

Note: This document has been translated from the Japanese original for reference purposes only. In the event of any discrepancy between this translation and the Japanese original, the original shall prevail.

Securities code: 2590  
March 24, 2022

To Our Shareholders,

Tomiya Takamatsu, President and Representative Director  
**DyDo GROUP HOLDINGS, INC.**  
2-2-7 Nakanoshima, Kita-ku, Osaka

## Notice of Convocation of the 47th Annual General Meeting of Shareholders

You are cordially invited to attend the 47th Annual General Meeting of Shareholders of DyDo GROUP HOLDINGS, INC. (“the Company”) to be held as described below.

**If you are not attending the meeting in person, you can exercise voting rights by either of the following methods. Please review the attached Reference Documents for General Meeting of Shareholders and exercise your voting rights before 5:00 p.m., Thursday, April 14, 2022 (JST).**

### **[Exercising voting rights in writing]**

Please indicate your vote of approval or disapproval of each proposal on the enclosed voting card, and return the card so that it arrives by the time and date stated above.

### **[Exercising voting rights by electronic or magnetic means (via the Internet, etc.)]**

Please read the instructions for “Exercising Voting Rights via the Internet, etc.” on page 4 and exercise your voting rights by the time and date stated above.

- 1. Date and Time:** 10:00 a.m., Friday, April 15, 2022 (JST) (Reception desk opens at 9:00 a.m.)
- 2. Venue:** “The Hō” Function Room, Second floor, Hotel New Otani Osaka  
1-4-1 Shiromi, Chuo-ku, Osaka

### **3. Purpose of the Meeting:**

#### **Matters to be reported:**

1. The business report, the consolidated financial statements and audit reports of the Accounting Auditor and the Board of Corporate Auditors for the consolidated financial statements for the 47th term (from January 21, 2021 to January 20, 2022)
2. The non-consolidated financial statements for the 47th term (from January 21, 2021 to January 20, 2022)

#### **Matters to be resolved:**

- |                    |   |
|--------------------|---|
| <b>Proposal 1:</b> | Appropriation of Surplus  |
| <b>Proposal 2:</b> | Partial Amendments to the Articles of Incorporation   |
| <b>Proposal 3:</b> | Election of Seven (7) Directors   |
| <b>Proposal 4:</b> | Election of One (1) Corporate Auditor   |
| <b>Proposal 5:</b> | Continuation of and Partial Revision to the Performance-based Stock Compensation System for Directors |
| <b>Proposal 6:</b> | Determination of Compensation for Granting Restricted Shares to Directors                             |

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When attending the meeting, you are kindly requested to present the enclosed voting card to the receptionist.

Pursuant to the relevant laws and regulations and Article 17 of the Company's Articles of Incorporation, "Systems and policy of the Company" in the business report, "Consolidated statement of changes in equity" and "Notes to consolidated financial statements" in the consolidated financial statements and "Non-consolidated statement of changes in equity" and "Notes to non-consolidated financial statements" in the non-consolidated financial statements are posted on the Company's website and are not attached to this notice. Accordingly, the attached documents to this notice are part of the documents that were audited by the Corporate Auditors and the Accounting Auditor in preparing the audit reports.

Any modifications to the Reference Documents for General Meeting of Shareholders, the business report, the consolidated financial statements and the non-consolidated financial statements will be posted on the Company's website.

Company's website: <https://www.dydo-ghd.co.jp/>

## Guide to Exercising Voting Rights

There are three methods to exercise your voting rights as indicated below.

Please review the attached Reference Documents for General Meeting of Shareholders and exercise your voting rights.

### Exercising Voting Rights by Attendance at the General Meeting of Shareholders

Please present the enclosed voting card to the receptionist.

Date and Time: 10:00 a.m., Friday, April 15, 2022 (JST) (Reception desk opens at 9:00 a.m.)

Venue: Hotel New Otani Osaka (Second floor, “The Hō” Function Room)  
1-4-1 Shiromi, Chuo-ku, Osaka

### Exercising Voting Rights in Writing

Please indicate your vote of approval or disapproval of each proposal on the enclosed voting card, and return the card so that it arrives by the time and date stated below.

Votes to be received by: 5:00 p.m., Thursday, April 14, 2022 (JST)

#### Guide to filling in the voting card

Please indicate your approval or disapproval of each proposal.

#### Proposal 1, Proposal 2, Proposal 4, Proposal 5 and Proposal 6

If you consent: Mark a ○ in the box marked “賛”

If you dissent: Mark a ○ in the box marked “否”

#### Proposal 3:

If you consent for all candidates: Mark a ○ in the box marked “賛”

If you dissent for all candidates: Mark a ○ in the box marked “否”

If you selectively veto certain candidates: Mark a ○ in the box marked “賛” and write the number of each candidate you choose to veto.

If you duplicate the vote by exercising the voting rights both in writing (by mail) and via the Internet, etc., only the Internet, etc. vote will be deemed valid. If you exercise your voting rights more than once via the Internet, etc., only the latest vote will be deemed valid.

## Exercising Voting Rights via the Internet, etc.

Votes to be transmitted by: 5:00 p.m., Thursday, April 14, 2022 (JST)

### Scanning the QR code “Smart voting”

You can log in to the dedicated voting website for exercising voting rights without having to enter your voting right exercise code and password.

1. Scan the QR code printed on the right side of voting card.
2. Then indicate your approval or disapproval of each proposal by following the on-screen instructions.

“Smart voting” can only be used once to exercise your voting rights.

In the event that you wish to modify the details of your vote after exercising your voting rights, please access the PC version of the website, enter the voting right exercise code printed on the voting card together with your password, log in, and exercise your voting rights once again.

\* If the QR code is read a second time, you will be transferred to the PC version of the website.

### Entering the voting right exercise code and password

Dedicated voting website: <https://www.web54.net>

1. Please access the dedicated voting website and click “次へすすむ (Next).”
2. Enter the voting right exercise code printed on voting card and click “ログイン (Log in).”
3. Enter the password printed on voting card, enter the new password that you will actually use, and click “登録 (Resister).”
4. Then indicate your approval or disapproval of each proposal by following the on-screen instructions.

If you have questions about the operation of your PC, smartphone or mobile phone regarding the exercise of voting rights via the Internet, etc., please contact:

Stock Transfer Agency Web Support,  
Sumitomo Mitsui Trust Bank, Limited  
Tel: 0120-652-031  
(available from 9:00 a.m. to 9:00 p.m.)

For institutional investors, the electronic voting platform for institutional investors operated by ICJ, Inc. is available for exercising voting rights.

You will not be able to access the website due to maintenance from 2:00 a.m. to 6:30 p.m. on Saturday, April 2, 2022.

# Reference Documents for General Meeting of Shareholders

## Proposals and References

### Proposal 1: Appropriation of Surplus

The Company recognizes that the distribution of profits to shareholders is a key issue in business management. The Company's basic policy for the distribution of profits is to maintain stable dividend payments while giving consideration to the balance between the internal reserves necessary for sustainable growth and returns to the shareholders.

In accordance with such perception, the Company proposes a ¥30 per share year-end dividend for the fiscal year under review.

