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Securities code: 2001

June 7, 2023

To Shareholders with Voting Rights,

4-8 Kojimachi, Chiyoda-ku, Tokyo, Japan

NIPPON CORPORATION

Toshiya Maezuru, Representative Director and President

Convocation Notice for the 199th Annual Shareholders Meeting

The 199th Annual Shareholders Meeting (the “Meeting”) of NIPPON CORPORATION (the “Company”) will be held as stated below.

If exercising your voting rights in writing or via the Internet, etc., please confirm the Reference Documents for the Annual Shareholders Meeting below and exercise your voting rights no later than 5:30 p.m. Japan time on Wednesday, June 28, 2023.

[Voting in writing]

Please indicate your approval or disapproval for the proposals on the enclosed Voting Rights Exercise Form and return it that it is received by the deadline above.

[Voting via the Internet, etc.]

Please confirm the “Guidance for Voting via the Internet, etc.” on pages 3 to 4 (translation omitted) for exercise of voting rights via the Internet, etc., and enter your approval or disapproval for the proposals by the deadline above.

- 1. Date and time:** 10 a.m. Japan time, Thursday, June 29, 2023
- 2. Venue:** B1F (Reception at 1F), Belle Salle Roppongi, Sumitomo Fudosan Roppongi-dori Building
7-18-18 Roppongi, Minato-ku, Tokyo, Japan
- 3. Meeting agenda:**
Matters to be reported:
 1. Business Report, Consolidated Financial Statements and Audit Reports on the Consolidated Financial Statements by Accounting Auditor and the Audit and Supervisory Committee for the 199th Period (April 1, 2022 through March 31, 2023).
 2. Non-consolidated Financial Statements for the 199th Period (April 1, 2022 through March 31, 2023).

Proposals to be resolved:

- Proposal 1:** Appropriation of Retained Earnings
- Proposal 2:** Election of Eleven Directors (Excluding Directors who are Audit and Supervisory Committee Members)
- Proposal 3:** Introduction of Performance-linked Stock Compensation Plan for Directors (Excluding Directors who are Audit and Supervisory Committee Members and Outside Directors)

4. Exercising voting rights:

- (1) If voting rights are exercised multiple times via the Internet, the final vote submitted shall be treated as the valid exercise of voting rights.

- (2) If voting rights are exercised multiple times via both the Internet and the Voting Rights Exercise Form, the vote submitted via the Internet shall be treated as the valid exercise of voting rights.
- (3) If there is no indication of approval or disapproval of each proposal on the Voting Rights Exercise Form returned to us, it shall be treated as an indication of approval.

5. Matters regarding the electronic provision of Reference Documents for the Annual Shareholders Meeting:

- (1) For this Meeting, in accordance with the provisions of the Companies Act and the Company's Articles of Incorporation, the Company has taken measures to electronically provide the Reference Documents for the Annual Shareholders Meeting, the Business Report, Consolidated Financial Statements and Non-consolidated Financial Statements on each website listed below. However, regardless of whether there was a request for delivery of documents based on the Companies Act, we will continue to send said information to all shareholders in this Convocation Notice as well.

- 1) The Company's website (Shareholders Meetings page)

<https://www.nippon.co.jp/en/ir/meeting/index.html>

- 2) The Tokyo Stock Exchange website (TSE Listed Company Search)

Please access the URL below, enter either "NIPPON" in the "Issue name (company name)" box or "2001" in the "Code" box, select "Basic information" in the Company's information column, and then select "Documents for public inspection/PR information" and "Notice of General Shareholders Meeting /Informational Materials for a General Shareholders Meeting" in sequence.

<https://www2.jpx.co.jp/tseHpFront/JJK020010Action.do?Show=Show>

- (2) Regarding other matters to be provided electronically (matters omitted from the documents to be delivered)

In accordance with the provisions of laws and regulations as well as Article 16 of the Company's Articles of Incorporation, the following matters are posted on each website listed in (1) above. Therefore, they are not included in this Convocation Notice.

- 1) "Status of Stock Acquisition Rights, etc." and "System to Ensure the Appropriateness of Operations and Operational Status of Said System" in the Business Report
- 2) Consolidated Statements of Changes in Net Assets and Consolidated Notes to Consolidated Financial Statements
- 3) Non-consolidated Statements of Changes in Net Assets and Non-consolidated Notes to Non-consolidated Financial Statements

Furthermore, the Business Report audited by the Audit and Supervisory Committee and the Consolidated Financial Statements and Non-consolidated Financial Statements audited by the Audit and Supervisory Committee and the Accounting Auditor comprise each document provided in this Convocation Notice, as well as the matters posted on each website listed in (1) above.

- (3) If the matters to be provided electronically require revisions, the revised versions shall be posted on each website listed in (1) above.

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- ◎ If attending the Meeting, please submit the enclosed Voting Rights Exercise Form at the meeting venue reception desk.
 - ◎ The Company will not be distributing souvenirs or product samples at the Meeting. We thank you for your understanding in this regard.

Reference Documents for the Annual Shareholders Meeting

Proposals and References

Proposal 1: Appropriation of Retained Earnings

The Company's basic policy is to maintain stable and continuous dividends while striving to maintain a dividend payout ratio of 30% or more and securing internal reserves aimed at strengthening the corporate structure and promoting future business development. The Company regards returning profits to shareholders one of the most important goals in management.

