

[Translation]

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Securities code: 4539

June 2, 2022

Kazushiro Yamaguchi

President & CEO

Nippon Chemiphar Co., Ltd.

2-2-3, Iwamoto-cho, Chiyoda-ku, Tokyo

Dear Shareholders,

Notice of the 90th Ordinary General Meeting of Shareholders

We would like to inform you that the 90th Ordinary General Meeting of Shareholders (this “General Meeting of Shareholders”) of Nippon Chemiphar Co., Ltd. (the “Company”) will be held as set forth below.

You may exercise voting rights in writing (by post) or via the Internet, etc., so you are kindly requested to review the Reference Materials for the General Meeting of Shareholders below and exercise your voting rights by 5:30 p.m., Thursday, June 23, 2022.

Meeting Details

- 1. Date and Time:** June 24, 2022 (Friday) at 10:00 a.m.
- 2. Place:** “Myoujin Kaikan,” Kanda Myoujin
2-16-2, Sotokanda, Chiyoda-ku, Tokyo
- 3. Purpose of the Meeting:**

Matters to be Reported:

1. Report on the Business Report, the Consolidated Financial Statements, and the Results of the Audit of the Consolidated Financial Statements by the Accounting Auditor and the Audit & Supervisory Board for the 90th Fiscal Year (from April 1, 2021 to March 31, 2022)
2. Report on the Non-Consolidated Financial Statements for the 90th Fiscal Year (from April 1, 2021 to March 31, 2022)

Matters to be Resolved:

Proposal No. 1: Appropriation of Surplus

Proposal No. 2: Partial Amendment to the Articles of Incorporation

Proposal No. 3: Election of One Audit & Supervisory Board Member

Proposal No. 4: Election of One Substitute Audit & Supervisory Board Member

Proposal No. 5: Renewal of Takeover Defense Measures

End

Reference Materials for the General Meeting of Shareholders

Proposals and Reference Matters

Proposal No. 1 Appropriation of Surplus

The Company positions the return of profits to shareholders as one of the highest priorities in its management, and its basic policy is to distribute stable dividends while maintaining a balance between investment that contributes to its future growth and strengthening of its financial position by capital accumulation.

As a result of examination based on the above policy, the year-end dividends for the 90th fiscal year will be paid in the following manner in light of factors such as business performance in the 90th fiscal year, the severe business environment, and future business development.

- (1) Type of dividend assets:
Cash
- (2) Matters regarding allocation of dividend assets and total amount of dividends:
Dividend per share of common stock of the Company 50 yen
Total amount of dividends 182,676,650 yen
- (3) Effective date of distribution of surplus:
June 27, 2022

Proposal No. 2 Partial Amendment to the Articles of Incorporation

1. Reasons for proposal

Because the provisions for amendment 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 be enforced from September 1, 2022, the Company proposes to make amendments to the Company’s Articles of Incorporation as described below in order to prepare for the introduction of a system for electronic provision of materials for general meetings of shareholders.

- (1) The proposed amendment to Article 17, Paragraph 1 stipulates that the Company shall take measures for the electronic provision of information contained in documents such as reference materials for general meetings of shareholders.
- (2) The proposed amendment to Article 17, Paragraph 2 establishes a provision for limiting the scope of matters to be stated in the written documents to be delivered to shareholders who make a request for delivery in writing.
- (3) The provision regarding disclosure on the Internet and deemed provision of documents such as reference materials for general meetings of shareholders (Article 17 of the current Articles of Incorporation) will become unnecessary and therefore will be deleted.
- (4) Due to the new establishment and deletion of provisions as set out above, a supplementary provision regarding the effective date, etc., will be established.

2. Details of amendments

The details of the amendments are as follows.

(Underlined text indicates amendments.)

Current Articles of Incorporation	Proposed Amendments
<u>Article 17 Disclosure on the Internet and Deemed Provision of Documents such as Reference Materials for General Meetings of Shareholders</u>	(Deleted)
<u>When convening a general meeting of shareholders, the Company may deem that information relating to the matters to be stated or indicated in the reference materials for the general meeting of shareholders, business report, financial statements, and consolidated financial statements has been provided to shareholders by disclosing such information in a method using the Internet in accordance with the provisions of Ministry of Justice Order.</u>	
(Newly established)	<u>Article 17 Measures for Electronic Provision, Etc.</u>
	<u>1. When convening a general meeting of shareholders, the Company shall take measures for the electronic provision of information contained in documents such as the reference materials for the</u>

	<p><u>general meeting of shareholders.</u></p> <p>2. <u>The Company may omit to state all or part of the matters for which measures for electronic provision are taken and are specified in Ministry of Justice Order in the written documents to be delivered to shareholders who make a request for delivery in writing by the record date for voting rights.</u></p>
	<u>(Supplementary Provisions)</u>
(Newly established)	<p>1. <u>The amendments to Article 17 of the Articles of Incorporation will come into force on September 1, 2022 (the “Enforcement Date”), which is the date of enforcement of the provisions for amendment stipulated in the proviso of Article 1 of the Supplementary Provisions of the Act Partially Amending the Companies Act (Act No. 70 of 2019).</u></p> <p>2. <u>Notwithstanding the preceding paragraph, Article 17 of the Articles of Incorporation (Disclosure on the Internet and Deemed Provision of Documents such as Reference Materials for General Meetings of Shareholders) will continue to be effective for any general meetings of shareholders held within six months after the Enforcement Date.</u></p> <p>3. <u>These Supplementary Provisions will be deleted on the later of either the date that is six months after the Enforcement Date or the date that is three months after the date of a general meeting of shareholders under the preceding paragraph.</u></p>

Proposal No. 3 Election of One Audit & Supervisory Board Member

The term of office of Outside Audit & Supervisory Board Member Mr. Tsuyoshi Takahashi will expire at the conclusion of this General Meeting of Shareholders, and therefore the Company proposes that one Audit & Supervisory Board Member be elected.

The consent of the Audit & Supervisory Board has been obtained with respect to the submission of this proposal.

The candidate for Audit & Supervisory Board Member is as follows.

Rumi Yamaguchi	Date of birth: August 13, 1968	<u>New election</u>	<u>Outside</u>	<u>Independent officer</u>
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Career summary, positions, and important concurrent positions	
April 1991	Joined Chuo Shinko Audit Corporation
March 1994	Registered as a certified public accountant
August 2007	Established Rumi Yamaguchi Accounting Office (to date)
March 2012	Registered as a certified public tax accountant Established Rumi Yamaguchi Tax Accounting Office (to date)

<u>Important concurrent positions</u>
Certified public accountant; Certified public tax accountant
Number of the Company’s shares owned: None

Reasons for nominating as a candidate for Outside Audit & Supervisory Board Member

Ms. Rumi Yamaguchi is nominated as a candidate for Outside Audit & Supervisory Board Member because it is expected that she will be able to audit the Company’s management from an objective standpoint with her expertise and experience in financial, tax, and accounting matters cultivated through long years of practice as a certified public accountant and certified public tax accountant. In addition, although she has never been engaged in the management of a company, the Company has determined that she will be able to perform the duties of an Outside Audit & Supervisory Board Member appropriately based on the above reasons.

