

This document has been translated from a part of the Japanese original for reference purposes only. In the event of any discrepancy between this translated document and the Japanese original, the original shall prevail. The Company assumes no responsibility for this translation or for direct, indirect or any other forms of damages arising from the translation.

Securities code: 1429

March 10, 2023

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

**To Shareholders with Voting Rights:**

Fumitaka Nakamura  
President and Representative Director  
Nippon Aqua Co., Ltd.  
2-16-2 Konan, Minato-ku, Tokyo,  
Japan

**NOTICE OF  
THE 19th ANNUAL GENERAL MEETING OF SHAREHOLDERS**

We hereby inform you that the 19th Annual General Meeting of Shareholders of Nippon Aqua Co., Ltd. (the “Company”) will be held as described below.

In the convocation of this General Meeting of Shareholders, measures for electronic provision will be implemented and matters subject to these measures will be posted as the “Notice of the 19th Annual General Meeting of Shareholders” on the internet on the following website.

The Company’s website: <https://www.n-aqua.jp/ir-en/stock/resolve/>

In addition to the above, matters subject to the measures for electronic provision will also be posted on the internet on the website of the Tokyo Stock Exchange, available through the following link. Please access the Tokyo Stock Exchange’s website and enter or search for the Company’s issue name (company name) or securities code, and select “Basic information” followed by “Documents for public inspection/PR information” to peruse information that has been posted.

Tokyo Stock Exchange’s website (Listed Company Search):

<https://www2.jpx.co.jp/tseHpFront/JJK020010Action.do?Show=Show>

Although the Company will ensure that appropriate measures are implemented to prevent the spread of COVID-19 in holding this General Meeting of Shareholders, please take into account the current situation and your own personal health on the day of the Meeting when considering whether you will attend in person. If you are unable to attend the Meeting, the Company requests that you exercise your voting rights beforehand in writing (postal mail) or via the internet (electromagnetic means).

If you wish to exercise your voting rights in writing or via the internet, please review the Reference Documents for the General Meeting of Shareholders, and exercise your voting rights so they arrive or are submitted no later than 6:00 p.m. (JST) on Monday, March 27, 2023.

[Exercise of voting rights in writing]

Please indicate your approval or disapproval of the proposals on the enclosed voting form, and return it so that your vote is received no later than the above exercise deadline.

[Exercise of voting rights via the internet]

Please access the website for exercising voting rights (<https://evote.tr.mufg.jp/>, available in Japanese). Use the “login ID” and “temporary password” described in the enclosed voting form, and follow the directions on the screen to register your approval or disapproval of the proposals no later than the above exercise deadline.

When exercising voting rights via the internet, please refer to “Guidance Notes on the Exercise of Voting Rights via the Internet” on page 4 of the Japanese version of this document and indicate your approval or disapproval of the proposals by the above exercise deadline.

- 1. Date and Time:** Tuesday, March 28, 2023 at 10:00 a.m. Japan time  
(Reception starts at 9:00 a.m.)
- 2. Place:** 3rd Floor, Annex Building, Shinagawa Season Terrace Conference  
1-2-70 Konan, Minato-ku, Tokyo, Japan
- 3. Meeting Agenda:**  
**Matters to be reported:** The Business Report and Non-consolidated Financial Statements for the Company's 19th Fiscal Year (from January 1, 2022 to December 31, 2022)
- Proposals to be resolved:**
- Proposal 1:** Appropriation of Surplus
  - Proposal 2:** Partial Amendments to the Articles of Incorporation
  - Proposal 3:** Election of Seven (7) Directors (Excluding Directors Who Are Audit and Supervisory Committee Members)
  - Proposal 4:** Election of Four (4) Directors Who Are Audit and Supervisory Committee Members
  - Proposal 5:** Election of One (1) Substitute Director Who is an Audit and Supervisory Committee Member
  - Proposal 6:** Establishment of Amount of Remuneration for Directors (Excluding Directors Who Are Audit and Supervisory Committee Members)
  - Proposal 7:** Establishment of Amount of Remuneration for Directors Who Are Audit and Supervisory Committee Members
  - Proposal 8:** Establishment of Restricted Stock Remuneration Plan for Directors (Excluding Directors Who Are Audit and Supervisory Committee Members and Outside Directors)

**4 Matters Determined for Convocation of General Meeting of Shareholders:**

- (1) Among the matters subject to the measures for electronic provision, in accordance with the related laws and regulations and Article 15 of the Company's Articles of Incorporation, the Notes to Non-consolidated Financial Statements are not included in the paper copy to be sent to shareholders who have requested it. Accordingly, the paper copy to be sent to shareholders who have requested it represents only part of the applicable documents which the Auditors and Accounting Auditor audited to prepare their audit reports.
  - (2) If voting rights are exercised in duplicate via both the internet and the voting form, the exercise of voting rights via the internet shall prevail. In addition, if voting rights are exercised multiple times via the internet, the vote made last shall prevail.
  - (3) If neither approval nor disapproval is indicated for each of the proposals on the voting form, it shall be treated as indicating approval for propositions by the Company.
- If you are able to attend the Meeting, you are kindly requested to present the enclosed voting form at the reception.
  - Any revisions to the matters subject to the measures for electronic provision will be posted as detailed before and after revision on the internet on the Company's website and the Tokyo Stock Exchange's website as listed above.
  - Other relevant notices and information for shareholders will be posted on the Company's website. Please access the Company's website to peruse the latest information available.
  - The results of resolutions made at this General Meeting of Shareholders will be posted on the Company's website following the conclusion of the Meeting instead of sending a notice on paper by mail.

(Notice on Preventing the Spread of COVID-19)

In holding this General Meeting of Shareholders, the Company places the highest priority on prevention of the spread of COVID-19. On the day of the General Meeting of Shareholders, in order to reduce the risk of infection, we intend to shorten the time for proceedings, increase the space provided between seats, and implement further measures including temperature checks, required face masks, and the provision of alcohol-based disinfectant. Please be advised that the number of seats available is expected to be around 30, and there is a possibility that you may be denied entry even if you have come to the venue.

# Reference Documents for the General Meeting of Shareholders

## Proposals and References

### Proposal 1: Appropriation of Surplus

Regarding the appropriation of surplus, the Company proposes the following.

#### Matters concerning year-end dividends

Considering the enhancement of the corporate structure, future business development, and other matters, the Company has decided to pay a year-end dividend of ¥24 per share for the fiscal year under review.

- (1) Matters concerning the allotment of dividend property to shareholders and the total amount  
¥24 per common share of the Company  
Total amount: ¥751,507,896
- (2) Effective date of distribution of surplus  
March 29, 2023

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

1. Reasons for the amendments

- (1) In order to further strengthen the supervisory function of the Board of Directors and seek to enhance the corporate governance structure, the Company proposes transitioning to a Company with an Audit and Supervisory Committee. Accordingly, the Company will establish new provisions regarding Audit and Supervisory Committee Members and the Audit and Supervisory Committee, delete provisions regarding Auditors and the Board of Auditors, and establish new provisions regarding the delegation of decision in the execution of operations as required for the transition to a Company with an Audit and Supervisory Committee, as well as making amendments to provisions regarding the number of Directors.
- (2) In line with the above, amendments will be made to relevant sections, including adjusting the numbering of articles, the addition/deletion and amendment of certain provisions and wording, and other necessary adjustments.

2. Description of the amendments

Description of the amendments is as follows:

(Amended parts are underlined.)

