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(Stock Exchange Code 5976)  
June 8, 2022

**To Our Shareholders,**

Katsumi Omiya  
Representative Director, Member of  
the Board, President and Chief  
Executive Officer  
Neturen Co., Ltd.  
2-17-1 Higashi-Gotanda, Shinagawa-ku,  
Tokyo, Japan

### **Notice of Convocation of the 111th Annual Shareholders' Meeting**

We would like to take this opportunity to express our heartfelt gratitude to you, our shareholders, for your continued support to Neturen Co., Ltd. (the "Company," together with its subsidiaries, the "Group"). We are pleased to inform you that the 111th Annual Shareholders' Meeting of the Company will be held as set forth below.

In order to prevent the spread of novel coronavirus infection (COVID-19), we recommend that shareholders exercise voting rights in advance in written form or via the Internet, etc. wherever possible and refrain from attending the meeting on the day.

Please review the Reference Documents for the Shareholders' Meeting set out below and exercise your voting rights by 5:45 p.m. JST, Monday, June 27, 2022.

Yours very truly,

#### **Notes**

- 1. Date and Time:** 10:00 a.m. JST on Tuesday, June 28, 2022 (Registration will start at 9:00 a.m.)
- 2. Venue:** The Company's conference room, 15th Floor, Oval Court Ohsaki Mark West, 2-17-1 Higashi-Gotanda, Shinagawa-ku, Tokyo  
(Please see the access map to the venue at the bottom of this document.)
- 3. Meeting Agenda:**
  - Purpose of the Meeting**
  - Matters to be reported:**
    1. Report on the Business Report, Consolidated Financial Statements and audit results for Consolidated Financial Statements by the independent auditor and the Audit and Supervisory Board for the 111th fiscal year (from April 1, 2021 to March 31, 2022)
    2. Report on Non-consolidated Financial Statements for the 111th fiscal year (from April 1, 2021 to March 31, 2022)
  - Proposals to be resolved:**
    - <Company Proposals>
    - Proposal 1:** Appropriation of Surplus
    - Proposal 2:** Partial Amendments to the Articles of Incorporation
    - Proposal 3:** Election of 6 Directors, Members of the Board
    - Proposal 4:** Election of 1 Substitute Audit and Supervisory Board Member

<Shareholder Proposal>

**Proposal 5:** Appropriation of Surplus

End

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- If you are attending the meeting, you are kindly requested to submit the enclosed voting rights exercise form to the reception desk at the venue. In addition, to save resources, please bring this Notice of Convocation with you on the day.
  - Among documents to be provided when this Notice of Convocation is given, “Notes to the Consolidated Financial Statements” and “Notes to the Non-Consolidated Financial Statements” are posted on the Company’s website (<https://www.k-neturen.co.jp/>) pursuant to the relevant laws and regulations and Article 16 of the Company’s Articles of Incorporation, and are not attached to this notice.
  - If any circumstance occurs that necessitates amendments to the Reference Documents for the Shareholders’ Meeting, Business Report, Consolidated Financial Statements and Non-Consolidated Financial Statements, matters amended will be posted on the Company’s website (<https://www.k-neturen.co.jp/>).

(Information) We plan to distribute the progress of this year’s Shareholders’ Meeting on our website in early July. We will notify shareholders about how to view this information by a resolution notice that will be sent to shareholders after the conclusion of the Shareholders’ Meeting. We also ask for your understanding that we will not be holding a shareholders roundtable meeting.

## **Guidance to Shareholders for Voting**

We inform you that you can exercise your voting rights in written form (the voting rights exercise form) or via the Internet, etc.

### **Exercising your voting rights by attending the Shareholders' Meeting**

The Shareholders' Meeting will be held at 10:00 a.m. JST on Tuesday, June 28, 2022.

Please submit the enclosed voting rights exercise form to the reception desk at the venue.

### **Not attending the Shareholders' Meeting**

#### **Exercising your voting rights in written form**

Deadline: to be received by 5:45 p.m. JST, Monday, June 27, 2022

Please send us the enclosed voting rights exercise form indicating your approval or disapproval of each proposal so that it is received by the deadline.

#### **Exercising your voting rights by "Smart Exercise"**

Deadline: to be exercised by 5:45 p.m. JST, Monday, June 27, 2022

Please scan the "QR Code<sup>®</sup> for logging in on the voting rights exercise website using a smartphone" printed on the enclosed voting right exercise form.

For more information, please see page 4.

#### **Exercising your voting rights via the Internet**

Deadline: to be exercised by 5:45 p.m. JST, Monday, June 27, 2022

Please access the voting rights exercise website <https://www.web54.net> using a PC or other device, enter the voting rights exercise code and password printed on the enclosed voting right exercise form, and follow the onscreen instructions to enter your approval or disapproval of each proposal. For more information, please see page 4.