Notes:

1. The candidate has no special interest in the Company.
2. Ms. Rumi Yamaguchi, a candidate for Outside Audit & Supervisory Board Member, satisfies the requirements for independent officers established by the Tokyo Stock Exchange and the Criteria for Independence of Outside Officers established by the Company, and the Company will notify the Tokyo Stock Exchange of the fact that she is an independent officer. The Criteria for Independence of Outside Officers established by the Company are described in p. 9 to p.10.
3. In order to invite talented individuals as Outside Audit & Supervisory Board Members, it is stipulated in the Company’s Articles of Incorporation that the Company may execute an agreement with each Outside Audit & Supervisory Board Member to limit that person’s liability for damages to the Company to a certain extent, and if this proposal is approved as proposed, the candidate will execute a liability limitation agreement with the Company to limit her liability for damages under Article 423, Paragraph 1 of the Companies Act in accordance with the provisions of Article 427, Paragraph 1 of the Companies Act. An outline of the terms of the agreement is as follows.
 - (i) If an Outside Audit & Supervisory Board Member assumes any liability for damages to the Company due to failing to perform his/her duties, he/she will be liable for such damages up to the sum of the amounts set out in the items of Article 425, Paragraph 1 of the Companies Act.

- (ii) The above limitation of liability is only permitted if the Outside Audit & Supervisory Board Member has acted in good faith without gross negligence when performing the duties that caused the liability.
4. The Company has executed with an insurance company a directors and officers liability insurance agreement provided for in Article 430-3, Paragraph 1 of the Companies Act, which is outlined below. If this proposal is approved as proposed, the candidate will become an insured under the insurance agreement. The insurance agreement will be renewed in October 2022.
- (i) Scope of insured persons
Directors, audit & supervisory board members, and executive officers of the Company and its subsidiaries.
 - (ii) Insurance premiums substantially borne by each insured
The insurance premiums are borne by the Company and each insured will not bear insurance premiums.
 - (iii) Outline of events covered by the insurance
Any damage (legal damages and dispute costs) suffered by a claim for damages resulting from an insured's execution of business or performance of duties will be covered.
 - (iv) Measures taken to prevent appropriateness of the duties of directors and officers, etc., from being impaired.
There is an exemption clause to the effect that liability arising from any willful act of violation of laws and ordinances, offering of illegal personal profits, or any criminal act, etc., by the insured will not be covered.

Proposal No. 4 Election of One Substitute Audit & Supervisory Board Member

In preparation for any cases where the number of Audit & Supervisory Board Member falls short of the number stipulated in the statutory provisions, the Company proposes that one substitute Audit & Supervisory Board Member be elected in advance as a substitute Outside Audit & Supervisory Board Member.

The election by this proposal may be nullified by a resolution by the Board of Directors with the consent of the Audit & Supervisory Board only before the substitute's assumption of office as Audit & Supervisory Board Member.

In addition, the consent of the Audit & Supervisory Board has been obtained with respect to the submission of this proposal.

The candidate for substitute Audit & Supervisory Board Member is as follows.

Takeshi Shiba	Date of Birth: April 22, 1960	<u>Outside</u>	<u>Independent officer</u>
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Career summary, positions, and important concurrent positions	
August 1986	Joined Chuo Audit Corporation
March 1988	Registered as a certified public accountant
July 2005	Representative Partner of Chuo Aoyama Audit Corporation
September 2006	Representative Partner of PricewaterhouseCoopers Arata LLC
July 2013	Executive Board Member of The Japanese Institute of Certified Public Accountants
June 2016	Auditor of Kato Memorial Bioscience Foundation (current position)
July 2019	Member of the Expert and Practitioner Council for Certification, Etc., under the Next Generation Medical Infrastructure Act, the Cabinet Office
September 2020	Established Takeshi Shiba Accounting Office (to date)
June 2021	Outside Audit & Supervisory Board Member of Industrial Decisions, Inc. (current position)

<u>Important concurrent positions</u>
Certified public accountant
Member of the Discipline Examination Committee of The Japanese Institute of Certified Public Accountants
Auditor of Kato Memorial Bioscience Foundation
Outside Audit & Supervisory Board Member of Industrial Decisions, Inc.
Number of the Company's shares owned: None

Reasons for nominating as a candidate for substitute Outside Audit & Supervisory Board Member

Mr. Takeshi Shiba is nominated as a candidate for substitute Outside Audit & Supervisory Board Member because he will be able to audit the Company's management from an objective standpoint with his expertise and experience in financial and accounting matters cultivated through long years of practice as a certified public accountant. In addition, although he has never been engaged in the management of a company other than serving as outside audit & supervisory board member, the Company has determined that he can be expected to perform the duties of an Outside Audit & Supervisory Board Member appropriately based on the above reasons.

Notes:

1. The candidate has no special interest in the Company.
2. Mr. Takeshi Shiba, a candidate for substitute Outside Audit & Supervisory Board Member, satisfies the requirements for independent officers established by the Tokyo Stock Exchange and the Criteria for Independence of Outside Officers established by the Company. The Criteria for Independence of Outside Officers established by the Company are described in p.9 to p.10.
3. In order to invite talented individuals as Outside Audit & Supervisory Board Members, it is stipulated in the Company's Articles of Incorporation that the Company may execute an agreement with each Outside Audit & Supervisory Board Member to limit that person's liability for damages to the Company to a certain extent, and if Mr. Takeshi Shiba assumes office as Audit & Supervisory Board Member, he will execute a liability limitation agreement with the Company to limit his liability for damages under Article 423, Paragraph 1 of the Companies Act in accordance with the provisions of Article 427, Paragraph 1 of the Companies Act. An outline of the terms of the agreement is as follows.
 - (i) If an Outside Audit & Supervisory Board Member assumes any liability for damages to the Company due to failing to perform his/her duties, he/she will be liable for such damages up to the sum of the amounts set out in the items of Article 425, Paragraph 1 of the Companies Act.
 - (ii) The above limitation of liability is only permitted if the Outside Audit & Supervisory Board Member has acted in good faith without gross negligent when performing the duties that caused the liability.
4. The Company has executed with an insurance company a directors and officers liability insurance agreement provided for in Article 430-3, Paragraph 1 of the Companies Act, which is outlined below. If Mr. Takeshi Shiba assumes office as Audit & Supervisory Board Member, he will become an insured under the insurance agreement. The insurance agreement will be renewed in October 2022.
 - (i) Scope of insured persons
Directors, audit & supervisory board members, and executive officers of the Company and its subsidiaries.
 - (ii) Insurance premiums substantially borne by each insured
The insurance premiums are borne by the Company and each insured will not bear insurance premiums.
 - (iii) Outline of events covered by the insurance
Any damage (legal damages and dispute costs) suffered by a claim for damages resulting from an insured's execution of business or performance of duties will be covered.
 - (iv) Measures taken to prevent appropriateness of the duties of directors and officers, etc., from being impaired.
There is an exemption clause to the effect that liability arising from any willful act of violation of laws and ordinances, offering of illegal personal profits, or any criminal act, etc., by the insured will not be covered.

Criteria for Independence as Outside Officers

The Company has established the criteria for independence as outside officers (Outside Directors and Outside Audit & Supervisory Board Members) as described below, and it will be determined that an outside officer is independent from the Company and that conflicts of interest are not likely to arise between the outside officer and general shareholders if the outside officer does not fall under any of the items below as a result of an investigation by the Company to a reasonable extent possible:

- (i) an executive¹ of the Company or any of its subsidiaries (collectively, the “Group”) or the person who has been an executive of the Group in the past ten years (or, if the person was a non-executive director, audit & supervisory board member, or accounting auditor of the Group at any time in the past ten years, then in the period of ten years prior to that person’s assumption of office);
- (ii) a person whose major business partner is the Group² or its executive;
- (iii) a major business partner of the Group³ or its executive;
- (iv) a consultant, accounting expert, or legal expert who receives a large amount of money or other assets⁴ other than officers’ compensation from the Group (if the person who receives such assets is a corporation, partnership, or similar organization, then a person who belongs to the organization);
- (v) a person who belongs to an audit corporation that conducts statutory audits of the Group
- (vi) a person who receives donations or contributions exceeding a certain amount⁵ from the Group (if the person who receives such donations or contributions is a corporation, partnership, or similar organization, then its director or other executive);
- (vii) an executive of a major financial institution⁶ from which the Group borrows money or its parent company or subsidiary;
- (viii) a major shareholder⁷ of the Group, or if the major shareholder is a corporation, then its executive;
- (ix) an executive of a company whose major shareholder is the Group;
- (x) an executive of a company to which a director is seconded from the Group (whether full-time or part-time) or its parent company or subsidiary;
- (xi) a person who has fallen under any of items (ii) through (x) above in the past three years; or
- (xii) an immediate family member⁸ of a person who falls under any of items (i) through (xi) above (limited to those in an important position⁹).

