-3, Paragraph 1 of the Companies Act with all Directors as the insured to ensure that officers can fully perform their expected roles in the course of their duties and to allow the Company to obtain superior talent. If this proposal is approved as originally proposed and each candidate is appointed as Director, they will be the insured under the said insurance agreement. The said insurance agreement covers damage caused as a result of the insured Directors and officers assuming responsibilities regarding the execution of their duties or receiving claims pertaining to the pursuit of such responsibilities. Provided, however, that there are certain exemptions; for example, damage caused as a result of any conduct committed while knowing that the conduct is in violation of laws and regulations will not be covered. The insurance premiums, including those on riders, are fully borne by the Company and no substantial insurance premium is borne by the insured. The said insurance agreement provides for a deductible amount and damage up to the deductible amount shall not be covered. Also, the Company plans to renew the insurance agreement with the same terms and conditions at the time of the next renewal.
8. This figure was calculated based on stock price data (August 2012 through August 2022) of Bloomberg.

<Proposal by a Shareholder>

Proposal 3 is a proposal made by the Requesting Shareholder.

The following details of the proposal (outline of the agenda) and reasons for the proposal are presented in their original form as submitted by the Requesting Shareholder in Japanese, and candidate numbers are added.

The Board of Directors of the Company is **opposed** to the Proposal 3.

The reasons for opposition to Proposal 3 are stated below on page 25.

Proposal 3: Election of Two (2) Directors

Outline and Reason for the Proposal

(1) Outline of the Proposal

Mr. Shintaro Ishimaru, Mr. Kotaro Okamura, Mr. Yuya Shimizu and Mr. Takashi Tsutsui shall be elected as Directors. (Note from the Company: the following is presented in its original form including portions related to candidates proposed by both the Company and the Requesting Shareholder in Proposal 2 (Mr. Yuya Shimizu and Mr. Shintaro Ishimaru), and two (2) candidates subject to Proposal 3 are Mr. Kotaro Okamura and Mr. Takashi Tsutsui; unless otherwise specified, hereinafter the same shall apply.)

(2) Reason for the Convocation (Reason for the Proposal)

The Company has essential managerial issues known as low capital efficiency and business efficiency due to management not taking into account capital costs. As a result, the Company's return on equity (ROE) and operating income margin are significantly lower than the average of those of peer companies. For this reason, the proposer (Note from the Company: the "proposer" refers to the Requesting Shareholder; hereinafter the same shall apply) has so far offered proposed improvement, etc. toward the solution of these managerial issues any number of times through discussion and the exchange of letters with the Company's Directors. However, the Company's management team has not understood these proposals, etc. and the incumbent Outside Directors who should supervise the management team have problems in their independence and expertise. Accordingly, the proposer believes that it is indispensable to improve supervisory function by additionally electing Outside Directors who have expertise in response to the managerial issues and a high degree of independence in order to improve the corporate value of the Company.

In this regard, the Company announced the establishment of the Corporate Value Committee. The Committee is composed of attendees of the Board of Directors meetings, including Executive Directors, and the incumbent Outside Directors who should assume the responsibility of supervision lack independence and expertise. Accordingly, the proposer believes that the Committee will not be likely to come up with sufficient measures to improve corporate value. Nevertheless, the Committee plans to come to a conclusion of measures to improve corporate value before the next Annual General Meeting of Shareholders of the Company. Since the conclusion decisively directs the Company's growth strategy, the proposer believes that it is indispensable that, in order to ensure the effectiveness of the Committee early, the composition of the Committee will be changed to be Outside Directors only, and that Outside Directors who have expertise in response to the managerial issues and a high degree of independence will be elected and appointed to be members of the Committee. For this reason, because the proposer cannot wait for the election of candidates for Outside Directors recommended by the proposer until the Annual General Meeting of Shareholders of the Company in March next year, the proposer is forced to request the Company to convoke the Extraordinary General Meeting of Shareholders as follows. The proposer has carried out this shareholder proposal.

Hereinafter, the proposer describes in detail the reason for the convocation (reason for the proposal).

Necessity for electing newly appointed Outside Directors

The proposer believes that the Company's essential managerial issues are that the Company has not been allocating capital in a way that contributes to sustainable growth and medium- to long-term corporate value improvement resulting from low capital efficiency and business efficiency.

