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Company name: Joshin Denki Co., Ltd.
Representative: Ryuhei Kanatani,
Representative Director and President
and Executive Officer
(Securities code: 8173, Tokyo Stock
Exchange, Prime Market)
Contact: Suguru Oshiro, Director and
Executive Officer in charge of
Financial Strategy
(Phone: +81-6-6631-1161)

Notice of Renewal of Response Policy to Large-Scale Acquisition of the Company's Shares (Takeover Defense Measures)

The "Response Policy to Large-Scale Acquisition of the Company's Shares (Takeover Defense Measures)" (hereinafter referred to as the "Current Response Policy") that was adopted in accordance with the resolution of the Company's 59th Annual General Meeting of Shareholders held on June 22, 2007, has continued to be adopted by approval of the shareholders.

The effective period of the Current Response Policy concludes as of the 74th Annual General Meeting of Shareholders of the Company ("General Meeting of Shareholders" hereinafter) to be held on June 24, 2022.

In consideration of changes in social and economic conditions and on the basis of factors such as trends in discussions regarding takeover defense measures, the Company's Board of Directors recently reviewed the Current Response Policy from the perspective of ensuring and enhancing the Company's corporate value and the common interests of shareholders. As a result of the review, at a meeting of the Board of Directors held on May 6, 2022, a decision was made to partially amend the Current Response Policy, subject to shareholder approval at the General Meeting of Shareholders. This Current Response Policy (hereinafter referred to as "Response Policy") is hereby announced as follows.

The updated Response Policy is in accordance with the "Guidelines Regarding Takeover Defense for the Purposes of Protection and Enhancement of Corporate Value and Shareholders' Common Interests" announced by the Ministry of Economy, Trade and Industry and the Ministry of Justice on May 27, 2005, the "Takeover Defense Measures in Light of Recent Environmental Changes" released by the Corporate Value Study Group on June 30, 2008, and "Principle 1-5: So-called Takeover Defense Measures" of "Japan's

Corporate Governance Code.”

Major Changes from the Current Response Policy

- (1) The Company has clearly stated that the Independent Committee’s recommendation on countermeasures can add a provision to the effect that the Company should obtain confirmation of the will of the shareholders.
- (2) The composition of the Independent Committee was changed from a three-member system of outside directors to a four-member system consisting of four independent outside directors.

Note that the status of the Company’s major shareholders as of March 31, 2022, is as indicated in “Attachment 4,” and as of today, the Company has not received any proposals or other communication regarding Large-Scale Acquisition of the Company’s shares.

1. Efforts to Enhance the Company’s Corporate Value and Common Interests of Shareholders

I. Efforts to Enhance Corporate Value

Offering home appliances, information and telecommunications equipment, entertainment products, home furnishings, and home remodeling, the Company provides customers with comfortable lifestyles through highly specialized and diverse channels that include brick-and-mortar stores as well as online shopping.

We strive to build a bond of trust with our customers through the spirit of offering wholehearted customer service, a commitment that has remained unchanged since the inception of the company. This encompasses everything from our advanced expertise to the ideas we provide about enhancing people’s lifestyles, our wide selection of products, reasonable prices, and assuring and assured after-sales service.

The environment around us is currently undergoing major changes. Our life styles are also changing significantly as the social structure, social environment, and societal values around us undergo drastic changes. Such changes are exemplified by demographic shifts like decreasing populations and households as well as increasing elderly single-person households, caused by the declining birthrate and aging population. They are also brought about by trends such as advanced development of ICT (information and communication technology), and social trends such as respect for and acknowledgement of every individual regardless of gender, age, nationality, etc., and the spread of diversity & inclusion, not to mention climate change.

In light of the current state of these social changes and the challenges they present, we

have revised our management philosophy for the first time in 57 years, staying true to the fundamental spirit of our corporate credo of “Thoughtfulness” (meaning “to always think and act in consideration of the other’s perspective”), the value that undergirds the very foundation of our philosophical framework.

New Management Philosophy

“Connecting people and society to the future with a smile”

Based on a long-term perspective of the future and the type of society that we seek, our new management philosophy is infused with a desire to see passed on to future generations a sustainable society where no-one is left behind.

In addition, we have identified two ways through which we can create value for society: namely, supporting and strengthening resilience in our aging society and achieving carbon neutrality in the home. In order to realize these values, we have decided that our management vision is to become a hub for the infrastructure of life through the power of home appliances and ICT (information and communication technology).

For our retail business, which mainly sells home appliances, we believe that there are two main factors that will have a major impact on what our future looks like. One is a declining birthrate and aging population. The decrease in population and the number of households and the increase in the number of elderly single-person households due to a declining birthrate and aging population have implications on issues such as changes to consumer purchasing behavior, shrinking market size, and a shrinking working population. While we are addressing this issue as a risk, we also regard it as a new business opportunity. For this reason, we have to strengthen the resilience in our aging society as an initiative for social value creation the Company should work on to support the sustainable development of society.

We consider “resilience” to mean not only “restoration to the original state” but also “adaptation to change.” In light of the ongoing transformation into a super-aged society, we aim to find opportunities in the changing environment while adeptly integrating our sales know-how, through which we will create and seamlessly provide new added value.

