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Securities code: 4218  
June 8, 2022

## To Shareholders with Voting Rights:

Toshiaki Takatsu  
President  
Nichiban Co., Ltd.  
2-3-3, Sekiguchi, Bunkyo-ku, Tokyo,  
Japan

## NOTICE OF THE 118th ANNUAL GENERAL MEETING OF SHAREHOLDERS

Dear Shareholders:

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

We cordially inform you that the 118th Annual General Meeting of Shareholders of Nichiban Co., Ltd. (the “Company”) will be held as described below. Instead of attending the meeting in person, you can exercise your voting rights in writing (by mail) or via the Internet. Please review the attached Reference Documents for the General Meeting of Shareholders and exercise your voting rights by no later than 5:30 p.m. on Monday, June 27, 2022, Japan time.

- 1. Date and Time:** Tuesday, June 28, 2022 at 10:00 a.m. Japan time
- 2. Place:** KOCHO banquet hall, Banquet Bldg. 1F, Hotel Chinzanso Tokyo, 2-10-8, Sekiguchi, Bunkyo-ku, Tokyo, Japan
- 3. Meeting Agenda:**
  - Matters to be reported:**
    1. The Business Report and Consolidated Financial Statements for the Company’s 118th Fiscal Year (April 1, 2021 - March 31, 2022) and results of audits by the Accounting Auditor and the Audit & Supervisory Board of the Consolidated Financial Statements
    2. Non-consolidated Financial Statements for the Company’s 118th Fiscal Year (April 1, 2021 - March 31, 2022)
  - Proposals to be resolved:**
    - Proposal 1:** Appropriation of Surplus
    - Proposal 2:** Partial Amendments to the Articles of Incorporation
    - Proposal 3:** Election of Eight (8) Directors
    - Proposal 4:** Election of One (1) Audit & Supervisory Board Member and One (1) Substitute Audit & Supervisory Board Member
    - Proposal 5:** Determination of Compensation for the Allotment of Restricted Stock to Directors (excluding Outside Directors)

When attending the meeting, please submit the enclosed Voting Rights Exercise Form at the reception desk of the meeting venue. If any change has been made to the Reference Documents for the General Meeting of Shareholders, Business Report, Non-consolidated Financial Statements, and the Consolidated Financial Statements, the revision will be posted on the Company’s website (<https://www.nichiban.co.jp/corp/>).

## **Guide to Exercising Voting Rights**

Voting rights may be exercised by the following three methods. If you attend the meeting in person, you will not be required to follow the procedure of “Exercising voting rights in writing or via the Internet” mentioned below.

### **(1) Exercising voting rights by attending the General Meeting of Shareholders**

Please bring the Voting Rights Exercise Form enclosed herein and submit it at the reception desk of the meeting venue.

Also, please bring this convocation notice to the venue on the day of the meeting.

**Date and time: Tuesday, June 28, 2022 at 10:00 a.m. Japan time (Reception starts at 9:00 a.m. Japan time)**

**Place: KOCHO banquet hall, Banquet Bldg. 1F, Hotel Chinzanso Tokyo, 2-10-8, Sekiguchi, Bunkyo-ku, Tokyo, Japan**

### **(Exercising voting rights in writing or via the Internet)**

#### **(2) Exercising voting rights in writing (Voting Rights Exercise Form)**

Please exercise your voting rights by indicating whether you approve or disapprove of the proposals on the Voting Rights Exercise Form enclosed herein and mailing it so that it is received by the Company no later than 5:30 p.m. on Monday, June 27, 2022, Japan time. If you fail to indicate your approval or disapproval of each proposal, you will be deemed to have indicated your approval of each proposal.

**Deadline for exercising voting rights: 5:30 p.m. on Monday, June 27, 2022, Japan time**

#### **(3) Exercising voting rights via the Internet**

Please enter your approval or disapproval of the proposals on the voting rights exercise website designated by the Company (<https://soukai.mizuho-tb.co.jp/>).

**Deadline for exercising voting rights: Enter your approval or disapproval by 5:30 p.m. on Monday, June 27, 2022, Japan time**

### **Note**

If you exercise your voting rights both in writing and via the Internet, your vote exercised via the Internet will be treated as valid.

Also, if you exercise your voting rights more than once via the Internet, your last vote will be treated as valid.

# Reference Documents for the General Meeting of Shareholders

## Proposals and References

### Proposal 1: Appropriation of Surplus

The Company proposes to appropriate surplus as described below.

The Company considers return of profits to shareholders as a corporate management priority. Its policy of profit distribution focuses on the performance-linked dividend payment with the consolidated payout ratio aimed at 25%, based on stable dividend payments, while also increasing internal reserves necessary to strengthen the Company's financial standing and to fund capital investment and technology development for higher cost competitiveness, among others. Under this policy and taking consideration for the performance of this fiscal year, the Company proposes to distribute a year-end dividend as described below.

