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(Securities Code 3608)
May 7, 2021

To Shareholders with Voting Rights:

Tsuyoshi Shimoji
Representative Director
President & CEO
TSI HOLDINGS CO., LTD.
1-2-3 Kita-Aoyama, Minato-ku, Tokyo

**NOTICE OF CONVOCATION OF
THE 10TH ANNUAL GENERAL MEETING OF SHAREHOLDERS**

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

You are cordially notified of the 10th Annual General Meeting of Shareholders (the "Meeting") of TSI HOLDINGS CO., LTD. (the "Company"). The Meeting will be held for the purposes as described below.

Instead of attending the Meeting, you may exercise your voting rights by either of the methods described on the next page. Please review the attached Reference Documents for the General Meeting of Shareholders and exercise your voting rights by 6:00 p.m. on Thursday, May 27, 2021, Japan time.

- 1. Date and Time:** Friday, May 28, 2021 at 10:00 a.m. Japan time (opens at 9:00 a.m.)
- 2. Place:** West Suite, B1F, The Strings Omotesandoh located at 3-6-8 Kita-Aoyama, Minato-ku, Tokyo, Japan
- 3. Meeting Agenda:**
 - Matters to be reported:**
 1. The contents of the Business Report, Consolidated Financial Statements for the Company's 10th Fiscal Year (March 1, 2020 - February 28, 2021) and results of audits by the Accounting Auditor and the Audit & Supervisory Board of the Consolidated Financial Statements
 2. Non-consolidated Financial Statements for the Company's 10th Fiscal Year (March 1, 2020 - February 28, 2021)
 - Proposal to be resolved:**
 - Proposal 1:** Election of seven (7) Directors
 - Proposal 2:** Election of one (1) Auditor
 - Proposal 3:** Determination of the Amount of Share-based, Performance-linked Compensation Plan for Directors due to Amendments to the Companies Act

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 The Systems to Ensure Appropriate Operations, the Implementation Status of Systems to Ensure Appropriate Operations, the Consolidated Statements of Shareholders' Equity and Notes to the Consolidated Financial Statements, and the Statements of Shareholders' Equity and Notes to the Non-consolidated Financial Statements, which should otherwise be provided in conjunction with this notice, are not contained in the Reference Documents attached to this notice, as they are posted on the Company's website (<https://www.tsi-holdings.com/>) pursuant to the provisions of laws, regulations and Article 15 of the Articles of Incorporation

of the Company. Therefore, the Business Report, the Consolidated Financial Statements, and the Non-consolidated Financial Statements included in the attachments are part of the Business Report, the Consolidated Financial Statements, and the Non-consolidated Financial Statements audited by the Accounting Auditor when preparing its Audit Report.

- If any revisions are required for the Reference Documents for the General Meeting of Shareholders, Business Report, Consolidated Financial Statements, and Non-consolidated Financial Statements, the revised versions will be posted on the Company's website (<https://www.tsi-holdings.com/>).

Reference Documents for the General Meeting of Shareholders

Proposal and References

Proposal 1: Election of seven (7) Directors

The terms of office of all eight (8) Directors will expire at the conclusion of the Meeting. In order to streamline the management structure by decreasing the number of Directors by one (1), the election of seven (7) Directors including three (3) Outside Directors is proposed.

The candidates are as follows:

No.		Name	Current positions and responsibilities at the Company	Attendance at Board of Directors meetings
1	Re-election	Tsuyoshi Shimoji	Representative Director, President & CEO	100% (10 out of 10 meetings)
2	Re-election	Takahiko Miyake	Director & Chairman	100% (14 out of 14 meetings)
3	New	Masanori Maekawa	Executive Officer & General Manager, SCM Dept.	—
4	New	Jun Imaizumi	General Manager, DX Strategy Dept.	—
5	Re-election Outside Independent	Yutaka Nishimura	Director	100% (14 out of 14 meetings)
6	Re-election Outside Independent	Akira Iwamoto	Director	100% (10 out of 10 meetings)
7	New Outside Independent	Naoko Ichikawa	—	—

(Note) Attendance at Board of Directors meetings for Mr. Tsuyoshi Shimoji and Mr. Akira Iwamoto refers only to the number of meetings held after they assumed office on May 22, 2020.

