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Securities code: 8179

March 7, 2023

(Commencement date of measures for electronic provision: March 6, 2023)

To Shareholders with Voting Rights:

Masataka Abe
President and Representative Director
ROYAL HOLDINGS Co., Ltd.
3-28-5 Naka, Hakata-ku, Fukuoka-shi,
Fukuoka, Japan

**NOTICE OF
THE 74th ANNUAL GENERAL MEETING OF SHAREHOLDERS**

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

We hereby inform you that the 74th Annual General Meeting of Shareholders of ROYAL HOLDINGS Co., Ltd. (the “Company”) will be held as described below.

Measures for electronic provision will be taken upon convening this General Meeting of Shareholders and the matters subject to the measures for electronic provision will be posted as the “Notice of the 74th Annual General Meeting of Shareholders” on the Internet on the Company’s website below.

The Company’s website:

https://www.royal-holdings.co.jp/ir/stockholder/g_meeting.php (in Japanese only)

Additionally, if you are unable to view the matters subject to the measures for electronic provision on the Company’s website, please access Tokyo Stock Exchange’s website (Listed Company Search) below, enter and search for the Issue name (company name) or Securities code, select “Basic information,” then “Documents for public inspection/PR information,” and view the information posted on the Notice of General Shareholders Meeting page.

Tokyo Stock Exchange’s website:

<https://www2.jpx.co.jp/tseHpFront/JJK020030Action.do>

If you are not attending on the day of the meeting, you can exercise your voting rights in writing or via the Internet, etc. (including Smart Voting). Please review the Reference Documents for the General Meeting of Shareholders posted in the matters subject to the measures for electronic provision, and follow the guidance for exercising voting rights to exercise your voting rights by no later than 6:00 p.m. on Tuesday, March 28, 2023, Japan time.

- 1. Date and Time:** Wednesday, March 29, 2023 at 10:00 a.m. Japan time
(Reception starts at 9:00 a.m.)
- 2. Place:** TKP HAKATAEKIMAE CITY CENTER, 8th Floor, Nippon Life
Hakataekimae Building
3-2-1 Hakataekimae, Hakata-ku, Fukuoka-shi, Fukuoka, Japan
(Please refer to the information map at the end of this notice) (in Japanese only)

3. Meeting Agenda:

- Matters to be reported:**
1. The Business Report and Consolidated Financial Statements for the 74th Fiscal Year (January 1, 2022 - December 31, 2022) and results of audits by the Accounting Auditor and the Audit and Supervisory Committee of the Consolidated Financial Statements
 2. Non-consolidated Financial Statements for the 74th Fiscal Year (January 1, 2022 - December 31, 2022)

Proposals to be resolved:

Proposal 1: Appropriation of Surplus

Proposal 2: Election of Five (5) Directors (Excluding Directors Serving as Audit and Supervisory Committee Members)

Proposal 3: Introduction of Performance-Linked Stock Compensation Plan for Directors (Excluding Directors Serving as Audit and Supervisory Committee Members and Outside Directors)

4. Other Matters Determined for Convocation of General Meeting of Shareholders:

- (1) When you exercise your voting rights both in writing and via the Internet, etc. (including Smart Voting), the voting rights exercised via the Internet, etc. (including Smart Voting), shall be deemed and treated as the valid vote. Additionally, when exercising your voting rights twice or more via the Internet, etc. (including Smart Voting), the voting rights exercised last shall be deemed and treated as the valid vote.
- (2) If there is no indication of a vote for or against a proposal on the Voting Rights Exercise Form, it shall be treated as an indication of consent for the proposal.

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- ◎ When attending the day of the meeting, please bring the enclosed Voting Rights Exercise Form and submit it at the reception desk.
 - ◎ Should the matters subject to electronic provision require revisions, the revised versions will be posted on the relevant websites indicated on page 1.

Reference Documents for the General Meeting of Shareholders

Proposals and References

Proposal 1: Appropriation of Surplus

We propose the following for the appropriation of surplus.

Matters concerning year-end dividend

We had continuously paid shareholder dividends linked to results while maintaining internal reserves before the impacts of COVID-19, and as the basic policy of shareholder returns of the Company, we had provided long-term and stable dividends to the shareholders.

However, with economic activities growing stagnant due to the worldwide expansion of COVID-19, the Company suspended dividends of surplus due to posting a significant net loss in the fiscal year before last, and during the previous fiscal year as well, dividends were limited to ¥5 per share of common stock.

For the year-end dividend for the fiscal year under review, although there are new changes in the business environment and rising uncertainties such as geopolitical risks that include soaring raw material prices and the situation in Ukraine, with the incremental reductions in impacts of COVID-19, the Company's results and management environment are steadily recovering. We are comprehensively taking basic policy, etc., aiming to recover shareholder returns to the level before the COVID-19 pandemic at an early stage into consideration, and we propose the following to increase the dividend by ¥5 per share of common stock compared to the previous fiscal year using other retained earnings as funds for the dividends.