1. Items relating to year-end dividend
  - (1) Type of dividend  
Cash
  - (2) Items relating to the appropriation of dividend property and total amount thereof  
¥30 per share of common stock of the Company, totaling ¥621,634,770.
  - (3) Effective date of dividend of surplus  
June 29, 2022
2. Other matters relating to the appropriation of surplus
  - (1) Item of surplus to be decreased and amount of decrease thereof  
Retained earnings brought forward            ¥1,000,000,000
  - (2) Item of surplus to be increased and amount of increase thereof  
General reserve                                    ¥1,000,000,000

### Proposal 2: Partial Amendments to the Articles of Incorporation

1. Reasons for amendments  
The amended provisions stipulated in the proviso of Article 1 of the supplementary provisions of the "Act Partially Amending the Companies Act" (Act No. 70 of 2019) will be enforced on September 1, 2022. Accordingly, in order to prepare for the introduction of the system for electronic provision of materials for general meetings of shareholders, the Articles of Incorporation of the Company shall be amended as follows.
  - (1) The proposed Article 14, Paragraph 1 provides that information contained in the reference documents for the general meeting of shareholders, etc. shall be provided electronically.
  - (2) The purpose of the proposed Article 14, Paragraph 2 is to establish a provision to limit the scope of matters to be included in the paper copy to be sent to shareholders who have requested it.
  - (3) The provisions related to the Internet disclosure and deemed provision of the reference documents for the general meeting of shareholders, etc. (Article 14 of the current Articles of Incorporation) will become unnecessary and will therefore be deleted.
  - (4) In line with the above establishment and deletion of the provisions, supplementary provisions related to the effective date, etc. shall be established.

2. Details of amendments

The details of the amendments are as follows.

(Amended parts are underlined.)

Current Articles of Incorporation	Proposed Amendments
<p data-bbox="193 331 818 427"><u>(Internet Disclosure and Deemed Provision of Reference Documents for the General Meeting of Shareholders, Etc.)</u></p> <p data-bbox="193 439 818 801"><u>Article 14 The Company may, when convening a general meeting of shareholders, deem that it has provided information to shareholders pertaining to matters to be described or indicated in the reference documents for the general meeting of shareholders, business report, non-consolidated financial statements, and consolidated financial statements, by disclosing such information through the Internet in accordance with the provisions provided in the Ordinance of the Ministry of Justice.</u></p> <p data-bbox="379 808 632 837">&lt;Newly established&gt;</p> <p data-bbox="379 1256 632 1285">&lt;Newly established&gt;</p>	<p data-bbox="1066 439 1193 468">&lt;Deleted&gt;</p> <p data-bbox="839 808 1329 837"><u>(Measures for Electronic Provision, Etc.)</u></p> <p data-bbox="839 853 1423 1016"><u>Article 14 The Company shall, when convening a general meeting of shareholders, provide information contained in the reference documents for the general meeting of shareholders, etc. electronically.</u></p> <p data-bbox="839 1023 1423 1256">2. <u>Among the matters to be provided electronically, the Company may choose not to include all or part of the matters stipulated in the Ordinance of the Ministry of Justice in the paper copy to be sent to shareholders who have requested it by the record date for voting rights.</u></p> <p data-bbox="839 1263 1171 1292"><u>(Supplementary provisions)</u></p> <p data-bbox="839 1308 1423 1570">1. <u>The deletion of Article 14 (Internet Disclosure and Deemed Provision of Reference Documents for the General Meeting of Shareholders, Etc.) of the Articles of Incorporation before the amendment and the new establishment of the amended Article 14 (Measures for Electronic Provision, Etc.) shall come into effect on September 1, 2022.</u></p> <p data-bbox="839 1576 1423 1872">2. <u>Notwithstanding the provisions of the preceding paragraph, Article 14 (Internet Disclosure and Deemed Provision of Reference Documents for the General Meeting of Shareholders, Etc.) of the Articles of Incorporation before the amendment shall remain in force with respect to a general meeting of shareholders to be held on or before February 28, 2023.</u></p> <p data-bbox="839 1879 1423 2045">3. <u>These supplementary provisions shall be deleted on March 1, 2023 or after the lapse of three months from the date of the general meeting of shareholders set forth in the preceding paragraph, whichever is later.</u></p>

**Proposal 3: Election of Eight (8) Directors**

The terms of office of all eight (8) Directors will expire at the conclusion of this Annual General Meeting of Shareholders. Accordingly, the Company proposes to elect eight (8) Directors, including four (4) Outside Directors.

The candidates for Director are as follows:

No.		Name		Current position at the Company	Attendance at the Board of Directors meetings
1	Reappointment	Toshiaki Takatsu		President	100% (15/15)
2	Reappointment	Hironori Sakai		Executive Director	100% (15/15)
3	Reappointment	Hideaki Hara		Director, Managing Officer	100% (15/15)
4	Reappointment	Yasuhiko Takahashi		Director, Managing Officer	100% (11/11)
5	Reappointment	Yoji Shimizu	Outside Independent	Director	100% (15/15)
6	Reappointment	Tatsuo Ishihara	Outside Independent	Director	100% (15/15)
7	Reappointment	Akihiro Sato	Outside Independent	Director	100% (15/15)
8	New appointment	Hiroimi Sanada	Outside Independent	-	-

No.	Name (Date of birth)	Career summary, positions, responsibilities, and significant concurrent positions	Number of shares of the Company held
1	<p>Toshiaki Takatsu (November 13, 1966)</p> <p>[Attendance at the Board of Directors meetings] 15/15 (100%)</p> <p>[Assumption of office of Director] June 2019</p> <p>[Reappointment]</p>	<p>April 1990      Joined the Company</p> <p>June 2015      General Manager of Purchase Department, Business Management Division</p> <p>April 2017      General Manager of Middle Japan Sales Department, Industrial Product Sales Management Department</p> <p>April 2018      Operating Officer and General Manager of Medical Specialty Sales Department</p> <p>April 2019      Senior Operating Officer, Assistant to President</p> <p>June 2019      President, responsible for overall corporate management (current position)</p> <hr/> <p>[Reason for nomination as candidate for Director] Since assuming the office of President of the Company in June 2019, Mr. Toshiaki Takatsu has led its business, demonstrated leadership to all officers and employees based on knowledge and experience concerning overall management acquired until now, and has played an important role in making decisions on important matters of the Company and supervising business execution. We have determined that he will be qualified to be responsible for management decision making and supervision of business execution in the future too, and therefore renominated him as a candidate for Director.</p>	14,200 shares

