

Note: This document has been translated from a part of the Japanese original for reference purposes only. In the event of any discrepancy between this translated document and the Japanese original, the original shall prevail.

Securities Code: 9628

June 3, 2022

Dear Shareholders,

Satoshi Harishima
President and Representative Director
SAN HOLDINGS, INC.
Osaka Head Office:
6-39, Tenjimbashi 4-chome, Kita-ku, Osaka-shi
Main Office:
6-11, Kitahama 2-chome, Chuo-ku, Osaka-shi

Notice of the 93rd Annual General Meeting of Shareholders

We are pleased to announce the 93rd Annual General Meeting of Shareholders of SAN HOLDINGS, INC. (the “Company”), which will be held as described below.

If you are unable to attend the meeting, you may exercise your voting rights in writing or by electromagnetic means (via the internet, etc.). Please review the attached Reference Documents for the General Meeting of Shareholders, and exercise your voting rights by 5:30 p.m. Thursday, June 23, 2022 (JST), in accordance with the following instructions.

The Company will conduct a live webcast of this General Meeting of Shareholders. For specific details, please refer to the enclosed leaflet.

From the viewpoint of preventing the spread of infection of COVID-19 at the venue, shareholders are requested as much as possible to refrain from coming to the meeting and to watch the meeting on the live stream. If you are attending the General Meeting of Shareholders, please check you have no symptoms before visiting the venue. (* This meeting will be held in Japanese only; no interpretation will be provided.)

We will not be providing gifts for those attending the General Meeting of Shareholders this year. We would like to ask for your understanding on this matter.

- 1. Date and Time:** Friday, June 24, 2022, at 10:00 a.m. (JST)
- 2. Place:** Venue: Mahoroba
Senri Kaikan, KOEKISHA CO., LTD.
3-10, Momoyamadai 5-chome, Suita-shi, Osaka
- 3. Purpose of the Meeting**
Matters to be reported:
 - 1.** Business Report and Consolidated Financial Statements for the 93rd Fiscal Year (from April 1, 2021 to March 31, 2022), as well as the audit reports of the Accounting Auditor and the Audit & Supervisory Board for Consolidated Financial Statements
 - 2.** Non-consolidated Financial Statements for the 93rd Fiscal Year (from April 1, 2021 to March 31, 2022)

Matters to be resolved:

Proposal 1:	Appropriation of Surplus
Proposal 2:	Amendment to the Articles of Incorporation
Proposal 3:	Election of Six Directors
Proposal 4:	Extension of Countermeasures to Large-Scale Purchases of the Company's Stocks (takeover defense plan)

4. Instructions for Exercising Voting Rights

- (1) Exercise of voting rights in writing
Please indicate your approval or disapproval of each proposal in the enclosed voting form and return it so that it arrives no later than 5:30 p.m. on Thursday, June 23, 2022 (JST).
- (2) Exercise of voting rights by electromagnetic means (via the internet, etc.)
If you exercise your voting rights by electromagnetic means (via the internet, etc.), exercise your voting rights by reviewing the "Information About Exercising Your Voting Rights by Electromagnetic Means (Internet, Etc.)" on pages 3 to 4 by 5:30 p.m. on Thursday, June 23, 2022 (JST).
- (3) If you exercise your voting rights in duplicate both in writing and via the internet, etc., the Company will only deem your exercise via the internet, etc. valid. Also, if you exercise your voting rights multiple times via the internet, etc., or in duplicate both in a personal computer and a smartphone, the Company will only deem the substance of your final exercise to be valid.

(List of Requests)

- When attending the meeting, please submit the enclosed voting form at the reception desk.
- The Notes to the Consolidated Financial Statements and the Notes to the Non-consolidated Financial Statements are posted on the Company's website (<https://www.san-hd.co.jp>) in accordance with the laws and regulations and Article 17 of the Articles of Incorporation of the Company and are therefore available to shareholders. The Consolidated Financial Statements and Non-consolidated Financial Statements audited by the Accounting Auditor and the Audit & Supervisory Board Members in preparing the Audit Report include the "Notes to the Consolidated Financial Statements" and the "Notes to the Non-consolidated Financial Statements" posted on the Company's website in addition to the documents attached to this Notice of Convocation.
- Should the Reference Documents for the General Meeting of Shareholders, the Business Report, the Consolidated Financial Statements, or the Non-consolidated Financial Statements require revisions by the day before the General Meeting of Shareholders, or should there be any significant changes regarding the holding or operation of the General Meeting of Shareholders as a result of the spread of infections up to the day of the General Meeting of Shareholders, or if there is a government announcement, the revised versions will be published in writing or will be posted on the Company's website (<https://www.san-hd.co.jp>). Please check what the status is before coming.
- In order to prevent the spread of COVID-19, we will take the following measures:
 - Attending officers and management staff will be asked to check they have no symptoms and to wear a mask.
 - Those attending the General Meeting of Shareholders will be asked to take their temperature and wear a mask in the venue. For those who do not have a mask, masks will be provided at the reception desk. Alcohol disinfectant will be available in several locations, including near the entrance, so please cooperate and disinfect your hands with alcohol when entering the venue.
 - The management staff will escort you to your seat to ensure social distancing is maintained. We appreciate your understanding in advance.

Information About Exercising Your Voting Rights by Electromagnetic Means (Internet, Etc.)

When exercising your voting rights by electromagnetic means (via the internet, etc.), please note the following items.

1. Exercising Your Voting Rights via the Internet, etc.

(1) Voting rights exercise website

Exercise of voting rights via the internet, etc. may be conducted only by accessing the following voting rights exercise website designated by the Company.

Voting Rights Exercise Website: <https://www.web54.net>

(2) How to exercise the voting rights

(i) Voting by computer

Please access the above website, enter the “voting rights exercise code” and “password” which are stated on the enclosed voting form, and follow instructions on screen to enter your approval or disapproval.

(ii) Voting by smartphone

Please scan the “voting website QR code” on the enclosed voting form and enter your approval or disapproval on the voting-by-smartphone website, which does not require entering a “voting rights exercise code” or “password.”

Note that changing your vote once you have executed your voting rights requires re-scanning the QR code and entering the “voting rights exercise code” and “password” stated on your voting form.

(3) Handling of voting rights

(i) Your voting rights must be exercised by 5:30 p.m. on Thursday, June 23, 2022 (JST). It is recommended to vote at an early stage.

(ii) If you exercise your voting rights in duplicate both in writing and via the internet, etc., the Company will only deem your exercise via the internet, etc. valid. Also, if you exercise your voting rights multiple times via the internet, etc., or in duplicate both in a personal computer and a smartphone, the Company will only deem the substance of your final exercise to be valid.

(iii) All fees payable to internet service providers and telecommunication carriers (such as connection fees) in accessing the voting website are to be borne by the shareholders.

(iv) You may not be able to use the voting rights exercise website depending on the internet environment, etc. of your computer or smartphone.

(4) Handling of password and voting rights exercise code

(i) The password is the important information to identify each person as a qualified shareholder with voting rights. Therefore, please handle your password as carefully as you handle your seal and PIN numbers.

(ii) The password will become unavailable if you input the wrong data a certain fixed number of times. To issue a new password, follow the instructions on the screen.

(iii) The voting rights code as listed on the enclosed voting form can only be used for this meeting.

(5) Contact information for inquiries about the operation of computers, etc.

(i) If you have any technical inquiries regarding the operation of a PC, etc. for voting on this site, please contact the following:

Dedicated phone line for Stock Transfer Agency Web Support, Sumitomo Mitsui Trust Bank, Limited

[Telephone number] 0120-652-031 (Business hours: 9:00 a.m. – 9:00 p.m. (JST))

(ii) If you have any other inquiries, please contact the following:

a Shareholders with accounts at securities companies

Please contact your securities company.

b Shareholders without accounts at securities companies (shareholders with special accounts)
Stock Transfer Agency Business Planning Department, Sumitomo Mitsui Trust Bank,
Limited

[Telephone number] 0120-782-031 (Business hours: 9:00 a.m. – 5:00 p.m. (JST), excluding weekends and holidays)

2. Electronic Voting Platform

Nominee shareholders such as trust and custody services banks (including standing proxies) may apply in advance to use the Electronic Voting Platform operated by ICJ Inc., a joint venture company founded by Tokyo Stock Exchange, Inc. and other entities. In this case, such shareholders can use the ICJ platform in addition to the exercise of voting rights via the internet, etc. in 1. above as a means to exercise their voting rights by electromagnetic means at General Meeting of Shareholders of the Company.

Reference Documents for the General Meeting of Shareholders

Proposal 1: Appropriation of Surplus

The Company proposes the appropriation of surplus as follows.

The Company considers the return of profits to shareholders to be one of the most important management issues, and has a policy of returning profits to shareholders through dividends while comprehensively taking into account consolidated business results, financial conditions, securing internal reserves for investments in medium- to long-term growth, financial soundness, etc.

