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(Securities Code 9722)

September 6, 2021

To Those Shareholders with Voting Rights

Yoshihiro Ise
Representative Director and President,
Executive Officer
FUJITA KANKO INC.
10-8, Sekiguchi 2-chome, Bunkyo-ku
Tokyo, Japan

NOTICE OF THE EXTRAORDINARY GENERAL MEETING OF SHAREHOLDERS

You are cordially invited to attend the Extraordinary General Meeting of Shareholders of the Company. The meeting will be held as described below.

You can exercise your voting rights in one of the ways described in the Japanese version. Due to ongoing concerns over the spread of COVID-19 and our top priority of preventing infection among our shareholders, we strongly recommend that you refrain from attending the meeting in person on the day and instead exercise your voting rights in advance by mail or via the internet.

- 1. Date and Time:** Monday, September 27, 2021 at 10:00 a.m. (Door opens at 9:00 a.m.)
- 2. Place:** Grand Hall TSUBAKI, Hotel Chinzanso Tokyo (5th floor of Banquet Bldg.)
10-8, Sekiguchi 2-chome, Bunkyo-ku, Tokyo, Japan
- 3. Agenda of the Meeting:**
 - Proposals to be resolved:**
 - Proposal No. 1:** Partial Amendments to the Articles of Incorporation
 - Proposal No. 2:** Issuance of Shares (Class A Preferred Shares) for Subscription through Third-Party Allotment
 - Proposal No. 3:** Decreases in Share Capital and Legal Capital Surplus

Reference Documents for the General Meeting of Shareholders

Proposals and References

Proposal No. 1: Partial Amendments to the Articles of Incorporation

1. Reasons for the amendments

(1) Article 2 (Objective)

The Group had been formulating and implementing a medium-term management plan covering the period from 2020 to 2024 to strengthen its management foundation and achieve sustainable growth over a medium- to long-term horizon. However, the Group decided to review the plan in light of severe impact of COVID-19 and formulated a new business plan, which has already been launched.

Following the review of the business portfolio, which is one of the main measures of the new business plan, the Company proposes to change the objectives of its business in preparation for business development aimed at securing stable earnings.

(2) Article 6 (Total number of shares authorized to be issued), Article 8 (Share unit number), Chapter 2-2 (Class A preferred shares)

To enable the issuance of Class A preferred shares described in Proposal No. 2, the Company proposes to add Class A preferred shares as a new type of stock and create new provisions regarding Class A preferred shares.

(3) Article 13 (Convocation)

To flexibly conduct shareholders' meetings in case of future natural disasters such as large earthquakes and floods and unexpected accidents, the Company proposes to delete the provision that limits the venue for a shareholders' meeting.

The partial amendments to the Articles of Incorporation concerning the issuance of Class A preferred shares ((2) above) in this Proposal are subject to approval of Proposal No. 2 as originally proposed.

2. Details of the amendments

Details of the amendments are as follows.

(The amendments are underlined.)

Current Articles of Incorporation	Proposed amendments
<i>(Objective)</i> Article 2. The Company's objective shall be to engage in the following businesses. (1) to (4) <Omitted>	<i>(Objective)</i> Article 2. The Company's objective shall be to engage in the following businesses. (1) to (4) <Unchanged>

