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(Stock Exchange Code 6420)  
June 7, 2022

**To Shareholders with Voting Rights:**

Yutaka Fukushima  
President  
FUKUSHIMA GALILEI CO. LTD.  
2-6-18, Takeshima, Nishi Yodogawa-ku,  
Osaka

**NOTICE OF CONVOCATION OF  
THE 71ST ANNUAL GENERAL MEETING OF SHAREHOLDERS**

Dear Shareholders:

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

You are hereby informed that the 71st Annual General Meeting of Shareholders of FUKUSHIMA GALILEI CO. LTD. (the “Company”) will be held for the purposes as described below.

Due to the continued request for self-restraint on large-scale meetings in the wake of the impact of novel coronavirus infection, all shareholders are kindly advised to refrain from attending the meeting as much as possible irrespective of your health condition, and exercise your voting rights in advance in writing or via the Internet, etc.

Please review the attached Reference Documents for the General Meeting of Shareholders, and return to us the Voting Rights Exercise Form or enter your vote on the Internet, etc. by following instructions (in Japanese version only) by 5:30 p.m. on Friday, June 24, 2022, Japan time.

**1. Date and Time:** Monday, June 27, 2022 at 10:00 a.m. Japan time

**2. Place:** 8F, Galilei Group Head Office Building  
2-6-18, Takeshima, Nishi Yodogawa-ku, Osaka

**3. Meeting Agenda:**

- Matters to be reported:**
1. The Business Report, Consolidated Financial Statements for the Company’s 71st Fiscal Year (April 1, 2021 - March 31, 2022) and results of audits by the Accounting Auditor and the Audit and Supervisory Committee of the Consolidated Financial Statements
  2. Non-consolidated Financial Statements for the Company’s 71st 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 Seven (7) Directors (excluding Directors who are Audit and Supervisory Committee Members)
- Proposal 4:** Election of Four (4) Directors who are Audit and Supervisory Committee Members
- Proposal 5:** Revision of Director Remuneration Amounts for Directors (excluding Directors who are Audit and Supervisory Committee Members)
- Proposal 6:** Determination of Remuneration for Granting Restricted Shares to Directors (excluding Directors who are Audit and Supervisory Committee Members)
- Proposal 7:** Determination of Remuneration for Granting Restricted Shares to Directors who

- are Audit and Supervisory Committee Members
- Proposal 8:** Presentation of Retirement Benefits to a Retiring Director
- Proposal 9:** Granting Final Payment of Retirement Benefits in conjunction with  
Abolishment of Retirement Benefits System for Directors and Corporate  
Auditors

# Reference Documents for the General Meeting of Shareholders

## Proposals and References

### **Proposal 1:** Appropriation of Surplus

While considering internal reserves to strengthen the Company's corporate structure and to prepare for future business expansion, in order to reward shareholders for their continued support, the Company proposes dividends of 62 yen per share, an increase by 9 yen (including 70th anniversary dividend of 7 yen) from 53 yen in the previous term.

### **Items Related to the Year-end Dividend**

- (1) Type of dividend property  
Cash
- (2) Items related to the allocation of dividend property to shareholders and the total amount thereof  
62 yen per common share of the Company (including 70th anniversary dividend of 7 yen)  
Total of 1,242,251,840 yen
- (3) Date the distribution of surplus takes effect:  
June 28, 2022

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

1. Reasons for amendments

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 14, Paragraph 1 provides that information contained in the reference materials for the general meeting of shareholders, etc. shall be provided electronically.
- (2) 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.
- (3) 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.
- (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.

(Amended parts are underlined.)

Current Articles of Incorporation	Proposed Amendments
<p><u>(Internet Disclosure and Deemed Provision of Reference Materials for the General Meeting of Shareholders, Etc.)</u>  <u>Article 14 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>(Newly established)</p> <p>Supplementary provisions (Omitted)</p> <p>(Newly established)</p>	<p>(Deleted)</p> <p><u>(Measures for Electronic Provision, Etc.)</u>  <u>Article 14 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>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> <p>Supplementary provisions            Article 1 (No change)  <u>(Transitional Measures for Electronic Provision Measures, Etc.)</u>  <u>Article 2 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 establishment of the</u></p>

proposed Article 14 (Measures for Electronic Provision, Etc.) shall come into effect on September 1, 2022.

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 until the end of February 2023.
3. These supplementary provisions shall be deleted on 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.

**Proposal 3:** Election of Seven (7) Directors (excluding Directors who are Audit and Supervisory Committee Members)

The terms of office of all seven (7) Directors (excluding Directors who are Audit and Supervisory Committee Members; hereinafter the same shall apply in this Proposal) will expire at the conclusion of this Annual General Meeting of Shareholders.

Accordingly, the election of seven (7) Directors is proposed.

The candidates for Director are as follows.

No.	Name	Current positions	Candidate attributes	Attendance at Board of Directors
1	Yutaka Fukushima	President	Reappointment	13/13 (100%)
2	Akira Fukushima	Director, Vice-President	Reappointment	13/13 (100%)
3	Go Fukushima	Senior Managing Director	Reappointment	13/13 (100%)
4	Mitsuru Katayama	Managing Director	Reappointment	13/13 (100%)
5	Kenji Nagao	Managing Director	Reappointment	13/13 (100%)
6	Kozo Mizutani	Director	Reappointment	13/13 (100%)
7	Tatsuo Hino	Director	Reappointment	13/13 (100%)

Reappointment: A candidate for reappointed Director

No.	Name (Date of birth)	Past experience, positions, responsibilities and significant concurrent positions	Number of shares of the Company held	Attendance at Board of Directors
1	<p><u>Reappointment</u></p> <p>Yutaka Fukushima (August 6, 1950)</p>	<p>April 1975      Joined the Company</p> <p>December 1977    General Manager, Sales Development Department</p> <p>February 1981    Managing Director (in charge of sales)</p> <p>December 1985    Senior Managing Director; General Manager, Sales Headquarters</p> <p>April 1992        President (current position)</p> <p>July 2018         Outside Director, Tenpos Holdings, Inc.</p> <p>To the present</p> <p>[Significant concurrent positions]</p> <p>Chairman of the Board, Beijing ER Shang-Fukushima Machinery Electric Co., Ltd</p> <p>Representative Director, Fukushima Machinery Sales Co., Ltd.</p> <p>Representative Director, FUKUSHIMA TRADING CO., Ltd.</p> <p>Outside Director, Tenpos Holdings, Inc.</p>	987,352 shares	13/13 (100%)
<p>[Reason for nomination as candidate for Director]</p> <p>Mr. Yutaka Fukushima has been engaged in corporate management over many years as a representative director of the Company since April 1992, expanding the Company's business through his broad network of connections, and appropriately executing his duties. Therefore, the Company has judged that he is qualified as a Director of the Company.</p>				
<p>[Message to Shareholders]</p> <p>Polish the strengths of the each GALILEI Group company and move on to the next stage.</p> <p>By making full use of the cooling technology and digital technology unique to each Group company, we will aim to solve the social and environmental issues of the food industry and become a corporate group that is essential for society.</p>				