To reward shareholders for their day-to-day support, the Company proposes a year-end dividend for the 199th fiscal year of 21 yen per share as an ordinary dividend. Accordingly, the annual dividend will be 40 yen per share, including an interim dividend of 19 yen per share.

- 1) Type of dividend property:
Cash
- 2) Allotment of dividend property to shareholders and its total amount
21 yen per share of the Company's common stock for a total of 1,640,381,421 yen
- 3) Effective date of the distribution of retained earnings
June 30, 2023

Proposal 2: Election of Eleven Directors (Excluding Directors who are Audit and Supervisory Committee Members)

The terms of office of all 11 Directors (excluding Directors who are Audit and Supervisory Committee Members; hereinafter, the same applies in this proposal) will expire at the close of the Meeting.

Accordingly, the Company proposes to elect eleven Directors.

The Audit and Supervisory Committee of the Company has concluded that all candidates in this proposal are well qualified.

The candidates for Director are as follows:

No.	Name (Date of birth)	Past experience, significant concurrent positions, and positions and responsibilities at the Company	Number of shares of the Company held
1	Toshiya Maezuru (January 7, 1961)	<p>April 1983 Joined the Company</p> <p>June 2011 General Manager, Fukuoka Mill</p> <p>June 2013 General Manager, Production & Technology Div.</p> <p>June 2014 Executive Officer; General Manager, Production & Technology Div.</p> <p>June 2015 Director; Executive Officer; Vice General Manager, Production & Technology Dept.; General Manager, Production & Technology Div., Production & Technology Dept.</p> <p>June 2017 Director; Managing Director; General Manager, Production & Technology Dept.; General Manager, Production & Technology Div., Production & Technology Dept.</p> <p>December 2019 Director; Managing Director; General Manager, Production & Technology Dept.; Chairman, Food Research & Development Committee</p> <p>April 2020 Director; Senior Managing Director; General Manager, Production & Technology Dept.; Chairman, Food Research & Development Committee</p> <p>June 2020 Representative Director, President & C.O.O. (to present)</p> <p>[Reason for nomination as candidate for Director] Mr. Toshiya Maezuru has abundant operational experience in the manufacturing department. Since becoming the Representative Director and President in June 2020, he has led the Group's management. The Company has appointed him as a candidate for Director as he is expected to continue contributing to the Company's management.</p> <p>[Attendance at the Board of Directors meeting] 16/16</p>	16,200

No.	Name (Date of birth)	Past experience, significant concurrent positions, and positions and responsibilities at the Company	Number of shares of the Company held
2	Toshifumi Horiuchi (May 25, 1959)	<p>April 1983 Joined the Company</p> <p>January 2009 General Manager, Business Administration Div., Wheat Flour Business Dept.</p> <p>April 2014 Vice General Manager, Wheat Flour Business Dept.; General Manager, Business Administration Div., Wheat Flour Business Dept.</p> <p>June 2014 Executive Officer; Vice General Manager, Wheat Flour Business Dept.; General Manager, Business Administration Div., Wheat Flour Business Dept.</p> <p>June 2015 Director; Executive Officer; Vice General Manager, Wheat Flour Business Dept.; General Manager, Business Administration Div., Wheat Flour Business Dept.</p> <p>June 2017 Director; Managing Director; Acting General Manager, Wheat Flour Business Dept.</p> <p>June 2019 Director; Managing Director; General Manager, Wheat Flour Business Dept.</p> <p>April 2020 Director; Senior Managing Director; General Manager, Wheat Flour Business Dept.</p> <p>June 2020 Representative Director, Vice President and Executive Officer (to present)</p> <p>(Responsibilities in the Company) In charge of Wheat Flour Business Dept., Distribution Administration Div. and General Administration Dept.</p> <p>[Reason for nomination as candidate for Director] Mr. Toshifumi Horiuchi has abundant operational experience in the business administration department. Since becoming a Director in June 2015, he has been responsible for the Wheat Flour Business and has been central to the Group's management. The Company has appointed him as a candidate for Director as he is expected to continue contributing to the Company's management.</p> <p>[Attendance at the Board of Directors meeting] 16/16</p>	13,600

No.	Name (Date of birth)	Past experience, significant concurrent positions, and positions and responsibilities at the Company	Number of shares of the Company held
3	Atsuo Ouchi (April 3, 1959)	<p>April 1983 Joined the Company</p> <p>June 2009 General Manager, Foods Business Administration Div.</p> <p>June 2015 Executive Officer; General Manager, Foods Business Administration Div., Foods Business Dept.</p> <p>June 2016 Executive Officer; General Manager, Foods Business Administration Dept.; General Manager, Foods Business Administration Div., Foods Business Administration Dept.</p> <p>June 2017 Director; Executive Officer; General Manager, Foods Business Administration Dept.</p> <p>April 2019 Director; Executive Officer; General Manager, Foods Business Administration Dept.</p> <p>June 2019 Director; Managing Director; General Manager, Foods Business Administration Dept.</p> <p>December 2019 Director; Managing Director; General Manager, Foods Business Administration Dept.; Chairman, Food Research & Development Committee</p> <p>April 2020 Director; Senior Managing Director; General Manager, Foods Business Administration Dept.; Chairman, Food Research & Development Committee</p> <p>June 2020 Director; Senior Managing Director; Chairman, Food Research & Development Committee</p> <p>June 2022 Representative Director; Senior Managing Director; Chairman, Food Research & Development Committee</p> <p>October 2022 Representative Director; Senior Managing Director (to present)</p> <p>(Responsibilities in the Company) In charge of Foods Business Dept. and Frozen Foods Business Dept.</p> <p>[Reason for nomination as candidate for Director] Mr. Atsuo Ouchi has abundant operational experience in the business administration department. Since becoming a Director in June 2017, he has been responsible for the Food Business and has been central to the Group's management. The Company has appointed him as a candidate for Director as he is expected to continue contributing to the Company's management.</p> <p>[Attendance at the Board of Directors meeting] 16/16</p>	19,600

