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Securities Code: 4112

June 5, 2023

To our shareholders:

Yuto Matsumoto  
President  
**Hodogaya Chemical Co., Ltd.**  
1-9-2 Higashi-Shimbashi, Minato-ku, Tokyo

## Notice of the 165th Annual General Meeting of Shareholders

We are pleased to announce the 165th Annual General Meeting of Shareholders of Hodogaya Chemical Co., Ltd. (the “Company”), which will be held as indicated 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 on the Company’s website. Please access the Company’s website by using the internet address shown below to review the information.

The Company’s Website: [https://www.hodogaya.co.jp/investors/ir\\_library/convocation/](https://www.hodogaya.co.jp/investors/ir_library/convocation/) (in Japanese)

In addition to posting items subject to measures for electronic provision on the website above, the Company also posts this information on the website of Tokyo Stock Exchange, Inc. (TSE). Please access the information from the website below.

TSE website (Listed Company Search Service):

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

Access the TSE website by using the internet address shown above, enter “Hodogaya Chemical” in “Issue name (company name)” or the Company’s securities code “4112” in “Code,” and click “Search.” 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].”

**If you will not be attending this General Meeting of Shareholders in person, you may exercise your voting rights beforehand either in writing, via Smart Exercise, or via the Internet. Please review the Reference Documents for the General Meeting of Shareholders and exercise your voting rights no later than 5:45 p.m., Monday, June 26, 2023 (Japan standard time).**

**1. Date and Time:** Tuesday, June 27, 2023 at 10:00 a.m. (Reception starts at 9:00 a.m.)

**2. Venue:** Main hall, 2nd floor, The Industry Club of Japan  
1-4-6 Marunouchi, Chiyoda-Ku, Tokyo  
(Please refer to the information map at the end of this notice.)

### **3. Purpose of the Meeting**

#### **Matters to be reported:**

1. The Business Report and the Consolidated Financial Statements for the 165th fiscal year (from April 1, 2022 to March 31, 2023), and the results of audits of the Consolidated Financial Statements by the Financial Auditor and the Audit & Supervisory Committee
2. The Non-consolidated Financial Statements for the 165th fiscal year (from April 1, 2022 to March 31, 2023)

**Matters to be resolved:**

- |                |  |
|----------------|--|
| Proposal No. 1 | Continuation of Countermeasures Against Large-Scale Purchases of the Company's Shares, etc. (Takeover Defense Measures)                      |
| Proposal No. 2 | Election of Three Directors (Excluding Directors Who Are Audit & Supervisory Committee Members)  |
| Proposal No. 3 | Election of Four Directors Who Are Audit & Supervisory Committee Members   |
| Proposal No. 4 | Election of Two Substitute Directors Who Are Audit & Supervisory Committee Members   |
| Proposal No. 5 | Introduction of Performance-linked Stock Compensation Plan for Directors (Excluding Directors Who Are Audit & Supervisory Committee Members) |

**Matters Decided Regarding the Convocation**

- For this General Meeting of Shareholders, we have decided to deliver paper-based documents stating the items subject to measures for electronic provision to all shareholders, regardless of whether or not they have requested the delivery of such documents. However, of the items subject to measures for electronic provision, the following items are not included in the paper-based documents to be delivered to shareholders in accordance with laws and regulations and Article 16, paragraph 2 of the Company's Articles of Incorporation.
    - "Principal Offices, Plants and Laboratories," "Principal Lenders," "Status of Financial Auditor," "Matters Concerning Shares," "Enhancement and Strengthening of Corporate Governance," "Systems to Ensure Appropriateness of Operations," and "Basic Policies Regarding the Way a Person is to Control the Determination of Financial and Business Policies of the Company" of the Business Report
    - "Consolidated Statement of Changes in Equity" and "Notes to Consolidated Financial Statements" of the Consolidated Financial Statements
    - "Non-consolidated Statement of Changes in Equity" and "Notes to Non-consolidated Financial Statements" of the Non-consolidated Financial Statements
- Accordingly, the Business Report, Consolidated Financial Statements and Non-consolidated Financial Statements included in the paper-based documents are part of the documents that were subject to audits by the Financial Auditor in preparing the accounting audit report and the Audit & Supervisory Committee in preparing the audit report.
- If revisions to the items subject to measures for electronic provision arise, a notice of the revisions and the details of the items before and after the revisions will be posted on each of the websites where the information is posted.
  - When exercising voting rights by mail (in writing), if you submit the form without indicating your approval or disapproval for each proposal, it will be deemed that you indicated your approval.
  - If you exercise your voting rights in duplicate both by mail (in writing) and via the internet, the Company will only deem your exercise via the internet valid.
  - If you exercise your voting rights via the internet more than once, the last exercise shall be deemed to be valid.

The Company's Website: <https://www.hodogaya.co.jp/>

**Guide to the Exercise of Voting Rights****Attending the meeting in person**

Please bring the enclosed voting form and submit it to the reception desk on the day of the meeting.

Date and Time: Tuesday, June 27, 2023, at 10:00 a.m. (JST)

Venue: Main hall, 2nd floor, The Industry Club of Japan

**Exercise of voting rights by mail (in writing)**

Please indicate your approval or disapproval of the proposals in the enclosed voting form and then return the form to the Company.

\* Please use the enclosed "Voting form writing protection sticker."

Deadline for Exercising Voting Rights: Received by 5:45 p.m. on Monday, June 26, 2023 (JST).

**Exercise of voting rights by Smart Vote or the internet**

Please access the website (<https://soukai.mizuho-tb.co.jp/>) via a smartphone or computer, and enter your vote of approval or disapproval of each proposal by using the voting right exercise code and password shown on the enclosed voting form and following on-screen instructions. Please refer page 4. (Only available in Japanese version)

Deadline for Exercising Voting Rights: All data entry to be completed no later than 5:45 p.m. on Monday, June 26, 2023 (JST).

## Reference Documents for General Meeting of Shareholders

### **Proposal No. 1** Continuation of Countermeasures Against Large-Scale Purchases of the Company's Shares, etc. (Takeover Defense Measures)

Hodogaya Chemical Co., Ltd. (hereinafter, the "Company") obtained the approval from the shareholders of the Company at the 156th Annual General Meeting of Shareholders held on June 26, 2014 to introduce "Plan for Countermeasures Against Large-Scale Purchases of Company's Shares, etc. (Takeover Defense Measures)," and subsequently obtained the approval to continue the Plan for Countermeasures Against Large-Scale Purchases of Company's Shares, etc. (Takeover Defense Measures) at the 159th Annual General Meeting of Shareholders held on June 28, 2017 (hereinafter, the "Current Plan") and the 162nd Annual General Meeting of Shareholders held on June 24, 2020. However, the Current Plan will expire at the conclusion this Annual General Meeting of Shareholders.

In light of changes in the social and economic circumstances, trends in the practice of takeover defense measures, etc., including those changes and trends since the Current Plan was continued, the Company has conducted a review of the Current Plan from the perspective of securing and enhancing the corporate value and the common interest of its shareholders, to consider the merits of continuing the Current Plan and the need to make any revisions.

As a result, the Company has determined that, even at present, it continues to be necessary for the Company to have takeover defense measures in place because of the possibility of a large-scale acquisitions of the Company shares that does not benefit the Company's corporate value in the medium to long term and the common interest of its shareholders, in addition to concerns that with Japan's tender offer system, the time and procedures provided for shareholders to review the appropriateness of the acquisitions are insufficient.

The Company decided, at the Board of Directors Meeting held on May 15, 2023, to continue the Current Plan, with partial amendment (the Current Plan after amendment hereinafter referred to as the "Plan") under the "Basic Policies Regarding the Way a Person is to Control the Determination of Financial and Business Policies of the Company" (i.e. the "Basic Policies" as defined in Article 118, item (iii) of the Regulation for Enforcement of the Companies Act), subject to shareholders' approval at the this General Meeting of Shareholders.

The shareholders are hereby requested to approve the continuation of the Plan in accordance with the provision of Article 19 of the Articles of Incorporation of the Company.

The Plan has the following features:

1. In order to prevent abusive exercise, etc. of the Plan by the Company's Board of Directors, the Independent Committee, composed of members who are independent of management involved in business execution of the Company, shall make recommendations to the Board of Directors as to whether or not the Purchaser is complying with the Plan, and the Board of Directors shall respect to the maximum extent any recommendation made by the Independent Committee.
2. Even when the Purchaser complies with the Large-Scale Purchase Rules, in cases where it is recognized that significant harm would be caused to the corporate value of the Company, and in turn to the common interest of the shareholders of the Company, the Independent Committee shall be consulted, and in the event that the Independent Committee recommends that the resolution of a general meeting of shareholders of the Company should be sought in relation to whether or not to exercise the Plan, the Board of Directors of the Company shall convene a general meeting of shareholders of the Company without fail, and confirm the intent of the Company's shareholders regarding the implementation of the Counter measures (the gratis allotment of the Stock Acquisition Rights).
3. In cases where the Board of Directors of the Company judges that the Purchaser is not complying with the Large-Scale Purchase Rules, the Board of Directors shall consult the Independent Committee in relation to whether or not the Large-Scale Purchase Rules is being complied with, and in the event that the Independent Committee recommends that the Large-Scale Purchase Rules is not being complied with, and that the Countermeasures should be exercised, a general meeting of shareholders shall be convened without fail, and the matter of exercising the Countermeasures shall be referred to the general meeting of the shareholders of the Company.
4. In order to prevent the abuse of exercise, etc. of the Plan by the Company's Board of Directors, "cases where it is recognized that significant harm would be caused to the corporate value of the Company, and in turn to the common interest of the shareholders of the Company" shall be limited to the so-called Four Types cited by the Tokyo High Court and the coercive two-tier tender offer.

5. The legal rights and economic interests of the shareholders of the Company, other than those of entities deemed inappropriate according to the Company's Basic Policies, shall not be infringed upon by the exercise of Countermeasures.

I. Basic Policies Regarding the Way a Person is to Control the Determination of Financial and Business Policies of the Company

The strength of the Company group (the "Group") lies in the highly specialized abilities of each of the Group companies in their respective field, such as in Functional Colorants, Specialty Polymers, Basic Chemicals, Agro-Science and Logistics.

Within the Group, each company has a tripartite structure consisting of R&D, production and sales departments, responding to the many and varied requests of customers and leveraging unique technology and network to consistently provide high-quality products and services.

This in turn has led to favorable perceptions for the Group as a whole, and to building strong relationships of mutual trust with customers.

In order to further enhance such strength of the Group, we will continue with our efforts as a Group to maintain advantages in cost competitiveness, profitability, and resiliency to risks.

In Growth Businesses and Cultivation Businesses, we will weigh the allocation of management resources so as to further reinforce and expand the businesses.

In addition, by further expanding applications of technologies and know-how in the areas in which we excel, centered on organic composites, we will promote the shift of the Group as a whole towards higher functionality and higher added value, in order to provide products and services that will increase customer satisfaction.

