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(Stock Exchange Code 5357)

June 1, 2023

(Commencement of electronic provision: May 31, 2023)

To Shareholders with Voting Rights:

Mitsuo Taguchi
President
YOTAI REFRACTORIES CO., LTD.
8-1, Nishikinaka-machi, Kaizuka-shi, Osaka

NOTICE OF THE 125TH ANNUAL GENERAL MEETING OF SHAREHOLDERS

Dear Shareholders:

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

We are pleased to inform you that the 125th Annual General Meeting of Shareholders of YOTAI REFRACTORIES CO., LTD. (the “Company”) will be held for the purposes as described below.

The Company has adopted a system of electronic provision for the convocation of this General Meeting of Shareholders. Electronically provided matters are posted on the website below as “Notice of the 125th Annual General Meeting of Shareholders,” so please see details by accessing the following website:

The Company’s website: <https://www.yotai.co.jp/en/>

This information has also been posted on the following website.

Tokyo Stock Exchange website (TSE Listed Company Search service)

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

You can view this Notice by accessing the website above, entering the Company’s name or code in the appropriate field, and click on “Search.” Click on “Basic Information” and “Documents for public inspection/PR information” in turn.

If you do not attend the meeting, you may still exercise your voting rights in writing or via electromagnetic methods (the Internet, etc.); please examine the Reference Documents for the General Meeting of Shareholders below, and exercise your voting rights by 5:40 p.m. on Wednesday, June 21, 2023, Japan time.

- 1. Date and Time:** Thursday, June 22, 2023 at 10:00 a.m. Japan time
- 2. Place:** Conference room at the Company’s Head Office 2nd Floor located at 8-1, Nishikinaka-machi, Kaizuka-shi, Osaka
- 3. Meeting Agenda:**
 - Matters to be reported:**
 1. The Business Report, Consolidated Financial Statements for the Company’s 125th Fiscal Year (April 1, 2022 - March 31, 2023) and results of audits by the Accounting Auditor and the Board of Corporate Auditors of the Consolidated Financial Statements
 2. Non-consolidated Financial Statements for the Company’s 125th Fiscal Year (April 1, 2022 - March 31, 2023)

Proposals to be resolved:

<Company proposals (Proposals 1 through 7)>

- Proposal 1:** Appropriation of Surplus
- Proposal 2:** Partial Amendments to the Articles of Incorporation
- Proposal 3:** Election of 4 Directors (excluding Directors who are Audit & Supervisory Committee Members)
- Proposal 4:** Election of 4 Directors who are Audit & Supervisory Committee Members
- Proposal 5:** Determination of the Amount of Compensation for Directors (excluding Directors who are Audit & Supervisory Committee Members)

Proposal 6: Determination of the Amount of Compensation for Directors who are Audit & Supervisory Committee Members

Proposal 7: Determination of Compensation for Granting Restricted Stock to Directors (Excluding Directors who are Audit & Supervisory Committee Members and External Directors)

<Shareholder proposal (Proposals 8)>

Proposal 8: Appropriation of Surplus

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- Ⓞ **When attending the meeting, please submit the enclosed Voting Rights Exercise Form at the reception desk.**
 - Ⓞ **If the electronically provided matters are revised, the revised versions will be posted on the various websites.**

Reference Documents for the General Meeting of Shareholders

<Company proposals (Proposals 1 through 7)> Proposals and References

Proposal 1: Appropriation of Surplus

The Company, in its First Medium-term Management Plan, aims to maintain profitability and sound financial health, while sustainably improving corporate value and enhancing strategic investments and shareholder returns. The Company's shareholder return policy is to be implemented appropriately through stable dividends and flexible repurchasing of Company shares, targeting a consolidated dividend payout ratio of 30%.

For the 125th fiscal year, in light of factors including the Company's financial position and business performance, the Company proposes a year-end dividend of ¥25 per share.

If this Proposal is approved, the total amount of dividends for the fiscal year, aggregated with the interim dividend of ¥20 per share paid in December 2022, will be ¥45 (an increase of ¥2 year-on-year).

- (1) Type of dividend property
Cash
- (2) Matters related to the allocation of dividend property and the total amount thereof
¥25 per share of the Company's common stock
Total amount: ¥490,775,700
- (3) Effective date of the dividends of surplus
Friday, June 23, 2023

Proposal 2: Partial Amendments to the Articles of Incorporation

1. Reasons for amendments

(1) Transition to a company with audit and supervisory committee

The Company will transition to a company with audit and supervisory committee with the aims of further increasing the transparency of management and enabling swifter decision making by strengthening the supervisory function of the Board of Directors and reinforcing corporate government.

In this regard, the Articles of Incorporation will be amended to newly establish provisions concerning the Audit and Supervisory Committee and Audit and Supervisory Committee Members, delete the provisions concerning Corporate Auditors and the Board of Corporate Auditors, among other amendments.

(2) Exemption from liability of Directors

The Articles of Incorporation will be amended to enable the liability of Directors to be exempted within a certain range determined by laws and regulations by resolution of the Board of Directors, to ensure that Directors are able to demonstrate their roles fully. In addition, with the enforcement of the “Act Partially Amending the Companies Act (Act No. 90 of 2014) on May 1, 2015, it became possible to enter into agreements with directors, excluding executive directors, etc., to limit their liability. Accordingly, in light of the intentions and content of this amendment of the Act, the Articles of Incorporation will be amended to change the current provisions concerning liability limitation agreements. The consent of the individual Corporate Auditors has been obtained regarding the amendments in Article 35 of the Proposed Amendments.

(3) Other

Article numbers shall be realigned in conjunction with the above-mentioned amendments.

2. Details of amendments

The details of the amendments are as follows.

This proposal shall take effect from the conclusion of this General Meeting of Shareholders.

(Amended parts are underlined.)

Current Articles of Incorporation	Proposed Amendments
CHAPTER I General Provisions	CHAPTER I General Provisions
Articles 1 through 3 (Text omitted)	Articles 1 through 3 (No change)
(Organizational Bodies) Article 4 The Company shall have the following organizational bodies in addition to the general meeting of shareholders and Directors. (1) Board of Directors (2) <u>Corporate Auditors</u> (3) <u>Board of Corporate Auditors</u> (4) Accounting Auditors	(Organizational Bodies) Article 4 The Company shall have the following organizational bodies in addition to the general meeting of shareholders and Directors. (1) Board of Directors (2) <u>Audit and Supervisory Committee</u> (Deleted) (3) Accounting Auditors
Article 5 (Text omitted)	Article 5 (No change)
CHAPTER II Shares	CHAPTER II Shares
Articles 6 through 12 (Text omitted)	Articles 6 through 12 (No change)
CHAPTER III General Meeting of Shareholders	CHAPTER III General Meeting of Shareholders
Articles 13 through 18 (Text omitted)	Articles 13 through 18 (No change)

(Amended parts are underlined.)