No.	Name (Date of birth)	Past experience, significant concurrent positions, and positions and responsibilities at the Company	Number of shares of the Company held
4	Takaaki Aonuma (December 16, 1959)	<p>April 1982 Joined the Company</p> <p>March 2014 General Manager, Related Business Div.</p> <p>June 2015 Associate Director; General Manager, Related Business Div.</p> <p>June 2016 Executive Officer; General Manager, Related Business Div.</p> <p>June 2017 Executive Officer; General Manager, Accounting & Finance Div.</p> <p>June 2019 Director; Executive Officer; General Manager, Accounting & Finance Div.</p> <p>February 2020 Director, Executive Officer</p> <p>June 2020 Director; Managing Director (to present)</p> <p>(Responsibilities in the Company) In charge of Management Dept. (General Administration Div., Human Resources Div., Accounting & Finance Div., Corporate Communications Div., and Internal Control & Audit Div.)</p> <p>[Reason for nomination as candidate for Director] Mr. Takaaki Aonuma has abundant operational experience in the accounting department. Since becoming a Director in June 2019, he has been responsible for the accounting department and has contributed to the Group's development. The Company has appointed him as a candidate for Director as he is expected to continue contributing to the Company's management.</p> <p>[Attendance at the Board of Directors meeting] 16/16</p>	13,600

No.	Name (Date of birth)	Past experience, significant concurrent positions, and positions and responsibilities at the Company	Number of shares of the Company held
5	Keizo Kagawa (March 9, 1960)	<p>April 1984 Joined the Company September 2014 General Manager, Administration Div., OK Food Industry Co., Ltd. June 2015 Director, OK Food Industry Co., Ltd. June 2016 Managing Director, OK Food Industry Co., Ltd. June 2018 Executive Officer; General Manager, Corporate Planning Div. June 2020 Director; Managing Director; General Manager, Corporate Planning Div. June 2021 Director; Managing Director (to present)</p> <p>(Responsibilities in the Company) In charge of IT, CSR, Information System Promotion Dept., Corporate Planning Div., Sustainability Promotion Div. and Health Care Business Div.</p> <p>[Reason for nomination as candidate for Director] Mr. Keizo Kagawa has abundant operational experience in the corporate planning department and key subsidiaries. Since becoming a Director in June 2020, he has been responsible for the corporate planning department and has contributed to the Group's development. The Company has appointed him as a candidate for Director as he is expected to continue contributing to the Company's management.</p> <p>[Attendance at the Board of Directors meeting] 16/16</p>	10,700
6	Yasunori Tanaka (July 25, 1959)	<p>April 1982 Joined the Company June 2013 General Manager, Osaka Mill August 2014 Managing Director, Tofuku Flour Mills Co., Ltd. June 2015 Associate Director, the Company; Director, Tofuku Flour Mills Co., Ltd. June 2017 Counselor, the Company; Representative Director, President, Tofuku Flour Mills Co., Ltd. June 2018 Executive Officer; General Manager, Plant Engineering Div., Production & Technology Dept. June 2020 Managing Director; General Manager, Production & Technology Dept.; General Manager, Plant Engineering Div., Production & Technology Dept. June 2021 Director; Managing Director; General Manager, Production & Technology Dept. (to present)</p> <p>(Responsibilities in the Company) In charge of environmental issues, Quality Assurance Dept. and Research & Development Dept.</p> <p>[Reason for nomination as candidate for Director] Mr. Yasunori Tanaka has abundant operational experience in the manufacturing department. Since becoming a Director in June 2021, he has been responsible for the production and technology department and has contributed to the Group's development. The Company has appointed him as a candidate for Director as he can be expected to further contribute to the Company's management.</p> <p>[Attendance at the Board of Directors meeting] 16/16</p>	10,800

No.	Name (Date of birth)	Past experience, significant concurrent positions, and positions and responsibilities at the Company	Number of shares of the Company held
7	Tomio Kimura (March 13, 1961)	<p>April 1984 Joined the Company</p> <p>June 2016 Associate Director; General Manger, Kanto Branch</p> <p>June 2017 Associate Director; General Manger, Sapporo Branch</p> <p>June 2019 Executive Officer; General Manager, Sales & Marketing Div., Wheat Flour Business Dept.</p> <p>June 2020 Managing Director; General Manager, Wheat Flour Business Dept.; General Manager, Sales & Marketing Div., Wheat Flour Business Dept.</p> <p>June 2021 Senior Executive Officer; General Manager, Wheat Flour Business Dept.</p> <p>June 2022 Director; Managing Director; General Manager, Wheat Flour Business Dept. (to present)</p> <p>[Reason for nomination as candidate for Director] Mr. Tomio Kimura has abundant operational experience in the sales and marketing department. Since becoming a Director in June 2022, he has been responsible for the Wheat Flour Business and has contributed to the Group's development. The Company has appointed him as a candidate for Director as he can be expected to further contribute to the Company's management.</p> <p>[Attendance at the Board of Directors meeting] 13/13</p>	3,300