(1) Type of dividend property:

Cash

(2) Matters concerning the allotment of dividend property to shareholders and the total amount

¥10 per share of common stock: Total amount: ¥497,434,850

¥85,000.00 per share of Class-A preferred stock pursuant to the provisions of the Articles of Incorporation: Total amount: ¥255,000,000

(3) Effective date of dividends of surplus

March 30, 2023

Proposal 2: Election of Five (5) Directors (Excluding Directors Serving as Audit and Supervisory Committee Members)

The terms of office of all five (5) Directors will expire at the conclusion of this Annual General Meeting of Shareholders. Accordingly, the Company proposes the election of five (5) Directors (excluding Directors serving as Audit and Supervisory Committee Members).

With regard to this proposal, the Audit and Supervisory Committee has judged that all candidates for Directors (excluding Directors serving as Audit and Supervisory Committee Members) are appropriate.

The candidates for Directors (excluding Directors serving as Audit and Supervisory Committee Members) are as follows:

No.	Name (Date of birth)	Career summary, positions, responsibilities and significant concurrent positions	Number of shares of the Company held
1	<p>[Reappointment]</p> <p>[Male]</p> <p>Tadao Kikuchi (December 4, 1965)</p>	<p>April 1988 Joined The Nippon Credit Bank, Ltd. (currently Aozora Bank, Ltd.)</p> <p>June 1997 Secretariat, Office of the Secretary of The Nippon Credit Bank, Ltd.</p> <p>February 2000 Joined the Tokyo Branch of Deutsche Bank Group</p> <p>April 2003 Director, Global Corporate Finance of Deutsche Bank Group</p> <p>April 2004 Joined the Company; Executive Officer, Head of Corporate Planning Department, and Head of Legal Office of the Company</p> <p>March 2007 Director, Head of Corporate Planning Department, Head of Legal Affairs, and Head of Group Management Department of the Company</p> <p>November 2008 Director, Vice-Head of Business Management Headquarters (in charge of financial and management planning), Head of Corporate Planning Department, and Head of Legal Affairs of the Company</p> <p>May 2009 Director, Head of Administration Headquarters, Head of Corporate Planning Department, and Head of Legal Affairs of the Company</p> <p>October 2009 Director, Head of Administration Headquarters of the Company</p> <p>March 2010 President & CEO of the Company</p> <p>May 2010 Outside Director of HUB CO., LTD.</p> <p>March 2016 Chairman & CEO of the Company</p> <p>May 2016 Chairman of Japan Foodservice Association</p> <p>February 2018 Outside Director of QB Net Holdings Co., Ltd.</p> <p>March 2019 Chairman of the Company (present)</p> <p>April 2020 Distinguished Professor of Graduate School of Management, Kyoto University (present)</p> <p>September 2021 Outside Director and Audit and Supervisory Committee Member of QB Net Holdings Co., Ltd. (present)</p> <p>[Important positions held at other companies] Outside Director and Audit and Supervisory Committee Member of QB Net Holdings Co., Ltd Distinguished Professor of Graduate School of Management, Kyoto University</p>	5,200
<p>[Reason for nomination as a candidate for Director] Mr. Kikuchi has achievements of carrying out the Group's management as Representative Director of the Company, extensive network within the industry, and abundant insight and work experience of overall management. The Company has judged that he can appropriately supervise the Group as a whole while contributing to further improvement of the Group's corporate value, and therefore renominated him as a candidate for Director.</p>			

No.	Name (Date of birth)	Career summary, positions, responsibilities and significant concurrent positions	Number of shares of the Company held
2	[Reappointment] [Male] Masataka Abe (March 30, 1971)	April 1993 Joined the Company November 2009 General Manager, Business Department of CENTRESTA Co., Ltd. (currently Royal Contract Service Co., Ltd.) January 2016 General Manager, Business Planning Department of Royal Contract Service Co., Ltd December 2017 General Manager, Metropolitan Sales Department of Royal Contract Service Co., Ltd. April 2018 Director and General Manager of Royal Contract Service Co., Ltd. March 2019 President and Representative Director of Royal Contract Service Co., Ltd. April 2021 Executive Officer and Deputy General Manager, Joint Project Management Project Office of the Company January 2022 Executive Officer and Chairperson of Executive Officer Liaison Committee of the Company March 2022 President and Representative Director of the Company (present)	1,300
[Reason for nomination as a candidate for Director] Based on Mr. Abe's abundant business experience for many years in the Food and Drink business and knowledge of duties concerning overall business management, the Company has judged that he can improve corporate value while appropriately supervising the Group as a whole, and therefore renominated him as a candidate for Director.			

