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(Stock Exchange Code 3048)

November 2, 2020

**To Shareholders with Voting Rights:**

Kazuyoshi Kimura  
Representative Director and President  
BIC CAMERA INC.  
3-23-23, Takada, Toshima-ku, Tokyo

**NOTICE OF  
THE 40TH ANNUAL GENERAL MEETING OF SHAREHOLDERS**

Dear Shareholders:

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

We are pleased to announce the 40th Annual General Meeting of Shareholders of BIC CAMERA INC. (the “Company”). The meeting will be held for the purposes as described below.

**Considering the current impact of the novel coronavirus disease (COVID-19), we kindly ask you to refrain from attending the meeting in person this year, regardless of your health condition. Please review the attached “Reference Documents for the General Meeting of Shareholders” and exercise your voting rights via the Internet or in writing (via postage) by 6:00 p.m. on Wednesday, November 18, 2020 (JST).**

1. **Date and Time:** Thursday, November 19, 2020, at 10:00 a.m. (JST)
2. **Venue:** Large Hall, Itabashi Culture Hall  
51-1, Oyama-higashicho, Itabashi-ku, Tokyo

**3. Meeting Agenda:**

**Matters to be reported:**

- (1) The Business Report, Consolidated Financial Statements for the Company’s 40th Fiscal Year (September 1, 2019 - August 31, 2020) and results of audits by the Accounting Auditor and the Board of Corporate Auditors regarding the Consolidated Financial Statements
- (2) Non-consolidated Financial Statements for the Company’s 40th Fiscal Year (September 1, 2019 - August 31, 2020)

**Matters to be resolved:**

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|--------------------|--|
| <b>Proposal 1:</b> | Appropriation of Surplus   |
| <b>Proposal 2:</b> | Partial Amendments to the Articles of Incorporation  |
| <b>Proposal 3:</b> | Election of 10 Directors (Excluding Directors Who Are Audit and Supervisory Committee Members)                           |
| <b>Proposal 4:</b> | Election of 3 Directors Who Are Audit and Supervisory Committee Members  |
| <b>Proposal 5:</b> | Election of 1 Substitute Director Who Is an Audit and Supervisory Committee Member                                       |
| <b>Proposal 6:</b> | Determination of Remuneration Amount for Directors (Excluding Directors Who Are Audit and Supervisory Committee Members) |
| <b>Proposal 7:</b> | Determination of Remuneration Amount for Directors Who Are Audit and Supervisory Committee Members                       |

**Proposal 8:** Determination of Amount of Remuneration, Etc. in the Form of Share Remuneration-type Stock Options for Directors (Excluding Directors Who Are Audit and Supervisory Committee Members and Outside Directors) and Specific Details Thereof

#### **4. Guidance on the Exercise of Voting Rights**

Please refer to Guidance on the Exercise of Voting Rights on pages 3 to 6.

#### **5. Other Matters regarding This Notice of Convocation**

Among the documents to be provided with this notice of convocation, “Major Business Offices” and “Systems for Ensuring Appropriate Business Operations and Operational Status Thereof” of the Business Report, “Consolidated Statement of Changes in Shareholders’ Equity” and “Notes to Consolidated Financial Statements” of the Consolidated Financial Statements, and “Non-consolidated Statement of Changes in Shareholders’ Equity” and “Notes to Non-consolidated Financial Statements” of the Non-consolidated Financial Statements are not enclosed herewith but provided separately at the Company’s website (<https://www.biccamera.co.jp/ir/english/download.html>) in accordance with laws and regulations and Article 14 of the Company’s Articles of Incorporation. Consequently, the Attached Documents to this notice of convocation are part of the documents that were audited by the Corporate Auditors and the Accounting Auditor in preparing the Audit Reports.

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- Any changes in Reference Documents for the General Meeting of Shareholders, Business Report, Consolidated Financial Statements and Non-consolidated Financial Statements will be posted on the Company’s website (<https://www.biccamera.co.jp/ir/english/download.html>) on the Internet.
  - Upon attending the meeting, please present the enclosed Voting Rights Exercise Form to the receptionist at the venue of the meeting.
  - **If the venue becomes unavailable due to the future status of the COVID-19 infection or other reasons, we will hold the General Meeting of Shareholders at our Training Center (5-12-13, Nishi-ikebukuro, Toshima-ku, Tokyo) from 11:00 a.m. (JST). Any changes to the operation of the General Meeting of Shareholders, including the change of venue or start time, will be notified on the Company’s website (<https://www.biccamera.co.jp/ir/>). Please make sure to check the information in advance.**

## **Guidance on the Exercise of Voting Rights**

You may exercise your voting rights using one of the following three methods.

### **Exercising Your Voting Rights via the Internet**

Please follow the instructions on pages 4 to 5 to log into the Website for Exercise of Voting Rights from your smartphone or computer and input approval or disapproval for proposals.

Deadline:

Must be completed by Wednesday, November 18, 2020, at 6:00 p.m. (JST)

### **Exercising Voting Rights in Writing (via Postage)**

Please indicate your votes of approval or disapproval for proposals on the enclosed Voting Rights Exercise Form and return the form to the Company. You do not need to affix a stamp.

Deadline:

Must be received by Wednesday, November 18, 2020, at 6:00 p.m. (JST)

### **Attending the General Meeting of Shareholders**

Please present the enclosed Voting Rights Exercise Form to the receptionist at the venue of the meeting.

Date and Time:

Thursday, November 19, 2020, at 10:00 a.m. (JST) (Reception opens at 9:00 a.m.)

\* If you exercise your voting right in duplicate both via the Internet and in writing (via postage), the Company will only deem your exercise via the Internet valid.

\* If you exercise your voting rights via the Internet, etc. more than once, the latest vote shall be accepted as the valid exercise of your voting rights.

## Exercising Your Voting Rights via the Internet

Deadline: Must be completed by Wednesday, November 18, 2020, at 6:00 p.m. (JST)

### **“Smart Vote” method Scanning the login QR Code**

You can simply log in to the website for exercising voting rights without entering your voting code and password.

#### **1. Please scan QR Code provided at the bottom right of the Voting Rights Exercise Form.**



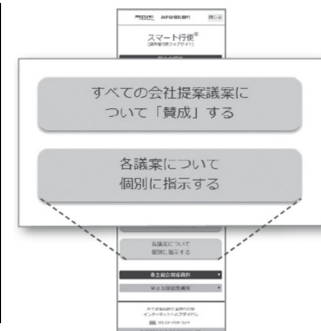
- \* “QR Code” is a registered trademark of DENSO WAVE INCORPORATED.
- \* The actual Voting Rights Exercise Form may differ from the image.

#### **2. Please enter your approval or disapproval according to the guidance given on the screen.**

Note that your voting rights can be exercised only once by using the “Smart Vote” method.

If you need to make a correction to the content of your vote after you have exercised your voting rights, please access the website for personal computer and log in by entering the “voting right exercise code” and “password” printed on the Voting Rights Exercise Form, and exercise your voting rights again.

\* You can access the website for personal computer by scanning the QR Code again.



## Entering the Code and Password for Exercising Voting Rights

Website for Exercise of Voting Rights: <https://soukai.mizuho-tb.co.jp/>

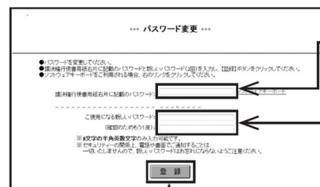
1. Please access the Website for Exercise of Voting Rights.



2. Please enter the "voting right exercise code" printed on the enclosed Voting Rights Exercise Form.



3. Please enter the "initial password" printed on the enclosed Voting Rights Exercise Form.



4. Please enter your approval or disapproval according to the guidance given on the screen.



\* The actual screen displayed to you may differ from the image.