Current Articles of Incorporation	Proposed amendments
(5) <u>Distribution of food products, alcohol beverages, soft drinks, drugs, medical instruments, cosmetics, books, stationery, toys, clothes, daily necessities, and cigarettes</u>	(5) <u>Management of fee-based homes for the elderly and senior residences offering services</u>
(6) <u>Hair cutting service</u>	(6) <u>Education-related business</u>
(7) <u>Forestry, stock farming, and processing and distribution of products relevant to them</u>	(7) <u>Distribution of food products, alcohol beverages, soft drinks, drugs, medical instruments, cosmetics, books, stationery, toys, clothes, daily necessities, and cigarettes</u>
(8) <u>Selling, buying, and rental of real estate, its intermediary business, appraisal of real estate, real estate consulting service, and water supply service</u>	(8) <u>Hair cutting service</u>
(9) <u>Gardening business, cultivation and distribution of trees, and execution of civil engineering works</u>	(9) <u>Selling, buying, and rental of real estate, its intermediary business, appraisal of real estate, real estate consulting service, and water supply service</u>
(10) <u>Design of architecture and supervising of construction works</u>	(10) <u>Gardening business, cultivation and distribution of trees, and execution of civil engineering works</u>
(11) <u>General passenger automobile carrier business</u>	(11) <u>Design of architecture and supervising of construction works</u>
(12) <u>Motorway business</u>	(12) <u>General passenger automobile carrier business</u>
(13) to (14) <Omitted>	(13) to (14) <Unchanged>
<i>(Total number of shares authorized to be issued)</i>	<i>(Total number of shares authorized to be issued, etc.)</i>
Article 6.	Article 6.
The total number of shares authorized to be issued by the Company shall be <u>44,000,000</u> .	The total number of shares authorized to be issued by the Company shall be <u>44,000,150, consisting of 44,000,000 common shares and 150 Class A preferred shares.</u>
<i>(Share unit number)</i>	<i>(Share unit number)</i>
Article 8.	Article 8.
The share unit number of the Company shall be 100.	The share unit number of the Company shall be 100
	<u>for common shares and 1 for Class A preferred shares.</u>

Current Articles of Incorporation	Proposed amendments
<p data-bbox="244 302 328 331"><New></p> <p data-bbox="244 347 328 376"><New></p>	<p data-bbox="855 302 1422 331"><u>CHAPTER 2-2. CLASS A PREFERRED SHARES</u></p> <p data-bbox="855 347 1166 376"><u>(Class A preferred dividend)</u></p> <p data-bbox="855 392 999 421"><u>Article 12-2.</u></p> <p data-bbox="855 436 1437 1955"><u>When paying dividend of surplus in accordance with the provision of Article 45, Paragraph 1 herein (hereinafter referred to as the “Year-End Dividend”), the Company shall pay Class A preferred dividends to shareholders holding Class A preferred shares (hereinafter referred to as the “Class A Preferred Shareholders”) or registered pledgees of Class A preferred shares (hereinafter referred to as the “Registered Class A Preferred Share Pledgees”;</u> <u>together with the Class A Preferred Shareholders, referred to as the “Class A Preferred Shareholders, Etc.”) entered or recorded in the final shareholder register as of the record date for the Year-End Dividend, in preference to shareholders holding common shares (hereinafter referred to as the “Common Shareholders”) or registered pledgees of common shares (hereinafter referred to as the “Registered Common Share Pledgees”;</u> <u>together with the Common Shareholders, referred to as the “Common Shareholders, Etc.”) entered or recorded in the final shareholder register as of the record date for the Year-End Dividend. The amount of Class A preferred dividends (hereinafter referred to as the “Class A Preferred Dividend Amount”) shall be calculated by multiplying the sum of the amount paid in for Class A preferred shares and (if any) the amount of unpaid Class A preferred dividends after the Year-End Dividend for the previous accounting year (defined in the next paragraph) by 4.0% per annum for each Class A preferred share, on a per diem basis using a 365 day year for the actual number of days from and inclusive of the first day of the accounting year in which the record date for</u></p>

Current Articles of Incorporation	Proposed amendments
<p data-bbox="242 1697 327 1727"><New></p>	<p data-bbox="853 302 1437 1122"><u>dividend of surplus falls (however, if the record date for dividend of surplus falls in the same accounting year as the payment date, it shall be the payment date) to and inclusive of the record date for dividend of surplus (provided that division shall be made last by calculating to three decimal places and rounding to the second decimal place). However, if interim Class A preferred dividend prescribed in Article 12-3 herein is paid out during the accounting year in which the record date for the Year-End Dividend falls, the amount to be paid shall be reduced by the total amount of such dividends. In addition, if the Company repurchases Class A preferred shares during a period from the record date for dividend of surplus to the payment date of dividend of surplus, it shall not be required to pay dividends of surplus accrued as of the record date for those Class A preferred shares.</u></p> <p data-bbox="853 1137 1437 1496"><u>2. If, in any accounting year, the amount of dividend of surplus per share to be paid to the Class A Preferred Shareholders, Etc. falls short of the Class A Preferred Dividend Amount relating to the accounting year, the shortfall amount (hereinafter referred to as the “Unpaid Class A Preferred Dividends”) shall be carried over into subsequent accounting years.</u></p> <p data-bbox="853 1512 1437 1637"><u>3. The Company shall not pay dividend of surplus exceeding the Class A Preferred Dividend Amount to the Class A Preferred Shareholders, Etc.</u></p> <p data-bbox="853 1697 1257 1727"><i>(Interim Class A preferred dividend)</i></p> <p data-bbox="853 1742 1002 1771">Article 12-3.</p> <p data-bbox="853 1787 1437 1955"><u>When paying dividend of surplus with a record date other than the end of the accounting year (hereinafter referred to as the “Interim Dividend Record Date”) in accordance with the provision of</u></p>