No.	Name (Date of birth)	Past experience, positions, responsibilities and significant concurrent positions	Number of shares of the Company held	Attendance at Board of Directors
2	<p data-bbox="177 757 352 786">[Reappointment]</p> <p data-bbox="161 819 368 880">Akira Fukushima (February 6, 1958)</p>	<p data-bbox="395 300 1246 1211"> April 1981    Joined the Company  December 1984    General Manager, Production Management Department  December 1987    Factory Manager, Head Office Factory  February 1989    Director; Factory Manager, Head Office Factory,  Manufacturing Headquarters  April 1994    Managing Director; Factory Manager, Osaka Factory  April 2000    Senior Managing Director; Branch Office Manager,  Tokyo Branch Office, and General Manager, Sales  Strategy Department  April 2003    Senior Managing Director; General Manager, Sales  Headquarters, and Branch Office Manager, Tokyo  Branch Office  May 2007    Senior Managing Director; General Manager, Sales  Headquarters  April 2011    Senior Managing Director; General Manager, Sales  Headquarters, and Branch Office Manager, East Japan  Branch Office  April 2012    Senior Managing Director; General Manager, Sales  Headquarters  April 2013    Senior Managing Director; General Manager, Sales  Headquarters, and in charge of Engineering Business  Department  April 2014    Director; Vice President, and in charge of Engineering  Business Department and Asia Business Department  April 2019    Director; Vice-President; in charge of FMS Business  Department, Engineering Business Department, and  Asian Business Department  April 2021    Director; Vice-President; in charge of FMS Business  Department and Engineering Business Department  To the present </p> <p data-bbox="395 1245 1114 1339"> [Significant concurrent positions]  Representative Director, TCSP Ltd.  Representative Director, GALILEI PANEL CREATE CO. LTD. </p>	661,048 shares	13/13 (100%)
<p data-bbox="156 1346 667 1368">[Reason for nomination as candidate for Director]</p> <p data-bbox="156 1375 1493 1491">Mr. Akira Fukushima has supervised the Company’s sales divisions as General Manager of the Sales Headquarters since April 2003 and has abundant operational knowledge and experience, and has contributed to the expansion of the Company’s business by factors such as concurrently serving as Representative Director of the Company’s group companies since April 2014. He appropriately executes his duties, and therefore the Company has judged that he is qualified as a Director of the Company.</p>				
<p data-bbox="156 1503 427 1525">[Message to Shareholders]</p> <p data-bbox="156 1532 1493 1675">In fiscal year 2021, coexistence with the novel coronavirus disease progressed, and the Company, including the Group companies, recovered significantly. However, we were facing headwinds, where corporate activities were restricted due to soaring material costs and issues with obtaining materials such as semiconductors. Meanwhile, the Group companies and engineering business that I have been responsible for are growing steadily due to the strong increase in demand. I would like to further demonstrate group synergies and strive to “create a better future for the earth and our customers”.</p> <p data-bbox="156 1682 1401 1704">In addition, I will contribute to the realization of a carbon-free society toward the realization of the Dramatic Future 2050.</p>				



No.	Name (Date of birth)	Past experience, positions, responsibilities and significant concurrent positions	Number of shares of the Company held	Attendance at Board of Directors
3	<p><u>Reappointment</u></p> <p>Go Fukushima (May 23, 1977)</p>	<p>January 2005    Joined the Company</p> <p>April 2010    General Manager, Osaka Sales Department I, Kansai Branch Office</p> <p>April 2011    Executive Officer; Deputy Branch Office Manager, East Japan Branch Office</p> <p>April 2012    Managing Executive Officer; Branch Office Manager, East Japan Branch Office (in charge of Tokyo Sales Department II and Yokohama Branch Store), and General Manager, Sales Development Department</p> <p>April 2013    Managing Executive Officer; Branch Office Manager, East Japan Branch Office (in charge of Tohoku Branch Store, Tokyo Sales Department II, Sales Development Department, Tokyo CS Department, Tokyo Technology Department, and SB Business Department), and responsible for ST Marketing</p> <p>June 2013    Managing Director; Branch Office Manager, East Japan Branch Office (in charge of Tohoku Branch Store, Tokyo Sales Department II, Sales Development Department, Tokyo CS Department, Tokyo Technology Department, and SB Business Department), and responsible for ST Marketing</p> <p>April 2014    Senior Managing Director; General Manager, Sales Headquarters; Branch Office Manager, East Japan Branch Office; in charge of Tohoku and Shinetsu Branch Store, Tokyo Sales Department II, Kanto Service Center, and Tokyo Technology Department</p> <p>April 2016    Senior Managing Director; General Manager, Sales Headquarters; Branch Office Manager, East Japan Branch Office; in charge of Hokkaido, Tohoku and Yokohama Branch Store, Kanto Service Center, Tokyo Technology Department and Tokyo Construction Department</p> <p>April 2019    Senior Managing Director; General Manager, Sales Headquarters; in charge of Kanto Service Center, Tokyo Technology Department and Tokyo Construction Department</p> <p>April 2020    Senior Managing Director; General Manager, Sales Headquarters; Branch Office Manager, East Japan Branch Office; in charge of Information Strategy Department, Kanto Service Center, Tokyo Construction Department and Tokyo Management Department</p> <p>To the present</p>	80,700 shares	13/13 (100%)
<p>[Reason for nomination as candidate for Director]</p> <p>Mr. Go Fukushima has endeavored to expand the showcase business as Executive Officer since April 2011, and appropriately executes his duties with abundant operational knowledge and experience, including supervising the Company's sales division as General Manager of the Sales Headquarters since April 2014, and therefore the Company has judged that he is qualified as a Director of the Company.</p>				
<p>[Message to Shareholders]</p> <p>I would like to express my appreciation for our shareholders' continued support.</p> <p>More than two years have passed since the spread of COVID-19, and the food-related industry has changed significantly. As a result, I feel that the responsibility and role of the GALILEI Group is becoming greater and more important.</p> <p>In order to respond firmly to this change, I would like to work not only with the GALILEI Group but also with various related organizations to solve problems and create value.</p> <p>I will continue to strive to manage the Company in order to maximize the value of the Group although the difficult business environment will continue.</p>				

No.	Name (Date of birth)	Past experience, positions, responsibilities and significant concurrent positions	Number of shares of the Company held	Attendance at Board of Directors
4	<p><u>Reappointment</u></p> <p>Mitsuru Katayama (April 29, 1951)</p>	<p>January 1977    Joined the Company</p> <p>April 1992    General Manager, Sales Department I</p> <p>April 1993    Branch Store Manager, Fukuoka Branch Store</p> <p>April 2002    Executive Officer; Branch Office Manager, Kyushu Branch Office</p> <p>April 2003    Executive Officer; Branch Store Manager, Fukuoka Branch Store</p> <p>June 2004    Director; Branch Store Manager, Fukuoka Branch Store</p> <p>April 2006    Director; Branch Office Manager, West Japan Branch Office</p> <p>May 2007    Director; in charge of Kyushu Block</p> <p>April 2009    Director; Block Manager, Kyushu Block</p> <p>April 2010    Managing Director; Block Manager, West Japan Block</p> <p>April 2011    Managing Director; Branch Office Manager, West Japan Branch Office</p> <p>To the present</p>	35,900 shares	13/13 (100%)
<p>[Reason for nomination as candidate for Director] Mr. Mitsuru Katayama has served as manager of the Company's sales divisions for the Kyushu region since April 2002, and appropriately executes his duties with abundant operational knowledge and expertise, including supervising the West Japan region since 2010, and therefore the Company has judged that he is qualified as a Director of the Company.</p>				
<p>[Message to Shareholders] I will continue to be in charge of the West Japan Branch Office. The second half of last year was a very difficult market with strong headwinds. In particular, soaring material costs have put pressure on management as never before. In order to overcome this crisis, I would like to provide our customers with careful explanation and respectfully asks for the understanding. We will work together with young people so that the rewards and dreams of our employees resonate with our Company's goals and that people can grow and develop.</p>				

