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Securities identification code: 5930
May 30, 2022

To our shareholders:

Toshihiko Shiozaki
Chairman of the Board of Directors
Bunka Shutter Co., Ltd.
1-17-3, Nishikata, Bunkyo-ku, Tokyo

NOTICE OF THE 76TH ORDINARY GENERAL MEETING OF SHAREHOLDERS

You are cordially invited to attend the 76th Ordinary General Meeting of Shareholders of Bunka Shutter Co., Ltd. (the "Company"), which will be held as described below.

If you are unable to attend the meeting in person, you may exercise your voting rights in writing or the Internet, etc. Should you wish to do so, please review the attached Reference Documents for the General Meeting of Shareholders and exercise your voting right no later than 5:30 p.m., Monday, June 20, 2022 (Japan Standard Time).

1. Date and Time: Tuesday, June 21, 2022 at 10:00 a.m. (Japan Standard Time)

2. Venue: 2F Hall, Head Office of the Company
1-17-3, Nishikata, Bunkyo-ku, Tokyo

3. Purposes:

Items to be reported:

1. Business Report and Consolidated Financial Statements for the 76th Term (from April 1, 2021 to March 31, 2022), as well as the results of audit of the Consolidated Financial Statements by the Accounting Auditor and the Audit and Supervisory Committee
2. Non-Consolidated Financial Statements for the 76th Term (from April 1, 2021 to March 31, 2022)

Items to be resolved:

<Company proposals> (Proposals 1 to 4)

- Proposal 1:** Appropriation of surplus
- Proposal 2:** Partial amendments to Articles of Incorporation
- Proposal 3:** Election of seven (7) Directors (excluding those who concurrently serve as Audit and Supervisory Committee Members)
- Proposal 4:** Decision regarding the amount and details of the Performance-Linked and Share-Based Remuneration, etc. for Directors (excluding those who concurrently serve as Audit and Supervisory Committee Members)

<Shareholder proposals> (Proposals 5 to 11)

- Proposal 5:** Approval for the amount of remuneration under the Restricted Share-Based Remuneration Plan
- Proposal 6:** Acquisition of treasury shares
- Proposal 7:** Appropriation of surplus
- Proposal 8:** Amendment to the Articles of Incorporation regarding the shares held for policy purposes

- Proposal 9:** Decision regarding the remuneration to grant Restricted Shares Conditional On Share Price to Directors (excluding those who concurrently serve as Audit and Supervisory Committee Members)
- Proposal 10:** Amendment to the Articles of Incorporation for the cancellation of treasury shares
- Proposal 11:** Cancellation of treasury shares

4. Guide to Exercising Voting Rights:

(1) Exercising voting rights in writing

Please indicate your approval or disapproval of the proposals on the enclosed voting form and return it by postal mail to reach us no later than 5:30 p.m., Monday, June 20, 2022 (Japan Standard Time).

(2) Exercising voting rights via the Internet, etc.

If you are exercising your voting rights via the Internet, etc., please exercise your voting rights by 5:30 p.m., Monday, June 20, 2022 (Japan Standard Time).

(3) If you exercise your voting rights both in writing and via the Internet, etc., the votes made via the Internet, etc., shall prevail. If you exercise your voting rights multiple times via the Internet, etc., the vote submitted last shall prevail.

If attending the meeting in person, please submit the enclosed voting form at the reception desk.

We inform shareholders of consolidated statement of changes in shareholders' equity, notes to consolidated financial statements, non-consolidated statement of changes in shareholders' equity, and notes to non-consolidated financial statements by posting them on the Company's official website (<https://www.bunka-s.co.jp/ir/individual/meeting>) under laws and Article 21 of the Articles of Incorporation of the Company. The documents attached to this notice therefore consist of part of the documents, audited by the Audit and Supervisory Committee Members and financial auditor in the preparation of the audit reports.

If any revisions are made to the Reference Documents for the General Meeting of Shareholders, business report, consolidated financial statements and non-consolidated financial statements, such revisions will be posted on the Company's website (<https://www.bunka-s.co.jp/>).

[Request for consideration to abstain from attending this General Meeting of Shareholders due to the spread of novel coronavirus disease (COVID-19)]

From the perspective of preventing the spread of COVID-19, the Company hereby humbly requests that shareholders consider abstaining from attending the 76th Ordinary General Meeting of Shareholders in person, and exercising their voting rights in writing or via the Internet, etc.

In particular, elderly shareholders, shareholders with underlying health conditions, pregnant shareholders, who are considered at high risk from infection are asked to seriously consider their attendance at the General Meeting in order to prioritize avoiding infection.

Further, shareholders opting to attend the General Meeting are asked to wear a mask and otherwise give full consideration to preventing the spread of infection to oneself and others. Please be aware that shareholders that appear unwell at the venue may be asked by organizing staff from the Company to refrain from entering the venue.

- For details on how to exercise your voting rights via the Internet, etc., please refer to “Guidance for the Exercise of Voting Rights via the Internet, etc.” on page 5.
- In order to prevent the spread of infections, the shareholder round-table conference held after the General Meeting of Shareholders will not also be held this year.
- For other matters related to the General Meeting of Shareholders of the Company, please refer to the Company’s website below.

IR Information/General Meeting of Shareholders: <https://www.bunka-s.co.jp/ir/individual/meeting>

- On the day of the meeting, all seated Company executives and the organizing staff interacting with shareholders will be wearing face masks. Thank you for your understanding.

Guidance for the Exercise of Voting Rights

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

Exercise of voting rights by attending the General Meeting of Shareholders

Please submit the enclosed voting form at the reception desk.

Date and time: Tuesday, June 21, 2022, 10:00 a.m. (Japan Standard Time)

Exercise of voting rights in writing (by postal mail)

Complete the enclosed voting form by indicating your approval or disapproval of the proposals and return it without affixing a stamp.

Exercise due date: To be received no later than 5:30 p.m. on Monday, June 20, 2022 (Japan Standard Time)

Exercise of voting rights via the Internet

Indicate your approval or disapproval of the proposals in accordance with the instructions on page 5.

Exercise due date: No later than 5:30 p.m. on Monday, June 20, 2022 (Japan Standard Time)

In the case that voting rights are exercised in duplicate, via both in writing (via postal mail) and via the Internet, etc., the vote via the Internet, etc. shall be deemed valid.

If you exercise your voting rights multiple times via the Internet, the last vote cast shall be considered valid.

Exercising voting rights in writing

Exercise due date: To be received no later than 5:30 p.m. on Monday, June 20, 2022 (Japan Standard Time)

Please indicate your approval or disapproval on the enclosed voting form and return it to us.

If you agree with the opinion of the Board of Directors of the Company, please mark ○ in the disapproval box in the fields for approval or disapproval of shareholder proposals.

If there is no indication of approval or disapproval for each proposal, it will be treated as an indication of approval for the Company proposals and disapproval for the shareholder proposals.

■How to fill out the voting form

Proposal 1 through 4 are proposals presented by the Board of Directors of the Company.

Proposal 5 through 11 are proposals made by certain shareholders.

The Board of Directors is opposed to all of these proposals. Please refer to page 21 for further details

When you approve the proposed item, mark ○ in the approval box, and when you disapprove the item, mark ○ in the disapproval box.

Guidance for the Exercise of Voting Rights via the Internet, etc.

Method 1: Scanning the QR Code “Smart Vote”

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

- 1 Please scan the QR Code located on the bottom right of the voting form.
* “QR Code” is a registered trademark of DENSO WAVE INCORPORATED.
- 2 Indicate your approval or disapproval in accordance with the instructions to be shown on the screen.

Please note that exercising voting rights by using “Smart Vote” method is available only once.

If you need to make a correction to the content of your vote after you have exercised your voting rights, please access the website for personal computer and log in by entering your voting right exercise code and password as listed on the voting form, and exercise your voting rights again.

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

Method 2: Entering the Voting Right Exercise Code and Password

Website for exercising your voting rights: <https://www.web54.net>

- 1 Please access the website for exercising your voting rights.
- 2 Enter your voting right exercise code as listed on the voting form.
- 3 Enter the password printed on the voting form.
- 4 Indicate your approval or disapproval in accordance with the instructions to be shown on the screen.

In case you need instructions for how to operate your personal computer or smartphone in order to exercise your voting rights via the Internet, please contact:
Dedicated phone line for Stock Transfer Agency Web Support,
Sumitomo Mitsui Trust Bank, Limited
Tel: 0120-652-031 (toll-free within Japan only)
(Business hours: 9:00 a.m.–9:00 p.m.)

* Institutional investors may use the platform operated for institutional investors by ICJ, Inc. to electronically exercise the voting rights.

Reference Documents for the General Meeting of Shareholders

Proposals and Reference Matters

<Company proposals> (Proposals 1 to 4)

Proposal 1: Appropriation of surplus

The Company's basic policy on the appropriation of surplus is to ensure stable and continuous dividends of surplus to shareholders by strengthening its financial structure and securing stable profits. In accordance with this policy, and taking into account the Company's operating results for the current fiscal year, the Company proposes the following dividends:

1. Matters related to appropriation of surplus

- (1) Item of surplus to be decreased and amount of decrease thereof
Retained earnings brought forward: 3,000,000,000 yen
- (2) Item of surplus to be increased and amount of increase thereof
General reserve: 3,000,000,000 yen

2. Matters related to year-end dividends

- (1) Type of dividend property
Cash
- (2) Allocation of dividend property to shareholders and total amount thereof
20 yen per common share of the Company
Total amount of dividends: 1,343,959,320 yen
(The Company has already paid 20 yen per share as an interim dividend on December 1, 2021. The total dividend for the fiscal year will therefore amount to 40 yen per share.)
- (3) Effective date of distribution of dividends of surplus
June 22, 2022

Proposal 2: Partial amendments to Articles of Incorporation

1. Reasons for proposed amendments

The reasons for the proposed amendments are as follows:

The amended provisions stipulated in the proviso of Article 1 of the supplementary provisions of the “Act Partially Amending the Companies Act” (Act No. 70 of 2019) will come into force on September 1, 2022. Accordingly, in order to prepare for the introduction of the system for provision of materials for General Meetings of Shareholders in electronic format, the Company proposes to amend the Articles of Incorporation of the Company as follows.

- (1) The proposed Article 21 provides that information contained in the Reference Documents for the General Meeting of Shareholders, etc. shall be provided in electronic format.

In addition, the Company newly establishes provision to limit the scope of matters to be included in the written documents to be delivered to shareholders who have requested the delivery of the written documents.

- (2) The provisions related to Disclosure on the Internet and Deemed Provision of Reference Documents for the General Meeting of Shareholders, Etc. (Article 21 of the current Articles of Incorporation) will become unnecessary and shall therefore be deleted.
- (3) In line with the above establishment and deletion of the provisions, supplementary provisions related to the effective date, etc. shall be established.

2. Details of amendments

The details of amendments are as follows:

(Changes are underlined)

Current Articles of Incorporation	Proposed amendments
<p>Article 1. through Article 20. (Provisions omitted)</p> <p><u>(Online Disclosure of Referential Documents, etc. for the General Meeting of Shareholders and the Deemed Provision thereof)</u></p> <p><u>Article 21. In convening the General Meeting of Shareholders, the Company shall be deemed to have provided the shareholders with the information that must be stated or displayed in the referential documents of the General Meeting of Shareholders, business reports, financial statements, and consolidated financial documents, by disclosing such information online pursuant to the regulations issued by the Ministry of Justice.</u></p>	<p>Article 1. through Article 20. (Unchanged)</p> <p>(Deleted)</p>

Current Articles of Incorporation	Proposed amendments
(Newly established)	<u>(Measures for Provision in Electronic Format, Etc.) Article 21. The Company shall, when convening a General Meeting of Shareholders, provide information contained in the Reference Documents for the General Meeting of Shareholders, etc. in electronic format. Among the matters to be provided in electronic format, the Company may choose not to include all or part of the matters stipulated in the Ordinance of the Ministry of Justice in the written documents to be delivered to shareholders who have requested the delivery of the written documents by the record date for voting rights.</u>
Article 22. through Article 42. (Provisions omitted)	Article 22. through Article 42. (Unchanged)
(Newly established)	<u>Supplementary Provisions</u>
(Newly established)	<u>The deletion of Article 21 (Online Disclosure of Referential Documents, etc. for the General Meeting of Shareholders and the Deemed Provision thereof) of the current Articles of Incorporation and the establishment of the proposed Article 21 (Measures for Provision in Electronic Format, Etc.) shall come into effect on the date that the amended provisions stipulated in the proviso of Article 1 of the supplementary provisions of the Act Partially Amending the Companies Act (Act No. 70 of 2019) come into force (hereinafter referred to as the "Effective Date").</u> <u>Notwithstanding the provisions of the preceding paragraph, Article 21 of the current Articles of Incorporation shall remain in force with respect to the General Meeting of Shareholders to be held on a date within six months from the Effective Date. These supplementary provisions shall be deleted on the date when six months have elapsed from the Effective Date or three months have elapsed from the date of the General Meeting of Shareholders set forth in the preceding paragraph, whichever is later.</u>

Proposal 3: Election of seven (7) Directors (excluding those who concurrently serve as Audit and Supervisory Committee Members)

The terms of office of all seven (7) Directors (excluding those who concurrently serve as Audit and Supervisory Committee Members) will expire at the conclusion of this General Meeting of Shareholders. Therefore, the Company proposes that seven (7) Directors (excluding those who serve as Audit and Supervisory Committee Members) be elected.

This proposal has been deliberated, etc. of the Nomination/Remuneration Committee, the majority of whose members are independent Outside Directors, in response to the inquiry of the Board of Directors. The Audit and Supervisory Committee of the Company has determined that all candidates are qualified.

The names of the Director candidates (excluding those who concurrently serve as Audit and Supervisory Committee Members) as well as the reasons for their nomination are shown below.

No.	Name	Current position and responsibilities in the Company	
1	Toshihiko Shiozaki	Representative Director and Chairman of the Board of Directors	Reelection
2	Hiroyuki Ogura	Representative Director and President, and Executive President	Reelection
3	Yoshinori Shimamura	Director-Senior Managing Operating Officer and responsible for design, construction, new business, and product development	Reelection
4	Yoshinori Fujita	Director-Managing Operating Officer and responsible for sales	Reelection
5	Mitsuru Mita	Director-Managing Operating Officer and General Manager of East Japan Business Division	Reelection
6	Haruhiko Ichikawa	Director-Managing Operating Officer and responsible for management operations	Reelection
7	Hiroki Yamasaki	Director-Senior Operating Officer and General Manager of West Japan Business Division	Reelection

Note: The Company has entered into a liability insurance contract for officers, etc. with an insurance company as stipulated in Article 430-3, paragraph (1) of the Companies Act, and such insurance contract will cover the damage to be incurred by the insured, including the Company's Directors, in cases where liability for damages is incurred by the insured. In addition, such insurance contract is expected to be renewed with the same contents at the next renewal.

No.	Name (Date of birth)	Brief history, position and responsibilities	
1	Toshihiko Shiozaki December 13, 1947 Reelection	Mar. 1970	Joined the Company
		Apr. 1984	Manager of Fukuoka Factory of the Company
		Apr. 1987	Manager of Fukuoka Office of the Company
		Apr. 1990	Manager of Chiba Office of the Company
		Apr. 1993	Manager of Systems Department of the Company
		Oct. 1998	Manager of Human Resources Department of the Company
		Apr. 2006	Operating Officer and Manager of Human Resources Department of the Company
		Apr. 2007	Operating Officer and responsible for management operations of the Company
		June 2007	Director-Senior Operating Officer and responsible for management operations of the Company
		Apr. 2009	Director-Senior Operating Officer and General Manager of Planning Administration Division of the Company
		Apr. 2011	Director-Managing Operating Officer and responsible for management operations of the Company
		June 2012	Director-Senior Managing Operating Officer and responsible for management operations of the Company
		Apr. 2016	Representative Director and President, and Executive President of the Company
Apr. 2021	Chairman of the Board of Directors of the Company (present position)		
<p>■Significant concurrent positions outside the Company Chairman of Japan Rolling Shutters & Doors Association (Assumed office on May 24, 2022)</p>			
<p>■Special interest in the Company None</p>			
<p>■Number of the Company's shares owned 91,000</p>			
<p>■Reasons for nomination as a candidate for Director (excluding those who concurrently serve as Audit and Supervisory Committee Members): Since joining the Company in 1970, Toshihiko Shiozaki has been responsible for production, sales, and the management of the head office, which has given him wide-ranging operational experience. Since assuming office of Director of the Company in 2007, he has been supervising primarily the management department and business execution in Group companies, and contributing to the expansion of the Group's business operations. Subsequently, in 2016, he assumed office of Representative Director and President, where he strongly led the implementation of the five-year Medium-Term Management Plan. Since assuming office of Representative Director and Chairman of the Board of Directors in 2021, he has discharged his directorial duties by chairing the Board of Directors and engaging in business management of the entire Group. On this basis, the Company believes that Toshihiko Shiozaki remains well-suited to the task of making decisions on the Group's management policies and corporate strategy; therefore, the Company has nominated him once again for the position of Director.</p>			

No.	Name (Date of birth)	Brief history, position and responsibilities	
2	Hiroyuki Ogura March 24, 1955 Reelection	July 1980	Joined the Company
		Apr. 2002	Manager of Minami Kyushu Office of the Company
		Apr. 2005	Manager of Kyushu Special Sales Office of the Company
		Apr. 2008	Manager of Chugoku-Shikoku Branch of the Company
		Apr. 2010	Operating Officer and Manager of Kyushu Branch of the Company
		Apr. 2011	Operating Officer and General Manager of West Japan Business Division of the Company
		June 2011	Director-Senior Operating Officer and General Manager of West Japan Business Division of the Company
		Apr. 2016	Director-Senior Operating Officer and General Manager of Building Materials Business Division of the Company
		Apr. 2018	Director-Managing Operating Officer and responsible for sales of the Company
Apr. 2021	Representative Director and President, and Executive President of the Company (present position)		
■Significant concurrent positions outside the Company None			
■Special interest in the Company None			
■Number of the Company's shares owned 28,200			
■Reasons for nomination as a candidate for Director (excluding those who concurrently serve as Audit and Supervisory Committee Members): Since joining the Company in 1980, Hiroyuki Ogura has gained wide-ranging business experience and specialized insight primarily in sales operations. Since assuming office of Director of the Company in 2011, he has been contributing to the expansion of the Group's business operations as a supervisor of sales in West Japan and operations for major general contractors, as well as chief supervisor of the sales operations. Since assuming office of Representative Director and President in 2021, he has discharged his directorial duties by strongly leading efforts to implement the new three-year Medium-Term Management Plan and contributing to the expansion of the Group's business operations. On this basis, the Company believes that Hiroyuki Ogura remains well-suited to the task of making decisions on the Group's management policies and corporate strategy; therefore, the Company has nominated him once again for the position of Director.			