The second factor is climate change. In July 2021, we announced our support for the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD). Environmental problems such as climate change not only threaten biodiversity but are also serious risks that adversely impact the world economy. As a countermeasure to this issue, achieving a carbon-neutral society is a universal goal, and Japan is pledging before the

world to aim for complete carbon-neutrality by 2050. With the frequent occurrence of large-scale natural disasters around the world, there is growing recognition that tackling climate change is an urgent issue. Environmental issues pose a risk for companies, but there are also ways to turn increased awareness of the environment into an opportunity. Through home appliance sales, we will popularize home appliances with high performance in energy creation, storage, and savings (solar power generation, storage batteries, energy-saving home appliances, etc.), and actively work on building a recycling-based society through the 3Rs (reduce, reuse, recycle) while contributing to the elevation of social values.

We believe that the above efforts enhance the corporate value of the Group and, as a result, reduce the risk of the emergence of large-scale acquirers who might significantly compromise the collective interests of our shareholders.

II. Efforts to Strengthen Corporate Governance

The Company is working to strengthen our corporate governance in order to realize continuous improvement of our corporate value. The following are the main initiatives taken by the Company to strengthen our corporate governance. (Strengthening of the collective performance of the Board of Directors)

The Company's Board of Directors determines the appropriate size from the perspective of improving the efficiency of the management team and speeding up the decision-making process. In addition, efforts are made to bring to bear a favorable balance of knowledge and experience within the Board of Directors as based on a skills matrix that enumerates the expertise and experience required for the Board. In addition to the requisite qualifications and diversity that Directors possess to address the Company's management challenges, four independent outside directors (two of whom are women) have been selected in accordance with Tokyo Stock Exchange regulations in order to enhance the effectiveness of the Board's supervisory functions. As a result, more than one-third of the total number of directors (nine directors) consists of independent outside directors, which makes for a system that we believe further ensures its independence and objectivity.

In addition, the Board of Directors Evaluation Committee that consists of independent outside directors and corporate auditors, takes the lead each fiscal year in analyzing and evaluating the effectiveness of the Board of Directors and in promoting ongoing measures to improve the effectiveness of the Board.

(Verification of the rationality for policy shareholdings (i.e., cross-held stocks))

In order to strengthen business relationships and facilitate the smooth promotion of business interests, the Company makes a policy of currently holding listed shares of business partners with a view toward increasing the Company's medium- to long-term corporate value. The Board of Directors meets quarterly to qualitatively review the policy shareholdings to assess their status within the purview of objectives such as how well they maintain smooth and favorable business relationships with partner companies and build supply chains. There is also a quantitative assessment of metrics such as ratio to total assets and profits and dividends derived from business relationships. As such factors are assessed, determination is made about whether the significance of particular holdings has faded, in which case the Company dialogues and negotiates with the companies in question and disposes of such holdings as is deemed appropriate.

(Other efforts)

In addition to the above, the Company is working to strengthen our corporate governance as based on the latest iteration of the Corporate Governance Code. For more information on our corporate governance, please refer to our Integrated Report (<https://www.joshin.co.jp/joshintop/csr/>)

2. Content of the Response Policy

I. Purpose of the Response Policy

The purpose of the Response Policy is to take appropriate measures against large-scale acquisitions in order to ensure and enhance the corporate value of the Company and the common interests of its shareholders in cases in which such acquisitions could conceivably compromise that corporate value and those common interests. This refers to the acquisition of the Company's Share Certificates, etc. (Note 3) by a Specified Group of Shareholders (Note 1) for the purpose of increasing or leading to the increase of the percentage of voting rights (Note 2) of that particular group to 20% or more. (This excludes cases in which the purchase is agreed to in advance by the Board of Directors, and does not bring into question specific purchase methods, such as market transactions, tender offers, etc. Such an acquisition is hereinafter referred to as a "Large-Scale Acquisition" and the party engaged in a Large-Scale Acquisition shall hereinafter be referred to as a "Large-Scale Acquirer.")

II. Necessity of the Response Policy

The Board of Directors believes that as long as the Company allows its shares to be traded freely as a public company, the final decision to sell the Company's shares in response to a Large-Scale Acquisition should be made by its shareholders. In order for shareholders to make an appropriate decision on whether or not to accept the sale of the Company's shares, i.e., a Large-Scale Acquisition, it is necessary to provide them with sufficient information to make such a decision. For this purpose, we believe it is essential that the Board of Directors, which in substance manages the Company, provides them with sufficient information, including its assessment and opinion on the Large-Scale Acquisition as well as alternative proposals, in addition to unilateral information provided by the Large-Scale Acquirer.

In order for the Company to secure and enhance our corporate value and the common interests of our shareholders amid the fierce competition within the home appliance sales industry, it is of particular importance for the Company to maximize the bonds of trust built up over so many years with our customers, business partners, employees, and to proactively take initiatives such as (i) offering advanced expertise, ideas about enhancing people's lifestyle, and a wide selection of products, (ii) making available reasonable prices, (iii) providing assuring and assured after-sales service, and (iv) creating stores that are firmly rooted in their respective communities.

Unless these efforts are secured and improved over the medium to long term by a Large-Scale Acquirer of the Company's shares, the Company's corporate value and the common interests of shareholders will be compromised. In addition, when receiving a Large-Scale Acquirer's offer of a Large-Scale Acquisition, it is of necessity to gain an understanding of a host of matters in order to determine the impact of the acquisition in question on our corporate value and the common interests of our shareholders.

This being the case, at the time of a sudden Large-Scale Acquisition offer, shareholders need to be able to make an appropriate decision in a short period of time about whether the Large-Scale Acquisition will contribute to the common interests of our shareholders. It is necessary to consider the potential impact of such an act on our Company, our management policy, management strategy and business plan in the event that the Large-Scale Acquirer takes part in the management of the Company, and other factors. We believe that it is essential that necessary and adequate information be provided, and that the type of feedback emanating from the Board of Directors of the Company regarding such an action be provided as important information to inform the decision-making process of our

shareholders.

