



May 13, 2024

To whom it may concern:

Company Name: TAIYO HOLDINGS CO., LTD.
Representative: Eiji Sato, President and CEO
(Code: 4626, Listed on Prime
Market of Tokyo Stock Exchange)
Inquiries: Sayaka Tomioka, Managing
Executive Officer, CFO
Tel: +81-3-5953-5200 (main line)

Notice Regarding Company's Propositions For 78th Ordinary General Shareholders' Meeting

TAIYO HOLDINGS CO., LTD. (hereinafter, the “Company”) hereby announces that at the Board of Directors meeting held on May 13, 2024, it has resolved the proposals to be submitted for review at the 78th Ordinary General Shareholders’ Meeting scheduled to be held on June 15, 2024 as provided below.

Proposal 1: Appropriation of Surplus

The Company regards profit distribution to shareholders in cash as one of the most important policies and will effectuate a continuous, stable profit distribution at high levels. In addition, we use the dividend-on-equity ratio as our target index and aim to “keep the dividend on equity ratio at a minimum of 5% based on the consolidated financial results” for the mid-to-long term plan, Beyond Imagination 2030.

Based on this policy, the Company intends to declare year-end dividends for the fiscal year under review as follows:

(1) Dividend type

Cash

(2) Details of dividend allocation and total amount

Dividend of 42.00 yen per common share

Total dividends: 2,351,485,962 yen

(3) Effective distribution date for dividends of surplus

June 17, 2024

The annual dividend for the fiscal year under review will be 80.00 yen per share, including the interim dividend of 38.00 yen previously paid.

Proposal 2: Partial Amendment of the Articles of Incorporation

For details, please see the “Notice Regarding Partial Amendment of the Articles of Incorporation” disclosed on the same day as this release.

Proposal 3: Election of Four Board Directors (Excluding Board Directors Who Are Audit & Supervisory Committee Members)

The terms of all nine Board Directors will expire at the close of this Ordinary General Shareholders’ Meeting. If Proposal 2, “Partial Amendments of the Articles of Incorporation,” is approved and passed as originally proposed, the Company will adopt a company with an Audit & Supervisory Committee system. Therefore, the Company proposes the election of four Board Directors (excluding Board Directors who are Audit & Supervisory Committee Members). Each of the candidates has agreed to their appointment.

Each of the candidates are as follows.

No.	Name	Current positions and concurrent positions held
1	Eiji Sato	President Group Chief Executive Officer CEO of Medical & Pharmaceutical Company Reappointment
2	Hitoshi Saito	Vice President CEO of Electronics Company Reappointment
3	Kiyofumi Takano	New
4	Keiko Tsuchiya	Outside Board Director Reappointment Outside Independent

No.	Name (Date of birth)	Brief resume, positions and important concurrent positions held	Number of the Company's shares owned
1	<p style="text-align: center;"><u>Reappointment</u></p> <p style="text-align: center;">Eiji Sato (May 3, 1969)</p>	<p>Apr. 1992 Joined Tohmatsu & Co. (Currently Deloitte Touche Tohmatsu LLC)</p> <p>Oct. 1999 President of es Networks Co., Ltd.</p> <p>June 2008 Board Director of the Company</p> <p>Apr. 2010 Vice President and Representative Director of the Company</p> <p>July 2010 Director of TAIYO INK INTERNATIONAL (SINGAPORE) PTE LTD</p> <p>Mar. 2011 Director of es Holdings Co., Ltd. (Currently es Networks Co., Ltd.)</p> <p>Apr. 2011 President, Chief Executive Officer, Group Chief Executive Officer of the Company</p> <p>Apr. 2012 Director of TAIYO INK (SUZHOU) CO., LTD.</p> <p>Dec. 2012 Director of ONSTATIC TECHNOLOGY CO., LTD.</p> <p>Apr. 2014 President and Representative Director of TAIYO INK MFG. CO., LTD.</p> <p>Dec. 2014 President and Representative Director of TAIYO GREEN ENERGY CO., LTD.</p> <p>June 2016 Officer (Risk Management) of the Company (Present post)</p> <p>Aug. 2017 Chairman of the Board and Representative Director of TAIYO PHARMA CO., LTD. (Present post)</p> <p>June 2018 Director of TAIYO INK MFG. CO., LTD.</p> <p>Apr. 2019 Director of TAIYO PHARMA TECH CO., LTD.</p> <p>Oct. 2019 President and Representative Director of TAIYO PHARMA TECH CO., LTD. (Present post)</p> <p>May 2022 President, Group Chief Executive officer, CEO of Medical and Pharmaceutical Company of the Company (Present post)</p> <p>Apr. 2023 Director of funlead corp. (Present post)</p>	<p style="text-align: center;">Common shares 507,876 shares</p>
<p>[Reason for nomination as a candidate for Board Director]</p> <p>Since his appointment as Board Director in 2008, Eiji Sato has served as Vice President of the Company, was appointed President, Chief Executive Officer in 2011, and has overseen the</p>			

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No.	Name (Date of birth)	Brief resume, positions and important concurrent positions held	Number of the Company's shares owned
		management of the Company's Group, including decision-making and supervision of business execution. He was selected as a candidate for Board Director because the Company expects that he will be able to continue to play an important role in the Group's decision-making and supervision of business execution.	

