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Stock Exchange Code 5393  
June 6, 2022

**To Shareholders with Voting Rights:**

Toshiyuki Takei  
President and Chief Executive Officer  
NICHIAS Corporation  
6-1, Hatchobori 1-chome, Chuo-ku, Tokyo,  
Japan

NOTICE OF  
THE 206TH ANNUAL GENERAL MEETING OF SHAREHOLDERS

Dear Shareholders:

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

You are cordially notified that the 206th Annual General Meeting of Shareholders of NICHIAS Corporation (the “Company”) will be held for the purposes as described below.

You can exercise your voting rights in writing, or via electromagnetic means (the Internet, etc.). Please review the hereinafter attached “Reference Documents for the General Meeting of Shareholders,” and exercise your Voting Rights by 5:30 p.m. on Tuesday, June 28, 2022, Japan time.

- 1. Date and Time:** Wednesday, June 29, 2022 at 10:00 a.m. Japan time
- 2. Place:** Banquet room “Ariake” on the second floor of The Royal Park Hotel located at 1-1, Kakigara-cho 2-chome, Nihonbashi, Chuo-ku, Tokyo, Japan
- 3. Meeting Agenda:**
  - Matters to be reported:**
    1. The Business Report, Consolidated Financial Statements for the Company’s 206th 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 206th Fiscal Year (April 1, 2021 - March 31, 2022)
  - Proposals to be resolved:**
    - Proposal 1:** Appropriation of Surplus
    - Proposal 2:** Partial Amendments to the Articles of Incorporation
    - Proposal 3:** Election of 9 Directors

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

- If you exercise your voting rights by proxy, you may delegate your voting rights to a proxy who is a shareholder with voting rights of the Company. In such a case, a document needs to be submitted to prove such appointment of proxy.
- Of the documents to be provided together with the convocation notice of this Annual General Meeting of Shareholders, “Notes to the Consolidated Financial Statements” and “Notes to the Non-consolidated Financial Statements” are posted on the Company’s website (<https://www.nichias.co.jp/>) in accordance with the laws and regulations as well as the Articles of Incorporation of the Company. Therefore, they are not included in the documents attached to the convocation notice of this Annual General Meeting of Shareholders. The documents attached to the convocation notice of this Annual General Meeting of Shareholders and the documents posted on the above website have been audited by Audit & Supervisory Board Members in preparing audit reports, and by Accounting Auditor in preparing accounting audit report.
- Should the Reference Documents for the General Meeting of Shareholders, as well as the Business Report, Consolidated Financial Statements and Non-consolidated Financial Statements require revisions, the revised versions will be posted on the Company’s website (<https://www.nichias.co.jp/>).

# Reference Documents for the General Meeting of Shareholders

## Proposals and References

### Proposal 1: Appropriation of Surplus

In addition to strengthening the management base in order to enhance earnings power, the basic policy of the Company Group (the “Group”) with respect to the distribution of profits is to strive for the long-term and appropriate return of profits to shareholders by expanding the level of such profits available as dividends and increasing shareholder value, while retaining sufficient reserves for reinvestment.

Based on this policy and in consideration of business results for the fiscal year under review and future business expansion, etc., the year-end dividends for the fiscal year under review is proposed as following.

- (1) Type of dividend property  
Cash
- (2) Matters concerning the allotment of dividend property to shareholders and the total amount thereof  
44 yen per share of common stock of the Company, for a total amount of 2,918,638,316 yen
- (3) Effective date of distribution of surplus  
June 30, 2022

\* The annual dividends for the fiscal year under review will be 86 yen per share including the interim dividends of 42 yen per share already paid.

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

1. Reasons for amendments the Articles of Incorporation

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.

- (1) The proposed Article 17, Paragraph 1 provides that information contained in the reference documents for the general meeting of shareholders, etc. shall be provided electronically.
- (2) The purpose of the proposed Article 17, 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.
- (3) Article 17 of the current Articles of Incorporation (Internet Disclosure of the Reference Documents, Etc.) will become unnecessary and will therefore be deleted.
- (4) In line with the above establishment and deletion of the provisions, supplementary provisions related to the effective date, etc. shall be established.

