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(Stock Exchange Code 8018)  
June 13, 2023

**To Shareholders with Voting Rights:**

Akira Inoue, President & CEO  
SANKYO SEIKO CO., LTD.  
2-5-6 Azuchimachi, Chuo-ku, Osaka, Japan

**NOTICE OF  
THE 91st ANNUAL GENERAL MEETING OF SHAREHOLDERS**

Dear Shareholders:

We are pleased to announce that the 91<sup>st</sup> Annual General Meeting of Shareholders (hereinafter the “Meeting”) of SANKYO SEIKO CO., LTD. (hereinafter the “Company”) will be held as described below, and your attendance is earnestly requested.

If you are not able to attend the Meeting, you may exercise your voting rights in writing (by postal mail), so please review the attached Reference Documents for the Meeting, indicate your approval or disapproval of each of the proposals on the enclosed Voting Rights Exercise Form, and send it so that it is received by 5:30 p.m. on Wednesday, June 28, 2023.

**1. Date and Time:** Thursday, June 29, 2023 at 10:00 a.m. Japan time  
(Reception opens at 9:00 a.m.)

**2. Place:** 3F HALL-A, SUNRISE Bldg.,  
2-6-8, Bingomachi, Chuo-ku, Osaka, Japan

**3. Meeting Agenda:**

- Matters to be reported:**
1. The Business Report, Consolidated Financial Statements and Non-consolidated Financial Statements for the Company’s 86th Fiscal Year (April 1, 2022 - March 31, 2023)
  2. Results of audits by the Accounting Auditor and the Board of Company Auditors of the Consolidated Financial Statements for the Company’s 86th Fiscal Year (April 1, 2022 - March 31, 2023)

**Proposals to be resolved:**

- Proposal 1:** Appropriation of Surplus  
**Proposal 2:** Election of Six (6) Directors  
**Proposal 3:** Election of Three (3) Company Auditors  
**Proposal 4:** Election of Two (2) Substitute Company Auditors  
**Proposal 5:** Determination on Remuneration for the Grant of Restricted Stock to Directors  
(Excluding Outside Directors)

**4. Matters Concerning Measures for Electronic Provision**

Measures for the electronic provision of information have been adopted for the Meeting, and the matters to be provided in electronic format (the “Electronic Provision Measures Matters”) are posted on the Company’s Internet website.

The Company’s website:  
[https://www.sankyoseiko.co.jp/ir\\_library/468/](https://www.sankyoseiko.co.jp/ir_library/468/)

The Electronic Provision Measures Matters are also posted on the website of

Tokyo Stock Exchange. Please access the website shown below (the Tokyo Stock Exchange Listed Company Search), enter “SANKYO SEIKO” in the Issue name (company name) field or the Company’s Stock Exchange Code “8018” in the Code field to search, and click on “Basic information” then “Documents for public inspection/PR information.” The information is posted under “Notice of General Shareholders Meeting /Informational Materials for a General Shareholders Meeting” in “Filed information available for public inspection.”

Tokyo Stock Exchange website (Listed Company Search):  
<https://www2.jpx.co.jp/tseHpFront/JJK020010Action.do?Show=Show>

- If attending the Meeting, please submit the enclosed Voting Rights Exercise Form at reception. Please also bring this Notice with you if attending, in order to conserve paper resources.
- Please arrive at the venue early as reception will become crowded just before the Meeting starts.
- If attending the Meeting by proxy, please ensure that your own Voting Rights Exercise Form and documents to certify authorization of the proxy are submitted at reception. (The proxy holder must be a single individual with voting rights at the Meeting, in accordance with the provisions of Article 16 of the Company’s Articles of Incorporation.)
- If you do not indicate your vote on a proposal on the Voting Rights Exercise Form, it will be treated as a vote in favor of that proposal.
- In accordance with laws, regulations and Article 14 of the Company’s Articles of Incorporation, the paper copy sent to shareholders who have submitted a request for delivery of documents does not contain the items shown below. This paper copy therefore presents only some of the documents audited by the Company Auditors and the Accounting Auditor when preparing their respective audit reports.
  - (i) “Company Structure and Policies” in the Business Report;
  - (ii) “Consolidated Statement of Changes in Equity” and “Notes to the Consolidated Financial Statement” in the Consolidated Financial Statements
  - (iii) “Non-consolidated Statement of Changes in Equity” and “Notes to the Non-consolidated Financial Statement” in the Non-consolidated Financial Statements
- Any amendments or corrections to the Electronic Provision Measures Matters will be posted on the Company’s website and the website of Tokyo Stock Exchange.