Current Articles of Incorporation	Proposed Amendments
<p>(Establishment of Organs)                      Article 4. The Company shall have the following organs in addition to the General Meeting of Shareholders and Directors:                      (1) Board of Directors;  <u>(2) Auditors;</u>    <u>(3) Board of Auditors; and</u>  <u>(4) Accounting Auditor</u></p> <p>(Number of Directors)                      Article 19. The number of the Company’s Directors shall be not more than <u>ten (10)</u>.</p> <p>(New)</p>	<p>(Establishment of Organs)                      Article 4. The Company shall have the following organs in addition to the General Meeting of Shareholders and Directors:                      (1) Board of Directors;  <u>(2) Audit and Supervisory Committee; and</u>                      (Deleted)  <u>(3) Accounting Auditor</u></p> <p>(Number of Directors)                      Article 19. The number of the Company’s Directors <u>(excluding Directors who are Audit and Supervisory Committee Members)</u> shall be not more than <u>eight (8)</u>.  <u>2 The number of the Company’s Directors who are Audit and Supervisory Committee Members shall be not more than five (5).</u></p>

Current Articles of Incorporation	Proposed Amendments
<p>(Election of Directors)  Article 20. Directors shall be elected at the General Meetings of Shareholders.</p> <p>2 (Omitted)  3 (Omitted)</p> <p>(New)</p>	<p>(Election of Directors)  Article 20. Directors shall be elected at the General Meetings of Shareholders, <u>making a distinction between Directors who are Audit and Supervisory Committee Members and other Directors.</u></p> <p>2 (Unchanged)  3 (Unchanged)  4 <u>The effect of advance election of a Substitute Director who is an Audit and Supervisory Committee Member shall last until the opening of the Annual General Meeting of Shareholders held for the last fiscal year that ends within two (2) years from the General Meeting of Shareholders of such election.</u></p>
<p>(Terms of Office of Directors)  Article 21. The terms of office of Directors shall expire at the conclusion of the Annual General Meeting of Shareholders held for the last fiscal year that ends within one (1) year from assumption of office.</p> <p>2 <u>The term of office of a Director who was elected to increase the number of Directors or as a substitute shall expire at the time when the term of office of the other Directors expire.</u></p> <p>(New)</p>	<p>(Terms of Office of Directors)  Article 21. The terms of office of Directors <u>(excluding Directors who are Audit and Supervisory Committee Members)</u> shall expire at the conclusion of the Annual General Meeting of Shareholders held for the last fiscal year that ends within one (1) year from assumption of office.</p> <p>2 <u>The term of office of a Director who is an Audit and Supervisory Committee Member shall expire at the conclusion of the Annual General Meeting of Shareholders held for the last fiscal year that ends within two (2) years from assumption of office.</u></p> <p>3 <u>The term of office of a Director who is an Audit and Supervisory Committee Member who was elected to fill a vacancy of a Director who is an Audit and Supervisory Committee Member who retired prior to expiration of the term shall expire at the time when the term of office of the retiring Director who is an Audit and Supervisory Committee Member expires.</u></p>

Current Articles of Incorporation	Proposed Amendments
<p>(Notice of Convocation of a Meeting of the Board of Directors)  Article 23. Notice of convocation of a meeting of the Board of Directors shall be sent to each Director <u>and Auditor</u> at least three (3) days prior to the meeting; provided, however, that in the event of urgency, such period may be shortened.</p>	<p>(Notice of Convocation of a Meeting of the Board of Directors)  Article 23. Notice of convocation of a meeting of the Board of Directors shall be sent to each Director at least three (3) days prior to the meeting; provided, however, that in the event of urgency, such period may be shortened.</p>
<p>(Representative Director and Directors with Titles)  Article 24. The Company shall elect a Representative Director by a resolution of the Board of Directors.</p> <p>2 (Omitted)  3 The Board of Directors may, by resolution, elect one (1) President, and may also elect one (1) Chairperson in addition to several Vice Presidents, Senior Managing Directors and Managing Directors.</p>	<p>(Representative Director and Directors with Titles)  Article 24. The Company shall elect a Representative Director <u>from among the Directors (excluding Directors who are Audit and Supervisory Committee Members)</u> by a resolution of the Board of Directors.</p> <p>2 (Unchanged)  3 The Board of Directors may, by resolution, elect one (1) President, and may also elect one (1) Chairperson in addition to several Vice Presidents, Senior Managing Directors and Managing Directors <u>from among the Directors (excluding Directors who are Audit and Supervisory Committee Members)</u>.</p>
<p>(Method of Resolution by the Board of Directors)  Article 25. Resolutions by the Board of Directors shall be adopted by a majority vote of the Directors attending the meeting.</p>	<p>(Method of Resolution by the Board of Directors)  Article 25. Resolutions by the Board of Directors shall be adopted by a majority vote of the Directors attending the meeting <u>who are entitled to vote</u>.</p>
<p>(Omission of Resolutions at Meetings of the Board of Directors)  Article 26. When all Directors agree to a resolution matter in writing or by electromagnetic recording, the Company shall deem a resolution of the Board of Directors approving the matter to have been adopted. <u>However, this shall not apply if an Auditor expresses an objection.</u></p>	<p>(Omission of Resolutions at Meetings of the Board of Directors)  Article 26. When all Directors agree to a resolution matter in writing or by electromagnetic recording, the Company shall deem a resolution of the Board of Directors approving the matter to have been adopted.</p>

Current Articles of Incorporation	Proposed Amendments
<p>(Minutes of Meetings of the Board of Directors)  Article 27. The main points of proceedings at meetings of the Board of Directors and their results as well as other matters prescribed by laws and regulations shall be stated or recorded in the minutes of the meeting, and the Directors <u>and Auditors</u> in attendance shall affix their names and seals or electronic signatures to the minutes.</p>	<p>(Minutes of Meetings of the Board of Directors)  Article 27. The main points of proceedings at meetings of the Board of Directors and their results as well as other matters prescribed by laws and regulations shall be stated or recorded in the minutes of the meeting, and the Directors in attendance shall affix their names and seals or electronic signatures to the minutes.</p>
<p>(Exemption of Liability of Directors)  Article 29. The Company may, <u>by a resolution of the Board of Directors</u>, release Directors (including former Directors) from liability as provided for in Article 423, Paragraph 1 of the Companies Act, provided the requirements stipulated in laws and regulations are met, to an extent determined by deducting the minimum amount stipulated by laws and regulations from the financial liability.</p> <p>2 (Omitted)</p>	<p>(Exemption of Liability of Directors)  Article 29. The Company may release Directors (including former Directors) from liability as provided for in Article 423, Paragraph 1 of the Companies Act, provided the requirements stipulated in laws and regulations are met, to an extent determined by deducting the minimum amount stipulated by laws and regulations from the financial liability, <u>by a resolution of the Board of Directors</u>.</p> <p>2 (Unchanged)</p>
<p>(Directors' Remuneration, etc.)  Article 30. Director's remuneration, etc. shall be determined by a resolution of the General Meeting of Shareholders.</p>	<p>(Directors' Remuneration, etc.)  Article 30. Director's remuneration, etc. shall be determined, <u>making a distinction between Directors who are Audit and Supervisory Committee Members and other Directors</u>, by a resolution of the General Meeting of Shareholders.</p>
<p>(New)</p>	<p>(Delegation to Directors)  <u>Article 31. Pursuant to the provisions of Article 399-13, Paragraph 6 of the Companies Act, the Company may delegate to Directors decisions on execution of important operations (excluding matters stipulated in each item of Paragraph 5 of the same Article) by a resolution of the Board of Directors.</u></p>