Current Articles of Incorporation	Proposed Amendments
<p>CHAPTER IV Directors <u>and</u> Board of Directors</p> <p>(Number of Directors)</p> <p>Article 19 The number of Directors of the Company shall not exceed <u>sixteen (16)</u>.</p> <p><Newly established></p>	<p>CHAPTER IV Directors, Board of Directors <u>and</u> <u>Audit and Supervisory Committee</u></p> <p>(Number of Directors)</p> <p>Article 19</p> <p>1. The number of Directors (<u>excluding Directors who are Audit & Supervisory Committee Members</u>) of the Company shall not exceed <u>ten (10)</u>.</p> <p>2. <u>The number of Directors who are Audit and Supervisory Committee Members of the Company shall not exceed five (5)</u>.</p>
<p>(Election of Directors)</p> <p>Article 20</p> <p>1. Directors shall be elected by resolutions of a general meeting of shareholders.</p> <p>2. To adopt a resolution for election of Directors, shareholders who aggregately hold one-third (1/3) or more of the voting rights of all shareholders who are entitled to exercise voting rights shall be present, and such a resolution shall be adopted by a majority of the voting rights of such shareholders present.</p> <p>3. Resolutions for the election of Directors shall not be conducted by cumulative voting.</p>	<p>(Election of Directors)</p> <p>Article 20</p> <p>1. Directors shall be elected by resolutions of a general meeting of shareholders, <u>distinguishing between Directors who are Audit and Supervisory Committee Members and other Directors</u>.</p> <p>2. To adopt a resolution for election of Directors, shareholders who aggregately hold one-third (1/3) or more of the voting rights of all shareholders who are entitled to exercise voting rights shall be present, and such a resolution shall be adopted by a majority of the voting rights of such shareholders present.</p> <p>3. Resolutions for the election of Directors shall not be conducted by cumulative voting.</p>
<p>(Terms of Office of Directors)</p> <p>Article 21 The term of office of Directors shall expire at the conclusion of the Annual General Meeting of Shareholders for the final fiscal year that ends within one (1) year of their election.</p> <p><Newly established></p> <p><Newly established></p>	<p>(Terms of Office of Directors)</p> <p>Article 21</p> <p>1. The term of office of Directors (<u>excluding Directors who are Audit & Supervisory Committee Members</u>) shall expire at the conclusion of the Annual General Meeting of Shareholders for the final fiscal year that ends within one (1) year of their election.</p> <p>2. <u>The term of office of Directors who are Audit and Supervisory Committee Members shall expire at the conclusion of the annual general meeting of shareholders for the final fiscal year that ends within two (2) years of their election.</u></p> <p>3. <u>The term of office of a Director who is an Audit and Supervisory Committee Member elected to fill a vacancy caused by the departure of a Director who is an Audit and Supervisory Committee Member prior to the expiry of such a Director who is an Audit and Supervisory Committee Member's term of office shall expire at the time the term of office of the departing a Director who is an Audit and Supervisory Committee Member expires.</u></p>

(Amended parts are underlined.)

Current Articles of Incorporation	Proposed Amendments
<p>(Representative Directors and Directors with Special Titles) Article 22</p> <ol style="list-style-type: none"> 1. The Company shall appoint the Representative Directors by resolution of the Board of Directors. 2. The Representative Directors shall represent the Company and execute the Company's operations. 3. The Board of Directors, by its resolution, may appoint one (1) Chairperson of the Board of Directors, one (1) President-Director, and one (1) or more Vice President-Directors, Senior Managing Directors, and Managing Directors. 	<p>(Representative Directors and Directors with Special Titles) Article 22</p> <ol style="list-style-type: none"> 1. The Company shall appoint the Representative Directors <u>from among the Directors (excluding Directors who are Audit & Supervisory Committee Members)</u> by resolution of the Board of Directors. 2. The Representative Directors shall represent the Company and execute the Company's operations. 3. The Board of Directors, by its resolution, may appoint one (1) Chairperson of the Board of Directors, one (1) President-Director, and one (1) or more Vice President-Directors, Senior Managing Directors, and Managing Directors <u>from among the Directors (excluding Directors who are Audit & Supervisory Committee Members)</u>.
Article 23 (Text omitted)	Article 23 (No change)
<p>(Notice of Convocation of Board of Directors Meetings) Article 24 The notice of convocation for Board of Directors meetings shall be delivered to each Director <u>and each Corporate Auditor</u> at least three (3) days in advance; provided, however, that such period of advance notice may be shortened in case of an emergency.</p> <p style="text-align: center;"><Newly established></p>	<p>(Notice of Convocation of Board of Directors Meetings) Article 24</p> <ol style="list-style-type: none"> 1. The notice of convocation for Board of Directors meetings shall be delivered to each Director at least three (3) days in advance; provided, however, that such period of advance notice may be shortened in case of an emergency. 2. <u>Board of Directors meetings may be convened without the Company's convocation procedures with the unanimous consent of the Directors.</u>
<p><Newly established></p>	<p>(<u>Notice of Convocation of Audit and Supervisory Committee Meetings</u>) <u>Article 25</u></p> <ol style="list-style-type: none"> 1. <u>The notice of convocation for Audit and Supervisory Committee meetings shall be delivered to each Audit and Supervisory Committee Member at least three (3) days in advance; provided, however, that such period of advance notice may be shortened in case of an emergency.</u> 2. <u>Audit and Supervisory Committee meetings may be convened without convocation procedures with the unanimous consent of the Corporate Auditors.</u>
Articles <u>25</u> through <u>27</u> (Text omitted)	Articles <u>26</u> through <u>28</u> (No change)

(Amended parts are underlined.)