# **System for Electronic Provision of Materials for General Meetings of Shareholders and Measures Taken by the Company**

## **1. Overview of the system for electronic provision of materials for general meetings of shareholders**

The system for electronic provision of materials for general meetings of shareholders\* (the “System”) has been adopted in accordance with the “Act Partially Amending the Companies Act” (Act No. 70 of 2019). In the past, the Company sent a paper copy of materials for the General Meeting of Shareholders for shareholders to check. Under the System, these materials are posted on websites and “access notice” containing the addresses of these websites and other relevant information is sent to shareholders to enable them to review the materials online.

\*Materials for the General Meeting of Shareholders include Reference Documents for the General Meeting of Shareholders, Business Report, Audit Reports, Non-consolidated Financial Statements and Consolidated Financial Statements.

Before:

Voting Rights Exercise Form + Materials for the General Meeting of Shareholders  
⇒ Check the paper Materials for the General Meeting of Shareholders

Now:

Voting Rights Exercise Form + Paper copy of access notice (including website addresses)  
⇒ Check Materials for the General Meeting of Shareholders online

## **2. Measures taken by the Company**

As a transitional measure for the 91<sup>st</sup> Annual General Meeting of Shareholders, the Company has sent a paper copy of the materials for the General Meeting of Shareholders, as previously. For the 92<sup>nd</sup> Annual General Meeting of Shareholders and subsequent General Meetings of Shareholders, shareholders who wish to continue to receive paper copies of the materials for the General Meeting of Shareholders are requested to contact their securities company where they hold accounts for the Company’s shares, or the Company’s shareholder register administrator, Mitsubishi UFJ Trust and Banking Corporation.

Inquiries:

Corporate Agency Division, Mitsubishi UFJ Trust and Banking Corporation  
Electronic provision system inquiries: 0120-696-505 (toll-free within Japan)  
(Business hours: 9:00 a.m. to 5:00 p.m. weekdays, excluding public holidays)  
FAQ (available only in Japanese): <https://www.tr.mufg.jp/daikou/denshi.html>

# Reference Documents for the General Meeting of Shareholders

## Proposals and References

### Proposal 1: Appropriation of Surplus

The Company proposes to appropriate surplus as follows.

The Company regards the return of profits to shareholders as a priority management issue, and adopts a policy of paying dividends based on corporate growth and the enhancement of shareholder returns, while also taking account of linking the business performance.

Although the Company continues to face a difficult business environment, it proposes the year-end dividend presented below for the fiscal year under review to reward shareholders for their support, based on a comprehensive consideration of factors such as the trend in business performance during the fiscal year under review.

- (1) Type of the dividend property  
Cash
  
- (2) Matters regarding the allocation of the dividend property to shareholders and the total amount thereof  
¥25 per common share of the Company  
Total amount: ¥1,039,707,050
  
- (3) Effective date of the dividend of surplus  
June 30, 2023

**Proposal 2:** Election of Six (6) Directors

The term of office of all four (4) Directors will expire at the conclusion of the Meeting. Accordingly, the Company proposes the election of six (6) Directors, increasing the number of Directors by two (2) to further strengthen the management structure.

The candidates for Director are shown below.

No.	Name (Age)		Position	Responsibilities	Attendance at Board of Directors meetings
1	Akira Inoue (60)	[Reappointment]	President & CEO (Representative Director)		100% (14/14)
2	Tetsuji Miyazawa (53)	[New appointment]	-	President of Sankyo Seiko Apparel Fashion Co., Ltd.	-
3	Naohiko Hino (49)	[New appointment]	Operating Officer	In charge of Corporate Strategy Development Office, Head Office Department of Holdings	-
4	Yuichi Nishi (48)	[New appointment]	General Manager	President of Sankyo Seiko (Asia Pacific) Co., Ltd.	-
5	Machiko Nambu (70)	[Reappointment] [Outside] [Independent]	Director		86% (12/14)
6	Kazufumi Hattori (69)	[Reappointment] [Outside] [Independent]	Director		100% (14/14)

- Notes: 1. The ages of the candidates for Director are shown as of the date of the Meeting.
2. Mr. Tetsuji Miyazawa and Mr. Yuichi Nishi serve as corporate officers at subsidiaries of the Company. The names of the respective subsidiaries and offices are shown in the Responsibilities column to facilitate understanding.