No.	Name (Date of birth)	Career summary, positions, responsibilities and significant concurrent positions	Number of shares of the Company held
3	<p>[Reappointment]</p> <p>[Male]</p> <p>Tomoatsu Kimura (August 19, 1958)</p>	<p>April 1982 Joined Sony Corporation (currently Sony Group Corporation)</p> <p>January 1988 Joined Mitsui Trust Bank, Limited (currently Sumitomo Mitsui Trust Bank, Limited)</p> <p>June 1989 Joined The Nippon Credit Bank, Ltd. (currently Aozora Bank, Ltd.)</p> <p>February 2005 Accounting Manager of The Nippon Credit Bank, Ltd.</p> <p>April 2006 Vice President of Royal Management Co., Ltd.</p> <p>January 2007 Executive Officer and Accounting Manager of the Company</p> <p>March 2011 Director and Accounting Manager of the Company</p> <p>January 2013 Director and Head of Financial Planning Division of the Company</p> <p>March 2019 Managing Director in charge of Financial Planning of the Company</p> <p>May 2020 Outside Auditor of HUB CO., LTD.</p> <p>January 2022 Managing Director of the Company (present)</p>	15,500
<p>[Reason for nomination as a candidate for Director]</p> <p>Mr. Kimura has been involved in financial and accounting operations for many years, and contributed to improving the Group's financial structure. Based on his high degree of expertise and experience, the Company has judged that he can contribute to the Group's financial strategy, and therefore renominated him as a candidate for Director.</p>			

No.	Name (Date of birth)	Career summary, positions, responsibilities and significant concurrent positions	Number of shares of the Company held
4	<p>[Reappointment]</p> <p>[Outside]</p> <p>[Male]</p> <p>Ryutaro Hirai (July 31, 1958)</p>	<p>April 1982 Joined Nissho Iwai Corporation (currently Sojitz Corporation)</p> <p>October 2003 General Manager, Corporate Planning Department of Nissho Iwai American Corporation</p> <p>February 2007 General Manager, Corporate Planning Department of Nissho Iwai American Corporation and General Manager, Los Angeles Branch of Sojitz Corporation of America</p> <p>April 2009 General Manager of Human Resources & General Affairs of Sojitz Corporation</p> <p>April 2013 Executive Officer of Sojitz Corporation</p> <p>April 2015 Managing Executive Officer of Sojitz Corporation</p> <p>April 2017 President & CEO of Asia & Oceania region of Sojitz Corporation, Managing Director of Sojitz Asia Pte. Ltd., and General Manager, Singapore Branch of Sojitz Corporation</p> <p>April 2019 Senior Managing Executive Director of Sojitz Corporation</p> <p>April 2020 Executive Vice President of Sojitz Corporation</p> <p>June 2020 Representative Director and Executive Vice President of Sojitz Corporation (present)</p> <p>March 2022 Outside Director of the Company (present)</p> <p>[Important positions held at other companies]</p> <p>Representative Director and Executive Vice President of Sojitz Corporation</p> <p>Director of Sojitz REIT Advisors K.K.</p> <p>Director of Sojitz New Urban Development Corporation</p> <p>Representative Director, President & CEO of Sojitz Professional Share Co., Ltd.</p> <p>Director of Metal One Corporation</p> <p>Director of Sojitz Asia Pte. Ltd.</p> <p>Director and Chairman of Sojitz Australia Ltd.</p> <p>Director of Sojitz Korea Corporation</p> <p>Director of Sojitz Taiwan Corporation</p>	0
<p>[Reason for nomination as a candidate for Outside Director and outline of expected roles]</p> <p>It is expected that Mr. Hirai will maximize collaborative ties with Sojitz Corporation and the Group, and contribute to the expansion of the Group's business and improvement of its corporate value utilizing his extensive and abundant business experience working for many years at trading companies, including sales, human resources, general affairs, and overseas operations. Therefore, the Company renominated him as a candidate for Outside Director.</p>			

No.	Name (Date of birth)	Career summary, positions, responsibilities and significant concurrent positions	Number of shares of the Company held
5	[Reappointment] [Outside] [Male] Hiroto Murai (February 27, 1967)	<p>April 1989 Joined Nissho Iwai Corporation (currently Sojitz Corporation)</p> <p>October 2005 Executive Director of AAPICO Hitech Public Company Limited (Thailand)</p> <p>April 2010 Operation Manager, Machinery Section, Automotive Department 2 of Sojitz Corporation</p> <p>May 2012 Operation Manager, Corporate Planning Department of Sojitz Corporation</p> <p>October 2014 Assistant Section Manager, Automotive Department of Sojitz Corporation</p> <p>April 2015 Vice Division Leader, Automotive Division of Sojitz Corporation</p> <p>April 2016 Division Leader, Automotive Division of Sojitz Corporation</p> <p>April 2018 Executive Officer and Division Leader, Automotive Division of Sojitz Corporation</p> <p>April 2020 Executive Officer and Division Leader, Retail & Consumer Service Division of Sojitz Corporation</p> <p>March 2021 Outside Director of the Company (present)</p> <p>April 2022 Managing Executive Officer and Division Leader, Retail & Consumer Service Division of Sojitz Corporation (present)</p> <p>[Important positions held at other companies] Managing Executive Officer and Division Leader, Retail & Consumer Service Division of Sojitz Corporation Outside Director of JALUX Inc. Outside Director of Sojitz Foods Corporation Outside Director of The Marine Foods Corporation</p>	0
<p>[Reason for nomination as a candidate for Outside Director and outline of expected roles] It is expected that Mr. Murai will maximize collaborative ties with Sojitz Corporation and the Group, and contribute to the expansion of the Group's business and improvement of its corporate value utilizing his abundant business experience working for many years at trading companies. Therefore, the Company renominated him as a candidate for Outside Director.</p>			