#### **Handling of duplicate voting**

- (1) In the case of duplicate voting done both in written form and via the Internet (including "Smart Exercise"), the vote placed via the Internet (including "Smart Exercise") will be considered valid.
- (2) In the case of voting twice or more times via the Internet (including "Smart Exercise"), the last vote will be considered valid.
- (3) In the case of voting twice or more times in written form, the last vote will be considered valid.

If you have any questions, please contact the following:

**Shareholder register administrator: Stock Transfer Agency Administration Center, Sumitomo Mitsui Trust Bank**

Questions on exercise of voting rights:

[Telephone] **0120 (652) 031** (hours of operation: 9:00 a.m. to 9:00 p.m. JST)

Other questions: [Telephone] **0120 (782) 031** (hours of operation: 9:00 a.m. to 5:00 p.m. JST on weekdays)

#### **For institutional investors**

Institutional investors may opt to exercise their voting rights electronically via the "Electronic Voting Rights Exercise Platform" operated by ICJ, Inc.

## **Guidance on Exercising your Voting Rights via the Internet**

### **Exercising Voting Rights by “Smart Exercise”**

**(1) Access the voting rights exercise website for smartphones**

Use a smartphone or a tablet device to scan the “QR Code® for logging in on the voting rights exercise website using a smartphone” printed on the bottom right of the enclosed voting right exercise form.

**(2) Open the voting rights exercise website**

When you open the indicated URL, the window of the voting rights exercise website will open.

**(3) Vote for or against each proposal separately**

Enter approval or disapproval of each proposal separately following the onscreen instructions.

If you have no objection to what is indicated on the confirmation window, press the button for “Vote with this content,” and the exercise of your voting right is completed.

If you want to change your vote after you have once exercised your voting rights, you will need to scan the QR Code® again and enter the “voting rights exercise code” and “password” printed on the enclosed voting right exercise form (you can also exercise your voting rights by directly accessing the voting rights exercise website <https://www.web54.net> using a PC or other device).

### **Exercising Voting Rights by Entering Your Voting Rights Exercise Code and Password**

**(1) Access the voting rights exercise website**

Access the voting rights exercise website using a PC or other device.

<https://www.web54.net>

**(2) Login**

Enter the “voting rights exercise code” printed on the enclosed voting right exercise form.

**(3) Enter the password**

Enter the “password” printed on the enclosed voting right exercise form.

Subsequently, follow the onscreen instructions to enter your approval or disapproval for each proposal.

\* Fees associated with using the voting rights exercise website such as connection fees and telecommunication charges are to be borne by the shareholder.

\* Depending on the Internet user environment, subscribed service, and the model of the device you are using, you may not be able to use the voting rights exercise website.

\* QR Code is a registered trademark of Denso Wave Inc.

# Reference Documents for the Shareholders' Meeting

## Proposals and References

### <Company Proposal (Proposal 1 through 4)>

#### Proposal 1: Appropriation of Surplus

In addition to the policy of continuing stable distribution of dividends, the Company has adopted the approach of appropriating surplus according to its business performance, and its basic policy is to determine dividends, taking into consideration the business environment surrounding the Neturen Group, its financial standing and other factors.

As a general rule, with respect to “stable distribution of dividends,” the Company has set the lower limit of 1.5% Dividend on Equity (DOE) per annum for the time being, and with respect to “appropriating surplus according to its business performance,” the Company targets a consolidated dividend ratio of 40% or higher.

Although our policy for stable distribution of dividends has previously been set at a lower limit of 10 yen per annum, this policy has been changed from the current period (announced on November 5, 2021) with the aim of strengthening the revenue structure to secure profits, further enhancing shareholder returns, and continuously improving Return on Assets (ROA) and Return on Equity (ROE). With this change, we will be able to meet the expectations of our shareholders and make us an attractive company that our shareholders can hold the shares over the medium to long term.

Based on the above dividend policy and after careful consideration of the consolidated results and other factors, the Company plans to distribute year-end dividends (ordinary dividends) of 17 yen per share for the current fiscal year. As a result, the annual dividend including the interim dividend shall be 30 yen per share, an increase of 16 yen per share from the previous fiscal year.

- (1) Kind of property for dividends  
Cash
- (2) Matters related to allotment of property for dividends to shareholders and its total amount  
17 yen per share of common stock of the Company  
Total amount: 678,408,494 yen  
(Note) The annual dividend including an interim dividend for the fiscal year under review will be 30 yen per share.
- (3) Effective date for distribution of dividends from surplus  
June 29, 2022

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

1. Reasons for amendments

The amended 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) will come into effect on September 1, 2022, and the Articles of Incorporation of the Company will be amended as follows in order to prepare for the introduction of an electronic system for provision of materials for shareholders’ meetings.

