

Note: 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.

(Securities Code: 6279)
(Issue Date) April 27, 2023

(Start Date for Measures for Providing Information in Electronic Format) April 20, 2023

To our shareholders:

Toyoshi Umebayashi, President
ZUIKO Corporation
2-1-2 Saito Hanada, Ibaraki, Osaka

Notice of the 60th Annual General Meeting of Shareholders

We are pleased to announce the 60th Annual General Meeting of Shareholders of ZUIKO Corporation (the “Company”), which will be held as described below.

Upon convening this meeting, we have taken measures for providing information that constitutes the content of the Reference Documents for the General Meeting of Shareholders, etc. in electronic format (items subject to measures for providing information in electronic format). This information is posted on the following websites. Please access any of the websites below to confirm the relevant information. For this meeting, we have sent paper-based documents containing items subject to measures for providing information in electronic format even to shareholders who did not request the delivery of paper-based documents (excluding items not indicated on paper-based documents delivered to shareholders who requested paper-based documents).

[The Company’s website]

<https://www.zuiko.co.jp/>

(Please access the website above, and select the items in the top navigation bar in the following order: Investor Information, IR Library, and Other Disclosure Documents. Please view the materials posted as Notice of the 60th Annual General Meeting of Shareholders and Items Subject to Measures for Providing Information in Electronic Format (Items Not Indicated in Paper-Based Documents) When Convening the 60th Annual General Meeting of Shareholders.)

[Website providing materials on general meetings of shareholders]

<https://d.sokai.jp/6279/teiji/>

[Tokyo Stock Exchange website (Tokyo Stock Exchange Listed Companies Information Service)]

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

(Please access the Tokyo Stock Exchange website above and enter “ZUIKO” in the “Issue name (company name)” field or the Company’s securities code 6279 in the “Code” field and push the “Search” button. Please select and follow the menu items in the following order: “Basic information” and “Documents for public inspection/PR information.” In “Filed information available for public inspection,” please view the documents listed under the “[Notice of General Shareholders Meeting / Informational Materials for a General Shareholders Meeting]” row.)

If you are not attending the meeting, you may exercise your voting rights via the internet, etc. or in writing (via postal mail). We kindly request that you review the Reference Documents for the General Meeting of Shareholders, and exercise your voting rights by 5:15 p.m. on Wednesday, May 17, 2023.

- 1. Date and Time:** Thursday, May 18, 2023, at 10:00 a.m. (JST)
- 2. Venue:** The Company’s Head Office
2-1-2 Saito Hanada, Ibaraki, Osaka
- 3. Purpose of the Meeting**
Matters to be reported

1. Business Report, Consolidated Financial Statements, and results of audits by the Financial Auditor and the Audit & Supervisory Board of the Consolidated Financial Statements for the Company's 60th Fiscal Year (February 21, 2022 to February 20, 2023)
2. Non-consolidated Financial Statements for the Company's 60th Fiscal Year (February 21, 2022 to February 20, 2023)

Matters to be resolved

- Proposal No. 1:** Appropriation of Surplus
- Proposal No. 2:** Amendment to the Articles of Incorporation
- Proposal No. 3:** Election of Three Directors (Excluding Directors Who Are Audit & Supervisory Committee Members)
- Proposal No. 4:** Election of Three Directors Who Are Audit & Supervisory Committee Members
- Proposal No. 5:** Determination of Remuneration Amount for Directors (Excluding Directors Who Are Audit & Supervisory Committee Members)
- Proposal No. 6:** Determination of Remuneration Amount for Directors Who Are Audit & Supervisory Committee Members
- Proposal No. 7:** Determination of Remuneration for the Granting of Restricted Stock to Directors (Excluding Directors Who Are Audit & Supervisory Committee Members and Outside Directors)

4. Matters Determined upon Convening the Annual General Meeting of Shareholders

- (1) If you exercise your voting rights both via the internet, etc. and in writing (via postal mail), the voting rights you exercise via the internet, etc. will be treated as effective. If you exercise your voting rights more than once via the internet, etc., only the last vote you exercise will be treated as effective.
 - (2) If you do not indicate whether you support or oppose each proposal on the voting form you return, your vote will be counted as if you supported each proposal.
- When attending the meeting, please submit the voting form at the reception of the meeting venue.
 - Among items subject to measures for providing information in electronic format, "Systems to Ensure Propriety of Business Operations and Operational Status of Such Systems," "Consolidated Statement of Changes in Equity," "Notes to Consolidated Financial Statements," "Non-consolidated Statement of Changes in Equity," and "Notes to Non-consolidated Financial Statements" are not attached to the paper-based documents delivered to shareholders who requested the delivery of paper-based documents, in accordance with laws and regulations, and Article 15, paragraph 2 of the Company's Articles of Incorporation. (For these documents, please refer to each of the websites listed above that provide items subject to measures for providing information in electronic format.) Therefore, documents delivered to shareholders who requested the delivery of paper-based documents are part of the Consolidated Financial Statements and Non-consolidated Financial Statements audited by the Financial Auditor in preparation of the accounting audit report and part of the Business Report, Consolidated Financial Statements and Non-consolidated Financial Statements audited by the Audit & Supervisory Board Members in preparation of their audit report.
 - If revisions to the items subject to measures for electronic provision arise, a notice of the revisions and the details of the items before and after the revisions will be posted on the Company's aforementioned website and the TSE website.

Reference Documents for the General Meeting of Shareholders

Proposals and Reference Information

Proposal No. 1: Appropriation of Surplus

The Company, while working to continuously enhance its corporate value, considers returns of profits to shareholders to be a policy of the utmost importance as it manages its business. Based on this fundamental stance, we consider dividends of surplus to be returns on invested capital from shareholders, and thus the profits are divided basically according to consolidated business results. With the consolidated dividend payout ratio of 30 percent as a target, we aim to achieve steady and continued growth. With regard to internal reserves, we plan to become more cost-competitive than ever to create stronger systems for engineering and manufacturing development designed to meet market needs in preparation for possible changes in the business environment in years to come. We also intend to efficiently invest in the implementation of our global strategies.

Accordingly, the year-end dividend for the fiscal year ended February 20, 2023 shall be ¥17.10 (common dividend of ¥8.10 and special dividend of ¥9.00) per share.

Year-end dividend and the aggregate amount

(1) Type of dividend property

Cash

(2) Allotment of dividend property to shareholders and the aggregate amount

¥17.10 per common share of the Company

(common dividend of ¥8.10 and special dividend of ¥9.00)

Total payment: ¥450,556,135

(3) Effective date of dividend of surplus

May 19, 2023

If this Proposal is approved and adopted as originally proposed, the annual dividend will be ¥25.20 in total, comprising an interim dividend of ¥8.10 and a year-end dividend of ¥17.10.

Proposal No. 2: Amendment to the Articles of Incorporation

1. Reasons for the proposal

In anticipation of the Group’s future expansion of its scope of operations and entry into new fields, the Company proposes to amend Article 2 (Purpose) of its current Articles of Incorporation to include additional purposes of business.

Furthermore, the Company intends to transition from a company with an Audit & Supervisory Board to a Company with an Audit & Supervisory Committee in order to enhance corporate governance further by strengthening the supervisory functions of the Board of Directors and to improve management transparency even more, along with speeding up decision-making. Accordingly, the Company proposes to make the necessary changes, such as establishing new provisions concerning the Audit & Supervisory Committee and Audit & Supervisory Committee Members necessary to change to a Company with an Audit & Supervisory Committee, and deleting provisions concerning the Audit & Supervisory Board and Audit & Supervisory Board Members.

In other areas, the Company proposes to amend Article 22 (Convener of Board of Directors’ Meetings and Its Chairperson) of the current Articles of Incorporation to allow a Director determined in advance by the Board of Directors to serve as the Convener of Board of Directors’ meetings and its Chairperson. This revision is being made to enable flexible operation of the Board of Directors.