With the belief that Large-Scale Acquisitions conducted in accordance with a rational set of rules will contribute to securing and enhancing our corporate value and the common interests of our shareholders, the Board of Directors has duly updated our rules concerning Large-Scale Acquisitions (hereinafter referred to as the “Large-Scale Acquisition Rules”) as follows.

III. Outline of the Large-Scale Acquisition Rules

The outline of the Large-Scale Acquisition Rules established by the Company is as follows

- (1) Prior to a Large-Scale Acquisition, a Large-Scale Acquirer shall provide necessary and sufficient information to the Company’s Board of Directors.
- (2) A period of time shall be established for the Board of Directors and the Independent Committee to evaluate and consider said Large-Scale Acquisition based on the information provided. The Large-Scale Acquisition may not commence until the passage of that period of time.
- (3) In the event that the Large-Scale Acquirer does not comply with the Large-Scale Acquisition Rules or otherwise fails to take the proper action, the Board of Directors may implement the countermeasures described below, respecting the recommendations of the Independent Committee to the maximum extent in order to protect the interests of our shareholders.

The specific procedures are as follows

(1) Provision of information by the Large-Scale Acquirer

The Large-Scale Acquirer shall provide information in accordance with the following procedures.

(a) Submission of an Intent Statement

Prior to a Large-Scale Acquisition, the Large-Scale Acquirer shall be required to submit to the Company’s Representative Director a written pledge in the form prescribed by the Company (hereinafter referred to as the “Intent Statement”). The Intent Statement shall include the Large-Scale Acquirer’s name, address, governing law of incorporation (in the case of a foreign corporation), the name of the

representative, contact information in Japan, a summary of the proposed Large-Scale Acquisition, and a statement that the proposed Large-Scale Acquisition will be conducted in accordance with the Large-Scale Acquisition Rules and procedures.

(b) Provision of the Information Requested by the Company

Within ten (10) business days after receipt of the Intent Statement from the Large-Scale Acquirer, the Board of Directors shall indicate to said Large-Scale Acquirer the necessary and sufficient information required by the shareholders to make a decision and for the Board of Directors to form an opinion (hereinafter referred to as the "Required Information") in the format of a list (hereinafter referred to as the "Required Information List").

The Required Information requested by the Board of Directors will vary depending on the affiliation of the Large-Scale Acquirer and the specific circumstances of the Large-Scale Acquisition, but will generally include the following items

- (1) An overview of the Large-Scale Acquirer and its group (including information on matters such as the Large-Scale Acquirer's business profile, capital structure, financial position, experience in the same type of business as that of the Company, and other pertinent information.)
- (2) Intended purpose of the Large-Scale Acquisition, how it will be accomplished, what the Large-Scale Acquisition involves
- (3) Whether there has been communication with a third party about the intent pertaining to the Large-Scale Acquisition (including communication about intent pertaining to matters such as the act of making a material proposal to the Company as defined in Article 27-26, Paragraph 1 of the Financial Instruments and Exchange Act) and, if there has been any communication of this intent, the specific nature and content of the communication
- (4) Basis for calculating the unit price for which the Company's shares are to be acquired
- (5) Evidence that substantiates funding for acquisition (including specific names of providers of the funds – including substantial providers, how the funds will be procured, whether provision of the funds is contingent on any conditions, what those conditions involve, details of the transactions related to those conditions, and other pertinent matters)
- (6) Policy and plans envisioned subsequent to completion of the Large-Scale

Acquisition: management policy, business plans, store plans, financial plans, capital policy, dividend policy, asset utilization policy, etc.

(7) Response measures that would enhance the corporate value of the Company in a continuous and stable manner subsequent to completion of the Large-Scale Acquisition, and evidence that said measures will enhance the corporate value of the Company

(8) Whether there will be any changes in relationships with the Company's business partners, employees, customers, and other stakeholders subsequent to completion of the Large-Scale Acquisition, the details thereof, and the measures that will be taken to address such changes

(9) Any other information deemed reasonably necessary by the Board of Directors or the Independent Committee

(c) Provision and disclosure of information by the Large-Scale Acquirer

After the Required Information List has been issued, the Large-Scale Acquirer shall submit the Required Information to the Company by the deadline for response set by the Board of Directors.

If the Board of Directors or the Independent Committee have a legitimate reason to determine that the information initially submitted is insufficient, the Board of Directors or the Independent Committee may require the Large-Scale Acquirer to provide additional information by the deadline set by the Board of Directors or the Independent Committee.

In addition, the facts that the offer of a Large-Scale Acquisition has been proposed and the Required Information provided to the Board of Directors or the Independent Committee will be disclosed in whole or in part at the time the Board of Directors deems appropriate, in not only cases in which disclosure is required under laws and regulations or stock exchange rules, but also in cases in which it is deemed necessary for the shareholders to make a decision.

The Board of Directors will promptly notify the Independent Committee of the fact that a Large-Scale Acquisition has been proposed after the submission of the Intent Statement by the Large-Scale Acquirer, and will also promptly submit the Required Information to the Independent Committee upon its receipt.

