May 18, 2026

Company name: V-cube, Inc.
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Tokyo Stock Exchange, Prime Market (stock code: 3681)
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Notice Concerning Conclusion of Definitive Agreement with AVA3 HD Co., Ltd.

V-cube, Inc. (the "Company") hereby announces that, following approval at the meetings of its Board of Directors held from May 17, 2026 to today , it has entered into a final agreement (the "Final Agreement") as of today regarding the issuance of the Company's Class V preferred shares (the "New Shares") through a third-party allotment (the "Third-Party Allotment") to AVA3 HD Co., Ltd. (the "Scheduled Allottee"), which was established by Japan Innovation Inc. ("J-INC"). (As described in "1. Overview of the Third-Party Allotment" under "II. Issuance of New Shares Through Third-Party Allotment" below, the Third-Party Allotment will be conducted through Third-Party Allotment ① and Third-Party Allotment ②.) In addition, at a meeting of the Board of Directors scheduled to be held today , the Company plans to resolve to submit a proposal to an Extraordinary General Meeting of Shareholders (as defined below) (the "Resolution for Convocation") regarding a consolidation of shares (the "Consolidation of Shares") —under which every 6,469,357 common shares of the Company will be consolidated into one share and every 6,469,357 Class V preferred shares of the Company will be consolidated into one share after the execution of the Third-Party Allotment, in order to make the Scheduled Allottee the sole shareholder of the Company—and the delivery of cash consideration totaling approximately 260 million yen (10 yen per share) to the Company's minority shareholders other than the Scheduled Allottee. The Company will provide a prompt announcement once the resolution is passed.

The conclusion of the Final Agreement and the Resolution for Convocation scheduled for today have been executed on the premise that the Scheduled Allottee intends to make the Company a wholly-owned subsidiary through the Third-Party Allotment and the subsequent Consolidation of Shares (the "Wholly-Owned Subsidiary Transaction") , and that the Company's common shares are scheduled to be delisted.

Furthermore, the Company plans to submit the following proposals to the Extraordinary General Meeting of Shareholders scheduled to be held in mid-June 2026 with a record date of April 23, 2026 (the "Extraordinary General Meeting of Shareholders"; the specific date will be determined in the Resolution for Convocation and announced promptly) : a proposal for partial amendments to the Articles of Incorporation concerning the establishment of provisions for the Class V preferred shares (the "Articles of Incorporation Amendment Proposal ①") ; a proposal concerning the Third-Party Allotment (together with the Articles of Incorporation Amendment Proposal ①, the "Third-Party Allotment-Related Proposals") ; a proposal for the Consolidation of Shares subject to the condition precedent that payment for the Third-Party Allotment is completed (the "Consolidation of Shares Proposal") ; a proposal for partial amendments to the Articles of Incorporation regarding the abolition of the provisions on the number of shares constituting one unit of shares (the "Articles of Incorporation Amendment Proposal ②") ; and a proposal for partial amendments to the Articles of Incorporation regarding the abolition of the Audit and Supervisory Committee and the Independent Auditor (collectively with the Third-Party Allotment-Related Proposals, the Consolidation of Shares Proposal, and the Articles of Incorporation Amendment Proposal ②, the "Proposals to be Submitted to the Extraordinary General Meeting of Shareholders"). The execution of the Third-Party Allotment is conditional upon all of the Proposals to be Submitted to the Extraordinary General Meeting of Shareholders being approved at the Extraordinary General Meeting of Shareholders , and the Consolidation of Shares taking effect is conditional upon the execution of the Third-Party Allotment.

In addition, the Company hereby announces that the Third-Party Allotment is expected to result in a change in the

Company’s parent company, major shareholder, and largest shareholder among major shareholders.

I. Overview of Procedures and Timetable

The Wholly-Owned Subsidiary Transaction through the Third-Party Allotment and the subsequent Consolidation of Shares will be conducted, in outline, in accordance with the following procedures:

(1) The Proposals to be Submitted to the Extraordinary General Meeting of Shareholders will be submitted at the Extraordinary General Meeting of Shareholders.

(2) Subject to the condition that the Proposals to be Submitted to the Extraordinary General Meeting of Shareholders are approved at the Extraordinary General Meeting of Shareholders, the New Shares concerning the Third-Party Allotment will be issued, and the Scheduled Allottee will become the Company’s parent company and largest shareholder among major shareholders. (The ratio of the number of voting rights to be held by the Scheduled Allottee (253,380,290 units) to the Company's total number of voting rights—the sum of the Company's total number of voting rights as of April 23, 2026 (258,494 units) and the said number of voting rights, totaling 2,792,296 units—will be 90.74%.)

(3) Subject to the condition that all of the New Shares concerning the Third-Party Allotment are issued, the Consolidation of Shares will take effect on the subsequent effective date of the Consolidation of Shares, and as a result, the Scheduled Allottee will become the sole shareholder of the Company.

(4) Cash consideration totaling approximately 260 million yen (10 yen per share) will be delivered to the Company’s minority shareholders other than the Scheduled Allottee. (Regarding the method for processing fractional shares less than one share arising as a result of the Consolidation of Shares, pursuant to the provisions of the Companies Act and subject to the permission of the court, the Scheduled Allottee is scheduled to acquire the Company's common shares corresponding to the total number of such fractional shares, and the proceeds obtained from the sale thereof will be delivered to the shareholders.)

Furthermore, while an overview of the timetable for the procedures regarding the Wholly-Owned Subsidiary Transaction is scheduled to be announced in the publication of the Resolution for Convocation, the Extraordinary General Meeting of Shareholders is scheduled to be held as a general meeting of shareholders with a record date of April 23, 2026, as previously announced.

II. Offering of New Shares Through Third-Party Allotment

1. Overview of the Offering

(1) Third-Party Allotment ① (Note)

①	Due date of payment	A day within one week from the Extraordinary General Meeting of Shareholders scheduled to be held in mid-June 2026 (the same day as the due date of payment for Third-Party Allotment ②) *The specific date will be announced in the publication of the Resolution for Convocation.
②	Number of new shares to be issued	73,461,700 Class V preferred shares
③	Amount to be paid in per share	7.1 yen per share
④	Amount of funds to be procured	521,578,070 yen
⑤	Method of offering or allotment (scheduled allottee)	Through the method of third-party allotment. (AVA3 HD Co., Ltd.)
⑥	Other matters	An overview of the Class V preferred shares is as described below. For further details, please refer to Exhibit 1, "Terms and Conditions of Class V Preferred Shares." I. Distribution of Residual Assets

	(1) When the Company distributes residual assets (regardless of the asset class; the same shall apply hereinafter), it shall distribute to shareholders holding Class V preferred shares or registered pledgees of Class V preferred shares (hereinafter collectively referred to as "Class V Preferred Shareholders, etc."), in preference to shareholders holding common shares and registered pledgees of common shares, an amount of 7.1 yen per Class V preferred share. (Provided, however, that if a share split, allotment of shares without contribution, consolidation of shares, or any similar event occurs with respect to the Class V preferred shares, appropriate adjustments shall be made; hereinafter referred to as the "Class V Preferred Residual Assets Distribution Amount".) If the total amount of residual assets is less than the total amount calculated by multiplying the total number of issued Class V preferred shares (excluding treasury shares; the same shall apply hereinafter) by the Class V Preferred Residual Assets Distribution Amount, an amount equal to the said total amount of residual assets divided by the total number of issued Class V preferred shares shall be distributed per Class V preferred share. (2) No other distribution of residual assets shall be made to Class V Preferred Shareholders, etc., except as provided in the preceding paragraph. II. Voting Rights and Class General Meetings of Shareholders (1) Class V Preferred Shareholders may exercise voting rights at general meetings of shareholders on all matters. (2) Unless otherwise provided for by laws and regulations, the Company does not require a resolution of a class general meeting of shareholders as provided for in Article 322, Paragraph (1) of the Companies Act. (3) Unless otherwise provided for by laws and regulations, the Company does not require a resolution of a class general meeting of shareholders regarding any and all matters provided for in the Companies Act, including Article 199, Paragraph (4), Article 200, Paragraph (4), Article 238, Paragraph (4), and Article 239, Paragraph (4) of the Companies Act. III. Restriction on Transfer The acquisition of the Company's Class V preferred shares by transfer shall require the approval of the Company's Board of Directors. Provided, however, that the approval shall be deemed to have been granted for the acquisition of Class V preferred shares by transfer to a pledgee, its subsidiary, an affiliated company, or a third party designated by the pledgee, in connection with the execution of a pledge on the Company's Class V preferred shares (including voluntary sales not through statutory procedures or accord and satisfaction, in addition to execution through statutory procedures). IV. Number of Shares Constituting One Unit of Shares The number of shares constituting one unit of Class V preferred shares shall be 100 shares. The 253,380,290 New Shares (2,533,802 voting rights) to be issued in connection with the Third-Party Allotment correspond to 961.82% of the Company's total number of issued shares of 26,343,900 shares as of April 23, 2026 (and 980.22% of the total number of voting rights of 258,494 units as of April 23, 2026). Therefore, the dilution ratio associated with the Third-Party Allotment will be 25% or more, and it will involve a change in the controlling shareholder. Accordingly, the Third-Party Allotment falls under the category of a large-scale third-party allotment as stipulated in the "Instructions for Preparation of Form No. 2 of the Cabinet Office Order on Disclosure of Corporate Affairs (23-6)." Furthermore, as described in "(2) Reason for selection of Third-Party Allotment" under "2. Purpose and reason for Third-Party Allotment" below, the Scheduled Allottee will fall

	under the definition of a specific subscriber (特定引受人) as a result of the Third-Party Allotment. Therefore, the resolution at the Extraordinary General Meeting of Shareholders shall also serve as approval by a resolution of a general meeting of shareholders regarding the allotment of shares for subscription to a specific subscriber as provided for in Article 206-2, Paragraph (4) of the Companies Act. The Scheduled Allottee, which will become a specific subscriber, does not hold voting rights at the Extraordinary General Meeting of Shareholders.

(Note) Third-Party Allotment ① and Third-Party Allotment ② are scheduled to be executed on the same day, and it is not anticipated that only one of them will be executed.

(2) Third-Party Allotment ② (Note)

①	Due date of payment	A day within one week from the Extraordinary General Meeting of Shareholders scheduled to be held in mid-June 2026 (the same day as the due date of payment for Third-Party Allotment ①) *The specific date will be announced in the publication of the Resolution for Convocation.
②	Number of new shares to be issued	179,918,590 Class V preferred shares
③	Amount to be paid in per share	7.1 yen per share
④	Amount of funds to be procured	1,277,421,989 yen
⑤	Method of offering or allotment (scheduled allottee)	Through the method of third-party allotment. (AVA3 HD Co., Ltd.)
⑥	Other matters	An overview of the Class V preferred shares is as described below. For further details, please refer to Exhibit 1, "Terms and Conditions of Class V Preferred Shares." I. Distribution of Residual Assets (1) When the Company distributes residual assets (regardless of the asset class; the same shall apply hereinafter), it shall distribute to shareholders holding Class V preferred shares or registered pledgees of Class V preferred shares (hereinafter collectively referred to as "Class V Preferred Shareholders, etc."), in preference to shareholders holding common shares and registered pledgees of common shares, an amount of 7.1 yen per Class V preferred share. (Provided, however, that if a share split, allotment of shares without contribution, consolidation of shares, or any similar event occurs with respect to the Class V preferred shares, appropriate adjustments shall be made; hereinafter referred to as the "Class V Preferred Residual Assets Distribution Amount".) If the total amount of residual assets is less than the total amount calculated by multiplying the total number of issued Class V preferred shares (excluding treasury shares; the same shall apply hereinafter) by the Class V Preferred Residual Assets Distribution Amount, an amount equal to the said total amount of residual assets divided by the total number of issued Class V preferred shares shall be distributed per Class V preferred share. (2) No other distribution of residual assets shall be made to Class V Preferred Shareholders, etc., except as provided in the preceding paragraph. II. Voting Rights and Class General Meetings of Shareholders (1) Class V Preferred Shareholders may exercise voting rights at general meetings of shareholders on all matters. (2) Unless otherwise provided for by laws and regulations, the Company does not require

	a resolution of a class general meeting of shareholders as provided for in Article 322, Paragraph (1) of the Companies Act. (3) Unless otherwise provided for by laws and regulations, the Company does not require a resolution of a class general meeting of shareholders regarding any and all matters provided for in the Companies Act, including Article 199, Paragraph (4), Article 200, Paragraph (4), Article 238, Paragraph (4), and Article 239, Paragraph (4) of the Companies Act. III. Restriction on Transfer The acquisition of the Company's Class V preferred shares by transfer shall require the approval of the Company's Board of Directors. Provided, however, that the approval shall be deemed to have been granted for the acquisition of Class V preferred shares by transfer to a pledgee, its subsidiary, an affiliated company, or a third party designated by the pledgee, in connection with the execution of a pledge on the Company's Class V preferred shares (including voluntary sales not through statutory procedures or accord and satisfaction, in addition to execution through statutory procedures). IV. Number of Shares Constituting One Unit of Shares The number of shares constituting one unit of Class V preferred shares shall be 100 shares. The 253,380,290 New Shares (2,533,802 voting rights) to be issued in connection with the Third-Party Allotment correspond to 961.82% of the Company's total number of issued shares of 26,343,900 shares as of April 23, 2026 (and 980.22% of the total number of voting rights of 258,494 units as of April 23, 2026). Therefore, the dilution ratio associated with the Third-Party Allotment will be 25% or more, and it will involve a change in the controlling shareholder. Accordingly, the Third-Party Allotment falls under the category of a large-scale third-party allotment as stipulated in the "Instructions for Preparation of Form No. 2 of the Cabinet Office Order on Disclosure of Corporate Affairs (23-6)." Furthermore, as described in "(2) Reason for selection of Third-Party Allotment" under "2. Purpose and reason for Third-Party Allotment" below, the Scheduled Allottee will fall under the definition of a specific subscriber (特定引受人) as a result of the Third-Party Allotment. Therefore, the resolution at the Extraordinary General Meeting of Shareholders shall also serve as approval by a resolution of a general meeting of shareholders regarding the allotment of shares for subscription to a specific subscriber as provided for in Article 206-2, Paragraph (4) of the Companies Act. The Scheduled Allottee, which will become a specific subscriber, does not hold voting rights at the Extraordinary General Meeting of Shareholders.