*1 An “executive” means an “executive” provided for in Article 2, Paragraph 3, Item 6 of the Regulations for Enforcement of the Companies Act and includes not only executive directors but also employees.

*2 A “person whose major business partner is the Group” means a business partner group (meaning a corporate group composed of a direct trading partner, its parent company and subsidiaries, and subsidiaries of the parent company; the same applies below) that supplies products or services to the Group with the amount of transactions for the immediately preceding fiscal year exceeding 2% of the annual consolidated sales of that business partner group.

*3 A “major business partner of the Group” means a business partner group to which the Company supplies products or services with the amount of transactions for the immediately preceding fiscal year exceeding 2% of the annual consolidated sales of the Group.

*4 A “large amount of money or other assets” means an amount of money or other financial benefits received by that person for the immediately preceding fiscal year exceeding a total of 10 million yen on an annual basis (or, if the person who receives such assets is a corporation, partnership, or similar organization, an amount of money or other financial benefits that exceeds the greater of either a total of 10 million yen on an annual basis or 2% of the gross income of that organization for the immediately preceding fiscal year).

*5 “Donations or contributions exceeding a certain amount” means donations or

contributions received in the immediately preceding fiscal year that exceed the greater of either a total of 10 million yen on an annual basis or 2% of the gross income of that person for the immediately preceding fiscal year).

*6 A “major financial institution” means a financial institution the total amount of borrowings from which as of the end of the immediately preceding fiscal year exceeds 2% of the consolidated total assets of the Company.

*7 A “major shareholder” means a shareholder whose ratio of voting rights held (both directly and indirectly) is 10% or more of all voting rights.

*8 An “immediate family member” means a spouse and a relative within the second degree.

*9 A “person in an important position” means a director (excluding outside directors), statutory executive officer (*shikko-yaku*), executive officer, or employee who is in a senior-management position at least equivalent to a division general manger, person who belongs to an audit corporation or accounting firm as a certified accountant, person who belongs to a law firm as an attorney, and person who belongs to an incorporated foundation, incorporated association, incorporated educational institution, or other incorporation as an officer such as a trustee, director, or auditor, or other person who is objectively and reasonably deemed to be in a similarly important position.

Proposal No.5 Renewal of Takeover Defense Measures

The Company resolved to renew a plan for countermeasures to large-scale acquisitions of the shares in the Company (takeover defense measures) at the Board of Directors meeting held on May 13, 2019 and obtained the approval of shareholders at the 87th ordinary general meeting of shareholders of the Company held on June 21, 2019 (the takeover defense measures after the renewal in 2019 is referred to as the “Former Plan”). The effective period of the Former Plan is until the conclusion of this General Meeting of Shareholders.

Before the expiration of the effective period of the Former Plan, the Company decided, at the Board of Directors meeting held on May 13, 2022, to renew the Former Plan (the “Renewal”; and the plan after the renewal is referred to as the “Plan”), which is a measure to prevent decisions on the Company’s financial and business policies from being controlled by persons deemed inappropriate (Article 118, Item 3(b)(ii) of the Regulations for Enforcement of the Companies Act) under a basic policy regarding the persons who control decisions on the Company’s financial and business policies (as provided in the main text of Article 118, Item 3 of the Regulations for Enforcement of the Companies Act; the “Basic Policy”), subject to the approval of shareholders at this General Meeting of Shareholders.

This proposal is submitted to request that, in order to effect the Renewal, the shareholders meeting approve the assignment to the Board of Directors the authority to decide matters relating to the gratis allotment of share options subject to the terms stated in 2. ‘Details of Proposal (Details of the Plan)’ below in accordance with the provisions of Article 13 of the Company’s Articles of Incorporation.

Upon the Renewal to introduce the Plan, certain matters have been revised as necessary, mainly such as the procedures to be followed when the Special Committee recommends the triggering of the Plan.

1. Reasons for Proposal

(1) Basic Policy Regarding the Persons Who Control Decisions on the Company’s Financial and Business Policies

The Company believes that the persons who control decisions on the Company’s financial and business policies need to be persons who fully understand the financial affairs and business activities of the Company as well as the source of the Company’s corporate value and who will make it possible to continually ensure and enhance the Company’s corporate value and the common interests of its shareholders.

However, the Company believes that ultimately the decision on any proposed acquisition that would involve a transfer of corporate control of the Company must be made based on the intent of the Company’s shareholders as a whole. In addition, the Company would not reject a large-scale acquisition of the shares in the Company if it would contribute to the corporate value of the Company and the common interests of its shareholders.

Nonetheless, there are some forms of corporate acquisition that benefit neither the corporate value of the target company nor the common interests of its shareholders including those with a purpose that would obviously harm the corporate value of the target company and the common interests of its shareholders, those with the potential to substantially coerce shareholders into selling their shares, those that do not provide sufficient time or information for the target company’s board of directors and shareholders to examine the details of the large-scale acquisition or for the target company’s board of directors to make an alternative proposal, and those that require the target company to negotiate with the acquirer in order to procure more favorable terms for shareholders than those presented by the acquirer. The Company as the head of the Nippon Chemiphar Group is striving to enhance and ensure its corporate value, which stems from several sources. First, in the

generic drug business of the Company, the Company has cultivated the ability to develop products through methods utilizing technologies that the Company obtained and refined in new drug development and has established quality control and cost management capabilities through the use of the Company's core factories in Japan and Vietnam factory. Second, the Company possesses expertise in the strategic area of alkalization therapy and both the Company's lineup of associated products and corresponding development pipeline have considerable market values. Third, the Company focuses on exploratory research and conducts venture-type drug discovery in pursuit of higher efficiency and development precision. Finally, the Company applies the outcomes of these three businesses to overseas, which business model is unique to the Company. Unless the acquirer of a proposed large-scale acquisition of the shares in the Company not only understands the financial affairs and business details of the Company but also understands the source of the corporate value of the Company described above and would ensure and enhance these elements over the medium-to-long term, the corporate value of the Company and the common interests of its shareholders would be harmed.

The Company believes that persons who would make a large-scale acquisition of the shares in the Company in a manner that does not contribute to the corporate value of the Company or the common interests of its shareholders would be inappropriate to become a person who would control decisions on the Company's financial and business policies. The Company also believes that it is necessary to ensure the corporate value of the Company and the common interests of its shareholders by taking the necessary and reasonable countermeasures against a large-scale acquisition by such persons.

(2) Purpose of the Renewal

The Renewal is in line with the Basic Policy for the purpose of ensuring and enhancing the corporate value of the Company and the common interests of its shareholders.