The Company's low capital efficiency and business efficiency are mainly attributable to excessive investment in self-held offices, maintaining undervalued listed subsidiaries, leaving operating income margin which remains about half of the average of those in the industry, and growth strategy without selection and concentration (hereinafter collectively referred to as the "Company's Managerial Issues").

As a result that the Company's Managerial Issues continued to reduce the Company's capital efficiency and business efficiency, the Company's average return on equity (ROE) for the most recent fiscal year and the past 10 years was 7.4% and 5.8%, respectively, which remains about half of the average¹ of 13.9% and 11.3% of peer companies² for the same periods. In addition, regarding operating income margin, the Company's operating income margin was 6.5%, which remains significantly lower than the average of 11.1% of peer companies.

The proposer believes that the Company's Managerial Issues result from management not taking into account capital costs. In particular, although investment in real estate for self-held offices represents the prime example of management not taking into account capital costs, the Company has continued to have an investment in real estate for its self-held offices merely generating return lower than capital costs for the past 20 years. The Company has invested an amount in excess of cumulative net income in real estate for its self-held offices for the past 5 years through the end of December 2021. As a result, the percentage of the Company's property, plant and equipment to total assets has reached about 39%, which significantly exceeds the average of about 10% of peer companies^{3 4}. While the issue of not taking into account capital costs can be likewise applicable to commercial real estate development, the Company has been proceeding with the development of real estate including its self-held offices as commercial real estate as well. The Company plans to invest further several billion yen in the commercial real estate through 2023⁵.

For this reason, the proposer has analyzed the Company's Managerial Issues in detail and has engaged in dialogue with the Company's management team over the past two and a half years. In addition, the proposer sent letters to the Board of Directors and provided proposed materials in excess of several hundred pages, any number of times. Furthermore, the proposer individually held talks with Directors and Operating Officers and Outside Directors of the Company to carefully account for the results of analysis and the content of proposals made by the proposer.

However, the proposer considers that the Company's management team has not understood the analysis of the Company's Managerial Issues by the proposer and the content of proposal. In addition, the proposer is forced to believe that all the Company's incumbent Outside Directors who assume the responsibility of supervising the execution of the Company have deep connections with the current management team mainly due to the situation of their assumption of office. Furthermore, since they do not have expert knowledge (corporate finance and real estate investment) in response to the Company's Managerial Issues and experience (capital allocation taking into account capital costs, sale of real estate and improving profit margin), the proposer has reached the conclusion that the Outside Directors are not sufficiently expected to supervise the Company's business execution.

For this reason, the proposer believes that it is indispensable to develop supervisory function by newly elected Outside Directors who have expertise in response to managerial issues and a high degree of independence from execution so that the Company will improve corporate value by recognizing the importance of management taking into account capital costs and seriously addressing the improvement

¹ ROE and operating income margin are based on the data of Bloomberg.

² The following companies are used for comparison as peers: ITOCHU Techno-Solutions, TIS, SCSK, Nihon Unisys, NS Solutions, NSD, Systema, and DTS, all of which have a market capitalization of 100 billion yen to 1 trillion yen and whose core businesses are embedded systems development and systems integration.

³ Over the past five years, the Company has allocated 38.5 billion yen to the acquisition of property, plant and equipment, compared to total profit attributable to owners of parent of 37.9 billion yen.

⁴ The percentage of property, plant and equipment to total assets was calculated based on the data of Bloomberg.

⁵ The Company disclosed in its annual securities report for the 52nd fiscal year that it plans to invest a total of 17.4 billion yen in the Shiodome Buildings A and B and the New Nagoya Building by 2023, of which 6.5 billion yen has already been invested, as "New Installation of Significant Facilities, etc."

of capital efficiency and business efficiency.

Reason for election before the Annual General Meeting of Shareholders

The Company announced the establishment of the Corporate Value Committee (hereinafter referred to as the “Committee”) for the prime purpose of “the enhancement of capital efficiency and value provided to customers through review of the composition of holding assets and capital allocation” on August 5, 2022⁶.

