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Securities code: 7958

June 7, 2022

To our shareholders

Hirohiko Hirono
President and Representative Director
TENMA CORPORATION
63-6, 1-Chome Akabane, Kita-ku, Tokyo, Japan

Notice of the 74th Ordinary General Meeting of Shareholders

We would like to express our sincere appreciation for your continued support. We would also like to express our deepest sympathies to all those affected by the new coronavirus infection and their families, and our heartfelt gratitude to all medical workers and those committed to preventing the spread of the virus.

We hereby give notice of the 74th Ordinary General Meeting of Shareholders of TENMA CORPORATION. In light of the situation with the spread of new coronavirus, etc., we will be taking appropriate prevention measures for the Ordinary General Meeting of Shareholders.

On the day of the Ordinary General Meeting of Shareholders, we kindly ask that shareholders check updates on the situation regarding the spread of the virus, as well as your own health condition, and consider refraining from attending the meeting if necessary.

If you wish to refrain from attending the meeting, you may exercise your voting rights in writing or via the Internet, etc. After having reviewed the Reference Documents for the General Meeting of Shareholders, please exercise your voting rights in accordance with “How to Exercise Voting Rights” as described below by 5:30 p.m. on Wednesday, June 22, 2022 (JST).

- 1. Date and Time:** June 23, 2022 (Thursday) 2:00 p.m. (JST)
(Reception starts: 1:00 p.m. (JST))
- 2. Venue:** 11-1, 1-Chome, Oji, Kita-ku, Tokyo, Japan
Tsutsuji Hall, Floor 3, Hokutopia (the entrance is on floor 2)
(Please note that the venue has been changed from that of the previous Ordinary General Meeting of Shareholders)

3. Purpose of the Meeting:

Matters to be reported:

1. The Business Report and the Consolidated Financial Statements for the 74th fiscal year (from April 1, 2021 to March 31, 2022), and the results of audits of the Consolidated Financial Statements by the Accounting Auditor and the Audit and Supervisory Committee.
2. The Non-consolidated Financial Statements for the 74th fiscal year (from April 1, 2021 to March 31, 2022)

Matters to be resolved:

<Company proposals>

- Proposal 1** Appropriation of the Surplus
- Proposal 2** Partial Amendments to the Articles of Incorporation
- Proposal 3** Election of Seven (7) Directors (Excluding Directors Who are Members of the Audit and Supervisory Committee)
- Proposal 4** Election of One (1) Director Who is a Substitute Member of the Audit and Supervisory Committee
- Proposal 5** Partial Amendments and Continuation of the Stock-based Remuneration Plan to Directors (Excluding Directors Who are Members of the Audit and Supervisory Committee)

<Shareholder proposal>

Proposal 6 Partial Amendments to the Articles of Incorporation (Disclosure of the Cost of Capital)

Proposal 7 Purchase of the Company's Own Shares

If you are attending the meeting in person, please submit the enclosed voting form at the reception of the venue.

Moreover, in the event that revisions are required to the Reference Documents for the General Meeting of Shareholders, the Business Report, the Consolidated Financial Statements, or the Non-consolidated Financial Statements revised versions of these documents will be available on the Company's website (<https://www.tenmacorp.co.jp/>). (Japanese only)

Any significant changes to the operation due to the spread of the new coronavirus, such as the date and venue of the General Meeting of Shareholders, will be available on our website (<https://www.tenmacorp.co.jp/>). Please check our website prior to leaving should you consider to attend the meeting that day.

Reference Documents for the General Meeting of Shareholders

<Company proposals> (Proposal 1 to Proposal 5)

Proposal 1 Appropriation of the Surplus

The Company considers enhancing the return of profits as one of its major management issues, with the goal of maintaining a consolidated dividend on equity ratio (DOE) of 2.5% or more. In addition, continuing the stable provision of dividends has been set as its basic policy, with the aim of further improving the return of profits. Furthermore, the Company's basic policy includes the consideration of increasing dividends through improved performance and the achievement of management targets.

According to this dividend policy, in order to set the annual dividends for this term to ¥82 per share to obtain a consolidated DOE of 2.5% or more, the Company proposes to set the year-end dividends for the 74th term to ¥42 per share.

Through this action, together with the previous payment of interim dividends of ¥40 per share, this results in an annual dividend of ¥82 per share.

(1) Type of dividends

Cash

(2) Dividend allocation and their aggregate amount

Dividend per common share of the Company: ¥42

Total dividends: ¥ 933,279,774

(3) Effective date of dividends of surplus

June 24, 2022

Proposal 2 Partial Amendments to the Articles of Incorporation

1. Reasons for the proposal of the amendments

- (1) The Company intends to newly establish Article 31 (Decision-making Organization with respect to Appropriation of Surplus etc.) of the proposed amendments to determine appropriation of Surplus etc. by the Board of Directors of the Company based on the stipulation of Companies Act, Article 459, Paragraph 1. This enables the Company to exercise agile appropriation of Surplus etc., in parallel, the necessary amendments shall be made.
- (2) Taking into consideration for improvement of public notice function and convenience, and the expenditure reduction by adopting electronic public notice, the Company proposes changing the provisions related to the public notice method in Article 5 of the current Articles of Incorporation to electronic public notice, and in parallel, define measures for the event in which electronic public notice cannot be made due to unavoidable circumstances.
- (3) The Company intends addition and deletion of business purposes to Article 2 to deal with diversification of business description, in parallel, the numbers of relating paragraph shall be appropriately adjusted.
- (4) The stipulation relating to appointment of Senior Adviser in Article 22, Paragraph 3 shall be deleted so as to ensure management transparency as an effort of corporate governance improvement.
- (5) In order to prepare for cases where the number of members of the Audit and Supervisory Committee falls below the number required by laws and regulations, the Company intends to newly establish a stipulation regarding a substitute member of the Audit and Supervisory Committee, and define the term of office of substitute member of the Audit and Supervisory Committee if a substitute member of the Audit and Supervisory Committee is appointed as a member of the Audit and Supervisory Committee.
- (6) The revised stipulations 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, and the Company proposes the following amendments to the Company’s Articles of Incorporation in preparation for the implementation of the system for electronic provision of materials for general meetings of shareholders.
 - The Company intends to newly establish Article 15 (Measures for electronic provision, etc.), Paragraph 1 of the proposed amendments as stipulating electronic provision of information that is the content of reference documents for the general meeting of shareholders, etc., becomes mandatory.
 - Of the matters to which electronic provision measures apply regarding electronic provision of information that is the content of reference documents for the general meeting of shareholders, etc., the Company intends to newly establish Article 15 (Measures for electronic provision, etc.), Paragraph 2 of the proposed amendments to limit on the scope of matters stipulated in the Ordinance of the Ministry of Justice to be recorded in physical documents that are provided to shareholders who request provision of physical documents.
 - As stipulations of Article 15 (Internet disclosure and deemed provision of reference documents for general meetings of shareholders) will no longer be necessary when the system for electronic provision of materials for general meetings of shareholders is implemented, these shall be deleted.
 - The Company intends to establish supplementary provisions concerning the effect of stipulations to be newly established and deleted above. These supplementary provisions shall be deleted after the due date.

2. Contents of the amendments

The contents of the amendments are as follows.

(Underlines indicate amended sections)

