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(Securities Code: 3107)

June 7, 2022

To our shareholders:

Yukihiro Nishimura Representative Director, President
Daiwabo Holdings Co., Ltd.
6-8, Kyutaromachi 3-chome, Chuo-ku, Osaka

NOTICE OF THE 112TH ANNUAL GENERAL MEETING OF SHAREHOLDERS

This is to notify you of the 112th Annual General Meeting of Shareholders of Daiwabo Holdings Co., Ltd. (the “Company”), which will be held as described below.

This year, from the perspective of preventing the spread of COVID-19 infections, the Company requests that, to the utmost possible, you exercise your voting rights via the Internet or by mail (voting card), and consider carefully whether to come to the venue on the day of the meeting.

Please exercise your voting rights no later than 5:30 p.m. on June 28, 2022 (Tuesday), after reviewing the Reference Documents for the Annual General Meeting of Shareholders.

- 1. Date and Time:** Wednesday, June 29, 2022 at 10:00 a.m. (Japan Standard Time) (doors open at 8:45 a.m.)
- 2. Venue:** Obic Hall, Obic Midosuji Bldg. 2nd Floor
4-2-3 Hiranomachi, Chuo-ku, Osaka

3. Purposes:

Items to be reported:

1. Business Report, Consolidated Financial Statements, and Non-Consolidated Financial Statements for the 111th Term (from April 1, 2021 to March 31, 2022)
2. Results of audit of the Consolidated Financial Statements for the 111th Term by the Accounting Auditor and the Audit & Supervisory Board

Items to be resolved:

- Proposal 1:** Appropriation of Surplus
- Proposal 2:** Partial Amendments to the Articles of Incorporation
- Proposal 3:** Election of Seven (7) Directors
- Proposal 4:** Introduction of a Performance-Linked Share-Based Remuneration Plan for Directors and Revision of the Amount of Remuneration for Directors

4. Other Matters Regarding the Convocation of the Meeting

- (1) If a voting right is exercised both via the Internet and by mail (voting card), the vote exercised via the Internet shall be deemed effective.
- (2) If a voting right is exercised multiple times via the Internet, the last vote shall be deemed effective.

<Notification> Informational materials for the general meeting of shareholders will be provided by publication on the Company's website

Starting September 1, 2022, the system for providing informational materials for the general meeting of shareholders in electronic format will come into effect. Under the electronic format, informational materials for the general meeting of shareholders can be provided to the shareholders by posting them on the Company's website and notifying the shareholders in writing of the address of the website, etc. Since the system for providing informational materials for the general meeting of shareholders in electronic format is compulsorily applied to listed companies, starting from the next general meeting of shareholders (June 2023), the Company will apply the electronic format, and shareholders will receive only a simple notice of convocation (a notice stating that it has been posted on the Company's website and the address of the website). At this point, in principle, the provision of information to shareholders will be changed from "in writing" to "electronic." The amount of information will not be limited.

Shareholders who wish to receive the informational materials for the general meeting of shareholders in writing at the next (June 2023) and subsequent general meeting of shareholders to which the electronic format will be applied can take the procedure for requesting the delivery of paper-based documents.

Regarding the procedure for requesting the delivery of paper-based documents, please contact the securities company where you have opened an account to make the request to the securities company, or Mitsubishi UFJ Trust and Banking Corporation to make the request to the shareholder registry administrator.

- Please also refer to the website for the system for providing informational materials for the general meeting of shareholders in electronic format (<https://www.tr.mufg.jp/daikou/denshi.html>).

Request to consider refraining from attending

The Company will hold the General Meeting of Shareholders for this fiscal year after making the maximum effort to prevent the spread of COVID-19, such as reducing the scale of the meeting and shortening the time spent in the venue. From the perspective of preventing the spread of infection, we ask that you consider carefully whether to attend the meeting in person. We ask for your understanding and cooperation as you may exercise your voting rights either via the Internet or by mail (voting card) instead of attending the meeting in person.

<For shareholders attending the meeting>

Please understand that people who refuse to cooperate with wearing a mask, using alcohol disinfectant in the venue, etc., people who are found to have fevers and people who appear to be unwell may be refused entry and be asked to leave.

- If there is a major change in the operation or venue of the General Meeting of Shareholders due to future outbreaks, it will be posted on the Company's website (<https://www.daiwabo-holdings.com/>), and ask that you please refer to it.

Reference Documents for the Annual General Meeting of Shareholders

Proposals and References

Proposal 1: Appropriation of Surplus

As our important task for the management is distribution of profits, our basic policy is to distribute profits to our shareholders continuously and stably while maintaining a necessary internal reserve based on performance.

With consideration to the actual results of current term, the distribution of the surplus is proposed as indicated below.

Matters related to year-end dividends

(1) Allocation of dividend property and total amount thereof

30 yen per common share of the Company

Total amount of dividends: 2,853,100,500 yen

Since we are paying an interim dividend of 30 yen per share, the annual dividend for the current fiscal year will be 60 yen per share.

(2) Effective date of distribution of dividends of surplus

June 30, 2022

Proposal 2: Partial Amendments to the Articles of Incorporation

1. Reasons for the Amendment

Since the revised provisions provided for in the proviso to Article 1 of the Supplementary Provisions of the Act Partially Amending the Companies Act (Act No. 70 of 2019) are to be enforced on September 1, 2022, the Company proposes to make the following changes to its Articles of Incorporation in preparation for the introduction of the system for providing informational materials for the general meeting of shareholders in electronic format.