No.	Name (Date of birth)	Career summary, positions, responsibilities, and significant concurrent positions	Number of shares of the Company held
1	Akira Inoue (May 19, 1963) [Reappointment]	<p>April 1986      Joined the Company</p> <p>April 1999      President of Hong Kong Company</p> <p>April 2001      General Manager of Hong Kong Division</p> <p>April 2006      Operating Officer</p> <p>June 2009      Senior Operating Officer</p> <p>December 2012    In charge of Taipei Division</p> <p>April 2013      President of Sankyo Seiko (Asia Pacific) Co., Ltd.</p> <p>June 2013      Director</p> <p>June 2018      President of Sankyo Seiko Fashion Service Co., Ltd.</p> <p>June 2019      Managing Director</p> <p>April 2020      President &amp; COO</p> <p>April 2022      President of Yokohama Textile Club, Ltd. (current position)</p> <p>April 2022      Chairman of DAKS Simpson Limited (current position)</p> <p>June 2022      President &amp; CEO of the Company (current position)</p> <p>July 2022      CEO of LEONARD Fashion SAS (current position)</p> <p>[Significant concurrent positions]</p> <ul style="list-style-type: none"> <li>• Chairman of DAKS Simpson Limited</li> <li>• CEO of LEONARD Fashion SAS</li> <li>• President of Yokohama Textile Club, Ltd.</li> </ul>	51,000
2	Tetsuji Miyazawa (April 29, 1970) [New appointment]	<p>April 1994      Joined the Company</p> <p>April 2002      Manager of Ladies Wear Division, Textile Company</p> <p>September 2008    Transferred to Sankyo Seiko Apparel Fashion Co., Ltd. incorporated in a company split</p> <p>June 2010      General Manager of 1 Division</p> <p>June 2012      Operating Officer</p> <p>June 2020      Director</p> <p>April 2022      President (current position)</p> <p>[Significant concurrent positions]</p> <ul style="list-style-type: none"> <li>• President of Sankyo Seiko Apparel Fashion Co., Ltd.</li> </ul>	0
3	Naohiko Hino (February 14, 1974) [New appointment]	<p>April 1997      Joined the Company</p> <p>April 2013      Manager of Finance and Accounting Division (Finance Group)</p> <p>April 2018      General Manager in charge of Finance • Accounting • IT, Head Office Department of Holdings</p> <p>June 2022      Operating Officer in charge of Corporate Strategy Development Office, Head Office Department of Holdings (current position)</p>	6,343

No.	Name (Date of birth)	Career summary, positions, responsibilities, and significant concurrent positions	Number of shares of the Company held
4	Yuichi Nishi (September 26, 1974)  [New appointment]	April 1998      Joined the Company April 2006      Manager of Hong Kong Division April 2013      General Manager (current position) April 2018      President of Sankyo Seiko (Asia Pacific) Co., Ltd. September 2020      General Manager of DAKS•Licence Group, Head Office Department of Holdings April 2021      President of Sankyo Seiko (Asia Pacific) Co., Ltd. (current position)  [Significant concurrent positions] • President of Sankyo Seiko (Asia Pacific) Co., Ltd.	12,018
5	Machiko Nambu (September 27, 1952)  [Reappointment] [Outside] [Independent]	April 1975      Joined Hyogo Prefecture Office April 1996      Joined Kobe Harbour Circus Co., Ltd. October 1998      Director August 1999      Director of Pasona Cruiser Co., Ltd. (now Kobe Cruiser Co., Ltd.) Director of Concerto Co., Ltd. April 2006      President of Kobe Cruiser Co., Ltd. April 2006      President of Concerto Co., Ltd. April 2014      Chairman of Kobe Cruiser Co., Ltd. (current position) June 2014      Outside Auditor of Honshu-Shikoku Bridge Expressway Co., Ltd. (current position) April 2015      Outside Director of Morozoff Limited June 2020      Outside Director of the Company (current position) April 2022      Outside Director of OM Kobe Co., Ltd. (now Kobe Future City Co., Ltd.) (current position)	0
6	Kazufumi Hattori (October 27, 1953)  [Reappointment] [Outside] [Independent]	April 1977      Joined Dentsu Inc. March 1997      General Manager of Planning Department, Business Promotion Office, Kansai Branch January 2008      Head of Kyoto Sales Office, Kansai Branch April 2012      Executive Officer and Deputy Branch Manager of Kansai Branch June 2013      Director, Member of the Board and Head of Kansai Branch January 2016      Director, Member of the Board, Managing Executive Officer and Head of Kansai Branch March 2016      Managing Executive Officer and Head of Kansai Branch June 2020      Outside Director of the Company (current position)	0