(2) Assessment and Consideration by the Board of Directors

- (a) If the Board of Directors determines that the Large-Scale Acquirer has provided necessary and sufficient information about the Large-Scale Acquisition, after disclosing this determination at a time deemed reasonable by the Board of Directors, the Board of Directors will have a period in which to assess, consider, negotiate, form an opinion on the proposal of the Large Scale Acquirer, and develop alternative proposals to the Large-Scale Acquirer (this period is hereinafter referred to as the “Board Assessment Period”). This will be a period with a duration of sixty (60) days in the case of a purchase of all of the Company’s shares through a tender offer with cash (in yen), or ninety (90) days (in the case of a purchase by other means). Accordingly, the Large-Scale Acquirer may not commence the Large-Scale Acquisition until the Board Assessment Period has elapsed.
- (b) During the Board Assessment Period, the Board of Directors will fully assess and consider the Required Information provided by the Large-Scale Acquirer, form a collective opinion as the Board of Directors of the Company, and announce it. Furthermore, if necessary, the Board of Directors may negotiate with the Large-Scale Acquirer to improve the terms of the Large-Scale Acquisition and present an alternative proposal to the shareholders.
- (c) If the Board of Directors has reason to determine that it is necessary to extend the Board Assessment Period, they may extend the Period for up to thirty (30) days. The Large-Scale Acquisition should commence after the completion of the Board Assessment Period, including extension period. In such a case, the Board of Directors of the Company shall make a public announcement promptly after the resolution regarding the reasons for extending the Board Assessment Period, the period of extension, and other matters for deeming the extension appropriate.

3. Establishment of the Independent Committee

In order to ensure the proper application of the Policy and to prevent arbitrary decisions by the Board of Directors, an Independent Committee will be established as a third-party organization independent of the Board of Directors in accordance with the procedures set forth in “Attachment 1.” In order to enable fair and neutral judgments, the Independent Committee will consist of at least three members, who will be appointed from among outside directors, outside auditors, and outside experts who are independent of the management team responsible for the Company’s operations. Names, profiles, and other

information about each member are as listed in "Attachment 2."

In cases in which a Large-Scale Acquisition is deemed to fall under any of the categories described in 4-1, 4-2 (1) or 4-2 (7) below, the Board of Directors of the Company shall consult with the Independent Committee as to whether countermeasures shall be taken in response. During the Board Assessment Period, the Independent Committee shall draw on the information provided by the Large-Scale Acquirer and the information provided by the Board of Directors to deliberate and resolve about whether countermeasures are warranted, and present the content of their resolution as a recommendation to the Board of Directors. The Board of Directors shall respect that recommendation to the maximum extent possible.

Even after the Independent Committee has made a recommendation for the invocation of countermeasures, the Independent Committee has the ability to make a new recommendation, such as suspension of the invocation of countermeasures, in the event that the Large-Scale Acquisition is withdrawn or should there occur any changes in the facts on which the original recommendation was based.

4. Response Policy in the Event of a Large-Scale Acquisition

I. When a Large-Scale Acquirer does not comply with the Large-Scale Acquisition Rules

Should a Large-Scale Acquirer not comply with the Large-Scale Acquisition Rules, regardless of the specific purchase method, the Board of Directors will respect the recommendation of the Independent Committee to the maximum extent possible and, for the purpose of protecting the Company's corporate value and the common interests of the shareholders, will take countermeasures against the Large-Scale Acquisition as permitted under the Companies Act, other laws, and Articles of Incorporation of the Company.

The countermeasures to be taken by the Company in response will be selected by the Board of Directors from among the measures authorized by the Companies Act or the Articles of Incorporation of the Company and recognized as the Board of Directors' authority. This may include countermeasures such as the allotment of share options without contribution, and will be selected by the Board of Directors as deemed most appropriate at that time. "Attachment 3" indicates an outline of cases in which share options would be issued through an allotment of share options without contribution as a specific countermeasure. These share options may be subject to limited conditions for exercise, such as the prospective acquirer not belonging to a Specified Group of Shareholders that maintains more than a certain percentage of voting rights.

II. When a Large-Scale Acquirer complies with the Large-Scale Acquisition Rules

Should the Large-Scale Acquirer comply with the Large-Scale Acquisition Rules, the Board of Directors will not, in principle, take any countermeasures against the Large-Scale Acquisition, even if the Board of Directors opposes the Large-Scale Acquisition. However, there may be cases in which the Board of Directors attempts to persuade the Company's shareholders not to accept the Large-Scale Acquisition by stating its opposition to the Large-Scale Acquisition and presenting an alternative proposal. Ultimately, the Company's shareholders will be asked to determine whether or not to accept the Large-Scale Acquisition by comparing and considering the Large-Scale Acquisition offer against the opinion and alternative plans presented by the Board of Directors.

However, even in cases in which the Large-Scale Acquirer complies with the Large-Scale Acquisition Rules, if the Board of Directors determines that the Large-Scale Acquisition could cause damage from which it will be difficult for the Company to recover or otherwise significantly damage the Company's corporate value and the common interests of shareholders, the Board of Directors may take certain countermeasures to protect the Company's corporate value and the common interests of shareholders, as described in Section 1 above. In addition, the Independent Committee will have the power to add a provision stipulating that the will of the shareholders be confirmed in advance of the invocation of countermeasures.

Specifically, the following types of cases would fall into this category.

- (1) Cases in which a Large-Scale Acquisition that poses the risk of materially damaging the Company's corporate value and the common interests of shareholders due to any of the following actions i. through iv.
 - i) Cases in which the Large-Scale Acquirer has no intention of truly participating in the management of the company and makes the Large-Scale Acquisition with the sole purpose of causing the company's related parties to purchase the shares at an inflated price
 - ii) Cases in which the Large-Scale Acquirer makes the Large-Scale Acquisition for the purpose of implementing so-called scorched-earth management, which would include actions such as temporarily controlling management of the Company and thereby facilitating the transfer to said Large-Scale Acquirer, companies in its group or other parties of components essential to business management of the

Company: e.g., know-how, trade secret information, major business partners, customers, etc.