- (1) Paragraph 1 of Article 16 of the proposed change stipulates that electronic provision measures shall be taken for the information contained in the reference documents, etc. for shareholders’ meetings.
- (2) Paragraph 2 of Article 16 of the proposed change provides for provisions to limit the scope of the matters described in documents to be delivered to shareholders who have made a written request.
- (3) The provision for disclosure of reference documents, etc. on the Internet (Article 16 of the current Articles of Incorporation) are unnecessary and will be deleted.
- (4) Together with the new provisions and deletions described above, supplementary provisions concerning the effective date, etc. will be established.

2. Details of amendments

The details of the amendments are as follows:

(Amended parts are underlined.)

Current Articles of Incorporation	Proposed Amendments
<p><u>(Disclosure of Reference Documents, etc. via the Internet)</u>  <u>Article 16. The Company may, pursuant to the Ministry of Justice Ordinances, disclose via the Internet information relating to matters to be stated or indicated in the reference documents for the shareholders’ meeting, financial statements, consolidated financial statements and business reports.</u></p> <p style="text-align: center;">&lt;Newly established&gt;</p>	<p style="text-align: center;">&lt;Deleted&gt;</p> <p><u>(Electronic Provision Measures, etc.)</u>  <u>Article 16. At the time of convening a shareholders’ meeting, the Company shall take electronic provision measures for the information contained in the reference documents for the shareholders’ meeting.</u>  <u>2. Among the matters for which the Company takes electronic provision measures, all or part of the matters specified by the Ministry of Justice Ordinances may be omitted from the documents to be delivered to shareholders who request the delivery of documents by the Voting Rights Record Date.</u></p>

Current Articles of Incorporation	Proposed Amendments
<p>&lt;Newly established&gt;</p>	<p><u>(Supplementary Provisions)</u></p> <ol style="list-style-type: none"> <li data-bbox="815 241 1401 495">1. <u>Changes to Article 16 of the Articles of Incorporation shall become effective as of the date of enforcement of the revised provisions prescribed 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 “Effective Date”).</u></li> <li data-bbox="815 501 1401 689">2. <u>Notwithstanding the provisions of the preceding paragraph, Article 16 (Disclosure of Reference Documents, etc. via the Internet) of the Articles of Incorporation shall remain in force with respect to a shareholders’ meeting whose date falls within six months from the effective Date.</u></li> <li data-bbox="815 696 1401 846">3. <u>These Supplementary Provisions shall be deleted six months after the effective date or three months after the date of the shareholders’ meeting referred to in the preceding paragraph, whichever is later.</u></li> </ol>

**Proposal 3:** Election of 6 Directors, Members of the Board

The terms of office of six (6) Directors, Members of the Board will expire at the closing of this Annual Shareholders' Meeting. Accordingly, the election of six (6) Directors, Members of the Board are proposed.

Note that Mineo Hanai and Yoshiko Moriyama are the candidates for Outside Directors, Members of the Board.

The candidates for Directors, Members of the Board are as follows:

No.	Name	Current positions	Attendance at the meetings of the Board of Directors
1	[Reelection] Katsumi Omiya	Representative Director, Member of the Board President and Chief Executive Officer	100% (13 /13)
2	[Reelection] Nobumoto Ishiki	Director, Member of the Board Managing Executive Officer	100% (13 /13)
3	[Reelection] Takashi Suzuki	Director, Member of the Board Managing Executive Officer	100% (13 /13)
4	[Reelection] Tomokatsu Yasukawa	Director, Member of the Board Executive Officer	100% (13 /13)
5	[Reelection] [Outside officer] [Independent officer] Mineo Hanai	Director, Member of the Board	100% (13 /13)
6	[New election] [Outside officer] [Independent officer] Yoshiko Moriyama	-	-