(Please note)

- The password (including the password changed by the shareholder) is valid only for this General Meeting of Shareholders. New passwords will be issued for the next General Meeting of Shareholders.
- The password is a tool to identify the person who is voting as the shareholder himself/herself. Please note that the Company will not contact shareholders regarding their passwords.
- If you enter an incorrect password more than a certain number of times, the password will be locked and become invalid. If it is locked, please follow the guidance on the screen.
- The cost for the Internet connection is to be borne by the shareholders.
- Depending on the Internet usage environment, etc. of your computer or smartphone, etc. you might not be able to use the Website for Exercise of Voting Rights.

<p>In case you need instructions for how to operate your computer, smartphone or mobile telephone in order to exercise your voting rights via the Internet, please contact:</p>	<p>Mizuho Trust &amp; Banking Co., Ltd., Stock Transfer Agency Department                  Internet Help Dial                  0120-768-524                  (Operating Hours: 9:00 a.m. through 9:00 p.m. (JST) on business days, only in Japan)</p>
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Institutional investors may use the Electronic Voting Platform for institutional investors operated by ICJ, Inc.

### Exercising Voting Rights in Writing (via Postage)

Please indicate your votes of approval or disapproval for proposals on the enclosed Voting Rights Exercise Form and return the form to the Company. You do not need to affix a stamp.

Deadline: Must be received by Wednesday, November 18, 2020, at 6:00 p.m. (JST)

#### Guidance on Filling out Voting Rights Exercise Form

The form contains the following elements:

- Title: 議決権行使書 (Voting Rights Exercise Form)
- Fields: 株主番号 (Shareholder Number), 議決権の数 (Number of Shares), XX 株 (XX Shares)
- Grid: A table with 4 columns and 8 rows for voting on proposals.
- Text: 御中 (To the Honorable), ××××年 ×月××日 (Date)
- Bottom: 〇〇〇〇〇〇 (Barcode/ID), 〇〇〇〇〇〇 (Barcode/ID), 〇〇〇〇〇〇 (Barcode/ID)

Please input your approval or disapproval of the proposals here.

#### Proposals 1, 2, 5, 6, 7 and 8

- If you approve >> Write a circle in the “Approve” column.
- If you disapprove >> Write circle in the “Disapprove” column.

#### Proposals 3 and 4

- If you approve of all the candidates >> Write a circle in the “Approve” column.
- If you disapprove of all the candidates >> Write a circle in the “Disapprove” column.
- If you disapprove of some of the candidates >> Write a circle in the “Approve” column, and fill the candidate number of the candidate(s) you disapprove of.

## Reference Documents for the General Meeting of Shareholders

### Proposals and References

#### Proposal 1: Appropriation of Surplus

The Company considers the distribution of profits to shareholders as one of the most important management issues, and has its basic policy to pay appropriate dividends according to its performance.

For the year-end dividend for the current fiscal year, it is our deep regret that, under the harsh business environment, we have to propose a payment of ¥3 per share given the current business performance, future business development, and other factors.

As the Company has already paid an interim dividend of ¥10 per share in May 2020, the annual dividend for the current fiscal year will be ¥13 per share, a decrease of ¥7 from the previous fiscal year. We sincerely apologize to our shareholders for this decision. Your understanding and patience will be greatly appreciated.

(1) Type of dividend property

Cash

(2) Matters concerning allocation of dividend property to shareholders and its total amount

The Company proposes to pay a dividend of ¥3 per common share of the Company.

In this event, the total dividends will be ¥527,803,512.

(3) Effective date of the distribution of surplus

November 20, 2020

**Proposal 2: Partial Amendments to the Articles of Incorporation**

1. Reasons for proposal

- (1) The Company has decided to make a transition to a company with audit and supervisory committee in order to strengthen the supervision function of the Board of Directors, further enhance corporate governance and expedite decision-making. Accordingly, the Company proposes to add new provisions relating to the Audit and Supervisory Committee and Audit and Supervisory Committee Members and delete the provisions relating to the Board of Corporate Auditors and Corporate Auditors, along with other required changes.
- (2) In making the transition to a company with audit and supervisory committee, we propose to change the provisions that allow the Company to enter into limitation of liability agreements with its Outside Directors and Corporate Auditors to those that allow it to enter into such agreements with its Directors (excluding executive Directors). The Company has obtained the consent of all Corporate Auditors for the proposed amendment to Article 31 (Limitation of Liability Agreements with Directors).

2. Details of amendments

The details of the amendments are as follows.

Partial amendments to the Articles of Incorporation in this proposal will take effect at the conclusion of this meeting.

(Amendments are indicated by underlining.)

Current Articles of Incorporation	Proposed Amendment
<p style="text-align: center;">Chapter I General Provisions</p> <p>Article 1. to 4. (Omitted)</p>	<p style="text-align: center;">Chapter I General Provisions</p> <p>Article 1. to 4. (Unchanged)</p>
<p style="text-align: center;">Chapter II Shares</p> <p>Article 5. to 11. (Omitted)</p>	<p style="text-align: center;">Chapter II Shares</p> <p>Article 5. to 11. (Unchanged)</p>
<p style="text-align: center;">Chapter III General Meeting of Shareholders</p> <p>Article 12. to 17. (Omitted)</p>	<p style="text-align: center;">Chapter III General Meeting of Shareholders</p> <p>Article 12. to 17. (Unchanged)</p>
<p style="text-align: center;">Chapter IV Directors and Board of Directors</p> <p>Article 18. (Omitted) (Number of Directors)</p> <p>Article 19. The Company shall have not more than 20 Directors.</p>	<p style="text-align: center;">Chapter IV Directors and Board of Directors</p> <p>Article 18. (Unchanged) (Number of Directors)</p> <p>Article 19. 1. The Company shall have not more than 20 Directors <u>(excluding Directors who are Audit and Supervisory Committee Members).</u></p>
<p style="text-align: center;">(Newly established)</p> <p>(Method of Election)</p>	<p>2. <u>The Company shall have not more than six Directors who are Audit and Supervisory Committee Members.</u></p> <p>(Method of Election)</p>
<p>Article 20.</p> <p>1. Directors shall be elected by resolution of a general meeting of shareholders.</p> <p>2. Resolutions on the election of a Director shall be made by a majority of the votes of the shareholders present at the meeting where the shareholders holding at least one-third of the voting rights of the shareholders entitled to exercise their votes at such meetings are present.</p> <p>3. Resolutions for the election of Directors shall not be conducted by cumulative voting.</p>	<p>Article 20.</p> <p>1. Directors <u>(excluding Directors who are Audit and Supervisory Committee Members) and Directors who are Audit and Supervisory Committee Members</u> shall be elected <u>separately</u> by resolution at a general meeting of shareholders.</p> <p>2. Resolutions on the election of a Director shall be made by a majority of the votes of the shareholders present at the meeting where the shareholders holding at least one-third of the voting rights of the shareholders entitled to exercise their votes at such meetings are present.</p> <p>3. Resolutions for the election of Directors shall not be conducted by cumulative voting.</p>