- Notes: 1. Mr. Hiroto Murai serves as Outside Director of JALUX Inc. and Director of Sojitz Foods Corporation, and subsidiaries of the Company purchase ingredients, beverages, and food from both companies and sell products to both companies. There are no special interests between each of the other candidates and the Company. Additionally, Mr. Ryutaro Hirai is Representative Director and Executive Vice President of Sojitz Corporation, a major shareholder of the Company, and Mr. Hiroto Murai is Managing Executive Officer of Sojitz Corporation. The Company has entered into a capital and business alliance agreement with Sojitz Corporation.
2. Mr. Ryutaro Hirai and Mr. Hiroto Murai are candidates for Outside Directors.
3. Mr. Ryutaro Hirai and Mr. Hiroto Murai are currently Outside Directors of the Company. The terms of office of Mr. Ryutaro Hirai and Mr. Hiroto Murai as Outside Directors will be one year and two years, respectively, at the conclusion of this Annual General Meeting of Shareholders.
4. The Company has entered into agreements with Mr. Ryutaro Hirai and Mr. Hiroto Murai pursuant to Article 427, Paragraph 1 of the Companies Act that limits their liability for compensation as set forth in Article 423, Paragraph 1 of the Companies Act. This maximum amount based on the agreements is the minimum liability amount as set forth in Article 425, Paragraph 1 of the Companies Act. If the reelection of Mr. Ryutaro Hirai and Mr. Hiroto Murai is approved, the Company plans to continue the said liability limitation agreements with them.

5. The Company has entered into a directors and officers liability insurance agreement as set forth in Article 430-3, Paragraph 1 of the Companies Act. This insurance agreement covers compensation for damages to be borne by the insured persons in the event of claims made against them for actions taken as an execution of their duties. If this proposal is approved as originally proposed and each of the candidates are reappointed, they will be insured under the said insurance agreement. The Company plans to renew this insurance agreement with the same content at the next renewal.
6. No candidate has any Class-A preferred stock of the Company.

Roles and skills expected of Directors

In order for the Company to realize its aim of becoming Japan's the highest quality food and hospitality service group, the Board of Directors is composed of members with diverse perspectives, abundant experience, and high degree of skills, to ensure both diversity and a suitable number of members, for the purpose of enabling objective and resolute decisions to be made on management issues from diverse and independent perspectives.

Name		Attendance at the Board of Directors' meetings
Tadao Kikuchi	Male Reappointment	17 / 17
Masataka Abe	Male Reappointment	After assuming the office of Director 13 / 13
Tomoatsu Kimura	Male Reappointment	17 / 17
Ryutaro Hirai	Male Reappointment Outside	After assuming the office of Director 13 / 13
Hiroto Murai	Male Reappointment Outside	17 / 17
Mari Tominaga	Female	Management Advisory Committee Member Audit and Supervisory Committee Member 16 / 17
Hideo Ishii	Male Outside Independent	Management Advisory Committee Member Audit and Supervisory Committee Member 17 / 17
Hitomi Nakayama	Female Outside Independent	Management Advisory Committee Member Audit and Supervisory Committee Member 17 / 17
Mayumi Umezawa	Female Outside Independent	Management Advisory Committee Member Audit and Supervisory Committee Member After assuming the office of Director 13 / 13

- (Notes) 1. A maximum of six items have been listed per person, considering the roles and skills particularly expected of each Director.
2. This matrix does not show every skill and professional expertise possessed by each Director.
3. Attendance at the Board of Directors' meetings is attendance at the Board of Directors' meetings held in fiscal 2022 (excluding those held on paper).

Reappointment	Candidate for reappointment as Director	New appointment	New candidate for Director
Outside	Candidate for Outside Director	Independent	Candidate for Independent Director

Name	Corporate management and business operations	Sales and marketing	Finance and accounting	Human resources, labor, and human resource strategy	Legal affairs and risk management	Planning and development, innovation, and DX	Sustainability	International experience
Tadao Kikuchi	○		○			○	○	○
Masataka Abe	○	○		○		○	○	
Tomoatsu Kimura	○		○		○			
Ryutaro Hirai	○			○				○
Hiroto Murai	○		○					○
Mari Tominaga		○		○		○	○	
Hideo Ishii	○		○	○		○		
Hitomi Nakayama				○	○		○	
Mayumi Umezawa	○	○	○		○			○

Proposal 3: Introduction of Performance-Linked Stock Compensation Plan for Directors
(Excluding Directors Serving as Audit and Supervisory Committee Members and
Outside Directors)

1. Reasons for the proposal and reasons the proposal is deemed appropriate

The Company resolved to introduce a new performance-linked stock compensation plan, “Board Benefit Trust (BBT),” (the “Plan”), for Directors (excluding Directors serving as Audit and Supervisory Committee Members and Outside Directors; unless otherwise specified, the same applies hereinafter in this proposal.) and delegation-type Executive Officers (the “Directors, etc.”) at the Board of Directors’ meeting held on February 14, 2023. This proposal requests approval to introduce the Plan for Directors. Furthermore, the Plan is designed to be uniform with delegation-type Executive Officers also included, and the following provides an explanation of the Plan for Directors, etc.