No.	Name (Date of birth)	Brief history, position and responsibilities	
3	Yoshinori Shimamura March 1, 1955 Reelection	Apr. 1978	Joined the Company
		Apr. 2003	Head of Technology Section in House Construction Branch of the Company
		Apr. 2008	Manager of Product Development Department of the Company
		Apr. 2010	Operating Officer and Manager of Product Development Department of the Company
		Apr. 2011	Operating Officer, responsible for product development and Manager of Product Development Department of the Company
		June 2011	Director-Senior Operating Officer, responsible for product development and Manager of Product Development Department of the Company
		Apr. 2013	Director-Senior Operating Officer, responsible for new business and new products and Manager of Product Development Department of the Company
		Apr. 2014	Director-Senior Operating Officer and responsible for new business and new products of the Company
		Apr. 2018	Director-Managing Operating Officer and responsible for production, design, construction, new business, and product development of the Company
		Apr. 2020	Director-Managing Operating Officer and responsible for design, construction, new business, and product development of the Company
		Apr. 2021	Director-Senior Managing Operating Officer and responsible for design, construction, new business, and product development of the Company (present position)
<p>■Significant concurrent positions outside the Company None</p>			
<p>■Special interest in the Company None</p>			
<p>■Number of the Company's shares owned 46,000</p>			
<p>■Reasons for nomination as a candidate for Director (excluding those who concurrently serve as Audit and Supervisory Committee Members): Since joining the Company in 1978, Yoshinori Shimamura has gained wide-ranging business experience and specialized insight primarily in technical operations. Since assuming office of Director of the Company in 2011, he has discharged his directorial duties by contributing to the expansion of the Group's business operations as an officer responsible for technology, new business, new product development, as well as production, design and construction. On this basis, the Company believes that Yoshinori Shimamura remains well-suited to the task of making decisions on the Group's management policies and corporate strategy; therefore, the Company has nominated him once again for the position of Director.</p>			

No.	Name (Date of birth)	Brief history, position and responsibilities	
4	Yoshinori Fujita October 5, 1955 Reelection	Apr. 1983	Joined the Company
		Apr. 2003	Manager of Fukuoka Office of the Company
		Apr. 2007	Manager of Hiroshima Office of the Company
		Apr. 2010	Manager of Door/Partition Business Dept. III of the Company
		Apr. 2011	Manager of Kyushu Office of the Company
		Apr. 2014	Operating Officer and Manager of Kyushu Office of the Company
		Apr. 2016	Managing Operating Officer and General Manager of West Japan Business Division of the Company
		June 2017	Director-Senior Operating Officer and General Manager of West Japan Business Division of the Company
		Apr. 2019	Director-Senior Operating Officer and General Manager of East Japan Business Division of the Company
		Apr. 2021	Director-Managing Operating Officer and responsible for sales of the Company (present position)
■Significant concurrent positions outside the Company None			
■Special interest in the Company None			
■Number of the Company's shares owned 8,037			
■Reasons for nomination as a candidate for Director (excluding those who concurrently serve as Audit and Supervisory Committee Members): Since joining the Company in 1983, Yoshinori Fujita has gained wide-ranging business experience and specialized insight primarily in sales operations in West Japan, door and partition sales, and other operations. Since assuming office of Director of the Company in 2017, he has discharged his directorial duties by contributing to the expansion of the Group's business operations as a supervisor of sales in West and East Japan, and since 2021, he has been serving as a chief supervisor of the Company's sales operations. On this basis, the Company believes that Yoshinori Fujita remains well-suited to the task of making decisions on the Group's management policies and corporate strategy; therefore, the Company has nominated him once again for the position of Director.			

No.	Name (Date of birth)	Brief history, position and responsibilities	
5	Mitsuru Mita December 4, 1958 Reelection	Apr. 1982	Joined the Company
		Apr. 2001	Manager of Tama Office of the Company
		Apr. 2005	Manager of Kanagawa Office of the Company
		Apr. 2009	Manager of Fukuoka Office of the Company
		Apr. 2011	Manager of Chubu Office of the Company
		Apr. 2013	Operating Officer and General Manager of Special Demand Division of the Company
		Apr. 2014	Representative Director and President of Bunka Shutter Services Co., Ltd.
		Apr. 2018	Managing Operating Officer and General Manager of Building Materials Business Division of the Company
		June 2018	Director-Senior Operating Officer and General Manager of Building Materials Business Division of the Company
		Apr. 2021	Director-Managing Operating Officer and General Manager of East Japan Business Division of the Company (present position)
■Significant concurrent positions outside the Company None			
■Special interest in the Company None			
■Number of the Company's shares owned 13,700			
<p>■Reasons for nomination as a candidate for Director (excluding those who concurrently serve as Audit and Supervisory Committee Members):</p> <p>Since joining the Company in 1982, Mitsuru Mita has gained wide-ranging business experience and specialized insight primarily in sales operations. In recent years, he has contributed to the expansion of the Group's business operations; since 2013, he has been responsible for new business, and since 2014, he has served as President of a subsidiary of the Group that provides after-sales support of the Company's support, and since his appointment as Director of the Company in 2018, he has fulfilled the duties of Director largely in charge of major general contractors, and since 2021, he has been serving as a supervisor of sales in East Japan. On this basis, the Company believes that Mitsuru Mita remains well-suited to the task of making decisions on the Group's management policies and corporate strategy; therefore, the Company has nominated him once again for the position of Director.</p>			

No.	Name (Date of birth)	Brief history, position and responsibilities	
	Haruhiko Ichikawa January 27, 1960 Reelection	Apr. 1983	Joined the Company
		Apr. 2007	Manager of Human Resources Department of the Company
		Apr. 2012	Manager of Human Resources & General Affairs Department of the Company
		Apr. 2013	Operating Officer and Manager of Human Resources & General Affairs Department of the Company
		Apr. 2016	Managing Operating Officer and responsible for management operations of the Company
		June 2018	Director-Senior Operating Officer and responsible for management operations of the Company
		Apr. 2021	Director-Managing Operating Officer and responsible for management operations of the Company (present position)
6	■Significant concurrent positions outside the Company None		
	■Special interest in the Company None		
	■Number of the Company's shares owned 13,600		
	■Reasons for nomination as a candidate for Director (excluding those who concurrently serve as Audit and Supervisory Committee Members): Since joining the Company in 1983, Haruhiko Ichikawa has gained specialized insight primarily in head office management—specifically, HR and general affairs—as well as wide-ranging business experience in sales promotion. Since 2016, he has discharged his directorial duties by contributing to the expansion of the Group's business operations by supervising head office operations, including accounting, finance, and group management operations, and has continued to do so as chief supervisor of head office operations since his appointment as Director of the Company in 2018. On this basis, the Company believes that Haruhiko Ichikawa remains well-suited to the task of making decisions on the Group's management policies and corporate strategy; therefore, the Company has nominated him once again for the position of Director.		

No.	Name (Date of birth)	Brief history, position and responsibilities	
7	Hiroki Yamasaki December 8, 1961 Reelection	Apr. 1985	Joined the Company
		Apr. 2007	Manager of Shikoku Branch of the Company
		Apr. 2009	Manager of Kansai Special Sales Office of the Company
		Apr. 2011	Manager of Chugoku-Shikoku Branch of the Company
		Apr. 2015	Manager of Management Operations Department of West Japan Business Division of the Company
		Apr. 2016	Manager of Sales Planning Department of the Company
		Apr. 2017	Operating Officer and Manager of Sales Planning Department of the Company
		Apr. 2019	Managing Operating Officer and General Manager of West Japan Business Division of the Company
		June 2019	Director-Senior Operating Officer and General Manager of West Japan Business Division of the Company (present position)
	■Significant concurrent positions outside the Company None		
	■Special interest in the Company None		
	■Number of the Company's shares owned 4,300		
	■Reasons for nomination as a candidate for Director (excluding those who concurrently serve as Audit and Supervisory Committee Members): Since joining the Company in 1985, Hiroki Yamasaki has gained wide-ranging operational experience and specialized insight primarily in sales operations including sales in West Japan and sales operations for general contractors. Since his appointment as supervisor of the Sales Planning Department in 2016, he engaged in formulation of Company-wide sales strategies, etc., and since 2019 he has discharged his directorial duties by contributing to the expansion of the Group's business operations as a supervisor of sales in West Japan following his appointment as Director of the Company in 2019. On this basis, the Company believes that Hiroki Yamasaki remains well-suited to the task of making decisions on the Group's management policies and corporate strategy; therefore, the Company has nominated him once again for the position of Director.		

<Reference> Composition of the Board of Directors after this Ordinary General Meeting of Shareholders
(Skill Matrix)

If Proposal 3 is approved in its original form at this Ordinary General Meeting of Shareholders, the composition and expertise of the Board of Directors are as follows.

	Business Management	Industry Knowledge /Insight	ESG	Legal Affairs, Compliance, Risk Management	Personnel and Labor Affairs Human Resources Development	Financial Accounting Finance, M&A	Sales Marketing	Product Development Manufacturing Quality Control	International Experience Foreign Business
Toshihiko Shiozaki	○	○	○	○	○	○	○	○	
Hiroyuki Ogura	○	○	○	○	○	○	○	○	
Yoshinori Shimamura	○	○	○				○	○	○
Yoshinori Fujita	○	○	○				○		
Mitsuru Mita	○	○	○				○		
Haruhiko Ichikawa	○	○	○	○	○	○			
Hiroki Yamasaki	○	○	○				○		
Nariyuki Matsuyama	○	○	○	○		○		○	
Takao Iina	○	○	○				○		
Shozo Fujita	○	○	○	○					○
Kazufumi Abe	○	○	○	○	○			○	
Yoshihiko Hayasaka	○	○	○				○		

Proposal 4: Decision regarding the amount and details of the Performance-Linked and Share-Based Remuneration, etc. for Directors (excluding those who concurrently serve as Audit and Supervisory Committee Members)

1. Grounds for proposal and justification of the remuneration

The remuneration for the Company’s Directors (excluding those who concurrently serve as Audit and Supervisory Committee Members) consists of “monthly remuneration” and “Executive bonus.” This proposal requests shareholders to approve the introduction of a new performance-linked and share-based remuneration plan (the “Plan”) for the Company’s Directors (excluding those who concurrently serve as Audit and Supervisory Committee Members and Outside Directors, as described below).

The Company requests shareholders to leave the details of the Plan to the resolution of the Board of Directors, which will operate within the limitations described in 2. Outline of the Plan below.

The Plan is aimed at increasing Directors’ awareness of enhancing performance in the medium to long term and contributing to growing enterprise value, by clarifying the link between Directors’ remuneration and the Company’s performance and stock value, and allowing them to share with all shareholders the risks and rewards of stock price fluctuations.

Specifically, this proposal has been submitted to pay to Directors (excluding those who concurrently serve as Audit and Supervisory Committee Members and Outside Directors) who remain in office for the period of five fiscal years beginning with the fiscal year ending March 31, 2023 and ending with the fiscal year ending March 31, 2027 (hereinafter the “Applicable Period”) the new performance-linked share-based remuneration that is separate from the limit of Directors’ remuneration that the shareholders approved at the 71st Ordinary General Meeting of Shareholders held on June 27, 2017 (within 600 million yen per year; provided, however, that said limit does not include any employee salary portion).

The purpose of introducing the Plan is as stated above. The Board of Directors of the Company resolved at its meeting held on May 12, 2022 to change the policy for determining the content of remuneration for individual Directors (excluding those who concurrently serve as Audit and Supervisory Committee Members) as described on pages 46 to 48 of this Business Report, subject to the approval of this Proposal, and this Proposal is necessary and reasonable to provide remuneration in accordance with the policy after such change. Based on the above, the Company believes that the content of this proposal is appropriate.

If Proposal 3 “Election of seven (7) Directors (excluding those who concurrently serve as Audit and Supervisory Committee Members)” is approved as proposed, the number of Directors (excluding those who concurrently serve as Audit and Supervisory Committee Members and Outside Directors) subject to the Plan will be seven.

2. Amount and details of remuneration, etc. under the Plan, etc.

(1) Outline of the Plan

The Plan is a share-based remuneration system whereby a trust is established with cash contributed by the Company (hereinafter, the “Trust”), which then acquires the Company’s shares, with the Company’s shares delivered to each Director (excluding those who concurrently serve as Audit and Supervisory Committee Members and Outside Directors; hereinafter the same applies) through the Trust in an amount equivalent to the number of points the Company grants to each Director. In principle, Directors of the Board will receive the Company’s Shares upon their retirement.

1) Persons eligible for the Plan	Directors of the Company (excluding those who concurrently serve as Audit and Supervisory Committee Members and Outside Directors)
2) Applicable Period	The period beginning with the fiscal year ending March 31, 2023 and ending with the fiscal year ending March 31, 2027

3) Maximum amount of cash to be contributed by the Company as funds to acquire the Company's shares necessary to deliver to eligible persons under 1) during the Applicable Period under 2)	Total 600 million yen
4) Method for acquiring the Company's shares	Through disposal of treasury shares or acquisition through the exchange market (including off market transactions)
5) Maximum number of total points to be granted to eligible persons under 1)	60,000 points per fiscal year
6) Criteria for granting points	Grant points according to measures such as position and level of achievement of performance targets
7) Timing of delivering the Company's shares to eligible persons as defined in 1)	At the time of their retirement as Director, in principle

(2) Maximum amount of cash to be contributed by the Company

The initial trust period for the Trust is taken to be approximately five years and the Company will contribute cash to a maximum total of 600 million yen for funds to acquire the Company's shares necessary to deliver to the Directors in accordance with the Plan during the Applicable Period as remuneration for Directors in office during the Applicable Period and the Trust is established with the Directors who acquire the beneficiary rights as beneficiaries as outlined in (3) 3) below. The Trust shall acquire shares of the Company using the cash entrusted by the Company, either from the Company in the form of disposal of its treasury shares or on the exchange market (including off market transactions).

Note: In addition to the funds for acquisition of the Company's shares described above, necessary expenses such as trust fees and trust administrator fees will also be entrusted.

Note that the Plan may be continued, by resolution of the Board of Directors of the Company, by extending the Applicable Period until any time within five fiscal years prescribed each time and, in line with this, extending the trust period of the Trust (including the case where the trust property of the Trust is transferred to a trust that has the same purpose as that of the Trust established by the Company, effectively extending the trust period; the same shall apply hereinafter). In this instance, the Company will contribute additional money of the amount up to 120 million yen multiplied by the number of fiscal years of the extended Applicable Period as the funds necessary to acquire additional shares of the Company to be delivered to Directors under the Plan, and continue to grant points and deliver shares of the Company described in (3) below.

Furthermore, even in the event that the Company does not extend the Applicable Period as described above and does not continue the Plan, then if, upon the expiry of the Trust Period, there are still Directors who have already been granted points but not yet retired as Director, the trust period of the Trust may be extended until said Directors retire from office and the delivery of shares of the Company to them has been completed.

(3) Calculation method and maximum number of shares of the Company to be delivered to Directors

1) Method of granting points to Directors, etc.

The Company shall, pursuant to the Share Grant Regulations established by its Board of Directors, grant to each Director the number of points, which is calculated in accordance with their position and level of achievement of the performance targets at the date of granting points set forth in the Share Grant Regulations during the trust period.

However, the aggregate number of points to be granted by the Company to Directors shall be up to 60,000 points for each fiscal year.

The Company plans to use ROE and other indicators to evaluate the degree of achievement of performance targets for the initial Applicable Period.

2) Delivery of shares of the Company based on the number of points granted

Directors shall receive, in accordance with the procedure described in 3) below, the delivery of the number of shares of the Company corresponding to the number of points granted under 1) above. However, if a Director resigns due to personal reasons, all or part of the points granted up until then shall lapse, and the delivery of the Company's shares matching such lapsed points shall not be received.

One point shall correspond to one share of the Company. However, that in the event of circumstances that can reasonably justify adjustment to the number of the shares of the Company to be delivered, such as share split or share consolidation, the number of shares of the Company per point shall be adjusted in accordance with the ratio of such share split or share consolidation or other circumstances.

3) Delivery of shares of the Company to Directors

Each Director shall in principle acquire beneficiary rights of the Trust through prescribed procedures on retirement and shall receive delivery of the Company's shares under 2) above from the Trust as a beneficiary of the Trust.

However, a certain portion of shares of the Company to be delivered may be sold/realized in the Trust first for the purpose of the Company to withhold funds to pay taxes such as withholding taxes, and delivered in the form of cash in lieu of shares of the Company. In addition, in the event of realization of shares of the Company held in the Trust due to the settlement following the circumstances such as subscription to a tender offer for shares of the Company held in the Trust, the Trust may also effect the delivery in the form of cash in lieu of shares of the Company.

(4) Exercise of voting rights

Pursuant to the instructions of the trust administrator who is independent from the Company and Officers, the voting rights associated with the Company's shares held in the Trust shall not be exercised without exception. In this way, the Company intends to ensure neutrality with respect to the Company's management regarding the exercise of voting rights of the Company's shares held in the Trust.

(5) Handling of dividends

Dividends related to the Company's shares in the Trust will be received by the Trust, and will be applied to payment for acquisition of the Company's shares, or trust fees for the trustee pertaining to the Trust, etc.

<Shareholder proposals> (Proposals 5 to 11)

Proposals 5 and 6 are proposed by one (1) shareholder.

The subjects, summaries and grounds for the proposals have been written as the original of the proposals submitted by the shareholder.

Proposal 5: Approval for the amount of remuneration under the Restricted Share-Based Remuneration Plan

Summary and grounds for proposal

1. Summary of proposal

At the General Meeting of Shareholders held on June 27, 2017, it was approved that the maximum amount of remuneration for the Directors (excluding those who concurrently serve as Audit and Supervisory Committee Members) to be 600 million yen or less per year, and for Directors who concurrently serve as Audit and Supervisory Committee Members, 100 million yen or less per year. With the aim of giving Directors of the Company incentive to continuously improve the Company's corporate value and to further promote common interest among the Directors and the shareholders of the Company, We hereby propose, separately from the above-mentioned remuneration plan, to newly grant an amount of 600 million yen or less per year, monetary remuneration claims for the grant of up to 600,000 shares of restricted shares to the Directors (excluding those who concurrently serve as Audit and Supervisory Committee Members) of the Company, and an amount of 100 million yen or less per year, monetary remuneration claims for the grant of up to 100,000 shares of restricted shares to the Directors who concurrently serve as Audit and Supervisory Committee Members. The restricted transfer period shall be three years from the date of the grant. The Board of Directors will determine the specific timing and distribution of the grant, but the plan will be designed as a performance-linked incentive plan. Moreover, if the performance requirements are met, the total cumulative restricted shares to be granted over the next three years shall be equivalent to three times the fixed remuneration.