We believe that, in addition to demonstrating in this way the synergistic effects between Group companies focused on specialized technology in their respective fields, aiming to become a corporate group that creates high functionality and high added value by expanding applications of our expert technologies and know-how will contribute to the common interest of the Company and shareholders, as well as enhancing corporate value.

Accordingly, it is our view that a person who controls the determination of financial and business policies of the Company must fully understand its corporate philosophy and the source of its corporate value, and must aim to secure and enhance both the corporate value of the Company and in turn the common interest of its shareholders.

## II. Measures to help implementation of the Basic Policies

### Strengthening existing businesses

From April 2021, the Group began the mid-term management plan “SPEED 25/30.” The name of the plan is based on combining the first letters of Specialty products (S), Portfolio (P), Engagement (E), ESG management (E), and DX (D), which reflect how we will speedily transform ourselves into our target figure by FY2025 and our ideal figure by FY2030. In addition, the Group recognizes that the process of solving social issues through business and CSR is also the process of creating corporate value, and will continue to provide high-quality products and services throughout the world and contribute to the creation of an environmentally conscious society.

### Management Philosophy and Mid-term Management Plan “SPEED 25/30”

#### **PURPOSE – Management Philosophy –**

Through constant innovation of chemical technology, we will provide high-quality products and services throughout the world and contribute to the creation of an environmentally conscious society.

#### **VISION – Target Corporate Image –**

A corporation that contributes to establish a sustainable society by means of our original portfolio and environmentally friendly manufacturing, with a focus on specialty products.

#### **Message of SPEED 25/30**

The Hodogaya Chemical Group

S: Specialty products that construct a

P: Portfolio built up with great originality;

E: Engagement improvement that contributes to

E: ESG management promotion;

D: Digital transformation-led competitiveness  
enhancement

will speedily transform itself to our “target figure” in  
FY2025 and to our “ideal figure” in FY2030, by means of:

In developing the mid-term management plan that spans a 10-year period from April 2021 to FY2030, the Group recognized megatrends through 2050 to establish a “target figure” for FY2030. From there we backcasted to imagine a 10-year growth scenario.

For the first five years, considered phase 1 of “SPEED 25/30,” the Group will strengthen existing businesses and develop new products in order to ensure solid progress for the “Business Strategy Roadmap” promoted by the Group.

In order for the Group to continue to grow, it is essential to develop products and services that are beneficial for the “harmony between chemistry and environment” as well as accelerate measures for sustainability within the organizational structure to contribute to a sustainable planet and society. To this end, “SPEED 25/30” specifies that the Sustainability Development Committee acts as the core organization that will strive to ensure sustainability from the dimensions of governance, risk management, and strategy. The Group will continue to adhere to its corporate philosophy that expresses the contribution to the creation of an environmentally conscious society in the pursuit of industrial and economic development and the realization of a fulfilling life for people.

Phase 1: Achieve the Group’s “target figure” by FY2025



III. Measures to prevent decisions on financial and business policies of the Company from being controlled by inappropriate parties in the context of its Basic Policies

1. Purpose of the Plan

The Company will continue the Current Plan for the purpose of ensuring and enhancing the corporate value of the Company and ultimately the common interests of its shareholders by promptly and accurately taking appropriate countermeasures against large-scale purchases that could harm them. This approach is in accordance with the Basic Policies set out in Section I above and is also necessary for promoting the initiatives described in Section II.

Based on such recognition, the Company determined to renew the Current Plan as a framework in the event that large-scale purchases defined in 2. 1) is conducted for judgment by the shareholders on whether or not such large-scale purchases are detrimental to the Company's corporate value and the common interests of shareholders; provision of necessary information on the large-scale purchases beforehand to enable the Board of Directors to negotiate with the Purchaser as defined in 2. 1) on the shareholders' behalf; and the securing the time necessary for evaluation, examination, negotiation, formation of opinion and formulation of an alternative proposal.

2. Details of the Plan

Procedures related to the Plan are as described in "Overview of Takeover Defense Measures" in Attachment 2 on page 17, however this is a reference document created for the sake of convenience and with the aim of assisting shareholders in their understanding of the Plan. A detailed explanation is as follows:

1) Purchases subject to countermeasures

Countermeasures based on the Plan may be applied in cases that fall under (1), (2) or (3) or any similar action (excluding such actions the Company's Board of Directors have approved in advance. Such actions will hereinafter be referred to as "Large-Scale Purchases" and a party who makes or intends to make Large-Scale Purchases alone or jointly in concert with other parties will hereinafter be referred to as "Purchaser").

- (1) Purchases of shares, etc. issued by the Company (Note 1) resulting in the ownership ratio of shares, etc. (Note 2) of the purchaser reaching or exceeding 20%
- (2) Tender offers for shares, etc. issued by the Company (Note 3), which would result in the ownership ratio of shares, etc. (Note 4) of the tender offerer and the ownership ratio of shares, etc. of specially related parties (note 5) of the tender offerer reaching or exceeding 20%
- (3) Regardless of whether the actions stipulated in (1) or (2) above are carried out, any agreement or action by a specific shareholder of the Company with another shareholder of the Company (includes multiple shareholders; the same applies hereinafter in (3).) that results in the other such shareholder becoming a joint holder of the specified shareholder, or any actions (Note 7) between such specified shareholder and other shareholder that establishes a relationship where one substantially controls the other or where such shareholders act jointly or in concert (Note 6) (However, this is limited to cases where the total ownership ratio of shares or total ownership ratio of shares, etc. issued by the Company of such specified shareholder and other shareholder reaching or exceeding 20%)

- Notes:
1. "Shares, etc." means "Share Certificates, etc." as defined in Article 27-23, Paragraph 1 of the Financial Instruments and Exchange Act.
  2. "Ownership ratio of shares, etc." means the "Ownership Ratio of Share Certificates, etc." as defined in Article 27-23, Paragraph 4 of the Financial Instruments and Exchange Act.  
The same shall apply hereinafter, but in calculating the ownership ratio of shares, etc.,  
(1) "Specially Related Parties" as defined in Article 27-2, Paragraph 7 of the Financial Instruments and Exchange Act, and (2) investment banks, securities companies, and other financial institutions that have concluded financial advisor agreements with specific shareholders of the Company, as well as tender-offer representatives and underwriting securities companies (hereinafter, "contracted financial institutions, etc.") of Large-Scale Purchasers, shall be deemed joint holders with specific shareholders of the Company.  
Moreover, in calculating the ownership ratio of shares, etc., with regard to the total number of shares issued by the Company, the most recent number disclosed by the Company can be referenced.
  3. "Shares, etc." means "Shares Certificates, etc." as defined in Article 27-2, Paragraph 1 of the Financial Instruments and Exchange Act.

4. "Ownership ratio of shares, etc." means the "Ownership Ratio of Share Certificates, etc." as defined in Article 27-2, Paragraph 8 of the Financial Instruments and Exchange Act.  
The same shall apply hereinafter, but in calculating the ownership ratio of shares, etc., with regard to the total number of voting rights, the most recent number disclosed by the Company can be referenced.
  5. "Specially related party" means "Specially Related Party" as defined in Article 27-2, Paragraph 7 of the Financial Instruments and Exchange Act.  
However, the parties set forth in item (i) of that paragraph shall exclude those who are prescribed in Article 3, Paragraph 2 of the Cabinet Office Ordinance on Disclosure Required for Tender Offer for Share Certificates, etc. by Person Other than Issuer.  
Also, (1) joint holders and (2) contracted financial institutions, etc. shall be deemed as specially related parties of the specific shareholders of the Company. The same shall apply hereinafter unless otherwise prescribed.
  6. The determination of whether or not a "relationship between a specified shareholder and other shareholder where one substantially controls the other or where such shareholders act jointly or in concert" was established is based on the formation of new investment relationships, business alliance relationships, transaction and contract relationships, funding relationships, credit relationships, substantial interests in shares of the Company through derivatives and stock lending, etc., as well as direct and indirect effects of such specified shareholder group and other shareholders on the Company.
  7. Whether or not actions stipulated in (3) above have occurred will be rationally determined by the Company's Board of Directors (Such determination will respect to the fullest extent possible the recommendations of the Independent Committee.). The Company's Board of Directors may, to the extent necessary for the determination of whether such actions stipulated in (3) above have occurred, request that the Company's shareholders provide necessary information.
- 2) Establishment of the Large-Scale Purchase Rules (The details of the Large-Scale Purchase Rules are as follows.)

(1) Submission of Purchaser's Statement

In cases where a Purchaser is attempting to conduct Large-Scale Purchases, they must first submit a Purchaser's Statement addressed to the Representative Director and President of the Company, including a statement to the effect that they will abide by the following the Large-Scale Purchase Rules, in Japanese:

- (i) Outline of the Purchaser
  - a) Name and address or location of offices
  - b) Law governing the incorporation
  - c) Name of representative
  - d) Contact details in Japan
  - e) Purpose and business description of the company, etc.
  - f) Major shareholders or equity holders (overview of 10 largest holders in terms of ownership ratio of shares or equity holding ratio)
- (ii) Overview of Large-Scale Purchases being conducted by Purchaser (including the class and number of shares, etc. of the Company that the Purchaser intends to purchase through the Large-Scale Purchases, and the purpose of the Large-Scale Purchases)
- (iii) The number of shares, etc. of the Company currently held by the Purchaser, and details of transactions by the Purchaser involving the shares, etc. of the Company during the period of 60 days immediately preceding the date of submission of the Purchaser's Statement

In addition, when submitting the Purchaser's Statement, documents proving the existence of the Large-Scale Purchases, such as certified copies of the company registration, and copies of the articles of incorporation, must be attached (including a Japanese translation for those not originally written in Japanese).

The Company shall, in accordance with applicable laws and regulations and the rules of financial instruments exchanges, disclose at an appropriate time and using an appropriate method, that it has received the Purchaser's Statement, and provide information deemed necessary for shareholders to make a decision.



(2) Provision of Large-Scale Purchases Information

The Board of Directors of the Company shall, within 10 working days (not including the first day) of receiving the Purchaser's Statement, deliver to the Purchaser a list of necessary and sufficient information that the Purchaser is required to provide to enable shareholders of the Company to make a decision, and the Board of Directors of the Company to form an opinion, etc. (hereinafter, the "Large-Scale Purchases Information")

The Purchaser shall submit the Large-Scale Purchases Information in writing, in Japanese, and addressed to the Representative Director and President of the Company.