In accordance with this policy, the Company proposes to pay year-end dividends for the fiscal year as follows:

Year-end dividends

i) Type of dividend property

To be paid in cash.

ii) Allotment of dividend property and aggregate amount thereof

The Company proposes to pay a dividend of ¥21 per common share of the Company.

In this event, the total dividends will be ¥226,877,238.

After adding the year-end dividend to the interim dividend for the current fiscal year (¥17 per share of common stock), the total annual dividend for the current fiscal year will be ¥38 per share of common stock, an increase of ¥5 per share compared to the previous fiscal year.

iii) Effective date of dividends of surplus

The effective date of dividends will be June 27, 2022.

Proposal 2: Amendment to the Articles of Incorporation

1. Reasons for the Amendments

Since the revised provisions provided for in the proviso to Article 1 of the Supplementary Provisions of the Act Partially Amending the Companies Act (Act No. 70 of 2019) are to be enforced on September 1, 2022, the Company proposes to make the following changes to its Articles of Incorporation in preparation for the introduction of the system for providing informational materials for the general meeting of shareholders in electronic format.

- (1) Paragraph 1 of Article 17 (Measures for Providing Information in Electronic Format, Etc.) in Proposed amendments below will be newly established in order to stipulate in the Articles of Incorporation, as required, that the Company shall take measures for providing information that constitutes the content of reference documents for the general meeting of shareholders, etc. in electronic format.
- (2) The Company intends to newly establish paragraph 2 of Article 17 (Measures for Providing Information in Electronic Format, Etc.) to provide for the scope of the items to be stated in the paper-based documents to be delivered to shareholders who requested the delivery of paper-based documents to be restricted to the scope designated by the Ministry of Justice Order among items for which the measures for providing information that constitutes the content of reference documents for the general meeting of shareholders, etc. in electronic format will be taken.
- (3) Since the provisions for Article 17 of the pre-amended Articles of Incorporation (Internet Disclosure and Deemed Provision of Reference Documents, Etc.) will no longer be required once the system for providing informational materials for the general meeting of shareholders in electronic format is introduced, they will be deleted.
- (4) Supplementary provisions regarding the taking effect of the aforementioned provisions to be established and deleted will be established. These supplementary provisions shall be deleted after the specified date elapses.

2. Details of the Amendments

The details of the amendments are as follows.

(Underlined parts are amended.)

Pre-amended Articles of Incorporation	Proposed Amendments
Chapter III General Meeting of Shareholders	Chapter III General Meeting of Shareholders (Deleted)
<p><u>Article 17 (Internet Disclosure and Deemed Provision of Reference Documents, Etc.)</u></p> <p><u>When the Company convenes a general meeting of shareholders, if it discloses information that is to be stated or presented in the reference documents for the general meeting of shareholders, non-consolidated financial statements, consolidated financial statements and business report through the internet in accordance with the provisions prescribed by the Ministry of Justice Order, it may be deemed that the Company has provided this information to shareholders.</u></p> <p style="text-align: center;">(Newly Established)</p>	<p><u>Article 17 (Measures for Providing Information in Electronic Format, Etc.)</u></p> <p><u>1. When the Company convenes a general meeting of shareholders, it shall take measures for providing information that constitutes the content of reference documents for the general meeting of shareholders, etc. in electronic format.</u></p>

Pre-amended Articles of Incorporation	Proposed Amendments
<p>(Newly Established)</p>	<p><u>2. Among items for which the measures for providing information in electronic format will be taken, the Company is not required to state all or some of those items designated by the Ministry of Justice Order from statements in the paper-based documents to be delivered to shareholders who requested the delivery of paper-based documents.</u></p> <p style="text-align: center;">(Supplementary Provisions)</p> <p><u>Article 1</u></p> <p><u>1. The deletion of Article 17 (Internet Disclosure and Deemed Provision of Reference Documents, Etc.) of the pre-amended Articles of Incorporation and the establishment of Article 17 (Measures for Providing Information in Electronic Format, Etc.) in the amended Articles of Incorporation shall be effective from the date of enforcement of the revised provisions provided for in the proviso to Article 1 of the Supplementary Provisions of the Act Partially Amending the Companies Act (Act No. 70 of 2019) (hereinafter referred to as the “Date of Enforcement”).</u></p> <p><u>2. Notwithstanding the provision of the preceding paragraph, Article 17 of the pre-amended Articles of Incorporation shall remain effective regarding any general meeting of shareholders held on a date within six months from the Date of Enforcement.</u></p> <p><u>3. This article shall be deleted on the date when six months have elapsed from the Date of Enforcement or three months have elapsed from the date of the general meeting of shareholders in the preceding paragraph, whichever is later.</u></p>

Proposal 3: Election of Six Directors

At the conclusion of this shareholders meeting, the terms of office of all six Directors will expire.

Therefore, the Company proposes the election of six Directors.

The candidates for Director are as follows:

No.	Name (Date of birth)	Career summary, and position and responsibility in the Company (Significant concurrent positions outside the Company)	Number of the Company's shares owned
1	Yuichi Noro (August 30, 1962)	Apr. 1986 Joined American Life Insurance Company July 1994 Temporary transferred to AIG Marketing (AIG Company, Ltd.) Apr. 2001 Temporary transferred to AIG Star Life Insurance Co., Ltd. June 2004 General Manager of Customer Strategy Department of American Life Insurance Company Apr. 2006 Joined the Company Executive Officer, Assistant Manager of Strategic Marketing Planning Department June 2007 Director, Assistant Manager of Strategic Marketing Planning Department June 2008 Managing Director, General Manager of Strategic Marketing Planning Department, and General Manager of Tokyo Branch June 2009 Senior Managing Director in charge of Information System, and General Manager of Strategic Marketing Planning Department, and General Manager of Tokyo Branch June 2011 Director and Vice President in charge of Information System and Strategic Marketing Planning June 2013 Vice President and Representative Director Apr. 2016 President and Representative Director Apr. 2019 Chairman and Representative Director (current position) (Significant concurrent positions outside the Company) Chairman and Representative Director of Life Forward CO., LTD.	79,800
[Reasons for nomination as candidate for Director] Mr. Yuichi Noro, a candidate for Director, has led the management of our group towards the enhancement of corporate value as President and Representative Director since April 2016, as Chairman and Representative Director since April 2019, and as Chairman and Representative Director of Life Forward CO., LTD. since April 2020. The Company requests his election in order to utilize his abundant experience and insights in the management of our group.			

No.	Name (Date of birth)	Career summary, and position and responsibility in the Company (Significant concurrent positions outside the Company)	Number of the Company's shares owned
2	Satoshi Harishima (September 25, 1962)	Apr. 1987 Joined Recruit Computer Print Co., Ltd. (current Recruit Co., Ltd.) Apr. 1999 Joined the Company Oct. 2003 Assistant Manager of Osaka Sales Department Apr. 2005 Executive Officer June 2006 Director in charge of subsidiaries and associates (KOEKISHA CO., LTD., SOU-SEN CORPORATION) June 2007 Managing Director in charge of subsidiaries and associates (KOEKISHA CO., LTD., SOU-SEN CORPORATION) June 2009 Senior Managing Director in charge of Procurement Administrative Department and Project Management June 2011 Director and Vice President in charge of Human Resources and Procurement June 2013 Vice President and Representative Director in charge of Internal Control and Compliance Apr. 2015 Vice President and Representative Director Apr. 2019 President and Representative Director (current position) (Significant concurrent positions outside the Company) President and Representative Director of KOEKISHA CO., LTD. Chairman and Director of EXCEL SUPPORT SERVICE CO., LTD. Director of SOU-SEN CORPORATION	170,800
<p>[Reasons for nomination as candidate for Director]</p> <p>Mr. Satoshi Harishima, a candidate for Director, has been contributing to the promotion of our group's management and sales strategies as Vice President and Representative Director since June 2013, as President and Representative Director of the major subsidiary KOEKISHA CO., LTD. since April 2016, and as President and Representative Director of the Company since April 2019. The Company requests his election in order to utilize his abundant experience and insights in the management of our group.</p>			