(Note) Third-Party Allotment ① and Third-Party Allotment ② are scheduled to be executed on the same day, and it is not anticipated that only one of them will be executed. Furthermore, pursuant to Article 113, Paragraph (3), Item (1) of the Companies Act, when an open company (公開会社) like the Company amends its Articles of Incorporation to increase the total number of shares authorized to be issued, the total number of authorized shares after the amendment cannot exceed four times the total number of issued shares at the time the amendment takes effect. Based on the Company's total number of issued shares of 26,343,900 shares as of April 23, 2026, it is not possible to increase the total number of authorized shares required to issue all of the New Shares through the Third-Party Allotment via a single amendment to the Articles of Incorporation. Therefore, as described below, the amendments to the Articles of Incorporation to increase the total number of shares authorized to be issued will be implemented in two separate steps. Specifically, the Company will first implement an amendment to the Articles of Incorporation within a range not exceeding four times the Company's total number of issued shares as of April 23, 2026 (the "Articles of Incorporation Amendment (①-1)"). Next, on the condition that the 73,461,700 New Shares concerning Third-Party Allotment ① are issued, the Company will implement an amendment to the Articles of Incorporation to increase the total number of shares authorized to be issued to 300,000,000 shares (the "Articles of Incorporation Amendment (①-2)"). The issuance

of the 179,918,590 New Shares concerning Third-Party Allotment ② will be conducted on the condition that the Articles of Incorporation Amendment (①-2) takes effect, and the issuance of the 73,461,700 New Shares concerning Third-Party Allotment ①, the taking effect of the Articles of Incorporation Amendment (①-2), and the issuance of the 179,918,590 New Shares concerning Third-Party Allotment ② will all be executed on the same day.

2. Purpose and Reason for the Third-Party Allotment

(1) Background Leading to the Third-Party Allotment

During the fiscal year ended December 2024, the Company recorded negative net assets (insolvency) of approximately 121.8 million yen. This was primarily due to the sluggish performance of our Event DX business and, most notably, our U.S. subsidiary, TEN Holdings, Inc. ("TEN"). This followed a full impairment of the goodwill recorded upon the acquisition of TEN in the previous fiscal year (2023) and was further compounded by impairment losses on certain software in our domestic business. Consequently, on March 31, 2025, we announced our "Plan and Progress Toward Compliance with the Listing Maintenance Criteria (Tradable Share Market Capitalization and Net Assets Criteria)," detailing our strategy to resolve the insolvency by December 2025.

During the fiscal year ending December 2025, as previously announced in our progress reports on May 20, August 14, and November 14, 2025, we diligently worked to improve our financial position. In February 2025, we procured funds through TEN’s listing on the NASDAQ, which successfully restored our net assets to a positive figure, thereby addressing the primary cause of our financial deterioration. Concurrently, we advanced measures to exclude TEN from our consolidation. Even if the exclusion from consolidation was realized, we anticipated, after consulting with our accounting auditor based on certain preconditions, that our consolidated net assets would not be significantly impaired. Therefore, up until December 2025, we judged that there was a high probability of avoiding insolvency for two consecutive fiscal years and communicated this expectation regularly.

However, in December 2025, during preliminary discussions with our accounting auditor for the year-end financial closing, the possibility of substantial impairment losses on assets related to our domestic Event DX business was pointed out. Furthermore, despite the fundraising executed in December 2025, the exclusion of TEN from consolidation was not achieved by the end of the fiscal year. Consequently, incorporating TEN's severely declining performance damaged our consolidated net assets, and the auditor also indicated the potential for impairment losses on software held by TEN as of the fiscal year-end.

To avoid insolvency for a second consecutive fiscal year, the Company executed the sale of investment securities it held within the limited time available before the end of the December 2025 fiscal year. This action was taken as a measure to strengthen net assets against these potential substantial impairment losses, allowing us to secure approximately 600 million yen in net assets.

Entering 2026, while continuing year-end closing procedures and earnest discussions with the accounting auditor, the Company persistently explained the validity of its business plans, utilizing business planning support from an external consultancy. TEN also explained its future performance improvement plans to its local auditor and proceeded with discussions regarding the necessity of recording impairment losses.

Regrettably, we were unable to obtain the agreement of the accounting auditor regarding the validity of the business plan for the domestic Event DX business and the method of calculating fair value in the software impairment test for the U.S. listed company, TEN. Following final discussions with the accounting auditor, as announced on March 31, 2026, in the "Notice Concerning Recording of Non-operating Expenses and Extraordinary Losses, Increase in Valuation Difference on Available-for-Sale Securities, and Differences Between Financial Forecasts and Actual Results," we recorded an impairment loss of 1,993 million yen for the fiscal year ended December 2025.

As a result, consolidated net assets as of the end of December 2025 stood at negative 1,107 million yen (revised from negative 655 million yen as announced in the "Consolidated Financial Results [Japanese GAAP] for the Fiscal Year Ended December 2025" dated April 30, 2026). This caused the Company to fall under the delisting criteria due to insolvency for two consecutive fiscal years. As announced on April 30, 2026, in the "Notice Concerning Completion of Filing of the Annual Securities Report for the Fiscal Year Ended December 2025, Decision on Delisting of the Company's Shares, and Designation as Securities to be Delisted," the Company received a notice from the Tokyo Stock Exchange, Inc. (the "Tokyo Stock Exchange") on the same date designating the Company’s shares as Securities to be Delisted and slating them for delisting on July 1, 2026. Consequently, a "Note on Going Concern Assumption" has been included in the notes to the consolidated financial statements for the fiscal year ended December 2025.

Under these severe circumstances, as announced in the "Notice Concerning Modification of Conditions of a Monetary Loan Agreement with Financial Covenants" on November 28, 2025, the Company had obtained agreements from all its financial institutions to temporarily suspend scheduled repayments and maintain the balances until the end of March 2026. This included borrowings under a syndicated loan arranged by MUFG Bank, Ltd., with participating institutions MUFG Bank, Ltd. and Mizuho Bank, Ltd. (hereinafter referred to as the "Borrowings").

Faced with this situation, and considering the financial status of the Group for the fiscal year ended December 2025 and the status of discussions with the accounting auditor, the Company recognized the urgent need from late December 2025 to consider specific preparatory measures for all possible scenarios to ensure the Company's survival and development. Keeping in mind the risk that our common shares could be delisted if we fell into insolvency for the fiscal year ended December 2025, we swiftly began exploring the possibility of going private as part of these measures, from the perspective of improving corporate value and securing the common interests of shareholders. We appointed GIP Inc. ("GIP") as our financial advisor and commenced approaches to multiple investment funds.

Initially, we received indications from multiple third-party investment funds that they could consider and propose a series of transactions—together with Mr. Naoaki Mashita, the Company's former Representative Director and current Chairman of the Board—to acquire all of the Company's shares and share acquisition rights (excluding treasury shares and shares held by non-tendering shareholders under certain agreements) through a tender offer, aiming to make the Company a wholly-owned subsidiary. Subsequently, on January 7, 2026, we received a letter of intent from J-INC expressing interest in acquiring the Company through a tender offer and subsequent squeeze-out based on a Management Buyout (MBO) premise (the "Initial MBO Proposal"). We did not receive concrete written proposals from other investment funds that had been concurrently reviewing the opportunity up to that point.

Following the receipt of the Initial MBO Proposal, the Company appointed and approved TMI Associates ("TMI") as a legal advisor independent from J-INC, and GIP as a financial advisor independent from J-INC, seeking necessary advice. Because the proposal constituted a Management Buyout (MBO) containing structural conflicts of interest between the Company and its general shareholders, we established a Special Committee to ensure careful decision-making, eliminate arbitrariness in the Board of Directors' decision-making process, and guarantee fairness while evaluating the proposal. However, on March 3, 2026, the Company was informed by J-INC that they had to withdraw the Initial MBO Proposal based on the results of the due diligence conducted after the proposal and discussions with the Company's existing financial institutions. Conversely, they indicated an intention to submit an alternative proposal replacing the MBO. Consequently, the review of the Initial MBO Proposal concluded on March 4, 2026. J-INC explained that the withdrawal was because their calculation of the Company's share value based on the due diligence results significantly fell below the current market share price level, and feedback from existing financial institutions indicated difficulties in structuring an LBO loan given the Company's current financial situation.

The alternative proposal presented by J-INC replacing the Initial MBO Proposal (the "Initial Capital Reinforcement Proposal") is as follows. It assumes no capital involvement from Mr. Naoaki Mashita, Representative Director Jun Mizutani, or other management members of the Company. J-INC explained that, considering the current suspension of scheduled repayments of the Borrowings, directly injecting funds into the Company to repay the burdening Borrowings is the optimal method to minimize negative impacts on future business operations and rapidly build a robust financial base to realize growth.

- **(a)** The Company shall execute the Third-Party Allotment to the Scheduled Allottee. The allotment price (amount to be paid in) is assumed to be 38.6 yen per share (totaling 2,000 million yen, set at a level where the Scheduled Allottee acquires 66.7% of the total issued shares).
- **(b)** Using the procured funds and the Company's cash on hand, approximately half of the existing borrowings will be repaid. The proposal assumes that unified repayment plans for the remaining borrowings can be coordinated with existing financial institutions to enable smooth repayment.
- **(c)** After the completion of the Third-Party Allotment, a squeeze-out via a consolidation of shares (the "Squeeze-out") will be executed to make the Company a wholly-owned subsidiary of the Scheduled Allottee. The Squeeze-out price is assumed to be 50.2 yen per share (a level adding an approximately 30% premium to the allotment price).
- **(d)** However, these assumptions are strictly predicated on the conditions that (i) no further payments from the Company to TEN will occur, and (ii) the loans from the Company Group to TEN (the "ICL") will be repaid in full.

In response, the Company sought advice from TMI and GIP and evaluated the Initial Capital Reinforcement Proposal. The Board recognized that executing this proposal would result in a dilution ratio of 25% or more, constituting a large-scale third-party allotment involving a change in controlling shareholder. Furthermore, the allotment price was highly likely to be deemed an advantageous issuance. Given the significant impact on shareholders due to the planned delisting and wholly-owned subsidiary transition, it was crucial to ensure the fairness, transparency, and objectivity of the decision-making process. Simultaneously, the timeframe to execute the proposal before the anticipated delisting on July 1, 2026, was extremely limited.
To prepare for the execution of the proposal, the Board of Directors resolved on March 5, 2026, to form an Independent Committee consisting of four independent officers: Mr. Kenichi Nishimura, Mr. Daiko Matsuyama, Mr. Hidehito Akimoto, and Ms. Keiko Komatsu. While the committee evaluated the necessity and appropriateness of the allotment, the Company also approached approximately seven sponsor candidates, including financial investors, seeking capital injections under more favorable terms. As a result of this sponsor search, comprehensively evaluating the amount of capital, the timing of funding, business continuation plans, and measures to improve corporate value, the Board judged as of March 31, 2026, that J-INC was the optimal sponsor candidate. We concluded a basic sponsor agreement with J-INC on the same day, as announced in the "Notice Concerning Expected Designation of the Company's Shares as Securities Under Supervision (Confirmation) Due to Falling Under Delisting Criteria and Conclusion of Basic Sponsor Agreement" (the "Basic Sponsor Agreement Press Release").
As stated in the Basic Sponsor Agreement Press Release, to objectively ensure the validity of J-INC's proposed terms and maintain transparency, the Independent Committee recommended establishing a period to solicit concrete alternative proposals (a "market check"). We set a deadline of 3:00 PM on April 21, 2026, to receive legally binding, sincere proposals, explicitly excluding those with financing-out clauses due to the urgent timeframe. Although we received contact from two companies, neither provided a concrete alternative proposal by the deadline.
Given the absence of alternative proposals, the Company determined it was practically difficult to find a sponsor other than J-INC. J-INC's restructuring plan—which includes upgrading management control systems, reinforcing the management structure (e.g., inviting CXO-level personnel), and accelerating business growth utilizing the J-INC group network—is concrete, and their strong commitment to realizing it is expected to contribute to enhancing our corporate value.

(2) Reason for Selecting the Third-Party Allotment
As described in "(1) Background Leading to the Third-Party Allotment" above, and as announced in the Basic Sponsor Agreement Press Release, the Company has been in a state of insolvency for the past two consecutive fiscal years, making the fundamental enhancement of our net assets an urgent management priority. Furthermore, while we had obtained an agreement to temporarily suspend the scheduled repayments until the end of March 2026 for our borrowings under a syndicated loan arranged by MUFG Bank, Ltd., with MUFG Bank, Ltd. and Mizuho Bank, Ltd. as participating financial institutions, borrowings totaling approximately 6.5 billion yen remain outstanding while we are currently in breach of the financial covenants (such as maintaining net assets and avoiding operating deficits) stipulated in the syndicated loan agreements. Under these circumstances, to formulate and execute a concrete repayment plan and to restore a normal business relationship with our financial institutions, it is essential to secure equity capital reliably and swiftly. Moreover, the Company's net assets were negative (insolvency) for the fiscal year ended December 2025, meaning the Company's shares fall under the delisting criteria and are expected to be delisted.
As stated above, from the perspective of the Company's survival and continuity, our utmost priority is to procure a substantial amount of equity capital reliably and swiftly. Based on this premise, we comparatively evaluated various fundraising methods as follows:

- **(a) Borrowings from Financial Institutions and Issuance of Corporate Bonds** Fundraising through borrowings or the issuance of corporate bonds would result in the procured funds being recorded entirely as liabilities, further deteriorating our financial health, which is already in breach of financial covenants. Therefore, it would not provide a fundamental solution. Given our current insolvency and the forced temporary suspension of scheduled repayments, it is highly unlikely that any financial institution would provide additional loans, and there is no prospect of securing underwriters for corporate bonds. Furthermore, because our objective in this Third-Party Allotment is to compress borrowing obligations and restore our impaired net assets, debt-based fundraising that creates new liabilities is fundamentally incompatible with this objective. For these

reasons, we concluded that this method is not appropriate.