As set out in the Basic Policy, the Board of Directors believes that persons who would propose a large-scale acquisition of the shares in the Company in a manner that does not contribute to the corporate value of the Company or the common interests of its shareholders would be inappropriate to become persons who control decisions on the Company's financial and business policies. The purpose of the Plan is to prevent decisions on the Company's financial and business policies from being controlled by persons deemed inappropriate, to deter large-scale acquisitions that are detrimental to the corporate value of the Company and the common interests of its shareholders, and on the occasion that it receives a large-scale acquisition proposal from an acquirer, to enable the Board of Directors to present an alternative proposal to the shareholders or ensure necessary time and information for the shareholders to decide whether or not to accept the large-scale acquisition proposal, and to enable the Board of Directors to negotiate for the benefit of the shareholders.

2. Details of Proposal (Details of the Plan)

(1) Plan Outline

(a) Establishment of Procedures for the Plan

The Plan sets out the procedures to take necessary countermeasures when the Company's share certificates or other equity securities are subject to an Acquisition (defined in (a) of (2) 'Procedures for the Plan' below; the same applies below), including requesting the person who intends to effect the Acquisition (the "Acquirer") to provide information regarding the Acquisition in advance and securing time necessary for collecting information, examining, and taking other actions regarding the Acquisition before presenting the Company's management team's plan, alternatives, or the like to the shareholders or negotiating with the Acquirer (please see (2) 'Procedures for the Plan' below).

- (b) Use of Gratis Allotment of Share Options
 In the event that the Acquirer intends to effect the Acquisition without following the procedures prescribed in the Plan or the Acquisition is otherwise determined to be one that could harm the corporate value of the Company and the common interests of its shareholders (please see (3) ‘Requirements for Gratis Allotment of Share Options’ below for the details of the requirements for such determination), the Company will allot share options with (a) an exercise condition that does not allow the Acquirer to exercise the right, and (b) an acquisition provision to the effect that the Company may acquire the share options in exchange for shares in the Company from persons other than the Acquirer to all shareholders, except the Company, at that time (the “Share Options,” the principal terms of which are set out in (4) ‘Outline of the Gratis Allotment of Share Options’ below) by means of a gratis allotment of share options (*shinkabu yoyakuken mushou wariate*) (stipulated in Article 277 and below of the Companies Act).
- (c) Use of the Special Committee and Confirmation of Shareholders’ Intent
 Under the Plan, in order to eliminate arbitrary decisions by directors, decisions with respect to matters such as the implementation or non-implementation of the gratis allotment of Share Options or the acquisition of Share Options will be subject to an objective decision of the Special Committee, which is composed of independent outside directors and other independent parties (please see (5) ‘Establishment of the Special Committee’ below for details).
- In addition, in any of the cases prescribed in the Plan, the Board of Directors may convene a general meeting of shareholders to confirm the intent of the shareholders (the “Shareholders Meeting”); please see (g) of (2) ‘Procedures for the Plan’ below for details) and confirm the intent of the shareholders regarding the implementation of the gratis allotment of share options.
- (d) Exercise of Share Options and the Company’s Acquisition of Share Options
 If a gratis allotment of Share Options is implemented in accordance with the Plan and shareholders other than the Acquirer exercise the Share Options or shares in the Company are delivered to shareholders other than the Acquirer in exchange for the Company’s acquisition of the Share Options, the ratio of voting rights pertaining to the shares in the Company held by the Acquirer may be diluted by up to a maximum of approximately 50%.
- (e) Information Disclosure
 Transparency with respect to the course of the procedures set out in (a) through (d) above will be ensured by timely disclosure to all of the Company’s shareholders.

(2) Procedures for the Plan

- (a) Targeted Acquisitions
 The Plan will be applied in cases where any purchase or other acquisition that falls under (i) or (ii) below or any similar action (including a proposal (Note 1) for such action) (except for such action as the Board of Directors separately determines not to be subject to the Plan; collectively, the “Acquisition”) takes place.
- (i) A purchase or other acquisition that would result in the holding ratio of share certificates, etc., (*kabuken tou hoyuu wariiai*) (Note 2) of a holder (*hoyuusha*) (Note 3) totaling 20% or more in respect of the share certificates, etc., (*kabuken tou*) (Note 4) issued by the Company; or
- (ii) A tender offer (*koukai kaitsume*) (Note 5) that would result in the ownership ratio of share certificates, etc., (*kabuken tou shoyuu wariiai*) (Note 6) of the party conducting the tender offer and its persons in special relationship (*tokubetsu*

kankei-sha) (Note 7) totaling 20% or more in respect of the share certificates, etc., (*kabuken tou*) (Note 8) issued by the Company.

The Acquirer shall follow the procedures prescribed in the Plan, and the Acquirer must not effect an Acquisition until and unless a resolution not to implement the gratis allotment of Share Options is passed at a meeting of the Board of Directors or the Shareholders Meeting in accordance with the Plan.

(b) Submission of Acquirer's Statement

The Company will request the Acquirer to submit to the Company in the form separately prescribed by the Company a legally binding document which includes an undertaking that the Acquirer will comply with the procedures set out in the Plan (signed by, or affixed with the name and seal of, the representative of the Acquirer and to which no conditions or reservations are attached) and a qualification certificate of the person who signed or affixed its name and seal to that document (collectively, "Acquirer's Statement") before commencing or effecting the Acquisition. The Acquirer's Statement must clearly state the name, address or location of headquarters, location of offices, the governing law for establishment, name of the representative, contact information in Japan for the Acquirer and an outline of the intended Acquisition. The Acquirer's Statement and the Acquisition Document set out in (c) below and other materials to be submitted by the Acquirer to the Company or the Special Committee must be written in Japanese.

(c) Request to the Acquirer for the Provision of Information

The Company will deliver to the Acquirer the format for the Acquisition Document (defined below), including a list of information that the Acquirer should provide to the Company, no later than 10 business days after receiving the Acquirer's Statement. The Acquirer must submit to the Company the document in the form specified by the Company (collectively, "Acquisition Document"), which includes the information described in each item of the list below ("Essential Information").

If the Board of Directors receives the Acquisition Document, it will promptly provide it to the Special Committee.

If the Special Committee determines that the information submitted by the Acquirer is not sufficient as Essential Information, it may, directly or indirectly, set a reply period as necessary and request that the Acquirer submit additional Essential Information. In such case, the Acquirer should provide the additional information within the set time limit.

- (i) Details (including the specific name, background or history, capital structure, business activities, financial position, experience in business similar to the Company's business, compliance with laws and ordinances, and terms of previous transactions similar to the Acquisition) of the Acquirer and its group (including joint holders (Note 9), persons in special relationship, persons in special relationship with a person in relation to whom the Acquirer is the controlled corporation (Note 10), and partners and other constituent members (in the case of a fund)).
- (ii) The purpose, method and terms of the Acquisition (including the amount and type of consideration for the Acquisition, the timeframe of the Acquisition, the scheme of any related transactions, the legality of the Acquisition method, and information on the feasibility of the Acquisition).
- (iii) The basis for the calculation of the purchase price of the Acquisition (including the facts on which the calculation is based, calculation methods, numeric information used in the calculation, details of synergies expected to be generated through the series of transactions related to the Acquisition, and details of the