- (1) Article 15, paragraph 1 in “Proposed amendments” below will stipulate that the Company shall take measures for providing information in electronic format that constitutes the content of reference documents for the general meeting of shareholders, etc. in electronic format.
- (2) Article 15, paragraph 2 in “Proposed amendments” below will establish the provision to limit the scope of the items to be stated in the paper-based documents to be delivered to shareholders who requested the delivery of paper-based documents.
- (3) Since the provisions for Internet Disclosure and Deemed Provision of Reference Documents for the General Meeting of Shareholders, Etc. (Article 15 of the current Articles of Incorporation) will no longer be required, they will be deleted.
- (4) Accompanying the aforementioned establishment and deletion of provisions, supplementary provisions regarding the effective date, etc. will be established.

2. Details of the amendments

Details of the amendments are as follows.

(Amended portions are underlined)

Current Articles of Incorporation	Proposed amendments
<p><u>(Internet Disclosure and Deemed Provision of Reference Documents for the General Meeting of Shareholders, Etc.)</u> <u>Article 15</u> <u>When the Company convenes a general meeting of shareholders, if it discloses information that is to be stated or presented in the reference documents for the general meeting of shareholders, business report, financial statements and consolidated financial statements through the internet in accordance with the provisions prescribed by the Ministry of Justice Order, it may be deemed that the Company has provided this information to shareholders.</u></p> <p style="text-align: center;"><Newly established></p>	<p style="text-align: center;"><Deleted></p> <p><u>(Measures for Providing Information in Electronic Format, Etc.)</u> <u>Article 15</u> <u>1 When the Company convenes a general meeting of shareholders, it shall take measures for providing information in electronic format that constitutes the content of reference documents for the general meeting of shareholders, etc. in electronic format.</u> <u>2 Among items for which the measures for providing information in electronic format will be taken, the Company may exclude all or some of those items designated by the Ministry of Justice Order from statements in the paper-based documents to be delivered to shareholders who requested the delivery of paper-based documents by the record date of voting rights.</u></p>

Current Articles of Incorporation	Proposed amendments
<Newly established>	<p>(Supplementary Provisions)</p> <p>1. <u>The amendment to the Articles of Incorporation pertaining to Article 15 shall be effective from the date of enforcement of the revised provisions provided for in the proviso to Article 1 of the Supplementary Provisions of the Act Partially Amending the Companies Act (Act No. 70 of 2019) (hereinafter referred to as the “Date of Enforcement”).</u></p> <p>2. <u>Notwithstanding the provision of the preceding paragraph, Article 15 of the pre-amended Articles of Incorporation (Internet Disclosure and Deemed Provision of Reference Documents for the General Meeting of Shareholders, Etc.) shall remain effective regarding any general meeting of shareholders held on a date within six months from the Date of Enforcement.</u></p> <p>3. <u>These Supplementary Provisions shall be deleted on the date when six months have elapsed from the Date of Enforcement or three months have elapsed from the date of the general meeting of shareholders in the preceding paragraph, whichever is later.</u></p>

<Supplementary Explanation of the Partial Amendments to the Articles of Incorporation>

Starting September 1, 2022, the system for providing informational materials for the general meeting of shareholders in electronic format will come into effect. Under the electronic format, informational materials for the general meeting of shareholders can be provided to the shareholders by posting them on the Company’s website and notifying the shareholders in writing of the address of the website, etc. Since the system for providing informational materials for the general meeting of shareholders in electronic format is compulsorily applied to listed companies, starting from the next general meeting of shareholders (June 2023), the Company will apply the electronic format, and shareholders will receive only a simple notice of convocation (a notice stating that it has been posted on the Company’s website and the address of the website). At this point, in principle, the provision of information to shareholders will be changed from “in writing” to “electronic.” The amount of information will not be limited.

Shareholders who wish to receive the informational materials for the general meeting of shareholders in writing at the next (June 2023) and subsequent general meeting of shareholders to which the electronic format will be applied can take the procedure for requesting the delivery of paper-based documents.

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* Please also refer to the website for the system for providing informational materials for the general meeting of shareholders in electronic format (<https://www.tr.mufg.jp/daikou/denshi.html>).

Proposal 3: Election of Seven (7) Directors

As the terms of office of all seven (7) Directors will expire at the close of this Annual General Meeting of Shareholders. The Company proposes that seven (7) Directors be elected.

The candidates for Directors are as follows:

No.	Name		Gender	Age (tenure)	Position and responsibility
1	Reelection	Yukihiro Nishimura	Male	60 (5 years)	Representative Director, President Audit & Supervisory Board Member, DAIWABO INFORMATION SYSTEM CO., LTD. Audit & Supervisory Board Member, Daiwabo Co., Ltd. Audit & Supervisory Board Member, O-M Ltd.
2	Reelection	Mitsushige Yasuda	Male	56 (1 year)	Director, Representative of Business Administration
3	New election	Tsukasa Igari	Male	58 (-)	Deputy Representative, Corporate Strategy and General Manager, Corporate Strategy Department
4	Reelection Outside Independent Officer	Kenichi Dohi	Male	72 (6 years)	Director
5	Reelection Outside Independent Officer	Kazuyuki Nakamura	Male	73 (4 years)	Director
6	Reelection Outside Independent Officer	Yukiko Yoshimaru	Female	62 (1 year)	Director
7	Reelection Outside Independent Officer	Takako Fujiki	Female	52 (1 year)	Director