Current Articles of Incorporation	Proposed Amendment
<p>(Newly established)</p>	<p><u>4. The Company may elect a Substitute Director who is an Audit and Supervisory Committee Member at a general meeting of shareholders, to be ready to fill a vacant position should the number of Directors who are Audit and Supervisory Committee Members fall below the number required by laws and regulations.</u></p>
<p>(Term of Office) Article 21. The term of office of a Director shall expire at the conclusion of the annual general meeting of shareholders for the last business year out of the business years terminating within one year after the election of the Director.</p>	<p>(Term of Office) Article 21. 1. The term of office of a Director (<u>excluding a Director who is an Audit and Supervisory Committee Member</u>) shall expire at the conclusion of the annual general meeting of shareholders for the last business year out of the business years terminating within one year after the election of the Director.</p>
<p>(Newly established)</p>	<p>2. <u>The term of office of a Director who is an Audit and Supervisory Committee Member shall expire at the conclusion of the annual general meeting of shareholders for the last business year out of the business years terminating within two years after the election of the Director.</u></p>
<p>(Newly established)</p>	<p>3. <u>The term of office of a Director who is an Audit and Supervisory Committee Member who is elected as the substitute for a Director who is an Audit and Supervisory Committee Member who retired from office before the expiration of the term of office shall continue until the time the term of office of the Director who is an Audit and Supervisory Committee Member who retired from office is to expire.</u></p>
<p>(Representative Directors and Directors With Special Titles) Article 22. 1. Representative Director(s) shall be appointed by resolution of the Board of Directors.</p>	<p>(Representative Directors and Directors With Special Titles) Article 22. 1. Representative Director(s) shall be appointed <u>from Directors (excluding Directors who are Audit and Supervisory Committee Members)</u> by resolution of the Board of Directors.</p>
<p>2. The Board of Directors may appoint, by its resolution, one Director and President, one Director and Chairman, one or a small number of Director and Vice Chairmen, one or a small number of Director and Vice Presidents, one or a small number of Senior Executive Directors, and one or a small number of Managing Directors.</p>	<p>2. The Board of Directors may appoint, by its resolution, one Director and President, one Director and Chairman, one or a small number of Director and Vice Chairmen, one or a small number of Director and Vice Presidents, one or a small number of Senior Executive Directors, and one or a small number of Managing Directors.</p>
<p>(Convener and Chairmanship of Meeting of the Board of Directors) Article 23. 1. Unless otherwise provided for by laws and regulations, the Director and President shall convene meetings of the Board of Directors and chair the meetings. 2. In cases where the Director and President is prevented from so acting, another Director who is designated in accordance with an order of priority determined in advance by the Board of Directors shall convene a meeting of the Board of Directors and chair the meeting.</p>	<p>(Convener and Chairmanship of Meeting of the Board of Directors) Article 23. 1. Unless otherwise provided for by laws and regulations, the Director and President shall convene meetings of the Board of Directors and chair the meetings. 2. In cases where the Director and President is prevented from so acting, another Director who is designated in accordance with an order of priority determined in advance by the Board of Directors shall convene a meeting of the Board of Directors and chair the meeting.</p>
<p>(Newly established)</p>	<p>3. <u>Notwithstanding the preceding two paragraphs, Audit and Supervisory Committee Members designated by the Audit and Supervisory Committee may convene meetings of the Board of Directors.</u></p>

Current Articles of Incorporation	Proposed Amendment
<p>(Notice of Meeting of the Board of Directors) Article 24.</p> <p>1. When convening a meeting of the Board of Directors, a notice shall be dispatched to each Director <u>and each Corporate Auditor</u> at least three days before the day of the meeting. However, this period may be reduced in case of urgent needs.</p> <p>2. With the consent of all Directors <u>and Corporate Auditors</u>, a meeting of the Board of Directors may be held without following the convening procedures. (Newly established)</p>	<p>(Notice of Meeting of the Board of Directors) Article 24.</p> <p>1. When convening a meeting of the Board of Directors, a notice shall be dispatched to each Director at least three days before the day of the meeting. However, this period may be reduced in case of urgent needs.</p> <p>2. With the consent of all Directors, a meeting of the Board of Directors may be held without following the convening procedures.</p> <p><u>(Delegation of Execution of Important Operations)</u> <u>Article 25.</u> <u>In accordance with Article 399-13, paragraph 6 of the Companies Act, the Company may delegate all or part of decisions regarding execution of important operations to Directors by resolution of the Board of Directors, except for matters set forth in each item of paragraph 5 of the same Article.</u></p>
<p>(Method for Making Resolutions in the Board of Directors, Etc.) <u>Article 25.</u></p> <p>1. Any resolution of the Board of Directors shall be adopted by a majority of Directors present at a meeting of the Board of Directors with the majority of all Directors entitled to vote for the resolution.</p> <p>2. If a Director makes a proposal on any agenda concerning resolution of the Board of Directors and all Directors (limited to those who are entitled to participate in the resolution) unanimously agree to his/her proposal in writing or by electronic records, the Company shall deem that such proposal is adopted by the resolution of the Board of Directors, <u>unless an objection to said agenda is expressed by a Corporate Auditor.</u></p>	<p>(Method for Making Resolutions in the Board of Directors, Etc.) <u>Article 26.</u></p> <p>1. Any resolution of the Board of Directors shall be adopted by a majority of Directors present at a meeting of the Board of Directors with the majority of all Directors entitled to vote for the resolution.</p> <p>2. If a Director makes a proposal on any agenda concerning resolution of the Board of Directors and all Directors (limited to those who are entitled to participate in the resolution) unanimously agree to his/her proposal in writing or by electronic records, the Company shall deem that such proposal is adopted by the resolution of the Board of Directors.</p>
<p>(Minutes of Meeting of the Board of Directors) <u>Article 26.</u></p> <p>The minutes of the Board of Directors shall be created in writing document or by electronic record as provided for under laws and regulations, and the Directors <u>and the Corporate Auditors</u> present shall either sign, or affix their respective seals or electronic signatures to, those minutes.</p>	<p>(Minutes of Meeting of the Board of Directors) <u>Article 27.</u></p> <p>The minutes of the Board of Directors shall be created in writing document or by electronic record as provided for under laws and regulations, and the Directors present shall either sign, or affix their respective seals or electronic signatures to, those minutes.</p>
<p><u>Article 27.</u> (Omitted) (Remuneration, Etc.)</p> <p><u>Article 28.</u> Remuneration, bonuses and other economic benefits given by the Company in consideration for the execution of duties (hereinafter referred to as the “Remuneration, Etc.”) to Directors shall be determined by resolution of a general meeting of shareholders.</p>	<p><u>Article 28.</u> (Unchanged) (Remuneration, Etc.)</p> <p><u>Article 29.</u> Remuneration, bonuses and other economic benefits given by the Company in consideration for the execution of duties (hereinafter referred to as the “Remuneration, Etc.”) to Directors <u>(excluding Directors who are Audit and Supervisory Committee Members) and Directors who are Audit and Supervisory Committee Members</u> shall be determined <u>separately</u> by resolution of a general meeting of shareholders.</p>
<p><u>Article 29.</u> (Omitted) (Limitation of Liability Agreements with <u>Outside Directors</u>)</p> <p><u>Article 30.</u> Pursuant to the provisions of Article 427, paragraph 1 of the Companies Act, the Company may conclude an agreement with its <u>Outside Director</u> to limit his/her liability for damages under Article 423, paragraph 1 of the Companies Act. However, the maximum liability for damages under this agreement shall be the amount prescribed by laws and regulations.</p>	<p><u>Article 30.</u> (Unchanged) (Limitation of Liability Agreements with Directors)</p> <p><u>Article 31.</u> Pursuant to the provisions of Article 427, paragraph 1 of the Companies Act, the Company may conclude an agreement with its Director <u>(excluding executive Directors, etc.)</u> to limit his/her liability for damages under Article 423, paragraph 1 of the Companies Act. However, the maximum liability for damages under this agreement shall be the amount prescribed by laws and regulations.</p>

