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(Stock Exchange Code 9989)
June 6, 2022

To Shareholders with Voting Rights:

Hiroshi Sadakata
CEO and Representative Director
SUNDRUG CO., LTD.
1-38-1 Wakamatsucho, Fuchu, Tokyo

NOTICE OF THE 59TH ANNUAL GENERAL MEETING OF SHAREHOLDERS

Dear Shareholders:

We would like to express our appreciation for your continued support and patronage.

We are pleased to inform you that the 59th Annual General Meeting of Shareholders of SUNDRUG CO., LTD. (the “Company”) will be held for the purposes as described below.

If you are unable to attend the meeting, you can exercise your voting rights in writing or via the Internet. In either case, you are kindly requested to examine following Reference Documents for the General Meeting of Shareholders and exercise your voting rights so that it is received by 5:30 p.m. on Friday, June 24, 2022, Japan time.

- 1. Date and Time:** Saturday, June 25, 2022, at 10:00 a.m. Japan time
(Reception commences at 9:00 a.m.)
- 2. Place:** Conference room at the Corporate Headquarters Building 3rd floor located at 1-38-1 Wakamatsucho, Fuchu, Tokyo, Japan
(Please refer to the Guide Map to the venue of Annual General Meeting of Shareholders at the end of this document.)
- 3. Meeting Agenda:**
 - Matters to be reported:**
 1. The Business Report, Consolidated Financial Statements for the Company’s 59th Fiscal Year (April 1, 2021 - March 31, 2022) and results of audits by the Accounting Auditor and the Audit & Supervisory Board of the Consolidated Financial Statements
 2. Non-consolidated Financial Statements for the Company’s 59th Fiscal Year (April 1, 2021 - March 31, 2022)
 - Proposal to be resolved:**
 - Proposal 1:** Appropriation of Surplus
 - Proposal 2:** Partial Amendment to Articles of Incorporation
 - Proposal 3:** Election of seven (7) Directors
 - Proposal 4:** Election of one (1) Corporate Auditor

Before attending the General Meeting of Shareholders, please check the situation and your health condition at the time of the meeting and consider whether or not to attend.

When attending the meeting, please submit the enclosed Voting Rights Exercise Form at the reception desk.

Among the documents attached to the Notice, the Notes to the Consolidated Financial Statements as part of the Consolidated Financial Statements and the Notes to the Non-consolidated Financial Statements as part of the Non-consolidated Financial Statements are posted on the Company’s website (<https://www.sundrug.co.jp/>) (Japanese only) in accordance with laws and regulations as well as Article 14 of the Articles of Incorporation of the Company, and are therefore not included in the documents attached to this notice.

Any change in either of the Business Report, Non-consolidated Financial Statements, Consolidated Financial Statements, and Reference Documents for the General Meeting of Shareholders will be posted on the Company’s website (Japanese only).

Reference Documents for the General Meeting of Shareholders

Proposal 1: Appropriation of Surplus

The Company would like to appropriate the surplus as follows:

Matters concerning year-end dividends:

The Company proposes that year-end dividends of the 59th fiscal year as follows in view of performance of the fiscal year under review and future business development, etc.

(1) Type of dividend assets:

Cash

(2) Matters concerning the allotment of dividend assets to the shareholders and the amount thereof:

36 yen per share of common stock of the Company

Total amount will be 4,209,243,984 yen.

The total dividend for the fiscal year under review is 71 yen per share, increased by 1 yen per share over the previous year, including the interim dividend of 35 yen per share.

(3) Date when dividends of surplus take effect:

Monday, June 27, 2022

Proposal 2: Partial Amendment to Articles of Incorporation

1. Reasons for the Amendment

- (1) On June 16, 2021, the " Act for Partially Amending the Industrial Competitiveness Enhancement Act and Other Related Acts" went into effect, allowing listed companies to hold general shareholders' meetings without a fixed place (a general shareholders' meeting without a physical venue, attended by Directors and shareholders via the Internet or other means) under certain conditions, as provided in the Articles of Incorporation. The Company will establish a new Article 12, Paragraph 2 of the proposed amendment to allow the Company to hold a General Meeting of Shareholders without a fixed place when the Board of Directors decides that it is not appropriate to hold a General Meeting of Shareholders with a fixed place in light of the interests of shareholders due to the spread of infectious diseases or occurrence of a large-scale disaster including natural disasters, etc. In addition to the resolution at this Ordinary General Meeting of Shareholders, the amendment to Article 12 of the Articles of Incorporation shall take effect on the date of receipt of confirmation from the Minister of Economy, Trade and Industry and the Minister of Justice that the General Meeting of Shareholders without place by the Company meets the requirements specified by the Ordinance of the Ministry of Economy, Trade and Industry and the Ordinance of the Ministry of Justice as a case where it will help strengthen industrial competitiveness while giving consideration to ensuring shareholders' interests. Subject to confirmation by the Minister of Economy, Trade and Industry and the Minister of Justice, the amendment to Article 12 of the Articles of Incorporation shall take effect on the later of the date of such confirmation or June 25, 2022.
- (2) 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 be enforced on September 1, 2022. Accordingly, in order to prepare for the introduction of the system for electronic provision of materials for general meetings of shareholders, the Articles of Incorporation of the Company shall be amended as follows.
 - (i) The proposed Article 14, Paragraph 1 provides that information contained in the reference materials for the general meeting of shareholders, etc. shall be provided electronically.
 - (ii) The purpose of the proposed Article 14, Paragraph 2 is to establish a provision to limit the scope of matters to be included in the paper copy to be sent to shareholders who have requested it.
 - (iii) The provisions related to the internet disclosure and deemed provision of the reference materials for the general meeting of shareholders, etc. (Article 14 of the current Articles of Incorporation) will become unnecessary and will therefore be deleted.
 - (iv) In line with the above establishment and deletion of the provisions, supplementary provisions related to the effective date, etc. shall be established.
- (3) The term of office of Directors will be shortened from two years to one year in order to establish a management structure that can respond quickly to changes in the business environment, to clarify the management responsibility of Directors, and to enhance opportunities for shareholders to have confidence in the Company.

2. Details of the Amendment

The details of the amendments are as follows.

(Amended sections are underlined.)

Current Articles of Incorporation	Proposed Amendments
<p>Article 12 (Convocation) An ordinary general meeting of shareholders of the Company shall be convened within three months from the day following the end of each fiscal year, and an extraordinary general meeting of shareholders shall be convened whenever necessary.</p> <p style="text-align: center;"><Newly established></p> <p><u>(Article 14 Internet Disclosure and Deemed Provision of Reference Materials for the General Meeting of Shareholders, Etc.)</u> <u>The Company may, when convening a general meeting of shareholders, deem that it has provided information to shareholders pertaining to matters to be described or indicated in the reference materials for the general meeting of shareholders, business report, non-consolidated financial statements, and consolidated financial statements, by disclosing such information through the internet in accordance with the provisions provided in the Ordinance of the Ministry of Justice.</u></p> <p style="text-align: center;"><Newly established></p>	<p>Article 12 (Convocation <u>and Method</u>) An ordinary general meeting of shareholders of the Company shall be convened within three months from the day following the end of each fiscal year, and an extraordinary general meeting of shareholders shall be convened whenever necessary. <u>(ii) The Company may hold a general meeting of shareholders without a fixed place if the Board of Directors determines that it is not appropriate to hold a general meeting of shareholders with a fixed place in light of the benefit of shareholders due to the spread of an infection or an outbreak of a large-scale disaster, including natural disasters.</u></p> <p style="text-align: center;"><Deleted></p> <p><u>Article 14 (Measures for Electronic Provision, Etc.)</u> <u>The Company shall, when convening a general meeting of shareholders, provide information contained in the reference materials for the general meeting of shareholders, etc. electronically.</u> <u>(ii) Among the matters to be provided electronically, the Company may choose not to include all, or part of the matters stipulated in the Ordinance of the Ministry of Justice in the paper copy to be sent to shareholders who have requested it by the record date for voting rights.</u></p>