- **(b) Capital Increase Through Public Offering** Under circumstances where delisting is expected, it is inherently difficult to generate demand for a public offering. From the perspective of the feasibility of the fundraising itself, we concluded that this method is not appropriate.
- **(c) Capital Increase Through Shareholder Allotment** While a shareholder allotment has the advantage of not diluting the ownership ratios of existing shareholders, whether to subscribe to the new shares is left to the discretion of each shareholder. Under circumstances where delisting is expected, subscription to new shares by shareholders can hardly be anticipated. Therefore, from the perspective of the feasibility of the fundraising itself, we concluded that this method is not appropriate.
- **(d) Rights Offering (Allotment of Share Acquisition Rights Without Contribution)** Rights offerings are categorized into commitment-type offerings (where an underwriting agreement is concluded) and non-commitment-type offerings (where exercise is left to shareholders' discretion). For the commitment-type, given the Company's situation where delisting is expected, securing an underwriting securities company is difficult, making this method inappropriate. Regarding the non-commitment-type, the Company has recorded ordinary losses for the last two years and does not meet the listing criteria stipulated in Article 304, Paragraph 1, Item 3 of the Tokyo Stock Exchange's Securities Listing Regulations, making it impossible to implement at present.
- **(e) Issuance of Convertible Bond-Type Bonds with Share Acquisition Rights (CB/MSCB)** For a CB with a fixed conversion price, conversion will not progress unless the stock price exceeds the conversion price, meaning there is a high probability that the objective of capital reinforcement cannot be achieved. An MSCB, where the conversion price fluctuates, heavily impacts the stock price because the total number of shares to be delivered is not fixed, thereby risking harm to existing shareholders' interests. Furthermore, because the procured funds for both are initially recorded as liabilities, issuing them while in breach of financial covenants would cause further deterioration of our financial indicators. This does not align with our priority of enhancing net assets, and for these reasons, we concluded that the issuance of CBs is not appropriate as a fundraising method.

Conclusion on the Fundraising Method

A capital increase through third-party allotment allows us to finalize the issuance conditions and procurement amount through negotiations with a specific allottee. Therefore, it is the most suitable method when it is necessary to procure a certain scale of funds reliably. Because it is an equity-based fundraising, the procured funds directly lead to the enhancement of net assets, thereby directly addressing our urgent challenges of complying with financial covenants and executing our repayment plan.

Furthermore, as stated in "(1) Background Leading to the Third-Party Allotment" above, to objectively ensure the validity of J-INC's proposed terms and ensure transparency in the process leading up to delisting, the Company established a period to solicit concrete alternative proposals, announcing that we would sincerely consider any legally binding and concrete proposals from third parties. However, within this solicitation period, which ended at 3:00 p.m. on April 21, 2026, we did not receive any concrete proposal with legal binding force to replace J-INC's proposed terms. In light of this process, there is no concrete and realistic alternative to fundraising through a third-party allotment, and we have determined that the Third-Party Allotment is the best possible option available to the Company at present.

Reasonableness of the Allotment and Valuation Context If the New Shares are allotted to the Scheduled Allottee through the Third-Party Allotment, the total number of voting rights to be held by the Scheduled Allottee will be 2,533,802 units. This will represent **980.22%** of the Company's total voting rights (2,792,296 units, which is the sum of the Company's 258,494 voting rights as of April 23, 2026, and the said voting rights). Consequently, the Scheduled Allottee is expected to fall under the definition of a specific subscriber as stipulated in Article 206-2, Paragraph 1 of the Companies Act.

In this regard, at the Board of Directors meeting held from May 17, 2026, to today, three Directors serving as Audit and Supervisory Committee Members (including two Outside Directors serving as Audit and Supervisory Committee Members) expressed the opinion that executing the Third-Party Allotment and the Wholly-Owned Subsidiary Transaction is necessary and appropriate for the Company, and that the allotment to the Scheduled Allottee has a certain degree of rationality. Considering the Company's current financial situation and future outlook, raising capital through the Third-Party Allotment and receiving sponsor support via the Wholly-Owned Subsidiary Transaction is a matter of

survival for the Company. Although the amount to be paid in for the Third-Party Allotment and the amount to be paid to minority shareholders through the Consolidation of Shares represent a discount to the closing price on March 30, 2026, their opinion was based on the following reasons:

- **Purpose of the Transaction:** The objective is to apply the procured funds to specific uses to improve the Company's financial situation, strengthen the business foundation, and thereby enhance the Company's corporate value.
- **Protection of Shareholder Interests:** Comparing the anticipated transition of the value of the Company's shares with and without this transaction, this transaction serves the perspective of securing the common interests of shareholders (insofar as it ensures that the shares held by shareholders are not rendered completely worthless, but are secured up to the limit of the squeeze-out price).
- **Valuation Context:** Although the amount to be paid in is below the lower limit of the valuation results calculated using the DCF method (perpetual growth rate method) by Beyond Arch Partners Co., Ltd. ("BAP"), the Company is currently insolvent. Since the Basic Sponsor Agreement Press Release, trust from existing customers is already declining, demands from new customers are becoming stricter, and unrest is spreading among employees. Continuing without financial improvement carries a high risk of serious business impairment, and if the Third-Party Allotment is not realized, the probability of achieving the business plan—the premise for the valuation—will significantly decrease. Furthermore, if events with a negative financial impact arise due to trends surrounding TEN in the U.S., it would be necessary to factor that impact into the valuation. Since quantitatively assessing such an impact is difficult, it is appropriate to use BAP's valuation results merely as a reference, meaning whether the price falls within the calculated range does not necessarily hold a decisive meaning.
- **Lack of Alternatives:** Even after conducting a market check, no concrete alternative proposals replacing J-INC's proposed terms were received, and there is no concrete and realistic method other than the Third-Party Allotment to improve the Company's current financial situation.
- **Absolute Evaluation:** While maintaining a squeeze-out price of 40 yen would clearly be preferable from the perspective of the market and shareholders, the Company must evaluate J-INC's proposal on an absolute basis, as it is practically inconceivable to reliably receive a proposal with terms exceeding the final proposal from any other underwriter.
- **Fairness of Negotiation:** The Company negotiated the contract while receiving professional advice from Okada, Imanishi & Yamamoto Law Office and TMI, and there are no circumstances casting doubt on the fairness of the contract negotiation process with J-INC. The amount to be paid in is the result of sincere discussions and negotiations with J-INC.
- **Reasonableness through Shareholder Approval:** The amount to be paid in represents a discount rate of more than **10%** against the market stock price, falling under an issuance of shares at a particularly favorable amount for J-INC. Therefore, it must be approved and executed based on a resolution of the general meeting of shareholders (where J-INC will not have voting rights), providing the terms with a degree of rationality.

There were no dissenting opinions from the Outside Directors regarding the Board of Directors' judgment.

3. Amount and use of funds to be procured, and scheduled timing of expenditure

(1) Amount of funds to be procured

Total amount to be paid in (Yen)	Estimated amount of issuance costs (Yen)	Estimated net proceeds (Yen)
1,799,000,059	153,000,000	1,646,000,059

(Notes)

1. The "Estimated amount of issuance costs" does not include consumption taxes, etc.
2. The breakdown of the "Estimated amount of issuance costs" consists primarily of the sum of expenses related to holding the general meeting of shareholders, registration-related expenses, financial advisory fees, and share valuation expenses.

(2) Specific Use of Funds to be Procured

The Company plans to use the estimated net proceeds from the Third-Party Allotment of 1,646,000,059 yen for the specific uses described below. The funds procured will be maintained in a bank account until they are actually expended.

Specific use of funds	Amount(Millions of yen)	Scheduled timing of expenditure
Working capital and repayment of borrowings, etc.	1,646	From June 2026

As described in "(1) Background Leading to the Third-Party Allotment" under "2. Purpose and Reason for the Third-Party Allotment" above, after reaching an agreement with all transaction financial institutions to temporarily suspend the scheduled repayments concerning the Borrowings until the end of March 2026, the Company held further discussions with all transaction financial institutions. Based on the prospect of executing the fundraising through the Third-Party Allotment in June 2026, the Company has reached an agreement to temporarily suspend the said scheduled repayments until the end of June 2026. The Company plans to allocate at least a portion of the funds procured through the Third-Party Allotment to the repayment of borrowings.

4. Views Concerning Rationality of Use of Funds

Regarding the funds to be procured through the Third-Party Allotment, as described in "(2) Specific use of funds to be procured" under "3. Amount and use of funds to be procured, and scheduled timing of expenditure" above, the Company has judged that the use of funds is rational since they will be allocated to overcome our current financial difficulties and contribute to enhancing the Company’s corporate value.

5. Rationality of issuance conditions, etc.

(1) Basis of calculation and specific details of the amount to be paid in

The amount to be paid in for the New Shares (hereinafter the "Amount to be Paid In") represents a discount of 94.13% (rounded to the nearest second decimal place; the same applies hereinafter for the discount rates (%) against share prices) against 121 yen, the closing price of the Company’s common shares on the Tokyo Stock Exchange on March 30, 2026 (hereinafter the "Closing Price"), which is the business day immediately preceding March 31, 2026, the date of publication of the Basic Sponsor Agreement Press Release. It also represents a discount of 94.23% against 123 yen (rounded to the nearest yen; the same applies hereinafter for the calculation of average closing prices), the average Closing Price for the one-month period immediately preceding the publication date (from February 28, 2026, to March 30, 2026), and a discount of 94.82% against 137 yen, the average Closing Price for the three-month period immediately preceding the publication date (from December 31, 2025, to March 30, 2026). (Note that since the publication of the Basic Sponsor Agreement Press Release, etc., on March 31, 2026, the Company's market share price has trended at a level significantly lower than the market share price prior to the publication. Under the view that it is not appropriate to judge the rationality of the Amount to be Paid In for the Third-Party Allotment based on the market share price after this decline, we have examined the discount level using the business day immediately preceding the said publication as the reference date.)

In addition, the Independent Committee requested Beyond Arch Partners Co., Ltd. ("BAP"), a third-party appraiser independent of J-INC and the Scheduled Allottee selected independently by the Independent Committee, to calculate the share value of the Company's common shares, and obtained a share valuation report (the "Share Valuation Report") dated March 31, 2026.

BAP calculated the share value of the Company's common shares by adopting the discounted cash flow method (the "DCF Method") (perpetual growth rate method). The reasons for adopting the DCF Method (perpetual growth rate method) are as follows:

- **Average market price method:** This method calculates the share value based on the average market share price of the target company over a certain period. While it can serve as an objective indicator as long as material facts affecting the share price are sufficiently incorporated into the market, we received an explanation that this method was not adopted because the Company's current market share price may be overvalued relative to its actual condition, without sufficiently incorporating the present value of the Company's future earnings or its current financial situation.
- **Comparable company analysis method:** This method calculates the share value by applying the market multiples of similar listed companies to the target company. However, considering the Company's current

financial situation and other specific circumstances, uniformly applying the multiples of general similar listed companies may not appropriately reflect the actual condition of the Company, and therefore, this method was not adopted.

- **Adjusted net asset method:** This method calculates the share value by evaluating assets and liabilities individually at market value. However, we received an explanation that this method was not adopted because it does not reflect future profitability or cash flows, making it unsuitable for evaluating corporate value as a going concern.
- **DCF Method:** This method calculates business value by discounting the future cash flows expected to be generated by the target company to their present value using the weighted average cost of capital (WACC), and then calculates the target company's share value by subtracting net interest-bearing debt, etc., from the business value. As a method of evaluating a business as a going concern, it features the ability to incorporate the outlook of future business activities into the valuation, and is widely and generally used in the valuation of operating companies. In the Share Valuation Report, it was explained that BAP reviewed the business plan, etc., submitted by the Company and calculated the value of the Company's common shares using the DCF Method, based on future cash flows assuming the said business plan as of the valuation base date. The business plan is a three-year plan from the fiscal year ending December 2026 to the fiscal year ending December 2028, and since it coincides with the planning period of the medium-term business plan formulated by the Company, this period was adopted as the target period for the financial forecast. In addition, the business plan was not formulated on the premise of the implementation of this transaction, but was formulated on the premise that the Company will continue its normal business operations. However, the Company is currently in a state of insolvency, and if this transaction is not implemented, it could have a material impact on the Company's business continuity, such as a deterioration of relationships with financial institutions and business partners; therefore, the business plan assumes that such risks will not materialize.