- Notes: 1. There are no special interests between any of the candidates and the Company.
2. The number of shares of the Company held by Mr. Naohiko Hino and Mr. Yuichi Nishi includes shares held for them by the employee shareholding association.
3. Ms. Machiko Nambu and Mr. Kazufumi Hattori are candidates for Outside Director. If their reappointment is approved under this proposal at the Meeting, the Company intends to register them as independent directors as designated by the Tokyo Stock Exchange.
4. Reasons for nomination, expected roles, years in office of each of the Outside Director candidates are as follows:
- (1) Ms. Machiko Nambu has served as President of Kobe Cruiser Co., Ltd. and President of Concerto Co., Ltd., and has been nominated as a candidate for Outside Director of

the Company so that she can reflect the extensive experience and advanced knowledge she has gained through her career as a corporate manager in the management of the Company. After her appointment, she is expected to leverage the insight she has acquired through her experience of involvement in corporate management to actively provide advice and contribute to further enhancing the management supervision and checking function from an objective standpoint independent of business execution. She will have served as Outside Director for three (3) years at the conclusion of the Meeting.

- (2) Mr. Kazufumi Hattori has served as Head of the Kyoto Sales Office, Kansai Branch and Director, Member of the Board and Head of the Kansai Branch of Dentsu Inc., and has been nominated as a candidate for Outside Director of the Company so that he can reflect the extensive experience and advanced knowledge he has gained through his career as a corporate manager in the management of the Company. After his appointment, he is expected to leverage the insight he has acquired through his experience of involvement in corporate management to actively provide advice and contribute to further enhancing the management supervision and checking function from an objective standpoint independent of business execution. He will have served as Outside Director for three (3) years at the conclusion of the Meeting.
5. In accordance with the provisions of Article 427, Paragraph 1 of the Companies Act, the Company has entered into agreements with Ms. Machiko Nambu and Mr. Kazufumi Hattori to limit their liability for damages under Article 423, Paragraph 1 of the said Act. If their reappointment is approved under this proposal, the Company intends to continue the said agreements with them. The liability for damages under the said agreements is limited to the amount stipulated by laws and regulations.
6. The Company has entered into a directors and officers liability insurance policy with an insurance company as provided for under Article 430-3, Paragraph 1 of the Companies Act. An overview of the said insurance policy is presented on page 30 of the Business Report (available only in Japanese). If the reappointment of Mr. Akira Inoue, Ms. Machiko Nambu and Mr. Kazufumi Hattori, and the appointment of Mr. Tetsuji Miyazawa, Mr. Naohiko Hino and Mr. Yuichi Nishi are approved under this proposal, each will be insured under the said policy. The Company intends to renew the said policy on similar terms when it comes due for renewal in May 2024.



(Reference) Skills matrix of candidates for Director

The Company expects each candidate to contribute in the following fields in particular, based on their insight, experience, and abilities.

Name	Position in the Company	Corporate management / Corporate strategy	Brand business / Sales	Internationality / Overseas business	Governance	Finance / Accounting	SDGs	HR development / Diversity	IT / DX
Akira Inoue	President & CEO	●	●	●	●		●	●	
Tetsuji Miyazawa	Director	●	●	●				●	
Naohiko Hino	Director	●			●	●			●
Yuichi Nishi	Director	●	●	●				●	
Machiko Nambu	Outside Director			●	●		●		
Kazufumi Hattori	Outside Director		●		●		●		

- Notes: 1. The “Position in the Company” column above shows the positions to be held by candidates if this proposal is approved as proposed.
2. This matrix does not show all of the insight, experience or abilities possessed by each Director.

**Proposal 3:** Election of Three (3) Company Auditors

The term of office of all three (3) Company Auditors will expire at the conclusion of the Meeting. Accordingly, the Company proposes the election of three (3) Company Auditors. The consent of the Board of Company Auditors has been obtained to this proposal.

The candidates for Company Auditor are shown below.

No.	Name (Age)	Position	Attendance at Board of Directors meetings	Attendance at Board of Company Auditors meetings
1	Katsumi Koyama (56) [New appointment]	General Manager	-	-
2	Takashi Shoji (60) [Reappointment] [Outside] [Independent]	Company Auditor	100% (14/14)	100% (7/7)
3	Fumi Takatsuki (48) [New appointment] [Outside] [Independent]	-	-	-

Note: The ages of the candidates for Company Auditor are shown as of the date of the Meeting.