Current Articles of Incorporation	Proposed amendments
	<p><u>Article 45, Paragraph 2 or Paragraph 3 herein (hereinafter referred to as the “Interim Dividend”), the Company shall pay cash dividend of surplus (hereinafter referred to as the “Interim Class A Preferred Dividend”) to the Class A Preferred Shareholders, Etc. entered or recorded in the final shareholder register as of the Interim Dividend Record Date, in preference to the Common Shareholders, Etc. The amount of cash dividend of surplus shall be calculated by multiplying the sum of the amount paid in for Class A preferred shares and (if any) the Unpaid Class A Preferred Dividends after the Year-End Dividend for the previous accounting year by 4.0% per annum for each Class A preferred share, based on the actual number of days from and inclusive of the first day of the accounting year in which the Interim Dividend Record Date falls (however, if the Interim Dividend Record Date falls in the same accounting year as the payment date, it shall be the payment date) to and inclusive of the Interim Dividend Record Date, divided by 365 days (provided that division shall be made last by calculating to three decimal places and rounding to the second decimal place). However, if the Interim Class A Preferred Dividend prescribed in this article is paid out before the Interim Dividend during the accounting year in which the Interim Dividend Record Date falls, the amount to be paid shall be reduced by the total amount of such dividends. In addition, if the Company repurchases Class A preferred shares during a period from the Interim Dividend Record Date to the payment date of the Interim Dividend, it shall not be required to pay interim dividends accrued as of the Interim Dividend Record Date for those Class A preferred shares.</u></p>

Current Articles of Incorporation	Proposed amendments
<New>	<p><i>(Distribution of residual assets)</i></p> <p><u>Article 12-4.</u></p> <p><u>When distributing residual assets, the Company shall pay the Class A Preferred Shareholders, Etc., in preference to the Common Shareholders, Etc., the amount equivalent to the basic redemption price prescribed in Paragraph 2 of the next article minus the amount equivalent to the deduction amount per Class A preferred share (provided that the amount equivalent to the basic redemption price and the amount equivalent to the deduction amount shall be calculated by reading the “redemption request date” in the basic redemption price formula and the deduction amount formula as the “residual asset distribution date” (referring to the day when residual assets are distributed; hereinafter the same shall apply), and “pre-redemption request paid preferred dividends” as “pre-dissolution paid preferred dividends” (referring to the amount of Class A preferred dividends paid before the residual asset distribution date (including the Interim Class A Preferred Dividend paid before the residual assets distribution date)). If pre-dissolution paid preferred dividends are paid multiple times, the amount equivalent to the deduction amount shall be calculated for each of the pre-dissolution paid preferred dividends, and its total amount shall be deducted from the amount equivalent to the basic redemption price.</u></p> <p><u>2. No distribution of residual assets shall be made to the Class A Preferred Shareholders, Etc. other than as provided for in the preceding paragraph.</u></p>

Current Articles of Incorporation	Proposed amendments
<New>	<p><i>(Put option with cash as consideration)</i></p> <p><u>Article 12-5.</u></p> <p><u>The Class A Preferred Shareholders may at any time request the Company to deliver cash in exchange for the repurchase of all or some of Class A preferred shares, up to the distributable amount (hereinafter referred to as the “Redemption Request”). When such a request is made (hereinafter, the date when the Redemption Request is made is referred to as the “Redemption Request Date”), the Company shall carry out a repurchasing procedure in accordance with laws and regulations, and determine the number of shares to be repurchased by a prorated method, lottery, or other reasonable methods specified by the Board of Directors if only some of the Class A preferred shares subject to the request can be repurchased.</u></p> <p><u>2. The repurchase price per Class A preferred share shall be calculated by subtracting the deduction amount from the basic redemption price, and these values shall be calculated by the following formulas. However, division shall be made last by calculating to three decimal places and rounding to the second decimal place. If pre-redemption request paid preferred dividends specified in the following formula are paid multiple times, the deduction amount shall be calculated for each of the pre-redemption request paid preferred dividends, and its total amount shall be deducted from the basic redemption price.</u></p> <p><u>(Formula for the basic redemption price)</u></p> <p><u>Basic redemption price</u></p> <p><u>= ¥100,000,000 × (1+0.04)^{m+n/365}</u></p> <p><u>The number of days belonging to the period from the payment date (inclusive of that date) to the</u></p>