Since a ¥30 per share interim dividend has already been paid, the annual dividend for the fiscal year under review will be ¥60 per share.

#### 1. Year-end Dividend

- (1) Type of dividend property  
Money
- (2) Allotment of dividend property and total amount  
¥30 per share of common stock of the Company  
The total amount of dividends: ¥476,709,840
- (3) Effective date of dividends from surplus  
April 18, 2022

#### 2. Other Appropriation of Surplus

In order to contribute to the development of a rich and robust society, the Company's group (hereinafter referred to as the "Group") will promote activities which promote co-existence and co-prosperity with local communities. Based on the Group philosophy of "striving to achieve happiness and prosperity together with people and society as a whole" and in order to utilize the contributions to local community activities, the Company proposes to reserve the amount of ¥100,000,000 as stated below for the Local Community Contribution Fund:

- (1) Item to be decreased and amount of decrease  
Retained earnings carried forward: ¥100,000,000
- (2) Item to be increased and amount of increase  
Local Community Contribution Fund: ¥100,000,000

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

1. Reasons for proposal

Since the revised provisions provided for in a proviso to Article 1 of the Supplementary Provisions of the Act Partially Amending the Companies Act (Act No. 70 of 2019) are to be enforced on September 1, 2022, the Company proposes to make the following changes to its Articles of Incorporation in preparation for the introduction of the system for providing informational materials for the general meeting of shareholders in electronic format.

- (1) Article 17, paragraph 1 in “Proposed Amendments” below will stipulate that the Company shall take measures for providing information that constitutes the content of reference documents for the general meeting of shareholders, etc. in electronic format.
- (2) Article 17, paragraph 2 in “Proposed Amendments” below will establish the provision to limit the scope of the items to be stated in the paper-based documents to be delivered to shareholders who requested the delivery of paper-based documents.
- (3) Since the provisions for Internet Disclosure and Deemed Provision of Reference Documents for the General Meeting of Shareholders, Etc. (Article 17 of the current Articles of Incorporation) will no longer be required, they will be deleted.
- (4) Accompanying the aforementioned new establishment and deletion, supplementary provisions regarding the effective date, etc. will be established.

2. The details of amendments

The details of amendments of the Articles of Incorporation are as follows:

(Amended parts are indicated by underlining)

Current Articles of Incorporation	Proposed Amendments
<p>Article 17 (<u>Internet Disclosure and Deemed Provision of Reference Documents for the General Meeting of Shareholders, Etc.</u>)</p> <p><u>When the Company convenes a general meeting of shareholders, if it discloses information that is to be stated or presented in the reference documents for the general meeting of shareholders, business report, financial statements and consolidated financial statements through the Internet in accordance with the provisions prescribed by the Ministry of Justice Order, it may be deemed that the Company has provided this information to shareholders.</u></p>	<p>(Deleted)</p>

Current Articles of Incorporation	Proposed Amendments
(Newly established)	<p><u>Article 17 (Measures for Providing Information in Electronic Format, Etc.)</u></p> <ol style="list-style-type: none"> <li><u>1. When the Company convenes a general meeting of shareholders, it shall take measures for providing information that constitutes the content of reference documents for the general meeting of shareholders, etc. in electronic format.</u></li> <li><u>2. Among items for which the measures for providing information in electronic format will be taken, the Company may exclude all or some of those items designated by the Ministry of Justice Order from statements in the paper-based documents to be delivered to shareholders who requested the delivery of paper-based documents by the record date of voting rights.</u></li> </ol>
(Newly established)	<p><u>(Supplementary Provisions)</u></p> <ol style="list-style-type: none"> <li><u>1. The revision of Article 17 shall be effective from September 1, 2022, the date of enforcement of the revised provisions provided for in the proviso to Article 1 of the Supplementary Provisions of the Act Partially Amending the Companies Act (Act No. 70 of 2019) (hereinafter referred to as the "Date of Enforcement").</u></li> <li><u>2. Notwithstanding the provision of the preceding paragraph, Article 17 (Internet Disclosure and Deemed Provision of Reference Documents for the General Meeting of Shareholders, Etc.) of the Articles of Incorporation shall remain effective regarding any general meeting of shareholders held on a date within six months from the Date of Enforcement.</u></li> <li><u>3. These Supplementary Provisions shall be deleted on the date when six months have elapsed from the Date of Enforcement or three months have elapsed from the date of the general meeting of shareholders in the preceding paragraph, whichever is later.</u></li> </ol>

**Proposal 3: Election of Seven (7) Directors**

Of the seven (7) Directors elected at the Annual General Meeting of Shareholders held on April 16, 2021, Mr. Tomihiro Takamatsu resigned on June 14, 2021, and the terms of office of all remaining six (6) Directors will expire at the conclusion of this meeting. Accordingly, the Company proposes to elect seven (7) Directors.

The candidates for Director are as follows:

No.	Name	Current positions and areas of responsibilities in the Company
1	Tomiya Takamatsu	President and Representative Director <span style="float: right;">Reappointment</span>
2	Naoki Tonokatsu	Director, Corporate Officer, General Manager of Finance Department <span style="float: right;">Reappointment</span>
3	Naoyuki Nishiyama	Director, Corporate Officer, General Manager of Corporate Strategy Department <span style="float: right;">Reappointment</span>
4	Shinji Mori	Director <span style="float: right;">Reappointment Independent Outside</span>
5	Masataka Inoue	Director <span style="float: right;">Reappointment Independent Outside</span>
6	Michiaki Kurihara	Director <span style="float: right;">Reappointment Independent Outside</span>
7	Junko Kawano	— <span style="float: right;">New appointment Independent Outside</span>

Notes: The registered name of Ms. Junko Kawano is Junko Yamanouchi.

Reappointment Candidate for Director to be reappointed

New appointment Candidate for Director to be newly appointed

Independent Candidate for independent officer as prescribed by the Tokyo Stock Exchange

Outside Candidate for Outside Director



Skill Matrix of the Candidates for Director

No.	Name  Positions and areas of responsibilities	Knowledge, experience, and expertise that the Company expects from candidates for Director										
		Experi-ence as a president	Beverage industry/ Vending machines	Food industry	Pharma-ceutical industry	Inter-national business	Finance and account-ing	Legal affairs	Human resources develop-ment Diversity	DX	M&A	In-ternal con-trol audit
1	<b>Tomiya Takamatsu</b> President and Representative Director	•								•	•	
2	<b>Naoki Tonokatsu</b> Director, Corporate Officer, General Manager of Finance Department		•					•				
3	<b>Naoyuki Nishiyama</b> Director, Corporate Officer, General Manager of Corporate Strategy Department		•			•				•	•	
4	<b>Shinji Mori</b> Outside Director								•			•
5	<b>Masataka Inoue</b> Outside Director			•		•					•	•
6	<b>Michiaki Kurihara</b> Outside Director	• (Overseas subsidiary)			•	•						
7	<b>Junko Kawano</b>									•		

Candidate No.