Current Articles of Incorporation	Proposed Amendments
<p>Article 20 (Term of Office) The term of office of Directors shall expire at the conclusion of the ordinary General Meeting of Shareholders held with respect to the last accounting year ending within <u>two (2)</u> years after their election as Directors. (ii) The term of office of Directors elected to fill a vacancy or increase in the number of Directors shall expire at the end of the term of office of the other Directors in office.</p> <p style="text-align: center;"><Newly established></p>	<p>Article 20 (Term of Office) The term of office of Directors shall expire at the conclusion of the ordinary General Meeting of Shareholders held with respect to the last accounting year ending within <u>one (1)</u> year after their election as Directors. (ii) The term of office of Directors elected to fill a vacancy or increase in the number of Directors shall expire at the end of the term of office of the other Directors in office.</p> <p><u>(Supplementary provisions)</u> <u>1. The deletion of Article 14 (Internet Disclosure and Deemed Provision of Reference Materials for the General Meeting of Shareholders, Etc.) of the current Articles of Incorporation and the proposed Article 14 (Measures for Electronic Provision, Etc.) shall come into effect on the date of enforcement of 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) (the “Effective Date”).</u> <u>2. Notwithstanding the provisions of the preceding paragraph, Article 14 of the current Articles of Incorporation shall remain in force with respect to a general meeting of shareholders to be held on a date within six months from the Effective Date.</u> <u>3. These supplementary provisions shall be deleted after the lapse of six months from the Effective Date or the lapse of three months from the date of the general meeting of shareholders set forth in the preceding paragraph, whichever is later.</u></p>

Proposal 3: Election of seven (7) Directors

The terms of office of six (6) Directors will expire at the conclusion of this General Meeting of Shareholders. Accordingly, in order to further strengthen and enhance the Group's management structure, the Company proposes to increase the number of Directors by one (1), bringing the total number of Directors to seven (7).

The candidates are as follows:

No.	Name	Current positions at the Company	Attributes	Board of Directors/ Attendance
1	Hiroshi Sadakata	CEO and Representative Director	Reelection	100% (17/17)
2	Naoki Tada	Chairman and Director	Reelection	100% (17/17)
3	Yoshimitsu Sakai	Executive Officer and General Manager of Store Development Department	New Appointment	- (-)
4	Takashi Tada	Director	Reelection	100% (17/17)
5	Nobuhiko Sugiura	External Director	Reelection External Independent	100% (17/17)
6	Masato Matsumoto	External Director	Reelection External Independent	100% (17/17)
7	Tomoko Tsuji	External Director	Reelection External Independent	100% (17/17)

Reelection	Candidate to be reelected	New Appointment	Candidate to be newly appointed
External	Candidate for External Director	Independent	Independent officer in accordance with the rules of the Tokyo Stock Exchange, Inc.

No.	Name (Date of birth)	Past experience, positions and significant concurrent positions	Number of shares of the Company held, etc.
1	Hiroshi Sadakata (September 27, 1970) <u>Reelection</u>	March 1989 Joined the Company April 2001 Section Manager, Corporate Planning Office January 2003 Deputy Manager, the Second Sales Division April 2004 Manager, the Second Sales Division April 2005 Executive Officer and Manager of the Second Sales Division June 2008 Director and Manager of the Second Sales Division December 2009 Director May 2019 President and Representative Director April 2022 CEO and Representative Director (to present) [Significant concurrent positions] Chairman and Representative Director of DIREX CORPORATION	<u>Term of Service on the Board of Directors:</u> 14 years <u>Attendance at Board Meetings:</u> 100% (17/17) <u>Number of shares of the Company held:</u> 14,000 shares
[Reasons to be selected as a candidate for Director] Mr. Hiroshi Sadakata has served as Vice President and Representative Director of DIREX CORPORATION, an important subsidiary of the Company from December 2009, as President and Representative Director of DIREX CORPORATION from June 2014, and as President and Representative Director of the Company from May 2019 and demonstrated his ability as top management. He has extensive business experience and a wide range of knowledge in management and supervision in general. Accordingly, the Company proposes that he continues his position as a Director as he is deemed to be an appropriate person for the Group to sustainably enhance its corporate value.			