In calculating the value of the Company's common shares using the DCF Method, the Independent Committee carefully deliberated and considered reasonable assumptions, such as revenue forecasts and investment plans based on the business plan approved by the Independent Committee on February 3, 2026. Based on the free cash flows the Company is expected to generate from the fiscal year ending December 2026 onward, the corporate value was evaluated by discounting to the present value at a certain discount rate corresponding to business risks, and the range of the share value per share of the Company's common shares was calculated to be between 21 yen and 48 yen. The discount rate adopts a weighted average cost of capital (WACC) of 11.95% to 12.45%, which factors in a size risk premium after considering the Company's corporate size, etc. In addition, the perpetual growth rate method was adopted to calculate the terminal value, and the perpetual growth rate was set at 0.875% to 1.125% with reference to the forecasted long-term nominal economic growth rate of Japan. Furthermore, the free cash flow for the continuing period used to calculate the terminal value was calculated based on the assumption of capital investment at a level of adding 100 million yen to the capital investment amount in the fiscal year ending December 2028, which is the final fiscal year of the business plan. Based on these factors, the range of the terminal value as of December 2028, before discounting to the present value, was calculated to be 4,870 million yen to 5,597 million yen. The tax effects related to the tax loss carryforwards held by the Company were calculated, and the amount discounted to the present value was reflected in the share valuation.
The business plan was prepared by the Company for the purpose of examining the Initial MBO Proposal, setting reasonable assumptions for each item based on past results, current earnings conditions, and the business environment surrounding the Company. This financial forecast does not include any fiscal year in which a significant increase or decrease in profit or a significant increase or decrease in free cash flow is expected in a year-on-year comparison.
The specific figures of the Company's financial forecast, which BAP used as a premise for the calculation using the DCF Method (perpetual growth rate method), are as follows:

(Unit: Millions of yen)

	Fiscal year ending Dec. 2026	Fiscal year ending Dec. 2027	Fiscal year ending Dec. 2028
Net Sales	9,707	10,148	10,711
Gross Profit	5,195	5,478	5,842
EBIT (before deduction of	177	351	618

goodwill)			
EBIT (after deduction of goodwill))	54	228	495
EBITDA	1,207	1,352	1,564
Free Cash Flow	564	708	732

In addition, while the multiple method is available as a calculation method for the going concern value in addition to the perpetual growth rate method, the multiple method applies industry market multiples to the profit level of the final fiscal year of the business plan. We have received an explanation that the perpetual growth rate method was adopted because, for reasons similar to those for the comparable company analysis method, the multiple method may not appropriately reflect the actual condition of the Company.
According to the valuation results using the DCF Method (perpetual growth rate method) by BAP as described above, the value of the Company's common shares is calculated to be between 21 yen and 48 yen (with a median value of 35 yen), and the 7.1 yen presented by J-INC in its final proposal is at a level below the lower limit (21 yen) of the valuation range.
However, as described in (iii) of "(2) Reason for selecting the Third-Party Allotment" under "2. Purpose and reason for the Third-Party Allotment" above, if the improvement of our financial position through fundraising via the Third-Party Allotment is not realized, there is an increased likelihood that the business plan serving as the premise for the share valuation cannot be achieved. Furthermore, although the Company does not anticipate any specific impact at present, if events with a negative financial impact on the Company arise due to trends surrounding TEN in the U.S., it is conceivable that such impact would need to be factored into the calculation of the Company's share value, while quantitatively assessing such an impact remains difficult. In light of these aspects, in the context of referencing BAP's valuation results to evaluate the conditions concerning J-INC's final proposal (the conditions for the Third-Party Allotment and the Consolidation of Shares), it is considered appropriate to use them as a reference after taking these premises into account, and whether or not the price falls within the calculated valuation range does not necessarily hold a decisive meaning.
In addition, although a market check was conducted after concluding the basic sponsor agreement with J-INC, no concrete alternative proposals replacing J-INC's proposed terms were presented by the deadline set by the Company. Furthermore, these conditions were ultimately obtained through continuous and earnest daily negotiations among financial institutions, J-INC, and the Company even after the publication of this matter on March 31, 2026. Under the current financially difficult circumstances, if the management restructuring efforts with J-INC as a partner are not realized, further operational difficulties are highly likely to arise. Taking into account that its rationality can be recognized as an unavoidable choice, the Company has judged that the Amount to be Paid In is a price with a certain degree of rationality.

(2) Basis of judgment that the issuance quantity and impact of dilution are reasonable
As described in "(2) Reason for selecting the Third-Party Allotment" under "2. Purpose and reason for the Third-Party Allotment" above, the number of new shares to be issued through the Third-Party Allotment will be 253,380,290 shares (2,533,802 voting rights). This corresponds to 961.82% of the Company's total number of issued shares of 26,343,900 shares as of April 23, 2026, and 980.22% of the Company's total number of voting rights of 258,494 units as of April 23, 2026. Therefore, since the number of allotted voting rights will be 25% or more of the total shareholders' voting rights, the Third-Party Allotment falls under the category of a so-called large-scale third-party allotment.
The Company has examined the fact that the dilution ratio associated with the Third-Party Allotment is of a scale that falls under a large-scale third-party allotment. As described in "(1) Background leading to the Third-Party Allotment" under "2. Purpose and reason for the Third-Party Allotment" above, in light of the necessity to secure funds required for enhancing the Company's corporate value in the future, the Company has judged that the necessity of implementing a third-party allotment of this scale is recognized.
Furthermore, for the Company's shareholders, it is obvious that this Squeeze-out will be executed at a price that represents a discount to the market share price as described above, and that a large-scale dilution will occur prior to that, which will undoubtedly cause distress. However, improving our financial base is an urgent and critical management priority for the Company, and it is necessary to raise funds to continue our business. Moreover, considering that if the

Third-Party Allotment and the subsequent Squeeze-out are not executed, the market share price of the Company's shares is expected to decline to a level even lower than the current market share price, the Third-Party Allotment is considered to contribute to a certain extent to securing the common interests of shareholders (insofar as it ensures that the shares held by shareholders are not rendered completely worthless, but are secured up to the limit of the Squeeze-out price). Therefore, the Company has judged that the Third-Party Allotment will be conducted under reasonable funding demand and within the necessary scope of dilution.

Note that a resolution or decision regarding a third-party allotment with a dilution ratio exceeding 300% is stipulated to fall under the delisting criteria, unless the Tokyo Stock Exchange recognizes that there is little risk of infringing upon the interests of shareholders and investors, comprehensively taking into account the purpose of the third-party allotment, the attributes of the scheduled allottee, the status of implementation of procedures related to the change in the total number of shares authorized to be issued, and other conditions. From the aforementioned necessity and purpose, the Company believes that the rationality of executing the Third-Party Allotment is recognized, even after taking into account the large-scale dilution caused by the Third-Party Allotment.

In addition, as announced in the "Notice Concerning Completion of Filing of the Annual Securities Report for the Fiscal Year Ended December 2025, Decision on Delisting of the Company's Shares, and Designation as Securities to be Delisted" dated April 30, 2026, the Company received a notice from the Tokyo Stock Exchange on April 30, 2026, designating the Company's shares as Securities to be Delisted and slating them for delisting on July 1, 2026. Regardless of whether the Third-Party Allotment and the Consolidation of Shares are implemented, the Company's shares are scheduled to be delisted on July 1, 2026. Given that if the Third-Party Allotment and the subsequent Squeeze-out are not executed, the market share price of the Company's shares is expected to decline to a level even lower than the current market share price, these terms represent the best conditions for the Company's minority shareholders, as they are considered to serve the perspective of securing the common interests of shareholders (insofar as it ensures that the shares held by shareholders are not rendered completely worthless, but are secured up to the limit of the Squeeze-out price). Therefore, from a relative standpoint, the Company believes that the Third-Party Allotment falls under a case where there is little risk of infringing upon the interests of shareholders and investors.

6. Reason for Selection of Scheduled Allottee, Etc.

(1) Overview of Scheduled Allottee

①	Name	AVA3 HD Co., Ltd.
②	Location	5-11-1 Toranomon, Minato-ku, Tokyo
③	Job title and name of representative	Keisuke Shirai, Representative Director
④	Description of business	1. Business of controlling and managing the business activities of other companies by acquiring and holding their securities 2. Formulation and management of management strategies for subsidiaries and group companies 3. Any and all businesses incidental or related to the preceding items
⑤	Share capital	5,000 yen
⑥	Date of establishment	May 8, 2026
⑦	Number of issued shares	10,000 shares
⑧	Fiscal year-end	December 31
⑨	Number of employees	0
⑩	Major trading partners	None in particular
⑪	Main banks	None in particular
⑫	Major shareholders and ownership ratios	Avant Fund Cayman, LP　100%
⑬	Relationship between the parties	
	Capital relationship	Not applicable
	Personnel relationship	Not applicable

	Business relationship	Not applicable
	Related party relationship	Not applicable

(Note) The Company requested a third-party investigative agency, Security & Research Co., Ltd. (Location: 2-16-6 Akasaka, Minato-ku, Tokyo; Representative Director: Hisatsugu Hada), to investigate whether J-INC (the investor in the Scheduled Allottee), parties related to the funds, etc. managed by J-INC, and their officers (hereinafter collectively referred to as the "Scheduled Allottee-Related Parties") have any relationships with antisocial forces. As a result, there were no reports indicating that the Scheduled Allottee-Related Parties are antisocial forces or have any relationships with antisocial forces. Furthermore, regarding the Scheduled Allottee, the Company has received a report stating that, on the premise that it is established with the Scheduled Allottee-Related Parties as its shareholders or officers, no facts suggesting that it is an antisocial force or has any relationship with antisocial forces are recognized. Based on the above, the Company has determined that the Scheduled Allottee has no relationship whatsoever with antisocial forces, and has filed a confirmation to that effect with the Tokyo Stock Exchange, Inc.

(2) Reason for selection of scheduled allottee

For the reason for selection of the scheduled allottee, please refer to "(1) Background leading to the Third-Party Allotment" under "2. Purpose and reason for Third-Party Allotment" above.

(3) Holding policy of scheduled allottee

The Company has received an expression of intent from the scheduled allottee stating that, after the Third-Party Allotment, it intends to work cooperatively with the Company Group as the Company’s parent company toward realizing growth from a medium- to long-term perspective.

(4) Confirmation of existence of assets required for the scheduled allottee to make payment

Regarding the status of funds, etc. of the scheduled allottee, the Company has received an explanation from J-INC that the scheduled allottee will secure the funds required for payment for the Third-Party Allotment through a third-party allotment of new shares to the scheduled allottee's shareholder, Avant Fund Cayman, LP (hereinafter the "Fund"), and that the Fund will secure the funds necessary for investment in the scheduled allottee through capital calls to the Fund's investors.

In addition, the Company has obtained from J-INC a document confirming that: (i) the balance of the amount that the Fund can secure through capital calls exceeds the funds required for payment for the Third-Party Allotment, and (ii) pursuant to the Limited Partnership Agreement entered into with the general partner and limited partners of the Fund, the Fund's investors are obligated to make contributions when they receive a capital call. The Company has confirmed this by receiving a copy of the said document, and has received similar explanations through interviews with J-INC. Accordingly, the Company has judged that the scheduled allottee will be able to procure the necessary funds by the due date of payment for the issuance of the New Shares, and that there are no issues regarding the certainty of payment for the Third-Party Allotment by the scheduled allottee. Therefore, the Company has judged that there are no issues regarding the status of securing the funds required for payment concerning the issuance of the New Shares.

7. Major Shareholders and Ownership Ratio After the Offering

(1) Common Shares

Before the offering (As of April 23, 2026)		**Ownership ratio**	
Naoaki Mashita	13.88%	Naoaki Mashita	13.88%
The Master Trust Bank of Japan, Ltd. (Trust Account)	5.93%	The Master Trust Bank of Japan, Ltd. (Trust Account)	5.93%
Tommy Consulting Inc.	2.63%	Tommy Consulting Inc.	2.63%
Taichi Nakahara	1.63%	Taichi Nakahara	1.63%
Rakuten Securities, Inc.	1.60%	Rakuten Securities, Inc.	1.60%
Hiroshi Yamashita	1.55%	Hiroshi Yamashita	1.55%
NOMURA INTERNATIONAL PLC A/C	1.33%	NOMURA INTERNATIONAL PLC A/C	1.33%

JAPAN FLOW		JAPAN FLOW	
Masaya Takada	1.32%	Masaya Takada	1.32%
Kanetoshi Nagashima	1.29%	Kanetoshi Nagashima	1.29%
Nomura Securities Co., Ltd.	0.99%	Nomura Securities Co., Ltd.	0.99%

(Notes)

1. The ownership ratio before the offering is calculated based on the total number of issued shares (excluding treasury shares) as of April 23, 2026.
2. The ownership ratio after the offering indicates the ratio of the number of shares held to the total number of common shares of the Company (excluding treasury shares). In addition, Class V preferred shares are classified as shares with voting rights, and the ownership ratio against the sum of the total number of common shares and Class V preferred shares after the Third-Party Allotment is expected to change due to the Third-Party Allotment.
3. The ownership ratios are calculated by rounding to the nearest second decimal place.

(2) Class V Preferred Shares

Before the offering (As of April 23, 2026)		After the offering	
Not applicable	—	AVA3 HD Co., Ltd.	100%

8. Future Outlook

Although the Third-Party Allotment will contribute to a fundamental improvement in the Company's financial structure, the impact on the operating performance of the Company Group is currently under close examination. If any concrete impact on the operating performance becomes clear in the future, it will be disclosed promptly.

9. Matters concerning the procedure required by the corporate code of conduct

If the New Shares are allotted to the Scheduled Allottee through the Third-Party Allotment, as described in "vi. Other matters" under "(1) Third-Party Allotment ①" and "(2) Third-Party Allotment ②" of "1. Overview of the Offering" above, the dilution ratio associated with the Third-Party Allotment will be 25% or more and will involve a change in the controlling shareholder. Therefore, the Company is required to either procure an opinion from an independent third party or conduct procedures for confirming the intent of shareholders as provided for under Rule 432 of the Securities Listing Regulations of the Tokyo Stock Exchange. Accordingly, in conducting the Third-Party Allotment, the Company plans to conduct the procedures for confirming the intent of its minority shareholders regarding the Third-Party Allotment via a special resolution at the Extraordinary General Meeting of Shareholders.