1

**Tomiya Takamatsu**

Date of birth  
June 26, 1976

Reappointment

Number of the Company's  
shares held

495,000 shares

Term of office as Director

14 years and 0 months  
(at the conclusion of  
this meeting)

Attendance at Board of  
Directors meetings

18/18 (100%)

**Career summary, positions and areas of responsibilities in the Company**

Apr. 2004	Joined the Company
Apr. 2008	Director, the Company
Apr. 2009	Managing Director, the Company
Mar. 2010	Executive Director, the Company
Apr. 2012	Vice President and Director, the Company
Apr. 2014	President and Representative Director, the Company (incumbent)

**Reasons for nomination as candidate for Director and expected roles**

Since his appointment to the position of President in April 2014, Mr. Takamatsu has demonstrated strong leadership by managing the Company with rapid, decisive decision-making in line with its medium- and long-term management posture based on the perspective of all stakeholders and in keeping with the newly formulated Group Philosophy and Group Vision. He has been steadily working to build business foundations geared to achieving growth in the future which has involved strengthening the Group's management. Based on this proven track record, he has been put forward as a candidate for continued service on the Board of Directors.

Candidate No.

2

Naoki Tonokatsu

Date of birth

November 4, 1963

<b>Reappointment</b>	<b>Career summary, positions and areas of responsibilities in the Company</b>	
<b>Number of the Company's shares held</b> 3,100 shares	Mar. 1986	Joined the Company
	Jan. 2011	General Manager of Financial Affairs Department, the Company
<b>Term of office as Director</b> 5 years and 0 months (at the conclusion of this meeting)	Mar. 2013	Corporate Officer, Division Director of Administration Division, the Company
	Jan. 2014	Corporate Officer, Division Director of Finance Division, the Company
	Jan. 2017	Corporate Officer, General Manager of Finance Department, the Company
<b>Attendance at Board of Directors meetings</b> 18/18 (100%)	Apr. 2017	Director, Corporate Officer, General Manager of Finance Department, the Company (incumbent)
	<b>Reasons for nomination as candidate for Director and expected roles</b>	
Since joining the Company, Mr. Tonokatsu has engaged in finance for many years and has extensive experience and achievements. Currently, as the Director, Corporate Officer, and General Manager of Finance Department, he is putting effort into sound company management such as by building a solid structure for the entire Group's financial base and contributing to improving profitability. Based on this proven track record, he has been put forward as a candidate for continued service on the Board of Directors.		

Candidate No.

3

Naoyuki Nishiyama

Date of birth

July 30, 1965

Reappointment	<b>Career summary, positions and areas of responsibilities in the Company</b>	
<b>Number of the Company's shares held</b>	Mar. 1988	Joined the Company
200 shares	Jan. 2014	General Manager of Corporate Strategy Department, the Company
<b>Term of office as Director</b>	Feb. 2014	General Manager of Corporate Strategy Department and General Manager of International Business Department, the Company
5 years and 0 months (at the conclusion of this meeting)	Mar. 2015	Corporate Officer, General Manager of Corporate Strategy Department and General Manager of International Business Department, the Company
<b>Attendance at Board of Directors meetings</b>	Jan. 2016	Corporate Officer, General Manager of Corporate Strategy Department and General Manager of Strategic Investment Department, the Company
18/18 (100%)	Jan. 2017	Corporate Officer, General Manager of Corporate Strategy Department, the Company
	Apr. 2017	Director, Corporate Officer, General Manager of Corporate Strategy Department, the Company (incumbent)

#### **Reasons for nomination as candidate for Director and expected roles**

Mr. Nishiyama has engaged in a wide range of duties covering overall management such as corporate strategy, strategic investment, international business and IT, and has extensive experience and achievements. Currently, he is leading Group companies as the Director, Corporate Officer, and General Manager of Corporate Strategy Department and pursuing initiatives to expand into new business domains. Based on this proven track record, he has been put forward as a candidate for continued service on the Board of Directors.

Candidate No.

4

Shinji Mori

Date of birth  
May 22, 1946

<b>Reappointment</b>	<b>Career summary, positions and areas of responsibilities in the Company</b>
<b>Independent</b>	Apr. 1972    Joined the Legal Training and Research Institute of Japan
<b>Outside</b>	Apr. 1974    Appointed as a judge, Yokohama District Court
	Apr. 1986    Appointed as a judge, Kyoto District Court
<b>Number of the Company's shares held</b>	May 1989    Registered as a member of the Osaka Bar Association
100 shares	May 1989    Joined Chuo Sogo Law Office (currently Chuo Sogo Law Office, P. C.)
	Apr. 2001    Corporate Auditor, the Company
	Sep. 2003    Senior Partner, Chuo Sogo Law Office, P. C. (incumbent)
<b>Term of office as Outside Director</b>	Apr. 2014    Director, the Company (incumbent)
8 years and 0 months (at the conclusion of this meeting)	<b>Significant concurrent positions</b>
	Outside Corporate Auditor, OSAKA SODA CO., LTD. Auditor, CREDIT GUARANTEE CORPORATION OF OSAKA
<b>Attendance at Board of Directors meetings</b>	<b>Reasons for nomination as candidate for Outside Director and expected roles</b>
17/18 (94%)	Mr. Mori has extensive experience and an advanced level of specialized knowledge as an attorney, and he has served as an Outside Corporate Auditor and as an Outside Director. Based on that experience, he is appropriately carrying out his role in strengthening the oversight function of the Board of Directors by commenting on the Company-wide approach to risk management, and otherwise offering advice and suggestions as to the Company's management from an independent perspective. Based on this proven track record, he has been put forward as a candidate for continued service as an Outside Director on the Board of Directors. Although Mr. Mori has not been involved in corporate management in a manner other than that of being an outside director/corporate auditor of the Company and other companies in the past, the Company has judged that he will be able to appropriately carry out his duties as Outside Director for the above reasons.

Candidate No.

5

Masataka Inoue

Date of birth

October 12, 1954

Reappointment	<b>Career summary, positions and areas of responsibilities in the Company</b>
Independent	Apr. 1978    Joined Nakano Sumise Co., Ltd.
Outside	Jul. 2005    Director, Mizkan Group Corporation
Number of the Company's shares held	May 2007    Managing Director, Mizkan Group Corporation
– shares	Oct. 2009    Full-time Corporate Auditor, Mizkan Group Corporation
Term of office as Outside Director	Mar. 2011    Divisional Manager in charge of the Management Auditing Office, Mizkan Group Corporation
6 years and 0 months (at the conclusion of this meeting)	Mar. 2014    Divisional Manager in charge of the Business Planning Division, Mizkan Holdings Co., Ltd.
Attendance at Board of Directors meetings	Mar. 2016    Retired from Mizkan Holdings Co., Ltd.
18/18 (100%)	Apr. 2016    Director, the Company (incumbent)
	<b>Reasons for nomination as candidate for Outside Director and expected roles</b>
	Mr. Inoue has a wealth of knowledge and overseas experience in the food industry. Based on his auditing experience in areas such as business development through overseas M&As and overseas subsidiaries, he is appropriately carrying out his role in strengthening the oversight function of the Board of Directors by commenting with respect to his viewpoint on risk and returns in the course of deliberations concerning such management issues of the Company as accelerated development of the Company's business overseas and expanding into new business domains, and otherwise offering advice and suggestions from an independent perspective. Based on this proven track record, he has been put forward as a candidate for continued service as an Outside Director on the Board of Directors.