- portion of those synergies distributed to other shareholders).
- (iv) Information relating to any agreement between the Acquirer and a third party regarding share certificates, etc., of the Company and any previous acquisition of share certificates, etc., of the Company by the Acquirer.
 - (v) Financial support for the Acquisition (including the specific names of providers of funds (including all indirect providers of funds), financing methods and the terms of any related transactions).
 - (vi) Post-Acquisition management policy, business plan, capital and dividend policies, asset utilization plans, and other policies for the Company and the Group.
 - (vii) Post-Acquisition policies for treatment of the Company's shareholders (other than the Acquirer), and employees, business partners, customers, and any other stakeholders in the Company.
 - (viii) Specific measures to avoid any conflict of interest with other shareholders in the Company.
 - (ix) Information regarding any relationship with an anti-social force.
 - (x) Any other information that the Special Committee reasonably considers necessary.
- (d) Examination of Acquisition Terms, Negotiation with the Acquirer, and Examination of an Alternative Proposal
- (i) Request to the Company's Board of Directors for the Provision of Information
If the Acquirer submits the Acquisition Document and the Essential Information, the Special Committee may, according to the circumstances, set a reply period (up to 60 days as a general rule) and request that the Board of Directors present an opinion (including an opinion to refrain from giving such opinion; the same applies below) on the Acquirer's Acquisition terms, materials supporting such opinion, an alternative proposal, and any other information that the Special Committee considers necessary in order to compare and examine the matters stated in the Acquisition Document and the Essential Information and the business plan of the Board of Directors and its corporate evaluation or the like in terms of ensuring and enhancing the corporate value of the Company and the common interests of its shareholders during the Special Committee Examination Period set out in (2) below.
 - (ii) Special Committee Examination
If the Special Committee receives the Acquisition Document and the Essential Information from the Acquirer, it shall, concurrently with making a request for information provision to the Board of Directors set out in (1) above, conduct its examination of the terms of the Acquisition by the Acquirer, collection of information such as the business plans of the Acquirer and the Board of Directors and their corporate evaluation and comparison and examination thereof, examination of any alternative plan presented by the Board of Directors, and the like during an appropriate period (up to 90 days from the date on which the Acquirer discloses sufficient information, including the Essential information that the Special Committee additionally requests, except for cases such as those set out in (e)(iii) below, in which case the Special Committee may extend that period; the "Special Committee Examination Period"). Further, if it is necessary to improve the terms of the Acquisition from the standpoint of ensuring and enhancing the corporate value of the Company and the common interests of its shareholders, the Special Committee will take actions such as directly or indirectly discussing and negotiating with the Acquirer or presenting an alternative plan of the Board of Directors to the shareholders.

In order to ensure that the Special Committee's decision contributes to the Company's corporate value and the common interests of its shareholders, the Special Committee may at the cost of the Company obtain advice from independent third parties (including financial advisers, certified public accountants, attorneys, consultants, and any other experts).

If the Special Committee directly or indirectly makes a request to the Acquirer, including to provide materials for examination or any other information or to discuss and negotiate with the Special Committee, the Acquirer must promptly respond to such request.

(e) Procedures Followed by the Special Committee

The Special Committee shall follow the following procedures if an Acquirer emerges.

(i) If the Special Committee recommends to trigger the Plan

If the Special Committee determines that the Acquisition falls under one of the trigger events set out in (3) 'Requirements for Gratis Allotment of Share Options' below (collectively, "Trigger Event"), the Special Committee will recommend the implementation of the gratis allotment of Share Options to the Board of Directors regardless of whether or not the Special Committee Examination Period has commenced or ended, except in any specific case where further information provision by the Acquirer or discussion or negotiation with the Acquirer is necessary. The Special Committee may make the above recommendation subject to confirming the intent of shareholders regarding the implementation in advance or subsequently.

However, even after the Special Committee has already made a recommendation for the implementation of the gratis allotment of Share Options, if the Special Committee determines that either of the events (A) or (B) below applies, it may make a new recommendation that (i) (on or before the second business day prior to the ex-rights date with respect to the gratis allotment of Share Options) the Company should suspend the gratis allotment of Share Options, or (ii) (from the effective date of the gratis allotment of Share Options and until the day immediately prior to the Exercise Period Commencement Date (defined in (f) of (4) 'Outline of the Gratis Allotment Share Options' below) the Company should acquire the Share Options for no consideration.

(A) The Acquirer withdraws the Acquisition or the Acquisition otherwise ceases to exist after the recommendation.

(B) The Acquisition by the Acquirer no longer falls under any of the Trigger Events because of reasons such as there being a change in the facts or other matters on which the recommendation decision was made.

(ii) If the Special Committee recommends not to trigger the Plan

If the Special Committee determines that the Acquisition does not fall under any of the Trigger Events, it will recommend the non-implementation of the gratis allotment of Share Options to the Board of Directors regardless of whether or not the Special Committee Examination Period has ended.

However, if the Acquisition subsequently falls under a Trigger Event because of reasons such as there being a change in the facts or other matters on which the recommendation decision was made, the Special Committee may make a new recommendation that the Company should implement the gratis allotment of Share Options.

(iii) If the Special Committee Examination Period is extended

If the Special Committee does not reach a decision to make a recommendation for the implementation or non-implementation of the gratis allotment of Share Options by the time of expiration of the Special Committee Examination Period, the Special Committee may, to the reasonable extent that is considered necessary for actions such as examining the terms of the Acquirer's Acquisition, negotiation with the Acquirer, or examining an alternative proposal, extend the Special Committee Examination Period (up to 30 days as a general rule) once or multiple times.

If the Special Committee Examination Period is extended, the Special Committee will continue to take actions such as information collection and examination and endeavor to the fullest extent possible to make a recommendation for the implementation or non-implementation of the gratis allotment of Share Options or the like within the extended period.

(f) Resolutions of the Board of Directors

The Board of Directors will make a resolution for the implementation or non-implementation of the gratis allotment of Share Options or the like respecting to the maximum extent a recommendation of the Special Committee described above.

However, if the Shareholders Meeting is held in accordance with (g) below, the Board of Directors shall follow any resolution at the Shareholders Meeting.

(g) Holding of the Shareholders Meeting

The Board of Directors may convene the Shareholders Meeting and confirm the intent of the Company's shareholders if (i) the Special Committee recommends the implementation of the gratis allotment of Share Options subject to confirming the intent of shareholders or (ii) the Board of Directors believes that it should implement the gratis allotment of Share Options or the like and determines it appropriate to confirm the intent of the shareholders.

(h) Information Disclosure

When operating the Plan, the Company will disclose, in a timely manner, information on matters that the Special Committee or the Board of Directors considers appropriate including the progress of each procedure set out in the Plan (including the fact that the Acquirer's Statement and Acquisition Document have been submitted, the fact that the Special Committee Examination Period has commenced and the fact that the Special Committee Examination Period has been extended, as well as the reason for the extension and the specific period of the extension), an outline of recommendations made by the Special Committee, an outline of resolutions by the Board of Directors or passed at the Shareholders Meeting, in accordance with the applicable laws and ordinances or the rules of the financial instruments exchange, etc

(3) Requirements for Gratis Allotment of Share Options

The requirements to implement gratis allotment of Share Options by triggering the Plan are as follows. As described above in (e) of (2) 'Procedures for the Plan,' a determination as to whether an Acquisition fulfills any of the following requirements will be made without exception after the determination by the Special Committee is made.

Trigger Event (1)

The Acquisition is not in compliance with the procedures prescribed in the Plan (including cases where reasonable time and information necessary to examine the details of the Acquisition is not offered) and it is reasonable to implement the gratis allotment of Share Options.

Trigger Event (2)

The Acquisition falls under any of the items below and it is reasonable to implement the gratis allotment of Share Options.