The specifics of the Large-Scale Purchases Information vary depending on the attributes of the Purchaser, the details of the Large-Scale Purchases, etc., but a partial list of general items is as follows:

- (i) Details of the Purchaser and its associated group (including joint holders, specially related parties, partners (in the case of funds), and other members), including name, business description, career summary or corporate history, capital structure, financial details, history of past acquisitions and large-scale acquisitions, experience in businesses similar to those of the Company and the Group, past infringement, if any, of laws and regulations)
- (ii) Purpose, methods of implementation and details of the Large-Scale Purchases (including the value and type of consideration offered for the Large-Scale Purchases, timing of the Large-Scale Purchases, mechanisms of related transactions, lawfulness of the methods used to implement the Large-Scale Purchases, and the feasibility of the Large-Scale Purchases)
- (iii) Basis for the calculation of the consideration offered for the Large-Scale Purchases (including the assumptions and facts of the calculation; the method of calculation, numerical information used in the calculation, the details of and basis for the synergy expected to arise from the series of transactions related to the Large-Scale Purchases)
- (iv) Supporting documents explaining the source of funds for the Large-Scale Purchases (including the specific name of the provider of the funds [including substantial providers of funds], funding methods and the details of any related transactions)
- (v) Management policy, business plan, financial plan, capital policy and dividend policy for the Company and the Group after the execution of the Large-Scale Purchases, anticipated candidates for member of management subsequent to the Purchaser's involvement in the management of the Company and the Group (including information related to experience in businesses similar to those of the Company and the Group), etc.
- (vi) Measures to be taken after the execution of the Large-Scale Purchases for the consistent and sustainable improvement of corporate value of the Company and the Group, and the common interest of shareholders (including measures to utilize the Company's patents and brands, etc.)

From the perspective of seeking to speed up procedures based on the Large-Scale Purchase Rules, the Board of Directors of the Company may, if necessary, impose a deadline on the Purchaser in relation to their response to the requested provision of information.

Nevertheless, in cases where the Purchaser requests an extension on reasonable grounds, the deadline may be extended.

The Board of Directors of the Company shall submit the information provided by the Purchaser to a detailed inspection, and refer to the opinions of external experts such as financial advisers, certified public accountants, and lawyers (hereinafter, "external experts").

In cases where it is subsequently judged that what is provided by the Purchaser is insufficient in terms of Large-Scale Purchases Information, the Board of Directors of the Company shall receive advice from the Independent Committee as set forth in 3) below, and after setting a reasonable deadline of not more than 60 days counted from the day on which the original list of Large-Scale Purchases Information was delivered, request that additional information should be provided by the Purchaser until the Large-Scale Purchases Information is deemed adequate.

In addition, the Board of Directors consult with the Independent Committee in cases where, despite the Board of Directors of the Company having requested additional information related to the Large-Scale Purchases Information, the Purchaser provides a reasonable explanation as to why some of the information cannot be provided, and also when contemplating whether or not the information provided by the Purchaser is adequate in terms of Large-Scale Purchases information. When such consultation is made, the Independent Committee shall deliberate the matter, with appropriate input from external experts, and make recommendations to the Board of Directors.

The Board of Directors shall respect to the maximum extent any recommendation of the Independent Committee.

Also, the Company shall, in accordance with applicable laws and regulations and the rules of financial instruments exchanges, and at an appropriate time and using an appropriate method, disclose from among the information provided by the Purchaser those items deemed necessary for shareholders to make a decision.

In addition, if the Board of Directors determines that the provision of Large-Scale Purchases Information by the Purchaser has been completed, in addition to notifying the Purchaser to this effect (hereinafter, “notification of completion of information provision”), the Company shall, in accordance with applicable laws and regulations and the rules of financial instruments exchanges, and at an appropriate time and using an appropriate method, disclose this fact.

(3) Setting the Board of Directors evaluation period

The Board of Directors of the Company shall set either of the periods listed in (i) and (ii) below (in either case, the first day not included) as a period for evaluation, examination, negotiation, opinion formation, and development of an alternative proposal by the Board of Directors of the Company (hereinafter the “Board of Directors evaluation period”).

- (i) In the case of a Large-Scale Purchases by means of a tender offer for all shares, etc. of the Company using only cash (Japanese yen) as consideration, a period of up to 60 days from the date on which the Board of Directors gave notification of completion of information provision
- (ii) In the case of any other kind of Large-Scale Purchases, a period of up to 90 days from the date on which the Board of Directors gave notification of completion of information provision

During the Board of Directors evaluation period, the Board of Directors shall, based on the Large-Scale Purchases Information provided by the Purchaser, take advice from external experts as appropriate while fully evaluating and considering the Purchaser, the specific details of the Large-Scale Purchases, and the impact of the Large-Scale Purchases on the corporate value of the Company and by extension the common interest of shareholders of the Company. After carefully forming an opinion as the Board of Directors in relation to the Large-Scale Purchases, in addition to notifying the Purchaser, the Company shall, in accordance with applicable laws and regulations and the rules of financial instruments exchanges, and at an appropriate time and using an appropriate method, disclose this opinion.

In addition, the Company may negotiate with the Purchaser regarding conditions and methods, etc. of the Large-Scale Purchases, as necessary, and the Board of Directors may additionally present an alternative proposal to shareholders of the Company.

In cases where for unavoidable reasons the Board of Directors is unable to form its opinion during the Board of Directors evaluation period, the Board of Directors may consult with the Independent Committee regarding the possibility of extending the Board of Directors evaluation period, explaining the necessity and the rationale of the extension. Based on the

recommendation of the Independent Committee, the Board of Directors may extend the Board of Directors evaluation period by up to 30 days.

In the event that the Board of Directors of the Company resolves to extend the Board of Directors evaluation period, the specific period thus determined, and the reason for the specific period being deemed necessary shall, in accordance with applicable laws and regulations and the rules of financial instruments exchanges, and at an appropriate time and using an appropriate method, be disclosed.

The Purchaser may commence the Large-Scale Purchases only after the Board of Directors evaluation period has elapsed.

In addition, when a General Meeting of Shareholders of the Company is held to confirm the will of the shareholders in accordance with 3) (4) below, the Purchaser must not begin the Large-Scale Purchases until the conclusion of the General Meeting of Shareholders.

3) Establishing an Independent Committee and holding a General Meeting of Shareholders of the Company

(1) Establishing an Independent Committee

The Board of Directors makes the final judgment on whether or not the Large-Scale Purchase Rules have been complied, and, when they are complied, makes the final decision whether or not to execute certain countermeasures deemed necessary and appropriate to secure or improve the Company's corporate value as well as the common interest of shareholders of the Company. In order to ensure objectivity and neutrality in making such decisions, the Company shall establish an Independent Committee as an organization independent of the Board of Directors of the Company.

The Independent Committee shall consist of at least three members, who shall be selected by the Board of Directors from among experienced external parties such as outside Directors, lawyers, certified public accountants, distinguished academics, persons familiar with investment banking operations, and directors or executive officers of other companies (hereinafter, "outside experts").

A total of three members, Shuji Kato, Masaki Sakai and Shinobu Fujino, are expected to assume positions in the Independent Committee subject to the approval at this General Meeting of Shareholders regarding the proposal for the appointment of Directors who are Audit & Supervisory Committee Members.

The career summaries of each Committee member are as shown in Attachment 3 on page 18, "Career Summary of the Independent Committee Members."

(2) Consultation with the Independent Committee

When the Board of Directors determines that the Large-Scale Purchase Rules are not being complied, or that they are being obeyed but nevertheless countermeasures should be exercised, it must consult the Independent Committee without fail.

Also, in cases where there are doubts as to whether the Large-Scale Purchases Information provided by the Purchaser is adequate, or in other cases where the Board of Directors deems it necessary, the Independent Committee may be consulted.

In the case of either consultation, the Independent Committee may, at the Company's expense, seek the opinions of external experts as necessary and appropriate, and after considering matters associated with the consultation, provide advice to the Board of Directors of the Company.

The Board of Directors shall pay utmost respect to the recommendations of the Independent Committee.

(3) Providing information to the Independent Committee

The Independent Committee may request the Board of Directors to provide necessary information such as the information provided by the Purchaser, as needed, and when such requests are made, the Board of Directors shall provide the information to the Independent Committee.

(4) Holding a General Meeting of Shareholders of the Company

The Board of Directors of the Company shall submit a proposal for the gratis allotment of share acquisition rights as described in Attachment 4 on pages 19 to 20 “Overview of the allotment of the share acquisition rights” (hereinafter, the “Share Acquisition Rights”) at a General Meeting of Shareholders of the Company in accordance with Article 20, Paragraph 1 of the Articles of Incorporation.

The Purchaser must not commence until a resolution has been made at the General Meeting of Shareholders of the Company concerning the countermeasures.

In the event that this proposal is approved at the General Meeting of Shareholders, the gratis allotment of share acquisition rights shall be carried out.

4) Requirements for invoking countermeasures

(1) In cases where the Purchaser does not comply with the Large-Scale Purchase Rules

In cases where the Board of Directors of the Company judges that a Purchaser does not comply with the Large-Scale Purchase Rules, the Board of Directors shall consult the Independent Committee in relation to whether or not the Large-Scale Purchase Rules are being complied with.

When determining whether or not the Large-Scale Purchase Rules have been complied with, various facts on the side of the Purchaser shall be fully assessed, and a Purchaser shall not be deemed as not complying with the large-scale purchase rules solely for the reason that part of the Large-Scale Purchases Information has not been provided.

In the event that the Independent Committee advises that the Large-Scale Purchase Rules have not been complied with, and that countermeasures should be exercised, a General Meeting of Shareholders of the Company shall be convened without fail, and a proposal shall be submitted at that General meeting of Shareholders in relation to the gratis allotment of share acquisition rights, in accordance with Article 20, Paragraph 1 of the Articles of Incorporation.

The specifics of countermeasures are as described in 5).

(2) In cases where the Purchaser complies with the Large-Scale Purchase Rules

In cases where the Purchaser complies with the Large-Scale Purchase Rules, even if the Board of Directors of the Company is opposed to the Large-Scale Purchases, although it expresses opposing opinions, presents alternative proposals, works on persuading shareholders not to sell their shares, etc., in principle, the countermeasures shall not be exercised against such Large-Scale Purchases.

The decision as to whether or not to accept the proposal of the Purchaser shall be made by each Shareholder of the Company after considering the details of the Large-Scale Purchases, the opinion, alternative proposals provided by the Board of Directors of the Company, etc.

However, even in cases where the Purchaser complies with the Large-Scale Purchase Rules, if it is recognized that the Large-Scale Purchases would cause significant harm to the corporate value of the Company, and in turn to the common interest of shareholders of the Company, the Independent Committee shall be consulted. In the event that the Independent Committee advises that the opinion of the General Meeting of Shareholders of the Company should be sought in relation to whether or not to exercise countermeasures, the Board of Directors of the Company shall convene a General Meeting of Shareholders of the Company without fail, and submit at that General Meeting of Shareholders a proposal in relation to the gratis allotment of share acquisition rights, in accordance with Article 20, Paragraph 1 of the Articles of Incorporation.

Specifically, in cases where the proposed Large-Scale Purchases is found to fall under any of the types of Cases listed in Attachment 5 “Cases where it is recognized that significant harm would be caused to the corporate value of the Company, and in turn to the common interest of shareholders” on page 21, in principle, the Large-Scale Purchases will be deemed to be one that would significantly undermine the corporate value of the Company and the common interest of shareholders of the Company.

The specifics of countermeasures are as described in 5).