Moreover, the Company proposes to amend Article 27 (Limited liability agreements with Outside Directors) of the current Articles of Incorporation to include a provision that will allow the Company to enter into limited liability agreements with Directors who do not carry out executive duties, in order to continue to attract talented human resources to serve as Directors in the future. The Company has obtained the consent of each Audit & Supervisory Board Member for the amendment to Article 27 (Limited liability agreements with Outside Directors) of the current Articles of Incorporation.

The Company will make any other necessary amendments, such as renumbering of articles accompanying the addition and deletion of articles.

2. Details of the amendments

The details of the amendments are as follows:

The amendments to the Articles of Incorporation associated with this proposal shall take effect at the conclusion of this meeting.

(The amended portions are underlined.)

Current Articles of Incorporation	Proposed Amendments
<p style="text-align: center;">Chapter I General Provisions</p> <p>Article 1 (Text omitted) (Purposes)</p> <p>Article 2 The purposes of the Company shall be to engage in the following businesses:</p> <ol style="list-style-type: none"> 1. Design, development, manufacturing, sales, installation and repair of the products listed below, and related guidance <ol style="list-style-type: none"> (1) Machines that manufacture feminine napkins, diapers, nursing pads, absorbent sheets, masks and other sanitary products (2) Medical equipment and intermediary medical systems (3) Machines that manufacture pet care products (4) Textile machines, paper pulp machines, paper processing machines, printing machines, counting machines, packaging machines, various vehicles and transport machinery, medical equipment, and other industrial and general machines and equipment 	<p style="text-align: center;">Chapter I General Provisions</p> <p>Article 1 (No change) (Purposes)</p> <p>Article 2 The purposes of the Company shall be to engage in the following businesses:</p> <ol style="list-style-type: none"> 1. Design, development, manufacturing, sales, installation and repair of the products listed below, and related guidance <ol style="list-style-type: none"> (1) Machines that manufacture feminine napkins, diapers, nursing pads, absorbent sheets, masks and other sanitary products (2) Medical equipment and intermediary medical systems (3) Machines that manufacture pet care products (4) Textile machines, paper pulp machines, paper processing machines, printing machines, counting machines, packaging machines, various vehicles and transport machinery, medical equipment, and other industrial and general machines and equipment

Current Articles of Incorporation	Proposed Amendments
<p>2. Trading, repair and processing, distribution, consignment sales, rental, leasing, and export and import of secondhand goods</p> <p>3. Leasing, trading, and management of real estate</p> <p>4. Supply of electricity and heat</p> <p>5. Worker dispatch business</p> <p>6. Financial services and general leasing services</p> <p>7. Warehousing business, road transportation business, motor freight transportation business, freight forwarding business, and travel business</p> <p>8. General and industrial waste processing; design, development, manufacturing, sales, installation, and repairs of recycling facilities and related guidance (Newly established)</p> <p><u>9.</u> Design, development, manufacturing, sales, installation, repairs raw materials, products, equipment, systems and software associated with the businesses in each of the previous items and related guidance</p> <p><u>10.</u> Export and import of raw materials, products and by-products associated with the businesses in each of the previous items</p> <p><u>11.</u> All operations associated with each of the previous items</p>	<p>2. Trading, repair and processing, distribution, consignment sales, rental, leasing, and export and import of secondhand goods</p> <p>3. Leasing, trading, and management of real estate</p> <p>4. Supply of electricity and heat</p> <p>5. Worker dispatch business</p> <p>6. Financial services and general leasing services</p> <p>7. Warehousing business, road transportation business, motor freight transportation business, freight forwarding business, and travel business</p> <p>8. General and industrial waste processing; design, development, manufacturing, sales, installation, and repairs of recycling facilities and related guidance</p> <p><u>9.</u> <u>In-home service business, nursing care prevention and lifestyle support service (item 1) business, community-based service business, in-home nursing care support business, nursing care prevention service business and community-based nursing care prevention services business based on the Long-Term Care Insurance Act</u></p> <p><u>10.</u> Design, development, manufacturing, sales, installation, repairs of raw materials, products, equipment, systems and software associated with the businesses in each of the previous items and related guidance</p> <p><u>11.</u> Export and import of raw materials, products and by-products associated with the businesses in each of the previous items</p> <p><u>12.</u> All operations associated with each of the previous items</p>
<p>Article 3 (Text omitted) (Governing Bodies)</p>	<p>Article 3 (No change) (Governing Bodies)</p>
<p>Article 4 In addition to the General Meeting of Shareholders and the Directors, the Company shall have the following governing bodies:</p> <p>(1) Board of Directors</p> <p>(2) <u>Audit & Supervisory Board Members</u></p> <p>(3) <u>Audit & Supervisory Board</u></p> <p>(4) Financial Auditor</p>	<p>Article 4 In addition to the General Meeting of Shareholders and the Directors, the Company shall have the following governing bodies:</p> <p>(1) Board of Directors</p> <p>(2) <u>Audit & Supervisory Committee</u></p> <p>(Deleted)</p> <p>(3) Financial Auditor</p>
<p>Article 5 (Text omitted)</p>	<p>Article 5 (No change)</p>
<p style="text-align: center;">Chapter II Shares</p>	<p style="text-align: center;">Chapter II Shares</p>
<p>Article 6-Article 9 (Text omitted) (Shareholder Register Administrator)</p>	<p>Article 6-Article 9 (Text omitted) (Shareholder Register Administrator)</p>
<p>Article 10</p> <p>1. The Company shall have a shareholder register administrator.</p> <p>2. The shareholder register administrator and the location of its administrative handling office shall be determined by resolution of the Board of Directors.</p>	<p>Article 10</p> <p>1. The Company shall have a shareholder register administrator.</p> <p>2. The shareholder register administrator and the location of its administrative handling office shall be determined by resolution of the Board of Directors <u>or by approval of the Director entrusted by resolution of the Board of Directors.</u></p>

Current Articles of Incorporation	Proposed Amendments
(Share-Handling Rules)	(Share-Handling Rules)
<p>Article 11 The entry and recording on the Company’s register of shareholders and register of share acquisition rights and all other procedures and fees pertaining to shares or share acquisition rights shall be governed by laws and regulations or the Articles of Incorporation, as well as the Share-Handling Rules established by the Board of Directors.</p>	<p>Article 11 The entry and recording on the Company’s register of shareholders and register of share acquisition rights and all other procedures and fees pertaining to shares or share acquisition rights shall be governed by laws and regulations or the Articles of Incorporation, as well as the Share-Handling Rules established by the Board of Directors <u>or by the Director entrusted by resolution of the Board of Directors.</u></p>
<p>Chapter III General Meeting of Shareholders</p>	<p>Chapter III General Meeting of Shareholders</p>
<p>Article 12–Article 17 (Text omitted)</p>	<p>Article 12–Article 17 (No change)</p>
<p>Chapter IV Directors and Board of Directors</p>	<p>Chapter IV Directors and Board of Directors</p>
<p>(Number of Directors)</p>	<p>(Number of Directors)</p>
<p>Article 18 The Company shall have no more than <u>ten</u> Directors.</p>	<p>Article 18</p>
<p>(Newly established)</p>	<p>1. The Company shall have no more than <u>five</u> Directors <u>(excluding Directors who are Audit & Supervisory Committee Members).</u></p> <p>2. <u>The Company shall have no more than five Directors who are Audit & Supervisory Committee Members.</u></p>
<p>(Election Method of Directors)</p>	<p>(Election Method of Directors)</p>
<p>Article 19</p>	<p>Article 19</p>
<p>1. Directors shall be elected <u>at</u> the General Meeting of Shareholders.</p> <p>2. A resolution for the election of Directors shall be made with the approval of a majority of the voting rights held by the shareholders who are present at the General Meeting of Shareholders and who hold at least one-third of the voting rights of all the shareholders who can exercise such rights.</p> <p>3. A resolution for the election of Directors may not be adopted by cumulative voting.</p>	<p>1. Directors shall be elected <u>separately for Audit & Supervisory Committee Members and all other Directors by resolution of</u> the General Meeting of Shareholders.</p> <p>2. A resolution for the election of Directors shall be made with the approval of a majority of the voting rights held by the shareholders who are present at the General Meeting of Shareholders and who hold at least one-third of the voting rights of all the shareholders who can exercise such rights.</p> <p>3. A resolution for the election of Directors may not be adopted by cumulative voting.</p>
<p>(Term of Office of Directors)</p>	<p>(Term of Office of Directors)</p>
<p>Article 20 The term of office of a Director shall expire at the close of the Annual General Meeting of Shareholders for the last fiscal year ending within one year after the Director’s election.</p>	<p>Article 20</p>
<p>(Newly established)</p>	<p>1. The term of office of a Director shall expire at the close of the Annual General Meeting of Shareholders for the last fiscal year ending within one year after the Director’s election.</p> <p>2. <u>Notwithstanding the provision of the previous paragraph, the term of office of an Audit & Supervisory Committee Member shall expire at the close of the Annual General Meeting of Shareholders for the last fiscal year ending within two years after the Audit & Supervisory Committee Member’s election.</u></p> <p>3. <u>The term of office of an Audit & Supervisory Committee Member who has been elected to fill a vacancy shall expire when the term of office of the Audit & Supervisory Committee Member who has resigned ends.</u></p>
<p>(Newly established)</p>	