No.	Name (Date of birth)	Career summary, positions, responsibilities, and significant concurrent positions	Number of shares of the Company held
2	<p>Hironori Sakai (July 6, 1961)</p> <p>[Attendance at the Board of Directors meetings] 15/15 (100%)</p> <p>[Assumption of office of Director] June 2009</p> <p>[Reappointment]</p>	<p>April 1985      Joined the Company</p> <p>April 2008      Operating Officer and General Manager of Administration Department</p> <p>June 2009      Director, Operating Officer, and General Manager of Administration Department</p> <p>June 2015      Managing Director, responsible for CSR and corporate management</p> <p>June 2019      Executive Director, responsible for Promotion Unit and CSR, and General Manager of Public Relations Department</p> <p>April 2020      Executive Director, responsible for administration and CSR (current position)</p> <hr/> <p>[Reason for nomination as candidate for Director] Mr. Hironori Sakai assumed the office of Director of the Company in June 2009 and has served in positions such as General Manager of Administration Division and has been responsible for CSR and corporate management. He has outstanding management execution ability, in addition to diverse experiences and knowledge. The Company has determined that he will play an important role in the Company's important management decision making and supervision of business execution, and therefore renominated him as a candidate for Director.</p>	29,300 shares

No.	Name (Date of birth)	Career summary, positions, responsibilities, and significant concurrent positions	Number of shares of the Company held
3	<p data-bbox="220 456 432 524">Hideaki Hara (January 13, 1962)</p> <p data-bbox="220 568 432 689">[Attendance at the Board of Directors meetings] 15/15 (100%)</p> <p data-bbox="201 741 451 846">[Assumption of office of Director] June 2012</p> <p data-bbox="229 898 422 925">[Reappointment]</p>	<p data-bbox="480 277 608 304">April 1984</p> <p data-bbox="699 277 932 304">Joined the Company</p> <p data-bbox="480 315 608 342">April 2011</p> <p data-bbox="699 315 1270 376">Operating Officer and General Manager of Management Department, Tape Business Division</p> <p data-bbox="480 383 608 409">April 2012</p> <p data-bbox="699 383 1246 443">Operating Officer and General Manager of Tape Business Division</p> <p data-bbox="480 450 608 477">June 2012</p> <p data-bbox="699 450 1270 510">Director, Operating Officer, and General Manager of Tape Business Division</p> <p data-bbox="480 517 608 544">April 2020</p> <p data-bbox="699 517 1262 600">Director, Managing Officer, responsible for sales, and General Manager of Business Management Division</p> <p data-bbox="480 607 608 633">April 2022</p> <p data-bbox="699 607 1254 696">Director, Managing Officer, responsible for sales and development, and General Manager of Domestic Business Division (current position)</p>	14,700 shares
		<p data-bbox="480 712 1043 739">[Reason for nomination as candidate for Director]</p> <p data-bbox="480 750 1270 1088">Mr. Hideaki Hara assumed the office of Director of the Company in June 2012 and has a wide range of knowledge and experience in the Tape Business segment. The Company has determined that he is qualified to be responsible for not only promoting business overall, especially the sales and development segments and supply chain, but also important decision making at the Company's Board of Directors meetings and supervision of business execution based on such wealth of knowledge and experience and broad perspective, and therefore renominated him as a candidate for Director.</p>	



No.	Name (Date of birth)	Career summary, positions, responsibilities, and significant concurrent positions	Number of shares of the Company held
4	<p data-bbox="204 427 448 495">Yasuhiko Takahashi (January 9, 1963)</p> <p data-bbox="220 539 432 663">[Attendance at the Board of Directors meetings] 11/11 (100%)</p> <p data-bbox="204 707 448 808">[Assumption of office of Director] June 2021</p> <p data-bbox="228 864 424 898">[Reappointment]</p>	<p data-bbox="480 275 1267 640"> April 1986      Joined the Company  April 2011      Operating Officer and General Manager of Anjo  Factory  June 2013      President of Nichiban Techno Co., Ltd.  April 2016      Senior Operating Officer and General Manager of  Administration Division of the Company  April 2020      Managing Officer, General Manager of Corporate  Planning Division and Public Relations  Department  June 2021      Managing Officer, General Manager of Corporate  Planning Division (current position) </p> <p data-bbox="480 651 1267 1032"> [Reason for nomination as candidate for Director]  Mr. Yasuhiko Takahashi has a wide range of experience in the  corporate planning, administration and production segments since  joining the Company, and assumed the office of Director of the  Company in June 2021. The Company has determined that he is  qualified to be responsible for important decision making at the  Company's Board of Directors meetings and supervision of business  execution based on such wealth of knowledge and experience and  broad perspective, and therefore renominated him as a candidate for  Director. </p>	9,800 shares