5) Specifics of countermeasures

The Board of Directors of the Company will bring before the Company’s General Meeting of Shareholders such gratis allotment of Share Acquisition Rights (Article 277 of the Companies Act) in accordance with Article 20 Paragraph 1 of the Articles of Incorporation.

6) Discontinuation of countermeasures or revocation of the decision to invoke countermeasures (not taken), etc.

In 5) above, in cases where, after the General Meeting of shareholders of the Company has decided to devise and implement specific countermeasures, the Board of Directors judges that the exercise of countermeasures is no longer appropriate, such as when the Purchaser revokes or changes the Large-Scale Purchases, the Independent Committee shall be consulted regarding this judgment, and after giving due consideration to its recommendation, the countermeasures may be discontinued or revoked (not taken).

After carrying out a gratis allocation of Share Acquisition Rights, if the Purchaser revokes or changes the Large-Scale Purchases, causing the Board of Directors of the Company to judge that the exercise of countermeasures is no longer appropriate, the Independent Committee shall be consulted. After the recommendation of the Independent Committee, the Board of Directors may, up to the date on which the Share Acquisition Rights come into effect, abort the gratis allotment of Share Acquisition Rights. The Company shall be able to terminate the countermeasures by means of acquiring the Share Acquisition Rights without contribution up until the day immediately preceding the start date of the exercise period.

In cases where the countermeasures are terminated or revoked (not taken) in this way, the Company shall, in accordance with applicable laws and regulations and the rules of financial instruments exchanges, and at an appropriate time and using an appropriate method, disclose this decision with items which the Independent Committee deems necessary.

7) Effective period, abolition, and change of takeover defense measures

The effective period of the Plan is to expire at the conclusion of the 168th Annual General Meeting of Shareholders of the Company, scheduled to be held in June 2026.

In addition, even before the expiration of the effective period, in cases where

(1) the Plan is not approved at this Annual General Meeting of Shareholders of the Company, or  
(2) a proposal to abolish or amend the Plan is approved at a General Meeting of Shareholders of the Company, or

(3) the Board of Directors approves a resolution to abolish or amend the Plan,  
the Plan may be abolished or amended at that point in time.

3. Rationality and fairness of the Plan

1) The Plan respects Shareholders’ intention.

This Plan shall continue upon approval of the shareholders at this General Meeting of Shareholders. The Plan shall be altered or abolished even after the approval of the Plan with the resolution to do so at a general meeting of shareholders. Therefore, opinion of Shareholders of the Company shall be fully respected at introduction, alternation and abolishment of the Plan.

Also, even before the expiration of the effective period for the Plan, we will consider updating the Plan as necessary, based on revisions to relevant laws and regulations, but for substantial changes or abolition, we will consult with a general meeting of shareholders in the form of a proposal.

Because the term of office of Directors of the Company (excluding Directors who are Audit & Supervisory Board Members) is one year, even during the effective period for the Plan, the will of shareholders with regard to the continuation of the Plan shall be reflected through the exercise of voting rights in relation to proposals to elect Directors at the Annual General Meeting of Shareholders.

- 2) The Plan satisfies the requirements of the guidelines on takeover defense measures.  
The Plan satisfies all three principles (1. principle of protecting and enhancing corporate value and common interest of shareholders, 2. principle of prior disclosure and shareholders' decision, and 3. principle of ensuring the necessity and reasonableness of defensive measures) prescribed in the "Guidelines Regarding Takeover Defense for the Purposes of Protection and Enhancement of Corporate Value and Shareholders' Common Interest" jointly published by the Ministry of Economy, Trade and Industry and the Ministry of Justice on May 27, 2005.

It also takes into account the "Takeover Defense Measures in Light of Recent Environmental Changes" published by the Corporate Value Study Group on June 30, 2008.

- 3) The Plan is continued for the purpose of protecting and enhancing corporate value of the Company and the common interest of Shareholders.  
The Plan, as described in 2. 2) above, require a Purchaser to provide necessary information and ensure the necessary time in relation to the Large-Scale Purchases beforehand, enabling the Board of Directors of the Company to evaluate, investigate, negotiate, form opinions and draw up alternative proposals in relation to the Large-Scale Purchases.  
As a result, shareholders can make an appropriate judgment with regard to whether or not the Large-Scale Purchases should be accepted.  
In other words, the Plan is being continued in order to suppress Large-Scale Purchases that harm the corporate value of the Company and conflict with the common interest of shareholders.
- 4) Reasonable and objective requirements for invoking countermeasures  
The countermeasures against Large-Scale Purchases in the Plan is set up so that it will not be exercised unless reasonable and objective requirements are satisfied, and disclosed in advance, thus providing a mechanism to ensure that it is not exercised arbitrarily by the Board of Directors of the Company.
- 5) Establishment of Independent Committee and obtaining of advice from external experts  
An Independent Committee will be established by the Company as an organ to prevent arbitrary judgments by the Board of Directors.

The Independent Committee consists of at least three members selected from among outside directors and outside experts, who are independent of the directors of the Company who execute business. It advises the Board of Directors on such matters as whether or not countermeasures should be exercised, the convening of general meetings of shareholders of the Company to confirm the intention of shareholders, and extension of the Board of Directors evaluation period.

The Board of Directors shall pay utmost respect to such advice, and it makes resolutions as an organ under the Companies Act.

- 6) The Plan are not a dead-hand type or slow-hand type takeover defense plan.  
The Plan may be abolished by the Board of Directors of the Company appointed by the majority of the Shareholders of the Company. That makes the Plan not being a dead-hand takeover defense measure (a takeover defense measure in which even if a majority members of the Board of Directors are replaced, the triggering of the measure cannot be stopped).

Also, as the term of office of the Company's Director is one (1) year and the Company has not adopted a system of staggered term of office for the board of directors, the Plan is not a slow-hand takeover defense measure (a takeover defense measure in which the triggering of the measure takes more time to stop due to the fact that all members of the board of directors cannot be replaced at once.)

4. Impact on shareholders and investors

1) Impact on shareholders and investors by the resolution of the Plan

At the time at which the Plan is resolved at the 165th General Meeting of Shareholders, the gratis allotment of Share Acquisition Rights itself will not be carried out.

Accordingly, the Plan does not directly have any specific impact on the legal rights or economic benefits related to shares of the Company held by shareholders.

2) Impact on shareholders and investors at the time of gratis allotment of the Share Acquisition Rights

In cases where the Board of Directors makes the decision to exercise countermeasures, and passes a resolution in relation to the gratis allotment of Share Acquisition Rights in accordance with the Plan, all shareholders registered or recorded in the final shareholder registry on a reference date to be specified separately shall be allotted the Share Acquisition Rights without contribution, at a rate of at least 1 per share held to be specified separately by the Board of Directors, and on an effective date to be specified separately.

Due to the nature of such structure, while the gratis allotment of the Share Acquisition Rights causes dilution of the economic value per share of the Company held by each shareholder, it does not cause dilution of the total economic value of the shares of the Company held by each shareholder. In addition, because no dilution of voting rights per share of the Company takes place, no direct and specific impact on legal rights or economic benefits pertaining to the total shares of the Company held by shareholders is expected.

Note that, even in the event that the gratis allotment of Share Acquisition Rights is resolved at the General Meeting of Shareholders of the Company, in cases where the Board of Directors terminates or revokes the countermeasures in accordance with the procedure described in 2. 6) above, the economic benefits per share of the Company held by shareholders and investors will not be diluted. Accordingly, shareholders and investors who have traded shares of the Company based on the assumption that dilution of economic value per share of the Company would occur may be exposed to a loss due to share price fluctuation.

3) Impact on shareholders and investors when Share Acquisition Rights are exercised or acquired after the gratis allotment of Share Acquisition Rights

Since discriminatory conditions will be attached in relation to the exercise or acquisition of the Share Acquisition Rights, while the legal rights, etc. of the Purchaser are expected to be affected with regard to the said exercise or acquisition, such conditions are not expected to directly have a specific impact on the legal rights and economic benefits pertaining to shares of the Company held by shareholders other than the Purchaser.

Please be aware that, because the transfer of the Share Acquisition Rights themselves is restricted, from the reference date for the gratis allotment of share acquisition rights onward, in cases where shares are delivered to shareholders as a result of the exercise or acquisition of Share Acquisition Rights, during the period up to the point at which the shares are delivered to shareholders, there may be limits on recovering the capital invested, by means of transfer, in relation to the portion of the value of the shares held by shareholders that is attributable to Share Acquisition Rights.

## Status of the Company's shares (as of March 31, 2023)

1. Total number of shares authorized to be issued 20,000,000 shares
2. Total number of shares issued 8,413,726 shares(including 409,635 treasury shares)
3. Number of shareholders 7,130

## 4. Main shareholders (Top 10)

Name of Shareholder	Contribution in the Company	
	Number of shares held	Shareholding ratio
The Master Trust Bank of Japan, Ltd. (Trust Account)	934,300 shares	11.7%
Tosoh Corporation	700,000 shares	8.7%
Custody Bank of Japan, Ltd. (trust account)	516,700 shares	6.5%
Mizuho Bank, Ltd.	298,704 shares	3.7%
The Norinchukin Bank	227,430 shares	2.8%
Meiji Yasuda Life Insurance Company	164,535 shares	2.1%
The Toho Bank, Ltd.	148,399 shares	1.9%
Mitsui Sumitomo Insurance Company, Limited	141,400 shares	1.8%
The Yamaguchi Bank, Ltd.	130,000 shares	1.6%
MUFG Bank, Ltd.	120,107 shares	1.5%

