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Securities Code: 4368

June 7, 2023

To Our Shareholders:

Shinichi Sugita, Representative Director and President  
**FUSO CHEMICAL CO., LTD.**  
3-10, Koraibashi 4-chome, Chuo-ku, Osaka

## Notice of the 66th Annual General Meeting of Shareholders

We are pleased to announce the 66th Annual General Meeting of Shareholders of the Company, which will be held as described below.

When convening this general meeting of shareholders, the Company takes measures for providing information that constitutes the content of Reference Documents for the General Meeting of Shareholders, etc. (items for which measures for providing information in electronic format are to be taken) in electronic format, and posts this information as “Notice of the 66th Annual General Meeting of Shareholders” on each of the following websites. Please access either of those websites by using the internet address shown below to review the information.

The Company’s website:  
<https://fusokk.co.jp> (in Japanese)

Website for posted informational materials for the general meeting of shareholders:  
<https://d.sokai.jp/4368/teiji/> (in Japanese)

In addition to posting items for which measures for providing information in electronic format are to be taken on each of the websites above, the Company also posts this information on the website of Tokyo Stock Exchange, Inc. (TSE). To access this information from the latter website, access the TSE website (Listed Company Search) by using the internet address shown below, enter “FUSO CHEMICAL” in the issue name (company name) or “4368” in the securities code, and click “Search,” and then click “Basic information” and select “Documents for public inspection/PR information.” Under “Filed information available for public inspection,” click “Click here for access” under “[Notice of General Shareholders Meeting /Informational Materials for a General Shareholders Meeting].”

TSE website (Listed Company Search):  
<https://www2.jpx.co.jp/tseHpFront/JJK010010Action.do?Show=Show> (in Japanese)

**If you are unable to attend on the day of the meeting, you may exercise your voting rights via the Internet, etc. or in writing. Please review the Reference Documents for the General Meeting of Shareholders, and exercise your voting rights by 5:45 p.m. on Thursday, June 22, 2023 (JST).**

**[When exercising voting rights via the Internet, etc.]**

Please vote by the above stated deadline for exercising voting rights.

**[When exercising voting rights in writing]**

Please indicate your votes for each proposal on the enclosed voting form, and return it by the above stated deadline for exercising your votes.

**1. Date and time: Friday, June 23, 2023, at 10:00 a.m. (JST)**

**2. Venue:** 4th Floor, Osaka Club  
4-11, Imabashi 4-chome, Chuo-ku, Osaka

**3. Objectives of meeting:**

**Items to be reported:**

1. Reports on the Business Report, the Consolidated Financial Statements, and the results of audit of the Consolidated Financial Statements by the Financial Auditor and Audit and Supervisory Committee for the 66th fiscal term (from April 1, 2022 to March 31, 2023)

2. Report on the Non-consolidated Financial Statements for the 66th fiscal term (from April 1, 2022 to March 31, 2023)

**Items to be resolved:**

- |                       |  |
|-----------------------|--|
| <b>Proposal No. 1</b> | Appropriation of Surplus   |
| <b>Proposal No. 2</b> | Election of Seven Board Directors (Excluding Board Directors Who Are Audit and Supervisory Committee Members)  |
| <b>Proposal No. 3</b> | Election of One Board Director Who Is an Audit and Supervisory Committee Member  |
| <b>Proposal No. 4</b> | Determination of Remuneration for Granting Restricted Shares to Board Directors (Excluding Board Directors Who Are Audit and Supervisory Committee Members and External Board Directors) |