No.	Name (Date of birth)	Past experience, positions, responsibilities and significant concurrent positions	Number of shares of the Company held
1	<p><Re-election></p> <p>Tsuyoshi Shimoji (December 28, 1964)</p> <p>Attendance at Board of Directors meetings: 10/10 (100%)</p>	<p>January 1997 Joined Ueno-Shokai Co., Ltd.</p> <p>November 2004 Director and General Manager, Commercial Dept., Ueno-Shokai Co., Ltd.</p> <p>September 2012 Director, Executive Officer, and General Manager, Commercial Division, Ueno-Shokai Co., Ltd.</p> <p>November 2016 Senior Managing Director, Executive Officer, and General Manager, Commercial Division, Ueno-Shokai Co., Ltd.</p> <p>November 2018 Director, Chief Operation Officer and General Manager, Commercial Division, Ueno-Shokai Co., Ltd.</p> <p>June 2019 Executive Officer, the Company</p> <p>March 2020 Executive Officer & Head of 4th Business Company, the Company</p> <p>May 2020 Director & Head of 4th Business Company, the Company</p> <p>July 2020 Director, Executive General Manager, Sales Headquarters, and Head of 4th Business Company, Sales Headquarters, the Company</p> <p>March 2021 Representative Director, President & CEO, the Company and Representative Director, President & CEO, TSI Inc. (to present)</p>	5,171
<p>[Reason for nomination as a Director candidate]</p> <p>Mr. Tsuyoshi Shimoji has been involved in corporate management and business execution, particularly in the apparel business, as the Director and Chief Operation Officer of Ueno-Shokai Co., Ltd., a subsidiary of the Company, and has extensive experience and achievements. Since March 2021, he has also been responsible for the management as Representative Director, President & CEO of the Company and TSI Inc., a major business subsidiary of the Company. As he is expected to strengthen the decision-making function and the supervisory function of the Board of Directors drawing on his experience and achievement, he has been nominated as a Director candidate for re-election.</p>			

No.	Name (Date of birth)	Past experience, positions, responsibilities and significant concurrent positions	Number of shares of the Company held
2	<Re-election> Takahiko Miyake (March 20, 1965) Attendance at Board of Directors meetings: 14/14 (100%)	August 1990 Joined SANEI-INTERNATIONAL CO., LTD. (presently the Company) November 1997 Director, SANEI-INTERNATIONAL CO., LTD. August 2000 Senior Managing Director, SANEI-INTERNATIONAL CO., LTD. November 2005 Director & Deputy President, SANEI-INTERNATIONAL CO., LTD. July 2008 Representative Director & Deputy President, SANEI-INTERNATIONAL CO., LTD. November 2008 Representative Director & President, SANEI-INTERNATIONAL CO., LTD. June 2011 Director & Executive General Manager, Corporate Planning Headquarters, the Company March 2014 Director & Executive General Manager, Corporate Strategy Headquarters and General Manager, Corporate Planning Dept., the Company March 2015 Director & Executive General Manager, Corporate Planning Headquarters and General Manager, Corporate Planning Dept., the Company May 2015 Director & Deputy Executive General Manager, Administrative Headquarters and General Manager, Corporate Planning Dept., Administrative Headquarters, the Company November 2016 Representative Director & President, Isolar Co., Ltd. (presently TSI Inc.) May 2017 Director & Vice Chairman, the Company March 2020 Director, Vice Chairman, Responsible for Human Resources Dept., and General Manager, Platform Dept., the Company March 2021 Director & Chairman, the Company and Director, TSI Inc. (to present)	3,089,180
<p>[Reason for nomination as a Director candidate]</p> <p>Mr. Takahiko Miyake was involved in the corporate management of SANEI-INTERNATIONAL CO., LTD., the predecessor entity of the Company, as its President centered on the apparel business. He has also been involved in the management of the Company serving as Director & Executive General Manager of Corporate Planning Headquarters, Executive General Manager of Corporate Strategy Headquarters, Deputy Executive General Manager of Administrative Headquarters, and Chairman since its foundation in June 2011 and is promoting the efforts to strengthen the corporate management function of the Group. As he is expected to strengthen the decision-making function and the supervisory function of the Board of Directors drawing on his experience and achievement, he has been nominated as a Director candidate for re-election.</p>			