Current Articles of Incorporation	Proposed Amendments
<p>(Omission of Resolution of the Board of Directors) Article <u>28</u> If all of the Directors indicate their consent to a matter for resolution either in writing or in electronic form, the Company shall deem that a resolution has been passed; <u>provided however, that this shall not be the case if a Corporate Auditor has indicated opposition to such proposal.</u></p>	<p>(Omission of Resolution of the Board of Directors) Article <u>29</u> If all of the Directors indicate their consent to a matter for resolution either in writing or in electronic form, the Company shall deem that a resolution has been passed.</p>
<p><Newly established></p>	<p>(Delegation to Directors) <u>Article 30 Pursuant to Article 399-13, Paragraph (6) of the Companies Act, the Company may, by resolution of the Board of Directors, delegate to Directors authority of decision-making on important business executions (excluding matters listed in each Item of Article 399-13, Paragraph (5) of the Act).</u></p>
<p><Newly established></p>	<p>(Rules of the Board of Directors) <u>Article 31 Unless otherwise provided for in laws, regulations or these Articles of Incorporation, matters concerning the Board of Directors shall be governed by the Regulations of the Board of Directors established by the Board of Directors.</u></p>
<p><Newly established></p>	<p>(Rules of the Audit and Supervisory Committee) <u>Article 32 Unless otherwise provided for in laws, regulations or these Articles of Incorporation, matters concerning the Audit and Supervisory Committee shall be governed by the Regulations of the Audit and Supervisory Committee established by the Audit and Supervisory Committee.</u></p>
<p><Newly established></p> <p>(Minutes of Board of Directors Meetings) Article <u>29</u> An outline of the proceedings of the meeting of the Board of Directors, its results, and other matters prescribed by laws and regulations shall be stated or recorded in the minutes, to which the Directors and <u>Corporate Auditors</u> present shall put their names and affix their seals or electronic signatures.</p>	<p>(Remuneration, etc.) <u>Article 33 Remuneration, bonuses, and other economic benefits received from the Company as consideration for the execution of duties (hereinafter, "remuneration, etc.") shall be decided by resolution of a general meeting of shareholders, distinguishing between Audit and Supervisory Committee Members and other Directors.</u></p> <p>(Minutes of Board of Directors Meetings) Article <u>34</u> An outline of the proceedings of the meeting of the Board of Directors, its results, and other matters prescribed by laws and regulations shall be stated or recorded in the minutes, to which the Directors present shall put their names and affix their seals or electronic signatures.</p>

(Amended parts are underlined.)

Current Articles of Incorporation	Proposed Amendments
<p><u>(Exemption of Liability of External Directors)</u> <u>Article 30 Pursuant to the provisions of Article 427, Paragraph (1) of the Companies Act, the Company may enter into agreements with External Directors limiting their liability for damages compensation resulting from an act prescribed in Article 423, Paragraph 1 of the Companies Act; provided, however, that the maximum amount of their liability for damages compensation under such agreements shall be the amount prescribed by laws or regulations.</u></p>	<p><u>(Exemption of Liability of Directors)</u> <u>Article 35</u> 1. <u>Pursuant to the provisions of Article 426, Paragraph (1) of the Companies Act and subject to obtaining the consent of each Audit and Supervisory Committee Member, the Company may, by resolution of the Board of Directors, exempt Directors from liability under Article 423, Paragraph 1 of the Act within the maximum amount prescribed by laws and regulations.</u> 2. <u>Pursuant to the provisions of Article 427, Paragraph (1) of the Companies Act, the Company may enter into agreements with Directors (excluding Executive Directors, etc.) limiting their liability under Article 423, Paragraph 1 of the Act within the maximum amount prescribed by laws and regulations.</u></p>
<p>CHAPTER V Corporate Auditors And Board Of Corporate Auditors</p> <p><u>(Number of Corporate Auditors)</u> <u>Article 31 The number of Corporate Auditors shall not exceed five (5).</u></p>	<p>(Deleted)</p> <p>(Deleted)</p>
<p><u>(Election of Corporate Auditors)</u> <u>Article 32</u> 1. <u>Corporate Auditors shall be elected by resolution of a general meeting of shareholders.</u> 2. <u>To adopt a resolution for election of Corporate Auditors, shareholders who aggregately hold one-third (1/3) or more of the voting rights of all shareholders who are entitled to exercise voting rights shall be present, and such a resolution shall be adopted by a majority of the voting rights of such shareholders present.</u> 3. <u>Even if a vacancy occurs among the Corporate Auditors, if it does not result in a shortfall in the statutory number of Corporate Auditors, the Company may postpone the election of a substitute or not fill the vacancy.</u></p>	<p>(Deleted)</p>
<p><u>(Term of Office of Corporate Auditors)</u> <u>Article 33</u> 1. <u>The term of office of Corporate Auditors shall expire at the conclusion of the annual general meeting of shareholders for the final fiscal year that ends within four (4) years of their election.</u> 2. <u>The term of office of a Corporate Auditor elected to fill a vacancy shall expire at the time the term of office of the departing Corporate Auditor expires.</u></p>	<p>(Deleted)</p>

(Amended parts are underlined.)

Current Articles of Incorporation	Proposed Amendments
<p><u>(Full-time Corporate Auditors)</u> <u>Article 34 The Board of Corporate Auditors shall, by its resolution, designate a Full-time Corporate Auditor from among the Corporate Auditors.</u></p>	<p>(Deleted)</p>
<p><u>(Person Authorized to Convene Board of Corporate Auditors Meetings and Chair of Meetings)</u> <u>Article 35 Unless otherwise prescribed by laws and regulations, the Full-time Corporate Auditor shall convene and chair the Board of Corporate Auditors meetings. If the Full-time Corporate Auditor is unable to act, another Corporate Auditor selected according to an order determined in advance by the Board of Corporate Auditors shall convene and chair the meetings.</u></p>	<p>(Deleted)</p>
<p><u>(Notice of Convocation of Board of Corporate Auditors Meetings)</u> <u>Article 36 The notice of convocation for Board of Corporate Auditors meetings shall be delivered to each Corporate Auditor at least three (3) days in advance; provided, however, that such period of advance notice may be shortened in case of an emergency.</u></p>	<p>(Deleted)</p>
<p><u>(Authority of Board of Corporate Auditors)</u> <u>Article 37 The Board of Corporate Auditors shall decide on matters prescribed in laws and regulations and the Articles of Incorporation.</u></p>	<p>(Deleted)</p>
<p><u>(Method of Resolution of Board of Corporate Auditors)</u> <u>Article 38 A resolution of the Board of Corporate Auditors shall be adopted by a majority of the votes of the Corporate Auditors, unless otherwise provided in laws and regulations.</u></p>	<p>(Deleted)</p>
<p><u>(Minutes of Meetings of the Board of Corporate Auditors)</u> <u>Article 39 An outline of the proceedings of the meeting of the Board of Corporate Auditors, its results, and other matters prescribed by laws and regulations shall be stated or recorded in the minutes, to which the Corporate Auditors present shall put their names and affix their seals or electronic signatures.</u></p>	<p>(Deleted)</p>

(Amended parts are underlined.)