This Plan aims to raise the motivation for contributing to improving results and increasing corporate value over the medium- to long-term by further clarifying the link between the compensation of the Directors, etc., and the performance and stock value of the Company through the results, etc., of granting incentives aimed at achieving the Medium-term Management Plan, and by having Directors, etc., share not only the benefit of higher stock prices but also the risk of lower stock prices with the Company’s shareholders.

If this proposal is approved as originally proposed, the policies (the summary of the current policies are posted on the Company’s website on the Internet in the Notice of the 74th Annual General Meeting of Shareholders) concerning decisions on the details of individual compensation, etc., of the Directors of the Company are planned to be revised as detailed below at the Board of Directors’ meeting to be held after the General Meeting of Shareholders. The details of this proposal are deemed appropriate as the details of this proposal conform to the policies after the applicable revisions.

This proposal requests approval for the specific calculation method and details of the amount of compensation, etc., under the Plan to be paid to Directors of the Company, separately from the amount of compensation, etc., for Directors (excluding Directors serving as Audit and Supervisory Committee Members) (the total amount of the fixed amount set at ¥200 million or below per year and the variable amount set at 2.0% or below of consolidated net income of the previous fiscal year, excluding employee salaries for Directors concurrently serving as employees) that was approved at the 67th Annual General Meeting of Shareholders held on March 29, 2016. The Company requests that details of the Plan be left to the discretion of the Board of Directors within the range specified in 2. below.

If Proposal 2 “Election of Five (5) Directors (Excluding Directors Serving as Audit and Supervisory Committee Members)” is approved as proposed, three Directors will be eligible under the Plan.

The Management Advisory Committee of the Company deems the introduction of the Plan to be appropriate, in view of its purpose as a compensation plan, its linkage with results, and the results, etc., that can be expected from granting sound incentives aimed at achieving the Medium-term Management Plan.

2. Specific calculation method and details of the amount of compensation, etc., under the Plan

(1) Outline of the Plan

The Plan is a performance-linked stock compensation plan whereby shares in the Company are acquired through a trust using money contributed by the Company as funds (hereinafter, the trust established pursuant to the Plan is referred to as the “Trust”), and shares in the Company and money, etc., equivalent to such shares at their market value (collectively, the “Company Shares, etc.”) are delivered through the Trust to Directors, etc., pursuant to the Officer Stock Delivery Regulations established by the Company. The time for Directors, etc., to receive delivery of Company Shares, etc., shall in principle be the date on which the Directors, etc., retire.

(2) Eligible persons of the Plan

Directors (excluding Directors serving as Audit and Supervisory Committee Members and Outside Directors) and delegation-type Executive Officers

(3) Trust period

From May 2023 (scheduled) until termination of the Trust (However, regarding the trust period of the Trust, the Trust will continue as long as the Plan is in effect as a specific termination date has not been set. The Plan will terminate if the Company’s shares are delisted or the Officer Stock Delivery Regulations are abolished.)

(4) Trust amount

Subject to approval of this proposal, the Company will introduce the Plan for the two fiscal years from the fiscal year ending December 31, 2023 to the fiscal year ending December 31, 2024

(hereinafter the “Initial Target Period;” the Initial Target Period and each three-fiscal-year period after the Initial Target Period are called the “Target Period”) as well as for each subsequent Target Period, and contribute the following money to the Trust as funds to acquire the Company’s shares for the purpose of delivery of Company Shares, etc., to Directors, etc.

First, upon establishment of the Trust (May 2023 (scheduled)), the Company will make contributions of an appropriate amount of money expected to be required to the Trust as necessary funds for the Initial Target Period to establish the Trust. The upper limit for points to be granted to Directors, etc., based on the Plan is 65,760 points per fiscal year, as described in (6) below. At the time of establishing the Trust, taking into account the closing price of the Company’s common stock during regular trading on the Tokyo Stock Exchange just prior to establishment, the reasonably expected funds necessary to acquire the upper limit of 131,520 shares will be contributed to the Trust. In addition, for reference, if the closing price on February 13, 2023 of ¥2,498 is used, the necessary funds for the above will be approximately ¥328 million.

After the Initial Target Period has elapsed, the Company will make additional contributions to the Trust of funds deemed necessary for the Trust to make advance acquisitions of the necessary number of shares that are reasonably expected to be delivered to the Directors, etc., based on the Plan for each Target Period in principle, until the termination of the Plan. However, if, at the time of such additional contribution, there remain the Company’s shares (excluding the Company’s shares that correspond to the points granted to Directors, etc., for each Target Period up to the immediately preceding Target Period and that have not yet been delivered to Directors, etc.) and money (hereinafter the “Residual Shares, etc.”) in the trust assets, the Residual Shares, etc., will be allocated as funds for delivery based on the Plan for the next Target Period, and additional contributions will be calculated taking into consideration the Residual Shares, etc. The Company shall disclose said decision in a timely and appropriate manner in the case that the Company decides to make an additional contribution.