2. Details of amendments

The details of the amendments are as follows.

(The amended portions are underlined.)

Current Articles of Incorporation	Proposed Amendments
<p><u>Article 17 (Internet Disclosure of the Reference Documents, 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 documents for the general meeting of shareholders, business report, non-consolidated financial statements, and consolidated financial statements, by disclosing the same through the internet in accordance with the provisions provided in the Ordinance of the Ministry of Justice.</u></p> <p>(Newly established)</p>	<p>(Deleted)</p> <p><u>Article 17 (Measures for Electronic Provision, Etc.)</u>  <u>The Company shall, when convening a general meeting of shareholders, provide information contained in the reference documents for the general meeting of shareholders, etc. electronically.</u></p> <p><u>2. 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
(Newly established)	<p data-bbox="799 215 1426 257"><u>(Supplementary provisions)</u></p> <p data-bbox="799 257 1426 481"><u>The deletion of Article 17 of the Articles of Incorporation before amendments (Internet Disclosure of the Reference Documents, Etc.) and the new establishment of Article 17 of the Articles of Incorporation after amendments (Measures for Electronic Provision, Etc.) shall come into effect on September 1, 2022.</u></p> <p data-bbox="799 481 1426 683"><u>2. Notwithstanding the provisions of the preceding paragraph, Article 17 of the Articles of Incorporation before amendments shall remain in force with respect to a general meeting of shareholders to be held on a date no later than the end of February 2023.</u></p> <p data-bbox="799 683 1426 853"><u>3. These supplementary provisions shall be deleted after March 1, 2023 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 9 Directors

The terms of office of all 11 Directors elected at the Annual General Meeting of Shareholders last year will expire at the conclusion of this Annual General Meeting of Shareholders. Accordingly, in order to improve the system capable of flexibly implementing the Company's business strategy, the reduction of 2 Directors and the election of 9 Directors are proposed.

The candidates are as follows. The matters concerning each candidate for Director are as stated in the pages 9 through 17.

[Reference] Skills matrix

Leveraging technological capacity with the keywords of "Insulation and Protection," the Company will support the development of various industries and provide essential products and services, thereby contributing to the "Earth's brighter future." To that end, the Company works to further improve the governance system and is conducting the sustainability-oriented management. The proposed Directors who will constitute the Board of Directors have skills necessary to realize these efforts.

No.	Name	Current positions and responsibilities at the Company	Attending status to Board of Directors' meetings	Expertise and experience				
				Corporate management & strategy	Finance & accounting	Legal & compliance	Sales & marketing	Manufacture & development
1	Katsumi Kametsu Reelection	Director & Managing Executive Officer In charge of Corporate Strategic Planning	100% (14 meetings out of 14 meetings)	○	○	○	○	
2	Tsukasa Yamamoto Reelection	Director & Executive Officer Division Director of Corporate Administration Division	100% after his appointment in June 2021 (10 meetings out of 10 meetings)	○	○	○		
3	Shoichi Yonezawa Reelection	Director & Senior Managing Executive Officer In charge of Safety and Health, Environment and Quality Assurance	100% (14 meetings out of 14 meetings)	○			○	○
4	Satoshi Tanabe Reelection	Director & Managing Executive Officer Division Director of Technical Division	100% (14 meetings out of 14 meetings)	○		○		○
5	Kiyoshi Sato Reelection	Director & Executive Officer Division Director of Research & Development Division	100% after his appointment in June 2021 (10 meetings out of 10 meetings)	○		○		○
6	Yukinori Ryuko New election	Executive Officer Division Director of Advanced Products Division	—	○			○	○
7	Youichi Eto Reelection Outside Independent	Outside Director	100% (14 meetings out of 14 meetings)		○	○		
8	Yoshito Hirabayashi Reelection Outside Independent	Outside Director	100% (14 meetings out of 14 meetings)	○			○	○
9	Yoko Wachi Reelection Outside Independent	Outside Director	100% (14 meetings out of 14 meetings)		○	○		

(Notes) 1. There are no special interests between each candidate and the Company.