Current Articles of Incorporation	Proposed Amendments
<p><u>(Exemption of Liability of External Corporate Auditors)</u> <u>Article 40 Pursuant to the provisions of Article 427, Paragraph (1) of the Companies Act, the Company may enter into agreements with External Corporate Auditors limiting their liability for damages compensation resulting from an act prescribed in Article 423, Paragraph 1 of the Companies Act; provided, however, that the maximum amount of their liability for damages compensation under such agreements shall be the amount prescribed by laws or regulations.</u></p>	<p>(Deleted)</p>
<p>Chapter VI Accounting Articles <u>41</u> through <u>43</u> (Text omitted)</p> <p><Newly established></p>	<p>Chapter V Accounting Articles <u>36</u> through <u>38</u> (No change)</p> <p><u>Supplementary Provision</u> <u>(Transitional Measure Regarding Exemption from Liability of Corporate Auditors)</u> 1. <u>Agreements limiting liability for damages compensation under Article 423, Paragraph (1) of the Companies Act in relation to acts of Corporate Auditors (including former Corporate Auditors) conducted before the conclusion of the 125th Annual General Meeting of Shareholders shall remain in accordance with Article 40 of the Articles of Incorporation prior to the amendments that take effect from the conclusion of the aforementioned annual general meeting of shareholders.</u></p>

Proposal 3: Election of 4 Directors (excluding Directors who are Audit & Supervisory Committee Members)



Subject to the approval and resolution of Proposal 2: Partial Amendments to the Articles of Incorporation, the Company will transition to a company with audit and supervisory committee. Therefore, the terms of office of six (6) Directors will expire at the conclusion of this year's Annual General Meeting of Shareholders. Accordingly, the election of four (4) Directors (excluding Directors who are Audit & Supervisory Committee Members) is proposed.



This proposal shall take effect when Proposal 2: Partial Amendments to the Articles of Incorporation comes into effect.

The candidates are as follows:

No.	Name	Positions and responsibilities at the Company	Attendance at Board of Directors meetings
1	Mitsuo Taguchi [Reappointment]	President Chair of Nomination and Compensation Advisory Committee	14 out of 14 Meetings (100%)
2	Shinichiro Takebayashi [Reappointment]	Managing Director General Manager of General Affairs Department of Head Office	14 out of 14 Meetings (100%)
3	Tadashi Taniguchi [Reappointment]	Director Manager of Hinase Plant	14 out of 14 Meetings (100%)
4	Yorisada Matsumoto [Reappointment]	Director General Manager of Tokyo Branch	10 out of 10 Meetings (100%)

[Reappointment]: Director who is a candidate for reappointment

No.	Name (Date of birth)	Past experience, positions and significant concurrent positions	Number of shares of the Company held
1	 Mitsuo Taguchi (October 21, 1960) [Reappointment] [Attendance at the Board of Directors meetings] 14 out of 14 meetings (100%)	April 1984 Joined the Company March 2006 Technical General Manager of Engineering Division October 2006 Engineering General Manager and Technical General Manager of Engineering Division March 2008 Engineering General Manager of Engineering Division June 2009 Director, General Manager of Engineering Division June 2015 Managing Director, General Manager of Engineering Division and in Charge of Technical Research Laboratory April 2017 Managing Director, Manager of Hinase Plant and in Charge of Engineering Division June 2019 President (to present) [Reasons for nomination as a candidate for Director] Mr. Mitsuo Taguchi has been engaged in the management of the Company as Director since 2009. He served as Director and General Manager of Engineering Division and as Managing Director and Manager of Hinase Plant. Starting from 2019, he has been responsible for the Company's management as the President. He has a wealth of experience and extensive insight in the Company's business, and therefore we propose his reelection as Director. (Note) There are no special interests between Mr. Mitsuo Taguchi and the Company.	84,195
2	 Shinichiro Takebayashi (January 16, 1964) [Reappointment] [Attendance at the Board of Directors meetings] 14 out of 14 meetings (100%)	April 1986 Joined the Company March 2015 General Manager of General Affairs Department of Head Office June 2017 Director, General Manager of General Affairs Department of Head Office June 2022 Managing Director, General Manager of General Affairs Department of Head Office (to present) [Reasons for nomination as a candidate for Director] Mr. Shinichiro Takebayashi has been engaged in the management of the Company as Director since 2017 and has served as Managing Director since 2022. He has a wealth of experience and extensive insight in the Company's business, and therefore we propose his reelection as Director. (Note) There are no special interests between Mr. Shinichiro Takebayashi and the Company.	21,157

No.	Name (Date of birth)	Past experience, positions and significant concurrent positions	Number of shares of the Company held
3	 Tadashi Taniguchi (September 13, 1972) [Reappointment] [Attendance at the Board of Directors meetings] 14 out of 14 meetings (100%)	April 1995 Joined the Company April 2017 General Manager of Production Department of Hinase Plant June 2019 Director, Manager of Hinase Plant (to present) [Reasons for nomination as a candidate for Director] Mr. Tadashi Taniguchi has mainly been involved in the production department for many years, and has been engaged in the management of the Company as Director since 2019. He has a wealth of experience and extensive insight in the Company's business, and therefore we propose his reelection as Director. (Note) There are no special interests between Mr. Tadashi Taniguchi and the Company.	9,543
4	 Yorisada Matsumoto (December 29, 1972) [Reappointment] [Attendance at the Board of Directors meetings] 10 out of 10 meetings (100%)	April 1996 Joined the Company March 2019 General Manager of Sales Department of Tokyo Branch September 2019 General Manager of Tokyo Branch July 2020 Corporate Officer and General Manager of Tokyo Branch June 2022 Director and General Manager of Tokyo Branch (to present) [Reasons for nomination as a candidate for Director] Mr. Yorisada Matsumoto has mainly been involved in the sales department for many years, and has been engaged in the management of the Company as Director since 2022. He has a wealth of experience and extensive insight in the Company's business, and therefore we propose his reelection as a new Director. (Notes) 1. There are no special interests between Mr. Yorisada Matsumoto and the Company. 2. Mr. Yorisada Matsumoto assumed office as Director at the 124th General Meeting of Shareholders held on June 23, 2022. The status of attendance at the Board of Directors meetings if for the meetings held after his appointment.	9,984

(Note)

The Company has entered into a directors and officers liability insurance contract stipulated in Article 430-3, Paragraph 1 of the Companies Act with an insurance company, and covers legal damages and litigation expenses incurred by the insured through said insurance contract. The candidates are included as insured parties under said insurance contract, and if they are reappointed based on this proposal, they will continue to be insured under said insurance contract. In addition, the Company plans to renew said insurance contract during their terms of office in relation to this proposal.

Proposal 4: Election of 4 Directors who are Audit & Supervisory Committee Members

Subject to the approval and resolution of Proposal 2: Partial Amendments to the Articles of Incorporation, the Company will transition to a company with audit and supervisory committee. Accordingly, the election of four (4) Directors who are Audit & Supervisory Committee Members is proposed.

This proposal has obtained the prior consent of the Board of Corporate Auditors.

This proposal will take effect when Proposal 2: Partial Amendments to the Articles of Incorporation takes effect.


The candidates are as follows:


No.	Name	Positions and responsibilities at the Company	Attendance at Board of Directors meetings
1	Takashi Umezawa [New candidate]	Full-time Corporate Auditor	12 out of 14 Meetings (86%)
2	Shinobu Akiyoshi [New candidate] [External] [Independent]	External Director Member of Nomination and Compensation Advisory Committee	14 out of 14 Meetings (100%)
3	Katsuhiko Omoto [New candidate] [External] [Independent]	—	—
4	Yusuke Otsuka [New candidate] [External] [Independent]	—	—


[New candidate]: Director who is a new candidate


[External]: Candidate for Director outside the Company

[Independent]: Independent Director candidate as prescribed by the Tokyo Stock Exchange, Inc.