Current Articles of Incorporation	Proposed Amendments
(Representative Directors and Titled Directors)	(Representative Directors and Titled Directors)
Article 21	Article 21
<ol style="list-style-type: none"> 1. The Board of Directors shall by its resolution appoint one or more Representative Directors. 2. The Board of Directors may by its resolution appoint one Chairman and one President, as well as one or more Vice Presidents, Executive Managing Directors, and Managing Directors. 	<ol style="list-style-type: none"> 1. The Board of Directors may by its resolution appoint <u>from among the Directors who are not Audit & Supervisory Committee Members,</u> one or more Representative Directors. 2. The Board of Directors may by its resolution appoint <u>from among the Directors who are not Audit & Supervisory Committee Members,</u> one Chairman and one President, as well as one or more Vice Presidents, Executive Managing Directors, and Managing Directors.
(Convener of Board of Directors' Meetings and Its Chairperson)	(Convener of Board of Directors' Meetings and Its Chairperson)
Article 22 Meetings of the Board of Directors shall be convened by <u>the President,</u> who shall serve as its <u>Chairperson.</u> In the event of an accident involving <u>the President,</u> another Director <u>shall assume the President's role,</u> following the order of precedence established <u>in advance</u> by the Board of Directors.	Article 22 Meetings of the Board of Directors shall be <u>convened by a Director determined in advance</u> by the Board of Directors, who shall serve as its Chairperson, <u>unless otherwise provided for by laws and regulations.</u> <u>However,</u> in the event of an accident involving <u>said Director or in his or her absence,</u> another Director <u>shall assume his or her role,</u> following the order of precedence established <u>in advance</u> by the Board of Directors.
(Convocation Notice for Board of Directors' Meeting)	(Convocation Notice for Board of Directors' Meeting)
Article 23	Article 23
<ol style="list-style-type: none"> 1. A convocation notice for a Board of Directors' meeting shall be given to each Director <u>and Audit & Supervisory Board Member</u> at least three days before the day of the meeting. However, this period may be reduced in case of emergency. 2. With the consent of all Directors <u>and Audit & Supervisory Board Members,</u> a Board of Directors' meeting may be convened without the required convocation procedures. 	<ol style="list-style-type: none"> 1. A convocation notice for a Board of Directors' meetings shall be given to each Director at least three days before the day of the meeting. However, this period may be reduced in case of emergency. 2. With the consent of all Directors, a Board of Directors' meeting may be convened without the required convocation procedures.
(Omission of Resolutions of the Board of Directors)	(Omission of Resolutions of the Board of Directors)
Article 24 When all the Directors agree to a resolution matter of the Board of Directors in writing or by electromagnetic recording, the Company shall deem that a resolution of the Board of Directors approving such resolution matter has been adopted. <u>However, if an Audit & Supervisory Board Member objects, this provision shall not apply.</u>	Article 24 When all the Directors agree to a resolution matter of the Board of Directors in writing or by electromagnetic recording, the Company shall deem that a resolution of the Board of Directors approving such resolution matter has been adopted.
(Newly established)	<u>(Delegating Decisions on Execution of Important Operations to Directors)</u>
	Article 25 <u>In accordance with the provisions of Article 399-13, Paragraph 6 of the Companies Act, the Company may delegate all or part of decisions on execution of important operations (excluding matters listed in each item of Article 399-13, Paragraph 5 of the Companies Act) to Directors by resolution of the Board of Directors.</u>

Current Articles of Incorporation	Proposed Amendments
(Board of Directors Rules)	(Board of Directors Rules)
Article <u>25</u> Matters concerning the Board of Directors shall be determined by laws and regulations or the Articles of Incorporation, as well as the Board of Directors Rules established by the Board of Directors.	Article <u>26</u> Matters concerning the Board of Directors shall be determined by laws and regulations or the Articles of Incorporation, as well as the Board of Directors Rules established by the Board of Directors.
(Remuneration of Directors, etc.)	(Remuneration of Directors, etc.)
Article <u>26</u> Directors' remuneration, bonuses, and other economic benefits received from the Company as consideration for fulfilling their duties (<u>hereinafter referred to as "Remuneration, etc."</u>) shall be determined by resolution of the General Meeting of Shareholders.	Article <u>27</u> Directors' remuneration, bonuses and other economic benefits received from the Company as consideration for fulfilling their duties shall be determined <u>separately for Audit & Supervisory Committee Members and other Directors</u> by resolution of the General Meeting of Shareholders.
(Limited liability agreements with <u>Outside Directors</u>)	(Limited liability agreements with non-executive Directors, etc.)
Article <u>27</u> Pursuant to the provisions of Article 427, Paragraph 1 of the Companies Act, the Company may enter into an agreement with <u>an Outside Director</u> that limits his or her liability for damages arising from failure to carry out his or her duties. However, the limit of liability under such agreement shall be as prescribed by laws and regulations.	Article <u>28</u> Pursuant to the provisions of Article 427, Paragraph 1 of the Companies Act, the Company may enter into an agreement with a <u>Director (excluding an Executive Director, etc.)</u> that limits his or her liability for damages arising from failure to carry out his or her duties. However, the limit of liability under such agreement shall be as prescribed by laws and regulations.
Chapter 5 <u>Audit & Supervisory Board Members and Audit & Supervisory Board</u>	Chapter 5 <u>Audit & Supervisory Committee</u>
<u>(Number of Audit & Supervisory Board Members)</u>	(Deleted)
Article 28 <u>The Company shall have three to no more than five Audit & Supervisory Board Members.</u>	
<u>(Election method of Audit & Supervisory Board Members)</u>	(Deleted)
Article 29	
1. <u>Audit & Supervisory Board Members shall be elected at the General Meeting of Shareholders.</u>	
2. <u>A resolution for the election of Audit & Supervisory Board Members shall be made with the approval of a majority of the voting rights held by the shareholders who are present at the General Meeting of Shareholders and who hold at least one-third of the voting rights of all the shareholders who can exercise such rights.</u>	
<u>(Term of Office of Audit & Supervisory Board Members)</u>	(Deleted)
Article 30	
1. <u>The term of office of an Audit & Supervisory Board Member shall expire at the close of the Annual General Meeting of Shareholders for the last fiscal year ending within four years after the Audit & Supervisory Board Member's election.</u>	
2. <u>The term of office of an Audit & Supervisory Board Member who has been elected to fill a vacancy left by an Audit & Supervisory Board Member who has resigned before his or her term of office ends shall expire when the term of office of the resigned Audit & Supervisory Board Member ends.</u>	