Candidates for Directors, Members of the Board

No.	Name (Date of birth)	Career summary, positions, assignments and status of other important positions concurrently assumed	No. of the Company's shares owned by the candidate
1	<p><b>Reelection</b></p> <p>Katsumi Omiya (March 24, 1960)</p> <p>Attendance at the meetings of the Board of Directors: 13/13 times</p>	<p>April 1983      Joined the Company</p> <p>June 2012      Director, Member of the Board</p> <p>June 2016      Managing Director, Member of the Board</p> <p>October 2020   Representative Director, Member of the Board and President</p> <p>June 2021      Representative Director, Member of the Board, President and Chief Executive Officer</p> <p>April 2022      Representative Director, Member of the Board, President and Chief Executive Officer; General Manager, Business Planning and Development Headquarters</p> <p>To present</p>	66,608
<p>Reasons for nomination as a candidate for Director, Member of the Board</p> <p>Since his appointment as Director, Member of the Board in June 2012, Mr. Katsumi Omiya has appropriately operated businesses in line with management strategies, and contributed to resolving management issues of the Company, as well as those of the entire Group both domestically and overseas.</p> <p>In addition, since October 2020, he has been performing the supervision and management of the entire Group as Representative Director, Member of the Board and President of the Company actively and appropriately.</p> <p>Based on his abundant experience and track record, the Company has judged that he is an asset for the Company that can supervise and manage the entire Group appropriately in implementing any and all measures for improving the corporate value of the Group, and proposes his continued appointment as Director, Member of the Board.</p>			
2	<p><b>Reelection</b></p> <p>Nobumoto Ishiki (October 9, 1959)</p> <p>Attendance at the meetings of the Board of Directors: 13/13 times</p>	<p>April 1982      Joined TRW Automotive Japan Co., Ltd. (currently, ZF Japan Co., Ltd.)</p> <p>February 2001   Joined Colin Corporation (currently, Fukuda Colin Co., Ltd.)</p> <p>April 2001      Joined the Company</p> <p>February 2006   Joined Toyo Fastener Co., Ltd.</p> <p>April 2007      Joined the Company</p> <p>June 2017      Director, Member of the Board</p> <p>April 2020      Managing Director, Member of the Board</p> <p>June 2021      Director, Member of the Board, Managing Executive Officer; supervising facilities; General Manager, IH Division; General Manager, Product Engineering Headquarters; General Manager, Production Engineering Development Department, Product Engineering Headquarters</p> <p>To present</p> <p>[Status of other important concurrent positions]</p> <p>Representative Director and President, Neturen Heat Treat Co., Ltd.;</p> <p>Representative Director and President, NETUREN HYMEC CO., LTD; President, Guangzhou Fengdong Neturen Co., Ltd.;</p> <p>Representative Director, Korea Neturen Co., Ltd.; Representative Director and President, PT. Neturen Indonesia; Representative Director and President, Neturen Mexico, S.A. de C.V.</p>	36,719
<p>Reasons for nomination as a candidate for Director, Member of the Board</p> <p>Since his appointment as Director, Member of the Board in June 2017, Mr. Nobumoto Ishiki has contributed to resolving issues on the engineering aspect of management of the Company, particularly concerning engineering development and production engineering of the Company and the domestic and overseas group companies.</p> <p>Based on his abundant experience and track record, the Company has judged that he is an asset for the Company that can supervise and manage the entire Group and businesses he is in charge appropriately in aiming at the early introduction of new products and technologies as well as business reforms for improving the corporate value of the Group, and proposes his continued appointment as Director, Member of the Board.</p>			

No.	Name (Date of birth)	Career summary, positions, assignments and status of other important positions concurrently assumed	No. of the Company's shares owned by the candidate
3	<p><u>Reelection</u></p> <p>Takashi Suzuki (June 29, 1962)</p> <p>Attendance at the meetings of the Board of Directors: 13/13 times</p>	<p>April 1985    Joined the Company</p> <p>June 2016    Director, Member of the Board</p> <p>April 2021    Managing Director, Member of the Board</p> <p>June 2021    Director, Member of the Board, Managing Executive Officer</p> <p>April 2022    Director, Member of the Board, Managing Executive Officer; supervising information strategies and TQM promotion; General Manager, Specialty Steel &amp; Wire Products Division; General Manager, Global Procurement Headquarters</p> <p>To present</p> <p>[Status of other important concurrent positions]</p> <p>President, Neturen (China) Slewing Bearing Co., Ltd.;</p> <p>Representative Director and President, Neturen Czech s.r.o.</p>	39,370
<p>Reasons for nomination as a candidate for Director, Member of the Board</p> <p>Since his appointment as Director, Member of the Board in June 2016, Mr. Takashi Suzuki has contributed to resolving global management issues concerning procurement particularly of raw materials, electricity, etc. for the Company and the domestic and overseas group companies, as well as management issues concerning the revenue management of the entire Group.</p> <p>Based on his abundant experience and track record, the Company has judged that he is an asset for the Company that can supervise and manage the entire Group and businesses he is in charge appropriately in aiming at global development and revenue growth for improving the corporate value of the Group, and proposes his continued appointment as Director, Member of the Board.</p>			
4	<p><u>Reelection</u></p> <p>Tomokatsu Yasukawa (January 6, 1963)</p> <p>Attendance at the meetings of the Board of Directors: 13/13 times</p>	<p>April 1986    Joined the Company</p> <p>June 2012    Director, Member of the Board</p> <p>June 2021    Director, Member of the Board, Executive Officer</p> <p>April 2022    Director, Member of the Board, Executive Officer; supervising safety, health and environmental affairs; General Manager, Administrative Headquarters</p> <p>To present</p> <p>[Status of other important concurrent positions]</p> <p>Representative Director and President, Neturen Meinan Co., Ltd.</p>	49,144
<p>Reasons for nomination as a candidate for Director, Member of the Board</p> <p>Since his appointment as Director, Member of the Board in June 2012, Mr. Tomokatsu Yasukawa has contributed to resolving management issues on the governance system for the Company as well as the domestic and overseas group companies and management issues on CSR activities positioning SDGs as the fundamentals of management.</p> <p>Based on his abundant experience and track record, the Company has judged that he is an asset for the Company that can supervise and manage the entire Group appropriately in promoting corporate management with a focus on ESG for improving the corporate value of the Group, and proposes his continued appointment as Director, Member of the Board.</p>			