2. The Company has entered into a directors and officers liability insurance contract with an insurance company, as

stipulated in Article 430-3, Paragraph 1 of the Companies Act. The outline of the contract is as stated in “(3) Outline of the directors and officers liability insurance contract” on page 33 of the convocation notice of this Annual General Meeting of Shareholders (Japanese version only). The insurance contract will be renewed in June 2022. If the candidates are reappointed or appointed as Director, each of them will be insured under the insurance contract.

3. The skills matrix above does not indicate all expertise and experience of the candidates, but shows areas particularly expected of them.

Reelection: candidate for reelected Director

Outside: candidate for Outside Director

New election: candidate for newly elected Director

Independent: candidate for Independent Director

No.	Name (Date of birth)	Past experience, positions, responsibilities and significant concurrent position	Number of shares of the Company held
1	Katsumi Kametsu (July 28, 1962)  Reelection	<p>March 1985      Joined the Company</p> <p>April 2007      General Manager of Tokyo Sales Group, Advanced Polymer Products Department, Industrial Products Division of the Company</p> <p>March 2008      General Manager of East Japan Sales Group 3, Industrial Products Department, Industrial Products Division of the Company</p> <p>April 2009      General Manager of International Marketing and Sales Group, Industrial Products Department, Industrial Products Division of the Company</p> <p>March 2010      General Manager of International Marketing and Sales Group, Industrial Products Division of the Company</p> <p>April 2011      Executive Manager of Sales Group, Industrial Products Division, and General Manager of International Marketing and Sales Group, Industrial Products Division of the Company</p> <p>April 2013      Deputy Division Director of Industrial Products Division, and General Manager of International Marketing and Sales Group of the Company</p> <p>June 2013      Executive Officer of the Company</p> <p>March 2014      President of INOCRETE CO., LTD.</p> <p>April 2016      Division Director of Energy and Industrial Plants Division of the Company</p> <p>June 2016      Director &amp; Executive Officer of the Company</p> <p>June 2019      Director &amp; Managing Executive Officer of the Company (current position)</p> <p>April 2022      In charge of Corporate Strategic Planning of the Company (current position)</p>	22,100
<p>[Reason for nomination as candidate for Director]</p> <p>Mr. Katsumi Kametsu has primarily engaged in business fields including the industrial products and advanced products, and served as President of one of the Company's subsidiaries. Having been involved in business operations as Head of Energy and Industrial Plants Division, he has acquired high-level insight into management and overall business operations. The Company has judged that by utilizing his extensive knowledge and wealth of experience in the Company's management, he will contribute to the continuous improvement of the Company's corporate value, and requests his continued election as Director.</p>			
2	Tsukasa Yamamoto (September 23, 1961)  Reelection	<p>March 1986      Joined the Company</p> <p>July 2011      President of Nippon Rockwool Corporation</p> <p>January 2014      Executive Manager of Building Materials Division (in charge of Sales and Production) and General Manager of Renovation Measures Department of the Company</p> <p>January 2014      President of NICHIAS Cemcrete Corporation</p> <p>April 2017      General Manager of Corporate Strategic Planning Department of the Company</p> <p>April 2018      Deputy Division Director of Corporate Administration Division and General Manager of General Affairs Department of the Company</p> <p>June 2018      Executive Officer of the Company</p> <p>June 2020      Division Director of Corporate Administration Division of the Company (current position)</p> <p>June 2021      Director &amp; Executive Officer of the Company (current position)</p>	10,000
<p>[Reason for nomination as candidate for Director]</p> <p>Mr. Tsukasa Yamamoto has primarily engaged in the building materials business, and has served as President of the Company's subsidiaries and General Manager of Corporate Strategic Planning Department of the Company. Having also been involved in overall administration in the capacity as Division Director of Corporate Administration Division, he has acquired high-level insight into management and overall business operations. The Company has judged that by utilizing his extensive knowledge and wealth of experience in the Company's management, he will contribute to the continuous improvement of the Company's corporate value, and requests his continued election as Director.</p>			