- iii) Cases in which the Large-Scale Acquisition is judged to be made for the purpose of diverting the Company's assets to secure or repay the debts of the Large-Scale Acquirer, its group companies or other parties.
 - iv) Cases in which the Large-Scale Acquisition is judged to be made for temporarily controlling the management of the company and forcing it to sell or otherwise dispose of real estate, securities and other high-value assets, and using the profits from the disposal to temporarily pay high dividends, or to sell the shares at a high price by taking advantage of the opportunity afforded by the sharp rise in the share price due to temporary high dividends.
- (2) Cases in which a method of purchase of the Company's shares proposed by the Large-Scale Acquirer restricts the opportunity of shareholders or their freedom to make a judgment, and which would be judged to in effect pose the risk of forcing shareholders to sell their shares in the Company. This would include a method such as the so-called coercive two-stage buy-out (i.e., where the acquirer does not solicit the purchase of all the shares in the initial purchase, but sets unfavorable or unclear conditions for the second stage of the purchase in a tender offer or other acquisition approach to shares).
- (3) Cases in which it is reasonable to believe that the terms of the purchase of the Company's shares proposed by the Large-Scale Acquirer (e.g. the price and type of the purchase offer, the basis for calculating the amount of the offer, the timing of the purchase, etc.) can be considered to be markedly insufficient or inappropriate in light of the Company's corporate value
- (4) Cases in which it is judged that the acquisition of control by the Large-Scale Acquirer poses the risk of consequences that are clearly detrimental to the corporate value of the Company and the common interests of its shareholders. This judgment would be based on reasons such as possible destruction of the Company's corporate culture and relationships with customers, employees, business partners, suppliers, and local communities, as well as the risk of grave damage to the interests of the Company's shareholders, customers, employees, and other stakeholders.
- (5) Cases in which it is reasonable to believe that the Large-Scale Acquirer would not be an appropriate controlling shareholder of the Company from the viewpoint of public

order and morals due to reasons such as the Large-Scale Acquirer's management or investors including persons connected with antisocial forces.

- (6) Cases in which it is judged that the corporate value of the Company would be clearly more inferior if the Large-Scale Acquirer acquires control of the Company than if it does not
- (7) Cases consistent with (1) or (6) above in that the corporate value of the Company and the common interests of its shareholders would be markedly compromised.

III. Resolution by the Board of Directors and Confirmation of the Will of Shareholders

In the event that a Large-Scale Acquisition has been conducted without compliance with the Large-Scale Acquisition Rules, or in the event that a Large-Scale Acquisition is deemed clearly detrimental to the corporate value and the common interests of shareholders, the Board of Directors shall respect the recommendation of the Independent Committee to the maximum extent and render a resolution about whether or not to invoke countermeasures and/or other necessary resolutions.

If the Independent Committee, in recommending the implementation of a countermeasure, adds a provision to the effect that the shareholders' will should be confirmed in advance, the Board of Directors shall, unless it is extremely difficult to hold such a meeting from a practical standpoint, hold a general meeting of shareholders (hereinafter referred to as the "General Meeting to Confirm the Will of Shareholders") to confirm the will of shareholders within the shortest time practical and submit a proposal for the invocation of countermeasures. The General Meeting to Confirm the Will of Shareholders may be held in conjunction with the Annual General Meeting of Shareholders or the Extraordinary Meeting of Shareholders. If the Board of Directors decides to hold the General Meeting to Confirm the Will of Shareholders, the Board Assessment Period shall be terminated at that time. If said General Meeting to Confirm the Will of Shareholders passes a proposal for invocation of countermeasures, the Board of Directors of the Company shall pass a resolution for implementation of the countermeasures and take necessary procedures in accordance with the decision made at the General Meeting to Confirm the Will of Shareholders. Conversely, if a proposal for the invocation of countermeasures is rejected at said General Meeting to Confirm the Will of Shareholders, the Board of Directors of the Company shall pass a resolution for non-implementation of the countermeasures.

If the Board of Directors of the Company passes the above resolution, the Company shall

disclose the Board of Directors' opinion and the reasons for that opinion, as well as other information deemed appropriate, in a timely and appropriate manner and in accordance with laws and regulations and the rules of the relevant stock exchanges.

IV. Suspension or Discontinuation of the Invocation of Countermeasures

Even after the recommendation for invocation of countermeasures has been made by the Independent Committee, if the Large-Scale Acquisition is withdrawn or if there is any change in the facts on which the decision about the recommendation was based, the Board of Directors may, while respecting the recommendation of the Independent Committee to the maximum extent possible, decide to suspend implementation of the countermeasures or take otherwise similar action. If the above resolution is passed, the Company shall disclose the Board of Directors' opinion and the reasons for such opinion, as well as other information deemed appropriate, in a timely and appropriate manner and in accordance with laws and regulations and the rules of the relevant stock exchanges.

5. Impact on Shareholders and Investors

I. Other Factors such as the Impact on Shareholders and Investors at the Time of Renewal of the Policy

As no share options will be issued at the time of the renewal of the Policy, there will be no direct or concrete impact on the rights of shareholders and investors.