Current Articles of Incorporation	Proposed amendments
<p><New></p>	<p><u>Redemption Request Date (inclusive of that date) is expressed as “m years and n days,” and “m+n/365” is the exponent of “(1+0.04).”</u></p> <p><u>(Formula for the deduction amount)</u> <u>Deduction amount = Pre-redemption request paid preferred dividends × (1+0.04)^{x+y/365}</u></p> <p><u>“Pre-redemption request paid preferred dividends” refer to the amount of Class A preferred dividends paid after the payment date (including the Interim Class A Preferred Dividends paid before the Redemption Request Date).</u></p> <p><u>The number of days belonging to the period from the payment date of pre-redemption request paid preferred dividends (inclusive of that date) to the Redemption Request Date (inclusive of that date) is expressed as “x years and y days,” and “x+y/365” is the exponent of “(1+0.04).”</u></p> <p><u>3. The Redemption Request pursuant to Paragraph 1 of this article shall take effect when a redemption request form for Class A preferred shares arrives at the Head Office of the Company.</u></p> <p><u>(Call option with cash as consideration)</u></p> <p><u>Article 12-6.</u> <u>The Company may at any time repurchase all or some of Class A preferred shares in exchange for cash, up to the distributable amount, upon the arrival of a date separately determined based on a resolution of the Board of Directors of the Company (hereinafter referred to as the “Mandatory Redemption Date” in this article). When the Company is to repurchase some of Class A preferred</u></p>

Current Articles of Incorporation	Proposed amendments
<p data-bbox="242 1653 327 1680"><New></p>	<p data-bbox="853 302 1436 1590"> <u>shares, a prorated method, lottery, or other reasonable methods determined based on a resolution of the Board of Directors shall be used. The repurchase price per Class A preferred share shall be the amount obtained by subtracting the amount equivalent to the deduction amount from the amount equivalent to the basic redemption price as set out in Paragraph 2 of the preceding article (provided that the amount equivalent to the basic redemption price and the amount equivalent to the deduction amount shall be calculated by reading the “Redemption Request Date” in the basic redemption price formula and the deduction amount formula as the “Mandatory Redemption Date,” and “pre-redemption request paid preferred dividends” as “pre-mandatory redemption paid preferred dividends” (referring to the amount of Class A preferred dividends paid before the Mandatory Redemption Date (including the Interim Class A Preferred Dividends paid before the Mandatory Redemption Date))).</u> <u>If pre-mandatory redemption paid preferred dividends are paid multiple times, the amount equivalent to the deduction amount shall be calculated for each of the pre-mandatory redemption paid preferred dividends, and its total amount shall be deducted from the amount equivalent to the basic redemption price.</u> </p> <p data-bbox="853 1653 1013 1680"><i>(Voting rights)</i></p> <p data-bbox="853 1697 997 1724"><u>Article 12-7.</u></p> <p data-bbox="853 1742 1412 1859"> <u>The Class A Preferred Shareholders shall not have voting rights at shareholders’ meetings unless otherwise provided by laws and regulations.</u> </p>

Current Articles of Incorporation	Proposed amendments
<p><New></p>	<p><i>(Share consolidation or split)</i></p> <p>Article 12-8. <u>Unless otherwise provided by laws and regulations, the Company shall not implement share consolidation or split in relation to Class A preferred shares. The Company shall not grant the Class A Preferred Shareholders a right to receive the allocation of shares for subscription or share options for subscription, and shall not make a gratis allotment of shares or share options to the Class A Preferred Shareholders.</u></p>
<p><New></p>	<p><i>(Application mutatis mutandis to meetings of class shareholders)</i></p> <p>Article 12-9. <u>The provisions of Chapter 3 (provisions related to shareholders' meetings) shall apply mutatis mutandis to the meetings of class shareholders.</u></p>
<p><i>(Convocation)</i></p> <p>Article 13. Annual shareholders' meeting of the Company shall be convened within three months of the end of each accounting year while extraordinary shareholders' meeting may be convened whenever necessary. <u>2. A shareholders' meeting shall be held in each administrative ward in Tokyo as well as at the Head Office.</u></p>	<p><i>(Convocation)</i></p> <p>Article 13. <Unchanged></p> <p><Deleted></p>