However, in consideration of the points below, there is an extremely low possibility that the Committee will be operated so as not to adhere to the Company’s past connections and existing biases. In addition, the proposer is forced to say that there is also an extremely low possibility that the Company will decide measures to improve corporate value which the Company should truly pursue.

(1) Composition of the Committee is the same as that of the Board of Directors

The Committee shall be composed of attendees of the Board of Directors meetings including Operating Directors and a founder.

However, the Company’s Managerial Issues have been evolved by managerial decisions of the Company’s Directors over many years and remain intact. For this reason, the proposer believes that there is an extremely low possibility that the Company’s incumbent Directors will review the appropriateness of managerial judgement which they have made in the past or the managerial judgement by the predecessors who have nominated them as candidates for Directors from an objective point of view and come up with measures to deny all or part of management policies until now such as drastic measures to improve corporate value, reinvestment in core businesses (including listed subsidiaries) in accordance with growth strategy following selection and concentration and improving profit margin by increasing business efficiency.

(2) Incumbent Outside Directors do not have sufficient independence and expertise

As stated above, the incumbent Outside Directors have neither expertise necessary for verification of the Company’s Managerial Issues nor independence from execution. Therefore, the proposer believes that it is extremely difficult that the incumbent Outside Directors will show satisfactory supervisory function when operating the Committee.

According to the Company’s announcement, the Committee plans to make an interim report in November 2022. In addition, the Committee plans to make a final report in February 2023 and further announce the result of measures to improve corporate value before the next Annual General Meeting of Shareholders. However, these measures to improve corporate value will decisively direct the Company’s growth strategy and have important influence on shareholders. Accordingly, since upcoming six-month period during which the Committee is active becomes extremely important as deciding the Company’s future, the above problems at the Committee will become matters of the greatest importance to be solved before the next Annual General Meeting of Shareholders.

Therefore, the proposer sent a letter addressed to the Company’s Board of Directors dated August 9, 2022, mentioned problems at the Committee to the Company, and proposed their solutions. Specifically, the proposer proposed the followings: (a) The Committee would be composed of Outside Directors only so as not to adhere to existing biases; (b) The Company would assign global consulting firms, etc. with extensive experience of relevant matters in order to verify and solve the Company’s Managerial Issues; (c) The Company would form in-house teams in collaboration with the above firms; (d) The Company would position the Committee as an organ leading and supervising these processes; and (e) The Company would convoke the Extraordinary General Meeting of Shareholders to additionally elect Outside Directors possessing necessary expertise and independence from execution as soon as practicable. At the same time, the proposer informed the Company of its intention to recommend newly appointed candidates for Outside Directors who have satisfactory capabilities to assume their responsibilities.

Meanwhile, the Company replied in the letter addressed to the proposer dated August 25, 2022 that the Company considered it irrational that the Committee was composed of Outside Directors only, and that first of all the Company would add candidates recommended by the proposer to members of the Committee as outside advisors and review whether the Company would appoint them as candidates for Directors in consideration of their work after that. The proposer believes that the processes proposed by the Company in the reply will not contribute to improving the corporate value of the Company as follows.

⁶ Please see “New Establishment of the Corporate Value Committee,” the Company’s announced material on August 5, 2022.

First, the Committee has operational problems as stated above. The proposer believes that it is indispensable that the composition itself of the Committee will be changed to be Outside Directors only and the function of the Outside Directors will be strengthened so that the Committee will come up with truly necessary measures to improve corporate value.

In addition, even though the current Committee assigns candidates recommended by the proposer as outside advisors, the Committee will include Operating Directors (including a founder). Outside Directors, which are the core to ensure the effectiveness of the Committee, are also insufficient in their independence and expertise. For this reason, the proposer does not believe that the Committee will function effectively even if candidates recommended by the proposer become outside advisors. Furthermore, since in the case of such method candidates recommended by the proposer are limited to outside advisors employed by the executive, they will not assume the duty of care of a prudent manager, accountability to shareholders and other responsibilities, and will not be able to take part in the Company's decision-making as well. As a result, the proposer believes that there is an extremely low possibility that their expertise and independence will be able to demonstrate sufficiently.