No.	Name (Date of birth)	Past experience, positions and significant concurrent positions	Number of shares of the Company held, etc.
2	<p data-bbox="220 510 443 577">Naoki Tada (November 13, 1962)</p> <p data-bbox="268 600 395 633"><u>Reelection</u></p>	<p data-bbox="475 253 1161 465"> May 1990 Joined the Company April 1995 Section Manager, Corporate Planning Office March 2001 Retired from the Company June 2001 Director of the Company April 2019 Director and General Manager of Administrative Division April 2022 Chairman and Director (to present) </p> <p data-bbox="475 472 1169 741"> [Special Interests with the Company] Mr. Naoki Tada serves as Chairman and Representative Director of IRYUSHOJI CO., LTD. and Forest Mall Co., Ltd. IRYUSHOJI CO., LTD. is the largest shareholder of the Company. The Company has real estate lease transactions with Forest Mall Co., Ltd. and commodity transactions with C'S ONE, CO., a subsidiary of IRYUSHOJI CO., LTD., and real estate lease transactions with IRYU INVESTMENT, LLC. </p> <p data-bbox="475 748 1153 925"> [Significant concurrent positions] Chairman and Representative Director of IRYUSHOJI CO., LTD. Chairman and Representative Director of Forest Mall Co., Ltd. Director of Seikodo Pharmacy Corporation </p>	<p data-bbox="1193 421 1417 510"> <u>Term of Service on the Board of Directors:</u> 21 years </p> <p data-bbox="1217 544 1417 633"> <u>Attendance at Board Meetings:</u> 100% (17/17) </p> <p data-bbox="1217 674 1417 763"> <u>Number of shares of the Company held:</u> 3,112,000 shares </p>
<p data-bbox="220 931 834 965">[Reasons to be selected as a candidate for Director]</p> <p data-bbox="220 965 1433 1169"> Mr. Naoki Tada has served as Non-executive Director from June 2001, as Director and General Manager of Administrative Division from April 2019, and has been involved in business management fulfilling his role and responsibility. He has a wide range of knowledge in management in general as a top manager, based on his extensive business experience with the Company and experience as Chairman, President and Representative Director at other companies. Accordingly, the Company proposes that he continues his position as a Director as he is deemed to be an appropriate person for the Group to sustainably enhance its corporate value. </p>			

No.	Name (Date of birth)	Past experience, positions and significant concurrent positions	Number of shares of the Company held, etc.
3	Yoshimitsu Sakai (December 15, 1964) <u>New Appointment</u>	November 1983 Joined the Company April 1998 Section Manager, Sales Department April 2001 Deputy Manager, Store Development Department April 2005 Executive Officer and Manager, Store Development Department June 2010 Director and Manager, Store Development Department March 2019 Executive Officer and General Manager, Store Development Department (to present) [Significant concurrent positions] None	<u>Term of Service on the Board of Directors:</u> 8 years 9 months <u>Attendance at Board Meetings:</u> - <u>Number of shares of the Company held:</u> 23,100 shares
[Reasons to be selected as a candidate for Director] Mr. Yoshimitsu Sakai has been engaged in corporate management at the Company in the sales, product and store development department, and as an executive officer and Director since April 2005, and has performed his roles and responsibilities. With his extensive business experience and prominent level of knowledge in management and store development, the Company has determined that he is qualified to strengthen the functions of the Board of Directors and to realize sustainable enhancement of the Group's corporate value and has thus nominated him as a candidate for the Directors. *The term of office as Director was from June 2010 to March 2019.			