No.	Name (Date of birth)	Brief resume, positions and important concurrent positions held	Number of the Company's shares owned
2	<p style="text-align: center;"><u>Reappointment</u></p> <p style="text-align: center;">Hitoshi Saito (April 21, 1965)</p>	<p>Nov. 1995 Marketing Manager of Win System Inc. (Win System Europe)</p> <p>Sep. 1996 Joined the Company</p> <p>June 2001 Managing Director of TAIYO INK INTERNATIONAL (SINGAPORE) PTE LTD</p> <p>July 2001 General Manager/Director of TAIYO INK (THAILAND) CO., LTD.</p> <p>July 2010 Director of International Business Department of the Company</p> <p>June 2012 Director of TAIYO INK MFG. CO., LTD. (Present post)</p> <p>Apr. 2015 President and CEO of TAIYO INK PRODUCTS CO., LTD.</p> <p>May 2016 President and CEO of TAIYO INK MFG. CO., (KOREA) LTD.</p> <p>June 2016 Board Director of the Company</p> <p>July 2016 Board Director and Senior Executive Officer of the Company</p> <p>Apr. 2019 Director of TAIYO AMERICA, INC. (Present post)</p> <p>Oct. 2019 Director of TAIYO INK INTERNATIONAL (SINGAPORE) PTE LTD (Present post)</p> <p>Feb. 2020 Director of TAIYO TRADING (THAILAND) CO., LTD. (Present post)</p> <p>Apr. 2020 Chairman and CEO of TAIYO INK MFG. CO., (KOREA) LTD.</p> <p>Apr. 2020 Chairman and CEO of TAIYO INK PRODUCTS CO., LTD.</p> <p>May 2020 Chairman of the Board of TAIWAN TAIYO INK CO., LTD. (Present post)</p> <p>May 2020 Director of ONSTATIC New Material (JiangXi) Co., Ltd. (Present post)</p> <p>June 2020 Director of ONSTATIC INK (SHENZHEN) CO., LTD.</p> <p>June 2020 Director of TAIYO CIRCUIT AUTOMATION, INC. (Present post)</p> <p>June 2020 Chairman of TAIYO INK VIETNAM CO.,</p>	<p style="text-align: center;">Common shares 112,053 shares</p>

No.	Name (Date of birth)	Brief resume, positions and important concurrent positions held	Number of the Company's shares owned
		<p>LTD (Present post)</p> <p>Oct. 2021 Chairman of the Board of ONSTATIC TECHNOLOGY CO., LTD. (Present post)</p> <p>Dec. 2021 Chairman of the Board of TAIYO INK (SUZHOU) CO., LTD. (Present post)</p> <p>Dec. 2021 Chairman of the Board of ONSTATIC INK (SHENZHEN) CO., LTD. (Present post)</p> <p>Jan. 2022 Director of TBF Semiconductor Materials (SHENZHEN) CO., LTD. (Present post)</p> <p>Jan. 2022 Chairman of the Board of TAIYO INK TRADING (SHENZHEN) CO., LTD.</p> <p>Jan. 2022 Director of TAIYO INK MFG. CO., (KOREA) LTD. (Present post)</p> <p>Jan. 2022 Director of TAIYO INK PRODUCTS CO., LTD. (Present post)</p> <p>May 2022 CEO of Electronics Company of the Company (Present post)</p> <p>June 2022 Vice President, CEO of Electronics Company of the Company (Present post)</p> <p>Oct. 2023 Director of TAIYO INK TRADING (SHENZHEN) CO., LTD. (Present post)</p>	
	<p>[Reason for nomination as a candidate for Board Director]</p> <p>Hitoshi Saito possesses a wealth of marketing knowledge and management experience outside of Japan and has led the Group's subsidiaries as a person in charge. He was selected as a candidate for Board Director because the Company expects that he will be able to continue to use his experience and expertise in the Company's decision-making.</p>		

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No.	Name (Date of birth)	Brief resume, positions and important concurrent positions held	Number of the Company's shares owned
3	<div style="border: 1px solid black; display: inline-block; padding: 2px;">New</div> Kiyofumi Takano (November 4, 1965)	Apr. 1991 Joined Dainippon Ink and Chemicals, Incorporated (Currently DIC Corporation) Oct. 2012 General Manager of Core Value Research Center, R&D Management Unit, DIC Corporation Jan. 2015 General Manager of Corporate Marketing Department, DIC Corporation Jan. 2016 General Manager of New Business Planning Department, DIC Corporation Jan. 2019 Executive Officer and General Manager of New Business Development Headquarters, DIC Corporation Jan. 2021 Managing Executive Officer and General Manager of New Business Development Headquarters, DIC Corporation (Present post)	Common shares – shares
<p>[Reason for nomination as a candidate for Board Director]</p> <p>Kiyofumi Takano has many years of extensive experience and knowledge in technology, research and development, and marketing, as well as a track record of involvement in new business creation. He was selected as a new candidate for Board Director as the Company expects that his experience and track record will contribute to the enhancement of the corporate value of the Group.</p>			
4	<div style="border: 1px solid black; display: inline-block; padding: 2px;">Reappointment</div> <div style="border: 1px solid black; display: inline-block; padding: 2px;">Outside</div> <div style="border: 1px solid black; display: inline-block; padding: 2px;">Independent</div> Keiko Tsuchiya (May 13, 1960)	Apr. 1981 Joined DENTSU INC. Apr. 1989 Joined Ferag Japan Co., Ltd. Apr. 1991 Joined Australian Trade Commission, Tokyo Jan. 1994 HR Planning & Organizational Effectiveness Director of Becton Dickinson Co., Ltd. July 2004 Chief Researcher & Producer of Human Value Inc. Oct. 2005 Executive Officer and General Manager, Human Resources for Pacific Region of GE Toshiba Silicones Co., Ltd. (Currently Momentive Performance Materials Japan LLC) Jan. 2009 Senior HR Manager of Cisco Systems LLC Feb. 2011 Vice President, Human Resources of Johnson & Johnson Medical Company	Common shares 800 shares

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No.	Name (Date of birth)	Brief resume, positions and important concurrent positions held	Number of the Company's shares owned
		<p>Aug. 2015 CHRO of Adecco Ltd., Japan</p> <p>Jan. 2016 General Manager of People Value of Adecco Ltd., Japan</p> <p>June 2017 Outside Board Director of the Company (Present post)</p> <p>June 2019 Director of Teachers Initiative (Present post)</p> <p>June 2021 Outside Director of Nippon Light Metal Holdings Company, Ltd. (Present post)</p>	
<p>[Reason for nomination as a candidate for Outside Board Director and overview of expected roles]</p> <p>Keiko Tsuchiya possesses a wealth of experience and expertise in the field of human resources, including management experience as a Director in the comprehensive human resources service industry, and management experience in companies in the healthcare, materials, and other manufacturing fields. She was selected as a candidate for Outside Board Director because the Company expects that she will be able to continue to use her experience and expertise in our Human Resources division and to strengthen the Company's human resources.</p>			