2. Grounds for proposal

The Company has not introduced a Restricted Share-Based Remuneration Plan (hereinafter referred to as the "Plan"), and it cannot be said that common value has been sufficiently promoted among Directors and shareholders. We believe it is necessary to introduce the Plan for the Directors, and the persons eligible for the Plan should include all Directors (including Directors who are Audit and Supervisory Committee Members) as well as the top twenty executives of the Company, including its Operating Officers. We also propose to grant total cumulative restricted shares equivalent to three times the fixed remuneration or salary to the eligible executives and employees under the Plan over the next three years. As set forth in the "Guidebook for Introducing Incentive Plans for Sustainable Corporate Growth as Board Members' Remuneration to Promote Proactive Business Management" issued by the Ministry of Economy, Trade and Industry (METI) in April 2014 including the revisions thereof, we believe it is desirable to grant appropriate and effective share-based remuneration to the executives of the Company to engage them to manage from the shareholders' perspective, and to provide them incentives to improve medium- and long-term performance of the Company.

The Company's Board of Directors is opposed to this Proposal 5.

The Company's basic policy regarding the remuneration, etc., for Directors of the Company is to determine appropriate levels of remunerations, etc., for each individual Director based on his/her role and responsibilities, etc., in order to realize the Company's management policy and ongoing medium- to long-term improvement of the Company's corporate value. At this General Meeting of Shareholders, the Company requests for an approval for introducing a new Performance-Linked and Share-Based Remuneration Plan (hereinafter referred to as the "Plan"; details to be found in Proposal 4) to Directors of the Company (excluding Directors who concurrently serve as Audit and Supervisory Committee Members and Outside Directors; the same applies hereinafter). Based on the Company's basic policy, by allowing Directors to share with all shareholders the risk/returns from the share price fluctuation, the Plan is aimed at clarifying the link between Directors' remuneration and the Company's performance and its stock value, increasing awareness to enhance performance in the medium- to long-term, and contributing to continued growth of corporate value. If the proposal is approved as proposed, the Directors' remuneration will consist of "monthly remuneration," "executive bonus" and "share-based remuneration" under the Plan.

In introducing the Plan, the Company examines the appropriateness of the overall level of remuneration for Directors and the ratio of each type of remuneration with reference to the data, etc. from an external professional organization's survey on Directors' remuneration. In addition, for the purpose of strengthening objectivity and accountability with respect to the remuneration for Directors, the Company has established the Nomination/Remuneration Committee, a voluntary advisory body to the Board of Directors, with a majority of its members being independent Outside Directors. The introduction of the Plan is submitted to the General Meeting of Shareholders after the deliberations by the Nomination/Remuneration Committee.

With the introduction of the Plan, the Company is revisiting the calculation method, etc. of executive remuneration. The "monthly remuneration" will continue to be calculated taking into consideration positions and responsibilities, etc., the "executive bonus" will be calculated based on the achievement, etc., of profitability indicators such as net income, etc., and the "share-based remuneration" will be calculated based on achievement, etc., of the profitability indicators and capital efficiency indicators to be implemented by the Company. The ratio of "monthly remuneration," "executive bonus" (when 100% of the target is achieved), and "share-based remuneration" (when 100% of the target is achieved) is determined at a ratio of 6:3:1, with reference to the data, etc. from an external professional organization's survey on Directors' remuneration.

Under such remuneration system, this shareholder's proposal to design the remuneration plan to grant maximum remuneration amount of 700 million yen of less per year, and grant up to 700,000 shares to the eligible Directors under the Restricted Share-Based Remuneration Plan (including maximum remuneration of 100 million yen or less per year and grant of up to 100,000 shares to the Directors who are Audit and Supervisory Committee Members), and, if the performance requirements are met, to grant total cumulative number of restricted shares equivalent to three times the fixed remuneration over the next three years, is out of line with the Company's basic policy on Directors' remuneration, etc., and is an excessive share-based remuneration framework which lacks balance with the Company's remuneration plan of monthly remuneration and executive bonus structure. In introducing a Performance-Linked and Share-Based Remuneration Plan, the Company believes that it is desirable to design a plan that takes into consideration the Company's stakeholders, including the dilution ratio associated with the introduction of the Plan and the disparity in remuneration with employees, as well as the perspective of providing appropriate incentives to Directors. In addition, this shareholder proposal proposes to introduce Restricted Share-Based Remuneration Plan to include Directors who concurrently serve as Audit and Supervisory Committee Members. Directors who concurrently serve as Audit and Supervisory Committee Members are required to audit the business execution of Directors and to strengthen the auditory/supervisory functions of the management. Therefore, the Company believes providing them with excessive incentives does not agree with their duties and it is not appropriate to include them in this plan which is linked to the Company's performance.

Therefore, **the Company's Board of Directors is opposed to this shareholders proposal.**

Proposal 6: Acquisition of treasury shares

1. Summary and grounds for proposal

(1) Summary of proposal

Pursuant to Article 156, paragraph (1) of the Companies Act, within one year from the conclusion of this Ordinary General Meeting of Shareholders, the Company shall acquire up to 7,100,000 shares of the Company’s common shares at a total maximum acquisition price of 7,100,000,000 yen in monetary payment.

(2) Grounds for proposal

With the aim to increase shareholder returns and improve capital efficiency, we believe that the Company should adopt a policy whereby it acquires approximately 10% of its total number of shares outstanding (excluding treasury shares) as treasury shares and take measures for cancellation in accordance with Article 178 of the Companies Act.

[Opinion of the Company’s Board of Directors on Proposal 6]

<p>The Company’s Board of Directors is <u>opposed to this Proposal 6.</u></p>
<p>As announced in the Medium-Term Management Plan for fiscal year 2021 through fiscal year 2023, the Company intends to increase shareholder returns by acquiring total of 10 billion yen in treasury shares. The Company has already completed an acquisition of treasury shares of 5 billion yen in fiscal year 2021, and plans to acquire the remaining 5 billion yen within this period. The Company also plans to conduct 15 billion yen of M&A to strengthen its revenue base during the same period, however, if the M&A does not proceed as planned, the Company plans additional acquisition of treasury shares.</p> <p>Although the Company recognizes the importance of shareholder return and has decided the acquisition of treasury shares in accordance with the above-mentioned Medium-Term Management Plan, the timing and amount of such acquisition will not be performed in accordance with the timing and amount stipulated in this shareholder’s proposal. The Company intends to carry out the acquisition of treasury shares with deliberation on the appropriate timing and amount, based on the return ratio in the Medium-Term Management Plan and the actual performance of the Company, taking into consideration the Company’s share price and its trade situation.</p> <p>In addition, the Article 7 of the Company’s Articles of Incorporation stipulates that the Company may acquire treasury shares through market transactions, etc., by a resolution of the Board of Directors. As such, the Company will consider the acquisition of treasury shares by deliberations of the Board of Directors in a flexible manner to realize the shareholder returns as set forth in the Medium-Term Management Plan above.</p> <p>Therefore, <u>the Company’s Board of Directors is opposed to this shareholder’s proposal.</u></p>

Proposals 7 through 11 are proposed by two (2) shareholders.

The headings, subjects, details and grounds for the proposals have been sorted for each proposal, and have been written as the original of the proposals submitted by the shareholders.

Proposals 3 and 5 below (hereinafter referred to as “Proposal for Amendment to the Articles of Incorporation”) are subject to approval or rejection of other proposals (including a proposal proposed by the Company) at this Ordinary General Meeting of Shareholders. If any adjustment (including, but not limited to, correction of misplaced Article numbers) is required to any Chapter or Article in the Articles of Incorporation described as Proposal for Amendment to the Articles of Incorporation, the Articles relating to the Proposal for Amendment to the Articles of Incorporation shall be read as the Articles after the necessary adjustments. For a detailed description of each of the shareholder proposals below, please refer to <https://stracap.jp/proposalfor-bunkashutter-from-sc-2022.com/> or the special website link <https://stracap.jp/> at the upper right corner of the website of Strategic Capital Corporation. All Company figures in each shareholder proposal are based on consolidated financial statements unless stated as (non-consolidated).

The Company’s Note: “Proposals 3 and 5” above refer to Proposals 8 and 10.

Proposal 7: Appropriation of surplus

1. Proposal details

(1) Type of dividend property

Cash

(2) Allocation of dividend property and total amount thereof

113 yen, less the amount of dividends per share of common stock based on the proposal for the appropriation of surplus proposed by the Board of Directors of the Company that was approved at the 76th Ordinary General Meeting of Shareholders, the amount of dividends per share of common stock determined by the Board of Directors of the Company by the date of the 76th Ordinary General Meeting of Shareholders as the appropriation of surplus at the end of the fiscal year ended March 31, 2022 (including the planned appropriation thereof) pursuant to Article 39 of the Company’s Articles of Incorporation, and the amount of interim dividends per share of common stock of 20 yen for the fiscal year ended March 31, 2022 (the sum of these amounts is hereinafter referred to as the “Company’s Dividend Amount”), which shall be added to the Company’s Dividend Amount to be distributed.

If the amount of net income per share for the 76th term rounded down to the nearest yen (hereinafter referred to as the “Actual EPS”) is different from 113 yen, the first amount of 113 yen shall be read as the Actual EPS.

The total amount of dividends shall be the amount obtained by multiplying the number of shares subject to dividends as of the record date of voting rights at the 76th Ordinary General Meeting of Shareholders of the Company.

(3) Effective date of distribution of dividends of surplus

The day following the date of the 76th Ordinary General Meeting of Shareholders of the Company

If the Company’s Proposed Appropriation of Retained Earnings is proposed at the 76th Ordinary General Meeting of Shareholders, this proposal shall be additionally proposed as independent from and compatible with the proposal.

2. Grounds for proposal

This proposal expects the Company to pay its entire net income as dividends, as well as to adopt 100% dividend payout ratio in the future, medium- to long-term capital policy.

As of the end of March 2021, the Company's equity ratio was 50.1%, which was higher than that of a major general building materials manufacturer which, like the Company, mainly handles shutters. However, the Company's ROE is still lower than such major company. In addition, as of the end of March 2021, the Company's net cash (cash, deposits and securities, etc. minus borrowings, etc.) amounted to 31.3 billion yen, which was 44% of its market capitalization as of the end of March 2022.

It is not necessary to retain funds within the Company, as any further increase in the company's equity will only result in a decline in ROE. The Company should use interest-bearing debt for business-related investment and should return its net income to shareholders to increase shareholder value.

Also, the Company should clarify that it will adopt a dividend payout ratio of 100% as its capital policy for the 76th fiscal year and beyond, and that it will not build up its equity in the medium- to long-term.

[Opinion of the Company's Board of Directors on Proposal 7]

The Company's Board of Directors is opposed to this Proposal 7.

The Company's basic policy on dividend policy is to determine the amount of dividends in consideration of the business performance of the fiscal year, while continuing to pay stable dividends to shareholders by strengthening its financial position and securing stable profits.

In order to increase shareholder returns, in its Medium-Term Management Plan for the fiscal year 2021 through the fiscal year 2023, the Company plans the acquisition of a total of 10 billion yen of treasury shares over three-year period, with a target payout ratio of approximately 35%. In the fiscal year 2021, the first year of the plan, the Company declared a dividend of 40 yen per share (the sum of interim dividend and year-end dividend) and acquired 5 billion yen of treasury shares, resulting in a total return ratio exceeding 100%. The Company plans to achieve the total return ratio of over 70% averaging over the three years of the Medium-Term Management Plan mentioned above.

The Group believes that, under the Company's management philosophy, it must meet the expectations of all stakeholders by promoting stable business growth through measures such as flexible shareholder returns, climate action, employment stability, and new product development that will serve as engines for business growth. The Group also needs to build a strong management foundation that is resilient to the rapid deterioration of business environment caused by the recent global situation to secure supply chain and maintain stable supply. With this in mind, the Group's basic policy regarding the retained funds is to effectively invest the fund to respond to expected changes in the business environment in the future, to increase our cost competitiveness, to strengthen our technology and manufacturing development to meet market needs, under on the basic theme of our Medium-Term Management Plan, "Open The Way To The Future — To Be A Comfortable Environment Solution Group" Based on the foregoing, the Group continues to believe that a stable financial foundation and investment for the expansion of business earnings are essential for sustained and stable growth.

Furthermore, considering that the Group's capital policy trajectory could make a significant impact on shareholders values and investors willingness to invest, the Group will disclose its basic capital cost indicators. In raising capital for investment, considering importance of both equity and external financing, the Group believes it is important to manage the Company with an awareness of the capital cost by controlling the growth of equity adequately.

This shareholder proposal calls for distribution of the entire amount of net income as dividend for the fiscal year ended March 31, 2022. However, such dividend payment may hinder the achievement of medium- to long-term management goals and the stable shareholder returns in the future. The Company believes that the dividend payment and the acquisition of treasury shares based on the above-mentioned Medium-Term Management Plan will provide sufficient returns to all the shareholders and thereby enhance the value of the Company's stock value.

Therefore, **the Company's Board of Directors is opposed to this shareholder's proposal.**

Proposal 8: Amendment to the Articles of Incorporation regarding the shares held for policy purposes

1. Proposal details

We require to add new Chapter and Article in the current Articles of Incorporation as set forth below.

Chapter 8 Policy shareholdings

(Evaluation of the purpose of shares held for policy purposes and disclosure of results)

Article 43

- (1) In order to evaluate whether the Company's policy shareholdings actually function in accordance with its purpose of "maintaining and strengthening good relationship with the issuing companies," the Company shall, at least once a year, inform the issuing companies the Company's willingness to sell such shares.
- (2) The Company shall, in its corporate governance report to the Tokyo Stock Exchange, disclose the details of the response from each issuing company described in the preceding paragraph

2. Grounds for proposal

As of the fiscal year ended March 31, 2021, the Company holds over 9.8 billion yen in policy shareholdings issued by 54 companies. The Company describes the purpose of the holding as to "maintain and strengthen good relationships with the issuing companies." However, almost all the issuing companies comply with the Japan's Corporate Governance Code Supplemental Principle 1-4-1, and we have contacted several of the issuing companies, including Daiwa House Industry Co., Ltd., and received responses denying any relationship between shareholding and business transaction

Therefore, it is clear that the purpose of the policy shareholdings as stated in the Company's Annual Securities Report for the fiscal year ended March 31, 2021 is inaccurate.

As such, we request the Company to re-evaluate whether the purposes for keeping Policy shareholdings is actually being fulfilled. The proposing shareholder believe that the Company should not hold any policy shareholdings, however, at the very least, if, as the result of above-mentioned evaluation, the policy shareholdings are not fulfilling its purpose, such shares should be promptly reduced, as there will be no rationale for holding such shares.

[Opinion of the Company's Board of Directors on Proposal 8]

The Company's Board of Directors is opposed to this Proposal 8.

The Company has been holding the policy shareholdings when the Company determines that such holding will contribute to the enhancement of the Company's medium- to long-term corporate value with the aim to expand and sustain the Company's business development and to maintain and strengthen stable transactions and business relationship with the business partners. Additionally, the Company's Board of Directors, based on the merits and risks of holding policy shareholdings from a medium- to long-term perspective, and, for each individual issuing company, determines whether the related revenues such as received-dividend and related-business transaction profit meet the Company's capital cost, and whether it is reasonable or necessary to hold such shares. If, as the result of such evaluation, the Company determines that shares issued by a particular issuer are no longer considered reasonable to hold, it is the Company's policy to promote to sell such shares and to reduce the number of such shares held by the Company.

Based on the above policy, the Company is currently reducing the policy shareholdings and it has been reduced from 59 companies (15.8% of net assets) as of the fiscal year ended March 31, 2018 to 46 companies (9.2% of net assets) as of the fiscal year ended March 31, 2022. The Company also intends to continue the reduction of policy shareholdings in the future.

The Board of Directors of the Company believes that judging appropriateness of policy shareholdings is a matter that should be discussed individually for each issue by the Board of Directors meetings in accordance with the method of verifying the rationality of the above-mentioned shareholdings, and that uniformly stipulating such a policy in the Articles of Incorporation without verification as proposed by this Proposal, would make management less flexible and could damage corporate value, and is not in line with our shareholdings policy described above. In addition, we believe that requiring this to be a provision of the Articles of Incorporation, as proposed by this Proposal, is not appropriate for the Articles of Incorporation, which are the fundamental rules of the Company.

Therefore, **the Company's Board of Directors is opposed to this shareholder's proposal.**

Proposal 9: Decision regarding the remuneration to grant Restricted Shares Conditional On Share Price to Directors (excluding those who concurrently serve as Audit and Supervisory Committee Members)

1. Proposal details

To provide Directors of the Company (excluding those who concurrently serve as Audit and Supervisory Committee Members, hereinafter referred to as the “Eligible Director”), a new remuneration, etc., to grant “Restricted Shares Conditional On Share Price” (hereinafter referred to as the “Plan”) with the aim to improve the shareholder value through the promotion of the Medium-Term Management Plan and the further value sharing with the shareholders.

Under this proposal, the remuneration, etc., to grant “Restricted Shares Conditional On Share Price” to be provided to the Eligible Director shall be the monetary remuneration claims. For such purpose, the amount considered reasonable, which is separate from the maximum amount of remuneration, etc. for Directors (600 million yen per year or less) which was approved at the 71st Ordinary General Meeting of Shareholders held on June 27, 2017, shall be 800 million yen or less per year. The specific timing and allotment of provision to each Eligible Director shall be determined by the Board of Directors after the deliberations of the Nomination/Remuneration Committee.

In addition, the Eligible Director shall, based on the resolution of the Board of Directors of the Company, deliver all of the monetary remuneration claims to be paid under this proposal as property contributed in kind and receive issuance or disposal of the Company’s common shares. The total number of shares of the Company’s common shares to be issued or disposed of in this manner shall be 1,000,000 shares or less (provided, however, that if in regard to the Company’s shares, the event of a share split (including an allotment of share without contribution of the Company’s common shares), consolidation of shares, etc., or any other event requiring adjustment of the total number of the Company’s common shares to be issued or disposed of under this plan is carried out after the date of submission of this proposal, such total number shall be adjusted within a reasonable limit).

The payment amount per share shall be determined by the Board of Directors of the Company based on the closing price of the Company’s common shares on the Tokyo Stock Exchange on the business day immediately preceding the date of resolution of the Board of Directors (or the closing price of the immediately preceding trading day if no trading was conducted on that date) to the extent that such amount shall not be particularly favorable to the Eligible Director who receives such common shares.