Furthermore, the Third-Party Allotment not only involves large-scale dilution and a change in the controlling shareholder, but the issuance conditions for the Third-Party Allotment are also particularly advantageous to the Scheduled Allottee. In addition, it is scheduled that the Company's shares will be delisted and the Company will be made a wholly-owned subsidiary by implementing the Consolidation of Shares. Therefore, taking into account the magnitude of the impact on the Company's minority shareholders, when examining the necessity and appropriateness of the Third-Party Allotment, the Company conducted its review by also considering that the Third-Party Allotment is ultimately part of a series of transactions aimed at making the Company a wholly-owned subsidiary through the Consolidation of Shares.

Specifically, pursuant to the resolution of the Board of Directors on March 5, 2026, the Company established the Independent Committee consisting of all independent officers of the Company (Mr. Kenichi Nishimura (Outside Director of the Company at the time), Mr. Daiko Matsuyama (Outside Director of the Company), Mr. Hidehito Akimoto (Outside Director and Audit and Supervisory Committee Member of the Company), and Ms. Keiko Komatsu (Outside Director and Audit and Supervisory Committee Member of the Company)). The Independent Committee approved TMI as a legal advisor independent from J-INC and the Scheduled Allottee, and GIP as a financial advisor independent from J-INC and the Scheduled Allottee. Additionally, the Independent Committee selected Okada, Imanishi & Yamamoto Law Office as its own legal advisor independent from J-INC and the Scheduled Allottee, and BAP as its own third-party appraiser independent from J-INC and the Scheduled Allottee, and conducted discussions a total of 15 times by March 31, 2026.

Furthermore, based on the negotiation policy confirmed in advance by the Independent Committee, as well as its opinions, instructions, and requests at critical stages of negotiations, and while receiving advice from each advisor, the Independent Committee reviewed questions directed to the Company and their answers, questions directed to J-INC and their answers, and conducted interviews with J-INC. Following this, on March 16, 2026, the Independent Committee sent a letter to J-INC requesting an increase in the Amount to be Paid In and the Squeeze-out price, and conducted negotiations regarding these prices.

In response, the Company received a proposal from J-INC (hereinafter collectively referred to as the "Capital Reinforcement Re-proposal") to set (i) the Amount to be Paid In at 28.4 yen per New Share and (ii) the Squeeze-out price at 40.0 yen per share. Regarding the grounds and circumstances for these price changes, J-INC explained that, considering the developments after the Initial Capital Reinforcement Proposal was made, they had to conclude that the preconditions in (a) and (b) of (d) under "(1) Background leading to the Third-Party Allotment" of "2. Purpose and reason for the Third-Party Allotment" assumed in the initial price proposal were not met. (Regarding (a), it was confirmed that based on the contract concluded between the Company and TEN, payment obligations totaling 5.4 million USD would arise between March and December 2026. Regarding (b), the ICL (4.536 million USD including interest payable as of the end of February 2026), which was initially targeted for collection by the end of February 2026, had not been repaid, and based on TEN's disclosure documents under US securities laws, the repayment deadline for the ICL was extended to the end of June 2026. Given this, it was determined that the timing and feasibility of the ICL repayment remained uncertain, and significant progress could not be expected by the target publication date of this matter at the end of March 2026). J-INC explained that the price revision was the result of comprehensively considering these factors. In addition, J-INC notified the Company that even if this matter were to proceed based on the Capital Reinforcement Re-proposal, it was a prerequisite for agreement that the Company's claims against TEN and TEN's claims against the Company be offset at corresponding amounts.

Upon receiving this revised proposal from J-INC, the Independent Committee and the Company re-examined the necessity and appropriateness of the Third-Party Allotment, premised on the Squeeze-out through the Consolidation of Shares. As stated in the Basic Sponsor Agreement Press Release, the Company obtained an interim report from the Independent Committee dated March 31, 2026. Comprehensively considering its contents and the situation of the Company facing expected delisting, the Company believes that the appropriateness of the Third-Party Allotment can be affirmed on the premise of two points: (i) if there is a sincere, concrete, and better proposal with legal binding force from a third party before the conclusion of the final agreement with J-INC, the Company will sincerely consider it and publicly announce this intent; and (ii) the Company will proceed with the Third-Party Allotment and the Consolidation of Shares after confirming the intent of shareholders (i.e., conducting them via a general meeting of shareholders). Therefore, from the perspective of fulfilling our responsibilities to shareholders amidst the impending delisting of the Company's shares, we judged that we should conclude a basic sponsor agreement and proceed with considerations toward concluding a final agreement with J-INC.

Furthermore, even after the publication of the Basic Sponsor Agreement Press Release, the Company continued discussions with J-INC in parallel with responding to potential alternative proposers, aiming to conclude a final agreement by around April 30 to May 8, 2026. (This time constraint was set based on the need to avoid leaving shareholders in an unstable position for an extended period, and because it was necessary to conclude the final agreement by this time to prepare for proactively delisting the Company's shares via a general meeting of shareholders prior to the scheduled delisting on July 1.) We presented drafts of the final agreement and design proposals for the class shares to J-INC. As such, the Company and J-INC had been negotiating with the aim of announcing the final agreement by May 8, 2026. However, as announced in the "Notice Concerning the Negotiation Status of the Final Agreement Based on the Basic Sponsor Agreement" dated May 1, May 8, and May 15, 2026, respectively, on April 30, 2026, J-INC informed us that it would be difficult to conclude the final agreement at the price stipulated in the basic sponsor agreement. The reasons cited were: (i) the Company established a Special Investigation Committee, as announced in the "Notice Concerning Establishment of a Special Investigation Committee" dated April 24, 2026; (ii) following the establishment of the Special Investigation Committee, our independent auditor, Grant Thornton Taiyo LLC, issued a disclaimer of opinion on the Company's financial statements and consolidated financial statements for the fiscal year ended December 2025, stating they were unable to obtain sufficient and appropriate audit evidence to serve as a basis for expressing an audit opinion, as announced in the "Notice Concerning Disclaimer of Opinion in the Audit Report and Internal Control Audit Report for the Annual Securities Report for the Fiscal Year Ended December 2025" dated April

30, 2026; and (iii) as disclosed in the Form 10-K dated March 18, 2026, by TEN, which was our consolidated subsidiary in the fiscal year ended December 2025, TEN is currently under investigation by the United States Attorney's Office and the Securities and Exchange Commission, and J-INC has not been able to obtain sufficient information regarding the subject of this investigation. In addition to the statement that it would be difficult to conclude the agreement at the initially determined price, J-INC indicated their intention to continue discussions, although they considered it practically difficult to reach an agreement on the final terms of this transaction in a form that could obtain approval from financial institutions by May 8, 2026.

While the Company and J-INC continued negotiations thereafter, on May 6, 2026, we received an indication of a proposal from J-INC to set (i) the Amount to be Paid In for the Third-Party Allotment at 7.1 yen per share, and (ii) the Squeeze-out price at 8 yen per share. According to J-INC, in a situation where the presence and extent of the impact of the investigation into TEN cannot be quantitatively assumed, they established a total investment framework of 2.0 billion yen as the maximum limit of risk money they could contribute as a fund. Within this framework, and based on discussions with respective financial institutions, they increased the total Amount to be Paid In for the Third-Party Allotment—which will be the source of funds for repaying existing borrowings—by 570 million yen to 1.79 billion yen, and reduced the Squeeze-out amount by the same amount to 210 million yen (8 yen per share). Upon receiving this proposal from J-INC, the Independent Committee reconsidered the proposal. The Independent Committee opined that, (i) since the publication of the Basic Sponsor Agreement Press Release on March 31, 2026, trust from existing customers was already declining, demands from new customers were becoming stricter, and setting up business negotiations with new customers was being affected, necessitating urgent measures to halt the impact on the business; and (ii) unrest was spreading among employees, and if unstable corporate management continued for a prolonged period, it was expected to materialize into concrete impacts affecting the Company's business operations. Based on these factors, under the current circumstances, presenting a concrete future vision for the Company as quickly as possible is considered extremely important from the perspective of maintaining the Company's business (and no effective alternative plan has been found). Therefore, even though there is a discrepancy between the proposed amount and the price stipulated in the "Basic Sponsor Agreement" (which set the Squeeze-out price at 40 yen), the necessary examinations and procedures to advance the initiative with J-INC should be continued. The Company's Board of Directors also shared this view. On the other hand, both the Independent Committee and the Company's Board of Directors believed that, under severe time constraints, they should continue efforts to draw out the maximum proposed price from J-INC to the greatest extent possible to enhance the Company's corporate value and protect the interests of existing shareholders. Therefore, from May 7, 2026, we resumed negotiations with J-INC to raise the Squeeze-out price (thereby providing as much consideration as possible to shareholders) and conducted another round of price negotiations with J-INC.

As a result of continued daily negotiations, on May 17, 2026, in response to the Company's stance of showing maximum consideration for existing shareholders, J-INC presented a final plan representing the limit of risk money they could provide. The proposal set (i) the Amount to be Paid In for the Third-Party Allotment at 7.1 yen per share, and (ii) the Squeeze-out price at 10 yen per share. In addition, emphasizing the perspective of preventing the impairment of the Company's business value and ensuring that there would be no temporal impact on reaching an agreement with financial institutions, we received a final proposal without any financing-out conditions (the "Final Proposal"). Note that on May 15, 2026, we received a request from one fund—which we had previously asked to consider an investment as a sponsor candidate during the review of the Initial Capital Reinforcement Proposal, but which had not made any concrete proposals and had not contacted us during the market check—stating their desire to conduct due diligence again and consider an investment, taking into account the changes in the scheduled timeline disclosed in the Basic Sponsor Agreement Press Release. However, considering that we received the Final Proposal from J-INC on May 17, 2026, we have terminated consideration of this request.

Upon receiving this Final Proposal from J-INC, the Independent Committee and the Company re-examined the necessity and appropriateness of the Third-Party Allotment, on the premise of the Squeeze-out through the Consolidation of Shares. As a result, the Company obtained a report from the Independent Committee dated May 17, 2026, containing the following details.

(Overview of the Final Report of the Independent Committee)

1. Contents of the Report

- **(1)** The necessity of the Third-Party Allotment is recognized.
- **(2)** The appropriateness of the Third-Party Allotment is recognized.
- **(3)** The execution of the Squeeze-out through the Third-Party Allotment and the subsequent Consolidation of Shares is considered to contribute to enhancing the Company's corporate value, and premised on the delisting of the Company's shares, it is recognized as not being disadvantageous to the Company's minority shareholders.

2. Reasons for the Report (Summary)

(1) Matters Concerning the Necessity and Appropriateness of the Third-Party Allotment

- Regarding the validity of the business plan for the domestic Event DX business asserted by the Company and the method of calculating fair value in the software impairment test for the U.S. listed company, TEN, the agreement of the accounting auditor could not be obtained. Following final discussions with the accounting auditor, the Company recorded an impairment loss of 1,993 million yen for the fiscal year ended December 2025. As a result, on the grounds that events or conditions exist that cast significant doubt on the entity's ability to continue as a going concern, a "Note on Going Concern Assumption" has been included in the notes to the consolidated financial statements and non-consolidated financial statements for the fiscal year ended December 2025. Concurrently, consolidated net assets as of the end of December 2025 stood at negative 1,107 million yen, which caused the Company to fall under the delisting criteria due to insolvency for two consecutive fiscal years. Under these financial circumstances, the balance of borrowings on the Company's consolidated financial statements remains at an extremely high level, and it is necessary to raise funds to ensure the Company's business continuity.
- Given the Company's need for fundraising, the most critical factor to consider is the certainty of procuring the required amount within the Company's desired timeline. Under circumstances where delisting is anticipated, it is inherently difficult to generate investor demand, and fundraising methods such as a public offering or shareholder allocation cannot be adopted from the perspective of feasibility. Furthermore, methods such as a rights offering (allotment of share acquisition rights without contribution) or the issuance of convertible bond-type bonds with share acquisition rights (CB) are also unrealistic under the Company's current circumstances. On the other hand, fundraising through a third-party allotment is the most suitable method when a company must reliably procure a certain scale of funds, as it allows the issuance conditions and procurement amount to be finalized through negotiations with a specific allottee. Moreover, since it is equity financing, the procured funds directly enhance net assets, thereby directly addressing the Company's urgent challenges of complying with financial covenants and executing its repayment plan. In addition, although a market check was conducted, no concrete alternative proposals with legal binding force to replace J-INC's proposed terms were received during the period. In light of this process, there is no concrete and realistic alternative to fundraising through a third-party allotment, and it is recognized as rational for the Company to select fundraising via a third-party allotment.
- The obligations concerning the Borrowings are in breach of so-called financial covenants. While the Company had received support to maintain the balances by entering into agreements to temporarily suspend scheduled repayments, each transaction financial institution has strongly requested that the Company promptly implement necessary measures to improve its financial situation and repay the borrowings. Improving the financial foundation by compressing borrowing obligations is an urgent and critical management priority for the Company. In other words, considering that the Borrowings are the primary factor behind the Group's severe financial circumstances, allocating the funds to the repayment of existing borrowings contributes to enhancing the Company's corporate value and, by extension, serves the interests of existing shareholders. Therefore, the Company's judgment regarding this matter can be evaluated as rational.
- The Amount to be Paid In of 7.1 yen per share under the Final Proposal by J-INC represents a discount of 94.13% (rounded to the nearest second decimal place; the same applies hereinafter for the calculation of discount rates) against 121 yen, the Closing Price of the Company’s shares on March 30, 2026, which is the business day immediately preceding March 31. It also represents a discount of 94.23% against 123 yen (rounded to the nearest yen), the average closing price for the one-month period immediately preceding that date (from February 28, 2026, to March 30, 2026), and a discount of 94.82% against 137 yen (rounded to the

nearest yen), the average closing price for the three-month period immediately preceding that date (from December 31, 2025, to March 30, 2026). According to the valuation results calculated by BAP using the DCF Method (perpetual growth rate method), the value of the Company's common shares ranges from 21 yen to 48 yen (with a median value of 35 yen), and the 7.1 yen presented by J-INC in its Final Proposal is at a level below the lower limit (21 yen) of the valuation range.