No.	Name (Date of birth)	Career summary, and position and responsibility in the Company (Significant concurrent positions outside the Company)	Number of the Company's shares owned
3	Yasuko Miyajima (March 5, 1966)	<p>Apr. 1988 Joined Taisho Marine System Development Company, Limited (current MS&AD Systems Co., Ltd.)</p> <p>Mar. 1997 Joined American Life Insurance Company</p> <p>May 2006 Joined the Company</p> <p>Apr. 2008 Assistant Manager of Strategic Marketing Planning Department</p> <p>June 2009 Executive Officer, Assistant Manager of Strategic Marketing Planning Department</p> <p>June 2010 Managing Executive Officer, General Manager of Strategic Marketing Planning Department</p> <p>Apr. 2016 Senior Managing Executive Officer, General Manager of Information System Division</p> <p>June 2017 Director in charge of Information System Division, General Manager of Information System Division</p> <p>Apr. 2018 Director in charge of Information System Division, General Manager of Information System Division, and Information System Department</p> <p>Apr. 2019 Director, Senior Managing Executive Officer in charge of Information System Department In charge of Marketing Planning Department, General Manager of Marketing Planning Department, in charge of System & Operation Department, and General Manager of System & Operation Department</p> <p>Apr. 2022 Director, Senior Managing Executive Officer in charge of Information System Department, Marketing Planning Department and System & Operation Department (current position)</p> <p>(Significant concurrent positions outside the Company) President and Representative Director of Life Forward CO., LTD.</p>	25,100
<p>[Reasons for nomination as candidate for Director]</p> <p>Ms. Yasuko Miyajima, a candidate for Director, has been in charge of the information system department and the marketing planning department of a subsidiary as Director since June 2017, has also been in charge of the marketing planning and system & operation departments of the Company as Director and Senior Managing Executive Officer since April 2019, and has been promoting the Life Ending Support Business as the President and Representative Director of Life Forward CO., LTD. since April 2020. The Company requests her election in order to utilize her abundant experience and achievements in the management of our group.</p>			

No.	Name (Date of birth)	Career summary, and position and responsibility in the Company (Significant concurrent positions outside the Company)	Number of the Company's shares owned
4	Yoshiyuki Yokota (March 6, 1972)	<p>Apr. 1994 Joined Gaeart Kumagai Co., Ltd. (current Gaeart Co., Ltd.)</p> <p>May 1998 Joined PACIFIC CONSULTANTS CO., LTD.</p> <p>Sept. 2000 Joined the Company</p> <p>Apr. 2017 General Manager of Accounting Department</p> <p>Apr. 2018 General Manager of Human Resources Department</p> <p>Apr. 2019 Executive Officer, General Manager of Corporate Planning Department</p> <p>Apr. 2021 Executive Officer in charge of Accounting Department (Financial Planning), Human Resources Department (Human Resources Planning), Corporate Planning Department, and General Manager of Corporate Planning Department</p> <p>June 2021 Director, Executive Officer in charge of Accounting Department (Financial Planning), Human Resources Department (Human Resources Planning), Corporate Planning Department, and General Manager of Corporate Planning Department</p> <p>Apr. 2022 Director, Executive Officer in charge of Accounting Department, Human Resources Department (Human Resources Planning), Corporate Planning Department, and General Manager of Corporate Planning Department (current position)</p> <p>Director of GRAN CEREMO TOKYO CO., LTD. (current position)</p> <p>(Significant concurrent positions outside the Company)</p> <p>Director of Life Forward CO., LTD.</p> <p>Director of GRAN CEREMO TOKYO CO., LTD.</p>	5,700
<p>[Reasons for nomination as candidate for Director]</p> <p>Mr. Yoshiyuki Yokota, a candidate for Director, has served as the General Manager of the Accounting Department since April 2017, the General Manager of the Human Resources Department since April 2018, the Executive Officer and General Manager of the Corporate Planning Department since April 2019, as well as concurrently the Director of Life Forward CO., LTD. since April 2020. Since April 2021, he has been in charge of the Company's Accounting Department (Financial Planning), Human Resources Department (Human Resources Planning), and Corporate Planning Department as Executive Officer. He is also serving as Director of GRAN CEREMO TOKYO CO., LTD., a joint venture newly established in April 2022. The Company requests his election in order to utilize his abundant experience and achievements in the management of our group.</p>			

No.	Name (Date of birth)	Career summary, and position and responsibility in the Company (Significant concurrent positions outside the Company)	Number of the Company's shares owned
5	Hisayuki Suekawa (March 17, 1959)	Apr. 1982 Joined Shiseido Company, Limited Feb. 2007 Department Director of Business Planning Department Apr. 2008 Corporate Officer, Department Director of Corporate Planning Department June 2009 Director, Corporate Officer, and Department Director of Corporate Planning Department Apr. 2010 Director, Executive Corporate Officer, and Department Director of Corporate Planning Department Apr. 2011 Representative Director, President and CEO Apr. 2013 Counselor June 2014 Outside Director of Nitta Gelatin Inc. (current position) June 2017 Outside Director of the Company (current position) June 2020 Unaffiliated Director of Morishita Jintan Co., Ltd. (current position) (Significant concurrent positions outside the Company) Outside Director of Nitta Gelatin Inc. Unaffiliated Director of Morishita Jintan Co., Ltd.	600
<p data-bbox="272 813 1126 837">[Reasons for nomination as candidate for outside Director and outline of expected roles]</p> <p data-bbox="272 853 1394 1037">Mr. Hisayuki Suekawa, a candidate for outside Director, served as President and Representative Director of a major cosmetics manufacturer and has concurrently served as an outside Director of other companies. We nominated him for election because we believe that his high level of insight as a manager and his deep knowledge and abundant experience in the field of corporate planning will be particularly useful in the management of the Company. In addition, if the candidate is elected, the Company plans for him to be involved in selecting candidates for the Company's officers and determining remuneration, etc. of officers from an objective and neutral standpoint as a member of the Nomination and Remuneration Committee.</p>			

No.	Name (Date of birth)	Career summary, and position and responsibility in the Company (Significant concurrent positions outside the Company)	Number of the Company's shares owned
6	Kaoru Yokomise (November 19, 1957)	<p>Apr. 1981 Joined Kao Soap Co., Ltd. (current Kao Corporation)</p> <p>Oct. 2013 General Manager of Sustainability Promotion Department, Corporate Communications Division</p> <p>Dec. 2014 General Manager of Indirect Material Department, Procurement Division</p> <p>Apr. 2018 Joined the Consumer Affairs Agency</p> <p>Oct. 2019 Assistant Director for Policy Planning to Director of the Cabinet Office</p> <p>June 2021 Outside Director (Audit and Supervisory Committee Member) of Matsuda Sangyo Co., Ltd. (current position)</p> <p>(Significant concurrent positions outside the Company)</p> <p>Outside Director (Audit and Supervisory Committee Member) of Matsuda Sangyo Co., Ltd.</p>	0
<p>[Reasons for nomination as candidate for outside Director and outline of expected roles]</p> <p>Ms. Kaoru Yokomise, a candidate for outside Director, promoted ESG management at a major detergent manufacturer and has practical experience in the field of consumer administration in addition to having concurrently served as an outside Director of another company. We nominated her for election because we believe that her deep knowledge and abundant experience will be useful in the management of the Company. In addition, if the candidate is elected, the Company plans for her to be involved in selecting candidates for the Company's officers and determining remuneration, etc. of officers from an objective and neutral standpoint as a member of the Nomination and Remuneration Committee.</p>			

- Notes: 1. There is no special interest between any of the candidates and the Company.
2. Hisayuki Suekawa and Kaoru Yokomise are candidates for outside Director.
3. The name of Yasuko Miyajima, a candidate for Director, in the family register is Yasuko Izawa.
4. Matters concerning Hisayuki Suekawa, a candidate for outside Director, are as follows:
- (1) He is currently an outside Director of the Company, and his term of office as an outside Director will be five years at the conclusion of this General Meeting of Shareholders.
- (2) The Company has registered him as an independent Director in accordance with the provisions of the Tokyo Stock Exchange, and will continue to register him as an independent Director in the event that this proposal is approved and he assumes the office of outside Director.
5. Matters concerning Kaoru Yokomise, a candidate for outside Director, are as follows:
- The Company intends to register her as an independent Director in accordance with the provisions of the Tokyo Stock Exchange in the event that this proposal is approved and she assumes the office of outside Director.
6. Limited liability agreement with outside Directors
- The Company has entered into an agreement with Hisayuki Suekawa, pursuant to Article 427, Paragraph 1 of the Companies Act, to limit his liability for damages under Article 423, Paragraph 1 of the same act. If the reappointment of Hisayuki Suekawa is approved, the Company intends to continue the agreement. If the election of Kaoru Yokomise is approved, the Company plans to enter into the same limited liability agreement with her.
- The outline of the limited liability agreement is as follows.
- In the event that a Director causes damage to the Company by neglecting his/her duties, if he/she does so without knowledge and is not grossly negligent in performing his/her duties, he/she shall be liable to the Company for damages up to ¥1 million or the minimum liability amount provided for in Article 425, Paragraph 1 of the Companies Act, whichever is higher, and shall be excused for damages in excess thereof.
7. Outline of the directors and officers liability insurance policy
- The Company has entered into a directors and officers liability insurance policy as provided for in Article 430-3, Paragraph 1 of the Companies Act with an insurance company that includes all the officers (Directors, Audit & Supervisory Board Members, Executive Officers and other important employees under the Companies Act) of the Company and its subsidiaries as the insureds. The Company plans to renew the insurance policy with the same terms in November 2022. If the election of each candidate in this proposal is approved and they assume office as Director, they will be included as an insured in this policy.
- This insurance policy covers the insured's losses and such costs as related litigation expenses incurred from claims for damages arising from acts (including nonfeasance) carried out by the insured as an officer or a person at a certain position of the Company, and the full amount of premiums for all insureds are borne by the Company.