Current Articles of Incorporation	Proposed Amendments
(New)	<p><u>CHAPTER 5. AUDIT AND SUPERVISORY COMMITTEE</u></p> <p><u>(Notice of Convocation of a Meeting of the Audit and Supervisory Committee)</u></p> <p><u>Article 32. Notice of convocation of a meeting of the Audit and Supervisory Committee shall be sent to each Audit and Supervisory Committee Member at least three (3) days prior to the meeting; provided, however, that in the event of urgency, such period may be shortened.</u></p>
(New)	<p><u>(Regulations of the Audit and Supervisory Committee)</u></p> <p><u>Article 33. Matters pertinent to the Audit and Supervisory Committee shall be governed by the Regulations of the Audit and Supervisory Committee defined by the Audit and Supervisory Committee, in addition to laws and regulations and the Articles of Incorporation.</u></p>
(New)	<p><u>(Full-time Audit and Supervisory Committee Members)</u></p> <p><u>Article 34. The Audit and Supervisory Committee may appoint one or more Full-time Audit and Supervisory Committee Members by resolution.</u></p>
(New)	<p><u>(Method of Resolution by the Audit and Supervisory Committee)</u></p> <p><u>Article 35. Except as otherwise provided by laws and regulations, resolutions by the Audit and Supervisory Committee shall be adopted by a majority vote of the Audit and Supervisory Committee Members attending the meeting who are entitled to vote.</u></p>
(New)	<p><u>(Minutes of Meetings of the Audit and Supervisory Committee)</u></p> <p><u>Article 36. The main points of proceedings at meetings of the Audit and Supervisory Committee and their results as well as other matters prescribed by laws and regulations shall be stated or recorded in the minutes of the meeting, and the Audit and Supervisory Committee Members in attendance shall affix their names and seals or electronic signatures to the minutes.</u></p>



Current Articles of Incorporation	Proposed Amendments
<p><u>CHAPTER 5. AUDITORS AND BOARD OF AUDITORS</u></p>	(Deleted)
<p><u>(Number of Auditors)</u></p>	
<p><u>Article 31. The number of the Company's Auditors shall be not more than four (4).</u></p>	
<p><u>(Election of Auditors)</u></p>	(Deleted)
<p><u>Article 32. Auditors shall be elected at General Meetings of Shareholders.</u></p>	
<p><u>2 Auditors shall be elected by a majority of votes of the shareholders in attendance who collectively hold one-third (1/3) or more of the voting rights of shareholders entitled to exercise voting rights.</u></p>	
<p><u>(Terms of Office of Auditors)</u></p>	(Deleted)
<p><u>Article 33. The terms of office of Auditors shall expire at the conclusion of the Annual General Meeting of Shareholders held for the last fiscal year that ends within four (4) years from assumption of office.</u></p>	
<p><u>2 The term of office of an Auditor elected to fill a vacancy of an Auditor who retired prior to expiration of the term shall expire at the time when the term of office of the retired Auditor expires.</u></p>	
<p><u>(Notice of Convocation of a Meeting of the Board of Auditors)</u></p>	(Deleted)
<p><u>Article 34. Notice of convocation of a meeting of the Board of Auditors shall be sent to each Auditor at least three (3) days prior to the meeting; provided, however, that in the event of urgency, such period may be shortened.</u></p>	
<p><u>(Full-time Auditor)</u></p>	(Deleted)
<p><u>Article 35. Full-time Auditors shall be elected from Auditors by a resolution of the Board of Auditors.</u></p>	
<p><u>(Method of Resolution by the Board of Auditors)</u></p>	(Deleted)
<p><u>Article 36. Except as otherwise provided by laws and regulations, resolutions by the Board of Auditors shall be adopted by a majority vote of the Auditors.</u></p>	

Current Articles of Incorporation	Proposed Amendments
<p><u>(Minutes of Meetings of the Board of Auditors)</u>  <u>Article 37. The main points of proceedings at meetings of the Board of Auditors and their results as well as other matters prescribed by laws and regulations shall be stated or recorded in the minutes of the meeting, and the Auditors in attendance shall affix their names and seals or electronic signatures to the minutes.</u></p>	(Deleted)
<p><u>(Regulations of the Board of Auditors)</u>  <u>Article 38. Matters pertinent to the Board of Auditors shall be governed by the Regulations of the Board of Auditors defined by the Board of Auditors, in addition to laws and regulations and the Articles of Incorporation.</u></p>	(Deleted)
<p><u>(Exemption of Liability of Auditors)</u>  <u>Article 39. The Company may, by a resolution of the Board of Directors, release Auditors (including former Auditors) from liability as provided for in Article 423, Paragraph 1 of the Companies Act, provided the requirements stipulated in laws and regulations are met, to an extent determined by deducting the minimum amount stipulated by laws and regulations from the financial liability.</u>  <u>2. The Company may enter into an agreement with each Auditor to limit their liability for damages as provided for in Article 423, Paragraph 1 of the Companies Act, provided the requirements stipulated in laws and regulations are met. The maximum amount of liability for damages pursuant to the agreement is the minimum amount stipulated by laws and regulations.</u></p>	(Deleted)
<p><u>(Auditors' Remuneration, etc.)</u>  <u>Article 40. Auditors' remuneration, etc., shall be determined by a resolution of the General Meeting of Shareholders.</u></p>	(Deleted)
<p>CHAPTER 6. ACCOUNTING AUDITOR   Article <u>41</u>. - Article <u>42</u>.  (Omitted)</p>	<p>CHAPTER 6. ACCOUNTING AUDITOR   Article <u>37</u>. - Article <u>38</u>.  (Unchanged)</p>

Current Articles of Incorporation	Proposed Amendments
<p>(Accounting Auditor’s Remuneration, etc.) Article <u>43</u>. The Accounting Auditor’s remuneration, etc., shall be determined by the Representative Director with the consent of the <u>Board of Auditors</u>.</p> <p>Article <u>44</u>. (Omitted)</p> <p>CHAPTER 7. ACCOUNTS</p> <p>Article <u>45</u>. (Omitted)</p> <p>(Year-end Dividends) Article <u>46</u>. The Company shall, by a resolution of the General Meeting of Shareholders, pay monetary dividends of surplus (hereinafter, “Year-end Dividends”) to shareholders or registered pledgees of shares stated or recorded in the final shareholder registry on December 31 of each year.</p> <p>(Interim Dividends) Article <u>47</u>. The Company may, by a resolution of the Board of Directors, pay dividends of surplus as prescribed in Article 454, Paragraph 5 of the Companies Act (hereinafter, “Interim Dividends”) to shareholders or registered pledgees of shares stated or recorded in the final shareholder registry on June 30 of each year.</p> <p>(<u>Period of Exclusion for Year-end Dividends, etc.</u>) Article <u>48</u>. The Company shall be exempted from the obligation of payment of <u>Year-end Dividends and Interim Dividends</u> if the dividends have not been received after a period of three (3) full years passes from the payment commencement date.</p> <p>2 Interest shall not be accrued on unpaid <u>Year-end Dividends and Interim Dividends</u>.</p>	<p>(Accounting Auditor’s Remuneration, etc.) Article <u>39</u>. The Accounting Auditor’s remuneration, etc., shall be determined by the Representative Director with the consent of the <u>Audit and Supervisory Committee</u>.</p> <p>Article <u>40</u>. (Unchanged)</p> <p>CHAPTER 7. ACCOUNTS</p> <p>Article <u>41</u>. (Unchanged)</p> <p>(Year-end Dividends) Article <u>42</u>. The Company shall, by a resolution of the General Meeting of Shareholders, pay monetary dividends of surplus (hereinafter, “Year-end Dividends”) to shareholders or registered pledgees of shares stated or recorded in the final shareholder registry on December 31 of each year.</p> <p>(Interim Dividends) Article <u>43</u>. The Company may, by a resolution of the Board of Directors, pay dividends of surplus as prescribed in Article 454, Paragraph 5 of the Companies Act (hereinafter, “Interim Dividends”) to shareholders or registered pledgees of shares stated or recorded in the final shareholder registry on June 30 of each year.</p> <p>(<u>Period of Exclusion, etc. for Dividends</u>) Article <u>44</u>. The Company shall be exempted from the obligation of payment of <u>dividends</u> if the dividends have not been received after a period of three (3) full years passes from the payment commencement date.</p> <p>2 Interest shall not be accrued on unpaid <u>dividends</u>.</p>