No.	Name (Date of birth)	Career summary, positions, responsibilities, and significant concurrent positions	Number of shares of the Company held
5	<p>Yoji Shimizu (August 24, 1946)</p> <p>[Attendance at the Board of Directors meetings] 15/15 (100%)</p> <p>[Assumption of office of Director] June 2014</p> <p>[Reappointment] [Outside] [Independent]</p>	<p>April 1970      Joined the ASATSU INC.*</p> <p>March 2005     Director, Operating Officer of ASATSU-DK INC.*</p> <p>March 2010     Representative Director, President of ASATSU- DK INC.*</p> <p>March 2013     Director, Advisor of ASATSU-DK INC.*</p> <p>June 2014      Outside Director of the Company (current position)</p> <p>* Current ADK Marketing Solutions Inc.</p> <hr/> <p>[Reason for nomination as candidate for Outside Director and summary of expected roles] Mr. Yoji Shimizu has served as Representative Director, President, and Advisor of ASATSU-DK INC. (current ADK Marketing Solutions Inc.), and has a wealth of experience, accomplishments and knowledge as a corporate manager. He has provided advice and recommendations from a standpoint that is objective and independent from the Company's management in order to ensure the legality and validity of decision making at the Company's Board of Directors meetings. The Company therefore renominated him as a candidate for Outside Director.</p>	0 shares

No.	Name (Date of birth)	Career summary, positions, responsibilities, and significant concurrent positions	Number of shares of the Company held
6	<p>Tatsuo Ishihara (March 1, 1952)</p> <p>[Attendance at the Board of Directors meetings] 15/15 (100%)</p> <p>[Assumption of office of Director] June 2016</p> <p>[Reappointment] [Outside] [Independent]</p>	<p>October 1977 Passed the National Bar Examination</p> <p>April 1980 Appointed as Public Prosecutor of Tokyo District Public Prosecutors Office</p> <p>April 1987 Registered as an attorney-at-law</p> <p>January 1989 Established Okinobu &amp; Ishihara Law Office* (current position)</p> <p>June 2016 Outside Director of the Company (current position)</p> <p>* Currently renamed to Spring Partners</p> <p>[Significant concurrent positions] Representative of Spring Partners</p> <p>[Reason for nomination as candidate for Outside Director and summary of expected roles] After being appointed as Public Prosecutor of Tokyo District Public Prosecutors Office in 1980, Mr. Tatsuo Ishihara was registered as an attorney-at-law in 1987. As Representative of Spring Partners, he is currently dealing with corporate legal cases covering a broad range of industries from a highly professional standpoint, in addition to general civil cases. He has a wealth of legal experience, accomplishment and knowledge, and the Company therefore renominated him as a candidate for Outside Director as it expects him to provide advice and recommendations from a standpoint that is objective and independent from the Company's management in order to ensure the legality and validity of decision making at the Company's Board of Directors meetings.</p>	0 shares

No.	Name (Date of birth)	Career summary, positions, responsibilities, and significant concurrent positions	Number of shares of the Company held
7	<p data-bbox="236 636 418 707">Akihiro Sato (June 25, 1959)</p> <p data-bbox="220 743 434 873">[Attendance at the Board of Directors meetings] 15/15 (100%)</p> <p data-bbox="204 918 450 1025">[Assumption of office of Director] June 2019</p> <p data-bbox="229 1070 424 1178">[Reappointment] [Outside] [Independent]</p>	<p data-bbox="481 273 1248 730"> October 1987 Passed the National Bar Examination  April 1990 Registered as an attorney-at-law  April 1990 Joined Marunouchi Kyoritsu Law Firm  May 1995 Established Akihiro Sato Law Office*  Representative of Akihiro Sato Law Office  (current position)  December 2016 Outside Audit &amp; Supervisory Board Member of  the Company  June 2019 Outside Director of the Company (current  position)  * Currently renamed to Sato Sogo Law Office  [Significant concurrent positions]  Representative of Sato Sogo Law Office </p> <hr/> <p data-bbox="481 743 1279 1541"> [Reason for nomination as candidate for Outside Director and summary  of expected roles]  After being registered as an attorney-at-law in 1990, Mr. Akihiro Sato  has built experience focusing on the business legal field, and, after  establishing a law office in 1995, continued to build a successful career  dealing mainly with business legal cases from a highly professional  standpoint. In addition, he served as Vice President of the Dai-Ichi  Tokyo Bar Association and as Executive Governor of the Japan  Federation of Bar Associations from April 2015 to March 2016, and  he has been serving as a member of the Public Interest Commission of  the Cabinet Office since April 2019. Furthermore, he served as an  Outside Audit &amp; Supervisory Board Member of the Company for two  years and six months from December 2016, and acquired deep insight  of the Company. He has a wealth of business legal as well as general  legal experience, accomplishments and insight with extensive  knowledge about the Company, and the Company therefore  renominated him as a candidate for Outside Director as it expects him  to provide advice and recommendations from a standpoint that is  objective and independent from the Company's management in order  to ensure the legality and validity of decision making at the Company's  Board of Directors meetings. </p>	0 shares