No.	Name (Date of birth)	Career summary, positions, responsibilities, and significant concurrent positions	Number of shares of the Company held
1	Katsumi Koyama (December 17, 1966)  [New appointment]	<p>April 1991      Joined the Company</p> <p>April 2000      Manager of San License Company</p> <p>December 2000   Representative of New York Liaison Office</p> <p>April 2018      Manager of The President Office, Head Office Department of Holdings</p> <p>April 2023      General Manager of General Affairs and Corporate Communications Group, The President Office, Head Office Department of Holdings (current position)</p>	2,449
2	Takashi Shoji (May 20, 1963)  [Reappointment] [Outside] [Independent]	<p>October 1987    Joined Asahi Shinwa &amp; Co. (currently, KPMG AZSA LLC)</p> <p>March 1991      Registered as a Certified Public Accountant</p> <p>September 1995 Representative of Shoji CPA Office (current position)</p> <p>July 1997       Representative Partner of Global Audit Corporation</p> <p>June 1998       Outside Auditor of USJ Co., Ltd. (currently USJ LLC)</p> <p>June 2003       Outside Auditor of Yasunaga Corporation</p> <p>March 2011      President of Shoji Planning Co., Ltd. (current position)</p> <p>June 2015       Outside Director (Audit and Supervisory Committee) of Yasunaga Corporation (current position)</p> <p>June 2015       Outside Auditor of the Company (current position)</p> <p>[Significant concurrent positions]</p> <ul style="list-style-type: none"> <li>• Representative of Shoji CPA Office</li> <li>• President of Shoji Planning Co., Ltd.</li> <li>• Outside Director (Audit and Supervisory Committee) of Yasunaga Corporation</li> </ul>	0
3	Fumi Takatsuki (June 24, 1975)  [New appointment] [Outside] [Independent]	<p>October 2000    Registered as Attorney at Law Joined Oike Law Office</p> <p>December 2003   Joined Anderson Mori and Tomotsune Law Office</p> <p>April 2006       Joined Oh-Ebashi LPC &amp; Partners</p> <p>January 2009     Partner of Oh-Ebashi LPC &amp; Partners (current position)</p> <p>April 2018       President of Kyoto Machiya Trips Co., Ltd. (current position)</p> <p>June 2020       Outside Director of Shionogi &amp; Co., Ltd. (current position)</p> <p>[Significant concurrent positions]</p> <ul style="list-style-type: none"> <li>• Partner of Oh-Ebashi LPC &amp; Partners</li> <li>• President of Kyoto Machiya Trips Co., Ltd.</li> <li>• Outside Director of Shionogi &amp; Co., Ltd.</li> </ul>	0

- Notes: 1. There are no special interests between any of the candidates and the Company.
2. The number of shares of the Company held by Mr. Katsumi Koyama is for the shares held for him by the employee shareholding association.
3. Mr. Takashi Shoji and Ms. Fumi Takatsuki are candidates for Outside Company Auditor. If the reappointment of Mr. Takashi Shoji and the appointment of Ms. Fumi Takatsuki are approved under this proposal at the Meeting, the Company intends to register them as independent auditors as designated by the Tokyo Stock Exchange.

4. Reasons for nomination and years in office of each of the Outside Company Auditor candidates are as follows:
  - (1) Mr. Takashi Shoji has been engaged in corporate accounting and taxation work for many years as Certified Public Accountant and Tax Accountant, and has been nominated as a candidate for Outside Company Auditor so that he can reflect his specialized knowledge and broad practical experience in the audit and supervision of the Company. He will have served as Outside Company Auditor for eight (8) years at the conclusion of the Meeting.
  - (2) Ms. Fumi Takatsuki has been engaged in corporate legal affairs work for many years as Attorney at Law, and has been nominated as a candidate for Outside Company Auditor so that she can reflect her specialized knowledge and broad practical experience in the audit and supervision of the Company. The Company has entered into an advisory agreement with Oh-Ebashi LPC & Partners, where Ms. Takatsuki holds the office of Partner, but the advisory fees paid by the Company do not exceed 1 million yen, and the Company believes there is no problem with her externality or independence.
5. In accordance with the provisions of Article 427, Paragraph 1 of the Companies Act, the Company has entered into an agreement with Mr. Takashi Shoji to limit his liability for damages under Article 423, Paragraph 1 of the said Act. If his reappointment is approved under this proposal, the Company intends to continue the said agreement with him. Moreover, if the appointment of Mr. Katsumi Koyama and Ms. Fumi Takatsuki are approved under this proposal, the Company intends to conclude the same agreement with them. The liability for damages under the said agreements is limited to the amount stipulated by laws and regulations.
6. The Company has entered into a directors and officers liability insurance policy with an insurance company as provided for under Article 430-3, Paragraph 1 of the Companies Act. An overview of the said insurance policy is presented on page 30 of the Business Report (available only in Japanese). If the reappointment of Mr. Takashi Shoji and the appointment of Mr. Katsumi Koyama and Ms. Fumi Takatsuki are approved under this proposal, each will be insured under the said policy. The Company intends to renew the said policy on similar terms when it comes due for renewal in May 2024.

