

*This English translation is made for reference purposes only, and in the event of any discrepancies between this and the Japanese version, the Japanese version shall prevail.*

To Our Shareholders:

Securities Code: 7979  
June 4, 2025  
(Start date of electronic provision: May 29, 2025)

11 Fukuinekamitakamatsu-cho,  
Higashiyama-ku, Kyoto  
**SHOFU INC.**  
Tetsuo Takami  
President & COO

## Notice of Convocation of the 153<sup>rd</sup> Ordinary Shareholders' Meeting

You are cordially invited to attend the 153<sup>rd</sup> Ordinary Shareholders' Meeting of Shofu Inc. (the "Company") to be held on June 25, 2025 (Wednesday) as set forth below.

Sincerely yours,

In convening this Ordinary Shareholders' Meeting, the Company takes measures for electronic provision, and posts the matters subject to measures for electronic provision on the following websites.

The Company's website:

<https://www.shofu.co.jp/ir/contents/hp1330/index.php?No=913&CNo=1330>



In addition to the above, those matters subject to measures for electronic provision are also posted on the following website.

Tokyo Stock Exchange website:

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



To view this information, access the TSE website above, enter the Company's name or securities code to search, and click "Basic information." Then select "Documents for public inspection/PR information."

Sumitomo Mitsui Trust Bank website ("Kabunushi Soukai Portal<sup>®</sup>")

<https://www.soukai-portal.net>

\*The QR Code is printed on the voting form.

Please scan the QR code on the enclosed voting form or enter your ID and password on the voting form.

If you are unable to attend the Meeting in person, you may exercise your voting rights in writing or via the internet, etc. Please review the Reference Materials for the Ordinary Shareholders' Meeting referred to in the matters subject to the measures for electronic provision and exercise your voting rights in accordance with the guidance provided on the following page.

1. Date and Time: Wednesday, June 25, 2025, at 10:00 a.m. (registration opens at 9:00 a.m.)
2. Venue: Shofu Inc. (Headquarters Ayumi Terrace)  
11 Fukuinekamitakamatsu-cho, Higashiyama-ku, Kyoto, Japan

### 3. Purposes:

Items to be reported:	<ol style="list-style-type: none"><li>1. The business report, the consolidated financial statements, and the results of consolidated financial statement audits by the Accounting Auditor and the Board of Auditors for the 153<sup>rd</sup> fiscal year (from April 1, 2024 to March 31, 2025)</li><li>2. The non-consolidated financial statements for the 153<sup>rd</sup> fiscal year (from April 1, 2024 to March 31, 2025)</li></ol>
Items to be resolved:	
Agenda No. 1:	Partial Amendment to the Articles of Incorporation
Agenda No. 2:	Election of Nine (9) Directors
Agenda No. 3:	Election of One (1) Substitute Auditor
Agenda No. 4:	Revision of the Amount of Compensation for Directors
Agenda No. 5:	Revision of the Amount of Compensation for Auditors
Agenda No. 6:	Revision of the Amount of Compensation for the Granting of Shares with Restrictions on Transfer to Directors (excluding Outside Directors)

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- Please submit the enclosed voting form at the reception desk when attending the Meeting in person.
  - If you exercise your voting rights at the Meeting through a proxy, the proxy must be a shareholder of the Company. In addition, the proxy must be limited to one person. If your proxy attends the Meeting, he/she is required to submit your voting form as a shareholder, as well as a letter of proxy authorization, at the reception desk.
  - Of the matters subject to measures for electronic provision, pursuant the provisions of laws and regulations and Article 16, Paragraph 2 of the Company's Articles of Incorporation, in the paper-based documents delivered to shareholders who have requested the delivery of such documents, the matters related to stock acquisition rights, the Accounting Auditor, the system for ensuring the appropriateness of business of an incorporated company and the operation status thereof, and the basic policy on persons controlling decisions on the finance and business policy of an incorporated company of the business report, the consolidated statement of changes in shareholders' equity and notes to the consolidated financial statements, as well as the non-consolidated statement of changes in shareholders' equity and notes to the non-consolidated financial statements are not provided.  
Therefore, such paper-based documents are part of the documents audited by the Auditor and the Accounting Auditors when they prepared their audit reports.
  - In the event of any revisions to the matters subject to measures for electronic provision, the revised versions of these matters will be made available via the websites listed above.
  - The notice of resolutions of ordinary shareholders' meetings will be posted on the Company's website in lieu of being sent in writing. We appreciate your understanding on this matter.