No.	Name (Date of birth)	Career summary, position and responsibility	Number of the Company's shares held
1	<p>Yukihiro Nishimura (June 14, 1961, 60 years old) Reelection</p> <p>Tenure: 5 years</p> <p>Attendance at meetings of the Board of Directors: 17 out of 17 (100%)</p>	<p>Apr. 1985 DAIWABO INFORMATION SYSTEM CO., LTD.</p> <p>June 2006 Director of DAIWABO INFORMATION SYSTEM CO., LTD.</p> <p>Apr. 2012 Managing Director of DAIWABO INFORMATION SYSTEM CO., LTD.</p> <p>June 2012 Executive Managing Officer of the Company</p> <p>June 2017 Director Executive Managing Officer and Representative of Group headquarters of the Company</p> <p>June 2018 Director Senior Executive Managing Officer of the Company</p> <p>Apr. 2020 Representative Director, President of the Company (present position)</p> <p>Significant concurrent positions outside the Company Audit & Supervisory Board Member, DAIWABO INFORMATION SYSTEM CO., LTD. Audit & Supervisory Board Member, Daiwabo Co., Ltd. Audit & Supervisory Board Member, O-M Ltd.</p>	24,000 shares
<p>Reason for nominating as a candidate for Director Yukihiro Nishimura has extensive work experience through being involved mainly in the IT Infrastructure Distribution Business since he joined the Company. He has knowledge of business in general, global business management, and in administration and operations work as he has served as Director Executive Managing Officer of the Company since 2017, Director Senior Executive Managing Officer since 2018, and as Representative Director, President of the Company since 2020. Therefore, the Company is re-nominating him as a candidate for Director.</p>			
2	<p>Mitsushige Yasuda (January 5, 1966, 56 years old) Reelection</p> <p>Tenure: 1 year</p> <p>Attendance at meetings of the Board of Directors: 13 out of 13 (100%)</p>	<p>Apr. 1988 Joined DAIWABO INFORMATION SYSTEM CO., LTD.</p> <p>June 2020 Director, General Manager of Administration Division of DAIWABO INFORMATION SYSTEM CO., LTD.</p> <p>Apr. 2021 Director, Representative of Administration Division of DAIWABO INFORMATION SYSTEM CO., LTD.</p> <p>June 2021 Director, Representative of Business Administration of the Company (present position)</p>	6,465 shares
<p>Reason for nominating as a candidate for Director Mitsushige Yasuda has extensive experience and deep insights gained over a period of many years in the Sales and Administration departments after joining DAIWABO INFORMATION SYSTEM CO., LTD. He has knowledge of business in general and finance administration as he has served as Director of DAIWABO INFORMATION SYSTEM CO., LTD. since 2020 and Director of the Company since 2021. Therefore, the Company is re-nominating him as a candidate for Director.</p>			

3	<p>Tsukasa Igari (January 22, 1964, 58 years old) New election</p>	<p>Nov. 1994 Joined DAIWABO INFORMATION SYSTEM CO., LTD. Apr. 2006 General Manager, East-Japan Sales Division of DAIWABO INFORMATION SYSTEM CO., LTD. Apr. 2009 General Manager, Sales Promotion Department and General Manager, Marketing Department of DAIWABO INFORMATION SYSTEM CO., LTD. Apr. 2012 General Manager, Corporate Planning Department of DAIWABO INFORMATION SYSTEM CO., LTD. Apr. 2015 General Manager, Logistics & Business Promotion Department of DIS Service & Support Co., Ltd. (currently DIS Service & Solution Co., Ltd.) Apr. 2020 Chief Member, Financial Management Department of the Company Oct. 2020 General Manager, IR/PR Department of the Company June 2021 Deputy Representative, Corporate Strategy and General Manager, IR/PR Department of the Company Apr. 2022 Deputy Representative, Corporate Strategy and General Manager, Corporate Strategy of the Company (present position)</p>	2,900 shares
<p>Reason for nominating as a candidate for Director Tsukasa Igari has experience and insights gained over a period of many years in the Sales, Purchasing, Planning, and Logistics departments after joining DAIWABO INFORMATION SYSTEM CO., LTD. Since 2020, he has served as General Manager of the IR/PR Department of the Company, since 2021 he has served as Deputy Representative of Corporate Strategy Department of the Company, and since 2022 he has served as General Manager of Corporate Strategy Department of the Company. As the Company has judged he will be able to apply his experience and knowledge in the performance of his duties, the Company is nominating him as a candidate for Director.</p>			
4	<p>Kenichi Dohi (January 28, 1950, 72 years old) Reelection Outside Independent Officer</p> <p>Tenure: 6 years</p> <p>Attendance at meetings of the Board of Directors: 17 out of 17 (100%)</p>	<p>Apr. 1973 Joined Sumitomo Corporation Apr. 2004 Representative Director, President of Sumisho Textile Co., Ltd. (currently STX Co., Ltd.) Aug. 2007 Representative Director, President of SUMISHO MONTBLANC Co., Ltd. June 2016 Outside Director of the Company (present position)</p>	4,400 shares
<p>Reason for nominating as a candidate for Outside Director, and overview of expected role Kenichi Dohi has extensive experience and wide-ranging knowledge accumulated both in and outside Japan as a corporate manager in the fiber industry, and the Company expects that he will contribute to the business and financial management of the Company by using such knowledge and experience. Therefore, the Company is re-nominating him as a candidate for Outside Director. Expectations for his role if elected as Outside Director will be that he makes particular use of his experience in the fiber industry, to supervise and advise the Board of Directors, etc. from an objective standpoint independent of management regarding formulation of and progress with management plans, selection and concentration of business aimed at sustainable growth for the Company, growth strategies and other issues.</p>			