Current Articles of Incorporation	Proposed amendments
(Purpose)	(Purpose)
Article 2 (Text omitted)	
<p>1. Manufacturing, buying, and selling of synthetic resin products, as well as buying and selling of synthetic resin raw materials and production machinery (Newly established)</p>	(Unchanged)
<p>2. Designing, manufacturing, buying, and selling of molds, as well as buying and selling of mold making machine tools</p>	<p>2. <u>Manufacturing, buying, and selling of paper products and their raw materials</u></p>
<p>3. Manufacturing, buying, and selling of furniture</p>	<p>3. Designing, manufacturing, buying, and selling of molds, as well as buying and selling of mold making machine tools (Deleted)</p>
<p><u>Paragraph 4 to Paragraph 6 (Text omitted)</u></p>	<p><u>Paragraph 4 to Paragraph 6 (Unchanged)</u></p>
<p>7. Disposal of general industrial waste</p>	<p>(Paragraph number changed)</p>
<p>8. Designing, manufacturing, buying, and selling of machinery which degrades and disposes general industrial waste</p>	<p>(Paragraph number changed)</p>
<p>9. Selecting, culturing, buying, and selling of microorganisms which degrades and disposes general industrial waste</p>	<p>(Paragraph number changed)</p>
<p>10. Manufacturing, processing, buying, and selling of culture media, culture soil, and humus soil</p>	<p>7. Manufacturing, processing, buying, and selling of culture media, culture soil, and humus soil</p>
<p>11. Designing, constructing, buying, and selling of environmental water/air purification facilities/equipment</p>	<p>8. Designing, constructing, buying, and selling of environmental water/air purification facilities/equipment</p>
<p>12. Manufacturing, buying, and selling of fertilizer and feed</p>	<p>9. Manufacturing, buying, and selling of fertilizer and feed</p>
<p>13. Importing and exporting the products mentioned in each article above</p>	<p>(Paragraph number changed)</p>
<p>14. Trucking business</p>	<p>(Paragraph number changed)</p>
<p>15. Automobile carrier business</p>	<p>(Paragraph number changed)</p>
<p>16. Providing staffing services</p>	<p>(Paragraph number changed)</p>
<p>17. General lease and finance business</p>	<p>(Paragraph number changed)</p>
<p>18. Businesses related to non-life insurance agency and life insurance sales</p>	<p>(Paragraph number changed)</p>
<p>19. Buying/selling, leasing, broking, and management of real estate</p>	<p>(Paragraph number changed)</p>
<p>20. Molding and processing of alloy such as magnesium, aluminum, and zinc</p>	<p>10. Molding and processing of alloy such as magnesium, aluminum, and zinc, <u>as well as buying and selling of raw materials, machinery, and related equipment for the products</u></p>
<p>21. Treating, painting, and printing on the surface of metal products</p>	<p>11. Treating, painting, and printing on the surface of <u>synthetic resin</u> and metal products, <u>as well as buying and selling of raw materials, machinery, and related equipment for the products</u></p>

Current Articles of Incorporation	Proposed amendments
<p><u>22.</u> Molding of ceramics, and developing, manufacturing, buying, and selling of ceramic products</p> <p><u>23.</u> <u>Buying, selling, and leasing of raw materials, machinery and related equipment for the products mentioned in the three previous Articles</u></p> <p>(Partially amended and Paragraph number changed)</p> <p>(Paragraph number changed)</p> <p>(Paragraph number changed)</p> <p>(Paragraph number changed)</p> <p>(Partially amended and Paragraph number changed)</p> <p>(Paragraph number changed)</p> <p>(Paragraph number changed)</p> <p>(Paragraph number changed)</p> <p>(Paragraph number changed)</p> <p>(Partially amended and Paragraph number changed)</p> <p>(Paragraph number changed)</p> <p>(Newly established)</p> <p>(Newly established)</p> <p>(Paragraph number changed)</p> <p>(Paragraph number changed)</p> <p>(Paragraph number changed)</p> <p>(Newly established)</p> <p>(Newly established)</p> <p>(Paragraph number changed)</p>	<p><u>12.</u> Molding of ceramics, and developing, manufacturing, buying, and selling of ceramic products, as well as <u>buying and selling of raw materials, machinery, and related equipment for the products</u></p> <p>(Deleted)</p> <p><u>13.</u> Manufacturing, buying, and selling of cigarettes, liquor, medicinal products, quasi-drugs, <u>hygiene products</u>, groceries, soft drinks, footwear, plants, <u>furniture</u>, daily necessities, and general merchandise</p> <p><u>14.</u> Disposal of general industrial waste</p> <p><u>15.</u> Designing, manufacturing, buying, and selling of machinery which degrades and disposes general industrial waste</p> <p><u>16.</u> Selecting, culturing, buying, and selling of microorganisms which degrades and disposes general industrial waste</p> <p><u>17.</u> <u>Importing, exporting, leasing, and repairing of the products mentioned in each article above</u></p> <p><u>18.</u> Trucking business</p> <p><u>19.</u> Automobile carrier business</p> <p><u>20.</u> Providing staffing services</p> <p><u>21.</u> General lease and finance business</p> <p><u>22.</u> Agency businesses related to non-life insurance and life insurance</p> <p><u>23.</u> Buying/selling, leasing, broking, and management of real estate</p> <p><u>24.</u> <u>E-commerce, online wholesale, and retail businesses</u></p> <p><u>25.</u> <u>Businesses related to generating electric power from new energy such as sunlight, and selling electricity</u></p> <p><u>26.</u> Management of bathhouses</p> <p><u>27.</u> Management of dining rooms and concession stands</p> <p><u>28.</u> Management and technical guidance to subsidiaries and associated companies</p> <p><u>29.</u> <u>Creating and selling software, and engineering for the businesses mentioned in each article above</u></p> <p><u>30.</u> <u>Businesses related to intellectual property rights for the businesses mentioned in each article above</u></p> <p><u>31.</u> All businesses belonging or related to the businesses mentioned in each article above</p>
Article 3 to Article 4 (Text omitted)	Article 3 to Article 4 (Unchanged)

Current Articles of Incorporation	Proposed amendments
(Method of Public Notice)	(Method of Public Notice)
Article 5 The Company's public notice <u>shall be made</u> via publication in the Nihon Keizai Shimbun.	Article 5 The Company's public notice <u>shall be made via electronic public notice. However, in the event that public notice via electronic public notice cannot be made due to unavoidable circumstances such as accidents, it shall be made</u> via publication in the Nihon Keizai Shimbun.
Article 6 to Article 14 (Text omitted) (<u>Internet disclosure and deemed provision of reference documents for general meetings of shareholders</u>)	Article 6 to Article 14 (Unchanged)
Article 15 <u>In the convocation of general meetings of shareholders, the Company may deem that it has provided to shareholders information concerning matters that must be displayed in the reference documents for general meetings of shareholders, business report, non-consolidated financial statements, and consolidated financial statements via internet disclosure in conformity with definitions provided in the Ordinance of the Ministry of Justice.</u>	(Deleted)
(Newly established)	<u>(Measures for electronic provision, etc.)</u>
(Newly established)	Article 15
	<ol style="list-style-type: none"> 1. <u>In the convocation of general meetings of shareholders, the Company shall provide electronically information that is the content of reference documents for the general meeting of shareholders, etc.</u> 2. <u>Of the matters to which electronic provision measures apply, recording all or part of matters stipulated in the Ordinance of the Ministry of Justice in the physical documents provided to shareholders who made requests for provision of physical documents by the record date for voting rights is not required.</u>
Article 16 to Article 19 (Text omitted) (The term of office)	Article 16 to Article 19 (Unchanged) (The term of office)
Article 20	Article 20
1. (Text omitted)	1. (Unchanged)
2. (Text omitted)	2. (Unchanged)
3. (Text omitted)	3. (Unchanged)

Current Articles of Incorporation	Proposed amendments
<p>(Newly established)</p> <p>(Convocation of the Board of Directors Meeting)</p> <p>Article 21 (Text omitted) (Representative directors, senior directors)</p> <p>Article 22</p> <ol style="list-style-type: none"> 1. (Text omitted) 2. (Text omitted) 3. <u>Director and Senior Adviser may be appointed other than mentioned above.</u> <p>Article 23 to Article 30 (Text omitted) (Appropriation of Surplus etc.)</p> <p>Article 31 <u>The Company may distribute the year-end dividends by the resolution of the Ordinary General Meeting of Shareholders to the shareholders who are registered in the final shareholders registry as of March 31 of each year, or the registered pledgee of shares.</u></p> <p>(Interim dividends)</p> <p>Article 32 <u>The Company may distribute the interim dividends by resolution of Board of Directors to the shareholders who are registered in the final shareholders registry as of September 30 of each year, or the registered pledgee of shares.</u></p>	<p><u>4. The effective period of resolution for the election of directors who are alternate Audit & Supervisory Board Member elected based on the stipulation of Companies Act, Article 329, Paragraph 3 shall expire at the closure of the Ordinary General Meeting of Shareholders relating to the last closing of accounts to occur within two years after their assumption of the office.</u></p> <p>(Convocation of the Board of Directors Meeting)</p> <p>Article 21 (Unchanged) (Representative directors, senior directors)</p> <p>Article 22</p> <ol style="list-style-type: none"> 1. (Unchanged) 2. (Unchanged) <p>(Deleted)</p> <p>Article 23 to Article 30 (Unchanged)</p> <p>(Deleted)</p> <p>(Deleted)</p>
<p>(Newly established)</p>	<p>(Decision-making Organization with respect to Appropriation of Surplus etc.)</p> <p>Article 31 <u>Except as otherwise provided by laws and regulations, the matters specified in each item of Article 459, Paragraph 1 of the Companies Act, including appropriation of surplus, etc., shall be determined by resolution of the Board of Directors of the Company.</u></p>