Current Articles of Incorporation	Proposed Amendments
(New)	<p><u>(Supplementary Provision)</u>  <u>By a resolution of the Board of Directors, the Company may release Auditors (including former Auditors) from liability, as provided for in Article 423, Paragraph 1 of the Companies Act, arising from negligence in the performance of their duties prior to the partial amendments to the Articles of Incorporation taking effect following a resolution of the 19th Annual General Meeting of Shareholders, provided the requirements stipulated in laws and regulations are met, to an extent determined by deducting the minimum amount stipulated by laws and regulations from the liability for damages.</u></p>

**Proposal 3:** Election of Seven (7) Directors (Excluding Directors Who Are Audit and Supervisory Committee Members)

If Proposal 2 “Partial Amendments to the Articles of Incorporation” is approved as originally proposed, the Company will transition to a Company with an Audit and Supervisory Committee, and the terms of office of all six (6) Directors will expire at the conclusion of this General Meeting of Shareholders. Accordingly, the Company proposes the election of seven (7) Directors (excluding Directors who are Audit and Supervisory Committee Members), increasing the number of Directors by one (1) in order to further strengthen the management structure.

Each candidate for Director (excluding Directors who are Audit and Supervisory Committee Members) was determined by the Board of Directors based on the deliberations of the Nomination Committee, of which the majority of members are independent Outside Directors.

The effectiveness of this Proposal shall be subject to the amendments to the Articles of Incorporation in Proposal 2 taking effect.

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

No.	Name	Current positions and responsibilities at the Company	Years in office as Director	Attendance at the Board of Directors meetings
1	Fumitaka Nakamura [Reappointment] [Male]	President and Representative Director Representative Director of Aquafoam Asia Associates	18 years 4 months	20/20
2	Yuka Murakami [Reappointment] [Female]	Senior Managing Director Responsible for Administration, Finance and Accounting	14 years 1 month	20/20
3	Kazuhisa Nagata [Reappointment] [Male]	Director Responsible for Development Department and Technical Center	1 year	20/20
4	Koji Fujii [New appointment] [Male]	Senior Executive Officer Responsible for Housing Business Department	-	-/-
5	Keishi Usami [New appointment] [Male]	Junior Executive Officer Responsible for Construction Business Department	-	-/-
6	Yoshiaki Takahashi [New appointment] [Outside] [Independent] [Male]		-	-/-
7	Takeshi Kenmochi [New appointment] [Outside] [Independent] [Male]		-	-/-

[New appointment]: Candidate for new appointment

[Reappointment]: Candidate for reappointment

[Outside]: Candidate for Outside Director

[Independent]: Independent Director

No.	Name (Date of birth)	Career summary, positions, responsibilities, and significant concurrent positions	Number of shares of the Company held
1	Fumitaka Nakamura (June 24, 1968)  [Reappointment]	<p>March 1990      Joined Shinko Home Co., Ltd.</p> <p>December 1992      Joined INOAC CORPORATION</p> <p>March 2001      Joined Foam insulation Co., Ltd.</p> <p>October 2003      Joined BASF INOAC Polyurethanes Ltd.</p> <p>November 2004      Established the Company President and Representative Director (to present)</p> <p>July 2016      Representative Director of Aquafoam Asia Associates (to present)</p>	1,005,800
<p>[Reason for nomination as candidate for Director]</p> <p>Mr. Fumitaka Nakamura has demonstrated strong leadership as Representative Director since the Company was founded in 2004, and has driven the Company's growth as the officer responsible for strategic planning and business execution in relation to the entire business. The Company has determined that he is capable of continuing to fulfill the roles of Director in making decisions on important matters and supervising business execution while contributing to the sustainable growth and enhancing the corporate value of the Company moving forward, and has therefore nominated him as a candidate for Director.</p>			
2	Yuka Murakami (March 13, 1967)  [Reappointment]	<p>April 1987      Joined the House of Representatives Members Office</p> <p>September 1993      Joined Central Homes Co., Ltd.</p> <p>December 2004      Joined the Company General Manager of General Affairs Department</p> <p>February 2009      Director and General Manager of General Affairs Department</p> <p>August 2012      Managing Director</p> <p>March 2013      Senior Managing Director</p> <p>April 2022      Senior Managing Director Responsible for Administration, Finance and Accounting (to present)</p>	280,800
<p>[Reason for nomination as candidate for Director]</p> <p>Ms. Yuka Murakami has a wealth of experience and achievements in legal affairs, personnel and general affairs, finance and accounting, public relations and risk management, and has overseen the corporate planning department of the Company and contributed to the enhancement of corporate value since joining the Company. The Company has determined that she is capable of continuing to fulfill the roles of Director in making decisions on important matters and supervising business execution while contributing to the sustainable growth and enhancing the corporate value of the Company moving forward, and has therefore nominated her 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
3	Kazuhisa Nagata (July 1, 1966)  [Reappointment]	April 1992      Joined Nisshinbo Chemical Inc. September 2012      Seconded to NEDO (New Energy and Industrial Technology Development Organization) March 2016      Joined the Company General Manager of Raw Materials Development Department March 2017      General Manager of Raw Materials Development Division March 2018      Director March 2019      Executive Officer and General Manager of Technical Center January 2022      Senior Executive Officer, Responsible for Development Department and Technical Center March 2022      Director, Responsible for Development Department and Technical Center (to present)	8,200
		<p>[Reason for nomination as candidate for Director] Mr. Kazuhisa Nagata has contributed to expanding the business domains of the Company since joining the Company through the development of urethane raw materials by leveraging his wealth of experience and knowledge as well as profound expertise as a professional well versed in construction sites, and he has been participating in management as a Director since March 2022. The Company has determined that he is capable of continuing to fulfill the roles of Director in making decisions on important matters and supervising business execution while contributing to the sustainable growth and enhancing the corporate value of the Company moving forward, and has therefore nominated him as a candidate for Director.</p>	
4	Koji Fujii (May 31, 1973)  [New appointment]	February 1994      Joined Housetec Inc. April 2013      Joined the Company March 2017      General Manager of Hokuriku/Koshinetsu Block January 2019      General Manager of Kitakanto Block January 2020      Executive Officer January 2022      Junior Executive Officer January 2023      Senior Executive Officer, Responsible for Housing Business Department (to present)	-
		<p>[Reason for nomination as candidate for Director] Mr. Koji Fujii has, since joining the Company, gained experience as a manager responsible for important sales blocks, and has overseen the main business of the Company, the Single-Family Homes Division, as Executive Officer and the officer responsible for the Housing Business Department, and contributed to expanding the businesses of the Company. The Company has determined that he is capable of fulfilling the roles of Director in making decisions on important matters and supervising business execution while contributing to the sustainable growth and enhancing the corporate value of the Company moving forward, and has therefore nominated 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
5	<p>Keishi Usami (April 30, 1967)</p> <p>[New appointment]</p>	<p>April 1993      Joined Osaka Fernandes Co., Ltd.  August 1997      Joined Sumitomo Forestry 2x4 Co., Ltd.  July 2008        Joined the Company  October 2012    General Manager of Sales Department, Tohoku Block  February 2016   General Manager of Construction Sales Department  March 2016      Director  March 2019      Executive Officer  January 2023    Junior Executive Officer  Responsible for Construction Business Department (to present)</p>	13,700
<p>[Reason for nomination as candidate for Director]  Mr. Keishi Usami has, since joining the Company, gained experience as a manager responsible for an important sales block, and has promoted expanding the business activities of the Buildings Division as the officer responsible for the Construction Business Department. He also has developed a thorough understanding of management through his experiences as Director and Executive Officer of the Company. The Company has determined that he is capable of fulfilling the roles of Director in making decisions on important matters and supervising business execution while contributing to the sustainable growth and enhancing the corporate value of the Company moving forward, and has therefore nominated him as a candidate for Director.</p>			
6	<p>Yoshiaki Takahashi (December 6, 1955)</p> <p>[New appointment]  [Outside]  [Independent]</p>	<p>April 1978      Joined The Daiei, Inc.  May 2004        Director and General Manager of Corporate Strategy Department  May 2005        Director in charge of Finance and Accounting/General Affairs and Personnel Auditor of OMC Co., Ltd.(currently SMBC Finance Service Co., Ltd.)  May 2007        Managing Director, Responsible for Personnel/Human Resource Development and General/Legal Affairs of The Daiei, Inc.  April 2012      Established Think Factory Takahashi Research Institute, Representative (to present)  April 2014      Auditor of the Company  June 2014      Outside Director of PATH corporation  March 2017      Director and Head of Administration Department of Frontier Management Inc.  May 2022      Outside Director of NARUMIYA INTERNATIONAL Co., Ltd. (to present)</p>	-
<p>[Reason for nomination as candidate for Outside Director and expected roles]  Mr. Yoshiaki Takahashi served in important positions at companies such as The Daiei, Inc. and Frontier Management Inc., and has a wealth of experience in corporate management and organizational operations. He served as an Outside Auditor of the Company for three years from March 2014, and is well versed in the business of the Company. The Company expects him to supervise the Company and provide advice on overall management from an objective perspective based on broad insight cultivated through this experience, and has therefore nominated 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
7	Takeshi Kenmochi (June 13, 1979)  [New appointment] [Outside] [Independent]	<p>October 2003    Joined Chuo Aoyama Audit Corporation Kyoto Office (currently PricewaterhouseCoopers Kyoto)</p> <p>March 2007    Registered as a Certified Public Accountant</p> <p>June 2012    Established Takeshi Kenmochi CPA Office, Representative (to present)</p> <p>June 2013    Auditor of NIPPON CHEMICAL INDUSTRIAL CO., LTD.</p> <p>June 2015    Outside Director (Audit and Supervisory Committee Member)</p> <p>April 2017    Senior Managing Director of TAKAYOSHI, INC.</p> <p>December 2021   Representative Director and Vice President</p>	-
<p>[Reason for nomination as candidate for Outside Director and expected roles] Mr. Takeshi Kenmochi has a wealth of experience and broad insight as a business manager, including serving as Representative Director and Vice President of TAKAYOSHI, INC., in addition to professional knowledge, experience, etc. cultivated as a certified public accountant. The Company expects him to leverage this experience and insight to supervise the Company and provide advice on overall management from an objective perspective, and has therefore nominated him as a candidate for Outside Director.</p>			