5	<p>Kazuyuki Nakamura (June 28, 1948, 73 years old) Reelection Outside Independent Officer</p> <p>Tenure: 4 years</p> <p>Attendance at meetings of the Board of Directors: 17 out of 17 (100%)</p>	<p>Apr. 1971 Joined Mitsubishi Electric Corporation Apr. 2006 Executive Officer of Mitsubishi Electric Corporation Apr. 2009 Representative Executive Officer, Senior Vice President of Mitsubishi Electric Corporation Apr. 2010 Representative Executive Officer, Executive Vice President of Mitsubishi Electric Corporation June 2018 Outside Director of the Company (present position)</p>	3,200 shares
<p>Reason for nominating as a candidate for Outside Director, and overview of expected role Kazuyuki Nakamura has extensive knowledge and experience accumulated as manager of a listed ICT company, and the Company expects that he will contribute to the business and financial management of the Company by using such knowledge and experience. Therefore, the Company is re-nominating him as a candidate for Outside Director. Expectations for his role if elected as Outside Director will be that he makes particular use of his experience in the ICT industry, to supervise and advise the Board of Directors, etc. from an objective standpoint independent of management regarding formulation of and progress with management plans, selection and concentration of business aimed at sustainable growth for the Company, growth strategies and other issues.</p>			
6	<p>Yukiko Yoshimaru (February 1, 1960, 62 years old) Reelection Outside Independent Officer</p> <p>Tenure: 1 year</p> <p>Attendance at meetings of the Board of Directors: 13 out of 13 (100%)</p>	<p>Apr. 1982 Joined Oki Electric Industry Co., Ltd. Apr. 1998 Director of Oki America Inc. and Head of the New York office of Oki Electric Industry Co., Ltd. Oct. 2004 General Manager, Diversity Development Office of Nissan Motor Co., Ltd. Apr. 2008 Joined Nifco Inc. June 2011 Managing Director of Nifco Inc. Apr. 2018 Outside Director of Sekisui House, Ltd. (present position) June 2019 Outside Director of Mitsui Chemicals, Inc. (present position) June 2021 Outside Director of the Company (present position)</p> <p>Significant concurrent positions outside the Company Outside Director of Sekisui House, Ltd. Outside Director of Mitsui Chemicals, Inc.</p>	800 shares
<p>Reason for nominating as a candidate for Outside Director, and overview of expected role Yukiko Yoshimaru, in addition to having experience in and knowledge of the diversity field through her experience as a corporate officer for companies in and outside Japan, has also accumulated deep insights in the course of conducting efforts to strengthen governance as outside director of listed companies, etc. The Company expects that she will contribute to the business and financial management of the Company through such insights. Therefore, the Company is re-nominating her as a candidate for Outside Director. Expectations for her role if elected as Outside Director will be that she makes use of her knowledge to supervise and provide advice, particularly to the Board of Directors from an objective standpoint independent of management to strengthen governance and promote diversity, which are essential to sustained enhancement of the Company's corporate value.</p>			

7	<p>Takako Fujiki (January 30, 1970, 52 years old) Reelection Outside Independent Officer</p> <p>Tenure: 1 year</p> <p>Attendance at meetings of the Board of Directors: 13 out of 13 (100%)</p>	<p>Nov. 1993 Oct. 2005 Jan. 2013 May 2019 June 2021</p> <p>Joined Intel Japan K.K. General Manager, Business Planning and Business Operations Group of Intel Japan K.K. Executive Officer, General Manager, Global Sales Division of Intel Japan K.K. Executive Officer, General Manager, Sales Division of Google Japan G.K. (present position) Outside Director of the Company (present position)</p> <p>Significant concurrent positions outside the Company Executive Officer, Google Japan G.K.</p>	<p>400 shares</p>
	<p>Reason for nominating as a candidate for Outside Director, and overview of expected role Takako Fujiki has extensive knowledge and experience in companies that occupy a major position globally in the ICT industry. The Company expects that she will contribute to the business and financial management of the Company through the deep insights she has accumulated. Therefore, the Company is re-nominating her as a candidate for Outside Director. Expectations for her role if elected as Outside Director will be that she makes use of her knowledge to supervise and provide advice, particularly to the Board of Directors, etc. from an objective standpoint independent of management, regarding Group growth strategy centering on the Company's mainstay IT Infrastructure Distribution business, as well as the shift to ICT in business administration for the Group as a whole.</p>		