No.	Name (Date of birth)	Past experience, positions and significant concurrent positions	Number of shares of the Company held, etc.
4	<p>Takashi Tada (March 10, 1969)</p> <p><u>Reelection</u></p>	<p>April 1992 Joined Ito-Yokado Co., Ltd. October 1996 Joined the Company March 2001 Director of IRYUSHOJI CO., LTD. (Non-Executive Director to present) April 2001 Section Manager, Information Section, Merchandise Division January 2003 Section Manager, Supplier Section, Merchandise Division May 2005 Section Manager, Corporate Planning Office December 2006 Retired from the Company January 2007 Senior Managing Director of Yamaki SC Kaihatsu Co., Ltd. (currently Forest Mall Co., Ltd.) June 2009 President and Representative Director of Forest Co., Ltd. (currently Forest Mall Co., Ltd.) April 2014 Representative Director and President of C'sRetail Co., Ltd. (currently C's One Co., Ltd.) March 2017 Retired from the position June 2017 Director of the Company (to present)</p> <p>[Special Interests with the Company] Mr. Takashi Tada is a non-executive director of IRYUSHOJI CO., LTD., which is the Company's largest shareholder. The Company has commodity transactions with C'S ONE, CO., LTD., a subsidiary of IRYUSHOJI CO., LTD., and real estate lease transactions with IRYU INVESTMENT, LLC.</p> <p>[Significant concurrent positions] Director of IRYUSHOJI CO., LTD. (Non-Executive Director to present) President and Representative Director of DIREX, CORPORATION</p>	<p><u>Term of Service on the Board of Directors:</u> 5 years</p> <p><u>Attendance at Board Meetings:</u> 100% (17/17)</p> <p><u>Number of shares of the Company held:</u> 2,200,000 shares</p>
<p>[Reasons to be selected as a candidate for Director] Since joining the Company in October 1996, Mr. Takashi Tada has taken on a wide range of assignments, and after retiring from the Company, he has been engaged in corporate management. Since May 2019, he has served as President and Representative Director of DIREX, CORPORATION, a significant subsidiary, and has proven his skills as a top manager. He has abundant business experience and a prominent level of knowledge in general management and administrative supervision. Accordingly, the Company proposes that he continues his position as a Director as he is deemed to be an appropriate person for the Group to sustainably enhance its corporate value.</p>			

No.	Name (Date of birth)	Past experience, positions and significant concurrent positions	Number of shares of the Company held, etc.
5	Nobuhiko Sugiura (February 7, 1966) <div style="border: 1px solid black; padding: 2px; display: inline-block;">Reelection</div> <div style="border: 1px solid black; padding: 2px; display: inline-block;">External</div> <div style="border: 1px solid black; padding: 2px; display: inline-block;">Independent</div>	April 1989 Joined The Hongkong and Shanghai Banking Corporation Limited August 2001 Research Officer at Financial Research Center of Policy and Legal Division, Planning and Coordination Bureau, Financial Services Agency March 2004 Completed the Doctorate Course, Civil Legislation Major at the Graduate School of Law of the Chuo University (Doctor of Laws) April 2006 Senior Legal Advisor at JP Morgan Securities Japan Co., Ltd. April 2008 Professor at the Chuo Graduate School of Strategic Management (to present) June 2014 External Director of the Company (to present) [Significant concurrent positions] Professor at the Chuo Graduate School of Strategic Management Member of the Council for issues on multiple debts and consumer loans, Financial Services Agency	<u>Term of Service on the Board of Directors:</u> 8 years <u>Attendance at Board Meetings:</u> 100% (17/17) <u>Number of shares of the Company held:</u> 0 shares
[Reasons to be selected as a candidate for External Director and summary of expected roles] Mr. Nobuhiko Sugiura has extensive research experience in corporate strategy and compliance as a graduate school professor and Doctor of Jurisprudence. He is fulfilling his role to help the Company's business in general by giving advice and making proposals so as to enhance the decision making and supervisory function of the Board of Directors from a neutral and objective perspective. He is also expected to perform his duties appropriately from an independent viewpoint as an External Director. Accordingly, the Company proposes that he continues his position as an External Director.			