Candidate No.

6

Michiaki Kurihara

Date of birth

October 1, 1953

Reappointment	<b>Career summary, positions and areas of responsibilities in the Company</b>	
Independent	Apr. 1982	Joined Fujisawa Pharmaceutical Co., Ltd. (currently Astellas Pharma Inc.)
Outside	Oct. 2004	Deputy Division Director of Sales Division, Fujisawa Pharmaceutical Co., Ltd.
Number of the Company's shares held – shares	Apr. 2006	General Manager, Asia Business Planning, Corporate Strategy Division, Astellas Pharma Inc. (concurrently served as President and CEO of Astellas Pharma Hong Kong Co., Ltd., Director of Astellas Pharma China, Inc., Director of Astellas Pharma Korea, Inc. and Director of Astellas Pharma (Thailand) Co., Ltd.)
Term of office as Outside Director 1 year and 0 months (at the conclusion of this meeting)	Apr. 2009	General Manager of Sales Promotion Department, Asia Business Division, Santen Pharmaceutical Co., Ltd.
	Jun. 2010	Director and Vice President, Santen Pharmaceutical Korea Co., Ltd.
	Nov. 2013	General Manager of Planning External Affairs Department, IMS Japan K.K. (currently IQVIA Solutions Japan K.K.) (incumbent)
Attendance at Board of Directors meetings 13/13 (100%)	Apr. 2021	Director, the Company (incumbent)
	<b>Reasons for nomination as candidate for Outside Director and expected roles</b>	
	Mr. Kurihara has a wealth of knowledge and experience in the pharmaceutical industry. Based on his experience in the pharmaceutical industry in Japan and management experience at overseas subsidiaries. The Company has judged that he has appropriately carrying his role to further strengthen the oversight function of the Board of Directors and offered advice and suggestions from an independent perspective on the Company's management issues, such as overseas business development and the establishment of a second pillar in the healthcare field. Based on this proven track record, he has been put forward as a candidate for continued service as an Outside Director on the Board of Directors.	

Candidate No.

7

Junko Kawano

(Family name in the family register: Yamanouchi)  
Date of birth  
September 30, 1963

New appointment	Independent	Outside	Number of the Company's shares held	Term of office as Outside Director	Attendance at Board of Directors meetings	<b>Career summary, positions and areas of responsibilities in the Company</b>
–	–	–	– shares	–	–	<p>Apr. 1986    Joined Recruit Co., Ltd.</p> <p>Jan. 1997    Head Editor of “Travail” (Japan’s first career change magazine for women), Recruit Co., Ltd.</p> <p>Apr. 2006    Leader of Women’s Life &amp; Career Research Team (concurrent position), Recruit Co., Ltd.</p> <p>Jul. 2008    Joined Sumitomo Corporation</p> <p>Apr. 2013    Director, Institute of Global Human Capital Strategies Co., Ltd. (concurrent position)</p> <p>Jun. 2017    Resigned Institute of Global Human Capital Strategies Co., Ltd.</p> <p>Apr. 2018    Established Kawano Junko Office (incumbent)</p> <p>Sep. 2019    Board Member, Non-Profit Organization Tokyo International Progressive School (incumbent)</p> <p>Apr. 2020    Senior Researcher, Keio Research Institute at SFC (incumbent)</p> <p>Jun. 2021    Outside Director, Joshin Denki Co., Ltd. (incumbent)</p> <p>Dec. 2021    Director &amp; CMO, Life Shift Japan Co., Ltd. (incumbent)</p>

#### **Reasons for nomination as candidate for Outside Director and expected roles**

Ms. Kawano has a wealth of knowledge and experience in human resources development, including consistent involvement in organizational culture reform to emphasize customer value and the promotion of the advancement of women. We believe that she will be able to further strengthen the supervisory function of the Board of Directors by providing advice and recommendations from an independent standpoint on the promotion of human resources strategy and diversity, which form the foundation of the Group’s sustainability management.

- Notes:
- The registered name of Ms. Junko Kawano is Junko Yamanouchi.
  - Mr. Shinji Mori serves as Senior Partner of Chuo Sogo Law Office, P. C., Outside Corporate Auditor of OSAKA SODA CO., LTD., and Auditor of CREDIT GUARANTEE CORPORATION OF OSAKA. There are no special interests between the Company and OSAKA SODA CO., LTD. and CREDIT GUARANTEE CORPORATION OF OSAKA. Mr. Shinji Mori is currently working for Chuo Sogo Law Office, P. C., to which the Group commissions business. The Group receives legal advice as required from lawyers of this office other than Mr. Shinji Mori, and the annualized advisory fee that the Group pays to said law office is less than ¥10 million. There are no special interests between candidates other than Mr. Shinji Mori and the Company.
  - The Company has concluded agreements with Messrs. Shinji Mori, Masataka Inoue and Michiaki Kurihara pursuant to the provisions of Article 427, paragraph (1) of the Companies Act to limit the amount of their liability to damages as provided for in Article 425, paragraph (1) of the same Act.  
If the reelections of Messrs. Shinji Mori, Masataka Inoue and Michiaki Kurihara are approved, the Company plans to extend the same agreements. In addition, if the election of Ms. Junko Kawano is approved, the Company plans to conclude the same agreement with her.
  - The Company has notified Messrs. Shinji Mori, Masataka Inoue and Michiaki Kurihara as independent officers as prescribed by the Tokyo Stock Exchange. If the reelections of Messrs. Shinji Mori, Masataka Inoue and Michiaki Kurihara are approved, the Company plans to maintain their positions as independent officers. If the election of Ms. Junko Kawano is approved, the Company plans to notify her as an independent officer as prescribed by the Tokyo Stock Exchange.
  - The Company has concluded a directors and officers liability insurance agreement with an insurance company. The liability insurance covers damages incurred by the insured person in cases such as a shareholder derivative suit. Each candidate will be included as an insured person under this insurance agreement. Furthermore, at the time of the next renewal, the Company plans to renew the liability insurance agreement without changes to the terms and conditions.



**Proposal 4:** Election of One (1) Corporate Auditor

The term of office of Corporate Auditor Sachie Kato will expire at the conclusion of this meeting. Accordingly, the Company proposes to elect one (1) Corporate Auditor.

The consent of the Board of Corporate Auditors has been obtained for this proposal.