- Notes:
- None of the above candidates have any conflicts of interest with the Company.
 - Kenichi Dohi, Kazuyuki Nakamura, Yukiko Yoshimaru and Takako Fujiki are all candidates for Outside Directors.
 - The Company has assigned and registered Kenichi Dohi as Independent Officer under the regulations of the Tokyo Stock Exchange. While STX Co., Ltd. and SUMISHO MONTBLANC Co., Ltd. are business partners of Daiwabo Co., Ltd., a subsidiary of the Company, the total trading performance result with them is less than 1.0% of consolidated sales of the Company for the current term. Therefore, Kenichi Dohi meets the Standard of Independence as set forth by the Company.
 - The Company has assigned and registered Kazuyuki Nakamura as Independent Officer under the regulations of the Tokyo Stock Exchange. While Mitsubishi Electric Corporation is a client of our subsidiary DAIWABO INFORMATION SYSTEM CO., LTD., the total trading performance result with Mitsubishi Electric Corporation was less than 1.0% of consolidated sales of the Company for the current term. Therefore, Kazuyuki Nakamura meets the Standard of Independence as set forth by the Company.
 - The Company has assigned and registered Yukiko Yoshimaru as Independent Officer under the regulations of the Tokyo Stock Exchange. While Oki Electric Industry Co., Ltd. and Mitsui Chemicals, Inc. are clients of our subsidiary DAIWABO INFORMATION SYSTEM CO., LTD. and Daiwabo Co., Ltd., the total trading performance result with them is less than 1.0% of consolidated sales of the Company for the current term. Therefore, Yukiko Yoshimaru meets the Standard of Independence as set forth by the Company.
 - The Company has assigned and registered Takako Fujiki as Independent Officer under the regulations of the Tokyo Stock Exchange. While Intel Japan K.K. and Google Japan G.K. are clients of our subsidiary DAIWABO INFORMATION SYSTEM CO., LTD., the total trading performance result with them is less than 1.0% of consolidated sales of the Company for the current term. Therefore, Takako Fujiki meets the Standard of Independence as set forth by the Company.
 - Kenichi Dohi will have served as Outside Director of the Company for six (6) years upon the close of this meeting.
 - Kazuyuki Nakamura will have served as Outside Director of the Company for four (4) years upon the close of this meeting.
 - Both Yukiko Yoshimaru and Takako Fujiki will have served as Outside Director of the Company for one (1) year upon the close of this meeting.
 - In order for the Director (excluding executive directors, etc.) to fully fulfill his/her expected role, Article 24 of the current Articles of Incorporation provides that the Company may enter into an agreement with the Director (excluding executive directors, etc.) to limit his/her liability for damages to the Company caused by his/her negligence. The Company has entered into such agreements with Kenichi Dohi, Kazuyuki Nakamura, Yukiko Yoshimaru and Takako Fujiki to limit their liability up to the amount stipulated by applicable laws and regulations. If the reelections of Kenichi Dohi, Kazuyuki Nakamura, Yukiko Yoshimaru, and Takako Fujiki are approved, the Company intends to continue the aforesaid liability limitation agreement with them.
 - To ensure its officers can adequately fulfill the roles expected of them in the performance of their duties, and to ensure the Company can attract capable personnel, the Company has entered into contracts for Directors' and Officers' Liability Insurance (D&O Insurance) as stipulated in Article 430 (3), Paragraph 1 of the Companies Act, with the insured being the Directors and Audit & Supervisory Board Members of the Company and its primary subsidiaries. In the event this proposal is approved as originally proposed and the Directors appointed, the candidates will each become insured parties under said insurance contracts. Under the aforesaid contracts, any damages arising from the insured persons, including directors and officers being held liable with regards to the execution of their duties, or from claims received in relation to pursuit of said liability, shall be compensated. However, there are certain reasons for exemption under which compensation shall not be

made, including for damages arising from actions that are recognized as being in violation of the law. The Company intends to renew the aforesaid contracts during the tenure of each candidate with same content.

Proposal 4: Introduction of a Performance-Linked Share-Based Remuneration Plan for Directors and Revision of the Amount of Remuneration for Directors

This proposal calls for the introduction of a performance-linked share-based remuneration plan (hereinafter referred to as the “Plan”) as a new incentive plan for Directors (hereinafter referred to as “Eligible Directors,” which excludes Outside Directors, non-Executive Directors, and non-residents of Japan of the Covered Companies; the same applies below) of the Company and its three subsidiaries (DAIWABO INFORMATION SYSTEM CO., LTD., Daiwabo Co., Ltd., and O-M Ltd., hereinafter referred to as the “Covered Subsidiaries,” the Company and Covered Subsidiaries hereinafter referred to collectively as the “Covered Companies”). The Plan pays share-based remuneration to Eligible Directors within an upper limit that is separate from the upper limits for the amount of basic remuneration (237 million yen annually or less (with Outside Directors accounting for 36 million yen annually or less of this figure)) and performance-linked remuneration (91 million yen annually or less (excluding Outside Directors)), which were approved at the 110th Ordinary General Meeting of Shareholders held on June 26, 2020.

The maximum amount of money to be contributed by the Company for performance-linked share-based remuneration to be approved under this proposal shall be 21 million yen per fiscal year, and the maximum number of Company shares to be delivered to the Directors of the Company to be approved under this proposal shall be 13,000 points per fiscal year (1 point is 1 common share of the Company).

We believe that the introduction of the Plan is reasonable given that its aim is to increase motivation to achieve the performance targets set forth in the single-year plan and to further promote profit sharing with shareholders, in addition to further clarifying the linkage between the remuneration of Directors and the Company’s corporate value and providing incentives to improve corporate value over the medium to long term. The introduction of the Plan has been deliberated by the Remuneration Committee, of which Outside Directors form a majority, and the Board of Directors. The current number of Directors is seven (7) (of whom four (4) are Outside Directors). Subject to the approval and passage of Proposal 3 “Election of Seven (7) Directors” as originally proposed, the number of Directors will be seven (7) (of whom four (4) are Outside Directors), and the number of Directors of the Company eligible for the Plan will be three (3).

Along with the introduction of the Plan, the Company proposes to revise the upper limit for the amount of basic remuneration of the Directors mentioned above from 237 million yen annually or less (with Outside Directors accounting for 36 million yen annually or less of this figure) to 350 million yen annually or less (with Outside Directors accounting for 90 million yen annually or less of this figure).