- If you are attending on the day of the meeting, you are kindly requested to submit the enclosed voting form to the reception staff.
- Of the items for which measures for providing information in electronic format are to be taken, the System to Ensure the Proper Operation of Business and the Status of Operation of the System in the Business Report, the Consolidated Statement of Changes in Equity and Notes to Consolidated Financial Statements of the Consolidated Financial Statements, together with Non-consolidated Statement of Changes in Equity and Notes to Non-consolidated Financial Statements of the Non-consolidated Financial Statements are not included in the paper-based documents to be delivered to shareholders who have made a request for delivery of paper-based documents pursuant to the provisions of laws and regulations and Article 15 of the Company's Articles of Incorporation. Accordingly, the documents that are delivered to shareholders who have made a request for delivery of paper-based documents are part of the documents included in the scope of audits by the Audit and Supervisory Committee Members and the Financial Auditor when they create their respective audit reports.
- If revisions to the items for which measures for providing information in electronic format are to be taken arise, a notice of the revisions and the details of the items before and after the revisions will be posted on the website for measures for providing information in electronic format on the previous page.
- As the timing of the cessation of COVID-19 is uncertain, shareholders attending the meeting in person are kindly requested to check the status of infection as well as their physical condition on the day of the meeting. Particularly for shareholders who are elderly, pregnant, or with underlying medical conditions, please make a careful decision.
- Souvenirs will not be handed out to shareholders attending on the day of the meeting. Your understanding would be much appreciated.

## Reference Documents for the General Meeting of Shareholders

### Proposal No. 1 Appropriation of Surplus

The Company appropriates surplus based on a basic policy of long-term stable return to shareholders taking into consideration strengthening the corporate structure and future business development.

The Company proposes to pay a year-end dividend for the 66th fiscal term of ¥33 per share as follows based on the business performance for the fiscal year under review.

Total dividends per share for the fiscal year including the interim dividend (¥30 per share) will be ¥63 per share.

Matters regarding year-end dividends

- (1) Type of dividend property  
To be paid in cash.
- (2) Matters regarding the allocation of dividend property and the total amount thereof  
The Company proposes to pay a dividend of ¥33 per common share of the Company.  
In this event, the total dividends will be ¥1,163,036,622.
- (3) Effective date of dividends of surplus  
June 26, 2023

**Proposal No. 2** Election of Seven Board Directors (Excluding Board Directors Who Are Audit and Supervisory Committee Members)

The terms of office of all current seven Board Directors (excluding Board Directors who are Audit and Supervisory Committee Members; the same shall apply throughout this proposal) will expire at the conclusion of the meeting. Therefore, the Company proposes the election of seven Board Directors.

The Audit and Supervisory Committee of the Company believes that all candidates for Board Directors are qualified for this proposal.

The candidates for Board Directors are as follows:

Candidate No.	Name (Date of birth)	Career summary, position and responsibility in the Company, and significant concurrent positions outside the Company	Number of the Company's shares owned
1	Misako Fujioka (April 22, 1955) [Reelection]	<p>June 1988 External Board Director of the Company</p> <p>Mar. 1999 Executive Officer of Teikoku Seiyaku Co., Ltd.</p> <p>Mar. 2011 President &amp; CEO (current position)</p> <p>June 2017 Representative Director &amp; Chairman of the Company (current position)</p> <p>June 2020 Outside Director (Audit and Supervisory Committee Member) of Asahi Broadcasting Group Holdings Corporation (current position)</p> <p>[Significant concurrent positions outside the Company]</p> <p>President &amp; CEO of Teikoku Seiyaku Co., Ltd.</p> <p>Outside Director (Audit and Supervisory Committee Member) of Asahi Broadcasting Group Holdings Corporation</p>	122,802 shares
<p>[Reasons for nomination as candidate for Board Director]</p> <p>Misako Fujioka presently holds a position as President &amp; CEO of Teikoku Seiyaku Co., Ltd. and has abundant knowledge and experience in the overall management of a company. Accordingly, judging that she is capable of contributing to the development of the Company group (the "Group"), the Company continues to nominate her as candidate for Board Director.</p>			
2	Shinichi Sugita (October 5, 1955) [Reelection]	<p>Apr. 1980 Joined Fujisawa Pharmaceutical Co., Ltd. (currently Astellas Pharma Inc.)</p> <p>Apr. 2005 Joined the Company</p> <p>Apr. 2006 Department Manager of Planning and Development Department of Sales Development Division of Life Science Business Unit</p> <p>July 2012 Executive Officer, Division Manager of Electronic Materials Division, and Site Manager of Kyoto Plant</p> <p>Feb. 2019 Deputy Division Manager of Administration Division</p> <p>June 2019 Board Director, Division Manager of Administration Division, and in charge of Innovation Promotion Office</p> <p>June 2020 Representative Director &amp; President (current position)</p>	10,103 shares
<p>[Reasons for nomination as candidate for Board Director]</p> <p>Shinichi Sugita has experience and expertise in the life science and electronic materials businesses, as well as knowledge which he had obtained from managerial work as a Site Manager of a plant and a Division Manager of the Administration Division. Judging that he is capable of contributing to the Group's development by utilizing these, the Company continues to nominate him as candidate for Board Director.</p>			