By providing the information necessary for shareholders to decide whether or not to accept the Large-Scale Acquisition, as well as the opinion on this and other related matters such as alternatives to the Large-Scale Acquisition of the Board of Directors as stewards of management of the Company, there are two objectives of the Policy. One objective is to provide shareholders with the opportunity to be able to fully examine the proposal of the Large-Scale Acquirer and make an appropriate decision about whether or not to accept the proposal. The other objective is to guarantee the opportunity to be provided with an alternative proposal. We believe that the establishment of the Policy is in the best interest of shareholders and investors, as it is predicated on shareholders and investors being able to make the appropriate investment decision.

II. Impact on Shareholders and Investors at the Time of the Invocation of Countermeasures

Regardless of whether or not the Large-Scale Acquirer complies with the Large-Scale Acquisition Rules, when the Large-Scale Acquisition is deemed as possibly causing irreparable damage to the Company, and when the Board of Directors determines that the Large-Scale Acquisition will significantly damage the Company's corporate value and the common interests of shareholders, for the purpose of protecting the corporate value and the common interests of shareholders, the Board of Directors may implement an allotment of share options without contribution to shareholders who hold the shares in the Company on a separately set allotment day in proportion to the number of shares they hold. If shareholders who receive such an allotment follow the procedures described in 3 below within the prescribed exercise period, no dilution of shares will occur. In the event the same procedure is not followed, dilution of the Company's shares held by the shareholders will occur as a result of the exercising of the stock acquisition rights by other shareholders. However, if the Company follows the procedure to acquire stock acquisition rights in exchange for the Company's shares, such dilution will not occur because the shareholders will acquire the Company's shares in exchange for the allotment of share options without contribution by the Company, even without following the procedures described in 3 below. However, if the Board of Directors suspends the issuance of share options or acquires the issued share options free of charge, there will be no dilution of the value of each share. Therefore, shareholders or investors who traded on the assumption that the value of the Company's shares will be diluted on after the ex-rights date of the gratis allocation of such share options may suffer unforeseen losses due to fluctuations in the share price.

In the event that the Board of Directors of the Company decides to invoke specific countermeasures against such a Large-Scale Acquisition, the details of the countermeasures will be promptly disclosed in a timely and appropriate manner in accordance with laws and regulations and stock exchange rules, etc.

III. Procedures Required of Shareholders due to the Invocation of Countermeasures

In the event that share options are issued through an allotment of share options without contribution as a possible countermeasure, share options will be allotted to shareholders who are recorded in the final register of shareholders on the day of allotment determined by the Board of Directors, so it is necessary that recording in the register of shareholders be completed by the record date of allotment in order to receive the allocation of share options.

In addition, in the event that shares are acquired through the exercise of share options, it

may be necessary to pay a certain cash amount within a specified period. Details of such procedures will be separately announced in accordance with laws and regulations when the share options are actually issued.

6. Commencement of Application of the Policy and the Period It Will Be in Effect

Subject to the approval of shareholders at the General Meeting of Shareholders, the Policy shall become effective as of the close of the General Meeting of Shareholders and remain in effect until the close of the Annual General Meeting of Shareholders for the last fiscal year ending within three years. The Company plans to ask shareholders to vote on whether or not to continue the Policy at the Annual General Meeting of Shareholders at the time of expiration of the effective period. However, even before the expiration of the effective period, the Policy can be abolished by a resolution of the General Meeting of Shareholders or by a resolution of the Board of Directors. Should the establishment or amendment of related laws and regulations, changes in response by securities exchanges and other related ministries and agencies, or other factors have impact on ensuring and enhancing the Company's corporate value and the common interests of shareholders, the Policy is subject to amendment or revision by the Board of Directors as necessary. In the event that the Policy is abolished, amended, or changed, the Company will promptly disclose the pertinent facts and other matters such as the actual changes, as well as other necessary matters.

(Note 1) The term "Specified Group of Shareholders" shall mean the holders (as defined in Article 27-23(1) of the Financial Instruments and Exchange Act, including holders based on paragraph 3 of the same Article) of Share Certificates, etc. (as defined in Article 27-23(1) of the same Act) of the Company and their joint holders (as defined in Article 27-23(5) of the same Act, and those deemed as joint holders in accordance with paragraph 6 of the same Article), and persons who purchase (as defined in Article 27-2(1) of the same Act, including those made in a financial instruments exchange market) the Company's share certificates, etc. (as defined in Article 27-2(1) of the same Act) and those in a special relationship with the person (refer to Person in Special Relationship specified in Article 27-2(7) of the same Act).

(Note 2) In accordance with the specific purchase method of a Specified Group of

Shareholders, the percentage of voting rights shall mean (i) the holding ratio of share certificates, etc. (as defined in Article 27-23(4) of the Financial Instruments and Exchange Act; in this case, the number of share certificates, etc. held by joint holders (refer to the number of Share Certificates, etc. held as stipulated in the same paragraph) shall also be taken into account in the calculation) held by the holder in the case where the Specified Group of Shareholders is a holder and a joint holder of the Company's Share Certificates, etc. (as defined in Article 27-23(1) of the same Act), or (ii) the total holding ratio of share certificates, etc. (as defined in Article 27-2(8) of the same Act) held by the Large-Scale Acquirer and Person in Special Relationship in the case where the Specified Group of Shareholders is a Large-scale Acquirer of the Company's share certificates, etc. (as defined in Article 27-2(1) of the same Act) and Person in Special Relationship with the Acquirer. In calculating each Holding Ratio of Share Certificates, etc., the total number of voting rights (specified in Article 27-2(8) of the same Act) and shares issued (specified in Article 27-23(4) of the same Act) shall be determined by referring to the most recently filed report from among the filed securities report, filed quarterly report, and filed treasury stock purchase status report.