## Reference Materials for the Ordinary Shareholders' Meeting

### Meeting Agenda and Referential Matters

#### Agenda No. 1: Partial Amendment to the Articles of Incorporation

##### 1. Reason for the Proposal

At the 135th Ordinary General Meeting of Shareholders on June 26, 2007, the Company introduced its "Basic Policy regarding Persons Who Control Decisions on the Company's Financial and Business Policies" (hereinafter referred to as the "Basic Policy on Control") as stipulated in Article 118, Item 3 of the Ordinance for Enforcement of the Companies Act as a measure to ensure and enhance the Company's corporate value and the common interests of shareholders. Subsequently, the Response Policy to Large-Scale Purchases of the Company's Shares was then renewed a further five times with the basic content kept intact. To further clarify the Company's stance on engagement with the market, as outlined in the SHOFU Group Fifth Mediumterm Management Plan, which was announced on May 1, 2024, and following careful consideration by the Board of Directors of the Company and taking on board the opinions of shareholders including domestic and overseas institutional investors, recent trends regarding the policy responses to acquisitions, changes in the Company's business environment, the Board resolved that the Response Policy to Large-Scale Purchases of the Company's Shares will not be continued and will be abolished at the conclusion of the General Meeting of Shareholders at the expiry of the effective period.

In accordance with this, the provisions regarding takeover response policies in the current Articles of Incorporation (Chapter 7 Takeover Response Policies, Article 40 and Article 41) shall be deleted.

##### 2. Content of the Amendment

The content of the amendment is as follows.

(Amended text is indicated by underlining)	
Current Articles of Incorporation	Proposed Amendment
<u>Chapter 7 Takeover Response Policies</u>	(Deleted)
<u>(Introduction of Takeover Response Policies)</u>	(Deleted)
<u>Article 40 Decisions on whether to introduce, continue, or abolish Takeover Response Policies can be made at a General Shareholders' Meeting.</u>	
<u>2. The introduction, continuation, or abolition of Takeover Response Policies, as set out in the preceding paragraph, refers to the introduction, continuation, or abolition of procedures by the Company that must be followed by any party seeking to acquire shares or other rights issued by the Company and countermeasures against parties who violate these procedures. This is in order to prevent decisions on the financial and business policies of the Company from being controlled by inappropriate parties, as determined in light of the Company's basic policy on how control over decisions on financial and business policies of the Company should be determined.</u>	

Current Articles of Incorporation	Proposed Amendment
<p><u>(Decision-making body to Determine Allotment of Stock Options at no cost)</u></p> <p><u>Article 41 The Company may, in accordance with the procedures set out by the Takeover Response Policies prescribed in the preceding Article, allocate stock acquisition rights at no cost or allocate subscription-based stock acquisition rights pursuant to a resolution of the Board of Directors or a resolution of the General Shareholders' Meeting, or a resolution of the Board of Directors pursuant to a resolution of the General Shareholders' Meeting.</u></p> <p><u>2. The resolution of the General Shareholders' Meeting set out in the preceding paragraph shall be adopted by a majority of the voting rights held by the shareholders in attendance at the General Shareholders' Meeting, provided that shareholders holding not less than one-third of the total voting rights entitled to be exercised are in attendance.</u></p>	<p>(Deleted)</p>

**Agenda No. 2: Election of Nine (9) Directors**

The terms of office of nine (9) Directors – Noriyuki Negoro, Tetsuo Takami, Fumitaka Yamazaki, Takahiro Umeda, Shuji Sonoi, Kiichi Suzuki, Daizo Nishimura, Mitsuo Kamimoto and Hiromi Hayashida – will expire upon the close of this Ordinary Shareholders' Meeting. Accordingly, the election of nine (9) Directors is proposed.

The candidates for Director are as follows.