Current Articles of Incorporation	Proposed Amendment
<p style="text-align: center;"><u>Chapter V</u></p> <p style="text-align: center;"><u>Corporate Auditors and Board of Corporate Auditors</u> (Establishment of <u>Corporate Auditors and Board of Corporate Auditors</u>)</p> <p><u>Article 31.</u> The Company shall establish <u>Corporate Auditors and Board of Corporate Auditors</u>. (Number of Corporate Auditors)</p> <p><u>Article 32.</u> The Company shall have not more than four <u>Corporate Auditors</u>. (Method of Election)</p> <p><u>Article 33.</u> 1. <u>Corporate Auditors shall be elected by resolution of a general meeting of shareholders.</u> 2. <u>Resolutions on the election of a Corporate Auditors shall be made by a majority of the votes of the shareholders present at such meeting where the shareholders holding at least one-third of the voting rights of the shareholders entitled to exercise their votes at such meetings are present.</u> (Term of Office)</p> <p><u>Article 34.</u> 1. <u>The term of office of a Corporate Auditor shall expire at the conclusion of the annual general meeting of shareholders for the last business year out of the business years terminating within four years after the election of the Corporate Auditor.</u> 2. <u>The term of office of a Corporate Auditor who is elected as the substitute for a Corporate Auditor who retired from office before the expiration of the term of office shall continue until the time the term of office of the Corporate Auditor who retired from office is to expire.</u> (Full-Time <u>Corporate Auditors</u>)</p> <p><u>Article 35.</u> The <u>Board of Corporate Auditors</u> shall appoint full-time <u>Corporate Auditors</u> from among <u>Corporate Auditors</u> by its resolution. (Notice of Meeting of the <u>Board of Corporate Auditors</u>)</p> <p><u>Article 36.</u> 1. When convening a meeting of the <u>Board of Corporate Auditors</u>, a notice shall be dispatched to each <u>Corporate Auditor</u> at least three days before the day of the meeting. However, this period may be reduced in case of urgent needs. 2. With the consent of all <u>Corporate Auditors</u>, a meeting of the <u>Board of Corporate Auditors</u> may be held without following the convening procedures. (Method for Making Resolutions in the <u>Board of Corporate Auditors</u>)</p> <p><u>Article 37.</u> Unless otherwise provided for by laws and regulations, resolutions of the <u>Board of Corporate Auditors</u> shall be made by a majority of the <u>Corporate Auditors</u>.</p>	<p style="text-align: center;"><u>Chapter V</u></p> <p style="text-align: center;"><u>Audit and Supervisory Committee</u> (Establishment of <u>Audit and Supervisory Committee</u>)</p> <p><u>Article 32.</u> The Company shall establish <u>Audit and Supervisory Committee</u>. (Deleted)</p> <p>(Deleted)</p> <p>(Deleted)</p> <p>(Deleted)</p> <p>(Full-Time <u>Audit and Supervisory Committee Members</u>)</p> <p><u>Article 33.</u> The <u>Audit and Supervisory Committee</u> shall appoint full-time <u>Audit and Supervisory Committee Members</u> from among <u>Directors who are Audit and Supervisory Committee Members</u> by its resolution. (Notice of Meeting of the <u>Audit and Supervisory Committee</u>)</p> <p><u>Article 34.</u> 1. When convening a meeting of the <u>Audit and Supervisory Committee</u>, a notice shall be dispatched to each <u>Audit and Supervisory Committee Member</u> at least three days before the day of the meeting. However, this period may be reduced in case of urgent needs. 2. With the consent of all <u>Audit and Supervisory Committee Members</u>, a meeting of the <u>Audit and Supervisory Committee</u> may be held without following the convening procedures. (Method for Making Resolutions in the <u>Audit and Supervisory Committee</u>)</p> <p><u>Article 35.</u> Unless otherwise provided for by laws and regulations, resolutions of the <u>Audit and Supervisory Committee</u> shall be made by a majority of the <u>Audit and Supervisory Committee Members who are able to be present where the majority of the Audit and Supervisory Committee Members entitled to participate in the vote are present.</u></p>

Current Articles of Incorporation	Proposed Amendment
<p>(Minutes of Meeting of the <u>Board of Corporate Auditors</u>)</p> <p><u>Article 38.</u> The minutes of the <u>Board of Corporate Auditors</u> shall be created in writing document or by electronic record as provided for under laws and regulations, and the <u>Corporate Auditors</u> present shall either sign, or affix their respective seals or electronic signatures to, those minutes.</p> <p>(Regulations of the <u>Board of Corporate Auditors</u>) <u>Article 39.</u> Matters concerning the <u>Board of Corporate Auditors</u> shall be governed by the Regulations of the <u>Board of Corporate Auditors</u> established by the <u>Board of Corporate Auditors</u>, in addition to applicable laws and regulations and these Articles of Incorporation.</p> <p>(Remuneration, Etc.) <u>Article 40.</u> The Remuneration, Etc. to Corporate Auditors shall be determined by resolution of a general meeting of shareholders.</p> <p>(Exemption of Corporate Auditors From Liability) <u>Article 41.</u> Pursuant to the provisions of Article 426, paragraph 1 of the Companies Act, the Company may, by resolution of the <u>Board of Directors</u>, exempt an <u>Corporate Auditor</u> (including a person who was formerly an <u>Corporate Auditor</u>) from his/her liability under Article 423, paragraph 1 of the Companies Act for damages arising from neglecting his/her duties to the extent permitted by laws and regulations.</p> <p>(Limitation of Liability Agreements with Outside Corporate Auditors) <u>Article 42.</u> Pursuant to the provisions of Article 427, paragraph 1 of the Companies Act, the Company may conclude an agreement with its <u>Outside Corporate Auditor</u> to limit his/her liability for damages under Article 423, paragraph 1 of the Companies Act. However, the maximum liability for damages under this agreement shall be the amount prescribed by laws and regulations.</p>	<p>(Minutes of Meeting of the <u>Audit and Supervisory Committee</u>) <u>Article 36.</u> The minutes of the <u>Audit and Supervisory Committee</u> shall be created in writing document or by electronic record as provided for under laws and regulations, and the <u>Audit and Supervisory Committee Members</u> present shall either sign, or affix their respective seals or electronic signatures to, those minutes.</p> <p>(Regulations of the <u>Audit and Supervisory Committee</u>) <u>Article 37.</u> Matters concerning the <u>Audit and Supervisory Committee</u> shall be governed by the Regulations of the <u>Audit and Supervisory Committee</u> established by the <u>Audit and Supervisory Committee</u>, in addition to applicable laws and regulations and these Articles of Incorporation.</p> <p>(Deleted)</p> <p>(Deleted)</p> <p>(Deleted)</p>
<p style="text-align: center;">Chapter VI Accounting Auditor</p> <p><u>Article 43. to 45.</u> (Omitted) (Remuneration, Etc.) <u>Article 46.</u> The Remuneration, Etc. to Accounting Auditor shall be determined by the Representative Director(s) with the consent of the <u>Board of Corporate Auditors</u>.</p>	<p style="text-align: center;">Chapter VI Accounting Auditor</p> <p><u>Article 38. to 40.</u> (Unchanged) (Remuneration, Etc.) <u>Article 41.</u> The Remuneration, Etc. to Accounting Auditor shall be determined by the Representative Director(s) with the consent of the <u>Audit and Supervisory Committee</u>.</p>

Current Articles of Incorporation	Proposed Amendment
<p style="text-align: center;">Chapter VII Accounts</p> <p><u>Article 47. to 49.</u> (Omitted)</p> <p style="text-align: center;">(Newly established)</p>	<p style="text-align: center;">Chapter VII Accounts</p> <p><u>Article 42. to 44.</u> (Unchanged)</p> <p><u>Supplementary Provision</u>  <u>(Transitional measures regarding the exemption of liability of Corporate Auditors prior to the transition to a company with audit and supervisory committee)</u>  <u>Exemption of liability of Corporate Auditors (including a person who was formerly an Corporate Auditor) for acts under Article 423, paragraph 1 of the Companies Act, as well as limitation of liability agreements concluded with Corporate Auditors, which occurred prior to the conclusion of the 40th Annual General Meeting of Shareholders to be held in November 2020, shall be governed by the Articles of Incorporation as of before changes come into effect upon the conclusion of said general meeting of shareholders.</u></p>

Note: Some underlining does not coincide with the Japanese version because of translation adjustments.

**Proposal 3:** Election of 10 Directors (Excluding Directors Who Are Audit and Supervisory Committee Members)

Subject to the approval of Proposal 2 “Partial Amendments to the Articles of Incorporation” as originally proposed, the Company will make the transition to a company with audit and supervisory committee, and all 11 Directors will retire upon expiration of their terms of office at the conclusion of this Annual General Meeting of Shareholders. Therefore, the Company proposes the election of 10 Directors (excluding Directors who are Audit and Supervisory Committee Members) after the transition to a company with audit and supervisory committee.

This proposal, however, can only take effect after Proposal 2 “Partial Amendments to the Articles of Incorporation” takes effect.