No.	Name (Date of birth)	Past experience, significant concurrent positions, and positions and responsibilities at the Company	Number of shares of the Company held
8	Hiroaki Kawasaki (October 4, 1961)	<p>April 1986 Joined the Company</p> <p>June 2015 General Manger, Otaru Mill</p> <p>June 2017 General Manager, Foods Business Administration Div., Foods Business Administration Dept.</p> <p>June 2019 Associate Director; General Manager, Foods Business Administration Div., Foods Business Administration Dept.</p> <p>June 2020 Executive Officer; Vice General Manager, Foods Business Dept.; General Manager, Foods Business Administration Div., Foods Business Dept.</p> <p>June 2021 Senior Executive Officer, General Manager, Foods Business Dept.; General Manager, Foods Business Administration Div., Foods Business Dept.; General Manager, Frozen Foods Business Administration Div., Frozen Foods Business Dept.</p> <p>January 2022 Senior Executive Officer, General Manager, Foods Business Dept.; General Manager, Foods Business Administration Div., Foods Business Dept.</p> <p>April 2022 Senior Executive Officer; General Manager, Foods Business Dept.</p> <p>June 2022 Director; Managing Director; General Manager, Foods Business Dept. (to present)</p> <p>[Reason for nomination as candidate for Director] Mr. Hiroaki Kawasaki has abundant operational experience in the business administration department. Since becoming a Director in June 2022, he has been responsible for the Foods Business and has contributed to the Group's development. The Company has appointed him as a candidate for Director as he can be expected to further contribute to the Company's management.</p> <p>[Attendance at the Board of Directors meeting] 13/13</p>	5,700
9	<u>New Appointment</u> Hiroshi Koura (November 27, 1963)	<p>April 1987 Joined the Company</p> <p>October 2014 General Manager, Human Resources Group, Human Resources Div.</p> <p>July 2017 Vice General Manager, Human Resources Div.</p> <p>June 2018 General Manger, Human Resources Div.</p> <p>June 2020 Executive Officer; General Manager, Human Resources Div. (to present)</p> <p>[Reason for nomination as candidate for Director] Mr. Hiroshi Koura has abundant operational experience in the human resources department. Since becoming an Executive Officer in June 2020, he has been responsible for the human resources department and contributed to the Group's development. The Company has appointed him as a candidate for Director as he can be expected to further contribute to the Company's management.</p>	1,600

No.	Name (Date of birth)	Past experience, significant concurrent positions, and positions and responsibilities at the Company	Number of shares of the Company held
10	<div style="border: 1px solid black; display: inline-block; padding: 2px;">Outside</div> Naotaka Kawamata (May 1, 1965)	<p>April 1990 Joined the Ministry of Transport (currently Ministry of Land, Infrastructure, Transport and Tourism)</p> <p>April 1994 Registered as attorney</p> <p>April 1994 Joined Marunouchi Sogo Law Office</p> <p>January 2008 Partner, Marunouchi Sogo Law Office (to present)</p> <p>June 2014 Auditor, the Company</p> <p>April 2015 Professor, Legal Training and Research Institute, Supreme Court of Japan</p> <p>June 2017 Director, the Company (to present)</p> <p>(Significant concurrent position) Partner; Attorney, Marunouchi Sogo Law Office</p> <p>Outside Director (Audit and Supervisory Committee Member), TOREX SEMICONDUCTOR LTD.</p> <p>Outside Director (Audit and Supervisory Committee Member), NIPPON DENSETSU KOGYO CO., LTD.</p> <p>[Reason for nomination as candidate for Outside Director and outline of expected roles] Mr. Naotaka Kawamata has abundant experience as an attorney and is well versed in corporate legal affairs. Since becoming an Outside Director of the Company in June 2017, his expert views and extensive experience have been reflected in the Company's management. Likewise, as a member of the Advisory Committee, he has contributed to appropriate decision-making on compensation for executive officers and on nominations to the Board of Directors. Therefore, although he has never been directly involved in the management of a company other than by serving as an outside officer, the Company determined that he is capable of appropriately advise and supervise the Board of Directors of the Company, and appoints him as a candidate for Outside Director.</p> <p>[Attendance at the Board of Directors meeting] 16/16</p>	6,400

No.	Name (Date of birth)	Past experience, significant concurrent positions, and positions and responsibilities at the Company	Number of shares of the Company held
11	<div style="border: 1px solid black; display: inline-block; padding: 2px;">Outside</div> Hitomi Kumagai (October 15, 1959)	April 1990 Research assistant of College of Agriculture and Veterinary Medicine (currently College of Bioresource Sciences) of Nihon University April 1994 Full-time lecturer of College of Agriculture and Veterinary Medicine of Nihon University April 2002 Assistant professor of College of Bioresource Sciences of Nihon University March 2011 Professor of College of Bioresource Sciences of Nihon University June 2022 Director, the Company (to present) (Significant concurrent position) Professor of College of Bioresource Sciences of Nihon University [Reason for nomination as candidate for Outside Director and outline of expected roles] Ms. Hitomi Kumagai has broad experience and insight in the field of food science. Since becoming an Outside Director of the Company in June 2022, her expert views and abundant experience have been reflected in the Company's management. Therefore, although she has never been directly involved in the management of a company other than by serving as an outside officer, the Company determined that she is capable of expertly advising and independently supervising the Board of Directors, and appoints her as a candidate for Outside Director. [Attendance at the Board of Directors meeting] 13/13	0