Current Articles of Incorporation	Proposed amendments
<p data-bbox="379 248 608 282">(Newly established)</p> <p data-bbox="201 600 632 633">Article 33 to Article 34 (Text omitted)</p> <p data-bbox="379 831 608 864">(Newly established)</p>	<p data-bbox="807 210 1283 244"><u>(Record day for distribution of dividends)</u></p> <p data-bbox="807 248 911 282"><u>Article 32</u></p> <ol data-bbox="903 293 1407 595" style="list-style-type: none"> <li data-bbox="903 293 1407 360">1. <u>The record day for payment of dividends shall be March 31 of each year.</u> <li data-bbox="903 365 1407 461">2. <u>The record date for payment of interim dividends shall be September 30 of each year.</u> <li data-bbox="903 465 1407 595">3. <u>In addition to the provisions of the above two paragraphs, the Company may distribute surplus by specifying any other record date.</u> <p data-bbox="807 607 1225 640">Article 33 to Article 34 (Unchanged)</p> <p data-bbox="940 645 1259 678"><u>(Supplementary provisions)</u></p> <p data-bbox="798 689 1362 779"><u>(Transitional Measures Regarding Electronic Provision of Materials for General Shareholders' Meetings)</u></p> <p data-bbox="798 790 895 824"><u>Article 1</u></p> <ol data-bbox="903 835 1407 1644" style="list-style-type: none"> <li data-bbox="903 835 1407 1122">1. <u>The deletion of Article 15 (Internet disclosure and deemed provision of reference documents for general meetings of shareholders) of the current Articles of Incorporation and new establishment of Article 15 (Measures for electronic provision, etc.) of the proposed amendments shall take effect from September 1, 2022.</u> <li data-bbox="903 1126 1407 1413">2. <u>Notwithstanding the provisions of the previous paragraph, Article 15 (Internet disclosure and deemed provision of reference documents for general meetings of shareholders) of the Articles of Incorporation shall remain valid for general meetings of shareholders held on a day that is within six months of September 1, 2022.</u> <li data-bbox="903 1417 1407 1644">3. <u>This Stipulation shall be deleted on the day after which six months have elapsed since September 1, 2022, or the day after which three months have elapsed since the day of the general meeting of shareholders in the previous paragraph, whichever is later.</u>

Proposal 3 Election of Seven (7) Directors (Excluding Directors Who are Members of the Audit and Supervisory Committee)

The terms of office of all seven (7) Directors (excluding Directors who are Members of the Audit and Supervisory Committee) will expire at the conclusion of this Ordinary General Meeting of Shareholders.

Therefore, the Company proposes the election of seven (7) Directors (excluding Directors who are Members of the Audit and Supervisory Committee).

Moreover, the Audit and Supervisory Committee has provided its opinion that it has determined that the appointment of each of the candidates as Directors is appropriate given the expectation that the Board of Directors will improve corporate value.

Candidates for Director (excluding Directors who are Members of the Audit and Supervisory Committee) are as follows:

Candidate No.	Name	Current Position and Responsibilities at the Company	Candidate Attributes
1	<u>Reelection</u> Hirohiko Hirono	President and Representative Director Executive General Manager, Sales Division Member of the Nomination and Remuneration Committee	
2	<u>Reelection</u> Yuuichi Nagai	Director Executive General Manager, Production Division and General Manager and Production Control Division	
3	<u>Reelection</u> Masaru Noritake	Director In charge of General Affairs and Financial and Accounting Affairs General Manager, General Affairs Department	
4	<u>Reelection</u> Kenichi Hoshi	Director General Manager, Overseas Production Headquarters	
5	<u>Reelection</u> Hirofumi Kurahashi	Outside Director Member of the Nomination and Remuneration Committee	<u>Outside Director</u> <u>Independent Director</u>
6	<u>Reelection</u> Shoji Matsuyama	Outside Director Chairperson of the Nomination and Remuneration Committee	<u>Outside Director</u> <u>Independent Director</u>
7	<u>New election</u> Yuta Kinose		<u>Outside Director</u> <u>Independent Director</u>

Candidate No.	Name (Date of birth)	Career summary, Position and Responsibilities in the Company (Significant concurrent positions outside the Company)	Number of the Company's shares owned
1	<p style="text-align: center;">Reelection Hirohiko Hirono (March 23, 1970)</p>	<p>Mar. 1992 Joined the Company</p> <p>Apr. 2006 Manager, Houseware Sales Department, Nagoya Sales Office of the Company</p> <p>Feb. 2010 Tokyo Branch Manager, Houseware Sales Department</p> <p>Feb. 2013 General Manager and Tokyo Branch Manager, Houseware Sales Department</p> <p>Jun. 2015 Corporate Officer and General Manager, Houseware Sales Department</p> <p>Jun. 2016 Corporate Officer and General Manager, Houseware Sales Division and Sales Promotion Department</p> <p>Oct. 2017 Corporate Officer and Executive General Manager, Houseware Sales Department and Product Development Department</p> <p>Nov. 2018 Corporate Officer and General Manager, Product Development Department</p> <p>Jun. 2020 President and Representative Director and Executive General Manager, Sales Division (current position) President and Representative Director of TENMA Asean Holdings Co., Ltd. (current position)</p> <p>(Significant concurrent positions outside the Company) President and Representative Director of TENMA Asean Holdings Co., Ltd.</p>	<p style="text-align: center;">10,101 shares (Includes number of shares to be executed based on Stock granting trust for Officers)</p>
<p>[Reasons for nomination as candidate for Director]</p> <p>He has been engaged in sales at the Company for many years and has abundant experience and specialist knowledge in the overall business from materials procurement to manufacturing and sales. Since June 2015, he has contributed to the expansion of earnings mainly in the houseware business as an Executive Officer. Since June 2020, he has been striving to contribute to the improvement of the corporate value of the Company, and restore the trust of our stakeholders as the President and Representative Director of the Company. In addition, he has been playing a key role in the Third Medium-term Management Plan by including “implementation of DX (digital transformation),” “sustainability efforts,” etc., of which the Company had not yet come to grips with. In the expectation that he will continue to contribute to the improvement of the corporate value of the Company by leading the management of the Company, the Company proposes him as a candidate for Director subsequently.</p>			

Candidate No.	Name (Date of birth)	Career summary, Position and Responsibilities in the Company (Significant concurrent positions outside the Company)	Number of the Company's shares owned
2	<p style="text-align: center;">Reelection Yuuichi Nagai (April 20, 1970)</p>	<p>Apr. 1993 Joined the Company</p> <p>Apr. 2013 General Manager, Sales Promotion Department of the Company</p> <p>Sep. 2014 General Manager, Sales Promotion Department and Product Development Department</p> <p>Jun. 2016 Corporate Officer and General Manager, Product Development Department</p> <p>Oct. 2017 Corporate Officer and General Manager, Sales Promotion Department</p> <p>Jun. 2020 Director and Executive General Manager, Production Division</p> <p>Feb. 2021 Director and Executive General Manager, Production Headquarter in charge of Financial and Accounting Department</p> <p>Jun. 2021 Director and Executive General Manager, Production Headquarter</p> <p>Jan. 2022 Director and Executive General Manager, Production Headquarter and General Manager, Production Control Division (current position)</p> <p>(Significant concurrent positions outside the Company) Not applicable</p>	<p style="text-align: center;">4,901 shares (Includes number of shares to be executed based on Stock granting trust for Officers)</p>
<p>[Reasons for nomination as candidate for Director]</p> <p>He has abundant experience and specialist knowledge attained through engaging in a wide range of business divisions over many years, centered on research and development and sales promotion. Since June 2016, he has contributed to the expansion of earnings mainly in research and development and sales promotion as an Executive Officer, Since June 2020, he has been striving for productivity improvement of the Company, etc., by promoting projects such as automation and labor-saving in production sites, and improving logistics operations/structures in parallel, by proposing/executing, etc., cost reduction and re-examining purchase routes for the stable supply of the purchases of raw materials as an Executive Director and Executive General Manager of the Production Division. In addition, he has been playing a key role in the Third Medium-term Management Plan by reflecting the plan on each field level to enhance feasibility by setting specific goals for related departments of the Company and respective factories. In the expectation that he will continue to contribute to the improvement of the corporate value of the Company, the Company proposes him as a candidate for Director.</p>			