Notes:

1. There is no special interest between the Company and the candidates.
2. Keiko Tsuchiya is a candidate for Outside Board Director.
3. Keiko Tsuchiya currently serves as Outside Board Director of the Company. Her term as Outside Board Director will be seven years as of the close of this Ordinary General Shareholders' Meeting.
4. The Company has designated Keiko Tsuchiya as an Independent Officer as provided for by the Tokyo Stock Exchange, Inc. If the appointment of Keiko Tsuchiya is approved, the Company intends to continue to designate her as an Independent Officer.
5. At present, the Company has concluded an agreement with Keiko Tsuchiya limiting liability for damages as set forth in Article 423, paragraph (1) of the Companies Act, pursuant to Article 427, paragraph (1) of the same Act. If the appointment of Kiyofumi Takano and Keiko Tsuchiya is approved, the Company intends to conclude the same agreement with Kiyofumi Takano and Keiko Tsuchiya limiting liability for damages as set forth in Article 423, paragraph (1) of the Companies Act, pursuant to Article 427, paragraph (1) of the same Act.
A general outline of the provisions of these agreements is as follows:
 - In the event that a Board Director is liable for damages to the Company due to the neglect of duties, the Board Director will bear the liability, limited to the minimum amount stipulated in laws and regulations.
 - The liability limitation mentioned above shall be available only if the Board Director to whom the liability is attributable has executed duties in good faith and without gross negligence.
6. The Company has entered into a directors and officers liability insurance policy with an insurance company as stipulated in Article 430-3, paragraph (1) of the Companies Act, and the Company will cover damages incurred by the insured under the policy. If a candidate is appointed as a Board Director, the individual will be included as an insured party under the policy. For a summary of the details of the directors' and officers' liability insurance policy, please refer to "2. Current Status of the Company (3) Status of Corporate Officers 1) Status of Board Directors and Audit & Supervisory Board Members (as of March 31, 2024) Note 8. Summary, etc., of Details of Board Directors and Officers Liability Insurance Policy" on p. 52 of the Business Report of the Japanese original.
7. There is no plan to conclude an indemnity agreement between individual candidates and the Company regarding

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the expenses stipulated in Article 430-2, paragraph (1), item (i) of the Companies Act and the loss stipulated in item (ii) of the same paragraph.

Proposal 4: Election of Three Board Directors Who Are Audit & Supervisory Committee Members

If Proposal 2, “Partial Amendments of the Articles of Incorporation,” is approved and passed as originally proposed, the Company will adopt a company with an Audit & Supervisory Committee system at the close of this Ordinary General Shareholders’ Meeting. Therefore, the Company proposes the election of three Board Directors who are Audit & Supervisory Committee Members. Each of the candidates has given consent to their appointment, and the Company has received the consent of the Audit & Supervisory Board for the proposal.

Each of the candidates are as follows:

No.	Name	Positions and concurrent positions held
1	Kaori Terunuma	Audit & Supervisory Board Member of the Company New
2	Hidenori Sugiura	Outside Audit & Supervisory Board Member of the Company New Auditor of ANZU no MORI Foundation Outside Outside Audit & Supervisory Board Member of Orion Breweries, Ltd. Independent
3	Ikumi Sato	Attorney New Outside Audit & Supervisory Board Member of the Company Outside Partner of Nozomi Sogo Attorneys at Law Independent Outside Director of DAI-DAN CO., LTD.

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No.	Name (Date of birth)	Brief resume, positions and important concurrent positions held	Number of the Company's shares owned
1	<p style="text-align: center;">New</p> <p style="text-align: center;">Kaori Terunuma (December 29, 1982)</p>	<p>Apr. 2005 Joined Mitsui & Co., Ltd.</p> <p>Aug. 2013 Joined CROSS FIELDS</p> <p>Mar. 2016 Joined coconala Inc.</p> <p>June 2019 Joined the Company</p> <p>Jan. 2020 Director of the Accounting Department of the Company</p> <p>July 2020 Auditor of TAIYO INK (SUZHOU) CO., LTD.</p> <p>Oct. 2020 Auditor of TAIYO INK PRODUCTS CO., LTD.</p> <p>June 2022 Outside Audit & Supervisory Board Member of the Company (Present post)</p> <p>June 2022 Audit & Supervisory Board Member of TAIYO INK MFG. CO., LTD. (Present post)</p>	<p style="text-align: center;">Common shares 1,000 shares</p>
<p>[Reason for nomination as a candidate for Board Director who is an Audit & Supervisory Committee Member]</p> <p>Kaori Terunuma possesses extensive expertise and work experience concerning finance and accounting, and possesses experience from 2022 as an Audit & Supervisory Board Member at the Company and its subsidiary. She was selected as a candidate for Board Director who is an Audit & Supervisory Committee Member as the Company expects that she will be able to properly execute the duties thereof.</p>			