(Note) The actual amount that will be contributed to the Trust by the Company is the total amount of the above funds to acquire shares in addition to the expected amount of necessary expenses for trust fees, etc.

(5) Method of acquisition and number of the Company’s shares to be acquired under the Trust

The Trust will acquire the Company’s shares, using the funds contributed through (4) above, either through the stock market or by underwriting the disposal of the Company’s treasury stock. Furthermore, as the upper limit for points to be granted to Directors, etc., is 65,760 points per fiscal year as described in (6) below, the upper limit for the number of the Company’s shares to be acquired by the Trust is 131,520 shares during the Initial Target Period. Details of acquisition of the Company’s shares through the Trust will be disclosed in a timely and appropriate manner.

(6) The upper limit for the number of the Company Shares, etc., to be delivered to Directors, etc.

For each fiscal year, Directors, etc., are granted points determined in accordance with their position based on the Officer Stock Delivery Regulations, and points that fluctuate based on the level of achievement of goals, etc. The total number of points per fiscal year granted to Directors, etc., is 65,760 points (of which, 28,800 points are for Directors) as the upper limit, determined by comprehensively considering the current level of payment of executive compensation, and trends and future prospects for the number of Directors, etc., and is, therefore, deemed appropriate.

Each point granted to Directors, etc., is equivalent to one share of the Company’s common stock in delivering the Company Shares, etc., as described in (7) below. (However, if, in regard to the Company’s shares, a stock split, an allotment of shares without contribution, or a consolidation of shares is carried out after this proposal is approved, the Company will reasonably adjust the upper limit of points and the number of points already granted or their conversion ratio, according to the relevant ratios, etc.)

The ratio of the number of shares (65,760 shares) equivalent to the upper limit for points granted to Directors, etc., per fiscal year to the total number of issued shares (As of December 31, 2022. After deducting treasury stock.) is approximately 0.1%.

The number of points of Directors, etc., that form the basis for delivery of the Company Shares, etc., in (7) below are, in principle, the number of points calculated by multiplying the number of points granted to such Directors, etc., up to their retirement multiplied by a predetermined coefficient (Not to exceed one.) set for each reason for retirement (hereinafter, the points computed in this manner are referred to as “Defined Number of Points”).

(7) Delivery of the Company Shares, etc., and specific calculation method of the amount of compensation, etc.

Directors, etc., who meet the beneficiary requirements provided in the Officer Stock Delivery Regulations will receive from the Trust the Company’s shares that correspond to the number of their

“Defined Number of Points” granted under (6) above in principle, by carrying out specified beneficiary confirmation procedures after their retirement. However, in case the requirements provided in the Officer Stock Delivery Regulations are met, Directors, etc., will, instead of the Company’s shares, receive the amount of money which is equivalent to the market value of such shares in respect to a certain portion of the points. The Trust may sell the Company’s shares to make such delivery of money.

Furthermore, even for Directors, etc., who were granted points, in case of dismissal by resolution of a General Meeting of Shareholders or the Board of Directors, resignation resulting from a defined misconduct while in office, or inappropriate conduct causing damage to the Company while in office, the right to receive delivery will be revoked.

The amount of compensation, etc., that Directors receive are based on the total number of points granted to Directors multiplied by the book value per share of the Company’s shares held by the Trust (However, for the Company’s shares, if a stock split, an allotment of shares without contribution, or a consolidation of shares is carried out, this will be reasonably adjusted according to the relevant ratios, etc.) at the time points were granted. In addition, when deemed appropriate in cases where money is delivered as an exception in accordance with the Officer Stock Delivery Regulations, the amount will be in addition to said amount.

(8) Exercise of voting rights

In accordance with instructions from the trust administrator, the voting rights in connection with the Company’s shares in the Trust’s account will not be exercised, with no exceptions. This approach is taken to ensure neutrality to the management of the Company in the exercise of voting rights of the Company’s shares in the Trust’s account.