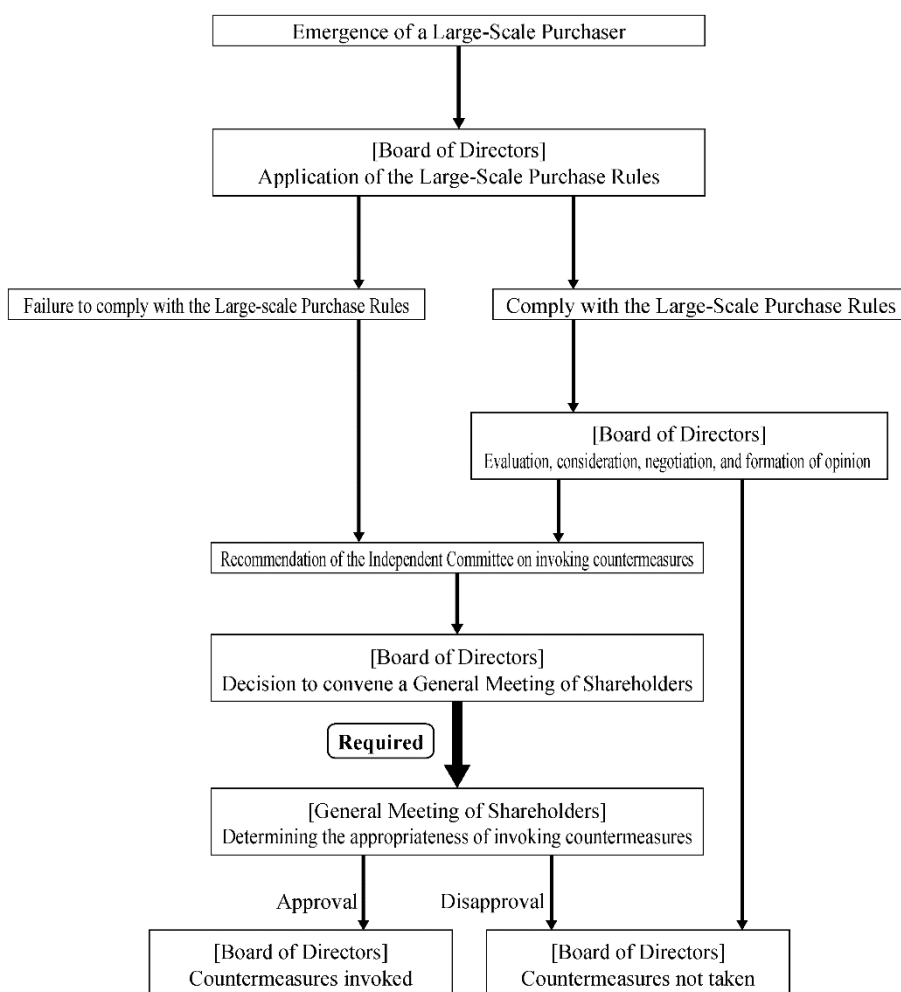
\* The Company holds treasury shares (409,635 shares), which are excluded from the major shareholders mentioned above. Treasury shares (409,635 shares) do not include shares held in trust under our Japanese-Employee Stock Ownership Plan (J-ESOP) (80,000 shares).

\* The shareholding ratio is calculated by excluding the number of treasury shares.



Overview of Takeover Defense Measures

This “Overview of Takeover Defense Measures” is prepared only as reference, with the aim of assisting your understanding of the Plan. Please refer to the main text for the details of the Plan.



Career Summary of the Independent Committee Members

The members of the Independent Committee for the Plan are the following three individuals.

Shuji Kato (Date of birth: January 10, 1953)

Apr. 1975	Joined Ministry of International Trade and Industry (currently Ministry of Economy, Trade and Industry)
June 1995	Counsellor, Director-General's Secretariat of National Land Agency
May 1997	Attached to Minister's Secretariat of Ministry of International Trade and Industry
Dec. 1997	Senior Economist of International Economic Policy Study Group
May 1999	Commissioner of International Economic Policy Study Group Special Visiting Researcher of Japan Industrial Location Center
Dec. 2001	Joined BICCAMERA INC. Representative Director and President of Future Ecology Co., Ltd.
Nov. 2003	Director of BICCAMERA INC.
Feb. 2010	Director, CSRO and Manager of Internal Control Office
June 2013	Outside Audit & Supervisory Board Member of KOBAYASHI YOKO CO., LTD. (currently outside Director (Audit and Supervisory Committee Member)) Outside Director of the Company
June 2015	Outside Director of the Company (Audit & Supervisory Committee Member) (current position)

Masaki Sakai (Date of birth: May 27, 1956)

Apr. 1981	Joined Ministry of Agriculture, Forestry and Fisheries (MAFF)
July 2009	Deputy Director-General for Management Improvement Bureau and Policy Evaluation
Aug. 2011	Director-General, International Affairs Department, Minister's Secretariat
Apr. 2013	Director-General, Statistics Department, Minister's Secretariat
Apr. 2014	Ambassador Extraordinary and Plenipotentiary to the Federated States of Micronesia and Republic of Marshall Islands
Aug. 2016	Advisor for Sompo Japan Nipponkoa Insurance Inc.
June 2019	Executive Director and Secretary General of Steady Supply of Fishery Products Promotion Foundation (current position)
June 2019	Outside Director of the Company (Audit & Supervisory Committee Member) (current position)

Shinobu Fujino (Date of birth: July 13, 1957)

Apr. 1987	Joined Ryoka Systems Inc.
Jan. 2002	Began career counseling business (private practice) (current position)
June 2015	Outside Director of Nisshinbo Holdings Inc.
Apr. 2016	Outside Director of Tri-Wins Inc., (current position)

\* Shinobu Fujino is scheduled to be elected as outside Director (Audit & Supervisory Committee Member) at this General Meeting of Shareholders.

### Overview of the allotment of the share acquisition rights

1. Shareholders eligible for delivery of share acquisition rights, and allotment conditions  
The Share Acquisition Rights shall be allotted without contribution to shareholders whose names are recorded in the final shareholder registry as of the allotment date determined by the Board of Directors, at the rate of 1 share acquisition right per share held (however, this shall exclude Company's common shares held by the Company).
2. Class and number of shares underlying the share acquisition rights  
The class of shares underlying the share acquisition rights shall be common shares of the Company, and the number of underlying shares per share acquisition right shall be one. However, in cases where the Company carries out a share split or share consolidation, this shall be subject to required adjustment.
3. Total number share acquisition rights to be issued and allotted  
The total number of share acquisition rights allotted shall be determined by the Board of Directors of the Company.
4. Allotment price of share acquisition rights  
Share acquisition rights shall be allotted without contribution.
5. Amount to be paid in per share acquisition right upon exercise  
The amount to be paid in upon exercise of share acquisition rights shall be an amount determined by the Board of Directors of the Company, and shall not be less than 1 yen per share acquisition right.

After share acquisition rights have been issued, each shareholder shall complete and submit an application form for the exercise of the share acquisition rights, during the rights exercise period, in addition to submitting documents in a format prescribed by the Company that include a statement testifying that the shareholder themselves is not a Purchaser. Upon payment of an amount per share acquisition right of at least 1 yen, determined by the Board of Directors of the Company, to a payment-handling institution, 1 share of the Company's common stock will be issued for each share acquisition right.

However, in cases where the Company makes a change, such as the addition of a clause (an acquisition clause) that enables the Company to acquire the share acquisition rights in exchange for the Company's shares or other assets, or, in other words, in cases where it has been determined that the Company can obtain the share acquisition rights in exchange for the Company's shares, if the Company completes the acquisition procedures, the shareholders who own the share acquisition rights determined by the Company's Board of Directors to be the subject of the acquisition will receive shares of the Company as consideration for the acquisition by the Company of the share acquisition rights without having to pay any sum of money equivalent to the exercise price thereof.

6. Restrictions on the transfer of share acquisition rights  
Any transfer of the share acquisition rights shall be subject to the approval of the Board of Directors of the Company.
7. Exercise conditions  
Purchasers shall not be permitted to exercise share acquisition rights.
8. Exercise period, etc. of the share acquisition rights  
The exercise period of the share acquisition rights, exercise conditions other than those in 7. above, reasons for cancellation and cancellation conditions, and other necessary matters shall be separately specified by the Board of Directors of the Company.

9. Share acquisition rights with call provisions

As described in 5. above, in some cases the Company may make a change, such as the addition of a clause (an acquisition clause) that enables the Company to acquire the share acquisition rights in exchange for the Company's shares or other assets. The Company does not expect to issue money, etc. as consideration for acquisition of share acquisition rights held by a Purchaser who is unable to exercise such rights due to the exercise conditions of 7. above.

Cases where it is recognized that significant harm would be caused to the corporate value of the Company, and in turn to the common interest of shareholders

1. Cases where the Purchaser is found to be a party who does not have any intention to participate in corporate management and is acquiring or intends to acquire shares, etc. of the Company only for the purpose of selling the shares, etc. of the Company to the Company or a related party of the Company at a high price after driving the share price higher (a so-called greenmailer)
2. Cases where the Purchaser is found to be acquiring shares, etc. of the Company for the purpose of transferring such assets of the Company or the Group companies as intellectual property rights, know-how, corporate secrets, major business partners or customers that are necessary for the business operation of the Company or the Group companies to the Purchaser or its group companies, etc. by temporarily acquiring control over the corporate management of the Company
3. Cases where the Purchaser is found to be acquiring shares, etc. of the Company for the purpose of using the assets of the Company or the Group companies as collateral for or the source of funds to repay, debts of the Purchaser or its group companies, etc. after acquiring the control over the corporate management of the Company
4. Cases where the Purchaser is found to be acquiring shares, etc. of the Company for the purpose of temporarily acquiring the control over the corporate management of the Company and disposing high-value assets, etc. such as real estate, securities, etc., that are not currently related to the business of the Company or the Group companies by sale, etc. and temporarily paying higher dividends from the disposition proceeds or causing share price surges during the period of the said temporarily higher dividends
5. Cases where the method of purchase of shares, etc. of the Company proposed by the Purchaser is found to impose restrictions on the opportunity or freedom of shareholders to make a decision by way of so-called coercive two-tier tender offer and shareholders could be effectively forced to sell the shares, etc. of the Company

**Proposal No. 2** Election of Three Directors (Excluding Directors Who Are Audit & Supervisory Committee Members)

The terms of office of all three Directors (excluding Directors who are Audit & Supervisory Committee Members) will expire at the conclusion of this meeting.

Therefore, the Company proposes the election of three Directors (excluding Directors who are Audit & Supervisory Committee Members).

Moreover, this proposal has been considered by the Audit & Supervisory Committee, but they have expressed no opinion.

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

Candidate No.	Name (Date of birth)	Career summary, position and responsibility in the Company, and significant concurrent positions outside the Company		Number of the Company's shares owned
1	Yuto Matsumoto (November 19, 1960)	Apr. 1983	Joined the Company	8,400 shares
	Reelection	June 2004	Director and President of HODOGAYA CHEMICAL (U.S.A.), INC.	
	Tenure as Director (At the conclusion of this meeting) 8 years	Apr. 2010	General Manager of Color & Imaging Materials Division of the Company	
	Attendance at the Board of Directors Meetings during fiscal 2022 12/12 times	Apr. 2012	General Manager of Imaging Materials Division	
		Apr. 2013	General Manager of Business Promotion Division	
		Apr. 2014	Executive Officer and General Manager of Business Promotion Division	
		June 2015	Director and Managing Executive Officer	
		Nov. 2016	Representative Director, President and CEO (current position)	
Reasons for nomination as candidate for Director After joining the Company in April 1983, he worked in the Research & Development Department, has engaged in operations of sales department including overseas business, and became Representative Director and President of the Company in November 2016. He has extensive experience and knowledge and has been appropriately fulfilling his duties. Therefore, the Company judges that he is qualified as Director of the Company.				
2	Kaoru Kasahara (July 18, 1956)	Apr. 1981	Joined the Company	5,500 shares
	Reelection	Apr. 2009	General Manager of Research Planning Management Department	
	Tenure as Director (At the conclusion of this meeting)* 3 years	Apr. 2010	Executive Officer and General Manager of Research & Development Department	
	Attendance at the Board of Directors Meetings during fiscal 2022 12/12 times	Apr. 2015	Executive Officer and Deputy Supervising Manager of Research & Development Department	
		June 2015	Director and Managing Executive Officer	
		Jan. 2018	Managing Executive Officer	
		Nov. 2019	Senior Managing Executive Officer	
		June 2020	Director and Senior Managing Executive Officer (current position)	
Reasons for nomination as candidate for Director Since joining the Company in April 1981, he has engaged in operations of the research & development and production departments. Currently, he has extensive experience and knowledge for supervising the Research & Development Department and Production Department of the Group, and has been appropriately fulfilling his duties. Therefore, the Company judges he is qualified as Director of the Company. * The period from June 2015 to December 2017 in which he served as Director is not included.				