No.	Name (Date of birth)	Past experience, positions, responsibilities and significant concurrent position		Number of shares of the Company held
3	Shoichi Yonezawa (November 21, 1957)  Reelection	February 1989	Joined the Company	22,600
		May 2004	General Manager of Tokyo Sales Group 2, Fire-Resistant and Thermal Insulation Materials Department, Industrial Products Division of the Company	
January 2007	General Manager of Fire-Resistant and Thermal Insulation Materials Department, Industrial Products Division of the Company			
November 2007	General Manager of Inorganic Thermal Insulation Materials Department, Industrial Products Division of the Company			
March 2008	General Manager of Advanced Products Department, Industrial Products Division of the Company			
June 2009	Executive Officer of the Company			
March 2010	Division Director of Advanced Products Division of the Company			
May 2011	Division Director of Advanced Products Division and Division Director of Research & Development Division of the Company			
June 2012	Director & Executive Officer of the Company			
June 2012	Division Director of Research & Development Division of the Company			
June 2016	Director & Managing Executive Officer of the Company			
June 2018	Director & Senior Managing Executive Officer of the Company (current position)			
June 2018	In charge of Safety and Health, Environment and Quality Assurance of the Company (current position)			
[Reason for nomination as candidate for Director] Mr. Shoichi Yonezawa has primarily engaged in business fields including the industrial products and advanced products, and has served as Division Director of Advanced Products Division as well as Division Director of Research & Development Division. Thus, he has high-level insight into management and overall business operations. The Company has judged that by utilizing his extensive knowledge and wealth of experience in the Company's management, he will contribute to the continuous improvement of the Company's corporate value, and requests his continued election as Director.				
4	Satoshi Tanabe (May 23, 1960)  Reelection	April 1989	Joined the Company	10,900
		April 2006	General Manager of Advanced Polymer Products Manufacturing Department, Tsurumi Factory of the Company	
April 2007	Factory General Manager of Tsurumi Factory of the Company			
August 2009	General Manager of Corporate Strategic Planning Department of the Company			
April 2012	Executive Manager of Technology Production, Advanced Products Division and General Manager of Polymer Technology Development Department of the Company			
April 2013	Deputy Division Director of Advanced Products Division of the Company			
June 2013	Executive Officer of the Company			
April 2014	Division Director of Technical Division (current position)			
June 2019	Director & Executive Officer of the Company			
June 2021	Director & Managing Executive Officer of the Company (current position)			
[Reason for nomination as candidate for Director] Mr. Satoshi Tanabe has primarily engaged in technology field. Having experienced as Factory General Manager of Tsurumi Factory, General Manager of Corporate Strategic Planning Department and Deputy Division Director of Advanced Products Division, he has acquired high-level insight into management and overall business operations. The Company has judged that by utilizing his extensive knowledge and wealth of experience in the Company's management, he will contribute to the continuous improvement of the Company's corporate value, and requests his continued election as Director.				