The candidates for Director (excluding Director who is an Audit and Supervisory Committee Member) are as follows:

New candidates for Director are indicated by an asterisk (\*).

No.	Name (Date of birth)	Career summary, positions, responsibilities and significant concurrent positions	Number of shares of the Company held
1	Kazuyoshi Kimura (November 12, 1943)	<p>April 1967      Joined Nikko Securities Co., Ltd. (currently SMBC Nikko Securities Inc.)</p> <p>March 2000     Director and Vice President, Nikko Securities Co., Ltd.</p> <p>June 2001      Director and President, Nikko Asset Management Co., Ltd.</p> <p>June 2005      Director and Chairman, Nikko Cordial Securities Inc. (currently SMBC Nikko Securities Inc.)</p> <p>April 2012     Joined the Company, Advisor</p> <p>June 2012      Outside Director, DAIWA HOUSE INDUSTRY CO., LTD. (to present)</p> <p>June 2012      Outside Corporate Auditor, SPARX Group Co., Ltd.</p> <p>November 2012 Director of the Company</p> <p>February 2013 Representative Director and Chairman, Kojima Co., Ltd.</p> <p>September 2013 Representative Director, Chairman, President; Representative Executive Officer, Kojima Co., Ltd.</p> <p>June 2020      Outside Director (Audit and Supervisory Committee Member), SPARX Group Co., Ltd. (to present)</p> <p>August 2020    Director, Kojima Co., Ltd. (to present)</p> <p>September 2020 Representative Director and President; President Executive Officer of the Company (to present)</p> <p>[Reasons for nomination] Mr. Kimura has gained abundant experience and great insight acting as a business manager of major securities firms. Since joining the Group in February 2013, he has also served in such positions as Representative Director and Chairman of a Group company, Kojima Co., Ltd. and greatly contributed to improving the company’s business performance with his strong leadership. As such, we have nominated him as a candidate for Director, with expectations that he would demonstrate such management skills to further increase the corporate value of the Group.</p>	9,900

No.	Name (Date of birth)	Career summary, positions, responsibilities and significant concurrent positions	Number of shares of the Company held
2	Hitoshi Kawamura (September 3, 1955)	<p>April 1976      Joined Bic Color Inc.</p> <p>February 1989    Representative Director and President, Bic Camera (Takasaki) Inc.</p> <p>November 2008    Director of the Company (in charge of General Affairs)</p> <p>January 2013      Director and Vice President</p> <p>November 2015    Director, Nippon BS Broadcasting Corporation</p> <p>December 2015    Director and Vice President; Vice President Executive Officer; Director General, General Affairs, and General Manager, General Affairs Department and Legal Affairs Department of the Company</p> <p>November 2016    Representative Director and Vice President; Vice President Executive Officer</p> <p>November 2018    Corporate Auditor, Nippon BS Broadcasting Corporation (to present)</p> <p>September 2020   Representative Director and Vice President; Vice President Executive Officer, Supervising Internal Audit &amp; Internal Control of the Company (to present)</p> <p>[Reasons for nomination] Mr. Kawamura has long acted as a manager with responsibilities in the realms of general affairs and store development, and accordingly has amassed abundant connections, experience, achievements, and insight across different industries. As such, we have judged that he is well-qualified to contribute to the improvement of the Company's corporate value by continuing to draw upon his insight, etc. in the management, and have nominated him as a candidate for Director.</p>	183,000
3	Toru Abe (June 16, 1961)	<p>July 2005          Joined the Company</p> <p>November 2009    Director; General Manager, Corporate Planning Department</p> <p>November 2010    Director; Director General, Corporate Planning, and General Manager, Corporate Planning Department</p> <p>November 2010    Representative Director, Tokyo Camera Distribution Cooperative (to present)</p> <p>September 2012   Director and Managing Director; Director General, Corporate Planning, and General Manager, Corporate Planning Department of the Company</p> <p>January 2013      Representative Director and President, Tokyo Keikaku Co., Ltd. (to present)</p> <p>November 2013    Director, Kojima Co., Ltd. (to present)</p> <p>February 2017    Director and Senior Executive Officer; Director General, Corporate Planning Department</p> <p>September 2020   Director and Senior Executive Officer; Supervising Business Management, Director General, Finance &amp; Accounting, and General Manager, Public Relations &amp; IR Department (to present)</p> <p>[Reasons for nomination] Mr. Abe has long served the Group as a manager with responsibility in the corporate planning realm. While holding positions such as Representative Director and President of a Group company, he has amassed abundant experience, achievements, and insight over the time. As such, we have judged that he is well-qualified to contribute to the improvement of the Company's corporate value by continuing to draw upon his insight, etc. in the management, and have nominated him as a candidate for Director.</p>	12,500

No.	Name (Date of birth)	Career summary, positions, responsibilities and significant concurrent positions	Number of shares of the Company held
4	Eiji Tamura (January 19, 1960)	<p>June 2010      Joined the Company</p> <p>October 2010    Deputy General Manager, Corporate Planning Department</p> <p>April 2011      General Manager, Corporate Planning Department</p> <p>September 2011   Executive Officer; General Manager, Human Resources Department</p> <p>November 2016   Director and Executive Officer; Director General, General Affairs, and General Manager, Human Resources Department</p> <p>February 2017   Director and Managing Director; Director General, General Affairs, and General Manager, Human Resources Department</p> <p>September 2018   Director and Senior Executive Officer; Director General, General Affairs, and General Manager, Human Resources Department</p> <p>September 2020   Director and Senior Executive Officer; Supervising Management Strategy, Director General, Corporate Planning, and General Manager, Corporate Planning Department (to present)</p> <p>[Reasons for nomination] Mr. Tamura has long acted as a manager with responsibilities in realms of the human resources, corporate planning and general affairs, and accordingly has amassed abundant experience, achievements, and insight over the time. As such, we have judged that he is well-qualified to contribute to the improvement of the Company's corporate value by continuing to draw upon his insight, etc. in the management, and have nominated him as a candidate for Director.</p>	37,200
5	Toru Akiho (December 11, 1974)	<p>March 1997      Joined the Company</p> <p>September 2012   Executive Officer; General Manager, Second Merchandise Department</p> <p>October 2013    Executive Officer; General Manager, Merchandise Department</p> <p>October 2015    Executive Officer; General Manager, EC Business Department</p> <p>February 2017   Managing Director; Director General, EC Business</p> <p>April 2018      Representative Director and President, Bic Camera Rakuten Inc. (to present)</p> <p>September 2018   Managing Director; Director General, EC Headquarters of the Company</p> <p>August 2019    Director and Managing Director; Director General, Merchandise and EC Headquarters</p> <p>September 2020   Director and Senior Executive Officer; Supervising Business Promotion, Director General, Merchandise (to present)</p> <p>[Reasons for nomination] Mr. Akiho has long acted as a manager with responsibilities in the realms of merchandise procurement and EC, and accordingly has amassed abundant experience, achievements, and insight over the time. As such, we have judged that he is well-qualified to contribute to the improvement of the Company's corporate value by continuing to draw upon his insight, etc. in the management, and have nominated him as a candidate for Director.</p>	1,000