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.	Kenji Tsujitsugu (November 12, 1962)  Reelection  Tenure as Director (At the conclusion of this meeting) 1 year  Attendance at the Board of Directors Meetings during fiscal 2022 (For meetings after the Director took office) 9/9 times	<p>Apr. 1985      Joined The Industrial Bank of Japan, Limited</p> <p>Apr. 2013      Executive Officer, General Manager of Fukuoka Corporate Banking Division of Mizuho Corporate Bank, Ltd.</p> <p>July 2013      Executive Officer, General Manager of Fukuoka Corporate Banking Division of Mizuho Bank, Ltd.</p> <p>Apr. 2015      Managing Executive Officer, Head of Financial Institutions &amp; Public Sector Business Unit of Mizuho Financial Group, Inc. Managing Executive Officer, Head of Financial Institutions &amp; Public Sector Business Unit of Mizuho Bank, Ltd.</p> <p>Apr. 2016      Managing Executive Officer, Deputy Head of Corporate &amp; Institutional Company of Mizuho Financial Group, Inc. Managing Executive Officer, Head of Public &amp; Financial Institutions Business Division of Mizuho Securities Co., Ltd.</p> <p>Apr. 2019      Managing Executive Officer, in charge of Global Investment Banking of Mizuho Securities Co., Ltd.</p> <p>Apr. 2021      Managing Executive Officer of the Company</p> <p>June. 2022     Director and Managing Executive Officer (current position)</p>	1,000 shares
<p>Reasons for nomination as candidate for Director</p> <p>Since joining the Company in April 2021, he has engaged in operations of the Corporate Planning Department and Accounting Department of the Group while utilizing his extensive experience and knowledge gained during his time in the banking and securities field. Currently, he supervises corporate planning, accounting, legal affairs and internal auditing and has been appropriately fulfilling his duties. Therefore, the Company judges he is qualified as Director of the Company.</p>			

- \* There is no special interest between any of the candidates and the Company.
- \* The responsibilities of each candidate at the end of the fiscal year are stated on pages 59 and 60 of this notice. (Only available in Japanese version)
- \* The Company has entered into an indemnification agreement as provided for in Article 430-2, paragraph (1) of the Companies Act with each of the candidates.  
Under the indemnification agreements, the Company shall provide compensation for costs incurred under item (i) of the same paragraph, and losses incurred under item (ii) of the same paragraph, to the extent permitted by laws and regulations.  
If each of the candidates is reelected, the Company plans to renew the relevant indemnification agreement with each of them.
- \* The Company has entered into a directors and officers liability insurance policy (D&O insurance policy), under which all Directors are insureds, as provided for in Article 430-3, paragraph (1) of the Companies Act with an insurance Company.  
This insurance policy covers the damages payable and such costs as related litigation expenses incurred by the insured from claims for damages against the insured during the insurance period arising from acts (including nonfeasance) carried out by the insured in his/her capacity as an officer of the Company, and the premiums for the insured are fully borne by the Company.  
If each candidate is reelected, the Company plans to include every such candidate as an insured in the aforementioned insurance policy.  
The Company plans to renew the aforementioned insurance policy on December 1, 2023, which will be during every such candidate's term of office.

**Proposal No. 3** Election of Four Directors Who Are Audit & Supervisory Committee Members

The terms of office of all four Directors who are Audit & Supervisory Committee Members will expire at the conclusion of this meeting.

Therefore, the Company proposes the election of four Directors who are Audit & Supervisory Committee Members. In addition, the consent of the Audit & Supervisory Committee has been obtained for this proposal.

Candidates for Director who is an Audit & Supervisory Committee Member 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	<p>Satoshi Ebisui (September 25, 1949)</p> <p>Reelection</p> <p>Tenure as Director (At the conclusion of this meeting) 23 years</p> <p>Attendance at the Board of Directors Meetings during fiscal 2022 12/12 times</p>	<p>Apr. 1973      Joined the Company</p> <p>June 1997      General Manager of Corporate Planning Department</p> <p>June 2000      Director and Assistant Deputy General Manager of Business Division</p> <p>June 2002      Managing Director, General Manager of Business Division, General Manager of Resin Materials Division and General Manager of Chemicals Division</p> <p>June 2008      Senior Managing Director</p> <p>June 2010      Director and Senior Managing Executive Officer</p> <p>June 2015      Director (Full-time Audit &amp; Supervisory Committee Member) (current position)</p>	8,600 shares
<p>Reasons for nomination as candidate for Director</p> <p>Since joining the Company in April 1973, he has widely engaged in operations of Planning &amp; Sales Department. Currently, he has extensive experience and knowledge as Director who is an Audit &amp; Supervisory Committee Member, and has been appropriately fulfilling his duties. Therefore, the Company judges he is qualified as Director who is an Audit &amp; Supervisory Committee Member.</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
2	<p style="text-align: center;">Shuji Kato (January 10, 1953)</p> <p style="text-align: center;">Reelection Candidate for outside Director Independent Officer</p> <p style="text-align: center;">Tenure as outside Director (At the conclusion of this meeting) 10 years</p> <p style="text-align: center;">Attendance at the Board of Directors Meetings during fiscal 2022 12/12 times</p>	<p>Apr. 1975      Joined Ministry of International Trade and Industry (currently Ministry of Economy, Trade and Industry)</p> <p>June 1995      Counsellor, Director-General's Secretariat of National Land Agency</p> <p>May 1997      Attached to Minister's Secretariat of Ministry of International Trade and Industry</p> <p>Dec. 1997      Senior Economist of International Economic Policy Study Group</p> <p>May 1999      Commissioner of International Economic Policy Study Group Special Visiting Researcher of Japan Industrial Location Center</p> <p>Dec. 2001      Joined BICCAMERA INC. Representative Director and President of Future Ecology Co., Ltd.</p> <p>Nov. 2003      Director of BICCAMERA INC.</p> <p>Feb. 2010      Director, CSRO and Manager of Internal Control Office</p> <p>June 2013      Outside Audit &amp; Supervisory Board Member of KOBAYASHI YOKO CO., LTD. (currently outside Director (Audit and Supervisory Committee Member)) Outside Director of the Company</p> <p>June 2015      Outside Director (Audit &amp; Supervisory Committee Member) (current position)</p>	1,900 shares
<p>Reasons for nomination as candidate for outside Director and overview of expected roles</p> <p>He has cultivated a wide range of business experience at government agencies, and also has extensive knowledge and experience as management. In June 2015, he assumed the office of Director who is an Audit &amp; Supervisory Committee Member. Since then, he has been appropriately fulfilling his duties. Therefore, the Company judges he is qualified as Director who is an Audit &amp; Supervisory Committee Member.</p> <p>The Company expects he will utilize his experience in trade and industry administration, international business, and corporate management, and fulfill his role of supervising Directors who have been charged with deciding the basic management direction of the Company and executing operations.</p> <p>Furthermore, the Company has submitted notification to Tokyo Stock Exchange that he has been appointed as an independent officer as provided for by the aforementioned exchange. If he is elected as Director who is an Audit &amp; Supervisory Committee Member, the Company plans for his appointment as an independent officer to continue.</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	<p data-bbox="363 331 513 394">Masaki Sakai (May 27, 1956)</p> <p data-bbox="288 432 587 521">Reelection Candidate for outside Director Independent Officer</p> <p data-bbox="288 560 587 649">Tenure as outside Director (At the conclusion of this meeting) 4 years</p> <p data-bbox="288 687 587 808">Attendance at the Board of Directors Meetings during fiscal 2022 12/12 times</p>	<p data-bbox="614 264 1235 327">Apr. 1981      Joined Ministry of Agriculture, Forestry and Fisheries (MAFF)</p> <p data-bbox="614 331 1235 394">July 2009      Deputy Director-General for Management Improvement Bureau and Policy Evaluation</p> <p data-bbox="614 398 1235 461">Aug. 2011      Director-General, International Affairs Department, Minister's Secretariat</p> <p data-bbox="614 465 1235 528">Apr. 2013      Director-General, Statistics Department, Minister's Secretariat</p> <p data-bbox="614 533 1235 622">Apr. 2014      Ambassador Extraordinary and Plenipotentiary to the Federated States of Micronesia and Republic of Marshall Islands</p> <p data-bbox="614 627 1235 689">Aug. 2016      Advisor for Sompo Japan Nipponkoa Insurance Inc.</p> <p data-bbox="614 694 1235 784">June 2019      Executive Director and Secretary General of Steady Supply of Fishery Products Promotion Foundation (current position)</p> <p data-bbox="614 788 1235 878">June 2019      Outside Director (Audit &amp; Supervisory Committee Member) of the Company (current position)</p>	500 shares
<p data-bbox="276 884 1139 916">Reasons for nomination as candidate for outside Director and overview of expected roles</p> <p data-bbox="276 920 1442 1077">The Company expects he will utilize his extensive knowledge and experience, both that gained since his appointment as a Director who is an Audit &amp; Supervisory Committee Member in June 2019, and that cultivated both in Japan and overseas through his business activities over many years at government ministries, and that he will appropriately fulfill his duties for the Company. Therefore, the Company judges he is qualified as Director who is an Audit &amp; Supervisory Committee Member.</p> <p data-bbox="276 1081 1442 1171">The Company expects he will utilize his experience in agriculture, forestry and fishery administration and international business, and fulfill his role of supervising Directors who have been charged with deciding the basic management direction of the Company and executing operations.</p> <p data-bbox="276 1176 1442 1263">Furthermore, the Company has submitted notification to Tokyo Stock Exchange that he has been appointed as an independent officer as provided for by the aforementioned exchange. If he is elected as Director who is an Audit &amp; Supervisory Committee Member, the Company plans for his appointment as an independent officer to continue.</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
4	Shinobu Fujino (July 13, 1957)  New election Candidate for outside Director Independent Officer  Tenure as outside Director (At the conclusion of this meeting) — years  Attendance at the Board of Directors Meetings during fiscal 2022 — times	Apr. 1987      Joined Ryoka Systems Inc. Jan. 2002      Began career counseling business (private practice) (current position) June 2015      Outside Director of Nisshinbo Holdings Inc. Apr. 2016      Outside Director of Tri-Wins Inc., (current position)	0 shares
<p>Reasons for nomination as candidate for outside Director and overview of expected roles</p> <p>Although she has not been involved in corporate management other than having served as an outside officer, she has years of work experience at business corporations, expertise as a career counselor and a wide range of knowledge and experience as an outside director. It is expected that she can take advantage of these for the business activities of the Company and appropriately fulfill her duties. Therefore, the Company judges she is qualified as Director who is an Audit &amp; Supervisory Committee Member.</p> <p>The Company expects she will utilize her wealth of knowledge and experience in human resources development, organizational development and diversity of promotion, and fulfill her role of supervising Directors who have been charged with deciding the basic management direction of the Company and executing operations.</p> <p>Furthermore, if she is elected as Director who is an Audit &amp; Supervisory Committee Member, the Company plans to register her as an independent officer as provided for by Tokyo Stock Exchange.</p>			