No.	Name (Date of birth)	Past experience, positions, responsibilities and significant concurrent positions	Number of shares of the Company held
3	<p><New></p> <p>Masanori Maekawa (March 11, 1964)</p> <p>Attendance at Board of Directors meetings: —</p>	<p>July 1999 Joined SANEI-INTERNATIONAL CO., LTD. (presently the Company)</p> <p>September 2001 General Manager, Natural Beauty Basic Business Dept., 1st Business Group, SANEI-INTERNATIONAL CO., LTD.</p> <p>September 2003 Executive Officer and Head of 5th Company, SANEI-INTERNATIONAL CO., LTD.</p> <p>September 2009 General Manager, Natural Beauty Basic Business Dept., Store Business Headquarters, SANEI-INTERNATIONAL CO., LTD.</p> <p>September 2010 Executive Officer and General Manager, Natural Beauty Basic Business Dept., SANEI-INTERNATIONAL CO., LTD.</p> <p>November 2010 Director & Executive Officer, SANEI-INTERNATIONAL CO., LTD.</p> <p>September 2011 Director, Executive Officer, and Head of 1st Company, SANEI-INTERNATIONAL CO., LTD.</p> <p>July 2013 Executive Officer, the Company</p> <p>March 2014 Representative Director and President, SANEI bd CO., LTD. (presently TSI Inc.)</p> <p>May 2018 Representative Director and President, Rose Bud Co., Ltd. (presently TSI Inc.)</p> <p>March 2020 Executive Officer & Head of 1st Business Company, the Company</p> <p>March 2020 Representative Director and President, Nano Universe Co., Ltd. (Presently TSI Inc.)</p> <p>March 2021 Executive Officer & General Manager, SCM Dept., the Company (to present)</p> <p>March 2021 Head of SCM Division, TSI Inc. (to present)</p>	2,699

[Reason for nomination as a Director candidate]

Mr. Masanori Maekawa has been involved in corporate management and business execution, particularly in the apparel business, as the Representative Director and President of SANEI bd CO., LTD. (presently TSI Inc.), a subsidiary of the Company, until February 2021, and has extensive experience and achievements. As he is expected to strengthen the decision-making function of the Board of Directors drawing on his experience and achievement, he has been newly nominated as a Director candidate for election.

No.	Name (Date of birth)	Past experience, positions, responsibilities and significant concurrent positions	Number of shares of the Company held
4	<New> Jun Imaizumi (December 7, 1961) Attendance at Board of Directors meetings: —	April 2000 Joined NTT DATA Corporation September 2012 Joined the Company, General Manager, Information System Dept., Administrative Headquarters March 2014 Director, TSI EC STRATEGY CO., LTD. (presently TSI Inc.) March 2015 General Manager, IT Strategy Dept., Administrative Headquarters, the Company March 2020 General Manager, IT Strategy Dept., Platform Dept., the Company March 2021 General Manager, DX Strategy Dept., the Company (to present) March 2021 Head of DX Division, TSI Inc. (to present)	1,005

[Reason for nomination as a Director candidate]

Mr. Jun Imaizumi has extensive experience and achievements in the application of digital transformation to business, both from his involvement at system integrators, particularly in the development of new businesses utilizing information systems, and from his consistent engagement in the construction and implementation of information systems after joining the Company. As he is expected to strengthen the decision-making function of the Board of Directors drawing on his experience and achievement, he has been newly nominated as a Director candidate for election.

No.	Name (Date of birth)	Past experience, positions, responsibilities and significant concurrent positions		Number of shares of the Company held
5	<Re-election> <Outside> <Independent> Yutaka Nishimura (November 18, 1955) Attendance at Board of Directors meetings: 14/14 (100%)	April 1979 November 2003 July 2005 November 2005 January 2016 May 2016 May 2019	Joined Kyokuto Petroleum Industries, Ltd. (presently ENEOS Corporation) Representative Director & CFO, Richemont Japan Limited Representative Director & COO, Richemont Japan Limited Representative Director & President, Regional CEO, Richemont Japan Limited Advisor, Carlyle Japan L.L.C. (to present) Outside Director, Mr Max Ltd. (presently Mr Max Holdings Ltd.) (to present) Outside Director, the Company (to present)	-
[Reason for nomination as an Outside Director candidate] Mr. Yutaka Nishimura has been involved in corporate management and business execution as a corporate manager in a wide range of fields including consumer goods, and has extensive experience and achievements. As he is expected to provide the Company with frank advice on the appropriateness of the decision-making of the Board of Directors, and is expected to strengthen the supervisory function of the Board of Directors from an independent and fair standpoint, he has been nominated as an Outside Director candidate for re-election. After election, he is expected to continue fulfilling the abovementioned roles. He will have served approximately two (2) years as Outside Director of the Company at the conclusion of the Meeting.				
6	<Re-election> <Outside> <Independent> Akira Iwamoto (October 15, 1962) Attendance at Board of Directors meetings: 10/10 (100%)	April 1986 August 1998 August 2001 May 2005 March 2007 October 2007 July 2011 January 2017 April 2019 May 2020	Joined The Long-Term Credit Bank of Japan, Limited (presently Shinsei Bank, Limited) Joined A.T. Kearney, Inc. Joined Advantage Partners Inc. Outside Director, The Daiei, Inc. Outside Director, OMC Card, Inc. (presently Cedyne Financial Corporation) Outside Director, Nissen Co., Ltd. (presently Nissen Holdings Co., Ltd.) Representative Director, Advantage Advisors, Inc. Outside Director, CCS Inc. Assistant to President, The Asahi Shimbun Company (to present) Advisor, Mizuho Financial Group, Inc. Outside Director, the Company (to present)	1,319
[Reason for nomination as an Outside Director candidate] Mr. Akira Iwamoto has been involved in corporate management and business execution at a number of companies through investment activities, and has extensive experience and deep expertise. As he is expected to provide the Company with frank advice on the appropriateness of the decision-making of the Board of Directors, and is expected to strengthen the supervisory function of the Board of Directors from an independent and fair standpoint, he has been nominated as an Outside Director candidate for re-election. After election, he is expected to continue fulfilling the abovementioned roles. He will have served approximately one (1) year as Outside Director of the Company at the conclusion of the Meeting.				