Candidate No.	Name (Date of birth)	Career summary, Position and Responsibilities in the Company (Significant concurrent positions outside the Company)	Number of the Company's shares owned
3	<p style="text-align: center;"><u>Reelection</u> Masaru Noritake (July 4, 1964)</p>	<p>Apr. 1988 Joined The Sumitomo Bank, Ltd. (currently Sumitomo Mitsui Banking Corporation (SMBC))</p> <p>Apr. 2004 Credit Officer and Head of Credit Group, Otsuka Corporate Business Office of SMBC</p> <p>Apr. 2010 Deputy General Manager, Niigata Corporate Business Office of SMBC</p> <p>Apr. 2013 Senior Assistant Manager, Corporate Employees Transaction Business Department (currently Corporate Employees Solution Department) of SMBC Seconded to Japan Pension Navigator Co., Ltd. (J-PEC); Director and Executive Officer and General Manager, Planning Department of J-PEC)</p> <p>Apr. 2016 Assistant General Manager, Corporate Employees Business Department of SMBC</p> <p>Apr. 2017 Part-time Statutory Auditor of J-PEC</p> <p>Apr. 2019 Principal Examiner, Internal Audit Department of SMBC</p> <p>Dec. 2019 Seconded to the Company; Assistant Director, General Affairs Department of the Company</p> <p>Dec. 2020 Joined the Company; Assistant General Manager, General Affairs Department of the Company</p> <p>May 2021 Corporate Officer in charge of General Affairs and Financial and Accounting Affairs and General Manager, General Affairs Department</p> <p>Jun. 2021 Director in charge of General Affairs and Financial and Accounting Affairs and General Manager, General Affairs Department (current position)</p> <p>(Significant concurrent positions outside the Company) Not applicable</p>	<p style="text-align: center;">905 shares</p> <p>(Includes number of shares to be executed based on Stock granting trust for Officers)</p>
<p>[Reasons for nomination as candidate for Director]</p> <p>He has many years of practical experience in financial institutions, has abundant experience and specialist knowledge in financial management and finance/securities attained through loan/credit businesses to companies. Since December 2019, he has been playing a key role in the General Affairs Department. He has contributed to the improvement of the corporate value of the Company by utilizing his experience and knowledge, such as dealing with important and urgent issues of the Company, in particular, responding to case investigations from third-party committees as the office of the Company, reporting to Tokyo Stock Exchange, and Company-wide countermeasures against the new coronavirus infection in the event of declaration of a state of emergency. Since June 2021, he has been contributing to the decisions of important issues, by utilizing deep understanding of the descriptions of businesses, features, problems, etc., attained through dealing with the responses mentioned above, in addition to his abundant experience and specialist knowledge in financial management and finance/securities as an Executive Director in charge of General Affairs and Financial and Accounting Affairs and General Manager of General Affairs Department. In the expectation that he will continue to contribute to the improvement of the corporate value of the Company, the Company proposes him as a candidate for Director.</p>			

Candidate No.	Name (Date of birth)	Career summary, Position and Responsibilities in the Company (Significant concurrent positions outside the Company)	Number of the Company's shares owned
4	<p style="text-align: center;"> Reelection Kenichi Hoshi (April 10, 1967) </p>	<p> Mar. 1986 Joined the Company Apr. 2006 Production Section Manager, Shin-Shirakawa Factory of the Company Jun. 2014 Deputy Factory Manager and Planning Section Manager, Shiga Factory Nov. 2014 Factory Manager and Quality Assurance Section Manager, Shiga Factory May 2018 Factory Manager and Production Control Section Manager, Shiga Factory May 2021 General Manager, Overseas Production Headquarters Jun. 2021 Director and General Manager, Overseas Production Headquarters (current position) (Significant concurrent positions outside the Company) Not applicable </p>	<p style="text-align: center;">950 shares (Includes number of shares to be executed based on Stock granting trust for Officers)</p>
<p>[Reasons for nomination as candidate for Director]</p> <p>He has abundant experience and specialist knowledge regarding a wide range of products attained through serving at the Shin-Shirakawa Factory and Shiga Factory for many years, being in charge of production, planning/sales in factory departments centered on Production Section, Planning Section, Quality Assurance Section, and Production Control Section. Since November 2014, he has contributed to the improvement of further productivity by executing improvement of productivity and workplace culture reform, such as driving automation of the domestic factories along with restoring profitability of Shiga Factory's operating income which was in a deficit for two consecutive financial years as Factory Manager of Shiga Factory. In January 2021, he contributed to improvement of productivity and of profitability by introducing an automatic assembling system by utilizing a human collaborative robot which is advanced in Japan, etc. Since June 2021, he has been striving for enhancement of business performances in overseas production departments by utilizing deep understanding of the description of businesses, features, problems, etc., attained through his service over many years, and experience and specialist knowledge in production sites. In the expectation that he will continue to contribute to the improvement of the corporate value of the Company, the Company proposes him as a candidate for Director.</p>			

Candidate No.	Name (Date of birth)	Career summary, Position and Responsibilities in the Company (Significant concurrent positions outside the Company)	Number of the Company's shares owned
5	<div style="text-align: center;"> Reelection Hirofumi Kurahashi (August 5, 1977) Outside Independent </div>	Oct. 2002 Registered as an attorney-at-law (Dai-Ichi Tokyo Bar Association) Nov. 2002 Joined Harada, Ozaki, and Hattori Law Office Aug. 2006 Financial Services Agency Inspection Bureau General Affairs Division (Specialist Inspector) Aug. 2008 Securities and Exchange Surveillance Commission Executive Bureau Securities Business Monitoring Division (Specialist Inspector) Aug. 2010 Joined LM Law Offices Jan. 2013 Partner of Hokuto Law Office (current position) Jun. 2018 Outside Statutory Auditor of Rakuten Life Insurance Co., Ltd. (current position) Jun. 2020 Outside Director of the Company (current position) Aug. 2021 Outside Director of Energy Shares Co., Ltd. (current position) (Significant concurrent positions outside the Company) Partner of Hokuto Law Office, Outside Statutory Auditor of Rakuten Life Insurance Co., Ltd., and Outside Director of Energy Shares Co., Ltd.	No shares
<p>[Reasons for nomination as candidate for outside director and outline of expected role]</p> <p>Although he has not been involved in the management of a company except as an outside officer, he has abundant experience and specialist knowledge as a corporate legal expert and lawyer. Since June 2020, he has been delivering honest opinions which contribute to the improvement of the corporate value of the Company from a perspective of mainly governance/compliance by utilizing his experience as a lawyer in Board of Directors Meetings as an Independent Outside Director. Since April 2021, he has been holding the position as a member of the Nomination and Remuneration Committee. He has been understanding of the description of businesses, features, problems, etc., attained through performance of his duties as an Independent Outside Director for about two years since June 2020. By utilizing his abundant experience and highly specialized knowledge, we expect he will be able to improve the control environment of the entire Group, including the Company, foster an awareness and culture of compliance, and contribute to the improvement and transparency of the governance function of the Company from an independent position outside the management team, therefore, the Company proposes him as a candidate for Outside Director. The term of office of Mr. Kurahashi will be two (2) years at the conclusion of this meeting as an Independent Outside Director.</p>			

Candidate No.	Name (Date of birth)	Career summary, Position and Responsibilities in the Company (Significant concurrent positions outside the Company)	Number of the Company's shares owned
6	<p style="text-align: center;"> Reelection Shoji Matsuyama (May 4, 1973) Outside Independent </p>	<p> Oct. 1997 Joined Asahi Audit Corporation (currently KPMG AZSA LLC) Apr. 2001 Registered as a certified public accountant Jul. 2006 Opened Matsuyama CPA Office (current position) and registered as a certified tax accountant Aug. 2007 Founding Partner of Asunaro & Co. (current position) Jun. 2008 Outside Statutory Auditor of Plat'Home Co., Ltd. (current position) Jun. 2009 Outside Statutory Auditor of Seven Seas Holdings (now FRACTALE Corporation) Oct. 2009 Outside Statutory Auditor of Good Com Asset Co., Ltd. Jan. 2016 Outside Director (Member of the Audit and Supervisory Committee) of G Three Holdings Corp. Jan. 2018 Outside Director of Good Com Asset Co., Ltd. (current position) Jun. 2018 Outside Director (Member of the Audit and Supervisory Committee) of FRACTALE Corporation (current position) Jun. 2020 Outside Director of the Company (current position) </p> <p> (Significant concurrent positions outside the Company) Representative of Matsuyama CPA Office (registered as a certified public accountant and certified tax accountant), Founding Partner of Asunaro & Co., Outside Statutory Auditor of Plat'Home Co., Ltd., Outside Director of Good Com Asset Co., Ltd., and Outside Director (Directors who are members of the Audit and Supervisory Committee) of FRACTALE Corporation </p>	No shares
<p>[Reasons for nomination as candidate for outside director and outline of expected role]</p> <p>Although he has not been involved in the management of a company except as an outside officer, he has abundant experience and specialist knowledge as a corporate accounting expert, including internal controls, and as a certified public accountant.</p> <p>Since June 2020, he has proactively delivered statements and recommendations in Board of Directors Meetings by utilizing knowledge as a certified public accountant, and experiences as an outside director and statutory auditor, etc. In addition, after the Nomination and Remuneration Committee was established in November 2020, he has attended all the meetings as a chairperson of the Nomination and Remuneration Committee, and contributed to select the candidates for directors to present to the Ordinary General Meeting of Shareholders through interviews with the candidates and detailed consideration. He has been understanding of the description of businesses, features, problems, etc., attained through performance of his duties as an Independent Outside Director for about two years since June 2020. By utilizing his abundant experience and highly specialized knowledge, we expect he will be able to improve the control environment of the entire Group, including the Company, foster an awareness and culture of compliance, and contribute to the improvement and transparency of the governance function of the Company from an independent position outside the management team, therefore, the Company proposes him as a candidate for Outside Director. The term of office of Mr. Matsuyama will be two (2) years at the conclusion of this meeting as an Independent Outside Director.</p>			