No.	Name (Date of birth)	Past experience, positions and significant concurrent positions	Number of shares of the Company held, etc.
6	<p data-bbox="229 607 368 730">Masato Matsumoto (January 11, 1957)</p> <p data-bbox="229 759 368 853"> Reelection External Independent </p>	<p data-bbox="419 300 1171 356">April 1979 Joined The Nomura Securities Investment Trust Sales Co., Ltd.</p> <p data-bbox="419 360 1161 450">September 2002 Executive Officer of Mitsubishi Securities Co., Ltd. (currently, Mitsubishi UFJ Securities Holdings Co., Ltd.)</p> <p data-bbox="419 454 1206 533">May 2010 Managing Executive Officer, Manager of Osaka Branch, Mitsubishi UFJ Morgan Stanley Securities Co., Ltd.</p> <p data-bbox="419 537 1137 593">June 2012 Senior Managing Director of Mitsubishi UFJ Morgan Stanley Securities Co., Ltd.</p> <p data-bbox="419 598 1126 654">June 2013 Executive Vice President of Mitsubishi UFJ Morgan Stanley Securities Co., Ltd.</p> <p data-bbox="419 658 1166 770">June 2015 Executive Vice President of Mitsubishi UFJ Morgan Stanley Securities Co., Ltd., Managing Executive Officer of Mitsubishi UFJ Financial Group, Inc.</p> <p data-bbox="419 775 1161 831">June 2016 Chairman and Representative Director of MUS Business Service Co., Ltd.</p> <p data-bbox="419 835 975 862">July 2017 Advisor of SBS Holdings, Inc.</p> <p data-bbox="419 866 1150 893">June 2018 External Director of the Company (to present)</p> <p data-bbox="419 898 1171 954">June 2019 Outside Audit & Supervisory Board Member of SBS Holdings, Inc.</p> <p data-bbox="419 958 1201 1037">March 2021 Outside Director (Member of the Audit and Supervisory Committee) of SBS Holdings, Inc. (to present)</p> <p data-bbox="419 1041 1201 1128"> [Significant concurrent positions and summary of expected roles] Outside Director (Member of the Audit and Supervisory Committee) of SBS Holdings, Inc. </p>	<p data-bbox="1241 528 1433 651"> <u>Term of Service on the Board of Directors:</u> 4 years </p> <p data-bbox="1230 689 1433 779"> <u>Attendance at Board Meetings:</u> 100% (17/17) </p> <p data-bbox="1230 817 1433 907"> <u>Number of shares of the Company held:</u> 0 shares </p>
<p data-bbox="209 1135 935 1162">[Reasons to be selected as a candidate for External Director]</p> <p data-bbox="209 1167 1442 1310">Mr. Masato Matsumoto has extensive business experience and a wide range of knowledge, and he is fulfilling his role to help the Company's business in general by giving advice and making proposals so as to enhance the decision making and supervisory function of the Board of Directors from a neutral and objective perspective. He is also expected to perform his duties appropriately from an independent viewpoint as an External Director. Accordingly, the Company proposes that he continues his position as an External Director.</p>			

No.	Name (Date of birth)	Past experience, positions and significant concurrent positions	Number of shares of the Company held, etc.
7	Tomoko Tsuji (August 16, 1956) <div style="border: 1px solid black; padding: 2px; display: inline-block;">Reelection</div> <div style="border: 1px solid black; padding: 2px; display: inline-block;">External</div> <div style="border: 1px solid black; padding: 2px; display: inline-block;">Independent</div>	April 1979 Joined Ajinomoto Co., Inc. February 1987 Received a doctorate in Agriculture (former Laboratory of Applied Microbial Chemistry, the University of Tokyo) March 1988 Postdoctoral Fellow at The Rockefeller University November 1988 Postdoctoral Fellow at the Pennsylvania State University December 1989 Joined Sagami Chuo Chemical Research Institute May 1999 Joined FANCL CORPORATION June 2007 Executive Director, General Manager of FANCL Research Institute, FANCL CORPORATION May 2008 Advisor of Nippon Suisan Kaisha, Ltd. April 2009 General Manager of Human Life Science R&D Center, Nippon Suisan Kaisha, Ltd. May 2015 Executive Officer; General Manager of Ingredients Development Department, Group Merchandising Division, YOSHINOYA HOLDINGS CO., LTD. (to present) June 2020 External Director of the Company (to present) [Significant concurrent positions and summary of expected roles] Executive Officer; General Manager of Ingredients Development Department, Group Merchandising Division, YOSHINOYA HOLDINGS CO., LTD.	<u>Term of Service on the Board of Directors:</u> 2 years <u>Attendance at Board Meetings:</u> 100% (17/17) <u>Number of shares of the Company held:</u> 0 shares
[Reasons to be selected as a candidate for External Director] Ms. Tomoko Tsuji has been engaged in research and development of product materials and management of retail business as a Doctor in Agriculture. She has knowledge of overall management and provides useful advice and suggestions regarding the Company's overall management from a neutral and objective standpoint, and also plays a role in strengthening the decision-making and supervisory functions of the Board of Directors. She is also expected to perform her duties appropriately from an independent viewpoint as an External Director. Accordingly, the Company proposes that she continues her position as an External Director.			