- (Notes)
1. Mr. Naotaka Kawamata and Ms. Hitomi Kumagai are candidates for Outside Director.
 2. Mr. Naotaka Kawamata and Ms. Hitomi Kumagai have been registered as independent directors provided by the rules of the Tokyo Stock Exchange. If they are elected, they will continue to serve as independent directors. The Company consigns legal administration services to Marunouchi Sogo Law Office where Mr. Naotaka Kawamata serves. However, as the compensation paid by the Company to the entity is less than 1% of its total annual compensation in the previous fiscal year, the Company believes that he does not have any conflict of interest with general shareholders.
 3. The Company has entered into an agreement to limit the liability of Mr. Naotaka Kawamata and Ms. Hitomi Kumagai under Article 423, Paragraph 1 of the Companies Act. The limit of liabilities under the agreement is the amount stipulated by laws and regulations. In case their reelection is approved, the Company will maintain the agreement with them.
 4. Mr. Naotaka Kawamata will have served as an Outside Director for six years at the close of this Meeting.
 5. Ms. Hitomi Kumagai will have served as an Outside Director for one year at the close of this Meeting.
 6. The Company has concluded a directors' and officers' liability insurance agreement provided for in Article 430-3, Paragraph 1 of the Companies Act with an insurance company. The Company will indemnify the insured, including the directors of the Company, against any loss or damage arising out of any liability incurred by the insured in connection with the performance of their responsibilities or out of any claim with respect to the pursuit of such liability (excluding, however, cases where an exemption is provided in the insurance contract). If the candidates for Directors are elected and assume office, each of them will be insured under the insurance contract. In addition, the Company plans to renew the insurance agreement with the above details at the next time of renewal.

(Reference) Structure of the Board of Directors and Audit and Supervisory Committee after the Approval of Proposal 2

If Proposal 2 is approved as originally proposed, the structure of the Board of Directors and the Audit and Supervisory Committee will be as follows at the meeting of the Board of Directors after this Meeting.

Name	Gender	Specialist expertise and experience									
		Corporate management	Production and procurement	Sales and marketing	Research and development	Sustainability	Global business	Finance and accounting	Human resources and human capital management	Legal affairs and risk management	Information system
Toshiya Maezuru	Male	●	●		●	●	●		●		●
Toshifumi Horiuchi	Male	●	●	●			●				
Atsuo Ouchi	Male	●	●	●	●						
Takaaki Aonuma	Male	●				●		●		●	
Keizo Kagawa	Male	●				●		●		●	●
Yasunori Tanaka	Male	●	●		●	●				●	
Tomio Kimura	Male	●		●				●		●	
Hiroaki Kawasaki	Male	●	●	●			●				
Hiroshi Koura	Male	●				●			●		
Naotaka Kawamata (Outside)	Male	●				●	●		●	●	
Hitomi Kumagai (Outside)	Female				●	●	●				
Akio Okuyama (Outside)	Male	●				●		●			
Kazuhiko Yoshida (Outside)	Male	●				●	●		●	●	
Kentaro Naruse (Outside)	Male	●				●			●	●	
Etsuzo Tamagawa	Male							●		●	

Proposal 3: Introduction of Performance-linked Stock Compensation Plan for Directors (Excluding Directors who are Audit and Supervisory Committee Members and Outside Directors)

1. Reasons for the proposal and reasons it is deemed appropriate

This proposal seeks approval for the introduction of a new performance-linked stock compensation plan known as the Board Benefit Trust (BBT) (hereinafter referred to as the “Plan”) for Directors (excluding Directors who are Audit and Supervisory Committee Members and Outside Directors; the same shall apply hereinafter in this proposal unless otherwise specified) of the Company.

By clarifying the relationship between Directors’ compensation and the Company’s business performance and stock value and enabling Directors to share with shareholders not only the benefits of an increase in stock price but also the risks of a decline in stock price, this proposal is intended to raise the Directors’ awareness of the need to contribute to improving the Company’s business performance and corporate value over the medium to long term. This is in line with the Company’s policy for determining the compensation, etc., of individual Directors (see below). Therefore, we believe that the content of this proposal is appropriate.

This proposal asks for approval of the specific calculation method and details of the amount of compensation, etc. in order to pay compensation to the Company’s Directors based on the Plan, and is separate from the amount of compensation for Directors (up to 380 million yen per year, of which up to 30 million yen per year is for Outside Directors; however, this does not include employee salaries for directors concurrently serving as employees) that was approved at the 196th Annual Shareholders Meeting held on June 26, 2020. We ask that shareholders entrust the details of the Plan to the Board of Directors, within the framework of 2. below.

At the 197th Annual Shareholders Meeting held on June 29, 2021, the Company received approval on its proposal for setting the amount of compensation, etc. related to stock acquisition rights to be allotted to the Company’s Directors as stock compensation-type stock option within an annual amount of 120 million yen and a maximum number of shares per year of 150,000, as well as the specific content of the stock acquisition rights. However, subject to the approval of this proposal at this Meeting, we will abolish the above stock option compensation framework for Directors, and no longer allocate new stock acquisition rights to Directors going forward, with the exception of those stock acquisition rights that have already been granted to Directors, which will continue to exist.