(Note 3) Share certificates, etc., shall refer to Share Certificates, etc., specified in Article 27-23, paragraph 1 of the Financial Instruments and Exchange Act.

Summary of the Independent Committee

- The purpose of the Independent Committee with respect to the Response Policy shall be to ensure the appropriateness of its operation along with the fairness and transparency of the decisions made by the Board of Directors in the event of a large-scale acquisition.
- The Independent Committee shall be established by a resolution of the Board of Directors.
- The Independent Committee shall have at least three members.
- Members of the Independent Committee shall be appointed by the Board of Directors based on the resolution from among the following persons.
 - (i.) Outside Directors (including substitute Outside Directors)
 - (ii.) Outside Auditors (including substitute Outside Auditors)
 - (iii.) A person who is independent of the Company's management team that executes business operations on behalf of the Company, such as an experienced corporate manager, lawyer, accountant, or similar person.
- The term of office of each member of the Independent Committee shall expire at the conclusion of the Annual General Meeting of Shareholders to be held in 2025. However, this shall not apply if otherwise determined by a resolution of the Board of Directors of the Company. In addition, if a member of the Independent Committee who is an Outside Director or Outside Auditor ceases to be an Outside Director or Outside Auditor (except in the case of reappointment), the term of office as a member of the Independent Committee shall also end at the same time.
- Resolutions of the Independent Committee shall, in principle, be adopted by a majority of the votes of all the members of the Independent Committee present. However, in case of unavoidable circumstances, resolutions of the Independent Committee shall be adopted by a majority of the votes of the members of the Independent Committee in attendance at a meeting where a majority of the members of the Independent Committee must be present.
- Each member of the Independent Committee may convene a meeting of the Independent Committee at any time in the event of a large-scale acquisition.
- The Independent Committee may, at the Company's expense, obtain advice from independent third parties (including financial advisors, certified public accountants, lawyers, consultants and other experts).
- In order to gather necessary information, the Independent Committee may request the attendance of the Company's Directors, Auditors, employees, and any other persons the Independent Committee deems necessary, and may request explanations regarding any matters the Independent Committee deems necessary.

- The Independent Committee shall make recommendations with respect to matters on which the Board of Directors of the Company has consulted the Independent Committee concerning matters on which the Board of Directors of the Company should make decisions.

End

Independent Committee Members: Names and Personal Records

The four individuals below are scheduled to act as independent committee members for our policy update.

Kinya Naito

Personal record:

April 1986	Admitted to the bar
March 1999	Established Naito Law Office
June 2003	Outside Auditor, Ikko Corporation (currently J Trust Co., Ltd.)
February 2004	Established Mizuho Partners Law Office
April 2012	Vice President, Osaka Bar Association Executive Governor, Kinki Federation of Bar Association
April 2014	Part-time Auditor, National University Corporation Osaka University
June 2016	Outside Auditor of the Company Outside Director, FALCO HOLDINGS Co., Ltd. (to present)
April 2017	Established Naito Law Office (to present)
June 2017	Outside Director of the Company (to present)
April 2019	Member of Personnel Inspection Commission, Osaka Prefectural Government
January 2020	Chairman, Development Investigation Committee, Osaka City

Keiko Yamahira

Personal record:

April 1983	Joined Kubota House Co., Ltd. (currently Sanyo Homes Corporation)
April 2010	Officer, SANYO Homes Corporation (currently Sanyo Homes Corporation)
June 2011	Director, Executive Officer of SANYO Homes Corporation
June 2012	Director, SANYO Reform Corporation (currently Sanyo Reform Corporation) (concurrent)
June 2013	Director & Senior Executive Officer, Sanyo Homes Corporation Director, SunAdvance, Inc. (concurrent) Director, Sanyo Homes Community Corporation (concurrent)
June 2015	President & Director, Sanyo Homes Corporation
April 2017	Chairman and Representative Director, Sanyo Homes Community Corporation
April 2019	Advisor to the Company
June 2019	Outside Director, Fujitec Co., Ltd. (to present) Outside Director of the Company (to present)
June 2021	Outside Director, Takara Leben Co., Ltd. (to present) (Keiko Yamahira is scheduled to assume office as Outside Director of Shinagawa Refractories Co., Ltd. on June 29, 2022.)

Junko Kawano (name on the family registry is Junko Yamanouchi)

Personal record:

April 1986	Joined Recruit Co., Ltd.
October 1991	Deputy Head Editor of <i>Shukan Jutaku Joho</i> , Japan's housing magazine
January 1997	Head Editor of <i>Travail</i> , Japan's first career change magazine for women
April 2006	Leader of Women's Life & Career Research Team (concurrent position)
June 2008	Retired from Recruit Co., Ltd.