In order to strengthen governance and achieve sustainable growth, the Company has strengthened the supervisory function of the Board of Directors, including by increasing the number of independent Outside Directors. When setting a level of remuneration for Directors, in particular independent Outside Directors, that will attract and retain superior human resources going forward, and realizing fair and proper treatment under responsibility and outcomes, it is predicted that the current upper limits will become inadequate in the future, making it difficult to conduct management flexibly.

Taking these matters into consideration, the Company proposes to revise the amount of remuneration for Directors. The revision of basic remuneration has been deliberated by the Board of Directors, of which Outside Directors form a majority, while comprehensively taking into account the current composition of the Board of Directors and the above circumstances, and we believe that it is reasonable. In addition, in the case of Directors serving concurrently as employees, it is proposed that, as was previously the case, the amount of remuneration for Directors shall not include the employee’s portion of salaries.

As noted above, the current number of Directors is seven (7) (of whom four (4) are Outside Directors). Subject to the approval and passage of Proposal 3 “Election of Seven (7) Directors” as originally proposed, the number of Directors will be seven (7) (of whom four (4) are Outside Directors).

In addition, if this proposal is approved, we plan to partially revise the policy for determining the details of the individual remuneration, etc. of Directors, as described on page 17 of this convocation notice.

(Reference)

If this proposal is approved and passed as originally proposed, the remuneration system for the Company’s Eligible Directors shall be as follows.

(Composition)

Basic remuneration (fixed remuneration)	Performance-linked monetary remuneration	Performance-linked share-based remuneration
6	3	1

(Approximate ratios of remuneration types, assuming maximum performance-linked monetary remuneration and performance-linked share-based remuneration)

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

(1) Overview of the Plan

Under the Plan, the Company will establish a trust (hereinafter referred to as the “Trust”) to provide a source of remuneration to the Company’s Directors, together with money to be used as a source of remuneration for the Directors of the eligible subsidiary. The Trust is an incentive plan under which the Company’s shares acquired by the Trust using money held in trust (hereinafter referred to as “trust funds”) as the source of funds are delivered and paid (hereinafter referred to as the “Delivery, etc.”) to the eligible Directors as Company shares and an amount of money equivalent to the cash proceeds from the conversion (hereinafter referred to as the “Company’s Shares, etc.”).

The period covered by the Plan is two consecutive fiscal years from the fiscal year ending March 31, 2023 to the fiscal year ending March 31, 2024 (or, if the period of the Trust is extended as described below, three fiscal years each in accordance with the subsequent medium-term management plan, and the same period will be applied thereafter; hereinafter referred to as the “Period”). A certain number of points will be granted to and accumulated for the eligible Directors during each fiscal year in accordance with their position and the degree of achievement of their performance, and upon their retirement, the Company’s shares, etc. subject to the Delivery, etc. to the eligible Directors will be calculated based on the accumulated number of points.

(For details, refer to (2) below and subsequent sections.)

1) Persons eligible for Delivery, etc. of Company Shares, etc. under this proposal	· Eligible Directors of the Covered Company (excluding Outside Directors, non-Executive Directors, and non-residents of Japan of the Covered Companies)
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2) Impact of Company shares subject to this proposal on the total number of shares issued	
Maximum amount of money to be contributed by the Company (as described in (6) below)	<ul style="list-style-type: none">• The amount multiplied by the number of years of the Covered Period, where the upper limit per fiscal year is 126 million yen (of which, the upper limit for the Company’s portion per fiscal year is 21 million yen)• The maximum amount for the two fiscal years that constitute the original Covered Period is 252 million yen
Maximum number of Company Shares, etc. subject to Delivery, etc. to Eligible Directors (as described in (6) below)	<ul style="list-style-type: none">• The number of points multiplied by the number of years of the Covered Period, where the upper limit for the number of points to be granted per fiscal year is 79,000 points (of which, the upper limit for the number of points to be granted as the Company’s portion per fiscal year is 13,000 points)• The upper limit for the number of points to be granted over the two fiscal years that constitute the original Covered Period is 158,000 points• One point shall be one common share of the Company, the maximum number of shares to be issued corresponding to the number of points to be granted per fiscal year as stated above (as of March 31, 2022) The ratio to the total number of shares outstanding is approximately 0.08% (after deduction of treasury shares)

Method of acquiring Company shares (as described in (7) below)	<ul style="list-style-type: none"> The Company shares associated with the Plan will be acquired from the Company (disposal of treasury shares) or the stock market
3) Details of performance achievement conditions (as described in (4) below)	<ul style="list-style-type: none"> Target values for consolidated sales, consolidated operating profit, etc. are set as indicators for the initial Covered Period, and their degree of achievement is calculated based on the previous fiscal year's performance The above indicators will be reviewed for each Covered Period
4) Timing of Delivery, etc. of Company Shares, etc. to Eligible Directors (as described in (5) below)	<p>In principle, at the time of retirement</p> <p>However, Company shares acquired through the Plan will continue to be held until one year has passed after retirement</p>

(2) Who is eligible for the Plan (beneficiary requirements)

Eligible Directors shall receive Delivery, etc. of Company Shares, etc. according to the number of points accumulated from the Trust, provided that the beneficiary requirements below are satisfied.

The beneficiary requirements are as follows.