Current Articles of Incorporation	Proposed Amendments
(Full-time <u>Audit & Supervisory Board Members</u>)	(Full-time <u>Audit & Supervisory Committee Members</u>)
Article <u>31</u> <u>The Audit & Supervisory Board</u> shall by its resolution appoint Full-time <u>Audit & Supervisory Board Members</u> .	Article <u>29</u> <u>The Audit & Supervisory Committee</u> may by its resolution appoint Full-time <u>Audit & Supervisory Committee Members</u> from among the <u>Audit & Supervisory Committee Members</u> .
(Convocation Notice for <u>Audit & Supervisory Board Meeting</u>)	(Convocation Notice for <u>Audit & Supervisory Committee Meeting</u>)
Article <u>32</u> A convocation notice for an <u>Audit & Supervisory Board meeting</u> shall be given to each <u>Audit & Supervisory Board Member</u> at least three days before the day of the meeting. However, this period may be reduced <u>in case of</u> emergency.	Article <u>30</u> 1. A convocation notice for an <u>Audit & Supervisory Committee meeting</u> shall be given to each <u>Audit & Supervisory Committee Member</u> at least three days before the day of the meeting. However, this period may be reduced in case of emergency.
(Newly established)	2. <u>With the consent of all Audit & Supervisory Committee Members</u> , an <u>Audit & Supervisory Committee meeting</u> may be convened without the <u>required convocation procedures</u> .
(Audit & Supervisory Board Rules)	(Audit & Supervisory Committee Rules)
Article <u>33</u> Matters concerning the <u>Audit & Supervisory Board</u> shall be determined by laws and regulations or the Articles of Incorporation, as well as the <u>Audit & Supervisory Board Rules</u> established by the <u>Audit & Supervisory Board</u> .	Article <u>31</u> Matters concerning the <u>Audit & Supervisory Committee</u> shall be determined by laws and regulations or the Articles of Incorporation, as well as the <u>Audit & Supervisory Committee Rules</u> established by the <u>Audit & Supervisory Committee</u> .
(Remuneration of Audit & Supervisory Board Members, etc.)	(Deleted)
Article <u>34</u> <u>Remuneration of Audit & Supervisory Board Members, etc. shall be determined by resolution of the General Meeting of Shareholders.</u>	(Deleted)
(Limited Liability Agreements with Outside Audit & Supervisory Board Members)	(Deleted)
Article <u>35</u> <u>Pursuant to the provisions of Article 427, Paragraph 1 of the Companies Act, the Company may enter into an agreement with an Outside Audit & Supervisory Board Member that limits his or her liability for damages arising from failure to carry out his or her duties. However, the limit of liability under such agreement shall be as prescribed by laws and regulations.</u>	
Chapter VI Accounting	Chapter VI Accounting
Article <u>36</u> –Article <u>39</u> (Text omitted)	Article <u>32</u> –Article <u>35</u> (No change)
(Newly established)	(Supplementary Provisions)
	<u>(Transitional Measures Concerning Exemption of Liability of Audit & Supervisory Board Members)</u> <u>Agreements that limit compensation liability under Article 423, Paragraph 1 of the Companies Act in regard to the actions of Outside Audit & Supervisory Board Members (including those who were previously Outside Audit & Supervisory Board Members) before the close of the 60th Annual General Meeting of Shareholders shall be governed by the provisions of Article 35 of</u>

Current Articles of Incorporation	Proposed Amendments
	<u>the Articles of Incorporation before they were amended by resolution of the 60th Annual General Meeting of Shareholders.</u>

Proposal No. 3: Election of Three Directors (Excluding Directors Who Are Audit & Supervisory Committee Members)

If Proposal No. 2 “Amendment to the Articles of Incorporation” is approved and adopted as originally proposed, the Company will transition to a Company with Audit & Supervisory Committee. Accordingly, the terms of office of all six Directors will expire at the conclusion of this meeting. Therefore, the Company proposes the election of three Directors (excluding Directors who are Audit & Supervisory Committee Members).

Moreover, this Proposal shall take effect only if Proposal No. 2 “Amendment to the Articles of Incorporation” becomes effective.

The candidates for Director (excluding Directors who are Audit & Supervisory Committee Members) are as follows:

Candidate No.	Name (Date of birth)	Career summary, position and responsibility in the Company, and significant concurrent positions outside the Company	Number of the Company’s shares owned
1	Toyoshi Umabayashi (September 29, 1963) [Re-election]	Apr. 1990 Joined the Company Apr. 2002 General Manager of Design Department May 2003 Director and General Manager of Design Department Apr. 2009 Director of ZUIKO (SHANGHAI) CORPORATION (current position) Jan. 2011 Director of the Company Mar. 2018 Vice President, Executive Officer and COO May 2018 Vice President & COO May 2020 President & CEO (current position)	35,900
[Reasons for nomination as candidate for Director] As President of the Company, Toyoshi Umabayashi provides strong leadership in pursuing our medium-term management plan. Mr. Umabayashi has a long track record in our Group’s businesses and management, together with a wide range of insights. As a Director of the Company, he has contributed to the growth and development of our Group for many years. We believe that Mr. Umabayashi is well qualified to continue enhancing the Company’s corporate value. For this reason, we renominated him as a candidate for Director.			
2	Yi Xu (June 28, 1974) [Re-election]	Feb. 1998 Joined the Company Dec. 2003 Seconded to ZUIKO (SHANGHAI) CORPORATION May 2013 Vice President May 2015 President (current position) May 2016 Executive Officer of the Company May 2017 Director and Executive Officer June 2017 Chairman of ZUIKO (SHANGHAI) CORPORATION (current position) Mar. 2018 Director and Executive Officer of the Company General Manager of Asia Area Division May 2018 Director General Manager of Asia Area Division May 2020 Director General Manager of Global Division May 2021 Director (current position)	–
[Reasons for nomination as candidate for Director] Yi Xu laid the foundation for the Company’s Chinese base, and has demonstrated strong leadership in driving the growth of its China business. Given that his management capabilities will contribute to energizing the Board of Directors of the Company, we believe that Mr. Xu is well qualified to continue enhancing the Company’s corporate value. For this reason, we renominated him as a candidate for Director.			

Candidate No.	Name (Date of birth)	Career summary, position and responsibility in the Company, and significant concurrent positions outside the Company	Number of the Company's shares owned
3	Norihiro Asada (December 14, 1956) [Re-election]	<p>Apr. 1979 Joined Nikko Securities Co., Ltd. (currently SMBC Nikko Securities Inc.)</p> <p>Sept. 1996 President of Asia Hong Kong</p> <p>May 1999 Joined Tokyo-Mitsubishi Securities (currently Mitsubishi UFJ Morgan Stanley Securities Co., Ltd.)</p> <p>July 1999 Vice President of Mitsubishi Securities International (London) plc</p> <p>Apr. 2004 General Manager of 1st Division of investment bank, Headquarters</p> <p>July 2006 General Manager of Equity Sales Division</p> <p>Apr. 2008 General Manager of Solution Group</p> <p>June 2010 Standing Audit & Supervisory Board Member of KOKUSAI Asset Management Co., Ltd. (currently Mitsubishi UFJ Kokusai Asset Management Co., Ltd.)</p> <p>Apr. 2016 President and Representative Director of Consulting Office ASADA Inc.</p> <p>Jan. 2022 Joined the Company General Manager of Corporate Strategy Department</p> <p>May 2022 Director (current position)</p> <p>July 2022 Auditor of ZUIKO (SHANGHAI) CORPORATION (current position)</p>	—
<p>[Reasons for nomination as candidate for Director]</p> <p>Norihiro Asada has more than 30 years of experience at securities companies. Utilizing this experience, Mr. Asada has not only improved current operations for the Company's accounting and finance as a consultant with Consulting Office ASADA Inc. for a period of approximately one and a half years, but he has also given advice on medium- to long-term initiatives from a higher perspective. After joining the Company, he has concentrated on areas such as planning and promotion of IR activities, and has worked to enhance corporate value. Furthermore, as he has experience working overseas as well as management experience, we believe that Mr. Asada is well qualified to enhance the Company's corporate value. For this reason, we renominated him as a candidate for Director.</p>			