The candidate for Corporate Auditor is as follows:

Candidate for Corporate Auditor to be newly appointed	<b>Sachie Kato</b>	Date of birth November 11, 1946
<b>Reappointment</b>	<b>Career summary and positions in the Company</b>	
<b>Independent</b>	Apr. 1969    Joined the Legal Training and Research Institute of Japan	
<b>Outside</b>	Apr. 1971    Appointed as a public prosecutor, Tokyo District Public Prosecutors Office	
<b>Number of the Company's shares held</b>	May 1974    Registered as a member of the Osaka Bar Association	
100 shares	Apr. 2014    Outside Corporate Auditor, the Company (incumbent)	
<b>Term of office as Corporate Auditor</b>	<b>Reasons for nomination as candidate for Outside Corporate Auditor</b>	
8 years and 0 months (at the conclusion of this meeting)	Ms. Kato oversees auditing at the Company with a high degree of independence and from a broad perspective, drawing on her long-standing experience as an attorney, her high level of discernment as a legal expert, and her profound insight with respect to corporate management gained from having helped resolve multiple corporate legal challenges. Based on this proven track record, she has been put forward as a candidate for continued service as an Outside Corporate Auditor.	
<b>Attendance at Board of Directors meetings</b>	Although Ms. Kato has not been involved in corporate management in a manner other than that of being an outside officer of the Company and other companies in the past, the Company has judged that she will be able to appropriately carry out her duties as Outside Corporate Auditor for the above reasons.	
18/18 (100%)		
<b>Attendance at Board of Corporate Auditors meetings</b>		
13/14 (93%)		

- Notes:
1. Ms. Sachie Kato is a candidate for Outside Corporate Auditor.
  2. Ms. Sachie Kato is currently working for Chuo Sogo Law Office, P. C., to which the Group commissions business. The Group receives legal advice as required from lawyers of this office other than Ms. Sachie Kato, and the annualized advisory fee that the Group pays to said law office is less than ¥10 million.
  3. The Company has concluded agreement with Ms. Sachie Kato pursuant to the provisions of Article 427, paragraph (1) of the Companies Act to limit the amount of her liability to damages as provided for in Article 425, paragraph (1) of the same Act. If the reelection of Ms. Sachie Kato is approved, the Company plans to extend the same agreement.
  4. If the election of Ms. Sachie Kato is approved, the Company plans to notify her again as an independent officer as prescribed by the Tokyo Stock Exchange.
  5. The Company has concluded a directors and officers liability insurance agreement with an insurance company. The liability insurance covers damages incurred by the insured person in cases such as a shareholder derivative suit. Candidates will be included as insured persons under this insurance agreement. Furthermore, at the time of the next renewal, the Company plans to renew the liability insurance agreement without changes to the terms and conditions.

(Reference) Corporate Auditors of the Company After the Election (Planned)

Candidate	Name	Positions in the Company	
		Significant concurrent positions	
- *	Kazuyoshi Hasegawa		Full-time Corporate Auditor
○	Sachie Kato	<u>Independent</u> <u>Outside</u>	Outside Corporate Auditor
- *	Shigeyuki Moriuchi	<u>Independent</u> <u>Outside</u>	Outside Corporate Auditor Partner, Grant Thornton Taiyo LLC Outside Director (Audit and Supervisory Committee Member), KOSHIDAKA HOLDINGS Co., LTD. Outside Corporate Auditor, KATO SANGYO CO., LTD.
- *	Kiyoshi Watanabe	<u>Independent</u> <u>Outside</u>	Outside Corporate Auditor

Independent Independent officer as prescribed by the Tokyo Stock Exchange

Outside Outside Corporate Auditor

\* The term of office for Corporate Auditor of the Company is four years. Messrs. Kazuyoshi Hasegawa, Shigeyuki Moriuchi and Kiyoshi Watanabe were elected at the 44th Annual General Meeting of Shareholders held on April 16, 2019, and assumed their offices.

\* The Company has notified Ms. Sachie Kato, Messrs. Shigeyuki Moriuchi and Kiyoshi Watanabe as independent officers as prescribed by the Tokyo Stock Exchange.

**Proposal 5:** Continuation of and Partial Revision to the Performance-based Stock Compensation System for Directors

1. Continuation of the Performance-based Stock Compensation System

For Directors of the Company (excluding Outside Directors and Part-time Directors) and Executive Officers of the Company (hereinafter collectively referred to as “Directors, etc. of the Company”), and Directors (excluding Outside Directors and Part-time Directors) and Executive Officers (hereinafter collectively referred to as “Directors, etc. of Eligible Subsidiaries” and Directors, etc. of the Company and Directors, etc. of Eligible Subsidiaries are collectively referred to as “Eligible Directors, etc.”) of wholly owned subsidiaries of the Company (hereinafter the “Eligible Subsidiaries”), we ask for your approval of partial revision of details of the Performance-based Stock Compensation System (hereinafter the “System”) approved and introduced at the 41st Annual General Meeting of Shareholders held on April 15, 2016, accompanying continuation of the System. The Company requests that shareholders leave the decision on the details of the System to the Board of Directors’ resolution within the scope described in 3. below.

The revision of the System is aimed at raising the awareness of Eligible Directors, etc. for contributing to the Group’s earnings improvement and corporate value enhancement over the medium- and long-term. As such, the revision of the System is considered appropriate. This revision has been deliberated by the Nominating and Compensation Committee, which is composed of a majority of independent Outside Directors.

If Proposal 3 “Election of Seven (7) Directors,” is approved as proposed, the number of Directors of the Company subject to the System will be three (3), excluding Outside Directors and Part-time Directors, at the conclusion of this General Meeting of Shareholders.

(\*) In order to distinguish this system from the “Restricted Share-based Compensation System with Transfer Restrictions” in Proposal 6, the System will be called the “Trust-type Performance-based Stock Compensation System” from now on.

## 2. Details of Revision to the System

The details of the System shall be partially revised as follows:

Item	Before revision	After revision
(1) Applicable period	Five fiscal years starting with the fiscal year starting on January 21, 2017 through and including the fiscal year ending on January 20, 2022 and each five-fiscal-year period that begins after the expiration of the initial five-fiscal-year period.	Five fiscal years starting with the fiscal year starting on <u>January 21, 2022</u> through and including the fiscal year ending on <u>January 20, 2027</u> and each five-fiscal-year period that begins after the expiration of the initial five-fiscal-year period.
(2) Maximum number of shares to be acquired by the Trust	(Newly established)	<u>Up to a maximum 110,000 shares for the applicable period.</u>
(3) Method of calculating the number of the Company's shares to be granted to Eligible Directors, etc.	On each March 31 following the end of each fiscal year during the applicable period, Eligible Directors, etc. will be granted a number of points determined by multiplying the base points (i.e., the points which are determined according to their respective positions for each fiscal year ended on January 20 of the same year) by a performance-based coefficient set according to achievements of individual Eligible Directors. Such performance-based coefficient will be calculated based on the percentage achievement of operating profit and net sales on a consolidated basis projected at the beginning of each fiscal year and disclosed in financial statements. (For FY2018, the percentage achievement of the Mid-Term Business Plan will also be taken into account.) In the event that each performance target is not achieved, the relevant performance-based coefficient will be 0.0.	On each <u>April 30</u> following the end of each fiscal year during the applicable period, Eligible Directors, etc. will be granted a number of points determined by multiplying the base points (i.e., the points which are determined according to their respective positions for each fiscal year ended on January 20 of the same year) by a performance-based coefficient set according to achievements of individual Eligible Directors. Such performance-based coefficient will be calculated based on the percentage achievement of operating profit and net sales on a consolidated basis projected at the beginning of each fiscal year and disclosed in financial statements. (For <u>FY2026</u> , the percentage achievement of the Mid-Term Business Plan will also be taken into account.) In the event that each performance target is not achieved, the relevant performance-based coefficient will be 0.0.
(4) Maximum number of the Company's shares (total number of points) to be granted to Eligible Directors, etc.	(Newly established)	<u>Up to a maximum 110,000 points will be awarded for the applicable period.</u>
(5) Delivery of the Company's shares, etc. to those eligible under the System	In principle, when an Eligible Director, etc. retires from office and satisfies the requirements for beneficiaries set forth in the respective share benefit regulations, the Company will provide him/her with the number of the Company's shares in accordance with the number of fixed points determined at the time of retirement by following the prescribed procedures for determining beneficiaries.	In principle, when an eligible Director, etc. retires from office and satisfies the requirements for beneficiaries set forth in the respective share benefit regulations, the Company will provide him/her with the number of the Company's shares in accordance with the number of fixed points determined at the time of retirement by following the prescribed procedures for determining beneficiaries. <u>However, for a certain percentage of that amount, a cash equivalent to the market value of the Company's shares will be provided instead of the Company's shares from the viewpoint of securing funds for tax payment. In order to provide cash benefits, the Company's shares in the Trust may be sold.</u>