No.	Name (Date of birth)	Brief resume, positions and important concurrent positions held	Number of the Company's shares owned
2	<p style="text-align: center;"> New Outside Independent </p> <p>Hidenori Sugiura (March 20, 1961)</p>	<p>Apr. 1984 Joined The Long-Term Credit Bank of Japan, Limited</p> <p>July 1998 Joined UBS Trust & Banking (Japan) Ltd.</p> <p>July 2000 Joined IBJ Securities Co., Ltd. (Currently Mizuho Securities Co., Ltd.)</p> <p>Oct. 2003 General Manager of Investment Bank 4th Department, Investment Bank Group, Mizuho Securities Co., Ltd.</p> <p>Apr. 2004 General Manager of Corporate Finance Division No. 1, Capital Markets Group, Mizuho Securities Co., Ltd.</p> <p>Apr. 2005 Senior Fellow of Strategic Research Dept., Management Planning Group, Mizuho Securities Co., Ltd.</p> <p>Apr. 2006 Distinguished Associate Professor of Graduate School of Management, Kyoto University</p> <p>Oct. 2007 Part-time Lecturer of Graduate School of Commerce and Management, Hitotsubashi University</p> <p>Apr. 2008 Distinguished Professor, Graduate School of Management, Kyoto University</p> <p>June 2018 Outside Audit & Supervisory Board Member of the Company (Present post)</p> <p>Apr. 2019 Audit & Supervisory Board Member of TAIYO PHARMA TECH CO., LTD. (Present post)</p> <p>Apr. 2023 Auditor of ANZU no MORI Foundation (Present post)</p> <p>Nov. 2023 Outside Audit & Supervisory Board Member of Orion Breweries, Ltd. (Present post)</p>	<p style="text-align: center;">Common shares – shares</p>
<p>[Reason for nomination as a candidate for Outside Board Director who is an Audit & Supervisory Committee Member and overview of expected roles]</p> <p>Hidenori Sugiura has no direct experience of involvement in management of a company in the past, but he possesses extensive experience and expertise concerning finance, including serving as a university professor and lecturer with expertise in finance based on his work experience in the securities and finance industry. He was selected as a candidate for Outside Board Director who is an</p>			

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No.	Name (Date of birth)	Brief resume, positions and important concurrent positions held	Number of the Company's shares owned
		Audit & Supervisory Committee Member as the Company expects that he will be able to properly execute the duties thereof.	

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No.	Name (Date of birth)	Brief resume, positions and important concurrent positions held	Number of the Company's shares owned
3	<p style="text-align: center;"> New Outside Independent Ikumi Sato (December 25, 1963) </p>	<p>Apr. 1990 Registered as an attorney at law (Tokyo Bar Association)</p> <p>Mar. 1992 Cancellation of registration in Tokyo Bar Association for travel to the United States</p> <p>Sep. 1995 Registered as an attorney, State of New York, USA</p> <p>Sep. 1995 Re-registered as an attorney at law (Daini Tokyo Bar Association)</p> <p>Mar. 2013 Joined Yabuki Law Offices</p> <p>Apr. 2017 Deputy Chair, Daini Tokyo Bar Association</p> <p>Apr. 2018 Executive Governor, Japan Federation of Bar Associations</p> <p>Apr. 2019 Information Disclosure and Personal Information Protection Commission Member, Ministry of Internal Affairs and Communications</p> <p>June 2019 Audit & Supervisory Board Member, DAI-DAN CO., LTD.</p> <p>Jan. 2021 Partner and Attorney, Nozomi Sogo Attorneys at Law (Present post)</p> <p>Apr. 2021 Executive Governor, Japan Attorneys National Pension Fund</p> <p>June 2021 Outside Director, DAI-DAN CO., LTD. (Present post)</p> <p>June 2022 Outside Audit & Supervisory Board Member of the Company (Present post)</p>	<p style="text-align: center;">Common shares – shares</p>
<p>[Reason for nomination as a candidate for Outside Board Director who is an Audit & Supervisory Committee Member and overview of expected roles]</p> <p>Ikumi Sato has no direct experience of involvement in management of a company in the past, but as an attorney she possesses extensive expertise and experience concerning corporate legal practice, IT and intellectual property rights, overseas legal practice, etc. She was selected as a candidate for Outside Board Director who is an Audit & Supervisory Committee Member as the Company expects that she will be able to properly execute the duties thereof.</p>			

Notes:

1. There is no special interest between the Company and the candidates.
2. Hidenori Sugiura and Ikumi Sato are candidates for Outside Board Directors who are Audit & Supervisory Committee Members.
3. At present, the Company has concluded an agreement with Kaori Terunuma, Hidenori Sugiura, and Ikumi Sato

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limiting liability for damages as set forth in Article 423, paragraph (1) of the Companies Act, pursuant to Article 427, paragraph (1) of the same Act. If the appointment of the three individuals is approved, the Company plans to continue the said agreement.

A general outline of the provisions of the agreement is as follows:

- In the event that a Board Director who is an Audit & Supervisory Committee Member is liable for damages to the Company due to the neglect of duties, the Board Director who is an Audit & Supervisory Committee Member will bear the liability, limited to the minimum amount stipulated in laws and regulations.
 - The liability limitation mentioned above shall be available only if the Board Director who is an Audit & Supervisory Committee Member has executed his/her duties which would constitute the cause of the liability in good faith and without gross negligence.
4. At present, the Company has designated Hidenori Sugiura and Ikumi Sato as Independent Officers as provided for by the Tokyo Stock Exchange, Inc., and has issued notice to the Tokyo Stock Exchange, Inc. Hidenori Sugiura and Ikumi Sato fulfill the requirements for Independent Officers as provided for by the Tokyo Stock Exchange, Inc. If they are appointed, the Company plans to issue notice to the Tokyo Stock Exchange, Inc. as Independent Officers.
 5. The Company has entered into a directors and officers liability insurance policy with an insurance company as stipulated in Article 430-3, paragraph (1) of the Companies Act, and the Company will cover damages incurred by the insured under the policy. If a candidate is appointed as a Board Director who is an Audit & Supervisory Committee Member, the individual will be included as an insured party under the policy. For a summary of the details of the directors' and officers' liability insurance policy, please refer to "2. Current Status of the Company (3) Status of Corporate Officers 1) Status of Board Directors and Audit & Supervisory Board Members (as of March 31, 2024) Note 8. Summary, etc., of Details of Board Directors and Officers Liability Insurance Policy" on p. 52 of the Business Report of the Japanese original.
 6. There is no plan to conclude an indemnity agreement between individual candidates and the Company regarding the expenses stipulated in Article 430-2, paragraph (1), item (i) of the Companies Act and the loss stipulated in item (ii) of the same paragraph.
 7. Kaori Terunuma is entered into Japan's family register as Kaori Ohba.