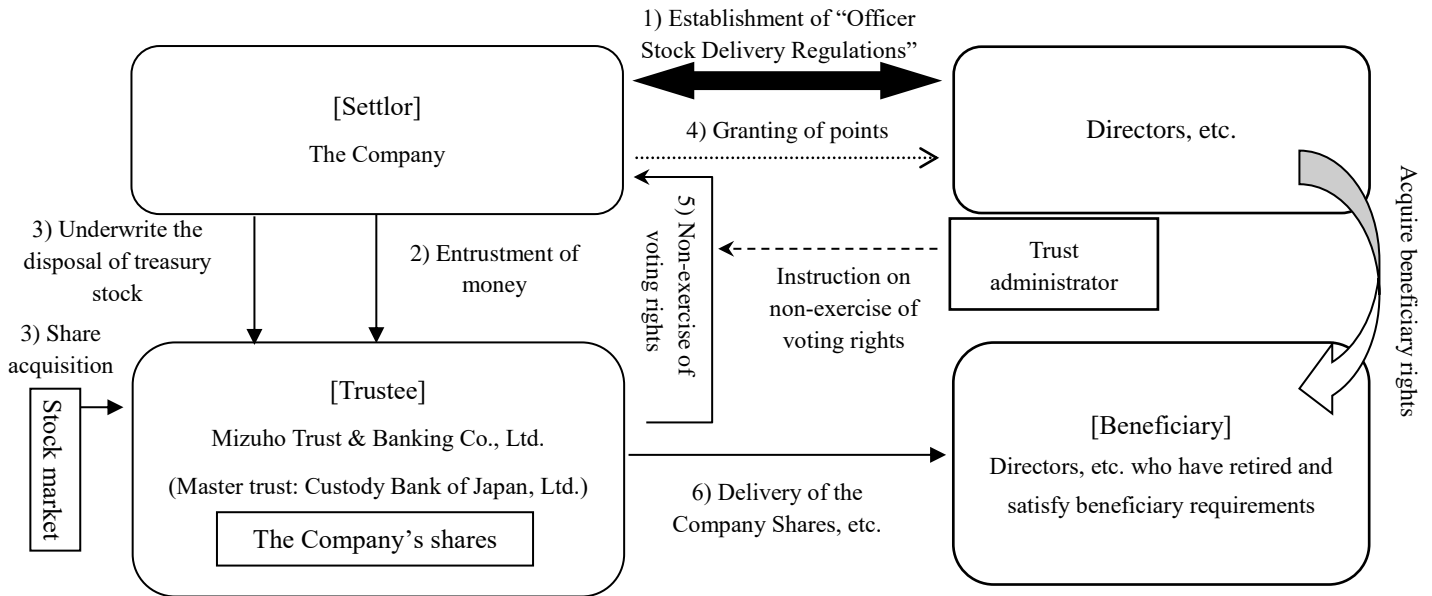
(9) Dividends

The Trust will receive dividends from the Company’s shares held in the Trust’s account and allocate them to the payment of the costs for acquiring the Company’s shares or to the trust fees for the trustee of the Trust, etc. If the Trust is terminated, residual funds in the Trust, including dividends, will be delivered to incumbent Directors, etc., at that time in proportion to the number of points they each hold, in accordance with the Officer Stock Delivery Regulations.

(10) Termination of trust

The Trust will terminate upon the occurrence of events such as the delisting of the Company’s shares or abolition of the Officer Stock Delivery Regulations. The Company’s shares among the Trust’s residual assets at the time of termination of the Trust will be acquired by the Company in whole without contribution and be cancelled by resolution of the Board of Directors. Of the residual assets of the Trust at the time of termination of the Trust, money will be delivered to the Company, excluding the amount to be delivered to Directors, etc., in accordance with (9) above.

<Reference: Structure of the Plan>



- 1) The Company will establish the Officer Stock Delivery Regulations within the framework approved in this proposal.
- 2) The Company will entrust money within the limit approved in this proposal.
- 3) The Trust will acquire the Company's shares using the funds entrusted in 2) through the stock market or by underwriting the disposal of the Company's treasury stock.
- 4) The Company will grant points determined in accordance with positions and points that fluctuate based on the level of achievement of goals, etc., to the Directors, etc., based on the Officer Stock Delivery Regulations.
- 5) In accordance with instructions from a trust administrator independent from the Company, the Trust will not exercise voting rights concerning the Company's shares in the Trust's account.
- 6) The Trust will provide the Company's shares to retired Directors, etc., who meet the beneficiary requirements provided in the Officer Stock Delivery Regulations (the "Beneficiaries") corresponding to the number of points granted to the said Beneficiaries. However, Directors, etc., who meet the requirements provided in the Officer Stock Delivery Regulations will receive an amount of money equivalent to the Company's shares at market value in respect to a certain portion of the points.

<Reference: Policies concerning decisions on details of individual compensation, etc., for Directors of the Company to be resolved at the subsequent Board of Directors' meeting in the case that this proposal is approved as proposed>

1. Basic policies

The compensation system for Directors (excluding Directors serving as Audit and Supervisory Committee Members and Outside Directors) of the Company is at a level that can secure outstanding human resources who possess the abilities, insight, and skills to grow the Company and realize the Group Vision. Moreover, in order to sufficiently function as an incentive for continuously improving corporate value, the compensation system offers the three features of fixed basic compensation, bonus linked to consolidated net income, and stock compensation linked to the Medium-term Management Plan, etc.

Also, the compensation system for Outside Directors (excluding Directors serving as Audit and Supervisory Committee Members) provides only fixed basic compensation from the perspective of their duties and independence, and the level is comprehensively judged by taking other companies' compensation levels and individual circumstances into account.

The total amount of the above basic compensation and bonuses is within the sum of the fixed amount set at ¥200 million per year and the variable amount set at 2.0% or below of consolidated net income of the previous fiscal year (net income attributable to owners of parent). The total amount of stock compensation is within the separate limits approved at the General Meeting of Shareholders.

In addition, the compensation system for Directors (Audit and Supervisory Committee Members), considering their duties of executing supervisory functions, provides only fixed basic compensation, and the total amount for other compensation, etc., is "¥40 million or less per year."

2. Policies concerning decisions on the amount of basic compensation for individual compensation, etc. (including policies concerning decisions on the timing and terms for providing compensation, etc.)