No.	Name (Date of birth)	Past experience, positions, responsibilities and significant concurrent positions	Number of shares of the Company held
7	<New> <Outside> <Independent> Naoko Ichikawa (February 5, 1958) Attendance at Board of Directors meetings: —	April 1981 Joined KORG INC. September 1989 Joined Booz, Allen & Hamilton (Japan), Inc. (presently PwC Consulting LLC), Principal January 1999 Joined GE Edison Life Insurance Company (presently The Gibraltar Life Insurance Co., Ltd.) December 2004 Joined General Electric Japan Ltd. (presently GE Japan Inc.), Executive Officer April 2007 Executive Officer and Chief Marketing Officer, General Electric Japan Ltd. April 2009 Joined Novartis Pharma K.K., Senior Manager May 2010 Head of OTC Division, Novartis Pharma K.K. July 2012 Joined Innovation Network Corporation of Japan (INCJ), Managing Director July 2017 Joined Mitsubishi Chemical Holdings Corporation, Executive Officer and Chief Marketing Officer (to present)	-
[Reason for nomination as an Outside Director candidate] Ms. Naoko Ichikawa has extensive experience and achievements, both as a management consultant and from her involvement in corporate management and business execution in a wide range of fields such as finance, pharmaceutical, and chemistry. As she is expected to provide the Company with frank advice on the appropriateness of the decision-making of the Board of Directors, and is expected to strengthen the supervisory function of the Board of Directors from an independent and fair standpoint, she has been nominated as an Outside Director candidate. After election, she is expected to fulfill the abovementioned roles.			

(Notes)

1. No conflict of interest exists between the Company and any of the above Director candidates.
2. Mr. Yutaka Nishimura, Mr. Akira Iwamoto, and Ms. Naoko Ichikawa are candidates for Outside Directors as stipulated in Article 2, Paragraph 3, Item 7 of the Ordinance for Enforcement of the Companies Act.
3. The Company has designated Mr. Yutaka Nishimura and Mr. Akira Iwamoto as independent officers pursuant to the rules of Tokyo Stock Exchange, Inc. and has notified the Exchange accordingly. Ms. Naoko Ichikawa is a candidate for independent officer.
4. The Company has entered into an agreement with Mr. Yutaka Nishimura and Mr. Akira Iwamoto to limit their liability pursuant to Article 423, Paragraph 1 of the Companies Act. The maximum amount of liability pursuant to the agreement is the lowest amount permitted by laws and regulations. The Company is planning to continue the said liability limitation agreement with Mr. Yutaka Nishimura and Mr. Akira Iwamoto subject to their re-election. If Outside Director candidate Ms. Naoko Ichikawa is elected and takes office as Director, the Company is planning to enter into a similar agreement with her.
5. At Mr Max Holdings Ltd., at which Mr. Yutaka Nishimura currently serves as Outside Director, there was misappropriation of company assets by an employee of the company, which was during the term of office of Mr. Nishimura. While he was not aware of this fact in advance, he has consistently voiced opinions at the Board of Directors meetings on the necessity of thorough risk management, and since this fact has come to light, he has fulfilled his responsibilities by providing advice on the investigation of causes and prevention measures.
6. The number of shares of the Company held shown in the table above indicates the number of shares effectively held by each candidate including the number of shares held through the TSI Officers' Share Ownership Plan and the TSI Employees' Share Ownership Plan as of February 28, 2021.
7. The Company has entered into a directors and officers liability insurance contract with an insurance company at the expense of the Company. The insurance contract covers damage that may be incurred by the insured as a result of assuming liability for the execution of their duties or receiving claims related to the pursuit of such liability. However, there are certain exclusions, such as no coverage for damage arising from actions taken with the knowledge that they were in violation of laws and regulations. Each candidate will be insured under the said insurance contract. Also, the said insurance contract will be renewed on June 1, 2021, which falls during the term of office of each candidate.