No.	Name (Date of birth)	Career summary, positions, responsibilities, and significant concurrent positions	Number of shares of the Company held
8	Hiromi Sanada (May 20, 1956)	<p>April 1979 Internal Medicine Ward, St. Luke's International Hospital</p> <p>April 1980 Surgical Ward, Kanazawa University Hospital</p> <p>April 1981 Assistant and Associate Professor of Department of Nursing, School of Allied Medical Sciences, Kanazawa University</p> <p>April 1987 Research Student of Faculty of Medicine, Kanazawa University (March 1997 - Doctor of Medicine)</p> <p>April 1988 Graduate School of Nursing, University of Illinois, U.S.A. (Special Training) (- March 1990)</p> <p>November 1998 Professor of the School of Health Sciences, Faculty of Medicine, Kanazawa University</p> <p>April 2004 Division of Health Sciences and Nursing, Graduate School of Medicine, The University of Tokyo</p> <p>April 2017 Director of Global Nursing Research Center, Graduate School of Medicine, The University of Tokyo</p> <p>April 2022 President of Ishikawa Prefectural Nursing University (current position)</p>	
	[New appointment] [Outside] [Independent]	<p>[Reason for nomination as candidate for Outside Director and summary of expected roles]</p> <p>Dr. Hiromi Sanada was appointed as Professor of the School of Health Sciences, Faculty of Medicine, Kanazawa University in 1998. She was subsequently appointed as the first professor in the fields of Health Sciences, Nursing, and Gerontological Nursing at the Graduate School of Medicine, The University of Tokyo in 2004, where she was actively engaged in a range of research activities for the prevention and early convalescence of pressure ulcer, diabetic foot, and other conditions. In the past, she has also served as the Chairperson of Japanese Society of Pressure Ulcers, the President of the Japanese Society of Wound, Ostomy &amp; Continence Management, the Chairperson of the Society for Nursing Science and Engineering, and the Chairperson of the Japan Academy of Nursing Science. The Company therefore nominated her as a candidate for Outside Director as it expects her to utilize her wealth of experience to provide opinions on improving the quality of life in the wound care field and promoting industry-academia collaboration, as well as provide advice and recommendations from a standpoint that is objective and independent from the Company's management in order to ensure the validity of decision making.</p>	0 shares

- Notes: 1. There is no special interest between the candidates and the Company.
2. The Company has entered into a directors and officers liability insurance contract stipulated in Article 430-3, Paragraph 1 of the Companies Act with an insurance company. This contract

covers legal dispute fees and damages, etc. to be borne by the insured arising from company lawsuits, third-party lawsuits, shareholder derivative actions and other lawsuits. Each candidate will be included in the insured of this insurance contract. The Company plans to renew this insurance contract with the same terms and conditions at the time of the next renewal.

3. Messrs. Yoji Shimizu, Tatsuo Ishihara and Akihiro Sato and Dr. Hiromi Sanada are candidates for Outside Director.
4. Mr. Yoji Shimizu will have served as Outside Director for eight (8) years at the conclusion of this Annual General Meeting of Shareholders, Mr. Tatsuo Ishihara for six (6) years, and Mr. Akihiro Sato for three (3) years.
5. The Company has registered Messrs. Yoji Shimizu, Tatsuo Ishihara and Akihiro Sato as Independent Officers as provided for under the rules of the Tokyo Stock Exchange. In addition, if the election of Dr. Hiromi Sanada is approved, the Company plans to register her as Independent Officer as provided for under the rules of the Tokyo Stock Exchange.
6. Pursuant to the provisions of Article 427, Paragraph 1 of the Companies Act, the Company has entered into agreements with Messrs. Yoji Shimizu, Tatsuo Ishihara and Akihiro Sato, which limit their liabilities for damages under Article 423, Paragraph 1 of the same Act. The maximum amount of liabilities under the said agreements shall be the amount set forth in laws and regulations. The limitation of liability specified in these agreements shall be applicable only when Outside Directors perform their duties in good faith and without gross negligence. If this proposal is approved, the Company will continue the said agreements with Messrs. Yoji Shimizu, Tatsuo Ishihara and Akihiro Sato, and will enter into a new agreement with Dr. Hiromi Sanada which similarly will limit her liability for damages.

**Proposal 4:** Election of One (1) Audit & Supervisory Board Member and One (1) Substitute Audit & Supervisory Board Member

The term of office of Audit & Supervisory Board Member Mr. Naoto Yokoi will expire at the conclusion of this Annual General Meeting of Shareholders. Accordingly, the Company proposes to elect one (1) Audit & Supervisory Board Member. The Company also proposes to elect one (1) substitute Audit & Supervisory Board Member, in preparation for the case in which the number of Audit & Supervisory Board Members would fall below the statutory minimum.

The substitute Audit & Supervisory Board Member shall assume his office only when the number of Audit & Supervisory Board Members falls below the required number, and his term of office shall be the remaining period of the term of office of his predecessor. The resolution for this proposal shall be effective until the beginning of the next Annual General Meeting of Shareholders.

The Audit & Supervisory Board has consented to the proposal.