Candidate No.	Name (Date of birth)	Career summary, position and responsibility in the Company, and significant concurrent positions outside the Company	Number of the Company's shares owned	
3	Haruo Masauji (March 23, 1967) [Reelection]	Apr. 1990	Joined the Company	27,152 shares
		July 2005	Department Manager of Electronic Materials Sales Development Department of Electronic Materials Business Division	
		Feb. 2008	Division Manager of Electronic Materials Division of Electronic Materials Business Unit	
		July 2008	Executive Officer	
		July 2010	Senior Executive Officer and General Manager of Electronic Materials Business Unit (current position)	
		June 2011	Board Director	
		Apr. 2019	Managing Director	
		June 2020	Senior Managing Director (current position) and in charge of Innovation Promotion Office	
[Reasons for nomination as candidate for Board Director] Haruo Masauji is assisting the president in the overall management while supporting the administration by utilizing his experience and expertise in the electronic materials business. Accordingly, judging that he is capable of contributing to businesses the Company is developing, the Company continues to nominate him as candidate for Board Director.				
4	Takashi Tanimura (November 27, 1964) [Reelection]	Dec. 1989	Joined the Company	29,167 shares
		Feb. 2008	General Manager of Shanghai Branch of Qingdao Fuso Refining & Processing Co., Ltd.	
		Aug. 2008	President of FUSO (THAILAND) CO., LTD.	
		May 2011	Division Manager of Asia Business Development Division of Life Science Business Unit and Department Manager of Sales Department of the Company	
		Apr. 2013	General Manager of Life Science Business Unit	
		July 2013	Senior Executive Officer	
		June 2014	Board Director	
		Apr. 2019	Managing Director, in charge of Life Science Business Unit, and Department Manager of Planning and Development Office	
		June 2020	Senior Managing Director (current position), in charge of Life Science Business Unit, and Planning and Development Office	
		Apr. 2021	General Manager of International Division (current position)	
[Reasons for nomination as candidate for Board Director] Takashi Tanimura is assisting the president in the overall management while supporting the administration by utilizing his experience and expertise in the life science business. Accordingly, judging that he is capable of contributing to businesses the Company is developing, the Company continues to nominate him as candidate for Board Director.				
5	Motoki Sugimoto (November 11, 1968) [Reelection]	Apr. 1992	Joined the Company	2,667 shares
		Apr. 2010	Department Manager of Sales Development Department of Electronic Materials Business Unit	
		July 2015	Executive Officer and Department Manager of Sales Development Department of Life Science Business Unit	
		Apr. 2019	General Manager of Life Science Business Unit (current position)	
		June 2019	Board Director (current position)	
[Reasons for nomination as candidate for Board Director] Motoki Sugimoto has experience and expertise in the life science and electronic materials businesses. Judging that he is capable of contributing to businesses the Company is developing by utilizing them through his execution of duties as Board Director, the Company continues to nominate him as candidate for Board Director.				