Candidate No.	Name (Date of birth)	Career summary, Position and Responsibilities in the Company (Significant concurrent positions outside the Company)	Number of the Company's shares owned
7	New Election Yuta Kinose (October 14, 1980) Outside Independent	May 2014 President and Representative Director of KIZUNA CAPITAL PARTNERS Co., Ltd. May 2017 President and CEO of Continental Investment Group Co., Ltd (current position) (Significant concurrent positions outside the Company) President and CEO of Continental Investment Group Co., Ltd	No shares
[Reasons for nomination as candidate for outside director and outline of expected role] He has abundant experience and specialist knowledge as a financial expert and an investor, and by utilizing his specialist knowledge, we expect he will be able to subsequently contribute to the improvement of the corporate value of the Company from a perspective of a financial experts and an investor.			

- Notes:
1. There is no special interest between the candidates and the Company.
 2. Mr. Kurahashi, Mr. Matsuyama, and Mr. Kinose are candidates for Outside Director.
 3. The Company entered into agreements with Mr. Kurahashi and Mr. Matsuyama pursuant to Article 427, Paragraph 1 of the Companies Act to limit liability for damages under Article 423, Paragraph 1 of the Companies Act. The liability limits for damages pursuant to those agreements are the minimum amount of liability stipulated by laws and regulations. If approval is granted for the reappointment of Mr. Kurahashi and Mr. Matsuyama, the Company intends to renew the said agreement. In addition, if approval is granted for the appointment of Mr. Kinose, the Company intends to enter into agreements to limit liability for damages with Mr. Kinose.
 4. The Company entered into an indemnity agreement as stipulated in Article 430-2, Paragraph 1 of the Companies Act with Mr. Hirono, Mr. Nagai, Mr. Noritake, Mr. Hoshi, Mr. Kurahashi, and Mr. Matsuyama. The agreement is designed to indemnify the expense defined in 1 of the said Paragraph and the loss defined in 2 of the said Paragraph to the extent stipulated in the Companies Act. If approval is granted for the reappointment of each candidate, the Company intends to renew the said agreement. Also, if approval is granted for the appointment of Mr. Kinose, the Company plans to enter into the said agreement with Mr. Kinose.
 5. The Company has entered into a directors and officers liability insurance (D&O insurance) agreement as stipulated in Article 430-3, Paragraph 1 of the Companies Act with Mr. Hirono, Mr. Nagai, Mr. Noritake, Mr. Hoshi, Mr. Kurahashi, and Mr. Matsuyama as the insured parties in January 2022. This agreement is designed to cover the claim for damage and dispute costs, etc. (excluding the immunity reasons stipulated in insurance policies) that arises from the Directors, etc. caused by their execution of duties during the term of insurance. In addition, as measures to prevent undermining the appropriateness of insured person's execution of duties, this agreement includes certain disclaimers such as precluding indemnification against damages attributable to intentional misconduct including decisions made knowingly of illegality, etc., Directors and Corporate Officers of the Company and domestic and international subsidiaries will be an insured party under the insurance agreement. The Company intends to renew the agreement with the same contents in January 2023. If approval is granted for the reappointment of each candidate, they will be subsequently included in the insurance agreement said above. Also, if approval is granted for the appointment of Mr. Kinose, the Company plans to enter into the said agreement with Mr. Kinose.
 6. The Company has designated Mr. Kurahashi and Mr. Matsuyama as independent directors stipulated by the Tokyo Stock Exchange, and has registered them as such at the Exchange. If approval is granted for the reappointment of them, the Company intends to designate them as independent directors. Also, if approval is granted for the appointment of Mr. Kinose, he complies with the requirements for independent director stipulated by the Tokyo Stock Exchange. The Company has obtained his informal consent for designation and registration as an independent director.
 7. Among the candidates, the indicated number of the Company's shares owned by Mr. Hirono, Mr. Nagai, Mr. Noritake, and Mr. Hoshi includes number of shares to be executed at retirement of Directors (as of March 31, 2022) based on Stock granting trust for Officers.
 8. G Three Holdings Corp., where Mr. Matsuyama served as a director who is a member of the Audit and Supervisory Committee as an outside director, has disclosed the investigation report received from the special investigating committee regarding the case of improper accounting on February 2, 2022. On February 18, 2022, G Three Holdings Corp. submitted the past fiscal year's amendment report of securities report and quarterly securities report and amendment of securities report to Kanto Local Finance Bureau. Furthermore, on May 18, 2022, the Financial Service Agency Commissioner disclosed regarding the payment of surcharge in accordance with the administrative surcharge order to the said company. Even though he did not recognize the fact until the revelation of the fact (improper accounting), he recommended and warned in the context of improving governance and compliance regularly; after the revelation, he appropriately executed his duties such as further strengthening compliance and demanding to take appropriate measures for preventing a recurrence. In addition, after the revelation of the case, he retired at the end of the Extraordinary Meeting of Shareholders held on May 20, 2022.

The Skills Matrix of the candidates for Director and current Directors who are members of the Audit and Supervisory Committee is as follows.

		Independence (Outside)	Corporate Management	Production	Research and development	Planning/ sales
Candidates for Directors	Hirohiko Hirono	—	•		•	•
	Yuuichi Nagai	—	•	•	•	•
	Masaru Noritake	—	•			•
	Kenichi Hoshi	—		•		•
	Hirofumi Kurahashi	•				
	Shoji Matsuyama	•				
	Yuta Kinose	•	•			
Directors who are members of the Audit and Supervisory Committee	Kazuhiko Hara	—				
	Hiroataka Goto	•	•		•	•
	Miyo Nishida (Female)	•				

		Financial management	Legal affairs/ compliance	Global experiences	Finance/ securities	Cross-industry/ diversity
Candidates for Directors	Hirohiko Hirono			•		
	Yuuichi Nagai					
	Masaru Noritake	•	•		•	
	Kenichi Hoshi					
	Hirofumi Kurahashi		•		•	•
	Shoji Matsuyama	•				•
	Yuta Kinose	•		•	•	•
Directors who are members of the Audit and Supervisory Committee	Kazuhiko Hara	•	•			
	Hiroataka Goto	•	•	•		•
	Miyo Nishida (Female)		•	•		•

Proposal 4 Election of One (1) Director Who is a Substitute Member of the Audit and Supervisory Committee

In order to prepare for cases where the number of Directors who are members of the Audit and Supervisory Committee falls below the number required by laws and regulations, the election of one (1) substitute Director who is a substitute member of the Audit and Supervisory Committee is proposed.

The consent of the Audit and Supervisory Committee has been obtained for this proposal. Moreover, the Audit and Supervisory Committee has provided its opinion that it has determined that the appointment of the candidate as a Director who is a substitute member of the Audit and Supervisory Committee is appropriate given the expectation of recommendation for the enhancement of governance and compliance, etc., of the entire Group.