- (a) An Acquisition that threatens to cause obvious harm to the corporate value of the Company and the common interests of its shareholders through any of the following actions:
 - (i) A buyout of share certificates, etc., to require such share certificates, etc., to be compulsorily purchased by the Company or the Company's affiliates at a high price.
 - (ii) Management that achieves an advantage for the Acquirer to the detriment of the Company, such as temporary control of the Company's management for the low-cost acquisition of the Company's material assets.
 - (iii) Diversion of the Company's assets to secure or repay debts of the Acquirer or its group company.
 - (iv) Temporary control of the Company's management to bring about the disposal of high-value assets that have no current relevance to the Company's business and declaring temporarily high dividends from the profits of the disposal, or selling the shares at a high price taking advantage of the opportunity afforded by the sudden rise in share prices created by the temporarily high dividends.
- (b) Certain Acquisitions that threaten to have the effect of coercing shareholders into selling shares, such as coercive two-tiered acquisitions (meaning acquisitions of shares including tender offers, in which no offer is made to acquire all shares in the initial acquisition, and acquisition terms for the second stage are set that are unfavorable for shareholders or unclear).
- (c) Acquisitions whose terms (including amount and type of consideration for the Acquisition, the timeframe of the Acquisition, the legality of the Acquisition method, and the feasibility of the Acquisition, post-Acquisition management policy and business plan, and post-Acquisition policies for dealing with the Company's other shareholders, employees, business partners, and any other stakeholders in the Company) are inadequate or inappropriate in light of the Company's intrinsic value.
- (d) Acquisitions that materially threaten to be against the corporate value of the Company and the common interests of its shareholders in such a way that destructs relationships with the employees of the Company and medical professionals and other business partners of the Company or the Company's corporate culture, which are essential for creating the Company's corporate value.

(4) Outline of the Gratis Allotment of Share Options

An outline of the gratis allotment of Share Options under the Plan is described below.

- (a) Number of Share Options
The Company will implement a gratis allotment of Share Options in the same number as the most recent total number of issued shares in the Company (excluding the number of shares in the Company held by the Company at that time) on a certain date (the "Allotment Date") that is separately determined in a resolution by the Board of Directors or the general meeting of shareholders relating to the gratis allotment of Share Options ("Gratis Allotment Resolution").
- (b) Shareholders Eligible for Allotment
The Company will implement the gratis allotment of Share Options for those shareholders, other than the Company, who are stated or recorded in the Company's final register of shareholders on the Allotment Date, at a ratio of one Share Option for each share in the Company held.

- (c) **Effective Date of Gratis Allotment of Share Options**
The effective date of the gratis allotment of Share Options will be separately determined in the Gratis Allotment Resolution.
- (d) **Number of Shares to be Acquired upon Exercise of the Share Options**
The number of shares to be acquired upon exercise of each Share Option (the “Applicable Number of Shares”) shall, in principle, be one share.
- (e) **Amount to be Contributed upon Exercise of Share Options**
Contributions upon exercise of the Share Options are to be in cash, and the amount per share in the Company to be contributed upon exercise of the Share Options will be an amount separately determined in the Gratis Allotment Resolution within the range of a minimum of one yen and a maximum of the amount equivalent to one-half of the fair market value of one share in the Company. “Fair market value” means the average closing price (including quotations) for regular transactions of the common stock of the Company on the Tokyo Stock Exchange during the 90 day period prior to the Gratis Allotment Resolution (excluding the days on which trades are not made), with any fraction less than one yen after such calculation to be rounded up to the nearest whole yen.
- (f) **Exercise Period of the Share Options**
The commencement date will be a date separately determined in the Gratis Allotment Resolution (this commencement date of the exercise period shall be referred to as the “Exercise Period Commencement Date”), and the period will, in principle, be a period from one month to six months long as separately determined in the Gratis Allotment Resolution.
- (g) **Conditions for Exercise of Share Options**
The following parties may not as a general rule exercise the Share Options (the parties falling under (I) through (VI) below shall collectively be referred to as “Non-Qualified Parties”):
- (I) Specified Large Holders (Note 11);
 - (II) Joint holders of Specified Large Holders;
 - (III) Specified Large Purchasers (Note 12);
 - (IV) Persons in special relationship with Specified Large Purchasers;
 - (V) Any transferee of, or successor to, the Share Options of any party falling under (I) through (IV) without the approval of the Board of Directors; or
 - (VI) Any Affiliated Party (Note 13) of any party falling under (I) through (V).

Further, nonresidents of Japan who are required to follow certain procedures under applicable foreign laws and ordinances to exercise the Share Options may not as a general rule exercise the Share Options (provided, however, that certain nonresidents such as those with respect to whom exemption clauses apply under the relevant applicable foreign laws and ordinances may exercise the Share Options, and the Share Options held by nonresidents will also be subject to acquisition by the Company in exchange for shares in the Company as set out in (ii) of paragraph (i) below, subject to complying with applicable laws and ordinances). In addition, anyone who fails to submit a written undertaking, in the form prescribed by the Company and containing representations and warranties regarding matters such as the fact that he or she satisfies the exercise conditions of the Share Options, indemnity clauses and other covenants, may not exercise the Share Options.

- (h) **Assignment of Share Options**

Any acquisition of the Share Options by assignment requires the approval of the Board of Directors.

(i) Acquisition of Share Options by the Company

(i) At any time on or before the date immediately prior to the Exercise Period Commencement Date, if the Board of Directors deems that it is appropriate for the Company to acquire the Share Options, the Company may, on a day that falls on a date separately determined by the Board of Directors, acquire all of the Share Options for no consideration.

(ii) On a date separately determined by the Board of Directors, the Company may acquire all of the Share Options that have not been exercised before or on the day immediately prior to such date determined by the Board of Directors, that are held by parties other than Non-Qualified Parties (if any) and, in exchange, deliver shares in the Company in the Applicable Number of Shares for each Share Option. Further, if, on or after the date upon which the acquisition takes place, the Board of Directors recognizes the existence of any party holding Share Options other than Non-Qualified Parties, the Company may, on a date determined by the Board of Directors that falls after the date upon which such acquisition takes place, acquire all of the Share Options held by that party that have not been exercised by or on the day immediately prior to such date (if any) and, in exchange, deliver shares in the Company in the Applicable Number of Shares for each Share Option. The same will apply thereafter.

(j) Delivery of Share Options in Case of Merger (Limited to Cases Where the Company Disappears as a Result of the Merger), Absorption-type Demerger (*kyushu bunkatsu*), Incorporation-type Demerger (*shinsetsu bunkatsu*), Share Exchange (*kabushiki koukan*), and Share Transfer (*kabushiki iten*)

These matters will be separately determined in the Gratis Allotment Resolution.

(k) Issuance of Certificates Representing the Share Options

Certificates representing the Share Options will not be issued.

(l) Other

In addition, the details of the Share Options will be separately determined in the Gratis Allotment Resolution.

(5) Establishment of the Special Committee

The Company has established the Special Committee as an organization that eliminates arbitrary decisions by the Board of Directors and objectively makes substantial decisions when triggering or otherwise operating the Former Plan for the shareholders, and the Company will maintain this framework when triggering or otherwise operating the Plan. The Special Committee at the time of the Renewal are composed of four members, namely two outside directors and two audit & supervisory board members of the Company who are independent from the Company's management team (standards for appointing members, requirements for resolutions, resolution matters, and other matters concerning the Special Committee are as described in Material 1 'Outline of the Rules of the Special Committee,' and the four persons described in Material 2 'Profiles of the Special Committee Members' are scheduled to be the members of the Special Committee at the time of the Renewal).

If an Acquisition is actually effected, the Special Committee will make a substantial determination as to whether or not the Acquisition would harm the corporate value of the Company and the common interests of its shareholders and the Board of Directors will pass a resolution respecting to the maximum extent such determination by the Special Committee as described in (2) 'Procedures for the Plan' above (however, as described in (f) of (2) 'Procedures for the Plan' above, if the Shareholders Meeting is held, the Board of Directors

shall follow any resolution passed at the Shareholders Meeting).