However,

1. In light of precedents where companies were delisted due to insolvency for two consecutive fiscal years, if the Company were to blindly allow itself to be delisted, the market share price of the Company's shares is expected to decline to a level even lower than the current market share price;
2. Although the Amount to be Paid In is below the lower limit of BAP's valuation range under the DCF Method (perpetual growth rate method),
    - (i) the Company is insolvent, and since the publication of the Basic Sponsor Agreement Press Release, trust from certain existing customers is already declining, and we urgently need to halt the impact on new customers, while unrest is spreading among employees, meaning that continuing unstable corporate management for a prolonged period would likely materialize into concrete negative impacts on the Company's business operations. Continuing to carry uncertain factors without improving the financial situation is highly likely to cause serious business impairment, and if fundraising through the Third-Party Allotment is not realized, there is an increased likelihood that the business plan serving as the premise for share valuation cannot be achieved; and
    - (ii) while the Company does not anticipate any specific impact at present, if events with a negative financial impact arise due to trends surrounding TEN in the U.S., it is conceivable that such impact would need to be factored into the valuation of the Company's share value, whereas quantitatively assessing such an impact remains difficult and BAP's valuation does not incorporate this financial impact. In the context of referencing BAP's valuation results to evaluate the conditions concerning J-INC's final proposal (the conditions for the Third-Party Allotment and the Consolidation of Shares), it is considered appropriate to use them as a reference after taking these premises into account, and whether or not the price falls within the calculated valuation range does not necessarily hold a decisive meaning;
3. Although a market check was conducted after concluding the basic sponsor agreement with J-INC, no concrete alternative proposals replacing J-INC's proposed terms were presented by the deadline set by the Company, and there is no concrete and realistic method other than the Third-Party Allotment to improve the Company's current financial situation;
4. While maintaining the Squeeze-out price of 40 yen published in the Basic Sponsor Agreement Press Release would clearly be preferable from the perspective of the market and shareholders, in light of conditions 1 through 3, the Company must evaluate J-INC's proposal on an absolute basis (it is practically inconceivable to reliably receive a proposal with terms exceeding the final proposal from any other underwriter or even from J-INC). Moreover, the conditions for the capital injection via the Third-Party Allotment and the payout to shareholders via the Squeeze-out were ultimately obtained through continuous and earnest daily negotiations. Under the current financially difficult circumstances, if the management restructuring efforts with J-INC as a partner are not realized, further operational difficulties are highly likely to arise. Taking into account that its rationality can be recognized as an unavoidable choice, the terms possess a certain degree of rationality;
5. Regarding the issuance conditions other than the class of shares to be issued and the issuance price, contract negotiations were conducted based on the Company's explanations and while obtaining professional advice from Okada, Imanishi & Yamamoto Law Office and TMI, and no circumstances casting doubt on the fairness of the contract negotiation process with J-INC up to this report are recognized (that is, the Amount to be Paid In is truly the result obtained through sincere discussions and negotiations with J-INC); and
6. The Amount to be Paid In represents a discount rate of more than 10% against the market stock price, and in light of the "Rules Concerning Handling of Allotment of New Shares to Third Party, Etc."

established by the Japan Securities Dealers Association, it is certain that the Third-Party Allotment constitutes an issuance of shares for subscription at an amount that is particularly advantageous to J-INC under Article 199, Paragraph 3 of the Companies Act. Therefore, considering that it must be approved and executed based on a resolution of the general meeting of shareholders (where J-INC will not hold voting rights), the Amount to be Paid In is considered to be a price with a certain degree of rationality.

- For the Company's shareholders, it is obvious that this Squeeze-out will be executed at a price representing a discount to the market share price as described above, and that large-scale dilution will occur prior to that, which will undoubtedly cause distress. However, the objective is to improve the Company's financial situation using the funds procured through this fundraising, strengthen and expand the business foundation, and thereby maintain and enhance the Company's corporate value. Furthermore, comparing the anticipated transition of the value of the Company's shares with and without the Third-Party Allotment and the subsequent Squeeze-out, this transaction serves the perspective of securing the common interests of shareholders (insofar as it ensures that the shares held by shareholders are not rendered completely worthless, but are secured up to the limit of the Squeeze-out price). Therefore, it is recognized that the Third-Party Allotment will be conducted under reasonable funding demand and within the necessary scope of dilution.

(2) Matters concerning consideration for the interests of minority shareholders

Regarding the Squeeze-out price (10 yen) to be used in the Consolidation of Shares, the discount rate is 91.74% (rounded to the nearest second decimal place; the same applies hereinafter for the calculation of discount rates) against 121 yen, the Closing Price of the Company’s shares on the Tokyo Stock Exchange on March 30, 2026. It also represents a discount of 91.87% against 123 yen (rounded to the nearest yen), the average closing price for the one-month period immediately preceding that date (from February 28, 2026, to March 30, 2026), and a discount of 92.70% against 137 yen (rounded to the nearest yen), the average closing price for the three-month period immediately preceding that date (from December 31, 2025, to March 30, 2026).

However, taking into account that:

1. In light of precedents where companies were delisted due to insolvency for two consecutive fiscal years, if the Company were to let itself be delisted passively, the market share price of the Company's shares is expected to decline to a level even lower than the current market share price;
2. If the Squeeze-out cannot be executed, the Company will end up as an unlisted open company with a shareholder base of approximately 16,000 shareholders, a situation for which almost no precedents exist in Japan, making the final outcome completely unpredictable;
3. The Company is in a state of insolvency, and since the publication of the Basic Sponsor Agreement Press Release, a certain degree of customer departure has already occurred, and some business partners have notified the Company that they will terminate contracts if the management restructuring plan with J-INC is not realized—thus, continuing to carry uncertain factors without improving the financial situation carries a high risk of causing serious business impairment;
4. Although a market check was conducted after concluding the basic sponsor agreement with J-INC, no concrete alternative proposals replacing J-INC's proposed terms were presented by the deadline set by the Company;
5. While maintaining the Squeeze-out price of 40 yen published in the Basic Sponsor Agreement Press Release would clearly be preferable from the perspective of the market and shareholders, no alternative proposals were received through the market check, and it is practically inconceivable to reliably receive a proposal with terms exceeding the final proposal from any underwriter other than J-INC—therefore, its rationality can be recognized as an unavoidable choice from the perspective of the Company's survival;
6. Regarding the Squeeze-out as well, contract negotiations were conducted based on the Company's explanations and while obtaining professional advice from Okada, Imanishi & Yamamoto Law Office and TMI, and no circumstances casting doubt on the fairness of the contract negotiation process with J-INC up to this report are recognized, meaning that the Squeeze-out price is the result ultimately agreed upon through sincere discussions and negotiations with J-INC; and
7. The Squeeze-out will also be executed only if approved by a special resolution of a general meeting of shareholders where J-INC does not hold voting rights,

the Squeeze-out price is considered to be a price with a certain degree of rationality.
Comprehensively considering these circumstances, the Company has judged that the necessity and appropriateness of the Third-Party Allotment are affirmed in light of the Company's situation where delisting is expected.

III. Partial Amendments to the Articles of Incorporation

1. Purpose of amendments to the Articles of Incorporation

The purpose of the amendments is to add Class V preferred shares as a new class of shares and establish provisions regarding Class V preferred shares to enable the issuance of Class V preferred shares, as well as to change the total number of shares authorized to be issued in Article 5 (Total Number of Shares Authorized to be Issued) of the current Articles of Incorporation.

2. Details of amendments to the Articles of Incorporation

For the details of the amendments to the Articles of Incorporation, please refer to Exhibit 2, "Proposed Amendments to the Articles of Incorporation". Under Article 113, Paragraph (3), Item (1) of the Companies Act, when an open company like the Company amends its Articles of Incorporation to increase the total number of shares authorized to be issued, the total number of authorized shares after the amendment cannot exceed four times the total number of issued shares at the time the amendment takes effect. Based on the Company's total number of issued shares of 26,343,900 shares as of April 23, 2026, it is not possible to increase the total number of authorized shares required to issue all of the New Shares through the Third-Party Allotment via a single amendment to the Articles of Incorporation. Therefore, as described below, the amendments to the Articles of Incorporation to increase the total number of shares authorized to be issued will be implemented in two separate steps.
Specifically, the Company will first implement an amendment to the Articles of Incorporation within a range not exceeding four times the Company's total number of issued shares as of April 23, 2026 (the "Articles of Incorporation Amendment (①-1)"). Next, on the condition that the 73,461,700 New Shares concerning Third-Party Allotment ① are issued, the Company will implement an amendment to the Articles of Incorporation to increase the total number of shares authorized to be issued to 300,000,000 shares (the "Articles of Incorporation Amendment (①-2)"). The issuance of the 179,918,590 New Shares concerning Third-Party Allotment ② will be conducted on the condition that the Articles of Incorporation Amendment (①-2) takes effect, and the issuance of the 73,461,700 New Shares concerning Third-Party Allotment ①, the taking effect of the Articles of Incorporation Amendment (①-2), and the issuance of the 179,918,590 New Shares concerning Third-Party Allotment ② will all be executed on the same day.

3. Timetable

The timetable (scheduled) for the amendments to the Articles of Incorporation in the event that the 73,461,700 New Shares concerning Third-Party Allotment ① are issued in mid-June 2026 is as follows. Note that Third-Party Allotment ① and Third-Party Allotment ② are scheduled to be executed on the same day, and it is not anticipated that only one of them will be executed. The timetable (scheduled) for the amendments to the Articles of Incorporation will be announced in the publication of the Resolution for Convocation.

IV. Change in Parent Company, Major Shareholder, and Largest Shareholder Among Major Shareholders

1. Background to the Change As a result of the Third-Party Allotment, a change is expected to occur in the Company's parent company, major shareholder, and largest shareholder among major shareholders as described below.

2. Overview of Shareholders Subject to the Change

(1) Scheduled Allottee

The overview of the Scheduled Allottee is as described in "(1) Overview of Scheduled Allottee" under "6. Reason for Selection of Scheduled Allottee, Etc." of "II. Offering of New Shares Through Third-Party Allotment" above.

(2) Naoaki Mashita

- **Name**: Naoaki Mashita
- **Address**: Scotts Road, Republic of Singapore
- **Relationship between the listed company and said shareholder**: He serves as Chairman of the Board of Directors of the Company.

3. Number of Voting Rights (Number of Shares Held) Held by Said Shareholders Before and After the Change and Ratio to the Voting Rights Held by All Shareholders

(1) Scheduled Allottee

- **Before the change (As of April 23, 2026)**: Not applicable (He held no voting rights or shares).
- **After the change**:
    - **Attribute**: Parent company and the largest shareholder among major shareholders
    - **Voting rights directly held**: 2,533,802 units (Ownership ratio: 90.74%, Number of shares held: 253,380,290 shares)
    - **Voting rights subject to aggregation**: None
    - **Total voting rights held**: 2,533,802 units (Ownership ratio: 90.74%, Number of shares held: 253,380,290 shares)
    - **Ranking among major shareholders**: 1st

(Notes)

1. The ratio of voting rights held after the change is calculated based on the total number of shareholders' voting rights of 2,792,296 units, which is the sum of the Company's total number of voting rights and the 2,533,802 voting rights increased by the Third-Party Allotment.
2. The ratios of voting rights held are calculated by rounding to the nearest second decimal place. The same shall apply hereinafter.

(2) Naoaki Mashita

- **Before the change (As of April 23, 2026)**:
    - **Attribute**: Major shareholder and the largest shareholder among major shareholders
    - **Voting rights directly held**: 35,923 units (Ownership ratio: 13.90%, Number of shares held: 3,592,347 shares)
    - **Voting rights subject to aggregation**: None
    - **Total voting rights held**: 35,923 units (Ownership ratio: 13.90%, Number of shares held: 3,592,347 shares)
    - **Ranking among major shareholders**: 1st
- **After the change**:
    - **Attribute**: None
    - **Voting rights directly held**: None (He holds no voting rights directly)
    - **Voting rights subject to aggregation**: 35,923 units (Ownership ratio: 1.29%, Number of shares held: 3,592,347 shares)
    - **Total voting rights held**: 35,923 units (Ownership ratio: 1.29%, Number of shares held: 3,592,347 shares)
    - **Ranking among major shareholders**: 2nd

(Note) The ratio of voting rights held before the change is calculated based on the total number of shareholders' voting rights of 258,494 units as of April 23, 2026.

4. Scheduled Date of Change

The due date of payment for the New Shares concerning the Third-Party Allotment (Mid-June 2026).

5. Change of Unlisted Parent Company, Etc. to be Disclosed

The Scheduled Allottee is scheduled to be disclosed as an unlisted parent company, etc. of the Company.

6. Future Outlook

As described in "8. Future Outlook" under "II. Offering of New Shares Through Third-Party Allotment" above.

V. Consolidation of Shares

1. Purpose and Reason for the Consolidation of Shares

As described in "2. Purpose and reason for the Third-Party Allotment" under "II. Offering of New Shares Through Third-Party Allotment" above, the Company has concluded that executing the Third-Party Allotment along with the Consolidation of Shares is the best option available.