Candidate Number	Name	Current Position and Responsibilities at the Company
1	[Reappointment] Noriyuki Negoro	Representative Director, Chairman & CEO
2	[Reappointment] Tetsuo Takami	Representative Director, President & COO
3	[Reappointment] Fumitaka Yamazaki	Director, Senior Managing Executive Officer, Corporate Planning
4	[Reappointment] Takahiro Umeda	Director, Senior Managing Executive Officer, Finance, General Affairs and Nail Business
5	[Reappointment] Shuji Sonoi	Director, Managing Executive Officer, Production
6	[Reappointment] Kiichi Suzuki [Outside Director] [Independent Officer]	Director
7	[Reappointment] Daizo Nishimura [Outside Director] [Independent Officer]	Director
8	[New appointment] Junko Yaguchi [Outside Director] [Independent Officer]	
9	[New appointment] Kaori Matsue [Outside Director]	

(Reference) Knowledge and experience particularly expected by the Company for each director

7 males, 2 females

		Corporate Management	Production, Quality Assurance, and R&D	Sales and Marketing	Global	Finance, Accounting, and Human Resources	Governance, Compliance, and Risk Management	Qualifications, etc.
Directors	Noriyuki Negoro	●	●	●			●	
	Tetsuo Takami	●		●			●	
	Fumitaka Yamazaki	●	●			●		
	Takahiro Umeda	●				●	●	
	Shuji Sonoi	●	●		●			
Outside Directors	Kiichi Suzuki	●	●		●		●	· Experienced manager of a listed company
	Daizo Nishimura					●	●	· Certified accountant · Tax accountant
	Junko Yaguchi	●				●	●	· Experienced manager of a listed company
	Kaori Matsue	●	●				●	

\*The above table does not show all of the skills held by each director.

\*Activities as a director are not limited to the items marked ●.

Candidate No.

1

**Noriyuki Negoro**

Date of Birth: March 9, 1956

Number of Company shares held: 193,696 shares



**Reappointment**

**Brief profile, positions, responsibilities, and significant concurrent positions**

March 1981	Joined the Company	April 2009	Managing Director, Research & Development, Quality Assurance, and Production
June 2003	Director General Manager, Research & Development Department	June 2009	President (Representative Director)
July 2007	Managing Director General Manager, Research & Development Department	June 2015	Representative Director, President & Chief Executive Officer
June 2008	Managing Director, Research & Development, Quality Assurance and Production General Manager, Research & Development Department	June 2022	Representative Director, Chairman & CEO (to present)

**Reasons for nomination as a candidate for Director**

Mr. Noriyuki Negoro has been committed to the development of products in the Research & Development Department since joining the Company and has gained experience as Director in charge of Research & Development, Quality Assurance, and Production, through which he has become familiar with specialties and services in the Company's business. He has demonstrated leadership since serving as President (Representative Director) of the Company in 2009, setting forth and realizing a vision for the Company, which has resulted in both the growth of business and improvements in performance. Since assuming the position of Chairman & CEO (Representative Director), he has worked to strengthen the appropriate operation of the Board of Directors and its supervisory function over the execution of business operations as Chair of the Board of Directors. He has been renominated as a candidate for Director because the Company has determined that he can make the appropriate decisions and provide supervision for the ongoing growth and improvement in the corporate value of the Group.

Candidate No.

2



**Reappointment**

## Tetsuo Takami

Date of Birth: June 22, 1960

Number of Company shares held: 77,742 shares

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### **Brief profile, positions, responsibilities, and significant concurrent positions**

March 1983	Joined the Company	April 2019	Executive Officer, General
June 2012	General Manager, Sales Department		Manager of Sales Department
		June 2019	Managing Executive Officer,
April 2015	General Manager, Sales Department, Tokyo Branch		General Manager, Sales Department
June 2015	Executive Officer, General Manager, Sales Department, Tokyo Branch	June 2020	Director, Managing Executive Officer, Sales General Manager, Sales Department
April 2018	Executive Officer, General Manager of Sales Department General Manager of Tokyo Branch	April 2021	Director, Managing Executive Officer, Sales
		June 2022	Representative Director, President & COO (to present)

### **Reasons for nomination as a candidate for Director**

Mr. Tetsuo Takami has been involved in domestic sales for many years since joining the Company, and from his experience as General Manager of the Domestic Sales Department and as Director in charge of sales has a proven track record, experience, and knowledge, mainly in dental industry sales. Since being appointed as President (Representative Director), he has demonstrated leadership in realizing a vision for the Company and contributed to the growth of the Group. He has been renominated as a candidate for Director because the Company has determined that in the future, he can contribute to the ongoing growth and improvement in the corporate value of the Group.

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Candidate No.