- Notes:
1. There is no special interest between any of the candidates and the Company.
 2. The Company has entered into a directors and officers liability insurance policy with an insurance company whose content is summarized below. Each of the candidates is already an insured under the policy and will continue to be such if the re-election of each candidate is approved. We plan to renew this insurance policy, with the content unchanged, before their terms of office end.
 - (i) Actual portion of insurance premiums borne by the insureds
The insurance premiums, including those for special clauses, are borne by the Company, and there are no insurance premiums actually borne by the insureds.
 - (ii) Summary of insurance incidents covered
The policy, including special clauses, covers losses and court costs that may arise from the insured's assumption of liability incurred in the course of the performance of duties as an officer or a person at a certain position, or receipt of claims pertaining to the pursuit of such liability. However, there are certain reasons for coverage exclusion, such as performance of an illegal act with full knowledge of its illegality.

Proposal No. 4: Election of Three Directors Who Are Audit & Supervisory Committee Members

If Proposal No. 2 “Amendment to the Articles of Incorporation” is approved and adopted as originally proposed, the Company will transition to a Company with Audit & Supervisory Committee. Therefore, the Company proposes the election of three Directors who are Audit & Supervisory Committee Members.

In addition, the consent of the Audit & Supervisory Board has been obtained in advance for this Proposal.

This Proposal shall take effect only if Proposal No. 2 “Amendment to the Articles of Incorporation” becomes effective.

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

Candidate No.	Name (Date of birth)	Career summary, position and responsibility in the Company, and significant concurrent positions outside the Company	Number of the Company’s shares owned
1	Masakatsu Hioki (July 30, 1950) Candidate for Outside Director [New-election]	Apr. 1975 Joined Komatsu Ltd. Apr. 2004 Executive Officer Apr. 2008 Senior Executive Officer (Jomu) July 2012 Advisor June 2014 Outside Director of THK CO., LTD. (current position) Nov. 2014 Outside Director of Sukiya Headquarters Co., Ltd. (currently Sukiya Co., Ltd.) (current position) Apr. 2015 Visiting Professor of Ritsumeikan University Business School May 2016 Outside Director of the Company (current position) Nov. 2021 Director of ZUIKO (SHANGHAI) CORPORATION (current position)	—
[Reasons for nomination as candidate for Outside Director who is an Audit & Supervisory Committee Member and outline of expected roles] Masakatsu Hioki has acquired advanced insight about management, human resources and general affairs, along with a wealth of experience, through the years he worked at a global company. Mr. Hioki actively offers opinions based on these insights and experience at the meetings of the Board of Directors, playing an appropriate role as our Outside Director, which includes supervising the execution of business. He also attends the meetings of the Executive Appointment and Remuneration Advisory Board as Chairman to actively provide his opinions. We expect Mr. Hioki to continue objectively supervising the Company’s management in a capacity independent from executives. For this reason, we newly nominated him as a candidate for Outside Director who is an Audit & Supervisory Committee Member.			
2	Takao Takeuchi (December 3, 1950) Candidate for Outside Director [New election]	Apr. 1977 Registered as lawyer Apr. 1977 Associate Lawyer, Miyake Joint Partnership Law Office (currently Miyake & Partners) Apr. 1984 Partner Lawyer Apr. 1988 Managing Partner, Takeuchi Sogo Law Office (current position) May 2008 Outside Audit & Supervisory Board Member of the Company (current position)	—
[Reasons for nomination as candidate for Outside Director who is an Audit & Supervisory Committee Member and outline of expected roles] Takao Takeuchi has abundant professional insights into corporate legal affairs as a lawyer. Utilizing these insights, Mr. Takeuchi has fulfilled an appropriate role in his audit duties as an Outside Audit & Supervisory Board Member from May 2008 to the present, with a view to improving the Company’s governance. Considering his track record, we expect Mr. Takeuchi to continue objectively supervising the Company’s management in a capacity independent from the Company’s executives. For this reason, we newly nominated him as a candidate for Outside Director who is an Audit & Supervisory Committee Member.			

Candidate No.	Name (Date of birth)	Career summary, position and responsibility in the Company, and significant concurrent positions outside the Company	Number of the Company's shares owned
3	Miho Ishihara (February 17, 1969) Candidate for Outside Director [New election]	<p>Oct. 1996 Joined Asahi & Co. (currently KPMG AZSA LLC)</p> <p>Jan. 2002 Registered as Certified Public Accountant</p> <p>Feb. 2006 Joined Protiviti Japan (currently Protiviti LLC)</p> <p>Apr. 2009 Joined EY Advisory Co., Ltd. (currently EY Advisory & Consulting Co., Ltd.)</p> <p>May 2010 Opened Ishihara Certified Public Accountant Office (currently Ishihara Certified Public Accountant & Certified Public Tax Accountant Office), Head of the office (current position)</p> <p>Dec. 2010 Registered as Certified Public Tax Accountant</p> <p>June 2019 Outside Audit & Supervisory Board Member, Yodogawa Steel Works, Ltd. (current position)</p>	—
<p>[Reasons for nomination as candidate for Outside Director who is an Audit & Supervisory Committee Member and outline of expected roles]</p> <p>As a Certified Public Accountant and a Certified Public Tax Accountant, Miho Ishihara has been engaged in business plan development support, business succession, asset management, financial strategies and other duties, as well as financial audit work. Considering her track record, we expect Ms. Ishihara to continue objectively supervising the Company's management in a capacity independent from the Company's executives. For this reason, we newly nominated her as a candidate for Outside Director who is an Audit & Supervisory Committee Member.</p>			

- Notes:
1. There is no special interest between any of the candidates and the Company.
 2. The Company has entered into an agreement with Masakatsu Hioki and Takao Takeuchi to limit the liability for damages stipulated in Article 423, Paragraph 1 of the Companies Act, pursuant to the provisions of Article 427, Paragraph 1 of the Companies Act and the Articles of Incorporation of the Company. If their election is approved, the Company intends to continue the above agreement with them. The maximum amount of liability for damages under this agreement is the minimum liability amount provided for under laws and regulations. In addition, If the election of Miho Ishihara is approved, the Company intends to enter into a similar limited liability agreement with her.
 3. The Company has entered into a directors and officers liability insurance policy with an insurance company whose content is summarized below. Masakatsu Hioki and Takao Takeuchi are already insureds under the policy and will continue to be such if they are elected. Furthermore, if the election of Miho Ishihara is approved, she will become an insured under the policy. We plan to renew this insurance policy, with the content unchanged, before their terms of office end.
 - (i) Actual portion of insurance premiums borne by the insureds
The insurance premiums, including those for special clauses, are borne by the Company, and there are no insurance premiums actually borne by the insureds.
 - (ii) Summary of insurance incidents covered
The policy, including special clauses, covers losses and court costs that may arise from the insured's assumption of liability incurred in the course of the performance of duties as an officer or a person at a certain position, or receipt of claims pertaining to the pursuit of such liability. However, there are certain reasons for coverage exclusion, such as performance of an illegal act with full knowledge of its illegality.
 4. Candidates for Outside Director
 - (1) Independence as Outside Director
There is no business relationship between the Group and any of the companies at which Masakatsu Hioki, Takao Takeuchi, and Miho Ishihara hold concurrent positions as executives. Therefore, we have determined that they have sufficient independence without the risk of conflicts of interest with general shareholders according to the independence standards set by the Company (please see [Reference] Independence Standards for Outside Directors, presented later in the document).
 - (2) Officers of the Company's subsidiary
Masakatsu Hioki is a Director of ZUIKO (SHANGHAI) CORPORATION, a subsidiary of the Company. Mr. Hioki does not have authority over business execution at ZUIKO (SHANGHAI) CORPORATION.
 - (3) Ability to properly carry out duties as an Outside Director
Other than being appointed as Outside Officers, Takao Takeuchi and Miho Ishihara have had no previous involvement in corporate management. However, for the reasons stated in "Reasons for nomination as candidate for Outside Director who is an Audit & Supervisory Committee Member and outline of expected roles" above, we have judged that they will be able to properly carry out their duties as Outside Directors who are Audit & Supervisory Committee Members.
 - (4) Tenure as Outside Director and Audit & Supervisory Board Member of the Company