No.	Name (Date of birth)	Past experience, positions, responsibilities and significant concurrent positions	Number of shares of the Company held	Attendance at Board of Directors
5	<p><u>Reappointment</u></p> <p>Kenji Nagao (November 11, 1956)</p>	<p>April 1979      Joined the Company</p> <p>April 2001      General Manager, Sales Department I, Tokyo Branch Office</p> <p>April 2003      Factory Manager and General Manager, Production Department, Shiga Factory</p> <p>April 2007      Executive Officer; General Manager, Manufacturing Headquarters, and Factory Manager, Shiga Factory</p> <p>April 2009      Executive Officer; General Manager, Manufacturing Headquarters, Factory Manager, Okayama Factory, and in charge of Technology</p> <p>June 2009      Director; General Manager, Manufacturing Headquarters and Factory Manager, Okayama Factory, and in charge of Technology</p> <p>April 2011      Director; General Manager, Manufacturing Headquarters and Factory Manager, Okayama Factory, and in charge of No. 1 Technology Capability</p> <p>April 2012      Director; General Manager, Manufacturing Headquarters, and Factory Manager, Okayama Factory</p> <p>April 2015      Director; General Manager, Manufacturing Headquarters</p> <p>June 2016      Managing Director; General Manager, Manufacturing Headquarters; in charge of Group Production Supervision and Technology Development Center</p> <p>April 2019      Managing Director; General Manager, Manufacturing Headquarters; responsible for Group Quality Control; in charge of Group Production Supervision</p> <p>To the present</p>	27,716 shares	13/13 (100%)
<p>[Reason for nomination as candidate for Director] Mr. Kenji Nagao has a track record of endeavoring to enhance productivity as General Manager of Manufacturing Headquarters since April 2007, and appropriately executes his duties with abundant operational knowledge and experience, and therefore the Company has judged that he is qualified as a Director of the Company.</p>				
<p>[Message to Shareholders] Last year, we were greatly affected by the soaring prices of raw materials and the difficulty in procuring parts. This year, Manufacturing Headquarters will work on the following with the theme of “contribution” as a principal policy.</p> <ol style="list-style-type: none"> <li>1. Challenge to create new value (maximize contribution to food and live)</li> <li>2. Challenge to the Project Drawdown (minimize the impact on the global environment)</li> <li>3. Challenge to Japan’s No. 1 Factory (Turnaround from being offensive on Cost, Delivery, Quality, Safety; Reversal Offensive)</li> </ol>				

No.	Name (Date of birth)	Past experience, positions, responsibilities and significant concurrent positions	Number of shares of the Company held	Attendance at Board of Directors
6	<p><u>Reappointment</u></p> <p>Kozo Mizutani (November 11, 1960)</p>	<p>April 1984      Joined the Company</p> <p>April 2002      General Manager, Sales Strategy Department, Tokyo Branch Office</p> <p>April 2006      Executive Officer; General Manager, Sales Department III, General Manager, Sales Strategy Department, and General Manager, Foods Consultant Office, Tokyo Branch Office</p> <p>April 2009      Executive Officer; Block Manager, Kanto Block III, and in charge of Foods Consultant Office</p> <p>June 2009      Director; Block Manager, Kanto Block III, and in charge of Foods Consultant Office</p> <p>April 2011      Director; in charge of Tokyo Sales Department III and IV, Foods Consultant Office, and H&amp;C Business Department, and responsible for FS Marketing</p> <p>April 2013      Director; Deputy Branch Office Manager, East Japan Branch Office (in charge of Tokyo Sales Department III and IV, Chiba, Yokohama, and West Tokyo Branch Store, Foods Consultant Office, and H&amp;C Business Department), and responsible for FS Marketing</p> <p>April 2015      Director; Deputy Branch Office Manager, East Japan Branch Office; responsible for FS Business; in charge of Tokyo Sales Department III, IV, and V, Kanto, Chiba, and Yokohama Branch Store, Foods Consultant Office, Tokyo Sales Strategy Department and H&amp;C Business Department</p> <p>April 2016      Director; Deputy Branch Office Manager, East Japan Branch Office; responsible for FS Business; in charge of Tokyo Sales Department III, IV, and V, Kanto and Chiba Branch Store, H&amp;C Business Department and Foods Consultant Office</p> <p>April 2019      Director; Branch Office Manager, East Japan Branch Office; responsible for FS Business; in charge of Hokkaido and Yokohama Branch Stores, Tokyo Sales Department V, H&amp;C Business Department and Foods Consultant Office</p> <p>April 2020      Director; Branch Office Manager, Chubu Branch Office To the present</p>	24,600 shares	13/13 (100%)
<p>[Reason for nomination as candidate for Director] Mr. Kozo Mizutani has endeavored to expand the refrigerator business as Director since June 2009, and has abundant operational knowledge, experience, and achievements. Therefore, the Company has judged that he is qualified as a Director of the Company.</p>				
<p>[Message to Shareholders] It has been three years since I moved to the Chubu Branch Office. The Chubu Branch Office is responsible for three prefectures in the Tokai region and three prefectures in the Hokuriku region as well as Shizuoka Prefecture. These regions have a huge potential as a central part of Japanese industries. I will continue to propose the creation of new systems and products under the corona pandemic, stay close to our customers as the best business partners, and contribute to solving issues throughout the GALILEI Group. In human resource development, I will aim to enhance humanity and create a vibrant workplace.</p>				

No.	Name (Date of birth)	Past experience, positions, responsibilities and significant concurrent positions	Number of shares of the Company held	Attendance at Board of Directors
7	<u>Reappointment</u>  Tatsuo Hino (November 25, 1963)	<p>March 1987    Joined the Company</p> <p>April 2014    Executive Officer; General Manager, Management Headquarters, and General Manager, General Affairs and Human Resources Department</p> <p>April 2015    Executive Officer; General Manager, Management Headquarters, and General Manager, General Affairs Department</p> <p>June 2017    Director; General Manager, Management Headquarters and General Manager, General Affairs Department</p> <p>April 2018    Director; General Manager, Management Headquarters</p> <p>April 2020    Director; General Manager, Management Headquarters, and General Manager, Human Resources Department</p> <p>April 2022    Director; General Manager, Management Headquarters, and General Manager, Group Legal and Intellectual Property Department</p> <p>To the present</p>	12,400 shares	13/13 (100%)
<p>[Reason for nomination as candidate for Director] Mr. Tatsuo Hino has served in the accounting and general affairs divisions, and appropriately executes his duties with abundant operational knowledge and experience, including supervising the Company's management division as General Manager of the Management Headquarters since April 2014. Therefore, the Company has judged that he is qualified as a Director of the Company.</p>				
<p>[Message to Shareholders] While the convergence of the novel coronavirus disease is still uncertain, we are entering an era of further drastic changes such as delays in parts supply and soaring material prices. In order for the GALILEI Group, which advocates a "Happy Creation Company," to further contribute to society, I will work on the theme, "A company where people with job satisfaction grow," "Improvement of productivity through DX," "Working environment where employees can push forward with their work" and "Strengthen compliance and group management."</p>				

- (Notes)
1. There are no special interests between the Company and each candidate.
  2. 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, with Directors as the insured. The insurance covers damages including compensation for legal damages and litigation expenses to be borne by the insureds. If the candidates are reelected, each of them will be insured under the agreement. The Company plans to renew the agreement with the same details at the next renewal.