3



**Reappointment**

## Fumitaka Yamazaki

Date of Birth: May 27, 1961

Number of Company shares held: 78,937 shares

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### **Brief profile, positions, responsibilities, and significant concurrent positions**

March 1981	Joined the Company	June 2015	Director
April 2008	General Manager, Corporate Planning Department		Managing Executive Officer, Corporate Planning
June 2011	Executive Officer General Manager, Corporate Planning Department	June 2022	Director, Senior Managing Executive Officer, Production and Corporate Planning
June 2013	Director, Corporate Planning		
		June 2024	Director, Senior Managing Executive Officer, Corporate Planning (to present)

### **Reasons for nomination as a candidate for Director**

Mr. Fumitaka Yamazaki, from his experience as General Manager of the Corporate Planning Department, which oversees the management of the Group, has been involved in management planning and administration for many years since joining the Company, including through service in the Finance Department, and has a proven track record, experience and knowledge, mainly in general management. Since being appointed as Director in charge of Corporate Planning, he has contributed to the formulation and promotion of the Group's management policy and strategy, and during his term of office as Director in charge of Production, he endeavored to strengthen production systems. He has been renominated as a candidate for Director because the Company has determined that in the future, he can contribute to the ongoing growth and improvement in the corporate value of the Group.

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Candidate No.

4



Reappointment

## Takahiro Umeda

Date of Birth: February 13, 1960

Number of Company shares held: 52,236  
shares

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### Brief profile, positions, responsibilities, and significant concurrent positions

March 2015	Joined the Company	April 2021	Managing Executive Officer, Finance
April 2015	General Manager, Finance Department	June 2022	Senior Managing Executive Officer, Finance
June 2016	Executive Officer, General Manager, Finance Department	June 2023	Director, Senior Managing Executive Officer, Finance, General Affairs and Nail Business (to present)
June 2019	Managing Executive Officer, General Manager of Finance Department		
June 2020	Managing Executive Officer, Finance General Manager, Finance Department		

### Reasons for nomination as a candidate for Director

Mr. Takahiro Umeda has experience and knowledge in finance and accountancy, and from his experience as the general manager of the Finance Department since joining the Company also has a proven track record, experience, and knowledge mainly in general finance and accounting operations. Since being appointed as Officer in charge of finance, general affairs & nail business, he has contributed to the strengthening of the Group's financial strategies and corporate governance. He has been renominated as a candidate for Director because the Company has determined that in the future, he can contribute to the ongoing growth and improvement in the corporate value of the Group.

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**Candidate No.**

**5**



**Reappointment**

**Shuji Sonoi**

Date of Birth: March 31, 1971

Number of Company shares held: 15,539  
shares

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**Brief profile, positions, responsibilities, and significant concurrent positions**

April 1995	Joined the Company	April 2022	Executive Officer,
April 2018	Merz Dental GmbH Executive Director		General Manager of Production Department
April 2020	General Manager on Special Assignment of Production Department	June 2024	Director, Managing Executive Officer, Production (to present)
June 2020	Executive Officer, General Manager on Special Assignment of Production Department Outside Director of Sun Medical Company, Ltd. (retired in June 2023)		

**Reasons for nomination as a candidate for Director**

Mr. Shuji Sonoi, from his experience as an overseas representative and General Manager of Production Department, has been involved in product development for many years since joining the Company, and has a proven track record, experience and knowledge, mainly in research & development and general production. Since being appointed as Officer in charge of Production, he has mainly contributed to the strengthening of the Group's production systems. He has been renominated as a candidate for Director because the Company has determined that in the future, he can contribute to the ongoing growth and improvement in the corporate value of the Group.

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Candidate No.

6



**Reappointment**

**Outside Director**

**Independent Officer**

## Kiichi Suzuki

Date of Birth: May 23, 1949

Number of Company shares held: 33,312 shares

### **Brief profile, positions, responsibilities, and significant concurrent positions**

April 1973	Joined Mitsui Toatsu Chemicals, Inc. (now Mitsui Chemicals, Inc.)	April 2013	Director of Mitsui Chemicals, Inc. (retired in June 2013)
June 2003	Executive Officer of Mitsui Chemicals, Inc.		Representative Director and Chairman of Mitsui Chemicals Agro, Inc.
April 2007	Managing Executive Officer of Mitsui Chemicals, Inc.	April 2015	Senior Advisor to Mitsui Chemicals Agro, Inc. (retired in June 2017)
June 2007	Managing Director of Mitsui Chemicals, Inc.	June 2015	Director of the Company (to present)
June 2009	Senior Managing Director of Mitsui Chemicals, Inc.		
April 2012	Director Senior Managing Executive Officer of Mitsui Chemicals, Inc.		