The candidate for Audit & Supervisory Board Member and the candidate for substitute Audit & Supervisory Board Member are as follows:

Candidate for Audit & Supervisory Board Member

No.	Name (Date of birth)	Career summary, positions, and significant concurrent positions	Number of shares of the Company held
1	Atsushi Fukuda (January 24, 1959) [New appointment] [Outside] [Independent]	<p>October 1985      Joined Asahi Shinwa &amp; Co. (currently KPMG AZSA LLC)</p> <p>April 1989        Registered as a certified public accountant</p> <p>May 2006         Appointed as Representative Partner (currently Partner) of KPMG AZSA LLC</p> <p>June 2021        Retired from KPMG AZSA LLC</p> <hr/> <p>[Significant concurrent positions]</p> <p>Outside Audit &amp; Supervisory Board Member of SANYO SHOKAI LTD.</p> <p>[Reason for nomination as candidate for Audit &amp; Supervisory Board Member]</p> <p>After being registered as a certified public accountant in 1989, Mr. Atsushi Fukuda worked in the area of accounting and audit for many years and served as a Partner of an auditing firm. The Company therefore nominated him as a candidate for Outside Audit &amp; Supervisory Board Member as it expects him to utilize his wealth of experience, accomplishments and knowledge into corporate accounting and corporate auditing to provide advice and recommendations from a standpoint that is objective and independent from the Company's management in order to ensure the legality and validity of decision making at the Company's Board of Directors meetings.</p>	0 shares

- Notes:
1. There is no special interest between the candidate and the Company.
  2. Mr. Atsushi Fukuda is a candidate for Outside Audit & Supervisory Board Member.
  3. If the election of Mr. Atsushi Fukuda is approved, the Company plans to register him as Independent Officer as provided for under the rules of the Tokyo Stock Exchange.

4. If the election of Mr. Atsushi Fukuda is approved, pursuant to the provisions of Article 427, Paragraph 1 of the Companies Act and the Company's Articles of Incorporation, the Company plans to enter into an agreement with him, which limits his liabilities for damages under Article 423, Paragraph 1 of the same Act. The maximum amount of liabilities under the said agreement shall be the amount set forth in laws and regulations. The limitation of liability specified in the agreement shall be applicable only when he performs his duties in good faith and without gross negligence.
5. The Company has entered into a directors and officers liability insurance contract stipulated in Article 430-3, Paragraph 1 of the Companies Act with an insurance company. This contract covers legal dispute fees and damages, etc. to be borne by the insured arising from company lawsuits, third-party lawsuits, shareholder derivative actions and other lawsuits. Mr. Atsushi Fukuda will be included in the insured of this insurance contract.



Candidate for substitute Audit & Supervisory Board Member

No.	Name (Date of birth)	Career summary, positions, and significant concurrent positions	Number of shares of the Company held
2	<p data-bbox="225 741 416 808">Ichiro Ichikawa (May 10, 1958)</p> <p data-bbox="204 857 437 965">[Substitute] [Outside] [Independent (plan)]</p>	<p data-bbox="475 360 1209 797">                     April 1983      Joined Canon Inc.                      October 1985    Joined Asahi Shinwa &amp; Co. (current KPMG                      AZSA LLC)                      August 1989     Registered as a certified public accountant                      September 2014   Retired from KPMG AZSA LLC                      December 2014   Established SWEAT CAPITAL Inc.,                      President of SWEAT CAPITAL Inc. (current                      position)                      [Significant concurrent positions]                      President of SWEAT CAPITAL Inc.                      Outside Auditor of UNIMEDIA INC.                      Outside Auditor of Mediagene Inc.                      Outside Auditor of ITOHAM YONEKYU HOLDINGS INC.                 </p> <p data-bbox="475 813 1270 1344">                     [Reason for nomination as candidate for substitute Outside Audit &amp;                      Supervisory Board Member]                      After being registered as a certified public accountant in 1989, Mr.                      Ichiro Ichikawa worked at an accounting firm for about 25 years and                      built his career mainly in the area of accounting audit, and serves as                      President of SWEAT CAPITAL Inc. He also has considerable                      experience, accomplishments and knowledge not only in the area of                      accounting audit but also as a corporate manager, and the Company                      therefore nominated him as a candidate for substitute Outside Audit &amp;                      Supervisory Board Member as it expects him to provide advice and                      recommendations from a standpoint that is objective and independent                      from the Company's management in order to ensure the legality and                      validity of decision making at the Company's Board of Directors                      meetings.                 </p>	0 shares

- Notes:
1. There is no special interest between the candidate and the Company.
  2. Mr. Ichiro Ichikawa is a candidate for substitute Outside Audit & Supervisory Board Member.
  3. If the election of Mr. Ichiro Ichikawa is approved and he assumes the office of Audit & Supervisory Board Member, the Company plans to register him as Independent Officer as provided for under the rules of the Tokyo Stock Exchange.
  4. If the election of Mr. Ichiro Ichikawa is approved and he assumes the office of Audit & Supervisory Board Member, pursuant to the provisions of Article 427, Paragraph 1 of the Companies Act and the Company's Articles of Incorporation, the Company plans to enter into an agreement with him, which limits his liabilities for damages under Article 423, Paragraph 1 of the same Act. The maximum amount of liabilities under the said agreement shall be the amount set forth in laws and regulations. The limitation of liability specified in the agreement shall be applicable only when he performs his duties in good faith and without gross negligence.
  5. The Company has entered into a directors and officers liability insurance contract stipulated in Article 430-3, Paragraph 1 of the Companies Act with an insurance company. This contract covers legal dispute fees and damages, etc. to be borne by the insured arising from company lawsuits, third-party lawsuits, shareholder derivative actions and other lawsuits. If Mr. Ichiro Ichikawa assumes office, he will be included in the insured of this insurance contract.

