

## **Articles of Incorporation of BOOKOFF GROUP HOLDINGS LIMITED**

### **Chapter 1. General Provisions**

#### **(Trade Name)**

Article 1. The trade name of the Company shall be BOOKOFF GROUP HOLDINGS Kabushiki Kaisha, expressed in English as BOOKOFF GROUP HOLDINGS LIMITED.

#### **(Purposes)**

Article 2. The Company will hold stock and other ownership interests in companies that perform the following activities for the purpose of overseeing the management of these companies and conducting related activities:

1. Purchases, sales, consigned sales, repairs, processing and imports/exports of used merchandise
2. Purchases, sales, consigned sales, repairs, processing and imports/exports of used merchandise using the Internet
3. Operation of an Internet shopping mall
4. Solicitation of operators of franchised secondhand bookstores and oversight of the operations of these stores
5. Transactions involving the stores, store equipment and furniture, and operating rights of franchisees
6. Purchases, sales, rentals and imports/exports of merchandise
7. Operation and intermediary services for movies, stage plays and vocal performances
8. Agency services for imports and exports of used merchandise
9. Activities involving the use of credit cards
10. 10. Activities involving photo development, etc.
11. Management of restaurants
12. Sales of groceries and beverages
13. Purchases, sales, leasing, brokerage, arrangement, management, and appraisal of real estate
14. Planning, designs, execution and management of the construction of store buildings and installation of equipment and interior finishing and decoration work
15. Purchases and sales, leasing and maintenance for store building interior equipment, furniture, machinery and other facilities
16. Acquisition and holding of securities
17. Sale, storage and management of freight
18. Freight transportation business
19. Provision of credit, including loans, loan guarantees and purchases of monetary claims
20. General management consulting
21. Intermediary services for corporate mergers and alliances for technologies, sales, manufacturing and other activities
22. Management and administrative services for assets of investment partnerships
23. Management and administrative services for assets of small and medium-sized companies' investment limitedliability partnerships
24. Investment advisory business
25. Development, sales and exports of educational equipment for children
26. Planning and operation of cultural activity schools
27. Planning, design, operation and management of children's playground facilities for children
28. Non-life insurance agency and life insurance sales
29. Mobile phone sales agencies business; sales of mobile phones and agency business for phone subscription application procedures
30. Activities involving purchases and sales of tickets for movies, concerts, travel and other items and of gift certificates
31. Collection, transport, disposal and reuse of general and industrial waste and sales and imports and exports of products made from waste materials
32. Retail and wholesale sales of alcoholic beverages

33. Money transfers and the internal or third-party issuance of prepayment methods

34. All activities associated with the above items

(Location of Head Office)

Article 3. The head office of the Company shall be located in Sagamihara, Kanagawa.

(Organization Elements)

Article 4. The Company shall have a General Meeting of Shareholders, Board Directors, and the following entities.

(1) Board of Directors

(2) Audit & Supervisory Committee

(3) Accounting Auditor

(Method of Public Notice)

Article 5. Public notices of the Company shall be carried out by electronic publication. If an accident or other unavoidable circumstances do not permit notification through electronic means, public notice shall be conducted through publication in the Nihon Keizai Shimbun (Nikkei) newspaper.

## Chapter 2. Shares

(Total Number of Authorized Shares)

Article 6. The total number of authorized shares of the Company shall be 40,000,000 shares.

(Number of Share Unit)

Article 7. Share unit of the Company shall be 100 shares.

(Rights of Holdings of Shares Less Than One Unit)

Article 8. The Company's shareholders may not exercise any rights other than those listed below with respect to their shares less than one unit.

(1) Rights set forth in each item of Paragraph 2, Article 189 of the Companies Act

(2) Right to make a request as provided for in Paragraph 1, Article 166 of the Companies Act

(3) Right to receive allocations of shares or share acquisition rights offered in proportion to the number of shares held by each shareholder

(Administrator of Shareholder Registry)

Article 9. The Company shall appoint an administrator of shareholder registry.

2. The administrator of shareholder registry and its administration office shall be designated by the Board of Directors or by a director delegated by a resolution of the Board of Directors and public notice thereof shall be made.

3. The register of shareholders and the register of share acquisition rights will be created and kept at administrator of shareholder registry. The any other matters related to the register of shareholders and the register of share acquisition rights shall be handled by the administrator of shareholder registry and not by the Company.

(Share Handling Regulations)

Article 10. The handling of the Company's stock and related fees shall be governed by laws, regulations or the Articles of Incorporation as well as by the Share Handling Regulations established by the Board of Directors or by a director delegated by a resolution of the Board of Directors.

## Chapter 3. General Meeting of Shareholders

(Convocation)

Article 11. The Ordinary General Meeting of Shareholders shall be convened in August every year, and an extraordinary general meeting of shareholders shall be convened whenever necessary.

(Record Date for Ordinary General Meeting of Shareholders)

Article 12. The record date for voting rights at the Ordinary General Meeting of Shareholders of the Company shall be May 31 each year.