Accordingly, as described above, the Board of Directors resolved to execute the Third-Party Allotment at its meetings held from May 17, 2026, to today. Premised on obtaining approval from our shareholders at the Extraordinary General Meeting of Shareholders and conditional upon the completion of payment for the New Shares concerning the Third-Party Allotment, the Company has decided to implement the Consolidation of Shares in order to make the Scheduled Allottee the sole shareholder of the Company.

As a result of the Consolidation of Shares, the number of common shares held by the Company's minority shareholders other than the Scheduled Allottee is expected to become a fraction less than one share.

2. Summary of the Consolidation of Shares

(1) Timetable for the Consolidation of Shares

- The specific timetable is scheduled to be announced in the publication of the Resolution for Convocation.

(2) Details of the Consolidation of Shares

- i. Class of shares to be consolidated: Common shares and Class V preferred shares.
- ii. Ratio of share consolidation: On the effective date of the Consolidation of Shares, the Company will consolidate every 6,469,357 common shares held by shareholders stated or recorded on the final shareholder register on the immediately preceding day into one share, and every 6,469,357 Class V preferred shares into one share.
- **iii. Reduction in the total number of issued shares:**
  - Common shares: 25,877,424 shares
  - Class V preferred shares: 253,380,251 shares
- **iv. Total number of issued shares before the consolidation takes effect:**
  - Common shares: 25,877,428 shares
  - (Note) The total number of issued shares before the consolidation takes effect represents the number of shares calculated by deducting 466,472 common shares—which were held as treasury shares by the Company as of April 23, 2026, and are scheduled to be canceled prior to the Consolidation of Shares—from the total number of issued shares of 26,343,900 shares as of April 23, 2026.
  - Class V preferred shares: 253,380,290 shares
- **v. Total number of issued shares after the consolidation takes effect:**
  - Common shares: 4 shares
  - Class V preferred shares: 39 shares
- vi. Total number of shares authorized to be issued on the effective date: 172 shares.
- **vii. Method for processing fractional shares less than one share and the estimated amount of cash to be delivered to shareholders through the processing:**
  - As described in "1. Purpose and Reason for the Consolidation of Shares" above, the number of common shares held by the Company's minority shareholders other than the Scheduled Allottee is expected to become a fraction less than one share as a result of the Consolidation of Shares.
  - Regarding the method for processing fractional shares less than one share arising as a result of the Consolidation of Shares, shares corresponding to the total number of such fractional shares (if the total number includes a fraction less than one share, such fraction will be rounded down pursuant to Article 235, Paragraph 1 of the Companies Act) will be sold in accordance with the provisions of Article 235 of the said Act and other relevant laws and regulations. The proceeds obtained from the sale will be delivered to the minority shareholders in proportion to their respective fractions.
  - With respect to the said sale, the Company plans to sell the Company's common shares corresponding to the total number of fractional shares to the Scheduled Allottee, subject to the permission of the court, pursuant to Article 234, Paragraph 2 of the Companies Act as applied mutatis mutandis under Article 235, Paragraph 2 of the said Act.

- The sale price in this case is scheduled to be set at a level ensuring that cash consideration equal to 10 yen multiplied by the number of common shares held by the minority shareholders prior to the Consolidation of Shares will be delivered, provided that the aforementioned permission of the court is obtained as scheduled.

VI. Abolition of Provisions on the Number of Shares Constituting One Unit of Shares

1. Reason for the abolition

- If the Consolidation of Shares takes effect, the Company's total number of issued common shares will become 4 shares, and the total number of issued Class V preferred shares will become 39 shares. As a result, it will no longer be necessary to stipulate the number of shares constituting one unit of shares.

2. Scheduled date of abolition

- The same day as the effective date of the Consolidation of Shares.

3. Conditions for abolition

- It shall be subject to the condition that the Consolidation of Shares takes effect.

VII. Partial Amendments to the Articles of Incorporation Regarding Abolition of Provisions on the Number of Shares Constituting One Unit of Shares, the Audit and Supervisory Committee, and the Independent Auditor, Etc.

1. Purpose of amendments to the Articles of Incorporation

- **Regarding the total number of authorized shares:** If the proposal regarding the Consolidation of Shares is approved as drafted at the Extraordinary General Meeting of Shareholders and the Consolidation of Shares takes effect, the Company's total number of shares authorized to be issued will decrease to 172 shares in accordance with the provisions of Article 182, Paragraph 2 of the Companies Act. To clarify this point, the Company will amend Article 5 (Total Number of Shares Authorized to be Issued and Total Number of Class Shares Authorized to be Issued) of the Articles of Incorporation, subject to the condition that the Consolidation of Shares takes effect.
- **Regarding the abolition of the unit share system:** If the Consolidation of Shares takes effect, the Company's total number of issued common shares will become 4 shares, and the total number of issued Class V preferred shares will become 39 shares, which eliminates the necessity to stipulate the number of shares constituting one unit of shares. Therefore, subject to the condition that the Consolidation of Shares takes effect, the Company will delete the entire text of Article 7 (Number of Shares Constituting One Unit of Shares) and Article 8 (Rights Concerning Shares Less Than One Unit) of the current Articles of Incorporation to abolish the provisions on the number of shares constituting one unit of shares (currently 100 shares per unit), and will renumber the subsequent articles accordingly.
- **Regarding the abolition of the Audit and Supervisory Committee and the Independent Auditor:** Although the Company does not fall under the definition of a large company (大会社) under the Companies Act, its shares are listed on the Prime Market of the Tokyo Stock Exchange as of today. Therefore, the Company has appointed an Independent Auditor in accordance with the Securities Listing Regulations of the Tokyo Stock Exchange. On the other hand, if the shares are delisted, it will no longer be necessary to maintain an Independent Auditor. Accordingly, subject to the condition that the Company's common shares are delisted from the Tokyo Stock Exchange, the Company will delete or amend the respective provisions relating to the Audit and Supervisory Committee and the Independent Auditor, and will renumber the subsequent articles accordingly.

2. Details of amendments to the Articles of Incorporation

- The details of the amendments to the Articles of Incorporation are as described in Exhibit 3, "Proposed Amendments to the Articles of Incorporation ②".
- Note that these amendments shall take effect on the same day as the effective date of the Consolidation of Shares, on the condition that the proposal regarding the Consolidation of Shares is approved as drafted at the Extraordinary General Meeting of Shareholders and the Consolidation of Shares takes effect.

3. Timetable

- The timetable is scheduled to be announced in the publication of the Resolution for Convocation.

Exhibit 1: Terms and Conditions of Class V Preferred Shares

1. Distribution of Residual Assets

- **(1)** In the event that the Company distributes its residual assets (regardless of the type thereof; the same shall apply hereinafter), the Company shall distribute to shareholders holding Class V Preferred Shares or registered pledgees of Class V Preferred Shares (hereinafter collectively referred to as the "Class V Preferred Shareholders, Etc."), in preference to shareholders holding common shares and registered pledgees of common shares, an amount of 7.1 yen per Class V Preferred Share (provided, however, that this amount shall be appropriately adjusted in the event of a share split, allotment of shares without contribution, consolidation of shares, or any other similar event with respect to the Class V Preferred Shares; hereinafter referred to as the "Class V Preferred Residual Asset Distribution Amount"). If the total amount of residual assets is less than the aggregate amount obtained by multiplying the total number of issued Class V Preferred Shares (excluding treasury shares; the same shall apply hereinafter) by the Class V Preferred Residual Asset Distribution Amount, an amount obtained by dividing the total amount of residual assets by the aggregate total number of issued Class V Preferred Shares shall be distributed per Class V Preferred Share.
- **(2)** No distribution of residual assets other than as provided in the preceding paragraph shall be made to the Class V Preferred Shareholders, Etc.

2. Voting Rights and General Meetings of Class Shareholders

- **(1)** Shareholders holding Class V Preferred Shares may exercise their voting rights at general meetings of shareholders on all matters.
- **(2)** Unless otherwise provided for by laws and regulations, the Company shall not require a resolution of a general meeting of class shareholders as provided for in Article 322, Paragraph 1 of the Companies Act.
- **(3)** Unless otherwise provided for by laws and regulations, the Company shall not require a resolution of a general meeting of class shareholders with respect to any and all matters stipulated in the Companies Act, including Article 199, Paragraph 4, Article 200, Paragraph 4, Article 238, Paragraph 4, and Article 239, Paragraph 4 of the Companies Act.

3. Restrictions on Transfer

- The acquisition of Class V Preferred Shares of the Company by transfer shall require the approval of the Board of Directors of the Company. Provided, however, that the approval shall be deemed to have been granted for the acquisition of Class V Preferred Shares by transfer to a security holder, its subsidiary or affiliate, or a third party designated by the security holder, in connection with the enforcement of security rights on the Class V Preferred Shares of the Company (including enforcement by voluntary sale or accord and satisfaction [payment in substitution] not based on statutory procedures, in addition to enforcement based on statutory procedures).

4. Number of Shares Constituting One Unit of Shares

- The number of shares constituting one unit of Class V Preferred Shares shall be 100 shares.

Exhibit 2
Proposed Amendments to the Articles of Incorporation ①

(1) Details of Proposed Amendment ①-1

Current Articles of Incorporation	Proposed Amendment
(Total Number of Authorized Shares) Article 5 The total number of authorized shares of the Company shall be 48,000,000 shares. [New Insertion]	(Total Number of Authorized Shares and Total Number of Authorized Class Shares) Article 5 The total number of authorized shares of the Company shall be 105,375,600 shares. 2 The total number of authorized class shares to be issued by the Company shall be as follows: (1) Common Shares: 46,619,710 shares (2) Class V Preferred Shares: 253,380,290 shares
(Number of Shares per Unit) Article 7 The number of shares per unit of the Company shall be 100 shares.	(Number of Shares per Unit) Article 7 The number of shares per unit for the Common Shares of the Company shall be 100 shares, and the number of shares per unit for the Class V Preferred Shares shall be 100 shares.
[New Insertion]	Chapter 2-2 Common Shares and Class V Preferred Shares
[New Insertion]	(Distribution of Residual Assets) Article 11-2 When the Company distributes residual assets (regardless of type; hereinafter the same), the Company shall, prior to the shareholders holding Common Shares and the registered share pledgees of Common Shares, distribute to the shareholders holding Class V Preferred Shares or the registered share pledgees of Class V Preferred Shares (hereinafter referred to as the "Class V Preferred Shareholders, etc.") an amount of 7.1 yen per share of Class V Preferred Shares (provided that, in the event of a stock split, gratuitous allotment of shares, stock consolidation, or similar event concerning Class V Preferred Shares, this amount shall be adjusted appropriately; hereinafter referred to as the "Class V Preferred Residual Asset Distribution Amount"). If the amount of residual assets is less than the total amount obtained by multiplying the total number of issued Class V Preferred Shares (excluding treasury stock; hereinafter the same) by the Class V Preferred Residual Asset Distribution Amount, the Company shall distribute an amount equal to the amount obtained by dividing the residual assets by the total number of issued Class V Preferred Shares on a per-share basis of Class V Preferred Shares. 2 The Company shall not distribute residual assets to the Class V Preferred Shareholders, etc. other than as stipulated in the preceding paragraph.
[New Insertion]	(Voting Rights) Article 11-3 Shareholders holding Common Shares and shareholders holding Class V Preferred Shares may exercise voting rights at the General Meeting of Shareholders regarding all matters.
[New Insertion]	(Stipulation that no Resolution of Class Shareholders' Meeting is Required) Article 11-4 The Company shall not require a resolution of a class shareholders' meeting stipulated in Article 322, Paragraph 1 of the Companies Act, except as otherwise provided by laws and regulations. 2 The Company shall not require a resolution of a class shareholders' meeting for any matter stipulated in Article 199, Paragraph 4, Article 200, Paragraph 4, Article 238, Paragraph 4, and Article 239, Paragraph 4 of the Companies Act, and all other matters stipulated in the Companies Act, except as otherwise provided by laws and regulations.
[New Insertion]	(Application Mutatis Mutandis to Class Shareholders' Meeting) Article 11-5 The provisions of Article 11, Paragraph 1 shall apply mutatis

	mutandis to a class shareholders' meeting held on the same day as the Ordinary General Meeting of Shareholders. 2 The provisions of Article 13, Article 14, Article 16, and Article 17 shall apply mutatis mutandis to a class shareholders' meeting.
[New Insertion]	**(Method of Resolution of Class Shareholders' Meeting) Article 11-6 Resolutions of a class shareholders' meeting shall be adopted by a majority of the voting rights of the class shareholders present who are entitled to exercise voting rights, except as otherwise provided by laws and regulations or these Articles of Incorporation. 2 Resolutions under Article 324, Paragraph 2 of the Companies Act, and resolutions where the method of resolution in said article is applied mutatis mutandis by the Companies Act or other laws and regulations, shall be adopted by a two-thirds or more majority of the voting rights of the class shareholders present who hold one-third or more of the voting rights of the class shareholders entitled to exercise voting rights, except as otherwise provided by these Articles of Incorporation.**
[New Insertion]	**(Restriction on Transfer of Class V Preferred Shares) Article 11-7 The acquisition of the Company's Class V Preferred Shares by transfer shall require the approval of the Company's Board of Directors. However, the acquisition of Class V Preferred Shares through transfer to a security interest holder or its subsidiary/affiliate, or a third party designated by the security interest holder, accompanying the enforcement of the security interest related to the Company's Class V Preferred Shares (including enforcement by voluntary sale or substitute performance other than through legal procedures), shall be deemed to have such approval.**

(2) Details of Proposed Amendment ①-2

Articles of Incorporation after the effectiveness of Proposed Amendment (i)-1	**Proposed Amendment**
(Total Number of Authorized Shares and Total Number of Authorized Class Shares) Article 5 The total number of authorized shares of the Company shall be 105,375,600 shares. 2 (Omitted text)	**(Total Number of Authorized Shares and Total Number of Authorized Class Shares) Article 5 The total number of authorized shares of the Company shall be 300,000,000 shares. 2 (No change from current)**