**Proposal 4:** Election of Two (2) Substitute Company Auditors

The effect of the election of substitute Company Auditors Ms. Fumi Takatsuki and Mr. Katsumi Koyama will expire at the conclusion of the Meeting. Accordingly, in order to prepare for a situation where the number of Company Auditors falls short of the number required by laws and regulations, the Company proposes the election of two (2) substitute Company Auditors.

The candidates for substitute Company Auditor are shown below. Ms. Yuri Kawashima will be a substitute for Mr. Takashi Shoji and Ms. Fumi Takatsuki, Outside Corporate Auditors, and Mr. Takaaki Niida will be a substitute for Mr. Katsumi Koyama, Corporate Auditor.

The consent of the Board of Company Auditors has been obtained to this proposal.

No.	Name (Date of birth)	Career summary, positions, responsibilities, and significant concurrent positions	Number of shares of the Company held
1	Yuri Kawashima (June 4, 1978)  [Outside] [Independent]	October 2004 Registered as Attorney at Law Joined Oh-Ebashi LPC & Partners October 2011 Registered as Attorney at Law in the State of New York, USA January 2015 Partner of Oh-Ebashi LPC & Partners (current position) [Significant concurrent positions] ▪Partner of Oh-Ebashi LPC & Partners	0
2	Takaaki Niida (July 1, 1975)	April 1998 Joined the Company April 2011 Manager of Finance and Accounting Division (Consolidated Accounting Group), Head Quarter April 2020 Head of Internal Control Office (current position) November 2021 Manager in charge of Finance • Accounting • Legal and Related Businesses, Corporate Strategy Development Office, Head Office Department of Holdings April 2023 General Manager of International Accounting and Tax Group, Corporate Strategy Development Office, Head Office Department of Holdings (current position)	7,875

- Notes:
1. There are no special interests between Ms. Yuri Kawashima or Mr. Takaaki Niida and the Company.
  2. The number of shares of the Company held by Mr. Takaaki Niida includes shares held for him by the employee shareholding association.
  3. Ms. Yuri Kawashima is a candidate for substitute Outside Company Auditor. If her appointment is approved under this proposal at the Meeting and she subsequently assumes office as Corporate Auditor, the Company intends to register her as an independent auditor as designated by the Tokyo Stock Exchange.
  4. Reasons for nomination of the substitute Outside Company Auditor candidate are as follows: Ms. Yuri Kawashima has never been directly involved in corporate management, but has been engaged in corporate legal affairs work for many years as Attorney at Law, and has been nominated as a candidate for substitute Outside Company Auditor so that she can reflect her specialized knowledge and broad practical experience in the audit and supervision of the Company. The Company has entered into an advisory agreement with Oh-Ebashi LPC & Partners, where Ms. Kawashima holds the office of Partner, but the advisory fees paid by the

Company do not exceed 1 million yen, and the Company believes there is no problem with her externality or independence.

5. If the appointment of Ms. Yuri Kawashima and Mr. Takaaki Niida are approved under this proposal and they subsequently assume office as Company Auditors, the Company intends to enter into agreements with them to limit their liability for damages under Article 423, Paragraph 1 of the Companies Act, in accordance with the provisions of Article 427, Paragraph 1 of the said Act. The liability for damages under the said agreements will be limited to the amount stipulated by laws and regulations.
6. The Company has entered into a directors and officers liability insurance policy with an insurance company as provided for under Article 430-3, Paragraph 1 of the Companies Act. An overview of the said insurance policy is presented on page 30 of the Business Report (available only in Japanese). If the appointment of Ms. Yuri Kawashima and Mr. Takaaki Niida are approved under this proposal and they subsequently assume office as Company Auditors, each will be insured under the said policy. The Company intends to renew the said policy on similar terms when it comes due for renewal in May 2024.

**Proposal 5:** Determination on Remuneration for the Grant of Restricted Stock to Directors (Excluding Outside Directors)

Remuneration, etc. for Directors of the Company not exceeding 300 million yen per annum (not including the salary payable to the Directors concurrently serving as employees of the Company with respect to their duties as employees) was approved at the 60th Annual General Meeting of Shareholders held on June 26, 1992.

As part of a review of the remuneration system for corporate officers, the Company intends to newly provide remuneration for the grant of restricted stock to Directors of the Company (excluding Outside Directors; hereinafter “Eligible Directors”), separately from the annual remuneration limit stated above, with the aim of providing Eligible Directors with an incentive to strive for the sustainable enhancement of the Company’s corporate value and share price and to further promote shared values with shareholders.