Reference: Expertise and experience of Board Directors following this Ordinary General Shareholders' Meeting

Name	Position and post of responsibility in the Company following this Ordinary General Shareholders' Meeting	Corporate management Business strategy	Global	Production quality Research and development	ESG and Sustainability	Human resources management and Diversity	Finance, accounting and M&A	Legal affairs and Risk management
Eiji Sato	President, Chief Executive Officer	✓				✓	✓	✓
Hitoshi Saito	Vice President	✓	✓	✓	✓			
Kiyofumi Takano	Board Director	New	✓	✓	✓			
Keiko Tsuchiya	Outside Board Director	Independent	✓		✓	✓		

Kaori Terunuma	Board Director (Audit & Supervisory Committee Member)	New					✓	✓	✓
Hidenori Sugiura	Outside Board Director (Audit & Supervisory Committee Member)	New Independent				✓		✓	✓
Ikumi Sato	Outside Board Director (Audit & Supervisory Committee Member)	New Independent				✓	✓		✓

Independent : The Company has designated Keiko Tsuchiya, Hidenori Sugiura and Ikumi Sato as Independent Officers as provided for by the Tokyo Stock Exchange, Inc., and has issued notice to the Tokyo Stock Exchange, Inc.

Corporate management and Business strategy : Assumes management experience, board director experience, business strategy, etc.

Global : Assumes experience and achievement of business development with a global mindset

ESG and Sustainability : Including the meaning of environment, social contribution activities, community creation activities, and sustainable business activities

Human resources management and Diversity : Assumes development, training, and utilization of self-sufficient personnel in response to diverse organizations and society, management, and initiatives related to diversity (activities for the active participation of women, etc.), etc.,

Finance, accounting and M&As : Assumes experience and knowledge in financial accounting and strategic M&As

Proposal 5: Election of One Alternate Board Director Who Is an Audit & Supervisory Committee Member

If Proposal 2, “Partial Amendments of the Articles of Incorporation,” is approved and passed as originally proposed, the Company will adopt a company with an Audit & Supervisory Committee system at the close of this Ordinary General Shareholders’ Meeting. Therefore, in case the number of Board Directors who are Audit & Supervisory Committee Members prescribed by law is not met, the election of one alternate Board Director who is an Audit & Supervisory Committee Member is requested.

The Board of Audit & Supervisory Board Members concur with this proposal.

The candidate for Alternate Board Director who is an Audit & Supervisory Committee Member has agreed to his appointment if the number of Board Directors who are Audit & Supervisory Committee Members prescribed by law is not met.

The candidate for Alternate Board Director who is an Audit & Supervisory Committee Member is as follows:

	Name (Date of birth)	Brief resume, positions and important concurrent positions held	Number of the Company’s shares owned
	Masahiko Todo (July 17, 1968)	Apr. 1997 Registered as an attorney at law (Daini Tokyo Bar Association) Joined Ushijima & Associates (currently Ushijima & Partners) Jan. 2005 Partner of Ushijima & Partners (Present post)	Common shares – shares

[Reason for nomination as a candidate for Alternate Outside Board Director who is an Audit & Supervisory Committee Member and overview of expected roles]

Masahiko Todo has no direct experience of involvement in management of a company in the past, but he was selected as a candidate for Alternate Outside Board Director who is an Audit & Supervisory Committee Member because the Company expects him to utilize his high-level expertise and experience as an attorney in the Company’ auditing system and it has judged that he will be able to carry out the duties of an Board Director who is an Audit & Supervisory Committee Member in an appropriate manner.

Notes:

1. There is no special interest between Masahiko Todo and the Company.
2. Masahiko Todo is a candidate for Alternate Outside Board Director who is an Audit & Supervisory Committee Member.
3. If Masahiko Todo is appointed as a Board Director who is an Audit & Supervisory Committee Member, the Company plans to notify the Tokyo Stock Exchange, Inc. of his appointment as an Independent Officer in accordance with the provisions of the Tokyo Stock Exchange, Inc.
4. If Masahiko Todo is appointed as a Board Director who is an Audit & Supervisory Committee Member, the Company plans to conclude an agreement with him limiting liability for damages as set forth in Article 423, paragraph (1) of the Companies Act, pursuant to Article 427, paragraph (1) of the same Act. A general outline of the provisions of the agreement is as follows:
 - In the event that a Board Director who is an Audit & Supervisory Committee Member is liable for damages to the Company due to the neglect of duties, the Board Director who is an Audit & Supervisory Committee Member will bear the liability, limited to the minimum amount stipulated in laws and regulations.

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- The liability limitation mentioned above shall be available only if the Board Director who is an Audit & Supervisory Committee Member has executed his/her duties which would constitute the cause of the liability in good faith and without gross negligence.
5. The Company has entered into a directors' and officers' liability insurance policy with an insurance company as stipulated in Article 430-3, paragraph (1) of the Companies Act, and the Company will cover damages incurred by the insured under the policy. If Masahiko Todo is appointed as a Board Director who is an Audit & Supervisory Committee Member, he will be included as an insured under the policy.
- For a summary of the details of the directors' and officers' liability insurance policy, please refer to "2. Current Status of the Company (3) Status of Corporate Officers 1) Status of Board Directors and Audit & Supervisory Board Members (as of March 31, 2024) Note 8. Summary, etc., of Details of Board Directors and Officers Liability Insurance Policy" on p. 52 of the Business Report of the Japanese original.
6. There is no plan to conclude an indemnity agreement between Masahiko Todo and the Company regarding the expenses stipulated in Article 430-2, paragraph (1), item (i) of the Companies Act and the loss stipulated in item (ii) of the same paragraph.