### **Reasons for nomination as a candidate for Outside Director and summary of expected roles**

Mr. Kiichi Suzuki is a candidate for Outside Director.

He has previously served as the senior managing director of Mitsui Chemicals, Inc., which is a key business alliance partner, and has extensive experience and knowledge as a corporate manager. As Outside Director, he has provided appropriate monitoring of the Company's management, including giving advice based on his experience and knowledge. The Company has determined that in the future, he will continue to provide appropriate supervision of the Company's business from an objective perspective as Outside Director and, in addition, will contribute to the improvement of the corporate value of the Company through advice, etc. based on his experience and knowledge in management, and has renominated him as a candidate for Outside Director.

He has served as an Outside Director of the Company for 10 years.

Candidate No.

7



Reappointment

Outside Director

Independent Officer

## Daizo Nishimura

Date of Birth: May 5, 1959

Number of Company shares held: 4,987 shares

### **Brief profile, positions, responsibilities, and significant concurrent positions**

October 1987	Joined Audit Firm Asahi Shinwa Accounting Company (now KPMG AZSA LLC) (retired in October 1990)	January 1998	Member, Ohtemae Audit Corporation
		March 2004	Representative Member, Ohtemae Audit Corporation (to present)
March 1991	Registered as a Certified Public Accountant	June 2012	Auditor, Kyoto Sangyo University (retired in May 2020)
	Opened Nishimura Certified Public Accountant Office (to present)	June 2020	Director of the Company (to present)
April 1994	Registered as a Tax Accountant		
	Opened Daizo Nishimura Tax Accounting Office (to present)		

### **Reasons for nomination as a candidate for Outside Director and summary of expected roles**

Mr. Daizo Nishimura is a candidate for outside Director.

He has gained familiarity with finance and accounting as a certified public accountant and tax accountant and has sufficient knowledge to supervise corporate management. As Outside Director, he has provided appropriate monitoring of the Company's management, including giving advice based on his experience and knowledge. The Company has determined that in the future he will continue to provide appropriate supervision of the Company's business from an objective perspective as Outside Director and, in addition, will contribute to the improvement of the corporate value of the Company through advice, etc. based on his experience and knowledge, and has renominated him as a candidate for Outside Director.

He has served as an Outside Director of the Company for 5 years.

Candidate No.

8



**New appointment**

**Outside Director**

**Independent Officer**

## Junko Yaguchi

Date of Birth: April 19, 1963

Number of Company shares held: 0 shares

### **Brief profile, positions, responsibilities, and significant concurrent positions**

April 1986	Joined Fujitsu Social Systems Engineering Limited (now Fujitsu Limited)	October 2013	Joined MINKABU, Inc. (now MINKABU THE INFONOID, Inc.)
July 1989	Joined Salomon Brothers Asia Securities (now Citigroup Global Markets Japan Inc.)	April 2020	Senior Executive Officer in charge of Business Administration and Management of MINKABU THE INFONOID, Inc.
November 1997	Joined Tokyo Branch of Merrill Lynch (Japan) (now BofA Securities)	December 2022	Auditor of livedoor Co., Ltd. (retired in June 2024)
March 2002	Joined BNP Paribas Securities (Japan) Limited		Auditor of MINKABU ASSET PARTNERS, Inc. (retired in March 2025)
July 2006	Joined Games Arena Co., Ltd. (consolidated subsidiary of DWANGO Co., Ltd.)	April 2024	Director of MINKABU SOLUTION SERVICES, Inc. (to present)
April 2012	Joined DWANGO Co., Ltd. (Transferred)	June 2024	Director of MINKABU THE INFONOID, Inc. (to present)

### **Reasons for nomination as a candidate for Outside Director and summary of expected roles**

Ms. Junko Yaguchi is a candidate for Outside Director.

She has gained deep knowledge of the stock market and capital market based on her many years of experience working at securities companies and her management experience at a company operating an investor-oriented media business. The Company has determined that in the future she will provide appropriate supervision of the Company's business as Outside Director and, in addition, will contribute to the improvement of the corporate value of the Company through advice, etc. based on her experience and knowledge, and has nominated her as a candidate for Outside Director.

Candidate No.