(6) Effective Period, Abolition, and Amendment of the Plan

The effective period of the Plan (the “Effective Period”) will be the period until the conclusion of the ordinary general meeting of shareholders relating to the last fiscal year ending within three years after the conclusion of this General Meeting of Shareholders.

However, if, before the expiration of the Effective Period, (i) a resolution is passed at the Company’s general meeting of shareholders to revoke its resolution regarding the assignment of authority to the Board of Directors by resolution at this General Meeting of Shareholders or (ii) the Board of Directors passes a resolution to abolish the Plan, the Plan will be abolished in accordance with the resolution.

Further, the Board of Directors may revise or amend the Plan even during the Effective Period of the Plan, if such revision or amendment is not against the purpose of the assignment of authority to the Board of Directors by resolution at this General Meeting of Shareholders (including cases where any law, ordinance, or rule of an exchange or the like concerning the Plan is established, amended or abolished and it is appropriate to reflect such establishment, amendment or abolition, cases where it is appropriate to revise the wording for reasons such as typographical errors and omissions, or cases where such revision or amendment is not detrimental to the Company’s shareholders) subject to the approval of the Special Committee.

If the Plan is abolished, amended, or the like the Company will promptly disclose the fact that such abolition or amendment, etc., has taken place, and (in the event of an amendment, etc.) the details of the amendment, etc., and any other matters.

(7) Revision Due to Amendment to Laws and Ordinances

The provisions of laws and ordinances referred to under the Plan are subject to the prevailing provisions as of May 13, 2022. If it becomes necessary after such date to revise the terms and conditions or definitions of terms set out in the paragraphs above due to the establishment, amendment or abolishment of laws and ordinances, the terms and conditions or definitions of terms set out in the paragraphs above will be read accordingly as required to a reasonable extent, taking into consideration the purposes of such establishment, amendment or abolishment.

- (Note 1) “Proposal” includes solicitation of a third party.
- (Note 2) Defined in Article 27-23(4) of the Financial Instruments and Exchange Act. This definition applies throughout this proposal.
- (Note 3) Including persons described as a holder under Article 27-23(3) of the Financial Instruments and Exchange Act (including persons who are deemed to fall under the above by the Board of Directors of the Company). The same applies throughout this proposal.
- (Note 4) Defined in Article 27-23(1) of the Financial Instruments and Exchange Act. The same applies throughout this proposal unless otherwise provided for.
- (Note 5) Defined in Article 27-2(6) of the Financial Instruments and Exchange Act. The same applies throughout this proposal.
- (Note 6) Defined in Article 27-2(8) of the Financial Instruments and Exchange Act. The same applies throughout this proposal.
- (Note 7) Defined in Article 27-2(7) of the Financial Instruments and Exchange Act (including persons who are deemed to fall under the above by the Board of Directors); provided, however, that persons provided for in Article 3(2) of the Cabinet Office Regulations concerning Disclosure of a Tender Offer by an Acquirer other than the Issuing Company are excluded from the persons described in Article 27-2(7)(i) of the Financial Instruments and Exchange Act. The same applies throughout this proposal.
- (Note 8) Defined in Article 27-2(1) of the Financial Instruments and Exchange Act.
- (Note 9) Defined in Article 27-23(5) of the Financial Instruments and Exchange Act, including persons regarded as a joint holder under Article 27-23(6) of the Financial Instruments and Exchange Act (including persons who are deemed a joint holder by the Board of Directors). The same applies throughout this proposal.
- (Note 10) Defined in Article 9(5) of the Order for Enforcement of the Financial Instruments and Exchange Act.
- (Note 11) “Specified Large Holder” means, in principle, a party who is a holder of share certificates, etc., issued by the Company and whose holding ratio of share certificates, etc., in respect of such share certificates, etc., is 20% or more (including any party who is deemed applicable to the above by the Board of Directors); provided, however, that a party that the Board of Directors recognizes as a party whose acquisition or holding of share certificates, etc., of the Company is not contrary to the Company’s corporate value or the common interests of shareholders or a certain other party specified in the Gratis Allotment Resolution is not a Specified Large Holder. The same applies throughout this proposal.
- (Note 12) “Specified Large Purchaser” means, in principle, a person who makes a public announcement of purchase, etc., (as defined in Article 27-2(1) of the Financial Instruments and Exchange Act; the same applies throughout this Note 12) of share certificates, etc., (as defined in Article 27-2(1) of the Financial Instruments and Exchange Act; the same applies throughout this Note 12) issued by the Company through a tender offer and whose ratio of ownership of share certificates, etc., in respect of such share certificates, etc., owned by such person (including cases equivalent to being owned by such person as prescribed in Article 7(1) of the Order for Enforcement of the Financial Instruments and Exchange Act) after such purchase, etc., is 20% or more when combined with the ratio of ownership of share certificates, etc., of persons in special relationship of such person (including any party who is deemed to fall under the above by the Board of Directors); provided, however, that a party that the Board of Directors recognizes as a party whose

acquisition or holding of share certificates, etc., of the Company is not contrary to the Company's corporate value or the common interests of shareholders or certain other party that the Board of Directors determines in the Gratis Allotment Resolution is not a Specified Large Purchaser. The same applies throughout this proposal.

- (Note 13) An "Affiliated Party" of a given party means a person who substantially controls, is controlled by, or is under common control with such given party (including any party who is deemed to fall under the above by the Board of Directors), or a party deemed by the Board of Directors to act in concert with such given party. "Control" means to "control the determination of the financial and business policies" (as defined in Article 3(3) of the Enforcement Regulations of the Companies Act) of other corporations or entities.

Material 1

Outline of the Rules of the Special Committee

- The Special Committee shall be established by resolution of the Board of Directors.
- There shall be no less than three members of the Special Committee, and the Board of Directors shall elect the members from (i) Outside Directors of the Company, (ii) Outside Audit & Supervisory Board Members of the Company and (iii) outside experts. Such outside experts must be experienced corporate managers, persons with knowledge of the investment banking industry, attorneys, certified public accountants, researchers whose research focuses on the Companies Act, corporate management, or the like, or persons of similar qualifications, and must have executed with the Company an agreement separately specified by the Board of Directors that contains a provision obligating them to exercise the duty of care of a good manager or similar provision.
- Unless otherwise determined by a resolution of the Company's Board of Directors, the term of office of members comprising the Special Committee ("Special Committee Members") will be until the conclusion of the ordinary general meeting of shareholders relating to the fiscal year ending March 31, 2025. Further, if any Special Committee Member no longer satisfies any of the qualification requirements above (except for that person's reelection as Outside Director or Outside Audit & Supervisory Board Member of the Company), that person's term of office as Special Committee Member shall end at the same time.
- The Special Committee shall pass resolutions regarding the matters listed below and make recommendations to the Board of Directors containing the details of and reasons for the resolution. Respecting such recommendations of the Special Committee to the maximum extent, the Company's Board of Directors shall pass a resolution regarding matters such as the implementation or non-implementation of the gratis allotment of Share Options (however, if a resolution is otherwise adopted at the Shareholders Meeting with respect to the implementation or non-implementation of the gratis allotment of Share Options as set out in (i) below, the Board of Directors shall follow that resolution). Each Special Committee Member and each Director of the Company must make such decisions with a view to whether or not the corporate value of the Company and the common interests of its shareholders will be enhanced, and they must not serve the purpose of their own interests or those of the management of the Company.
 - (i) The implementation or non-implementation of the gratis allotment of Share Options.
 - (ii) The cancellation of the gratis allotment of Share Options or acquisition of Share Options for no consideration.
 - (iii) Any other matters that are for determination by the Company's Board of Directors in respect to which it has consulted the Special Committee.
- In addition to the matters prescribed above, the Special Committee shall conduct the matters listed below.
 - (i) Determining whether the Acquisitions should be subject to the Plan.
 - (ii) Deciding to extend the Special Committee Consideration Period
 - (iii) Determining the information that the Acquirer and the Company's Board of Directors should provide to the Special Committee, and the deadline for the provision of that information.
 - (iv) Careful review and examination of the terms of the Acquirer's Acquisitions.
 - (v) Negotiation and discussion with the Acquirer.
 - (vi) Request for an alternative proposal or other information, materials, or the like it determines necessary to the Board of Directors and consideration of the alternative proposal.
 - (vii) Determining whether or not it is necessary to confirm the intent of shareholders regarding the implementation of the gratis allotment of Share Options.