Proposal 2: Election of one (1) Auditor

Auditor Mr. Yasuo Yamada will resign at the conclusion of the Meeting. Accordingly, the election of one (1) Auditor is proposed.

Mr. Kiyoshi Kadota will be elected to fill the vacancy of Mr. Yasuo Yamada, and his term of office will be the remaining term of office of the retired Auditor pursuant to the provision of the Articles of Incorporation of the Company. The Company has obtained consent from the Audit & Supervisory Board with respect to the submission of this Proposal.

The candidate is as follows:

Name (Date of birth)	Past experience, positions and significant concurrent positions	Number of shares of the Company held
<p style="text-align: center;"><New></p> <p style="text-align: center;">Kiyoshi Kadota (March 1, 1961)</p> <p>Attendance at Board of Directors meetings: —</p>	<p>August 2004 Joined Tokyo Style Co., Ltd. (presently the Company)</p> <p>October 2009 Executive Officer and General Manager, Corporate Planning Dept., Corporate Headquarters, Tokyo Style Co., Ltd.</p> <p>June 2011 Administrative Headquarters, the Company</p> <p>March 2012 General Manager, Administrative Headquarters, the Company</p> <p>December 2012 General Manager, Administrative Headquarters and General Manager, General Affairs Dept., Administrative Headquarters, the Company</p> <p>July 2013 Executive Officer, General Manager, Administrative Headquarters, and General Manager, General Affairs Dept., Administrative Headquarters, the Company</p> <p>March 2020 Executive Officer & General Manager, General Affairs Dept., the Company (to present)</p> <p>March 2021 General Manager, General Affairs Dept., Corporate Division, TSI Inc. (to present)</p>	7,197
<p>[Reason for nomination as an Auditor candidate] Mr. Kiyoshi Kadota has gained extensive knowledge and experience regarding corporate management, particularly at the corporate planning and general affairs divisions of Tokyo Style Co., Ltd., the predecessor entity of the Company, and the Company. He has been deeply involved in the Company's management by promoting the enhancement of corporate management and governance functions as Executive Officer of the Company. As he is expected to strengthen the supervisory function of the Company by utilizing his achievement, he has been newly nominated as an Auditor candidate for election.</p>		

(Notes)

1. No conflict of interest exists between the Company and the above Auditor candidate.
2. The number of shares of the Company held shown in the table above indicates the number of shares effectively held by the candidate including the number of shares held through the TSI Employees' Share Ownership Plan as of February 28, 2021.
3. The Company has entered into a directors and officers liability insurance contract with an insurance company at the expense of the Company. The insurance contract covers damage that may be incurred by the insured as a result of assuming liability for the execution of their duties or receiving claims related to the pursuit of such liability. However, there are certain exclusions, such as no coverage for damage arising from actions taken with the knowledge that they were in violation of laws and regulations. The candidate will be insured under the said insurance contract. Also, the said insurance contract will be renewed on June 1, 2021, which falls during the term of office of the candidate.

Proposal 3: Determination of the Amount of Share-based, Performance-linked Compensation Plan for Directors due to Amendments to the Companies Act

1. The reason for the proposal and the reason why it is considered appropriate

At the 5th Annual General Meeting of Shareholders held on May 25, 2016, the Company gained approval for the introduction of a Board Benefit Trust (BBT) (hereinafter the “Plan”), a share-based, performance-linked compensation plan for Directors and mandate-type Executive Officers of the Company and Directors of Group companies (that refer to subsidiaries of the Company and subsidiaries of said subsidiaries; however, Outside Directors of both the Company and Group companies are excluded and Auditors are not eligible for the Plan; the aforementioned Directors, etc. eligible for the Plan are hereinafter referred to as “Eligible Officers” and the resolution of the aforementioned General Meeting of Shareholders is hereinafter referred to as “Original Resolution”). However, in line with the enforcement of the Act Partially Amending the Companies Act (Act No. 70 of 2019) on March 1, 2021, the Company seeks the approval of our shareholders to newly set the amount of share-based, performance-linked compensation plan for Directors, in lieu of the amount of current compensation for Directors under the Plan.

The Company submits this proposal for approval of the amount and specifics of compensation, etc. to grant compensation under the Plan to the Directors of the Company, separate from the amount of compensation for Directors approved at the 1st Annual General Meeting of Shareholders held on May 24, 2012 (up to 500 million yen per year). The details of the Plan shall be left to the discretion of the Board of Directors within the framework outlined in 2. below. The number of Directors of the Company eligible for the Plan is five (5) at this moment, excluding three (3) Outside Directors. If Proposal 1 is approved as originally proposed, the number of Directors of the Company eligible for the Plan will be four (4).