**Proposal 4:** Election of Four (4) Directors who are Audit and Supervisory Committee Members

The terms of office of three (3) Directors who are Audit and Supervisory Committee Members, Mr. Hiroshi Takeuchi, Mr. Takao Fujikawa, and Mr. Keiichi Yodoshi, will expire at the conclusion of this Annual General Meeting of Shareholders. In order to further strengthen the management structure, the election of one (1) Director who is Audit and Supervisory Committee Member is proposed. Accordingly, the election of four (4) Directors who are Audit and Supervisory Committee Member is proposed.

The consent of the Audit and Supervisory Committee has been obtained for this proposal.

The candidates for Directors who are Audit and Supervisory Committee Members are as follows.

No.	Name	Current positions	Candidate attributes	Attendance at Board of Directors	Attendance at meetings of the Audit and Supervisory Committee
1	Hiroshi Takeuchi	Director (Full-time Member of Audit and Supervisory Committee)	Reappointment Outside Director Independent Director	13/13 (100%)	14/14 (100%)
2	Takao Fujikawa	Director (Audit and Supervisory Committee Member)	Reappointment Outside Director Independent Director	13/13 (100%)	14/14 (100%)
3	Keiichi Yodoshi	Director (Audit and Supervisory Committee Member)	Reappointment Outside Director Independent Director	13/13 (100%)	14/14 (100%)
4	Eriko Nashioka	—	New appointment Outside Director Independent Director	—	—

New appointment: A candidate for newly appointed Director

Reappointment: A candidate for reappointed Director

Outside Director: A candidate for Outside Director

Independent Director: An independent director stipulated by the provisions of the Tokyo Stock Exchange

No.	Name (Date of birth)	Past experience, positions, responsibilities and significant concurrent positions	Number of shares of the Company held	Attendance at Board of Directors	Attendance at meetings of the Audit and Supervisory Committee
1	<div style="border: 1px solid black; padding: 2px; display: inline-block; text-align: center;"> Reappointment  Outside Director  Independent  Director </div> Hiroshi Takeuchi (March 28, 1950)	April 1973      Joined Konishiroku Photo Industry Co., Ltd. (currently KONICA MINOLTA, INC.) November 1995      General Manager, Osaka Sales Department, Konica Corporation June 2001      President and Representative Director, Konica Color Imaging Corporation June 2007      Full-time Corporate Auditor, Konica Minolta Opto, Inc. June 2010      Full-time Corporate Auditor, the Company June 2020      Outside Director, the Company (Full-time Member of Audit and Supervisory Committee) To the present	4,000 shares	13/13 (100%)	14/14 (100%)
[Reason for nomination as candidate for Outside Director who is Audit and Supervisory Committee Member and overview of expected role to play] The Company has judged that he is qualified to audit the business execution by utilizing his career as a full-time auditor and his abundant knowledge on corporate accounting. He is expected to continue to provide suggestions and advice based on his knowledge, and contribute to improving the transparency of the Board of Directors, and play a role in overseeing management. His term of office as Outside Director who is Audit and Supervisory Committee Member will be 2 years at the conclusion of this General Meeting of Shareholders.					
[Message to Shareholders] We have transitioned to a company with an Audit and Supervisory Committee, and are proceeding with the separation of management supervision and execution. This is to make it easier for management to take risks (aggressive governance) and to speed up management in response to changes in the business environment. Listing on the Prime Market requires a stricter governance system. As an Audit and Supervisory Committee member, I will contribute to the sound and sustainable growth of the Company through auditing and supervision.					

No.	Name (Date of birth)	Past experience, positions, responsibilities and significant concurrent positions	Number of shares of the Company held	Attendance at Board of Directors	Attendance at meetings of the Audit and Supervisory Committee
2	<p>Reappointment Outside Director Independent Director</p> <p>Takao Fujikawa March 7, 1950</p>	<p>April 1973      Joined Mitsui Bank (currently Sumitomo Mitsui Banking Corporation)</p> <p>October 1999    General Manager, Ikebukuro Higashiguchi Corporate Sales Department, Sakura Bank (currently Sumitomo Mitsui Banking Corporation) (Senior General Manager)</p> <p>July 2002        Seconded to SOHGO SECURITY SERVICES CO., LTD. General Manager in charge of assisting Supervisory Department of East Japan Business Headquarters</p> <p>July 2003        Joined SOHGO SECURITY SERVICES CO., LTD. Executive Officer</p> <p>June 2007        In charge of General Affairs, General Manager, General Affairs Department</p> <p>June 2011        Corporate Auditor</p> <p>June 2015        Outside Director, the Company</p> <p>June 2020        Outside Director (Audit and Supervisory Committee Member) To the present</p>	– shares	13/13 (100%)	14/14 (100%)
<p>[Reason for nomination as candidate for Outside Director who is Audit and Supervisory Committee Member and overview of expected role to play]</p> <p>Since June 2015, he has been involved in the management of the Company as an Outside Director and has provided accurate advice and recommendations by utilizing his abundant experience and wide range of knowledge as a corporate manager. The Company has judged that he is qualified as an Outside Director who is Audit and Supervisory Committee Member and has played a sufficient role in supervising management. He is expected to continue to provide advice and suggestions based on his wide knowledge and experience in addition to his objective point of view, and contribute to improving the transparency of the Board of Directors, and play a role in overseeing management. His term of office as Outside Director will be 7 years and his term of office as Outside Director who is Audit and Supervisory Committee Member will be 2 years at the conclusion of this General Meeting of Shareholders.</p>					
<p>[Message to Shareholders]</p> <p>Going forward, I will continue to give frank opinions to the executive department while emphasizing co-compliance and internal control by utilizing my experience in managing multiple industries while always keep in mind our contribution to sound business continuity and business development. In addition, I would like to do my best not only to be supported by our stakeholders but also to grow into a company that is widely needed and trusted by society.</p>					