Outline of a “Restricted Shares Conditional On Share Price”

“Restricted Shares Conditional On Share Price” are the common shares issued or disposed by the Company to grant the Eligible Director in proportion to the achievement of the share price target predetermined by the Board of Directors of the Company (hereinafter referred to as the “Share Price Target”) for two fiscal years ending March 31, 2023 and March 31, 2024 (hereinafter referred to as the “Share Price Evaluation Period”). At the end of the Share Price Evaluation Period, The Company will grant monetary remuneration claims to grant “Restricted Shares Conditional On Share Price,” and the Eligible Director will deliver all of the monetary remuneration claims as property contributed in kind. The Eligible Director may not transfer, offer as collateral, or otherwise dispose of the “Restricted Shares Conditional On Share Price” until immediately after the termination of his/her position as previously determined by the Board of Directors of the Company. The method of calculation of the amount of monetary remuneration claims to be paid to the Eligible Director and the terms and conditions of allotment of the Company’s common shares to the Eligible Director are as follows.

Furthermore, the payment of such monetary remuneration claims and allotment of the Company’s common shares shall be subject to the aforementioned consent to the contribution in kind and the conclusion of an agreement which includes, among other things, provisions stating the reasons for the acquisition without consideration, etc. and other matters to be determined by the Board of Directors after the deliberations of the Nomination/Remuneration Committee.

(1) Method for calculating monetary remuneration claims

The amount of monetary remuneration claims to grant “Restricted Shares Conditional On Share Price” to be provided to the Eligible Director shall be calculated by multiplying the number of the Company’s common shares to be allotted to the Eligible Director (hereinafter referred to as the

“Number of Final Allotment”) by the price based on the closing price of the Company’s common shares on the Tokyo Stock Exchange on the business day immediately preceding the day of the resolution of the Board of Directors meeting which determines the issuance or disposition of shares for such allotment, held after the end of the Share Price Evaluation Period, and such price shall not be particularly favorable to the Eligible Director. The Number of Final Allotment shall be the number calculated by multiplying the number of shares predetermined by the Board of Directors in accordance with the position of each Eligible Director by the ratio which will be calculated in accordance with the achievement levels of the Share Price Target which will be calculated as follows.

- (i) If the Company’s Price-to-Book Conditional Ratio (see Notes) is less than or equal to 1x: nil
- (ii) If the Company’s Price-to-Book Conditional Ratio is more than 1x and is equal to or less than 1.5x: (the Company’s Price-to-Book Conditional Ratio-1) x 2
- (iii) If the Company’s Price-to-Book Conditional Ratio exceeds 1.5x: 1

(Note) “Price-to-Book Conditional Ratio” is the Company’s Price-to-Book Conditional Ratio for the Share Price Evaluation Period, which is a number calculated by the following formula.

- A: The average price calculated by using the closing price of the Company’s common shares traded on the Tokyo Stock Exchange each day for the three months immediately preceding the last day of the last fiscal year of the Share Price Evaluation Period (including the last day)
- B: The Company’s consolidated book-value per share (calculated by deducting the number of treasury shares from the number of shares outstanding, as well as in accordance with the “Guidance on Accounting Standard for Earnings Per Share” (ASBJ Guidance No. 4) as of the first or the last fiscal year (full-year) of the Share Price Evaluation Period, whichever is greater.

$$\text{Price-to-Book Conditional Ratio} = A / B$$

(2) Conditions for allotment of the Company’s common shares to the Eligible Director

The Company shall allot Number of Final Allotment of the Company’s common shares to the Eligible Director following the end of Share Price Evaluation Period if the Eligible Director satisfies all of the following requirements or if the Board of Directors of the Company deems it necessary in order to achieve the purpose of the Plan.

- (i) The Eligible Director has held the position of Director of the Company (excluding those who concurrently serve as Audit and Supervisory Committee Members) for six consecutive months or more during the Share Price Evaluation Period.
- (ii) The absence of certain misconduct as determined by the Board of Directors of the Company.

In the event that an Eligible Director retires from the position of the Eligible Director during the Share Price Evaluation Period due to termination of his/her term, death, or any other justifiable reason, the Company shall reasonably adjust the number of the Company’s common shares to be allotted to the person who retires (or to his/her successor in case of retirement by death) based on his/her term in office and other factors.

(3) Handling of organizational restructuring, etc.

Notwithstanding the foregoing, if, during the Share Price Evaluation Period, a merger agreement under which the Company shall be dissolved, a share exchange agreement under which the Company shall become a wholly owned subsidiary, a share transfer plan, or any other matter relating to organizational restructuring, etc., was approved by General Meeting of the Shareholders (or, if such organizational restructuring, etc., does not require approval by the shareholders of the Company, by the Board of Directors), the Company shall, by resolution of the Board of Directors of the Company, allot a number the Company’s common shares to the Eligible Director as reasonably adjusted based on the period from the beginning of the Share Price Evaluation Period to the date of approval of such organizational restructuring, etc., and on the prospect of achieving the “Share Price Target” as of such point in time, etc., prior to the effective date of such organizational restructuring, etc.

2. Grounds for proposal

First of all, despite the fact that the share price levels of other companies in the same industry as the Company are well above their dissolution value, the Company's shareholder value is less than its dissolution value. The Company, under such circumstances, has set a goal of achieving ROE that exceeds the shareholders cost of capital in its current Medium-Term Management Plan. On top of that, it is the responsibility of the Directors of the Company to reflect such results in its share price, thereby increasing shareholder value.

Under such circumstances, a share price-linked remuneration plan under this proposal, with the condition of payment when the Company's share price exceeds its dissolution value, is aimed to reflect the achievement of the Eligible Director in increasing the Price-to-Book Conditional Ratio by improving ROE and by reducing the cost of capital, etc., in the remuneration for the Eligible Director.

The remuneration plan under this proposal is effective until the end of the fiscal year ending March 31, 2024 as in the current Medium-Term Management Plan. After the remuneration plan under this proposal is terminated, a new share price-linked remuneration plan shall be introduced based on the Company's situation at the time of termination.

The Company's Board of Directors is opposed to this Proposal 9.

The Company's basic policy regarding the remuneration, etc., for Directors of the Company is to determine appropriate levels of remunerations, etc., for each individual Director based on his/her role and responsibilities, etc., in order to realize the Company's management policy and ongoing medium- to long-term improvement of the Company's corporate value. At this General Meeting of Shareholders, the Company requests for an approval for introducing a new Performance-Linked and Share-Based Remuneration Plan (hereinafter referred to as the "Plan"; details to be found in Proposal 4) to Directors of the Company (excluding Directors who concurrently serve as Audit and Supervisory Committee Members and Outside Directors; the same applies hereinafter). Based on the Company's basic policy, by allowing Directors to share with all shareholders the risk/returns from the share price fluctuation, the Plan is aimed at clarifying the link between Directors' remuneration and the Company's performance and its stock value, increasing awareness to enhance performance in the medium- to long-term, and contributing to continued growth of corporate value. If the proposal is approved as proposed, the Directors' remuneration will consist of "monthly remuneration," "executive bonus" and "share-based remuneration" under the Plan.

In introducing the Plan, the Company examines the appropriateness of the overall level of remuneration for Directors and the ratio of each type of remuneration with reference to the data, etc. from an external professional organization's survey on Directors' remuneration. In addition, for the purpose of strengthening objectivity and accountability with respect to the remuneration for Directors, the Company has established the Nomination/Remuneration Committee, a voluntary advisory body to the Board of Directors, with a majority of its members being independent Outside Directors. The introduction of the Plan is submitted to the General Meeting of Shareholders after the deliberations by the Nomination/Remuneration Committee.

With the introduction of the Plan, the Company is revisiting the calculation method, etc. of executive remuneration. The "monthly remuneration" will continue to be calculated taking into consideration positions and responsibilities, etc., the "executive bonus" will be calculated based on the achievement, etc., of profitability indicators such as net income, etc., and the "share-based remuneration" will be calculated based on achievement, etc., of the profitability indicators and capital efficiency indicators to be implemented by the Company. The ratio of "monthly remuneration," "executive bonus" (when 100% of the target is achieved), and "share-based remuneration" (when 100% of the target is achieved) is determined at a ratio of 6:3:1, with reference to the data, etc. from an external professional organization's survey on Directors' remuneration.

Under such remuneration system, this shareholder's proposal to introduce the "Restricted Shares Conditional On Share Price" and to limit the amount of Directors' remuneration to 800 million yen or less per year (the number of shares to be granted to 1,000,000 shares or less) is out of line with the Company's basic policy on Directors' remuneration, etc., and is an excessive share-based remuneration framework which lacks balance with the Company's remuneration plan of monthly remuneration and executive bonus structure. In introducing a Performance-Linked and Share-Based Remuneration Plan, the Company believes that it is desirable to design a plan that takes into consideration the Company's stakeholders, including the dilution ratio associated with the introduction of the Plan and the disparity in remuneration with employees, as well as the perspective of providing appropriate incentives to Directors. In addition, this shareholders proposal proposes the introduction of a Restricted Shares Conditional On Share Price where the share price is calculated based on the achievement of a share price target called the Price-to-Book Conditional Ratio, however, no share-based remuneration will be paid if the Price-to-Book Conditional Ratio is less than 1x. Considering that the share price fluctuates depending on various external factors over which the Company has no control, other than inherent factors such as the Company's business performance, it is not appropriate from the viewpoint of providing appropriate incentive to Directors.

Therefore, **the Company's Board of Directors is opposed to this shareholder's proposal.**

Proposal 10: Amendment to the Articles of Incorporation for the cancellation of treasury shares

1. Proposal details

We require to add new Chapter and Article in the current Articles of Incorporation as set forth below.

Chapter 9 Cancellation of treasury shares

(Cancellation of treasury shares)

Article 44 The Company may, by an ordinary resolution of the General Meeting of Shareholders as stipulated in Article 309, paragraph (1) of the Companies Act, cancel its treasury shares (including the determination of type and number of each class of treasury shares to be cancelled).

2. Grounds for proposal

As of March 31, 2022, the Company held approximately 4.99 million shares of treasury shares, equivalent to approximately 7% of the total number of shares outstanding.

While it is possible that the Company considers using treasury shares as consideration for M&A transactions, etc., given the Company’s financial situation and the fact that the Company’s share price is below its dissolution value, using interest-bearing debt rather than treasury shares would enhance the shareholder value.

From the shareholders’ perspective, the situation where the Company continues to hold a large number of treasury shares means that the Company’s shares could be diluted at any time. In fact, the Company conducted sales of its treasury shares in the public offering in June 2013 and the day after the announcement, its share price fell by more than 10%.

In light of the above, the cancellation of treasury shares will contribute to improving the Company’s shareholder value. Nevertheless, the Company’s Board of Directors has never made a decision on the cancellation of treasury shares. We therefore propose to amend the Articles of Incorporation of the Company to allow the cancellation of treasury shares by the resolution of the General Meeting of Shareholders.

[Opinion of the Company’s Board of Directors on Proposal 10]

The Company’s Board of Directors is <u>opposed to this Proposal 10</u> .
In general, treasury shares held by the Company are expected to be used as the Company’s shares to be delivered as share-based remuneration, as consideration for M&A, and for cancellation of treasury shares. The Company believes that it is essential for the Board of Directors to make flexible management decisions regarding the acquisition, holding, and cancellation of such treasury shares, comprehensively assessing capital strategies based on medium- to long-term management strategies, growth investments, and the external environment. Therefore, from the perspective of flexible capital policies, etc., the Company believes that it is appropriate for the Board of Directors to resolve the cancellation of treasury shares in accordance with the Companies Act, rather than to amend the Articles of Incorporation to allow the resolution of the cancellation of treasury shares by the General Meeting of Shareholders as set forth in this shareholder’s proposal. Therefore, the Company’s Board of Directors is opposed to this shareholders proposal.

Proposal 11: Cancellation of treasury shares

1. Proposal details

On the condition that Proposal 5 is approved, all of the Company’s treasury shares shall be cancelled.

2. Grounds for proposal

As stated in the grounds for Proposal 5, the cancellation of treasury shares eliminates potential dilution concerns of the Company’s shares and contributes to the enhancement of the Company’s shareholder value. Therefore, we propose that all treasury shares held by the Company be cancelled if the amendment to the Articles of Incorporation proposed in Proposal 5 is approved.

The Company’s Note: “Proposal 5” above refers to Proposal 10.

[Opinion of the Company’s Board of Directors on Proposal 11]

The Company’s Board of Directors is <u>opposed to this Proposal 11</u> .
As stated in the opinion of the Board of Directors on Proposal 10, the Company believes that the acquisition, holding and cancellation of treasury shares should be carried out flexibly, based on a comprehensive judgment of capital strategies in the medium- to long-term management strategies, growth investments and the external environment. Therefore, the Company intends to flexibly carry out cancellation of treasury shares by making timely and appropriate decisions in light of its medium- to long-term capital policy and, if deemed necessary, the Board of Directors will resolve at an appropriate time in accordance with the provisions of the Companies Act. Therefore, <u>the Company’s Board of Directors is opposed to this shareholder’s proposal.</u>

Business Report

(From April 1, 2021 to March 31, 2022)

1. Business Progress and Achievements of the Corporate Group

(1) Overview of business during the fiscal year

1) Business activities and results

During the fiscal year, the Japanese economy showed signs of gradual recovery due to a decrease in the number of patients with new coronavirus infection because of widespread vaccination rollout and due to the effects of economic policies, etc. For other countries, however, the outlook remains uncertain due to concerns over energy price hikes caused by geopolitical risks such as the worsening situation in Ukraine and prolonged supply chain problems.

In the areas of construction and housing industries in which the Bunka Shutter Group operates, there are signs of a gradual recovery in the private capital expenditure, but the outlook remains unclear due to the significant impact of soaring prices of steel and other raw materials and the price of energy.

Under these circumstances, the Bunka Shutter Group posted net sales of 182,313 million yen (up 5.3% year-over-year), including the impact of the Company adopting the “Accounting Standard for Revenue Recognition” (ASBJ Statement No. 29, March 31, 2020) and other related standards from the beginning of the fiscal year, however, the spread of COVID-19 impacted on the Company’s profits. As a result, despite all Group segments exerting the utmost effort to secure profits, operating income decreased by 13.4% year-over-year to 9,105 million yen, ordinary income decreased by 23.7% year-over-year to 9,081 million yen, and net income attributable to owners of the parent also decreased by 20.2% year-over-year to 6,706 million yen.

An overview of business segments is provided below:

(Shutter Business)

In the shutter business, including the impact of the Company adopting the “Accounting Standard for Revenue Recognition,” net sales increased by 9.4% year-over-year to 70,019 million yen, but operating income decreased by 11.8% year-over-year to 6,687 million yen.

(Construction-Related Materials Business)

In the construction-related materials business, including the impact of the Company adopting the “Accounting Standard for Revenue Recognition,” net sales increased by 2.4% year-over-year to 74,874 million yen, but operating income decreased by 23.4% year-over-year to 1,742 million yen.

(Service Business)

The service business provides emergency repairs and periodic maintenance services. Including the performance of a consolidated subsidiary Bunka Shutter Service Co., Ltd., net sales increased by 3.7% year-over-year to 25,179 million yen, and operating income also increased by 9.0% year-over-year to 4,039 million yen.

(Refurbishment Business)

In the renovation business and the refurbishment business for residential properties, including the performance of the consolidated subsidiary BX Yutori Form Co., Ltd., net sales increased by 9.8% year-over-year to 5,733 million yen, but operating loss was 135 million yen.

(Other Business)

In other business, including the water-sealing business which handles water-sealing equipment for dealing with the social problems of torrential rain, etc., net sales decreased by 0.7% year-over-year to 6,506 million yen, and operating income also decreased by 17.7% year-over-year to 906 million yen.

2) Capital investments

Capital investments for the current fiscal year was 3,687 million yen, and were mainly for lease contracts for mobile PCs and other expenses to improve the Company's teleworking environment, as well as for the renewal and maintenance of buildings and facilities at the Company and its subsidiaries' offices.

3) Financing

For the three years from October 2020 to October 2023, the Company has entered into commitment line agreements with financial institutions with a lending limit of 7.0 billion yen in order to raise funds efficiently and stabilize its financial base.

4) Business transfer, and absorption-type split or incorporation-type split

Not applicable.

5) Acquisition of business of other companies

Not applicable.

6) Succession of rights and obligations concerning business of other juridical persons, etc. by absorption-type merger or absorption-type split

Not applicable.

7) Acquisition or disposal of shares or other equity interests of other companies or share acquisition rights, etc.

Not applicable.

(2) Issues to be addressed

Medium-Term Management Plan

While the outlook for the Japanese economy, with respect to the spread of COVID-19, is expected to normalize with the vaccination rollout, there remains uncertainties as we cannot deny the negative factors such as the threat of new variants.

In addition, the deteriorating situation in Ukraine has yet to be resolved, and the various downward pressure to the economy, including the soaring commodity prices, are expected to remain, and the future is still unpredictable.

Under these circumstances, the Bunka Shutter Group has started the three-year Medium-Term Management Plan from fiscal year 2021 through fiscal year 2023 under the underlying basic theme of "Open The Way To The Future — To Be A Comfortable Environment Solution Group" to independently respond to the rapidly changing social environment and strive to develop the business in a future-oriented way.

In the fiscal year 2022, the second year of the plan, under the policy of "Speed Action = Toward a Responsive Organization: From 'Individual Strengths' to 'Team Strengths'," in addition to the initiatives from the previous fiscal year, the Company continue to expand receiving orders and sales in the Company's "Mainstay Businesses": shutter business and door business. We will also invest in strengthening our "priority business" which will play a key role in the future development of the Group. We will create "customer satisfaction = excitement beyond customer expectations" through speedy response, improve the "BX brand" and "corporate value," and achieve profit growth that

exceeds sales growth. We will do our utmost to achieve our goals by enhancing collaboration among our strengthened “individual strengths” and mobilizing and demonstrating our “team power.”

Measures to prevent the spread of COVID-19

Regarding COVID-19, we are giving the highest priority to preventing the spread of the disease and ensuring the safety of all stakeholders including our customers, business partners, Group employees and their families and complying with the announcements of the Japanese government and local municipalities. Our members are also wearing masks when reporting to work and conducting thorough alcohol disinfection practices to begin with, while refraining from nonessential and non-urgent business trips and company events, implementing remote meetings, formulating responses when infections are discovered as established in our own “Novel Coronavirus Response Guidelines,” and implementing measures aimed at ensuring safety and business continuity.

Responding to climate change risks

The Group has been promoting the decarbonization conduct with the goal to accomplish net zero CO₂ emission from the Group’s business by 2050.