Remuneration to be provided to Eligible Directors for the grant of restricted stock under this proposal shall be in the form of monetary claims, the total amount of which shall not exceed 50 million yen per annum (not including the salary payable to the Directors concurrently serving as employees of the Company with respect to their duties as employees). The Board of Directors shall determine the specific timing and allocation of remuneration to each Eligible Director.

There are presently four (4) Directors, including two (2) Outside Directors. If the proposal 2 “Election of Six (6) Directors” is approved as proposed, there will be six (6) Directors, including two (2) Outside Directors.

Eligible Directors, based on a resolution of the Board of Directors of the Company, shall pay in all the monetary claims to be provided according to this proposal as property contributed in kind, and shall, in return, receive the Company’s common shares to be issued or disposed of. The total number of the Company’s common shares to be issued or disposed of in this way shall not exceed 100,000 shares per annum. However, should the Company’s common shares undergo a share split (including allotment of the Company’s common shares without contribution), a reverse share split, or any other circumstance in which the total number of the Company’s common shares to be issued or disposed of as restricted stock needs to be adjusted, on or after the date of the approval of this proposal, the said total number shall be adjusted within a reasonable range.

The amount to be paid in per share shall be determined by the Board of Directors, based on the closing price of the Company’s common shares on the Tokyo Stock Exchange on the business day immediately prior to the date of the resolution of allotment by each Board of Directors meeting (or the closing price on the trading day immediately prior thereto if no trading is made on the date) within a range that is not particularly favorable to the Eligible Directors receiving the said common shares. The issuance or disposal of the Company’s common shares, and the provision of monetary claims as property contributed in kind, shall be conditional upon the Company concluding a restricted stock allotment agreement (hereinafter the “Allotment Agreement”) that includes the terms and conditions shown below, with each Eligible Director. The maximum amount of remuneration, the total number of the Company’s common shares to be issued or disposed of under this proposal, and other conditions regarding the grant of restricted stock to Eligible Directors under this proposal, are determined based on the purpose described above, the Company’s business conditions, the Company’s determination policy regarding the details of individual remuneration, etc. for Directors (if this proposal is approved, then the said policy will be amended as shown under [Reference] below), and other various circumstances, and are considered appropriate.

[Summary of the contents of the Allotment Agreement]

(1) Transfer Restriction Period

An Eligible Director shall not transfer, create a security interest in or otherwise dispose of the Company's common shares allotted under the Allotment Agreement (hereinafter the "Allotted Shares") from the day when the shares were allotted under the Allotment Agreement until the time immediately after the Eligible Director retires from the Company or a position predesignated by the Company's Board of Directors among the positions as an officer or employee of the Company or a subsidiary thereof. This period is hereinafter referred to as the "Transfer Restriction Period," and these restrictions are hereinafter referred to as the "Transfer Restrictions." However, where the said time immediately after the retirement falls prior to the day three months after the end of the fiscal year containing the day on which the Allotted Shares are allotted, the timing of the expiration of the Transfer Restriction Period may be adjusted within a reasonable range.

(2) Treatment at the time of retirement

In the event that an Eligible Director, prior to the expiration of a period predesignated by the Company's Board of Directors (hereinafter the "Service Period"), retires from the Company or a position predesignated by the Board of Directors of the Company among the positions as an officer or employee of the Company or a subsidiary thereof, except where due to the expiration of the Eligible Director's term of office, death or other just cause, the Company shall automatically acquire the Allotted Shares for no consideration.

(3) Lifting of the Transfer Restrictions

The Company shall lift the Transfer Restrictions on all Allotted Shares at the expiration of the Transfer Restriction Period on condition that an Eligible Director has served continuously in the position predesignated by the Board of Directors of the Company among the positions as an officer or employee of the Company or a subsidiary thereof. However, if (i) the said Eligible Director retires from the Company or a position predesignated by the Board of Directors of the Company among the positions as an officer or employee of the Company or a subsidiary thereof, for just cause, prior to the expiration of the Service Period, or (ii) the said Eligible Director retires from the Company or a position predesignated by the Board of Directors of the Company among the positions as an officer or employee of the Company or a subsidiary thereof, without just cause even after the expiration of the Service Period but prior to the expiration of the Transfer Restriction Period, then the number of Allotted Shares from which the Transfer Restrictions are lifted, and the timing of the lifting, shall be adjusted reasonably as necessary. The Company shall automatically acquire, for no consideration, the Allotted Shares that have not been lifted from the Transfer Restrictions, immediately after the lifting of the Transfer Restrictions in accordance with the provisions above.