Proposal No. 2: Issuance of Shares (Class A Preferred Shares) for Subscription through Third-Party Allotment

This Proposal is to seek approval to issue shares for subscription (hereinafter referred to as the “Class A Preferred Shares”) through a third-party allotment to DBJ Restaurant and Hotel Support Fund Investment LPS (hereinafter referred to as the “Planned Allottee”), pursuant to the provisions of Article 199 of the Companies Act, for the reasons described in 1. below and with details described in 2. below (hereinafter referred to as the “Capital Increase through Third-Party Allotment”).

The Capital Increase through Third-Party Allotment in this Proposal is subject to approval of Proposal No. 1 and this Proposal as originally proposed. Furthermore, the Planned Allottee’s payment for the Class A Preferred Shares is subject to approval of Proposals No. 1 to No. 3 as originally proposed at this Extraordinary General Meeting of Shareholders, in accordance with the investment agreement concluded between the Company and the Planned Allottee on July 16, 2021 (hereinafter referred to as the “Investment Agreement”).

1. Reasons for issuing shares for subscription (the Class A Preferred Shares) with a particularly favorable amount to be paid in

(1) Background to and purpose of the Capital Increase through Third-Party Allotment

Due to the global spread of COVID-19 that emerged at the end of 2019, the Company has been severely affected by changes in the environment, such as loss of inbound demand, decline of domestic tourism and business demand, and delay or cancelation of weddings and banquets, while being forced to temporarily suspend and scale down operations. As a result, net sales in fiscal 2020 significantly decreased by 61.4% compared to fiscal 2019, and the equity ratio sharply declined from 25.4% at the end of fiscal 2019 to 1.2% at the end of fiscal 2020. The situation has reached a level where there is a grave impact on not only the single-year financial results of fiscal 2020 but also the very survival of the Company.

In light of such circumstances, recognizing that it was a pressing task to promptly reinforce the diminished capital, improve the financial position, and strengthen the management foundation, the Company urgently took on additional borrowing from financial institutions in April 2020 to increase cash on hand, as announced in the “Notice regarding Borrowing of Funds,” dated April 16, 2020. Furthermore, the Company sold Taiko-En’s land and building for the survival of the Company and reported a ¥33.2 billion gain on sale, as announced in the “Notice on the Transfer of Fixed Assets and the Recording of Extraordinary Income,” dated February 12, 2021. As a result, the equity ratio recovered to 20.7% at the end of March 2021, preventing the Company from becoming insolvent.

In December 2020, the Company also formulated a new business plan based on three pillar strategies of I. Promotion of structural reform, II. Review of the business portfolio, and III. Strengthening the management control structure. In the strategy of “Promotion of structural reform,” which is core to the business plan, we have continued to implement measures to drastically cut fixed costs since 2020, such as internalizing outsourced duties, changing systems of support departments and business locations,

withdrawal from and scale-down of unprofitable business locations, review of new store opening plans, and rent reduction. In addition, we canceled bonuses and cut salaries and allowances, while soliciting early voluntary retirement for the optimization of personnel. In the strategy of “Review of the business portfolio,” we are working to establish digital marketing and strengthen branding, as well as planning to break away from the lower-margin business structure, which has been an issue for some time, through major investments in Hotel Chinzanso Tokyo and Hakone Kowakien and rebuilding of the WHG’s business model as a medium- to long-term growth strategy.

However, net sales for the three months ended March 31, 2021 decreased by ¥5,501 million year on year to ¥5,132 million, and the Company continues to face a difficult business environment. Although most recently, the Company’s financial position has recovered to a certain extent as a result of the above-mentioned various measures, and there are hopeful factors such as vaccine rollout for the recovery from the COVID-19 crisis, the outlook remains uncertain, and it is still possible that the Company’s capital that has been restored will diminish.