The proposer believes that it is indispensable that, in order for the Committee to function effectively, the candidates recommended by the proposer will assume office of the Company's Outside Directors who assume the duty of care of a prudent manager to the Company and accountability to all shareholders and will become members of the Committee. However, in consideration of a time axis that the final conclusion of the Company's measures to improve corporate value is scheduled to be issued in February 2023, the proposer cannot wait for the election of the candidates for Outside Directors recommended by the proposer until the Company's Annual General Meeting of Shareholders scheduled to be held in March 2023.

For this reason, the proposer is forced to request the Company to convoke the Extraordinary General Meeting of Shareholders and propose the election of Directors as proposal by shareholders in order to avoid wasting the coming six-month period, which is extremely important, and losing the opportunity to improve the Company's corporate value.

Candidates for Directors recommended by the proposer

As stated above, the proposer believes that it is indispensable to additionally elect Outside Directors who have sufficient expertise and independence in order to improve the Company's corporate value.

Therefore, the proposer proposes that four persons, Mr. Shintaro Ishimaru, Mr. Kotaro Okamura, Mr. Yuya Shimizu, and Mr. Takashi Tsutsui, be elected as Outside Directors of the Company. All these four candidates have expertise and independence of which the incumbent Outside Directors fall short and will thus be able to make the Committee's review of measures to improve corporate value effective. In addition, they will enhance drastically the management supervisory function of the Company's Board of Directors and improve governance structure, which has been the Company's issue. Accordingly, the proposer is convinced that candidates for Directors recommended by the proposer will significantly contribute to all shareholders by improving corporate value and strengthening governance function over the short, medium, and long term.

The career summary of the candidates is shown in "(3) Candidates' names and career summary," and the reasons for their nominations are summarized below. There are no special interests between these candidates and the proposer.

- Mr. Shintaro Ishimaru served as General Manager of IT Planning Department and other positions of Mizuho Holdings, Inc. and after that he successively served as General Manager of IT Planning Division, Managing Executive Officer in charge of Financial Business, Real Estate, Insurance Business, & Logistics Company, and CIO of ITOCHU Corporation. ITOCHU Corporation is a corporation that has realized value growth by pursuing business and capital efficiency. Specifically, it realized high ROE by improved business efficiency and reinvestment, its stock price increased about 5 times⁷ over the past 10 years, and it became the top domestic trading house on a market capitalization basis. Having the above past careers, Mr. Shintaro Ishimaru has knowledge conducive to improving business and capital efficiency at the Company. In addition, as Mr. Shintaro Ishimaru also has experience serving as Audit & Supervisory Board Member of ITOCHU Techno-Solutions Corporation, he has outstanding expert knowledge and experience backed by practice regarding the corporate management of an IT service provider. The proposer believes that Mr. Shintaro Ishimaru has professional knowledge valuable for the verification processes of management policies at the Committee, and that he will provide huge value to the Company's Board of Directors.

⁷ This figure was calculated based on stock price data (August 2012 through August 2022) of Bloomberg.