Candidate No.	Name (Date of birth)	Career summary, position and responsibility in the Company, and significant concurrent positions outside the Company	Number of the Company's shares owned
6	Atsushi Fujioka (May 4, 1988) [Reelection]	Nov. 2019      Joined the Company Mar. 2020      Executive Director of Teikoku Seiyaku Co., Ltd. (current position) July 2020      Executive Officer and Department Manager of Planning and Development Office of the Company (current position) June 2021      Board Director (current position) [Significant concurrent positions outside the Company] Executive Director of Teikoku Seiyaku Co., Ltd.	22,100 shares
[Reasons for nomination as candidate for Board Director] Atsushi Fujioka has experience and expertise as a Department Manager of the Planning and Development Office. Judging that he is capable of contributing to businesses the Company is developing by utilizing them through his execution of duties as Board Director, the Company continues to nominate him as candidate for Board Director.			

Candidate No.	Name (Date of birth)	Career summary, position and responsibility in the Company, and significant concurrent positions outside the Company	Number of the Company's shares owned
7	<p style="text-align: center;">Hakaru Hyakushima (December 20, 1958) [External] [Independent] [Reelection]</p>	<p>Apr. 1981      Joined Ministry of Finance July 1999      Assistant Regional Commissioner of Criminal Investigation Department of Tokyo Regional Taxation Bureau July 2011      Deputy Commissioner of Commissioner's Secretariat of National Tax Agency July 2012      Regional Commissioner of Nagoya Regional Taxation Bureau Apr. 2015      President of Japan Mint Apr. 2018      Deputy Director-General of Minister's Secretariat of Ministry of Finance Apr. 2019      Professor of Department of Management, Faculty of Management of Otemon Gakuin University (current position) Senior Visiting Research Fellow of Policy Research Institute, Ministry of Finance (current position) June 2019      Outside Director of Osaka Soda Co., Ltd. (current position) Oct. 2019      Part-time lecturer of Kyoto University School of Government June 2020      Outside Audit &amp; Supervisory Board Member of Sumitomo Riko Company Limited (current position) Mar. 2021      Trustee, Kyoto International Conference Center (current position) June 2022      External Board Director of the Company (current position)</p> <p>[Significant concurrent positions outside the Company] Professor of Department of Management, Faculty of Management of Otemon Gakuin University Senior Visiting Research Fellow of Policy Research Institute, Ministry of Finance Trustee, Kyoto International Conference Center Outside Director of Osaka Soda Co., Ltd. Outside Audit &amp; Supervisory Board Member of Sumitomo Riko Company Limited</p>	75 shares
<p>[Reasons for nomination as candidate for External Board Director and expected roles] Hakaru Hyakushima has abundant government agency experience in taxation, finance, and other fields from holding important posts at the Ministry of Finance and other organizations. Accordingly, with the expectation that he will oversee and offer advice drawn on his knowledge for decision-making of important management matters and supervision of execution of duties, etc. from a neutral and objective perspective, the Company continues to nominate him as candidate for External Board Director. Although he has no experience being involved in the management of a company in any way other than as an outside officer, for the reasons above, the Company has judged him capable of appropriately fulfilling duties as External Board Director.</p>			

- Notes:
1. There is no special interest between any of the candidates and the Company.
  2. Hakaru Hyakushima is a candidate for External Board Director.
  3. Hakaru Hyakushima is currently an External Board Director of the Company. At the conclusion of the meeting, his tenure as an External Board Director of the Company will have been one year.
  4. Pursuant to the provisions of Article 427, paragraph (1) of the Companies Act, the Company has entered into an agreement with Hakaru Hyakushima to limit his liability for damages under Article 423, paragraph (1) of the same Act to the minimum liability amount provided for by Article 425, paragraph (1) of the same Act. If he is elected, the Company plans to renew the aforementioned agreement with him.
  5. The Company has entered into a directors and officers liability insurance contract with an insurance company as provided for in Article 430-3, paragraph (1) of the Companies Act, which provides that the Company shall cover any damages that may arise from a director being held liable for the performance of his/her duties or being subject to a claim for such liability (however, excluding such performance of an illegal act with full knowledge of its illegality). Each candidate, if elected, will become insured

parties under this insurance policy. In addition, the premiums for the policy are fully borne by the Company, including the special contract, and the Company plans to renew this insurance policy with the same content at the time of the next renewal.