No.	Name (Date of birth)	Career summary, positions, responsibilities and significant concurrent positions	Number of shares of the Company held
6	Keiju Nakagawa (July 17, 1975)	<p>April 1998      Joined The Fuji Bank, Limited (currently Mizuho Bank Ltd.)</p> <p>August 2002      Joined the Company</p> <p>August 2002      Director, RANET Co., Ltd.</p> <p>January 2008      Director and Vice President, RANET Co., Ltd.</p> <p>February 2009      Representative Director and President, RANET Co., Ltd. (to present)</p> <p>September 2018      Executive Officer of the Company</p> <p>November 2018      Director and Executive Officer</p> <p>December 2018      Director and Executive Officer; Director General, Digital Communication</p> <p>September 2020      Director and Executive Officer; Director General, DX/DC (to present)</p> <p>[Reasons for nomination] Mr. Nakagawa has served as Representative Director and President of a Group company which develops sales distributor business for mobile communications, and accordingly has amassed abundant experience, achievements, and insight in a Group company. As such, we have judged that he is well-qualified to contribute to the improvement of the Company's corporate value by continuing to draw upon his insight, etc. in the management, and have nominated him as a candidate for Director.</p>	500
7	*Yuji Nakazawa (December 28, 1973)	<p>June 1995      Joined Kojima Co., Ltd.</p> <p>July 2000      Store Manager, NEW Aobadai Store, Kojima Co., Ltd.</p> <p>April 2010      Manager, Marketing Planning Office, Kojima Co., Ltd.</p> <p>February 2012      Manager, Merchandising Department, Kojima Co., Ltd.</p> <p>September 2014      Executive Officer; General Manager, Sales Planning Management Support Office, Sales Department, Sales Division, Kojima Co., Ltd.</p> <p>September 2016      Executive Officer; General Manager, Sales Planning and Management Department, Sales Division, Kojima Co., Ltd.</p> <p>September 2018      Managing Executive; General Manager, Sales Planning and Management Department, Sales Division, Kojima Co., Ltd.</p> <p>September 2020      President and Executive Officer, Kojima Co., Ltd. (to present)</p> <p>[Reasons for nomination] Mr. Nakazawa has long served the Group as a manager with responsibilities in the merchandise and sales realms of a Group company, Kojima Co., Ltd. and was appointed as the company's President and Executive Officer in September 2020. Accordingly, he has amassed abundant experience, achievements, and insight over the time. As such, we have nominated him as a new candidate for Director, with expectations that he will draw particularly on such expertise in taking on the task of management.</p>	—

No.	Name (Date of birth)	Career summary, positions, responsibilities and significant concurrent positions	Number of shares of the Company held
8	Masaaki Sato (July 27, 1942)	<p>April 2002 Director and Vice President, Mizuho Bank, Ltd.  July 2003 Advisor, Nihonbashi Kogyo Co., Ltd.  March 2004 Director, Shoei Co., Ltd.  June 2004 Company Auditor, NICHIREI CORPORATION  March 2005 Director and Chairman, Shoei Co., Ltd.  March 2010 Senior Advisor, Shoei Co., Ltd.  November 2010 Director of the Company (to present)  June 2016 Advisor, TOKAI Holdings Corporation (to present)</p> <p>[Reasons for nomination as a candidate for Outside Director]  Mr. Sato maintains a wealth of experience and extensive insight as a business manager. Drawing on that wide-ranging point of view, he furnishes sound advice and proposals to management of the Company. We believe that his abundant experience and insight are reflected in the management of the Company, he provides opinions as an Outside Director which are useful for management of the Company, and he contributes to the maintenance and strengthening of governance, so we have nominated him again as a candidate for Outside Director. He will have served 10 years as Outside Director of the Company as of the conclusion of this Annual General Meeting of Shareholders.</p>	39,300
9	*Takeshi Uemura (January 19, 1947)	<p>April 1972 Joined The Yomiuri Shimbun  January 2002 General Manager, Politics Department, Tokyo Head Office, The Yomiuri Shimbun  June 2003 Deputy General Manager, Editorial Bureau, Tokyo Head Office, The Yomiuri Shimbun  September 2003 Deputy Chief, Editorial Board, The Yomiuri Shimbun  June 2008 Chairman, Yomiuri Institute of Technology  June 2011 Chairman, Bunka Gakuin  June 2014 Representative Director and President, YOMIURI LAND CO., LTD.  June 2017 Director and Senior Advisor, YOMIURI LAND CO., LTD.  June 2020 Senior Advisor, YOMIURI LAND CO., LTD. (to present)</p> <p>[Reasons for nomination as a candidate for Outside Director]  Mr. Uemura maintains a wealth of experience and extensive insight as a business manager. We believe that his abundant experience and insight are reflected in the management of the Company, he provides opinions as an Outside Director which are useful for management of the Company, and he contributes to the maintenance and strengthening of governance, so we have nominated him as a new candidate for Outside Director.</p>	-

No.	Name (Date of birth)	Career summary, positions, responsibilities and significant concurrent positions	Number of shares of the Company held
10	*Kiyoshi Tokuda (June 7, 1954)	<p>April 1977      Joined Nihon Keizai Shimbunsha</p> <p>September 1994      Seconded to Nikkei Business Publications, Inc. Deputy Editor of Nikkei Business</p> <p>January 2005      Editor-in-Chief, The Nikkei MJ (Marketing Journal)</p> <p>March 2008      Secretary General, General Affairs of Editorial Bureau; Electronic Newspaper Development Division, Nihon Keizai Shimbunsha</p> <p>April 2009      General Manager, Digital Strategy and Planning Bureau, Nihon Keizai Shimbunsha</p> <p>March 2013      Senior Managing Director, Nikkei Digital Media, Inc.</p> <p>July 2015      Senior Managing Executive Officer, Nihon Keizai Shimbunsha</p> <p>June 2016      Senior Executive Officer, TV TOKYO Corporation</p> <p>June 2019      Advisor, TV TOKYO Communications Corporation</p> <p>July 2020      Commissioned to TV TOKYO Holdings Corporation (to present)</p> <p>[Reasons for nomination as a candidate for Outside Director] Mr. Tokuda maintains a wealth of experience and extensive insight as a business manager. We believe that his abundant experience and insight are reflected in the management of the Company, he provides opinions as an Outside Director which are useful for management of the Company, and he contributes to the maintenance and strengthening of governance, so we have nominated him as a new candidate for Outside Director.</p>	—

(Notes)

- Candidate for Director, Mr. Toru Akiho, is the Representative Director of Bic Camera Rakuten Inc. with which the Company has a franchise agreement. Furthermore, Bic Camera Rakuten Inc. and the Company are competitors in the business regarding sales of home appliances.
- There are no special interests between each candidate for Director and the Company other than the above.
- Mr. Masaaki Sato, Mr. Takeshi Uemura and Mr. Kiyoshi Tokuda are candidates for Outside Director.
- Limitation of Liability Agreements with Directors (excluding executive Directors, etc.)  
Based on Article 427, paragraph 1 of the Companies Act and Article 30 of the Company's current Articles of Incorporation, the Company has entered into an agreement with Mr. Masaaki Sato to limit the liability for damages under Article 423, paragraph 1 of the Companies Act, to the minimum liability amount provided by laws and regulations. If he is reelected at the meeting and assumes the office of Outside Director, subject to the approval of Proposal 2, the Company plans to enter into the above Limitation of Liability Agreement with him, based on Article 427, paragraph 1 of the Companies Act and amended Article 31 of the Articles of Incorporation.  
Also, if Mr. Takeshi Uemura and Mr. Kiyoshi Tokuda, who are new candidates for Outside Director, are elected as Directors and assume the office of Outside Directors, the Company plans to enter into the above Limitation of Liability Agreements with them.
- Independent Officers  
The Company has designated Mr. Masaaki Sato as an independent officer pursuant to the provisions of the Tokyo Stock Exchange and has registered him to the Tokyo Stock Exchange. If he is reelected as Director and assumes the office of Outside Director, the Company will continue his registration as an independent officer.  
Also, if Mr. Takeshi Uemura and Kiyoshi Tokuda, who are new candidates for Outside Director, are elected as Directors and assume the office of Outside Directors, the Company plans to designate them as independent officers.

**Proposal 4:** Election of 3 Directors Who Are Audit and Supervisory Committee Members

Subject to the approval of Proposal 2 “Partial Amendments to the Articles of Incorporation” as originally proposed, the Company will make the transition to a company with audit and supervisory committee. Therefore, the Company proposes the election of 3 Directors who are Audit and Supervisory Committee Members after the transition to a company with audit and supervisory committee.

Furthermore, the Board of Corporate Auditors has previously given its approval to this proposal.

This proposal, however, can only take effect after Proposal 2 “Partial Amendments to the Articles of Incorporation” takes effect.