- (viii) Approval of revision or amendment of the Plan.
- (ix) Any other matters that the Plan prescribes that the Special Committee may conduct.
- (x) Any matters that the Board of Directors separately determines that the Special Committee may conduct.
- If the Special Committee determines that the Acquisition Document and submitted information are inadequate as Essential Information, it will request that the Acquirer submit additional information. Further, if the Acquirer submits the Acquisition Document and Essential Information to the Special Committee, the Special Committee may request that the Board of Directors present within a certain period an opinion regarding the terms of the Acquisition by the Acquirer and materials supporting that opinion, an alternative proposal (if any), any other information and the like that the Special Committee may consider necessary according to circumstances.
- If it is necessary in order to have the terms of the Acquirer's Acquisition improved from the standpoint of ensuring and enhancing the corporate value of the Company and the common interests of its shareholders, the Special Committee shall directly or indirectly discuss and negotiate with the Acquirer, or present to shareholders, etc., the alternative plan of the Board of Directors or conduct any similar action.
- In order to collect the necessary information, the Special Committee may request the attendance of a Director, Audit & Supervisory Board Member or employee of the Company, or any other party that the Special Committee considers necessary, and may require explanation of any matter it requests.
- The Special Committee may, at the Company's expense, obtain the advice of an independent third party (including financial advisers, certified public accountants, attorneys, consultants and other experts) and conduct similar actions, and have such third party attend a meeting of the Special Committee and request that person to make a statement.
- Any Special Committee Member may convene a meeting of the Special Committee when an Acquisition arises, or at any other time.
- Each Special Committee Member shall have one voting right, and as a general rule, resolutions of meetings of the Special Committee shall pass with a majority of the voting rights held by the Special Committee Members in attendance when all of the Special Committee Members are in attendance (including remote attendance via a web conference system, telephone conference, or other methods; the same applies below). However, in unavoidable circumstances a resolution may pass with a majority of the voting rights held by the Special Committee Members in attendance when a majority of the Special Committee Members are in attendance.

End

Material 2

Profiles of the Members of the Special Committee

The following four persons are scheduled to be the members of the Special Committee upon the Renewal.

(Outside Director)

Name: Yuji Harada

Career summary

April 1974	Joined the Sumitomo Bank, Limited
June 2002	Executive Officer, General Manager of Planning Dept., International Banking Unit of Sumitomo Mitsui Banking Corporation
April 2004	Retired as Executive Officer, General Manager of Planning Dept., International Banking Unit of Sumitomo Mitsui Banking Corporation
April 2004	Managing Director of The Japan Research Institute, Limited
June 2007	Director, Senior Managing Executive Officer of The Japan Research Institute, Limited
March 2008	Retired as Director, Senior Managing Executive Officer of The Japan Research Institute, Limited
April 2008	Managing Executive Officer of Mazda Motor Corporation
November 2008	Senior Managing Executive Officer of Mazda Motor Corporation
June 2009	Director, Senior Managing Executive Officer of Mazda Motor Corporation
June 2017	Outside Director of the Company (current position)
June 2017	Retired as Director, Senior Managing Executive Officer of Mazda Motor Corporation
June 2018	Full-time Audit and Supervisory Board Member of ARUHI Corporation (scheduled to retire in June 2022)

* Mr. Yuji Harada is an Outside Director of the Company as provided for in Article 2, Item 15 of the Companies Act and the Company plans to reelect him as Special Committee Member as an Outside Director of the Company.

He does not have any special interest in the Company. In addition, the Company has notified the Tokyo Stock Exchange of the fact that he is an independent officer as prescribed by the Tokyo Stock Exchange.

(Outside Director)

Name: Masaki Yoshino

Career summary

April 1985	Joined the Ministry of Foreign Affairs of Japan
April 1995	Registered as an attorney-at-law (Dai-ichi Tokyo Bar Association) Joined Kajitani Law Offices
April 1996	Joined TMI Associates
January 2002	Registered as an attorney-at-law in New York State Bar Association
January 2003	Partner of TMI Associates
October 2004	Joined Takekawa, Oka & Yoshino Law Offices Partner of Takekawa, Oka & Yoshino Law Offices
June 2007	Outside Company Auditor of SHINKAWA LTD.
July 2014	Established Yoshino Law Offices (to date)
June 2019	Outside Director of the Company (current position)
June 2019	Outside Director (Audit and Supervisory Committee Member) of SHINKAWA LTD.
September 2019	Outside Director (Audit and Supervisory Committee Member) of Pan Pacific International Holdings Corporation

* Mr. Masaki Yoshino is an Outside Director of the Company as provided for in Article 2, Item 15 of the Companies Act and the Company plans to reelect him as Special Committee Member as an Outside Director of the Company.

He does not have any special interest in the Company. In addition, the Company has notified the Tokyo Stock Exchange of the fact that he is an independent officer as prescribed by the Tokyo Stock Exchange.

(Outside Audit & Supervisory Board Member)

Name: Naoshige Shindo

Career summary

May 1970	Joined Kirin Brewery Company, Limited
August 1975	Joined Chuo Audit Corporation
March 1979	Registered as a certified public accountant
June 1988	Representative Partner of Chuo Audit Corporation
July 2007	Representative Partner of A&A Partners
June 2008	Outside Audit & Supervisory Board Member of the Company (current position)
September 2010	Partner of A&A Partners
September 2012	Managing Partner of A&A Partners
June 2013	Outside Audit & Supervisory Board Member of Temp Holdings Co., Ltd. (currently Persol Holdings Co., Ltd.)
June 2016	Outside Director (Audit & Supervisory Committee Member) of Persol Holdings Co., Ltd.

* Mr. Naoshige Shindo is an Outside Audit & Supervisory Board Member of the Company as provided for in Article 2, Item 16 of the Companies Act and the Company plans to reelect him as Special Committee Member as an Outside Audit & Supervisory Board Member of the Company.

He does not have any special interest in the Company. In addition, the Company has notified the Tokyo Stock Exchange of the fact that he is an independent officer as prescribed by the Tokyo Stock Exchange.

(Outside Audit & Supervisory Board Member)

Name: Rumi Yamaguchi

Career summary

April 1991	Joined Chuo Shinko Audit Corporation
March 1994	Registered as a certified public accountant
August 2007	Established Rumi Yamaguchi Accounting Office (to date)
March 2012	Registered as a certified public tax accountant
	Established Rumi Yamaguchi Tax Accounting Office (to date)

* Ms. Rumi Yamaguchi will be elected as Special Committee Member as an Outside Audit & Supervisory Board Member of the Company if the proposal for the election of an Audit & Supervisory Board Member is approved and adopted at the General Meeting of Shareholders. She does not have any special interest in the Company. In addition, the Company will notify the Tokyo Stock Exchange of the fact that she is an independent officer as prescribed by the Tokyo Stock Exchange.

End