No.	Name (Date of birth)	Past experience, positions and significant concurrent positions	Number of shares of the Company held
1	 <p data-bbox="204 636 437 696">Takashi Umezawa (September 15, 1957)</p> <p data-bbox="233 728 408 757">[New candidate]</p> <p data-bbox="193 790 448 913">[Attendance at the Board of Directors meetings] 12 out of 14 meetings (86%)</p>	<p data-bbox="472 304 1302 483">April 1981 Joined the Company April 2005 General Manager of Production Department of Hinase Plant April 2007 General Manager of Production Department of Mizunami Plant May 2009 President, New Yotai Refractory Co., Ltd. September 2017 Retired from the Company June 2019 Full-time Corporate Auditor (to present)</p> <p data-bbox="472 488 1046 517">[Reasons for nomination as a candidate for Director]</p> <p data-bbox="472 521 1315 730">Mr. Umezawa was mainly involved in the production department for many years, and served as the President of the Company's subsidiary, New Yotai Refractory Co., Ltd. from 2009 until 2017. He has also been engaged in the management of the Company as Full-time Corporate Auditor since 2019. We believe that his extensive experience and broad knowledge will contribute to the management of the Company, and therefore we propose his election as Director who is an Audit and Supervisory Committee Member.</p> <p data-bbox="472 869 1283 925">(Note) There are no special interests between Mr. Takashi Umezawa and the Company.</p>	5,700

No.	Name (Date of birth)	Past experience, positions and significant concurrent positions	Number of shares of the Company held
2	 <p data-bbox="225 577 419 633">Shinobu Akiyoshi (March 29, 1977)</p> <p data-bbox="236 667 408 757">[New candidate] [External] [Independent]</p> <p data-bbox="193 790 451 913">[Attendance at the Board of Directors meetings] 14 out of 14 meetings (100%)</p>	<p data-bbox="470 271 1214 600">December 2008 Registered as attorney-at-law, Osaka Bar Association January 2009 Joined Doujima Sougou Law Office January 2018 Partner, Doujima Sougou Law Office (to present) April 2018 Regular Delegate, Osaka Bar Association March 2019 Retired from Regular Delegate, Osaka Bar Association November 2020 Consultant, Nonprofit Organization Hikosen Member of Living Environment Dispute Conciliation Committee, Ashiya City February 2021 Registered as an Employment Environment Improvement Expert (Class 1) June 2021 External Director, the Company (to present)</p> <p data-bbox="470 607 1209 663">[Reasons for nomination as a candidate for External Director and a summary of expected roles]</p> <p data-bbox="470 669 1313 936">Ms. Shinobu Akiyoshi has a wealth of experience and insight as an expert in law. She also has knowledge in creating a society where not only women, but also persons with disabilities and the aged can play active roles. We believe that her extensive experience and broad knowledge will contribute to the management of the Company, and therefore we propose her election as Director who is an Audit and Supervisory Committee Member. If she is elected, she is expected to provide valuable advice on corporate legal affairs based on her expertise as an attorney-at-law, and encourage the promotion of women’s participation in the Company.</p> <p data-bbox="470 943 1313 999">Length of service as External Director: 2 years (at the conclusion of this General Meeting of Shareholders)</p> <p data-bbox="470 1005 552 1032">(Notes)</p> <ol data-bbox="470 1039 1313 1487" style="list-style-type: none"> 1. There are no special interests between Ms. Shinobu Akiyoshi and the Company. 2. Ms. Shinobu Akiyoshi is a candidate for External Director. She is also a candidate for Independent Director prescribed by Tokyo Stock Exchange, Inc. 3. The Company has entered into an agreement with Ms. Shinobu Akiyoshi to limit her liability under Article 423 Paragraph 1 of the Companies Act, pursuant to Article 427 Paragraph 1 of the Companies Act. The maximum amount of liability for damages under this agreement shall be the amount provided for in laws and regulations. If the reelection of Ms. Shinobu Akiyoshi is approved, the Company intends to continue such agreement. 4. Although Ms. Shinobu Akiyoshi has no past involvement in corporate management other than by becoming an external officer, the Company believes that she will perform her duties as External Director for the reasons stated in “Reasons for nomination as a candidate for External Director and a summary of expected roles.” 	600

No.	Name (Date of birth)	Past experience, positions and significant concurrent positions	Number of shares of the Company held
3	 <p data-bbox="220 577 422 638">Katsuhiko Omoto (October 7, 1960)</p> <p data-bbox="236 672 406 761">[New candidate] [External] [Independent]</p> <p data-bbox="193 795 450 855">[Attendance at the Board of Directors meetings] —</p>	<p data-bbox="470 271 1300 331">April 1983 Joined Matsushita Electric Industrial Co., Ltd. (now Panasonic Holdings Corporation)</p> <p data-bbox="470 331 1252 392">April 2003 Director and Plant General Manager, Kanazu Plant, Fukui Matsushita Electric Co., Ltd</p> <p data-bbox="470 392 1236 452">June 2007 Business Unit Head, Circuit Components Business Unit, Panasonic Electronic Devices Co., Ltd.</p> <p data-bbox="470 452 1268 512">April 2013 Vice President, Panasonic Automotive & Industrial Systems Company, Panasonic Corporation</p> <p data-bbox="470 512 1316 573">January 2016 Associate Director, Manufacturing Technology and Engineering Division, Panasonic Corporation</p> <p data-bbox="470 573 1204 633">April 2018 Director, Quality & Environment Division, Panasonic Corporation</p> <p data-bbox="470 633 1252 667">October 2022 Resigned from Panasonic Operational Excellence Co., Ltd.</p> <p data-bbox="470 667 1204 728">[Reasons for nomination as a candidate for External Director and a summary of expected roles]</p> <p data-bbox="470 728 1316 974">Mr. Katsuhiko Omoto has a wealth of experience and insight in corporate management and has sufficient knowledge of areas including production, quality and DX. We believe that his extensive experience and broad knowledge will contribute to the management of the Company, and therefore we propose his election as Director who is an Audit and Supervisory Committee Member. If he is elected, he is expected to provide valuable advice on management policies and to perform his duties, such as supervision of decisions on important matters and execution of operations.</p> <p data-bbox="470 985 550 1019">(Notes)</p> <ol data-bbox="470 1019 1316 1265" style="list-style-type: none"> 1. There are no special interests between Mr. Katsuhiko Omoto and the Company. 2. Mr. Katsuhiko Omoto is a candidate for External Director. He is also a candidate for Independent Director prescribed by Tokyo Stock Exchange, Inc. 3. If the election of Mr. Katsuhiko Omoto is approved, the Company intends to enter into an agreement with him to limit his liability under Article 423 Paragraph 1 of the Companies Act, pursuant to Article 427 Paragraph 1 of the Companies Act. The maximum amount of liability for damages under this agreement shall be the amount provided for in laws and regulations. 	—