No.	Name (Date of birth)	Career summary, positions, assignments and status of other important positions concurrently assumed	No. of the Company's shares owned by the candidate
5	<div style="border: 1px solid black; padding: 2px; display: inline-block;">Reelection</div> <div style="border: 1px solid black; padding: 2px; display: inline-block;">Outside officer</div> <div style="border: 1px solid black; padding: 2px; display: inline-block;">Independent officer</div>  Mineo Hanai (July 19, 1947)  Attendance at the meetings of the Board of Directors: 13/13 times	April 1972    Joined Nippondenso Co., Ltd. (currently, Denso Corporation) March 2000    Earned a doctoral degree in Engineering at Nagoya Institute of Technology June 2006    Senior Managing Director, Denso Corporation June 2008    Representative Director and President, Asmo Co., Ltd. (currently, Denso Corporation) June 2017    Outside Director, Member of the Board, the Company To present	4,610
	<p>Reasons for nomination as a candidate for Outside Director, Member of the Board and expected role</p> <p>Since his appointment as Outside Director, Member of the Board in June 2017, Mr. Mineo Hanai has utilized his abundant experience and achievements as a corporate manager in addition to specialist knowledge in the manufacturing industry to provide accurate advice and suggestions for issues for the improvement of technology development capabilities and business expansion promotion, contributing to resolving issues.</p> <p>In addition, he has contributed to raising the level of management as a whole through active and appropriate supervision and instruction, including providing suggestions for raising the level of top management and future human resources.</p> <p>The Company expects that he will continue to offer suggestions and advice on the management appropriately and supervise business execution from an independent position for improving the corporate value of the Company over the medium to long term based on his experience as a manager.</p> <p>For these reasons, the Company has judged that he is appropriately qualified as an Outside Director, Member of the Board of the Company, and proposes his continued appointment.</p>		
6	<div style="border: 1px solid black; padding: 2px; display: inline-block;">New election</div> <div style="border: 1px solid black; padding: 2px; display: inline-block;">Outside officer</div> <div style="border: 1px solid black; padding: 2px; display: inline-block;">Independent officer</div>  Yoshiko Moriyama (June 26, 1964)	April 1998    Registered as Attorney-at-Law (Daini Tokyo Bar Association) December 2004    Qualified as attorney, State of New York, U.S. July 2006    Joined TMI Associates January 2010    Partner, TMI Associates February 2015    Counsel, TMI Associates To present  [Status of other important concurrent positions] Counsel, TMI Associates	0
	<p>Reasons for nomination as a candidate for Outside Director, Member of the Board and expected role</p> <p>Ms. Yoshiko Moriyama is a new candidate for Outside Director, Member of the Board. With her specialist knowledge and abundant experience as an attorney, she is capable of providing advice regarding overall management focused on corporate governance and compliance from a position independent from the Company. She is also capable of offering suggestions from a broad perspective to promote the reforms with her broad knowledge and experience regarding diversity and work-style reforms.</p> <p>The Company expects that she will offer suggestions and advice appropriately and supervise business execution from an independent position in terms of the legality and appropriateness of decision-making on the Company's management based on her experience as an attorney.</p> <p>For these reasons, the Company has judged that she is appropriately qualified as an Outside Director, Member of the Board of the Company, and proposes her new appointment.</p>		

- (Notes)
1. There are no special interests between the candidates and the Company.
  2. Candidates Mr. Mineo Hanai and Ms. Yoshiko Moriyama are candidates for independent officer based on the stipulations of Tokyo Stock Exchange, Inc.
  3. Candidate Mr. Mineo Hanai is currently an Outside Director, Member of the Board of the Company, and the number of years since his appointment as Outside Director, Member of the Board shall be five years at the conclusion of this Shareholders' Meeting.