- Notes:
- There are no special interests between each candidate for Director and the Company.
  - Mr. Yoshiaki Takahashi assumed office as Auditor of the Company on March 31, 2014, and resigned from this position on March 28, 2017.
  - Messrs. Yoshiaki Takahashi and Takeshi Kenmochi are candidates for Outside Director.
  - If Messrs. Yoshiaki Takahashi and Takeshi Kenmochi are elected and assume office, the Company will register them as independent Directors.
  - If the election of Messrs. Yoshiaki Takahashi and Takeshi Kenmochi is approved, the Company will enter into agreements with them in accordance with Article 427, Paragraph 1 of the Companies Act to limit their liability for damages pursuant to Article 423, Paragraph 1 of the same Act. The maximum amount of liability for damages pursuant to the agreement is the minimum amount stipulated by laws and regulations.
  - The Company has entered into a directors and officers liability insurance agreement as outlined below. With the exception of Messrs. Yoshiaki Takahashi and Takeshi Kenmochi, each candidate is already insured under this insurance agreement and will continue to be included in the insured persons after they are elected. The Company plans to renew this insurance agreement with the same terms and conditions at the next renewal.  
[Outline of the insurance agreement]  
(1) Actual ratio of premiums paid by the insured  
The Company bears the full amount of all insurance premiums. As such, the insured do not assume responsibility for any actual premiums.  
(2) Outline of events insured against  
This insurance agreement covers compensation for damages to be borne by the insured person in the event of claims made against them for actions taken in the course of their duties as an officer, etc. of the Company.  
(3) Measures to ensure the appropriateness of the performance of duties by officers, etc.  
There are certain exemptions to the provision of coverage. For example, the insured officer, etc. will not be covered for damages arising from actions taken with knowledge that they were in violation of laws and regulations.

**Proposal 4:** Election of Four (4) Directors Who Are Audit and Supervisory Committee Members

If Proposal 2 “Partial Amendments to the Articles of Incorporation” is approved as originally proposed, the Company will transition to a Company with an Audit and Supervisory Committee. Accordingly, the Company proposes the election of four (4) Directors who are Audit and Supervisory Committee Members. The candidates for Directors who are Audit and Supervisory Committee Members were determined by the Board of Directors based on the deliberations of the Nomination Committee. The consent of the Board of Auditors for the submission of this Proposal has been obtained in advance.

The effectiveness of this Proposal shall be subject to the amendments to the Articles of Incorporation in Proposal 2 taking effect.

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

No.	Name	Current positions and responsibilities at the Company	Years in office as Director	Attendance at the Board of Directors meetings
1	Noboru Kohara [New appointment] [Male] [Outside] [Independent]		-	-/-
2	Yuki Matsuda [New appointment] [Female] [Outside] [Independent]	Outside Director	6 years	20/20
3	Naofumi Higuchi [New appointment] [Male] [Outside] [Independent]	Outside Director	3 years	20/20
4	Hidetaka Nishina [New appointment] [Male] [Outside] [Independent]	Outside Auditor	-	20/20