3. Amount and details of remuneration, etc. under the System after revision

(1) Outline

The System is a performance-based incentive system, whereby the Company contributes money to the Trust (the maximum amount shall be as described in (6) below), and the Trust acquires the Company's shares with the money as the source, and the Company's shares and monetary equivalent to the market value of the Company's shares (hereinafter "the Company's shares, etc.") are paid to the Eligible Directors, etc. through the Trust in accordance with Director Share Benefit Regulations and Executive Officer Share Benefit Regulations set forth by the Company and Eligible Subsidiaries, depending on the degree of achievement of business results, etc. In principle, Eligible Directors will receive the Company's shares at the time of their retirement.

(2) Those eligible

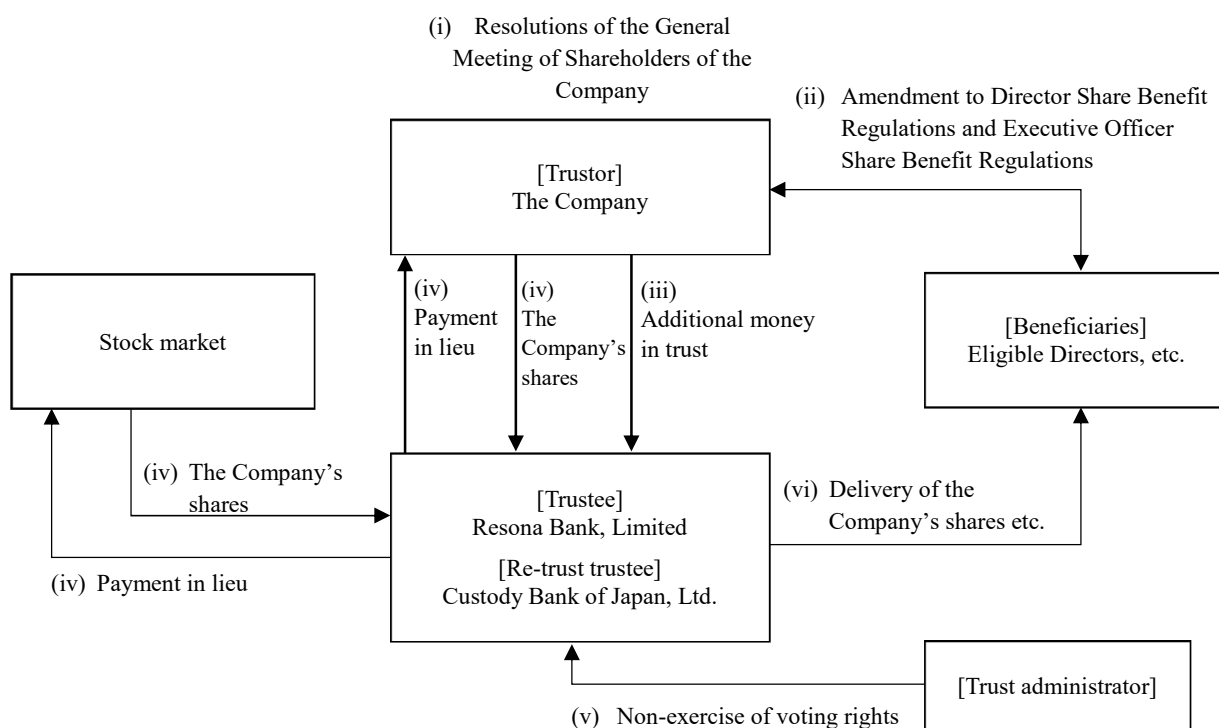
Eligible Directors, etc.

(3) Applicable period

The period of five fiscal years from the fiscal year beginning on January 21, 2022 to the fiscal year ending on January 20, 2027 (hereinafter the "Applicable Period") and the period for each of the five fiscal years beginning after the end of said five fiscal years (each five fiscal year period, together with the Applicable Period, collectively referred to as "Applicable Periods").

(4) Establishment of a Trust for operation of the System

The Company shall establish and operate the following Trust in agreement with the trustee for operation of the System.



- (i) The Company and Eligible Subsidiaries shall obtain resolutions for approval of the remuneration of Directors and Executive Officers at the General Meetings of Shareholders of the Company and Eligible Subsidiaries, respectively, with respect to partial amendment accompanying continuation of the System.
- (ii) The Boards of Directors of the Company and Eligible Subsidiaries shall amend Director Share Benefit Regulations and Executive Officer Share Benefit Regulations, respectively, with respect to share benefits under the System.
- (iii) The Company shall place additional money in trust to the extent approved at this General Meeting of Shareholders in (i) above.
- (iv) The Trust will acquire the Company's shares from the Company or the stock market using the money entrusted in (iii) above as the source of funds.
- (v) The Company's shares in the Trust shall not be eligible to exercise voting rights throughout the Trust period.
- (vi) During the trust period, points will be awarded to Eligible Directors, etc. in accordance with the provisions of Director Share Benefit Regulation and Executive Officer Share Benefit Regulations as described in (ii) above, according to their position and the degree of achievement of their business performance. For Eligible Directors, etc. who satisfy certain requirements for beneficiaries set forth in Director Share Benefit Regulation and Executive Officer Share Benefit Regulations, such as retirement, the Company will deliver the number of the Company's shares corresponding to the points awarded to said Eligible Directors, etc.

(5) Trust period

From June 1, 2017 until the termination of the Trust (no specific termination date will be set and the Trust will continue as long as the System continues).

The System shall be terminated due to the delisting of the Company's shares and abolition of Director Share Benefit Regulation and Executive Officer Share Benefit Regulations.

(6) Maximum amount of money to be contributed by the Company

The Company will contribute money up to a total of ¥550 million as funds for the acquisition of shares to provide benefits to Eligible Directors, etc. under the System during the Applicable Period, and will establish the Trust with the Eligible Directors, etc. who satisfy the requirements for beneficiaries as beneficiaries. The Company may additionally entrust funds for the acquisition of shares within the aforementioned maximum amount during the initial Applicable Period.