(Notes)

1. Mr. Naoki Tada, a candidate for Director, concurrently serves as Chairman and Representative Director of IRYUSHOJI CO., LTD. and Forest Mall Co., Ltd. Mr. Takashi Tada, a candidate for Director, serves as a Non-executive Director of IRYUSHOJI CO., LTD., which is the largest shareholder of the Company. The Company has real estate lease transactions with Forest Mall Co., Ltd. and commodity transactions with C's One Co., Ltd., a subsidiary of IRYUSHOJI CO., LTD. and real estate lease transactions with IRYUSHOJI CO., LTD. Investment, LLC. Mr. Naoki Tada and Mr. Takashi Tada are siblings.
2. There are no special interests between the other candidates for Director and the Company.
3. Mr. Nobuhiko Sugiura, Mr. Masato Matsumoto and Ms. Tomoko Tsuji are candidates for External Directors.
4. The terms of office of candidates for External Directors
 - Mr. Nobuhiko Sugiura, a current External Director of the Company, will have been in office for 8 years at the close of this annual meeting of shareholders.
 - Mr. Masato Matsumoto, a current External Director of the Company, will have been in office for 4 years at the close of this annual meeting of shareholders.
 - Ms. Tomoko Tsuji, a current External Director of the Company, will have been in office for 2 years at the close of this annual meeting of shareholders.
5. If the appointment of Mr. Nobuhiko Sugiura, Mr. Masato Matsumoto and Ms. Tomoko Tsuji as External Directors is approved, the Company plans to continue the agreement with each of Mr. Nobuhiko Sugiura, Mr. Masato Matsumoto and Ms. Tomoko Tsuji to limit their liabilities as provided in Article 427, Paragraph 1 of the Companies Act, pursuant to the Articles of Incorporation of the Company. The limit of liability in the said agreement under Article 423, Paragraph 1 of the same Act is equal to the minimum liability limit stipulated by laws and regulations.
6. The Company has concluded a directors and officers liability insurance agreement provided for in Article 430-3, paragraph (1) of the Companies Act with an insurance company, the said insurance agreement shall compensate for damages including compensation for damages and legal expenses to be borne by the insureds. Each candidate will be included in the insured persons under this insurance agreement. The Company plans to renew this insurance agreement with the same content at the next renewal.
7. If the appointment of Mr. Nobuhiko Sugiura, Mr. Masato Matsumoto and Ms. Tomoko Tsuji as External Directors is approved, Mr. Nobuhiko Sugiura, Mr. Masato Matsumoto and Ms. Tomoko Tsuji will continue to be filed with the Tokyo Stock Exchange Inc. as independent officers to take office as independent officer.

Proposal 4: Election of one (1) Corporate Auditor

The Company proposes to increase the number of Corporate Auditors by one (1) in order to strengthen and enhance the auditing system. This Proposal has been approved by the Audit & Supervisory Board.

The candidate is as follows:

No.	Name (Date of birth)	Past experience, positions and significant concurrent positions	Number of shares of the Company held, etc.
1	Kishiko Wada (Name in family register: Kishiko Inoue) (June 20, 1971) <u>New Appointment</u>	<p>April 1996 Joined Fuji Godo Law Office (to present)</p> <p>July 2015 Outside Director, Toshiba Plant Systems & Services Corporation</p> <p>April 2016 Practicing Attorney Professor for Civil Advocacy at the Legal Training and Research Institute of the Supreme Court</p> <p>February 2020 Examiner for the Preliminary Bar Examination (Code of Civil Procedure)</p> <p>March 2021 External Corporate Auditor, L is B Corp. (to present)</p> <p>April 2021 Vice-President, the Dai-ichi Tokyo Bar Association Executive director, Kanto Federation of Bar Associations</p> <p>June 2022 Outside Director, TAKAOKA TOKO CO., LTD. (Audit and Supervisory Committee Member) (planned)</p> <p>[Significant concurrent positions] Fuji Godo Law Office External Corporate Auditor, L is B Corp. Outside Director, TAKAOKA TOKO CO., LTD. (Audit and Supervisory Committee Member) (planned)</p>	<p>Number of shares of the Company held: 0 shares</p>
<p>[Reasons to be selected as a candidate for External Corporate Auditor] Ms. Kishiko Wada has never been involved in corporate management in the past, however, she has abundant business experience and expertise in legal and other matters as a lawyer, and she is expected to conduct audits from an objective and neutral standpoint. Accordingly, the Company proposes here as a candidate for External Corporate Auditor.</p>			