This proposal is procedural measure in accordance with the amendment of laws and regulations and is not intended to increase the actual amount of compensation compared to that under the Original Resolution. As in the Original Resolution, this proposal is intended to clarify the linkage between the Eligible Officers’ compensation and the Company’s business performance as well as its stock value, sharing with shareholders not only the merits of the increase in the stock price, but also the risk of the decrease in the stock price, thereby increasing awareness of the Eligible Officers to contribute to the medium- to long-term improvement in the business performance and to the enhancement of corporate value. As described in 2. (6) below, the rate of share dilution from the Plan is minor. The Company, therefore, considers the content of this proposal to be appropriate. At the Board of Directors meeting held on April 12, 2021, the Company established a policy for determining the content of compensation, etc. for individual Directors of the Company (to be outlined later). Granting of share-based, performance-linked compensation based on this proposal aligns with the policy. Even if this proposal is approved, the Company does not plan to change the policy.

2. Amount of compensation, etc. and other specifics of the Plan

(1) Outline of the Plan

The Plan is a share-based, performance-linked compensation plan in which shares of the Company are acquired through a trust (hereinafter a trust established under this Plan is referred to as the “Trust”) using money contributed by the Company and shares of the Company and money in the amount equivalent to the market value of the relevant shares of the Company as of the resignation date (hereinafter “Shares, etc.”) are granted to Eligible Officers through the Trust in accordance with the Share-Based Board Benefit Regulations of the Company and Group companies covered by the Plan. In principle, Shares, etc. are granted to Eligible Officers upon their resignation.

(2) Persons eligible for the Plan

Directors and mandate-type Executive Officers of the Company and Directors of Group companies (however, Outside Directors of both the Company and Group companies are excluded and Auditors are not eligible for the Plan.)

(3) Trust period

From July 29, 2016 until the Trust is terminated (The ending date of the trust period of the Trust is not specified and the Trust continues as long as the Plan continues. The Plan will be discontinued in such circumstances as delisting of shares of the Company and the abolishment of the Share-Based Board Benefit Regulations.)

(4) Trust amount

The Company introduced the Plan for three fiscal years from the fiscal year ended February 28, 2017 to the fiscal year ended February 28, 2019 (the period for the said three fiscal years is hereinafter referred to as the “Initial Plan Period,” and the Initial Plan Period and the three-fiscal-year periods after the Initial Plan Period are hereinafter referred to as the “Plan Period”) and each of the Plan Periods after the Initial Plan Period. The Company established the Trust, designating Directors who satisfy the beneficiary requirements as its beneficiaries and contributing to the Trust money of 299 million yen where 300 million yen is the upper limit of contribution to the Trust (including 100 million yen for Directors of the Company) as a fund to acquire shares for the purpose of granting Shares, etc. to Directors of the Company under the Plan during the Initial Plan Period.

The Trust has acquired 532,800 shares of the Company using the money entrusted by the Company for the Initial Plan Period.

After the current Plan Period has elapsed, the Company will, in principle, contribute additional funds to the Trust money of up to 300 million yen (including 100 million yen for Directors of the Company) for each three-fiscal-year period to cover the subsequent three fiscal years (hereinafter the "Following Plan Period") until this Plan is discontinued. In the case where there are remaining shares of the Company (those that correspond to the number of points granted to the Eligible Officers, excluding those for which the delivery of shares to the Eligible Officers has not yet been completed) and money within the trust property (hereinafter "Remaining Shares, etc.") on the day immediately preceding the start date of the Following Plan Period for which the Company is planning to contribute additional funds as mentioned above, Remaining Shares, etc. will be used as a source of benefits to be granted under the Plan during the Following Plan Period. In this case, the maximum amount that the Company can contribute additionally for the Following Plan Period is an amount calculated by deducting the amount of Remaining Shares, etc. (the amount of shares is valued at an amount equivalent to their market value as of the day immediately preceding the start date of the relevant Following Plan Period) from 300 million yen (including 100 million yen for Directors of the Company).

(5) Acquisition method of shares of the Company

The Trust will acquire shares of the Company in the stock market or through the disposal of its own shares, using the funds contributed in accordance with (4) above.

(6) Maximum number of Shares, etc. to be granted to Eligible Officers and method of calculation of the number of Shares, etc.