- Mr. Kotaro Okamura has career at J.P. Morgan & Co. for a total period of 19 years and has engaged in a wide range of positions including a senior position of asset management and investment bank division. Accordingly, he has deep knowledge about global capital markets and outstanding expert knowledge and experience of capital costs at stock markets and the way of corporate governance. In addition, afterwards he successively served as Japanese Representative & General Manager of Tokyo Branch of JPMorgan Chase Bank, N.A., Representative Director & President of Thomson Reuters Markets KK, a person responsible for Japanese subsidiary of Thomson Reuters Corporation, Senior Advisor of Societe Generale S.A. and other positions. Therefore, he has experience backed by practice regarding the management of global corporations with high business efficiency. Furthermore, he gives advice on dialogue between listed companies and investors as an advisor for institutional investors and asset management companies. He has strong enthusiasm and extensive knowledge regarding supervisory and advisory services for listed companies. In this way, Mr. Kotaro Okamura has professional knowledge about capital costs in stock markets, the way of corporate governance, the management of a global company with high business efficiency, etc. Therefore, the proposer is convinced that Mr. Kotaro Okamura has professional knowledge valuable for the verification processes of management policies at the Committee, and that he will provide huge value to the Company's Board of Directors.
- Mr. Yuya Shimizu commenced his career as an investment professional starting with non-performing bonds and real estate investment. Since then, he has engaged in a wide range of investment services over 17 years including a privately traded stock and stocks in Japan and Asia. He served as President of an advisory subsidiary in Tokyo (Dalton Advisory KK) for the period from 2009 to 2014 at Dalton Investments and engaged in dialogue with a number of companies as a shareholder. Currently, he serves as Representative Director & Chief Investment Officer of Hibiki Path Advisors Pte. Ltd. and continues to make investment in stock of listed companies in Japan and engage in dialogue with them, with value investing as an investing technique. Accordingly, Mr. Yuya Shimizu has outstanding expert knowledge and experience regarding investment in real estate in Japan, capital costs in stock markets, and the way of corporate governance. He has professional knowledge valuable for the verification processes of management policies at the Committee. In addition, the proposer is convinced that his point of view as an investor backed by the experience of extensive dialogue with other companies will provide huge value to the Company's Board of Directors.
- Mr. Takashi Tsutsui worked for Nomura Securities Co., Ltd. for many years and served as Representative Director of Jasdac Securities Exchange, Inc. Therefore, he has outstanding expert knowledge and experience of capital costs in stock markets and the way of corporate governance. After that, he engaged in management at LIXIL Group Corporation. In addition, he has served as Outside Director at Nippon Paint Holdings Co., Ltd. since 2018 and leads the supervision of Directors and executive compensation design conducive to the maximization of shareholder value as the Committee Chairperson of the Compensation Committee. Nippon Paint Holdings Co., Ltd., taking advantage of transactions with WUTHELAM HOLDINGS LIMITED in Singapore in 2014, pushed on global M&A growth strategy which was a rare case among Japanese companies. Net sales has risen about 4 times, operating income has increased about 3 times and market capitalization has increased about 6 times since March 2014⁸. The company has realized drastic value growth through reinvestment in core business. In this way, Mr. Takashi Tsutsui has knowledge conducive to corporate governance and the improvement of business and capital efficiency at the Company. Therefore, the Company (Note from the Company: sic; we understand it refers to the Requesting Shareholder) is convinced that Mr. Takashi Tsutsui has professional knowledge valuable for the verification processes of management policies at the Committee, and that he will provide huge value to the Company's Board of Directors.

The Company's Articles of Incorporation stipulate that the number of Directors of the Company shall be 30 or less. Therefore, even if the candidates for Directors recommended by the proposer are elected, the number of Directors will not exceed the limit.

⁸ All the net sales, operating income and market capitalization are calculated based on the data of Bloomberg.

(3) Candidates' names and career summary

Candidate (Note from the Company: a candidate in Proposal 2)	Shintaro Ishimaru	Date of birth: January 15, 1954
		Number of shares of the Company held: 0
■ Career summary, positions, responsibilities and significant concurrent positions		
1976	Joined Dai-Ichi Kangyo Bank, Ltd. (present Mizuho Bank, Ltd.)	
1998	President & CEO, DKB Data Services (NY)	
2003	General Manager of Taipei Branch, Mizuho Corporate Bank, Ltd. Chairman, The Japanese Chamber of Commerce & Industry Taipei	
2006	Executive Officer, ITOCHU Corporation	
2006	General Manager of IT Planning Division, ITOCHU Corporation	
2009	Managing Executive Officer & Executive Vice President of Financial Business, Real Estate, Insurance Business, & Logistic Company, ITOCHU Corporation	
2011	Assistant to Officer in charge of Specific Services, ITOCHU Corporation	
2011	CIO & Assistant to Officer in charge of Specific Services, ITOCHU Corporation	
2012	CIO & Executive Vice President of General Products & Realty and ICT Company, ITOCHU Corporation	
2013	Audit & Supervisory Board Member, ITOCHU Techno-Solutions Corporation	
2019	Delegated Outside Advisor in charge of IT strategy of General Products & Realty Company, ITOCHU Corporation	