We consider responding to climate change to be an important issue that should be resolved immediately. As a “mitigation” aspect of our efforts to reduce greenhouse gas emissions, we will continue to rationalize energy use and to equalize electricity demand in our business activities in accordance with the Group’s Environmental Policy. We are also working toward obtaining SBT certificate (science-based greenhouse gas emission reduction target for private companies). With that in mind, we have started specific initiatives to upgrade company vehicles to EVs and HVs and to procure electricity from renewable energy sources at our operating sites.

Moreover, in the product development field as well, we are further expanding our lineup of 100% recycled construction materials and environmentally friendly products and promoting initiatives to reduce the environmental load.

At the same time, in terms of adaptations to avoid and reduce the impact of the changing climate in the future, we are providing BCP support for public organizations and companies. We are also implementing flood damage measures for stores and housing, and expanding our lineup of water-sealing related products that can support various locations and applications as solutions to protect buildings and others from disasters due to the social problems of torrential rain and severe rainstorms. We are doing this through timely and accurate proposals to customers and users, etc.

In addition, in October 2021, we have expressed our support in TCFD (Task Force on Climate-related Financial Disclosure). Going forward, we will consider the impact of climate change as both risk and opportunity to our business. Especially regarding our core shutter and door business, The Group will strive to disclose information to our shareholders and investors in an appropriate manner, based on scenarios and analysis of the impact on the Group’s financial situation.

Initiatives to support diverse work styles

The Group is advancing initiatives to support diverse work styles so that all employees may approach their work with a deep sense of satisfaction.

We are curbing long working hours through the “visualization of working hours” and introducing telecommuting and remote work by improving the information and communications technology (ICT) environment. We are introducing DX to pursue efficiency and productivity at work, as well as the flex-time system to work efficiently according to career and life environment. We are also expanding the child-care leave system, family care leave system, and other personnel systems to treat employee work-life balance as important and to be able to flexibly adapt to individual lifestyles, and building a working environment in which all employees can play an active role regardless of gender or nationality, etc.

Moreover, we aim to create a culture of mutual respect between working colleagues, and we are actively providing education and training so our members can acquire the proper knowledge concerning discrimination and harassment.

In order to achieve sustainable growth into the future, as a part of our efforts to promote employee growth through Human Resources Development, etc. and to create a secure long-term working

environment, the Company has decided to raise the retirement age by one year every two years starting in the fiscal year 2023, to 65 years old in the fiscal year 2031. The Company will continue to actively create environment in which a diverse people can play an active role regardless of generations. We will continue to actively create environment in which a diverse people can play an active role regardless of generations.

Promoting CSR

The Group is constantly aware of its “Corporate Motto (Honesty, Hard work, and Service),” which is the starting point of its business activities, as well as its “Management Philosophy,” which is the guideline for action in corporate activities, and its “CSR Charter.” We are committed to conducting our business activities in compliance with all laws and regulations. We are strongly aware to pursuit of profit in a fair business environment. We understand that contribution to society at large through our business activities is the key to building a relationship of trust with society, and we are constantly working to improve our compliance system.

The Group will emphasize ESG (Environment, Society, Governance), which is an important topic for sustainable company growth and development, and SDGs (Sustainable Development Goals) while improving the corporate value of the Group and strengthening initiatives directed at the development of a sustainable society by actively promoting CSR (Corporate Social Responsibility) even further.

As noted above, the Group is committed to carrying out businesses geared to the resolution of constantly changing social challenges by evolving continually as a “Comfortable Environment Solutions Group.”

We remain grateful to all of our stakeholders for their ongoing assistance, advice, and support.

(3) Assets and profit and loss

1) Changes in assets and profit and loss of the corporate group

(Millions of yen, unless otherwise noted)

Item \ By fiscal year	73rd term FY2018	74th term FY2019	75th term FY2020	76th term FY2021 (Fiscal year under review)
Net sales	174,661	184,239	173,143	182,313
Ordinary income	10,801	10,003	11,910	9,081
Net income attributable to owners of the parent	7,294	6,603	8,399	6,706
Net income per share (Yen)	101.74	92.11	117.16	97.97
Total assets	162,085	165,874	168,350	169,205
Net assets	74,179	77,157	84,482	82,512
Net assets per share (Yen)	1,032.44	1,073.97	1,175.90	1,225.96

- Notes:
1. Net income per share is calculated based on the average total number of shares outstanding during the period, excluding treasury shares.
 2. Net assets per share is calculated based on the total number of shares outstanding at the end of the fiscal year, excluding treasury shares.
 3. The Company has applied the “Accounting Standard for Revenue Recognition” (ASBJ Statement No. 29, March 31, 2020) and relevant ASBJ regulations from the beginning of the current fiscal year, and each figure for the current fiscal is the figure after retrospectively applying the accounting standard and relevant ASBJ regulations.

2) Changes in assets and profit and loss of the Company

(Millions of yen, unless otherwise noted)

Item \ By fiscal year	73rd term FY2018	74th term FY2019	75th term FY2020	76th term FY2021 (Fiscal year under review)
Net sales	118,133	124,959	116,810	119,422
Ordinary income	7,519	6,981	9,209	6,707
Net income	5,614	5,259	7,338	5,865
Net income per share (Yen)	78.29	73.33	102.32	85.64
Total assets	128,166	129,091	130,603	128,753
Net assets	61,367	63,101	69,812	66,359
Net assets per share (Yen)	855.70	879.88	973.45	987.52

- Notes:
1. Net income per share is calculated based on the average total number of shares outstanding during the period, excluding treasury shares.
 2. Net assets per share is calculated based on the total number of shares outstanding at the end of the fiscal year, excluding treasury shares.
 3. The Company has applied the “Accounting Standard for Revenue Recognition” (ASBJ Statement No. 29, March 31, 2020) and relevant ASBJ regulations from the beginning of the current fiscal year, and each figure for the current fiscal is the figure after retrospectively applying the accounting standard and relevant ASBJ regulations.

(4) Significant parent company and subsidiaries

1) Parent company

Not applicable.

2) Significant subsidiaries

Name	Share capital	Shareholding ratio of the Company	Principal lines of business
BX Shinsei Seiki Co., Ltd.	200 million yen	100.0%	Manufacture and sale of electric switches, various elevators, and measuring instruments
Bunka Shutter Service Co., Ltd.	110 million yen	100.0%	Repair and inspection of various shutters, etc.
BX Yutoriform Co., Ltd.	90 million yen	100.0%	Design, construction, and contracting of refurbishment and related businesses
BX Tenpal Co., Ltd.	30 million yen	100.0%	Manufacture and sale of awnings, etc. for commercial facilities and housing

(5) Principal lines of business (as of March 31, 2022)

The Group manufactures and sells various shutters, housing materials, building materials, construction hardware, etc., and conducts maintenance, inspection, and repair thereof, as well as insurance agency business, and home refurbishment business.

(6) Major offices and factories (as of March 31, 2022)

1) The Company's offices

Name	Location	Name	Location
Hokkaido Branch	Hokkaido	Partition Business Department	Tokyo Prefecture
Tohoku Branch	Miyagi Prefecture	Shutter Business Department	Tokyo Prefecture
Kanetsu Branch	Gunma Prefecture	Water-Sealing Division	Tokyo Prefecture
Higashi Kanto Branch	Chiba Prefecture	Maintenance Business Department	Tokyo Prefecture
Metropolitan Area Branch	Tokyo Prefecture	House Construction Materials Special Demand Division	Tokyo Prefecture
House Construction Materials East Japan Branch	Tokyo Prefecture	Overseas Business Department	Tokyo Prefecture
Metropolitan Area Building Construction Materials Branch	Tokyo Prefecture	Chubu Branch	Aichi Prefecture
Renovation Branch	Tokyo Prefecture	Kansai Branch	Osaka Prefecture
East Japan Design and Construction Management Department	Tokyo Prefecture	House Construction Materials West Japan Branch	Osaka Prefecture
Door Management Department	Tokyo Prefecture	West Japan Design and Construction Management Department	Osaka Prefecture
Sales Promotion Department	Tokyo Prefecture	Chugoku-Shikoku Branch	Hiroshima Prefecture
Door Business Department	Tokyo Prefecture	Kyushu Branch	Fukuoka Prefecture

2) Factories of the Company

Name	Location	Name	Location
Chitose Factory	Hokkaido	Himeji Factory	Hyogo Prefecture
Akita Factory	Akita Prefecture	Gochaku Factory	Hyogo Prefecture
Oyama Factory	Tochigi Prefecture	Fukuoka Factory	Fukuoka Prefecture
Kakegawa Factory	Shizuoka Prefecture		

3) Major business offices of subsidiaries

Name	Location	Main lines of business
Bunka Shutter Service Co., Ltd.	Tokyo Prefecture	Repair and inspection of various shutters, etc.
BX Shinsei Seiki Co., Ltd.	Hyogo Prefecture	Manufacture and sale of electric switches, various elevators, and measuring instruments
BX Tenpal Co., Ltd.	Tokyo Prefecture	Manufacture and sale of awnings, etc. for commercial facilities and housing
BX Aiwa Co., Ltd.	Tokyo Prefecture	Insurance agency, lease introduction and brokerage, and travel business
BX Okinawa Bunka Shutter Co., Ltd.	Okinawa Prefecture	Manufacture and sale of various shutters and related products
BX Kensei Co., Ltd.	Oita Prefecture	Manufacture and sale of steel fittings and steel doors
BX Bunka Panel Co., Ltd.	Osaka Prefecture	Manufacture and sale of movable partitions, toilet booths, and metal doors
BX TR Co., Ltd.	Saitama Prefecture	Manufacture and sale of metal doors, partitions, etc. for entrances of detached houses, apartments, etc.
BX Yutoriform Co., Ltd.	Tokyo Prefecture	Design, construction, and contracting of refurbishment and related businesses
BX Koun Co., Ltd.	Aichi Prefecture	Manufacture and sale of stainless steel building materials, stainless steel specified fire protection equipment, etc.
BX Tetsuya Co., Ltd.	Chiba Prefecture	Manufacture, sale, and on-site construction of steel frames, steel doors, metal window frames, and various types of construction hardware
BX Tohoku Tetsuya Co., Ltd.	Yamagata Prefecture	Manufacture, sale, and on-site construction of steel frames, steel doors, metal window frames, and various types of construction hardware
BX Asahi Kenzai Co., Ltd.	Tokushima Prefecture	Manufacture and sale of steel building materials and steel doors
BX Nishiyama Tetsuami Co., Ltd.	Tokyo Prefecture	Manufacture and sale of foundation reinforcement units, welded wire mesh, lathes, etc. for residential use
BX Kaneshin Co., Ltd.	Tokyo Prefecture	Manufacture and sale of various types of hardware for construction
BX Tosho Co.,Ltd.	Kanagawa Prefecture	Architectural design of wooden houses
BX Rootes Co.,Ltd.	Osaka Prefecture	Manufacture and sale of various shutters and doors
BX BUNKA VIETNAM CO., LTD	Socialist Republic of Viet Nam	Manufacture and sale of various shutters and doors
BX BUNKA AUSTRALIA PTY LTD	Commonwealth of Australia	Manufacture and sale of garage doors (holding company)
STEEL-LINE GARAGE DOORS AUSTRALIA PTY LTD	Commonwealth of Australia	Manufacture and sale of garage doors
STEEL-LINE INSTALLATIONS AUSTRALIA PTY LTD	Commonwealth of Australia	Company with construction licenses
STEEL-LINE GARAGE DOORS (WA) PTY LTD	Commonwealth of Australia	Manufacture and sale of garage doors
MISIV PTY LTD	Commonwealth of Australia	Sale of garage doors
ARCO (QLD) PTY LTD	Commonwealth of Australia	Manufacture and sale of shutters for industrial and commercial use
ECOWOOD Co., Ltd.	Fukuoka Prefecture	Manufacture and sale of recycled wood and plastic composites

(7) Employees (as of March 31, 2022)

1) Employees of the corporate group

Business category	Number of employees
Shutter Business	2,039 (599)
Construction-Related Materials Business	1,429 (438)
Service Business	962 (112)
Refurbishment Business	190 (46)
Other	96 (28)
Company-wide (common)	78 (13)
Total	4,794 (1,236)

- Notes:
1. The number of employees is the number of full-time employees (excluding employees seconded from the Group to outside the Group and including employees seconded from outside the Group to the Group), and the number of temporary employees (including contract employees, part-time employees, and employees on temporary contracts, excluding dispatched employees) is indicated separately in parentheses by the average number of employees per year.
 2. The number of employees listed as company-wide (common) is the number of employees belonging to administrative divisions that cannot be categorized into specific segments.

2) Employees of the Company

Number of employees	Change from the end of the previous fiscal year	Average age	Average years of service
1,976	Increase of 26 persons	43.4 years old	17.0 years

Business category	Number of employees
Shutter Business	1,311 (491)
Construction-Related Materials Business	565 (211)
Service Business	6 (-)
Refurbishment Business	3 (11)
Other	13 (5)
Company-wide (common)	78 (13)
Total	1,976 (731)

- Notes:
1. The number of employees is the number of full-time employees (excluding employees seconded from the Company to outside the Company and including employees seconded from outside the Company to the Company), and the number of temporary employees (including contract employees, part-time employees, and employees on temporary contracts, excluding dispatched employees) is indicated in parentheses by the average number of employees per year.
 2. The number of employees listed as company-wide (common) is the number of employees belonging to administrative divisions that cannot be categorized into specific segments.

(8) Major creditors (as of March 31, 2022)

Creditors	Loan balance
Mizuho Bank, Ltd.	300
MUFG Bank, Ltd.	300
Sumitomo Mitsui Banking Corporation	300
Sumitomo Mitsui Trust Bank, Limited	200

(Millions of yen)

(9) Other important matters concerning the current status of the corporate group

Not applicable.

2. Current Status of the Company

(1) Shares (as of March 31, 2022)

1) Total number of authorized shares	288,000,000
2) Total number of issued shares	72,196,487
	(including 4,998,521 treasury shares)
3) Number of shares per unit	100
4) Number of shareholders	4,331
5) Major shareholders (top 10 shareholders)	

Name	Ownership of the Company's shares	
	Number of shares held	Shareholding ratio
	Shares	%
The Master Trust Bank of Japan, Ltd. (Trust Account)	7,622,900	11.34
Bunka Shutter Affiliate Companies Holdings Association	5,690,877	8.46
INTERTRUST TRUSTEES (CAYMAN) LIMITED SOLELY IN ITS CAPACITY AS TRUSTEE OF JAPAN-UP	3,970,900	5.90
The Dai-ichi Life Insurance Company, Limited	3,260,978	4.85
Mizuho Bank, Ltd.	2,934,873	4.36
Bunka Shutter Employee Holdings Association	2,657,454	3.95
Yodogawa Steel Works, Ltd.	1,669,000	2.48
Tokio Marine & Nichido Fire Insurance Co., Ltd.	1,560,901	2.32
Daiei Real Estate & Development Co., Ltd.	1,000,000	1.48
Meiji Yasuda Life Insurance Company	972,199	1.44

Note: Treasury shares (4,998,521 shares) are excluded when calculating shareholder ratios.

(2) Share acquisition rights, etc. (as of March 31, 2022)

Outline of the share acquisition rights granted to “Euro-Yen Convertible-Bond-Type Bonds with Share Acquisition Rights Due 2023” (total face value: 10.0 billion yen) issued based on the resolution of the Board of Directors meeting held on August 28, 2018

Number of share acquisition rights	1,000 units
Type and number of shares to be acquired upon exercise of share acquisition rights	Common shares of the Company (share unit number: 100 shares) The number of shares of the Company's common shares to be issued by the Company upon exercise of the share acquisition rights shall be the number obtained by dividing the total face value of the Bonds pertaining to the exercise request by the conversion price stated below. However, fractions of less than one share arising from the exercise shall be rounded down and no cash adjustment shall be made.
Money to be paid in exchange for share acquisition rights	Payment of money shall not be required in exchange for the share acquisition rights.
Conversion price	1,006.2 yen
Exercise period of share acquisition rights	From September 27, 2018 to August 30, 2023 (Local time at the location where the exercise request is accepted)
Conditions for exercising share acquisition rights	Partial exercise of each of the share acquisition rights shall not be permitted.

(3) Directors and Audit and Supervisory Committee Members of the Company

1) Directors (as of March 31, 2022)

Position	Name	Responsibilities in the Company and significant concurrent positions outside the Company, etc.
Representative Director and Chairman of the Board of Directors	Toshihiko Shiozaki	
Representative Director and President	Hiroyuki Ogura	Executive President
Director	Yoshinori Shimamura	Senior Managing Operating Officer and Responsible for Design, Construction, New Business, and Product Development
Director	Yoshinori Fujita	Managing Operating Officer and Responsible for Sales
Director	Mitsuru Mita	Managing Operating Officer and General Manager of East Japan Business Division
Director	Haruhiko Ichikawa	Managing Operating Officer and Responsible for Management Operations
Director	Hiroki Yamasaki	Senior Operating Officer and General Manager of West Japan Business Division
Director-Audit and Supervisory Committee Member (full-time)	Nariyuki Matsuyama	
Director-Audit and Supervisory Committee Member (outside / part-time)	Takao Iina	
Director-Audit and Supervisory Committee Member (outside / part-time)	Shozo Fujita	Outside Director-Audit and Supervisory Committee Member of Asset Management One Co., Ltd. Outside Director of Eco's Co., Ltd. Outside Audit & Supervisory Board Member of SANKI ENGINEERING CO., LTD.
Director-Audit and Supervisory Committee Member (outside / part-time)	Kazufumi Abe	
Director-Audit and Supervisory Committee Member (outside / part-time)	Yoshihiko Hayasaka	

- Notes:
1. Takao Iina, Shozo Fujita, Kazufumi Abe, and Yoshihiko Hayasaka are Outside Directors.
 2. The Company has designated Takao Iina, Shozo Fujita, Kazufumi Abe, and Yoshihiko Hayasaka as independent officers pursuant to the provisions of the Tokyo Stock Exchange and has registered them with the exchange.
 3. Director who concurrently serves as an Audit and Supervisory Committee Member, Nariyuki Matsuyama has business experience in the Internal Audit Department of the Company and has considerable knowledge of finance and accounting.
 4. In order to strengthen the audit and supervisory functions of the Audit and Supervisory Committee, Director Nariyuki Matsuyama has been elected as a full-time Audit and Supervisory Committee Member in order to attend important internal meetings, collect information from Executive Directors, employees, etc., and collaborate with the Internal Audit Department.
 5. Changes in responsibilities in the Company and significant concurrent positions outside the Company, etc. after the end of the fiscal year are as follows.

Date	Position	Name	Responsibilities in the Company and significant concurrent positions outside the Company, etc.
May 24, 2022	Representative Director and Chairman of the Board of Directors	Toshihiko Shiozaki	Chairman of Japan Rolling Shutters & Doors Association

(Reference)

Operating Officers (excluding those who concurrently serve as Directors) as of April 1, 2022 are as follows.