9



New appointment

Outside Director

## Kaori Matsue

Date of Birth: August 25, 1966

Number of Company shares held: 0 shares

### Brief profile, positions, responsibilities, and significant concurrent positions

April 1990	Joined Mitsui Toatsu Chemicals, Inc. (now Mitsui Chemicals, Inc.)	April 2025	Executive Officer in charge of RC & Quality Assurance Division, Corporate
April 2019	General Manager, RC & Quality Assurance Division of Mitsui Chemicals Inc.		Sustainability Division, Responsible Care Committee, and Corporate Sustainability Committee, and General
April 2020	Senior Director and General Manager, RC & Quality Assurance Division of Mitsui Chemicals Inc.		Manager, Corporate Sustainability Division of Mitsui Chemicals, Inc. (to present)
April 2022	Executive Officer, General Manager, Planning & Coordination Division, Production & Technology Center of Mitsui Chemicals, Inc.		
	Outside Director of Mitsui Chemical Analysis & Consulting Service, Inc. (retired in March 2025)		
	Outside Director of Mitsui Chemicals Operation Services Co., Ltd. (retired in March 2025)		
	Outside Director of Omega Simulation Co., Ltd. (to present)		

### Reasons for nomination as a candidate for Outside Director and summary of expected roles

Ms. Kaori Matsue is a candidate for Outside Director.

She has gained deep knowledge in quality assurance and responsible care at a chemicals manufacturer as a business executor of Mitsui Chemicals, Inc., which is a key business alliance partner. The Company has determined that in the future she will provide appropriate supervision of the Company's business as Outside Director and, in addition, will contribute to the improvement of the corporate value of the Company through advice, etc. based on her experience and knowledge, and has nominated her as a candidate for Outside Director.

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- (Notes)
1. There are no special-interest relationships between any of the candidates and the Company.
  2. The Company has executed a liability insurance contract for officers, etc., as prescribed in Article 430-3, Paragraph 1 of the Companies Act with an insurance company, and the legal damages and litigation expenses that are to be borne by the insured parties will be covered by said insurance contract. Each of the candidates will be included in the insured parties under said insurance contract. In addition, at the time of the next renewal of said insurance contract, it is planned to be renewed with the same content.
  3. The Company has concluded an agreement with Mr. Kiichi Suzuki and Mr. Daizo Nishimura that limits their liability for damages, as specified in Article 423, Paragraph 1 of the Companies Act, to the amount prescribed in laws and regulations. Should each of them be elected, the Company plans to continue said agreement.
  4. Should Ms. Junko Yaguchi and Ms. Kaori Matsue be elected as Outside Directors, the Company will conclude an agreement with them that limits their liability for damages, as specified in Article 423, Paragraph 1 of the Companies Act, to the amount prescribed in laws and regulations.
  5. Mr. Kiichi Suzuki and Mr. Daizo Nishimura satisfy the requirements for Independent Officers in accordance with the provisions set forth by Tokyo Stock Exchange, Inc. The Company has registered each of them as the Company's Independent Officers with the Tokyo Stock Exchange. Should each of them be elected, they will continue to be Independent Officers.
  6. Ms. Junko Yaguchi satisfies the requirements for Independent Officers in accordance with the provisions set forth by Tokyo Stock Exchange, Inc. Should Ms. Yaguchi be elected as Outside Director, the Company plans to register her as the Company's Independent Officer with the Tokyo Stock Exchange.



### Agenda No. 3: Election of One (1) Substitute Auditor

The effective tenure of Substitute Auditor Kyoko Kobayashi will expire at the opening of this Ordinary Shareholders' Meeting. Accordingly, the election of one new Substitute Auditor is proposed in preparation for a situation whereby the number of auditors falls short of the number specified by laws and regulations.

For the submission of this proposal, the Board of Auditors' consent has been obtained in advance.

The candidate for Substitute Auditor is as follows.



**Reappointment**

**Outside Auditor**

**Independent Officer**

#### **Kyoko Kobayashi**

Date of Birth: July 22, 1972

Number of Company shares held: 0 shares

#### **Brief profile, positions and significant concurrent positions**

April 1999	Registered as an attorney	February	Outside Auditor of Kawakami
	Joined Irokawa Law Office	2018	Paint Manufacturing Co., Ltd.
September	Seconded to Legal Affairs		(to present)
2009	Office, Sharp Corporation	June 2020	Outside Director of Mitsubishi
September	Returned to Irokawa Law		Logisnext Co., Ltd.(to present)
2014	Office	June 2021	Outside Director (Audit &
January 2018	Partner of Irokawa Law		Supervisory Committee
	Office (to present)		Member) of Nippon Pillar
			Packing Co., Ltd. (now
			PILLAR Corporation) (to
			present)

#### **Reasons for nomination as a candidate for Substitute Auditor**

Ms. Kyoko Kobayashi has gained familiarity with corporate legal affairs as an attorney and through her work at listed companies, and has sufficient knowledge to supervise corporate management, and the Company has thus determined that she would be able to properly perform the duties of an Outside Auditor, and has nominated her as a candidate for substitute auditor.