4. At the time of the appointment as Director, Member of the Board, the Company entered into an agreement with candidate Mr. Mineo Hanai as provided for in the Company's Articles of Incorporation, in accordance with the provisions of Article 427, Paragraph 1 of the Companies Act to limit his liability pursuant to Article 423, Paragraph 1 of the Companies Act, and the maximum amount of liability pursuant to the agreement is the amount stipulated by laws and regulations. If the reappointment of Mr. Hanai is approved, the Company intends to continue the agreement.
5. At the time of the appointment as Director, Member of the Board, the Company intends to enter into agreements with candidate Ms. Yoshiko Moriyama as provided for in the Company's Articles of Incorporation, in accordance with the provisions of Article 427, Paragraph 1 of the Companies Act to limit her liability pursuant to Article 423, Paragraph 1 of the Companies Act, and the maximum amount of liability pursuant to the agreement shall be the amount stipulated by laws and regulations.
6. The Company has entered into a Directors and Officers liability insurance policy with an insurance company as stipulated in Article 430-3, Paragraph 1 of the Companies Act insuring all its Directors, Members of the Board to cover damages and litigation expenses incurred by the insured. Insurance premiums are fully borne by the Company. If the candidates take office as Director, Member of the Board, they will be insured under this contract, which is to be renewed with the same terms and conditions during the candidates' terms of office.

[Skills Matrix of Directors, Audit and Supervisory Board Members and Executive Officers]

If Proposal 3 is approved as originally proposed at this Annual Shareholders' Meeting, the composition and skills matrix of the officers and executive officers of the Company after the Annual Shareholders' Meeting will be as follows:

Name	Position	Outside	Executive Officer	Specialty and experience								
				Corporate Management	Technology/ Research	Manufacturing/ Quality	Global	Marketing	Information Strategy	CSR	Legal Affairs	Finance
				General	Basic Strategy			Management Base				
Katsumi Omiya	Representative Director, Member of the Board, President and Chief Executive Officer		•	•	•	•	•	•				
Nobumoto Ishiki	Director, Member of the Board, Managing Executive Officer		•	•	•	•	•			•		
Takashi Suzuki	Director, Member of the Board, Managing Executive Officer		•	•		•		•	•			
Tomokatsu Yasukawa	Director, Member of the Board, Executive Officer		•							•	•	•
Mineo Hanai	Director	•		•	•	•	•	•				
Yoshiko Moriyama	Director	•					•			•	•	
Yoshihiro Ikegami	Audit and Supervisory Board Member (Full-time)					•		•			•	
Takeshi Nakano	Audit and Supervisory Board Member	•								•	•	•
Minoru Enjitsu	Audit and Supervisory Board Member	•		•			•		•			•
Yoshitaka Misaka	Executive Officer		•		•	•						
Nobuhiro Murai	Executive Officer		•		•	•		•				
Naoki Hisada	Executive Officer		•				•	•				•
Norio Tanaka	Executive Officer		•	•	•	•						

**Proposal 4:** Election of 1 Substitute Audit and Supervisory Board Member

The Company proposes that one Substitute Audit and Supervisory Board Member be elected to prepare for cases of insufficiency in the number of Audit and Supervisory Board Members as set forth in relevant laws and regulations.

In addition, this proposal has already been approved by the Audit and Supervisory Board.

The candidate for Substitute Audit and Supervisory Board Member is as follows:

Candidate for Substitute Audit and Supervisory Board Member

Name (Date of birth)	Career summary, positions and status of other important positions concurrently assumed	No. of the Company's shares owned by the candidate
<div style="border: 1px solid black; padding: 2px; width: fit-content; margin-bottom: 5px;">Outside officer</div> Daisuke Takahashi (February 27, 1980)	October 2005 Registered as Attorney-at-Law (Dai-Ichi Tokyo Bar Association) October 2005 Joined Shinwa Sogo Law Office September 2014 Partner, Shinwa Sogo Law Office To present [Status of other important concurrent positions] Partner, Shinwa Sogo Law Office	0
<p>Reasons for nomination as a candidate for Substitute Outside Audit and Supervisory Board Member</p> <p>Mr. Daisuke Takahashi possesses specialist knowledge and experience as an attorney, and the Company has judged that he will be able to execute his duties appropriately as an Outside Audit and Supervisory Board Member. For these reasons, the Company intends for him to utilize his specialist knowledge and experience as an attorney in the audit operations of the Company, and proposes his appointment.</p>		