Proposal 6: Establishment of the Amount of Aggregate Base Salary for Board Directors (Excluding Board Directors Who Are Audit & Supervisory Committee Members)

If Proposal 2, “Partial Amendments of the Articles of Incorporation,” is approved and passed as originally proposed, the Company will adopt a company with an Audit & Supervisory Committee system at the close of this Ordinary General Shareholders’ Meeting. In connection with the Company’s adoption of a company with an Audit & Supervisory Committee system, the Company requests approval to set the fixed annual remuneration for Board Directors (excluding Board Directors who are Audit & Supervisory Committee Members, hereinafter the same) at up to 300 million yen (with up to 60 million yen for Outside Board Directors), not including the employee portion of remuneration for Board Directors concurrently serving as employees, and to delegate to the Board of Directors the authority to determine the specific payment amounts and the timing of payments to each Board Director.

There will be no change to the upper limit of 300 million yen per year before and after the adoption of a company with an Audit & Supervisory Committee system. The Board of Directors has decided on this proposal after receiving a report from the Compensation Advisory Committee that the proposal is appropriate as a result of its deliberations, and it is judged that the content is appropriate.

If Proposal 2, “Partial Amendment of the Articles of Incorporation,” and Proposal 3, “Election of Four Board Directors (Excluding Board Directors Who Are Audit & Supervisory Committee Members),” are approved and passed as originally proposed, the number of Board Directors related to this proposal will be four (including one Outside Board Director).

Proposal 7: Establishment of Performance Cash Bonus, Performance Cash Bonus Deferral in Restricted Stock, and Restricted Stock Compensation for Board Directors (Limited to Executive Board Directors)

If Proposal 2, “Partial Amendments of the Articles of Incorporation,” is approved and passed as originally proposed, the Company will adopt a company with an Audit & Supervisory Committee system at the close of this Ordinary General Shareholders’ Meeting. In connection with the Company’s adoption of a company with an Audit & Supervisory Committee system, the Company requests approval for the remuneration framework for the performance cash bonus system, the performance cash bonus deferral in restricted stock system, and the restricted stock compensation system (collectively referred to as “this system,” with the latter two collectively referred to as the “stock compensation system”) for Executive Board Directors (“directors” mentioned in each item of Article 363, paragraph (1) of the Companies Act, hereinafter the same), as detailed in the table “Contents of this proposal” below, and to delegate to the Board of Directors the authority to determine the specific timing and distribution of payments to each Executive Board Director.

There will be no change to the upper limit and calculation method before and after the adoption of a company with an Audit & Supervisory Committee system. The Board of Directors has decided on this proposal after receiving a report from the Compensation Advisory Committee that the proposal is appropriate as a result of its deliberations, and it is judged that the content is appropriate.

1. Contents of this proposal

Type of remuneration	Contents approved up until now		Contents of this proposal
	Date of resolution	Content of resolution	
Performance cash bonus	June 18, 2022 76th Ordinary General Shareholders’ Meeting	Performance cash bonus for Executive Board Directors shall be money not more than the amount (maximum amount) calculated by the following method (Calculation method) Performance cash bonus (maximum amount) = Profit before income taxes × (1 - most recent three fiscal years ^{*1} average effective tax rate ^{*2} - most recent three fiscal years ^{*1} average profit margin attributable to non-controlling shareholders ^{*3})*4 × 1.6%	Same as on the left
Performance cash bonus deferral in restricted stock	June 18, 2022 76th Ordinary General Shareholders’ Meeting	Performance cash bonus deferral in restricted stock for Executive Board Directors shall be money not more than the amount (maximum amount) calculated by the following method, and the maximum aggregate number of common shares newly issued or disposed of by the Company as the performance	Performance cash bonus deferral in restricted stock for Executive Board Directors shall be money not more than the amount (maximum amount)

ENGLISH TRANSLATION OF JAPANESE-LANGUAGE DOCUMENT

This is a translation of the original Japanese-language document and is provided for convenience only.

In the event of any discrepancy between this translated document and the Japanese original, the original shall prevail.

		<p>cash bonus deferral in restricted stock (<u>hereinafter the “maximum number of performance-linked restricted shares issued”</u>) shall be 200,000 shares per fiscal year.</p> <p>(Calculation method)</p> <p>Performance cash bonus (maximum amount) = Profit before income taxes × (1 - most recent three fiscal years^{*1} average effective tax rate^{*2} - most recent three fiscal years^{*1} average profit margin attributable to non-controlling shareholders^{*3})^{*4} × 3.4%</p>	<p>calculated by the following method, and the maximum aggregate number of common shares newly issued or disposed of by the Company as the performance cash bonus deferral in restricted stock shall be 200,000 shares^{*5} per fiscal year.</p> <p>(Calculation method)</p> <p>Same as on the left</p>
Restricted stock compensation	<p>June 19, 2021 75th Ordinary General Shareholders’ Meeting</p>	<p>Restricted stock compensation (monetary claims for allotment of restricted stock) for Executive Board Directors of not more than 300 million yen per year, and not more than 80,000 shares of common stock per fiscal year (<u>hereinafter, “maximum number of restricted shares issued”</u>; <u>Although a resolution was passed for 40,000 shares at the 75th Ordinary General Shareholders’ Meeting held on June 19, 2021, this maximum number was subsequently changed to 80,000 shares due to a two-for-one stock split of the Company’s common stock effective October 1, 2021.</u>) issued or disposed of by the Company as a restricted stock compensation system</p>	<p>Restricted stock compensation (monetary claims for allotment of restricted stock) for Executive Board Directors of not more than 300 million yen per year, and not more than 80,000 shares of common stock per fiscal year^{*5} issued or disposed of by the Company as a restricted stock compensation system</p>

Notes:

1. Most recent three fiscal years: The three fiscal years prior to becoming eligible for payment of the performance-based compensation
2. Effective tax rate: “Corporate tax, etc. contribution after accounting for income tax” disclosed in the Annual Securities Report
3. Profit margin attributable to non-controlling shareholders: profit attributable to non-controlling shareholders (rounded down to nearest million yen) ÷ Profit before income taxes (rounded down to nearest million yen)
4. The percentage calculated as (1 - most recent three fiscal years’ average effective tax rate - most recent three fiscal years’ average profit margin attributable to non-controlling shareholders) is rounded to the third decimal place
5. In the event of a stock split or reverse stock split of the Company’s common stock or other unavoidable

circumstances requiring adjustment of each such maximum number of shares, such maximum number of shares may be adjusted to a reasonable extent as necessary in accordance with the split ratio, reverse stock split ratio, etc.