No.	Name (Date of birth)	Past experience, positions and significant concurrent positions	Number of shares of the Company held
4	 <p data-bbox="215 604 430 672">Yusuke Otsuka (October 16, 1980)</p> <p data-bbox="231 694 414 795">[New candidate] [External] [Independent]</p> <p data-bbox="191 817 454 907">[Attendance at the Board of Directors meetings] —</p>	<p data-bbox="470 268 1300 593"> October 2002 Joined Asahi & Co. (now KPMG AZSA LLC) April 2006 Registered as certified public accountant September 2006 Resigned from KPMG AZSA LLC October 2006 Joined Roland Berger Ltd. December 2007 Resigned from Roland Berger Ltd. January 2008 Established Otsuka Yusuke CPA Office September 2010 Registered as certified public tax accountant January 2014 Established Prost tax accountant corporation. Managing Partner (to present) June 2020 Accounting Auditor, Tatsuno Corporation (to present) </p> <p data-bbox="470 600 1300 660">[Reasons for nomination as a candidate for External Director and a summary of expected roles]</p> <p data-bbox="470 667 1300 963">Mr. Yusuke Otsuka has a wealth of experience and insight as a certified public accountant and certified public tax accountant, and he possesses a high degree of knowledge of auditing joint-stock companies. We believe that his extensive experience and broad knowledge will contribute to the management of the Company, and therefore we propose his election as Director who is an Audit and Supervisory Committee Member. If he is elected, he is expected to provide valuable advice on the strengthening of the management supervision function from an objective perspective independent from the management team that conduct the execution of operations, as well as on the Company's capital policies and financial strategies.</p> <p data-bbox="470 969 1300 996">(Notes)</p> <ol data-bbox="470 1003 1300 1388" style="list-style-type: none"> 1. There are no special interests between Mr. Yusuke Otsuka and the Company. 2. Mr. Yusuke Otsuka is a candidate for External Director. He is also a candidate for Independent Director prescribed by Tokyo Stock Exchange, Inc. 3. If the election of Mr. Yusuke Otsuka is approved, the Company intends to enter into an agreement with him to limit his liability under Article 423 Paragraph 1 of the Companies Act, pursuant to Article 427 Paragraph 1 of the Companies Act. The maximum amount of liability for damages under this agreement shall be the amount provided for in laws and regulations. 4. Although Mr. Yusuke Otsuka has no past involvement in corporate management other than by becoming an external officer, the Company believes that he will perform his duties as External Director for the reasons stated in "Reasons for nomination as a candidate for External Director and a summary of expected roles." 	—

(Note)

The Company has entered into a directors and officers liability insurance contract stipulated in Article 430-3, Paragraph 1 of the Companies Act with an insurance company, and covers legal damages and litigation expenses incurred by the insured through said insurance contract. If the candidates are appointed based on this proposal, they will be included among be insured under said insurance contract. In addition, the Company plans to renew said insurance contract during their terms of office in relation to this proposal.

(Reference) Directors Skill Matrix [Planned at the conclusion of this General Meeting of Shareholders and the subsequent meeting of the Board of Directors]

	Name	External/Internal	Independent	Sex	Position/responsibilities in the Company	Skills								
						Corporate mgmt.	Technology/R&D	Sales	Personnel/Labor	Finance/Accounting	Legal/Risk mgmt.	Auditing (Operations/Accounting)	ESG	IT Systems
Directors (excluding Directors who are Audit & Supervisory Committee Members)	Mitsuo Taguchi	Internal		Male	President Chair, Nomination and Compensation Advisory Committee	○	○	○					○	
	Shinichiro Takebayashi	Internal		Male	Managing Director, General Manager of General Affairs Department of Head Office	○			○	○			○	○
	Tadashi Taniguchi	Internal		Male	Director, Manager of Hinase Plant	○	○						○	
	Yorisada Matsumoto	Internal		Male	Director, General Manager of Tokyo Branch	○	○	○					○	
Directors who are Audit and Supervisory Committee Members	Takashi Umezawa	Internal		Male	Audit and Supervisory Committee Member (Full-time)	○	○					○	○	
	Shinobu Akiyoshi	External	○	Female	Audit and Supervisory Committee Member (External) Member, Nomination and Compensation Advisory Committee	○					○	○	○	
	Katsuhiko Omoto	External	○	Male	Audit and Supervisory Committee Member (External) Member, Nomination and Compensation Advisory Committee	○	○	○	○		○		○	○
	Yusuke Otsuka	External	○	Male	Audit and Supervisory Committee Member (External) Member, Nomination and Compensation Advisory Committee	○					○	○	○	○

The above list is not an indication of all the skills, experiences, abilities, and other knowledge and qualities of the individual Directors.

Proposal 5: Determination of the Amount of Compensation for Directors (excluding Directors who are Audit & Supervisory Committee Members)

The amount of compensation for Directors of the Company was approved to be within 320 million yen per year (excluding employee salaries for Directors concurrently serving as employees) at the 108th Annual General Meeting of Shareholders held on June 28, 2006.

Subject to the approval and resolution of Proposal 2: Partial Amendments to the Articles of Incorporation, the Company will transition to a company with audit and supervisory committee.

Accordingly, in line with the transition to a company with audit and supervisory committee, to newly establish the amount of compensation for Directors (excluding Directors who are Audit & Supervisory Committee Members), the Company proposes that the current provisions concerning the amount of compensation for Directors be abolished and, in consideration of the economic situation and other various circumstances, the amount of compensation for Directors (excluding Directors who are Audit & Supervisory Committee Members) be set at within 280 million yen per year.

If this proposal is approved, to ensure consistency with the approved details, the Company plans to revise the “Matters Concerning the Policy for Determination of Details of Compensation, etc. for Individual Directors” in the Business Report by changing the references to “Directors” to “Directors (excluding Directors who are Audit & Supervisory Committee Members)” at the Board of Directors meeting after the conclusion of this General Meeting of Shareholders.

This proposal is necessary to provide for the details of compensation, etc. for individual Directors in line with that policy. In addition, it seeks to determine the compensation category for Directors (excluding Directors who are Audit & Supervisory Committee Members) within a reasonable range, based on the recommendations of the Nomination and Compensation Advisory Committee, taking into consideration factors such as the economic situation, the size of the Company, the number of Directors, and the level of compensation paid at other companies. For these reasons, the proposal’s contents are deemed to be reasonable.