Therefore, the Company came to a conclusion that raising funds of a capital nature was still necessary in order to carry out further structural reforms and growth strategies for the post-COVID period and to build a financial structure that can withstand the impact of COVID-19, which is expected to continue for a considerable period of time.

In the midst of such circumstances, DBJ Restaurant and Hotel Support Fund Investment LPS was set up on March 31, 2021 with funding from Development Bank of Japan Inc., a government financial agency, for the purpose of supporting restaurant and hotel companies affected by the spread of COVID-19. In light of this, we approached the fund for the Capital Increase through Third-Party Allotment. We believe that the situation facing us matches the investment purpose of the fund, and that implementing the new business plan through the fund’s support will contribute to the improvement of our corporate value over a medium- to long-term. We, therefore, chose DBJ Restaurant and Hotel Support Fund Investment LPS as the Planned Allottee.

(2) Reasons for raising funds with a means of the Capital Increase through Third-Party Allotment

As described in (1) above, in light of the financial position affected by the prolonged COVID-19 issues, the Company believed that aiming to strengthen its own capital by procuring funds that are capital in nature, rather than procuring funds that are liabilities in nature such as borrowing from financial institutions and issuing bonds, was an important factor to consider. From the perspective of protecting the interests of our shareholders, the Company also believed that avoiding dilution was also an important factor to consider.

With regard to financing methods, we decided that the issuance of common shares, for example, would not be an appropriate option at this point because, although it would serve the purpose of securing funds of a capital nature, shareholder value would be harmed due to the immediate and major dilution of

common shares, if the same scale of financing as the Capital Increase through Third-Party Allotment is pursued.

On the other hand, the Class A Preferred Shares are so-called “bond-type preferred shares” that are preferred shares without voting rights and not embedded with put options and call options with common shares as consideration. The Company, therefore, decided that the Capital Increase through Third-Party Allotment is the best option at this point because it can achieve the purpose of securing funds of a capital nature without causing any dilution of existing shares.

(3) Reasons why the Company determined that the amount to be paid in is reasonable

The Company has held a series of negotiations with the Planned Allottee regarding the method and content of investment in relation to the Capital Increase through Third-Party Allotment to achieve financing under the most favorable conditions for the Company, while taking into account its current difficult management environment and financial position, needs for large funds of a capital nature, the current stock price trend, and other factors. Following a series of sincere negotiations, it was decided that the amount to be paid in for the Class A Preferred Shares shall be set at ¥100,000,000 per share. The Planned Allottee is an investment limited partnership formed for the purpose of supporting restaurant and hotel companies affected by the spread of COVID-19, and, while it is necessary to pay a certain administrative fee to the Planned Allottee in accordance with the Investment Agreement, the Company has determined that the ratio of preferred dividend on equity for the Class A Preferred Shares is not overvalued, even considering the market-level ratio of preferred dividend on equity for bond-type preferred shares and other factors. Therefore, we believe that the amount to be paid in is deemed reasonable.

As mentioned above, we believe that the amount to be paid in for the Class A Preferred Shares is deemed reasonable. However, the possibility cannot be denied that the amount to be paid in for the Class A Preferred Shares will be deemed particularly favorable to the Planned Allottee under the Companies Act, as there are no objective market prices for the Class A Preferred Shares, and the valuation of preferred shares is highly technical and complex, and various ways of thinking are possible with regard to the valuation of preferred shares. The Company, therefore, decided to issue the Class A Preferred Shares on the condition that approval by a special resolution of the shareholders' meeting be obtained at this Extraordinary General Meeting of Shareholders in relation to a favorable issuance based on Article 199, Paragraph 2 of the Companies Act, for the sake of caution.

(4) Grounds on which the Company determined that the number of shares to be issued and the scale of the share dilution are reasonable

The Company is financing the total of ¥15.0 billion by issuing 150 shares of the Class A Preferred Shares. Considering the aforementioned purpose of issuing the Class A Preferred Shares and usage of funds, the Company has determined that the number of the Class A Preferred Shares to be issued is

reasonable. As the Class A Preferred Shares are so-called “bond-type preferred shares” that are preferred shares without voting rights and not embedded with put options and call options with common shares as consideration, there is no possibility of dilution impact on existing shareholders.