(Reference) Skills Matrix of (prospective) Directors and Audit & Supervisory Board Members after the conclusion of this Annual General Meeting of Shareholders

Name	Positions and responsibilities at the Company	Nomination & Compensation Committee	Skill						
			Corporate Management	Finance/Accounting	Legal/Risk management	R&D	Manufacturing/Technology	Marketing Sales	Internationality
Toshiaki Takatsu	President	•	•		•	•	•	•	
Hironori Sakai	Executive Director	•	•	•	•				
Hideaki Hara	Director, Managing Officer		•			•		•	
Yasuhiko Takahashi	Director, Managing Officer		•	•	•		•		•
Yoji Shimizu	Outside Director	•	•					•	
Tatsuo Ishihara	Outside Director	•			•				
Akihiro Sato	Outside Director	•	•		•				
Hiromi Sanada	Outside Director					•			•
Kazunori Takahashi	Audit & Supervisory Board Member					•	•	•	•
Kazuhiko Tomioka	Audit & Supervisory Board Member			•				•	
Yasushi Kodama	Outside Audit & Supervisory Board Member		•		•	•			•
Atsushi Fukuda	Outside Audit & Supervisory Board Member			•					

\* The “•” symbol in the skills matrix are listed based on past knowledge and experience, and do not represent all the knowledge and experience possessed by the subject.

**Proposal 5: Determination of Compensation for the Allotment of Restricted Stock to Directors (excluding Outside Directors)**

1. Reasons for the proposal

At the 103rd Annual General Meeting of Shareholders held on June 28, 2007, the amount of compensation, etc. for Directors was approved as the amount up to 240 million yen per year (not including the portion of employee's salary for Directors concurrently serving as employees).

On this occasion, in order for Directors (excluding Outside Directors) to share the benefits and risks of share price fluctuations with shareholders, and to further enhance their motivation to contribute to increasing share price and corporate value, the Company proposes to allot common shares that are subject to a certain period of restrictions on transfer and provision such as grounds for the Company to acquire the shares without contribution (hereinafter referred to as "Restricted Stocks"), to Directors (excluding Outside Directors), as follows.

As such, the Company requests approval for a new allotment of Restricted Stocks as compensation, etc. to Directors (excluding Outside Directors) within the amount of compensation, etc. stated above, taking into overall consideration the contribution of Directors to the Company, and various other matters.

2. Overview of the Restricted Stock Compensation Plan

(1) Allotment and Payment of Restricted Stocks

Under the Restricted Stock Compensation Plan, the number of Restricted Stocks calculated by multiplying a coefficient based on the degree of achievement of performance targets, etc. in one fiscal year and a certain period based on the Company's medium term management plan (hereinafter referred to as the "Performance Evaluation Period") by the base number of shares will be allotted after the Performance Evaluation Period. The Company will grant Directors (excluding Outside Directors) monetary compensation claims within the scope of the above-stated annual amount as compensation, etc. for Restricted Stocks based on a resolution of the Board of Directors, and each Director will be allotted Restricted Stock by paying all such monetary compensation claims in the form of contribution in kind. However, if Directors (excluding Outside Directors) resign after the end of the Performance Evaluation Period but prior to the Annual General Meeting of Shareholders in June (including cases in which Directors resign at such Annual General Meeting of Shareholders) or during the Performance Evaluation Period, the Company will grant a cash amount reasonably calculated by the Board of Directors as an equivalent amount, instead of allotting Restricted Stocks.

The paid-in amount for Restricted Stocks will be determined by the Board of Directors, within a scope in which the amount is not particularly favorable to Directors who accept such Restricted Stocks. Such amount will be based on the closing price of the Company's common shares on the Tokyo Stock Exchange on the business day immediately preceding the date of the resolution by the Board of Directors pertaining to the issue or disposal of such shares (or the closing price on the most recent trading day prior to that day if no transactions take place on that day).

In addition, the above-stated monetary compensation claims will be granted on the condition that Directors (excluding Outside Directors) have consented to the above-stated contribution in kind and have executed an agreement on the allotment of Restricted Stocks that includes the details set forth in (3) below.

There are currently eight (8) Directors (including three (3) Outside Directors), and there will be eight (8) Directors (including four (4) Outside Directors) if Proposal 3 is approved.

(2) Total Number of Restricted Stocks

The total number of Restricted Stocks to be allotted to Directors (excluding Outside Directors) will be 50,000 shares, which is the maximum number of Restricted Stocks to be allotted each fiscal year.

However, the total number of such Restricted Stocks may be reasonably adjusted, if a share split (including an allotment of common shares without contribution) or a share consolidation involving the Company's common shares is conducted after the date of the resolution for this proposal, or if the total number of Restricted Stocks to be allotted requires adjustment in accordance with similar circumstances.

(3) Details of the Agreement on the Allotment of Restricted Stocks

Upon the allotment of Restricted Stocks, agreements on the allotment of Restricted Stocks will be concluded between the Company and Directors who will receive allotment of Restricted Stocks, in accordance with a resolution of the Board of Directors. The Agreement shall include the following details:

(i) Details of Transfer Restrictions

Directors who are allotted Restricted Stocks may not transfer, pledge, establish security interests, gift during their lifetime, or bequeath to any third party, or engage in any other act of disposal (hereinafter referred to as "Transfer Restrictions") with regard to Restricted Stocks allotted to them (hereinafter referred to as "Allotted Stocks") during the period from the date of allotment of Restricted Stocks until the date they resign as Directors of the Company (hereinafter referred to as "Transfer Restriction Period").

(ii) Acquisition of Restricted Stocks without Contribution

If a Director who is allotted Restricted Stocks resigns from his or her position as a Director of the Company, the Company will automatically acquire the Allotted Stocks without contribution, unless there are grounds deemed justifiable by the Board of Directors.