[New appointment]: Candidate for new appointment

[Reappointment]: Candidate for reappointment

[Outside]: Candidate for Outside Director

[Independent]: Independent Director

No.	Name (Date of birth)	Career summary, positions, responsibilities, and significant concurrent positions	Number of shares of the Company held
1	<p>Noboru Kohara (January 12, 1957)</p> <p>[New appointment] [Outside] [Independent]</p>	<p>October 1999 General Manager of Osaka IPO Department of KOKUSAI Securities Co., Ltd.(currently Mitsubishi UFJ Morgan Stanley Securities Co., Ltd.)</p> <p>November 2009 Director, Executive Officer and General Manager of Corporate Strategy Office of Sanyo Housing Nagoya (currently AVANTIA Inc.)</p> <p>November 2011 Director, Executive Officer, General Manager of Management Division and General Manager of Corporate Strategy Office</p> <p>April 2018 Director, Executive Officer and General Manager of President’s Office</p> <p>November 2018 Director in charge of Kansai Business Department</p> <p>July 2020 Deputy General Manager of Compliance Department of ES-CON ASSET MANAGEMENT Ltd.</p>	-
<p>[Reason for nomination as candidate for Outside Director who is an Audit and Supervisory Committee Member and expected roles]</p> <p>Mr. Noboru Kohara has served in important positions at companies such as KOKUSAI Securities Co., Ltd. and Sanyo Housing Nagoya, and has a wealth of experience and broad insight regarding corporate management and the construction and housing industries. The Company expects him to leverage this experience and insight to supervise overall management and implement appropriate audits from an objective perspective in regard to the execution of business, and has therefore nominated him as a candidate for Outside Director who is an Audit and Supervisory Committee Member.</p>			
2	<p>Yuki Matsuda (April 17, 1977)</p> <p>[New appointment] [Outside] [Independent]</p>	<p>April 2004 Entered the Legal Training and Research Institute of Japan</p> <p>October 2005 Graduated from the Legal Training and Research Institute of Japan Registered as Attorney (to present)</p> <p>January 2016 Joined Sunrise Law Office (to present)</p> <p>March 2017 Director of the Company (to present)</p> <p>May 2017 Outside Director of Az Plan Co., Ltd.</p> <p>February 2021 Secretary General of Japan Federation of Bar Associations</p> <p>May 2022 Outside Director (Audit and Supervisory Board Member) of Az Plan Co., Ltd. (to present)</p>	-
<p>[Reason for nomination as candidate for Outside Director who is an Audit and Supervisory Committee Member and expected roles]</p> <p>Ms. Yuki Matsuda has a wealth of experience and advanced insight and expertise as an attorney, and is well versed in corporate law. She has provided beneficial and honest opinions and suggestions as an Outside Director of the Company since March 2017, and has contributed to the soundness and transparency of the decision-making of the Company. Based on these achievements, the Company expects her to supervise the overall management of the Company and implement appropriate audits, and has therefore nominated her as a candidate for Outside Director who is an Audit and Supervisory Committee Member. Her term of office as an Outside Director of the Company will be six years at the conclusion of this General Meeting of Shareholders.</p>			

No.	Name (Date of birth)	Career summary, positions, responsibilities, and significant concurrent positions	Number of shares of the Company held
3	Naofumi Higuchi (March 19, 1973)  [New appointment] [Outside] [Independent]	October 1997    Joined Chuo Audit Corporation April 2001    Registered as a Certified Public Accountant (to present) August 2007    Joined Mizuho Securities Co., Ltd. August 2009    Joined the Japanese Institute of Certified Public Accountants April 2012    Associate Professor of Tohoku University Accounting School January 2013    Joined Grant Thornton Taiyo LLC June 2016    Established Higuchi CPA Office, Representative (to present) Outside Audit & Supervisory Board Member of JAPAN PULP AND PAPER COMPANY LIMITED (to present) April 2018    Professor of Tohoku University Accounting School (to present) March 2020    Director of the Company (to present) July 2022    Council Member of the Japanese Institute of Certified Public Accountants (to present)	-
<p>[Reason for nomination as candidate for Outside Director who is an Audit and Supervisory Committee Member and expected roles]</p> <p>Mr. Naofumi Higuchi has been involved in corporate accounting audits as a certified public accountant and serves as a professor at Tohoku University Accounting School, and has a high degree of knowledge and broad experience regarding finance and accounting. He has provided beneficial and honest opinions and suggestions as an Outside Director of the Company since March 2020, and has contributed to the soundness and transparency of the decision-making of the Company. Based on these achievements, the Company expects him to supervise the overall management of the Company and implement appropriate audits, and has therefore nominated him as a candidate for Outside Director who is an Audit and Supervisory Committee Member. His term of office as an Outside Director of the Company will be three years at the conclusion of this General Meeting of Shareholders.</p>			

No.	Name (Date of birth)	Career summary, positions, responsibilities, and significant concurrent positions	Number of shares of the Company held
4	Hidetaka Nishina (March 25, 1979)  [New appointment] [Outside] [Independent]	<p>October 2002 Graduated from the Legal Training and Research Institute of Japan Registered as Attorney (to present) Joined Anderson &amp; Mori (currently Anderson Mori &amp; Tomotsune Foreign Law Joint Enterprise)</p> <p>April 2003 Joined Operations Department of Bank of Japan May 2006 Joined Office of Counselors of the Civil Affairs Bureau</p> <p>January 2011 Partner of Nakamura, Tsunoda &amp; Matsumoto (to present)</p> <p>June 2013 Part-time Auditor of INES Corporation March 2017 Auditor of the Company (to present) March 2019 Outside Auditor of Vario Secure Inc. April 2019 Outside Director of KITAMURA HOLDINGS Co., Ltd.</p> <p>June 2021 Outside Director (Audit and Supervisory Committee Member) (to present)</p> <p>November 2022 Outside Director (Audit and Supervisory Committee Member) of Vario Secure Inc. (to present)</p> <p>December 2022 Outside Director of FUJI SOFT INCORPORATED (to present)</p>	-
<p>[Reason for nomination as candidate for Outside Director who is an Audit and Supervisory Committee Member and expected roles]</p> <p>Mr. Hidetaka Nishina has a wealth of experience and advanced insight and expertise as an attorney, and is well versed in corporate law and fields related to securities law. He has served as an Outside Auditor of the Company for six years from March 2017 to the present, and has implemented audits of the Company from an objective and professional point of view and contributed to the soundness and transparency of the decision-making of the Company. Based on these achievements, the Company expects him to supervise the overall management of the Company and implement appropriate audits, and has therefore nominated him as a candidate for Outside Director who is an Audit and Supervisory Committee Member.</p>			

- Notes:
1. There are no special interests between each candidate for Director who is an Audit and Supervisory Committee Member and the Company.
  2. Although Ms. Yuki Matsuda, Mr. Naofumi Higuchi, and Mr. Hidetaka Nishina have not been involved in corporate management in any way aside from being outside executives, the Company has determined that they are capable of properly accomplishing their duties as Outside Directors who are Audit and Supervisory Committee Members for the reasons detailed in “Reason for nomination as candidate for Outside Director who is an Audit and Supervisory Committee Member and expected roles” above.
  3. Mr. Noboru Kohara, Ms. Yuki Matsuda, Mr. Naofumi Higuchi, and Mr. Hidetaka Nishina are candidates for Outside Director.
  4. The Company has registered Ms. Yuki Matsuda, Mr. Naofumi Higuchi, and Mr. Hidetaka Nishina as independent Directors with the Tokyo Stock Exchange, Inc. under the regulations of the Exchange. If Mr. Noboru Kohara, Ms. Yuki Matsuda, Mr. Naofumi Higuchi, and Mr. Hidetaka Nishina are elected and assume office, the Company will register them as independent Directors.
  5. The Company has entered into agreements with Ms. Yuki Matsuda, Mr. Naofumi Higuchi, and Mr. Hidetaka Nishina in accordance with Article 427, Paragraph 1 of the Companies Act to limit their liability for damages pursuant to Article 423, Paragraph 1 of the same Act. The maximum amount of liability for damages pursuant to the agreement is the minimum amount stipulated by laws and regulations. If the election of these three (3) candidates is approved, the

Company will continue the aforementioned agreements with them. In addition, if the election of Mr. Noboru Kohara is approved, the Company will enter into the same limited liability agreement with him.

6. The Company has entered into a directors and officers liability insurance agreement as outlined below. With the exception of Mr. Noboru Kohara, each candidate is already insured under this insurance agreement and will continue to be included in the insured persons after they are elected. The Company plans to renew this insurance agreement with the same terms and conditions at the next renewal.

[Outline of the insurance agreement]

(1) Actual ratio of premiums paid by the insured

The Company bears the full amount of all insurance premiums. As such, the insured do not assume responsibility for any actual premiums.

(2) Outline of events insured against

This insurance agreement covers compensation for damages to be borne by the insured person in the event of claims made against them for actions taken in the course of their duties as an officer, etc. of the Company.