The Company proposes that the amount of compensation for Directors (excluding Directors who are Audit & Supervisory Committee Members) not include the employee salaries for Directors concurrently serving as employees. If Proposal 2: Partial Amendments to the Articles of Incorporation and Proposal 3: Election of 4 Directors (excluding Directors who are Audit & Supervisory Committee Members) are approved and resolved as originally proposed, the number of Directors (excluding Directors who are Audit & Supervisory Committee Members) will be four (4).

This proposal shall take effect when Proposal 2: Partial Amendments to the Articles of Incorporation comes into effect.

Proposal 6: Determination of the Amount of Compensation for Directors who are Audit & Supervisory Committee Members

Subject to the approval and resolution of Proposal 2: Partial Amendments to the Articles of Incorporation, the Company will transition to a company with audit and supervisory committee.

Accordingly, in line with the transition to a company with audit and supervisory committee, in consideration of the duties and responsibilities of Directors who are Audit & Supervisory Committee Members, the Company proposes to set the amount of compensation for Directors who are Audit & Supervisory Committee Members at within 80 million yen per year.

As stated in Proposal 5: Determination of the Amount of Compensation for Directors (excluding Directors who are Audit & Supervisory Committee Members), if this proposal is approved, the Company plans to revise the Policy for Determination of Details of Compensation, etc. for Individual Directors.

This proposal seeks to determine the compensation category for Directors who are Audit & Supervisory Committee Members within a reasonable range, based on the recommendations of the Nomination and Compensation Advisory Committee, taking into consideration factors such as the professional responsibilities of the Directors who are Audit & Supervisory Committee Members and the level of compensation of the Directors (excluding Directors who are Audit & Supervisory Committee Members). For these reasons, the contents of the proposal are deemed to be necessary and reasonable.

If Proposal 2: Partial Amendments to the Articles of Incorporation and Proposal 4: Election of 4 Directors who are Audit & Supervisory Committee Members are approved and resolved as originally proposed, the number of Directors who are Audit & Supervisory Committee Members will be four (4).

This proposal shall take effect when Proposal 2: Partial Amendments to the Articles of Incorporation comes into effect.

Proposal 7: Determination of Compensation for Granting Restricted Stock to Directors (Excluding Directors who are Audit & Supervisory Committee Members and External Directors)

The amount of compensation for Directors of the Company was approved to be within 320 million yen per year (excluding employee salaries for Directors concurrently serving as employees) at the 108th Annual General Meeting of Shareholders held on June 28, 2006. Further, the introduction of a scheme for the payment of restricted stock-based compensation of Directors (excluding External Directors) as a separate category to the above and the amount of compensation paid to Directors (excluding External Directors) under this scheme as within 50 million yen per year were approved at the 123rd Annual General Meeting of Shareholders held on June 24, 2021.

Subject to the approval and resolution of Proposal 2: Partial Amendments to the Articles of Incorporation, the Company will transition to a company with audit and supervisory committee. In line with this transition, to replace the above scheme, the Company seeks approval for the payment of compensation for granting restricted stock to Eligible Directors as a separate category from the compensation amount requested in Proposal 5: Determination of the Amount of Compensation for Directors (excluding Directors who are Audit & Supervisory Committee Members). In this proposal, the compensation paid for the granting of restricted stock to Directors (excluding Directors who are Audit & Supervisory Committee Members and External Directors) of the Company (hereinafter, “Eligible Directors”) shall be monetary claims, and the total amount thereof shall be unchanged at within 50 million yen per year (however, this excludes employee salaries for Directors concurrently serving as employees), in a separate category from the compensation amount for which approval is requested in Proposal 5. The specific timing of payment to each Eligible Director shall be at a certain time each year, and the specific distribution shall be determined by the Board of Directors after consulting the Nomination and Compensation Advisory Committee. However, the compensation for granting restricted stock shall not be paid to Directors who are Audit & Supervisory Committee Members or External Directors. As the allocation of restricted stock is determined via a comprehensive consideration of various matters including the level of the Director’s contribution at the Company, the contents thereof are deemed to be reasonable.

While there are currently six (6) Directors (including two (2) External Directors), if Proposal 2: Partial Amendments to the Articles of Incorporation” and Proposal 3: “Election of 4 Directors (excluding Directors who are Audit & Supervisory Committee Members)” are approved as originally proposed, there will be four (4) Eligible Directors. Based on a Board of Directors resolution, Eligible Directors shall pay all monetary claims received via this proposal as property contributed in kind, and receive the issuance or disposal of the Company’s common stock. The total number of the Company’s common stock to be issued or disposed of as a result shall be within 100,000 shares per year (however, in the event of a stock split [including gratis allocation of the Company’s common stock] or reverse stock split of the Company’s common stock, or any other event that requires an adjustment to the total number of the Company’s common stock issued or disposed of as restricted stock on or after the day this proposal is approved, the said total number shall be adjusted within a reasonable scope). The amount to be paid in per share shall be determined by the Board of Directors, within a scope that will not be particularly advantageous to the Eligible Directors who will receive the said common stock, based on the closing price of the Company’s common stock on the Tokyo Stock Exchange on the business day prior to the date of each Board of Directors resolution (if no transactions were made on that day, the closing price on the trading day immediately preceding that day). In addition, the issuance or disposal of the Company’s common stock based on this proposal and the payment of monetary claims as property contributed in kind shall be subject to the conclusion of a restricted stock allocation contract (hereinafter the “Allocation Contract”) between the Company and the Eligible Directors, which includes the contents below. The Company deems that the maximum amount of compensation in this proposal, the total number of shares of the Company’s common stock to be issued or disposed of, and other conditions for granting restricted stock to Eligible Directors based on this proposal are reasonable, as they have been determined based on the recommendations of the Nomination and Compensation Advisory, in consideration of the abovementioned purpose, business conditions of the Company, the policy for determining the contents of compensation, etc. for individual Directors of the Company, and various other factors.

[Outline of Contents of the Allocation Contract]

(1) Period of transfer restrictions

Eligible Directors may not transfer, collateralize, or dispose of (hereinafter the “Transfer Restrictions”) the Company’s common stock that they receive via the Allocation Contract (hereinafter the “Allocated Shares”) during the period (hereinafter the “Transfer Restriction Period”) from the date of receiving the allocation via the Allocation Contract, until the time immediately after retirement from the position of executive or employee of the Company or its subsidiaries predetermined by the Company’s Board of Directors (hereinafter the “Predetermined Position”).

(2) Treatment at the time of retirement

If an Eligible Director retires from the Predetermined Position before the expiration of a period predetermined by the Company’s Board of Directors (hereinafter the “Service Provision Period”), the Company shall automatically acquire the Allocated Shares without consideration, except in the case of an expiration of the term of office, death or any other

justifiable reason for retirement.