Candidates for Director who is a Substitute Member of the Audit and Supervisory Committee are as follows:

Name	Current Position and Responsibilities at the Company	Candidate Attributes
New election Hirofumi Kurahashi	Outside Director Member of the Nomination and Remuneration Committee	Outside Director Independent Director

Name (Date of birth)	Career summary, Position and Responsibilities in the Company (Significant concurrent positions outside the Company)	Number of the Company's shares owned
New election Hirofumi Kurahashi (August 5, 1977) Outside Independent	<p>Oct. 2002 Registered as an attorney-at-law (Dai-Ichi Tokyo Bar Association)</p> <p>Nov. 2002 Joined Harada, Ozaki, and Hattori Law Office</p> <p>Aug. 2006 Financial Services Agency Inspection Bureau General Affairs Division (Specialist Inspector)</p> <p>Aug. 2008 Securities and Exchange Surveillance Commission Executive Bureau Securities Business Monitoring Division (Specialist Inspector)</p> <p>Aug. 2010 Joined LM Law Offices</p> <p>Jan. 2013 Partner of Hokuto Law Office (current position)</p> <p>Jun. 2018 Outside Statutory Auditor of Rakuten Life Insurance Co., Ltd. (current position)</p> <p>Jun. 2020 Outside Director of the Company (current position)</p> <p>Aug. 2021 Outside Director of Energy Shares Co., Ltd. (current position)</p> <p>(Significant concurrent positions outside the Company) Partner of Hokuto Law Office, Outside Statutory Auditor of Rakuten Life Insurance Co., Ltd., and Outside Director of Energy Shares Co., Ltd.</p>	No shares

[Reasons for nomination as candidate for outside director who is a substitute member of the audit and supervisory committee and outline of expected role]

Although he has not been involved in the management of a company except as an outside officer, he has abundant experience and specialist knowledge as a corporate legal expert and lawyer. Since April 2021, he has been serving as a Member of the Nomination and Remuneration Committee, and by utilizing his abundant experience and highly specialized knowledge, we expect he will be able to improve the control environment of the entire Group, including the Company, foster an awareness and culture of compliance, and contribute to the improvement and transparency of the governance function of the Company from an independent position outside the management team, therefore, the Company proposes him as a candidate for Outside Director who is a substitute member of the Audit and Supervisory Committee. The term of office of Mr. Kurahashi will be two (2) years at the conclusion of this meeting as an Outside Director.

- Notes:
1. There is no special interest between Mr. Kurahashi and the Company.
 2. Mr. Kurahashi is candidate for Outside Director.
 3. The Company has entered into a limited liability agreement with Mr. Kurahashi for damage whose limit of the amount of liability in the aforementioned contract is the minimum liability amount prescribed by law as stipulated by Article 423, Paragraph 1 of the Companies Act, based upon the stipulations of Article 427, Paragraph 1 of the same Act. If the reelection of Mr. Kurahashi as a Director (excluding Directors who are Members of the Audit and Supervisory Committee) is approved, and also, Mr. Kurahashi is subsequently appointed as a Director who is a Member of the Audit and Supervisory Committee, the Company intends to renew the contract.

4. The Company entered into an indemnity agreement as stipulated in Article 430-2, Paragraph 1 of the Companies Act with Mr. Kurahashi. The agreement is designed to indemnify the expense defined in 1 of the said Paragraph and the loss defined in 2 of the said Paragraph to the extent stipulated in the Companies Act. If the reelection of Mr. Kurahashi as a Director (excluding Directors who are Members of the Audit and Supervisory Committee) is approved, and also, Mr. Kurahashi is subsequently appointed as a Director who is a Member of the Audit and Supervisory Committee, the Company intends to renew the contract.
5. The Company has entered into a directors and officers liability insurance (D&O insurance) agreement as stipulated in Article 430-3, Paragraph 1 of the Companies Act with Mr. Kurahashi as the insured party in January 2022. This agreement is designed to cover the claim for damage and dispute costs, etc. (excluding the immunity reasons stipulated in insurance policies) that arises from the Directors, etc., caused by their execution of duties during the term of insurance. In addition, as measures to prevent undermining the appropriateness of insured person's execution of duties, this agreement includes certain disclaimers such as precluding indemnification against damages attributable to intentional misconduct including decisions made knowingly of illegality, etc. Directors and Corporate Officers of the Company and domestic and international subsidiaries will be an insured party under the insurance agreement. The Company intends to renew the agreement with the same contents in January 2023. If approval is granted for the reappointment of a candidate as a Director (excluding Directors who are Members of the Audit and Supervisory Committee) is approved, and also, Mr. Kurahashi is subsequently appointed as a Director who is a Member of the Audit and Supervisory Committee, he will be subsequently included in the insurance agreement said above.
6. The Company has designated Mr. Kurahashi as an independent director stipulated by the Tokyo Stock Exchange, and has registered him as such at the Exchange. If approval is granted for the reappointment of him, the Company intends to designate him as an independent director. If the reelection of Mr. Kurahashi as a Director (excluding Directors who are Members of the Audit and Supervisory Committee) is approved, and also, Mr. Kurahashi is subsequently appointed as a Director who is a Member of the Audit and Supervisory Committee, the Company intends to designate him as an independent director.
7. If Proposal 3 "Election of Seven (7) Directors (Excluding Directors Who are Members of the Audit and Supervisory Committee)" is approved as proposed, Mr. Kurahashi is expected to become a Director (excluding Directors who are Members of the Audit and Supervisory Committee). However, in the event of shortfall in the number of Directors (excluding Directors who are Members of the Audit and Supervisory Committee) stipulated by laws and regulations, he will retire being a Director (excluding Directors who are Members of the Audit and Supervisory Committee) and become a Director who is a Member of the Audit and Supervisory Committee.

Proposal 5 Partial Amendments and Continuation of the Stock-based Remuneration Plan to Directors
(Excluding Directors Who are Members of the Audit and Supervisory Committee)

1. The Reasons for the Proposal and the Reasons Why the Stock-based Remuneration is Considered as Appropriate

The Company has introduced a trust-type stock-based remuneration plan (hereafter referred as to the “Plan”) for providing remuneration to directors of the Company (excluding directors and Outside Directors who are members of the Audit and Supervisory Committee) after approval by shareholders at the 69th Ordinary General Meeting of Shareholders held on June 27, 2017. This proposal requests shareholders’ approval of the partial amendment and continuation of the Plan.

The Plan is a scheme whereby a trust funded and created by the Company shall acquire the Company’s shares and provide each director the equivalent number of the Company’s shares to the number of points that each director is granted by the Company. The Company intends to amend the Plan to a performance-linked remuneration Plan by linking the number of points granted to directors under the Plan to the Company’s performance. The Company also intends to amend the maximum amount that the Company contributes to the trust as acquisition funds of the Company’s shares and to amend the maximum number of points the Company grants to directors.

Shareholders are requested to entrust the details to the Board of Directors within the scope stated in “2. The Amount and Contents, etc. of the Remuneration, etc. under the Plan” below.

The Plan was introduced with the aim of raising directors’ awareness to contribute to the improvement of medium/long-term performance and enhancement of our corporate value by sharing returns and risks arising from stock price movements with shareholders. The amendments of the Plan under this proposal intend to further enhance such motivation by linking the number of shares provided to the degree of achievements of performance goals and increasing the maximum number of shares provided. Remuneration under the amended Plan will be provided to directors (excluding directors who are members of the Audit and Supervisory Committee, part-time directors, Non-Executive Directors, as well as Outside Directors) who will be in office for five fiscal years from the fiscal year ending March 31, 2023, to the fiscal year ending March 31, 2027 (hereafter referred to as the “Applicable Period”), separately from the maximum amount of remuneration (not exceeding ¥300 million per year excluding the employee salaries) to directors (excluding directors who are members of the Audit and Supervisory Committee) approved at the 71st Ordinary General Meeting of Shareholders held on June 27, 2019.

The purpose of amendments to the Plan is as described above. An overview of the Company’s policy for determining the contents of remuneration, etc. to each director (excluding directors who are members of the Audit and Supervisory Committee) is as provided in the Business Report (in Japanese only). The Company plans to amend the contents of the policy as described in this proposal, provided that the Proposal 5 is approved. The contents of this proposal are necessary and reasonable to provide remuneration, etc. in accordance with the said policy to be amended and the Company therefore determined the contents of this proposal as appropriate.

If Proposal 3, Election of Seven (7) Directors (Excluding Directors Who are Members of the Audit and Supervisory Committee), is approved as proposed, the number of directors eligible for the Plan will be four (4).

Currently, the Plan is also applied to Corporate Officers in delegation agreements with the Company (hereafter referred as to the “Corporate Officer”), and if the Proposal 5 is approved as proposed, the Company plans to apply the partial amendment of the contents and continuation of the Plan to the Corporate Officers as well.

Moreover, the Audit and Supervisory Committee has provided its opinion that it has determined that the proposal is appropriate and it has no specific audit findings.