(Notes) 1. There are no special-interest relationships between Ms. Kyoko Kobayashi and the Company.

2. Ms. Kyoko Kobayashi is recorded on the family registry under the name Kyoko Nakano.
3. Ms. Kyoko Kobayashi is a candidate for substitute Outside Auditor.
4. Should Ms. Kyoko Kobayashi take office as Outside Auditor, the Company will conclude an agreement with her that limits her liability for damages, as specified in Article 423, Paragraph 1 of the Companies Act, to the amount prescribed in laws and regulations.
5. Ms. Kyoko Kobayashi satisfies the requirements for independent officer in accordance with the provisions set forth by Tokyo Stock Exchange, Inc. Should Ms. Kobayashi take office as Outside Auditor, the Company plans to register her as the Company's independent officer with the Tokyo Stock Exchange.
6. The Company has executed a liability insurance contract for officers, etc., as prescribed in Article 430-3, Paragraph 1 of the Companies Act with an insurance company, and the legal damages and litigation expenses that are to be borne by the insured parties will be covered by said insurance contract. Should Ms. Kobayashi take office as Outside Auditor, she will be included in the insured

parties under said insurance contract. In addition, at the time of the next renewal of said insurance contract, it is planned to be renewed with the same content.

#### **Agenda No. 4: Revision of the Amount of Compensation for Directors**

The amount of compensation for directors of the Company, including bonuses, was approved for up to 300 million yen per year (including up to 30 million yen for outside directors) at the 143rd Ordinary Shareholders' Meeting held on June 25, 2015, and has remained unchanged to the present day.

Taking into consideration various circumstances, including the fact that the roles and responsibilities of directors have increased due to changes in the economic situation and business environment, and the need to set a compensation level that is appropriate in order to secure talented personnel who will contribute to the enhancement of the Company's corporate value, the Company would now like to revise the amount of compensation for directors to up to 370 million yen per year (including up to 50 million yen for outside directors).

This agenda item is in line with the "Policy for Determining Details of Compensation for Individual Directors" in the Business Report, and has been decided by the Board of Directors following deliberation at the Nomination and Compensation Council, and the Company deems it appropriate.

The current number of directors is nine (including four outside directors), and this number will remain unchanged after Agenda No. 2: Election of Nine (9) Directors, is approved as originally proposed.

#### **Agenda No. 5: Revision of the Amount of Compensation for Auditors**

The amount of compensation for auditors of the Company was approved for up to 50 million yen per year at the 126th Ordinary Shareholders' Meeting held on June 26, 1998, and has remained unchanged to the present day.

Taking into consideration various circumstances, including the fact that the roles and responsibilities of auditors have increased due to changes in the economic situation and business environment, the Company would now like to revise the amount of compensation for auditors to up to 70 million yen per year.

The current number of auditors is four (including two outside auditors), and this number will remain unchanged after the conclusion of this General Meeting of Shareholders.

## **Agenda No. 6: Revision of the Amount of Compensation for the Granting of Shares with Restrictions on Transfer to Directors (excluding Outside Directors)**

At the 147th Ordinary Shareholders' Meeting held on June 26, 2019, the total amount of monetary compensation claims to be paid to the directors of the Company (excludes outside directors; hereinafter referred to as "Subject Directors") for the granting of shares with restrictions on transfer was approved for up to 50 million yen per year, and the total number of ordinary shares to be issued or disposed of as shares with restrictions on transfer was approved for up to 50,000 shares per year, outside of the compensation limit described in Agenda No. 4.