Proposal 4: Extension of Countermeasures to Large-Scale Purchases of the Company's Stocks (takeover defense plan)

At the Company's 90th Annual General Meeting of Shareholders held on June 25, 2019, the shareholders approved the extension of Countermeasures for Large-scale Purchases of the Company's Stock (takeover defense plan) (hereinafter referred to as the "Former Plan"). The Former Plan expires at the close of this General Meeting of Shareholders.

Accordingly, the Company proposes the Former Plan to be extended with substantially the same contents as described in "2. Contents of the Proposal" below (the extended plan is hereinafter referred to as the "Plan"). The Company also requests approval of its shareholders to delegate to the Board of Directors of the Company the authority to decide matters concerning the Gratis Allotment of Stock Acquisition Rights in accordance with the terms and conditions set forth in the Plan, pursuant to Article 12 of the Company's Articles of Incorporation.

1. Reason for the proposal (Basic Policy on the Persons Who Control Decisions on the Company's Financial and Business Policies)

The Company believes that those who control decisions on the Company's financial and business policies need to be the persons who understand the source of the Company's corporate value and make it possible for the Company to continuously and sustainably ensure and enhance its corporate value and, in turn, the common interests of its shareholders.

The Company believes that in the event of a takeover bid involving a transfer of control of the Company, the decision on such a takeover bid should ultimately be based on the will of the shareholders. In addition, the Company will not reject a large-scale acquisition of the Company's shares if such an acquisition contributes to ensuring and enhancing the Company's corporate value and, in turn, the common interests of its shareholders. However, there are some cases in which a large-scale acquisition of shares may cause obvious harm to corporate value and the common interests of shareholders in terms of the purpose and manner, etc., of the acquisition, may effectively force shareholders to sell their shares, may not provide sufficient time and information for the target company's board of directors and shareholders to consider the details, etc., of the large-scale acquisition of shares or for the target company's board of directors to propose an alternative proposal, may require the target company to discuss and negotiate with the acquirer in order to bring about more favorable terms than those offered by the acquirer, etc., that may not contribute to corporate value and the common interests of shareholders.

The source of our group's corporate value is its people and organization. Unless a person making a large-scale acquisition of the Company's shares understands the source of the Company's corporate value and is able to secure and enhance it over the medium to long term, the Company's corporate value and the common interests of its shareholders will be damaged.

The Company believes that a person who conducts such a large-scale acquisition that does not contribute to the corporate value of the Company and the common interests of its shareholders is inappropriate as a person who controls decisions on the Company's financial and business policies, and that it is necessary to ensure the corporate value of the Company and the common interests of its shareholders by taking necessary and reasonable countermeasures against such large-scale acquisition by such a person.

2. Contents of the Proposal

(1) Purpose of the Plan

As stated in 1. above, the Company will not reject even a large-scale acquisition of shares if it contributes to the Company's corporate value and the common interests of its shareholders. However, not a few large-scale acquisition of shares do not contribute to corporate value and the common interests of shareholders.

The Company believes that it is essential to have a framework to deter large-scale acquisition that are contrary to the corporate value of our group and the common interests of its shareholders by enabling shareholders to decide whether or not to accept such large-scale acquisition of the Company's shares, or to secure the necessary information and time for the Board of Directors of the Company to propose alternative plans to shareholders, or to negotiate on behalf of shareholders, when a large-scale acquisition of the Company's shares is conducted.

The Plan is intended to ensure and enhance the Company's corporate value and, in turn, the common interests of its shareholders on a continuous and sustainable basis, and we believe that it is in line with the basic policy described in 1. above.

(2) Outline of the Plan

(a) Establishment of procedures for the implementation of the Gratis Allotment of Stock Acquisition Rights, etc., under the Plan

The Plan sets forth procedures to be followed in the event of an acquisition (except for those deemed friendly by the Board of Directors of the Company, hereinafter referred to as "Acquisition, etc.") or similar act or proposal for acquisition of the Company's shares, etc., to require the acquirer, etc., (hereinafter referred to as "Acquirer, etc.") to provide information regarding such acquisition in advance, to allow time to collect and review information, etc., regarding such acquisition, etc., and to present to the shareholders plans and alternative plans etc., of the management of the Company and to negotiate with the Acquirer, etc. (See (3) "Procedures for the Implementation of the Gratis Allotment of Stock Acquisition Rights, etc., under the Plan" below).

(b) Use of Gratis Allotment of Stock Acquisition Rights, etc.

In the event that Acquirer, etc. conducts Acquisition, etc., without complying with the procedures stipulated in the Plan, etc., and it is deemed that there is a risk that the corporate value of our group and the common interests of its shareholders may be harmed (For details of such requirements, please refer to (4) "Requirements for Gratis Allotment of Stock Acquisition Rights, etc." below), the Company shall allot Stock Acquisition Rights (The main details are described below in (5) "Outline of the Gratis Allotment of Stock Acquisition Rights" below and hereinafter referred to as the "Stock Acquisition Rights") to all shareholders at that time by the method of gratis allotment of stock acquisition rights (As defined in Article 277 of the Companies Act and thereafter) with an exercise condition that the exercise of rights by such Acquirer, etc., is not permitted and an acquisition provision to the effect that the Company shall acquire stock acquisition rights in exchange for shares of the Company from persons other than such Acquirer, etc., or take other reasonable measures (Note 1.) that can be taken under laws and regulations and the Articles of Incorporation of the Company (Hereafter, those measures are collectively referred to as the "Gratis Allotment of Stock Acquisition Rights, etc.")).

(c) Involvement of an Independent Committee to eliminate arbitrary decisions by Directors

Under the Plan, in order to eliminate arbitrary decisions by Directors regarding the implementation, non-implementation, or acquisition of the Gratis Allotment of Stock Acquisition Rights, etc., decisions shall be made by an Independent Committee consisting of at least three members who are either (i) Outside Directors, (ii) Outside Audit & Supervisory Board Member of the Company, or (iii) Outside Experts who are independent of the Company's management, in accordance with the rules of the Independent Committee (please see Note 2. for the outline of the rules). In addition, the Company ensures transparency by disclosing information to shareholders in a timely manner. In the event that the Board of Directors of the Company intends to trigger the Plan, it will, in principle, convene a General Meeting of Shareholders to confirm the will of shareholders regarding the implementation of the Gratis Allotment of Stock Acquisition Rights, etc.

The Independent Committee at the time of the extension of the Plan will consist of two independent Outside Directors and two Outside Audit & Supervisory Board Members of the Company. The names and biographies of the members of the committee are shown in the Appendix (please refer to Note 2. for the criteria for the appointment of members of the Independent Committee after the extension, requirements for resolutions and matters to be resolved).

(d) Exercise of Stock Acquisition Rights and acquisition of Stock Acquisition Rights by the Company

If the Gratis Allotment of Stock Acquisition Rights is exercised in accordance with the Plan and if it is exercised by shareholders other than the Acquirer, etc., or if the shares of the Company are delivered to shareholders other than the Acquirer, etc., in exchange for the acquisition of the Stock Acquisition Rights by the Company, the ratio of voting rights in the Company's shares held by such Acquirer, etc., may be diluted to a maximum of approximately 50%.

(3) Procedures for the implementation of the Gratis Allotment of Stock Acquisition Rights, etc., under the Plan

(a) Targeted Acquisition, etc.

The Plan shall be applicable in the event of the Acquisition, etc. that falls under (i) or (ii) below.

- (i) The Acquisition, etc., as a result of which the ownership ratio of shares, etc. (Note 5.) of the holder (Note 4.) would become 20% or more with regard to the share certificates, etc. issued by the Company (Note 3.).
- (ii) A tender offer (Note 7.) as a result of which the aggregate sum of the ownership ratio of share certificates, etc. (Note 8.) pertaining to the tender offer and the ownership ratio of shares, etc. of their specially related parties (Note 9.) would become 20% or more with regard to the shares, etc. issued by the Company (Note 6.).

(b) Submission of Letter of Intent

Prior to commencing or executing the Acquisition, etc., the Acquirer, etc., shall submit, in a form separately prescribed by the Company, a document (signed or stamped with a name and seal by a representative of the Acquirer, etc.) containing a covenant to comply with the procedures of the Plan and a certificate of qualification of the representative who has signed or stamped such document (collectively, the “Letter of Intent”). In the Letter of Intent, the Acquirer, etc., shall clearly indicate the name, address or main office, location of offices, etc., the law governing the incorporation, name of representative, contact information in Japan, and outline, etc., of the contemplated Acquisition, etc. The language to be used in the Letter of Intent and the Acquisition Document set forth in (c) below shall be Japanese only.

(c) Request for Information to the Acquirer, etc.