- \* There is no special interest between any of the candidates and the Company.
- \* The responsibilities of each candidate at the end of the fiscal year are stated on page 59 of this notice. (Only available in Japanese version)
- \* Pursuant to the provisions of Article 427, Paragraph 1 of the Companies Act, the Company has concluded an agreement with Satoshi Ebisui, Shuji Kato and Masaki Sakai to limit liability for damages stipulated in Article 423, Paragraph (1) of the Act. The maximum amount of liability for damages under this agreement is the minimum liability amount provided for under laws and regulations. If each of the candidates is reelected, the Company plans to continue the aforementioned agreements with each of them. In addition, if Shinobu Fujino is elected, the Company plans to enter into the same limited liability agreement with her.
- \* The Company has entered into indemnification agreements as provided for in Article 430-2, paragraph (1) of the Companies Act with Satoshi Ebisui, Shuji Kato and Masaki Sakai. Under the indemnification agreements, the Company shall provide compensation for costs incurred under item (i) of the same paragraph, and losses incurred under item (ii) of the same paragraph, to the extent permitted by laws and regulations. If each of the candidates is reelected, the Company plans to renew the relevant indemnification agreement with each of them. In addition, if Shinobu Fujino is elected, the Company plans to enter into the same indemnification agreement with her.
- \* The Company has entered into a directors and officers liability insurance policy (D&O insurance policy), under which all Directors are insureds, as provided for in Article 430-3, paragraph (1) of the Companies Act with an insurance Company. This insurance policy covers the damages payable and such costs as related litigation expenses incurred by the insured from claims for damages against the insured during the insurance period arising from acts (including nonfeasance) carried out by the insured in his/her capacity as an officer of the Company, and the premiums for the insured are fully borne by the Company. If each candidate is elected, they will be included as an insured under the insurance policy. The Company plans to renew the aforementioned insurance policy on December 1, 2023, which will be during every such candidate's term of office.
- \* Shuji Kato, Masaki Sakai and Shinobu Fujino are candidates for outside Director.
- \* Shinobu Fujino's name on the family register is Shinobu Kato.

**Proposal No. 4** Election of Two Substitute Directors Who Are Audit & Supervisory Committee Members

The Company requests approval for the election of two substitute Directors who are Audit & Supervisory Committee Members to be ready to fill a vacant position should the number of Directors who are Audit & Supervisory Committee Members fall below the number required by the laws and regulations.

The Company proposes the election of Shinichi Matsuno as a substitute for Director who is an Audit & Supervisory Committee Member (excluding outside Director) and the election of Akira Matsuo as a substitute for outside Director who is an Audit & Supervisory Committee Member.

In addition, the consent of the Audit & Supervisory Committee has been obtained for this proposal.

Candidates for substitute Director who is an Audit & Supervisory Committee Member 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	Shinichi Matsuno (March 8, 1959)  Candidate for Director (Substitute)	Apr. 1981      Joined the Company June 2002      General Manager of Purchasing Department Apr. 2009      General Manager of Corporate Planning Department Apr. 2011      Executive Officer and General Manager of Corporate Planning Department Apr. 2012      Executive Officer and General Manager of Koriyama Plant Apr. 2015      Executive Officer and Deputy Supervising Manager of Production Department June 2015      Director and Managing Executive Officer Jan. 2018      Executive Officer Director and Chairman of Hodogaya Construction Products Co., Ltd. Apr. 2020      President of KATSURA SANGYO CO., LTD. (current position)	6,200 shares
Reasons for nomination as candidate for substitute Director He joined the Company in April 1981 and has a wide range of business experience and knowledge at the Company and Group companies. It is expected that he can take advantage of these for the business activities of the Company and appropriately fulfill his duties. Therefore, the Company judges he is qualified as substitute Director who is an Audit & Supervisory Committee Member.			

Candidate No.	Name (Date of birth)	Career summary, position and responsibility in the Company, and significant concurrent positions outside the Company	Number of the Company's shares owned
2	Akira Matsuo (October 12, 1960)  Candidate for outside Director (Substitute) Independent Officer	<p>Apr. 1985      Joined The Norinchukin Bank</p> <p>Apr. 2001      Deputy General Manager of Sales Management Division</p> <p>July 2006      Office Director, Hong Kong Representative Office</p> <p>July 2012      General Manager, Corporate Business Division IV</p> <p>July 2015      Executive Officer, Assistant General Manager to General Manager of Management Division, SNOW BRAND SEED Co., Ltd.</p> <p>June 2016      Director, General Manager of Management Planning Office</p> <p>June 2017      Managing Executive Officer, General Manager of Management Planning Office</p> <p>May 2018      Auditor (current position)</p>	0 shares
<p>Reasons for nomination as candidate for substitute outside Director and overview of expected roles</p> <p>He has a wide range of business experience and knowledge accumulated over many years at financial institutions and operating companies. It is expected that he can take advantage of these for the business activities of the Company and appropriately fulfill his duties. Therefore, the Company judges he is qualified as substitute Director who is an Audit &amp; Supervisory Committee Member.</p> <p>The Company expects he will utilize his business experience at a financial institution and his experience as an auditor in various industries, and fulfill his role of supervising Directors who have been charged with deciding the basic management direction of the Company and executing operations.</p> <p>He comes from a financial institution that is a major loan provider for the Company, but 7 years have passed since he resigned from the said financial institution in June 2015. Therefore, the Company has determined that there are no concerns over his independence.</p>			

- \* There is no special interest between any of the candidates and the Company.
- \* If Shinichi Matsuno and Akira Matsuo are elected as Directors who are Audit & Supervisory Committee Members, pursuant to the provisions of Article 427, paragraph (1) of the Companies Act, the Company plans to enter into limited liability agreement respectively to limit their liability for damages under Article 423, paragraph (1) of the Companies Act. The maximum amount of liability for damages under this agreement is the minimum liability amount provided for under laws and regulations.
- \* If Shinichi Matsuno and Akira Matsuo are elected as Directors who are Audit & Supervisory Committee Members, the Company plans to enter into an indemnification agreement as provided for in Article 430-2, paragraph (1) of the Companies Act with each of them. Under the indemnification agreement, the Company shall provide compensation for costs incurred under item (i) of the same paragraph, and losses incurred under item (ii) of the same paragraph, to the extent permitted by laws and regulations.
- \* The Company has entered into a directors and officers liability insurance policy (D&O insurance policy), under which all Directors are insureds, as provided for in Article 430-3, paragraph (1) of the Companies Act with an insurance Company. This insurance policy covers the damages payable and such costs as related litigation expenses incurred by the insured from claims for damages against the insured during the insurance period arising from acts (including nonfeasance) carried out by the insured in his/her capacity as an officer of the Company, and the premiums for the insured are fully borne by the Company. If Shinichi Matsuno and Akira Matsuo are elected as Directors who are Audit & Supervisory Committee Members, the Company plans to include them as insureds in the aforementioned insurance policy.
- \* Candidate Akira Matsuo is scheduled to retire from the position of Auditor of SNOW BRAND SEED Co., Ltd. at the conclusion of its Annual General Meeting of Shareholders to be held on June 29, 2023.

The expertise, experience, and other backgrounds of each of the candidates for Director for the 165th Annual General Meeting of Shareholders is as follows.

Seven skills have been selected for the skill matrix of the Board of Directors from the perspective of achieving the mid-term management plan “SPEED 25/30.”

- Four skills to perform basic functions as a company:  
“Corporate management” “Legal affairs & risk management” “Finance & accounting” “Human resources strategy”
- Two skills to respond to the Company’s core trinity (R&D, manufacturing, sales):  
“Business strategy” “R&D/ technology/ manufacturing”
- One skill to respond to the cross-border nature of the Company’s business fields:  
“Internationality”

Name	Gender	Corporate management	Legal affairs & risk management	Finance & accounting	Human resources strategy	Business strategy	R&D/ technology/ manufacturing	Internationality
Yuto Matsumoto	Male	●			●	●	●	●
Kaoru Kasahara	Male	●				●	●	
Kenji Tsujitsugu	Male	●	●	●				
Satoshi Ebisui	Male	●				●	●	●
Shuji Kato (Outside)	Male	●			●	●		●
Masaki Sakai (Outside)	Male				●	●	●	●
Shinobu Fujino (Outside)	Female	●	●		●			

\* Outside Directors are signified with “Outside.”

\* The skill matrix includes the areas expected for each individual. It is not meant to be a comprehensive list of all forms of expertise and experience they may possess.

**Proposal No. 5** Introduction of Performance-linked Stock Compensation Plan for Directors (Excluding Directors Who Are Audit & Supervisory Committee Members)

1. Reason for the proposal and why it is appropriate

The Company hereby proposes the implementation of a performance-linked stock compensation plan “share-based benefit trust” (BBT (Board Benefit Trust); hereinafter “Plan”) for Directors (excluding outside Directors and Directors who are Audit & Supervisory Committee Members; the same applies within this proposal unless otherwise stated) and Executive Officers (hereinafter “Directors, etc.”) as new medium- to long-term performance-linked compensation. The shareholders are hereby requested to approve of this Plan for the Company’s Directors.

The proposal aims to further clarify the link between compensation for Directors and the Company’s business performance and the value of its shares. By having Directors share not only the benefits of higher share prices but also the risks of lower prices with shareholders, the proposal aims to raise their awareness of contributing to the medium- to long-term improvement of business performance and enhancement of corporate value. The Company believes that the proposal content is reasonable as it aligns with the policy for determining the content of individual compensation, etc. of the Company’s Directors (including outside Directors and Directors who are Audit & Supervisory Committee Members) (the policy regarding Directors aims to increase the Group’s medium- to long-term corporate value by 1) determining the amount of compensation based on the medium- to long-term performance of the Group (not only quantitative performance but also including contribution to corporate value) and putting directors in the same position as shareholders by paying using the Company’s own shares as consideration, and 2) motivating Directors to increase the Group’s corporate value until they reach retirement by delivering the Company’s own shares upon retirement.)

This proposal is made apart from the amount of compensation (no more than 300 million yen; however it does not include the portion of employee’s salary for Directors.) approved at the 157th Annual General Meeting of Shareholders held on June 25, 2015. The shareholders are hereby requested to approve the specific calculation method for the amount of compensation, etc. and the details thereof in order to pay compensation to Directors based on this Plan. Details of the Plan shall be decided by the Board of Directors within the limits of 2. below.