Managing Operating Officer	Hisao Tani	General Manager of Sales Development Business Division
Managing Operating Officer	Hiroshi Sakuma	Manager of Sales Promotion Department
Managing Operating Officer	Shinichi Osawa	Manager of Product Development Department
Managing Operating Officer	Tadahito Ooka	Responsible for Manufacturing
Managing Operating Officer	Kazuya Okamoto	Manager of Information System Department
Managing Operating Officer	Makoto Ishii	Manager of Renewal Branch
Managing Operating Officer	Sadayuki Shindo	Manager of East Japan Design and Construction Management Department
Operating Officer	Hitoshi Kasai	Manager of Partition Business Department
Operating Officer	Koichiro Motoki	Manager of Design and Construction Planning Department
Operating Officer	Toru Izumiya	Manager of Shutter Business Department
Operating Officer	Osamu Amano	Manager of Maintenance Business Department
Operating Officer	Koichi Nishimura	Manager of Accounting Department
Operating Officer	Yukio Hasumi	Manager of Oyama Factory
Operating Officer	Akifumi Takahashi	Manager of Corporate Planning Department
Operating Officer	Satoshi Onose	Manager of Metropolitan Area Branch
Operating Officer	Koji Takahashi	Manager of Higashi Kanto Branch
Operating Officer	Shinya Masutani	General Manager of House Construction Materials Business Division
Operating Officer	Takashi Shimizu	Deputy Manager of Product Development Department
Operating Officer	Isao Takemura	General Manager–Secretary Office of the Company

2) Outline of the contents of the liability limitation agreement

At the 71st Ordinary General Meeting of Shareholders held on June 27, 2017, the Company amended its Articles of Incorporation to include the following provisions regarding liability limitation agreements for Directors (excluding those who are Executive Directors, etc.) as follows.

Liability Limitation Agreement with Directors (excluding those who are Executive Directors, etc.)

The Company may enter into an agreement with Directors (excluding those who are Executive Directors, etc.) to bear the liability of such Directors as set forth in Article 423, paragraph (1) of the Companies Act up to the amount prescribed by laws and regulations in cases where such Directors act in good faith and without gross negligence.

3) Outline of the contents of directors and officers liability insurance policy

The Company has entered into a directors and officers liability insurance policy with an insurance company as stipulated in Article 430-3, paragraph (1) of the Companies Act, in which Directors (including Directors who concurrently serve as Audit and Supervisory Committee Members) of the Company are included as insured persons. The insurance policy shall cover compensation for damages and litigation costs incurred by the insured person in case where a claim for damages is made to the insured person due to an act (including omission) based on the position of directors or officers of the Company. However, to ensure that the appropriateness of the insured's performance of duties is not impaired, measures are taken so that the policy does not cover damages arising the cases caused by actions taken in the knowledge that the action violates laws or regulations. In principle, the Company pays the insurance premium.

4) Total amount of remuneration, etc. for Directors (excluding those who concurrently serve as Audit and Supervisory Committee Members) and Directors who concurrently serve as Audit and Supervisory Committee Members

Category of Officers	Total amount of remuneration, etc. (Millions of yen)	Total amount of remuneration, etc. by type (millions of yen)			Number of eligible officers (persons)
		Fixed remuneration	Performance-linked remuneration	Retirement benefits	
Directors (excluding those who concurrently serve as Audit and Supervisory Committee Members)	420	420	–	–	9
Directors (Audit and Supervisory Committee Members) (excluding Outside Directors)	20	20	–	–	2
Outside Directors and Outside Audit and Supervisory Committee Members	31	31	–	–	4
Total	472	472	–	–	15

- Notes:
1. The amount paid to Directors does not include the portion of employee salaries of Directors concurrently serving as employees.
 2. The maximum amount of remuneration for Directors (excluding those who concurrently serve as Audit and Supervisory Committee Members) was approved at the 71st Ordinary General Meeting of Shareholders held on June 27, 2017 as 600 million yen or less per year (however, excluding the portion of employee salaries). The number of Directors (excluding those who concurrently serve as Audit and Supervisory Committee Members) as of the conclusion of the General Meeting of Shareholders was nine (9).
 3. The maximum amount of remuneration for Directors who concurrently serve as Audit and Supervisory Committee Members was approved at the 71st Ordinary General Meeting of Shareholders held on June 27, 2017 as 100 million yen or less per year. The number of Directors who concurrently serve as Audit and Supervisory Committee Members as of the conclusion of the General Meeting of Shareholders was five (5).

4. In addition to the above, the Company paid 112 million yen to one retiring director in accordance with the resolution of the 60th Ordinary General Meeting of Shareholders held on June 29, 2006 to pay termination benefits in connection with the abolishment of the retirement benefits system for Directors.
- 5) Matters pertaining to the policy on the determination of the amount of remuneration, etc. for officers or the calculation method thereof

The policy for determining the content of remuneration, etc. for individual Directors are as follows.

The Board of Directors has also judged that the method of determining the details of remuneration, etc. for each individual Director for the current fiscal year and the details of remuneration, etc. are consistent with the policy approved by the Board of Directors, and that the matter is submitted to the Board of Directors after receiving involvement and advice from independent Outside Directors through prior consultation between the Representative Director and the Audit Committee, and is in line with such decision-making policy.

A. Policy on base remuneration

Remuneration for the Company's Directors is determined by the Board of Directors within the limit of the total amount of remuneration determined by the General Meeting of Shareholders, taking into account such factors as corporate performance, positions, responsibilities, contributions, social standards, and the balance with employee salaries.

B. Policy on performance-linked remuneration

Not implemented.

C. Policy on non-monetary remuneration, etc.

Not implemented.

D. Policy on the timing and conditions for granting remuneration, etc.

As a general rule, one-twelfth of the annual remuneration of Directors shall be paid for the current month in accordance with the payment date of employee salaries. In the event of payment of executive bonus, such bonuses shall be determined by resolution of the Board of Directors in consideration of the Company's business performance, etc. and shall be paid promptly thereafter.

E. Matters concerning delegation of decisions on remuneration, etc.

Decisions on specific monthly remuneration for each Director and individual amounts of executive bonus shall be left to the discretion of Representative Director Toshihiko Shiozaki and Representative Director Hiroyuki Ogura from the Board of Directors. The reason for the delegation is that the Company has determined that the Representative Director is suitable to determine the individual amounts for each Director while taking into consideration the Company's overall performance and other factors. In addition, through prior discussion between the Representative Directors and the Audit and Supervisory Committee, the Company shall submit the matter to the Board of Directors after receiving the involvement and advice of independent Outside Directors.

(Reference)

At a meeting of the Board of Directors held on May 12, 2022, the Company resolved to revise its policy for determining the content of individual remuneration of the Company's Directors (excluding those who concurrently serve as Audit and Supervisory Committee Members) as follows, subject to approval of Proposal 4 at the 76th Ordinary General Meeting of Shareholders to be held on June 21, 2022.

Matters pertaining to the policy on the determination of the amount of remuneration, etc. for officers or the calculation method thereof

The Company's basic policy regarding the remuneration, etc., for Directors of the Company is to determine appropriate levels of remunerations, etc., for each individual Director based on his/her role and responsibilities, etc., within the limit of the total amount of remuneration, etc. for each monetary and share-based remuneration determined by the General Meeting of Shareholders, in order to realize the Company's management policy and ongoing medium- to long-term improvement of the Company's corporate value. Directors' remuneration consists of "monthly remuneration," "executive bonus," and "share-based remuneration." However, Directors who concurrently serve as Audit and Supervisory Committee Members are paid only monthly remuneration in view of their duties.

The policy for determining the content of remuneration, etc. for individual Directors are as follows.

A. Policy on base remuneration

Monthly remuneration shall be in cash, and the amount of remuneration shall be set in consideration of the position, responsibility, level of contribution, and balance with the salary of the employees.

B. Policy on performance-linked remuneration

Executive bonuses, which are performance-linked remuneration, shall be monetary remuneration. Of the total amount of Directors remuneration, the total amount of bonuses to Directors is calculated based on the degree of achievement of profitability indicators and other factors by setting a standard amount of total executive bonuses based on d. below, with reference to data from a survey of Directors remuneration by an external professional organization. The share-based remuneration is performance-linked remuneration, the details of which are described in C below.

C. Policy on non-monetary remuneration, etc.

Non-monetary remuneration shall be performance-linked share-based remuneration. Share-based remuneration is aimed at increasing Directors' awareness of enhancing performance in the medium to long term and contributing to growing enterprise value, by clarifying the link between Directors' remuneration and the Company's performance and stock value, and allowing them to share with all shareholders the risks and rewards of stock price fluctuations. Of the total amount of Directors remuneration, the Company grants to each Director shares of the Company in proportion to the number of share-based remuneration points, calculated based on a fixed number of points for each position as well as the degree of achievement of profitability and capital efficiency indices based on d. below, with reference to data from a survey of Directors remuneration by an external professional organization.

D. The ratio of "monthly remuneration," "executive bonus" (when 100% of the target is achieved), and "share-based remuneration" (when 100% of the target is achieved) is determined at a ratio of 6:3:1, with reference to the data, etc. from an external professional organization's survey on Directors' remuneration.

E. Policy on the timing and conditions for granting remuneration, etc.

Monthly remuneration shall be paid as one-twelfth of the annual amount for the current month in accordance with the date of payment of employee salaries, and in the case of payment of executive bonuses, such bonuses shall be paid in accordance with a. above by a resolution of the Board of Directors and paid promptly thereafter. In addition, with respect to share-based remuneration, the Company's shares shall be paid in accordance with the prescribed procedures upon retirement of a Director in proportion to the number of points granted, pursuant to the internal regulations separately stipulated in C above.

F. Matters concerning delegation of decisions on remuneration, etc.

Decisions on specific monthly remuneration for each Director and individual amounts of executive bonuses shall be left to the discretion of Representative Director Toshihiko Shiozaki and Representative Director Hiroyuki Ogura from the Board of Directors. The reason for the delegation is that the Company has determined that the Representative Director is suitable to determine the individual amounts for each Director while taking into consideration the Company's overall performance and other factors. In addition, through prior deliberation of the Nomination/Remuneration Committee, in response to the inquiry of the Board of Directors, the Company shall submit the matter to the Board of Directors.

6) Matters concerning Outside Directors and Outside Audit and Supervisory Committee Members

A. Significant concurrent positions outside the Company

Shozo Fujita, a Director-Audit and Supervisory Committee Member, is an Outside Director-Audit and Supervisory Committee Member of Asset Management One Co., Ltd., an Outside Director of Eco's Co., Ltd., and an Outside Audit & Supervisory Board Member of SANKI ENGINEERING CO., LTD.

There is no special relationship between the Company and Asset Management One Co., Ltd., Eco's Co., Ltd., and SANKI ENGINEERING CO., LTD.

B. Activities of Outside Directors and Outside Audit and Supervisory Committee Members at Board of Directors meetings and Audit and Supervisory Committee meetings during the fiscal year

a. Attendance at Board of Directors meetings and Audit and Supervisory Committee meetings held in the fiscal year

Category	Board of Directors (held nine times)		Audit and Supervisory Committee (held twelve times)	
	Number of times of attendance	Attendance rate	Number of times of attendance	Attendance rate
Takao Iina, Director	Nine times	100.0%	Twelve times	100.0%
Shozo Fujita, Director	Nine times	100.0%	Twelve times	100.0%
Kazufumi Abe, Director	Nine times	100.0%	Twelve times	100.0%
Yoshihiko Hayasaka, Director	Eight times	100.0%	Seven times	100.0%

Note: Since Yoshihiko Hayasaka, a Director-Audit and Supervisory Committee Member, was elected at the 75th Ordinary General Meeting of Shareholders held on June 22, 2021, the number of Board of Directors meetings and Audit and Supervisory Committee meetings differs from other Outside Directors. Accordingly, the numbers of Board of Directors meetings and Audit and Supervisory Committee meetings after his appointment as Director of the Company are eight times and seven times respectively.

b. Outline of the major activities during the fiscal year and duties performed in relation to the role expected to be fulfilled

- Takao Iina, as a former Representative Director and Executive Vice President of a construction company, has abundant experience and deep insight as a corporate manager in the construction industry. He has provided advice on the Company's business activities and otherwise made proposals for the strengthening of corporate governance by, for example, expressing opinions at the Board of Directors meetings and other important internal meetings.

In addition, he contributes to ensuring the validity and appropriateness of the decision-making of the Company's Board of Directors and the Audit and Supervisory Committee by, for example, expressing opinions on the election of candidates for Director, the

amount of individual remuneration, etc. for each Director in prior consultations with the Representative Directors prior to submitting the matters to the Board of Directors.

- Shozo Fujita, as a former public prosecutor and lawyer, has extensive knowledge and deep insight in the legal field. He has provided advice on the Company's business activities and otherwise made proposals for strengthening corporate governance by, for example, expressing opinions at the Board of Directors meetings and other important internal meetings.

In addition, he contributes to ensuring the validity and appropriateness of the decision-making of the Company's Board of Directors and the Audit and Supervisory Committee by, for example, expressing opinions on the election of candidates for Director, the amount of individual remuneration, etc. for each Director in prior consultations with the Representative Directors prior to submitting the matters to the Board of Directors.

- Kazufumi Abe, who has abundant practical experience at a metal materials manufacturer and deep insight gained through his work experience as an Audit & Supervisory Board Member, has provided advice on the Company's business activities and otherwise made proposals for strengthening corporate governance by, for example, expressing opinions at the Board of Directors meetings and other important internal meetings.

In addition, he contributes to ensuring the validity and appropriateness of the decision-making of the Company's Board of Directors and the Audit and Supervisory Committee by, for example, expressing opinions on the election of candidates for Director, the amount of individual remuneration, etc. for each Director in prior consultations with the Representative Directors prior to submitting the matters to the Board of Directors.

- Yoshihiko Hayasaka has wide-ranging insight from his involvement in the management of a major construction company, as well as abundant practical experience in the construction industry. He has provided advice on the Company's business activities and otherwise made proposals for the strengthening of corporate governance by, for example, expressing opinions at the Board of Directors meetings and other important internal meetings and contributed to ensuring the adequacy and appropriateness of decision-making by the Company's Board of Directors and the Audit and Supervisory Committee.

(4) Financial auditor

- 1) Name Crowe Toyo & Co.
- 2) Amount of remuneration, etc.

	Amount paid
1) Amount of remuneration, etc. for financial auditor for the fiscal year	49 million yen
2) Total amount of money and other economic benefits that the Company and subsidiaries should pay to the financial auditor	49 million yen

- Notes:
1. Under the audit agreement between the Company and the financial auditor, the amount of audit fees, etc. for audits based on the Companies Act and those based on the Financial Instruments and Exchange Act are not categorized, and it is practically impossible to categorize them. Therefore, the amount in 1) above indicates the total amount of these fees, etc.
 2. The Company's Audit and Supervisory Committee has agreed on the amount of remuneration, etc. for the financial auditor after conducting necessary verification of the content of the financial auditor's audit plan, evaluation and analysis of the audit results for the previous fiscal year, the status of the execution of accounting audit duties, and the appropriateness of the grounds for calculating the remuneration estimates.

3) Contents of non-audit services

Not applicable.

4) Policy on decisions of dismissal or non-reappointment of financial auditor

If the Company's Audit and Supervisory Committee deems it necessary for such cases as due to the Company's reasons, due to matters stipulated in the Company's Regulations on Audit and Supervisory Committee and other regulations, or if the execution of duties by a financial auditor is hindered, the Company's Audit and Supervisory Committee shall make a decision on a proposal for dismissal or refusal of reappointment, and the Company's Board of Directors shall submit such proposal to the General Meeting of Shareholders based on such proposal.

In addition, if the Company's Audit and Supervisory Committee finds that the financial auditor falls under any of the items set forth in each item of Article 340, paragraph (1) of the Companies Act, the Company's Audit and Supervisory Committee shall dismiss the financial auditor based on a resolution of the Audit and Supervisory Committee. In this case, the Director who concurrently serves as an Audit and Supervisory Committee Member elected by the Company's Audit and Supervisory Committee shall report the fact of the dismissal of the financial auditor and the reason for the dismissal at the first General Meeting of Shareholders convened after the dismissal.

3. Company Structure and Policies

(1) System to ensure the properness of operations

An outline of the content of the decisions regarding the system to ensure that the execution of duties by Directors complies with laws and regulations and the Articles of Incorporation and any other system to ensure the properness of the Company's business is as follows.

- 1) System to ensure that the execution of duties by Directors and employees of the Company and its subsidiaries (hereinafter referred to as the "Group") complies with laws and regulations and the Articles of Incorporation
 - A. The Company has established a code of conduct for officers and employees of the Group under the Bunka Shutter Group CSR Charter to ensure that the execution by Directors and employees complies with laws and regulations and the Articles of Incorporation.
 - B. The Company's Audit and Supervisory Committee shall conduct audits, etc. of the execution of duties by Directors from the perspectives of legality and properness, including the status of development and operation of the internal control system from an independent standpoint.
 - C. The Company's Internal Audit Department shall conduct audits of each department, including subsidiaries, in accordance with the Internal Audit Regulations and other regulations, in cooperation with the Audit and Supervisory Committee, etc.
 - D. Based on the Financial Instruments and Exchange Act and related laws and regulations, the Company shall establish a system to respond to internal control over financial reporting and shall continue to develop the system in all of its operations.
 - E. For the purpose of prevention, early detection, and early resolution of problems, the Company has established an external whistleblower hotline in accordance with the Whistleblower Protection Regulations and has developed a system to receive reports from all employees of the Group.
 - F. In accordance with the Bunka Shutter Group CSR Action Guidelines, the Company shall not have any relationship with antisocial forces or groups that threaten the order and safety of civil society and shall work closely with lawyers, the police, and others to deal with unreasonable demands, etc. in a resolute manner.
 - G. Going forward, the Company shall continue to develop compliance and risk management systems as appropriate.

2) System for retaining and managing information regarding the execution of duties by Directors of the Group

Directors shall appropriately store and manage the minutes of the Board of Directors and other important meetings, internally approved documents, and other information pertaining to the execution of duties (including electromagnetic information) in accordance with laws and regulations, the Articles of Incorporation, and internal regulations such as the Regulations of the Board of Directors and the Document Management Regulations.