- (Notes)
1. There are no special interests between the candidate and the Company.
  2. Candidate Mr. Daisuke Takahashi will be elected as a Substitute Outside Audit and Supervisory Board Member. If he is appointed as an Audit and Supervisory Board Member, the Company intends to register him as an independent officer based on the stipulations of Tokyo Stock Exchange, Inc.
  3. Mr. Daisuke Takahashi is a candidate for Substitute Outside Audit and Supervisory Board Member. At the time of his appointment as Audit and Supervisory Board Member, the Company intends to enter into an agreement with candidate Mr. Daisuke Takahashi as provided for in the Company's Articles of Incorporation, in accordance with the provisions of Article 427, Paragraph 1 of the Companies Act to limit his liability pursuant to Article 423, Paragraph 1 of the Companies Act, and the maximum amount of liability pursuant to the agreement shall be the amount stipulated by laws and regulations.
  4. The Company has entered into a Directors and Officers liability insurance policy with an insurance company as stipulated in Article 430-3, Paragraph 1 of the Companies Act insuring all its Audit and Supervisory Board Members to cover damages and litigation expenses incurred by the insured. Insurance premiums are fully borne by the Company. If Mr. Daisuke Takahashi takes office as Audit and Supervisory Board Member, he will be insured under this contract.

### <Shareholder Proposal (Proposal 5)>

Proposal 5 has been submitted by one shareholder (the “Proposing Shareholder”).

The followings are the translation of the relevant parts of a shareholder proposal document submitted by the Proposing Shareholder. The original text of the shareholder proposal is in the Japanese version.

#### **Proposal 5:** Appropriation of Surplus

\* The shareholder proposal has been translated from its original Japanese text, while its expressions differ from those in Proposal 1, which is submitted by the Company.

##### 1. Details of proposal

###### (1) Kind of property for dividends

Cash

###### (2) Matters related to allotment of property for dividends and its total amount

Distribute dividends in an amount per share of common stock obtained by subtracting from 60 yen an amount of dividends per share of common stock to be resolved at the 111th Annual Shareholders’ Meeting based on the proposal on appropriation of surplus submitted by the Company’s Board of Directors (the “Company Proposal on Appropriation of Surplus”) (the proposed amount, the “DPS Proposed by the Company”) and the amount of interim dividend per share of common stock for the fiscal year ended March 31, 2022 of 13 yen (the amount obtained, the “DPS under This Proposal”), in addition to the DPS Proposed by the Company.

If profit per share to be presented at the 111th Annual Shareholders’ Meeting, rounded down to the nearest whole number, (the “Actual EPS”) is not 60 yen, the 60 yen in the preceding paragraph shall be replaced with the Actual EPS.

The total amount of dividends under this proposal will be an amount obtained by multiplying the DPS under This Proposal by the number of shares subject to dividend payments as of the record date for voting rights at the Company’s 111th Annual Shareholders’ Meeting.

###### (3) Effective date for distribution of dividends from surplus

The day following the date of the Company’s 111th Annual Shareholders’ Meeting

This proposal is made so that it will be presented independently from and together with any proposal on appropriation of surplus that the Company submits to the 111th Annual Shareholders’ Meeting.

##### 2. Reason for proposal

- 60 yen per share described in this proposal is the most recent forecast amount of per-share profit as of February 4, 2022. This proposal aims for distribution of all the profit, in other words, a dividend ratio of 100%, regardless of the amount of the DPS Proposed by the Company.
- With the Company’s capital ratio being high at over 70%, there is a concern over a further decline in return on equity if the consolidated dividend ratio remains at around 40%. Therefore, it is considered

important for the Company to avoid further accumulation of capital going forward by adopting a dividend ratio of 100% in its capital policy.

- The Company's market capitalization of approximately 23.4 billion yen as of April 26, 2022 is about the same as the sum of cash and cash equivalents (approximately 16 billion yen) and investment securities (approximately 8 billion yen) as of the end of 2021, suggesting that the value of its core business is not recognized at all.

◆ Opinion of the Company's Board of Directors

The Board of Directors opposes the shareholder proposal.

In May 2021, the Company formulated its long-term management vision "NETUREN VISION 2030" (covering a 10-year period from April 2021 to March 2031) and the 15th Medium-term Management Plan "Change!! New NETUREN 2023" (covering a three-year period from April 2021 to March 2024) (the "15th Medium-Term Management Plan") for the purpose of raising capital efficiency to increase corporate value over the medium to long term, and using the funds generated by this to enhance investment for growth and shareholder returns.