Masakatsu Hioki is currently an Outside Director of the Company. Mr. Hioki will have served as an Outside Director for seven years at the close of this meeting. In addition, Takao Takeuchi is currently an Outside Audit & Supervisory Board Member of the Company. Mr. Takeuchi will have served as an Audit & Supervisory Board Member for 15 years at the close of this meeting.

5. The Company has submitted notification to the Tokyo Stock Exchange that Masakatsu Hioki and Takao Takeuchi have been designated as independent officers as provided for by the aforementioned exchange. If their election is approved, the Company intends to continue to designate them as independent officers accordingly. In addition, if the election of Miho Ishihara is approved, the Company intends to designate her as an independent officer.

[Reference] Independence Standards for Outside Directors

The Board of Directors of the Company has established the following independence standards for Outside Directors in order to ensure that candidates who are capable of contributing to open, lively, and constructive discussions at board meetings are nominated.

1 Basic stance

The term “Independent Outside Director” shall refer to an Outside Director who poses no risk of causing conflicts of interest with the Company’s general shareholders.

If a person may be significantly controlled by the Company’s senior management, or if he or she may have significant control over the Company’s senior management, the Company judges that he or she does not have independence because the individual may cause conflicts of interest with general shareholders.

2 Independence standards

Considering the basic stance stated in 1 above, a person who falls under any of the following is judged not to be independent.

- (1) Person who does business with the Company or any of its subsidiaries as a major business partner, or an executive thereof

The definition refers to a business partner or an executive thereof with whom the Company or any of its subsidiaries has a business relationship that may have a significant influence on the business partner’s decision-making. More specifically, the definition includes the said business partner if net sales from transactions with the Company or any of its subsidiaries make up 5 percent or more of the business partner’s net sales.

Each year, the Company looks into the business relationship that the Company and/or any of its subsidiaries has with the corporation where a candidate for Outside Director holds a concurrent position (as an executive) in order to make a judgment about the independence of the candidate. The Company’s department in charge of transactions with the said corporation directly contacts the corporation to make inquiries, and/or takes any other relevant actions, as a means of this examination.

- (2) Major business partner of the Company or an executive thereof

The definition refers to a business partner or an executive thereof whose business relationship with the Company may have a significant influence on the Company’s decision-making. More specifically, the definition includes the said business partner if net sales from transactions with the business partner make up 5 percent or more of the Company’s net sales.

Each year, the Company has a discussion with its department in charge of transactions with the corporation where a candidate for Outside Director holds a concurrent position (as an executive) in order to make a judgment about the independence of the candidate.

- (3) Specialist (consultant, Certified Public Accountant, or lawyer) who, other than executive compensation, receives a large amount of money or other assets (or a person who belongs to a group such as a corporation that receives such money or assets)

Whether a specialist receives “a large amount of money or other assets” shall be determined in light of “a large amount of money or other assets” as defined in Article 74, paragraph (4), item (vii)-(d) of the Regulations for Enforcement of the Companies Act, or Article 76, paragraph (4), item (vi)-(d) of the same Regulations. If the total income of the person who receives such money or assets considerably relies on the remuneration from the Company, the remuneration shall be judged to fall within the definition.

- (4) Person who falls under any of (1) to (3) above in the last one year

- (5) Spouse or relative within the second degree of kinship of any of the material personnel among the personnel listed below:

- (a) A person who falls under any of (1) to (4) above;
- (b) An executive of the Company’s subsidiary;
- (c) A person who fell under (b) above in the last one year; or
- (d) A person who was an executive of the Company in the last one year.

[Reference] Skill Matrix of the Board of Directors as of the Conclusion of This General Meeting

Name	Position and Responsibility	Independence	Areas of Expertise Particularly Expected of Directors and Audit & Supervisory Committee Members						
			Management Experience	Sales Marketing	Technological Development	Finance and Accounting	Human Resource Development Labor	Legal Affairs Compliance	Overseas Operation
Toyoshi Umebayashi	President & CEO		●	●	●			●	●
Yi Xu	Director		●	●					●
Norihiro Asada	Director		●			●			
Masakatsu Hioki	Outside Director (Audit & Supervisory Committee Member)	●					●		
Takao Takeuchi	Outside Director (Audit & Supervisory Committee Member)	●						●	
Miho Ishihara	Outside Director (Audit & Supervisory Committee Member)	●				●			

* The skill matrix above does not show all of the expertise and experience that each Director possesses.

Proposal No. 5: Determination of Remuneration Amount for Directors (Excluding Directors Who Are Audit & Supervisory Committee Members)

With regard to the amount of remuneration, etc. of the Company's Directors, the limit of such remuneration has been set at ¥300 million per year (including the Outside Directors' component, which was set at not more than ¥30 million per year, but excluding the employee compensation of Directors concurrently serving as employees), since it was so approved at the 53rd Annual General Meeting of Shareholders held on May 17, 2016.

At this time, if Proposal No. 2 "Amendment to the Articles of Incorporation" is approved and adopted as originally proposed, the Company will transition to a Company with Audit & Supervisory Committee.

Accordingly, the Company proposes to abolish provisions pertaining to the current remuneration amount for Directors and set the remuneration amount for Directors (excluding Directors who are Audit & Supervisory Committee Members) at not more than ¥300 million per year (including the Outside Directors' component, which shall be set at not more than ¥30 million per year), considering various circumstances including economic conditions. This proposal is being made in order to set a new remuneration amount for Directors (excluding Directors who are Audit & Supervisory Committee Members) in connection with the transition to a Company with Audit & Supervisory Committee. Moreover, the Company proposes that the remuneration amount for Directors (excluding Directors who are Audit & Supervisory Committee Members) shall not include the employee compensation of Directors concurrently serving as employees.

An outline of the policy for determining the content of remuneration, etc. for individual Directors of the Company is provided in "IV. Matters Concerning Officers of the Company" of the Business Report. If this proposal is approved, we plan to amend, among other actions, the part that states that the eligible persons are "Directors" to "Directors (excluding Directors who are Audit & Supervisory Committee Members)." at the Board of Directors meeting after the conclusion of this General Meeting as newly described later in this notice.

The content of this proposal stipulates that the Board of Directors determines the remuneration limit for Directors (excluding Directors who are Audit & Supervisory Committee Members) within a reasonable scope, after consulting with the Executive Appointment and Remuneration Advisory Board, and considering factors such as economic conditions, the size of the Company, the number of Directors, and remuneration levels at other companies. In addition, the proposal is aligned with the policy for determining the content of remuneration, etc. for individual Directors (excluding Directors who are Audit & Supervisory Committee Members) that is scheduled to be newly changed as described above. We have judged that the content of this proposal is necessary and appropriate.