Eligible Officers will receive points for each fiscal year in accordance with the Share-Based Board Benefit Regulations, the number of which will be determined based on, among others, financial performance of the Company. The maximum number of points to be granted to Eligible Officers per fiscal year shall be no more than 300,000 points (including 100,000 points for Directors of the Company). The Company deems this appropriate upon having made its decision comprehensively taking into consideration standards for payment of compensation for currently serving officers, current and anticipated developments with respect to the number of Eligible Officers including Directors of the Company, and other such factors.

The points granted to Eligible Officers will be converted to common shares of the Company at a rate of one (1) common share per point when Shares, etc. are granted in accordance with (7) below. Therefore, the maximum number of shares of the Company to be acquired by the Trust for each of the Plan Periods will be 900,000 shares (including 300,000 shares for Directors of the Company). (However, in cases where a stock split, gratis allotment of shares, reverse stock split, etc., has been undertaken with respect to shares of the Company after this proposal is approved by shareholders, the maximum number of points and the number of points granted, or the conversion rate will be adjusted in a reasonable manner in accordance with the terms and conditions of such arrangements including their rates.)

The ratio of the number of shares (300,000 shares, including 100,000 shares for Directors of the Company, subject to the possible adjustments mentioned above) equivalent to the maximum number of points to be granted to Eligible Officers per fiscal year to the total number of shares issued (as of February 28, 2021, less the number of treasury shares) is approximately 0.3% (including 0.1% for Directors of the Company).

The number of points held by Eligible Officers for determining the granting of Shares, etc. pursuant to (7) below is the total number of points granted to each Eligible Officer up to his or her resignation (hereinafter the "Final Number of Points").

(7) Granting of Shares, etc.

Eligible Officers satisfying the beneficiary requirements prescribed in the Share-Based Board Benefit Regulations are entitled to receive shares of the Company in the number corresponding to the Final Number of Points fixed under (6) above from the Trust by completing the prescribed procedure for determining beneficiaries when they resign from office. If such Eligible Officers also satisfy certain other requirements separately prescribed in the Share-Based Board Benefit Regulations in addition to the beneficiary requirements, they are entitled to receive money in the amount equivalent to the market value of the relevant shares of the Company as of the resignation date in lieu of the shares of the Company for a certain percentage of the points that have been granted to them. The Trust may sell shares of the Company to secure funds for such grant of money.

Even if an Eligible Officer has been granted points, the Eligible Officer may not be entitled to be granted Shares, etc. after discussions in the Nomination and Remuneration Advisory Committee and a resolution of the Board of Directors, in the event that a resolution for the dismissal of the Eligible Officer is made at the General Meeting of Shareholders or the Eligible Officer has resigned for the reason of breaching duties as an officer.

(8) Voting rights pertaining to shares held in the Trust

In accordance with the instructions of the trust administrator, voting rights pertaining to shares of the Company held in the Trust account shall not be exercised altogether. By adopting this method, the Company intends to ensure impartiality to the management of the Company with regard to the exercise of voting rights of shares of the Company held in the Trust account.

(9) Treatment of dividends

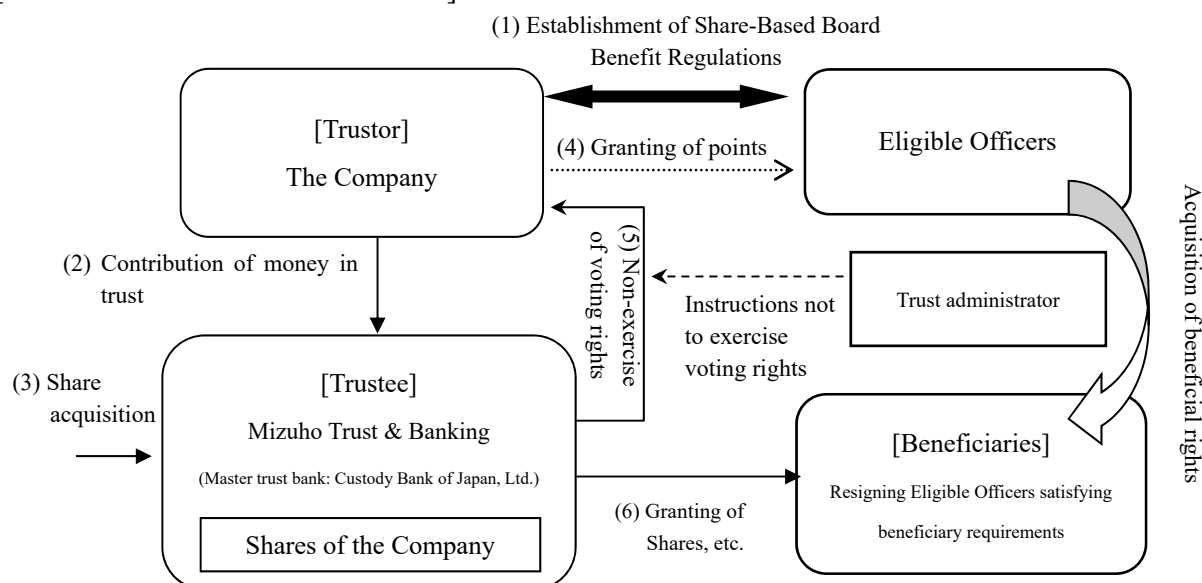
Dividends from shares of the Company held in the Trust account will be received by the Trust and used as part of funds, among others, to acquire shares of the Company and to pay trust fees to the trustee of the Trust.