No.	Name (Date of birth)	Past experience, positions, responsibilities and significant concurrent positions	Number of shares of the Company held	Attendance at Board of Directors	Attendance at meetings of the Audit and Supervisory Committee
3	<div style="border: 1px solid black; padding: 2px; display: inline-block; margin-bottom: 5px;">Reappointment</div> <div style="border: 1px solid black; padding: 2px; display: inline-block; margin-bottom: 5px;">Outside Director</div> <div style="border: 1px solid black; padding: 2px; display: inline-block; margin-bottom: 5px;">Independent</div> <div style="border: 1px solid black; padding: 2px; display: inline-block; margin-bottom: 5px;">Director</div> Keiichi Yodoshi October 25, 1950	May 1979      Joined SANYO Electric Co., Ltd. (currently Panasonic Corporation) April 2003    General Manager, Technology Development Division and in charge of Staff Department (Intellectual Property) July 2006      Officer; Vice President, AV Company, and General Manager, Projector Supervision Business Unit April 2008    Officer; General Manager, Projector Business Division, Digital System Company September 2012 Part-time Lecturer, Faculty of Engineering, OSAKA SANGYO UNIVERSITY June 2016      Outside Director, the Company June 2020      Outside Director, the Company (Audit and Supervisory Committee Member) To the present	1,400 shares	13/13 (100%)	14/14 (100%)
[Reason for nomination as candidate for Outside Director who is Audit and Supervisory Committee Member and overview of expected role to play] Since June 2016, he has been involved in the management of the Company as an Outside Director and has provided accurate advice and recommendations by utilizing his wide range of knowledge and experience in corporate management and technology development. The Company has judged that he is qualified as an Outside Director who is Audit and Supervisory Committee Member and has played a sufficient role in supervising management. He is expected to continue to provide advice and suggestions based on his wide knowledge and experience in addition to his objective point of view, and contribute to improving the transparency of the Board of Directors, and play a role in overseeing management. His term of office as Outside Director will be 6 years and his term of office as Outside Director who is Audit and Supervisory Committee Member will be 2 years at the conclusion of this General Meeting of Shareholders.					
[Message to Shareholders] The business environment surrounding companies is undergoing major changes. Under these circumstances, I will work to strengthen corporate governance, improve management transparency, and respond to the effectiveness of the Board of Directors and important sustainability issues by utilizing my experience and knowledge in global business management, technological development, environment, intellectual property, university education, industry-academia-government collaboration, etc. I will strive to further develop our company and improve its corporate value, which will lead to the "Happy Creation Company" that we are aiming for.					

No.	Name (Date of birth)	Past experience, positions, responsibilities and significant concurrent positions	Number of shares of the Company held	Attendance at Board of Directors	Attendance at meetings of the Audit and Supervisory Committee
4	<div style="border: 1px solid black; padding: 2px; display: inline-block;">New appointment</div> <div style="border: 1px solid black; padding: 2px; display: inline-block;">Outside Director</div> <div style="border: 1px solid black; padding: 2px; display: inline-block;">Independent</div> <div style="border: 1px solid black; padding: 2px; display: inline-block;">Director</div>  Eriko Nashioka (February 13, 1967)	October 1991    Joined Ota Showa Audit Corporation (currently Ernst & Young ShinNihon LLC) April 1995    Registered as a Certified Public Accountant April 2004    Director, Institute for Environmental Management Accounting July 2004    Director, Nashioka Accounting Office (current position) April 2006    Instructor (Part-time), Faculty of Commerce, Doshisha University (current position) April 2013    Representative Director, Institute for Environmental Management Accounting (current position) June 2020    Outside Audit & Supervisory Board Member, Sansha Electric Manufacturing Co., Ltd. (current position) To the present  [Significant concurrent positions] Director, Nashioka Accounting Office Instructor (Part-time), Faculty of Commerce, Doshisha University Representative Director, Institute for Environmental Management Accounting Outside Audit & Supervisory Board Member, Sansha Electric Manufacturing Co., Ltd.	– shares		
[Reason for nomination as candidate for Outside Director who is Audit and Supervisory Committee Member and overview of expected role to play] The Company has judged that she is qualified as an Outside Director who is Audit and Supervisory Committee Member as she has a wealth of experience and a high level of knowledge in finance and accounting as a certified accountant. In addition, she is expected to provide advice and suggestions that are extremely beneficial to our management and will lead to further growth, and that she will play a role in monitoring management from an objective and neutral standpoint based on experience and high level of insight on sustainability including environmental accounting.					
[Message to Shareholders] Responding to climate change is an urgent issue worldwide, and carbon neutral needs to be addressed in all areas. I believe that the long-term vision of the GALILEI Group, “We want to protect ‘earth’ and ‘temperature for the future’” is accurate and I deeply sympathize with it. In order to continue to be a sustainable company that contributes to a sustainable society, I would like to contribute from the perspective of ESG information disclosure and accounting in order to correctly convey the value created by the GALILEI Group.					

- (Notes)
1. There are no special interests between the Company and each candidate.
  2. Mr. Hiroshi Takeuchi, Mr. Takao Fujikawa, Mr. Keiichi Yodoshi and Ms. Eriko Nashioka are candidates for Outside Directors. In addition, they are candidates for independent directors stipulated by the provisions of the Tokyo Stock Exchange.
  3. To attract highly capable persons as Outside Directors, the Company stipulates in its Articles of Incorporation that it may limit the liability for damages of Directors (excluding Directors who are business executors, etc.) to the Company to within a certain amount, and such agreement to limit liability has been concluded with Mr. Hiroshi Takeuchi, Mr. Takao Fujikawa and Mr. Keiichi Yodoshi. If they are reelected, the said agreement will continue. If Ms. Eriko Nashioka’s election is approved, the Company plans to conclude a similar agreement with her. The limit for liability damages based on the said agreement is the minimum amount 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, with Directors as the insured. The insurance covers damages including compensation for legal damages and litigation expenses to be borne by the insureds. If the candidates are elected, each of them will be insured under the agreement. The Company plans to renew the agreement with the same details at the next renewal.
  5. Ms. Eriko Nashioka is scheduled to be appointed as an outside Audit & Supervisory Board Member at the 204th Annual Meeting of Shareholders of Osaka Gas Co., Ltd. scheduled to be held on June 28, 2022.

**[Reference] Composition of the Board of Directors after the Proposal 3 and Proposal 4 are approved**

If Proposal 3 “Election of Seven (7) Directors (excluding Directors who are Audit and Supervisory Committee Members)” and Proposal 4 “Election of Four (4) Directors who are Audit and Supervisory Committee Members” are approved and adopted as originally proposed, the composition of the Board of Directors will be as follows.

Skill Matrix

Name	Title	Specialization, experience, and knowledge that the Company expects of Directors								
		(1) Business Manage- ment	(2) Marketing / Sales	(3) Manufac- turing / R & D / IT	(4) Internation- ality	(5) Finance / Accounting	(6) Personnel / HR develop- ment	(7) Legal / Risk Manage- ment	(8) Sustainabil- ity	(9) Practice of GALILEI Philosophy
Yutaka Fukushima	President	•	•	•	•	•	•	•	•	•
Akira Fukushima	Director, Vice- President GPC President	•	•	•	•		•			•
Go Fukushima	Senior Managing Director General Manager, Sales Headquarters	•	•	•					•	•
Mitsuru Katayama	Managing Director Branch Office Manager, West Japan Branch Office	•	•				•			•
Kenji Nagao	Managing Director General Manager, Manufacturing Headquarters	•	•	•					•	•
Kozo Mizutani	Director Branch Office Manager, Chubu Branch Office	•	•							•
Tatsuo Hino	Director General Manager, Management Headquarters	•				•	•	•		•

Name	Title	Specialization, experience, and knowledge that the Company expects of Directors								
		(1) Business Management	(2) Marketing / Sales	(3) Manufacturing / R & D / IT	(4) International- ality	(5) Finance / Accounting	(6) Personnel / HR develop- ment	(7) Legal / Risk Management	(8) Sustainabil- ity	(9) Practice of GALILEI Philosophy
Hiroshi Takeuchi	Director (Full-time Member of Audit and Supervisory Committee)	•	•			•	•	•		•
Takeshi Horinouchi	Director (Full-time Member of Audit and Supervisory Committee)		•	•						•
Takao Fujikawa	Director (Audit and Supervisory Committee Member)	•	•		•	•		•		•
Keiichi Yodoshi	Director (Audit and Supervisory Committee Member)	•		•	•			•	•	•
Eriko Nashioka	Director (Audit and Supervisory Committee Member)	•				•		•	•	•

The above list shows what the Company especially expects of Directors based on the specialization, experience, and knowledge that Director has.