If Proposal 2 is approved and passed as originally proposed, the number of Directors subject to the Plan will be nine.

In addition, the Company’s Audit and Supervisory Committee has deemed the introduction of the Plan appropriate in light of the purpose of the Plan and its effect of giving incentives to improve performance over the medium to long term.

2. The specific calculation method and details of the amount of compensation, etc. related to the Plan

(1) Overview of the Plan

The Plan is a performance-linked stock compensation plan. Company shares are acquired through a trust (the trust established under the Plan will hereinafter be referred to as the “Trust”) with money contributed by the Company as a source of funds, and Company shares and money equivalent to Company shares converted at market value (hereinafter referred to as “Company Shares, etc.”) are delivered to Directors through the trust in accordance with the Regulations on Directors’ Stock Benefits established by the Company. In principle, Directors will receive Company Shares, etc. at the time of their retirement.

(2) Persons eligible for the Plan

Directors of the Company (Directors who are Audit and Supervisory Committee Members and Outside Directors are excluded from the Plan.)

(3) Trust period

From August 2023 (planned) until the termination of the Trust
(No specific termination date has been set for the trust period of the Trust, and the Trust will continue as long as the Plan continues. The Plan will end with the delisting of the Company's shares, the abolishment of the Regulations on Directors' Stock Benefits, etc.)

(4) Trust amount

Subject to the approval of this proposal, the Company will implement this Plan for the four fiscal years from the fiscal year ending March 31, 2024 to the fiscal year ending March 31, 2027 (hereinafter, this period of four fiscal years shall be referred to as the "Initial Target Period," and the Initial Target Period and the period separately determined by the Board of Directors as a period that coincides with the target period of each medium-term business plan that begins after the Initial Target Period (minimum of two fiscal years and maximum of six fiscal years) are respectively referred to as the "Target Period") and each Target Period thereafter. In order to deliver Company Shares, etc. to Directors, the following money will be contributed to the Trust as the funds for the acquisition of Company shares by the Trust.

First, at the time of establishment of the Trust (planned for August 2023), the Company will establish the Trust by contributing the amount of money that it expects to meet the amount of funds necessary for the Initial Target Period. As stated in (6) below, the maximum number of points granted to Directors under the Plan is 80,000 per fiscal year. Therefore, at the time of establishment of the Trust, we will contribute to the Trust the funds reasonably expected to be necessary to acquire a maximum of 320,000 shares, taking into account the closing price of ordinary trading of the Company's common stock on the Tokyo Stock Exchange immediately prior to establishment. As a reference, if the closing price of 1,848 yen on May 22, 2023 were applied, the above required funds would be approximately 591 million yen.

After the Initial Target Period, until the termination of the Plan, in principle for each Target Period, the Company will reasonably estimate the number of shares necessary for delivery to Directors under the Plan, and contribute additional funds deemed necessary for acquisition in advance by the Trust. However, in the case of making such additional contributions, if there are any remaining Company shares (excluding Company shares equivalent to the number of points granted to Directors for each Target Period up to the time immediately before making such additional contributions for which payment to Directors has not yet been completed) or money (these Company shares and money are hereinafter referred to as "Remaining Shares, etc.") in the trust property, Remaining Shares, etc. will be used as funds for delivery under the Plan in the subsequent Target Periods, and the additional contribution amount will be calculated after considering the Remaining Shares, etc. When the Company decides to make additional contributions, we will disclose it in a timely and appropriate manner.

(Note) The amount of money that the Company will actually contribute to the Trust will be the sum of the above-mentioned stock acquisition funds and the estimated amount of necessary expenses such as trust fees.

(5) Acquisition method and number of shares acquired by the Trust

Acquisition of Company shares by the Trust will be conducted through the stock market or by underwriting the disposal of the Company's treasury stock, using the funds contributed in (4) above as the source of funds, and new shares will not be issued.

As stated in (6) below, the maximum number of points granted to Directors is 80,000 points per fiscal year, so the maximum number of Company shares that may be acquired by the Trust during the Initial Target Period is 320,000. The maximum number of Company shares that the Trust may acquire in each subsequent Target Period will be 80,000 multiplied by the number of fiscal years corresponding to each Target Period. We will disclose details of the acquisition of Company shares by the Trust in a timely and appropriate manner.

(6) Maximum number of Company Shares, etc. to be delivered to Directors

Directors are granted a number of points each fiscal year based on the Regulations on Directors' Stock Benefits, taking into account the Director's position, degree of performance achievement, etc. The total number of points granted to Directors per fiscal year shall be up to 80,000 points. This was determined by comprehensively taking into consideration the current level of compensation for officers, trends in the number of Directors, and future prospects, and the Company has judged it to be appropriate.

The points granted to Directors are converted into one common share of the Company per point when the Company Shares, etc. are delivered as described in (7) below (however, if, in regard to Company shares, a stock split, allotment of shares without contribution, or reverse stock split, etc. is carried out after the approval of this proposal, the Company will reasonably adjust, in accordance with relevant ratios, etc., the maximum number of points and the number of points already granted or their conversion ratio).

The ratio of 80,000 shares, which corresponds to the maximum number of points granted to Directors per fiscal year, to the total number of issued shares of 78,113,401 (as of March 31, 2023; after deducting treasury stock) is approximately 0.1%.