The candidates for Director who is an Audit and Supervisory Committee Member are as follows:

New candidates for Director are indicated by an asterisk (\*).

No.	Name (Date of birth)	Career summary, positions, responsibilities and significant concurrent positions	Number of shares of the Company held
1	*Noriko Otsuka (September 22, 1965)	August 1991      Joined the Company September 1998      Store Manager, Ikebukuro Higashiguchi Ekimae Store September 2001      Representative Director and President, BIC TOYS INC. March 2007          General Manager, Internal Audit Office of the Company September 2011      General Manager, Internal Audit Office and Internal Control Office September 2013      Executive Officer; General Manager, Internal Audit Office and Internal Control Office November 2016      Director and Executive Officer; General Manager, Internal Audit Office and Internal Control Office September 2018      Director, Supervising Internal Audit & Internal Control November 2018      Corporate Auditor (to present)  [Reasons for nomination as a candidate for Director who is an Audit and Supervisory Committee Member] Ms. Otsuka has long served the Group, not only as a manager with responsibility in the internal audit and internal control realms but also as Representative Director of a Group company, and accordingly has amassed abundant experience, achievements, and insight over this time. As such, we expect that she will draw on such expertise to appropriately contribute to strengthening the Company’s audit framework, and have accordingly designated her as a new candidate for Director who is an Audit and Supervisory Committee Member.	900

No.	Name (Date of birth)	Career summary, positions, responsibilities and significant concurrent positions	Number of shares of the Company held
2	*Yukiko Kishimoto (November 15, 1953)	<p>April 1976      Joined SHUEISHA Inc.  March 1981      Retired from SHUEISHA Inc.  1990              Started being active as a writer. (to present)  April 2004      Part-time Lecturer, Institute of Journalism and Media  Studies, Nihon University College of Law (to present)  January 2006    Corporate Auditor (to present)</p> <p>[Reasons for nomination as a candidate for Outside Director who is an Audit and Supervisory Committee Member and reasons for judging the candidate capable of appropriately fulfilling duties as Outside Director]  Ms. Kishimoto has abundant experience and broad-ranging insight as an author and as a person of academic standing. As such, we believe that she will draw on such expertise to sufficiently contribute to strengthening the Company's audit framework with accurate advice with regards to the management of the Company from an independent position, and we have accordingly nominated her as a new candidate for Outside Director who is an Audit and Supervisory Committee Member. She has never in the past been directly involved in the management of a company except as an outside auditor. However, the Company judges she will appropriately fulfill her duties as an Audit and Supervisory Committee Member of the Company based on the above reasons.</p>	13,700
3	*Koichi Sunayama (September 5, 1957)	<p>April 1981      Joined The Fuji Bank, Limited (currently Mizuho  Bank Ltd.)  March 2003      General Manager, Niigata Bandaibashi Branch,  Mizuho Bank Ltd.  April 2004      General Manager, Kamiyacho Branch, Mizuho Bank  Ltd.  August 2005    General Manager, Legal Affairs Division, Mizuho  Bank Ltd.  April 2010      Executive Officer; General Manager, Legal Affairs  Division, Mizuho Bank Ltd.  December 2012   Standing Outside Audit &amp; Supervisory Board Member,  MARUYAMA MFG. CO., INC.  December 2015   Outside Director (Audit and Supervisory Committee  Member), MARUYAMA MFG. CO., INC.  December 2019   Advisor, MARUYAMA MFG. CO., INC. (to present)  March 2020      Outside Director (Audit and Supervisory Committee  Member), KYOWA ELECTRONIC INSTRUMENTS  CO., LTD. (to present)</p> <p>[Reasons for nomination as a candidate for Outside Director who is an Audit and Supervisory Committee Member and reasons for judging the candidate capable of appropriately fulfilling duties as Outside Director]  Mr. Sunayama has abundant experience, achievements, and insight cultivated through his career at financial institutions and other organizations. As such, we believe that he will draw on such expertise to sufficiently contribute to strengthening the Company's audit framework with accurate advice with regards to the management of the Company from an independent position, and we have accordingly nominated him as a new candidate for Outside Director who is an Audit and Supervisory Committee Member. He has never in the past been directly involved in the management of a company except as an outside auditor and an outside director. However, the Company judges he will appropriately fulfill his duties as an Audit and Supervisory Committee Member of the Company based on the above reasons.</p>	-

(Notes)

1. There are no special interests between each candidate for Director and the Company.
2. Ms. Yukiko Kishimoto and Mr. Koichi Sunayama are candidates for Outside Director.
3. Limitation of Liability Agreements with Directors (excluding executive Directors, etc.)

Based on Article 427, paragraph 1 of the Companies Act and Article 42 of the Company's current Articles of Incorporation, the Company has entered into an agreement with Ms. Yukiko Kishimoto, who currently serves as an Outside Corporate Auditor, to limit the liability for damages under Article 423, paragraph 1 of the Companies Act, to the minimum liability amount provided by laws and regulations. If Ms. Yukiko Kishimoto and Mr. Koichi Sunayama are elected as Directors who are Audit and Supervisory Committee Members and assume the office of Outside Directors, the Company plans to enter into the above Limitation of Liability Agreements with them based on Article 427, paragraph 1 of the Companies Act and amended Article 31 of the Company's Articles of Incorporation. If Ms. Noriko Otsuka is elected and assumes the office of Director who is an Audit and Supervisory Committee Member, subject to the approval of Proposal 2, the Company plans to enter into the above Limitation of Liability Agreement with her, based on Article 427, paragraph 1 of the Companies Act and amended Article 31 of the Articles of Incorporation.

4. Independent Officers

The Company has designated Ms. Yukiko Kishimoto as an independent officer pursuant to the provisions of the Tokyo Stock Exchange and has registered her to the Tokyo Stock Exchange. If she is elected as Director who is an Audit and Supervisory Committee Member and assumes the office of Outside Director, the Company will continue her registration as an independent officer. Also, if Mr. Koichi Sunayama, who is a new candidate for Outside Director, is elected as Director who is an Audit and Supervisory Committee Member and assumes the office of Outside Director, the Company plans to designate him as an independent officer.

**Proposal 5:** Election of 1 Substitute Director Who Is an Audit and Supervisory Committee Member

Subject to the approval of Proposal 2 “Partial Amendments to the Articles of Incorporation” as originally proposed, the Company will become a company with audit and supervisory committee. Therefore, to prepare for a case in which the number of Audit and Supervisory Committee Members falls short of the number provided by laws and regulations, the Company proposes the election of Mr. Takeshi Toshimitsu as Substitute Director who is an Audit and Supervisory Committee Member after the transition to a company with audit and supervisory committee.

The effectiveness of the election under this proposal may be cancelled on the basis of resolution of the Board of Directors with approval of the Audit and Supervisory Committee; provided, however, that it is only in a time before assuming office.

Furthermore, the Board of Corporate Auditors has previously given its approval to this proposal.

This proposal, however, can only take effect after Proposal 2 “Partial Amendments to the Articles of Incorporation” takes effect.

The candidate for Substitute Director who is an Audit and Supervisory Committee Member is as follows:

Name (Date of birth)	Career summary, positions, responsibilities and significant concurrent positions	Number of shares of the Company held
Takeshi Toshimitsu (May 30, 1972)	March 2000 Completed Doctoral Program of Ph.D. (Physics), Graduate School of Science and Technology, Keio University	-
	March 2000 Established Asagao System Co., Ltd, Director	
	October 2002 Joined MTB Investment Technology Institute Co., Ltd. (currently Mitsubishi UFJ Trust Investment Technology Institute Co., Ltd.)	
	December 2011 Registered as an attorney at law, Joined Matsuda & Partners	
	July 2014 Established Seven Lights Law Firm, Co-Representative Partner (to present)	
	April 2017 Auditor, Social Welfare Corporation Keishoukai (to present)	
	November 2017 Director, Intense Project Co, Ltd. (to present)	
[Reasons for nomination as a candidate for Substitute Outside Director who is an Audit and Supervisory Committee Member] Mr. Toshimitsu has abundant experience and broad-ranging insight as a business manager and an attorney at law. We have nominated him as a candidate for Substitute Outside Director so that he may apply such expertise with respect to the Company’s audit framework.		