Basic compensation for Directors (excluding Directors serving as Audit and Supervisory Committee Members and Outside Directors) is a fixed amount of monetary compensation that is not linked with results, and is set by comprehensively taking each Director's position, responsibilities, employee payment levels, and other companies' payment levels, etc., into consideration.

Basic compensation for Outside Directors (excluding Directors serving as Audit and Supervisory Committee Members) is a fixed amount of monetary compensation that is not linked with results, and is set by comprehensively taking each Director's position, other companies' payment levels, individual circumstances, etc., into consideration.

The fixed compensation per year for each Director (excluding Directors serving as Audit and Supervisory Committee Members) is paid every month by dividing the individual yearly amount by 12 as "monthly fixed compensation."

3. Policies concerning decisions on details of bonuses and calculation method of the amounts (including policies concerning decisions on the timing and terms for providing compensation, etc.)

Bonuses for Directors (excluding Directors serving as Audit and Supervisory Committee Members and Outside Directors) are decided based on each Director's degree of responsibility, specialty in a particular field, and degree of contribution within the scope of duties that he or she is in charge of. The decided amount is, in principle, paid to Directors (excluding Directors serving as Audit and Supervisory Committee Members and Outside Directors) who were in office at the end of the previous fiscal year on the next bank business day following the day the Annual General Meeting of Shareholders is held.

4. Policies concerning decisions on details of stock compensation and calculation method of the amounts (including policies concerning decisions on the timing and terms for providing compensation, etc.)

Stock compensation for Directors (excluding Directors serving as Audit and Supervisory Committee Members and Outside Directors) is comprised of the "performance-linked portion" based on one's position, ordinary income, and level of achievement of the Medium-term Management Plan and the "time in office portion" based on one's position. Shares in the Company and money, etc., equivalent to such shares at their market value (collectively, the "Company Shares, etc.") are, in principle, delivered upon retirement within the separate limits approved at the General Meeting of Shareholders and in accordance with the Officer Stock Delivery Regulations.

5. Policies concerning decisions on the compensation ratios by type of basic compensation, bonuses, and stock compensation, etc.

As Directors (excluding Directors serving as Audit and Supervisory Committee Members and Outside Directors) are committed to the heavy responsibility of management of the entire Group more so than the

shareholders, it is appropriate that they are paid a fixed amount of “basic compensation” that is in line with their responsibilities.

“Bonuses” for Directors (excluding Directors serving as Audit and Supervisory Committee Members and Outside Directors) are established as compensation as we believe it is appropriate that compensation for executive Directors should link results and compensation amounts. We use consolidated net income (net income attributable to owners of parent) as a quantitative indicator for results as the above Directors shoulder the responsibility of improving the results of the Group as a whole for each stakeholder, based on the belief that evaluating results by linking consolidated net income (net income attributable to owners of parent) is appropriate.

In addition, “stock compensation” is established as compensation for Directors (excluding Directors serving as Audit and Supervisory Committee Members and Outside Directors) to further clarify the link between compensation and the Company’s results, Medium-term Management Plan, stock value, etc., and to raise awareness of improving corporate value over the medium- to long-term. Furthermore, we believe that this will promote the sharing of value with shareholders.

Although the compensation ratios by type of basic compensation, bonuses, and stock compensation for Directors (excluding Directors serving as Audit and Supervisory Committee Members and Outside Directors) cannot be shown uniformly because the composition ratio is variable depending on results, the basic composition is set so that the weight of performance-linked compensation increases with the seniority of the position.

[Composition of the compensation for Directors (excluding Directors serving as Audit and Supervisory Committee Members and Outside Directors)]

	Details
Basic compensation	A fixed monetary amount will be paid comprehensively taking position, responsibilities, other companies’ payment levels, individual circumstances, etc., into account
Bonus	A monetary amount will be paid taking each Director’s degree of responsibility, specialty in a particular field, and degree of contribution within the scope of duties that he or she is in charge of into account
Stock compensation	The Company Shares, etc., will be delivered comprised of the “performance-linked portion” based on one’s position, ordinary income, and level of achievement of the Medium-term Management Plan and the “time in office portion” based on one’s position

6. Matters concerning decisions on the details of individual compensation, etc., of Directors

Individual compensation for Directors (excluding Directors serving as Audit and Supervisory Committee Members) are in accordance with what is outlined in the preceding items 2, 3, and 4. The President and Representative Director, authorized by the Board of Directors to decide on specific monetary amounts for each person, will seek the advice of the Management Advisory Committee and make decisions based on the deliberations and reports of the Committee.

Furthermore, the Management Advisory Committee is a committee comprised of four Directors (Audit and Supervisory Committee Members) including three Outside Directors, which was established as a voluntary organization to respond to inquiries from the Board of Directors regarding nomination and compensation, etc., of Directors (excluding Directors serving as Audit and Supervisory Committee Members), to secure the validity of the decisions and transparency of the process.

In addition, individual compensation of Directors (Audit and Supervisory Committee Members) is decided based on discussions by Directors serving as Audit and Supervisory Committee Members within the limits for compensation, etc., resolved at the General Meeting of Shareholders.