Notes 1) Sustainability at our Company means to realize a Happy Creation Company by strategically working on the sustainability of society and the global environment (diversity, environment, resources, etc.) including ESG / CSR activities.

Notes 2) The Galilei Philosophy means a universal judgment standard that includes our corporate philosophy, vision, and action guidelines, and is expected to serve as a model in its practice.

**Proposal 5:** Revision of Director Remuneration Amounts for Directors (excluding Directors who are Audit and Supervisory Committee Members)

At the 69th Annual General Meeting of Shareholders held on June 29, 2020, the maximum amount of compensation for Directors of the Company (excluding Directors who are Audit and Supervisory Committee Members) was resolved to be two separate compensation frames which are; a fixed compensation frame of not more than 200 million yen annually (of which maximum 30 million yen per year for Outside Directors) and a performance-linked compensation frame of not more than 150 million yen annually. However, the Company decided to revise the amount of remuneration listed above to a fixed compensation frame of not more than 200 million yen annually (of which maximum 30 million yen per year for Outside Directors) and a performance-linked compensation frame of not more than 200 million yen annually, in consideration for the changes in economic conditions and various circumstances, in conjunction with calculation method of performance-linked compensation for Directors after April 1, 2022. In response, the Company requests approval for these revisions. Said amount will not include compensation for the employee portion of employee-directors for their services in such capacity as in the past.

Currently, the number of Directors is seven. If Proposal 3 “Election of Seven (7) Directors (excluding Directors who are Audit and Supervisory Committee Members)” is approved and adopted as originally proposed, the number of Directors involved in this proposal (excluding Directors who are Audit and Supervisory Committee Members) will continue to be seven.

The calculation method after the revision of performance-linked compensation and the reasons for the Company to believe that this proposal is appropriate are as follows.

(Calculation method)

- The index related to the underlying profit is the operating profit before performance-linked compensation deduction (hereinafter referred to as “individual operating profit”). The increase in prepaid pension expenses or the decrease in retirement benefit reserves (excluding expenses recorded as extraordinary gains and losses such as actuarial differences) will be deducted.
- Performance-linked compensation by position per person is as follows (rounded down to the nearest 100,000 yen).

Chairman of the Board:	0.36% of individual operating profit (payment rate of 0.36)
Director who also serves as President Executive Officer:	0.34% of individual operating profit (payment rate of 0.34)
Director who also serves as Vice Chairman Executive Officer:	0.31% of individual operating profit (payment rate of 0.31)
Director who also serves as Vice President Executive Officer:	0.31% of individual operating profit (payment rate of 0.31)
Director who also serves as Senior Managing Executive Officer:	0.29% of individual operating profit (payment rate of 0.29)
Director who also serves as Managing Executive Officer:	0.25% of individual operating profit (payment rate of 0.25)
Directors who also serve as Executive Officers other than the above:	0.22% of individual operating profit (payment of rate 0.22)
- However, for the period within 3 years after taking office as a Director, the above payment rate will be multiplied by 0.75 and this calculation method does not apply to Outside Directors who do not carry out business execution.
- The upper limit is 200 million yen and the lower limit is 0 yen. If the total amount of payment is 200 million yen, the amount will be calculated by dividing the payment rate by position of Directors by the total payment rate of all Directors and multiplying by 200 million yen (rounded down to the nearest 100,000 yen).
- For performance-linked remuneration when a Director retires during the term, the amount of performance-linked remuneration paid when the period of execution of duties has expired shall be calculated, and the amount shall be prorated according to the number of months of enrollment (rounded down to the nearest 100,000 yen).

(The reasons for the Company to believe that this proposal is appropriate)

This proposal is determined at the Board of Directors’ meeting upon receiving a report from the Remuneration Advisory Committee through comprehensive consideration in accordance with the scale of the Company’s business, compensation system and its payment level, etc., and is in line with the decision policies on the remuneration to each Director decided by the Board of Directors of the Company. Therefore, the

Company believes that the revised performance-linked compensation frame and calculation method are appropriate.

**Proposal 6:** Determination of Remuneration for Granting Restricted Shares to Directors (excluding Directors who are Audit and Supervisory Committee Members)

If Proposal 5 “Revision of Director Remuneration Amounts for Directors (excluding Directors who are Audit and Supervisory Committee Members)” is approved and adopted as originally proposed, the amount of a remuneration for the Company’s Directors (excluding Directors who are Audit and Supervisory Committee Members) will be a fixed compensation frame of not more than 200 million yen annually (of which not more than 30 million yen annually for Outside Directors) and a performance-linked compensation frame of not more than 200 million yen per year annually.

The Company aims to promote its Directors (excluding Directors who are Audit and Supervisory Committee Members; the “Eligible Directors”) to have further sharing of value with its shareholders while providing them with incentive to persistently increase the Company’s corporate value as part of its a revision of the officer remuneration system. To such ends, the Company hereby proposes to abolish the retirement benefits system for Directors and Corporate Auditors and that the Eligible Directors be furnished remuneration for the purpose of granting new restricted shares to its Directors, separately from the maximum amount of remuneration described above.

Remuneration furnished to the Eligible Directors for the purpose of granting restricted shares in accordance with this proposal is to be made in the form of monetary claims whose total value is not more than 150 million yen annually (of which not more than 12 million yen annually for Outside Directors). In addition, the Board of Directors shall make decisions on the specific timing for providing thereof and the allocation to each Eligible Director after receiving advice from the Remuneration Advisory Committee.

The current number of Directors (excluding Directors who are Audit and Supervisory Committee Members) is seven. If Proposal 3 “Election of Seven (7) Directors (excluding Directors who are Audit and Supervisory Committee Members)” is approved and adopted as originally proposed, the number of Directors (excluding Directors who are Audit and Supervisory Committee Members) will continue to be seven.

In addition, the Eligible Directors shall pay in as property contributed in kind all monetary claims furnished to them under this proposal in accordance with resolution of the Company’s Board of Directors, and shall, in return, receive shares of the Company that shall be issued or disposed of by the Company. Meanwhile, the total number of the Company’s common shares accordingly issued or disposed of is to be not more than 50,000 shares annually (of which not more than 4,000 shares annually for Outside Directors) (however, the total number of such shares is to be subject to adjustment with a reasonable range in the event of a stock split of the Company’s common shares (including allotment of the Company’s common shares without contribution), or in the event of a reverse stock split carried out on or after the date on which this proposal is approved and adopted, or otherwise in the event that there are any other grounds necessitating adjustment to the total number of Company’s common shares issued or disposed of as restricted shares).

The Board of Directors shall determine such amount to be paid in per share to the extent that the amount must not be an amount that is particularly advantageous to the Eligible Directors receiving such common shares, with such amount based on the closing price of the Company’s common shares on the Tokyo Stock Exchange on the business day immediately before each date a resolution by the Board of Directors (if there is no closing price on such date, the closing price on the closest preceding trading day). In addition, issues or disposition of the Company’s common shares in such manner, and also matters of furnishing monetary claims as property contributed in kind, are to be conditional on the Company and the Eligible Director having entered into an agreement on allotment of shares with the transfer restrictions (the “Allotment Agreement”), such that comprises the following content. Moreover, the Company deems as appropriate matters under this proposal such that include maximum amounts of remuneration, total numbers of the Company’s common shares to be issued or disposed of, and other conditions for granting the restricted shares to the Eligible Directors under this proposal, given that the Company has made such decisions upon having taken into account the aforementioned objectives, the Company’s business conditions, the Company’s policy on making decisions regarding details of remuneration, etc. for its individual Directors, and various other circumstances.