(3) Measures to ensure the appropriateness of the performance of duties by officers, etc.

There are certain exemptions to the provision of coverage. For example, the insured officer, etc. will not be covered for damages arising from actions taken with knowledge that they were in violation of laws and regulations.

[Reference] Skill matrix of the Board of Directors following the General Meeting of Shareholders (tentative)

If Proposal 3 and Proposal 4 are approved as originally proposed at this General Meeting of Shareholders, the composition and skill matrix of the Company's Board of Directors following the General Meeting of Shareholders will be as follows.

Name	Position with the Company	Gender	Corporate management	Sustainability/ ESG	Sales/ Marketing	Production/ Quality control	Finance and accounting	Personnel and labor/ Human resource development	Legal affairs/ Risk management
Fumitaka Nakamura	President and Representative Director	Male	•	•	•	•			
Yuka Murakami	Senior Managing Director	Female	•				•	•	•
Kazuhisa Nagata	Director	Male		•		•			
Koji Fujii	Director	Male			•	•			
Keishi Usami	Director	Male			•	•			
Yoshiaki Takahashi	Outside Director	Male	•				•	•	•
Takeshi Kenmochi	Outside Director	Male	•				•	•	
Noboru Kohara	Outside Director (Full-time Audit and Supervisory Committee Member)	Male	•	•				•	•
Yuki Matsuda	Outside Director (Audit and Supervisory Committee Member)	Female						•	•
Naofumi Higuchi	Outside Director (Audit and Supervisory Committee Member)	Male					•		
Hidetaka Nishina	Outside Director (Audit and Supervisory Committee Member)	Male							•

**Proposal 5:** Election of One (1) Substitute Director Who is an Audit and Supervisory Committee Member

If Proposal 2 “Partial Amendments to the Articles of Incorporation” is approved as originally proposed, the Company will transition to a Company with an Audit and Supervisory Committee. Accordingly, in order to ensure that the number of Directors who are Audit and Supervisory Committee Members does not fall short of that required by laws and regulations, the Company proposes the election of one (1) substitute Director who is an Audit and Supervisory Committee Member. The candidate for substitute Director who is an Audit and Supervisory Committee Member was determined by the Board of Directors based on the deliberations of the Nomination Committee. The consent of the Board of Auditors for the submission of this Proposal has been obtained in advance.

The effectiveness of this Proposal shall be subject to the amendments to the Articles of Incorporation in Proposal 2 taking effect.

The candidate for substitute Director who is an Audit and Supervisory Committee Member is as follows.

Name (Date of birth)	Career summary, positions, responsibilities, and significant concurrent positions	Number of shares of the Company held
Junichi Tamagami (May 21, 1949)  [New appointment] [Outside] [Independent]	March 1972    Joined Bridgestone Cycle Corporation February 2002    Director and General Manager of Administration Department of Bridgestone Cycle Western Japan Sales Corporation February 2005    Managing Director of Bridgestone Cycle Eastern Japan Sales Corporation February 2008    Managing Executive Officer March 2017       Outside Auditor of the Company (to present)	-
[Reason for nomination as candidate for substitute Outside Director who is an Audit and Supervisory Committee Member and expected roles] Mr. Junichi Tamagami has served in important positions in the administration department of the Bridgestone Cycle Corporation Group and has a wealth of experience and advanced insight. He served as Full-time Outside Auditor of the Company for six years from March 2017 to the present, and is well versed in the business of the Company. Based on this experience and insight, the Company has determined that he is capable of supervising overall management and implementing appropriate audits if he assumes office as Director who is an Audit and Supervisory Committee Member, and has therefore nominated him as a candidate for substitute Outside Director who is an Audit and Supervisory Committee Member.		

- Notes:
1. There are no special interests between the candidate for substitute Outside Director who is an Audit and Supervisory Committee Member and the Company.
  2. Mr. Junichi Tamagami is a candidate for substitute Outside Director who is an Audit and Supervisory Committee Member.
  3. The Company has registered Mr. Junichi Tamagami as an independent Director with the Tokyo Stock Exchange, Inc. under the regulations of the Exchange, and if he assumes office, the Company will continue to register him as an independent Director.
  4. If Mr. Junichi Tamagami assumes office, the Company will enter into an agreement with him in accordance with Article 427, Paragraph 1 of the Companies Act to limit his liability for damages pursuant to Article 423, Paragraph 1 of the same Act. The maximum amount of liability for damages pursuant to the agreement is the minimum amount stipulated by laws and regulations.
  5. The Company has entered into a directors and officers liability insurance agreement as outlined below. If Mr. Junichi Tamagami assumes office, he will be included in the insured persons under this insurance agreement. The Company plans to renew this insurance agreement with the same terms and conditions at the next renewal.  
 [Outline of the insurance agreement]  
 (1) Actual ratio of premiums paid by the insured  
 The Company bears the full amount of all insurance premiums. As such, the insured do not assume responsibility for any actual premiums.



(2) Outline of events insured against

This insurance agreement covers compensation for damages to be borne by the insured person in the event of claims made against them for actions taken in the course of their duties as an officer, etc. of the Company.

(3) Measures to ensure the appropriateness of the performance of duties by officers, etc.

There are certain exemptions to the provision of coverage. For example, the insured officer, etc. will not be covered for damages arising from actions taken with knowledge that they were in violation of laws and regulations.

[Reference] Standards for the Independence of Outside Directors

The Company judges that an Outside Director is independent if the Outside Director does not fall under any of the items of the standards for the independent of Outside Directors listed below.

- (1) A person who served as an executive director, executive, executive officer or employee of a parent company, sister company or subsidiary of the Company in the past ten years
- (2) Executive director, executive, executive officer or employee of an entity for which the Company is a major business partner (a business partner that provides products or services to the Company and whose transaction amount is equivalent to more than 2% of the total annual consolidated sales in the most recent fiscal year)
- (3) Executive director, executive, executive officer or employee of a major business partner of the Company (a business partner to which the Company provides products or services and whose transaction amount is equivalent to more than 2% of the total annual consolidated sales of the Company in the most recent fiscal year)
- (4) A person who receives cash or other financial benefit equivalent to an amount of 10 million yen or more per annum from the Company as a consultant, accounting professional or legal professional, besides executive compensation paid by the Company
- (5) A person who fell under any of the items (2) to (4) above in the past three years
- (6) A relative within the second degree of kinship of a person who falls under any of the items (1) to (5) above

**Proposal 6:** Establishment of Amount of Remuneration for Directors (Excluding Directors Who Are Audit and Supervisory Committee Members)

If Proposal 2 “Partial Amendments to the Articles of Incorporation” is approved as originally proposed, the Company will transition to a Company with an Audit and Supervisory Committee.

It was approved at the 13th Annual General Meeting of Shareholders held on March 28, 2017 that the maximum amount of remuneration for Directors of the Company shall be 300 million yen per annum (including the maximum amount of 20 million yen for Outside Directors, and excluding the employee salaries for Directors who serve concurrently as employees), but with the transition to a Company with an Audit and Supervisory Committee, the Company proposes to abolish the current provisions regarding the amount of remuneration for Directors and establish a new maximum amount of remuneration for Directors (excluding Directors who are Audit and Supervisory Committee Members) of 300 million yen per annum (including the maximum amount of 20 million yen for Outside Directors, and excluding the employee salaries for Directors who serve concurrently as employees).

The outline of the Company’s basic policy on determining the details of the remuneration for individual Directors is as detailed on pages 18 and 19 of the Business Report in the Japanese version of this document. If Proposal 2, this Proposal, and Proposal 8 are approved as originally proposed, the Company plans to establish a new basic policy on determining the details of the remuneration for individual Directors (excluding Directors who are Audit and Supervisory Committee Members) with similar content. This Proposal has been deemed necessary and reasonable in the intention to grant remuneration to individual Directors (excluding Directors who are Audit and Supervisory Committee Members) in line with the details of this newly established basic policy on determining remuneration.