When the Trust is terminated, any dividends, etc. remaining in the Trust will be distributed to the Eligible Officers who are incumbent at the time of termination on a pro rata basis based on the number of points held by them.

(10) Arrangement at the time of termination of the Trust

The Trust will be terminated when causes of termination such as delisting of shares of the Company and the abolishment of the Share-Based Board Benefit Regulations have occurred. When the Trust is terminated, any residual property of the Trust in the form of shares of the Company will be acquired by the Company without consideration and will be cancelled based on a resolution of the Board of Directors. When the Trust is terminated, any residual property of the Trust in the form of money will be distributed to the Company after deducting the amount of money to be distributed to Eligible Officers in accordance with (9) above.

[Reference: Mechanism of the Plan]



- (1) The Company will establish the “Share-Based Board Benefit Regulations” within the framework approved by the Meeting subject to the approval thereof concerning the officers’ compensation under the Plan.
- (2) The Company will contribute money in trust within the framework approved by the Meeting in (1) above.
- (3) The Trust will acquire shares of the Company in the stock market or through the disposal of its own shares, using the money held in trust in (2) above.
- (4) The Company will grant points to Eligible Officers in accordance with the Share-Based Board Benefit Regulations.
- (5) The Trust will not exercise voting rights pertaining to the shares of the Company held in the Trust account in accordance with the instructions of the trust administrator, which is independent from the Company.
- (6) The Trust will grant, to resigning Eligible Officers satisfying the beneficiary requirements prescribed in the Share-Based Board Benefit Regulations (hereinafter “Beneficiaries”), shares of the Company corresponding with the number of points that have been granted to them. If such Eligible Officers satisfy certain other requirements separately prescribed in the Share-Based Board Benefit Regulations, the Trust will grant to them money in the amount equivalent to the market value of the shares of the Company as of the resignation date in lieu of the shares of the Company for a certain percentage of the points that have been granted to them.

<Outline of the policy for determining the content of compensation, etc. for individual Directors of the Company (summary)>

Compensation for Directors of the Company (excluding Outside Directors) shall be comprised of base compensation and performance-linked compensation, both of which are monetary compensation, and share-based compensation based on the Board Benefit Trust (BBT) as non-monetary compensation.

The total amount of base compensation and performance-linked compensation, both of which are monetary compensation, shall be determined within a range of the maximum total amount of 500 million yen per year, which was resolved at the 6th Annual General Meeting of Shareholders held on May 26, 2017. The amount of base compensation shall be determined according to the roles, responsibilities and level of contribution of individual Directors after taking into comprehensive consideration such factors. The amount of performance-linked compensation shall be determined based on the target achievement levels of the consolidated net sales and consolidated ordinary income for the previous fiscal year. Both base compensation and performance-linked compensation shall be paid in cash every month. Only if the consolidated profit before taxes exceeds its fiscal year budget, part of the excess shall be provided in cash as a result-based bonus once a year, separate from performance-linked compensation.

The amount of share-based compensation based on the BBT shall be determined pursuant to the resolution of the 5th Annual General Meeting of Shareholders held on May 25, 2016 (or the resolution of this Meeting after this proposal is approved).

The composition of compensation for individual Directors (excluding Outside Directors) shall be determined within a range of percentages of compensation by type, which is presented in a report from the Nomination and Remuneration Advisory Committee consisting of Outside Directors, etc., with due regard for the details of the report.

The Representative Director, President & CEO shall be authorized to determine the specific amount of compensation for individual Directors pursuant to the policy above by consulting the aforementioned Nomination and Remuneration Advisory Committee for advice on the original proposal and taking into consideration a report from the committee.

Share-based compensation based on the BBT shall be granted to Directors pursuant to the resolution of the aforementioned 6th Annual General Meeting of Shareholders and the Share-Based Board Benefit Regulations separately established by the Company based on the said resolution.