No.	Name (Date of birth)	Past experience, positions, responsibilities and significant concurrent position		Number of shares of the Company held
5	Kiyoshi Sato (September 3, 1962)  Reelection	June 2003	Joined the Company	7,300
		April 2008	General Manager of Research & Development Department, Hamamatsu Research Laboratory of the Company	
		August 2014	Director of Hamamatsu Research Laboratory, Research & Development Division of the Company	
		June 2016	Executive Officer of the Company	
		June 2016	Deputy Division Director of Research & Development Division and Director of Hamamatsu Research Laboratory of the Company	
		April 2018	Division Director of Research & Development Division of the Company (current position)	
		June 2021	Director & Executive Officer of the Company (current position)	
	[Reason for nomination as candidate for Director] Mr. Kiyoshi Sato has primarily engaged in research and development. Having been involved in organizational management of research and development as Director of Hamamatsu Research Laboratory and Division Director of Research & Development Division, he has acquired high-level insight into broad aspects of research and development. The Company has judged that by utilizing his extensive knowledge and wealth of experience in the Company's management, he will contribute to the continuous improvement of the Company's corporate value, and requests his continued election as Director.			
6	Yukinori Ryuko (January 28, 1965)  New election	September 1988	Joined the Company	10,100
		October 2009	General Manager of East Japan Sales Group, Advanced Products Department, Industrial Products Division of the Company	
		March 2010	General Manager of East Japan Sales Group, Advanced Products Division of the Company	
		April 2014	Executive Manager of Advanced Products Division and General Manager of East Japan Sales Group of the Company	
		April 2016	Executive Manager of Sales Group, Advanced Products Division of the Company	
		June 2017	Executive Officer of the Company (current position)	
		June 2017	Deputy Division Director of Advanced Products Division of the Company	
		April 2021	Deputy Division Director of Advanced Products Division and General Manager of Planning and Control Group of the Company	
		June 2021	Division Director of Advanced Products Division of the Company (current position)	
	[Reason for nomination as candidate for Director] Mr. Yukinori Ryuko has primarily engaged in the advanced products business. Having been involved in organizational management of the Advanced Products Division as Division Director of Advanced Products Division, he has acquired high-level insight into management and overall business operations. The Company has judged that by utilizing his extensive knowledge and wealth of experience in the Company's management, he will contribute to the continuous improvement of the Company's corporate value, and requests his election as Director.			

No.	Name (Date of birth)	Past experience, positions, responsibilities and significant concurrent position	Number of shares of the Company held
7	Youichi Eto (August 11, 1950)  Reelection Outside Independent	<p>April 1978 Registered as lawyer (current position)</p> <p>April 2003 Vice president of Daiichi Tokyo Bar Association</p> <p>April 2005 Vice President of Kanto Federation of Bar Associations</p> <p>July 2006 Outside Auditor of TSUNEISHI SHIPBUILDING Co., Ltd.</p> <p>April 2010 President of Daiichi Tokyo Bar Association and Vice President of the Japan Federation of Bar Associations</p> <p>June 2011 Outside Audit &amp; Supervisory Board Member of the Company</p> <p>June 2012 Outside Auditor of Japan Display Inc.</p> <p>June 2014 Executive Board Member of Center for Housing Renovation and Dispute Settlement Support</p> <p>June 2015 Outside Director of the Company (current position)</p> <p>April 2016 President of Kanto Federation of Bar Associations</p> <p>August 2020 Audit &amp; Supervisory Board Member of Sunrise Partners Co., Ltd.</p>	0
<p>[Reason for nomination as candidate for Outside Director and outline of expected roles]</p> <p>Mr. Youichi Eto has an extensive insight and broad knowledge as a lawyer, and a wealth of experience in legal community. The Company requests his continued election as Outside Director with the expectation of supervision on the overall management and valuable advice.</p> <p>Although he has no direct experience in corporate management, he has achieved a remarkable track record in corporate legal affairs in which he has been engaged as a lawyer for over the years. Based on his professional career, he has broad insight into corporate management. Therefore, the Company believes that he will execute his duties as Outside Director appropriately.</p>			

(Notes) Mr. Youichi Eto is a candidate for Outside Director. Matters concerning the candidate for Outside Director are as follows:

- (1) Japan Display Inc., for which Mr. Youichi Eto served as an Outside Auditor until August 2020, released results of the third party committee investigation of improper accounting treatment and the revised prior year financial reports on April 13, 2020. Although he was not aware of the improper accounting treatment before it was revealed, he had always checked Japan Display's internal control system and specific compliance measures and expressed his opinions about them. After the above fact came to light, he has appropriately checked and made proposals on how to develop and enhance a compliance structure to prevent the reoccurrence.
- (2) The Company has designated him as an independent director pursuant to the rules stipulated by the Tokyo Stock Exchange and has reported to the Exchange. Subject to the approval of his reappointment, he will be continuously designated as an independent director.
- (3) He is currently serving as Outside Director of the Company and will have served for a period of seven years as of the conclusion of this General Meeting of Shareholders. He also used to serve as Outside Audit & Supervisory Board Member of the Company.
- (4) The Company has concluded a liability limitation agreement with him pursuant to the provisions in its Articles of Incorporation. The outline of the agreement is as stated in "(2) Outline of liability limitation agreement" on page 33 of this convocation notice (Japanese version only). Subject to the approval of his reappointment, the Company plans to continue such liability limitation agreement with him.

No.	Name (Date of birth)	Past experience, positions, responsibilities and significant concurrent position	Number of shares of the Company held
8	Yoshito Hirabayashi (October 22, 1944)  Reelection Outside Independent	<p>April 1968      Joined Seiko Epson Corporation</p> <p>April 1987      Director &amp; General Manager of Factory in U.K. of Seiko Epson Corporation</p> <p>November 1993    President and Representative Director of Technofer Ltd.</p> <p>April 1995      Advisor of Japan Electrical Testing Laboratories</p> <p>April 2000      Councilor of Japan Accreditation Board</p> <p>May 2001      ISO/TC176/SC2 Japanese representative expert</p> <p>April 2002      Part-time lecturer, Graduate School of Frontier Sciences, The University of Tokyo</p> <p>April 2002      Member of Japanese Industrial Standards Committee, Ministry of Economy, Trade and Industry</p> <p>April 2004      Member of Japanese Industrial Standards Mark System Committee, Ministry of Economy, Trade and Industry</p> <p>April 2008      Co-researcher of The Department of Chemical System Engineering at the University of Tokyo</p> <p>June 2008      Outside Audit &amp; Supervisory Board Member of the Company</p> <p>April 2013      Chairman &amp; Director of Technofer Ltd. (current position)</p> <p>June 2016      Outside Director of the Company (current position)</p>	0
<p>[Reason for nomination as candidate for Outside Director and outline of expected roles]</p> <p>Mr. Yoshito Hirabayashi has a wealth of experience and insight as a corporate manager and professional expertise and broad knowledge of quality management that he accumulated through his work experience as an ISO Japanese representative expert, a lecturer at a university and a member of administrative committees, etc. The Company requests his continued election as Outside Director with the expectation of supervision on the overall management and valuable advice again.</p>			

(Notes) Mr. Yoshito Hirabayashi is a candidate for Outside Director. Matters concerning the candidate for Outside Director are as follows:

- (1) The Company has designated him as an independent director pursuant to the rules stipulated by the Tokyo Stock Exchange and has reported to the Exchange. Subject to the approval of his reappointment, he will be continuously designated as an independent director.
- (2) He is currently serving as Outside Director of the Company and will have served for a period of six years as of the conclusion of this General Meeting of Shareholders. He also used to serve as Outside Audit & Supervisory Board Member of the Company.
- (3) The Company has concluded a liability limitation agreement with him pursuant to the provisions in its Articles of Incorporation. The outline of the agreement is as stated in “(2) Outline of liability limitation agreement” on page 33 of this convocation notice (Japanese version only). Subject to the approval of his reappointment, the Company plans to continue such liability limitation agreement with him.