2. The Amount and Contents, etc. of the Remuneration, etc. under the Plan

The amount and contents, etc. of the remuneration, etc. under the Plan after the amendments are as follows:

(1) The Outline of the Plan

As stated above, the Plan is a stock-based remuneration plan whereby a trust (already created in 2017 when the Plan was introduced, hereafter referred to as the “Trust”) funded and created by the Company shall acquire the Company’s shares and provide each director the equivalent number of the Company’s shares to the number of points that each director is granted by the Company.

The timing that directors are provided the Company’s shares shall be at the time of their retirements in principle.

1	Those eligible under the Plan	Directors of the Company (excluding directors who are members of the Audit and Supervisory Committee, part-time directors, Non-Executive Directors, as well as Outside Directors)
2	Applicable period	From the fiscal year ending March 31, 2023 to the fiscal year ending March 31, 2027
3	Maximum amount of funds that the Company contributes as acquisition funds of the Company’s shares required to provide to those eligible under the Plan specified in 1 above during the applicable period specified in 2 above	¥1,000 million in total
4	Method of acquisition of the Company’s shares	Through acquisition of own shares disposed by the Company or acquisition on the exchange market (including off-auction trading)
5	Maximum number of the total points granted to those eligible under the Plan specified in 1 above	100,000 points per fiscal year
6	Criteria of granting points	Points shall be granted based on positions and the degree of achievements of performance goals, etc.
7	Timing of the provision of the Company’s shares to those eligible for the Plan specified in 1 above	At the time of retirement in principle

(2) Maximum amount of funds contributed by the Company

The Company shall extend the trust period of the Trust already created and entrust additional funds to the Trust, not exceeding ¥1,000 million in total, as remuneration to directors who are in office during the Applicable Period. The additional funds shall be used to acquire the Company's shares required to provide directors as stock remuneration under the Plan. Using funds entrusted by the Company (including additional funds entrusted by the Company as well as remaining funds of the Trust before entrusting of the additional funds, as stated above), the Trust shall acquire the Company's shares by either acquisition of own shares disposed by the Company or acquisition on the exchange market (including off-auction trading).

Note: The actual amount of the additional funds entrusted by the Company to the Trust will be in a sum of the estimated amounts for necessary expenses including trust fees and trust administrator fees, in addition to the funds to acquire the Company's shares stated above. Moreover, if the Company applies the partial amendments of the contents of the Plan to the Corporate Officers and continues it as previously stated, the funds to acquire the Company's shares, which are required to provide to the Corporate Officers, will also be entrusted additionally.

In accordance with a determination of the Board of Directors, a new Applicable Period (within five fiscal years) may be set as required and accordingly the trust period of the Trust may be further extended for each Applicable Period of up to five years (including material extension of the trust period by transferring the trust assets of the Trust to a trust whose purpose is the same as that of the Trust created by the Company; hereinafter the same applies), thereby the Plan may be further continued. In this case, during the extension period of the Applicable Period, the Company shall entrust additional funds to the Trust within an amount of ¥200 million multiplied by the number of fiscal years corresponding to the extension period of the Applicable Period as funds to additionally acquire the Company's shares required to provide to directors under the Plan and continue to grant points and provide the Company's shares as described in (3) below.

In the event that the Plan is not continued by setting a new Applicable Period as stated above and, upon expiration of the trust period, there exists any directors who have already granted points and are still in office, the trust period of the Trust may be extended to the completion of the provision of the Company's shares at the time of their retirements.

(3) Method for determining the Company's shares to be provided to directors and the upper limit

1) Method, etc. of granting points to directors

In accordance with the share issuance rules prescribed by the Board of Directors, the Company shall grant points based on their positions and the degree of achievements of performance goals, etc. to each director on the point granting day specified in the share issuance rules during the trust period.

However, the maximum number of the total points that the Company grants to directors shall be 100,000 points per fiscal year.

2) Provision of the Company's shares corresponding to the number of points granted

Directors shall be provided the Company's shares based on the number of points granted as stated in 1) above, in accordance with the procedure as stated in 3) below. In the event that directors retire for reasons of their own, points already granted shall be lapsed entirely or partially based on the decision of the Board of Directors and the Company's shares corresponding to the number of points lapsed shall not be provided.

One point shall be equal to one share of the Company's shares. However, in the event where it is considered reasonable to adjust the number of Company's shares to be provided such as stock split or stock consolidation, etc., the number of the Company's shares per point shall be adjusted to the relevant split or consolidation ratio, etc.

3) Provision of the Company's shares to directors

By taking designated steps at the time of retirement in principle, each director shall acquire the beneficiary right of the Trust and receive the Company's shares stated in 2) above from the Trust as a beneficiary of the Trust.

However, the Company may sell a certain proportion of the Company's shares in the Trust for the purpose of withholding the fund for payment of taxes such as withholding income tax, and provide cash instead of the Company's shares. Moreover, in the case that the Company's shares in the Trust have been liquidated for cash, including where the Company's shares have been applied for a tender offer and settled, cash may be provided instead of the Company's shares.

(4) Exercise of voting rights

None of the voting rights with respect to the Company's shares in the Trust shall be exercised based on an instruction of the trust administrator who is independent from the Company and its officers. This is intended to ensure neutrality to the Company's corporate management with respect to the exercise of voting rights regarding the Company's shares in the Trust.

(5) Treatment of dividends

Dividends with respect to the Company's shares in the Trust shall be received by the Trust and used to acquire the Company's shares and pay trust fees for the trustee of the Trust, etc.

<Shareholder proposals> (Proposal 6 and Proposal 7)

Proposal 6 and Proposal 7 are made by LIM JAPAN EVENT MASTER FUND as a shareholder of the Company who has 342 voting rights.

The Board of Directors of the Company opposes the shareholder proposals.

We have included the original of the summaries of the proposals and the reasons for the proposals submitted by the shareholder as a requester, and also include the opinion of the Board of Directors of the Company with respect to the shareholder proposal.

Proposal 6 Partial Amendments to the Articles of Incorporation (Disclosure of the Cost of Capital)

(1) Summary of the Proposal

To newly establish the following chapter and text in the Articles of Incorporation of the Company
(Underlines indicate amended sections)

Current Articles of Incorporation	Proposed amendments
<Newly established>	<u>Chapter 8 Disclosure of the Cost of Shareholders' equity</u> (Disclosure of the Cost of Shareholders' equity) <u>Article 35</u> The Company shall disclose, in the <u>Report on Corporate Governance submitted by the Company to the Tokyo Stock Exchange, the cost of shareholders' equity known to the Company within one month preceding the date of submission of the relevant report, with its calculation basis.</u>

(2) Reasons of the Proposal

Against the backdrop of a bitter experience in financing when the Company was founded, a corporate culture of amassing cash and deposits has persisted in the Company and internal reserves have been accumulated even after increase in the Company's credibility following its listing. The Company held cash and deposits equivalent to about ¥27.4 billion (as of December 31, 2021) as well as securities, mainly shares, of about ¥3.5 billion (as of March 31, 2021). Such managed assets, making no contribution to its core business and yielding low returns though being highly cashable, totaled nearly ¥31.0 billion, which accounted for approximately 64% of the Company's market value of about ¥48.6 billion based on the closing price of April 15, 2022.

The capital-asset ratio of the Company was a high 78% as of December 31, 2021. Accumulated cash excessively increases shareholders' equity, leading to a higher cost of capital. Because of this, stock prices of the Company chronically remain below the level corresponding to 1x compared to price book-value ratio (PBR), a breakup value of the Company. This means the Company's ROE does not reach the expected level of shareholders, in other words, the cost of capital from the viewpoint of shareholders (the cost of shareholders' equity).

At the end of last year, the Company decided and applied to the "Prime Market" among new market segments at the Tokyo Stock Exchange. To be a company worthy of belonging to the segment of "Prime," which means "most important," an improvement of capital efficiency is imperative. The Company's management issues in the future therefore will shift to capital allocation (allocation of assets) and, in that case, the cost of shareholders' equity will serve as an effective criterion.

The Company announced the Third Medium-term Management Plan on May 13, 2021, in which it declared "to make well-disciplined investment decisions on new investments while being conscious of the cost of capital and keeping an improvement in ROIC in mind," regarding investment strategies and capital policies. Accordingly, disclosing the cost of capital to provide measures for judgement of whether the Company

manages in line with the declaration uniformly benefits shareholders.

Japan's Corporate Governance Code by the Tokyo Stock Exchange prescribes the following in *Principle 5.2, Establishing and Disclosing Business Strategies and Business Plans*: "When establishing and disclosing business strategies and business plans, companies should articulate their earnings plans and capital policies, and present targets for profitability and capital efficiency after accurately identifying the company's cost of capital. Also, companies should provide explanations that are clear and logical to shareholders with respect to the allocation of management resources, such as reviewing their business portfolio and investments in fixed assets, R&D, and human capital, and specific measures that will be taken in order to achieve their plans and targets."