If Proposal 3, “Election of Four Board Directors (Excluding Board Directors Who Are Audit & Supervisory Committee Members),” is approved as originally proposed, the number of Executive Board Directors subject to this system will be two. After the approval of this proposal as originally proposed, the Company plans to change the “Basic Policy on Determination of Individual Remuneration, etc. of Board Directors” (as described on page 53 of the Business Report) to conform to this proposal. This system will also be introduced and applied to the Company’s Senior Corporate Executive Officers.

Note that the details concerning the Senior Corporate Executive Officers stated in “2. Outline of the system” below serve as reference information.

2. Outline of the system

(1) Performance cash bonus

Performance cash bonus shall be paid in cash within the performance cash bonus (maximum amount) calculated in accordance with the calculation method for performance cash bonus in this proposal, and the total amount of remuneration for each fiscal year concerned (the fiscal year preceding a particular fiscal year in which falls a payment date of performance cash bonus), calculated according to “a) Calculation formula,” shall be allocated according to officers’ ranks of the payment recipient (Executive Directors and Senior Corporate Executive Officers; the same applies hereinafter) in the relevant fiscal year.

a) Calculation formula

Total amount of performance cash bonus (total amount to be paid) = profit before income taxes × (1 - most recent three fiscal years’ average effective tax rate - most recent three fiscal years’ average profit margin attributable to non-controlling shareholders) × payout ratio

- The maximum amount to be paid shall be the amount determined by the Board of Directors (“defined amount” as defined in Article 34, paragraph 1, Item 3 (a) (1) of the Corporation Tax Act; the same applies hereinafter).
- The payout ratio shall be determined by the Board of Directors after the Nomination and Compensation Committee’s report according to officers’ ranks and number of payment recipients for each fiscal year.
- Performance cash bonus will not be paid if profit before income taxes is less than zero.
- Amounts less than one million yen for profit before income taxes shall be rounded down to the nearest million yen.
- The total amount of performance cash bonus shall be rounded down to the nearest yen.

b) Allocation to each person

The amount to be paid to each recipient shall be determined by multiplying the total amount of performance cash bonus (total amount to be paid) by the number of points according to officers’ ranks and dividing it by the total number of points of all the payment

recipients for the remuneration. The points for each rank shall be determined by the Board of Directors each fiscal year, taking into consideration the number of recipients and the responsibilities of each rank, and after the report of the Nomination and Compensation Committee. If a payment recipient retires in the middle of the performance cash bonus payment period (the period from the date of the ordinary general shareholders' meeting for the two fiscal years preceding the specific fiscal year to which the performance cash bonus is paid to the date immediately preceding the date of the ordinary general shareholders' meeting for the preceding fiscal year), the points will be adjusted according to the number of months from the month following the month in which the start date of the performance cash bonus payment period falls to the month in which the payment recipient retires (including cases where the employee is no longer in the position of a payment recipient; the same applies hereinafter).

(2) Performance cash bonus deferral in restricted stock

Performance cash bonus deferral in restricted stock shall be paid in cash to fund the payment for the common stock of the Company within the performance cash bonus deferral in restricted stock (maximum amount) calculated in accordance with the calculation method for performance cash bonus deferral in restricted stock in this proposal, and the total amount of remuneration for the fiscal year concerned (the fiscal year preceding a particular fiscal year in which falls a payment date of performance cash bonus deferral in restricted stock), calculated according to "a) Calculation formula," shall be allocated according to officers' ranks of the payment recipient in the relevant fiscal year. The Company shall allot shares of common stock of the Company to each payment recipient of the performance cash bonus deferral in restricted stock (hereinafter "performance cash bonus deferral in restricted stock maximum amount") by issuing new shares or disposing of treasury stock in an amount not exceeding 200,000 shares, and each payment recipient shall pay the amount of performance cash bonus deferral in restricted stock (However, this excludes the amount equivalent to income tax, inhabitant tax, other taxes and social insurance premiums corresponding to the amount equivalent to performance cash bonus deferral in restricted stock, fees required for payment and the amount less than the amount to be paid in for a share unit of stock, etc.; the same applies hereinafter) paid to it.

The performance cash bonus deferral in restricted stock shall be paid on the condition that the payment recipient agrees to pay the amount of the performance cash bonus deferral in restricted stock to be paid in proportion to the allotment of newly issued or disposed common stock by the Company, and the execution of a performance cash bonus deferral in restricted stock allocation agreement with the Company that includes certain details, such as a set restricted transfer period (three years from the payment date) and that the allotted shares of common stock of the Company may not be transferred, pledged as collateral, or otherwise disposed of.

However, in the event that a law or judicial judgment prevents the Company from issuing or disposing of common shares to deliver to each recipient under the performance cash bonus deferral in restricted stock system, the payment recipient will receive the compensation in cash only (without exchanging this cash for common shares).

If the number of common shares that should be issued or disposed of under the performance cash bonus deferral in restricted stock system exceeds the maximum number(*) of performance-linked restricted shares issued or maximum number of shares held by eligible

individuals, the Company will pay the amount equivalent to the number of excess shares in cash as compensation for the performance cash bonus deferral in restricted stock.

Moreover, if a person inherits from a recipient the right to receive compensation for performance cash bonus deferral in restricted stock, this person will receive the compensation in cash only.