The Company shall deliver to the Acquirer, etc., the form of the Acquisition Document (defined below) (including a list of information to be provided by the Acquirer, etc., to the Company) within ten (10) business days of receipt of the Letter of Intent (not including the first day; hereinafter the same shall apply to the method of calculating the period unless otherwise specified). Except in cases where the Board of Directors of the Company recognizes that the Acquisition, etc., is a friendly Acquisition, etc., the Acquirer, etc., shall provide the Company with a written document (hereinafter referred to as the “Acquisition Document”) containing the information, etc., set forth in each of the items below (hereinafter referred to as the “Necessary Information”).

Upon receipt of the Acquisition Document, the Board of Directors of the Company shall promptly provide it to the Independent Committee. In response to this, if the Independent Committee determines that the Acquisition Document is insufficient as the Necessary Information, it may, either directly or through the Board of Directors of the Company, request the Acquirer, etc., to submit additional Necessary Information by setting an appropriate response deadline (up to 60 days from the day following the day on which the Acquisition Document is received). In such case, the Acquirer, etc., shall be required to provide such additional Necessary Information by the said deadline.

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- (i) Details (this includes the specific name, capital structure, financial details, details of transactions of the same type of acquisition, etc., with this Acquisition, etc., and the results, etc., of such transactions. If the Acquirer, etc., is already a shareholder of the Company, the Acquirer, etc., is also required to provide the names of all shareholders) of the Acquirer, etc., and its group (including joint holders (Note 10.), specially related parties and (in the case of a fund) each partner and other members).
- (ii) The purpose, method and details of the Acquisition, etc., (including the price and type of consideration for the Acquisition etc., the timeframe of the Acquisition, etc., the structure of any related transactions, the legality of the method of the Acquisition, etc., and information regarding the feasibility of the Acquisition, etc.)
- (iii) Basis of calculation of the price of Acquisition, etc., (including the facts on which the calculation is based, calculation method, numerical information used in the calculation, details of synergies expected to arise from a series of transactions related to the Acquisition, etc., and details of such synergies to be distributed to other shareholders).

- (iv) The financial backing for the Acquisition, etc., (including the specific name of the provider of funds (including substantial providers of funds), the method of procurement, and the details of related transactions, etc.)
- (v) Management policy, business plan, capital policy and dividend policy of the Company and our group after the Acquisition, etc.
- (vi) Measures to continuously and stably enhance the corporate value of the Company and our group after the Acquisition, etc., and the basis for recognizing that such measures will enhance the corporate value of the Company and our group.
- (vii) Policy for dealing with employees, business partners, customers, and other stakeholders of the Company and our group after the Acquisition, etc.
- (viii) Specific measures to avoid conflicts of interest with other shareholders of the Company
- (ix) Information on relationships with anti-social forces
- (x) Any other information that the Independent Committee reasonably determines to be necessary.

If the Independent Committee finds that the Acquirer, etc., has commenced the Acquisition, etc., without complying with the procedures stipulated in the Plan, the Independent Committee will, in principle, recommend that the Board of Directors of the Company implement the Gratis Allotment of Stock Acquisition Rights, etc., as described in (e) (i) below, except in cases where there are special circumstances that require the continued submission of the Acquisition Document and Necessary Information for discussion, negotiation, etc., with the Acquirer, etc.

- (d) Examination of the terms of the Acquisition, etc., negotiation with the Acquirer, etc., and consideration of alternative proposals
 - (i) Request for information from the Board of Directors of the Company

In cases where the Independent Committee receives the Letter of Intent, the Acquisition Document, and the Necessary Information from the Acquirer, etc., the Independent Committee may, from the perspective of ensuring and enhancing the Company's corporate value and the common interests of its shareholders, in order to compare and examine, etc., the contents of the Acquisition Document and the Necessary Information with the business plan of the Board of Directors of the Company, the corporate evaluation, etc., by the Board of Directors of the Company, request the Board of Directors of the Company to present its opinion (including an opinion to reserve. The same shall apply hereinafter.) on the terms of the Acquisition, etc., by the Acquirer, etc., materials supporting such opinion, alternative plans (If any), and any other information, etc., that the Independent Committee deems necessary from time to time, after setting an appropriate response deadline (In consideration of the scale, social nature, and special characteristics, etc., of our group's business, in principle, the maximum period shall be 30 days from the day following the day on which the Necessary Information is submitted.) for the submission of the opinion.
 - (ii) Examination by the Independent Committee

The Independent Committee shall examine the terms of the Acquisition, etc. by the Acquirer, etc., collect and compare information regarding the business plans, etc., of the Acquirer, etc., and the Board of Directors of the Company, and examine alternative plans provided by the Board of Directors of the Company before 60 days have passed (however, the Independent Committee may extend such period for up to 30 days in cases such as those described in (e) (iii) below, hereinafter referred to as the "Independent Committee Examination Period), in principle, from the receipt of information, etc. deemed sufficient by the Independent Committee from the Acquirer, etc., and (in the event that the Board of Directors of the Company is requested to present information, etc., as described above) the Board of Directors of the Company. In addition, if deemed necessary, the Independent Committee shall, in order to improve the terms of the Acquisition, etc., from the perspective of ensuring and enhancing the Company's corporate value and the common interests of its shareholders, hold discussions and negotiations, etc., with the Acquirer, etc., directly or through the Board of Directors of the Company, or present an alternative proposal by the Board of Directors of the Company, etc., to the shareholders, etc.

In order to ensure that the decisions of the Independent Committee are made in a manner that contributes to the corporate value of the Company and the common interests of its shareholders, the Independent Committee may, at the Company's expense, obtain advice

from independent third parties (including financial advisors, certified public accountants, lawyers, consultants and other experts).

If the Independent Committee requests the Acquirer, etc., directly or through the Board of Directors of the Company, to provide materials for examination or other information, or to hold discussions or negotiations, etc., the Acquirer, etc., must promptly comply with such request.

(e) Procedures for Recommendations, etc. by the Independent Committee

The Independent Committee shall make recommendations, etc. to the Board of Directors of the Company in accordance with the following procedures in the event of the emergence of an Acquirer, etc.

(i) If the Independent Committee recommends implementation of the Gratis Allotment of Stock Acquisition Rights, etc. under the Plan

If the Acquirer, etc., fails to comply with the procedures set forth in the Plan, or if the Independent Committee determines that the Acquisition, etc., by the Acquirer, etc., falls under any of the requirements set forth in (4) "Requirements for Gratis Allotment of Stock Acquisition Rights, etc." below and that it is reasonable to implement the Gratis Allotment of Stock Acquisition Rights, etc., the Independent Committee will recommend the implementation of the Gratis Allotment of Stock Acquisition Rights, etc. to the Board of Directors of the Company, regardless of whether the Independent Committee Examination Period begins or ends.

However, even after the Independent Committee has once made a recommendation for the implementation of the Gratis Allotment of Stock Acquisition Rights, etc., if it determines that any of the following events applies, it may make a recommendation for the suspension, etc. until the day before the implementation of the Gratis Allotment of Stock Acquisition Rights, etc. (For example, in the case of a Gratis Allotment of Stock Acquisition Rights, until the day before the Exercise Period Commencement Date (as defined in (f) of (5) "Outline of the Gratis Allotment of Stock Acquisition Rights" below), it may make a recommendation to suspend the Gratis Allotment of these Stock Acquisition Rights until the effective time of the Gratis Allotment, or, it may make a new recommendation to acquire these Stock Acquisition Rights without consideration after the effective time of the Gratis Allotment.)

- 1) In cases where the Acquirer, etc., withdraws the Acquisition etc., after the recommendation or in other cases where the Acquisition, etc., no longer exists
- 2) If the facts, etc., on which the decision on the recommendation was based have changed, and the Acquisition etc., by the Acquirer, etc., does not meet any of the requirements set forth in (4) "Requirements for the Gratis Allotment of Stock Acquisition Rights, etc." below, or even if it does, it is no longer reasonable to implement or permit the Gratis Allotment of Stock Acquisition Rights, etc.

(ii) If the Independent Committee recommends non-implementation of the Gratis Allotment of Stock Acquisition Rights, etc. under the Plan

If, as a result of examination of the terms of the Acquisition, etc., by the Acquirer, etc., discussion and negotiation with the Acquirer, etc., the Independent Committee determines that the Acquisition etc., by the Acquirer etc., does not fall under any of the requirements set forth in (4) "Requirements for Gratis Allotment of Stock Acquisition Rights, etc." below, or even if it does fall under such requirements, it is not appropriate to implement the Gratis Allotment of Stock Acquisition Rights, etc., it shall recommend that the Board of Directors of the Company not to implement the Gratis Allotment of Stock Acquisition Rights, etc. regardless of whether the Independent Committee Examination Period has ended.