Exhibit 3

Proposed Amendments to the Articles of Incorporation ②

Articles of Incorporation after the effectiveness of Proposed Amendment Proposal ①	Proposed Amendment
(Total Number of Authorized Shares and Total Number of Authorized Class Shares) Article 5 The total number of authorized shares of the Company shall be 300,000,000 shares. 2 The total number of authorized class shares to be issued by the Company shall be as follows: (1) Common Shares: 46,619,710 shares (2) Class V Preferred Shares: 253,380,290 shares	(Total Number of Authorized Shares and Total Number of Authorized Class Shares) Article 5 The total number of authorized shares of the Company shall be 172 shares. 2 The total number of authorized class shares to be issued by the Company shall be as follows: (1) Common Shares: 16 shares (2) Class V Preferred Shares: 156 shares
(Acquisition of Own Shares) Article 6 The Company may acquire its own shares by a resolution of the Board of Directors pursuant to the provisions of Article 165, Paragraph 2 of the Companies Act.	[Deletion]
(Number of Shares per Unit) Article 7 The number of shares per unit for the Common Shares of the Company shall be 100 shares, and the number of shares per unit for the Class V Preferred Shares shall be 100 shares.	[Deletion]
(Rights Pertaining to Shares Less than One Unit) Article 8 A shareholder holding shares less than one unit of the Company may not exercise rights other than those listed below with respect to the shares less than one unit held: (1) Rights listed in each item of Article 189, Paragraph 2 of the Companies Act (2) The right to make a demand pursuant to the provisions of Article 166, Paragraph 1 of the Companies Act (3) The right to receive an allotment of Shares for Subscription and an allotment of Share Options for Subscription in proportion to the number of shares held by the shareholder	[Deletion]
(Administrator of Shareholder Registry) Article 9 The Company shall appoint an administrator of the shareholder registry. 2 The administrator of the shareholder registry and the location for handling its affairs shall be selected and publicly announced by a resolution of the Board of Directors or by a Director delegated by a resolution of the Board of Directors. 3 The preparation and storage of the Company's shareholder registry and share option registry, and other administrative affairs related to the shareholder registry and share option registry, shall be entrusted to the administrator of the shareholder registry, and the Company shall not handle them.	[Deletion]
(Share Handling Regulations) Article 10 Procedures for the exercise of shareholder rights of the Company and other handling concerning shares shall be	(Share Handling Regulations) Article 6 Procedures for the exercise of shareholder rights of the Company and other handling concerning shares shall be

governed by the Share Handling Regulations established by the Board of Directors or by a Director delegated by a resolution of the Board of Directors, in addition to laws and regulations or these Articles of Incorporation.	**governed by the Share Handling Regulations established by the Board of Directors, in addition to laws and regulations or these Articles of Incorporation.**
Article 11 (Omitted text)	**Article 7 (No change from current)**
(Convening) Article 12 The Ordinary General Meeting of Shareholders shall be convened within three months after the end of each business year, and Extraordinary General Meetings of Shareholders shall be convened when necessary. 2 The Company's General Meeting of Shareholders may be a General Meeting of Shareholders without a specified location.	**(Convening) Article 8 The Ordinary General Meeting of Shareholders shall be convened within three months after the end of each business year, and Extraordinary General Meetings of Shareholders shall be convened when necessary. [Deletion]**
Articles 13 to 16 (Omitted text)	**Articles 9 to 12 (No change from current)**
(Measures for Electronic Provision) Article 17 The Company shall take measures for electronic provision of information that constitutes the content of the Reference Documents for the General Meeting of Shareholders, etc., when convening the General Meeting of Shareholders. 2 The Company may choose not to state all or part of the matters prescribed by the Ordinance of the Ministry of Justice, among the matters for which measures for electronic provision are taken, in the documents delivered to shareholders who have requested document delivery by the record date for voting rights.	**[Deletion]**
Article 18 (Omitted text)	**Article 13 (No change from current)**
(Number of Directors) Article 19 The number of Directors of the Company (excluding those who are Audit and Supervisory Committee Members) shall be 10 or less, and the number of Directors who are Audit and Supervisory Committee Members shall be 5 or less.	**(Number of Directors) Article 14 The number of Directors of the Company shall be 10 or less.**
(Election of Directors) Article 20 Directors shall be elected by a resolution of the General Meeting of Shareholders, distinguishing between Directors who are Audit and Supervisory Committee Members and other Directors. 2 (Omitted text) 3 (Omitted text)	**(Election of Directors) Article 15 Directors shall be elected by a resolution of the General Meeting of Shareholders. 2 (No change from current) 3 (No change from current)**
Article 21 (Omitted text)	**Article 16 (No change from current)**
(Term of Office of Directors) Article 22 The term of office for Directors (excluding those who are Audit and Supervisory Committee Members) shall be until the conclusion of the Ordinary General Meeting of Shareholders concerning the final business year ending within one year after their election. 2 The term of office for Directors who are Audit and Supervisory Committee Members shall be until the conclusion of the Ordinary General Meeting of Shareholders concerning the final business year ending within two years after their election. 3 The term of office for Directors (excluding those who are Audit and	**(Term of Office of Directors) Article 17 The term of office for Directors shall be until the conclusion of the Ordinary General Meeting of Shareholders concerning the final business year ending within one year after their election. [Deletion] 2 The term of office for Directors who are elected due to an increase in number or as substitutes shall be the same as the remaining term of office of the other incumbent Directors. [Deletion]**

Supervisory Committee Members) who are elected due to an increase in number or as substitutes shall be the same as the remaining term of office of the other incumbent Directors (excluding those who are Audit and Supervisory Committee Members). 4 The term of office for Directors who are Audit and Supervisory Committee Members elected as substitutes for a Director who is an Audit and Supervisory Committee Member who retired before the expiration of their term shall be until the expiration of the term of office of the retiring Director who is an Audit and Supervisory Committee Member.	
(Representative Directors and Directors with Titles) Article 23 The Board of Directors shall, by its resolution, select a Representative Director from among the Directors (excluding those who are Audit and Supervisory Committee Members). 2 (Omitted text) 3 The Board of Directors shall, by its resolution, select one President and Representative Director from among the Directors (excluding those who are Audit and Supervisory Committee Members) and, when necessary, may select one Chairman of the Board, and several Vice Presidents, Senior Managing Directors, and Managing Directors, from among the Directors (excluding those who are Audit and Supervisory Committee Members).	**(Representative Directors and Directors with Titles) Article 18 Representative Directors shall be selected by a resolution of the Board of Directors. 2 (No change from current) 3 The Board of Directors shall, by its resolution, select one President and Representative Director from among the Directors and, when necessary, may select one Chairman of the Board, and several Vice Presidents, Senior Managing Directors, and Managing Directors, from among the Directors.**
Article 24 (Omitted text)	**Article 19 (No change from current)**
(Notice of Convening of Board of Directors Meeting) Article 25 Notice of convening a meeting of the Board of Directors shall be sent to each Director no later than three days prior to the date of the meeting. However, this period may be shortened in urgent cases. 2 A meeting of the Board of Directors may be held without following the convening procedures if all Directors agree.	**(Notice of Convening of Board of Directors Meeting) Article 20 Notice of convening a meeting of the Board of Directors shall be sent to each Director and each Corporate Auditor no later than three days prior to the date of the meeting. However, this period may be shortened in urgent cases. 2 A meeting of the Board of Directors may be held without following the convening procedures if all Directors and Corporate Auditors agree.**
Article 26 (Omitted text)	**Article 21 (No change from current)**
(Minutes of the Board of Directors Meeting) Article 27 The outline of the proceedings and the results of the Board of Directors meeting, and other matters prescribed by laws and regulations, shall be stated or recorded in the minutes, and the Directors present shall affix their names and seals or electronic signatures thereto.	**(Minutes of the Board of Directors Meeting) Article 22 The outline of the proceedings and the results of the Board of Directors meeting, and other matters prescribed by laws and regulations, shall be stated or recorded in the minutes, and the Directors and Corporate Auditors present shall affix their names and seals or electronic signatures thereto.**
(Delegation of Decisions on Important Business Execution) Article 28 The Company may, by a resolution of the Board of Directors, delegate all or part of the decisions on important business execution (excluding matters listed in the items of paragraph 5 of the same article) to a Director, pursuant to the provisions of Article 399-13, Paragraph 6 of the	**[Deletion]**

Companies Act.	
Article 29 (Omitted text)	**Article 23 (No change from current)**
(Remuneration of Directors, etc.) Article 30 The remuneration of Directors, etc. shall be determined by a resolution of the General Meeting of Shareholders, distinguishing between Directors who are Audit and Supervisory Committee Members and other Directors.	**(Remuneration of Directors, etc.) Article 24 The remuneration of Directors, etc. shall be determined by a resolution of the General Meeting of Shareholders.**
Article 31 (Omitted text)	**Article 25 (No change from current)**
Chapter 5 Audit and Supervisory Committee	**Chapter 5 Corporate Auditors**
(Establishment of Audit and Supervisory Committee) Article 32 The Company shall establish an Audit and Supervisory Committee.	**[Deletion]**
(Notice of Convening of Audit and Supervisory Committee) Article 33 Notice of convening a meeting of the Audit and Supervisory Committee shall be sent to each Audit and Supervisory Committee Member no later than three days prior to the date of the meeting. However, this period may be shortened in urgent cases. 2 A meeting of the Audit and Supervisory Committee may be held without following the convening procedures if all Audit and Supervisory Committee Members agree.	**[Deletion]**
(Method of Resolution of Audit and Supervisory Committee) Article 34 Resolutions of the Audit and Supervisory Committee shall be adopted by a majority of the Audit and Supervisory Committee Members, except as otherwise provided by laws and regulations.	**[Deletion]**
(Minutes of the Audit and Supervisory Committee) Article 35 The outline of the proceedings and the results of the Audit and Supervisory Committee meeting, and other matters prescribed by laws and regulations, shall be stated or recorded in the minutes, and the Audit and Supervisory Committee Members present shall affix their names and seals or electronic signatures thereto.	**[Deletion]**
(Audit and Supervisory Committee Regulations) Article 36 Matters concerning the Audit and Supervisory Committee, in addition to those prescribed by laws and regulations or these Articles of Incorporation, shall be governed by the Audit and Supervisory Committee Regulations established by the Audit and Supervisory Committee.	**[Deletion]**
[New Insertion]	**(Establishment and Number of Corporate Auditors) Article 26 The Company shall establish Corporate Auditors, and the number of Corporate Auditors shall be one or more.**
[New Insertion]	**(Election of Corporate Auditors) Article 27 The resolution for the election of a Corporate Auditor shall be adopted by a majority of the voting rights of**

	the shareholders present who hold one-third or more of the voting rights of the shareholders entitled to exercise voting rights.
[New Insertion]	**(Dismissal of Corporate Auditors) Article 28 The resolution for the dismissal of a Corporate Auditor shall be adopted by a two-thirds or more majority of the voting rights of the shareholders present who hold one-third or more of the voting rights of the shareholders entitled to exercise voting rights.**
[New Insertion]	**(Term of Office of Corporate Auditors) Article 29 The term of office for Corporate Auditors shall be until the conclusion of the Ordinary General Meeting of Shareholders concerning the final business year ending within four years after their election. 2 The term of office for a Corporate Auditor elected as a substitute for a Corporate Auditor who retired before the expiration of their term shall be until the expiration of the term of office of the retiring Corporate Auditor.**
[New Insertion]	**(Remuneration of Corporate Auditors, etc.) Article 30 The remuneration of Corporate Auditors, etc. shall be determined by a resolution of the General Meeting of Shareholders.**
[New Insertion]	**(Exemption from Liability of Corporate Auditors) Article 31 The Company may, by a resolution of the Board of Directors, exempt a Corporate Auditor (including a person who was a Corporate Auditor) from liability for damages under Article 423, Paragraph 1 of the Companies Act, up to the amount obtained by deducting the minimum liability limit prescribed by laws and regulations from the amount of liability for damages, in cases where the requirements prescribed by laws and regulations are met. 2 The Company may enter into a contract with a Corporate Auditor to limit liability for damages under Article 423, Paragraph 1 of the Companies Act in cases where the requirements prescribed by laws and regulations are met. However, the limit of liability for damages under such contract shall be the minimum liability limit prescribed by laws and regulations.**
Chapter 6 Accounting Auditors	**[Deletion]**
(Establishment of Accounting Auditors) Article 37 The Company shall establish Accounting Auditors.	**[Deletion]**
(Election of Accounting Auditors) Article 38 Accounting Auditors shall be elected by a resolution of the General Meeting of Shareholders.	**[Deletion]**
(Term of Office of Accounting Auditors) Article 39 The term of office for Accounting Auditors shall be until the conclusion of the Ordinary General Meeting of Shareholders concerning the final business year	**[Deletion]**

ending within one year after their election. 2 An Accounting Auditor shall be deemed to be reappointed at the Ordinary General Meeting of Shareholders referred to in the preceding paragraph unless a separate resolution is made at that meeting.	
(Remuneration of Accounting Auditors, etc.) Article 40 The remuneration of Accounting Auditors, etc. shall be determined by the Representative Director with the consent of the Audit and Supervisory Committee.	**[Deletion]**
(Limitation of Liability of Accounting Auditors) Article 41 The Company may enter into a contract with an Accounting Auditor to limit liability for damages under Article 423, Paragraph 1 of the Companies Act in cases where the requirements prescribed by laws and regulations are met. However, the limit of liability for damages under such contract shall be the minimum liability limit prescribed by laws and regulations.	**[Deletion]**
Chapter 7 Accounting	**Chapter 6 Accounting**
Articles 42 to 45 (Omitted text)	**Articles 32 to 35 (No change from current)**