## **[Outline of the Allotment Agreement]**

### **(1) Restriction Period**

For a period from the date on which shares are allotted under the Allotment Agreement until immediately after resignation or retirement from the position of officers and employees of the Company or its subsidiaries, which is predetermined by the Board of Directors of the Company (the "Restriction Period"), the Eligible Directors shall not transfer, create a security interest on, or otherwise dispose of the Company's common shares (the "Transfer Restrictions"), such that they have received per allotment under the Allotment Agreement (the "Allotted Shares"). However, the Company shall rationally make adjustments to the timing of the end of "Restriction Period" if the time immediately after the resignation or retirement is before the day when three months have passed after the business year to which the Allotted Shares are to be allotted.

### **(2) Treatment on resignation or retirement from the position**

The Company shall automatically acquire without contribution the Allotted Shares in the event that an Eligible Director resigns or retires from the position predetermined by the Company's Board of Directors, from among the positions of officer and employee of the Company or its subsidiaries prior to expiration of the period predetermined by the Board of Directors of the Company (the "Service Provision Period"), except in case where such resignation or retirement is attributable to expiration of term of office, death, or just a justifiable grounds otherwise.

### **(3) Lifting of transfer restrictions**

The Company shall lift the transfer restrictions imposed on all of the Allotted Shares upon expiration of the Service Provision Period, on the condition that an Eligible Director has remained in the position predetermined by the Company's Board of Directors from among the positions of officer and employee of the Company or its subsidiaries. However, the Company shall rationally make adjustments to the number of Allotted Shares for which the transfer restrictions are to be lifted, and the timing of lifting as needed, in the event that 1) an Eligible Director resigns or retires from the position predetermined by the Company's Board of Directors, from among the positions of officer and employee of the Company or its subsidiaries, prior to expiration of the Service Provision Period, where such resignation or retirement is attributable to justifiable ground or 2) an Eligible Director resigns or retires from the position predetermined by the Company's Board of Directors, from among the positions of officer and employee of the Company or its subsidiaries, even after the expiration of the Service Provision Period, where such resignation or retirement is not attributable to justifiable ground. In addition, the Company shall automatically acquire without contribution the Allotted Shares with respect to which the transfer restrictions have not been lifted as of the time immediately after the transfer restrictions were lifted in accordance with the aforementioned provision.

### **(4) Treatment during reorganization etc.**

Notwithstanding the provision of (1) above, during the Restriction Period, in the event that a merger agreement under which the Company is disappearing company, a share exchange agreement or a share transfer plan under which the Company becomes a wholly owned subsidiary, or any other matter related to reorganization, etc. are approved at the Company's General Meeting of Shareholders (or at a meeting of the Company's Board of Directors otherwise in the event that such reorganization, etc. is not subject to approval of the General Meeting of Shareholders), then per resolution of the Company's Board of Directors, the Company shall lift the transfer restrictions on the Allotted Shares with the number of shares that is reasonably determined considering the period from the start date of the Restriction Period to the date of approval of the reorganization etc. prior to the date on which the reorganization, etc. becomes effective. In addition, the Company shall automatically acquire without contribution the Allotted Shares with respect to which the transfer restrictions have not been lifted as of the time immediately after the transfer restrictions were lifted in accordance with the aforementioned provision.

### **(5) Other matters**

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



## **[Reference] Decision policies pertaining to the contents of remuneration to each Director**

At the Board of Directors' meeting held on May 24, 2022, the Company resolved to revise the decision policies pertaining to the contents of remuneration to each Director subject to the approval for the Proposal 6 "Determination of Remuneration for Granting Restricted Shares to Directors (excluding Directors who are Audit and Supervisory Committee Members)" at this General Meeting of Shareholders. The details are as follows.

### **1. Basic policy**

The compensation system for Directors of the Company (excluding Directors who are Audit and Supervisory Committee Members) shall be a compensation system linked to the interests of shareholders so that it will fully function as an incentive to continuously enhance corporate value. When determining the compensation of individual Directors, the basic policy is to set an appropriate level based on each responsibility. Specifically, Directors' remuneration consists of basic remuneration, performance-linked remuneration, and nonmonetary remuneration.

### **2. Policy for determining each individual's basic remuneration (monetary remuneration) (including Policy for determining timing and conditions of remuneration)**

Amounts of basic remuneration for Directors shall be fixed remuneration and shall be determined through comprehensive consideration in accordance with rank, responsibility and years of office taking account of the Company's earnings and employee salary level.

### **3. Policy for determining content of performance-linked remuneration, etc. as well as method of calculating amounts and numbers thereof (monetary remuneration) (including Policy for determining timing and conditions of remuneration)**

The performance-linked remuneration is provided for Directors with executive responsibilities at a fixed time every year as a bonus calculated based on certain criteria according to the position, responsibility, etc. of each Director to increase motivation and morale to improve business performance through proper company management.

### **4. Policy for determining content of nonmonetary remuneration as well as method of calculating amounts and numbers thereof**

Nonmonetary remuneration of the Directors' remuneration shall be restricted stock. The total amount of monetary claims provided to Directors for granting restricted shares is to be not more than 150 million yen annually and the total number of common shares accordingly issued or disposed of by the Company is to be not more than 50,000 shares annually (however, the total number of such shares is to be subject to adjustment with a reasonable range in the event of a stock split of the Company's common shares (including allotment of shares without contribution), or in the event of a reverse stock split carried out, or otherwise in the event that there are any other grounds necessitating adjustment to the total number of Company's common shares issued or disposed of as restricted shares). The specific timing and allocation of payments to Directors will be determined by the Board of Directors.

### **5. Policy for determining the proportion of basic remuneration amount, performance-linked remuneration amount, and nonmonetary remuneration amount for individual Directors**

Policy for determining the proportion of basic remuneration amount, performance-linked remuneration amount, and nonmonetary remuneration amount is determined to provide the most appropriate payment ratio in order to contribute to the sustainable improvement of corporate value.

### **6. Matters related to determining content of remuneration of individual Directors**

Determination of the amount of remuneration of individual Directors is entrusted to a Representative Director based on a resolution of the Board of Directors, with the Representative Director being authorized to determine basic remuneration amounts for individual Directors. The Representative Director shall make the decision based on the content of the report from the Remuneration Advisory Committee, which is comprised of a majority of the members from Outside Directors.

**Proposal 7:** Determination of Remuneration for Granting Restricted Shares to Directors who are Audit and Supervisory Committee Members

The amount of remuneration for the Company's Directors who are Audit and Supervisory Committee Members was approved at not more than 50 million yen annually at the 69th Annual General Meeting of Shareholders held on June 29, 2020.

The Company aims to promote its Directors who are Audit and Supervisory Committee Members to have further sharing of value with its shareholders while providing them with incentive to prevent damage to our corporate value and maintain credit as part of its a revision of the officer remuneration system. To such ends, the Company hereby proposes to abolish the retirement benefits system for Directors and Corporate Auditors and that the Eligible Directors be furnished remuneration for the purpose of granting new restricted shares to its Directors, separately from the maximum amount of remuneration described above.