However, even after the Independent Committee has once recommended the non-implementation of the Gratis Allotment of Stock Acquisition Rights, etc., if the facts on which the recommendation was based have changed and the requirements in the first sentence of (i) above became satisfied, the Independent Committee may make a new decision, including a recommendation on implementing the Gratis Allotment of Stock Acquisition Rights, etc., and make such recommendation to the Board of Directors of the Company.

- (iii) If the Independent Committee extends the Examination Period for the recommendation for implementation or non-implementation of the Gratis Allotment of Stock Acquisition Rights, etc. under the Plan

If the Independent Committee does not reach a recommendation for implementation or non-implementation of the Gratis Allotment of Stock Acquisition Rights, etc. by the expiration of the Independent Committee Examination Period, the Independent Committee will pass a resolution to extend the Independent Committee Examination Period to the reasonable extent (however, the total extended period shall not exceed 30 days) necessary to examine the terms of the Acquisition, etc., negotiate with the Acquirer, etc., and examine alternative plans, etc.

If the Independent Committee Examination Period is extended by the above resolution, the Independent Committee shall continue to collect information, examine, etc., and make a maximum effort to make a recommendation for the implementation or non-implementation of the Gratis Allotment of Stock Acquisition Rights, etc., within the extended period.

- (f) Holding a General Meeting of Shareholders to confirm the will of shareholders

If the Independent Committee recommends that the Gratis Allotment of Stock Acquisition Rights, etc. be implemented, or if the Independent Committee has not reached a recommendation for implementation or non-implementation of the Gratis Allotment of Stock Acquisition Rights, etc., even after the extended examination period pursuant to (e) (iii) above, and the Board of Directors of the Company deems it appropriate to implement the Gratis Allotment of Stock Acquisition Rights, etc., the Board of Directors of the Company will promptly convene a General Meeting of Shareholders with the agenda item of approval, etc., of the implementation of the Gratis Allotment of Stock Acquisition Rights, unless there are reasonable grounds such as the impracticality of holding such a meeting, etc. When implementing the procedures for convening such General Meeting of Shareholders, the Board of Directors will promptly disclose the outline of the Acquisition Document and the Necessary Information, the opinion of the Board of Directors of the Company and the recommendation, etc., of the Independent Committee, and other matters that the Board of Directors deems appropriate, in accordance with applicable laws and regulations, etc., and the rules of the Financial Instruments Exchange.

As a precondition to holding a General Meeting of Shareholders, the Board of Directors of the Company shall promptly set a record date for determining the shareholders entitled to exercise their voting rights at such meeting (Hereinafter referred to as the “Record Date for Voting at the General Meeting of Shareholders for Confirmation of Intention”) and shall give public notice thereof at least two weeks before the Record Date. The shareholders entitled to exercise voting rights at such General Meeting of Shareholders shall be those shareholders recorded in the final shareholders’ register as of the Record Date for Voting at the General Meeting of Shareholders for Confirmation of Intention.

Resolutions of such General Meeting of Shareholders shall be adopted by a majority of the voting rights of the shareholders present who are entitled to exercise their voting rights. The results of such General Meeting of Shareholders shall be disclosed promptly after the resolution thereof. The Acquirer, etc., shall not make the Acquisition, etc., until a resolution not to approve the implementation of the Gratis Allotment of Stock Acquisition Rights, etc. is passed at such General Meeting of Shareholders.

- (g) Resolution of the Board of Directors

If the implementation of the Gratis Allotment of stock Acquisition Rights, etc. is approved at the General Meeting of Shareholders held in accordance with (f) above, the Board of Directors of the Company shall promptly pass a resolution, as necessary, as an organization under the Companies Act regarding the implementation of the Gratis Allotment of Stock Acquisition Rights, etc., and implement such resolution. If such General Meeting of Shareholders does not approve the implementation of the Gratis Allotment of Stock Acquisition Rights, etc., the Board of Directors of the Company shall comply with such approval.

If the General Meeting of Shareholders to confirm the will of shareholders pursuant to (f) above cannot be held for reasonable reasons, such as it is practically impossible to hold the meeting, etc., the Board of Directors of the Company shall promptly pass a resolution as an organization under the Companies Act regarding implementation or non-implementation, etc., of the Gratis Allotment of Stock Acquisition Rights, etc., with maximum respect for the recommendation of

the Independent Committee if the Committee has made one.

Until the Board of Directors of the Company resolves not to implement the Gratis Allotment of Stock Acquisition Rights, etc. under the Plan, the Acquirer, etc., shall not make the Acquisition, etc.

(h) Disclosure of information

In administering the Plan, the Company will, in accordance with applicable laws and regulations or rules of Financial Instruments Exchange, etc., disclose information in a timely manner regarding the progress (including the fact that the Letter of Intent and Acquisition Document have been submitted, the fact that the Independent Committee Examination Period has commenced, and the fact that the Independent Committee Examination Period has been extended and the reasons for such extension) of each procedure of the Plan or a summary of recommendations, etc., by the Independent Committee, a summary of resolutions of the General Meeting of Shareholders to confirm the will of shareholders, a summary of resolutions of the Board of Directors of the Company, and other matters deemed appropriate by the Independent Committee or the Board of Directors of the Company.

(4) Requirements for Gratis Allotment of Stock Acquisition Rights, etc.

If the Acquisition, etc., by the Acquirer, etc., falls under any of the following items and the implementation of Gratis Allotment of Stock Acquisition Rights, etc., is deemed appropriate, the Company plans to implement the Gratis Allotment of Stock Acquisition Rights, etc. by resolution of the General Meeting of Shareholders as described in (f) of (3) "Procedures for Implementation of Gratis Allotment of Stock Acquisition Rights, etc., under the Plan" above or by resolution of the Board of Directors of the Company as described in (g) above. As described in (e) of (3) "Procedures for Implementation of Gratis Allotment of Stock Acquisition Rights, etc. under the Plan" above, the Independent Committee will determine whether it is appropriate to implement the Gratis Allotment of Stock Acquisition Rights, etc. if the following requirements apply.

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- (a) If the Acquisition, etc. does not comply with the procedures set forth in the Plan.
- (b) If the Acquisition, etc., is likely to cause obvious harm to the corporate value of the Company and, in turn, the common interests of its shareholders through any of the following actions, etc.:
 - (i) Buying up share certificates, etc., and demanding that the Company purchase the share certificates, etc., at a high price.
 - (ii) Taking actions to realize the interests of the Acquirer, etc., at the expense of the Company, such as taking temporary control of the Company's management to purchase our group's valuable assets, etc., at low cost.
 - (iii) Misappropriating our group's assets as collateral or source of repayment of debt obligations of the Acquirer, etc., or its group companies, etc.
 - (iv) Temporarily controlling the management of the Company to dispose of high-priced assets, etc., that have no relevance to our group's current business, and using the profits from such disposal to pay high dividends temporarily, or selling the shares at a high price by taking advantage of the opportunity afforded by the sudden rise in share prices created by the temporary high dividends.
- (c) If the Acquisition, etc., was a coercive two-tiered acquisition, etc., (a tender offer or other acquisition of shares without soliciting the acquisition of all shares in the initial acquisition and with unfavorable or unclear terms for the second stage of the acquisition) or any other acquisition, etc., that may effectively coerce shareholders into selling their shares.
- (d) If the terms of the Acquisition, etc., (including the price and type of the consideration for the Acquisition, etc., the timeframe of the Acquisition, etc., the legality of the method of Acquisition, etc., the feasibility of the Acquisition, etc., the management policy and business plan after the Acquisition, etc., and the policy, etc., for dealing with the Company's other shareholders, employees, customers, business partners, and other stakeholders of the Company after the Acquisition, etc.) are significantly insufficient or inappropriate in light of the Company's corporate value.

- (e) If the Acquisition, etc., can be objectively and reasonably determined to significantly damage the Company's corporate value and, in turn, the common interests of shareholders. For example, the Acquisition, etc., could destroy relationships with the Company's employees, customers, business partners, etc., or the brand value and corporate culture of the Company's group, which are essential to the creation of the Company's corporate value.

(5) Outline of the Gratis Allotment of Stock Acquisition Rights

The Outline of the Gratis Allotment of Stock Acquisition Rights under the Plan is as follows.

(a) Number of Stock Acquisition Rights

The number shall be the same as the Company's final total outstanding shares (however, the number of the Company's shares held by the Company as of such date shall be deducted) as of a certain date (hereinafter referred to as the "Allotment Date") to be separately determined in the resolution of the Board of Directors or the resolution of the General Meeting of Shareholders (hereinafter referred to as the "Resolution for Gratis Allotment of Stock Acquisition Rights") concerning the Gratis Allotment of Stock Acquisition Rights.

(b) Shareholder subject to allotment

The Company shall allot the Stock Acquisition Rights to the shareholders other than the Company recorded in the Company's final register of shareholders as of the Allotment Date, at a ratio of one Stock Acquisition Right per one share of the Company's stock held by such shareholders.