In principle, a Director's number of points that is the basis for the delivery of Company Shares, etc. in (7) below, will be the number of points granted to the relevant Director by the time of their retirement (hereinafter, points calculated in this way shall be referred to as "Fixed Number of Points").

(7) Delivery of Company Shares, etc. and specific calculation method for amount of compensation, etc.

When a Director retires and satisfies the beneficiary requirements stipulated in the Regulations on Directors' Stock Benefits, said Director will, by completing the prescribed beneficiary confirmation procedures, receive benefits from the Trust after retirement in principle for the number of Company shares corresponding to the Fixed Number of Points determined in accordance with (6) above. However, if the requirements stipulated in the Regulations on Directors' Stock Benefits are met, a certain percentage will be paid as money equivalent to the market value of Company shares instead of as Company shares. Moreover, the Trust may sell Company shares in order to deliver cash benefits.

Furthermore, even if a Director has been granted points, if the Annual Shareholders Meeting passes a resolution to dismiss them, if they resign due to certain misconduct during their term of office, or if they commit an inappropriate act that causes damage to the Company during their term of office, the relevant Director shall not be able to acquire the right to receive benefits.

The amount of compensation, etc. received by Directors is based on the amount obtained by multiplying the total number of points granted to Directors by the book value per share of Company shares held by the Trust at the time points are granted (however, if, in regard to Company shares, a stock split, allotment of shares without contribution, or reverse stock split, etc. is carried out, the Company will make reasonable adjustments in accordance with relevant ratios, etc.). In addition, if a Director is to receive money under exceptional circumstances in accordance with the Regulations on Directors' Stock Benefits, the amount of money shall also be added to the amount of compensation, etc. when deemed appropriate.

(8) Exercise of voting rights

In accordance with instructions from the trust administrator, voting rights in connection with Company shares in the Trust's account will not be exercised without exception. This approach intends to ensure neutrality to the management of the Company in exercising voting rights for Company shares in the Trust's account.

(9) Dividends

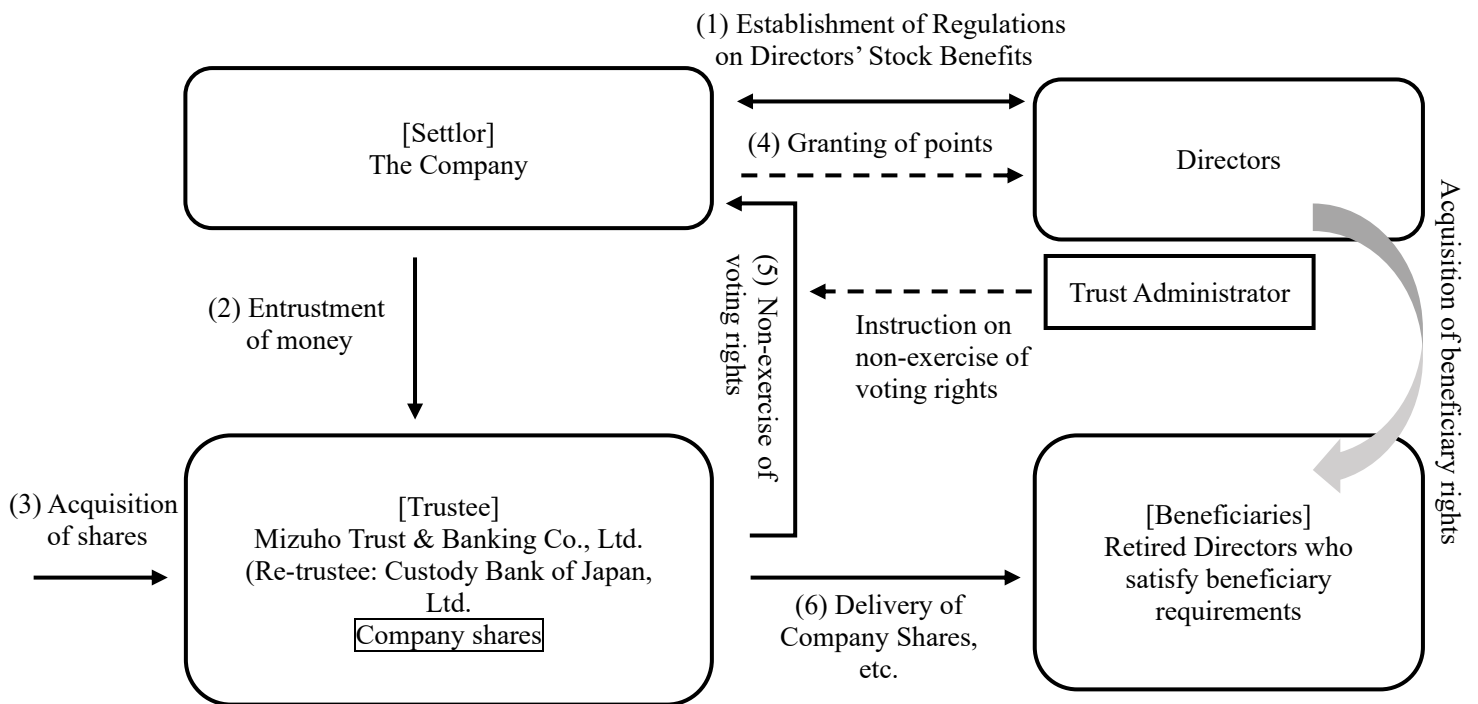
The Trust will receive dividends from Company shares held in the Trust's account and allocate them to the payment of the costs of acquiring Company shares or to trust fees for the trustee of the Trust and other purposes. If the Trust is terminated, remaining funds in the Trust, including dividends, will be

delivered to Directors incumbent at that time in proportion to the number of points each of them holds, in accordance with the provisions of the Regulations on Directors' Stock Benefits.