3) Regulations and other systems for the management of risk of loss of the Group

- A. With regard to the management of information, internal information, etc. (including electromagnetic information) shall be appropriately managed in accordance with internal regulations such as the Internal Information Management Regulations.
- B. In order to respond promptly to customer inquiries about products, the Company has established a system that clarifies internal rules and other rules, introduces a product history management system, and otherwise establishes a customer service office. The Company shall continue to develop this system in the future.
- C. Responsibility for duties and authority are defined for Directors based on the resolution of the Board of Directors, and for employees based on internal regulations such as the Division of

Duties Regulations, clarifying where responsibility lies. At the same time, The Company shall strengthen the compliance system and risk management system through company-wide education and enlightenment centered on the department in charge of CSR and other measures.

- D. The Company has established the Management Crisis Response Regulations regarding the measures to be taken in the event of a crisis that could have an impact on the Group's management in preparation for the event of emergencies and shall continue to review them as necessary.
- 4) System to ensure the efficient execution of duties by the Group's Directors
- A. Directors shall decide on management execution policies, including medium- and long-term management plans, as well as important management matters, such as matters stipulated by laws and regulations, and supervise the status of the execution of business by employees.
- B. Duties, etc. each Director is responsible for are determined by resolution of the Board of Directors, and the authority is distributed to each duty a Director is responsible for.
- C. In accordance with the Division of Duties Regulations and other regulations, the Company allocates roles and authority to each department and position, and at the same time, the approval authority of Directors and employees is clearly defined in the Internal Approval Regulations and other regulations.
- 5) System for reporting to the Company on matters pertaining to the execution of duties by directors of subsidiaries
- A. Each subsidiary shall regularly report to the Company on the progress of its business, the state of its assets, and other important matters in accordance with the provisions of the Subsidiary Management Regulations and other regulations.
- B. Officers and employees of subsidiaries shall promptly report and provide necessary information when requested to do so by the Company's Audit and Supervisory Committee.
- 6) System concerning employees to assist duties of the Audit and Supervisory Committee when such Committee requests to have such employees assigned
- A. If the Audit and Supervisory Committee requests that employees be assigned to assist with its duties, the employees of the Company shall be appointed.
- B. With regard to important matters, the Internal Audit Department, etc. shall, as appropriate, establish a subsidy system for the Audit and Supervisory Committee.
- 7) Matters concerning the independence of the employees set forth in the preceding item from Directors
- In order to ensure the independence of the employees set forth in the preceding item, the consent of the Audit and Supervisory Committee shall be required for appointment, dismissal, and personnel changes.
- 8) Systems for reporting to the Audit and Supervisory Committee by the Group's Directors and employees and other systems for reporting to the Audit and Supervisory Committee
- A. Directors shall report to the Audit and Supervisory Committee any matter resolved by the Board of Directors, which is the decision-making body for business execution, and any matter that may violate laws and regulations or the Articles of Incorporation, and any fact they find that may cause serious damage to the Company.

In addition, Directors who concurrently serve as Audit and Supervisory Committee Members may when deemed necessary, attend important internal meetings and express their opinions.

- B. An employee shall report to the Audit and Supervisory Committee any matter that is an act outside the scope of the Company's purpose or any other matter that may violate laws and regulations or the Articles of Incorporation and any fact that an employee finds that may cause significant damage to the Company.
 - C. In the event that the whistleblower hotline (outside the Company) receives a report from an officer or employee of the Group in accordance with the Whistleblower Protection Regulations, the whistleblower hotline shall report to the department responsible for whistleblowers of the Company, and the department responsible for whistleblowers of the Company shall report the status, etc. of whistleblowing to the Audit and Supervisory Committee.
 - D. The Group shall prohibit those who have made the above reports from being treated disadvantageously on the grounds that they have made such reports.
- 9) Matters concerning the procedures for advance payment or reimbursement of expenses arising from the execution of duties by Directors who concurrently serve as Audit and Supervisory Committee Members and other policies concerning the treatment of expenses or liabilities arising from the execution of such duties

If a Director who concurrently serves as an Audit and Supervisory Committee Member requests advance payment of expenses, etc. for the execution of his/her duties, such request shall be accepted, except in cases where it has been proven that the expenses or liabilities for such request are not necessary for the execution of the duties of the Director who concurrently serves as an Audit and Supervisory Committee Member.

10) Other systems to ensure effective audits by the Audit and Supervisory Committee

- A. The Audit and Supervisory Committee may if it finds it necessary for the execution of its duties, request reports from Directors, employees, and the financial auditor.
- B. The Audit and Supervisory Committee shall regularly exchange information and opinions with the Representative Directors, Executive Directors, etc.
- C. The Audit and Supervisory Committee shall exchange information and opinions with the Internal Audit Department and the financial auditor from time to time.
- D. A system shall be established in which the Audit and Supervisory Committee can access the minutes of important meetings, including the Board of Directors and the internally approved documents, etc.

(2) Overview of operational status of the system to ensure the properness of operations

An overview of the operational status of the system for ensuring the properness of the Company's operations during the fiscal year is as follows.

1) Initiatives to ensure compliance

The Company has established the Bunka Shutter Group CSR Charter and others to strengthen the compliance system and prevent illegal acts, and has established a whistleblower hotline at an external lawyer's office in accordance with the Whistleblower Protection Regulations as a measure aimed at early detection, correction, and recurrence prevention of illegal acts.

In addition, the Company regularly provides compliance education to all officers and employees mainly on various laws and regulations and others related to the Group's business activities and strives to have them acquire knowledge of laws and regulations and raise awareness of compliance.

2) Efforts to ensure appropriateness and efficiency in the execution of duties

The Company has adopted an operating officer system in order to separate management supervision from business execution, and at the same time, the duties each Director is responsible for are determined by resolution of the Board of Directors and the distribution of roles and authority is clarified.

In the fiscal year under review, the Board of Directors met nine times to discuss and make decisions on important matters based on the opinions, etc. of Outside Directors.

3) Initiatives for the management of risk of loss

In accordance with the provisions of the Management Crisis Response Regulations, the Company has established a system to deal with crises that could have an impact on the Group's management. During the fiscal year, there were no incidents that would require the establishment of a management crisis task force headed by the President in accordance with the said regulations.

In addition, the Company has established internal regulations related to product warranties in order to promptly respond to accidents caused by product troubles and complaints from customers. The Company has also established a customer service office, which reflects information received from customers in its business activities. The customer service office regularly communicates the information throughout the Company and strives to share the information.

With regard to information management, in accordance with the provisions of the Internal Information Management Regulations, the Information Security Policy, and other regulations, the Company appropriately manages information prior to disclosure and for internal use only. In addition, the Company has established the Specific Personal Information Protection Regulations for the My Number System to ensure the proper management of information on customers and business partners.

4) Initiatives to establish a group governance system

In accordance with the provisions of the Subsidiary Management Regulations and other regulations, each subsidiary regularly reports the progress of its business, the status of its assets, and other important matters to the Director in charge and the department in charge.

In addition, the Company's Audit and Supervisory Committee and the Internal Audit Department conduct appropriate audits through on-site visits of subsidiaries.

5) Initiatives to ensure effective audits by the Audit and Supervisory Committee

The Company's Audit and Supervisory Committee consists of five members, including four Outside Directors. During the fiscal year under review, the Audit and Supervisory Committee held twelve meetings and three meetings with the Representative Directors, and all Directors who concurrently serve as Audit and Supervisory Committee Members attended the meetings.

In addition, Directors who concurrently serve as full-time Audit and Supervisory Committee Members attend the Board of Directors meetings, as well as the Meetings of Managing Operating Officers and other important meetings, and if necessary, express their opinions and audit the execution of business by Directors through on-site visits of each department and subsidiary (including remote audits to prevent the spread of COVID-19 and other audits).

(3) Policy on decisions on dividends and other appropriation of surplus

The Company's basic policy on dividend policy is to determine the amount of dividends in consideration of the business performance of the fiscal year, while continuing to pay stable dividends to shareholders by strengthening its financial position and securing stable profits.

As part of the Company's efforts to develop a more flexible dividend policy, the Company amended its Articles of Incorporation at the 71st Ordinary General Meeting of Shareholders of the Company held in June 2017 and, pursuant to the provisions of Article 459, paragraph (1) of the Companies Act, the Company has stipulated that dividends of surplus may be paid by resolution of the Board of Directors. With regard to dividends of surplus for the fiscal year under review (year-end dividend), the Company will submit a proposal to the General Meeting of Shareholders in accordance with the above basic policy as before and will consult with shareholders regarding the decision.

(4) Basic policy on company control

1) Basic policy on persons who control decisions concerning financial and business policies of the Company

As a listed company, the Company recognizes the right of shareholders and investors to purchase its shares freely. The Company believes that whether or not to accept a proposal for a large-scale purchase of shares should be based on the will of shareholders, who hold shares of the Company.

However, many large-scale purchases are potentially detrimental to both corporate value and the common interests of shareholders in light of the purpose or manner thereof. Examples of abusive purchases include cases where the shares are purchased without the consent of the company concerned or in a coercive manner that effectively nullifies consent. There are also cases where shareholders are effectively coerced into selling their shares. Furthermore, some large-scale purchases do not provide sufficient information or time for the company's board of directors and shareholders to review the terms of the purchase proposal, etc., or for the board of directors to make an alternative proposal.

The Company believes that persons who control decisions on the Company's financial and business policies should be those who fully understand the various sources of the Company's corporate value, build relationships of trust with the stakeholders who support the Company, and ensure and enhance the Company's corporate value and, in turn, the common interests of its shareholders on a sustainable and long-term basis. The Company believes that persons who conduct inappropriate large-scale purchases or similar acts that may damage the corporate value of the Company and, in turn, the common interests of its shareholders are not appropriate as persons who control decisions on the Company's financial and business policies.

Therefore, from the viewpoint of ensuring and enhancing our corporate value and the common interests of our shareholders, in the event of the emergence of persons who intend to conduct large-scale purchases of our shares, we will request necessary and sufficient information for the shareholders to make an appropriate judgment as to whether such purchases are appropriate or not. In addition, the Board of Directors will disclose its opinion, respecting the opinions of independent outside directors, and endeavor to secure the information and time necessary for shareholders to consider the matter, and will strive to ensure the corporate value of the Company and the common interests of shareholders by promptly taking appropriate measures from time to time within the scope permitted by the Financial Instruments and Exchange Law, the Companies Act, and other relevant laws and regulations.

2) Special measures to help achieve the Basic Policy

Since its foundation in 1955, the Group has manufactured, sold, and installed shutters, doors, and other building materials for homes and other buildings in accordance with its corporate motto and management philosophy, which are stated below, with the aim of delivering to its customers "safety," "security," and "comfortable environments." In addition to delivering "safety," "security," and "comfortable environments," we also aim to contribute to the development of society through diverse manufacturing and service provision that is people-friendly, society-friendly, and eco-friendly. Moreover, we consider ourselves duty-bound to contribute to people's happiness and well-being, and provide customers with products and services in such a way as to achieve this objective. In this way, we endeavor to make sustainable and long-term improvements in our corporate value and the common interests of shareholders.

Corporate motto

Honesty

Honesty refers to heart-to-heart connections. Earnest, heartfelt connections generate trust.

Hard work Hard work is the ability to sustain acts of creation.
Service Service is a voluntary act that helps customers and society.

Management philosophy

We will always act in the interests of our customers.
We will contribute to the development of society by providing outstanding products.
We will strive to move ever forward enterprisingly and harmoniously

Since its foundation, the Group has drawn on its creative idea and product development expertise to release a succession of industry-leading products and services, leading to the formation of an artisanal culture. This artisanal culture is a source of our corporate value alongside our other tangible and intangible corporate resources, which include human resources. Our corporate value is also grounded in the Company's relationship with its many stakeholders, including shareholders, customers, business partners, employees, and members of local communities.

To enhance its corporate value and ensure the common interests of its shareholders, and thus attract long-term and continuous investments from shareholders and investors, the Company has formulated the following special measures to help achieve its Basic Policy set forth in the above I.

These measures are aimed at further strengthening the relationship of trust with shareholders and other stakeholders, and sustainably improving the corporate value.

The Company has formulated these measures with a full understanding of the sources of its corporate value as described above, and it has fully reviewed them to ensure that they lead to sustainable and long-term improvements in the Company's corporate value and the common interests of shareholders. As such, these measures are in accordance with the Basic Policy set forth in I. above, are not detrimental to the common interests of shareholders, and are not to perpetuate the position of the Company's executive officers.

(i) Implementation of the Medium-Term Management Plan

The Group is currently implementing a three-year Medium-Term Management Plan from fiscal year 2021 through fiscal year 2023.

This Medium-Term Management Plan has the underlying basic theme of "Open The Way To The Future — To Be A Comfortable Environment Solution Group" to independently respond to the rapidly changing social environment and strive to develop the business in a future-oriented way.

During the fiscal year 2021, which is the first year of the new plan, we have worked to expand orders and sales of the shutter and door businesses that are the Mainstay Business under the basic policy of "implementing thorough PDCA practices aimed at improving productivity." Meanwhile, we have also further strengthened the Focused Business including ecology/disaster prevention business, long-life business, overseas business, maintenance business, etc., that will be responsible for the future development of the Group, as well as implementing production line automation and manpower saving based on DX (digital transformation), digitization of business processes and other work style reforms according to changes in the social environment. We have also strengthened design and construction capabilities, maximized group synergies in Japan and overseas, and implemented other measures.

In the fiscal year 2022, under the policy of "Speed Action = Toward a Responsive Organization: From 'Individual Strengths' to 'Team Strengths'," in addition to the initiatives from the previous fiscal year, the Company will create "customer satisfaction = excitement beyond customer expectations" through speedy response, improve the "BX brand" and "corporate value," and achieve profit growth that exceeds sales growth. The Company will do our utmost to achieve our goals by enhancing collaboration among our "individual strengths" and mobilizing and demonstrating our "team power."

(ii) Advancing corporate governance

The Group believes that swift and appropriate business decisions are essential to enhance competitiveness amid the harsh business climate. The Company also considers it essential in the interests of management transparency to ensure that its oversight functions are rigorous and fair. Accordingly, the Company undertakes to improve its systems and disclosure of information in a precise and detailed manner to ensure thoroughgoing corporate governance.

Looking at our management structure, we shifted to a company with an audit and supervisory committee from a company with a board of corporate auditors in June 2017. The Company will ensure further compliance and transparency by developing a system that allows the Audit and Supervisory Committee, which consists of five (5) members who are Directors who concurrently serve as Audit and Supervisory Committee Members with voting rights in the Board of Directors, to audit and supervise the execution of duties of Directors.

With regard to the internal control system, in line with the Basic Policy on the Internal Control System, the Company is making efforts to ensure that all executives and employees throughout the Group are able to carry out all their duties efficiently and fairly, in compliance with laws and regulations, and in a manner that preserves assets.

The Group believes that fulfilling corporate social responsibility is essential for the sustainable improvement of corporate value. In accordance with the Group's "CSR Charter" "CSR Action Guidelines," the Group places emphasis on business activities based on the viewpoint of ESG (Environment, Society and Governance), an important theme for corporate development. The Group seeks customer satisfaction by all employees, ensure honest corporate management by deployment of a corporate compliance system across the Group, promote decarbonization and reduce environmental impact, such as responding to climate change risks. The Group will strive to innovate the way we work to ensure that all our employees are engaged in their work with great value, and also strengthen our efforts to promote sustainable development goals (SDGs), the common global goals. The Group will strengthen our Group's efforts to enhance corporate value and develop a sustainable society.

* Abolition of "the Plan regarding Large-scale Purchases of the Company's shares (takeover defense measures)" (measures set forth in Article 108, item (iii), (b) of the Ordinance for Enforcement of the Companies Act) was resolved by the Board of Directors meeting held on May 12, 2022.

Note: The amounts and the number of shares shown in this business report are rounded down to the nearest whole number.

Consolidated Balance Sheet

(As of March 31, 2022)

(Millions of yen)

Assets		Liabilities	
Account	Amount	Account	Amount
Current assets	100,437	Current liabilities	52,619
Cash and deposits	36,454	Notes and accounts payable - trade	16,892
Notes and accounts receivable - trade, and contract assets	40,740	Electronically recorded obligations - operating	16,208
Electronically recorded monetary claims - operating	5,848	Short-term loans payable	1,504
Merchandise and finished goods	8,484	Lease liabilities	837
Work in process	1,318	Income taxes payable	1,767
Raw materials and supplies	4,974	Accrued expenses	5,835
Other current assets	2,729	Contract liabilities	3,152
Allowance for doubtful accounts	(114)	Provision for bonuses	3,809
		Provision for bonuses for directors (and other officers)	154
		Provision for loss on construction contracts	289
Non-current assets	68,768	Other current liabilities	2,169
Property, plant and equipment	33,752		
Buildings and structures	10,849	Non-current liabilities	34,073
Machinery, equipment and vehicles	4,530	Convertible-bond-type bonds with share acquisition rights	10,000
Tools, furniture and fixtures	687	Lease liabilities	3,317
Land	12,949	Provision for retirement benefits for directors (and other officers)	253
Leased assets	1,306	Retirement benefit liability	19,113
Right-of-use assets	2,342	Guarantee deposits received	577
Construction in progress	1,085	Asset retirement obligations	51
Intangible assets	8,677	Other non-current liabilities	759
Goodwill	4,021		
Other intangible assets	4,655	Total liabilities	86,693
Investments and other assets	26,338		
Investment securities	16,111	Net assets	
Retirement benefit asset	1,713	Shareholders' equity	79,773
Deferred tax assets	6,033	Share capital	15,051
Other investments and other assets	2,722	Capital surplus	12,323
Allowance for doubtful accounts	(241)	Retained earnings	57,555
		Treasury shares	(5,157)
		Other cumulative comprehensive income	2,580
		Valuation difference on available-for-sale securities	2,975
		Revaluation reserve for land	(76)
		Foreign currency translation adjustment	(515)
		Cumulative adjustments for retirement benefits	197
		Non-controlling interests	158
		Total net assets	82,512
Total assets	169,205	Total liabilities and net assets	169,205

Consolidated Statements of Income

(From April 1, 2021 to March 31, 2022)

(Millions of yen)

Account	Amount	
Net sales		182,313
Cost of sales		135,340
Gross profit		46,972
Selling, general and administrative expenses		37,866
Operating income		9,105
Non-operating income		
Interest income	18	
Dividend income	279	
Reversal of allowance for doubtful accounts	12	
Foreign exchange gains	374	
Other non-operating income	443	1,128
Non-operating expenses		
Interest expenses	216	
Share of loss of entities accounted for using equity method	769	
Other non-operating expenses	167	1,152
Ordinary income		9,081
Extraordinary income		1,147
Extraordinary losses		51
Income before income taxes and minority interests		10,177
Income taxes - current	3,731	
Income taxes - deferred	(280)	3,451
Net income		6,726
Net income attributable to non-controlling interests		19
Net income attributable to owners of the parent		6,706