(Notes)

1. There are no special interests between Mr. Takeshi Toshimitsu and the Company.
2. Mr. Takeshi Toshimitsu is a candidate for Substitute Outside Director.
3. Limitation of Liability Agreements with Directors (excluding executive Directors, etc.)

If Mr. Takeshi Toshimitsu is elected as a Director who is an Audit and Supervisory Committee Member and assumes the office of Outside Director, based on Article 427, paragraph 1 of the Companies Act and Article 31 of the Company’s amended Articles of Incorporation, the Company will enter into an agreement with him to limit the liability for damages under Article 423, paragraph 1 of the Companies Act, to the minimum liability amount provided by laws and regulations.

**Proposal 6:** Determination of Remuneration Amount for Directors (Excluding Directors Who Are Audit and Supervisory Committee Members)

The amount of remuneration for Directors of the Company was approved at the 25th Annual General Meeting of Shareholders held on November 30, 2005 to be an annual amount of ¥450 million or less, and remains in effect at present. However, subject to the approval of Proposal 2 “Partial Amendments to the Articles of Incorporation,” the Company will make the transition to a company with audit and supervisory committee. As such, the Company proposes to remove the above-mentioned limit for the remuneration for Directors, and instead, in accordance with the provisions of Article 361, paragraphs 1 and 2 of the Companies Act, set the amount of remuneration for Directors (excluding Directors who are Audit and Supervisory Committee Members) to be an annual amount of ¥450 million or less (of which, an annual amount of ¥50 million or less for Outside Directors), taking the economic climate and other circumstances into consideration.

With regard to the amount of remuneration for Directors (excluding Directors who are Audit and Supervisory Committee Members), the amount does not include salaries for employees in the case where the Director also serves as an employee.

Currently, the number of Directors is 11, and if Proposal 2 and Proposal 3 are approved as originally proposed, there will be 10 Directors (excluding Directors who are Audit and Supervisory Committee Members), of whom 3 are Outside Directors.

This proposal can only take effect after Proposal 2 “Partial Amendments to the Articles of Incorporation” takes effect.

**Proposal 7:** Determination of Remuneration Amount for Directors Who Are Audit and Supervisory Committee Members

Subject to the approval of Proposal 2 “Partial Amendments to the Articles of Incorporation,” the Company will make the transition to a company with audit and supervisory committee. As such, in accordance with the provisions of Article 361, paragraphs 1 and 2 of the Companies Act, the Company proposes to set the amount of remuneration for Directors who are Audit and Supervisory Committee Members to be an annual amount of ¥80 million or less, taking the economic climate and other circumstances into consideration.

If Proposal 2 and Proposal 4 are approved as originally proposed, there will be 3 Directors who are Audit and Supervisory Committee Members.

This proposal can only take effect after Proposal 2 “Partial Amendments to the Articles of Incorporation” takes effect.



**Proposal 8:** Determination of Amount of Remuneration, Etc. in the Form of Share Remuneration-type Stock Options for Directors (Excluding Directors Who Are Audit and Supervisory Committee Members and Outside Directors) and Specific Details Thereof

At the 35th Annual General Meeting of Shareholders held on November 26, 2015, remuneration, etc. for Directors (excluding Outside Directors) of the Company in the form of share acquisition rights issued as stock options was approved to be an annual amount of ¥100 million or less, separately from the amount of remuneration for Directors. However, if Proposal 2 “Partial Amendments to the Articles of Incorporation” is approved as originally proposed, the Company will make the transition to a company with audit and supervisory committee.

As such, the Company again would like to propose to continue to allot share acquisition rights to Directors (excluding Directors who are Audit and Supervisory Committee Members and Outside Directors) after the transition to a company with audit and supervisory committee in the form of share remuneration-type stock options within the maximum annual amount of ¥100 million, separately from the amount of remuneration, etc. to be approved in Proposal 6 “Determination of Remuneration Amount for Directors (Excluding Directors Who Are Audit and Supervisory Committee Members).” The purpose is to further enhance motivation and morale of Directors to contribute to improving business performance and increasing corporate value over medium to long term even after the transition to a company with audit and supervisory committee.

The amount of remuneration, etc. in the form of stock options will be obtained by multiplying the fair value of each share acquisition right calculated on the date of allotment of the right, by the number of share acquisition rights to be allotted.

If Proposal 2 “Partial Amendments to the Articles of Incorporation” and Proposal 3 “Election of 10 Directors (Excluding Directors Who Are Audit and Supervisory Committee Members)” are approved as originally proposed, the number of Directors (excluding Directors who are Audit and Supervisory Committee Members and Outside Directors) subject to this proposal will be 7.

This proposal shall become effective when Proposal 2 “Partial Amendments to the Articles of Incorporation” takes effect.

The details of share acquisition rights to be allotted to Directors (excluding Directors who are Audit and Supervisory Committee Members and Outside Directors) are as follows:

(1) Class and number of shares to be issued for share acquisition rights

The class of shares subject to share acquisition rights shall be common shares of the Company, and the number of such shares (hereinafter the “Number of Granted Shares”) shall be 100 per 1 share acquisition right.

Provided that, if the Company splits its common shares (including an allotment of common shares of the Company without contribution; hereinafter the same shall apply to the following description of the share split) or consolidates its common shares after the date on which the share acquisition rights are allotted (hereinafter, the “Allotment Date”), the Number of Granted Shares shall be adjusted in regard to the share acquisition rights that have not yet been exercised at the time of such share split or consolidation according to the following calculation.

Number of Granted Shares after adjustment = Number of Granted Shares before adjustment × Ratio of split or consolidation

In the event of unavoidable circumstances that require an adjustment of the Number of Granted Shares in addition to the above, the Company may make an adjustment to the Number of Granted Shares that the Board of Directors of the Company deems necessary.

Any fraction less than 1 share arising as a result of the above adjustment shall be rounded off.

(2) Total number of share acquisition rights

The number of share acquisition rights to be allotted within 1 year from the date of the annual general meeting of shareholders for each fiscal year shall be up to 800.

(3) Amount to be paid for share acquisition rights

The amount to be paid for each share acquisition right shall be determined by the Board of Directors on the basis of the fair value of the share acquisition right at the time of its allotment as calculated by a fair calculation method, such as the Black-Scholes model.

An individual who has received share acquisition rights (hereinafter, the “Holder of Share Acquisition Rights”) shall offset the payment of the amount to be paid with the remuneration claims against the Company and accordingly shall not be required to make any monetary payment.

(4) Amount of assets to be paid upon exercise of share acquisition rights

The amount of the assets to be paid upon the exercise of the share acquisition rights shall be calculated by multiplying the price of ¥1 per share to be delivered through the exercise of the share acquisition rights by the Number of Granted Shares.

(5) Exercise period

The exercise period shall be determined by the Board of Directors of the Company up to a maximum of 50 years starting on the day immediately following the Allotment Date.

(6) Conditions for exercise of share acquisition rights

The Holder of Share Acquisition Rights may only exercise his/her share acquisition rights in a lump, during a period until the day on which 10 days have elapsed from the day immediately following the day on which a Director, Executive Officer, or Corporate Auditor of the Company or its subsidiary ceases to hold any such positions (if the 10th day falls on a holiday, the following business day). Other conditions for the exercise of the share acquisition rights shall be determined by the Board of Directors, which determines terms for offering share acquisition rights.

(7) Restrictions on acquisition of share acquisition rights by transfer

Acquisition of the share acquisition rights by means of transfer shall be subject to the approval of the Board of Directors of the Company.

(8) Other details of share acquisition rights

Other details concerning the share acquisition rights shall be determined by the Board of Directors, which determines terms for offering share acquisition rights.