(10) Termination of the Trust

The Trust will terminate upon the occurrence of events such as the delisting of the Company's shares or abolishment of the Regulations on Directors' Stock Benefits. Company shares among the Trust's remaining assets at the termination of the Trust shall be acquired by the Company in whole without consideration and be cancelled by a resolution of the Board of Directors. Of the remaining assets of the Trust at the termination of the Trust, money shall be delivered to the Company, excluding the amount to be delivered to the Directors in accordance with (9) above.

<Reference: Structure of the Plan>



- (i) The Company shall establish the Regulations on Directors' Stock Benefits within the limit of the framework approved in this proposal.
- (ii) The Company shall entrust money within the limit approved in this proposal.
- (iii) The Trust shall acquire Company shares using the funds entrusted in accordance with (ii) through the stock market or by underwriting the disposal of the Company's treasury stock.
- (iv) The Company shall grant points to Directors under the Regulations on Directors' Stock Benefits.
- (v) In accordance with instructions from a trust administrator, who is independent from the Company, the Trust shall not exercise voting rights in connection with Company shares in the Trust's account.
- (vi) The Trust shall provide Company shares to retired Directors who meet the beneficiary requirements provided in the Regulations on Directors' Stock Benefits (hereinafter referred to as the "Beneficiaries") corresponding to the number of points granted to the said Beneficiaries. However, Directors who meet the requirements provided in the Regulations on Directors' Stock Benefits shall receive an amount of money equivalent to the market value of Company shares in respect of a certain portion of the points.

<Reference: Policy for deciding the terms of compensation, etc. for individual Directors>

If Proposal 3, which was submitted to this Meeting, is approved and passed as originally proposed, the Company plans to change the policy for deciding the terms of compensation, etc. for individual Directors, as follows.

1. Basic policy

- Establish a compensation plan and compensation level that enable the acquisition and maintenance of excellent human resources who put the corporate philosophy into practice.
- Create a compensation plan and compensation composition that focus on the sustainable growth of the Group and medium- to long-term improvement of corporate value and shareholder value.
- Create a fair and equitable compensation plan based on job responsibility and performance.

2. Compensation system and composition

(1) Compensation system

Regarding compensation for the Company's Directors (excluding Directors who are Audit and Supervisory Committee Members; the same shall apply hereinafter in this proposal), the standard amount of total compensation is determined based on a comprehensive consideration of each position and responsibility, business performance for the fiscal year, social conditions, and other factors. In addition, the amount of compensation is determined after verifying its objectivity and appropriateness, referring to the results of surveys conducted by external institutions on the compensation levels by position at domestic listed companies with sales similar to those of the Company.

(2) Compensation composition

The standard total compensation for Executive Directors (Directors excluding Outside Directors and Directors who are Audit and Supervisory Committee Members; the same shall apply hereinafter) shall consist of monetary compensation and stock compensation.

Monetary compensation shall consist of fixed compensation and incentive compensation that varies based on short-term performance.

Stock compensation shall be stock compensation (Board Benefit Trust) as medium- to long-term performance-linked compensation.

The proportion of compensation by type shall be approximately 65% fixed compensation, 15% incentive compensation, and 20% stock compensation, and shall be set appropriately according to position and responsibilities.

Compensation for Outside Directors (excluding Directors who are Audit and Supervisory Committee Members) shall consist of fixed compensation only, and after taking office, there will be no salary increases based on seniority for Outside Directors, and company-wide evaluations shall not be applied to them.

3. Policy for deciding the amount of monetary compensation, etc. for individual Directors

Fixed compensation for Directors shall be determined based on "2. Compensation system and composition" above.

Fixed compensation shall be a monthly compensation.

Short-term incentive compensation for Executive Directors is positioned as Directors' commitment to single-year performance, and is determined within a certain limit and paid as a bonus at a certain time every year with the standard amount set in advance for each position as a base, based on the degree of contribution to business performance such as consolidated operating income and return on equity (ROE), as well as individual business performance, etc.

4. Policy for deciding the terms, amount, and number of non-monetary compensation (stock compensation)

Stock compensation, which is an incentive compensation that fluctuates based on the medium- to long-term business performance of Executive Directors, aims to further increase morale and motivation to contribute to improving medium- to long-term business performance and corporate value. At a certain time each year, points calculated according to the degree of achievement of the medium-term consolidated operating

income targets are granted, and at the time of a Director's retirement, Company shares equivalent to the cumulative points granted and a certain percentage of money shall be paid. However, if the Annual Shareholders Meeting passes a resolution to dismiss a Director, if said Director resigns due to certain misconduct during their term of office, or if said Director commits an inappropriate act that causes damage to the Company during their term of office, the relevant Director shall not be able to acquire the right to receive benefits.

5. Compensation governance

In order to increase the objectivity and transparency of the deliberation process, the compensation for Directors (excluding Directors who are Audit and Supervisory Committee Members) is determined by resolution of the Board of Directors, within the scope of compensation resolved at the Annual Shareholders Meeting, based on the deliberations and reports of the Advisory Committee that is chaired by an Outside Director and consists of two Representative Directors and three Outside Directors.