Balance Sheet

(As of March 31, 2022)

(Millions of yen)

Assets		Liabilities	
Account	Amount	Account	Amount
Current assets	65,229	Current liabilities	37,922
Cash and deposits	17,763	Notes payable - trade	4,676
Notes receivable - trade	7,896	Electronically recorded obligations - operating	13,825
Electronically recorded monetary claims - operating	4,392	Accounts payable - trade	6,774
Accounts receivable - trade	18,689	Short-term loans payable	1,000
Contract assets	4,810	Lease liabilities	427
Merchandise and finished goods	5,649	Accounts payable - other	532
Work in process	578	Income taxes payable	751
Raw materials and supplies	2,496	Accrued expenses	4,516
Advance payments to suppliers	1,127	Contract liabilities	2,450
Prepaid expenses	388	Deposits received	178
Accounts receivable - other	649	Provision for bonuses	2,242
Short-term loans receivable	747	Provision for bonuses for directors (and other officers)	120
Advances paid	61	Provision for loss on construction contracts	286
Other current assets	13	Notes payable - facilities	140
Allowance for doubtful accounts	(34)		
Non-current assets	63,524	Non-current liabilities	24,471
Property, plant and equipment	19,476	Convertible-bond-type bonds with share acquisition rights	10,000
Buildings	6,071	Lease liabilities	708
Structures	530	Provision for retirement benefits	12,992
Machinery and equipment	2,378	Provision for loss on business of subsidiaries and associates	178
Vehicles	16	Guarantee deposits received	538
Tools, furniture and fixtures	465	Long-term unearned revenue	8
Land	8,424	Asset retirement obligations	45
Leased assets	1,003		
Construction in progress	585	Total liabilities	62,394
Intangible assets	1,933		
Patent right	28		
Software	1,197		
Leasehold interests in land	105		
Telephone subscription right	131		
Leased assets	14		
Other intangible assets	456		

(Millions of yen)

Assets		Liabilities	
Account	Amount	Account	Amount
Investments and other assets	42,114	Net assets	
Investment securities	7,577	Shareholders' equity	63,712
Shares of subsidiaries and associates	22,371	Share capital	15,051
Investments in capital	17	Capital surplus	12,302
Long-term loans receivable	6,653	Legal capital surplus	9,151
Distressed receivables	128	Other capital surplus	3,151
Long-term prepaid expenses	14	Retained earnings	41,510
Guarantee deposits	29	Other retained earnings	41,510
Business insurance funds	558	Reserve for tax-purpose reduction entry of land	31
Leasehold deposits	877	General reserve	36,000
Deferred tax assets	3,697	Retained earnings brought forward	5,478
Prepaid pension costs	1,154	Treasury shares	(5,151)
Other investments, etc.	229	Valuation and translation adjustments	2,646
Allowance for doubtful accounts	(1,075)	Valuation difference on available-for-sale securities	2,646
Allowance for investment loss	(120)	Total net assets	66,359
Total assets	128,753	Total liabilities and net assets	128,753

Statement of Income

(From April 1, 2021 to March 31, 2022)

(Millions of yen)

Account	Amount	
Net sales		119,422
Cost of sales		92,470
Gross profit		26,951
Selling, general and administrative expenses		22,848
Operating income		4,103
Non-operating income		
Interest income	101	
Dividend income	2,241	
Foreign exchange gains	368	
Other non-operating income	235	2,947
Non-operating expenses		
Interest expenses	32	
Provision of allowance for doubtful accounts	135	
Other non-operating expenses	174	342
Ordinary income		6,707
Extraordinary income		
Gain on sale of non-current assets	1	
Gain on sale of investment securities	1,133	
Provision of allowance for investment loss	90	1,224
Extraordinary losses		
Loss on sale of non-current assets	0	
Loss on retirement of non-current assets	4	
Loss on sale of investment securities	35	
Loss on valuation of shares of subsidiaries and associates	89	
Provision for loss on business of subsidiaries and associates	178	308
Income before income taxes		7,623
Income taxes - current	1,801	
Income taxes - deferred	(42)	1,758
Net income		5,865

Accounting Audit Report on the Consolidated Financial Statements

Independent Auditor's Report (Translation)

May 10, 2022

Bunka Shutter Co., Ltd.

To the Board of Directors

Crowe Toyo & Co.

Tokyo Office

Designated Engagement Partner

Certified Public Accountant, Yuko Suzuki

Designated Engagement Partner

Certified Public Accountant, Makoto Hayasaki

Audit Opinion

We have audited the consolidated financial statements that are comprised of the consolidated balance sheet, the consolidated statement of income, the consolidated statement of changes in equity and the related notes of Bunka Shutter Co., Ltd. (the "Company") and its consolidated subsidiaries (collectively referred to as the "Group"), as of March 31, 2022 and for the fiscal year from April 1, 2021 to March 31, 2022 in accordance with Article 444, paragraph (4) of the Companies Act.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position and the results of operations of the Group for the period for which the consolidated financial statements were prepared, in accordance with accounting principles generally accepted in Japan.

Basis for Audit Opinion

We conducted our audit in accordance with auditing standards generally accepted in Japan. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Japan, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

The other information comprises the information included in the Business Report and the accompanying supplemental schedules. Management is responsible for the other information. The Audit and Supervisory Committee is responsible for overseeing the Directors' performance of their duties including the design, implementation and maintenance of the Group's other information reporting process.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Responsibilities of Management and the Audit and Supervisory Committee for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with accounting principles generally accepted in Japan, including the design, implementation and maintenance of such internal control as management determines is necessary to enable the preparation and fair presentation of the non-consolidated financial statements, etc. that are free from material misstatement, whether due to fraud or error. This includes the establishment and operation of the internal control which the management determines is necessary to prepare the consolidated financial statements that are free from material misstatements whether due to fraud or error, and to properly present it.

In preparing the consolidated financial statements, management is responsible for assessing whether it is appropriate to prepare the consolidated financial statements with the assumption of the Group's ability to continue as a going concern, and disclosing matters related to a going concern as applicable in accordance with accounting principles generally accepted in Japan.

The Audit and Supervisory Committee is responsible for overseeing the Directors' performance of their duties including the design, implementation and maintenance of the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our responsibilities are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion on the consolidated financial statements based on our audit from an independent point of view. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

In accordance with auditing standards generally accepted in Japan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the non-consolidated financial statements, etc., whether due to fraud or error, and design and perform audit procedures responsive to those risks. The auditor shall design and perform audit procedures that address the risk of material misstatement. The procedures selected to be applied depend on the auditor's judgment. In addition, obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.
- Obtain, in making those risk assessments, an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, while the objective of the audit of the consolidated financial statements is not to express an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used by management and their method of application, as well as the reasonableness of accounting estimates made by management and related notes thereto.
- Conclude on the appropriateness of management's use of the going concern basis for preparing the consolidated financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related notes to the consolidated financial statements or, if such notes are inadequate, to express a qualified opinion with exceptions on the consolidated financial statements. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate whether the presentation of the consolidated financial statements and the notes thereto are in accordance with accounting principles generally accepted in Japan, the overall presentation, structure and content of the consolidated financial statements, including the related notes thereto, and whether the consolidated financial statements represent the underlying transactions and accounting events in a manner that achieves fair presentation.

- Obtain sufficient and appropriate audit evidence regarding the financial information of the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit of the consolidated financial statements. We remain solely responsible for our audit opinion.

We communicate with the Audit and Supervisory Committee regarding the planned scope and timing of the audit, significant audit findings, including any significant deficiencies in internal control that we identify during our audit, and other matters required by auditing standards.

We also provide the Audit and Supervisory Committee with a statement that we have complied with relevant ethical requirements in Japan regarding independence, and communicate with it all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards in order to eliminate or reduce obstruction factors.

Interest

Our firm and the designated engagement partners do not have any interest in the Group that is required to be disclosed pursuant to the provisions of the Certified Public Accountants Act of Japan.

Accounting Audit Report on the Non-consolidated Financial Statements

Independent Auditor's Report (Translation)

May 10, 2022

Bunka Shutter Co., Ltd.

To the Board of Directors

Crowe Toyo & Co.

Tokyo Office

Designated Engagement Partner

Certified Public Accountant, Yuko Suzuki

Designated Engagement Partner

Certified Public Accountant, Makoto Hayasaki

Audit Opinion

We have audited the non-consolidated financial statements that are comprised of the non-consolidated balance sheet, the non-consolidated statement of income, the non-consolidated statement of changes in equity, the related notes and the accompanying supplemental schedules (collectively, “non-consolidated financial statements, etc.”) of Bunka Shutter Co., Ltd. (the “Company”), as of March 31, 2022 and for the 76th fiscal year from April 1, 2021 to March 31, 2022 in accordance with Article 436, paragraph (2), item (i) of the Companies Act.

In our opinion, the non-consolidated financial statements, etc. referred to above present fairly, in all material respects, the financial position and the results of operations of the Company for the period for which the non-consolidated financial statements, etc. were prepared, in accordance with accounting principles generally accepted in Japan.

Basis for Audit Opinion

We conducted our audit in accordance with auditing standards generally accepted in Japan. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Non-consolidated Financial Statements, Etc. section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the non-consolidated financial statements, etc. in Japan, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

The other information comprises the information included in the Business Report and the accompanying supplemental schedules. Management is responsible for the other information. The Audit and Supervisory Committee is responsible for overseeing the Directors' performance of their duties including the design, implementation and maintenance of the Group's other information reporting process.

Our opinion on the non-consolidated financial statements, etc. does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the non-consolidated financial statements, etc., our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the non-consolidated financial statements, etc. or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Responsibilities of Management and the Audit and Supervisory Committee for the Non-consolidated Financial Statements, Etc.

Management is responsible for the preparation and fair presentation of the non-consolidated financial statements, etc. in accordance with accounting principles generally accepted in Japan, including the design, implementation and maintenance of such internal control as management determines is necessary to enable the preparation and fair presentation of the non-consolidated financial statements, etc. that are free from material misstatement, whether due to fraud or error. This includes the establishment and operation of the internal control which the management determines is necessary to prepare the consolidated financial statements that are free from material misstatements whether due to fraud or error, and to properly present it.

In preparing the non-consolidated financial statements, etc., management is responsible for assessing whether it is appropriate to prepare the non-consolidated financial statements, etc. with the assumption of the Company's ability to continue as a going concern, and disclosing matters related to a going concern as applicable in accordance with accounting principles generally accepted in Japan.

The Audit and Supervisory Committee is responsible for overseeing the Directors' performance of their duties including the design, implementation and maintenance of the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Non-Consolidated Financial Statements, Etc.

Our responsibilities are to obtain reasonable assurance about whether the non-consolidated financial statements, etc. as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion on the non-consolidated financial statements, etc. based on our audit from an independent point of view. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these non-consolidated financial statements, etc.

In accordance with auditing standards generally accepted in Japan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the non-consolidated financial statements, etc., whether due to fraud or error, and design and perform audit procedures responsive to those risks. The auditor shall design and perform audit procedures that address the risk of material misstatement. The procedures selected to be applied depend on the auditor's judgment. In addition, obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.
- Obtain, in making those risk assessments, an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, while the objective of the audit of the non-consolidated financial statements, etc. is not to express an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used by management and their method of application, as well as the reasonableness of accounting estimates made by management and related notes thereto.
- Conclude on the appropriateness of management's use of the going concern basis for preparing the non-consolidated financial statements, etc. and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related notes to the non-consolidated financial statements, etc. or, if such notes are inadequate, to express a qualified opinion with exceptions on the non-consolidated financial statements, etc. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate whether the presentation of the non-consolidated financial statements, etc. and the notes thereto are in accordance with accounting principles generally accepted in Japan, the overall presentation, structure and content of the non-consolidated financial statements, etc., including the

related notes thereto, and whether the non-consolidated financial statements, etc. represent the underlying transactions and accounting events in a manner that achieves fair presentation.

We communicate with the Audit and Supervisory Committee regarding the planned scope and timing of the audit, significant audit findings, including any significant deficiencies in internal control that we identify during our audit, and other matters required by auditing standards.

We also provide the Audit and Supervisory Committee with a statement that we have complied with relevant ethical requirements in Japan regarding independence, and communicate with it all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards in order to eliminate or reduce obstruction factors.

Interest

Our firm and the designated engagement partners do not have any interest in the Company that is required to be disclosed pursuant to the provisions of the Certified Public Accountants Act of Japan.

Audit Report of the Audit and Supervisory Committee

Audit Report

The Audit and Supervisory Committee has audited the execution of duties by Directors for the 76th fiscal year from April 1, 2021 to March 31, 2022. We report the method and results as follows.

1. Method and details of the audit

With regard to the details of the resolutions of the Board of Directors on the matters listed in Article 399-13, paragraph (1), item (i), (b) and (c) of the Companies Act and the system (internal control system) developed based on such resolutions, the Audit and Supervisory Committee received periodic reports on the status of the relevant establishment and operation from Directors, employees, etc., requested explanations as necessary, expressed opinions, and conducted audits in the following manner.

- 1) In accordance with the Auditing, etc., Standards of the Audit and Supervisory Committee established by the Audit and Supervisory Committee, and in accordance with the audit policy, division of duties, etc. for the fiscal year, in cooperation with the Internal Audit Department, we attended important meetings (to prevent the spread of COVID-19, including remote attendance, etc.), received reports on matters related to the execution of duties from Directors, employees, etc., requested explanations as necessary, inspected important approval documents, etc., and investigated the status of operations and assets of the head office and major business offices through audits, etc. (including remote audits, etc., to prevent the spread of COVID-19). In addition, with regard to subsidiaries, we communicated with and exchanged information with directors, etc. of subsidiaries, received business reports from subsidiaries as necessary, and investigated the status of business and assets through remote audits, etc.
- 2) With regard to the basic policy set forth in Article 118, item 3, (a) of the Regulations for Enforcement of the Companies Act and the initiatives set forth in (b) of the said item, which is stated in the business report, we reviewed the contents thereof in light of the status, etc. of deliberations at the meetings of the Board of Directors and other meetings.
- 3) We monitored and verified whether the financial auditor maintained an independent position and conducted appropriate audits, received reports from the financial auditor on the status of the execution of the duties, and requested explanations as necessary. In addition, we received a notice from the financial auditor that “systems for ensuring that the performance of the duties of the financial auditor are being carried out correctly” (matters listed in each item of Article 131 of the Regulations on Corporate Accounting) have been established in accordance with “Quality Control Standards for Audits” (Business Accounting Council, October 28, 2005) and other standards and requested explanations as necessary.

Based on the methods described above, we reviewed the business report and the accompanying supplementary schedules, the non-consolidated financial statements for the fiscal year under review (the non-consolidated balance sheet, the non-consolidated statement of income, the non-consolidated statement of changes in equity, and the notes to consolidated financial statements) and the accompanying supplemental schedules, and the consolidated financial statements (the consolidated balance sheet, the consolidated statement of income, the consolidated statement of changes in equity, and the notes to consolidated financial statements).

2. Result of Audit

(1) Results of audit of business report, etc.

- 1) We have found that the business report and the accompanying supplementary schedules accurately represent the status of the Company in accordance with laws and regulations and the Articles of Incorporation.

- 2) We have not found any misconduct or material fact in violation of laws and regulations or the Articles of Incorporation concerning the execution of duties by the Directors.
- 3) We have found that the Board of Directors' resolution on the internal control system is appropriate. In addition, we have not found any matter that should be pointed out, including internal control over financial reporting, regarding the operation status of said internal control system.
- 4) We have not found any matter that should be pointed out with regard to the basic policy on the persons who control the decision concerning financial and business policies of the Company stated in the business report. We have found that each of the initiatives (takeover defense measures) set forth in Article 118, item (iii), (b) of the Regulations for Enforcement of the Companies Act, which are stated in the business report, is in line with such basic policy, is not detrimental to the common interests of the Company's shareholders, and is not designed to perpetuate the position of the Company's executive officers.

(2) Results of audit of financial statements and the accompanying supplementary schedules

We confirm that the auditing method and results of the Independent Auditor, Crowe Toyo & Co., are appropriate.

(3) Results of audit of consolidated financial statements

We have found that the method and results of the audit by the financial auditor, Crowe Toyo & Co., are adequate.

May 11, 2022

Audit and Supervisory Committee, Bunka Shutter Co., Ltd.

Audit and Supervisory Committee Member (full-time),
Nariyuki Matsuyama (Seal)

Audit and Supervisory Committee Member
(outside and independent officer),
Takao Iina (Seal)

Audit and Supervisory Committee Member
(outside and independent officer),
Shozo Fujita (Seal)

Audit and Supervisory Committee Member
(outside and independent officer),
Kazufumi Abe (Seal)

Audit and Supervisory Committee Member
(outside and independent officer),
Yoshihiko Hayasaka (Seal)

Note: Audit and Supervisory Committee Members Takao Iina, Shozo Fujita, Kazufumi Abe, and Yoshihiko Hayasaka are Outside Directors as prescribed in Article 2, item (xv) and Article 331, paragraph (6) of the Companies Act.

Shareholder Memo

Fiscal year	From April 1 of each year to March 31 of the following year
Ordinary General Meeting of Shareholders	Late June
Record date	March 31 Any other certain date for which public notice is given in advance, if necessary.
Record date for dividends Year-end dividends Interim dividends	March 31 September 30
Method of public notice	Available on the Company's website (URL https://www.bunka-s.co.jp/) However, if there is an accident or other unavoidable reason that means a notice cannot be made by electronic public notice, the Company will publish it in the Nihon Keizai Shimbun. *The balance sheet and the statement of income are disclosed in EDINET (electronic corporate disclosure system under the Financial Instruments and Exchange Act).
Shareholder register administrator	1-4-1 Marunouchi, Chiyoda-ku, Tokyo Sumitomo Mitsui Trust Bank, Limited
Account management institution for special account	1-4-1- Marunouchi, Chiyoda-ku, Tokyo Sumitomo Mitsui Trust Bank, Limited
Mailing address	Postal code: 168-0063 2-8-4 Izumi, Suginami-ku, Tokyo Stock Transfer Agency Department, Sumitomo Mitsui Trust Bank, Limited
(Telephone inquiries)	Telephone: 0120-782-031 (toll-free within Japan only) Brokerage services are provided at the head office of Sumitomo Mitsui Trust Bank, Limited and its branches throughout Japan.

Applications for address change, purchase or increase of shares less than one unit, and others

Please inform the securities company with a shareholder's account.

Any shareholder who has opened a special account due to the absence of an account at a securities company is requested to submit an application to Sumitomo Mitsui Trust Bank, Limited, the account management institution for the special account.

Payment of dividends payable

Please make an application to Sumitomo Mitsui Trust Bank, Limited, the shareholder register administrator.