The Company implemented a stock-based compensation plan (a performance-linked stock compensation plan in which points equivalent to shares of the Company are granted to Directors (excluding Directors who are Audit & Supervisory Committee Members) based on medium- to long-term business performance and delivers shares equivalent to compensation corresponding to the points to such Directors upon their retirement) within the limits of the amount of compensation for Directors (no more than 300 million yen, however it does not include the portion of employee’s salary for Directors.) in July 2016 and approved at the 157th Annual General Meeting of Shareholders hold on June 25, 2015. However, subject to approval of this proposal, the stock-based compensation plan will be abolished, and points already granted to Directors under the stock-based compensation plan will be transferred to the corresponding points under the Plan. In addition, if Proposal No. 2 is approved as originally proposed, the number of Directors eligible for the Plan will be three.

2. Specific calculation method and detail of the amount of compensation, etc. under the Plan

(1) Outline of the Plan

The Plan is a performance-linked stock compensation plan under which shares of the Company will be acquired through a trust (the trust to be established under the Plan; hereinafter “Trust”) with money contributed by the Company as a source of funds, and shares of the Company are paid to Directors, etc. through the Trust in accordance with the Rules on Stock Benefits for Directors and Executive Officers established by the Company. The timing of Directors, etc. receiving shares of the Company will be, in principle, upon retirement of Directors, etc.

(2) Persons eligible for the Plan

Directors (Outside Directors and Directors who are Audit & Supervisory Committee Members are ineligible for the Plan.) and Executive Officers

(3) Trust period

From September 2023 (scheduled) until the Trust is terminated (No specific end date has been set for the Trust, and the Trust shall continue as long as the Plan continues. The Trust will be terminated upon delisting of the Company's shares, abolition of the Rules on Stock Benefits for Directors and Executive Officers)

(4) Trust amount

Subject to the approval of this proposal, the Company will implement the Plan for the three fiscal years spanning from the fiscal year ending March 31, 2024 to the fiscal year ending March 31, 2026 (such period spanning three fiscal years is hereinafter "Initial Target Period," and any period spanning three fiscal years commencing after the lapse of the Initial Target Period are hereinafter respectively "Target Periods.") and the subsequent Target Periods, and will contribute the following money to the Trust as the source of funds for the acquisition of shares of the Company by the Trust in order to pay Directors, etc. shares of the Company.

First, the Company will contribute to the Trust a reasonable amount of money that is expected to be used for necessary funds for the Initial Target Period upon the time the Trust is established (September 2023 (scheduled)). In accordance with implementing the Plan, as the points already granted to Directors under the stock-based compensation plan will be transferred to the corresponding points under the Plan, the amount contributed to the Trust for the Initial Target Period will be calculated taking this into account.

After the Initial Target Period, the Company shall make additional contributions to the Trust, in principle, per the Target Period a reasonable amount of funds deemed necessary for the Trust to acquire in advance the number of shares of the Company reasonably estimated to be necessary in order to pay the Directors, etc. However, in making such additional contributions, if there are any shares of the Company (excluding shares of the Company equivalent to the number of points granted to Directors, etc. of each Target Period but not yet delivered to Directors, etc.) and money remaining in the trust assets of the Trust (hereinafter "Remaining Shares, etc."), the Remaining Shares, etc. shall be used as a source of funds for delivery under the Plan during the subsequent Target Periods, and the amount of additional contribution will be calculated in consideration of the Remaining Shares, etc. When the Company decides to make additional contributions, it will be disclosed in a timely and appropriate manner.

Note The actual amount of money to be contributed to the Trust by the Company will be the sum of the above-mentioned funds for the acquisition of shares of the Company and estimated amount of necessary expenses such as trust fees.

(5) Method of acquisition of shares of the Company by the Trust and number of shares to be acquired

The Trust will acquire shares of the Company through the stock exchange market or by subscribing to the Company's disposal of treasury shares with the contributed funds stipulated in (4) as the source of funds. Furthermore, the maximum number of shares to be acquired by the Trust in the Initial Target Period is 157,000 shares and the maximum number in subsequent Target Periods will be 102,000 shares (of which 42,000 shares are for Directors), as the maximum total number of points granted to Directors, etc. is 34,000 points (of which 14,000 points are for Directors).

When the Trust acquires shares of the Company, details of the acquisition will be disclosed in a timely and appropriate manner.

(6) Maximum number of shares of the Company delivered to Directors, etc.

During each fiscal year, Directors, etc. will be granted a number of points which will be determined according to their position in the Company and the Rules on Stock Benefits for Directors and Executive Officers. The maximum total number of points granted to Directors, etc. per fiscal year will be 34,000 points (of which 14,000 are for Directors). This has been determined based on comprehensive consideration of the current level of compensation for Directors, the trend in number of Directors, etc. and future prospects, and is considered to be appropriate.

In accordance with the above-mentioned (4), in the Initial Target Period, points already granted to Directors, etc. under the stock-based compensation plan will be transferred to the corresponding points under the Plan with its implementation, and such transferred points are expected to be granted. Thus the maximum total



number of points granted is 55,000. After the Trust is established, such transferred points are scheduled to be granted without delay.

Each point granted to Directors, etc. is converted into one share of the Company at the time of stock benefits in (7) (However, in the event of a stock split, gratis allotment of shares or reverse stock split of the Company's shares after the approval of this proposal, reasonable adjustments will be made to the maximum number of points and the number of points already granted or conversion ratio in accordance with such ratio and other factors.) The ratio of the 34,000 shares corresponding to the maximum number of points granted to Directors, etc. per fiscal year to the 7,924,091 shares, the total number of issued shares (as of March 31, 2023; after deduction of treasury shares), is approximately 0.4%.

The number of points for Directors, etc. that are used as the basis for the delivery of shares of the Company outlined in (7) are, in principle, the number of points granted to such Directors, etc. until their resignation (hereinafter "Defined Number of Points").

(7) Delivery of shares of the Company

If a Director, etc. resigns and satisfies the beneficiary requirements as provided in the Rules on Stock Benefits for Directors and Executive Officers, shares of the Company, in principle, will be delivered after their resignation in accordance with the "Defined Number of Points" stipulated in the above-mentioned (6) by completing the procedures to determine the beneficiary as provided in the Rules on Stock Benefits for Directors and Executive Officers. If a Director, etc. who has already been granted points is dismissed, such Director, etc. does not have the right to such delivery if they resign due to certain illegal acts during their tenure or due to inappropriate activities during their tenure that may cause damage to the Company.

The amount of compensation to be received by Directors, etc. will be based on the calculation of the total number of points granted to Directors, etc. multiplied by the book value per share of shares of the Company held by the Trust (However, in the event of a stock split, gratis allotment of shares or reverse stock split of the Company's shares, reasonable adjustments will be made in accordance with such ratio and other factors.) upon the time of grant of points. Furthermore, if monetary benefits are paid in exceptional cases in accordance with the Rules on Stock Benefits for Directors and Executive Officers and deemed appropriate, such amount shall be added to such compensation.

(8) Exercise of voting rights

The voting rights of the shares of the Company held in the Trust shall be uniformly non-exercisable based on the instructions of the trust manager. This method is intended to ensure neutrality towards the Company's management concerning the exercising of voting rights of the Company's shares held in the Trust.

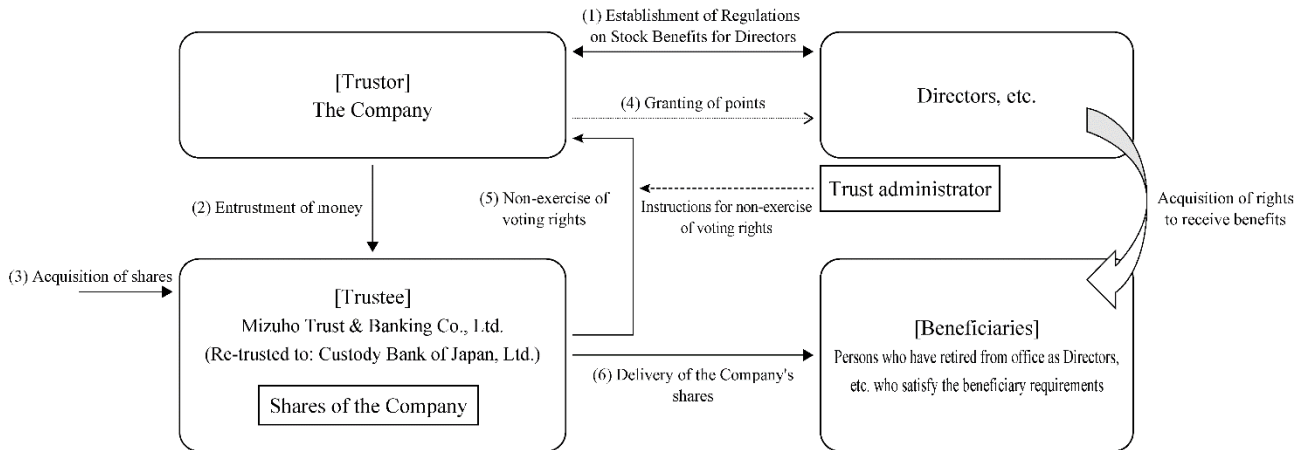
(9) Handling of dividends

The dividends pertaining to shares of the Company held in the Trust will be received by the Trust and used as funds for the acquisition of the Company's shares and trust fees to the trustee related to the Trust. In the event of the termination of the Trust, the remaining dividends, etc. in the Trust will be paid on a prorated basis to the Directors, etc. in office at the time depending on the number of points held by each, in accordance with the Rules on Stock Benefits for Directors and Executive Officers.

(10) Treatment upon termination of the Trust

The Trust will be terminated upon delisting of the Company's shares, abolition of the Rules on Stock Benefits for Directors and Executive Officers or other reasons. Of the residual assets of the Trust at the time of termination, all of the shares of the Company will be acquired by the Company free of charge and then cancelled by a resolution of the Board of Directors. Of the cash in the residual assets of the Trust, the remaining amount after deducting the amount to be paid to Directors, etc. by (9) above will be paid to the Company.

<Reference: Structure of the Plan>



- (i) The Company will establish the Rules on Stock Benefits for Directors and Executive Officers within the scope approved by this proposal.
- (ii) The Company will make monetary contributions within the scope approved by this proposal.
- (iii) The Trust will acquire shares of the Company through the stock exchange market or by subscribing to the Company's disposal of treasury shares by using the monetary contributions entrusted as in (ii) as the source of funds.
- (iv) The Company will grant points to Directors, etc. in accordance with the Rules on Stock Benefits for Directors and Executive Officers.
- (v) The Trust shall follow the instructions of the trust administrator that is independent from the Company and refrain from exercising the voting rights of the shares of the Company held in the Trust.
- (vi) The Trust will deliver shares of the Company to retired Directors, etc. who satisfy the beneficiary requirements (hereinafter "Beneficiaries") in accordance with the number of points granted to such Beneficiaries as provided in the Rules on Stock Benefits for Directors and Executive Officers.