July 2008	Joined Sumitomo Corporation Lifestyle & Retail Business Division
October 2008	Leader of Transmedia Team
April 2012	Leader of Global Education Business Team
February 2013	Director, Institute of Global Human Capital Strategies Co., Ltd. (concurrent position)
June 2017	Retired from Sumitomo Corporation
March 2018	Established Kawano Junko Office (to present) Chief Marketing Officer, Life Shift Japan Co., Ltd. (to present)
September 2019	Board Member, Non-Profit Organization Tokyo International Progressive School (to present)
April 2020	Senior Researcher of Keio Research Institute at SFC (to present)
June 2021	Outside Director of the Company (to present)
December 2021	Director and Chief Marketing Officer, Life Shift Japan Co., Ltd. (to present)
April 2022	Outside Director, DyDo Group Holdings, Inc. (to present)

Seiji Nishikawa

Personal record:

April 1980	Joined Nippon Telegraph and Telephone Public Corporation (currently Nippon Telegraph and Telephone Corporation)
July 1987	Lead Engineer, Mobile Communications Division, Nippon Telegraph and Telephone Corporation
April 1992	Chief Engineer, Information Systems Department, Mobile Communications Division, Nippon Telegraph and Telephone Corporation
July 1992	Chief Engineer, Information Systems Department, NTT Mobile Communications Network, Inc. (currently NTT DOCOMO, INC.)
April 2000	Chief Engineer, Information Systems Department, NTT DoCoMo, Inc. (currently NTT DOCOMO, INC.)
October 2001	Executive Chief Engineer, Information Systems Department, NTT DoCoMo, Inc.
June 2003	Department Manager, Information Systems Department, NTT DoCoMo, Inc.
June 2006	Department Manager, Information Systems Department and Executive Officer, NTT DoCoMo, Inc. Director, NTT DoCoMo Kyushu, Inc. (currently NTT DOCOMO, INC.) (concurrent position)
June 2012	Department Manager, Information Systems Department and Chief Information Officer, NTT DoCoMo, Inc.
June 2013	President and Chief Executive Officer, DOCOMO Systems, Inc. (concurrent position)
March 2021	Member of the Mizuho Bank's independent System Failure Special Investigative Committee
June 2022	Scheduled to become an Outside Director of the Company

The individuals listed above have no direct stake in the Company.

As required by the Tokyo Stock Exchange for the protection of ordinary shareholders, we have registered Kinya Naito, Keiko Yamahira, and Junko Kawano as independent directors of the Company. If Seiji Nishikawa's selection is approved as an outside director of the Company at the General Meeting of Shareholders, he will also be registered as an independent director with the Tokyo Stock Exchange.

End

Summary of the Allotment of Share Options without Contribution

1. Shareholders to whom share options shall be granted and the terms and conditions of their issuance

The Company shall allot one (1) share option for every one (1) common share in the Company held by the shareholders recorded in the final shareholders' register as of the allotment date determined by the Board of Directors of the Company (excluding, however, the number of common shares of the Company held by the Company as of the same date).

2. Type and number of shares to be issued upon exercise of the share options

The type of shares to be issued upon the exercise of share options shall be common shares in the Company, and the number of shares to be issued upon exercise of each share option shall be determined separately by the Board of Directors of the Company within the authorized limit at the time of the resolution to issue such share options.

3. Issue price of share options

The issue price of share options shall be without contribution.

4. Amount to be paid upon exercise of share options

The amount to be paid upon the exercise of share options shall be one (1) yen or more, which shall be separately determined by the Board of Directors of the Company in the resolution for issuance of share options.

5. Restriction on transfer of share options

Acquisition of share options by transfer shall require the approval of the Board of Directors of the Company.

6. Exercise period for share options, etc.

The period during which share options may be exercised and other necessary matters shall be separately determined by the Board of Directors of the Company.

7. Conditions for the exercise of share options

Conditions for the exercise of share options shall be stipulated, including that exercise shall not be permitted for persons belonging to the Specified Group of Shareholders whose ratio of voting rights is 20% or more. Details shall be separately determined by the Board of Directors of the Company.

8. Acquisition of share options by the Company

- (i.) The Company may acquire all share options without contribution on any date separately determined by the Board of Directors of the Company if the Board of Directors of the Company deems it appropriate for the Company to acquire share options up to the day before the commencement date of the exercise period of share options.
- (ii.) On a date separately determined by the Board of Directors, the Company may acquire all unexercised share options held by persons other than those who are not permitted to exercise share options under the exercise

conditions in 7 above by the business day preceding such date as determined by the Board of Directors, and, in exchange, issue the number of shares of the Company to be issued for each share option. The Company may acquire such share options more than once.

In the event that the Company acquires share options held by persons who are not permitted to exercise their share options, no money or other economic consideration shall be issued.

9. The provisions of laws and regulations cited above are based on the provisions in force as of March 31, 2022. In the event that it becomes necessary to revise any of the provisions or the meanings of terms, etc. set forth in the above provisions due to the establishment, amendment, abolishment, etc. of laws and regulations after the date hereof, the provisions or the meanings of terms, etc. set forth in the above provisions may be read or revised within reasonable limits as appropriate, taking into consideration the purpose of such establishment, amendment, abolishment, etc.

End

Company Share Information

Current as of March 31, 2022

- | | |
|---|------------|
| 1. Total number of authorized shares | 99,000,000 |
| 2. Total number of outstanding shares | 28,000,000 |
| 3. Number of shareholders | 54,977 |
| 4. Major shareholders (ten largest by shares) | |

Shareholders	Number of Shares Held (Thousand shares)	Shareholding Ratio (%)
The Master Trust Bank of Japan, Ltd. (trust account)	2,695	10.04
Joshin Denki Employee Shareholding Association	1,790	6.67
The Dai-ichi Life Insurance Company, Limited	1,350	5.03
Resona Bank, Limited	1,200	4.47
Custody Bank of Japan, Ltd. (trust account)	896	3.34
Sharp Corporation	542	2.02
Sompo Japan Insurance Inc.	506	1.88
Daikin Industries, Ltd.	447	1.66
Sumitomo Mitsui Trust Bank, Limited	420	1.56
Mitsubishi UFJ Trust and Banking Corporation	400	1.49

*1,178,398 treasury shares were subtracted to calculate the shareholding ratios.

End