Remuneration furnished to the Directors who are Audit and Supervisory Committee Members for the purpose of granting restricted shares in accordance with this proposal is to be made in the form of monetary claims whose total value is not more than 12 million yen annually (of which not more than 12 million yen annually for Outside Directors). In addition, the specific timing for providing thereof and the allocation to each Director who are Audit and Supervisory Committee Member will be decided by discussions with the Directors who are Audit and Supervisory Committee Members.

The current number of Directors who are Audit and Supervisory Committee Members is four (including three Outside Directors). If Proposal 4 "Election of Four (4) Directors who are Audit and Supervisory Committee Members" is approved and adopted as originally proposed, the number of Directors who are Audit and Supervisory Committee Members will be five (including four Outside Directors).

In addition, the Directors who are Audit and Supervisory Committee Members shall pay in as property contributed in kind all monetary claims furnished to them under this proposal in accordance with resolution of the Company's Board of Directors, and shall, in return, receive shares of the Company that shall be issued or disposed of by the Company. Meanwhile, the total number of the Company's common shares accordingly issued or disposed of is to be not more than 4,000 shares annually (of which not more than 4,000 shares annually for Outside Directors) (however, the total number of such shares is to be subject to adjustment with a reasonable range in the event of a stock split of the Company's common shares (including allotment of the Company's common shares without contribution), or in the event of a reverse stock split carried out on or after the date on which this proposal is approved and adopted, or otherwise in the event that there are any other grounds necessitating adjustment to the total number of Company's common shares issued or disposed of as restricted shares).

The Board of Directors shall determine such amount to be paid in per share to the extent that the amount must not be an amount that is particularly advantageous to the Eligible Directors receiving such common shares, with such amount based on the closing price of the Company's common shares on the Tokyo Stock Exchange on the business day immediately before each date a resolution by the Board of Directors (if there is no closing price on such date, the closing price on the closest preceding trading day). In addition, issues or disposition of the Company's common shares in such manner, and also matters of furnishing monetary claims as property contributed in kind, are to be conditional on the Company and Directors who are Audit and Supervisory Committee Members having entered into an agreement on allotment of shares with the transfer restrictions which is the same content as the Allotment Agreement described in "Proposal 6: Determination of Remuneration for Granting Restricted Shares to Directors (excluding Directors who are Audit and Supervisory Committee Members)". Moreover, the Company deems as appropriate matters under this proposal such that include maximum amounts of remuneration, total numbers of the Company's common shares to be issued or disposed of, and other conditions for granting the restricted shares to the Directors who are Audit and Supervisory Committee Members under this proposal, given that the Company has made such decisions upon having taken into account the aforementioned objectives, the Company's business conditions, and various other circumstances.

**Proposal 8:** Presentation of Retirement Benefits to a Retiring Director

The Company proposes to present Ms. Hiroko Tanaka, who passed away on September 14, 2021 and retired from the office of Directors on the same day, with a retirement benefits in recognition of her service, within appropriate bounds in accordance with the standards prescribed by the Company. The Company proposes that decisions on the specific amount of the benefits, and the timing and method of its presentation be delegated to the Board of Directors. The retirement benefits for the retired Director are in line with the Director's Compensation Decision Policy decided by the Board of Directors of the Company described on page 45 of the convocation notice (in Japanese version only), and is therefore deemed appropriate.

The career summary of the retired Director is as follows.

Name	Career summary
Hiroko Tanaka	June 2019      Outside Director, the Company September 2021      Passed away

**Proposal 9:** Granting Final Payment of Retirement Benefits in conjunction with Abolishment of Retirement Benefits System for Directors and Corporate Auditors

At the Board of Directors' meeting held on May 24, 2022, the Company resolved to abolish the Retirement Benefits System for Directors at the end of this General Meeting of Shareholders as a part of the revision of the compensation plan for Directors, subject to the approval and adoption for the Proposal 6 "Determination of Remuneration for Granting Restricted Shares to Directors (excluding Directors who are Audit and Supervisory Committee Members)" and Proposal 7 "Determination of Remuneration for Granting Restricted Shares to Directors who are Audit and Supervisory Committee Members" as originally proposed.

Accordingly, for the seven Directors (excluding Directors who are Audit and Supervisory Committee Members) and four Directors who are Audit and Supervisory Committee Members, who will continue to hold their office, the final payment of retirement benefits will be granted in recognition of their service during their terms of office up to the conclusion of the meeting within appropriate bounds in accordance with the certain standards prescribed by the Company when the Proposal 3 "Election of Seven (7) Directors (excluding Directors who are Audit and Supervisory Committee Members)" and the Proposal 4 "Election of Four (4) Directors who are Audit and Supervisory Committee Members" are approved and adopted as originally proposed, subject to the approval and adoption for the Proposal 6 "Determination of Remuneration for Granting Restricted Shares to Directors (excluding Directors who are Audit and Supervisory Committee Members)" and Proposal 7 "Determination of Remuneration for Granting Restricted Shares to Directors who are Audit and Supervisory Committee Members" as originally proposed. This proposal is in line with the decision policies on the remuneration to each Director decided by the Board of Directors of the Company described on page 45 of the convocation notice (in Japanese version only) and the Remuneration Advisory Committee, which has a majority of the members as Independent Outside Directors, reported that it is reasonable and therefore is deemed appropriate.

Payment shall be made at the time of their retirement. The Company proposes that decisions on the specific amount of the benefits and method of its presentation, be delegated respectively to the Board of Directors for the retiring Directors (excluding Directors who are Audit and Supervisory Committee Members) and to the consultation of Directors who are Audit and Supervisory Committee Members for the retiring Audit and Supervisory Committee Members.

In addition, the amount of payment required based on the prescribed standards has been recorded as allowance for officer retirement benefit in preparation for future retirement benefits. Therefore, the implementation of this payment will have no significant impact on the Company's business performance.

The career summary for Directors who are eligible for the final payment are as follows.

Name	Career summary	
Yutaka Fukushima	February 1981 December 1985 April 1992	Managing Director, the Company Senior Managing Director, the Company President, the Company To the present
Akira Fukushima	February 1989 April 1994 April 2000 April 2014	Director, the Company Managing Director, the Company Senior Managing Director, the Company Director, Vice-President, the Company To the present
Go Fukushima	June 2013 April 2014	Managing Director, the Company Senior Managing Director, the Company To the present
Mitsuru Katayama	June 2004 April 2010	Director, the Company Managing Director, the Company To the present
Kenji Nagao	June 2009 June 2016	Director, the Company Managing Director, the Company To the present
Kozo Mizutani	June 2009	Director, the Company To the present
Tatsuo Hino	June 2017	Director, the Company To the present

Name	Career summary	
Hiroshi Takeuchi	June 2010 June 2020	Full-time Corporate Auditor, the Company Outside Director, the Company (Full-time Member of Audit and Supervisory Committee) To the present
Takeshi Horinouchi	June 2021	Director, the Company (Full-time Member of Audit and Supervisory Committee) To the present
Takao Fujikawa	June 2015 June 2020	Outside Director, the Company Outside Director, the Company (Audit and Supervisory Committee Member) To the present
Keiichi Yodoshi	June 2016 June 2020	Outside Director, the Company Outside Director, the Company (Audit and Supervisory Committee Member) To the present