Candidate 1	Kotaro Okamura	Date of birth: November 11, 1955
		Number of shares of the Company held: 0
■ Career summary, positions, responsibilities and significant concurrent positions		
1979	Joined The Sumitomo Bank, Ltd. (present Sumitomo Mitsui Banking Corporation)	
1990	Joined J.P. Morgan & Co. and assigned to Sales Department, J.P. Morgan Trust Bank Ltd.	
1995	Investment Banking Headquarters, JPMorgan Securities Japan Co., Ltd.	
2004	Japanese Representative & General Manager of Tokyo Branch, JPMorgan Chase Bank, N.A.	
2009	Representative Director & President, Thomson Reuters Markets KK	
2012	Senior Advisor of Tokyo Branch, Societe Generale Securities Japan Limited	
2019	Senior Advisor, IFM Investors (to the present)	
	[Significant concurrent position]	
	Senior Advisor, IFM Investors	

Candidate (Note from the Company: a candidate in Proposal 2)	Yuya Shimizu	Date of birth: November 8, 1971
		Number of shares of the Company held: 0
■ Career summary, positions, responsibilities and significant concurrent positions		
1994	Joined Tokyo Branch, Goldman Sachs Japan, Co., Ltd.	
2000	Joined MOORE STRATEGIC VALUE PARTNERS, LLC	
2003	Joined AC Capital, Inc.	
2004	Joined Asuka Asset Management Co., Ltd.	
2005	Joined Jarmin Capital Co., Ltd.	
2007	Joined Dalton Investments Group	
2010	Assumed Representative Director, Dalton Advisory KK	
2011	Assumed Outside Director, SunTelephone Co., Ltd.	
2015	Founded OTS Capital Management Limited (Hong Kong) Assumed Cofounder & Senior Portfolio Manager, OTS Capital Management Limited	
2016	Founded Hibiki Path Advisors Pte. Ltd. (Singapore) Representative Director & Chief Investment Officer, Hibiki Path Advisors Pte. Ltd. (to the present) [Significant concurrent position] Representative Director & Chief Investment Officer, Hibiki Path Advisors Pte. Ltd. (Singapore)	

*Hibiki Path Advisors Pte. Ltd. (Singapore), at which Mr. Yuya Shimizu serves as Representative, has concluded discretionary investment management agreements with Hibiki Path Value Fund and Hibiki Path Aoba Fund holding 0.15% (in total) of the Company's stock as of August 31, 2022.

Candidate 2	Takashi Tsutsui	Date of birth: July 3, 1950
		Number of shares of the Company held: 0
■ Career summary, positions, responsibilities and significant concurrent positions		
1974	Joined Nomura Securities Co., Ltd. (present Nomura Holdings, Inc.)	
2002	Director, Nomura Holdings, Inc.	
2003	Senior Executive Officer, Nomura Securities Co., Ltd. (established as a subsidiary of Nomura Holdings, Inc. by means of company split)	
2005	President and Representative Director, JASDAQ Securities Exchange, Inc. (present Japan Exchange Group, Inc.)	
2011	Director and Vice President Executive Officer, LIXIL Group Corporation	
2014	Director, Vice President Executive Officer and Chief External Relations Officer, LIXIL Corporation	
2017	Representative, Ryuju Consulting (to the present)	
2018	Outside Director, Nippon Paint Holdings Co., Ltd. (to the present)	
2021	Outside Director, Rozetta Corp. (present MetaReal Corp.) (to the present) [Significant concurrent positions] Representative, Ryuju Consulting; Outside Director, Nippon Paint Holdings Co., Ltd.; Outside Director, MetaReal Corp.	

○ **Opposition from the Board of Directors on Proposal 3**

[Opinion]

The Board of Directors of the Company is opposed to Proposal 3.

As stated in Proposal 1, the Corporate Value Committee has been examining a set of skills necessary for the Board of Directors of the Company and the composition of the Board of Directors.

On the other hand, the Requesting Shareholder has been rapidly purchasing the Company's additional shares since its shareholder proposal for requesting the election of two (2) Directors and the rejection of the proposal at the 52nd Annual General Meeting of Shareholders of the Company held on March 11, 2022. While the ownership ratio was 9.28% in the Large Volume Holding Reports submitted on December 23, 2021, that was raised to 19.40% in June 2022. Although the acquisition of shares was temporality suspended after that, the acquisition of shares was resumed after the request dated September 1, 2022 for the convocation of an extraordinary general meeting of shareholders and it was confirmed that the ownership ratio increased to 21.45% in the Change Report submitted on October 4, 2022.