(Convener and Chairman)

Article 13. The President and CEO shall convene the General Meeting of Shareholders and act as the chairman thereof.

2. If the President and CEO is unable to serve as the chairman due to an accident, another Director, who is selected in accordance with the order of priority determined by Board of Directors in advance, shall convene the General Meeting of Shareholders and act as the chairman thereof.

(Electronic Provision Measures, etc.)

Article 14. The Company shall, when calling a Shareholders Meeting, take the electronic provision measure for information included in the reference documents for the Shareholders Meeting.

2. Among the matters subject to the electronic provision measure, the Company may choose not to include all or part of the matters stipulated in the ordinance of Ministry of Justice in the paper copy to be sent to shareholders who have requested it by the record date for voting rights.

(Method of Adopting Resolutions)

Article 15. Unless otherwise provided by laws, regulations or the Articles of Incorporation, resolutions of the General Meeting of Shareholders shall be adopted by a majority vote of the shareholders present and entitled to vote.

2. The resolution of the General Meeting of Shareholders stipulated in Paragraph 2, Article 309 of the Companies Act shall be adopted by not less than two-thirds of the votes of shareholders present at the meeting who hold not less than one-third of the voting rights of all shareholders entitled to exercise their voting rights.

(Exercise of Voting Rights by Proxy)

Article 16. A shareholder may designate another shareholder with voting rights as his/her proxy to exercise the designating shareholder's voting right.

2. A shareholder or his/her proxy shall submit to the Company a document evidencing the appointment of the proxy at each applicable General Meeting of Shareholders.

## Chapter 4. Directors and Board of Directors

(Number of Directors)

Article 17. The Company shall have no more than 14 Directors (excluding Directors who are Audit & Supervisory Committee members).

2. The Company shall have no more than five Directors who are Audit & Supervisory Committee members.

(Election of Directors)

Article 18. Directors shall be elected by a resolution of the General Meeting of Shareholders, distinguishing between those who are Audit & Supervisory Committee members and those who are not Audit & Supervisory Committee members.

2. A resolution for the election of Directors shall require the presence of shareholders holding not less than one-third of the voting rights of all shareholders entitled to exercise their voting rights, and it shall be adopted by a majority vote of the shareholders present.
3. A resolution for the election of Directors shall not be by cumulative voting.
4. The Company may, at the General Meeting of Shareholders, elect substitute Directors who are Audit & Supervisory Committee members to prepare for an insufficient number of Directors who are Audit & Supervisory Committee members as prescribed by laws and regulations.

(Term of Office of Directors)

Article 19. The term of office of a Director (excluding a Director who is an Audit & Supervisory Committee member) shall expire at the conclusion of the Ordinary General Meeting of Shareholders held with respect to the last business year ending within one years after the election.

2. The term of office of a Director who is an Audit & Supervisory Committee member shall expire at the conclusion of the Ordinary General Meeting of Shareholders relating to the last business year ending within two years after the election.
3. The term of office of a substitute Director (excluding a Director who is an Audit & Supervisory Committee member) or a Director (excluding a Director who is an Audit & Supervisory Committee member) who is elected due to an increase in the number of Directors shall be the same as the remaining term of office of the current Directors (excluding a Director who is an Audit & Supervisory Committee member).
4. The term of office of a Director who is an Audit & Supervisory Committee member elected as a substitute of a Director who is an Audit & Supervisory Committee member and retires before the expiration of his/her term of office shall expire at the expiration of the term of office of the retired Director who is an Audit & Supervisory Committee member. However, in the event that a substitute Audit & Supervisory Committee member assumes office as an Audit & Supervisory Committee member, the term of office of such member may not go beyond the conclusion of the Ordinary General Meeting of Shareholders relating to the last business year ending within two years after his/her election as such substitute Audit & Supervisory Committee member.

(Effective Period of the Resolution to Qualify Directors who are Substitute Audit & Supervisory Committee Members)

Article 20. The period during which the resolution for the election of substitute Audit & Supervisory Committee members shall remain in effect shall be until the beginning of the Ordinary General Meeting of Shareholders relating to the last business year ending within two years after such resolution.

(Representative Directors and Directors with Specific Titles)

- Article 21. The Representative Directors shall be appointed among Directors (excluding a director who is an Audit & Supervisory Committee member) by the resolution of the Board of Directors.
2. The Board of Directors may, by resolution, elect one Chairman, one President, and one or more Vice Chairmen, Vice Presidents, Senior Managing Directors and Managing Directors among Directors (excluding a director who is an Audit & Supervisory Committee member).

(Person to Convene Board of Directors Meeting and Chairman)

- Article 22. Unless otherwise provided by laws and regulations, the President and CEO shall convene the Board of Directors and act as the chairman of the meetings.
2. If the President and CEO is unable to serve as the chairman due to an accident, another Director, who is selected in accordance with the order of priority determined by Board of Directors in advance, shall convene the Board of Directors and act as the chairman thereof.