- 1) Being an Eligible Director during the Covered Period (including those who become Eligible Directors during the Covered Period)
- 2) Having retired as a Director or Audit & Supervisory Board Member from each Covered Company
- 3) Not having retired due to dismissal, etc., and not having committed certain acts of misconduct during his/her tenure
- 4) Having submitted identity verification documents and other documents stipulated in the trust agreement and share-based remuneration rules to the Company by the date specified in the rules
- 5) Other requirements deemed necessary to achieve the purpose of the Plan as stipulated in the trust agreement or share-based remuneration rules

(3) Trust Period

a) Initial trust period

The trust period of the Trust to be established under the Plan shall be approximately two years from August 2022 (planned) to August 2024 (planned).

b) Extension of the Trust

At the end of the trust period, the Trust may be extended as a share-based remuneration plan of the same type as the Plan by changing the trust agreement and supplementing the Trust within the upper limit of the trust money approved by resolution at the General Meeting of Shareholders. In this case, the trust period of the Trust will be extended for three years aligned with the medium-term management plan, each Covered Subsidiary will contribute additional money to the Company within the upper limit of the trust money approved by resolution at its General Meeting of Shareholders, the Company will add in trust to the money contributed by the Covered Subsidiaries money entrusted to serve as a source of remuneration for Directors of the Company within the upper limit of the trust money approved by resolution at the General Meeting of Shareholders of the Company, and the respective Covered Companies will continue to award points to Eligible Directors for the duration of the extended trust period. However, when making such additional contributions, if there are any remaining shares or money (hereinafter referred to as "Remaining Shares, etc.") of the Company in the trust assets at the time of extension (excluding Company shares corresponding to points granted to Eligible Directors for which Delivery, etc. has not yet been completed), the combined total amount of the Remaining Shares, etc. and the trust money additionally contributed by the Company shall remain within the upper limit of the trust money approved by resolution at the General Meeting of Shareholders. This extension of the trust term is not limited to one time only, and may be re-extended in the same way thereafter.

c) Handling of termination of the Trust (extension of the trust term without additional contributions)

In the event the Trust is terminated, if there is an Eligible Director in office who may meet the beneficiary requirements, that Eligible Director shall not be awarded points after the expiration of the trust period (or the extended trust period, in the event the Trust is extended as stipulated in b) above); however, the trust period of the Trust may be extended by a specified fixed period of time lasting until the Eligible Director retires and the Delivery, etc. of the Company Shares, etc. to the Eligible director is completed.

- (4) Company Shares, etc. subject to Delivery, etc. to Eligible Directors
The number of Company Shares, etc. subject to Delivery, etc. to an Eligible Directors shall be fixed at the number of points accumulated to the Eligible Director during the Covered Period. Eligible Directors shall be awarded a predetermined number of points according to their position and the degree of achievement of performance targets, etc. Upon retirement, an Eligible Director will receive Delivery, etc. of Company Shares, etc. according to the number of points accumulated during the period of tenure until retirement. One point shall be equivalent to one share of the Company's common stock. In the event of a stock split, stock consolidation, etc. with respect to Company shares in the Trust during the trust period, the number of Company shares per point shall be adjusted according to the split ratio, consolidation ratio, etc. of the Company shares.
- (5) Method and timing of Delivery, etc. of Company Shares, etc. to Eligible Directors
Eligible Directors and Audit & Supervisory Board Members who meet the beneficiary requirements in (2) above, upon retirement from the Company and each Covered Subsidiary, will receive the delivery of shares equivalent to a certain percentage of the number of shares equivalent to their accumulated points, and the remaining Company shares will be converted into cash within the Trust, and the Eligible Director will receive a monetary benefit equivalent to the exchange price.
- (6) Estimated amount of trust money to be contributed to the Trust and maximum number of points to be awarded per fiscal year
Subject to approval by resolution of the General Meeting of Shareholders, the total amount of trust money that the Company contributed to the Trust during the trust period and the total number of shares acquired in the Trust shall be subject to the following limits.
- 1) The total maximum amount of trust money to be contributed to the Trust shall be 252 million yen (over two years)
However, in the event the Trust is extended as described in (3) above, the maximum shall be 378 million yen (over three years).
(Of this amount, the maximum amount for the Company will be 42 million yen over two years or 63 million yen over three years, and the total maximum amount for the combined Covered Subsidiaries will be 210 million yen over two years or 315 million yen over three 3 years; we plan to adopt approval resolutions to this effect at each Covered Company. (*))
(*)) This is the total amount of the funds for the acquisition of shares by the Trust, as well as trust fees and trust expenses.
- 2) The maximum number of points to be awarded per fiscal year is 79,000 points
(of which, the maximum number of points to be awarded to Directors of the Company per fiscal year during the Covered Period is 13,000 points, and the maximum number of points awarded to Directors of the Covered Subsidiaries during the Covered Period is 66,000 points; we plan to adopt approval resolutions to this effect at each Covered Company).
If such a resolution is passed, the number of Company shares acquired by the Trust during the Covered Period shall be limited to 158,000 shares, which is the number of shares equivalent to the number of total points awarded to Eligible Directors per fiscal year multiplied by 2, the number of years in the trust period. This maximum number of shares is set with reference to the latest share price level, etc., based on the total maximum amount of trust money mentioned above.
- (7) Method of acquisition of Company shares by the Trust

The initial acquisition of Company shares by the Trust is planned to be implemented by means of acquisition by the Company (treasury stock disposal) or the stock market within the range of the stock acquisition funds and the number of shares to be acquired in (6) above.