In addition, if there are any Allotted Stocks for which Transfer Restrictions have not been removed pursuant to the provisions of the grounds for removing Transfer Restrictions in (iii) below, at the time when the Transfer Restriction Period in (i) above expires, the Company will also automatically acquire such Allotted Stocks without contribution.

(iii) Removing of Transfer Restrictions

Upon the expiration of the Transfer Restriction Period, the Company will remove the Transfer Restrictions for all of Allotted Stocks held by Directors who have received allotment of Restricted Stock as of such time.

However, if a Director resigns from his or her position as a Director, due to grounds deemed justifiable by the Board of Directors, the Company will make reasonable adjustments, as necessary, to the timing at which Transfer Restrictions will be removed.

(iv) Handling in the event of Reorganizing, etc.

If a proposal related to a merger agreement in which the Company is to be the absorbed company, a share exchange agreement or a share transfer plan in which the Company is to become a wholly-owned subsidiary, or any other proposals pertaining to organizational restructuring, etc., is approved by the General Meeting of Shareholders (or by the Board of Directors, where such organizational restructuring, etc. does not require approval of the General Meeting of Shareholders) during the Transfer Restriction Period, the Company will remove the Transfer Restrictions for all of Allotted

Stocks prior to the effective date of such organizational restructuring, etc., by the resolution of the Board of Directors.

3. Grounds for appropriateness of the allotment of Restricted Stocks

The purpose of this proposal is to allot Restricted Stocks as compensation, etc. to Directors (excluding Outside Directors) aiming for Directors (excluding Outside Directors) to share the benefits and risks of share price fluctuations with shareholders, and to further enhance their motivation to contribute to increasing share price and corporate value.

At the meeting of the Board of Directors held on May 11, 2022, the Company resolved to amend its policies for determining the details of compensation, etc. for individual Directors at the end of the current fiscal year (page 35, in Japanese only), on the condition that this proposal is approved as originally proposed (see below). Such policies provide for the allotment of Restricted Stocks as compensation, etc. for Directors, and the details of the proposal is necessary and reasonable for the allotment of Restricted Stocks in line with such amended policies. Furthermore, the ratio of the maximum number of shares to be issued or disposed of in one year under this proposal to the total number of shares issued (as of March 31, 2022) is 0.24%, and the dilution ratio is minimal.

Therefore, the Company has deemed that the details of this proposal are appropriate.

## **(Reference) Overview of Policies for Determining the Details of Compensation, etc. for Individual Directors (after the amendments)**

The Company believes that having Directors (excluding Outside Directors) share the benefits and risks of share price fluctuations with shareholders, and further enhancing their motivation to contribute to increasing share price and corporate value, will lead to the sustainable growth of the Company's Group and improvements to corporate value. Based on this policy, the Company has determined the composition of compensation for Directors (excluding Outside Directors) as follows:

### (1) Basic compensation

Basic compensation is fixed monthly compensation and follows operations before the amendments. Basic compensation is determined and paid based on comprehensive consideration of position, responsibilities, and experience, as well as the compensation level at companies of a similar business scale and operating in related industries and business categories, the Company's performance, and the level of employee salaries. At the end of the 117th fiscal year (before the amendments), a certain percentage of basic compensation was set as compensation for the purpose of acquiring the Company's shares, and a certain amount was allocated each month by the Officers Shareholding Association to acquire the Company's shares. However, after the amendments, said portion of compensation will be transferred to the Restricted Stock Compensation Plan as a medium- to long-term incentive (for details, see (2) below).

### (2) Medium- to long-term incentives

The structure will be revised so that the applicable period will be once in a certain period based on the medium term management plan, and the result calculated by multiplying the "standard number of shares to be allotted by position" by the "medium- to long-term company-wide performance coefficient [calculated according to the level of achievement of the medium- to long-term vision (new product ratio/overseas ratio) and share growth rate]," will be paid in the form of the allotment of Restricted Stocks (non-monetary compensation).

### (3) Bonuses (short-term incentives)

At the end of the 117th fiscal year (prior to the amendments), performance-linked compensation, etc. was paid at a certain time each year as a bonus, in an amount calculated according to the consolidated and non-consolidated operating income margin (one of the KPIs in the medium term management plan) for each fiscal year, while also taking into account past records of employee bonuses. After the amendments, the structure will be revised so that the amount calculated by multiplying the "standard amount by position" by the "company-wide performance coefficient [calculated according to consolidated operating income and the consolidated operating margin level]" for one fiscal year will be paid. The portion paid as the "standard amount by position" will be paid in cash, and the portion exceeding the "standard amount by position" will be paid in the form of the allotment of Restricted Stocks (non-monetary compensation).

\* With regard to Restricted Stocks allotted in (2) and (3), the Transfer Restrictions will be removed upon the expiration of the Transfer Restriction Period for all of Allotted Stocks held by Directors who have received allotment of Restricted Stocks as of such time.

### (4) The basic compensation, medium- to long-term incentives and bonuses (short-term incentives)

pertaining to (1) to (3) above will be determined within the scope of the total amount of compensation resolved at the Company's 103rd Annual General Meeting of Shareholders held on June 28, 2007 (up to 240 million yen per year, not including the portion of employee's salary for Directors concurrently serving as employees). Furthermore, the stock-based compensation pertaining to (2) and (3) will be determined within the scope of the total amount of compensation and within the scope of the number of shares resolved at this Annual General Meeting of Shareholders (up to a total of 50,000 common shares in the Company per year).