(c) Effective date of the Gratis Allotment of Stock Acquisition Rights

The date will be separately determined in Resolution for Gratis Allotment of Stock Acquisition Rights.

(d) Class and number of shares to be issued upon exercise of the Stock Acquisition Rights

The class of shares to be issued upon exercise of the Stock Acquisition Rights shall be common stock, and the number of shares (Note 11.) to be issued upon exercise of one Stock Acquisition Right (hereinafter referred to as the "Applicable Number of Shares") shall be one share.

(e) Amount of assets to be contributed upon exercise of the Stock Acquisition Rights

The purpose of the contribution to be made upon exercise of the Stock Acquisition Rights shall be in cash, and the value per share of the assets to be contributed upon exercise of the Stock Acquisition Rights shall be the amount separately determined in the Resolution for Gratis Allotment of Stock Acquisition Rights within the range of a minimum of one yen and a maximum of one-half of the market price of one share of the Company. The market price shall be the amount equivalent to the average of the closing price of the Company's shares (including indicative price) in regular trading at the Tokyo Stock Exchange (however, in the event of a change in the principal exchange, it shall be subject to such change) for each day during the 90 days (except on days when no transactions are concluded) preceding the Resolution for Gratis Allotment of Stock Acquisition Rights, rounded up to the nearest yen.

(f) Exercise Period of the Stock Acquisition Rights

The first day shall be the date separately determined in the Resolution for Gratis Allotment of Stock Acquisition Rights (The first day of such exercise period is hereinafter referred to as the "Exercise Period Commencement Date"), and the period shall be a period ranging from one month to three months to be separately determined in the Resolution for Gratis Allotment of Stock Acquisition Rights. However, if the Company acquires the Stock Acquisition Rights pursuant to paragraph (i) (ii) below, the exercise period for the Stock Acquisition Rights pertaining to such acquisition shall be until the business day immediately preceding the date of such acquisition. If the last day of the exercise period falls on a holiday of the place handling the payment of money to be paid upon exercise, the last day of the exercise period shall be the preceding business day.

(g) Exercise conditions of the Stock Acquisition Rights

In principle, the Stock Acquisition Rights may not be exercised by (I) a specified large volume holder (Note 12.), (II) a joint holder of a specified large volume holder, (III) a specified large volume acquirer (Note 13.), (IV) a specified related party of a specified large volume acquirer, or (V) a person who has received or succeeded the Stock Acquisition Rights from a person falling under (I) through (IV) above without obtaining approval from the Board of Directors of the

Company, or (VI) a related party of a person falling under (I) through (V) above (Note 14.) (Persons falling under (I) through (VI) are hereinafter referred to as “Non-Qualified Persons”). In addition, non-residents who are required to follow prescribed procedures to exercise the Stock Acquisition Rights under applicable foreign laws and regulations may not, in principle, exercise the Stock Acquisition Rights (However, certain non-residents, such as those who are eligible for exemptions under applicable foreign laws and regulations, etc., may exercise the Stock Acquisition Rights, and the Stock Acquisition Rights held by non-residents are also subject to acquisition by the Company in exchange for the Company’s shares, as described in (i) below).

(h) Restrictions on the transfer of the Stock Acquisition Rights

Any acquisition of the Stock Acquisition Rights by transfer requires the approval of the Board of Directors of the Company.

(i) Acquisition of the Stock Acquisition Rights by the Company

(i) If the Board of Directors of the Company deems it appropriate for the Company to acquire the Stock Acquisition Rights at any time up to the day before the Exercise Period Commencement Date, the Company may acquire all the Stock Acquisition Rights without consideration on a date separately determined by the Board of Directors of the Company.

(ii) On a date separately determined by the Board of Directors of the Company, the Company may acquire all of the Stock Acquisition Rights held by persons other than the Non-Qualified Persons that have not been exercised by the business day immediately preceding the date determined by the Board of Directors of the Company and, in exchange, deliver the Applicable Number of Shares of the Company per one Stock Acquisition Right.

In addition, if, after the date of such acquisition the Board of Directors of the Company recognizes the existence of any person holding Stock Acquisition Rights other than Non-Qualified Persons, the Company may, on a date separately determined by the Board of Directors of the Company after the date of such acquisition, acquire all of the Stock Acquisition Rights held by such person that have not been exercised by the business day preceding such date determined by the Board of Directors of the Company, and, in exchange, deliver the Applicable Number of Shares of the Company for each Stock Acquisition Right, and the same shall apply thereafter.

(6) Details of the proposal to be submitted by the Board of Directors of the Company to the General Meeting of Shareholders for the implementation of the Gratis Allotment of Stock Acquisition Rights, etc.

The details of the proposal to be submitted by the Board of Directors of the Company to the General Meeting of Shareholders for the implementation of the Gratis Allotment of Stock Acquisition Rights, etc. shall, in principle, be the contents specified in 2. (5) “Outline of the Gratis Allotment of Stock Acquisition Rights” above in the case of the Gratis Allotment of Stock Acquisition Rights, and in the case of other measures, the contents shall be the same and the outline of the measures shall be clear.

(7) Effective Period, Repeal and Amendment of the Plan

The effective period (including the delegation of authority to decide matters concerning the implementation of the Gratis Allotment of Stock Acquisition Rights under the Plan. Hereinafter referred to as the “Effective Period”) of the Plan shall be until the conclusion of the ordinary General Meeting of Shareholders relating to the last fiscal year ending within three years after the conclusion of this General Meeting of Shareholders.

However, even before the expiration of the Effective Period, the Plan shall be abolished at that time if (i) a resolution is passed at a General Meeting of Shareholders of the Company to withdraw the above delegation to the Board of Directors of the Company to decide matters concerning the Gratis Allocation of Stock Acquisition Rights under the Plan, or (ii) a resolution is passed by the Board of Directors of the Company to abolish the Plan.

In addition, even during the Effective Period of the Plan, the Board of Directors of the Company may, if it is not contrary to the intent of the resolution of this General Meeting of Shareholders (including cases where laws and regulations, Financial Instruments Exchange regulations, etc., relating to the Plan are newly established, revised, or abolished, and it is appropriate to reflect such establishment, revision, or abolition, cases where it is appropriate to amend words or phrases for reasons such as

typographical errors or omissions, etc., and cases where the Company's shareholders are not disadvantaged), the Plan may be amended or revised with the approval of the Independent Committee. In the event of the abolition or amendment of the Plan, etc., the Company shall promptly disclose the fact of such abolition or amendment, etc., and (in the case of amendment, etc.) the details of such amendment, etc., and other matters.

Note 1. Specifically, a resolution requesting the Acquirer, etc., to cease the Acquisition, etc., at the General Meeting of Shareholders, etc., may be considered.

Note 2. The following matters are stipulated as the rules of the Independent Committee.

- The Independent Committee shall consist of at least three (3) members, who are independent of the Company's management team that executes the Company's business operations. The Board of Directors of the Company shall appoint the Committee members from among the Company's Outside Directors (including those who are to be appointed), Outside Audit & Supervisory Board Member of the Company (including those who are to be appointed), or Outside Experts. However, Outside Experts must be experienced corporate managers, persons familiar with investment banking or the Company's business, lawyers, certified public accountants, or researchers whose main research subject is corporate law, etc., or their equivalents, and must enter into an agreement with the Company that includes a provision on the duty of care of a good manager, etc., to the Company by such experts, which is separately designated by the Board of Directors of the Company.
- The term of the office of the members of the Independent Committee shall expire at the conclusion of the Ordinary General Meeting of Shareholders relating to the last fiscal year ending within three (3) years after the conclusion of this General Meeting of Shareholders. However, this shall not apply if otherwise determined by a resolution of the Board of Directors of the Company. If a member of the Independent Committee who is an Outside Director of the Company or an Outside Audit & Supervisory Board Member of the Company ceases to be a Director or Audit & Supervisory Board Member of the Company (except in the case of reappointment), his/her term of office as a member of the Independent Committee shall also end at the same time.
- In the event of a vacancy in the Independent Committee, a new member shall be promptly elected by a resolution of the Board of Directors of the Company from among those who satisfy the above requirements for election. The term of office of a newly elected member shall be the same as the remaining term of office of the original member who became vacant.
- The Independent Committee shall make decisions, etc. on the matters set forth in the Plan and shall make decisions on the matters consulted by the Board of Directors of the Company.
- The Independent Committee shall be convened by each member of the Independent Committee, and its resolution shall, in principle, be adopted by a majority of the members present when at least 2/3 of the members of the Independent Committee are present.

Note 3. Defined in Article 27-23, Paragraph 1 of the Financial Instruments and Exchange Act. The same shall apply hereinafter unless otherwise specified in this proposal.

Note 4. Including persons who are included in the holders pursuant to Article 27-23, Paragraph 3 of the Financial Instruments and Exchange Act (including persons who are deemed to fall under this category by the Board of Directors of the Company). The same shall apply hereinafter in this proposal.