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

Notwithstanding the provisions in (1) above, in the case that a merger agreement under which the Company will be absorbed, a share exchange agreement or a share transfer plan under which the Company will become a wholly owned subsidiary, or other reorganization, etc. is approved by the Company's General Meeting of Shareholder (or by the Board of Directors of the Company, for the said reorganization, etc. that does not require the approval of the Company's General Meeting of Shareholders) during the Transfer Restriction Period, the Company shall, by a resolution of the Board of Directors of the Company, lift the Transfer Restrictions for a number of the Allotted Shares to be determined reasonably based upon the length of the period from the beginning day of the Transfer Restriction Period to the day when the said reorganization, etc. is approved, prior to the effective date



of the said reorganization, etc. In the above mentioned case, the Company shall automatically acquire, for no consideration, the Allotted Shares that have not been lifted from the Transfer Restrictions, immediately after the lifting of the Transfer Restrictions.

(5) Other matters

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

[Reference] Determination policy regarding the details of individual remuneration, etc. for Directors

### **1. Basic policy**

The Company's basic policy regarding remuneration for Directors is to establish a remuneration system that takes account of factors such as the trend in business performance to function adequately as an incentive to strive for the sustainable enhancement of the Company's corporate value and share price, while ensuring the determination of an appropriate level of remuneration for individual Directors in accordance with their duties. Specifically, remuneration for executive Directors consists of performance-linked remuneration, comprising bonuses as short-term incentives and non-monetary remuneration, etc. as medium- and long-term incentives, in addition to a fixed salary as basic remuneration. Outside Directors, who perform a supervisory function, receive only basic remuneration in view of the nature of their duties.

### **2. Policy on the determination of amounts of individual remuneration, etc. for the provision of basic remuneration (monetary remuneration) (including policy on the determination of timing and conditions for the provision of remuneration, etc.)**

Basic remuneration for Directors of the Company consists of a monthly fixed remuneration, determined upon comprehensive consideration of factors such as representative authority, position, responsibilities, the Company's business performance, and the level of salary for employees.

### **3. Policy on the determination of details and method used to calculate amounts for performance-linked remuneration, etc. and non-monetary remuneration, etc. (including policy on the determination of timing and conditions for the provision of remuneration, etc.)**

Performance-linked remuneration, etc. consists of bonuses as short-term incentives and non-monetary remuneration, etc. as medium- and long-term incentives.

Bonuses are paid annually, at a fixed time each year, based on a comprehensive consideration of factors such as the trend in fiscal year business performance, the level of individual contribution to the business performance, and various economic indicators.

Non-monetary remuneration, etc. shall be shares of restricted stock with a "Transfer Restriction Period" expiring upon the retirement from the office of Director of the Company to restrict the sale, etc. of the shares, with the aim of providing an incentive to strive for the sustainable enhancement of the Company's corporate value and share price and to further promote shared values with shareholders. The grant of restricted stock shall be comprehensively considered upon factors such as representative authority, position, responsibilities, and the Company's business performance, and the specific timing of the grant is determined by the Board of Directors. However, if a recipient retires from the position of Director of the Company after the conclusion of the Annual General Meeting of Shareholders at which the Director was elected and the conclusion of the first subsequent Annual General Meeting of Shareholders, the Company shall automatically acquire all of the shares of restricted stock granted for no consideration, except in cases where it deems there is just cause.

**4. Policy on determining the proportions of the amounts of monetary remuneration and performance-linked remuneration, etc. to the amounts of individual remuneration, etc. for Directors**

The Company shall determine the proportions of remuneration for each type of Directors based on a comprehensive consideration of factors such as trends in business performance and various economic indicators, based on the benchmark remuneration levels at companies with a similar business scale, of a similar industry sector and business type to the Company.

**5. Determination of the details of individual remuneration, etc. for Directors**

The authority to determine the amounts of individual remuneration shall be delegated to the representative Director who, as the CEO, is the most suitable person to evaluate the businesses for which each Director is responsible while maintaining a high-level perspective on the business performance of the Company as a whole. This authority includes determination on the amount of basic remuneration for each Director as well as the evaluation and allocation of bonuses as short-term incentives and non-monetary remuneration, etc. as medium- and long-term incentives for each executive Director.

**6. Method used to determine the details of individual remuneration, etc. for Directors**

The representative Director who is the CEO shall determine the details of individual remuneration, etc. for Directors in accordance with the determination policy regarding the details of individual remuneration, etc. for Directors, based on the comprehensive consideration of factors such as representative authority, position, responsibilities, and the Company's business performance, as well as the level of individual contribution to business performance and various economic indicators.