6. Hakaru Hyakushima satisfies the requirements for an independent officer as provided for by Tokyo Stock Exchange, Inc., and the criteria for determining independence set forth by the Company. The Company has submitted notification of his status as an independent officer. If he is elected, the Company plans to once again submit notification of his status as an independent officer. The criteria for determining independence set forth by the Company are included on page 11.
7. Number of shares under the name of officer's shareholding association of the Company is included in the above-mentioned "Number of the Company's shares owned."

**Proposal No. 3** Election of One Board Director Who Is an Audit and Supervisory Committee Member

The term of office of Board Director who is an Audit and Supervisory Committee Member Fumiaki Hirata will expire at the conclusion of the meeting.

Therefore, the Company proposes the election of one Board Director who is an Audit and Supervisory Committee Member.

The consent of the Audit and Supervisory Committee has been obtained for this proposal.

The candidate for Board Director who is Audit and Supervisory Committee Member is as follows:

Name (Date of birth)	Career summary, position and responsibility in the Company, and significant concurrent positions outside the Company	Number of the Company's shares owned
<p>Fumiaki Hirata (June 3, 1955) [External] [Independent] [Reelection]</p>	<p>Apr. 1981    Joined Takeda Pharmaceutical Company Limited June 2006    Member of the Board and Head of R&amp;D Center                     of Mitsui Chemicals Polyurethanes, Inc.                     (currently Mitsui Chemicals, Inc.) Apr. 2009    Senior Director of Mitsui Chemicals, Inc. May 2012    Senior Director and General Manager of                     Kashima Works Apr. 2016    Representative Director and President of MC                     Industries, Ltd. (currently Mitsui Chemicals MC,                     Ltd.) June 2021    External Board Director who is an Audit and                     Supervisory Committee Member (current                     position)</p>	<p>530 shares</p>
<p>[Reasons for nomination as candidate for External Board Director and expected roles] Fumiaki Hirata has abundant management knowledge and broad insight in the chemical industry and has expertise of businesses the Company is developing. Accordingly, with an expectation that he will oversee and offer advice drawn on his knowledge for decision-making of important management matters and supervision of execution of duties, etc. as an Audit and Supervisory Committee Member, the Company continues to nominate him as candidate for External Board Director who is an Audit and Supervisory Committee Member.</p>		

- Notes:
1. There is no special interest between the candidate and the Company.
  2. Fumiaki Hirata is a candidate for External Board Director who is an Audit and Supervisory Committee Member.
  3. Fumiaki Hirata is currently an External Board Director who is an Audit and Supervisory Committee Member of the Company. At the conclusion of the meeting, his tenure since assuming office in this position will have been two years.
  4. Pursuant to the provisions of Article 427, paragraph (1) of the Companies Act, the Company has entered into an agreement with Fumiaki Hirata to limit his liability for damages under Article 423, paragraph (1) of the same Act to the minimum liability amount provided for by Article 425, paragraph (1) of the same Act. If he is elected, the Company plans to renew the aforementioned agreement with him.
  5. The Company has entered into a directors and officers liability insurance contract with an insurance company as provided for in Article 430-3, paragraph (1) of the Companies Act, which provides that the Company shall cover any damages that may arise from a director being held liable for the performance of his/her duties or being subject to a claim for such liability (however, excluding such performance of an illegal act with full knowledge of its illegality). The candidate, if elected, will become an insured party under this insurance policy. In addition, the premiums for the policy are fully borne by the Company, including the special contract, and the Company plans to renew this insurance policy with the same content at the time of the next renewal.
  6. Fumiaki Hirata satisfies the requirements for an independent officer as provided for by Tokyo Stock Exchange, Inc., and the criteria for determining independence set forth by the Company. The Company has submitted notification of his status as an independent officer. If he is elected, the Company plans to once again submit notification of his status as an independent officer. The criteria for determining independence set forth by the Company are included on page 11.
  7. Number of shares under the name of officer's shareholding association of the Company is included in the above-mentioned "Number of the Company's shares owned."