We currently have six Directors (including two Outside Directors). If Proposal No. 2 "Amendment to the Articles of Incorporation" and Proposal No. 3 "Election of Three Directors (Excluding Directors Who are Audit & Supervisory Committee Members)" are approved and adopted as originally proposed, the number of Directors (excluding Directors who are Audit & Supervisory Committee Members) will be three (including 0 Outside Directors).

This Proposal shall take effect only if Proposal No. 2 "Amendment to the Articles of Incorporation" becomes effective.

[Reference] Policy for determining the content of remuneration, etc. for individual Directors (excluding Directors who are Audit & Supervisory Committee Members) (Proposal)

(i) Basic policy

The Company's basic policy is as follows. The remuneration, etc. of Directors (excluding Directors who are Audit & Supervisory Committee Members) shall be based on a remuneration structure that takes into account links to shareholder interests to ensure that it functions sufficiently as incentive to continuously enhance corporate value. Specifically, the remuneration, etc. of Directors (excluding Directors who are Audit & Supervisory Committee Members and Outside Directors) shall consist of base remuneration as fixed monetary remuneration, monetary remuneration (bonuses) as performance-linked remuneration, and restricted stock remuneration as non-monetary remuneration. The remuneration, etc. of Outside Directors (excluding Directors who are Audit & Supervisory Committee Members) with supervising functions shall consist solely of base remuneration as fixed monetary remuneration, in light of their duties.

(ii) Policy for determining the amount of fixed monetary remuneration and the determination method (including policies for determining the timing or conditions for granting remuneration, etc.)

The base remuneration of the Company's Directors (excluding Directors who are Audit & Supervisory Committee Members and Outside Directors) shall consist of monthly fixed monetary remuneration and shall be determined with comprehensive consideration given to their position, responsibilities, and term of service, as well as considering the remuneration levels of other companies, the Company's performance, and employee salary levels, and based on the report of the Executive Appointment and Remuneration Advisory Board. Moreover, the Company resolved to abolish the payment of retirement benefits at the 45th Annual General Meeting of Shareholders held on May 16, 2008. In addition to the monthly fixed monetary remuneration, the Company shall pay retirement benefits to the Executive Officers who were in office as of the time of this resolution after they have retired in accordance with this resolution and the Company's Retirement Benefit Payment Rules.

(iii) Policy for determining the content of the performance indicators related to performance-linked remuneration and the method for calculating the amount or number of the performance-linked remuneration (including policies for determining the timing or conditions for granting remuneration, etc.)

The monetary remuneration (bonuses) as performance-linked remuneration shall be positioned as an incentive to raise awareness of the importance of improving performance every fiscal year. With performance indicators defined as net sales, operating profit, profit, and return on equity (ROE) for each fiscal year, the amounts shall be calculated based on the degree of achievement toward these targets and shall be paid at a specific time every year.

(iv) Policy for determining the content of non-monetary remuneration and the method for calculating the amount or number of the non-monetary remuneration (including policies for determining the timing or conditions for granting remuneration, etc.)

Non-monetary remuneration shall be restricted stock remuneration and linked to medium- to long-term performance, and the proportion of this remuneration relative to monetary remuneration shall be set appropriately to ensure that it functions as a sound incentive for achieving sustainable growth. The Directors (excluding Directors who are Audit & Supervisory Committee Members and Outside Directors) shall pay all monetary claims they receive based on Board of Directors resolutions as property contributed in kind and, in return, shall receive common shares of the Company that shall be issued or disposed of by the Company.

(v) Policy for determining the ratio between fixed monetary remuneration, performance-linked remuneration, and non-monetary remuneration

The specific ratio for the different types of remuneration for Directors (excluding Directors who are Audit & Supervisory Committee Members and Outside Directors) is reviewed by the Executive Appointment and Remuneration Advisory Board in consideration of the remuneration levels at companies of a similar size or in the same industry or business category as the Company as benchmarks.

When determining the remuneration, etc. for individual Directors (excluding Directors who are Audit & Supervisory Committee Members and Outside Directors), the contents of the report of the Executive Appointment and Remuneration Advisory Board shall be respected to the maximum extent, and the contents

of remuneration, etc. for individual Directors (excluding Directors who are Audit & Supervisory Committee Members and Outside Directors) shall be determined within the range of the ratio for the different types of remuneration indicated in the report.

As a guideline for the ratio for the types of remuneration, etc., the ratio of base remuneration to performance-linked remuneration to non-monetary remuneration shall be 66.7:22.2:11.1 when the targets for the performance indicators related to performance-linked remuneration are achieved.

- (vi) Method for determining the contents of remuneration, etc. for individual Directors (excluding Directors who are Audit & Supervisory Committee Members)

The authority to determine the specific content of the base remuneration and the monetary remuneration (bonuses) as performance-linked remuneration of Directors (excluding Directors who are Audit & Supervisory Committee Members) shall be delegated to the President based on a resolution by the Board of Directors. The details of such authority shall be the evaluation and allocation of the amount of base remuneration of each Director (excluding Directors who are Audit & Supervisory Committee Members) and monetary remuneration (bonuses) as performance-linked remuneration of each Director (excluding Directors who are Audit & Supervisory Committee Members and Outside Directors) based on the performance of the operations they are in charge of.

To ensure that such authority is exercised properly by the President, the Board of Directors shall consult with and receive a report from the Executive Appointment and Remuneration Advisory Board on the original proposal, and the President, who was delegated with such authority, shall respect the contents of the report to the maximum extent.

Regarding restricted stock remuneration as non-monetary remuneration, the Board of Directors shall determine the number of allotted shares for individual Directors (excluding Directors who are Audit & Supervisory Committee Members and Outside Directors) and the amount of monetary claims as property contributed in kind, based on the report of the Executive Appointment and Remuneration Advisory Board.

Proposal No. 6: Determination of Remuneration Amount for Directors Who Are Audit & Supervisory Committee Members

If Proposal No. 2 “Amendment to the Articles of Incorporation” is approved and adopted as originally proposed, the Company will transition to a Company with Audit & Supervisory Committee.

Accordingly, the Company proposes to set the remuneration amount for Directors who are Audit & Supervisory Committee Members at not more than ¥40 million per year, considering the roles and responsibilities of Directors who are Audit & Supervisory Committee Members. This proposal is being made in connection with the transition to a Company with Audit & Supervisory Committee.

The content of this proposal stipulates that the Board of Directors determines the remuneration limit for Directors who are Audit & Supervisory Committee Members within a reasonable scope, after consulting with the Executive Appointment and Remuneration Advisory Board, and considering factors such as the roles of Directors who are Audit & Supervisory Committee Members and remuneration levels of Directors (excluding Directors who are Audit & Supervisory Committee Members). We have judged that the content of this proposal is necessary and appropriate. If Proposal No. 2 “Amendment to the Articles of Incorporation” and Proposal No. 4 “Election of Three Directors Who Are Audit & Supervisory Committee Members” are approved and adopted as originally proposed, the Company will have three Directors who are Audit & Supervisory Committee Members.

This Proposal shall take effect only if Proposal No. 2 “Amendment to the Articles of Incorporation” becomes effective.

Proposal No. 7: Determination of Remuneration for the Granting of Restricted Stock to Directors (Excluding Directors Who Are Audit & Supervisory Committee Members and Outside Directors)

With regard to the amount of remuneration, etc. of the Company's Directors, the limit of such remuneration was set at ¥300 million per year (including the Outside Directors' component, which was set at not more than ¥30 million per year, but excluding the employee compensation of Directors concurrently serving as employees), as approved at the 53rd Annual General Meeting of Shareholders held on May 17, 2016. Moreover, a restricted stock remuneration plan (hereinafter referred to as the "Current Plan") for Directors (excluding Outside Directors) has been introduced separately from the above remuneration limit. The remuneration to be paid to Directors (excluding Outside Directors) in order to deliver the restricted stock has been monetary claims, and the total amount of such claims has been set at not more than ¥50 million per year based on the Current Plan, since it was so approved at the 58th Annual General Meeting of Shareholders held on May 18, 2021.