No.	Name (Date of birth)	Past experience, positions, responsibilities and significant concurrent position		Number of shares of the Company held
9	Yoko Wachi (April 29, 1960)	April 1989	Registered as lawyer (current position)	0
	Reelection Outside Independent	April 1989 June 2015 March 2016 June 2019	Joined Kajitani Law Offices (current position) Outside Audit & Supervisory Board Member of the Company Outside Audit & Supervisory Board Member of Otsuka Holdings Co., Ltd. Outside Director of the Company (current position)	
<p>[Reason for nomination as candidate for Outside Director and outline of expected roles]</p> <p>Ms. Yoko Wachi has an extensive insight and broad knowledge as well as abundant experience as a lawyer. The Company requests her continued election as Outside Director with the expectation of supervision on the overall management and valuable advice.</p> <p>Although she has no direct experience in corporate management, she has broad knowledge and experiences in corporate legal affairs as well as broad insight into corporate management. Therefore, the Company believes that she will execute her duties as Outside Director appropriately.</p>				

(Notes) Ms. Yoko Wachi is a candidate for Outside Director. Matters concerning the candidate for Outside Director are as follows:

- (1) The Company has designated her as an independent director pursuant to the rules stipulated by the Tokyo Stock Exchange and has reported to the Exchange. Subject to the approval of her reappointment, she will be continuously designated as an independent director.
- (2) She is currently serving as Outside Director of the Company and will have served for a period of three years as of the conclusion of this General Meeting of Shareholders. She also used to serve as Outside Audit & Supervisory Board Member of the Company.
- (3) The Company has concluded a liability limitation agreement with her pursuant to the provisions in its Articles of Incorporation. The outline of the agreement is as stated in “(2) Outline of liability limitation agreement” on page 33 of this convocation notice (Japanese version only). Subject to the approval of her reappointment, the Company plans to continue such liability limitation agreement with her.

(Reference) Independence Standards for Independent Outside Officers

The Company deems that an Outside Officer who does not fall under any of the items below is an Independent Outside Officer.

1. A person who is currently or was in the past an Executive Director, Executive Officer or Employee of the Group (Note 1)
2. Currently or in the five years prior to their appointment, a person who falls under any of the items below:
  - (1) A person for which the Group is a major client (Note 2), or an Executive Director, Executive Officer or Employee of such a client
  - (2) A major client which places orders with the Group (Note 3), or an Executive Director, Executive Officer or Employee of such a client
  - (3) A major shareholder of the Company (Note 4), or an Executive Director, Executive Officer or Employee of such a shareholder
  - (4) An Executive Director, Executive Officer or Employee of a company in which the Group is a major shareholder (Note 5)
  - (5) A legal professional, certified public accountant, licensed tax accountant, or consultant, etc. who receives monetary or other property benefits over a certain amount from the Group (Note 6), other than executive compensation (if the recipient is a corporation, partnership or any other organization, this item applies to any person belonging to the said organization.)
  - (6) A person who receives donations or assistance over a certain amount from the Group (Note 7), or a council member or another executive of such a person
  - (7) A spouse or relative within the second degree of kinship of an Executive Director, Executive Officer or senior manager of the Group with a position higher than General Manager.
3. A person who is subject to circumstances reasonably deemed unable to fulfill their duties as an Independent Outside Officer.

(Notes) 1. “The Group” refers to “the Company and its consolidated subsidiaries.”

2. “A person for which the Group is a major client” refers to “a person who receives from the Company the payment of 2% or more of their consolidated annual sales.”
3. “A major client which places orders with the Group” refers to “a person who pays the Group 2% or more of its consolidated annual sales” or “a person who lends the Group 2% or more of its consolidated total assets at the end of the fiscal year.”
4. “A major shareholder of the Company” refers to “a person who holds directly or indirectly 10% or more of its total voting rights.”
5. “A company in which the Group is a major shareholder” refers to “a person of which the Group directly or indirectly holds 10% or more of total voting rights.”
6. “Monetary or other property benefits over a certain amount” refers to “¥10 million or more in a fiscal year” in cases where the recipient is an individual. In cases where the recipient is an organization, it refers to “¥100 million or more, or 2% or more of consolidated annual sales of the said organization, whichever is larger.”
7. “Donations or assistance over a certain amount” refers to “¥10 million or more per year.”