**[Reference] Director skills matrix**

If the candidates for Board Director in Proposal No. 2 and Proposal No. 3 are approved as originally proposed, the skills and experience, etc. of the Board Directors of the Company will be as follows. Note that the ratio of External Board Directors is more than one-third (four out of ten) in the Company's Board of Directors.

Name	Position in the Company	External	Independent	Committee		Major skills/experience/etc. of the Board Directors							
				Audit and Supervisory	Personnel Remuneration Advisory	Corporate management	Sustainability ESG	Technology Research Manufacturing	Sales Marketing	Global business	Financial accounting	Personnel and labor affairs	Legal affairs Risk management
Misako Fujioka	Representative Director and Chairman					○	○					○	○
Shinichi Sugita	Representative Director and President					○		○	○		○	○	
Haruo Masauji	Senior Managing Director					○		○	○				
Takashi Tanimura	Senior Managing Director					○		○		○			
Motoki Sugimoto	Board Director							○	○	○			
Atsushi Fujioka	Board Director					○	○			○			
Hakaru Hyakushima	Board Director	○	○			○					○		○
Yoshiki Kinoshita	Board Director, Audit and Supervisory Committee Member	○	○	◎	◎		○					○	○
Fumiaki Hirata	Board Director, Audit and Supervisory Committee Member	○	○	○	○	○		○	○				
Sayaka Eguro	Board Director, Audit and Supervisory Committee Member	○	○	○	○		○			○		○	○

\* Chairpersons of each committee are marked with ◎.

## [Reference] Criteria for Determining Independence of External Officers

The Company will deem that an external officer does not have a possible conflict of interest with general shareholders in the event none of the following items apply after examining to the extent reasonably possible, and will submit notification as an independent officer stipulated by Tokyo Stock Exchange.

- (1) An executive (\*1) of the Company or the Company's subsidiary (collectively the "Group") or someone who was an executive of the Group in the past ten years
- (2) A party for which the Group is a major counterparty (\*2) or an executive thereof
- (3) A major counterparty of the Group (\*3) or an executive thereof
- (4) A consultant, accounting professional or legal professional who is receiving a large amount of money or other assets (\*4), in addition to remuneration for officers from the Group (if the recipient of these assets is an organization such as a corporation or an association, a person belonging to such organization)
- (5) A person who is a certified public accountant belonging to the auditing firm that is the Financial Auditor of the Group
- (6) A current major shareholder of the Group (directly or indirectly holding 10% or more of the voting rights of the Company) or if the major shareholder is a corporation, an executive of such corporation
- (7) An executive of a company of which the Group is a major shareholder (directly or indirectly holding 10% or more of the voting rights)
- (8) An executive of a major financial institution (\*5) from which the Group has borrowed funds, or a parent company or subsidiary thereof
- (9) A person who is receiving a donation or subsidy that exceeds a certain amount (¥10 million per year on average over the past three years) from the Group (if such person is an organization such as a corporation or an association, an executive of such organization)
- (10) An executive of a company, its parent company or subsidiary that is accepting directors (whether full-time or part-time) from the Group
- (11) A person who has fallen under (2) to (10) above over the past three years
- (12) A spouse or a relative within the second degree of a person who falls under (1) to (11) above (limited to an important person (\*6))

(\*1) An "executive" refers to an executive stipulated in Article 2, paragraph (3), item (vi) of the Ordinance for Enforcement of the Companies Act, which includes employees as well as executive directors. (Does not apply to audit & supervisory board members)

(\*2) A "party for which the Group is a major counterparty" refers to a counterparty that provides goods or services for the Group and has received payment from the Group accounting for 2% or more of such counterparty's annual consolidated net sales for the most recent fiscal year.