At this time, if Proposal No. 2 "Amendment to the Articles of Incorporation" is approved and adopted as originally proposed, the Company will transition to a Company with Audit & Supervisory Committee.

Accordingly, in connection with the transition to a Company with Audit & Supervisory Committee, the Company proposes to amend the Current Plan and introduce a new restricted stock remuneration plan (hereinafter referred to as the "Plan") for the Company's Directors (excluding Directors who are Audit & Supervisory Committee Members and Outside Directors; hereinafter referred to as the "Eligible Directors") with the purpose of providing incentive to continuously work to enhance the Company's corporate value, and to promote further sharing of value between the Eligible Directors and shareholders. Based on the Plan, the remuneration to be paid to the Eligible Directors in order to deliver the restricted stock shall be monetary claims, and the total amount of such claims shall be not more than ¥50 million per year, the same amount as the Current Plan, with a separate limit than that of Proposal No. 5 "Determination of Remuneration Amount for Directors (Excluding Directors Who Are Audit & Supervisory Committee Members)." Moreover, the plan described in this proposal is substantially the same as the restricted stock remuneration plan approved at the 58th Annual General Meeting of Shareholders held on May 18, 2021.

Furthermore, four Directors were eligible for the Current Plan. If Proposal No. 2 "Amendment to the Articles of Incorporation" and Proposal No. 3 "Election of Three Directors (Excluding Directors Who Are Audit & Supervisory Committee Members)" are approved and adopted as originally proposed, there will be three Eligible Directors.

This Proposal shall take effect only if Proposal No. 2 "Amendment to the Articles of Incorporation" becomes effective.

The outline of the Plan is as follows.

1. Amount of monetary claims to be paid to the Eligible Directors

The remuneration to be paid to grant restricted stock to the Eligible Directors based on this proposal shall be monetary claims, and the total amount of such claims shall be not more than ¥50 million per year, an amount considered to be appropriate in light of the purpose described above.

The Company has consulted with the Executive Appointment and Remuneration Advisory Board on the above payment and received a report indicating its support for it. In addition, the Board of Directors shall decide on the specific payment schedule and allocations to each Eligible Director, following consultations with the Executive Appointment and Remuneration Advisory Board.

2. Maximum number of restricted shares to be granted to the Eligible Directors

The Eligible Directors shall pay all monetary claims they receive based on the resolutions of the Company's Board of Directors as property contributed in kind, and shall receive in return the issuance or disposition of the Company's common shares. The total number of the Company's common shares to be issued or dispositioned through this Plan shall not exceed 50,000 shares per year (provided, however, that if there is a stock split (including an allotment without compensation of the Company's common shares) or reverse stock split of the Company's common shares with an effective date on or after the date of approval and adoption of this proposal, or if there are grounds for adjusting the total number of the Company's common shares to be issued or dispositioned as restricted stock, the relevant total number of shares shall be adjusted as necessary within a reasonable scope according to the stock split ratio, the reverse stock split ratio, or other indicators.). The paid-in amount per share for the restricted stock shall be the closing price of the Company's common shares on Tokyo Stock Exchange on the last business day before the date of each resolution by the Board of Directors (when there is no trading on that day, the closing price on the most recent trading day before that day).

3. Outline of restricted stock to be granted to the Eligible Directors

The issuance or disposition of the Company's common shares and the monetary claims paid as property contributed in kind for those shares under this proposal are conditional upon the conclusion of a restricted stock

allotment agreement (hereinafter referred to as the “Allotment Agreement”) between the Company and the Eligible Directors that includes the details outlined below. (The Company’s common shares received through allotment through the Allotment Agreement shall hereinafter be referred to as the “Shares.”)

(1) Transfer restriction period

The Eligible Directors may not transfer, create a security interest in, or otherwise dispose of the Shares between the pay-in date for the Shares (hereinafter referred to as the “Pay-in Date”) and the time when they resign from their position as Director of the Company (hereinafter referred to as the “Transfer Restriction Period”).

(2) Conditions on lifting of restriction on transfer

The Company shall lift the transfer restriction on all of the Shares held by an Eligible Director when the Transfer Restriction Period expires, subject to the Eligible Director maintaining his or her position as a Director of the Company for the period established in advance by the Company’s Board of Directors (hereinafter referred to as the “Service Provision Period”).

(3) Grounds for acquisition without compensation

- 1) If an Eligible Director dies before the Service Provision Period expires or if it is determined that the Eligible Director will resign from his or her position as the Company’s Director due to reasons other than those deemed by the Board of Directors to be legitimate, the Company shall acquire all of the Shares without compensation.
- 2) Other grounds for acquisition without compensation shall be stipulated in the Allotment Agreement based on resolutions of the Company’s Board of Directors.

(4) Procedures in the event of death or other such circumstances

Notwithstanding the provisions of (2) above, if an Eligible Director dies during the Service Provision Period or resigns from his or her position as the Company’s Director for other reasons deemed to be legitimate by the Company’s Board of Directors, the Company shall lift the restrictions on transfer for a certain number of the Shares when the Director resigns, which will be determined reasonably based on the Director’s term of office during the Service Provision Period. In addition, if the provisions above apply, the Company shall acquire automatically and without compensation the Shares for which the transfer restriction is not lifted at the time immediately following the lifting of the transfer restriction.

(5) Procedures in the event of organizational restructuring or other such measures

Notwithstanding the provisions of (1) and (2) above, if a merger agreement in which the Company becomes the disappearing company, or a share exchange agreement or share transfer plan under which the Company becomes a wholly owned subsidiary or other matters concerning organizational restructuring or other such measures are approved by the General Meeting of Shareholders (if approval by the General Meeting of Shareholders is not required for organizational restructuring or other such measures, then the Company’s Board of Directors) during the Transfer Restriction Period, the Company shall lift the transfer restriction before the effective date of the organizational restructuring or other such measures, for a certain number of the Shares determined reasonably considering the period from the start date of the Transfer Restriction Period to the date of such approval, by resolution of the Board of Directors. In addition, if the provisions above apply, the Company shall acquire automatically and without compensation the Shares for which the transfer restriction is not lifted at the time immediately following the lifting of the transfer restriction.

(6) Other matters

Other matters concerning the Allotment Agreement shall be determined by the Company’s Board of Directors.

4. Reasons why the granting of restricted stock is appropriate

The purpose of the Plan, as described above, is to provide incentive for the Eligible Directors to continuously work to enhance the Company’s corporate value, and to promote further sharing of value between the Eligible Directors and shareholders.

The upper limit on the remuneration amount, the total number of the Company’s common shares to be issued or dispositioned, and other conditions for granting restricted stock to the Eligible Directors in this proposal have been determined in consideration of the abovementioned purpose of the Plan, the Company’s business conditions, and various other circumstances. In addition, the Company has consulted the Executive Appointment and Remuneration Advisory Board on the granting of restricted stock under this proposal, and the granting of such restricted stock is aligned with the policy for determining the content of remuneration, etc. for individual Directors of the Company (referring to the content which is scheduled to be amended at the Board of Directors meeting after the conclusion of this General Meeting.) Furthermore, the maximum number of restricted shares to be granted under this proposal (50,000 shares per year) represents a ratio of 0.17% of the total number of issued shares (28,800,000 shares as of February 20, 2023), indicating that the dilution ratio

associated with such restricted shares is insignificant. Based on the foregoing reasons, the Company has judged that the granting of restricted stock under this proposal is appropriate.