For this purpose, the Company should "present" the cost of shareholders' equity as "targets for profitability and capital efficiency" and should "provide explanations that are clear and logical to shareholders with respect to the allocation of management resources, such as reviewing its business portfolio and investments in fixed assets, R&D, and human capital, and specific measures that will be taken in order to achieve its plans and targets." This will activate dialogues between the Company and shareholders, helping to improve low valuation on the Company's stock at the stock market.

■ **Opinion of the Board of Directors of the Company regarding the Shareholder Proposal (Proposal 6) (Opinion Against)**

The Board of Directors is against this shareholder proposal (Proposal 6). The overview of the reasons that led to an opinion against is as follows:

- ◆ The Company considers that it should grasp the status of the Company's capital efficiency in a timely manner and recognize it as an important indicator of our management. In the Third Medium-term Management Plan formulated in 2021, the Company announced that it would set a long-term target of achieving 9% or higher of both ROE and ROIC in consideration of the management environment surrounding us and would work to make well-disciplined investment decisions on new investments while being conscious of the cost of capital and keeping an improvement of ROIC in mind, thereby making external commitment.
- ◆ Given this, the Board of Directors of the Company has been tackling well-disciplined capital distribution through appropriately acknowledging the cost of capital as an important managerial indicator in light of the surrounding management environment and making decisions considering the cost of capital at each business phase to improve our corporate value in the medium/long- term. In this connection, the Board of Directors of the Company considers that the level of the cost of capital we should note in management is 8% based on such factors as the current management environment surrounding the Company.
- ◆ The proposal requests to newly establish a provision in the Articles of Incorporation that requires the Company to disclose, in the Report on Corporate Governance, the cost of capital known to the Company within one month preceding the date of submission of the relevant report, with its calculation basis. The Company considers that disclosure of the cost of capital, including its necessity, timing, and method, should be determined as needed through deliberate discussion at the Board of Directors, taking into account the management environment around the Company. In addition, given that the Articles of Incorporation is a fundamental rule of the Company, we consider stipulating a uniform disclosure in the Articles of Incorporation as inappropriate.
- ◆ The principle 5.2 of Japan's Corporate Governance Code, quoted by the proposing shareholder, does not require companies to disclose data on the cost of capital and its calculation basis. The important thing is, in our opinion, not uniformly disclosing data on the cost of capital and its calculation basis, but, with the purport of the said principle of the Japan's Corporate Governance Code in mind, formulating a medium/long- term business strategy in consideration with such factors as the cost of capital recognized by the Company as an important managerial indicator and explaining the strategy in dialogues between the Company and shareholders when necessary.

Proposal 7 Purchase of the Company's Own Shares

(1) Summary of the Proposal

Pursuant to the provision of Article 156, Paragraph 1 of the Companies Act, to acquire the Company's common shares in a total number of 1,924,400 shares in an amount not exceeding the acquisition cost of ¥4,197.12 million in total (however, in case where the total acquisition cost allowed by the Companies Act ("the Distributable Amount" prescribed in Article 461 of the Companies Act) is lower than the said acquisition cost, the maximum amount of the total acquisition cost allowed by the Companies Act) by delivery of cash within one year after the end of the 74th Ordinary General Meeting of Shareholders.

(2) Reasons of the Proposal

An urgent issue concerning the capital allocation of the Company is to "correct" overcapitalization. According to Bloomberg Terminal, used by many institutional investors investing in the Japanese stock market, the cost of shareholders' equity was 12.3% as of April 15, the latest data available. On the other hand, the Company's average ROE over the past ten years is only 4%, which means shareholder value of the Company has continued to be impaired.

The Company's capital-asset ratio was a high of 78% as of December 31, 2021. If earnings level continues to be about the same as the previous fiscal year and even if dividend payout ratio is kept at 100%, the inefficient capital allocation where ROE falls below the cost of shareholders' equity cannot be corrected under the situation that the overcapitalization and low return-bearing cash as stated above are unchanged.

If the proportion of the total amount of shareholder return, which is the total of dividend paid and the amount of purchases of the Company's own shares, to the market value does not reach the cost of shareholders' equity of at least 12.3%, PBR is likely to remain below a level of 1x.

The dividend to shareholders in the fiscal year ended March 31, 2022 was planned to ¥80 per share, meaning that the total dividend accounted for 3.7% of the market value of the Company as of April 15. To increase the proportion of the total amount of shareholder return to the market value to 12.3%, the level of the cost of shareholders' equity, the purchase of its own shares in an amount equivalent to 8.6% of the market value is required. Given that cash and deposits and the value of the Company's shares holding together amount to about 64% of the market value as already mentioned, the Company has enough capital to purchase its own shares. Accordingly, as stated in the Summary of the Proposal above, we propose to acquire the Company's common shares in a total number of 1,924,400 shares in an amount not exceeding the acquisition cost of ¥4,197.12 million in total, which is equal to 8.6% of the market value, by delivery of cash.

■ **Opinion of the Board of Directors of the Company regarding the Shareholder Proposal (Proposal 7) (Opinion Against)**

The Board of Directors is against this shareholder proposal (Proposal 7). The overview of the reasons that led to an opinion against is as follows:

- ◆ The Company considers that we should assess the status of the Company's capital efficiency in a timely manner and recognize such status as an important indicator of our management, and positions an enhancement of shareholder return including purchases of its own shares as one of the key measures. In the Third Medium-term Management Plan formulated in 2021, the Company set and implemented a dividend policy to achieve a dividend on shareholders' equity ratio of 2.5% or higher. The Company also sets our target to purchase its own shares of ¥10.0 billion in total in the long term (including share purchases implemented based on the resolution of the Board of Directors held on August 7, 2020).
- ◆ Aiming at enhancing capital efficiency, etc., the Company has carried out the following:
 - Purchases of its own shares by which total 921,300 shares were acquired at an acquisition cost of about ¥1.9 billion in total, based on the resolution of the Board of Directors held on August 7, 2020,
 - Purchases of its own shares by which a total of 750,000 shares were acquired at an acquisition cost of about ¥2.0 billion in total, based on the resolution of the Board of Directors held on August 6, 2021.

This means the Company carried out purchases of its own shares totaling 1,671,300 shares at the total acquisition cost of approximately ¥3.9 billion from August 2020 to the end of March 2022. The Company intends to continuously purchase its own shares within a managerially reasonable range while considering developments in the stock market, the management environment surrounding us, financial resources required for investment strategies, etc. In fact, as announced in the "Notice of Decision Regarding the Purchase of Own Shares" on May 12, 2022, the Board of Directors held on the same day resolved the matter regarding the Company's share purchase, by which the Company acquires the maximum number of 500,000 shares in total at the maximum acquisition cost of ¥1.0 billion in total.

- ◆ The proposal, on the other hand, proposes the Company should purchase its own shares, by which total 1,924,400 shares (accounting for about 8% of the total issued shares of the Company) are acquired at the total acquisition cost of around ¥4.2 billion in single fiscal year. Considering the liquidity of the Company's shares, however, the Company is concerned that purchase of its own shares in such a scale in single fiscal year can have non-negligible impacts on the stock market, and can even make the share purchase at unfavorable price for shareholders. On the determination of the total acquisition cost, the Board of Directors set the long-term target of a total ¥10.0 billion in the Third Medium-term Management Plan considering developments in the stock market, the management environment surrounding us, and financial resources required for investment strategies. Therefore, in the Company's opinion, planning and implementing share purchases in line with the target we set is exactly beneficial to the improvement of the medium/long-term corporate value and, in turn, to shareholders' interests. As for the proposed share purchase, the amount of about ¥4.2 billion is calculated by the proposing shareholder in a mechanical manner simply to reach the cost of shareholders' equity indicated by the Bloomberg Terminal. Therefore, the proposed share purchase at the amount of about ¥4.2 billion is, the Company believes, determined without consideration for the management environment surrounding us, our investment strategies, nor the improvement of the medium/long-term corporate value of the Company.
- ◆ In this way, the Company should discuss and determine whether or not to carry out the purchase of its own shares, and the amount and the timing of the share purchase considering the liquidity of the Company's shares, the well-disciplined investments in each measure to improve medium/long-term corporate value of the Company, and the necessity of internal reserves, in consideration of the balance with continuous shareholder return. The details of Proposal 7 lack such considerations, and the Company considers the proposal (Proposal 7) as inappropriate.

(End of document)