In addition, even after the Applicable Period has elapsed, the Company will make additional contributions up to a total of ¥550 million for each Applicable Period until termination of the System. However, in the event that the Company makes such additional contribution, when there are the Company's shares remaining in Trust assets at the end of the applicable period immediately prior to the applicable period for which the additional contribution is to be made (hereinafter "Residual Shares," except the Company's shares which have not been delivered equivalent to the number of points awarded to Eligible Directors, etc. (see (8) below regarding points), which are excluded) and money (collectively referred to as "Residual Shares, etc."), Residual Shares, etc. shall be used as the source of benefits based on the System during the subsequent applicable period, and the maximum amount of additional contribution by the Company during said applicable period shall be ¥550 million minus a deduction for the amount of Residual Shares, etc. (for shares the amount for Residual Shares based on market value at the end of the applicable period immediately prior to said applicable period).

(7) Method and timing of acquisition of the Company's shares by the Trust

The Trust shall acquire the Company's shares through the stock market or by subscribing to the Company's disposal of treasury stock, within the maximum amount of money to be contributed to the Trust as described in (6) above.

The maximum number of shares to be acquired during the Applicable Period shall be up to 110,000 shares. In addition, the Company will also acquire up to the aforementioned maximum number of shares for each applicable period after the Applicable Period.

(8) Method of calculating the number of the Company's shares to be granted to the Eligible Directors, etc.

Eligible Directors, etc. will be awarded points for each fiscal year in accordance with their position and the degree of achievement of their business performance in each fiscal year during each applicable period. The points awarded will be converted into one share of common stock of the Company per point at the time of stock delivery (however, in the event of a stock split, gratis allotment of shares, or a consolidation of shares, etc., reasonable adjustments shall be made in the conversion ratio according to the ratio and other factors).

On each April 30 following the end of each fiscal year during the applicable period, Eligible Directors, etc. will be granted a number of points determined by multiplying the base points (i.e., the points which are determined according to their respective positions for each fiscal year ended on January 20 of the same year) by a performance-based coefficient set according to achievements of individual Eligible Directors. Such performance-based coefficient will be calculated based on the percentage achievement of operating profit and net sales on a consolidated basis projected at the beginning of each fiscal year and disclosed in financial statements. (For FY2026, the percentage achievement of the Mid-Term Business Plan will also be taken into account.) In the event that each performance target is not achieved, the relevant performance-based coefficient will be 0.0.

The total number of points to be awarded during the five fiscal years of the Applicable Period is a maximum up to 110,000 points. Also, the maximum number of points to be awarded for the subsequent applicable period after the Applicable Period elapses shall be up to the aforementioned maximum number of points.

(9) Delivery of the Company's shares, etc. to Eligible Directors, etc.

In principle, when an Eligible Director, etc. retires from office and satisfies the requirements for beneficiaries set forth in the respective Share Benefit Regulations, the Company shall provide he or

she with the number of the Company's shares in accordance with the number of fixed points determined at the time of retirement by following the prescribed procedures for determining beneficiaries.

However, for a certain percentage of that amount, cash equivalent to the market value of the Company's shares will be provided instead of the Company's shares from the viewpoint of securing funds for tax payment. In order to provide cash benefits, the Company's shares in the Trust may be sold.

(10) Exercise of voting rights for the Company's shares in the Trust

Voting rights for the Company's shares within the Trust are uniformly not exercised in order to ensure independence from the management of the Trust.

(11) Handling of dividends of the Company's shares in the Trust

Dividends related to the Company's shares held in the Trust will be received by the Trust, and they will be used to cover Trust expenses such as the acquisition of the Company's shares and Trust fees. In the event of termination of the Trust, the dividends remaining in the Trust will be prorated to Eligible Directors, etc. in proportion to the number of accumulated points, or donated to a public interest corporation that has no interest with Eligible Directors, etc.

(12) Treatment upon termination of the Trust

The Trust shall be terminated upon the occurrence of an event such as the abolition of Director Share Benefit Regulations and Executive Officer Share Benefit Regulations pertaining to stock benefits under the System.

Of the residual assets of the Trust upon termination of the Trust, all of the Company's shares shall be acquired by the Company free of charge and then cancelled by resolution of the Board of Directors or donated to a public interest corporation. Also, of the residual assets of the Trust upon termination of the Trust, the Company plans to distribute the cash to those eligible of the System who are in office at that time in proportion to the number of accumulated points, or donate it to a public interest corporation.



**Proposal 6:** Determination of Compensation for Granting Restricted Shares to Directors

At the 16th Annual General Meeting of Shareholders held on April 18, 1991, the amount of remuneration, etc. for Directors of the Company was determined to be ¥280 million or less per year, and at the 41st Annual General Meeting of Shareholders held on April 15, 2016, in addition to the aforementioned amount of remuneration, etc. for Directors of the Company, the Company obtained approval for the contribution of up to a total of ¥550 million as funds for the acquisition of shares to provide benefits to the Company's Directors, etc. and Directors, etc. of Eligible Subsidiaries during each of the five fiscal years starting from the 43rd fiscal year, as compensation in the form of Trust-type Performance-based Stock Compensation System.

As part of the review of the remuneration system for Directors and Corporate Auditors, the Company now proposes to provide compensation by granting restricted shares to the Company's Directors (excluding Outside Directors and Part-time Directors, hereinafter "Eligible Directors"), separate from the above remuneration framework, for the purpose of providing Eligible Directors with incentives to continuously raise the corporate value of the Company and to further align interests with those of our shareholders.

Based on this proposal, the remuneration to be paid to Eligible Directors for granting restricted shares shall be monetary claims, the total amount of which shall be no more than ¥100 million per year. The specific timing and allocation of payment to each Eligible Director shall be determined by the Board of Directors.

The number of Directors is currently six (6) (including three (3) Outside Directors). Subject to the approval and adoption of Proposal 3 "Election of Seven (7) Directors" as originally proposed, the number of Directors will be seven (7) (including four (4) Outside Directors).

In addition, based on a resolution of the Board of Directors of the Company, Eligible Directors shall pay all of the monetary claims to be paid under this proposal as investment assets contributed in kind and receive the issuance or disposal of shares of the Company's common stock, and the total number of shares of the Company's common stock issued or disposed of as a result shall not exceed 10,000 shares per year (however, in the event of a stock split of shares of the Company common stock (including gratis allotment of shares of common stock) or in the event of consolidation of shares, or other event requiring adjustment of the total number of shares of the Company's common stock to be issued or disposed of as shares with restricted transfer after the date of approval of this proposal, said total number shall be adjusted to a reasonable extent). The amount to be paid in per share shall be determined by the Board of Directors based on the closing price of shares of the Company's common stock on the Tokyo Stock Exchange on the business day immediately before each date of resolution by the Board of Directors (if there is no closing price on such date, the closing price on the closest preceding trading day) or any other amount within the extent that the amount will not be particularly advantageous to Eligible Directors who subscribe shares of the Company's common stock. Also, the issuance or disposal of shares of the Company's common stock and the payment of monetary claims as investment assets contributed in kind shall be subject to the execution of an Allotment Agreement of Shares with Transfer Restrictions (hereinafter the "Allotment Agreement") between the Company and Eligible Directors, which shall include the following details. In addition, in this proposal, the maximum amount of remuneration, the total number of shares of the Company's common stock to be issued or disposed of, and other conditions for granting restricted shares of the Company's common stock with restrictions on transfer to Eligible Directors under this proposal shall be determined through deliberation by the Nominating and Compensation Committee, taking into consideration the aforementioned purposes, the business conditions of the Company, the Company's policies concerning decisions on details of remuneration, etc. for individual Directors, and other various circumstances.