Having positioned the three-year period covered by the 15th Medium-Term Management Plan as the first phase for achieving the vision, the Company is driving forward initiatives that are aimed at contributing to a sustainable society and increasing corporate value, by setting forth the following four basic strategies:

Basic strategies— Aiming to increase corporate value

- (i) Establish revenue base by further enhancing competitiveness of core business, and bringing new technologies, new products and new businesses to market.
- (ii) Improve ability to roll out information by promoting digitization through establishment of the NETUREN-DX system
- (iii) Identify SDGs as the core of management, promote reduction of CO<sub>2</sub> and contribute to the creation of a sustainable society.
- (iv) Develop human resources that enhance the Group's sales and marketing capabilities globally.

The outline of the capital policy and financial strategy for the 15th Medium-Term Management Plan period is as stated below. The Company is implementing various measures to increase capital efficiency and manage business in a way that emphasizes the perspectives of not only the profit and loss statement (PL) but also the balance sheet (BS) and cash flows (CF).

- (1) Set an appropriate capital ratio and generate cash flows through asset reduction
  - (i) BS: Aim for an appropriate capital ratio
  - (ii) CF: Generate cash flows through asset reduction
- (2) Develop and implement measures for increasing ROE
  - (i) Reduce cross-shareholdings
  - (ii) Measures targeting a ROE of 5.0% or above, higher than the cost of capital



(iii) Measures targeting a PBR of 1.0 times or above

(3) Financing

While the Company will basically use cash on hand to finance capital investment or the like, if it becomes necessary to make a large-scale investment or the like, it will raise funds by methods according to the Group's situation.

(4) Reduce cross-shareholdings

The Company will steadily reduce its cross-shareholdings in accordance with Japan's Corporate Governance Code. The proceeds from the sale of cross-held shares will be used to finance investments in various new businesses.

In addition, the 15th Medium-Term Management Plan states to review the shareholder return policy (including the consideration of the total return ratio and dividend on equity (DOE)) as one of measures aimed at further increasing corporate value.

In this effort, the Company reviewed its dividend policy in November 2021 and decided to continue the stable distribution of dividends and appropriate surplus according to business performance. Under the basic policy of making dividend decisions by considering factors such as the business environment surrounding the Group and its financial position, the Company aims to become an attractive company that meets the expectations of its shareholders and whose shares are held over the medium to long term. To this end, specifically, while maintaining the performance-linked appropriation of surplus targeting a consolidated dividend ratio of 40% or above, for the "stable distribution of dividends" in principle, the Company has changed the lower limit from an annual dividend of 10 yen per share to a DOE of 1.5%.

Based on this dividend policy, the Company plans to distribute year-end dividends for the fiscal year ended March 31, 2022 of 17 yen per share under the proposal on appropriation of surplus submitted by the Company for this Shareholders' Meeting. Together with the interim dividends of 13 yen per share already distributed, the annual dividends will be 30 yen per share. Consequently, the consolidated dividend ratio for the fiscal year ended March 31, 2022 will be 44.5%.

On the other hand, the Company sees it also an important measure of shareholder returns to purchase its treasury stock based on factors such as the business environment, financial position, stock price levels, and strategies for growth investment. During a period from January 2010 to March 2022, the Company purchased treasury stock six times in total, which amounted to 8.9% of the total number of issued shares, for the purpose of flexibly implementing its capital policy in response to changes in the business environment.

In addition, the Company retired 2,884,000 shares of treasury stock (6.59% of the total number of issued shares before retirement) in March 2022.

Accordingly, the Company believes that, it can increase corporate value over the medium to long term and serve the shared interests of shareholders by quickly and flexibly acting to purchase treasury stock based on factors such as the business environment, financial position, stock price levels, and strategies for growth investment while basing shareholder returns on the basic principles of the dividend policy—"stable distribution of dividends" and "appropriating surplus according to its business performance," in addition to

steadily investing for future growth based on its long-term management vision “NETUREN VISION 2030” and the 15th Medium-Term Management Plan.

On the other hand, the shareholder proposal calls for distributing all the profit for the fiscal year ended March 31, 2022, aiming for a dividend ratio of 100%. This differs from the shareholder return policy of the Company. While the Company considers it important to achieve an appropriate level of capital, it believes that expectations for dividends include appropriating surplus in a sustainably way according to business performance. Therefore, at this point, the Company believes that it should not adopt the capital policy of distributing all the profit, or a dividend ratio of 100%, which is assumed to be likely to require future changes if the business environment shifts. This entails the risk of inhibiting growth in corporate value over the medium to long term and, in turn, of harming the interests of shareholders.

For the reasons sated above, the Company’s Board of Directors opposes the shareholder proposal.

End