(\*3) A "major counterparty of the Group" refers to a counterparty for which the Group provides goods or services and has a trading amount accounting for 2% or more of the Group's annual consolidated net sales for the most recent fiscal year.

(\*4) A "large amount of money or other assets" refers to: (i) if such entity is an individual, an amount of ¥10 million or more annually paid by the Group other than remuneration for officers in the most recent fiscal year, (ii) if such entity is an organization such as a corporation, an amount of profit in terms of money or other assets accounting for 2% or more of the total revenue of such organization in the most recent fiscal year.

(\*5) A "major financial institution" refers to a financial institution from which the aggregate amount of borrowings as at the end of the most recent fiscal year exceeds 2% of the Company's consolidated total assets.

(\*6) An "important person" refers to (i) for executives, a director, executive officer, and operating officer; (ii) for auditing firms and law offices, a certified public accountant or attorney belonging respectively thereto, as well as a counselor or officer belonging to other corporations, and any other person objectively and reasonably deemed to be in positions of similar importance.

**Proposal No. 4** Determination of Remuneration for Granting Restricted Shares to Board Directors (Excluding Board Directors Who Are Audit and Supervisory Committee Members and External Board Directors)

At the 61st Annual General Meeting of Shareholders held on June 22, 2018, the Company gained approval with respect to the amount of remuneration for Board Directors (excluding Board Directors who are Audit and Supervisory Committee Members) of the Company for an amount not more than ¥700 million per year (of which, not more than ¥100 million per year for External Board Directors; excluding salaries that Board Directors who double as employees receive as an employee). The Company hereby requests your approval for newly granting restricted shares as remuneration or providing monetary remuneration claims for granting restricted shares as remuneration to Board Directors (excluding Board Directors who are Audit and Supervisory Committee Members and External Board Directors; hereinafter “Eligible Board Directors”) of the Company, separately from the aforementioned maximum amount of remuneration, for the purpose of offering them incentives to sustainably increase the Company’s corporate value and to further promote sharing of value with shareholders.

The grant of restricted shares under this proposal shall be made in accordance with a resolution of the Board of Directors by either of the following methods.

- (1) A method that the Company shall issue or dispose of the Company’s common shares without requiring payment of money or delivery of property contributed in kind as remuneration for Eligible Board Directors
- (2) A method that the Company shall provide monetary remuneration claims to Eligible Board Directors as remuneration, and in turn, they shall pay all the monetary remuneration claims in the form of property contributed in kind for issuance or disposal of the Company’s common shares

The total number of the Company’s common shares to be issued or disposed of for Eligible Board Directors under this proposal shall be not more than 18,000 shares per year, and the total amount of the remuneration shall be not more than ¥60 million per year, as deemed reasonable in light of the aforementioned purposes. However, if the total number of the Company’s outstanding shares increases or decreases due to a reverse share split or a share split (including allotment of shares without contribution), the aforementioned maximum number of shares shall be adjusted in accordance with the ratio.

The amount to be paid in per share by the method of (2) above 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 before each date of resolution by the Board of Directors (if there is no closing price on such date, the closing price on the closest preceding trading day) within the extent that the amount will not be particularly advantageous to Eligible Board Directors.

The specific distribution to each Eligible Board Director shall be deliberated by the Personnel Remuneration Advisory Committee, and then determined by the Board of Directors with respect for that opinion.