Taking into consideration various circumstances, including the fact that the roles and responsibilities of directors have increased due to changes in the economic situation and business environment, and the need to set a compensation level that is appropriate in order to secure talented personnel who will contribute to the enhancement of the Company's corporate value, the Company would now like to revise the total amount of monetary compensation claims to be paid to Subject Directors for the granting of shares with restrictions on transfer to be no greater than 70 million yen per year, and the total number of ordinary shares to be issued or disposed of as shares with restrictions on transfer to be no greater than 100,000 shares per year (however, after the date of the resolution on this agenda item, in the event of a stock split [includes allotments of shares without contribution] or stock consolidation being performed on the ordinary shares of the Company, or similar such action, and the maximum number of shares needing to be adjusted in conjunction with this, this maximum number of shares may be adjusted within a reasonable range).

In addition, the Subject Directors, based on the resolution of the Board of Directors of the Company, shall transfer the full amount of the monetary compensation claims arising from this agenda item property contributed in kind, and shall receive the issuance or disposal of common shares of the Company in return, and the paid-in amount per share shall be the closing price of ordinary shares of the Company on the Tokyo Stock Exchange on the business day prior to the date of the respective resolution of the Board of Directors (if no transactions were executed on that day, the closing price on the most recent trading day prior to this). The specific timing of payment and allocation for each Subject Director shall be determined by the Board of Directors.

This agenda item is in line with the "Policy for Determining Details of Compensation for Individual Directors" in the Business Report, and has been decided by the Board of Directors following deliberation at the Nomination and Compensation Council, and the Company deems it appropriate.

The current number of directors is nine (including four outside directors), and this number will remain unchanged after Agenda No. 2: Election of Nine (9) Directors, is approved as originally proposed.

Details of shares with restrictions on transfer are as stated in the "Overview of the Details of Shares with Restrictions on Transfer" below, and remain unchanged.

### **"Overview of the Details of Shares with Restrictions on Transfer"**

#### **(1) Transfer Restriction Period**

The Subject Directors will not be permitted to transfer, pledge as collateral, or dispose in any other matter (hereinafter referred to as "Transfer Restrictions") of the ordinary shares of the Company received through an allotment (hereinafter referred to as "Allotted Shares") pursuant to the restricted share allotment agreement (hereinafter referred to as "Allotment Agreement") for a period of 30 years (hereinafter referred to as "Transfer Restriction Period.")

#### **(2) Release of the Transfer Restrictions**

The Company, on the condition that the Subject Directors have remained in a position as director or executive officer of the Company throughout the Transfer Restriction Period, shall release the Transfer Restrictions for all of the Allotted Shares upon the expiration of the Transfer Restriction Period. However, the number of the Allotted Shares for which the Transfer Restrictions are to be released, as well as the timing of the release of the Transfer Restrictions, in cases where a director has lost their position as director or executive officer prior to the expiration of the Transfer Restriction Period due to valid reason, shall be determined pursuant to the provisions separately prescribed in the Allotment Agreement.

#### **(3) Acquisition of the Allotted Shares Without Charge**

In the event of a certain ground prescribed in the Allotment Agreement being applicable, such as if a Subject Director has left their position prior to the expiration of the Transfer Restriction Period due to any reason not constituting a valid reason, the Company shall acquire the Allotted Shares without charge as a matter of course.

In addition, the Company, at the time the Transfer Restriction Period has expired, shall acquire the Allotted Shares for which the Transfer Restrictions have not been released pursuant to the provisions of (2) above

without charge and as a matter of course.

(4) Handling in the Case of Organizational Restructuring, Etc.

Notwithstanding the provisions of (1) above, the Company, during the Transfer Restriction Period, in the event of a Shareholders' Meeting of the Company having approved a merger agreement in which the Company will be the absorbed company, a share exchange agreement in which the Company will become a wholly owned subsidiary, share transfer plan, or other matter relating to organizational restructuring, etc. (however, in the case of such an organizational restructuring, etc. not requiring approval by a shareholders' meeting, the Board of Directors of the Company), by resolution of the Board of Directors of the Company, prior to the effective date of such an organizational restructuring, etc. shall release the Transfer Restrictions for the Allotted Shares to a number reasonably prescribed based on the period from the start date of the Transfer Restriction Period until the effective date of the organizational restructuring, etc. In addition, in such a case, immediately after the release of the Transfer Restrictions, the Company shall acquire free of charge, and as a matter of course, the Allotted Shares for which the Transfer Restrictions have not been released.

(5) Other Matters to be Prescribed by the Board of Directors

In addition to the above, the method of manifestations of intent and notifications in the Allotment Agreement, the method for amending the Allotment Agreement, as well as other matters to be prescribed by the Board of Directors, shall be set forth in the Allotment Agreement.