(Notes)

1. There are no special interests between each candidate for Corporate Auditor and the Company.
2. Ms. Kishiko Wada is candidate for External Corporate Auditor.
3. If the appointment of Ms. Kishiko Wada as External Corporate Auditors is approved, the Company plans to continue the agreement with Ms. Kishiko Wada to limit her liability as provided in Article 427, Paragraph 1 of the Companies Act, pursuant to the Articles of Incorporation of the Company. The limit of liability in the said agreement under Article 423, Paragraph 1 of the same Act is equal to the minimum liability limit stipulated by laws and regulations.
4. The Company has concluded a directors and officers liability insurance agreement provided for in Article 430-3, paragraph (1) of the Companies Act with an insurance company, the said insurance agreement shall compensate for damages including compensation for damages and legal expenses to be borne by the insureds. The candidate will be included in the insured persons under this insurance agreement. The Company plans to renew this insurance agreement with the same content at the next renewal.
5. If Ms. Kishiko Wada is elected as External Corporate Auditor, she will be an independent officer as defined by the Tokyo Stock Exchange Inc.
6. Ms. Kishiko Wada's name in the family register is Kishiko Inoue.

(Reference)

Major Expertise, Knowledge, Experience, etc. of Directors and Corporate Auditors after the Meeting

If Proposals 3 and 4 of the Meeting are approved as proposed, main expertise, knowledge and experience of the Directors and Corporate Auditors after the Meeting are as follows.

	Name	Current positions at the Company	Corporate Management	Industrial Experience	Global	ESG	Finance Accounting M&A	Risk Management / Legal Affairs
Director	Hiroshi Sadakata	CEO and Representative Director	●	●		●		●
	Naoki Tada	Chairman and Director	●	●	●	●	●	
	Yoshimitsu Sakai	Director		●		●		
	Takashi Tada	Director	●	●		●		
	Nobuhiko Sugiura	External Director			●	●	●	●
	Masato Matsumoto	External Director	●			●	●	
	Tomoko Tsuji	External Director	●	●	●	●		
Corporate Auditor	Kazutoshi Yamashita	External Corporate Auditor				●	●	
	Tetsuro Ozawa	External Corporate Auditor			●	●	●	●
	Kazuma Shinohara	External Corporate Auditor				●	●	
	Kishiko Wada	External Corporate Auditor				●		●

(The Company's policy and process for the selection of Directors and Corporate Auditors)

The appointment of senior management and nomination of candidates for Directors are subject to deliberation and report by the voluntary "Nomination and Compensation Advisory Committee" under the "Criteria for Selection and Dismissal of Directors and Corporate Auditors," including the candidates' past business experience, performance, knowledge, management and risk judgment, excellent management and supervisory skills, insight, ethics, and foresight, and their contribution to enhancing corporate value. After careful consideration of the criteria, the Board of Directors then decides, including ensuring diversity and overall balance. Nomination of candidates for Corporate Auditors is based on their abundant knowledge and experience, multifaceted vision, high ethical standards, and ability to audit from a neutral and objective standpoint. In accordance with the "Standards for Selection and Dismissal of Directors and Corporate Auditors," the final decision is made by the Board of Directors after deliberation by the voluntary "Nomination and Compensation Advisory Committee" and consideration and consent by the Board of Auditors.

For the nomination of candidates for External Directors and External Auditors, the Company selects candidates based on the "Criteria for Independence of External Directors and External Auditors," which are separately established, candidates who have extensive experience in corporate management or academic knowledge, or candidates who have a high level of specialized knowledge and experience in legal, financial, accounting, etc. and who can perform their respective duties from a neutral and objective viewpoint.

If the members of the Board of Directors determine that a relevant subject Director is not fully performing the expected functions in light of the "Criteria for Selection and Dismissal of Directors and Corporate Auditors," a formal request shall be made to the External Directors who are members of the voluntary "Nomination and Compensation Advisory Committee. The Committee, excluding the Director in question, meets to discuss the dismissal or removal of the Director. Depending on the results of the discussion, the Committee will exchange opinions with the Director in question and submit the matter to the Board of Directors, followed by a resolution to dismiss the Director after sufficient deliberation, or to submit the dismissal to the General Meeting for resolution.