Note 5. Defined in Article 27-23, Paragraph 4 of the Financial Instruments and Exchange Act. The same shall apply hereinafter in this proposal.

Note 6. Defined in Article 27-2, Paragraph 1 of the Financial Instruments and Exchange Act. The same shall apply hereinafter in this Proposal 2. (3) (a) (ii).

Note 7. Defined in Article 27-2, Paragraph 6 of the Financial Instruments and Exchange Act. The same shall apply hereinafter in this proposal.

Note 8. Defined in Article 27-2, Paragraph 8 of the Financial Instruments and Exchange Act. The same shall apply hereinafter in this proposal.

Note 9. Defined in Article 27-2, Paragraph 7 of the Financial Instruments and Exchange Act (including those who are deemed to fall under this category by the Board of Directors of the Company). However, with respect to the persons set forth in item 1 of the same paragraph, those set forth in Article 3, paragraph 2 of the Cabinet Office Ordinance on Disclosure of Tender Offers for Share Certificates, etc., by Persons Other Than Issuers are excluded. The same shall apply hereinafter in this proposal.

Note 10. Joint holders as defined in Article 27-23, Paragraph 5 of the Financial Instruments and Exchange Act, including those deemed to be joint holders pursuant to Paragraph 6 of the same article (including those who are deemed to fall under this category by the Board of Directors of the Company). The same shall apply hereinafter in this proposal.

Note 11. Even if the Company becomes a company issuing class shares (Article 2, Item 13 of the Companies Act) in the future, (i) the shares of the Company issued upon exercise of the Stock Acquisition Rights and (ii) the shares to be delivered in exchange for the acquisition of the Stock Acquisition Rights shall both be the same class of shares (common shares) that the Company currently has issued at the time of this General Meeting of Shareholders.

Note 12. In principle, this shall mean a holder of share certificates, etc. issued by the Company, whose holding ratio of share certificates, etc., in relation to such share certificates, etc., is 20% or more (including those who are deemed to fall under this category by the Board of Directors of the Company). However, a person whose acquisition and holding of share certificates, etc., of the Company is recognized by the Board of Directors of the Company as not against the corporate value of the Company or the common interests of shareholders, or any other specified person separately

determined by the Board of Directors of the Company in the Resolution for the Gratis Allocation of Stock Acquisition Rights shall not fall under the category of specified large volume holders. The same shall apply hereinafter in this proposal.

Note 13. In principle, this applies to a person who has made a public notice of Acquisition (defined in Article 27-2, Paragraph 1 of the Financial Instruments and Exchange Act; the same shall apply hereinafter (Note 13.)) of share certificates (defined in Article 27-2, Paragraph 1 of the same Act; the same shall apply hereinafter (Note 13.)), etc., issued by the Company through a tender offer and whose holding (including the cases prescribed in Article 7, Paragraph 1 of the Financial Instruments and Exchange Law Enforcement Order as equivalent thereto) ratio of share certificates, etc., after such Acquisition, together with the holding ratio of share certificates, etc., of persons in a special relationship with such person, is 20% or more (including those who are deemed to fall under these categories by the Board of Directors of the Company). However, a person whose acquisition and holding of share certificates, etc., of the Company is recognized by the Board of Directors of the Company as not against the corporate value of the Company or the common interests of shareholders, or any other specified person separately determined by the Board of Directors of the Company in the Resolution for the Gratis Allocation of Stock Acquisition Rights shall not fall under the category of specified large volume acquirer. The same shall apply hereinafter in this proposal.

Note 14. "Related party" of a given party means a party who substantively controls or is controlled by or is under the common control with the other party (including those who are determined by the Board of Directors of the Company to fall under the said definition) or a party who is determined by the Board of Directors of the Company to act in cooperation with the other party. "Control" means "controlling decisions on financial and business policies" (defined in Article 3, Paragraph 3 of the Enforcement Regulations of the Companies Act) of another company, etc.

Appendix

Independent Committee Member Biography

The following four members of the Independent Committee are scheduled to be members of the Independent Committee at the time of the extension of the Plan.

Hisayuki Suekawa

Biography

Born on March 17, 1959

April 1982	Joined Shiseido Company, Limited
February 2007	Department Director of Business Planning Department
April 2008	Corporate Officer, Department Director of Corporate Planning Department
June 2009	Director, Corporate Officer, and Department Director of Corporate Planning Department
April 2010	Director, Executive Corporate Officer, and Department Director of Corporate Planning Department
April 2011	Representative Director, President and CEO
April 2013	Counselor
June 2014	Outside Director of Nitta Gelatin Inc. (current position)
June 2017	Outside Director of the Company (current position)
June 2020	Outside Director of Morishita Jintan Co., Ltd. (current position)

(Significant concurrent positions outside the Company)

Outside Director of Nitta Gelatin Inc.

Outside Director of Morishita Jintan Co., Ltd.

Mr. Hisayuki Suekawa is an outside director as defined in Article 2, Item 15 of the Companies Act. In addition, Mr. Hisayuki Suekawa is a candidate for Outside Director who satisfies the requirements for candidate for Outside Director stipulated in Article 2, Paragraph 3, Item 7 of the Ordinance for Enforcement of the Companies Act, and if elected at this General Meeting of Shareholders, he will assume the position of Outside Director of the Company. In addition, he is designated as an Independent Director as stipulated by the Tokyo Stock Exchange, and if elected as an Outside Director at this General Meeting of Shareholders, he will continue to be designated as an Independent Director. He has no special interest in the Company.

Kaoru Yokomise

Biography

Born on November 19, 1957

April 1981	Joined Kao Soap Co., Ltd. (current Kao Corporation)
October 2013	General Manager, Sustainability Promotion Department, Corporate Communications Division
December 2014	General Manager of Indirect Materials Department, Procurement Division of the company
April 2018	Joined the Consumer Affairs Agency
October 2019	Assistant Director for Policy Planning to Director of the Cabinet Secretariat
June 2021	Outside Director (Audit and Supervisory Committee Member) of Matsuda Sangyo Co., Ltd. (current position)

(Significant concurrent positions outside the Company)

Outside Director (Member of the Audit Committee, etc.) of Matsuda Sangyo Co., Ltd.

Ms. Kaoru Yokomise is a candidate for Outside Director who satisfies the requirements for candidate for Outside Director stipulated in Article 2, Paragraph 3, Item 7 of the Ordinance for Enforcement of the Companies Act and, if elected at this Annual General Meeting of Shareholders, she will assume the position of Outside Director of the Company. In addition, she will be designated as an independent director if she is elected as an outside director at this Annual General Meeting of Shareholders. She has no special interest in the Company.

Kazumasa Honma

Biography

Born on July 21, 1957

April 1982	Joined Taiyo Kobe Bank, Ltd. (currently Sumitomo Mitsui Banking Corporation)
October 1995	Assistant, International Planning Department, Taiyo-Kobe Bank Limited. (current Sumitomo Mitsui Banking Corporation)
October 1997	Seconded to Japan Investors Service, Inc. (current Rating and Investment Information, Inc. (R&I)), Principal analyst
May 2001	Acting General Manager, Markets Research and Development Department, Sumitomo Mitsui Banking Corporation
January 2003	Retired from Sumitomo Mitsui Banking Corporation
January 2012	Registered as an attorney
June 2012	Director, Niigata KOEKISHA Co., Ltd. (current position)
December 2014	Representative Partner, Honma Law Office (current position)
June 2019	Outside Audit & Supervisory Board Member of the Company (current position)

(Significant concurrent positions outside the Company)

Director, Niigata KOEKISHA Co., Ltd.

(Niigata KOEKISHA is a funeral company which has a head office in Niigata city. This company has no capital, personnel or other relationships with the Company.)

Mr. Kazumasa Homma is an Outside Audit & Supervisory Board Member as stipulated in Article 2, Item 16 of the Companies Act. In addition, he is designated as an independent director as stipulated by the Tokyo Stock Exchange. He has no special interest in the Company.

Yuto Mikami

Biography

Born on December 16, 1954

September 1981	Joined Kyowa Hakko Bio Co., Ltd.
December 1983	Joined American Life Insurance Company
January 1989	Joined Sony Pruco Life Insurance Co., Ltd. (Currently Sony Life Insurance Company)
April 1998	General Manager of Administrative & Planning Department
April 2007	General Manager of Medical Department
April 2010	Joined Memolead Life Co., Ltd., Executive Officer, General Manager of Customer Services
June 2011	Director, Executive Officer, General Manager of Customer Services and Systems
September 2014	Registered as an administrative scrivener
June 2017	President of Yuto Mikami Administrative Scrivener's Office (current position)
June 2019	Outside Audit & Supervisory Board Member of the Company (current position)

Mr. Yuto Mikami is an Outside Audit & Supervisory Board Member as defined in Article 2, Item 16 of the Companies Act. In addition, Mr. Mikami is designated as an independent director as stipulated by the Tokyo Stock Exchange. He has no special interest in the Company.