(* Please refer to “(4) Stock compensation system (Allocation conditions)” (p. 29) below for details.

a) Calculation formula

Total amount of performance cash bonus deferral in restricted stock (total amount to be paid) = profit before income taxes × (1 - most recent three fiscal years' average effective tax rate - most recent three fiscal years' average profit margin attributable to non-controlling shareholders) × payout ratio

- The maximum amount to be paid shall be the amount determined by the Board of Directors (“defined amount” as defined in Article 34, paragraph 1, Item 3 (a) (1) of the Corporation Tax Act; the same applies hereinafter).
- The payout ratio shall be determined by the Board of Directors after the Nomination and Compensation Committee's report according to officers' ranks and number of payment recipients for each fiscal year.
- Performance cash bonus deferral in restricted stock will not be paid if profit before income taxes is less than zero.
- Amounts less than one million yen for profit before income taxes shall be rounded down to the nearest million yen.
- The total amount of performance cash bonus deferral in restricted stock shall be rounded down to the nearest yen.

b) Allocation to each person

The amount to be paid to each recipient shall be determined by multiplying the total amount of performance cash bonus deferral in restricted stock (total amount to be paid) by the number of points according to officers' ranks and dividing it by the total number of points of all the payment recipients for the remuneration. The points for each rank shall be determined by the Board of Directors each fiscal year, taking into consideration the number of recipients and the responsibilities of each rank, and after the report of the Nomination and Compensation Committee. If a payment recipient retires in the middle of the performance cash bonus deferral in restricted stock payment period (the period from the date of the ordinary general shareholders' meeting for the two fiscal years preceding the specific fiscal year to which the performance cash bonus deferral is paid to the date immediately preceding the date of the ordinary general shareholders' meeting for the preceding fiscal year), the points will be adjusted according to the number of months from the month following the month in which the start date of the performance cash bonus deferral in restricted stock payment period falls to the month in which the payment recipient retires (including cases where the employee is no longer in the position of a payment recipient; the same applies hereinafter).

(3) Restricted stock compensation

The amount of monetary claims to be paid to each payment recipient as restricted stock compensation will be set by position at the time the payment recipient is allotted shares of common stock as compensation for the execution of duties during the period subject to the payment of restricted stock compensation (the period from the date of the ordinary general shareholders' meeting for the fiscal year preceding the specific fiscal year to which the restricted stock compensation is paid to the date immediately preceding the date of the ordinary general shareholders' meeting for that specific fiscal year).

Payment recipients have concluded a restricted stock compensation with the Company that the payment recipient agrees to pay in the entirety of monetary remuneration claims paid to the Company as assets in kind in accordance with the allotment of up to 80,000 newly issued or disposed of shares of the Company's common stock (hereinafter "maximum number of shares of restricted stock to be issued"); execute a restricted stock allotment agreement with the Company, which includes certain provisions such as a) that the allotted shares of common stock may not be transferred, pledged, or otherwise disposed of during a set restricted transfer period (10 years from the payment date) and b) that if certain events occur during the restricted transfer period, the Company will acquire the shares without compensation. Moreover, the conditions for payment are that the payment recipient holds the position of a payment recipient of the Company immediately prior to the pay-in date for the new shares or allocated treasury shares subject to the stated allocation, and that the new share issue or treasury share allocation subject to the stated allocation has not been halted on the grounds of revocation, injunction, or other reason.

(4) Stock compensation system

Under the stock compensation system, subject to the conditions in a) through d) below, shares of common stock to be newly issued or disposed of by the Company shall be allocated to the Executive Board Directors and Senior Corporate Executive Officers (below in (4)), "payment recipients") by allotment of specified restricted stock for the restricted stock compensation or by third-party allotment for the performance cash bonus deferral in restricted stock.

(Allocation conditions)

- a) The aggregate number of common shares newly issued or disposed of by the Company under both the restricted stock system and the performance cash bonus deferral in restricted stock system for a given fiscal year shall be less than 2,840,000 shares when combined with the common shares held by all executive directors (limited to the individuals who are an executive director of the Company at the time of receipt) who have received such common shares (hereinafter the "maximum number of shares held by eligible individuals").
- b) The maximum number of restricted shares issued, the maximum number of performance-linked restricted shares issued, and the maximum number of shares held by eligible individuals may be adjusted to a reasonable extent, as necessary, in accordance with the split ratio, consolidation ratio, etc., if a stock split or reverse stock split of the Company's common stock occurs or if any other unavoidable event arises that requires adjustment of the

respective maximum numbers.

- c) When determining the number of shares allocated based on the stock compensation system, the number of common shares allocated based on the restricted stock system shall be given priority.
- d) The amount paid in per common share of the Company allocated based on the stock compensation system shall be the closing price of the Company's common shares on the Tokyo Stock Exchange, Inc. on the business day prior to the date of each Board of Directors meeting to determine details of offerings related to the common shares issued or disposed of, in principle (if no trades were executed on that day, the closing price on the most recent day on which the stock was traded). The Board of Directors will determine an amount that does not afford the payment recipient receiving the common shares a special advantage.

Proposal 8: Establishment of the Amount of Aggregate Base Salary for Board Directors Who Are Audit & Supervisory Committee Members

If Proposal 2, “Partial Amendments of the Articles of Incorporation,” is approved and passed as originally proposed, the Company will adopt a company with an Audit & Supervisory Committee system at the close of this Ordinary General Shareholders’ Meeting. In this proposal, the Company requests approval that the fixed amount of remuneration for Board Directors who are Audit & Supervisory Committee Members shall be once again no more than 7 million yen per month.

The Company believes that the amount of remuneration for this proposal is reasonable in light of the responsibilities of Board Directors who are Audit & Supervisory Committee Members.

If Proposal 2, “Partial Amendments of the Articles of Incorporation,” and Proposal 4, “Election of Three Board Directors Who Are Audit & Supervisory Committee Members” are approved and passed as originally proposed, the number of Board Directors who are Audit & Supervisory Committee Members will be three.