At the same time, we received requests from the Requesting Shareholder including the increase of Outside Directors at the Board of Directors and Corporate Value Committee of the Company. We seriously examined the requests and proposed that candidates recommended by the Requesting Shareholder be added to the members of the Corporate Value Committee as outside advisors in the letter addressed to the Requesting Shareholder. However, the Requesting Shareholder strongly requested persons recommended by the Requesting Shareholder to become Outside Directors, resulting in the shareholder proposal for electing Directors this time.

We also recognized the necessity of an increase in the number of Outside Directors through dialogue with the Requesting Shareholder and other institutional investors and verification at the Corporate Value Committee. Accordingly, we believed that we should seriously examine the acceptance of candidates proposed by the Requesting Shareholder if they are appropriate candidates. We performed deliberations and examinations in the same manner as other candidates in the Company proposal, including interviews with the candidates at the Management Conference. At the same time, we believed that when we accepted candidates recommended by the Requesting Shareholder, which had become a major shareholder by rapidly purchasing additional shares as stated above, as Directors, careful examination would be required taking into consideration the interests of other general shareholders.

We have been exploring ways to develop an environment for constructive dialogue with the Requesting Shareholder even after this Extraordinary General Meeting of Shareholders, including ensuring the effective independence of candidates in the shareholder proposal from the Requesting Shareholder, by entering into an agreement with the Requesting Shareholder which provides for restrictions on the additional purchase of the Company's shares by the Requesting Shareholder, restrictions on shareholder proposals, etc. during the term of office of candidates for the Company's Directors in the shareholder proposal, as a precondition for assumption of office of such candidates. However, we have not yet reached an agreement with the Requesting Shareholder.

As a result of comprehensive examination including the above situation, although it is necessary to more carefully examine the shareholder proposal requesting the election of Directors as the Requesting Shareholder has been rapidly purchasing additional shares of the Company, we have determined that we will assess whether or not a candidate has necessary skills based on the Company's past examination for the composition of the Board of Directors, etc. (For the details of examination at the Corporate Value Committee, etc., please see "Reason for the Proposal" in Proposal 1.), while taking into consideration the perspective of the overall appropriate size of the Board of Directors, and that we should accept appropriate candidates for Director, if any, in light of the improvement of the Company's corporate value.

We had the Management Conference (including the functions of the nomination, remuneration and ethics committees), the majority of which is composed of Independent Outside Directors and which is an advisory organ of the Board of Directors, to deliberate on the candidates for Director in the shareholder proposal in the same way as candidates for Director in the Company proposal. The Management Conference had interviews with and evaluated the candidates. As a result, as presented in Proposal 2, we decided to propose the election of two (2) candidates in the Company proposal as well from among the candidates for Director whose election was proposed by the Requesting Shareholder.

However, the skills possessed by the other two (2) candidates for Director in the shareholder proposal overlap with those possessed by incumbent Directors of the Company and candidates for Director in the Company proposal (Proposal 1). The Company was also unable to confirm that they would demonstrate their abilities in order to improve the Company's corporate value, considering the records of interviews with the candidates

conducted by the Management Conference.

Furthermore, because all four (4) candidates for Director in the shareholder proposal are from financial markets and their skills are imbalanced and redundant to some extent, from the perspective of truly enhancing corporate value of the Company which the Company is to offer to stakeholders including shareholders other than the Requesting Shareholder, we have determined that the order of priority of promoting Mr. Kotaro Okamura and Mr. Takashi Tsutsui is lower. Moreover, as stated in Proposal 1, given that companies with 14 or more Directors account for only about 1% of the total listed companies and are small in number, we believe that a Board of Directors with more than 14 Directors would be more detrimental to the flexible operation and substantive discussions than beneficial. Therefore, we have determined that the Director composition consisting of five (5) candidates for Director in the Company Proposals 1 and 2 and incumbent Directors of the Company will be an optimal structure to realize the Company's corporate value improvement.

Accordingly, the Board of Directors of the Company is opposed to the shareholder proposal presented in this Proposal.