- (8) Exercise of voting rights related to Company shares within the Trust
In order to ensure management neutrality, voting rights shall not be exercised during the trust period with respect to the Company shares within the Trust (that is, the Company shares before Delivery, etc. to Eligible Directors in accordance with (5) above).
- (9) Handling of dividends associated with Company shares within the Trust
Dividends associated with Company shares in the Trust will be received by the Trust and will be applied to the fees and expenses of the Trust. We plan to donate any remainder after application to the fees and expenses of the Trust at the time when the trust is finally terminated to organizations in which the Covered Companies and Eligible Directors have no stake.
- (10) Clawback mechanism, etc.
In the event of serious fraud, misconduct, etc. by an Eligible Director, the Eligible Director can be called on to forfeit their beneficiary rights to the shares to be delivered under the Plan (malus) and to refund of the delivered Company shares (clawback).
- (11) Handling of shares at the expiration of the trust period
In the event that residual shares accrue at the expiration of the trust period due to non-achievement of performance targets during the Covered Period, etc., the Trust may continue to be used as an incentive plan similar to the Plan through revision and extension of the trust agreement and supplementation of the Trust. In the event that the Trust is terminated due to the expiration of the trust period, the Trust will transfer the remaining shares to the Company free of charge as a shareholder return measure. The Company plans to cancel any such remaining shares subject to resolution of the Board of Directors.

(Reference) Policy for Determining Directors' Individual Remuneration for Proposal 4

If Proposal 4 is approved at this General Meeting, the Company plans to partially revise our Policy for Determining Directors' Individual Remuneration as follows.

(Policy for Determining Directors' Individual Remuneration)

(1) Basic policy

The basic policy of the Company's remuneration plan for Directors is to increase incentives for medium- to long-term performance improvement and higher corporate value, to maintain remuneration levels that will attract and retain superior human resources, and to maintain a high degree of transparency and objectivity.

Specifically, remuneration for Executive Directors shall consist of (i) basic remuneration (fixed remuneration), (ii) performance-linked monetary remuneration, and (iii) performance-linked share-based remuneration in accordance with the basic policy above.

With regard to the remuneration of Outside Directors, taking into account their role of overseeing and providing advice to management from an objective and independent viewpoint, it has been decided to pay only basic remuneration (fixed remuneration).

The Board of Directors has established a Remuneration Committee consisting of the Representative Director, President and Outside Directors, with no fewer than three members. The Remuneration Committee submits reports and recommendations to the Board of Directors as to the determination of the amounts of performance-linked monetary remuneration, performance-linked share-based remuneration, etc.

(2) Policy on determining the amount of basic remuneration (fixed remuneration) for each individual (including policies on determining the timing or conditions for granting remuneration, etc.)

The amount of basic remuneration (fixed remuneration) will be set according to the position and responsibilities of each Director, and will be paid monthly as a fixed monetary remuneration.

The remuneration level shall be set with reference to objective remuneration survey data from external specialized institutions, etc., taking into account the economic and social situation and the Company's business environment and business performance. Every year, the Board of Directors shall determine whether the level of remuneration for each position complies with the above basic policy.

(3) Policy on determining how to calculate the details and amount or number of performance-linked monetary remuneration and performance-linked share-based remuneration (including policies on determining the timing or conditions for granting remuneration, etc.)

Performance-linked monetary remuneration is paid at a fixed time every year.

The degree of achievement of target values such as consolidated sales, consolidated operating profit, etc. are set as indicators, and the amount of such remuneration is calculated within a range of plus or minus 30% of the base amount based on the previous fiscal year's performance.

Performance-linked share-based remuneration is paid at the time of retirement as a reward linked to the achievement of performance targets and the improvement of corporate value over the medium to long term. It consists of a performance-unlinked portion and a performance-linked portion. The non-performance-linked portion will be set to approximately 30% of the total share-based remuneration.

The maximum amount of the performance-linked portion will be set to approximately 70% of the total share-based remuneration. The degree of achievement of target values such as consolidated sales, consolidated operating profit, etc. are set as indicators, and the amount of such remuneration is calculated within a range of 0% to 100% of the base amount based on the previous fiscal year's performance.

To determine the performance-linked monetary remuneration and the amount of performance-linked share-based remuneration, etc., the Remuneration Committee, after a review, will submit its report and recommendations to the Board of Directors, who will make the determination in accordance with the contents of the report.

(4) Policy on determining the ratio of the amounts of basic remuneration (fixed remuneration), performance-linked monetary remuneration, performance-linked share-based remuneration, etc. for individual Directors

The respective remuneration ratios for (i) basic remuneration (fixed remuneration), (ii) performance-linked monetary remuneration, and (iii) performance-linked share-based remuneration for each type of Executive Director shall be set to roughly 6 to 3 to 1, assuming maximum performance-linked monetary remuneration

and performance-linked share-based remuneration, with the final determination made by the Board of Directors with reference to the objective remuneration survey data of external specialized institutions, etc.

- (5) Matters concerning the determination of the details of the remuneration, etc. of individual Directors
- Based on the resolution of the Board of Directors, the Representative Director, President is entrusted with the authority to decide the specific details regarding the amount of remuneration for each individual. This authority consists of the authority to (i) determine the amount of basic remuneration (fixed remuneration) of each Director, and (ii) to formulate a draft plan for the evaluation of Executive Directors in terms of performance-linked monetary remuneration and performance-linked share-based remuneration.
- In order to properly exercise this authority, the Representative Director and President who have been delegated above formulate a draft plan for the evaluation of Executive Directors in terms of performance-linked monetary remuneration and performance-linked share-based remuneration, the Board of Directors shall consult with the Remuneration Committee to obtain its report and recommendations and then determine the amount of performance-linked monetary remuneration and performance-linked share-based remuneration, etc. in accordance with the contents of the report and recommendations.