2. Overview of the Capital Increase through Third-Party Allotment

(1)	Class and number of shares offered for subscription	150 shares of the Class A Preferred Shares
(2)	Amount to be paid in	¥100,000,000 per share
(3)	Total amount to be paid in	¥15,000,000,000
(4)	Amount of share capital to be increased	¥7,500,000,000
(5)	Amount of legal capital surplus to be increased	¥7,500,000,000
(6)	Method of offering or allotment (planned allottee)	All of the Class A Preferred Shares will be allotted to DBJ Restaurant and Hotel Support Fund Investment LPS by a means of third-party allotment.
(7)	Payment date	September 28, 2021
(8)	Other	<p>Please see Proposal No. 1 for details.</p> <p>The ratio of preferred dividend on equity for the Class A Preferred Shares is set at 4.0% per annum. Shareholders holding the Class A Preferred Shares (hereinafter referred to as the “Class A Preferred Shareholders”) or registered pledgees of the Class A Preferred Shares (hereinafter referred to as the “Registered Class A Preferred Share Pledgees”) are entitled to receive dividends in preference to shareholders holding common shares or registered pledgees of common shares. If there is a shortfall in preferred dividends to the Class A Preferred Shareholders or the Registered Class A Preferred Share Pledgees in any accounting year, the shortfall amount will be carried over into subsequent accounting years. The Class A Preferred Shares are non-participating, and the Class A Preferred Shareholders or the Registered Class A Preferred Share Pledgees are not entitled to receive common dividends on top of the preferred dividends.</p> <p>Although the Class A Preferred Shareholders may at any time request the Company to repurchase the Class A Preferred Shares in exchange for cash, the Planned Allottee shall not exercise the put option with cash as consideration until September 27, 2030 under the Investment Agreement, except in certain cases.</p>

(8)	Other	<p>The Company may at any time repurchase all or some of the Class A Preferred Shares in exchange for cash, upon the arrival of a date separately determined based on a resolution of the Board of Directors of the Company.</p> <p>The Class A Preferred Shares are not embedded with put options and call options with common shares as consideration.</p> <p>The Class A Preferred Shares do not have voting rights at shareholders' meetings unless otherwise provided by laws and regulations.</p> <p>In addition, there are no transfer restrictions on the Class A Preferred Shares under the issuance document for the Class A Preferred Shares and the Investment Agreement.</p> <p>The Capital Increase through Third-Party Allotment is subject to approval of Proposal No. 1 and Proposal No. 2 as originally proposed at this Extraordinary General Meeting of Shareholders. Furthermore, the Planned Allottee's payment for the Class A Preferred Shares is subject to approval of Proposals No. 1 to No. 3 as originally proposed at this Extraordinary General Meeting of Shareholders, in accordance with the Investment Agreement.</p>
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Proposal No. 3: Decreases in Share Capital and Legal Capital Surplus

This Proposal is to request to decrease the amounts of share capital and legal capital surplus and transfer the decreased amounts to other capital surplus (hereinafter referred to as the “Decreases in Share Capital, Etc.”) as described below based on the provisions of Article 447, Paragraph 1 and Article 448, Paragraph 1 of the Companies Act, in order to promptly improve the Company’s financial position to prepare for a dynamic and flexible capital policy in the future.

The Decreases in Share Capital, Etc. are subject to the Capital Increase through Third-Party Allotment becoming effective.

1. Amount of share capital to be decreased

Share capital of ¥19,581,592,677 will be decreased by ¥19,481,592,677 to ¥100,000,000. The above amount of share capital includes the amount of share capital that will be increased by the Capital Increase through Third-Party Allotment (¥7,500,000,000).

2. Amount of legal capital surplus to be decreased

Legal capital surplus of ¥10,520,675,089 will be decreased by ¥10,495,675,089 to ¥25,000,000. The above amount of legal capital surplus includes the amount of legal capital surplus that will be increased by the Capital Increase through Third-Party Allotment (¥7,500,000,000).

3. Method of the Decreases in Share Capital, Etc.

After implementing the Decreases in Share Capital, Etc. as described above based on the provisions of Article 447, Paragraph 1 and Article 448, Paragraph 1 of the Companies Act, the Company will transfer the entire amount of each decrease to other capital surplus.

4. Effective date of the Decreases in Share Capital, Etc.

September 28, 2021