(Convocation Notice for the Board of Directors Meeting)

- Article 23. The convocation notice of a meeting of Board of Directors shall be dispatched to each Director no later than three days prior to the date of such meeting; provided, however, that such period may be shortened in case of emergency.
2. The Board of Directors meetings may be convened without using the procedure for calling these meetings only if all Directors agree.

(Omission of Resolution of Board of Directors)

Article 24. A resolution of the Board of Directors shall be deemed to have been adopted upon the fulfillment of the requirements of Article 370 of the Companies Act.

(Delegation to Directors)

Article 25. The Company may, pursuant to the provisions of Paragraph 6, Article 399-13 of the Companies Act, delegate all or part of the decisions on the execution of important business (excluding the matters listed in the items of Paragraph 5 of the same Article) to the Directors by a resolution of the Board of Directors.

(Regulations of the Board of Directors)

Article 26. Matters relating to the Board of Directors shall be governed by the Regulations of the Board of Directors established by the Board of Directors, unless otherwise provided by laws, regulations or the Articles of Incorporation.

(Remunerations for Directors)

Article 27. The remunerations, bonuses and other property interests as consideration for the execution of duties paid by the Company (the “Remunerations”) to Directors shall be determined by a resolution of the General Meeting of Shareholders, distinguishing between those who are Audit & Supervisory Committee members and those who are not Audit & Supervisory Committee members.

(Exemption from Liability of Directors)

Article 28. Pursuant to the provisions of Paragraph 1, Article 426 of the Companies Act, the Company may, by the resolution of the Board of Directors, exempt Directors (including former Directors) from their liability to compensate for damages due to a failure to perform their duties. The limit of liability shall be set at the amount prescribed by laws and regulations.

2. Pursuant to the provisions of Paragraph 1, Article 427 of the Companies Act, the Company may enter into an agreement with Directors (excluding executive directors) to limit their liability to compensate for damages due to a failure to perform their duties; provided, however, that the limit of liability under such agreement shall be the minimum amount of liability prescribed by laws and regulations.

## Chapter 5. Audit & Supervisory Committee

(Convocation Notice for the Audit & Supervisory Committee Meeting)

Article 29. The convocation notice of a meeting of Audit & Supervisory Committee shall be dispatched to each Audit & Supervisory Committee member no later than three days prior to the date of such meeting; provided, however, that such period may be shortened in case of emergency.

2. The Audit & Supervisory Committee meetings may be convened without using the procedure for calling these meetings only if all Audit & Supervisory Committee members agree.

(Regulations of the Audit & Supervisory Committee)

Article 30. Matters relating to the Audit & Supervisory Committee shall be governed by laws, regulations or the Articles of Incorporation as well as by the Regulations of the Audit & Supervisory Committee established by the Audit & Supervisory Committee.

(Full-time Audit & Supervisory Committee Members)

Article 31. The Audit & Supervisory Committee may elect full-time Audit & Supervisory Committee members among the members by its resolution.

## Chapter 6. Accounting Auditor

(Election of Accounting Auditor)

Article 32. The Accounting Auditor shall be elected by a resolution of the General Meeting of Shareholders.

(Term of Office of Accounting Auditor)

Article 33. The term of office of an Accounting Auditor shall expire at the conclusion of the Ordinary General Meeting of Shareholders held with respect to the last business year ending within one year after the election.

2. Unless otherwise resolved at the Ordinary General Meeting of Shareholders described in the preceding item, an Accounting Auditor shall be deemed re-elected at such Ordinary General Meeting of Shareholders.

(Remunerations for Accounting Auditor)

Article 34. The Remunerations for an Accounting Auditor shall be determined by the Representative Director by obtaining the approval of the Audit & Supervisory Committee.

## Chapter 7. Accounts

(Business Year)

Article 35. The business year of the Company shall be a one-year period starting on June 1 of each year and ending on May 31 of the following year.

(Decision-Making Body for Dividends of Surplus, etc.)

Article 36. The Company may determine the matters stipulated in each item of Paragraph 1, Article 459 of the Companies Act, including dividend payments, by a resolution of the Board of Directors, unless otherwise provided for in laws and regulations.

(Record Date for Dividend Payments)

Article 37. The record date for the Company's year-end dividend is May 31 of each year.

2. The record date for the Company's interim dividend is November 30 of each year.

3. In addition to the dividends in the preceding two paragraphs, the Company may establish a record date and pay other dividends.

(Period of Exclusion for Dividend Payments)

Article 38. In the case of a cash dividend, the Company shall be relieved of the liability to make the payments if dividends are not received within a full three year period beginning from the date of commencement of payment.

#### Supplementary Provisions

(Transitional Measures Concerning Exemption from Liability of Audit & Supervisory Board Members)

Article 1. The Company may, by a resolution of the Board of Directors, exempt Audit & Supervisory Board members (including former Audit & Supervisory Board members) from the liability to compensate for damages as stipulated in Paragraph 1, Article 423 of the Companies Act, with respect to acts committed prior to the conclusion of the Third Ordinary General Meeting of Shareholders..