The number of Eligible Board Directors is currently six. Once Proposal No. 2 is approved and adopted as originally proposed, the number of Eligible Board Directors will continue to be six.

For granting restricted shares under this proposal, the Company and Eligible Board Directors shall enter into a Restricted Share Allotment Agreement (hereinafter the "Allotment Agreement") including the outline described below.

- (1) Eligible Board Directors shall not transfer, use as collateral, or otherwise dispose of the common shares of the Company (hereinafter the "Transfer Restriction") allotted under the Allotment Agreement (hereinafter the "Allotted Shares"), for a period between the date they receive the Allotted Shares and the day that they retire or resign from Board Directors of the Company or other positions determined by the Board of Directors of the Company (however, in the event they retire or resign before three months elapse from the end of the fiscal year including the date on which they receive the Allotted Shares, if the Board of Directors of the Company has separately determined a date within six months after the fiscal year elapses, such date shall be applied) (hereinafter the "Restriction Period").
- (2) The Company shall lift the Transfer Restriction of all of the Allotted Shares upon expiration of the Restriction Period, on the condition that Eligible Board Directors have remained in the positions specified in (1) above throughout the period determined by the Board of Directors of the Company (hereinafter the "Service Period"). However, if Eligible Board Directors retire or resign from the positions specified in (1) above before the expiration of the Service Period, the Company shall rationally adjust the number of the Allotted Shares on which the Transfer Restriction is to be lifted as needed.
- (3) The Company shall automatically acquire without contribution the Allotted Shares on which the Transfer Restriction has not been lifted at the expiration of the Restriction Period in accordance with the provision in (2) above.
- (4) The Company shall automatically acquire without contribution the Allotted Shares if, during the period from the start of the Service Period to the expiration of the Restriction Period, Eligible Board Directors violate laws and regulations, in-company rules, or the Allotment Agreement, or if any other event occurs that is determined by the Board of Directors of the Company to be an appropriate reason to acquire without contribution the Allotted Shares.
- (5) Notwithstanding the provision of (1) above, if, during the Restriction Period, matters relating to a merger agreement in which the Company is the disappearing company, a share exchange agreement or share transfer plan in which the Company becomes a wholly owned subsidiary, or other reorganization, etc. are approved at the Company's general meeting of shareholders (or at a meeting of its Board of Directors in cases where approval at the Company's general meeting of shareholders is not required in relation to the reorganization, etc.), the Company shall lift the Transfer Restriction on the Allotted Shares with the number of shares that is reasonably determined considering the period from the start date of the Service Period to the date of approval of the reorganization, etc. prior to the date on which the reorganization, etc. becomes effective, by resolution of the Board of Directors of the Company.
- (6) In cases specified in (5) above, the Company shall automatically acquire without contribution the Allotted Shares on which the Transfer Restriction has not been lifted as of the time immediately after the Transfer Restriction was lifted in accordance with the provision in (5) above.

[Reasons that it is reasonable to grant restricted shares]

This proposal is to grant restricted shares as remuneration or to provide monetary remuneration claims for granting restricted shares as remuneration to Eligible Board Directors, in order to offer them incentives to sustainably increase the Company's corporate value and to further promote sharing of value with shareholders.

The Company revised its policy concerning determination of the content of remuneration for individual Board Directors (excluding Board Directors who are Audit and Supervisory Committee Members) at a meeting of the Board of Directors held in May 2023. The outline of this policy is described in "3. Matters Concerning Officers (4) Remuneration for Board Directors" in the Business Report, and the grant of restricted shares under this proposal is necessary and reasonable in accordance with such policy. Furthermore, the maximum number of shares to be issued or disposed of per year in accordance with this proposal accounts for 0.05% of the number of outstanding shares (as of March 31, 2023), and therefore the dilution ratio is minimal.

Accordingly, the Company has judged the content of this proposal to be reasonable.