In addition, this Proposal was determined by the Board of Directors following deliberations by the Remuneration Committee, taking into consideration a comprehensive overview of factors including the business scale of the Company, the executive compensation system and its payment standards, as well as potential future developments. Based on this, the Board of Directors has deemed the content of this Proposal to be appropriate.

The Company currently has six (6) Directors (including three (3) Outside Directors), and if Proposal 2 and Proposal 3 are approved as originally proposed, the number of Directors (excluding Directors who are Audit and Supervisory Committee Members) subject to this Proposal will be seven (7) (including two (2) Outside Directors).

The effectiveness of this Proposal shall be subject to the amendments to the Articles of Incorporation in Proposal 2 taking effect.

**Proposal 7:** Establishment of Amount of Remuneration for Directors Who Are Audit and Supervisory Committee Members

If Proposal 2 “Partial Amendments to the Articles of Incorporation” is approved as originally proposed, the Company will transition to a Company with an Audit and Supervisory Committee.

Accordingly, the Company proposes to set a maximum amount of remuneration for Directors who are Audit and Supervisory Committee Members of 50 million yen per annum. This Proposal was determined by the Board of Directors following deliberations by the Remuneration Committee, taking into consideration a comprehensive overview of factors including the business scale of the Company, the executive compensation system and its payment standards, as well as potential future developments, and was thereby deemed to be appropriate.

If Proposal 2 and Proposal 4 are approved as originally proposed, the number of Directors who are Audit and Supervisory Committee Members subject to this Proposal will be four (4) (including four (4) Outside Directors).

The effectiveness of this Proposal shall be subject to the amendments to the Articles of Incorporation in Proposal 2 taking effect.

**Proposal 8:** Establishment of Restricted Stock Remuneration Plan for Directors (Excluding Directors Who Are Audit and Supervisory Committee Members and Outside Directors)

If Proposal 2 “Partial Amendments to the Articles of Incorporation” is approved as originally proposed, the Company will transition to a Company with an Audit and Supervisory Committee.

It was approved at the 15th Annual General Meeting of Shareholders held on March 27, 2019 that in regard to the amount of remuneration and its details concerning granting restricted stock to Directors (excluding Outside Directors) of the Company, the remuneration paid to grant restricted stock to eligible Directors shall be monetary claims and the maximum total amount thereof shall be 70 million yen per annum, but with the transition to a Company with an Audit and Supervisory Committee, the Company proposes to abolish this and establish a new maximum amount of remuneration for Directors (excluding Directors who are Audit and Supervisory Committee Members) and its details.

The outline of the Company’s basic policy on determining the details of the remuneration for individual Directors is as detailed on pages 18 and 19 of the Business Report in the Japanese version of this document. If Proposal 2, Proposal 6 and this Proposal are approved as originally proposed, the Company plans to establish a new basic policy on determining the details of the remuneration for individual Directors (excluding Directors who are Audit and Supervisory Committee Members) with similar content. This Proposal has been deemed necessary and reasonable in the intention to grant remuneration to individual Directors (excluding Directors who are Audit and Supervisory Committee Members) in line with the details of this newly established basic policy on determining remuneration. In addition, this Proposal was determined by the Board of Directors following deliberations by the Remuneration Committee, taking into consideration a comprehensive overview of factors including the business scale of the Company, the executive compensation system and its payment standards, as well as potential future developments. Based on this, the Board of Directors has deemed the content of this Proposal to be appropriate.

The Company currently has six (6) Directors (including three (3) Outside Directors), and if Proposal 2 and Proposal 3 are approved as originally proposed, the number of Directors (excluding Directors who are Audit and Supervisory Committee Members and Outside Directors) eligible for restricted stock will be five (5).

The effectiveness of this Proposal shall be subject to the amendments to the Articles of Incorporation in Proposal 2 taking effect.

Under this Proposal, the remuneration paid to grant restricted stock to eligible Directors shall be monetary claims and the maximum total amount thereof shall be 70 million yen per annum, and the specific timing of payment and allocation to each eligible Director shall be determined by the Board of Directors.

In addition, eligible Directors shall provide all monetary compensation claims paid to them pursuant to a resolution of the Board of Directors of the Company as property contributed in kind, and shall receive shares of common stock of the Company through issuance or disposal, and the total number of shares of common stock of the Company to be issued or disposed of in this way shall not exceed 250,000 shares per annum (however, if a stock split (including a gratis allotment of common stock of the Company) or a reverse stock split, with an effective date on or after the date this Proposal is approved, is conducted in regard to the Company’s common stock, on or after this effective date, the Company shall adjust the total number of shares within a reasonable range as necessary in proportion to the ratio of the stock split or reverse stock split). Furthermore, the paid-in amount per share shall be an amount determined by the Board of Directors based on the closing price of the Company’s common stock on the Tokyo Stock Exchange on the business day before the date of each resolution by the Board of Directors (if there are no trades on that day, the closing price on the most recent preceding trading day). In addition, for the issuance or disposal of common shares of the Company in this way, a restricted stock allotment agreement (hereinafter, the “Allotment Agreement”) shall be concluded between the Company and the eligible Directors containing the following summary of content (the common stock of the Company to be allocated under the Allotment Agreement shall hereinafter be referred to as the “Stock”).

1. Transfer restriction period

Eligible Directors shall not be able to transfer, create security interests on, or otherwise dispose of the Stock for a period predetermined by the Board of Directors of the Company that falls within 40 years from the date of payment of the Stock (hereinafter, the “Transfer Restriction Period”).

2. Conditions for removal of transfer restrictions

On the condition that the eligible Director continuously served as a Director, Executive Officer or employee of the Company, the Company shall remove transfer restrictions when the Transfer

Restriction Period ends. However, if the eligible Director has lost their position as Director of the Company owing to their death, the end of their term of office or their retirement, or for other justifiable reasons recognized by the Board of Directors of the Company, the Company may reasonably adjust the number of Stock from which to remove transfer restrictions and the timing of the removal of transfer restrictions as necessary.

3. Causes resulting in acquisition without consideration

- (1) If the eligible Director loses their position as Director, Executive Officer or employee of the Company before the expiration date of the Transfer Restriction Period, the Company shall acquire all of the Stock without consideration, excluding cases when the resignation is due to their death, the end of their term of office, or for other justifiable reasons recognized by the Board of Directors of the Company.
- (2) Other causes resulting in acquisition without consideration shall be as prescribed in the Allotment Agreement based on a resolution of the Board of Directors of the Company.

4. Treatment in cases of organizational restructuring, etc.

Notwithstanding the provisions of (1) above, if, during the Transfer Restriction Period, a merger agreement where the Company will be the disappearing company, share exchange agreement or share transfer plan where the Company will become a wholly owned subsidiary, or other matters related to organizational restructuring, etc. are approved at the General Meeting of Shareholders of the Company (however, this shall be the Board of Directors of the Company if the organizational restructuring, etc. does not require approval by the General Meeting of Shareholders of the Company), the Company shall, by a resolution of the Board of Directors of the Company, remove transfer restrictions ahead of the effective date of the organizational restructuring, etc. on a reasonably determined number of Stock, taking into consideration the period from the start of the Transfer Restriction Period to the approval date. In addition, in cases prescribed above, the Company shall automatically acquire without consideration any Stock for which transfer restrictions have not been removed immediately after the removal of transfer restrictions.

5. Other matters

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