(3) Lifting of the Transfer Restrictions

Notwithstanding the provisions of (1) above, the Company shall lift the Transfer Restrictions on all Allocated Shares when the Transfer Restriction Period expires, on the condition that the Eligible Director was continuously in the Predetermined Position during the Service Provision Period. However, in the following cases, the Company shall rationally adjust, as necessary, the number of Allocated Shares on which the Transfer Restrictions will be lifted and the time when the Transfer Restrictions will be lifted: i) the Eligible Director retires from the Predetermined Position before the expiration of the Service Provision Period due to the expiration of the term of office, death or any other justifiable reason set forth in (2) above; or ii) after the expiration of the Service Provision Period, the Eligible Director retires from the Predetermined Position before the expiration of the Transfer Restriction Period for reasons other than due to the expiration of the term of office, death or any other justifiable reason set forth in (2) above. In addition, the Company shall automatically acquire without consideration the Allocated Shares on which Transfer Restrictions have not been lifted, immediately after the Transfer Restrictions have been lifted pursuant to the provisions above.

(4) Treatment in the case of organizational restructuring, etc.

Notwithstanding the provisions of (1) above, if, during the Transfer Restriction Period, a merger agreement in which the Company will become a disappearing company, a share exchange agreement or a share transfer plan in which the Company will become a wholly owned subsidiary, or other matters concerning organizational restructuring, etc. is approved at a General Meeting of Shareholders of the Company (or by the Company's Board of Directors, if the said organizational restructuring, etc. does not require approval at a General Meeting of Shareholders), the Company shall lift, prior to the effective date of the said organizational restructuring, etc., Transfer Restrictions on the Allocated Shares, in a number determined rationally by a resolution of the Company's Board of Directors based on the period from the commencement date of the Transfer Restriction Period to the approval date of the said organizational restructuring, etc. In the cases set forth above, the Company shall automatically acquire without consideration the Allocated Shares on which Transfer Restrictions have not been lifted, immediately after the Transfer Restrictions have been lifted.

(5) Other matters

Other matters concerning the Allocation Contract shall be stipulated by the Company's Board of Directors.

<Shareholder proposal (Proposal 8)>

Proposal 8 has been proposed by a single shareholder.

The Board of Directors opposes Proposal 8.

As a general rule, a summary of shareholder proposals and their reasons are presented as they were submitted by the proposing shareholders.

Proposal 8: Appropriation of Surplus

A. Summary of the proposal

That a year-end dividend for the fiscal year ended March 31, 2023 be distributed from the Company's retained earnings.

(a) Type of dividend property

Cash

(b) Matters concerning allocation of dividend assets and their total amount

The amount obtained by deducting the amount of dividend of surplus per share of common stock in the Company proposed by the Board of Directors of the Company at this Annual General Meeting of Shareholders and approved at this Meeting from ¥100 (or ¥100 if the Board of Directors of the Company does not propose appropriation of surplus at this Annual General Meeting of Shareholders).

(c) Effective date of the dividends of surplus

June 22, 2023

B. Reasons for the proposal

As of the date of preparing this proposal, the price-to-book ratio of the Company's share price is around 1, and with the previous sense of being undervalued on the market subsiding, the Company made an IR announcement concerning the cancellation of Company shares on April 7, 2023 that it would cancel treasury stock, with a scheduled date of April 28, 2023. This action is to be commended to a certain extent from the perspective of maintaining the share price level.

However, rather than continuing to acquire Company shares again in future to secure sustained stability of the share price by lowering liquidity and PER, it is conceivable that a policy of undertaking the cancellation of treasury stock and increasing the payout ratio after curbing future repurchases of Company shares would be a more economically rational method of shareholder returns. Accordingly, the proposing shareholder makes this proposal in the belief that, in respect of future shareholder returns, the Company should increase dividends instead of relying on the repurchase of Company shares, if the price-to-book ratio is over 1.

<Opinion of the Board of Directors on Proposal 8

1. Opinion of the Board of Directors of the Company

The Board of Directors opposes this proposal 8.

2. Reasons for the opposition

In its First Medium-Term Management Plan announced on May 13, 2021, the Company's basic strategy and priority measures are to invest in humans, things, and information, and to build a management foundation that supports sustainable growth, while working to maintain high profitability and financial well-being. The Company's basic thinking is to maintain social harmony, increase financial and non-financial value, and sustainably improve corporate value through maintaining profitability and promoting ESG management.

The Medium-Term Management Plan aims to sustainably improve corporate value and enhance distributions of funds to strategic investments and shareholder returns while maintaining profitability and financial well-being. In terms of the shareholder return policy, the Plan's goals are to make appropriate returns via stable dividends aiming at a consolidated payout ratio of 30% and flexible repurchases of Company shares. In addition, the Company's dividend policy, based on continued stable dividends, is to pay dividends commensurate with profits, while strengthening the corporate financial structure and expanding retained earnings.

Based on many factors, such as concerns over deterioration of financial results for the Company's business partners due to the mature domestic market, sluggish demand for refractories over the long-term, uncertainties in international market conditions and demand due to the Ukrainian situation, soaring raw material prices currently, increased calls for decarbonization, ESG, and SDGs, and natural disasters, the management environment and social conditions surrounding the Company are changing drastically, and in considering the Company's medium- to long-term funds distribution, it would be preferable to address shareholder return methods more flexibly.

The Company, based on the aforementioned policy, announced on May 13, 2023 that we plan to pay an annual dividend of ¥45 per share for the fiscal year ended March 31, 2023, an increase of ¥2 from the previous year. As such, the Company has met the expectations of its shareholders by raising the annual dividend from ¥9 to ¥45 per share since the fiscal year ended March 31, 2014, and has made approximately ¥1.5 billion in Company share repurchases in the fiscal year ended March 31, 2023. As a result, the total return payout ratio for the fiscal year ended March 31, 2023, is expected to be 80.5%.

As stated above, it is the Company's goal to sustainably improve corporate value and enhance distributions of funds to strategic investments and shareholder returns, via stable dividends aimed at a consolidated dividend payout ratio of 30% and flexible repurchases of Company shares, while maintaining profitability and financial well-being. The Company will do this by achieving the First Medium-Term Management Plan, and in so doing, it hopes to meet the expectations of its shareholders and other stakeholders.

On May 12, 2023, we announced that we would repurchase up to a total of ¥1.5 billion or 1.5 million shares by March 31, 2024.

If the year-end dividend were ¥100 per share as the proposing shareholder seeks, the annual dividend with the addition of the interim dividend of 20 yen per share would be 120 yen per share, and the dividend payout ratio would be 79.6%. The proposal sought by the proposing shareholder holds that the vast majority of profits should be returned to shareholders through dividends alone. In addition, combined with the Company share repurchases made by the Company during the fiscal year ended March 31, 2023, the total return payout ratio would be 130.1%. Such a proposal is not in line with our aforementioned policy.

Accordingly, the Board of Directors of the Company opposes Proposal 8.