[Summary of details of the Allotment Agreement]

(1) Transfer Restriction Period

Eligible Directors may not transfer, establish a lien or otherwise dispose of shares of the Company's common stock (hereinafter the "Allotted Shares") allotted to them under this Allotment Agreement during the period from the date of allotment under this Allotment Agreement (hereinafter the "Transfer Restrictions") until the time immediately following their resignation from their positions as officers or employees of the Company or its subsidiaries as determined in advance by the Board of Directors of the Company (hereinafter the "Transfer Restriction Period").

(2) Treatment on retirement from the position

If an Eligible Director resigns from his or her position of an officer or employee of the Company or its subsidiaries before the expiration of the period predetermined by the Board of Directors of the Company (hereinafter the "Service Period") the Company shall naturally acquire the Allotted Shares free of charge, except in cases where there is a justifiable reason for such resignation, such as expiration of the term of office or death.

(3) Lifting of Transfer Restrictions

The Company shall lift the Transfer Restrictions of all of the Allotted Shares upon expiration of the Transfer Restriction Period, provided that the Eligible Director has continuously held a position predetermined by the Board of Directors of the Company among the positions of officers and employees of the Company or its subsidiaries during the Service Period. However, if (i) said Eligible Director resigns from the position predetermined by the Board of Directors of the Company among the positions of officers and employees of the Company or its subsidiaries before the expiration of the Service Period for a justifiable reason, or (ii) said Eligible Director resigns from the position predetermined by the Board of Directors of the Company after the expiration of the Service Period but before the expiration of the Transfer Restriction Period for a reason other than a justifiable reason, the number of Allotted Shares for the Transfer Restrictions to be lifted and timing of lifting the Transfer Restrictions shall be reasonably adjusted as necessary. Furthermore, pursuant to the provisions specified above, the Company shall automatically acquire without contribution the Allotted Shares on which the Transfer Restrictions have not been lifted as of the time immediately after the Transfer Restrictions were lifted.

(4) Treatment during reorganization, etc.

Notwithstanding the provision of (1) above, if, during the Transfer Restriction Period, matters relating to a merger agreement in which the Company is the disappearing company, a share exchange agreement or share transfer plan in which the Company becomes a wholly owned subsidiary, or other reorganization, etc. are approved at the Company's General Meeting of Shareholders (or at a meeting of its Board of Directors in cases where approval at the Company's General Meeting of Shareholders is not required in relation to the reorganization, etc.), the Company shall lift the Transfer Restrictions on the Allotted Shares with the number of shares that is reasonably determined considering the period from the start date of the Transfer Restriction Period to the date of approval of the reorganization, etc. prior to the date on which the reorganization, etc. becomes effective, by resolution of the Board of Directors of the Company. In cases specified above, the Company shall automatically acquire without contribution the Allotted Shares on which the Transfer Restrictions have not been lifted as of the time immediately after the Transfer Restrictions were lifted.

(5) Other matters

Other matters concerning the Allotment Agreement shall be determined by the Board of Directors of the Company.

[Reference] Policy on Determining the Details of Remuneration, etc. for Directors and Corporate Auditors (provided that Proposals 5 and 6 are approved as originally proposed)

1. Basic policy

Remuneration, etc. of the Company's Directors shall be designed based on the following basic policy.

- Should raise awareness of the need to contribute to the realization of sustainable growth and the enhancement of corporate value over the medium to long term.
- Consideration should be given to the balance between public standards and the business environment, management details, and employee bonuses.
- When determining the remuneration of individual Directors, the level of remuneration should be appropriate, taking into account the level of achievement, importance and expectations of medium-to long-term strategies, based on the responsibilities of each position.
- Should be competitive as an incentive to recruit talented professionals.
- Remuneration for Executive Directors shall consist of basic remuneration, performance-based bonuses that mainly reflect single-year performance, and stock-based remuneration as medium- to long-term incentives. Outside Directors, who are responsible for supervisory functions, shall be paid only basic remuneration in light of their duties.
- To be reviewed regularly.

2. Composition and percentage breakdown, etc.

(1) Composition, timing of payment, and percentage of each remuneration amount

Type		Payment timing	Breakdown	
Monetary compensation	Fixed	Basic compensation	Once a month	Approx. 60
	Performance-based	Bonus	Once a year	Approx. 30
Non-monetary compensation (Stock-based compensation)	Fixed	Restricted share-based compensation	Once a year	Approx. 10
	Performance-based	Trust-type stock-based compensation	At the time of Directors' retirement	

(2) Basic compensation

The amount shall be determined based on the position, responsibilities, and years of service, taking into consideration the level of other companies, the Company's business performance, and the level of employee salaries, and shall be paid as monthly remuneration at one-twelfth of the fixed amount.

(3) Bonuses

The amount determined by multiplying basic remuneration by a coefficient corresponding to the degree of achievement of business results in the previous fiscal year will be paid at a certain time each year. This calculation method will be applied to bonuses to be paid in the fiscal year beginning on January 21, 2022.

The performance indicators used for the calculation are as shown in the table below.

Normal fiscal year	1.	Consolidated net sales
	2.	Consolidated operating profit

In FY2026, the degree of achievement of the Mid-Term Business Plan shall be taken into account.

(4) Trust-type stock-based compensation

Points obtained by multiplying the basic points according to position by a coefficient calculated according to the level of achievement of business results are awarded at a certain time each year, and the Company shall provide all Directors, etc. of the Group with the number of the Company's shares corresponding to the points upon retirement from office.

The performance indicators used for the calculation are as shown in the table below.

Normal fiscal year	<ol style="list-style-type: none"> <li>1. Consolidated net sales</li> <li>2. Consolidated operating profit</li> </ol>
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In FY2026, the degree of achievement of the Mid-Term Business Plan shall be taken into account.

(5) Restricted share-based compensation

The number of the Company's shares corresponding to position will be delivered at a certain time each year. In principle, the Transfer Restriction Period shall be until retirement from office for Directors, etc. (Executive Directors or Executive Officers, the same below).

3. Determination process

Individual remuneration, etc. shall be determined by resolution of the Board of Directors within the scope of the resolution passed at the General Meeting of Shareholders. Decisions by the Board of Directors shall include performance indicators and their coefficients used in the calculation of performance-based remuneration and non-monetary compensation, as well as criteria by position. The determination of the amount of basic remuneration and bonuses for each Director shall be delegated to the President and Representative Director by resolution of the Board of Directors.

In making these decisions and revising this Policy, the Nominating and Compensation Committee, which consists of a majority of independent Outside Directors, shall report in advance, and the Board of Directors and the President and Representative Director shall respect said report.